



Exploring how incentives to consume digital advertising will affect the brand loyalty of Netflix subscribers.

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*I hereby declare that the Research Report submitted for the Bachelor of Arts (Honours) degree to The Independent Institute of Education is my own work and has not previously been submitted to another University or Higher Education Institution for degree purposes.*

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### **Abstract**

Consumers have a strained relationship with online advertising in its current form, taking measures to avoid it where possible because it is invasive and ubiquitous. Netflix, presently an ad-free platform, relies on subscriptions for its business model but requires additional funding to maintain and grow its offering without burdening customers. If the delivery methods of advertising were transformed, providing more value to the consumer, this study has undertaken in-depth interviews and a survey to establish whether subscribers would remain loyal to the Netflix brand. The outcomes found that brand loyalty to Netflix would not be affected but more importantly, that online advertising would be a more welcomed player in the internet ecosystem if its delivery methods were improved.

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## Chapter 1: Introduction

### 1.1 Background and orientation

Online advertising is an important role-player in the marketing ecosystem, not just as a tool for communication, brand building and differentiation, but also holds economic value for content providers and product value for consumers (Watkins, 2018; World Federation of Advertising, 2020). Simultaneously, targeted online advertising uses personal data collected by websites and browsers, typically only at the discretion of such platforms and not the users themselves (Watkins, 2018). In this way, the power dynamics involved in the use and trade of such personal data - and who should benefit economically from it is contemplated.

In demonstrating how the internet provides more lifestyle experiences online than before, Netflix is one of the many platforms providing video entertainment to nearly 140 million subscribers worldwide (Gilbreath, 2017; Heisler, 2019). Netflix, a subscription-based, streaming video-on-demand (SVOD) service that is currently positioned not to include advertising in its model, is competing with many existing pay-tv and emerging on-demand services that do (Ferreira, 2019). Analysing this approach, Zinman (2019) contends that to continue to please its growing subscriber-base with new, fresh content, Netflix would have to offset its content creation budget with more revenue, a return that advertising has traditionally and reliably provided. However, as competition for the attention of consumers has increased, practical and ethical issues around the intrusive nature of online advertising have emerged, resulting in 47% consumers actively blocking or avoiding advertising during their online experiences globally (McCue, 2019). It may be argued that the perception of nuisance advertising only exists because consumers have little opportunity to control their exposure to it and find diminished return in value for the exchange of their attention. Would subscribers feel differently about advertising if they could choose when and how they were exposed to it?

By understanding how these feelings would be subject to change when offered an evolved mechanism to incorporate advertising into online experiences, the feasibility for Netflix to introduce such advertising will be pondered. Since this would affect the features of the Netflix business model, the impact on the brand loyalty from customers

is a significant concern. Brand loyalty is a highly contentious concept (Tartaglione, Cavacece, Russo & Granata, 2019). Aaker's brand loyalty pyramid will be used to measure whether introducing an incentivised, subscriber-controlled advertising option in Netflix's offering would be a viable option to enhance its economic competitiveness towards funding content and platform development. Aaker (1991) defines brand loyalty as the likelihood to switch brands based on changes in price or features of a product. It is worthwhile investigating whether a change in the Netflix business model to introduce advertising ethically and responsibly would result in subscribers wishing to switch brands.

## 1.2 Rationale

Tension exists between competitive marketers trying to match the right products and services to the right people (World Federation of Advertising, 2020); between product satisfaction and distraction due to advertising (Gilbreath, 2017); and in terms of the decision rights around whether the marketer, online platform or user should control this experience of being exposed to advertising. Furthermore, providing online content comes at a cost to publishers which online advertising funds, keeping content free or low-cost for consumers (Perrin, 2019). However, the consent from consumers in this mechanism of display advertising for content provision has arguably not been considered well enough if they are finding advertising too pervasive, too intrusive and irrelevant (McCue, 2019).

Netflix uses algorithms to personalise content and artwork for users based on their collected data and therefore already possesses subscriber profile information (Netflix Research, 2020). There is potential for Netflix to incorporate personalised and relevant advertising into its model ethically by allowing subscribers to opt-in to receiving advertising at a time of their choosing. In this way, the nuisance aspect of advertising could be resolved.

To illustrate the willingness of consumers to accept advertising when it provides trade-off value, Hulu, a competitor of Netflix, offers an ad-supported tier accounting for 70% of its viewership (Reyes, 2019). Hulu's subscribers could opt for its ad-free tier, however, seem to be willing to see advertising for a reduced subscription price (Reyes, 2019).

Aaker's brand loyalty pyramid has been selected because Netflix is already the most popular streaming service with more than 140 million subscribers worldwide and with new entrants to the market offering similarly-priced options, the five levels of the brand loyalty pyramid refer to the points at which consumers may be vulnerable to switching brands (Heisler, 2019).

The basis of this study is to understand how delivering advertising in a way that is respectful of consumer consent and the usage of personal data, such as incentivising Netflix subscribers to consume better-targeted advertising at a time of their choosing, would affect brand loyalty to Netflix.

In this light, the nature of advertising as either a hindrance or an important cog in the economy of the digital landscape will be debated, with a view to improve the way it is delivered.

Key Concepts:

- Online advertising
- Video-on-demand models
- Incentivisation/reward advertising
- Consumer consent and choice for the usage of personal data
- Brand loyalty

## **1.3 Problem statement**

### **1.3.1 Why is the problem worth investigating?**

To remain relevant and competitive as new video-streaming players emerge, Netflix would need additional revenue to keep its content fresh and of high quality (Zinman, 2019). Introducing advertising would provide this solution without burdening subscribers with increased premiums, however, consumers are also actively avoiding online advertising (McCue, 2019). The root of the problem may not be with advertising conceptually, but rather with the way it is delivered. Consumers have little control over who their personal online data is shared with and whether it is used to push advertising to them in an invasive manner, at unwanted times. From the outcomes, it would be determined whether a more consumer-controlled approach to advertising would resolve negative attitudes towards it, allow it into online experiences again and

preserve the economic role it plays in the functioning of internet activities and broader business.

### **1.3.2 Research questions**

The purpose of the study is to explore whether the choice to opt in or out of advertising exposure based on personal information, by being offered incentives, would appeal to Netflix subscribers and affect their loyalty to the brand. This will be measured by whether consumers would continue to subscribe to the platform even when other video-streaming providers such as Amazon Prime and Hulu are available. The research questions are:

- What are the attitudes that Netflix subscribers have towards advertising and what influences those attitudes? By understanding how feelings towards online advertising are constructed, managing those drivers would be possible.
- What do consumers value most about their experience when viewing Netflix content? This would identify which features should not be compromised when planning the delivery of incentivised online advertising.
- If subscribers could control the exposure to and conditions of advertising, based on tangible benefits for their attention, would it affect their loyalty to Netflix as a brand?

As such, the objectives of the study can be identified broadly and specifically.

### **1.3.3 Research objectives**

Specific objectives:

- Investigate the underlying drivers of perceptions around online advertising and whether these perceptions are subject to change under new conditions.
- Determine the strengths of the Netflix experience in the minds of subscribers.
- Explore whether subscribers would feel differently about their loyalty to Netflix, if receiving advertising under conditions they had control of, provided tangible benefits to them through incentives from advertisers who bid for their attention.

## 1.4 Purpose statement

The main objective of the study is to explore whether introducing advertising in a transformed way that enhances benefits for the consumer and limits negative experience, would affect the brand loyalty of Netflix whose business model is based on an ad-free offering.

## 1.5 Conceptualisation (of key concepts)

- *Online advertising* refers to the use of the internet to place deliberate marketing messages on third-party websites or platforms where consumers engage with content (Ha, 2008).
- *Video-on-demand* refers to the direct delivery of video content including television shows and films whenever demanded by a customer, instead of limited to broadcast schedules. There are various business models, and these are discussed in the literature review (Britannica, 2020).
- *Incentivised/reward advertising* can be defined as the exchange of time and attention that a consumer makes to view an advertisement, for a reward (Guo, Zhao, Hao & Liu, 2019).
- There is an ongoing debate around *the liberties and protections of consumers with regards to the use of their personal data*, of which cookies fall under in certain circumstances (ICO, 2020). This study connects the way that websites and platforms collect, use and share cookies that contain personal data with online advertisers, highlighting the lack of power consumers have in deciding when and how they receive that advertising (Allaboutcookies, 2020; ICO, 2020).
- The definition of *brand loyalty* adopted for this paper frames purchase behaviour and the likelihood to switch brands based on a change in product features, as a measure of loyalty to the brand (Aaker, 1991).

## 1.6 Overview of research methodology

This study has been approached through a critical realism lens due to neither positivism nor interpretivism in isolation being sufficient to investigate how

relationships to online advertising are formed, with perceptions of the underlying structures constantly in flux (Dobson, 2002).

As such, the study has employed the mixed-method comprising of the overarching qualitative method with a supporting quantitative method and it is exploratory in nature.

## **1.7 Structure of paper**

In the following chapters, a review of the literature around the key concepts has been contemplated within the context of the arguments put forward. Thereafter, the research methodology is explained in detail. Finally, the findings are discussed along with scope and implications for future studies.

## Chapter 2: Literature review

The literature around online advertising, video-on-demand models, incentivised advertising, the exploitation of personal data and brand loyalty provide the foundational principles of the key concepts of this study. The structural ecosystem constructed by the relationships between these role-players influence product and marketing design outcomes, which in turn influence consumer attitudes and perceptions.

### 2.1 Online advertising

De Cornier and de Nijs (2016b) refer to two main forms of online advertising, namely: search, where consumers request to see specific information related to a query they input and advertising results are returned to them (De Cornière, 2016b); and displayed advertising. Websites which are also called publishers, sell the advertising slots on the websites that appear to users as they look at content (De Corniere, 2016a). For the purposes of this research study, only displayed advertising will be considered and deemed relevant because there is no trigger or request from the consumer to see the advertisement. It may be argued that consumers are blocking or avoiding displayed advertising because they have little control over seeing it, resulting in it being a nuisance (De Corniere, 2016a).

Attention as a resource has become scarce and increasingly valuable (Watkins, 2018). Furthermore, in a move away from the traditional goal of branding to appeal to large populations, focus has shifted to persuading smaller, more specific cohorts of people (Watkins, 2018). This is known as targeting and requires data to be collected (Watkins, 2018.) Indeed, this ability to personalise is one of the fundamental benefits that internet-based TV content provides over linear TV belonging to traditional, free-to-air broadcasters (IBC, 2019; Deloitte, 2018).

Web analytics is a tool utilised to segment audiences by seeking to understand what consumers want with tracked data rather than being based on imagination (Tandoc & Thoms, 2014).

Cookies are small files from a website stored on the consumer's computer either in program data folders or on a browser that keeps track of a consumer's information,

such as an email address; or movements on a website (Allaboutcookies, 2020). Some information collected by cookies present opportunities for marketing (Guerreiro, 2020.)

Although privacy legislation such as the General Data Protection Regulation (GDPR) law guides policy on the use of cookies, BBC (2020) reported that in a study conducted jointly by Massachusetts Institute of Technology, University College London and Aarhus University, only 11.8% of the sites reviewed complied with such requirements. Many websites blanket consent options for the acceptance of cookies or decline access to them altogether if cookies are not accepted. The researchers found that reading through all the privacy policies or what third-party companies use personal data for would take upwards of 30 minutes for consumers to read through (BBC, 2020.) This is arguably not practical and as such, consumers may forego reading these time-consuming contracts, effectively signing their rights away by clicking to accept them (Berreby, 2017). Furthermore, interface design flaws that only offer a habitually-biased, click-to-accept “I agree” button as well as the problem of individuals not being able to negotiate contracts with larger platforms like Google or Twitter in any event, make potentially abusive terms difficult to avoid (Berreby, 2017). Even when consumers do consent when their data could be originally captured, they would not always know whether it would be used later in ways they do not want or expect and this is an ongoing problem with regards to the ethical use of Big Data (Prado, Chiareto, Oliva & e Grisi, 2017).

As such, consumer behaviour has resulted in the emergence of ad blockers. Ad blockers are web browser extensions or plugins for the web; and could also be VPN-based (virtual private network) for mobile applications, that prevent advertisements from being served to consumers (Malloy, McNamara, Cahn & Barford, 2016).

The pervasiveness of digital advertising is often so disruptive, that 47% of consumers have begun to use ad-blockers on their browsers McCue (2019). In addition, popular platforms identified the opportunity to obtain significant revenue streams from subscriptions instead of online advertising (Perrin, 2019). This means that advertising is omitted from such online activities altogether.

As more people shift over from linear TV towards digital viewing, changing how and when people watch TV, the different models of video-on-demand explain how various platforms operate (Morgan, 2019).

## 2.2 Video-on-demand models

The year 2015 was named “the Year of OTT” which saw a surge of new entrants in the non-linear TV industry (Medium, 2016). Over The Top (OTT) refers to television that is delivered over the internet as opposed to traditional broadcast TV and some of the larger players include Netflix, Hulu and Amazon Video (Medium, 2016). A number of business models could be employed by these platforms, which all share the characteristic of Video On Demand (VOD): Subscription Video on Demand (SVOD) requires viewers to pay a subscription fee to be able to view an entire content library; Transactional Video On Demand (TVOD) speaks to specific content that viewers would pay to watch; while Advertising Video On Demand (AVOD) refers to free content that is funded by watching advertisements (Medium, 2016). Netflix exercises the SVOD model and funds its content solely on subscriptions (Reiff, 2020.) Hybrid models that utilise a combination of models to appeal to the needs of different kinds of viewers are becoming more common (Medium, 2016). A competitor to Netflix, Hulu, offers subscription plans with or without advertising meaning that viewers have more choices to consider, posing a threat to Netflix if consumers on a budget can only choose one platform (Moskowitz, 2020; Ferreira, 2020.) For Netflix to manage its cash flow and offset expenses like rising programming costs, content production and emerging bidding wars because of the new competitors, the question of whether subscriptions alone would provide sufficient revenue is valid (Moskowitz, 2020).

Youtube’s AVOD generates the equivalent of 75% of the global revenue that Netflix attracts, instead of SVOD, indicating that AVOD alone is also not as economically successful (Foster, 2020).

If Netflix bases its ad-free model on streaming and customer pleasure, the elements that contribute to customer pleasure could be discussed (Perez, 2020). The theory that customers want to choose to consume content on their own terms is supported by Netflix leading in customer satisfaction (Berk, 2019.) Incentivised advertising viewed when a consumer chooses holds potential to contribute to this metric.

## 2.3 Incentivised advertising

In the video-on-demand industry alone, advertisers have to contend with scarce resources and competition due to emerging players (Gavilanes, Flatten and Brettel,

2018). Even for platforms that do allow advertising, advertisers need to know where to place their advertising or measure their effectiveness around how consumers engage with it so that they know their investment and efforts are worthwhile.

Digital consumer engagement (DCE) is defined as the way consumers interact with a brand in an online environment (Close-Scheinbaum, 2015, as cited by Gavilanes, Flatten and Brettel, 2018). A “hierarchy of effects” exists when consuming advertising, which includes the cognition or thinking dimension; affective or feeling dimension; and experience dimension, which relates to the motivation, ability to process information and attitudes towards the ad (Lavidge & Steiner, 1961, as cited by Vakratsas & Ambler, 1999; MacInnis and Jaworski, 1999; MacKenzie, Lutz & Belch, 1986 as cited by Vakratsas & Ambler, 1999). Communication strategy or how advertising is communicated, therefore affects the cognition and subsequent feelings and attitudes of consumers (Eisand & Tarrahi, 2016). It is worth considering that for a platform like Netflix where the consumers intend to escape from reality, unwanted and uncontrolled advertising can interrupt the experience, potentially reinforcing negative attitudes to both the platform and to the advertisements (Gold, Frost-Pinada & Jacobs, 2003, as cited by Schweidel & Moe, 2016). Furthermore, it could mean that if Netflix subscribers are not in a position to think about the reality of the advertising during a period where they wish to escape from reality through a binge-watching session (the cognition phase) processing any advertising during this time would result in low-responsiveness (Schweidel & Moe, 2016). It is therefore reasonable to consider goal-directed behaviour as a function of analytics where a reward or incentive is part of the messaging, to influence attitudes prior to the commencement of consuming Netflix content and subsequent advertising cognition (Chaudhuri & Buck, 1997).

The mobile app market has seen the introduction and rise in popularity of a new type of monetisation, called *reward advertising*, that lets consumers opt in to view ads for some kind of reward (Guo, Zhao, Hao & Liu, 2019). This arose from the tension between developers and users because of the practice of only pushing ads to consumers, resulting in nuisance and intrusive ads and a hindered user experience (Guo, Zhao, Hao & Liu, 2019).

The fact that gaming apps have been successfully using rewarded advertising for years is one of the reasons why incentivisation is being more widely adopted, with the

second reason being that consumers are seeing the obvious benefits in being rewarded to take an action (Mandese, 2018).

Figure 1 below shows the results from a survey of 100 marketing professionals in the United States of America, conducted jointly by Open X, the Mobile Marketing Association and MediaMath researching the types of incentives that they would watch an ad for in increments of 15, 30 and 60 seconds each:

| <b>What Types Of Offers Would Prompt US Mobile Users To Watch A Rewarded Video Ad?</b>                                                         |             |             |             |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| <i>% of respondents, by ad length, June 2018</i>                                                                                               |             |             |             |
|                                                                                                                                                | <b>0:15</b> | <b>0:30</b> | <b>0:60</b> |
| A discount offer from your favourite brand or retailer                                                                                         | 80%         | 77%         | 71%         |
| 30 minutes of ad-free music on your favourite provider                                                                                         | 70%         | 64%         | 53%         |
| Free rewards in your favourite mobile game                                                                                                     | 70%         | 66%         | 55%         |
| Free premium video content for an hour on a streaming service like Hulu or Netflix                                                             | 70%         | 70%         | 64%         |
| An exclusive new filter on a photo app like Instagram                                                                                          | 40%         | 39%         | 32%         |
| Video highlights from a sports game or current TV show                                                                                         | 39%         | 39%         | 32%         |
| 3 free articles on a premium news site like The NY Times or Wall Street Journal                                                                | 39%         | 36%         | 28%         |
| <i>Note: read as 70% of respondents would be willing to watch a 15-second ad in exchange for free rewards in their favourite mobile game.</i>  |             |             |             |
| <i>Source: OpenX "The Consumer Engagement Crossroads" in coordination with Mobile Marketing Association (MMA) and MediaMath, July 26, 2018</i> |             |             |             |

Figure 1: Data from *The Consumer Engagement Crossroads OpenX report*, as cited by eMarketer. 2018.

