

# Factor Influencing Customer Satisfaction During Crisis: A Case of Netflix in Croatia

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A Thesis Submitted in Partial Fulfillment of the Requirements  
for the Degree of Master of Arts in Business and Managerial Economics  
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This study explores the possibility of surviving and perhaps thriving during these trying times, referring to the economic and social crisis caused by the pandemic. The purpose of the research is to investigate the relationship between price sensitivity, increased promotion, understanding of customer values, brand awareness, and customer behaviour during the crisis and the effect of these independent variables on customer satisfaction. The thesis focuses on the company Netflix Inc. (Netflix). The case study focuses on Split (Split- Dalmatia County) inhabitants and respondents who work and study in this city. Variables were measured using descriptive statistics, multicollinearity test, Pearson correlation, multiple linear regression, and one-way ANOVA analysis in SPSS. The findings indicate that understanding customer values represents a crucial element of a digital marketing strategy for companies. Therefore, understanding different values instigated by the severity of a crisis eventually leads to achieving customer satisfaction during the recession. The general objective of the study is achieved.



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## CHAPTER I INTRODUCTION

### 1.1 Background

‘Marketing, more than a lake or a forest, is the landscape of our modern lives’ (Godin, 2018).

Without a doubt, 2020 has been turbulent for all industries, including the marketing industry. The world as we knew it changed fast. Consequently, digital marketing trends evolved, and digital marketing became extremely important for businesses in today's digital world. It became essential for companies to understand the key benefits of modern marketing tools since digital marketing, being versatile and measurable, helps companies communicate directly with the customers. Furthermore, it helps effectively reach customers without losing credibility during and after the crisis. Also, modern marketing tools work constructively for any industry.

Godin (2018) states how people can make an impact using marketing to serve people and help them, not only to grow their businesses and brands. Godin (2018) highlights the importance of being a driver for the market, not simply to be market-driven. In reality, most of us are rarely willing to take the risk of being a pioneer, while it seems that the ability to embrace changes is many times the key to success. Marketing is all about inviting your customers on a journey where a change might happen and delivering a promise (Godin, 2018).

Kirtiş and Karahan (2011) express that companies confronted global recessions throughout history and realized they have to develop crisis strategies and tactics for the new inevitable challenges that can occur in the future. Understanding consumers during these times is crucial for companies, and it seems that marketing and primarily social media are vital for their success and endurance in times of economic turmoil. Social media, for instance, became recognizable throughout these times as a practical tool with remarkable advantages. Many improvements happen after using social media for business, including cost reduction, reduced time expenditure, audience, and relations. Kirtiş and Karahan (2011) point out that during the global economic turmoil, which appeared in the last quarter of 2008 and affected numerous countries years later, social

media became the most preferred marketing driver in the business environment. It proved to be the best way to reach customers, while researches show that small and big companies allocated more of their resources to the area of social media marketing.

The world went through another crisis in 2020. The rules of the game changed and businesses had to navigate through newfound financial and operational challenges. The crisis and lockdowns caused an extensive amount of lost working hours, and numerous people lost their jobs. The consequences of shutting down small and medium-sized businesses typically include increased unemployment rates, lost investments, and people getting into debt. Also, increased poverty and widening inequalities on a global scale. During difficult times, small businesses are especially financially fragile and getting creative to survive, driving revenue, and generating new opportunities as the economy recovers, seems to be the only way to operate a business. Still, many small businesses have already permanently shut down. Further, the pandemic caused decreased consumer spending, except for some products like hand sanitizers. Their business skyrocketed (Kim, 2020). Kim (2020) states that all of this has been treated with a sense of urgency and what happened could be described as a digital transformation of workplaces.

Nowadays, the development of digital marketing strategies and tactics, including maintaining focus on current customers, seems to be the best business survival strategy amongst budget-conscious marketers. Digital marketing strategies and tactics offer advantages connected to time, audience, relations, and cost reduction. Moreover, recessions are, by their very nature, unpredictable. The world experienced several financial crises in the 21st century, and often they lead to recessions. The 2020 crisis is different from the previous ones in many ways, yet every recession differs from the earlier one. Traditional tactics and strategies were not easy to pull off during the times when lockdowns got implemented again and again, just when people thought they were getting their lives back. It seemed that working online and operating businesses online was the only way to go.

This paper explores on which marketing efforts and factors should digital marketing of companies be based during the time of crisis. Those factors referred to

increased promotion, price sensitivity, understanding of customer values, brand awareness, and (understanding) customer behaviour during crisis. Primarily, the consistent success of Netflix was taken into account, success that lasted even through two difficult financial crises. Also, the influence of previously mentioned factors (independent variables) on customer satisfaction (dependent variable), which was researched through the statistically analysed data collected from a survey questionnaire.

## 1.2. Problem discussion

The enabling nature of digital technology changed how businesses operate, transformed the marketing game, and significantly impacted consumer behaviour. Netflix triumphed by its continuously innovative approach even during recessions, offering a variety of contents and affordable plans, subscriptions, and pricing. This approach proved to be clever, so the company managed to stay one step ahead of the competition. During the year 2020, the crisis transformed consumer spending. Due to government restrictions, businesses continued their operations remotely using creative digital solutions to serve their client base. Kotler and Pfoertsch (2006) highlight that consumer understanding dominates everything in the business world. Thanks to communication technologies, everything and everyone is accessible and exposed to observation, as Kotler and Pfoertsch (2006) state.

At its beginnings, Netflix was already very inventive and bold as a company. Matrix (2014) examines how in 2013, Netflix had a subscriber base of mostly millennials, and formerly it was fascinating how the immense percentage of Netflix subscribers watched entire seasons of content in just days. Popular shows that were binge-watched in days were not of the same genre, like House of Cards and Orange Is the New Black, and these shows inspired widespread marathon-viewing sessions for the eighteen-to-thirty-four age demographic. Younger audiences reviewed these shows as Netflix took the first steps in creating original TV content on social media. Matrix (2014) also points out that these reviews were very positive and beneficial for Netflix. Matrix (2014) analysed those emergent digital media use trends and the rising

importance of social TV viewing practices and expectations considering the availability of commercial-free, high-quality, and original television content.

Jaworski (2021) writes how Hunt states that Netflix had built a DVD shopping business to serve twenty, thirty million subscribers while building a streaming business. Hoffman (2011) says that the Great Recession of 2008- 2010 proved beneficial for Netflix since people decided to cut down on high-value discretionary spending, choosing “value for money” Internet offering instead. Few companies can claim they thrived during recessions, and Netflix may be one of them. Netflix is a company and a brand that became the mainstreaming option during lockdowns when people were stuck at home, needing comfort and entertainment. The company states that almost 16 million people created accounts in the first three months of 2020, which proved to be almost double the new sign-ups compared to the end of the year 2019.

Matrix (2014) states how generation Y and Z practice new television viewing styles using various digital technologies, especially subscription-based video on demand (VOD or SVOD) via Netflix. Matrix (2014) mentions research by Pricewaterhouse Coopers, which occurred in 2013 when 63% of households in the United States used a video streaming and a delivery service like Hulu, Amazon Prime (Solsman), and Netflix. In that research was stated that 22% of those households are streaming Netflix every week of the year (“TV”). Many other types of research point out the same results – Netflix had an enormous impact on this technological shift and television program production decisions, distribution deals, and promotional strategies (Matrix, 2014).

Netflix is just as famous in Croatia as it is everywhere else. Popular streaming platforms available in Croatia, besides Netflix and HBO GO, now include Disney+, HBO Max, and Amazon Prime. There is also the perhaps less known SkyShowtime, MovieMix, and the regional Pickbox. CompariTech website conducted a broader survey, consisting of a total of 78 countries, and revealed that Netflix is generally most expensive in European countries, presumably because of the higher taxes, and Croatia is located somewhere around the middle of the global rankings. At the time when the survey was conducted, Croatian subscribers had available 1,183 TV shows, 2,617 films, for a total of 3,800 titles (Total Croatia News, 2023). Currently, it is possible to choose



between different packages (basic, standard and premium), and all packages bring unlimited access to content. Netflix is, of course, popular because of the highly anticipated hit shows but when Premium Netflix users started sharing their code with friends and family, consequently sharing the subscription, Netflix announced that they would start charging additional accounts. Rapidly, users started to abandon the service, so the decision was postponed by Netflix. One of their biggest competitors as a streaming platform is certainly HBO, which content is much more focused on quality and not quantity.

During the economic crisis in 2008, digital marketing faced a downfall, and after the dot com bubble burst, as Kaur (2020) points out, followed by recession times, everybody started cutting off costs, reducing prices and investments. The crisis of 2020 proved to be very different from the 2007-2009 recession. Lockdowns and social distancing became the new reality, resulting in the increased importance of online presence and knowledge of the virtual business format. Lockdowns happening throughout the world caused the slowdown of trade and commerce. Generally speaking, online tools proved to be more effective in communicating than traditional tools, especially during times of economic crisis. Odhiambo (2012) expresses that traditional marketing refers to sales promotion, media advertising, public relations, and direct marketing. This type of marketing reaches large masses with difficulty compared to online marketing.

Hastings (2020) reveals the fascinating evolution of the Netflix company, highlighting how they rejected the conventional approach of operating and built an entirely new culture. Hastings (2020) emphasizes innovation over efficiency, while Randolph (2019) also points out how an idea and creativity of a company can triumph. McDonald and Smith-Rowsey (2016) explain how young and old viewers enjoy binge viewing and how Netflix is the perfect example of marathon spectatorship. Netflix has a strategy of producing original content with the intention of multi-episodic viewing and releasing all of the seasons of a specific show at once, responding to audience preferences and expectations (McDonald and Smith-Rowsey, 2016).

In sum, Netflix is a company that can be inspiring, in many ways, for other businesses. The latter refers to managing customer dissatisfaction, handling finances,

and using an innovative approach in digital marketing. Netflix's marketing strategy is innovative, data-driven, and focused on cultivating a unique identity of the brand with the customer-centric approach. At the core of Netflix's pricing model is value, involving different subscription options. The brand is based on multi-channel marketing, concentrating on multiple platforms and content based on target audience behaviour and social-cultural influences. Netflix's advertising style is unique, personalized, and fun.

Despite consumers tend to cut spending during recessions, including subscriptions, the entertainment industry has proven to be very successful in times of economic downturn. The Netflix company survived the 2008 recession successfully and its approach was always very inventive considering digital marketing strategies and consumer understanding. Over the years Netflix had global campaigns that lead to its iconic status. Despite some turbulences, the company has steadily rising sales, earnings, and subscribers. During the pandemic, we could often hear about people binge-watching Netflix, its series gradually becoming a pop culture phenomenon. Keeping in mind digital marketing and all its tricks, tactics and strategies, it can be useful to take a deeper look at the innovative strategies of Netflix and try to understand which factors are relevant and have an influence on customer satisfaction.

The subject of this paper is unexplored considering the 2020 crisis and its consequences, yet many researchers helped to form a foundation for further research. *Kaur (2020)* presents digital marketing as a ray of hope during the recession. The paper allows to gain knowledge on further research but it doesn't focus on explaining consumer psychology in a recession. In the article about Netflix and its reinvention through multiple periods, *Jaworski (2021)* focuses on observations from three key members of the founding Netflix team. The article presents a research that is a good base for exploring and explaining the reinvention of Netflix. However, there is no research coming from the side of customers during recession times. The conclusion of *Sobreira, Santos de Oliveira, and García-Peñalvo (2020)* in the research about the use of Instagram as a marketing tool by the Brazilian Library Councils in times of Covid-19 is not focused on customers but links the use of digital marketing tools in recession, specifically the current pandemic and the economic downturn, applying qualitative

research. *Srinivasan, Rangaswamy, and Lilien (2005)* propose a new construct, which the authors describe as proactive marketing in a recession, focusing on turning adversity into an advantage without analysing marketing strategies and tactics that can be applied during economic downturns. *Kim (2020)* explores developing innovative digital-sales initiatives and how the pandemic accelerated the growth of e-commerce, encouraging future research on how the pandemic affected consumers and marketplaces without investigating the psychological impact on customer loyalty. *Quelch and Jocz (2009)* explain the 2007 to 2009 recession psychology in-depth, analysing marketing investments and customer loyalty, providing an excellent base for understanding recession psychology and how brands act during difficult times. It focuses on the crisis of 2009, so it doesn't answer the research question and compares two recessions since that was impossible at the time.

### 1.3. Research question

Developing an effective marketing plan can help companies to maintain the loyalty of their customers in the long run. Strategic planning, including pricing strategies, is crucial since customer needs are unpredictable during a crisis. Therefore, being prepared is highly important for businesses. Before decision making, it is advisable to consider several factors, and some of them link to the price elasticity of demand. Furthermore, it is of great importance to keep the focus on the market by using, for instance, annual reports, media data, and feedback from customers. Some of the recommended methods to survive and thrive during a financial crisis include focusing on marketing segments that would offer the best returns and attracting new profitable targets while keeping loyal customers.

#### **Research questions:**

- 1) During a recession, what factors (*increased promotion, price sensitivity, brand awareness, understanding of customer values, customer behaviour during*

*crisis*) are mostly connected to the adoption of digital marketing and ultimately customer satisfaction?

- 2) What the is the influence of changed customer behaviour during the 2020 crisis on other factors?
- 3) Have Netflix marketers maintained an innovative approach during 2020 crisis?

Cupman (2009) states that a company can survive the turbulence and even prosper from it by developing an effective value-added marketing plan, pointing out that value marketing refers to meeting customer needs by providing value to maintain their loyalty. Customer needs tend to be unpredictable, so marketers have to develop a marketing strategy toolkit as ammunition against recessionary forces. Cupman (2009) highlights that companies have to be careful when determining their pricing strategies. The most important thing is measuring demand elasticity concerning price before raising or lowering their prices. Cupman (2009) states that, from a marketing perspective, elasticity represents an indicator of the competitive advantage or monopolistic power of a company, product, or brand.

According to Cupman (2009), these are the factors that need to be taken into account, considering the price elasticity of demand:

1. *Whether the market is in perfect or imperfect competition:* the elasticity of demand for most industrial products is low in situations of imperfect competition (for instance, where there is a monopoly, oligopoly, monopsony, or oligopsony). In this case, reducing or increasing the prices of a product won't lead to significant changes in demand because the customers need a product or service.
2. *The importance of the industrial product to the customer:* demand is inelastic for products where the customer believes that neither the company nor the brand has close substitutes, and for products where there is urgency.
3. *Inertia:* there is high inertia amongst industrial buyers. They tend to deal with the same suppliers rather than switching them. Inertia influences the theory of elasticity in industrial markets, and finding an appropriate strategy to adopt in a recession should be considered. Cupman (2009) points out that if the price

increases, many buyers in the industrial market will stick with their suppliers unless the price difference moves beyond 15% (or around 10% in a recession) of that of a competitor. Furthermore, in the case of price reductions and in times of adversity, demand is somewhat price elastic as customers are unlikely to increase their purchases despite substantially lower prices. Cutting prices strategically at your business should be considered, even as a short-term strategy rather than a long-term one.

Avionitis (2016) analyses marketing activities and points out several marketing strategies and tactics. Lifestyle changes occur when the available income decreases, and as Avionitis (2016) states, companies could keep their focus on the market pulse using annual reports, tracking studies, media data, salesforce intelligence, and customer feedback. Also, they should conduct marketing research and optimal matching of brands with customer needs. Avionitis (2016) points out the importance of focusing on your existing customers and trying to serve them even better because they represent the most important asset during downturns. Avionitis (2016) also points out how marketing and sales activities should be well focused on the most valuable, loyal, and satisfied customers. Companies should reward their loyalty during these times.

According to Avionitis (2016), customers targeting should be based on:

- Detecting customers' needs and company's capabilities to fulfil them
- Market size estimation
- Deep knowledge of competition
- Cost-benefit analysis

In considering marketing, Avionitis (2016) highlights that emphasizing internal marketing and communications makes remaining employees feel secure, proficient, and unique. Also, Avionitis (2016) suggests investing in educational programs. It is crucial to re-organize the marketing function by increasing customers' commitment where and whenever the customer is in contact with the company (Avionitis, 2016). The latter may

include social media management, the employment of personnel with experience in digital marketing, the adoption of processes for securing integrated marketing communication and consistent messages in electronic, printed, and digital media, and offering customer care services (Avionitis, 2016).

Kim (2020) says that Covid-19 affected the everyday lives of people. Governments required that people stay at home and avoid social contacts, and the situation expectedly resulted in businesses shutting down and people losing their jobs. The Covid-19 crisis has negatively impacted small and medium-sized companies as they represent the lifeline of the economy and play a significant role in job creation. Businesses and brands that survived had to adapt to remote work and undergo digital transformation. Digital meetings soon replaced the traditional corporate culture. Kim (2020) states that consumers who live through a pandemic might be changed, and change can be long-lasting, even after the pandemic passes.

In sum, various researchers have proven that companies that invest in marketing, turning a threat into an opportunity, eventually profit and do better off than competitors. The positive impact of these actions is noticeable during and after the recession. Therefore, the best strategy to fight the recession includes innovation, creating new products, and finding new customers. Online marketing is a better tool for building a brand and increasing traffic than traditional marketing. Digital marketing strategies won't work the same during the recession compared to previous "normal" times. This research will analyse and investigate solutions and possibilities that can improve digital marketing strategies during difficult times of economic downturn. It is a mistake to cancel digital marketing campaigns and costs because businesses will benefit from investing in this area in the long run. The key is to sustain them, improve them and avoid playing it safe.

#### 1.4. Purpose

This research is based on exploring the marketing strategies and tactics of a successful company and a brand while conducting empirical research on Netflix's customers in Croatia during the ongoing crisis that started in 2020. This research will

analyse the customer base of Netflix and customer satisfaction. The analysis of this research is formed on descriptive research: observational method, case study method, and survey research based on customer satisfaction in the time of crisis.

During the period of the financial crisis, companies usually cut costs and postpone new investments. Frequently treated as non-essential costs, marketing budgets are often the first costs cut. In 2020, digital marketing and social media became essential since effective communication became more important than ever before. The digital transformation resulted in the explosion of electronic commerce. In this time of integration of digital technology into almost all areas of a business, digital marketing became the norm for a successful business. Investments in social media marketing create better relationships with customers and make a brand more relatable. Digital marketing implies companies should have deep knowledge of their customer base or the target audience. Kaur (2020) explains that digital marketing refers to search engine optimization, search engine marketing, email marketing, mobile marketing, content marketing, influencer marketing, affiliate marketing, and much more. To conclude, digital marketing, as Kaur (2020) states, became prevalent for success and a necessity for any business.

According to Kirtiş and Karahan (2011), marketing plays a vital role during recessions while new product positioning in new market segments and developing a unique product mix was considered clever during times of economic downturn. Also, they point out the importance of creating a brand via a community of customers, considering the wide range of social media. Marketing budgets are seemingly the first to be reduced when businesses face an economic crisis. Kirtiş and Karahan (2011) state that marketing decisions during a recession should focus on cost reduction of "regular" marketing while increasing the budget for online marketing. Companies explore new ways of using social media to develop their CRM and create loyalty. Digital marketing and social media are very significant for businesses and brands, especially since the 2020 crisis began, a time that will have an enormous impact on the future economy. Also, the pandemic and its obligatory measures have created the digital transformation of the tertiary sector, which resulted in the explosion of electronic commerce (Kim, 2020).

Cutting marketing budgets and postponing new investments usually results in customers losing interest and consequently losing revenues. The marketing budget can be viewed as an investment in a company's growth rather than expenditure. Investing in marketing during a recession can have a positive effect on businesses post-crisis. Online marketing offers great measurability compared to traditional marketing strategies and tactics since digital marketing can be highly effective during and after recessions because it creates a positive outlook and ensures responsiveness. For instance, social media platforms proved to be exceedingly cost-effective as a method of advertising since people were trapped indoors and started working from home. It became clear that the future is unpredictable for businesses and that people will have to find solutions for this new way of living, working, and creating.

### 1.5. Definitions

Nowadays, it seems that marketing budgets are decreasing in traditional marketing, while online budgets are increasing (Kirtiř and Karahan, 2011). There is a unique opportunity that appears during difficulties, and after they pass, there is the chance to develop new politics, visions, and strategies while using social media strategy. Social media proved to be a powerful tool for small and large businesses. According to Kirtiř and Karahan (2011), the biggest cost of social media marketing is time. Therefore, strategies should analyse objectives, roles, processes and include measurement. Kirtiř and Karahan (2011) state that, in 2011, small businesses invested more in social media marketing than large companies. According to Kirtiř and Karahan (2011), Hubspot showed data obtained from a study, based on a survey of over 600 professionals, who knew the marketing strategies of their companies.

“Social media” is a term that refers to different ways in which internet users interact with one another online. During the 2008 economic crisis, social media referred to sites like Facebook, MySpace, Flickr, and YouTube (Kirtiř and Karahan, 2011). It became clear that social media can be a useful tool for creating a brand via a community of customers whose interaction, comments, and general behaviour are valuable for companies (Kazım Kirtiř and Karahan, 2011). Conventional media does not offer the



possibilities social media allows, accelerating communication like a conversation (Kirtiř and Karahan, 2011).

Kirtiř and Karahan (2011) also state that if firms are learning to be highly networked, they will perform better in the future. Most customers use social media websites like social networking sites and blogs as much as the company's website – for purchasing and brand information. In addition, they can find recommendations from other people, which they usually consider credible. Of course, social media sites differ, and companies need to think and act strategically while considering their business goals. The latter refers to the fact that a specific social media site should be more suitable for attaining those goals than the other.

Digital marketing is used for all kinds of marketing that have digital aspects, including electronic billboards, TV commercials, SMS. Kaur (2020) also points out that digital marketing activities include search engine optimization, search engine marketing, email marketing, mobile marketing, content marketing, influencer marketing, and much more. Digital marketing has become a necessity for almost every type of business, considering so many people use the internet and technologies nowadays.

Building an online presence since the 2020 pandemic, according to Kaur (2020), turned out to be essential for surviving and thriving. Building an online presence since 2020 pandemic, according to Kaur (2020), turned out to be essential for surviving and thriving.

