

**Gordon Institute  
of Business Science**  
University of Pretoria

**Trade-offs impacting consumer decision quality  
in the context of digital music platforms**

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A research project submitted to the Gordon Institute of Business Science,  
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## **Abstract**

The growth of music piracy is threatening the sustainability of the music industry in general. The major theme of the research is exploring how price versus fit and other relevant trade-offs impact online consumer decision-making. The aim is to improve understanding in how to attract consumers to legal digital music platforms to create revenue sustainably at prices consumers are willing to pay.

Music as an information good has high sunk and low marginal costs. Moreover there are a plethora of consumer access options, from streaming to downloading content in both free and paid for platforms. The focus was to create and test a model built on Punj's recent but untested online decision-making model within the context of music as digital information good. It attempted to improve understanding around trade-offs impacting consumer's decision quality for acquisition of digital music. Thus the end result should improve monetisation of legal digital music distribution.

Through a qualitative, explorative research design of face to face interviews with ten digital music consumers and nine music industry experts in South Africa various perspectives and opinions were scrutinised. By comparing trade-offs and factors such as economic price, search costs, product knowledge and perceived risks across downloading and streaming consumers as well as experts new insights emerged.

Findings reflected that Punj's model does not hold with regards to price versus benefit and search versus price trade-offs in the context of digital music. Various trade-offs during consumer decision making in this environment are presented. A potential disconnect between consumer perspectives and expert opinions emerged, which imply a substantial lack in consumer centricity. Suggestions on attracting consumers to support legal platforms based on what consumers truly value, concluded the research.

## **Keywords**

Electronic commerce; digital music; consumer decision quality; information goods,  
music streaming; music download

## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

The Turnitin submission report is attached as Appendix 11.

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Signature: .....

Date: 9 November 2015

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## 1. Chapter 1: Introduction to the research problem

### 1.1 Challenges in digital music consumer decision-making

Apple, one of the world's top online retailers (Colter, 2012), announced the release of its music streaming platform in June 2015. Originally Apple was not planning to compensate composers during the three-month free consumer trials. This decision was however overturned due to protests in social media from popular artists such as Taylor Swift. Apple agreed to indeed process pay-per-stream royalties to content owners (Dredge & Ellis-Petersen, 2015). Swift (cited in Dredge & Ellis-Petersen, 2015, p. 1) stated: "I'm not willing to contribute my life's work to an experiment that I don't feel fairly compensates the creators of this music ... And I just don't agree with perpetuating the perception that **music has no value and should be free**".

Although electronic commerce is growing, the content industry has been struggling to successfully establish online music business models, especially for downloads (Papies, Eggers, & Wlömert, 2011). This is concerning considering increased online consumer decision-making in electronic commerce (Punj, 2012). Shoppers' ability to improve the quality of online decisions has been directly related to enhancing consumer welfare and improving electronic market efficiencies (Punj, 2012). Consumers face choices between multiple factors around how to consume music, including which digital channels to access (IFPI, 2014; Weijters, Goedertier, & Verstreken, 2014).

One can define digital music channels or platforms as electronic commerce businesses that provide digital music through legal streaming or downloading of content as core service (Björn, Ljungwaldh, & Thorstenson, 2010). Low revenue-generating streaming and free, illegal sharing platforms, together with download platforms (like iTunes) are some of the choices available to consumers online (Dredge & Ellis-Petersen, 2015; Euromonitor International, 2015; IFPI, 2014; Jeong, Zhao, & Khouja, 2012). One could question how artists and content owners are able to monetise digital music distribution in the face of electronic commerce evolution effectively (Lambrecht et al., 2014).

Despite these challenges, digital entertainment consumption has been expected to grow in line with online shopping (Bechwati & Lan, 2003; Reimer, Rutz, & Pauwels, 2010). Growth of four percent in global digital music revenues during 2013 totalled 39% of industry revenues (IFPI, 2014). In the United States, growth in the digital music market is predicted to reach \$419.6 billion by 2016 (Adomavicius, Bockstedt, & Curley, 2015). In South Africa, digital music growth is 70% of the highest globally (IFPI, 2014) whilst the share of digital consumer spending in entertainment categories should reach 48% and annual growth rates 10.9% by 2017. When iTunes arrived in South Africa in 2010, the

value of the local digital music market doubled within one year (IFPI, 2014). With media products as category dominating e-tailing sales since 2010 (Euromonitor International, 2015), online channels should dominate future music consumption.

However, growth in future music consumption in various formats and revenue creation is threatened by tens of billions of dollars in yearly losses (Sheehan, Tsao, & Pokrywczynski, 2012). This year alone, album sales were down 14% and single downloads 11% (Berry, 2015). Between 2004 and 2010, music piracy brought about global music sales declines of 31% (IFPI, 2011, 2012). The Recording Industry Association of America estimated music sales declines between 1998 and 2008 at \$13,7 to \$8,5 billion (Sinha, Machado, & Sellman, 2010). Cumulative loss of €240 billion between 2008 and 2015 was estimated for the European market (Weijters et al., 2014).

File sharing or usage of free platforms negatively correlated to music industry revenues per capita (Bustanza, Vendrell-Herrero, & Myrthianos, 2013) whilst industry job losses have been substantial (Sheehan et al., 2012). Aligned with global trends, retail spending on physical music in South Africa is expected to halve from 2008 to 2017 (PriceWaterhouseCoopers Inc., 2013). Furthermore, some argue that South Africa's relatively low broadband penetration (13% to 20%) could further limit digital spending as well (PriceWaterhouseCoopers Inc., 2013). Also, consumers have been opting to obtain music from illegal sources to such an extent that piracy has become a threat to the industry (Jeong & Lee, 2010; Shivendu & Zhang, 2012; Sinha et al., 2010; Warr & Goode, 2011; Weijters et al., 2014). This explains Swift's concern around free music.

Why would consumers opt to steal music? The outcome of decision-making is based on decision quality (Punj, 2012). As consumers face a variety of options in digital music consumption, one could question what constitutes a good quality decision in this context. Decision quality is based on the success of the relevant decision based on price or fit trade-offs (Punj, 2012). Understanding how trade-offs impact digital music consumers' decision quality could provide insight into why certain digital music platforms, some of which are non-revenue creating, are preferred by consumers.

Naturally given the option of free, one could explore how price versus fit and other relevant trade-offs in decision-making could be more effectively understood to attract consumers to legal platforms. How trade-offs impact decision quality, what successful decisions are and how these influence music platform choice, could improve strategies to attract consumers to legal music platform types. Without monetisation of digital goods and therefore their ability to generate revenue, the industry is not sustainable (Lambrecht et al., 2014; Punj, 2012).

## 1.2 The business need: Complementary or competitive formats?

Customers need to be understood to ensure that “the right products are marketed to the right customers in the right way and at the right time” (Kotler & Keller, 2011, p. 94). Consumers once preferred vinyl records; then cassette tapes and then compact disks. A consistent yet drastic evolution in music formats has been driven by technology (Warr & Goode, 2011). Technology has influenced how music is perceived, shopped for and consumed (Kaminskas & Ricci, 2012) through improvements in Internet connectivity, compression technologies and connection speeds (Cesareo & Pastore, 2014; Fauser, Wiedenhofer, & Lorenz, 2011; Reimer et al., 2010).

Then digital albums plus audio streaming followed (IFPI, 2014; Warr & Goode, 2011). Vinyl records have experienced a powerful resurgence, providing substantial revenues to the industry (Cummings, 2015; Sinha et al., 2010). Such practice is termed versioning, where musical content is offered in different forms to appeal to different customers. Offering a vinyl version could reveal a higher value and price which the consumer might be willing to pay compared to perhaps MP3 files of the same record (Shapiro, 1999). Placido Domingo, Chairman of the IFPI stated that whilst formats have changed and technology is changing, the music remains (IFPI, 2014). One could argue that even though formats are changing, it is the content and possibly different approaches to versioning that drive the demand of music.

Technology has forced artists and music labels to completely rethink their approaches to monetise the distribution of content (Berry, 2015). What consumers really want and need in digital music channels, must be understood and responded to appropriately: “What is needed in all cases is a strategy that’s fit for a digital and connected era” (PriceWaterhouseCoopers Inc., 2013, p. 47). The question is whether industry has been utilising appropriate revenue-creating strategies to attempt to grow revenue sustainably. Specifically, one could question whether these strategies have been built on a sufficient understanding of digital consumer decision-making. Seeing that the threat of free platforms have been growing, one could consider whether potential revenue-growing strategies might have been lacking insights on consumer decision-making.

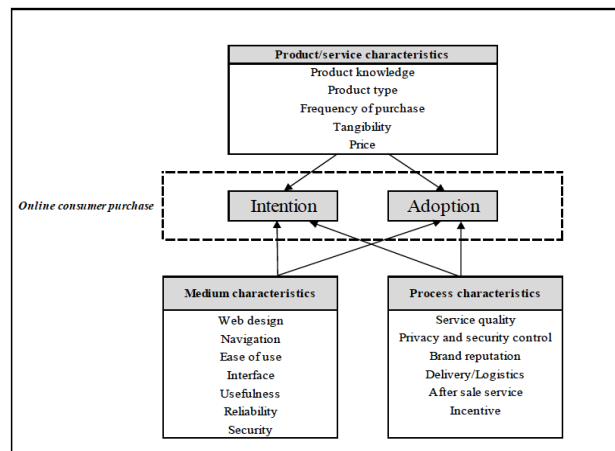
A need exists at business level for new insight into music consumption to explore consumers’ preferences as uncertainties in how to respond, exist (Weijters et al., 2014). New insight into digital music decision-making could address uncertainties in how to respond to consumers’ preferences. This might translate into increasing support of legal channels which could create revenue growth aligned with consumers’ willingness to pay whilst creating sustainable growth within the music industry. Thus the hope is that

through an improved understanding of online consumer decision-making, more consumers could be attracted to legal music platforms. Additionally the objective is to address the business dilemma via implications which would create alignment between consumers' willingness to pay with growing potential revenue sustainably.

### 1.3 Theoretical need in applying online consumer decision-making

Generally speaking, limited insights around how various information sources affect the consumer purchase decisions exist, despite growing electronic commerce (Cheema & Papatla, 2010). The electronic environment's impact on consumers' capabilities as factor affecting online consumer purchase decision-making also needed attention (Punj, 2012). Research specifically relating to main factors that might impact consumer decisions in online purchasing has been fragmented and lacked consensus (Gatautis, Kazakeviciute, & Tarutis, 2014). Figure 1 illustrated Gatautis et al.'s model (2014) which argued that researchers are yet to share a unanimous understanding of impacts and agree on a model that sufficiently explain the online consumer purchase decision.

**Figure 1 Conceptual Model for Online Consumer Behaviour (Adapted by Gatautis, Kazakeviciute, & Tarutis, 2014, with reference to Cheung, Chan & Limayem, 2005).**



Information goods such as digital music have unique features (Chipp & Ismail, 2004). Research in digital entertainment goods has been primarily focused on consumer packaged goods whilst knowledge on marketing effectiveness has been limited in this relatively new industry (Reimer et al., 2010). Gatautis et al.'s model (2014) also did not consider consumer choices around digital information goods. It has been argued that due to increased product variety specifically within digital information good categories, a need for more research specifically within online retailing is needed (Bockstedt & Goh, 2014). Given the different cost and distribution structure of information goods, these could present quite a challenge to product and service orientated models.



While Punj's recent work (2012) shed some light around various trade-offs at play during online consumer decision-making, it was not orientated towards information goods. Moreover, Punj's model (2012) was based on a theoretical analysis which was not yet empirically tested. It did not specifically consider information goods either. Opinions exist that research around revenue-creation in specifically digital music is still in its infancy (Lambrecht et al., 2014). Thus combining limited literature specific to consumer decision-making within music as digital information good context via a previously untested model, clearly provided opportunities for new theoretical insight.

#### **1.4 Purpose and brief outline**

To summarise: the study used Punj's recent online decision-making model as foundation to test a suggested model specifically within the context of digital music as information good. The purpose was to attempt to improve understanding around trade-offs impacting digital music consumer's decision quality plus potential implications to improve monetisation of legal digital music distribution. Thus the aim was to contribute to new theoretical insights on how the impact of the electronic environment is influencing digital music consumers' decision-making capabilities and decision quality around consumption channels which will contribute in developing existing literature on this subject.

The following components were presented in the superseding chapters: (1) introduction to the research problem (2) literature review (3) research questions (4) research methodology (5) presentation of the research results (6) discussion of the results and (7) the research conclusion.

#### **1.5 Research objectives**

The first research objective was to build on existing literature using Punj's online decision-making model as guiding foundation in suggesting relevant decision quality trade-offs through a suggested model within the context of digital music as information good. The major trade-offs to be reviewed relate firstly to Punj's price versus platform fit and search versus price trade-offs. Secondly through the review of relevant literature and building on the Punj model (2012), additional trade-offs relevant to online consumer decision-making context emerged. Trade-offs between product knowledge versus price, perceived risk versus price and product knowledge was identified for further exploration.

An improved understanding via fresh insights around how certain trade-offs impact consumers' perspectives of decision quality via testing the model was attempted whilst specifically considering the existence of zero economic cost. Whether multiple factors influence various cost versus benefit (fit) and trade-offs in digital music consumers'

decision-making processes, specifically regarding platform choice whilst considering economic cost was of importance. Whether consumers' ability to source digital music content virtually at zero economic cost might drive these trade-offs had to be clarified. Investigating explanations on why certain digital music platform types are chosen, considering these factors, relevant trade-offs, and the role of free platforms on consumers' decision quality was attempted.

Objectives included considering other key questions around whether product knowledge assist in reducing search costs, and therefore provide a better fit for consumers. Whilst the Punj model (2012) balanced economic cost with time cost to effect good decisions regarding product fit, it stated that lowest cost is not equivalent to good fit. However complete non-payment is possible for information goods online. It can be expected from the model itself that consumers with high product knowledge would make more effective decisions. The question thus related to whether complete non-payment is an effective decision? Or whether knowledge and involvement in music steer consumers to an appreciative payment as they would realise that the product itself could be destroyed if no one pays?

Thus the aim of the research was a theoretically sound yet integrated approach to understand relevant constructs used to explain online consumer purchase decision-making, framed specifically within the context of decision-making around digital music as information good. The next segment, Chapter 2, presented a comprehensive literature review. It includes a focus on relevant segments within online consumer decision-making from a theoretical point of view, firstly considering existing traditional consumer decision-making models and developing the investigation from there onwards.

## **2. Chapter 2: Literature review**

### **2.1 Introduction to the literature review**

To attempt to understand trade-offs impacting consumer decision quality in digital music platform choices, literature relating to the subject had to be scrutinised. The literature review commenced by highlighting relevant stages of decision-making from the traditional consumer decision-making model to place the current study within its focus therein. In discussing interdependence between search for information and evaluation of alternatives as stages in decision-making, concepts such as cognitive lock-in and inertia emerged. Often consumers search for, return to or do not evaluate other alternatives during decision-making, which substantiated further investigation.

The more recent Punj model (2012) of online consumer decision-making was then introduced to highlight factors and trade-offs influencing decision quality. This discussion ignited a need to further explore implications around digital music as information good. Understanding the specific cost structure of information goods, which implies low marginal costs, was of vital importance. Different versions of the same product based on segmented consumers' willingness to pay for their perceived value, was an additional implication of this category. By combining cost structure and versioning aspects, it was possible to frame the subject within the context of digital music piracy as repercussions of these categorical implications. Thus the implications of digital music as information good highlighted specific cost structure, versioning and piracy as considerations.

The review then returned to the Punj model (2012) as guiding framework to discuss influences on the digital music consumer' decision-making. Transaction costs, product knowledge and perceived risk were identified as key factors impacting decision quality. The review developed into a scrutiny of two trade-offs presented by Punj, namely price versus fit and price versus search trade-offs. Combining insight from other literary sources with Punj's logic provided the opportunity to suggest an additional three trade-offs for consideration. The importance of understanding whether product knowledge versus price, perceived risk versus price or perceived risk versus product knowledge trade-offs emerged. Through this investigation, an integrated suggested model developed on Punj's model (2012) plus other academic sources concluded the literature review through the introduction of five suggested research questions.

### **2.2 The traditional consumer decision-making model**

The Engel-Kollat-Blackwell (EKB) model presented a complete, systematic theory on consumer behaviour (Lin & Chen, 2006). It explained how external and internal stimuli

influence the decision-making process by interacting with the individual's self-concept and lifestyle (Gatautis et al., 2014; Hawkins, Best, & Coney, 2004; Kotler & Keller, 2011). Although not focussed on electronic commerce, five stages as part of decision-processing were presented which can be applied to online context (Gatautis et al., 2014): demand confirmation, information search, evaluation of alternatives, the purchase decision plus post-purchase behaviour (Hawkins et al., 2004; Kotler & Keller, 2011). As digital music has been categorised as information good where knowledge inhabits content (Lopes & Galletta, 2002), semantically information search relates to the category. Seeing that online consumers face various channels to choose from (IFPI, 2014; Weijters et al., 2014), it was decided to initially focus on information search.

### **2.2.1 The information search: searching for content or platforms**

The search for information as the second decision-making stage implies that consumers devote information search efforts on a specific service, seeking and collecting relevant information (Fadel, Meservy, & Jensen, 2015; Hawkins et al., 2004; Kotler & Keller, 2011; Lin & Chen, 2006). For digital music, this could include spending time on reading product information when searching for tracks or platforms online (Lalovic, Reardon, Vida, & Reardon, 2012; Lin & Chen, 2006). Within this context, aside from searching for tracks as content, consumers also search platforms or distribution/delivery mechanisms (Zhu & Zhang, 2010). As the same tracks, artists and content are often available on various platforms (IFPI, 2014), information search should not be limited only to artists, albums or tracks as content, but should include channels as well. Digital music platforms that can be searched for online should be included as sources of content in information search. Marketers would refer to such as distribution channels. A consumer could type keywords into a search engine to search for online music platforms that have a specific track available, or search for an artist on a specific platform, and download or stream it. Music, being an information good, can be consumed and distributed simultaneously.

### **2.2.2 Evaluation of alternatives in content or platform decision-making**

Following the information search process, the evaluation of alternatives concerns the consumer's decision on whether the product will provide a solution to desired needs (Hawkins et al., 2004; Kotler & Keller, 2011). Factors that might be a part of a consumer's deliberation for music purchasing in choosing between alternatives could include "...choice of music', 'music downloading', (and) 'purchasing by outlet'..." (Intel, 2005; Nuttall, 2008, p. 624). The latter related to the choice of channel or platform within digital music context. Evaluation of alternatives thus applies to either product (or content) and outlet (or platform as online music store) contexts, and not just information search.

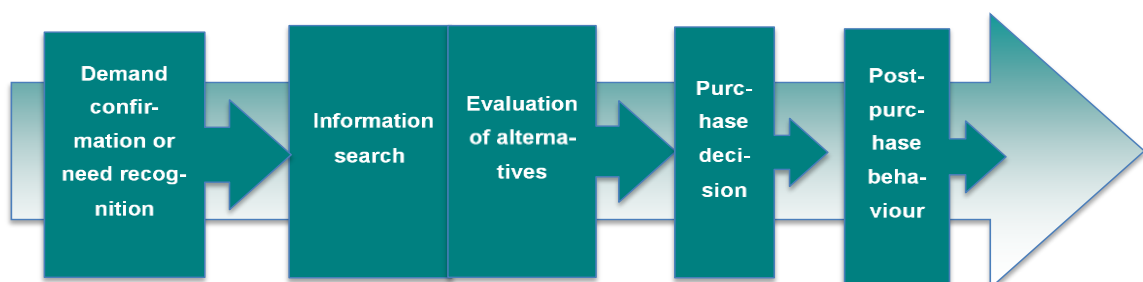
Consumers could evaluate alternatives by comparing platform benefits based on the perceived attractiveness of the channel in addressing their needs. They could also consider content as product when making the purchase decision (Li & Kannan, 2014).

### 2.2.3 Integrating the search and evaluation stages

The EKB model seems highly linear and structured (Hawkins et al., 2004). One could question whether decision-making develops as systematically in practice if considered that streaming content is sampled and consumed simultaneously. As discussed, content and platforms could be searched for and evaluated during decision-making. These two factors might suggest some initial coherence. The comparison of pricing and other information in search created the opportunity to view search and evaluation as an integrated stage (Hung & Chen, 2014). It shaped the notion that digital music consumers do not firstly search and then evaluate separately by searching, stopping, then evaluating and stopping before searching again. It added to the idea that search and evaluation could be approached in a more dynamic, less structured and separated manner.