Netflix already knows what its subscribers like based on how they personalise content and artwork and there is an opportunity to match this data to make incentivised, targeted advertising more meaningful because as was earlier discussed, consumers would be more engaged with advertising they choose to see, when they want to see it, for a reward (Netflix Research, 2020; Mandese, 2018).

If Netflix changed its product delivery, the correlated value it provides to its subscribers should be tested because it is this value that would determine whether subscribers would remain loyal to the brand.

## 2.4 Brand loyalty

Brand loyalty is the foundation of brand equity (Keller, cited in Fernandes & Moreira, 2019). A brand consists of the goods and services offered by a seller, along with its name, symbol, term and other signifiers, that identify and differentiate it from other sellers (Keller, cited in Ishak & Abd Ghani, 2013). Brand loyalty enhances competitiveness because it influences sales figures by retaining subscribers as new subscribers join Netflix (Bhasin, 2019). It also reduces the marketing budget required to reinforce brand value, allowing capital resources to be spent on elements such as content production (Bhasin, 2019). Most importantly, it allows for the experimentation of price premiums because of confidence that subscribers would not switch brands (Bhasin, 2019).

Jacoby and Kyner (1973) attempt to provide a 6-point conceptual definition of brand loyalty, as “ the biased, behavioural response, expressed over a period of time, by some decision-making unit, with respect to one or more alternate brands out of a set of such brands and is a function of psychological processes.” Aaker (1991) defines brand loyalty as a measurable attachment to a brand that a consumer has. A similar view is again expressed by Jacoby and Kyner (1973) that loyalty can only exist when there is an opportunity to be disloyal to a brand due to having a choice to select other brands. Moreover, they contend that the operational definitions of brand loyalty are focused on the outcome of behaviour, that is, whether a consumer repeats a purchase, rather than the reasons for the behaviour (Jacoby & Kyner, 1973).

Brand loyalty has been conceptualised by Aaker (1991) as a pyramid consisting of five tiers with consumers at the bottom considered the least brand loyal and most vulnerable to switch; while the consumers at the top are considered extremely brand loyal.



Figure 2: Aaker, D. 1991. *Loyalty pyramid*. (Aaker, 1991: 45)

The bottom layer consumer may find each brand option adequate and is indifferent to any brand name in their purchase decision, they may buy whatever is cheapest or most convenient (Aaker, 1991). The second level refers to buyers who operate on habit and are not dissatisfied enough to switch, however, if a competitor offered a compelling reason for them to look at alternatives, they may do so (Aaker, 1991).

The difference in the third level is that while these consumers are also satisfied, there may be a cost for them to switch brands due to possibly investing in the chosen brand or being fearful of an associated risk to switch. Competitors could attract these consumers if they managed to overcome the switching costs or offered a benefit to change (Aaker, 1991). The fourth level refers to consumers who like the brand based on a preference for characteristics such as a perception of high quality, a symbol or user experiences (Aaker, 1991). It can be argued that liking anything is largely subjective and consumers may not always know the reasons for their preference, however, they do have an emotional attachment (Aaker, 1991). The top level of consumers are highly attached and committed to the brand because it expresses who

they are or provides functional importance to them, so much so that they become advocates for the brand in the market (Aaker, 1991). The level being investigated for this study is the second tier, “Satisfied/Habitual buyer, no reason to change” because it analyses the attitudes of current Netflix subscribers when the non-advertising feature of Netflix is changed and whether this would provide sufficient reason to switch brands.

Brand loyalty is closely tied to the user experience but is also influenced by other factors such as perceived quality or associations (Aaker, 1991). Loyal customers make more frequent purchases or in the case of Netflix, continue to subscribe and suggest the brand to other people (Fazal & Kanwal, 2017). Loyal customers provide stable, profitable outcomes and when customers switch, Netflix will lose market share (Fazal & Kanwal, 2017).

Over the past five years, the number of subscriptions in the eCommerce market has increased by 100% per year (e-Business Institute, 2020). The way that subscriptions differ from traditional customers and purchases is that they are not just once-off sales but rather occur regularly, over a period of time (McKinsey, 2018, cited by e-Business Institute, 2020). The *Nomadic Consumer* has emerged, who will move on to other brands if their expectations of lower costs and a great experience are not met (e-Business Institute, 2020). Does the behaviour of the long-term repetitive nature of a subscription; or the positive attitude of a good experience describe brand loyalty; or a combination of both?

Ishak and Abd Ghani (2013) mention the two typologies, *behavioural* and *attitudinal*, in their discussion around how brand loyalty is measured. They cite Mellens, Dekimpe and Steenkamp (1996) who describe the strengths and weaknesses in how brand loyalty measures behaviour through purchases observed over a period of time (Ishak & Abd Ghani, 2013).

The *stochastic approach* considers loyalty as a behaviour, in that the consumer buys the same brand (Odin, Odin & Valette-Florence, 2001). The *determinist approach* treats brand loyalty as an attitude where the psychological commitment of the consumer is investigated, without taking the purchase behaviour into account (Jacoby, 1969; Jacoby & Olson, 1970; Jarvis & Wilcox, 1976, cited in Odin et al, 2001). Jacoby’s (1971, cited in Odin et al, 2001) conceptual definition comprising of 6 points discussed earlier, was the first to try to reconcile the approaches under a single view. Jacoby

mentions that loyalty is the repeated purchasing of the same brand with an attitudinal component, however, this attitudinal component remains vague because there is no indication of what these psychological factors are that affect repeat purchasing (Odin et al, 2001).

This combination of approaches has been appropriated for the study because it acknowledges that the decision to continue subscribing to Netflix as a behaviour is determined by the experience and perceptions of its product features as the attitudinal component.

Further arguments in the literature continue at great length, however, Aaker's definition adopted by this paper, will focus on the likelihood to switch brands based on a change in Netflix's features, as a measure of loyalty to the Netflix brand.

## Chapter 3: Research methodology

### 3.1 Research paradigm

To recap, the intention of the study is to determine how consumers, who have largely not been offered the option for advertising to be received in a different way, would respond behaviourally towards the Netflix brand, were they given rewards and choice to consume advertising.

The underlying belief system and theoretical lens of the researcher guides any investigation and is important because it will result in what methods are chosen to conduct the study (Dobson, 2002, cited by Krauss, 2005).

Orlikowski and Baroudi (1991) classify research traditions as a product of three philosophical approaches, namely: positivist, interpretive and critical.

Positivism refers to the observation and measurement of phenomena that exist independently (Krauss, 2005). Under this paradigm, the reality is the same for each person (Bryman, 2008, cited by Ryan, 2018) and the science is objective and value-free (Ryan, 2018.) The goal of positivist epistemology is to understand the world so well, that it might be predicted and controlled (Krauss, 2005). This study cannot fall under the positivist paradigm because the nature of reality can be interpreted with great variance from person to person with regards to the meaning created around what brand loyalty is or how advertising is perceived.

Interpretivism considers that knowledge and truth will be different for people based on their cultures, histories, experiences and beyond that, their understanding (Ryan, 2018.) Therefore, in contrast to positivism, reality can have different meanings based on the way they are socially constructed (Ritchie and Lewis, 2003, cited by Ryan, 2018). This approach is not sufficient as well for this study because the research position might argue that the internet and video-on-demand technology can potentially be observed empirically; and the relationships with and to the internet and video-on-demand technology can be interpreted differently. However, the perceptions of the way these relationships are constructed and where power is situated need to be investigated.

### 3.2 Research approach

Critical realism has elements of both positivism and interpretivism: while positivism concerns one reality and interpretivism concerns multiple realities, critical realism posits that multiple perceptions of a mind-independent reality exists (Healy & Perry, 2000, cited by Krauss, 2005). Social conditioning produces knowledge of reality and it is not independent of the social actors involved in the way that knowledge is derived (Dobson, 2002). The critical realist believes that underlying structures that constitute reality are “relatively enduring” and that it is our perceptions of this reality that is in flux (Dobson, 2002.) As such, to both observe and understand the way meaning is created, both qualitative and quantitative methods are seen as appropriate otherwise known as mixed-method (Healy & Perry, 2000, cited by Krauss, 2005).

The basis of the critical realism approach is that the socio-technological system has been designed to operate in the current construct and portrays a power imbalance between the message sender and the message recipient because to avoid charging customers to view content, nearly every aspect of the internet relies on advertising (Bauer, 2017). What is intended to be exposed by this study, is that this reality can exist differently. From an epistemological point of view, the stake and subsequent share of knowledge for each role-player in this relationship may have been carried over from the traditional marketing approach where advertisers owned or leased real estate such as signage, used telephones during the Sales Era and television during the Marketing Era in which communication was pushed to the consumer (Digital Marketing Institute, 2020). As the custodians of one kind of online advertising, websites are considered publishers because they provide content to users (De Cornière & de Nijs, 2016). To continue the work of providing free content to users, Perrin (2019) explains that advertising space provided by publishers is an important revenue source for them. On the other hand, from the perspective of consumers, Gilbreath (2017) argues that being subject to online advertising to receive free media is a “tax on our attention” and that the busy nature of our lives makes distractions and interruptions of the channels we read, listen to and watch painful. As such, consumers have very little power in terms of agency, since it can be argued that the ability to use the internet and consume its content for free, is often done under coercion to be advertised to. In these circumstances where free content is provided to the consumer,

there is conflict around the way advertising is metered between publisher and consumer and which party holds the decision rights related to being subject to it. Thus, the axiological framing is that consumers should own the rights to decide what their profile data is used for, in relation to online advertising and how they experience it. This supports the critical realism design for the study since Habermas describes critical theory as emancipatory in nature (1972, cited in Lyytinen & Klein, 1985).

For a platform like Netflix, paid subscriptions have replaced the revenue that advertising would have provided resulting in advertising being excluded from the environment between publisher and consumer. One question to be asked is where Netflix, as a publisher is located in this regard, particularly economically, should advertising continue to be ostracised. A second question is whether online advertising, as a concept so many consumers are averse to, might be able to recover the perception of its value by being administered in a way that consumers can control.

### **3.3 Research design**

The research was cross-sectional and the design employed an exploratory mixed method approach for the purposes of converging data (Creswell, 2014). The overarching qualitative approach is phenomenological. The intention was to understand and interpret how consumers perceive online advertising and whether those perceptions are changeable under new conditions they control, with the additional benefit of a reward. The study utilised field research under grounded theory, because the focus of the study is narrow in understanding a particular aspect of the Netflix subscriber experience of online advertising in relation to brand loyalty. The supporting quantitative approach was descriptive, observing and measuring the extent to which such attitudes exist. The two approaches took place concurrently with results triangulated. The findings from both approaches have been integrated to produce a single interpretation. The deductive nature of this study is based in the application of Aaker's brand loyalty pyramid to measure how the consumer-brand relationship between Netflix and its subscribers would perform, should consent and incentivisation to receive advertising be introduced.

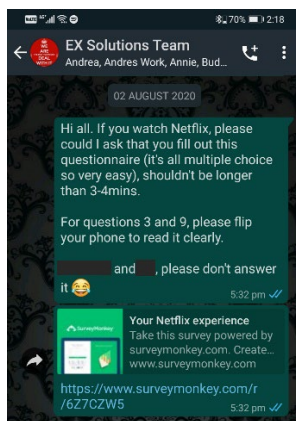
### 3.4 Data collection tools

From the qualitative perspective, semi-structured in-depth interviews have been conducted to probe for information from participants (Business Research Methodology, 2020). The answers from participants were anticipated to vary so the same set of questions, in the same sequence was not appropriate. Since these interviews took place telephonically and not physically, it was difficult to gather additional data around body language and facial expressions from the participants when answering questions. Skype and Whatsapp were used because they are the most popular platforms and connectivity and data consumption are typically low. All interviews were recorded using a recording application called 'Voice Recorder' from the Google Play Store and transcribed in Microsoft Word. Refer to Appendix A to view the Interview Schedule utilised. The open questions selected were designed according to the information required to answer the research questions with the goal of understanding why consumers behave in particular ways. The areas to explore covered the feelings about online advertising, consumer choice and incentivised advertising. The critical question of whether consumers would switch from the Netflix brand and cancel their subscription if incentivised advertising were introduced, was included and aligned to Aaker's framework, testing whether a change in product features would cause currently satisfied subscribers to switch brands.

From the quantitative perspective, a non-experimental survey was conducted online to voluntary respondents who clicked on a link shared over Whatsapp and Twitter. A survey was selected because it is easy to distribute it to a large number of people using the internet and the frequency of expressions of attitudes and experiences could be quantified (Rowley, 2014). In doing so and with enough responses from the correct sample, a profile of the wider population could be generalised (Rowley, 2014). The closed questions consisted of a combination of list questions, category questions, scale questions and ranking questions with an understanding of the sample required to be able to provide sensible categories (Rowley, 2014). The order of the questions was intended to first understand existing attitudes and perceptions and then identify new attitudes and perceptions through the introduction of the advertising feature on Netflix. This flow would provide better understanding of how the new feature creates any variance in those attitudes and perceptions. No manipulation of variables was

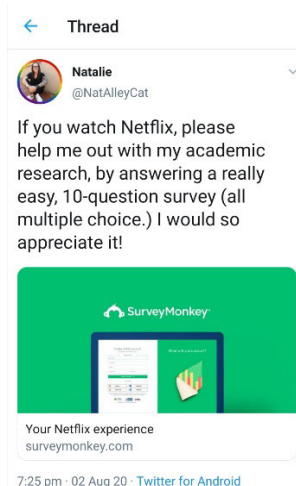
required. Survey Monkey, an online survey tool was employed because designing surveys using the tool is: fast and easy to share with others, use, record and analyse data in real-time. The survey was designed and socialised concurrently with the qualitative study, to test the extent to which shared themes and attitudes exist.

A web link to the survey was shared to social media a) a workplace Whatsapp group comprising of people thought to meet the required criteria and would provide good feedback and b) Twitter, for reach to diverse participants who meet the criteria.



*Screenshot taken with researcher's smartphone of post to social group on Whatsapp.*

Two of the participants in the qualitative research were asked to abstain from participating in the survey in the request made on Whatsapp.



*Screenshot taken with researcher's smartphone of post to Twitter.*

The introduction and positioning of the survey provided information around the qualification criteria to participate in the survey with respect to correct sampling of the units of analysis (refer to Appendix B).

### 3.5 Population and sampling

The units of analysis were Netflix subscribers. The consideration was made to generalise the study more broadly to video-on-demand subscribers, however, the unique scope for Netflix subscribers was that they currently do not consume any advertising on the platform due to the platform's current policy in this regard. The operating models may vary from platform to platform affecting the experience of online advertising and therefore, perceptions and attitudes towards it. The target population for the study is Netflix subscribers in South Africa because streaming content varies from region to region (Netflix Help Centre, 2020). In addition, advertising experiences may be different in other regions.

Due to the COVID-19 pandemic and social distancing regulations, most social interaction and communication is currently taking place online, therefore the research was conducted online. As such, participants needed to be accessible and able to participate in the study virtually and/or digitally. Netflix subscribers may also be children and the study intended to focus on adults who have a role in making decisions around the allocation of household income. As such, only Netflix subscribers over 18 years of age were included in the study. Participants needed to have been Netflix subscribers for at least 1 month so as to exclude any new subscribers who had not yet experienced the platform and its exclusion of advertising. Furthermore, the units of observation having met the aforementioned criteria, needed to watch at least 30 minutes of content on Netflix in a single session per week because the possibility exists that consumers do subscribe to Netflix but do not spend a long enough amount of time using the platform to have an opinion towards its model.

The reason for selecting the 1 month subscription duration is based on the assumption that active subscribers (the units of analysis in this study) would have at least 3 weeks to consume Netflix content they have paid for and be able to provide feedback around their experience. The minimum 30-minute single viewing session parameter provides enough time to experience one episode of Netflix content that is ad-free, with network comedies ranging between 22 and 30 minutes (Volpe, 2017).

Non-probability sampling methods were used because the likelihood to be selected for the sample is unknown. Sampling was purposive to select participants that were known to meet the above-mentioned criteria required for the study. Due to the

limitations mentioned, convenience sampling was conducted to expedite the process of finding and having access to suitable participants. Recruitment to participate in the study took place via social media. It must be noted that there was a risk of volunteer bias because those who volunteered may possess lifestyles and privileges that those who do not volunteer, do not possess (Stearns, 2020).

### 3.6 Data analysis

For the qualitative research, all interviews were recorded and transcribed. The researcher acted as the transcriber and captured all audio recordings of the interviews to text verbatim using Microsoft Word, with the only omissions being the introduction and conclusion of interview scripts. A limitation would be that the integrity of the transcription depends on the quality of the audio recordings and the ability of the transcriber to hear and capture audio accurately. All effort was made to do so through a repetitive playback and capturing confirmation process.

A total of 5 interviews were conducted, 1 of which was the pilot to test for bias and errors; and 1 where the quality of feedback from the participant did not meet the standard required to adequately answer the research questions. Therefore, 3 interviews produced data saturation and the confidence that the research would produce similar results should it be carried out by anyone else. The participants were named according to number: "Participant 1", "Participant 2" and "Participant 3", while the researcher has been named "Researcher."

A thematic analysis was conducted using the transcriptions of all the interviews to identify and analyse patterns and report findings (Braun & Clarke, 2006.) This analysis method has been selected to be able to interpret and organise common themes occurring across the interviews, since the participants would have answered the questions differently, based on different experiences and worldviews.

