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DOCTOR OF PHILOSOPHY

A consumer investigation

monetising, marketing and distributing digital music in a niche and minority language market - the situation in Wales

Thomas, Steffan

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Steffan Wynn Thomas

**Ph.D. Thesis
Business Management**

A consumer investigation: Monetising, marketing and distributing digital music in a niche and minority language market – the situation in Wales

**Bangor University
2015**



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Abstract

The music industry has experienced a period of disruption to its production and distribution method since the mid-to-late 1990's (Vaccaro & Cohn, 2004). Peer-to-peer software and the introduction of the Mp3 file format have allowed consumers to gain advantage over record producers (Zentner, 2006, Chen et al, 2008 & Bateman et al, 2011) This market wide change has impacted not only the major record labels, but also small, niche and minority language music production companies.

When the Mp3 arrived on the market in the mid 1990's, the music industry, rather than embracing new technology, feared and dismissed it (Romer, 2002 & Zentner, 2006). Napster's launch in 1999 brought the Mp3 format to the mass market, offering the free transfer of music files to its service users (Madden, 2009). Napster became the fastest downloaded software with the number of downloads running into billions of tracks per year (Rutter, 2010). The development of digital music happened before the industry was able to develop a business model and strategy to exploit its potential. Consumers' expectations have changed as a result of the new digital services (Kacen et al, 2013). Without an online presence producers are deemed as not being legitimate production companies; and that without the exposure digital services offer, their music will not be discovered or acquired (Dewan & Ramaprasad, 2014).

The importance of this study as highlighted by Carr (2012) is to develop a theoretical knowledge base for the Welsh music industry that promotes its cultural language and identity. Williamson and Cloonan (2007) identified twelve elements to the Welsh music industry, however further work by Rhisiart and Owen (2011) indicated that there remains a lack of understanding and development in the Welsh industry. This study addressed this gap by contributing the theoretical, empirical and policy knowledge.

This research used the literature review along with the analysis of empirical evidence gathered via a consumer survey from over 1000 consumers to assess the opportunities for a small, minority language music producer online. Chi squared correlation tables were used to evaluate the subjective responses of consumers. These responses were mapped against the proposed business model for a 16-week route to market. Empirical evidence gathered from a consumer survey was analysed against consumer profile variables. Positive correlations indicated a point of control for the

Welsh music industry within a theoretical model for distribution. This study has identified ways of capitalising on new digital opportunities. The theoretical model provides a framework for introducing market control and scarcity into the digital economy. Specific genres have been mapped against the model, which was derived from the literature.

Glossary of terms

Metadata – The data structure for music to be submitted to digital distribution channels.

Data structure – The format that is used to catalogue information about music

User interface - The digital ‘shop front’ of a website or mobile application

Cerdd Dant – A form of traditional Welsh singing. The harp will play one melody and the singer performs the song or poem on a counter melody

Personalisation – The term given to addressing a consumer in person in an otherwise generic email or post.

Independent – The music industry is split into two categories of producers. Independent producers are smaller individual labels

Major – These are the main record labels that have traditionally controlled the music industry

Digital Native – A person born in the era of digital music and technology and has never know differently

BitTorrent – A torrent file is a segment of the overall file which is downloaded via a torrent sharing website. BitTorrents are used to transfer peer to peer downloads

DRM – Digital Rights Management

T-commerce – Television Commerce

E-maven – A term given by Walsh and Mitchel (2010) for someone who socially shares information and recommendations online

ISPs – Internet service providers

P2P – Peer to peer

B2C – Business to consumer

URL- Universal Resource Locator

SME – Small to medium enterprise

1. Introduction

Research Title

A consumer investigation: Monetising, marketing and distributing digital music in a niche and minority language market – the situation in Wales

1.0 Introduction

This chapter outlines the core themes for the study along with the rationale for conducting the research. This chapter summarises the areas of research that have been addressed as part of the literature review and the methods that were adopted for the process. The core themes of this research are the digital impact on music sales and the adoption process of both consumers and producers to a new market place. The other major themes are consumer behaviour, digital value, copyright and piracy during the transition into the digital economy. Each of these areas noted above have been discussed in greater detail in the chapters that follow.

The main question addressed within this study was around securing an enhanced knowledge of the Welsh music consumer. The enhanced understanding was used to guide and develop a future distribution model around consumer engagement, price point and marketing potential to generate consumer demand. The research question asked:

*What is the most efficient method of generating consumer engagement for the improvement of the digital music market and an increase in sales?
Discovering a theoretical model for SME companies producing niche, minority language music.*

The route to market model presented in this study makes recommendations based on the demographic of the consumer and the genre of the music.

1.1 An overview of the study

This study was based on SME music production companies in a niche, minority language market. It used Sain Records as a case study for new ideas and data sampling. Sain Records is a niche, minority language music Production Company based in North Wales. The label has been established for over forty years and is the main producer of Welsh language music with over 15,000 titles held within its back-

catalogue. The record label is attempting to position itself in the digital market place, however over a number of years the music industry has changed platforms and formats, leading to uncertainty about the future of the traditional business model. This is not an issue that is isolated to small music production companies; it is a broad issue affecting all genres and company sizes. Although, it may be easier for larger mainstream companies to adapt and invest in new technology.

The study was funded by KESS (Knowledge Economy Skills Scholarship) as part of a European fund for the regeneration of the convergence regions of Wales. Prior to the partner company's involvement in KESS they had successfully completed a KTP (Knowledge Transfer Partnership) program. The KTP had address the company's lack of e-commerce facilities and up skilled staff in their knowledge of e-sales and e-marketing techniques. From this it became apparent that there was a lack of understanding about consumer trends in the digital market place, which gave natural rise to this research.

2.0 Overview of the literature

The literature review demonstrated the current knowledge surrounding the music industry and the external factors identified that influence the consumer behaviour around music acquisition methods and decision making processes. The literature review was used to deductively create the hypotheses to be tests and consequently the creation of the consumer survey. The literature review is split into five sections in order to segment the various external factors. These will then be brought together into the wider context during the results and discussion chapter.

Since the development of the Mp3 file format many studies and journal papers have been written on the possible methods of regaining market control (Madden, 2009, Wikström, 2013, Bernstein, Sekine et al, 2014). Equally there has been a great deal of debate in the literature surrounding the subject as to whether music should be free or if it is digital should it be sold on the back of other marketing ventures and live performances? As yet there has not been a long-term plan that could be implemented by an SME production company producing niche market music in a minority language that would generate long-term stability.

This study began by reviewing previous literature in order to assess the current knowledge and to generate hypotheses for future developments of the Welsh music

industry. Previous studies have been positioned either from the perspective of the major music producer or from the perspective of the consumer. This study attempts to acknowledge the fact that not everyone can be kept happy at every step of the process; from the biases of this acknowledgment it creates a model that benefits both producer and consumers’.

The effects discussed in the literature are having an impact upon all music production companies, independent* and major*. The literature reviewed included reviews of legal assessments, impact assessments, technological papers and industrial reactions, consumer behaviour and music piracy. The literature review considers the views expressed within various papers and offer discussion of overlapping ideas that could be exploited later in the study towards improving or enhancing the conduct of business within the Welsh music industry, specifically for SME’s and niche minority language production companies. The music industry has been in a changing market for many years, although arguably the music industry has been continually evolving since the beginning. There has been a constant search for better technology, easier and faster methods of production and distribution. The development has reached a new peak for technology with an industry that can operate at high speeds and transfer information within seconds around the world. There have been mixed results due to the technological ability to share music that only some stakeholders in the music industry’s chain have been able to benefit from, mainly the consumers.

3.0 The music industry

Many models have emerged, and been tested by various companies in an attempt to stimulate new digital business opportunities within the music industry, but as yet no firm direction has emerged or business model become dominant. Technology has disrupted the industry since the digital format allowed file sharing by digitising tracks in 1995. The music industry feared the new format and did not react fast enough to grasp the opportunity that it offered. The result of this slow movement was at the time considered to jeopardised the industry (Pollack, 2000). The music industry is now in a position of needing to catch up with technology; at present technology is developing faster than the industry. The Internet is already in its second decade, and should possibly no longer be referred to as ‘new technology’ or ‘new media’. This study is an opportunity to address the problems faced by the industry,

and assess the trends in an attempt to generate a sustainable business model for a small niche company.

3.1 Competing forces and technology

Music streaming, downloading, file sharing and social media applications have all become methods of music consumption and there has never been an easier time for music consumers to find, download or listen to music. Whilst there are many advantages to these models for the consumer, in 2006 there was very little structure to safeguard the products (Zentner 2006). Music producers fear that without a presence on music websites such as Spotify, We7, Deezer or SoundCloud their music will not be discovered, used or bought by anyone. Cardew counter argues that Spotify is ‘not worth bothering with’ (Cardew cited in Music Week, 2011). However, due in large part to the oligopoly that the technology companies have obtained, it is difficult for small production companies to secure a digital contract that works in their favour. This power struggle is not restricted to the music industry. The power of such market oligopolisation was evident with the contract that Google Books created in 2008. Very few publishers were consulted on the processes; however the worldwide influence of Google allowed them to continue with their own agenda (Sudler, 2013). The position for consumers looking for digital books is very favourable; however for publishers they face a similar predicament to the music industry.

3.2 Confusion in Legal Matters for Consumers and Producers

Not all issues relating to the alterations that have affected the way in which the music business is governed and protected could be addressed within the parameters of this study. Currently, there is a lack of protection for the intellectual property of digital music. Likewise, there is a vague protection for music consumers use of music. What and how a consumer can legally use digital music is difficult to determine. The result of these gaps in the law has left a generation of music users with no sense of wrongdoing when downloading or sharing music illegally online (Halttunen et al, 2010). These issues were considered in the literature review from both the consumer and producer’s perspective.

3.3 Perceptions of the music industry

Today the opinion held by the general public of the music industry is at best cynical and at worst negative towards an ill respected industry (Halttunen et al, 2010 & Seale, 2013). It's an industry that over the years has enjoyed high profits, and has traded on fashion and consumer driven demand for the latest single / album or music consumption technology such as Mini Disk players and Walkman portable cassette players. However consumers now have the largest influence over the way the music industry can progress, especially with so much music being available for free over the Internet.

This study questions consumers on how they engage with music both for the purpose of acquisition and for listening online. Sharing trends and the social placement of music within consumers' lives will influence the way it is used as part of people's daily lives. In order for the music industry to develop and return to a profitable business structure it will need to adapt to the ways consumers wish to engage with their music. The younger generations of downloaders are native* to this method of music usage. Equally, a process of re-educating consumers on the process of music production and financing would assist the reestablishment of a sustainable industry.

3.4 Online navigation – too much un-curated content

The other danger that comes with large online catalogues of music is minority audiences no longer being able to find the music that they previously listened to from small niche companies such as Sain. Catalogues such as iTunes, Google Music or Spotify hold such a large range of music that discovery by consumers becomes difficult. The same is true with music suggestion services such as iTunes Genius application. A customer buying a track from Sain could have a similar genre track suggested from Universal or Sony's catalogue; making it difficult to then re-engage the same consumer with Sain's music. Online music catalogues depend on the quality of the metadata* behind the user interface*. The more information that the producers can put into their data structure*, the more opportunities they will have of being cross-referenced in a music recommendation system (Casey et al, 2008). However, the data tables that are used have been established to suit the Anglo-American music genres that dominate the music industry (Hargreaves, 2011). For example the data

structure does not have the capability of recognising a Cerdd Dant* arrangement on a traditional piece of Welsh music.

3.5 Small Music Providers – the challenge / opportunity of technology

The main challenge facing the music industry is applying theory to the business. Whilst SME's are keen to try new approaches, they have limited resources in respect of staff, time and finances. The other challenge is ensuring that the music remains protected from file sharing and illegal downloading whilst being flexible enough to promote to potential customers. The extent to which a production company protects its music is another of the main topics discussed within the industry and surrounding literature. Some commentators believe that music can be given away as a promotional tool (Romer, 2002). There are also contributory-based sales models, whereby sales are made on the back of something else such as a gig, however as yet neither of these has proved to be a long-term profitable structure upon which to base a company (Lambert & Davidson, 2013).

The online market place aids levelling the playing field for SME's (Teece, 2010). E-commerce gives SME's access to a worldwide audience; and with a functional, well indexed website there is the possibility to drive large volumes of traffic to a site. However, since the emergence of the Internet, web developers have devised new methods and techniques to enable e-commerce websites to buy their advantage over rivals and gain exposure. SEO (Search Engine Optimisation) processes, multiple registrations of URL's, strategically placed adverts and strong connections between chains of companies co-working on promotions all increase traffic. These processes come at a price, and therefore the SME's are quickly pushed towards a marginal share of the audience once more (Teece, 2010).

4.0 Research Rational – Introduction to the case study SME

As a student studying French at Oxford University, Huw Jones and Dafydd Iwan who had graduated in architecture founded Sain in Cardiff, 1969. The two gained a loan from their partner Brian Morgan Edwards. Both Dafydd and Huw were singer-songwriters, and Sain's first release was on October 9th, 1969 sung by Huw Jones. The first release was called 'Dwr' about the drowning of the Tryweryn Valley. The company was originally formed as a political outlet for protest songs about the

Welsh language. The late 60s and into the following decade saw Welsh language activists jailed over the rights of the Welsh language. The music produced by Sain and its artist at the time was central to the fight.

The company's early releases were mostly recorded at the Rockfield Studio in Monmouth (famed as the recording venue of Queen's "Bohemian Rhapsody" and as the resident studio of Dave Edmunds). However, by the early 1970's Sain moved to Caernarfon in North Wales and opened the company's first studio in 1975. When the studio (now known as studio 1) opened in 1980 it was one of the most advanced in Europe, backed by a mobile facility for recording massed choirs and open-air rock-concerts on location. 1984 saw Aled Jones, the famous boy soprano make his debut album for Sain. Today the company employs 14 members of staff, and has three studios. Since establishing Sain, the company has attracted many well-known artists including Bryn Terfel, Catatonia, Meic Stevens, Stuart Burrows, Catrin Finch, Bryn Fôn, Geraint Jarman, Elin Fflur, Rhys Meirion, Heather Jones and Gwyn Hughes Jones.

Sain's main product is music from Wales, of various genres, from traditional and classical to the most progressive pop and rock. Sain has the largest catalogue of Welsh music in the world. The mainstay of Sain's sales has been the popular mix of country, ballad, folk and pop singers like Dafydd Iwan and Bryn Fôn as well as the Tenors such as Trebor Edwards and Timothy Evans. Recently Sain has recorded with successful West End musical singers such as John Owen Jones and Mark Evans. Sain distributes its products throughout Wales, selling through specialist Welsh shops, Record retailers and Craft shops. It also sells in other countries through distributors, and has licensing links with other record companies, especially in the Celtic countries of Brittany, Scotland and Ireland. Customers all over the world can order Sain's products via their website www.sainwales.com. Sain's catalogue is also available for downloading via iTunes, as well as a number of other smaller online distributors.

The reason for conducting this KESS research project was to identify ways of growing the Welsh music industry's digital economy, ensuring that it fulfils the consumers and producers needs in a viable and sustainable method. Changes in technology and the disruption of other new medias have had a detrimental impact on the current business model for distribution and marketing. Currently there is a lack of clarity about the direction the industry should take in order to safeguard the music business in Wales and ensure a future within the wider music industry. Sain has

formed a large part of the modern history of Wales including the history of the developed rights and status of the Welsh language. Through safeguarding the company will protect an important element of Welsh culture, which forms a part of a national identity.

This study addresses the gap in the literature surrounding the Welsh music culture from the perspective of social identity (Carr, 2012) the music businesses support network and supply routes (Williamson and Cloonan, 2007) as well as the lack of understanding about the music consumers and marketing potential (Rhisiart & Owen, 2011) This study addressed this gap by contributing the theoretical, empirical and policy knowledge specifically in a niche minority language territory. The literature has predominantly focused on large territories such as Europe or America and the Anglo-American market (Romer, 2002; Bookholt, 2012; Tschmuck, 2012 & Wikström, 2013). This thesis contributes significantly to the empirical knowledge and policy required to monetise and digitally distribute in a specialised market.

5.0 The research problem

The music industry has continually evolved since the earliest recordings of musical works on wax cylinder recordings. However, at each stage of the change it has been controlled and governed by industry leaders from within the music industry (Leyshon, 2014). When Mp3 as a file format arrived on the market in the late 1990's it was not done via consultation with the industry but rather by Napster entering the market giving access to free music downloads. Rather than embracing the new technology, it was feared by the industry and dismissed (Leyshon, 2014). The changes faced by the music industry in its migration from the traditional, physical music industry to the digital industry has been discussed in greater detail in the literature review.

When Napster launched in 1999 it brought the compressed digital format to the mass market offering the free transfer of music files to be uploaded and downloaded by its service users (Wikström, 2013). Napster became the fastest downloaded software with estimations about the number of downloads running into billions of tracks a year (Rutter, 2010). As the music industry was not responsible for the compressed music file technology its development happened before the industry was able to develop a business strategy to exploit its potential.

The situation today remains precarious for the future of the SME niche music industry. Although attempts have been made to regain control of the industry there remains a huge array of peer-to-peer websites allowing free illegal downloads (Wikström, 2013). There are many theories as to why people chose to download illegally; these vary from the low perception of risk to the desire to 'get their own back on the music industry' (Wikström, 2013). The consumers' reasons for choosing to download illegally has been discussed in the literature review. However it remains that music piracy has altered the way in which music can be produced, funded and consumed.

5.1 Research question

The main objective of this study is to gain an enhanced understanding of the industry and consumer trends surrounding purchasing and attitude towards music. The study assesses and analyses each external factor of the Welsh music industry in order to gather the ontology about its development to date. Through previous work that has already been conducted within the SME Company upon which this study has focused, the weaknesses and difficulties are already known, however the answers remain complex and unclear within the current environment. Whilst this study focused on the music industry and specifically niche SME's, it will also have relevance for other sectors of the creative industries that are being pushed towards the digital economy. Book publishing, film and game producers are raising questions regarding the protection of intellectual property rights and copyright is discussed in a later chapter (Envisional cited in Music Week, 2011, Thompson, 2008, Dolby, 2004 & Hill, 2010).

It is a challenging time for music production in Wales. There are a number of changes and discussions taking places surrounding the digital economy and the Welsh creative industries (ap Rhisiart & Owen, 2011, Thomas, 2014). EOS, a Welsh royalty collection society has been formed and successful established a blanket license for Welsh music following a Copyright tribunal against the BBC in September 2013. Wales has historically been associated with being a 'land of song and music'. However in the last decade the vibrancy surrounding the industry has reduced due to a number of reasons. At first the digital economy may have initially presented itself as a threat to Welsh music, as well as other niche products. However as understanding has grown so have opportunities. This study places Sain in a position to lead SMEs in technical innovations. There are also implications for royalty collection societies and

their effect upon Welsh music revenue. Models such as Torbay et al's (2004) P2P networking model was studied to assess whether a similar system in Wales could increase the profitability and efficiency of the Welsh industry by improving direct business-to-business relationships. However, whilst the outcome of any change in the way collection societies operate will impact SME labels in Wales, it is beyond the scope of this research.

Whilst this research comes at a challenging time for music in Wales, there is a opportunity to influence the Welsh music industry and digital SME production companies towards a secure future for the digital economy. The key to success for the industry is in ensuring a secure future that continues to thrive and support new music. Creativity needs adequate incentive to continue to produce and record new music, therefore safeguarding the business is critical. Music is an important commodity for social wellbeing and forms part of a national identity (Biddle & Knights, 2007). The development of a new Welsh collection society combined with an improved business model should hope to see the Welsh music industry strengthened. This study contributes to the discussion on how to monetise the activities surrounding the digital music industry by addressing the question of:

What is the most efficient method of generating consumer engagement for the improvement of the digital music market and an increase in sales? Discovering a theoretical model for SME companies producing niche, minority language music.

The research question was addressed by testing nine hypotheses. The hypotheses have been deductively generated from the literature review. The generation of these hypotheses from the literature is detailed at the end of the literature review.

1. Consumers' acquisition and discovery methods alter according to their age and preferred genre.
2. Longer marketing campaigns prior to release will raise awareness and encourage demand.
3. Live performances provide access to long-term fan bases.
4. Working with, and for consumers will drive higher revenues through being proactive recording artists.
5. Digital marketing on digital platforms will drive higher digital sales.
6. Value adding via content creation will improve consumer relations with the music industry.

7. Cheaper music would encourage growth for the industry
8. Consumers are unaware of what is illegal vs. legal.
9. Consumers want to engage in new technology, but don't know how

5.2 Aims, Objectives

The key research question will centre on the creation of a business model and marketing structure to address the changing market. The model will guide SME companies to the next stage of music consumption. The outcome from the research needs to safeguard the business and offer suggestions that give longevity to the processes of distribution and marketing. Due to the nature of e-commerce there have been a variety of new promotion, distribution and marketing trends with newer methods emerging at a rapid rate. The research needed to assess into which areas to invest, as each new avenue requires setup and management time and these research resources are not readily available to most SME companies.

Historically Wales had a vibrant music scene that has slowly diminished both for Wales and across the music industry (ap Rhisiart & Owen, 2011). Since the birth of the Internet the multimedia scene in which music now competes has become far more competitive (Silverthorne, 2004). Music now has to compete against gaming, television, the Internet and social media. The other sectors within the wider media community are more interactive and offer more engagement and ownership possibilities. There are also many philosophical debates around what digital ownership means to consumers (Pollack, 2000). Digital technology offers a vast array of possibilities for the music industry.

The study proposes from the outset that music sales need to be delivered and achieved via personalisation*. The market place for music has changed and traditional sale methods no longer exist to the same extent. Traditionally a record store was a hub of knowledge for consumers to visit and discover new music. However, many independent record stores have closed and even the major mainstream stores such as HMV have closed branches and reduced shelf space within stores for music (Bowers et al 2011). Their business structure has changed and new areas such as games and DVD's have taken precedence. The result of this changing market means that personal recommendation services previously housed in record stores no longer exist. The challenge for record companies is finding ways of building engagement whilst avoiding aggressive hard selling techniques, as the risk would be alienating

customers. This study through discovering more about customers can make recommendations about using technology to promote and interact via a personal recommendation service. Simple things such as using customer's names to personalise marketing emails can have a significant effect on conversion rates from email opening rates to sales (Tang, Liao & Sun, 2013). These challenges have been discussed in greater detail in the literature review.

The study hypothesised that the best way to build the required community is by starting from the producers and artists and working out to the consumer. This way Welsh music producers will control the initial output with the hope that eventually further discussions and engagements emerge into communities and online forums. Engagement and ownership is what will ultimately generate the vibrancy that is currently missing within the industry.

The challenge facing the study was finding a theoretical framework that could improve the business of the music industry within the control of SME companies. Whilst the study has been able to make suggestions for improvement, the key to success was in identifying areas that can be improved under an SME's control. There are some areas in need of improvement that are beyond the research's ability to influence. Likewise, the technical and legal challenge is in protecting the music whilst being flexible enough with promotions. The online sphere for music sharing is growing and not all of it is controllable. The result being that music is consumed, but there is little or no revenue being made (Coyle et al, 2009). However the concept of free music as a promotional tool appeared in the early 2000's in mainstream music producers' business models (Bhattacharjee et al, 2003 & Torbay et al, 2004). They identified ways of using music as a promotional tool whilst protecting its ability to gain commercial advantage from the product.

6.0 Methodology

This study used the launch of Napster to mark the beginning of the period of change within the music industry and therefore the beginning of the literature period to be reviewed. Though, some earlier references have been made to the traditional route to market for the music industry, this study concerns itself with the events that have occurred since Napster. The literature from 1999 has tended to either criticise the digital influence or encourage its embrace. However what has not yet been offered

is a concept that has improved the situation for a niche industry that appears trapped in a declining marketplace (IFPI, 2014). Studies have been conducted for the American or European markets, and for mainstream producers; this current study will seek methods that can be implemented by an SME company operating in a niche minority marketplace. The literature review found that there were many papers published during 1999-2006, however there was a gap until the beginning of 2010 onwards with little published in the four years between.

Early papers (Pollack, 2000 & Romer, 2002) attempt to suggest methods of using copyright protection, music watermarking technology, or free music as a promotional tool, as a method of protecting the music. However, with the benefit of over a decade's hindsight in place it is possible to reflect on how these attempts succeeded or otherwise.

The main research question was addressing using nine sub-hypotheses that are presented in the methodology chapter. Primary data was gathered for this study, which was analysed to test the hypotheses generated. Recommendations for the niche music industry have been generated and were guided by the data created from the consumer survey. The model indicates required changes in current methods used by both the consumers and producers in the music industry.

7.0 Thesis Chapters

The remainder of the thesis is structured over the following four chapters:

1. Literature review
2. Methodology
3. Findings and Discussions
4. Implications, conclusions and future research

2. Literature Review

The context of the music industry

1.0 Introduction

This first chapter of three of the literature review will provide an overview of the music industry and the literature that surrounds its development over the most recent period of change. This study concerns itself with the period starting with the release of Napster in 1999, up until recent publications. It is focused on the marketing and distribution needs of an SME music production company operating in a niche and minority language market place. This section seeks to capture the overall market environment into which the SME Company is positioned. By moving the music industry online it has created stronger competition, and it has also given new opportunities to independent labels rather than the dominating monopolisation of major labels (Teece, 2010). Much of the literature in this section is relevant for all company sizes.

The music industry has gone through a turbulent time over the last decade and a half (Spotts, 2010). Whilst the industry has always adopted new technology in a search for better sound quality and larger capacity distribution methods, it has always been governed from within the industry (Leyshon, 2014). However that changed with the introduction of Napster and other P2P online networks (Wikström, 2013). Much of the literature surrounding the music industry has been negative and damning of digital distribution's effect on the profitability of the music industry (Madden, 2009, Wikström, 2013, Bernstein et al, 2014). However over the last few years the sale of digital music has grown significantly. 'The value of the digital music industry has in fact increased by a staggering 1000% between 2004 and 2010 (Bookholt, 2012: 2).

However, despite this uptake in digital sales, it remains in a declining overall market as 'the value of the total music industry has declined by 31% in the same period' (Bookholt, 2012: 2). In contradiction to these findings the IFPI (International Federation of the Phonographic Industry) Digital Music report for 2012 reported healthy growth for the music business reporting that 'consumer demand for an artist's body of work remains strong in the digital world especially as price competition is often fierce and storage on computers and devices is less of an issue' (IFPI, 2012: 10).

These two opening views sum up the confusion in the literature surrounding the music industry at present. Much of the literature is written from one perspective or the other, either in favour of digital content and the consumers' rights, or against the digital market and support the idea of decline and hardship for the music industry. The literature review will consider both the consumer and producers perspective with view to achieving a mutually beneficial future for the business that remains affordable and sustainable. The review will draw from both the academic and industry literature. The definition that this study has adopted for the meaning of 'Digital Music' is as per Bookholt's:

'Digital music is a digitized or digitally produced audible format, which is stored or transferred, in a digital, intangible fashion. This includes digital music products in which the consumer owns the music they listen to such as MP3 (or otherwise formatted) music files, but also scenarios in which the consumer employs a service to enjoy music such as a digital radio station or on-demand music services' (Bookholt, 2012: 4).

Although CD's technically are digitally formatted products they have been excluded and treated as part of the physical music realm.

1.1 The Literature Review Structure

The literature review is structured around the chronological development of the music industry. The literature review has been structured to present the music industry's challenges as they were addressed by the industry. Therefore the first of three sections of the literature review contextualises the music industry post Napster and the online peer-to-peer influence. The needs of the market as well as the development of the laws protecting music copyright and digital file sharing are explored with a presentation of copyright laws development and attempts at future proofing the music distribution model are included in the second chapter of the literature review. Finally the third chapter in the literature review presents the changing market demands from the perspective of consumer's values and understandings. Working within the confines of the law, music business models were explored as well the changing technologies and the possibilities presented as a result. Finally current consumer behaviour, social media and e-commerce practices were reviewed. The results of the deductive view of the literature led to the creation of a new conceptual framework for the distribution of music in a controlled and

specifically tailored method in accordance with the music genre and consumer demographic.

1.2 Contextualising the music industry's changes post Napster

Whilst many in the music industry would like to see the return of the controlled and profitable market place for music sales, in reality replication is not possible (Tschmuck, 2012 & Wikström, 2013) Therefore in order to develop a future business model it is necessary to consider the consumers perspective. Piracy has become a much larger problem for the music industry due to the ease of digital duplication and the anonymity of the Internet. This chapter offers a summary to contextualise the music industry's challenges concerning consumer behaviour; particularly looking at their relationship with piracy and the perception of value, attitudes towards online purchasing, and music acquisition and consumption. Through considering the consumer's expectations and their needs from music as a product; a middle ground can be established for the future commercialisation of digital music distribution. There would be little benefit in designing an online business model for the music industry without considering the desires of music consumers as per the consumer behaviour literature (Rose et al, 2011, Kacen et al, 2013 & Chiu et al, 2014). Music purchase is generally driven by a personal decision process; meaning that it is a challenge to generalise about how all people want to engage with it online (Rose et al, 2011).

1.3 Demonstrating a continued desire

When Napster was launched it proved that there remained demand for music, however that consumers would trade quality for a lower price. Napster became the fastest downloaded piece of software, 'between February and August 2000 users grew from 1.1 million to 6.7 million, making Napster the fastest-growing software application ever' (Rutter, 2010: 412). Its appeal was the ease of use and the broad range of music available in one place (Negus, 2013). The music industry struggled against the Napster model despite its popularity 'free from the physical container of traditional sales, and outside the packaged unit sale model that the music industry was so focused upon and enthusiastic to control' (Rutter, 2010: 412). Had the music industry tried to work with Napster to harness the potential earlier in the process the

music industry may be in a different situation today. Whilst Napster's emergence is often considered as being damaging, it did rejuvenate the singles market and lead to the development of facilities such as iTunes (Negus, 2013). Although individual artist incomes may be down from music sales, there has been overall growth in the music industry as a whole (Rutter, 2010 & IFPI, 2013).

1.4 Connection with music – social impact and identity

Music has a strong social impact (Evans & McPherson, 2014). Genres of music are often associated with groups of societies. Through publicly engaging with a particular genre of music it offers an inclusion into the wider community of a specific type of music follower (Kwahk, 2012). Music producers need to understand their target audiences, as this information improves the artist's ability to attract sales. The purchase of music and its consumption are intrinsically linked to aspiration (Kwahk, 2012). The key to promoting music is matching people's desires to the product on offer (Salo et al, 2013). Live music may not always be perfect due to poor tuning or mistakes, however it is the experience and participation in the event which appeals to the consumer (Sloboda et al, 2009 & Eijk et al, 2012). It is at this desire for the experience that producers need to market.

1.5 Music use and genre choice

According to Sloboda et al (2009) there are six occasions when people regularly choose to consume music by personal choice. These six occasions are travel, physical work, brainwork, bodywork, emotional work or whilst attending a live music event. Although music is not a necessary element of people's daily lives Sloboda et al's (2009) research has shown that many people will use music to 'enhance, distract or improve their ability whilst conducting other tasks' (Sloboda et al, 2009: 431).

The choices that people make in respect of what genre of music they consume are often governed by the nature of the task. People will listen to upbeat or motivational music whilst conducting physical work, whilst classical or more soothing music is chosen to help relaxation or pain management. Different areas of people's daily activities were assessed whilst they listened to music, the results depending on the task showed that people did better when listening to their own choice of music (Eliakim, 2012). Listening to music whilst working can increase

people's happiness and motivation, however there were other occasions when music had a more negative impact (Eliakim, 2012). '60% of drivers will chose to listen to music to distract from the monotony of the journey or for companionship'. However there is a 'direct correlation between drivers who do not listen to music whilst driving and no claims bonuses' (Sloboda et al, 2009: 432).

2.0 Consumer Values, Behaviours and Perceptions

People see the Internet as a free facility and many are as yet not prepared to pay to view or subscribe to online services (Kumar, 2013). Therefore consumers favour piracy. This is particularly true of younger users who 'hold favourable attitudes towards illegal downloading which is grounded in a norm of copyright infringement and belief in the Internet as free' (Cammaerts & Anstead, 2012: 2). Equally consumers need to experience a product before they can assign value to it (Eijk et al, 2012). For an entertainment product its consumption comes first and value assignment second, which leads to little or no incentive to purchase once the experience had been gained.

Consumers are only able to establish the value of music, film and games through getting to know them, which makes them so-called *experience* goods. What is more, consumption of entertainment products is typically non-rival, i.e. use by one consumer does not necessarily affect another's enjoyment of them – especially if these products are available in digital format (Eijk et al, 2012: 37).

2.1 Piracy & Consumer Behaviour

'The Internet provides almost endless resources of illegal digital contents that can be acquired easily' (Halttunen et al, 2010: 66). Halttunen et al (2010) believe the future requires educating young consumers about the ethical considerations in piracy. Whilst there is a correlation between age and ethical awareness, it doesn't always follow that way (Bélanger & Crossler, 2011). Piracy is considered as being harmless, easy, and extremely cheap way to get digital content (Halttunen et al, 2010). The risk of getting caught is low, no specific skills are needed, and acquisition is possible without logging in, and remains anonymous. 'Security risks were not considered high either, although viruses and other malware occupied some' (Halttunen et al, 2010:

69). Currently the technology available to pirate makes the process so easy that it is hard to dissuade consumers from doing so. Whilst 'illegal behaviour is not ethically doomed and at the same time pirating is technologically easy, it is hard to find means against piracy' (Halttunen et al, 2010: 66).

2.2 Low self-control

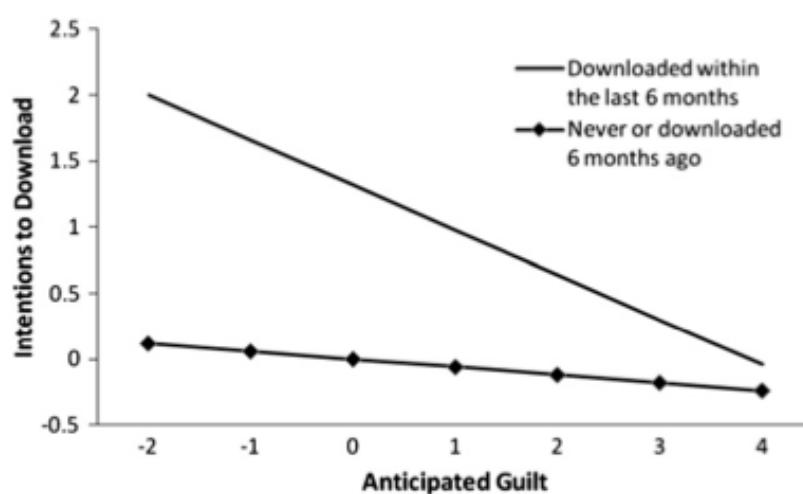
Piracy is the result of low self-control that eventually leads to higher levels of piracy according to Higgins (2011) (Higgins cited in Jaishankar, 2011: 148). Digital Piracy was made illegal with an amendment to the 1974 copyright act. It was altered to include the No Electronic Theft Act (1997). Despite piracy being illegal, many consumers are unaware of what they can and can't do, however attitudes towards theft in general is established in children at a young age, 'poor or ineffective parenting practices that occurs before the age of 8 years' leads to a higher level of disregard for theft (Higgins, cited in Jaishankar, 2011: 143). Research has shown that increasing the severity of punishment reduces the likelihood of piracy, however, at present the risks involved remain low. 'It is expected that external beliefs, shame, morality, and prior behaviour have a link with digital piracy' (Higgins cited in Jaishankar, 2011: 144 & Wang & McClung, 2012).

Intention, attitude and social constraints affect people's actions when it comes to downloading (Bélanger & Crossler, 2011). Whilst Higgins (2011) considers low self-control as a catalyst to illegal piracy, Wang and McClung (2012) define control the other way, and consider the illegal activity as a controlled activity which pirates chose to partake in. 'Students with more favourable attitudes and higher perceived behavioural control were more likely to pirate digital media than those who had less favourable attitudes and lower perceived control' (Wang & McClung, 2012: 154 & Belk, 2013). However, a factor Wang and McClung (2012) consider as controlling piracy intention is the anticipated guilt following their actions. Anticipated emotions offer more control over people's emotions and have a longer effect, 'anticipating future emotional outcomes can help individuals make better decisions to act in the future' (Wang & McClung, 2012: 154). Guilt and negative emotions are rejected by the body and drives most to find better ways of acquiring music.

There are two ways to look at consumers pirating habits in the context of guilt and emotions. Whilst piracy may trigger guilt, it is also a pleasurable emotion to save

money and gain music for free. ‘When facing a behavioural choice in the future, individuals would be influenced by the memory of the previous behaviour’ (Wang & McClung, 2012: 155). Although, whilst memory can influence future action, the more a consumer partakes in the activity any feelings of guilt are reduced and normalised. Wang and McClung’s model of anticipated guilt in figure 1 indicates that prior to illegally downloading the guilt level is higher. For consumers who frequently download illegally, their guilt towards piracy becomes lower the more often they participate, as the process becomes normalised (Belk, 2013).

Figure 1



(Wang & McClung, 2012: 158).

The regression slope indicates a significant increase in guilt for those who rarely download compared to those to have downloaded within the last six months. This interaction between anticipated guilt and previous behaviour indicates that through enhanced education about the effect of illegal acquisitions the increased guilt of conducting the download could reduce the amount of piracy.

Since Napster was ordered to close in 2001 there has been a wider uptake of file sharing software (Madden, 2009; Holt et al, 2012, & Wikström, 2013). File sharing peer-to-peer websites are harder to regulate and have become more difficult to make someone accountable for the impact they have. Wang and McClung state that ‘illegal digital downloading has contributed to a large share of the multi-billion-dollar loss that the music, motion picture, entertainment, and software industries incur every year’ (Wang & McClung, 2012: 153). In the years since illegal file sharing began the industries affected by illegal file sharing have attempted to reduce the impact through

encouraging legal sites for downloads and also extensive marketing campaigns to raise awareness about the importance of legal operations (Belk, 2013 & Holt et al, 2012). However, how successful these varying campaigns have been is questionable, illegal file sharing not only has the financial gain of free music, but has also become connected to an emotional consumer behaviour trend (Wang & McClung, 2012: 153).

Of the two factors that control consumers' decisions on how to acquire music one is stronger than the other. According to Wang and McClung (2012) 'norms, and perceived behavioural control accounted for an average of 39% of the variance in intentions based on 154 studies, and that intentions and perceived behavioural control accounted for 27% of the variance in behaviours based on 63 studies' (Wang & McClung, 2012: 154). Although there is a low level of data making these figures unreliable, there are signs of a strong enough correlation to indicate that behavioural control is the main factor that governs people's decisions. The only consolation for producers is that those who experience a negative emotion or guilt store the memory. 'When facing a behavioural choice in the future, individuals would be influenced by the memory of their previous behaviour' (Wang & McClung, 2012: 155).

2.3 Consumer Behaviours and Piracy Justification

The Internet provides access to high volumes of content with a 'low risk of being caught' (Halttunen et al, 2010: 66). However, Halttunen et al (2010) believe that there is a chance to regain consumers' legal purchasing patterns by 'increasing their ethical consciousness' (Halttunen et al, 2010: 66). Age and ethical awareness are correlated, but it doesn't always follow as it is too easy to pirate 'when the illegal behaviour is not ethically doomed and at the same time pirating is technically easy, it is hard to find means against piracy' (Halttunen et al, 2010: 66). Once a consumer has worked out how to pirate the content they then want, the process becomes 'neutralised' according to Halttunen a view shared by Higgins (2011) and Wang and McClung (2012), and leads to an indifference about the value and legality of the product (Wang & McClung, 2012 & Yu, 2012).

There are however signs of hope in the digital distribution market. Spotify is reducing the rate of illegal downloading and is becoming a preferred point of access for digital music consumers. However, whilst Spotify is growing in popularity, there remains a reluctance to pay, and even legal digital consumers will chose physical

products if music quality was the main factor in the purchasing decision (Halttunen et al, 2010: 70).

‘Digital piracy has been defined as the illegal act of copying digital goods for any reason other than backup, without permission from or compensation to the copyright holder’ (Yu, 2012: 1). However, this definition alone is not strong enough. The fair use allows consumers to back up so long as they don’t profit from the process (Schultz, 2006). Many consumers feel that digital piracy is not wrong, even people who don't partake in the activity can justify it and according to Yu as easy Internet access is leading to more piracy due to ‘the Internet’s anonymity [that] provides offenders a sense of security when they estimate the risks’ (Yu, 2012: 2). The high digital price points will drive consumers to pirate as it outweighs the risks involved, ‘costs play an important role in that the higher the price is, the more positive the attitude toward piracy will be’ (Yu, 2012: 2). Once a consumer has realised the benefits of piracy ‘low self control leads to more piracy’ and there is no sense of doing harm:

Digital piracy [is] generally considered less serious or even favourable, because it does not usually cause physical harm in the participants’ perceptions [...] Moreover, although most participants acknowledged digital piracy is illegal, many of them failed to recognize the victim (Yu, 2012: 4).

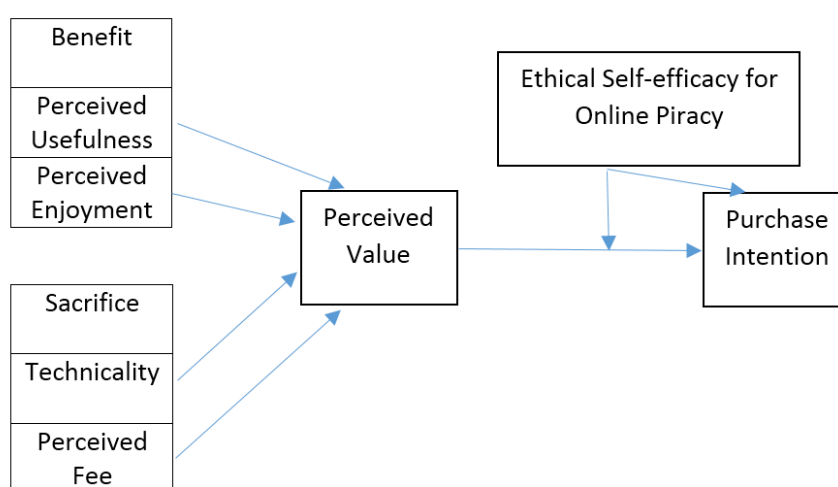
The ‘denial of harm, the denial of victim, the denial of responsibility, condemnation of the condemner, and resorting to higher loyalty’ means that the digital pirates are deciding what they consider to be right and wrong (Yu, 2012: 5). Pirates do not justify piracy, rather it is a process of ‘neutralisation, which do not impede their ability to tell right from wrong but offer offense-specific justification for digital piracy’ (Yu, 2012: 6). The difficult factor to overcome for the music industry is that for many the alternatives to piracy would be to not have music rather than pay (Yu, 2012: 5).

Strict anti-piracy campaigning doesn't work because digital music fans are generally piracy fans. Brown feels that the music industry needs to improve on giving consumers what they want. Anti-piracy campaigns puts consumers off the music industry, not off downloading and caused a negative public relations situation. (Brown, 2012: 153). ‘Anti-Piracy messages, even framed in a positive way, are unlikely to be a successful approach in tackling music piracy’ (Brown, 2012: 156).

3.0 Purchase intention online from P2P networks

Wang et al (2012) don't feel that P2P networks are sufficient to drive consumers towards legal downloading. Record labels will need to give more to consumers if they are to purchase legally and see the benefit and incentive to do so. 'Piracy is a pervasive phenomenon in Internet society on account of the ease of access, low reproduction cost, and the dearth of vigilance and empathy resulting from the human-to-machine interface' (Wang et al, 2013: 3). Although there is partial evidence to show that piracy can help grow the awareness of an artist, and market the product, there is nothing concrete that shows piracy leading to music purchases (Smith & Telang, 2010 & Liebowitz, 2014). There have been mixed results about the way P2P affects music sales and future downloading trends. The main restriction for converting P2P to sales stems from the nature of an experience product. Previous music sales models provided the listening experience post purchase. However, that is now reversed. Wang et al's (2012) model below demonstrates how late in the chain the intention to purchase occurs, and at that it is still subject to an ethical filter for piracy. Consumers consider several factors when acquiring new music. There are benefits to the consumer from pirating and saving money; there is the sacrifice of potentially getting caught for illegal activity. However, as is shown in Wang et al's model, these decisions are made ahead of any ethical consideration as to what is legal or morally the correct procedure.

Figure 2



(Wang et al, 2013: 4).

Music production companies will need to provide value-enhanced products to consumers if they are going to start buying. 'In the contemporary consumer-oriented business environment, delivering benefits to consumers is a necessity to trigger their buying' (Wang et al, 2013: 4). Record companies need to start operating as service providers and not only as producers.

'Although piracy is likely to contribute to faster product diffusion, greater brand/artist familiarity, more opportunity for product trial, and the habitualization of consumer's usage, which may in turn foster the product sales, this 'potential' benefit is uncertain and lacks of empirical evidence' (Wang et al, 2013: 3).

P2P systems have 'become the killer application for the music industry' (Chen et al, 2008: 411). The intention to download music is related to the perceived value of the music. Downloading is considered as a lower value product than a CD or physical version therefore the 'higher the difference between values of music files and CD, the higher an individual's propensity to download music (Chen et al, 2008: 413). According to Chen et al (2008) the existence of music in a download form seems to automatically lower the value unless there are other reasons as to why its value is enhanced. Music has always had a social expression associated with various genres therefore there is peer pressure to download so that 'an individual, especially the teenager, conforms himself to those standards to avoid disapproval or dislike from others (Chen et al, 2008: 413). It is this peer pressure that drives the intention to pirate in order to conform to social aspirations.

'Higher prices of CDs will increase consumer surplus from download music, hence encourage music pirate. In context of higher price, group pressure is more effective, hence forces one to download to be in accordance with peers' (Chen et al, 2008: 419).

Chen et al (2008) also believe that reducing the cost of legal music purchases would reduce the number of illegal downloads, and that this would be a more effective way of controlling the market place rather than tighter copyright enforcement.

3.1 Price Point and the desire to act within the law

The incentive to pirate music by consumers is clear, it is free with a low risk of being caught, however research shows that 'illegal or indifferent use would

diminish if it were more difficult, and the risks to get caught higher' (Halttunen et al, 2010: 68). Consumers of music want to be able to engage via a legal method as 'legal alternatives would be preferred to illegal ones, if both of them worked equally well and [were] user friendly' (Halttunen et al, 2010: 68). However, setting the price point for music is difficult because consumers claim that music is too expensive and doesn't represent value for money (Eijk et al, 2012). However, at the same time consumers claim that music piracy is acceptable compared with other higher value digital products because of the low price point of music and view 'piracy as a harmless, easy, and extremely cheap way to get digital content' (Halttunen et al, 2010: 69). The music industry over the years has been perceived as greedy due to exploiting artists and many music pirates consider themselves as *Robin Hood* types of characters, however they are stealing from the 'rich' to feed them. 'This gives a good reason to assume that a typical consumer would like, deep inside, to behave ethically right' (Halttunen et al, 2010: 69).

Consumers are driven by a need to fulfil their requirements, however they know that meeting this need comes at a cost and are looking to save money (Chiu et al, 2012). Music is a lifestyle purchase rather than a need (Jenkins, 2014). However, both bigger incomes and lower prices make consumers want more; yet neither of these factors can always be controlled by the consumer at the point of desire (Vrechopoulos, 2010). That's why piracy works so well because consumers can 'feed their greed' immediately (Witt, 2011).

3.2 Free is better than paying

The price of legal music 'favours the use of illegal contents that tend to be free of charge' (Halttunen et al, 2010: 66). Consumers know that the principles of piracy are wrong, but it does not alter their decisions, 'many of them might consider their behaviour from either a legal or an ethical viewpoint but this seems to have no real effect on their behaviour' (Halttunen et al, 2010: 67). Music is the most popular type of file piracy because of its lower retail value when compared to films or software (Parry et al, 2012; Waelbroeck, 2013). However changes in music access models are helping to reduce the level of pirating. Consumers who use Spotify are reducing the amount they previously pirated, because Spotify offers easier, legal access (Halttunen et al, 2010: 68). The main reasons given for piracy were getting the material for free followed by 'easiness of acquisition and use, and the wide selection of music

available' (Halttunen et al, 2010: 68). However, consumers do not wish to be engaged in illegal activities 'legal alternatives would be preferred to illegal ones, if both of them worked equally well and user friendly' (Halttunen et al, 2010: 68). Halttunen et al (2010) like Chen et al (2008) also point at lower prices as well as the services being 'simpler and easier to use' (Halttunen et al, 2010: 69). Spotify's free account is reducing the amount of piracy, however consumers remain reluctant to upgrade to paid accounts (Belleflamme & Peitz, 2014 & Snelling & Lopez, 2014). Currently if consumers consider the product to be worthy of purchasing, they still favour CDs, in cases where the quality really matters, the consumers still tend to choose the physical counterpart of the product (Parry et al, 2012; Waelbroeck, 2013)

3.3 Buy or Pirate – the risk of detection

Coyle et al (2009) hope that 'better understanding of the motivations behind [the decision to pirate] may lead to more effective strategies implemented by the industry to deter piracy' (Coyle et al, 2009: 1031). One of the main reasons stated for illegal music file sharing (more than any other digital product), is that people do not feel that it does too much harm (Kazi, 2013). The research found that 'downloading copyright-protected music and movies was considered least wrong' (Coyle et al, 2009: 1032). The people who download illegal files are also more likely to endorse 'ethically questionable acts' (Coyle et al, 2009: 1032). The other reason cited for the large amount of illegal activity surrounding downloading and file sharing is the perception of complexity in the copyright laws. Coyle et al's research suggested that people consider the laws as being too complicated to understand; therefore they will make their decisions based on whether or not they think they will get caught.

The music industry has been a multimillion dollar industry for many years, this public perception of a wealthy, successful business left consumers feeling 'ripped off'. Coyle et al. gave three economic considerations that consumers will question before pirating music. The first being manufacturers loss; the second is the perception of a musician's loss and this is due to the way the music industry has been led for many years, consumers believe that many artists are badly treated by their labels who take the lion's share of the profits (Kazi, 2013). Consumers factor into their decision if artists are missing out and therefore why add to the success of the record label. The final consideration is avoiding being ripped off again by the record companies. Over the years the music industry has introduced a lot of new technology to the market

forcing consumers to reinvest in expensive new equipment such as CD and Minidisk players. When the MP3 format became freely available many consumers felt it as a chance to 'get their own back on the record labels' (Coyle et al, 2009: 1032-33).

From the perspective of consumer behaviour, Coyle et al. concluded that there are four considerations made by consumers before pirating. These being '1) piracy as a form of evaluation and diffusion; 2) individual differences; 3) past piracy; and 4) music consumption patterns' (Coyle et al, 2009: 1033). Amongst the student surveyed in the research almost half (45.1%) had pirated in the last six months. 'Specifically, 21.1% said they pirated a CD and 42.2% said they pirated a song. Of those participants who had pirated, 24.5% pirated more than 100 songs (Coyle et al, 2009 p.1034). Results also showed (as did Wang and McClung's research in 2011) that past behaviour affects future decisions from the perspective of considering the legality of their acquisitions. The other result discovered by Coyle et al was that 'people intending to pirate were younger, likely to be male, and had lower household incomes' (Coyle et al, 2009: 1036). The general conclusion is that consumers will chose to pirate if they think they are getting one over on the record labels and they gain the satisfaction of free music through not supporting the major profiteer in the music chain (Rudman et al, 2014). Unless the public perception of the record labels changes, illegal trends and lack of associated guilt will continue.

3.4 How to educate – the future of the music industry

Educating consumers about the problems caused by pirating needs to be done in a way that will gain support rather than appearing as a greed driven campaign for greater profits. More transparency about the cost of promotion and production may be key. As stated previously, in order to establish a sustainable future for the music industry it will require compromise on both sides. There is no easy answer to reduce music piracy or how to re-educate consumers about digital value, therefore 'it should be a long-term strategy that is embedded in all parts of the societal development' (Halttunen et al, 2010: 70).

The preferred format of the music depends largely on the genre of the music. Those who listen to physical formats are more likely to purchase albums, whereas those who listen to digital formats prefer downloading and streaming services. 'Crucially, preference for digital music was a significant predictor of Pro-Piracy

attitudes' (Brown, 2012: 156). Brown believes that there is little point in trying to clamp down on illegal downloaders, instead the music industry should work on finding way of 'meeting the demands of consumers rather than attempt to isolate them' (Brown, 2012: 157).

However, there are signs of hope, some record companies are starting to see a future in digital distribution methods. 'In Sweden, two of the world's largest record labels generate more revenue from Spotify, than they do from any other source' (Cammaerts & Anstead, 2012: 3). The literature reviewed within this chapter suggests that the music market is largely under the control of the consumers. Piracy has been a factor in the music industry long before the Mp3 format, however the ease of digital piracy has made justifying the process so much easier. Currently the perceived level of risk in getting caught for pirating is too low to act as a realistic deterrent. Copyright laws and fair use for consumers offer too many grey areas for the average consumer to contemplate.

The music industry has been disrupted by technology and over a decade of development, legal cases and new business models have emerged. The challenge for the music industry now is to accept the consumer control and engage in a method that will enable the market to develop in a new and sustainable direction for the benefit of both the consumer and the producer.

4.0 Change and market needs - The effect of going online

Music to an extent is like fashion, 'people naturally tend to form groups and adopt the symbols of the esteemed groups to provide an identity relative to others' (Chen et al, 2008: 413). From a marketing perspective this is useful, especially when targeting through social networks online (Cao, 2014). Individuals, especially younger people will want to conform and identify themselves via their music so as to 'avoid disapproval or dislike from others' (Chen et al, 2008: 413). However, producers need to understand consumers' needs, buying patterns and motivations: 'consumers are essentially value maximizers when choosing between buying and downloading music' (Chen et al, 2008: 418). When searching for new music, price, expected experience and quality are all considerations for the consumer (Cao, 2014). Piracy and P2P networks form an easy option therefore the encouragement of legal sales should be the priority rather than enforcing copyright laws (Jeong & Khouja,

2013).

4.1 Loss of income and Regulating to regain control

Piracy undermines the incentive to obtain music using legitimate, paid models and depresses spending, ‘even among those consumers willing to purchase music’ (IFPI, 2012: 16). This is where the industry literature remains unclear about the effect of piracy. Whilst there remains a pro piracy argument about free marketing, it continues to reduce value and reduce intentions to purchase (Müller, 2013). For as long as the risk of being caught and having to face the consequences of illegal downloading remains low, there is little sign of change in consumers. In France and South Korea where download warnings and download restrictions have been implemented and it is having a positive impact on sales rates (IFPI, 2012). In the first year of Hadopi operating in France ‘the use of unauthorised P2P networks sharply declined, with overall P2P use down by 26 per cent since notices started being sent in October 2010’ (IFPI, 2012: 17).

South Korea’s music industry didn’t contribute any significant amount to the overall worldwide music industry prior to the emergence of the digital industry. However, South Korea’s music industry grew rapidly in the last decade. Possibly due to its relatively new emergence into the industry, they have been able to form strong policies on music use and acquisition and have strong Internet governance policies (Cattermole, Cloonan & Homan, 2014).

‘South Korea has conducted a comprehensive education programme to complement its actions to protect intellectual property online [...] It explained that if users wanted to benefit from cultural goods and services, it was only fair they pay for them, and that if the government did not protect copyright today, then consumers would have fewer cultural products to enjoy tomorrow’ (IFPI, 2012: 27).

The other problem with P2P and other illegal sites is whilst they offer the music for free, they are also selling advertising space, ‘profiting from the commercial strength of the products in an indirect method’ (IFPI, 2012: 24). The laws make it difficult to ascertain the blame for profiting indirectly from music piracy because it is difficult to calculate the loss of earnings (Müller, 2013). The EU has many contradicting Acts that currently prevent a clear line on what can and cannot be monitored and punished online. ISPs in Britain are reluctant about disclosing customers browsing information

due to their responsibility to protect their customers' privacy (Baek, 2014 & Clemons et al, 2014).

4.2 Adoption Curve & Age of the Internet, Bringing Music into 21st Century through engaging customers

76% of UK homes are now connected to the Internet and 74% have broadband (Carboni, 2012: 345). No longer is digital distribution of music a new concept. As a result all genres are now embracing the digital process and looking for new ways to promote and generate additional revenue streams. Classical music is gaining a stronger presence online and using pop genre marketing techniques such as releasing singles ahead of albums to generate additional demand (Carboni, 2012).

According to media analyst Mulligan there are three required changes needed within the music industry:

1. Music product innovation
2. Creative process innovation
3. Business model innovation (Mulligan, 2011: 2).

Mulligan's paper suggests that consumers need to be aware and involved in new product releases from much earlier in the process. Through engaging with music fans through social media networks and recreating the fan-club environment online it would stimulate growth and 'increased engagement will extend release life span' whilst simultaneously strengthening and deepening artist-fan relationships (Mulligan, 2011: 3). CD and Mp3 are relatively un-engaging formats. Mulligan suggests that music fans should be able to control their music experience with products that are available across a range of platforms and in an engaging format such as a Smart Phone APPs. These changes would increase value and 'revitalizes music products to better compete against the contagion of free' (Mulligan, 2011: 9). Whilst legal streaming and 'freemium' models work for consumers, 'streaming services are inherently bad for artists, because they are radio for the online arena and artists don't get paid anywhere near as much for radio play as they do CD sales' (Mulligan, 2012: 13).

South Korea moved very quickly into digital music, bringing an end to physical sales and driving the mobile business forward becoming 'the first country where digital music sales overtook physical sales of music CDs or cassette tapes' (Jong-Seok, 2011: 35). According to the IFPI Digital Music Report in 2008 South Korea's digital market had become the fourth largest in the world. 'In 2008, the size

of digital sales was estimated to be 6.5 times larger than that of physical sales' (Jong-Seok, 2011: 41). This was achieved due to close monitoring and highly regulated copyright and browsing limitations. The ring tone / mobile phone market has seen the biggest growth in South Korea, and the files were encoded so that they could not be shared. The other reason cited for digital music's success in South Korea was the price point, digital music was made cheaper than physical. In Jong-Seok's paper, 48.6% of respondents pointed out that the price of a CD is expensive (Jong-Seok, 2011: 44). Once the digital market was established physical sales dropped of very quickly.

4.3 Digital Music Growth

According to the IFPI (International Federation of the Phonographic Industry) there is room for optimism regarding the future for music as the digital market is continuing to grow and the only other digital industry doing better than music is gaming (IFPI, 2012: 6). However, the revenue per individual artist is declining (Mulligan, 2012). Therefore, the advice is to operate locally and to be creative with music bundles and value enhancements (Zhu & MacQuarrie, 2003 & Elberse, 2010). Illegal activity online remains high with 'more than a quarter of internet users globally (28 per cent) accessing unauthorised services on a monthly basis, according to IFPI/Nielsen' (IFPI, 2012: 8).

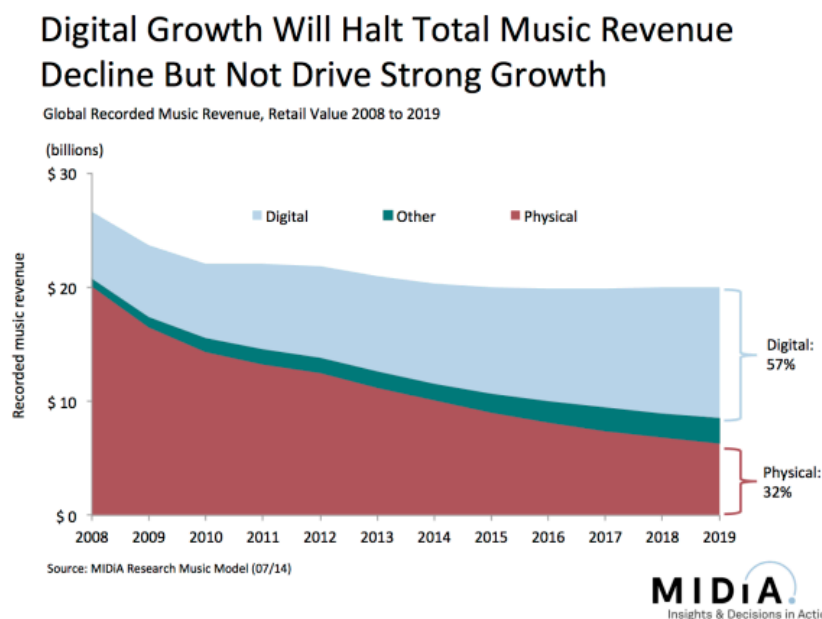
Table 1

Percentage of Internet Users Accessing at Least one Unlicensed Site Monthly	
Europe	27%
Global	28%

(IFPI, 2012: 16).

