

2015•2016
FACULTY OF BUSINESS ECONOMICS
Master of Management

Master's thesis
Customer Preferences of Video on Demand Users in Germany

Supervisor :
Prof. dr. Alexandra STREUKENS

Janina Moll
Thesis presented in fulfillment of the requirements for the degree of Master of Management

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Summary

Subscription Video on Demand is a service that enables users to get unlimited access to a portfolio of different movies, TV shows, documentaries and similar titles by paying a monthly or annual subscription fee. Research shows that the German Subscription Video on Demand users majorly choose Amazon Prime Video, Maxdome, or Netflix. Based on this, the research of this master thesis has only taken these providers into account.

The aim of the thesis has been to determine customer preferences of Video on Demand users in Germany in order to identify attributes that have to be included or improved so as to enhance perceived customer value of Video on Demand providers. Based on this, the central research question has been identified as: What drives customer preferences in the German Video on Demand market?

The research has been conducted based on the following concepts and theories. Due to the fact that with increasing customer preference for a product/service, also the perceived value toward that product becomes more positive, the guiding concept for this master thesis has been the one of perceived customer value and the connected customer value determination process as developed by Woodruff and Gardial. In connection to that, also the multi-attribute model has been taken into account and served as a means to assess relative attribute importance for an individual. To reflect the idea of the multi-attribute model, the analysis itself has been conducted by means of an online conjoint analysis that consists of a mixture of both the choice-based and the adapted conjoint model. Also, the online questionnaire has included further questions on demographics and Video on Demand usage characteristics that have enabled further analysis based on the identified sub-groups. This online questionnaire has led to a total sample of n=250 after cleaning that has been the basis for analysis.

By means of the above-mentioned methodologies, the following results have been identified. The most-preferred Video on Demand attribute is the one of early-release, followed by (in this order) language choice, cancellation possibilities, offline availability, international availability, price, user profiles, and customized recommendations. Thereby, respondents have shown a rather indifference toward price, different user profiles and customized recommendations. Furthermore, no distinct preference differences have been determined taking identified sub-

groups into account based on characteristics such as gender, age, content preferences etc.

Based on this, the following conclusions have been drawn. The fact that early release has been determined as the most-preferred attribute for the respondents, emphasizes the importance of entertainment as the main desired end state that Video on Demand can deliver. In addition, language choice as further preferred feature has shown that it is important for everyone to have the ability to understand the chosen content, but also to have the ability to improve language skills. In addition, more frequent cancellation possibilities have been favored and stress a preference for flexibility and shorter commitments. Moreover, increased mobility has been desired by respondents in terms of offline availability. A lack of differences between the preferences of individual sub-groups also stresses that no customer segment specific subscription packages are necessary for German Video on Demand providers. These sub-group analyses have been based on gender, age, profession, marital status, current living situation, number of children in household, commuting habits, travel habits, how often the respondents used Video on Demand subscriptions, which types of content they watched with Video on Demand, and which providers they had already used. Finally, the perfect Video on Demand subscription would comprise early release TV shows, English and German audio tracks for content, monthly cancellation possibility, and at least an offline feature, if not also international availability.

Finally, the following recommendations have been given. In order to enhance perceived customer value of Video on Demand users, early release of TV shows, language choices, cancellation possibilities and offline availability have been determined as the most-preferred attributes. Because of that, they would also have the biggest impact if improved or enhanced. The research has further shown that no prioritization of improvements for customized recommendations, the availability of several user profiles, or the price is necessary.

Preface

This master thesis is the final deliverable for the Master of Management (International Marketing Strategy) program at Universiteit Hasselt.

I decided on the topic “Customer Preferences of Video on Demand Users in Germany” because of several reasons. First of all, my internship at Vodafone last year really showed me in a practical way what it means to be part of a customer-centric company. Afterwards, my master studies have further given me theoretical insights into how important the customer is to every business, and also how perceived customer value can be a win-win situation for both business and customers. Also, Video on Demand combines several of my personal interests, namely, movies, TV shows, Internet and consumer electronics. Because of that, I have had a personal interest in the Video on Demand topic from the beginning. Due to the fact that I became familiar with the concept during my semester abroad, I was really excited, when it finally arrived Germany in 2014. Now – two years later – it is part of my everyday life, since I use it both at home in Germany and in my Hasselt student housing.

In other words, I managed to find a topic that brings together a lot of my personal interests with one of the most interesting business topics that I know.

After finishing my master thesis, I would like to take this opportunity to thank my supervisor Prof. Streukens for her invaluable support throughout the whole planning and writing process. Thanks to her background knowledge of customer value and related concepts, she was always able to provide me with the remarks and the advice that made this thesis possible in the end.

Also, I would like to thank my mom for listening to all the theoretical stories about customer value I told her to make sure it makes sense. Furthermore, I would like to thank my friends for their time when I held the qualitative interviews with them, and when they filled in the final questionnaire, and sent it to further respondents. Without this support, it would have been impossible to finish this thesis.

Janina Moll

May 2016, Mönchengladbach

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Glossary

Creative destruction “process of industrial mutation ... that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one” (Schumpeter, 1962, p. 83)

Probing “the most important characteristic of probes is that they are nondirective. They should simply ask participants to elaborate on what they said without drawing conclusions or biasing the responses” (Woodruff & Gardial, 1996, p. 186)

1. Introduction

In times when the digitalization has become a part of our everyday lives, and the world becomes ever more connected because of it, creative destructions (see Glossary, or for more details Schumpeter, 1962) change whole industries faster than ever before. From videos to DVDs, from tapes to CDs, from DVDs to Blu-Rays (see also Uijl & de Vries, 2013). And most recently: from DVDs and Blu-Rays – or TV – to Video on Demand (compare e.g. Nielsen, 2016). Similar to the development in the music industry, where customers not necessarily buy their music anymore but simply pay monthly subscription fees to have access to millions of songs at music streaming providers (see e.g. Spotify, n.d.), the movie industry is transitioning toward a new subscription model for movies.

All of this began much earlier, when people decided that they might not want to spend money to actually buy a video or a DVD, but would rather rent it for a day or a week. The movie rental business came to life. However, this business model also brings inconveniences with it. You have to consider opening hours of your rental store. It might be that somebody else has already rented your desired movie. You might forget to bring your movie back to the store within the required time and have to pay late fees.

All of these inconveniences have been solved with the introduction of Video on Demand. You can spontaneously rent a movie at 3 a.m. if you would like to, because the website is actually open 24/7/365 days of the year. You simply stream your content from the internet to your laptop, tablet, TV and other consumer electronics. Forgetting to return the movie is not possible at all, so there is no risk of having to pay fees for being late.

This development of digitalization was also influenced by the phenomenon of the on-demand culture. The on-demand culture, as presented by Chuck Tryon, sums up several developments in the entertainment industry and its audience that have been caused by the introduction of on-demand content.

“Many of these shifts are taking place within what I have called an “on-demand culture,” in which much of our entertainment is available at the click of a mouse, often via mobile devices that allow us to watch movies or participate in discussions about entertainment

while on the go. In this sense, on-demand culture is not simply about the circulation of movies and television shows. It is also about the circulation of ideas and expectations about media culture and the role of entertainment in our daily lives” (Tryon, 2013, p. 176)

For example, “an on-demand distribution system allows studios greater control over how their films circulate [as well as] it also allows audiences to “demand” titles that might be of interest to them” (Tryon, 2013, p. 176). Two examples of this phenomenon would be the TV shows *Veronica Mars* and *Gilmore Girls*. In case of *Veronica Mars*, the fans’ demand for a sequel to the TV show that aired between 2004 and 2007 was big enough for the TV show’s creator Rob Thomas to start a crowdfunding campaign to collect the necessary money for such a movie production. In the end, this campaign collected \$5.7 million although it only aimed to collect \$2 million, and achieved a new record at the crowdfunding website Kickstarter. (Gleiberman, 2014; Strecker, 2013) This is also a part of the on-demand culture as “fans are positioned to “demand” films of their choice and even to use their personal resources to see that they get made” (Tryon, 2013, p. 176). While the fans were the ones making the *Veronica Mars* movie possible, it was Netflix that ordered four movie-length sequels to *Gilmore Girls* (2000 to 2007) as new Netflix original production. (Highfill, 2016; Li, 2016)

Based on the above examples, the audience also has increased power within the entertainment industry that now exceeds showing interest by watching TV shows and movies, and demanding new seasons or sequels through audience ratings and large attendances.

Overall, people tend to have other expectations than they had ten years ago. Nowadays, they do not have to wait for a letter. Instead, they usually get e-mails within seconds. You can simply download the daily newspaper to your tablet without leaving the house at all. The internet has enabled businesses to offer services that are literally just one click away from their customers.

All of these developments also led to the fact that the big Video on Demand competitors have to find both a way to differentiate themselves from other providers and to keep up with competition in order to continue with fulfilling customer expectations. Therefore, the providers have to constantly think of how to enhance their platforms in order to increase the value they are offering to their customers.

“the creation of customer value must be the reason for the firm's existence and certainly for its success” (Slater, 1997, p. 166)

The theoretical background used within this thesis is the customer value concept. Due to its connection with satisfaction and loyalty, customer value is the first step to establish sustainable customer loyalty for businesses, and therefore “a strategic weapon in attracting and retaining customers” (Wang et al., 2004, p. 169), which stresses its importance for all kinds of businesses.

1.1 Marketing Research Problem

Concentrating on this challenge in the German market, the following marketing research problem arises: Determine customer preferences of Video on Demand users in Germany in order to identify attributes that have to be included or improved so as to enhance perceived customer value of Video on Demand providers.

1.2 Research Question

The central research question of this thesis is: **What drives customer preferences in the German Video on Demand market?**

Based on this research problem, further questions arise.

In order to provide the reader with a general overview of the German Video on Demand market and the major players within that market besides identifying any differences in their offers, the following question is taken into account:

- 1. Which Video on Demand providers exist in Germany and how do they differ from each other?**

However, in general, some of the providers' features should be more favorable for some German users than for others, which might also differ based on customer characteristics. Therefore, further sub-questions are:

- 2. Which Video on Demand features are preferred by German consumers?**
- 3. Are these preferences affected by consumer characteristics?**

For providers, the most interesting outcome of this research would be to get to know, which features add up to an offer that is attractive to the majority of German users. Consequently, the last sub-question is:

4. Which combination of preferred attributes would be the most attractive offer for providers to adopt in Germany?

Taking the above question into account, the individual providers in Germany can also determine what exactly has to be changed or enhanced in order to meet customer preferences and improve perceived customer value. Because of this, the final sub-question is:

5. How accurately do German providers meet Video on Demand users' preferences?

This thesis will be divided as follows. First, this chapter presents an introduction to the thesis topic. Secondly, the background chapter will give an overview of Video on Demand in general and afterwards specifically within the German market. Thirdly, the concepts of customer value, and the multi-attribute model will be discussed in the literature review. Fourthly, the research methodology will be explained. Fifthly, the data analysis results follow. Finally, conclusions will be drawn, recommendations will be given and limitations and future research information will be stated.

2. Background

2.1 What Is Video on Demand?

So what is Video on Demand – in short VoD – in detail? The ITU (International Telecommunications Union) defines Video on Demand as

“A service in which the end-user can, on demand, select and view a video content and where the end-user can control the temporal order in which the video content is viewed (e.g. the ability to start the viewing, pause, fast forward, rewind, etc.)” (European Audiovisual Observatory, 2014, p. 7)

However, the Video on Demand concept is rather broad and includes several different types.

- **Catch-up TV:** a “service provided by a broadcaster who makes available recent programmes, after their initial broadcasting and during a limited period of time” (European Audiovisual Observatory, 2014, p. 9). In Germany, this is done by most major TV channels that offer currently aired TV show episodes on their websites or within apps. Often, these are available for one week, as this is usually when the next episode is aired on TV. Examples of this would be *ARD Mediathek* (see ARD, n.d.) and *7TV* (see ProSiebenSat.1 Digital GmbH, n.d.) of the ProSiebenSat.1 media group.
- **Preview TV:** A service that enables users to watch TV programs before they are released on TV. (European Audiovisual Observatory, 2014)
- **Electronic Sell-Through (EST):** These services sell digital videos online that are downloaded to the computer after purchase. In case that the downloaded file was rented, the file becomes unusable after a given period of time. If the video was purchased, these files will work unlimitedly. (European Audiovisual Observatory, 2014) An example of this would be Apple’s iTunes store where movies and TV shows are available for purchase and rental. Afterwards, users download the content to their computers. (European Audiovisual Observatory, 2014, p. 102)
- **Transactional Video on Demand (TVoD):** Similar to EST, users pay for every individual video they would like to watch. Again, both retail and rental forms exist. The difference to EST is that files are not downloaded onto devices. (European Audiovisual

Observatory, 2014)

- **Advertising-supported Video on Demand (AVoD):** Platforms that offer their content free of charge and finance themselves through advertisements displayed on their platforms. (European Audiovisual Observatory, 2014)
- **Subscription Video on-Demand (SVoD):** With this type of Video on Demand, users have “unlimited access to a wide range of programmes for a monthly flat rate” (European Audiovisual Observatory, 2014, p. 10). Therefore, “individual title rates are not applicable” (European Audiovisual Observatory, 2014, p. 10) in this case. In other words, it is not possible to rent a single movie or TV show separately.

Taking a look at the definitions above, it is also recognizable that some Video on Demand types are being merged. The German Catch-Up TV examples *ARD Mediathek* and *7TV* are often further revenue streams for TV channels as they sell advertising times for their online content in the same way they do for the TV broadcast times (SevenOne Media, n.d.). Consequently, they are also Advertising-supported Video on Demand providers.

The above list of definitions is by no means exhaustive. Further and more specialized examples include, e.g. short movies VoD, music VoD, VoD with recorded sports events and much more. (European Audiovisual Observatory, 2014)

Linking back to the on-demand culture, Tryon (2013) also identifies how Video on Demand offers change our idea of watching movies. Consumers do not longer depend on “a specific technology, medium, or location” (Tryon, 2013, p. 176). Furthermore, time becomes rather irrelevant as one can always choose from one of the online offers, enabling users “to schedule catch-up viewings of television shows they might have missed” (Tryon, 2013, p. 176). It is even possible to begin watching content on the TV and continuing to do so on a different device later. Finally, the on-demand development shifts the decision of what to watch next further toward consumers. Now they are able to choose from different content such as movies and TV shows, and are even less dependent on TV channels’ programs than when they had to use their own movie collections or DVD rentals as alternatives. (Tryon, 2013)

However, it has to be noted that the Video on Demand mobility is also restricted “due to practices such as geo-blocking and rights management” (Tryon, 2013, p. 176). For example, it

might be that a provider only has the right to offer the stream of the latest James Bond movie in Germany, but not in Belgium, making the movie unavailable to stream in Belgium, given that the provider is present in both countries. (see for example Netflix, n.d. c)

In addition, Tryon determines that the ease of changing from one movie to another if it does not attract the viewer's interest in the beginning, might lead to a change of the entertainment industry in the future in that an attractive beginning of productions is of increasing importance. In other words, Video on Demand enables its users to sample content at no additional cost before really deciding to watch that movie or TV show. If that sample is not convincing, the user simply switches to alternative content. (Tryon, 2013, p. 178)

Nielsen (2016) even identifies that customers' quality demands are increasing because of Video on Demand. "The evolving media landscape has not lessened the demand for quality, professionally produced content. If anything, it has gained importance, as viewers are unlikely to settle for something that is simply acceptable given the abundance of choices available. Quality, not quantity, of content must be the focus" (Nielsen, 2016). Consequently, Tryon's before-mentioned observations are even more important than was estimated back in 2013.

Within this thesis, I use the term Video on Demand as it is usually used by consumers, and focus on Subscription Video on Demand (SVoD). Therefore, any possibilities on the analyzed platforms to purchase additional movies or TV shows outside of the subscription are not taken into account.

2.2 Video on Demand in Germany

In Germany, Video on Demand subscriptions can be seen as the most affordable and legal way to watch movies and TV shows besides Free TV.

Taking a look at the German Video on Demand market, one can find a lot of different providers. To be precise, 359 different on-demand audiovisual services exist in Germany according to the European Audiovisual Observatory (n.d. as per February 29 2016). However, not all of them are subscription models. Within the Deloitte Media Consumer Survey 2015 (see Illustration 2.1), 90% of the Video on Demand providers that are chosen by German users belong to

Subscription Video on Demand. More precisely, 81% out of them comprise six providers that are majorly used in Germany. These are Amazon Prime Instant Video, Maxdome, Netflix, Watchever, Snap by Sky, and Videoload. The remaining 9% are other providers that are not chosen often enough to be mentioned individually in the Deloitte study. (Deloitte Consulting GmbH, 2015)

At this point, it has to be mentioned that – in contrast to the outcomes of the study – these providers are not necessarily mutually exclusive, since some consumers might be using several offers at the same time.

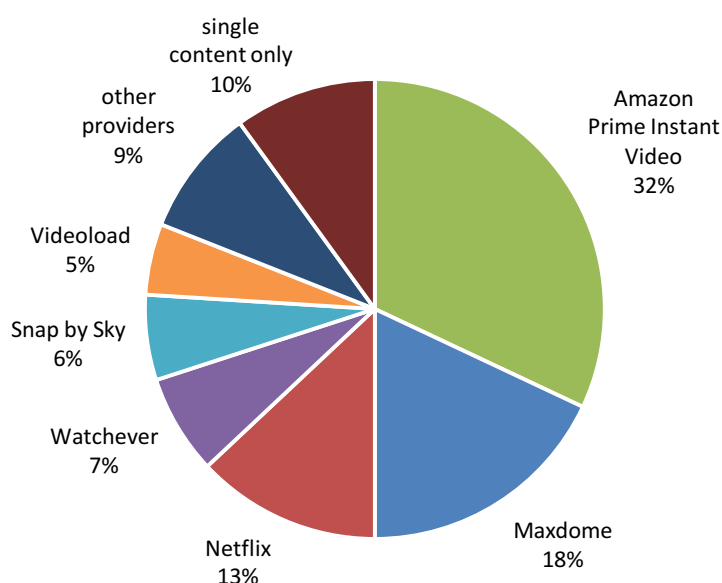


Illustration 2.1: Video on Demand Providers Chosen by German Users (Deloitte Consulting GmbH, 2015)

Based on these statistics, one can see that the three most important providers in Germany are Amazon Prime Instant Video, Maxdome, and Netflix. Because of that, I focused on these three providers in my further analysis.

2.3 Amazon Prime Video

Amazon Prime Video – former Amazon Prime Instant Video (Amazon.de GmbH, 2014b) – is part of Amazon’s prime membership program and started its Video on Demand offer in February 2014. (Amazon.de GmbH, 2014a) For €49 per year, prime members receive access to

free movies and TV shows, unlimited photo cloud storage in Amazon Cloud Drive, one free eBook rental per month, earlier access to special promotions, free music streaming and faster delivery of orders that are sent from Amazon directly. The membership can be cancelled every year. (Amazon, n.d. a)

For students of German universities, Amazon Prime is available at a rate of €24 per year. (Amazon, n.d. f)

Alternatively, Amazon also offers its Video on Demand content for a monthly fee of €7.99. However, this option is rather hidden and Amazon itself stresses that this would amount to €95.88 annually. Nevertheless, the monthly membership offers more flexibility as it can be cancelled every month. (Amazon, n.d. h)

Since November 2014, the German Amazon Prime Video is also available in Austria, which belongs to the Amazon.de area. (Amazon.de GmbH, 2014c) Consequently, commuters between Germany and Austria are able to use their Amazon Prime Video membership in both countries (which was approved by the Amazon customer support in a personal chat (Baumann, 2016)). Outside of Germany and Austria, however, users are not able to use their subscription unless they would like to watch a title from a limited collection of Amazon original productions. (Amazon, n.d. b)

Amazon Prime Video's newest function was introduced in September 2015, when Amazon announced that its Android and iOS apps would now enable users to temporarily download movies and TV shows for offline usage. Consequently, an Internet connection is not required to watch the content anymore. (Amazon.de GmbH, 2015b) In its Instagram advertisements, this was aiming at e.g. commuters that take the train to work or have to wait for their flights at the airport. (Amazonvideode, 2015) The corresponding slogan is "Anytime. Anywhere." (Amazon.de GmbH, 2015c).

Within its Amazon Video section on Amazon.de, Amazon not only offers content that is included in the prime membership (called Amazon Prime Video), but also more current movies and TV shows, that consumers can buy or rent on top of their membership or without a membership (called Amazon Video). Therefore, they need to pay attention to the "Prime" logo,

whenever they want to watch something, as otherwise their bank account will be charged for viewing the content. (Amazon, n.d. i) For the further analysis, only Amazon Prime Video will be taken into account.

Amazon also invests in own productions – the Amazon Originals produced by the Amazon Studios – which are exclusively available on Amazon. Examples are *Bosch* and *Mad Dogs*. At Amazon, the audience is included in the development process as Amazon customers are encouraged to watch and evaluate TV show pilots. Thus, the viewers are part of the decision-making that determines which TV shows are continued and which ones are cancelled. (Amazon, n.d. g)

In total, Amazon Prime Video comprised 1,689 movies and several seasons of 245 different TV shows on March 02. (JustWatch, n.d.) Amazon itself, advertises with “unlimited streaming of more than 15,000 movies and TV show episodes” (Amazon.de GmbH, 2015a), which explains the difference in numbers, since every episode is counted on its own.

Part of this content is also a Kids webpage where children-friendly content is collected by Amazon. (Amazon, n.d. d) Further, it is possible to set up a parental control pin code for Amazon Video that restricts streaming of content that is inappropriate for children or teenagers, and can be adjusted when children get older to make more content available for them. (Amazon, n.d. c)

Recommendations are given both in the Amazon Video app and in the Amazon store. However, these are mostly restricted to e.g. recently added TV shows, most popular movies and genre recommendations. Only a few “movie recommendations for you” are available. (Amazon, n.d. e)

Audio languages of Amazon Prime Video content differ depending on individual titles. While most (if not all) content is available in German, foreign languages are more limited in their availability. The first step was to add content in its original language and adding OV (for Original Voice) or OmU (Original mit Untertiteln – translated: original with subtitles) to the titles’ headlines, and offering it as separate titles in the portfolio. Consequently, users had to choose which language they preferred before starting to watch. However, Amazon started to

add different audio tracks to the files in 2014, which makes it easier to watch content in English by switching between languages via settings in the corresponding apps or browser windows. (see Bremer, 2014) Still, this is not available for all titles yet. Taking a look at TV shows only, 1,156 titles were available in German, while only 650 titles were added in English, 11 in French, 5 in Japanese, and 4 in Bulgarian (from Amazon, n.d. j in May 2016).

In the USA, Amazon also currently starts tests for free-of-charge video streaming including ads. Because of that, it might be that the company has plans to offer free content financed by ads in the future. (McAlone, 2016) Consequently, Amazon would (at least partly) move from subscription Video on Demand to advertising-supported Video on Demand (see chapter 2.1).

2.4 Maxdome

Founded in 2006, Maxdome is completely owned by ProSiebenSat.1, one of the biggest TV channel groups in Germany, since 2010. (dpa, n.d.) Thanks to this ownership, Maxdome also has exclusive rights to e.g. make new episodes of TV shows available before they are aired in the German Free TV by ProSieben, Sat.1 or other channels belonging to the group. With that, it also integrates Preview TV (see chapter 2.1) into its Video on Demand business model. Maxdome itself does not produce any original content but includes ProSiebenSat.1 productions. (Maxdome, n.d. b)

Maxdome is only available in Germany and Austria. The offer is accessible with German or Austrian Internet access and a local residence. However, it does not seem to be possible to use a German account at a holiday in Austria. As alternative, the download feature enables users to download content to a mobile device, where this download will be available for 30 days, or for 48 hours after starting to watch it. (Maxdome, n.d. c)

It consisted of 4,581 movies and 324 TV shows on March 02. (JustWatch, n.d.) In its membership overview, Maxdome itself states a content of “over 50,000 movies and TV show episodes” (translated from Maxdome, n.d. a). This is available at a price of €7.99 per month with a monthly cancellation possibility (Maxdome, n.d. b). In addition to that, the Maxdome Store also offers additional content that can be rented or purchased at a fee per title (Maxdome, n.d. e).