It must be noted that the procedure of the thematic analysis has been performed by the researcher and as such, while as many measures as possible have been taken to reduce bias, objectivity is impossible. This is due to the fact that the narrative evidence from the transcribed interviews will be interpreted, selected and deployed to support the research argument (Braun & Clarke, 2006). A *contextualist* thematic analysis has been employed which supports the critical realism approach in trying to unpack the

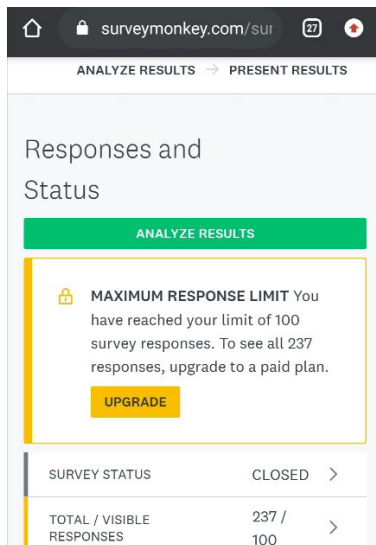
way that individuals make meaning and how broader social and technological circumstances influence that meaning, revealing and unravelling the “surface of reality” in the way that online advertising currently exists versus the way that it *could* exist (Braun & Clarke, 2006).

Codes can be defined as labels that identify what is of interest in the data (Braun & Clarke, 2006, as cited in *Beginners guide to coding qualitative data*, 2019). *Emergent coding* refers to a process whereby no preconceptions of what the data would provide have been formed, while *structured coding* refers to codes that have been identified beforehand and the information from the data is matched to those codes (see *Beginners guide to coding qualitative data*, 2019). A hybrid of both has been used to code the data from the interviews because the researcher has searched for elements of interest that answer the research questions while still remaining receptive to new information.

Themes can be described as important information within the data that seems to present a pattern and these have been selected to answer the research questions and support the purpose of the study (Braun & Clarke, 2006). *Thematic coding* has meant grouping the codes into wider themes (see *Beginners guide to coding qualitative data*, 2019).

Microsoft Word was used to conduct the thematic analysis and coding, utilising coloured text highlighters to indicate the commonalities across the interviews that have been coded. From the iterations of coding, a table demonstrating the samples of coded text, categories, sub-themes and overarching themes were systematically produced to organise the results. Please refer to Annexures C and D to view the thematic analysis and transcriptions respectively.

For the survey data, the online survey tool, Survey Monkey, assisted in analysing the responses and providing a report. Although 237 responses to the survey were obtained, only 100 responses were visible to the researcher using the free version of the tool. This sample was considered to be adequate in providing meaningful and generalisable data.



*Screenshot taken with researcher's smartphone of responses to survey.*

## 3.7 Delimitations and limitations

### 3.7.1 Delimitations

The sampling was non-probable with the interviews being purposive and the survey being voluntary response. The delimitations for the study were that it was confined to Netflix subscribers 18 years and older in South Africa; who have been subscribers for a minimum of 1 month; who spend a minimum of 30 minutes during a single viewing session watching on the platform; and who were available to contact online or via telephone.

### 3.7.2 Limitations

For the literature review, search advertising as the second of two forms of online advertising has not been included in this study due to the fact that the advertising results would be actively pursued by consumers and as such, their attitudes towards online advertising would be assumed to be different to display advertising that is not opted into (De Cornière, 2016b)

The study took place during the COVID-19 pandemic, under regulations where movement and gatherings were limited and safety measures such as social distancing were required. This means that research participants may have been cautious to meet in person so interactions were conducted online via telephone. Because participants

were contacted online, it means that any potential participants who have no access to internet equipment or could not be reached due to connectivity challenges were excluded. The risk may have been a low-response rate. Performing enough interviews for the research to yield confidence in its generalisability was not possible due to the time constraints. No statistical tools were available. The non-probability sampling may have been at a higher risk of sampling bias and was confined to Netflix subscribers and not the entire population of people who subscribe to video-on-demand streaming services.

The online survey tool, Survey Monkey, is a freemium tool meaning that it offers basic services at no cost and additional services for a premium (Segal, 2019). The free version of the survey questions were limited to 10 and the responses were limited to 100. These limitations, however, were sufficient to obtain the data required. A weakness of the online survey was that there was no opportunity to provide thorough context or clarify questions that may have appeared to be unclear to participants.

The findings may be open to other interpretations.

## Chapter 4: Findings and discussion

### 4.1 Findings

This chapter details the findings outlined in the data collection explained in Chapter 3. The results from the mixed method are discussed in the following sections.

#### 4.1.1 Qualitative method: Semi-structured interviews

A thematic analysis of the 3 transcribed interviews was conducted through an iterative process of identifying emerging themes.

##### **Feelings towards advertising prior to the introduction of the options for choice and rewards**

The order of the questions of the interview was designed to observe participant feelings before any new or changed methods of online advertising were provided. All of the participants expressed contempt for online advertising.

The pervasiveness of online advertising across activities is considerable. Each of the participants mentioned different platforms including Youtube, Instagram and News24 respectively, describing how unavoidable seeing advertising is while undertaking tasks using the internet. All of the participants found their intentions disrupted with online advertising diverting their attention away from the activity at hand. Prevalence of advertising content was described as “noise” by 1 participant, while another expressed how it had altered their psychological and emotional state.

*“Sometimes they can be too much and I can be a bit irritated like today I wanted to listen to Beyonce... And then in-between there was an advert and it’s a minute long and I am far from my laptop and I have to rush and skip because it doesn’t want to end and I was in the mood to listen to Beyonce and just dance throughout and it was like a let-down, it switched off the mood completely...”* – Participant 2

2 participants described how frequency of advertising on the same platform was also problematic:

*“I notice it a lot more when I’m on Instagram, it actually drives me a little bit nuts because I find and literally because I’ve started counting it, it drives me that nuts, I literally see 4 posts that are related to people that I follow and then there’s an advert and then there’s 4 posts and then there’s an advert.”* – Participant 3

*“...maybe 3 ads before you get to the next one (article.)” – Participant 1*

The existing attitudes towards online advertising are negative because it is ubiquitous, the frequency is overwhelming and it is obstructive to completing intended activities.

*“...the constant pop-ups when you’re mid-stream reading something, that is annoying...” – Participant 1*

Online advertising is felt to be random and not targeted well to what the participants said would interest them. This also speaks to the placement, timing and relevance of online advertising which disrupts the thought-processes and activities that consumers intend to commit their attention to. All the participants held this position with Participant 1 even comparing it to “normal TV” which is presumed to be broadcasting without any personalisation whatsoever.

*“1 out of every 40 ads is actually one that I’m interested in, the rest is just noisy and irritating.” – Participant 3*

*“Find relevance to what I’m reading and then maybe advertise something that’s on the same topic.” – Participant 1*

Based on these negative experiences related to online advertising, it is actively avoided when there is an opportunity to do so. Should the platform provide interface and platform controls such as skipping an ad after a few seconds or allowing consumers to ask for the advertisement not to be shown to them again, these options are used. 2 out of the 3 participants would even close the application to avoid consuming the advertising if they cannot opt out of seeing advertisements. This means they are navigating away from the platform as well as rendering the advertisement ineffective.

*“A lot of the time, I just close that application.” – Participant 1*

*“It switched off the mood completely and then and then I was like “Ok let’s switch this thing off” I will listen on my phone.” – Participant 2*

For all participants, the perception of subscriptions is that they are one of the mechanisms to avoid seeing advertising.

*“I actually decided to go the Premium route and just pay the R60 a month to actually stop hearing the adverts.” – Participant 3*

With regards to Netflix in particular, when asked how they would respond to advertising being introduced at this point, all participants were remarkably averse. 2 out of the 3 participants were even willing to cancel their subscriptions.

*“I would not watch if there were ads.”* – Participant 1

*“I think I’d cancel Netflix immediately.”* – Participant 2

The cognitive process that consumers undertake when deciding whether to subscribe to platforms or not is discussed further below.

### **Cost-to-benefit discernment when deciding to subscribe to platforms**

All the participants will tolerate advertising on free versions of platforms under certain conditions. The first is around how frequently they use the platform and whether they can obtain what they need. Time is a commodity for the participants who wish to commit themselves to a task and advertising delays that task by distracting them, effectively consuming their time. As mentioned in the literature, Netflix subscribers intend to escape from reality (Schweiden & Moe, 2016).

It is also worth noting that in addition to the disruption during an activity, the way that online advertising is surfaced on a free version of a service in terms of its duration and ability to be skipped also affects the decision to subscribe to a premium version because it subject to time and patience.

*“For Spotify, I do not have the premium account, I subscribe because there’s no cost involved” (to obtain what is needed.)* – Participant 1

*“I can still access Youtube and get whatever I need there”* – Participant 2

*“...so when you’re on Facebook and you see an ad, you can just quickly flick, you know you can scroll past and it plays in a second, whereas on Spotify the whole ad needs to play and it’s like 30 to 40 seconds of you’re life that you’re losing every time it comes up so there’s that kind of comparison for me that also makes sense when it comes to deciding whether I’ll pay or not.”* – Participant 3

In addition to the above-mentioned factors affecting the decision to subscribe to a premium version of a platform, the last factor is cost.

Participant 1 said that for her, Spotify was *“only R60 per month”* and that it was a *“no-brainer”* meaning that the cost was negligible enough for her to subscribe because she uses it frequently. Whereas for participant 2 who uses a meditation app, she said that *“one is, I think, R1000 for 6 months”* and that she was not going to purchase that because it was not reasonable.

Consumers evaluate costs of subscriptions both in terms of time and money against the return in value by the platform and the satisfaction of their needs.

Interestingly, all participants automatically associated premium versions of platforms with an ad-free experience but when asked, did not list an ad-free experience as one of the most important features of Netflix. These features are summarised next.

### **Most valued product features of Netflix**

The intention of this study was to determine the likelihood of consumers to switch brands based on a change in Netflix’s features. Understanding the weight in value that product features have in the mind of consumers is important to gauge the potential impact that a change in such features might have, when measuring against Aaker’s brand loyalty pyramid.

The features of Netflix appreciated most by subscribers are summarised as follows:

- Variety of content

All participants declared the variety of content as a key feature. Participant 1 expressed how programming was versatile and able to provide her with entertainment regardless of the mood she was in.

- Quality of content

The relatability and freshness of content was also indicated and participants find the originality and exclusivity of shows unlike watching *“normal TV”*, says Participant 2.

*“When it comes to videos and series and also things that are only available on Netflix so there are some movies and things that came out and there are some series and stuff that’s out that you can only watch on Netflix.”* – Participant 3

- Longevity of content

Participant 1 expressed that she values the ability to *“go back 3 months later and the documentary will still be there.”*

- Personalisation

There is arguably a close association between what subscribers consider as quality content and how well the personalisation algorithm on Netflix works to suggest content based on patterns and behaviour. Participant 1 said that she would not allow visitors to watch on her profiles because she wanted to secure accurate algorithms.

- Age-appropriate content for children

Participant 1, the only one with children, found the children’s profile useful because it filtered content without requiring too much of her intervention so she feels trust towards Netflix.

*“...Censoring as well so for instance, so I have a profile for my 2 kids and my daughter’s is age-appropriate and everything that is suggested for her now is between her age range 1-2, my son’s also will include for instance education stuff because his range is 4-5.”* – Participant 1

- Accurate search functionality

The volume of content requires refinement and Participant 1 found that for Netflix, the *“search functionality is good.”*

- Cultural brand status

The socio-cultural influence of Netflix is that it connects people and creates a sense of belonging and shared identity to people.

*“You get to know what’s trending, what our celebrities are up to, you know the actors the actresses and you get to be able to socialise in conversations, what’s happening, what are you watching, sometimes when you’re in social gatherings, sometimes people throw lines from whatever trending series online and then at least if you watched something that’s trending you are able to engage in that conversation and you know jokes don’t just fly over your head.”* – Participant 2

- Multiple profiles on one account

All 3 participants indicated how meaningful it was that multiple members of the household could access their own, personalised content. For convenience, it makes sense to them to only have one account that needs to be administrated and paid for.

- Multiple devices

Following the functionality for multiple profiles, being able to access Netflix on different devices follows. It also allows for mobility as described by Participant 3, who said that *“if you’re in a car or whatever you can quickly watch a video or a series, you can quickly be like sitting at home connected to your TV”* which for her, also meant convenience.

Given that all participants spend at least 1 hour watching Netflix with a range up to 4 hours, a considerable amount of content could be consumed and this further supports the argument that Netflix has to continue to fund its offerings in terms of content and technological competency. This data may be useful in determining the thresholds for durations of potential advertisements as well as when, in the span of a viewing session, viewers might be more willing to take a break and be invited to watch advertisements.

### **Incentives to watch advertising**

An important emerging theme across all participants was around choice in engaging with online advertising. In the literature, the problem of presumably forced advertising results in abusive terms of contracts for consumers (Berreby, 2017). Consumers want to be able to decide when to see advertising so that it does not damage their online experience.

Participant 1 says choice is *“highly important”* and she does not want to see advertising *“popping up everywhere.”*

*“...So if by paying a premium that gave me a choice that said “You know, dear family, do you guys want to see adverts, yes or no” and you gave me the choice, I would be fine... I want that choice, I don’t want the stuff in my face all the time.”* – Participant 3

Even with choice around the timing of advertising so that it was not disruptive for consumers, there would still need to be a benefit for them to consider engaging with advertising, given that the attitude towards online advertising was so unfavourable.

When testing their reaction around being able to control the timing of advertising and obtaining a form of reward, all participants were flexible and more accommodating of advertising.

*“I think that would be doable. So for instance before I start the program...and a little pop-up comes and says ‘Hey, do you want to watch this advert and the advert is (and it must have a time) is 20 seconds long and you can earn 10 reward points” definitely, I’ll watch it.” – Participant 1*

*“I would take the offer... I’d be happy about it.” – Participant 2*

The preferred rewards and incentives mentioned by participants can be summarised as follows:

- Discounts
- Partnerships with other apps for content (like games)
- A points programme
- Exclusive content on Netflix

Given this contrast from the initial feelings towards online advertising, it is reasonable to accept that the site of contention is not with online advertising itself but rather, that consumers feel powerless over their activities and find little value in their engagements with online advertising.

### **Brand loyalty to Netflix**

All participants have subscribed to Netflix for at least 6 months. Against Aaker’s brand loyalty pyramid, this could be presumed to mean that they are satisfied/habitual buyers on the second level, with no reason to change.

As reported in previous sections, choice and rewards to consume advertising are the catalysts for consumers feeling more tolerant of advertising. When asked whether the introduction of advertising on Netflix under these conditions as a changed product feature would cause them to cancel their subscriptions and switch brands, all participants said that it would not affect their decision to continue subscribing and they would therefore remain loyal to Netflix.

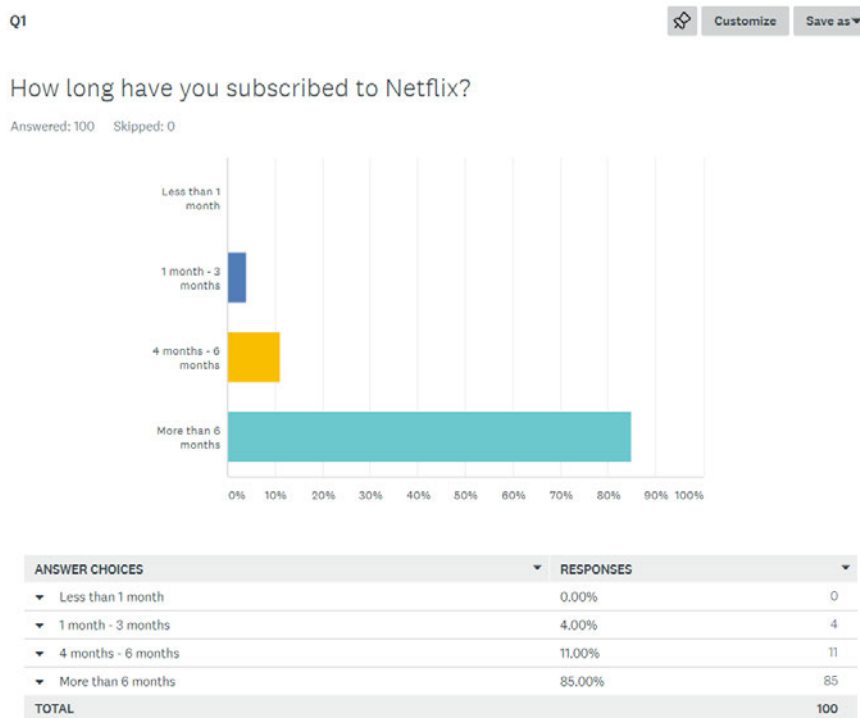
*“As long as you don’t inflict on my viewing time so don’t force me to watch something I don’t want to.” – Participant 1*

*“So now they asked me right? They didn’t just throw it (advertising) in there.” – Participant 2*

*“In terms of me leaving no. I think as long as they’ve got all those things in place, it wouldn’t make me want to leave because my experience wouldn’t be broken.” – Participant 3*

#### 4.1.2 Quantitative method: Survey

For this method, an online survey was conducted using Survey Monkey, which is a survey tool that provides a report on the results. 10 questions were included and the results from 100 respondents were collected, with key findings discussed below:



85% of respondents have subscribed for more than 6 months, corroborating the qualitative findings that subscribers are satisfied/habitual buyers.

Q3

Customize Save as ▼

Does advertising have any value for you? Use the thumbs to indicate your answer.