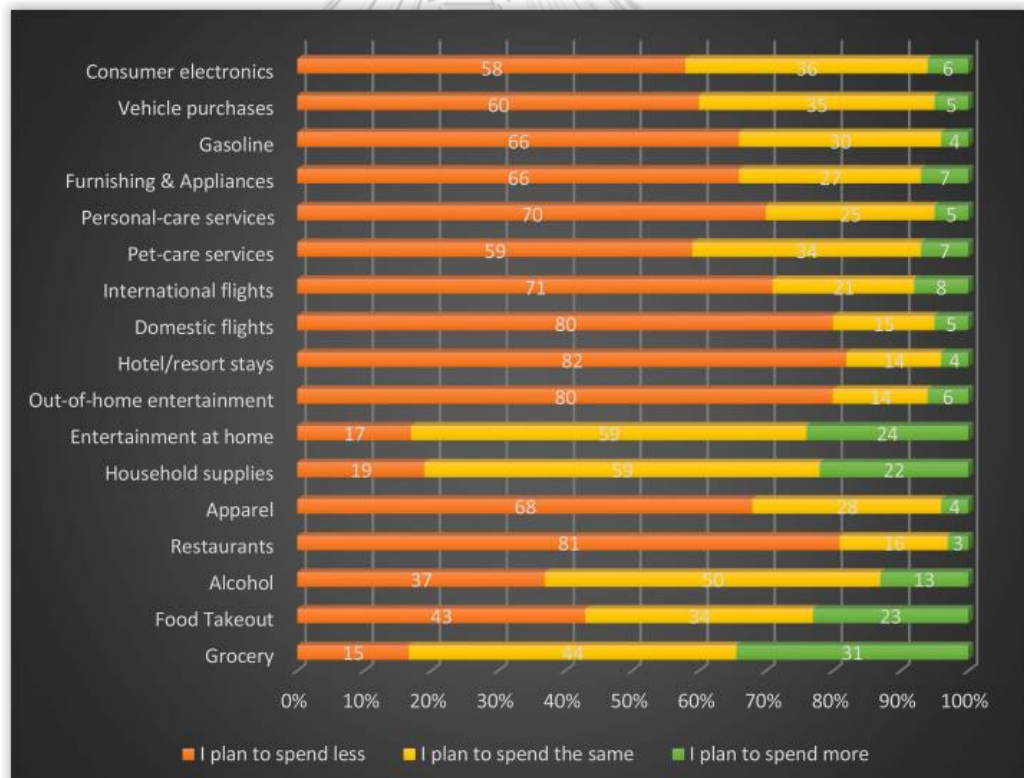
Types of Digital Marketing Strategies, as Kaur (2020) states:

1. Search Engine Optimization (SEO)
2. Search Engine Marketing (SEM)
3. Content marketing
4. Social Media Marketing (SMM)
5. Email Marketing
6. Viral Marketing
7. Mobile Marketing

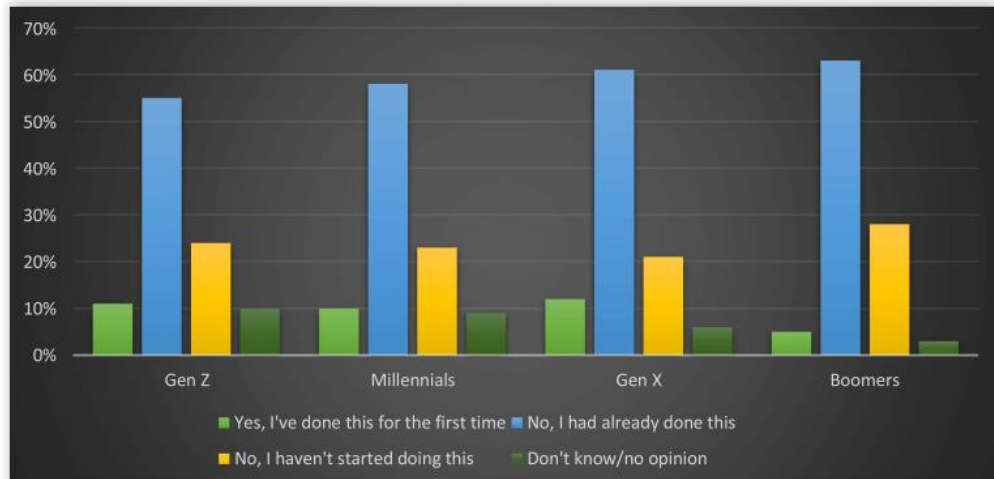
8. Affiliate Marketing
9. Television Marketing
10. Online PR Marketing

Digital Marketing Strategies to be used during recession, according to Kaur (2020):

1. Manage Marketing budget
2. Online businesses are a life saver
3. Optimize your SEO
4. Use of Social Media
5. Quality content
6. Redefine your approach



**Figure 1. Reductions in spending due to Covid-19 by retail category.**  
**Source: Kim (2020)**



**Figure 2. First time online shopping users sue to Covid-19. Source: Kim (2020)**

Kim (2020) highlights two dominant motivations for shopping in physical stores during the times of lockdown and social distancing: immediate possession and social interactions. Kim (2020) states that 46% of respondents plan to reduce spending during the pandemic. According to a recent survey, Kim (2020) also expresses that although demands increased for categories like groceries or household supplies, approximately 60% of respondents plan to cut spending on consumer electronics or vehicles (see Figure 1). Kim (2020) highlights that the importance of digital selling has been acknowledged even before the pandemic, as managers expect that Millennials and Gen Z are more comfortable with online shopping (see Figure 2).

In conclusion, social media marketing proved very useful for companies during economic downturns. Unfortunately, during the economic downturn, marketing budgets are the first to be reduced to decrease costs as a whole. Despite the difficulties, there is an opportunity to thrive after the crisis by adapting and developing new visions and strategies. Companies should focus on managing marketing budgets, optimizing the SEO of online businesses, using social media tools effectively, offering innovative and quality content, and redefining their approach during the recession.

In sum, this research is based on exploring and analysing the marketing strategies and tactics of Netflix, the empirical study of Netflix users in Croatia during

the ongoing crisis that started in 2020. Besides a survey based on customer satisfaction, this research is based on descriptive research. Likewise, this study analyses customer behaviour during times of financial crisis by analysing the data from the survey, which is used to determine the areas digital marketing businesses should invest in during the crisis. Also, to determine how customers are behaving since 2020 (considering their spending habits) and how to apply digital marketing strategies like Netflix.

As Godin (2018) states, marketing is about accepting change and delivering a promise. Correspondingly, Kaur (2020) identifies digital marketing as a ray of hope throughout the 2020 recession. Kirtiş and Karahan (2011) point out many advantages after applying social media marketing tools, including cost reduction, advantages connected to time, audience, and relations. Kim (2020) points out to digital transformation of workplaces. Cupman (2009) states that a company can survive and thrive during difficult times by developing an effective value marketing plan and providing value to maintain customer loyalty. Also, developing a marketing strategy toolkit as ammunition against recessionary forces (Cupman, 2009). Cupman (2009) highlights the importance of measuring demand elasticity concerning prices before raising or lowering its prices. Avionitis (2016) advises companies to spend time on marketing research and keep their focus on the market pulse using annual reports, tracking studies, media data, salesforce intelligence, and feedback from customers. Avionitis (2016) highlights the importance of existing customers and how they represent the most valuable asset for businesses during downturns. Additionally, Avionitis (2016) states that companies should focus on the marketing segments likely to offer the best returns, attracting new profitable targets.

## CHAPTER II THEORETICAL FRAMEWORK

### 2.1. Digital marketing strategies

Digital marketing is the marketing of products or services using digital technologies. Those digital technologies refer to the usage of the internet, social media, mobile phones, and many other digital mediums. Also, digital marketing is a term that covers different marketing strategies such as Social Media Marketing, Search Engine Optimization, and Email Marketing.

Digital marketing, as Desai (2019) states, is defined by use of numerous digital tactics and channels to reach target customers and to drive brand awareness and lead generation through various channels – both free and paid – at company's disposal. Therefore, digital marketing strategies involve using online resources such as search engine rankings, social media, the company's own website, and email, to connect with customers and to ultimately reach business goals and help companies to drive business growth. It helps marketers to see accurate results in real time (Desai, 2019). Digital marketing strategies refer to tactics and plans and investments that are supposed to help companies achieve business goals. This paper explores the connection between increased promotion, brand awareness, price sensitivity, understanding customer values and customer behaviour during crisis and digital marketing strategies and the ways this relationship influences business growth. Digital marketing tactics can affect brand awareness, just as understanding customer's values and behaviour helps marketers improve their conversions in the long run. This also includes how customers view prices and what kind of value do they assign to certain products depending on their prices.

Many popular digital advertising platforms make things a lot easier, providing access to campaign reports for wide-ranging data analysis. With the help of the internet and technology, marketers can perform miracles nowadays. They can collect and analyse data of different customer behaviour or user engagement, which ultimately helps them facilitate more personalized content and advertisements. That eventually leads them toward specifically defined audiences, improving engagement and results at

the end. Marketers use many technological advancements, such as Google Analytics, Google Data Studio, and Adobe Analytics.

Many creatives that work in marketing can review ad campaign performance through optimizing content while improving audience engagement. Social media platforms like Facebook, YouTube, and LinkedIn allow marketers to target ads to specific audiences, using demographics, interests, and behavioural patterns.

Considering the latter, there are three pillars of marketing:

- User-Journey
- Digital Channels
- Creative and Content

This paper is also based on the investigation of five factors and their connection with the adaptation of digital marketing in crisis. These factors relate to increased promotion, price sensitivity, understanding of consumer values, brand awareness, and customer behaviour during crisis. Essentially, all these factors are also interrelated. For example, the aim of promotion is to increase brand awareness, and generate sales or create brand loyalty, just as a successful digital marketing strategy boosts brand awareness. Digital marketing must adapt to the changed values and behaviours of customers in a crisis, and must take into account new needs and desires and socioeconomic conditions.

## 2.2. Digital marketing strategies during a recession

Digital marketing proved to be one of the most efficient tools in keeping loyal customers and attracting new ones during economic downturns. Besides being efficient, digital marketing is one of the cheapest ways to make big things happen. All recessions are different, but they have many similarities, one of them being the need to find a way to communicate with customers, offering them affordable and innovative solutions.

	ESSENTIALS	TREATS	POSTPONABLES	EXPENDABLES
Slam-on-the-Brakes	<ul style="list-style-type: none"> <li>▪ Emphasize price; hit wallet-friendly retail price points</li> <li>▪ Offer smaller pack sizes for less money</li> <li>▪ Expand retailer private labels</li> <li>▪ Promote low-cost value products</li> <li>▪ Introduce fighter brand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shrink sizes</li> <li>▪ Hold prices down</li> <li>▪ Advertise as a "you deserve it" small indulgence</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer layaway plans</li> <li>▪ Provide low-cost financing</li> <li>▪ Promote exceptional deals</li> <li>▪ Challenge penny-wise, pound-foolish behavior (such as dangerously postponing tire replacement)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer do-it-yourself alternatives to doing without</li> <li>▪ Continue awareness advertising (for instance, for future vacations)</li> </ul>
Pained-but-Patient	<ul style="list-style-type: none"> <li>▪ Offer a lower-priced option</li> <li>▪ Hit retail price points</li> <li>▪ Promote bonus packs to encourage stockpiling</li> <li>▪ Emphasize dependability of branded product or service</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reward loyal consumers, even if they consume less (for example, offer frequent-patron points)</li> <li>▪ Advertise products as morale raisers</li> <li>▪ Advertise products as affordable alternatives to more expensive luxuries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer simpler models, lower prices</li> <li>▪ Promote lower-operation-cost models</li> <li>▪ Promote repair services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue awareness advertising</li> <li>▪ Invest in core product improvements that will accelerate customers' reentry into the market</li> </ul>
Comfortably Well-Off	<ul style="list-style-type: none"> <li>▪ Continue awareness advertising</li> </ul>	<ul style="list-style-type: none"> <li>▪ Emphasize outstanding quality</li> <li>▪ Advertise as a product you deserve because you are successful</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promote savings from buying now</li> <li>▪ Advise customers they're "missing out" by postponing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enable discreet purchasing that avoids the appearance of flaunting in front of less wealthy people</li> <li>▪ Advertise benefits of impressing wealthy friends</li> </ul>
Live-for-Today	<ul style="list-style-type: none"> <li>▪ Continue awareness advertising</li> <li>▪ Remind consumers, "You can't live without it"</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer convenient automatic credit card billing</li> <li>▪ Promote as opportunity to seize the moment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer monthly payment plans</li> <li>▪ Promote quality-of-life benefits of buying now</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer exciting new products and promote as "must have"</li> <li>▪ Advertise as products you can aspire to buy when your income grows</li> </ul>

**Figure 3. Marketing tactics during a recession. Source: Quelch and Jocz (2009)**

During recessions, companies need to keep their loyal customers and preferably attract new ones through strategic investments in marketing instead of cutting costs. Loyal customers represent the primary source of cash flow: they are the ones who will

purchase the same brand regardless of convenience or price, bringing revenues that proved to be crucial in times of crisis.

After careful planning, it is essential to consider which marketing strategies will work out the best. There is a difference between businesses and brands, although they can overlap, and the same things won't work for all. Investing in particular areas of digital marketing is possible while cutting costs in other while choosing wisely which products to invest in and which ones will possibly be successful after the crisis. Performing triage on brands, products, or services can eventually save a lot of money for businesses. It is crucial to decide what investments will make a difference and where it is futile to invest.

When sales start to decline, marketers usually cut costs and down-market, mainly out of panic and fear. Reduction of the quality of products leads to companies losing their loyal clients, precisely during these difficult times when they expect the trustworthiness of a brand or business.

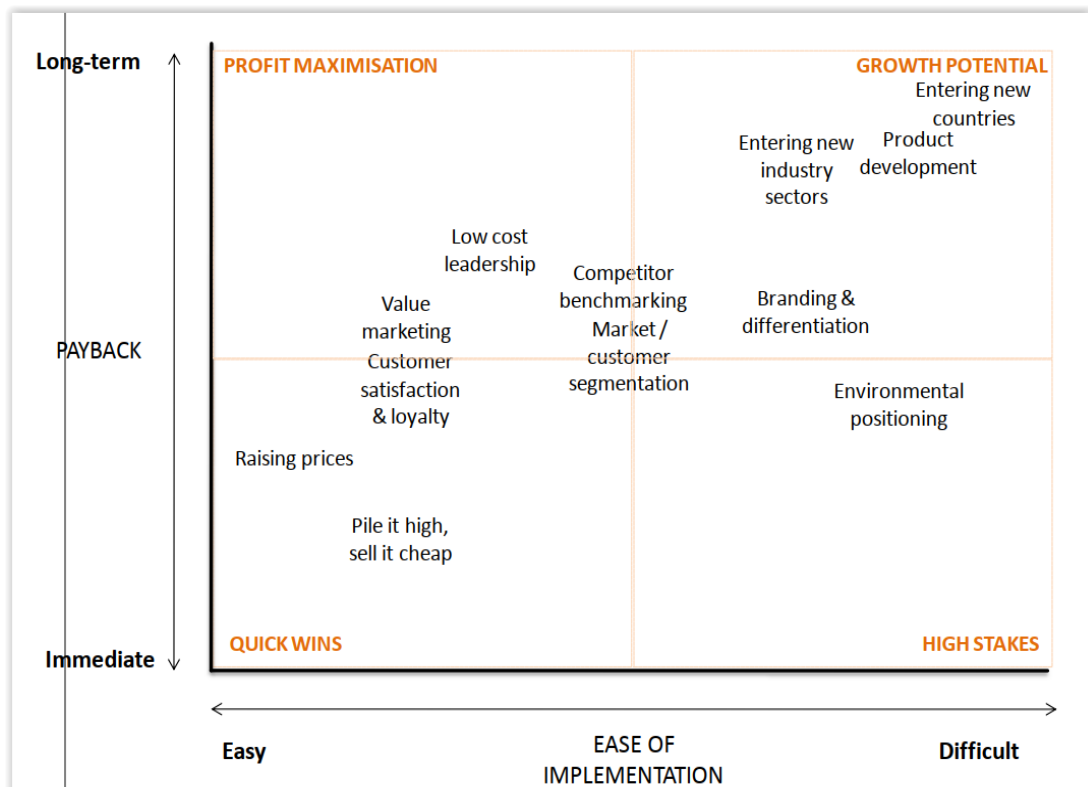


<b>Marketing in good times</b>	<b>Marketing in bad times</b>
Long-term focus	Short-term focus
Maximising profits	Minimising cost
Marketing seen as an investment	Marketing seen as an expense
Marketing has a broad scope	Marketing has a limited and narrow scope
Benefits-driven	Cost-driven
Opportunities-driven	Sales-driven
Proactive	Reactive

**Figure 4. Comparison of perception of marketing by many companies in normal times and times of crisis. Source: Cupman (2009)**

Cupman (2009) examines marketing as seen by many other analysts and concludes that it is not advisable to cut costs in marketing while emphasizing the importance of sales.





**Figure 5. Considering marketing strategies for a recession. Source: Cupman (2009)**

### 2.3. Consumer buying behaviour

Consumer behaviour includes the emotional, mental, and behavioural responses from consumers. Consumer buying behaviour refers to the actions taken offline and online by consumers before they decide to buy a product or a service. This process can include consulting search engines, engaging with social media posts, and many other actions.

The analysis of customer buying behaviour is crucial for companies since it helps them to understand what influences the decisions their customers make considering buying products or/and services. That way, businesses can decide where to increase their investments and where to cut costs. Understanding consumer buying behaviour helps marketers in engaging their customers while they find out what factors are most relevant in influencing their decisions.

Three existing categories of factors that influence consumer behaviour include:

1. Personal factors
2. Psychological factors
3. Social factors

Important personal factors to better understand consumers include demographics, and such variables as age, sex, income, education, marital status, and mobility. Social factors refer to consumers' friends, family, reference groups, status, education level, income, and the influence of social media. In addition, psychological factors describe the consumers' response to certain marketing messages depending on their attitudes and perceptions.

#### 2.4. Consumer buying behaviour during a recession

The pandemic influenced consumer behaviour, and the question is how long will that last. At the beginning of 2020, consumers tended to concentrate their purchases on essential items rather than luxury ones. Many started shopping locally, but most embraced digital commerce. During government-mandated lockdowns, people used digital media to connect with others to learn and have fun. Most people started working from home, and the virtual workforce increased. The Covid-19 pandemic changed purchasing habits and attitudes. Many people were scared and started to panic about buying hygienic and disinfecting products. Some people continued their lives without changing their buying habits, and some started shopping more consciously.

Quelch and Jocz (2009) highlight that, for marketers, each recession is different from the previous one. Marketers have to learn from the successes and failures of many companies, and they have to identify patterns in consumer behaviour and firm strategies. Quelch and Jocz (2009) point out that consumers set stricter priorities and reduce their spending during the recession while businesses usually reduce prices, cut costs, and postpone new investments. During recessions, core customers' needs are changing as well as their confidence about the future, their disposable income, values

that encourage consumption – and eventually their lifestyle. The recession often creates new customer segments, and psychological segmentation becomes more relevant than demographics (Quelch and Jocz, 2009).

Quelch and Jocz (2009) mention four groups of customers in recession:

- 1) *The slam-on-the-brakes segment*: customers that feel most vulnerable and hit the hardest financially. This segment tends to reduce all types of spending by eliminating, postponing, decreasing, or substituting purchases. This group can include both the consumers with lower incomes but also higher-income consumers that feel anxious because of the circumstances of the recession.
- 2) *The pained-but-patient segment*: a great majority of consumers falls into this category. These consumers are usually optimistic and resilient, yet they tend to be less confident about the near future. Therefore, they try to maintain their standard of living. This group represents a wide range of income levels. If the situation worsens, the group can be sorted into the slam-on-the-brakes category of consumers. They economize in all areas but will treat themselves occasionally with certain purchases.
- 3) *The comfortably-well-off category*: consumers that feel secure and able to handle the situation, considering present time and the future. This group consists primarily of people in the top 5% income bracket. They continue to purchase similarly to before the recession, only a little more selectively. This category includes wealthy individuals and those who feel financially stable but are less wealthy.
- 4) *The live-for-today category*: consumers unconcerned about savings. Urban, younger people who spend on experiences rather than stuff (with the exceptions of consumer electronics).

Quelch and Jocz (2009) sort products and services into four categories, regardless of which group of consumers they belong to:

- Essentials – necessary for survival and well-being

- Treats – justifiable indulgences
- Postponables – needed or desired items whose purchase can be reasonably put off
- Expendables – unnecessary and unjustifiable

Most consumers tend to re-evaluate their consumption priorities in a recession. It depends on the individual if they, for instance, perceived new clothes, travel, or restaurant dining as essentials before the recession, and if they perceived it as treats or even expendables (Quelch and Jocz, 2009).

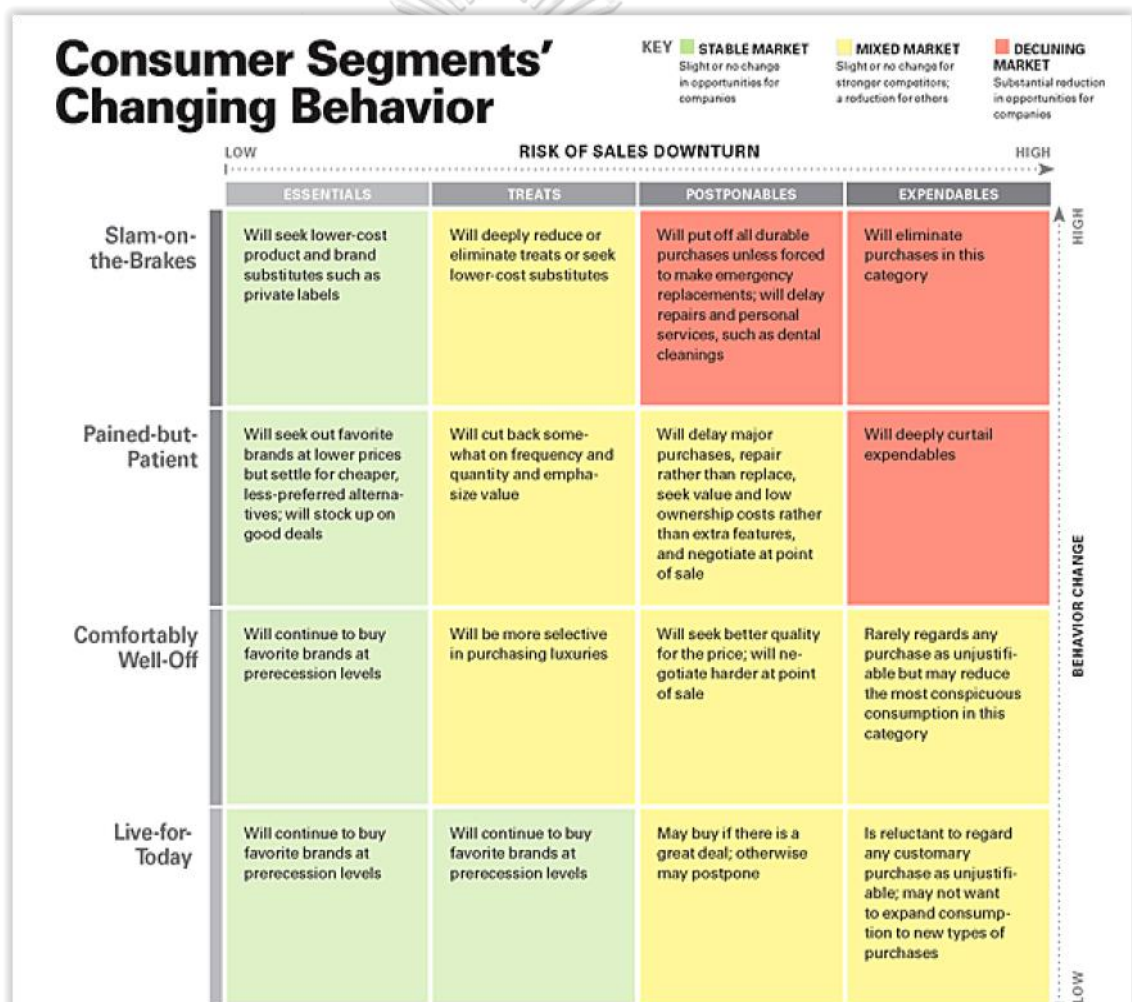


Figure 6. Consumers' Segments Changing Behaviour. Source: Quelch and Jocz (2009)

The events of the 2020 pandemic have changed the entire area of marketing. Everything had to be adjusted, from advertising messages and campaigns to marketing offers. Customer analysis, done before 2020, was not very useful since the game changed in so many ways. Therefore, customer behaviour had to be examined again through new research so that people could properly plan and create strategies for their businesses. Surviving on the market as a brand became an issue for everyone. On a rare positive side, people started using the internet more than ever since most people started working from home.

