

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE**

**FACTORS INFLUENCING CUSTOMER PURCHASE  
INTENTION OF PREMIUM VERSION IN JOOX MUSIC  
STREAMING SERVICE**

**KHIN MYAT NOE SAN**

**DECEMBER, 2020**

**Factors Influencing Customer Purchase  
Intention of Premium Version in JOOX Music  
Streaming Service**

**This thesis is submitted to the Board of Examiners in partial fulfillment of the  
requirements for the degree of Master of Commerce**

**Supervised by:**

Dr. Daw Soe Thu  
Professor and Head  
Department of Commerce  
Yangon University of Economics

**Submitted by:**

Khin Myat Noe San  
M.Com II – 6  
Master of Commerce  
Yangon University of Economics

## **ABSTRACT**

This paper aims to investigate factors influencing customer purchase intention of premium version in Joox music streaming service. The study was conducted with the objective of identifying customer purchase intention of premium service and to analyze influencing factors on customer purchase intention of premium version in Joox music streaming service. Data collection was done through a survey of 384 respondents of Joox music users in Myanmar through online survey. The findings show that epistemic value rank as the most important factor in attracting customer purchase intention of Joox music premium version among respondents while opinion leadership and opinion seeking value is not perceived as important in relation to premium service of Joox to buy. According to the result, it is also found out that the most influencing factors of customer purchase intention are emotional value, epistemic value, followed by social value and conditional value. However, opinion leadership and opinion seeking value and functional value do not affect customer purchase intention towards premium version of Joox music streaming service in Myanmar. Marketers should therefore exploit affecting variables of customer purchase intention to keep and attract customers to pay for premium version of Joox with effective marketing means.

## **ACKNOWLEDERMENTS**

First and foremost, I would like to express my heartfelt thanks to Prof. Dr. Tin Win, Rector of Yangon University of Economics for giving me the opportunity to undertake this thesis. And I wish to express Prof. Dr. Ni Lar Myint Htoo, Pro-Rector of Yangon University of Economics for allowing me to do this study.

Next, I would like to express deepest gratitude and give my truthful and hearty thanks with sincere appreciation to Prof. Dr. Daw Soe Thu, Master of Banking and Finance Programme Director, Head of Department of Commerce. In addition, I am deeply thankful to all Professors, Associate Professors and Lectures from the Department of Commerce who give me advice for my thesis.

I also offer my regards and blessing to my beloved family and friends, they supported me in their continuous supports, loves and cares during the completion of the thesis. Finally, I would like to make a special thanks to the participated respondents from online for giving me special attention while surveying and providing me precious suggestion, efficient idea, and discussion.

# TABLE OF CONTENTS

	<b>Page</b>
<b>ABSTRACT</b>	i
<b>ACKNOWLEDGEMENTS</b>	ii
<b>TABLE OF CONTENTS</b>	iii
<b>LIST OF TABLES</b>	v
<b>LIST OF FIGURES</b>	vi
<b>LIST OF ABBREVIATIONS</b>	vii
<b>CHAPTER I INTRODUCTION</b>	1
1.1 Rationale of the Study	3
1.2 Objectives of the Study	4
1.3 Scope and Method of the Study	4
1.4 Organization of the Study	5
<b>CHAPTER II THEORETICAL BACKGROUND</b>	6
2.1 Freemium Business Model	6
2.2 Consumption Value Theory	10
2.3 Purchase Intention	14
2.4 Previous Research Studies	15
2.5 Conceptual Framework of the Study	17
<b>CHAPTER III CUSTOMER PURCHASE INTENTION ON PREMIUM SERVICE OF JOOX MUSIC</b>	19
3.1 Music Industry Evolution	19
3.2 Business Model Trends	21
3.3 Joox Music Streaming Service Profile	24
3.4 Research Design	29
3.5 Reliability for Construct Variables	30
3.6 Demographic Information	31
3.7 Customer Purchase Intention of Premium Service	35

<b>CHAPTER IV</b>	<b>ANALYSIS OF THE EFFECT OF INFLUENCING FACTORS ON CUSTOMER PURCHASE INTENTION</b>	<b>37</b>
4.1	Influencing Factors of Customer Purchase Intention	37
4.2	Relationship between Affecting factors and Customer Purchase Intention	44
4.3	The Effect of Influencing Factors on Consumer Purchase Intention	45
<b>CHAPTER V</b>	<b>CONCLUSION</b>	<b>47</b>
5.1	Findings and Discussions	47
5.2	Suggestion and Recommendation	49
5.3	Limitations and Need for Further Study	50
<b>REFERENCES</b>		
<b>APPENDICES</b>		

## LIST OF TABLES

<b>Table No</b>	<b>Title</b>	<b>Page</b>
3.1	Assessment of the Reliability of the Scale	30
3.2	Number of Respondents by Gender	31
3.3	Number of Respondents by Age	32
3.4	Number of Respondents by Occupation	32
3.5	The Level of Income by Respondents	33
3.6	User Types	34
3.7	Status of Listeners	34
3.8	Usage of Platform	35
3.9	Customer Purchase Intention of Premium Service	36
4.1	Opinion Leadership and Opinion Seeking	38
4.2	Functional Value	39
4.3	Emotional Value	39
4.4	Conditional Value	40
4.5	Epistemic Value	41
4.6	Social Value	42
4.7	Overall Mean Value of Customer Purchase Intention	43
4.8	Correlation between Independent Variables and Customer Purchase Intention	44
4.9	Multiple Regression Analysis	45

## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	<b>Page</b>
2.1	Consumption Values Theory	10
2.2	Conceptual Framework of Applying the Theory of Consumption Values to Explain Drivers' Willingness to Pay for Biofuels	16
2.3	Conceptual Framework of Factors Influencing Consumer Choice of Premium or Free Services	17
2.4	Conceptual Framework of the Study	18

## **LIST OF ABBREVIATIONS**

CaaS	Content as a Service
DRM	Digital Rights Management
DTO	Download-to-own
DTR	Download-to-rent
IFIP	International Federation for Information Processing
IFPI	International Federation of the Phonographic Industry
MaaS	Music as a Service
MSS	Music Streaming Service
SaaS	Software as a Service

# CHAPTER I

## INTRODUCTION

In a competitive business environment, enterprises nowadays are emphasizing on finding effective alternative means to capture many customers with low cost. Traditionally, companies need to use expensive advertising and marketing campaigns or sales force. This approach may be useful for physical product to some extent, but digitalized and technological web-based product or service require modern innovative strategy. Digitalization leads to change customer expectations and habits as well such as demanding everything for free via online. To exploit this, internet related service providers seek opportunity to penetrate market with low marginal cost using freemium model. Many companies internationally adopt freemium with success results and growth potential such as Dropbox, Survey Monkey and LinkedIn and Skype. Freemium is widely used and popular among software services for years. Many well-known brands offering freemium services are also generated from those that offer music as a service such as Spotify. Music as a service (MaaS) is based on the website enabling users to stream songs to computers or mobile devices directly which enables access to download and upload personal music collection mostly even in free versions but permits transferring ownership content. Streaming applications nowadays become commonly well-known among music listeners due to simple offering of accessing online.

Freemium is a combination of free and premium offering options to users. It delivers basic features for free but charge subscription fee for additional functions or services. It is commonly popular among internet startups and software companies and mobile applications. According to Peter Froberg, freemium is a business model which gives a core product away for free to a large group of users and sell premium products to a smaller fraction of this user base. Free version has limitations of features to convey users into payers with reinforcement whereas paid subscription or premium version is free of advertisements mostly with advanced features. It also brings a good opportunity for providers to advertise premium offers by educating the advanced features available in paid version. The power of this model can lower entry barrier for initial users by eliminating costs for customer acquisition while growing business at fast pace. Based on the positive free experience from actual usage, customers can

incline intention towards purchasing for advancements. Freemium is different from free trials in such a way of time limits and amounts of offering. Free trial has a restricted time limit with almost all features of product but free plan in freemium provide limited service without a time limit. Freemium serve as an attractive marketing tool as it can lure customers through word-of mouth and referral networks without incurring much for campaigns or personnel while increasing brand awareness. Moreover, familiarity and value creation in free version can enhance customer engagement. It would be hard for customers to buy unless they are tested and understand information or knowledge about product or service usefulness. Thus, freemium model has become a modern marketing tool and strategy that fit with what today customers are looking for.

The growth of internet access and mobile phone users shift consumer behaviors. In terms of music, purchasing rely heavily on CDs, DVDS and cassettes. However, pirated CDS distribution and penetration of MP3 or MP4 devices lead to abrupt losses and challenges for musicians as well as the producers in the past. Taking advantage to recent development of internet infrastructure and number of mobile phone users in Myanmar, online music streaming service provider like Joox enter music industry market as a pioneer with freemium model. Hence, the industry is currently changing from offering tangible products to intangible service. During this transition from physical to digital, it is crucial to deliver service with value to customers. Market entry providers need to pay attention cost and revenue as well.

On the other hand, pirated free downloading from other channels and indirect competitors alike radios, Facebook and television are available. The growth and success of online music streaming service also impacts financial income of artist especially singer as well. In terms of revenue, advertising alone cannot survive well for long-term. Hence, converting from free users to premium users is also critical to generate income. Whether such innovative music delivering service in Myanmar can bring advantages or drawbacks is still unclear. As music industry in Myanmar had suffered several losses from pirate issues, consumer perception towards new music streaming service is also an important topic to explore in detail. Because of its popularity even in emerging state, influencing factors of users' intention to purchase or not for premium version will be examined to have a great deeper understanding before its business has reached to its peak.

## **1.1 Rationale of the Study**

Even though freemium has become popular since 1980s, business success is still uncertain with challenges. According to the study of National Bureau of Economic Research, revenue from music streaming industry is a flat zero. It neither makes nor lose money. Unqualified or inefficient implementation of this business model can incur detrimental losses as only a small mere amount of customer segment is paying among significant free users. Freemium is generally played by paying users of 5% and advertising revenue. To play well the market utilizing freemium model, exploring forces of factors on consumer behavior in freemium business must be explored. Taking advantage to customer acquisition process in freemium business model, customers can learn the benefits and experience of service using free version. The issue of illegal music downloading can be resolved to some extent with the innovative entrants of streaming service in music industry as a rescue. However, users today are accustomed to new music service offering but has little willingness to purchase the advanced service. This might be due to habitual traits of consuming mostly free for online services and nature of previous free downloading are captured in the minds of consumer, deterring the tendency to pay for the service.

Thus, music service providers are encountering the challenge of generating considerable revenue as most users are consuming music with free of charge. Besides, the conversion rate from free users to paying customers is still declining. Having enough number of users in premium or paid version is critical for the survival of business and earning has huge financial impact on living of artists and creators in music industry overall. Free market economy seems to be competitive and hard to generate considerable form of revenue from music streaming services because of the availability of easily accessing to listen songs from free optional platforms. Even though there is a five percent rule in freemium which five percent of paying users subsidizes the remaining free users, Spotify music service has the conversion of 25 percent in 2015. It is noticeable that delivering too many or too few quality and features in free version can result declining rate of conversion. It means that exposing high value material in basic version distorts customer purchase intention whereas minimal level of value offering cannot attract potential customers for paid version from large free user base. Limiting access to free users with constraints is also important for successful implementation in freemium. Restrictions can range from features, usage quotas, time and advertisements but must be regarded with care to

arouse better offering availability in payment subscription but not with less core product value to initial users. The primary aim is to generate income from same customer segment of free version by conveying into subscription-based paid service.

Some freemium services today are under pressure for long-term survival. Even though customers experience considerable benefit from accessing free service, businesses today find some difficulties to manage costs and revenue. Heavy relying basic income solely from advertisements cannot subsidize total costs of service as some fees for ownership rights are required to pay for artists as well. Hence, it is a critical business problem faced by operators to increase conversion rate from free users to premium subscribers and retain current numbers of paid users. Therefore, examining factors influencing customer intention to pay is a highly demanding research to apply practically in business field. Besides, even though Music as a service achieves huge success in other countries, music streaming service is still new to Myanmar market with different culture, value, norms and customs. During this transition period of new market entry leader of Joox as a music streaming service, it is essential to measure whether antecedents of customer purchase intentions succeeded in other regions fit well with Myanmar or not and find out which factors are reluctant to adopt or deviates. Moreover, it is also important to understand what drives customers willingness to pay in online music streaming service even though accessing service with limited functions is available.

## **1.2 Objectives of the Study**

The followings are primary objectives of the study.

- 1.To identify customer purchase intention for premium service
- 2.To analyze effect of influencing factors on customer purchase intention of premium version in Joox music streaming service

## **1.3 Scope and Method of the Study**

This research explores factors influencing customers' intention to purchase a premium service. Structured questionnaires are used to conduct survey among users of Joox music mobile application in Myanmar. Both free and paid users who are currently using or had ever used the service are participated in this study with online questionnaires. As it is an unknown population, sample number of 384 number of respondents will be collected using following Cochran's sample size formula.

$$n = \frac{z^2 pq}{e^2} \text{ (Cochran, 2007)}$$

$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.5)^2}$$

$$n = 384.16$$

This study consists of both primary and secondary data. Other previous thesis and journal research, books and websites are supported for gathering secondary data. Quantitative method is chosen for primary data collection. Simple random sampling is used for primary data collection. In terms of statistical tool, descriptive and multiple linear regression analysis are applied. The survey is conducted using 5-point Likert scale.

#### **1.4 Organization of the Study**

This thesis is categorized into five chapters. Chapter 1 presents with introduction, rationale of the study, objectives of the study, scope and methods of the study and organization of the study. Theoretical background is explained in Chapter 2. Chapter 3 describes overviews of music streaming industry and Joox role in Myanmar while identifying customer purchase intention for premium service. Chapter 4 explores factors influencing customer purchase intention with data analysis. Chapter 5 is a conclusion that describes research findings, discussions, suggestions and needs for further study.

