



SCHOOL OF ECONOMICS AND MANAGEMENT

Sharing is Caring

A qualitative study on the impact of Netflix's latest policy change on brand promise, brand loyalty, and consumer-brand relationships

by

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Abstract

Title: Sharing is Caring. A qualitative study on the impact of Netflix's latest policy change on brand promise, brand loyalty, and consumer-brand relationships

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Keywords: Service brands, Brand promise, Brand loyalty, Consumer-brand relationship, Negative emotions

Thesis purpose: The purpose of this study is to investigate the consequences of Netflix's latest policy change on consumers' perceptions of the brand promise and on their willingness to continue using the service. Furthermore, we aim to explore the negative emotions that arose in response to the policy change.

Methodology: This study uses a qualitative methodology based on social constructivism and has been conducted with an abductive approach. In order to collect data, we have conducted semi-structured interviews, focus groups, and netnography, with a total of 26 participants.

Theoretical perspective: This study is based on a wide range of theories regarding service branding and consumers. The theoretical framework that was developed is based on three theories, namely brand loyalty, brand image, and consumer-brand relationships.

Findings: Netflix consumers demonstrate different responses to the policy change according to their level of loyalty and attachment to the brand. As for brand loyalty, the majority of consumers have expressed their willingness to discontinue the service. In terms of the impact of the policy change on brand promise, there is no one single response from consumers, who expressed multiple points of view depending on their level of previous knowledge of Netflix policies. Lastly, regarding negative emotions, the main ones that emerged are disappointment, anger, indifference, annoyance, and sadness. These depend on how invested and attached consumers are to the platform.

Contributions: This study presents novel findings in terms of consumer involvement toward service brands, with a focus on OTT services. In addition, we further explore the connection between brand promise and brand loyalty. Lastly, we contribute to research on negative emotions by presenting multiple emotions that have not been studied in depth.

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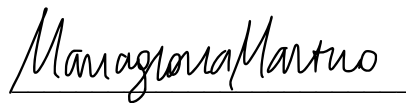
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1 Introduction

It is late at night on a freezing February day and, after an exhausting day spent between classes and studying at the faculty library preparing for the upcoming exams, it is finally time to sit down on your sofa, rewind and enjoy one or, more realistically, two or three episodes of your favorite tv series; this is the moment you have been looking forward to all day and nothing can ruin it, or so one would think.

Ever since moving to Sweden to study for your master's degree the time spent watching Netflix has been increasingly diminishing because of all the deadlines and assignments. However, it still is a little pleasure you can sometimes allow yourself and that makes it even more precious. Right now, you are enjoying the fact of having at your disposal some new series that were not available in your home country, that you can now watch because they are part of the Swedish catalog. At the same time, when nostalgia and homesickness hit, you can also go back and rewatch your all-time favorite series.

With a boiling cup of lavender chamomile in one hand, and the remote in the other, you select the Netflix app from the menu of your second-hand smart TV and, while waiting for the shared account menu to pop up on the screen to select your profile, you are already pondering whether you should watch an episode of Brooklyn Nine-Nine or finish that film about Anthony Bourdain that you started two weeks ago but have not gotten the time to finish yet. This flux of thoughts is suddenly interrupted by the screen of the TV turning black and showing a message saying "ERROR: this TV is not connected to the primary location for this account".

Not understanding what is going on, you go to your emails looking for some communication that might explain this message but then, after not finding anything relevant, you realize that the account, despite being shared with your parents (of which one lives in Italy and the other works in the US), is linked to your mother's email as she is the main "owner" of the account. Following this, you call and ask her to check if she has received any communication from Netflix and, after a few minutes of waiting, she calls you back and says that she got an email in the promotion section warning that, starting from April 2023, to use a shared account you need

to connect to the main Wi-Fi. More annoyed than anything else, you do not let your discontent take over but just go back to the main menu and select Disney +.

Do you think that all of this is just a remote possibility? Think again because it might be your turn sooner than you think.

1.1 Background

Netflix Inc. is a streaming and video rental company that was founded in 1997 by Reed Hastings and Marc Randolph. Originally, the business consisted in offering an online rental subscription service. After subscribing to the service, and paying a flat monthly fee, consumers could choose movies and shows from Netflix's website and have them mailed to their houses in the form of DVDs (Hosch, 2023).

It was only in 2007 that the company started offering its consumers the opportunity to stream movies and shows directly from their houses on the Internet. Around that same time, Netflix launched a competition aimed at improving its recommendation system based on algorithmic theory (Hosch, 2023). The company started better analyzing consumers' preferences based on previous rental data.

In 2010, Netflix introduced a streaming plan, leaving DVD rentals behind. By 2016 the service became available in more than 190 countries and territories (Hosch, 2023).

The streaming platform is known and appreciated for the possibility to enjoy the service from multiple devices, such as laptops, smartphones, and TVs, and for the wide selection of both original and other providers' content (Netflix, 2023). An additional strength of the streaming platform is the option to share one's account with other people, including friends and family. In fact, the company offers different subscription plans according to the number of "screens" that are streaming content at the same time. This implies that one account can be shared among multiple people, up to four (Netflix, 2023).

Netflix used to be the only company competing in the streaming industry up until a few years ago, but recently it has been losing its market share to new competitors, such as Disney +, HBOMax, and Amazon Prime Video (Tassi, 2022). The reason behind this trend is twofold: on

one hand, Netflix has been constantly increasing its price and has become more expensive than other platforms; on the other, the content on Netflix has a perceived lower quality compared to what competitors offer (Tassi, 2022).

1.2 Problematization

In January 2016, during the Consumer Electronics Show in Las Vegas, the former CEO of Netflix, Reed Hastings, stated "We love people sharing Netflix. [...] That's a positive thing, not a negative thing.". One year later, on the 10th of March 2017, Netflix's official profile tweeted "Love is sharing a password".

Six years later, the streaming service's position in these regards has definitely changed, especially after the company, in the first quarter of 2022, experienced for the first time in its fifteen years of history a consistent fall in subscribers; as far as Netflix claims, the estimated figure would be around 200 thousand users (McCluskey, 2023).

The motivations behind this circumstance are twofold; on one side the streaming market is becoming increasingly competitive and saturated with new strong disruptive entrants like Disney + or HBO Max and, on the other side, password-sharing is partly to blame. In fact, despite this not being a new phenomenon but rather something that the company has mentioned for years, after the pandemic it has gotten out of hand for the company (McCluskey, 2023). Netflix is genuinely convinced that more than 100 million users are currently not paying for a subscription because they are using someone else's account (Long, 2023). Because of this, the company is missing out on a consistent portion of its revenues that could be invested both in better services for users and in higher rewards for the industry craftspeople (McCluskey, 2023).

Their first attempt at solving this negative trend was in November 2022 when the streaming service created a new ad-based subscription plan that, being cheaper, was supposed to attract new users while also being a valid option for those that want to subscribe to more than one streaming platform without paying too much (Solsman, 2023). Despite the efforts, this idea did not bring the expected results since, compared with some of the other competitors' options, it

was still more expensive and less qualitative resolution-wise (Porter, 2022). At this point, the company was left with no other option but to fight password-sharing; what was once a source of pride has now become something to fight and root out.

Using the words of the company, “Going forward, Netflix will ask anyone using an account on a streaming device that is not associated with the account owner’s household to enter a four-digit verification code that will be sent to the primary email address or phone number associated with the account. The person using the device will have to enter the code within 15 minutes to gain access.” (Netflix, 2023). In addition to this, the company has said it will use information like device IDs, account activity, and IP addresses from the various devices signed into an account to establish if they are in the same household (McCluskey, 2023).

Basically, to discourage password sharing, the company has decided that those who used to do it now have two new options. The first is that they can pay a fee to add more members with so-called “sub-accounts” (Long, 2023), while the second would consist in allowing users who live far from the primary location of the account to transfer their existing information to a new personal account. In fact, Netflix is aware that a big barrier to creating a personal account for many who use someone’s account is losing their data and their "algorithm" and that is why it has created the *transfer a profile* option, in order not to lose recommendations, viewing history, personal list, settings (McCluskey, 2022).

Despite not being widely communicated via newspapers and social networks, Netflix has already been experimenting with different approaches since the first half of last year (McCluskey, 2023); the company has chosen secondary markets like Peru, Chile, and Costa Rica because these markets, being of minor importance, allow Netflix to carry out these radical changes without any particular negative effect on turnover. Above all, this has allowed the platform to try to understand and predict the effects on primary importance markets. Since the beginning of 2023, the company has already begun to apply these transformations to other countries such as Canada, New Zealand, Portugal, and Spain (Netflix, 2023).

As Netflix explains in its letter to shareholders (January 2023), from their past year’s experiences in Costa Rica, Chile, and Peru they are expecting some cancelations in each market when they will first apply these new changes, but, they believe, as the ex-borrowers will start

to activate their own accounts, they will see improved overall revenue which is their ultimate plan.

Starting from this episode, which will be the case study, two main theoretical blocks will be developed and deepened in the literature review, one referring to service brands and one regarding customers and their attitudes.

The existing literature on service brands is mostly people-focused, containing elements such as the interaction between consumers and staff, or the relationship between customers and brand representatives. However, there is still limited - and insufficient - research that specifically addresses service brands that do not rely on personal interactions; therefore, it is essential to explore such cases in order to gain an overarching understanding of all different sorts of service brands. In fact, Netflix, as a streaming platform, represents a specific case study in this field, as it operates without any human contact between staff and consumers.

In order to fully understand the implications of service brands like Netflix, after providing an exhaustive definition of service brands, it is our intention to delve into some of the most noteworthy aspects of services brands, such as intangibility and the importance of creating strong brand relationships with consumers (de Chernatony and Dall'Olmo Riley, 1999). Netflix's intangible nature and the fact that the service can only be accessed digitally, differentiate it from traditional service brands, and therefore it is important to examine how the lack of personal interaction affects consumers' perceptions and emotional responses toward a radical change. Another important aspect to investigate is consumers' involvement with service brands. Previous research (de Chernatony and Horn, 2001) has focused on consumer involvement in different contexts, but involvement towards a service brand that offers no personal interaction is yet to be explored. In addition, our thesis will focus on a negative radical change implemented by a service brand, and the existing literature does not cover the consequences for service brands that implement such changes.

Considering the fact that existing literature on service brands may be considered outdated, we will take into consideration OTT (over-the-top) services, which are service brands that operate

in the digital sphere. Netflix represents this category of service brands because it operates online and offers a subscription-based streaming service.

To give an idea of the importance of OTTs nowadays, PWC (2021) estimated a compounded annual growth rate of 29% during 2021-2028, explaining why these platforms have experienced such exponential growth in recent years (Chang and Chang, 2020). Behind this sudden and never-seen-before success, there is undoubtedly the platforms' ability to deliver exclusive, rich, and – sometimes - original content that distances itself from the cable TV traditional one both quality and diversity-wise (Singh, Singh, Kalinic and Liebana-Cabanillas, 2021); other concurring and helpful factors have definitely been the technological disruptions and an overall improved internet infrastructure (Sudhir and Rao, 2021). As a result, studying a phenomenon like Netflix is extremely relevant today. Being a growing industry, it is important to understand the effects of this policy change because its consequences could reach a considerable number of users.

On the consumer side, we will take into consideration three main theories, namely brand loyalty, brand promise, and consumer-brand relationships to understand the impact of the policy change on consumers. These concepts have largely been studied in isolation in previous literature (Aaker, 1991; Dick and Basu, 1994; Calagna, Rush and Reilly, 2017; Fournier, 1998; Bertillon, 2017), but there is a gap in the literature regarding the interaction and interconnection of these concepts. Our research aims to close this gap by investigating the interplay of these theories in the specific context of a service brand like Netflix.

In fact, the key focus of this thesis will be on the consequences of a broken brand promise on brand loyalty and consumer-brand relationships. We believe it is essential to understand these connections and, given that existing literature does not focus specifically on broken brand promises, we aim to close this literature gap.

1.3 Research purpose and research questions

The purpose of this thesis is to investigate how negative radical changes issued by service brands can impact consumers' attitudes. In particular, this study aims to understand the effect

of a specific policy change - Netflix's latest policy change on password sharing - on consumers' attitudes and emotions. It is well-established that consumers' attitudes toward a brand can have a strong impact on their purchasing behavior, long-term loyalty, and relationship with the company. Therefore, understanding the consequences of policy changes on consumers can be valuable for service brands that are looking to make informed decisions that can positively impact customer loyalty and relationships. In addition, it seems even more important to analyze the consequences of a radical change that seems to go against the common image that customers have of a brand. In fact, Netflix has always been associated with the idea of sharing, so much so that the company itself, in 2017, tweeted "Love is sharing a password". Therefore, exploring consumers' perceptions of the policy change in terms of a broken brand promise can serve as a valuable contribution.

Consequently, our purpose is to examine the consequences of the radical change implemented by Netflix on brand loyalty, consumer-brand relationships, and brand promise.

As a result, this thesis aims to address the following research questions:

- 1. How does Netflix's policy change on password sharing affect consumers' perception of the brand promise and their willingness to continue using the service?*
- 2. How do consumers' negative emotional responses, such as hate, disappointment, and anger, towards Netflix's policy change on password sharing vary based on their perceived levels of engagement, trust, and loyalty towards the brand, as well as their past experiences with the service?*

1.4 Aimed contributions

To answer the research questions, this study will broaden the existing literature on service brands, especially streaming platforms, by using a consumer-oriented approach that will focus on consumers' attitudes. Despite the fact that streaming platforms have been around for a while now and have been making multiple policy changes over the years, there is still limited research on this specific topic.

In fact, most of the research previously conducted focuses on different aspects of the customer journey, such as brand awareness in repurchasing behavior, and brand love in the willingness to pay a premium price. Similarly, while previous research has explored the impact of multiple factors on brand loyalty and consumer-brand relationships, the impact of policy changes has not been taken into consideration yet. Therefore, this study aims to fill this gap by providing a broader perspective on the repercussions of policy changes.

To do so, this study will focus on an emotional dimension and the research will be carried out in a way that highlights consumers' feelings and emotions toward Netflix's latest policy change. Consequently, this study will provide new insights and knowledge regarding negative emotions as a response to a radical policy change that is perceived as negative by consumers. In addition, by focusing on a particular type of service brand, namely an OTT service, we will explore the consequences of such changes on brands that do not offer any personal interaction between the company and its users.

1.5 Thesis outline

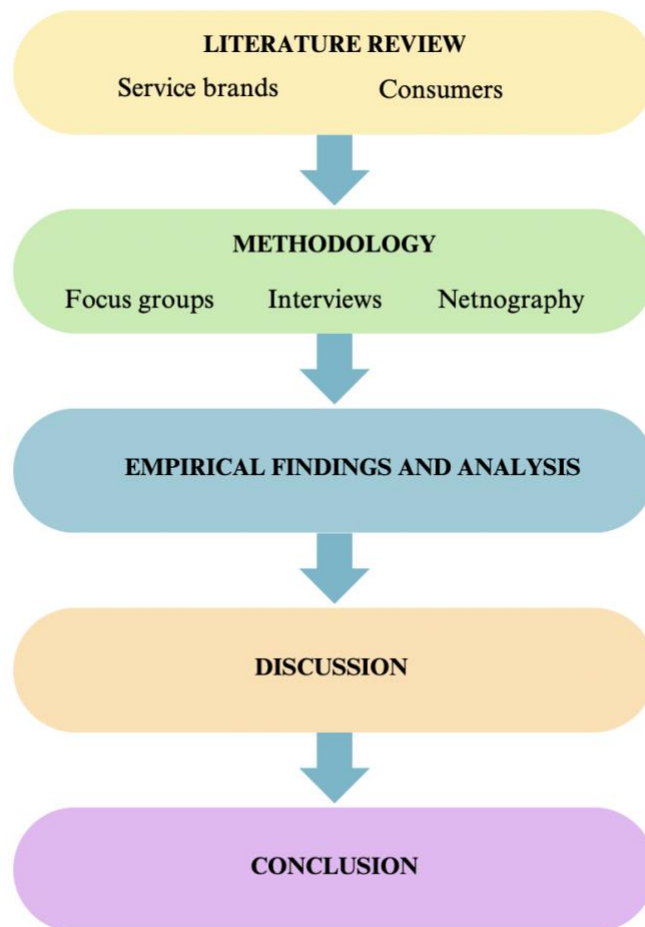


Figure 1: Thesis outline (own illustration)

2 Literature Review

2.1 Service brands

The goal of this chapter is to provide an in-depth background on service brands, and more specifically on OTTs. The first part is devoted to an analysis of the main characteristics of service brands and the key differences between product and service brands. The following section deals with OTTs, over-the-top services, which are streaming platforms based on a subscription model. After a general explanation of these brands, the authors focus on their strengths and weaknesses, with an emphasis on subscription fatigue and strategies to increase stickiness to OTTs.

2.1.1 Service economy

According to Adam Smith's *Wealth of Nations* (1776), all those activities that do not entail the production of a physical good are labeled as “unproductive of any value”. Nowadays, this view has shifted, and many companies have drifted from being product-based to service-based: we have entered a service economy (Bellos and Ferguson, 2017).

This trend can be regarded as “servicizing”, or “servitization”, and refers to the fact that transactions are not based on products per se, but rather on the *use* of a certain product. This means that the ownership of the products belongs to manufacturers and does not transfer to customers (Bellos and Ferguson, 2017).

But why are companies leaning towards this shift? There are multiple reasons, but a few stand out particularly.

First of all, the useful life of a service is much longer than that of a product. For this reason, services can provide a stable and recurring revenue stream (Bellos and Ferguson, 2017). In addition, services are significantly more difficult to imitate, allowing companies to establish longer lasting and deeper relationships with their customers, partly due to long-term contractual

arrangements (Bellos and Ferguson, 2017). Finally, services allow companies to gain a deeper insight into customer needs and therefore tailor their offering accordingly (Bellos and Ferguson, 2017).

2.1.2 Service brands

According to McDonald, de Chernatony, and Harris (2001), a service is “an activity which has some element of intangibility associated with it. It involves some interaction with customers or property in their possession and does not result in a transfer of ownership. A change of condition may occur, and provision of the service may not be closely associated with a physical product”. Service brands have four particular characteristics: intangibility, the inseparability of production and consumption, heterogeneity, and perishability (de Chernatony and Dall’Olmo Riley, 1999).

Intangibility refers to the fact that, compared to products, it is more complicated for buyers to evaluate the quality of a specific service and therefore make distinctions between different competitors (de Chernatony and Dall’Olmo Riley, 1999). As Levitt (1981) states, customers buy clusters of value expectations, not products or services. The main difference is that product brands represent a tangible element, whereas service brands represent an intangible element. Intangibility in service brands does not refer to the proportion of tangible to intangible needed to provide the service. Rather it refers to offering good customer service and fulfilling the brand promise (de Chernatony and Segal-Horn, 2001).

Because of intangibility, there is a risk that service brands may be perceived as commodities. Service brands must be made as tangible as possible for consumers to have clear reference points. This process is called “tangibilising the brand” and consists of associating as many tangible elements with the brand as possible (McDonald et al., 2001). To put this process into practice, it is necessary to create an image of what the brand stands for. The first step is therefore to define the brand values, to then link them to a symbol or logo to create a well-defined brand image. The more authentic the values conveyed by the brand, the more positive the image in the minds of consumers will be (de Charnatony and Segal-Horn, 2001).