Despite this there are signs that the iTunes market is growing, especially in France where the Hadopi law was in force (IFPI, 2012: 10). However Mulligan's model below shows how CD sales have been in decline and that there remains a large shortfall predicted before digital will exceed the previous level of CD sales.

Figure 3



(Mulligan, 2014).

In which format growth is taking place is not clear in terms of direction. CDs are still selling and demand for complete albums rather than singles remains strong. Equally, young people are happy to subscribe and stream music. Spotify claims to be having success in ‘converting young fans over to its paid-for option: one-third of its US paying subscribers are under 24’ (IFPI, 2012: 12). However, whilst it is encouraging to see uptake in streaming services the ‘individual payment [to a producer] for a stream is lower than a download’ (IFPI, 2012: 12). It would take a large number of repeated plays to recoup the loss of a download especially for a niche SME production company as the exposure is lower.

4.4 Future Direction

Although there is still a strong demand for the complete body of work (MusicMetric, 2012), the speed and ease of the singles market works well on social markets. For popular artists on major labels ‘a strikingly higher impact is created when releasing singles rather than albums’ (MusicMetric, 2012: 6). Music Metric’s review in 2012 suggested that building playlists on free streaming services could increase exposure and sales success; ‘artists who grow their plays on SoundCloud today are more likely to grow their fans across other social networks in the future’ (MusicMetric, 2012: 7). New artists are able to gain large fan bases via

YouTube well ahead of achieving a recording deal such as was seen by The Vamps (Vasquez, 2012 & Weijters et al, 2014).

Mulligan argued that the future of music needs to be ‘dynamic, interactive, social and curated’ if it is to compete against the other digital media which offer greater levels of interaction (Mulligan, 2012: 1). Digital format has the possibility of being more engaging and interactive, and yet, the Mp3 remains as a basic format capable of only one thing. ‘Digital was different because the transition started outside of the formal sector’, that is, it was not introduced by the record industry, and they worked hard at suppressing its success (Mulligan, 2012: 3). A new format is needed according to Mulligan as the ‘eventual demise of the CD will leave a gaping hole in the music consumption landscape unless the download goes mainstream’ (Mulligan, 2012: 4). However, inflicting another new format onto the already alienated consumer may not be the right way forward (Vasquez, 2012 & Weijters et al, 2014). Value enhancement in the digital realm does not need to come with new technological requirement, but instead should build on the platforms that are already in common usage in turn easing customers’ discovery and making the process legitimate (Chen, 2012).

Consumers of music know what they want, and due to P2P networks they understand the possibilities, therefore their expectations are set. The music industry is now in the post-scarcity era; there is little gain in trying to recreate the traditional distribution method online (Vasquez, 2012 & Weijters et al, 2014). Artists need to become proactive in driving the content forward and converting music exposure into sales. Artists need to think of the story they could tell using photos, video, interviews, dialogue, animations, games and sketches to up sell the music. Music consumers are looking for, and are willing to pay for experiences working within the existing technology.

4.5 The challenge

For over a decade the music industry has been in a state of flux (Hracs, 2012 & Sabatier, 2012). Whilst there have always been challenges facing the fair, legal and ethical distribution of music, the introduction of online downloading increased the spread of the pirating process, and added to the ease with which it could be conducted. Moving online, ensuring that all consumers make the transition, and allowing music to enter into an unknown market place with less control and higher

risks has been a challenge for record companies of all sizes (Vasquez, 2012 & Weijters et al, 2014). However, despite the difficult beginning, there remains signs that there are ways of capitalising on the new opportunities in order to ensure a stable and successful music industry for the future. The next sections will take ideas that have been introduced and further develop them by looking to other medias or contributory factors to assess whether the music industry can adapt or adopt new techniques for digital distribution and marketing. The next section of the literature review will consider the market place for music, a market place driven by consumers (Hracs, 2012 & Sabatier, 2012).

4.6 The need for a model

Whilst the music industry has been entered into the digital market place for over a decade, there remains a gap in the knowledge about how best to promote, market and distribute music online (Bustinza et al, 2013; Waelbroeck, 2013; Kim & Min, 2015). This next section addresses the development of a new business model with view to remediating the market and returning to a position whereby the industry can control the scarcity of the product. A number of business models have been proposed in the prior literature (Torbay et al, 2004, Bhattacharjee et al, 2003, Eckhart, 2010 & Mulligan, 2012). However as yet there has not been a model proposed that established a sustainable, engaging and ethical model that can be used by the niche music industry.

Torbay et al (2004) suggested the integrated model using all possible aggregators, distributors, physical releases, and social media to release music in 2004. Many record labels are attempting to use this model today. However there would appear to be a large element of luck and good fortune in the process. If more focus could be placed on stages of the integrated model then there would be more market control and consumer engagement via legal routes, and higher music sales (Bustinza et al, 2013; Waelbroeck, 2013; Kim & Min, 2015). Yet there have been so many approaches to digital music by the music industry, consumers are rightly confused about who's doing what, and what is right and wrong (Eckhart, 2010). For example 'during the last quarter of 2001, Universal Music International (UMI) sold 2 million protected CDs. The company received 200 complaints from consumers' (Torbay et al, 2004: 3). Considering the low level of complaints and the protection that encryption would have offered it could be considered strange that this was not continued.

However nothing remains locked forever, DVD encryption was unlocked by a seven line programme written by students (Torbay et al, 2004: 3).

There is also a fine balance between discouraging illegal downloaders and not alienating high music consumers who help promote music (Torbay et al, 2004). The current Copyright laws make it difficult for consumers to understand the boundaries between one level of protection for the product and an overlapping level of protection for the consumer, leaving both parties vulnerable.

The effect of P2P piracy is difficult to relate directly to the decline in CD sales, however the rate of decline reduced whilst individual lawsuits were being filed against people. 'At its height, Napster had approximately 75 million registered users downloading 10,000 songs per second' (Torbay et al, 2004: 4). Torbay et al forecasted that P2P downloading would peak in 2005, however it actually peaked in 2008 (Envisional, 2011). Whichever model followed Napster and other free download sites, it would need to secure catalogues from all major labels, be easy to use and have the ability to copy and transfer music to other devices (Bustinza et al, 2013; Waelbroeck, 2013).

The theme of Bhattacharjee et al's (2003) paper follows a similar theme to many others. The difference being that it attempts to be specific about the dangers and offer practical solutions whilst recognising that illegal activity happens. It seeks methods of reducing its effect rather than stopping it all together. 'Novel online file sharing technologies have created new market dynamics and posed a challenge for the music industry to try and retain customers' (Bhattacharjee et al's, 2003: 1). The biggest danger of the Internet is that it is anonymous; people do not feel accountable for as long as their names are not associated with their acts. However one of the finding's in the paper is that 'strategies that minimize piracy do not necessarily maximize revenues' (Bhattacharjee et al, 2003: 1). The Internet has offered both positive and negative opportunities for the music industry. Search engines make music easier to find but harder to sell. The RIAA blames Napster for the decrease in CD sales, however no matter where the blame, the long lasting effect is the new perceived value of music. 'Music is a pure information good, and specifically an experience good whose true value is realized only after its consumption. For a typical experience good, a consumer makes a purchase decision with imperfect information about the true value of the product' (Bhattacharjee et al, 2003: 1). This means that whilst 59% of consumers who download illegal claim to purchase more music as a

result of sampling ahead of purchase, they may also be choosing not to buy some albums that they otherwise might have (Waelbroeck, 2013).

‘From 1999 to 2002, annual global music sales declined by about \$2 billion, which has been attributed to unauthorized online P2P file trading’ (Vaccaro & Cohn, 2004: 46). Undeniably the introduction of online download software had a major effect on the music industry. However downloads are not the only cause of disruption. ‘A poor economy, and shifts in purchase priorities of young consumers from music to DVDs and video games’ can equally be attributed to the decline in the market (Vaccaro & Cohn, 2004: 46). Music now competes in a highly interactive and high paced marketplace (Bustinza et al, 2013; Waelbroeck, 2013; Kim & Min, 2015). Vaccaro and Cohn’s paper offered an in-depth marketing recommendation to show how the music industry could succeed once more by assessing three different models. Those being the traditional model, the renegade model and the new business model. The renegade model consists of the illegal download sites such as Napster and Kazaa.

4.7 Optimism for the future

Torbay et al reviewed the situation and opportunities for the music industry in the digital economy in 2004. They stated that ‘the perspective of the online digital music market is rather deceiving but the opportunities seem to remain high’ (Torbay et al, 2004: 1). The paper had a more optimistic approach compared to many others published post Napster, however since its publication few of its ideas have proved fruitful (Rose et al, 2011; Kacen et al, 2013). The paper began by placing the music industry in the contexts of its traditional sales model, which ultimately the music industry would like to transfer directly into the digital economy and to continue to reap the high rewards for their productions. However the emergence of the unprotected Mp3 format rendered this impossible (Rose et al, 2011; Kacen et al, 2013). When the paper was published it was estimated that by 2006 digital sales coupled with online sales of physical CDs would be ‘worth two billion Euros, made up by 67% CD sales and 37% digital’ (Torbay et al, 2004: 2). Digital sales have yet to bridge the gap to compensate for the loss of physical sales, however the split between physical and digital is similar.

The disjointed approach the music industry took in the early days of digital frustrated the consumers and lost support. MusicNet, AOL, Bertelsmann, EMI and many others established services offering subscriptions to their catalogues. However,

the problem with this individual outlook on the digital economy is that consumers are left struggling to find a legal copy of this week's number one unless they know through which label's website to search (Rose et al, 2011; Kacen et al, 2013). The appeal of Napster and other illegal sites was the ease of access to all music. One of the more successful business models to have emerged since the origin of digital is what was referred to as 'The "à la carte" model'. This model is best represented by iTunes. Consumers are able to download the tracks they want, creating their own collections and compilations. The music benefits from some protection in the form of 'digital locks embedded in the songs allow users to store and listen to copies of songs on up to three PCs, and to transfer the songs to unlimited numbers of CDs and portable music players, such as the iPod' (Torbay et al, 2004: 2).

3. Literature Review

Intellectual Property Law and digital technology

1.0 IP law – Piracy and Copyright protection in the e-market

This second chapter of the literature review will review and assess the role of copyright in fighting piracy and protecting music's intellectual property as well as the technology developments and challenges presented. Copyright laws were not originally devised to protect music, as a result have been amended to incorporate music and later to include digital music (Orme, 2014). Piracy in respect of digital music files was in existence before copyright laws has been updated. Since Napster launched music lawyers have been fighting loopholes in the law whilst pirates find new ways of sharing files. This section will review the literature covering copyright and piracy as well as looking at attempts made to fight the loss of income as a result of piracy. The conclusion to the section will offer alternative suggestions to the law as a method of encouraging legal and ethical music practice.

1.1 Limiting Piracy's effect

When the RIAA (Recording Industry Association of America) won its lawsuit against Napster in March 2001. New guidelines under which Napster had to operate in the future had a marked effect on the sales of music and the rate at which Napster files were being consumed. 'The swapping of MP3 files through Napster fell drastically by about 36%. Similarly, the average number of songs available to each registered user dropped from its peak of 220 to a paltry 37 by the end of April 2001' (Lam & Tan, 2001: 64). Although restricting illegal websites helped CD sales, digital music was cited from the outset as being a factor which would ultimately reduce the amount of shelf space that high street record stores would be able to give to CDs. Record stores would also need to adapt in order to survive in the new market (Orme, 2014). Lam and Tan warned if 'online purchases became widely accepted and practiced, it threatened to do away with intermediaries in the traditional distribution channel' (Lam & Tan, 2001: 64).

1.2 Who benefits from legal protection?

Copyright laws are not currently sufficient to adequately protect online digital music, as they were not originally devised to protect such products. However, the future of IP law needs to be considered carefully in respect of whom it is trying to aid and protect (Clement, 2012; Himma, 2013).

Increasing legal protection benefits artists who use information-push technologies (i.e., marketing and promotion) and whose music is well-known to consumers. But increasing legal protection can hurt small-audience artists who benefit most from information-pull technologies (e.g., P2P networks) (Bacache et al, 2012: 2).

This suggests that the future model for artist development and product release needs to consider what stage an artists career is at, as well as genre and target audience. However, there remains a problem with this way of thinking about the process. If allowing a young artist's work to be pirated attracts new fans, at what point is the artist able to transfer the model into a sales based distribution method (Clement, 2012; Himma, 2013). A young artist does not necessarily mean the age of an artist; rather how long they have been performing as an artist. 'Younger artists are not significantly more tolerant of piracy' than older ones (Bacache-Beauvallet et al, 2012: 12). Neither does age alter the way consumers feel about piracy.

1.3 Never ending piracy? Access Verses Ownership?

Citron and Santini (2012) claim that piracy will never go away but the law could raise the fear of being caught. They also claim that the rest of the creative industry needs to catch up with the music industry and its Spotify model as it is secure and consumer friendly (Citron & Santini, 2012). Citron and Santini support the Spotify model as it sells access rather than files. 'Consumers of media no longer place fiscal value on digitally reproducible work' (Citron & Santini, 2012: 88). The Spotify model operates on a scarcity model whereby the only way to gain access to it is by agreeing to the terms of the agreement (Skinner, 2012; Jankowski, 2013). Four of the major labels own shares in Spotify, and therefore benefit fully from the advertising revenue that it generates (Skinner, 2012; Jankowski, 2013). 'The data that Spotify can provide is key to success' as it demonstrates what is popular and provides real time feedback on products (Citron & Santini, 2012: 96).

1.4 Changing Laws – forced compliance or willing engagement?

There have been a number of attempts at new acts and bills written in America to try and control the Internet and piracy. However, not all have been very clear on how they will protect IP. New acts make people think again about how they conduct themselves online, however, more education needs delivering about the impact piracy has on production companies. Production companies need to become more transparent in their efforts to promote legitimate sales. The Hadopi law in France was having a positive impact upon piracy rates and an increase in legal downloads. The ‘feeling of constantly being under surveillance could allow for a more obedient citizen-abiding environment’ online (Citron & Santini, 2012: 92). However this is forced compliance and not necessarily willing engagement. One way or another the future of the music industry will require compromise from both the consumers and the producers. ‘The industry must adapt and change to fit society now just because the industry does not want to change does not mean that society will revert to their old ways before online sharing’ (Citron & Santini, 2012: 93). P2P and file sharing networks have opened consumer’s eyes to a new way of thinking about the music industry (Skinner, 2012; Jankowski, 2013).

1.5 Who to sue

Record labels have successfully sued individuals. Since 2003 the RIAA have sued over 40,000 individuals (Schultz, 2006: 663 & Zentner, 2006). Again much like the ISPs argument, the debate over where blame was proportioned with cases against individuals was difficult. Which individual was the guilty party, and therefore should be sued was problematic, the person who uploaded the file to a public domain, or the person downloading it from the public domain? Copyright law remains vague on the issue of digital ownership and what is, and is not possible under the terms of the Fair Use Act. If an individual purchases an album, under the Fair Use Act they are entitled to copy the music for their own backup and they can use it as they see fit (Schultz, 2006). Both of these entitlements make it feasible to upload it to their own webpages. What they are not allowed to do is profit from the music through resale or by damaging the commercialisation of the original work. The difficulty faced when challenging the damage to commercialisation is how to prove or disprove loss of earnings when products are given away for free (Dilmeri et al, 2011). Therefore, although the individual uploading the music has facilitated piracy, they themselves

have not acted outside of the law, and therefore remain protected. Meanwhile the individual who has accessed and downloaded the music remains anonymous, unless ISPs breach privacy laws. Until the legal definitions are improved as to what is fair use, and what damaging the commercialisation of a track entails, suing individuals is not going to remain viable (Xanthidis & Aleisa, 2012). Further to this, with billions of tracks estimated to be downloaded each year, the time and cost in suing individuals would outweigh the value of the product pirated. Many of the early legal battles were conducted by way of setting an example and scaremongering pirates into thinking there was a danger of getting caught (Halttunen et al, 2010: 66 & Schultz, 2012). However, the reality is, when calculating the risks versus the benefits of piracy, individuals consider the gain to be worth the chance.

Finally the third legal route the music industry took to close P2P facilitation was to sue software companies who made P2P possible. These battles have taken a great deal of time to come to fruition, and the law has had to be adapted ahead of prosecution. However, on many occasions by the time the law had caught up with the technology, the technology has simply re adapted to find loopholes in the new laws (Romer, 2002). The argument held by P2P networks was that they were doing no wrong, so long as they did not profit from their activity. Today, P2P facilitators such as BitTorrent don't store any music on their own servers; they merely make connections between two client servers where the tracks or part of the tracks are being stored. The sampling and storing of bits on many computers that can be accessed via BitTorrent continue to make it difficult to identify who the main individuals may be in providing the files that are shared. The RIAA have worked on a number of amendments to the Digital Rights Act in an attempt to secure a way of restricting piracy however the anonymous nature of the Internet continues to make it a difficult process.

For consumers downloading and knowing what can and can't be done is confusing. Torrent files* are not protected by copyright, which could lead to consumers thinking that using torrent files to access music is legal. 'Torrent files, which specify the name, size and location of a file, do not enjoy copyright protection' (Eijk et al, 2012: 38). Equally copyright laws don't make it illegal to download copyrighted content for private use. Whilst there are exceptions to the private use clause in the Fair Use Act (2004), it is difficult to monitor 'who is doing what' (Eijk et al, 2012: 40). One of the reasons for the difficulty in knowing who's

doing what is that privacy laws prevents ISP's* from reporting web-browsing details. However, in France the Hadopi law found a way of targeting IP addresses and when infringements to copyrights were made, Internet access was restricted. Despite Hadopi's success in France, the European Parliament remained unsure about the future direction for copyright laws and in July 2013 after continued controversy the Hadopi law was withdrawn (Eijk et al, 2012: 41).

1.6 Is the law the best anti-pirate tool or just bad for public relations

Much of the literature post Napster has focused on the legal breaches that are potentially being made by music P2P consumers. However, there is a counterproductive feel to suing the music industry's biggest fans for accessing the music they love. According to research, the biggest pirates are also the biggest music users and the most likely to spend money on attending live music performances (Danaher et al, 2010). Considering that a vast amount of music is sold as a direct result of social recommendation, it could be argued that pirates are an artist's main promoter.

The music industry's approach to e-commerce and its consequent years of legal battles has done damage to the industry's images, and ultimately has not restored the business to the position it once held (Romer, 2002 & Redford, 2012). Undoubtedly Napster, E-music and Kazaa reforming as legitimate services and Spotify's two tiers of legitimate music streaming are positive changes that are helping build a sustainable digital music market. However, the laws will need to become clearer, and more enforceable before any real impact can be made on the amount of music being pirated (Schulz, 2006 & Zentner, 2006). The costs involved for a record label to encrypt or watermark every one of its tracks, and then continuously monitor their use and location would be impossible (Pollack, 2000). It therefore remains necessary to continue to work on improving the services provided in order to legitimately deter consumers from the obvious appeal of free music rather than chasing law suits. If the product is well presented and of wide appeal it will sell.

2.0 Current Aspects of Piracy

Redford's (2012) paper states that the law is not clear on piracy and therefore people don't know or see what's wrong with pirating. He also states that music costs

too much for young people to be able to buy, and therefore piracy is the only way (Redford, 2012). Piracy has been a factor affecting the music industry for decades; however, the change in recent technology makes the process easier and faster than ever. Young people do not worry about music piracy, as the risks of being caught are small (Eckhardt et al, 2010 & Flores & James, 2012). However, it remains hard to say how this affects music sales. There are mixed opinions within the literature about the effect of file sharing on music sales, some argue that millions have been lost due to piracy, whilst other support the idea that piracy offers a form of free marketing and promotion (Chen et al, 2008, Rutter, 2010 & Smith & Telang, 2010). Whichever way piracy is viewed, Copyright laws remain out of date in respect of changing technology, and confusing for consumers. ‘Lawyers and computer scientists need to work together to determine the legal issues’ (Redford, 2012: 39).

2.1 Consumer perception of risk in piracy

Legal threats for music piracy has slowed downloaders, but not stopped them. There have been a number of approaches taken over the years by the music industry to sue the people considered responsible for the illegal activity (Tang et al, 2014; Featherman & Hajli, 2015). Individual downloaders, ISP’s and P2P networks have all had cases brought against them. However, it is hard to track down who is doing what, how and why due to the anonymity of most of the activities (Bhattacharjee, 2006). The RIAA in the US initially took a case against Napster, however, after closing the initial Napster the ‘networks changed so that they were not hosting the files; meaning that the RIAA had to start suing individuals’ (Bhattacharjee, 2006: 92). However, to sue individual users there are complications in identifying who is responsible. Individuals ISPs have to protect a user’s activity under privacy laws, at the same time the fair use act doesn’t have a clear definition of what exactly defines fair usage (Tang et al, 2014; Featherman & Hajli, 2015). Therefore the ‘threat of legal action was not enough to put people off’ engaging with piracy (Bhattacharjee, 2006: 102).

2.2 Will piracy kill creativity or is it a marketing tool?

The fear of piracy is that it will reduce the revenue paid to artists to such a ‘detrimentally low point that no further works will be created due to the lack of incentive’ (Piolatto & Schett, 2012: 9). Arguably musicians will always create music,

however, the way the music industry as a whole profits from their creativity will need to change in order to survive (Cesareo & Pastore, 2014). The problem with any new method of distribution is that only the strongest can survive. Small SME production companies have been forced to reduce prices to attract sales and deter piracy; meanwhile this reduces any profitability (Koh, 2014). Whereby major labels and 'popular artists can afford not to cut the price of originals as sharply. They prefer to lose some record sales, which are replaced by the side revenues that pirated copies create, rather than to sacrifice most of their mark-up' (Piolatto & Schett, 2012: 9). The only way for an SME company to compete is to enhance the appearance of value in its product to ensure that consumers acquire directly in order to access the product they seek (Cesareo & Pastore, 2014). 'Downloading costs increase with the scarcity of a recording, and that scarcity is negatively related to the number of originals sold' (Piolatto & Schett, 2012: 10).

Over 50% of file shares on all forms of media will go on to buy a legal copy (Eijk et al, 2012). Most file shares also spend more on media content than any other sector of consumers and attend more live events. It is from this perspective that Eijk et al believe that 'file sharers are the industry's largest customers' (Eijk et al, 2012: 44). It is hard to say definitively how file sharing impacts music sales, it could be a neutral effect between more content and free promotion (Koh, 2014). File sharing could appear to have a positive impact on music sales, however 'people's willingness to buy music is reduced by the negative effect of the high costs' (Eijk et al, 2012: 49). Attitudes towards piracy vary amongst music artists depending on their level of popularity, lesser known artists stand to gain more from the exposure of P2P networks, whereas better known artists stand to lose more from lacking sales as a result of piracy (Eijk et al, 2012: 51).

That piracy is harming record producers is on the whole undeniable. However for artists there are more than one revenue streams available such as live performances and merchandise. 'Whilst publishers may be harmed by piracy, artists may benefit from the increased recognition of their music that piracy brings about' (Piolatto & Schett, 2012: 2). For a newly emerging artist, piracy may be a cheap way of discovering and gaining a new fan base (Koh, 2014). However, this method of utilising piracy will not work for all existing artists. Equally once an artist has discovered and established a fan base through P2P networks the challenge becomes converting them back into a commercial model (Cesareo & Pastore, 2014). Piolatto

and Schett believe that the more popular the artist, the more benefits they stand to gain from piracy. They state that a popular artist ‘whilst losing more in terms of record sales – also benefit more from the increased dissemination of their recordings than less popular artists (Piolatto & Schett, 2012: 3). According to Piolatto and Schett the principle effect of piracy in the long run will be positive because the increase in consumer demand will ‘exceed any possible decline in profits’ (Piolatto & Schett, 2012: 8).

2.3 Piracy, Consumers Demographics and desire for the music

The Internet has enhanced people’s ability to consume pirated goods anonymously. ‘Anonymity itself has fuelled consumer complicity, permitting Internet users to search freely for pirated content without fear of retribution’ (Sudler, 2013: 4). Whilst on first glance this may seem like a negative for producers, some believe that piracy increases product exposure. There are online systems designed to help search for pirated material and issue takedown notices. However it can be ‘assumed that pirates will simply move the content and post it elsewhere soon afterward’ (Sudler, 2013: 7). Issuing takedown notices and searching for pirated content is time consuming and expensive for producers. The surrounding literature concludes that the distribution method has been permanently altered, therefore Sudler claims that the music industry needs to make alterations in order to discourage future piracy and work with digital distribution methods alongside consumer demand (Sudler, 2013). First, we must recognize that traditional supply chains have been permanently altered. New supply chain ecosystems permit faster fulfilment and new distribution methods [...] the decision to pirate is based on evolving perceptions involving value, cost, convenience, and availability (Sudler, 2013: 8).

There are a number of challenges that face the digital music industry. Young people want music, but can’t afford the prices; older consumers have the money but don’t engage as much with the product nor are impacted by the same social pressures to have the latest album. Research has shown that the more money a person has, the less they visit music websites (Xanthidis & Aleisa, 2012: 157). However research has also shown that the more education a person has, the more legal their online activity. Whilst older, better-educated people don't download illegally, there is as yet no evidence to show that as young people get older they'll change their acquired habits for online acquisition. Education will be the key to converting these next generation

consumers ‘the industries have to work really hard educating these people and attracting them enough to keep their fondness to this material but not illegal practices’ (Xanthidis & Aleisa, 2012: 158). Although people may claim they would later buy a legal copy after downloading it for free, there is little to no incentive for them to do so. The music industry will either have to accept that ‘three quarters of the local population are criminals based on the copyright law or that there is something terribly wrong with their products pricing scheme’ (Xanthidis & Aleisa, 2012: 162).

The strongest motivational factor identified for piracy is that ‘music can be found free’ so they feel that there is ‘no need to pay for it’. Therefore, as long as free P2P networks exist people will continue to download without paying. This means that either a new method of distribution needs to be established in order to prevent further illegal downloading, or P2P networks need eliminating through legal actions (Dilmeri et al, 2011: 139). In order to do this record producers need to work out when and why consumers chose to download new music. ‘People tend to download music when they feel connected with it in some way’ (Dilmeri et al, 2011: 139). Equally, record producers need to understand what kind of consumers purchase their music and what they value in a music purchase. For example genre influences music acquisition and consumption methods. Research indicates that people who listen to pop music are more prone to engage in downloading and less likely to buy physical recorded music. Although, along with classical fans, they are more likely to pay for their music downloads, albeit this remains that only a few downloads are paid for. (Dilmeri et al, 2011).

2.4 The Impact of Digital Distribution on Physical Sales and Internet Piracy

The easy option to resolving piracy would be to encrypt CD’s and remove downloads making it difficult for consumers to share new music via P2P networks. However there is a danger that such a move would cannibalise legal downloaders whilst converting pirates (Mortimer et al, 2012; Smith & Telang, 2012). Removing legal methods of downloading will in turn increase piracy, and once converted to illegal methods they are unlikely to return. Once a consumer has invested the time in learning to download illegally they will likely never pay again for music as there would be little incentive. There is little evidence to demonstrate a correlation between CD and downloading consumers, they tend to do one or the other (Danaher et al, 2010). There is also evidence in the literature to suggest that digital users will remain

digital and not return to CD, ‘they are more likely to switch to other digital channels than they are to return to CD purchases’ (Jobs cited in Danaher et al, 2012: 9).

Steve Jobs (the former head of Apple) is quoted as saying ‘you’ll never stop [piracy]. What you have to do is compete with it’ (Danaher et al, 2010: 1138). Jobs claimed that ‘digital distribution channels, such as Apple’s iTunes video store, offer studios the best opportunity to compete with piracy channels by mimicking the ease and convenience of pirated channels at a competitive price point (Jobs cited in Danaher et al, 2010: 1138). Models such as iTunes and Amazon’s one click for kindle eases the process of legal downloading and encourage legal practice (Mortimer et al, 2012; Smith & Telang, 2012).

Illegal downloaders see piracy as a good compromise versus legal downloading, however, they do not see it as a substitute for legal CD purchases. That is, if they want to buy music they will buy the physical, if they are going to download, they’ll take the free option (Danaher et al, 2010: 1148). Once a new 'better' product is introduced to the market, it is hard to ask people to go back to the old ways. Currently P2P looks likely to stay because free will always remain a more favourable consumer model compared to paying (Mortimer et al, 2012; Smith & Telang, 2012). The key to success is to ‘make the price point a strong enough incentive to encourage people to go legal’ (Danaher et al, 2010: 1150).

2.5 Assessing the Economic Impact of Piracy

The general opinion is that P2P sharing is harming legal music downloads; however any assessment of damage is only relevant if ‘P2P was removed’ according to Barker (2012). However he equally acknowledged that its removal could not happen (Barker, 2012). Barker’s research indicates that ‘P2P downloaders responded that, if P2P were not available they would have either purchased by using paid sites (9%), CDs only (17%) or through CDs and pay sites (49%) (Barker, 2012: 9). However, the research couldn’t rule out the survey bias, in that people don't want to admit to doing something they know to be illegal. However, it does support Halttunen et al’s (2010) thoughts on consumer behaviour that consumers do not wish to act illegally.

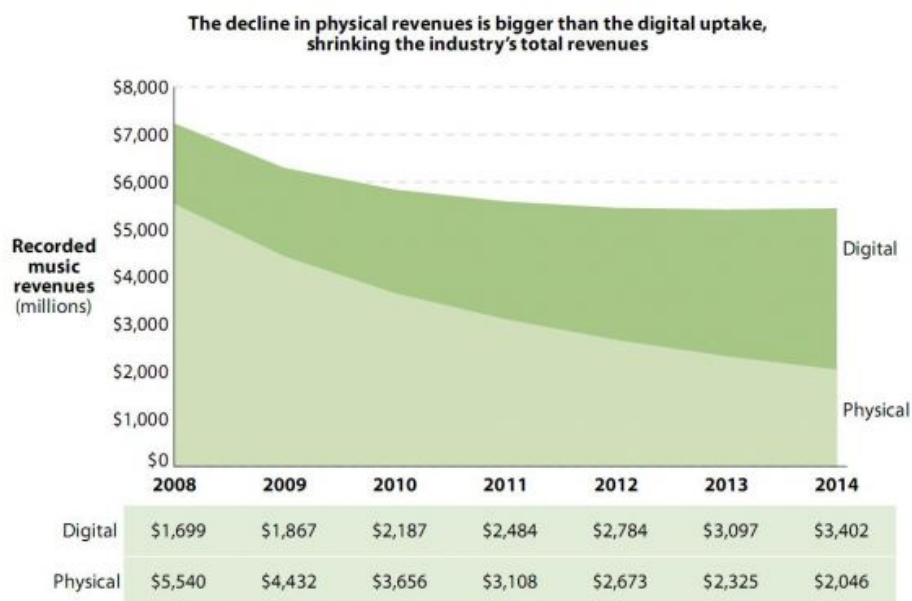
In contrast Eijk et al (2012) suggest that P2P leads to neutral or increased music sales and that through better control of P2P networks it could become marketing tool. Measuring the effect of piracy is difficult, because the statistics are

difficult to determine. Individual artist incomes are lower, however, overall the music industry's revenue has increased every year (IFPI, 2014). One of the reasons for this is that the volume of new releases is up, but individual title sales have been reduced. Overall revenue is up for the industry due to the wider range of choice. 'Turnover from recorded music sales fell by around 30% between 2004 and 2009 internationally. Despite their enormous growth of 940% in the same period, paid-for downloads have not been able to match this decline' (Eijk et al, 2012: 37). The level of pirated downloading which is being reported is often misleading. The decision making process when the product is free is different compared to when consumers are faced with spending money. The lack of scarcity in digital products means that consumers download without consideration, therefore not all illegal downloads would have been sales. IFPI (International Federation of the Phonographic Industry) each year reports an increase in sales of digital music, but continues to blame piracy for loss of overall revenue. They admit that just 10% of illegal downloads (which account for an estimated 95% of all downloads), are seen as real sales losses. Despite blaming piracy for the downturn in sales, they remain positive that it's a myth that 'every pirated download is a lost sale' (Xanthidis & Aleisa, 2012: 154).

2.6 The effects of piracy

Zentner's (2006) paper considers the effects that file sharing has on music purchases. This paper evaluates the situation in Europe, however as with previous research it is said that the combined situation across the whole of Europe generally emulates the America situation. Zentner fears that 'peer-to-peer usage reduces the probability of buying music by 30 per cent' (Zentner, 2006: 1). During and up until 1996 the music industry was still successful with a continuing growth in the market; however from 1999 onwards there has been a continuing decline in CD sales. Although CD sales began to reduce from 1996 onwards there became a significant fall in sales from 1999. This decline coincided with the introduction of Napster. According to Mediametrix, Napster was the fastest software adoption in history. Zentner feels that Napster has an undeniable effect on the decline of CD sales (Zentner, 2006: 1). Figure 4 illustrates the short fall in the overall revenue for music despite digital's increase in sales.

Figure 4



Source: Forrester Research Internet Music Forecast, 12/09 (US)

55347

Source: Forrester Research, Inc.

(IFPI, 2014)

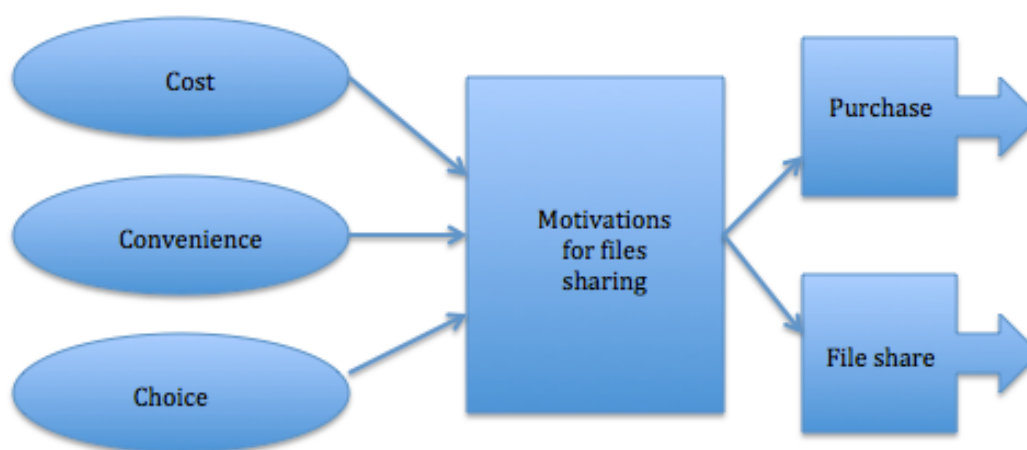
2.7 Cost, convenience and choice

Downloading needs to be easy and cheap for as long as consumers fail to see value in a digital 'copy' its popularity will be restricted. In order to increase the level of legal downloads record companies need to regain market control and increase scarcity, which will drive up demand for the product (Beekhuyzen, 2012). Beekhuyzen argues that 'the costs of production and distribution of digitally distributed music costs [is] significantly less than physically distributed music (Beekhuyzen, 2012: 2). Whilst this may be true for major labels dealing in large quantities of mailing, pressing and CD productions, it is not so for SME companies. This is what makes the concept of 'cheap' downloads hard to incorporate. Whilst it's what consumers demand, it's difficult to make a viable business case for it.

Many studies have been conducted on file sharing networks and have looked at how they work and the legal loopholes that they are exploited in order to continue to operate (Romer, 2002, Zentner, 2006 & Danaher, 2010). However, Beekhuyzen (2012) believes we need to understand why consumers chose to pirate rather than how. 'Understanding what aspects of these systems really matter to the user is critical for designing better systems and [we] need to know what potential users of these systems consider important (Beekhuyzen, 2012: 2). Beekhuyzen claims that sharing

music may still be an option in a future model as it may help promote new music, as the current sharing problem is not as bad as some reports claim. However, so that sharing doesn't destroy a viable future for the music industry Beekhuyzen's model in figure 5 shows where we need better control in order to incentivise purchase methods and not only the file sharing model.

Figure 5



(Beekhuyzen, 2012: 4).

Beekhuyzen suggests methods of increasing value in music and to incentivise purchasing. One of the suggested methods would be to reduce the price after 12 months of the music being released thus lengthening the lifespan of the sales process and increasing sales from the back catalogue, whilst simultaneously increasing the perceived value in new releases.

The other concern seen in the proposed changes by the RIAA and the SSSCA was in limiting technology companies from releasing new technology without their approval as it would have a negative impact upon any other developments. Whilst the music industry is a substantial element of global GDP, technology is greater. Romer's biggest fear for the music industry's survival is its greed. 'If an album can be downloaded at a cost of less than \$0.15 and sells for \$15, this implies a commodity tax rate of 10,000 per cent' (Romer, 2002: 215). When to use Intellectual Property Rights remains a delicate question. Since the publication of this paper the music industry has taken steps toward increasing public awareness of illegal file sharing, however the concept of fair pricing remains an issue for producers and consumers.

Many consumers believe that record labels keep all profits from music production, and that artists are exploited. They also believe that digital music should be cheaper because it costs ‘nothing to make and is of lower quality’ (Beekhuyzen, 2012: 5). The other factor when educating consumers about the cost and value of music is that music is cheap compared with other consumables. ‘A cup of coffee costs a lot more than a single download, however the music will give longer consumer pleasure than the coffee’ (Beekhuyzen, 2012: 5).

Claims by the music industry that people are losing their jobs because of unauthorised file sharing are usually not taken seriously by file sharers as there is a disconnect between producers and consumers due to the anonymity of the business.

Unauthorised file sharers believe that the majority of the money they pay for music from physical or online stores does not go to musicians, so there is no need to pay as only the record labels are missing out (and they have enough money anyway in their opinion). [There is a lacking] connection between musicians and their fans in the online stores, consumers do not feel obliged to pay. (Beekhuyzen, 2012: 8).

2.8 Exaggerating the losses

Results about the decline in music sales are confusing and often misleading. Depending who is publishing the statistics the music industry is losing billions of dollars each year, or the overall music industry has continued to grow year on year since the launch of the original Napster (Mortimer et al, 2012; Smith & Telang, 2012). Papers have been published on the effect of piracy, however, the statistics published about the size of the effects differ. As yet we don't know what the true effect of digital piracy has been. Waldfogel (2012) states that the industry is still growing, but there are now a lot more producers and artists competing for the same pot of money (Waldfogel, 2012). Waldfogel looks at the creative output of music pre and post Napster, and finds that music production rates were falling from the mid-1990s up until Napster launched in 1999. If what much of the literature claims is true, it would be expected that free music would have signalled an end of creative output, however that did not happen.

‘The downturn of the late 1990s ended, and the index is flat from 2000 to 2009. While it is of course possible that absent Napster, the index would have risen sharply in a flowering of creative output, it nevertheless seems clear that

there has been no precipitous drop in the availability of good new products' (Waldfoegel, 2012: 37).

Calculating the economic effect of digital file sharing is difficult. Since Napster went live in 1999 many studies have been conducted to assess the level of consumption and to estimate the loss of sales. However figures published suggest that there are other factors affecting the reduction in music sales that coincided with the launch of Napster (Mortimer et al, 2012; Smith & Telang, 2012). Figures published by the RIAA suggest that during an unspecified week prior to June 2000, Napster users' downloaded 140 million songs. Based on this weekly figure it would imply that about 560 million songs per month were being downloaded via Napster in 2000. MediaMetrix estimated that the number of unique Napster users in the United States grew from 1.1 million in February 2000 to 4.7 million in June 2000, and peaked at 13 million in February 2001. Based on the user growth it could be estimated that around 1.5 billion tracks were downloaded per month by February 2001 in the US alone. MediaMetrix also estimated that there were as many Napster users in America as there were in the rest of the world combined. Romer states that the music industry shipped about 3.5 billion units world-wide in 2001, of which 2.5 billion were CD albums, the remaining units being CD singles, cassette tapes, and vinyl records. 'Total worldwide revenue for the music industry in 2000 was \$37 billion, about 0.11 per cent of world GDP' (Romer, 2002: 213-4). During the period between 2000 and 2001 there was a decrease of around 250 million units sold, however this could be down to the reduction in economic growth as well as the upsurge in Napster usage. Romer's review of the music industry in 2002 suggests that focus should be placed on the consumer welfare of music users, not on the record company's revenue. Romer suggested that 'even in the unlikely event that revenue from sales of recordings goes to zero, new musicians will surely release free recordings to promote themselves, enticed by such existing opportunities for generating revenue as endorsements or live performances' (Romer, 2002: 215).

2.9 Copyright's suitability

Folk traditions are passed orally from generation to generation without relying on notation. The folk music culture does not have copyright associated with the music and yet the tradition and its music is still played, recorded and performed (Cammaerts, 2011: 492). The first act of copyright in the UK was devised in 1710. It

formed part of the ‘Statute of Anne - An Act for the Encouragement of Learning’ (Cammaerts, 2011: 491). The copyright act has been amended from this point onwards until its latest configuration. This is partly to blame for the lack of clarity in what defines fair use and piracy within the act, as it was not initially intended to protect digital IP. ‘Copyright was originally formulated in an age when mass production was unknown and the geographic distribution of the copyrighted material was limited’ (Panda & Patel, 2012: 155). ‘It was not until 1842 that the Victoria Statutes recognized the copyright ability of music in England, although an earlier court case brought by the son of Johann Sebastian Bach had decided that the Statute of Anne was applicable to music’ (Moser & Slay, 2012: 16). However whilst early copyright protection was primitive it did give consideration and incentive to enter the market. ‘The Statute of Anne gave independent publishers a reason to enter the business, but the ultimate beneficiaries of the law were consumers, who enjoyed lower prices as a result of competition’ (Demers, 2006: 17). By today that early act of law has had to be amended beyond recognition.

Another challenge facing copyright reform in a digital era is the international dimension of e-commerce. ‘Universalisation of copyrights has happened over the years across countries’ (Cammaerts, 2011: 492). Conventions such as the Berne convention require all countries that have signed to recognise and honour the copyrights within the registered countries. Initially the UK led the way with copyright; however, over time the USA has taken the lead with copyright reforms and challenges (Cammaerts, 2011: 493). Since online music services are accessible across the globe, the need for ‘multi-territorial licensing throughout the world is more acute than ever’ (Panda & Patel, 2012: 157). It is hard to find a happy medium across multicultural borders for what is an acceptable level of protection. This is due to ‘the notion of “legitimate interest” or “public interest” [being] mostly a matter of national policy: what is in the public interest in one country is not necessarily the same in another’ (Panda & Patel, 2012: 164).

Three Phases of Copyright Reform

3.0 Phase One – Early Predictions - The role of Copyright

Frith (1993) looked at the changes and adaptations that have been made to the copyright act up until 1993; at which point technology was just changing to a digitally

driven economy for the music industry. It has been argued in many ways within the industry and the surrounding literature that copyright laws are insufficient for the task in hand (Pollack, 2000, Romer, 2002 & Coyle et al, 2009). However what Frith discussed is the way that copyright has always been behind the requirements for music as it was amended to include music, rather than written to protect music. Copyright originally protected the manuscript alone, however it has since been amended and extended to include the mechanical and performance rights of a track (Frith, 1993). The complexity of the music industry today has led a complex series of factors which need protecting and therefore it stands to reason that the laws need amending; a notion which is supported by Gordon in his guide to the future of the music business (Gordon, 2011).

Both Frith and Gordon discuss copyright law's notion of ownership. Both are concerned with the protection of the user and the producer. Under the fair use act (2004) a consumer is free to use a purchased product how they wish (Gordon, 2011). This allows the consumer to rip a CD onto their computer creating a digital record of the product. The difficult boundary for Frith and Gordon is where the law is positioned when the music is then digitally shared. If the consumer profits from sharing the file then the producers would be protected and could take legal action; however, if the track is shared for free it is difficult to prove a loss of income and the law becomes vague (Gordon, 2011). 'Copyright protects the users right to use the product to a point, but after that protects the owner of the copyright. WIPO (World Intellectual Property Organisation) are working across all levels to find a stronger solution to the current copyright issue' so as to make the definitions clearer for all to understand (Panda & Patel, 2012: 162).

Both Gordon and Frith assess methods of improving protection for producers as this is essentially where the law need modifying in order for the industry to continue to grow in the digital economy. However no secure ideas about the direction of the law have been suggested. Frith concludes that restricting people's use of music will alienate consumers. Gordon suggests rigorous registration with MCPS, PPL and PRS and implementing the protection offered by the amendments in the copyright act such as 'The Digital Millennium Copyright Act' of 1998 (Gordon, 2011: 22). The difficulty the music industry faces is not so much inadequate legal legislation; rather it's the policing of policy which remains difficult.

3.1 Technology's influence on Piracy across all media industries

As has been previously stated, piracy has always been a factor for the music industry in one way or another. Equally piracy has also affected other media industries to varying degrees. However the reality is for the music industry that it has changed the distribution model so much that an adaptation of techniques within the distribution of the product is required in order to remain in business (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). Piracy is largely an anonymous process, therefore people are happy to take risks. However whilst the risks for consumers are low, 'pure information assets produced by the music, motion picture, print media, and software industries are considered some of the most vulnerable to online piracy' (Sudler, 2013: 1). The music industry has been 'one of the most impacted by online piracy' (Sudler, 2013: 2). The music industry has been the most affected in large due to the smaller file sizes. The film industry began to be affected by online piracy around a decade after the music industry, by then broadband speeds for downloading were improving enhancing the download possibilities (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). The print industry was later again coming online. Although they are also relatively small file sizes, the consumer base for print works is generally more traditional. However Google's Google Book project 'was the first major challenge of copyright infringement for print content online' (Sudler, 2013: 2). Google wanted to create the largest e-book library a notion that was contested strongly by the print industry.

Downloading music, as compressed files such as Mp3's did not affect the music market until 56K modems became standard PC hardware and the Pentium broke the 300-MHz barrier. Once this technology became standard for all PC's processing speeds increased, in turn increasing the file sharing possibilities. The greatest difficulty with the Mp3 format is that there are no copyright management systems stored within the file; offering no protection against unauthorized copying, use, or distribution of music. The industry tried addressing this problem by incorporating watermarking technology into their digitally compressed tracks (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). Although watermarking does not stop consumers from copying the tracks it does allow producers to identify where the track was duplicated, and in theory provides evidence to prosecute infringers. It is not possible to stop the owner of the digital track from ripping it to their computer for their personal use under the fair use act; however, watermarking goes some way

towards protecting the integrity of the product. Digital envelopes have also been developed allowing a user to pay a subscription fee for a period of time to access a range of music (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). They can listen to the tracks as many times as they wish within that period, but they cannot store a copy or listen again without repaying. The subscription model only charges pennies per track played, however the hope for the industry is that with sufficient levels of consumers, royalty payments could be made to artists. Since 2000 this model has become more advanced, however the subscription model offers a low level of return for SME producers as seen by the current Spotify model.

It is argued that it is 'not necessarily more common now to copy music 'illegally', rather it easier with digital technologies (Beekhuyzen, 2012: 6). Every era of music has had its piracy concerns, the 1980's saw cassette piracy and there was talk of placing levies on blank cassettes to be distributed as compensation for loss of earnings (Frith, 1993). However, despite the disruption the music industry remained healthy. Over the years the music industry has turned a blind eye on piracy and has generally been 'tolerant of piracy as a sub-current in the music supply chain, provided such illegal activity operated within acceptable limits' (Sudler, 2013: 3). Movie piracy has largely been caused by delays between cinema screenings and DVD release. Because of the long delays that the film industry used to have between screening and home viewing release consumers would turn to piracy to gain faster access (Sudler, 2013: 4). Print piracy became an issue when photocopiers were invented, but publishers largely ignored the matter. Photocopying an entire book could be inconvenient, time consuming and difficult to bind afterwards, therefore the incentive remained low. Computer software piracy has also always been a factor however, DRM's* have been used to try and control it, but now faster Internet makes it easier for pirates to gain access illegally. 'In China, Microsoft loses over 50% of its regional-based revenues due to rampant piracy' (Sudler, 2013: 3). How each of these industries responded to the threat of piracy has been considered later in this literature review as methods used elsewhere could be adopted or adapted for the music industry.

Changes have taken place in copyright law. Pollack (2000) refers to the music industry as being the sector of the online environment which has been hardest hit by the Internet revolution. 'While all forms of copyrighted materials are impacted by advancing digital technology and the Internet, music has been one of the most

dramatically affected industries thus far' (Pollack, 2000: 3). Pollack cites the main reason for the Internet having such a detrimental effect on the music business as being the lack of control for copyright infringement. There is little or no way of controlling or policing the duplication and transfer of digital files. The Internet is largely an anonymous cyberspace where accountability does not affect people's decisions.

Chapter 102 of the 1976 American Copyright Act specifically protects the musical works including the lyrics and the sound recording. Copyright infringement takes place when one or more copy of the original work is made available. Rarely would a copyright owner attempt to sue a single infringer; however they would look to sue the ISP (Internet Service Provider) for contributing to the infringement. Pollack also states that 'third party liability theories are especially attractive in the Internet setting because of the difficulty of identifying single direct infringers' (Pollack, 2000: 14). However the success of these cases has been mixed as the ISP's claims that much like landlords of a property, 'they are not aware of the activity within the rented premises' (Pollack, 2000: 14). There is no strict definition of infringement of copyright as there is no definition of the fair use of a product when determining the use of music; therefore it is a complex series of events surrounding the use of music. Although traditional copyright laws and legislation provided for some protection to copyright owners in the online context, they alone were insufficient to properly address all of the copyright issues arising from new technology and the ability to conduct large-scale copying and distribution of works with relative anonymity (Pollack, 2000: 19).

In 1997 the 'No Electronic Theft Act' was added to the copyright laws in America. Prior to this, copyright infringement only recognised the infringement if profit was made as a result of the theft. However, the addition recognised that theft could do equal damage by operating a non-profit model. It was not until August 1999 that the first person was charged using this new Act, a 22-year-old student at the University of Oregon who posted thousands of tracks for free on his Internet home page. According to Pollack 'new technology is forcing new definitions into old copyright laws (Pollack, 2000: 25). Policing these new amendments to acts however remains a difficult area. The RIAA (Recording Industry Association of America) along with other copyright owners have tried to concentrate more on re-educating its consumers rather than prosecuting infringers. The biggest obstacle to overcome when re-educating is that consumers do not 'perceive downloading an unauthorized copy of

a song for free in the same way as they would walking out of a record store with a CD without paying' (Pollack, 2000: 27).

3.2 Phase Two – The graduated response - International Intellectual Property Protection

Intellectual Property laws are out of date, although tighter laws may not lead to more trade; there is an insufficient level of protection. There is now a strong culture online amongst pirates that will fight any new laws. Since Napster, P2P file shares have found loopholes in the laws to avoid prosecution. The Internet has changed what IP protection needs to do, and much of the Copyright law does not cater for digitally distributed music. However, at the same time a lot of un-truths have been reported about the loss of income as a result of piracy (Yoder, 2012; Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014).

There is a conflict of interest whenever new amendments are written for copyright laws. When the SOPA (Stop Online Piracy Act) and PIPA (Protect IP Act) were attempted in American, online content providers were against the amendments; meanwhile production companies were in favour. It would be difficult to create policy to please all sides without some level of compromise on both sides. The other challenge with the online market is that it has entered the international market; therefore international culture differences also influence policy development. Currently the main change for IP protection is being developed more so by independent and public bodies and less by large American entertainment industry leaders (Arnold et al, 2014). However, the ways in which the reforms are directed remains largely the same.

‘These new propagators of IP norms still remain, for the most part, in the western world. It may be still be a long wait before these same actors in the so-called BRICS nations (Brazil, Russia, India, China and South Africa) carry much influence over international IP policy. Thus, the shift is not a geographic, horizontal one, but rather a vertical shift between the types of actors that influence IP policy’ (Yoder, 2012: 2).

Creative industries are not the only sector to exaggerate the impact of IP infringements, pharmaceutical companies have been doing it for years. However, Yoder questions whether there is any evidence to support the notion that strong IP

protection can lead to more trade (Yoder, 2012). What has changed most in recent years is technology, and what can be done with it. There has been a widespread uptake in the use of the Internet in the western world making it ‘increasingly difficult (and arguably impossible) for copyright owners to control how their works get shared, disseminated and altered’ (Yoder, 2012: 7). Copyright was not created for the Internet era, and by today there is a net of overlapping laws governing fair use and privacy that makes it difficult to ascertain where the blame lies in piracy. For many years there have been large cases such as AM Records verses Napster but ‘the American entertainment industry was fighting a losing battle because the current copyright structure was not made for a time of hyper connectivity’ (Yoder, 2012: 7).

3.3 Hadopi and Graduated Response to piracy

France made a move towards a graduated response process towards anti-piracy. The system initially warns consumers about pirating, then on re-offending restricts access to the Internet (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). Whilst there are arguments that this is not a fair system as it blocks IP addresses and not individual users, it had a positive effect on music sales in France. Hadopi led to an increase in sales across all genres of pirated music, but had the biggest impact on the most pirated genres; R&B and Hip-Hop, which were both up 30%. Awareness of Hadopi in France became widespread in Spring 2009, and using Google trends statistics Danaher et al (2012) have shown a ‘22.5% increase in iTunes single sales’ as well as ‘a 25% increase in iTunes album unit sales’ (Danaher et al, 2012: 4). Danaher et al (2012) hypothesised that lower pirated genres of music would not see as big a change in piracy rates as highly pirated genres. With Hadopi’s introduction ‘low piracy genres experienced only a 7% increase in sales in France, while high piracy genres experienced a 30% increase. This suggests that ‘the observed increase in French sales after HADOPI is indeed due to a reduction in Internet piracy’ (Danaher et al, 2012: 5).

Hadopi had good public response in France as it worked with customers leading to them changing their Internet usage (Meyer & Audenhove, 2012; Gibin, 2013; Arnold et al, 2014). Whilst it is not an overnight stop to illegal downloading it does have a gradual effect. Also the way in which it works with the consumers to develop understanding about the impact of piracy ahead of an outright ban is building more socially responsible consumers. Although there is evidence that shows Hadopi

to have worked in France, it remained a controversial law from its introduction in 2009 (Meyer & Audenhove, 2012). In Danaher et al's report on Hadopi in May 2013 they maintain that without it, sales in France would have continued to fall.

While total recorded music sales (which include both physical and digital channels) have continued to decline in France after the law's introduction, the results suggest that absent the HADOPI law, the decline in sales would have been even more severe than what has been observed (Danaher et al, 2013: 29).

However the change in the music landscape has once again found a new method of distributing music whilst avoiding the laws that are meant to protect it. 'The rise of streaming media makes it less necessary for copyright infringers to use peer-to-peer technology, which erodes the utility of the Hadopi law (Bright & Agustina, 2013: 131). Hadopi was withdrawn when the highest court in France the Constitutional Council declared that access to the Internet was a basic human right. France was therefore made to drop the Hadopi law in July 2013. France will now issue graduated fines to copyright infringers and track commercial websites that profit from piracy.

3.4 Don't rely on copyright – give an alternative to piracy

Hyman and Shanahan claim that consumers do not regard digital piracy as theft because the tracks are of low cost and can be duplicated without loss of quality. Their low cost leads to consumers not suspecting that piracy does any harm. The business model suggested to reduce piracy is to not sell the tracks, but simply to give access to them via a pay monthly model. This model would enforce market control and give a legitimate point of access. As the files would never be stored they could not be duplicated, in turn increasing their scarcity and value. Hyman and Shanahan also believe that the closure of Napster may have pushed consumers closer to finding alternative P2P methods, this was 'contrary to RIAA intentions' (Hyman & Shanahan, 2006: 1). The risk involved with current piracy remains low. Hyman and Shanahan cite court cases in the US whereby prolific file shares ('over 10,000 tracks') were sued, however the fine made the music cheaper than if they had paid legally for them, thus reducing the effect of the punishment and warning to future pirates. 'Such settlements are an economic bargain to the few people who are detected personally online pirating' (Hyman & Shanahan, 2006: 1).

There are two factors considered for the future of the music business. First is piracy, the second is price, and there is much evidence in the literature to suggest that one goes with the other (Coyle et al, 2009, Danaher, 2010 & Beekhuyzen, 2012). Possibly the most well know music download store is Apple's iTunes, however, Apple's price point is seen as a premium range product. As a result 'the Apple business model will continue to favour the more affluent portion of the audience, with a limited reach but great profitability' (Garon, 2012: 449). From the producer's perspective the Apple model works well, it charges a comparable price to a physical CD and the music is sold with a level of encryption that limits its sharing potential. However, from a consumer's perspective they are not receiving anything tangible and yet are being asked to pay the same price, coupled with the fact that they know they could generate the same copy by duplicating a CD or using a P2P network. The model as it currently stands overly favours producer's commercial interests and copyright encryptions (Garon, 2012). Technology has a big effect on the situation and how consumers perceive the value of the product now that the format has changed. 'The advent of digital technologies has posed serious challenges to the copyright regime' (Panda & Patel, 2012: 163).

The film industry has opted to increase digital access to make it available sooner after cinema releases in order to increase legal sales. This change in release structure and timetable came from the Asian market where piracy levels were high due to the lengthy weighting times between cinema screens and DVD release. 'Higher levels of piracy require the distributors to increase access to the content in the hope the public will pay for the legitimate product if given the choice' (Garon, 2012: 448). Access and product flexibility are high on the consumers list of desirable features in a digital product. Copyright enforcement is not necessarily the best way to stimulate legal growth in the music industry; instead attention should be paid to creating a desirable product. A further section of the literature review will review how digital distribution and piracy have impacted other industries within the media economy and will assess if any methods could be applied to the music industry.

3.5 Phase Three – The future of copyright - Sharing & Piracy

Cammaerts claims that sharing has always been an issue within the music industry. However, what changed with the digital era is the ease with which sharing

can take place, leading to more prevalent sharing taking place. The act of pirating music is no longer a lengthy real time process. The reduction in cost of computer storage means that the act of taking music, and how people feel about doing so also changed. Although there is more piracy being conducted, Cammaerts believes that the level of piracy is ‘exaggerated’ within the literature (Cammaerts, 2011: 494). Having said that it is largely agreed amongst producers and artists that piracy has done damage to the industry’s viability (Chei & Ma, 2012).

Apple calculated that on average less than three per cent of all content stored on iPods are DRM protected. This represents one of DRMs main weaknesses, according to Steve Jobs, the former CEO of Apple:

‘DRMs haven’t worked, and may never work, to halt music piracy. Though the big four music companies require that all their music sold online be protected with DRMs, these same music companies continue to sell billions of CDs a year which contain completely unprotected music [...] the technical expertise and overhead required to create, operate and update a DRM system has limited the number of participants selling DRM protected music’. (Jobs, 2007) (Jobs, 2007 cited in Cammaerts, 2011: 495).

Cammaerts claims that there can be no regulation that will stop piracy. Consumers know what they want and will continue to find ways of accessing the material. Legal cases alone will not send the right message to pirates. People will continue to think that the risk is low. Apple’s iTunes store has a level of encryption in legitimately purchased products, however if Apple were to only to allow the transfer of iTunes tracks onto their music playing devices, consumers would not wish to engage with the purchase of their products (Chei & Ma, 2012). The iTunes store initially for Apple was effectively a loss leader to entice consumers to buy their iPods.

3.6 Copyleft: the future for copyright?

With the amount of known piracy Cammaerts questions an alternative, to develop a Copyleft or Creative Commons license for music (Cammaerts, 2011: 497-8). There are different levels of licenses available to suit different products and production needs (Sen et al, 2011; Vieira & Filippi, 2014). A creative commons license would make the process of clearing creative works for usage much faster and would also allow direct negotiations between licensor and the licensee. ‘Laws can easily be perceived to protect the particularistic (capitalist) interest rather than serving

and protecting the common good, and copyright laws are a very good example of this' (Cammaerts, 2011: 498). When the music industry is in need of reaffirming its ethical business structure and gaining consumer support copyright reform may detract further from the B2C relationship (Sen et al, 2011; Vieira & Filippi, 2014). By virtue of the fact that the music industry's overall direction since the release of the original Napster has been growth, it supports the notion that commercial gain isn't the only driving incentive for creativity. Music may have to move back towards its oral traditional method of distribution with the support of digital technology. An 'era where culture only existed by the grace of sharing and the joy it provoked among its audiences, to a time in which cultural production had to be in the public domain or it did not exist, had no purpose, did not travel' (Cammaerts, 2011: 499).