## **CHAPTER II**

### **THEORETICAL BACKGROUND**

This chapter describes the concept, models and theories relating customer purchase intention. There are five sections. First part introduces freemium business model which is commonly used in music services. The second part contains consumption values and opinion leadership and seeking. The third part states about purchase intention. The last part studies some previous research and presents conceptual framework of this study.

#### **2.1 Freemium Business Model**

Freemium was firstly introduced by Jarid Luckin (Flatiron portfolio company Alacra) then later by Fred Wilson- a venture capitalist built up a business model in 2006 (Wilson. F, 2006). Freemium is about grabbing huge number of customers from free of charge service using the spread of oral referring messages in social circles and attract for paid version by delivering more value and putting advanced high-tech features without limitation to find convenience in using premium. Freemium is a marketing model that operates by providing a specific product or service free of charge, such as applications, online servers, or other services, while charging a fee for advanced enhancements and functions, or similar goods and services (Iglesia and Gayo,2008). Freemium has been well-known due to the development of internet infrastructure and entrants of new businesses based on websites. Significant companies applying freemium model are Skype and Spotify. The Freemium business model is ideal for excellent grade of products and service what every consumer demanding in the market and duplication is easily being digitalized for offerings.

Applying freemium model in businesses has certain positive effects. It is quite suitable for customers who are price sensitive or insufficient in budgets and doubtful about economies of scale. To solve this, freemium offers free service to general basic large customers without charging any fees. As the major income is streamed from premium sales, basic free version attempts to attract large customer base into paying customer from its platform. Besides, one possible source of revenue comes from advertising service providing to other business in its digital platform. It is commonly popular in web-based services, integrating free basic services with paid premium

services. It utilizes large user-based demanding for free to attract those into converting as paid premium users to generate revenue.

Therefore, Pujol (2010) also mentioned that freemium is not alike two-sided markets that offer free part and premium part but as a business model which focus on converting free user to a paying, premium user. It is also noticeable that free users are less likely to subscribe for paid premium services even less 10 percentage in general. Even though the rate is too low, such small base of paying users can subsidize free users by exploiting low marginal cost for serving additional free users. However, things to monitor to succeed in practice are free users' average service cost and the rate of conversion. As advertisement is not the main source of revenue in freemium model, depending advertising entirely is not appropriate for long-term survival of business and growth potential. Difference between free and premium is not different service provide but it serves different levels of service. In Flickr, the mainstream photograph sharing Web webpage taken over by Yahoo! in 2005. Having a standard account permit free users to post and send photos to others with free of charge. However, differentiation between free and paid version is clear. Basic version restricts in terms of the numbers of uploads and data storage. With premium version, customers get full access without constraints in addition to extra highlights by buying with annual payment to upgrade an account.

### **2.1.1 Premium**

Premium is an exchange of money with access to privilege offer for premium service integrating superior features and elements (Osterwalder & Pigneur, 2010). However, a mere percentage of buying users usually endow a service given for significant number of customers base in free version (Osterwalder & Pigneur, 2010; Anderson, 2009). Besides, the changing consumption rate from free to paying consumers is too low, commonly with one percentage number (Gassmann et al., 2014). When benchmarking taken, threshold of only 5% of all users has tendency to ultimately turn as paying customers (Seufert, 2014). In freemium, no payment offering in free service intends to expand community of prospective customers while creating sales for premium version (Seufert, 2014). Freemium is widely accepted among online service providing companies due to its ability to acquire users but operators are failing to earn income due to overall declining conversion rate (Lee, Kumar, & Gupta, 2013). This might occur from easily accessible to vast array of

optional unpaid services today, thus limiting the desire to pay for premium (Li & Cheng, 2014).

Thus, service offering operators from online are encountering to make money from premium subscription. According to the previous research, users would be highly preferable to consume premium service again after meeting collection of experiences in free content with considerable quality and user-friendly system. One possible solution to increase likelihood of conversion using lock-in effect, nurturing customers as a habit to use the same service in the long run without being attracted and accepted by alternatives based on social group pressure power. Though, providers should apply such lock-in effect but must be cautious about promoting value-added service delivery to consumers. This can result inelastic demand, less tendency to brand-switching easily. Additional means is promoting more connection to be easily accessible between consumers in the same service and planning to expand the user base though referral advertising via social media.

### **2.1.2 Converting free Users**

A central question is why free users convert to paying customers, while the basic offering is provided at no cost (Wagner et al., 2014). In an online community, for example, the most active users are significantly more likely to convert to premium customers (Oestreicher-Singer & Zalmanson, 2013). Furthermore, Wagner et al. (2014) discovered that the likelihood of premium conversion for music streaming services is higher if the free offering corresponds closely with the premium offering. The Freemium business model provides remarkable benefits. Freemium is prepared to acquire prospective customers from acquiring large user base without worrying payment at the initial stage. Thus, people who has limited income and poor financial condition or users doubt about price-value ratio in premium version are highly possible to reach to the platform of business for experiencing initial consumption. Moreover, if the free user base actively engages in word-of-mouth marketing, the diffusion of Freemium offerings in the market can be considerably accelerated without charge (Jiang & Sarkar, 2009). Freemium is also risky free enabling attraction for accessing premium potential. In particular, the free offering can result in both acceleration (i.e. users buy the premium earlier) and expansion effects (i.e. users buy the premium, although they had not contemplated payment at first) (Bawa & Shoemaker, 2004). In addition, setting price point as zero impedes the

potential new entrants, taking competitive advantage to grab the large market share. As the overall utility of the user base increases with every new user accessing the offering (Cheng & Tang, 2010), these “demand-side economies of scale” (Katz & Shapiro, 1985) are continuously extended.

Nevertheless, there are various challenges of Freemium models which need to be addressed. Converting from free offering to premium payment is not an easy action and deterred by habitual free consumption experience even at initial stage. Therefore, consumers would be demanding to continuously consume what free service is offering without payment. The free offering cannibalizes the premium offering, so this cannibalization accounts for a loss in revenue (Cheng & Tang, 2010). Acquiring considerable number of premium customers among free users is also an obstacle to generate required level of revenue from sales and other monetization options.

Besides, offering service to non-payment users for free as a large base results scarce resources for business into depletion to share additional value-added service to premium users. In case of mobile applications, providers are suffering from with low switching costs for free offerings and low levels of relatedness among their app offerings (Liu et al., 2012). Therefore, the challenge is to establish barriers to exit for the users to prevent users from switching among the various free offerings in the market.

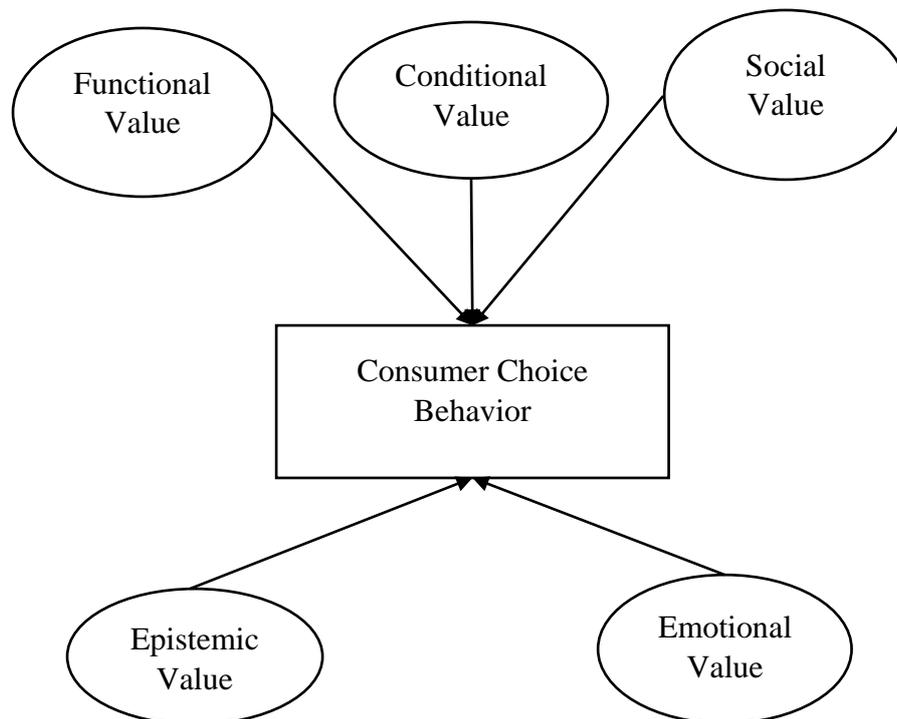
Even though freemium model is intended to use as a tool to obtaining paying users, the rate of meeting significant conversion rate is still reducing. Gathering large free user base is successful using freemium but lack of purchase intention prior to the consumption of the service has a negative impact on the business by using long-term free service with low profit potential on sales. Besides, lock-in-effects and habitual usage has little tendency for inclination towards purchasing according to the findings of Li and Cheng in 2014. Similarly, another researcher found out that lock-in-effects do not affect transition of objectives set. However, repeatedly usage as a habit can stablish bond with consumer while affecting the selection of exposing to innovative experiences. Palazon and Delgado-Ballester (2013) claim that offering paid version with advanced features is powerful technique for attracting potential buyers as a promotion by adding value to the product. Though, whether targeted free consumers is preferable to use premium service is uncertain in practice. Thus, providers should consider back about the demand of paying service customers and analyze whether free service offering is effective or not to generate future revenue. Even though relying on

advertising alone does not provide a warranty for earning revenue in the long-term, most music services are widely using freemium to convert users into paying consumers.

## 2.2 Consumption Value Theory

Consumption value theory describes the reasons behind using or purchasing and not using or not purchasing a certain type of goods and services and the choice between products and brands. Therefore, the theory of consumption value can be utilized in explaining choices over wide assortment of goods ranging from consumer-based to industry-based products and services. Consumer value can be categorized into five kinds in the theory of consumption value are functional, social, emotional, epistemic, and conditional value. In any scenario of making selection, each of the ideals has varying impact, leading to the final choice on an individual basis (Sheth, Newman, & Gross, 1991) as follows.

**Figure (2.1) Consumption Values Theory**



Source: Sheth, Newman and Gross (1991)

1. Functional value is defined as the perceived usefulness of the service.
2. Emotional value consists in feelings or affective states generated by consumption experience.

3. The social value is given by the acceptability at the individual level and the relations with social environment.
4. Epistemic value is given the ability of service to arouse curiosity and to satisfy the desire for knowledge.
5. The conditional value relates to situational factors such as the disease or specific social situations (Sheth et al., 1991).

The study explored by Sheth, Newman and Gross (1991) aims to generate deeper explanation of customer behavior on choices. It was achieved by evaluating the smoking behavior, analyzing the preferences or choices among various users. The theory can also be utilized to forecast, justify and characterize consumption choices appropriately in any scenario as suggestion. One study about green products used similarly to explore customer preference was made by Lin and Huang in 2011. They checked the theory by studying the relationship between beliefs and consumer preference has been, as well as the connection between environmental issues and the behavior of choice.

### **2.2.1 Functional Value**

Functional value is a process of perception on utility captured from the technical system of functions and the efficiency of the output performance. In other words, function value provides the solution for what customers feeling as problematic, the demand of customer wants, and desire are responded in such a way without incurring much expenditure, energy, and resources. In case of studies about environmental related products, functional value is categorized into functional price and functional quality. Even though business offers attractive and desirable features and execute optimal performance in its function, the way of perceiving functional utility may not be the same in all consumers. When applying freemium model-based companies, premium and free version is discriminated in terms of function. The perceived level of functional value depends on the threshold of convenience in using product or service. Users are highly likely to pay for the service when the monetary investment is less than the perceived value of the service in return. In other words, customers consider whether the product or service offering is worthwhile or not. Therefore, delivering effective functional value is critical to generate desirable level of earnings for business especially in freemium based services. Search function, distinctive design and user-friendliness are important characteristics of functional

value in music streaming services to grab customers' attention towards buying premium offering.

### **2.2.2 Emotional Value**

Emotional value gains from experience and feelings when adopting and using goods and services offering. It serves as a state of affection. Feelings are important as the associated emotional experiences can arouse the customer purchase intention. Sweeney et al in 2001 also found out that the value of emotion is an effective tool in forecasting and estimating the inclination towards consuming a certain goods and services. Emotional component relies on how the product or service is delivering to consumers. People also consider the role of ethicality in emotional value. Following ethics means doing the right thing for productivity and commercial activities. Significant example of providing commitment to ethical principle in business is about supplying and fulfilling the needs of customers according to the promising message or advertising announcement. During these days, most consumers are highly likely to buy products from ethical companies. In the practice of freemium in services, consumers find basic free version as distracting and frustrating that disrupts the seamless experience of the product or service due to the constraints of limitation in service and frequent exposure of advertising. However, consumers are expected to feel more relaxed and soothing to upgrading or consuming paid service of premium with efficiency improvements and advanced experience.

### **2.2.3 Social Value**

Social value concerns stereotyping from association of the choice among communities in terms of socioeconomic, culture and demographic. Products promoting social value is highly popular in easily visible and recognizable items while sharing and exchanging connection can be seen in terms of value provision for social in services. Social value serves as a personality expression in public, showing off something such as monetary symbol or personal beliefs or interests. Therefore, marketers exploit the factor of social value in delivering goods and services as admirable enabling consumers feel as acceptance and appreciation while using the product or service daily in social circles. Consumer choice behavior can be resulted and influenced by interpersonal contacts and communication and transmission and distribution of the flow of knowledge and data from social groups. It should be taken

into care the fact that differing culture has great effect on unsimilar perceived social value among users of the single product or service. Taking for an example of using freemium model in music streaming service, customers of premium serve should be regarded as sophisticated, wealthy, modernized and trendy.