Another important characteristic of service brands is the inseparability of production and consumption. Consumers can be regarded as “prosumers”; this term derives from the crisis between “consumer” and “producer” and refers to the fact that consumers today are increasingly involved in the production of services, not only in their fruition (Bolis, 2022). For this reason, service brands need to create strong brand relationships with consumers, so as not only to involve them in the production but also to adapt the offering to their needs (de Chernatony and Dall’Olmo Riley, 1999).

Heterogeneity in service brands refers to the fact that there is a significant human component behind service delivery. As a result, it is more difficult to assess its quality, and each service may be different from the other (de Chernatony and Dall’Olmo Riley, 1999). To ensure consistency in service delivery, there are opposing views. According to Levitt (1972), “industrializing” service brands through planning, automation, periodic reviews of performance is the key to reducing individual indiscretion. On the other hand, Berry (1980) suggests making marketing and “internal branding” the goal of all employees to achieve consistency in different situations. Internal branding based on the company’s vision facilitates the creation of a cohesive culture within the organization, allowing employees to react differently according to the situation, while always conforming to the brand (de Chernatony and Dall’Olmo Riley, 1999). Lastly, services do not imply transfers of ownership, and they cannot be stored. Therefore, they are regarded as perishable. In some sectors such as life assurance, services are purchased before they can be used; for this reason, service brands must have a high image and reputation to attract customers and prevent them from turning to other competitors (de Chernatony and Dall’Olmo Riley, 1999).

2.1.3 Service and product brands

The first thing to do when delineating the dissimilarities between products and service brands is to start from the primary concept, that of *brand*. De Chernatony and Cottam (2008) argue that brands are “clusters of functional and emotional values that promise stakeholders unique and welcoming experiences”; on the other hand, Holt (2004; 2006) posits that brands are cultural icons that may represent important socio-cultural and ideological ideas. It can be said

that branding comprises all the activities and the work that goes into creating, protecting, and managing the meanings of brands and their brand symbols (Bertilsson, 2022).

The idea of branding is not something novel as, already in ancient times, there was the use of branding and marking cattle and household goods to signify property and ownership (Roper and Fill, 2012). This trend evolved during the 13th century and the Middle Ages, when artists and craftsmen – especially in Italy – started branding their work to distinguish it from their “competitors” (Bertilsson, 2022) and reached a new peak during industrialism when mass production led to a need for branding and packaging to separate the different producers and companies (Bertilsson, 2022). In fact, during the industrial revolution, there were multiple favorable factors that led to a surge in branding, ranging from macroeconomic factors - like transportation, mass consumption, and advertising – to the rise of an even stronger middle class and the introduction of crucial legal concepts such as trademarks (Roper and Fill, 2012).

According to Kenton (2022), there are four main types of brands (product, service, corporate, and personal) but, for the sake of this research, the focus will solely be on the former two. Given the previous section's exclusive focus on service brands, it would be beneficial to briefly shift the attention to product brands and the main differences between product and service brands.

2.1.4 The main differences

Researchers found that product branding, which is at times also mentioned as *merchandise branding*, tends to center around the marketing of one particular item or product (Kenton, 2022); branding a product requires conducting some market research and choosing one specific niche or target market. On top of that, it is often argued that product branding is a very specific discipline, as its purpose is to distinguish a company’s offer from that of the competition (Hoelscher, 2022). One key concept in this regard is that companies should really strive to gain some level of differentiation (Hoelscher, 2022). According to experts, the peak of developing a product brand coincides with when it becomes iconic and relevant beyond its own business sector (BrandTrust, n.d.); some examples could be Coca-Cola, Nutella, or Apple.

When considering the diversities between service and product brands, firstly, it is worth considering tangibility. As mentioned in the first paragraph of this section, service brands' main trait is their intangibility, the fact that they cannot be touched or felt (Kotler, Keller, Brady, Goodman and Hansen, 2009). On the other hand, product brands are goods that are tangible in nature, this means they can be seen, touched, or felt (Kotler et al, 2009); an example of the former can be American Express, which is a service brand that offers intangible services, while the latter could be represented by Coca-Cola, a product brand famous for its tangible good.

A second difference lies in the production and delivery processes; in the case of product brands, these tend to be straightforward with clear, predetermined specific steps but, when it comes to service brands, they imply a higher complexity, because, to deliver their intangible services, expertise and skilled professionals are required (Kotler et al, 2009).

Another factor worth considering is the marketing and branding strategies since they are hotly debated topics that often divide opinions. If on one side product brands have the tendency to accentuate the benefits and features of their goods, service brands put expertise and the customer experience at the center (De Chernatony and McDonald, 2003).

On top of that, De Chernatony and McDonald (2003) also include the customer experience among the differentiating factors. Differently from product brands, service-based brands have multiple interfaces with the consumer who, in this way, experiences the brand at different levels. Following this, Levy (1996) pointed out that, given their peculiar nature, services need custom-made concepts and approaches that cannot be transferred to product branding; McDonald and De Chernatony (2003) hold a different perspective as they do not advocate for the creation of entirely new theories to cater to service brands. According to them, a possible solution could be represented by taking already existing and supported product branding theories and fine-tuning and adapting them to the service ecosystem. In 1996, Brookes suggested that product and service brands can be cultivated through a similar process that involves setting brand objectives, defining a distinct positioning, and selecting appropriate values.

The second to last difference is based on the time consumers take to form a preference; if with product brands it is normal for consumers to develop preferences in a short period of time, service brands are usually assessed and evaluated over longer periods of time (De Chernatony and Segal-Horn, 2001).

Finally, the cause-and-effect linkage between attitudes and behaviors differs considerably when considering service and product-based brands. Oftentimes a service brand has a less direct and softer linkage than a product one; that is because for product brands changing just one small aspect can considerably affect the consumers' attitudes, leading them to change their purchase behavior (De Chernatony and Segal-Horn, 2001). For example, if Kit-Kat were to change the thickness of their chocolate coating this could easily affect some of their customers' purchasing behavior, making them switch to other options. On the other hand, because changing banks involves a certain effort, even if a bank service may become worse, this may alter the clients' attitudes, but it rarely will change their purchasing behavior (De Chernatony and Segal-Horn, 2001).

It is necessary to note that the literature review dedicated to service brands draws on studies from the early 2000s, which may not reflect the current state of the industry. However, due to a lack of recent research on this topic, these studies are still relevant in understanding the general principles of service branding. To provide a more up-to-date perspective, the following section of this literature review will focus on over-the-top (OTT) services. By analyzing the current state of OTT services, it is possible to gain insights into the challenges and opportunities of service branding in the present day.

2.1.5 OTTs

After having outlined what service brands are, this paragraph is dedicated to a specific type of service brand contextualized to the digital sphere, OTTs, or over-the-top services. The term can

also be considered as a synonym for subscription-based video on demand (SVoD) (Tariq, 2021).

This denomination traditionally identifies a media delivery method of film and TV content offered directly to viewers over the internet via platforms that can be accessed across many different devices (Endavo, 2023). These digital platforms are often subscription-based, meaning that subscribers pay a monthly or annual fee to be able to access content on the chosen platform and, so, there is no more need for cable, broadcast, or satellite television platforms since people now have endless options at their fingertips (Endavo, 2023).

Some of the most notorious and common SVoDs are Netflix, Hulu, Amazon Prime Video, HBO Max, and Disney +, which offer almost unlimited hours of content both coming from licensed material as well as original movies and TV series (Palomba, 2021).

Introduced for the first time in the early 2000s, these quickly revolutionized the creation and distribution of content, and changed how consumers view and approach it (Chen, Chen, Tsaur and Chui, 2023). OTT services possess several advantages, including convenience, affordability, control, original content, customization, and flexibility.

However, they also exhibit certain drawbacks, such as internet dependency, content licensing, limited access, and the most threatening concern, subscription fatigue. In consonance with Forbes (Danziger, 2022), the latter describes the frustrating and overwhelming feeling that can arise from having too many subscriptions to various services and trying to identify the added value in each one of them.

To try and fight this fatigue, it is essential for these platforms to concentrate on their *stickiness* (Kour and Chhabria, 2022); a platform is sticky when it attracts and retains consumers in a committed and consistent reuse (Xu and Liu, 2010) despite external and internal influences that might encourage switching behaviors (Lin, Hu, Liu and Lee, 2020). Speaking in general terms, network stickiness is a platform's ability to retain customers and encourage them to spend more time using it (Rong, Xiao, Zhang and Wang, 2019). As Kour and Chhabria (2022) affirm,

stickiness arises with interactivity which can be promoted and supported with four main strategies.

2.1.6 How to improve OTTs' stickiness

The first approach could be enhancing the user experience, and, to obtain this, one could work on new offerings like gamification, personalization, AI, and curated content; it is essential for users to have a seamless experience because, otherwise, if a platform does not live up to the users' needs and expectations, it is now easier than ever to jump ship to another (Pandey, 2022). Customization also plays a crucial role (Wind and Rangaswamy, 2001). A second valid strategy to separate one platform from the competition relies on content differentiation; it is important to remind users why they have chosen the platform in the first place and to keep that favoritism throughout time. Kour and Chhabria (2022) then list consumer sentiment-making and engagement as the third activity, which all depart from users' data and insights; to evolve, cater to users' preferences, and increase their overall engagement levels, streaming services need to thoroughly use data analysis. Last but not least, OTT platforms are progressively relying on platform extensions to enhance and enrich the viewers' experiences; while services like Netflix offer telecom party services to combat the total lack of personal interaction which is often mentioned as one of the biggest limitations of streaming platforms, other platforms like Amazon offer value-added services and prime video viewership (Kour and Chhabria, 2022).

Related to the last strategy, it is relevant for this research to go back once again to the shortness of interaction and connections on streaming platforms. This became an even more urgent matter during the Covid 19 pandemic when there was a massive surge in the usage of streaming platforms (BBC, 2020). Taking inspiration from social networks, streaming services started wanting to create a more intimate and personal space than a standard live chat feature to fight the fact that people were accusing them of not offering enough human connection (Shah, 2021). While Netflix did not really outdo itself because it only created *Netflix Party* (which is now called Tele Party), a Chrome extension that enables users to watch content together, other OTTs

like Dazn or Now TV have options that allow their customers to enjoy online content with each other in private video sharing rooms (Shah, 2021).

2.2 Consumers

In contrast to the previous part, which focused on the literature review related to service brands, their definitions, characteristics, and classifications, this chapter shifts its attention to customers as the main subject. The recent policy change by Netflix highlights the importance of considering the customers' perspectives, including their thoughts, perceptions, and reactions to the change. Therefore, this chapter emphasizes three key areas: brand promise, brand loyalty, and consumer-brand relationships. Drawing on marketing and customer engagement theories and frameworks, the authors aim to demonstrate that by maintaining brand promise, fostering loyalty, and building strong relationships with customers, companies can create a compelling brand that resonates with their target audience and ensures long-term success.

2.2.1 Brand promise

For a long time, brands and consumers were only having one-way interactions since brands just had to provide the goods or services customers paid for; today, with buyers gaining more and more purchasing power, the situation has gotten more complex and has now shifted into a two-way relationship, since customers can both champion and criticize brand to their networks (Kdoran, 2022).

Nowadays every brand makes promises, therefore it is important to invest in some kind of differentiation since customization and personalization are not enough anymore (Forden, 2018). What distinguishes a brand from another is if and how it fulfills its promise, how consistent it is, how it aligns with consumer sentiments, and leverage from its different social media channels (Kdoran, 2022). For a business, communicating a brand's promise is just the first – and also easiest – step, the real challenge begins when said promise needs to be integrated into

every activity and initiative, “tangibilizing” in this way the brand promise into every point of contact with the clientele (Nnani, 2023).

As Deloitte mentions in an article in collaboration with The Wall Street Journal (2017) a brand promise is what consumers can expect from all interactions with a specific company, including their emotional experiences; this promise should be embodied by the organization’s stakeholders and translated both through goods and actions (Calagna, Rush and Reilly, 2017). To give a concrete example of what a brand promise is, Netflix on its website states “*At Netflix, we want to entertain the world. Whatever your taste, and no matter where you live, we give you access to best-in-class TV series, documentaries, feature films, and mobile games.*” (Netflix, 2023). After this illustration, it can be added that, when a company elaborates on a promise, it is communicating the values and benefits that its customers should and can expect from its services and products. Therefore, a promise is a customer-facing statement that should reflect the value or experience that consumers can expect to receive on a regular basis when interacting with a particular company (SurveyMonkey, n.d.); this value or experience is what the clients are expected to receive every single time they interact both with the company and its products or services (Forden, 2018).

Authors like Johansson and Hirano (1999), Mitchell (1999), and Tilley (1999) often use the term *covenant* as a synonym for brand promise; another author that does the same is Balmer (2001), who argues that at the core of any brand, there should be a covenant between the company and its stakeholders. When outlining the six Cs of corporate marketing, Urde, Balmer and Greyser (2007) argue that brands need to develop a covenant that will not only lead to brand loyalty but also affects the emotional relationship that consumers have with the brand and its co-creation. When a brand is able to build an emotional connection, it will create strong loyalty, trust, and legitimacy among consumers (Balmer, 2001).

Crandell (2016) adds that every time a company proves to maintain its promises by being consistent and coherent its brand equity increases. Of the same opinion are Hatch and Schultz (2003) who mention that a promise must resonate and be coherent with the actual experience provided by an organization; on a similar note, Argenti and Druckemiller (2004) maintain that

if a brand promise is experienced consistently, this will lead to the brand's reputation to be strengthened.

One also has to keep in mind that clients' needs and preferences are ever-changing and not constant throughout time, thus, a brand promise may work and prove successful today, but it may not work tomorrow; the goal in this case is not to meet the purchasers' expectations and hopes, but to exceed them, to avoid being in a never-ending catch-up mode (Crandell, 2016). When a company is able to develop an effective and fascinating brand promise, this allows it to be direct and effective, increase revenues and encourage customer loyalty (Calagna, Rush and Reilly, 2017); furthermore, when a promise is kept, this translates into a lower cost of sales for the brand since selling to loyal and emotionally involved clients has proven to be less expensive than trying to acquire new ones (Calagna, Rush and Reilly, 2017). Likewise, when a brand is consistent in realizing its promise, this both strengthens brand equity and boosts the brand reputation (Calagna, Rush and Reilly, 2017). That being said, when the opposite happens, so when a company fails to keep its word and to consistently respect its promise, it can face some backlash and other negative consequences both from offline and online communities (Calagna, Rush and Reilly, 2017) leading to a damaged reputation, a loss of clients and – potentially – reduced revenues (SurveyMonkey, n.d.).

One last thing to mention when it comes to the definition of brand promise is the fact that it should not be mixed up with a brand's tagline, which is commonly defined as a short phrase or sentence used in advertising initiatives to create brand recognition; promises generally reflect the brand's set of values and beliefs and, thus, they are tendentially more intentional and well-thought-out, they are not elaborated to catch people's attention but to be communicative to the end client. Despite this, it is important to keep in mind that taglines, slogans, brand promises, vision, and mission statements may sometimes overlap (SurveyMonkey, n.d.).

2.2.2 A possible contradiction

Stop for a minute and think about your favorite brands; if one were to ask you if you know any of their brand promises, what would you say? In reality, it has been proven that most consumers are not aware of the brand promises of their favorite brands, and they will likely never be (Forden, 2018). Admittedly, what customers hold more dearly at heart are the tangible experiences they have with brands, the impressions they are able to form after an encounter with a specific brand and having observed said company from an up-close perspective (Forden, 2018).

So, one could ask, how can a brand build a promise that will actually work? Something customers can recognize and choose despite multiple alternatives?

Prior to delving into the actual practical steps to take when considering developing a promise, it could be insightful to identify its ultimate aims, and what a brand promise is supposed to obtain (SurveyMonkey, n.d.).

In the first instance, promises should build trust in the clientele, express clear and defined values (which were likely elaborated by the marketing department but need to be embodied and respected by the whole company), be an extension of the company's positioning marketwise, state its benefits and, ultimately, be authentic, credible and without any kind of constraint. In no brand promise there is space for vagueness or ambiguity (SurveyMonkey, n.d.). Basically, its main attributes should be *simplicity*, *realisticness*, *uniqueness*, *memorability*, *consistency*, and *measurability* (Indeed, 2022).

According to both Indeed (2022) and SurveyMonkey (n.d.), there are five main steps to take in order to construct and elaborate a powerful and successful brand promise; the first thing to do for any company is to get to know its customers, understanding who they are, what they need and how they perceive the brand. In this first phase, some useful methods to gain depth and insights can be surveys and interviews and, if needed, another recommended instrument could be creating personas based on the target customers. After this, starting from the gathered data, it is decisive to identify the customers' needs and to analyze the brand to gain an understanding

of the company's positioning in regard to quality, price, values, perceptions, etc. Following these analytical steps, it is advised to start articulating a first draft of the brand promise; this can be a very basic statement that still has some specificity that appeals to the clients, and which is still able to develop a certain level of brand awareness. The last step is then vehiculating the initial brand promise through the main communication channels and, besides asking for feedback and reviews, also measuring the efficiency of both the promise itself for the communication and delivery processes.

All things considered, the authors of this thesis really care that one thing is clear: to really make a brand promise stand out and differentiate itself from the thousands of alternatives out there, a company really needs to work and rely on closing the gap between the clientele's expectation and actual experience. When a brand promise is strong, well-rooted, and overarching in the company, this is one of the best possible ways to reinforce brand equity but, most importantly, to cultivate brand loyalty (Falkenberg, 1996).

2.2.3 Brand loyalty

Having discussed the concept of brand promise, the attention now shifts to one of the most widely discussed yet controversial topics in both marketing and brand management: brand loyalty. This has become an increasingly fundamental aspect for companies and that is why, already back in 2017 there were over 3.8 billion individual loyalty programs in the U.S. alone and this trend keeps on growing year after year (Colloquy Loyalty Census, 2017).

The concept of loyalty sparked an interest in marketing research as early as the 1920s and 1940s. However, it was not until 1952 that Brown published a series of articles on brand loyalty in his *Advertising Age*, marking the beginning of its coverage in the periodic literature (Kabiraj and Shanmugan, 2011).

One of the most acclaimed and complete definitions of brand loyalty was formulated by Jacoby and Chestnut in 1978, according to whom brand loyalty is "the biased, behavioral response, expressed over time, by some decision-making unit, with respect to one or more alternative

brands out of a set of such brands, and is a function of psychological decision-making, evaluative processes.”

In the realm of brand loyalty, one of the main contributors to the discourse is David Aaker (1991), who developed the acclaimed Brand Loyalty Pyramid, which delineates the different types and levels of loyalty.



Figure 2: The Brand Loyalty Pyramid (Aaker, 1991)

Starting from the bottom and going upwards, the first band represents non-loyal customers, those who are indifferent to the brand and, therefore, display little to no relevance to the company name in purchasing decisions. The next level refers to those customers who are not dissatisfied with the product and have no real reason to switch brands. At the center of the pyramid are the satisfied buyers who tendentially do not want to take risks changing products and could be therefore considered habitual purchasers. The second to last band hosts loyal buyers who see a friend in the brand, while the fifth – and last – level includes committed buyers, those whose level of loyalty is extremely high and rooted and that are so proud that they will likely recommend the brand to others (Aaker, 1991).