3.7 The future for copyright and digital music distribution

The possibilities for the future of copyright and IP protection for music goes hand in hand with the future possibilities for paying for music content online. There are a number of possibilities suggested by Panda and Patel, some of which have been tried and failed, along with others that offer possibilities, if done in the right way. Providing music in encrypted or watermarked formats, in order to limit or detect unauthorized transmissions would seem like a favourable option for producers, but as Apple have found doesn't overly limit a consumers abilities to access pirated copies. Likewise when Universal (UMI) encrypted CD's so that they could not be ripped to a computer they had to recall them, due to a consumer outcry about their lack of usability (Torbay et al, 2004). Making music available on a pay per listen or subscription basis has become technically viable and offers value to consumers. Although for as long as there is an advert based free service of an equivalent nature running alongside paid subscription it will take time to establish itself as an option to mainstream music consumers. Also, whilst freemium Spotify accounts are appealing to consumers, they offer very little financial return per play to the production companies. Whichever way the future of music distribution goes it will need to work for both the consumers and producers.

'Music acquisition needs to be easy and legal: Copyright laws, which have a fundamental goal of the accessibility of creative works, should help, rather than hinder, circulation of music over the internet due to its potential for increasing the availability of music to users' (Panda & Patel, 2012: 158).

3.8 Copyright's potential

Copyright's role in protecting music has come about as a result of a complex series of amendments to the original copyright act. Music consumers have reacted to technology's advancements and have found gaps within the legal system enabling them to exploit the music industry's products. Since the emergence of Napster legal music sales have declined, however the true extent of the losses may have been exaggerated, as there is a wide variation in the claimed losses absorbed by record labels. However, regardless of the extent of the losses, the music industry has changed (Waldfogel, 2012).

Music copyright remains insufficient to protect digital music, however alternative methods of benefiting from music production and gaining the needed remuneration have been proposed, taking control back into the artists and fans hands. The next section will address potentially profitable business models, and consider how they can operate in light of the current levels of piracy and the lack of influence niche record labels have over copyright laws and their enforcement.

4.0 Technology – The cost of industry development

For a niche producer the cost of development is greater as fewer sales means lengthier periods to reclaim an investment, or a pricing structure that isolates the existing customer base. However until the digital revolution, new technology came slowly to the market, allowing both the consumer and producer an overlap periods of reinvestment in CD players, iPod's or recording equipment. Likewise it gave SME companies time to filter cassette production out in favour of CD without needing to adapt immediately. However since the emergence of the Mp3 format there has been an explosion of innovation and change that has been difficult to follow (Madden, 2009). The Mp3 format already had a wide community of potential users with the technology to engage with the new format on their home PCs. By the late 1990's when Napster launched its illegal music file sharing software personal home computing and dial-up Internet was quickly being adopted across Britain (Chaffey, 2009). There was no overlap period for the music to adapt to the technology; this time technology arrived before the music industry had introduced it. From this point onwards the music industry has been behind the technological race. For over ten years

the music industry has been trying to recapture control over a financially declining market.

Change is needed within all areas of the music industry if it is to have a big enough impact upon businesses. The business-to-business usage of music needs better protection and opportunities; artists need more management and a more proactive outlook on sales. Also streaming and online music catalogues need careful consideration about their potential before catalogues become exploited (Mulligan, 2011). Once music has been released without rigorous protection it becomes difficult to reclaim the music's value and integrity (Schulman, 1999 & Pollack, 2000). Finally copyright laws need adjustment to provide protection in a greatly changed market place. The copyright laws that currently exist do not provide for the complexity of current productions (Romer, 2002, Cammaerts, 2011, Panda & Patel, 2012 & Yoder, 2012).

4.1 DRM and Technology

The early response to online music was to restrict it and track its movement as much as possible. This was largely done with DRM systems, watermarking and encryption. However, none of these methods have been overly successful (Dusollier, 2012; Zhang, 2013). When and if to encrypt a digital product is a challenging topic within the creative industries. Fetscherin's paper considers the use of DRM software across the music, film and print industries. Film and print producers are far more positive about the usefulness of DRM technology. The film and print industries are generally more accepting of a simpler approach to protecting their products whereas the music industry wants every possible level of protection. Fetscherin concluded that the music industry should focus more on value creation as a method of ensuring consumers value their products (Fetscherin, 2003). Fetscherin claimed in 2003 that,

‘Most content providers from the media and entertainment industry, such as music, film, or print, have not been profitable in charging consumers for their products. Nor have they been successful in creating the technology frameworks required to, on the one hand, compensate content providers and on the other hand, protect against piracy (Fetscherin, 2003: 316).

A decade on we know that this situation has changed; however the underlying issues and concerns about the individual industries and their approaches to e-commerce remain largely true (Dusollier, 2012; Zhang, 2013).

The use of DRMs to protect the IP of a digital product has pros and cons. On the one hand ‘DRM is the best solution so far for combating piracy, monetize their assets, and adding value to digital content’. However the counter argument is that ‘although piracy should be combated and content providers should be paid for their assets, DRM is not the solution’ (Fetscherin, 2003: 318). The main issue with using a DRM is that it does little to enhance the product and that ‘there is not much additional customer value offered except legality’ (Fetscherin, 2003: 323).

Music companies who use a lot of protection (including encryption) believe that DRMs can work. However, 50% of the music industry doesn’t think DRMs have the potential to reduce piracy. The film and print industry are far more confident about the benefits of DRM, however they have always been built in as part of their business model (Dusollier, 2012; Zhang, 2013). Music was the first creative industry to enter the online digital distribution market, however it was done without industry control. By now the use of DRMs is a

‘double-edged sword situation. On the one hand, there is a fear of losing control over digital content in the future that demands more protection. On the other hand, too much protection will make the purchasing and usage of digital content cumbersome and risks discouraging consumers of buying it’ (Fetscherin, 2003: 324).

Due to the nervousness within the music industry surrounding e-commerce it would prefer to use more levels of protection than the other industries, however the literature would suggest that more trust, less panic reactions and a greater reliance on fair use of products would lead to a socially responsible market place.

4.2 Digital Rights Management for online Music

Digital files can be marked with information such as ISRC codes and watermarks allowing digital rights management software to track where copies of music maybe being shared illegally online (Dusollier, 2012). Shortly after the shakeup of the music industry as a result of Napster and various court cases it was thought that, if digital rights management was used it would create a ‘more appropriate [and] practical online music business model because DRM is a tool to facilitate online business and should not influence or constrain the business in any way by limiting either online or offline purchasing’ (Kwok, 2002: 18). DRM should in theory go undetected within the music file. iTunes tracks did use DRM up until 2008, however,

as soon as the tracks are moved it all becomes irrelevant as the DRM's path to the file will have been lost (Dusollier, 2012; Zhang, 2013).

4.3 Musical Data Mining

Data mining is one suggested method of searching large databases of online music collections in an attempt to discover illegal copies of music that have been made available (Bagul et al, 2014; Li, 2011). Data mining was trailed in an attempt to identify music titles that could be re-established with their copyright owners. In Westermann and Laigre's tests there were matches but the corpora mining is not able to accurately differentiate between titles and artists when analysing a large database. Due to the complexity of the task, identifying music within electronic music distribution systems remains difficult (Westermann & Laigre, 2003). Such processes remain costly and time consuming.

Westermann and Laigre's paper exploring the use of co-occurrence analysis using corpora technique offers some interesting ideas that could prove useful to the music industry. Corpora searching techniques have been used successfully within literature databases; however literature has a more singular level of data to search. Music has a complex database that could potentially be searched for many different similarities (Bagul et al, 2014; Li, 2011). Westermann and Laigre admit that 'it is difficult to make an [accurate] priori distinctions regarding the nature of the similarity we extract' from the data (Westermann & Laigre, 2003: 1). If the aspect of the database to search could be successfully identified then this technology could be used to quickly identify music stored within electronic music distribution software.

'Co-occurrence analysis is based on a simple idea: if two items appear in the same context, this is evidence that there is some kind of similarity between them' (Westermann & Laigre, 2003: 2). The ideal situation would be that all pieces of music could be tagged with a code much like an ISBN number on a book. There is an established system in place for the music industry tagging tracks with ISRC codes, however these are not particularly regulated and therefore are not a sufficiently reliable source.

Once the music within the database has been passed through the corpora system it needs cross-referencing in sampled chapters in order to assess with human perception how successful the identifications have been. 'It is of course difficult to prove all of these assertions, as this would imply a user evaluating all possible titles

(several millions)' (Westermann & Laigre, 2003: 4). The conclusion and results offered in the paper show some successes in matching parts of the catalogue; however it worked best with small samples of data. Whilst there were matches, the corpora mining is not yet able to accurately differentiate between titles and artists when analysing a large database (Bagul et al, 2014; Li, 2011).

4. Literature Review

Business Models and Consumer Behaviour

1.0 The Music Industry's Response to E-commerce

This third chapter of the literature review reviews e-commerce models and consumer behaviour specific to the music industry and the digital economy. The music industry has as previously been noted has had to develop methods of digitally distributing its products. However, as yet the importance and potential scale of e-commerce has not been embraced in the niche minority sector of the music industry. This next section places the industry in context of the online market, however there remains an unanswered gap between the music industry's response to date and the consumer behaviour displayed in the online context. This section considers what the music industry did following Napster and the emergence of P2P networks online. The section also looks at methods that have been tried and failed, and offers insights into what the future may hold for both music consumers and producers.

Whether piracy affected the music industry has split opinion. Does piracy cannibalise sales, or is it an effective method of free viral marketing? 'The social good of wider and more efficient distribution comes at the expense of legitimate payments for royalties and performance, but it may nonetheless be questionable to ignore the marketing benefits that may accrue from such exposure' (Easley, 2008: 7). Currently piracy has not overly affected some music genres such as classical or more traditional audience music. A strategy and model for music production, promotion and distribution needs to be established and tested for the genres with the younger more download savvy audiences. Teenagers who pirate music perceive music piracy as being 'not overly damaging', and the risk of being caught does not deter them (Cammaerts & Anstead, 2012). 'The widespread acceptance of this activity, suggests that this is seen as something more akin to recording a song off the radio than stealing a CD from a record store' (Easley, 2008: 7).

The future music industry must not shy away from digital any longer. A key consideration for innovation is that a prediction for what new markets may emerge, and what new ways of profiting from copyright may appear, cannot be made (Easley, 2008). The movie industry took the Sony Betamax to court claiming that it would be used to violate copyright, however, 'had the movie industry won, it would have

prevented development of a video rental market that now, for many films, exceeds the value of the theatre box office' (Easley, 2008: 9). The music industry has experienced over ten years of disruption to its sales and revenue due to Napster. During such a period of disruption and innovation it could be expected that questionable ethics have emerged from both the innovators and the defenders. However it remains critical to resolve the problems that inevitably arise from these behaviours, to 'avoid squelching the very innovations that may lead to new models best suited for resolving these conflicts' (Easley, 2008: 10-11).

1.1 Company size and response- the SME dilemma

Whilst a major label would be able to withstand the effect of piracy for longer, for SME music production companies the effect is more difficult to overcome. Managing and adapting to changes within the wider industry has always been challenging for SME companies. However fighting for exposure online, whilst also coping with diminishing physical sales makes it a tougher environment than ever before. SME's are not able to negotiate with large digital aggregators such as iTunes for more favourable rates and are forced to accept any terms given. Equally for an SME allowing their music to be streamed on services such as Spotify, although the level of plays may be significant for the SME; streaming services would not find it viable to accurately calculate the value generated, and therefore pay a percentage back to the SME companies based on a nominated allocation of funds rather than actual usage. Returning to the various and complex routes to market that SME record labels now face, it is difficult to know whether there is any value to be gained by placing their music across all platforms in the hope of attracting business, or whether any hope of digital sales is diminished by providing free and easy access, due to lack of scarcity.

1.2 Consumers vs. Producers perception of value

The provider's service value chain is common to all production processes, and ultimately the role for the producer is to add value. There has been little change in the way that music is created since the emergence of the digital era, the only difference being the tools which are used to distribute and consume the product. For digital music the only area that differs from the model above is the sales process due to a change in technology (Stone & Grønhaug, 1993; Liao et al, 2010). There is no need to

produce plastic covers, burn CDs or stock envelopes for posting digital tracks. However the remainder of the chain continues to operate in the same process as vinyl or cassettes had previously.

Value is measured via many contributory factors from positive to negative, benefit or sacrifice, time against energy, and the risk involved in consuming, downloading or purchasing the music. Risk is a changing element within the music industry as theoretically the Internet has the possibility to convert risks back to benefits. The Internet takes less time, costs less money, however if it is done illegally it could result in getting caught (Higgins, 2011).

The importance of music in people's lives varies for all individuals. Ulaga, and Werner's (2011) scale of physical goods to services goods indicates that music could be placed at either end of the spectrum depending on the consumers. From a social stance, ownership of music as a pure good may be important, likewise at the other end music could be considered as a pure service, forming an integral role in a consumer's social well-being. As a result music sits in the middle, a luxury product that enhances rather than having a necessary role in consumer's lives.

Sacrifices versus benefits play a role in people's decisions when acquiring music. Traditional album acquisition had the risk / sacrifice of having to purchase the whole album, and maybe there would only be one good track (Stone & Grønhaug, 1993; Liao et al, 2010). The Internet and digital music has gone some way towards converting the sacrifices back to benefits for the consumer (Coyle et al, 2008 & Wang & McClung, 2011). The Internet is faster, cheaper and easier, however it is not without risk. If the consumer is downloading illegally there is a risk of being caught, downloading a virus or a poor quality file (Halttunen et al, 2010). The benefits however provide the consumer with a 'try before you buy' option, and being able to only download the tracks they want. This has an adverse effect on record companies as album sales are down, requiring far more single sales to compensate for losses of sales of complete albums (Elberse, 2010).

1.3 Technology's Influence on Value

Technology has brought many disruptive factors to the music industry; however there have been benefits in assisting collaborative work. It is no longer necessary for all artists working on an album to be present in the same studio at the same time. The high bit-rate of a digital track is of sufficient quality to email from one

studio to the next to be added to the mix. Likewise the distribution of digital tracks comes with very little cost (Zhu & MacQuarrie, 2003). These factors offer the potential to save time and money as well as have a positive impact on environmental issues. However, this causes a grey area surrounding the pricing of digital tracks. Whilst a digital album has no physical production, packaging or distribution cost; often there is very little difference in the cost of producing the content of a digital album compared with the equivalent physical CD. The price point of a digital album therefore causes negative public opinion towards the digital music industry as they don't consider the initial production cost (Elberse, 2010). Studio time, engineers, marketing, session musician's costs remains the same for physical and digital products. However for the consumer they are tangibly receiving less for little difference in price when buying digital.

There has also been a shift in the value of music since digital technology became cheaper, and recording suites that can be installed on home PCs. Popular opinion has become that anyone could make, record and distribute an album from home. The expertise is no longer considered a necessary element in music production. However the reality is not as simple. Recording studios remain the only way to get clear compressed and mastered track. 'Very few acoustic albums recorded outside the studio gain much success unless by a well-established artist and the recording was done at a live event. In order for music to regain its value, a greater transparency will be needed in order for consumers to understand the time, effort and cost required to produce an album' (Easley, 2008 & Rutter, 2010).

Digital music has changed people's perception of music as a commodity or a service. A digital catalogue is intangible, causing a detachment between the purchase and the product. The other fear of digital purchasing is it's perishable. Should a hard drive crash where is the record of purchase, and what is the method of retrieval (Pollack, 2000).

1.4 Knowing how to Develop

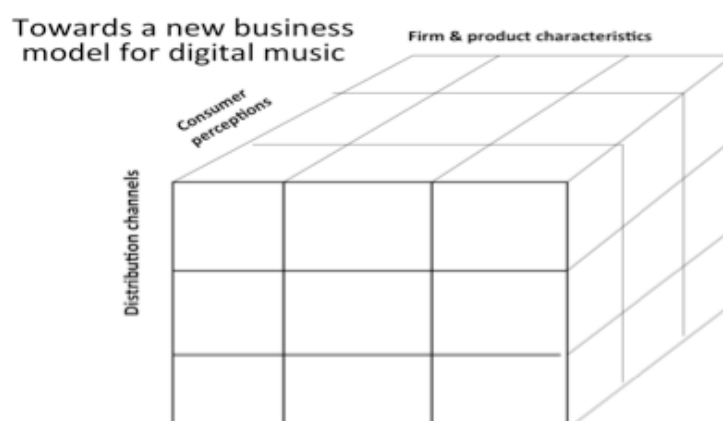
The next stage for music SME's is to consolidate the information gained through their online businesses and explore where they have the ability to push and exploit further business opportunities. Lahiri et al (2012) suggest that the capability to compete highlights exploitable marketing assets as well as cost advantages that

have already been proven by major labels. However the greater challenge is the companies' ability to operate in a more technical environment as it will require a different set of managerial skills to commit to a new strategy that may not previously have existed within the company.

1.5 Assessing the strengths and weaknesses in the new strategy and proposed model

The matrix below is designed to identify into which strategy SME's should align their businesses with in accordance with its size and characteristics. There are many digital channels available online for the distribution of music however not all will be suitable for all types of companies and catalogues. This matrix places all possibilities onto a three axes matrix demonstrating all elements within the online sectors and their suitability for production companies. For example iTunes would be at the high end of distribution channels, and therefore ranks highly with consumer perception, however the firm and product characteristics could mean that they are too small to negotiate a deal for distribution through iTunes. Likewise www.chandos.net will not rank as highly with consumer perception or distribution methods, however being a smaller distributor they are more likely to negotiate with SME's and consumers of classical music.

Figure 6



Communication, promotion and accessibility will be key to achieving the required balance to succeed in the digital economy (Bhattacharjee et al, 2003, Elberse, 2010 & Mulligan, 2011). Providing the service is suitable for the distributed music, producers should be promoting the distributor, therefore reaffirming consumer perceptions and

security. Collaborative work should enable the three elements of the matrix to succeed. Aspects of firm size have always had an effect on a company's ability to trade. Traditionally when SME's were producing vinyl they were selling to local shops, craft shops, tourist venues and live events. Whilst the digital economy is an opportunity to gain global sales, brand recognition and trust need to be at the forefront of development. Online tools should assist the development of brand recognition and recapture the traditional consumer base that once bought from traditional intermediaries.

1.6 Aspects of firm size and responses to change

E-commerce is often viewed as an equal playing field for all retailers. However aspects of firm size remains a problem for producers (Oliveira & Martins, 2011; Clayton, 2013). The major labels such as Sony or Universal are big enough to invest in their own branded distribution routes to market, however chose to use avenues such as iTunes as they can negotiate the best deals with an established infrastructure. Independent SME's are not big enough to get favourable distribution deals with online aggregators, therefore may choose to use a third party distribution channel such as 7digital or State51. Third party distribution companies enables SME's to be represented by a conglomerate of small producers. However in the Welsh music industry there are also Micro SME's, these companies may be individual artists with their own labels without a large enough catalogue to even approach a third party aggregator. Whilst some SME's may be using all available forms of distribution for online sales, there may be greater ways of utilising social media to gain awareness of the products. Sites such as Facebook could become valuable places to encourage trendsetters to follow and share music and products as 98% of music purchasing being created via social recommendation (Mulligan, 2011a, Mulligan, 2011b & Sharma et al, 2012).

The strategies that producers follow need to take account for size. Stern (1995) indicated that selection, intensity and integration should be considered when choosing a strategy. Whilst iTunes or Spotify rate highly in the consumers' awareness, they have such a high intensity of distribution that they may not be the most successful method of promoting the music to the SME's target audience as there is a danger after attracting them online that they become distracted by the larger catalogues on offer.

Timing a company's response to change is a critical factor when entering a new market. An early response could result in high setup costs; meanwhile a late response allows consumers to progress and discover alternative products, making it difficult to recapture the previous consumers. Gradual repositioning was successful for SME's in the conversion from cassette to CD. However, due to the rapid growth of digital, and the need to invest in new technology and software, retrenchment is most likely the only remaining option for many SME's entering the digital market (Oliveira & Martins, 2011; Clayton, 2013). Radical repositioning may result in isolating elements of consumers who have been equally slow to adapt. For SME's in a changing market there are many factors restricting their approach, primarily cost. For SME's with small digital revenues the rate to recapture the investment is often a primary reason for failing to adapt in the first place (Clayton, 2013).

1.7 Assessing the possibilities of adapting and developing

Since the music industry found itself online many attempted routes have been taken to avoid, and later control the online market place. Due to the speed at which the music industry responded to e-commerce there are now a number of consumer perceptions of the industry that will restrict its success online at present (Li et al, 2013; Kraut et al, 2012). There have been mixed thoughts about whether to sue pirates, ISPs or P2P networks or embrace them as marketing tools. However as consumers became more trusting of e-commerce, the music industry started to look at non-encrypted and heavily regulated IP laws as the future of e-commerce (Li et al, 2013). But it is more flexibility that will be needed for the future of the music industry in order to ensure that both consumers' and producers feel that they are engaging in a positive and ethically responsible industry.

2.0 Business Models - The transition period for music

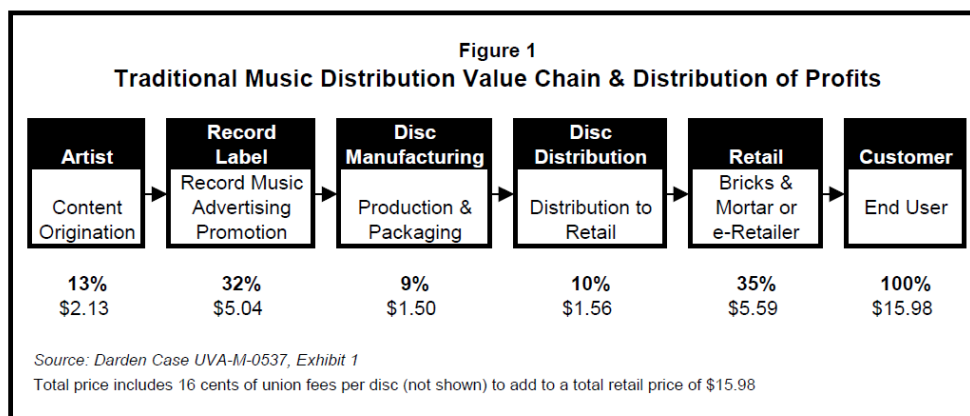
Fischbeck (2000) refers to various models including the traditional model by which the music industry had monopolised the market place until the emergence of digital technology. Traditionally the business of selling recorded music was very simple and remained unchanged for years. Record companies would produce music, radio stations would promote music, live performances would generate fan bases and music would be sold in high street shops (Fischbeck, 2000). The route to market was

simple and consumers had a clear reference points for access to new products. The intermediaries were identifiable and it was governed from within the music industry. The record labels remained the most powerful in the chain as they could govern prices, release dates, and onto which platform to release the music. The route to market was established, and it was difficult for new acts from unknown labels to compete. The music industry was tightly controlled, and the major labels held a large amount of influence over the music charts (Torbay et al, 2001 & Elberse, 2010). Although not all labels would be selling into the larger outlets such as HMV, smaller labels would have their own distributors who would take stock knowing it would sell in their selected stores.

The strength of control surrounding the music industry led to consumers perceiving a greed within the music business (Coyle et al, 2009: 1033, Rutter, 2010 & Brown, 2012). Undoubtedly during certain periods of music production major labels have been very profitable (Fischbeck, 2000). The monopoly that the music industry exploited for so many years may be one of the reasons for its downfall at the beginning of the twenty-first century. Consumers have grown wise to the ways of the music industry. Major labels have been able to enforce change and price increases and now consumers are fighting back (Lam & Tan, 2001 & Brown, 2012). This study however will focus on SME production companies, who have not got the same level of control, and need to find ways of engaging with consumers.

Fischbeck's model in figure 7 shows a typical breakdown of the profit shares across the music industry by following the traditional distribution method (Fischbeck, 2000: 4). The main share of profits remains with the record labels. However, what this model does not show is the cost and risk taken by the record company initially. Record labels take the biggest gamble in producing a record in the hope of recouping via sales. However, consumers do not consider the expense of recording, producing, editing an album, and only associate costs with the tangible end product (Torbay et al, 2001; Danaher, 2010; Brown, 2012 & Yu, 2012). For an SME label high profit margins on top selling products are needed to support the rest of the industry they supply in more niche markets.

Figure 7



(Fischbeck, 2000: 4)

The fear for the music industry when Napster entered the market was how they would continue to retain large profits from the music whilst embracing new technology. The answer at the time was not to embrace. Major labels set about suing as many online aggregators, as they could not see benefit in having a rival distribution method. The difficulty (as has already been highlighted) for the industry was that Napster had already penetrated the market offering free music to all. How were record labels to tempt consumers back to paying for their products. The perception of music's value fell. Record companies were seen to represent greed and the consumers preferred the new service that had become available.

2.1 Levy Model

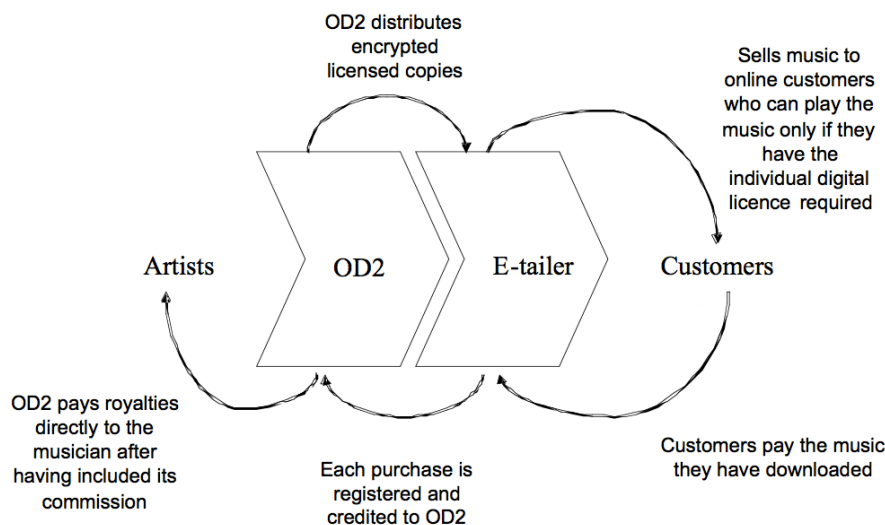
A method of recapturing lost income from illegal downloads offered by Torbay et al was to place a levy on blank CDs; however this was discussed when the home cassette recorder threatened the music industry (Frith, 1993). It was considered too difficult to assess who should be compensated with the collected funds. A levy on black cassettes and CDs may have had some effect during the transition period. However, with cheap computer and Mp3 players, storage is now easily available and renders this idea redundant.

2.2 Encryption Models

The main for production companies is the process of protecting the music whilst providing the freedom of usage that the consumer demands. The OD2 model

(On Demand Distribution) is described as distributing ‘encrypted licensed copies to e-tailers. The e-tailers sell music to online customers who can play music only if they have the individual digital license required. Each purchase is registered and credited to OD2. OD2 pays royalties to the musicians’ (Torbay et al, 2004: 3). The OD2 model is illustrated in figure 8.

Figure 8



(Torbay et al, 2004)

Whilst in principle this model would appear like a fair method of distribution for producers; it is complicated and restrictive for consumers. There are elements that are very similar to America’s Cartridge Television Inc’s 1972 Cartrivision model (Frith, 1993). Cartrivision was an attempt to control the video market in America when the home video recorders threatened the home movie market. Cartrivision didn’t become popular because there was so little flexibility in the product and the consumers felt restricted in what they could do. In order for a consumer to invest in new concepts it needs to be easy to understand and consume.

Initially the major labels would have liked to introduce an encryption model for music, protecting the tracks from being shared and copied. Law suits were brought against illegal distribution site and the majors wanted to dominate the market place, whilst maintaining high revenue and profits. Encryption technology would have allowed them to transfer their traditional sales and distribution method over into the digital economy. However the fact that the technology had already released the

potential to the consumers via Napster made it difficult for the industry to regain control. Based on consumer perceptions of value, digital music signalled that the golden era for record labels was over. The price consumers would be prepared to pay for a digital track or an album according to Forrester's research would mean that the 'record label's share must drop from about \$5 per CD to \$3 per CD, or a loss of 40% of their total revenue per CD' (Forrester (2000) cited in Fischbeck, 2000: 5). There are other issues with the process of transferring the business model, Fischbeck lists them as being; 'no technology is fool-proof, P2P technology is here to stay, content must turn analogue at some time, compatibility and ease of use is an issue and finally that increased legal action will backfire' (Fischbeck, 2000: 5-6). With hindsight it is known that all of these elements came true and encrypted music never became a saleable commodity.

2.3 Changing patterns online

Initially there were fears amongst consumers about online transactions and security, however with experience and better understanding of credit card protection and online security e-commerce has become far more appealing. 'In the past decade, online shopping has crossed the chasm to become particularly prevalent, especially among the young and affluent' (Sharma et al, 2012: 43). The Internet offers consumers the chance to search for the best deal and discover reviews about other people's experiences with the goods. 'People not only seek opinions on social media sites but they also act on those opinions' (Sharma et al, 2012: 46). Good customer relations and service is therefore vital online, despite it being anonymous the sales experience should still be complete. 'E-WOM is generally useful in predicting consumer behaviour in digital markets' (Sharma et al, 2012: 55). If consumers have a good experience with the product and the retail process, producers should encourage them to share their thoughts. E-WOM has the ability to reach a large number of people, therefore the more positive experiences that are shared, the greater the exposure and the more successful the product. 'Consumers freely comment online on various products such as apparel, books, electronic goods, games, videos, music, beverages, and wine in order to share either good or bad experiences' (Sharma et al, 2012: 44).

2.4 P2P's Infancy

Vaccaro and Cohn (2004) as had Bhattacharjee et al (2003) claimed that the illegal element of the market has an effect and will continue to effect into the future for music. 'The popularity of renegade P2P file trading continues to grow as part of the emerging trend on the Internet of self-organizing, emergent digital community networks' (Vaccaro & Cohn, 2004: 47). However they also feel that these models are still in their infancy as ultimately the goal for these download sites it to up sell their services and generate an income, be that through advertising or upgraded software. Since Napster's first generation it has re-emerged as the New Napster with an upsell in its service, likewise Kazaa offered a better software package called Kazaa Plus above their freemium product (Vaccaro & Cohn, 2004: 48). Digital music has been legally available via the Internet since 1995; however the websites did not achieve a high level of popularity. The first successful legal site was Apple's iTunes which launched in 2003, 'within its first 6 months of operation, a record number of 14 million songs were purchased for download. In July 2004, iTunes reached its 100 millionth download' (Vaccaro & Cohn, 2004: 48). Apples interest however was not in selling music, but to use the ease of music purchasing to integrate with its new iPod. However, as was the case when iTunes recorded its first successes 'the legitimate downloading of music is still just a drop in the bucket compared to the massive adoption and usage of file trading via unauthorized, illegal music services' (Vaccaro & Cohn, 2004: 48). According to EMI 'online music firms need to sell between 50 million and 100 million songs a month to recoup all fixed costs and make a profit' (Vaccaro & Cohn, 2004: 50).

2.5 Consumer reaction to Napster Model

Forrester's research as cited in Fischbeck's paper shows what consumers would be prepared to pay in 2000 for digital music, 76% said they wouldn't pay for a track (see figure 9). However Forrester's research also highlights some other more encouraging results for the music industry. Napster's appeal is having all the music in one place in a useable format, easy access to a wide range of music, new ways of enjoying music and the ability to try before you buy. According to consumers surveyed by Forrester's research group in 2000 it stated that '55% of Napster users say their use of the system has not impacted the amount of music they buy and 25% say they actually buy more CDs since they started using Napster. The argument is that

Napster ‘allows them to try more music at no risk and then find the ones they really want to buy’ (Fischbeck, 2000: 3).

Figure 9

	Nothing	Less Than \$1	Between \$1 and \$5	More Than \$5
Single Song	76%	15%	10%	0%
Full-length Album	60%	5%	22%	13%
Multiple Artist Compilation	67%	6%	17%	10%

Source: Forrester Research (4)
Totals may not sum to 100% due to rounding

(Forrester cited in Fischbeck, 2000: 5)

2.6 Consumer Requirements

Bhattacharjee et al analysis found that the following are important for the producer to provide for the consumer:

- i) Offering music online is always beneficial to a legal seller, as it enables them to compete more effectively with illegal networks,
- ii) As the quality of illegal online music approaches that of the legal service, revenues from the per unit service becomes less than that from subscription as well as mixed service,
- iii) On a legal online music service, as the search cost to find unheard music decreases substantially, a subscription service provides the highest overall social welfare among all the strategies (Bhattacharjee et al, 2003: 2).

Whilst these factors may be beneficial for the consumers’ acquisition of music, they do not favor the producer. Consumer behaviour governs the music market, and it is the consumer perception of what is right and wrong that controls the consumption of music. Bhattacharjee et al cite the reason for the amount of illegal activity as being the

‘Extensive volume of music from various artists making it extremely difficult for recording companies to track music piracy. Also, the average price of

music is much lower than that of commercial software, which may decrease the consumer perception that music piracy is an illegal activity' (Bhattacharjee et al's, 2003: 3).

The next stage for the music industry is to conduct a review of the producers' role within the market. Record labels must be able to assess where and how they have had successes. There is a clear difference in structure between successes due to a sales orientated philosophy and a marketing orientation. A successful marketing campaign may run viral on the Internet but does not necessarily generate adequate sales. 'An understanding of services becomes essential to the development of successful strategies for all business models in the music industry' (Vaccaro & Cohn, 2004: 49). Vaccaro and Cohn suggest that through assessing the eight P's of marketing and the six C's of online motivations and five C's of convergence marketing a successful business model can be formed (see Vaccaro & Cohn, 2004).

The role of the music industry has changed. 'On-demand services are the future of entertainment delivery. 'CDs, DVDs, and any other forms of physical media will become obsolete' (Vaccaro & Cohn, 2004: 55). Before the digital revolution the music industry had been operating as a traditional industry, and had not needed to embrace customer philosophy in a true marketing orientation, however if they are to continue, this will need to change.

'Traditional firms have been accused of lacking the cultural capital to make a successful transition to a new business model in the information age, and it has been suggested that the record labels need to change their orientation from lawsuits to a marketing and promotional orientation' (Vaccaro & Cohn, 2004: 55).

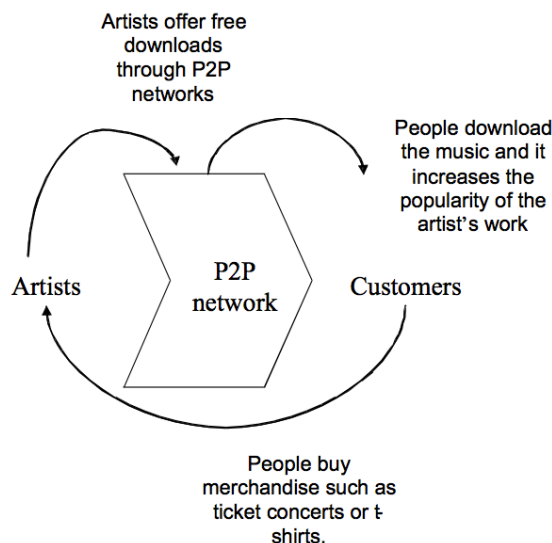
However this focus on digital was also partly to blame, as 60% of the music market is still physical in 2014 (IFPI, 2014). Service is more important than the format.

2.7 Promotion Business Model

Further models to overcome the difficulties of achieving the post Napster distribution model were suggested by Torbay et al. The first being a Promotion Model, this allows music to be given for free when artist merchandise is purchased. However this would only work with certain kinds of artists. A heavy metal fan may

buy a tour t-shirt and receive a free album; however it's difficult to imagine the same scenario at a Mozart recital.

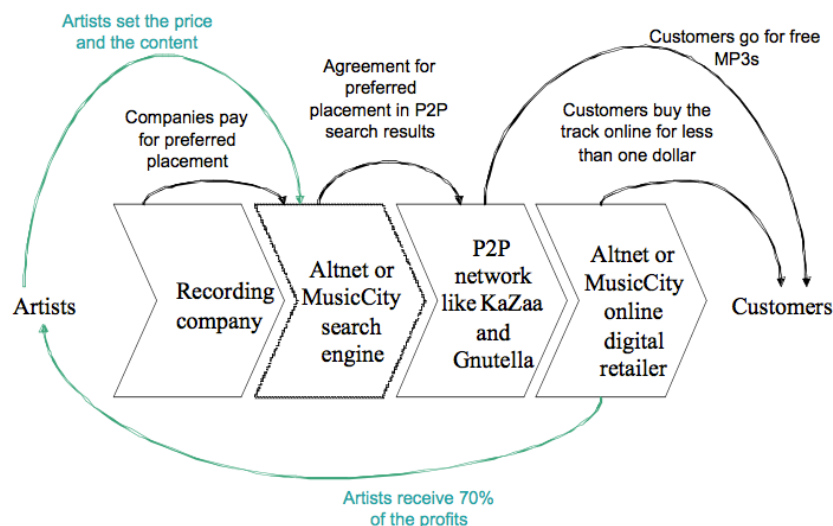
Figure 10



(Torbay et al, 2004)

Likewise there are weaknesses in the preferred placement model. Favourable tracks would become financed initially by sponsorship, consumers would be able to try the music before committing to a purchase and the producers would have a financially stable method of promoting the music to the market. However it is difficult to imagine enough consumers deciding to purchase a copy of the music for as long as they could continue to access it for free.

Figure 11



(Torbay et al, 2004)

The most likely model offered by Torbay et al was the partnership model. Through linking websites of other successful companies favourable advertising methods could be established to drive traffic from one site to the next. The effect of such a model could create a vibrant community surrounding the music and accompanying culture and increase the catchment for the products. Apple built successful partnerships with AOL and Pepsi offering free downloads alongside other products. The diversity of the market place then offers new possibilities (Torbay et al, 2004: 6).

An advert supported business structure, similar to a radio station except the consumer would have control of the playlist was suggested. However, Fischbeck did not see this model being feasible for as long as Napster offered the freedom, free music and no advertising. However, today Spotify operates a two-tier model; free music plus adverts or no adverts, but pay monthly. However it would be difficult to imagine Spotify succeeding if there remained a free alternative without adverts. Fischbeck considered the prospect of charging a monthly fee for Napster users calling this an interim model. However there were many problems predicted within this model. Firstly was the rate of cannibalisation from CD sales. In order for this business plan to succeed they would need a pricing point that offered value without destroying the record labels profits. The figures and rates of cannibalisation were difficult to assess in 2000, as the technology was so new. Although many people were using Napster they were still buying CDs. This was largely due to slow Internet download speeds, the expense of buying portable MP3 players, and also a low level of trust in digital ownership. However as confidence grew in the technology, the cannibalisation rate grew.

At a price point of \$5, whether cannibalization is assumed to be light or heavy, the rate of cannibalization overpowers the subscription revenue for both the labels and the artists. They have a net gain overall to start with, but as people become more comfortable with digital music and begin replacing a lot more of their CD purchases with digital music, the cannibalization effect causes a net loss over time for these players. The only one who wins and shows increasing revenues over time is Napster (this may be an indication as to why the labels rejected Napster's offer of the 70 /30 split) (Fischbeck, 2000: 8).

Although Napster was closed down a year after this paper was published it is more or less where the industry remains positioned today. Price point is key to overcoming

cannibalisation, but at a price that would generate sufficient revenue it would jeopardise even the hardest of music fans.

Music downloaders are split into those who use legal methods such as iTunes and those who do not. For others free plus adverts streaming models are a useful way of increasing the market size whilst offering a legal option to gain music that still generates an income (Papies et al, 2011). Through allowing consumers to access the music for free providing they accept hearing an advert first could 'attract consumers who would otherwise refrain from commercial downloading' (Papies et al, 2011: 777). Although the amount of revenue returning to music producers may be smaller than via the traditional sales models, it is a step in the right direction in building a sustainable future. There is evidence from other industries whereby offering the same content online for free alongside continued physical sales has worked. Newspapers for example offer a large proportion of their content for free via the Internet, however, there could be a 'risk of cannibalization of other distribution channels' (Papies et al, 2011: 778). Offering too much content for free will eventually reduce any incentive to purchase and decreases the value of the product. There needs to be positive incentive for consumers to pay to download eventually.

2.8 Segmenting and Knowing Consumers

Music transcends people; it can unite people of all ages, backgrounds and genders. Likewise the use of the Internet is multidimensional; a silver surfers' disposable income could have as great an impact on the digital economy as a young innovative early adopter. Producers need to understand consumers' needs, decisions and assessment processes in order to effectively assess and gain a new perspective on the music industry.

Historically at the points of sale such as local craft shops or high street retailer, producers have not needed to understand a great deal about direct to fan or business to consumer sales. However with changing consumer trends and new emerging markets it has become critical to understand these factors (Walsh & Mitchell, 2010). It is increasingly important to know where consumers use and buy music, and at what intervals.

2.9 A business Model in Knowing Consumers

There has been a strong correlation between music genre and lifestyle, and consumers use music as a method of identifying themselves (Racharla et al, 2012; Luo et al, 2012). P2P networks became viral coffee houses online where likeminded people could come together and share an interest and share the latest products. Over the last decade traditional intermediaries have tried recreating this environment by placing coffee shops in record stores for likeminded people to meet and share music in a legitimate space (Lam & Tan, 2001: 66). However, music is a personal experience, and whilst music has been sold on the back of social recommendation, it comes from trusted sources of friends in establish social groups (Luo et al, 2012). The reverse appears true with online piracy and social influence (Racharla et al, 2012). The reason the Internet has succeeded in creating an environment whereby social recommendation can influence is because of the relative anonymity of the Internet. Prior social behaviour research has demonstrated that consumers don't feel accountable for their actions when operating online and therefore the guilt of piracy is not felt in the same way as physical tangible theft (Coyle et al, 2009, Halttunen et al, 2010 & Wang & McClung, 2012).

2.10 Tools for Market Strategy and Change - Changing Distribution Methods

Change in market control is needed because the current rate of decline will make it harder to sustain a market in which to operate as a niche SME (Dubuisson-Quellier, 2013). The music industry needs to get ahead of technology; or at least find a method of co-working in a way that enables both sectors to profit from the output (Corner & Randall, 2011). October 2011 saw YouTube agree a contract with the four major labels and a group of the most influential independent labels. This contract will allow record labels to benefit from merchandising the music that is already widely used on the many YouTube music channels (Ingham cited in Music Week, 2011). However, as quickly as one area of the market gains control, another avenue opens. Spotify launched in America in July 2011 after success across Europe (BBC, 2014), however since July 2011 both Warner and Sony have signed contracts for the use of their catalogues on Boinc, a new music streaming web service soon to launch in the USA. Boinc is offering better terms than Spotify for the music played; offering more favourable opportunities to the labels (Ingham cited in Music Week, 2011). However,

the difficulty for niche producers is the speed at which they need to work, and the process of reworking their metadata to suit a new provider within the market.

The uncertainty within the industry as a whole has resulted in the appearance of many business models over the last five years. There are claims that music should be given away with the sale of merchandise, and that fans are more comfortable with purchasing tangible commodities (Masnick, 2011). Other producers believe music should be reengaging with traditional distribution methods such as vinyl as it is a more personal purchase and lifestyle choice to play a vinyl record (Bartmanski & Woodward, 2013). Whichever voice or opinion on music, there is one common factor; that is, the uncertainty as to whether it will work (Corner & Randall, 2011; Dubuisson-Quellier, 2013). Innovative ideas such as Radiohead offering their new album on a 'pay what you want' model achieved a high level of success; however such examples remain as one off successes (Owen, 2007). No process for releasing and distributing has been established as yet that offers a sustainable sales model for a niche SME to rival the traditional physical method (Leyshon, 2014).

As was suggested by the digital distribution model, there are now multiple options available for producers and consumers. The first generation of digital music presented a new method, however since the first phase of digital innovation many additional routes to market have appeared.

2.11 Re-arranging Distribution

File sharing within the music industry has been falling year on year since 2008, however recent changes in the availability of technology could threaten that trend (Envisional cited in Music Week, 2011). Smartphones are gaining popularity especially amongst the younger generations. Smartphones offer Wi-Fi, 3G and 4G capability, allowing users to share and distribute tracks quickly and freely across networks. Social peer pressure will encourage sharing the latest music, resulting in the potential for file sharing to increase once more (Mulligan, 2011).

Historically the model for all producers was similar. All record labels distributed albums in the same format, and sent stock to their distributors. However, the route to market is no longer as clear, currently producers of all sizes are experimenting with new creative methods of attracting audiences (Bhattacharjee et al, 2003, Eggers et al, 2010 & Cammaerts & Anstead, 2012). As a result of the unknown industry competitors do not know which way to restructure their businesses. New

supply routes offer threats as well as advantages, but some threats outweighs the advantages. The music industry as a whole faces a large amount of needed restructuring; however, they are not in control of the restructure (Madden, 2009 & Danaher et al, 2012). Online distribution websites are increasing the intensity of rivalry and who the industry competitors are is no longer clear.

When digital file sharing became available via Napster it offered a new method for consumers to access music. Although Napster was illegal the consumer behaviour was governed by the value and risk they would take to acquire music. The current situation is a blend of legal and illegal avenues for the digital acquisition of music. The blend of sites causes consumers to question if the online services that they chose are trustworthy. If the site is illegal will they get caught? Is it actually the track that they want? Are they going to download a virus? Likewise in the digital market consumers appear to be unsure as to what constitutes ownership, and how and where to acquire music.

Threats and competition causes uncertainty for users and distributors. It is the new tertiary competitors that offer the biggest threat to digital music. These are the illegal distributors; they eliminate competition by offering a copy of the original product for free. If a consumer can acquire the same product for free there is little or no incentive to return to the official distribution methods (Cammaerts & Anstead, 2012).

3.0 Consumer Behaviour

The consumer behaviour literature indicates that the retail power has largely transferred to the consumer, however that e-commerce can't fully replace traditional in store retail experiences. Therefore online retailers need to compensate against the lack of sales advice, instant consumption, and refund and exchange convenience in a traditional brick and mortar store if e-retail is to become an attractive proposition. Successful e-commerce sites offer interaction and positive customer experiences. According to Kacen et al (2013) 'a necessary first step in resolving the bricks or clicks question is to determine what consumers' value, and how online stores compare to traditional stores on the valued attributes' (Kacen et al, 2013: 13).

Recent online consumer behaviour literature has guided the design for online consumer driven business models. The intention is to generate the initial sales and

ultimately secure returning business. However, in order for e-retailers to achieve this, their websites need to meet with consumer behaviour expectations. The recent literature on online consumer behaviour has focused on managing risk; reviews, consumer discovery, experience and delayed purchase intention and returning business driven by positive experiences. The literature splits broadly into eight themes.

3.1 In store versus online retail

Firstly is the challenge of transferring the consumer retail experience from 'bricks to clicks' (Kacen et al, 2013). Traditional retail stores offer consumers an experience and pleasure that can be derived from browsing without the intention of purchasing (Habibeche, 2014). According to Chiu et al (2014) in order to attract buyers online sellers 'need to pay sufficient attention to the experiential aspects of their website, providing the shopping experience as an adventure or chance to reduce stress or alleviate a negative mood' (Chiu et al, 2014: 108). Much is known about the face-to-face value of customer experience, however little attention has been paid to the online equivalent, despite the Internet's possibility to create long-term relationships (Rose et al, 2011). The key to build a successful online platform for a store is to provide 'customisation, communication, connectivity and content' (Rose et al, 2011: 25).

One of the key differences between the online and the offline retail experience is the ability to provide interaction. E-retailers need to discover methods of generating a buzz around their products. Any marketer or business owner must understand the importance of Internet marketing. 'Marketing a business on the web implies leveraging social media to create a lot of buzz in relation to a brand' (Vinerean et al, 2013: 77). The differences in the level of interaction 'can range from very intensive in a face-to-face context to non-existent online. Personal interaction provides a very rich source of contact from which subjective responses will result. The online context enables very rich provision of information, whereas face to face this may be more limited or may occur over a range of formats' (Rose et al, 2011: 26). Retailers need to consider the process of moving their consumers from traditional stores to online store, and attempt to pre-empt their behaviours. Kacen et al (2013) warn that traditional stores offer better consumer experiences, and that online stores need to be positioned as a cheaper price point than offline (Kacen et al, 2013). Rose et

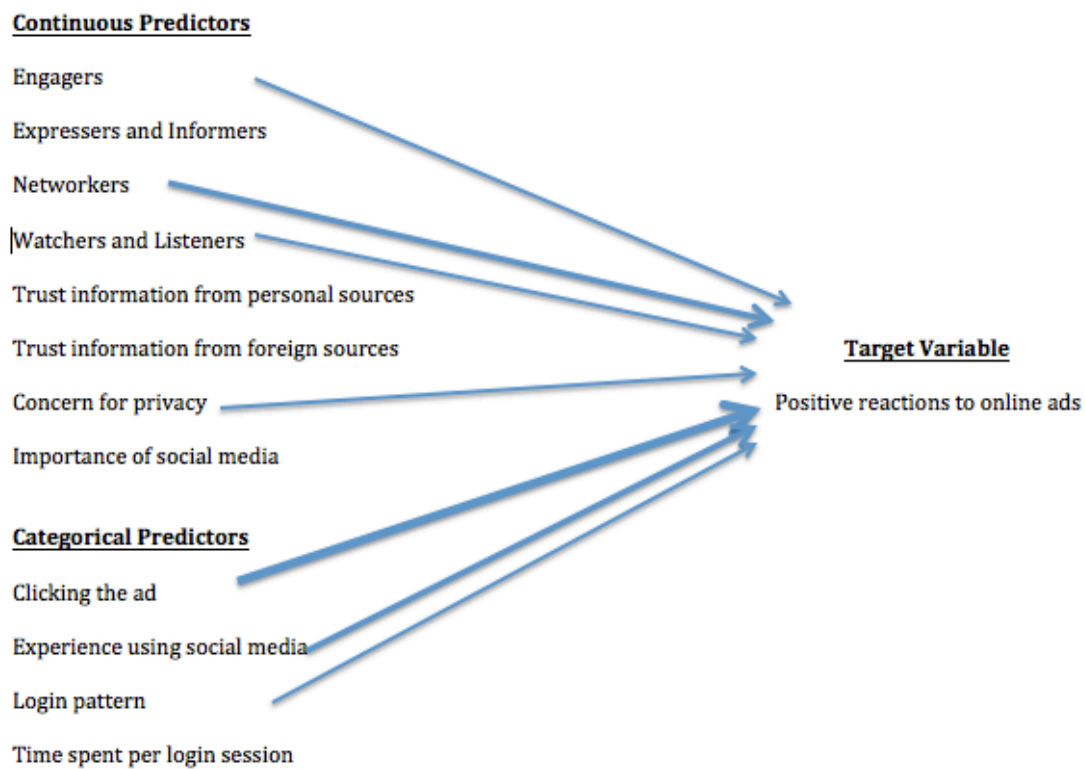
al (2011) consider the difference between on and offline retail to be the level of interaction consumers' experience, and how this impacts on both the retailer and consumers reactions.

The first key difference between the two contexts is the degree of personal contact, which can range from very intensive in a face-to-face context to non-existent online. Personal interaction provides a very rich source of contact from which subjective responses will result. Secondly, differences exist in the two contexts in relation to the manner in which information is provided. The online context enables very rich provision of information, whereas face to face this may be more limited or may occur over a range of formats (Rose et al, 2011: 26).

3.2 Differing Consumer Behaviour

It has been previously acknowledged that not all consumers respond in the same way. However in order for retailers to succeed they need to understand their target consumers and how they are likely to behave in relation to the product, information gathering and sharing ideas. Richard et al (2010) discussed gender's influence on consumer's online behaviour. They found that websites require a different design and engagement model depending on the target gender of the site. 'If the main audience is male, the website should be efficiently designed to develop positive site involvement and attitudes, and generate positive pre-purchase evaluations. Women, as comprehensive or relational processors, engaged in more exploratory behavior and became more involved with the website content' (Richard et al, 2010: 932-3) Vinerean et al (2013) identified four different types of online consumers as being, 'Engagers, Expressers and Informers, Networkers, and Watchers and Listeners' (Vinerean et al, 2013: 77). From this list they were able to inform how reactions towards adverts, online security and trust in information sources would lead to a positive reactions. This is illustrated in their model for achieving the target variable using both the continuous predictors and the categorical predictors.

Figure 12



(Vinerean et al, 2013)

Whilst not all consumers are likely to respond in the same way, Wood and Hayes (2012) argue that consumer groups conform by responding in the same way as a method of creating and reaffirming social identities (Wood & Hayes, 2012). ‘Social influence arises from consumers' motives to be in unity with others or to be in conflict with them [...] when deciding whether to purchase or consume products and services, people are influenced by the judgments of others’ (Wood & Hayes, 2012: 324). ‘Firms’ online marketing strategies may not be effective for all types of products, even if they are in the same category. This implication contrasts with the extant view that firms need to actively manage online WOM, given the great efficiency of the Internet in spreading WOM, and that they should also strategically respond to online consumer reviews (Zhu & Zhang, 2010: 134). This outlook by Zhu and Zhang emphasises the challenge faced by online retailers, they are required to match their online offer to consumer types, product types and reacts to any comments, suggestions and demands. This process is possibly easier to manage offline in a physical space whereby a product layout and accessibility to a consumer can be easily adapted. However, to change an online stores appearance requires a new and

alternative set of skills.

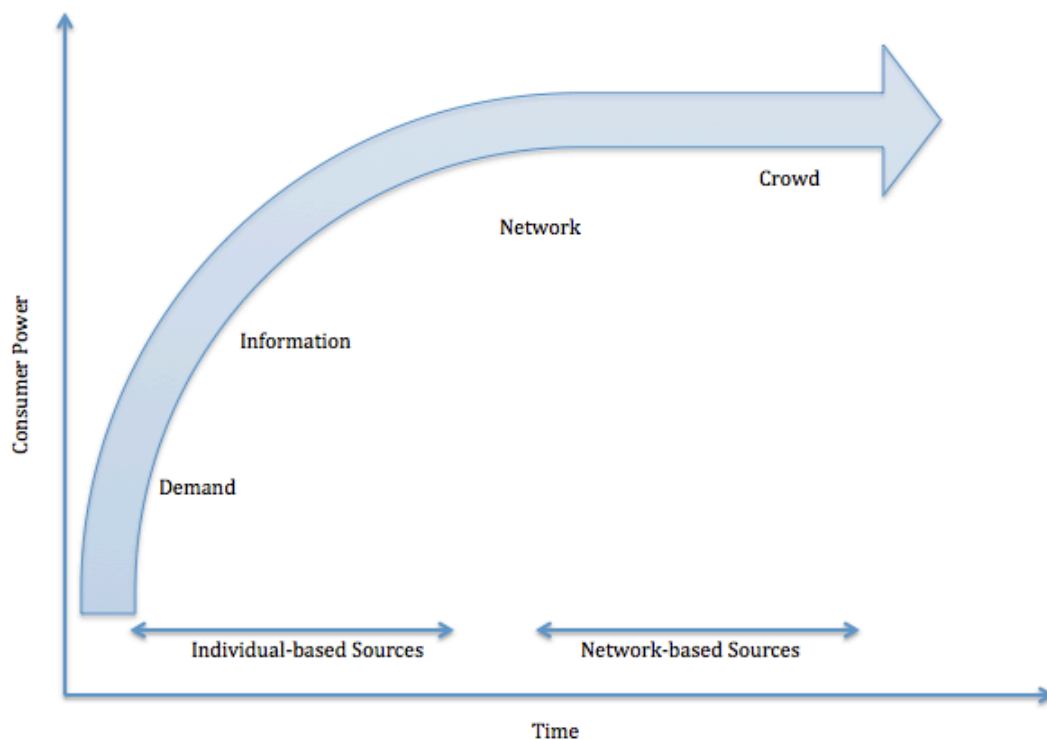
Cheung and Lee (2012) identified three factors that separated consumer behaviour patterns online. One of the most positive benefits for any online retailer is the power of word of mouth advertising. However, not all consumers have the confidence to place reviews and make statements about their beliefs online. 'Insufficient knowledge and self-efficacy hinders individuals to share in web-based discussion boards' (Cheung & Lee, 2012: 219). As a result this limits a section of consumers from fully participating in the product purchase and reviewing process. Meanwhile it is also considered that 'the perception of the opportunity to enhance one's own reputations is positively related to one's eWOM intention' (Cheung & Lee, 2012: 220). Confident consumers view online reviews as a chance to identify themselves as leaders in the peer groups and have the ability to influence other consumers. This online retail environment gives the opportunity for a sense of belonging to be positively related to a consumer's eWOM intention (Cheung & Lee, 2012: 221). Cheung and Lee (2012) consider the online retail environment to have differing benefits depending on the character of the consumer. It becomes necessary for online retailers to be aware of these behavioural differences so as not to isolate the more introverted consumer who may be influenced by others reviews, but not feel as included in the process.

3.3 Consumer Power & Co-creation

The retail process has changed for any retailer moving from traditional high-street stores to selling online. Traditional high-street stores placed the power in the hands of the retailers, whereas the balance of power has largely transferred to favour the online consumer. Price comparison websites, search engines powerful algorithms for identifying the best websites, consumer experiences, along with online reviews and social media have all aided the online retail process for the consumer. 'The benefits afforded to the online customer changes the balance of power within the organization–customer relationship, creating a more powerful and proactive customer' (Rose et al, 2011: 25). Retailers need to be aware of the consumer power to seek additional information ahead of purchase in order to ensure that they can provide the best possible experience if they are to succeed in attracting the sale and returning custom.

‘Flight and fight are two kneejerk reactions to disruptive technologies’ (Belk, 2013: 1598). Despite this, Belk (2013) claim that online retailers need to accept that digital technology presents a fight or flight decision and that producers need to embrace the technology as it is here to stay by way of consumer demand. Coupled with this consumers and artists are now empowered with the ability to self-publish. This empowerment provides consumers with enhanced knowledge about the market, meaning that retailers need to adopt a strategy to work with their consumers if they are to survive online. Labercque et al (2013) propose a model for consumer power. Labercque et al’s (2013) model for online consumer power indicates that consumer power increases as demand, information, network and the size of the following crowd increases. However, for retailers the strength of the consumer power can be utilised to influence the crowd decisions. Through providing products and information with sufficient demand the power of the crowd should increase a products online popularity and demand.

Figure 13



(Labercque et al, 2013)

‘For consumers, obtaining value is a fundamental goal and pivotal to all successful transactions [...] offline and online shopping confirms the importance of these values

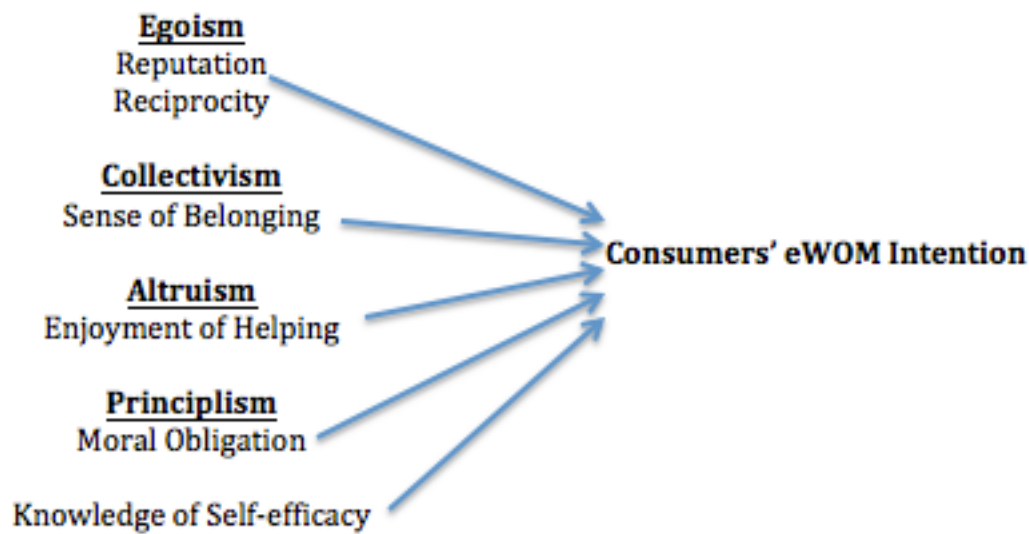
in driving loyalty and repeat purchase intention' (Chiu et al, 2014: 90). Online consumers are technologically aware and have become a part of the the creating process as co-creators as well as being able to self-publish via Facebook and YouTube along with other digital platforms (Belk, 2013). Consumers are demonstrating a desire to become an integral part of the e-commerce process and are searching for enhanced retail experiences online.

3.4 Social media and Data Collection

Retailers moving online need to discover where their consumers are browsing online. Social media websites create a rich source of consumer data that retailers need to learn to utilise online networks as well as gather information about consumers purchasing decisions and retail opinions. Consumer opinions can impact on sales by reducing risk particularly in reducing the risk or purchasing experience goods whereby value is determined post purchase (Zhu & Zhang, 2010 & Cheung & Lee, 2012).