#### **2.2.4 Epistemic Value**

Epistemic value is the perception arising from the desire of curious, novelty-seeking and need of fulfilling the need of information. Epistemic value occurs when exposing new experience and needing a bit of change as arousal feeling as well. Studies proposed that seeking impulses for novelty and variety trigger consumer intention towards finding or checking goods and services availability, consuming as a trial, and trying to switch into other alternatives. Searching and preferring optional offering is possible when customers assume that using current product or service can be no longer satisfying and make feel bored. Moreover, innovative customers are highly interested in consuming new goods and services.

#### **2.2.5 Conditional Value**

Conditional value is derived from certain situation or circumstances to making decision about buying and using or choosing one brand over another. Conditional factor includes timing, when and where. The increasing sales of Ovaltine and Brands in Thadingyut season is due to the factor of conditional value. The need of ambulance cars is due to urgent purpose concerning conditional value. Thus, the attitude of consumer buying behavior occur in some cases of planned circumstances like discount period and unusual incidents. Time pressure also affects the consumer purchase decision as a sudden action with little effort and time given before making decision to consume.

#### **2.2.6 Opinion Leadership and Opinion Seeking**

Opinion leadership and opinion seeking has been a central construct of word-of-mouth (Flynn, Goldsmith, & Eastman, 1996; Reynolds & Darden, 1971). Opinion leaders informally influence the consumption actions or behaviors of others who may be opinion seekers or opinion recipients. The internet both provides opinion leaders with efficient ways to spread information and greatly facilitates information searching for opinion seekers. Most have used a modification of the scale proposed by King and

Summers (1970) to identify opinion leaders and frequently, this information is sent by through word-of-mouth communication. Opinion leaders typically have been characterized as higher education, higher income individuals, attending to mass media, provide information to opinion followers (Arndt, 1967; Feick & Price, 1987; Lazarsfeld, Berelson, & Gaudet, 1984) suggest that people influence by personal sources were themselves likely to transmit information to others.

Opinion seeking has become an essential dimension of word of mouse communication (Reynolds & Darden,1971) and opinion seekers have been defined individuals who sought information or opinions from interpersonal sources in order to find out about and evaluate products, services, current affairs, or other areas of interest (Casalo et al., 2008; Keh and Xie, 2009; Koufaris and Hampton-Sosa, 2004).Opinion leaders cannot exist without opinion seekers, implying that opinion seeking is also domain specific. People can create a well-reputation by surfing the internet that will certainly influence the development of persuasive knowledge (Hung and Li, 2007). The recommendation of blogger develops as one of the strongest factors for consumer's purchase intention (Hsu, Lin and Chiang, 2013) and that of confirms by Park et al. 2007). The consumers check the online product recommendations before making the final purchase decision. Excepting that, Herr et al., 1991; Yale and Gilly, 1995; were also found to be an important determinant for purchase intentions by studying the expertise level of opinion leaders.

### **2.3 Purchase Intention**

The key factor of the purchase intention is the elements of social psychology such as perceived behavioral control, attitudes of consumers and subjective norms. Morwitz, Steckel & Gupta (2007) proposed the predictor of consumer purchase decision for the future. The proposed framework for this study examines and contracts key elements related to the purchase decision making process (Ghosh, 1990). Gogoi (2013) also states that consumers are affected by internal or external motivations during the buying process. Five stages pass through to make a purchase are awareness, knowledge, interest, preference, persuasion and purchase. The extend of customer value is also crucial as it depends on the willingness of consumers to buy a certain product or service at a particular time and within a particular circumstance whether high or low. Developing purchase intentions make a consumer more likely to go through with the actual purchase and Laroche, Bergeron & Barbaro-Forleo, 2010

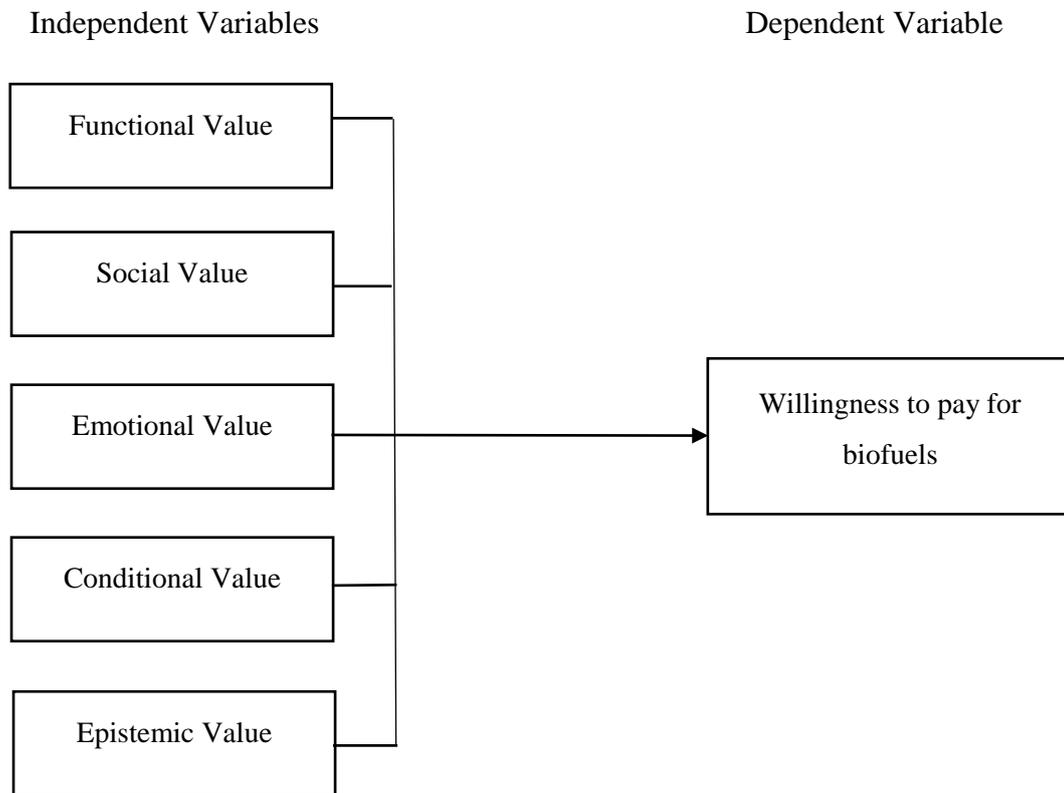
states that they will be highly likely to pay more for organic food. Customers always think that products which is provided at low cost so quality cannot be trusted (Gogoi, 2013).

The dimensions of purchase intention is a dependent variable, which depends on external or internal factors as well as product information, how customers obtained their information, and from what sources which could affect the rest of the consumer's decision-making process. Mooij (2014) also proves that the moderating effect of national culture on several relationships of the model proposed can vary from culture to culture based on differing cultural dimensions. Ajzen (1985) indicated that some studies had common factors, such as attitudes, subjective norms and perceived behavioral control, which originate from the personal innovation in information technology staff opinions explain the intrinsic factors of the consumer that clearly influencing purchase intention.

#### **2.4 Previous Research Studies**

Suhaiza Zailani, Mohammad Iranmanesh, Sunghyup Sean Hyun and Mohd Helmi Ali (2019) investigated the influence of consumption values on the willingness of consumers to pay for biofuels. The independent variables were functional, social, emotional, conditional, epistemic values while willingness to pay for biofuels stated as dependent variable. Except social value, all consumption values including functional value, emotional value, conditional value, and epistemic value had a significant effect on willingness to pay for biofuels. This result indicated that the theory of consumption values is a powerful theory in explaining drivers' willingness to pay for biofuels.

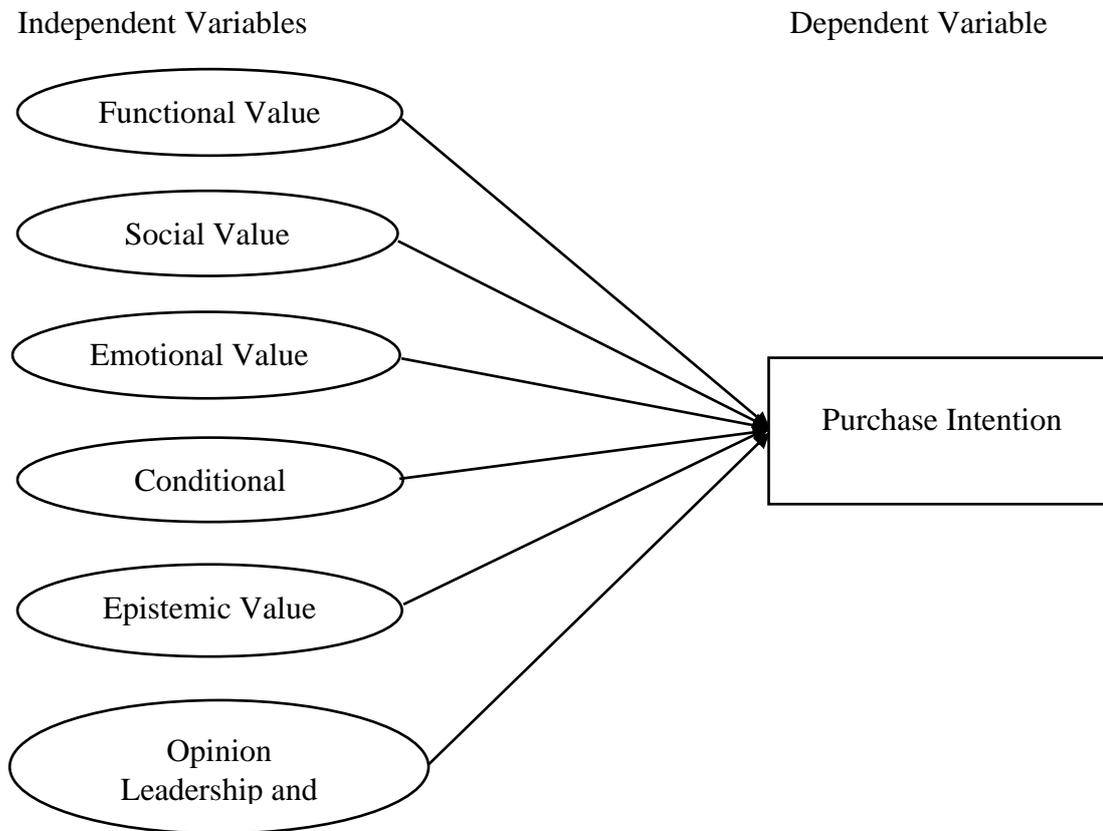
**Figure (2.2) Conceptual Framework of Applying the Theory of Consumption Values to Explain Drivers' Willingness to Pay for Biofuels**



Source: Suhaiza Zailani, Mohammad Iranmanesh, Sunghyup Sean Hyun and Mohd Helmi Ali (2019)

Sebastian Bertholdsson & Jonas Dahir (2015) examined which factors influence why some consumers pay for premium service and why others choose not to purchase a premium music streaming service. Functional value, social value and emotional value, conditional value, epistemic value, opinion leadership and opinion seeking serve as independent variables whereas dependent variable is purchase intention. Results indicate that functional value is the most influencing factor for purchase intention the most while conditional value is the most important factor to why consumers intend not to purchase a premium service.

**Figure (2.3) Conceptual Framework of Factors Influencing Consumers Choice of Premium or Free Services**



Source: Sebastian Bertholdsson & Jonas Dahir (2015)

## 2.5 Conceptual Framework of the Study

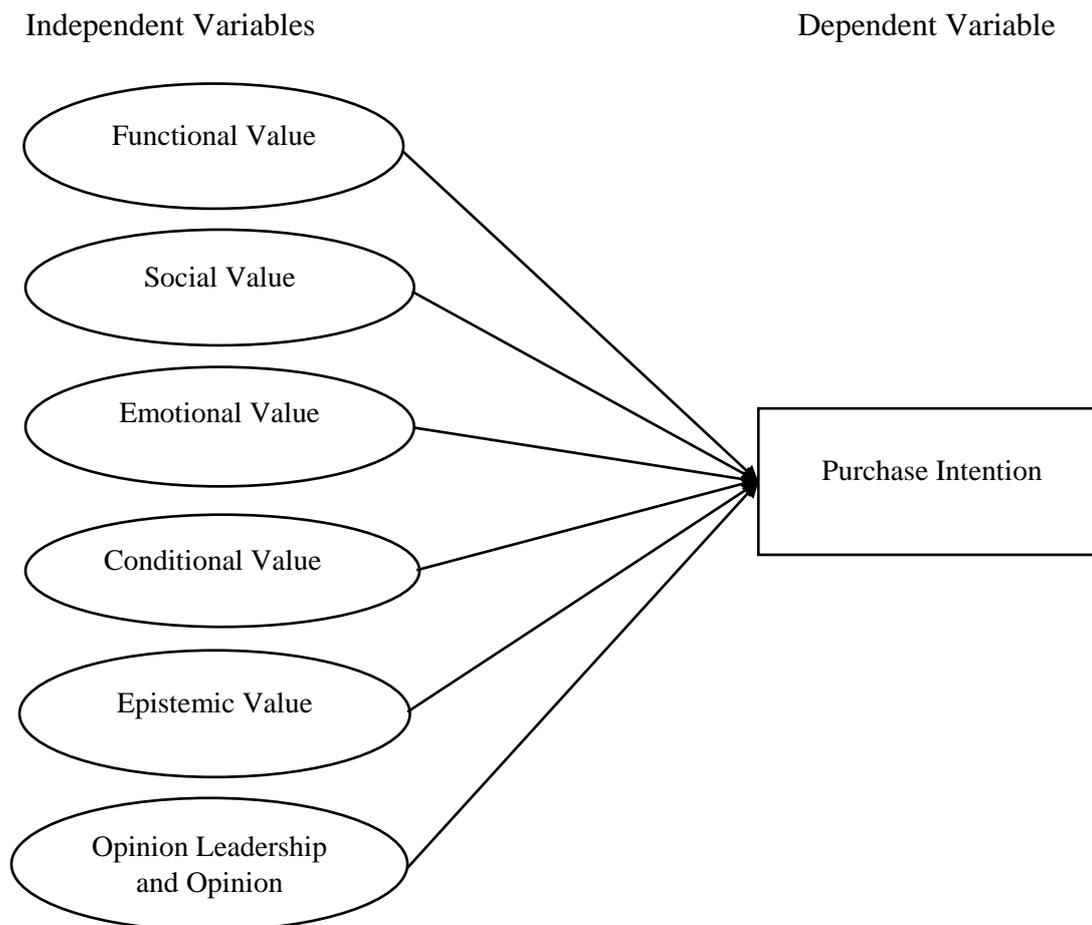
The conceptual framework of the study is constructed based on previous studies based on consumption values theory in respective fields that have been tested and developed. The focus of this study is to find out whether independent variables triggers customer purchase intention for premium service or not by identifying and analyzing with dependent variable based on conceptual framework. The values of functional, social, emotional, conditional, epistemic, opinion leadership and opinion seeking represent as independent variables while purchase intention stands for dependent variable.

