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ENGAGING CONSUMERS INTO LEGAL VIDEO STREAMING SERVICES IN RUSSIA

Master's Thesis by the 2nd year student

Concentration — general track (CEMS)

Zinaida Chizhova

Research advisor:

M. Deniz Dalman,

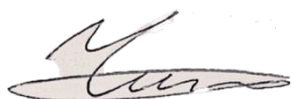Assistant Professor

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ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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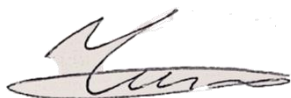
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STATEMENT ABOUT THE INDEPENDENT CHARACTER OF
THE MASTER THESIS

I, Zinaida Chizhova, second year master student, master program «Management», state that my master thesis on the topic "Engaging Consumers into Legal Video Streaming Services in Russia", which is presented to the Master Office to be submitted to the Official Defense Committee for the public defense, does not contain any elements of plagiarism.

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_____31.05.2017_____ (Date)

АННОТАЦИЯ

Автор	Чижова Зинаида Андреевна
Название магистерской	Вовлечение потребителей в использование легальных потоковых видео-сервисов в России
Факультет	Высшая школа менеджмента
Направление подготовки	38.04.02 «Менеджмент» (профиль: общий менеджмент)
Год	2017
Научный руководитель	Далман Мустафа Дениз, Старший преподаватель кафедры маркетинга
Описание цели, задач и основных результатов	Основная **цель** данной диссертации - изучить, как вовлечь потребителей в использование легальных потоковых видео-сервисов в России. Чтобы изучить эту тему, необходимо ответить на следующие **вопросы исследования:** • Как российские потребители принимают решение между легальными и нелегальными онлайн кинотеатрами? • Какие функции потоковых видео сервисов являются наиболее важными для российских потребителей? **Результаты** данной магистерской диссертации можно разделить на две части: • Теоретические. Была предложена и эмпирически проверена модель процесса принятия решений в отношении коммерческих потоковых сервисов на примере российских потребителей. Кроме того, было доказано, что российские респонденты воспринимают веб-сайт онлайн кинотеатров как полезный инструмент, который несет в основном утилитарные ценности. • Практические. Был предложен обоснованный инструмент (анкета), который может быть использован российскими компаниями для проверки воспринимаемых преимуществ, воспринимаемых рисков, простоты навигации, восприятия справедливости цен и интерфейса веб-сайта для коммерческих потоковых сервисов. Более того, были определены наиболее важные характеристики онлайн кинотеатров с точки зрения потребителей.
Ключевые слова	Легальные потоковые видео-сервисы, потоковые видео платформы, онлайн-кинотеатры, российская онлайн киноиндустрия, рынок OTT, IVI, Netflix, Okko, Megogo

ABSTRACT

Master Student's Name	Zinaida Chizhova
Master Thesis Title	Engaging Consumers into Legal Video Streaming Services in Russia
Faculty	Graduate School of Management
Main field of study	38.04.02 "Management" (specialization: general management)
Year	2017
Academic Advisor's Name	M. Deniz Dalman, Assistant Professor, Marketing Department
Description of the goal, task and main results	The main goal of this work is to investigate how to engage Russian consumers into legal video streaming services. To explore this topic, it is necessary to answer the following research questions: • How Russian consumers decide on legal vs. illegal online video services (the process of decision making)? • What features of streaming services are the most crucial for Russian consumers? Implications from the current thesis can be divided into two parts: • Theoretical ones. The framework for the decision making process toward commercial video streaming services was proposed and verified using the sample of Russian customers. Besides, it was proved that Russian respondents perceive website of a commercial video streaming service as a useful tool that brings mainly utilitarian values. • Practical ones. Practical implications include a justified tool (questionnaire) that can be used by companies to check Perceived Benefits, Perceived Risks, Easiness-to-navigate, Perceived Price Fairness and Website interface experience between the current and perspective clients of commercial video streaming services. What is more, the most crucial characteristics of online cinemas were identified.
Keywords	Legal video streaming services, streaming platforms, online cinema, Russian online movie industry, OTT market, IVI, Netflix, Okko, Megogo

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Introduction

In 2003 Steve Jobs claimed in his interview to Rolling Stone: "You'll never stop piracy. What you have to do is to compete with it" (Goddell, 2003). It goes without saying that the main challenge for the media industry today is to design and implement strategies that allow appropriate competition against unlicensed usage (Burmester et al., 2016).

According to statistics, a Russian viewer watches TV on average 4 hours per day while the amount of time spent viewing video online is 1,5 hours (Vedomosti, 2015a). However, more and more people are finding the desired video on the Internet. As a result, there is a huge growth of video streaming services that provide legal, high-quality content, primarily movies and television programs.

However, in Russia the attitude toward intellectual property on the Internet is careless. Many users do not realize that media should not be used and/or distributed free of charge and without the permission of the copyright holder. Due to such issues as anonymity on the Internet, non-significant costs for reproduction and distribution of the content, development of computer technologies, that provide a fairly high copy quality level, the Internet in Russia became one of the biggest world sources of coping and distributing illegal media content (Maltsev, Kryukova, Sosnin, 2014).

The tightening of piracy legislation in 2013 barely has improved the situation. Profit loss of movie production companies and distributors because of piracy leads to increasing movie license prices. The cost of the license to demonstrate Russian movies online has grown tenfold (Vedomosti, 2013). Commitment of Russian viewers to watch or download movies illegally is explained by different factors. Three most significant of them are slightly developed intellectual property institution, weaknesses of Russian legislation and mentality of Russian viewers (Vedomosti, 2013).

It can be concluded, that the piracy is a deep institutional problem that takes a lot of time to be tackled in Russia. Nevertheless, as a result of legislation improvements people start searching for legal video streaming services. To be more precise, the audience of commercial video streaming services in Russia on the end of 2014 increased by 18% and amounted to 37,5 million people (TMT Consulting report 2014).

The main **goal of this work** is to investigate how to engage Russian consumers into using legal video streaming services. To explore this topic, it is necessary to answer the following **research questions:**

1. How Russian consumers decide on legal vs illegal online video services (the process of decision making)?

2. What features of streaming services are the most crucial for Russian consumers?

The **subject** of the work are Russian people who watch video online. Besides, the **object** is video streaming (OTT, over-the-top) services. In this work the author is taking into consideration legal OTT services that include only video streaming platforms such as "on-line cinemas" (commercial streaming video services).

The Chapter 1 of the current thesis will be dedicated to the analysis of peer reviewed studies about peculiarities of online shopping, characteristics of video streaming services, and the current state of Russian video streaming platforms market. What is more, it will cover the historical development of attitude to intellectual property in Russia and the difference between hedonic and utilitarian values transferred by streaming services. The Chapter 2 will describe the main models of decision making process about commercial video streaming services. Besides, the methodology for the empirical part will be defined and explained. To me more precise, the model for empirical verification and hypothesis will be stated. The Chapter 3 will depict empirical verification of proposed model. In detail, factor analysis, hypothesis testing, analysis of descriptive statistics, and cluster analysis will be performed. Finally, practical recommendations for Russian companies and theoretical implications for further research will be suggested.

Chapter 1. Literature review

At the age of high-tech communications humanity has the ability to freely exchange any kind of information. One of the most common ways to extract or add information is the Internet (Sinclair, Tinson, 2016). In other words, people are able to share audio, video files, text, software and other electronic documents via global information network, just as tangible copies of works, such as books, music records, and photographs are becoming less popular. The subject of this work is video streaming services that can be determined as a service that provides continuous on demand transmission of video content to the end user (Sinclair, Tinson, 2016).

Phenomenon of streaming services is strongly connected with the growing Internet penetration and data transfer speed (PWC E-media Outlook, 2016). Video streaming services emerged because of increasing demand for fast cloud services. It reflects changes in online customer behavior. Thereby **the first part of the literature** review is dedicated to the trends in the online consumption and main online purchasing models that determine decision making process of modern consumers on the Internet. **The second part of the literature review** explores in detail streaming services and peculiarities of ones that provide video content.

It is worth noting that the rapid expansion of technology is far ahead of changing people's culture and their relationship to intellectual property. Often while downloading or watching a video via the Internet a Russian consumer can break someone's copyright due to lack of knowledge about the copyright law or willful violation of the law (Maltsev, Kryukova and Sosnin, 2014). Thus the **third part of the literature review** tells briefly the history of intellectual property development in Russia, the attitude of Russian consumers to illegal services, and specifies the current state of video streaming services (OTT, over-the-top services).

1.1. Online consumption

The Internet has advanced a lot to the development of information communication technology (ICT) (Tapscott, 1997). Overall, advancement of ICT led to the consumer preferences shift "from economic functionality to supra-functionality beyond economic value, encompassing social, cultural, aspirational, tribal, and emotional values" (Watanabe et al., 2016).

1.1.1. Online consumer behavior

Owing to the technological development a lot of experiences are shifting to the Internet (Bilgihan, 2016). As a result, digital world becomes the main battleground for business competition (Weinman, 2015) and the main source for service delivery experience (McLean, Wilson, 2016). One of the most important marketing goals is to reach a customer at moments

that influence their decision making process (Darley, Blankson and Luethge, 2010). In other words, marketers try to achieve perspective consumers in different touch points.

Nowadays market environment becomes more complicated in terms of interaction with clients. Traditional "funnel" model (when a consumer has in mind several brands and step by step narrows the list to one brand) does not work because of modern technologies; the Internet allows to analyze hundreds of brands at the same moment (Court et al., 2009). McKinsey suggested a new term "consumer decision journey" that describes modern decision making process (Court et al., 2009).

According to the McKinsey report (Court, et al., 2009) decision making process became non-linear circular journey that consists of four phases (see Figure 1). Firstly, consumers consider an initial set of brands. Then during active evaluation phase they gather information through the Internet and other sources. As a result, the initial set is changed as consumers include or exclude extra brands on the basis of gathered information. Touch points of the active evaluation phase are consumer driven channels such as the Internet reviews, word-of-mouth, in-store interactions, and previous experience. After purchase consumers shape their opinion about an acquired product/service. Their future consumer behaviour directly depends on this opinion. The task of marketers is to provide after-sales experience for both active and passive loyalists. A new model of decision making process helps to reach a customer at right place, right time with right message.

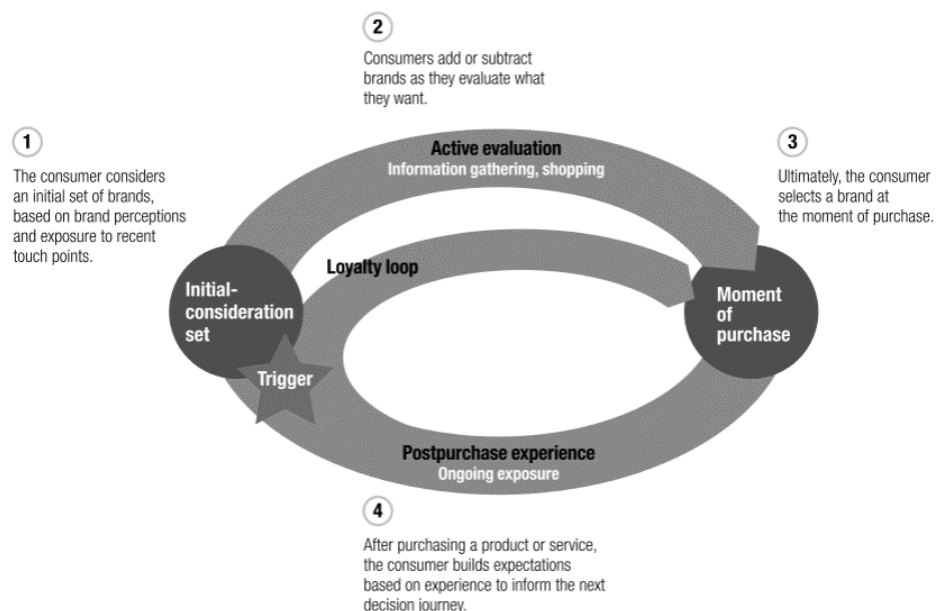**Figure 1.** Consumer decision journey
Source: (Court et al., 2009)

Consumer behavior became one of the most discussed marketing topics in mid 1960s (Schiffman, Kanuk, 2008). Firstly, marketers formed consumer behavior framework on the basis

of psychology (study of individuals), sociology (study of groups), social psychology (study of individual behavior in groups), anthropology (study of social influence on individual behavior), and economics (study of economic patterns in society). Early theories consider consumers as rational individuals that tend to maximize their benefits in purchasing products or services (Schiffman, Kanuk, 2008). Later it was found out that consumers often purchase impulsively (irrationally); and their behaviour vastly depends on both cognitive and emotional aspects (Schiffman, Kanuk, 2000).

Intention to transaction suggests engagement in exchange relationship with online retailer (Dash, Saji, 2007). It considers the exchange of information between a customer and seller. Intention to transaction is influenced by the following determinants (Suh, Han, 2003; Coursaris, Hassanein, Head, 2004; Chellappa, 2005; Cyr et al., 2005):

- Trust implies "belief in the trustworthiness of a partner and a behavioral intention to rely on a partner in a situation of vulnerability" (Dash, Saji, 2007).
- Perceived usefulness assumes that the usage of a particular website will decrease efforts that are necessary for finding information, comparison and faster transactions.
- Perceived risk defines the amount of uncertainty that a consumer meets purchasing online. To be more precise, Perceived Risk depends on the consequences that an online buyer can not foresee.

What is more, according to Dash and Saji (2007) there are two more factors that stand behind the mentioned determinants. The first one is self-efficacy – perception of how easy is to perform the action. Secondly, it is a website social presence that describes the ability to make a decision on the base of help through the website (virtual advisor).

Motivation to do shopping online involves both utilitarian and hedonic dimensions (Childers et al., 2001). It was found out that such characteristics as usefulness, easiness-to-use, and enjoyment determine an interactive part of online shopping. In other words, companies should create a delightful environment for purchasing online ("webmospheric") that provides an easy navigation, convenient purchases and substitute personal examination (physical try).

Nowadays websites become a substitute to physical stores (Lee, 2004). As a result, owners try to differentiate their websites and provide atmospheric experience through shopping for their clients. There are three main characteristics that distinguish online shop from a traditional one (Alba et al., 1997):

- Narrow screen – customers look at a website through a relatively small window that constraints a vision frame.
- Time and distance are tightened.

- Consumers control the seek process.

What is more, it requires much less efforts to switch one website to another one than to go to another physical store, therefore, companies try to create websites that will catch and hold clients (Alba et al., 1997). Menon and Kahn (2002) proved that pleasure (degree to which a person feels enjoyment) and arousal (degree to which a person feels activation) lead to higher level of engagement and consequent shopping behavior. At the same time information overload on websites leads to less satisfied and confident consumers (Lee, 2004). Furthermore, the website reflects an image and values of the company; good website attracts new customers and helps to stimulate re-purchase (King at al., 2016).

To sum up, nowadays website is a main tool to communicate with an audience that buys and consumes online. In this way, website can become the major mechanism of added value that may turn consumers from illegal online media to legal ones.

1.1.2. Online purchase models

Overall, online purchase models can be divided into two groups. The first group of models makes an accent on conceptual frameworks of the purchase process, another group focuses on factors that influence this process.

Ones of the first authors who decided to explore process of online purchasing were McGayghey and Manson (1998). The authors examined the impact of the Internet on classical buyer decision-making process that consists of five steps: problem recognition, information search, evaluation of alternatives, purchase decision, post-purchase behaviour (Engel, Kollat, Blackwell, 1970). It was suggested that surfing on the Internet can be a stimulus for problem recognition, helpful tool for information search, basis for comparing competitive goods/services, online platform for paying, and a key for loyal consumer behaviour (McGayghey, Manson, 1998).

Lee (2002) proposed behavioural factors that determine purchasing behaviour on the Internet. According to the author, online purchase activity consists of the following stages (see Figure 2):

- Building trust and confidence: the information about both a company and its products/services should be reliable and up-to-date. Besides, there should be a high-end security system to provide safe transactions via website.
- Online purchase experience: due to a lot of information consumers want to compare different products. As a result, they expect to meet intuitive navigation, fun experience and easy payment system.

- After-purchase needs: consumers want to be sure that thy can rely on the company after purchasing. For instance, to get refund when it is necessary or have excellent after-purchase service.
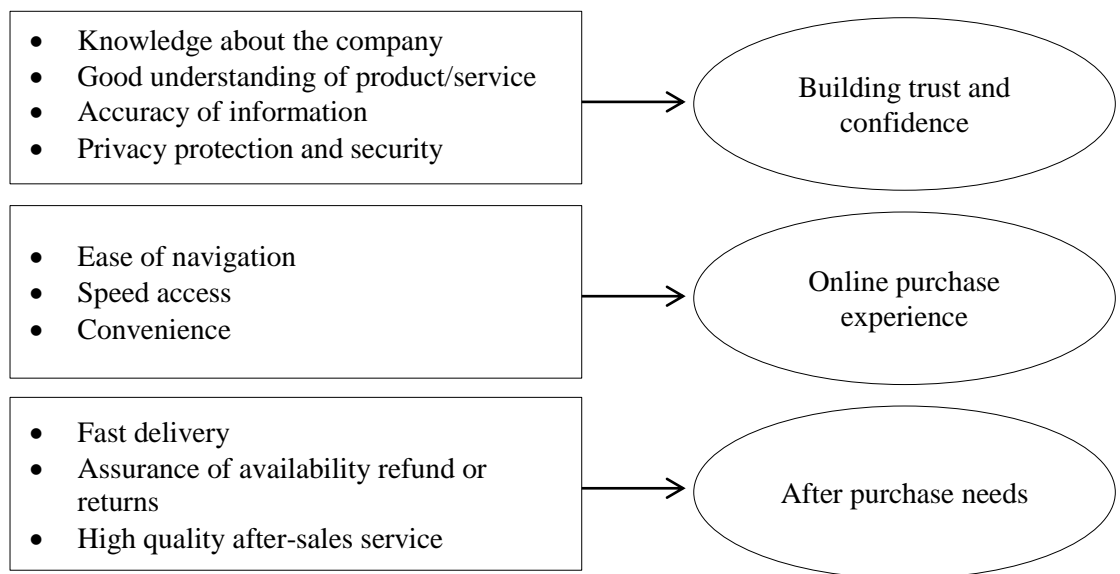
Figure 2. Behavior model of online purchase
Source: (Lee, 2002)

Internet-based commerce is based on interaction between a customer and a website. Therefore, the influence of interface appearance (pictures, images, way of delivering information) is one of the main factors that influence buying behavior (Park, Kim, 2003). Overall attributes of websites can be divided into four groups (Liu, Arnett, 2000):

- Merchandise (product related information such as assortment, product information, variety).

