

# The impact of tiered advertising and loyalty discounts on incentivizing video-on-demand subscription intention

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# **The impact of tiered advertising and loyalty discounts on incentivizing video-on-demand subscription intention**

**Abstract:** The high churn rates and substantial revenue losses caused by digital piracy make it challenging for subscription video-on-demand (SVOD) platforms to attract and retain subscribers. This study proposes that SVOD providers can strengthen their relationship with users by offering tiered discounts in exchange for advertising or loyalty. Furthermore, we hypothesize that these discounts increase subscription intention when the incentive specifications (advertising levels and loyalty levels) match the consumers' heterogeneous dispositions (advertising attitudes and loyalty attitudes). In a survey that explored SVOD consumers' intention to subscribe to a hypothetical new platform, we confirm that offering advertising-based discounts and loyalty-based discounts are effective strategies to enhance the SVOD platform subscription base. In addition, our findings reveal that the evaluation of platform content was significantly more influential than any other incentive.

**Keywords:** *Video-on-demand, Advertising acceptance, Loyalty commitment*

**Track:** *Consumer behavior*