Despite being one of the most sought-after topics in marketing and management research, when it comes to approaches, brand loyalty is somewhat confined. In fact, there seem to be just two main perspectives: attitude-based and behavioral loyalty (Kabiraj and Shanmugan, 2011). The former is the emotional attachment that consumers have towards a brand and is based on their beliefs, attitudes, and values rather than their actual behavior. It can be measured via surveys or questionnaires that focus on the level of satisfaction and recommendation willingness or also buying intentions, and supplier prioritization (Copeland, 1923; Fournier and Yao, 1997). Loyalty becomes an attitude when it involves three different dimensions, namely cognitive, affective, and conative aspects (Oliver, 1997).

Despite this being without a doubt useful data, companies usually value more behavioral loyalty, which refers to the actual purchase behavior of a customer and is based on the consistency and frequency of a brand's purchase that can be measured with purchase data and tracking consumer behavior over time (IPSOS, 2016). Both of these indicators are insightful and a precious resource for companies, but it must be kept in mind that, at times, they might not be aligned; in fact, it can sometimes happen that a customer may have a high attitudinal loyalty towards a brand but still choose a competitor's offer due to price or convenience reasons (Dick and Basu, 1994).

Linked to this last categorization, another effective framework when approaching brand loyalty is Dick and Basu's Brand Loyalty Map (1994). This model categorizes consumers into four segments based on their behavioral loyalty/repeat patronage and relative attitudes. Repeat patronage is intended as the continuous exchange through multiple economic transactions involving units of output (Christopher, Lawson and Peck, 2004).

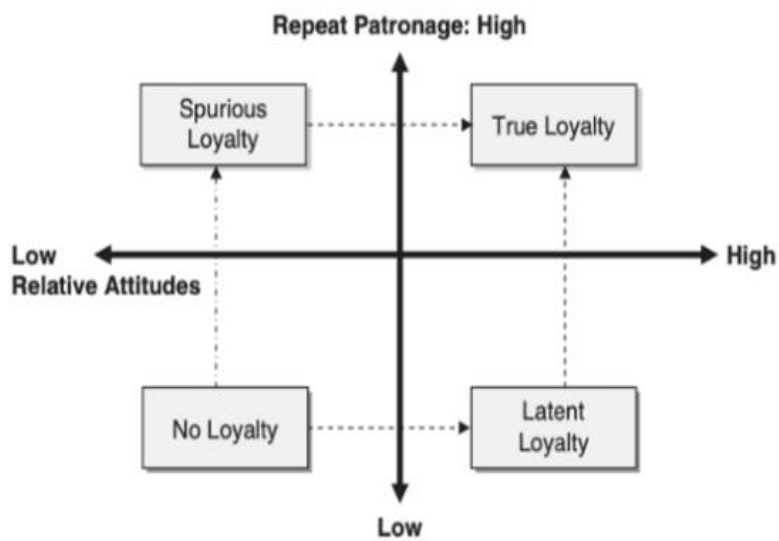


Figure 3: Dick and Basu’s Brand Loyalty Map (1994)

According to this model, loyalty reaches its highest potential - so, true loyalty- when there is a potent relationship between someone’s relative attitude towards a supplier and its rebuying rate per time. High brand loyalty allows for brand extensions, higher returns on investments and, ultimately, higher brand equity (Gounaris and Stathakopoulos, 2004). Latent loyalty has the same enhanced relative attitudes but, this time, they are coupled with a smaller number of purchases or no purchases at all. These latent but loyal clients are interesting subjects because they already have a robust attitude towards a company, so what the firm in question has to do is work on decreasing or reducing the barriers to transform this latency into true loyalty. On the opposite side of the model, spurious loyalty has the same high repeat patronage as true loyalty but also presents some common traits with inertia; these types of customers may then display loyal behavior but limited just to some specific occasions, like deals or special offers, and then, for the rest of the time, they tend to be open to competing offers. The last type is what Dick and Basu define as “No Loyalty” and arises when not only there is a weak relative attitude but also a low calling frequency.

2.2.4 What happens to brand loyalty when a brand breaks its promise?

When a brand breaks its promise - or, as in this thesis' case - the perceived promise, it can have a significant impact on brand loyalty.

Gensler, Völckner, Liu-Thompkins, and Wiertz (2013) discovered that the extent to which customers perceive a brand as fulfilling its promise is a key driver in determining customer loyalty. Their research also highlights that, when customers perceive that a brand has broken its promise, this causes lower levels of satisfaction, trust, and loyalty. This can be worsened by what was found out by Lacey and Morgan (2008), which is negative word-of-mouth and sharing of negative experiences with others, causing a phenomenon that could be defined as “anti-advocacy”.

Despite the evident connection between a brand's failure to fulfill its promise and the consequent decline in customer loyalty, the authors of this study, after an exhaustive review of relevant materials, could not help but notice a gap in the literature regarding this specific topic. Keeping this limit in mind, what this research intends to do is to prove this connection and to put the foundations for further research as companies should be informed about the consequences of radical decisions.

2.2.5 Consumer-brand relationships

Following a managerial perspective, building long-lasting relationships between brands and consumers can lead to brand loyalty, positive word-of-mouth, and higher chances of forgiveness when a brand makes mistakes (Bertilsson, 2017). Similarly, according to a consumer-centric perspective presented by Tuškej, Golob, and Podnar (2011), consumer-brand identification can have an impact on brand preferences, a sense of belonging to a community, consumer satisfaction, and consumers' willingness to pay a price premium.

The common ground between these two perspectives is the definition of consumer-brand relationships, which are described as “the individual's sense of sameness with a particular brand” (Tuškej et al., 2011).

According to the Consumer-Company identification framework by Bhattacharya and Sen (2003), in order for strong consumer-brand relationships to be formed, these need to be sought out by consumers themselves. Consumers have a need to identify themselves with brands and companies to reach self-realization and feel attracted to those companies that allow them to fulfill at least one of the following needs: self-continuity, self-distinctiveness, and self-enhancement (Bertilsson, 2017).

In existing literature, there are two different approaches to consumer-brand identification, namely an interpretative/sociological one, and a psychological one (Tuškej et al., 2011). The interpretative/sociological perspective focuses on the structures within which the identification process takes place; brands, as signifiers of consumer goods, have an active role in defining consumers' identity and can highlight their uniqueness (Tuškej et al., 2011). Despite the fact that a relationship between consumer and brand is not interpersonal, brands can assume an active role in this relationship through humanization processes enacted by consumers (Fournier, 1998). On the other hand, the psychological perspective sheds light on the individual level of these processes and is based on a social identity theory, according to which the more a brand expresses and highlights a consumer's identity, the higher the level of consumer-brand identification (Kim, Dongchul and Aeung-Bae, 2001). Furthermore, there is a distinction between personal and social identification: personal identification occurs when consumers identify with the brand and develop an affinity toward it, while social identification assumes that the brand acts as a tool to communicate the desire to belong to or disassociate from specific social groups (Del Rio, Vazquez and Iglesias, 2001).

2.2.6 The Brand Relationship Quality Model (BRQ)

The brand relationship quality model (BRQ) was developed by Fournier (1998) and explains how brands contribute to the initiation, maintenance, and destruction of consumer-brand relationships. Simply stirring up positive feelings is not enough, and the BRQ model presents the necessary facets to keep a consumer-brand relationship alive, which are:

- *Love and passion*: believing a brand is irreplaceable and noticing when it is missing, similar to what is the case with people, is the first step towards a strong relationship;

- *Self-connection*: the extent to which a brand supports an individual's self-expression strengthens the relationship by making it unique;
- *Interdependence*: refers to the interactions between consumers and brands, which take place, for example, through consumption rituals;
- *Commitment*: loyalty to a brand, especially in hard times, supports the durability of the relationship;
- *Intimacy*: the more interactions between brand and consumer pile up over time, the more a sense of intimacy is developed, which contributes to relationship stability;
- *Brand partner quality*: the perception that the brand, as part of the relationship, performs above expectations leads to strength and satisfaction (Fournier, 1998).

According to Fournier (1998), there are four conditions that are to be met in consumer-brand relationships. First of all, brands do not act as passive objects, but rather have an active role in the relationship dyad and, to do so, are often anthropomorphized by consumers (Fournier, 1998). Secondly, relationships are purposive, which means that they must bring meaning into a person's life and are intrinsically connected with all other relationships going on in his or her life (Fournier, 1998). Thirdly, relationships are complex phenomena in the sense that they can assume different forms and consequently provide multiple different benefits to participants (Fournier, 1998). Lastly, relationships evolve and change over time because of the context in which they take place (Fournier, 1998).

Levinger (1983) suggests that relationships evolve in the following stages: initiation, growth, maintenance, deterioration, and dissolution. From this theory, Fournier developed the *stress model* (1998) to describe how consumer-brand relationships deteriorate and dissolve. In this, there are three factors that lead to the deterioration of the relationship: partner-oriented stresses, environmental stresses, and relational stresses (Fournier, 1998). Partner-oriented stresses can be caused by changes in values or personality that make the consumer-brand fit seem unacceptable and generate dissatisfaction in the relationship (e.g., a change in values so great that the consumer no longer identifies with the brand) (Bertilsson, 2017). Environmental stresses are imposed by circumstances that make the continuation of the physical relationship highly problematic (for example moving to a country where the product is not available)

(Bertilsson, 2017). Relational stressors involve breaking the rules of the relationship, breaking a promise, or neglecting the relationship partner (for example, the consumer perceives that the quality of the good or service is deteriorating) (Bertilsson, 2017).

2.2.7 Negative emotions

Considering that this thesis aims to investigate consumers' emotions and attitudes following a negative event, it is appropriate to dedicate a section to negative emotions and not limit the discussion to positive ones. Consumer-brand relationships have the potential to evoke both positive and negative emotions. Research in psychology (Hegner, Fetscherin and van Delzen, 2017) has shown that it is easier for consumers to recollect negative events rather than positive ones; despite this, there is still limited research in this field.

Emotions are generally classified as either positive or negative. Positive emotions occur when a favorable physiological or psychological experience is followed by a positive evaluation (Lopez and Synder, 2009). Conversely, negative emotions arise from unpleasant situations or times when one moves away from the desired goal (Lazarus and Folkman, 1984). The main negative emotions that have been studied in previous research are hate, fear, anxiety, guilt, distress, disappointment and regret, rejection, anger, and dislike (Khatoon and Rehman, 2021). Among these emotions, the ones that resonate most with the purpose of this study seem to be hate, disappointment and regret, and anger.

Hate is among the most studied emotions because of three reasons: brand hate can lead to damaging the company's reputation through negative word-of-mouth and brand avoidance. Brand hate is the most intense emotion of all and is the consequence of negative performance and discontent with a brand (Khatoon et al., 2021). In addition, considering that today everyone has the opportunity to express their opinion about a brand online, it is easy for criticism to reach a large number of users (Khatoon et al., 2021).

Disappointment towards a brand can be defined as “an emotion stemming from outcomes that do not match up to previously held expectations” (Zeelenberg and Pieters, 2013). On the other

hand, regret occurs when a customer chooses the wrong option when presented with alternatives (Zeelenberg, 1999). Both are experienced when what has happened does not match what could have happened (Khattoon et al., 2021).

Anger can range from slight irritation to intense rage and occurs when consumers live an unfair or dangerous consumption experience, resulting in a perceived loss of rights (Khattoon et al., 2021). Shaver, Schwartz, Kirson, and O'Connor (1987) classified anger into sub-categories: rage, irritation, exasperation, disgust, envy, and torment.

2.3 Theoretical framework

The objective of the literature review dedicated to service brands was to establish a comprehensive understanding of the workings of OTT (over-the-top) services by identifying their strengths and weaknesses. Emphasis was placed on investigating factors that contribute to user retention and increased stickiness in the OTT market, as well as key weaknesses such as subscription fatigue. After obtaining a better understanding of the OTT market, we focused our attention on three main theories: brand promise, brand loyalty, and consumer-brand relationships. The purpose of this thesis is to explore the impact of negative decisions on service brands, which may require different approaches compared to product brands, as well as the possibility that consumers behave differently when engaging with services. The theoretical framework developed in this study is based on marketing and customer engagement theories to demonstrate how these can be applied to service brands, thereby providing insights into the OTT market, and answering the research questions.

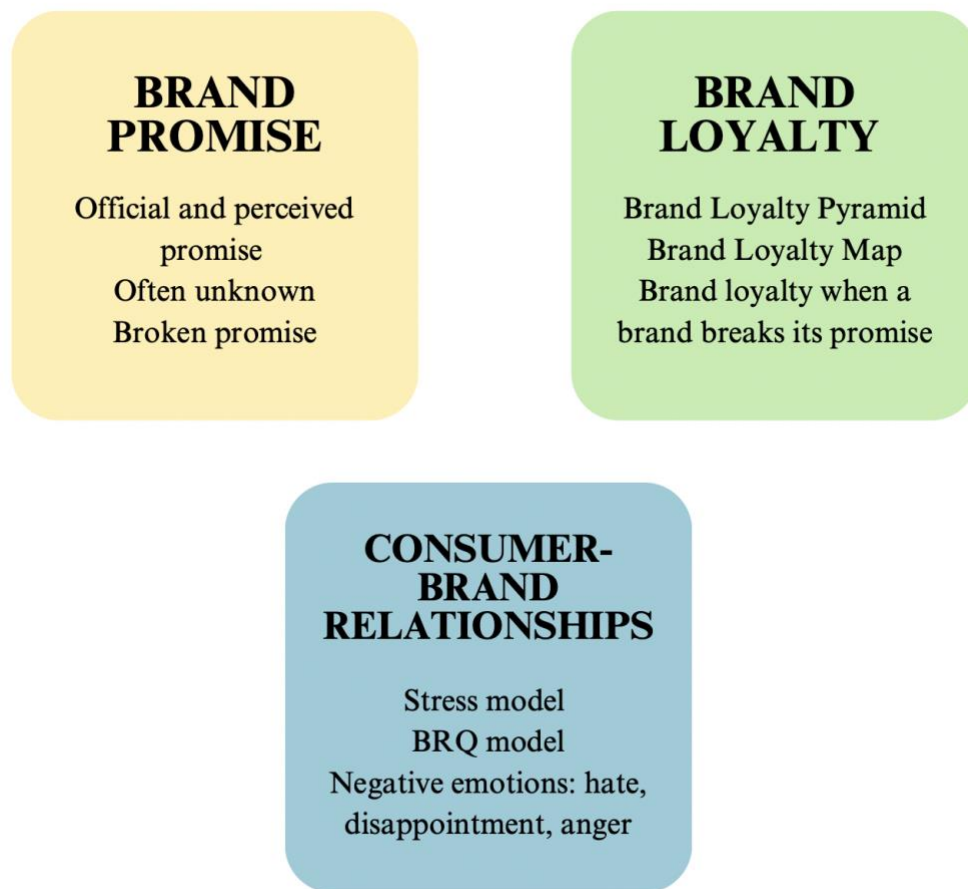


Figure 4: Theoretical framework (own illustration)

The theoretical framework for this thesis is based on three main concepts: brand promise, brand loyalty, and consumer-brand relationships. Starting from the literature review, this paragraph proposes a framework that links these concepts together in order to answer the research questions. According to this framework, brand promise is one of the main drivers of brand loyalty, which consequently shapes consumer-brand relationships.

The concept of brand promise is crucial to this study because consumers associate specific characteristics and features with the brands they use in their daily lives, even if they are not fully aware of the brand's official promise (Roper and Fill, 2012). These associations shape consumers' expectations and perceptions of the brand, and any changes or omissions that occur can have a negative impact on their loyalty, similar to the effect of an official promise being broken (Roper and Fill, 2012).

In the case of Netflix, account sharing is a key characteristic of the platform that is widely perceived by users, even though it is not explicitly included in the company's official brand promise. Therefore, Netflix's decision to eliminate this feature is likely to negatively affect its perceived authenticity and consistency.

This study also subsequently considers the concept of brand loyalty, as any failure to uphold a brand promise, whether official or “perceived”, can significantly impact consumer loyalty and potentially lead to a weakening of the relationship between the consumer and the brand. In order to answer the research questions, we have decided to use Aaker’s Brand Loyalty Pyramid (1991), which describes the different types and levels of consumer loyalty. This model is particularly useful to answer the first research question: *How does Netflix's policy change on password sharing affect consumers' perception of the brand promise and their willingness to continue using the service?*. We decided to rely on this classification because we hypothesized that, depending on the level of brand loyalty, consumers' perceptions of the fulfillment of the brand promise might differ. This differentiation will later be used in the analysis to test this hypothesis. In order to answer the research question in the most complete way possible, we have decided to utilize multiple frameworks that offer different perspectives on the concept of brand loyalty. While Aaker’s Brand Loyalty Pyramid (1991) provides a useful classification of consumer loyalty levels, it does not fully capture the complexity of the phenomenon. For this reason, we have opted to incorporate Dick and Basu’s model into the literature review (1994) as well. The choice of utilizing both frameworks stems from the desire to provide a more comprehensive understanding of how brand loyalty, in all its different levels and facets, may impact consumers’ perceptions of the brand promise and their willingness to continue using the service.

Dick and Basu’s model (1994) offers a particular perspective on brand loyalty because it takes into account both behavioral and attitudinal loyalty. To address the research questions, we have opted to concentrate on attitudinal loyalty. This decision is based on the fact that the primary objectives of this thesis entail comprehending customers' attitudes, perceptions, and emotional

connections to Netflix. While recognizing that attitudes may not always translate into behaviors, and that there may be a gap between customers' feelings and their actions, it was crucial for us to recognize the emotional drivers that impact loyalty.

The final component of the theoretical framework is consumer-brand relationships, which is particularly helpful in order to answer the second research question: *How do consumers' negative emotional responses, such as hate, disappointment, and anger, towards Netflix's policy change on password sharing vary based on their perceived levels of engagement, trust, and loyalty towards the brand, as well as their past experiences with the service?*. Consumer-brand relationships are necessary in order to build loyalty, positive word of mouth, and forgiveness in case of brand mistakes (Bertilsson, 2017). We have decided to include in the review Fournier's (1998) Brand Relationship Quality Model (BRQ) to gain a deeper understanding of the stages in which consumer-brand relationships evolve, namely initiation, maintenance, and destruction. This model also suggests that, to sustain a consumer-brand relationship, there must be an emotional link between consumers and brands, such as love and passion, self-connection, interdependence, commitment, intimacy, and brand partner quality. In order to answer the second research question, it is important to understand these factors and use them as a basis for learning how consumers' emotional responses toward Netflix's latest policy change may vary depending on their level of connection with the brand.

In order to provide a comprehensive review, we additionally addressed the negative emotions that link the brand and its consumers. Such an approach constitutes a vital foundation for an in-depth understanding of not only the negative emotions experienced by consumers with respect to the policy change but also their possible consequences. We centered our investigation on three primary emotions, namely hatred, anger, and disappointment, in order to answer the research question.

3 Methodology

This chapter is intended as an opportunity to present the methodology and the thinking behind this master's thesis. Starting from the more abstract and philosophical aspects of the study, which are ontology, epistemology, and methodology, we will proceed to talk about the selected approach and design, highlighting the real protagonists of the study, Netflix's consumers. To give as complete an idea as possible of the work carried out in recent months, there will be sections where aspects such as sampling, data collection methods, data analysis, and its consequent evaluation will be specifically explored.