- Customer service and promotion (useful communication with clients such as targeted advertising, FAQ, feedback section etc.).

- Navigation and convenience (categorical classification, recommendations, user-friendly interface, Easiness-to-navigate etc.).

- Security of online transactions.

All mentioned attributes are aimed on reducing decision-making efforts, perceived risk of customers, and increasing their confidence in a product/service.

According to Park and Kim (2003) model five attributes of the online interface (see Figure 3) influence two mediatory factors such as Information Satisfaction (satisfaction with an information that a client encounters on a website) and Relational Benefit (benefit from long-term relationship such as reduced anxiety, increased trust). What is more, Website Commitment (loyalty) is a direct antecedent for Purchase Behavior.
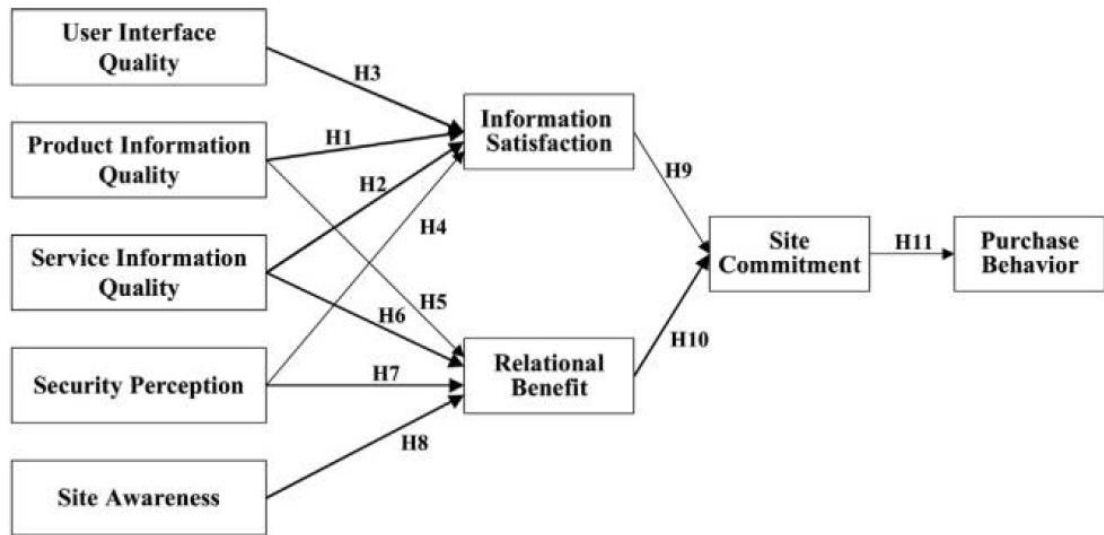
Figure 3. Attributes of the online interface
Source: (Park, Kim, 2003)

According to the Smith and Rupp (2003) design, delivery and manufacturing are the most vital in e-commerce strategy. Their B2C consumer decision-making process consists of three distinct stages: input stage, process stage, and output stage (see Appendix 1). The input stage is influenced by website marketing efforts (access to the internet, online shopping sites, promotions on the Internet and other sites etc.) and socio-cultural influences (family, friends, social class, age, economy, culture) (Smith, Rupp, 2003). Process stage depends on psychological factors (perception, motivation, personality, attitude, emption). At this stage, consumers ask themselves question linked with psychological factors (see Table 1).

Table 1. Questions consumers ask themselves when buying online
Source: (Smith, Rupp, 2003).

Psychological factors	Questions consumers ask themselves when buying online
Motivation	Should I look around for a better price? If online shopping saves my time, should I shop online more often? How much do I really need this product?
Perception	I feel that this website seems pretty secure. It seems that the site has a good product but how can I be sure?
Personality	What types of websites are best suited for my personal buying preferences?
Attitude	I am pretty unsure about extra costs, should I really be buying items off the Internet? If I do not buy the item online, how else can I get it?
Emotions	The last time I ordered from the Internet I had a really bad experience. Should I try buying online again? What is the future of buying online? If websites get better should I invest more time in buying online?

Output stage determines whether consumer find his or her "comfort zone" while buying online. In other words, buying online should be more convenient and bring more benefits for

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customers. For instance, the website can suggest trial-versions of services before an actual purchase to decrease level of consumers' uncertainty (Smith, Rupp, 2003).

The investigation of Chen and Chang (2003) confirm the previous conclusion. According to their survey, people prefer online shopping due to two main reasons: lower price and convenience. What is more, the authors suggest major components that influence online shopping experience: interactivity, transaction, fulfilment (see Figure 4). Interactivity represents the first contact with a potential customer that includes Internet connection, website design and website user-friendliness. Transaction implies value for money, convenience (location, time, product range), assurance (privacy, security), evaluation (information about products, ability to compare with other products), entertainment (fun, novelty). Fulfilment concerns the process of payment and delivery (time, convenient, post-sales services).

The majority of the previously mentioned factors are under the control of the service/goods provider. However, there are factors that go beyond their control. For example, a speed of the Internet connection mainly depends on the Internet provider (Chen, Chang, 2003).
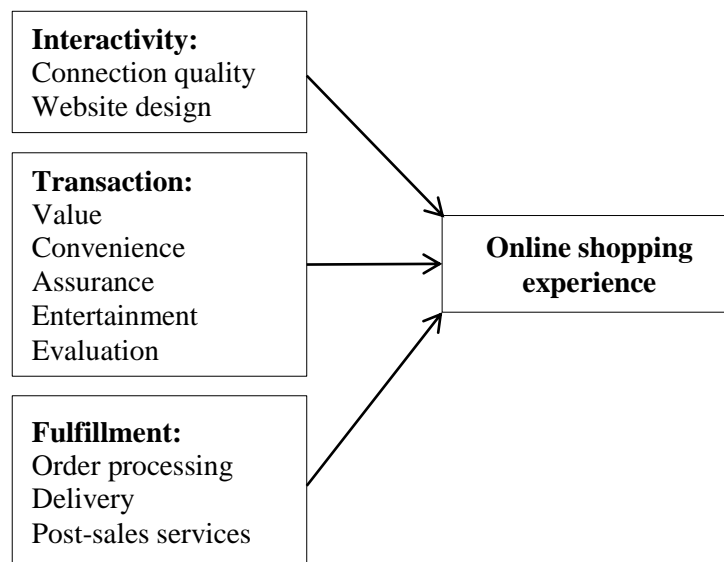
Figure 4. Determinants of online shopping experience
Source: (Chen, Chang, 2003)

Later Moon (2004) investigated which factors influence the search information process on the Internet. He suggested the model that considers 3 groups of factors: context, person, problem. What is more, it was found out that product type, benefits and risks have a direct influence on making purchase via Internet.

Kuhlmeier and Knight (2007) discovered that purchase likelihood (probability that a customer will buy a product/service via Internet) depends significantly on the following parameters (see Figure 5):

- Internet proclivity – frequency of Internet use (hours per week).

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- Internet experience – previous experience of buying online.
- Perceived risk – feelings of uncertainty about purchasing (payment security, quality of a product or service, confidentiality). Customers tend to have a higher degree of risk perception with non-store purchasing than with in-store purchasing (Akaah and Korgaonkar, 1988; Cox and Rich, 1964; Engel and Blackwell, 1970).

Internet Proclivity and Internet experience increase the Purchase likelihood and moderate Perceived Risk. At the same time higher Purchase Risk influences negatively Purchase Likelihood.
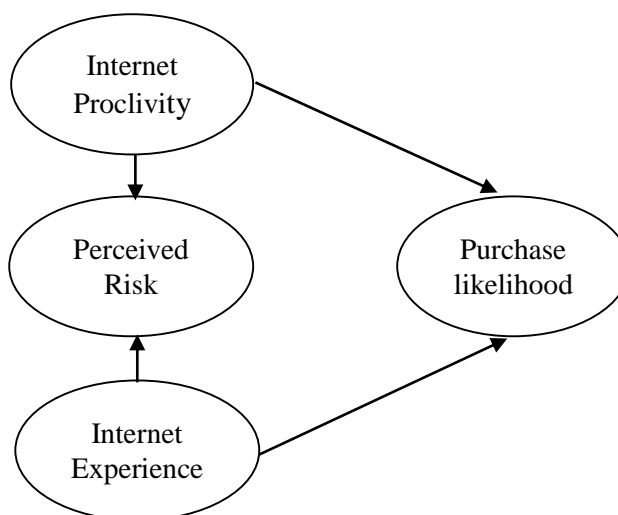
Figure 5. Antecedents of Purchase Likelihood
Source: (Kuhlmeier, Knight, 2007)

A comprehensive model of decision making process for online consumption is suggested by Darley, Blankson and Luethge (2010) (see Appendix 2). They extended original five-stage Engel-Kollat-Blackwell (EKB) model on the basis of findings from the extensive literature review. The authors explore fives-stage EKB model (problem recognition, search, alternative evaluation, purchase, outcomes) and external factors that influence the decision process. They include individual characteristics (motives, values, lifestyle, personality), social influences (culture, reference group, family), situational and economic factors, online environment (website quality, interface, satisfaction and experience).

1.2. Streaming services

Streaming is a method of transferring data from a provider to an end user, when the digital content is on a remote server and no download or installation is required to play back on a device (Sinclair, Tinson, 2016). The main advantages of streaming services are the followings (Pereiraa, Pereirab, 2016):

- Users of streaming services do not depend on the broadcast time; they choose the most convenient time for consuming media information.
- No need to storage digital contents on personal devices.
- Access to the content on all mobile devices.

All streaming services can be divided (Pereiraa, Pereirab, 2016) into 4 main groups (see Figure 6). Firstly, various music streaming providers, among which the largest ones are Yandex Music, Deezer, Vkontakte, Spotify, iTunes Radio, and Google Play Music. Secondly, the providers of streaming video such as Netflix, IVI, Megogo, iTunes, and Google Play etc. Thirdly, providers of streaming video games, for example, the major manufacturers of gaming consoles are Rio from Microsoft, Gaikai from Sony. The fourth group is the software vendors: Adobe, which replaced the Creative Suite by Cloud subscription service; Microsoft suggests cloud service Office 365, and many others.
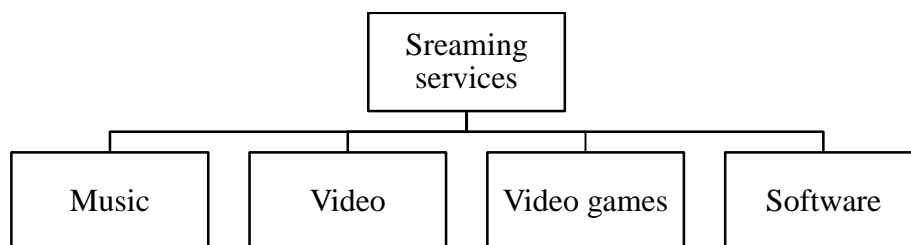
Figure 6. Types of streaming services
Source: (Pereiraa, Pereirab, 2016)

The significant raise in popularity of streaming services is connected with increasing internet access that has been growing worldwide at a rate of 6,7% in 2015 (PWC E-media outlook, 2016).

1.2.1. Streaming services as an experiential product

As it was stated before there are different types of streaming services. The majority of them (except of software services) provide entertainment media. Due to the fact that the object of this thesis is video (movie) streaming services, these services will be analyzed from the point of experiential products. To do that it is necessary to specify what is an experiential product and why movies bring hedonic values.

It was proved that a movie is an example of experiential products (Cooper-Martin, 1991; Hirschman, Holbrook, 1982). In other words, people consume such products to enjoy them and get a hedonic value (Cooper-Martin, 1991). The main difference between hedonic and utilitarian aspects is that utilitarian ones are more task oriented, rational and critical (Batra, Ahtola, 1991). However, it is very rare when a product or service provides mutually exclusive either utilitarian or hedonic values; usually it brings a combination of values (Babin et al., 1994).

"Hedonic consumption designates those facets of consumer behavior that relate to the multisensory, fantasy and emotive aspects of one's experience with products" (Hirschman, Holbrook, 1982). In simple words, people satisfy their hedonic needs - requirements for obtaining sensory and emotional pleasure (flavor of the product, a pleasant aroma, sound, relaxing etc.).

Hedonic consumption concept includes four dimensions (given in the author's terminology of Hirschman and Holbrook): mental constructs, product class, product usage and individual differences. In detail:

- Mental constructs refer to emotional desires dominated over utilitarian motives when choosing a product.
- Hedonic product categories include products with high emotional involvement of consumers; hedonic consumption requires less mental efforts than utilitarian ones.
- Individual differences consider cultural, ethnic stereotypes, traditional practices and social norms of consumers.

In marketing literature hedonic consumption is associated usually with negative perceived consumer characteristics such as impulsivity, lack of self-control and a sense of guilt felt by consumers due to inability to justify the purchase (Dworkin, Kathleen, 1984). This approach is contrary to the perceptions of the field of psychology, where it is assumed that the ability to experience pleasure is an important contribution to the welfare of the individual (Dworkin, Kathleen, 1984). Either way, it is necessary to study the motives that push consumers to buy the hedonic goods.

It is suggested that hedonic consumption depends on the personal variables, highlighted the following (Holbrook and Hirschman, 1982):

- Tendency to seek extreme sensations.
- Level of creative thinking.
- Religious views
- Personality type.
- Desire to ignore the reality.

In addition, aspects such as ethnicity, social class and gender are important (Hirschman, Holbrook, 1982). The researchers also made an assumption that the search for thrills and desire for diversity (Meehl, 1975), self-control ability (Chernev, 2004) are fundamental variables, reflecting the peculiarities of hedonic consumption.

The main characteristic of movies as experiential products is that they appeal to a wide range of consumers (Cooper-Martin, 1991). What is more, there is always a broad variety of

movies that demands a proper selection process. The selecting is based on previous consumption experience and requires expenditure of time (Cooper-Martin, 1991). Besides, people tend to trust more to rated previews and friends' recommendations than advertisement choosing a movie (Faber, O'Guinn's, 1984). Thus, results suggest that consumers rely more on subjective than objective features selecting a movie and turn more to experiential sources of information.

In the case of watching a movie online the selection process becomes even more complicated (Sarkar, 2011). To be more precise, consumers should choose not only a movie itself but also a media (legitimate online media vs illegitimate online media). Selection an online media is a process close to online shopping because the selection process is implemented in the non-store environment.

Online shopping values involve both hedonic and utilitarian dimensions (Sarkar, 2011). However, it is recognized that utilitarian benefits dominate in online shopping because people are searching for a convenient and quick mean for buying goods or services (Forsythe et al., 2006). Nevertheless, online movie watching is different because individuals can interact directly with a product online; as a result, the importance of hedonic benefits is rising.

Overall, it can be concluded that video streaming services are providers of experiential product as customers watch videos to satisfy hedonic needs.

1.2.2. Experiential attributes of streaming services

It is claimed that experience is one of the key online shopping factors (Kawa, Tagg, 2017). The concept of experience attributes as a part of emotional and hedonic consumption was introduced by Hirschman and Holbrook in 1982. Later it was proposed that experience is a shift from rational thinking to more irrational (Schmitt, 1999). According to Schmitt, experiences can be emotional as well as rational or behavioral. An environment, where experience takes place, determines stimulus and emotional state of a person (Pine, Gilmore, 1998).

Online shopping experience significantly depends on "online servicescapes" (Kawaf, Tagg, 2017) that reflects web environment. A special focus is placed on website features such as quality, design, and layout (Kawaf, Tagg, 2017). Bilgihan (2016) determines the following factors standing behind web experience: ease to find, perceived usefulness, perceived enjoyment, personalization, social interactions, multi-device use. Besides, Rose, Hair and Clark (2011) suggest such antecedents of web environment as enjoyment, perceived risks, perceived benefits, perceived usefulness, ease of use, trust. What is more, there are macro antecedents that influence online shopping experience: price, advertising, service mix (Kawaf, Tagg, 2017).

Sharing playlists, playlists based on particular mood, event, time are wide-spread tools for streaming services that allow to express social relatedness (Schafer, Sedlmeier, Staadtler,

Huron, 2013). What is more, recommendation algorithms, search tools, organized titles, sorting through rankings and commentary support phases of the user buying lifecycle "including awareness, interest, consideration, purchase, support, repeat purchases and referral" (Hampton-Sosa, 2016). In this way, instead of passive reading, watching or listening an audience is involved into active consumption where they can create their own digital area.

One of the main features of streaming services is a user-generated content such as reviews and ratings that allow consumers to satisfy their needs of self-expression, social-belonging, and communication (Ham, Lee, 2015). According to Ham and Lee, at streaming services users can create public profiles to create own history, share favorite movies/music and follow each other's preferences. User-generated content can be a focal point for people who want be socially connected with those who share common interests, values, beliefs, resources, and goals (Hampton-Sosa, 2016). Streaming services permit to learn about new trends in movies and music industry, about directors, actors, artists which satisfy creative needs. Besides, producers of digital content can use streaming services to communicate with consumers and monitor their interests (Hampton-Sosa, 2016). Overall, an added value of streaming platforms is expressed in ways in which creativity and community facilitation are maintained (Hampton-Sosa, 2016).

It was found out that attributes such as high media quality, offline access, different distribution channels, personalization and community features allow consumers to maximize their experience of using streaming services (Weijters, Goedertier, and Verstreken, 2014). Besides, exclusivity of the content that appears when a consumer cannot meet the same content on other streaming services is crucial for success (Papies et al., 2011).

1.2.3. Perceived Price Fairness of streaming services

Streaming business model deviates from traditional business model and allows customers to get an access to media content at any moment during the particular period of time rather than purchase individual video products such as DVDs or downloads (Kim, Nam and Ryu, 2016). Overall, there are the following models of streaming service monetization (Wlomert, Papies, 2016):

- Ad-based free tier that allows watch movies without payment but with an advertisement inside the video (e.g. YouTube).
- Subscription tier that charges a monthly fee that allows to watch a variety videos without advertising. (e.g. Netflix).
- Purchase-based when a customer rents or purchase separate videos (e.g. Google Play).
- Hybrid one that combines several of previously mentioned models (e.g. IVI.ru).

Different business models have their own advantages (Wlomert, Papies, 2016). For instance, ad-based model is the most appropriate one to attract new customers. The subscription model gives maximum profits. However, business model heavily depends on consumer preferences. As a result, the majority of companies choose hybrid model to make their service the most convenient for different groups of customers.