Maxdome also offers a few titles in English. Taking again only TV shows as example, a dropdown menu offers the choice between 1,023 titles in German and 108 titles in English. (from Maxdome, n.d. d in May 2016). Consequently, roughly 10% of the complete TV show portfolio seem to be available in English.

Part of Maxdome's offer is a Kids section, where child-friendly content is collected, and general editor recommendations are given. These do not seem to be based on what has already been watched by the specific user, but on current trends like most popular or best-evaluated. (Maxdome, n.d. b)

2.5 Netflix

Netflix, founded in 1997, "is the world's leading Internet television network" (Netflix, n.d. f). Starting off as website where customers were able to order rental DVDs in the US, it has now "75 million members in over 190 countries" (Netflix, n.d. f). In 2000, it launched its "personalized movie recommendation system", which analyzes users' movie and TV show preferences and recommends similar movies based on that. Since 2007, when it started streaming its contents and became a Video on Demand provider, Netflix has been constantly growing. In 2014, Netflix launched in Germany before its latest expansion in 2016 made them available all over the world, excluding only China, Crimea, North Korea and Syria (Netflix, 2016a). (Netflix, n.d. f)

Netflix constantly updates its content by adding new movies and TV shows. On 02 March 2016, it included 1,414 movies and 245 TV shows. (JustWatch, n.d.)

Netflix offers its Video on Demand service in three different subscription packages. For €7.99, one person can stream its content in standard quality. The €9.99 package includes high definition quality and content can be watched with two devices at the same time. The most expensive subscription for €11.99 streams content in ultra-high definition quality and up to four devices can stream content simultaneously. (Netflix, n.d. e) Also, monthly cancellation is possible (Netflix, n.d. g).

It is possible to have up to five user profiles simultaneously within your membership. Due to

that, also family members and friends are able to use the Netflix account without having to pay for it separately. The before-mentioned recommendations are always based on each specific user profile, so that preferences are not mixed up. Furthermore, profiles can be adjusted to allow children only access to the special Kids zone and limit the access to other profiles via parental control pin codes. (Netflix, n.d. b)

Thanks to Netflix's internationality, it also offers its users the possibility to take their subscriptions with them to any country where they might travel and where Netflix is available. This means, a businessman spending a few days in London and then going to New York and Rio de Janeiro can use his Netflix subscription to stream content in all of these cities, without having to start a new subscription again. The only requirement is an internet connection. However, availability of content differs from country to country due to different rights that Netflix has or has not acquired. Should the businessman's chosen movie be available in the country where he is located at that moment and in his home country, he can even watch it in his native language. (Netflix, n.d. a) Otherwise, English is always available for international productions (from English-speaking countries). (Kühl, 2014)

To be more precise when it comes to audio languages, German as well as English audio language is available for all titles within the German Netflix portfolio. Furthermore, German subtitles are provided for each of the offered titles. (Kühl, 2014)

With original content such as *House of Cards* or *Orange Is The New Black* (Netflix, n.d. d), Netflix expanded its business from simply streaming content from other producers, to producing its own TV shows and movies. (Netflix, n.d. f) Thereby, it does not only produce completely new content, but also continues productions that were cancelled by their TV channels or that ended several years ago, such as *Fuller House* (a sequel to *Full House*) (Abrams, 2015) and *Gilmore Girls* (Li, 2016). With this new strategy, Netflix further binds its members since these contents are Netflix-exclusive and only available online.

Following the success of these productions within the last years, Netflix announced this year, that it planned to spend \$6 billion on further original content. (Netflix, 2016b) This is another way of how Netflix differentiates itself in the Video on Demand market.

2.6 In Comparison

Comparing the three providers on a price basis, Amazon Prime members pay €49 per year, Netflix users pay €95.88 to €143.88, and Maxdome users €95.88. Furthermore, students can receive a special discount at Amazon, but not at Netflix or Maxdome. Considering the additional Amazon Prime benefits, one might say that these members receive the highest value for its price. In my thesis, however, I concentrated on Video on Demand aspects only and ignored the other benefits for the following research. Focusing on this, one could see that the three providers differ in terms of price, content, user profiles, internationality, and offline modes. They all offer one free trial month to convince new users of their Video on Demand offer (Amazon, n.d. a; Maxdome, n.d. a; Netflix, n.d. g). Also, they offer apps for devices such as TVs, as well as iOS and Android devices (Amazon, n.d. a; Maxdome, n.d. b; Netflix, n.d. f).

	Amazon Prime Video	Netflix	Maxdome
Content	1,689 movies 245 TV shows	1,414 movies 245 TV shows	4,581 movies 324 TV shows
Internationality	×, but Austria	✓	×
Price	€7.99 / €49.00	€7.99 / €9.99 / €11.99	€7.99
Monthly cancellation	✓(€7.99) / ×(€49)	✓	✓
Original content	✓	✓	×
User profiles	×	✓	×
Offline mode	✓	×	✓
Customized recommendations	✓	✓	×
Available via different devices	✓	✓	✓
Kids area	✓	✓	✓

Table 2.1: Overview of the Video on Demand Provider Differences

Given the comparison in Table 2.1, one can see that the three providers differ from each other in their individual combinations of features. With many possibilities of adding new features to the Video on Demand platforms, there is always room for improvement.

In order to ensure that customers are satisfied with an offer, their perceived customer value has to match their expectations. Is there a balanced trade-off between what they have to give and what they receive in exchange for that? Does it help them to achieve their personal goals?

But how can overall perceived customer value for German Video on Demand providers be enhanced?

3. Literature Review

As stated before, the central research question is: What drives customer preferences in the German Video on Demand market? With increased preference for a product or service also the perceived customer value becomes more positive. Because of that, the relevant theoretical concept I used within this thesis is the one of customer value.

3.1 The Concept of Customer Value

As Sánchez-Fernández et al. determine: “Consumer value has been widely recognised as a key factor in organisational management, marketing strategy and consumer behaviour” (Sánchez-Fernández et al., 2008, p. 93). This stresses the importance of the value concept for all kinds of organizations in relation to their offered products and services. To be more precise, “Delivering superior customer value has become an ongoing concern in building and sustaining competitive advantage” (Wang et al., 2004, p. 169).

However, there are several customer value frameworks that can be found in literature. Despite its importance for the business world, researchers were not able to develop an overall-accepted value construct that applies for all kinds of products and services yet. (Sánchez-Fernández et al., 2008) Among the most popular ones are, for example, Holbrook, Gale and Woodruff. In addition, also Zeithaml conducted research on perceived value and defined it as “the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p. 14), indicating that perceived value involves a trade-off that depends on the perceptions of an individual and can thereby differ from person to person. In the end, every consumer has to determine by himself whether something (‘what is received’) was worth the money (or alternative of ‘what is given’).

While Zeithaml defines perceived value on a unidimensional level, there are also multidimensional approaches to customer value – such as Holbrook – that take different interrelated attributes into account. (Sánchez-Fernández et al., 2008)

Holbrook sees the concept “as an interactive relativistic preference experience” (2006, p. 715) involving an object-subject interaction on three different levels: “first, involving a comparison among objects; second, varying from one person to another; and, third, depending on the

situation in which the evaluation occurs” (Holbrook, 2006). Thereby, he highlights two important dependencies of customer value. To be more precise, it depends on an individual’s perceptions, and on the specific situation in that the object is used. Consequently, it is likely that perceived customer value generally differs from person to person, and from situation to situation.

3.1.1 Customer value and its connection to loyalty and satisfaction

Customer value is also connected to the concepts of loyalty and satisfaction. According to Woodruff, “received value may lead directly to the formation of overall satisfaction feelings” (1997). If, however, the product attributes prevent a consumer from achieving the desired goal, this can also lead to a feeling of dissatisfaction. (Woodruff, 1997)

To be more precise, “value data are incomplete without satisfaction data, and the reverse is true as well.” (Woodruff & Gardial, 1996, p. 16). In fact, customer value and customer satisfaction are that closely related, that they are sometimes even confounded. According to Woodruff and Gardial, the difference is that “customer value describes the nature of the relationship between user and product, while customer satisfaction is a representation of the customer's reaction to the value received from a particular product offering” (Woodruff & Gardial, 1996, p. 86). Therefore, the fact whether perceived customer value is considered to be positive or negative determines if customers are satisfied or dissatisfied.

In addition, value determines which actions are necessary for a business to take (“gives it direction” (Woodruff & Gardial, 1996, p. 95)), while satisfaction evaluates this organization’s actions (“how it is doing” (Woodruff & Gardial, 1996, p. 95)).

Also, “loyalty and profits are strongly linked to value created for customers” (Khalifa, 2004, p. 647). Consequently, improving the perceived value of an organization’s customers does not only increase satisfaction among those customers, but it also increases their loyalty toward that organization. This connection emphasizes the importance of the customer value concept for all kinds of businesses as it can lead to more success in the long run.

3.1.2 Finding the relevant customer value concept

A Video on Demand subscription is a feel product as it is purchased because of emotional needs

(see Claeys et al., 1995). Customers want to relax while watching a movie and are entertained in consequence. Following Leroi-Werelds et al.'s (2013) guidelines for choosing a customer value methodology, either Holbrook, or Woodruff and Gardial are suggested in this case. Holbrook is a very specific typology that also takes dimensions such as ethics, and spirituality into account (see Holbrook, 2010) that would be difficult to determine for a product such as a Video on Demand subscription. Between the two concepts, Woodruff and Gardial, and their customer value determination process match the topic of Video on Demand more adequately than Holbrook's typology. Therefore, I concentrated on Woodruff and Gardial's concept within my customer value analysis of the German Video on Demand users.

3.1.3 Customer value according to Woodruff

Woodruff's definition of customer value is as follows.

“Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations.”
(Woodruff, 1997, p. 142)

Within this definition, Woodruff himself identifies a connection between customer value and customer preferences. Also, dividing customer value into three parts gives a detailed insight into the trade-offs made by customers.

Within his customer value definition, Woodruff illustrates customer value as a three level concept, incorporating and adapting the means-end chain.

“The means-end approach assumes that consumers decide which products and services to buy based on the anticipated consequences (experienced outcomes, need satisfaction, goal or value achievement) associated with each considered alternative. Typically, these consequences derive from consumers' actions involved with owning and using the alternative brands in question.” (Reynolds & Olson, 2001, p. 10)

Therefore, the means-end chain provides researchers and businesses with insights into the decision-making processes of consumers and the criteria involved in this. With that, it does not

only determine, which characteristics consumers pay attention to when choosing a product, but also what they want to achieve with them or why they are important at all. (Reynolds & Olson, 2001)

Within this concept, one differentiates between “three levels of consumer knowledge” (Reynolds & Olson, 2001), namely:



Illustration 3.1: Means-end chain based on Reynolds & Olson (2001)

Thereby, “consumers see the product and its attributes as a means to an end. The desired *end* involves satisfaction of self-relevant consequences and values” (Reynolds & Olson, 2001, p. 12). In other words, the attributes or product characteristics do not really matter to consumers in the end; what matters is if the product or service helps them to achieve their desired goal / value. This emphasizes the purposefulness of individuals as they are focused on their goals in the first place. These goals are e.g. “happiness, security, accomplishment” (Gutman, 1982, p. 60).

The means-end chain further emphasizes the value-in-use view on customer value, which states that “value for customers emerges in the customers’ sphere during usage” (Grönroos & Ravald, 2011, p. 8). Consequently, neither do businesses create the value for the customer, nor does simply owning a product deliver value immediately. Instead, the product has to be used by the customer in order to create value. Applying this to the Video on Demand example, this view becomes clear. Simply owning an account for one of the providers does not bring any benefit to the user. However, if he or she uses this account, this creates value as e.g. the user is not bored anymore. The business itself can only aim to deliver value by offering the desired value drivers (attributes) to the customer, which will be explained in more detail below.

Using the means-end chain within the customer value concept of Woodruff also ensures that consequences are taken into account rather than concentrating on attributes, which has been a common business practice in the past. With this approach, managers have a better understanding of how and why specific attributes are wished for. (Overby, 2004)

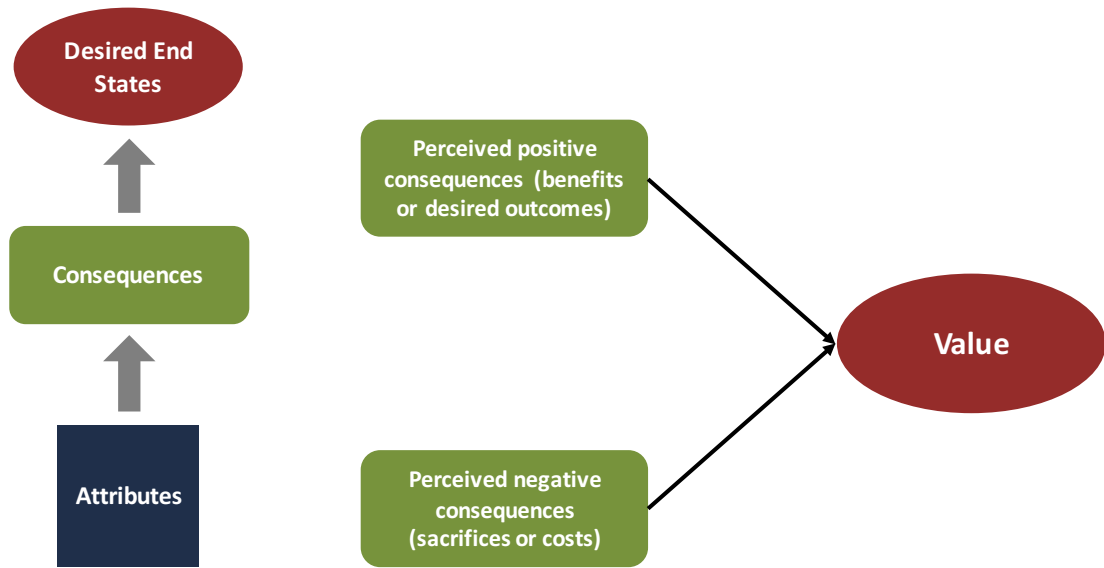


Illustration 3.2: Value Hierarchy (own illustration based on Woodruff & Gardial, 1996, p. 65)

Illustration 3.3: Value as a trade-off in consequences (own illustration based on Woodruff & Gardial, 1996, p. 58)

As mentioned before, the means-end chain has three levels. These consist of attributes, consequences, and desired end states (see Illustration 3.2). With every step up the chain, these levels become more subjective and unconscious. (Woodruff & Gardial, 1996, p. 64)

- *Attributes* describe “what the product/service is, its features, and its component parts or activities” (Woodruff & Gardial, 1996, p. 64).
- *Consequences* are the outcomes of actually using the product. Since customers might have different experiences while using the product (both positive and negative). (Woodruff & Gardial, 1996)
- *Desired end states* are “the user’s core values, purposes and goals” (Woodruff & Gardial, 1996, p. 69) that he or she wants to achieve by usage of the specific product.

Consequently, attributes are likely to be similarly perceived by all customers. Consequences, however, consist of subjective views and are an important part of the overall customer value concept since Woodruff and Gardial “consider value to be the result of the trade-off between the positive and negative consequences of product use as perceived by the customer” (Woodruff & Gardial, 1996, p. 57) (see also Illustration 3.3). They continue by stating that “these trade-offs are critical because they determine the extent to which the consumer’s ultimate goals and

purposes are achieved” (Woodruff & Gardial, 1996, p. 58). With that, they also incorporate Zeithaml’s view of customer value as trade-off that was mentioned in the beginning of this chapter.

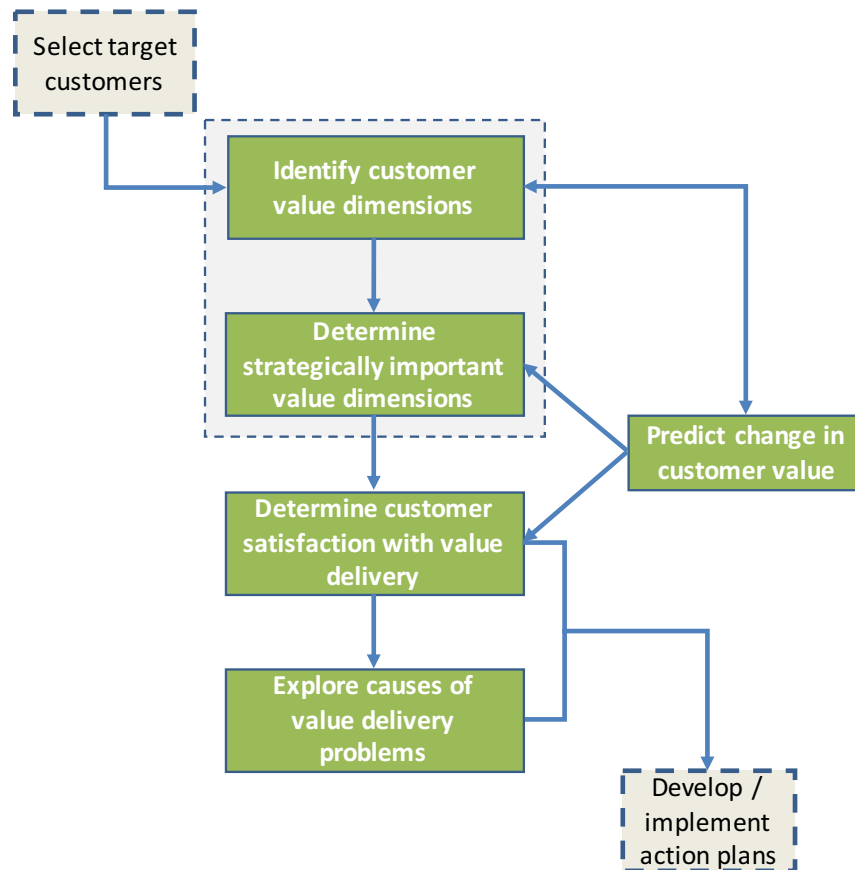


Illustration 3.4: The customer value determination (CVD) process (adapted based on Woodruff & Gardial (1996, p. 110)) with the light box indicating, which part will be included in this thesis

Woodruff and Gardial see customer value as part of a broader learning process that companies should incorporate. This process – Customer Value Determination (CVD) – “combines measurement of current customer value, customer satisfaction, and prediction of future customer value into a systematic set of information activities” (Woodruff & Gardial, 1996, p. 21). A complete overview of the process is provided in Illustration 3.4.

Based on this, the first step is to “identify customer value dimensions” (Woodruff & Gardial, 1996, p. 110). A way to determine the different value dimensions that are experienced by customers within the before-defined means-end chain, is to make use of the laddering

technique.

“Laddering refers to an in-depth, one-on-one interviewing technique used to develop an understanding of how consumers translate the attributes of products into meaningful associations with respect to self, following Means-End Theory” (Reynolds & Gutman, 1988, p. 788).

In other words, an interviewer talks to customers and asks them questions about the product and the experiences connected to that. Usually, respondents start by explaining the product. Then, probing is used to go deeper into the unconscious desired end states connected to the product in order to have a full value hierarchy afterwards. Thus, laddering is meant to identify all levels of the means-end chain. (Woodruff & Gardial, 1996)

From a motivational point of view, laddering provides a means to explore buying motives and shopping behaviors of consumers. (K. G. Grunert & Grunert, 1995)

Afterwards, the customer value determination continues by determining, which of these identified dimensions are most important to customers. (Woodruff & Gardial, 1996)

Within this thesis, I focused on the first two steps of the customer value determination process as defined by Woodruff and Gardial. More precisely, I conducted research on customer preferences that lead to perceived customer value if applied within the different Video on Demand offers.

3.2 The Multi-Attribute Model

As Solomon et al. observe, “a product or service may be composed of many attributes or qualities – some of which may be more important than others to particular people” (Solomon et al., 2006, p. 151). These attributes and their importance determine how individuals feel toward a specific product or service. In other words, it determines a consumer’s attitude toward that product or service.

“An attitude represents a person’s general feeling of favorableness or unfavorableness toward some stimulus object. In our conceptual framework, as a person forms beliefs

about an object, he automatically and simultaneously acquires an attitude toward that object. Each belief links the object to some attribute; the person's attitude toward the object is a function of his evaluations of these attributes." (Fishbein & Ajzen, 1975, p. 216)

Within a multi-attribute model, these different beliefs are determined and combined in order to assess a person's overall attitude toward a product. (Solomon et al., 2006)

In more detail, a multi-attribute model consists of three components:

- **Attributes** are features of a specific product or service (Solomon et al., 2006)
- **Beliefs:** "A belief measure assesses the extent to which the consumer perceives that a brand possesses a particular attribute" (Solomon et al., 2006, p. 152)
- **Importance weights** stress that attributes can be ranked and are in general not equally important to an individual as they "reflect the relative priority of an attribute to the consumer" (Solomon et al., 2006, p. 152).

Overall, "The basic assumption of multi-attribute attitude models is that several attributes can be used to explain each individual's overall evaluative *attitudes* toward competing products, television shows, or other *stimuli*." (Beckwith & Lehmann, 1975, p. 265)

Considering the Multi-Attribute Model in context of customer value, one can see that they overlap in several aspects. To start, both concepts take different attributes into account, and therefore acknowledge that products and services consist of different features and characteristics. Moreover, these different attributes have an impact on perceived customer value / attitude; two concepts that are rather similar. In general, a positive attitude toward a product most likely also means that an individual has a positive perceived customer value toward that product.

Therefore, these concepts are intertwined with each other and the multi-attribute approach can be used in context of customer value. Within my thesis, I made use of this approach as means to analyze perceived customer value of Video on Demand users in Germany by taking a look at the different attributes that influence the perceived customer value of those users.

4. Methodology

To determine the customer preferences of Video on Demand users in Germany, I made use of the following research approach.

4.1 Literature

The literature review of chapter 3 has given an insight into the overall customer value concept, and its connections to satisfaction and loyalty to emphasize its importance, and the benefits companies can gain from it. Based on Woodruff's customer value theory, the next steps were taken.

4.2 Qualitative Research

In line with Woodruff and Gardial's customer value determination, I first conducted qualitative interviews with consumers that are Video on Demand users and therefore able to state what they expect from providers and what is important to them. In total, nine interviews were conducted in order to identify attributes that determine customer preferences and therefore also customer value.

The respondents were chosen based on their demographics in order to include views of different types of persons. Thereby, I also observed that older generations generally do not know anything about Video on Demand and related technology, which is why they were excluded from the qualitative interviews. An overview of the respondents' demographics can be found in Table 4.1.

Respondent	Gender	Age	Profession	Marital situation
1	Female	52	Full-time employee	Divorced
2	Male	55	Full-time employee	Married
3	Female	24	Student	Single
4	Male	24	Student	Single
5	Female	18	Student	Single
6	Female	24	Student	Single
7	Female	35	Housewife	Married
8	Male	29	Full-time employee	Single
9	Male	39	Full-time employee	Married

Table 4.1: Demographics of the respondents included in the qualitative interviews

No significantly new attributes, consequences or values were determined after the 7th respondent. In other words, saturation was already achieved after nine interviews as responses started to be repetitive, which is why no further interviews were conducted.

All nine interviews were held in German, as this is the mother tongue of the respondents. This enabled them to express their thoughts more easily. The length of the interview varied based on how much knowledge and experience each respondent had already made with Video on Demand providers. Also, some of them knew exactly what they liked about Video on Demand and what they demanded of such a provider. Others, however, had to think about it in more depth. These interviews clearly took longer. In the end, interviews lasted approximately 10 to 20 minutes on average.

I started off with asking respondents: “What do you pay attention to when choosing a Video on Demand provider?”. In general, they started off at the attribute level, which is why I used probing questions (e.g. “Why is that important to you?” as also suggested by Reynolds & Gutman (1988, p. 788)) to move upwards in the means-end chain toward consequences, and – finally – values. When I had the feeling that someone was not completely sure what to answer, I also asked questions such as “What do you particularly like about using Video on Demand?”.