Answered: 100 Skipped: 0

2.0   
average rating



|  | I DON'T FIND VALUE IN IT AT ALL AND PURPOSEFULLY IGNORE IT. | I FIND VERY LITTLE VALUE IN IT. I ONLY ACCEPT ADVERTISING BECAUSE I HAVE TO. | I FIND IT SOMEWHAT VALUABLE. I SEE HELPFUL ADS OCCASIONALLY. | I FIND MORE VALUE IN IT THAN NOT. I AM OFTEN INTERESTED IN THE ADS I SEE. | I FIND IT VERY VALUABLE. IT HELPS ME WITH INFORMATION AROUND BRANDS, PRODUCTS AND PROMOTIONS. | TOTAL | WEIGHTED AVERAGE |
|--|-------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------|------------------|
|  | 48.00%<br>48                                                | 19.00%<br>19                                                                 | 24.00%<br>24                                                 | 3.00%<br>3                                                                | 6.00%<br>6                                                                                    | 100   | 2.00             |

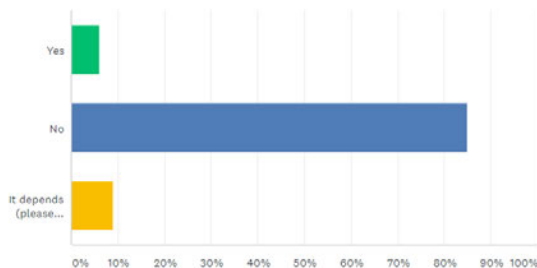
48% of respondents don't find any value in advertising. In conjunction with the qualitative findings, consumers do not see advertising in a positive light, supported by the results in the next survey question.

Q4

Customize Save as ▼

Do you enjoy seeing online advertising when doing online activities (browsing the internet, using social media, etc.)?

Answered: 100 Skipped: 0



| ANSWER CHOICES              | RESPONSES |
|-----------------------------|-----------|
| Yes                         | 6.00% 6   |
| No                          | 85.00% 85 |
| It depends (please specify) | 9.00% 9   |
| TOTAL                       | 100       |

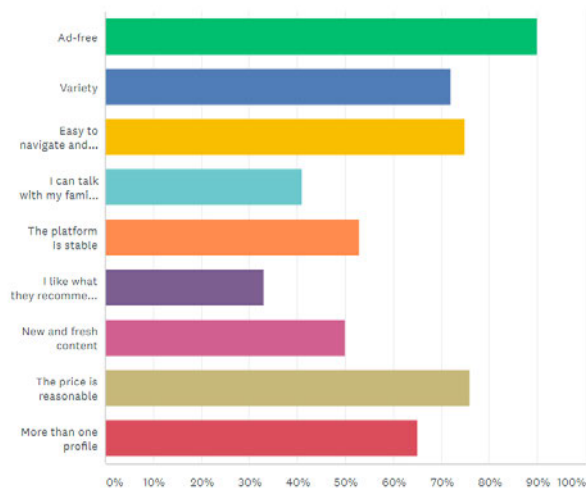
From the responses under "It depends" the majority of respondents explained that they would only enjoy seeing advertising if they were interested in the advertisement or it was useful. This aligns with the qualitative finding that advertising is currently not well-targeted and irrelevant.

Q5

Customize Save as ▼

What are the most important features about Netflix for you? Select all the options that apply.

Answered: 100 Skipped: 0



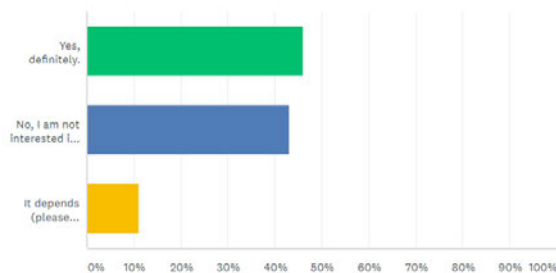
In contrast to the qualitative findings, 90% of respondents value that Netflix is ad-free. It must be noted that while this question provided a list of options, it may also have been leading and the list may be incomplete to due options not being exhaustive - a limitation of the survey.

Q6

Customize Save as ▼

If you could control when you see online advertising and you were offered a reward to read, watch or engage with an advertisement, would you be willing to see the advertisement?

Answered: 100 Skipped: 0



| ANSWER CHOICES                                                                 | RESPONSES           |
|--------------------------------------------------------------------------------|---------------------|
| Yes, definitely.                                                               | 46.00% 46           |
| No, I am not interested in rewards because I am not interested in advertising. | 43.00% 43           |
| It depends (please specify)                                                    | Responses 11.00% 11 |
| <b>TOTAL</b>                                                                   | <b>100</b>          |

The above question resulted in a split-decision around the willingness to watch advertising under different conditions, with a slight majority more tolerant towards

advertising. Under “It depends” the majority of respondents expected the reward to be worthwhile and easy to obtain; and the advertisement to be short.

Q7

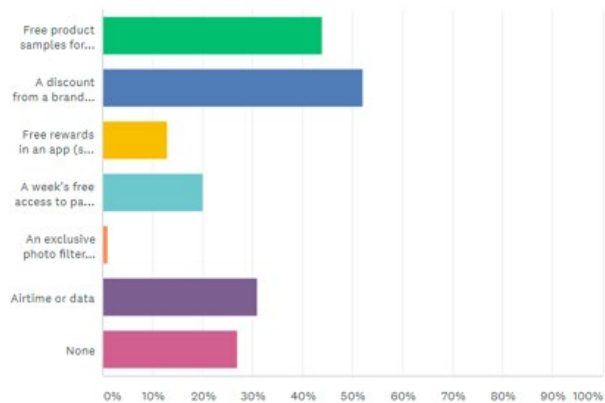


Customize

Save as ▼

What kind of rewards to see advertising might interest you? Select all the options that apply.

Answered: 100 Skipped: 0



| ANSWER CHOICES                                                           | RESPONSES |    |
|--------------------------------------------------------------------------|-----------|----|
| ▼ Free product samples for watching a specified amount of advertisements | 44.00%    | 44 |
| ▼ A discount from a brand or retailer                                    | 52.00%    | 52 |
| ▼ Free rewards in an app (such as a game)                                | 13.00%    | 13 |
| ▼ A week's free access to paid content such as news, music and software  | 20.00%    | 20 |
| ▼ An exclusive photo filter on social media                              | 1.00%     | 1  |
| ▼ Airtime or data                                                        | 31.00%    | 31 |
| ▼ None                                                                   | 27.00%    | 27 |
| Total Respondents: 100                                                   |           |    |

Q8

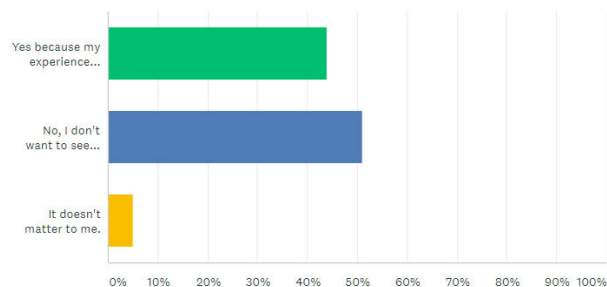


Customize

Save as ▼

If Netflix could determine what you like based on your viewing habits, did not interrupt your viewing and offered you rewards to watch advertising when you choose, would you be willing to see advertisements on Netflix?

Answered: 100 Skipped: 0



| ANSWER CHOICES                                                                       | RESPONSES |     |
|--------------------------------------------------------------------------------------|-----------|-----|
| ▼ Yes because my experience would be uninterrupted and I control seeing advertising. | 44.00%    | 44  |
| ▼ No, I don't want to see advertisements on Netflix under any circumstances.         | 51.00%    | 51  |
| ▼ It doesn't matter to me.                                                           | 5.00%     | 5   |
| TOTAL                                                                                |           | 100 |

These two questions produced a notable reduction in the 90% of respondents who selected “ad-free” as one of the important features of Netflix for them, with only 27% of respondents now stating that they are not interested in any rewards to watch advertising and 51% of respondents saying they do not want to see advertising on Netflix under any circumstances. This supports the presumption that the introduction of choice and rewards shift attitudes towards advertising.

It has not been sufficiently established why consumers might be receptive to rewards for advertising elsewhere and not when using Netflix. A future iteration of the study might probe participants for more depth around this question, allowing for further reflection and clarity.

Q9



Customize

Save as ▼

If Netflix introduced advertising where you would only see recommended advertising if you opted in, how would you rate your feelings towards Netflix?

Answered: 100 Skipped: 0

2.3   
average rating



|  | I DISLIKE IT AND WOULD BE VERY UNHAPPY WITH NETFLIX. | I DISLIKE IT BUT WOULD JUST IGNORE THE ADVERTISING AND NOT OPT IN. | I SOMEWHAT LIKE IT BECAUSE I CAN CHOOSE WHEN I WANT TO OPT IN OR NOT. | I LIKE IT BECAUSE IT WON'T INTERRUPT MY VIEWING AND I HAVE CHOICE. | I LIKE IT VERY MUCH AND WOULD LOVE THE REWARDS. | TOTAL | WEIGHTED AVERAGE |
|--|------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------|------------------|
|  | 26.00%<br>26                                         | 38.00%<br>38                                                       | 20.00%<br>20                                                          | 9.00%<br>9                                                         | 7.00%<br>7                                      | 100   | 2.33             |

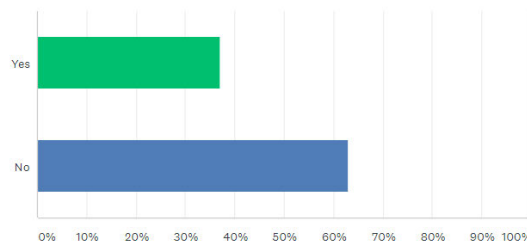
38% of respondents said they disliked the introduction of opt-in advertising based on their understanding of it but would ignore the advertising and simply not opt-in.

Q10

 Customize
  Save as

If Netflix introduced advertising in this way, would you want to cancel your subscription and try another video-streaming platform?

Answered: 100 Skipped: 0



| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 37.00%    | 37  |
| No             | 63.00%    | 63  |
| TOTAL          |           | 100 |

Finally, 63% of respondents would not cancel their subscriptions to Netflix should it undergo the change in its features to introduce advertising in its model, thereby confirming that Netflix subscribers would remain loyal to the brand as measured against Aaker's brand loyalty pyramid.

## 4.2 Validity and reliability/trustworthiness

Confidence in the instrumentation and results of the study can be described by referring to concepts such as *credibility*, *transferability*, *dependability* and *confirmability* in the qualitative method (Simon & Goes, 2015). Dependability in qualitative methods is similar to reliability in the quantitative methods, while validity in qualitative research is an indication of consistency and trustworthiness (Simon & Goes, 2015). The value and purpose of establishing validity and reliability is that the transparency of the research is increased while the insertion of researcher bias is decreased (Singh, 2014, as cited by Simon & Goes, 2015).

Reliability refers to the consistency of results over time and the possibility for the results to be reproduced if the same methodology is applied (Joppe, 2000, as cited by Golafshani, 2003). Internal consistency reliability has been used to informally measure that the extent of differences in responses is low (Business Research Methodology, 2020). Similar responses throughout the interviews supports instrument reliability and that the responses are accurate (Stevenson & Mahmut, 2013 as cited by Simon & Goes, 2015).

The dependability of the qualitative method, the counterpart to quantitative reliability, is supported by the audit trails of recorded interviews and transcriptions (Simon & Goes, 2015). At all points of thought processes, the interpretations applied by the coder have been chronicled to justify the interpretations and improve reliability.

Validity establishes whether the intentions of the research measured have been met and the findings of the study confirm this objective (Joppe, 2000, as cited by Golafshani, 2003). Trustworthiness has been demonstrated in that the data analysis has been conducted with precision and consistency in an exhaustive manner, through the disclosure of recording and systemisation methods (Nowell, Norris, White & Moules, 2017). All of these elements have been explained and provided in previous sections and annexures.

To improve validity, a pilot in-depth interview and pilot survey were conducted to test meaning, flow, errors and bias, using convenience sampling (Rowley, 2014). The interview schedule and survey were revised accordingly to eliminate problems.

## Chapter 5: Conclusion

### 5.1 Answers to research questions

To recap what the research questions of the study were, they are listed below along with the results from the study.

- What are the attitudes that Netflix subscribers have towards advertising and what influences those attitudes?

The findings show that the conditions under which online advertising are delivered are held in disfavour by consumers. It is considered both pervasive and invasive, ill-targeted and disruptive to online activities. Consumers use available opportunities to skip or avoid advertising.

However, once consumers have choice to decide when to consume advertising, it does not inhibit their tasks, offers them enhanced rewards and benefits and is relevant and well-matched to their needs, they are more tolerant and receptive to it.

- What do consumers value most about their experience when viewing Netflix content?

The purpose of this question was to determine whether an ad-free experience is non-negotiable; and which features of the platform should not be compromised in the exercise of introducing advertising into the Netflix model.

Given the entrenched negative attitude towards online advertising, the survey in particular indicated that consumers do not want to see advertising on the Netflix platform. However, the interviews provided more opportunity for context-setting and the results from an open-ended approach revealed that the problems consumers find with advertising is complex. A transformation in the way display advertising exists may not be experienced nor imagined by consumers so resistance to adoption of an improved framework was expected.

A summary of most important features to consumers is summarised as follows:

- Variety of content
  - Quality of content
  - Longevity of content
  - Personalisation
  - Age-appropriate content for children
  - Accurate search functionality
  - Cultural brand status
  - Multiple profiles on one account
  - Multiple devices
- If subscribers could control the exposure to and conditions of advertising, based on tangible benefits for their attention, would it affect their loyalty to Netflix as a brand?

The study confirmed, as measured against Aaker's brand loyalty pyramid on level 2 around whether satisfied consumers would cancel or switch brands based on a change in product features, that brand loyalty to Netflix would not be affected.

## 5.2 Implications of findings for future practices

The study aims to emphasise the importance of customer experience holistically. Information technology and social media, along with growing competition amongst brands, mean that consumers have become far more progressive in understanding and enforcing their rights, powers and choices.

The measurement of ad impressions is still one of the most popular metric tools for online marketing campaigns due to inertia, even when it is neither an accurate nor a reliable indication that the advertisement was seen by a consumer (Tatoris, 2014). By measuring the amount of times that an ad server was called, marketers make assumptions based on the *chance* and not the reality that consumers see advertisements (Tatoris, 2014). Online advertising has been typically delivered in a way that intends for the consumer to see it, with very little regard for the ways in which it intrudes upon or destroys consumer experience. The marketing interests of the advertiser and the revenue interests of the platform for placement of the

advertisements have decimated the positive perception of online advertising (not triggered by consumers through a search.)

The symbiotic ecosystem between the advertiser, the platform and the consumer can be maintained through more effective targeted, relevant, well-timed, mutually beneficial and less invasive advertising for the consumer. By offering consumers an incentive to engage with an advertisement and being confident that it has been seen, the measurement and reliability of ad impressions would be significantly enhanced, increasing the success of marketing campaigns and reducing wasteful efforts. Furthermore, with consent from and interaction with consumers for personal information they are willing to exchange, accurate profiling and algorithms would match online advertising to the most compatible target audiences. There is latitude to explore the mechanisms of such engagements and measurements through future studies.

Lastly, for Netflix, there are features that should not be compromised, where appetite exists to further consider the introduction of online advertising in its model, as discussed earlier in the findings. It is possible to retain the integrity of those features.

### **5.3 Conclusion to study**

Online advertising has undeniable value, both functionally and economically for many stakeholders in the marketing environment (WFA, 2020.).

Consumers have begun to avoid online advertising by using ad-blockers or other means and platforms such as Netflix have built their model on this basis, offering consumers ad-free content. Advertising could provide additional revenue for Netflix to fund its content and platform.

The problem consumers have with advertising may not be a conceptual aversion to it but one based on the way it impacts online experience negatively. If online advertising were to be offered to consumers in a different way, the response from consumers is different.

The proposed mechanism contemplated that Netflix would invite subscribers to opt in to view advertising and advertisers would incentivise viewers with tangible benefits, in

exchange for their attention. This could provide revenue to Netflix and value to consumers, responsibly and equitably.

Netflix already personalises content suggestions and artwork based on personal data (Bullock, 2018) and there could be similar potential to personalise advertising and improve relevance and compatibility to and with consumers, once consent has been obtained.

Aaker's (1991) five-stage loyalty pyramid has been discussed as a tool to measure how this change in Netflix features would affect subscriber loyalty. Brand loyalty in this paper has been defined as the propensity of consumers to cancel subscriptions and switch brands based on the change in features of Netflix through the introduction of advertising.

The findings of the study show that while consumers do have a lingering aversion to online advertising, they are receptive to incentivised advertising under conditions where they can opt in or out of it, it provides more value to them and they control its timing. Provided these rules are abided by and their experience of the platform is not affected, the introduction of advertising would not affect consumer loyalty to the Netflix brand.

The anticipated contribution is that although Netflix is currently not considering advertising in its business model, understanding the way consumers formulate meaning and perceptions around online advertising may inform how it could grow.

The current impression metrics used to measure the effectiveness of online advertising campaigns could be significantly improved if the data around engagement with advertising were more reliable. Not only would Netflix be able to personalise advertising more accurately through consumer consent creating a higher chance for conversion but rewarded advertising would ensure that advertising would be seen in its entirety.

## **5.4 Ethical considerations**

Since people were the sources of information to conduct this research, ensuring duties of care and that no harm was done was a critical element. Participants for the research were selected with consciousness of diversity and equitable principles, with assumptions around gender, sexual orientations, age, ability and culture avoided

(Clark-Kazak, 2020). Informed consent to use the data collected from the interviews was obtained with all risks and benefits of the study explained to participants. For this paper, the confidentiality of participants' personal information and anonymity have been ensured.

During the process of data collection and recording, every effort was made to demonstrate diligence in rendering all information accurately and completely. During the data analysis and interpretation process, awareness of bias and unjustifiable conclusions were safeguarded against, towards ensuring that the answers to the research questions are as true and legitimate as possible. All literary sources have been referenced to avoid plagiarism. No exaggerations, unfair or untrue data inferences have been made.