The price and monetization model for streaming services were determined as ones of the most important factors that influence the decision making process of customers (Weijters, Goedertier, and Verstreken, 2014). It was found out by Kim, Nam and Ryu (2016) that price is a relative index because it depends on the budget limits of a separate consumer. In general, customers try to achieve the optimal combination of streaming service attributes and its price. In other words, consumers evaluate possible risks and benefits while using streaming services (Borja, Dieringer, 2016)

1.3. Video streaming services in Russia

Russia is one of the largest Internet audience in the world (Online Video in Russia, 2013). In 2015 the number of Internet users in Russia was 80,5 mln of people (Ria, 2016). In the USA this number was equal to 283 mln in 2015 (Statista, 2016). Russian market is expected to grow at an 18% annually for online video audience until 2018 (Online Video in Russia, 2013). According to forecasts (Online Video in Russia, 2013), the paid content and advertising revenues from streaming services will be boosting in the future.

On the other hand, piracy has become so widespread in Russia that unlicensed online video content can be still found everywhere (PWC E-media Outlook, 2016), especially in the media content segment that is created by end-users (e.g. in Vkontakte). The law aimed at countering piracy brought some results but they are not very prominent. However, there are some positive signals, such as joint efforts of market players to protect intellectual rights and promote legal streaming services, that will become visible in the long term.

To understand peculiarities of Russian video streaming services, firstly, it is necessary to look through the history of intellectual property in Russia and the current situation of video streaming services.

1.3.1. Intellectual property in Russia

According to Russian legislation a term movie is an audiovisual work recorded on a film or on other types of media, and connected to one thematic entity of interconnected images and designed for playback by means of suitable technical equipment (Federal Law 22.08.1996 N 126-FZ). A movie usually has the following forms: documentaries, popular science, education, animation, and television.

In Russian Federation a movie is a copyright object (Russian Federation Civil Code, Clause 1263). The objects of intellectual property (IP) include the results of intellectual activity, which may be granted legal protection (Russian Federation Civil Code, Part 4). Authors of a movie own the following rights (Russian Federation Civil Code, Clause 1255):

- the right to dispose of a movie;

- the right of an authorship;

- the right of a movie inviolability;

- the right to disclosure a movie.

Talking about copyright on the Internet there are four types of agents involved in a movie distribution through the Internet: rights holders, authors, hosting providers, and end users (Maltsev, Kryukova and Sosnin, 2014). An author is a person or group of people who create an audiovisual work. The legal owner (right holder), is not necessarily the creator of a movie, but he or she owns the copyrights for intellectual property and is able to dispose of a work. A hosting service provider acts as an intermediary between end users and authors, legal owners, providing access to the information via the Internet (Maltsev, Kryukova and Sosnin, 2014).

Any violation of the mentioned above rights or copyright rights mentioned in Russian Federation Civil Code is considered to be an offense and is punishable by the law (Expert, 2014). To protect right holders Russian government tries to modify the current legislation to take control over unlicensed usage. For instance, on August 1, 2013 antipiracy federal law came into force (Federal Law 02.07.2013 N 187-FZ). It defines the procedure of limiting access to web pages that violate intellectual property rights of the lawful owners. The law is directed against online sources that allow users to watch and download movies, TV shows illegally.

Despite the increasing number of litigations on the copyright basis, there are still about 50 illegal online movie platforms in Russia that are popular among viewers (Vedomosti, 2015a). One of the reason is a legislative gap that offenders use to go beyond the law. The main important issues of this gap are the following (Maltsev, Kryukova and Sosnin, 2014):

- Disproportion between the size of the administrative penalties and committed offense.

- The difficulty to find both hosting providers and end users.

- High cost to sue for copyright infringement.

It is necessary to mention that it is impossible to sue end-users by virtue of their high abundance and anonymity on the Internet (Maltsev, Kryukova and Sosnin, 2014). This fact leads to the situation when copyright holders have to make a complaint and sue hosting providers. In this case, providers should be responsible for illegal actions of users. However, there are

numerous Russian-language web pages with illegal media that have a national domain in other countries, such as Ecuador (.ec), Tuvalu (.tv), Philippines (.ph) (Maltsev, Kryukova and Sosnin, 2014). In this situation rights holders are not able to find owners of a web site.

To investigate more deeply why illegal distribution of movies via the Internet is significantly widespread in Russia it is necessary to consider a historical development and current situation of media piracy in the country.

The USSR joined to the international copyright regulatory system in 1973, becoming a party of the Universal Copyright Convention known as the Geneva Convention (Boguslavskiy, 1974). Since that moment copyright was officially recognized and guarded by the state. However, in the period of the USSR an inventor did not get exclusive rights to use his or her invention. The exclusive right to the invention was acquired by the government (Shelengovskiy, 2011). In terms of media, recording, sharing and giving cassettes were common in the USSR due to official censorship. The government constrained the consumption of western movies and music. It was a common practice that people, who were able to get a western movie, made a copy and gave it to friends or parents.

After the transition from socialism to democracy in 1991, there can be determined three stages of Russian piracy formation (Karaganis et al., 2008):

The initial period (approximately 1991-1999) is characterized by a massive contraband of optical discs to Russia (mainly from Eastern Europe). Another characteristic of the period is a weak system of coercion to follow copyright. What is more, there was a very low level of public awareness of IP rights. The first generation of pirated products was cassettes (audio and video) that later were supplemented by CDs in the mid-90s. These markets were growing quickly due to lack of governmental control and flourishing corruption in the country.

The second period (late 90s - 2006) was marked by a shift towards internal production of pirated disks because of low barriers to entry the pirated media market in Russia. At the same time domestic and international lobby for IP law enforcement started its activity. As a result, some changes in IP legislation were introduced. However, it did not provide a visible effect on Russian piracy industry.

The third period (2007 – 2012) is marked by close cooperation of media industry groups and the state, a sharp increase of law-pressure enforcement on the local manufacturers and distributors, and active emergence of the Internet as a main competitor and substitute of pirated discs.

Since 1991 Russian movie industry experienced a collapse, restructuring and then rebirth (Karaganis et al., 2008). Before 90s the USSR censorship almost did not allow western movies to be watched in cinema or on TV. Liberalization contributed to the realization of the unmet

demand, but did not provide sufficient legal rental points. At that time informal private cinemas, consisted of conference room with a video projector, gained popularity. Later the illegal video copies for watching at home became accessible. Russian TV broadcaster companies also widely showed foreign movies on TV channels without authorization. That caused a boycott of Russian TV and cinema companies in 1992-1993 from an MPAA (Motion Picture Association of America) which led to the adoption of a new copyright law in Russia (Karaganis et al., 2008).

During 2000-2014 consumption of physical movie media was almost replaced by downloading (saving a movie record to the user device) and streaming (viewing movies online at special services) via the Internet (Intermedia, 2015). CD and DVD commerce declined in 25 times over the past 10 years (the profits from CD/DVD sales were 487 billion rubles in 2004). The most of retail that specialized on CD and DVD sales ceased to exist (Intermedia, 2015).

Nowadays the use of illegal online streaming services has been slightly decreased due to the anti-piracy law that came into force in 2014 (Vedomosti, 2015b). According to Alexander Zharov (Vedomosti, 2015b), head of Roskomnadzor, Russian market of legal online video services grew by 58% in 2014 and continues to grow. A number of legal content users increased by 50%.

There are approximately 15 legal online streaming services in Russia that enter into the contract with right owners (Intermedia, 2015). They operate on the over-the-top (OTT) market and suggest Russian consumers to watch movies online or download them. To understand the peculiarities of OTT market it is essential to identify what is over-the-top (OTT) market, its borders and peculiarities.

1.3.2. Over-the-top market in Russia

Transition from copper networks to deployment of optical fibers marked the creation of Next Generation Networks (NGNs) (Faber, O'Guinn, 1984). It leaded to the appearance of OTT (over-the-top) contents. NGNs dramatically increase the speed of the Internet that changed structure of the industry and challenged telecom operators (Ganuza, Viecens, 2013).

In a word, "OTT content means online delivery of video without the Internet service operator being involved in the control or distribution of the content itself" (Ganuza, Viecens, 2013). Since the emersion of OTT services there is a transfer of rents from the network and service operators to the content providers. The process of switching from traditional cable (IPTV) or satellite one to OTT video is called video cord-cutting. In other words, cord-cutters stop paying for TV in favor of OTT.

As a result, consumers of video content divided into three groups (Alleman, Banerjee, Rappoport, 2013):

- Cord loyalists – continue to pay only for TV;
- Non-pay TV – have dropped TV and use only OTT;
- Cord couplers – pay for both pay TV and OTT.

There are three factors that pushed the growth of OTT services (Alleman, Banerjee, Rappoport, 2013):

- Developing of multifunctional devices such as computers, smartphones, tablets, game consoles that can stream and download. Its main advantages are Internet connection and portability.
- Demographics. Young customers who live independently from their parents and have low income try to avoid high prices subscription for traditional TV packages.
- Rising OTT importance as main providers of high quality exclusive content.

To compete with OTT services telecom firms and cable television firms started offering bundles that include services, such as voice, data and subscription television. In other words, they transfer activity to the content market.

The structure of the OTT video market consists of four main segments (see Figure 7) (Itvdictionary, 2016):

- VOD (video on demand) — classic format of video on demand that provides a piece of content for a fee. Users can view video for a limited or non-limited time, renting the specified content;
- sVOD (subscription video on demand) — video on demand service is provided on a subscription basis. Users get an access to the content library on a certain time without limiting the number of views;
- aVOD — (advertising video on demand) free trial service video on demand provides video content accompanying with a certain number of broadcasting advertising messages;
- EST — (electronic sell through) user purchase digital copies of content for infinite lease.
- Live TV — a subscription-model service where the content is streamed live on the Internet.
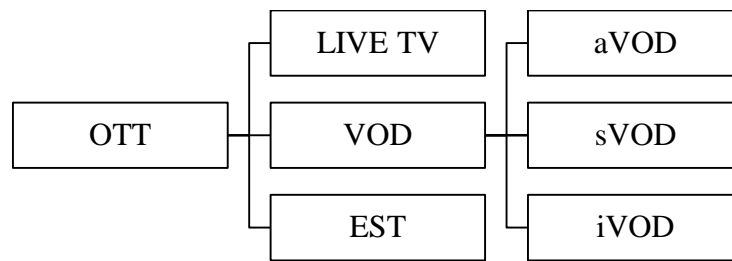
Figure 7. Hierarchy of OTT distribution

Source: (Itvdictionary, 2016)

Many of the VOD services are coming to a mixed monetization model: combination of advertising and payment (McKinsey&Company, 2015). This is due to requirements of foreign right holders, who sold the rights of successful projects to the online platforms that post the content on TVOD model. Typically, there are three main schemes (McKinsey&Company, 2015):

- Flat fee, when the online platform is paying to the right holder a fixed price for a certain content;
- Revenue sharing scheme from advertising or subscription;
- Combined scheme, which implies the payment of a minimum guarantee for the content and the subsequent division of revenues.

However, the majority of the online video market participants believe that Russian business model for OTT services will stick mainly to advertising business model, which is associated with the Russian tradition to consume audio-visual products in general. Russian audiences are accustomed to get expensive and premium content on Russian television channels free of charge (McKinsey&Company, 2015).

Russian OTT market is growing rapidly. In 2015 it grew by 31% to 3,4 bln rubles (TMT Consulting report, 2015). Nowadays around 20 OTT services act on the Russian market (TMT Consulting report, 2014). Because of the crisis a number of projects were closed. Ivi and Okko are leading providers. In 2014 revenues of Ivi jumped by 54% year and reached 728 million rubles, which is 28% of all OTT Russian players' revenues (TMT Consulting report 2014). Audience of legal OTT video services on the end of 2014 increased by 18% and amounted to about 37,5 million people. The number of paying users has exceeded 0,5 million people (TMT Consulting report 2014).

The positive trend on the OTT market was due to the following factors (Content-review, 2016):

- Increasing penetration of devices with the ability to view video over the Internet: smart-TVs, tablets, smartphones;
- Market legalization, the intensification of the fight against piracy services.

The growth of the audience using different devices can be seen at Figure 8 (TMT Consulting report, 2015). More and more people start using Smart TV and mobile devices such as smartphones and tablets to watch movies and videos.

In the past few years, Smart TV technology is becoming more popular among Russians. Thus, according to a study of Synovate Comcon (KVG report, 2013), in 2013 21,4% of Russian users (1,2 million people) watched more than 35 million videos a month via Smart TV (67,6% out of them watched Smart TV at least once a week).
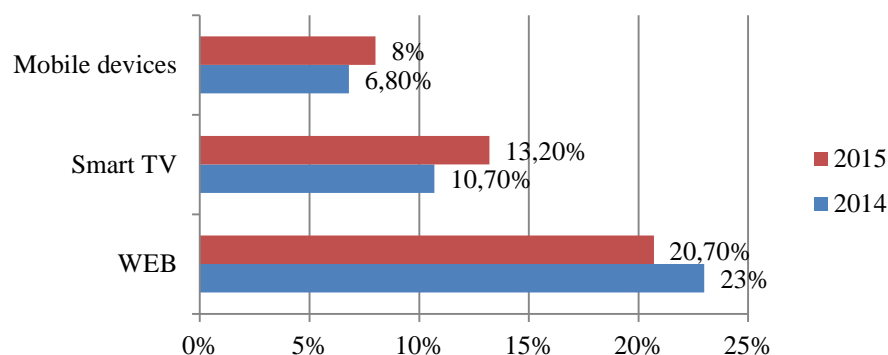
Figure 8. The growth of the audience using different devices in 2014 and 2015
Source: (TMT Consulting report, 2015)

In 2014 Smart TV had the largest increase in number of users - 64%, mobile devices - 42%, and the web - only 3%. The largest increase of users had a Rounds players earn advertising (TMT Consulting report 2014).

In terms of the earnings structure, 60% of revenues came from advertising, 40% from user payments (TMT Consulting report 2015). The portion of revenues from user payments grew by 158% in 2014 and by 47% in 2015 while the advertising earnings went up on average by 22% per years (see Figure 9). In detail, 66,5% of revenues goes from aVOD, 19,7% from Live TV, 10,1% from EST and 3,6% from sVOD (Json, 2014).
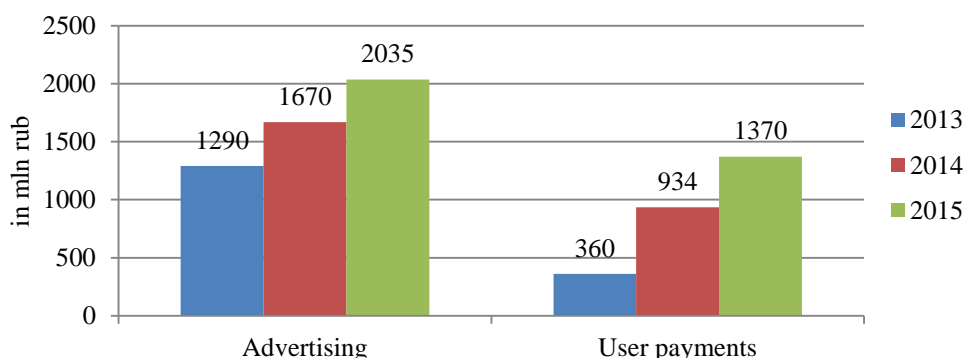
Figure 9. Earnings structure of OTT services in Russia
Source: (TMT Consulting report, 2015)

Live TV started developing significantly in Russia, and this is largely due to the increased online activity of the largest Russian TV channels. At the end of 2012 almost all Russian TV channels posted online video content on their websites (KVG report, 2013).

As per TMT Consulting report (2015) revenues from advertising had a little increase that was related to the overall decline in advertising market during the economic downturn. The growth was mainly due to paid services. By 2020, the market volume of OTT video services will reach 9,5 billion rubles. Income from paid services will account for two-thirds.

Table 2. Main players at Russian OTT market
Source: (TMT Consulting report, 2015)

Name	Type	Market share
ivi	VoD, TV	31%
okko	VoD, TV	19%
megogo	VoD, TV	10%
now.ru/rutube	VoD	10%
tvigle	VoD	9%
videomore	VOD	7%
tvsavr	VoD	5%

While worldwide OTT TV services have already received a wide enough spread, it is in the beginning of its development in Russia. To be more precise, in 2014 the portion multiprogramming streaming TV broadcasting is estimated at no more than 1% of the OTT services (TMT Consulting report, 2014).

It should be noted that the presence of big players (see Table 2) on the market with different business models and contrasting content do not allow to form a pool of loyal users. Customers usually prefer using several services (TMT Consulting report, 2014). The list of the obstacles that impede consumers watching the content from a single provider you can see at the Figure 10 (TMT Consulting report, 2014).
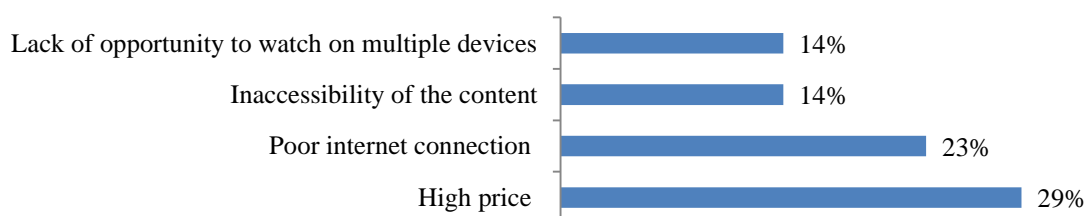
Figure 10. Obstacles to view content through a single provider
Source: (TMT Consulting report, 2014)

Many OTT platforms develop a partner network: online streaming service provides free turnkey solution for video content and video ads on providers' website, and in return receives a

percentage from advertising. The most active player in this area is Tvigle.ru, which affiliate network of around 100 companies, and Videomore.ru (about 30 companies) (TMT Consulting report, 2014). According to the KVG Research (2013), 52% of all OTT platforms provide both Russian and foreign movies. Approximately 45% of services offer only Russian content (88% of these services are affiliated with Russian television channels).

FOMnumbus research (2013) depicts that 42% of Russian audience watch movies on TV every day. Approximately 23% of consumers watch from one to three motion pictures per week via computer or other devices, and only 1% go to the cinema at least one time per week. Young people (18-30 years old) prefer watching foreign movies while older generation inclines to watch Soviet movies. The majority of respondents claim that they enjoy motion pictures because it helps them to relax and escape from reality (Fom, 2013).

Conclusions on literature review

According to statistics, Russians do not watch TV at the same volume as previously, more and more people are finding the desired video on the Internet (KVG Research, 2013). As a result, with the growth of the Internet speed video streaming platforms become one of the most frequently used services (Faber, O'Guinn, 1984). Video streaming services are platforms that allow to watch movies or series online. Its main advantages are derived from the ability to provide media content without downloading at any convenient time.