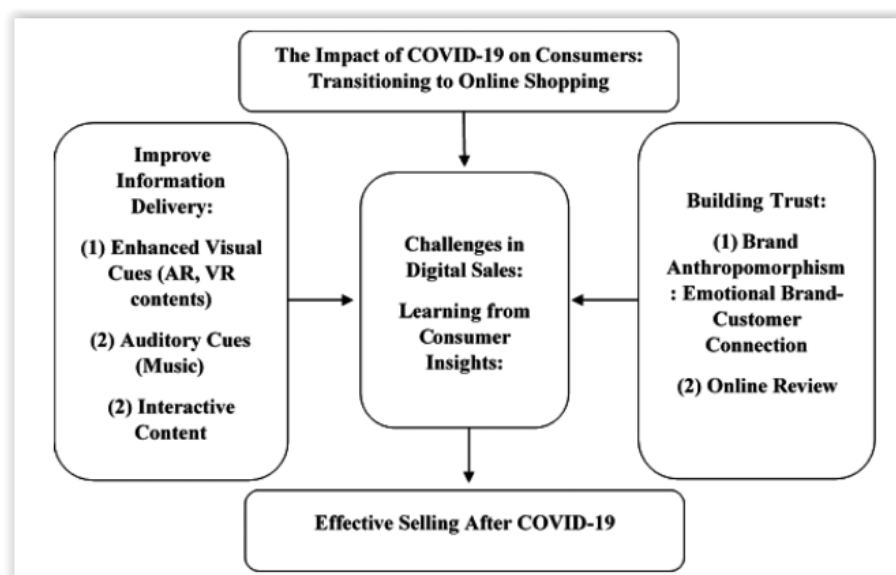
People are responding to the crisis in different ways, and this situation made it very difficult for many people, increasing the demand for mental health services due to a rise in anxiety and depression amid the crisis. Subsequently, every company needs to evaluate what category their customers fall in since priorities change for most people. It is advisable to think about how to really help your customers as a business during difficulties, not just focus on profit. Honesty, humour, and empathy are not easy to find in the business world, but some companies successfully lead their businesses and remain empathetic towards people.

## 2.5. Comparison of 2009 and 2020 crisis

The recession that lasted from 2007 to 2009 influenced the buying power of consumers, changing their behavior permanently in a lot of ways. A similar change, considering changed behavior, happened in 2020. However, consumers had to make the digital transformation since the crisis accelerated the transition of the consumption culture into the online hemisphere. The important thing for businesses, it seems, is to remain focused on value marketing, understand their customers' changing needs, and ultimately maintain their loyalty.

Quelch and Jocz (2009) state that in January 2009, the Conference Board's U.S. Consumer Confidence Index sank the lowest level since tracking started in 1967. They describe the 2009 recessions as the severest since Great Depression. Economic crisis eroded confidence and buying power, according to Quelch and Jocz (2009), driving consumers to adjust their behavior in fundamental - and probably permanent ways.

Until the 2009 recession, consumers were “convinced” by marketers that the good life is defined in material terms, living beyond your means. When the recession started, consumers faced piles of bills, debt, stagnant or falling incomes. Furthermore, corporate scandals and failures in the financial, housing, and insurance sectors and taxpayer bailouts of mismanaged businesses lead to consumer distrust of marketers' messages (Quelch and Jocz, 2009).

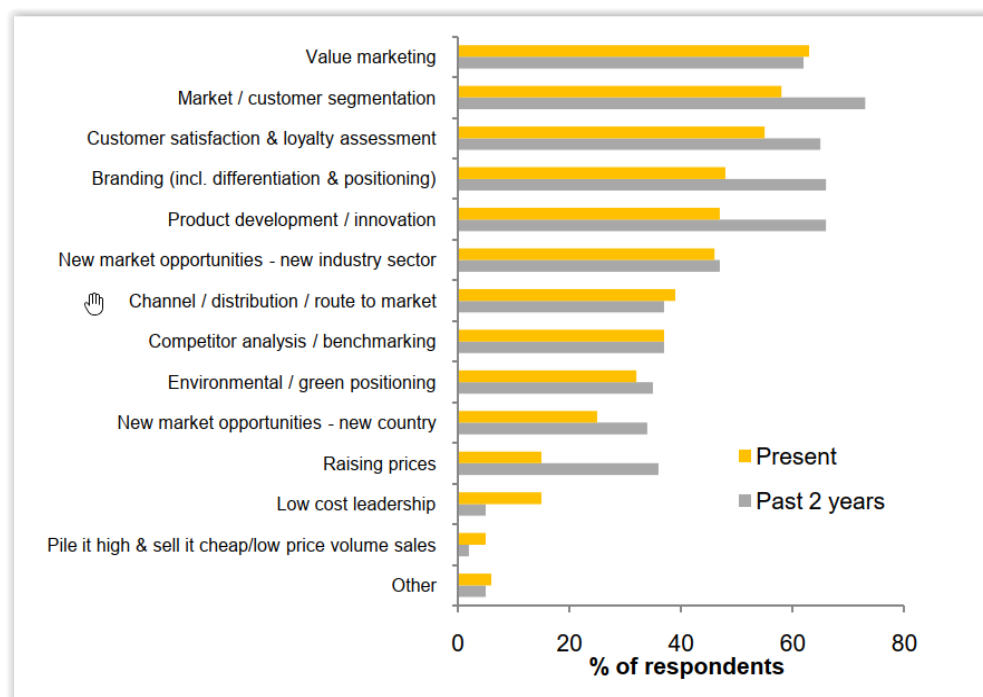


**Figure 7. Digital sales after Covid-19. Source: Kim (2020)**

Kim (2020) states that consumers still prefer to shop in physical stores because it is easier to process information compared to shopping online. When the 2020 crisis started, everything changed, and the workforce and consumers had to make the digital transformation. The pandemic accelerated the transition of the consumption culture into the online hemisphere, and those businesses that couldn't adjust to this new reality lost all access to their customers Kim (2020). Therefore, everyone had to quickly adapt and innovate the way they present themselves as brands and how they provide customer information to survive through this new crisis.

Kim (2020) concludes that the pandemic accelerated the growth of e-commerce and encouraged marketers and managers to prepare for the digital transformations of

the market. Kaur (2020) explains how the pandemic was followed by lockdowns and social distancing that eventually led to a deep-rooted recession in the world economy. When comparing these two crises, it is noticeable they have many differences. These differences are seen through the ways consumers dealt with the crisis and how they felt and changed their habits. Similarities can be seen, for instance, in the way marketing strategies and solutions helped businesses to maintain their relationship with customers.



**Figure 8. Marketing strategies employed in the past and the present. Source: Cupman (2009)**

Cupman (2009) states that market/customer segmentation and customer satisfaction and loyalty are the second and third most popular strategies applied in recession. The main focus is on value marketing, understanding their customers' new needs, and maintaining their loyalty.

The crisis that started in 2020 resulted in full or partial lockdowns, and many consumers were obligated to stay at home. Many people only left the house to buy essential items from grocery stores or pharmacies. Anxiety and fear in some led to panic buying of hygienic products. It is reasonable to anticipate that the world can expect a real economic downturn in the next 12-24 months. Companies have to take all of the

latter into account and adapt to these new conditions. These are the times when most consumers look for affordable options.





## 2.6. Literature gap

**Table 1. Literature Gap. Source: Researcher**

Methodology and context	Literature gap	References
<p>This paper explores different digital marketing strategies and techniques that can be applied in a crisis, while using the descriptive research method.</p>	<p>This paper offers a good foundation for a descriptive part of the analysis but doesn't cover the consumer psychology in recession.</p>	<p>Kaur, H. (2020). Digital Marketing: A Ray of Hope during Pandemic Recession.</p>
<p>This article focuses on observations conducted from multiple interviews of the founding Netflix team.</p>	<p>This article offers a foundation for exploring the reinvention of Netflix through times of recession while it doesn't cover any research coming from the side of customers.</p>	<p>Jaworski, B.J. (2021). Netflix: Reinvention across multiple time periods.</p>
<p>This paper analyzes the effect of digital marketing tools (social networks) in the area of library science and librarianship. Qualitative research.</p>	<p>Results show that a positive outcome could be noticed when applying digital marketing tools, but it doesn't focus on customers.</p>	<p>Sobreira, D., Santos de Oliveira and Garcia-Peñalvo, F. J. (2020). The Use of Instagram as a Digital Marketing Tool by the Brazilian Library Councils in times of Covid-19.</p>
<p>The model of the proactive response in marketing in a recession (and concerning the hypotheses of this research)</p>	<p>This paper highlights the aspects of applying proactive marketing throughout the recession while there is no analysis of the marketing strategies and tactics.</p>	<p>Srinivasan, R., Rangaswamy, A., Lilien, G.L. (2005). Turning adversity into advantage: Does proactive marketing pay off?</p>

<p>includes strategic emphasis on marketing, entrepreneurial culture, and availability of slack resources.</p>		
<p>This paper highlights how digital sales, after the pandemic, connect the transitioning to online shopping, interactive content, challenges in digital sales, etc.</p>	<p>This research examines customer behavior in the 2020 crisis but doesn't focus on research questions connected to digital marketing strategies.</p>	<p>Kim, R. Y. (2020). The Impact of COVID-19 on Consumers: Preparing for Digital Sales.</p>
<p>The paper focuses on analyzing marketing investments, customer loyalty in recession, lacking an in-depth analysis of a specific company.</p>	<p>The paper doesn't answer the research question considering comparing two recessions since that was impossible at the time.</p>	<p>Quelch, J. and Jocz, K. E. (2009). How to Market in a Downturn.</p>

Descriptive studies only describe the current state of a variable, so there are no presumed causes or effects, and *Kaur (2020)* does not include independent and dependent variables in research on digital marketing, seen as a ray of hope during the recession. This paper tries to understand how businesses may survive and thrive during the recession, using the 2020 pandemic as an example. The author concludes that providing value, focusing on customer retention, and using digital marketing during a recession is important. The purpose of this paper is to understand different digital marketing strategies and techniques that can be used in a crisis. This paper uses a descriptive research method, analyzing various research papers, articles, and case studies. Likewise, this research paper covers useful platforms, strategies, and marketing tactics while offering a good base for a descriptive part of the analysis of other research papers. This research paper doesn't focus on explaining consumer psychology in a recession and issues related to companies using digital marketing in recession as examples.

Through 20 years, Netflix survived what most companies could never even dream of surviving. They were not only handling obstacles well, but they were also thriving. In the article about Netflix and its reinvention through multiple periods, *Jaworski (2021)* focuses on observations from three key members of the founding Netflix team, who reflected on their ability to reinvent themselves as a company on multiple occasions. Multiple interviews were conducted for an article in the Theory and Practice section. The interview findings are divided into three general themes: scaling up, managing in multiple periods, and co-creating the future with customers. Theoretical/conceptual research is based on interviews. This article is useful and research conducted on interviews offer a good base for exploring and explaining the reinvention of Netflix through the times of recession in multiple periods as well as co-creating with customers through time. However, there is no research coming from the side of customers and their loyalty during recession times.

The objective of *Sobreira, Santos de Oliveira, and García-Peñalvo (2020)* in the research about the use of Instagram as a marketing tool by the Brazilian Library Councils in times of Covid-19 was to analyze the effect of digital marketing tools (social networks) in the area of library science and librarianship. This paper is based on

qualitative research, a comparative analysis of the content produced in 2019 and 2020, before and during the pandemic, and carried out by the Brazilian Library councils. Furthermore, it includes a comparative analysis of the content produced in 2019 and 2020, with no specific variables. The conclusion was that significant changes could be noticed and a positive outcome when applying digital marketing tools, such as Instagram, in the field of librarianship. This study is not focused on customers but is a rare research paper connecting the use of digital marketing tools in recession, specifically the current pandemic and the economic downturn, applying qualitative research, which is a part of the research methodology of this case study of Netflix.

*Srinivasan, Rangaswamy, and Lilien (2005)* propose a new construct, which the authors describe as proactive marketing in a recession. This paper focuses on turning adversity into an advantage and develops and tests a model of the antecedents and consequences of a proactive marketing approach in times of recession. This research considers company traits as major determinants of their strategic behavior, resource deployment, and performance. Their model of proactive response in marketing in a recession (and concerning their hypotheses) includes strategic emphasis on marketing, entrepreneurial culture, and the availability of slack resources. Also, the severity of the recession, business performance, and cost-cutting. Although it shares similarities in the aspects of using proactive marketing throughout the recession, this research does not analyze marketing strategies and tactics that can be applied during economic downturns. *Srinivasan, Rangaswamy, and Lilien (2005)* conducted a survey of 154 senior marketing executives confirming that some companies indeed adopt proactive marketing during a recession. Also, they conclude that their research provides a base for further theory building in this area. The research stays limited to B2B firms in the US. Their method is based on field interviews, samples, and procedures. Field interviews with 20 senior marketing executives in twelve organizations in eight industries to have a better understanding of proactive marketing. The survey included a cross-industry sample of executives in firms covering four primary industry groups: engineering, computers, telecommunications, and light manufacturing. Their main focus was the marketing activities of firms in recession. Therefore, senior marketing executives were the key informants. The measure development included a nine-item scale that helped in measuring proactive marketing based on behaviors related to the

organization-wide perception of the recession as an opportunity in many ways. The results support a positive effect of the proactive marketing of firms on business performance during the recession. The results also indicate that the business performance impact of strategic emphasis, entrepreneurial culture, and the severity of the recession is fully mediated through the firm's proactive marketing response in a recession while slack resources have a direct effect on business performance over and above its effect on proactive marketing.

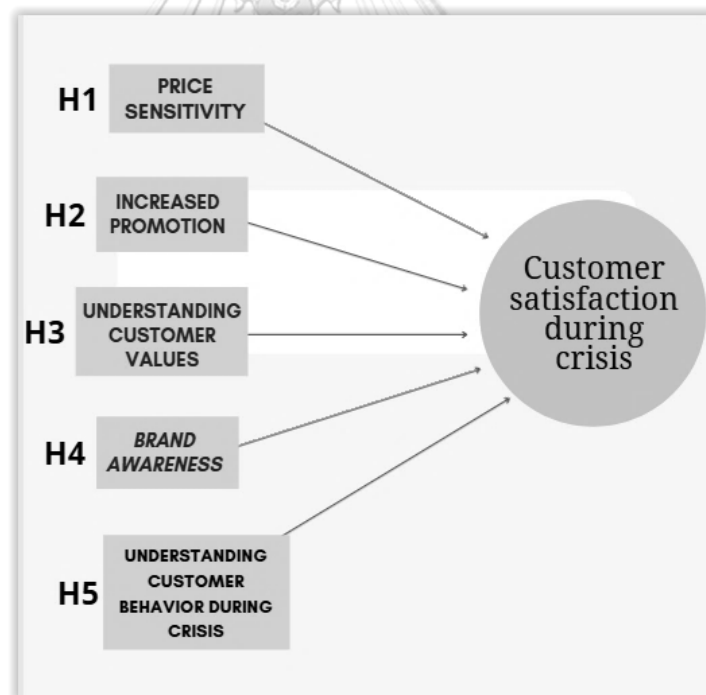
**Kim (2020)** explores developing innovative digital-sales initiatives and how the pandemic accelerated the growth of e-commerce. These are not the exact variables since this paper doesn't have specific ones but highlights how digital sales after the pandemic connect the transitioning to online shopping, enhances visual cues (AR, VR contents), auditory cues (music), interactive content, and challenges in digital sales. This research highlights how future research might explore the impacts of expanding e-commerce on new product launches, pricing, product development, and management. (*Kim, 2020*) encourages future research on how the pandemic affected consumers and marketplaces. This research article explored how the pandemic accelerated the growth of e-commerce and how that affected consumer behavior. There is a connection in the fact that this research examines customer behavior in the 2020 crisis but this research doesn't focus or answer research questions connected to digital marketing strategies companies should use in a recession or shows any examples of companies. This paper does not investigate the psychological impact on customer loyalty. Also, it does not analyze specific strategies and tactics of digital-sales initiatives.

**Quelch and Jocz (2009)** explain the 2007 to 2009 recession psychology in-depth, analyzing marketing investments and customer loyalty. The research article/Harvard Business Review lacks an in-depth analysis of a specific company. It does not include specific variables. This article is an excellent base for understanding recession psychology and how brands act during difficult times. It focuses on the crisis of 2009, so it doesn't answer the research question and compares two recessions since that was impossible at the time.

## 2.7. Conceptual framework

Netflix, like all companies, faced the crisis that started in 2020. Netflix is one of the companies that survived the economic crisis and, so far, thrived through it. Nevertheless, the times are unpredictable and unstable. This research paper investigates how Netflix successfully handled the latest financial crisis by applying digital marketing strategies and being innovative, which represents the basis of this research.

The objective is to maintain and increase customer loyalty and satisfaction through digital marketing strategies and tactics. This research examines the effect of price sensitivity, increased promotion, understanding customer values, brand awareness, and understanding of customer behavior on customer satisfaction during times of crisis.



**Figure 9. Theoretical framework: The Case of Netflix**

### 2.7.1. Hypothesis development

The literature shows that there is a positive relationship between price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behavior during crisis, on customer satisfaction during crisis. Therefore, the following hypotheses are constructed.

Internet marketing can significantly impact the nature and degree of customer price sensitivity. Pricing decisions are crucial when creating marketing strategies and depending on price sensitivity toward brands (Shankar, Rangaswamy, and Pusateri, 1999). Customer price sensitivity refers to the degree to which price determines customer inclination to buy a product or service. Normally, price sensitivity is measured by the price elasticity of demand, precisely how a percent change in price affects the quantity demanded by customers. Price sensitivity affects the ultimate profitability of companies. It is an individual difference variable describing how individual consumers show their reactions to changes in price levels. Price sensitivity depends on individual customers' perception of the cost since everybody has a price acceptability range. If the price changes have a proportionately greater impact on demand for a product then it is known as elastic demand (Al-Mamun, Rahman, and Robel, 2014). There are two different attitudinal dimensions to price sensitivity, including price importance and price search. Price importance refers to the relative importance of price considering the influence it has on purchase decisions, while price search refers to customers' proclivity to undertake a price search to find better prices (Shankar, Rangaswamy and Pusateri, 1999). Streamlining product portfolios, improving affordability, and bolstering trust are three effective ways of balancing efforts to pare costs and shore up short-term sales against investments in long-term brand health (Quelch and Jocz, 2009). The most important thing is tailoring the proper strategies and tactics throughout the recession. Therefore, price sensitivity and offering adapted price options are crucial for brands and businesses when trying to survive and thrive in recession times. Affordable prices keep loyal customers and attract new ones, especially in times of crisis. Hence, price sensitivity leads to customer satisfaction, especially in a recession. Firms that place a strategic emphasis on marketing embody an entrepreneurial culture, possess slack resources, and have the flexibility to redeploy these resources are more likely to step

up their marketing activities during a recession (Srinivasan, Rangaswamy and Lilien, 2005).

Adapting prices is crucial for businesses to survive recessions, keep loyal customers, and attract new ones. Hence, I hypothesize that:

**Hypothesis 1: Price sensitivity during times of crisis leads to customer satisfaction**

Furthermore, promotion represents the basic part of marketing. Promotional marketing is a set of activities that refers to sharing knowledge about a brand, product, or service with as many people as possible. The aim is to increase brand awareness and sales. Likewise, the goal is to increase demand and differentiate it. Promotion belongs to the 4Ps of marketing and links to strategies and techniques that help communicate a product to the audience.

Maintaining or increasing advertisement when others are cutting back can improve market share. In addition, it pays to maintain consistent advertising expenditure in an economic downturn. Many studies have shown that the benefit of increasing the marketing spend and advertisements are best seen and manifested in the profit level after the recession and during the recovery period (Amissah and Money, 2015).

Digital marketing proves to be a blessing for businesses during a pandemic-dipped recession (Kaur, 2020). Hence, in times when everything is unpredictable businesses must stay relevant. One of the ways for businesses to try to stay relevant can be investing in marketing and increasing promotion so that brands maintain their visibility.

The year 2020 leads to a high success rate of digital marketing, and the reason is the increase in numbers of internet users due to lockdowns (Kaur, 2020). The crisis changed everyone's reality with digital transformation changing the dynamic of workplaces. At the same time, digital marketing and online promotions are more important than ever, influencing customer satisfaction since traditional marketing became almost irrelevant for many businesses.



During lockdowns, the number of internet users has increased, and businesses were found amid digital transformation, needing to adapt if they wanted to stay relevant. Hence, I hypothesize that:

**Hypothesis 2: Increased promotion during times of crisis leads to customer satisfaction.**

Customer value can be defined as a balance between the customer perception of the benefits a customer gets from a certain product or a service and the problems they may face when using and owning a certain product or a service. Businesses need to identify those values and offer products and services that will ultimately maintain long-term relationships with customers while providing a great customer experience.

Considering the right marketing tactics to apply during the recession, it is critical to track how consumers are reassessing priorities, reallocating budgets, switching among brands and product categories, and redefining value (Quelch and Jocz, 2009). Reminding consumers of how the brand matters can add to the cushion provided by previous investments in building the brand and customer satisfaction (Quelch and Jocz, 2009).

In many ways, the crisis that began in 2020 transformed the market structure and the consumer culture. (Kim, 2020) states how consumer spending decreased in 2020 while consumers' insights indicate that the market is transitioning to e-commerce, resulting in the rise of online shopping.

Throughout an economic downturn, most consumers reevaluate their consumption priorities (Quelch and Jocz, 2009). When extreme downturns occur, consumers can remain the heightened economic vulnerability for a decade or even longer. The result of those difficulties is noticeable in a profound transformation in consumers' attitudes and values (Quelch and Jocz, 2009).

While businesses are putting consumers under a microscope, their customers are, in turn, examining them more closely than ever (Quelch and Jocz, 2009).

Analyzing and understanding customer values is highly important in times of economic downturn. Likewise, examining how this analysis leads to customer satisfaction and better business results.