Four of the interviews were conducted in person. The other five were held via video conferences because of time and location constraints.

For all nine interviews, I incorporated the laddering technique. According to Reynolds and Gutman, the laddering technique’s purpose “is to elicit attribute consequence-value associations consumers have with respect to a product or service class” (Reynolds & Gutman, 1988, p. 789). Within the interview, the interviewee probes in order to “get the respondent to respond and then to react to that response” (Reynolds & Gutman, 1988, p. 789). With this, the interviewee moves the respondent further upwards in the means-end chain. Reynolds and Gutman continue: “the detailing and subsequent understanding of these higher level distinctions provides a perspective on how the product information is processed from what could be called a motivational perspective, in that the underlying reasons why an attribute or a consequence is important can be uncovered” (Reynolds & Gutman, 1988, p. 788).

Since the laddering technique was used, not only the attributes were identified but also the possible desired end states (values) that are connected to each of them by consequences. This stresses the link between attributes and values, and shows which values Video on Demand providers would be able to deliver by enhancing (or adding) the corresponding attributes.

The qualitative research determined that the following attributes are important to Video on Demand users. Due to the fact that they are at the lowest level of the means-end chain, they are the required basis for delivering value to customers. This makes them attributes that could possibly improve perceived customer value of Video on Demand users, and lead to positive consequences for the customers.

- 24/7 availability
- Availability via different devices (apps and browser)
- Availability via Internet
- Available audio languages
- Content offered
- Customized recommendations
- Early release date of content
- International availability
- Kids area
- Monthly cancellation possibility
- Offline availability
- Parental controls
- Price
- User profiles

A full list of all attributes, consequences and desired end states that were identified within the qualitative interviews, can be found in appendix 1. There, the numbers in brackets indicate, how many times the respective elements were stated by respondents.

By taking a look at this appendix, one can see that entertainment is the desired end state that was mentioned by all of the respondents. In the end, this is what they are all aiming for when using Video on Demand services. However, there were also more subjective desired end states that could be influenced by enhancing their corresponding attributes. In case that the improved attributes are preferred by the majority of users, this would enhance overall perceived customer

value. However, as Woodruff and Gardial state, the first step of the customer value determination process is to “identify customer value dimensions” (Woodruff & Gardial, 1996, p. 110), which was done by means of the qualitative interviews. Then these had to be narrowed down to fewer dimensions so as to identify, which of them are the most preferred attributes to Video on Demand users.

A more detailed analysis of which values are positively affected by enhancing their corresponding attributes will follow after the most important value drivers have been identified.

Due to the fact that all of the Subscription Video on Demand providers taken into account in this thesis offer their content via different devices and are available 24/7 as well as via the Internet, these three attributes are not considered anymore as of now, since it is not possible to enhance them any further. The same applies for Kids areas, and parental controls for usage of the providers that prevent children from watching inappropriate content.

Another attribute that was excluded from the analysis is the content offered, which was mentioned by all respondents. Due to the fact that this is the most subjective attribute, a lot of different levels would have been to be incorporated, which not only makes the questionnaire less user-friendly, but also data gathering more difficult. For example, all Video on Demand providers offer movies, TV shows and documentaries, and offer thousands of titles. Should content be an important decision-making aspect, this would happen at the individual movie or TV show title. It might be determined by single titles like the latest *James Bond* movie or all seasons of the TV show *Grey's Anatomy*. Also, this might change every month or even every week due to the fact that users probably do not wish to watch the very same movie or TV show repeatedly every week. Therefore, this is the most dynamic attribute in the Video on Demand value hierarchy. Including a lot of different titles in the first part of the questionnaire (based on conjoint analysis) is not possible. Instead, I included a question on possible decision-making influencing titles in the questionnaire following the conjoint analysis.

The remaining attributes were used as basis for creating the subsequent online questionnaire as they are all driving customer value and can be further enhanced, since not all providers offer the same attributes. Thereby, I further followed Woodruff and Gardial's customer value determination process as they state that “the results from this qualitative stage will be verified

in later stages of the CVD process through the use of quantitative techniques and a larger, more representative sample” (Woodruff & Gardial, 1996, p. 161).

4.3 Analytical Approach

Linking back to chapter 3, the multi-attribute model is a means to assess the relative importance of different attributes for an individual. To be precise,

“The individual is assumed to associate some particular level, or amount, of each attribute with each stimulus. This belief (perception, or perceived instrumentality) summarizes the individual’s evaluative assessment of the stimulus on this particular attribute. Some attributes may be more important than others to an individual. The relative weight (importance, relevance, value, value importance, or saliency) of each attribute summarizes this differential importance for the individual.” (Beckwith & Lehmann, 1975, p. 265)

In order to reflect the idea of the multi-attribute model, the analytical approach used for this thesis was planned around a conjoint analysis. This still serves the purpose to assess relative importance weights of different attributes, and ensures that the questionnaire is more user-friendly. The conjoint analysis’s results were further assessed for analyzing potential preference variations of different Video on Demand user groups in Germany.

Conjoint analysis is defined as “A technique that attempts to determine the relative importance that consumers attach to salient attributes and the utilities they attach to the levels of attributes.” (Malhotra et al., 2012, p. 843) Consequently, this approach matches the overall intention of the multi-attribute model in that it also takes several attributes into account, and measures their relative importance for the respondents.

The conjoint analysis part of the questionnaire was conducted at 1000minds.com, an online tool that is specialized in conjoint analysis and similar techniques. More specifically, a mixture of the adaptive conjoint method, and the choice-based conjoint approach was used in the questionnaire. The adaptive method “employs a computerized process that adapts the profiles shown to a respondent as the choice task proceeds” (Hair et al., 2013, p. 359). The choice-based

method, however, works with “a unique form of presenting profiles in sets (choose one profile from a set of profiles) rather than one by one” (Hair et al., 2013, p. 359). Because of that, the choice-based method is closer to real-life situations. (Hair et al., 2013)

As part of the conjoint analysis, attributes (or factors) are divided into different levels. For example, the offline availability attribute has two levels: Yes and no. (e.g. Hair et al., 2013, p. 346; Malhotra et al., 2012, p. 845)

At 1000minds, respondents choose from two different concepts in a trade-off situation, or categorize a specific combination of concepts as being equal. In any given combination, two concepts take a look at the same two attributes, but at different levels. That way, the respondent is being asked if he would choose a less positive feature if he got a more positive different feature for that. Thus, a respondent has to choose which of the concepts is more attractive to him personally. “This choice activity is thought to simulate an actual buying situation, thereby mimicking actual shopping behavior” (Qualtrics, n.d.).

Based on, and adapted from the results of the qualitative interviews, Table 4.2 indicates the attributes and their corresponding levels taken into account within the conjoint analysis.

Attributes	Levels
Availability of early release TV shows (earlier than via alternative channels such as DVD and Free TV)	<ul style="list-style-type: none"> • Yes, with German audio. • Yes, with English audio. • No
Offline availability (via download to mobile devices)	<ul style="list-style-type: none"> • yes • no
Location where I can use my Video on Demand subscription	<ul style="list-style-type: none"> • only in Germany • all over the world
Customized recommendations for titles	<ul style="list-style-type: none"> • yes • no
I can always choose between English and German audio language	<ul style="list-style-type: none"> • Yes • No
Price	<ul style="list-style-type: none"> • 8€ per month • 50€ per year (paid at once)
When can I cancel my subscription?	<ul style="list-style-type: none"> • yearly • monthly
Different user profiles	<ul style="list-style-type: none"> • yes • no

Table 4.2: Attributes and their corresponding levels included in the Conjoint Analysis

An outcome of the conjoint analysis is part-worth functions. These can be defined as an “Estimate from conjoint analysis of the overall preference or *utility* associated with each *level* of each *factor* used to define the product or service” (Hair et al., 2013, p. 346). Therefore, “relative importance weights are estimated and indicate which attributes are important in influencing consumer choice” (Malhotra et al., 2012, p. 844).

In the end, the results of a conjoint analysis enable a researcher to create preference curves for all attributes and their levels based on the utility functions. Also, the importance weights stress, which attributes have the strongest influence on customer value. Thus, preference rankings can be created based on the results.

Overall, “the unique advantage of conjoint analysis is the ability to represent the preferences for each individual in an objective manner (e.g., part-worth utilities)” (Hair et al., 2013, p. 384). Again, this matches the purpose of the multi-attribute model approach, which is why the conjoint analysis is a suitable way to determine customer preferences that – in the end – influence perceived customer value.

Also, “conjoint analysis can help identify customers’ needs, prioritize those needs and then translate those needs into actual strategies” (Hair et al., 2013, p. 384). Because of that, it is often used for “segmentation, profitability analysis, and conjoint simulators” (Hair et al., 2013, p. 384).

Within the conjoint analysis, the 1000minds tool makes use of the PAPRIKA method (see Hansen & Omblor, 2008 for detailed information). PAPRIKA, short for “Potentially All Pairwise Rankings of all possible Answers” (1000minds, n.d.), adapts the questions within the questionnaire based on the choices made in all proceeding trade-offs; therefore, being also an adaptive conjoint analysis. This process is “repeated with different pairs of hypothetical alternatives – always involving trade-offs between different combinations of your criteria, two at a time – until enough information about your preferences has been collected to rank accurately the alternatives you’re considering” (1000minds, n.d.). 1000minds automatically assesses each individual participant and the overall preferences of all respondents seen together. Therefore, part-worth utilities are the results of this conjoint analysis questionnaire, “representing the relative importance of the criteria (weights)” (1000minds, n.d.). Finally, these

values are used to rank all given attributes. (1000minds, n.d.)

Because of this approach, further analyses for this thesis were possible on both the aggregate and the segment-level.

Using the PAPRIKA method, the number of questions asked to different individuals differs per respondent. This is caused by how PAPRIKA uses transitivity to rank different attributes. After each trade-off decision, “PAPRIKA immediately identifies all other pairs of hypothetical alternatives that can be pairwise ranked and eliminates them” (1000minds, n.d.). An example would be:

“if you rank alternative X ahead of alternative Y and also Y ahead of alternative Z, then, logically – by transitivity – X must be ranked ahead of Z. And so PAPRIKA ranks this third pair implicitly, and any others similarly implied by transitivity, and eliminates them” (1000minds, n.d.)

In other words, the algorithm behind PAPRIKA identifies any links between different attributes in a person’s individual ranking and minimizes the number of questions by skipping all questions that were answered implicitly. Therefore, a person that is (unconsciously) sure of what he demands is finished earlier than a person that indicates inconsistent answers. The latter has to answer more questions to make sure that the ranking is identified correctly.

PAPRIKA is based on pair-wise rankings of different concepts. “Pairwise ranking – choosing one alternative from two – is a natural type of decision activity that everyone has experience of in their daily lives.” (1000minds, n.d.). Thereby, this matches the above-mentioned advantage of conjoint analysis as being similar to an actual shopping situation.

Part of the analytical approach was not only to simply analyze the conjoint analysis, but also to test whether different sub-groups based on customer characteristics have significantly different customer preferences. These characteristics are e.g. being heavy users that repeatedly watch TV shows nonstop for hours throughout the month or being light users who watch approximately one movie per week or less. Also, household characteristics were taken into account. Is the respondent part of a family, does he live alone or in a shared apartment?

For this purpose, questions about demographics and consumer characteristics in context of Video on Demand were asked at the end of the questionnaire. This enabled me to determine whether any preference differences exist among different user groups. The corresponding analysis of the groups' mean values was done by means of independent samples t-tests (for questions with two sub-groups) and one-way ANOVA (for questions with more than two sub-groups). The ANOVA analysis (short for analysis of variance) is “a statistical technique for examining the differences among means for two or more populations” (Malhotra et al., 2012, p. 666). The idea behind this approach was that it might be, e.g. that offline availability is more important for specific users than for others. This also enabled me to illustrate these preference variations in form of rankings for the different consumer groups. All characteristics and demographics used within the questionnaire will be explained in detail in the next sub-chapter (4.4 Questionnaire Design).

Furthermore – and connected to the above analyses – I assessed whether watching different types of content, or subscribing to one or more of the different providers had an impact on attribute preferences. This was done by means of multiple regression analysis, which is defined as “a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable” (Malhotra et al., 2012, p. 714).

Essentially, the conjoint analysis and its assessment afterwards are the second step of Woodruff and Gardial's customer value determination process, in which companies “implement a screening activity to determine which value dimensions, identified in the previous step, are most important” (Woodruff & Gardial, 1996, p. 111). The conjoint analysis serves exactly this purpose, since it establishes the importance weights of all attributes previously identified within the qualitative interviews.

4.4 Questionnaire Design

The questionnaire design of the online survey included two different major steps. First, I incorporated a conjoint analysis into the online questionnaire with the aim to establish the perfect combination of value elements that providers should offer in order to enhance perceived customer value, and with it implicitly customer satisfaction. This conjoint survey was done at

the before-mentioned online tool 1000minds.com.

Secondly, I linked to a Google form at the end of the 1000minds conjoint analysis questionnaire. Because of that, respondents were automatically forwarded to a second part of the survey, where more general questions were asked. On the one hand, these included typical demographics such as gender, age, profession, marital status, living situation, the number of children within the household, and commuting as well as travel habits. On the other hand, further questions on Video on Demand usage were implemented. Namely, it has been asked how often Video on Demand is used, which type of content is watched with Video on Demand, which provider the respondent already used or uses at the moment, and whether the respondent chooses a Video on Demand provider based on the availability of specific content titles. This enabled me to define different sub-groups within the respondents' population. One could assume, for example, that respondents that commute on a regular basis have a higher preference for an offline availability of the Video on Demand content than respondents that do not. Also, students might be aiming at a lower price than full-time employees. Dividing the overall respondent population into such sub-groups formed the basis for further analyses of the part-worth utilities and potential differences in the ranking of preferred attributes.

At the end of the Google form, participants also had the opportunity to enter their e-mail address in order to have a chance to win one of two €10 Amazon vouchers, that were advertised as incentives for prospective respondents to participate.

The 1000minds and Google form questionnaires could be matched based on an automatically generated 1000minds user ID that was directly inserted into the Google form. With that, anonymity was guaranteed, but answers could still be matched unambiguously.

An online questionnaire was chosen because of several reasons. To start, it is easier and faster to collect answers from many different respondents all over Germany than with personal interviews or mailed questionnaires. Moreover, anonymity is enabled if demanded; respondents decided for themselves, if anonymity was important or if they wished to have a chance to win one of the vouchers. In the latter case, only the e-mail address was provided, which still did not give detailed information such as e.g. a postal address would give. Additionally, 1000minds continuously provided a live overview of part-worth functions and utilities for all respondents.

Therefore, developments could be tracked throughout the process. Furthermore, the additional Google form enabled me to match conjoint analysis answers with demographics and Video on Demand habits in order to identify deviations among different user groups. For that, the spreadsheet reports were downloaded from 1000minds and Google in order to calculate the part-worth functions and utilities for e.g. students and full-time employees separately. In the end, this would potentially enable Video on Demand providers to create special offers for e.g. couples with kids, or students, if these groups had significantly different attribute preferences.

4.5 Sampling

Hair et al. determine 200 respondents to have “an acceptable margin of error” (2013, p. 373), but also stresses that sub-groups can only give hints of actual behavior then. (Hair et al., 2013)

I published the questionnaire via e-mail to my acquaintances. Moreover, I promoted it on Facebook to both my friends and within several movie and TV-show themed groups. Using relevant hashtags, the questionnaire was also promoted on Twitter. In total, I was able to reach 300 respondents.

4.6 Cleaning

Based on $n=300$, I started cleaning the results. 282 out of these 300 respondents also completed the Google form questionnaire, excluding 18 of the original respondents from further analysis. Nine respondents took several hours to answer the questionnaire, sometimes even finishing it the next morning. Consequently, their answers are not as reliable as the remaining respondents that took at most 76.99 seconds on average to respond. This leads to $n=273$. Finally, there were 23 respondents that gave contradicting and illogical answers in the Google form. Excluding these unreliable responses from further analysis leaves me with $n=250$ in the end.

5. Results

The analysis of the outcomes of the matched questionnaires from 1000minds and Google forms led to the following results.

5.1 Descriptive Statistics

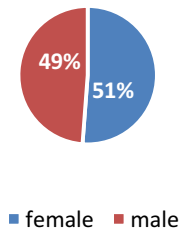


Illustration 5.1: Please indicate your gender. (n=250)

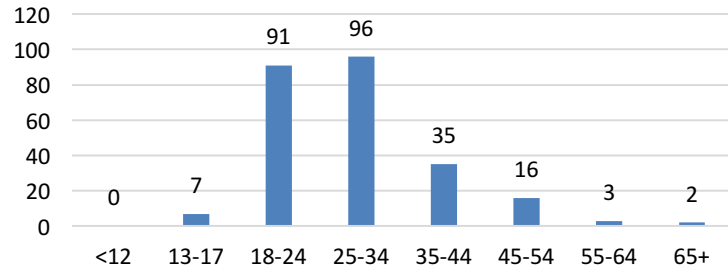


Illustration 5.2: How old are you? (n=250)

To start, 51.20% of the 250 respondents were female. Thus, the responses were almost equally distributed among the genders. (see Illustration 5.1)

The ages of the respondents ranged from 13-17 years to 65 years and older. The groups of 18-24 years (36.4%) and 25-34 years (38.4%) old were represented the most in contrast to very low participant numbers for 13-17 years (2.8%) olds and the groups of 55 and above (2% in total). This might have two causes. First, those age groups are not active on Facebook and other social media websites or communities. Second, they are not as familiar with Video on Demand offers as the age groups from 18 to 44 or 54 (compare Nielsen, 2016, p. 7). (see Illustration 5.2)



Illustration 5.3: What is your profession? (n=250)

Being asked what their profession is, the majority answered either student (44%) or full-time employee (38%). Also, 7.2% part-time employees, 3.6% currently unemployed, 2.8% homemakers, 1.6% retired responded to the questionnaire. 2.8% of the 250 respondents

preferred not to answer.

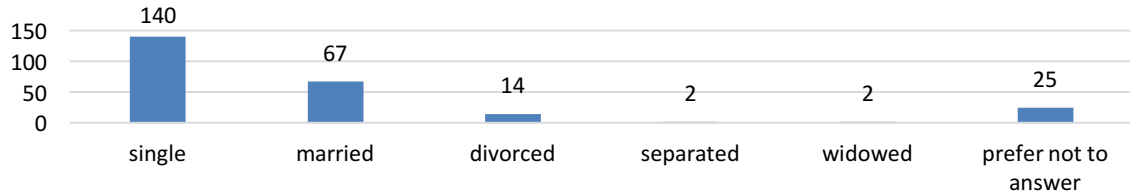


Illustration 5.4: What best describes your marital status? (n=250)

56% of respondents also indicated to be single. Moreover, 26.8% of respondents were married, 5.6% were divorced, 10% preferred not to answer and each 0.8% were separated or widowed.

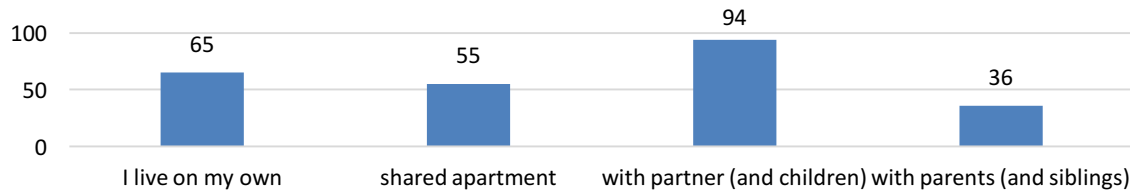


Illustration 5.5: What best describes your current living situation? (n=250)

As shown in Illustration 5.5, the largest part (37.6%) of the respondents lived together with their partner (and children). 26% lived on their own, 22% had a shared apartment, and the remaining 14.4% lived together with their parents (and siblings).

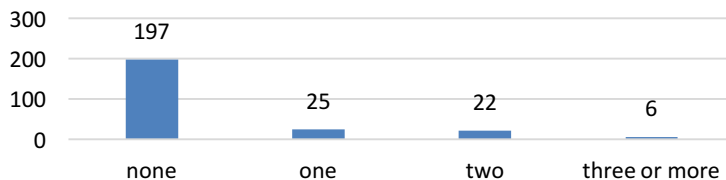


Illustration 5.6: How many children live in your household? (n=250)

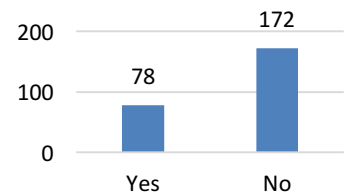


Illustration 5.7: Do you commute via train? (n=250)

From the 250 respondents, 197 (78.8%) lived without children in their households. One child lived in the household of 10% of the respondents, two in 8.8% of the households and three or more in 2.4% of the 250 households.

In addition, the respondents were asked whether they commute to work or school via train. Only 31.2% of the sample indicated this with yes, stressing that the sample's majority has

alternative transportation means to go to work.

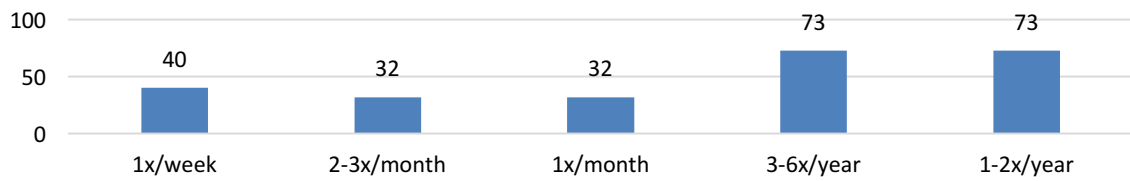


Illustration 5.8: How often do you travel (incl. business trips)? (n=250)

The respondents' travel habits showed that each 29.2% travel once to twice per year, or three to six times a year. 12.8% of the sample travel once a month. The same amount also travels two to three times per week. However, also 16% of the respondents indicated to be travelling once a week. Especially for the latter group, it is likely that the main reason for these frequent trips are business-related.

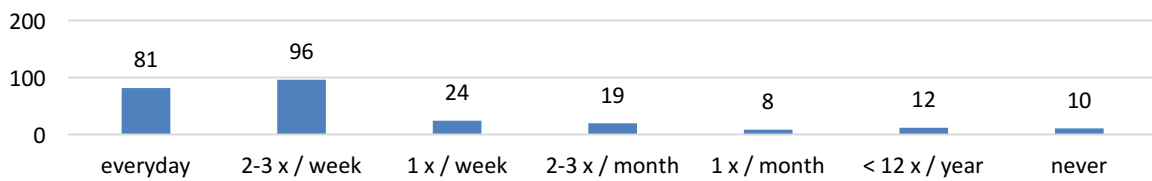


Illustration 5.9: How often do you use Video on Demand? (n=250)

The questions about the respondents' Video on Demand habits showed a clear trend toward Video on Demand among n=250 as more than half of the respondents use Video on Demand several times per week (see Illustration 5.9). To be more precise, 32.40% of the respondents use Video on Demand on a daily basis, while 38.40% use it two to three times per week. Only 4% of the respondents never use VoD.