Video streaming services (online cinemas) are providers of experiential products (movies and series) that are aimed on entertaining (Cooper-Martin, 1991; Hirschman, Holbrook, 1982). In other words, online cinemas bring hedonic values by amusing and distracting customers from reality. A website of streaming platforms becomes the main tool to communicate with an audience (Moon, 2004; Chen, Chang, 2003; Darley, Blankson and Luethge, 2010). Its main goal is to provide a comprehensive experience through the product itself (ex. quality of the video, the variety of movies, ability to watch at difference devices etc.) and website interface (ex. simplicity, easiness-to-navigate, bright pictures, descriptions of movies etc.).

At the same time, consumers try to maximize their utility (Akaah and Korgaonkar, 1988; Cox and Rich, 1964; Engel and Blackwell, 1970). Due to the widespread of unlicensed video services and disrespectful attitude to intellectual property Russian consumers always decide on legal video streaming services vs illegal ones. Before making decision they evaluate perceived risks and benefits and then make their final decision. Thus legal online cinemas meet its main challenge that is to transfer added values through their websites that will persuade customers to choose legal services.

Chapter 2. Research methodology

In the first part of Research methodology two models used as a basis for empirical part of this thesis are described, and the integrated framework is introduced. In the second part of the Research methodology hypothesis and methods for future analysis are presented.

Overall, the research is conducted according to the following process (Malhotra, 2002):

1. Problem definition.
2. Development of the approach to solve the problem.

This includes the formulation of the theoretical framework, analytical models, and hypothesis.

3. Development of a questionnaire.
4. Primary information collection.
5. Data preparation and analysis.

Data preparation includes editing, coding, decoding. Each answered questionnaire is checked or edited. Each answer to the questionnaire is assigned numerical or alphabetic codes. Then special software is used to proceed an analysis.

2.1. Decision making models for video streaming services

During the literature review it was found that there are less research papers dedicated to online movies services than to musical streaming services. It can be explained by the fact that streaming musical services such as Spotify became widely used earlier than video streaming services due to the limited Internet speed in 2000s and smaller size of musical files (Wlömerta, Papies, 2016). However, the behavior of customers that use video streaming services are influenced by the same factors that force online shopping behavior (Bilgihan, 2016).

As a result, for developing an integrated decision making framework for video streaming services, that can be applied for Russia market, two models have been chosen. The first one is a model of Jang, Kwak and Lee (2012) that describes factors influencing consumer behavior in movie media selection. It was chosen because of the following reasons:

- Authors investigate hedonic and utilitarian factors influencing the decision making process of consumers that select between cinema and legal video streaming services.
- The experiment was conducted on the Korean market where the level of media piracy was high (Jang, Kwak and Lee, 2012). It can be suggested that this model can be applicable to Russian market that is highly pirated.

The second model is a Sarkar (2011) one that describes perceived benefits and risks in online shopping. It was decided to include this model to the analysis due to the following reasoning:

- The work is dedicated to the investigation of how utilitarian and hedonic values influence online shopping experience.
- Indian market was taken for the analysis. Both Russia and India are considered to be emerging markets in terms of e-commerce (E&Y report, 2015). Therefore, it was considered that this model theoretically can work on Russian market.

On the basis of these two models an integrated decision making framework for video streaming services was proposed.

2.1.1. Factors influencing consumer behavior in movie media selection

First of all, Jang, Kwak and Lee (2012) model will be described. The aim of their work is to explore "the influences of utilitarian values and hedonic experiential values that consumers feel when they select the movie media and identify its implications and contributing ideas to the effort to convert the demand for illegitimate media to legitimate media" (Jang, Kwak, Lee, 2012). The main assumption of the work is that an access to illegitimate media is prohibited. Consequently, the choice between cinema and legal video streaming is analyzed.

The authors research model (see Figure 11) is based on Mehrabian–Russell model (Mehrabian, Russell, 1974). It suggests that both hedonic experiential values (environmental factors) and utilitarian values (perceived fee) have a significant positive influence on satisfaction with a particular media (cinema or legal video streaming services). In other words, the final decision about a media is formed by the comparison between hedonic and utilitarian values that consequently drive low or high level of satisfaction.
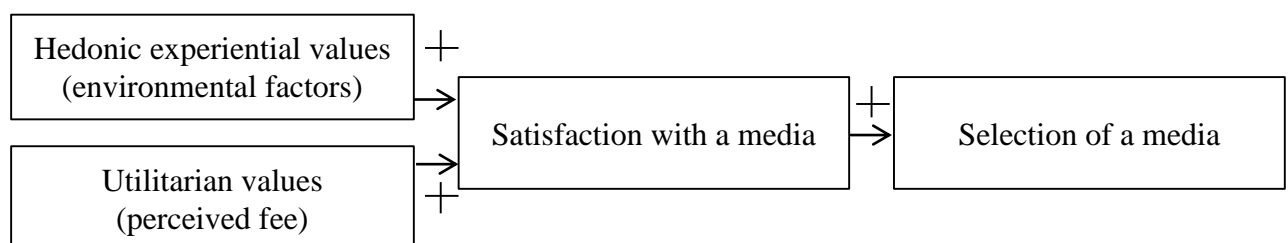
Figure 11. Factors influencing consumer behavior in movie media selection
Source: (Jang, Kwak, Lee, 2012)

By environmental factors the authors understand stimuli that impact emotional state of customers. These stimuli are different for every media. For instance, in terms of cinema, there

are good sound systems, big screen, restaurants nearby etc. For streaming services environmental factors are connected with interactive communications, customized information etc.

Utilitarian values are expressed through perceived fee to use a service. The perceived (not absolute) fee is identified as the most powerful factor that brings pure utilitarian value (Jang, Kwak, Lee, 2012). The same price can be perceived by different people in a different manner due to economic, social and other factors. As a result, perceived fee reflects the sensitivity to the price of video streaming services. Satisfaction level of consumers is derived from the gap between expectations and actual results; future re-purchases depend on satisfaction (Oliver, 1980).

An offline survey was conducted in Korea. In detail, 248 respondents were asked about their opinion on two movie medias. It was found out that the suggested model works. Besides, hedonic experiential value has a great influence on consumers that want to visit cinema, while both utilitarian and hedonic values do matter equally in case of legal streaming services.

2.1.2. Sarkar model of perceived benefits and risks in online shopping

The research of Sarkar (2011) is dedicated to the investigation "how the individual buyer's perceived benefits and risks in e-shopping are influenced by his or her perceived utilitarian or hedonic shopping values". The model tests whether there is a positive influence of utilitarian shopping values on perceived benefits and perceived risks; and do hedonic shopping values influence perceived risks in a positive way and perceived benefits in a negative way (see Figure 12).
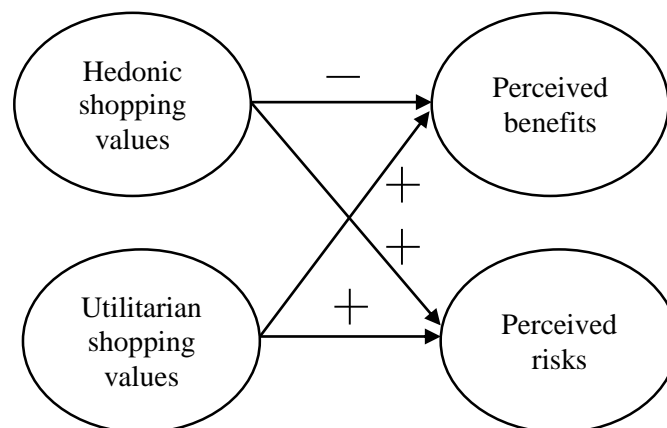
Figure 12. Sarkar model of perceived benefits and risks in online shopping
Source: (Sarkar, 2011)

In Sarkar (2011) research paper hedonic shopping values are determined as motives that are derived from emotional needs for enjoyable shopping experiences (Bhatnagar, Ghosh, 2004). At the same time, utilitarian buying motives consist of reasonable price, variety of seeking,

search quality etc. It is stated that any product brings benefits and risks. The final decision depends on a balance between these factors (Sarkar, 2011).

The survey was conducted in India. All proposed hypotheses were supported. The empirical analysis showed that the importance of hedonic values through online shopping is increasing. For people e-commerce is a way not just save time without visiting a store but also a way of getting new interesting experience. The results of this study emphasized that nowadays people shop online due to the high convenience while in-store shopping brings more experiential value. In conclusion, to attract customers it is necessary to provide a variety of enjoyable moments during the purchasing process.

2.1.3. Integrated decision making framework for video streaming services

For further analysis, it was suggested to integrate two previous models with particular factors. What is more, it was decided to include extra factor Easiness-to-navigate as one of the most crucial characteristics of websites (Kawaf, Tagg, 2017; Sarkar, 2011; Jang, Kwak and Lee, 2012) that mainly transfers utilitarian value (Figure 13).
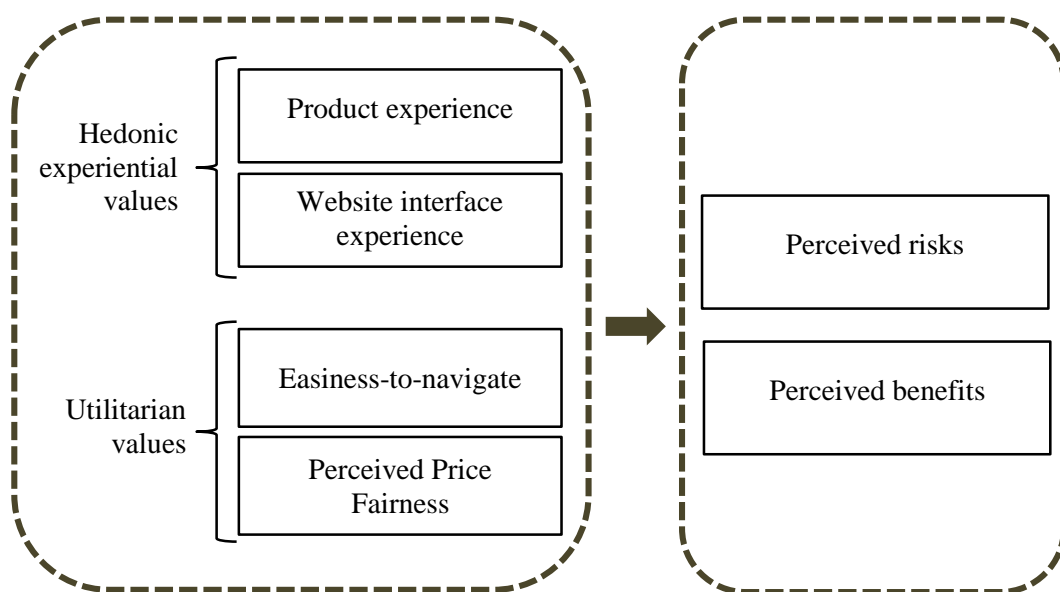
Figure 13. Integrated decision making framework for video streaming services
Source: (Sarkar, 2011; Jang, Kwak and Lee, 2012; Kawaf, Tagg, 2017)

To be more precise, the following factors were chosen to analyze their influence on decision making process for legal video streaming services:

- Product experience that brings hedonic experiential value.

  Product experience in terms of video streaming services is based on characteristics of a product (movie) that affects perceived hedonic values (enjoyment, satisfaction, happiness etc.) after the watching (Jang, Kwak and Lee, 2012).

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- Website interface experience that brings hedonic experiential value.

  Website interface experience is based on characteristics of a website that affects perceived hedonic values (enjoyment, satisfaction, happiness etc.) after the usage of a particular website of video streaming service (Jang, Kwak and Lee, 2012).

- Easiness-to-navigate that brings utilitarian value.

  Easiness-to-navigate determines whether a website has a user-friendly interface that helps to find quickly necessary information (Kawaf, Tagg, 2017; Sarkar, 2011; Jang, Kwak and Lee, 2012).

- Perceived Price Fairness that brings utilitarian value.

  Perceived Price Fairness implies the perceived attitude to the fee/price to use a particular video streaming service (Jang, Kwak and Lee, 2012).

- Perceived risks reflect probable threats or damages that a customer takes into consideration while deciding on legal vs illegal video streaming services (Sarkar, 2011).

- Perceived benefits reflect probable advantages and privileges that a customer takes into consideration while deciding on legal vs illegal video streaming services (Sarkar, 2011).

2.2. Empirical analysis for decision making framework for video streaming services

This part of the work is dedicated to the description of the procedure and methods that are used in the research.

2.2.1. Procedure of the study

The algorithm for testing an integrated decision making framework for video streaming services is the following. Firstly, it is necessary to decide on hypothesis that should be checked during the empirical part. Then a questionnaire is created on the basis of literature review and semi-structured interviews with Russian customers of video streaming services. The next step is to conduct a survey. With the help of analytical statistical tests done in SPSS, the gathered information is analyzed and proceeded in an appropriate form. Hypothesis are checked using statistical tests. To identify different profiles inside the sample cluster analysis is performed. Within the framework a detailed analysis is conducted to identify factors that have the major influence on decision making process.

2.2.2. Research hypotheses formation

On the basis of literature review the following hypothesis were formulated (see Table 3).

Table 3. Hypothesis for empirical research

Hypothesis	Source
H1: Product Experience has a significant positive impact on Perceived benefits	(Sarkar, 2011; Jang, Kwak and Lee, 2012; Kawaf, Tagg, 2017)
H2: Product Experience has a significant negative impact on Perceived risks	(Jang, Kwak and Lee, 2012; Bilgihan, 2016)
H3: Website Interface Experience has a significant positive impact on Perceived benefits	(Sarkar, 2011; Jang, Kwak and Lee, 2012; Kawaf, Tagg, 2017)
H4: Website Interface Experience has a significant negative impact on Perceived risks	(Sarkar, 2011; Jang, Kwak and Lee, 2012; Kawaf, Tagg, 2017)
H5: Easiness-to-navigate has a significant positive impact on Perceived benefits	(Kawaf, Tagg, 2017; Sarkar, 2011; Jang, Kwak and Lee, 2012)
H6: Easiness-to-navigate has a significant negative impact on Perceived risks	(Kawaf, Tagg, 2017; Sarkar, 2011; Jang, Kwak and Lee, 2012)
H7: Perceived Price Fairness has a significant positive impact on Perceived benefits	(Jang, Kwak and Lee, 2012)
H8: Perceived Price Fairness has a significant negative impact on Perceived risks	(Jang, Kwak and Lee, 2012; Hampton-Sosa, 2016)
H9: Perceived Benefits has a significant negative impact on Perceived risks	(Bilgihan, 2016)
H10: There is a significant difference between Perceived benefits, Perceived risks, Product Experience, Website Experience, Easiness-to-navigate, Perceived Price Fairness in different customers groups (age, education and gender)	(Moon, 2004; Kuhlmeier, Knight, 2007; Ham, Lee, 2015)

Due to the small number of empirical studies concerning video streaming services, first of all, it is necessary to investigate the behavior of the model as a whole, namely, to determine the interrelations between the factors. As a result, on the basis of suggested hypothesis, the following framework was suggested (see Figures 14).
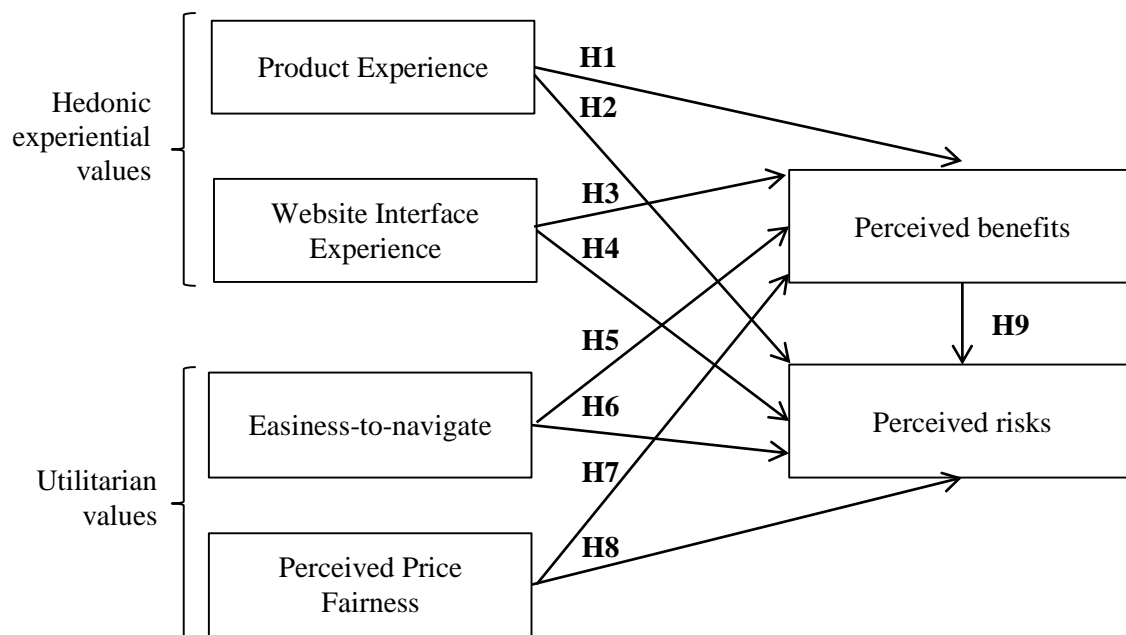
Figure 14. Suggested framework for hypothesis checking

Thus, the suggested framework allows to determine the direction and degree of influence of the selected factors on each other, as well as the differences between the groups of consumers.

2.2.3. Methods of analysis

The basis for an empirical part is an integrated decision making framework for video streaming services. In this research paper, the relationships between factors are tested through an empirical study that was conducted in March-April 2017. The chosen method of analysis in this work is a structured survey handled via online questionnaire.

Survey is carried out using the structured questionnaire (see Appendix 3), offered to respondents entering in a certain sample from the general population, with an aim to get certain information from them. Structured direct survey is the most popular method of data collection (Malhotra, 2002). It involves the development of a questionnaire. Most of the questions are fixed-alternative ones, while the respondent is asked to choose the most appropriate answer from several suggested options.

The survey method has a number of advantages (Malhotra, 2002). First, it is easy to conduct. Secondly, the received answers are reliable, since the number of given variants of answers is limited. Using questions with predefined answers allows to eliminate the discrepancies in the results caused by differences in the survey technique. Finally, the coding, analysis, and interpretation of data is relatively simple.