Sheth, Newman and Gross in 1991 who developed consumption value theory is utilized for this study. According to conceptual framework of Suhaiza Zailani, Mohammad Iranmanesh, Sunghyup Sean Hyun and Mohd Helmi Ali in 2019, five independent variables namely function value, emotional value, conditional value, epistemic value and social value are adopted to provide as supporting to study

customer purchase intention. Besides, all questionnaires and outline of the constructs for this study are derived from conceptual framework of customers' perception of freemium services: Factors influencing customers' choice of premium or free services, written by Sebastian Bertholdsson and Jonas Dahir in 2015.

The questions concern for function factor are price and quality. Novelty seeking, desire for knowledge and curiosity are explored in epistemic value. Emotional value is asking feeling concerning ethical and moral concerns. Conditional value is about choice of purchasing due to offering seasonal or unique offers for certain circumstances or situations. Social value is related how social pressure and acceptance affects customer purchase intention. Opinion leadership and opinion seeking value is to investigate whether social sharing impacts customer purchase intention through word of mouth.

**Figure (2.4) Conceptual Framework of the Study**



Source: Adapted from Consumer perception of freemium services (Sebastian Bertholdsson & Jonas Dahir, 2015)

## **CHAPTER III**

### **CUSTOMER PURCHASE INTENTION ON PREMIUM SERVICE OF JOOX MUSIC**

This chapter describes music industry evolution, business model trends, profile of Joox music streaming service. Then, research results will explain what factors identify customer purchase intention of Joox music service of premium version.

#### **3.1 Music Industry Evolution**

In the past, earnings in music industry were generated from physical sales of recording only. Popularity and reachability of music at that time required support from journals and radio stations as well. Global recording industry had considerable loss nearly 40% and such declining industry lasted more than a decade according to IFIP report in 2017. Napster successfully launched peer-to-peer file sharing service in 1999. After this, digitalized revolution appeared as an attempt combat illicit file sharing in the music industry and offer modernized products and services to customers. Customer consumption towards music had tremendous changes hence the way of music distribution has modified. Physical sales especially compact discs had tremendous decline at the age of internet. To tackle such negative impacts, music industry started evolution with innovation from physical to digital, downloads to streaming, ownership to access. In terms of revenue, even though downloading income generated significant income from 2004 to 2012, it had been falling its revenue from 2015 while physical sales generated smaller portion of revenue in music industry.

Prior to the age of industry between recording and streaming, one alternative means to delivering music is based on ownership, providing the possession to consumers for music. Development of internet infrastructure regardless of location has led liquid modernity. Consumers assume that accessing is more preferable than owning physically due to the passage from solid to liquid modernity. Therefore, access-based services grab the market share in music industry as a quick response to new demand of society. In fact, music alone cannot provide the value essence of service, but access-based music servicing generates customer engagement and

distinctive features. Thus, freemium based music streaming services provide competitive service in addition to value-added features of music. Digitalization has also shifted basic assumption of consumers as well. Rather than charging significant fee first for trading, heavy flow of free information availability via internet resulted customers or users to crave everything for free by time as habitual behavior of consumers.

According to the research of Small in 2012, subscription-based music streaming services are the best solution to grow the music industry. There are more than 400 licensed music services globally because of innovation of digital technology. (IFIP 2015). Therefore, Music as a Service (MaaS) or music streaming is the interrupter of music market in a decade (McIntyre 2014) and as the final large prospect for recording industry (Small 2012). Music as a Service (MaaS) reached \$17.3 billion in revenue in 2017, then rocketed with 41.1% (IFIP, 2018). Thus, music streaming service is booming with speedy acceleration, offering users to access various huge music libraries. It is a legal, licensed service and does not provide ownership to users.

Most of the music streaming services apply freemium model, which give free basic features but earn by selling paid version called premium. As customers today are in hunger of getting free samples or trials at the initial point of consumption, music providers attempt to gather large user base first using free entry pricing. By this means, customers are accustomed with the service and being attracted by advanced exclusive service available in paid version or premium. To reach this point, marketers differentiate free and premium in terms of advertising, unlimited downloading, unlimited access to songs and sound efficiency. The rate of conversion from free to premium users is critical for long-term success of music streaming service in the long-term.

It is noticeable that music is a service that brings benefit for the public. As the drawbacks, sharing music hinders the rate of consumption of potential users. Producing music is costly for creators of music and artists. If listeners are highly depending on illegal downloading and sharing issue becomes huge and accelerated, the living of artists will become unstable and overall music industry will be at risk of falling back to the dip level. Moreover, alternatives of listening music is available from official platforms such as Facebook and YouTube in this age. Therefore,

competition and obstacles are at high risk for new disruptor of music industry as Music as a Service (MaaS). Besides, there are also certain number of people who are sufficient and adequate with free version services for music and has little tendency to buy paid version. In fact, there are billions of users of freeloaders in comparison with paying users who are just 100 million (IFIP,2016). Targeted number of users for music streaming service in 2020 is about 100 million, just lower than 15% in conversion rate (Statista,2017). Hence, the cause of low conversion rate and the reasons behind the low intention to buying music service should be searching and finding possible strategy to tackle such intense situation to reach sustainable growth of business.

### **3.2 Business Model Trends**

Models to be applied in the development of electronic based commerce were popular and developed depending on the changes in specific industry. Earliest model is the content as a service which delivers the data automatically via internet. Downloading is not essential as such streaming data would be available when end users charge a certain amount of fees for using the service to some given period (Dörr et al., 2010). It is commonly popular in gaming, blogs, videos, and articles. Software as a service (SaaS) is similar with the concept of CaaS and users get access to application with internet connection and can use indefinitely. Therefore, the way of business offerings has been transformed from physical products to digital service and hence the demands and choice of consumers become modernized. To keep pace with upgrading businesses, music industry emerges as popular business model namely as music as a service (MaaS) which serves as a rescue to pirates, illegal downloading, and recording. MaaS is a segment of content as a service (CaaS) and both models do not provide ownership to users. MaaS represents new form of consuming music for consumers which include commercial streaming of music. The music streaming offering is available based on subscription fees and or is financed by advertising earnings. Music as a service involves social sharing functions and innovative pricing model. This business model contradicts with other business models of digital music offerings. As customer consumption to music has been revolutionized, it is of high importance to understand customers' choice over different music services.

Different types of online music service models are categorized by Dörr et al. (2013) which are download-to-own, download-to-rent and music as as service

(MaaS). These are three legal distribution channels for digital music via internet. Firstly, as the earnings from music have been declining over years, music industry launches download-to-own (DTO) service which offer licensing music digitally from internet. It allows users to purchase songs with charges scheme of pay-per-download. Songs can be downloaded into any device even own hard drive which are already secured by digital rights management (DRM) without any restrictions for authentication and sharing. Such ownership providing music can be found out in amazonmp3, iTunes and musicload. In download-to-rent, users can consume music through personal devices as long as users are paying with flat rate monthly or annually. Therefore, as it is based on pricing structure of single fixed fee for service, users are accessible with no limitations on downloading and playing songs regardless of usage. It does not provide the ownership, but it grants the right to use the music service. The service expires only when the customer cancels a subscription. Examples of Download-to-rent (DTR) are Napster and Nokia comes with music. DRM called digital rights management is still included in consumption of DTR service, preventing copying data and listening to music in other devices.

Music as a service (MaaS) is different with DTO and DTR models. Users can enjoy music streaming without needing to download like DTO. In other words, songs will not be saved on devices of users. Unlike separate payment transactions, MaaS is usually free-of-charge to some offering but charges with weekly, monthly or annual payments for premium service. In comparison, MaaS is different from DTO and DTR business models. Moreover, MaaS model does not provide ownership possession of music to customers. Customers can only have access to music by choosing free, financed by advertising and fee-based options. With premium fee-based offer, advanced features with better sound quality, offline accessibility, unlimited downloading, and no advertisements are available for paid users. In addition to those models, other music services, providing customers to listening as more radio alike while selected playlists are prepared. However, such services do not permit users to select and search music they wish. There is also illegal downloading web-based softwares and website available which are unlicensed services over the internet. Such illegal services are breaking the copyright law while taking advantage over free loaders for downloading music. While CaaS and Music as a Service (MaaS) networks are not properly classified as sharing economy, the basic concept of these services is

that they provide users with access to content without giving them control of the product.

### **3.2.1 The Model of Subscription**

According to Clapp (1931), subscription is widely used in funding industries about 17th century in England such as insurance, trading companies and book publishing. During these days, the model based on subscription is applied in products as well like magazines and television cables. Most popular businesses using subscription-based business model is mainly found in online businesses and digital content services. One major concept that need to be well-understood for online subscription business model is about freemium which is a combination of free and premium, delivering basic services for free users but charges certain amount of fees to get access for advanced features available only in premium version. Therefore, providers try to attract large free user base into paying users as conversion. Besides, providers also need to emphasize existing customer retention while acquiring new potential customers. Freemium is commonly popular in web-based services and software companies online.

There are two types of operation revenue models which are paid Music as a Service (MaaS) and free Music as a Service (MaaS) Dörr et al. (2013). Paid MaaS services are also known as subscription-based music streaming services (Small 2012), online subscription music services (Wikström 2012), or premium music streaming services (Wlömert and Eggers 2014) or licensed music service. Paying users who are using subscription-based services need to provide certain fees per week, month, or year to get access huge music library. When provides offer free service to users, the way of earning is based on advertising fund-raising. This method is acceptable to some extent because freemium based music service has low marginal cost as it is digitalized service offering. Nevertheless, free-based service alone is too risky to survive long-term business therefore service providers target to generate as much as large user base then attract to have purchase intention towards premium version of full service with advanced features. Therefore, the rate of conversion is critical in order to generate profit earning in the long-term (Wlömert & Papies, 2016). Significant examples using freemium as subscription-based business model are commonly found in music streaming services of Joox and Spotify. There are also

some services which depend mainly on paid subscription-based services. Joox music streaming service offer dual type of both free and paid version.

Challenges of freemium business on offering free MaaS are still high even though MaaS represent as innovation in music industry as a whole and reaching growth at peak is still uncertain. This is because free loaders using free version of music streaming service feel fulfilling with basic service features in Free MaaS. Therefore, providers need to control too much or too little providing function and service available in free service can reduce customer purchase intention for Paid MaaS. Besides, in today's age, competitive free options are easily accessible to grab customer attention like YouTube and Facebook. As copyright and license music issues are not strict enough in some countries, illegal music downloading websites are booming which was found as an obstacle to customers' intention to pay for music streaming (Giletti, 2011; Helkkula, 2016). As free using habit is embedded in consumption behavior of customers during these days, streaming companies should focus more to provide value added service with advanced features and differentiation points (Kastrenakes and Bi, 2015).

### **3.3 Joox Music Streaming Service Profile**

Joox music is owned by Tencent, Chinese multinational technology holding company. Under Tencent, company offers products and services concerning internet. Tencent operates QQ music, owned by Tencent music entertainment group is one of the largest well-known music streaming service application in mainland China. Joox offer service across Asian market mainly such as China, Thailand, Indonesia, Macao, Malaysia, and Myanmar. Providers expanded its offering even available in South Africa in 2017. In comparison with Spotify music, Joox show advertising with banner and splash types or using playlist groups and by skinning in application rather than using sound commercials. Non-paying users are going to receive advertising while premium version offers have the chance to experience the service with no dissonance from advertising. Besides, paying users can skip songs easily, access updated songs, listen with high sound quality and download unlimited number of songs. Many well-known brands utilize Joox music platform especially food and beverage companies like Coca-Cola and other fashion brands like Dior and Fendi. Another competitive advantage of Joox is localization. In account of the success of Joox, its platform

acquires large market share in Asia, leading over competitors in terms of usage, awareness, and satisfaction.