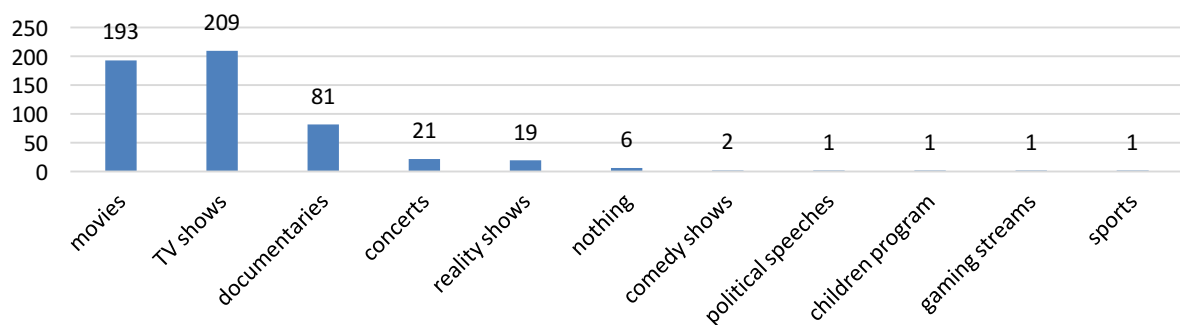


Illustration 5.10: Which type of content do you watch with Video on Demand? (n=250)

As Illustration 5.10 shows, also most respondents were interested the most in TV shows (83.6%) and movies (77.2%). Other types of content mentioned were documentaries (32.4%), concerts (8.4%), reality shows (7.6%), comedy shows (0.8%), as well as political speeches, children program, gaming streams, and sports (each 0.4%). In total, this shows a high diversity in interests of the respondents. Again, 2.4% of the respondents also stated “nothing” as answer since they never use Video on Demand providers and also have not used one of the offers before.

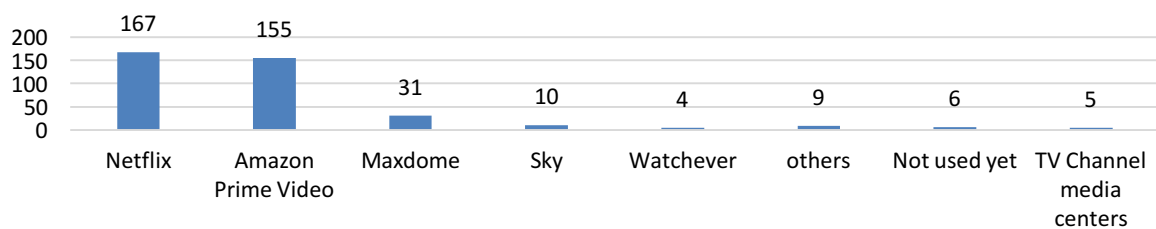


Illustration 5.11: Which Video on Demand provider are you currently using or have you used within the last year? (n=250)

Illustration 5.11 gives an overview of the Video on Demand providers the 250 final respondents were currently using or have used within the last year. Especially Netflix (66.8%) and Amazon Prime Video (62.0%) were popular among the sample and were almost equally often used by respondents. The fact that in total 387 different answers were given for this question also stresses that Video on Demand providers are most likely not mutually exclusive and are subscribed to simultaneously by the respondents. Alternatively, some of the respondents must have tried several providers within the last year. However, also 2.4% of the respondents stated that they had not used Video on Demand yet. This means that four respondents that indicated that they never use Video on Demand were in fact former Video on Demand subscribers but were not anymore. Other providers mentioned by minorities were e.g. Videoload, Crunchyroll, Telekom Entertain, Unitymedia and PLEX. Also, Kinox.to (partly illegal in Germany (see Engelhardt, 2016)) and Hulu (actually only available in the USA (see Hulu, n.d.)) were stated as answers. Finally, also TV channel media centers like the ones mentioned as examples for Catch-Up TV in chapter 2 were stated by five respondents. This indicates that the difference among the Video on Demand types is not commonly known by customers.

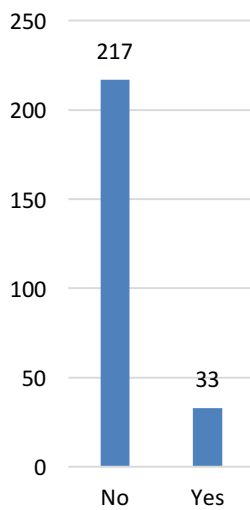


Illustration 5.12: Are you choosing a VoD provider based on specific TV shows or movies? (n=250)

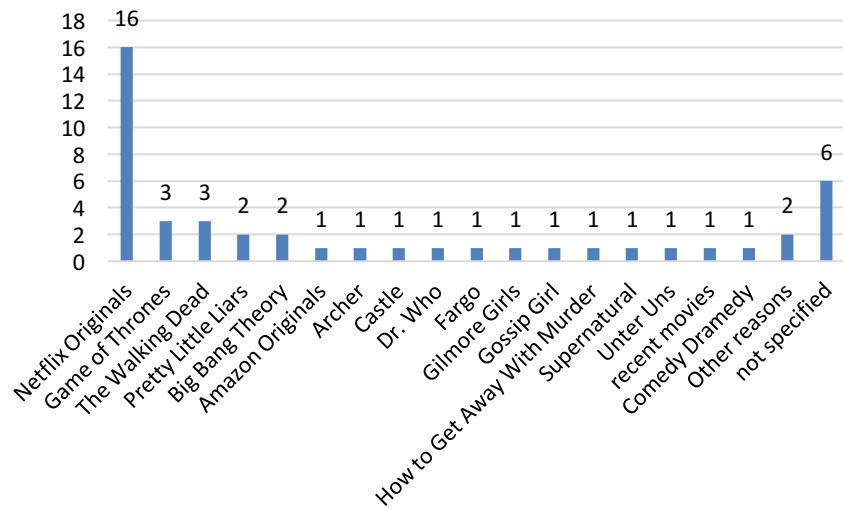


Illustration 5.13: ... if so, which ones? (n=33)

Out of the whole sample, 86.8% indicated that they were not choosing a Video on Demand provider based on specific content (compare Illustration 5.12). The remaining 33 respondents gave distinct answers. However, some trends are recognizable. For example, 16 out of these respondents stated different Netflix originals as TV shows they were taking into account during the decision-making process. Other TV shows that were mentioned more than once are *Game of Thrones* (3), *The Walking Dead* (3), *Pretty Little Liars* (2), and *Big Bang Theory* (2). A more detailed overview of the given answer is provided in Illustration 5.13.

5.2 Conjoint Analysis for the Overall Sample

Taking all 250 respondents into account, the conjoint analysis showed the following results.

5.2.1 Part-worth functions for the different attributes

When it comes to early release of TV shows (Illustration 5.14), it is recognizable that the respondents indeed saw a relatively high difference among the attribute levels, indicating that the attribute levels do affect choices for the early release attribute.

Moreover, language choice and cancellation, as well as location and offline availability showed

higher part-worth functions (see illustrations below). To be more precise, they all had higher utility values for their second levels than early release had for its second level. Consequently, customers would favor offline, and worldwide availability of their Video on Demand subscriptions as well as language choice possibilities over early TV show releases in English.

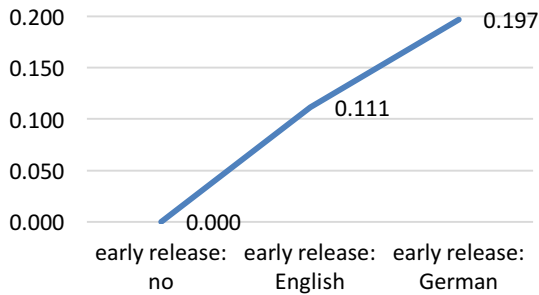


Illustration 5.14: part-worth functions early release

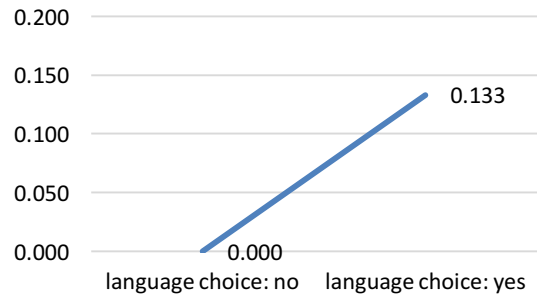


Illustration 5.15: part-worth functions language choice availability

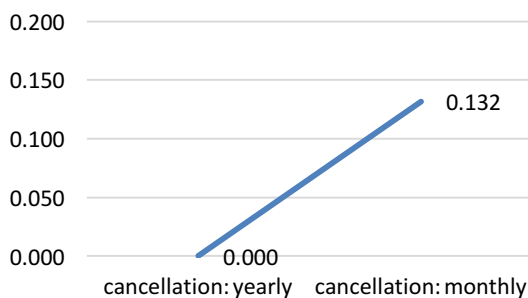


Illustration 5.16: part-worth functions cancellation

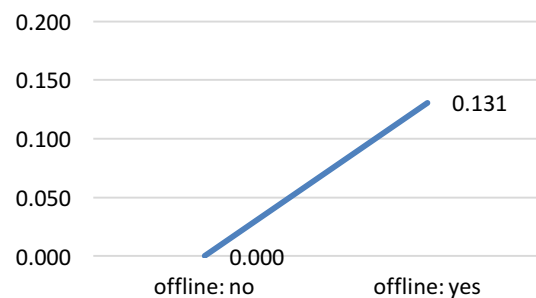


Illustration 5.17: part-worth functions offline availability

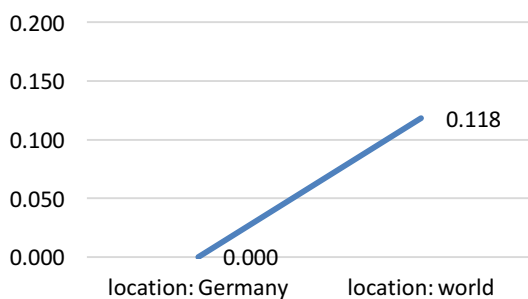


Illustration 5.18: part-worth functions location

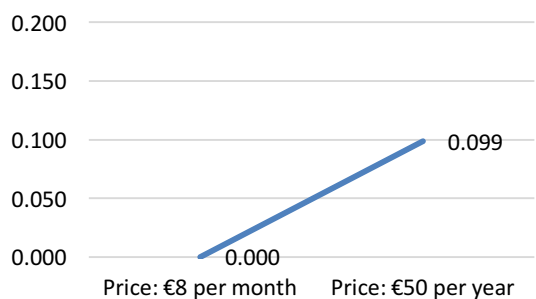


Illustration 5.19: part-worth functions price

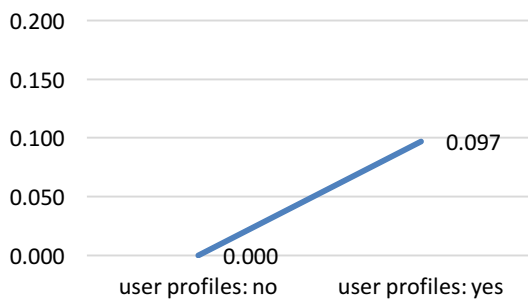


Illustration 5.20: part-worth functions different user profiles

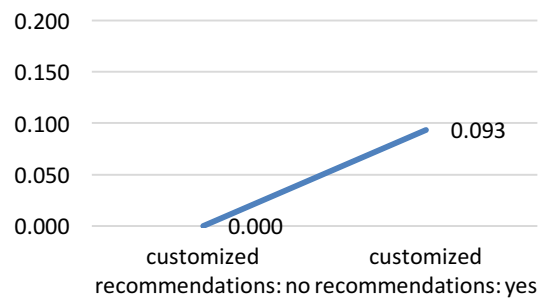


Illustration 5.21: part-worth functions customized recommendations

The low difference between the attribute levels for customized recommendations (Illustration 5.21) stress that respondents do not see a large difference between the different attribute levels. In fact, customized recommendations had the lowest utilities and therefore did not really matter to respondents when it comes to Video on Demand attributes.

Similar to the customized recommendations part-worth utilities, those of different user profiles and price were relatively low (below 0.1), also hinting at relative indifference when talking about customer preferences of Video on Demand features (attributes). Especially the fact that both different user profiles and customized recommendations are rather unimportant when it comes to customer preferences, makes sense since different user profiles are partly connected to customized recommendations. Without the recommendations, the different user profiles would only make sense in terms of remembering what has been watched lately, or for the access to the kids or non-kids areas.

A complete overview and graphical comparison of the different part-worth functions is also given in appendix 4.

5.2.2 Relative attribute importance and attribute rankings

As mentioned in chapters 3.2 and 4.3, the multi-attribute model is a means to determine an individual's relative importance of different attributes. The conjoint analysis was used to reflect that idea. Subsequently, its results were used to calculate relative attribute importance of the sample. Thereby, the key purpose of the multi-attribute model is fulfilled.

Ranking	Attribute	Relative importance
1	Availability of early release TV shows (earlier than via alternative channels such as DVD and free TV)	0.197
2	I can always choose between English and German audio language	0.133
3	When can I cancel my subscription?	0.132
4	Offline availability (via download to mobile device)	0.131
5	Location where I can use my Video on Demand subscription	0.118
6	Price	0.099
7	Different user profiles	0.097
8	Customized recommendations for titles	0.093

Table 5.1: Relative attribute importance and rankings

Taking the relative attribute importance numbers given in Table 5.1 into account, the above ranking could be identified for the n=250 sample. This stresses that the respondents attached the most importance to the availability of early release dates for TV shows, the language choice, and offline availability of Video on Demand content. In contrast, the least important attribute was the customized recommendation for titles. Also, different user profiles and the offer's price were (in comparison) rather unimportant for the respondents.

5.3 Preferences of Different Types of Users

More detailed outputs for these analyses can be found in appendices 6 and 7. The complete SPSS outputs are provided digitally by means of the attached CD-ROM.

Based on the responses from the Google part of the overall questionnaire, also different user groups could be identified. Based on that, further research was conducted to determine any differences in their Video on Demand preferences.

The part-worth utilities are created in such a way that their means per attribute also indicate the relative attribute importances. Due to the fact that the two statistical tests used for this data analysis, namely independent samples t-test and one-way ANOVA, both calculate any differences between the mean values for different sub-groups, they indeed assess differences in relative attribute importance weights for those sub-groups. Thus, the customer preferences were compared in a statistical way.

As already mentioned in chapter 4.3, an independent samples t-test was used to assess if two groups have different mean scores for a test variable in case of grouping variables with only

two sub-groups, e.g. gender leading to the sub-groups male and female (compare Saunders et al., 2012, p. 517). The statistical hypotheses for this test were:

$$H_0: \mu_1 = \mu_2$$

$$H_1: \mu_1 \neq \mu_2$$

For grouping variables with more than two sub-groups, however, the analysis was done by means of one-way ANOVA analyses for each of the different grouping variables (e.g. gender, age, profession, etc.). In this case, the different attributes (e.g. early release, offline availability, etc.) were used as dependent (test) variables for the analysis, while the different sub-groups (age, profession, etc.) were the independent (grouping) variables.

For this, the corresponding statistical hypotheses were:

$$H_0: \mu_1 = \mu_2 = \mu_3 = \dots = \mu_k$$

$$H_1: \text{at least one mean is different}$$

Thereby, H_0 represents that all sample means are equal. More detailed results of the SPSS analyses can be found in appendix 6.

5.3.1 Gender

<u>Attribute</u>	<u>Levene's</u> <u>F</u>	<u>Levene's</u> <u>Sig.</u>	<u>t-test</u> <u>t</u>	<u>t-test</u> <u>Sig. (p-value)</u>
Early Release of TV shows	0.816	0.367	0.111	0.912
Offline availability	0.164	0.686	0.270	0.787
International availability	1.643	0.201	0.414	0.679
Customized recommendations	5.676	0.018**	-1.885	0.061
Language choice	1.870	0.173	-0.202	0.840
Price	1.039	0.309	-0.999	0.319
Cancellation possibilities	1.196	0.275	2.133	0.034*
User profiles	0.552	0.458	-0.337	0.736

Table 5.2: Levene's test for equality of variances & independent samples t-test results based on gender (** = unequal variances assumed)

Using the above-mentioned independent samples t-test to assess possible differences in means between female and male respondents showed that the only significant mean difference that

existed was the one for cancellation possibilities.

To be more precise, Levene’s Test for Equality of Variances indicated that only for customized recommendations equal variances were not assumed, while for all other attributes, equal variances could be assumed. A following t-test analysis of each attribute with the corresponding p-values (equal variances for all attributes except for customized recommendations), determined that most p-values > 0.05. Consequently, the means of female and male respondents were equal on a 95% confidence level. Only for cancellation possibilities, this did not apply. There, $t(248) = 2.133$ ($p=0.034$).

Based on this analysis, female and male Video on Demand preferences were rather similar. The only significant difference was the one for cancellation possibilities. There, the relative attribute weights amounted to 0.140 (female) and 0.123 (male), indicating that female respondents attach more importance to shorter cancellation periods. They prefer more flexibility and do not want to commit to Video on Subscriptions for longer periods. Also the attribute rankings of these two sub-groups did not differ by more than two ranks.

5.3.2 Age

Attribute	F- value	Sig. (p-value)
Early release of TV shows	1.338	0.241
Offline availability	3.299	0.004*
International availability	0.815	0.559
Customized recommendations	5.552	0.000*
Language choice	2.293	0.036*
Price	1.998	0.067
Cancellation possibilities	4.331	0.000*
User profiles	1.610	0.145

Table 5.3: one-way ANOVA results for age variable (*= 95% significance)

At a 95% confidence level, the one-way ANOVA analysis showed that there were significant differences of the means for the attributes of offline availability, customized recommendations, language choice, and cancellation possibilities, since the corresponding p-values < 0.05. Consequently, the sample means of these attributes were not the same because H_0 could be rejected, while H_1 was accepted. The f-values thereby indicate how much more variability there is comparing in-group and between-groups means. The high f-value of 5.552, for instance,

showed that the between-groups mean 0.012 was 5.552 times higher than the within-groups mean (0.002), stressing that there indeed is rather high variability between these values.

Due to the fact that the null hypothesis was rejected for these attributes, I knew that the mean of at least one group was significantly different. As a next step, this group had to be identified. For this, a new pair of statistical hypotheses was defined, being:

H_0 : all groups have equal variances

H_1 : groups do not have equal variances

These hypotheses were assessed by means of the test of homogeneity of variances. It is the basis for choosing the appropriate follow-up test. At this point, it was already known that the mean of at least one of the groups was statistically different. There were two possible tests to identify, which of the groups was the one differing from the others. On the one hand, Dunnett's C test followed for unequal variances. For equal variances, on the other hand, Tukey's HSD test was used. However, both tests were meant to determine which mean(s) was/were statistically different from the remaining ones. The main difference between the tests is whether equal variances are assumed.

Attribute	Significance (p-value)
Offline availability	0.096
Customized recommendations	0.210
Language choice	0.632
Cancellation possibilities	0.018*

Table 5.4: Test of Homogeneity of Variances for Age (*= 95% confidence)

Based on this, H_0 could only be rejected at a 95% confidence level in case of cancellation possibilities as $p = 0.018 < 0.05$. Thus, the groups did not have equal variances.

As stated before, Dunnett's C was then used to determine, which of the groups differed. The mean for cancellation possibilities differed at a 95% confidence level for

- 18-24 years old and 35-44 years old = 0.054662*
- 25-34 years old and 35-44 years old = 0.042566*

Taking a look at the other three attributes (offline availability, customized recommendations, language choice), where H0 could not be rejected, Tukey's HSD was used to determine which means indeed differed from each other.

This analysis shows that the means of the following groups differed significantly at a 95% confidence level.

- Offline availability:
 - 25 – 34 years old & 45 – 54 years old = -0.49490*
- Customized recommendations:
 - 18 – 24 years old & 35 – 44 years old = -0.48046*
 - 25 – 34 years old & 35 – 44 years old = -0.33368*

While there were clear results for offline availability and customized recommendations, this was not the case for the Tukey's HSD analysis of language choice. The consistency between the ANOVA and post-hoc results stems from the way the relevant test statistics are computed (see also Keppel, 1991). Based on this result, I took the more conservative point of view that there is no significant influence of the different age sub-groups on the language choice attribute.

With this additional information, the descriptive statistics, namely the relative importance of the corresponding attributes showed the following. Respondents belonging to the group of 35-44 years olds could be identified to feel rather indifferent about cancellation possibilities, especially when being compared to 18-24 years olds (0.148), and 25-34 years olds (0.136). This stresses that 35-44 years olds are more willing to commit to long-term contracts than younger generations, most likely because a regular income is more common in this age than before, where parts of the samples are still students.

The contrary applies to customized recommendations. There, this age group showed more preference for tailor-made content advice (0.127) than the two younger generations (18-24 years old: 0.079; 25-34 years old: 0.093). The mean differences amounted to 0.48046 and 0.33368, respectively.

Finally, offline availability was significantly favored more by 45-54 years olds (0.170) than by 25-34 years olds (0.120).

5.3.3 Profession

Attribute	ANOVA	ANOVA	Homogeneity of Variance
	F- value	P-value	Sig. (p-value)
Early release of TV shows	1.954	0.073	0.446
Offline availability	1.720	0.117	0.129
International availability	1.014	0.417	0.107
Customized recommendations	3.130	0.006*	0.890
Language choice	0.461	0.837	0.391
Price	0.785	0.582	0.376
Cancellation possibilities	5.780	0.000*	0.082
User profiles	0.314	0.929	0.929

Table 5.5: one-way ANOVA and Homogeneity of Variance results for the different profession sub-groups

In case of the profession sub-groups, only two attributes could be identified to contain at least one group with a different mean. In other words, H_0 could be rejected for customized recommendations and cancellation possibilities. As the following procedure was the same as for the age grouping variable, the process will not be described in as much detail as before again.

With p-values of 0.890 (recommendations) and 0.082 (cancellation) within the Test of Homogeneity of Variances, also both attributes were assumed to have unequal variances and therefore were further assessed using Tukey.

- customized recommendations:
 - student & full-time: -0.025893*
- cancellation possibilities:
 - student & full-time: 0.042425*

Consequently, the two sub-groups whose means differed significantly from each other at a 95% confidence level for both attributes.

The relative attribute importance values determined that students (0.081) showed less interest in customized recommendations than full-time employees (0.106), while they had a high preference for short-term cancellation possibilities (0.154) and full-time employees were more willing to accept long-term contracts (0.112). As already mentioned in 5.3.2 *Age* above, students usually do not have a regular income on their disposal, which makes long-term

commitments more difficult for them as they do not know how their financial situation might look like in the future because of e.g. higher costs for books or similar. In contrast, full-time employees usually do not have a fluctuating income and expenses are also quite regulated, making long-term contracts more acceptable for them.

5.3.4 Marital status

Attribute	ANOVA	ANOVA	Homogeneity of Variance
	F- value	P-value	Sig. (p-value)
Early release of TV shows	1.373	0.235	0.206
Offline availability	3.237	0.008*	0.250
International availability	0.673	0.644	0.170
Customized recommendations	2.615	0.025*	0.062
Language choice	2.325	0.044*	0.728
Price	0.486	0.786	0.381
Cancellation possibilities	5.150	0.000*	0.214
User profiles	0.797	0.553	0.165

Table 5.6: one-way ANOVA and Homogeneity of Variance results for the different marital sub-groups

The one-way ANOVA analysis for the marital status sub-groups rejected H_0 for offline availability, customized recommendations, language choice, and cancellation possibilities. Due to the fact that all of these attributes had $p > 0.05$ in the Test of Homogeneity of Variances, further analysis was conducted by means of Tukey, which led to the following.

- cancellation possibilities
 - single & married: 0.029061*
 - single & divorced: 0.61014*
 - divorced & prefer not to answer: -0.067794*

On this level, only p -values > 0.05 were reported for offline availability, customized recommendations, and language choice. Taking a conservative position again in this case (see also 5.3.2 Age), no significantly different means of any marital status sub-groups could be identified for these attributes.

Taking a closer look at the relative attribute importance of cancellation possibilities, again the younger generations incl. students – here singles (0.143) – showed higher interest in cancellation possibilities than the slightly older segments – married (0.114) and divorced

(0.082). Again, this is likely to be caused by differences in steady income. However, also a difference between divorced (0.082) and prefer not to answer (0.150) existed. Due to the fact that the respondents of the latter group did not provide any further information, an analysis of potential reasons for this preference difference was not possible.