The drawbacks (Mittal, Ross, 1998) are that sometimes respondents do not want or cannot provide the necessary information. For example, when answering questions about

motivation, respondents may not be aware of their motives for purchasing certain goods or for making purchases in certain department stores. Besides, respondents often do not want to respond if the required information is personal or affects their feelings. In addition, the answers to standardized questions and questions with predefined answers may be unreliable for a certain data, for example, concerning emotions and beliefs. Finally, it is difficult to correctly formulate the questions for the questionnaire. Nevertheless, despite these shortcomings, the survey remains to be a method that is used more widely than others to obtain primary information in marketing research (Malhotra, 2002).

To develop scales for a questionnaire, literature review of previous empirical studies was carried out. On its basis the following scales were determined (see Table 4). The final version of a questionnaire text can be seen in the Appendix 3.

Table 4. Scales for a questionnaire

Factors	Variables	Source
Product experience (hedonic value)	High movie quality (HD)	(Raney, Arpan, Pashupati, 2003; Weijters, Goedertier, and Verstreken, 2014)
	Broad video range	(Sarkar, 2011; Kawaf, Tagg, 2017)
	Accessibility at difference devices	(Bilgihan, 2016)
	Ability to watch in original languages with subtitles	(Doorn, 2010; Bilgihan (2016)
	Unique content (movies that can be seen only on this legal streaming website)	(Doorn, 2010; Bilgihan (2016)
	Possibility to watch a movie in 3D	(Bilgihan, 2016)
	Minimum time gap between cinema premier and premier on video streaming service	(Hampton-Sosa, 2016)
Website interface experience (hedonic value)	Simple and understandable design	(Zhang & von Dran, 2002; Chen, Chang, 2003; Wang, Benbasat, 2007; Kawaf, Tagg, 2017))
	Interactivity	(Robu, 2012)
	Attractive pictures	(Mummalaneni, 2005; Robu, 2012)
	Absence of advertising	(Raney, Arpan, Pashupati, 2003; Gao et al., 2004)
	Information about the film before watching it (description, trailer, rating, etc.)	(Hampton-Sosa, 2016; Kawaf, Tagg, 2017)
Easiness-to-navigate	Recommendation system (on the base of your previously watched movies)	(Faber, O'Guinn, 1984; Ham, Lee, 2015; Hampton-Sosa, 2016)

	Rating system (such as IMDB, Kinopoisk)	(Doorn, 2010; Ham, Lee, 2015; Hampton-Sosa, 2016)
	Review system (possibility to write reviews on movies)	(Doorn, 2010; Ham, Lee, 2015; Hampton-Sosa, 2016)
	User friendly search tool	(Weijters, Goedertier, and Verstreken, 2014)
	Thematic collections of films	(Robu, 2012; Weijters, Goedertier, and Verstreken, 2014)
	Ability to create a single profile for multiple users	(Schafer, Sedlmeier, Staadtler, Huron, 2013; (Hampton-Sosa, 2016))
Perceived Price Fairness (utilitarian value)	Perceived Price Fairness	(King at al, 2016)
Perceived benefits		(Forsythe et.al 2006; Sarkar, 2011; Rose, Hair, Clark, 2011)
Perceived risks		

However, the majority of the identified variables (Table 4) are universal. Therefore, to customize the questionnaire for Russian respondents it is necessary to check the formulation (are questions clear for them etc.) of variables via semi-structured interviews with customers, experts and/or a focus-group.

Questions developed for consumers in accordance with suggested factor framework were formulated on the basis of the literature review (Doorn, 2010; Ham, Lee, 2015; Hampton-Sosa, 2016):

- Do you like movies? What are you watching? How often do you watch TV shows, films?
- What kind of commercial video streaming services do you use? Describe its advantages and disadvantages.
- Are you ready to pay for legal content in an online cinema? What is the most convenient way to pay?
- What elements of the online cinema site interface do you like / dislike?

Questions developed for experts formulated on the basis of the literature review are the following (Zhang & von Dran, 2002; Chen, Chang, 2003; Wang, Benbasat, 2007; Kawaf, Tagg, 2017):

- Tell please about the situation with rental certificates.
- How do you generally assess the market, its prospects?
- Why is IVI displayed on Google second page, not the first one?

- Why such a large gap between the release of films in the cinema and in the online cinema?
- What's more watching, series or feature films?
- What type of payment is most popular?
- What are people willing to pay for in online theaters from your point of view?
- What interface characteristics are the most popular among IVI users?

A focus group is an unstructured interview within a small group of respondents (Malhotra, 2002). Usually the quantity of people varies from 8 to 12. The facilitator guides the discussion. The main goal of conducting focus groups is to get an idea of what a group of people, who represents a particular target audience, thinks about the research problems or questions. The advantage of this method is that it allows to receive unexpected information.

To create a survey, it is necessary to choose a scale. Likert scale is the most widely used one (Malhotra, 2002). It assumes that respondents are required to determine the degree of their agreement or disagreement for each set of statements about the objects under consideration. Usually, each item on the scale has several categories for a response from "completely agree" to "completely disagree". The Likert scale has several advantages (Malhotra, 2002). It is easy to compose and use. Respondents quickly grasp the principle of filling, which allows to conduct a survey remotely. The main shortcoming of this scale is that it takes long time to fill a questionnaire, compared to other detailed scales, since respondents have to read each statement.

Taking into account the peculiarities of suggested integrated decision making framework the Likert scale is considered as the most appropriate one because it is easily compiled, processed, and also well understood by the respondents. According to Malhotra (2002), the use Likert scale with seven points is recommended in cases of a big samples (more than 100 respondents), since this prevents critical gaps in respondents' responses.

The decision to apply a deterministic or probabilistic method of selecting the elements of the studied population should be made on the basis of such factors as the nature of the study, the relative magnitude of systematic errors and sampling errors, the variability of the population, and also statistical and operationalization considerations (Malhotra, 2002). In explorative studies non-probability sampling is reasonable.

One of the most popular no-probability sampling methods is a "snowball" selection (Malhotra, 2002). "Snowball" sampling is a convenient sampling method, according to which randomly selected initial group of respondents distribute questionnaire between their friends, relatives, colleagues. The "snowball" sampling particularly is appropriate in cases where studied characteristics are unusual for the population, or process of finding respondents is difficult. The main advantages of this sampling method are that it has a relatively small variance in the sample

and low level of costs. As a result, this sampling method can be applicable to the selection of respondents for the current research as it requires a lot of respondents who use the video streaming services that should be gathered in a limited timeframe. The size of the sample is determined by the rule of 5-10 respondents for one variable in a model (Tinsley, 1987).

After data gathering stage, it is necessary to conduct a comprehensive information analysis. The process of data preparation begins with a preliminary check of questionnaires to identify missing values (Malhotra, 2002). After that, more thorough editing is carried out: viewing questionnaires to identify unreadable, not fully completed questionnaires, the presence of logically inconsistent and ambiguous answers. The next step is to encode the data. To indicate a specific answer to a particular question, it is assigned a numeric or alphabetic code, and also indicates the position of the column that this code will occupy.

Table 5 depicts the main statistical methods that can be applied to answer research questions of this work.

Table 5. Statistical methods of analysis

Statistical methods	Goal
Descriptive statistical analysis	Describe main trends and frequencies
Factor analysis 1. Exploratory 2. Confirmatory	To check the correctness of variables distribution across the factors
Regression analysis	To check the hypothesis 1-9
Cluster analysis	To identify groups of customers
T-tests (Mann-Whitney tests)	To check the hypothesis 10

Factor analysis is a class of methods used mainly to reduce the number of variables and their generalization (Malhotra, 2002). For the convenience of data processing, the number of analyzed variables should be reduced to an acceptable level. Factor analysis is used to determine the main factors that explain relationships in a set of variables or to determine a new smaller set of noncorrelating variables. There are two types of factor analysis (Malhotra, 2002):

- Exploratory, that it is carried out to state the factor structure.
- Confirmatory, that is designed to test hypotheses about the number of factors and their loads.

Usually both exploratory and confirmatory factor analyses are conducted to provide a comprehensive argumentation for a proposed framework or model. A factor is a latent variable, designed in such a way that the correlation between a set of variables can be explained (Malhotra, 2002). In simple words, factor analysis is conducted to prove that a suggested framework is significant and can be used later to test hypotheses.

The variables included to the factor analysis are based on past research, theoretical calculations that are chosen from discretion of a researcher (Malhotra, 2002). These variables are measured in an interval or relative scale. Factor analysis lies the matrix is comprised of correlations between variables. The acceptability of the correlation matrix for factor analysis is determined by a statistical test.

Using pair regression, a mathematical relationship (in the form of an equation) is established between the metric dependent (criterial) variable and the metric independent variable (predictor) (Malhotra, 2002).

Cluster analysis is used to group (classify) objects (events, cases), and sometimes variables into relatively homogeneous groups. The variables that form the basis for clustering should be selected based on the experience of previous studies, theoretical assumptions, verifiable hypotheses. In hierarchical clustering, an important criterion that determines the number of clusters is the distance at which clustering takes place. Clusters are interpreted from the point of view of cluster centroids (Malhotra, 2002).

Conclusions on the research methodology

To sum up, the output that was achieved in the second part of this work is displayed in the Table 6.

Table 6. Output from research methodology

Stage of the research process	Implication for the current work
Problem definition	The problem of the current work is to answer research questions that were stated in Chapter 1
Development of the approach to solve the problem	The survey method was chosen to check the suggested integrated decision making framework for video streaming services
Development of a questionnaire	Questionnaire was developed on the basis of literature review and semi-structured interviews (see Appendix 3)
Primary information collection	Data collection will be done through an online questionnaire
Data preparation and analysis	Analysis of gathered data will be done using statistical methods in SPSS software

Chapter 3. Empirical verification of the decision-making model

Chapter 3 is dedicated to the empirical verification of the decision-making model proposed in the Chapter 2. To be more precise, the model is tested through the data gathered via a survey. Procedure of the study, the process of primary data collection, and data preparation are described. What is more, explanatory and confirmatory factor analysis are conducted and explained. Then hypothesis testing is handled. Furthermore, descriptive analysis and cluster analysis are performed to provide extra insights about respondents' attitude toward commercial streaming services. Finally, on the basis of the obtained results, recommendations for further research and implications for Russian companies are proposed.

3.1. Procedure of the study

First of all, it is necessary to formulate the framework of the study to determine basic principles of the research. The survey was used as a method to gather data about decision making process of respondents that use commercial video streaming services. The questionnaire is defined through findings from the Chapter 2 (see Appendix 3). After primary data collection explanatory and confirmatory factor analysis are provided due to the necessity to adjust initially proposed factor structure.

3.1.1. Primary data collection

"Snowball" sampling method was used because it allows to achieve essential respondents in the fastest and easiest way and substantially increases the probability of detecting the studied characteristics (Malhotra, 2002). To be more precise, the questionnaire was published online and distributed through social networks such as Vkontakte and Facebook.

The minimum size of the sample is determined by the rule of 5 respondents for one variable in a model (Tinsley, 1987). As a result, the number of respondents should be not less than 155 people. The survey was conducted in March 2016. Overall the number of respondents was 167 that satisfies the requirement of minimum sample size. The main criteria of selecting respondents for the survey about video streaming services in Russia were the following (Kuhlmeier, Knight, 2007):

- Russian speaking respondents.
- Previous use of any video streaming services regardless its legal or illegal nature of such platforms.
- Active Internet users who use the Internet on the daily basis.

3.1.2. Data preparation

The preparation of received data for further analysis includes:

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- Questionnaire check

    Completed questionnaires were checked. It was found out that all except of one questionnaire were completed in an appropriate way (all questions were answered; answers vary in their values). One questionnaire was deleted due to large number of missing values.

- Coding

    It was necessary to code questions with nominal scale to prepare data for further quantitative analysis. All questions with Likert scale were claimed as interval data (Lubke, Muthen 2004). As a result, it is possible to apply T-tests, Factor analysis, ANOVA if other assumptions (about skewness, data distribution etc.) are met (Lubke, Muthen 2004).

- Transferring to SPSS

    After coding all answers were transferred to SPSS file. In particular, software such as IBM SPSS and IBM SPSS Amos were used to proceed statistical tests.

- Data cleansing

    Missing values were detected using missing values analysis (MVA) in SPSS. All missing values were imputed automatically through regression function (based on completed answers of other variables) to protect data from bias (Malhotra, 2002).

3.1.3. Explanatory and confirmatory factor analysis

There are two types of factor analysis: explanatory and confirmatory.

By performing exploratory factor analysis (EFA), the number of constructs (factor structures) are identified. EFA is a "variable reduction technique that explores a possible factor structure of a set of measured variables without imposing any preconceived structure on the outcome" (Child, 1990). Confirmatory factor analysis (CFA) allows to verify the factor structure of a set of variables and test the hypothesis about relationships between them. Relationship pattern is determined priory on the basis of previous theoretical and empirical research (Child, 1990). However, both explanatory and confirmatory factor analysis are needed to achieve high level of validity and reliability of the scales.

Firstly, EFA was conducted to compare the factor structure suggested in the Chapter 2 with a structure resulted from the factor analysis. Assumptions for the factor analysis (interval scale, lack of outliers and missing data, appropriate sample size) were met (Child, 1990). EFA produced KMO>0,6 that confirms the sampling adequacy (Child, 1990). Results of the conducted EFA identified the necessity to adjust the initially proposed factor structure. To be more precise, both Perceived Benefits and Perceived Risks were reduced by 1 variable each as these variables had a factor loading less than 0,3 (Child, 1990). What is more, the factor Product EExperience disappeared. To be more precise, the changed new structure includes the following

factors with relevant variables: Website Interface Experience, Easiness-to-navigate, Perceived Price Fairness, Perceived risks, Perceived benefits (see Appendix 4).

To check the reliability and validity of the observed scales, the following indicators were used: Cronbach alpha coefficient, the value of C.R. (Composite reliability of a variable), the value of the average explained variance (AVE). Reliability shows "how far the use of the scale yields consistent results in repeated measurements" (Malhotra, 2002). All factors have a Cronbach-alpha coefficient greater than 0,7. This means that scales correspond to a sufficient level of reliability (Malhotra, 2002).

To calculate C.R. and AVE confirmatory factor analysis was conducted through IBM SPSS AMOS. The model was reproduced in AMOS and values (Standardized Regression Weights, Squared Multiple Correlations), required for the calculation, were found. Then, using the corresponding formulas (Janssens, Winjen et., 2008), the values of C.R. and AVE were identified (see Table 7). C.R. is used to certify the results of Cronbach-alpha coefficient while AVE examines convergent validity (degree that variables in one factor can be distinguished from items of another construct) (Janssens, Winjen et., 2008).

Table 7. Results of reliability and validity verification

Factor	Cronbach's alpha	C.R.	AVE
Website Interface Experience	0,710	0,703	0,520
Easiness-to-navigate	0,803	0,808	0,501
Perceived Price Fairness	0,708	0,720	0,510
Perceived benefits	0,858	0,861	0,676
Perceived risks	0,757	0,760	0,515

All the values obtained correspond to the permissible values: C.R. > 0,7, AVE> 0,5 (Janssens, Winjen et., 2008). Moreover, the model itself meets the minimum requirements for acceptable quality indicators: CMIN <2, GFI> 0.9, CFI> 0.9, RMSE <0.08 (Janssens, Winjen et., 2008). It should be noted that the sample of 166 respondents meets the minimum requirement for carrying out confirmatory factor analysis (Janssens, Winjen et., 2008). However, in the future, the same model can be checked within a sample of 200 or more respondents to retest the obtained results.

It can be concluded that the developed scales are reliable and valid. Thus, they can be used in practice for conducting surveys to identify factors that influence decision making process for commercial video streaming services.

3.2. Analysis of research results

To analyze the obtained results proposed hypotheses were tested. What is more, analysis of descriptive statistics was performed to identify factors that are the most crucial for respondents in terms of watching movies or series on video streaming platforms. Finally, cluster analysis was performed to classify current respondents in respect of determined factors.

3.2.1. Hypothesis testing

As the factor structure was changed, the hypotheses were modified correspondingly (see Figure 15). Overall, the current hypotheses that should be checked are the following:

H1: Website Interface Experience has a significant positive impact on Perceived benefits.

H2: Website Interface Experience has a significant negative impact on Perceived risks.

H3: Easiness-to-navigate has a significant positive impact on Perceived benefits.

H4: Easiness-to-navigate has a significant negative impact on Perceived risks.

H5: Perceived Price Fairness has a significant positive impact on Perceived benefits.

H6: Perceived Price Fairness has a significant negative impact on Perceived risks.

H7: Perceived Benefits have a significant negative impact on Perceived risks.

H8: There is a significant difference regarding Perceived benefits, Perceived risks, Website interface experience, Easiness-to-navigate, Perceived Price Fairness between different customers' groups (grouping variables are age, education, marital status).
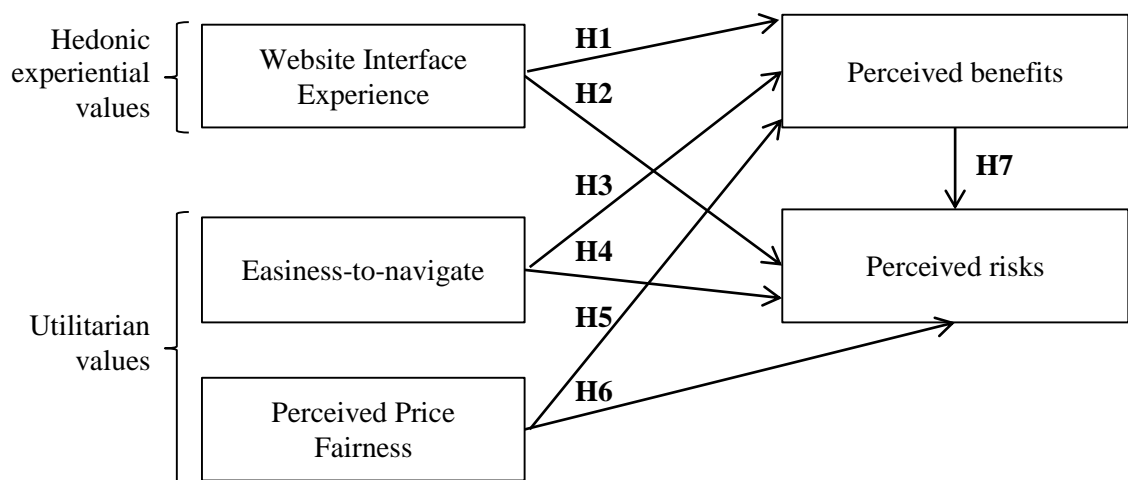
Figure 15. Modified framework for hypothesis checking

To test hypotheses H1-H7, a regression analysis was performed. Within the H1 independent variable is the factor Website Interface Experience, dependent - Perceived benefits. Within H2, the independent variable is Website Interface Experience, dependent - Perceived risks. Within H3, the independent variable is Easiness-to-navigate, dependent - Perceived benefits. Within H4, the independent variable is Easiness-to-navigate, dependent - Perceived risks. Within H5, the independent variable is Perceived Price Fairness, dependent - Perceived benefits. Within H6, the independent variable is Perceived Price Fairness, dependent - Perceived risks. Within H7, the independent variable is Perceived Benefits, dependent - Perceived risks. It is necessary to emphasize the premise that not all independent variables are included in one regression, since the goal is to determine the influence of one particular factor on the dependent variable.