Understanding changing consumer values instigated by a crisis, analyzing target audiences, and identifying shared values links to building customer loyalty by providing better products or services. Hence, I posit that:

**Hypothesis 3: Understanding different customer values during times of crisis leads to customer satisfaction.**

Brand awareness describes the degree of consumer recognition of a product by its name. Creating brand awareness can be crucial when companies are promoting new products since brand awareness can be connected to qualities that make products stand out when compared to one of the competitors.

(Poranki, 2015) states that the concept of brand awareness is understood as the extent to which a brand is recognized by potential customers while being correctly associated with a certain product. (Poranki, 2015) highlights that brand awareness is the primary goal of advertising, in the beginning, or when products are introduced to the market.

(Quelch and Jocz, 2009) point out the importance of reminding customers of how the brand matters can add to the cushion provided by previous investments in building the brand and customer satisfaction. Although strong brands can be carried for some time considering previous brand-building investments, during times of recession or any crisis, no brand can rely solely on past efforts and image. Customer satisfaction is many times connected to customer loyalty. Customer loyalty refers to a measure of a customer's likeliness to do repeat business with a company or brand.

Brand awareness leads to customer satisfaction during times of crisis because the increased consumer awareness of the brand is connected and results in buying products, ultimately enhancing affection and loyalty to the brand. Hence, I hypothesize that:

**Hypothesis 4: Brand awareness during times of crisis leads to customer satisfaction.**

Consumer (or customer) behavior refers to an individual's purchase patterns, including social trends, frequency patterns, and background factors influencing their decision to buy something. Understanding the behavior of their target audience helps businesses run successful marketing by staying ahead of the curve. Consumer behavior propels or undermines performance, and therefore, companies need to identify consumption patterns and understand how they evolve in a recession (Quelch and Jocz, 2009). Subsequently, it is significant to adjust the strategies of firms to the new circumstances. Quelch and Jocz (2009) highlight that extreme downturns lead to consumer heightened sense of economic vulnerability that can last for a decade or longer. Prolonged recessions have the greater possibility to affect consumer attitudes and values in profound ways (Quelch and Jocz, 2009).

Sales performance improvement is crucial for any company, but it is vital to identify changed behavior and associated beliefs and motivators while generating new insights. Eventually, companies can adjust marketing messages, refining their products and services according to their understanding of consumers during a crisis. Hence, I theorize that:

**Hypothesis 5: Customer behavior during times of crisis leads to customer satisfaction.**

## 2.8. The Marketing Mix of Netflix company

Netflix is one of the leading online streaming media and entertainment companies. After registering to the Netflix website and paying, people can watch TV shows, movies, and documentaries. Meanwhile, no commercials are there to bother anyone.

Netflix is a service marketing brand, so there are other three Ps that make a 7Ps marketing mix of Netflix: *people, process, and physical evidence*.

This study focuses on how Netflix triumphed during recessions and how businesses can learn from their success by focusing on applying digital marketing strategies and tactics during times of crisis. McDonald and Smith-Rowsey (2016) point out how both young and old viewers enjoy binge viewing, and Netflix is the perfect example of marathon spectatorship. Netflix has a strategy of producing original content with the intention of multi-episodic viewing and releasing all of a show's seasons at once. The latter represents the response to audience preferences and expectations.

Quantitative research is applied to quantify data and generalize results from a sample (survey) to the population of interest (residents of Split, Croatia). In addition, qualitative research involves information analysis and exploring some further findings.

A survey includes respondents from Split to study the impact of digital marketing and respondents' usage of a streaming service of Netflix. Did digital marketing strategies that the Netflix company applied during a recession in 2008 and since the beginning of a 2020 crisis influence their customer habits and choices? This question, among others, will be examined in a survey from 100 respondents. The survey is conducted on customer satisfaction (CSAT) with a list of independent and control variables affecting customer satisfaction. Parameters used in the research include quality, customer experience, pricing, and digital marketing.

### 2.8.1. Introduction to Netflix

Netflix was founded in 1997 by Reed Hastings and Marc Randolph in Scotts Valley, California. The primary business of the company is a subscription-based streaming service. The streaming service offers online streaming from a library of films and television series, including those produced in-house. Randolph (2019) states that their goal, at the very beginning, was to have the most complete collection of DVDs in the world. Randolph (2019) points out how he thought that approach would make good marketing copy since the competition has not tried that strategy. No one thought of carrying many DVDs, but Netflix thought about offering multiple copies of DVDs with popular titles. They decided to do the latter because in that way no customers would be left waiting.

Eventually, the Netflix company decided to develop complex algorithms to accurately match supply with anticipated demand (Randolph, 2019). It was a bold business move in those times accompanied by the consumer knowledge and connections with distributors of Mitch Lowe, who came up with the idea of creating an ideal lending library.

In 1997, DVD distributors were small niche companies that were not that successful considering the fact they mostly lacked DVDs to rent or it was hard to attract people to rent. Netflix's goal was to build a library of every DVD in existence - they wanted to find a single copy of a single hard-to-find title. They needed to convert everything into a storage facility. Randolph (2019) described it as looking like a cinephile hoarder's basement that eventually began to resemble a video store. It took months to build a mailer and a website since everyone had to build everything by themselves, buy a template for an online store, write a code for one, buy the server and the servers themselves (Randolph, 2019).

Establishing the company culture happened organically. Randolph (2019) states that the now-famous Netflix culture arose honestly and simply by respecting teamwork. Their company culture wasn't the product of meetings or careful planning. The company built a culture of "freedom and responsibility". In reality, it was just about dozen brilliant and creative people who were given problems and enough amount of space to solve them.

Netflix launched in April 1998 with 800 titles of DVDs available to rent. They knew everything involving the DVD business was risky and pure experimenting. VHS was still the most popular thing out there. Netflix was almost named CinemaCenter. Initially, everyone shied away from the name Netflix even though the name had the internet plus movie aspects, and it sounded a bit explicit, to say it more politely. But they eventually picked Netflix.com, and the rest is history. The company assembled an inventory, put together a website, built a company with culture, and launched Netflix. It was a dream of making an e-commerce site for DVDs come true. That was the launch of the nation's first Internet DVD rental store with a possibility to buy or rent DVDs.

The Netflix company took a great risk at the beginning. They recognized an opportunity to create a major commerce brand in a billion-dollar market, becoming the

crucial catalyst in the growth of one of the fastest-growing consumer electronic categories (Randolph, 2019).

Osur (2016) highlights how Netflix moved from DVD distribution to video streaming after setting the foundation throughout ten years of work before this shift. The Netflix branding is based on consumer choice and personalized experiences. They launched their Watch Now streaming in 2007. Netflix was soon transformed into an Internet TV network.

Netflix is now a leading streaming service, a household name that is extremely successful and popular almost everywhere in the world. The latter is the outcome of hard and innovative work from the company's team since they entered the market. Also, it is the outcome of ingenious digital marketing strategies. Netflix provides streaming entertainment services to over 200 million paid users in over 190 countries who watch their TV series, documentaries, and feature films in various genres and languages. Statistics claim that, at the end of 2020, Netflix paying streaming subscribers numbered 203.66 million. Netflix's digital marketing strategy includes various campaigns, commercials, and social media posts. Company members can watch their content anytime and anywhere, as long as they are connected to the internet.

Social media became very popular in the past years, and Netflix's social media team smartly applies their social media strategies, keeping loyal and new customers interested in what comes next. Netflix's social media team creates unique posts that frequently get viral among social media users while avoiding giving money to sponsored posts. Netflix's social media strategy contains a strategic approach to start their customer interaction in the comments section. The company creates questions and polls, motivating users to interact, putting Netflix on trending topics. Their digital campaigns adjust to their customer needs and wherever their target audience lives. In addition, the company cooperates with various companies and institutions, such as banks and Instagram, with their multi-channel campaigns. They connect these collaborations in a way. For instance, having an account on a bank partnering with Netflix can get an individual a discount for using Netflix.

Netflix offers a free trial that lasts for thirty days, and it is possible to cancel the membership without payment within those thirty days. There is no cancellation fee,

commitment, or contract. If someone decides to become a subscriber, the Netflix team keeps their subscriber interested by making everything distinctive and personalized with the help of the data-driven system.

Netflix incorporates the latest developments and trends considering the lifestyle of new generations. For instance, Netflix created various camera effects since that became popular on Snapchat and Instagram. Netflix has a strategy based on authentic interaction with their customers and being always up to date and innovative.

### 2.8.2. Product, price, place and promotion

*The product strategy* of Netflix includes a free trial of one month, a subscription that can be cancelled at any time (no contracts, fees, or commitments are necessary), and a membership of three customer plans that contain different levels of access to the content (Basic, Standard and Premium Plan).

*The price strategy* of Netflix includes one month of free trial service and psychologically based pricing, which is pocket friendly with additional benefits depending on a type of Netflix Plan.

*The place strategy* of Netflix refers to the fact that it is available anywhere, and the entire business is mostly conducted online. Netflix has services available through Smart TVs, smartphones, tablets with internet access. In addition to this, there is a possibility of renting movies and TV shows.

*The promotion strategy* refers to Netflix's usage of almost all media channels for promotion while offering a free trial policy. Netflix is active on social websites like Facebook and Twitter, present on commercial billboards, print ads, TVCs.

Netflix started its brand positioning as a DVD rental company, building its signature as a brand through design, high-quality and unique content, and understanding of its customers. In 2008, Netflix positioned itself as a streaming service. The company started to increase brand awareness connecting their business with social media, adopting new designs, positioning itself stronger as a streaming service. Brand consistency is important for companies to maintain their success. (Quelch and Jocz,

2009) point out the importance of reminding customers of how the brand matters can add to the cushion provided by previous investments in building the brand and customer satisfaction.

Netflix is one of the companies that survived the economic crisis and so far, in many ways, thrived from it. Nevertheless, the times are unpredictable and unstable. This study investigates the effect of price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour during a crisis on customer satisfaction in a time of crisis. Furthermore, this study analyses how Netflix handled the situation by applying digital marketing strategies and techniques innovatively. The objective is to explore how companies can maintain and increase customer satisfaction through digital marketing strategies and tactics.

### 2.8.3. STP Marketing

STP marketing refers to segmentation, targeting, and positioning. *Segmentation* (in general) refers to people between sixteen and sixty years old. These people are mostly busy, have jobs and families, and are rational with money. They are mostly more into films rather than series. *Positioning* refers to a non-binding subscription, quality of content, broad content, possibility to rate Netflix shows. *Targeting* refers to personalized content, adaptable screens for many users, and providing HD and Ultra HD 4K content.



## CHAPTER III METHODOLOGY

This chapter is composed of the following sections:

### 3.1. Research strategy and design

### 3.2. Data collection

### 3.3. Operationalization

#### 3.3.1. *Dependent variable*

#### 3.3.2. *Independent variables*

#### 3.3.3. *Control variables*

### 3.4. Sample selection

### 3.5. Data analysis

### 3.6. Reliability and validity

### 3.7. Ethical considerations

### 3.8. Conclusion

### 3.1. Research strategy and design

This work is a quantitative study that includes a survey conducted with an online questionnaire to collect the data to examine the variables. The objective of the study is to understand and analyse the influence of price sensitivity, increased promotional activities, understanding of customer values, brand awareness, and understanding of customer behaviour during times of crisis on customer satisfaction in Croatia (Split) towards the Netflix company and its digital marketing strategies and tactics during the economic downturn.

This complete research takes a deductive and an inductive approach, including a quantitative questionnaire survey. The responses from the survey are analysed to test hypotheses based on other research theories and observations. Thus, this research

contains complementary qualitative research, precisely a set of observations. Moreover, this research includes Likert scale items and data from this continuous rating scale that are considered to be quantitative. The goal of this study is to collect a large amount of data about the influence of price sensitivity, intensified promotional activities, understanding of customer values, brand awareness, and understanding of customer behaviour on customer satisfaction in times of crisis. Also, the goal is to gain objective data to be able to generalize it to the population of Split (Croatia).

Pärson and Vancic (2020) mention that a survey is the most frequently used research tool to gather data in cross-sectional research. Moreover, it was easier to choose this kind of research tool during a pandemic. As Pärson and Vancic (2020) state, it was easier to use this method with this tool due to time constraints since the researcher and the respondents were geographically distant from each other during the research process. Online questionnaires are ideal for finding the right data for accepting or rejecting the hypotheses and for answering research questions (Pärson and Vancic, 2020). Also, self-completion questionnaires are convenient for the respondents, are fast to administer, and allow a large sample size (Pärson and Vancic, 2020).

This research is empirically tested, and based on the crisis triggered by Covid-19, trying to capture the reality of the current situation through the analysis of applied digital marketing strategies and the influence of independent variables on customer satisfaction in a crisis. This research explores the causal connection between customer behaviour and values considering buying the products/services of the Netflix company, as well as all of the variables mentioned in the conceptual framework. It is important to highlight that this study takes an approach from exploratory research since there are few existing theories and researches that can be applied to this unpredictable situation. In its nature, exploratory research involves testing several hypotheses. Exploratory research refers to a methodological approach used in marketing to find initial information about an issue while investigating the research questions that have not previously been studied in-depth or clearly defined. Pärson and Vancic (2020) mention that the exploratory nature of the study gives multiple indicators for future research. In a series editor's introduction, explaining the premise of a book by Stebbins (2001), editors state that exploration represents an arguably more inviting and accurate way of

representing social research than treating it as a narrowing, quasi-rule bound, and discipline-based process. They also highlight the importance of unsettling and questioning what one knows, combining flexibility and pragmatism in a way. Stebbins (2001) discusses the idea of systematic and intentional exploration. Exploration is not a synonym for qualitative research; it emphasizes the development of theory from data, whereas qualitative research accentuates methodology and the concrete collection of data by which this development is accomplished (Stebbins, 2001).

### 3.2. Data collection

Data sources included in this thesis refer to books, peer-reviewed articles, statistics, online sources, and relevant newspaper articles. These sources were used to develop a theoretical framework and limit the scope of the relevant data. The hypotheses were built on the elaborated knowledge from these sources, presenting the relationship between the variables. A questionnaire with instructions was created to collect data. It was created in Google Forms because of the possibility to adapt the questionnaire to different devices and easily use it. Moreover, the questionnaire was created and sent out in English, since the researcher assumed that an English questionnaire is reasonable for answering in Croatia. According to the Croatian Bureau of Statistics, over 80% of Croatians speak English. In addition, the questionnaire was sent out to groups of respondents aged 20-29 and 30-39 years old. The survey was distributed through social networks such as Instagram, Facebook, and WhatsApp, including messages that were sent to spread awareness of the survey. Overall 161 people responded to the questionnaire about their usage of Netflix during the pandemic and customer satisfaction in the time of crisis. Furthermore, the questionnaire was first tested in a pilot study on friends and relatives of the researcher since they also belong to the investigating sample. The pilot study helped to improve items, ensuring validity. Pärson and Vancic (2020) mention that pilot testing can guarantee a higher validity and reliability of the collected data; so that what needs to be measured is measured.

### 3.3. Operationalization

Primary research consists of conducting a survey and primary sources include statistical data. Secondary research involves the examination of studies of other researchers while secondary sources include books, articles and journals. Quantitative Research Model (paradigm) is used to describe the overall framework. Investigated concepts include variables that can be measured. Quantitative research is used to quantify data and generalize results from a sample (survey) to the population of interest while qualitative research is used to explain and explore some further findings. The answers of this survey ultimately provide data in numeric values that can be worked upon and further analysed. The Likert variation displays a list of statements (rows) and scale points (columns) in a table format.

The hypotheses were built based on the theoretical framework, precisely the knowledge and research from the various sources, showing the relationship between the variables. A survey questionnaire is created to collect data. Variations include written questionnaire and a focus group in this case study. Survey is most often used to describe a method of gathering information from a sample of individuals, providing an important source of scientific knowledge (Scheuren, 2004). Surveys also gather information from only a portion of a population of interest, and the sample size depends on the purpose of the study (Scheuren, 2004).

Pärson and Vancic (2020) point out that the online questionnaire is ideal for finding the right data for accepting or rejecting the hypotheses and ultimately answering the research question. Pärson and Vancic (2020) state that there are many benefits of using self-completion questionnaire since they are convenient for respondents and fast to administer while offering an opportunity for a large sample size. On the other hand, the lack of control and the risk for a low response rate represent some of the disadvantages of self-completion questionnaires (Pärson and Vancic, 2020). Surveys are consistently used to measure quality and Likert scales represent a common ratings format for surveys. Respondents rank quality from high to low or best to worst using five or seven levels (Allen and Seaman, 2007).

Overall, the questionnaire was divided into seven sections. The survey starts with a short introduction and information given by the researcher and proceeds with the demographic characteristics for the control variables. The questionnaire contains items that should measure the corresponding variables to enable the analysis (Pärson and Vancic, 2020). Finally, the survey consists of items on the independent and dependent variables. In addition, these items were on a 5-point Likert scale, going from *1 = strongly disagree* to *5 = strongly agree* or *1 = very satisfied* to *5 = very dissatisfied*. The questionnaire can be found in *Appendix 1*, while the variables overview can be found below.

Several control variables are tested in this empirical study to address the proposed research questions. The purpose of this questionnaire is to examine the influence of price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour during the times of crisis on customer satisfaction in Split (Croatia), towards the Netflix company and its digital marketing strategies and tactics during recession. A non-comparative Likert scaling technique was used.

The questionnaire is divided into 7 sections:

### **Section 1: Demographic Characteristics**

The first section of questions requested respondents to provide their information, which included gender, age group, employment status, family size, personal income, and education level. This part included two more personal questions (control variables) that refer to Netflix viewership data.

Bae (2012) describes how customer satisfaction – customer loyalty association is one of the most vital relationships for marketing theory and practice. The essential concepts of this thesis include “price sensitivity”, “understanding different values”, “brand awareness”, “digital transformation = more promotion”, “customer behaviour during times of crisis”, and “customer satisfaction”.

### **Section 2: The Price Sensitivity Questionnaire**

The second section, price sensitivity, is measured by The Price Sensitivity Questionnaire, containing six questions, as partially adapted from Mumcu and Kimzan (2015). Also, this questionnaire was partly based on the case study of Irani and Kambiz (2011). This questionnaire has six items and the instrument utilized a five-point Likert scale ranging from 1 to 5. The scale for measuring PS comprises six items whose purpose is to capture the respondent's willingness to buy Netflix products if the price changes during the crisis.

### **Section 3: The Increased Promotion Questionnaire**

The third section, increased promotion, is measured by The Increased Promotion Questionnaire as partially adapted from Bakator, Đorđević and Čočkaló (2018). Also, questionnaire items were partly based on the case study of Yang (2009). This questionnaire has five items and the instrument utilized a five-point Likert scale ranging from 1 to 5.

### **Section 4: The Understanding Customer Values Questionnaire**

The fourth section, understanding customer values, is measured by The Understanding of Customer Values Questionnaire partially based on the research of Sweeney and Soutar (2001). Also, this questionnaire was partly based on the case study of Thanh (2014). This questionnaire has six items and the instrument utilized a five-point Likert scale ranging from 1 to 5.

### **Section 5: Brand Awareness Questionnaire**

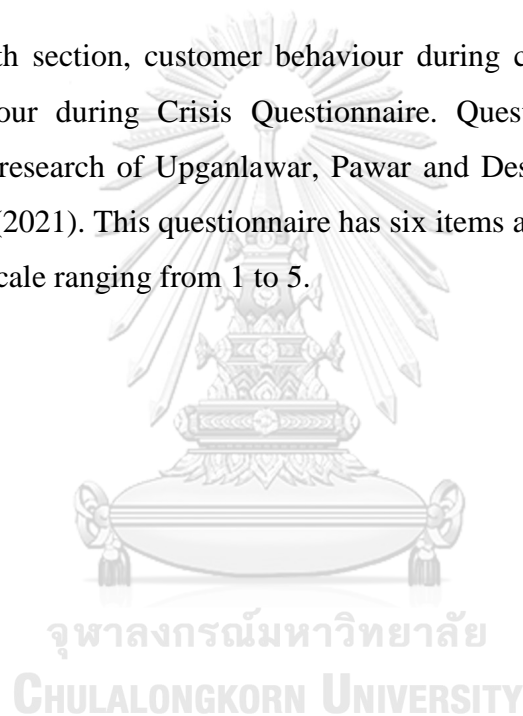
The fifth section, brand awareness, is measured by The Brand Awareness Questionnaire partially adapted from Mujahid (2015). Also, this questionnaire was partly based on the case study of Thanh (2014). This questionnaire has seven items and the instrument utilized a five-point Likert scale ranging from 1 to 5.

### **Section 6: Customer Satisfaction During Crisis Questionnaire**

The sixth section, customer satisfaction, is measured by The Customer Satisfaction during Crisis Questionnaire. Questionnaire statements and items were partly based on the Urganlawar, Pawar and Deshmukh (2021) and Rahman and Arif (2021) papers. This questionnaire has six items and the instrument utilized a five-point Likert scale ranging from 1 to 5.

### **Section 7: Customer Behaviour or Expectation during Crisis Questionnaire**

The seventh section, customer behaviour during crisis, is measured by The Customer Behaviour during Crisis Questionnaire. Questionnaire statements were adapted from the research of Urganlawar, Pawar and Deshmukh (2021), as well as Rahman and Arif (2021). This questionnaire has six items and the instrument utilized a five-point Likert scale ranging from 1 to 5.



**Table 2. Overview Variables**

Variable Type	Variable	Retrieved from
Dependent Variables	Customer satisfaction in the time of crisis	Questionnaire
Independent Variables	Price sensitivity Increased promotion Understanding customer values Brand awareness Understanding customer behavior in the time of crisis	Questionnaire
Control Variables	Gender Age group Personal income Education Employment status Number of children Community Netflix subscriber Netflix viewership data	Questionnaire

### 3.3.1. Dependent variable

Pärson and Vancic (2020) state that the dependent variable measures the outcome of the research model. An independent variable is the cause, it isn't changed by the other variables. The dependent variable is the effect in a causal research study, and its variation is being studied, by altering inputs. For this study, the dependent



variable is customer satisfaction in a time of crisis. Since no exact previous items were found in studies on customer satisfaction considering the crisis starting in 2020, the inspiration for operationalizing the dependent variable (combined with independent and control variables) came from various researches that examined customer satisfaction in the time of crisis in different ways. Chapters Introduction and Theoretical framework highlight and explain these resources. In addition, Methodology explains several studies used for measuring customer satisfaction based on the items found in research articles.

Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on the five independent variables. Furthermore, descriptive statistics, multicollinearity, and Paerson correlations were used as methods of measurement of customer satisfaction in SPSS.

### 3.3.2. Independent variables

To provide a basis for this study, Chapter 2 – Theoretical framework (2.7.1. Hypotheses development), was used to determine the key aspects. The research articles of Quelch and Jocz (2009) and Jaworski (2021) created the foundation for this study, in a way, and its hypotheses and questionnaire. Furthermore, the suitable research articles were found to help understand and analyse the results of this study. In this way, it was easier to measure the variables and their effect on customer satisfaction during crisis, as well ensuring a high validity of the study. To guarantee the reliability of all of the dependent and independent variables, multicollinearity test and Paerson correlation were conducted.

