

## **The Impact Of Percieved Ease of Use, Brand Awareness And Freemium Business Model on Buying Interest of Spotify Users In Medan City**

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### **ABSTRACT**

*The rapid development of internet technology causing significant impact of innovative disruption in any aspect of life, especially on music industry. Disruptive innovation is a very new innovation made for competing the challengers in the music industry. The people consumption of music has been shifted because of the technology. From CD's or cassettes into digital album. These digital albums are provided by the music streaming apps. The music streaming apps need to offer the most attractive innovation to attract user's attention in aim the user's buying the premium package. Known that the perceived ease of use, brand awareness, and free trial can be useful in attract buying interest of the users. The music streaming apps in this theses is Spotify. The goal of this theses is to analyze the impact of percieved ease of use, brand awareness and freemium business model on buying interest of spotify users in medan city. This theses is a associative causal, quantitative approach. The population of this theses are the users of spotify apps in medan city, and the samples are 100 respondents. The sampling methods is incidental sampling. Data analysis is multiple regression analysis to be analyzed in SPSS. The results is percieved ease of use has positive and significant impact on buying interest, brand awareness has positive and significant impact on buying interest, and freemium business model has positive and significant on buying interest. The percieved ease of use, brand awareness, and freemium business have simultaneously impact on buying interest.*

**Keywords : Perceived Ease Of Use, Brand Awareness, Freemium Business Model, Buying Interest**

### **INTRODUCTION**

The rapid development of the internet has a significant influence on various aspects of life, one of which is the world of entertainment. Customers behavior of enjoying music has also made a big difference. When discussing the development of the world of digitalization it cannot be separated from the Dissruptive Innovation stated by Laplante; Jepsen; Tom, Williams; Joseph, Fulvio (2013) in an article entitled "Innovative and Disruptive Technologies", which states that disruptive innovation can be interpreted by new innovations to face competitors by creating product and service innovations that have never existed before.

Since the last five years, the term disruptive innovation or is used to explain the phenomenon of the emergence of online taxis such as Uber, lodging networks such as AirBnB, various financial technology (fintech) companies, and so on. According to Kasali (2017) disruptive can be interpreted as innovation. This is also the case in the world of music, the pattern of public consumption in enjoying music at this time is changing, because rapid technological advances are also influential in the music industry in Indonesia which makes major changes in music releases from what was once physical (CDs, cassettes, etc.) to digital. This allows consumers to easily get information, listen to and download the songs they want quickly and more practically than having to buy CDs or cassettes (Arrisetio and Sanawiri, 2017).

The emergence of interest in using information technology will appear when users use the information technology. With the advancement of technology and internet users can now easily listen to music without downloading it directly through the internet or websites only, because the amount of music spread on the internet mostly has poor audio quality (Andry and Tjee, 2019). Therefore, users can listen to music by only installing the music streaming application available on the PlayStore service or App Store (for iOS users). This is evidenced by the results of a survey conducted by the Association of Internet Service Providers (APJII), where internet users in Indonesia who use the internet to listen to streaming music by 35.5%. This number is quite high for internet users who use streaming music with a daily average of listening to music for more than an hour. (Walean and Rachmawati, 2018).

There are several music streaming applications, some applications that can be accessed through the smartphone such as JOOX, Spotify, Apple Music, Amazon Music, Tencent Music, Youtube Music and many others but which have many subscribers. Spotify is a music streaming service that can be enjoyed online and offline and podcasts from Stockholm, Sweden. Spotify entered Indonesia on March 30, 2016, where the spotify music streaming application was first launched in September 2008 and has become a copyright provider for uploaded music and it can be ascertained that the music in the Spotify application is original so that users can enjoy a variety of music collections owned by Spotify officially (Andry and Tjee, 2019)..

What may be found in the Indonesian market for music streaming users is the number of users who are not willing to pay for the premium service even though the premium service has offered more attractive features than users of freemium services. Because there are still many users who refuse to pay for the premium service and prefer to subscribe for free (freemium). However, there are also some people who want to subscribe at a premium (paid) because the perception assumes that the quality of premium services provided is the reason that makes users willing to pay for streaming music.

In addition, the leading website Daily Social in collaboration with polling (JakPat) Mobile Survey Platform which is a leading platform that can connect researchers with respondents amounted to approximately 271,714 people. So that it can easily get feedback from respondents in a matter of hours (Poll, 2018). It found an interesting fact in a survey of approximately 1955 respondents throughout Indonesia that, 52% of respondents admitted to subscribing to paid music streaming services. Meanwhile 48% of respondents admitted not using paid music streaming services because they get free access from the providers they use, this is called the freemium business model, which is that companies or service providers provide free services first to get as many consumers as possible using the application and later after having many users these application providers offer paid access (premium) that has more services than consumers. free access, and get premium usage from those free users.

