

The Impact of Viral Marketing on Consumers' Intention to Use

(Case study: Spotify Indonesia)

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Abstract—Viral marketing is a strategy that exploit social networks to promote a product. The company that use viral marketing encourages their experienced consumers (or users) to spread information about its product with other people by using the consumer's social networks. Many digital companies use this marketing strategy to boost their market presence. Spotify as a digital company that focuses on music streaming service also uses this viral marketing. The present study aims to test the impact of viral marketing on the consumer's intention to use of Spotify music streaming application in Indonesia. The viral marketing variable is constructed into four dimensions, which are informativeness, entertainment, irritation, and source credibility. The present study conducts quantitative study by using descriptive analysis and multiple regression. The present study collected data from 455 active Spotify users in Indonesia as respondents by using online questionnaires. They responded on 18 items Likert-type questionnaire. The present study found that three out of four viral marketing dimensions influence the Spotify consumer's intention to use, which were entertainment, irritation, and source credibility. While informativeness did not influence Spotify music streaming service consumer's intention to use. Some implications and future studies are discussed at the end of this present study.

Keywords—viral marketing; consumer's intention to use; Spotify; Indonesia

I. INTRODUCTION

Nowadays, music streaming becomes number one choice among music listeners. According to the data, streaming contributed 51% to total revenue in the music industry in 2016. On the contrary, compared to 2015, the music sales via downloads and physical declined by 22% and 16%, respectively [1].

Spotify is a Sweden-based streaming music service that launched in 2008 by Daniel Ek and Martin Lorentzon. In Indonesia, Spotify is officially existed at March 30, 2016, after been existed in Philippines, Singapore, and Malaysia. Spotify is available on Android, Blackberry, IOS, Linux, Microsoft, and others [2]. Among music streaming services, Spotify offers freemium business model and user can use it without time limits. With this kind of service, Spotify gain its popularity and

reach 140 million users in 2017; defeated its rival (i.e. Apple) which only gain 27 million users [3].

With more than 80 million active internet users, Indonesia becomes one of the potential market for music streaming service. It is proven by Spotify which collected almost 10 million users in the first year operating in Indonesia. However, according to Spotify Managing Director for Asia, Sunita Kaur, Indonesian listeners are among the most active music listeners compared to other countries. In averaged, Indonesian listener spend three hours a day for listening to music [4]. Moreover, Indonesian listeners also produce more playlist then other countries.

Many practitioners believe that viral marketing is one of the digital business tools that contributes to the success of an application market penetration. Spotify also uses this viral marketing to reach users as fast as possible. However, how viral marketing affect con intention to use an application is still questionable. Therefore, the present study aims to test how far the viral marketing influence its consumer's intention to use an application (in this case Spotify).

II. METHODOLOGY

A. Digital Business

Digital Business is a digital transaction involving a product or service [5]. This business applying technology and digital media to enhance the competitiveness of an organization through the optimization of internal processes with online channels. In addition to connecting people and businesses, digital business also connects people and businesses with things that drive revenue and efficiency. Digital business can help in removing barriers that exist within industry segments as well as creating new opportunities that traditional businesses cannot offer [6]. Literature categories digital business into two types, which are [7]:

1) *Buy-side e-commerce*: Buy-side e-commerce is a transaction for the procurement of resources required by an organization from its suppliers.

2) *Sell-side e-commerce*: Sell-side e-commerce refers to transactions related to the sale of products to an organization's

customers. Sell-side e-commerce not only sells goods online, but also involves the use of digital technology to market services using various techniques. The sell-side e-commerce organization typically focuses on these five functions:

a) *Transactional e-commerce sites*: The main business contribution of this site is the sale of products that enable online purchases. The site also supports business by providing information for consumers who prefer to buy products offline, for examples: retail sites, travel sites, and online banking services.

b) *Services-oriented relationship building websites*: If there are products that are not suitable for sale online, this website provides information to stimulate purchases and build relationships to create purchase decisions. The main business contribution is through offline sales and generating requests or prospects from potential customers.