5.3.5 Current living situation

<u>Attribute</u>	<u>ANOVA</u> <u>F- value</u>	<u>ANOVA</u> <u>P-value</u>	<u>Homogeneity of Variance</u> <u>Sig. (p-value)</u>
Early release of TV shows	5.257	0.002*	0.269
Offline availability	0.734	0.533	0.308
International availability	2.647	0.050*	0.004*
Customized recommendations	1.505	0.214	0.290
Language choice	0.236	0.871	0.651
Price	0.383	0.765	0.841
Cancellation possibilities	1.703	0.167	0.647
User profiles	2.536	0.057	0.134

Table 5.7: one-way ANOVA and Homogeneity of Variance results for the different living sub-groups

In case of the current living situations of the respondents, the one-way ANOVA analysis identified a significant difference of at least one of the sub-groups' means for early release as $p=0.002 < 0.05$, as well as for international availability. For the latter, however, this was a rather special case as $p=\alpha=0.05$. Still, significance was assumed in this case. Due to the fact that the Homogeneity of Variance Test had a corresponding p-value of $0.269 > 0.05$ in case of early release, Tukey's was used within the analysis' next step. The results stressed equality for all sub-group means except for:

- Early release of TV shows
 - Shared apartment & with partner: -0.041076*

The relative attribute importance of early release for respondents living in a shared apartment amounted to 0.172, while the one for respondents living with their partner (and children) amounted to 0.213. This stressed that early releases were especially preferred by respondents living with their partner.

For international availability, the Homogeneity of Variance test reported $p = 0.004 < 0.05$, leading to further analysis by means of Dunnett's C.

- International availability
 - Shared apartment & with partner: 0.027309*
 - Shared apartment & with parents: 0.029682*

At a confidence level of 95%, the above results determined different international availability relative attribute importance weights for respondents living in a shared apartment, and those living with partners. The mean difference amounted to 0.027309. With 0.029682, also respondents living in in a shared apartment and those living with their parents differed significantly from each other.

Taking a look at the relative attribute importance weights in this context, respondents living in a shared apartment had the highest value for the location attribute among these sub-groups, namely 0.138. Thus, they showed high preference for international availability. This most likely hints at the fact that respondents living in a shared apartment travel frequently, or that a high proportion of them are students that would like to use their Video on Demand subscription while studying abroad. In fact, 40 out of the 55 respondents living in a shared apartment were students, which makes this explanation even more likely.

Those respondents living with their partner (0.111, rank 5) or living with their parents (0.109, rank 6) showed rather similar preference values toward international availability. They did not attach as much importance to it as the other two sub-groups.

5.3.6 Children

<u>Attribute</u>	<u>ANOVA</u> <u>F- value</u>	<u>ANOVA</u> <u>P-value</u>	<u>Homogeneity of Variance</u> <u>Sig. (p-value)</u>
Early release of TV shows	0.448	0.719	0.841
Offline availability	0.994	0.396	0.629
International availability	0.995	0.396	0.431
Customized recommendations	1.004	0.392	0.604
Language choice	1.504	0.214	0.267
Price	0.843	0.471	0.352
Cancellation possibilities	2.978	0.032*	0.230
User profiles	1.089	0.354	0.446

Table 5.8: one-way ANOVA and Homogeneity of Variance results for the different children sub-groups

The one-way ANOVA analysis showed a significantly differing mean of a children sub-group for the attribute of cancellation possibilities. The accompanying Homogeneity of Variance p-value > 0.05 , which is why further analysis was conducted by means of Tukey.

However, the post-hoc Tukey analysis did not report any significance. Therefore, I took the conservative point of view again (compare 5.3.2 Age) and assumed no significant mean differences for any children-related sub-groups in relation to the cancellation possibilities attribute.

5.3.7 Train commuters vs. non-commuters

<u>Attribute</u>	<u>Levene's F</u>	<u>Levene's Sig.</u>	<u>t-test t</u>	<u>t-test Sig. (p-value)</u>
Early Release of TV shows	0.827	0.364	0.343	0.732
Offline availability	0.379	0.538	-0.088	0.930
International availability	0.550	0.459	0.456	0.649
Customized recommendations	1.659	0.199	-0.207	0.836
Language choice	0.009	0.925	0.351	0.726
Price	0.065	0.800	-0.127	0.899
Cancellation possibilities	9.121	0.003**	0.454	0.651
User profiles	1.009	0.316	-1.504	0.134

Table 5.9: Levene's test for equality of variances & independent samples t-test results based on commuting (** = unequal variances assumed)

Based on the independent samples t-test procedure as already described in

Gender, Levene's Test for Equality of Variances determined cancellation possibilities to be further assessed based on unequal variances, while all other attributes were assumed to have equal variances. However, the t-test did not report any significant differences in mean values for the commuter sub-groups as $p=0.651 > 0.05$. Consequently, these two groups could be considered to be statistically equal with a 95% confidence.

Although e.g. Amazon actively promotes its offline feature in connection to commuters e.g. waiting at the train station or looking for entertainment during flights (see chapter 2.3), there was no significant mean difference identifiable for this attribute. In fact, the attribute weights amounted to 0.130 (commuters) and 0.131 (non-commuters) and were thus very similar, further stressing this equality. This would be an interesting aspect to test again in future research, since

a higher difference would have been expected in this context.

5.3.8 How often do you travel (incl. business trips)?

<u>Attribute</u>	<u>F- value</u>	<u>P-value</u>	<u>Homogeneity of Variance</u> <u>Sig. (p-value)</u>
Early release of TV shows	3.740	0.006*	0.017*
Offline availability	0.944	0.439	0.501
International availability	1.781	0.133	0.611
Customized recommendations	3.278	0.012*	0.047*
Language choice	0.558	0.694	0.075
Price	1.655	0.161	0.362
Cancellation possibilities	1.300	0.271	0.727
User profiles	1.837	0.122	0.095

Table 5.10: one-way ANOVA and Homogeneity of Variance results for the different travel sub-groups

For the travel sub-groups, the one-way ANOVA test determined at least one differing mean of one of the sub-groups concerning early release of TV shows ($p=0.006<0.05$) and customized recommendations ($p=0.012<0.05$). Also, the Homogeneity of Variance test rejected the H_0 hypothesis of both attributes, leading to an unequal variances analysis by means of Dunnett's.

- Early release of TV shows
 - Once a week & once or twice a year: -0.040085*
 - 3-6 times a year & once or twice a year: -0.033795*
- Customized recommendations
 - Once a week & 3-6 times a year: -0.028289*

As indicated above, early release of TV shows differed significantly at two points. First, between respondents that travel once a week and those that travel once or twice a year. Secondly, between respondents travelling 3-6 times a year and those travelling once or twice a year. The relative attribute weights of these respondent groups stressed that the least frequent traveler group (once or twice a year) had the highest preference value for early releases of TV shows with 0.218. Its difference with both once a week travelers (0.178), and 3-6 times a year travelers (0.185) was significant at the 95% confidence level.

For customized recommendations, only the relative attribute weights of once a week travelers,

and 3-6 times a year travelers were identified to be significantly different from each other. To be more precise, once a week travelers had a relative attribute importance of 0.079, while the one of 3-6 times a year travelers amounted to 0.107 (the largest recommendations preference of these sub-groups). It might be that respondents traveling once a week do not have as much time to use Video on Demand subscriptions as respondents staying at home most of the year. If they then decide to watch Video on Demand, they might already have in mind what they are looking for. However, this would be another aspect that would have to be found out in a subsequent research.

Due to the fact that frequent travelers most likely have to spend a lot of time in planes or trains, it would have been a possibility that these respondents are more interested in offline features than less-frequent travelers. However, as no significant difference in the means could be identified, this stresses that offline availability is rather similarly preferred by all of these sub-groups. In more detail, the relative attribute importance weights ranged from 0.122 to 0.142 without any kind of pattern that could be observed based on travel habits.

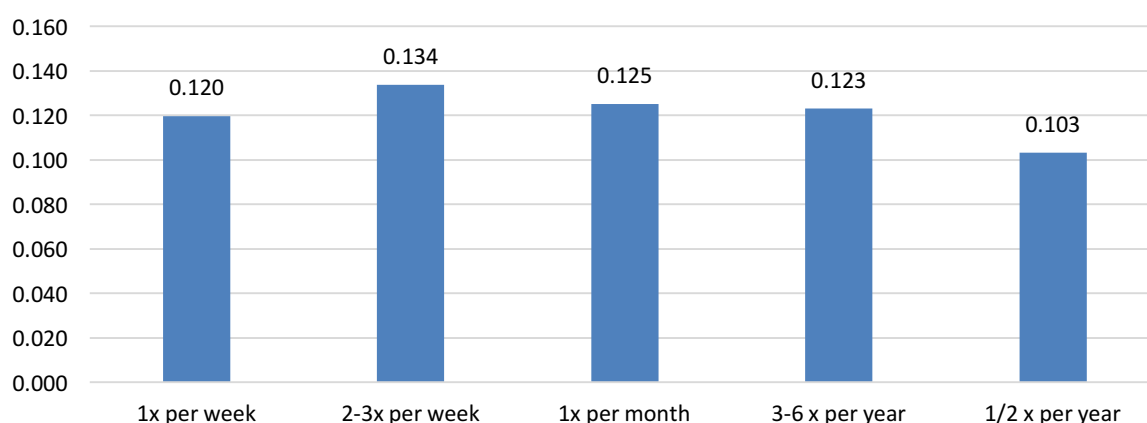


Illustration 5.22: Relative location importance for the travel sub-groups

The same applied to international availability. Frequent travelers might spend a lot of time abroad where they could be interested in using their Video on Demand subscriptions. However, no significant differences could be determined. As illustrated above, relative attribute weights ranged from 0.103 to 0.134, but no real trend was recognizable except for that preference values decreased from 2-3 a week travelers to once or twice a year travelers. In contrast, once a week travelers showed the second-lowest attribute preference.

5.3.9 How often do you use Video on Demand?

<u>Attribute</u>	<u>F- value</u>	<u>P-value</u>	<u>Homogeneity of Variance</u> <u>Sig. (p-value)</u>
Early release of TV shows	0.541	0.777	0.611
Offline availability	0.372	0.896	0.067
International availability	1.394	0.218	0.852
Customized recommendations	0.618	0.716	0.578
Language choice	1.043	0.398	0.788
Price	2.241	0.040*	0.538
Cancellation possibilities	0.991	0.432	0.044
User profiles	1.036	0.402	0.737

Table 5.11: one-way ANOVA and Homogeneity of Variance results for the different usage sub-groups

For this question, the one-way ANOVA reported one or more significantly differing mean for the price attribute as H_0 could be rejected based on $p=0.040 < 0.05$. The following Homogeneity of Variance test further stated a p-value of 0.538 for the price attribute, meaning that further analysis had to be done with equal variances assumed. Within the Tukey analysis, the following groups were stated to have statistically differing means:

- Price
 - Everyday & once a week: -0.045599*

Taking a look at the corresponding relative attribute importance weights, everyday users showed rather indifference toward price with a value of 0.084, while once a week users attached the most importance to price from all of the sub-groups with 0.129. To be more precise, this difference amounted to 0.045599.

Consequently, heavy users that use Video on Demand on a daily basis comprise the group that is the least price sensitive in comparison to other groups based on usage frequency. This is suitable since they have integrated Video on Demand into their daily lives, which also gives them a more profitable cost-per-movie or cost-per-episode throughout the month than for less frequent users.

Although the non-user case was restricted to $n=10$ and consequently rather unreliable, taking a look at these respondents, hinted at a few preference differences. Comparing this group with

the remaining respondents' preferences, it was recognizable that they attached more importance to price (0.121) than most users did. Due to this rather distinct difference, one could say that price might play a role in the respondents' decision not to subscribe to a Video on Demand provider. However, price still was only located at rank five for the non-user sub-group. As the analysis showed, especially the early release of TV shows, different cancellation possibilities and the offline feature were important to non-users. Considering that they were interested in early release and offline features – a combination they might only get with Video on Demand – this might hint at a future decision to subscribe to Video on Demand offers in order to use these benefits.

5.3.10 Content types

In order to assess whether being part of the different content type sub-groups has an impact on the relative importance weights of the attributes, multiple regression was used. Thereby, the dependent variable is one of the attributes for each analysis, and the different content types are added in terms of dummy variables as the independent variables.

How much of the variation in attribute importance weights can be explained by watching the different content types, namely, movies, TV shows, documentaries, concerts and reality shows?

Within these analyses, *nothing* and *others* are excluded on purpose, because non-users as well as all of the other content types that are summed up within “others” would distort results.

Conducting these tests for all of the attributes, no significance was determined for early release of TV shows, international availability, customized recommendations, language choice, cancellation possibilities, and user profiles.

Offline availability

For offline availability, however, 95% confidence level significance was reported as $F(5, 244) = 2.738, p = 0.020 < 0.05$. In other words, the different content types significantly predicted offline availability. The identified $R^2 (0.053)$ indicated that 5.3% of the variability of offline availability was accounted for by movies, TV shows, documentaries, concerts and reality shows together, stressing that the impact of content types was still rather low. However, the adjusted

R² of 0.034 showed that based on the number of independent variables and the sample size, R² was overfitted. Thus, actually, only 3.4% of the offline attribute variability could be accounted for by the content types.

Content Type	Unstandardized coefficients		Standardized coefficients	t	Sig. (p-value)
	B	Std. Error	Beta		
(Constant)	0.143	0.011		12.550	0.000
Movies	0.015	0.009	0.113	1.764	0.079
TV shows	-0.022	0.010	-0.142	-2.246	0.026*
Documentaries	-0.020	0.008	-0.166	-2.583	0.010*
Concerts	0.012	0.013	0.056	0.885	0.377
Reality shows	-0.003	0.014	-0.014	-0.229	0.819

Table 5.12: Coefficients Results Multiple Regression Analysis Offline Availability & Content Type

The corresponding estimated model was:

Offline availability

$$= 0.143 + (0.015 \times \text{movies}) - (0.022 \times \text{TVshows}) \\ - (0.020 \times \text{documentaries}) + (0.012 \times \text{concerts}) - (0.003 \times \text{reality})$$

Due to the fact that the unstandardized coefficients determine the variation of the dependent variable with the independent variable when all other independent variables remain constant, offline availability preference increases by 0.015 for each increase by 1 in movies.

Taking a look at the corresponding coefficients,

$$H_0 = \text{there is no linear relationship between the variables}$$

As this test reported p=0.026 for TV shows and p=0.010 for documentaries, the null hypothesis could be rejected in these cases. They were significantly different from 0, and there is a linear relationship between those variables and offline availability. Consequently, watching TV shows decreases offline availability by 0.022, while watching documentaries decreases offline availability by 0.020.

All in all, offline availability was primarily predicted by lower levels of both documentaries and TV shows content types.

Taking a further look at the relative attribute weights for these cases, TV show viewers attached more importance (0.127) to offline availability than documentaries viewers (0.120).

Price

Also, multiple regression predicted statistically significance at a 95% confidence level for price and the different content types. To be more precise, $F(5, 244) = 2.331$, $p = 0.043 < 0.05$. Moreover, R^2 determined that 4.6% of the price variance could be accounted to movies, TV shows, documentaries, concerts, and reality shows. However, again, the adjusted R^2 stressed even a fewer impact of 2.6% variance caused by the different content types.

Content Type	Unstandardized coefficients		Standardized coefficients	t	Sig. (p-value)
	B	Std. Error	Beta		
(Constant)	0.116	0.012		9.668	0.000
Movies	-0.019	0.009	-0.133	-2.070	0.039*
TV shows	-0.007	0.010	-0.045	-0.709	0.479
Documentaries	0.006	0.008	0.045	0.693	0.489
Concerts	0.031	0.014	0.141	2.222	0.027*
Reality shows	-0.013	0.014	-0.057	-0.911	0.363

Table 5.13: Coefficients Results Multiple Regression Analysis Price & Content Type

$$Price = 0.116 - (0.019 \times movies) - (0.007 \times TVshows) + (0.006 \times documentaries) + (0.031 \times concerts) - (0.013 \times reality)$$

Thereby, the different coefficients showed significance for movies ($p = 0.039$), and concerts ($p = 0.027$). Consequently, the accompanying null hypothesis could be rejected in both cases, indicating that there was a linear relationship between each of these content types and price.

To sum up, price was primarily predicted by higher levels of concerts and lower levels of movies content types. For every 1 unit that movies is increased, price importance decreases by 0.019. Based on that, movie viewers are less price sensitive than other viewers of the remaining content types. Also, for every 1 unit that documentaries is increased, price importance increases by 0.006.

This was also emphasized by the relative attribute importance weights of 0.094 (movies) and 0.128 (concerts). While concert viewers ranked price 4th, movie viewers ranked it 8th. Therefore,

concert viewers are more price sensitive than movie viewers.

5.3.11 Video on Demand providers

The same analysis as for the content types, was also conducted for the different providers that respondents subscribed to. Again, *others* and *nothing* were excluded from this analysis.

Significance could only be determined in the cases of the location and price attributes.

International availability

For the international availability attribute, significance could be determined as $F(5, 244) = 3.266, p = 0.007 < 0.05$. The corresponding R^2 (0.063) was too overfitted, which is why – again – adjusted R^2 was a more appropriate means to assess how much variation of the location attribute was predicted by provider groups. Namely, this amounted to 0.044, which is why 4.4% of the total location variation was caused by provider groups.

Provider	Unstandardized coefficients		Standardized coefficients	t	Sig. (p-value)
	B	Std. Error	Beta		
(Constant)	0.109	0.009		11.703	0.000
Amazon	0.002	0.008	0.013	0.212	0.832
Netflix	0.017	0.008	0.130	2.062	0.040*
Maxdome	-0.017	0.012	-0.090	-1.427	0.155
Sky	-0.049	0.020	-0.155	-2.494	0.013*
Watchever	0.049	0.031	0.099	1.593	0.112

Table 5.14: Coefficients Results Multiple Regression Analysis Location & Provider

The regression equation was determined to be:

International Availability

$$= 0.109 + (0.002 \times Amazon) + (0.017 \times Netflix) - (0.017 \times Maxdome) - (0.049 \times Sky) + (0.049 \times Watchever)$$

A further look at the corresponding coefficients identified both Netflix ($p=0.040$) and Sky ($p=0.013$) to be significant at a 95% confidence level. For every 1 unit that Netflix increases, also international availability preference increases by 0.017. For every 1 unit, however, that Sky increases, international availability preference decreases by 0.049.

Because of that, both Netflix and Sky subscribers had an influence on international availability preferences that could be illustrated by a linear relationship.

The corresponding relative attribute weights clearly showed that Netflix subscribers (0.124) attached more importance to international availability than Sky subscribers (0.071), who had the lowest preference for the location attribute.

Price

With $F(5, 244) = 3.012$, $p = 0.012 < 0.05$, the multiple regression analysis for the price attribute and the different providers showed significance at a 95% confidence level. Thus, the different providers chosen by the respondents significantly predicted price.

Because $R^2(0.058)$ is often too optimistic, the adjusted R^2 with 0.039 was more appropriate in this case. It stressed that 3.9% of the price variation was determined by the combination of the providers Amazon, Netflix, Maxdome, Sky, and Watchever.

Provider	Unstandardized coefficients		Standardized coefficients	t	Sig. (p-value)
	B	Std. Error	Beta		
(Constant)	0.129	0.009		14.257	0.000
Amazon	-0.015	0.008	-0.125	-1.980	0.049*
Netflix	-0.028	0.008	-0.220	-3.462	0.001*
Maxdome	-0.011	0.012	-0.063	-0.994	0.321
Sky	0.001	0.019	0.004	0.071	0.943
Watchever	-0.024	0.030	-0.050	-0.809	0.419

Table 5.15: Coefficients Results Multiple Regression Analysis Price & Provider

The regression equation for price in terms of the providers was as follows.

$$Price = 0.129 - (0.015 \times Amazon) - (0.028 \times Netflix) - (0.011 \times Maxdome) + (0.001 \times Sky) - (0.024 \times Watchever)$$

However, taking a look at the corresponding coefficients, significance was only reported for Amazon ($p=0.049$), and Netflix ($p=0.001$).

Therefore, for every increase by 1 in Netflix, price preferences decrease by 0.028. This emphasized that Netflix subscribers are less price sensitive than users of other providers. For

example, the only other significant linear relationship between a provider and price was Amazon, where price preferences decrease by 0.015.

Consequently, price was primarily predicted by lower levels of both Amazon and Netflix.

This was also shown in the attribute importance rankings for Amazon and Netflix users, as both of them attached the least importance to price, ranking it last (8th).

5.4 Customer Preferences and the Offers of Amazon, Maxdome, and Netflix

With the results of the n=250 conjoint analysis and its preference rankings, a further look at the German Video on Demand offers is possible while linking back to the information provided about Amazon Prime Video, Maxdome, and Netflix in chapter 2.

To start, Amazon Prime Video offers early releases of TV shows, which is the most important attribute preferred by the respondents. Amazon clearly does not offer the language choice possibility in all cases. German audio is always available, but English audio is only added for a small part of the overall offer. Cancellation of the subscription (third most-preferred attribute) is only possible once a year if the yearly subscription is chosen, making Amazon less attractive to the majority of respondents. Moreover, offline availability is possible, which also enables customers to watch content outside of Germany. However, taking the location attribute level definitions into account, the location attribute is not exactly fulfilled by Amazon, since it would not be possible to start streaming content via Internet access. The price of €49 per year is very competitive (see chapter 2), however price is also one of the three least important attributes in the conjoint analysis results. In addition, Amazon does not offer different user profiles. Finally, customized recommendations are rather limited at Amazon (compare chapter 2.3 for more information).

In case of Maxdome, early release is available for some part of the content in case of TV shows that are going to be broadcasted by the ProSiebenSat1 Group's channels. Its collection of content that is available not only in German but also in English is rather limited. This is a part of the Maxdome subscription package that is still lagging behind. However, cancellation is possible every month, guaranteeing flexibility for customers. Flexibility is also given in terms

of an offline feature, enabling users to watch content wherever they would like to after downloading it from a German Internet access. To be more precise, Maxdome is not available outside of Germany, except for Austria. With a price of €7.99, Maxdome is not the cheapest subscription in the market. Still, respondents did not show a lot of price sensitivity, stressing that there are more important aspects of a Video on Demand subscription they are attaching importance to. Finally, Maxdome neither offers different user profiles nor customized recommendations.

Netflix also offers early release of TV shows in its content portfolio. Furthermore, German users can always choose between English and German audio, even enabling subtitles for most productions. Cancellation is possible on a monthly basis, making the offer more flexible for its customers. Netflix does not offer an offline availability feature yet. Nevertheless, users have access to Netflix content almost all over the world. The price is more expensive than the one of Amazon Prime Video. However, price is not one of the most-preferred attributes, indicating that respondents are willing to pay €8 per month – most likely if the trade-off between price and content / features is justifiable. Furthermore, Netflix enables up to five different profiles within one subscription and offers customized recommendations for each of the profiles.

5.5 Reliability and Validity

In order to assess the reliability of the conjoint analysis results, Kendall's correlation coefficient (also referred to as Kendall's tau) is used. This goodness of fit measure is used to determine the strength between the different rankings made by the respondents. In other words, it assesses the degree to which rankings of different observations are similar or distinct. As with all correlation coefficients, a Kendall's tau value of 1 means that rankings are equal (perfectly positive), while a value of 0 shows no agreement between rankings (perfect independence). (see Saunders et al., 2012, p. 521)

For $n=250$, Kendall's coefficient of concordance amounts to 0.796, indicating that there is indeed agreement between the 250 different rankings to a certain degree. This stresses that the part-worth functions as well as the attribute preference values and the ranking based on them can be considered to be rather reliable approximations. This is especially the case as there is always some disagreement based on different tastes that has to be taken into account.

Consequently, Video on Demand providers in Germany can use these numbers in order to get a better insight into customer preferences and customer value drivers in connection to Video on Demand.

6. Conclusions & Recommendations

6.1 Conclusions

Referring back to the introduction, the problem statement was to determine customer preferences of Video on Demand users in Germany in order to identify attributes that have to be included or improved so as to enhance perceived customer value of Video on Demand providers. Taking this problem and the conducted analysis into account, the following conclusions can be drawn.