Joox has huge music library with 30 million tracks. There are over fifty percent of downloading application to use the service across Asia. According to the resulted data of Ipsos, independent market research company, most downloading application for music in both Google Play(android) and Apple Store(iOS) in Indonesia, Thailand, Malaysia and Hongkong is Joox music streaming service enough though it launches after Spotify. The application is available for both mobile and laptop users applying freemium business model which offer limited songs to free offer but provide unlimited advanced service for premium version. It was expected to generate 87 million users at the end of 2020 from Malaysia, Indonesia, Thailand, Myanmar, Singapore, Hong Kong and Philippines.

Marketers of Joox music emphasize gamification marketing with social and fan economy model to reach customer by boosting brand awareness and engagement while promoting repeated purchasing. By launching coin redemption center in 2019, Joox attempt to modify customer experience with new features added. Taking new experience, users become curious to test the feature across countries with coin collection and sharing as a present to users and artists. Users need to finish tasks daily such as listening certain number of songs, sharing it through WeChat or Facebook application to collect coins and exchange is available for VIP access, K-Plus service, and music events participation. In addition, coins can also be applied for streaming live, singing karaoke, sharing songs to generate fans and followers, enjoying some live music concerts, sending gifts to idols for engagement and interaction. The action of redemption plan is successful because of the increasing recorded number of coins among users. There were 20 karaoke songs were sung by users per minute using Joox music platform in five countries of Asian market in 2019. Another possible reason of accelerating users may be because of operating karaoke feature which meets to the needs of current lifestyle during COVID-19 pandemic which boosts the consumption of people on music and entertainment and feel as worthwhile for paying, thus recorded with a steep rise of 50 percent of users in the previous months. To reach its goal of customer engagement, Joox focus on the user experience to be entertaining through music streaming and karaoke function.

Major users of Joox are those who are generation X and Y with age ranges between 24 to 39 years old and below 24 years old, respectively. Moreover, main

users in South Asia have 80 percentage from age group below 35, indicated and stated by Joox. Main attractive characteristics of Joox is interactive design and system and shareable feature. Besides, creating lyrics songs with cards being easy to customize aslo serves to grab customer attention and satisfaction. Sharing these into the users in other platforms enhance brand engagement and attract similar interest of users and potential customers. Customers today have great interest and enthusiasm in seeking out what brings entertaining to reduce stress from spending time alone at stay-home period. As Joox is based on connectivity or social endorsement among users, login rate is also increasingly high with 30 percent rate in Hong Kong using computer. As telecommunication infrastructure has been developing, Joox music meets what today customers are looking for with convenience. The usage rate of K function in Joox is also risen up by 25 percent during this social distancing situation, spending time alone in house with easy access to karaoke function.

Joox music service is highly understood about the customer consumption behaviors and habits from different region. Budgetary shoppers who are highly conscious about the prices are meeting what free service is offering. The company approach to such users with applying freemium model as those consumers are tolerant to view various advertising in order to listen songs for free, If they become desire to convert premium version with free of advertising and unrestricted features, they can unlock VIP which is visible from other users and followers. In contrast with Spotify, Joox focus mainly on localization which delivers songs in localized songs using what local customers are easily accessible with local language and content. One significant example of success is lyrics card sharing among local users and local karaoke singers for fun. Taking advantage to localization platform of Joox, multinational companies leverage its advertising campaign to reach local targeted customers according to data analysis and insights available in Joox. As users' data and experience are filled in log in state, advertising can exploit Joox platform to generate programmatic purchasing by delivering personalized interest according to similar genre and lifestyle interests.

Due to the situation of work from home plan and school were closed to reduce the spread of infectious disease, people get more sociable and entertaining time from internet platforms. As an advantage, families and friends can share songs and leave opinions in comments after listening karaoke songs sung around their social circle in Joox music service. New taste and different forms of music can be listened from amateur karaoke singers and rewards can be shared by exchanging coins. Even though

Joox service appeared followed by well-know market leader Spotify in music streaming service industry, Joox possess the differentiated marketing strategy and competitive advantage to meet with local customer demands which spotlights the tendency of future potential growth at the peak point to combat with Spotify. As customers prefer localization, personalization offers and distinct features of Karaoke function, Joox music streaming service will continue to be popular even after the pandemic due to the good experience time of using the service in social distancing period to connect with more people while listening to music.

### **3.3.1 Penetration of Joox Music Service in Myanmar**

Major Chinese internet company Tencent Holdings is leading Myanmar's growth in music streaming services, well ahead of western contenders such as Spotify, Amazon Prime or Apple Music. The music streaming service is leveraging the huge smartphone penetration in Myanmar. Joox has gained its acceleration in Asian markets diversification using localization of what Asian customers are sensitive about. Taking for an example, Joox has its strength in showing lyrics according to the language of which nations their users are, and listeners can choose variety of songs to get access regardless of national boundaries and language barrier. Unlike some alternative services, Joox mainly focus on offering local artists songs creating playlists and single artist song collection and grab users' attention with voting and top ten charts in addition to offering English and Asian hit songs. Users can also choose to listen songs according to the categorized mood playlists. Therefore, Joox is filling the gap of what western-based music services cannot offer to South East Asian consumers. The main cause of Joox penetration to Myanmar is too simple. The recent development of internet infrastructure enables citizens get accustomed to using mobile phones, changing lifestyle and consumer buying behavior. Pirated compact discs were strictly banned street vendors by the government from selling consumers with lower price.

By this way, customers find inconvenient in buying high price official music albums from retail shops. As a result, the situation of music market is still poor with low consumption rate on physical music offering while the intellectual property right law for artists is not enacted yet. In response to what Myanmar customers are looking for entertaining in digitalized age, Joox found as a solution to support earning as a rescue to disruptive music industry. Joox not only can save Myanmar artists with

certain fees for creation while delivering music with advanced innovative features integrated service to end users. With mass background support of Tencent and experiences of offering in other Asian markets, Joox find less obstacle in entering new market of Myanmar. Successful top companies of music services in abroad like Spotify and iTunes are less popular among Myanmar market users. This is because Spotify service cannot get access within Myanmar and iOS-based smartphones seem to be complicated and sophisticated to listen songs via iTunes with expensive payments. As Myanmar users mostly are budgetary shoppers with less income, Joox take over an advantage to exploit the market using freemium model offering both free and paid version to consumers for music streaming service. Rather than monitoring top ten music lists announced by FM radios and retail sellers, Myanmar users become enthusiastic to know top ten listed songs categorized and ranked by Joox music service according to the preferences of Myanmar listeners and voting to songs of favorite idols and amateur singers.

Music streaming service means listeners can enjoy music using internet to download and create own library. Joox is taking the innovative leading role in music streaming industry of Myanmar. It provides the service to automatically listen updated new songs both local and global hits by logging into the Joox music platform with Facebook account, WeChat, or e-mail account. It is available for Myanmar users to use the service by downloading application for mobile phone users from Play Store for Android and Application Store for iPhone users. Joox is also accessible from websites for computer-based users. Premium version can play latest music on demand, skip unlimited songs with high quality sound music and free from advertisements. Tencent now collaborate with three telecommunication operators available in Myanmar to be more convenient in buying premium version of Joox. Myanmar Post Telecommunication (MPT), Ooredoo and Telenor offer additional data pack additional to buy Joox VIP with daily, weekly, and monthly plans. After redeeming VIP, Joox users can easily make purchasing by redeeming VIP with phone bill payments. In MPT, prices of Joox VIP package range from 129 kyats per day to 800 kyats only for one month. Telenor regard 899 kyats for 30 days Joox VIP version including 500 data. Ooredoo, latest collaboration operator with Joox music service charges the same rate what Telenor asked for. Therefore, all services offer reasonable fee to buy premium version of Joox with easy means of payment regardless of location and education. After buying VIP, paying users get access to karaoke plus

function which allows consumers to sing and save unlimited recordings, showing K-plus icon. Coins can be collected by doing following activities such as singing video task, watch advertising videos and listening to music daily. Moreover, listening karaoke songs and sharing can generate coins and redeem those coins in sharing presents to idols and favorite karaoke singers. Music sharing tasks can be applied for 24-hour VIP. Moreover, new users have the chance to access VIP as free trial. Such marketing attractive plans intend to grab larger user base to Joox music platform as much as possible then try to convert free users into paid users through user experience. With distinctive marketing strategy applied in innovative music streaming service, new market entrant to Myanmar has large potential to gain success in near future.

### **3.4 Research Design**

In this study, customer purchase intention is analyzed based on the sample number of 384 respondents of Joox music service users in Myanmar, collected through online. Among several types of questionnaires, survey method is chosen to supply with data on attitude, feelings, beliefs and envisioned behavior and questionnaires is also appropriate to get the actual information from the targeted population (Tull and Kawkins, 1990). The questionnaires are constructed with 5-point Likert scales ranging from 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree), and 5 (Strongly Disagree) to determine customer purchase intention on each statement. As a sampling method, the simple random sampling method (SRS) method was used in this study. After collecting the required data, the data were analyzed by using the SPSS (the statistical package for social science) software to analyze the collected data for the findings of study by running of reliability test, correlation, regression.

There are two parts for questionnaires, split into part A and part B. Part A relates to general demographic characteristics of respondents while part B includes the relevant questions for the submission of the full enquiry. Questions included in part B is divided into six groups of factors such as functional value, social value, emotional value, conditional value, epistemic value and opinion leadership and opinion seeking. There are 32 questions under this section.

### 3.5 Reliability for Construct Variables

Halvorsen (1992) state that reliability is about measuring what to measure the right way. The scales with a coefficient alpha between 0.70 to below 0.80 is considered as good reliability, while an alpha value between 0.60 to below 0.70 indicates acceptable reliability. The coefficient alpha is between 0.50 to below 0.60 indicates poor reliability, while an alpha value is below 0.50 is considered as unacceptable reliability (Manerikar & Manerikar, 2012). The purpose of using reliability test is to ensure whether scales used in data collection are reliable or not and to inspect about internal consistency. Internal consistency represents a measure's homogeneity or the extent to which each indicator of a concept converges on some common meaning and it is measured by correlating scores on subsets of the items which makes up a scale (Zikmund et al, 2010).

**Table 3.1 Assessment of the Reliability of the Scale**

Scale	Type of Scale	No. of Items	Cronbach's Alpha
Opinion Leadership and Opinion Seeking	5-point Likert	6	.85
Functional Value	5-point Likert	7	.90
Emotional Value	5-point Likert	3	.85
Conditional Value	5-point Likert	4	.80
Epistemic Value	5-point Likert	4	.83
Social Value	5-point Likert	4	.81
Purchase Intention	5-point Likert	4	.91

Source: Survey Data (2020)

A reliability test was conducted to explore the items in the questionnaire had been rightfully operationalized for this study. According to table 4.8, it can be observed that there exists reliability and validity among these variables. All variables had a Cronbach's alpha is over 0.7, which demonstrates that the variables are reliable and have very good internal consistency with this sample.

### 3.6 Demographic Information

This section presents the findings of the study in line with the general characteristics of the respondents, such as gender, age, occupation, and monthly income.

#### 3.6.1 Gender of Respondents

The gender of respondents is described with percentage which is shown below in Table 3.2.

**Table 3.2 Number of Respondents by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	99	25.8
Female	281	73.2
Other	4	1.0
Total	384	100

Source: Survey Data (2020)

The above Table 3.2 presents that most respondents using Joox music service participated in this survey are female with 281 number of respondents in number. There are also 99 males and 4 other respondents who enrolled for this study. To compare the percentage between different gender, female are about 73.2% while male and other are 25.8% and a mere 1%.

#### 3.6.2 The Age Range of Respondents

To effectively capture the targeted customers, respondents are asked how old they are in this study of customer purchase intention of Joox music service as followed shown in Table 3.3.

**Table 3.3 Number of Respondents by Age**

Age (in years)	Frequency	Percentage
14 – 19	22	5.7
20 – 24	195	50.8
25 – 29	108	28.1
30 – 34	28	7.3
35 and above	31	8.1
<b>Total</b>	<b>384</b>	<b>100</b>

Source: Survey Data (2020)

As show in Table 3.3, the main age level is obtained from 50.8% of respondents between 20 to 24 years while 28.1 percentage, surveyed by the 25 to 29 years old respectively. Other remaining group response rate is just below 10%, 14 to 19 years old with 5.7%, 30 to 34 years old with 7.3% and 8.1% from over 35. Therefore, middle age respondents are participated mostly in the survey and a few respondents are over 29 and under 19 years old.

### 3.6.3. Occupation of Respondents

Occupation influence upon respondents in a way and hence all respondents were requested to answer their occupation which is classified into five groups: private employee, government employee, business owner, freelancer, and student. Detail classification results are presented in Table 3.4.

**Table 3.4 Number of Respondents by Occupation**

Occupation	Frequency	Percentage
Private Employee	112	29.2
Government Employee	82	21.4
Business Owner	32	8.3
Freelancer	45	11.7
Student	113	29.4
<b>Total</b>	<b>384</b>	<b>100.0</b>

Source: Survey Data (2020)

Table 3.4 indicates that largest sample groups are students and private employees with 29.4% and 29.2% which are 113 and 112 in number respectively. The second highest group of the respondents are 21.4% of government employees. The smallest group of the respondents are 11.7% of freelancers and 8.3% of business owner respectively. This indicates that most of the respondents mainly have certain types of employment status and students.

### 3.6.4 Income of Respondents

Knowing the level of income is also critical in setting pricing for goods and services. Thus, respondents are asked to choose the income range according to the earning per month as follows in Table 3.5.