c) *Brand building sites*: This site provides experience to support the brand. Products that are not normally available in online purchases can be supported by this site by developing an online experience of the brand.

d) *Publisher or media sites*: Media sites can provide news or entertainment information on various topics. In generating revenue, media sites have a variety of options, namely: advertising, commission-based sales, and customer data sales.

e) *Social network sites*: Social networks are often considered into the category of media sites because they are often supported by advertising, but the influence of social networks like Facebook and Twitter regarding corporate and customer communications indicates that they fall into separate categories.

B. Digital Marketing

Digital Marketing is aimed to achieve marketing objectives through the use of electronic communication technologies [8]. According to Chaffey [7], the digital marketing comprises of:

1) *Inbound marketing*: Inbound Marketing is the latest approach in digital media-based marketing that very powerful because it can reduce the waste of advertising. Consumers actively seeking information for their needs with interest in content, search and marketing in social media.

2) *Content marketing*: Content Marketing is the management of content in text, multimedia, audio, and video aimed at customers to meet business objectives. This content may be published through print and digital media including, web and mobile platforms.

C. Viral Marketing

Viral marketing is a type of marketing that broadcasts itself and encourages others to share messages voluntarily to others. As one of the modern tools, viral marketing can advertise and promote the company with interactive media, which is utilizing social network to increase brand awareness. In this era many consumers use this method when they make purchasing decisions [8]. Several researchers found that viral marketing

contribute to consumer's intention to use of one product [8-10]. In addition, Wei also revealed that viral marketing related to low cost and higher profit [8].

Following Zernigah and Sohail [9], Wei [8] explained that viral marketing has four dimensions. The first dimension is informativeness that can be defined as the usefulness of the information and how up-to-date the information. This is an important aspect in identifying the effectiveness of marketing. The organization should always provide information about current products and awareness of new products should be raised among consumers as well. Informativeness helps consumers to make purchasing decisions so that consumer attitudes toward online advertising are regarded as affection.

The second dimension is entertainment. Entertainment is considered a way to encourage marketing communications. In addition to the entertainment, marketing messages can generate consumer attitudes to be positive, it is important that the content of viral marketing messages short and direct to the point, but the message at the same time there must be eye-catching elements in the eyes of consumers. Thus, it is important to include entertainment in marketing messages.

The third dimension is irritation. Offensive messages that may generate conflict with consumer value are considered irritation. Irritation is defined as a message that is offensive, annoying, offensive, or overly manipulative in a marketing perspective. Marketers use tactics that irritate consumers to grab customers' attention. Thus, a non-disruption message tends to create a positive consumer attitude towards viral marketing. If consumers get confusing information for instance because of too many messages, then consumers will react negatively to the message. Furthermore, consumer attitudes toward promotional tools worsen as the number of spam or promotional messages increases as they may cause irritation.

The last dimension is source credibility. It refers to consumer's perceptions of the openness and reliability of marketing messages. Credibility is also one of the first constructs that proved to influence consumer attitudes towards having been tested empirically. Source credibility is also widely linked by viral marketing. Consumers tend to feel secure and have privacy when they do not receive marketing messages from their social networks. Thus, the higher the perceived credibility, the higher the impact on consumer attitudes [8].

D. Research Approach

The present study is a quantitative study, with four dimensions of viral marketing as independent variable and consumer's intention to use as dependent variable. The present study conducts descriptive analysis for all the variables. To test the hypotheses, the present study implements multiple regression analysis for both simultaneously test (F-test) and partially test (t-test). The present study follows Rukuni et al.'s definition and questionnaire [10]. The Likert scales (1/strongly-disagree to 5/strongly-agree), is used for the questionnaire that comprise of 14 items of independent variables and 4 items of dependent variable. Minor adaptation is made to the original

items of questionnaire to be fitted to the object of study. The present study conducts face validity and content validity test and since all the Cronbach Alpha score are more than .70, then the questionnaire is valid and reliable.