Five main independent variables were created for this study.

**Price sensitivity during crisis leads to customer satisfaction**

The first variable is the price sensitivity in a crisis. It can be noticed that all of the variables are intertwined in a way since one thing leads to another. Even if some companies did not change their prices, many people lost their jobs due to an economic downturn and had to cut their spending. It was already mentioned that many tried to find more affordable products during these times. Price sensitivity refers to consumers' sensitivity to price changes and represents one of the most important aspects of decision-making since it ultimately influences a company's revenues and profits. Also, pricing strategies influence customer behaviour in the long run. Therefore, understanding customers' price sensitivity and consumer purchasing behaviours are crucial for businesses. Price sensitivity measures the percentage of sales a company will lose or gain at any particular price point relative to another lower or higher price point.

In the segment Conceptual framework, price sensitivity is mentioned as the first independent variable whose effect on customer satisfaction during crisis was analysed. Precisely, the hypothesis statement that price sensitivity leads to customer satisfaction during the time of recession. Adapting prices is crucial for the survival of businesses during the economic downturn and overall unpredictable circumstances of these times, as well as keeping loyal customers and attracting new ones. Shankar and Rangaswamy (2001) highlight that the benefits and costs of information search, and therefore price sensitivity, depend on online medium-related factors, customer factors, and intermediary factors. Shankar and Rangaswamy (2001) hypothesize that the online medium increases the proclivity to search for prices (main effect). Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on *price sensitivity* and other independent variables. Furthermore, descriptive statistics, multicollinearity, and Paerson correlations were used as methods of measurement of price sensitivity in SPSS.

### **Increased promotion during a crisis leads to customer satisfaction**

The crisis that began in 2020 influenced consumer behaviour and sentiment in the entire world. Consumer reactions varied, some consumers reacted more optimistically, depending on a country economically affected by the crisis. Objectively speaking, it is hard to talk about optimism when the world is about to experience a sharp decline in economic activity. Times of crisis require higher awareness and refusal of surrendering to fate. In the business world, brands need to learn to be focused more than ever, trying to be innovative considering reassessing digital initiatives.

The 2020 online growth happened rapidly. Digital channels became the primary customer-engagement model. This variable in the conceptual framework of this research refers to the fast digital transformation on all brands and businesses – and that lead to a need for quicker, more innovative promotion. Furthermore, the economic crisis resulted in shock in various ways, affecting and changing customer loyalty due to several circumstances.

Bakator, Đorđević and Čočkalo (2018) state that customer behaviour on the market is under the influence of customer preferences and motivations and that this is due to the intensive promotional activities that specifically target these customers. Bakator, Đorđević and Čočkalo (2018) hypothesize that increasing the intensity of promotional activities improves customer satisfaction. Bakator, Đorđević and Čočkalo (2018) obtained information from the surveys as primary research data while conducting a descriptive statistical analysis for every measured construct. Bakator, Đorđević and Čočkalo (2018) used Likert scale items in order to acquire more reliable data on the measured constructs. Bakator, Đorđević and Čočkalo (2018) viewed customer satisfaction as a dependant variable and the other constructs, such as promotional activities, as independent variables. In their conclusion, Bakator, Đorđević and Čočkalo (2018) state that the results of the analysis showed strong positive correlation between the observed variables, suggesting a positive relationship between the investigated marketing constructs.

Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on *increased*

*promotion* and other independent variables. Furthermore, descriptive statistics, multicollinearity, and Paerson correlations were used as methods of measurement of increased promotion in SPSS.

**Understanding different customer values during a crisis leads to customer satisfaction**

Understanding changed customer values in the times of crisis can lead to customer satisfaction. Customer value can be defined as the perception of what a product or service is worth to a customer in comparison to the possible alternatives. The key is creating open-ended questions for specific core needs/values, such as safety or enjoyment of life. Customer measures will also be measured by creating an open-ended survey questions using Likert scale items for specific core needs/values and how does a certain product or service fills those needs/values. Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on *understanding customer values* and other independent variables. Furthermore, descriptive statistics, multicollinearity, and Paerson correlations were used as methods of measurement of price sensitivity in SPSS.

**Brand awareness during a crisis leads to customer satisfaction**

Brand awareness represents the level of consciousness consumers have about a certain brand or a product/service. It is possible to measure brand awareness with online questionnaire surveys, focusing on the ability of a consumer to distinguish a brand image and associate it with the products or services of a certain brand. Poranki (2015) bases a research paper on both primary and secondary data, collecting secondary data from various sources while the primary data was collected through a structured questionnaire. The data has been summarized and analysed by using statistical tools relevant to this study. Survey data is exported to SPSS software platform or Excel for advanced analysis/data management. Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on brand awareness and other independent variables. Furthermore, descriptive

statistics, multicollinearity, and Paerson correlations were used as methods of measurement of brand awareness in SPSS.

### **Understanding customer behaviour during crisis leads to customer satisfaction**

Multiple linear regression is used as a model for predicting the value of customer satisfaction during crisis, as a dependent variable, based on understanding *customer behaviour during crisis* and other independent variables. Furthermore, descriptive statistics, multicollinearity, and Paerson correlations were used as methods of measurement of brand awareness in SPSS.

#### 3.3.3. Control variables

The control variables were chosen after the analysis of several research articles where demographics are being used in measuring changed customer satisfaction in regards to price sensitivity, increased promotion, understanding customer values, brand awareness, and understanding customer behaviour. Nine control variables were chosen, as the literature review mentioned that the factors have a certain influence on the relationship of customer satisfaction and previously mentioned independent variables.

#### **Gender**

As an example of a nominal measurement, gender was coded on a nominal scale, transformed from string to numerical values in SPSS, whereas 1 = Male, 2 = Female, and 3 = Non-binary. The data did not contain any missing values.

#### **Age group**

The respondents were asked how old they were and could answer that they are either in an age group of 20-29 years old or 30-39 years old. The age group control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = 20-29 years old, and 2 = 30-39 years old.

Pärson and Vancic (2020) explain how age can influence changed buying behaviour, such as life experiences and the motives of consumers. The latter could also apply to customer satisfaction. The data did not contain any missing values.

### **Personal income**

The respondents were asked about personal income and could choose: 0 HRK, less than 48000 HRK, 48000 to 96000 HRK, 96000 to 144000 HRK, 144000 to 192000 HRK, 192000 to 240000 HRK, more than 240000 HRK, or "prefer not to answer" option. The personal income control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = 0 HRK, 2 = Less than 48000 HRK, 3 = 48000 to 96000 HRK, 4 = 96000 to 144000 HRK, 5 = 144000 to 192000 HRK, 6 = 192000 to 240000 HRK, 7 = More than 240000 HRK, 8 = Prefer not to answer. The data did not contain any missing values.

### **Education**

The respondents were asked about their highest level of education achieved. This item used seven predefined answers: less than high school degree, high school degree or equivalent, some college but no degree, associate degree, bachelor degree, graduate degree, or "prefer not to answer" option. The education control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = Less than high school degree HRK, 2 = High school degree or equivalent, 3 = Some college but no degree, 4 = Associate degree, 5 = Bachelor degree, 6 = Graduate degree, 7 = Prefer not to answer. The data did not contain any missing values.

### **Employment status**

In a survey, the respondents were asked about their highest level of education achieved. This item used four predefined answers: employed full-time, employed part-time, seeking opportunities, or prefer not to answer. The employment status control variable was coded on an ordinal scale, transformed from string to numerical values in

SPSS, whereas 1 = Employed Full-Time, 2 = Employed Part-Time, 3 = Seeking opportunities, 4 = Prefer not to answer. The data did not contain any missing values.

### **Number of children**

In a survey, the respondents were asked about the number of children in families. This item used three predefined answers: none, 1, 2-4. The number of children control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = None, 2 = 1, 3 = 2-4. The data did not contain any missing values.

### **Community**

In a survey, the respondents were asked about their community. This item used four predefined answers: suburban community, city or urban community, rural community, or other types of communities. The community control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = Suburban community, 2 = City or urban community, 3 = Rural community, 4 = Other. The data did not contain any missing values.

### **Netflix subscriber**

In a survey, the respondents were asked about their Netflix subscription. This item used two predefined answers: yes, or no. The Netflix subscription control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = Yes, and 2 = No. The data did not contain any missing values.

### **Netflix viewership data**

In a survey, the respondents were asked questions related to Netflix viewership data. This item used four predefined answers: up to three hours streaming video per week, three to six hours streaming video per week, six to ten hours streaming video per week, more than ten hours streaming video per week. The Netflix viewership data

control variable was coded on an ordinal scale, transformed from string to numerical values in SPSS, whereas 1 = Up to three hours streaming video per week, 2 = Three to six hours streaming video per week, 3 = Six to ten hours streaming video per week, 4 = More than ten hours streaming video per week. The data did not contain any missing values.

### 3.4. Sample selection

No responses were removed, considering the survey data cleaning since individuals who participated in the survey matched the target audience criteria of this study. The researcher created a survey questionnaire in ways that minimize the respondent risk. The inclusion criteria referred to the different requirements that the respondents must meet to participate in the survey, including age group and whether they are Netflix users. The inclusion criteria of this study also included demographic characteristics. The mentioned criteria were crucial for the significance of the survey results. Exclusion criteria referred to respondents who would maybe not provide consent for participation in the study or were not reliable. The author of the thesis assured the potential respondents that the survey was anonymous, excluding the collection of the respondents' personal information.

The main population in this study comprises Netflix users in Split, the administrative centre of Split-Dalmatia County. County population is 425,412 (2021). The population of Split is 150,410 (2021). This case study focused on people who are Split's inhabitants and people who work and study in this city. Split is Croatia's second-largest city and the largest city in the region of Dalmatia. The sample size of at least 385 participants (according to *Sample Size Calculator* by Calculator.net) would be ideal, meaning 384 or more measurements/surveys are needed to have a 95% confidence level that the real value is within  $\pm 5\%$  of the measured/surveyed value.

A survey is conducted to study the impact of digital marketing on the usage of the streaming service Netflix during the crisis. The focus was to examine the effect of digital marketing strategies on customer habits and choices and estimate customer



satisfaction of Netflix users during the crisis. A sample of 161 respondents aged 20 - 39 was selected for this study using the convenience sampling method. All questions were close-ended because all possible answers were given to the respondents. A five-point Likert scale was employed to measure attitudes and opinions and help answer the main research questions. The survey was conducted on customer satisfaction (CSAT DC) with a list of variable factors affecting customer satisfaction as the dependent variable. Independent variables include price sensitivity, increased promotion, understanding of customer values, brand awareness, and understanding of customer behaviour in a time of crisis.

A convenience sample of 161 respondents participated in this case study during September and October 2021. Pärson and Vancic (2020) mention how convenience sampling refers to data usage available to the researchers and their accessibility since it can be effective for preliminary analysis of an issue. Pärson and Vancic (2020) highlight that convenience sampling was seen as an acceptable method for their thesis since the circumstances of the pandemic make it more difficult to recruit respondents according to a quote plan or face to face. In addition, considering the time frame, the absence of funding for the project, and the lack of literature and research on similar global crisis in modern times. The data collection method included a survey, precisely an online medium, and dominantly close-ended questions. The questionnaire was created using Google Forms and distributed by e-mail and social media platforms (WhatsApp, Instagram, and Facebook).

The author of this research paper used its contact networks to distribute the questionnaire to the public. Communication channels such as Facebook, WhatsApp, and Instagram were used for distribution. To improve the response rate, the author also used a snowball sampling method. As Pärson and Vancic (2020) state, the snowball sampling method relies on the referrals from the original group of respondents to generate additional responses. This method also reduces the search costs and time but introduces bias (Pärson and Vancic, 2020).

The sample selection included data collection from Netflix users, not necessarily Netflix subscribers (respondents might borrow an account of someone else). Also, nationality was not regarded. Since data was supposed to be about overall

customer satisfaction and price sensitivity, promotional activities, understanding of customer values, brand awareness, and customer behaviour during the crisis, the control questions relating to Netflix viewership data and subscription were presented firstly in the survey. Other (control) variables involved the demographics analysis.

### 3.5. Data analysis

Google Forms was used for the data collection. The tool Google Forms automatically consolidates all gathered data in the form of a spreadsheet (Pärson and Vancic, 2020). Firstly, raw data was exported to an Excel sheet, then the data was exported to the IBM software SPSS. There, data was sorted and coded so that it can be properly analysed. No data was removed since there was no invalid data that was not possible to use. The number of respondents was n=161. First, the control variables were tested through descriptive statistics and frequencies.

The frequency analysis of four questions are performed to obtain cumulative percentage in SPSS program (Ceylana, Koseb and Aydin, 2014). Other data (increased promotional activities, understanding customer values, brand awareness) is collected by well developed, structured five point Likert Scale. The questionnaire was distributed among the respondents in the defined area of Split, Croatia. The data was analysed using the SPSS program (Statistical Package for Social Science).

**TABLE 1** Likert Scale Response Categories

Scale	1	2	3	4	5
	Never	Seldom	Sometimes	Often	Always
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Most Important	Important	Neutral	Unimportant	Not important at all

**Figure 10. Likert Scale Response Categories. Source: (Allen and Seaman, 2007)**

Likert scales were developed as the familiar five-point bipolar response, ranging from a group of categories while asking people to indicate how much they agree or

disagree, approve or disapprove, or believe to be true or false. There are many ways to build a Likert scale, and it is essential to include at least five response categories (Allen and Seaman, 2007).

Allen and Seaman (2007) state that according to statisticians, data collected from surveys is generally grouped into four levels of measurements, including nominal, ordinal, interval, and ratio data. Data analyses using nominal, interval and ratio data are generally straightforward and transparent. Analyses of ordinal data and the adequacy of treating ordinal data as interval data is not and it continues to be controversial in survey analyses in a variety of applied fields (Allen and Seaman, 2007). Allen and Seaman (2007) highlight that the underlying reason for analysing data as interval data might be the contention that parametric statistical tests (based on the central limit theorem) are more powerful than nonparametric alternatives. Also, conclusions and interpretations of parametric tests might be considered easier to interpret and provide more information than nonparametric alternatives. Allen and Seaman (2007) conclude that treating ordinal data as interval (or even ratio) data without examining the values of the dataset and the objectives of the analysis can both mislead and misrepresent the findings of a survey. As a general rule, mean and standard deviation are invalid parameters for descriptive statistics whenever data are on ordinal scales, as are any parametric analyses based on the normal distribution. Nonparametric procedures—based on the rank, median or range—are appropriate for analysing these data, as are distribution free methods such as tabulations, frequencies, contingency tables and chi-squared statistics (Allen and Seaman, 2007).

Boone, Jr. and Boone (2012) highlight the difference between Likert items and Likert scales. Likert-type items refer to unique and stand-alone Likert questions while Likert scale refers to a series of questions that measure a particular trait when combined. It is important to decide between these two at the questionnaire development stage, so that the decision on the appropriate statistics falls into place (Boone, Jr. and Boone, 2012). Likert-type items can include modes, medians, and frequencies as the appropriate statistical tools to use. Likert scales, on the other hand, use means and standard deviations to describe the scale (Boone, Jr. and Boone, 2012).

To understand the options of these analysis procedures, it is advisable to start with the Steven's Scale of Measurement. The Steven's scale consists of four categories: nominal, ordinal, interval, and ratio (Boone, Jr. and Boone, 2012). Likert-type items fall into the ordinal measurement scale since the numbers assigned to Likert-type items express a "greater than" relationship without being specific how much greater. Likert scale data are analysed at the interval measurement scale. Interval scale data uses numbers to indicate order and reflect a meaningful relative distance between points on the scale (Boone, Jr. and Boone, 2012). Boone, Jr. and Boone (2012) point out that Likert scale items are created by calculating a composite score (sum or mean) from four or more Likert-type items. Descriptive statistics recommended for interval scale items include the mean for central tendency and standard deviations for variability (Boone, Jr. and Boone, 2012).

### 3.6. Reliability and validity

Since the research focused on the effect of price sensitivity, increased promotion, understanding customer values, brand awareness, understanding customer behaviour in the time of crisis on customer satisfaction during crisis as a case study of Netflix, the questionnaire was clear, and written in an understandable manner so that any consumer can answer the questions. Terms used were general and understandable. The questionnaire was anonymous, which was notified in the introduction of the survey. A total of 161 respondents were involved in the survey and 161 valid feedbacks were collected. The thesis conducted SPSS methods to analyse the reliability of the results.

Pärson and Vancic (2020) state how reliability is an issue often associated with quantitative research, which goal is to answer whether the measurements of the study are consistent or not. Pärson and Vancic (2020) highlight the three factors that are commonly used to determine reliability: stability (if the same measurement can be used over time), internal reliability (if the indicators in the scale or index are consistent), and inter-observer consistency (e.g. when more than one observer is categorizing open-ended questions, there may be a lack of consistency).

This research was conducted by creating the questionnaire without open-ended questions to enhance inter-observer consistency.

Validity is perceived as the most important criteria for research quality; referring to if indicators that are set to measure a concept really do measure and capture that concept (Pärson and Vancic, 2020). Pärson and Vancic (2020) highlight that validity can be tested in several ways, and most common way includes measurement validity, internal validity, external validity, and ecological validity. Measurement validity refers to questioning if the measure really reflects the concept indicated, internal validity refers to questioning if every influencing factor has been captured (if variable x affects variable y, and if there are any additional factors that influence the relationship), external validity occurs when the results of the study can be generalized in other contexts, while ecological validity happens when social scientific findings really can be applied to a person's everyday natural environment and settings (Pärson and Vancic, 2020; Bell et al, 2018).

To capture and measure the effect of price sensitivity, increased promotion, understanding of customer values, brand awareness, and understanding of customer behaviour on customer satisfaction during the crisis, the measurement was based on established theories, as well as established scales and items. Moreover, as some of the scales have not been used concerning the unique situation, some items in the questionnaire were adapted with regards to newly published newspaper articles to involve the behaviour of consumers during the pandemic, and to adapt the established theories into a more specific context (Pärson and Vancic, 2020).

For this study, to test reliability and validity, the multicollinearity test and Pearson correlation measures were applied in SPSS. Multicollinearity is a statistical concept where several independent variables in a model are correlated, and among independent variables, multicollinearity will result in less reliable statistical inferences. Moreover, one way to detect multicollinearity is by using a metric known as the variance inflation factor (VIF), which measures the correlation and strength of correlation between the predictor variables in a regression model. Furthermore, the Pearson correlation measures the strength of the linear relationship between two

variables, and has a value between -1 to 1, with a value of -1 meaning a total negative linear correlation, 0 being no correlation, and + 1 meaning a total positive correlation.

### 3.7. Ethical considerations

Pärson and Vancic (2020) mention the four dimensions of ethical concerns, such as harm to participants, lack of informed consent, invasion of privacy, or if deception is involved. As the research is being conducted, it is important to understand how to treat people taking part in the research in an ethical manner. The author created a self-completing questionnaire to gather data. The questionnaire was completely anonymous by only asking for the demographics of gender, age group, educational level, personal income level, employment status, number of children, and community. Other two personal questions were used as control variables and the questionnaire involved Netflix viewership and subscription data. By solely asking for these demographic and personal questions, the answers could not be traced back to any of the respondents, which assured their privacy. Moreover, the survey was distributed online, not via email, ensuring anonymity issues. The researcher gave confidentiality by informing the respondents in the introduction of the survey that the gathered data would solely be used for analysis in this dissertation and nowhere else. Pärson and Vancic (2020) highlight how ensuring anonymity helps respondents to answer the survey more honestly, increasing its reliability and validity. Also, to protect participants' confidentiality, online survey responses were kept confidential, even though the responses to anonymous surveys cannot be traced back to the respondent.

## CHAPTER IV DATA ANALYSIS

This chapter is composed of the following sections:

- 4.1. Descriptive statistics
- 4.2. Multicollinearity and Pearson correlation
- 4.3. Multiple linear regression analysis
- 4.4. One-way ANOVA
- 4.5. Summary

### 4.1. Descriptive statistics

The descriptive statistics show an overview of the empirical data used for this analysis. If the study includes humans as objects of research, controlling the included statistical values and examining if they are in line with the research is of great importance (Pärson and Vancic, 2020).

The below Table 3 depicts the descriptive statistics and includes the control variables. A total of 161 people took part in the survey. Since all the respondents answered the survey questions, none were removed, and the final number of valid respondents was set to  $n = 161$ .

**Table 3. Descriptive statistics and the control variables. Source: SPSS Descriptive statistics results output, 2022.**

Control variables	N	Min	Max	Mean	Std. Dev.
Gender	161	1	3	1.76	.440
Age group	161	1	2	1.42	.495
Personal income	161	1	8	4.36	2.394

Education	161	1	7	4.47	1.775
Employment status	161	1	5	1.72	1.050
Number of children	161	1	3	1.68	.809
Community	161	1	4	1.94	.478
Netflix subscriber	161	1	2	1.27	.444

*Standard deviation refers to the measurement of the average distance between each quantity and mean (how data is spread out from the mean). The largest value in a data set is often called the maximum (or max for short), and the smallest value is called the minimum (or min).*

## Gender

The sample of people in Split, Croatia consisted of 39 (24.2%) male, 121 (75.2%) female, and 1 (0.6%) non-binary respondents (N=161). Majority of respondents are female (121). The results are shown in the table below.

**Table 4. Descriptive statistics and frequency distributions of gender. Source: SPSS Descriptive statistics results output, 2022.**

Gender	Frequency	Percent
Male	39	24.2
Female	121	75.2
Non-binary	1	0.6

## Age group

The sample of people in Split, Croatia consisted of 93 (57.8%) respondents that chose the 20 – 29-year-old age group, while 68 (42.2%) chose the 30-39-year-old age group (N=161). Out of the two age groups, majority of the respondents belonged to the group aged 20-29 years old (93). The results are shown in the table below.



**Table 5. Descriptive statistics and frequency distributions of age group. Source: SPSS Descriptive statistics results output, 2022.**

Age group	Frequency	Percent
20 – 29 year old	93	57,8
30 – 39 year old	68	42,2

### Personal income

The sample of people in Split, Croatia consisted of 6 (3.7%) respondents that chose the 0 HRK as their personal income last year, 37 (23%) respondents chose less than 48000 HRK earned income answer option, 40 (24.8%) respondents chose 48000 to 96000 HRK earned income answer option, 19 (11.8%) respondents chose 96000 to 144000 HRK earned income answer option, 11 (6.8%) respondents chose 144000 to 192000 HRK earned income answer option, 4 (2.5%) respondents chose 144000 to 240000 HRK earned income answer option, 5 (3.1%) respondents chose more than 240000 HRK earned income answer option, while 39 (24.2%) chose prefer not to answer option (N=161). Out of eight possible personal income categories, the majority of the respondents chose the 48000 to 96000 HRK category (40), followed by the ones who chose *Prefer not to answer* option (39), and Less than 48000 HRK category (37). The results are shown in the table below.

