

The Impact of Service Quality on Customer Satisfaction and Loyalty in Netflix

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ABSTRACT

Netflix is a subscription streaming platform that gives users access to watch TV shows and movies through internet-connected devices. The purpose of this study is to determine whether there is an influence of service quality on customer loyalty for the Netflix online streaming application and to make appropriate recommendations to the relevant agencies. This study uses an explanatory method which aims to explain the relationship between the variables studied and the influence between these variables. This study involves three independent variables, namely service quality, Price, and customer satisfaction, and one dependent variable, namely customer loyalty. Data collection was carried out through distributing questionnaires to Netflix application users in Surabaya and its surroundings. The data obtained was processed using validity test, reliability test, and hypothesis testing with the help of SPSS software. The analysis results show that all independent variables have a significant influence on customer loyalty. Among these variables, Price has the greatest influence on customer loyalty, followed by service quality and customer satisfaction. This study has some limitations that require further study so that the level of elearning user satisfaction can be measured more accurately.

Keywords: Netflix, Satisfaction, Loyalty, SPSS, Customer Services.

Article Info:

Article history:

Received March 10, 2026

Revised March 17, 2026

Accepted May 25, 2026

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1. INTRODUCTION

Entertainment has become an integral part of modern society, driven by the development of digital technology and changing media consumption patterns. With widespread internet access and increasingly affordable smart devices, people can now enjoy various forms of entertainment anywhere and anytime. This phenomenon has had a major impact on the entertainment industry, creating new opportunities as well as significant challenges. The movie industry has been significantly impacted, leaving people unable to enjoy movies in theaters. Instead, they switch to watching movies from home through digital streaming platforms. Some major platforms such as Netflix, Viu, and Disney are targeted by the public as entertainment.

Netflix is currently the largest streaming platform, having added 37 million new subscribers during the pandemic [1]. To maintain its success, Netflix needs to continuously improve the quality of the services it offers. As a multinational company based in the United

States, Netflix operates in the entertainment sector and was founded by Reed Hastings and Marc Randolph on August 29, 1998 in California. Initially, Netflix focused on the DVD rental business before shifting to a digital movie streaming service that it began developing in 2013.

During the 2020 pandemic, the number of Netflix subscribers increased by 22% compared to the previous year, with that growth being 2% higher than the increase in the previous year. This data suggests a surge in subscriber numbers during the pandemic. Last year, more than 80% of Netflix's new subscribers came from outside the United States and Canada, with Europe being the region that contributed the most new subscribers. This increase is due to Netflix's efforts to expand its catalog of movies from different countries and provide multilingual support, which has attracted viewers from all over the world. Today, information systems provide the communication and analytic power that firms need for conducting trade and managing the business on a global scale [2].

According to Hermawan [3], a brand is an asset that has value for consumers by increasing satisfaction and emphasizing quality. To create a positive brand image, companies need to still a strong brand impression in the minds of consumers. The brand also serves as an indicator of the company's value in the eyes of consumers. Through various media, companies can collect customer responses and perceptions, which can then be analyzed to develop innovative strategies to strengthen brand image. This is expected to build consumer loyalty and help the company become the market leader in SVOD services in Indonesia[4].

In addition, product quality is one of the main factors that affect consumer satisfaction. When consumers use a product or service, they will feel satisfaction or disappointment depending on the extent to which the product meets their expectations. This feeling reflects the level of consumer satisfaction with the product consumed. Products with good quality can keep consumer satisfaction high, encourage them to make repeat purchases, and gradually build customer loyalty [5].

Therefore, the authors raise this issue in the form of a thesis entitled "The Effect of Service Quality on Customer Satisfaction and Loyalty in the "Netflix" Online Streaming Application". This research is predicated on understanding and challenging assumptions around the methods by which decision models are developed, used, disseminated, and evaluated[6].

2. METHODS

The initial stage of this research is the identification of problems regarding the topics raised by the author including the quality of service of the Netflix application. Research on the effect of service quality on customer loyalty with the object of the Netflix application uses two variables in the study, namely: The data analysis process is a data processing process with the aim of obtaining research answers. The data analysis techniques used are Validity Test, Reliability Test, and Hypothesis Test. The data processing process was carried out with SPSS Version 26 tools [8].

3. RESULTS AND DISCUSSION

3.1. Respondent Characteristics

3.1.1. Characteristics of Respondents Based on Age

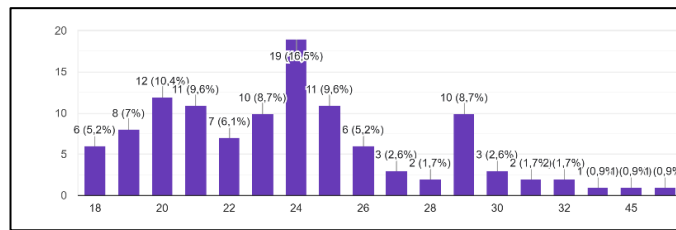


Figure 1 Age of Respondents

Figure 1 shows that the 100 respondents were aged between 18 years and 45 years.