Two types of search costs are referenced in economics literature (Bockstedt & Goh, 2014): internal search costs are associated with processing acquired information whilst external search costs relate to acquiring information. One could relate this definition to the decision-making process as acquiring information links to information search. Entering music track information into a search engine to find a platform with certain content could be classified as acquiring information. Processing acquired information could be linked to the evaluation of alternatives. For example, a consumer could compare the same album's price on two different platforms. It could also relate to platform search and track search and subsequent decisions which could imply a price a price decision, as different platforms might have different prices. Both search for information (acquiring information) and evaluation of alternatives (processing acquired information) are relevant to search. Although it could relate to different assumptions such as knowing the tracks and platforms versus finding new tracks and platforms, it contributed to the idea. Search and evaluation processes thus seem highly interrelated, and could be approached in a

**Figure 2 Online information search and alternative evaluation integration (Adapted from Hawkins et al., 2004; Kollat et al., 1970; Kotler & Keller, 2011)**



less structured and separated manner. Accordingly this approach is illustrated within this context as Figure 2 (page 9) where the stages in the sequential diagram is more unified.

### **2.3 Consumer lock-in and inertia**

Digital music platforms are electronic commerce businesses that provide digital music in various ways (Björn et al., 2010). The discussion on interrelatedness of search and evaluation ignited a consideration of the potential influence of channels creating lock-in or inertia during decision-making. Cognitive lock-in implies that consumers continue visiting specific websites over rival options, showing recurring experience with the channel (Murray & Häubl, 2007). Thus search and evaluation might only occur initially. These effects could be created through the “exposure effect” of product stimuli reducing online shoppers’ cognitive costs during search (Shih, 2012). Online music retailing often offer lock-in to platforms or technology for various reasons (Reimer et al., 2010). Some consumers might stay with certain platforms due to the extent that time or effort spent on processing acquired information. Search and evaluation might thus be influenced, or limited by lock-in to a specific platform and not searching or evaluating other platforms.

Inertia is a type of persistence which implies that consumers’ probability of choosing a specific item which they have purchased previously, is higher (Dubé, Hitsch, & Rossi, 2010). This indicates that consumers’ previous purchase experiences directly impact their choice probability for various brands, or in this case, platforms (Dubé et al., 2010). Thus it is possible that consumers’ openness to search for and evaluate alternative platforms might be affected through cognitive lock-in or effort. Consumers might rather utilise known channels rather than search for or evaluate between “new” platforms.

### **2.4 The Punj model (2012) of online consumer decision-making**

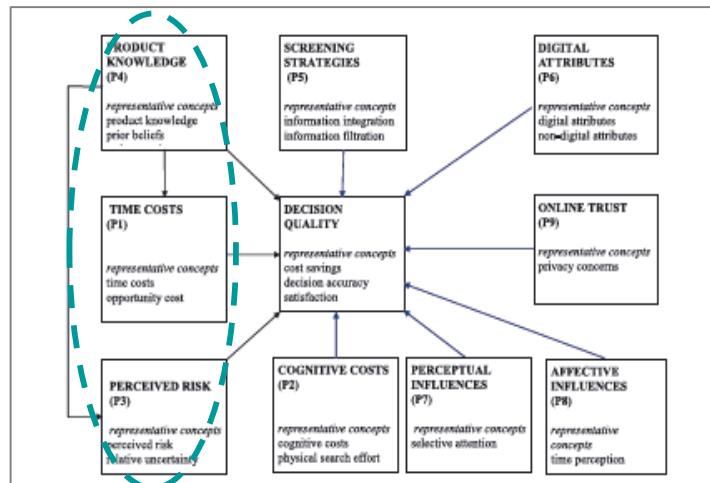
Punj’s decision strategies framework (2012) provided substantial insight to investigating online consumer decision-making. It operated within the information search part of the traditional model. Punj’s model (2012) is applied as guiding framework throughout the study within the context of music as digital information good, thus a brief overview of the main elements will be presented for a clear frame of reference.

#### **2.4.1 Factors influencing consumer decision quality**

Figure 3 (Page 11) illustrated the Punj model (2012) which is a recent and useful theory in exploring decision quality and the factors that drive it. Product knowledge, time costs and perceived risk are presented as influences on the left hand side. Punj (2012) argued that product knowledge influences time costs, perceived risk and decision quality. It is explained that better quality decisions can be based on one dimension related to price

and another related to product fit. In this case, product fit is defined as a match between the product’s attributes and the consumer’s needs.

**Figure 3 A Model of Decision Quality for an online information environment (Punj, 2012)**



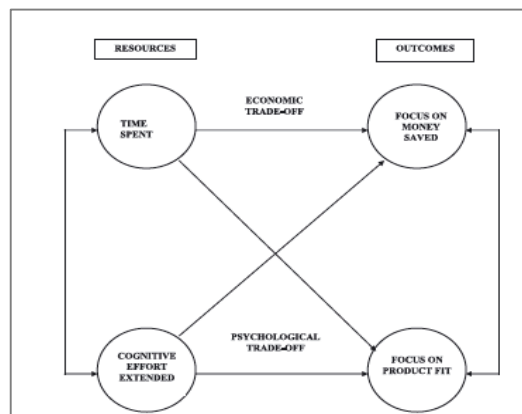
One could adapt the concept of product fit, as how closely a product’s attributes “fits” a consumer’s needs, to platform fit. It would then imply indicating how closely a platform’s attributes fits a consumer’s needs, as consumers make choices around different platforms to search for and evaluate. Platform fit will thus be the main point of focus when considering elements relating to benefits rather than just product fit (content). It is suggested that consumers reconsider how appropriate amounts of economic versus non-economic trade-offs are linked with how these benefits or costs are to be valued within online context (Punj, 2012). Economic trade-offs are related to money saved versus time spent, whilst non-economic trade-offs imply product (platform) fit obtained versus cognitive effort exerted. These trade-offs deserve further investigation within this context in order to understand how it impacts consumer decision quality.

#### **2.4.2 Trade-offs influencing consumer decision quality**

The economic versus psychological reward trade-off presented on the next page, as Figure 4, implied that consumers should improve balancing relative benefits of improved product or platform fit versus lower price as processing strategy. One could question how this applies specifically within the context of online channels such as digital music platforms. Electronic commerce platforms allow consumers opportunities to shift primary focus to “benefits” rather than “costs” and encourage recalibration to calculate online product searches differently (Punj, 2012). A consumer could thus focus on how appropriately benefits offered by a platform is aligned to their needs rather than searching for platforms that offers content at the lowest price, for example. It is argued that the recalibration of the costs versus benefits trade-offs, more on benefits to improve decision-making quality, will be beneficial (Punj, 2012). Consumers can search for and

evaluate platforms based on cost/benefit trade-offs. However, consumers who value zero cost as output optimally might value benefits less or be willing to invest more in resources like time than economic cost. This could imply time spent seeking illegal but free versions from a variety of sources rather than proceeding to a known legal one. Although the opportunity exist to shift focus to benefits, this is not necessarily the most appropriate option for all music consumers. Some consumers might unequivocally search for free content. One could argue that the fact that illegal piracy platforms are in existence, offering content at zero economic costs for consumers to choose from, affects consumers' ability to re-calibrate their focus away from costs.

**Figure 4 Economic and Psychological Trade-offs affecting quality (Punj, 2012)**



As mentioned, interrelatedness between search and evaluation was clear. As so many consumers have access to free music (Jeong et al., 2012), digital music consumers' perspectives of what successful decisions are, might be affected during both search and evaluation because music can be sourced at zero economic cost. Thus, to add to the Punj model (2012), such goods require an expanded vision beyond information search, the model's current focus, to include evaluation of alternatives as well. The study is this approached within the context of search and evaluation as part of decision-making. However Punj did not specifically focus on information goods in this model. One could pose the question whether there are specific implications to belonging to this category.

## 2.5 Implications of digital music as hedonic information good

The interplay between music as an information good and the implications for consumer decision-making has consistently been demonstrated. Music, movies, books and computer games are categorised as information goods (Bockstedt & Goh, 2014; Chipp & Ismail, 2004). These are "...goods consisting of data, information, and knowledge content, typically with high sunk costs that are traded online at close-to-zero marginal cost of production" (Lopes & Galletta, 2002, p. D1). Information goods imply a specific



cost structure of high initial fixed costs to produce but low marginal cost of reproduction and distribution (Cesareo & Pastore, 2014; Lambrecht et al., 2014).

### **2.5.1 Information goods' specific cost structure**

The Internet is seen as the ideal distribution channel for information goods because download costs are low whilst high speed Internet connections allow its quick occurrence (Chipp & Ismail, 2004). The effortlessness of downloading music online has been labelled as one of the most influential changes in the industry during the last decade (Warr & Goode, 2011). A variety of implications lead from information goods' specific cost structure. It implies extremely low storage costs as it can be transformed into digital formats and served on devices, taking negligible storage space (Bhattacharjee, Gopal, & Sanders, 2003; Chipp & Ismail, 2004; Ying, 2010). Additionally digital goods are non-rival: content cannot be depleted as long as it is available online (Lambrecht et al., 2014). If one consumer is consuming a product, it does not reduce another's ability to consume it (Huang, 2012). Thus as long as the content is available online, it will not run out.

Part of the production therefore takes place by the consumer, their devices and their data access. Digital music also differ from online consumer packaged goods in that it can be consumed many times; not just once but over and over again (Reimer et al., 2010). Furthermore digital music illustrates the inseparability attribute as the process of delivery and consumption happen simultaneously, especially if one consider music streaming (Hung & Chen, 2014). Receiving (file or content availability) and consumption (hearing the music) happens simultaneously during streaming.

This categorisation also allows the unbundling of content. In music, due to the rise of digital channels, "pure-bundling" strategies, where only a full album is sold as bundle, developed into a "mixed-bundling strategy", in which the entire bundle (or album) or all the separate products (singles) can be purchased (Elberse, 2010, pp. 108–109). Digital music consumers could purchase individual tracks without having to purchase the entire album (Reimer et al., 2010). Consumers could thus decide how they would like to bundle content, as well as how much they would like to pay for it. However, mixed bundle revenues tended to substantially decrease as digital music consumption increased. This has been the case because revenues gained through new individual track sales remained below levels required to balance with losses due to album sales drops. Consumers appeared to prefer unbundled content rather than bundled. Thus the unbundling of music which has been facilitated by information goods' cost structure.

It is argued that this unbundling could pose an additional risk to revenues to the industry, especially if individual tracks' mark ups are not sufficient to make up for lost album

revenues (Elberse, 2010). This is the case, because bundled content forced consumers to purchase content they did not necessarily want, at higher prices than segments of content, which inflated revenues. Industry profits were essentially inflated higher than consumer payment preferences. It might, however, pose a benefit to some consumers' decision making quality. Consumers might get to choose only the content they want rather than bear the costs of content they do not want. This suggests that the industry would have to then become more consumer centric and less product focused. The Punj model (2012) did not consider these complexities as it sought to understand decision-making online, where product and payment are more straightforward.

### **2.5.2 Versioning, segmenting and information goods**

As discussed earlier, versioning is pertinent to music consumption across time. It is also highly technologically dependent. Versioning refers to offering different versions of goods sold at different prices, essentially being the same product with various degrees of differentiation (Huang, 2012). Versioning is seen as a viable strategy in utilising the low marginal cost in information goods in setting prices according to specific values customer places on information, content or their willingness to pay (Shapiro & Varian, 1998). As previously mentioned, versioning could include compact disk, DVD, vinyl and digital releases of albums. Musicians performing live concerts could also be classified as versioning, albeit potentially the most exclusive type of versioning. Information goods are often sold in versions that are differentiated based on quality (Chappell, Guimarães, & Demet Öztürk, 2011). One could argue that different music platforms could be seen as different versions of the same product valued in different ways.

Through appropriately designed versions and prices, profits can be successfully generated based on customers' differing willingness to pay (Chappell et al., 2011). However versioning strategies can only be successfully implemented if different groups of consumers can be clearly identified and targeted. Strategies must fit existing segments in the market (Wei & Nault, 2014). Segmentation by definition implies that distinct groups based on buyer preferences or requirements relating to different combinations of products and services are identified and profiled by examining specific differences (Kotler & Keller, 2011, p. 32). Thus the market is divided into specific clusters in terms of commonality based on specific variables. These variables, of specific differences between buyers, could be based on demographics, geography, psychographics, behaviour distinctions, occasional or situational variables, benefits or beliefs and attitudes (Rayport & Jaworski, 2001).

For effective segmentation and versioning, it is vital that comprehension of the scatterings of preferences across the potential customer population is known (Chappell et al., 2011), so that different versions can be customised based on relevant consumer preferences (Wei & Nault, 2014). Within this context, different versions could be made available based on various factors such as how convenient, comprehensive or annoying the versions are, as well as versioning based on manipulation, community, speed, data processing, user interface as well as support (Shapiro & Varian, 1998). Consumer decision-making and trade-offs may consequently differ according to version on offer.

Trade-offs do not end there. Digital music platforms imply varying value propositions, benefits and pricing models (Weijters et al., 2014). Consumers have differing preferences. High audio quality as driver influencing platform preferences and willingness to purchase digital music legally exceeded zero economic cost options for consumers from all ages (40% versus 21%). Free without advertising models (32%) were most popular and pay to download least popular. Legal versus illegal (17%), ethical versus unethical (10%), and downloading versus streaming (7%), were of importance to consumers. Thus consumers' preferences with regards to audio quality, payment options, advertising, legality, ethics and delivery options, differ (Weijters et al., 2014).

Certain benefits such as quality, as an example of a factor of importance, influence consumers' willingness to pay for digital music (Weijters et al., 2014). The existence of piracy, especially at a low price (as is the case with digital music) with regards to versioning and information goods, imply that content must be provided at high levels of quality only, especially for lower valuation consumers (Shivendu & Zhang, 2012). However digital entertainment consumer heterogeneity is highly pronounced, especially in the long tail of the preference distribution indicating small segments of heavy consumers (Reimer et al., 2010). Different platforms types, or different versions of digital music is offered in ranging from download to streaming, could be differentiated based on factors consumers might value. Differentiation could impact the economic cost consumers may well be prepared to pay for the content as part of consumers' decision-making during search and alternative evaluation. One could question whether different digital music platforms or versions employ appropriate segmenting based on consumers' willingness to pay in practice, especially considering the prevalence of pirate platforms.

### **2.5.3 Music piracy and information goods**

The piracy of digital music is an illegal behaviour which has resulted into a tremendous economic impact (Sheehan et al., 2012). Research designed to improve understanding of digital piracy economics and behaviour has been spurred on due to the growing

importance thereof (Cesareo & Pastore, 2014; Lalovic et al., 2012). Substantial threats resulting in heavy losses of music sales have been attributed to illegitimate sharing, copying or piracy of copyrighted digital material (Cesareo & Pastore, 2014; Jeong & Lee, 2010; Papiés et al., 2011; Sinha et al., 2010). Consumers enjoy access to free music more than ever before (Jeong et al., 2012; Warr & Goode, 2011). A common music industry focus has been to try and prevent consumers from using illegal networks (Jeong & Lee, 2010). The industry might have focused too much on (unsuccessfully) preventing piracy rather than attracting consumers to legal channels instead.

As digital music as information good imply a specific cost structure, its categorisation infers that it can be shared at low cost, making it an easy target for piracy (Shivendu & Zhang, 2012). The opportunity to search, evaluate and choose platforms that offer digital music at zero economic cost is facilitated by this cost structure. Peer-to-peer networks function as alternatives to obtain digital files through illegal sharing (Jeong & Lee, 2010; Warr & Goode, 2011). Various methods in sharing illegal files are often referred to as piracy (Bustinza, Vendrell- Herrero, et al., 2013) such as illegal torrent platforms like Kick Ass Torrent, LimeWire and Bit Torrent (Euromonitor International, 2015; Jeong et al., 2012). For clarity when referring to these networks the terms “piracy” or “free”, will be incorporated as the term “download” will imply legal platforms (but both imply download). The ability to select platforms has broadened yet complicated consumers’ decisions which were previously restricted to pricing (Lambrecht et al., 2014). Non-legitimate file sharing increased to 44% across countries (Bustinza, Vendrell- Herrero, et al., 2013). Price and the cost of pirating has been found to be two of the most influential factors in determining consumers’ rates of piracy (Shivendu & Zhang, 2012). But more than a quarter of consumers choose illegal options (Bustinza, Vendrell- Herrero, et al., 2013).

#### **2.5.4 Implications of hedonic goods**

The complexities of digital music in consumer decision-making do not simply end at the cost and platform. Aside from being an information good, digital music is also a hedonic portfolio product. Conceptually the term hedonism imply openness to pleasurable experience such as enjoyment (Lim, 2014). Hedonic value is representative of the self-fulfilling value, perceived enjoyment or ease of use where consumption of a product is primarily characterised and driven by affective experiences rather than the functional benefit (Moe & Fader, 2001; Yang, Lu, Gupta, & Cao, 2012). Long-term marketing effectiveness findings indicated that empirical generalisations relevant to consumer packaged goods may not necessarily apply specifically to digital hedonic goods (Reimer et al., 2010). Thus product and consumer knowledge may be superseded by experience.

Nevertheless, economics never go away. Attitudes towards online music piracy are positively determined by economic and hedonic benefits (Cesareo & Pastore, 2014). Classification of digital music as hedonic good raised concerns around the fact that consumers do not need music for its functional value to survive, whilst being able to source it at zero economic cost. The concept of zero economic cost and consumers' willingness to pay have been referred to regularly throughout this discussion. Furthermore, Punj's suggestion (2012) that focus must be shifted away from costs to benefits seemed questionable in this context. Thus economically driven trade-offs deserve attention. The price versus platform fit (benefits) trade-off fulfils a key role as the first suggested trade-off influencing decision quality within Punj's model (2012) of online consumer decision-making, increasing the relevance of economic cost as factor.

## **2.6 Influences and trade-offs on decision quality: Transaction costs**

Price is a key factor in most purchases (Karmarkar, Shiv, & Knutson, 2015). Price is also a highly impactful external marketing influence on decision-making (Gatautis et al., 2014; Kotler & Keller, 2011). Furthermore, the model of online consumer behaviour indicated that both price and product knowledge have been found to have statistically of the most significant impact on online decision-making (Gatautis et al., 2014).

### **2.6.1 Economic costs**

Digital music as information good can be sourced at zero economic cost, due to information goods' specific cost structure where replication cost is low to zero (Chipp & Ismail, 2004). The digital distribution of information goods introduced various supply-side changes in market practices where lower production, transaction and distribution costs could be leveraged (Bockstedt & Goh, 2014). One can also consider the effect of this leverage from the demand-side. As mentioned, low or zero reproduction costs and illegal sharing networks provide the opportunity for consumers to opt to source content at zero economic cost (Jeong et al., 2012; Jeong & Lee, 2010; Papiés et al., 2011; Sinha et al., 2010). Digital music can be copied and shared from compact disks, hard drives or other storage devices at minimal cost to the consumer (Chipp & Ismail, 2004). Thus it is possible that the low reproduction costs of information goods impact consumers' perceptions or expectations of reasonable economic costs, seeing that some platforms offer content for free. It can also impact consumers' expectations to source music free. The concept of economic cost is thus especially important in considering digital music consumers' decision quality, not only because information goods' cost structure allows free sharing, but in that it further influences the consumer's decision quality.

Applying Punj's (2012) definition of decision quality, prices on a music platform indicate what a consumer need to pay, or must be willing to pay to acquire the content. However what the price should be to indicate a successful decision, could be subjective and could thus influence the trade-off with platform fit. Seeing that piracy has become a threat to the industry (Jeong & Lee, 2010; Sinha et al., 2010; Weijters et al., 2014) some digital music consumers could feel that zero economic cost platforms provide for their desired needs best. Thus for some consumers, being able to source content at zero economic cost influences their perception of what a successful decision is. Understanding consumers' perspectives on the importance of price versus platform fit as outcome of decision-making, and how zero economic cost drives perceptions of successful decisions, will provide insight on digital music platform choice.

### **2.6.2 Music platforms imply different economic costs**

The decision to visit a platform through a specific channel depends on the marginal benefits derived through the visit relative to marginal costs (Li & Kannan, 2014). Revenue models for channels such as iTunes, Pandora, YouTube and Netflix range from song-by-song models of selling to advertisement-supported and paid streaming models (Lambrecht et al., 2014). Three categories of business models are currently in existence: selling content, selling information about consumers and selling space to advertisers (Lambrecht et al., 2014). However a myriad of different delivery modes and branded platforms are available to consumers within these models (Weijters et al., 2014). In South Africa, digital music platform options include Apple Music, Deezer, and iTunes, MTN Play, Nokia Mix Radio, Simfy and YouTube. Each implies different features and positioning (IFPI, 2014). Each version also has specific cost implications.

#### **2.6.2.1 Digital downloading and economic costs**

Digital download platforms or digital sell-through (DST) offers content on a basis where it is downloaded and owned (Papies et al., 2011). A MP3 or similar audio file is downloaded to and stored on a device (cellular phone, personal computer or tablet) at a unit cost. A well-known version is iTunes (IFPI, 2014). Because digital music is continuously available online with transparent pricing, many firms have abstained from competing on price alone and rather focus on increasing existing consumer spend competing on price alone and rather focus on increasing existing consumer spend and attracting new consumers who are not locked-in by other platforms (Reimer et al., 2010). As indicated in section 2.5.3, Peer-to-peer networks are often built on download models, but are illegal due to content being made available free without royalties being paid to

content owners. Thus different economic cost implications are relevant across various download platforms as pay-per-track, pay-per-album or free platforms exist.