Freemium is a business model that currently dominates the mobile application industry market in the world on both iOS and android platforms (Alha, 2016). Users of freemium services in Indonesia are also growing rapidly so that Indonesia, which is one of the countries with the most population in the world, becomes one of the most potential markets for freemium application service providers. In music streaming services for example, according to a survey of respondents spread across various regions in Indonesia, 52% subscribe to paid music

streaming services, where in general the service can be enjoyed for free but there is a slippage of ads amid the change of music (Daily Social, 2018).

While in the buying process, the consumer's buying interest is closely related to the motive he has to use or buy a particular product. Buying interest itself can be obtained from a learning process and thought process that will form a perception (Maghfiroh, Arifin and Sunarti, 2016). On the other hand, consumer buying interest can be influenced by several factors, especially for people who like to listen to streaming music through the application on their smartphones, some of which are ease of use and brand awareness. Perception of ease of use according to Davis (2015) is the level at which consumers think that using a system will not require more effort. So that an application / service will become more accepted by the community if it can be used more easily. In addition to Perception of ease of use, another factor that influences buying interest is brand awareness. According to Durianto (2004) brand awareness is the ability of a prospective buyer to dig, recalling a brand as from a certain product category.

There is a study conducted by Okto (2020) entitled "Perceived Service Quality and Student Intention in Surabaya: Empirical Studies on Mobile Applications With Freemium Services" This study aims to analyze the relationship between service quality and intention on the use of mobile applications that have freemium services by students in Surabaya. The results showed that: (1) perceived service quality has a significant positive effect on usage intention and purchase intention (2) assurance, empathy, reliability and responsiveness have a positive effect but only responsiveness has a significant effect on usage intention (3) assurance, empathy, reliability and responsiveness positively affect but only assurance has a significant effect on purchase intention (4) sage intentions have a significant positive effect on purchase intentions.

## **LITERATURE REVIEW**

### **Perceived Ease Of Use**

According to Widjana (in Ahmad and Pambudi, 2014) The perception of ease of use (ease of use) means the belief of individuals that using information technology systems will not be troublesome or require great effort at the time of use (free of effort). In accordance with the opinion above, according to Dewi et al (2013), Ease of use is "a belief that using technology will be effortless." Or it can be interpreted as a belief in the extent to which a system will reduce their efforts in acting.

### **Brand Awareness**

Brand awareness is the most important aspect of a marketing campaign, at least in the early days of its marketing. Introducing potential customers to a product or service in the right way is important, because just like meeting people, first impressions are very noticed. The extent to which a product is recognized lies in its brand awareness, which can ultimately increase or destroy a brand's profitability. According to Hermawan (2014), brand awareness is the ability of a potential buyer to recognize or remember (recall) a brand that is part of a product category. The ability of consumers to know and remember brands plays a big role in a person's decision to buy goods.

### **Freemium Business Model**

Freemium is a product/pricing structure, where services are generally provided for free to users while service providers get most of their revenue from the sale of additional paid services (premium services) owned by the application (Kumar, 2014; Liu et al., 2015). Users of freemium services in Indonesia are also growing rapidly so that Indonesia, which is one of the countries with the most population in the world, becomes one of the most potential markets for freemium application service providers.

### **Buying Interest**

The real needs and desires are not easy to know. Customers can change their thinking at the last minute. Of course marketers expect customers to be positive, i.e. willing to buy the goods offered. To attract or grow a customer's buying interest first the marketer must understand how the customer disconnects. According to Kotler and Keller (2016) buying interest is how likely consumers are to buy a brand and service or how likely consumers are to move from one brand to another. When the benefits are greater than the sacrifice to get it then the urge to buy is higher.

### **METHODS**

The type of research the authors use is associative research with a quantitative approach. This research contains reviews, summaries, and author thoughts about several library sources (articles, books, slides, information from the internet, etc.) on topics covered. In this study the population was all subscribers who had used the Spotify streaming service in the city of Medan and the population number is unknown. The sample technique used by the authors in conducting this study is non-probability sampling.

The sampling technique used is by incidental sampling method, i.e. anyone who happens to meet with researchers can be used as a sample, when viewed by people who happen to be found it is suitable as a source of data (Sugiyono, 2013). As for sample sizes when the population is large and researchers are unlikely to study everything in the population, such as limited funds, energy and time, then researchers can use samples taken from that population. The population in this study is not known in number, so in its calculation using the lameshow formula (Prasetyo, 2021), i.e:

$$n = \frac{z^2 p(1 - p)}{d^2} = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.1)^2} = 96.04$$

**Where :**

*n* = Minimum sample size

*Z1-α/2* = Z value at degree of meaning (usually 95% = 1.96)

*P* = The proportion of a particular case against the population, when the proportion is unknown, is set at 50% (0.50)

*d* = Degree of deviation to the desired population 10% (0.10), 5% (0.05), or 1% (0.01)

So from the formula above can be obtained the required sample size is 96.04 and rounded to 100 people.

## RESULTS AND DISCUSSION

### Result

#### Hypothesis Test Result

Simultaneous testing is performed using the F test to determine if all independent variables in the model have an effect on the dependent variables tested simultaneously.