3.1.2. Characteristics of Respondents Based on Gender

Table 1. Gender of Respondents

No	Gender	Quantity	Percentage
1	Women	57	57%
2	Men	43	43%
Total		100	100%

Based on the gender of the respondents in Table 1, it shows that out of 100 respondents, the dominant result is that the gender of women is 57 people and men are 43 people.

3.1.3. Characteristics Of Respondents Based on Netflix Subscription Period

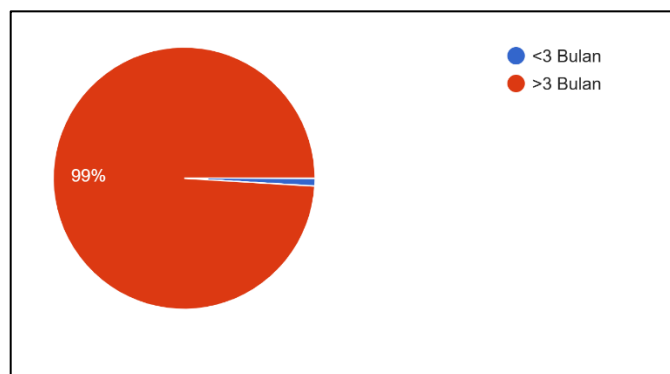


Figure 2 Subscribe to Netflix

Based on Netflix subscription, respondents in Figure 2, show 99% of respondents subscribed to Netflix >3 months.

3.2. Instrument Testing Technique

3.2.1. Validity Test

The calculation of the validity of the X1, X2, X3 and Y variables will be carried out with the help of SPSS version 26. The validity test research criteria are:

- a) If $R \text{ counts} \geq R \text{ table}$ (at a significance level of 0.05), then it can be said that the questionnaire items are valid.
- b) If $R \text{ Count} \leq R \text{ table}$ (at a significant level of 0.05), then it can be stated that the questionnaire item is invalid.

Table 2. Validity Test

Variable	Item/Code	r Count	r Table	Sig.	Description
Customer Loyalty (Y)	Y1	0,702	0,632	0,024	VALID
	Y2	0,835	0,632	0,003	
	Y3	0,833	0,632	0,003	
	Y4	0,922	0,632	0,000	
	Y5	0,828	0,632	0,003	
	Y6	0,769	0,632	0,009	
Service Quality (X1)	X1.1	0,790	0,632	0,007	
	X1.2	0,919	0,632	0,000	
	X1.3	0,953	0,632	0,000	
	X1.4	0,693	0,632	0,026	
	X1.5	0,753	0,632	0,012	
	X1.6	0,880	0,632	0,001	
Price (X2)	X2.1	0,652	0,632	0,041	
	X2.2	0,769	0,632	0,009	
	X2.3	0,665	0,632	0,058	
	X2.4	0,648	0,632	0,052	
	X2.5	0,765	0,632	0,072	
	X2.6	0,798	0,632	0,006	
Customer Satisfaction (X3)	X3.1	0,687	0,632	0,028	
	X3.2	0,680	0,632	0,030	
	X3.3	0,732	0,632	0,114	
	X3.4	0,891	0,632	0,001	
	X3.5	0,850	0,632	0,002	
	X3.6	0,823	0,632	0,003	

3.2.2. Simple Test Reliability

Reliability is an index that describes the extent to which the results of a measurement remain consistent when carried out repeatedly, the Alpha coefficient can be said to be reliable if the value of Cronbach Alpha > 0.7.

Table 3. Test Reability

Variable	Realibility Value	Cronbach Alpha Value	Description
Loyalty (Y)	0,800	0,700	Reliable
Service Quality (X1)	0,804	0,700	Reliable
Price (X2)	0,767	0,700	Reliable
Customer Satisfaction (X3)	0,789	0,700	Reliable

3.2.3. Correlation Analysis

Correlation analysis is used to determine the level of relationship strength between independent variables (such as service quality, Price, and customer satisfaction) partially on the dependent variable (customer loyalty).

Table 4. Simple Correlation Analysis

		SERVICE QUALITY	PRICE	CUSTOMER SATISFACTION	LOYALTY CUSTOMER
SERVICE QUALITY	Pearson	1	0,613	0,375	0,793
	Correlation		0,000	0,000	0,001
	Sig. (2- tailed)				
PRICE	N	100	100	100	100
	Pearson	0,613	1	0,688	0,670
	Correlation	0,000		0,000	0,000
CUSTOMER SATISFACTION	Sig. (2- tailed)				
	N	100	100	100	100
	Pearson	0,375	0,688	1	0,327
CUSTOMER LOYALTY	Correlation	0,000	0,000		0,001
	Sig. (2- tailed)				
	N	100	100	100	100
CUSTOMER LOYALTY	Pearson	0,793	0,670	0,327	1
	Correlation	0,000	0,000	0,001	
	Sig. (2- tailed)				
	N	100	100	100	100

Based on the data in Table 4, the simple correlation results can be explained as follows:

- a) Simple correlation of service quality variables (X1) to customer loyalty (Y). The correlation value is 0.793, which means that the degree of relationship between the two variables is strong and it can be concluded that the service quality variable has a strong relationship with customer loyalty.
- b) Simple correlation of price variables (X2) to customer loyalty (Y). The correlation value is 0.670, which means that the degree of relationship between the two variables is strong and it can be concluded that the service quality variable has a strong relationship with customer loyalty.
- c) Simple correlation of customer satisfaction variables (X3) with customer loyalty (Y). The correlation value is 0.327, which means that the degree of relationship between the two variables is weak and it can be concluded that the service quality variable has a weak relationship with customer loyalty.