3.1 Research philosophy and approach

Since the philosophical implications referred to the research theory often tend to be perceived as abstract or complicated, we have chosen to facilitate their explanation using a metaphor proposed by Easterby-Smith, Thorpe, and Jackson (2021), who try to portray and exemplify the philosophical process behind every research with a tree metaphor. The authors give a visual representation of the main steps that need to be taken during each research process, from inception to publication. According to them, a tree is formed by four main sections - roots, trunk, leaves, and fruits - each one representing a crucial step to tackle when working on a research (Easterby-Smith et al, 2021).

The philosophical traditions from which different orientations and positions depart are the roots of the tree; these serve as starting points from which researchers elaborate their design, methods, and analyses (Easterby-Smith et al, 2021).

From the roots then departs the trunk, whose task is both to transport and distribute the accumulated nutrients not only to the branches, but most importantly to the leaves and fruits, and to fortify the entire structure of the tree. Looking at the section of a trunk, it can be seen

that it is made up of many concentric centers which, in this context, represent ontology, epistemology, methodology, and methods and techniques, namely the four main characteristics of any research design (Easterby-Smith et al, 2021).

Ontology is not only the innermost circle, but also the densest, signifying the basic assumption that a researcher makes about the nature of reality. A possible definition of ontology should include the purely philosophical assumptions that are elaborated about the nature of reality (Easterby-Smith et al, 2021). Immediately after there is epistemology, the assumptions that are made on what are the best ways of dealing with the nature of the world; typically, these are a set of assumptions about the best ways to investigate the nature of the world (Easterby-Smith et al, 2021). The third circle is methodology, a term that refers to the way in which techniques and methods are grouped together to ensure consistency and coherence when researching a specific situation (Easterby-Smith et al, 2021). According to the authors, the last circle, that of the bark, represents the individual methods and techniques that have been selected to collect and analyze the data.

Moving on to the rest of the tree, the leaves are the collection and analysis of data carried out in the context of a single research project which will then generate new ideas and allow the evaluation and comparison of already existing theories. Finally, the fruits exemplify the research output, the results found, their writing, and sharing (Easterby-Smith et al, 2021).

3.1.1 Ontology

Focusing briefly on ontology, it must be said that according to Easterby-Smith et al (2021) there are four prevailing theories - realism, internal realism, relativism, and nominalism - which are distinguished according to their view of truth and facts; for example, realism claims that there is only one truth and that facts exist and can be disclosed, while nominalism - the opposite current - argues there is no truth and that facts are all a mere human creation. With regard to this research specifically, we intend to follow a *pure relativist approach*, considering that there are many different truths and that, often, facts depend on the point of view of the observer. In this study, relativism allows us to explore how diversified consumers' perspectives and

interpretations can be in regard to Netflix's latest policy change. To do so, the goal of this study is to capture, through focus groups and interviews, the complexity of Netflix users' experiences to understand how each of them perceives this change. Essentially, taking a relativist approach is in line with the qualitative and interpretive approach of the research questions and methods and allows us to interpret the phenomenon from multiple different perspectives and provides insight into how individuals' reactions can be influenced by their thinking, values, and prior experience with the brand.

3.1.2 Epistemology

Turning now to the concept of epistemology, it must be emphasized that there are two main contrasting visions, the positivist, and the social constructivist (Easterby-Smith et al, 2021). According to the positivist vision, the social world exists externally, and its properties should be measured with objective methods rather than through sensations, reflections, or intuitions (Easterby-Smith et al, 2021). Reality is therefore external and objective, and knowledge becomes meaningful only when it is based on external observations.

On the other side of the spectrum, social constructivism is the idea that reality is not determined by objective and external factors, but rather by people; consequently, the most important thing becomes to appreciate how people try to make sense of their experiences (Easterby-Smith et al, 2021). There are consequently two "strong" versions of both of these views; the strong positivist one states that there is "a reality that exists independently of the observer" (Easterby-Smith et al, 2021) and therefore the researcher's role lies in discovering the theories and laws that explain this reality, while the strong constructivist one suggests that there is no pre-existing reality and therefore researchers should focus on understanding why people create structures to make sense of what is happening around them (Easterby-Smith et al, 2021).

Given the nature of this research, we have decided to adopt a *social constructivist* approach, according to which the social world is not objective, but rather constructed by people based on their experiences (Easterby-Smith et al, 2021). We recognize the importance of understanding how individual consumers perceive the policy change in their own way and how their

perceptions form different emotional responses, which eventually might impact brand loyalty. The implication of choosing this approach is that this study will use a qualitative approach and data will be mainly collected through focus groups, interviews, and netnography to gain more insight into consumers' subjective opinions. According to Easterby-Smith et al (2021), when applying a constructivist approach, one is aware that there are multiple realities, and therefore the researcher has to analyze different perspectives using different research methods that can complement each other.

In the next paragraph, it will be discussed how these two concepts also influence how the research is carried out, especially for what it concerns methodological and research techniques.

3.1.3 Qualitative research

This research will be centered on a *qualitative approach*, which is a term that is used to indicate every research that produces findings that cannot be arrived at using statistical procedures or other quantitative means (Strauss and Corbin, 1998). When research is carried out in a qualitative way it either focuses on people's lives, experiences, behaviors, emotions, and feelings, or on social movements, cultural phenomena and, as proved by this thesis, organizational functioning (Nilsson, 2023). It is therefore a non-mathematical interpretation that is undergone with the purpose of discovering concepts and relationships (Nilsson, 2023). When conducting this type of analysis, the aim should not be mathematical as much as on discovering correlations and relationships (Nilsson, 2023). Generally speaking, qualitative methods are sensitive to wider, deeper, and richer descriptions of societal phenomena and, therefore, doing research in a qualitative way calls for creativity and reflexivity, and allows the researcher to make abductive choices regarding the theoretical framework throughout the whole nonlinear process (Nilsson, 2023). Reflexivity stands for "the conscious and consistent efforts to view the subject matter from different angles and avoid or strongly a priori privilege a single, favored angle and vocabulary" (Alvesson, Hardy and Harley 2008); in short, authors need to be conscious of how their choices may affect the results of their work. Almost nothing in qualitative research is set in stone since there is always room for improvisatory elements and researchers do not have to follow a predetermined path (Nilsson, 2023).

As authors of this research, we opted for a qualitative research due to the novelty and relatively unexplored nature of our chosen topic. Our aim is to dive into many different subjective experiences while also gaining an overarching in-depth understanding. Given the main topic and the correlated research questions, it is our intention to focus on more personal and subjective matters, including consumers' prior experience with Netflix, the impact of the latest policy change on consumers, the emotions evoked in response to the policy change, and whether consumers believe the policy change contradicts Netflix's promise or not. Therefore, we decided to complement more traditional methods like interviews and focus groups with a netnography, to triangulate the results obtained and to get data from both in-person interactions and online observations. Additionally, since our topic is extremely influenced and dependent on its context, qualitative research has allowed us to study it in its "natural" setting while also letting us build theory, since the existing one was quite limited and not comprehensive enough. Lastly, one other reason that incentivized us to choose qualitative research is its highly ethical consideration and sensitivity because its methods prioritize the rights, confidentiality, and privacy of the people involved.

In his article *Ten standard objections to qualitative research interviews*, Kvale (1994) lists some of the most frequently mentioned limitations and stereotypes of choosing to conduct a qualitative research. We are well aware of them and kept them in consideration throughout the research process and, that is why we also wanted to briefly mention them in this section for completeness of information and for a matter of fairness to the readers. First of all, many complain that qualitative research is not scientific, but only common sense as it is not objective, but only based on subjective factors. Being based on personal aspects such as impressions, feelings, and experiences, some may say that this type of research is not trustworthy or reliable, but biased as different interpretations find different meanings (Kvale, 1994). Other criticisms mentioned by Kvale (1994) concern the fact that this kind of testing is not at all scientific but only explorative and that it cannot be considered valid at all because, traditionally, valid statements need to be well-grounded, justifiable, strong, and convincing.

3.2 Research design

Method and design, despite being often confused and mixed up, are two different components of a research. Design, in fact, regards the choices about what will be observed and how (Easterby-Smith- et al, 2021). The first step when developing a research design is to identify the research questions, which should explain the motivations that have pushed the researchers to choose a particular topic. Once the research questions are identified, there are some consequent choices and decisions that need to be made (Nilsson, 2023).

The first one regards the type of data that needs to be gathered; based on the studied phenomenon, researchers need to comprehend which kind of data would be more useful to help them answer their research questions. There are two main types of data in research, *primary* and *secondary*; the former includes all the new information that is collected directly by the researcher for the purpose of the study at hand, whereas the latter concerns information that already exists in different forms (publications or on electronic media) but that can be useful for the object of study (Nilsson, 2023). Some examples of secondary data that can be used are descriptive statistics or company/government information and internal documents.

With this thesis, we used both of these types of data as we relied on pre-existing documents and literature to gain knowledge and insights on the main theoretical models and framework and then, starting from these, we also collected some primary data from different sources to be more specific and make this research as detailed as possible.

The second step is to find a way to gather the desired data; depending on whether the study is quantitative or qualitative, there will consequently be different alternatives to get to the wished outcome (Nilsson, 2023). Some of the main methods are interviews, observations, ethnographies, surveys, focus groups, document studies, etc. Since we wanted to both gather many personal insights and understand the digital behavior of Netflix's customers, we opted for focus groups, semi-structured interviews, and netnography as our main sources of information.

The third choice involves identifying where to gather the data from, so the sampling logic behind the study; this can be directly from individuals, or from more complex entities like organizations or companies, as well as from consumers or experts (Nilsson, 2023). Another decision to make is the sampling process, so the author needs to choose the main methods of sampling and be consistent with them throughout the research. There is no need to label the chosen methods, as much as it is common to combine and mix them, it is quite uncommon to label them. The main sources of data for this master's study were Netflix consumers, specifically consumers from different backgrounds (educational, professional, ethnical, demographical) that have been subscribed - with a shared account - for at least one year. For this thesis, the participants were chosen and identified via *purposive sampling*, which will be further discussed in section 3.4. We gathered data until what we considered to be our *saturation point* since there was enough data to ensure that we would be able to answer the research questions while also always keeping in mind the ultimate research purpose.

3.2.1 Case study

When conducting research on a complex phenomenon such as the impact of Netflix's latest policy change, it is crucial to rely on a design that allows for a thorough understanding of the phenomenon and the connection with its context. One approach that is particularly effective in this case is the case study method. Therefore, this study is based on a case study on the latest policy change introduced by Netflix, to which three main theories are related, namely brand promise, brand loyalty, and consumer-brand relationships. In this way, the policy change is analyzed from a specific angle, that is, from the three theories mentioned above. At the same time, by placing a real case alongside theories, these can be deepened, and new facets can be identified. Using Netflix as our case study is a deliberate and strategic choice that will allow us to gain a deeper understanding of the impact of the policy change, while also contributing to the broader theoretical development in the field of consumer research.

Yin (1981) argues that a case study's findings are likely to be more convincing and accurate when they are based on several different sources of information and are extracted through a

corroborative mode. The observations are necessary to add new dimensions and depth to the subject of study which will ultimately create a whole new view of the phenomenon itself.

We dealt with both passive and active data since the former is what we were looking for, what appears from the research and investigation, whereas the latter is what was ultimately found with the discovery (Bertilsson, 2023).

However, case studies also have flaws that authors need to consider, as mentioned by Yin (2013); first of all, case studies are often very rich and detailed in the descriptions of events and situations but lack compelling and overarching conclusions. In addition, some case studies' data are at times insufficient as they only provide partial support to certain theories or frameworks and are only used in a quasi-deductive way. Lastly, certain case studies employ multiple cases and, therefore, rely on some sort of statistical generalization which is not ideal when carrying out qualitative research (Yin, 2013).

To ensure the validity and reliability of this study, we carefully considered the potential flaws associated with this research method. As for the first concern regarding case studies failing to generate overarching conclusions (Yin, 2013), we employed a rigorous analytical approach through thematic analysis in order to identify key themes and patterns in our data. Furthermore, we ensured that our findings are grounded in the existing literature, linking them to the three main theories in this study. In terms of data insufficiency, we used a triangulation approach using multiple data sources. Finally, to avoid statistical generalization, we focused on a single case and developed context-specific insights into our topic.

3.3 Data collection methods

After considering ontology, epistemology, and research design, the next layer of the trunk to be elaborated is methodology; with this term, one indicates the combination of methods used to enquire into a specific situation (Easterby-Smith et al, 2021). This section also includes insights into the different methods used for data collection, namely interviews, focus groups, and netnography.

3.3.1 Abductive approach

According to the words of Easterby-Smith et al (2021), deduction is when one starts from a theory and then proceeds to test it with some hypotheses; generally speaking, a deductive approach involves starting from a general principle, forming some hypotheses and then, after making predictions, testing these by comparing them to the original theory.

With induction, the process is the opposite as it starts from collecting data regarding something (an event, a phenomenon, a company), sorting through it to find common patterns and themes, and then, based on these commonalities, developing a theory or some principles.

Since these two alternatives can at times appear a bit strict, a third alternative called abduction was elaborated. This approach, according to Dubois and Gadde (2002), implies an inference to the best explanation and a continuous interplay between theory and empirical observation even if it can be said that it is closer to induction than deduction as it focuses more on theory refinement than theoretical generation.

Considering the research questions and the research design, it is reasonable to say that this study follows an abductive approach.

3.3.2 Data collection

To answer the research questions, we have decided to collect data through focus groups, interviews, and netnography. Two focus groups and five semi-structured interviews were conducted to gain insights on three macro categories, namely general impressions of users on Netflix, relationship with the brand and negative emotions, and brand promise. This data was complemented by a thorough analysis of online comments through netnography. The authors collected sixty comments on the website Reddit posted by Netflix users.

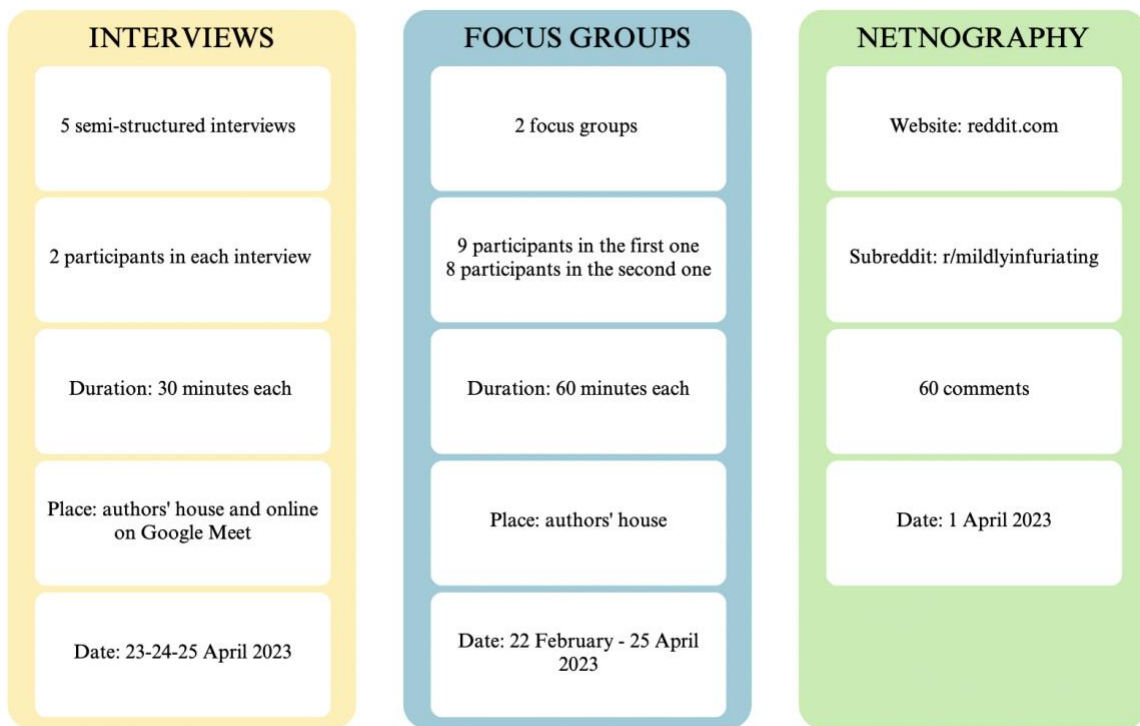


Table 1: Data collection methods

3.3.3 Selection criteria and sampling strategies

In every research, the sampling process plays an important, if not essential, part. With this analysis, we opted for a *non-probability design*, which is a classification that identifies designs where it is not possible to state the probability of any member of the population being sampled (Easterby-Smith et al, 2021). Since the likelihood of any entity being included in the sample is unknown, it is harder for the researchers to confidently believe that their claims can be applied to the larger group that the sample is taken from (Easterby-Smith et al, 2021). Between the different possible options, we chose *purposive sampling*, which is characterized by the fact that criteria for inclusion are defined and that entities are first screened to evaluate whether they meet these criteria and, if they do, they are then included in the sample (Easterby-Smith et al, 2021). In the case of this study, the fact that the sampling of participants was *purposive* meant that the participants in the focus groups shared a certain homogeneity. In fact, in screening the participants, we reached out to them according to the following criteria: first of all, we selected

those people who are subscribed to the platform (and have been for at least one year); secondly, we explicitly asked whether these participants shared their accounts with other people or not. Then, we selected only those consumers who share their accounts with friends and family.

Despite non-probability designs being extremely appealing and compelling to researchers because of the richness of data that can be derived from smaller samples, it is always necessary that they consider how these same samples sit within the larger groups from which they are drawn. As much as the gathered insights can seem detailed and elaborate, this does not mean that they can be applied to broader firms or instances (Nilsson, 2023).

The table below (Table 2) will include some demographic information about the participants in the focus groups and interviews.

Identification number	Gender	Age	Occupation	Country of origin
Participant 1	Male	43	Entrepreneur	Italy
Participant 2	Female	30	Student	Italy
Participant 3	Female	26	Student	Italy
Participant 4	Female	20	Student	Italy
Participant 5	Female	51	School principal	Italy
Participant 6	Female	17	Student	Italy
Participant 7	Female	20	Student	Italy
Participant 8	Female	23	Student	Italy
Participant 9	Female	55	Entrepreneur	Italy
Participant 10	Male	57	Dental technician	Italy
Participant 11	Female	60	Beautician	Italy
Participant 12	Male	70	Teacher	Italy
Participant 13	Male	23	Journalist	Italy
Participant 14	Female	22	Student	Italy
Participant 15	Female	23	Medical technician	Italy
Participant 16	Female	23	Student	Italy
Participant 17	Female	25	Student	UK
Participant 18	Female	26	Student	Tunisia
Participant 19	Female	25	Student	Germany
Participant 20	Female	24	Student	Italy
Participant 21	Male	32	Student	Colombia
Participant 22	Male	27	Student	Sweden
Participant 23	Female	26	Student	Tunisia
Participant 24	Female	24	Student	Finland
Participant 25	Female	50	Masseuse	Italy
Participant 26	Female	35	Secretary	Italy

Table 2: Demographic information on participants

3.3.4 Focus groups

One main method of data collection that was used for this thesis was undoubtedly focus groups. This term was used for the first time by Merton et al in the classic *The Focused Interview* (1956) and represents one of the most successful research tools in many fields, but especially in the social sciences. A focus group is a group interview where the group itself has been selected by the researcher; it can be extremely helpful in understanding how certain groups of people react to a problem or a common experience and it is also cost-effective (Nilsson, 2023). Therefore, its biggest strength lies precisely in the group interaction, which emerges from the simultaneous involvement of a number of respondents interviewed precisely to collect data and information on a very specific episode and guarantees an improvement of the quality of both ideas and opinions (Nilsson, 2023). Besides group interaction, the two other main characteristics of focus groups are the gathering of data rather than ideas and the active role of the researcher as a catalyst or moderator (Carson, Gilmore, Perry and Gronhaug 2001).