The population is the all the Spotify users in Indonesia is about 10 million users [2]. By using Slovin model with 5% of error, the present study found at least 400 samples will be needed. In January-March 2018, the present study distributed 500 questionnaires to all Spotify users in Indonesia. By the end of the data collection period, the present study collected 455 valid respondents.

E. Framework and Hypotheses

Figure 1 below is a present study’s framework of thinking based on Rukuni et al.’s work [10].

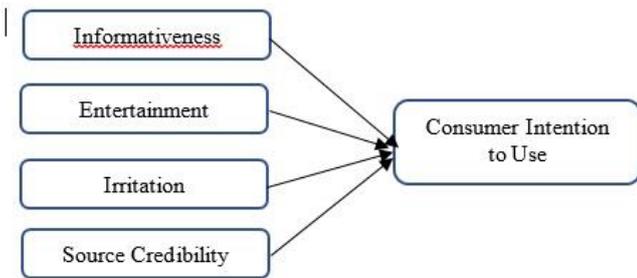


Fig. 1. Framework of thinking.

Informativeness is an important factor in determining the effectiveness of advertising. Informativeness helps in making purchasing decisions to consumer attitudes towards online advertising. Informative ads also make consumers aware of new products and inform consumers how the product is better than that offered by competitors [9]. Therefore, the present study uses the informativeness factor as having an influence on the intention to use the service. Based on the previous literature, the following hypothesis is proposed:

- H1: There is a positive relationship between the usefulness of the information and the intentions to use by consumers.

Entertainment is a significant predictor of the value of web-based advertising. Attractive and fun ads have a positive impact on consumer attitudes toward brands. The feelings of pleasure that customers experience becomes an important role in developing attitudes toward advertising. This is necessary in viral marketing because it is able to attract the attention of consumers and can increase customer loyalty [9]. Therefore, the present study uses the entertainment factor as having an influence on the intention to use the service. Based on the previous literature, the following hypothesis is proposed:

- H2: There is a positive relationship between entertainment and intentions to use by consumers.

The recipient of the viral marketing message is annoyed if the message content is too manipulative and disrupt the recipient’s feeling and resulting negative consumer attitude. Similarly, mobile ads that share information confusingly,

distract, and load more of the message content with information. Therefore, viral marketing messages get negative reactions to the recipient of the message. Especially if promotional messages increase, consumer attitudes will deteriorate. Irritation can be reduced by sharing messages according to the goals that value them [9]. Therefore, the present study uses the irritation factor as having an influence on the intention to use the service. Based on the previous literature, the following hypothesis is proposed:

- H3: There is a negative relationship between irritation and intentions to use by consumers.

Source credibility on messages is closely related to perceived risk. If the viral marketing message comes from a trusted source, the risk to messages is low. The message recipients are not a problem in security and privacy when they receive viral marketing messages on their social networks. But the misuse of the media by means of spam in e-mail can decrease consumer response rate. Typically, message recipients delete unsolicited messages [9]. Therefore, the present study uses the source credibility factor as having an influence on the intention to use the service. Based on the previous literature, the following hypothesis is proposed:

- H4: There is a positive relationship between the source credibility and the intentions of use by consumers.

III. RESULTS

From 455 valid respondents, 70.3% are women and the rest (29.7%) are men. Dominantly, the respondents have 18-30 years old (89.7%). They are holding high school degree (41.3%) and bachelor’s degree (45.7%). They are mostly students (48.1%) and private organization employee (28.6%). The respondents come from 26 provinces in Indonesia, especially from West Java, Jakarta, East Java, and Central Java. Interestingly, more than half of the respondents (58.7%) indicate that they use Spotify every day.