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*\*Please copy and paste URL in a browser to access.*

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## Appendices:

### **A: Qualitative Research: Semi-structured interview schedule**

For the in-depth interviews, the questions will be guided by an interview schedule that will include the following:

- An introductory script, explaining what role the researcher holds, a brief about the research, which organisation they represent, what the information collected will be used for and an outline of the ethical concerns that will be addressed. The need for consent to be given by the participant for the interview to be recorded and data to be collected must also be mentioned, along with an affirmation that confidentiality will be respected.
- Background and demographical questions:
  - Please tell me about yourself such as which city you live in, how old you are and what you do for a living?
- Central questions:
  - What activities do you use the internet to do?
  - How often do you see advertising when you use the internet for online activities?
  - How do you feel about seeing online advertising during activities you do online?
  - What impact does seeing online advertising have on your experience of any activities you do online, if any at all?
  - Do you like to see online advertising or would you prefer that you did not see any online advertising during your online activities and why?
  - Do you take any measures to avoid seeing online advertising and if so, what are they?
  - How do you feel about paying subscription fees to online platforms?
  - Are you a paying or premium subscriber to any platforms? If so, why?
  - Why or why would you not expect to see online advertising if you are a paying subscriber to an online platform?
- Brand questions:
  - How long have you had a Netflix account?

- What other video-streaming platforms do you know about in South Africa and what made you choose Netflix?
  - Do you take any breaks or do you like to binge-watch content and why?
  - How long do you watch Netflix for at a time?
  - What features about the Netflix platform are most important to you?
  - What would make you want to stop subscribing to Netflix and rather subscribe to any other video-streaming platform?
  - Why is it or is not important to you that Netflix does not show any advertisements while you are watching?
- Feelings questions:
  - If marketers offered a reward for watching, reading or engaging with an advertisement, how would you feel about that?
  - Are there particular rewards that would interest you to watch, read or engage with an advertisement and what would they be?
  - How important is it to you whether you can decide when to watch, read or engage with an advertisement and why?
  - If Netflix did not interrupt your watching and showed you that there are advertisements you might be interested in, the same way they showed you content you might be interested in, how would you feel about choosing to watch them whenever you want to?
  - Would a reward offered to watch an advertisement at your time of choosing, influence your decision to watch the advertisements more often and why?
- Resonance questions:
  - How would you feel about Netflix if they started showing you advertising content in this way?
  - Would it strengthen your relationship to the Netflix brand or would you rather consider changing to another video-streaming platform?
- Closing remarks and an indication to the participant around how their input would assist in the study.
- An expression of thanks.

## Interview schedule

### Title of study:

*Exploring how incentives to consume digital advertising will affect the brand loyalty of Netflix subscribers.*

### Research questions

- What are the attitudes that Netflix subscribers have towards advertising and what influences those attitudes? By understanding how feelings towards online advertising are constructed, managing those drivers would be possible.
- What do consumers value most about their experience when viewing Netflix content? This would identify which features should not be compromised when planning the delivery of incentivised online advertising.
- If subscribers could control the exposure to and conditions of advertising, based on tangible benefits for their attention, would it affect their loyalty to Netflix as a brand?

My name is Natalie Patel and I am an Honours student at Vega, studying Strategic Brand Communication. I am currently doing research into the feelings and attitudes people have around online advertising and the experience of Netflix and whether those feelings and attitudes would change under different conditions.

I would like to ask you a few questions with this in mind and with your consent, I would like to record this interview please. Your identity will be kept confidential and the data collected will be used to synthesize how Netflix consumers perceive the brand and its features.

1. Please tell me about yourself such as which city you live in in, how old you are and what you do for a living?
2. What activities do you use the internet to do?
3. How often do you see advertising when you use the internet for online activities?
4. How do you feel about seeing online advertising during activities you do online?
5. What impact does seeing online advertising have on your experience of any activities you do online, if any at all?
6. Do you like to see online advertising or would you prefer that you did not see any online advertising during your online activities and why?

7. Do you take any measures to avoid seeing online advertising and if so, what are they?
8. How do you feel about paying subscription fees to online platforms?
9. Are you a paying or premium subscriber to any platforms? If so, why?
10. Why or why would you not expect to see online advertising if you are a paying subscriber to an online platform?
11. How long have you had a Netflix account?
12. What other video-streaming platforms do you know about in South Africa and what made you choose Netflix?
13. How long do you watch Netflix for at a time?
14. Do you take any breaks or do you like to binge-watch content and why?
15. What features about the Netflix platform are most important to you?
16. What would make you want to stop subscribing to Netflix and rather subscribe to any other video-streaming platform?
17. Why is it or is not important to you that Netflix does not show any advertisements while you are watching?
18. If marketers offered a reward for watching, reading or engaging with an advertisement, how would you feel about that?
19. Are there particular rewards that would interest you to watch, read or engage with an advertisement and what would they be?
20. How important is it to you whether you can decide when to watch, read or engage with an advertisement and why?
21. If Netflix did not interrupt your watching and showed you that there are advertisements you might be interested in, the same way they showed you content you might be interested in, how would you feel about choosing to watch them whenever you want to?
22. Would a reward offered to watch an advertisement at your time of choosing, influence your decision to watch the advertisements more often and why?
23. How would you feel about Netflix if they started showing you advertising content in this way?
24. Would it strengthen your relationship to the Netflix brand or would you rather consider changing to another video-streaming platform?

We have come to the end of the interview, thank you so very much for your time. What will happen next is that I will collate all the data from all the interviews and find themes around perceptions and feelings that have been expressed collectively, to be able to come to a conclusion around whether advertising is something Netflix subscribers would be happy with.

## B: Quantitative Research: Survey

### Survey Questionnaire

If you have subscribed to Netflix for more than 1 month and you spend more than 30 minutes watching Netflix during a single session, you qualify for this research and your feedback would be greatly appreciated.

*IMPORTANT: If you have subscribed to Netflix for less than 1 month and watch for less than 30 minutes in a single session, thank you for your time, however, we ask that you do not complete the survey please.*

This study aims to explore the feelings and attitudes people have around online advertising and the experience of Netflix and whether those feelings and attitudes would change under different conditions.

#### Q1

How long have you subscribed to Netflix?

1 month – 3 months

4 months – 6 months

More than 6 months

*Comment: This question probes what the average subscription duration is, for the purposes of determining the current state of loyalty to Netflix.*

#### Q2

What is the minimum amount of time you spend watching Netflix in a single session?

30 minutes – 1 hour

1 hour – 2 hours

2 hours or more

*Comment: This question probes the average viewing time, for the purposes of determining an appropriate time for an advertisement of a particular length.*

#### Q3

Does advertising have any value for you? Use the thumbs to indicate your answer.

I don't find value in it at all and purposefully ignore it.

I find very little value in it. I only accept advertising because I have to.

I find it somewhat valuable. I see helpful ads occasionally.

I find more value in it than not. I am often interested in the ads I see.

I find it very valuable. It helps me with information around brands, products and promotions.

**Q4**

Do you enjoy seeing online advertising when doing online activities (browsing the internet, using social media, etc.)?

Yes

No

It depends (please specify)

**Q5**

What are the most important features about Netflix for you? Select all the options that apply.

Ad-free

Variety

Easy to navigate and use

I can talk with my friends and family about the shows we watch

The platform is stable

I like what they recommend for me

New and fresh content

The price is reasonable

More than one profile

**Q6**

If you could control when you see online advertising and you were offered a reward to read, watch or engage with an advertisement, would you be willing to see the advertisement?

Yes, definitely.

No, I am not interested in rewards because I am not interested in advertising.

It depends (please specify)

**Q7**

What kind of rewards to see advertising might interest you? Select all the options that apply.

Free product samples for watching a specified amount of advertisements

A discount from a brand or retailer

Free rewards in an app (such as a game)

A week's free access to paid content such as news, music and software

An exclusive photo filter on social media

Airtime or data

None

**Q8**

If Netflix could determine what you like based on your viewing habits, did not interrupt your viewing and offered you rewards to watch advertising when you choose, would you be willing to see advertisements on Netflix?

Yes because my experience would be uninterrupted and I control seeing advertising

No, I don't want to see advertisements on Netflix under any circumstances.

It doesn't matter to me.

**Q9**

If Netflix introduced advertising where you would only see recommended advertising if you opted in, how would you rate your feelings toward Netflix?

I dislike it and would be very unhappy with Netflix

I dislike it but I would just ignore the advertising and not opt in.

I somewhat like it because I can choose when I want to opt in or not.

I like it because it won't interrupt my viewing and I have choice.

I like it very much and would love the rewards.

**Q10**

If Netflix introduced advertising in this way, would you want to cancel your subscription and try another video-streaming platform?

Yes

No

END OF QUESTIONNAIRE

## C: Thematic analysis

### Initial notes

- Participants all feel like they see too much advertising online.
- Participants don't mind advertising they find helpful or targeted to them well, however, find advertising that interrupts their activities and concentration annoying, frustrating and mood-changing.
- Participants will actively take measures to avoid seeing advertising ranging from trying to use the Google Ad settings ("Hide this ad" or "Don't show me this ad") to outright closing the application.
- Participants will only subscribe to platforms that they feel they use enough and are otherwise willing to accept advertising and interruptions when they access less-frequently used platforms.
- Participants will use the free versions of freemium products if it provides enough of what they want (Spotify, Youtube.)
- The duration of the ads will influence behaviour and whether there is an option to skip ahead.
- The cost of a premium subscription influences behaviour.
- The unlocked additional features of a premium subscription influence behaviour.
- Participants do not expect to see ads on Netflix because they believe the platform is marketed that way and not seeing ads is the contract for the premium.
- Participants visit websites or use platforms for specific purpose (research, entertainment) and advertising interrupts that purpose.
- Participants don't find the advertising relevant and well-targeted.
- Participants have been loyal to Netflix as subscribers for more than 6 months on average.
- Participants watch for at least 1 hour, most binge-watch while a minority will take comfort breaks (although comfort breaks might not have been considered breaks by others)
- Most participants mentioned Showmax and DSTv as competitors to Netflix.
- The reasons why participants chose to subscribe to Netflix and its most important features to them are: the variety of content, multiple profiles, multiple devices, the longevity of the content, the age-appropriate content for kids.
- The reasons participants might consider switching are related to the quality of the content and costs.
- Before asking the question about rewarded advertising, participants are averse to Netflix introducing advertising.
- Once the concept of a reward was introduced, participants would be willing to see advertising and are less hostile towards it.
- Rewards that participants would most want are discounts.
- It is important to participants that they should decide when to watch ads.

- Participants are even willing to see advertising for a certain time block of the day, when paused during viewing or before pressing play provided it is well-targeted, the duration of the ad is expressed and they can opt out if they so choose.
- Participants are sensitive to cost and will reconsider paying a premium to a platform they use often if it is too expensive.
- Participants would not switch from Netflix if advertising was introduced in a way where they had control and it did not interrupt their viewing. Brand loyalty would not be affected by just this change in features.

Data from transcripts, similar themes highlighted in the same colour.

Legend of codes and commonalities from transcripts.:

**Yellow** – feelings around frequency and prevalence of advertising.  
**Green** - impact of advertising on experience  
**Orange** – Intervention to avoid seeing advertising  
**Light blue** – Willingness to subscribe based on frequency of use or return on value  
**Light pink** – Will use free versions of products and accept advertising for infrequent use if they can access what they need  
**Coral** – The duration of ads and the ability to skip affects behavior  
**Light green** – targeted and relevant ads affect behavior and feelings  
**Lavender** – Cost to subscribe affects behavior  
**Beige** – Expectations of advertising on premium versions  
**Grey** – Feelings around choice, when to watch ads  
**Turquoise** – negative feelings towards advertising on Netflix before rewards and choice introduced  
**Light red** – duration of subscription to Netflix  
**Bright pink** – duration of watch sessions  
**Lemon** – most important features of Netflix  
**Blue** – Once reward and choice introduced, less hostile towards ads on Netflix  
**Brown** – preferred reward types  
**Neon green** – Likelihood of cancelling subscription if rewarded advertising and choice introduced on Netflix

## Categories

| Codes                                                                                                                            | Category                                                      |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Yellow</b> - feelings around frequency and prevalence of advertising.                                                         | Amount of advertising and what it causes                      |
| <b>Green</b> - impact of advertising on experience                                                                               |                                                               |
| <b>Turquoise</b> - negative feelings towards advertising on Netflix before rewards and choice introduced                         |                                                               |
| <b>Orange</b> - Intervention to avoid seeing advertising                                                                         | Tolerance for advertising                                     |
| <b>Light pink</b> Will use free versions of products and accept advertising for infrequent use if they can access what they need |                                                               |
| <b>Coral</b> - The duration of ads and the ability to skip affects behavior                                                      |                                                               |
| <b>Light green</b> - targeted and relevant ads affect behavior and feelings                                                      |                                                               |
| <b>Grey</b> - Feelings around choice, when to watch ads                                                                          |                                                               |
| <b>Blue</b> - Once reward and choice introduced, less hostile towards ads on Netflix                                             | Expectations of value for premiums                            |
| <b>Light blue</b> - Willingness to subscribe based on frequency of use or return on value                                        |                                                               |
| <b>Lavender</b> - Cost to subscribe affects behaviour                                                                            |                                                               |
| <b>Grey</b> - Feelings around choice, when to watch ads                                                                          |                                                               |
| <b>Bright pink</b> - duration of watch sessions                                                                                  |                                                               |
| <b>Lemon</b> - most important features of Netflix                                                                                |                                                               |
| <b>Beige</b> - Expectations of advertising on premium versions                                                                   | Loyalty to Netflix                                            |
| <b>Neon green</b> - Likelihood of cancelling subscription if rewarded advertising and choice introduced on Netflix               |                                                               |
| <b>Light red</b> - duration of subscription to Netflix                                                                           | Product modifications that increase tolerance for advertising |
| <b>Light green</b> - targeted and relevant ads affect behavior and feelings                                                      |                                                               |
| <b>Grey</b> - Feelings around choice, when to watch ads                                                                          |                                                               |
| <b>Green</b> - impact of advertising on experience                                                                               |                                                               |
| <b>Brown</b> - preferred reward types                                                                                            |                                                               |
| <b>Blue</b> - Once reward and choice introduced, less hostile towards ads on Netflix                                             |                                                               |
| <b>Yellow</b> - feelings around frequency and prevalence of advertising.                                                         |                                                               |

| Overarching theme                                       | Sub-theme                                                                 | Sample of coded text                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advertising exposure                                    | Pervasiveness of advertising across all platforms is problematic          | Participant 1 says there are cookies to every site. She is inundated with advertising on social media.                                                                                                                                                                                                               |
|                                                         | Frequency of advertising on a single platform is too much.                | Participant 3 says frequency of advertising is too much, she sees 1 ad for every 4 posts on Instagram. Participant 1 says she sees 3 ads on a page before getting to the next one. Participant 2 says that there is too much advertising on Youtube and it irritates him.                                            |
| Feelings towards advertising prior to choice and reward | Dislikes advertising                                                      | Participant 1 says advertising that pops up mid-activity is highly annoying. Participant 2 says there can be too much advertising and he is irritated. Participant 3 says it drives her a little bit nuts and can be noisy and irritating.                                                                           |
|                                                         | Irrelevant and ill-targeted advertising                                   | Participant 3 says she is only interested in 1 in 40 ads, the rest is noise. Participant 1 says not to give her ads that are not related to what she is reading about.                                                                                                                                               |
|                                                         | Active measures to avoid advertising                                      | Participant 1 says she closes applications when she is too frustrated by advertising. Participant 3 will try to use Google Ad settings to hide ads or request for ad not to be shown to her. Participant 2 uses the option to skip the ad after the compulsory watching seconds provided.                            |
|                                                         | Under current conditions, highly opposed to advertising on Netflix        | Participant 1 says she would not watch Netflix if there were ads. Participant 2 says that he would cancel Netflix immediately. Participant 3 says that because she is paying a premium, she expects to have freedom of choice and unless she has any choice, she does not want advertising in her face all the time. |
| Cost-to-benefit discernment                             | The decision to subscribe to platform based on frequency of use and value | Participant 3 says she uses Spotify enough to be willing to pay the R60 but would not pay for an ad-free Facebook because she does not use it enough.                                                                                                                                                                |

|                                                      |                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                                                                                        | Participant 1 pays for cloud space on iTunes because she uses it every day.                                                                                                                                                                                                                                                                                                                                   |
|                                                      | The decision to subscribe based on price and return on value                           | Participant 1 says that she does not need to subscribe to an app like Spotify because she can get what she needs on the free version. Participant 2 also accesses Youtube without subscribing to Premium in this way because he can watch whatever he needs to.                                                                                                                                               |
|                                                      |                                                                                        | Participant 2 says the prices for what he pays for are reasonable for high-quality programming, speed and downloading content to view offline.                                                                                                                                                                                                                                                                |
|                                                      | Expect to avoid the kind of advertising they see on free versions, on premium versions |                                                                                                                                                                                                                                                                                                                                                                                                               |
| Watching behaviour                                   | Time spent watching during a single session                                            | Participant 1 watches for between 1 to 2 hours and says that in her free time she binge-watches. Participant 2 spends 1 hour watching, he doesn't like binge-watching and prefers to take body breaks. Participant 3 says she can spend a good 3-4 hours on average and likes to binge-watch only taking breaks for other duties or to share the TV.                                                          |
| Feelings towards advertising after choice and reward | More tolerant and open to advertising                                                  | Participant 1 says this way of delivering advertising in this way is doable and she would not mind advertising provided she is not bombarded. She would watch ads. Participant 2 says he would be happy and would take the offer, his attitude towards advertising would change completely. Participant 3 says she would be ok with it because she gets to decide and it would not be infringing on her time. |
| Incentives to watch advertising                      | Preferred rewards                                                                      | Participant 1 says she would watch an ad for a life in a game or for a rewards programme. She would also                                                                                                                                                                                                                                                                                                      |

|                              |                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              |                                                                                   | <p>watch for a grocery discount because she saves money.</p> <p>Participant 2 would prefer exclusive content and a discount on the subscription price.</p> <p>Participant 3 would want gaming content as well as discounts or points as part of a programme.</p> <p>Summarised to:</p> <p>Discounts</p> <p>Partnerships with other frequent apps for content</p> <p>A points programme</p> <p>Exclusive content</p>                                                                                                                                                                                                                                                    |
|                              | Choice is important                                                               | <p>Participant 1 says choice is highly important because she does not want to see pop-ups, there have to be rules. Participant 2 says it is really important for him, he should be asked and advertising should not just be thrown in. Participant 3 says that because she is paying for premium she wants a choice, she wants to decide whether she want so click or not.</p>                                                                                                                                                                                                                                                                                         |
| Most valued product features | Netflix features that should not be compromised for overall customer satisfaction | <p>Participant 1 says variety and the ability to watch a documentary 3 months later is important to her.</p> <p>Participant 1 says she has a profile for her 2 kids and will not let visitors watch on her profile because it would affect profile algorithms. Participant 2 says he can engage in social conversations if others are talking about content on Netflix that he also watches.</p> <p>Participant 2 says his boyfriend and best friend have separate profiles on his account. Participant 3 says she likes the convenience of being able to watch in the car. Participant 3 enjoys that she can watch new content that is only available on Netflix.</p> |

|                          |                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          |                                                                                              | <p>Summarised to:</p> <ul style="list-style-type: none"> <li>Variety of content</li> <li>Quality of content</li> <li>New content</li> <li>Longevity of content</li> <li>Personalisation</li> <li>Age-appropriate content for children</li> <li>Accurate search functionality</li> <li>Cultural brand status</li> <li>Multiple profiles on one account</li> <li>Multiple devices</li> </ul>                       |
| Brand loyalty to Netflix | Duration of subscription                                                                     | <p>Participant 1 has subscribed for almost a year and a half. Participant 2 has subscribed for 6 months. Participant 3 has subscribed for between 1 year to 18 months.</p>                                                                                                                                                                                                                                       |
|                          | Decision to cancel subscription should incentivised and controlled advertising be introduced | <p>Participant 1 would not cancel her subscription as long as Netflix respects the rules and does not make her watch something she does not want to watch. Participant 2 says he would be happy about it, considering the rewards and would not cancel his subscription. Participant 3 says she would not cancel her subscription as long as they have rules in place and it does not impact her experience.</p> |

## D: Coded transcriptions of participant interviews

### Transcript of participant 1

#### INTRODUCTION SCRIPT:

Researcher:

Please tell me about yourself such as which city you live in, how old you are and you don't need to give an exact number if you don't want to you can give a range, and then what you do for a living.