**Table 3.5 The Level of Income by Respondents**

<b>Income</b>	<b>Frequency</b>	<b>Percentage</b>
Below 100,000 MMK	82	21.4
100,000 to 200,000 MMK	69	18.0
200,001 to 300,000 MMK	94	24.5
300,001 to 400,000 MMK	35	9.1
400,001 to 500,000 MMK	30	7.8
500,001 to 600,000 MMK	19	4.9
Over 600,000 MMK	55	14.3
<b>Total</b>	<b>384</b>	<b>100.0</b>

Source: Survey Data (2020)

From Table 3.5, 21.4% of the sample customers are having less than 100,000 kyats. Earning between 100,000 and 200,000 kyats is about 18% according to the response data. The highest income range group comes from 24.5% which is between 200,001 and 300,000 kyats. Income range above 600,000 kyat is 14.3% while few respondent rates of income groups are between 300,000-600,000 earning groups with 9.1%, 7.8% and 4.9% respectively. Therefore, according to survey results, customers who have income level between below 100,000 Ks and 300,000 mostly use Joox music steaming service.

### 3.6.5 Types of Users of Joox Music Service

As purchase intention is related to types of Joox users, following groups are categorized to respond.

**Table 3.6 User Types**

User Type	Frequency	Percentage
Premium User Now	53	13.8
Premium User in the past	44	11.46
Free User	287	74.74
<b>Total</b>	<b>384</b>	<b>100.0</b>

Source: Survey Data (2020)

According to above data Table 3.6, 287 out of 384 respondents are free users of Joox music service which is about 74.74% as the highest rate. Premium users are 13.8% now and in the past with 11.46%. Thus, there is an increasing number of current premium user which bring positive impact for purchase intention.

### 3.6.6 Status of Listeners

Customer behavior is a great concern for purchase intention. Therefore, respondents are being asked to depict the way of listening music mostly.

**Table 3.7 Status of Listeners**

Listening Status	Frequency	Percentage
Live on air/online	189	49.2
Download/ offline	195	50.8
<b>Total</b>	<b>384</b>	<b>100.0</b>

Source: Survey Data (2020)

The above Table 3.7 represents that 50.8% of respondents prefer listening online, answered by 195 number of respondents and 49.2% enjoy live-on-air music, 189 respondents in number. Offline songs are mostly enjoyed by consumers.

### 3.6.7 Type of Platform accessed to listen Music

As there are free optional platforms for music today, tendency to purchase is worthwhile to analyze which platforms music lovers commonly used as follows.

**Table 3.8 Usage of Platform**

Type of Platform	Frequency	Percentage
Radio	6	1.6
Joox Music	196	51.0
Television	2	0.5
YouTube	120	31.3
Facebook	45	11.7
Website	1	0.3
Other	14	3.6
<b>Total</b>	<b>384</b>	<b>100.0</b>

Source: Survey Data (2020)

Table 3.8 states that 120 out of 384 respondents enjoy Joox music service about 51% as the highest rate among other competitors. The usage of You-tube is about 31.3%, followed by Facebook about 11.7% respectively. Other few respondents of music platforms are radio with 1.6%, websites with 0.3% and others have 3.6%.

### 3.7 Customer Purchase Intention of Premium Service

Four questions are designed to obtain the level of agreement of respondents on customer purchase intention of premium version of Joox music service. To overview the extent to which the level of agreement on customer purchase intention, the descriptive statistics like mean and standard deviation are calculated and presented in Table 3.9.

**Table 3.9 Customer Purchase Intention of Premium Service**

No.	Items	Mean	Std. Dev
1	Envisioning and thinking about buying service when there is an opportunity in future.	3.58	0.93
2	Real purchase is highly possible in near future.	3.30	1.03
3	Proposing to buy premium by chance	3.44	0.98
4	Purchasing premium will have in the mind in future	3.39	1.03
Average Scores		3.43	

Source: Survey Data (2020)

According to the result of the Table 3.9, statement 1 has the highest mean score of 3.58, which means that respondents have consideration to purchase premium version of Joox music service in the future. Users have intention to make purchase when giving opportunity with 3.44 mean value, which is the second highest among statements. However, likelihood to make actual purchase in near future rank the lowest mean value with 3.3 only. As the overall mean score is 3.43, meaning that respondents have moderate level of interest on purchasing premium service of Joox music. As the average mean score is just an average overall, factors that can influence customer purchase intention to boost interest on purchasing premium are analyzed detail in the following chapter 4.

## **CHAPTER IV**

### **ANALYSIS OF THE EFFECT OF INFLUENCING FACTORS ON CUSTOMER PURCHASE INTENTION**

The aim of this study is to analyze influencing factors on customers' intention to purchase premium version of music streaming service. This chapter comprises data analysis and findings from structured online questionnaires. Simple random sampling method and descriptive statistics is used for primary data in this thesis research. Correlation and multiple linear regression analysis are used to find out which variables about consumption value have its effect on customer purchase intention.

#### **4.1 Influencing Factors of Customer Purchase Intention**

To find out the affecting factors on customer purchase intention of premium version in Joox music streaming service, six independent factors towards customer purchase intention are developed and analyzed. They are functional value, emotional value, conditional value, epistemic value, opinion leadership and opinion seeking and social value. Respondents are asked to answer the survey question according to 5-point Likert scale from strongly disagree in category 1 to strongly disagree in category 5. Users of Joox music application are participated in this online questionnaire survey. According to the data given, respondents choose freely among the facts or statements given for the perception of purchase intention of premium service. Detail scores will be discussed later by each value.

##### **4.1.1 Customer Perception of Opinion Leadership and Opinion Seeking**

The study on customer purchase intention of premium Joox music service is determined by the facts of the agreeableness level on six statements based on opinion leader and seeker. The mean value and standard deviation for each items and overall mean value of opinion leadership and opinion seeking is presented in Table 4.1.

**Table 4.1 Opinion Leadership and Opinion Seeking**

No.	Items	Mean	Std. Dev
1	Use to find out other people point of view or comments in social media about which song to tune in.	3.05	1.21
2	Gather new song information from friends as a strong source.	3.34	1.16
3	Use to ask suggestion about choosing music service from friends.	2.82	1.23
4	Give suggestion about music services online is highly likely when friends make an inquiry.	2.83	1.22
5	Being asked for opinions about online music services from friends.	2.83	1.20
6	Manipulate music perception on others from online.	2.83	1.20
Average Scores		2.95	

Source: Survey Data (2020)

According to Table 4.1, most users accept to the fact that new music information are gathered from friends with mean score of 3.34 which is higher than the average level but less likely to ask suggestion to choose among music service alternatives with low mean value of 2.83. Besides, people fairly agree to the fact of searching thoughts and feedbacks of others in social media about what sort of music to tune in with average mean score of 3.05. Other statements related to respondents as opinion leader are less than standard mean score of 3 which is about only 2.83 mean score, respectively. With overall mean value of 2.95 which is under the value of standard mean 3, customer does not incline intention towards purchasing premium due to opinion leadership and seeking value.

#### **4.1.2 Customer Perception of Functional Value**

Among the variables of purchase intention factors, functional value is measured with seven statements. The detail response to each statement can be identified from the following Table 4.2 according to the mean scores.

**Table 4.2 Functional Value**

No.	Items	Mean	Std. Dev
1	Deliver persistent quality in premium.	3.42	0.95
2	Develop and design well in premium.	3.43	0.87
3	Have reasonable quality grade in premium.	3.48	0.88
4	Offer affordable price in premium.	3.42	0.89
5	Experience premium is worthwhile.	3.39	0.88
6	Provide favorable service in premium as a return to money.	3.45	0.88
7	Should set reasonable price for premium service.	3.49	0.90
Average Scores		3.44	

Source: Survey Data (2020)

By viewing the above Table 4.2, most respondents consent to the fact of important factors in function value with total average score of 3.44. Consumers who are conscious about being economical has the high mean score of 3.49 and demand of delivering good quality in premium service has 3.48 mean score. Thus, function value offering in premium service is well-accepted among respondents.

#### 4.1.3 Customer Perception of Emotional Value

Emotional value is categorized into following three statements in the following Table 4.3 where mean scores and standard deviation for each item and total average scores are described.

**Table 4.3 Emotional Value**

No.	Items	Mean	Std. Dev
1	Assuming as a supportive encouragement to improve something from buying premium.	3.31	0.93
2	Experience as an ethical person to buy premium.	3.39	1.01
3	Perceive as a good human-being to make a purchase premium.	3.14	1.05
Average Scores		3.28	

Source: Survey Data (2020)

Table 4.3 depicts that people perceive purchasing premium version as morally right thing with highest mean score of 3.39. Factors of feeling like making personal contribution has 3.31 mean score and 3.14 mean is occurred for the statement of feeling like a better person from purchasing premium. Thus, buyers perceive emotional value as an important factor in considering a purchase for premium version in Joox music with overall score of 3.28.

#### 4.1.4 Customer Perception of Conditional Value

Among the variables of purchase intention factors, conditional value is measured with four statements as shown in Table 4.4. The mean value and standard deviation for each item is presented with overall mean value.

**Table 4.4 Conditional Value**

No.	Items	Mean	Std. Dev
1	Intend to buy premium due to poor situation of music artists.	3.26	.99
2	Intend to buy premium when subsidy is offered for premium products.	3.36	.92
3	Intend to buy premium when promotions are offered at discount rates.	3.61	.96
4	Intend to buy premium when there is an availability of free service.	3.58	.98
Average Scores		3.45	

Source: Survey Data (2020)

Above Table 4.4 clearly states that users of Joox music service are attracted by conditional value offers for purchasing premium service because of the overall response value of 3.45 total average scores. Among them, charging premium with discount rank the highest average mean score of 3.61. The likelihood to encourage purchasing premium for supporting music artists in difficult situations also has an agreeable level of mean score 3.26.

#### 4.1.5 Customer Perception of Epistemic Value

Among the variables of purchase intention factors, epistemic value is measured with four statements. Respondents agree most to the fact having higher mean value as discussed in Table 4.5.

**Table 4.5 Epistemic Value**

No.	Items	Mean	Std. Dev
1	Gather abundant various knowledge about unsimilar music services prior to make a purchase.	3.53	0.93
2	Collect as much as information about optional music services until making a purchase.	3.48	0.94
3	Eager to generate new stuffs.	3.58	0.94
4	Prefer to find out distinct and modernized.	3.80	0.90
Average Scores		3.60	

Source: Survey Data (2020)

According to Table 4.5, respondents confirm to the fact that consumers are preferable to look for unique and special with the highest mean score of nearly 4 among the statements for epistemic value. Consumers are also enthusiastic to keep up with latest information with 3.58 mean score. Besides, searching and generating optional availability of other music services prior making a premium purchase is just a little over an average mean score. All in all, epistemic value is also strong enough to consider purchasing intention for premium version with 3.6 total average scores.

#### 4.1.6 Customer Perception of Social Value

Among the variables of purchase intention factors, social value is measured with four statements using Likert rating scale, shown in the following Table 4.6.

**Table 4.6 Social Value**

No.	Items	Mean	Std. Dev
1	Feeling of self-acceptance occurs from purchasing premium.	3.27	.99
2	Develop appreciation from premium purchase.	3.37	.91
3	Showing off among others as impressive as a premium purchaser.	3.61	.96
4	Possessing premium can perceive acceptance from social groups	3.58	.98
Average Scores		3.46	

Source: Survey Data (2020)

According to Table 4.6 of social value factors, statement 3 has the highest mean value with 3.61, thus stating that users assume premium generates good impression in public. Buying premium for owner social approval is the second highest number of mean values 3.58. However, feeling of acceptability and improving perceiving way for buying premium is just 3.27 and 3.37 respectively. Nevertheless, getting the overall mean score of 3.46 for social value factor mean tendency to incline purchase intention for premium service is derived from social pressure in groups as well.

After measuring influencing factors with each value, depicting mean and standard deviation, this section describes analyzing the influence of six influence value factors on customer purchase intention according to overall mean score or average scores.

**Table 4.7 Overall Mean Value of Customer Purchase Intention**

No.	Influencing Factors	Overall Mean
1	Opinion Leadership and Seeking Value	2.95
2	Functional Value	3.44
3	Emotional Value	3.28
4	Conditional Value	3.45
5	Epistemic Value	3.60
6	Social Value	3.46

Source: Survey Data (2020)

According to the data give in Table 4.7, the biggest overall mean score of epistemic value strongly confirm to the fact that customers have high interest about new offers and curious about updated information. Therefore, as Joox is the new music service offering, purchasing premium version is popular among users who prefer innovation. However, as those innovative customers are in hunger of seeking different service alternatives. Joox users also have intention to purchase premium service because of social value factors such as social status or acceptability of surroundings or as peer pressure. Social value has second highest mean score with 3.46.

Similarly, most respondents also agree on the fact of purchasing the service of premium when conditional offers are given such as promotional activities. The essence of the premium service functionality also inclines customer perception to purchase premium service with the hope of listening music with advanced high quality with acceptable price level. Emotional value can attract customer purchase intention to some extent with 3.28 mean score overall. Therefore, users perceive themselves as morally right thing to buy premium service as a good contribution to artists. However, opinion leadership and seeking value has lowest mean score among other variables with 2.95. It means that seeking opinion from opinion leaders has little impact on customer purchase intention of premium version of Joox music service. By reviewing all factors of customer perception for premium service, Joox music provider should enhance the most important factors in attracting customer purchase intention in practice to reach the highest potential of earnings and growth at fast pace.

#### 4.2 Relationship between Affecting factors and Customer Purchase Intention

The analysis of correlation predicts the relationship status between variables ranging from weak, moderate to strong. The value of  $r$  describes the degree of association, termed as Pearson Correlation as well. It is a statistical test that assesses the strength of the relationship between two numerical data variables (Saunders et al., 2009). The significance level is 0.05 in the Pearson Correlation test, which means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant  $p$ -value is less than 0.05 (Malhorta, 2010). The complete analysis of the correlation for this study can be found out in the following Table 4.8.