For the conjoint analysis sample (n=250), the most important attribute is early release with quite some distance to the second rank, namely language choice. This further stresses the importance of entertainment for the respondents, since early release is the only attribute connected to content.

Having the possibility to choose between German and English also gives everyone the opportunity to enjoy content as wished. Referring back to the qualitative interviews, those users that are not proficient enough in English to follow the content can choose German. At the same time, foreigners (e.g. exchange students, businessmen) and those who would like to improve their English skills can watch the content in English. Although this choice is considered to be quite common because of DVDs and Blu-Rays where the German and English are the most basic audio choice that is always available, this choice is not self-evident for Video on Demand subscriptions. As a closer look has shown, not all titles within the portfolios of the three most-popular streaming providers are available in both languages.

However, also cancellation options received rather high utilities. Users favor a flexible option (monthly) over a less flexible one (yearly).

Moreover, offline availability enables users to take their content with them and ensures increased mobility, while it also eliminates dependency on an Internet connection. Because of that, content can be watched while e.g. commuting to work via train or during long flights. Furthermore, parents with little children always have entertainment with them on longer drives to avoid boredom among the youngest.

In contrast to these attributes, the customer preference analysis of the sample has shown that customized recommendations, the availability of several user profiles within one account, and the subscription's price are the least important subscription aspects. All of these attributes received lower utility values (below 0.1), indicating lower preference in comparison to the other attributes. Consequently, customers might even be willing to pay a higher price should all of the more important attributes be fulfilled sufficiently, i.e. many early releases, language choices, flexible cancellation options, and offline availability.

Focusing on the available sub-groups, significant mean differences have been determined for 12 out of 72 cases, taking 9 sub-group analyses for 8 attributes into account. As this amounts to 16.67%, the attribute preferences are rather similar for the different sub-groups.

To be more precise, differing preference means have been identified for the following attributes. Cancellation possibilities (in 4 analyses), customized recommendations (3), early release of TV shows (2), offline availability (1), international availability (1), and price (1).

Moreover, the multiple regression analysis of sub-groups indicated the following results. For the different content types the users watched, linear relationships were determined for offline availability, and price. In addition, international availability and price were both reported to have a linear relationship with the providers the respondents subscribed to.

However, as these cases are still rather limited, a general agreement between the individual sub-groups is recognizable in the majority of cases. This is also in line with the Kendall's tau value of 0.796, and further stresses the reliability of the n=250 ranking and attribute importance weights.

Still, preference differences were not as distinct as would have been expected for attributes such as e.g. offline availability for respondents that commute to work or that travel often. Therefore, the ranking for the complete sample identified above is the most reliable source of insight since it is also based on a bigger sample than the analyses of sub-groups, resulting in higher reliability for the outcomes.

Referring back to the provider comparison chapter (2.6 In Comparison), the differences

between Amazon Prime Video, Netflix, and Maxdome are relatively small, including e.g. user profiles and customized recommendations. Taking into account that the mentioned examples are the least-preferred attributes and do not seem to matter a lot to the respondents, it cannot be determined precisely which of the provider offers is the one meeting customer preferences most accurately. In fact, the slight differences show that the choice for one of those offers most likely is very subjective depending on both personal preferences, and minor differences such as available content, offline features, or international availability. Only if all attributes are taken into account, Netflix is the most attractive offer since it meets most of the eight attributes taken from the qualitative interviews.

Again, the analysis of the sub-groups did not show any specific preferences indicating that one of the providers might be the best option for one of the groups. Instead, also the final question of the Google questionnaire (“Are you choosing a Video on Demand provider based on specific TV shows or movies? If so, which ones?”) is likely to have some impact on the final stage of the decision-making process although it was only identified as impact by 13.2% of the respondents. The determined similarities between the providers do not only hint at decision-making at the individual title level, but also stress the competitive environment that German Video on Demand providers are located in. Due to the fact that monthly cancellation is available, also a mixed use depending on availability of specific content is likely, which would be in line with the fact that multiple Video on Demand providers have already been used by the respondents within the last year. Finally, early release was the most important attribute for the sample, emphasizing that individual titles are indeed important to Video on Demand users.

6.2 Recommendations

Due to the fact that the sub-group differences were generally not very distinct, the most valuable recommendations can be given based on the analysis of the overall sample. Therefore, the following recommendations are based on the results of the conjoint analysis (n=250) in connection to the qualitative interviews.

6.2.1 General recommendations for the overall sample

As the conjoint analysis has shown, the most preferred attributes of Video on Demand users are

early release of TV shows, language choice, cancellation possibilities and offline availability of content. Consequently, Video on Demand providers would have the best chances of enhancing perceived customer value by improving these aspects.

Especially exclusive rights for TV shows that enable them to offer the content earlier than the competition is proven to be very attractive for Video on Demand users. In the end, this also serves the customer value that was most often identified in the means-end chain during the qualitative interviews; namely, entertainment. To be precise, it was mentioned by all interview respondents, which stresses the overall importance of this desired end state. Early releases most likely offer unknown stories that satisfy the audience's curiosity of how the story from the former season continues and also offers program variation and entertainment, exactly because the content is yet unknown. Further values connected to this attribute are not being bored, watching new content, and being up-to-date when talking to friends. On a consequence level, this enables users to watch alternatives to the own DVD collection and TV as well as to watch current content.

Another important way to enhance perceived customer value is to have both German and English audio tracks available for the international content of Video on Demand providers. Because the analysis has shown that this is the second-most important attribute to the sample, this should be a step of further improvements in the near future, if applicable to the individual provider. For the language attribute, an enhancement would enable more users to understand the language as well as to improve language skills if desired; both on a desired end state level. To be precise, consequences would be availability in both English, and German.

Cancellation would ideally be possible on a monthly basis to improve perceived customer value, as the respondents apparently do not like to make any long-term commitments. According to the qualitative interviews, having different cancellation options mainly serves the consequence of only paying when you really use it. Because of that, the desired end state of not wasting money is achieved.

Also, offline- as well as international availability are preferred by the respondents. Because the offline feature in fact also enables users to watch content abroad when they are on holidays, it makes sense that this feature is more important to the sample as it also provides them with

entertainment while commuting to work or when there is no Internet connection available. Consequently, offline availability should have a higher priority for Video on Demand providers than international availability. Offering offline availability would enhance the desired end state of avoided boredom for users of the feature (including kids), as well as entertainment. This is made possible by being able to watch Video on Demand content both while commuting and traveling. Connected to this feature, location can still play an important role for some users, as availability abroad enables users to watch content while travelling, leading to entertainment and – again – avoided boredom.

In contrast, Video on Demand providers do not need to prioritize any improvements of customized recommendations, the availability of several user profiles within one account, or the price, because these attributes have the lowest attribute weights (below 0.1) and are therefore not as preferred by users as the ones mentioned above. As a rather indifference toward these attributes has been determined, further enhancement would most likely not change much about the overall perceived customer value.

In total, the perfect Video on Demand subscription for the overall sample would include many early release TV shows, have both English and German audio tracks for content, enable monthly cancellation, and have at least offline availability if not international availability as well. On top of that, user profiles and customized recommendations would be a nice but not necessary add-on. Then, a lower-priced annual subscription would be preferred, which would be conflicting the monthly cancellation possibilities.

Finally, the connections between the attributes and desired end states identified above can provide the German Video on Demand providers with insights into how to position their offers and how to stress differentiation. More frequent cancellation possibilities, for example, could be an advertising opportunity as customers only pay when they are actually intending to use the subscription, thereby avoiding to waste money.

6.2.2 Provider-specific recommendations

In connection to the background chapters (chapters 2.3 to 2.6) and the analysis results, the following recommendations can be given to each of the providers.

In order to follow the respondents' preferences when it comes to Video on Demand attributes, Amazon would have to make its Video on Demand service available abroad, too. Cancellation on a monthly basis is already offered. However, it is rather hidden in the overall offer, which might make potential customers think, that only a one-year commitment would be possible. As this cancellation flexibility is preferred by the respondents (rank three), this option should be advertised more prominently on Amazon.de's video section. Although Amazon also does not offer different user profiles, this should not be prioritized as a possible add-on in the future, since the conjoint analysis shows a rather indifference toward this attribute among respondents.

For Maxdome, customer value enhancement could be achieved by offering more early releases of TV shows, offering both German and English audio tracks for all titles and making its content available outside of Germany. Due to the fact that they already have monthly cancellation possibilities and an offline feature, these attributes cannot be further enhanced. Also, the price is as high as the one of Netflix, indicating that no price adjustments are necessary for the moment, especially since price is one of the least-preferred attributes for the sample. Maxdome neither offers different user profiles nor customized recommendations. However, these attributes are the least-important ones in the ranking for n=250, stressing that any improvements of these attributes would most likely not change a lot about perceived customer value as the low attribute weights rather show an indifference of respondents toward these features.

Based on the analysis of chapter 5, Netflix would increase customer preferences and also perceived customer value by adding an offline feature to its offer, since this is the only attribute besides price, where it is lagging behind. As respondents rather show indifference toward price if the options are €50 annually or €8 monthly, Netflix does not necessarily need to change anything about its price structure.

7. Limitations and Future Research

7.1 Limitations

Due to the fact that 1000minds.com is in English, the whole survey for this thesis has been conducted in English. Although I made sure to use rather easy English, this still could have been a reason for respondents to drop out of the survey. Therefore, this might have altered the given results as it restricted who was able to participate in the survey.

As further analyses had to be made, a cut-off date for further information about Video on Demand has been implemented, namely March 11th, 2016. Based on this, no new features or news about the provider have been included afterwards so as to avoid potential changes in the content that might have contradicted with the analysis afterwards.

Because the final sample has consisted of 250 respondents, the analysis of sub-groups has also taken smaller samples into account. Thus, these sub-sample analyses have not been as representative as the analysis of the overall sample, which is also why these sub-groups did not show significantly different means in the t-tests and ANOVA analyses based on a 95% confidence level.

Finally, there have been only a few significant differences in the relative attribute importance weights for the individual sub-groups that could be identified. The analysis of possible causes for these differences was based on assumptions or commonly known aspects such as that students usually do not have a regular income, while full-time employees do have one. Consequently, these analyses are not well-founded. However, to identify these causes was not a part of what I have intended to do with my analysis.

7.2 Future Research

To start, a next step could be to do the same analysis within other European countries in order to identify any (cultural) differences in customer preferences. This would simplify possible standardization efforts for future expansions of Amazon and Maxdome since Netflix is already available in other European countries.

Secondly, the same study could be repeated with a bigger sample in order to have more representative sub-sample analyses. Then it might also be that more significant differences can be reported by the independent t-tests and one-way ANOVA analyses.

Thirdly, under the name Digital Single Market, the European Commission currently has plans to lift barriers for digital content, and to adapt regulations in all countries. (European Commission, n.d.; Tauber, 2015) Therefore, Netflix might be able to offer the same content throughout all EU countries in the future, which would maximize its content offer. The same applies for Amazon, which could merge its offers in the UK and Germany. But what would that mean for local providers such as Maxdome? It is only active in Germany and Austria – most likely with the same content. Therefore, it would not have the opportunity to merge the content with other subsidiaries within the EU. Would that hinder competition in the long run because Maxdome or similar providers would not be able to keep up with other competitors content-wise?

Fourthly – and as stated above in *Limitations* – it was not the aim of this master thesis to identify aspects causing any differences in relative attribute importance weights. Consequently, some assumptions have been included in the analysis part. In future research, these causes could be further assessed in order to get a better insight into customer behavior as well as motives causing this behavior and the corresponding sub-group rankings. This would make the sub-group comparisons more valuable and would enable Video on Demand providers to understand their customer bases in more detail, and to adjust their offers accordingly (if necessary).

Finally, and linking back to the literature review (chapter 3), the results of this thesis can be used as basis for further analysis by Video on Demand providers in Germany. Individually, they can determine customer satisfaction of their user base as a next step within Woodruff and Garidal's customer value determination process. Then, they would not only know which attributes they need to improve in order to enhance perceived customer value, but also how this enhancement strengthens customer relationships in the long run.

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Appendices

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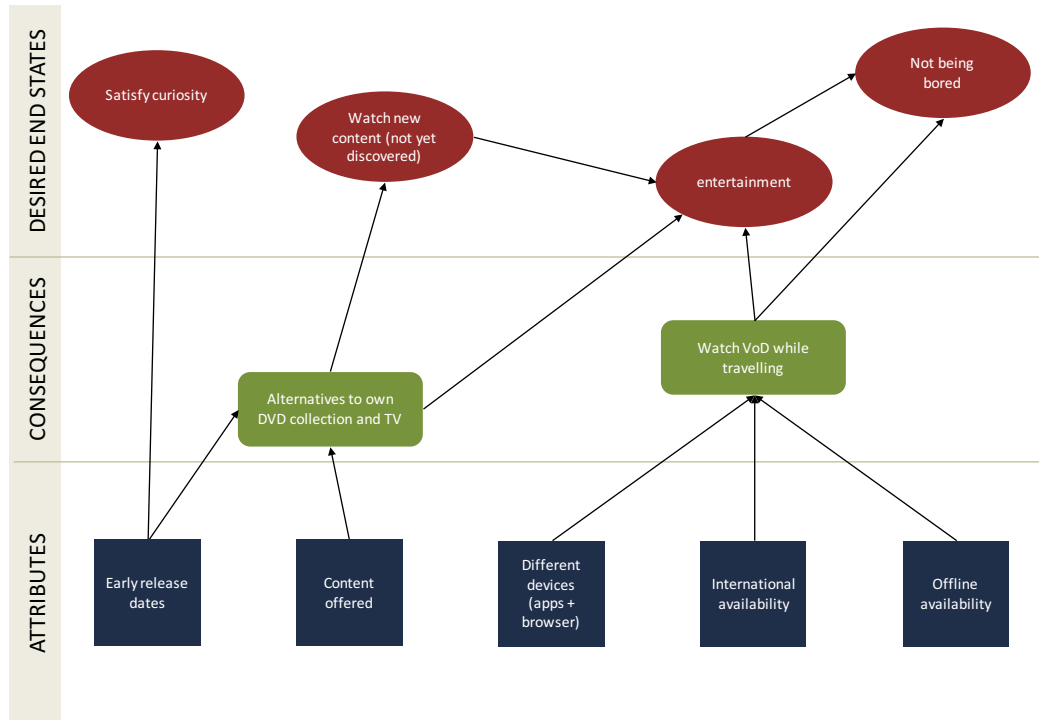
Appendix 1: Value Hierarchy Overview

Value Hierarchy Overview

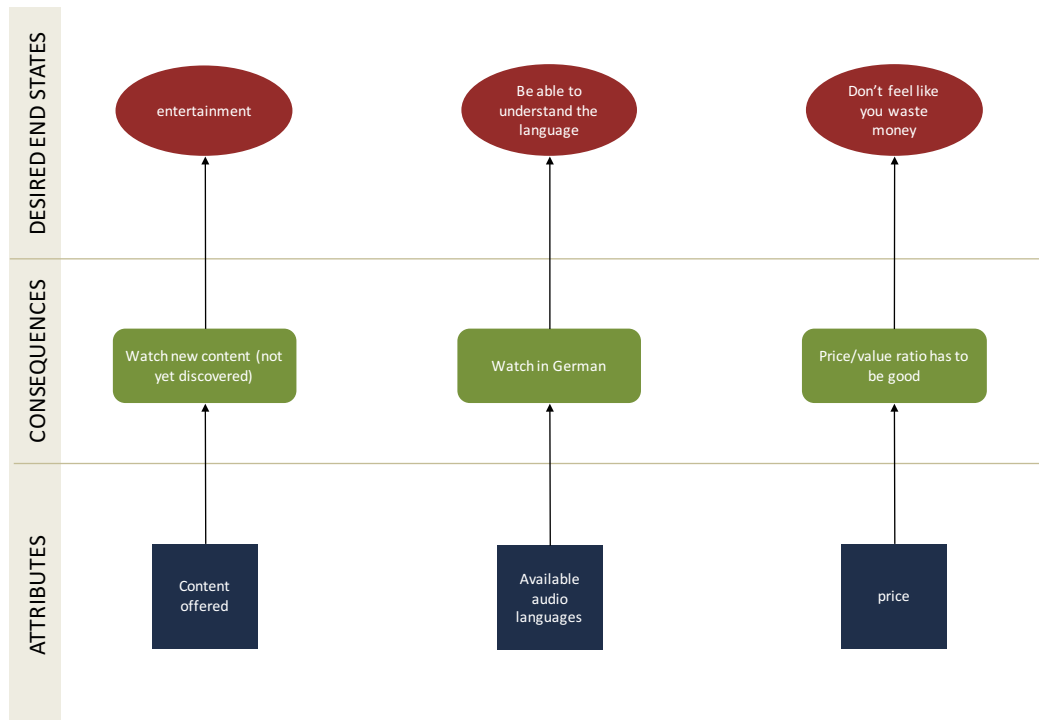
Desired end states	<ul style="list-style-type: none"> • Entertainment (9) • Not being bored (4) • Discover unknown content (3) • Don't feel like you wasted money / don't waste money (3) • Variety (3) • Don't have to worry about kids watching wrong content (2) • Kids are not bored (2) • Pay only once (2) • Satisfy curiosity (2) • Be able to understand the language • Be nice to family and friends • Be up-to-date when talking to friends • Don't worry about the money it costs • Flexibility (location wise) • Flexibility (time wise) • Improve language skills • Intuitive and fast browsing • Watch new content (not yet discovered)
Consequences	<ul style="list-style-type: none"> • Watch new content (not yet discovered) (4) • Share account without receiving recommendations for overall watch habits (3) • Watch Video on Demand while travelling (3) • Alternatives to own DVD collection and TV (2) • Price / value ratio has to be good (2) • Watch current movies (2) • Watch not yet discovered TV shows (2) • Watch Video on Demand while commuting (2) • Affordable for student • Can be used anywhere with Wi-Fi • Easy to use • Kids can watch their content without accessing inappropriate content • Only pay when you really use it • Share account with roommates • Share account with the whole family • Watch current content • Watch in English • Watch in German
Attributes	<ul style="list-style-type: none"> • Content offered (9) • Offline availability (4) • User profiles (4) • Different devices (apps + browser) (3) • Price (3) • Available audio languages (2) • Customized recommendations (2) • Early release dates (2) • Parental control (2) • 24/7 availability • Available via Internet • International availability • Kids area • Kids content • Monthly cancellation possibility • Platform usability