Assumptions to conduct a regression analysis are the following: randomness, interval scales, independence and normality of residuals distribution, linear relationship between dependent and independent variables, lack of multicollinearity, homoscedasticity, required number of observations, lack of missing values (Malhotra, 2002). It was confirmed that all the necessary prerequisites were met for conducted regressions.

The Table 8 depicts results of six conducted regression analysis. It can be seen that the hypothesis H2, H3 and H7 were supported while H1, H4, H5, H6 were rejected as their p-values are more than 0,05 (Malhotra, 2002).

Table 8. H1-H7 testing

H1 – Rejected Independent variable: Website interface experience	Dependent variable: Perceived benefits	
	p-value	**B**
	0,151	0,253
H2 – Supported Independent variable: Easiness-to-navigate	**p-value**	**B**
	0,000	0,478
H3 – Supported Independent variable: Perceived Price Fairness	**p-value**	**B**
	0,000	0,363
H4 – Rejected Independent variable: Website interface experience	Dependent variable: Perceived risks	
	p-value	**B**
	0,684	-0,590
H5 – Rejected Independent variable: Easiness-to-navigate	**p-value**	**B**
	0,778	0,025
H6 – Rejected Independent variable: Perceived Price Fairness	**p-value**	**B**
	0,384	-0,074

H7 – Supported	p-value	B
Independent variable: Perceived Benefits	0,040	-0,074

Overall, it can be concluded that perceived benefits of respondents that use legal video streaming services increase when consumers have more positive Easiness-to-navigate experience and higher Perceived Price Fairness. This underlines the importance of utilitarian values while making decision on legal video streaming services. What is more, it can be seen that Perceived risks can be decreased by increasing Perceived benefits. However, it is necessary to recheck the Hypothesis with regard to future studies to test the observed trends.

To check the Hypothesis 8, it was supposed to use independent samples T-tests. Firstly, One Sample Kolmogorov Smirnov test was conducted to check the normality of distribution for five factors that were obtained from EFA. It was found out that all factors do not have normal distribution of their values, therefore it is impossible to use parametric T-tests to check the equality between means (Malhotra, 2002). Thus non-parametric Mann-Whitney U test was handled.

H8(a): there is a significant difference in terms of such factors as Perceived benefits, Perceived risks, Website interface experience, Easiness-to-navigate, Perceived Price Fairness between males and females. The results showed that this hypothesis is rejected. To be more precise, females and men did not show significantly different results for Perceived benefits, Perceived risks, Website interface experience, Easiness-to-navigate, and Perceived Price Fairness.

H8(b): there is a significant difference regarding such factors as Perceived benefits, Perceived risks, Website interface experience, Easiness-to-navigate, Perceived Price Fairness between two age groups: less than 30 years and more than 29 years. It can be observed that respondents who are more than 30 years old have significantly higher results in terms of Perceived Price Fairness. Therefore, it can be concluded, that price sensitivity is decreasing over time. It can be explained by the growing solvency of respondents who are more than 30 years old.

H8(c): there is a significant difference in respect of such factors as Perceived benefits, Perceived risks, Website interface experience, Easiness-to-navigate, Perceived Price Fairness between people who work and who study. The results illustrate that there is only one significant difference in Perceived Risks. In detail, respondents who work tend to have significantly higher Perceived Risks than respondents who study. This finding can show the fact that respondents who work rely mainly on their own source of financing. Therefore, they tend to estimate risks

more carefully. At the same time, students receive full or partial financial support from their parents, as a result, their perceived risks can be less.

Furthermore, several multiple linear regressions were run to identify the influence of independent variables (Website Interface Experience, Easiness-to-navigate, Perceived Price Fairness) on dependent ones (Perceived risks, Perceived benefits). After several iterations it was detected that only one regression is significant (p-value<0):

Perceived benefits=1,278+0,01Website interface experience*+0,463Easiness-to-navigate**+0,327Perceived Price Fairness***-0,176Perceived risks****.[1]

The coefficient of determination (R^2) of the regression is 0,382 that means that model moderately fits the data (Malhotra, 2002). However, all predictors except of Website Interface Experience are significant in the model. It can be concluded that this regression confirms the results obtained above. In other words, increase of Easiness-to-navigate and Perceived Price Fairness has a positive effect on Perceived benefits while increase of Perceived risks has a negative one. What is more, the influence of Website Interface Experience is not significant. Besides, the impacts of Easiness-to-navigate and Perceived Price Fairness are almost the same due to their beta coefficients. This fact underlines the importance of utilitarian values that should be transferred via website of movie streaming services.

The presented regression satisfies necessary requirements: randomness, interval scales, independence and normality of residuals distribution, linear relationship between dependent and independent variables, lack of multicollinearity, homoscedasticity, required number of observations, lack of missing values (Malhotra, 2002).

What is more, one-way ANOVA was conducted for four groups: respondents who used only Russian commercial streaming service IVI, respondents who used only American commercial streaming service Netflix, respondents who use both IVI and Netflix, and finally respondents who use neither IVI nor Netflix. These services were chosen on the basis of the survey data that showed that Netflix and IVI are the most frequently used online platforms except of YouTube and RuTube. Assumptions about normal distribution and equal variances were met (Malhotra, 2002). It was found out that there is no significant difference in terms of Website Interface Experience, Easiness-to-navigate, Perceived Price Fairness, Perceived risks, Perceived benefits between determined above groups of respondents (p-value in each case is higher 0,05).

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[1] *p>0,1; ** p<0,05; *** p<0,05; ****p<0,05

3.2.2. Descriptive statistics

To distinguish trends and peculiarities regarding commercial video streaming service consumption it is necessary to handle analysis of descriptive statistics.

Concerning demographic information, there were 166 respondents, 58% of them are females, 42% are males. Besides, 70% of respondents are from 20 to 30 years old. Then 64% are not married and 75% do not have children. In terms of education, 38% have bachelor degree, 23% have master degree and 29% are specialists. The majority of the respondents (60%) work, 20% both work and study while 17,5% only study. Furthermore, 48,2% have enough money only to purchase food and 42,8% said that they have enough money to buy the necessary products and clothes, however, major purchases have to be postponed. Therefore, it can be concluded that the majority of the respondents can be classified as middle-middle class and lower-middle class (Tickhinova, 2016).

From the Appendix 5 it can be seen that people tend to watch movies less frequently (several times per month) than series (several times per week). To watch movies or series respondents in most cases use free video streaming services. It can be seen that P2P platforms are not **popular that underlines the shift to streaming platforms**. Legal streaming services are not much preferable options. DVD versions of movies and series are almost not used. Besides, if respondents watch a video on commercial streaming website, they more likely will watch foreign movies and series than Russian ones.

At Figure 16 the main commercial video streaming services are depicted. The are 3 dimensions: awareness about services, previous usage of these services, and the gap between awareness and real usage. It can be observed, that the most well-known services are YouTube, IVI, Netflix, ITunes and RuTube. At the same time, the most frequently used services are YouTube, IVI and RuTube. The largest gaps between awareness and the usage are seen in respect of ITunes, Netflix, GooglePlay, RuTube and Amediateka. It can be explained by the fact that these five services almost do not propose an opportunity to watch movies free of charge as they mainly have subscription payment model. As a result, it can be suggested that the necessity to pay distracts people from trying these services.
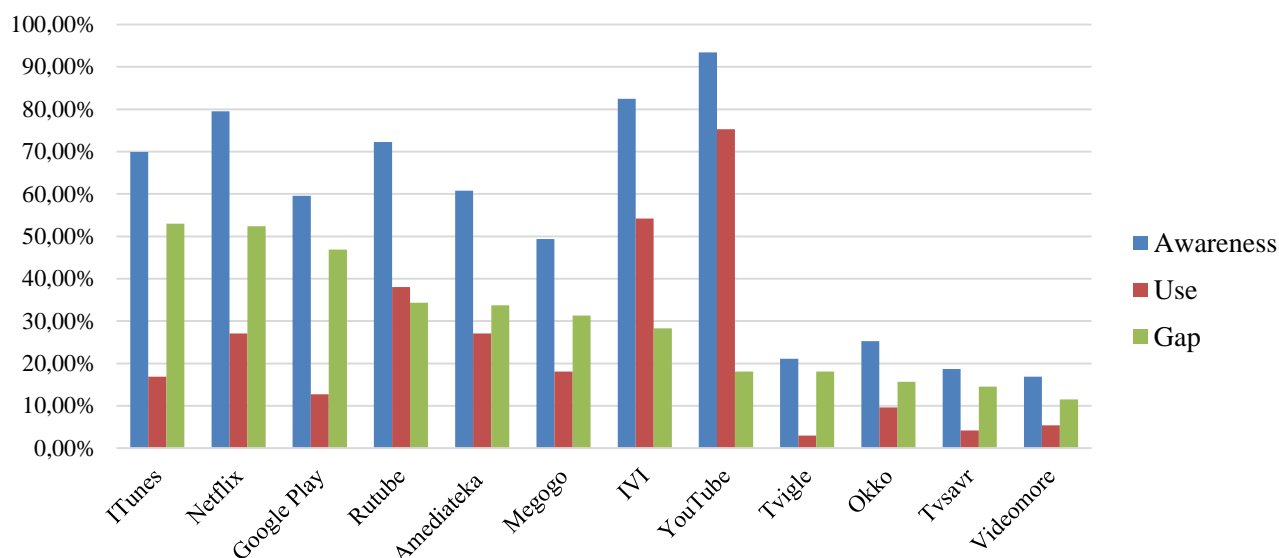
Figure 16. Commercial video streaming services in Russia

From respondents' point of view, the most preferable payment type is to watch video free of charge but with commercial advertising during a movie. Less preferable options are to pay for a monthly subscription with an ability to upload content at mobile devices and pay for a one-time watch. The most convenient payment method is to pay via bank card on website.

Tables 9-14 describe results obtained for characteristics of video streaming service such as Website Interface Experience, Perceived Price Fairness, Perceived Risks and Benefits. The value in the second column of the tables is p-value that determines if the mean of a variable is significantly different from the value 4 (if p-value is less than 0,05 there is a significant difference) (Malhotra, 2002). The mean value that is not significantly different from 4 signifies that an attitude of respondents toward a particular variable is not clearly stated.

Table 9. Reasons that prevent respondents from watching movies on commercial streaming websites

Variables	Mean	Sig
High price for the content	5,53	$p < 0,05$
Lack of diversity of movies	4,40	$p < 0,05$
Inconvenience of a payment system	3,79	$p > 0,05$
Lack of possibility to watch at multiple devices (tablets, smartphones, SmartTV etc.)	3,45	$p < 0,05$

Table 9 shows that the most significant issues that impede respondents from the usage of commercial streaming services are high price for the content and lack of diversity. What is more, it can be seen that respondents do not consider lack of possibility to watch at multiple devices as a problematic issue about commercial video streaming services.

According to the respondents' answers, it can be concluded that they highly appreciate such characteristics of video streaming websites such as a broad variety of movies with different quality options that become accessible to watch as soon as possible, possibility to switch languages with dubbing, unique content, ability to watch through a range of mobile devices (see Table 10). It is interesting that possibility to watch movies in 3D is not considered to be an attractive feature of the video streaming services (p-value<0,05; mean=2,84).

Table 10. The most important characteristics of video streaming service

Variable	Mean	Sig
Commercial streaming websites should have a broad range of content	6,36	p<0,05
Commercial streaming websites should allow watching movies in original language with subtitles	6,25	p<0,05
Latest movies on screen should become accessible for watching as soon as possible on streaming websites	6,07	p<0,05
Commercial streaming websites should have different quality of content (from 144p to 1080HD and better)	5,14	p<0,05
Commercial streaming websites should allow watching movies in foreign languages with subtitles	5,25	p<0,05
Movies on streaming services should be accessible at different mobile devices	5,12	p<0,05
Commercial streaming websites should have unique content (e.g. movies that can be seen only on this commercial streaming website)	5,06	p<0,05

What is more, website interface should be very simple and have a minimalistic design. The respondents significantly denied bright banners and pictures on website of streaming movie services (p-value<0,05; mean=2,44). Besides, website of video streaming services has to minimize time and efforts to search for a movie. In other words, there should be an efficient recommendation system, cross-references to similar movies, thematic collections etc. Furthermore, customization through creation of own movie library can contribute to website added value (see Table 11).

Table 11. The most important website interface characteristics

Variables	Mean	Sig
Commercial streaming websites should have a good user friendly search tool to find movies	6,67	p<0,05
Commercial streaming websites should be simple and understandable	6,60	p<0,05
Interface of commercial streaming websites should have a minimalistic design	5,67	p<0,05
Commercial streaming websites should offer information about the film before watching it (description, trailer, rating, etc.)	5,55	p<0,05
Commercial streaming websites should offer recommendations based on my previous preferences	5,54	p<0,05
Commercial streaming websites should contain thematic collections of films (for example, "Top 10 films that inspire")	5,15	p<0,05
Commercial streaming websites should generate cross-references to similar movies after watching the movie	4,99	p<0,05
Commercial streaming websites should offer to create your own film library	4,99	p<0,05

At the Table 12 it can be seen that the majority of the respondents consider that current prices of commercial streaming services do not correspond content and website quality. In other words, from the point of respondents view the current price for streaming movie platforms is not justified.

Table 12. Perceived Price Fairness

Variables	Mean	Sig
I think the current price for services of commercial streaming websites is fair	4,03	p>0,05
I think the current price for services of commercial streaming websites meets the quality of website interface	3,89	p>0,05
I think the current price for services of commercial streaming websites meets the quality of website content	3,63	p>0,05

Table 13 illustrates that respondents consider mainly two benefits of commercial streaming services that are security and moral correctness while convenience and speed of these services are quite debatable. As a result, findings verify that nowadays commercial streaming services do not provide appropriate added value that would persuade people that the price is justified.

Table 13. Perceived benefits

Variables	Mean	Sig
I think that commercial websites are more correct than unofficial ones	4,78	p<0,05
I think that commercial websites are more secure than free ones	4,56	p<0,05
I think that commercial websites are more quicker to use than free ones	4,33	p>0,05
I think that commercial websites are more convenient than free ones	4,23	p>0,05

Table 14 shows that the major risk associated with commercial video streaming services is their high price. Besides, some respondents claimed that these services can be complicated and slow.

Table 14. Perceived risks

Variables	Mean	Sig
I think that commercial free websites are more expensive than free ones	5,90	p<0,05
I think that commercial free websites are more complicated than free ones	3,27	p<0,05
I think that commercial free websites are more unreliable than free ones	2,74	p<0,05
I think that commercial free websites are slower than free ones	3,06	p<0,05

To sum up, it is necessary to mention that price is the major factor that diverts people from using commercial streaming services. However, this is not the only factor. It is observed, that respondents do not see relevant added value and benefits that can justify the current price of video streaming services. What is more, people want to have an access to a variety of movies and series within minimum or zero-time gap between a cinema premier and release at video streaming platforms. It is crucial to maintain multiple mobile devices and suggest service customization. Besides, video streaming services should facilitate and accelerate the decision-making process which film to watch in conditions of an information overabundance.

3.2.3. Cluster analysis

Hierarchical cluster analysis was chosen due to explanatory nature of the research. Hierarchical clustering is a method, characterized by the construction of a hierarchical, tree-like, structure (Malhotra, 2002). To accomplish hierarchical clustering Ward's procedure was selected.

This is a dispersion method, in which clusters are formed in such a way to minimize squares of Euclidean distances between cluster averages (Malhotra, 2002).

The cluster analysis was performed on the basis of five factors found earlier using EFA, namely Website Interface xperience, Easiness-to-navigate, Perceived Price Fairness, Perceived benefits, and Perceived risks. Finally, three clusters were determined. The results can be seen at Table 15. Mean values are depicted to show peculiarities of each cluster. One-sample T-tests revealed that all means are significantly different from 4. Assumption about normal distribution for one-sample T-test was met.

Table 15. Cluster analysis results

Cluster name	Size	Website Interface Experience (mean value)	Easiness-to-navigate (mean value)	Perceived Price Fairness (mean value)	Perceived benefits (mean value)	Perceived risks (mean value)
1 – Neutral attitude	79	6,05	4,31	3,59	3,33	2,71
2 – Negative attitude	19	6,54	5,06	3,56	3,12	5,61
3 – Positive attitude	68	6,59	5,63	4,4	5,95	2,67

To investigate if the difference regarding factors between found cluster groups is significant one-way ANOVA was processed. Assumptions about normal distribution and equal variances were met (Malhotra, 2002). It was found out that there is a significant difference between groups as regards every factor (see Table 16). In detail, it occurred that the first group (Neutral attitude) has significantly less mean in comparison with other two groups (Negative attitude and Positive attitude) in terms of Web-interface experience and Easiness-to-navigate. The third group (Positive attitude) has significantly higher Perceived Price Fairness than respondents with Negative and Neutral attitude. The third group (Positive attitude) has a significantly greater result in respect of Perceived benefits. Besides, respondents with Negative Attitude has significantly higher Perceived Risks.

Table 16. Comparison of cluster groups

Factor	Compared groups regarding their mean values		Sig
Web-interface experience	**1 – Neutral attitude**	**2 – Negative attitude**	**p-value<0,05**
	2 – Negative attitude	3 – Positive attitude	p-value>0,05
	1 – Neutral	**3 – Positive**	**p-value<0,05**

	attitude	attitude	
Easiness-to-navigate	**1 – Neutral attitude**	**2 – Negative attitude**	**p-value<0,05**
	2 – Negative attitude	3 – Positive attitude	p-value>0,05
	1 – Neutral attitude	**3 – Positive attitude**	**p-value<0,05**
Perceived Price Fairness	1 – Neutral attitude	2 – Negative attitude	p-value>0,05
	2 – Negative attitude	**3 – Positive attitude**	**p-value<0,05**
	1 – Neutral attitude	**3 – Positive attitude**	**p-value<0,05**
Perceived benefits	1 – Neutral attitude	2 – Negative attitude	p-value>0,05
	2 – Negative attitude	**3 – Positive attitude**	**p-value<0,05**
	1 – Neutral attitude	**3 – Positive attitude**	**p-value<0,05**
Perceived risks	**1 – Neutral attitude**	**2 – Negative attitude**	**p-value<0,05**
	2 – Negative attitude	**3 – Positive attitude**	**p-value<0,05**
	1 – Neutral attitude	3 – Positive attitude	p-value>0,05

The first group (Neutral attitude) includes 79 people. Overall they appreciate Website interface experience (hedonic values) while Easiness-to-navigate seems to be less important. At the same time, they consider that the current price of commercial video streaming services is not justified. Besides, from their point of view, such services do not provide outstanding benefits, however, their perceived risk is low.