**Table 4.8 Correlation between Independent Variables and Customer Purchase Intention**

Factor		Purchase Intention
<b>Opinion Leadership and Seeking</b>	Pearson Correlation	.269**
	Sig. (2-tailed)	.000
<b>Functional Value</b>	Pearson Correlation	.451**
	Sig. (2-tailed)	.000
<b>Emotional Value</b>	Pearson Correlation	.512**
	Sig. (2-tailed)	.000
<b>Conditional Value</b>	Pearson Correlation	.607**
	Sig. (2-tailed)	.000
<b>Epistemic Value</b>	Pearson Correlation	.521**
	Sig. (2-tailed)	.000
<b>Social Value</b>	Pearson Correlation	.602**
	Sig. (2-tailed)	.000

\*\* Correlation is significant at the 0.01 level (2-tailed)

Source: Survey Results

Table above showed that the independent variables are significantly correlated with purchase intention of premium version of Joox music service at 1% level. Positive moderate relationship consists of conditional value ( $r = 0.607$ ), follow by social value ( $r = 0.602$ ), epistemic value ( $r = 0.521$ ), emotional value ( $r = 0.512$ ), functional value ( $r = 0.451$ ), opinion leadership ( $r = 0.269$ ). Every factor is significant at 1% level.

### 4.3 The Effect of Influencing Factors on Consumer Purchase Intention

The model of multiple linear regression model is applied to focus the outcome of variables and to support the objective of the study with the results. Details of the interpretation of the statistic results are discussed below the Table 4.9.

**Table 4.9 Multiple Regression Analysis**

Factor	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.054	.201		-.266	.790
Opinion Leadership and Seeking	.024	.039	.025	.601	.548
Functional Value	.049	.062	.039	.791	.429
Emotional Value	.186	.052	.185	3.612	.000
Conditional Value	.926	.494	.802	1.874	.042
Epistemic Value	.342	.049	.293	6.985	.000
Social Value	.320	.074	.281	4.324	.007
N=384, Adj R <sup>2</sup> = .479, F = 59.630 (p-value = 0.000), DW = 1.809					

Source: SPSS Output (2020)

According to the Table (4.9), the multiple linear regression analysis state that the whole model can explain the variation in customer purchase intention. This is because of having the value of adjusted R<sup>2</sup> with 0.479, meaning that 47.9% of variation in customer purchase intention can be given an explanation by all independent variables. F value is also significant at 1% level, showing that the model can provide strong data in accordance with the result of ANOVA. The beta coefficients reveal which independent variables contribute the most to explain the relationship between dependent variable: online purchase intention and the independent variables such as opinion leadership, functional value, emotional value, conditional value, epistemic value, and social value.

According to result, conditional value contributes the most to explain the relationship with online purchase intention and most influencing factor with p value

of 0.042 at 5% significant level. Epistemic value is the second highest significantly influencing factor on customer purchase intention with p value of 0.000 at the 1% significant level. Social value comes as third with p value of 0.007 at the 1% significant level which means social value has positive relationship effect on customer purchase intention. Next, emotional value is the least influencing effect on purchase intention with 1% significant level. But, obtained results showed that opinion leadership and functional value variables did not have significant effect towards purchasing intention for premium service. There is a positive relationship between purchase intention and all factors.

## **CHAPTER V**

### **CONCLUSION**

The main object of the study is to analyze the influencing factors on customer purchase intention of premium version in Joox music streaming service. This chapter discusses the findings and discussion, suggestion and recommendation and needs for further study based on the results of the data analysis.

#### **5.1 Findings and Discussions**

The survey of the study is collected among the users of Joox music service. There are 384 number of respondents who are participated in this online survey. The results are run by SPSS software for analysis. The result of the survey states that major users of respondents are female. Most commonly users are age level between 20 and 24. So, active young female have a great interest upon Joox music service. Among the respondents, private employee and students rank the highest among other categories of occupation, which is followed by government employees. Therefore, main users of Joox are employees and students.

As income is an importance to focus purchase intention, respondents are asked to depict their monthly income. It is found out that income between 200,000 – 300,000 kyats represent mostly among other ranges of income level. As more users include students, income below 100,000 follow the second highest income level range. By reviewing the history status of users, as freemium business is mostly occupied by free users, the data represents as the highest rate. Besides, according to the survey, current number of premium users are more than that of premium users in the past. Therefore, Joox music streaming service can occupy moderate number of paid customers to some extend which brings good spotlight for long-term. Whether users prefer online or offline, most listeners prefer slightly more than live on air music. As the piracy downloading and alternatives to enjoy music are high demanding, users are being which platform they are mostly used. Among them, Joox music application reach the highest choice. However, users are demanding YouTube and Facebook as second most popular platform.

Factors influencing customer purchase intention are measured with 5-point Likert scale. Regarding descriptive statistics, majority of respondents agree upon the

fact that epistemic value is highly influencing on premium purchase intention, followed by conditional value and social value. Functional and emotional value also influences purchasing music service agreed by users. However, opinion leadership and opinion seeking value does not influence much on purchase intention. In accordance with identifying customer purchase intention, there is an average mean score is slightly higher than the standard mean value. Users who think about making actual purchase is the lowest mean value and predicting to purchasing premium by chance records as the highest mean. After analyzing influencing factor results with multiple regression, all independent variables are found as significant upon purchase intention except opinion leadership and seeking factor and function value factor.

Among them, the strongest significantly affecting value for generating purchase intention is conditional value. Next, there is also a positive significant effect on epistemic value, followed by social value. Lastly, emotional value has the weakest positive effect on purchasing premium. Therefore, consumers are highly likely to purchase premium music service due to offering availability of conditional value to users with discount plan and free service. Secondly, epistemic value offering is also impacted users to make buying decision as consumers assume new Joox music service as innovative in Myanmar music industry and hoping to get differentiative and advanced unique features from premium version. Thirdly, social pressure from friends and surrounding also increase customer inclination towards purchasing which can be seen apparently in Joox music application with crown signature given such as VIP and K-plus in the profile of users. As the last significant factor of emotion value, feelings of favorable desirability in possessing premium subscription access service is also influenced in the minds of users. However, opinion leadership and seeking value is not affected by users to think about purchasing. This may be due to the fact of less official music streaming service business in Myanmar and less marketing efforts on public relation to support and encourage opinion leaders about Joox music service. In addition, functional value may not influence among users because of the poor delivering value on functions in premium in terms of quality and system or customers has little interest on the functional value offering in premium service.

## 5.2 Suggestion and Recommendation

As music industry of Myanmar had been weakening for decades, music artists are suffering with low-rate earnings for living. Even though pirated CDs are regarded as illegal recently, the rate of physical selling of CDs and DVDs market is still declining. To exploit this, music streaming service is revolutionized in digital age with the hope of fading out illegal distribution of music. However, such advanced music service is still struggling in Myanmar for permitting easy and convenient accessibility to illegal downloading from internet. Therefore, this study aims to find out the influencing factors of customer purchase intention to pay for premium version of Joox music service. The findings from this study brings only not only benefits to Joox music providers but also for artists of music industry. The study explored positive and significant influence of four independent variables of values namely epistemic, emotional, conditional and social. On the other hand, independent variables of opinion leadership and seeking and functional value did not support the significant influence on purchase intention of Joox premium version.

As Joox users are youths under 30 who are mostly students and private employees, Joox should capture such customer segment with fun and relaxing activities. Most of the respondents have income range under 300,000 Kyats per month. Joox should focus more to boost conversion rate from free users to premium users with affordable price range level of premium version for users. To acquire more paid customers, Joox should study customer behavior of listening music in depth as well. As almost half of the customers prefer listening music online to some extent, live-on-air music concerts will be popular near future among users. Therefore, exclusive live for premium users in Joox is considerable solution to boost the number of premium users. Joox should create competitive advantage over alternatives platforms to listen music which is cheap and easily accessible. As YouTube reach the second highest percentage of users for music, Joox should connect and capture potential users from YouTube and Facebook platforms with sharing programs for social engagement.

As conditional value is the highest significant influencing factor, marketers of Joox should drive conditional offers continuously in future as well. Joox should offer discount plans to increase intention towards paid version of premium as conditional value has positive relationship. Next, second most influencing factor is epistemic value, Joox should provide improve its differentiation in delivering music service with

continuously new updated songs with different making models while sharing top ten charts, playlists, and latest information about music. However, trying customer to be kept in lock-in effects seem to be difficult because innovative users are keen on seeking alternatives updated availability before making purchase decision. Regarding social value significance, Joox should attract more potential customers using social groups influencing effect with more sophisticated style from other channels to grab larger base to Joox music platform. As emotional value is still less influencing effect on choosing payment for premium, it would be worthwhile to educate users that paying for music is morally right thing for artists as good personal contribution. By capturing the emotion of customers, Joox can earn considerable profit from premium users.

On the contrary, opinion leadership and seeking is not effective in persuading customers currently according to the result. Therefore, Joox is still in need of attracting brand with social media influencers to purchase premium version. Moreover, as this service based on online, electronic word-of- mouth can impact the desirable level of potential buyers to purchase intention for premium version. Besides, as functional value is not significant enough, Joox should modify the quality of premium version more. When the offering of function given in premium version does not reach the satisfaction level, repeated purchase intention will be still lower which harms the future growth of business.

### **5.3 Limitations and Need for Further Study**

Due to the pandemic of Covid 19, this study is conducted online through facebook, messenger and viber. Though the sample size is 384 number of respondents, this study does not cover who are not accessible to use social media. Therefore, large scope of both online and offline questionnaire is recommended for further study. As this study is excluded non-users of Joox music application, reasons why people have less interest on innovative music streaming service is worthwhile to explore for future business growth. Moreover, effect of illegal downloading and moral choice behavior impacts on purchase intention are still left to explore. As freemium business model has been applied in today's technology-based businesses, different industries such as gaming and video streaming would be interesting to study. Finally, exploring driving factors to increase conversion rate from free users to premium users would be worthwhile for further development of Joox music streaming service with freemium model.

## REFERENCES

- Ajzen, I. (1985). From intentions to actions: A theory of planned behavior. In *Action control* (pp. 11-39). Springer, Berlin, Heidelberg.
- Arndt, J. (1967). *Word of mouth advertising: A review of the literature*. Advertising Research Foundation.
- Bawa, K., & Shoemaker, R. (2004). The effects of free sample promotions on incremental brand sales. *Marketing Science*, 23(3), 345-363.
- Bertholdsson, S., & Dahir, J. (2015). Consumers Perception of Freemium Services: Factors Influencing Consumers Choice of Premium or Free Services.
- Casaló, L. V., Flavián, C., & Guinalú, M. (2008). The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services. *International journal of bank marketing*.
- Chiang, K. P., & Dholakia, R. R. (2003). Factors driving consumer intention to shop online: an empirical investigation. *Journal of Consumer psychology*, 13(1-2), 177-183.
- Clapp, S. L. (1931). The beginnings of subscription publication in the seventeenth century. *Modern Philology*, 29(2), 199-224.
- Darden, W. R., & Reynolds, F. D. (1971). Shopping orientations and product usage rates.
- Deubener, J., Velamuri, V. K., & Schneckenberg, D. (2016). A typology of freemium business models for mobile applications.
- Dörr, J. B. (2010). Pricing of Content Services – An Empirical Investigation of Music as a Service.
- Dörr, J., Wagner, T., Benlian, A., & Hess, T. (2013). Music as a Service as an Alternative to Music Piracy?. *Business & Information Systems Engineering*, 5(6), 383-396.
- Dwivedi, Y. K., Mäntymäki, M., Ravishankar, M. N., Janssen, M., Clement, M., Slade, E. L., ... & Simintiras, A. C. (Eds.). (2016). *Social Media: The Good,*

*the Bad, and the Ugly: 15th IFIP WG 6.11 Conference on e-Business, e-Services, and e-Society, I3E 2016, Swansea, UK, September 13–15, 2016, Proceedings* (Vol. 9844). Springer.

Fernandes, T., & Guerra, J. (2019). Drivers and deterrents of music streaming services purchase intention. *International Journal of Electronic Business*, 15(1), 21-42.

Flynn, L. R., Goldsmith, R. E., & Eastman, J. K. (1996). Opinion leaders and opinion seekers: Two new measurement scales. *Journal of the academy of marketing science*, 24(2), 137.

Gassmann, O., Frankenberger, K., & Csik, M. (2014). *The business model navigator: 55 models that will revolutionise your business*. Pearson UK.

Ghosh, P., Dasgupta, D., & Ghosh, D. (1990). Retail management.

Giletti, T. (2011). Why pay if it's free? Streaming, downloading, and digital music consumption in the iTunes era. *Master of science dissertation, Department of Media and Communications, London School of Economics and Political Science*.

Gogoi, B. (2013). Study of antecedents of purchase intention and its effect on brand loyalty of private label brand of apparel. *International Journal of Sales & Marketing*, 3(2), 73-86.

Goodrich, K., & De Mooij, M. (2014). How 'social' are social media? A cross-cultural comparison of online and offline purchase decision influences. *Journal of marketing communications*, 20(1-2), 103-116.

Guerra, J. C. T. M. (2015). Purchase Intention on Online Content Services: An Application to the Music Streaming Services.

Haron, H., Johar, E. H., & Ramli, Z. F. (2016, October). Online opinion leaders and their influence on purchase intentions. In 2016 IEEE Conference on e-Learning, e-Management and e-Services (IC3e) (pp. 162-165). IEEE.

Helkkula, A. (2016). Consumers' intentions to subscribe to music streaming services.