### **2.6.2.2 Digital streaming and economic costs**

Offering alternative choices to consumers, digital music streaming platforms offer unlimited access to online libraries through various models of membership. Access and usage of content are usually restricted, thus the consumer rents rather than purchases, never storing or owning content (Papies et al., 2011; Warr & Goode, 2011). This implies a walled garden as the user's access to content is highly controlled. Through these models tracks are chosen and streamed via data usage without a specific unit charge, as economic costs are usually limited to data costs or the subscription. Content can usually only be accessed through a valid subscription, although offline methods to access previously streamed content without Internet connections do exist.

Deezer, RDIO and Simfy are some streaming alternatives consumers can search for and evaluate in South Africa (IFPI, 2014). Content models usually utilise either subscription or free-with-advertisement models. Subscription models imply that consumers pay a regular, often monthly, subscription fee in order to gain access to content (Lambrecht et al., 2014). For instance, Apple Music uses a typical subscription model to make all iTunes' content available for streaming. (Dredge & Ellis-Petersen, 2015). Launched in June 2015, it introduced a three-month free trial to its \$9.99/R59.99 subscription.

Free-with-advertising models imply that the consumer does not have to pay a fee to access content. Revenues from advertisements are used to pay artist and copyright royalties, amongst other costs. Spotify is not available in South Africa but offers free-with-advertising streaming, similar to YouTube, implying a model which relies on advertising as revenue source. Customers are offered free membership with restrictions on usage but does not have to pay (Papies et al., 2011). Combinations of these models exist as well. Spotify Premium offers streaming models without advertising via subscriptions with options to download (Weijters et al., 2014). Interestingly Spotify Premium and Apple Music's monthly subscription fees are the same.

Evolution in platform types are arguably, albeit abstractly, implying that platform traits like quality, price or legality plus retrieval modes are gradually offered in unbundled ways (Weijters et al., 2014). This possibly also indicate varying consumer preferences and cost offerings leading to different versions. This raises questions such as how do preferences influence the choices digital music consumers make around platforms, and are any of these revenue models in fact ideal for sustainable revenue-creation. This is

crucial especially considering that some like YouTube and SoundCloud are free, and others such as Apple Music and Spotify Premium, are not.

It is important to note that subscriptions or track download costs are not the only economic cost relevant to downloading or streaming music. Various networks operate via data to allow consumers access to various devices which usually imply data tariffs (Chetty et al., 2015; Habtay, 2012). Consumers can, for example, access search engines or social media, email, play games, or stream or download music. It has been predicted that mobile data usage will increase nearly tenfold by 2019 due to substantial growth in mobile phone uptake (Mathur, Schlotfeldt, & Chetty, 2015).

Unlike home Internet users, mobile users in South Africa are quite aware of how online usage consume data. It has been questioned that in general mobile users do not seem to understand how to manage the applications that consume data on their phones (Mathur et al., 2015). On the other hand, specifically in South Africa, data costs for mobile and other users are generally high. This high cost of data is valued by all consumers, regardless of their income levels. It may also affect mobile data usage (Mathur et al., 2015). From a consumer perspective, one could view data costs as an additional reproduction cost specific to the context of information goods, which could further influence consumer decision-making. Consumers have in fact expressed desires to improve mobile data management. For instance, predicting the amount of relevant data costs before engaging in an activity or turning Internet access on and off to minimise data costs have been mentioned (Mathur et al., 2015).

### **2.6.3 Lowest economic cost preferences**

Digital music platforms offer different pricing options with different cost implications. As information goods are non-rival, once goods have come into existence, many consumers can benefit from it without impacting each other's consumption. This potentially implies a low incentive to pay (Huang, 2012). Consumers do value relatively lower-priced products disproportionately lower than free products, as perceptions that content is de-valued, exist (Papies et al., 2011). Lower prices could increase consumers' interest in products through emotional elements in the customer relationship and increase platform-related brand-switching behaviour (Aydinli, Bertini, & Lambrecht, 2014) for example, from Spotify to Apple Music. Searching for the best prices, especially when price is the most crucial factor, has clearly been made easier by the Internet (Lambrecht et al., 2014). The Internet influenced low levels of supplementary products such as album artwork or lyrics as these could be sourced online although the main product is unique.



Various authors have provided findings to support arguments that digital music consumers favour lowest economic cost. Consumers are apparently becoming more price-sensitive and actual list prices for music files are significantly higher than what consumers are prepared to pay (Jeong & Lee, 2010). To increase the amount of potential legal shoppers, due to the influence of reference prices on consumers' willingness to purchase, the price of digital music must be decreased as much as possible (Jeong & Lee, 2010; Papies et al., 2011). This appears to be a race to the bottom.

Consumers' previous pricing information encounters can influence expectations and reference prices, which can be close to zero due to having free content at their disposal (Papies et al., 2011), which could encourage inertia. As lowering prices might attract more consumers to the market to purchase legally (Jeong & Lee, 2010; Papies et al., 2011), substantial evidence has been provided that some consumers prefer paying as little as possible, or nothing, for digital music, and that some consumers even want content for free (Leyshon, 2009; Warr & Goode, 2011). Although streaming models such as YouTube which consumers are used to, are closer to the radio model, it is often offered for free. Consumers might pay for different versions, however this challenged Punj (2012)'s argument that consumers should focus more on benefits than price alone from the perspective of producers. For some digital music consumers, price might be the main focus, but it cannot be empirically claimed for all. The price question is far from resolved. The other side of this is discussed in the section which follows.

Consumers' price sensitivity positively correlates with Internet connection speeds. Users with high bandwidth are apparently willing to pay less than those with slower connections. Thus despite the emergence of various legal digital music platforms, pricing and available bandwidth might significantly influence piracy as sharing seems to become more distinct, the more technology develops (Bhattacharjee et al., 2003). However alternatives that require less bandwidth, or use less data, such as offline streaming, could be considered for consumers without uncapped data. However as technology improves, more consumers might prefer sourcing content at the lowest possible cost. If consumers increasingly prefer free platforms, pay-to-download digital music platforms such as iTunes or Amazon (Colter, 2012) should probably not exist due to the serious threat faced from free music platforms. Some literature argued that an industry attitude change to a "loss-leader" approach is required. This argument implied that the focus should be to gain revenue on other products, whilst opportunities to engage with consumers via the portability and convenience if the Internet should be utilised (Warr & Goode, 2011). However, this perspective ignored other paid-for models and opportunities to provide value to consumers through platforms; hence the debate, as disagreeing opinions exist.

#### 2.6.4 Other preferences and potential segmentation

On the other hand, it does not seem appropriate to blindly accept that all consumers prefer sourcing music free. Consumers could have different motivations. Punj's model (2012) illustrated a trade-off between price and benefits in decision quality which indicated that consumers might not only focus on the lowest price. The potential of purchasing a product for a lower price of certain quality can actually discourage liberation, as it can make the encounter less significant (Aydinli et al., 2014). The price a digital consumer is prepared to pay and the actual price paid in reality has been found to differ. Socio-economic factors related to payment such as loyalty and fairness and not just economic drivers, are influential (Marett, Pearson, & Moore, 2012). Developing innovative new transaction structures, increasing customer affiliation via usability and editorials plus engaging customers in the platform's service are significant influences to create customer loyalty in competitive advantages in digital music (Björn et al., 2010).

A balance between consumer knowledge and participation regarding economic cost is illustrated by the "Pay What You Want" model (PWYW). This buyer-determined dynamic pricing scheme offers buyers absolute control of transaction prices, which could include free (Marett et al., 2012). PWYW pricing mechanisms have been used to attract new customer interest, increase "word of mouth" marketing and enhance consumer views on innovativeness (Kim, Natter, & Spann, 2009). This business model has indeed been profitable in the past (Marett et al., 2012). International alternative recording artists Radiohead released their 2007 independent album, "In Rainbows" this way (Cummings, 2015). Although the majority of consumers chose to download the album for free, the album did generate more income than their previous album, "Hail To the Thief" at an average of \$2.26 per album (Colter, 2012; Hardesty, 2008). Thus, if consumers' prefer zero economic cost, should Radiohead's album not have generated zero income?

Since Radiohead's release, others have followed suit with varying levels of success, for example the successful video game "World of Goo" (Dybwad, 2009). Restaurants and charity drive fund-raising initiatives have also gained from utilising the model (Colter, 2012). It might be an effective model that could gain traction in the future. Some consumers are indeed willing to pay for content, as Radiohead demonstrated. One can thus argue that preferences amongst consumers do differ. Some prefer sourcing at zero economic cost whilst others do not. For example, the freemium model utilised by Spotify has demonstrated that some consumers prefer the basic, free version whilst others are willing to subscribe, at a monthly cost, to the paid-for version offering additional benefits.

Consumers with greater disposable incomes are more likely to make purchases online (Loubeau, Jantzen, & Alexander, 2014). On the other hand, groups with low discretionary income and their ability to pay for music, might not. For instance, college students' tend to have limited ability to pay for music and have historically engaged in peer to peer piracy (Sheehan et al., 2012). As decreasing disposable income leads to decreased consumer spending, which directly impacts the bottom line (PriceWaterhouseCoopers Inc, 2012), the cost of content and consumers' disposable income are factors to consider (Bhattacharjee et al., 2003). Consumers' disposable income might influence willingness to pay, whilst being multicollinear with regards to time available for searching. Thus a negative correlation with psychological costs could exist. These consumers might consider paying for ease of access or reduction of hassle costs on certain platforms. Disposable income should thus be considered in the population criteria in Chapter 4.

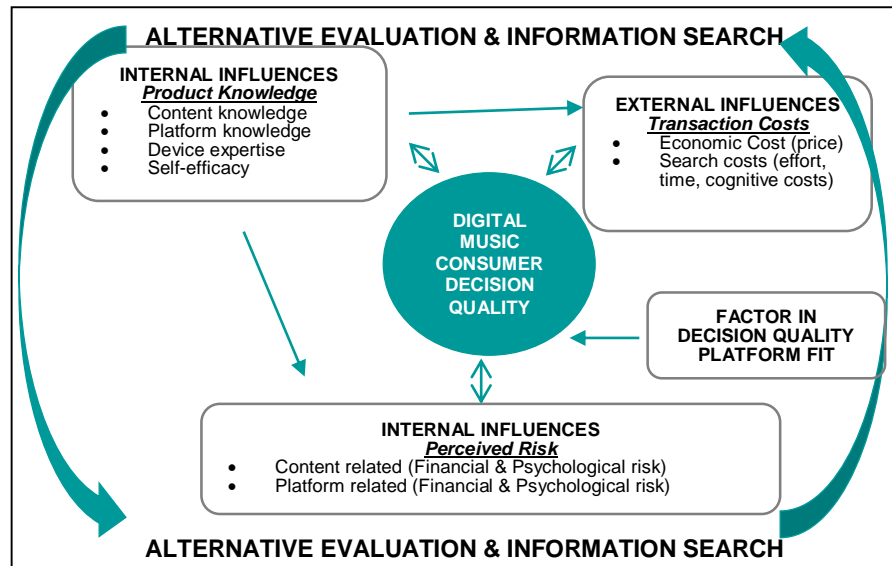
Consumers favour different ways of making the decision process economically viable. Some consumers are willing to pay to avoid advertisements. Some models include selling advertisements in search or display ads to limit consumer costs (Lambrecht et al., 2014). Advertising could cause interruption and hassle to the consumer, but limit or remove economic costs. Young adults prefer advertising models whilst older adults prefer advertising-free platforms with payment (Weijters et al., 2014). Thus psychological cost management applies. Light digital entertainment consumers are highly price sensitive, whilst heavy consumers are advertising sensitive (Reimer et al., 2010). Thus different types or segments of consumers seem clear, for example based on willingness to pay for digital music. One could argue this provides the opportunity to segment customers based on those with zero, low, mid or high willingness to pay for digital music. Segmentation based on advertising acceptance, as well as light, regular or heavy users could also be relevant. After a review of the pertinent drives within the context of Punj's economic trade-off, the trade-offs to be tested in the current study are presented.

#### **2.6.5 Trade-off one: Price versus platform fit**

The question can be posed why some, but not all, consumers do actually attempt to find content at the lowest economic cost. If digital music consumers want to source music at the lowest possible cost, the cost versus benefit trade-off (Punj, 2012) imply sacrificing benefits to source content free. Then decision quality is based on whether content has been sourced at the lowest possible cost, where benefits are less of a concern. Re-calibrating focus to benefits rather than costs does not seem to be as simple a suggestion as digital music consumers' willingness to purchase music seems to differ. Within this context, it might not apply at all. The model should be tested within the context of decision-making around digital music as information good considering zero economic

cost in the cost-benefit trade-off (trade-off one). This is illustrated by Figure 5 as suggested model, which should include the cost versus platform fit trade-off:

**Figure 5 Suggested model for online consumer decision-making on digital music as hedonic information good during search and evaluation (Adapted from Gatautis et al., 2014; Hawkins et al., 2004; Kollat et al., 1970; Kotler & Keller, 2011; Punj & Moore, 2009)**



Punj's model (2012) is also not necessarily exhaustive. One could consider the influence of a platform's brand on decision quality. The impact of brand equity of digital music platforms on consumer decision-making might be relevant seeing that brands aim to create micro-monopolies. Especially within online context, where direct contact between organisations and customers are limited, brands might play a vital role in communicating benefits (Colton, 2012). A digital music platform brand might thus have an influence on how the consumer approaches the perceived fit based on their individual needs. However the focus of this study is applying the Punj model (2012), thus one could rather consider the role and potential relevance of economic cost as output within the trade-off.

Although Punj (2012) included cost in the definition of decision quality to indicate trade-off with fit, only time and cognitive costs are included as influences on decision quality whilst being influenced by product knowledge (Figure 3, page 11). Gatautis et al.'s model (2014) included price with product knowledge as influential product characteristic. Specifically because information goods can be reproduced at a lower economic cost, the Punj model did not take into consideration that some consumers might focus on sourcing information goods at a zero economic cost. Thus the Punj model (2012) seems questionable in this regard as economic and search costs are relevant and possibly influential within online consumers' search and evaluation (Punj & Moore, 2009; Punj, 2012). Economic cost should have been included under influences.

Transaction costs in music sharing consist of download costs, search costs plus perceived risk (Domon & Yamazaki, 2004). Thus for the purpose of investigating decision quality in digital music, the concept of transaction cost should include economic cost, which could be zero in the case of free streaming or illegal platforms. Secondly search cost, or effort (which includes time cost) should be included and will be elaborated on below. Furthermore, as economic cost is not the only factor influencing decision quality, search cost has been included in definitions of transaction cost (Jeong & Jongsu, 2010).

## **2.7 Influences and trade-offs on decision quality: Search costs**

The Punj model (2012) stipulated only time cost. Low search costs, convenience, information, cost and time efficiency were included as factors influencing online consumer decision-making (Gatautis et al., 2014; Wang, 2012). Cognitive search costs can be defined as consumer perceptions around costs, time and effort devoted to search and clarifying information relating to product (Shih, 2012). Effort, as resources ranging from mental, physical and financial requirements to obtain products, can also be an influence (Bechwati & Lan, 2003; Cardozo, 1965). Thus although various terms were used by authors to indicate relatable concepts, it seemed appropriate to include effort with time cost as search cost within transaction costs.

As consumers are time starved, the influence of modern technology on online shopping must be taken into consideration. Technology minimises perceptions of effort or time and maximises convenience (Bechwati & Lan, 2003). This applies especially for information goods where low marginal costs of search exist as feature of the category's cost structure (Lambrecht et al., 2014). Online consumers seemingly believe that less effort is exerted through technology but that equal amounts of effort can additionally be saved. Consumer perceptions around effort avoided positively relates with satisfaction with information search (Bechwati & Lan, 2003). One could thus question how free platforms potentially interact with time economy, whilst considering effort compared to paid-for platforms.

### **2.7.1 Consumers and search costs**

Presently search engines provide consumers access to extraordinary quantities of information (Fadel et al., 2015). Although the Internet has made information searches swifter and simpler, "60% of shoppers also say that they get frustrated, confused, or overwhelmed while searching for product information." (Punj, 2012, p. 791). There are vast options available these days. This could relate back to consumers reaching inertia or being locked in and staying with certain platforms. Search cost or effort invested into search is often significantly lower within electronic commerce context. Consumers opt for online shopping to save time (Punj, 2012; Punj & Moore, 2009). Technological

improvements have increased effectiveness by decreasing search time in search (Ratchford, Talukdar, & Lee, 2007). Consumers are sensitive to increased download and search times. Thus strategies should be developed to ensure optimal searching convenience with limited download time (Jeong & Lee, 2010). With less time spent, an increased information search can be executed which could influence consumers' willingness to pay. Punj (2012) found that decreased time cost could increase search whilst higher time cost decrease search time, which could affect decision quality.

Price can also lower consumers' motivation to exert mental effort (Aydinli et al., 2014), which relates search to economic cost. Zero economic cost is relevant within information goods' specific cost structure. Thus searching for a specific product online, might justify certain search costs, depending on the perceived benefits or lower price to the consumer. Alternatively, a consumer might be willing to spend more on a platform where search or time costs could be minimised. Consumers usually evaluate channels regarding the benefits provided versus actual incurred search costs. They then arrive at a smaller set of channels for consideration for future search when the need arises again (Li & Kannan, 2014). The concept of free content and benefits within digital music allow interplay between effort and pricing. For example, browsing a platform with all content but potentially at higher prices versus browsing various illegal sites to find content free of charge, might imply a differentiating trade-off between cost and search.

Efficient navigation minimising time costs might imply a higher economic cost, or premium, to free platforms with higher time costs. Customisation of information good bundles when individual tracks can be purchased could also imply increased search costs (Bockstedt & Goh, 2014). Many platforms offer consumers the option to purchase tracks or choose their own combination of individual tracks. These options usually cost less than purchasing a complete album however searching for tracks individually implies more searches than to purchasing or streaming a full album or playlist via one search.

### **2.7.2 Trade-off two: Search versus price**

If a platform ensures time cost is minimised due to efficient navigation, consumer decision quality should not be unnecessarily affected. Search could increase. However lowering search costs might imply a trade-off between other aspects such as economic cost or platform fit. Thus understanding whether platforms attract consumers by providing minimal search costs, or whether other influences impact consumers' decisions to support specific platforms, is important. Platforms additionally have options to assist consumers in minimising search costs, such as recommendation agents or reviews, which will be discussed with platform knowledge (section 2.8).

Consumer time pressure has been one of the obstacles standing in the path of pure price competition (Chipp & Ismail, 2004). This relates to Punj's second processing strategy (2012), which is focused on re-calibrating time versus price. Consumers should focus more on searching for best product fit at the lowest possible price rather than just seeking lowest prices (Punj, 2012). However the relevance of this statement in digital music context is challenged by the fact that consumers' needs might be addressed through free channels. That would indicate that they might be willing to trade-off paying less by spending more time on searching for free content in a time that is acceptable to them. If that was true, implications not covered by the Punj model (2012) are raised. Thus the model should be tested specifically within the context of decision-making around digital music as information good considering zero economic cost in the time-cost trade-off.

The suggested model, presented in section 2.6.5 as Figure 5 (Page 24), should include trade-off two: search versus cost. Furthermore one could question if and how the trade-off balances in favour of zero economic cost, do distributors ensure convenience is sufficiently leveraged to attract spending consumers? Additionally, product knowledge have been found to have statistically of the most significant impact on online decision-making (Gatautis et al., 2014; Lin & Chen, 2006). The question develops into considering what role consumers' consideration of economic cost fulfil where the influence of product knowledge on decision quality has been shown and free sources exist.

## **2.8 Influences and trade-offs on decision quality: Product knowledge**

Product knowledge was the only factor that influences decision quality, time cost and perceived risk (Punj, 2012). The purchase decision is significantly positively influenced under various levels of product involvement by product knowledge (Lin & Chen, 2006). As explained, search for information includes consumers' investment in information search efforts, seeking relevant information (Hawkins et al., 2004; Kotler & Keller, 2011; Lin & Chen, 2006). Product knowledge impacts search and processing stages (Sharifpour & Walters, 2014; Stanaland & Golden, 2009). The link to time cost is clear if product knowledge influences time cost plus perceived risk, whilst all three elements impact decision quality (Punj, 2012). This could include spending time on reading product information whilst searching (Lalovic et al., 2012; Lin & Chen, 2006). A consumer who is unfamiliar with a specific platform might require more time. Revenue decreases in music sales have to some extent been attributed to consumption decreases due to many consumers' unfamiliarity with novel digital channels (Bustinza, Vendrell- Herrero, et al., 2013). This substantiates Punj's model (2012) which indicated product

knowledge's influence on time costs. A consumer with substantial product knowledge or familiarity might have to invest less time to find what is desired or at a preferred cost.