Before conducting a focus group, it is necessary for researchers to develop a good understanding of the phenomenon they are going to analyze in order to be able to elaborate sensible questions which can lead to rich and natural conversations (Carson et al, 2001).

The second step is to decide both the number of focus groups that will be held as well as the number of participants, the length of the sessions, their location and date, and, most importantly, the choice on how to identify and select the respondents (Carson et al, 2001). In most cases, as in the case of this research, it is recommended to make a purposive selection so as to be sure that those who have been selected make a significant contribution to the research. There is a certain level of disagreement about how heterogeneous or homogeneous groups should be; in general, it is said that if the problem addressed is well contextualized and defined, it will be better to focus on the homogeneity of the group, ensuring that there is some aspect that unites the chosen people (Carson et al, 2001). Ideally, the number of participants should be between 5 and 8. As Tracy (2012) states, the composition of the focus group significantly affects its quality; if the respondents do not have some point of reference in common it could be difficult to moderate the discussion. The fact that participants were chosen according to specific criteria (see paragraph 3.3.3) made for a very smooth conversation because all participants had in

common not only the practice of using the platform but also sharing it with other friends or family members.

It is usually recommended to do focus groups until *saturation*, that is until the answers begin to repeat themselves and the interviewers can in a certain sense predict what will be said; this usually happens after three to four interviews, when the variation in the collected data levels off (Nilsson, 2023). For this research, we conducted two focus groups that were complemented by five interviews and stopped looking for additional participants when the answers to the questions started repeating themselves and multiple different perspectives were obtained.

In addition to the research and selection of respondents, another fundamental element lies in the interviewer who must also act as a moderator, facilitator, and catalyst (Carson et al, 2001). The interviewer must ensure that there is a good balance between too much and too little structure to allow respondents to feel free to express themselves without particular constraints, while still respecting and addressing all topics, even the most "uncomfortable" ones (Carson et al, 2001).

Also, as regards the topics covered, they should not be more than twelve and it is recommended that they are "open-ended", so as to act as a stimulus for the participants; another useful strategy may be to start from generic issues and then gradually become more specific (Carson et al, 2001). When choosing what questions to ask, we kept in mind our theoretical framework and tried organizing the questions according to the main themes.

The questions that we posed during the focus groups and interviews can be traced back to this framework:

- Icebreaker: participants were first asked about their experience with Netflix, including what they like and dislike about the service, and what they believe sets Netflix apart from its competitors. We used these questions to dampen the initial embarrassment and make each participant feel at ease in the conversation; this also helped in involving everyone in the conversation;

- Consumer-brand relationships and negative emotions: next, we presented participants with a list of negative emotions (such as hate, disappointment, anger, and other) and asked them to share their feelings in regard to the policy change;
- Brand promise and brand loyalty: we then asked participants whether they were aware of Netflix's brand promise (to provide an idea of what a brand promise is, we showed participants Amazon's, Coca-Cola's, and Nike's promises), and presented them the promise before asking whether they felt that Netflix is going against it. Finally, we asked participants to discuss the potential consequences of the policy change.

All questions were open-ended to allow participants to express their thoughts without too many restrictions. We used the same framework for both focus groups and interviews.

Among the potential downsides that can arise when conducting focus groups are that, on the one hand, group members can influence each other and, on the other hand, the interviewer can exert some influence that affects the respondents by suppressing their ideas (Morgan, 1988). We were aware of these issues and took steps to address them. To prevent participants from influencing each other, we created a friendly environment and ensured that no one was trying to force their opinions on others. This approach worked well, as we had a diverse range of perspectives in each focus group, and everyone was respectful. To avoid influencing participants ourselves, we limited our responses during the interviews to a simple "okay" after someone finished speaking. This way, we made it clear that we did not necessarily agree or disagree with any particular comment.

3.3.5 Interviews

After conducting two focus groups and gathering many insightful collective impressions and opinions, we decided to complement these by conducting additional interviews. Among the different methods that can be used for qualitative research, interviews are some of the most insightful and important ones. One thing about interviews is that they are always co-created, in the sense that they are not only contextual but also negotiated and, thus, when carrying them out it is important to put effort into understanding the respondents' world and how it influences their reasoning logics and constructs (Nilsson, 2023). Interviews are an exemplary method to

use when wanting to gain insights about people's experiences and stories, historical events, reasons, rationales and rationalization, and perspectives (Nilsson, 2023). Interviews can be conducted both face-to-face and remotely, but the former should be preferred as it allows to build a rapport with the interviewee as well as catching non-verbal cues such as body language (Nilsson, 2023). The most common type of interview is the *semi-structured* one, which implies a mix of predefined and open questions with the aim of gathering detailed and thorough information regarding the chosen topic; during these interviews, the interviewer has a list of main questions but also has the possibility to add other ones based on the interviewees' answers and responses (Easterby-Smith et al, 2021). This allows the main researcher to have a starting structure while also keeping the flexibility of exploring other topics if necessary. Generally speaking, it is advised to always prepare an *interview guide* with a feasible number of questions, icebreakers, and more challenging questions (Nilsson, 2023).

For this research, we chose to conduct semi-structured interviews to investigate the same concepts as the focus groups, but in greater depth. In fact, the questions we asked were the same questions we prepared for the focus group. The aim of conducting interviews was, in fact, not to have different answers to different questions, but rather to go more into detail with each participant who had had a particular experience with the company. This would have been more difficult to actualize in a focus group context, where each participant has limited time to express their thoughts. The sampling strategy for interviews followed the same criteria as focus groups, with an additional one: we selected those consumers who had particular experiences with Netflix or who reacted differently to the change. For example, among the participants in the interviews, the authors selected a pair of Netflix users who, unlike all the other participants, terminated their subscription to the platform as soon as the first rumors regarding the change spread.

3.3.6 Netnography

According to Kozinets (2002), netnography is “an online marketing research technique for providing consumer insights. [...] It is ethnography adapted to the study of online communities” (Kozinets, 2002). It is quicker, easier, and less expensive than classical ethnography and not as

intrusive as focus groups or interviews (Kozinets, 2002). It is extremely useful to gather information regarding symbolism, meanings, and consumption practices of online consumer groups. Consumers are increasingly using the web and online platforms to share ideas, build communities and get in touch with fellow consumers since they are seen as more objective and neutral sources of information (Kozinets, 2002). Compared to other traditional research methods, netnography is less time-consuming and elaborate, and allows researchers to gain insights into naturally occurring behaviors among digital consumers. Online communities are attracting more and more attention from researchers because they are more concentrated, have higher traffic of information, more detailed and rich data and, especially, an increased between-member interaction; always on the same topic, online communities can have different levels of involvement; these are the most common: tourists, minglers, devotees and insiders (Kozinets, 2002). The first ones lack strong social ties and deep interest in the activity, the second ones have strong social ties but minimal interest in consuming, the third ones have a strong interest in consuming but very few attachments to the online group, whereas the last ones have robust ties both to the online group and to the consumption activity; they also have the tendency to be loyal and frequently referenced members (Kozinets, 2002).

We have decided to focus on Reddit as the main platform for netnographic research. This website was chosen because of its vast array of active communities and for the anonymity of its users (Reddit Inc., 2021). The discussions initiated by users on the forum represent a rich source of insights into consumers' thoughts, emotions, and opinions, making the website ideal for netnographic research.

Our choice fell on Reddit because, already while taking a general look at the various potential platforms, it was immediately evident how the discussion on the platform is much livelier and more articulated. The second step was to identify the subreddit, a term which, according to Aaron (2022), wants to identify a niche forum that has very specific rules, moderators, and custom-made features (such as ways to vote or the ability to comment or to write a post); in addition, each subreddit has a very specific focus which, in most cases, is readily respected. The subreddit identified and analyzed by us - *r/mildlyinfuriating* - was launched two months ago and has in the meantime collected almost 44 thousand likes and a few hundred comments; it was this interaction and strong participation that prompted us to select this particular

subreddit. After reading the entire discussion several times from top to bottom, we selected the comments that were most meaningful to us, those that were most relevant to our research questions and to our main thematic threads. In the end, we collected 60 comments which, after a rereading and a first skimming, became 30. These comments were our starting point as far as netnography was concerned, in the sense that the first thing we did was to identify their characterizing elements and the macro topics they could be related to and then try to categorize them into a fair and reasonable number of categories.

Despite the countless pros of choosing netnography as a research method, we have to keep in mind that the analysis we are carrying out is only referred to the context of an online community's communicative acts and not the complete set of observed acts of consumers in a particular community, which would be ethnography (Kozinets, 2002).

3.4 Data analysis

Considering that we decided to use three different methods, that is, interviews, focus groups, and netnography, we expected to identify themes in the data that could confirm and deepen the theories presented in the literature review.

After collecting the data using different techniques, the obtained information was transcribed and sorted. With regard to the interviews and focus groups, we proceeded by analyzing the various participants' responses to each question. For each question, we sought to find similarities and differences in the respondents' answers. Each answer was subsequently placed into a category. For instance, for the question "What will the consequences of the policy change be for you?", the responses were first analyzed and then recurring themes were found, such as the decision to discontinue the subscription, the decision to create a new account, and the indecision whether to create an account or not. Each participant's response was then placed into one of these categories. As far as netnography is concerned, having to work with a very large amount of data, the analysis was done by complementarity to the data already collected in the interviews and focus groups. The comments posted in the threads on Reddit were selected based

on their relevance and similarity to the data already gathered. In fact, our intention was to group the comments on Reddit in the same categories as the primary data.

Organizing the data, we decided to apply *thematic analysis*, which is a method used to identify patterns, themes, and categories that are relevant to the research question (Rennstam and Wästerfors, 2015).

To conduct the analysis, we focused on three main themes. The main themes are the result of our theoretical framework, therefore they were kept in mind when choosing the questions for the interviews and focus groups. First, consumers' experience, general impressions of Netflix's service, and level of loyalty were analyzed so that consumers could be classified into different categories, i.e., *Netflix Loyalists* (customers who have had a Netflix account for a long time and are still satisfied with the service), *Streaming Wanderers* (customers who have had a Netflix account for a long time but have become unsatisfied and started using other streaming services as well), and *Account Hitchhikers* (customers who have never had their own Netflix account but have been using someone else's account). Second, the analysis focused on the consequences of the policy change on the relationship between consumers and the brand, and in particular on the negative emotions that the change provoked in consumers, such as anger, disappointment, indifference, hatred, and displeasure. Finally, the focus shifted to the brand promise to investigate whether consumers consider the policy change to conflict with the brand promise or not.

3.5 Quality of the research

As mentioned before in the research method section, the last step in designing research is evaluating the overall and compelling quality of a study. In order to achieve that, the researcher needs to take three factors into consideration, namely reliability, validity, and generalizability (Nilsson, 2023).

3.5.1 Reliability

Reliability is deeply entrenched with internal consistency which has as its aim the assessment of the homogeneity of different items (Saunders, Lewis and Thornhill, 2007). It is often linked also to potential repeatability (Bell, Bryman and Harley, 2019).

When it comes to qualitative research, reliability can be further categorized into *external* and *internal*; the former is about the replicability of the research and its extent (Bell et al, 2019) and has as one of its limitations that the social context in which a research is conducted cannot remain stable throughout time and, thus, its replicability may be compromised. The latter - internal reliability - concerns scopes with multiple observers and how to find coherence where there are many observations (Bell et al, 2019).

Shifting the perspective onto our analysis, we tried obtaining internal reliability by identifying common themes and categorizations throughout many different perspectives and observations; despite having interviewed 26 people, we were still able to find commonalities and recurring patterns that provided an overarching sense of coherence. As for the external side of reliability, keeping in mind the limitation we have brought to light, we have mentioned not only the dates of the interviews and focus groups, but also the methods used both to gather and then select the data and the samples and how we have conducted the analysis.

3.5.2 Validity

Validity derives from using the appropriate tools, techniques, processes, and data; one has to ask himself whether these provide an accurate representation of the elements they are supposed to be describing and analyzing (Easterby-Smith et al, 2021). This concept also regards whether the findings generated by a research can be considered legitimate and truthful (Bell et al, 2019). As we have already seen with the concept of reliability, validity can also be differentiated into *internal* and *external*. The first provides insights on whether the theories on which the research is based are confirmed and supported by empirical observations. The second one regards the generalizability of the findings and, especially when it comes to qualitative research, this can be a sensitive topic since the samples used tend to be smaller or more niche.

As far as this thesis goes, we believe that we were able to achieve both internal and external validity; we did this by both using an abductive method that allowed us to identify - and, later on, also confirm - some theories and methodological frameworks that were the basis of our research but also by choosing to tackle “reader generalizability” specifically, as we will explain in the successive section.

3.5.3 Generalizability

According to Polit and Beck (2010), generalizability refers to “extending research results, conclusions, or other accounts that are based on a study of particular individuals, settings, times, or institutions, to other individuals, settings, times, or institutions than those directly studied”. Given that our research is based on a case study, we have opted to rely on Yin's categorization (2003) in order to address the generalization of our findings. The author proposes two main generalization strategies: the statistical approach and the analytical approach, which can also be referred to as enumerative and analytic (Znaniecki, 1934), or empirical and theoretical (Hammersley, 2008).

The statistical approach involves making inferences about a population starting from empirical data collected from a sample (Yin, 2003). In contrast, the analytical approach requires the use of a previously developed theory as a framework for comparing the empirical results of the case study. Yin also characterizes this approach as a means of generalizing to theory (1984) and considers it the most appropriate method for generalizing findings from case studies. This approach is similar in some ways to the logic used for generalizing experimental results. Schwandt (1997) and other authors have adopted this term to describe a type of generalization supported by qualitative research. However, they have renounced the limitation imposed by Yin regarding the prior theory, as theories are often developed through an inductive method in qualitative research. In addition to the statistical and analytical strategies proposed by Yin, other qualitative researchers have suggested a third approach that emphasizes case-to-case transferability rather than the generalizability of results or interpretations (Jensen, 2008; Lincoln and Guba, 1985; Schwandt, 1997). In addition, transferability, as in the case of our thesis, involves transferring knowledge gained from the study to a new, specific, and

contextualized situation, without necessarily discovering general conditions or rules for a theory or principle to be valid. This third approach is a significant departure from the traditional approaches, as it places the responsibility for generalizing the results not on the researcher anymore but on the reader or anyone who could potentially use the results. Misco (2007) has coined the term "Reader Generalizability" for this approach, which is what we, as authors, aim to achieve with our work.

A further distinction that always relates to this thesis is the one developed in 1992 by Maxwell, who differentiates between *internal* and *external generalizability*; the former indicates generalization beyond its common settings or contexts, toward not directly observed or represented settings. For studies like ours, where interviews are involved, this may translate also into treating the interviewees as "cases", which means generalizing certain aspects of the interviews to other experiences, actions, relationships, or perspectives. On the other hand, external generalizability involves generalizing beyond the specific studied case to other settings or individuals.

Finally, according to Polit and Beck (2010), generalizability refers to "extending research results, conclusions, or other accounts that are based on a study of particular individuals, settings, times, or institutions, to other individuals, settings, times, or institutions than those directly studied".

3.5.2 Trustworthiness and authenticity

To really ensure that the research in question is both qualitative and valuable, two other aspects might also be useful, trustworthiness and authenticity (Nilsson, 2023). The first involves concepts like credibility, dependability, transferability, and confirmability (Lincoln and Guba, 1986) while the second involves accuracy and ontological, catalytic, and tactical authenticity. When it comes to trustworthiness, credibility establishes confidence in the reader that the results are true, credible, and believable; if the analysis is conducted using the same group of participants, coders, and context, dependability ensures that the results of a qualitative study may be replicated. On the other hand, the ultimate goal of confirmability is to demonstrate that

an analysis's findings can be repeated, verified, and corroborated by other researchers while transferability should extend the degree to which the results can be generalized to different situations and settings (Lincoln and Guba, 1986).

Although qualitative research typically focuses on depth rather than breadth, there are still some ways to improve its generalizability, such as using purposive sampling or providing detailed descriptions of the research context, which is what we are aiming to achieve with this study.

4. Empirical findings and analysis

This next chapter has the aim of illustrating the results of the empirical data that we gathered from two focus groups, five in-depth interviews, and a netnographic analysis. To give a comprehensive and clear picture of the chosen process, we decided to maintain focus on the three main themes of our theoretical framework, namely brand loyalty, consumer-brand relationships, and brand promise. To analyze the data, we intertwined our findings with the theory from the literature review, while also collecting and presenting novel materials and insights. We decided to use quotes to support our arguments, explain concepts further, demonstrate correlations, create an emotional understanding, and showcase the wide array of perspectives we were able to gather. Given the specificity of our research purpose and questions, we decided to give voice and consider the majority of the opinions and perspectives that emerged throughout our research, not only the ones that reflected the opinion of many but also the ones that were more niche or specific in order to showcase all the different nuances and shades of these concepts.

4.1 Different levels of brand loyalty

“I stopped watching all Netflix when they announced this garbage. So once it happens the app can go into the trash and the subscription can just expire” Reddit

This is one of the several comments that were gathered through interviews, focus groups, and online posts on Reddit. A recurring theme in many of these comments is the strong emphasis on discontinuing the use of the service. A significant number of participants expressed a similar viewpoint, albeit with different facets. To fully understand the consequences of the policy change and the willingness or unwillingness to continue utilizing the service, we classified consumers into categories according to their level of loyalty to the brand. In order to do so, we

asked specific questions during the interviews and focus groups regarding participants’ use of the platform, if and how they share their accounts, and which streaming platform they enjoy the most.

For each category, our goal is to establish a connection with two theoretical models: the brand loyalty pyramid by Aaker (1991) and the brand loyalty map by Dick and Basu (1994).

	Netflix Loyalists	Streaming Wanderers	Account Hitchhikers
Number of participants	9	Rival Platform Enthusiasts: 5 Platform Agnostics: 4	6

Table 3: Classification of interviewees

As far as willingness to continue using the service is concerned, the table below shows the most common consequences we identified in our data.

CONSEQUENCE	NUMBER OF INTERVIEWEES	CATEGORY
Remain loyal	3	Netflix Loyalists: 3 Streaming Wanderers: 0 Account Hitchhikers: 0
Leave Netflix	19	Netflix Loyalists: 4 Streaming Wanderers: 9 Account Hitchhikers: 6
Not clear	2	Netflix Loyalists: 2 Streaming Wanderers: 0 Account Hitchhikers: 0
Turn to competitors	9	Netflix Loyalists: 2 Streaming Wanderers: 6 Account Hitchhikers: 1
Open own account	2	Netflix Loyalists: N/A Streaming Wanderers: N/A Account Hitchhikers: 2

Table 4: Consequences of the policy change

In this first paragraph concerning brand loyalty, we made the choice of not including any comment or reference coming from Reddit because, as authors, it was our main priority to make

sure that what we mention and the evidence supporting it are 100% reliable and truthful; since the comments on Reddit are anonymous and we had no way of knowing either who posted them nor their loyalty level, we decided not to include them in this paragraph. This choice was made to ensure both transparency and accuracy.