A. Descriptive Analysis

TABLE I. DESCRIPTIVE ANALYSIS

No.	Independent Variables	Percentage
1	Informativeness	60.85%
2	Entertainment	60.39%
3	Irritation*)	65.79%
4	Source credibility	72.62%
Average Percentage		64.91%

*) all items are reverse coded

Table 1 shows that all respondents agreed that all variables are responded at agree-level (3 to 4 level in Likert scale) with average percentage of 64.91%. Among four independent variables, source credibility is the variable that has a highest level of agreement (has a percentage of 72.62%). In addition, consumer’s intention to use (the dependent variable) has a percentage of 74.08%. It is mean that all respondents agree that they have an intention to use Spotify.

B. Multiple Regression

The following table is the result of the hypothesis test by using multiple regression analysis, simultaneously (F test) and partially (t test).

TABLE II. MULTIPLE REGRESSION ANALYSIS

	Dependent variable: <i>Consumer's intention to use</i>	
	<i>Standardized Beta</i>	
Independent variable:		
Informativeness	.025	**
Entertainment	.246	**
Irritation	.256	**
Source credibility	.250	**
R ²	.363	
Adjusted R ²	.357	
F	64.128	**

Note. Significant levels **p < .01; *p < .05

Table 2 shows the results of multiple regression analysis to test the relationships between independent variables and dependent variable. F score indicates that all the independent variables (four dimensions of viral marketing) simultaneously affect the customer's intention to use. In other words, the present study found that viral marketing significantly influences consumer's intention to use of Spotify music streaming.

The results of partially test of the model revealed that three out of four independent variables significantly influenced consumer's intention to use, namely: entertainment, irritation, and source credibility. Interestingly, informativeness did not influenced consumer's intention to use the app.

IV. DISCUSSION

The present study demonstrates that viral marketing influence intention to use. This result supports previous studies conclusion [8, 9-10]. There is no doubt that viral marketing could be used to boost awareness. Ferguson noted that: "People feel motivated and derive pleasure from making recommendations and talking about products and services" [11]. Many scholars believe that viral marketing is like a virus disease. It is contagious and spread over to others through social networks. It almost effortless [11]. The present study explains that Spotify also use viral marketing in order to increase its awareness and boost the intention to use the application and gain initial success.

The present study reveals different results in partial analysis. Three hypotheses are supported, and one hypothesis is rejected. The present study confirms that entertainment, irritation, and source credibility influence consumer's intention to use Spotify. It supports previous studies [8-10]. However, the present study finds that informativeness does not influence consumer's intention to use Spotify. Several possible reasons may explain this result. First, Spotify is a music streaming application that information regarding the service not necessary needed for most listeners in Indonesia. It is because the Spotify in Indonesia is launched after gained success in other countries. Second, the up-to-date of the information given by Spotify is

not very important to the listeners in Indonesia. The facts that most of the respondents are women, 18-30 years old, and students to bachelor's degree, support this finding. For them, music is for entertainment, do not make them confusing, and the most important is they believe the credibility of source that push them to listen some music. For example, information about the reliability of the Spotify app or the latest songs obtained comes from the respondent's peers, or music curator (e.g. Billboard top chart of the week), or the singer/group band himself/herself/themselves.

V. CONCLUSION

It is undeniable that Spotify has reached initial success in Indonesia since it launched in 2016. However, will Spotify continue to make success in the future in gaining new user/listener is still arguable. The present study suggests that viral marketing could become a marketing tools that effectively boost awareness and eagerness to user's candidate to convert into new users. Furthermore, the present study also suggests that consumer's intention to use is influenced by positive message that entertaining and at the same time avoid the irritation message. The user's candidate will not try the app if they feel confused, so be customer friendly app and keep as simple as possible. The most important thing to make new user is the credibility of source. Thus, Spotify should invite the person or group of persons that could encourage user's candidate to try the app, for example: popular person (e.g. artists, celebrities, role models), communities, etc.

The present study does not answer the question of will Spotify survive for a long time? Thus, the future researches should focus on answering this issue. The future researches should dig deeper into the loyalty issue that focus on maintaining the satisfaction of Spotify users.

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