Appendix 2: Value Hierarchies of every interview respondent

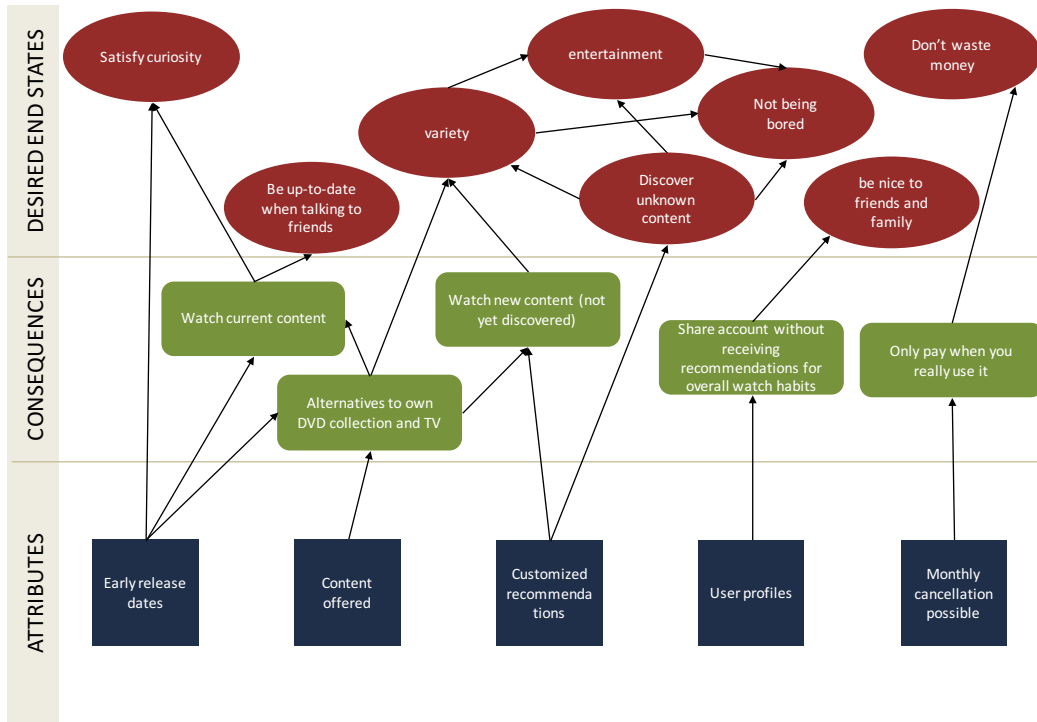
Value Hierarchy interview respondent 1



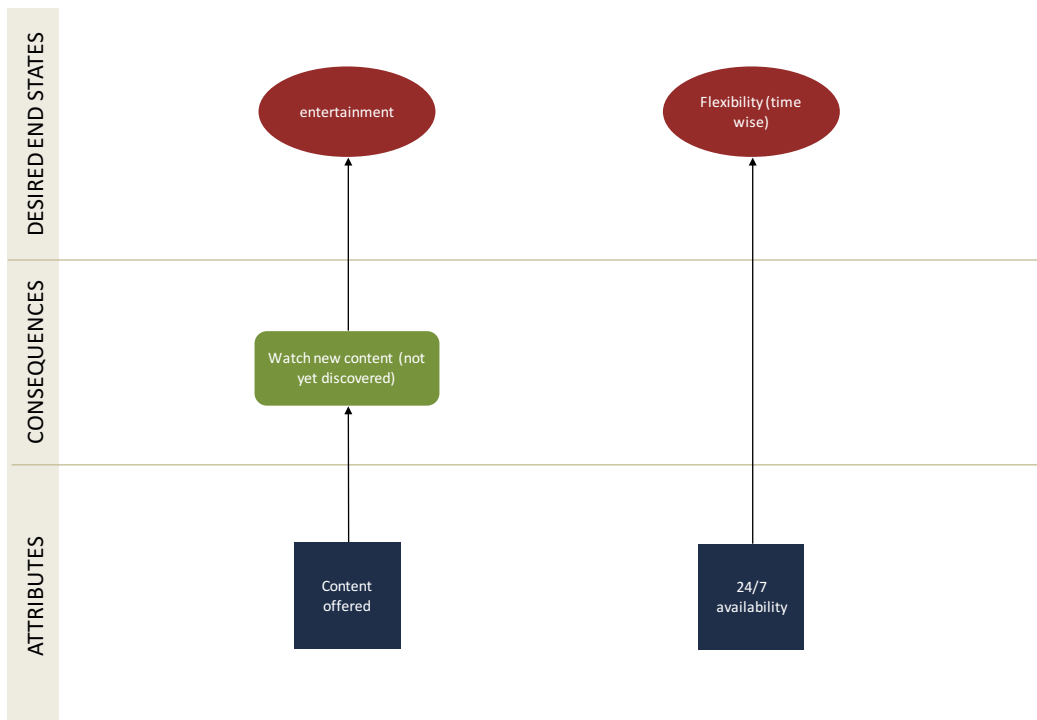
Value Hierarchy interview respondent 2



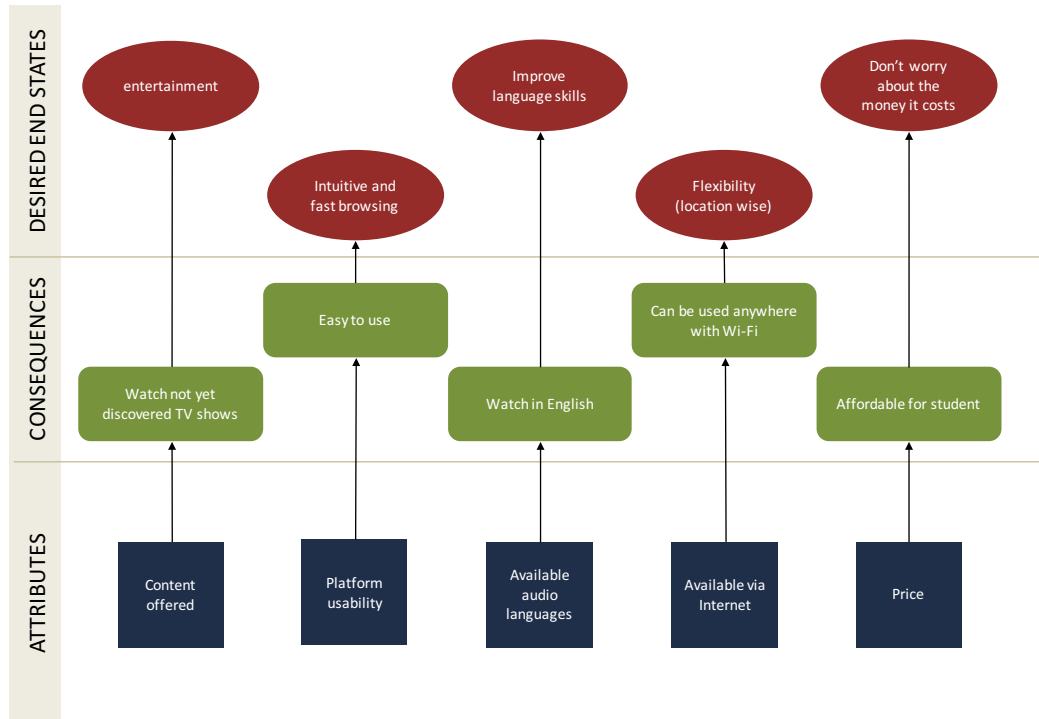
Value Hierarchy interview respondent 3



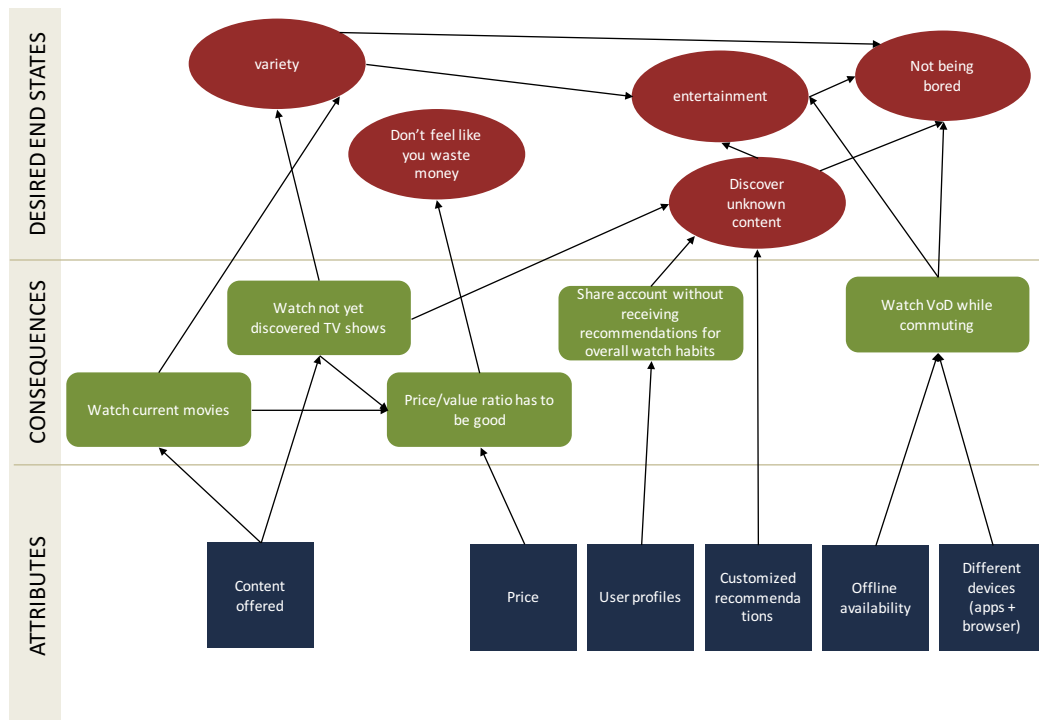
Value Hierarchy interview respondent 4



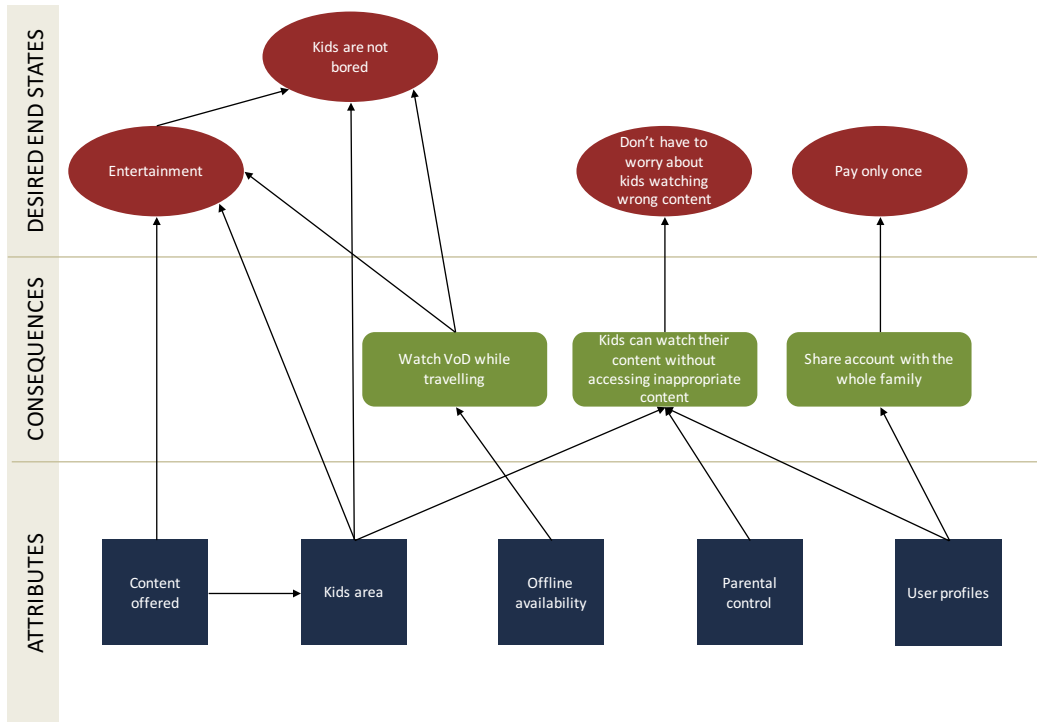
Value Hierarchy interview respondent 5



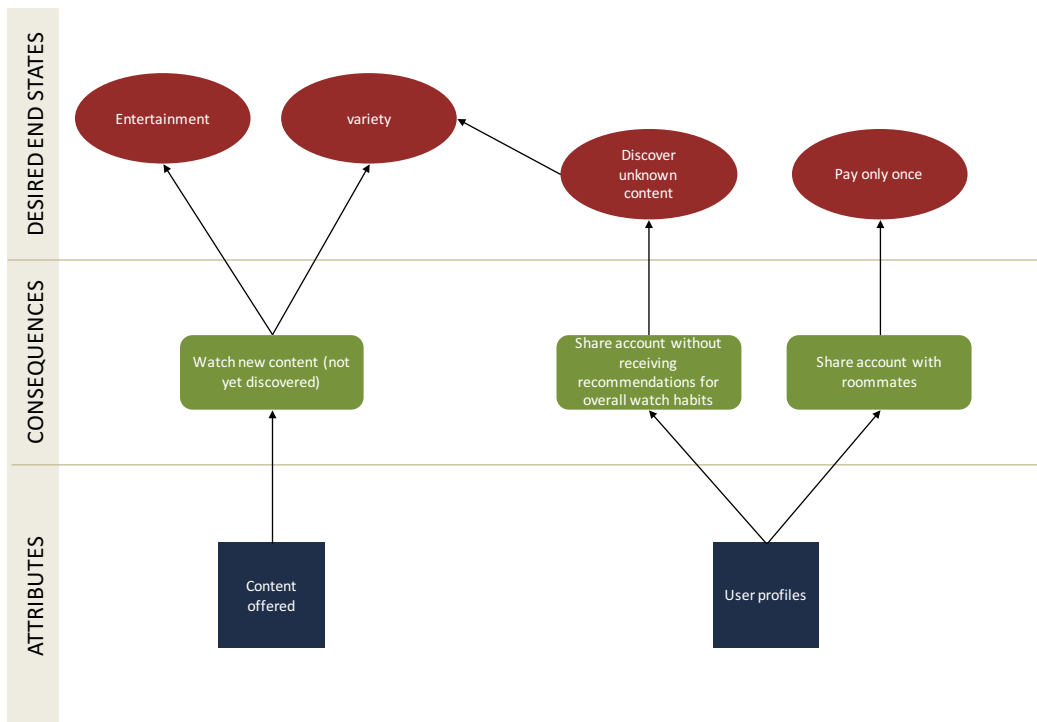
Value Hierarchy interview respondent 6



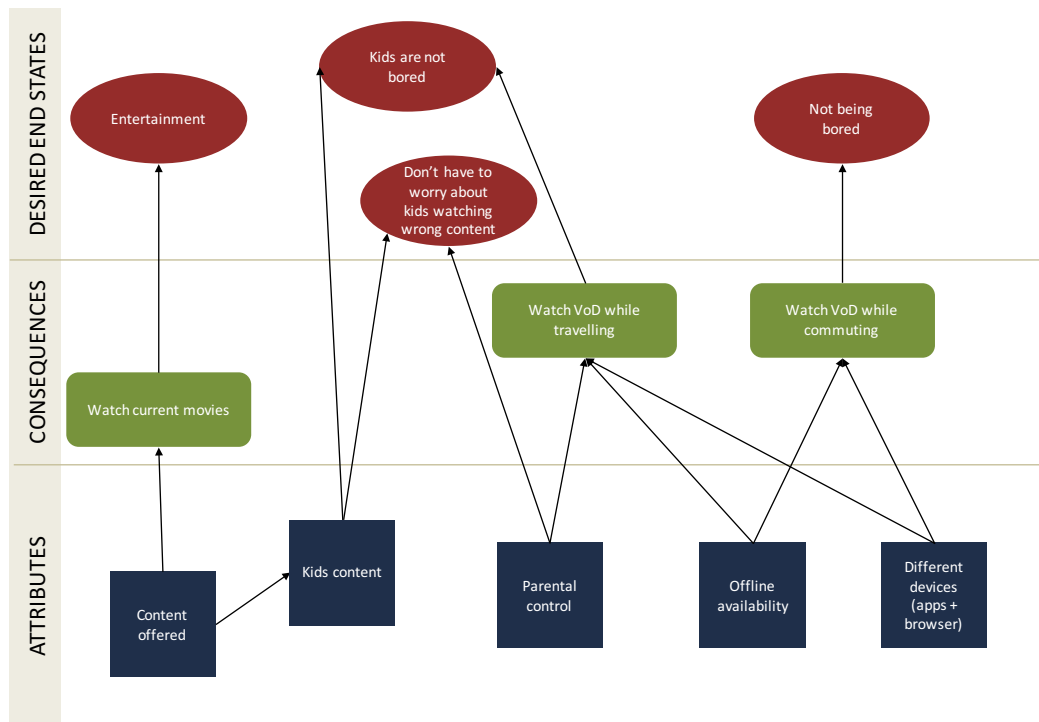
Value Hierarchy interview respondent 7



Value Hierarchy interview respondent 8



Value Hierarchy interview respondent 9



Appendix 3: Questionnaire

Welcome screen for the questionnaire at 1000minds.com

1000minds®

Welcome to 1000Minds!

Thank you for participating.

Dear respondent,

thank you for finding your way to this online questionnaire. With answering the following questions, you are helping me with my master thesis about Video on Demand in Germany at Hasselt University.

Within my thesis, I take a look at German Video on Demand providers and their features. In this case, Video on Demand concentrates on subscription models only; You pay once a month or once a year and receive unlimited access to the available movies etc.

The questionnaire should not take longer than 5-8 minutes. During that time, you will first be presented with different combinations of Video on Demand features. Please determine, which one of the two possible combinations is more attractive for you personally. Should they be equally attractive, you can also click the button in the center called "equal".

Afterwards, a few questions about yourself and your Video on Demand habits will be asked.

All respondents that enter their email addresses at the end of the questionnaire, will have the chance to win one of two €10 Amazon vouchers.

Thank you for your participation!

Janina Moll

This survey is anonymous. Thanks in advance for doing it.

[Start survey](#)

Copyright © 2002-16 1000Minds Ltd Wednesday, 13 April 2016 10:21:41 p.m.

Example trade-off question at 1000minds.com

1000minds®

Conjoint survey

Keep going! Each question is unique – the more you answer, the more you reveal your preferences.

Question # 4

Which of these 2 concepts do you prefer?
(all else being equal)

Location where I can use my Video on Demand subscription all over the world Price €8 per month this one	OR	Location where I can use my Video on Demand subscription only in Germany Price €50 paid once a year this one
---	----	--

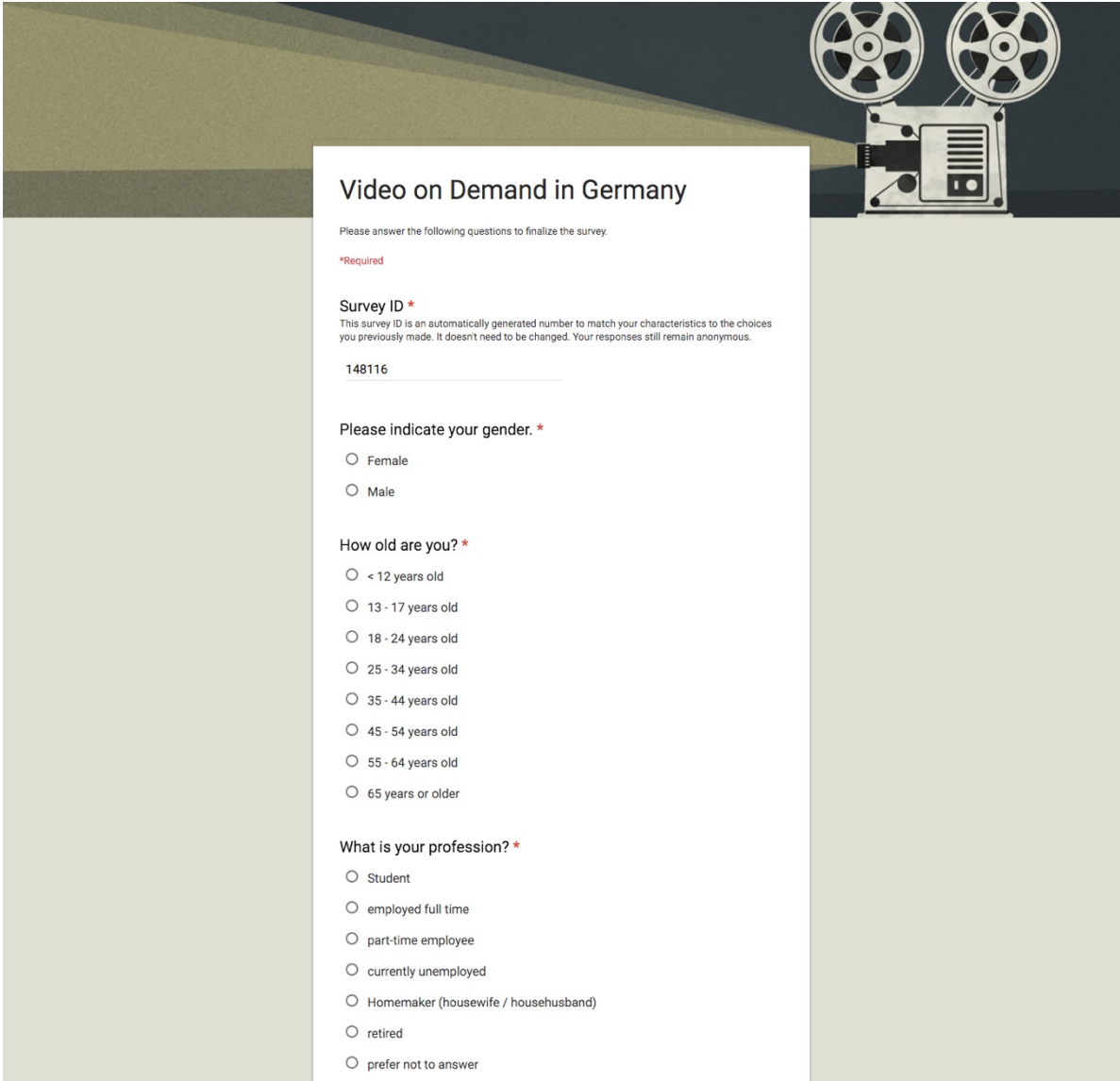
[undo last choice](#) [they are equal](#) [skip this question for now](#)

Larger font for questions (easier to read)

7% complete

Copyright © 2002-16 1000Minds Ltd Wednesday, 13 April 2016 10:59:34 p.m.

First page Google Form



Video on Demand in Germany

Please answer the following questions to finalize the survey.

***Required**

Survey ID *
This survey ID is an automatically generated number to match your characteristics to the choices you previously made. It doesn't need to be changed. Your responses still remain anonymous.

148116 _____

Please indicate your gender. *

Female

Male

How old are you? *

< 12 years old

13 - 17 years old

18 - 24 years old

25 - 34 years old

35 - 44 years old

45 - 54 years old

55 - 64 years old

65 years or older

What is your profession? *

Student

employed full time

part-time employee

currently unemployed

Homemaker (housewife / househusband)

retired

prefer not to answer

First page Google Form (continued)

What best describes your marital status? *

- single
- married
- divorced
- separated
- widowed
- prefer not to answer

What best describes your current living situation? *

- I live on my own
- I'm living in a shared apartment
- I'm living with my partner (and children)
- I'm living with my parents (and siblings)

How many children live in your household? *


- None
- one
- two
- three or more

Do you travel to work / school / university with the train? *

- Yes
- No

How often do you travel (incl. business trips)? *

- once a week
- 2-3 times a month
- once a month
- 3 - 6 times a year
- once or twice a year


[NEXT](#)  33% complete

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Google Forms

Second page Google Form



Video on Demand in Germany

*Required

Your Video on Demand usage

How often do you use Video on Demand? *

- every day
- 2 - 3 times a week
- once a week
- 2 - 3 times a month
- once a month
- less than 12 times a year
- Never

Which type of content do you watch with Video on Demand? *

- movies (James Bond, ...)
- TV shows (Grey's Anatomy, Game of Thrones, ...)
- Documentaries
- Concerts
- Reality Shows
- Other: _____

Which Video on Demand provider are you currently using or have you used within the last year? *

- Amazon Prime Video
- Maxdome
- Netflix
- I haven't used Video on Demand yet.
- Other: _____

Are you choosing a Video on Demand provider based on specific TV shows or movies? If so, which ones? *

- No, I'm choosing based on the overall offer.
- Other: _____

66% complete

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Google Forms

Third page Google Form

Video on Demand in Germany

Thank you for your participation

You have reached the end of the questionnaire. Thank you for your participation. If you would like to win one of two €10 Amazon vouchers, please enter your email address below.

Your email address

Your answer

100%: You made it.

Never submit passwords through Google Forms.

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Google Forms

End screen Google Form

Create your own' and 'Google Forms'."/>

Video on Demand in Germany

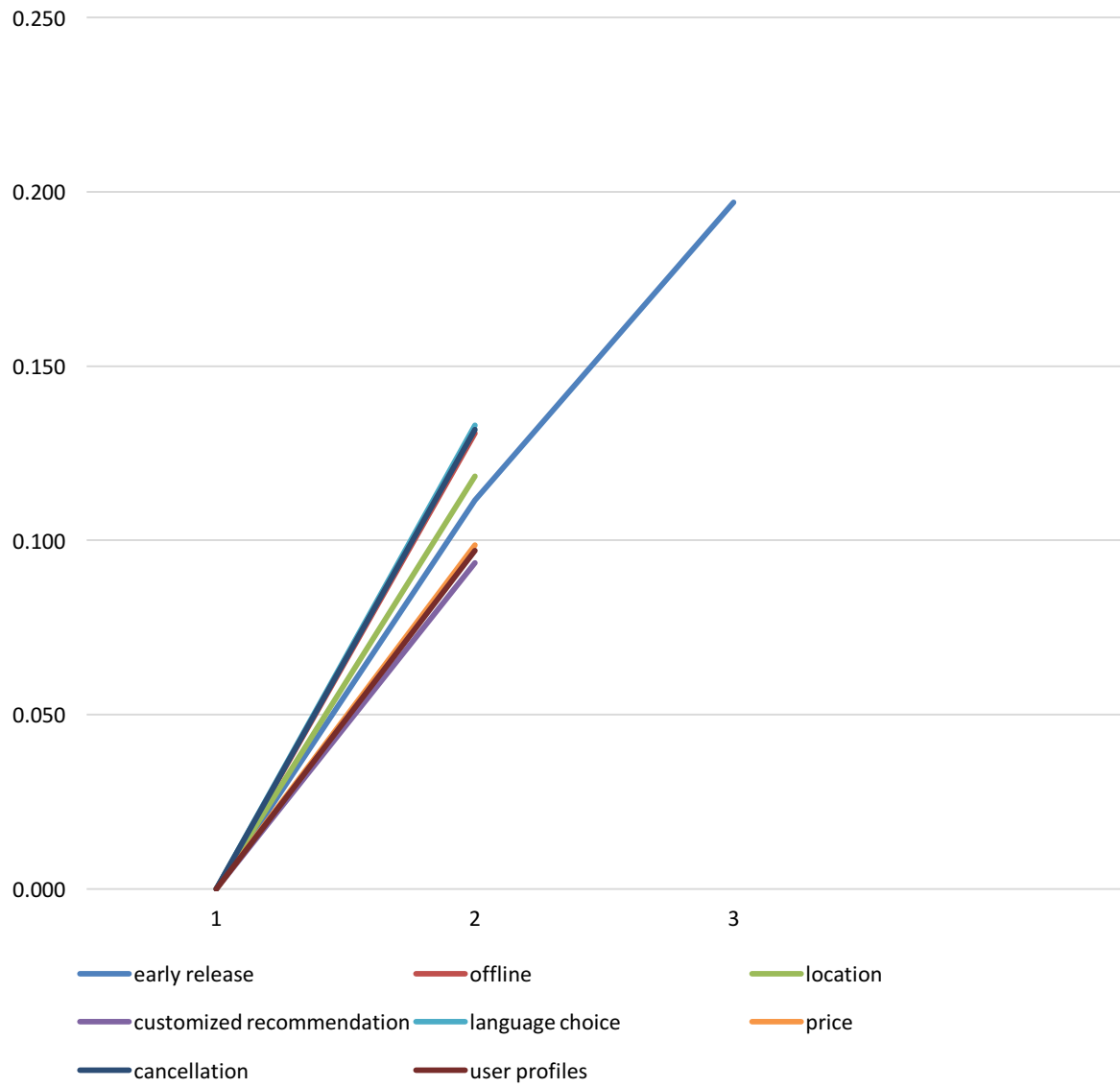
Your response has been recorded.

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Google Forms

Appendix 4: Part-worth Functions for all Attributes

Complete overview of the part-worth functions



Appendix 5: Attribute weights for different sub-groups

Please indicate your gender.

	Female (n=128)	Male (n=122)
Early release	0.197	0.197
Offline availability	0.132	0.130
Location	0.120	0.117
Customized recommendations	0.088	0.099
Language	0.132	0.134
Price	0.095	0.103
Cancellation	0.140	0.123
User profiles	0.096	0.098

How old are you?