**Table 6. Descriptive statistics and frequency distribution of personal income. Source: SPSS Descriptive statistics results output, 2022.**

Personal income	Frequency	Percent
0 HRK	6	3.7
Less than 48000 HRK	37	23
48000 to 96000 HRK	40	24.8

96000 to 144000 HRK	19	11.8
144000 to 192000 HRK	11	6.8
192000 to 240000 HRK	4	2.5
More than 240000 HRK	5	3.1
Prefer not to answer	39	24.2

## Education

The sample of people in Split, Croatia consisted of 4 (2.5%) respondents that chose that their level of educational attainment is less than high school degree, 36 (22.4%) respondents completed high school by obtaining a regular high school diploma or the equivalent, 18 (11.2%) went to college but did not graduate and obtained a degree, 3 (11.9%) respondents earned an associate degree (a two-year post-secondary degree), 28 (17.4%) respondents earned a bachelor's degree, 67 (41.6%) respondents earned a graduate degree (refers to a degree beyond a bachelor's, most commonly a master's), while 5 (3.1%) respondents preferred not to answer this survey question (N=161). Out of seven education categories, the majority of respondents have a graduate degree (67), followed by the ones with a high school degree or equivalent (36). The results are shown in the table below.

**Table 7. Descriptive statistics and frequency distribution of education. Source: SPSS Descriptive statistics results output, 2022.**

Education	Frequency	Percent
Less than high school degree	4	2.5
High school degree or equivalent	36	22.4
Some college but no degree	18	11.2
Associate degree	3	1.9
Bachelor degree	28	17.4
Graduate degree	67	41.6
Prefer not to answer	5	3.1

### Employment status

The sample of people in Split, Croatia consisted of 93 (57.8%) respondents that answered they are employed full-time, 36 (22.4%) respondents that answered they are employment part-time, 24 (14.9%) respondents are seeking opportunities according to their answer, 8 (5%) respondents preferred not to answer this survey question (N=161). Out of four employment status categories, the majority of respondents are employed full-time (93), followed by the ones who are employed part-time (36), while 24 respondents are seeking opportunities. The results are shown in the table below.

**Table 8. Descriptive statistics and frequency distribution of employment status. Source: SPSS Descriptive statistics results output, 2022.**

Employment status	Frequency	Percent
Employed Full-Time	93	57.8
Employed Part-Time	36	22.4
Seeking opportunities	24	14.9
Prefer not to answer	8	5

### Number of children

The sample of people in Split, Croatia consisted of 86 (53.4%) respondents answered that they don't have children, 40 (24.8%) respondents answered that they have one child, 35 (21.7%) respondents have 2 - 4 children (N=161). Out of three categories that include the number of children respondents have, the majority of them answered that they do not have children (86), followed by respondents who have one child (40), and 2-4 children (35). The results are shown in the table below.

**Table 9. Descriptive statistics and frequency distribution of number of children. Source: SPSS Descriptive statistics results output, 2022.**

Number of children	Frequency	Percent
None	86	53.4
1	40	24.8
2 - 4	35	21.7

### Community

The sample of people in Split, Dalmatia County consisted of 21 (13%) respondents that live in a suburban community, 130 (80.7%) respondents live in a city or urban community, 8 (5%) respondents live in a rural community, while 2 (1.2%) respondents chose the answer “other” in the survey questionnaire (N=161). The administrative centre of Split-Dalmatia County is Split. The population of the county is 455,242 (2011). This case study focused on people who are Split's inhabitants and people who work and study in this city, which is a common thing in this county - but in many other Croatian counties as well. For that reasons, suburban and rural areas of Split are included. Out of the four community answer options, the majority of respondents live in a city or an urban community (130), followed by the ones who live in a suburban community (21), and rural community (8). The results are shown in the table below.

**Table 10. Descriptive statistics and frequency distribution of community. Source: SPSS Descriptive statistics results output, 2022.**

Community	Frequency	Percent
Suburban community	21	13
City or urban community	130	80.7
Rural community	8	5
Other	2	1.2

### Netflix subscribers

The sample of people in Split, Croatia consisted of 118 (73.3%) respondents that subscribe to Netflix, 130 (80.7%) while 43 (26.7%) respondents don't subscribe to Netflix (N=161). The majority of respondents are Netflix subscribers (118). The results are shown in the table below.

**Table 11. Descriptive statistics and frequency distribution of Netflix subscribers.**  
Source: SPSS Descriptive statistics results output, 2022.

Netflix subscriber	Frequency	Percent
Yes	118	73.3
No	43	26.7

### Netflix viewership data

The sample of people in Split, Croatia consisted of 94 (58.4%) respondents watch Netflix up to three hours streaming video per week, 36 (22.4%) respondents watch Netflix three to six hours streaming video per week, 17 (10.6%) respondents watch Netflix six to ten hours streaming video per week, while 14 (8.7%) respondents watch Netflix more than ten hours streaming video per week (N=161). Out of four Netflix viewership data categories, the majority of respondents watch Netflix up to three hours streaming video per week (94), followed by the ones who watch Netflix three to six hours streaming video per week (36). The results are shown in the table below.

**Table 12. Descriptive statistics and frequency distribution of Netflix viewership data. Source: SPSS Descriptive statistics results output, 2022.**

Netflix viewership data	Frequency	Percent
Up to three hours streaming video per week	94	58.4
Three to six hours streaming video per week	36	22.4
Six to ten hours streaming video per week	17	10.6
More than ten hours streaming video per week	14	8.7

### Descriptive statistics of the dependent variable and independent variables

**Table 13. Descriptive statistics of the dependent variable (customer satisfaction) and independent variables. Source: SPSS Descriptive statistics results output, 2022.**

	Mean	Std. Deviation	N
Customer satisfaction during crisis	2.06	.735	161
Price sensitivity	2.99	.466	161
Increased promotion	3.10	.620	161
Understanding customer values	3.29	.666	161
Brand awareness	3.46	.589	161
Customer behavior during crisis	3.17	.572	161

The following interpretation of the results, obtained from the table above, refers to the descriptive statistics of the dependent variable (customer satisfaction) and the independent variables. The dependent variable, Customer Satisfaction During Crisis (CSAT DC), had an average of 2.06, on a 5-point scale, where 5 meant very dissatisfied and 1 meant very satisfied; 1 indicating absolute satisfaction of a customer in a crisis (recession). Therefore, it can be said, that the overall customer satisfaction related to the respondents' usage of Netflix during crisis is achieved and attained. The items of the independent variables of this study were also measured on a 5-point scale, whereas 1 meant strongly disagree, and 5 meant strongly agree. The independent variables are those whose effect on the dependent variable are to be measured (Pärson and Vancic,

2020). In this study, Price Sensitivity (PS), Increased Promotion (IP), Understanding Customer Values (UCV), Brand Awareness (BA), and Customer Behaviour During Crisis (CB DC), were defined as independent variables. On a 5-point Likert scale, the average for *price sensitivity* was 2.99, which means that the respondents are slightly above medium price-sensitive when it comes to Netflix products and services in the time of crisis. On a 5-point Likert scale, the average for *increased promotion* was 3.10, which means that the respondents views on the promotional activities of Netflix and overall necessity for promotion during crisis is above average (medium) when it comes to Netflix's innovativeness in the digital marketing approach. On a 5-point Likert scale, the average for *understanding customer values* was 3.29, which means that the respondents changed values, considering the usage of Netflix in the time of an economic downturn, were above average understood. In other words, the respondents' perception of Netflix products and services proved to be above average worth to a customer, meaning they've felt that they've gotten benefits and services over what they've paid. On a 5-point Likert scale, the average for *brand awareness* was 3.46, which means that the respondents' awareness of Netflix as a brand proved to be high above average. On a 5-point Likert scale, the average for understanding *customer behaviour during crisis* was 3.17, which means that respondents behaviour and habits as customers has been identified and understood above average during the pandemic. In addition, the standard deviation for the independent variables was between 0.466 and 0.666.

#### 4.2. Multicollinearity

A good value of reliability was found for the dependent variable and the independent variables in the Multicollinearity test as well as with Pearson Correlation. Multicollinearity refers to correlations or multiple correlations of sufficient magnitude to have the potential to adversely affect regression estimates. Since Likert scale data cannot be normally distributed, data was coded as numerical data in SPSS. The data of this survey is consisted of data in Likert scale (1 – 5) for dependent variable and independent variables, so the individual's total score of each independent and

dependent variable were treated as an interval scale to perform the multiple linear regression in SPSS. All the values of all the variables were added so that they can be considered for multiple regression analysis. String data was changed into numeric data scale (numeric data on an interval or ratio scale) in SPSS, so that the further analysis could take place.

Data must not show multicollinearity, which occurs when you have two or more independent variables that are highly correlated with each other, because this can lead to problems with understanding which independent variable contributes to the variance explained in the dependent variable, as well as technical issues in calculating a multiple regression model. SPSS statistics help detect for multicollinearity through an inspection of correlation coefficients and Tolerance/VIF values - a statistical technique called the variance inflation factor (VIF), used to detect and measure the amount of collinearity in a multiple regression model.

**Table 14. Multicollinearity/Coefficients test. Source: SPSS Multicollinearity and coefficients results output, 2022.**

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Tolerance	Statistics VIF
(Constant)	4.179	.440		9.489	<.001		
PS	.073	.113	.047	.652	.515	.857	1.167
IP	.035	.091	.029	.380	.704	.734	1.363
UCV	-.602	.092	-.545	-6.527	<.001	.624	1.603
BA	-.054	.102	-.044	-.535	.593	.657	1.522
CB DC	-.086	.093	-.067	-.931	.353	.833	1.200



Based on the coefficients output – collinearity statistics, obtained VIF value of **1.17 (Price sensitivity)**, meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms.

Based on the coefficients output – collinearity statistics, obtained VIF value of **1.36 (Increased promotion)**, meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms.

Based on the coefficients output – collinearity statistics, obtained VIF value of **1.6 (Understanding customer values)**, meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms.

Based on the coefficients output – collinearity statistics, obtained VIF value of **1.52 (Brand awareness)**, meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms.

Based on the coefficients output – collinearity statistics, obtained VIF value of **1.2 (Understanding customer behaviour in the time of crisis)**, meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms.



#### 4.3. Pearson correlation

Pearson's correlation coefficient ( $r$ ) measures the strength of the association between two variables, and a significance of  $p\text{-value} \leq 0.05$  is the generally accepted conventional level in social sciences research. When hypothesis testing, the  $p$ -value is the evidence against a null hypothesis. Pearson correlation is used to examine the strength and direction of the linear relationship between two continuous variables. Also, correlation coefficients are commonly used to assess relative reliability or validity. It is important to highlight that correlation demonstrates that a relationship exists between two variables, but does not suggest that one variable causes the other. Pearson's

correlation coefficient is based on the method of covariance, and correlations are significant at the 0.01 level (2-tailed). This means the value will be considered significant if is between 0.001 to 0.010. Also, correlation is significant at the 0.05 level (2-tailed), or between 0.10 to 0.050. The Pearson coefficient can take a range of values from +1 to -1, and a more positive correlation coefficient is interpreted as greater validity or reliability. Overall, a value greater than 0 indicates a positive association; meaning, as the value of one variable increases, so does the value of the other variable.

**Table 15. Correlations (Pearson's correlation coefficient) and Significance test. Source: SPSS Correlation (Pearson) results output, 2022.**

		PS	IP	UCV	BA	CB DC
<b>PS</b>	Pearson Correlation Sig. (2- tailed) N	1 161	.278** <.001 161	.327** <.001 161	.152 .054 161	.033 .680 161
<b>IP</b>	Pearson Correlation Sig. (2- tailed) N	.278** <.001 161	1 161	.420** <.001 161	.418** <.001 161	.271** <.001 161
<b>UCV</b>	Pearson Correlation Sig. (2- tailed) N	.327** <.001 161	.420** <.001 161	1 161	.517** <.001 161	.322** <.001 161
<b>BA</b>	Pearson Correlation Sig. (2- tailed) N	.152 .054 161	.418** <.001 161	.517** <.001 161	1 161	.349** <.001 161
<b>CB DC</b>	Pearson Correlation Sig. (2- tailed) N	.033 .680 161	.271** <.001 161	.322** <.001 161	.349** <.001 161	1 161

In the results of this study, the Pearson correlation between price sensitivity and increased promotion is 0.278, which indicated there is a low positive relationship

between the variables. Positive correlation means the two variables move in the same direction (one increases as the other increases, and one decreases as the other decreases). The p-value is  $<.001$ , indicating statistical significance since p-value is lower than 0.05. The significance test tells whether or not what is observed in the sample is expected to be true in the population, and can be conducted through a hypothesis test.

In the results of this study, the Pearson correlation ( $r$ ) between price sensitivity and understanding customer values is 0.327, which indicates there is a moderate positive relationship between the variables. The p-values between these variables is  $<.001$ , indicating statistical significance and the rejection of the null-hypothesis.

The Pearson correlation between price sensitivity and brand awareness is 0.152, which indicates there is a negligible positive relationship between the variables. The p-value is 0.054, indicating that the null-hypothesis is not rejected since the correlation between these variables is not statistically significant.

The Pearson correlation between price sensitivity and customer behaviour during crisis is 0.033, which indicates there is negligible positive relationship between the variables. The p-value is 0.680, which indicates that the null-hypothesis is not rejected.

The Pearson correlation between increased promotion and understanding customer values is 0.420, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

The Pearson correlation between increased promotion and brand awareness is 0.418, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

The Pearson correlation between increased promotion and customer behaviour during crisis is 0.271, which indicates there is a low positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

The Pearson correlation between understanding customer values and brand awareness is 0.517, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

The Pearson correlation between understanding customer values and customer behaviour during crisis is 0.322, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

The Pearson correlation between brand awareness and customer behaviour during crisis is 0.349, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

#### 4.4. Multiple linear regression analysis

A standard multiple linear regression was used to determine the strength of the relationship between the independent variables, PS (Price Sensitivity), IP (Increased Promotion), UCV (Understanding Customer Values), BA (Brand Awareness), CB DC (Customer Behaviour During Crisis) and the dependent variable – CSAT DC (Customer Satisfaction During Crisis). Multiple regression is an extension of simple linear regression, used when we want to predict the value of a variable based on the value of two or more other variables. Multiple regression helps to determine the overall fit of the model and the relative contribution of each of the predictors to the total variance explained. In this study, the dependent variable (or sometimes, the outcome, target or criterion variable), is *customer satisfaction in the time of crisis*. The variables used to predict the value of the dependent variable, which are called the independent variables (or sometimes, the predictor, explanatory or regressor variables), refer to: price sensitivity, increased promotion, understanding customer values, brand awareness, and understanding customer behaviour in the time of crisis.

The analysis is performed gradually. In the initial step of the multiple regression analysis, the independent variables were tested for multicollinearity. Pärson and Vancic (2020) mention multicollinearity, stating that it refers to a situation where two or more explanatory variables are too highly linear related, or too similar, in a multiple regression. The latter can be tested with the Tolerance or Variance (inflation) factors. In this study, none of the tolerance values was below 0.10, as the smallest values was 0.624, which means that there is no indication of multicollinearity in any of the models. Pärson and Vancic (2020) state that the tolerance is shown in values from 0 to 1, and if the tolerance value is too small ( $<0.10$ ) it indicates a too high linear relation between explanatory variables. In addition, and to eliminate any doubts, the VIF value was checked, and since VIF values above 10 indicate multicollinearity (Pärson and Vancic, 2020), in this study, the highest values shown in any of the models was 1.603 (the lowest was 1.167).

Getahun (2019) states that regression measures the strength of a relationship between an independent variable and a dependent variable. The individual variable, also called the explanatory variable or predictor variable, is the x-value in the equation (Getahun, 2019). In this study, the explanatory variables or predictable variables were price sensitivity (PS), increased promotion (IP), understanding customer values (UCV), brand awareness (BA), and customer behaviour during crisis (CB DC). More specifically, regression analysis helps understand how the typical value of the dependent variable changes, when any of the independent variables is varied, while the other independent variables are held fixed (Getahun, 2019).

In this study, regression analysis is used to identify the effect of the independent variables (PS, IP, UCV, BA, CB DC) on customer satisfaction (CSAT DC). Here, the squared multiple correlation coefficients ( $R^2$ ), which tells the level of variance on customer satisfaction that is explained by the model.

**Table 16. Model Summary. Source: SPSS Regression results output, 2022.**

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	
						F Change	df1	df2		
1	.570 <sup>a</sup>	.325	.303	.61374	.325	14,919	5	155	<.001	

a. Predictors: (Constant), Customer\_behavior\_during\_crisis, Price\_Sensitivity, Brand\_Awareness, Increased\_Promotion, Understanding\_Customer\_Values

b. Dependent Variable: Customer\_satisfaction\_during\_crisis

**Table 17. Model Summary. Source: SPSS Regression results output, 2022.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.570	.325	.303	.614	.325	14.919	5	155	<.001

a. Predictors: (Constant), CB DC, PS, BA, IP, UCV

b. Dependent variable: CSAT DC

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Considering the sample of  $n = 161$ , the Adjusted R Square was used to evaluate the model in the next step. The Adjusted R Square value describes how much of the variance in the dependable variable CSAT DC is explained in the model, which includes the individual variables (Pärson and Vancic, 2020; Pallant, 2016). As the above table depicts that, the coefficients of determination of adjusted  $R^2$  are 0.303. This shows that the independent variables explain 30.3 percent of the dependent variable (customer satisfaction during crisis). The rest of 69.7 percent is explained by other factors or variables out of the scope of the study.

**Table 18. The analysis of variance (ANOVA). Source: SPSS ANOVA results output, 2022.**

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	28.098	5	5.620	14.919	<.001
<b>Residual</b>	58.384	155	.377		
<b>Total</b>	86.483	160			

- a. Dependent Variable: Customer satisfaction during crisis
- b. Predictors: (Constant), Customer behaviour during crisis, Price Sensitivity, Brand Awareness, Understanding Customer Values
- c. Significance (Sig.) refers to Predictors: (Constant), customer behaviour during crisis, price sensitivity, brand awareness, increased promotion, and understanding customer values.

In the above ANOVA table, the column labelled, sum of squares describes variability in the customer satisfaction value of the regression. The regression sum of squares is the difference between total sum of the squares and residual sum of the squares, which is ( $TSS - RSS = 86.483 - 58.384 = 28.098$ ). The proposed model was adequate as the F-static = 14.919 was significant at 1 percent level ( $p < .001$ ). This represents that the model was reasonable fit and individual variables (PS, IP, UCV, BA, CB DC) have significant impact on customer satisfaction. Furthermore, the general objective of the study is achieved.

**Table 19. Regression results of each independent variable and customer satisfaction. Source: SPSS Regression Output, 2022.**

Model	Unstandardized B	Coefficients Std. Error	Standardized coefficients Beta	t	Sig.	Zero- order	Correlations Partial	Part
(Constant)	4.179	.440		9.489	<.001			
PS	.073	.113	.047	.65	.515	-.132	.052	.043
IP	.035	.091	.029	.38	.704	-.223	.031	.025
UCV	-.602	.092	-.545	-6.53	<.001	-.562	-.464	-.431
BA	-.054	.102	-.044	-.53	.593	-.330	-.043	-.035
CB DC	-.086	.093	-.067	-.93	.353	-.248	-.075	-.061



As described above on the table 19, all independent variables were regressed against the dependent variable (customer satisfaction during crisis). The values of the Standardized Beta Coefficients ( $\beta$ ) indicate the effects of each independent variable on dependent variable (Getahun, 2019). The values of the Standardized Beta Coefficients in the Beta column of the table indicate which independent variable (PS, IP, UCV, BA, CB DC) makes the strongest contribution to explain the dependent variable (CSAT DC), when the variance explained by all other independent variables in the model is controlled. The  $t$  value and Sig. ( $P$ ) value indicate whether the individual variables are significantly contributing to the prediction of the dependent variable. In addition, table 19 indicates that price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour during crisis have significant contribution to customer satisfaction or they are the predictor of customer satisfaction because their significant values were less than 0.05, 0.1, 0.01, 0.001.

The first independent variable with the greatest effect on customer satisfaction was price sensitivity (PS) with coefficient beta ( $\beta = 0.47$ ), meaning that this independent variable was the significant contributor to customer satisfaction. The second independent variable this the greatest effect on customer satisfaction was increased promotion with coefficient beta ( $\beta = 0.29$ ), indicating this variable was the significant contributor to customer satisfaction.

The Covid-19 crisis has changed the customer relationship and customer experience. Consumer expectations are rising, while customer preferences and values changed. The results in this segment can point out to decreased customer satisfaction as changes in customer values increase. If the beta coefficient is negative, it indicates that for every 1-unit increase in the predictor variable, the outcome variable will decrease by the beta coefficient value. The rest of the independent variables, three of them (UCV, BA, CB DC), showed to be insignificant contributors to customer satisfaction, according to the above table.

As Getahun (2019) states, the model was written as:

$$Y_i = \alpha + \beta_1 X_1 + \alpha + \beta_2 X_2 \dots + \alpha + \beta_5 X_5 + e$$

In this study,  $Y_i$  represents the dependent variable (customer satisfaction during crisis) as is  $Y$  intercept, i.e., the value of  $y$  when  $x = 0$  (Getahun, 2019).  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  represent the regression coefficients of price sensitivity, increased promotion, understanding customer values, and customer behaviour during crisis, which indicates the amount of change in  $Y$ , given a unit change in  $X$  is the value of the dependent variable (Getahun, 2019). The latter means that for each 1-unit change in  $X$ ,  $Y$  will change by  $\beta$  units keeping other variables constant.

$$\text{CSAT DC} = \alpha + \beta_1 X_1 + \alpha + \beta_2 X_2 \dots + \alpha + \beta_5 X_5 + e$$

CSAT DC = The dependent variable representing customer satisfaction

$$\text{CSAT DC} = 4.179 + 0.047 (\text{price sensitivity}) + 0.029 (\text{increased promotion}) - 0.545 (\text{understanding customer values}) - 0.044 (\text{brand awareness}) - 0.067 (\text{customer behaviour during crisis})$$

Standardized coefficient is measured in units of standard deviation (Getahun, 2019). Therefore, a one standard deviation increase in (lower) price sensitivity (the hypothesis is formulated in a way that suggests that price sensitivity is better for businesses when its lower, meaning lower price sensitivity leads to customer satisfaction; and customer satisfaction, in general, is associated with customer satisfaction) leads to 0.047 standard deviation increases in customer satisfaction, other variables being constant. This implies that price sensitivity is the highest predictor of customer satisfaction. Thus, the more price sensitivity is lowering down, the more the customers are satisfied.

As Getahun (2019) states, unstandardized coefficient represents the amount by which dependent variable (CSAT DC) changes if we change the independent variables (PS, IP, UCV, BA, CB DC) by one unit, keeping other variables constant. Thus, unit increase in price sensitivity leads to 0.073 (7.3%) increases in customer satisfaction, while other variables being constant.

At 5 percent level of significance, the variable understanding customer values was statistically significant ( $p < .001$ ), since its p-value is less than the acceptable threshold of 0.05. Likewise, this variable is statistically significant at 1 percent level of significance. Other variables are statistically insignificant since their p-values are above the acceptable threshold, and therefore only the hypothesis (H3) proved to be statistically significant.