4.1.1 Netflix Loyalists

The first user category we have identified is that of the so-called Netflix Loyalists (Table 3), a term that we use to identify those users who, despite being aware of the company's limitations and flaws, still choose to remain loyal to the streaming platform because, for them, it has some features or, at times, a sentimental value that cannot be beaten or replaced by other competitors. Referring to Dick and Basu's Brand Loyalty Map (1994), they might be included in the true loyalty quadrant whose participants typically have a strong relative attitude towards a supplier - in our case, Netflix - while also keeping a high rebuying rate.

If, on the other hand, we want to also consider the Brand Loyalty Pyramid theorized by Aaker in 1991, Netflix Loyalists could potentially be included in the top level of the pyramid, that of Committed Buyers, because they have an enhanced level of loyalty which is strongly rooted and are so proud of the company that they will recommend it to other people.

“Between Netflix and Prime Video, I prefer Netflix because having used it more, I have more customization”

Participant 1

“I like the series that Netflix has, and I binge-watch them until they end”

Participant 5

Despite the overall enhanced loyalty that these customers feel towards the company, their reactions after hearing about Netflix's update was not coherent, but particularly varied. Three

out of nine Netflix loyalists would keep their word and stay loyal to the platform either by creating a new account or keeping their main one and paying the extra fee.

“[...] Let's see, if there was an offer that gave me the possibility of paying a little less, I would evaluate the option of creating a new account”.

Participant 5

“I already have my own account so I will just stick with it”.

Participant 1

Of the opposite opinion are other participants who said they are not willing to pay extra or create a new account. For them, the problem does not even arise, as they have already decided to abandon the platform and no longer use the service.

“I have no intention of paying for low-quality TV”

Participant 17

Of an intermediate opinion are those interviewees who are still uncertain and have not yet made a well-defined decision and therefore reserve the right to choose later.

“ It depends, since this is such a big change, I would need time to think about it”

Participant 20

Another extreme is reached by the remaining people who not only refuse to create their account or pay but also claim that they will either switch to other platforms or even piracy.

“I will go back to pirate streaming like how it once used to be”.

Participant 2

“ I will use free streaming websites ”

Participant 18

4.1.2 Streaming Wanderers

Streaming Wanderers are those consumers who do not have a “favorite” streaming platform, but rather enjoy watching content on multiple ones. With reference to Aaker's (1991) Brand Loyalty Pyramid, these consumers would be placed at the base of the pyramid and would be classified as "Switchers/Price Sensitive." This type of consumer is indifferent to the brand and consequently, when making purchasing decisions, does not take it into much consideration. In this category, we identified two sub-categories, namely “Rival Platform Enthusiast” and “Platform Agnostics”.

The former one - that of the “Rival Platform Enthusiasts” - was ideated to include those respondents who all voiced in some way their preference for competing streaming platforms, especially Prime Video, Disney + or HBO Max. These participants have all expressed that they are not satisfied with Netflix for different reasons and that they are now more prone to other services because they are perceived as better or higher quality.

“I prefer other platforms like Prime Video which has a better choice”

Participant 7

“HBO Max is my first choice because of its high overarching quality; I also like Disney + for a certain type of content”

Participant 21

Despite voicing their preference for other streaming services, one thing we need to point out is that some of the so-called “rival platform enthusiasts” have shown some form of appreciation also for Netflix, specifying some features they particularly enjoy.

“[...]it's always very convenient, when I try I always find something I like. So, I could say that my relationship with Netflix can still be considered good”

Participant 7

“Despite preferring other platforms, I noticed that I tend to go to Netflix when I want to return to my culture since it has a wide selection of Latin American movies and TV series”

Participant 21

Since these users all consider Netflix not as their first choice when it comes to streaming, we hypothesize that, considering the Brand Loyalty Map (1994) we were referring to earlier in this paragraph, they could be traced back to the "no loyalty" quadrant, which is the situation in which the user already has a weak attitude towards the brand which is also completed by a very low and irregular purchase rate (Dick and Basu, 1994).

Considering now the reactions of the five subjects belonging to this group to the service offering update, we can say that we were able to identify two main behavioral trends: on one side, three people simply said that they would not use Netflix anymore and they will just quit its use, whereas, on the other side, two participants said that they will not only quit but also turn to a competitor or to pirate streaming.

“ I think I will just delete it completely”

Participant 7

“ I will not have problems quitting Netflix, I will not pay, it is not something important, I can use another service. My mum pays for my account, and I do not want her to pay even more”

Participant 21

“I will probably pirate if there is something good”

Participant 22

By the term “platform agnostic” we denote all those participants who demonstrated some sort of indifference between streaming platforms. In fact, these consumers not only do not have a preferred platform but are also emotionally detached from all of them.

"For me, whether it's called Netflix, Prime, Disney Plus, or blablabla is the same"

Participant 9

"I watch something here, something there. For me, it is not essential that Netflix exists, I could do without it"

Participant 10

These consumers do not recognize any uniqueness in the platform due to a lack of emotional bonding and expressed their promptness to cancel their Netflix subscription from the very beginning. In fact, when we asked what the consequences of the policy change will be for them, all Platform Agnostics stated that they will stop their subscription and turn to other competitors, both streaming platforms and physical places.

"It's simple. When the cost changes, the decision will be made for me [...] I will use other platforms where I can watch the same things as Netflix. If I can't find them, I will watch them on pirate websites"

Participant 9

"I will most likely cancel my subscription [...] It will be an opportunity to go back to the cinema"

Participant 12

4.1.3 Account Hitchhikers

We defined "Account Hitchhikers" those consumers who do not have their own subscription but use the account of a friend or family member.

“I call myself a "third party exploiter" of my sister's friend's account because I don't pay for the subscription”

Participant 15

Positioning these consumers in the Brand Loyalty Pyramid (Aaker, 1991) and in the Brand Loyalty Map (1994) is quite complex because - despite the fact that they do not have a financial commitment to Netflix - they still have positive attitudes towards the company. Therefore, these consumers could be positioned at a higher level in Aaker’s pyramid (1991), compared to other consumers who have quite limited engagement with the streaming platform. This is why we have decided to classify them as “Satisfied/Habitual Buyers”.

As for Dick and Basu’s Brand Loyalty Map (1994), those consumers who use Netflix consistently through someone else’s account and have positive attitudes towards the brand can be classified as “latent loyal” customers. On the other hand, those account hitchhikers who demonstrated a limited attachment to Netflix and only use the platform due to a lack of alternatives or for convenience may be regarded as “not loyal”.

For instance, participant 14 - despite using her uncle’s account - has expressed her attachment to the platform and can therefore be considered a “latent loyal” customer.

“I prefer Netflix to other platforms. I can always find something that I like and I appreciate the fact that everything is included in the subscription price. What I find unique in the platform is how user-friendly it is”

Participant 14

In contrast, participant 16 - who uses her friend’s account - has demonstrated no loyalty to the platform. She prefers other streaming services and only turns to Netflix when certain tv shows or movies are released.

“I prefer other platforms like Disney +. I only use Netflix when for example the new season of Bridgerton is released. But I don’t really use it that much”

Participant 16

As to whether or not the subscription will continue, all interviewees in this category have demonstrated their willingness to discontinue using the service. Specifically, for these users, it is more a matter of creating a personal account the moment they can no longer use someone else's.

“As a “third-party exploiter” of an account, I don’t think I’ll create my own, both for a financial reason and because I don’t watch Netflix constantly but only when I need to. And frankly this last update makes it too complicated”

Participant 15

“Netflix is of the incorrect assumption that every person not paying is a “lost sub”, and if sharing is removed...people currently sharing/not paying will choose to get their own Netflix. But they already weren’t willing to pay for Netflix, or at least not full price. So, it is not a lost sub, it was a never-sub.” Reddit

Despite this, when we asked two Account Hitchhikers - who stopped using a friend’s account as soon as they learned about the policy change - if they would be willing to open their own account in the future in case something interesting was released on Netflix, their answers were as follows

“Yes, I would consider opening my account maybe for a month if there’s something I really wanna watch. I saw there is a subscription option with ads, maybe I would get this one”

Participant 14

4.2 Consumer-brand relationships and negative emotions

In this part of the analysis, we will focus on better understanding the consequences of the policy change on the relationship interviewees have with Netflix. Specifically, rather than focusing on

positive feelings, we will place attention on the negative emotions that emerged as consumers learned the news of the latest policy change.

According to the Consumer-Company identification framework (Bhattacharya and Sen, 2003), consumers themselves are the first to seek out brands with which they can identify. At the same time, however, according to Fournier (1998), the brand must help maintain the relationship as much as the consumer. When it comes to the latest policy change, many interviewees have expressed the feeling that they had been “abandoned” by the company, as if this latest policy change did not take into consideration the feelings, issues, and everyday situations of consumers.

For example, many have complained that the company has not taken into consideration all those people who, for various reasons, cannot be in the primary location the company is asking to set up on a continuous basis.

“What about kids who have two homes? Like divorced parents. If they use one parent’s Netflix account but usually stay at the other house. This does not make any sense” - Reddit

“RIP college students” - Reddit

“Netflix: sucks to be you, pay up.” - Reddit

Many consumers have not only stated that they have canceled their subscriptions but have also posted comments incentivizing other users to do the same. This is because the latest change is so radical that it goes against the values of the company, resulting in a partner-oriented stressor (Fournier, 1998). In fact, when such big changes occur as in the case of Netflix, the risk is that consumers can no longer identify with the brand and consider the change unacceptable. In addition, as suggested by some participants’ comments, those consumers who have created a connection with the brand and have developed a sense of belonging toward it perceive this change as a personal attack.

“With this last update, I now feel pressured into something I don't recognize and cannot avoid having a whole new different perception of the company, in a negative way”

Participant 21

“Member since 2011 paying the highest tier here. I canceled the minute this came up. For those on the fence, just cancel.” - Reddit

“I canceled when the news was first announced. Now I get 50 billion emails a week trying to bring me back. Like, how out of touch can a company get? Just those emails alone made it personal. I was a day 1 subscriber. Now, lifelong fully 100% committed boycott. They could offer 0 dollars lifelong subscription to me, and I'd turn it down” - Reddit

In the next paragraphs, we will analyze the different emotional responses to the policy change. During the interviews and focus groups we asked participants to choose which negative emotion reflects their feelings towards Netflix after the policy change. They were provided with a list of the three most common negative emotions, namely hate, disappointment, and anger (Khatoun et al., 2021). For completeness, we also added another option to choose from, which was “other”, and asked participants to specify which emotion they were feeling.

The emotions that have emerged from our empirical data are disappointment, anger, indifference, annoyance, and sadness.

EMOTION	NUMBER OF INTERVIEWEES	CATEGORY
Disappointment	9	Netflix Loyalists: 5 Streaming Wanderers: 4 Account Hitchhikers: 0
Anger	7	Netflix Loyalists: 4 Streaming Wanderers: 0 Account Hitchhikers: 3
Indifference	5	Netflix Loyalists: 0 Streaming Wanderers: 5 Account Hitchhikers: 0
Annoyance	1	Netflix Loyalists: 0 Streaming Wanderers: 0 Account Hitchhikers: 1
Sadness	2	Netflix Loyalists: 0 Streaming Wanderers: 0 Account Hitchhikers: 2

Table 5: Negative emotions identified in gathered data

In order to answer our second research question - *How do consumers' negative emotional responses, such as hate, disappointment, and anger, towards Netflix's policy change on password sharing vary based on their levels of engagement, trust, and loyalty towards the brand, as well as their past experiences with the service?* - we will organize our findings according to the three categories of Netflix Loyalists, Streaming Wanderers, and Account Hitchhikers.

4.2.1 Netflix Loyalists

Among Netflix Loyalists, the two most common emotions are disappointment and anger. According to Khatoun et al. (2021), consumers feel disappointed when a brand does not match expectations and does not live up to their standards. Often in research, disappointment is accompanied by regret because they are considered related emotions. Regret happens when consumers feel they have chosen the wrong option when presented with multiple alternatives (Khatoun et al., 2021). In our research, since all interviewees regularly use multiple streaming platforms, we focused on disappointment only.

“I would say I’m disappointed because Netflix was born as an innovative company, and they should have known from the beginning that it would get to this point”

Participant 1

“Disappointment for me because up until now they have made good choices and they have been able to involve many users. And now they are disappointing me on something that will certainly have good implications for the company but will probably lead to losing many users”

Participant 3

Netflix Loyalists’ sense of disappointment is a consequence of their unmet expectations and a sense of letdown following the latest policy change. The statement made by Participant 1 emphasizes the idea that Netflix is an innovative company and its users have developed high expectations over time. As a result, disappointment arises when Netflix users perceive this change to go against this innovative attitude. On the other hand, Participant 3’s comment highlights Netflix’s ability to engage and involve a sizable user base, which results in a feeling of connection and belonging to the brand. In this case, disappointment follows when the company makes a choice that goes against this perceived involvement. These observations indicate that disappointment derives from the misalignment between users’ expectations and the contradicting nature of the policy change.

Turning to anger, according to Antonetti (2016) there are two components of anger, namely problem-focused anger, and vengeful anger. The difference between these two lies in consumers’ motivational goals and the consequences for the company. On one hand, problem-focused anger derives from being frustrated because of a certain outcome - in our case, the policy change - and is not necessarily a threat to a company (Antonetti, 2016). On the other hand, vengeful anger leads to wanting to hurt the company and represents a threat to consumer-brand relationships (Antonetti, 2016). Consumers feel anger when they believe they have been wronged by a brand and this is strictly connected to brand hate (Antonetti, 2016; Romani,

Grappi and Bagozzi 2013). Netflix Loyalists have expressed both problem-focused anger and vengeful anger.

“Angry because something that should be entertaining becomes so complicated that it makes me want to stop watching”

Participant 2

“I am angry. I still have a lot of content to watch, they can’t take it from me like this. I want to boycott, let’s all stop watching it so maybe they’ll realize that they made a huge mistake”

Participant 5

The expression of anger from Participant 2 revolves around the frustration derived from the policy change and therefore indicates problem-focused anger; on the other hand, Participant 5’s anger is an example of vengeful anger because it is characterized by a desire to retaliate against the company. This vengeful anger not only is a threat to consumer-brand relationships but is also an indicator of brand hate, as consumers feel wronged and seek retribution.

4.2.2 Streaming Wanderers

Streaming Wanderers expressed two negative emotions: disappointment and indifference. The point made about disappointment in the previous section applies here as well.

“I am disappointed because once Netflix acquired a market, it decided to change the rules. It is a disappointment because they behaved just like everyone else. I thought they were better than this”

Participant 9

“It is a disappointment for me. Certainly not anger, I don’t get angry over something like this. I’ll just leave Netflix and bye-bye”

Participant 10

Among Streaming Wanderers, disappointment reflects participants' dissatisfaction with the company's decision of changing the rules after establishing itself in the market. The statement from Participant 9 suggests that the user had perceived Netflix as a unique company that was able to differentiate itself from competitors, therefore the company's adoption of this policy change contradicts their initial expectations. In addition, Participant 10 feels disappointed rather than angry and their decision to discontinue their subscription reflects the impact of disappointment on their loyalty and unwillingness to continue with the platform.

A new emotion that emerged from Streaming Wanderers is indifference. Indifference towards a brand is a relatively unexplored emotion in academic research, especially in terms of indifference after a brand applies a radical change and consumers feel wronged by it. In general, brand indifference derives from a lack of passion for a brand (Fetscherin, Guzman, Veloutsou, and Cayolla, 2019). When consumers are indifferent towards a brand, they do not care about building meaningful connections with it; in this sense, the brand has failed and holds a disadvantageous position, or no position at all (Fetscherin et al., 2019). In our case, it is clear that these participants do not have any sort of meaningful connection with Netflix and are ready to switch to a different streaming service.

“For me it’s indifference. If they go ahead with it, I’ll just switch to another platform”

Participant 8

“An emotion can be indifference. Now they need cash flows and I understand, but I don’t share this decision. It should have been said earlier”

Participant 12

From these comments, it is evident that Streaming Wanderers lack emotional investment in Netflix, as they are willing to switch to a different streaming platform without hesitation. In addition, as emerges from Participant 12's comment, some Netflix users acknowledge the business reason behind the policy change, but not only do they not share it, they are also critical of the timing and lack of communication regarding the decision.

4.2.3 Account Hitchhikers

The category of Account Hitchhikers is the most diverse in terms of negative emotions. We have, in fact, identified anger, annoyance, and sadness. In terms of anger, for Account Hitchhikers we were able to distinguish between two different shades of anger. On the one hand, participant 13 expressed anger because it seems that the platform wants to take more and more advantage of consumers. This kind of anger, however, flows more toward indifference since there are other platforms available.

“I feel angry because they seem to be taking advantage of us more and more. The difference with for example DZN is that DZN has the exclusive for the championship, so you are obligated to pay. Netflix, on the other hand, doesn't have any exclusive, so yes I feel angry, but I know that there are other platforms on which I can see things”

Participant 13

On the other hand, participant 15, despite not having his own account but using a friend's account, still feels loyal to the brand and therefore feels anger. This comment reveals that the participant is emotionally attached to Netflix, leading to anger when access to the service is limited.

“Anger because I have been a regular and loyal customer and now I can no longer use the account as I used to”

Participant 15

As for annoyance, though, this is related to the fact that some of the participants are already paying the higher price to have the subscription with the maximum number of screens available.

“I feel annoyed. The idea is that once you pay for the subscription with multiple screens, you are already paying more than if you only had one screen. The service was never for free, so I really see it as a spite”

Participant 14

The last negative emotion that emerged from this category of Netflix users is sadness. Some of the participants explained how they are sorry because this policy change for them will mean that they will no longer be able to access the service. Despite not having their own account and not paying monthly, they are still emotionally attached to the platform.

“I am sorry because despite the fact that I don’t have my own account I have always enjoyed watching Netflix. I hope they will find an alternative solution”

Participant 16

4.3 Brand promise

As we have already mentioned in previous sections, Netflix’s brand promise, as cited on their website, is *“At Netflix, we want to entertain the world. Whatever your taste, and no matter where you live, we give you access to best-in-class TV series, documentaries, feature films, and mobile games. Our members control what they want to watch, when they want it, in one simple subscription. We’re streaming in more than 30 languages and 190 countries, because great stories can come from anywhere and be loved everywhere. We are the world’s biggest fans of entertainment, and we’re always looking to help you find your next favorite story.”* (Netflix, 2023).

Problems began to arise when, although the promise never mentions being able to share the account or password, most Netflix users began to attribute to the platform the ability to share the password with family members and friends, even outside the same walls. This has progressively become more and more an impediment for the company because, if initially the possibility of sharing was a source of pride for Netflix itself - so much so that in 2017 they released a tweet saying "Love is sharing a password" - this organization's not taking a stance has become a double-edged sword in recent times.