	13-17 (n=7)	18-24 (n=91)	25-34 (n=96)	35-44 (n=35)	45-54 (n=16)	55-64 (n=3)	65+ (n=2)
Early release	0.204	0.185	0.206	0.210	0.182	0.169	0.195
Offline availability	0.185	0.126	0.120	0.141	0.170	0.145	0.120
Location	0.094	0.122	0.116	0.117	0.135	0.105	0.053
Customized recommendations	0.074	0.079	0.093	0.127	0.104	0.125	0.138
Language	0.143	0.135	0.144	0.116	0.098	0.093	0.130
Price	0.095	0.105	0.095	0.079	0.103	0.167	0.171
Cancellation	0.134	0.148	0.136	0.093	0.108	0.109	0.076
User profiles	0.071	0.100	0.089	0.116	0.098	0.086	0.117

What is your profession?

	Students (n=110)	Full-time (n=95)	Part-time (n=18)	Unemployed (n=9)	Homemaker (n=4)	Retired (n=4)	Prefer not to answer (n=7)
Early release	0.185	0.213	0.196	0.187	0.184	0.170	0.219
Offline availability	0.125	0.138	0.137	0.124	0.158	0.134	0.079
Location	0.122	0.110	0.141	0.139	0.110	0.105	0.100
Customized recommendations	0.081	0.106	0.090	0.098	0.112	0.126	0.085
Language	0.137	0.128	0.121	0.148	0.134	0.131	0.142
Price	0.100	0.095	0.107	0.083	0.080	0.147	0.109
Cancellation	0.154	0.112	0.113	0.110	0.104	0.101	0.166
User profiles	0.095	0.097	0.095	0.109	0.118	0.086	0.099

What best describes your marital status?

	Single (n=140)	Married (n=67)	Divorced (n=14)	Separated (n=2)	Widowed (n=2)	Prefer not to answer (n=25)
Early release	0.190	0.209	0.191	0.156	0.250	0.206
Offline availability	0.126	0.137	0.152	0.217	0.227	0.116
Location	0.120	0.112	0.140	0.094	0.086	0.122
Customized recommendations	0.086	0.105	0.122	0.101	0.087	0.088
Language	0.141	0.122	0.099	0.092	0.131	0.141
Price	0.100	0.098	0.105	0.144	0.099	0.086
Cancellation	0.143	0.114	0.082	0.083	0.077	0.150
User profiles	0.095	0.102	0.109	0.113	0.044	0.092

What best describes your current living situation?

	On my own (n=65)	Shared (n=53)	With partner (n=94)	With parents (n=36)
Early release	0.200	0.172	0.213	0.187
Offline availability	0.131	0.123	0.131	0.142
Location	0.118	0.138	0.111	0.109
Customized recommendations	0.092	0.086	0.101	0.088
Language	0.138	0.132	0.131	0.131
Price	0.096	0.106	0.096	0.098
Cancellation	0.141	0.139	0.121	0.134
User profiles	0.084	0.103	0.097	0.112

How many children live in your household?

	None (n=197)	One child (n=53)	Two children (n=22)	Three or more (n=6)
Early release	0.199	0.186	0.195	0.180
Offline availability	0.128	0.140	0.147	0.128
Location	0.116	0.127	0.134	0.093
Customized recommendations	0.091	0.106	0.102	0.091
Language	0.137	0.115	0.119	0.138
Price	0.098	0.107	0.088	0.128
Cancellation	0.136	0.106	0.113	0.164
User profiles	0.095	0.112	0.101	0.078

Do you travel to work / school / university with the train?

	Yes – Commuters (n=78)	No – Non-Commuters (n=172)
Early release	0.199	0.196
Offline availability	0.130	0.131
Location	0.121	0.117
Customized recommendations	0.093	0.094
Language	0.135	0.132
Price	0.098	0.099
Cancellation	0.135	0.130
User profiles	0.090	0.100

How often do you travel (incl. business trips)?

	Once a week (n=40)	2-3 times a month (n=32)	Once a month (n=32)	3-6 times a year (n=73)	Once or twice a year (n=73)
Early release	0.178	0.194	0.203	0.185	0.218
Offline availability	0.133	0.122	0.142	0.136	0.123
Location	0.120	0.134	0.125	0.123	0.103
Customized recommendations	0.079	0.082	0.085	0.107	0.097
Language	0.140	0.139	0.130	0.126	0.135
Price	0.118	0.091	0.107	0.091	0.095
Cancellation	0.150	0.125	0.119	0.130	0.132
User profiles	0.083	0.113	0.090	0.103	0.096

How often do you use Video on Demand?

	Everyday (n=81)	2-3 times a week (n=96)	Once a week (n=24)	2-3 times a month (n=19)	Once a month (n=8)	Less than 12 times a year (n=12)	Never (n=10)
Early release	0.198	0.195	0.212	0.179	0.189	0.197	0.207
Offline availability	0.125	0.131	0.137	0.143	0.122	0.138	0.135
Location	0.130	0.121	0.100	0.098	0.105	0.102	0.115
Customized recommendations	0.095	0.090	0.094	0.107	0.103	0.098	0.076
Language	0.130	0.139	0.114	0.141	0.110	0.147	0.126
Price	0.084	0.100	0.129	0.101	0.114	0.096	0.121
Cancellation	0.133	0.133	0.111	0.120	0.164	0.135	0.145
User profiles	0.104	0.091	0.102	0.110	0.093	0.086	0.075

Which type of content do you watch with Video on Demand?

	Movies (n=193)	TV shows (n=209)	Documentaries (n=81)	Concerts (n=21)	Reality Shows (n=19)	Nothing (n=6)	Other (n=6)
Early release	0.197	0.196	0.191	0.187	0.202	0.201	0.225
Offline availability	0.133	0.127	0.120	0.142	0.129	0.120	0.144
Location	0.120	0.122	0.124	0.122	0.117	0.113	0.096
Customized recommendations	0.096	0.092	0.094	0.082	0.082	0.073	0.069
Language	0.131	0.132	0.137	0.136	0.139	0.149	0.134
Price	0.094	0.097	0.102	0.128	0.087	0.151	0.124
Cancellation	0.130	0.135	0.137	0.124	0.142	0.143	0.123
User profiles	0.099	0.099	0.096	0.080	0.102	0.049	0.086

Which Video on Demand provider are you currently using or have you used within the last year?

	Amazon (n=155)	Netflix (n=167)	Maxdome (n=31)	Sky (n=10)	Watchever (n=4)	Others (n=14)	Not yet used (n=6)
Early release	0.198	0.193	0.217	0.219	0.238	0.182	0.201
Offline availability	0.133	0.123	0.139	0.136	0.127	0.146	0.120
Location	0.118	0.125	0.102	0.071	0.172	0.117	0.113
Customized recommendations	0.095	0.093	0.100	0.103	0.058	0.077	0.073
Language	0.129	0.137	0.113	0.143	0.156	0.153	0.149
Price	0.094	0.090	0.094	0.104	0.076	0.106	0.151
Cancellation	0.130	0.137	0.135	0.134	0.109	0.145	0.143
User profiles	0.102	0.102	0.100	0.089	0.065	0.075	0.049

Appendix 6: Independent Samples T-Test and One-Way ANOVA Analysis Results for Sub-Groups

Gender

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Early Release of TV shows	Female	128	,19737	,061502	,005436
	Male	122	,19646	,068214	,006176
Offline availability	Female	128	,13171	,057310	,005066
	Male	122	,12974	,058213	,005270
International availability	Female	128	,11992	,059982	,005302
	Male	122	,11664	,065216	,005904
Customized recommendations	Female	128	,08794	,051824	,004581
	Male	122	,09938	,043978	,003982
Language choice	Female	128	,13227	,055264	,004885
	Male	122	,13377	,061952	,005609
Price	Female	128	,09493	,059023	,005217
	Male	122	,10257	,061937	,005608
Cancellation possibilities	Female	128	,13992	,063568	,005619
	Male	122	,12320	,060281	,005458
User profiles	Female	128	,09597	,050670	,004479
	Male	122	,09822	,054937	,004974

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Early Release of TV shows	Equal variances assumed	,816	,367	,111	248	,912	,000908	,008207	-,015256	,017073
	Equal variances not assumed			,110	242,462	,912	,000908	,008228	-,015298	,017115
Offline availability	Equal variances assumed	,164	,686	,270	248	,787	,001973	,007307	-,012419	,016365
	Equal variances not assumed			,270	246,994	,787	,001973	,007310	-,012425	,016371
International availability	Equal variances assumed	1,643	,201	,414	248	,679	,003283	,007919	-,012315	,018880
	Equal variances not assumed			,414	243,786	,679	,003283	,007935	-,012348	,018913
Customized recommendations	Equal variances assumed	5,676	,018	-1,877	248	,062	-,011440	,006093	-,023440	,000561
	Equal variances not assumed			-1,885	244,758	,061	-,011440	,006069	-,023394	,000515
Language choice	Equal variances assumed	1,870	,173	-,202	248	,840	-,001497	,007417	-,016106	,013112
	Equal variances not assumed			-,201	241,687	,841	-,001497	,007438	-,016148	,013154
Price	Equal variances assumed	1,039	,309	-,999	248	,319	-,007644	,007650	-,022712	,007423
	Equal variances not assumed			-,998	245,721	,319	-,007644	,007659	-,022730	,007442
Cancellation possibilities	Equal variances assumed	1,196	,275	2,133	248	,034	,016725	,007843	,001278	,032172
	Equal variances not assumed			2,135	247,994	,034	,016725	,007833	,001298	,032153
User profiles	Equal variances assumed	,552	,458	-,337	248	,736	-,002253	,006680	-,015409	,010904
	Equal variances not assumed			-,337	243,958	,737	-,002253	,006693	-,015436	,010931

Age

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,033	6	,006	1,338	,241
	Within Groups	1,010	243	,004		
	Total	1,043	249			
Offline availability	Between Groups	,062	6	,010	3,299	,004
	Within Groups	,765	243	,003		
	Total	,827	249			
International availability	Between Groups	,019	6	,003	,815	,559
	Within Groups	,953	243	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,070	6	,012	5,552	,000
	Within Groups	,513	243	,002		
	Total	,583	249			
Language choice	Between Groups	,046	6	,008	2,293	,036
	Within Groups	,807	243	,003		
	Total	,852	249			
Price	Between Groups	,043	6	,007	1,998	,067
	Within Groups	,867	243	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,094	6	,016	4,331	,000
	Within Groups	,877	243	,004		
	Total	,970	249			
User profiles	Between Groups	,026	6	,004	1,610	,145
	Within Groups	,665	243	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	1,291	6	243	,262
Offline availability	1,818	6	243	,096
International availability	2,326	6	243	,033
Customized recommendations	1,414	6	243	,210
Language choice	,722	6	243	,632
Price	2,755	6	243	,013
Cancellation possibilities	2,620	6	243	,018
User profiles	1,926	6	243	,077

Profession

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,048	6	,008	1,954	,073
	Within Groups	,995	243	,004		
	Total	1,043	249			
Offline availability	Between Groups	,034	6	,006	1,720	,117
	Within Groups	,794	243	,003		
	Total	,827	249			
International availability	Between Groups	,024	6	,004	1,014	,417
	Within Groups	,948	243	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,042	6	,007	3,130	,006
	Within Groups	,541	243	,002		
	Total	,583	249			
Language choice	Between Groups	,010	6	,002	,461	,837
	Within Groups	,843	243	,003		
	Total	,852	249			
Price	Between Groups	,017	6	,003	,785	,582
	Within Groups	,893	243	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,121	6	,020	5,780	,000
	Within Groups	,849	243	,003		
	Total	,970	249			
User profiles	Between Groups	,005	6	,001	,314	,929
	Within Groups	,686	243	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	,970	6	243	,446
Offline availability	1,670	6	243	,129
International availability	1,765	6	243	,107
Customized recommendations	,383	6	243	,890
Language choice	1,054	6	243	,391
Price	1,079	6	243	,376
Cancellation possibilities	1,895	6	243	,082
User profiles	,315	6	243	,929

Marital status

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,029	5	,006	1,373	,235
	Within Groups	1,015	244	,004		
	Total	1,043	249			
Offline availability	Between Groups	,051	5	,010	3,237	,008
	Within Groups	,776	244	,003		
	Total	,827	249			
International availability	Between Groups	,013	5	,003	,673	,644
	Within Groups	,959	244	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,030	5	,006	2,615	,025
	Within Groups	,554	244	,002		
	Total	,583	249			
Language choice	Between Groups	,039	5	,008	2,325	,044
	Within Groups	,814	244	,003		
	Total	,852	249			
Price	Between Groups	,009	5	,002	,486	,786
	Within Groups	,901	244	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,093	5	,019	5,150	,000
	Within Groups	,878	244	,004		
	Total	,970	249			
User profiles	Between Groups	,011	5	,002	,797	,553
	Within Groups	,680	244	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	1,452	5	244	,206
Offline availability	1,336	5	244	,250
International availability	1,568	5	244	,170
Customized recommendations	2,136	5	244	,062
Language choice	,564	5	244	,728
Price	1,064	5	244	,381
Cancellation possibilities	1,431	5	244	,214
User profiles	1,584	5	244	,165

Current living situation

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,063	3	,021	5,257	,002
	Within Groups	,981	246	,004		
	Total	1,043	249			
Offline availability	Between Groups	,007	3	,002	,734	,533
	Within Groups	,820	246	,003		
	Total	,827	249			
International availability	Between Groups	,030	3	,010	2,647	,050
	Within Groups	,942	246	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,011	3	,004	1,505	,214
	Within Groups	,573	246	,002		
	Total	,583	249			
Language choice	Between Groups	,002	3	,001	,236	,871
	Within Groups	,850	246	,003		
	Total	,852	249			
Price	Between Groups	,004	3	,001	,383	,765
	Within Groups	,906	246	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,020	3	,007	1,703	,167
	Within Groups	,951	246	,004		
	Total	,970	249			
User profiles	Between Groups	,021	3	,007	2,536	,057
	Within Groups	,671	246	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	1,317	3	246	,269
Offline availability	1,207	3	246	,308
International availability	4,510	3	246	,004
Customized recommendations	1,256	3	246	,290
Language choice	,547	3	246	,651
Price	,279	3	246	,841
Cancellation possibilities	,552	3	246	,647
User profiles	1,878	3	246	,134

Children

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,006	3	,002	,448	,719
	Within Groups	1,038	246	,004		
	Total	1,043	249			
Offline availability	Between Groups	,010	3	,003	,994	,396
	Within Groups	,817	246	,003		
	Total	,827	249			
International availability	Between Groups	,012	3	,004	,995	,396
	Within Groups	,961	246	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,007	3	,002	1,004	,392
	Within Groups	,576	246	,002		
	Total	,583	249			
Language choice	Between Groups	,015	3	,005	1,504	,214
	Within Groups	,837	246	,003		
	Total	,852	249			
Price	Between Groups	,009	3	,003	,843	,471
	Within Groups	,901	246	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,034	3	,011	2,978	,032
	Within Groups	,936	246	,004		
	Total	,970	249			
User profiles	Between Groups	,009	3	,003	1,089	,354
	Within Groups	,682	246	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	,278	3	246	,841
Offline availability	,579	3	246	,629
International availability	,921	3	246	,431
Customized recommendations	,618	3	246	,604
Language choice	1,325	3	246	,267
Price	1,094	3	246	,352
Cancellation possibilities	1,447	3	246	,230
User profiles	,892	3	246	,446

Train commuters vs. non-commuters

Group Statistics

	Commute	N	Mean	Std. Deviation	Std. Error Mean
Early Release of TV shows	yes	78	,19901	,072217	,008177
	no	172	,19598	,061244	,004670
Offline availability	yes	78	,13027	,055873	,006326
	no	172	,13097	,058590	,004467
International availability	yes	78	,12100	,065740	,007444
	no	172	,11710	,061113	,004660
Customized recommendations	yes	78	,09258	,046176	,005228
	no	172	,09395	,049501	,003774
Language choice	yes	78	,13494	,058963	,006676
	no	172	,13213	,058455	,004457
Price	yes	78	,09794	,059967	,006790
	no	172	,09899	,060857	,004640
Cancellation possibilities	yes	78	,13460	,069939	,007919
	no	172	,13047	,058878	,004489
User profiles	yes	78	,08964	,050393	,005706
	no	172	,10044	,053518	,004081

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Early Release of TV shows	Equal variances assumed	,827	,364	,343	248	,732	,003036	,008853	-,014400	,020472
	Equal variances not assumed			,322	129,229	,748	,003036	,009416	-,015594	,021666
Offline availability	Equal variances assumed	,379	,538	-,088	248	,930	-,000696	,007885	-,016225	,014834
	Equal variances not assumed			-,090	155,527	,929	-,000696	,007745	-,015994	,014603
International availability	Equal variances assumed	,550	,459	,456	248	,649	,003895	,008544	-,012932	,020722
	Equal variances not assumed			,444	139,530	,658	,003895	,008782	-,013467	,021258
Customized recommendations	Equal variances assumed	1,659	,199	-,207	248	,836	-,001371	,006620	-,014409	,011667
	Equal variances not assumed			-,213	158,753	,832	-,001371	,006448	-,014107	,011365
Language choice	Equal variances assumed	,009	,925	,351	248	,726	,002808	,008001	-,012951	,018567
	Equal variances not assumed			,350	147,722	,727	,002808	,008027	-,013055	,018671
Price	Equal variances assumed	,065	,800	-,127	248	,899	-,001052	,008270	-,017341	,015236
	Equal variances not assumed			-,128	150,898	,898	-,001052	,008224	-,017302	,015197
Cancellation possibilities	Equal variances assumed	9,121	,003	,484	248	,629	,004132	,008535	-,012678	,020942
	Equal variances not assumed			,454	128,472	,651	,004132	,009103	-,013880	,022143
User profiles	Equal variances assumed	1,009	,316	-1,504	248	,134	-,010795	,007176	-,024928	,003338
	Equal variances not assumed			-1,539	157,372	,126	-,010795	,007015	-,024651	,003061

How often do you travel (incl. business trips)?

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,060	4	,015	3,740	,006
	Within Groups	,983	245	,004		
	Total	1,043	249			
Offline availability	Between Groups	,013	4	,003	,944	,439
	Within Groups	,815	245	,003		
	Total	,827	249			
International availability	Between Groups	,027	4	,007	1,781	,133
	Within Groups	,945	245	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,030	4	,007	3,278	,012
	Within Groups	,554	245	,002		
	Total	,583	249			
Language choice	Between Groups	,008	4	,002	,558	,694
	Within Groups	,845	245	,003		
	Total	,852	249			
Price	Between Groups	,024	4	,006	1,655	,161
	Within Groups	,886	245	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,020	4	,005	1,300	,271
	Within Groups	,950	245	,004		
	Total	,970	249			
User profiles	Between Groups	,020	4	,005	1,837	,122
	Within Groups	,671	245	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	3,081	4	245	,017
Offline availability	,839	4	245	,501
International availability	,673	4	245	,611
Customized recommendations	2,451	4	245	,047
Language choice	2,149	4	245	,075
Price	1,090	4	245	,362
Cancellation possibilities	,511	4	245	,727
User profiles	1,998	4	245	,095

How often do you use Video on Demand?

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Early Release of TV shows	Between Groups	,014	6	,002	,541	,777
	Within Groups	1,030	243	,004		
	Total	1,043	249			
Offline availability	Between Groups	,008	6	,001	,372	,896
	Within Groups	,820	243	,003		
	Total	,827	249			
International availability	Between Groups	,032	6	,005	1,394	,218
	Within Groups	,940	243	,004		
	Total	,972	249			
Customized recommendations	Between Groups	,009	6	,001	,618	,716
	Within Groups	,575	243	,002		
	Total	,583	249			
Language choice	Between Groups	,021	6	,004	1,043	,398
	Within Groups	,831	243	,003		
	Total	,852	249			
Price	Between Groups	,048	6	,008	2,241	,040
	Within Groups	,863	243	,004		
	Total	,910	249			
Cancellation possibilities	Between Groups	,023	6	,004	,991	,432
	Within Groups	,947	243	,004		
	Total	,970	249			
User profiles	Between Groups	,017	6	,003	1,036	,402
	Within Groups	,674	243	,003		
	Total	,692	249			

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Early Release of TV shows	,748	6	243	,611
Offline availability	1,997	6	243	,067
International availability	,439	6	243	,852
Customized recommendations	,790	6	243	,578
Language choice	,527	6	243	,788
Price	,843	6	243	,538
Cancellation possibilities	2,195	6	243	,044
User profiles	,591	6	243	,737

Appendix 7: Multiple Regression Results

Content types

Offline availability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,231 ^a	,053	,034	,056664

a. Predictors: (Constant), Content_reality, Content_documentaries, Content_TVshows, Content_concerts, Content_movies

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,044	5	,009	2,738	,020 ^b
	Residual	,783	244	,003		
	Total	,827	249			

a. Dependent Variable: Offline availability

b. Predictors: (Constant), Content_reality, Content_documentaries, Content_TVshows, Content_concerts, Content_movies

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,143	,011		12,550	,000
	Content_movies	,015	,009	,113	1,764	,079
	Content_TVshows	-,022	,010	-,142	-2,246	,026
	Content_documentaries	-,020	,008	-,166	-2,583	,010
	Content_concerts	,012	,013	,056	,885	,377
	Content_reality	-,003	,014	-,014	-,229	,819

a. Dependent Variable: Offline availability

Price

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,214 ^a	,046	,026	,059670

a. Predictors: (Constant), Content_reality, Content_documentaries, Content_TVshows, Content_concerts, Content_movies

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,041	5	,008	2,331	,043 ^b
	Residual	,869	244	,004		
	Total	,910	249			

a. Dependent Variable: Price

b. Predictors: (Constant), Content_reality, Content_documentaries, Content_TVshows, Content_concerts, Content_movies

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,116	,012		9,668	,000
	Content_movies	-,019	,009	-,133	-2,070	,039
	Content_TVshows	-,007	,010	-,045	-,709	,479
	Content_documentaries	,006	,008	,045	,693	,489
	Content_concerts	,031	,014	,141	2,222	,027
	Content_reality	-,013	,014	-,057	-,911	,363

a. Dependent Variable: Price

Video on Demand providers

International Availability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,250 ^a	,063	,044	,061112

a. Predictors: (Constant), Provider_Watchever, Provider_Netflix, Provider_Sky, Provider_Amazon, Provider_Maxdome

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,061	5	,012	3,266	,007 ^b
	Residual	,911	244	,004		
	Total	,972	249			

a. Dependent Variable: International availability

b. Predictors: (Constant), Provider_Watchever, Provider_Netflix, Provider_Sky, Provider_Amazon, Provider_Maxdome

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,109	,009		11,703	,000
	Provider_Amazon	,002	,008	,013	,212	,832
	Provider_Netflix	,017	,008	,130	2,062	,040
	Provider_Maxdome	-,017	,012	-,090	-1,427	,155
	Provider_Sky	-,049	,020	-,155	-2,494	,013
	Provider_Watchever	,049	,031	,099	1,593	,112

a. Dependent Variable: International availability

Price

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,241 ^a	,058	,039	,059276

a. Predictors: (Constant), Provider_Watchever, Provider_Netflix, Provider_Sky, Provider_Amazon, Provider_Maxdome

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,053	5	,011	3,012	,012 ^b
	Residual	,857	244	,004		
	Total	,910	249			

a. Dependent Variable: Price

b. Predictors: (Constant), Provider_Watchever, Provider_Netflix, Provider_Sky, Provider_Amazon, Provider_Maxdome

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,129	,009		14,257	,000
	Provider_Amazon	-,015	,008	-,125	-1,980	,049
	Provider_Netflix	-,028	,008	-,220	-3,462	,001
	Provider_Maxdome	-,011	,012	-,063	-,994	,321
	Provider_Sky	,001	,019	,004	,071	,943
	Provider_Watchever	-,024	,030	-,050	-,809	,419

a. Dependent Variable: Price

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Richting: **Master of Management-International Marketing Strategy**

Jaar: **2016**

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