Assessing only the p-values, which are most often used by researchers to determine statistical significance (sig.), suggests that the independent variable “*Understanding customer values*” is actually statistically significant. Precisely, the most significant individual variable.

#### 4.5. One-way ANOVA

The one-way ANOVA is used to determine whether there are any statistically significant differences between the means of three or more independent groups. ANOVA, which stands for Analysis of Variance, is a statistical test also used to analyze the difference between the means of more than two groups. A one-way ANOVA uses one independent variable, while a two-way ANOVA uses two independent variables. In this study, one-way ANOVA was used to determine whether there are any statistically significant differences between the means of the independent groups of control variables, including *gender, age group, personal income, education, employment status, number of children, community, Netflix subscription, and Netflix viewership data*. After the analysis, results revealed that the control variables, which

showed statistically significant differences between the means of groups, were *personal income, education, community, Netflix subscription, and Netflix viewership data*.

The table below shows the output of the ANOVA analysis and whether there is a statistically significant difference between the group means. The independent variables are PS (price sensitivity), IP (increased promotion), UCV (understanding customer values), BA (brand awareness), CBDC (customer behaviour during crisis).



Table 20. Statistical sig. results One-Way ANOVA SPSS results output. Source: SPSS Descriptive results output, 2022.

	Age	Community	Education	Employment	Gender	Income	No. of Children	Netflix Subscription	Viewership Data
PS Between Groups	.217	.471	.299	.957	.041	<b>.048</b>	.366	.609	.413
IP Between Groups	.480	.469	.745	.496	.003	.906	.555	.803	.072
UCV Between Groups	.677	<b>.026</b>	<b>.012</b>	.411	.546	.888	.972	<b>.002</b>	<b>.002</b>
BA Between Groups	.099	<b>.007</b>	.589	.251	.725	.453	.629	.228	.464
CBDC Between Groups	.808	.356	.855	.179	.582	.572	.908	.165	.655

The output of the ANOVA analysis and whether there is a statistically significant difference between the group means shows that the significance value is **0.048 (i.e., p = .048)**, which is below 0.05. There are statistically significant differences between the groups as a whole of price sensitivity and persona income. There was a statistically significant difference between groups as determined by one-way ANOVA ( $F(7.153) = 2.087$ ,  $p = .048$ ). Because the p-value is 0.048, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The output of ANOVA analysis shows another result where the significance value is 0.012 (i.e.,  $p = .012$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of education of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.012, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The output of the ANOVA analysis shows another result where the significance value is value is **0.026** (i.e.,  $p = .026$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of community of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.026, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The output of the ANOVA analysis shows another result where the significance value is **0.007** (i.e.,  $p = .007$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of brand awareness to complete the spreadsheet problem between the different levels of community of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.007, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The output of the ANOVA analysis shows another result where the significance value is **0.002** (i.e.,  $p = .002$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of brand awareness to complete the spreadsheet problem between the two groups: respondents who were Netflix subscribers and those who don't subscribe to Netflix (but use Netflix by borrowing friend's account, for instance). There are statistically significant differences between the groups as a whole. Because the p-value is 0.002, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The output of the ANOVA analysis shows another results where the significance value is **0.002** (i.e.,  $p = .0002$ ), which is below 0.05. Therefore, there is a

statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of Netflix viewership data of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.002, which is less than the significance level of 0.05, the null hypothesis can be rejected.

#### 4.6. Summary

The descriptive statistics of this study demonstrated an overview of the empirical data used for the analysis, including the control variables. Control variables referred to the demographic variables (gender, age group, personal income, employment status, community, education, number of children) of this study, including the Netflix subscription and Netflix viewership data variables. Since all the respondents answered the survey questions, none were removed, and the final number of valid respondents' questionnaires was set to  $n = 161$ . The sample of people in Split (Split-Dalmatia County) consisted of 121 (75.2%) female, 39 (24.2%) male, and 1 (0.6%) non-binary respondents. Furthermore, the sample consisted of 93 (57.8%) respondents that chose the 20 – 29-year-old age group, while 68 (42.2%) chose the 30-39-year-old age group. Out of eight possible personal income categories, the majority of the respondents chose the *48000 to 96000 HRK* category (40), followed by the ones who chose *Prefer not to answer* option (39), and *Less than 48000 HRK* category (37). Out of seven education categories, the majority of respondents have a graduate degree (67), followed by the ones with a high school degree or equivalent (36). Furthermore, out of four employment status categories, the majority of respondents are employed full-time (93), followed by the ones who are employed part-time (36). Out of three categories that include the number of children respondents have, the majority of them answered that they do not have children (86). Out of the four community answer options, the majority of respondents live in a city or an urban community (130), followed by the ones who live in a suburban community (21). The majority of respondents are Netflix subscribers (118). Other respondents presumably use the Netflix accounts of family and friends. Out of four Netflix viewership data categories, the majority of respondents

watch Netflix up to three hours streaming video per week (94), followed by the ones who watch Netflix three to six hours streaming video per week (36). The dependent variable, Customer Satisfaction During Crisis (CSAT DC), had an average of 2.06, on a 5-point scale, where 5 meant very dissatisfied and 1 meant very satisfied; 1 indicating absolute customer satisfaction in a crisis (recession). Thus, it can be said, that the overall customer satisfaction related to the respondents' usage of Netflix during crisis is attained.

The descriptive statistics of the dependent variable and the independent variables, including the Mean and Standard Deviation, indicate that the overall customer satisfaction related to the respondents' usage of Netflix during the pandemic is achieved. The results of the independent variables indicate the following: price sensitivity (PS) results point out to the respondents' being slightly-above medium price-sensitive, when it comes to Netflix's products and services during crisis, increased promotion (IP) results indicate that respondents' views on the overall promotional activities of Netflix are above average, understanding customer values (UCV) results indicate above average understanding of changed customer values by Netflix during crisis, brand awareness (BA) results indicate that the respondents' are high-above average familiar with Netflix as a brand, and ultimately, customer behaviour during crisis (CB DC) results indicate that the respondents' behaviour during the pandemic, as Netflix's consumers, has been identified and understood above average.

In the further data analysis, a good value of reliability was found, for the dependent variable and all of the independent variables, in the multicollinearity test and Pearson Correlation. Based on the coefficients output – collinearity statistics, the obtained VIF values of all independent variables is between 1 to 10, meaning there are no multicollinearity symptoms. Moreover, in this study, the correlation between the independent variables coefficients is significant, with the exception of the Pearson correlation between price sensitivity and brand awareness, and between price sensitivity and customer behaviour during crisis. The p-values between most of the variables indicate statistical significance and the rejection of the null-hypothesis. Also, the correlation speaks to validity since somewhat similar and connected concepts are being measured ( $p < .001$ ).

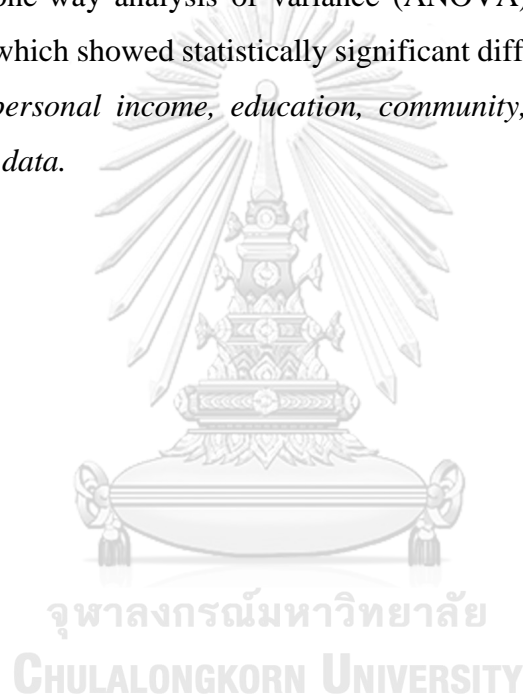


Multiple regression helped to determine the overall fit of the model and the relative contribution of each of the predictors to the total variance explained. In this study, the dependent variable (or sometimes, the outcome, target or criterion variable), is customer satisfaction in the time of crisis. A standard multiple linear regression was used to determine the strength of the relationship between the independent variables, PS (*Price Sensitivity*), IP (*Increased Promotion*), UCV (*Understanding Customer Values*), BA (*Brand Awareness*), CB DC (*Customer Behaviour During Crisis*) and the effect of the independent variables on dependent variable – CSAT DC (*Customer Satisfaction During Crisis*). In this study, the dependent variable (or sometimes, the outcome, target or criterion variable), is customer satisfaction in the time of crisis. The variables used to predict the value of the dependent variable, which are called the independent variables (or sometimes, the predictor, explanatory or regressor variables), included PS, IP, UCV, BA, and CB DC.

The coefficients of determination of adjusted  $R^2$  are 0.303, showing that the independent variables explain 30.3 percent of the dependent variable (customer satisfaction during the crisis). Other factors or variables, out of the scope of the study, explain the rest of 69.7 percent. The regression sum of squares is the difference between total sum of the squares and residual sum of the squares, which was ( $TSS - RSS = 86.483 - 58.384 = 28.098$ ). The proposed model was adequate as the F-static = 14.919 was significant at 1 percent level ( $p < .001$ ). This represents that the model was reasonable fit and that the individual variables (PS, IP, UCV, BA, CB DC) have significant impact on customer satisfaction. Also, the general objective of the study is achieved. The results indicate that price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour during crisis have an effect on customer satisfaction or they are the predictor of customer satisfaction because their significant values were less than 0.05, 0.1, 0.01, 0.001. The first independent variable with the greatest effect on customer satisfaction was price sensitivity (PS) with coefficient beta ( $\beta = 0.47$ ), meaning that this independent variable was the significant contributor to customer satisfaction. The second independent variable with the greatest effect on customer satisfaction was increased promotion with coefficient beta ( $\beta =$

0.29), indicating this variable was the significant contributor to customer satisfaction. Still, the further research, with assessing only the p-values (mostly used by researchers to determine statistical significance), suggests that solely the independent variable *Understanding customer values* is statistically significant. Precisely, the most significant individual variable, confirming the H3. Other hypotheses (H1, H2, H4, H5) were non-significant by assessing the p-values. Still, three of the independent variables (UCV, BA, CB DC), showed to be insignificant contributors to customer satisfaction, according to this part of the research.

After the one-way analysis of variance (ANOVA), results revealed that the control variables, which showed statistically significant differences between the means of groups, were *personal income, education, community, Netflix subscription, and Netflix viewership data*.



## CHAPTER V DISCUSSIONS AND FINDINGS

This chapter is composed of the following sections:

### 5.1. Discussion

*5.1.1. Research findings from correlation and multiple linear regression analysis*

*5.1.2. Research findings from one-way ANOVA analysis*

### 5.2. Conclusion

### 5.3. Practical implications

### 5.4. Theoretical implications

### 5.5. Limitations of the study

### 5.6. Managerial contributions

### 5.7. Future research

### 5.1. Discussion

The purpose of this study was to investigate to what extent price sensitivity, increased promotion, understanding of customer values, brand awareness, and customer behaviour during a crisis affects customer satisfaction during the economic downturn and overall crisis that began in 2020. The thesis focused on the company Netflix Inc. (Netflix). The aim was to investigate the possibility of surviving and perhaps thriving during these trying times, referring to the economic and social crisis caused by the pandemic. This research paper can be compared to the models presented in the chapters' introduction and theoretical framework, yet only partly, because these circumstances are still very unpredictable and new to all. Consequently, these times are also very unpredictable for businesses, and taking the variables of this study into account, not much research has been done on this particular subject matter. As the digital transformation became essential for business growth, understanding the marketing strategy tools became key to success in 2020. Also, the purpose of this study was to

explore the relationship between the independent variables and their effect on customer satisfaction during the crisis, gaining a deeper understanding of investing in digital marketing in the period of economic downturns. To investigate how to endure and perhaps even thrive during adversities was the aim of this empirical study, and it can be said that it was carried out. Moreover, one could argue that the purpose of this study has been fulfilled since the study did explore a fairly new subject matter.

Therefore, the findings foster a discussion between previous research and current data on customer satisfaction in a time of crisis. The P-value determined the significance of the results that support H3, showing a positive relationship between variables *understanding customer values* and *customer satisfaction during a crisis*. This means that understanding the changed customer values, instigated by the economic and social crisis caused by the coronavirus pandemic, leads to customer satisfaction. Companies, therefore, have to focus on the values of their target audiences more than ever, so that they can endure and possibly thrive, after the hardships end. Based on insignificant P-values, the four other hypotheses (H1, H2, H4, H5) were not proven. Yet, the overall results give a valuable insight into the relationship between the independent variables (price sensitivity, increased promotion, brand awareness, customer behaviour during crisis) and customer satisfaction during the crisis. For instance, price sensitivity certainly plays a significant role in most crises. The previous research supports this claim and states that, regarding the financial crisis, the consumers became more cautious about their spending habits.

As Kaur (2020) articulates, businesses across the world are facing survival issues, and digital marketing became prevalent for survival due to the digital transformation of workplaces. Companies should therefore have a deep knowledge of their customer base or the target audience, as Kaur states, and businesses must adapt to these new circumstances in order to survive. Digital marketing refers to a variety of tools, covering TV commercials and electronic billboards as well as search engine optimization, search engine marketing, email marketing, content marketing, mobile marketing, affiliate marketing, and many more. During the period of recession in 2008, people started cutting off cost, reducing prices and investments. It was the first time digital marketing experienced a downfall (Kaur, 2020). It can be said that no two

recessions are the same. The turbulent times of 2020 brought lockdowns and social distancing norms that caused slowdown of trade and commerce, as Kaur states, and digital marketing and having an online presence became necessary for everybody. The world is still going through a social and economic crisis. Kaur (2020) identifies digital marketing as a ray of hope. During the year 2020, Netflix had several marketing strategies, engaging with customers, and some of those campaigns related to partnerships with social media, such as with Instagram. Netflix connected with their audience group by featuring weekly live series on Instagram with the cast of some of Netflix's popular young adult content, where they were talking about the importance of mental health. By encouraging mental wellbeing of their users, Netflix tried to strengthen customer loyalty, enhance the brand's image, and ultimately help their users attain customer satisfaction. One of their global campaigns ran in 27 countries, advertising a vast library of content, highlighting Netflix's success in several languages.

Furthermore, Jaworski (2021) writes about the reinvention of Netflix across multiple periods and mentions that abandoning the assets of the past represents the only way to innovate for the future. Jaworski (2021) highlights that Drucker (1954) claimed that 15 to 20 percent of a senior leader's time should be focused on competing in the future. The article written by Jaworski (2021) focuses on Netflix as the epitome of a company that made one particular type of transition several times over 20 years, and that transition is related to managing ambidexterity. Jaworski (2021) mentions the term ambidexterity to refer to a balancing act of managing the traditional business while evolving to compete in the future.

Nowadays, Netflix is identified as a platform for streaming, original content, and global production. Netflix's service has grown to 200 million subscribers. Its organization scaled up while transitioning through the eras of DVDs, streaming, original content, and global production; growing from a company of seven employees to over 8000. Netflix founders took risks yet managed experimentation, leading their management by self-control style and hiring the best talent. Jaworski (2021), in the final observations of the article, explains the three observations about future research directions. The second observation refers to very little research on abandonment and less in marketing, meaning abandoning the assets of the past (products, policies, brands,

systems). Jaworski (2021) highlights that the marketing literature has not focused on such questions as: (1) why do firms abandon a particular marketing strategy, (2) what is the financial strategy “upside” of abandoning various marketing assets, and (3) how does a firm balance innovation and abandonment. Jaworski (2021) explores Netflix’s approaches to innovation over the years. The Jaworski (2021) article has a different concept, and it is a study based on interviews with the founders of Netflix. Still, the article provided a foundation for the idea of this study, helped how to understand reinvention and how small and medium-sized companies can be inspired by Netflix’s multi-channel marketing. In that way, this article helped build a foundation for all the hypotheses of this thesis. Also, the ability to reinvent ways of operating companies to survive a crisis represents the central part of this study since difficult times often demand changes. Moreover, the results of this study highlight the importance of reinvention in a time of crisis, one of those reinventions taking place in the domain of understanding altered customer values as part of a digital marketing strategy.

#### 5.1.1. Research findings from correlation and multiple linear regression analysis

In this research, the author tried to expand the current limited knowledge of the role of digital marketing in a severe crisis, and investigate the relationship between the previously mentioned independent variables and their effect on customer satisfaction during crisis. To achieve the latter, descriptive statistics, multiple linear regression, one-way ANOVA, and few other analyses, have been performed in SPSS. Overall results, including all of the hypotheses, expand the knowledge on the new and unpredictable subject matter. Although four out of five hypotheses presented in the study couldn’t be confirmed with significance, the four independent variables indicated in the empirical research still have affected customer satisfaction during the crisis to a certain extent.

On a 5-point Likert scale, the average for *price sensitivity* is 2.99, which means that the respondents are slightly above medium price-sensitive when it comes to Netflix products and services in the time of crisis. Based on the coefficients output – collinearity statistics, obtained VIF value of 1.17 (Price sensitivity), meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no

multicollinearity symptoms. In the results of this study, the Pearson correlation between price sensitivity and increased promotion is 0.278, which indicated there is a low positive relationship between the variables. Positive correlation means the two variables move in the same direction (one increases as the other increases, and one decreases as the other decreases). The p-value is  $<.001$ , indicating statistical significance since p-value is lower than 0.05. The Pearson correlation ( $r$ ) between price sensitivity and understanding customer values is 0.327, which indicates there is a moderate positive relationship between the variables. The p-value between these variables is  $<.001$ , indicating statistical significance and the rejection of the null-hypothesis. The Pearson correlation between price sensitivity and brand awareness is 0.152, which indicates there is a negligible positive relationship between the variables. The p-value is 0.054, indicating that the null-hypothesis is not rejected since the correlation between these variables is not statistically significant. The Pearson correlation between price sensitivity and customer behaviour during crisis is 0.033, which indicates there is negligible positive relationship between the variables. The p-value is 0.680, which indicates that the null-hypothesis is not rejected. The first independent variable with the greatest effect on customer satisfaction was price sensitivity (PS) with coefficient beta ( $\beta = 0.47$ ), meaning that this independent variable was the significant contributor to customer satisfaction. Therefore, a one standard deviation increase in (lower) price sensitivity (the hypothesis is formulated in a way that suggests that price sensitivity is better for businesses when its lower, meaning lower price sensitivity leads to customer satisfaction; and customer satisfaction, in general, is associated with customer satisfaction) leads to 0.047 standard deviation increases in customer satisfaction, other variables being constant. This implies that price sensitivity is the highest predictor of customer satisfaction. Thus, the more price sensitivity is lowering down, the more the customers are satisfied. As Getahun (2019) states, unstandardized coefficient represents the amount by which dependent variable (CSAT DC) changes if we change the independent variables (PS, IP, UCV, BA, CB DC) by one unit, keeping other variables constant. Thus, unit increase in price sensitivity leads to 0.073 (7.3%) increases in customer satisfaction, while other variables being constant.

Price sensitivity is a measure of the degree to which the price of a product or a service influences consumer purchasing behaviour, and price sensitivity falls when economic or social satisfaction increases. High price sensitivity means that customers will reject purchasing a product or a service because they estimate the prices are unreasonable. A reasonable pricing strategy positively affects customer satisfaction, and is essential in increasing the customer lifetime value and maximizing revenue. A fair and reasonable pricing strategy will eventually help companies, and if they need to increase prices in the future, the adjustment to that situation would be more manageable if the company started with reasonable prices (Shankar and Rangaswamy, 2001). Shankar and Rangaswamy (2001) hypothesize that the higher the interactivity of the website, the lower the online price importance and price search. Also, Shankar and Rangaswamy (2001) articulate that the wider the range of product and price options, the lower the price importance and price search. These effects are more pronounced online than offline. Al-Mamun, Rahman and Robel (2014) accentuate that consumers are very rational considering their purchases and want to get maximum benefits of using their money and time. Al-Mamun, Rahman and Robel (2014) conclude that price is the most influencing factor for buying a product from a consumers' view and earning profit from selling the product from the manufacturers view. Also, price is the most influencing factor due to time constraint and limited budget and income (Al-Mamun, Rahman and Robel, 2014). Therefore, companies need to consider the rationality of pricing before determining prices during crisis.

Amissah and Money (2015) state, in their conclusion and recommendation part of the research, that companies that are able to maintain budget during a recession experience growth in their sales figures and market share during and after recession. Amissah and Money (2015) accentuate four things as the key to success: competition, brand, customer, and communication.

On a 5-point Likert scale, the average for *increased promotion* was 3.10, which means that the respondents views on the promotional activities of Netflix and overall necessity for promotion during crisis is above average (medium) when it comes to Netflix's innovativeness in the digital marketing approach. Based on the coefficients output – collinearity statistics, obtained VIF value of 1.36 (Increased promotion),



meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms. In the results of this study, the Pearson correlation between price sensitivity and increased promotion is 0.278, which indicated there is a low positive relationship between the variables. Positive correlation means the two variables move in the same direction (one increases as the other increases, and one decreases as the other decreases). The Pearson correlation between increased promotion and understanding customer values is 0.420, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between increased promotion and brand awareness is 0.418, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between increased promotion and customer behaviour during crisis is 0.271, which indicates there is a low positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The second independent variable this the greatest effect on customer satisfaction was increased promotion with coefficient beta ( $\beta = 0.29$ ), indicating this variable was the significant contributor to customer satisfaction.

As Quelch and Jocz (2009) state, internet advertising is especially targeted, being relatively cheap, and its performance easily measured. Quelch and Jocz (2009) noticed a growth in digital-ad spending driven by consumers' migration to online social media. Quelch and Jocz (2009) referred to the 2008 recession, highlighting that no brand can rely solely on earlier efforts. The current crisis, that started in 2020, demands increased activity in digital media, and the effect of increased promotion on independent variables of this study is visible. Also, the effect on customer satisfaction, since it increased promotion revealed itself as the significant contributor, even though the multiple linear regression showed weak significance.

In their study, Sobreira et al. (2020) aim to contribute to the reduction of stereotypes that involve the field of librarianship, and to open a discussion for a better use of the various tools of digital marketing, in times of Covid-19. Sobreira et al. (2020)

refer to the 2020 crisis as the year marked by a sudden increase in the need for digital media for the transmission and consumption of knowledge.

On a 5-point Likert scale, the average for *understanding customer values* was 3.29, which means that the respondents changed values, considering the usage of Netflix in the time of an economic downturn, were above average understood. In other words, the respondents' perception of Netflix products and services proved to be above average worth to a customer, meaning they've felt that they've gotten benefits and services over what they've paid. Based on the coefficients output – collinearity statistics, obtained VIF value of 1.6 (Understanding customer values), meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms. The Pearson correlation ( $r$ ) between price sensitivity and understanding customer values is 0.327, which indicates there is a moderate positive relationship between the variables. The p-values between these variables is  $<.001$ , indicating statistical significance and the rejection of the null-hypothesis. The Pearson correlation between increased promotion and understanding customer values is 0.420, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between understanding customer values and brand awareness is 0.517, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between understanding customer values and customer behaviour during crisis is 0.322, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. At 5 percent level of significance, the variable understanding customer values was statistically significant ( $p<.001$ ), since its p-value is less than the acceptable threshold of 0.05. Likewise, this variable is statistically significant at 1 percent level of significance. Other variables are statistically insignificant since their p-values are above the acceptable threshold, and therefore only the hypothesis (H3) proved to be statistically significant. Assessing only the p-values, which are most often used by researchers to determine statistical significance (sig.), suggests that the independent

variable “Understanding customer values” is actually statistically significant. Precisely, the most significant individual variable.