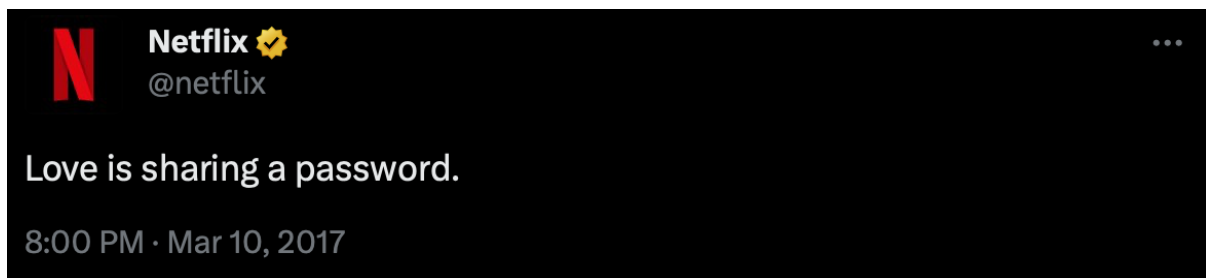


Figure 5: Netflix’s infamous tweet (Twitter, 2017)

In fact, although the fact of not being able to share the account with people who do not live in the same house has always been mentioned in the FAQ sections of the site, the company has never even done anything to counteract this trend, on the contrary, until it was convenient from a media and advertising point of view has always supported it and has always shown to be proud of it.

However, when things started to go wrong, especially in the first months of 2022, despite having initially tried to make up for it by following other paths - among others, the advertisements-based subscription - when they realized that things were not going to go as expected, they were left with no choice but to retrace their steps.

This is exactly where the real problem lies; Netflix not only "played" with one of the most important and valuable aspects that users attribute to it, but it did so after years of exploiting and boasting about this very feature. As we mentioned in section 2.2.1, when a company is perceived as inconsistent and incoherent, and customers also believe that it has broken its promise - even the "perceived" one, not just the official one - it is precisely at that moment that the trouble begins (Calagna, Rush and Reilly, 2017); according to what the authors say, the backlash, damaged reputation and negative feedback that Netflix has been receiving both online and offline for the past months is a consequence of not keeping their word and not respecting the emotional connections built with its users.

“I cannot avoid thinking that image-wise, the company is completely different. With this last update, I now feel pressured into something I do not recognize and cannot avoid having a whole new different perception of the company, in a negative way”

Participant 21

It is not the first time that the company has retraced its steps or that it has in any case gone back on its word. While the principle is not quite the same, a similar argument could be made regarding subscription price increases. These have been a constant since 2007 considering that the company has steadily increased prices every year always bringing different justifications.

“I still have a screenshot from when they first changed their prices and how sorry they were and how they pinky promised to never hike the prices again. The worst thing is they claimed that the price increases were to offset password sharing” - Reddit

Keeping in mind what we discussed in section 2.2.2, the one regarding the brand promise paradox, we asked our interviewees whether they knew Netflix’s brand promise or not, and, if not, if they could hypothesize it. As also mentioned by Forden (2018), no one among our participants knew it by heart, some had heard it, some did not even try to make hypotheses while others tried listing some possible aspects and features they would expect to find in Netflix’s brand promise.

“ I definitely have heard it, but I cannot remember it”

Participant 7

“I have never read Netflix’s promise, nor have I thought about what it might be”

Participant 12

“I do not know, until I knew about this last update I would have said something regarding innovation at the service of entertainment”

Participant 1

The second stage of our research first involved telling our participants' the brand's actual promise and then showing them a comparison between Netflix's 2017 tweet (**Figure 5**) and the latest updates regarding the sharing policy. The first immediate general reaction could be defined as a wave of outrage.

“You can hear them clutching at straws. You are making me want to unsubscribe”

Participant 1

“Seeing how the cards on the table change gives me a mix of anger for teasing and disappointment because it is a platform that works well if used and I have used it for many years”

Participant 15

“Their brand promise probably dates back to when the company was just founded, now it seems to me that what they say is no longer right and valid”

Participant 12

Once tempers calmed down and the conversation resumed, from the inputs and answers received we were able to detect three main orientations among our interviewees; the first group is represented by those who insist that the company has broken its promise and has not been in line with its values, even if it must be said that often these individuals are the first to not be fully aware of the official promise, confusing it with various ideas and pairings they have in mind. A second, smaller group includes those who are of the opinion that Netflix has not broken its promise; in fact, these subjects, being mostly aware of it or having at least read it, understand that this change is not entirely inconsistent, but are nonetheless convinced that the company should not be so confusing and vague. The third and final subdivision that we have identified is that of the uncertain ones, those who have yet to make a definitive decision.

4.3.1 The promise was broken

The first and most common attitude that we have detected is that of those who believe that, even if the possibility of sharing has never been foreseen in the promise, with its latest decision Netflix has broken its covenant with the consumer; according to Balmer (2001), the covenant should be the focus and priority of any firm. In fact, according to the author, the moment a brand is capable of building a pact that is also entrenched with the emotional side of the clientele, it will generate stronger loyalty, trust, and legitimacy (Balmer, 2001).

“Of course they broke their promise. [...] First you say "love is sharing a password" and then you go and point out something that does not make sense, like in this case the one wi-fi rule. Rather say "we made this decision, and we are willing to lose customers, but this is the choice made by the company". The fact that they now say that they always said that sharing was only possible in one house makes me want to leave them because they are treating me like a puppet”

Participant 9

“When they mention “it doesn't matter where you live”, that is already very wrong. Given the latest developments, you must be in the right place at the right time”

Participant 15

When asked to give reasons as to why they think that the promise was in fact broken and why they were so disappointed, the interviewees have presented various arguments which can be traced back to four main thematic strands. The first recurrent theme that emerged from these users is that of the distinction between home and family: according to them in the brand promise there is not written anywhere that the sharing has to necessarily be in the same household and that this kind of expectation is ridiculous in 2023. In fact, according to the World Migration Report from 2020, at least 281 million individuals are living in a different country from their native one so, for a company as big as Netflix, it is an absurd claim to want everyone in the same family unit to live together under the same roof.

This indifference on the part of the company may somehow be associated with a lack of user-centric thinking. In fact, when Stickdorn and Schneider (2010) list the five principles that service brands should always keep in mind, the first concerns keeping customers at the center of the company's focus and attention. In fact, a company should not only be concerned with the customers' experience, but also with the interests and challenges that they encounter in their daily lives.

“For me house and family are synonyms, so if a family lives in different places, these are all home”

Participant 10

“What is the family unit that is always together? The family is still a family, wherever it is”

Participant 1

Analyzing all the answers of these individuals, we have understood that at the basis of their dissatisfaction there is often also an economic motivation.

It is important for a service brand to be *holistic*, which means that a brand has to know that all customers are different and, as such, their expectations and buying journeys will be unique (Stickdorn and Schneider, 2010); it is therefore imperative to think about as many contexts and perspectives as possible to make sure that there are no loopholes. Whoever the consumers are and whatever their customer journeys look like, a company has to make sure that the end goal and overall satisfaction is the same (Stickdorn and Schneider, 2010) and that is something that Netflix has not done.

For those who are already struggling, this last imposition becomes an additional burden; for others, it is precisely the basic principle that is wrong.

“It is an economic matter: for those who study, even €10 can sometimes make a difference”

Participant 11

“It’s not fair that I’m forced to pay to access a service only under certain conditions”

Participant 15

A third criticism leveled against the company is that it has never imposed any actual ban on sharing.

“Even if perhaps it was specified in some remote section of their site, it has never been forbidden, it has always been allowed”

Participant 12

A fourth recurring trend could be traced back to the idea of innovation. According to some of the interviewees, not only the brand promise, but also the latest change implemented, question the vanguard of the company, especially considering the fact that it operates in a sector heavily dependent on technology.

“From a company that I usually perceived as modern and dynamic, I didn’t expect them to base such a change on such an antiquated concept as wi-fi”

Participant 1

4.3.2 Netflix did not break its promise

Even if those who believe that Netflix has not gone against its promise are certainly a minority, they still make significant contributions that enrich this thesis. It should be mentioned that these individuals could probably be considered more “knowledgeable” about Netflix as a company, as they tend to know its site, promise and values well.

“Netflix isn’t going against its promise because it has never said things contrary to what it’s doing right now. It doesn’t go against it because it was never established in the first place that people in the household should physically be in the same house”

Participant 5

“It has always been written on the site, even if it must be said that there was nothing that didn’t allow you to do it. Although not explicitly specified in the promise, it has always been mentioned on the site. Obviously, to be completely honest, both communication and advertising should be improved”

Participant 8

A very insightful reasoning comes from Participant 13:

“Netflix doesn’t go against its promise because it doesn’t mention anywhere the possibility of being able to share the password; on the other hand, however, it goes against something perhaps even more delicate, namely the common imaginary associated with Netflix, the one that they themselves have created by allowing sharing”

4.3.3 The uncertain ones

Alongside these first two well-defined positions, we find an intermediate one which includes those who find this issue unclear and generally uncertain. Most of these respondents believe that the company has not really gone against its promise, but the fact that many aspects are inconsistent or in any case not well defined is often recriminated; for them, Netflix lacks a clear direction. This group is the second largest and gathers respondents both who feel indifferent to this change and who are confused by the attitude taken by a company like Netflix.

“The company isn’t going against its promise, but undoubtedly certain aspects are inconsistent and unclear, such as - for example - how this new update works when you go on vacation. [...] Changes of this kind lose the common sense associated with a platform of this type; if I have to stay at home, then I will buy a decoder like 20 years ago”

Participant 14

“Netflix isn’t going against its promise because it has never said things contrary to what it’s doing now. It doesn’t go against it because it has never been established that people in the household should be physically in the same place.”

Participant 4

“You can’t blame the company for going against their promise, but it must be said that they are too general and incompetent; if the company has decided to change, it’s right and lawful that users are made aware of it with some notice”

Participant 16

4.3.4 It is a matter of transparency

Despite the various responses and different reactions, it should be emphasized that one aspect common to all groups is the question of transparency. Virtually everyone, those who blame Netflix for breaking their promise, those who defend it or take no particular stance, have criticized the company's total lack of transparency. It is interesting to note that this criticism was not made only by those who already had doubts and concerns about the company, but also by those who initially seemed more understanding and less worried. The lack of transparency and clarity are criticized not only because they are interpreted as a sign of disrespect by customers, but also because - precisely as regards this latest change - the dynamics and functioning are still unknown.

“There is no transparency, which is the most important value for linking a person to a brand. [...] As a customer, you always ask me for more and you give me nothing in return”

Participant 9

“The thing that bothers me the most is the fact that there is no transparency. Think of a 3-story house with 3 different Wi-Fi networks, how do you do that?”

Participant 10

“I have never considered Netflix as the reference company for seriousness, so I didn't expect anything different”

Participant 12

The reason behind this lack of transparency probably derives from Netflix's dearth of *sequencing* - the third principle according to Stickdorn and Schneider (2010) - which is dividing complex customer journeys into independent steps and processes to determine the timeline and possible different outcomes of a project; for instance, if the streaming company wanted to be transparent, it would have pointed out that password sharing was not allowed since the beginning, rather than being a source of credit for the company in the beginning and then backtracking when it suits.

4.4 Summary of the main findings

Regarding brand loyalty and willingness to continue using the service, we classified Netflix users into three categories based on their level of loyalty. The first category is Netflix Loyalists, who have a strong attachment to the company and continue to use it despite its limitations. Some of them expressed willingness to continue using the service, while others state they will abandon Netflix despite having used the platform for many years. The second category is Streaming Wanderers, who do not have a preference for a specific streaming service but use multiple services. All these consumers expressed their unwillingness to continue using the service and see the policy change as the ultimate opportunity to switch to a different platform. Lastly, Account Hitchhikers, who use someone else's account, showed positive attitudes towards Netflix, but are not willing to pay for their own account and see the policy change as an unnecessary complication. Despite this, some of them expressed their willingness to open their own account temporarily for specific content that can only be found on Netflix.

As far as consumer-brand relationships and negative emotions are concerned, many users have expressed the feeling of being “abandoned” by the company and believe that the latest policy

change does not take into consideration the feelings and everyday struggles of consumers - such as those with multiple homes or college students. This led consumers to develop negative emotions toward the brand. As a result, many users canceled their subscriptions and encouraged others to do the same.

The main negative emotions that emerged from our analysis are disappointment, anger, indifference, annoyance, and sadness. Among Netflix Loyalists, the most common negative emotions are disappointment and anger. Disappointment derives from the perception that Netflix did not meet consumers' expectations, whereas anger arose from consumers' frustration. These consumers expressed both problem-focused anger and vengeful anger. On the other hand, Streaming Wanderers expressed disappointment and indifference. They expressed a lack of connection with the brand, leading to their readiness to abandon Netflix and switch to a different service. Lastly, Account Hitchhikers displayed the most diverse number of emotions, such as anger, annoyance, and sadness. Some of them feel angry because they feel like Netflix is taking advantage of its users, and others feel annoyed because they are already paying the highest tier to have access to the maximum number of screens. There are also participants who feel sad because they enjoy the service, despite not having their own account.

In terms of brand promise, when participants were asked to describe Netflix's brand promise, most of them were unfamiliar with it and some could only express a vague idea of what it might be. In addition, when we showed interviewees a comparison between Netflix's 2017 tweet promoting password sharing and the recent updates about the policy change, there was a certain outrage among many. Regarding Netflix actually breaking its promise, we classified participants into three groups. First, the ones who believe that Netflix is breaking its promise and feel betrayed by the company's contradicting messages. These consumers brought up the distinction between house and family - believing that it is unreasonable to expect that all members of a family live in the same walls - and the economic impact the policy change will have on many - for example, college students. However, a minority of participants believe that Netflix is not going against its promise. They argue that the promise does not explicitly mention sharing with members who are not in the same household and that the company mentions these sharing limitations on its website. In addition, these consumers acknowledged the ambiguity of

Netflix's messages. The last group of participants expressed uncertainty and confusion regarding this issue, stating that Netflix does not have a clear direction and is not transparent. Transparency emerged as a concern for all groups, as they feel Netflix is not being upfront about its decisions.

5. Discussion

In this chapter, we intend to examine, describe, and share the findings and results of the research conducted in the past two months. It is our intention to start by comparing and contrasting the findings from the analysis with previous literature and theories. Then we will go back to the findings and relate them in light of our initial research purpose and questions to then conclude by discussing our analysis' limitations and main challenges.

5.1 Differences and similarities between findings and theories

The analysis conducted on consumer-brand relationships and negative emotions aligns with the theories presented in our theoretical framework in several ways. First of all, our findings confirm the importance of emotions in building strong consumer-brand relationships (Fournier, 1998; Bertilsson, 2017) and the consequences of negative emotions on consumer behavior (Khatoon et al., 2021).

It is well known that building strong consumer-brand relationships leads to higher brand loyalty and a higher chance of forgiveness when a brand makes mistakes (Bertilsson, 2017). However, our findings demonstrate that even the most loyal customers are not willing to forgive the company for the decision of applying the latest policy change. In fact, as far as the relationship between consumers and Netflix is concerned, we immediately noticed a lack of emotional attachment to the company. To better explain this concept, we will take from Fournier's BRQ model (1998), according to which there must be emotional links between consumers and brands in order to cultivate their relationship. Among all these links, the ones we believe fit our study the most are love and passion, commitment, and brand partner quality. Love and passion refer to the feeling that a brand is so unique that it cannot be replaced by

another brand; in the case of Netflix, the majority of interviewees have expressed a certain readiness to turn to a streaming competitor as soon as the policy change will take place. Furthermore, commitment has to do with consumers remaining loyal to the brand no matter what happens, especially in harder times. As we have already mentioned, this is not the case for Netflix users. Lastly, brand partner quality is the perception that the brand is performing above expectations; clearly, because of the policy change consumers believe not only that the brand is underperforming, but that it is not taking consumers into consideration.

All these factors are leading to the second to last stage of the evolution of a consumer-brand relationship, which is deterioration (Levinger, 1983) - we cannot discuss the dissolution stage because the policy change has not happened yet, and despite the fact that consumers have expressed their willingness to discontinue the service, we cannot state with certainty that it will eventually happen. Relationship deterioration, according to Fournier (1998) can happen due to relational stressors; in the case of Netflix, we have identified two stressors. First, a partner-oriented stressor caused by a change of values from the brand. Netflix has always been associated with account sharing by its users and has never taken any actions in order to discourage it. Second, a relational stressor caused by the fact that, according to many interviewees, Netflix has broken its promise.

Despite the fact that our findings and analysis align with the theories presented in our framework in terms of consumer-brand relationships, it is important to specify that we noticed how the majority of Netflix consumers we interviewed lack a high level of connection with the brand and are not as invested as brands want their customers to be. In fact, out of 26 participants, 19 stated that they will cancel their subscription. In this sense, one could say that the brand has failed to gain a special place in consumers' minds; however, we also believe that this could be caused by the nature of the service offered by Netflix. In a world where content can be accessed everywhere, it is extremely difficult for a company like Netflix to still be perceived as unique. Many interviewees stated that the only unique trait of the company is the fact that it was, indeed, the first one to operate in the streaming industry. Therefore, we believe that if we had conducted this study five years ago we would have noticed a higher level of investment from consumers. Despite this, we were still able to classify Netflix users according to their level of loyalty and engagement with the brand.

Regarding negative emotions, by focusing mainly on the negative emotions that arose because of Netflix's policy change, we complemented the main theories by examining specific context-related emotional responses that had not been studied before. In fact, since the beginning of our study, we realized that the existing literature on negative emotions is quite limited, not to mention negative emotions as a consequence of a radical change. We tried to fill this gap in the literature by giving Netflix users the chance to express their own feelings and not simply stick to emotions that were already identified by previous studies. In fact, the main negative emotions analyzed in previous literature are hate, disappointment and regret, and anger (Khatoun et al., 2021; Haase, Wiedmann and Labenz, 2022). Our findings demonstrate that, following a brand decision such as the policy change, **the main emotions include anger, disappointment, annoyance, sadness, and mostly indifference.** Therefore, we believe our study can serve as a contribution to this field.

When it comes to brand promise and loyalty, we realized right from the initial moments of our research that there is a considerable amount of research on brand promise and brand loyalty individually, but there is a literature gap regarding their connection and mutual influence. What emerged from the data collected from the interviews, focus groups, and the netnography on Reddit, is that it does not matter the type of loyalty that users have towards the brand, when they perceive the company as inconsistent and not reliable in its promise and values, the result is that almost all of them state they will leave the platform.

The most interesting aspect that emerged from our research is that the promise broken by the brand does not necessarily have to be the official one - perhaps the one found on the website, social media, or official channels. **Consumers keep into consideration the "perceived" promise as well,** which in the case of Netflix associates the platform with the possibility of sharing the account with others. The element that surprised us the most is that it does not matter whether the customer has been a 10-year or 1-year subscriber, their considerations and consequences were the same. When we were drawing the conclusions of our study and we noticed that out of a sample of 26 people, only 5 intend to stay on Netflix, we were impressed because it was going against our predictions. We originally believed that, at least among those definable as Netflix Loyalists, the abandonment rate would be lower. There are two reasons for these convictions; first of all, we thought that having set relatively strict sampling criteria from the outset (such as

having been a user for at least a year), the people identified would still show an above-average level of appreciation of the platform. Then, since Netflix Loyalists represent the main exponents and ambassadors of the brand and can be linked to the Committed Buyers in Aaker's Brand Pyramid (1991), according to the literature, for this type of user there is no switching cost or other feature that matters, therefore we thought they would always continue to prefer and choose Netflix.