Zhu and Zhang (2010) warn that WOM can work in both directions. Consumers will share the extremes of their experience for both positive and negative feedback (Zhu & Zhang, 2010). Despite the risk of receiving some negative feedback online, consumer ratings can give other consumers' confidence in the product (Cheung & Lee, 2012). As a consequence e-WOM has the potential to grow business and increase business exposure (Cheung & Lee, 2012). Cheung and Lee's model for consumers' e-WOM intention indicates four indicators for consumers' intention to share their experiences online. Online sharing provides consumers with a sense of belonging, boosts their own reputation within their network for trend setting, and can help others by providing feedback.

Figure 14



(Cheung & Lee, 2012: 220)

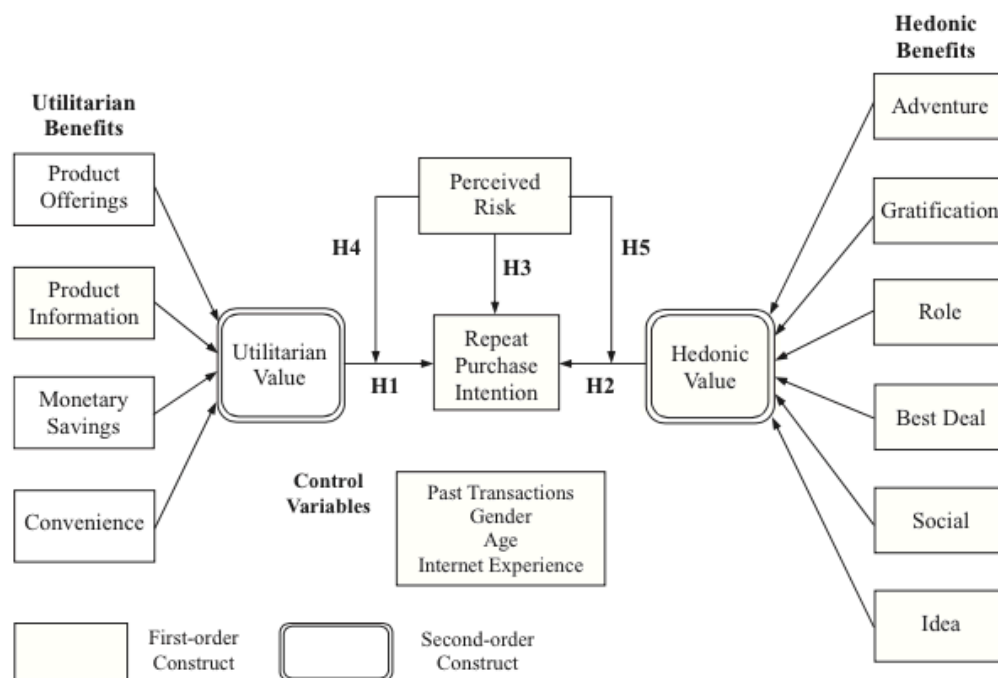
However Rose et al (2011) warn that customer measures are subjective. Customer experience is 'the internal and subjective response customers have to any direct or indirect contact with a company' (Rose et al, 2011: 27). The creation of the subjective response is done via the customer's interaction with the various components of the organisation's offer, including the performance of the product itself, packaging, pricing, advertising, retail environment and customer service handling. Rose et al claim that 'viewing CE (Customer Experience) as a subjective response' (i.e. something that resides internally within the customer) is useful, as this distinguishes CE from other customer management concepts such as customer data or customer relations management systems (Rose et al, 2011: 27).

3.5 Repeat Business

In order for repeat purchasing to take place good customer service experiences must be placed in between (Chiu et al, 2014). The online retail space allows consumers to search multiple websites before making a purchasing decision, therefore attention needs to be paid to setting the right tone for the website. Chiu et al's (2014) model for repeat business suggests that there are two dimensions that need to appeal to a consumer if a website it to succeed in generating sales (Chiu et al, 2014: 93). The model indicates four utilitarian benefits, such as product information, price and convenience. These are the basic measures that consumers will evaluate against

competitors. Chiu et al's research places these as being the primary indicators of a website's success. Then the other feeders to repeat business are the hedonic benefits. These are the more emotional aspects of a website such as the look, engagement and gratification that a website can provide for its consumers (Chiu et al, 2014).

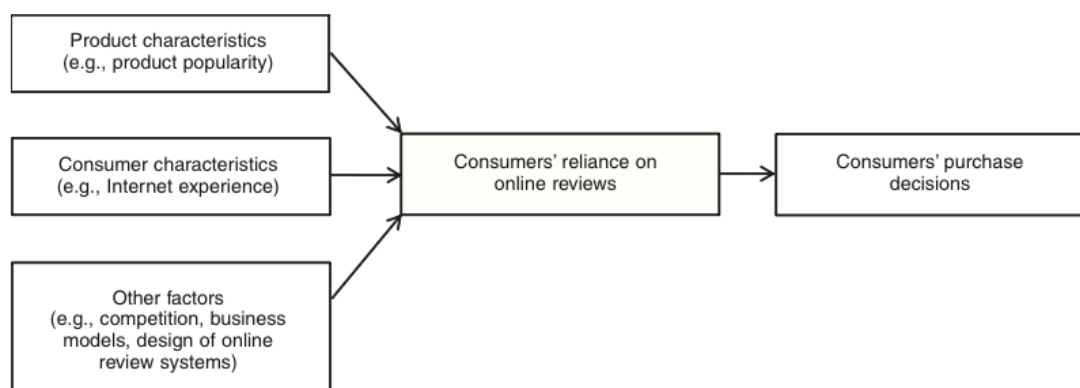
Figure 15



(Chiu et al, 2014)

Kacen (2013) found that consumers also consider different product types as having different values online. Online stores are perceived as having lower prices for products such as books, shoes, and DVD players than traditional stores. These lower prices may be enough to compensate for the perceived disadvantages of online stores on other attributes such as delayed consumption and return and exchange procedures. Whereas products such as flowers, food, and toothpaste were perceived as being less expensive at traditional stores than at online (Kacen et al, 2013). Zhu and Zhang (2010) present a definition of experience goods as being a product whereby the value is identified post purchase. Online opinions can help by reducing the risk or purchasing without experience of the product and their model for online purchase decisions relies on consumers' own reliance on online reviews (Zhu & Zhang, 2010).

Figure 16



(Zhu & Zhang, 2010: 135)

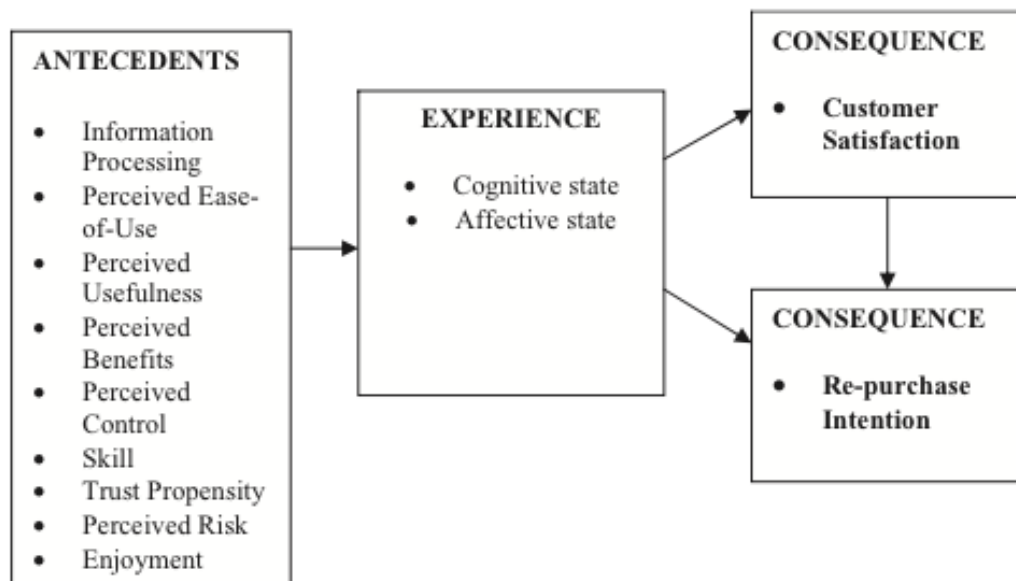
The acknowledgment of consumers' reliance on consumer reviews indicates that niche markets need to be more involved than most retailers in the online word of mouth process according to Zhu & Zhang (2010).

Liao and Keng (2014) warn that 'consumers who actively postponed purchasing were also likely to exhibit a low level of purchase intention' (Liao & Keng, 2014: 144). This postponed response to purchasing is a result of requiring additional information, seeking more price comparisons or a lack of confidence in the product. 'To overcome online purchase delay, online sellers should provide consumers with OCEs (online customer experiences) when online purchase delay occurs, countering negative consequences and increasing consumer willingness to purchase products online' (Liao & Keng, 2014: 145). Rose et al (2011) attributes experience and convenience as being the key factors to achieving success in gaining and retaining consumers. Rose et al's (2011) model for repeated purchase requires retailers to provide consumers with the knowledge, experience, control and skills needed in order to trigger both an affective and cognitive response. Positive reactions to the antecedents according to Rose et al (2011) will lead to consumer satisfaction and the intentions to purchase again.

The proposed framework suggests that e-marketers need to be aware that, while functional performance of a website is important, it is also important to understand the experiential state of customers and the responses they are likely to generate. [...] Consumer research should focus upon understanding the emotional and cognitive state of customers both during and following the online purchase process, and understanding how to adjust the features of a

website to improve these (Rose et al, 2011: 33)

Figure 17



(Rose et al, 2011:29)

3.6 Website success

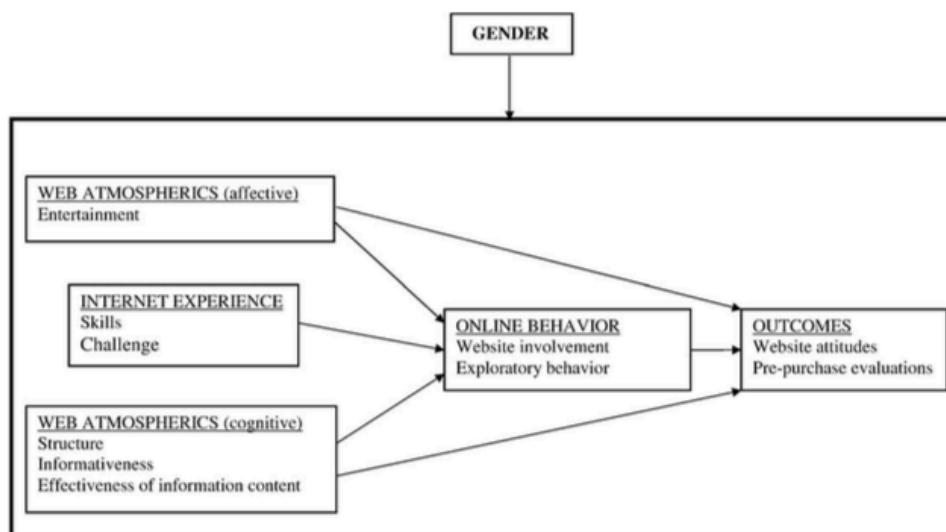
A successful e-commerce facility is as reliant on the content providers as it is on the consumers' behavior and retailers ability to respond to the consumers. A website that is able to capture data about consumer's online behaviours and browsing trends will allow retailers to respond and mitigate against delayed purchase intentions (Liao & Keng, 2014). Websites are able to present a range of benefits to the consumer. Chiu et al (2014) consider these as being utilitarian benefits and hedonic shopping motivations. They claim that these elements need to be successfully implemented within an online store in order to generate initial purchases. (Chiu et al, 2014). 'Hedonic and utilitarian values are important outcomes influencing future consumer decisions through feedback loops into the consumer decision processes' (Chiu et al, 2014: 95-6). Their research found that the establishment of consumer-aligned utilitarian were the biggest drivers, however that websites with higher levels of hedonic engagement and relationship building became the most successful.

Whilst for some consumers' online retail still presents a risk, however the utilitarian values can mitigate against these (Chiu et al, 2014). However, more experienced online users are more likely to question the online credibility of

information and spend more time seeking opinions. Therefore as online retail becomes more mainstream it will require more effort on the retailers' behalf (Zhu & Zhang, 2010). Online retail also has some negative implications for consumers, such as delayed consumption and exchange and refund processes, however retailers can again alleviate these fears by incentivising shipping costs or offering online discounts (Kacen et al, 2013). 'Online buyers cite shipping discounts as more likely than any other promotion to encourage them to purchase goods' (Kacen et al, 2013: 12).

Liao and Keng (2014) suggest that websites need to appeal to different types of consumers (Liao & Keng, 2014). Not all consumers respond to e-commerce in the same way, and not all consumers as experiences in online retail. Richard et al (2009) indicate that there is no substitute for having current and up-to-date content (Richard et al, 2009) 'Consumers likely have higher levels of exploratory behavior and site involvement if the website has current information related to the topic' (Richard et al, 2009: 927). Their model in figure 18 suggests that gender impacts the way in which a consumer experiences and engages with a website and its content, and that these are impacted by three levels; the website atmospherics (affective and cognitive) as well as their level of prior Internet experience. 'The three key variables that drove website attitudes were website involvement, entertainment, and challenge. [...] The most effective websites were those that are entertaining, moderately challenging, and current' (Richard et al, 2009: 933)

Figure 18



(Richard et al, 2009)

Online consumer behaviour is governed by many factors that initially appear beyond the retailers' control, such as prior Internet experience and gender frameworks. However through utilising web analysis tools, capturing and evaluating online data it becomes possible for retailers to understand consumer behaviour and adopt and adapt their websites accordingly. Consumers as well as retailers are still adapting to a new commerce environment. Through ensuring that websites remain current, engaging and providing positive consumer experiences, consumers will increase product demand and generate e-commerce's popularity, success and confidence in the market place.

4.0 The Internet change the music industry

The Internet has changed the music industry, however, Napster is cited as being one of the main factors that caused the change in direction. Lam and Tan (2001) suggest that digital should be embraced; however, that the music industry needs to re-address its values. The Internet's development has important ramifications for the music industry, which will have to re-examine its value propositions in the light of new business possibilities (Lam & Tan, 2001; Warr et al, 2011; Dolata, 2011; Aguiar & Martens, 2013). The main change that affected the distribution method is the development of MP3 compression files. 'Although MP3 has a much lower bit rate than traditional standards, music quality does not suffer because human ears cannot discern the difference for bit rates beyond 128Kps' (Lam & Tan, 2001: 63). Whilst the lower bit rate does not detrimentally affect the music quality, it has a positive effect for consumers storage space (Warr et al, 2011). Smaller file sizes and faster Internet connections made the process very easy for consumers. Also due to it being 'operable across many technology platforms and has no security or copyright features, MP3 is immensely popular' (Lam & Tan, 2001: 63). The rate at which digital music files were being shared became alarming for the music industry.

Initially many of the major labels established their own digital distribution channels; however their weakness was having a limited catalogue (Aguiar & Martens, 2013). Consumers may not know which label their favourite artist recorded with, and therefore finding their tracks digitally would become a frustrating process. There were discussions of adding value to the sales process in record stores in order to continue a

need for the traditional intermediaries (Dolata, 2011). However, ultimately there was no value to be added as the rest of the technology developed so fast, the convenience of downloading and creating compilation albums at home quickly outstripped the need for a record store. There were suggestions that coffee shops within record stores could create social hubs for music fans to meet and download, however the Internet had answered this also. Social, interactive websites such as MySpace and Facebook became the digital meeting places linking fans and artists from all over the world within people's homes.

There have been many theories offered but to date nothing solid and dependable has emerged (Warr et al, 2011; Dolata, 2011; Aguiar & Martens, 2013). One area where the more traditional type of intermediaries could continue to flourish is in recommending new music to consumers. In order for companies such as iTunes or Amazon to do this, the database of metadata needs to become much stronger. 'Many consumers were initially attracted to Amazon.com not because of the good deals or the wide selection of music but because of its personal attention to users' (Lam & Tan, 2001: 66). Amazon and other online retailers depend on both the consumers purchasing trends and the producers' cooperation in providing strong detailed metadata. 'For a long time, record labels have given brick-and-mortar retailers full responsibility of distributing music to consumers. But with rising prominence of online retailers, record labels must work with these emerging retailers or become online retailers themselves' (Lam & Tan, 2001: 66).

Many artists are attempting to go it alone in the digital economy believing that they can generate and retain more profits for themselves directly (Warr et al, 2011; Dolata, 2011). Lam and Tan concede that this is a possibility providing that the artist already has a big enough following to continue to command the attention without the labels marketing contacts. 'While the Net can bring about disintermediation, it may also result in re-intermediation, where new companies move in to fill the void left by record labels in the new music distribution paradigm' (Lam & Tan, 2001: 67). Since this paper was published this has become the situation, however, unless a company can approach one of the re-intermediaries with a large enough catalogue, they remain unable to get a viable digital distribution contract.

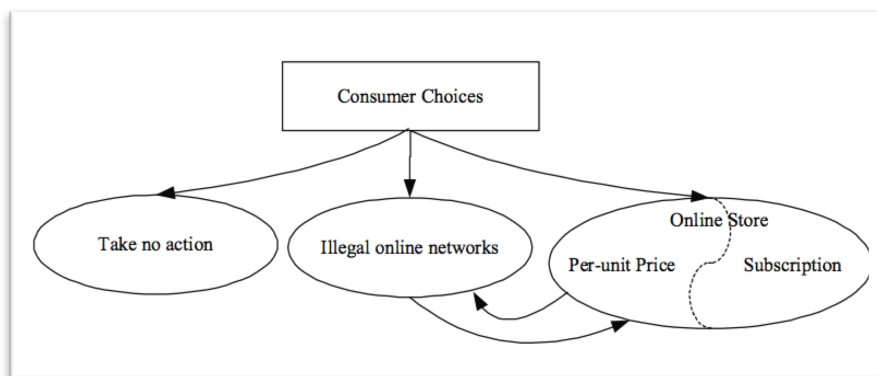
Lam and Tan believe that 'the advent of portable MP3 players and similar technologies exacerbates the situation by encouraging piracy and copyright infringements' (Lam & Tan, 2001: 67). The level of electronic devices now in daily

use with the capability to send and receive digital music offers a serious threat to the future of the industry unless it becomes regulated. The hope is that eventually ‘piracy issues can be alleviated through secure standards, legislation, and education’ (Lam & Tan, 2001: 67). However in the meantime consumers will remain as the biggest winners amidst intense competition. ‘All other key players in the music industry must concentrate on their core competencies and re-examine their value propositions so as to remain truly valuable and relevant to consumers’ (Lam & Tan, 2001: 68).

4.1 E-commerce & E-marketing Current possibilities – Customer Service

The music locker model came to the mass market in 2011 with the launch of Google Music and Apple’s iCloud. It has advantages for both the consumer and the producer. For the consumer it allows storage and access to their music from anywhere on a vast range of devices, for the producer it allows access to a databank of knowledge about the consumers’ taste in music. The music locker allows consumers to place their entire back catalogue of music purchases into the cloud meaning that the server has a huge amount of musical information upon which to make further purchasing recommendations. Likewise the ‘Pure Subscription Model’ with flat-rate pricing has the potential to work providing that it has wide access to music catalogues, that the music featured is of the highest quality; and that its search facility is diverse enough for the consumer’s needs. Figure 19 illustrates Bhattacharjee et al’s vision for customer choices online. The service provided by the music industry need to be strong as the consumers have the power to choose alternative actions rather than engage with record producers.

Figure 19



(Bhattacharjee et al, 2003: 9).

4.2 Bundle Model

Zhu and MacQuarrie's model offers the possibility of bundling digital tracks with view to raising income through economies of scale in sales. 'Digital formats have forcibly unbundled the CD' (Zhu & MacQuarrie, 2003: 265). No longer does a consumer need to buy the entire album in order to listen to the single that has been played on the radio. The effect being that recouping an album's cost is far greater as it inevitably depends on greater single sales. However the price point of a single has always been difficult to judge. 'CD singles are burdened by a cost structure not much lower than full CDs, but digital singles, because of their low cost are a viable product' (Zhu & MacQuarrie, 2003: 265). Although the low cost makes digital singles viable for consumers (it is possible to buy individual tracks for around £0.99), traditionally a 'single' CD may have sold for £3.99. This loss of income is difficult to overcome as it would be impossible to price individual tracks differently. Because of this difficult barrier Zhu and MacQuarrie suggest bundling products to upsell individual tracks.

'By bundling high-value songs with low-value songs, the valuation per song approaches the mean for all songs' (Zhu & MacQuarrie, 2003: 266). That is if an artist is on their second album the new album could be packaged with the old one as a free download. The addition of free tracks costs nothing; however the cost for the consumer is spread over 20 tracks rather than ten, in turn representing better value. 'With bundling, demand for all the songs are made more homogeneous and predictable' (Zhu & MacQuarrie, 2003: 266). Bundling keeps production costs down, however increases profits, as there is a greater possibility for upselling. 'This is similar to the model emerging in digital cable and digital satellite television: most people watch a small number of channels, but the large number of channels means that the package has broad appeal at a single price' (Zhu & MacQuarrie, 2003: 266-7). Consumers feel they receive a better deal by getting more for less; meanwhile the producer sells more and continues to promote and sell high volumes.

According to Zhu and MacQuarrie, the bigger the bundle; the higher the profit. Once the consumer has committed to a purchase the producer's cost of attracting the sale is complete, therefore any upsell is a bonus. They predicted that the major labels would be most successful at this model as they had the largest catalogues and could offer the best bundles. 'The recent failure of many Internet companies (operating independently of the majors) clearly demonstrates the riskiness of such a strategy' (Zhu & MacQuarrie, 2003: 268). Whilst this was the situation in late 2002/3

since then majors have decided to partner with third party aggregators such as iTunes and Spotify. Consumers wanted one location where they could access music from all labels, not individual bundles from many. The advantage the labels still have however is that there is no bargaining power for music elsewhere since music has no perfect substitute; 'to obtain the latest Madonna CD, there is only Warner Music' (Zhu & MacQuarrie, 2003: 268). The processes are still in their infancy and therefore it is difficult to determine if digital bundling and subscription sales are the future of the music industry. To date it seems to be providing some income for major labels; however the lack of control and bargaining power within the contracts leave independent labels with limited options.

The final two models Fischbeck (2000) suggests took a long time to become established in the market. The first was a streaming model. Although cost issues remain for finding a price that works, there are advantages for both the consumer and the producer. The music has a greater level of protection, as it is not downloaded; and although coping would still be possible, it is more difficult. Also for the consumer it reduces the need for hard drive storage space to hold their music. However it is worth noting the technological development that coincided with digital music. Fischbeck refers to upgrading his computer to a 10 Gig hard drive; today storage has become far more compact and much cheaper.

4.3 Issues for future business models - Immediate Future

Currently the paid subscription model for streaming services remains unattractive for most consumers (Papies et al, 2011). Although the level of access is good, the concept of paying for music without owning the file or CD remains unfamiliar, yet the concept has been around for a long time in television (Arditi, 2014). Equally for the time being the download stores will continue to 'dominate' the immediate music market for legal downloads (Papies et al, 2011: 790). Advert funded music services could be adopted by producers as they could be a powerful tool to grow the market share, also they should be adopted early whilst the cannibalization rates from other paid services remains low (Day, 2011). Whilst the aim for the music industry is to ensure that all music consumers are operating via legal methods those who do legally purchase should be rewarded with the flexibility in the product (Arditi, 2014). 'Restricting downloads through severe DRM systems will hinder the spread of commercial downloading and exclude many consumers from the market' (Papies et

al, 2011: 790). Consumers will expect their music to be multi platform and accessible at multiple points. The more encompassing the system can be the more successful it will become (Day, 2011).

4.4 Service to consumers

Through offering a wide range of possibilities and driving consumers via assured quality and ease of use there is a possibility of re-establishing a successful market place. 'Revenue-optimization strategies for the seller does not necessarily involve efforts to eliminate online music piracy' (Bhattacharjee et al, 2003: 8). Since Napster was launch in 1999 the music industry has focused on clamping down on the illegal activities. However the suggestion here is to embrace new opportunities and turn negatives into new opportunities. Bhattacharjee et al propos an 'alternative pricing strategies and online assistance and services as a more practical approach' (Bhattacharjee et al, 2003: 8).

4.5 Summary of models reviewed

There is still a lot of work required if digital music is to become a viable business model. 'Numbers are still far in favour of P2P alternatives', and this will continue for as long as 'the risk of being sued is comparable to the weekly risk of dying in an auto accident' (Torbay et al, 2004: 7). Torbay et al conclude that record labels need to move from a 'more physical product to a service concept; the power, from labels to artists and consumers' (Torbay et al, 2004: 7). If record labels are to regain control then they will need to ensure that their digital price point is fair and their practices transparent.

Zhu and MacQuarrie are confident that there remains a future for the music industry within the digital economy. 'While the majors have been slow to respond to the implications of digital music, recent industry developments seem to indicate they are finally taking proactive steps to secure their place in the online music arena' (Zhu & MacQuarrie, 2003: 269). It has been a difficult path to navigate from 1999 to date, the Internet and digital technology has threatened all digital goods. 'E-books, digital videos and online magazines will likely confront the same challenges soon, where content digitization and bundling also herald a significant change in established business models' (Zhu & MacQuarrie, 2003: 269).

Although much of Fischbeck's paper has dated there are some important statements made which may only make meaningful sense now that the technology has caught up. The major change in the music industry is the role of the record producers. Fischbeck suggests that they should think of themselves as service companies. Labels currently think as manufacturers and distributors of music content. However technology is making the manufacturing and distribution of music both inexpensive and easy. 'Where labels can still really add value is with marketing, promotion, artist development services, and navigation services' (Fischbeck, 2000: 11). The final suggestion for succeeding in the digital age is to have music in as many places as possible. The market and demand still exists, however, the retail opportunities have been diluted to many smaller outlets rather than a small number of major high-street brands (Fischbeck, 2000: 11). Many of these early predictions remain slow coming to the market and record companies are still in a position of needing to respond to consumers' needs and desires.

4.6 Online communities

Socially people trust in groups of similar minded people, the groups need to be able to identify themselves so that people can join and identify with the group (McWilliam, 2012; Stephen & Galak, 2012; Wirtz et al, 2013). Within social groups two-way communication is essential. Social communities need to be developed from within. It is difficult to create a forced environment online and expect consumers to join. It takes time to create an 'active community' (Shih & Huang, 2012). The online community is a great location to promote new products and encourage viral sharing of videos, clips and other material, however consumer will only join the online relationship if they stand to gain something from the process. 'Social exchange theory (SET) predicts the willingness of individuals to engage in relationships with others based on associated benefits and costs' (Shih & Huang, 2012: 3). Shin and Huang also explore social penetration theory (SPT) and find that 'both SET and SPT assume that people seek relationship engagement in which the benefits exceed the costs' (Shih & Huang, 2012: 3).

People in groups want to know that everyone else is the same (Wirtz et al, 2013). It makes it a safe place to share thoughts and information, 'people base their social identity on their belonging to, or membership of certain groups. Social identity

is a salient part of the definition of group membership' (Shih & Huang, 2012: 3). An artist using Facebook as a social promotional tool works best when the artists rather than the record label are generating the output (McWilliam, 2012). Equally the dialogue in online communities needs to be a two-way process not a location for hard sell and promotion. 'Positive "feedback" helps community members strengthen or sustain on going social interactions [...] Two-way communication is also a meaning-creating process that enables members to develop congruent values' (Shih & Huang, 2012: 6). Through allowing members to openly discuss, share and engage with the artists and each other within the online group it helps members 'achieve congruent values and norms' (Shih & Huang, 2012: 10).

4.7 Peer-based Recommendations B2C e-Commerce

There are two ways of using personalisation to recommend products within social networks. The first method is to target potential consumers by saying 'people who bought this also bought this' or via themes of interest or friendship groups assuming that people within social groups like similar things. In the business to consumer marketing context, it mainly requires providing 'tailored recommendations to a focal consumer' (Li & Karahanna, 2012: 733). When consumers socially share their consuming information it allows other people to follow the crowd. According to Li and Karahanna social personalisation can be classified into two types, 'Collaborative Personalisation' and 'Social network-based personalisation' (Li & Karahanna, 2012: 734).

Consumers often act in a predictable way; there are similarities in taste and behaviour within groups of consumers (Gjoka et al, 2011; Le & Karahanna, 2012). If producers could work out the past behaviours when interacting with e-commerce, they could better target their promotions.

Collaborative personalization that uses consumer past behaviour as a filtering criteria, [means that] the personalized recommendations have higher possibilities to match with focal consumers' preferences than random recommendations (Li & Karahanna, 2012: 734).

As has previously been discussed people like to like the same as their peers, 'Homophily principle argues that people in the same social network have similar tastes and preferences (Li & Karahanna, 2012: 735). Therefore it is vital for producers using social networks as marketing location to ensure that they know who their consumers

are, and what they like (Machanavajjhala et al, 2011). Social recommendations account for a large amount of purchase influences.

Social influence begins when people compare their opinion to opinions of others in the same network. By such comparison, they can confirm their original opinions or tend to change their opinions in order to conform to the norm in the network [...] The influence process occurs through the tie between members in the same social network. The focal consumer will be influenced to a greater degree when the communications between her and her peers are more frequent (i.e., higher tie strength) (Li & Karahanna, 2012: 735).

There are short falls in consumer collaborative personalisation 'it can provide accurate personalized recommendations only if the recommended items are within the same category' (Li & Karahanna, 2012: 736). If consumer A and B buy a CD from the classical genre then telling consumer A about another classical album bought by consumer B would be useful. But telling consumer A about all of consumer B's purchases will not have the same effect. Producers need to understand their products and who their likely audience would be for each item (Gjoka et al, 2011; Machanavajjhala et al, 2011; Le & Karahanna, 2012).

5.0 Social Media & E-commerce

People use the Internet in many ways when shopping online (Michaelidou et al, 2011). One of the ways the Internet is used is to search for product reviews ahead of purchase. Consumers will follow the crowd in order to socially comply. E-commerce therefore needs to be a social activity (Kwahk & Ge, 2012). Many consumers will turn to social networks for product recommendations ahead of purchase (Kwahk & Ge, 2012: 1814). Online recommendations are not the same as social recommendations (Kim & Eunju, 2012). The two will work best when the producers are able to link the website and social networks together to combine the two. If consumers are invited to tell their online friends about a recent purchase there are two benefits (Castronovo & Lei, 2012). Firstly, boasting about their latest acquisition rewards the consumer, and secondly they become social leaders setting the trend for others to follow. Social media has become the new form of word-of-mouth for products/services or providers and have 'proved to be critical to consumer decision making in e-commerce environments' (Kwahk & Ge, 2012: 1815). Social

engagement by the company also drives brand loyalty as a virtual community commitment is considered an important aspect in governing 'consumer behavior' (Kwahk & Ge, 2012: 1815).

5.1 Move with the crowd

Crowds tend to move in predictable patterns because as individuals we 'operate through the process of compliance' (Kwahk & Ge, 2012: 1816). The normative social influence sets the expectations of others to achieve, follow and blend into the crowd (Kim & Eunju, 2012). Social networking online has broadened the possibility to influence consumers as the net is cast wider and faster and with a much-reduced cost (De Vries et al, 2012). Consumers are influenced both on and offline, however their influence is no longer restricted to their narrow social circle, online networks make the consumer's influence stronger and makes 'it more important to their lives' (Kwahk & Ge, 2012: 1816). This in turn empowers consumers (Castronovo & Lei, 2012).

5.2 Social Media Marketing

Marketing on social platforms needs to be done sensitively or else it can backfire. It's cheap and easy to do, but without a plan it can overwhelm members of the social network. Producers and artists need to share good content and be consistent with how often they share new material. It will take time to develop a new network and time should be given for it to grow organically, 'there are no shortcuts to the success' (Srivastava & Pandey, 2012: 102). If it is grown properly there will be trust in the network and its power to influence will become a valuable marketing tool. Once the network is established links between the e-commerce site and the social network should be maintained so as to build a strong network which itself will assist the growth of online traffic (Srivastava & Pandey, 2012). The key to social media success is that it 'is all about exchange of ideas and conversations have always been known to compel commerce as there is no other better sales arena than the word-of-mouth' (Srivastava & Pandey, 2012: 99). According to Srivastava & Pandey 'social media has overtaken email as the no. 1 activity on the web (17% of all web uses)' (Srivastava & Pandey, 2012: 99).

5.3 Cheap method of Marketing

Prior to social networks, companies would have needed to buy advertising space in order to promote deals; this can now be done online for free, or for a fraction of the traditional cost (Weinberg & Ekin, 2011; Berthon et al, 2012; Bloom et al, 2012). Not all social networks will provide the same results. The main social networks used in the UK are Twitter and Facebook for sharing stories (Bloom et al, 2012). There tends to be more trust in Facebook, meaning it can lead to more sales than twitter. ‘This could happen because Facebook is considered as connections of friends and users and shared links of users, while Twitter is a network of followers who may have never met each other but are interested in what one is tweeting’ (Srivastava & Pandey, 2012: 101). Social media is popular and growing fast with ever-greater expansion of smart phones, it gives feedback to ideas, is fast paced and is cheap to run. ‘Consumers are more likely to respond on the recommendations from their friends than social media ads’ (Srivastava & Pandey, 2012: 102). It is vital to create good content that consumers will want to share with their contacts. Another way of demonstrating confidence in your brand and product is to invite consumers to post reviews of the products on the social networks; these testimonials will build trust and confidence from other consumers (Weinberg & Ekin, 2011).

5.4 Marketing with social responsibility

Through creating charity partnerships it raises the value and in cases the social responsibility to pay for the products, ‘the shared social responsibility model enables an organization to pursue both its social and economic objectives’ (Ramaprasad et al, 2012: 3). Through promising to donate a percentage of each sale to a nominated charity consumers become encouraged to ‘do the right thing’ and also get a sense of social well being from the process of legally purchasing which could never be replicated through piracy. Another model which has been attempted with success is the pay what you want model. The album is distributed for free with the option to donate whatever amount the consumer decides. Radiohead famously tried this with their album *In Rainbows*. ‘Though this scheme was initially criticized, almost 40% of people who downloaded the album paid and these payments averaged to approximately six dollars per album’ (Elberse & Bergsman 2008 & Ramaprasad et al, 2012: 3).

A pay what you want model encourages sharing the responsibility. Through making it a pay what you want model it highlights the produces vulnerability and demonstrates to the consumer that they also want to develop and become associated as being an ethical company. ‘The vulnerability of the provider serves to reduce the perception by the consumer that the firm has suspicious underlying motives, as there can be a lack of complete transparency in the ultimate distribution of revenues’ (Ramaprasad et al, 2012: 10). The key therefore is finding way of persuading consumers to pay an amount that is greater than £0.

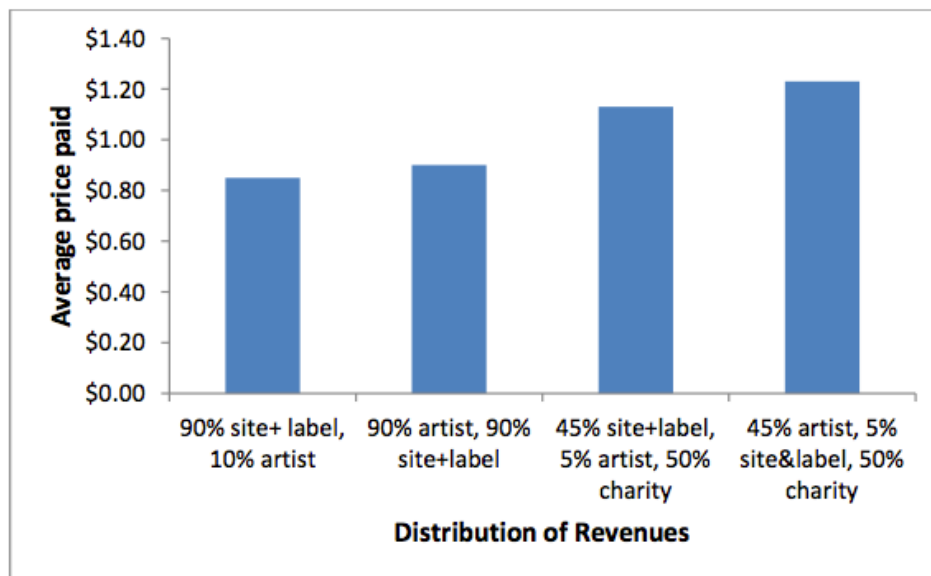
5.5 Changing the expectation

Free or cheap music is the expectation for digital music (Egermann et al, 2013). Papies et al state that consumers will only be attracted to legal business models if music is offered free of charge. Consumers will be tempted into the legal process by the free price point, however they will need a reference point for what should be paid. The advantage the music industry still has is the perception that free equates to low quality and that for quality a premium is to be paid. ‘Whilst free is always good, and free and legal is safe from virus, free and adverts supports a low reference point to price’ (Papies et al, 2011: 779). An advert-based model is no good if it stops people from being able to buy the music: It needs to be ‘capable of attracting users who have not been using commercial download services before’ (Papies et al, 2011: 780). This way it should act as a tool to upsell the product. From the free advert based music access point to purchase needs to be easy (Kjus, 2015). Consumers don’t want to leave the website to find download options, this would risk converting them back to pirates. Consumers need ‘a one-stop-shop that provides a comprehensive selection of artists and titles’ (Papies et al, 2011: 782). Potentially combining the free access with an easy link to a legal purchase could grow the market size by enticing consumers who previously did not engage in legal activity, it also reduces the appeal of piracy due to its speed, convenience and reduced risk (Egermann et al, 2013). Those who wish to buy and own music will continue to do so, however, for the rest ad-based revenue is the only way according to Papies et al. Those consumers willing to pay are already catered for via streaming subscriptions or paid download stores, ‘ad-based services barely cannibalize existing demand’ (Papies et al, 2011: 789).

5.6 Changing business models via price point

The key to the success of the future is getting the price right (Weinberg & Ekin, 2011; Berthon et al, 2012; Bloom et al, 2012). A new business model for the music industry is needed if it is to remain viable, and with consumer support. ‘The environment for organizations working in the digital goods space has and is evolving. These changes present new challenges for the players in such industries and call for major changes in the way that they operate’ (Ramaprasad et al, 2012: 8). Record producers need to consider where the market influence is taking place (Weinberg & Ekin, 2011). Social websites can influence peoples buying patterns. ‘That is, social media provides a means for consumers to observe others’ decisions and, potentially be influenced about what music to consume in an online music community’ (Ramaprasad et al, 2012: 12). Music has always had an attached social identity and used as a method of becoming an accepted part of a social group. The social sharing of music knowledge and consumerism can be extended to the price structure (Weinberg & Ekin, 2011). By showing consumers how much others have paid for the music it can influence them to make the same decision. ‘Providing a socially determined reference price, calculated by the average price paid by others, will influence willingness to pay in a PWYW pricing scheme, which includes \$0 and thereby signals the inherent vulnerability of the provider’ (Gneezy et al, 2010 cited in Ramaprasad et al, 2012: 12). There is a risk involved in this process as it requires a number of higher sales in order to increase the average price point to a sustainable level to recoup the production costs (Berthon et al, 2012). ‘If the first customers established a low reference price, this level might sustain itself’ (Ramaprasad et al, 2012: 32).

Figure 20



(Ramaprasad et al, 2012: 22).

5.7 Identify who will market for you

Identifying, segmenting and profiling online communicators in an Internet music context are vital if digital marketing is to work successfully (Yoon, 2012; Craig et al, 2015). Word of mouth has always been a powerful marketing tool. However the amount of people a single individual could influence was limited, but with e-word of mouth that range of influence is now much boarder. Producers need to understand who their super fans are; these are the people who will have influence within the social networks (Yoon, 2012). ‘Before the marketers can enlist their help, they need to be identified and profiled (Walsh & Mitchell, 2010: 42). Record producers need to target market mavens, people who actively search for new information about their favourite band or genre. Walsh and Mitchell define a music e-maven as an:

Internet users who have information about many kinds of music products, shopping channels, websites, and who initiate offline and online discussions with other Internet users and respond to requests from other Internet users for music market information (Walsh & Mitchell, 2010: 48).

Opinion leaders within a social network will be able to influence the crowd, however it is the information seeking mavens who will introduce the knowledge. ‘Online music consumers are more motivated to help friends and family who enjoy music from an altruistic perspective which is a market maven trait (Walsh & Mitchell, 2010: 48). Online shoppers want to find the bargains and know they are getting the best

deal. If music networks become the place to find this information then piracy will become less appealing because trust, convenience and social identity will be placed within the network (Yoon, 2012; Craig et al, 2015). Music mavens want to share content good content, ‘market mavens are motivated by three factors; ‘Obligation to Share Information’, ‘pleasure in sharing information’, and a ‘desire to help others’ (Walsh & Mitchell, 2010: 48).

5.8 eWOM

Word of mouth has always been one of the best way of selling, if a product comes with a recommendation via someone you trust the decision process it made easier. E-wom leads to more digital sales, however it doesn’t affect physical sales as much, supporting Liu et al’s findings that digital marketing drives digital sales. The effect of eWOM is also greater than traditional word-of-mouth. Word-of-mouth communication allows ‘one person [to] affect the attitude and behaviour of approximately other two people, whereas in eWOM one person affects the behaviour of eight other people (Sharma et al, 2012: 42).

5.9 Distribution and Price

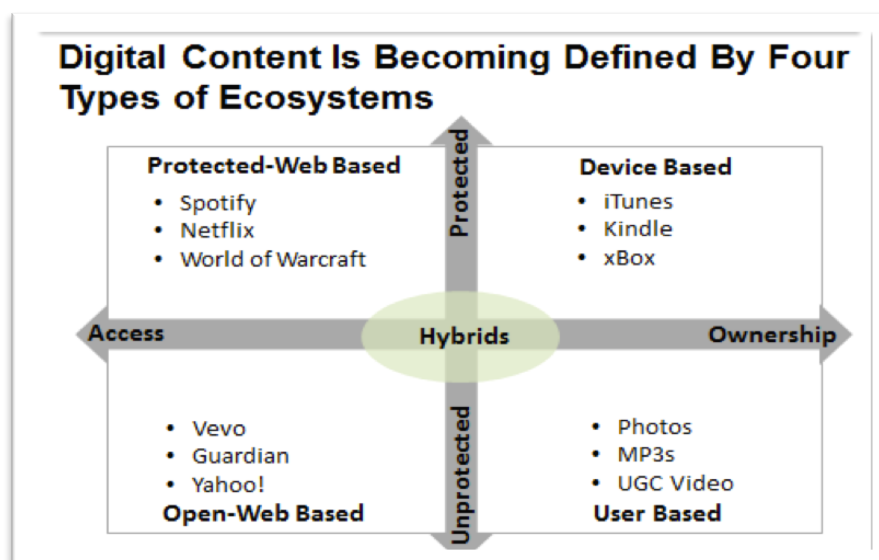
Since the original Napster flooded the market with free access to music a number of different models have been trailed for setting the price point. Ramaprasad et al discuss social sharing and pay what you want methods as a form of digital marketing. This method, if applied to a niche market SME company would need to sell a lot more music to negate the high risk strategy. However, there are some interesting concepts within the idea that could improve the ethical considerations undertaken by consumers prior to pirating.

5.10 The Socially Integrated Web

In time people will spend more online, social networks such as Facebook are becoming increasingly popular places to arrange social events, trade and advertise. The changes in the ways that people think about trading online and e-commerce will take time to establish, however, it is important to keep in mind ‘that money is not the only currency consumers transact in online’ (Mulligan, 2011: 8). Producers using social networks to sell need to keep in mind that they are enforcing their marketing within people’s social hours and in their social space. It is therefore necessary not to

use hard selling techniques, but instead create fun campaigns that consumer's will want to share and engage with. 'If the right balance is struck between privacy protection and functionality, Facebook users should find themselves with highly convenient, richly curated content experiences that enrich and enhance their digital content services' (Mulligan, 2011: 7). According to Mulligan a service such as Facebook could eventually become a one-stop shop for all digital content whereby the convenience of a well curated service appeals to consumers. Currently Mulligan's model below shows four online ecosystems with the potential for a hybrid combining all four through social integration.

Figure 21



(Mulligan, 2011: 4).

5.11 Keep social networking social

Kwahk and Ge state that 'e-commerce websites should try to encourage users, especially expert users, to share information about their shopping experiences and knowledge' (Kwahk & Ge, 2012: 1821). Amazon invites consumers to share reviews and details about their latest purchases via Facebook or Twitter. The power of one of these shared links is much stronger than if the producer placed a link directly to buy the product on the site page. Having the social recommendation loads the product with a higher level of demand.

5.12 Consumption Behaviour, Social Networks and Digital Music

Again Liu et al's paper states a need to understand whom the products target market would be before marketing online. Dependence on social networks will eventually lead to more downloading, as digital marketing via digital networks will increase the digital sales. The other thing Liu et al's research identifies was that 'men are more interested in downloading than women' (Liu et al, 2012: 1285). The IFPI Digital music report from 2007 points to the five most important characteristics of online music consumption and the key benefits.

- (1) Find the music, which you enjoy (Search or recommend)
- (2) Diversity selection (content classification search)
- (3) Music price
- (4) Get free music
- (5) Audition before buying it (IFPI, 2007 cited in Liu et al, 2012: 1281).

Each of these benefits should be considered when devising a marketing plan so as to reinforce the benefits to the consumer and raise the perceived value of music.

6.0 Conceptual Framework

6.1 Deductive hypotheses

Following the review of the literature covering the music industry, intellectual property and consumer behavior the route to market model for the niche music industry has been designed to account for the variation in genre and consumer types and to respond to the research question:

*What is the most efficient method of generating consumer engagement for the improvement of the digital music market and an increase in sales?
Discovering a theoretical model for SME companies producing niche, minority language music.*

Nine hypotheses have been generated from the literature and are tested within the survey.

Table 2 – Summary of hypotheses, supporting literature and survey questions

	Hypothesis	Literature	Survey Questions
H1	Consumers' acquisition and discovery methods alter according to their age and preferred genre.	Madden, 2009; Wikström, 2013; Bernstein, Sekine et al, 2014; Rose et al, 2011; Kacen et al, 2013; Chiu et al, 2014	Questions 1-7
H2	Longer marketing campaigns prior to release will raise awareness and encourage demand.	Belk, 2013; Holt et al, 2012; Wang & McClung, 2012; Chen et al, 2008; Cao, 2014; Müller, 2013	Questions 8-10
H3	Live performances provide access to long-term fan bases.	Fischbeck, 2000; Romer, 2002; MacFarland, 1997; Jenkins, 2004; Berry, 2006	Questions 11-12
H4	Working with, and for consumers will drive higher revenues through being proactive recording artists.	Pollack, 2000; Sharma et al, 2010; Vasquez, 2012; Weijters et al, 2014; Cammaerts, 2011; Panda & Patel, 2012; Yoder, 2012	Questions 13-15
H5	Digital marketing on digital platforms will drive higher digital sales.	Liu et al, 2012; Sharma et al, 2012; Coyle et al, 2009; Brown, 2012	Questions 16-20
H6	Value adding via content creation will improve consumer relations with the music industry.	Ramaprasad et al, 2012; Casey et al, 2008; Halttunen et al, 2010; Hargreaves, 2011; Bélanger & Crossler, 2011	Questions 21, 38
H7	Cheaper music would encourage growth for the industry	Teece, 2010; Rutter, 2010; Negus, 2013; Yu, 2012; Chen et al, 2008	Questions 22-26
H8	Consumers are unaware of what is illegal vs. legal.	Halttunen et al, 2010; Lambert & Davidson, 2013; Wikström, 2013; Bhattacharjee et al, 2003; Cammaerts & Anstead, 2012; Kumar, 2013	Questions 27-32, 37
H9	Consumers want to engage in new technology, but don't know how	Zentner 2006; Sudler, 2013; Seale, 2013; Spotts, 2010; Vasquez, 2012; Weijters et al, 2014	Questions 1-7
	Demographics	Walsh & Michel, 2010	Questions 39-44

6.2 A new conceptual model for the niche music industry

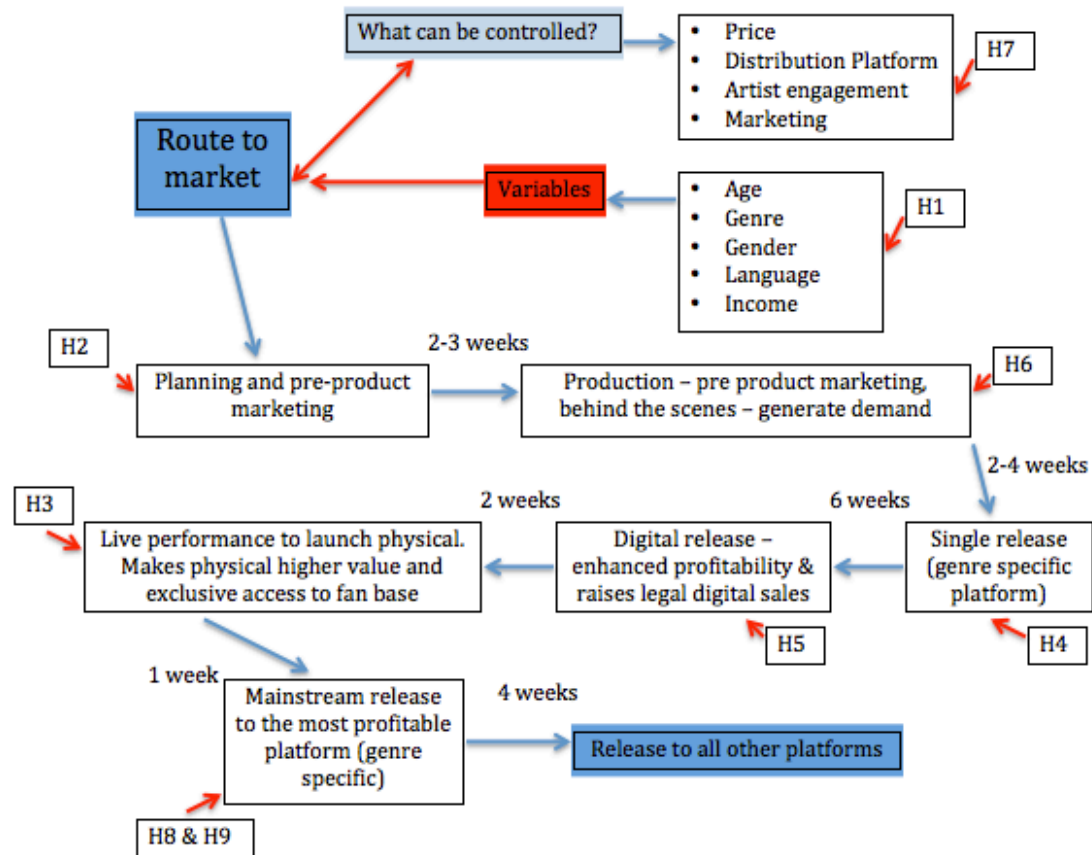
The model allows time for a new product to generate demand as well as identify who the e-mavens or 'super fans' will be for the new product. Through creating content at the optimum point in the release schedule the models allows for a marketing campaign to be developed around the consumers desires and on the correct

digital platform. The model is also designed to ensure that the product is released in a profit priority order, whilst also providing consumers with an experience that they would expect and demand from the service.

The new route to market business model for the niche music industry is derived from adopting models identified in the prior literature. Models suggested by Bhattacharjee et al (2003) and Torbay et al (2004) suggested a feedback loop whereby producers and consumers work together to generate demand. These models made suggestions for using P2P networks to drive demand. However, Wang & McClung (2012) questioned how successful P2P could be in driving sales. Therefore the new route to market model makes allowances for consumer desire and market trends, however controls the flow of demand and drives consumers towards a scarcity-controlled market. Kacen et al (2013) identified the challenge of converting the retail experience from the high street store to the online environment and empowering consumers to make purchasing decisions. Both Belk (2013) and Labercque et al (2013) suggest that future e-commerce models need to adopt a new strategy to work around consumer power, which could control the digital market if not managed. The model below is centred on using consumer engagement trends to generate product demand and influence the e-maven consumers (Walsh & Mitchell, 2010). Through engaging key consumers during the planning and pre-product marketing stage demand is generated within influential consumers ahead of single release. Labercque et al's (2013) model identified a power in the network and the crowd of consumers. Consumers use music as a method of generating their social identity and are likely to respond in the same way as their peers (Evans & McPherson, 2014; Kwahk, 2012; Salo et al, 2013). The route to market model allows for the product to be introduced to the market over an extended period of time so that demand and interest is generated and developed ahead of a mainstream release across all platforms. This model allows for the music industry to provide consumers with a service and product that they desire based on the controlled and dependent variables. Through listening to consumer demand producers are positioned to encourage legal and sustainable behaviour.

Consumers want to be able to operate legally online (Halttunen, 2010; Wang & McClung, 2012; Yu, 2012). However the current distribution model, engagement and pricing structure does not sufficiently satisfy consumers, therefore there is a reduced level of self-control or intention to engage with legal digital products.

Figure 22 - A proposed for a route to market business model for the niche music industry



The route to market model was tested and analysed using empirical evidence gathered from consumers who are currently actively engaged in the Welsh music industry. The results from the analysis have been presented in a later chapter with a view to demonstrating support for the concept. The survey and the analysis of the conceptual framework of the above model was designed using a deductive method. The deductive method ensured that the theories and business models assessed and adopted could be applied to the future business model.

5. Methodology

1.0 Introduction

The study assessed what consumers' download trends are and whether they download legally or illegally. Since Napster came onto the music market CD sales have declined, however the sales have not been cannibalised by legal downloads (Vaccaro & Cohn, 2004). Overall revenue for the Welsh music industry is reduced. Through assessing what consumers' acquisition methods are for Welsh music, the study aimed to find ways of promoting a new method which grants better access and quality to consumers, and a greater, more profitable revenue stream for record companies. Since Napster flooded the market there have been a number of attempted models and methods established by way of recapturing lost income, however, to date nothing sustainable enough for niche SME music production companies (Fischbeck, 2000, Bhattacharjee et al's, 2003, Torbay et al, 2004 & Wang et al's, 2012). Previous studies have made recommendations based on what record producers and record labels have claimed work. However, this study has taken account of what consumers feel about music acquisition, this way it hopes to create a more balanced business model. The study looked for trends in the consumer profiles that were created after collecting the primary data.

2.0 Research Method

The study used a quantitative approach to analyse responses to the music industry in Wales and its niche market consumers. The quantitative analysis approach used primary data collected via a survey. The results from the primary data were cross checked against the prior literature. The literature reviewed used both academic and industry literature to compare how both perspectives differed in terms of success for the industry. The methodology for this study has focused in on the research questions by beginning with the surrounding literature review and allowing it to guide the construction of the survey and hypotheses in a deductive method.

Planning and constructing from the prior literature will ensure that gaps in knowledge or assumptions can be addressed. The ontology will guide the study to discover what is known, and what the current assessment of reality is believed to be for the music industry. Through taking an ontological assessment it will reveal how

these assumptions exist and how they are seen and studied. However the ontology may not always be correct, whilst the social belief may be that the music industry is wealthy, the reality is different. Epistemology finds the best practice for inquiring about what is known, and what constitutes knowledge and how we think about these things. The research philosophy of this study aims to move from an objectivist (positivist) stance to a more interpretivist view. Through combining the two research methods the hope is to create a new relativist methodology, leading to a more positive proactive Welsh music industry.

2.1 Research Philosophy

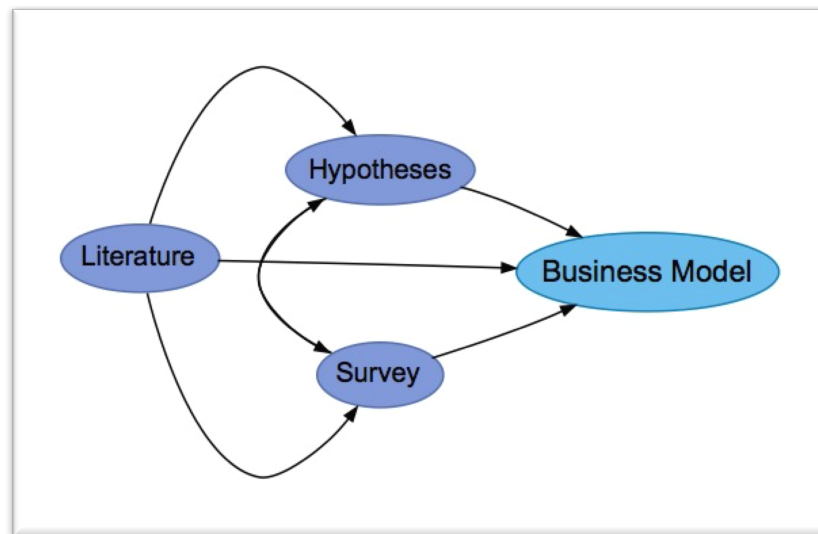
The objectivist (positivist) research philosophy believes that the social world exists externally and that its properties should be measured through objective methods rather than being inferred subjectively through sensation, reflection or intuition (Berger & Luckman, 1991 & Saunders et al, 2009). This detached view on the research has benefits, as it remains independent of a researcher's opinion on the subject matter. An objectivist approach values freedom and enables hypotheses and deductions to be drawn based on what is already believed; it also allows cross-sectional analysis of data in order to create a new set of results (Easterby-Smith et al, 2002). This study could have conducted analysis on previous data sets to test the hypotheses. In principle the study could have been conducted faster through using secondary data, however, the data would not be representative, as it would not have been gathered to meet the specific niche research requirements. Objectivism can also lead to a reduction of new data samples for analysis therefore leading to generalisations and overviews on situations. The result of this approach leads to events becoming inevitable rather than preventable or alterable. Subjectivist (interpretivist/social constructionist) on the other hand takes a more open-minded approach; which due to the shift within the industry will be needed (Saunders et al, 2009). A subjectivist approach acknowledges the thoughts and opinions that already exist, but does not necessarily agree with them. The subjectivist approach will not view reality as an objective or exterior factor to the study; rather it will set to challenge or change the objectives or exteriors (Burrell & Morgan 1979). The social constructivist considers how to make sense of the situations. Although the social opinions of the music industry are not ideal, the subjectivist approach acknowledges that the opinions exist and why, and furthermore how to change them. The study used

a positivist and deductive approach as it offers a top down approach to the research within a theory led framework. Positivism allows the study to consider the contexts within the surrounding environment and not only the factors impacting the individual variables. However the analysis of the empirical data has been subjective and therefore considered the perceptions surrounding the industry.

This study has reviewed literature from a range of research areas. Quantitative research methods have been used to test hypotheses and assess the quality of results. Through capturing primary as well as referring to secondary data the study creates a set of results that are both reliable and verified. This study has created a deductive set of hypotheses to produce tested results. Although it has been necessary to test many suggestions for the future business model, through beginning with a deductive approach to create the hypothesis, it hopes to generate a more useful set of test results. The data used for all the research methods noted above was collected and analysed via a survey. The questions derive from the prior literature research and identified a gap in knowledge.

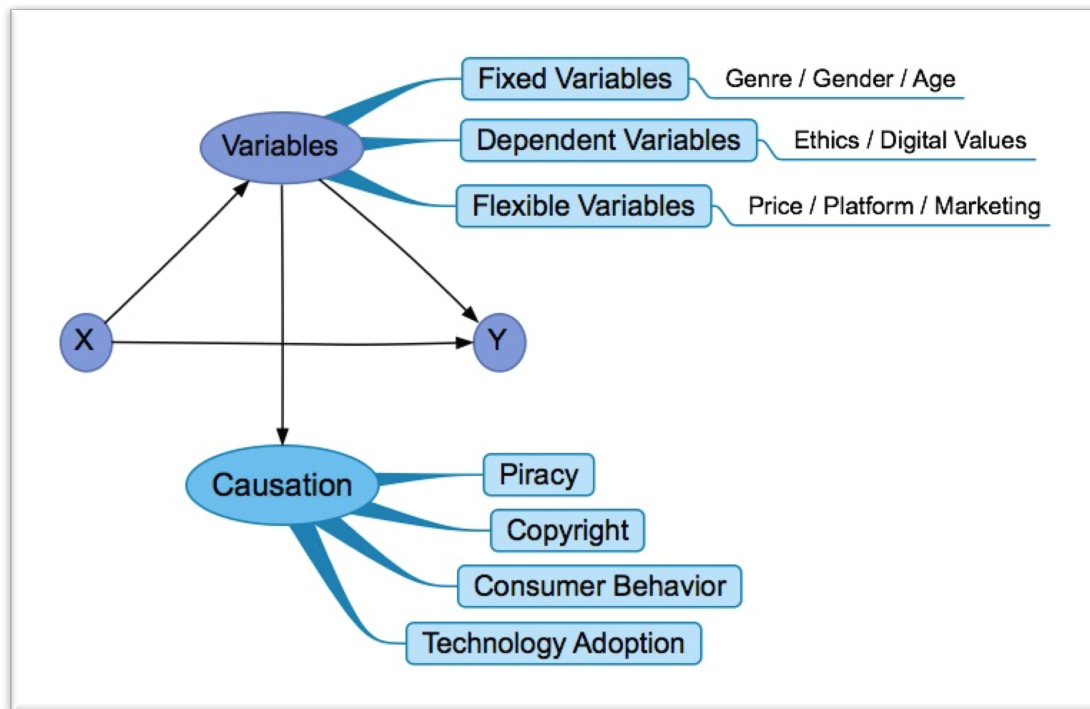
2.2 Conceptual Framework

The conceptual framework for this research is based on a deductive method of using the prior literature to guide the generation of hypotheses and a survey to test the hypotheses. The literature addressed seven areas of research; piracy, consumer behaviour, copyright, e-commerce, DRM*, encryption and technology, digital marketing and changing business models. This resulted in the creation of nine hypotheses. The discovered knowledge from the literature combined with the results of the tested hypotheses led to the recommendations for a future business model for Welsh digital music distribution [see figure 22 for an example of a potential model].