On a 5-point Likert scale, the average for *brand awareness* was 3.46, which means that the respondents’ awareness of Netflix as a brand proved to be high above average. Based on the coefficients output – collinearity statistics, obtained VIF value of 1.52 (Brand awareness), meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms. The Pearson correlation between price sensitivity and brand awareness is 0.152, which indicates there is a negligible positive relationship between the variables. The p-value is 0.054, indicating that the null-hypothesis is not rejected since the correlation between these variables is not statistically significant. The Pearson correlation between increased promotion and brand awareness is 0.418, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between understanding customer values and brand awareness is 0.517, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between brand awareness and customer behaviour during crisis is 0.349, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

On a 5-point Likert scale, the average for *understanding customer behaviour during crisis* was 3.17, which means that respondents behaviour and habits as customers has been identified and understood above average during the pandemic. In addition, the standard deviation for the independent variables was between 0.466 and 0.666. Based on the coefficients output – collinearity statistics, obtained VIF value of 1,2 (Understanding customer behaviour in the time of crisis), meaning that the VIF value obtained is between 1 to 10, it can be concluded that there is no multicollinearity symptoms. The Pearson correlation between price sensitivity and customer behaviour during crisis is 0.033, which indicates there is negligible positive relationship between

the variables. The p-value is 0.680, which indicates that the null-hypothesis is not rejected. The Pearson correlation between increased promotion and customer behaviour during crisis is 0.271, which indicates there is a low positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between understanding customer values and customer behaviour during crisis is 0.322, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected. The Pearson correlation between brand awareness and customer behaviour during crisis is 0.349, which indicates there is a moderate positive relationship between the variables. The p-value is  $<.001$ , meaning the correlation between these variables is statistically significant, and the null-hypothesis is rejected.

Srinivasan et al. (2005) found support, at varying levels of significance, for the main effect of the antecedents of proactive response in marketing during the recession. The main effect, as stated by Srinivasan et al. (2005), referred to a positive effect of strategic emphasis on marketing, entrepreneurial culture, availability of slack resources, and a negative effect of severity of a recession on proactive marketing in a recession. The results support a positive effect of the firm's proactive marketing on business performance during the recession (Srinivasan et al., 2005). The mentioned academic research examined a firm's response to a recession, especially regarding marketing, including the implications of a proactive marketing response on the performance of a company during a recession. Companies that already have a strategic emphasis on marketing can improve their business performance during a recession by proactively investing in marketing (Srinivasan et al., 2005). The construct of proactive marketing by Srinivasan et al. (2005) proved to be useful for informing theory development in the context of enduring a recession as a business. Also, the results of the study of Srinivasan et al. (2005) that emphasize the entrepreneurial culture and slack resources link to the findings of this study, in a way, and the Netflix company culture.

The findings of Srinivasan et al. (2005) suggest that companies do not have to wait until a recession is over to realize benefits from the marketing investments they

made during a recession. Still, Srinivasan et al. (2005) point out that proactive marketing isn't necessarily the best response for all companies during the recession. Companies that have slack resources have the flexibility to redeploy these resources, stepping up their marketing activities during the crisis.

The digital revolution affected every company and every sector, and as Kim (2021) states, consumers live through a pandemic, and therefore some changes might be long-lasting even after the situation eases. Kim (2021) explored how managers might adapt to the digital transformation in the market to recover or even grow further the digital sales after the pandemic.

To conclude, the overall results of this study indicate that price sensitivity, increased promotion, understanding of customer values, brand awareness, and customer behaviour significantly contribute to customer satisfaction during the crisis. Still, further research, assessing only the p-values, suggests that solely the independent variable, understanding customer values is statistically significant, confirming the H3.

#### 5.1.2. Research findings from one-way ANOVA analysis

The one-way analysis of variance (ANOVA) was used to determine whether there are any statistically significant differences between the means of the independent groups of control variables, including gender, age group, personal income, education, employment status, number of children, community, Netflix subscription, and Netflix viewership data. A one-way ANOVA uses one categorical (discrete) independent variable and one continuous dependent variable and helps to observe whether the dependent variable is affected by the categories of the independent variable. After the analysis, results revealed that the control variables, which showed statistically significant differences between the means of groups, were personal income, education, community, Netflix subscription, and Netflix viewership data.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Price sensitivity) for each separate group of the independent variable personal income, as well as when all groups are combined (Total), showed the significance value is 0.048

(i.e.,  $p = .048$ ), which is below 0.05. This means that there are statistically significant differences between the groups as a whole.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Understanding customer values) for each separate group of the independent variable education, as well as when all groups are combined (Total), showed the significance value is 0.012 (i.e.,  $p = .012$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of education of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.012, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Understanding customer values) for each separate group of the independent variable community, as well as when all groups are combined (Total), showed the significance value is 0.026 (i.e.,  $p = .026$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of community of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.026, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Brand awareness) for each separate group of the independent variable community, as well as when all groups are combined (Total), showed the significance value is 0.007 (i.e.,  $p = .007$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of brand awareness to complete the spreadsheet problem between the different levels of community of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.007, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Understanding customer values) for each separate group of the control variable Netflix subscription, as well as when the groups are combined (Total), showed the significance value is 0.002 (i.e.,  $p = .002$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of brand awareness to complete the spreadsheet problem between the two groups: respondents who were Netflix subscribers and those who don't subscribe to Netflix (but use Netflix by borrowing friend's account, for instance). There are statistically significant differences between the groups as a whole. Because the p-value is 0.002, which is less than the significance level of 0.05, the null hypothesis can be rejected.

The descriptive statistics and the output of the ANOVA analysis, including the mean, standard deviation and 95% confidence intervals for the dependent variable (Understanding customer values) for each separate group of the independent variable Netflix viewership data, as well as when all groups are combined (Total) showed the significance value is 0.002 (i.e.,  $p = .0002$ ), which is below 0.05. Therefore, there is a statistically significant difference in the mean length of understanding customer values to complete the spreadsheet problem between the different levels of Netflix viewership data of the respondents. There are statistically significant differences between the groups as a whole. Because the p-value is 0.002, which is less than the significance level of 0.05, the null hypothesis can be rejected.

## 5.2. Conclusion

This thesis focused on examining long-term value rather than short-term gain, using Netflix as an example company. The aim of this study was to explore the possibility of being creative and flexible with the digital marketing tools while focusing on customer satisfaction.

The previously presented work dealt with the topic of achieving customer satisfaction during the Covid-19 pandemic, and it dealt with the ways digital marketing

can help businesses in those difficult times. This research proved that understanding what customers value during these severely changed life circumstances, and implementing that understanding into digital marketing strategies, can indeed influence customer satisfaction during crisis. To be more precise, the author of this work wanted to explore the influence of the price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour on customer satisfaction during crisis. From the research problematization, research questions were formed, which goal was to (1) investigate what factors (increased promotion, price sensitivity, brand awareness, understanding of customer values, customer behaviour during crisis) are mostly connected to the adoption of digital marketing and ultimately customer satisfaction, (2) determine what is the influence of changed customer behaviour during the 2020 crisis on other factors, and (3) to explore whether Netflix marketers have maintained an innovative approach during 2020 crisis. Also, the goal was to answer these questions with empirical research. Firstly, the relevant literature was reviewed to understand what customer satisfaction, and all of the independent variables represent. Further, how does digital marketing relate to these concepts, and how do all of these concepts function during adverse situations and influence customers. Primarily, the goal was to examine the state of research from previous studies on customer satisfaction during crisis and its connection to the area of digital marketing.

Based on several theoretical approaches and the knowledge presented in the introduction/literature and theoretical framework, hypotheses were formed and a research model was formed and set up. By performing empirical research and succeeding data analysis, the author of this study was able to find support for the third hypothesis (*understanding customer values leads to customer satisfaction during crisis*). In the discussion of this study, results were presented in more detail. H3 was confirmed, partially answering *the research question (1) During a recession, what factors (increased promotion, price sensitivity, brand awareness, understanding of customer values, customer behaviour during crisis) are mostly connected to the adoption of digital marketing and ultimately customer satisfaction?*, since the results point out that understanding customer values leads to customer satisfaction during crisis, meaning companies that aspire to endure through a crisis should focus on



understanding their customers' altered values. Since the crisis that started in 2020 is a heavy one, combining economic, social, health, and psychological aspects, the effect it had on people unfortunately won't last a short amount of time. Thus, companies should learn about these different values and try to determine value through the consumer's point of view, therefore focusing on a value-based digital marketing. Elements of an effective value-based marketing strategy refer to resonating with customers on multiple levels, building loyalty and trust, while taking the functional, economic, social, and psychological value into account.

*The research question (2) What the is the influence of changed customer behaviour during the 2020 crisis on other factors?* was investigated thoroughly, and this study explored the subject matter both theoretically and empirically. On the example of Netflix, survey analysis and results pointed out that respondents' behaviour as customers has been identified and understood above average during the pandemic. Moreover, the results showed the relationship between price sensitivity and customer behaviour during crisis, indicating a common factor of nearly all recessions - consumers being sensitive about prices. In a recession, it is likely that consumers have lower incomes, and there is also a threat of unemployment which will make them more reluctant to spend. Additionally, the results showed the relationship between customer behaviour during crisis and understanding customer values, indicating that the perception of what a product or service is worth is connected to individual's buying habits, including social trends, frequency patterns, and background factors during crisis. Finally, the results showed the relationship between brand awareness and customer behaviour during crisis, indicating that previously mentioned buying habits, including social trends, frequency patterns, and background factors during crisis, are associated with maintaining memorable and recognizable as a brand to the target audience, during the crisis.

The results answer *the research question (3) Have Netflix marketers maintained an innovative approach during 2020 crisis?* The results explain the digital marketing strategies Netflix applied during 2020 recession through the analysis of the survey questionnaire in SPSS. The overall customer satisfaction related to the respondents' usage of Netflix during crisis is attained, as presented in the data analysis and the

discussion part of this study. It can be said that one of the most important reasons Netflix succeeded in enduring the previous recession and the current one is – reinvention. Innovativeness in approach to business operationalization can be noticed in the digital marketing principles that Netflix has successfully implemented to gather customers. Consumer spending fell sharply in 2020 and Netflix’s consumer consumption patterns changed due to the crisis. Netflix’s understanding of their customers is visible in their steady focus on customer engagement, the company continuously using data to learn about customer preferences. Furthermore, Netflix has an innovative approach when it comes to consumer-friendly interfaces powered by personalization. In conclusion, these findings can be supported by the multiple linear regression analysis, and other statistical analyses done in this study. An adapted research model is presented in Future research/Appendix 2.

### 5.3. Practical implications

The actual results of this study, referring to the practical implications as the reality that would occur if certain conditions are being fulfilled, include the analysis of the effect of price sensitivity, increased promotion, understanding customer values, brand awareness, and customer behaviour during crisis on customer satisfaction during the Covid-19 pandemic, and the subsequent economic downturn. Company that was analysed in this case study was Netflix. The reliability of the collected data has practical implications on the connection of the previously mentioned variables, including their measurement methods and results. The range of options/hypotheses revealed the H3 - *Understanding customer values leads to customer satisfaction during crisis*, meaning that the analysis of changed customer values can bring more success to companies. Precisely, understanding that severe crises often results in long-term transformations of customer values. Thus, understanding changed customer values, as a part of the digital marketing strategy, helps companies keep their loyal customers and attract new ones.

#### 5.4. Theoretical implications

The area this study explored is fairly new due to the unpredictability of the times we currently live in, and the implications of this research are therefore complex and variable. In addition, the latter suggests that this study can help analyse and understand the Covid-19 crisis, and its effect on businesses as well as consumers. Other researchers may benefit from this study by gaining a better overall understanding of price sensitivity, increased promotional activities, understanding customer values, brand awareness, customer behaviour during crisis, and customer satisfaction during adverse situations, and all of the circumstances surrounding these concepts. Precisely, social and business sciences may benefit from the results because other researchers can draw conclusions about the investing in digital marketing during crisis. As previously mentioned, times are very unpredictable, and the findings in this research can be used as a foundation or a stepping stone for further research in this area because of its partly exploratory nature. The findings indicate that the understanding of changed customer values, due to the pandemic, represents a crucial element of the digital marketing strategies of companies. Understanding different values that were caused by the severity of a crisis eventually leads to achieving customer satisfaction, which ultimately helps companies endure the crisis, and possibly even thrive through and after adversities.



#### 5.5. Limitations of the study

The sample size of this study is not ideal, which may not represent the whole population. The data and information related with the topic were not easily found and available since the crisis still lasts and times are unpredictable. Although the snowball sampling method reduces search cost and time, it might introduce bias because it increases the chance that this sample does not represent the population (Pärson and Vancic, 2020). Furthermore, bias can arise because digital channels were used to distribute the questionnaire (Pärson and Vancic, 2020). Also, significance of correlation

depends on sample size (with large samples leading to very small correlation coefficients may be significant or vice versa).

Pärson and Vancic (2020) mention a few disadvantages of a self-completion questionnaire: the researcher can't help the respondents to answer a question if needed, the lack of control can result in missing data, and the risk for a low response rate. Another issue with quantitative studies refers to the possibility of disregarding the differences in the social and natural world (Pärson and Vancic, 2020). Likewise, respondents could interpret the connection of theory differently from the researchers, and that may affect the results (Pärson and Vancic, 2020).

#### 5.6. Managerial contributions

The insights of the research paper, referring to the investments in areas of digital marketing during a recession, can be valuable to the managers in the marketing services and advertising industries. Often pressured to cut back investments and marketing budgets during a recession, marketing executives could find these results helpful. During an economic downturn, marketing executives can focus on customers' perception of the worth of products or services, making decisions knowing that their perception of customer value marketing aligns with their customer base.

#### 5.7. Future research

The findings in this study suggest several indicators for future research. A larger sample size can identify the connections between variables in a better way. Also, trying the implications of this study on other companies, using different case study research subjects, can bring new results. Nevertheless, this study may serve for a better understanding, insight, inspiration, and foundation for other researchers in this area.

Five independent variables were examined, including price sensitivity, increased promotion, understanding of customer values, brand awareness, and customer behaviour during the crisis. One dependent variable was customer satisfaction during the crisis. There is an opportunity to discover extensively more influencing factors that

could explain achieving customer satisfaction during the crisis. This study can be used as a motivation to research more about helping small-sized and medium-sized businesses to endure and thrive despite adversities caused by recessions. Additionally, a similar study at a different point in time of the pandemic (or after) could be chosen for future studies so that the results obtained from this study could be compared with later results.



## DECLARATIONS

### **Author contribution statement**

Nikolina Paut: Conceived and designed the research topic/thesis and its operationalization; analyzed and interpreted the data; contributed analysis tools, materials, and overall data; wrote the paper.

### **Funding statement**

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

### **Data availability statement**

The data that has been used is confidential.

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### **Declaration of interests statement**

The author declares no conflict of interest.

### **Additional information**

No additional information is available for this paper.

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## APPENDIX 1

### Netflix Customer Satisfaction in Times of Crisis Questionnaire

#### Appendix 1: Questionnaire for customer satisfaction during the time of crisis on the example of Netflix

*Dear participants,*

*As a part of my master's thesis, I am conducting a study on Netflix customer satisfaction in the time of economic downturn caused by the 2020 crisis. The first part of this questionnaire includes several personal questions, such as your age group, and you have to option to choose Prefer not to answer to some of those questions. Second part includes questions related to price sensitivity, the third part relates to Netflix's promotional activities, the fourth part relates to customer values, fifth part relates to the awareness of Netflix as a brand, the sixth part relates to customer satisfaction, and finally, the seventh part relates to customer behaviour in the time of the mentioned crisis. In the last part you are asked to compare your current behaviour related to the usage of Netflix to before the outbreak of the pandemic and its influence on the economy.*

*People within the age category of 20-39 years old are invited to answer the survey. The thesis is focused on people residing in Split (Croatia) or they study or/and work in this city. The survey is going to take approximately 6 minutes, and is completely anonymous. This content is neither created nor endorsed by Google or Netflix.*

*Thank you so much for your time!*

*Nikolina Paut*



This study focuses on Netflix's products and services as well as digital marketing strategies and tactics. This questionnaire was conducted to study the influence of price sensitivity, increased promotion, understanding customer values, brand awareness, understanding customer behaviour on customer satisfaction in a time of crisis. The researcher assures that all the information provided by respondents will be kept strictly confidential and will be used only for the academic research purpose.

*This questionnaire is divided into seven parts as follows:*

**Part 1:** Personal information

**Part 2:** Price sensitivity

**Part 3:** Increased promotion

**Part 4:** Understanding customer values

**Part 5:** Brand awareness

**Part 6:** Customer satisfaction during crisis

**Part 7:** Customer behaviour or expectation during crisis (*how does Cov-19 affect your purchasing behaviour or subscription to Netflix*)

**Instruction:** Please select the one answer in multiple choice questionnaire, or select ✓ in the rate scale questions that relate to you the most

**Part 1: Personal information**

1) Gender

Female       Male       Non-binary

2) What is your age group?

20 – 29 years old       30 – 39 years

3) Which of these describes your personal income last year?

- 0 HRK       Less than 48000 HRK       48000 HRK to 96000 HRK       96000 HRK to 144000 HRK       144000 HRK to 192000 HRK       192000 HRK to 240000 HRK  
 More than 240000 HRK       Prefer not to say

4) What is the highest level of school you have completed or the highest degree you have received?

- Less than high school degree       High school degree or equivalent       Some college but no degree       Associate degree       Bachelor degree       Graduate degree  
 Prefer not to answer

5) What is your current employment status?

- Employed Full-Time       Employed Part-Time       Seeking opportunities       Retired  
 Prefer not to answer

6) How many children do you have?

- None       1       2-4       More than 4

7) In what type of community do you live?

- Suburban community       City or urban community       Rural community       Other

8) Do you currently subscribe to Netflix?

- Yes       No

9) On average, how often do you watch Netflix

- Up to three hours streaming video per week     Three to six hours streaming video per week     Six to ten hours streaming video per week     More than ten hours streaming video per week

### **Part 2: Price sensitivity**

Please select the degree to which you agree or disagree with each of the following statements related to price sensitivity in a time of crisis.

1. I don't mind spending a lot of money to buy a new Netflix product/service.
 

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
2. I don't mind paying more to try out a new Netflix product/service.
 

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
3. I am less willing to buy a new Netflix product/service if I think that it will be high in price.
 

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
4. I know that a new Netflix product/service is likely to be more expensive than high in price.
 

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
5. A really great new Netflix product/service is worth paying a lot of money for.
 

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

6. In general, the price or cost of buying a new Netflix product/service is important to me.

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

### Part 3: Increased promotion

Please select the degree to which you agree or disagree with each of the following statements related to increased promotional activity in a time of crisis.

1. Your purchase of Netflix's products and services depends upon their increased online promotion

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

2. Your usage of Netflix is influenced by their innovative digital marketing approach

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

3. You would recommend Netflix as a brand to others based on their increased online promotion

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

4. You agree that innovative online promotions, especially their social media marketing, strengthen the image of Netflix as a brand

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

5. You agree that Netflix's promotional activities would save your money

Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

#### **Part 4: Understanding customer values**

Please select the degree to which you agree or disagree with each of the following statements related to customer values in a times of crisis.

1. I am satisfied with the value for money I get from Netflix  
 Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
  
2. Netflix products and services represent something that I need in my daily routine  
 Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
  
3. Netflix products and services helped me cope with 2020 crisis and isolation during lockdowns  
 Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
  
4. Using Netflix products makes me feel good and relaxed  
 Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree
  
5. Netflix products and services offer value for money  
 Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree

6. Using Netflix products and services gives me a certain social approval, improving the way I am perceived and making a good impression on others
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

### **Part 5: Brand Awareness**

Please select the degree to which you agree or disagree with each of the following statements related to brand awareness in a times of crisis.

1. I am familiar with the Netflix logo
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree
2. I hear a lot about Netflix from my friends and family
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree
3. I used Netflix products and services much more in the past year and half than any other time
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree
4. I trust a brand like Netflix if its present on social media
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree
5. Social media content got me interested in several Netflix TV shows
- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

6. Social media content helped me to make a decision to buy the Netflix product.

- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

7. I like/dislike, comment, share or use hashtags in social media posts of my favourite TV shows.

- Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

### **Part 7: Customer satisfaction during crisis**

Please select the degree to which you agree or disagree with each of the following statements related to customer satisfaction during crisis

1. How often did you use Netflix during the year 2020?

- Daily    Once in a week    Once in a while    Never

2. How satisfied were you with the Netflix subscription plan during 2020?

- Very satisfied    Somewhat satisfied    Neither satisfied nor dissatisfied  
 Somewhat dissatisfied    Very dissatisfied

3. How satisfied are you with the streaming quality according to the subscription plan since the year 2020?

- Very satisfied    Somewhat satisfied    Neither satisfied nor dissatisfied  
 Somewhat dissatisfied    Very dissatisfied

4. How satisfied are you with the Netflix customer service provided to you from the year 2020?

- Very satisfied     Somewhat satisfied     Neither satisfied nor dissatisfied  
 Somewhat dissatisfied     Very dissatisfied

5. How satisfied were you with the Netflix content available in your preferred genre during the year 2020?

- Very satisfied     Somewhat satisfied     Neither satisfied nor dissatisfied  
 Somewhat dissatisfied     Very dissatisfied

6. How satisfied are you with Netflix in comparison with other content providers since the year 2020?

- Very satisfied     Somewhat satisfied     Neither satisfied nor dissatisfied  
 Somewhat dissatisfied     Very dissatisfied

**Part 8: Customer behaviour or expectation during crisis (how does Cov-19 affect your purchasing behaviour or subscription to Netflix)**

Please select the degree to which you agree or disagree with each of the following statements related to customer behaviour or expectation during crisis.

1. Overall, how much did you watch Netflix during the Covid-19 pandemic?

- Daily     Once in a week     Once in a while     Never

2. Overall, I was satisfied with my usage of Netflix during the Cov-19 pandemic.

- Strongly Disagree     Disagree     Neutral     Agree     Strongly Agree



3. The need for entertainment and comfort influenced my usage of Netflix during the Covid-19 pandemic.

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

4. Relief from stress and boredom influenced my usage of Netflix during the Covid-19 pandemic.

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

5. Netflix advertising on social media influenced my usage of Netflix during the Covid-19 pandemic.

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

6. Recommendations from friends influenced my usage of Netflix during the Covid-19 pandemic.

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree



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