Participant:

So I live in Johannesburg, I'm 31 years old and I'm a functional design expert in, layman's terms that is a human resource information systems specialist.

Researcher:

Lovely. What activities do you use the internet to do?

Participant:

Online window shopping, a lot of reading, data factual check, news so ya shopping and that's about it.

Researcher:

What about your entertainment?

Participant:

So ya ok sorry, so there's Netflix, DSTv, Spotify, iTunes and then all the other online shopping apps.

Researcher:

Lovely. So how often do you see advertising when you use the internet for online activities?

Participant:

Let's see, how many pop-ups, I've noticed that DSTv's pre-recordings now have pop-ups, **there's cookies to almost every site that you go into now.** There's a whole lot of advertising on your social media platforms so you're **inundated with online advertising on social media.** Every new search also has pop-up ads related to similar products or whatever else you are searching for.

Researcher:

So how do you feel about seeing those pop-ups or any online advertising while you're doing the activities that you do?

Participant:

What is annoying is that if you do go into particular and you are mid doing extraction and a pop-up comes up, that is **highly annoying.** What I do like is the comparative pop-ups that go "Oh you're looking for this, we have this at this place" and then it enables you to see from a pricing perspective, which of the options suits your budget. So that I'm happy about, however, the constant pop-ups when you're **mid-stream reading something that is annoying**, so for instance, if you're reading on I

think News24 also, there's a lot of in-between, so you'll be reading an article, you'll have to scroll past this little ad to get to the rest of the article, that is annoying.

Researcher:

And then it almost like takes you away from what you're doing?

Participant:

Yes, it does take you away from what you're doing so... and sometimes you just close the article because there's maybe 3 ads before you get to the next one. So even on your celebrity online searches so you could be checking a fact on for instance how old one of the celebrities are just for interest's sake and then there's a whole lot of pop-ups, you think you're clicking next but then it actually redirects you into an ad.

Researcher:

Yes, I know those sites, there's a page for every single paragraph you want to read.

Participant:

Ya.

Researcher:

So what would you say is the impact on your experience of the activities that you do because of online advertising?

Participant:

A lot of the time, I just close that application.

Researcher:

Wow, ok. And then would you say that you like to see online advertising or would you prefer that you actually didn't see online advertising while you're doing activities?

Participant:

If I were to do it differently, I would say if I'm shopping, show me something similar at a different price by all means but not if I'm trying to gain knowledge from a particular site, don't show me something that's not related to what I'm reading. Find relevance to what I'm reading and then maybe advertise something that's on the same topic. Don't let me be reading for instance what the stats is on the pandemic and then you telling me what's at Checkers. Give me something related and so what happens is the related articles are right at the bottom or say to me with the pandemic so like say for instance if you're advertising hand sanitizer or "Did you know that you could defog your home with this" don't tell me Checkers has chicken on special?

Researcher:

Ok cool so you're saying that you don't mind seeing online advertising as long as it's aligned to whatever you're doing?

Participant:

Yes.

Researcher:

So if you're listening to music on Spotify or, you know, watching something on DSTv

and these ads come up, would you say that you don't mind that in the same way or would you rather not in those particular activities?

Participant:

So, let's see, my cousin was watching '7de Laan' for instance, yesterday and Nedbank framed it and I'm like "7de Laan and Nedbank?" now really, that just didn't work for me because what it does is minimize the screen that you're actually watching and it borders the screen so the screen goes into the top right-hand corner, I'm like if you were going to advertise, have something at the bottom, it will attract my attention but you lose focus on what you're actually doing.

Researcher:

Right, ok cool. So do you take any measures to avoid seeing online advertising?

Participant:

I close it.

Researcher:

You just close it?

Participant:

I just close it because what happens with a lot of the applications is, you need to buy into the applications to not see the adverts so for instance, I use this meditation app and there are adverts but that is really related to it so what it says is that you can rewind and fast-forward your meditation but that's related, that's fine. But a lot of the ads you have to purchase the app to get rid of... Spotify as well, you have to buy the premium account to no longer have the lady tell you "Oh thank you for listening to Spotify."

Researcher:

So then how do you feel about paying those subscriptions to avoid advertising?

Participant:

It depends on what it is so for instance, the meditation app? Some of them are ridiculously priced because they are not South African apps, that one is I think R1000 for 6 months.

Researcher:

What?

Participant:

Ya, so I'm not going to purchase that for instance, however, I have bought cloud space on the iTunes cloud, I have bought and paid for family-sharing so if it is something I know I use every day because I work out a lot and I can download this music onto my devices and not have to have data available if I'm out running or if I'm out gyming, that I would subscribe to if it's at a reasonable cost.

Researcher:

For sure, I understand that ya. So which platforms do you subscribe to if you don't mind listing them?

Participant:

So I do subscribe to iCloud, I do subscribe to iTunes, what else...

Researcher:

Netflix obviously...

Participant:

Netflix, that's about it.

Researcher:

You mentioned Spotify also?

Participant:

So for Spotify I do not have the Premium account, I subscribe to it because there's no cost involved.

Researcher:

Ok. So why would you not expect to see online advertising because you're a paying subscriber? Or would you expect to...

Participant:

It depends on the app. So the app would tell you "To avoid all these pop-ups, subscribe" so if that is the option when I subscribe it's no longer going to advertise then I expect you not to advertise.

Researcher:

Right because that's how it was marketed...

Participant:

That's how it was marketed yes. So for instance Spotify is saying to me that "If you subscribe to the Premium account we will no longer have to play that lady interrupting you, you won't have to skip, I think they only skip 6 times on Spotify yes so, how you sell it and what I'm purchasing is what I expect to have.

Researcher:

Ok, of course, that makes sense. So how long have you had a Netflix account?

Participant:

Just over a year. A year and a half almost.

Researcher:

And ... alright... and then you've mentioned the other video-streaming platforms you know about like DSTv, do you know any other video-streaming platforms in South Africa?

Participant:

No. So I've tried a few that friends have mentioned but the amount of advertising on those was ridiculous so I can't even remember the names, like I tried it once, too much advertising and I didn't. So I do know 'Black' or 'Orange' that DSTv also has?

Researcher:

Ok, yes?

Participant:

Oh I had Showmax at a time as well but I unsubscribed to that.

Researcher:

So what made you choose Netflix then and you obviously have stayed a Netflix subscriber, what made you choose to do that?

Participant:

Netflix really has a variety of programming so that is one of the main reasons so remember, we wake up on a morning feeling a certain way, it's all about perception and Netflix has been able thus far, the way I feel if I feel like a documentary today there'll be a documentary that will actually feed me and keep me watching, if I feel for sci-fi or fiction, there's a lot on the Netflix application compared to DSTv gives you a limit on what you can actually watch and then it disappears. Netflix I can go back 3 months later and the documentary will still be there.

Researcher:

Ok. So if I had to ask you what the most important features for Netflix are for you, you'd say it's the variety, the length of time of availability of the programmes, so the variety... can you think of any other features that are most important?

Participant:

The censoring as well so for instance, so I have a profile for my 2 kids and my daughter's is age-appropriate and everything that is suggested for her now is between her age range 1-2, my son's also will include for instance education stuff because his range is 4-5. And that's why when sometimes someone logs on to my profile to watch something, I'll be like "No." Even if we have visitors who ask "Hey can I watch this on your profile?" I'm like "No." Why because they're going to suggest a whole lot of what you're watching.

Researcher:

Yes, right. Ok so profiling is important for you.

Participant:

Ya.

Researcher:

Ok and then how long do you watch Netflix for at a time?

Participant:

Depending on what I'm watching so for instance I started watching Vikings, I watched Vikings like 3 episodes and each of them are 45 minutes so I could spend an hour to 2 hours in my free time watching Netflix.

Researcher:

And then do you take breaks? Do you like to binge-watch in one go or do you take breaks between those episodes?

Participant:

So when it's free time, I can actually binge-watch.

Researcher:

Ok, alright. So if you can think of anything that would make you want to stop subscribing to Netflix and maybe try any of the other platforms that are starting to emerge in South Africa, what would make you want to stop subscribing to Netflix?

Participant:

I think Netflix, the one thing that I did find is that their search functionality is good, however, there is so much content on Netflix and only by using the search functionality, do you see just how much content there is. There's not a way, for instance, if they give you the trending, what's hot in South Africa, but they don't say these are for instance your classics, these are your new...based on your profile, this might intrigue you and give like a little description of what it is. I think that's the only thing. I have to use the search functionality, maybe type in a word and the content is like "Oh my word, there's so much on here."

Researcher:

And that would make you want to stop subscribing?

Participant:

No the only thing that would make me stop subscribing, let me think, ya I just think they need to upgrade the functionality in terms of your profiling. There's a bit more that we can do on profiling.

Researcher:

Ok.

Participant:

But stop subscribing on a whole, nothing at this point.

Researcher:

Ok, that's fair. So why is it important to you or why is it not important to you that Netflix does not show ads while you are watching?

Participant:

I would not watch it if there were ads.

Researcher:

So that might, at this point, if I asked you that question, that is the thing that would make you stop subscribing, right?

Participant:

Yes. If they introduced advertising, yes I would. Don't let me watch something and you have pop-ups, I'd die.

Researcher:

Right, so I'm going to flip this and I'm going to ask you something that's a little bit different in the way that advertising you know, shows on the platforms we use. Let's say marketers said to you, "Hey buds, we will offer you a reward to watch this ad,

how would you feel about that? Not on Netflix, I'm just asking in general, if marketers online said to you "Here's a reward to watch an ad" would you consider watching an ad?

Participant:

Ya that's how it works on Candy Crush, you get a life for watching an ad so if I needed a life, I'm going to watch an ad. But not on Netflix.

Researcher:

Cool ok, so are there particular rewards that would interest you to watch an ad? And what could they be?

Participant:

Money would be good.

Researcher:

Like a discount something hey?

Participant:

Like a discount or like a rewards little programme.

Researcher:

Ok.

Participant:

Because like, believe me, people will binge-watch ads. If there's a reward or if there's an incentive to watching an ad.

Researcher:

Would you say you'd binge-watch ads?

Participant:

No. I just don't have the time.

Researcher:

Ok, so it's a time thing for you not a concept thing, it's a time problem?

Participant:

And I don't think I would binge-watch adverts because I've noticed that Youtube has gotten so smart with their advertising. So let's say you're streaming music and music is playing and then you go back and it sounds like a song but it's an advert.

Researcher:

Yes.

Participant:

So they've gotten really smart about how they advertise.

Researcher:

Ok. So how important is it to you whether you can decide when to watch an ad online?

Participant:

That's highly important.

Researcher:

Right. Because at the moment that's not what they're doing right?

Participant:

So what I feel like is online, they bombard you.

Researcher:

Yes. Ok so if and just think about this for a moment, if Netflix said, "In the same way we're recommending content for you to watch based on what we know you like, we are also recommending these ads... you don't have to watch them but we're recommending you do because we kind of know you but we're also offering you a reward to watch them, when you want to watch them." So there's no pop-ups, it's not interrupting your viewing, you can just go and watch the ad whenever you want and get a reward. How would you feel about that?

Participant:

So I think that would be doable. So for instance before I start the program, let's say I search and I'm going to watch 'Marsha the Bear' and a little pop-up comes and says 'Hey, do you want to watch this advert and the advert is (and it must have a time) is 20 seconds long and you can earn 10 reward points' definitely, I'll watch it.

Researcher:

Oh, ok.

Participant:

But it needs to be in that order. If you put it separately, I'm never going to watch it. So if you put it like under recommendations "These are the recommended adverts for you to watch for this reward" I'm not going to intentionally take my time to watch adverts so for instance if I choose a programme and you have a little pop-up before I press play, by all means. But they must put the time.

Researcher:

Ok. So would you potentially watch more ads if it was done this way where they said "here's the reward, do you want to watch it at the time that you choose?" do you think you might more ads that way?

Participant:

No.

Researcher:

Ok. How come?

Participant:

I do not like advertising to be honest with you.

Researcher:

And even if they said "Here's a discount or here's a free sample or here's access to like a subscription-based magazine or something like that?"

Participant:

So this comes back to profiling again, if Netflix is saying “I know you as my client, they must offer me rewards that speak to my searches.” So for instance, don’t tell me “Here’s a fishing magazine for 10 rewards” then I’m really not going to watch it. So as much as the content is profiled and personalized, their adverts need to be personalized and profiled as well.

Researcher:

Correct, yes.

Participant:

I’m not going to watch adverts just for the sake of watching it because I’m going to get a subscription to something I would never use.

Researcher:

So let’s say Netflix was actually that good and they could target even their advertising to you based on what they know you like, and the rewards, do you think you might watch ads?

Participant:

I would. So for instance, we are at right now and where the South African economic climate is, if they said that “If you watch all these specials that are at Checkers, you will receive a reasonable amount let’s say R100 if Checkers is really trying to push their client, I would watch in half an hour because I know that coffee is R100, I’m getting a free coffee for 30 minutes of my time.”

Researcher:

So ya. And I think also, the interesting thing is that Netflix is growing right and because of its subscriber base growing, they also have to keep their content fresh, I mean some people have said they really enjoy the Netflix Originals, so how do you feel about those by the way, the Netflix Originals?

Participant:

Is that the US programming versus the South African programming?

Researcher:

No it’s like when they makes those movies like ‘Birdbox’ and...

Participant:

Oh, I love it!

Researcher:

Where you can only watch it on Netflix.

Participant:

I really do like for instance that new show, the Charlize Theron one is also a Netflix Original...

Researcher:

The Old Guard?

Participant:  
Ya, I like that.

Researcher:  
Ya, so you see so because Netflix actually produces their own content like that, they need to get revenue from different sources.

Participant:  
From advertising.

Researcher:  
Ya and the thing is if they only rely on subscriptions, the possibility exists that subscriptions increase. So if Netflix understood that people don't enjoy advertising in the way that it just pops up and it distracts you and it's just now a pleasant experiences because as you've said, it distracts you from what you're doing, so if they said "We will introduce advertising in a way that a) doesn't interrupt you, b) is targeted to you because we know what you like and c) you get to watch at a time of your choosing for a reward, how would you feel about Netflix and advertising?

Participant:  
I would honestly, as long as it is not bombarding me, this is important, do not bombard me, do not have pop-ups so exactly the way you described it, I would not mind seeing advertising on Netflix.

Researcher:  
Ok cool...

Participant:  
Or even if they created a whole channel to say "these are the advertisements and you are rewarded for every 15 minutes spent on there" Perfect.

Researcher:  
Brilliant. So would you say that this would influence your relationship with Netflix, would it make you want to cancel your subscription?

Participant:  
No. Like I said, as long as it's not popping up everywhere.

Researcher:  
Yes, as long as they respect the rules.

Participant:  
Ya.

Researcher:  
Ok. You wouldn't cancel if they respected the rules that way?

Participant:  
Yes, as long as you don't inflict on my viewing time so don't force me to watch something I don't want to.

Researcher:

That is brilliant, thank you so much!

END OF INTERVIEW SCRIPT

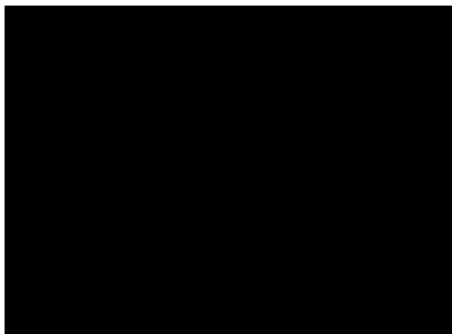
### Participant Consent Form

Exploring how incentives to consume digital advertising will affect the brand loyalty of Netflix subscribers

#### Consent to take part in research

- [REDACTED] voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves providing feedback around personal perceptions and experiences and that the data will be used towards synthesizing answers to the research question.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in the dissertation and possibly appear in academic journals, should the dissertation be published.

- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in a Google Drive folder to which the researcher and supervisor will have access to until the exam board confirms the results from the dissertation.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for 2 years from the date of the exam board.
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.



At Above

Signature of participant

08 August 2020

Date

*Signature of researcher*

I believe the participant is giving informed consent to participate in this study



Signature of researcher

8 August 2020

Date

## Transcript of participant 2

Researcher:

Please tell me about yourself such as what city you live in, how old you are and what you do for a living.

Participant:

I am 32 years old, I stay in Pimville Soweto in the South of Johannesburg, I work for a bank as an HR support consultant, been in the post for 3 years now and I am the first born in my family.

Researcher:

Brilliant, thank you. What do you do on the internet? What activities do you do or use the internet for?

Participant:

I use the internet for research, to socialise and social media, I watch programmes online.

Researcher:

Ah, so for entertainment as well.

Participant:

Entertainment, correct.

Researcher:

How often do you see advertising online when you use the internet?

Participant:

Quite often, a lot actually. Especially when I use Youtube because I haven't subscribed to the Premium where you pay monthly because it doesn't have adverts, so I go to Youtube quite a lot to watch a show that plays daily and it does have adverts so I see them quite a lot.

Researcher:

I'm glad you said that because I am actually going to get to that just now. So how do you feel about seeing advertising online when you are watching Youtube or any of the activities that you do, how do you feel about advertising?

Participant:

Sometimes they can be too much and I can be a bit irritated like today I wanted to listen to Beyonce...

Researcher:

Oh yes, it's 'Black is King' hey?

Participant:

And then in-between there was an advert and it's a minute long and I am far from my laptop and I have to rush and skip because it doesn't want to end and I was in the mood to listen to Beyonce and just dance throughout and it was like a let-down, it switched off the mood completely and then I was like "Ok let's switch this thing off" I will listen on my phone.

Researcher:

Ok so I think that you've explained it quite nicely but I'm going to ask you to put it into words, so what impact does seeing advertising have when you're busy doing something else, you're saying you want to watch Beyonce, what does it mean to you then when you see advertising, what happens to your experience?

Participant:

What happens to my experience... like my emotions...

Researcher:

Ya like you're saying it was disruptive right?

Participant:

Ya, it was disruptive and I wanted to have like a flow of the playlist that I selected so the adverts were like annoying because they were a lot, that's all I can say.

Researcher:

Ok. So would you say that you prefer that you didn't see any advertising or do you actually like to see online advertising and why?

Participant:

I don't like seeing advertisements because they are disruptive, I feel like if I wanted adverts, I'd like to see them when I take a break from whatever I'm watching because you do need a break from whatever you are watching you know, so that's the only time I would like to see adverts but when I'm watching something and it just gets cut, it's just like a let-down.

Researcher:

Ok. Do you take any measures to avoid seeing online advertising, like any third-party apps or anything like that? Do you do anything to try and avoid it?

Participant:

No, because if I try to avoid it, I need to pay to avoid it so I just leave them and after 10 seconds then you have the option to skip and not watch the full ad altogether.

Researcher:

So how do you feel about paying subscription fees to online platforms?

Participant:

I feel like for the ones that I use, the cost is quite reasonable and affordable so I don't mind especially when the platform produces high-quality original programming and you know the speed is fast and when you can, Youtube also has it, you can download stuff offline and can you watch later because we have this wifi whereby it works at a certain time so at least at that time you can download your stuff and then you can watch them offline later or when you don't have electricity you can watch the later, so I don't mind paying online platforms because the ones that I use are quite affordable.

Researcher:

Ok. So why do you pay for your platforms, you say you don't pay for Youtube, why do you pay for some and not for Youtube?

Participant:

For Netflix, I don't pay for Youtube, I pay for Netflix.

Researcher:

Yeah, so why don't you pay for Youtube then?

Participant:

It's because I still can access Youtube and get whatever I need there, whatever I need to watch.

Researcher:

Ok so what you're saying that, unless you subscribe, it's the only way you can access content on Netflix?

Participant:

Yes Netflix, true, if you subscribe that's how you can access content on Netflix.

Researcher:

So would you expect to advertising on a platform you subscribe to like Netflix?

Participant:

No.

Researcher:

Ok. Why is that? Why don't you expect to see advertising?

Participant:

You know, Netflix... I feel like it would just end up looking like Youtube so Netflix I love that not everyone can just upload everything there, for what I've seen the quality there, whether I am using my phone or my laptop, it's quite good.

Researcher:

Perfect. How long have you had a Netflix account?

Participant:

For 6 months now.

Researcher:

6 months?

Participant:

Ya.

Researcher:

Alright. Which other video streaming platforms like Netflix do you know about in South Africa, if you know about any and what made you choose Netflix if you do know about others?

Participant:

Oh ya there are others like Showmax and we also have DSTv, what's the other one? No I think those are the only ones. I think there are also the normal SABC things but let's just compare it to Showmax so for Showmax, I think Showmax has more local

content and sometimes the local content, sometimes I'm not happy about it, the local content, if not most of the time so I did subscribe to Showmax just to see how it works, what they have there and whatever and I didn't like most stuff, I only subscribed because I wanted to watch Somizi's wedding and then after that I cancelled that and then I continued with Netflix and DSTv, I don't like it because of repetitions of programmes and it's expensive and ya.

Researcher:

Ok, perfect. Now do you take any breaks when you watch Netflix or do you like to binge-watch and why?

Participant:

I take breaks. I like taking my breaks, I mean it's not going anywhere, I don't like binge-watching, it kind of like freezes my brain...

Researcher:

How long do you sit for one session to watch something?

Participant:

Like maybe 1 hour is enough for me, after an episode I want to get up, get something to drink after an episode, go to the toilet, stretch, you know something like that..

Researcher:

Be human!

Participant:

Ya!

Researcher:

Ok cool. What would make you want to stop subscribing to Netflix and rather subscribe to other platforms?

Participant:

What would make me stop Netflix... I'm enjoying Netflix so much, maybe if I don't see good, new relatable content, new released content that I'm interested in, maybe if I feel like I've watched everything so I don't need this anymore or maybe if the price increased, I would stop.

Researcher:

Oh, that's interesting. Ok. And so, then what's most important about Netflix for you?

Participant:

You get to know what's trending, what our celebrities are up to, you know the actors the actresses and you get to be able to socialise in conversations, what's happening, what are you watching, sometimes when you're in social gatherings, sometimes people throw lines from whatever trending series online and then at least if you watched something that's trending you are able to engage in that conversation and you know jokes don't just fly over your head, so that's why.

Researcher:

And when you're watching Netflix, what about its features or its offering to you are most important for you?

Participant:

I think also being able to have multiple people logged in because now my boyfriend has my login details, my brother has my login details and my best friend, I like that option and...

Researcher:

And you mentioned the content...

Participant:

Ya and the content, it's an excellent app.

Researcher:

Ok great. So why is it or why is it not important to you that Netflix does not show advertisements while you are watching?

Participant:

I think I'd cancel Netflix immediately. Just thinking about it is just like oh no, I can't put it into words but I think I would cancel it immediately if I saw adverts on Netflix.

Researcher:

What would advertising do to your experience?

Participant:

What would advertising do to my experience? It would, I don't know, it would make it so like now it's low quality, like I'm watching SABC..

Researcher:

Like you're watching normal TV...

Participant:

Ya like I'm watching normal TV.

Researcher:

Ya and you said earlier it would be like Youtube.

Participant:

Yes, it would be like Youtube.

Researcher:

Alright. Now let me ask you a spin, I'm going to ask you a question to turn it around, let's say that advertisers said, they would offer you a reward for watching, reading or engaging with an ad, how would you feel about that?

Participant:

I would take the offer.

Researcher:

Ok. So you'd be happy about it?

Participant:

I'd be happy about it.

Researcher:

Are there particular rewards that would interest you to watch an ad? What would they be?

Participant:

Maybe LGBTI content, those adverts maybe and new applications...

Researcher:

And anything even outside of Netflix itself, would there be any other rewards that would interest you?

Participant:

Like?

Researcher:

Like for example, let's say you got discounts or vouchers or samples for things, those kinds of things...

Participant:

Or maybe if they say you're paying R120 and for R100 we would ad advertisements, then maybe ya I would take it and then maybe they don't tell me what kind of adverts, they just wing it whatever it is I'm going to see there, ya maybe...

Researcher:

That's a fair answer. So how important is it to you whether you can decide when to watch an ad, so not like Youtube where you're kind of just forced to watch the ad, you know, how important is it to you that you can choose when to watch the ad?

Participant:

No it's really important for me because also I can you know listen to my body when I'm watching something and then I can take a break, it will help with taking breaks but controlled by myself.

Researcher:

Right, ok cool so if Netflix said to you, we're not going to interrupt your watching but we want to show you ads that you might be interested in but you can choose when to watch them, how would you feel about that?

Participant:

Ya that would be fine, I would happy with that if they asked me, I'd be happy. So maybe like, I'm not sure if this is possible so maybe like watching something on your laptop on Netflix and then immediately when you hit pause an advert happens, even if you are in the programme like you are watching something that runs for an hour and then maybe you pause it in like 15 minutes in there and immediately an advert

pops up and then it pops up until you close the advert and then resume to whatever you were watching, maybe if it worked like that...

Researcher:

So would you say if it worked like that, if they said, we'll offer you a reward to watch this ad and you can choose when to watch it, would this change your attitude towards online advertising?

Participant:

Completely.

Researcher:

Ok, awesome, alright. How would you feel about Netflix as a brand if they started showing you ads this way?

Participant:

I'd be happy about it.

Researcher:

You wouldn't feel like you said earlier, where you said you would cancel Netflix?

Participant:

No, so now they asked me right they didn't just throw it in there and it's an advert that disrupts me and irritate me or whatever, at least now I know what I, you know the devil you are dealing with.

Researcher:

Perfect. Alright so this is the last question... Would it strengthen your relationship with Netflix? Would you like the brand more if they did it this way?

Participant:

Considering giving those vouchers or whatever or they throw in adverts in between with your consent? Yeah, I'd be happy with it, I wouldn't cancel my membership.

Researcher:

Alright, awesome.

END OF QUESTIONNAIRE SCRIPT.

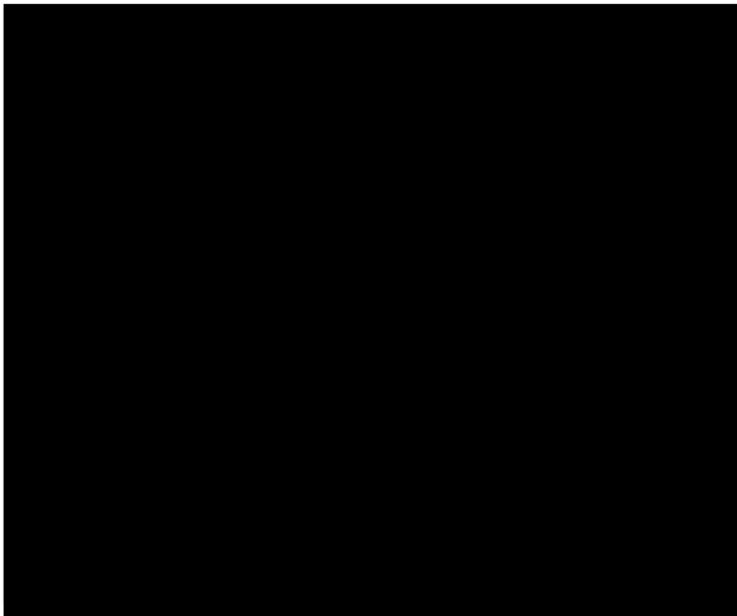
## Participant Consent Form

Exploring how incentives to consume digital advertising will affect the brand loyalty of Netflix subscribers

### Consent to take part in research

- I [REDACTED] voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves providing feedback around personal perceptions and experiences and that the data will be used towards synthesizing answers to the research question.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in the dissertation and possibly appear in academic journals, should the dissertation be published.

- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in a Google Drive folder to which the researcher and supervisor will have access to until the exam board confirms the results from the dissertation.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for 2 years from the date of the exam board.
- I understand that under freedom of information legislation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.



## Transcription of Participant 3

### INTRODUCTION SCRIPT

Researcher:

You don't have to say your name but please tell me about yourself such as which city you live in, how old you are, you don't have to give an exact number, you can give a range and what you do for a living.

Participant:

Cool, I live in Johannesburg, formerly from Durban, I am 38 about to be 39 in about a week or two's time and I am very passionate about user experience, that's me.

Researcher:

Thank you and what do you do for a living?

Participant:

I work at a financial institution and I look after our user experience for Human Capital as well as your Human Capital portal.

Researcher:

Lovely. What activities do you use the internet to do?

Participant:

A lot. I recently have been using the internet to Google lots of recipes, I think that with lockdown obviously trying to find time, trying to find ways to use my time has been interesting so I use it a lot to find recipes or if I'm interested in read more about a particular subject, it's generally the first place that I go to when I want to know something rather than just asking someone, I'll generally just pop onto the internet and search for whatever it is and then online shopping, another big one for me although I haven't bought a lot lately, it's nice to browse and pass time.

Researcher:

What about social media, do you use it for entertainment?

Participant:

Also, definitely so at the moment I only use Instagram and Facebook, I'm not big onto the other platforms like Tik-Tok or SnapChat or any of these other funny things, I'm limited to really just the two of them and I use it to kind of see entertainment purposes, see what's happening in friends and family's lives, again helps me pass time just helps it to go by a little bit faster I think.

Researcher:

Alright. How often do you see advertising when you use the internet for online activities?

Participant:

Ugh, I notice it a lot more when I'm on Instagram, it actually drives me a little bit nuts because I find and literally because I've started counting it, it drives me that nuts, I literally see 4 posts that are related to people that I follow and then there's an advert and then there's 4 posts and then there's an advert. Now in the concept of scrolling,

that means that for every scroll that I do there's an advert that comes up which is very annoying. In some instances if I look at the quality of advertising I would say probably 1 out of every 40 ads is actually one that I'm interested in, the rest is just really noisy and irritating.

Researcher:

Ok so if I had to ask you how you felt about it you said annoying, noisy, irritating...

Participant:

Yes, I hate it.

Researcher:

Cool. What impact does seeing online advertising have on your experience of your activities and this is across, even if you are on social media, when you're shopping, if you are you know streaming any content, what's the impact?

Participant:

So the impact is that I start getting quite annoyed, I feel like sometimes the ads are not actually targeted well, so sometimes it feels like the advertiser is doing a bit of a spray and pray approach, it doesn't feel like it's often relevant for me personally and I often feel like, I use that setting that says "Hide this ad" or "Don't show me this ad" or whatever it is, and I choose the option that says "It's irrelevant" or "I've already bought something" whatever the option is related to that but it feels like the algorithms are not learning from what I'm saying so I'm finding it quite frustrating more than anything else. Like I said, I think 1 out of 40 ads get my attention and sometimes that 1, I'll actually do something with it, I'll follow the account, I'll buy something whatever it is, but it's so few, I mean 1 in 40 is so low, that ya the rest of it, I tend to scroll past it because it's so noisy.

Researcher:

So if I hear what you're saying, would you like seeing advertising if it was better targeted to you and relevant for you or would you actually prefer not to see online advertising?

Participant:

I think if they hit the nail on the head and they got the advertising spot on, and they know exactly what I was looking for and why then I would be, then it's almost like a curated content for me in which case I wouldn't be irritated by seeing it. I also think frequency for me is something we need to look at, having ads in your face all day all the time gets a bit much so I almost want to say "If you are going to show me ads, can you show me ads when I've scrolling through my feed anytime before 11 o'clock in the morning and then after that can we be done please?" So I think if there was a way to limit the times that I was able to see ads and if it was curated more then I would absolutely have no problem with it. But now because it's so much and all the time, I would prefer to just not see it at all.

Researcher:

Ok. And then you said that you tend to say "Hide this ad" and you try to use the settings that are offered to you, are there any other measures you might take to

avoid seeing online advertising? Like there are people who might use ad-blockers or any of that?

Participant:

So I actually didn't even know there was an ad-blocker... On a couple of apps that I've used before, like I'm just thinking about like Spotify as an example, so with Spotify, they play 2 or 3 songs and then there's an ad that plays and you can skip and you can't download and you can't do a bunch of stuff, because I use Spotify so much and because those ads became so irritating, I actually decided to go the Premium route and just pay the R60 a month to actually stop hearing the adverts so depending on how often I use the application, I might consider going, I suppose, in inverted commas the ad-blocking route you know whether that's paying a premium account or subscribing or whatever that might be. I don't have a particular app for blocking ads, I don't know if there's another way to do it, I generally rely on the in-app features that it gives.

Researcher:

Lovely.

Participant:

I wish Instagram would do that actually.

Researcher:

They might actually down the line but that's a conversation for another day. Ok so how do you feel about paying subscriptions then to online platforms in instances when you think "Ok cool, I have had enough" how do you feel about that?

Participant:

I don't mind, again I think for me it depends on what the platform is, how often I use it, how much I feel impacted by the ads and whether from a cost perspective it makes sense for something like Spotify for me it was a no-brainer for me to just go "Ok cool, I'll just pay it, it's only R60 a month, I can download and do all the rest of the things that I need to do" but if you gave me an option to pay for an ad-free version of Facebook I would say no. Because if I look at the amount of time that I'm on Facebook and the fact that the ads are slightly more subtle in that way, it makes more sense. So I think it depends on how, what's the word I'm looking for, it depends on how in your face the ads are so let me give you a comparison, so when you're on Facebook and you see an ad you can just quickly flick, you know you can scroll past and it plays in a second whereas on Spotify, the whole ad needs to play and it's like 30 to 40 seconds of your life that you're losing every time it comes up so there's that kind of comparison for me that also makes sense when it comes to deciding whether I'll pay or not.

Researcher:

I agree. And then besides Spotify, what other platforms do you subscribe to?