Consensus on how the relationship linking product knowledge, search for information and processing function, is not clear (Lin & Chen, 2006; Stanaland & Golden, 2009). On one hand, it is argued that greater knowledge encourages the search for information (Alba & Hutchinson, 1987; Sujan, 1985). On the other hand, other studies, including Punj's, have found that consumers with prior knowledge could limit external search due to levels of existing knowledge (Punj, 2012; Wood & Lynch, 2002) or that information search decreased as product knowledge increased (Lin & Chen, 2006). Most recent studies indicated a U-shaped instead of linear connection amongst existing levels of knowledge and search. It infers that it is expected that consumers with high or low knowledge should utilise more information search than consumers with moderate knowledge (Gursoy & McCleary, 2004; Gursoy, 2003; Sharifpour & Walters, 2014).

Although differing opinions exist, different levels of prior knowledge could influence the amount of time spent on search. However whether digital music consumers specifically search more or less based on levels of prior knowledge provide the opportunity to consider the importance of product knowledge when consumers make decisions around digital music platforms. Product knowledge's influence indicated clear relevance within information search and evaluation of alternatives. The interaction between product knowledge and time cost provided the opportunity to judge Punj's model (2012) whether relevant within an information goods context such as digital music platforms.

### **2.8.1 Product knowledge as content knowledge**

Firstly product knowledge within the context of digital music decision-making relates to knowledge about the actual product, thus the musical content the consumer is searching for. This includes knowledge about specific artists or music genres (Nuttall, 2008). Digital music consumers could consider a variety of characteristics based on product knowledge, such as release dates of an artist's content. Knowledge around the version it is released in and its impact on addressing differing consumer preferences relates to the economic concept of versioning (Shapiro & Varian, 1998). The concept of product knowledge within digital music can thus be labelled "content knowledge".

Reputation systems like peer group opinions, online reviews, feedback mechanisms and recommendations have been used to assist consumers with navigating through product variety quicker to find content (Punj, 2012; Zhu & Zhang, 2010). The widespread availability of online forms of word of mouth such as peer group opinions and reviews have enabled consumers to assess the opinions of others about products online (He &



Bond, 2015). It has also been used to reduce perceived risk and increase platform reputation and consumer trust in online shopping through sharing information and knowledge (Hye-Jin, Young-Hoon, Bradlow, & Min, 2014; Kauffman, Lai, & Lin, 2010; Zhu & Zhang, 2010). Reputable platform brands, repeat-visits or recommendation systems can assist in building knowledge. Applications like iTunes Genius's recommendation function assist consumers in searching for aligned genres or artists (Warr & Goode, 2011), which could build product knowledge and save time and effort.

Reviews are often generally considered as highly credible and influential by other consumers when content did not originate from within the organisation, but from customers (Ho-dac, Carson, & Moore, 2013). However, with utilitarian goods the importance of online information is comparatively higher than with hedonic products. Thus mixed opinions exist on how large a role the opinions of others online might play (Cheema & Papatla, 2010). Consumers evaluate products on the basis of a variety of needs, determined by amongst other sources, external group characteristics indicating the importance of peer group opinions (Hye-Jin et al., 2014). Peer group reviews or recommendation agents could influence product knowledge to various extents.

### **2.8.2 Product knowledge as platform knowledge**

Product knowledge could relate to more than knowledge around music or content. The Punj model (2012) did not elaborate on the relevance of, for example, platform knowledge within the concept of product knowledge. Consumers search for platforms offering products the consumer is looking for (Zhu & Zhang, 2010). Thus product knowledge relates to consumers requiring product knowledge about platforms to make better decisions in an online environment, labelled domain knowledge (Punj, 2012). Thus product knowledge in this context relates to platform knowledge, which will solve the problem of the best price-benefit fit. Specifically with regards to online entertainment products, the Internet is not just a channel (Reimer et al., 2010). It is a retailer. The unique interactive nature of online shopping allows immediate consumption with almost perfect availability of variety, including niche products. Trials allow consumers to sample products before purchase. Within this context, platform knowledge can also relate about other types of knowledge relating to platforms or the web.

### **2.8.3 Product knowledge as web expertise and self-efficacy**

It is possible that the Punj model (2012)'s concept of product knowledge might have implicitly excluded other relevant factors of importance aside from platform knowledge. Consumer characteristics include personal characteristics such as technology readiness which influences consumer decision-making online (Chipp & Ismail, 2004). Because

digital music implies that music as information good is streamed, copied or downloaded from a platform using the Internet, a technological device with software capable of this function such as a personal computer, tablet or smart phone is required. Web expertise (Punj, 2012) or “experience” (Cheema & Papatla, 2010) in this context related, for example, to knowledge about the Internet or the device used. Use context partially mediates impact of hedonic values of the intention to use the Internet and regarding consumers’ perceptions as well as adoption decisions (Yang et al., 2012).

Figure 1 (Page 4), the online model of consumer behaviour, demonstrated that product, process and medium characteristics (web characteristics) influence the online consumer purchase. In this context, features regarding the software or device providing access to products as medium characteristics are indicated as ease of use, navigation, web design plus interface (Gatautis et al., 2014). Aside from enjoyment and affective factors, there are several other predictors such as navigation, convenience and substitutability for personal examination that indicate perceptions of immersive characteristics of this interactive experience (Hye-Jin et al., 2014; Yang et al., 2012).

Within the context of online shopping, self-efficacy describes a consumer’s ability to apply their own skills required in completing the online purchase which could influence time cost (Hernández, Jiménez, & Martín, 2009; Keisidou, Sarigiannidis, & Maditinos, 2011). Self-efficacy can be defined as someone’s belief in their own ability and means to be able to successfully bring a task to an end (Keisidou et al., 2011; Perea y Monsuwé, Dellaert, & De Ruyter, 2004). This could relate to the amount of product knowledge the consumer has to be familiar with online contexts. Consumers with low self-efficacy tend to exert less effort towards a chosen activity than those with high self-efficacy (Alrushiedat & Olfman, 2014). One could argue that if less effort is exerted towards a chosen activity, it might take longer to complete the activity. Consumers with high self-efficacy might spend less time combined with effort to find what they are looking for whilst consumers with lower self-efficacy might require more time as they are exerting less effort. Thus interaction between product knowledge and consumer self-efficacy as potential influence on time cost and decision quality as indicated by Punj (2012) seems probable. Technology readiness, web expertise, Internet experience level, familiarity with the Internet or the devices used, self-efficacy or other appropriate terms are potential skills or knowledge a consumer can have that indicate how comfortable the individual is with using the technology, which relates to product knowledge around technology.

Reducing psychological and experiential costs associated with technological functions could be impactful on consumers’ decision-making. As web expertise is required to make improved decisions within an online setting (Punj, 2012), familiarity with the device or

Internet could affect the consumer's decision-making around online purchasing. Consumers who are less experienced with the Internet may be influenced more by online sources of information during search than their experienced counterparts (Cheema & Papatla, 2010). A consumer might be very familiar with iTunes's recommendation or payment systems, potentially experiencing lock-in or inertia. But they might not be familiar with using various tablets. Thus consumer confidence or self-efficacy around media could interrelate with product knowledge as the consumer's self-belief to navigate the digital music space. This impacts decision quality and perhaps willingness to pay. It is suggested that web expertise or self-efficacy, plus content and platform knowledge, should be included within the concept of product knowledge in the suggested model of online consumer decision as Figure 5 in section 2.7 (Page 24).

#### **2.8.4 Trade-off three: Product knowledge versus price**

Content, platform or web knowledge might influence a consumer's willingness to pay. Willingness to pay might vary based on product knowledge. For example, knowledge around quality could influence consumers' preferences, relating to consumers' willingness to pay for quality, and how choice and variety might improve the possibility of quality as influencing factor. Potential of switching to products superior in quality might seem more attractive (Bertini, Wathieu, & Iyengar, 2012). For instance, high audio quality is the most decisive attribute for platform choice (Weijters et al., 2014). The concept of switching to higher quality could arguably relate to audio quality or other quality assurance factors. These factors could influence the consumer's decision strategy to focus less on price, such as perhaps variety of content or the service experience. Price discounts' effectiveness is related to positioning plus interaction between positioning and availability of quality in the market. One could argue that price discount is not always the most effective strategy, especially when positioning involves quality (Bertini et al., 2012).

If some consumers are not only focussed on sourcing content at the lowest price, but consider other elements such as quality, one could consider how influential other factors are in the economic trade-off. Consumers from all ages indicated quality as driver influencing platform preferences and willingness to purchase legally (Weijters et al., 2014). Product knowledge relating to for example being familiar about the quality of a platform's content could influence the price a consumer might be willing to pay. For example, knowledge around quality and sophistication in risk management could imply a lesser likelihood of being vulnerable to security breaches or viruses, which might influence a consumer's willingness to pay. Additionally, price can be presented at various stages of consumers' decision making. Price primacy, as presenting pricing at the first

stages of decision-making rather than later, highlighted considerations of product worth and it is argued that it could influence purchasing (Karmarkar et al., 2015).

As discussed in Section 2.5, consumers' platform cost options vary. As product knowledge influences decision quality (Punj, 2012), a consumer's platform knowledge in considering different price implications might influence their perspectives of what a successful decision is. Thus if consumers have limited product, platform or web knowledge, they might not be aware of benefits to base decisions on. The consumer might not be aware of where specific content is available at higher or lower prices across platforms. Product knowledge in this case could be approached as awareness of benefits. Consumers could only be aware of benefits if knowledge exists. If the consumer is not aware of these benefits they might not be able to take that into consideration when making the decision. Increased product knowledge indicating awareness of certain benefits might influence a consumer's ability to source content at a lower cost.

"Price promotion is more than a simple monetary incentive ... it can change the way consumers think" (Aydinli et al., 2014, p. 80). A consumer might trade-off other aspects against product knowledge. Thus the Punj model (2012) should be elaborated on to include an additional economic trade-off as a price versus product knowledge trade-off (trade-off three). It suggests that consumers might choose to increase their product, content or platform knowledge (web expertise or self-efficacy) to decrease economic cost. Similarly a focus on product, content or platform knowledge (web expertise or self-efficacy) might impact the price a consumer could be prepared to pay for content. On the other hand, a consumer's limited platform or product knowledge might influence him or her to pay a higher economic cost for content. However, product knowledge was not the only factor which emerged through the Punj model. Perceived risk also did.

## **2.9 Influences and trade-offs on decision quality: Perceived risk**

Internal influences on decision-making are based on psychological and physical factors such as perception and perceived risk (Kollat et al., 1970, Kotler & Keller, 2011, Hawkins et al., 2004). Perceived risk must be factored into the model as major factor impacting online decision-making (Gatautis et al., 2014). Technology has impacted consumers' access to content on different platforms implying different levels of legality and risk. Indeed perceived risks related to shopping online had the fourth highest differential impact of marketing and technical quality on customer satisfaction (Hung & Chen, 2014).

Perceived risk has been designated as an antecedent which influences the online experience due to potential uncertainties associated with choice alternatives (Punj, 2012; Rose, Hair, & Clark, 2009). These uncertainties are unresolved tensions between

purchasing goals, available product offerings and potentially unfavourable outcomes of purchases if completed or not completed (Rose et al., 2009) which could relate to platform trustworthiness, which will be discussed within this section.

### **2.9.1 Psychological perceived risk**

It could be argued that illegal downloads are not completely free. Costs related to attaining pirated information goods include technical, legal and moral costs. The perceived risk of getting bad files, viruses, or unwanted content are perceived as technical costs, whilst legal costs are related to the perceived risk of getting fined or penalised. Lastly moral costs infer concerns related to stealing. Increases in these perceived costs of piracy might influence consumer decision-making (Sheehan et al., 2012). Furthermore an utilitarian consideration relevant within digital music piracy context, is the perceived risk relating to the actual platform being used and the risk of getting apprehended and punished for illegal behaviour (Chiang & Assane, 2009; Weijters et al., 2014). Evidence about psychological risk as the potential of suffering mental stress due to purchasing behaviour and its relevance to digital music is inconclusive (Kauffman et al., 2010).

On the one hand, consumers of various ages prefer ethical and lawful options available in digital music consumption (Weijters et al., 2014). Consumers are intimidated by the potential threat of legal action which could cause mental stress (Jeong & Lee, 2010). However heavy losses of music sales have been attributed to illegitimate downloading (Jeong & Lee, 2010; Papiés et al., 2011; Sinha et al., 2010). Thus not all consumers do not support illegal platforms. Considering that certain platforms are not legal implied that perceived risk of being apprehended might exist. Attitudes towards online piracy is negatively determined by moral judgement (Cesareo & Pastore, 2014). Consumers might appear less ethical and law-abiding in choosing illegal platforms, but the actual driving force behind these choices seem to be mainly economical (Weijters et al., 2014).

However psychological risk is not limited to risk of apprehension. It also applies to risk in spending unnecessary time sourcing content. Search and download times on legal platforms are often briefer than illegal sharing networks, thus transaction costs in illegal downloads could be higher in comparison (Jeong & Lee, 2010). In fact, certain costs such as search costs specifically relating to how long it took consumers to find specific content, have been recognised as having the potential to act as barrier to piracy behaviour (Sheehan et al., 2012). Downloaded content can be compressed or of poorer quality whilst the process itself could lead to corrupted or incomplete downloads (Weijters et al., 2014). Strategies such as intentionally distributing empty, fake or

distorted audio files on illegal networks have been used by record companies to increase potential transaction costs (Jeong & Lee, 2010).

To summarise, the concept of psychological perceived risk could imply technical perceived costs (such as unwanted content), legal costs (penalties), moral costs (for unethical behaviour), perceived risk of additional search or download cost as well as perceived risk of apprehension. Further investigation around interaction between economical cost and risks in using illegal platforms offering free content seemed justified.

### **2.9.2 Trade-off four: Perceived risk versus price**

Consumers who use illegal platforms could experience various kinds of psychological perceived risks. This relates to greater product risk, thus suboptimal fit for the consumer. It could perhaps promote the usage of legal download platforms due to less perceived risk. Perceived risk might increase through utilisation of illegal sites which could trade-off against zero economic cost or price (trade-off four). When estimated willingness to purchase digital music legally is less than actual price, consumers feel they enjoy an incentive to source content illegally from sharing platforms (Jeong et al., 2012).

The mere fact that various illegal platforms exists where consumers can source content free, potentially implying a perceived risk, indicated a trade-off between price and perceived risk. Consumers who are using illegal free platforms might trade-off psychological perceived risk in getting apprehended or sourcing corrupted, incomplete files or wasting time against the opportunity of sourcing content at zero economic cost. However for that specific consumer, trading off perceived risk might be worthwhile to source content free. Furthermore, consumers who are not willing to trade-off high levels of perceived risk might be willing to pay more for that reassurance. A fourth trade-off needed to be included within the model presented as Figure 5 in section 2.7 (Page 24) as perceived risks trading off against economic cost (in this case, sourcing at zero economic cost). This implies that consumers who are willing to source content at the lowest price might face increased perceived risk to utilise illegal platforms.

### **2.9.3 Financial perceived risk**

One can define financial perceived risk as the potential of financial loss relating to being unsure about payment, what the product will be worth after payment or the probability of monetary loss (Kauffman et al., 2010). Specifically regarding online contexts, risk is also associated with the decision-making around purchase plus exchange such as using the website (Rose et al., 2009). Online shopping implies a major difference in search and evaluation compared to brick-and-mortar as consumers might have to take risks relating to the payment process or information security (Wang, 2012).

The most influential factors to purchasing online have been indicated as “Website reliability and safety, seller’s service quality, user data privacy and security controls and delivery services” (Gatautis et al., 2014). Online consumers’ perceived risk have proven to have substantial impact on purchasing decisions as trust, privacy and security are major concerns (Kauffman et al., 2010; Mittal, 2013). In South Africa, mistrust in online payment security is a main barrier to shopping online (Effective Measure, 2014). Online environments tend to generate more risk due to incorrect information, ambiguity about parties in the transaction process and product quality (Kauffman et al., 2010), thus creating further financial perceived risk.

A consumer might experience financial perceived risk when providing credit card details due to uncertainty of whether monetary loss might occur. For example, to download from iTunes around launch time in South Africa in 2010, consumers could only purchase tracks using approved credit cards. Currently iTunes vouchers are available at local traditional retailers, allowing the opportunity to use cash to purchase vouchers for iTunes purchases. However the restricted use of credit cards could be a cause of concern for some consumers, thus increasing perceived risk. It is thus possible to include both financial and psychological risk, relating to perceived risk around platforms or content as influence on decision strategy in Figure 5 as presented in section 2.7 (Page 24).

#### **2.9.4 Trade-off five: Perceived risk versus product knowledge**

Risk averse consumers avoid riskier options via reverse preferences and compromise by preferring moderate options (Bockstedt & Goh, 2014). Certain consumers will require stronger signals such as brand reputations to limit risk (Biswas & Biswas, 2004). Consumers tend to prefer popular products due to the social cue it represents, which tend to minimise perceived risk (Zhu & Zhang, 2010). Branded platforms, such as iTunes, could decrease perceived risk in embodying more familiar options (Bockstedt & Goh, 2014). Increased experience in visits through customer-initiated channels could also influence risk reduction (Li & Kannan, 2014). As discussed, reputable platform brands, repeat-visits or recommendation and review systems can assist in building platform knowledge. It can reassure the consumer, thus decreasing perceived risk. Mixed opinions on word of mouth such as reviews might however have different effects on different consumers. However, if individuals contributing to online word of mouth are found to have very dissimilar tastes, mixed opinions might imply increase uncertainty and perceived risk (He & Bond, 2015). Again a trade-off is implied.

Consumers with higher platform knowledge who have experienced platforms previously might be familiar with perhaps payment security, thus experiencing less perceived risk.

Brand-awareness, familiarity or platform knowledge might influence perceived risk around using the platform. Furthermore, adding to perceived economic cost, perceived psychological cost could include technical perceived costs (such as unwanted content), legal costs (such as penalties), moral costs (for unethical behaviour), perceived risk of additional search or download cost or perceived risk of apprehension. Consumers might build product knowledge in order to trade-off against any of these perceived risks.

Consumers with low product knowledge might not be willing to trade-off against these perceived risks. Alternatively, a consumer might trade off perceived risk in using illegal websites through high familiarity might limit the risk element. The last trade-off between product knowledge (product and platform knowledge plus web expertise) and perceived risk (financial or economic) is suggested for testing. The suggested model presented as Figure 5 in section 2.7 (Page 24) should include this trade-off. Finally, a re-visit based on suggestions throughout Chapter 2 will conclude the literature review.

### **2.10 A suggested integrated model**

The purpose of this study was to test models around online consumer decision making within the context of digital music as hedonic information good whilst considering influences and trade-offs in decision quality to explore digital music consumer platform choice. Through the review of theory, product knowledge, transaction cost and perceived risk were indicated as interconnected influences on decision quality during search and evaluation. These factors additionally seemed to influence trade-offs around consumers' perceptions of what successful decision are, presented as Figure 6 (Page 38). This model is identical to the original model presented as Figure 5 (Page 24). The additions to Figure 6 are arrows and numbers (1, 2, 3, 4 and 5) to illustrate the five trade-offs.

Both price and product knowledge statistically have of the most significant impact on online decision-making (Gatautis et al., 2014). Punj's model (2012) indicated that product knowledge influences time cost which in turn influences perceived risk, whilst all three factors influence decision quality. Neither economic nor search costs were included as influential factors, which is suggested. Differentiation between elements within product knowledge, transaction cost and perceived risk specifically for digital music as information good is suggested for inclusion in the suggested model as information goods' specific cost structure have unique implications in trading with these goods. With regards to product knowledge, it was proposed that content and platform knowledge plus web expertise or self-efficacy should be included as internal influence on digital music consumer decision quality which influence transaction costs and perceived risk. Transaction costs as external influence should include economic with search costs



(including time and effort) influencing product knowledge, perceived risk and decision quality. Internal influence perceived risk include financial and psychological risk both related to content and platforms, which seem to influence decision quality.

### **2.11 Concluding in illustrating the need for this research**

The literature review revealed that the search and evaluation stages of digital music consumers' purchase decision-making is a complex yet interrelated process which could be influenced by a range of factors and trade-offs. These include product knowledge, transaction cost and perceived risk. The existence of zero economic cost as option for consumers as a result of information goods' specific cost structure, provided the opportunity to scrutinise existing literature such as the Punj model (2012). Focusing on information goods within an online context provided the opportunity to add to existing, yet limited research without clear consensus through delving into online consumer decision-making to attempt to imply opportunities to optimise revenue-creation.

The digital music industry is in need to sustainably create revenue in trading content at prices consumers are willing to pay. The fact that Apple now offers streaming via Apple Music indicated that transformation around different revenue models is taking place, whilst streaming services are up 28% (Berry, 2015). One need to take into consideration that RIAA and Nielsen statistics indicated that upon comparison of streams versus downloads, although streaming dominates transaction volume, downloads still dominate revenue creation. For 2014, song downloads totalled 2.7 billion transactions (1.3%) whilst on demand audio plus video streams dominated with a total of 163.9 billion transactions (98.7% of transactions). However total download revenues totalled \$2.49 billion, which is 65.5% of revenue whilst streams totalled only \$1.39 billion in comparison, only 34.5% of the market (Resnikoff, 2015). Web publishers are also having difficulty demonstrating that advertisements actually have a profitable impact on consumers (Lambrecht et al., 2014). Revenue-creation is thus clearly being challenged.