Figure 23 - Conceptual Framework

The survey will question consumer's discovery and acquisition processes for digitally distributed music. The model below [figure 24] shows the route to market (between X and Y) and the variables assessed. This study tested variables and the attitudes to the variables in influencing the route from X to Y. The affect of the variety in the consumer demographic variables was assessed and tested via the survey's captured data to address the gaps identified in the literature. The literature identified areas such as piracy and consumer behaviour as being causation factors which have the potential to influence consumer choices and behaviours towards digital products.

Figure 24 - Distribution from X to Y: Disruptive factors



The final output of the study generated recommendations for a dynamic business model (as introduced in the literature review – see figure 22), which is capable of adjusting to suit the needs of the consumers depending on the target market and the product genre.

2.3 Research Construction

The study used Gianfranco Walsh and Vincent-Wayne Mitchell's methodology from their study, *Identifying, segmenting and profiling online communicators in an Internet music context* as a base methodology (Walsh & Mitchell, 2010). The paper was published in the *International Marketing and Advertising Journal* and provides a strong scale and method for this study. Their research aimed to identify a definition of e-mavens, and based its methodology on a previous social science methodology used to define mavens in the physical sphere. The paper based its questions on a previous study by Walsh and Mitchell in 2001 using a 5 point Likert scale to rate opinions (1 to strongly agree 5 strongly disagree) (Walsh & Mitchell, 2001).

This methodology guided the creation of a survey to be hosted online with links to the survey emailed to Sain's consumers. The survey was emailed to Sain's database of 8,625 consumers. Participation in the study was incentivised via free

download tracks from Sain's download website. These free tracks were programmed within Sain's website CMS* prior to the survey being published. A pilot study was conducted and tested with Bangor University students before rolling out the survey to all consumers. The sample data was used to highlight any gaps in knowledge or errors whilst running the analysis. The hypothesis had been identified from the literature review; and the data needed to be capable of answering the hypotheses.

The profile framework for the targeted consumers for the survey used the definition of an e-maven* as defined by Walsh and Mitchell (2010) to acquire the required population of data. 'Internet users who have information about many kinds of music products, shopping channels, websites, and who initiate offline and online discussions with other Internet users and respond to requests from other Internet users for music market information' (Walsh & Mitchell, 2010). This definition ensured that the survey was able to capture all ages and genders that engage with niche Welsh music and consumers who desire to see improvements made within this music sector. The online definition of a maven believes responders to be current and comfortable with Internet usage and online processes.

The final stage of the primary data collection was to statistically evaluate the data collected. The methodology for the data analysis came from four previous studies. The sample framework and proposed scale was adapted from the Mintel consumer research conducted on Music and Video purchasing in August 2011 (Mintel, 2011). Whilst the consumer psychology was guided and adapted from Robert F. Easley's 2008 paper *Ethical Issues in the Music Industry Response to Innovation and Piracy* and also Coyle et al's 2009 paper *To buy or to pirate': The matrix of music consumers' acquisition-mode decision-making* (Easley, 2008, Coyle et al, 2009). Finally the model and statistical testing was conducted using Pearson's Chi Squared analysis for significant correlations. Previous literature has not generally taken a statistical quantitative approach; it has generally been qualitative, and based on industrial responses. Therefore this study combined the research methodologies in order to produce a more rigorous and viable result for future market predictions. The music industry can no longer dictate to consumers about their use of music. It has become necessary to listen to the consumer voice, and analyse the results in order to find a counter balance which favours both the consumer and producer (Fischbeck, 2000).

Mintel conducted an independent consumer research survey about Music and Video Purchasing in Britain. Mintel's independence has advantages in that consumer responses are more likely to be truthful and representative of overall opinions and behaviours in relation to digital consumption than studies sent directly from the music industry. The main influencing characteristics are price, household income and the age of consumers (Mintel, 2010). Gender also influences the consumer's decision to pirate the product versus purchasing (Easley, 2008 & Coyle et al, 2009). Gender and age formed two of the main factors to be assessed when profiling the consumers within the primary data collection.

The survey was arranged to question consumers about the way these various variables influence their music consumption and acquisition. Responses to each variable was measured against the consumer demographic variables including; age, gender, income, place of birth and whether they are Welsh speaking. Through assessing which of the variables has the greatest effect, the study created a strong marketing proposal for the Welsh music industry.

2.4 Objectives

The objective for this study was to assess the most efficient distribution method for the music industry in Wales. The study discovered what the consumer acquisition trends are, and why. There would not be a simple answer for the business situation; it will need to be a multistage approach to re-engage consumers, artists and record producers. Due to the complexity of the subject and the number of elements that will need to be coordinated in order to achieve the desired results, SMART objectives were used. Through keeping the objectives SMART (Specific, Measurable, Achievable, Realistic and Time), it became possible to identify the end of a period, and whether it had been a success or otherwise. Not all of the desired objectives were achievable within the time constraints of the study period, also due to the nature of waiting for sales reports from iTunes and other online digital distributors, not all data was collected by the time of writing the final thesis. The question asked by the research was:

*What is the most efficient method of generating consumer engagement for the improvement of the digital music market and an increase in sales?
Discovering a theoretical model for SME companies producing niche, minority language music?*

In order to answer the question the study needed to address what methods could be used, who consumers are and what they want. The final consideration was the position of the law on using IP for promotion versus piracy in music distribution. The survey measured consumers' thoughts and feelings on marketing and digital acquisition and engagement with music online. The literature identified assumptions made about consumer engagement and measured them against the primary data collected. The study was made achievable by virtue of having access to an SME production company in Wales and the ability to access their consumers to generate the needed data. The literature has highlighted a number of possibilities, however they largely address major labels or report from the perspective of the label without consideration of the consumers.

The music industry remains in a time of change and therefore this study came at a relevant time as it provided an opportunity for the Welsh music industry to lead future developments. SME companies haven't normally got the resources to conduct research themselves. However with the KESS funding this was a unique opportunity. The project worked with an SME who have just repositioned their business online, and are therefore in a position to improve their digital marketing following the recommendations generated from this research.

2.5 Testing the limited sample

Before the survey was distributed to the full population to be completed, a smaller sample was surveyed to assess the strength of the data created. Through sampling a small cross section, correlations between variables became visible as well as testing the validity of the research instrument. The participants were selected by targeting all students from the Bangor Business School. The trial survey had an additional section at the end allowing the responders to provide feedback on the survey experience via email.

The data produced from the trial surveys was used to build the final survey. Through using the visual graphs it quickly illustrated the main impacting variables. These variables could then, if necessary, be amended or improved within the final survey before being issued to all possible respondents.

3.0 Methodology Context

The research was being conducted with view to assessing the position for the music industry in Wales, specifically the niche market surrounding Welsh products. The results produced in this study could be applicable to other niche music markets such as the Breton music market. The results from this study are very specific compared with much of the literature that has been published on the music industry. Previous literature has largely dealt with the American or European markets, however is not specific enough for a niche market's needs.

3.1 Testing for Trends

Previous correlations cited by Coyle et al (2009) and Wang and McClung (2012) have been made between:

- Purchasing and household income
- Gender and willingness to pirate
- Age and attitude to music
- Age and attitude to ecommerce
- Age and attitude to technology (Coyle et al, 2009 & Wang & McClung, 2012)

These correlations were used as a benchmark for the quality of the primary data gathered for this study. These fundamental findings about music consumers will show if niche music consumers behave in the same way as mainstream consumers. The data was also used to measure the degree of tolerance by which consumers are willing to adjust in order to create a sustainable market place. Through profiling the responders it is possible to measure how each of these correlations impact music in Wales. Through knowing at what point consumers are willing to engage with digital music, recommendations can be made towards marketing and choice of format or platform.

3.2 Test the hypothesis

The aim was to present the data in a method which could be used to predict future trends and guide the construction of a business model for Welsh music. The study used SPSS to analyse the data. A quantitative approach has not been widely used within prior literature; therefore this study's data provided a new datum point for the Welsh music industry following the shift in music sales and distribution since

1999. E-consumers have become largely unknown to retailers due to the relative anonymity of the Internet. Equally Sain can no longer know their consumers or their buying patterns and trends without taking measures to re-profile their digital acquisition methods. The quantitative approach will allow producers to assess consumers' needs and desires with view to finding a middle ground for a viable distribution model.

Once the data had been tested on the proposed hypotheses a future business model was produced from the data. Through using multivariable it became possible to produce specific distribution methods depending on the music genre. Correlations from previous literature place a link between age and attitude to ecommerce, music and technology; likewise consumer behaviour studies indicate that not all age groups and social classes respond in the same way to marketing. Preliminary research indicated that there would not be one answer to solve all distribution and monetisation challenges; therefore it was likely that each product would need a more tailored approach to the market place.

3.3 Producing the results

The overall hypothesis speculated that: Staged released combined with greater control over digital products should increase sales, demand and legitimise music acquisitions. Through additional knowledge of how consumers engage with new music the future business model hoped to introduce control in favour of the producer. If consumers indicated that they discover music on Spotify and seldom buy music, the indication would be to limit access and delay streaming until traditional / profitable e-commerce sales avenues had been exploited first. Likewise if consumers of a genre don't use Facebook there would be little point marketing via that network. The main research question and overriding hypothesis was addressed via the analysis of all nine sub-hypotheses. This method offered a positivist research structure, however took and interpretivist and subjective view of the empirical evidence based on observations of the targeted consumers. The sample remained representative and therefore presented useful data to the industry.

3.4 Measuring Success

The music industry as a whole has been in a delicate position for a number of years due to a variety of factors. This study was not capable of addressing all

problems, however it hoped through addressing one of the key areas that it would begin to re-educate consumers and music distributors about the importance of recognising music's value and consumers' desires.

Although an upturn in revenue could be used as a measure of the research's success, money is not the only currency. More online attention for music products via marketing tools and the Welsh media are equally important factors. Welsh music marketing will hopefully become more targeted as a result of the research findings with the tools and knowledge to promote music in the digital era. New and innovative ideas need to be discovered and taken to market in order to create a vibrant music community surrounding Welsh music. If these elements are achieved, and viable methods identified via the research methodology then the study will have succeeded in addressing its objectives.

The final questions asked in the survey can be viewed along with a summary of the results in the appendix 2 and 3. The results of the final survey has been discussed in detail in the results chapter, and the implication of these results, along with thoughts on the future direction for the Welsh music industry has been discussed in the final chapter.

4.0 Data Collection Methods

4.1 Sample requirements

The data collected needed to be able to demonstrate and measure the variables relevant to the research question. Therefore the sample population needed to be carefully selected in order to provide reliable results relevant to a niche industry. The population of the data also needed to represent consumers of a niche music market consumer. However, finding a suitable source needed careful consideration to avoid discrimination or the appearance of using a convenience sample.

4.2 Suitability of the selected sample

Due to the subject area of the research dealing with online music consumption and acquisition, responders without Internet access would not conform to the necessary profile framework. The most appropriate method selected for collection was to use Sain's database of current digital consumers. This selection was representative as they had already bought from Sain or were using Sain's websites.

The benefit of using Sain's database is that the empirically observed evidence gained a more accurate review recommendations, tailored directly by representative consumers. Sain previously did not have a profile of their digital consumers. Whilst using Sain's database may appear as a convenience sample, it was with view to the accuracy of a representative audience that it had been chosen.

4.3 Reviewing data collection methods

Face-to-face interviewing is a method that would provide the opportunity to ask detailed questions; it would provide accurate knowledge as to the identity of the responder. However, it would be time consuming, and difficult to ascertain how to find the responders and ensure that they were representative. Random dialling from a directory, much like face-to-face would be time consuming and problematic when assessing the true nature of the responder, and therefore was not a feasible method. Conducting the research via a University's contacts list would have provided access to a large selection of students, however, they would mainly offer one age range, and the majority would be outside of the representative demographic that the research requires. The Internet provides a useful location to host a survey, however, the research would discriminate against anyone without Internet access. The Internet would also potentially capture a number of unrepresentative responders that would need to be removed from the sample data.

4.4 Justification of collection methods

Using a survey

The research collected primary data for an online survey. The survey allowed the research to access a large sample size (Cook et al, 2000). Due to the limited work conducted on the niche music industry in Wales previously there was a need for a large sample to generate a representative overview of the industry (Carr, 2012; Williamson & Cloonan, 2007; Rhisiart & Owen, 2011). The survey allowed the research to structure the questions to respond to the overall research question and to be analysed statistically for variation in demographic and genre (Cobanoglu et al, 2001).

Hosting the survey online

The survey was hosted online allowing the research to gather data globally as a representative sample of niche, minority language music consumers purchase Welsh music from around the world (Andrews, 2003). Welsh producers sell more music outside of Wales online than they do within the country, therefore the online collection method allowed for this representation (Andrews, 2003).

Using a convenience sample

The research identified Sain Records database of 8,625 consumers as a source of information. Whilst the sample selected was convenient, it represented a representative sample of the industry targeted (Kothari, 2011). Previous studies had focused on larger territories or mainstream music. There was a gap identified for discovering more about a niche minority language consumer (Rhisiart & Owen, 2011).

Question types and survey design

The survey used a mix of likert scale questions and closed response questions. The pilot survey trialed using open questions, however the subject area of the research is connected to a personal product, and therefore the open questions generated a wide variety of responses. Closed responses were generated from reviewing previous responses via the pilots. Through using closed questions the analysis was able to produce broader recommendations and generalisations about this industry (Kelley, 2003). A likert scale was used for generating a measure of consumer attitudes to situations presented within the survey to assess for tolerances within attitudes to digitally distributed products (Krosnick, 1991).

Generating an opinion

The pilot initially allowed responders to state no preference or to state uncertainty about opinions. The result being that respondents' data was not as useful as measure of intention and responses to digital decision making processes. The survey provided a range of options for responders, however their responses provided insight to the research question (Fink, 2003). Without motivation when responding to a survey respondents can default to un-opinioned answers when facing challenging questions (Max & Sadigur, 1948; DeRouvray & Couper, 2002). The research

challenged consumers on ethical responses to piracy and copyright infringements, therefore a un-opinioned response would allow for non-disclosure of their true opinions.

Analysis of the variables

The gathered data was analysed using person's correlations and Chi Squared values below 0.05 to measure for significance (Pedhazur & Schmelkin, 2013). The survey was designed around dependent and independent variables being correlated via cross-tabulation tables allowing trends in consumer demographics and genre preferences to be analysed (Wooldridge, 2012).

4.5 Methodological approach

This study took a subjectivist approach to the research. It used new and old knowledge to create change and test new hypotheses. Through assessing the prior ontology, epistemology and axiology within the literature the study led to rigorous research generating pragmatic results. The quantitative approach created and tested data sets enabling the study to seek a solution unique to the position of the Welsh music industry. Through using these research methodologies the study aimed to produce and test a deductive hypothesis to safeguard the future. Since Napster emerged in 1999 there has been much speculation about its effect, and what could or should be done to strengthen the digital industry. Where this study hoped to differ from earlier research was through generating a more specific dataset allowing it to identify a viable answer for Wales.

These methods have been chosen over others as they create more specific results. Although an objectivist approach may lead to more creative thinking, it may not provide as accurate a result. Because a shift has happened in the music industry a lot of the previously known information, and what is publicly perceived of the record industry is no longer true. The subjectivist approach accepts the social constructions and builds upon them. A subjectivist approach is more open-minded about realities and less reliant on theory. Likewise an inductive hypothesis built upon an objectivist approach could lead to false hopes about the way consumers are likely to respond. This study aimed to be as open minded about the results as possible in order to build upon previous knowledge, without it becoming a constraint.

4.6 Ethics of Research

The main ethical considerations for this research was in the use of Sain's database for the benefit of the consumer research. Sain's current Privacy Policy stated that the personal data held by Sain may be used for two reasons: 'Firstly, to process your order and secondly, to provide you with the best possible service'. The Privacy policy also stated that consumers will always be given the opportunity to 'refuse any marketing email from us in the future' (Sain, 2012). Therefore when emails containing the surveys were sent it was important that this disclosure was made available. Likewise the data stored from the surveys will have to remain secure and anonymous in line with the Data Protection Act 1998.

This research wished to discover how consumer behaviour and beliefs govern their methods of music acquisition; it was for this reason that respondents to the survey should feel secure that they were answering anonymously. If consumers felt that their identities could become known then they were unlikely to answer truthfully about any illegal music downloading for example. In order for the study to succeed, a truthful representation and response was necessary.

From an ethical stance incentivising the survey could affect the responses; however without the incentive the data sample was likely to remain low. Equally the incentive was given by Sain, which could also influence consumers' responses about how and where they claim to acquire their music. The survey attempted to compensate against this by only disclosing the source of the incentive once the survey had been completed.

Trevino's paper on moral reasoning and business ethics and their implications for research and education cited age as an element that affects people's judgments (Trevino, 1992). Likewise gender can affect consumers' judgments and attitudes when making decisions. The survey needed to be constructed in a way that it profiled the responder, however does not intentionally influence the responder. Loaded questions that imply a right or a wrong answer will not lead to a balanced review of the situation and would therefore be ethically questionable.

4.7 Splitting the sample framework

Whilst previous research had focused almost exclusively on producers and labels views of the music industry and how things should be improved based upon what is currently working, this research proposes a lesser voice to this group. The

sample framework was generated by surveying Welsh music consumers. The questions needed to be worded to suit the variation in responders to ensure no researcher bias that led consumers to conclusions.

Through having this potentially opposing view to the current literature the study hoped to be in a position to highlight agreements and potential areas for compromise on both sides with view to suggesting a viable business structure for the digital music market. The music industry had its traditional intermediaries that had been established over many years, and although record labels have had to adapt to change; equally consumers had new methods of acquisitions to become familiar with. Along with a new business model the study hoped to generate a new way of thinking for those involved in music production and consumption in Wales.

5.0 Pilot Study

Before the survey could be sent to the 8,625 it was passed through a piloting process to ensure that the survey provided useful data. Also the understanding of the consumers was assessed to ensure that the survey could be answered correctly. The criteria for the design of the final survey was dependent on ensuring that the results were dependable and responded to the questions asked by the hypotheses. The measure for dependability was that the questions (variables) correlated with the consumer demographic measures. If there was a significant correlation then insights could be drawn from the results. The purpose of the pilots was to test for reliability and also to ensure that consumers were able and willing to complete the survey. The method for assessing the usefulness of the survey was based on several factors. Firstly was the measure for significant correlations; secondly were the completion rates and whether the questions related to the hypotheses. Consumers were also given the opportunity to email feedback after completing the pilots. Feedback was given about missing options in relation to multiple-choice questions, the length of the survey and the overall theme of the research. These factors were all given consideration in the redesigning of the pilots through to the final survey.

5.1 Pilot Survey's Purpose

The aim of the pilot surveys was not to gain useable data about how consumers use and engage with music. The sample of respondents was largely

students with low incomes between the ages of 21 and 29. The pilot survey was sent out to all post-graduate students at the Bangor Business School. This pool of responders was used as a convenience sample to test the reliability of the survey and to ensure that the survey aided the answering of the research question; ‘What business model for digital music marketing and sales will enable the most efficient method of engagement with consumers of niche minority language music from SME companies?’ From these results the questions were assessed to ensure that they support the methodology and tested the proposed hypotheses. The survey was built on Limesurvey open source software. Limesurvey allowed the survey to be adaptive and could change the questions asked to the respondents based on the prior responses. The pilot study assessed whether all of the initial variations and questions were needed. From the analysis of the pilot study the survey was simplified and improved so as to ensure the best possible quality for the final survey.

Two pilot studies were conducted ahead of the final consumer survey. The process between the three stages of the survey allowed the survey to become more focused and respond more directly to the hypotheses. Between the first and second pilot questions were amended and made clearer for the benefit of achieving more reliable results. Both pilot surveys were incentivised with the offer of a free album to download. There were two reasons for this, firstly it was a way of ensuring that respondents completed the survey, however it also encouraged any consumers who claimed to not download music to have a risk free attempt at a legitimate download.

The justification used to alter the survey was done on the strength of the observed empirical evidence and was subjective. However the reasoning for this as a methodology was that it remained flexible and followed the deductive structure of the research. If a question was not responding to the theory led design of the study it was removed. Equally if a question was not responding directly to a hypothesis it was deemed to be gathering unusable data, and increasing the reasons for a consumer to abandon the survey due to the time required to complete.

5.2 Data collection within the pilot studies

The first pilot study attracted 117 responses from a population of 451 post-graduate students. However only 74 people completed the entire survey giving a completion rate of 16.4%. There were 64 questions divided into eight groups over eight individual pages. There was no specific point of drop out for responders. It is

possible that the survey took too long to complete and therefore responders lost interest or did not agree with the research questions. There was a percentage completion bar at the top of each page, but it did not move in relation to the number of question, therefore a page with 3 questions may appear to move considerably, whereas a page with 12 questions made the same level of progress.

The second pilot study attracted 106 giving a responses rate of 23.5%. The second survey was sent once again to the post-graduate students at the Bangor Business School. Twelve face-to-face interviews were also conducted at the National Eisteddfod. Through conducting face-to-face interviews it allowed for immediate feedback on the clarity of the questions and the time it took to complete the survey. The other advantage of using the audience at the Eisteddfod was to gain responses that would be more representative of the consumers targeted via the SME's mailing list.

The second pilot achieved 80 completed responses giving a response rate of 17.7%. However of those who completed there was an improved completion rate of 76.4%. Fewer questions were asked this time. The second pilot had 45 questions spread over 4 pages. This time the questions were not arranged in groups, therefore the progress bar moved in relation to the number of questions which had been answered. Also in the second pilot the pages were titled such as 'half way' and 'last page'. The other change that was made to the structure of the survey was the consumer profile questions from the beginning to the end of the survey. This way responders were encouraged to become engaged in the topic of the survey from the outset, then when presented with the final page, they had invested the time into the challenging questions, therefore questions such as age, gender and nationality were easy.

A number of changes were made between the first and second pilot survey. Changes were made for ease of analysis, speed of analysis, quality of the results and ease for respondents. The final survey forced respondents to give an opinion one way or another. The original pilot gave the option of 'being unsure'; as a result the first pilot showed a number of respondents using this option, therefore it did not provide useable data. Forcing respondents to make a decision did impact the individuals response, however the overall average remained inline with the initial findings. Whilst a lot of interesting information was gathered during the pilot surveys they gathered more information than the hypotheses and time constraints of the research required.

Through improving the flow of questions, shortening the overall survey the second pilot demonstrated an improvement in complete responses, leading to more usable data.

The original pilot asked more questions than necessary leading to many questions being removed such as:

1. What is the highest level of education you have obtained?
2. Are you a homeowner?
3. Who do you live with?
4. How much time do you spend online

By removing or improving the questions they were made to address the research questions with more focus. For example the question about location was changed to ask consumers their place of birth; the survey was looking for cultural differences in consumer attitudes and not where people are now residing. Likewise the question about people's access to the Internet was changed to measure confidence. The second pilot measured people's confidence on a 5-point likert scale when using a computer at home, a computer at work and a mobile or tablet device as time spent online didn't contribute anything meaningful to the data.

6.0 Proposed questions for the survey

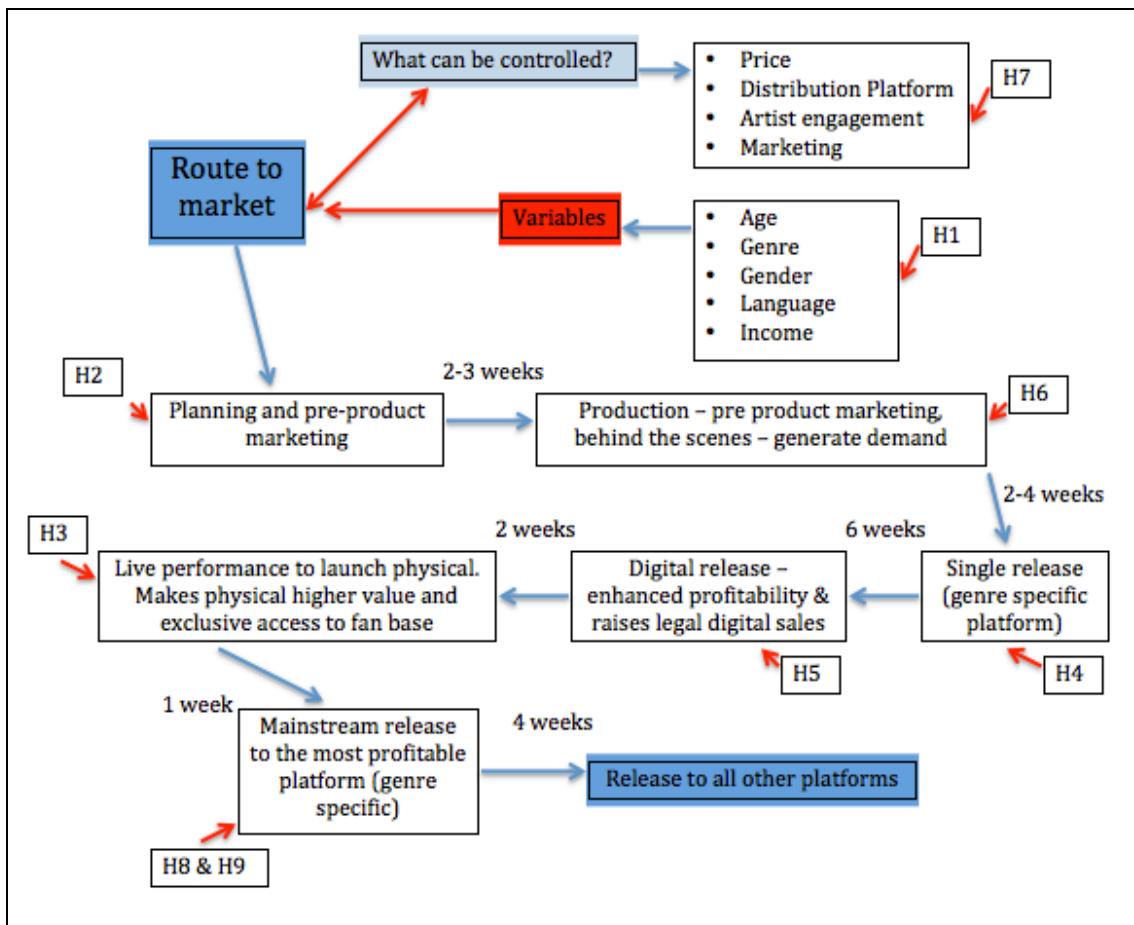
The questions to be asked in the survey were arranged to address nine sub-hypotheses. Although the survey was answered anonymously it was necessary to understand the nature of the individual responder. The profiling questions were adapted from Walsh and Mitchell's study. The remainder of the questions were adaptations from both Walsh and Mitchell (Walsh & Mitchell, 2010) and Mintel's Music and Video Purchasing surveys along with other issues highlighted as knowledge gaps within the literature review (Mintel, 2011). The questions had been adapted because this study is looking at a niche markets, the questions used in prior studies were too broad, however by keeping the same themes within the survey it was possible to broadly assess if there is are correlations between mainstream music consumers and niche market music consumer behaviour.

6.1 The Nine Sub-hypotheses & The new music distribution model

Using a deductive approach driven from the theories presented within the literature and the models suggested from within the industry this research has devised nine sub-hypothesis to be addressed from the conceptual distribution model. The nine hypothesis have arisen as a result of themes highlighted within the prior literature and have been linked to the distribution model as a method of identifying where the music industry in Wales can regain market control whilst providing the consumers with a service and product they desire. The nine hypotheses are:

1. Consumers' acquisition and discovery methods alter according to their age and preferred genre.
2. Longer marketing campaigns prior to release will raise awareness and encourage demand.
3. Live performances provide access to long-term fan bases.
4. Working with, and for consumers will drive higher revenues through being proactive recording artists.
5. Digital marketing on digital platforms will drive higher digital sales.
6. Value adding via content creation will improve consumer relations with the music industry.
7. Cheaper music would encourage growth for the industry
8. Consumers are unaware of what is illegal vs. legal.
9. Consumers want to engage in new technology, but don't know how

Figure 25



The hypotheses link to the model as they each asked a series of questions designed to assess the tolerances within the profiling dependent variables. The first and seventh hypotheses draw on the information gathered from the consumer acquisition and discovery questions and assess whether acquisitions alter according to age and preferred genre. The question asked in relation to the seventh hypothesis test for the tolerance towards price within the consumer demographic. Both of these hypotheses establish the route to market for the producer as from this point into the route to market model the producer has control over the release strategy.

Hypothesis two and six assess the consumers desire for marketing campaigns and content as well as engagement with the artist by way of encouraging demand. The purpose of these question set was to determine the most efficient route to raising consumer awareness of the product. Hypotheses three, four and five build further upon the consumers desire and most influential promotion channels for exposure to the product and generate a strategy for product release and platform preferences.

The final two hypotheses were designed to future proof the knowledge about the Welsh music industry's market trends. The literature suggested that consumers are unaware of what is illegal or legal with online sharing, streaming and downloading. Consumers are also reportedly wanting to engage in new technology, but don't know how to do so legally. Therefore the final question sets identified gaps in the consumers' knowledge with view to making recommendations about marketing campaigns to reduce uncertainty whilst promoting the new avenues to market for consumers yet to migrate onto digital platforms.

6.2 Questions for the Consumers Survey

A copy of the final survey asked, including responses can be viewed in appendix 1. The questions noted below were adopted or adapted from the literature, as detailed in the previous chapter (table 2), with the demographic and consumer segmentation framework being adopted from Walsh and Mitchel's (2010) study.

1. Where do you mainly hear new music?
2. Do you use streaming services (such as Spotify)?
3. Do you buy the music that you stream?
4. If you heard a new song on the radio or on a stream would you expect to be able to buy it immediately?
5. Do you prefer to buy singles or albums?
6. How do you acquire most of your new music?
7. In what format to you prefer do use your music?
8. Do you use music websites, such as iTunes, Deezer, HMV or music blogs?
9. Do you 'like' your favourite artists on Facebook / Twitter?
10. What most often makes you want new music?
11. Are you more likely to buy music after seeing the artist perform?
12. Would you like to see more live music in your locality?
13. Do you want to engage with an artist online?
14. Would you be likely to buy more music if you received personalised marketing inviting you to buy?
15. Do you like receiving exclusive offers / access e.g. videos / bonus tracks?

16. Do you use the 'download now' button on online adverts?
17. When listening to music online would you like instant access to buy the download?
18. If you saw an advert for an album on TV would you be more likely to buy the CD or the download?
19. If you saw an advert for an album in print (poster / newspaper) would you be more likely to buy the download or CD?
20. Would you be more likely to buy new music if the artist sent you information with a link to the product online?
21. Would you like to see more bonus material with an album such as Extra Songs, Information about songs?
22. Would more offers such as BOGOF make you buy more music?
23. What would you be willing to pay for a 50 minute album on CD format?
24. What would you be willing to pay for a 50 minute album on download format?
25. How much would you be willing to pay for a download track?
26. Should downloads cost less than CDs?
27. Is it legal to copy music for anything other than your personal backup?
28. Is it legal to make copies of your music to sell to your friends & family?
29. Is it legal to upload music online?
30. As the owner of a legal copy of a piece of music, what can you do with it?
 - a. Upload it to YouTube
 - b. Upload it to Facebook
 - c. Lend it to friends for them to copy
 - d. Make copies to give to your friends
 - e. Make copies to sell to friends
 - f. Put it on your computer
 - g. Anything you want as long as you're not making money from it
31. Who can get in trouble for illegal music piracy online?
32. Do you download illegally?
33. Do you want to stream music?

34. Do you want to download music?
35. Do you want to see via the Internet what music your friends like?
36. Do you want to share your playlists online?
37. Do artists rely on income from legal music sales as a revenue stream?
38. What would make legal downloading more appealing?
39. Age:
40. Gender
41. Income (Your personal income and not household).
42. Place of birth?
43. Do you speak Welsh?
44. Which are your favourite genres?

6. Findings and Discussions

1.0 Introduction

This chapter is structured to provide a descriptive breakdown of each significantly correlated variable from the tested hypotheses. The findings from each hypothesis is authoritatively discussed and concluded with a summary detailing the meanings and implications of the data's findings. The chapter has been split into nine initial sections. Each section will deal with one hypothesis, which in turn arised deductively from the literature. The survey used to gather the results to be analysed in this chapter was sent to 8,625 email addresses and gathered 1,464 responses of which a total of 1,072 were complete responses. This study has only used the complete responses as the final section of the survey dealt with profiling the respondent; therefore incomplete surveys don't offer a sufficient level of detail to warrant the analysis needed to compile these results. Previous literature published on consumers' reactions to music engagement or marketing techniques has dealt with mainstream music or larger territories (Bhattacharjee et al 2005, Bacache et al, 2012 & Carboni, 2012). This study focused on niche, minority language consumers. The data has been collected from consumers at Sain Records. Sain's consumers are more traditional in their approach due to being older; the average age within the sample population is 51 years old.

Each hypothesis had a group of associated questions designed to answer the hypothesis. This analysis will look for correlations between the questions and the consumers' demographic variables. For example 75% of the sample population may access new music via radio, however this is not necessarily true for all age ranges or genders. Through generating a detailed overview of consumer ages, places of birth, genders, language, income and preferred genres, the survey will generate a more knowledgeable approach to targeting an audience of a specific product.

In total 38 questions were asked in the survey and a significant result was established between at least one variable to each of the 38 questions. The main results to be analyses below have been generated via two-way cross tabulation analysis using Pearson's Chi Squared analysis to establish the significance of the relationship. The analysis selected anything with a Chi Squared value of <0.05 generating a probability confidence of 95% or greater. Some questions asked to answer one hypothesis may

also contribute to the knowledge base of another hypothesis. These broader implications are discussed in the final chapter detailing the conclusions and recommendations based on the research.

1.1 The dataset

The data gathered for this survey was generated by emailing 13,009 of Sain Records' registered mailing list subscribers. Whilst this dataset therefore was a convenient sample due to its ease of access, it also offers the most comprehensive overview possible of such a niche minority language audience. The study will not attempt to make any generalisations about the broader music industry, though there may be trends within the data that demonstrate the Welsh, minority language niche market as operating in accordance with the wider mainstream music industry. These wider implications are discussed in the final chapter.

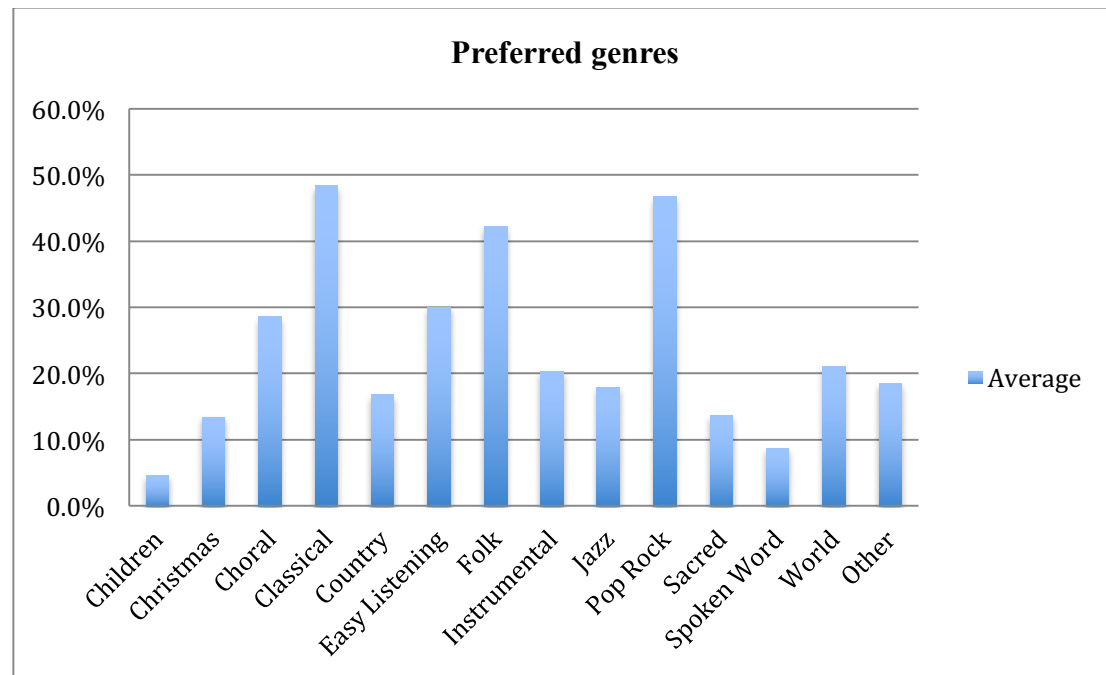
In order to analyse the results of the data collected the demographics of the sample population were split via age, gender, personal income, Welsh speaking, place of birth and their preferred choice of genre. Through analysing the results against these variables it becomes possible to see trends and differences in how various segmentations of consumer groups behave differently. The outcome of these results will inform recommendations made in the final discussion and conclusions chapter. Reference is made at various points during this research towards the more traditional nature of the Welsh music industry and the ways in which it has been slower to develop in regards the adoption of technology. It is therefore necessary to conduct this general overview of the sample population with an average age of 51 years old in order to understand how the consumers wish to engage online.

1.2 The sample population's consumer demographic distribution

The age range within the sample is normally distributed around a mean of 51 years old. The main density of consumers is in the age range of 30-59. The gender split of the sample was 60% male 40% female. The majority of the consumers sampled earned between £20-30K. The sample population is inline with the reported average earning according to the Welsh statistics office of £23,348 per annum (ONS, 2010). The sample population's place of birth is geographically biased towards Wales. There is a skew in the data towards Welsh consumers due to the nature of the targeted audience for the survey. Also due to the nature of the product produced by

the niche Welsh language music industry 74.8% of the sample population were Welsh speaking. The sample population has a representation from fans of all genres produced by the Welsh music industry.

Figure 26



2.0 Consumers acquisition and discovery methods

The first hypothesis addresses consumers' approach to discovering and engaging with new music and seeks a way of establishing the most efficient method of marketing and releasing a new product into the market place. Hypothesis one proposed:

H1 Consumers acquisition and discovery methods alter according to their age and preferred genre.

The niche minority language in question has limited traditional public output opportunities (such as radio) and therefore it is important to know if the producers chosen release avenue is the most efficient methods of discovering consumers. Wales only has one Welsh radio station (BBC Radio Cymru). If BBC Radio Cymru do not play much Jazz for example then Jazz fans may be forced to discover jazz music elsewhere. Therefore the prioritized route to market would need to change for Jazz in order that the producer can discover the consumer, and in turn the consumer can discover the music.

Hypothesis one was fed by seven questions. The aim of this hypothesis was to discover how consumers of niche minority language music do, and want to engage with new music. The traditional route to marketing for music has eroded (Leyshon, 2014). Therefore it is necessary to discover if any of the old routes of discovery such as radio are still working for this market. The Internet era has led to consumers expecting services 'on demand', therefore the traditional gap between radio release and album / single availability may be pushing consumers to find alternative methods or products to meet their desire for instant entertainment.

2.1 Key findings

The majority of the sample population (76.9%) chose radio as their primary source of new music. With an even distribution over other sources of music acquisition. Whilst radio is the most popular method of discovery, there are differences depending on the consumers' profile. Younger music consumers are more likely to use the newer digital route of discovery such as Facebook and YouTube, whereas older consumers are more likely to favour more traditional avenues such as record stores and music channels. Gender is also an indicator of acquisition trends with males being more likely to use streaming services, YouTube or record stores compared to females. The Welsh audience is more traditional and also more loyal to options such as their local music stores and Welsh radio for music compared with the non-welsh responders.

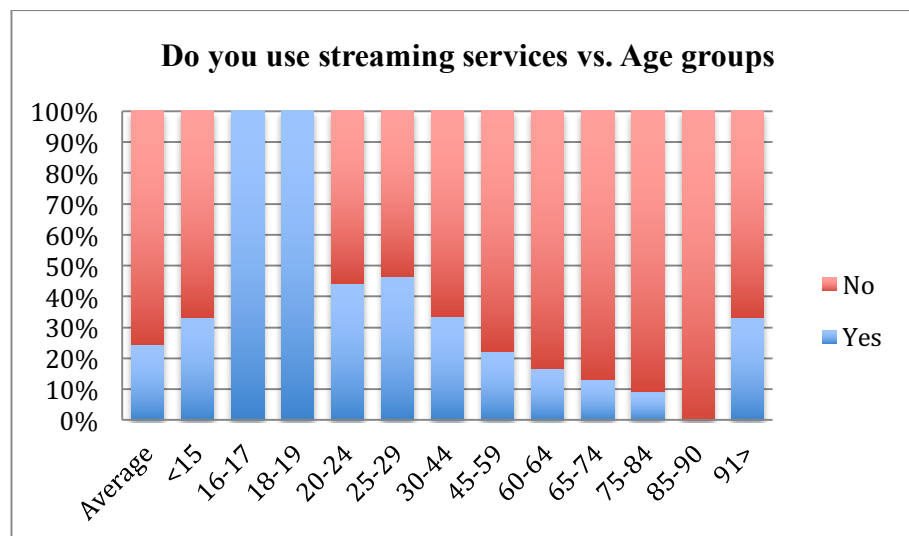
Consumers of different genres engage with music different ways. Fans of Easy listening are more likely to use radio than other genres and less likely to use other avenues. Fans of Folk on the other hand are less likely than other genres to discover music via radio, and are more likely to use a range of other avenues. Table 3 below demonstrates that the more alternative, niche genres are more likely to use a greater variety of access points to discover new music. This is possibly because the more mainstream avenues such as radio don't give as much airtime to the more alternative genres due to the availability of other options. Therefore these become a lesser-favoured location for discovery.

Table 3 - Where consumers mainly hear new music vs. preferred genres

	Average	Easy Listening	Folk	Jazz	Other	Pop / Rock	World
Radio	76.9%	83.9%	72.4%	71.0%	66.8%	76.0%	67.8%
Streaming	7.1%	4.0%	8.1%	13.5%	11.1%	8.0%	14.5%
Facebook	1.5%	1.5%	2.3%	2.1%	2.5%	1.2%	2.2%
YouTube	8.0%	6.5%	10.4%	7.8%	12.6%	9.8%	11.5%
Record Store	3.8%	1.9%	4.3%	3.6%	5.0%	2.2%	4.0%
TV Music Channels	2.7%	2.2%	2.5%	2.1%	2.0%	2.8%	0.0%

The empirical evidence presented supports the concept that not all demographics and genres will accept marketing in the same way or adopt new technology at the same rate.

Currently 75.5% of the sample population do not stream music. Figure 27 indicates that younger people are more likely to use streaming services to access music up to the age of 44, at which age the trend begins to decline. Streaming's popularity remains at almost double the sample populations' average up until the age of 29.

Figure 27

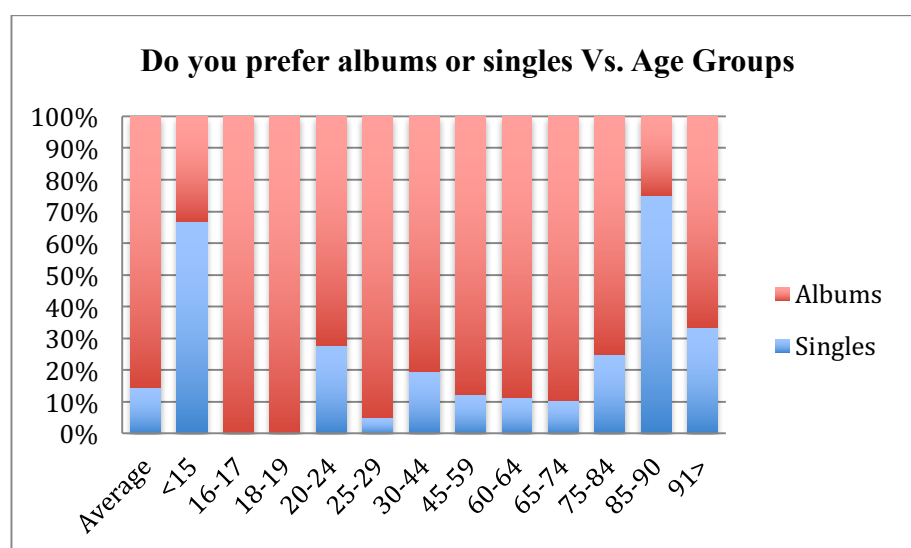
Alternative genres such as Jazz and World are more likely than other genres to be streamed, suggesting that access to such genres via mainstream media is limited and that, streaming services offer a wider variety of choice. Equally genres such as rock and pop are popular on streaming services as it is generally a younger demographic of listener and of a wider appeal thus generating more demand within the streaming

services. 70.2% of consumers who stream music said that they sometimes purchase the music they stream. The positive indication is that younger people, who are more likely to stream, are also more likely to buy the music that they are streaming. Having established how consumers discover music, 63.1% of the sample population said they would expect immediate access. However both Christmas and Easy Listening fans were statistically more likely to expect this level of instant access than other genres.

Since the Mp3 format was released and the CD became unbundled much of the literature has focused on the return of the singles market and consumer choice becoming more selective about what they purchase (Zhu & MacQuarrie, 2003: 265 & Elberse, 2010). However 85.5% of the sample population stated a preference for the complete album. However as seen with other variables, not all segments of the market react in the same way.

Consumer age influences the attitude towards album or single purchase. Whilst the data doesn't show an exact trend it is possible to see that singles appear more popular with both younger and older audiences. This is possibly down to younger people having lower levels of disposable income; therefore singles are more achievable financially. Likewise at the other end of the age spectrum older generations have had a longer relationship with the concept of buying EPs and singles, therefore there may be a nostalgia associated with the idea of a single as demonstrated in the trends seen in figure 28.

Figure 28



Whilst the focus is on the digitisation of the music industry, it is worth noting that around 60% of the music industry in Britain as a whole is still CD based (Dewan & Ramaprasad, 2014). What has changed is where people acquire the CDs. 47% of the sample population stated their preferred method of acquisition as being physical CDs bought online. Table 4 below illustrates a trend in younger people being more likely to download legally than older people and that they are more likely to purchase in a shop. Streaming is more likely to be used by consumers between the ages of 20-59. Illegal downloading is more prevalent between the ages of 20-29. Younger generations despite having less disposable income are not illegally downloading. This is possibly due to two factors; streaming has reduced the incentive to pirate by offering a free legal alternative plus at the time the 20-29 would have been in their teenage years (with low disposable incomes) Napster and P2P networks were at the height of their popularity and changing a consumer's behaviour takes time to re-establish (Wang & McClung, 2012). It is therefore not unexpected that these attitudes towards illegal behaviour online remains within this consumer age range. Music acquisition methods such as streaming are emerging as trends amongst the 20-59 year olds. The more traditional methods of acquisition such as via record stores only appear in the older ages and don't appear to be trend that will reappear. It is however worth noting that this survey was targeted at consumers who had already engaged in online purchases, results therefore may differ if it had targeted in store consumers.

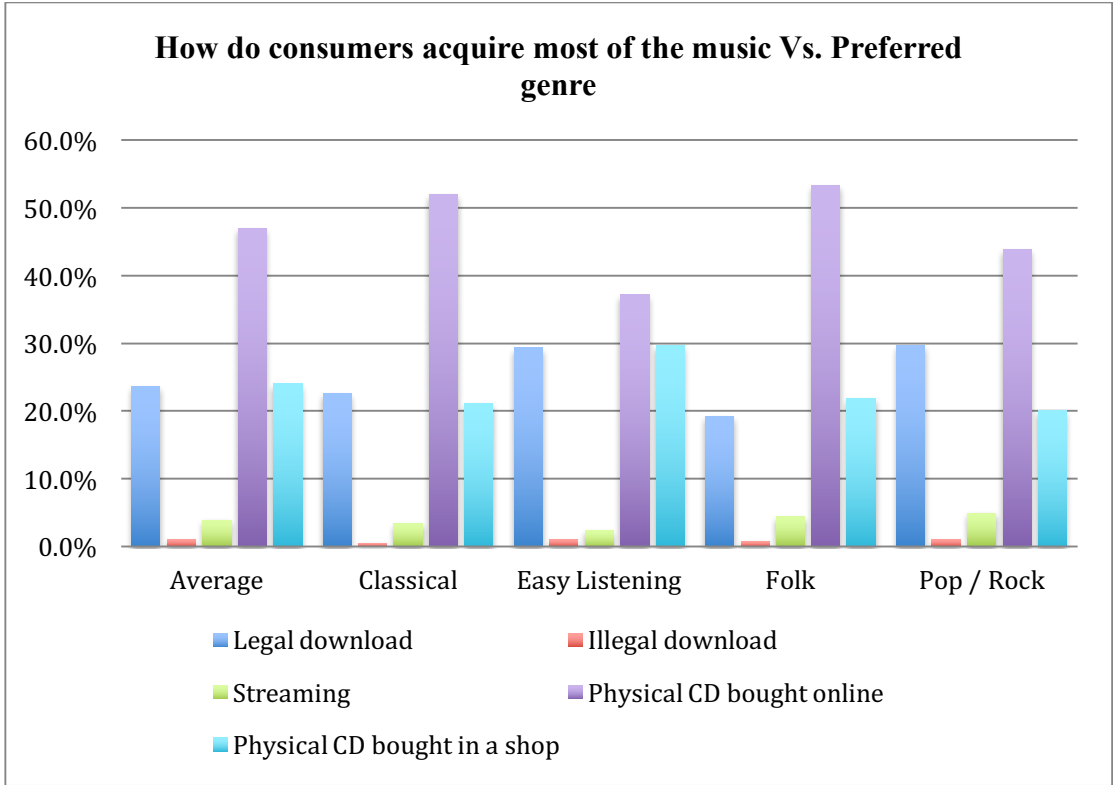
Table 4 - How do consumers acquire most of the music Vs. Age groups

	Average	<15	16-17	18-19	20-24	25-29	30-44	45-59	60-64	65-74	75-84	85-90	91>
Legal download	23.7%	33.3%	0.0%	50.0%	50.0%	29.3%	35.0%	21.3%	17.3%	10.5%	21.9%	0.0%	33.3%
Illegal download	1.2%	0.0%	0.0%	0.0%	11.1%	7.3%	0.7%	1.2%	0.0%	0.7%	0.0%	0.0%	0.0%
Streaming	4.0%	0.0%	0.0%	0.0%	16.7%	2.4%	7.6%	3.4%	0.7%	2.1%	0.0%	0.0%	0.0%
Physical CD bought online	47.0%	33.3%	100.0%	50.0%	16.7%	41.5%	32.5%	52.0%	56.1%	54.5%	62.5%	25.0%	33.3%
Physical CD bought in a shop	24.1%	33.3%	0.0%	0.0%	5.6%	19.5%	24.2%	22.1%	25.9%	32.3%	15.6%	75.0%	33.3%

Statistically Welsh speakers are more likely to use legal downloads or purchase physical CDs in a shop, whereas non-Welsh-speakers are more likely to be buying CDs online. However this could be due to Sain’s non-Welsh-speaking consumers living outside Wales, therefore the in store purchasing opportunities are limited. There doesn’t appear to be a difference between Welsh and non-Welsh speakers in respect of their use of streaming services. The difference between male and female consumer music acquisition methods are subtle. On average male consumers are more technologically capable as was seen from the difference in the acquisition methods employed by males and females. Males are more likely to stream or purchase online, and less likely to purchase physical CDs in store.

More alternative genres are using the newer methods of acquiring music such as streams. However, there is also an indication that more traditional genres such as classical are beginning to demonstrate a tendency towards online purchases and legal downloads. This could suggest that Sain’s consumers are prepared to adapt to new technologies and follow the trends in the market, however are slower to react to the adoption curve.

Figure 29



Whilst most of the sample population preferred physical CDs (accounting for 73.1% of sales) it doesn't automatically mean that their preferred methods of playing the music was via a CD player. Over half of the sample population (55.8%) said they used their CDs in a CD in a player. Whilst Welsh speakers have appeared to be more traditional in their approach to music acquisition and discovery methods, they are more likely to use iPods or Mp3 players to play their music, whereas non-Welsh speakers are more likely to use them in a CD player. This could possibly be because the music in question is more 'specialist' in the eyes of the non-Welsh speaker and therefore warrants more concentrated listening.

Consumer acquisition and use should be used to inform the marketing choices made and also influence how the product is offered to market in the first place. Consumers of some genres are more technologically advanced; therefore there is the opportunity to gain greater commercial advantage through favouring digital routes to market. Through providing consumers with the product they want in a method or format that they want it, it will create a more positive consumer experiences. The results of the consumer survey supports the hypothesis that acquisition and discovery methods alter according to both their age and genre preference.

2.2 H1 – Discussion of consumers acquisition and discovery methods

Overall in response to the first hypothesis that consumer acquisition and discovery methods alter according to their age and preferred genre, the trends have been supported and have indicated a preferred route to market for the music. The results have also shown that not all genres or target demographics respond in the same way and that different approaches should be adopted for different products. However on the whole radio is still a key element of the distribution process and streaming services are a positive method of discovery and form of marketing, which can lead to sales for the right genre and target age group. The sample population of consumers still prefer to purchase physical products as a complete album, though again this varies depending on genre and the target audience's age. Table 5 shows the average response to questions asked in relation to the first hypothesis.

The data is able to support the literature's claims that streaming can support the sale of legal music (Tang, Liao & Sun, 2013). 70.2% of the sample population indicated that streaming led to them purchasing the music that they have streamed.

This trend is strong in the younger consumers and the trend between age and post streaming purchases weakened in older consumers. However, this remains a positive outcome from the study that the emerging music consumers are of a mind-set to use streaming as a discovery tool leading to purchasing (Chen, 2012).

The internet and the emergence of digital services has led to consumers wanting faster and more direct access to the products that they desire (Brown, 2012). 63.1% of consumers want the option to be able to purchase the music as soon as they hear it. This level of desire could be used to control and generate demand and scarcity. For example if the majority of consumers discover music via the radio this could be used to generate demand in the knowledge that consumers are expecting to be able to purchase a copy. The avenue for purchasing can then be tailored to lead consumers to the most lucrative point of sale.

Digital music has unbundled the physical album. However 85.5% of the sample population still express a preference towards the complete album over a single (Elberse, 2010). This trend is stronger in the younger and older consumers. However it remains a majority preference across all ages, genders and in both Welsh and non-Welsh speakers. The majority of the sample population stated that they purchase most of their music as a physical CD via the Internet. However this trend does alter with age. Legal downloads were more popular with the youngest age groups. Illegal downloading was more popular with consumers in the age group of 20-24 and streaming being more popular with consumers between 20-44 years old (Chen et al, 2009 & Halttunen et al, 2010).

Consumer's acquisition and discovery methods do alter in accordance with their age and preferred genre; the trends demonstrated by the sample population support the literature (Coyle et al, 2009, Liu et al, 2012 & Redford, 2012). The age, gender and language selection of the target audience needs consideration in respect of where the target audience is likely to discover, acquire and engage with the product (Li & Karahanna. 2012 & Shin & Huang, 2012). The genre of the music is also likely to influence where consumers acquire the products.

Table 5 - Summary of responses to Hypothesis 1 Questions

Where do you mainly hear new music?	
Radio	76.9%
Streaming	7.1%
Facebook	1.5%
YouTube	8.0%
Record Store	3.8%
TV Music Channels	2.7%
Do you use streaming services (such as Spotify)?	
Yes	24.4%
No	75.6%
Do you buy the music that you stream?	
No	17.9%
Sometimes	70.2%
Yes	11.8%
If you heard a new song on the radio or on a stream would you expect to be able to buy it immediately?	
Yes	63.1%
No	36.9%
Do you prefer to buy singles or albums?	
Singles	14.5%
Albums	85.5%
How do you acquire most of your new music?	
Legal download	23.7%
Illegal download	1.2%
Streaming	4.0%
Physical CD bought online	47.0%
Physical CD bought in a shop	24.1%
In what format do you prefer to use your music?	
As a CD in a player	55.8%
On my computer	16.9%
On my iPod / Mp3 player	27.3%

3.0 Marketing campaigns and demand generation

The second hypothesis assessed how, why and where consumers discover new music. The aim of this hypothesis was to assess if raising awareness and promoting the product ahead of release will raise demand and encourage sales upon product release. Hypothesis two asks if:

H2 Longer marketing campaigns prior to release will raise awareness and encourage demand.

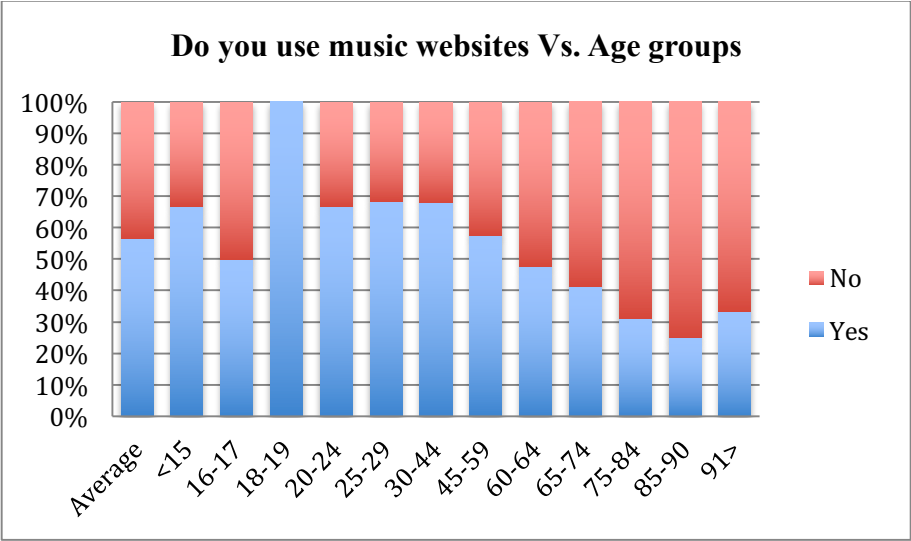
The market for Welsh language music has changed since the emergence of Napster and P2P networks. Whilst piracy may not be as big a factor in a niche market, what does impact sales is the increased competition from being online. Prior to the wide spread adoption of the Internet in British homes, competition for media such as music was more localised. In order to survive and compete against the major labels it is now necessary to establish where the consumers are engaging with new music and meet their expectations.

The purpose of the second hypothesis' questions were to discover if the consumers are using the Internet to discover new music and if they are socially engaged with their preferred artists on social media. Possibly the key question to be established in this section was what makes consumers want new music. This final question asked about peer influence, loyalty to artists, and the impact of marketing.

3.1 Key findings

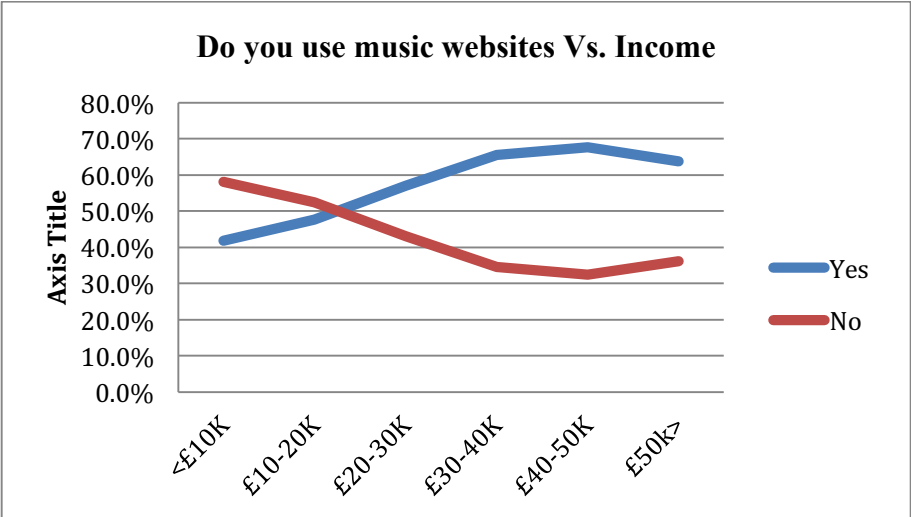
Of the sample population 56.4% responded that they did use online music website as a form of discovery. However this alone does not demonstrate the variation in consumer preferences depending on demographic, there are important considerations in light of the overall target markets for the products being offered. Younger people are more likely to be using music websites and download stores as a way of discovering new music. The results show that consumers under the age of 45 are more likely to be using music websites. Above that age they become less likely, however it is worth noting that the average age of the respondents to the survey was 51 years old; meaning that whilst 56.4% of the sample populations' consumers are using music websites, those above 45 are likely to be missing any marketing done on these platforms.