The second group is the smallest one and consists of 19 respondents. They appreciate both Website interface experience and Easiness-to-navigate. Similarly, to the first group they do not think that a current price for video streaming services is fair. What is more, according to the results, they perceive high risks while using such services.

The third group has 68 people. They are influenced significantly by both Website interface experience and Easiness-to-navigate. They consider that the price of current video services can be justified. What is more, these respondents see a lot of benefits in using commercial video streaming services and consider quite low risks.

Thus, the results obtained from cluster analysis show that 40% of respondents have clear positive attitude toward video streaming services while 48% of respondents have a neutral attitude. Only 12% of respondents state a drastically negative attitude. Thus 88% of the sample can be considered as potential customers of online cinemas. This finding confirms the relevance

and importance to investigate commercial video streaming services in Russia highlighted in the Chapter 1 of the current thesis. What is more, different engaging tools can be applied to different cluster groups.

3.3. Recommendations

On the basis of conducted analysis recommendations are provided for two groups that can be interested in the current research. Firstly, Russian companies that operate on the market of commercial movie platforms. Secondly, recommendations for students and researchers that can use the current thesis as a support for their future research papers and studies.

3.3.1. Implications for Russian companies

The main conclusions from the work that are important to take into consideration for Russian video streaming services are the following:

- **Respondents clearly differentiate the product** of commercial video streaming services (a movie or a series), that brings hedonic values, **and website interface** which serves a search tool to that transfers mainly utilitarian values. As a result, it is very important to maintain the usefulness of website interface for commercial video services.

- **Price is the major factor that influences the decision making process** of consumers that decide between legal and illegal video streaming services. However, that **is not the only reason**. Nowadays **consumers do not see appropriate added value that justifies the current price.** In other words, respondents claim that current price for commercial streaming services is not fair from their point of view.

- It can be concluded that, website of commercial streaming service should transfer **strong utilitarian values that clearly justify the price and minimize time and efforts to search for a movie or series**. Practical functions that are introduced by website increase perceived benefits, and, as a result, decrease perceived risks.

To sum up, the holistic framework obtained from the conducted research is illustrated at the Figure 17. To be more precise, **movies and series are the main product** of any video commercial service. Quality and diversity of the movies and series determine if the person is going to use the services. If a service does not offer a desired video customer goes to other legal or illegal websites. Movies carry hedonic values as their main goal is to entertain and distract a person from the reality. The second tier is a **website that serves as a conductor to the product** (movies, services). In other words, website of commercial video streaming services is an analogue of marketplace. The current research proved that practical issues such as a good search tool and intelligent recommendation systems help to save time and efforts needed to search for a new movie. Thus it can be concluded that the **main objective of the website is to transfer**

utilitarian values. **The third tier** is extra services that provide enjoyment and hedonic values, for instance, 3D movies, interactive interface. It is interesting that consumers start their decision making process through the second tier because, firstly, they go to the website to search for a movie. Therefore, **the second tier can facilitate the usage of commercial video streaming services** or on the contrary to turn away consumers from them. The third tier is a layer that can add extra value, however, the main decision making points take place at the first and second tiers.
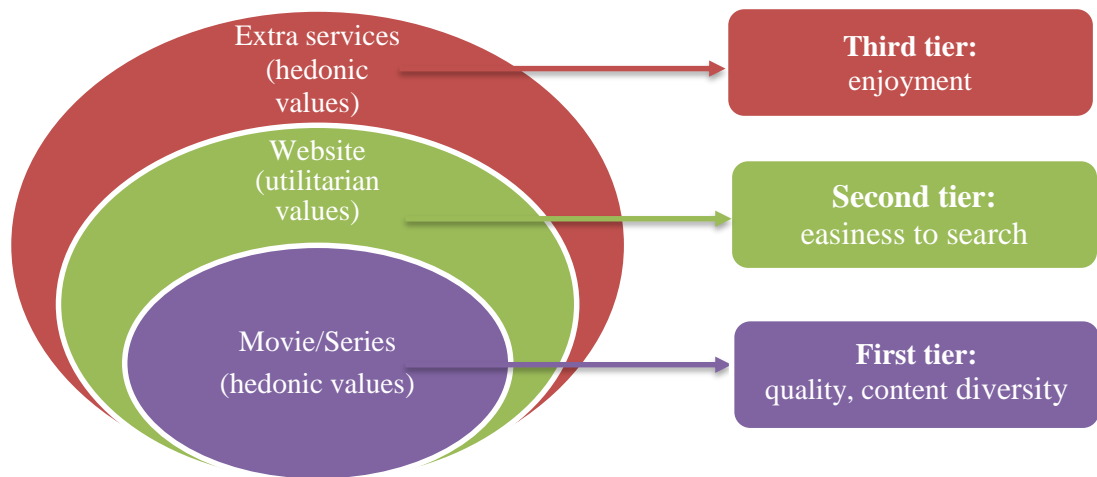
Figure 17. Holistic framework for commercial video streaming services

Further recommendations are lined up in accordance with the Customer Journey (see Table 17).

Table 17. Customer Journey

Step in Customer Journey	Problem	Recommendations
1a. Search for a movie on Google or Yandex	In the majority of cases illegal video streaming websites have higher position on Google and Yandex that legal ones	Improve advertising position through Google AdWords and Yandex Direct
1b. Search for a movie on commercial video streaming service	There is no a desired video on commercial streaming service	This is a serious problem connected with price for intellectual property rights. Sometimes it is too expensive for commercial services to purchase intellectual property rights for a movie as asoon as possible. However, recommendation system can at once propose a similar movie that is available on the platform
	It takes too much time and efforts to find an appropriate video	- Interface should be simple and understandable - Commercial streaming websites should have a good user friendly search

		tool to find movies - There should be recommendations based on my previous preferences - There should be thematic collections of films (for example, Top 10 films that inspire) - There should be information about the film before watching it (description, trailer, rating, etc.)
3. Pay for a movie	It is too expensive to pay for the video	- There should be different options (packages) to watch a video: free of charge but with advertising, subscription, rent etc - Family account will be a good solution as it allows to pay for one account but also share the price between several people
	It is incovenient to pay for a movie	Payment with credit card or e-wallet are considered to be the most convenient ways to pay
4. Watch a video on comemrcial streaming service	It is impossible to choose different video quality	Commercial streaming websites should have different quality of content (from 144p to 1080HD and better)
	It is impossible to watch the movie at different mobile devices	Movies on streaming services should be accessible at different mobile devices
	It is impossible to watch a video at original language with subtitles	Commercial streaming websites should allow watching movies in foreign languages with subtitles
	The service does not differ from other services	Commercial streaming websites should have unique content that will differentiate them from other services
5. Repeat purchases	There are no incentives to use again the same service	- Movie library - System of rewards: discounts on food (i.e. Delivery Club), free popcorn (related products) for a certain number of watched movies - Gifts: subscribe to a friend - Cooperation with other commercial video streaming services to expand the content (i.e. Okko and Amediateka) - System of achievements (if a person watched 10 art house movies he or she gets a rank of ar house guru etc.)

What is more, the following recommendations are provided for identified cluster groups (see Table 18):

Table 18. Recommendations for clusters

Cluster name	Recommendations
1 – Neutral attitude	It is necessary to persuade these customers that video streaming services deliver real added value. As a result, it is important to attract them to try the service free of charge. Online promotion tools and intensive advertising through Yandex Direct and AdWords do matter at this stage. During the trial period video online platforms should prove that the usage of legal services are much more beneficial than illegal ones.
2 – Negative attitude	This group is the most difficult to work with as they have very high perceived risks. In other words, the main aim of online video services regarding this group is to persuade them that legal platforms are secure, quicker and less complicated than illegal ones. Therefore, legal video streaming platforms have to clearly designate their benefits in comparison with illegal sources.
3 – Positive attitude	Customers from this group are quite positive about commercial online video streaming services. As a result, legal platforms should apply constant communication with their clients and maintain a rewarding system for loyal consumers. What is more, these customers can be used as opinion leaders for others and become service ambassadors.

It is worth mentioning, that legal video streaming platforms should distinguish customers from different cluster groups and apply different engaging tools depending on a particular consumer. However, every commercial service should develop a detection system that will help to categorize customers. It can be done through online analytics services that monitor the behavior of website visitors.

3.3.2. Limitations and future studies

It was proved that the suggested decision-making model for commercial video streaming services is significant. As a result, it can be used in the future by other researchers who want to investigate this topic more deeply. It is necessary to note the following limitations and possible development of the conducted empirical study:

- The selection of respondents was carried out by snowball sampling, that can lead to bias as the majority of the respondents are peers or have similar characteristics (study in the same University, work in the same company etc.). Therefore, it is difficult to make inferences from the sample to the whole population. As a result, in the future studies other sampling methods are appreciated.

- What is more, 65% of respondents are from Saint-Petersburg, 35% live in Moscow. These two regions are the most developed in Russia. Consequently, other regions and rural areas can have completely different results. However, a large-scale investigation that will cover several Russian regions requires more time and people to be involved.

- The sample size satisfies the minimum number of respondents, however, in the future it is necessary to increase the number of respondents to retest observed trends.

- The current research framework is based on two models (Sarkar, 2011; Jang, Kwak and Lee, 2012). However, we can see that the observed model fit is moderate. One of the reasons can be lack of extra variables. Therefore, it can be useful to include into the research more factors and variables from additional models.

- The current research investigates the attitude toward commercial video streaming services. However, it could be interesting to conduct two surveys: the first one will ask about commercial video streaming platforms, another one will be about illegal free ones. A result, it will be possible to compare attitude towards legal and illegal services. The similar test was done by Kwak and Lee (2012).

Conclusions on the empirical verification of the decision-making model

Overall, implications from the current thesis can be divided into two parts:

- Theoretical ones.

To be more precise, the framework for the decision making process toward commercial video streaming services was proposed and verified using the sample of Russian customers. It was proven that suggested framework makes sense and can be used in the future research. What is more, hypothesis where tested and explained. Main factors that influence decision making process were identified.

Besides, it was showed that Russian respondents perceive website of a commercial video streaming service as a useful tool that brings mainly utilitarian values. In other words, it can be concluded that Russian consumers certainly distinguish a product (a movie/a series), that transfers mainly hedonic values, and website of streaming services, that brings more utilitarian values.

Furthermore, regarding to the current findings utilitarian factors seem to be more important for Russian respondents than hedonic ones. It was proved by the fact that Website interface experience does not significantly influence neither Perceived Benefits nor Perceived Risks. As a result, in the future research studies it is necessary to explore more deeply the influence of factors that bring hedonic values to recheck the obtained results and understand its nature.

- Managerial ones.

Practical implications include a justified tool (questionnaire) that can be used by companies to check Perceived Benefits, Perceived Risks, Easiness-to-navigate, Perceived Price Fairness and Website interface experience between the current and perspective clients of

commercial video streaming services. What is more, the most crucial characteristics of online cinemas were identified. Then three cluster groups with distinct characteristics were found and described. Besides, a broad range of recommendations concerning commercial video streaming services in respect of customer journey and cluster group were suggested.

Conclusion

The current thesis was dedicated to the investigation of factors that influence the decision making process toward the usage of commercial video streaming services (online cinemas) in Russia. Video streaming services are platforms that allow to watch movies or series online at any convenient time without downloading.

On the basis of literature review it was found out that today the problem of illegal video streaming platforms is crucial for Russian movie industry. According to statistics, Russian residents are actively using the Internet to find and watch the desired videos (KVG Research, 2013). Piracy has become heavily widespread in Russia so a huge amount of unlicensed online video content can be found free of charge (PWC E-media Outlook, 2016). The government is introducing new legislation that step by step improves the protection of intellectual property rights for video on the Internet. However, disrespectful attitude to intellectual property of Russian consumers due to historical peculiarities, and inadequate legislative regulation slow down the fight against online piracy.

It was identified, that the process of watching movies or series via commercial streaming services is similar to online shopping because both actions are realized through digital environment and requires the reediness to purchase. What is more, it was mentioned that nowadays market environment becomes more complicated in terms of interaction with clients due to information overload. This led to the emerging of consumer decision journey that describes modern decision making process (Court et al., 2009).

The second part of the thesis was dedicated to research methodology. The survey method was chosen and justified to proceed further analysis. What is more, two models (Jang, Kwak and Lee, 2012; Sarkar, 2011) were described and used for developing an integrated decision making framework. It should be mentioned, that there are few research papers dedicated to commercial video streaming services in comparison with music streaming platforms. This finding can be explained by the fact that music streaming services appeared first. The questionnaire was made on the basis of described model and literature review.

The third part of the work shows empirical verification of the suggested model. In detail, the survey was conducted in March 2016. Overall the number of respondents was 167 that satisfies the requirement of minimum sample size (Malhotra, 2002). Both explanatory and confirmatory factor analysis were conducted to adjust initial factor structure. After several iterations, the valid and reliable factor structure were received. The final factor structure includes the following items with relevant variables: Website Interface Experience, Easiness-to-navigate, Perceived Price Fairness, Perceived risks, and Perceived benefits.

During hypothesis testing it was discovered that factors such as Easiness-to-navigate, Perceived Price Fairness bringing mainly utilitarian values have a significant influence on Perceived benefits. What is more, it was proved that increase of Perceived Benefits decreases Perceived Risks. However, the influence of Website Interface Experience that transfers hedonic values was not proved. This leads to the following conclusions. First of all, consumers distinctively differentiate the product of commercial video streaming services (movies, series), that brings mainly experiential hedonic values, from the website, which major function is to assist the search process. Secondly, the findings highlight the importance of utilitarian values transferred via website.

Analysis of descriptive statistics depicts that price is the major factor that influences the decision making process of consumers choosing between legal and illegal video streaming services. However, that is not the only reason. Gathered data shows that respondents do not realize added value of such platforms. In other words, from respondents' point of view the price of commercial video streaming services is not justified.

Overall, three tiers of commercial streaming services were identified. First one is the product itself (movies and series). Quality and diversity of the movies and series determine whether a person is going to use the services. The second tier is a website that serves as a conductor to the product (movies, services). The third tier is extra services that provide enjoyment and hedonic values. Thus, website of commercial video streaming service should transfer strong utilitarian values that clearly justify the price and minimize time and efforts to search for a movie or series. Practical functions that are introduced by website increase perceived benefits, and, as a result, decrease perceived risks.

To sum up, it was proven that suggested framework makes sense and can be used in the future research. What is more, a justified tool (questionnaire) that can be approached by companies to check Perceived Benefits, Perceived Risks, Easiness-to-navigate, Perceived Price Fairness and Website Interface Experience was developed. A broad range of recommendations for improving services were proposed in terms of customer journey concept. What is more, it was proven via cluster analysis that 88% of respondents can be perceived as potential clients of commercial video streaming platforms.

Taking into considerations limitations of the conducted research it is necessary to investigate further the influence of factors that transfer hedonic and utilitarian values on decision making process for commercial video streaming services to check the obtained results.

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Appendix 1. Smith and Rupp decision making model

Source: (Smith, Rupp, 2003)
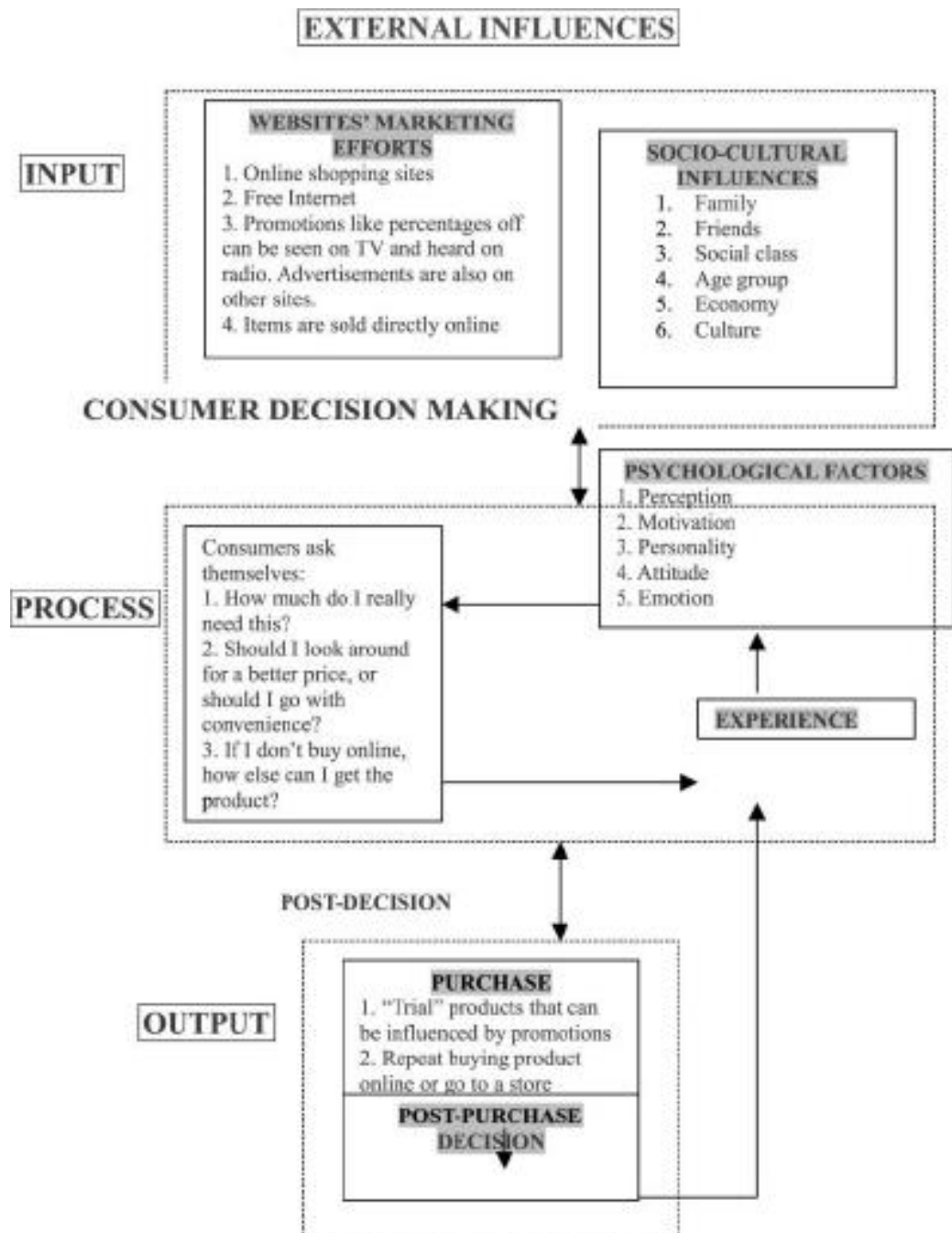
Appendix 2. Darley decision making model