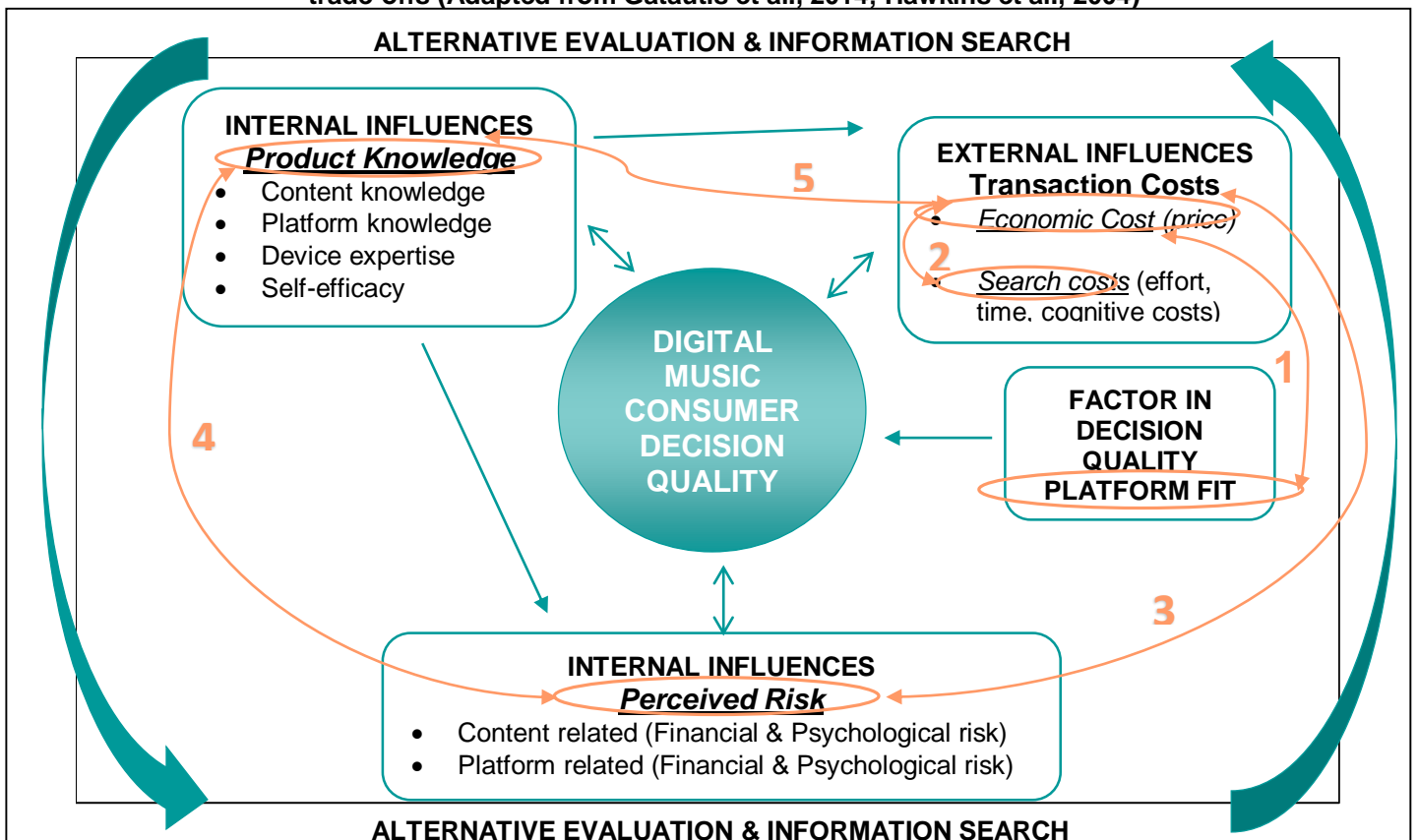
An improved understanding of how trade-offs influence digital music consumers' decision quality around platform choice plus implications of promoting legal digital music platforms via revenue-creating business models as attractive choices to consumers re-affirmed the research aim. If these trade-offs in consumer decision-making could be more effectively understood, it could aid in attracting consumers to support revenue-creating platforms at prices consumers might be willing to pay for digital music (Lambrecht et al., 2014; Punj, 2012). To add sustainable growth to the industry. To attempt to achieve this, Chapter 3 presented the specific research questions facilitated by adjusting and building on Punj's model (2012) into the suggested model for testing.

### 3. Chapter 3: Research Questions

Literary evidence discussed in Chapter 2 provided the opportunity to develop, suggest and test trade-offs on consumer decision strategies whilst product knowledge, transaction costs and perceived risk influence decision quality (Jeong & Lee, 2010; Punj, 2012). The question was whether and how these factors might trade-off specifically within the context of digital music as hedonic information good regarding platform choice. Seeing that the Punj model (2012) has not been empirically tested within general online consumer context and only suggestions on testing his propositions were offered, testing an adjusted model within the context of digital music provides completely fresh insights.

If research insights could assist in testing this argument it could assist in understanding the trade-offs in decision-making quality for digital music consumers in order to optimise support for digital music platforms. Thus the suggested model, presented in Chapter 2 as Figure 5, was proposed as illustration of the arguments to be tested where the following trade-offs were presented as research questions to be investigated. As the orange lines and numbers on Figure 6 indicate, five potential trade-offs could be formulated based on the review of literature from Chapter 2 being encapsulated into a suggested model for testing:

**Figure 6 A suggested model for online consumer decision-making on digital music as hedonic information good during information search and alternative evaluation with trade-offs (Adapted from Gatautis et al., 2014; Hawkins et al., 2004)**



### **3.1 Research question one (Trade-off one)**

How are price versus platform fit trade-offs offered in the Punj model (2012), relevant in driving the quality of specifically digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?

### **3.2 Research question two (Trade-off two)**

How are price versus search costs (which includes time and effort) trade-offs, as adapted from the Punj model (2012), relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?

### **3.3 Research question three (Trade-off three)**

How are product knowledge (content, platform and web expertise or self-efficacy) versus price trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?

### **3.4 Research question four (Trade-off four)**

How are perceived risk (financial or psychological) versus price trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?

### **3.5 Research question five (Trade-off five)**

How are product knowledge (content, platform and web expertise or self-efficacy) versus perceived risk (financial or psychological) trade-offs relevant in driving the quality of digital music consumers' platform choices?

To attempt to answer these research questions comprehensively and appropriately, the research methodology applied to attempt optimal levels of consistency, reliability and validity throughout the study received attention next in Chapter 4.

## **4. Chapter 4: Research methodology**

### **4.1 Research design and chosen methodology**

Qualitative research is a positioned endeavour that places the observer inside the world where a collection of interpretive practices are used to improve the world's visibility. This is achieved by examining things in their natural settings in an attempt to make sense of phenomena through meaning brought to them (Denzin & Lincoln, 2003). The objective of qualitative research is to isolate plus define themes during the research project (McCracken, 1988). It is an approach to understanding human and social behaviour where emphasis is on the collection of "thick" data (Willis, Jost, & Nilakanta, 2007).

It is not an attempt to outline categories as precisely as possible to indicate the relationship between variables as with quantitative research before the study starts (McCracken, 1988). Qualitative approaches provide opportunities to truly delve deeply into consumers' minds in an attempt to extract the most important findings around the "why" and "how" of consumers' decision-processes regarding preferences around trade-offs based on how the meaning of this phenomena is assigned, perhaps highly individualistically in order to make their world more visible. The appropriateness of the qualitative approach will be discussed within the context of this specific project within the value it provides firstly in delving into actual reasons why certain behaviours exist, secondly in scenarios when little consensus exists and lastly as context matters as guiding foundation for the methodological approach of the research project.

#### **4.1.1 Delving deeply into the "why" and "how"**

Weijters et al. (2014) indicated a need at business level for new insight into music consumption to explore consumers' preferences specifically within this context as uncertainties in how to respond, still exists. Furthermore the digital music industry is still searching for answers to the challenges faced such as successfully establishing online music business models for downloads (Papies et al., 2011). Thus, the literature is inconclusive. These uncertainties and questions could be caused by a variety of factors, and one might not be completely clear or aware of the truth.

To truly improve understanding around consumer decision-making and to provide new insight into these uncertainties and find answers to these questions, a non-restrictive, unobtrusive approach would have been more appropriate. As qualitative research implies shaping plus asking questions, "the result is often powerful stories that both inform and inspire..." (Willis et al., 2007, p. 244). Thus due to its deep, probing nature a qualitative research approach seemed most appropriate to attempt to answer questions as it allowed the opportunity to deeply delve into the "how" and "why" of digital music

consumers' decision quality without pre-conceived or restricting perspectives. Isolating and defining trends discovered in the data seemed more appropriate than a restrictive quantitative approach that might just provide “yes” or “no” answers without indicating the reasons why. It also provided the opportunity to isolate and define themes based on the data gathered. Furthermore, analysis uncovered additional insights on uncertainties around consumer preferences and perspectives on online music business models.

#### **4.1.2 Lack of consensus**

Exploratory research is mostly concerned with discovering wide-ranging findings about a subject that is not necessarily completely understood (Saunders & Lewis, 2012). Chapter 2 established that certain elements within the context of this subject need further investigation as consensus does not always exist. Gatautis et al. (2014) argued that research specifically regarding the main factors that might impact consumer decisions in online purchasing has been fragmented and that researchers are yet to share a unanimous understanding of the impacts. Literature still need to agree on a model that explains specifically online consumer decisions to purchase (Gatautis et al., 2014).

Consensus extends the concept of coherence to considering other researchers as well as the experiences of other readers and scholars, but it does not necessarily mean truth and trends could change (Willis et al., 2007). Qualitative design might provide the most relevant approach to truly investigate and attempt to understand the trade-offs and drivers of the digital music consumer purchase decision due to qualitative approaches' ability to objectively isolate and define trends. Thus less restricted approach seemed more appropriate to shed light and assist in perhaps reaching consensus around the model of online consumer decision-making.

#### **4.1.3 Context matters**

Qualitative approaches offers detail, process, richness and importantly sensitivity to context (Tharenou, Donohue, & Cooper, 2007). This research approach takes context extremely seriously for understanding the issue under study (Kvale, 2007). Furthermore, scholars such as Willis et al. (2007) indicated that one of the distinguishing characteristics of qualitative research includes the search for contextual understanding rather than universal laws as “...contextual understanding, not truth, is the purpose of research..” (Willis et al., 2007). Thus context matters within the qualitative research approach. Although a highly definitive discussion of relevant literature has been provided, literature has shown that not all consumers might share the same preferences in digital music consumption choices (Hawkins et al., 2004; Kotler & Keller, 2011). As individual consumer preferences might have differed across groups, context is crucial

within the subject field of consumer decision-making. In order to have truly tested the suggested trade-offs for relevance within this context, a qualitative approach again seemed more appropriate due to its consideration of context.

Some consumers might have felt strongly about trading off any other influence against achieving zero economic cost. Other consumers might have been concerned with minimising search costs and perceived risk whilst economic cost, were less relevant. In both cases, the reasons why these consumers feel the way they do; the context behind it, could be crucial. The concern with a quantitative approach is its definitive nature as it is "...more appropriate for questions involving 'how many' or 'how much' (Tharenou et al., 2007, p. 17), which is not aligned with the less defined, contextual research questions. For example, if vital elements were not covered in the measurement instrument, it could have disadvantaged the research completely as it might not have allowed the respondent to elaborate in answering a question in a way that would provide real insight to the question. In addition context might have been ignored.

Exploratory insights are valuable in uncovering what is really happening and discovering new insights and perspectives (Saunders, Lewis, & Thornhill, 2000). Qualitative research could assist in discovering certain consumption aspects, especially previously unexplored factors as is the case in this context (Weijters et al., 2014). Although certain factors such as the EKB and Punj (2012) models have been used as respected literature, the purpose was to apply and adapt literature specifically within digital music as hedonic information good. As this approach has not been executed before, the exploratory qualitative approach was chosen to attempt to shed new light through an explorative, flexible, progressively narrowing approach and truly understand what is happening (Saunders et al., 2000) around South African music consumers' decision-making around digital music platforms. Thus a combination of reasons ranging from delving deeply, attempting to reach consensus and being aware of the importance of context whilst exploring relatively new discoveries, have been offered to substantiate the appropriateness of qualitative design. Aside from the qualitative, explorative nature of the research design as explained, it was planned to execute a cross-sectional study by gathering data between June and August 2015.

#### **4.2 The population and unit of analysis**

The study was limited to South African digital music consumers as the full set of cases from which the sample was taken, due to the researcher's access to this population specifically (Saunders et al., 2000). Two different populations were considered for the

research project, firstly that of digital music consumers and secondly of experts within the subject field to gain insights around their opinions of consumers' behaviour.

### **4.3 The consumer population**

The first population, as digital music consumers, were approached in an attempt to understand similarities and differences between consumer groups. In order to truly understand this unit of analysis, the concept required clarification. One could define the field of consumer behaviour as the study of "...how individuals, groups and organisations select, buy, use, and dispose of goods, services, ideas or experiences to satisfy their needs and wants..."(Kotler & Keller, 2011, p. 95). Thus one could define, within this context, consumers as individuals that choose, purchase, use and dispose of goods, services, ideas and experiences in order to satisfy their needs and wants.

Digital music is often defined as an intangible product which can be consumed and transferred electronically (Björn et al., 2010). Broadly speaking, any product that is in digital format could be considered a digital product (Ying, 2010). In the International Journal of Music Business Research's published research, definitions of digital music relate to the fact that it involves music that can be stored and disseminated in a digital format, involving a digitised form of music production or consumption (Jin, 2006; Li, 2013; Li, 2006). One of the international digital music platforms, eMusic, executed a United States survey in 2011. This research was focussed on investigating digital music consumption behaviours, and the acts of purchasing, owning and streaming music were specifically included in the research (eMusic, 2011). One could thus specifically include purchasing (or downloading) and streaming music as part of digital music consumption. Digital music consumers could thus be defined as individuals that select, buy, use and dispose of digitised forms of music production or consumption through purchasing, owning or streaming music. Thus the definition of digital music consumers provided the opportunity to specifically investigate digital music consumption with regards to downloading or streaming.

To adhere to this definition of digital music consumers, the population had to be limited to consumers with regular Internet access to enable consumption through purchasing or streaming music (eMusic, 2011; Weijters et al., 2014). Secondly, requirements with regards to technology implied that a basic understanding of technology in using a personal computer, tablet, smart phone or similar electronic device was required to allow the downloading or streaming of music. Population information in this regard was obtained from the All Media Products Survey dataset (2011). AMPS collected data from a nationally-representative sample within South Africa on the consumption of media and

products (Chipp, Corder, & Kapelianis, 2012). Three key questions were identified and responses investigated based on appropriateness to define digital music consumers in South Africa as population based on regular Internet access:

- D9.7 Access the Internet or Web from your cell phone? Respondents who indicated either “Daily” or “Weekly” as indication of regular use of the Internet of at least weekly from their cell phones, were included.
- D9.10 Download/listen to music on your cell phone (excluding radio?) Respondents who indicated either “Daily” or “Weekly” as indication of regular downloading or listening of music on their cell phones, were included.
- F09\_08: Use a cell phone to access music downloads? Respondents who indicated “Yes” to using a cell phone to access music downloads, as indication of using their cell phone to download music, were included.

All respondents who indicated “Daily” or “Weekly” on the first question, as regular Internet users, or “Daily” or “Weekly” on question two or “Yes” on question three (thus affirmative on one of the two) were identified as potential digital music consumers. The assumption was made that if a consumer accesses, downloads or listens to music on his or her phone whilst using the Internet, there is a probability that the individual generally consumes music digitally. If someone does not access the Internet, listens to or downloads music from his or her phone, the probability that they consume any music digitally, should be lower. The assumption was made that if someone was using a cell phone to download or listen to music, there could be a chance other devices might also be used for this purpose and thus be indicated as digital music consumer.

Disposable income was also considered to be included within the population criteria for a study about digital music consumers. Some disposable income is required to spend money on purchasing or streaming music digitally within the context of how digital music consumption has been approached throughout the research project (Bhattacharjee et al., 2003; PriceWaterhouseCoopers Inc, 2013). It was thus included as population parameter. Again the All Media Products Survey dataset was utilised, combined with its associated Living Standards Measure (LSM) to assist in defining the population based on income. Based on the South African Audience Research Foundation (SAARF), the Living Standards Measure (LSM) has been described as the most popular marketing research tool within Southern Africa, providing a distinctive method of segmenting the South African market (South African Audience Research Foundation, 2015). LSM used the AMPS data as ‘...input for an empirically derived segmentation of all South African social strata, based on a subset of variables contained in AMPS’ (Chipp et al., 2012, p. 20). Included in the All Media Products Survey dataset was information on South African



Household Income Groups which indicated the monthly income per household, whilst being linked to LSM indicators per respondent. The AMPS dataset and LSM information were scrutinised for the group potentially identified as digital music consumers to define an income threshold to assist in indicating potential disposable income. It was important to define this segment within the population via a minimum income threshold because if respondents who only utilised completely free ways of consuming music digitally (thus no payment nor data cost) through sending MP3s via Bluetooth on cell phones it would not align with the definition of digital music consumers offered above. For instance, groups with low discretionary income such as for example college students' ability to pay for music, must be considered (Sheehan et al., 2012). It was assumed that respondents who literally cannot ever afford to purchase music online, would not provide ideal objective insights to the research objectives based on this definition.

The majority of individuals who were included in the group as regular Internet users based on answers on the three Internet usage questions above, were included under Household Income Groups of at least R5 000 per household per month. Additionally, Household Income Groups of R5 000 per month or higher seemed to generally correspond with Living Standards Measures of 7 and higher. Thus the assumption was made that in defining the population of South African music consumers based on Internet access and reasonable disposable income to afford Internet access and purchase music, requirements indicated by Weijters et al. (2014) and Bhattacharjee et al., (2003), the population had to consist of South Africans with household incomes of over R5 000 per month in LSM group 7, 8, 9 or 10 to be considered as part of the population.

#### **4.4 The expert population**

The second population consisted of individuals who could provide insights as experts within this context. Kotler and Keller (2011) defined an expert opinion as “knowledgeable specialists who may offer good insights”. To ensure quality in research design, it has been advised that interviewees must be chosen based on the fact that they have first-hand experience in the subject, which will assist in keeping results fresh and real (Rubin & Ruben, 2012). Within this context an expert was defined as an individual who had specialist knowledge and first-hand experience who might offer good insights to the subject, specifically with regards to the digital music industry in South Africa based on their reputation or experience in the industry. Experts in the digital music industry in South Africa were considered in an attempt to understand opinions around how and why they think the consumer groups make decisions around digital music the way they currently do based on their own experience in the South African digital music industry.

In order to classify an individual as an expert as part of this population, the following requirements had to be fulfilled: senior professional executives in the South African music industry, including managers, who have been permanently employed in the industry for at least eight years, or who had record label ownership of at least five years. These professional individuals, earning disposable income from being permanently employed or self-employed in the South African music industry should deal with digital distribution in some way in their profession whether logistically, creatively or through business. Having a reputation in the industry of being someone offering reputable, professional expertise to the industry was also required through having permanent, full time experience of at least eight to ten years in the industry.

The unit of analysis in both populations was individuals, as each individual consumer's response around decision-making was the subject of focus and individual data source, rather than dyads, groups, organisations, industries, and so forth (Tharenou et al., 2007).

#### **4.5 Sampling methods and size**

Table 1 at the end of 4.5 (Page 50) provided a summary of the sample sets. As it is crucial to justify the type of sampling used, (Tharenou et al., 2007), a comprehensive explanation around choices made within this part of the methodology will follow.

##### **4.5.1 Consumer sample set(s)**

It was crucial that an objective sampling approach was followed by striving towards a diverse amount of respondents to ensure results were not biased in any way (Saunders & Lewis, 2012). Due to the research project being qualitative and exploratory in nature, it was not necessary to sample for representativeness but rather relevance. It was not possible to specify the probability that anyone in the population would be included in the sample, thus non-probability sampling was used (Saunders et al., 2000). It was important to the researcher to not utilise convenience sampling due to the prospect of the sample's relevance being too low. But it was important to the researcher to gather data from individuals as objectively as possible to not bias results.