Figure 30



The trend for income and the use of music websites shows that higher earners are more likely to use music website. However, the trend reduces for those on an income above £50k. This is possibly due to these consumers being older therefore supporting the data shown in the figure above.

Figure 31

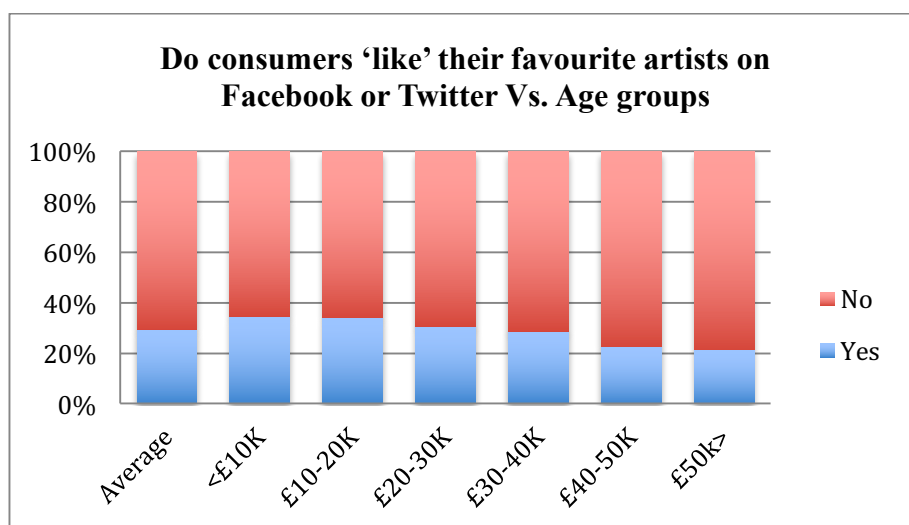


Fans of Children, Jazz and Pop / Rock genres are statistically more likely to use music websites. The possible reasons for these genres being more inclined to online methods of discovery is a younger demographic or that the music is not as readily available in more mainstream locations. Parents may also be looking for instant access to entertain their children via the Internet. Social media’s use to engage with artists is more likely

to attract younger consumers. Over the age of 29 years old the trend of engaging with an artist via social media stops.

Higher earning consumers are less likely to engage with their favourite artists online, however they are more likely to use music websites. This is possibly due to age and lifestyle. When considering the adoption curve for new technology, there is a lag between emerging methods and older consumer's usage. Equally there is a correlation between higher incomes and older consumers.

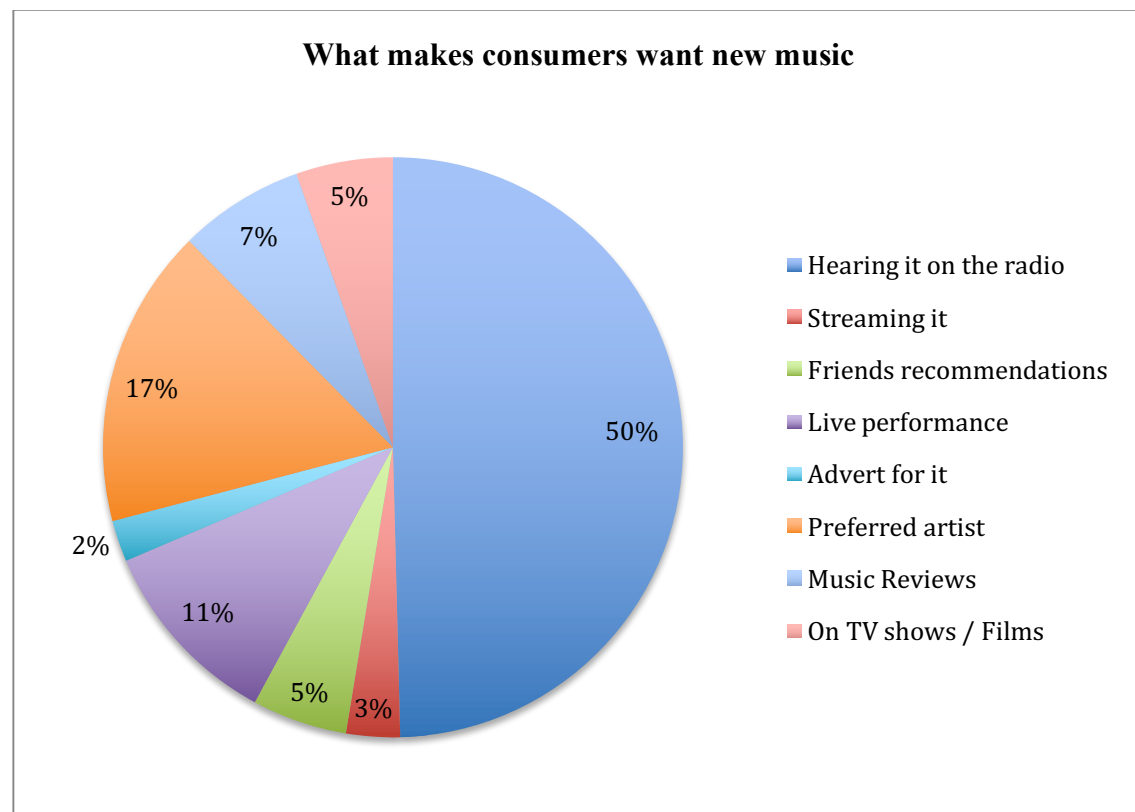
Figure 32



More traditional genres, such as classical or choral, are less likely to follow artists on social media. Jazz fans are less likely to engage with their preferred artists via social media, which is in reverse to expectation considering the positive trends demonstrated by jazz fans towards other online processes such as streaming. Fans of world music and other genres are more likely to use social media to connect with their preferred artists. This is possibly because social media allows people to connect and share interests within a community despite geographic locations.

Radio is the biggest driver of music discovery. Followed by preferred artists and live performance. This summary chart in figure 33 shows that loyalty (within a niche market) is a strong factor, and something that artists and producers can use to their advantage.

Figure 33



The future of radio has been questioned in the prior literature (MacFarland, 1997, Jenkins, 2004 & Berry, 2006). The literature indicated that younger generations don't listen to radio and are discovering music, or other media via other methods (MacFarland, 1997, Jenkins, 2004 & Berry, 2006). However the trends shown by the sample population are that younger people are more likely to want new music after hearing it on the radio. Meanwhile, live performance, adverts, music reviews and TV shows are more likely to persuade older generations to purchase new music. Streaming, as has been seen in previous variables within this data as being a stronger influence on younger audiences, whilst loyalty towards a preferred artist remains stable across all ages.

Welsh speakers are more likely to be influenced by hearing music on the radio and wanting it than non-Welsh speakers. However this may be due to the lack of opportunities to hear Welsh music outside of Wales where there is more chance that the non-Welsh speaking consumers live. Welsh speakers are also more likely to be influenced by friend recommendations and live performances. This may again be because there are fewer opportunities to experience Welsh music performed live in non-Welsh speaking regions. Non-Welsh speakers are more likely to be influenced by

music reviews or preferred artists. As has been demonstrated by previous questions males are more experimental than females in their approach to discovering new music. Whilst radio remains the more prominent factor, males are significantly more likely to want new music as a result of live performance, a preferred artist or a music review compared to females.

Consumers have adapted their methods of finding music, by accessing discovering channels where they are more likely to discover what they want. Fans of folk, sacred or world music are less likely than other genres to want new music as a result of listening to the radio, however are more likely to use other methods such as streaming, social recommendations or live performances. Meanwhile the more mainstream genres are more likely to be influenced by more mainstream methods such as radio.

3.2 H2 – Discussion of marketing campaigns and demand generation

Overall in response to the questions addressing whether longer marketing campaigns prior to release would raise awareness and encourage demand, the trends have been mixed. The hypothesis cannot be supported by all demographics and genres. The overall results across the average of the sample population shows that radio makes people want new music, and that most people use music websites, but don't like their favourite artists on social media. However this is not true of all sections of the consumer demographics. The main trend that comes from this section demonstrates that not all genres and target audiences respond in the same way. Therefore specific and tailored campaigns need establishing depending on who is being targeted. There were clear correlations between age and incomes and their approach to music discovery and demand generation. Equally there was a clear divide between the more traditional genres and the more contemporary genres. However what remains a constant across all demographics is that it's the more engaging methods of telling consumers about new products that work most successfully. The least efficient methods across all categories were adverts for the product. Today's consumers are savvy and have high expectations. With radio being such a primary driver for music demand across most sections it may be wise to run a longer lead up period towards product launch in order to raise awareness and generate demand. Table 6 provides a summary of the average response to each question addressing the second hypothesis. 5.3% of the sample population claimed that it was a social

recommendation that made them want new music, however 29.5% of the sample population also claimed to like their favourite artist via social media such as Facebook or Twitter (Shin & Huang, 2012). However the trend for this variable indicated that younger consumers under the age of 29 were more likely to do so (Flores & James, 2012 & Sharma et al, 2012). Over the age of 30 consumers become more likely not to want to engage with an artist via social media. The reasons for this could be due to social media being a platform to generate self-identification that becomes more established in older consumers.

Table 6 - Summary of responses to Hypothesis 2 Questions

H2	
Do you use music websites, such as iTunes, Deezer, HMV or music blogs?	
Yes	56.4%
No	43.6%
Do you 'like' your favourite artists on Facebook / Twitter?	
Yes	29.5%
No	70.5%
What most often makes you want new music?	
Hearing it on the radio	49.6%
Streaming it	3.0%
Friends recommendations	5.3%
Live performance	10.7%
Advert for it	2.3%
Preferred artist	16.7%
Music Reviews	7.0%
On TV shows / Films	5.4%

4.0 Access to long-term fan bases

The third hypothesis to be tested in the survey looked at whether live performances were a useful tool for creating long-term fans that would remain loyal to an artist. The previous hypothesis indicated that over 10% of responders in the sample population consider that a live performance makes them want new music. This

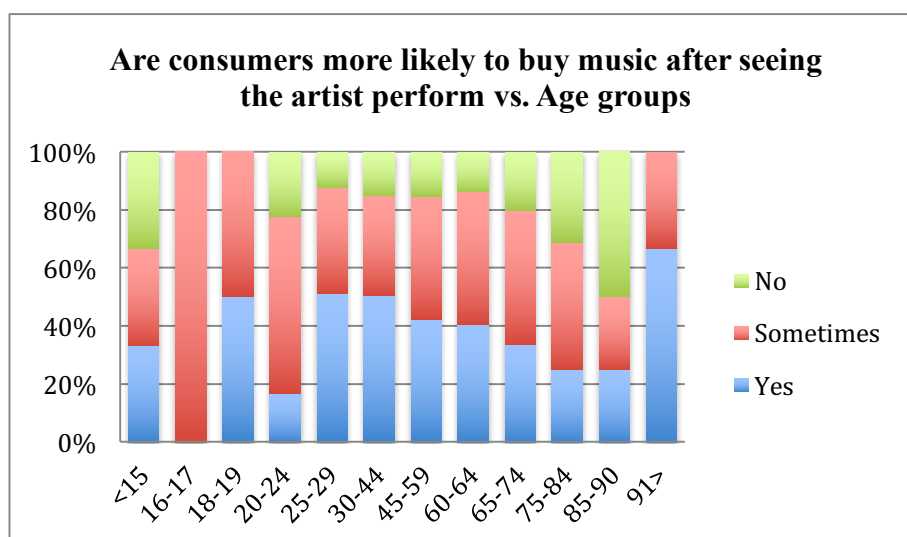
section addresses whether people are more likely to discover and purchase from an artist as a result of live performance. This hypothesis was split into two questions to address if consumers are more likely to buy after seeing an artist perform, and if there is a demand for more live music events within people's locality.

The Welsh music industry has traditionally been a more localized industry with fans feeling as though they have ownership of their favourite artists. The concept of celebrity doesn't exist in the same way as a national British music artist would, due to the smaller audience size. This can be used as an advantage for Welsh artists, as they can be more flexible in their engagement with fans.

4.1 Key findings

Consumers are more likely to buy music after seeing the artist perform. 83.7% of the consumers would or would sometimes purchase the music as a result of a live performance. This suggests that live performance has a strong influence on music sales. However as is seen from figure 34 below, the trend toward loyally purchasing from an artist decreases with age. This result could also be a reflection of consumers' average age attending live performances. Older people are less likely to attend or want to attend live music events.

Figure 34

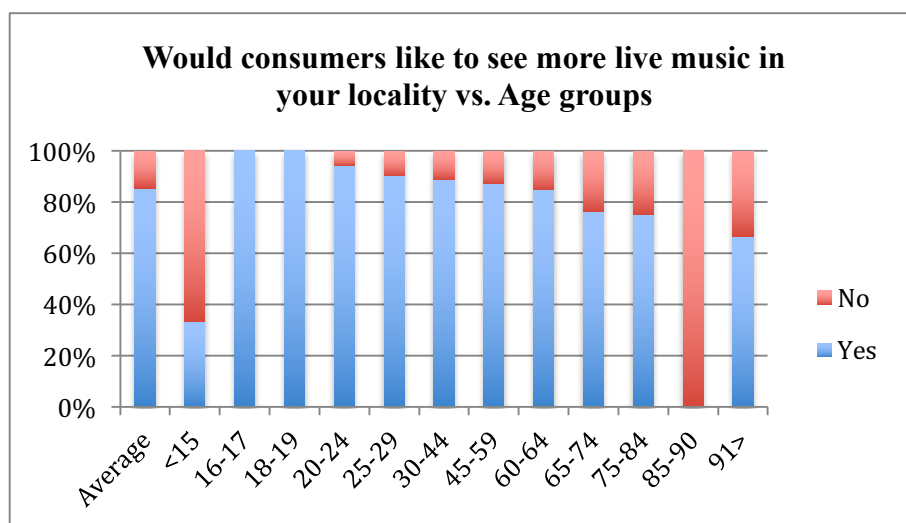


Income also impacts people's attitude toward purchasing music after a live performance. As income levels rise, so does the likelihood of purchasing music. Higher incomes convert consumers who would sometimes purchase into buyers.

Welsh speakers are more likely not to buy an album than non-Welsh speakers. This is again a possible result of the localised effect of the Welsh music industry. Because of the accessibility of the music and the artists, the demand to purchase in order to capture the event isn't as strong. This is something that could potentially be addressed by increasing demand and scarcity in order to control more of the market.

The trend amongst genres shows a significant correlation between live performances and purchase intention. The more alternative genres are more likely to purchase after seeing an artist perform. This is possibly due to the scarcity of such performances, and also as seen from other variables the method of discovery is not as mainstream within these genres. 85.2% of the sample population would like to see more live music in their locality. The desire decreases as consumers become older. The trend shows that consumers at either end of the age scale are not looking for more live events.

Figure 35



4.2 H3 – Discussion of access to long-term fan bases

Overall in response to whether live performances would be a useful tool for creating long-term fans that would remain loyal to the artists, the data has shown to support the hypothesis. The majority of consumers would like to see more music events in their locality and would be more likely to purchase music following a performance. There were exceptions to this trends such as older generations and genres preferred by the older demographic who did not desire more live events, and therefore weren't likely to purchase additional products as a result.

The Welsh music industry has the benefit of operating in a relatively small geographic area; meaning that regular performances at local venues could be used to develop a loyal fan base, that in turn would generate revenue, not only from the performance, but also via music sales after the event table 7 is a summary of the sample populations response to the questions. Live performance is a sales driver for 10.7% of the sample population. However when asked if seeing an artist perform would make consumers more likely to purchase new music 42.3% said they would with a further 41.4% saying they sometimes would. This is a positive indication that live performance could generate loyal fan bases (Yu, 2012). 16.7% of the sample population bought new music as a result of a new product being released by a preferred artist.

Table 7 - Summary of responses to Hypothesis 3 Questions

H3	
Are you more likely to buy music after seeing the artist perform?	
Yes	42.3%
Sometimes	41.4%
No	16.3%
Would you like to see more live music in your locality?	
Yes	85.2%
No	14.8%

5.0 Driving higher revenues through proactivity

The fourth hypothesis looks for ways that consumers can engage with artists, as a way that could be used to target and market new products in a consumer accepted method. When marketing via social network channels it needs to be done in an engaging way that doesn't appear like hard selling. The communication needs to be a two way process that appears to benefit both parties. Therefore hypothesis four proposed that:

H4 Working with, and for consumers will drive higher revenues through being proactive recording artists.

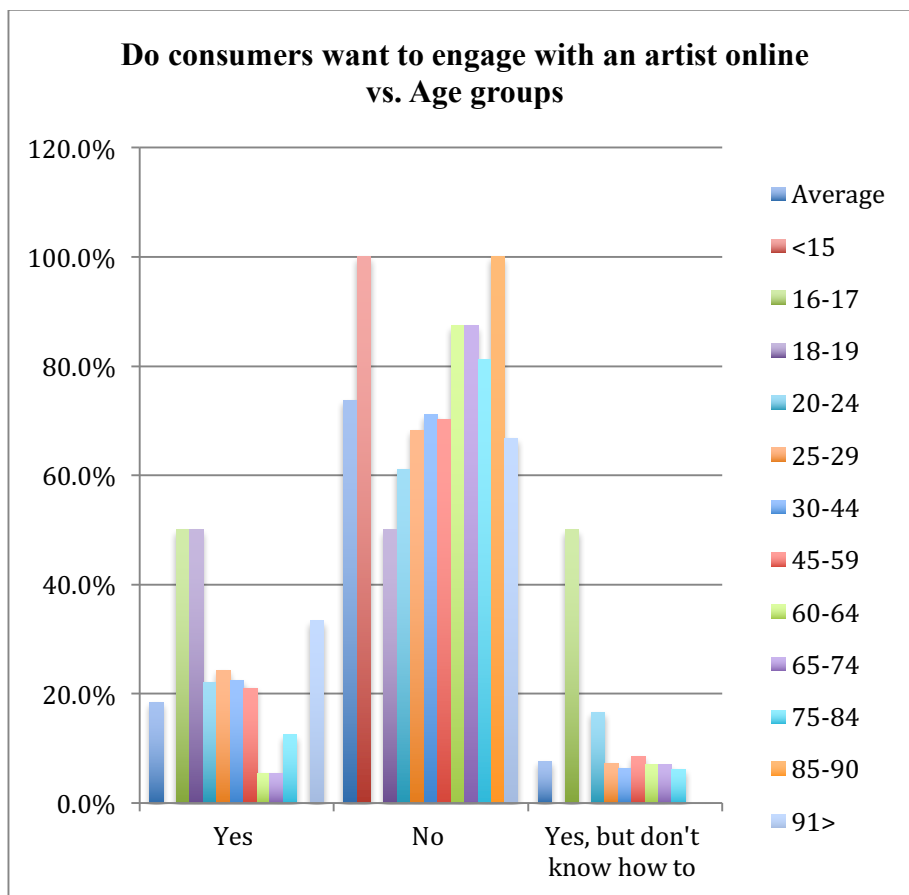
The previous hypotheses have suggested that consumers would like to see more live music events and would like to engage on a deeper level with their favourite artists.

Therefore through being more proactive artists and offering two way communication with their fans they could build a more loyal relationship, and as a result sell more products.

5.1 Key findings

Working with, and for consumers could drive higher revenues through being proactive recording artists. By addressing online engagement with artists, consumers' reactions to personalised marketing and their desire for exclusive offers or access to bonus material has been measured. Through knowing what consumers want from artists and record labels the Welsh music industry will be able to answer consumer needs, and generate a better overall economy for the industry. The sample population indicated that almost three quarters of the responders don't want to engage with an artist online. However there are also 7.7% of people who want to engage, but don't know how to do so. The initial interpretation of this result would suggest that online engagement does not enhance the marketing opportunity for niche minority language music production. However this alters when assessing the specific variables within consumer demographics groups. Younger people are more likely to be engaging with an artist online. The data also indicates that there are younger consumers who are more likely to want to engage with an artist online, but don't know how to do so.

Figure 36



Males are more likely to already be engaging with an artist online, whilst females are more likely to be influenced by their friends' recommendations for new music. Females are more likely not to want to engage with their favourite artists online. Meanwhile males who don't currently engage with an artist online are more likely to want to engage, but not know how to do so.

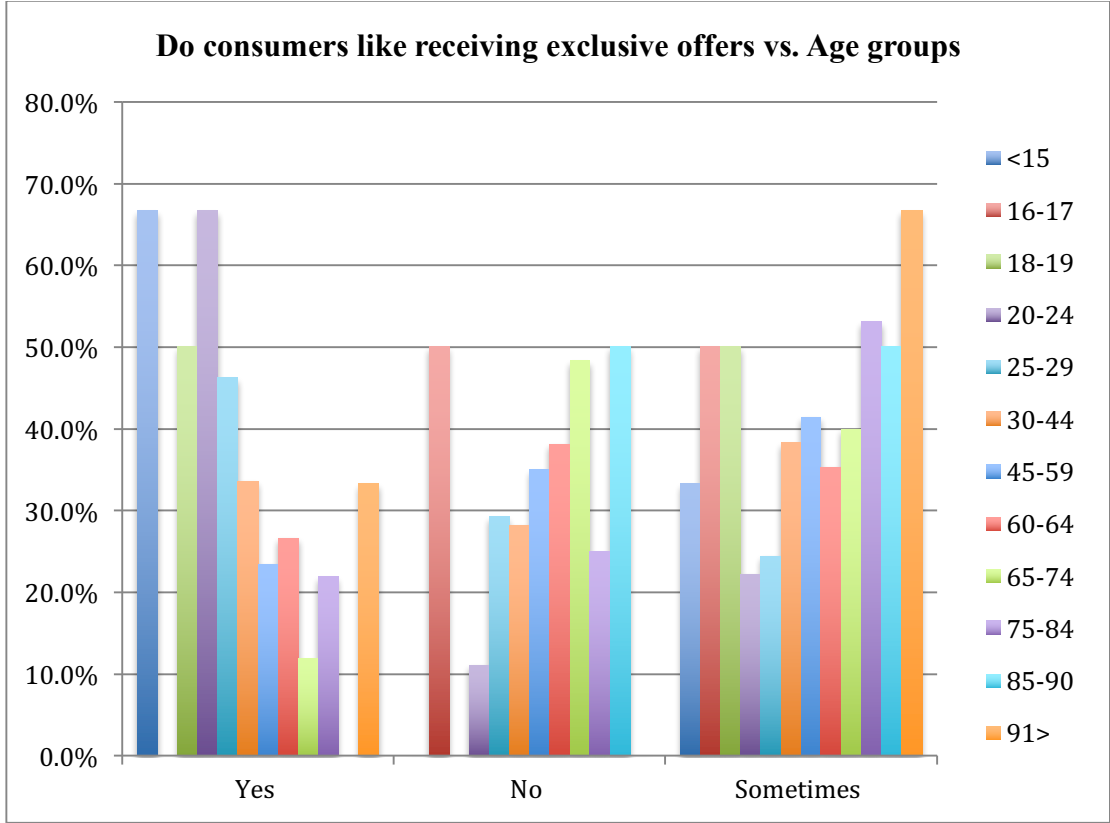
Two genres indicated a significant correlation with online engagement. Both fans of world and 'other' music are more likely to be engaging with artists online. Fans of these two genres are also more likely to want to engage with an artist online, but not know how to do so. These genres are different in terms of the artists involved, because the artists of both genres are likely to be less accessible to fans in person. The Internet offers these fans a method of accessing their favourite artists in a social environment. The inaccessibility of the artists within these genres makes scarcity and demand stronger. This is a possible approach that other music genre artists could adopt in order to generate a stronger online network that becomes loyal to them.

The Welsh music industry traditionally sold via a network of local shops and record stores. Within this personal environment recommendations could be made and sales generated, however when the market moved online this relationship diminishes as it is masked via an email address that doesn't offer much information in relation to identity. Online marketing can be difficult as it begins as a cold relationship. However almost half of the sample population responded positively that they would or may buy more products as a result of personalised marketing.

Folk, spoken word and world music fans indicate that they are more likely to appreciate personalised marketing and purchase more products as a result. This result offered a mix of possibilities for interpretation. Findings have suggested that artists who are less accessible are more likely to succeed and gain the consumers attention online. World music is geographically challenging for consumers to access artists, equally for folk and spoken music fans the access methods in the mainstream media is limited. As a result enhancing the methods of informing consumers are appreciated. However whilst these three genres are possibly likely to respond more favourably to the personalised marketing, the majority would not buy more as a result, and they are statistically more like not to agree to personalised marketing.

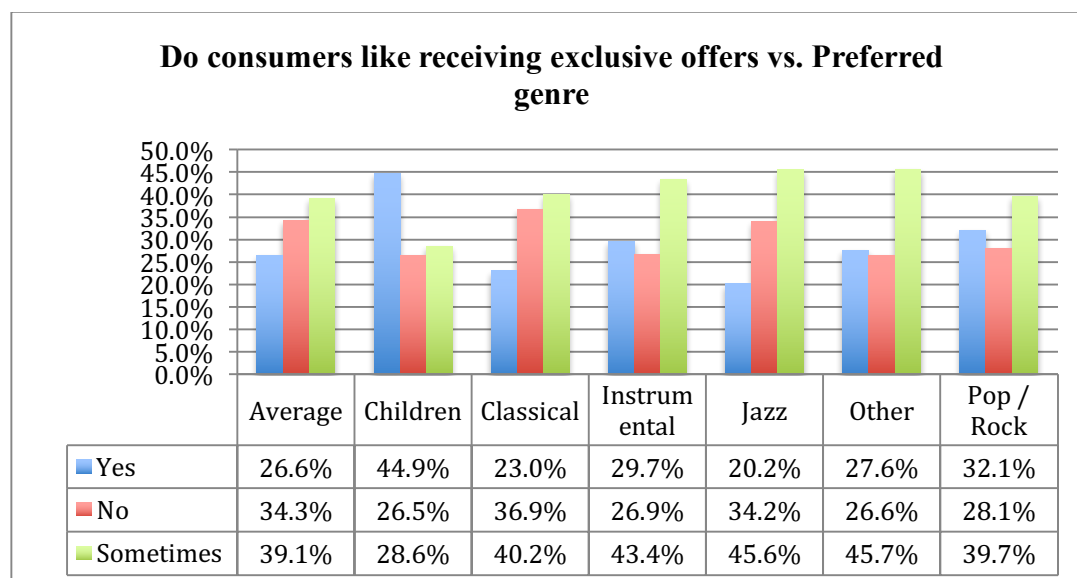
Trends in consumer's age showed that young people are more likely to like receiving exclusive offers and extra materials, equally older consumers are unlikely to want to receive exclusive offers or bonus material. However, older consumers are happy to receive occasional exclusive offers or bonus material as is demonstrated in figure 37.

Figure 37



The genres illustrated in figure 38 have indicated significant correlations with receiving exclusive offers or bonus materials and have also indicated that they are open to receiving exclusive offers or bonus materials occasionally. Fans of children, instrumental, ‘other’ and pop / rock are statistically more likely to like receiving exclusive offers and bonus material.

Figure 38



5.2 H4 – Discussion on driving higher revenues through proactivity

Overall in response to the fourth hypothesis the data about artist engagement has shown that it currently supported by some genres. However there could be lessons learnt from some genres to be applied to others in order to raise revenues online. In response to online marketing, personalisation and exclusive offers, the overall trends have been positive. Online marketing needs to be done sensitively as it happens within consumers' social environments. The results from the survey show that consumers are open to receiving more information from their favourite artists so long as it doesn't become intrusive. The music industry as has been noted in the prior literature had a damaged reputation for its greed towards customers and artists (Fischbeck, 2000). As a result, when Napster was launched and other free peer-to-peer networks consumers took the opportunity to gain back and take advantage of the music industry (Coyle et al, 2009). However, the music industry has experienced losses that independent labels are not able to sustain, therefore artists and labels need to find methods of working with and for consumers in a way that will drive higher revenues through being proactive recording artists. In order for this to work, and for trust within the market place to be re-established the process will need to be fair and transparent and meet consumers expectations and desires (Brown, 2012).

The overview of the sample populations response to the questions asked to address this hypothesis appear negative with 73.8% of the responders saying that they don't wish to engage online, 51.4% not wanting personalised marketing and 39.1%

only sometimes wanting to receive exclusive offers and 34.3% not wanting them at all. However this hypothesis is looking for future trends and seeking changes in the market place and consumer attitudes towards the music industry. The average age of respondents in the sample population is 51 years old, therefore the memory of the music industry's greed at its been in the 80s remains (Fischbeck, 2000). However for younger consumers, as digital natives they are more open about marketing and online engagement as they see it as a two-way relationship from which they can benefit (Shin & Huang, 2012).

48.6% of the sample population stated that they would or may buy more music if they received personalised marketing from an artist. Then when asked if consumers would like to receive exclusive offers as part of the music sales process the trend indicated that younger consumers would like to (Li & Karahanna, 2012 & Srivastava & Pandey, 2012). Whereas as consumers become older this trend altered to indicate that they occasionally like to receive offers.

Table 8 - Summary of responses to Hypothesis 4 Questions

H4	
Do you want to engage with an artist online?	
Yes	18.5%
No	73.8%
Yes, but don't know how to	7.7%
Would you be likely to buy more music if you received personalised marketing inviting you to buy?	
Yes	10.6%
No	51.4%
Maybe	38.0%
Do you like receiving exclusive offers / access e.g. videos / bonus tracks?	
Yes	26.6%
No	34.3%
Sometimes	39.1%

6.0 Digital marketing for higher digital sales

The fifth hypothesis assessed where consumers discover new music and whether marketing the product on digital channels would be a more efficient and effective method of influencing purchasing decisions. The literature review suggested that traditional word of mouth leads to one person influencing two people, whereas electronic word of mouth can influence up to eight people (Walsh & Mitchel, 2010). Therefore, if social marketing can largely be done for free and have a stronger commercial impact, then it could have the potential to drive higher digital sales. Hypothesis five proposed that:

H5 Digital marketing on digital platforms will drive higher digital sales.

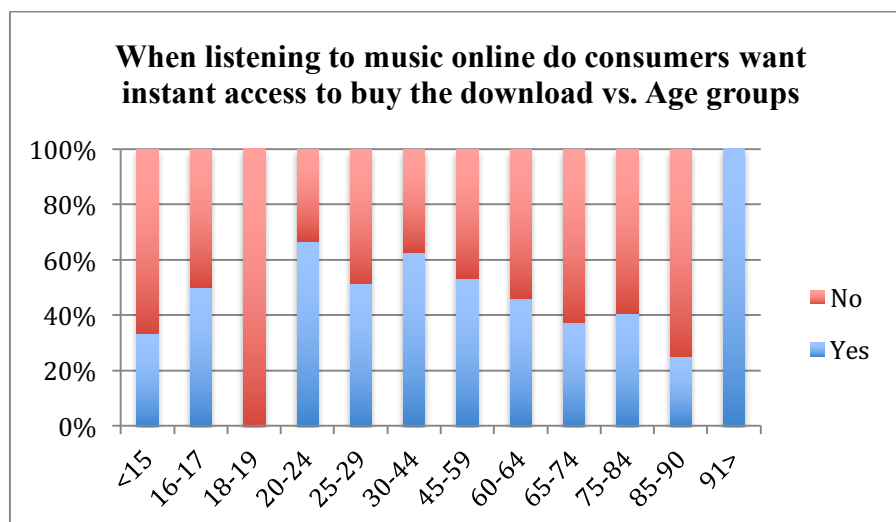
Previous hypotheses within this study have indicated that the sample population of consumers surveyed have preferred more traditional methods of discovering and acquiring music. This fifth hypothesis has been split into five questions to assess whether consumers are more likely to want instant access to products. It questions if consumers respond better to traditional or digital forms of advertising, and finally if personalised marketing sent from the artists would make consumers more likely to purchase.

6.1 Key findings

Digital marketing on digital platforms could drive higher digital sales, however the overall reaction by the sample population was negative. 85.5% said that they would not use a download button. However, 14.5% of the sample population said they would or sometimes would use the download now button. Consumers of children's music make use of the ability to download music and are statistically more likely to use the download now button in online adverts, with around 25% of children's music fans responding positively to the question.

When listening to music online consumers have access to instant access to buy the download. When cross tabulated against age the trend indicated was that younger consumers, possibly due to lower incomes did not want this access. However as consumers' ages rise, so does the demand for instant access. This trends changes for the over 44 year olds who become less likely to desire instant access, possibly due to the method they use to discover new music which is less likely to offer such access. For example radio cannot offer instant downloading possibilities, and that is where the majority of these consumer age groups discover new music.

Figure 39

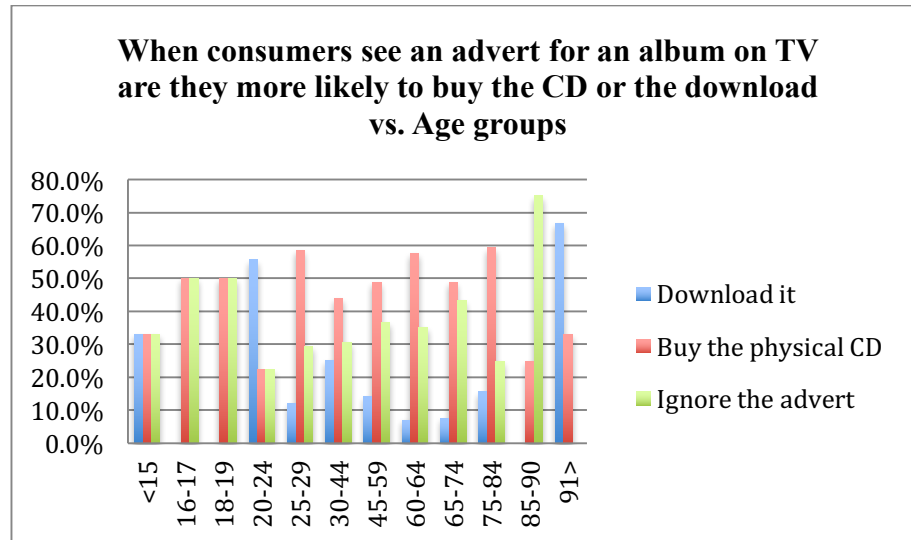


The same trend is seen when comparing the desire for online access to income. Consumers on lower income levels are less likely to desire instant access, however as income increases so does the demand for instant access. However, this does reduce again in the higher levels of incomes. Welsh speakers are statistically more likely to want instant access to download a piece of music when listening online compared with non-Welsh speakers. This is possibly due to the more localised nature of the Welsh music industry and consumers feeling a greater level of ownership and accessibility than non-Welsh speakers to their favourite music and artists. Three genres correlated positively with instant downloading. Easy listening, pop / rock and fans of children's music are all statistically more likely to use the download now option on hearing a piece of music online. The reason for the trends amongst these genres is possibly related to the ways in which they chose to discover and engage in new music being a more digital approach.

Due to the transfer of the music industry to online sales, there became differences between the impacts of digital media adverts compared with traditional print media. Around two thirds of the sample population responded positively that seeing a TV advert would persuade them to make a purchase, with 48.9% stating that they would purchase the physical CD. Only 35.1% stated that they would ignore the advert. This trend does change with a consumer's age. However it follows similar trends to those seen against previous variables. Younger consumers with lower incomes are more likely to ignore the advert or buy the physical products. However

the older age groups are statistically more likely to buy or download the album as a result of seeing an advert. TV advertising is more effective to consumers' aged between 20-44 who possibly watch more commercial television stations than other consumer age ranges.

Figure 40



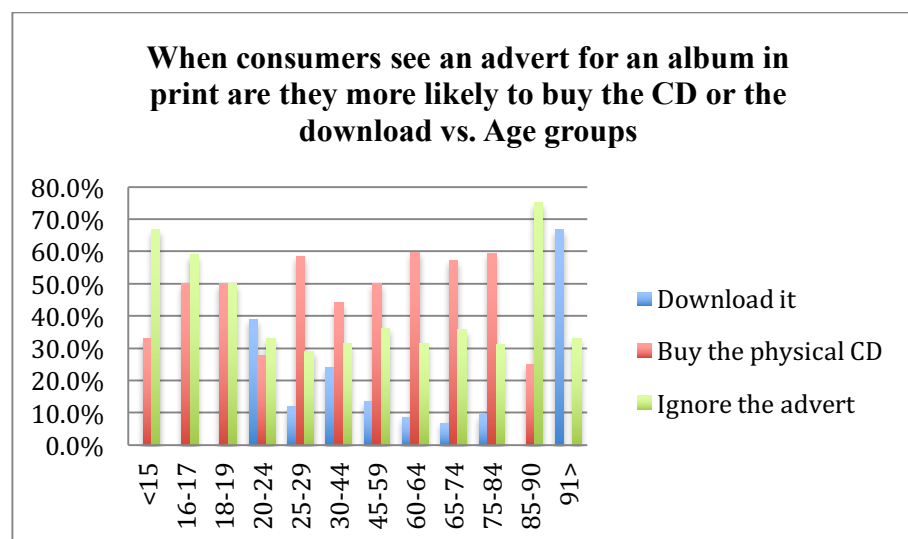
The difference between male and female consumers in the sample population indicates that females are more likely to download or buy the physical album compared to males. Males are more likely to ignore the advert.

As was seen in response to demand for instant access, Welsh speakers are more loyal to the music than non-Welsh speakers. As a result Welsh speakers are more likely to download the music, followed by buying the physical CD, and are less likely to ignore the advert. Whereas non-Welsh speakers are most likely to ignore the advert, however if they were to respond positively, they are more likely to purchase the physical rather than download. This possibly suggests that Welsh speakers place a lower overall value on the music, however desire instant access.

The correlation between genres and the response to TV adverts indicates that Folk, Jazz, 'Other' and World music fans are statistically more likely to ignore the advert compared to other genres. Purchasing the physical CD is the most likely response to a TV advert for children's, choral, Christmas, easy listening and pop / rock fans. Pop / rock, children and easy listening and Christmas were the only genres to show a stronger likelihood of downloading the music as a result of a TV advert.

Consumers possibly react differently to seeing an advert in print rather than on television. The results of the sample population showed that the sample population are less likely to ignore a print advert, but are less likely to download the product. As a result of print adverts consumers are more likely to buy the physical product. This finding supports the idea that digital marketing on digital platforms supports digital sales, possibly due to the enhanced ease and instant access to the product. Younger consumers are more likely to ignore an advert. The only age range to indicate that they are more likely to download the music is the 20-24 year olds. Consumers aged between 25 and above are statistically more likely to purchase the physical product in response to a print based advert.

Figure 41



Welsh speakers are more likely to download the music as a result of seeing a print advert compared with non-Welsh speakers. Non-Welsh speakers are statistically more likely to purchase the physical products or just ignore the advert. This trend supports findings in previous hypothesis that Welsh speakers see Welsh music as a lower value products, but with a desire for a more immediately accessible product. Four genres correlated positively with print. Easy listening, folk and pop / rock fans were all more likely to purchase the physical product as a result of print adverts when compared with other genres. Jazz fans are statistically more likely to ignore a print advert compared to other genres. Of the four genres that resulted in a positive correlation with print advertising easy listening and pop / rock fans were statistically more likely to download music as a result of seeing a print advert.

Direct artist to consumer marketing could be more likely to drive new music sales if a direct link to the product online was sent. The response was largely positive by two thirds of the sample population. 20.3% said they would, and 47.2% said that they possible would buy more as a result of being sent a direct link. Only 32.5% indicated that they would not buy as a result of being sent a direct link. When comparing Welsh and non-Welsh speakers, non-Welsh speakers indicated a more positive attitude to receiving marketing material. As has been seen before non-Welsh speakers place a higher value on the product possibly due to the scarcity of opportunities to engage with the music outside Wales. Non-Welsh speakers are likely to respond positively by purchasing as a result of personalised marketing with direct links. Also possibly due to the limited opportunities for non-Welsh speakers to engage with this kind of product, the direct link eases the process and reduced their need for the overall investment of time to discover a new product. Both folk and world music fans are statistically more likely to buy or maybe buy more music as a result of direct marketing. Much like non-Welsh speakers, the access and discovery opportunities for fans of these genres are less frequent, and therefore possibly when the process is made easier for the consumer the incentive to purchase becomes higher.

6.2 H5 – Discussion on digital marketing for higher digital sales

In response to the fifth hypothesis, the sample population has supported a positive reaction. Consumers do not respond to the more aggressive types of marketing such as download now buttons. However direct and personalised messaging and the desire for instant easy access is largely desirable. Television advertising is more likely to convert to download sales than print advertising, however the overall trend in response to any form of marketing was mainly in favour of buying the physical product.

Welsh speakers have shown a more positive likelihood to want instant access and the ability to download the music. Whereas non-Welsh speakers have placed a higher value on the product and a greater likelihood of purchasing a physical CD. The other discovery was that more alternative genres as well as mainstream genres of music respond well to direct marketing. This is possibly due to the extremes of being at either end of the demographic spectrum. The alternative genres favour direct marketing, as there are fewer access options available in the mainstream media for their preferred music. Equally for mainstream genres such as pop / rock, they are

more digitally literate and generally a younger demographic, and as a result are more open to digital marketing and digital access and engagement.

Overall the results to the questions asked were negative. Only 14.5% would or would sometimes use a download now button on an online advert. However, there were exceptions, 24.5% of Children's music consumers would or would sometimes use a download now feature. When asked if consumers would like instant access to purchase music if they heard it online, there was a more positive result. The data indicated that consumers' ages between 20-64 would want instant access to purchase something they'd heard online (Dilmeri et al, 2010). 67.5% of the sample population indicated that they would or may purchase the music if an artist sent them information and a direct link (Li & Karahanna, 2012). Consumers, as indicated in the literature are looking for online relationships in which they can trust (Srivastava & Pandey, 2012).

Table 9 - Summary of responses to Hypothesis 5 Questions

H5	
Do you use the 'download now' button on online adverts?	
Yes	2.5%
No	85.5%
Sometimes	12.0%
When listening to music online would you like instant access to buy the download?	
Yes	52.2%
No	47.8%
If you saw an advert for an album on TV would you be more likely to buy the CD or the download?	
Download it	16.0%
Buy the physical CD	48.9%
Ignore the advert	35.1%
If you saw an advert for an album in print (poster / newspaper) would you be more likely to buy the download or CD?	
Download it	15.1%
Buy the physical CD	50.8%
Ignore the advert	34.1%

Would you be more likely to buy new music if the artist sent you information with a link to the product online?	
Yes	20.3%
No	32.5%
Maybe	47.2%

7.0 Value adding to content creation

The sixth hypothesis considered a consumer's perception of value in music acquisition and whether music currently offers a sufficient level of enhanced engagement and content in order to compete with other digital media. Only three decades ago the music industry was only competing with a limited number of television and radio stations and no Internet in homes. Today music needs to compete with online gaming, hundreds of television stations, film on demand and smart phone apps amongst other distractions. However since the emergence of the various new media channels vying for attention and consumer spending, music has experienced very little development, other than the format of distribution from cassette to CD, Mp3 to streaming. The sixth hypothesis proposed that:

H6 Value adding via content creation will improve consumer relations with the music industry.

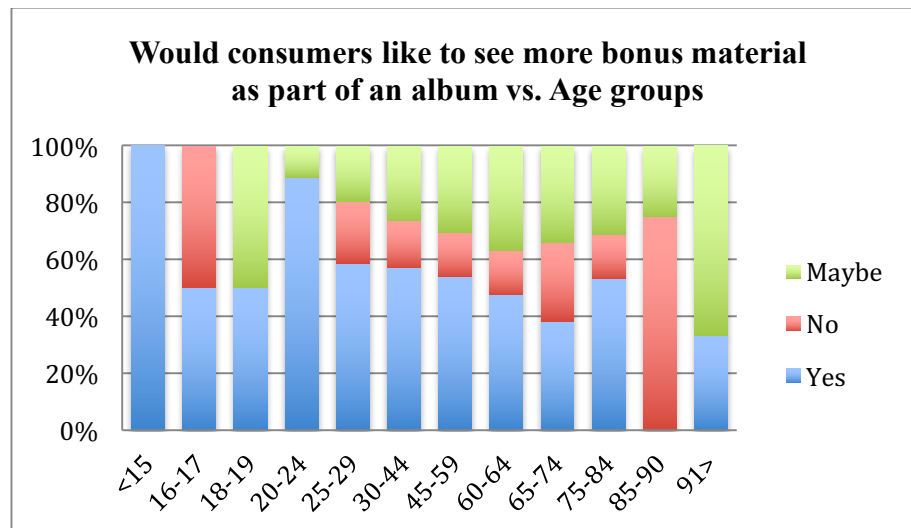
This section was split into two questions asking about what would make the legal downloading process easier for consumers and also if consumers felt that they would like to see more additional material and added content as part of the album experience. The prior literature gave case studies of past promotional attempts made by artists such as Kylie Minogue and Radiohead, however very few marketing 'tricks' can successfully be replicated (Ramaprasad et al, 2012). The future of successful music engagement and sales requires a secure relationship between artists, producers and consumers. A relationship in which everyone feels valued and can benefit from the investment.

7.1 Key findings

The sample population indicated that there was a strong desire for additional content with 52.4% suggesting that they would and 30% saying they may like to see more content as part of an album. The correlation between age and desire for

additional content showed that there was a linear relationship between the two. Younger consumers were eager for more content, whereas as age increased they considered that additional content would be less desirable.

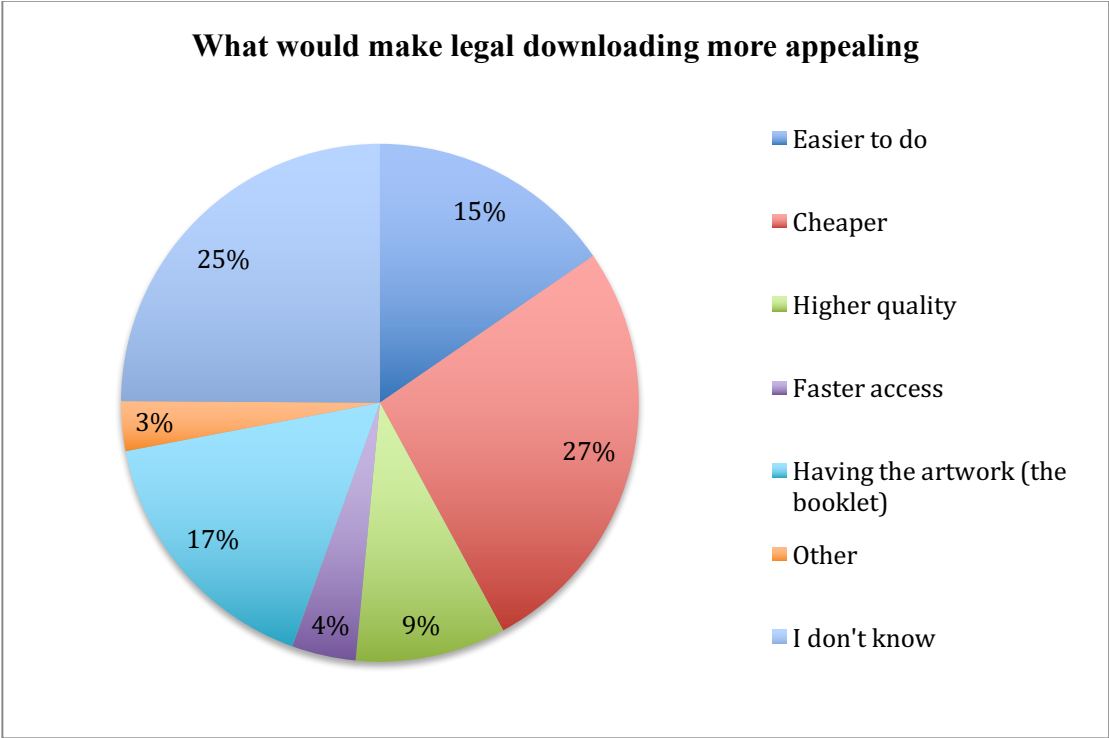
Figure 42



Welsh speakers are statistically more likely to want additional content as part of a music product compared to non-Welsh speakers. However, non-Welsh speakers are statistically more likely to possibly want additional content. The two genres to have correlated positively with wanting additional content were instrumental and pop / rock. Both fans of instrumental and pop / rock would like to like to see more additional content as part of music purchases. Pop / rock fans have a stronger desire for additional content than instrumental music fans.

According to the sample population the main factors that would make downloading more appealing would be if music became cheaper (26.7%). 24.9% of the sample population didn't know what would make legal downloading more appealing. 16.5% would like the artwork as part of the download and 15.4% would like legal downloading to be easier to do. With over 30% of the sample population stating that they didn't know what would make downloading more appealing or if it could be made easier it reflects the nature of the older age ranges within the sample population.

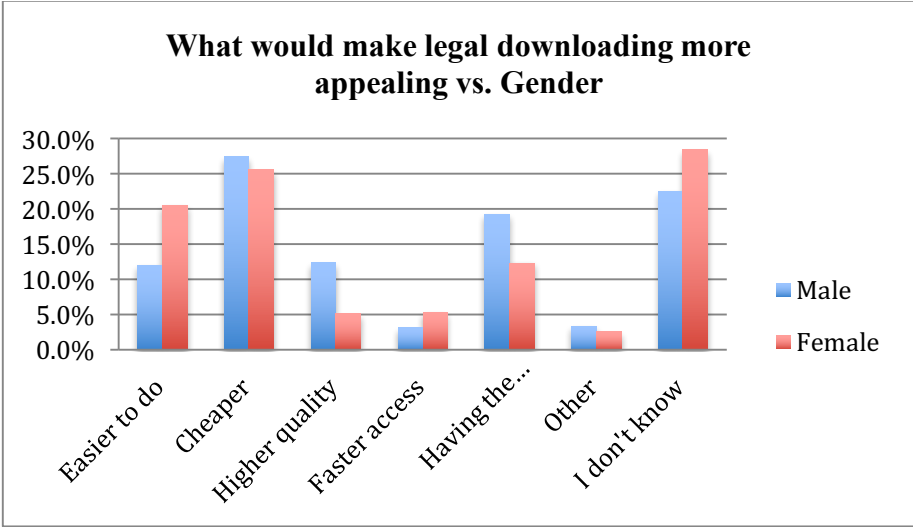
Figure 43



There are linear relationships between age and what consumers want from their music purchases according to the sample population. As the consumers become older their responses indicated that they would like legal downloading to be easier to do, be of higher quality or that they don't know what would make legal downloading more appealing. Younger consumers would like it to be cheaper, have faster access and for the music to come with the artwork. These correlations possibly reflect the changes that have taken place in the music industry since digital emerged. The older generations are more concerned about the technical issues and the quality of their purchases, whereas downloading has allowed music to become a cheap fashion commodity for instant consumption. Younger consumers' desire for the artwork possibly indicates their appreciation for the products as an art form, in the same way that vinyl covers have been considered in the past. The results indicate a positive relationship with enhanced and increased value.

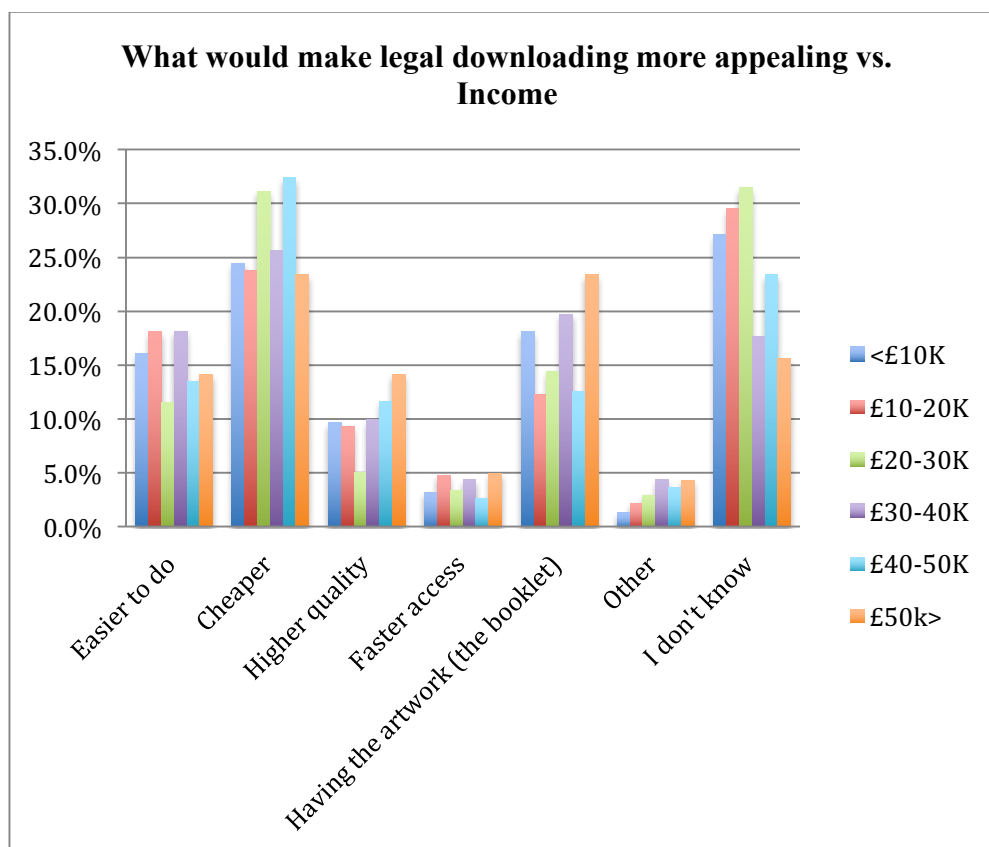
The difference between males and females is generally more balanced in relation to making downloading more appealing. Males are more likely to want greater quality and to have faster access, and would also like legal downloading to be cheaper. Females on the other hand would like legal downloading to become easier and to have faster access to new products.

Figure 44



The trend within income categories shows that higher earners are more likely to desire higher quality downloads and having the artwork. However, whilst lower costs were given as one of the most popular methods of making downloading more appealing, it is the middle-income earners that have a stronger preference towards this. The reason for this desire possibly links to a number of reasons when consideration is given to the demographic on consumer within these income bands, such as being early career developers, young parents, first time home buyers; therefore disposable income would be lower.

Figure 45



There does not appear to be a great deal of difference between Welsh and non-Welsh speakers in terms of making legal downloading more appealing. Welsh speakers would like legal downloading to be easier and cheaper, whereas non-Welsh speakers would like higher quality and having access to the artwork as part of the download. As has been seen before, non-Welsh speakers appear to place a higher value on the music and look for quality and additional features from the product. Welsh speakers desire for the music to be easily accessible as part of their daily lives.

Cheaper downloading was the most popular overall response amongst the sample population. However this only had a significant correlation with the easy listening, 'other' and pop / rock genres. Having the art work as part of the download was a popular desire amongst children, folk, instrumental, jazz, other, pop / rock and world music fans. Whereas the ease of legal downloading needs improving for fans of children, choral, easy listening and instrumental fans.

7.2 H6 – Discussion on adding value via content creation

Consumers have been positive about seeing an improvement within the music industry and the sixth hypothesis was supported. 82.4% of the sample population would like to see more bonus material as part of the album. The results from the second question also showed that there is more that could be done to improve legal downloading for consumers. Over a quarter of the sample population thought legal downloading should be cheaper with 16.5% wanting to have the artwork as part of the product. Consumers know that a download costs less to produce and distribute, therefore in order to justify the price they either expect more, or wish to see the price reduced. Through amending factors that are within a music company's control, it could improve the consumers' perception of the industry and persuade them that they are getting a fairer deal with the music they purchase. Table 10 provides a summary of sample population responses.

The Welsh music industry needs to use this information to give back to the consumers and in turn improve the relationship between producers and consumers (Srivastava & Pandey, 2012). If consumers feel that they are getting a better deal from the relationship their loyalties will improve and returning custom would hopefully increase.

Table 10 - Summary of responses to Hypothesis 5 Questions

H6	
Would you like to see more bonus material with an album such as Extra Songs, Information about songs?	
Yes	52.4%
No	17.6%
Maybe	30.0%
What would make legal downloading more appealing?	
Easier to do	15.4%
Cheaper	26.7%
Higher quality	9.4%
Faster access	4.0%
Having the artwork (the booklet)	16.5%
Other	3.1%
I don't know	24.9%

8.0 Encouraging growth for the industry

The seventh hypothesis researched methods in which the Welsh music industry could adapt in order to better meet the needs and desires of its consumers. One of the main areas that record companies have the control to influence is in their price structure, and one of the main reasons cited by consumers for not engaging in legal purchases on a frequent basis is price. Therefore the seventh hypothesis proposed that: cheaper music would encourage growth for the industry. The literature review gave examples of how unbundling the CD and attracting consumers in the first instance is the expensive part of gaining a digital sale (Elberse, 2010). However the literature has equally demonstrated that once a consumer has engaged, the returns on sales increase the more they buy, even if those additional sales are at a discounted rate (Elberse, 2010). Increasing sales through bundling offers not only increases revenue, but also leaves the consumer feeling they've been given a better deal.

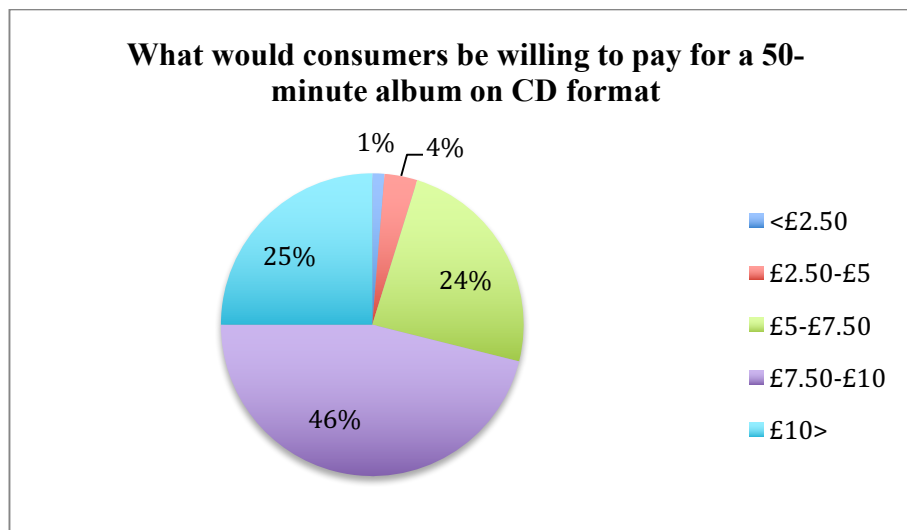
This hypothesis has been split into five questions asking about price point and the perceived difference in value between physical and downloaded products. The aim of these questions is to gauge the difference between digital and physical's value to consumers with a view to making recommendations about future price structures. Currently there is very little or no difference in price point between the Welsh music industry's downloads and the Welsh music industry physical products.

8.1 Key findings

The seventh hypothesis addressed the whether price was a factor in encouraging the growth of the music industry. Consumers were asked whether more offers such as BOGOF (Buy one Get one Free) would make consumers buy more music? 53.7% of the sample population would like to see more offers and believe it would encourage them to buy more music. The desire for more offers as a method of encouraging more music sales would be desired by consumers up to the age of 64 years old. However it is younger consumers that have the strongest desire, the results shows a linear relationship between age and the desire for music offers. As has been seen with previous variables fans of all genres do not want music to be cheaper, or have faster access. More alternative and less mainstream genres such as jazz or classical are statistically less likely to desire additional offers, whereas more commercial mainstream genres such as pop / rock or easy listening would like to see additional offers.

The price range for a typical Welsh language CD is around £9.99-£12.99 for an album. However, the sample population suggested that 46.1% would value a physical album at £7.50-£10 with only 25% saying that they are willing to pay over £10.