**Table 1. F Test Result**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49,356	3	16,452	10,715	,000 <sup>b</sup>
	Residual	147,394	96	1,535		
	Total	196,750	99			

Based on table 1, F calculated 10,715. To determine F the table used the statistical attachment of table F, using the significance level of 0.05, with df 1 (number of variables -1) or 4-1 = 3 and df 2 (n-k-1) or 100-3-1 = 96. So there was a result of Ftabel of 2.70. This means that the value of F calculates the > F of the table, which is 10.715 > 2.70. Thus it can be concluded that Ho was rejected and Ha accepted which means independent variables namely ease of use, brand awareness, and freemium business model together have a significant effect on dependent variables i.e. buying interests.

The t test is performed by comparing the difference between the values of two average values with the standard error of the difference in average of two samples (Ghozali, 2013:98).

**Table 2. t Test Result**  
Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	4,084	1,616			2,527	,013
	VAR00001	,154	,060	,237		2,547	,012
	VAR00002	,196	,084	,215		2,320	,022
	VAR00003	,194	,065	,271		2,969	,004

Based on Table 2 above can be obtained multiple linear equations as follows:

$$Y = 4,084 + 0,154 + 0,196 + ,0,194 + e$$

#### Information :

$Y$  = Buying Interest

$a$  = Constant

$X_1$  = Perceived Ease of Use

$X_2$  = Brand Awareness

$X_3$  = Freemium Business Model

$b_1$  = Ease of Use Coefficient

$b_2$  = Brand Awareness Coefficient

$b_3$  = Freemium Business Model Coefficient

$e$  = Error

Based on Table 2 and the equation above, obtained a constant value of 4.084 shows

that when the variables of ease of use, brand awareness, and freemium business model, the value is equal to zero, then the value of buying interest is 4,084. Through equations and tables 2. The 17 also showed that the regression coefficient of the ease of use variable is 0.154 which means that when the brand awareness variable, and the freemium business model the value is fixed and the ease of use variable has an increase in value by 1, then the value of buying interest increases by 0.154.

Then, the regression coefficient of their consciousness variable is 0.196 which means that when the ease of use variable, and the freemium business model, the value is fixed and the location variable increases in value by 1, then the value of buying interest increases by 0.196. Furthermore, the freemium business model variable has a regression coefficient of 0.194 which means that when ease of use, and brand awareness of its value is fixed and the freemium business model variable increases in value by 1, then the value of buying interest increases by 0.194. Brand awareness has the greatest regression coefficient value of any other variable with a value of 0.196, indicating that brand awareness influences buying interests.

#### **The impact of ease of use ( $X_1$ ) on buying interest (Y)**

It is seen that the t count for the ease of use variable is 2,547. This means that the value of the thitung > t table (2,547 > 1,988). So it can be concluded that the ease of use has a significant effect on buying interest. Positive signs indicate that the ease of use variables have a positive influence on buying interest, where when ease of use is considered better, the buying interest will increase. So with this  $H_0$  was rejected and  $H_a$  accepted.

#### **The impact of brand awareness ( $X_2$ ) on buying interest (Y)**

It can be seen that the count for brand awareness say of sales is 2,320. This means that the value of thitung > ttable (2,320 > 1,988). Then it can be concluded that brand awareness has a significant effect on buying interest. A positive sign indicates a variable of brand awareness providing a positive influence on buying interest, where when brand awareness is getting better, buying interest will increase. So with this  $H_0$  was rejected and  $H_a$  was accepted.

#### **Effect of freemium business model ( $X_3$ ) on purchasing decisions (Y)**

It can be seen that the count for the freemium business model variable is 2,969. This means that the value of thitung > ttable (2,969 > 1,988). So it can be concluded that the freemium business model has a significant effect on buying interest. A positive sign indicates that the variable freemium business model has a positive influence on buying interest, where when the freemium business model is considered to be getting better, the buying interest will increase. So with this  $H_0$  was rejected and  $H_a$  was accepted.

#### **R Square Test**

The Coefficient of Determination ( $R^2$ ) essentially measures how far the model's ability to explain independent variable variations is:

**Table 3. Coefficient Determination Test Result**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 <sup>a</sup>	.618	.606	.889

Based on the table above, it can be concluded that this study has a value of 0.606. This value can be used to see the magnitude of the influence of ease of use, brand awareness, and freemium business model on the buying interest of Spotify consumers in the city of Medan. The coefficient of determination means that the effect of independent variables on dependent variables is 60.6%. The remaining 39.4% was influenced by variables other than the variables studied in the study.

## CONCLUSION

Based on the results of research and discussion on the analysis of the influence of ease of use, brand awareness, and freemium business model on consumer buying interests using multiple linear regression models, some conclusions can be drawn as follows :

1. Ease of use has a significant positive effect on buying interest (case study on Spotify users of Medan city).
2. Brand awareness has a significant positive influence on buying interest (case study on Spotify users of Medan city).
3. Freemium business model has a significant positive effect on buying interest (case study on Spotify users of Medan city).

Ease of use, brand awareness, and freemium business model simultaneously have an impact on buying interest (case study on Spotify users of Medan city).

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