Thus, with regards to the consumer population, two non-probability sampling methods were used to ensure maximum relevance: firstly judgement or purposive sampling, and secondly quota sampling. The first sample selection method was based on judgement as it enabled the researcher to use her own discretion to select cases that will facilitate objective answering of research questions (Saunders et al., 2000). Different genres exist within music, as music consumers have different preferences or tastes. Some consumers might prefer pop music, others rock, gospel, hip hop or dance. If data

gathered from individuals who downloaded or streamed certain genres only was used, responses might have been biased in some way due to similar music tastes or platform preferences. It was attempted to acquire a spread of extremes in types of music genres to gather data from various types of digital music consumers. The aim was to ensure diversity in samples in terms of the coverage of different platform preferences. Thus the sampling approach firstly consisted out of ensuring that respondents did not all listen to exactly the same kind of music only, whilst belonging to the population. For example, having only English Pop or Afrikaans rock music listeners was not the goal. Thirdly consumers were segmented based on platform types (downloading versus streaming).

A quantitative filtering tool was utilised to filter potential respondents by sourcing and considering individuals based on music taste whilst ensuring the respondent belonged to the population. The researcher created a short online Google Forms questionnaire to only filter and find appropriate individuals to interview. This form was attached as Appendix 1. Demographic questions around race, gender and age were not asked. The filtering method included a question to ensure respondents were over 18 years of age as ethics clearance did not allow for interviewing individuals under age. Firstly a few screening questions were included to ensure that the individuals were part of the population. Questions around ensuring that household income was over R5 000 per month plus that the Internet has been accessed recently were included. After ensuring respondents were part of the population, questions were asked to indicate which sample group the respondents would form part of: streaming or downloading. Then to ensure diversity in the data set, the respondent had to indicate music genres of preference.

The researcher liaised with local musicians from varying genres with whom professional relationships existed. The goal was to ensure that exposure to individuals who supported different kinds of music genres, were given the opportunity to participate: thus selection for extremes. This link with a message to encourage participation was posted on local artists' or South African music industry social media sites on Facebook, Twitter and LinkedIn with the aim of just sourcing appropriate respondents during June and July 2015. It was shared on Twitter with: Die Heuwels Fantasties (Afrikaans Pop; who re-tweeted it to over 100 000 Twitter followers), Jack Parow (Afrikaans Hip-Hop/Alternative Afrikaans), Van Coke Kartel (Afrikaans Rock); Teargas (Kwaito); AKA (Hip Hop) and Judith Sephuma (Gospel). It was shared with general public South African music fan or industry pages such as SA Music Industry (LinkedIn), Love SA Music (Facebook), SA Music News Magazine (Facebook), and South African Music Network (Facebook). Respondents of various music tastes were sought. The homogeneity of the sample was based on regular or recent online music consumption (download versus not downloading

versus intending to) whilst the filtering method enquired with regards to population criteria to ensure that the sample matched the population definition. Thus respondents had to fulfil the requirements as indicated in the population definition above.

As indicated in Chapter 2, two main types of digital music platforms are used, namely digital download and digital streaming (Cesareo & Pastore, 2014). Once purposive sampling was completed, quota sampling was used to segment based on two consumer groups who download versus stream. It was planned to allow a third consumer sample set with regards to intention to download. This consumer segment would have provided the opportunity to include insights from consumers who were not currently consuming music digitally, but might have intended to do so in the unforeseen future. Unfortunately this could not be utilised due to receiving zero consumer respondents in this category. Thus all individuals' access through these platforms engage in digital music acquisition of some sort. Relevant respondents were identified as individuals who permanently live in South Africa, who downloaded and streamed music or only streamed music and were required to fulfil the relevant quotas. As explained, the filtering tool included questions to indicate whether consumers formed part of any of the quotas, as indicated in Appendix 1 (with the third consumer set of intention being removed after piloting).

The first group consisted of South African digital music consumers who purchased and downloaded music from digital music distribution channels such as iTunes, YouTube, LimeWire, Bit Torrent, and so forth who qualified as per the factors indicated above. Therefore the population in this case was all South Africans who purchased and consumed music online (whether legal purchases or illegal downloads), LSM 7 and upwards. The goal was to exclude individuals who did not download content at all. Thus consumers who only streamed or shared were excluded from this download group. Consumers who shared or streamed whilst downloading would have qualified as well.

The second group consisted of South African digital music consumers who already streamed or shared content from digital music distribution channels such as Simfy, Nokia Music+, Deezer, YouTube, and so forth, but did not download from platforms such as iTunes at all. Therefore in this case the population was all South Africans who purchased and consumed music online (whether it was legal or illegal sharing) however excluding individuals who download content. This group thus consisted of individuals who did not download at all, but only streamed and/or shared music, LSM 7 and upwards. Based on respondents answering as per requirements for filtering, respondents were selected on a first come first serve basis. Emails were sent to all respondents to set up an interview time, and all respondents who responded were contacted for an interview. A few individuals did not respond to the email.

The consumer sample sets included a diverse combination of individuals who purchased music online plus individuals who streamed or shared music online. Although it is argued within McCracken's Long Interview approach that eight respondents should be sufficient (McCracken, 1988), it was planned to conduct a minimum of four and maximum of five respondents per sample group for a sample size of either eight or ten consumers in total depending on time allowance. Eventually ten consumer interviews were conducted, of which six fulfilled the downloading quota and four the streaming quota.

#### 4.5.2 Expert sample set(s)

Secondly, with regards to sampling for the experts group, the classification of an individual as an expert within the digital music industry in South Africa was important, as explained in the definition of the expert population above. The researcher's experience of working within the South African music industry for over ten years allowed the identification of factors to facilitate in the creation of quotas for sampling to assist with selecting appropriate expert candidates. Selecting senior industry executives as professional individuals earning disposable income from being permanently employed or self-employed, in the South African music industry, who dealt with digital distribution in some way, whether logistically, creatively or through business, was the aim. Experience of at least eight years in the industry was required.

Two non-probability sampling methods were used to ensure maximum relevance even though selection was based on judgement. Firstly, quota sampling was used to ensure that requirements were met plus that the sample was diverse whilst judgmental sampling with substantial reasoning why these individuals qualified due to factors indicated below, seemed appropriate as sampling techniques. The quotas for selection consisted of the following factors, and individuals who fulfilled the requirements as per the quotas indicated were purposively sampled as follows:

- Quota one: An **independent record label executive** involved in the release of international or local artists' content across genres in South Africa. Thus experts who were familiar in dealing with artists and digital distributors to earn income from digital music sales, plus work in various music genres and not just focussed on one genre.
- Quota two: A **major record label executive** involved in the release of international or local artists' content across genres in South Africa. Thus experts who were familiar with dealing with artists and distributors to earn income from digital music sales, plus work in various music genres and not just focussed on one genre.
- Quota three: **Two digital distribution executives interviewed together** who were e-tailers distributing content based in South Africa, representing a commercial,

corporate digital distributor who offers streaming and/or digital download functionality throughout Africa. Thus experts who were familiar with dealing with record labels and artists to distribute content online thus actually selling the content across various genres online on their own corporate platform.

- Quota four: A **digital aggregator, content creating executive** who distributed audio content specifically focussed on South African music. Thus experts who were familiar with dealing with record labels and artists to aggregate content online thus selling content through various distributors or through their own entrepreneurial platforms.
- Quota five: **Two musicians as independent record label owners, interviewed together**, who have owned the label for at least five years as their own start-up. Need to have sold at least 100 000 records in physical retail in South Africa to indicate success. Thus musicians starting their own record label and then being sustainable for at least five years, liaising with distributors to distribute their own label's content.
- Quota six: A representative from **one of the regulatory industry bodies** in the South African music industry, namely either the Recording Industry of South African (RISA) or the South African Music Rights Organisation (SAMRO). These bodies are involved in the industry as regulatory body regarding recording, performance, licensing and mechanical royalties and rights, and the individual must be involved with digital distribution as part of his or her profession within a management position.
- Quota seven: A **reputable industry expert** from the **creative, technical and/or academic** space for a perspective that is not focussed on any of the above segments nor specific artists, but rather as researcher and technical expert. Thus an expert in liaising with any stakeholders in the industry with an academic background.

**Table 1 Sample set descriptions**

Sample Set	Sample size	Measurement instrument	Description of sample set
Consumer Sample set 1	6	In-depth long interviews	Downloading digital music consumers (CON-D1-6)
Consumer Sample set 2	4		Streaming digital music consumers (CON-S-1-4)
Expert Sample set 1	1	Expert interviews	South African independent label executive (EX-IRL-1)
Expert Sample set 2	1		South African major record label executive (EX-MRL-1)
Expert Sample set 3	2		South African digital distributors (EX-DD-1-2)
Expert Sample set 4	1		South African digital aggregator and content creating executive (EX-AC-1)
Expert Sample set 5	2		South African musicians/label owners (over 5 years ownership, over 100 000 albums sold) (EX-ML-1-2)
Expert Sample set 6	1		Manager employed at regulatory industry body in royalty/licensing capacity (EX-RIB-1)
Expert Sample set 7	1		Academic/research/technical/n expert (EX-AP-1)

Thus the planned expert sample size was nine, totalled with the ten consumers' sample, the total sample size for the research was 19.

#### 4.6 The measurement instrument

The most typical way of conducting exploratory research is specified as first scrutinising academic theories and literature, interviewing experts within the subject field and lastly conducting interviews (Saunders & Lewis, 2012). Interviews are usually appropriate when the respondents' thoughts about, or feelings towards something such as issues, events or behaviours are to be determined (Tharenou et al., 2007). In this case, as the focus was consumer decision-making, interviews seemed appropriate.

Interviews are conversations, but that it has structure and purpose determined by the interviewer (Kvale, 2007). Some structure is thus of importance. The central types of in-depth qualitative interviews are seen as semi-structured or unstructured interviews (Rubin & Ruben, 2012). Semi-structured interviews have "...the purpose of obtaining descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena..." (Kvale, 2007, p. 8). It was important for the researcher to seek consumer insights by allowing the conversation to flow for new insights whilst facilitating the opportunity to structurally and systematically compare, analyse and draw conclusions from data. A semi-structured approach thus seemed perfect as it allows structure through prepared questions plus openness to changes of sequences and stories told by interviewees (Kvale, 2007).

Primary research through interviews using semi-structured interview schedules slightly adjusted to three versions for downloading consumers, streaming consumers and experts was planned. In each interview, the interviewer prepared a few questions in advance with potential follow-up questions, aligned with the semi-structured interviewing approach (Rubin & Ruben, 2012). Appendix 2, 3 and 4 presented the semi-structured interview schedules as measurement instruments for each sample. Main segments such as the suggested model for testing or research questions were utilised to structure interview schedules. Each of the research questions were re-framed into less technical, more open-ended, slightly more informal questions within a conversational style. Thus the research instrument was a semi-structured yet open and flexible interview schedule applied from principles from the Long Interview. Some quantitative data such as demographics were included to facilitate comparisons between respondents.

The Long Interview method is a unobtrusive, flexible qualitative interviewing method consisting of a method of inquiry of four steps which will be discussed below, whilst its approach is designed to allow researchers "...the opportunity to step into the mind of another person, to see and experience the world as they do themselves..." (McCracken, 1988, p. 9). As the focus of this research was explorative, the Long Interview method

seemed highly appropriate due to its unobtrusive nature to delve for the most objective insights from respondents and its principles. This format of qualitative research was deliberately constructed to take advantage of the opportunity for insight and minimise potential dangers of familiarity (McCracken, 1988), which seems ideal for this topic. True, honest, objective insights without facilitator bias was the goal. The researcher had to truly set personal opinions aside to successfully utilise the Long Interview method to test consumer's decision-making behaviour within this context.

Steps of the Long Interview utilised included (McCracken, 1988) firstly the review of analytic categories through an exhaustive literature review. In this case, the EKB model (Hawkins et al., 2004; Kollat et al., 1970; Kotler & Keller, 2011), the influences on online decision strategies model (Punj & Moore, 2009) and online consumer decision-making model (Gatautis et al., 2014) have provided the opportunity to review available theory and literature in Chapter 2 to build the foundation for the next stages through the suggested model presented as Figure 6 (Page 38). It was important to respect but also question these theories because of the more specific nature of music as information good versus general online consumer decision-making that is not specific to a category.

A review of cultural categories was also required. The researcher is supposed to use him or herself as instrument of enquiry for more detailed appreciation of their own experiences with the topic, seeking to engage in familiarisation and de-familiarisation (McCracken, 1988). In this case, the researcher was concerned that many consumers prefer to use free illegal sources to download music and nothing could change that, which implied some subjective judgement. The researcher is highly passionate about the topic and truly yearned to find insights with regards to the research problem. The researcher had to immerse herself in this experience, and step out of a potentially subjective ethical view to not cloud her perspective whilst considering economic cost, product knowledge and perceived risk as trade-offs to venture into an unbiased destination.

The Long Interview process included the discovery of cultural categories, which occur through interview schedule construction. Factual or biographical questions were followed by a series of question areas, which included "grand-tour" questions and "floating prompts" to gently steer conversations (McCracken, 1988). Grand tour questions, as questions that are non-directive and used as opening questions, were chosen to make the respondent feel at ease to elaborate around their music interests and make them feel valued and comfortable. Questions such as "What genres of music do you enjoy?" and "Tell me more about how you came about getting music online?" were used. Floating prompts imply using features of every day speech or body language (McCracken, 1988) such as nodding, repeating the last part of a sentence to encourage elaboration and



asking the respondent “Am I correct in saying you mean...” and rephrasing how the message was understood. Although the interview schedule as measurement instrument was not highly structured, it was crucial to cover the vital areas of enquiry for comparison.

#### **4.7 Data gathering**

As the consideration of potential ethical issues involved in the research project is of utmost importance, the researcher had to submit and receive ethical approval before proceeding with interviews (Tharenou et al., 2007). Appendix 6 provides the confirmation letter. Only once ethical clearance was received and quotas fulfilled was the researcher allowed to contact all individuals who qualified for participation to indicate in a location and time of their choice. The goal was to interview all individuals who responded within one month of being contacted in order to ensure objectivity in the selection of the respondents. It was planned to approach the data gathering process consisted as explained in the Long Interview, where a 60 minute interview should be conducted with each individual in the consumer group. The interviews had to be as unobtrusive as possible, as required by the Long Interview method, whilst ensuring insights on all touch points were gathered, whilst the respondent told his or her story in his or her own terms.

As confidentiality was promised in the consent letter, it was of importance to manage and handle all data collected from respondents carefully to safeguard confidentiality (Tharenou et al., 2007). It was planned to have audio files of the recorded interviews taken and transcribed, word for word, into word-processed format for analysis and stored on Dropbox. It was important to ensure that no names were recorded on transcripts and only coded naming conventions were used. Furthermore, as the reliability of transcriptions could be improved by securing the quality of the audio recordings (Kvale, 2007), care was taken to use a fully charged new smart phone with excellent audio recording capabilities set at the highest recording volume setting and placed closed to the interviewee without being a disturbance.

#### **4.8 Analysis approach**

The qualitative data analysis process was planned for when interview responses have been transcribed into word, imported into Atlas.ti and individually and comprehensively coded based on the research questions by using a deductive approach. Feeding data fed through the Atlas.ti software assisted in identifying themes and insights relevant to the theoretical analysis. It was planned to apply analysis focussed on contradicting or re-affirming insights learnt based on literature to uncover potential for new insights.

The last step of the Long Interview method (McCracken, 1988) entails the discovery of analytic categories or themes in order to identify the categories, assumptions and relationships that informed the interviewee's perspective of the topic and the world in general. This process consists of five stages, where firstly interview transcripts should be treated in its own terms without relation to other segments in the text. This would imply reading and checking transcripts independently. Step two entailed developing observations firstly by themselves, then according to evidence in the transcript, thirdly to the literature and cultural reviews (Step one and two). In this case the suggested model for testing could have been utilised to indicate potential themes relevant within the data. Thirdly the interconnection of the second-level observations needed to be examined in light of the literature and cultural review, focusing on the observations itself. Again the suggested model could be useful in facilitating the interconnection between relevant observations. Lastly the observations generated at the three previous levels should then be subjected to collective scrutiny in order to attempt to determine the patterns of inter-theme consistency and contradiction. The last stage entail taking these patterns and themes and subjecting it to a final process of analysis through the first list of codes and families based on the suggested model for testing. Thus the approach was to analyse data via a deductive approach through thematic content analysis, rigorous immersion in the data through coding and analysis via Atlas.ti.

#### **4.9 Data validation and reliability**

The goal of the research project throughout was to ensure rigor, which in quantitative terms imply reliability and validity. As qualitative and quantitative research methods are not similar, it is important to make the distinction that although the end goal is to establish trust or confidence in the research's findings, the methods and approaches differ vastly between quantitative and qualitative perspectives (Thomas & Magilvy, 2011).

##### **4.9.1 Validity**

As validity refers to accuracy in research data from various standpoints, not only the researcher's, (Yilmaz, 2013), qualitative researchers have to demonstrate that their studies are credible, trustworthy and authentic (Creswell & Miller, 2000; Thomas & Magilvy, 2011). It thus focuses on the truth value (Johnson & Waterfield, 2004). Nine different types of validity procedures have been suggested by Creswell and Miller (2002): Triangulation, disconfirming evidence, researcher reflexivity, **member checking**, prolonged engagement in the field, **collaboration**, the audit trail, rich, thick description and peer debriefing (Creswell & Miller, 2000), of which the following was planned for the research: prolonged engagement in the field, thick, rich descriptions and peer debriefing.

#### **4.9.2 Reliability**

Reliability on the other hand is similar to the concepts of consistency, dependability and auditability where results would be the same if repeated over time (Yilmaz, 2013). Thus if another researcher were to follow the same trail of decisions, the results should be consistent (Thomas & Magilvy, 2011).

Firstly, to ensure audibility or ability to repeat, it was planned that research instruments and methodology should be made available to any researcher who wished to build on or repeat this specific research. Secondly it was attempted to provide clearly defined elements in the research project to increase the ability of consistency throughout, specifically research questions, congruence in research design with research questions, the researcher's role and assumptions clearly specified, and peer or colleague reviews were also employed (Yilmaz, 2013). Furthermore, the following were planned to attempt in achieving an audit trail as adapted from Thomas and Magilvy (2011):

- The specific purpose of the research project discussing how and why the participants were selected for the research project must be described.
- Data collection approaches and period must be described.
- The reduction or transformation of data for analysis must be explained.
- Interpretation and presentation of research findings must be discussed.
- Specific techniques used to ensure credibility had to be clearly communicated (Thomas & Magilvy, 2011).

To complete discussing the methodological approach of the project, it is important, as emphasised by Tharenou, Donohue, & Cooper (2007) to state any relevant methodological issues such as assumptions in the research project.

#### **4.10 Assumptions**

Firstly it was assumed that that the Living Standards Measure (LSM) was the most appropriate indicator of South African living standards to estimate income brackets to help define the population of digital music consumers. That might be an arguable perspective. LSM classification is applied to adults within a household, thus it does not describe the characteristics of individuals but the living standard of their total household (Chipp et al., 2012). It was also assumed that it is reasonable to decide that the majority of individuals excluded from the population (thus from LSM 6 and under), as per the sampling frame used through the AMPS survey, should objectively speaking not be included. However, one could argue that individuals LSM 1 to 6 might have access to digital music. But the researcher had to find a way of defining the population accurately

which included the ability to pay for content when considering trade-offs and price, therefore a LSM segmentation seemed most appropriated based on the relevant questions in the AMPS survey.

With regards to defining the population, using AMPS data, the assumption was made that if a consumer accessed music from his or her phone whilst using the Internet, there was a probability that the individual consumed music digitally. If someone did not access the Internet via his or her phone or ever listened to or downloaded music from his or her phone, the probability that they might consume any music digitally, should have been lower. The assumption was made that if someone was using a cell phone to download or listen to music, there might have been a chance that other devices could also be used for this purpose and thus qualify as digital music consumer. However some consumers might access digital music whilst not using devices like phones at all.

A vast variety of music genres exist. The researcher assumed that the indicated genres on the screening tool was sufficient for relevant sampling. One could argue that to list each and every genre of music in existence would have been an over-detailed exercise. Furthermore, the researcher assumed that the consumers' usage was sufficient to provide informed opinions around. Some digital music consumers might have been highly limited users, and others super or extreme users. Drastic differences in the reasons why decisions are made the way it is, might come into play based on levels of usage. The assumption was made that consumers used digital music platforms sufficiently to have sufficiently informed, educated opinions as digital music consumers.

As literature indicated, a variety of product knowledge types relate to digital music. Content knowledge, platform knowledge and web expertise were discussed. Similarly perceived risk implies a variety of types of perceived risk. Ideally one should be able to specifically discuss one type of product knowledge or perceived risk as the concepts are vast. However for the purpose of this research project various types of product knowledge and perceived risk is considered and discussed although it might imply assumptions around bundling concepts together.

It was also assumed that respondents, both consumers and experts, would be completely honest in answering or responding to interview questions. The researcher assumed that the environment in which the interviews were conducted, should not influence the researcher or interviewee in any way and was appropriate. Technically a completely objective environment such as a room at a research house would have been more appropriate than boardrooms or coffee shops but the researcher's limited budget did not allow to plan for that. The researcher also assumed that allowing the respondent

to participate in choosing a venue close to him or her would allow for some comfort on the interviewee's part.