Participant:

The other one that I opted to do an ad-free version of is MyFitnessPal, the reason for that is not because I didn't want to see the ads, it was because it unlocked a whole lot of other features of which having no ads was one of the features, so that was one

that I did it for. Ya so pretty much Spotify is the only one that I really subscribed to, to not have ads.

Researcher:  
Netflix?

Participant:  
Nope, not Netflix.

Researcher:  
You don't subscribe to Netflix?

Participant:  
I use Riaan's subscription.

Researcher:  
That's funny.

Participant:  
We log onto the TV with his profile.

Researcher:  
So as a household you subscribe to Netflix?

Participant:  
Yes, he does ya and then he just logs in and then I just use it, I don't have my own Netflix account. But you can put it on the list if it makes sense, put it on the list.

Researcher:  
Well you guys are going to be married soon, so I mean... as a household it's...

Participant:  
Ya no what's yours is mine and what's mine is mine.

Researcher:  
Exactly! So how long have you guys had a Netflix account?

Participant:  
I think for probably, I would say it's **over a year, between 18 months to a year**, somewhere around that mark.

Researcher:  
Brilliant. And so because you guys are paying for Netflix, I mean, would you say that expect or don't expect to see advertising? I mean is that the expectation for paying a premium?

Participant:  
yes that is my expectation ya.

Researcher:  
Ok. What other video-streaming platforms do you know about in South Africa and if you know of any others, what made you guys choose Netflix?

Participant:

That's a good question, I don't know of any others obviously other than something like Youtube which I find desperately irritating as well.

Researcher:

Which is a video-streaming platform so that's a good one ya?

Participant:

Cool so Youtube drives me up the freaking wall I can't actually breathe. I want to stop breathing.

Researcher:

Why's that?

Participant:

So my frustration with Youtube is, yes there's adverts in-between so if you're playing a playlist or whatever, you get these stupid adverts in-between which drives me nuts and then obviously breaks the cycle of whatever you're busy with. But the other thing for me that I get frustrated about with Youtube is that if you're watching a video of Ronaldo scoring goals, then the rest of the videos coming up is of Ronaldo scoring goals, I'm like "For heaven's sake, how many more videos can we watch of this shit"

Researcher:

Exactly .

Participant:

It's so narrow-focused that you end up watching nothing else other than what your original video was it's just so stupid.

Researcher:

Yeah, no I agree.

Participant

So ya, Youtube and me are not friends unless I'm watching something in particular and then I'm in and out.

Researcher:

Ok so then why did you choose Netflix, what was it about the platform that made you want to subscribe?

Participant:

The variety, it always seems like Netflix has the most recent stuff, lots of options to choose from when it comes to videos and series and also things that are only available on Netflix so there are some movies and things that came out and there are some series and stuff that's out that you can only watch on Netflix. So it's the variety, it's the fact that you can watch it on multiple devices so you know, if you're in a car or whatever you can quickly watch a video or a series, you can quickly be like sitting at home connected to your TV. So I guess the convenience of it for me. It almost feels like it fits in with our lifestyle, not that our lifestyle needs to fit in with it.

Researcher:

Great. And then **how long do you watch Netflix for at a time?** Like what would you say a single session, how long would that be for you?

Participant:

**Typically, I would say a good 3-4 hours on average,** some days more and some days less and the reason for that is because I normally watch series on Netflix and because it always does the "Next episode is playing now"

Researcher:

And you're like "Hey I wasn't keen but ok!"

Participant:

I'm like "Ok let's watch another one" and then you look again and 7 hours have passed.

Researcher:

Ok. And then do you take any breaks or do you like to binge-watch in one go?

Participant:

I generally like to **binge-watch** in one go, ya, I'll normally just keep going as much as I can or until there is something else that I need to watch on TV or do, like if I have to cook then I'll try and have a logical break at that point or if I'm sharing the TV obviously.

Researcher:

Alright so we've spoken about the things you like about Netflix, is there anything that would make you want to stop subscribing to Netflix and maybe try another platform?

Participant;

Shew that's an interesting question. There's nothing that comes to mind, I think if there was another **platform that offered the same service and it was cheaper,** that would be something that would make me switch.

Researcher:

So would you say that if Netflix increased its price, would you want to switch?

Participant:

If there was something else that offered the same quality and the same level of content then yes.

Researcher:

Why or why is it not important to you that Netflix does not show ads?

Participant;

**So again I think back to our previous point, the fact that we're paying a subscription means that I want the freedom of choice of what I do or don't see, so if by paying a premium that gave me a choice that said "You know, dear family do you guys want to see adverts yes or no" and you gave me the choice, I would be fine but I think because I'm paying for it, I want that choice, I don't want the stuff in my face all the time.**

Researcher:

That is perfect, that's the perfect answer because we're leading into where we want to do some research and that is, if marketers offered a reward for watching or reading or engaging with an ad, how would you feel about that?

Participant:

The reason why I'm laughing, this is going to sound so stupid, so on some of the games that I play, when you get to the end of the lives that you have or the end of your money, it goes "Watch this ad and we'll give you another life"

Researcher:

Right right...

Participant:

And it's like 30 seconds but I'll put the ad on so that I can get the life, I don't actually watch the ad while the ad plays, I'll go do something and then come back 30 seconds later and I've got a life so ya, I think if there was something in it for me, I would probably be more likely to engage with that ad. If it was a watch this ad and you can get a 15% off you purchase or it'll give you points or whatever it was, ya definitely.

Researcher:

That's perfect because I was just about to ask what rewards would interest you to watch. Ok so it's obviously important to you that you must decide when to watch or read or engage with an ad right?

Participant:

Yes, correct, 100%. I want to decide.

Researcher:

Alright so if Netflix did not interrupt your watching and showed you that there are ads you might be interested in because remember they can already see what you like based on what you watch, so they even be good at targeting ads towards you, let's say they said to you "Cool, here's something you might be interested in but you get to choose if you want to watch it or not, how would you feel about that?"

Participant:

I would be ok with that because again it's not infringing on my time and because I get a choice of whether or not I want to click to go watch a video or read whatever it's about, ya. I think I would be ok with it depending on how much it is. Like is it every 5 seconds, is it once an hour is it once a day, so also about frequency for me...

Researcher:

Of course. And even not just the frequency but if they said you know as much as they're recommending content for you to watch maybe they had an ad section that said "We're recommending these ads for you to watch whenever you want" how would you feel about Netflix as a brand if they did that?

Participant:

Gosh, that is a very interesting question.

Researcher:

Or maybe let me rephrase that, would you feel like you might, would it affect your decision to keep subscribing to Netflix or would you go “I’m not so sure I’d be into that, I might just try other options, other platform options.”

Participant:

That is a very good question. So in terms of other platform options, again it would need to be a comparison thing for me, I don’t think it would automatically make me want to shift, so I don’t mind the idea of adverts, but again if the adverts were, so on Netflix you’ve got the section on the side that goes “Search, Home, My List, blah blah” like a tile at the bottom that goes “Here’s some interesting stuff for you” and I’m sitting on a Sunday afternoon and I’m bored, I might go see what they’ve curated, it’s almost like flipping through a magazine if that makes sense because it’s there and I choose to go in and look through it when I am ready to do so, I would actually be ok with it although I would, for me it would feel a little bit odd depending on what Netflix is wanting to show me because in my mind, Netflix for me is a series, movies kind of platform so if Netflix suddenly said “Here’s a great pair of leggings for you” I’d go “Hmmm” it feels a bit odd. So the type of things that they’re advertising on their platform would make me feel a bit weird, I think. I don’t know if that makes sense.

Researcher:

Ok, just to check if it would, for whatever advertising they showed and I just wanted to see how you might feel about, it wouldn’t interrupt your viewing but if the option was there, it wouldn’t be that impactful for you that you might think about changing, that’s what I wanted to test was, if it didn’t interrupt your viewing and it might be relevant for you based on what you like and you get to choose if you want to do it, would it affect your loyalty to the brand?

Participant:

In terms of me leaving no. I think as long as they’ve got all those things in place, it wouldn’t make me want to leave because my experience wouldn’t be broken.

Researcher:

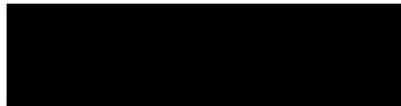
That is perfect and you have answered the questions so nicely that I don’t have through all my questions in my script here.

END OF INTERVIEW SCRIPT

## Participant Consent Form

Exploring how incentives to consume digital advertising will affect the brand loyalty of Netflix subscribers

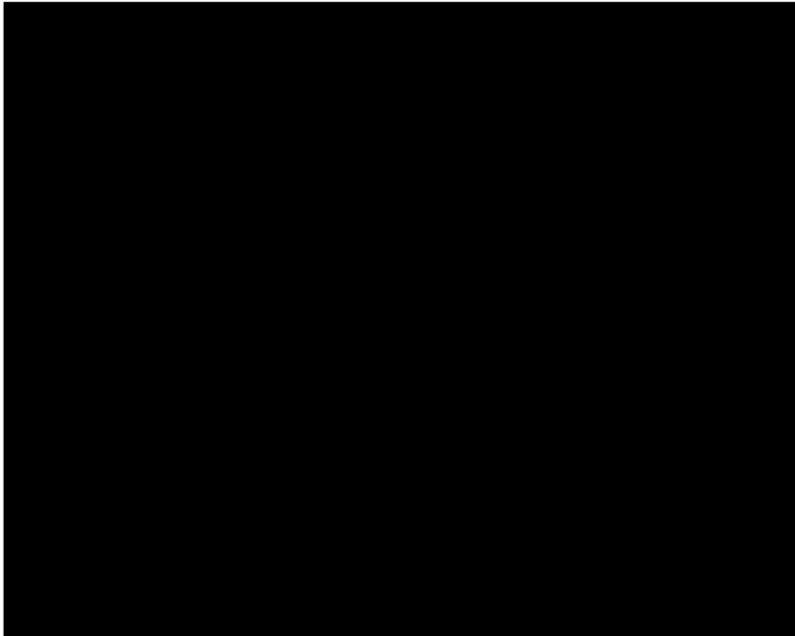
### Consent to take part in research



voluntarily agree to participate in this research study.

- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
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15 July 2020



**Student name:** Natalie Patel

**Campus:** Vega Bordeaux



**Re: Approval of Bachelor of Arts (Honours) in Strategic Brand Communication Proposal and Ethics Clearance**



Your research proposal and the ethical implications of your proposed research topic were reviewed by your supervisor and the campus research panel, a subcommittee of The Independent Institute of Education's Research and Postgraduate Studies Committee.



Your research proposal posed no significant ethical concerns and we hereby provide you with ethical clearance to proceed with your data collection.



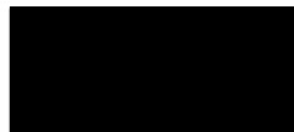
There may be some aspects that you still need to address in your proposal. If this is the case, feedback will be provided to you in writing. You will need to address these aspects in consultation with your supervisor.

In the event of you deciding to change your research topic or methodology in any way, kindly consult your supervisor to ensure that all ethical considerations are adhered to and pose no risk to any participant or party involved. A revised ethical clearance letter will be issued in such instances.

We wish you all the best with your research!

Yours sincerely,

**Tatiana Ndlovu**  
Supervisor



**Dr. Helena van Wyk**  
Campus Postgraduate  
Coordinator – RESM8419

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#### CONDITIONS TO BE FULFILLED IN RELATION TO RESEARCH

*Permission is granted to proceed with the above study subject to the conditions listed below being met and may be withdrawn should any of these conditions be flouted.*

**Please note:** The panel has not considered the merits, accuracy or ethical soundness of the research. The only merits examined are the use of The IIE as a sample.

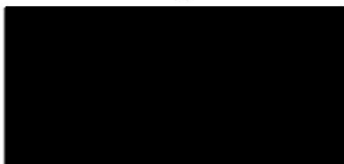
Permission is granted subject to the following conditions:

1. The researcher(s) will need to obtain informed consent in writing from all of the participants in his/ her sample if the study is not anonymous.
2. The researcher(s) may only use the data collected for research purposes and in no other way.
3. Photographs of human subjects may only be taken if relevant to the research, informed consent was obtained, and even with informed consent, the photographs may not be published on any online platforms.
4. The researcher is responsible for supplying and utilising his/her own research resources, such as stationery, photocopies, transport, faxes and telephones and should not depend on the goodwill of the institutions and/or the offices visited for supplying such resources.
5. No names or identifying information of participants may be used within the research and the research must be voluntary.
6. Please make it clear that the information will not be used punitively in any way and participants may in no way be counselled/advised based on this.

The Independent Institute of Education Pty Ltd, its associated companies, employees, contractors, representatives and directors, are indemnified against all claims which may arise in connection with or as a result of any loss, damage or injury to you as a researcher entering into an agreement with a participant in the course of your research, provided that such loss, damage or injury is caused by the gross negligence or intentional act(s) or omission(s) of The Independent of Institute Education Pty Ltd, its associated companies, employees, contractors, representatives and directors.

Wishing you the very best of luck.

Yours sincerely,



Campus Postgraduate Coordinator – RESM8419

Dr. Ria van Zyl

National Post-graduate Coordinator – IIE-Vega

The Independent Institute of Education

## Annexure: Research Table

| Research Purpose/<br>Objective                                                                                                                                                                                                                                                                                                                                                              | Primary<br>Research<br>Question                                                                                                                                             | Research<br>Rationale                                                                                                                                             | Seminal Authors/<br>Sources                                                                                                                                                                                                                   | Literature<br>Review<br>– Conceptual<br>Framework                                                                                                                                                                                    | Paradigm                                                                                                                                                                                              | Approach                                                                                                                                                                                                                                                                                     | Data Collection<br>Method(s)                                                                                                    | Ethics                                                                                                                                                                                                                                       | Anticipated Findings                                                                                                                                                                                                                                                                                | References                                                                                                                                               |
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| <i>To determine how brand loyalty to Netflix would be affected if online advertising changed in the way it is delivered, incentivising consumers with rewards and giving them choice to opt in, and being introduced on Netflix in this way.</i>                                                                                                                                            | <i>How would the brand loyalty to Netflix be impacted if it introduced advertising into its current ad-free model under different conditions that benefit the consumer?</i> | <i>if advertising did not impede or invade consumer online activities, consumers may be more accepting of it, benefiting all.</i>                                 | <i>David Aaker<br/>Jacob Jacoby and David Kyner<br/>Steven Krauss<br/>Richard Oliver<br/>Wanda Orlikowski and Jack Baroudi<br/>Demetrios Vakratsas and Tim Ambler<br/>Virginia Braun &amp; Victoria Clarke</i>                                | <i>Aaker's brand loyalty pyramid.<br/><br/>Second-level of pyramid.<br/><br/>Would satisfied subscribers cancel their subscriptions and switch brands if Netflix introduced advertising in a way that benefits subscribers more?</i> | <i>Paradigm<br/>Critical realism<br/><br/>Axiology:<br/>Consumers should have rights over how their data is used<br/><br/>Epistemology:<br/>understanding carried over from traditional marketing</i> | <i>Mixed method, overarching qualitative with supporting quantitative. Exploratory.<br/><br/>Population<br/><br/>Population Parameters<br/>Netflix subscribers in South Africa<br/>Over 18<br/>Subscribers for more than 1 month<br/>Min of 30 mins viewing session<br/>Available online</i> | <i>Grounded theory, field research, conducted online.. Semi-structured in-depth interviews. Non-experimental online survey.</i> | <i>Confidentiality<br/>Ensuring no conflict of interest<br/>Avoiding bias<br/>Avoiding untruthful representation of data<br/><br/>Obtain consent<br/>Respect privacy<br/>Be honest and factual<br/>No exaggerations or false inferences.</i> | <i>Consumers dislike advertising because they have no control over when to see it and it is unhelpful.<br/><br/>They would accept advertising if it did not destroy their experience or distract them, they would accept rewards and they would remain loyal to Netflix under these conditions.</i> | <i>Many journals and articles have been consulted, please kindly refer to the reference list in the assignment submission in the interests of space.</i> |
| Research Problem                                                                                                                                                                                                                                                                                                                                                                            | Secondary Questions/<br>Hypotheses/<br>Objectives                                                                                                                           | Key Concepts                                                                                                                                                      | Key Theories                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                      |                                                                                                                                                                                                       | Sampling                                                                                                                                                                                                                                                                                     | Data Analysis<br>Method(s)                                                                                                      | Limitations                                                                                                                                                                                                                                  | Key contribution                                                                                                                                                                                                                                                                                    |                                                                                                                                                          |
| <i>Online advertising funds the provision of content and could keep subscription costs low but consumers are averse to the way online advertising is currently delivered so they avoid it. Netflix requires additional funding so understanding why consumers dislike advertising will help to see whether changing the way it works would result in consumers accepting it on Netflix.</i> | <i>What are the most important features of Netflix that must not be compromised?<br/><br/>How do consumers currently feel about advertising and why?</i>                    | <i>Online advertising<br/>Video on demand models<br/>Incentivised advertising<br/>Consent and choice for consumers over their personal data<br/>Brand loyalty</i> | <i>Aaker's brand loyalty pyramid<br/>Jacoby's conceptualisation of brand loyalty<br/>Braun &amp; Clarke's qualitative research in psychology<br/>Krauss research paradigms and meaning making<br/>De Corniere and Nijs online advertising</i> |                                                                                                                                                                                                                                      |                                                                                                                                                                                                       | <i>Purposive<br/>Non-probable<br/>Convenient<br/><br/>Units of analysis: Netflix subscribers</i>                                                                                                                                                                                             | <i>Thematic analysis<br/>Survey report</i>                                                                                      | <i>Covid-19 lockdown<br/>Online only<br/>Time constraints<br/>No statistical tools<br/>Open to interpretation<br/>Possible volunteer bias<br/>Survey Monkey free version limits to 10 questions and 100 responses</i>                        | <i>Opted into, rewarded advertising would not only preserve the integrity of advertising's role in the economy of the internet and broad business, but it would enhance ad impression reliability, improve targeting and enhance conversion.</i>                                                    |                                                                                                                                                          |