Source: (Darley, Blankson and Luethge, 2010)
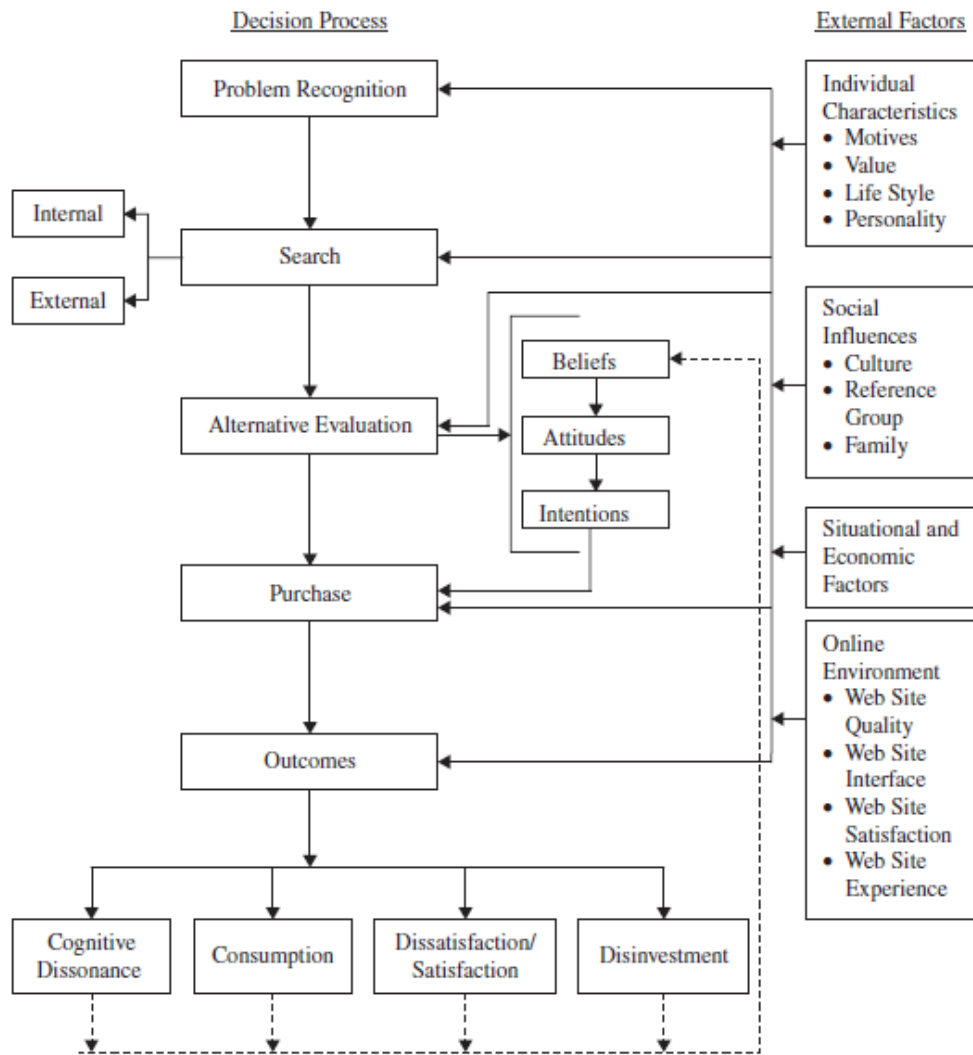
Appendix 3. Questionnaire

Please fill in the form about an attitude toward commercial streaming websites. All answers are anonymous. The results will be analyzed generally and used only for non-commercial research purposes.

Part 1

1) How often do you watch movies?

- Every day
- Several times per week
- Several times per month
- Several times per year

2) How often do you watch series?

- Every day
- Several times per week
- Several times per month
- Several times per year

3) If you watch **a movie** how likely you will use the following means? *(Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)*

		1	2	3	4	5	6	7
3.1	Watch on commercial websites (such as Netflix, IVI, Okko, YouTube etc.)							
2.2	Watch on free streaming websites (the ones found on the Internet)							
3.3	Watch on SmartTV							
3.4.	Download from P2P services (such as Rutracker, Kinozal etc.)							
3.5.	Buy DVD movies							

4) If you watch a **series** how likely you will use the following means? *(Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)*

		1	2	3	4	5	6	7
4.1	Watch on commercial websites (such as Netflix, IVI, Okko, YouTube etc.)							
4.2	Watch on free streaming websites (the ones found on the Internet)							
4.3	Watch on SmartTV							
4.4.	Download from P2P services (such as Rutracker, Kinozal etc.)							
4.5.	Buy DVD movies							

5) If you watch a movie on commercial streaming website, how likely you will watch the following? *(Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)*

		1	2	3	4	5	6	7
5.1	Russian movies							
5.2	Foreign movies							
5.3	Russian series							
5.4.	Foreign series							

6) About which of these commercial streaming websites you have heard before? (you can choose several answers)
- Ivi
- Okko
- Megogo
- Netflix
- Rutube
- YouTube
- Tvigle
- Videomore
- Tvsavr
- Amediateka
- Google Play
- ITunes
- I have not heard about anything mentioned
- ….(if you know some more, please, write down its name)

7) Which of these commercial streaming websites you have used before? (you can choose several answers)

- Ivi
- Okko
- Megogo
- Netflix
- Rutube
- YouTube
- Tvigle
- Videomore
- Tvsavr
- Amediateka
- Google Play
- ITunes
- I have not heard about anything mentioned
- ….(if you know some more, please, write down its name)

8) If you decide to use commercial streaming website, how likely you will accept the following? (Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean) *(Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)*

		1	2	3	4	5	6	7
8.1	Do not pay but accept watching advertising commercial during a movie							
8.2	Pay for a monthly subscription for only streaming (i.e., no download)							
8.3	Pay for a monthly subscription with an ability to upload content at mobile devices both for streaming and download							
8.4	Pay for a one time watch							
8.5	Rent a movie for 48 hours(e.g., for 24 or 48 hours)							
8.6	Pay for a purchase with unlimited views without an ability to download content to mobile devices							
8.7	Pay for a purchase with unlimited views with an ability to download content to mobile devices							

9) If you decide to pay for a commercial streaming service, how likely you will use the following payment method? (Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)

		1	2	3	4	5	6	7
9.1	Pay via bank card on website							
9.2	Pay via sms							
9.3	Pay via e-wallet							
9.4	Pay via payment terminal							

10) Which of the following reasons are likely to prevent you from watching movies on commercial streaming websites? *(Please rate your choice as "1" is the least likely mean, "7" is the most likely used mean)*

		1	2	3	4	5	6	7
10.1	Lack of diversity of movies							
10.2	Lack of possibility to watch at multiple devices (tablets, smartphones, SmartTV etc.)							
10.3	High price for the content							
10.4.	Inconvenience of a payment system							

Part 2

Please indicate your level of agreement with the following statements on a scale from 1 ("strongly disagree") to 7 ("strongly agree")

(Product Experience)

		1	2	3	4	5	6	7
1.1	Commercial streaming websites should have different quality of content (from 144p to 1080HD and better)							
1.2	Commercial streaming websites should have a broad range of content							
1.3	Commercial streaming websites should suggest different dubbing options in Russian language for one movie							
1.4	Commercial streaming websites should allow watching movies in original language with subtitles							
1.5	Commercial streaming websites should allow watching movies in foreign languages with subtitles							
1.6	Commercial streaming websites should have unique content (e.g. movies that can be seen only on this commercial streaming website)							
1.7	Commercial streaming websites should provide the possibility to watch a movie in 3D							
1.8	Latest movies on screen should become accessible for watching as soon as possible on streaming websites							
1.9	Movies on streaming services should be accessible at different mobile devices							

(Website Interface Experience)

		1	2	3	4	5	6	7
2.1	Commercial streaming websites should be simple and understandable							
2.2	Interface of commercial streaming websites should have a minimalistic design							
2.3	Commercial streaming websites should offer information about the film before watching it (description, trailer, rating, etc.)							
2.4	Commercial streaming websites should have big attractive banners							

(Easiness-to-navigate)

		1	2	3	4	5	6	7
3.1	Commercial streaming websites should have a good user friendly search tool to find movies							
3.2	Commercial streaming websites should contain thematic collections of films (for example, "Top 10 films that inspire")							
3.3	Commercial streaming websites should offer recommendations based on my previous preferences							
3.4	Commercial streaming websites should suggest a daily collection of new movies available for viewing							
3.5	Commercial streaming websites should offer the ability to create a single profile for multiple users							

3.6	Commercial streaming websites should offer to create your own film library							

(Perceived Price Fairness)

		1	2	3	4	5	6	7
4.1	I think the current price for services of commercial streaming websites is fair							
4.2	I think the current price for services of commercial streaming websites meets the quality of website content							
4.3	I think the current price for services of commercial streaming websites meets the quality of website interface							

(Perceived benefits of commercial streaming websites)

		1	2	3	4	5	6	7
5.1	I think that commercial websites are more convenient than free ones							
5.2	I think that commercial websites are more secure than free ones							
5.3	I think that commercial websites are more quicker to use than free ones							
5.4	I think that commercial websites are more correct than unofficial							

(Perceived risks)

		1	2	3	4	5	6	7
6.1	I think that commercial free websites are more expensive than free ones							
6.2	I think that commercial free websites are more complicated than free ones							
6.3	I think that commercial free websites are more unreliable than free ones							
6.4	I think that commercial free websites are slower than free ones							

If you think of some other characteristics a commercial streaming website should have, please list below (it is not an obligatory question)

Part 3

Please respond to the following questions.

1) Gender

- Male
- Female

2) Age

….. *(open question)*

3) Please list the highest level of education you attained

- High school
- Bachelor degree
- Master degree
- PhD- degree
- …. (write down if another)

4) Occupation

- Full-time work
- Part-time work
- Study and Part-time work
- Study
- No occupation and no study
- …. (write down if another)

5) Which of the following characterizes your financial situation in the most appropriate way?

- I have enough money only to purchase food
- I have enough money only to buy the necessary products and clothes, however, major purchases have to be postponed
- I have enough money only to buy durable goods (refrigerator, TV)
- I have enough money to buy anything that I want

Appendix 4. A new factor structure for the model

1. Web-interface experience

	Variables	Factor loading
1.1	Commercial streaming websites should have a good user friendly search tool to find movies	0,650
1.2	Interface of commercial streaming websites should have a minimalistic design	0,624
1.3	Commercial streaming websites should be simple and understandable	0,561
1.4	Commercial streaming websites should have a broad range of content	0,505

2. Easiness-to-navigate

	Variables	Factor loading
2.1	Commercial streaming websites should contain thematic collections of films (for example, "Top 10 films that inspire")	0,717
2.2	Commercial streaming websites should offer recommendations based on my previous preferences	0,712
2.3	Commercial streaming websites should suggest a daily collection of new movies available for viewing	0,734
2.4	Commercial streaming websites should offer the ability to create a single profile for multiple users	0,642
2.5	Commercial streaming websites should offer to create your own film library	0,490
2.6	Commercial streaming websites should generate cross-references to similar movies after watching the movie	0,746

3. Perceived Price Fairness

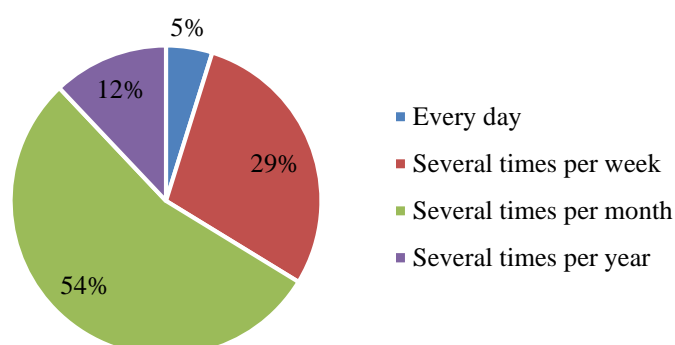|	Variables	Factor loading
3.1	I think the current price for services of commercial streaming websites is fair	0,455
3.2	I think the current price for services of commercial streaming websites meets the quality of website content	0,764
3.3	I think the current price for services of commercial streaming websites meets the quality of website interface	0,73

4. Perceived benefits

	Variables	Factor loading
4.1	I think that commercial websites are more convenient than free ones	0,928
4.2	I think that commercial websites are more secure than free ones	0,747
4.3	I think that commercial websites are more quicker to use than free ones	0,781

5. Perceived risks

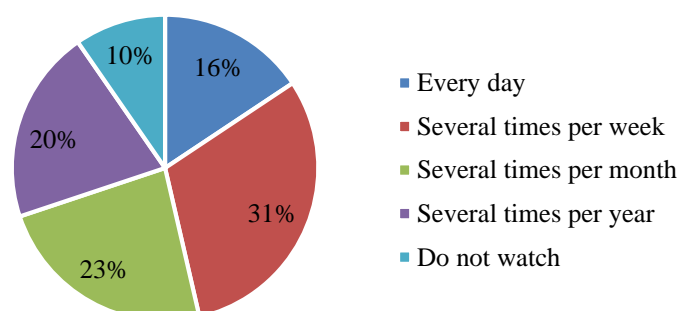|	Variables	Factor loading
5.1	I think that commercial free websites are more complicated than free ones	0,683
5.2	I think that commercial free websites are more unreliable than free ones	0,663
5.3	I think that commercial free websites are slower than free ones	0,8

Appendix 5. Descriptive statistics

How often do you watch movies?

- Every day — 5%
- Several times per week — 29%
- Several times per month — 54%
- Several times per year — 12%

How often do you watch series?

- Every day — 16%
- Several times per week — 31%
- Several times per month — 23%
- Several times per year — 20%
- Do not watch — 10%

If a respondent watches a movie, he or she will likely use the following means

Variables	Mean	Sig
Watch on free streaming websites (the ones found on the Internet)	5,31	p<0,05
Download from P2P services (such as Rutracker, Kinozal etc.)	3,94	p>0,05
Watch on commercial websites (such as Netflix, IVI, Okko, YouTube etc.)	3,36	p<0,05
Watch on SmartTV	2,45	p<0,05
Buy DVD movies	1,32	p<0,05

If a respondent watches a series, he or she will likely use the following means

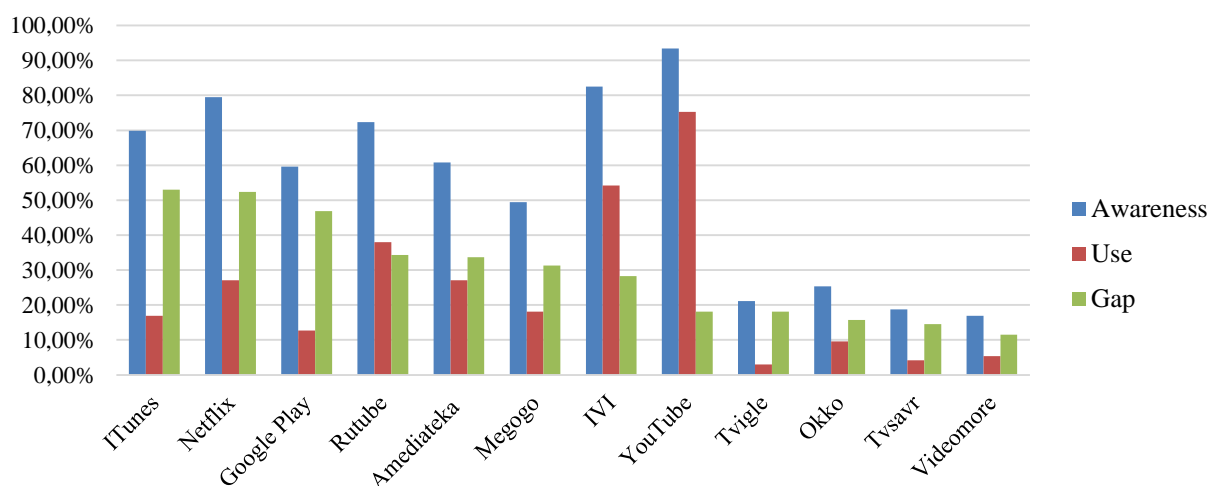| Variables	Mean	Sig
Watch on free streaming websites (the ones found on the Internet)	5,41	p<0,05
Download from P2P services (such as Rutracker, Kinozal etc.)	3,76	p>0,05
Watch on commercial websites (such as Netflix, IVI, Okko, YouTube etc.)	3,43	p<0,05
Watch on SmartTV	2,27	p<0,05
Buy DVD movies	1,19	p<0,05

Types of video that are preferable to watch via streaming video services

Variables	Mean	Sig
Foreign movies	6,07	p<0,05
Foreign series	5,50	p<0,05
Russian movies	3,62	p<0,05
Russian series	2,30	p<0,05

Commercial video streaming services in Russia

Payment types

Variables	Mean	Sig
Do not pay but accept watching advertising commercial during a movie	5,37	p<0,05
Pay for a monthly subscription for only streaming (i.e., no download)	3,47	p<0,05
Pay for a one time watch	3,37	p<0,05
Pay for a monthly subscription with an ability to upload content at mobile devices both for streaming and download	3,05	p<0,05
Pay for a purchase with unlimited views with an ability to download content to mobile devices	2,81	p<0,05
Rent a movie for 48 hours (e.g., for 24 or 48 hours)	2,66	p<0,05
Pay for a purchase with unlimited views without an ability to download content to mobile devices	3,12	p<0,05

Payment methods

Variables	Mean	Sig
Pay via bank card on website	6,27	p<0,05
Pay via e-wallet	2,56	p<0,05
Pay via sms	2,36	p<0,05
Pay via payment terminal	1,50	p<0,05

Reasons that prevent from watching movies on commercial streaming websites

Variables	Mean	Sig
High price for the content	5,53	p<0,05
Lack of diversity of movies	4,40	p<0,05
Inconvenience of a payment system	3,79	p>0,05
Lack of possibility to watch at multiple devices (tablets, smartphones, SmartTV etc.)	3,45	p<0,05