#### **4.11 Research limitations**

Substantial limitations were relevant to this research. Firstly, the research project implied a limited timeframe of less than eight months with a highly limited budget. The researcher was inexperienced in research and not formally trained in this regard. Samples were limited to individuals who lived in Gauteng or the Northern Cape in South Africa, due to the researcher's access to these areas. A reasonably small size of respondents using non-probability sampling methods were utilised. Samples were also limited to respondents who had online access, with household income of over R5 000. Respondents were sourced online and thus clearly biased towards digital consumers. Thus results could not be generalised for the entire South African population.

Furthermore it was planned to perform a cross-sectional study with primary research being conducting during July and August 2015, at a specific point in time. Longitudinal changes that might have taken place since then have not been accounted for. Research was limited to the South Africa music industry, which might not reflect global music trends or perceptions. The South African music industry is in size not comparable to developed nation music industries such as the United States of America and Western Europe, thus the limited size of the industry could have been a limiting factor.

From a theoretical perspective, the most substantial limitation related to the fact that the entire Punj model (2012) for online consumer decision-making was not adapted and tested within the context of the research. Only the left hand side segment of the model was utilised due to the time limitations mentioned above as well as relevance to context. Furthermore Punj (2012) himself did not test his model empirically which increased the theoretical need for the research but could be viewed as a limitation.

Furthermore, the research did not focus on brand equity or other elements relating to brands, although one could view different branded music platforms as different brands having different implications on consumer decision-making. For instance, Apple or iTunes' brand equity could be one of the reasons why a consumer chose to utilise the platform. But it was not one of the guiding principles in the model or literature reviewed.

Ten LSMs exist in South Africa with the high South African GINI coefficient implied that a substantial difference in disposable income is relevant from LSM group one to ten. Accordingly it would have been more appropriate to segment the study specifically by LSM and comparing individuals from LSM 7, 8, 9 and 10. However time was limited.

Although not highly experienced and skilled in the research process, the researcher is passionate about the topic. Seeing as the results of the research was highly dependent on data provided by respondents during interviews, questions within the interview schedule could have affected results subjectively. However care was taken to design and execute objectively and comprehensively. Although exploratory research could provide deeper insights and understanding around a subject, the researcher was unable to draw definitive conclusions on the subject being investigated whilst interpretations of the findings can be judgemental (Saunders & Lewis, 2012). Subjectivity and researcher bias is also possible within exploratory research (Saunders & Lewis, 2012), which could especially be possible seeing that the researcher is an electronic commerce and music enthusiast who takes the subject a lot more seriously than many individuals would.

Although qualitative research is usually not generalisable due to limited sample size, the goal was to approach the subject in such a manner that it can be applied from other perspectives that is transferable. When researching information goods and focussing on only music, a clear limitation exists (Bockstedt & Goh, 2014). As much as music is an appropriate context to this topic, one might question whether the results could hold true for different classes of digital information goods. One could argue that “The motivating issues and methodological approaches ... are by no means limited to the music industry. Many other product categories demonstrate similar characteristics ... especially other hedonic products for which traditional attribute-based methods would be of little use.” (Moe & Fader, 2001, p. 384). Thus the approach included finding conclusions that might apply to more than one group in focusing on understanding the preferences that drive South Africa music consumers’ decision-making but framing it specifically with regards to information goods and to hopefully shedding new and relevant insights on the subject.

The dream was to eventually be able to add some sustainable competitive advantage to the South African music industry through an improved understanding of consumers’ decision-making to find ways to promote legal digital music platforms appropriately. Hopefully the substantial limitations’ impact were less severe due to the commitment demonstrated by the researcher to find true answers to these questions. The next chapter will present the next stage in the process, by presenting the sample and data results from the executed research.

## **5. Chapter 5: Results**

This chapter focussed firstly on presenting the samples interviewed. Screening and biographical data was discussed from table formats within context of the interview settings. The goal was to provide rich, thick descriptions of the sample and contexts to provide the reader with as much illustrative context as possible. Context around data gathering and analysis was followed by the presentation and discussion of results. The results of the analysis of data was structured and presented according to themes from the five research questions as presented in Chapter 3 and data verification discussed.

### **5.1 Sample obtained**

Firstly the published screening tool responses were reviewed to identify respondents who fit required quotas. These results (with personal information removed for confidentiality) were presented as Appendix 7 due to high volume. All respondents who qualified based on judgements and quotas specified in Chapter 4 (based on being over 18 years of age, household income exceeding R5 000 a month and streaming and or downloading digital music of varying genres), were contacted to set up interviews. The first sampling approach consisted of judgement sampling in ensuring that consumers prefer differing genres to ensure diversity in consumers' music tastes. Secondly quota sampling was utilised to segment consumers based on digital music usage approaches, namely downloading versus not downloading or streaming music consumption.

All the individuals who responded positively were interviewed face to face at locations of their choice. Total interviewing time across the 17 interviews with 19 interviewees spanned just over 16 hours. The researcher wanted to ensure that as many insights were brought to light, as possible, thus interviews were not rushed. As conversations were approached in a patient manner, rather long interviews resulted. The average interview time was 63 minutes, whilst experts' interviews took slightly longer. The researcher spent substantial time and effort in scheduling, travelling to and from and conducting the 17 interviews. The researcher was adamant to conduct interviews in locations preferred by respondents, thus a lot of travelling time was required. In the case of the musician/label and digital distributor quotas, two individuals were interviewed together. In both cases they worked for the same organisation. The rest of the experts were interviewed individually. The first interview took place on 2 July and the last on 9 August. Thus the data collection process lasted just under six weeks.

As explained in Chapter 2 and 4, digital music platforms are usually either downloading or streaming models. Based on literature, it seemed appropriate to design quotas based on consumers who download versus those who do not (thus those who stream) (Cesareo

& Pastore, 2014). Originally a third consumer set was planned but not executed. Although this third group, namely intention to stream or download, was potentially of relevance, none of the filtering tool respondents answered affirmatively to the screening questions. The method of respondent sourcing may have been skewed towards those who are already active digitally. Alternatively consumers might not have understood the questions or too few consumers qualified to indicate a valuable sample group. It was decided to abandon the third sample set before moving to the next stage. Final quotas consisted of six downloading (download or Torrent sites) versus four streaming (do not download at all) consumers, thus totalling ten respondents.

Nine experts in the South African music industry were interviewed during seven interviews. Experts were selected based on quotas (specific industry roles) and judgement (years of experience). Fortunately getting access to industry experts was not as challenging as expected, as the researcher's experience in the industry assisted in gaining access. This applied to respondents the researcher has not met previously. All 17 interviews were conducted face to face. Tables 2 and 3 (Page 61) presented expert and consumer respondents' screening data. The most noteworthy elements from this data were discussed to add to richness to the explanation.

### **5.1.1 Screening data**

Experts' years of experience ranged from seven to 25 years in the industry. The average was just over 14 years. Quotas set for roles in the industry were successfully completed. With regards to the consumer quotas, all respondents qualified appropriately. All consumers made daily use of the Internet and household incomes were over R5 000 per month. Preferred devices to access music digitally ranged between work computers or smart phones. All respondents mentioned smart phones when discussing devices to access the Internet. Seven consumers indicated that they preferred using smartphones and work computers to access music online. A distinction between users preferring smart phones and tablets in accessing the Internet versus accessing music was found.

### **5.1.2 Biographical data and music genres**

Tables 4 and 5 (next page) presented biographical and other relevant data. This data varied across samples. Although nine out of ten consumer respondents resided in Johannesburg and Pretoria, six were born and raised elsewhere: Cape Town, Kimberley, Swaziland, Bushbuckridge, Bethlehem and Keimoes. Four were born in Gauteng. All experts resided in Johannesburg except for two male Capetonians.

Respondents' music tastes ranged from rock, pop and dance to hip hop, jazz and various others. This was deliberate in sampling design. Downloading consumers had a slight



**Table 2 Screening results: Consumer sample**

Screening: Consumers						
	Download 1	Download 2	Download 3	Download 4	Download 5	Download 6
Permanent SA resident	Yes	Yes	Yes	Yes	Yes	Yes
Household income >R5 000	Yes	Yes	Yes	Yes	Yes	Yes
Internet usage/access	Daily	Daily	Daily	Daily	Daily	Daily
Device(s) - Internet	Work computer, some smart phone	Smartphone, tablet, personal and work computer	Smartphone and work computer	Smartphone and work computer	Smartphone, work and personal computer	Personal computer (laptop)
Preferred device - music online	Work computer	Smartphone, tablet	Smartphone and work computer	Smartphone	Smartphone	Personal computer (laptop)

	Streaming 1	Streaming 2	Streaming 3	Streaming 4
Permanent SA resident	Yes	Yes	Yes	Yes
Household income >R5 000	Yes	Yes	Yes	Yes
Internet usage/access	Daily	Daily	Daily	Daily
Device(s) - Internet	Work computer & smartphone	Smartphone	Work computer and smartphone	Smartphone & work computer
Preferred device - music online	Work computer and smartphone	Smart phone and SMART TV	Work computer and smartphone	Work computer

**Table 3 Screening results: Expert sample**

Screening: Experts									
	Expert 1	Expert 2	Expert 3	Expert 4	Expert 5	Expert 6	Expert 7	Expert 8	Expert 9
Time in SA Music (years)	14	12	25	20	8	7	12	15	15
Quota	Creative, technical & academic	Digital aggregator & content creating	Major record label	Digital distribution	Digital distribution	Musician & record label owner	Musician & record label owner	Independent record label	Regulatory industry body (Samro)

**Table 4 Biographical data: Consumer sample**

Biographical Data: Consumers						
	Download 1	Download 2	Download 3	Download 4	Download 5	Download 6
<b>Age</b>	32	34	29	23	25	41
<b>Gender</b>	Female	Male	Male	Male	Female	Male
<b>Born</b>	Bellville (WC)	JHB (Gauteng)	Pretoria (Gauteng)	Bushbuckridge(Mpumalanga)	Durban (KZN)	Namibia
<b>Raised</b>	Kimberley (NC)	JHB (Gauteng)	Pretoria (Gauteng)	Bushbuckridge(Mpumalanga)	JHB (Gauteng)	Keimoes, Upington (NC)
<b>Residence</b>	Between JHB & Cape Town	JHB (Gauteng)	Pretoria (Gauteng)	CBD by Marshalltown (JHB)	Krugersdorp, JHB	Kakamas (NC)
<b>Languages</b>	English, Afrikaans, some Spanish	English, Afrikaans, Greek and French	English and Afrikaans	English, Sotho, Zulu, Tswana, Pedi and Tsonga	English and Afrikaans	English and Afrikaans
<b>Genres of music</b>	Rock, Rock 'n Roll, Alternative Rock, some Pop.	Rock, classic rock, modern rock, heavy metal, hip hop. Some pop, classical.	Mostly rock, I like classic rock, alternative, punk rock.	Indie Folk music, alternative, and electronic, rock, hip hop, pop, neo soul.	Many. Old school rock, pop, hip hop, house.	Almost all. Pop, dance, slower Afrikaans music.
<b>Interview setting</b>	At a restaurant in Bryanston, JHB, in the evening, having coffee	At a coffee shop in Sandton, JHB, in the afternoon, having coffee	At a coffee shop in Menlyn, Pretoria, in the afternoon, having coffee	At a coffee shop in Craighall Park, JHB, in the afternoon, having coffee	At a coffee shop in Paulshof, JHB, in the afternoon, having coffee	In a family member's study in Keimoes, in the afternoon, having coffee
Streaming 1						
	Streaming 1	Streaming 2	Streaming 3	Streaming 4		
<b>Age</b>	26	34	21	35		
<b>Gender</b>	Female	Female	Female	Male		
<b>Born</b>	Bethlehem (Free State)	Pretoria (Gauteng)	Swaziland	JHB (Gauteng)		
<b>Raised</b>	Bethlehem (Free State)	Pretoria (Gauteng)	Botswana	JHB (Gauteng)		
<b>Residence</b>	JHB (Gauteng)	Pretoria (Gauteng)	JHB (Gauteng)	Bryanston, JHB (Gauteng)		
<b>Languages</b>	Afrikaans and English	Afrikaans, English, German	English, Setswana. Some Zulu and Xhosa.	Afrikaans and English, some German		
<b>Genres of music</b>	Indie, rock 'n roll, acoustic, hip hop, dub step	Rock, pop, classical	Jazz, Techno-House, Trance, Pop, Hip Hop	Rock, metal music, alternative rock, grunge, some folk.		
<b>Interview setting</b>	At the respondent's place of work in a closed boardroom in JHB city	At the respondent's place of work in a closed boardroom in the morning, Pretoria City	At a coffee shop in Craighall Park in the afternoon, having coffee	At the respondent's home in Bryanston, in the evening		

**Table 5 Biographical data: Expert sample**

Biographical Data: Experts									
	Expert 1	Expert 2	Expert 3	Expert 4	Expert 5	Expert 6	Expert 7	Expert 8	Expert 9
<b>Age</b>	34	34	42	43	32	31	32	34	43
<b>Gender</b>	Male	Male	Male	Female	Male	Male	Male	Male	Male
<b>Born &amp; Raised</b>	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	Bellville (WC)	Bellville (WC)	JHB (Gauteng)	Cape Town, Durban
<b>Residence</b>	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	JHB (Gauteng)	Cape Town	Bellville (WC)	JHB (Gauteng)	JHB (Gauteng)
<b>Languages</b>	English	English, read Afrikaans & Zulu	English & Afrikaans	English, Afrikaans, French and Hebrew	English & Afrikaans	English & Afrikaans	English & Afrikaans	English & Afrikaans	English & Afrikaans
<b>Genres of music</b>	Rock	Hip Hop	Alternative, pop, rock, soul, classical, oldies	Rock, alternative, rap	Hip hop & techno	Pop, Rock, Soul, Indie, Alternative	Many genres, all except Classical	Metal, rock, dance, singer-songwriter, folk	Classic, pop, some rock and rap
<b>Digital music consumer</b>	Yes (iTunes)	Stream to trial and purchase if liked (iTunes)	Yes, download (iTunes) and Stream (Deezer)	Yes, stream (Simfy)	Yes, stream (Simfy)	Yes, stream and download (iTunes)	Yes, stream (iTunes Radio)	Yes, download (iTunes)	Yes, stream (Deezer)
<b>Interview setting</b>	Respondent's office, AM, JHB	Respondent's office, AM, JHB	Coffee shop, PM, JHB	Coffee shop, AM, JHB	Coffee shop, AM, JHB	Restaurant, PM, PTA	Restaurant, PM, PTA	Respondent's office, PM, JHB	Respondent's office, PM, JHB

inclination towards rock, mentioned by all except one. A variety of other genres were mentioned in various combinations: heavy metal, indie folk, neo soul, house and classical music. Streaming consumers indicated diverse music tastes. Rock was mentioned three times but indie, acoustic, dub step, classical, jazz, techno-house, trance, metal and grunge was mentioned once each. Experts also indicated diverse preferences. Rock, hip hop, techno, pop, indie, alternative, soul, metal, folk, dance and singer-songwriter were mentioned. The three experts over 40 years of age indicated slightly overlapping genres of interest relating to alternative, pop, rock, rap and classical. Generally speaking, across experts and consumers diverse music tastes were clear as exact same genres of interest were not mentioned more than once.

Demographically vast differences were seen. Six of the experts were under 40 years of age which could suggest a slight bias to younger professionals. But generally experts' ages ranged from 31 to 45 years. Consumers' ages ranged from 21 to 41 years. Thus there appears to be a generational difference in age between the two sets. As eight out of ten consumers were born after 1980, the majority were digital natives with a few additional digital immigrants. Digital immigrants are individuals who were exposed to the Internet later in life (being born before 1980). Digital natives grew up with the Internet (Kirk, Chiagouris, Lala, & Thomas, 2015). One could assume that the majority of consumers should be technically familiar, being raised in a digital and media-rich world.

The average consumer respondent was 30 years old. Downloading consumers' average age was 30.67 years whilst the streaming consumers were slightly younger on average, at 29 years. Age range was higher amongst downloaders than streamers (21 to 41, thus 20 years versus 23 to 35, thus 12 years). Results related to age is coincidental as the researcher did not particularly sample for specific ages. It was assumed that some level of age spread is appropriate, so it was kept in consideration.

The experts' gender breakdown presented a male majority as there was only one female expert in the sample which indicated a gender skew. This is understandable due to music industry administration, especially at executive and strategic level, being dominated by males. Consumers were split equally as five males and five females were interviewed. Coincidentally the majority of streamers were female whilst most downloaders were male. The streaming sample included one male and the downloading sample only two females. This was completely unplanned. Both female download consumers admitted to using Torrents. Thus although ten people were interviewed, unintentionally no females who download music legally were interviewed. Interestingly, three out of four streamers preferred YouTube as platform of choice whilst one female preferred SoundCloud.

To summarise: between downloading and streaming sample sets, diversity with regards to music tastes, backgrounds, age and an equal gender split was achieved. The expert sample indicated gender skew and less diversity in age with quite diverse music tastes. The goal of sampling for music diversity was achieved.

All nine expert respondents indicated that they were digital music consumers as well. They however differed in preferences. Two experts preferred downloading via iTunes only. Four only streamed; two respondents preferred Simfy whilst iTunes Radio and Deezer were also indicated. Three experts preferred to stream via Deezer and other platforms plus download via iTunes. All experts who download indicated that they make use of iTunes. None of the experts admitted to using illegal Torrents except one male who explained that he used it occasionally, for trial.

To summarise: all experts were over 30 years old, predominantly male but from different segments within the music industry as per the quotas for screening in Table 3 (Page 61). Music tastes and digital music usage preferences differed amongst respondents within the group thus diversity in their own digital music consumption was demonstrated.

The differentiation between consumers who download and consumers who stream, was explained in Chapter 4, but required further elaboration for consistency. Due to the way the samples were allocated, because some consumers do indeed stream and download, the approach was not mutually exclusive. Thus in order to ensure clear quotas, the first quota was for consumers who downloaded in any shape or form. These consumers might however also stream. The qualifier was whether the consumer download music. The second quota was based on consumers who do not download at all. As the only other approach to consuming music digitally is streaming, the rest of the respondents automatically streamed. Thus it is of importance to note that when reference is made to downloading consumers, it does exclude any streaming behaviour. However to be included in the streaming group, downloading was excluded.

To summarise: out of the consumers interviewed, six respondents downloaded music, thus representing the downloading consumers or downloaders group. Within this segment, four consumers indicated that they actually streamed music as well. Two respondents indicated that they do not stream music at all. The streaming sample set, or streamers, consisted of four respondents, who at the time streamed music and did not download music at all. Most downloaders indicated that they stream as well (via Spotify, Apple Music, SoundCloud or YouTube). Some consumers indicated that they use streaming for trial and download for purchase. On the other hand, streaming consumers indicated that they definitely do not download.

### **5.1.3 Interview settings**

The typical setting for interviews were coffee shops in Johannesburg or Pretoria during the afternoon. Two consumer interviews took place at respondents' homes and work. Settings for expert interviews varied from coffee shops (five out of nine) to offices (four). The researcher attempted to create a comfortable atmosphere so respondents could feel at ease. Each interview commenced with the researcher introducing herself and thanking the respondent for their time. The interview consent form (Appendix 5), was presented and explained. The interviewer requested a signature once the interviewee was comfortable with the contents of the form. Each interviewee's interview consent form was signed by the researcher and her supervisor. These documents were made available in digital format to the Gibbs Information Centre upon submission.

The interviewer verbally asked the interviewee for permission to record the audio segment of the conversation. It was explained that it is preferred to encourage engagement instead of the researcher focusing on taking notes. All interviewees agreed. Interviews were approached more as conversations than structured interviews, which resulted in a substantial amount of qualitative data. Audio files were saved on the researcher's smart phone, USB and backed up to Dropbox upon completion.

Interview recordings' audio files were transcribed into Word. The researcher outsourced the transcription of one interview. This assisted with ensuring transcription formatting was consistent and correct. The other 16 interviews were transcribed by the researcher. Audio of just over 14 hours and 23 minutes were transcribed over roughly 85 hours. Although this was a time-consuming process, the researcher found immersion into data easier. Transcriptions were double-checked for accuracy, cleaned up, re-named as per naming conventions, and stored on the researcher's hard drive, USB and Dropbox.

### **5.2 Explanation of data gathering and analysis**

Once all interviews were transcribed and appropriately re-named, word documents were imported into Atlas.ti qualitative data analysis software. Research questions presented in Chapter 3 as suggested model was used as guiding framework to support the layout of the presentation of results. Thus a deductive approach to test and analyse an a priori model, which was the foundation for the research questions, seemed appropriate. It was intentional to include data that was not necessarily part of the theoretical deductive frame as it might have provided relevant insights. Codes were labelled with an asterisk (\*) to indicate exclusion from research questions but providing potentially insightful themes for consideration. The general approach was deductive whilst inductive reasoning emerged.