Taking into consideration all the previous aspects, we could therefore say that our research has revealed aspects that contradict the reference literature. In fact, Aaker (1991) states that having an audience whose brand loyalty is high allows the company to focus on other issues, such as customer retention or cutting certain costs. According to the author, in fact, when the user is highly loyal, the company has great advantages, especially in terms of competition. If there is anything this thesis has proved, it is that no matter the level of brand loyalty, when faced with a great lack of respect and consistency from a company, even the most loyal customers will assume an attitude of criticism. The same argument made for Aaker also applies to Dick and Basu's Brand Loyalty Map (1994); in fact, according to the authors, when brand loyalty is true, there should be a solid and well-rooted relationship between the attitudes towards the supplier - Netflix in our analysis - and the users' rebuying rate. What is proposed both by Aaker (1991) and by Dick and Basu (1994), although it makes sense and certainly in certain contexts could undoubtedly be true and verifiable, in a case like the one presented here it is denied in both cases, especially when it comes to higher levels of brand loyalty.

5.2 Research questions and objectives

Taking into consideration our first research question, "How does Netflix's policy change on password sharing affect consumers' perception of the brand promise and their willingness to continue using the service?", it is easy to reach a conclusion that is consistent both with what was obtained from interviews and focus groups and with what was read on Reddit. Keeping in mind the attitude-behavior gap (Carrington, Zwick and Neville, 2016) according to which there is a gap between consumers' attitudes and their eventual behavior, it is however strongly evident that Netflix users are dissatisfied; whether they have already been affected by the

change or have only heard of it, talking to them and reading their interactions, it is clear that this move by Netflix has not left them indifferent. If other changes, such as price increases or the cancellation of certain particularly popular series have generated a certain uproar, this is in no way comparable with the discontent that followed the announcement of this new policy offering. In fact, almost every user seems to be willing to leave the platform, both for economic reasons and as a way to demonstrate their dissatisfaction and disappointment. It should be highlighted that, even among those who have expressed the will to cancel their subscription, there are different dynamics; some immediately canceled the account as soon as they learned of the change, others have simply expressed the intention to do so, while others, fed up with the continuous vicissitudes of the main streaming platforms, have resigned themselves to returning to the use of piracy.

As far as perceptions of the brand promise are concerned, our findings demonstrate that there is no single nor correct answer to the question “*Do you believe Netflix is going against its promise?*”. Those consumers who were not aware of Netflix’s official brand promise - but rather have always associated the company with the idea of sharing - believe that the company has indeed broken its promise. On the other hand, consumers who were aware of the limitation regarding account sharing, despite being a minority, confessed that Netflix is not breaking any promise. The most valuable insight that emerged from our findings is not just whether or not Netflix broke its promise, but rather the main problems seem to be the lack of coherence and transparency in the company's attitude and the fact that this radical change has not been publicized and is still shrouded in a cloud of uncertainty.

Our analysis has also answered our second research question “How do consumers' negative emotional responses, such as hate, disappointment, and anger, towards Netflix's policy change on password sharing vary based on their perceived levels of engagement, trust, and loyalty towards the brand, as well as their past experiences with the service?”. Firstly, our analysis demonstrates that consumers’ negative emotions do vary based on their level of engagement with Netflix.

We discovered that Netflix Loyalists, those who have a strong emotional attachment to the service and a good past experience with it, are most likely to feel disappointment and anger as

a result of the policy change. This means that the more consumers are strongly engaged with a company, the more heightened their emotional responses will be, especially when these responses are caused by a radical change that impacts their perception of the brand. Those consumers who seem to know the company very well, especially in terms of its values, have demonstrated disappointment. The same applies for those loyal consumers who try to make sense of this policy change and therefore understand that it is a good move for the company, but still feel betrayed. As far as anger is concerned, the majority of Netflix Loyalists has expressed problem-focused anger (Antonetti, 2016), by voicing their anger towards the problem - in this case, the policy change. Despite being the most loyal customers, some of them have also expressed their readiness to boycott the brand, as a result of vengeful anger (Antonetti, 2016).

On the other hand, Streaming Wanderers, who are less attached to the brand and enjoy using multiple streaming platforms at the same time, have also shown disappointment, but mostly indifference. In this case, disappointment stems from the fact that these consumers have never placed much trust in the brand and its ability to stand out from its competitors by putting consumers first. For this reason, disappointment derives from the realization that Netflix has behaved exactly like all other companies that have put their profits first. The fact that these consumers are not very attached to the brand has meant that this has not turned out to be a big problem for them, and they will continue to turn to other platforms as they have already been doing in the past. The most common emotion among Streaming Wanderers is indifference. This emotion - which has not been vastly studied in research - derives from a lack of emotional connection with the brand. Indeed, Netflix not only has no special positioning for these consumers, but one could say that it has no positioning at all. For this reason, the fact that Streaming Wanderers may not be able to use Netflix anymore does not cause any distress or sadness, but simply indifference.

Lastly, there is the category of Account Hitchhikers. These consumers do not have their own subscriptions but use someone else's account and therefore have no financial investment toward Netflix. Despite this, we have found that many consumers that fall into this category still have a strong emotional attachment to the company and feel loyal to it. The main emotions we discovered are anger, annoyance, and sadness. In this case, anger has two facets. On one hand,

some Account Hitchhikers claim that the company is taking advantage of them by spiking up the prices without offering anything in return; on the other hand, they feel they have been so loyal to Netflix that they do not deserve this sort of treatment. In addition to anger, some consumers also feel annoyed because of the fact that they - or someone else - are already paying for the most complete subscription that allows up to four people to watch from the same account. Lastly, two Account Hitchhikers feel sadness, because they feel attached to the platform and enjoy watching content on it.

All these negative emotions demonstrate that **it does not matter whether consumers pay for their own account or not, and whether they use multiple platforms or just Netflix, because what matters is their experience with the company.** Those consumers who have had positive experiences with the service and believe that Netflix is unique in some way are more likely to feel disappointed or sorry for the policy change rather than angry. **Conversely, those consumers who do not perceive Netflix as unique and have an ordinary experience with the service are more likely to feel indifferent.**

5.3 Limitations of the analysis

Looking back at the work done in the last couple of months, we clearly encountered some challenges which have caused our work to present some limitations; we believe that, besides being aware of these and letting our reader know about them, these are not particularly serious to influence the value of this thesis.

The first **limitation** that could be identified in the context of our research can be traced back to the **small sample of people we interviewed**; despite having 26 people of different ages, nationality, occupations, and life stages, we are still conscious that the results derived from this study could eventually be different if repeated in a different context. In fact, **our study is extremely contextualized and concerns a specific issue, therefore results could be different for a different negative change or another typology of service brand.** Another limitation that must

be mentioned is certainly the time available for this thesis which, being relatively short, did not allow for a prolonged and particularly in-depth analysis.

As we have already mentioned multiple times before, another problem that we have sometimes encountered is the lack of literature concerning some of our main topics, such as some of the negative emotions or the relationship between brand promise and brand loyalty. After these aspects which, although influential, have a limited effect, we must pause for a moment on what is the greatest limitation of our analysis. At this time, May 2023, Netflix has only implemented this change in a limited number of countries, and we still do not know what its intentions are for the rest of the world. With the fact that this policy change has yet to arrive both in the United States and in most of the countries belonging to the European Union, our analysis could only be based on attitudes and perceptions - attitudinal loyalty, one could say - because the change has yet to take hold and therefore we are not yet given to know what its practical consequences will be. For this reason, the results obtained through this study would need to be confirmed with additional research to be conducted as soon as the policy change actually takes place.

6. Conclusion

For more than 10 years Netflix's strategy positioned it as the market leader, likely due to being the first to revolutionize the industry, and therefore even the small missteps it may have made along the way were easily forgiven. However, matters changed when it concerned something particularly felt by the public, namely the sharing of passwords. This proved to be a significant challenge for Netflix, as it failed to take into consideration the aspects its users just cannot give up. The fact that the company made such a choice is a clear demonstration of a lack of customer consideration and an excessive level of self-esteem because by thinking it can implement such a change without repercussions, Netflix seemingly believes it has an extraordinary level of customer loyalty and trust.

At the end of our research, in addition to having delved into various facets of user dissatisfaction - from anger to disappointment, to abandonment - and having understood how these affect the relationship between company and consumers as stressors, we understood that the more loyal and long-standing users are the harder and more disruptive their positions will be. In fact, customers who do not have a regular relationship with the platform, perhaps because they use several streaming services at the same time or because they are new users, will probably have fewer expectations and a less charged emotional bond than a more long-standing clientele who has certain expectations and a higher level of trust in the company.

6.1 Theoretical contributions

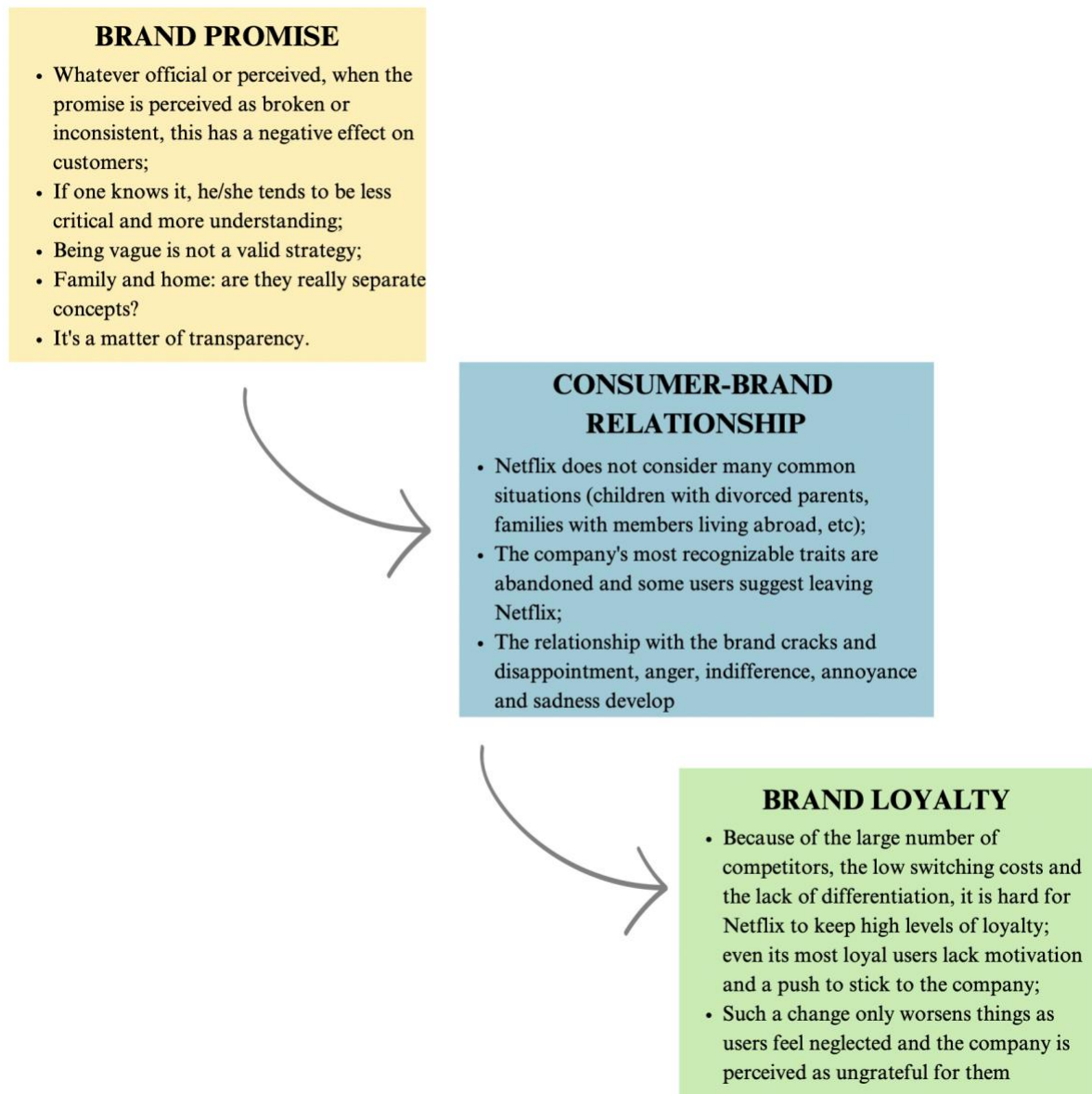


Figure 6: Updated theoretical framework (own illustration)

This study makes contributions to the field by exploring the connections and interdependence between three key theories, namely brand promise, brand loyalty, and consumer-brand relationships. Through our study, we have demonstrated that **when consumers perceive a brand to be failing to uphold its promise - whether perceived or official - it can drastically impact their**

loyalty and they will be ready to leave the brand. Our analysis complements Gensler et al. (2013)'s findings by exploring the consequences of a perceived broken promise in a service brand context, therefore providing novel findings.

Moreover, our study contributes to research in the field of consumer-brand relationships as well. In fact, existing literature suggests that building strong consumer-brand relationships leads to a higher level of brand loyalty (Bertilsson, 2017); however, our study focused on the opposite phenomenon and therefore we were able to confirm these theories using a counterintuitive approach. We have in fact discovered that when consumers feel neglected by a brand and start developing negative emotions toward it, their perception of the brand inevitably changes, resulting in decreased loyalty. This evidence proves the importance of addressing consumer needs and concerns in order to maintain brand loyalty. Furthermore, on top of anger and disappointment, we have identified additional negative emotional responses that have not been studied in existing literature, such as indifference, annoyance, and sadness.

In addition, this study has unveiled an important link between brand promise and consumer-brand relationships. We have found that consumers who perceive a brand to be incoherent with its promise experience heightened negative emotions and are therefore more inclined to sever ties with the brand. This insight demonstrates the importance of keeping a promise in shaping consumers' perceptions, emotions, and subsequent loyalty.

Another factor - often in the background but influential on all these three thematic strands - to keep in mind is the very nature of Netflix as an OTT service. As we mentioned earlier, a major limitation for these streaming platforms is the total lack of interaction between users and staff; in fact, the only aspect that consumers can experience and on which they can base their judgment is a website and an interface. Since there is no interaction whatsoever, it is extremely difficult for these companies to create a relationship or any type of personal attachment that is profound or otherwise meaningful. Precisely for this reason, even when unpleasant episodes such as the one presented in this thesis occur, consumers, while undoubtedly remaining disappointed and feeling abandoned by the company, easily manage to recover and change their habits, whether it is by simply canceling the subscription or subscribing to a competitor platform. This is precisely the main feature of OTTs, their total absence of interaction which is

a strong point as regards the economic issue, becomes a double-edged sword because this non-attachment makes it extremely easy for users to pass from one platform to another having not had the opportunity to create an emotional bond.

6.2 Managerial implications

Focusing now on the managerial implications of our analysis, the findings that emerged from consumer comparison and online opinions provide valuable insights for us as researchers and practitioners who work in the entertainment and streaming sector.

We acknowledge that when an established company like Netflix makes a decision of such magnitude it is never something improvised or left to chance, but rather well thought out and subjected to various judgments and conflicting opinions. Therefore, while we understand the position of the company, we cannot fail to take into account all the alternatives and suggestions proposed by the users we have had the privilege to interview in recent months. Especially among those - albeit a minority - who have expressed their intention to stay or create a new account, the proposal to create an introductory offer to facilitate this change has often been made. Although this offer might still generate some level of discontent, it would ease the decision-making process for those already leaning towards staying with the platform and would also be seen as a way to reward their loyalty. What a user wants is to feel seen and appreciated, even by companies that have millions of users, and implementing this approach would probably be an easy way to make the company feel closer to its audience.

Not directly related to this latest change, but still potentially valid, is another proposition that came up during an interview; this involves creating a cheaper subscription designed specifically for students, perhaps limited to a single screen but without restrictions on Wi-Fi or main locations.

Other suggestions worthy of attention include improving the communication and promotional channels in a more comprehensive manner. The current channels are not only vague and

unclear, but a company of international caliber like Netflix cannot afford, from a reputation point of view, to retrace its steps three or four times in five months, or his credibility and authority will be affected. Another concept to keep in mind is what is defined as "digital footprint", defined as an individual's distinctive collection of digital activities, actions, and communications that leave trails on the internet. What we mean by this is that, when a company chooses to be active on social media and online platforms, it can present both opportunities and challenges. While it promotes closeness with its audience, it also requires that the company has a high level of consistency and constancy.

6.3 Future research directions

Having previously addressed the limitations and potential shortcomings of this thesis in the previous chapter, it is now opportune to explore potential areas of future research that could depart from our study. First of all, it would certainly be interesting to repeat a similar study after Netflix has concluded this cycle of changes at a global level and to see if our predictions will be confirmed or if the attitude-behavior gap will prevail. Other equally valid fields of research could include how companies without personal interaction could work to increase their sense of familiarity and loyalty. Furthermore, in the context of Netflix's transformation, it would be worth investigating whether distinct but internally homogeneous groups (e.g.: differing in level of education, income, residence) react differently or consistently. In a broader sense, it can be said that since the streaming market is closely linked to the technological and IT market, it is evident that there will certainly be forthcoming development to pay close attention to in the near future.

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Appendix A - Interview and Focus Group Guide

Our interview guide consisted of a PowerPoint presentation that we showed participants as we were asking questions.

1. Explanation of the policy change and its consequences:
 - a. Set up a primary location and subsequent wifi;
 - b. You will need to verify all devices via a code that will be sent to the main account email;
 - c. If not connected to the wifi, you can create an additional profile for an additional cost;
 - d. To use Netflix on the go, you will receive a code via email to use the account on your device;
 - e. There will be a "Transfer Profile" option to switch to another type of subscription without losing all the information such as history, favorite list, and algorithm.
2. Demographic information:
 - a. Platform usage;
 - b. Platform sharing.
3. Relationship with the platform:
 - a. Can you talk about your current relationship with Netflix? e.g.: what you like, what you do not like, do you use it more or less than before, you prefer other platforms.
4. What makes Netflix unique for you compared to other streaming platforms? e.g.: Amazon Prime Video, Disney +, HBOMax
5. What will the consequences of the change be for you?
6. Among these negative emotions, which one reflects your mood toward Netflix after you heard of the policy change?
 - a. HATE
 - b. DISAPPOINTMENT
 - c. ANGER
 - d. Other (specify which one)
7. Brand Promise:
 - a. Definition of brand promise: a customer-facing statement that should reflect the value or experience consumers can expect to receive when interacting with a particular company;
 - b. Coca-Cola's brand promise: to refresh the world in mind, body, and spirit;

- c. Amazon's brand promise: to be the most customer-centric company in the world;
 - d. Nike's brand promise: to bring inspiration and innovation to all athletes around the world;
 - e. Do you know Netflix's brand promise? Have you ever heard it? If so, do you remember it?
 - f. Netflix's brand promise: Netflix's goal is to entertain the world. No matter what you like or where you live, with us you have access to an extraordinary catalog of TV series, documentaries, movies and games for mobile devices-you can watch anything you want at any time with just a subscription.
8. Comparison between March 2017 and March 2023:
- a. 2017: Netflix's tweet "Love is sharing a password";
 - b. 2023: Netflix's statement "We have always made it easy to share the account for people living in the same house. While this practice has been very popular because of the ability to have multiple profiles and watch Netflix simultaneously from multiple devices, there has been a lot of confusion about it. We care about our customers and realize that there are many other entertainment options today. But a Netflix account is meant to be used in one household".
 - c. How do you feel about this change?
9. Do you think Netflix - following this change - is going against the promise made to its users? Why?