ABSTRACT

Rising prices of digital streaming services, partly driven by policies such as digital taxes, may push consumers away from legal services toward illegal alternatives. This phenomenon is relevant among students as active users of digital streaming services with consumption patterns influenced by limited income. This study examines the demand for both legal and illegal film and music streaming services among students at the Faculty of Economics and Business, Diponegoro University.

Using primary survey data, this study applies the Quadratic Almost Ideal Demand System (QUAIDS) to estimate demand and expenditure shares across four streaming categories: netflix, spotify, illegal film services, and illegal music services. Price, total expenditure as an income proxy, gender, and employment status are included as explanatory variables.

The findings reveal that most streaming services are price-inelastic, with Spotify being the notable exception. Illegal music services show an unusual positive price-demand relationship, defying the conventional law of demand. Spotify and illegal music services act as substitutes for one another, while other service pairs tend to be complementary. Legal services are found to be luxury goods, whereas illegal music services behave as Giffen goods. Gender significantly influences music streaming consumption, but employment status does not. These findings carry policy implications for digital VAT (PPN PMSE), highlighting the need to account for differences in price responsiveness across services and the risk of consumers switching to illegal alternatives.

Keywords : Digital Streaming Services, Illegal Streaming Services, QUAIDS, Elasticity