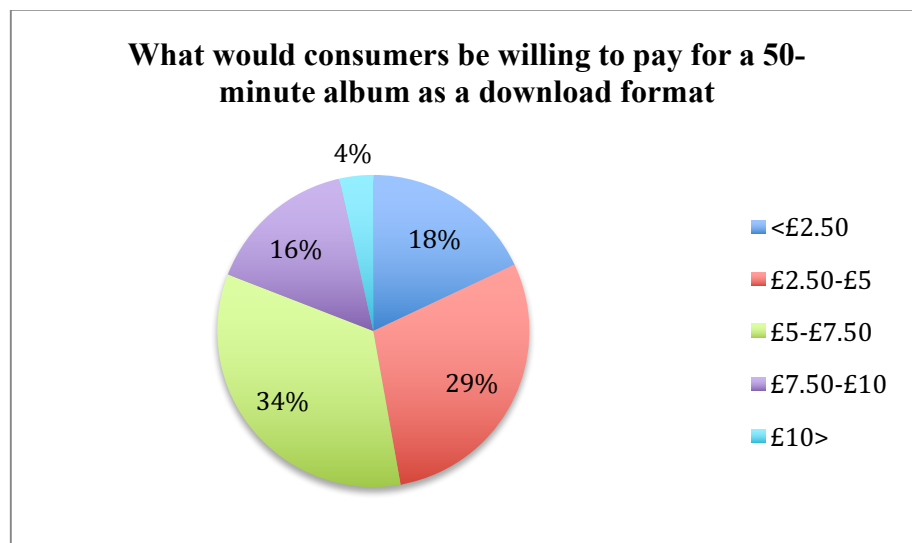
Figure 46



The perceived value of music alters with age for consumers. £7.50-£10 was the most popular option for willingness to pay for a 50 minute CD, however there is a positive decline as age increases. £5-£7.50 increases with age, whereas the above £10 option remains relatively stable across all ages. However, it is clear that younger consumers place a higher value on music than older consumers. As well as age, a consumer's income impacts on their willingness to pay for a CD. The relationship between incomes and paying over £10 follows the expected pattern as per previous findings within this study. However, £5-£7.50 shows a declining trend as people earn more. This possibly suggests that people earning higher incomes also associate price with quality, and too low a price point could imply a substandard product. £7.50-£10 was the most popular option across all incomes, however, it had its strongest correlation with the £30-40k a year earners, where there was also a corresponding drop in willingness to pay £5-£7.50.

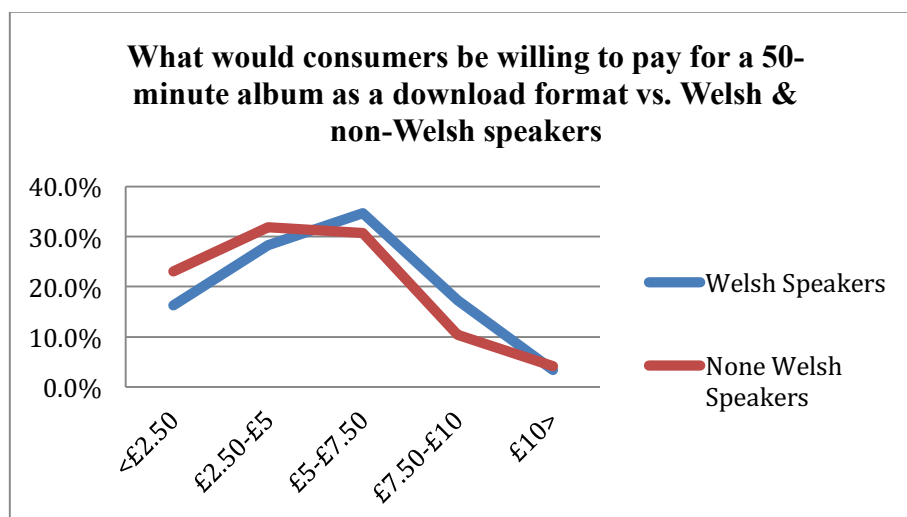
Changing the format from CD to download has a significant impact on what the sample population would be willing to pay for the equivalent product. The most popular price point changes from £7.50-£10 down to £5-7.50 followed closely by £2.50-£5 (33.7% / 29.2%).

Figure 47



The trend for the price willing to be paid for a download album also varies according to age. The decline in the price that consumers are prepared to pay begins at a younger age than it had with the physical equivalent. £5-£7.50 maintains an even percentage throughout most age ranges up until consumers aged 60 and above, at which point the willingness to pay declines. The difference between income and willingness to pay for a physical and willingness to pay for a download product is more apparent than other variables. The percentage willing to pay over £10 (whilst it does increase with income) remains a lot lower. For both £5-£7.50 and £7.50-£10 there is a gradual increase with income, however it reduces again towards the higher incomes (over £50k). Consumers willing to pay £2.50-£5 are stable across all incomes, whereas as income increases the willingness to pay <£2.50 drops, with exception to consumers who earn over £50k who become more willing to pay <£2.50 for a download album. This trend differs to what has previously been seen that higher earners associate cost with quality. Possibly the reason for earners on £50k+ demonstrating a higher willingness towards lower values for digital products indicates their lack of desire for the digital product. Both Welsh and non-Welsh speakers show a similar trend in respect of willingness to pay, with Welsh speakers, as has been seen in the previous variable, being more willing to pay for downloaded music.

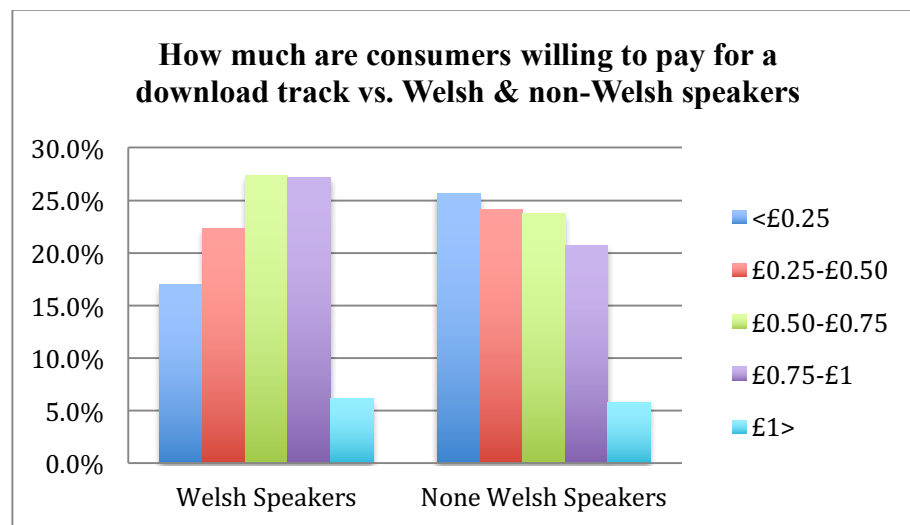
Figure 48



Currently the price per track on iTunes is around £0.99. The sample population show that only 31.8% of consumers would be willing to pay £0.75 or above for a track. 68.2% of the sample population would only be willing to pay up to £0.75. The most popular price point for a download track according to the sample population would be £0.50-£0.75. Younger consumers have shown via previous variables, a higher value associated with music. The same trend is seen when age is compared with the willing price to be paid for a download track. Younger consumers are more willing to pay a higher price, this is seen strongest in the £0.50-£0.75 and £0.75-£1 categories. The percentage of people willing to pay the price reduced as age increases.

The correlation between income and willingness to pay for a download track showed a similar trend to those seen between album values. The £0.50-£1 categories were the most popular. However, the higher the consumers' salary, the willingness to pay for a track reduced. As has already been suggested, the increase in salary is linked with the consumers' age and a possible lack of desire for a digital product. Previous variables have indicated that Welsh speakers place a higher value on instant access to music and download. Therefore it is possibly expected that Welsh speakers are more willing to pay a higher price for a download track than non-Welsh speakers.

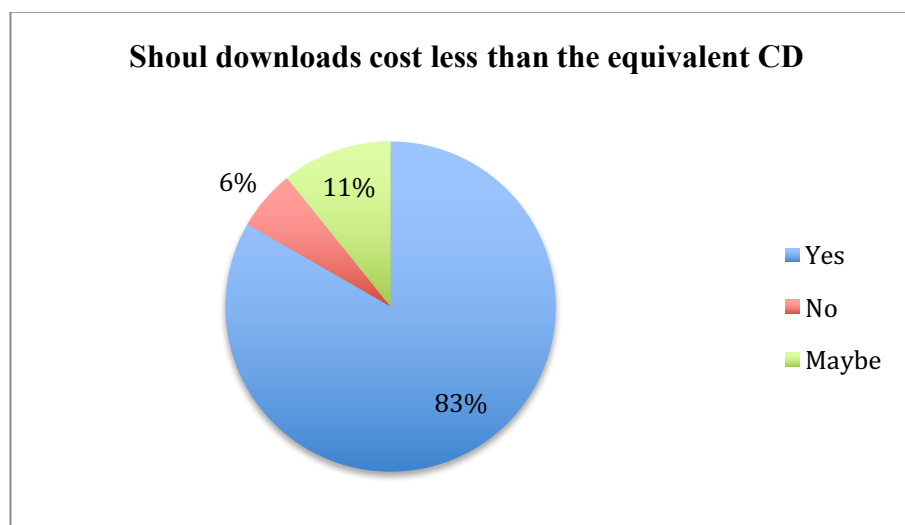
Figure 49



Fans of pop / rock music are statistically more likely to be willing to pay a higher price for a download track than other genres. Over 30% of pop / rock fans would be willing to pay £0.50-£0.75 for a track, compared with just over 25% of the sample population. This result is possibly due to the fact that pop / rock fans are more accustomed to downloading; therefore they are more accepting of paying for digital files. However, equally it shows an unwillingness to accept the current pricing structure for mainstream download prices.

In the transfer from the physical to digital commerce channels price point for the retail experience becomes an important factor. Producers need to consider whether downloads should cost the same or less than the equivalent CD. The sample population of consumers showed that 83.3% believe that they should, with only 5.9% believing that they should not, suggesting that the current price point is isolating many consumers from fully committing to digital retail.

Figure 50



8.2 H7 - Discussion about encouraging growth for the industry

After proposing that cheaper music would encourage growth for the industry, the trends in the sample population have supported the seventh hypothesis. The majority of consumers would purchase more if there were more offers. Physical CD albums need to be retailing between £7.50-£10 and the equivalent download between £5-£7.50 according to the gathered data. Individual tracks need to be priced at between £0.50-£0.75. The sample population of consumers also stated that downloads should cost less than CDs.

There are positive trends in the data that support the future of the music industry. Younger generation and fans of more popular digitally accessed music such as pop / rock were more accepting of downloads and CDs costing more. This possibly suggests that eventually once digital ownership has settled in the market place the prices could rise again.

Prior literature suggested that the music industry panicked on the emergence of the digital market and quickly tried to replicate the traditional sales model online (Fischbeck, 2000). However, the result of this study suggests that it takes time for consumers to adapt to new methods of acquisition and purchasing trends. Therefore through lowering prices it would reduce the risk for consumers to enter the new purchasing methods that have quickly become the norm for the Welsh music industry's distribution. In turn this would ease the challenge of accepting the adoption curve of new technology and the perceived risks. Table 11 provides a summary of responses to the seventh hypothesis' questions.

Younger consumers would like to see more offers such as buy one get one free as such offers would likely make them purchase more music. The literature indicated that the most expensive part of the sale process is in the first sale, and that once the sale has been established bundling extra products enhances the sale and increases profits (Elberse, 2010). Differences were also established between different genres and the desire for extra offers. Choral, classical, jazz and sacred music are less likely to want offers or bundled sales, whereas easy listening, other or pop / rock are more likely to want them. This implies that consumers of some genres are more selective about the music they buy and listen to. Consumers of such genres may also pay more for a better curated service rather than access to greater exposure.

The unbundling of the album has enabled consumers to purchase the tracks that they want off the album rather than the entire product (Elberse, 2010). However in doing so it raises the question of value and price point of a single track. Currently iTunes tracks range from £0.79 to £0.99 per track. Assuming that a complete album at £9.99 has around 10 to 12 tracks this price would appear fair. However, if consumers are indicating that they are only willing to pay £5-7.50 for a complete download album, this would suggest a price point per track of £0.50-£0.75 per track using the same methodology. According to the sample population 26% of the sample population would be willing to pay £0.75-£1 per track, whereas 68% of the sample population would be willing to pay £0.75>.

Table 11 - Summary of responses to Hypothesis 7 Questions

H7	
Would more offers such as BOGOF make you buy more music?	
Yes	53.7%
No	46.3%
What would you be willing to pay for a 50-minute album on CD format?	
<£2.50	1.3%
£2.50-£5	3.5%
£5-£7.50	24.1%
£7.50-£10	46.1%
£10>	25.0%

What would you be willing to pay for a 50-minute album on download format?	
<£2.50	18.0%
£2.50-£5	29.2%
£5-£7.50	33.7%
£7.50-£10	15.6%
£10>	3.5%
How much would you be willing to pay for a download track?	
<£0.25	19.1%
£0.25-£0.50	22.7%
£0.50-£0.75	26.4%
£0.75-£1	25.6%
£1>	6.2%
Should downloads cost less than CDs?	
Yes	83.3%
No	5.9%
Maybe	10.8%

9.0 What is illegal compared with fair use

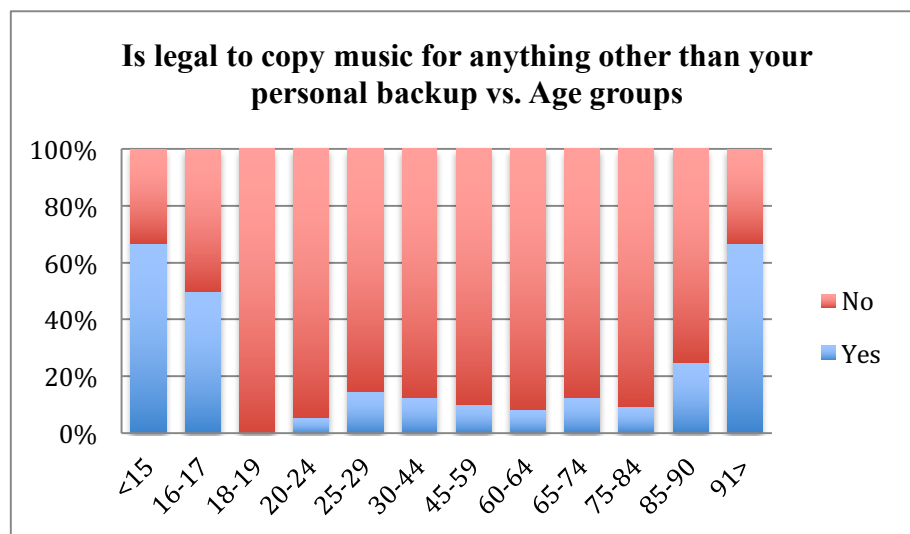
The eighth hypothesis assessed the legal issues surrounding the music industry. The law protecting music's intellectual property and the law protecting consumers' rights have overlapping areas that leads to confusion about what is legal and what is illegal (Xanthidis & Aleisa, 2012). This hypothesis tests consumers' knowledge about what they can and can't do with the music that they own and their attitude to illegal downloading.

This hypothesis is split into seven questions with questions 2-4 using a five point Likert scale to measure responses. The fourth question asks as the legal owner of your music what can you do with your music? This was then split into subsections to assess if some things were more acceptable than others; for example was giving copies to friends more acceptable than selling copies to friends.

9.1 Key findings

The fair use act allows consumers to make personal backup copies, however copyright restricts the damaging of commercialisation via duplication (Yoder, 2012). Despite this, 11.5% of the sample population thought it was legal to make copies for purposes beyond backup. As is seen from figure 51, age impacts consumers attitude towards making copies. Young consumers under 18 believe it to be legal to make copies for reasons other than backup. Older consumers believe copying music for other reasons beyond backup is acceptable.

Figure 51



Previous variables have shown that men have a stronger tendency towards alternative methods of music use and a more technological ability to engage with music via a wider variety of methods. Therefore is it possibly not surprising to discover that men are statistically more likely to consider it legal to copy music for reasons other than personal backup compared to women.

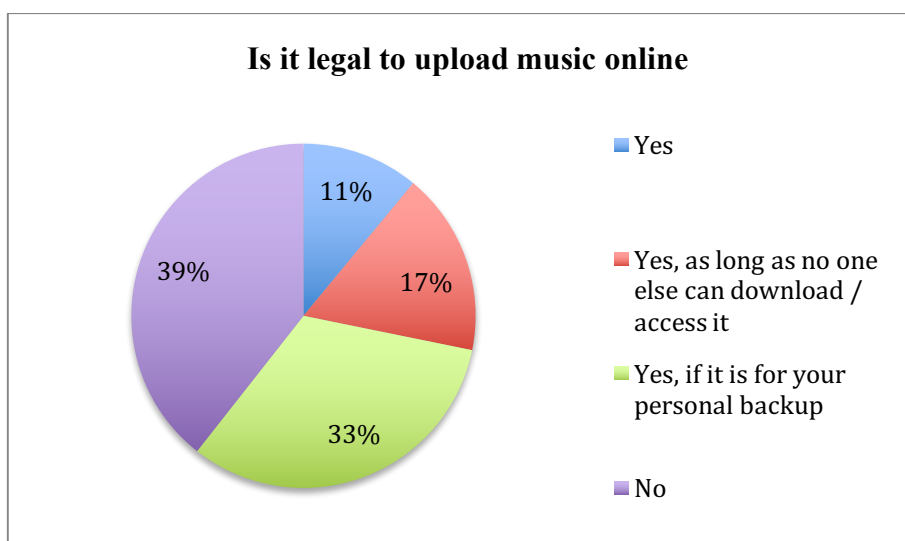
Consumers of Christmas, folk and sacred music showed a significant correlation with making personal backups. Results suggested that fans of such music are less likely to consider it to be legal to copy the music for reasons other than their personal backup. These three genres have possibly correlated because of the nature of the product. Sacred fans are perhaps less technologically aware and therefore less likely to create a backup due to their demographic. Christmas being a seasonal product possibly has less of a need to be copied, as during the Christmas period such music is readily heard; therefore its copied value is reduced. Finally for folk fans, as

has been seen with previous variables, they place a higher value on the music, and therefore possibly wouldn't want to see their favourite artists 'suffer' as a result of their copies.

Reassuringly only 7% of the sample population thought it was legal to make copies of their music to sell to their friends and family. Classical, instrumental, pop / rock and sacred all showed significantly reduced likelihood of believing it to be legal to make copies to sell to friends and family. This is reassuring from genres such as pop / rock whereby the tendency to pirate is generally believed to be higher within the mainstream genres.

Consumers are confused about the legality of uploading music online. The majority of responders (39.4%) thought it was illegal to upload music online, followed by 32.4% who thought it was legal so long as it was only a personal backup. The law permits consumers under the fair use act to do as they see appropriate with their music, and the copyright act also allows this so long as the commercialisation of the product is not damaged in the process (Yoder, 2012). Uploading music online can damage commercialisation, as there is a risk of the tracks being downloaded by another user; however intention to purchase would need to be established before damaged commercialisation could be argued. Over 60% of the sample population thought it was legal to upload music online.

Figure 52

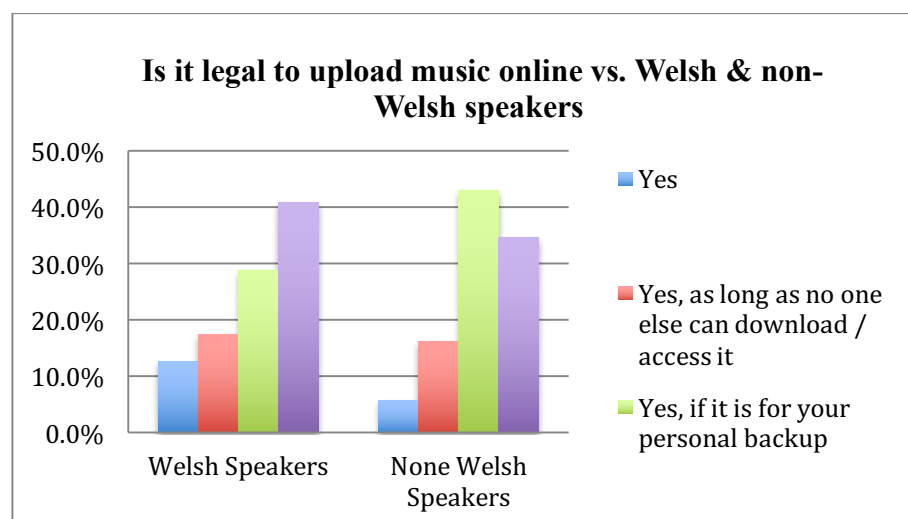


When comparing age to beliefs about what can and cannot be done with music there is a trend that shows that younger people are more likely to think it's legal to

upload music online. There was also a positive correlation between age and uploading online so long as no one else could download or access it. This correlation favoured young people who believed it to be legal to do so. Previous variables have shown a difference between males and females, males have been more in favour of technology and alternative methods of music use and discovery compared with females. The result of this question indicates that females are statistically more likely to say that it is not legal to upload music online, whereas males are more likely to think it is only legal so long as it's only for personal backup or that no one else can download or gain access to it. 11.7% of females compared to 10.6% of males thought it was legal to upload music online. The reasons for the difference between male and females attitudes towards uploading music online could be due to males' greater technical interest therefore providing them with more knowledge about online locker services for secure uploading and anti-piracy measures.

The difference between Welsh and non-Welsh speakers shows Welsh speakers being almost twice as likely to believe it to be legal to upload music online. However there is more confusion amongst the non-Welsh speakers. 40.9% of Welsh speakers think it is not legal to upload music, against 34.8% of non-Welsh speakers. The majority of non-Welsh speakers (43%) thought it was legal to upload music online as long as it was only for personal backup.

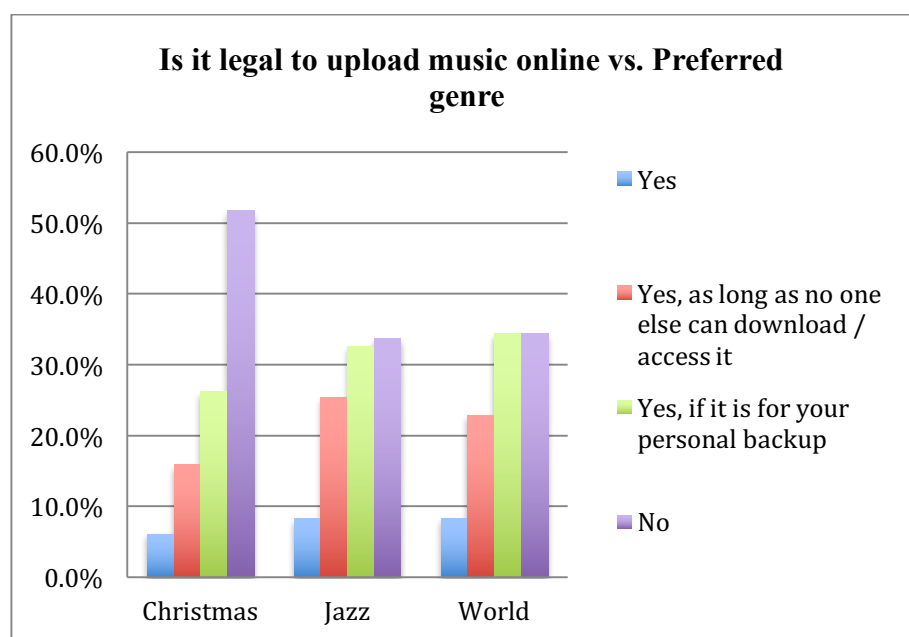
Figure 53



The difference between fans of different genres and their attitude towards uploading music online shows that there is a similarity to trends that have been seen

in previous variables about methods of acquisition and discovery against what consumers believe to be legal. Over half (51.7%) of Christmas music fans don't think it's legal to upload music online, compared with 33.7% and 34.4% of Jazz and World music fans. Jazz and World fans are also statistically more likely to only think it's legal to upload music online for personal backup or so long as no one else can access or download the tracks.

Figure 54



The sample population on the whole suggests that consumers know what is right and wrong within music copyright. However the data demonstrates where opinions differ in respect of the severity of the implications of duplicating digital files depending on the situation. For example, 85.3% either disagree or strongly disagree with copying music to sell to friends. Whereas only 65% believed it to be wrong to copy the music to give it to friends. The majority of consumers (42.9%) believe it to be legal to create a digital copy on their computers. The final statement asked if consumers thought they could do anything they wanted with their legal copy of the music as long as they didn't profit from it. The majority (28.2%) disagreed with this statement, however the responses are more evenly distributed, implying confusion.

As has been seen previously in relation to online activity and music acquisition there is a mix of responses depending on the consumers' demographic. The ages that were statistically more likely to illegally download music were also

statistically more likely to be confused by who would be found guilty if they were caught for file sharing copyrighted material. Up to the age of 44 consumers were statistically more likely to respond that it would either be the uploader or the downloader that would be punished, with most thinking it would be the person uploading the file in the first place rather than the downloader for accessing the file. This supports the literature, suggesting that some consumers see no harm in piracy (Coyle et al, 2009).

Asking consumers if they download illegally was problematic in respect of knowing how consumers would respond. Consumers were told from the outset that the survey, whilst anonymous, would be used to improve the Welsh music industry. Knowing it was an industry survey could have deterred responders from being completely truthful with their responses. However despite these issues 4.7% admitted that they do illegally download, with a further 13% that they don't knowingly do so. There was a direct correlation between age and willingness to illegally download. Up to the age of 44 consumers showed that they were statistically more likely to illegally download than older consumers. There was a direct relationship between age and illegal downloading, whereas not knowingly downloading illegally remained at a stable level across most age groups. The reason for this could change as the age of consumers increase. Younger consumers possibly didn't want to admit to the activity, whereas older consumers who'd tried downloading were possibly in fear that they had downloaded illegally without knowing. The difference between males and females in respect of illegal downloading is not unexpected. Males have shown themselves to be more technologically savvy with music discovery and acquisition therefore it's possibly to be expected that they would also illegally download more music. 6.4% of males admitted to downloading illegally against just 2.1% of females. Males were also more likely to admit to not knowingly illegally downloading. The difference between Welsh and non-Welsh speakers was also noticeable. Non-Welsh speakers are statistically more likely to be downloading illegally without knowing compared with Welsh speakers. However Welsh speakers are statistically more likely not to download illegally compared with non-Welsh speakers. The volume of illegal downloading is around the same for both Welsh and non-Welsh speakers.

Consumers were asked if artists rely on income from legal music sales as a form of revenue stream. This question was asked as a measure of how consumers think about the music and the importance or need to support artists by purchasing

their products legally. 85.5% of the sample population believed that artists did rely on legal music sales as a revenue stream, however 11.5% didn't know, whilst a further 3% did not think artists relied on legal music sales for revenue. When the results for the variable was cross tabulated against age groups, it indicated that older consumers were less likely to think that artists rely on legal music sales as a revenue stream. This is possibly because of the negativity that surrounded the major music labels during the 80s and 90s. Claims that the labels kept the majority of the revenue and therefore artists would need other methods of generating an income from the music beyond record sales damaged the record labels image (Fischbeck, 2000). However it is equally encouraging that young consumers are able to acknowledge that artist rely on legal sales as a revenue stream. Hopefully this trend will deter them from illegally pirating if they are considering the consequences to the artists.

9.2 H8 – Discussion on consumer knowledge of what is legal and fair

Responses supported the eighth hypothesis from a producer's perspective. Consumers have demonstrated an awareness of what is legal and illegal, and on the whole have an understanding of what can and cannot be done with digital products. There was a fair amount of confusion about making digital copies and what could be done with those once they'd been made. The majority agreed that both parties (the uploader and the downloader) could be punished for piracy. The majority of respondents believed that artists relied on legal music sales as a form of revenue.

Whilst the overall sample population demonstrated an understanding of the law and the importance of music sales to maintain a viable business not all consumer groups held the same opinions. Younger consumers had more open interpretations about illegal downloading and file sharing amongst their peers, whilst older consumers were unsure about what new technology could and would allow them to do. The results from this section have shown that whilst overall the majority of consumers know what do to, there remains a need for educating consumers at both extremes of the market. Table 12 presents a summary of findings to the thirteen questions asked to answer the eighth hypothesis.

The results in the data indicate that consumers want to be able to act within the law, however there remains an element of confusion amongst consumers about what they can and cannot do with their music. This supports claims in the literature that

consumers would rather be legal (Brown, 2012). However there is a need to educate (Wang & McClung, 2012 & Xanthidis & Aleisa, 2012).

Table 12 - Summary of responses to Hypothesis 8 Questions

H8	
Is it legal to copy music for anything other than your personal backup?	
Yes	11.5%
No	88.5%
Is it legal to make copies of your music to sell to your friends & family?	
Yes	7.0%
No	93.0%
Is it legal to upload music online?	
Yes	11.0%
Yes, as long as no one else can download / access it	17.2%
Yes, if it is for your personal backup	32.4%
No	39.4%
As the owner of a legal copy of a piece of music, what can you do with it? [Upload it to YouTube]	
Strongly Agree	6.5%
Agree	10.0%
Neither agree nor disagree	21.5%
Disagree	28.4%
Strongly Disagree	33.6%
As the owner of a legal copy of a piece of music, what can you do with it? [Upload it to Facebook]	
Strongly Agree	5.6%
Agree	9.9%
Neither agree nor disagree	21.8%
Disagree	28.6%
Strongly Disagree	34.1%
As the owner of a legal copy of a piece of music, what can you do with it? [Lend it to friends for them to copy]	
Strongly Agree	4.5%

Agree	12.6%
Neither agree nor disagree	18.6%
Disagree	31.5%
Strongly Disagree	32.8%
As the owner of a legal copy of a piece of music, what can you do with it? [Make copies to give to your friends]	
Strongly Agree	4.8%
Agree	13.1%
Neither agree nor disagree	17.1%
Disagree	33.6%
Strongly Disagree	31.4%
As the owner of a legal copy of a piece of music, what can you do with it? [Make copies to sell to friends]	
Strongly Agree	3.1%
Agree	2.3%
Neither agree nor disagree	9.3%
Disagree	26.8%
Strongly Disagree	58.5%
As the owner of a legal copy of a piece of music, what can you do with it? [Put it on your computer]	
Strongly Agree	42.9%
Agree	37.4%
Neither agree nor disagree	13.3%
Disagree	3.4%
Strongly Disagree	3.0%
As the owner of a legal copy of a piece of music, what can you do with it? [Anything you want as long as you're not making money from it]	
Strongly Agree	7.9%
Agree	15.1%
Neither agree nor disagree	26.2%
Disagree	28.2%
Strongly Disagree	22.6%

Who can get in trouble for illegal music piracy online?	
The person who uploaded the file to share	8.2%
The person who downloaded the file	5.0%
Both parties	86.8%
Do you download illegally?	
Yes	4.7%
No	82.3%
Not knowingly	13.0%
Do artists rely on income from legal music sales as a revenue stream?	
Yes	85.5%
No	3.0%
I don't know	11.5%

10.0 Consumer engagement in new technology

The ninth and final hypothesis for this study looked at the engagement with technology and its impact on the Welsh music industry. As has been discussed within the literature review the adoption curve for new technology is important for production companies to consider when dealing with changing markets. As has been established, the customers surveyed were an average of 51 years old; therefore the transition into the digital market place is not as natural as it would have been for younger consumers. The ninth hypothesis proposed that:

H9 Consumers want to engage in new technology, but don't know how.

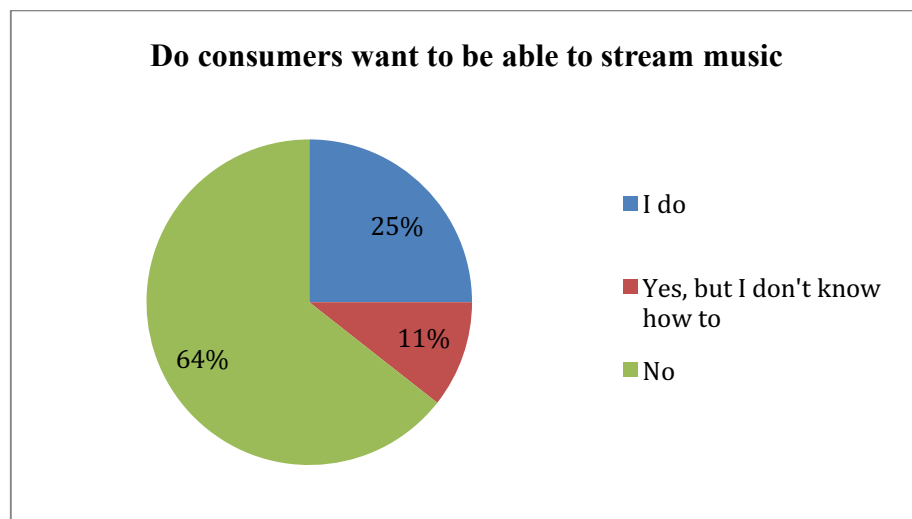
The challenge for the music industry as a whole, not only is Wales has been to develop the product and the process of distributing and marketing whilst equally ensuring that consumers are getting the service they want and understand. This hypothesis assessed if social marketing, streaming services and digital music is what consumers feel they now want. However it may be that they are still unsure about how to access digital services. Since Napster the music industry has tried many different avenues of distribution and marketing (Madden, 2009, Wang & McClung, 2012). The reported decline of music sales for physical products has led to a loss of confidence amongst high-street retailers to stock music products as they don't expect them to sell. The result being that traditionally minded consumers may no longer have

access to the range of products that they once would have had; however, they have not yet gained the skills needed to discover the music elsewhere.

10.1 Key findings

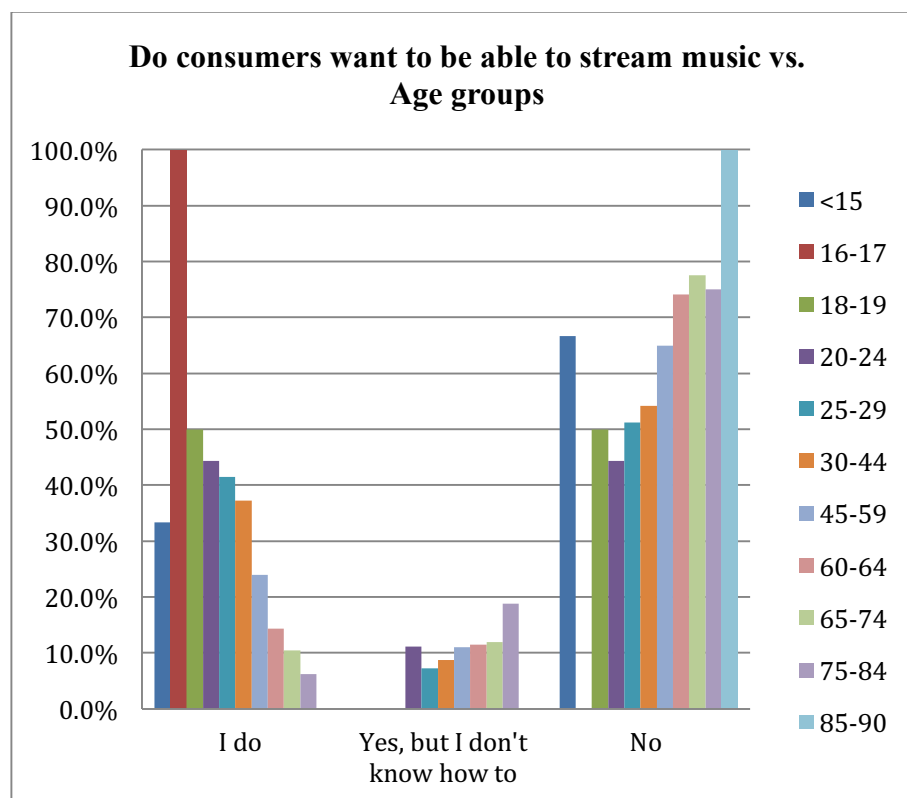
Assessing what consumers know and desired in digital music and digital promotional methods led to over a third of the sample population responding positively. 25% claimed to currently be streaming music and a further 10.6% wanting to but not knowing how. This would suggest that there is an emerging trend moving towards streaming for niche minority language music, which supports the wider music industry trends.

Figure 55



When comparing the use of streaming services against age there is a trend in the data correlating with age. Younger consumers are statistically more likely to be streaming music. 37.2% of consumers aged 30-44 are streaming music, however beyond these age groups the percentage of streamers drops below the average of 25%. As age rises so does the likelihood that consumers are not currently streaming music. However with age increase so does the desire to be able to stream music. 11.1% of 20-24 want to stream music but don't know how, rising to 18.8% of 75-84 years olds wanting to know how to stream music.

Figure 56

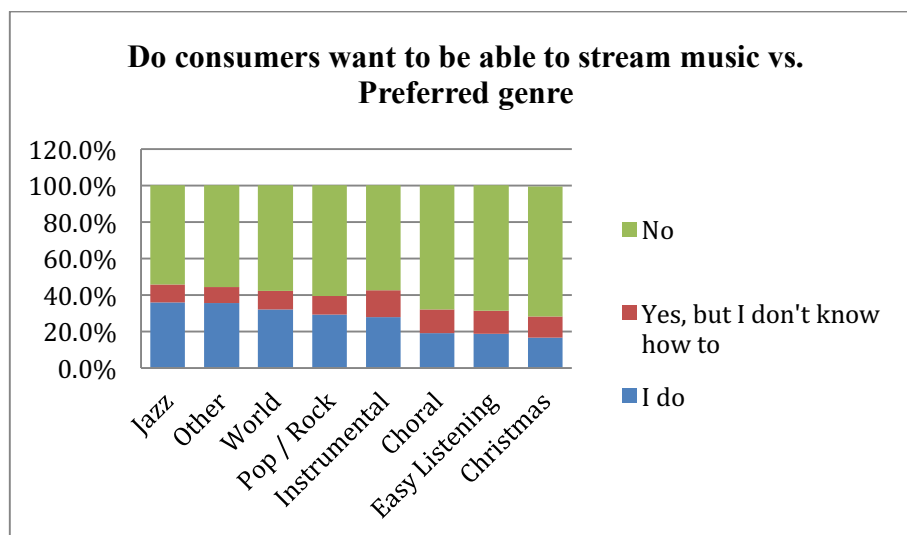


The difference between males and females is once more statistically significant in respect of their use of streaming services. Males are over twice as likely to stream music when compared to females (31.6%/15.2%). Whilst females are statistically more likely to state that they don't want to stream music, there are more females than males wanting to stream music but don't know how to do so. The findings again support the notion that males are more technologically minded in terms of music acquisition online. Welsh speaking consumers have demonstrated previously that they are more traditional in their approach to music use and acquisition. The difference between Welsh and non-Welsh speaking responders within the survey indicated that Welsh speakers are less likely to want to stream music compared to non-Welsh speakers (66.5% / 58.1%). Equally the desire to know how to stream music is stronger in non-Welsh speaking responders (9.7% / 13.3%). Non-Welsh speakers are statistically more likely to be streaming music than the overall sample population at 28.5%.

The data indicated that genre preference also significantly alters the way consumers think about music acquisition in terms of streaming music. Alternative genres are more likely to be streamed compared to mainstream genres (Jazz 35.8%,

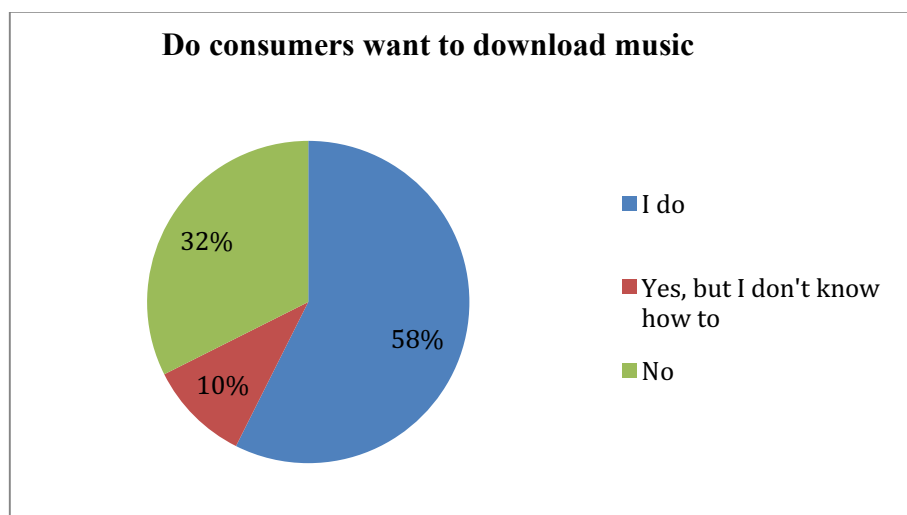
Other 35.7%, World 32.2%). The traditional or older demographic audience genres are significantly less likely to stream music, however they are more likely to want to know how to do so. The more mainstream genres such as pop / rock or instrumental are somewhere in the middle demonstrating that streaming is an emerging trend that is being adopted as an accepted music acquisition method.

Figure 57



Downloading has been available in the market place for much longer than streaming and therefore it is possibly unsurprising that 58% of the sample population are already streaming music with 10% saying they would like to but don't know how to. The positive skew of the sample population appears reversed when compared to streaming with two thirds of the sample population responding positively to downloading compared to one third of the population responding positively to streaming. This indicates how long it takes for new technology to become established in the marketplace, especially amongst consumers of a niche minority language product.

Figure 58



The correlation between age and consumers downloading music showed a similar trend to that seen between consumers' age and streaming. Younger consumers are more likely to already be downloading music. The desire to be downloading, but not knowing how to rises with age. However, where there was a difference between streaming and downloading trends was in the consumers who did not want to download music. This was a much flatter trend with 50% of 16-17 years olds saying that they did not want to download. This trend suggests two things about downloading compared to streaming. Firstly downloading has been established in the market for over a decade so consumers have established if it is something they desire; secondly the technology has been adapted by consumers whereas streaming is still relatively early in the adoption process.

The difference between males and females in respect of their desire to download music is in accordance with previous variables. Males are statistically more likely to be downloading music already. Females on the other hand are more likely to want to download music but not know how to (15.9%). This supports the findings of previous variables that females are not as technical but indicates as technology becomes more established they are willing to adapt. The trend between the level of personal income and the desire to download music showed that consumers with higher levels of income were statistically more likely to be downloading music. However this trend begins to decline in consumers earning over £50k. The percentage of consumers who want to be able to download music but don't know how to declines with raised incomes (<£10K - 14.2% / £50k> - 5.7%). This trend possibly suggests

that consumers with higher levels of income have access to more technology and are therefore more digitally aware. Three genres correlated positively with the desire to download music. 'Other' and pop / rock as genre choices showed that consumers were more likely to already be downloading music. Consumers of choral music indicated that they were statistically less likely to download music compared to other genres, however were statistically more likely to want to download music but didn't know how. This again supports the idea that downloading has established in the mainstream music market however that the adoption curve is still yet to be fully established in respect of capturing all consumers.

Music is a personal expression of character, however at the same time unites groups (Jenkins, 2014). Particularly amongst young consumers, music forms part of social groups. Of the sample population surveyed 82% said that they would not want to see what their friends like online compared with 15% who currently do. Only 3% of the sample population stated that they would like to see what music their friends like, but didn't know how to. When compared to age groups there is a direct correlation between age and the desire to see what music friends like online. This correlation confirms the literature (Jenkins, 2014) about forming social identities and the social influence felt amongst young consumers to identify with their peers. Consumers between 30-74 would like to be able to see what music their friends like online but don't know how to. The trend in these age groups could be due to lifestyle cycles. By the age of 30 consumers have started families and established careers, therefore the time to invest in discovering new music is reduced. People can become detached from social trends such as music, therefore if there was a way of seeing what others around them were listening to it would be a convenient way of keeping up to date with peers.

A difference was also found between males and females in terms of wanting to see what their friends are listening to online. Males were more likely than females to be already be aware of what their friends were listening to (16.8% / 11.7%). However females were more likely to want to know what their friends were listening to online but didn't know how to (2.0% / 5.6%). Seven genres indicated a positive desire to see what their friends were listening to online. All genres, other than classical and choral, were statistically more likely to already be viewing what their friends listen to online. Choral and classical are both statistically less likely to want to know what their

friends are listening to online. The trends seen by the correlated genres follow the same patterns seen for digital engagement as per prior tested variables.

Consumer recommendation and peer influencing is one of the most successful methods of selling music. However, 89% of the sample population said that they didn't want to share their playlists online compared to 11% who either did or would like to but don't know how. This question compared with the previous question asking if consumers want to see what their friends are listening to suggests that consumers would rather follow than lead in terms of social recommendations. Whilst the overall response to this question has generally been negative, it does present an opportunity and insight into the consumer mind-set about social influence. Consumers aged 20-24 are the most likely to be sharing their playlists already, however this becomes a declining trend. By the age of 20 consumers have started to form their identities and are therefore happy to share their music listening trends. However the older generations are not as familiar with the idea of sharing their personal information and activities online. However, in the future with uptake in smart phone technology and the ease of sharing information online it is likely that social recommendations will grow to become a greater influence in the market for future sales.

10.2 H9 – Discussion on consumer engagement with new technology

The ninth hypothesis tested the idea that consumers want to engage in new technology, but don't know how to do so. The results as summarised in table 13 below shows that technology takes time to establish in the market place and equally for consumers to engage and trust in new technology. Downloading music has been a possibility now for over a decade and the process has become an accepted method of music acquisition. As a result of its long-term establishment 67.4% of consumers responded favourably to it as a desired method of music engagement. However streaming which hasn't been around for as long was only chosen by 35.4% of the sample population. However the breakdown in demographics demonstrated that it could be becoming an emerging method of music technology as younger consumers 'grow up' with streaming as a possibility. The ninth hypothesis was supported by younger demographics, with indication that trends are changing as consumers adopt new methods.

The results of this hypothesis have also shown that consumers are more willing to be influenced by other people's music choices and are more likely to want to know what music their friends are listening to than share their own playlists. Whilst on initial reflexion these results may appear to be negative, the results when compared against downloading trends offers insight into future emerging trends amongst younger consumers.

Table 13 - Summary of responses to Hypothesis 9 Questions

H9	
Do you want to stream music?	
I do	25.0%
Yes, but I don't know how to	10.6%
No	64.4%
Do you want to download music?	
I do	57.4%
Yes, but I don't know how to	10.2%
No	32.4%
Do you want to see via the Internet what music your friends like?	
I do	14.7%
Yes, but I don't know how to	3.5%
No	81.8%
Do you want to share your playlists online?	
I do	8.1%
Yes, but I don't know how to	3.1%
No	88.8%

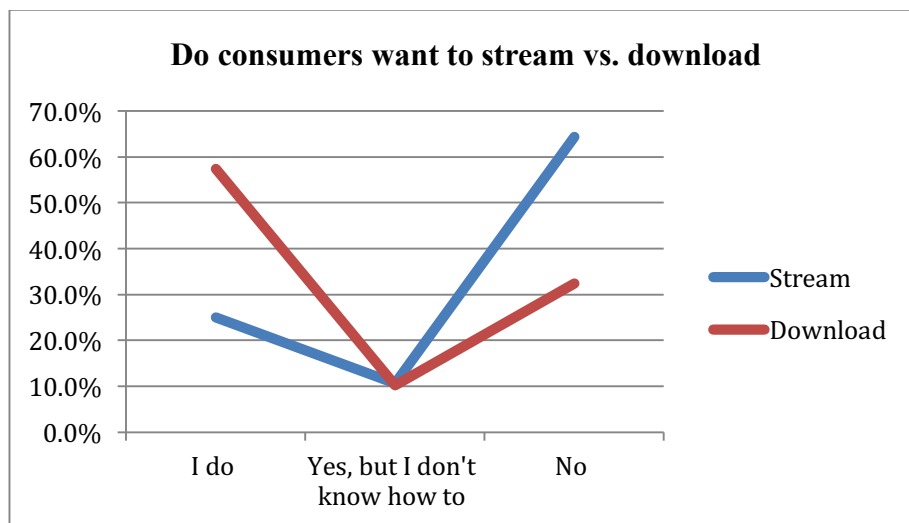
11.0 Discussion of the changed music industry – cross cutting themes

Older consumers are less likely to believe that artists rely on music sales as part of their revenue stream. This is possibly due to artists traditionally earning more from live performance and broadcasting. Consumers are led to believe that artists have other ways of making money. It could equally be due to the number of Welsh artists who record and perform as part time roles that they support themselves by having other work that compensates for their lack of earnings (ap Rhisiart & Owen,

2011). There are positive indications in the results that the youngest consumers are becoming more digitally aware and are prepared to follow the correct procedures online. This is possibly an indication that the digital music industry is starting to mature in the market place and become normalised. The trends in the data are more encouraging than those reported in the literature (Chen et al, 2008, Halttunen et al, 2010 & Cammaerts & Anstead, 2012). Whether this is because of overall developments in the music market, or specific to a niche market would require further investigation.

New technology takes time to become established and adopted. There is a fear that the Welsh music industry could alter its distribution method faster than consumers are able to adapt. Social sharing and engagement amongst this niche and minority language demographic of consumers is still low, however, with increased use and popularity of smart phones easing this process, this pattern may change over the course of the coming years. Currently over a third of the sample population are either streaming or want to, but don't know how to do so. Older consumers are indicating that they want to discover how to stream, whilst younger consumers are already streaming. Streaming is becoming an established method of music discovery and acquisition. Males are more likely to be streaming, as are lesser mainstream genres such as jazz, world and instrumental. It is important for producers to ensure that their music is positioned in a way that makes it accessible to their target audience. Downloading in comparison to streaming is far more established within the market place. The graph in figure 59 illustrates the difference between consumers responses to downloading compared with streaming. The difference between the number of consumers currently streaming compared to downloading is 58% and 25% respectively. However the trends also support the idea that streaming is still establishing, and that consumers are willing to adapt, but have not yet learnt how to do so. Educating consumers is the key to moving the industry forwards (Xanthidis & Aleisa, 2012).

Figure 59

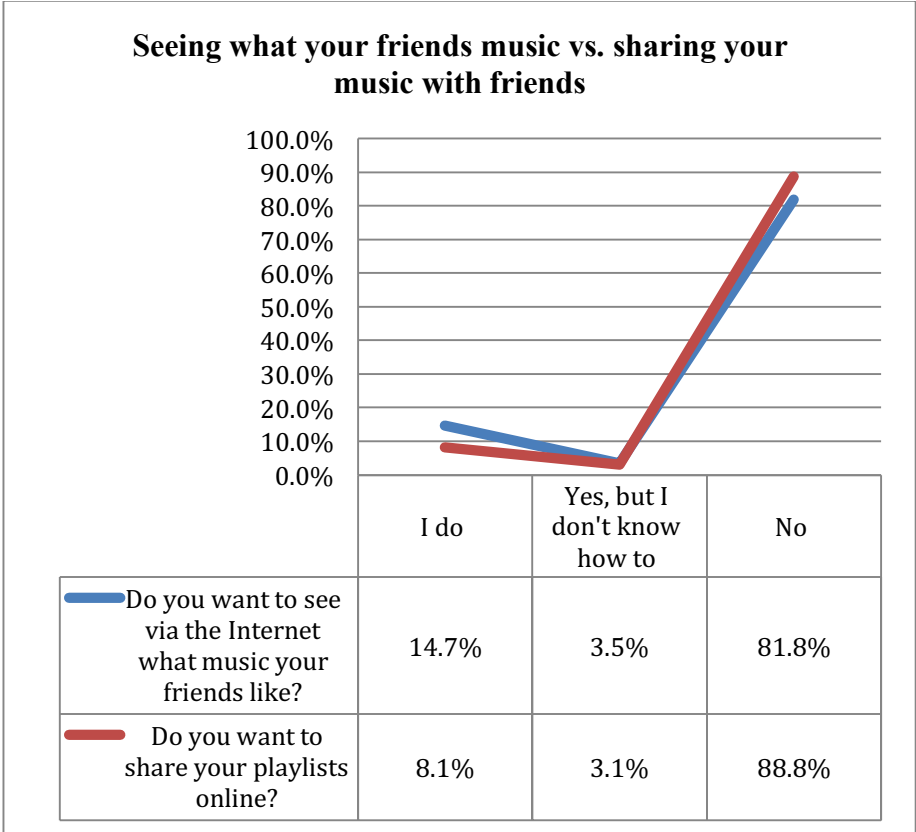


Consumers on higher incomes are more likely to be streaming music. Higher income consumers placed a lower value on digital download products, however they are willing to use streaming for a curated music service.

11.1 Music as a social tool

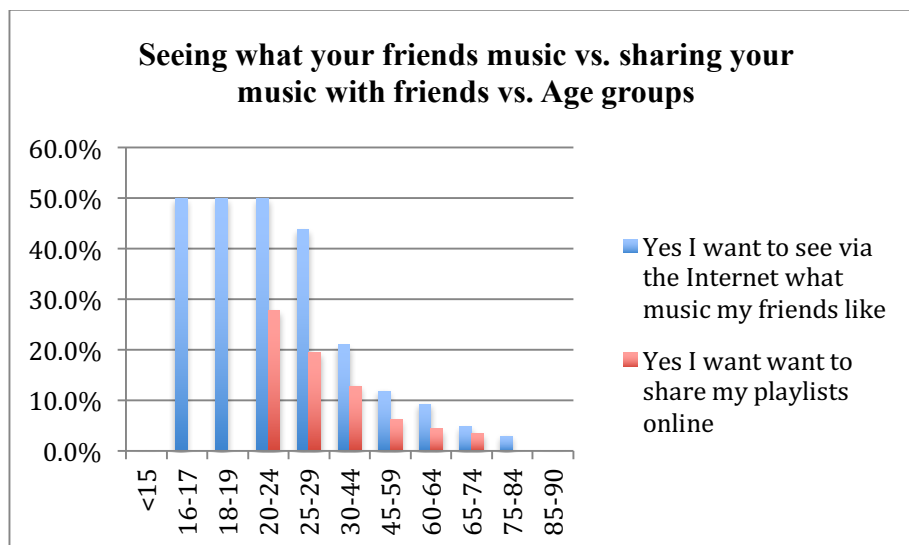
Despite social recommendations being identified as a high driver of music sales, figure 60 shows the difference between consumers wanting to share their music compared with consumers wanting to see what music their friends like. Consumers are almost twice as likely (14.7% / 8.1%) to want to see what music their friends like compared with sharing their own (Sharma et al, 2012). This indicates that consumers would prefer to be trend followers rather than set the trends. However it does also indicate the importance for record producers to take care of their main fans, who are prepared to share, as this will lead to influencing other consumers (Walsh & Mitchell, 2010).

Figure 60



Younger consumers are more likely to want to share information online and to see what music their friends like online. However the desire to share their playlists compared with seeing others starts at a later age as indicated in figure 61. This could be due to music being a part of social construction, especially for younger consumers, and therefore whilst still building their identities their social confidence to lead rather than followed emerges as they get older (Shih & Huang, 2012).

Figure 61



11.2 Recommendations for continued development in niche and minority language SME production companies

In order for niche music producers to continue to develop and grow in the digital music market consumers need to be kept at the forefront of the production process. SME production companies gather digital data about their consumers without necessarily realising. The data generated via a customer order can be used to track who is buying what products, when and from where. This is useful information that can be used to promote additional products. There is no quick solution to growing social networks or generating successful e-marketing campaigns. However by servicing consumers and taking the time to recognise factors about them it will enhance the service that producers can return.

11.3 The Future for Music - Signs of hope

The music industry has started to get on board with the digital revolution. However, there are still a number of factors that are restricting labels from wanting to fully embrace new technology. Changing a business model and moving to a new system that was not devised or instigated by the industry is risky. There is less protection for the IP of a product in the digital sphere. However, consumers are insisting that digital remains the future for music distribution, consumption and acquisition.

Although digital models for consuming music have been around for over a decade, it is a short period of time compared to the long history of the music industry. For an SME production company with a modest turnover it becomes even more challenging to adapt and compete in a new area of sales without prior knowledge of their new market. There have been a number of non-traditional companies entering the music business. Both Saatchi and Saatchi and Coke a Cola have released music and received successes demonstrating that the skills required to survive in this business have changed with strong brand identity and appealing marketing is the way to attract consumers (Saatchi and Saatchi, 2011).

Today the Internet offers a range of open source, crowd sourced programs which can assist music producers, promoters and artists to gain fan bases and distribute their music quickly, at low cost and to a larger demographic than with previous systems. By embracing new facilities it is becoming possible for SMEs to compete with major labels and begin to re-establish themselves in the competitive music market (Masnick, 2012). Through combining forces with knowledge already gathered by third parties and listening to the demands of consumers it should be possible to remain profitable in the music industry.

11.4 Stabilising

When e-commerce first challenged the music industry there was no known route to market online. There was much confusion over who would sell what and where. Implications of allowing third parties to act as intermediaries online was unclear. Today however, there are a number of successful online distributors of music such as iTunes and Spotify. Once again the music industry has now got an established route to market, and consumers again know where to go in order to discover new products. The current situation for online music distribution is meeting consumers demands of digital music (Thomes, 2011 & Liebowitz, 2014).

11.5 Value from Digital Market

The current balancing act online is the cost of exposure versus the rate of return on a product. Through operating online, distributing music and promoting new products is becoming easier. There are still improvements required before the music industry can expect to return to a sustainable and profitable business. The true value of a digital product needs to be established in the minds of the producers and

consumers. Consumers no longer expect to pay the same price for a download as they have for a tangible, physical product. The distribution and file production costs are not the same; however, the production costs of the original music remains similar. Changes need to be made within the music industry to ensure that future music products can retail at a more acceptable, and ethical price, and also so that everyone buying and selling music can operate under the same perception of value.

11.6 Future

The future of the music industry should be strong, fast paced and vibrant. Although changes are still required, the demand for music and performance shows no sign of diminishing; if anything it's growing. Year on year since Napster's entrance to the music market more money has been spent on the music industry (IFPI, 2014). Where and how the money is distributed has changed, but the business opportunities remain. Future releases will need to be more creative, work in closer collaboration with consumers over longer release periods to ensure the demand; scarcity and consumer expectations will need to be carefully managed.

Record labels need to change roles. No longer will they only be producers and promoters, they will need to become service providers. The live music scene is growing and consumers are prepared to pay for experiences. As noted previously, music now competes in a multimedia environment where consumers can interact and engage with the product. Various alternative marketing models for releasing music have been explored, but, the future needs consistency. Whilst one off apps, fan magazines or games featuring live performances creates media hype at the time of release, they have not demonstrated longevity as a business plan. Consumers don't want to be faced with a new gimmick every time a new product enters the market. However, a more engaging method needs establishing.

Since the music industry began moving towards e-commerce it has done so by having to react continually to external factors such as changes in technology. However, from here on, a planned route to market needs creating in order to regain control over the market place. Not all elements of the distribution process are return a financial benefit for production companies. Although these unprofitable areas may be popular with consumers, if they are not supporting the business model they need addressing. Through pushing consumers towards the music industry's preferred intermediaries online will increase scarcity and improve the perception of value.

Monopolies within a market place are not healthy for creativity or ethical practice, but a greater level of control and management should safeguard the music industry for the future by ensuring that it remains financially viable.

12.0 Conclusion

The results gathered in this chapter offer an understanding of niche minority language music consumers' response to music marketing, and online acquisition methods. Having gathered responses from over 1,000 consumers of niche music this study has been able to provide an overview of behaviours that can be used to make suggestions about how such consumers want to receive updates about products and services.

In the transition from traditional record stores to e-commerce, knowledge about music consumers has been diluted. In a store recommendations can be made and a relationship can be developed. However the only prior known knowledge about the consumers surveyed for this study was their email addresses. It is hard to know how consumers respond to social marketing, online acquisition methods and digital engagement from their email address alone. The results presented in this study provide Welsh producers with an enhanced understanding of how to present a new product to the market in the most suitable method for the targeted audience.

The implications and recommendations made based on the findings of this data analysis are presented in the final chapter. The implications are discussed in context of the hypotheses as well as in relation to genre and consumer demographic.

7. Implications, Conclusions and Future Research

1.0 Introduction

The research has enhanced the understanding of the Welsh music industry. As a consequence the research is positioned to make recommendations about the future direction for the promotion and distribution of Welsh music products in the digital market. This chapter will reflect on the findings discussed in the results chapter of this study and consider the trends that have been indicated as well as offering thoughts on future possibilities based on these discovered trends. The recommendations of this chapter are based on factors such as the demographic of the consumer, genre of the music, as well as a more detailed understanding of the target audience. The chapter is structured to give a summarised response to the implications of the hypotheses. These implications have led to enhance theoretical framework and knowledge for the release of Welsh music. This model has been applied using the most popular genres selected by the sample population.