3.2.4. Multiple Correlation Analysis

Multiple correlation analysis is used to test the relationship between several independent variables on one dependent variable, to determine whether the dependent variables together have a relationship with the dependent variable.

Table 5. Multiple Correlation Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	0,839 ^a	0,705	0,695	1,541

The multiple correlation value known R of 0.839 which means strong results with the interpretation is between 0.70 - 0.899, so it can be concluded that the variables of service quality (X1), price (X2), and customer satisfaction (X3) simultaneously have a strong relationship to customer loyalty (Y).

3.2.5. Multiple Regression Analysis

This multiple regression analysis is used to test the effect between independent variables (Independent) simultaneously on the dependent variable (Dependent).

Table 6. Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	0,193	2,126		0,091	0,928
SERVICE QUALITY	0,614	0,072	0,597	8,475	0,000
PRICE	0,632	0,128	0,444	4,934	0,000
CUSTOMER SATISFACTION	0,233	0,089	0,202	2,633	0,010

The meanings of these multiple-era regression coefficients are:

- Constant (a) = 0.193, meaning that service quality, price, customer satisfaction are assumed to be constant or 0, then customer loyalty is positively valued at 0.193.
- Coefficient of Regression (b1) = 0.614, meaning that service quality has a positive effect assuming other independent variables, namely price and customer satisfaction, if it increases by one unit, service quality affects customer loyalty in an increase of 0.614.
- Coefficient Regression (b2) = 0.632, meaning that price has a positive effect with the assumption that other independent variables, namely service quality and customer satisfaction, if it increases by one unit, the price has an effect on customer loyalty in an increase of 0.632.
- Coefficient of regression (b3) = 0.233, meaning that customer satisfaction has a positive effect with the assumption that other independent variables, namely service quality and price, if they increase by one unit, then customer satisfaction will affect customer loyalty in an increase of 0.233

3.2.6. Coefficient of Determination

The coefficient of determination (R^2) is used to analyze the extent to which dependent variables, such as service quality, price, and customer satisfaction, contribute to the dependent variable, namely customer loyalty.

Table 7. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	0,839 ^a	0,705	0,695	1,541

The coefficient of determination (R^2) is 0.491. This means that the independent variables (service quality, price, and customer satisfaction) are able to explain 69%. Meanwhile, 31% is influenced by other variables outside of this research variable which also affect Netflix customer loyalty.

3.2.7. Test T

The test is used to test the significance of variables, namely service quality, price, customer satisfaction, partially on customer loyalty.

Table 8. Test T

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	0,193	2,126		0,091	0,928
SERVICE QUALITY	0,614	0,072	0,597	8,475	0,000
PRICE	0,632	0,128	0,444	4,934	0,000
CUSTOMER SATISFACTION	0,233	0,089	0,202	2,633	0,010

3.2.8. Test F

The F test is used to test the significance of variables, namely service quality, price, and customer satisfaction simultaneously on customer loyalty.

Table 9. Test F

Model	Sum of Squares	Df	Mean Square	F	Sig
¹ Regression	543,897	3	181,299	76,302	0,000 ^b
Residual	228,103	96	2,376		
Total	772,000	99			

From the calculation, it is concluded that the calculated F value is $76.302 > F$ table 2.71 and the significant level is $0.000 < 0.05$ so that the calculated F value is located in the area where H_0 is rejected and H_a is accepted, meaning that service quality, price, and

customer satisfaction have an effect on Netflix customer loyalty. Simultaneous F test between service quality, price, and customer satisfaction on customer loyalty.

CONCLUSION

Based on the results of the research conducted on online streaming Netflix, this research concludes that:

- a) The price variable in the Netflix application in the assessment is ranked first as a variable that affects customer loyalty. This means that the more attractive the price offer from Netflix, the higher the customer loyalty be.
- b) The variable quality of service on the Netflix application in the assessment is ranked second as a variable that affects customer loyalty. This means that the better the quality of service from Netflix, the more customer loyalty will increase.
- c) The variable of customer satisfaction in the Netflix application in the assessment gets the last or lowest rank as a variable that affects customer loyalty. This means that several things outside of this variable in the Netflix application need to be improved because the better it is, the more it will help customer loyalty to Netflix.
- d) The results of hypothesis testing (H_{a4}) prove that service quality, price, and customer satisfaction together have a significant influence on customer loyalty. Service quality, price and customer satisfaction are able to explain 69% of the dependent variable (customer loyalty). Meanwhile, 31% is influenced by other variables outside of the variables in this study which also affect the loyalty of Netflix ecommerce customers.

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