- Hsu, C. L., Lin, J. C. C., & Chiang, H. S. (2013). The effects of blogger recommendations on customers' online shopping intentions. *Internet Research*.
- Hung, K. H., & Li, S. Y. (2007). The influence of eWOM on virtual consumer communities: Social capital, consumer learning, and behavioral outcomes. *Journal of advertising research*, 47(4), 485-495.
- Jiang, Z., & Sarkar, S. (2009). Speed matters: The role of free software offer in software diffusion. *Journal of Management Information Systems*, 26(3), 207-240.
- Kari, J. (Ed.). (2015). *Cellular Automata and Discrete Complex Systems: 21st IFIP WG 1.5 International Workshop, AUTOMATA 2015, Turku, Finland, June 8-10, 2015. Proceedings* (Vol. 9099). Springer.
- Keh, H. T., & Xie, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. *Industrial marketing management*, 38(7), 732-742.
- Khong, T. A. T. (2019). Customer perceived value in freemium business model. Case study: Spotify in Finnish and Vietnamese market.
- Koufaris, M., & Hampton-Sosa, W. (2004). The development of initial trust in an online company by new customers. *Information & management*, 41(3), 377-397.
- Lazarsfeld, P. F., Berelson, B. R., & Gaudet, H. (1984). *Erie County Study, 1940*. Inter-university Consortium for Political and Social Research.
- Lee, C., Kumar, V., & Gupta, S. (2013). Designing freemium: a model of consumer usage, upgrade, and referral dynamics. *MimeoLeung, Michael (2013), Two-step estimation of network formation models with incomplete information*.
- Liu, C. Z., Au, Y. A., & Choi, H. S. (2012). An empirical study of the freemium strategy for mobile apps: Evidence from the google play market.
- Mae, S. A. (2019). *Factors Influencing Japanese Consumers' Purchase Intention of Subscription Streaming Services* (Doctoral dissertation, Ritsumeikan Asia Pacific University).

- Mai, L., & Zhang, Z. (2011). The Freemium Business Model in Gävleborg's Open Source Software Industry: a Case Study on ArcMage AB.
- Mäntymäki, M., Islam, A. N., & Benbasat, I. (2020). What drives subscribing to premium in freemium services? A consumer value-based view of differences between upgrading to and staying with premium. *Information Systems Journal*, 30(2), 295-333.
- Mirabi, V., Akbariyeh, H., & Tahmasebifard, H. (2015). A study of factors affecting on customers purchase intention. *Journal of Multidisciplinary Engineering Science and Technology (JMEST)*, 2(1).
- Morar, D. D. (2013). An overview of the consumer value literature—perceived value, desired value. *Marketing From Information to Decision*, (6), 169-186.
- Niculescu, M. F., & Wu, D. J. (2014). Economics of free under perpetual licensing: Implications for the software industry. *Information Systems Research*, 25(1), 173-199.
- Niemand, T., Mai, R., & Kraus, S. (2019). The zero-price effect in freemium business models: The moderating effects of free mentality and price–quality inference. *Psychology & Marketing*, 36(8), 773-790.
- Oestreicher-Singer, G., & Zalmanson, L. (2013). Content or community? A digital business strategy for content providers in the social age. *MIS quarterly*, 591-616.
- Palazon, M., & Delgado-Ballester, E. (2013). Hedonic or utilitarian premiums: does it matter?. *European Journal of Marketing*.
- Price, L. L., Feick, L. F., & Higie, R. A. (1987). Information sensitive consumers and market information. *Journal of Consumer Affairs*, 21(2), 328-341.
- Rahnama, H. (2017). Effect of consumption values on women's choice behavior toward organic foods: The case of organic yogurt in Iran. *Journal of Food Products Marketing*, 23(2), 144-166.
- Ramayah, T., Rahman, S. A., & Ling, N. C. (2018). How do Consumption Values Influence Online Purchase Intention among School Leavers in Malaysia?. *Revista Brasileira de Gestão de Negócios*, 20(4), 638-654.

- Reime, E. V. (2011). Exploring the Freemium Business Model (Master's thesis).
- Saboori-Deilami, V., & Yeo, C. S. (2019). Paid Music Streaming: What Drives Customers' Choice?. *Journal of Supply Chain and Operations Management*, 17(1), 29.
- Sager, M. A., Dunham, N. C., Schwantes, A., Mecum, L., Halverson, K., & Harlowe, D. (1992). Measurement of activities of daily living in hospitalized elderly: A comparison of self-report and performance-based methods. *Journal of the American Geriatrics Society*, 40(5), 457-462.
- Sanitnarathorn, P. (2018). An Analysis of Music Fan Towards Music Streaming Purchase Intention of Thailand's Music Industry. *Journal of Education and Training Studies*, 6(3a), 78-87.
- Seufert, E. B. (2014). Freemium metrics. *Freemium Economics*, 83-113.
- Shapiro, C., Carl, S., & Varian, H. R. (1998). *Information rules: a strategic guide to the network economy*. Harvard Business Press.
- Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Why we buy what we buy: A theory of consumption values. *Journal of business research*, 22(2), 159-170.
- Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). *Consumption values and market choices: Theory and applications* (pp. 16-74). Cincinnati, OH: South-Western Pub.
- Streaming service. (n.d.). In *Your Dictionary*. Retrieved from <https://www.yourdictionary.com/streaming-service>
- Sun, T., Youn, S., Wu, G., & Kuntaraporn, M. (2006). Online word-of-mouth (or mouse): An exploration of its antecedents and consequences. *Journal of Computer-Mediated Communication*, 11(4), 1104-1127.
- Ventures, S. (2010). The reality of freemium in SaaS.
- Wagner, T. M., & Hess, T. (2013). What drives users to pay for freemium services? Examining people's willingness to pay for music services.

- Wagner, T. M., Benlian, A., & Hess, T. (2014). Converting freemium customers from free to premium—the role of the perceived premium fit in the case of music as a service. *Electronic Markets*, 24(4), 259-268.
- Wikström, P. (2012). A typology of music distribution models. *International Journal of Music Business Research*, 1(1), 7-20.
- Wisartnart, P., & Tseperis, K. (2019). Escaping the free zone-What makes users pay for freemium online content?
- Wlömert, N., & Papies, D. (2016). On-demand streaming services and music industry revenues—Insights from Spotify's market entry. *International Journal of Research in Marketing*, 33(2), 314-327.
- Zailani, S., Iranmanesh, M., Sean Hyun, S., & Ali, M. H. (2019). Applying the theory of consumption values to explain drivers' willingness to pay for biofuels. *Sustainability*, 11(3), 668.

## **APPENDIX I**

### **Questionnaire for Factors Influencing Customer Purchase Intention of Premium Version in Joox Music Streaming Service**

Dear Respondents,

This thesis paper is intended to explore “Factors Influencing Customer Purchase Intention of Premium Version in Joox Music Streaming Service.” This questionnaire will be used only for a survey that will be conducted in a research required to submit for the attainment of my Master Degree. The information you provide will remain confidential and will be used only for dissertation purpose only. So, I would like to request you to answer completely and truly.

#### **Section (A)**

##### **Demographic Characteristics**

#### **1. Gender**

- Female
- Male
- Other

#### **2 Age group**

- 1.14 to 19 years old
- 2.20 to 24 years old
- 3.25 to 29 years old
- 4.30 to 34 years old
- 5.35 and above

#### **3: Occupation**

- Private company employee
- Public or government employee
- Business Owner
- Freelancer
- Student

**4: Income per month**

- Below 100,000 Ks
- 100,000 Ks -200,000 Ks
- 200,000 Ks-300,000 Ks
- 300,000 Ks - 400,000 Ks
- 400,000 Ks- 500,000 Ks
- 500,000 Ks – 600,000 Ks
- Over 600,000 Ks

**5: Which kind of user are you in Joox music application?**

- Premium User now
- Premium User in the past
- Free User
- Neither premium nor free user

**6: How do you usually listen to music?**

- Live on air/online
- Download/offline

**7: Which platform do you use mostly for music to listen live or download?**

- Radio
- Joox music application
- Television
- You-tube
- Facebook
- Websites
- Other (please specify)

## Section (B)

The following questionnaire is based on the five-point Likert Scale from 1 to 5. Please make a tick on the blank that your feel is relevant.

1= strongly disagree

2= Disagree

3=Neutral

4= Agree

5= Strongly Agree

### Opinion Leadership and Opinion Seeking

No.	Questions	1	2	3	4	5
1	I tend to seek for other opinions or comments in social media regarding what music to listen to.					
2	My friends are good sources to information about new music online.					
3	I tend to seek the advice of my friends regarding which music service I should get.					
4	It is more likely that I am asked for advice about online music services in my circle of friends.					
5	My friends tend to ask my advice about music services online.					
6	Over the internet, I tend to influence people's opinions about music.					

**Functional Value**

No.	Questions	1	2	3	4	5
1	The premium has consistent quality.					
2	The premium is well made.					
3	The premium has an acceptable standard of quality.					
4	The premium is reasonably priced.					
5	The premium offers value for money.					
6	The premium is a good service for the price					
7	The premium would be economical.					

**Emotional Value**

No.	Questions	1	2	3	4	5
1	Purchasing the premium would feel like making a good personal contribution to something better.					
2	Purchasing the premium would feel like the morally right thing.					
3	Purchasing the premium would make me feel like a better person.					

**Conditional Value**

No.	Questions	1	2	3	4	5
1	I would purchase the premium under worsening conditions for music artists.					
2	I would purchase the premium when there is a subsidy for premium products.					
3	I would purchase the premium when there are discount rates for premiums or promotional activity.					
4	I would purchase the premium when a free service is available.					

### Epistemic Value

No.	Questions	1	2	3	4	5
1	Before purchasing the premium, I would obtain substantial information about the different makes and models of music services.					
2	I would acquire a great deal of information about the different services alternatives before purchasing the premium.					
3	I am willing to seek out novel information.					
4	I like to search for the new and different.					

### Social Value

No.	Questions	1	2	3	4	5
1	Buying the premium would help me feel acceptable.					
2	Buying the premium would improve the way that I am perceived.					
3	Buying the premium would make a good impression on other people.					
4	Buying the premium would give its owner social approval.					

### Purchase Intention

No.	Questions	1	2	3	4	5
1	Given the chance, I predict that I would consider purchasing the premium service in the future.					
2	It is likely that I will actually purchase the premium service in the near future.					
3	Given the opportunity, I intend to make a purchase of the premium service.					
4	I would be willing to buy the premium service in the future.					

**Thank you for your participation!**

## APPENDIX II

### STATISTIC RESULT

**Reliability**  
**Scale: Social Value**

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.806	4

**Reliability**  
**Scale: Opinion Leadership**

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.849	6

**Reliability**  
**Scale: Functional Value**

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.898	7

## Reliability

### Scale: Emotional Value

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.847	3

## Reliability

### Scale: Conditional Value

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.802	4

## Reliability

### Scale: Epistemic Value

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.828	4

## Reliability

### Scale: Purchase Intention

#### Case Processing Summary

		N	%
Cases	Valid	384	100.0
	Excluded <sup>a</sup>	0	.0
	Total	384	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.908	4



## Regression

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.698 <sup>a</sup>	.487	.479	.63409	1.809

a. Predictors: (Constant), Social Value, Opinion Leadership, Epistemic Value, Functional Value, Emotional Value, Conditional Value

b. Dependent Variable: Purchase Intention

### ANOVA<sup>a</sup>

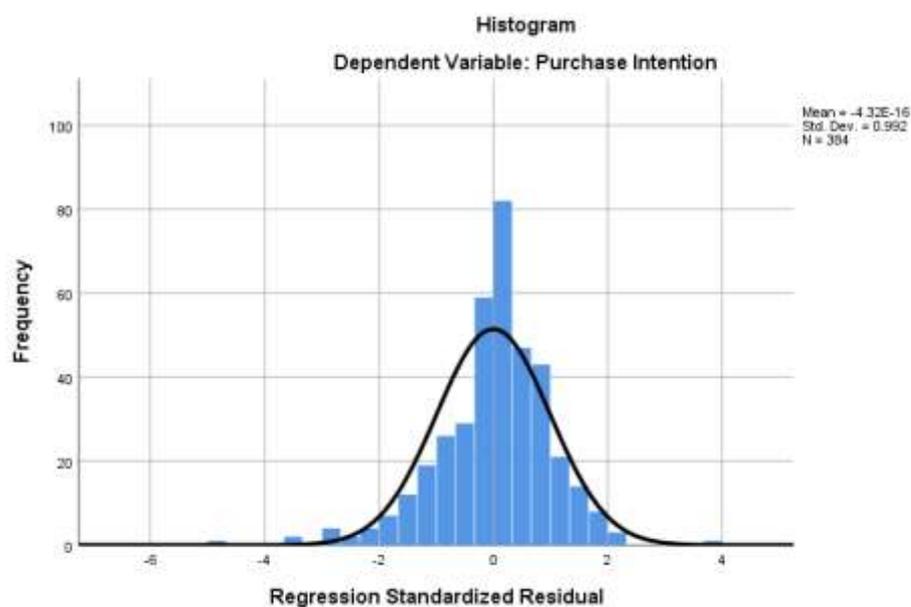
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	143.853	6	23.975	59.630	.000 <sup>b</sup>
	Residual	151.579	377	.402		
	Total	295.432	383			

a. Dependent Variable: Purchase Intention

b. Predictors: (Constant), Social Value, Opinion Leadership, Epistemic Value, Functional Value, Emotional Value, Conditional Value

### Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.054	.201		-.266	.790
	Opinion Leadership	.024	.039	.025	.601	.548
	Functional Value	.049	.062	.039	.791	.429
	Emotional Value	.186	.052	.185	3.612	.000
	Conditional Value	.926	.494	.802	1.874	.042
	Epistemic Value	.342	.049	.293	6.985	.000
	Social Value	.320	.074	.281	4.324	.007



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Purchase Intention