2.0 Contribution to theory

The main contribution towards the development of the theory for practice, producing, promoting and distributing music within the Welsh language market has been in the area of consumer engagement. The transfer from the physical to the digital commerce has required producers to gain new information and techniques to engage and provide consumers with the experience they expect. This study has evaluated and identified consumer profiles and well as the specific preferences of genre consumer types. This study has identified methods to meet consumer expectations, develop relationships as well as make recommendations on price point for digital music. The study has also identified a new theoretical framework for releasing music. The new framework makes allowances for genre and the profile of the target consumer. The result of the framework will enable producers to release music in a profit priority order and introduce control into the digital market whilst engaging with consumers and generating market demand. The contributions to theory, methodology and policy are addressed below.

2.1 Meeting Expectations

Knowing what consumers consider important for the format of play back can enhance the producers' distribution methods. 55.8% of the sample population want to be able to use their music in their CD players. This is a positive for music distribution as it means that they have the potential to control the market if it remains more physically based. Physical products are more difficult to duplicate. However younger consumers and males are likely to want to use their music via iPods / Mp3 players, and there was also a stronger trend amongst the 20-44 year old consumers towards listening to music via their computers. Whilst there are broad patterns within the dataset, producers need to give consideration to other routes to market which could better meet consumers' expectations. The result of a more targeted approach to releasing and distributing music would lead to higher profits and sales. Not only does age and preferred genre alter the method of acquisition and discovery, but also income, gender and language. These differences have been illustrated and applied to the route to market model later in this chapter.

Currently within the Welsh music industry a products marketing process begins when the product is released. However, pushing attention and marketing earlier towards targeted discovery and acquisition methods can generate controlled demand for music. Whilst 76.9% of consumers hear new music via the radio, it only makes 49.6% of consumers want to purchase new music. Understanding consumers who are encouraged to purchase music as a result of factors beyond radio is therefore important in order to capture the other 50.4% of the market place. Online marketing and distribution is best utilised for music with a younger targeted audience. Likewise there has been an indicated difference between consumers' income levels and their use of music websites. The higher the income, the more likely the consumer is to use them. Genre preference also influences what makes consumers want new music.

Artists with younger target audiences need to be aware of the desire to socially engage and invest time into their social networks. In reverse to the use of music websites, social engagement increases with the lower income consumers. Consumers earning over £30k become less likely to want to engage with an artist online. Despite jazz fans showing a more positive acceptance of other digital platforms for engagement such as streaming they do not want to engage with social media. Knowing how and why consumers want new music would enable artists to position their marketing activities in accordance with what their target audience are most

likely to do. Welsh speaking consumers are most likely to want new music as a result of hearing it on the radio or via live performances, whereas the non-Welsh speakers were more likely to be influenced by a broader range of methods. Recognising that differences exist allows producers and artists to plan an efficient release and marketing strategy.

Consumers are driven to purchase music by particular factors. Adverts leading to consumers wanting new music scored low, therefore it is important for artists and producers to think more creatively about promoting music to consumers and in a more engaging method. It is important to keep in mind what the demographic of the consumer that follows music websites and engages with artists via social media. Producers need to ensure that only the products that are likely to be discovered and desired are promoted within these networks. Through using these discovery avenues prior to releasing the product demand can be generated so that desire and social traction for the product can be generated ahead of the first point of sale. For example if a new pop / rock album is due for release, prior radio play, artists promotion on social networks and driving traffic to pre order via music websites would likely gain consumers interest. However, for a folk album an exclusive live performance to launch the album and make the product available early at the event rather than on the radio or in the shops is likely to gain more support from fans that will socially share and recommend the product to friends who weren't at the original event.

The significant contribution to theory regarding meeting consumer expectations has been in the attempt to generate desire and provide a catalyst of social traction around a new product. Previously consumer theories had been engaged in single aspects of engagement, however this study contributes an enhanced understanding about the complexity of understanding and engaging with digital consumers. The theory driven distribution framework indicated that producers need to appeal to consumers on a broad range of variables including price, marketing content, direct consumer to artist engagement and accessibility as well as the product format.

2.2 Relationship Development

Non-Welsh speakers are more likely to purchase as a result of a live performance, this is possibly due to the scarcity of such events in areas where non-Welsh speakers are living. However results have also shown that non-Welsh speakers place a higher value on niche minority language music. There is a strong demand for

live music. If given the opportunity to engage on a deeper more personal and local level consumers will become more loyal to the artist. Younger consumers in particular are looking for deeper levels of engagement and social interactivity. Live performance is a method that artists can use to generate loyal, long term fan bases enabling them to produce more revenue and sustainability from their music products. Younger consumers are likely to be engaging with an artist online, a trend that declines as consumers become older. However older consumers are indicating that they would like to engage with artists online but don't know how to do so. This indicates that this method of engagement is emerging and still establishing as a method of marketing. Genres and artists that have a wider appeal geographically should use online engagement as it enables fans to feel involved.

Older consumers desire more subtle marketing as they have become more stable with the kind of music and artists that they prefer, whereas younger consumers are still using music to establish their identities. Older consumers require more time to adapt to digital marketing processes. However so long as it is done subtly there is potential for success. The music industry is moving away from its traditional release and distribution method and towards a digitally distributed method. However, consumers don't always migrate as quickly, especially in a niche, minority language market.

Streaming can lead to sales and also demand can be generated to drive purchases via online exposure. Instant access was most appealing to consumers in the higher income categories above £30K. Welsh speakers are more likely to want instant access to a product that they've heard online. Traditionally the Welsh music industry has been a local and accessible market, therefore this desire for instant access indicates that consumers are willing to migrate online in search of a similar experience. Consumers of easy listening pop / rock and children's music were also significantly more likely to want instant access to the music.

Consumers are looking for a more creative and engaging process if they are to respond to adverts. Artist to fan marketing would have a positive impact on music sales. Digital marketing has the potential to develop personal relationships and build the trust into the music industry. A trust that existed in the traditional music distribution channel when shops were the primary point of sale. Digital sales are more likely to occur when marketing on a digital platform, and personalised marketing direct to the fan is a successful method of gaining consumers attention. Specific

genres will respond better than others to this kind of marketing such as easy listening, children's and Christmas.

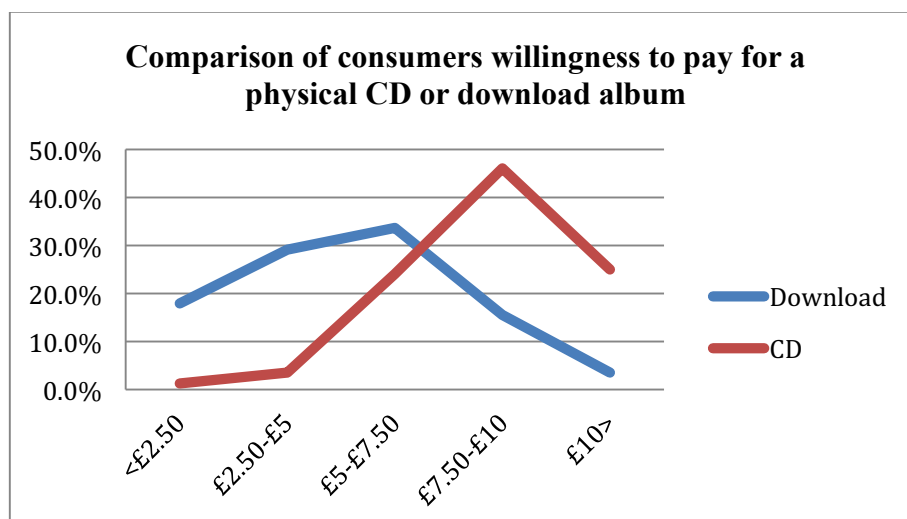
Consumers would like to see more material packaged as part of the music product. The music industry is faced with the challenge; sales are down, however consumers are expecting more. There are ways that the music industry could appear to be giving more back to consumers in respect of artist engagement and access to behind the scene information. Consumers want relationships and trusting networks to reward their purchases and engagement. The desire to see more bonus material is stronger in younger consumers. Welsh speaking consumers would also like to see more material as part of the purchasing process compared with non-Welsh speakers. The indication is that consumers are looking to gain additional information about the artists and their music. This deeper level of engagement could be incorporated into the prior marketing process.

Prior theory regarding relationship development has explored the social and national identity of consumers, and consumers who are willing to share in order to influence their peers. However, this study contributes a profile of the consumer types and their specific expected reactions to events surrounding music engagement and purchasing trends. Through deductively deriving the survey and framework design, this study contributes a more detailed theory for building and maintaining relationships with niche, minority language consumers.

2.3 Price Point

There is a direct relationship between age and the price that consumers would be willing to pay. Both extremes of consumers' ages indicate that they are likely to place a lower value on music. The most willing price point across all income and age groups was £7.50-£10 for a CD. In comparison the most willing price for a download album was £5-£7.50 (34%) followed by £2.50-£5 (29%). In reverse to the trend seen with physical albums, younger consumers are willing to pay a higher price for a digital album compared with older consumers. The graph in figure 62 shows the overall comparison for the sample population's willingness to pay for a physical CD compared with an equivalent download.

Figure 62



The same trend is seen between willingness to pay for a track and age as was seen between age and digital albums. Younger consumers are more willing to pay for single tracks compared with older consumers. Welsh and non-Welsh speakers place different values on download tracks. Welsh consumers place a higher value on download tracks compared with non-Welsh speakers. Indications show that there were areas of the music industry whereby cheaper music would encourage growth, and others whereby price point could potentially be higher if the quality of service was justified. However, in order for the Welsh music industry to grow, digital products should be sold at a reduced price compared with the physical equivalent.

Previous theory surrounding price point has identified the tolerances within consumer purchasing intentions. This study has added to the theory of price point regarding the differences between physical and digital products. Through understanding the floor, ceiling and optimum price point for both physical and digital music products niche, SME producers are able to optimise their distribution strategy in order to maximise on the markets potential engagement.

3.0 Methodology developments

This study has developed the methodology for analysing the market situation for niche minority language music markets. Previously studies had either focused on larger territories or on producer's perspectives on how to change the music industry. This study has used a deductive approach and created a new survey to assess where control could be introduced into the digital market whilst providing consumers with a

desirable experience. The methodology employed has been a mixed method approach of quantitatively analysing the cross-tabulated results of the dependent and independent variables with authoritative observation given on the empirical evidence. This methodology could be used to evaluate and analyse the consumer engagement and optimised distribution methods in other niche, minority language music industries.

The research has shown clear correlations between certain demographics and their attitudes and desires for music online. For example males are more likely to acquire music from a broader range of platforms and are more likely to download, both legally and illegally compared with females, and older consumers are less likely to want to stream music than younger consumers. These trends are not necessarily unexpected; however there have been more subtle discoveries such as the correlation between age and the desire to stream, but not knowing how to do so. The results of the data have been presented in detail in the previous chapter. However in order for the results to become meaningful it is necessary to understand the demographic and target audience for each genre, and how this information can be applied to the products.

4.0 Implications of the data results

The key discovery from the data collected as part of this research is that not all genres of Welsh music can be marketed in the same way. It is important for Welsh music producers to understand and consider who their target demographic is prior to releasing the music, and prior to starting the marketing process. Without prior planning there is a possibility of placing effort into marketing a new product, however that the targeted demographic is missing the exposure as they are not currently using such services, or don't respond to such marketing techniques (Liu et al, 2012). The section below will summarise the implications of the hypotheses presented in the previous chapter. These implications will feed into the recommendations and action points as well as the proposed release structure suggested as an outcome of this study. The first hypothesis proposed that consumers at different stages in their lives and with different preferences for music genres would discover music in different methods. Recommendations based on findings from this hypothesis are used to position the Welsh music industry in a stronger position, and to be able to release music in an

order, and on the platform that is most likely to generate an income and attract the attention of the targeted audience. The sample population have suggested that radio for Welsh music consumers remains a strong avenue for music discovery. The level of engagement with radio is fairly constant across all age ranges. However, males and fans of more alternative genres are also likely to use other avenues of discovery beyond radio. Streaming services have been identified within the sample population data as being a music discovery tool that is emerging and becoming a more mainstream route. Younger consumers are more inclined towards services such as Spotify. However, mainstream genres such as rock / pop are also popular with the streaming services. Whilst more traditional genres such as choral are less likely to be streamed.

Welsh speakers are more likely to legally download or buy from a shop, whereas non-Welsh speakers are more inclined to buy a physical CD online. Knowing how consumer types differ offers suggestions about the location and potential language choice for marketing. For example a poster in a shop could be presented with an emphasis on the Welsh language first, whereas email marketing campaigns could work better with the English first. Equally knowing where consumers are likely to acquire new music depending on age and gender allows producers to position their marketing in accordance with whom the target audience may be. The main difference between where consumers acquire new music was based around their preferred genre. Easy listening fans for example are far more likely to purchase music in store. Knowing and understanding that such differences exist not only enhances the producers understanding about what products to position where, but also enhances the consumers experience by providing an experience they desire.

5.0 Reaction to the hypotheses

The implications of the hypotheses have generated positive recommendations for the development of the Welsh music industry. The data has found differences by segmenting consumers and genre preferences. These differences alter the way music can be marketed and distributed. Through taking time to understand and consider the most effective and efficient route to market future demand can be generated for new music releases. Also by working with music consumers to provide the services and

access that they desire, artists and record producers can build a more rewarding and loyal relationship.

Finally in relation to moving the Welsh music industry towards a digital model for the distribution and marketing of music, the data has indicated the consumers' desire for these services. However, consumers want to see digital services at a price point that reflects the lower distribution costs of digital as well as an enhanced product. By including artwork or behind the scene stories consumers are invited into the artists' world, which aligns music with the appeal of social networking and online communities. For the majority of consumers they are aware of what is legal and illegal online, however with the development and adoption of new technologies consumers of niche minority language music need time and assistance to adapt and engage with new technology.

5.1 Support for the hypotheses

1. Releasing music in a profit priority order should increase scarcity and raise digital profitability.

All demographics and genre types supported hypothesis 1. The implication for producers being that control can be gained by controlling their release strategies into the market place, and by prioritising the medium onto which they release new products.

2. Longer marketing campaigns prior to release will raise awareness and encourage demand.

Not all demographics and genres supported hypothesis 2. Therefore producers need to be aware of their target market and tolerances for marketing strategies and discovery and acquisition methods.

3. Live performances provide access to long-term fan bases.

All demographics and genre types supported hypothesis 3. Producers and artist need to engage and provide consumers with engaging performances and access to music in order to develop a sustainable fan base and generate a target audience for new products.

4. Working with, and for consumers will drive higher revenues through being proactive recording artists.

Not all demographics and genres supported hypothesis 4. Producers need to be aware of their target market and tolerances for marketing strategies and discovery and acquisition methods. Different genres want to discover and engage with music at different rates and value the product differently. Producers need to consider the most appropriate platform for delivering new products and services.

5. Digital marketing on digital platforms will drive higher digital sales.

All demographics and genre types supported hypothesis 5. Results support emerging trends in digitally distributed music, and that marketing via digital platforms encourages legal activity and engagement with legal avenues for music discovery, streaming and purchasing.

6. Value adding via content creation will improve consumer relations with the music industry.

All demographics and genre types supported hypothesis 6. Content is valuable to all consumers as it enriches their engagement with a products and the artist. Early digital products offered little added value, however with the emergence of Web 2.0 and enhanced digital packages producers are positioned to offer more creative digital solutions which consumers desire.

7. Cheaper music would encourage growth for the industry

All demographics and genre types supported hypothesis 7. Digital price point is challenging for producers as the production, distribution and marketing cost difference between physical and digital are marginal. However, the consumer perception is that digital should be cheaper to negate against the early adoption risks of a new product type and the lower tangible value of the product.

8. Consumers are unaware of what is illegal vs. Fair use

Hypothesis 8 was supported form the producer's perspective. Consumers were aware of what was illegal and fair online. However, the perception amongst the generation who first engaged with digital music still considers illegal sharing and P2P services to be acceptable. Despite this generation, the younger generation are adapting to digital

distribution and paying for online content, therefore supporting the market places' future development.

9. Consumers want to engage in new technology, but don't know how

Hypothesis 9 was partially supported. The younger consumers and mainstream genres supported engaging with new technology, however there remained some uncertainty about how. Producers and artists need to promote digital engagement and aid consumers in adopting new discovery, engagement and acquisition methods. Whilst the current level of new technology use was low, the results indicated a desire for further development and future use.

5.2 Data in support of the literature

The results of the data gathered for this research can be compared to the literature that has been reviewed. The themes of the literature that support or contradict the findings of the data presented within this study are piracy, consumer engagement, social marketing, online activity and digital's value to consumers. The prior literature placed piracy as being a problem for the music industry that cost millions of pounds in lost revenue. However, the reported loses have possibly been exaggerated or miss reported (Bateman et al, 2011). Yoder (2012) also described P2P network as being 'whack a mole models'. That is as soon as one P2P service had been closed, or a legal loophole addressed pirates would find another method of distributing.

The literature surrounding piracy indicated that young consumers are most likely to pirate digital music, especially males (Coyle et al, 2009). It was also noted that young consumers don't see any wrongdoing in music piracy (Chen et al, 2008, Halttunen et al, 2010 & Cammaerts & Anstead, 2012). However, the results presented in this research indicate that the youngest consumer groups from <15-20 do engage in legal activities online and place a higher value on legal digital downloads than some of the older age groups. Piracy was most likely to occur in consumers in the 20-29 age groups. These were possibly teenagers when data was gathered for previous studies, and therefore piracy was more apparent in the younger age groups at that point (see Eckhart et al, 2001, Redford, 2012 & Flores & James, 2012). It is possible that education has improved and younger consumers are now more aware of the risks. Secondary data indicated that piracy rates peak in 2008 for music (Envisional cited in

Music Week, 2011). If a reduction in piracy and attitudes amongst young consumers are changing, this would support the idea of continuing to educate consumers about the consequences (Wang & McClung, 2012). 13% of the consumers surveyed said they had not knowingly illegally downloaded. There is room for the music industry to support these consumers and ensure they are confident in their online practices. Education is the key to moving the industry forward (Xanthidis & Aleisa, 2012).

It is important for producers to understand the needs of consumers and what they value and desire from music. The reasons why a consumer chooses to download music is the main question that needs asking by producers (Dilmperi et al, 2010). Through understanding consumer motivations the product can be altered to meet their desires, in turn reducing the incentive to pirate or purchase elsewhere. For a long time consumers have wanted to 'get their own back' on the music industry (Coyle et al, 2009). There has been a perception of greed and mistreatment of artists. The industry now needs to be more transparent and work with its consumers in order to readdress this imbalance in opinion.

Both the literature and the data have indicated that consumers know what they want and how they wish to engage with digital music. Following the years of disruption from Napster and other P2P networks, producers need to work with consumers to provide them with the service they want (Brown, 2012). Consumers are looking for two-way relationships with artists (Shin & Huang, 2012). They want to be able to share and engage within networks. However, for this to work producers need to understand their target audience (Liu et al, 2012) and provide them with a location whereby they can trust the network (Srivastava & Pandey, 2012). Respondents have indicated both in the literature and the data that they would respond positively to personalised marketing direct from an artist (Li & Karahanna, 2012). Through providing the consumers with good content in the networks they will share and engage as e-mavens (Walsh & Mitchell, 2011). These e-mavens will promote the products on behalf of artists and producers. This strengthens the sales process as 98% of music purchasing is made due to social recommendations (Sharma et al, 2012). Social recommendations were also one of the high sales drivers noted in the data collection.

The final recommendation derived from the data and supported by the literature is the value and price point for music products. The price of music needs to be competitive for the consumers (Danaher et al, 2010). Consumers use the Internet to

shop around for the best price and best deals and are looking for good value. Due to the effect Napster and P2P networks have had on the perceived value of music, as well as consumers knowledge about digital file duplication they believe digital music should cost less than the physical equivalent (Beekhuyzen, 2012). There are improvements seen in consumers' attitudes towards digital's value. In 2000 Fischbeck claimed that 76% of consumers would not pay anything for a download track (Fischbeck, 2000). Whereas young consumers surveyed in this research indicated that they place a higher value on digital than they do on physical.

6.0 Policy Changes

Due to the limitations faced by this study it has not been possible to influence or change policies relating to the distribution of digital music. However, through using a deductive approach and allowing the study to be guided and constructed within the confines of the current copyright and collection society rulings it has facilitated the generation of new potential internal policies for music producers. Copyright and royalty rates are beyond the control of SME niche minority language producers, however, internal policies regarding price, distribution channels and marketing avenues can be modified to enhance the industry.

The route to market for music has changed. There is now a mix of intermediation, direct sales and digital remediation. Exposure to new music is being driven by multiple new avenues; requiring more innovative methods of introducing products in order to gain attention in a busy multimedia sales environment. Succeeding as an artist or a record label in the digital era requires a strong combination of marketing; proactive interaction and innovative promotion. 98% of music sales are driven by social recommendations (Sharma et al, 2012). The potential from these recommendations in the online social network is a powerful source of influence (Sharma et al, 2012).

6.1 Production company policy changes

Whilst the limitation for both the study, and for the SME music industry producers to influence industry wide and copyright policies is unachievable, there are contributions made to company policy. This study makes a contribution to policy on price, distribution channels and timeframes, consumer and artist engagement as well

as content generation and demand creation around a new product. This study also contributed to the enhanced understanding of consumer profiles and genre type. This study contributes a model, which differs depending on the target audience and the genre of a product. This contribution to the policy on music release potentially enables better consumer relations and increase music engagement, sales and producer and artist profitability.

7.0 Practical implications of action points and release framework

The recommendations made to the Welsh music industry as a result of this study is that planning a new product and timing its release into the market place is of prime importance for its success. Each genre and consumers demographic responds differently to having music marketed to them. Music producers need to establish the target audiences, and which music distribution platform is going to be the most appropriate.

Consumers are looking for value in relation to digital services; therefore either the price needs to reflect the reduced distribution cost (for example if selling pop / rock music). Alternatively the quality of the service and curated music needs to be high (for example selling to high income classical music consumers). It is important for producers to remember that not all genres are the same, and that targeted campaigns with the consumer experience at the forefront of the planning will be the most successful.

Artists also have a responsibility to understand and engage with their fans. Social networks or live events offer opportunities for artist of selected genres to develop and maintain loyal fan bases that will offer returning custom as well as social recommendations into the market place by consumers who have attended or follow online.

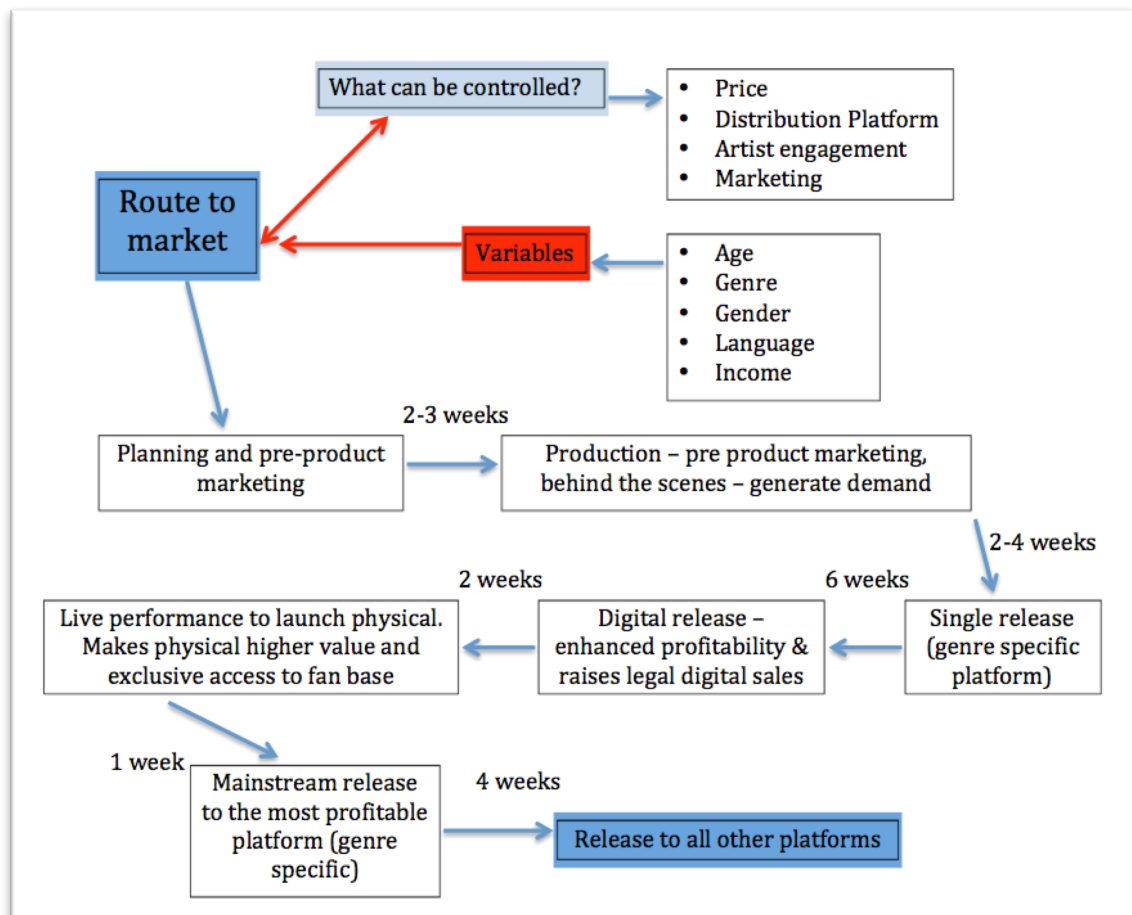
The final area that could be improved from within the Welsh music industry is to help and advise to consumers on how to engage with music legally online. Record producers could incentivise digital sales by bundling offers thus mitigating any risk to the consumer of downloading from the wrong location, or fear of investing in an illegal digital copy. The adoption curve for new services within a niche market is slower than in mainstream music. Record producers need to ensure that all consumers are included in the process, and are able to develop at the same rate. The music

industry needs to be transparent and offer two-way relationships to its consumers. Artists are now service providers as much as they are music producers.

Figure 63 is a suggested route to market for the Welsh music industry when releasing a new product into the market. The results of this study have indicated that longer lead ups to product launches will increase demand and create greater traction in the market place. The model below suggests a period of 16-17 weeks between initial pre-product marketing and full launch to all platforms. When planning new musical products, producers need to assess what they can and need to control, such as price, platform and how to market the product. These elements should vary depending on the variables that will influence how the product is received. Consumers age, gender and income impact their reception of music. However, the main factor that impacts the way music is received is its genre. As has been discussed in the literature, music is used to comply with social norms and form social identity (Coyle et al, 2009 & Sharma, 2012). Consumers therefore who have a preference for a particular genre are likely to respond in the same way as other consumers who like the same genre.

The route to market model is designed to allow producers to influence consumers, raise demand and control scarcity in the market, whilst providing consumers with an engaging process in which they can build meaningful relationships. For example in the initial weeks of planning and recording a new album, social media can be used to inform consumers about an up and coming product. Alternatively it may be an opportunity to invite a television company in to feature the production. The chosen platform for informing the audience will vary depending on the genre. A genre such as pop / rock is likely to have the music streamed by its consumers. However, as streaming returns little revenue, the products released onto streaming services could be withheld in order to increase digital scarcity. Controlling the market allows producers to influence where consumers are engaging and increase their sales revenue.

Figure 63



Fourteen genres were surveyed during this research. The five most popular were classical, folk, pop / rock, choral and instrumental. Table 14 below shows how the five genres react in relation to social and artist engagement and also their differing platforms of discovery. Whilst table 15 illustrates what influences the genres desire for new music and live music events as well as their acquisitions trends. The tables below indicate the principle choices for each of the variables

Table 14

Genre	Social and Artist engagement			Platform for Discovery		
	Do consumers like their favourite artists on social media	Do consumers buy more if they receive personalised marketing	Do consumers want to engage with an artist online	Where do consumers mainly hear new music	Do consumers stream music	Do consumers use music websites
Classical	No	Maybe	Yes, but don't know how to	Radio	No	No
Folk	No	Maybe	Yes	Facebook	Neutral	No
Pop / Rock	Yes	Maybe	Yes	YouTube	Yes	Yes
Choral	No	Yes	Yes, but don't know how to	TV Music Channels	No	No
Instrumental	No	Maybe	Yes, but don't know how to	Streaming	Yes	Yes

Table 15

Genre	Acquisition	Reasons for wanting		Live Music
	How do consumer acquire most of their new music	What makes consumers want new music	Do consumers like receiving exclusive offers	Do consumers want to see more live music in their area
Classical	Physical CD bought online	Music Reviews	No	Yes
Folk	Physical CD bought online	Preferred artist	Sometimes	Yes
Pop / Rock	Legal download	Streaming it	Yes	Yes
Choral	Legal download	Advert for it	Sometimes	Yes
Instrumental	Physical CD bought online	Live performance	Yes	Yes

7.1 Route to market models

Classical music release

Classical music consumers mainly hear new music via the radio, followed by record stores, social media, streaming, television and YouTube. They do not use music websites and they are mainly influenced to buy new music by reading music reviews. They don't currently follow their preferred artists on social media. However, they would like to be able to follow artists online, but they don't know how to do so.

They do not like receiving exclusive offers but may buy more if they received personalised marketing material. They would like to see more live music in their area and acquire most of their new music through buying physical CD's online.

Folk music release

Folk music consumers mainly hear new music via social media, followed by YouTube, streaming, record stores, radio and television. They do not use music websites and they are mainly influenced to buy new music if it is by a previously preferred artist. They don't currently follow their preferred artist on social media. However they would like to be able to, if artists were available online. They like to receive exclusive offers on occasion and may buy more if they were sent personalised marketing. They would like to see more live music in their area and acquire most of their new music either by streaming or by buying the physical CD online.

Pop / Rock music release

Pop / Rock music consumers mainly hear new music via YouTube, followed by streaming, television, radio, social media and record stores. They do use music websites and they do currently stream music. They are mainly influenced to buy new music because of hearing it as a stream. They are currently engaging with their preferred artists via social media. Pop / Rock consumers like receiving exclusive offers and may buy more music if they were sent personalised marketing. They would like to see more live music in their area and acquire most of their new music via legal downloads.

Choral music release

Choral music consumers mainly hear new music via the television, followed by record stores, radio, streaming, YouTube and social media. They do not use music website, and they are mainly influenced to buy new music by seeing an advert for the product. They don't currently follow their preferred artists on social media. However, they would like to be able to follow artists online, but they don't know how to do so. They would buy more music if they were sent personalised marketing and they occasionally like receiving exclusive offers. They would like to see more live music

in their area and mainly acquire new music via legal downloads or as a physical CD in a shop.

Instrumental music release

Instrumental music consumers mainly hear new music via streaming; followed by radio, record stores, YouTube, television and social media. They do use music website and use streaming services. They are mainly influenced to buy new music after seeing a live performance. They don't currently follow their preferred artists on social media. However, they would like to be able to follow artists online, but they don't know how to do so. They like receiving exclusive offers and may buy more music if they were sent personalised marketing. They would like to see more live music in their area and mainly acquire new music via physical CDs bought online.

7.2 Applying the Model

From the outlines above for the five main genres selected by the consumers surveyed for the research, it is possible to see the differences between each genre. Each genre has a different motivation for wanting new music, and for discovering new music. The route to market model can be modified to meet individual genre requirements and can be considered in six stages. Firstly producers need to consider their target audience. Stage one should inform the market that the product is coming. For choral consumers this could be via an advert for pre orders, whereas for pop /rock consumers a Facebook status by the artist would have the same affect. Stage one should be to generate demand in the market.

The second stage should encourage consumer engagement. Whereas the third stage creates demand for the product. This stage of the release process should inform consumers that there is a new product that they'll want to buy. For folk fans this could be done by posting a video on Facebook from one of the tracks as a preview, or for classical fans a radio plug for the upcoming album. Stage four releases the product for commercial sale. By this stage the target audience should be aware that the product is launching and the producer can drive traffic to their preferred purchasing location. Scarcity can be controlled in the market at this stage by only releasing on digital download channels. Folk fans for example acquire most of their music via streaming, however as this doesn't return much revenue, producers can make this initial release via digital download only.

The fifth stage of the route to market is the main release of the product. This is an opportunity for the artist to engage with the consumers. At this stage the first physical products can be sold. This raises the value of the physical as demand has been created, however supply has been controlled. For instrumental fans this could be a live performance with artists signing the first copies. For pop / rock fans it may be a live streamed podcast by exclusive invite with a direct buy link given during the performance for the first designated amount of signed copies.

Once the product has been through the five stages of release then it can be launched across all music platforms because demand and awareness should be strong in the market. Music consumers want personal experiences. Music has the potential to be an engaging product, however producers and artist need to address the service and consumer experience that they provide.

8.0 Limitations

Whilst this research presents meaningful recommendations to the Welsh music industry, there have been limitations to the study. The time constraint and focus of the study has meant that some aspects of the wider music industry's development and challenges have not been included in this study. For example the Global Repertoire Database (GRD), work began on the GRD during the same period as this study, however, whilst it would have impacted on the Welsh music industry, its focus was global. The GRD was attempting to create a global database of metadata with details of rights holders. This database would have aided clearing international rights on music as well as protecting ownership. However, in July 2014 after millions of pounds had been committed to the project, work on the database was cancelled.

There are other limitations presented in the data. The research was only able to capture consumers who had already engaged in an e-commerce transaction via www.sainwales.com. Had the study been able to capture results from consumers who continue to use record stores and local Welsh shops, the results may have been different. Whilst the people who use and want to see improvements in the Welsh music industry generated the data that has been used, it has possibly provided a skewed overview. The average age in the data collected was 51 with the majority of responses being in the 45-59 age group. There were fewer consumers in the youngest and oldest categories.

Had the study included face-to-face interviews or focus groups it would have been able to capture rich data whilst verifying the identify of the responder. A limitation of using a questionnaire has been the unverifiable identify or the responder. Also due to the sample size and existing demographic of the targeted mailing list, some age ranges or groups of consumers who prefer particular genres have a low level of representation within the captured dataset. Face-to-face interviews would have enabled the research to identify targeted groups of consumers in order to attempt to better represent an evenly distributed range of consumer types.

This study focused on consumers of Welsh music. However had the study collected data from another niche, minority language music market it would have been better positioned to make broader recommendations and understanding in relation to niche markets. For example, this study cannot be certain that the characteristics of the Welsh music consumer are generalisable to the Bretton, Galician, or other niche, minority music consumer.

A limitation of the prior literature was identified as being a lack of research done around the perspective of the music consumer. The focus previously had been around the desire of the music industry and producers to retain or re-gain market control. However a limitation of this study is that it hasn't questioned the Welsh music industry producers in response to recommendations made or consumer's opinions and desires.

For this study the choices of genres presented to the respondents were generated from Sain Record's list of produced genres. It is possible that not all responders felt represented within the list of fourteen. Equally into which genre music is categorised is an individual preference; easy listening for some is popular for others. However, this list was chosen because the study wanted to be positioned to make meaningful recommendations to Welsh SME production companies.

The final limitation for this analysis was a lack of prior data to which the findings of this research could have been compared. Where possible comparisons have been drawn upon the prior literature. However, as has been discovered within the gathered data, a direct comparison between a niche market and the wider music industry cannot always be made. There was also no previously held data about the consumers who were surveyed, therefore the research cannot indicate if attitudes to price or piracy have changed amongst Welsh language, niche music consumers. However, a follow up study would now have a benchmark for future analysis.

9.0 Conclusion

This study has contributed a new theoretical framework and understanding of consumer behavior and values in relation to the digital consumption of new music in Wales. The prior knowledge about consumer's digital acquisition methods and desires for music and artist engagement was limited. Prior literature had focused on larger territories or major labels and was presented from the perspective of the producers' losses and need for control. This study has contributed a methodology for engaging with consumers to assess their tolerances in response to music marketing, discovery and purchasing.

The knowledge contributed by this study enhances the ability of music producers in niche, minority language markets to develop content and products using a specific approach that will appeal to a consumer demographic type. The results presented in this thesis have provided a detailed understanding of how consumers of varying genres respond and also how age and gender impact the adoption of new technology. Whilst this study has focused on digital distribution, and the definition used by Bookholt (2012) discounted a CD as being a digital product, it is evident from the results presented that much of this music market remains in physical CD sales. The route to market and point of consumer acquisition has changed, however the level of engagement, service requirement and dependence of generating sustainable relationships remains the same. The challenge for producers is finding methods of attracting consumer attention online in order to sell physical product, which, once given more time to gain trust and understanding in the market will convert to revenue generating digital distribution methods.

The adoption curve and the rate at which consumers transfer to new discovery and acquisition models needs to be considered on behalf of producers. The role of artists and producers has changed; no longer is the production of a product sufficient to ensure sales. Both the producer and artist need to facilitate shared conversations and content about a new product in order to generate interest and demand. Trusted relationships and online networks take time to develop.

9.1 Wider implications and future research opportunities

This research has provided insights into the Welsh music industry. The Welsh music industry was identified as being a niche, minority language music market. It offered an area of interest for exploration to assess how the Welsh music industry has

developed during the digital disruption faced across the entire music industry. There have been areas whereby the Welsh music industry has responded in the same way as the wider industry. However, further work could be conducted to compare other niche, minority language music industries such as the Breton, Galician or Eastern European music industry to Wales. There are social differences between nationalities and also different approaches have been taken in different markets. For example the Breton music industry would have been subject to the French Hadopi laws. A comparative study could be conducted into the variation in technology adoption and the process taken by producers to mitigate the affects of piracy.

During this study enhanced understanding has been gained from making comparisons to other media industries and adopting ideas in respect of control and distribution. Another avenue of research that could stem from this study would be to apply the trends discovered about music back onto the book publishing or television industry in Wales. Much like the music industry, publishing and television has niche, minority language markets and don't necessarily market in the same way as the equivalent mainstream products. As was discussed during the literature review, research has been conducted into other digital media industries. However, much like the music industry's literature, the research conducted has been broader in its geographic focus. Welsh language television for example could gain from understanding consumers desire for social engagement with a product, in order to adapt dual screen viewing trends from the mainstream television industry.

This study had no prior data set about Welsh language consumers. An area of possible investigation would be to return to the same sample population after a time period to assess whether streaming continued as an emerging trend, and whether as consumers aged they continued their online practice of sharing information. The prior literature's negativity was in response to a loss of income and piracy, however streaming is beginning to breach the gaps between previous sales and digital music's disruption. A further study would be better informed to assess whether streaming services' convenience is able to meet both producers and consumers' expectations from digital music in the future.

9.2 Summary of contributions

This draws the thesis to a close. The final chapter has summaries the contribution that this research has made to the theoretical, methodological knowledge

surrounding the niche, minority language digital music industry. This chapter has also summaries the implications of the findings as presented and discussed in the previous chapter and highlighted where findings have supported the extant knowledge within the literature. The discoveries and contribution made by this research will enable changes to be made to production company policies and have impacting implications for the distribution, marketing and engagement with future digital music products. The research makes key contributions to the knowledge and understanding in terms of:

Theoretical: A contribution to theory has been made in terms of understanding the practice, production, promotion and distribution of music in Wales. This study contributes to the knowledge surrounding the transfer from physical into digital e-commerce for SME niche, minority language music producers and artists.

Empirical: The research has made a contribution to the empirical observation of niche, minority language music consumer. This study has addressed the gap identified in the literature by investigating the response to digitally distributed and marketed music in a niche territory and for a specific market (Williamson & Cloonan; 2007; Rhisiart & Owen, 2011; Carr, 2012).

Policy: This study presents a release framework that can be adopted by producers in order to aid prioritising digital release platforms and timeframes. This study as also contributed to the understanding of genre and demographic differences, and suggests varying routes to market for producers.

Practical: The practical contribution made by this study is to the knowledge and understanding about meeting consumer expectations, relationship developing online, price point for digital products and the variation between consumer demographics and genre types. The study as presented a framework for both digitally distributed products, and also for niche, minority language music consumer demographics.

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Appendix

Appendix 1 - Copy of final survey questions

Music Downloading Survey

This survey will ask you a few questions about how you use, buy and listen to music and what you would like to see changed in order to improve your music experience and enjoyment.

Through completing this survey you will be assisting the future of the music industry in Wales and other niche markets.

Thank you first of all for taking time to help with this important piece of research. For completing the survey you will receive a free album to download!

Also by helping to answer these questions as honestly as possible you will be helping to improve the music industry in Wales leading to a brighter, more creative and sustainable future for artists and producers in Wales.

All responses will remain anonymous.

Thank you very much,

Steffan Thomas

There are 44 questions in this survey

1. Where do you mainly hear new music?

Radio

Streaming

Facebook

YouTube

Record Store

TV Music Channels

2. Do you use streaming services (such as Spotify)?

Yes

No

3. Do you buy the music that you stream?

Yes

No

Sometimes

4. If you heard a new song on the radio or on a stream would you expect to be able to buy it immediately?

Yes

No

5. Do you prefer to buy singles or albums?

Singles

Albums

6. How do you acquire most of your new music?

Legal download

Illegal download

Streaming

Physical CD bought online

Physical CD bought in a shop

7. In what format to you prefer do use your music?

As a CD in a player

On my computer

On my iPod / Mp3 player

8. Do you use music websites, such as iTunes, Deezer, HMV or music blogs?

Yes

No

9. Do you 'like' your favorite artists on Facebook / Twitter?

Yes

No

10. What most often makes you want new music?

Hearing it on the radio

Streaming it

Friends recommendations

Live performance

Advert for it

Preferred artist

Music Reviews

On TV shows / Films

11. Are you more likely to buy music after seeing the artist perform?

Yes

No

Sometimes

12. Would you like to see more live music in your locality?

Yes

No

13. Do you want to engage with an artist online?

Yes

No

Yes, but don't know how to

14. Would you be likely to buy more music if you received personalised marketing inviting you to buy?

Yes

No

Maybe

15. Do you like receiving exclusive offers / access e.g. videos / bonus tracks?

Yes

No

Sometimes

16. Do you use the 'download now' button on online adverts?

Yes

No

Sometimes

17. When listening to music online would you like instant access to buy the download?

Yes

No

18. If you saw an advert for an album on TV would you be more likely to buy the CD or the download?

Download it

Buy the physical CD

Ignore the advert

19. If you saw an advert for an album in print (poster / newspaper) would you be more likely to buy the download or CD?

Download it

Buy the physical CD

Ignore the advert

20. Would you be more likely to buy new music if the artist sent you information with a link to the product online?

Yes

No

Maybe

21. Would you like to see more bonus material with an album such as Extra Songs, Information about songs?

Yes

No

Maybe

22. Would more offers such as BOGOF make you buy more music?

Yes

No

BOGOF (Buy one get one free)

23. What would you be willing to pay for a 50 minute album on CD format?

<£2.50

£2.50-£5

£5-£7.50

£7.50-£10

£10>

24. What would you be willing to pay for a 50 minute album on download format?

<£2.50

£2.50-£5

£5-£7.50

£7.50-£10

£10>

25. How much would you be willing to pay for a download track?

<£0.25

£0.25-£0.50

£0.50-£0.75

£0.75-£1

£1>

26. Should downloads cost less than CDs?

Yes

No

Maybe

27. Is it legal to copy music for anything other than your personal backup?

Yes

No

28. Is it legal to make copies of your music to sell to your friends & family?

Yes

No

29. Is it legal to upload music online?

Yes

Yes, as long as no one else can download / access it

Yes, if it is for your personal backup

No

30. As the owner of a legal copy of a piece of music, what can you do with it?

Please choose the appropriate response for each item:

Strongly Agree / Agree / Neither agree nor disagree / Disagree / Strongly Disagree

Upload it to YouTube Upload it to Facebook

Lend it to friends for them to copy

Make copies to give to your friends

Make copies to sell to friends

Put it on your computer

Anything you want as long as you're not making money from it

31. Who can get in trouble for illegal music piracy online?

The person who uploaded the file to share

The person who downloaded the file

Both parties

32. Do you download illegally?

Yes

No

Not knowingly

33. Do you want to stream music?

I do

Yes, but I don't know how to

No

34. Do you want to download music?

I do

Yes, but I don't know how to

No

35. Do you want to see via the Internet what music your friends like?

I do

Yes, but I don't know how to

No

36. Do you want to share your playlists online?

I do

Yes, but I don't know how to

No

37. Do artists rely on income from legal music sales as a revenue stream?

Yes

No

I don't know

38. What would make legal downloading more appealing?

Easier to do

Cheaper

Higher quality

Faster access

Having the artwork (the booklet)

Other

I don't know

39. Age

Please write your answer here:

40. Gender

Please select one answer

Male

Female

41. Income (Your personal income and not household).

<£10K

£10-20K

£20-£30K

£30-£40K

£40-£50K

£50K>

42. Place of birth?

Wales

UK (outside of Wales)

Europe (outside of the UK)

The rest of the world (outside of Europe)

43. Do you speak Welsh?

Yes

No

44. Which are your favorite genres?

Please select at least one answer

Children

Christmas

Choral

Classical

Country

Easy Listening

Folk

Instrumental

Jazz

Pop Rock

Sacred

Spoken Word

World

Other

Thank you for taking the time to answer this survey.

Many thanks once again.

Steffan Thomas

Appendix 2 - Summary of final survey Results

Where do you mainly hear new music?	
Answer	Percentage
Radio	76.87%
Streaming	7.09%
Facebook	1.49%
YouTube	8.02%
Record Store	3.82%
TV Music Channels	2.71%
Do you use streaming services (such as Spotify)?	
Answer	Percentage
Yes	24.44%
No	75.56%
Do you buy the music that you stream?	
Answer	Percentage
Yes	2.89%
No	4.38%
Sometimes	17.16%
If you heard a new song on the radio or on a stream would you expect to be able to buy it immediately?	
Answer	Percentage
Yes	63.15%
No	36.85%
Do you prefer to buy singles or albums?	
Answer	Percentage
Singles	14.55%
Albums	85.45%

How do you acquire most of your new music?	
Answer	Percentage
Legal download	23.69%
Illegal download	1.21%
Streaming	4.01%
Physical CD bought online	47.01%
Physical CD bought in a shop	24.07%
In what format to you prefer do use your music?	
Answer	Percentage
As a CD in a player	55.78%
On my computer	16.88%
On my iPod / Mp3 player	27.33%
Do you use music websites, such as iTunes, Deezer, HMV or music blogs?	
Answer	Percentage
Yes	56.44%
No	43.56%
Do you 'like' your favourite artists on Facebook / Twitter?	
Answer	Percentage
Yes	29.48%
No	70.52%
What most often makes you want new music?	
Answer	Percentage
Hearing it on the radio	49.63%
Streaming it	2.99%
Friends recommendations	5.32%
Live performance	10.73%
Advert for it	2.33%
Preferred artist	16.60%
Music Reviews	7.00%
On TV shows / Films	5.41%

Are you more likely to buy music after seeing the artist perform?	
Answer	Percentage
Yes	42.26%
No	16.32%
Sometimes	41.42%
Would you like to see more live music in your locality?	
Answer	Percentage
Yes	85.17%
No	14.83%
Do you want to engage with an artist online?	
Answer	Percentage
Yes	18.47%
No	73.79%
Yes, but don't know how to	7.74%
Would you be likely to buy more music if you received personalised marketing inviting you to buy?	
Answer	Percentage
Yes	10.63%
No	51.40%
Maybe	37.97%
Do you like receiving exclusive offers / access e.g. videos / bonus tracks?	
Answer	Percentage
Yes	26.59%
No	34.33%
Sometimes	39.09%
Do you use the 'download now' button on online adverts?	
Answer	Percentage
Yes	2.52%
No	85.54%

Sometimes	11.94%
When listening to music online would you like instant access to buy the download?	
Answer	Percentage
Yes	52.24%
No	47.76%
If you saw an advert for an album on TV would you be more likely to buy the CD or the download?	
Answer	Percentage
Download it	16.04%
Buy the physical CD	48.88%
Ignore the advert	35.07%
If you saw an advert for an album in print (poster / newspaper) would you be more likely to buy the download or CD?	
Answer	Percentage
Download it	15.11%
Buy the physical CD	50.75%
Ignore the advert	34.14%
Would you be more likely to buy new music if the artist sent you information with a link to the product online?	
Answer	Percentage
Yes	20.34%
No	32.46%
Maybe	47.20%
Would you like to see more bonus material with an album such as Extra Songs, Information about songs?	
Answer	Percentage
Yes	52.43%
No	17.63%
Maybe	29.94%
What would make legal downloading more appealing?	

Answer	Percentage
Easier to do	15.39%
Cheaper	26.68%
Higher quality	9.42%
Faster access	4.01%
Having the artwork (the booklet)	16.51%
Other	3.08%
I don't know	24.91%
Would more offers such as BOGOF make you buy more music?	
Answer	Percentage
Yes	53.73%
No	46.27%
What would you be willing to pay for a 50 minute album on download format?	
Answer	Percentage
<£2.50	1.31%
£2.50-£5	3.54%
£5-£7.50	24.07%
£7.50-£10	46.08%
£10>	25.00%
What would you be willing to pay for a 50 minute album on CD format?	
Answer	Percentage
<£2.50	
£2.50-£5	
£5-£7.50	
£7.50-£10	
£10>	
How much would you be willing to pay for a download track?	
Answer	Percentage
<£.025	19.12%

£0.25-£0.50	22.76%
£0.50-£0.75	26.40%
£0.75-£1	25.56%
£1>	6.16%
Should downloads cost less than CDs?	
Answer	Percentage
Yes	83.30%
No	5.88%
Maybe	10.82%
Is it legal to copy music for anything other than your personal backup?	
Answer	Percentage
Yes	11.47%
No	88.53%
Is it legal to make copies of your music to sell to your friends & family?	
Answer	Percentage
Yes	7.00%
No	93.00%
Is it legal to upload music online?	
Answer	Percentage
Yes	11.01%
Yes, as long as no one else can download / access it	17.26%
Yes, if it is for your personal backup	32.37%
No	39.37%
As the owner of a legal copy of a piece of music, what can you do with it?	
[Upload it to YouTube]	
Answer	Percentage
Strongly Agree	6.53%
Agree	9.98%
Neither agree nor disagree	21.46%

Disagree	28.45%
Strongly Disagree	33.58%
[Upload it to Facebook]	
Answer	Percentage
Strongly Agree	5.60%
Agree	9.89%
Neither agree nor disagree	21.83%
Disagree	28.54%
Strongly Disagree	34.14%
[Lend it to friends for them to copy]	
Answer	Percentage
Strongly Agree	4.48%
Agree	12.59%
Neither agree nor disagree	18.56%
Disagree	31.53%
Strongly Disagree	32.84%
[Make copies to give to your friends]	
Answer	Percentage
Strongly Agree	4.76%
Agree	13.15%
Neither agree nor disagree	17.07%
Disagree	33.58%
Strongly Disagree	31.44%
[Make copies to sell to friends]	
Answer	Percentage
Strongly Agree	3.08%
Agree	2.33%
Neither agree nor disagree	9.33%
Disagree	26.77%
Strongly Disagree	58.49%
[Put it on your computer]	
Answer	Percentage

Strongly Agree	42.91%
Agree	37.41%
Neither agree nor disagree	13.25%
Disagree	3.45%
Strongly Disagree	2.99%
[Anything you want as long as you're not making money from it]	
Answer	Percentage
Strongly Agree	7.93%
Agree	15.11%
Neither agree nor disagree	26.21%
Disagree	28.17%
Strongly Disagree	22.57%
Who can get in trouble for illegal music piracy online?	
Answer	Percentage
The person who uploaded the file to share	8.21%
The person who downloaded the file	5.04%
Both parties	86.75%
Do you download illegally?	
Answer	Percentage
Yes	4.66%
No	82.28%
Not knowingly	13.06%
Do artists rely on income from legal music sales as a revenue stream?	
Answer	Percentage
Yes	85.45%
No	3.08%
I don't know	11.47%
Do you want to stream music?	
Answer	Percentage
I do	25.00%

Yes, but I don't know how to	10.63%
No	64.37%
Do you want to download music?	
Answer	Percentage
I do	57.46%
Yes, but I don't know how to	10.17%
No	32.37%
Do you want to see via the Internet what music your friends like?	
Answer	Percentage
I do	14.74%
Yes, but I don't know how to	3.45%
No	81.81%
Do you want to share your playlists online?	
Answer	Percentage
I do	8.12%
Yes, but I don't know how to	3.08%
No	88.81%
Gender	
Answer	Percentage
Male	59.98%
Female	40.02%
Income (Your personal income and not household).	
Answer	Percentage
<10K	14.46%
£10-20K	21.18%
£20-£30K	21.92%
£30-£40K	18.94%
£40-£50K	10.35%
Place of birth?	
Answer	Percentage
Wales	66.23%

UK (outside of Wales)	23.97%
Europe (outside of the UK)	2.80%
The rest of the world (outside of Europe)	7.00%
Do you speak Welsh?	
Answer	Percentage
Yes	74.81%
No	25.19%
Which are your favourite genres?	
Answer	Percentage
Children	4.57%
Christmas	13.53%
Choral	28.64%
Classical	48.32%
Country	16.79%
Easy Listening	30.13%
Folk	41.23%
Instrumental	20.43%
Jazz	18.00%
Pop Rock	46.74%
Sacred	13.71%
Spoken Word	8.68%
World	21.18%
Other	18.56%

Appendix 3 – Data tables for genre demographic used in final chapter Tables 16 - 25

Table 16

Classical	
Do Classical consumers stream music	
Yes	No
46.20%	49.00%
Folk	
Do Folk consumers stream music	
Yes	No
41.20%	41.20%
Pop / Rock	
Do Pop / Rock consumers stream music	
Yes	No
53.10%	44.70%
Choral	
Do Choral consumers stream music	
Yes	No
22.10%	30.70%
Instrumental	
Do Instrumental consumers stream music	
Yes	No
22.10%	19.90%

Table 17

Classical					
Where do Classical fans mainly hear new music					
Radio	Streaming	Facebook	YouTube	Record Store	TV Music Channels
50.20%	44.70%	43.80%	37.20%	46.30%	41.40%
Folk					
Where do Folk fans mainly hear new music					
Radio	Streaming	Facebook	YouTube	Record Store	TV Music Channels
38.80%	47.40%	62.50%	53.50%	46.30%	37.90%
Pop / Rock					
Where do Pop / Rock fans mainly hear new music					
Radio	Streaming	Facebook	YouTube	Record Store	TV Music Channels
46.20%	52.60%	37.50%	57.00%	26.80%	48.30%
Choral					
Where do Choral fans mainly hear new music					
Radio	Streaming	Facebook	YouTube	Record Store	TV Music Channels
29.10%	23.70%	12.50%	22.10%	34.10%	48.30%
Instrumental					
Where do Instrumental fans mainly hear new music					
Radio	Streaming	Facebook	YouTube	Record Store	TV Music Channels
21.00%	21.10%	12.50%	18.60%	19.50%	13.80%

Table 18

Classical	
Do Classical consumers use music websites	
Yes	No
47.60%	49.30%
Folk	
Do Folk consumers use music websites	
Yes	No
39.20%	43.90%
Pop / Rock	
Do Pop / Rock consumers use music websites	
Yes	No
54.70%	36.40%
Choral	
Do Choral consumers use music websites	
Yes	No
26.60%	31.30%
Instrumental	
Do Instrumental consumers use music websites	
Yes	No
20.80%	19.90%

Table 19

Classical							
What makes Classical consumer want new music							
Hearing it on the radio	Streaming it	Friends recommendations	Live performance	Advert for it	Preferred artist	Music Reviews	On TV shows / Films
47.20%	37.50%	47.40%	47.80%	44.00%	50.00%	58.70%	50.00%
Folk							
What makes Folk consumer want new music							
Hearing it on the radio	Streaming it	Friends recommendations	Live performance	Advert for it	Preferred artist	Music Reviews	On TV shows / Films
34.60%	43.80%	56.10%	48.70%	40.00%	51.70%	41.30%	39.70%
Pop / Rock							
What makes Pop / Rock consumer want new music							
Hearing it on the radio	Streaming it	Friends recommendations	Live performance	Advert for it	Preferred artist	Music Reviews	On TV shows / Films
49.40%	65.60%	52.60%	33.90%	28.00%	49.40%	37.30%	43.10%
Choral							
What makes Choral consumer want new music							
Hearing it on the radio	Streaming it	Friends recommendations	Live performance	Advert for it	Preferred artist	Music Reviews	On TV shows / Films
28.80%	12.50%	26.30%	21.70%	48.00%	29.80%	30.70%	37.90%
Instrumental							
What makes Instrumental consumer want new music							
Hearing it on the radio	Streaming it	Friends recommendations	Live performance	Advert for it	Preferred artist	Music Reviews	On TV shows / Films
19.00%	25.00%	22.80%	26.10%	24.00%	18.50%	21.30%	20.70%

Table 20

Classical	
Do classical consumers like their favourite artists on social media	
Yes	No
38.60%	52.40%
Folk	
Do folk consumers like their favourite artists on social media	
Yes	No
41.10%	41.30%
Pop / Rock	
Do pop /rock consumers like their favourite artists on social media	
Yes	No
51.30%	44.80%
Choral	
Do choral consumers like their favourite artists on social media	
Yes	No
21.50%	31.60%
Instrumental	
Do instrumental consumers like their favourite artists on social media	
Yes	No
18.00%	21.40%

Table 21

Classical		
Do Classical consumers want to engage with an artist online		
Yes	No	Yes, but don't know how to
44.90%	49.10%	49.40%
Folk		
Do Folk consumers want to engage with an artist online		
Yes	No	Yes, but don't know how to
46.50%	39.40%	45.80%
Pop / Rock		
Do Pop / Rock consumers want to engage with an artist online		
Yes	No	Yes, but don't know how to
50.50%	45.90%	45.80%
Choral		
Do Choral consumers want to engage with an artist online		
Yes	No	Yes, but don't know how to
22.20%	29.80%	32.50%
Instrumental		
Do Instrumental consumers want to engage with an artist online		
Yes	No	Yes, but don't know how to
20.20%	19.60%	28.90%

Table 22

Classical		
Do Classical consumers buy more if they receive personalised marketing		
Yes	No	Maybe
43.90%	47.70%	50.40%
Folk		
Do Folk consumers buy more if they receive personalised marketing		
Yes	No	Maybe
36.80%	36.10%	49.40%
Pop / Rock		
Do Pop / Rock consumers buy more if they receive personalised marketing		
Yes	No	Maybe
46.50%	46.30%	47.40%
Choral		
Do Choral consumers buy more if they receive personalised marketing		
Yes	No	Maybe
31.60%	26.70%	30.50%
Instrumental		
Do Instrumental consumers buy more if they receive personalised marketing		
Yes	No	Maybe
21.10%	19.60%	21.40%

Table 23

Classical		
Do Classical consumers like receiving exclusive offers		
Yes	No	Sometimes
41.80%	51.90%	49.60%
Folk		
Do Folk consumers like receiving exclusive offers		
Yes	No	Sometimes
42.80%	37.80%	43.20%
Pop / Rock		
Do Pop / Rock consumers like receiving exclusive offers		
Yes	No	Sometimes
56.50%	38.30%	47.50%
Choral		
Do Choral consumers like receiving exclusive offers		
Yes	No	Sometimes
25.30%	29.30%	30.30%
Instrumental		
Do Instrumental consumers like receiving exclusive offers		
Yes	No	Sometimes
22.80%	16.00%	22.70%

Table 24

Classical				
How do Classical consumer acquire most of their new music				
Legal download	Illegal download	Streaming	Physical CD bought online	Physical CD bought in a shop
46.10%	23.10%	41.90%	53.60%	42.60%
Folk				
How do Folk consumer acquire most of their new music				
Legal download	Illegal download	Streaming	Physical CD bought online	Physical CD bought in a shop
33.50%	30.80%	46.50%	46.80%	37.60%
Pop / Rock				
How do Pop / Rock consumer acquire most of their new music				
Legal download	Illegal download	Streaming	Physical CD bought online	Physical CD bought in a shop
58.70%	46.20%	58.10%	43.70%	39.10%
Choral				
How do Choral consumer acquire most of their new music				
Legal download	Illegal download	Streaming	Physical CD bought online	Physical CD bought in a shop
30.30%	7.70%	20.90%	28.80%	29.10%
Instrumental				
How do Instrumental consumer acquire most of their new music				
Legal download	Illegal download	Streaming	Physical CD bought online	Physical CD bought in a shop
20.10%	15.40%	20.90%	22.20%	17.40%

Table 25

Classical	
Would consumers like to see more live music in your area	
Yes	No
40.10%	8.20%
Folk	
Would consumers like to see more live music in your area	
Yes	No
35.90%	5.30%
Pop / Rock	
Would consumers like to see more live music in your area	
Yes	No
40.70%	6.10%
Choral	
Would consumers like to see more live music in your area	
Yes	No
23.00%	5.60%
Instrumental	
Would consumers like to see more live music in your area	
Yes	No
18.20%	2.20%