Presented as Appendix 8, the complete list of codes created after the first stage of coding, totalled 176 codes and 22 families. After two iterations where more codes and families were created whilst existing codes were merged to clean up data, 166 codes and 28 families were produced (Appendix 9). Quite a few families were created after analysis started to group codes together in the identification of themes. These 166 codes and 28 families provided the theoretical structure based on the five research questions over which gathered data was layered to run analytics via Atlas.ti tools. Up to four hours were spent coding and analysing each interview. Then the researcher returned to the first interview and spent another 30 minutes per interview to ensure no important data was left out. It is of importance to note that consumers' words were taken at face value as the researcher felt other interpretations could unnecessarily bias results. The basis of evidence was thus the actual meaning of words as it was expressed.

### 5.3 Presentation of results

Thematic content analysis was used to analyse data and guide the presentation of results, except if explicitly stated otherwise. Content analysis was used twice. A basic word cloud, presented as Figure 7, identified high level themes through the exclusion of propositions and a limit of the most used words. "Streaming" and "download" occurred as two of the 20 most used words, each occurring over 100 times. As sampling was based on quotas of downloaders and streamers, the word cloud re-affirmed that results should be presented similarly. This would allow comparisons between downloading and streaming consumers whilst considering expert perspectives.

**Figure 7 Top 20 most used words**



The code co-occurrence table was used to run analyses through Atlas.ti. Highest co-occurrences between codes relating to the research question and other codes according to the consumer and expert segments were identified and selected. Relevant quotes in co-occurrence were analysed to highlight relevant themes across perspectives. To ensure thoroughness, after co-occurrence analysis, all coded content with highest co-occurrence were reviewed again to ensure no important themes were missed, perhaps

not being coded as a quote. Results were presented based on downloaders', streamers' or experts' responses to allow comparisons across sample sets. Results were presented according to themes related to specific research questions except for one key re-occurring theme that related across themes which was discussed first.

A strong theme emerged which is not relevant to one specific research question only, but provides a key contribution to answering all research questions. A constant narrative regarding a need for "education", as experts labelled it, was noted throughout most themes. It occurred so regularly and powerfully throughout conversations that it deserved a discussion as overarching theme to not fragment the discussion across other themes.

### **5.3.1 Theme one: The re-occurring theme of education**

In discussing data costs, consumers demonstrated awareness around how to make choices that impact data consumption positively which illustrated levels of web efficacy. For example: *"Well what I do when I get home is, I literally switch off the mobile data option and I wireless everything like Facebook through my phone. So I use my phone still but I am using the ADSL"* (Female, 34, streaming). However, on this subject and others, experts continually expressed a lack in "education", for example:

*"I am learning that a lot of people are not that educated in terms of their device and what their device can do. So I think that there is still a gap that people need to learn in terms of technology and what services offer"* (Male, 32, expert DD).

When discussing the search implications of free platforms, it was explained that piracy requires a level of technological know-how: *"And you know, pirating music is a bit of a mission... You have got to have a little bit of technical know-how"* (Male, 41, expert MRL).

This contradicted the previous view that consumers need to be educated on devices:

*"On the other hand, you have got guys that are more familiar with the Internet, they know where to get different services. They know where to get stuff legally, illegally. They know how things work."* (Male, 41, expert MRL).

This is just one example where experts contradicted their own perspectives. Consumer knowledge was both disputed and asserted. This contradiction had to be explored.

Experts used the term "education" throughout conversations. It is an interesting term as it has a different meaning to "promotion". Consumer awareness is generally driven by promotional activities, whilst schools educate. Presumably the experts viewed the relationship with consumers to be didactical rather than one of servicing a need. A word count based on experts' attention given to the subject was executed. It was the topic with the fourth highest word count in total, receiving just under 10% of total conversation time. When discussing product knowledge, experts spent 40% of their discussion time on educating consumers. It received by far the most attention across the board.

All experts argued that a lack of education existed amongst consumers which affected the digital music industry. A substantial amount of discussion related to piracy and consumers' familiarity with how to pirate. But it extended to consumers being uneducated about music consumption, platforms or devices as well as the implications of their choices. This related to their perception that consumers' platform knowledge is not sufficient to understand the benefits offered through, for instance, streaming services. They believed that consumers have been trained or conditioned over time to not value music and rather source music illegally as implications are not known. Most impactful quotations from all experts to support the above, were presented in Table 6:

**Table 6 Expert opinions on consumers' levels of product/platform knowledge**

Respondent	Quotation
Expert ATP, Male, 34	If <b>somebody can show you how a particular platform works and that it's so easy, you are more likely to</b> probably get into that even if there is a price trade-off there. If you have to find it for free, you still need to figure out the platform that enables it to be for free.
Expert DACC, Male, 34	So it's almost like there is a whole new communication required where we need to start telling guys data is <b>the network, money is the artist. Who do you want to support?</b> There is a <b>whole new communication or education thing required...</b> Because they don't understand the work that is put in.
Expert DD, Male, 32	I am actually learning that a lot of people are not that educated in terms of their device and what their device can do. <b>So I think that there is still a gap that people need to learn in terms of technology and services and what services offer...</b>
Expert DD, Female, 43	We as an industry <b>will never be able to afford to educate those consumers. Music works on a very slim margin.</b> Although streaming is the future of the entire music industry, what label has ever put a cent into educating the consumer?  <b>I think people are spectacularly uneducated. They don't have a cooking clue. They don't know how the Internet works, they don't know how their device works, and they don't want to learn.</b> It must just be easy. So, there is no question that people are spectacularly uneducated and they don't seem to want to be educated. They just want it to come to them. They don't want to make an effort.  There are <b>some environmental factors that need to change.</b> And the biggest one is education... how to use data, how to use a music streaming service to save data, and what is a music streaming service.
Expert IRL, Male, 34	Education is massive... people need to realise that this isn't just some worthless commodity to be thrown around. That is someone's life, you know? But I doubt it will, I doubt it ever will.  I think education is another big thing. The concept that music is someone's intellectual property, but not only that, like teaching kids that creating music is something of value. You've put your time into it, you deserve to be paid for it. It is not something to be given away. And that they need to be taught there is real repercussions to people not earning money from their trade. I think that that needs to be definitely brought into how children are taught at schools.
Expert MRL, Male, 41	Somehow educating people as to how these things work, and I think also when it comes to streaming... <b>So I think the one is education around the different platforms, it is about becoming familiar with them, and choosing one that works for you.</b> And I think education is probably the main one... People just don't know. I wouldn't know how to rectify that.  Budgets are tight and say Warner spent money on an advertising campaign <b>educating</b> people how to use these new music services, everyone benefits from it, but we pay for it.
Expert ML, Male, 32	<b>Ja, it's an education thing, But I still think the cost of data is the biggest barrier.</b>
Expert RIB, Male, 43	Then there is the education aspect. Where users need to be educated as to the role that musicians, writers of the music, artists, and publishers, what role they actually play within the piece of music that they are listening to. <b>And this should be at a primary school level. Because it is not complicated to understand, but it is important to know on where music comes from.</b> How is music created on a day to day basis? And how does it affect <b>the actual artist, composers and authors, when a piece of music is downloaded for free...</b>

Aside from experts ATP and DD whose opinions seemed appropriate to some degree, most were highly contradictory. The female expert's opinion could be seen as quite aggressive, which is consistent with her general position: "*I think people are*



*spectacularly uneducated. They don't have a cooking clue. They don't know how the Internet works, they don't know how their device works, and they don't want to learn."* If experts felt that a lack of education exists, their assumption is that industry as a whole should perhaps invest in improving levels of education, but this was not advocated. A lack of understanding why music should be paid for, was argued instead. There was a strong awareness of the impact of non-payment on industry models. As the female expert remarked, "*Price will be a driver when people know about it.*" (43). She might have implied that consumers' limited awareness impact their ability to become aware of affordable pricings. But it seems that she implied that payment sustains the industry, which is the currently utilised business model that sustains them as producers.

Experts seemed to have a very fixed idea of consumers: they are the "teachers" and consumers "students". Consumers needed to be educated like school children:

*"I don't think people understand what piracy really is, ultimately, and how it really affects the owners of that music. And it is basically **that lack of education which is really affecting the market.** So people may be ignorant, and maybe don't understand things, but nobody is really pushing the situation to try and get people to understand it properly. **Education starts in our primary schools** and our secondary schools ultimately. They need to understand what is copyright... how do people make music, how do people generate money for their families. And if people are not being sensitised to these type of issues, why would they even care about or think about the legalising of music? **If people are more educated,** if people understand exactly what goes into making a piece of music they will start thinking twice about downloading a song. (Male, 43, expert IRB).*

However, even the oldest, least technically savvy consumer explained how older consumers such as himself could still teach their children:

*"**With the older people like us and we can still teach our children that that's the right or the wrong way.** Especially with the older people that don't want to get into the new stuff. Or who is not that familiar with the new stuff. It's difficult for them to explain to the kids what's right and what's wrong. Because they don't necessarily know what, how they get it. I think that is one of the big factors why so many people nowadays don't think it's unethical. (Male, 41, download).*

Considering this 41 year old farmer from the rural Northern Cape's perspective, it is amusing as experts have intensely expressed their desire to educate consumers and their children. Part of the genesis for this may lie in expert's own projections of personal experience. Some reflected feelings of personal disempowerment in this environment:

*"Again, if you, for example, have peers that are allowing you to get the content or simply searching it and Torrenting it on the Internet, if you have access to all of that. **I know for myself for example I am not very good** with downloading things online. Everybody says, you just download it, but how? How do I download it, what's this thing involved?" (Male, 34, expert ATP).*

This is a substantial statement. It is an expert admitting that he does not know how to download online, illustrating low platform knowledge. Many experts argued that

consumers' understanding of their business model was low, whilst piracy require certain levels of product knowledge, which extends the contradiction. Generally one could argue that experts demonstrated a patronising view of consumers:

*"I don't think people are very aware of the damage that it does, to the artist, the composers and authors, ultimately. They are just totally clueless as to how it impacts the chain of music at the end of the day. I don't think they realise that going to these type of dodgy sites could impact them, their computer, viruses, and all sorts of things that can affect them. So I think there is just a lack of education amongst the users and the only thing they want is free music and they don't really care about the costs at the end of the day."* (Male, 43, expert RIB).

However, consumers exhibited risks related to illegal platform usage. For example: *"I've spent my time doing my research behind it, to know which are the safe ones to use, which are not. There is a risk, I know that for a fact. Malware risks"*. (Female, 25, download). This subject will be further explored under research question five.

Expert judgements also related to the perspective that by using illegal platforms, artists and industry's livelihood have been affected. This implicated their need for education to address implications of piracy. They argued if things do not change, artists might not be able to release music due to limited revenue. One could challenge these perspectives, as consumers have been copying records and taping songs off radio for decades. Consumers showed nuanced knowledge of music cost structures such as zero marginal cost and mass production, unique value propositions and desirability by certain content providers (such as Foo Fighters), concert experience as well as the music industry:

*"The model for music has changed a lot. The old days an artist would go on tour in order to promote the record that was going to be sold, from which he would make the majority of his money. Now, people share and distribute music very cheaply or for nothing so that they can, when they go on tour, then people will know about their music, because that's where they make their money these days. So I think for the consumer, its better this way"*(Male, 35, stream).

This demonstrated a deep understanding of the industry's business model. It opposed expert statements that consumers' product knowledge is not sufficient to understand how the music industry works. Expert DACC's opinion that consumers were not aware that data revenue is channelled to networks and not the artist, was also contradictory. Consumers demonstrated understanding around the role of networks in paying for data rather than content. For example: *"Governance with regards to like ICASA and those companies, how bandwidth is shared and priced and those sort of things..."* (Male, 35, streaming). Consumers seemed to use this knowledge as decision-making trade-off tools. One could argue that consumers are paying segment of the reproduction cost for distribution through data whilst profits are usually channelled to distributors, labels, publishers and then artists. However marginal cost to the producer is zero, which experts did not pay attention to.

Relating to the MRL and IRL statements from Table 6, consumers did demonstrate that they know how artists are affected and what the repercussions are when music is downloaded free. They explained that they might rather purchase local than international content because of loyalty to South African musicians and knowing they earn less than international superstars. For example, *“I’ll much rather buy South Africa music. I am quite a big... if it’s a South African artist, I’ll buy a CD.* (Male, 29, download). Consumers did exhibit a moral compass. There could be also a sense of fairness or balance in paying for what you value rather than paying for content that is ubiquitous and for which consumers must shoulder the reproduction costs. However consumers’ willingness to pay for the masses of available music has seemingly been influenced. Causes such as supporting local music, desirable or scarce brands such as Foo Fighters or content valued by the consumer would rather qualify for payment. However one could question whether experts considered that consumers are paying the (additional) costs.

The didacticism continued. A few experts specifically mentioned younger generations. The IRL and RIB experts emphasised that children should be taught about the value of music at school level. The assumption is that music should be paid for and children taught to pay. It also implied that consumers should be targeted from a young age to adjust to offered models instead of being catered for via customer centric approaches which consider needs from consumers of all ages. The ground becomes confused at this point: many consumers reflect that they will pay for value, such as the consumer quoted above, who will pay for local music because he values it. Are the experts suggesting a consumer’s moral compass needs to be installed so their industry can be sustained in its current form? The question of teenagers “home taping” has been an industry campaign for many years, so traditionally consumers could pirate regardless of generation. Furthermore value is usually not taught, rather perceived or experienced. Such a didactic stance comes across as condescending, demanding that others be educated to share the same value proposition as the experts.

If one considers that consumers demonstrated an understanding of elements experts were not aware of, such as platforms, education should perhaps occur the other way around: *“It’s because my iTunes store is American, I have to buy vouchers to be able to purchase it. On top of that, you purchase it, they add tax on. So it’s 99c in America but they add on 50c tax...”* (Female, 26, download), or:

*“But the one caveat is, with Spotify, you have to have a work around to get it to work in South Africa. It doesn’t natively work in South Africa. You have to find someone who lives overseas, to register for you....”* (Male, 34, download).

Advanced techniques in downloading videos online were stated:

*“Ja it’s very easy. Well, if I am to download some videos, there is software for downloading videos. I think IDM was the first one that I used. It’s cool because you can download a video from anywhere. If there is a video, just right click, download. Or on YouTube, this is a life hack, you type in “ss” before YouTube, so it’s like [www.ssyoutube...](http://www.ssyoutube...) And then it will download.”* (Female, 21, streaming).

What they value and would pay for was explained:

*“For me I feel like that is where artists should make their money. By gigging, you know. 500 years ago there was no such thing as money off a recording that gets mass produced and re-sold to six billion people. People went and played for cash”*(Female, 32, download).

These are just a few illustrative examples. But one could argue that consumers seem far more educated and informed than judged by experts in search and evaluation. They made clear decisions based on what they perceive as valuable. New media gives them more power to effect such decisions at point of purchase. A disconnect between experts’ own opinions was demonstrated. It also illustrated a disconnect between what consumers are aware of versus what experts’ understanding of consumers’ awareness. This is a massive demonstration of experts’ regimented mind-sets through stereotyping whilst illustrating a complete inability to see things from a consumer’s perspective. Both record label executives (IRL and MRL) demonstrated product-centric logic of wishing to educate consumers rather than aiming for focussing on the consumer and marketing in the true sense of the word. The term consumer centricity will be used to refer to what is often referred to as “customer centricity” due to the context of focussing on consumers.

The usage of terms such as “teach” and “education” illustrated a perception that consumers must value existing business model so rents can be extracted, which highly contrasting to consumer centricity. Experts seemed to expect that consumers should adjust to and value existing models rather than the industry becoming more consumer centric and adjusting to consumer wants and needs. Clearly a massive misunderstanding or misalignment exists between the industry experts’ product orientation and consumers’ views. This product centric approach should be challenged, as consumers have been able to disprove many perceptions. With this re-occurring theme in mind, the rest of the results were presented according to research questions.

### **5.3.2 Research question one (Trade-off one)**

The first research question was concerned with how price versus platform fit trade-offs offered in the Punj model (2012) are relevant in driving the quality of digital music consumers’ platform choices. The research question was approached in three parts based on main themes that emerged namely data costs, benefits and relevant trade-offs.

#### **5.3.2.1 Theme two: Data cost as cost consideration**

Each of the 19 respondents mentioned cost of data at one point or another. They made

it clear that the cost of content is not the only economic cost relevant to their decision-making. Respondents agreed that the cost of devices plus storage are factors to take into consideration, but that cost of data is most impactful, as Table 7 provided:

**Table 7 Downloading consumers' perspectives on data costs**

Respondent	Quotation
Download, Female, 32	<p>I did use the streaming services, <b>but only when I had access to broadband</b> that I didn't pay for... There you could download stuff and not pay for it ...because the Wi-Fi was free and fast.</p> <p>I would definitely stream all the time, I would stream in my car, I would stream when I was shopping... So my opinion on data is that it is holding the country back in general.</p> <p>I love the relatively small price of streaming, and how <b>accessible</b> it is, but it's not the only cost.</p>
Download, Male, 34	<p>If you've got a fixed connection and you are <b>not paying for data</b>, streaming works, it works really, really well.</p> <p>You know what, if I didn't have to pay for data. Honestly, if I didn't really worry about the data cost... Then all I would do is stream and I wouldn't even bother about getting it... <b>If bandwidth was cheaper, I would stream more.</b></p> <p>The problem with South Africa is that we have an issue on both sides of the ecosystem. The one side is the way that you consume the music, so it's the device, the platform, and the way. So you've got to add bandwidth, <b>you've got to add the device cost, and access. So that is one element.</b> Then there is the actual cost of the music. That's the other element.</p>
Download, Male, 29	<p>I mean, for me if my data on the phone runs out, it is more expensive than to download a 4 Meg song. It is more expensive than the song that is only R7. So for me, definitely, ja data... But I mean, 90% of my Internet usage occurs at <b>work</b>, so. Ja... definite, it's a big thing.</p> <p>Ja, I think it is <b>very expensive especially if you think how ... inexpensive and freely available free Wi-Fi and all of that stuff is overseas.</b> So I think data is very expensive.</p>
Download, Male, 23	<p>Streaming is expensive, hey. I think it's way too expensive. I mean unless if I'm at work...</p> <p>I'd rather download than stream. Instead of me having to use my... So if it's downloaded ... you know you are going to spend about 160 megabytes and then that's once off ... it uses more data, compared to just downloading once and then you are done.</p> <p>So, firstly, when it's downloading, it's chowing your data as well on top of what you're buying... If I am downloading for free and then it's just the price, and that's it, <b>there is no double cost.</b></p> <p>But if there wasn't like the data issues like I would consider it more than what I am doing right now ... <i>Why should I have to buy and then still pay for data?</i></p>
Download, Female, 25	<p>Also on my phone, I don't necessarily want to download it because I've got limited data...</p> <p>Expensive. I've even looked online and overseas it is much cheaper than here.</p>
Down-load, Male, 41	<p>We've got some, on wireless at home ... and iTunes is quite heavy on data...</p> <p>That was one of the major factors. When you sit through a couple of hours of iTunes, listening and deciding, it eats up a lot of data. So that's why I usually do it at the end of the month.</p>

All six responses were aligned. Consensus existed that data, as influential varying cost consideration in South Africa, is expensive compared to other countries. Two respondents mentioned researching that South Africa's bandwidth is expensive. A male (34) respondent indicated that many costs exist when discussing devices, storage and other relevant costs. Data costs were seen as additional costs, sometimes labelled a "*double cost*". More than one respondent felt that the data required to download one track can cost more than the actual track. For example, one male (23) asked "*Why should I have to buy and then still pay for data?*" Consumers' frustrations were clear.

Most downloaders would access content more if they did not have to be concerned about data costs. Two respondents indicated willingness to switch to only streaming only, if data cost was not a concern. It seemed that data was seen as a continuous cost separate to the product itself. More than half the downloaders adjusted their digital music

consumption to try minimise data costs. This included accessing digital music mostly whilst at work, or in free Wi-Fi areas, or at the end of the month when it is close to expiring. A potential trade-off emerged between spending on data to access content regularly or immediately, versus choosing to wait for locations and situations where access is free, to limit economic costs of data.

Streamers came across slightly less adamant around how impactful data as additional economic cost was perceived. They viewed the management thereof differently. Three out of four respondents did however indicate that they consider data cost in their decision-making process, as the quotations presented in Table 8 indicated. Different views were based on limited nature of consumption or “occasional use” to limited consumption occasions “as long as I have Wi-Fi” and purchasing “unlimited Wi-Fi”. Similar to downloaders, the majority of streamers indicated that they specifically make decisions around where and when they stream because data cost is a concern. Many of these decisions are the same, but the perspective was one of cost management and budgeting or control instead of the frugality present among downloaders.

**Table 8 Streaming consumers’ perspectives on data costs**

Respon- dent	Quotation
Stream, Female, 26	I would like to, but I think it’s a life stage thing. At this stage I have x amount at my personal capacity and I kind of use it in such a way that it just fit in with my needs. It’s like <b>budgeting</b> for a month... And I mean if my data is finished then I don’t necessarily have that option...  I actually looked the other day, for an hour it was about 100 megabytes so it’s quite a lot actually but I use it so occasionally that it doesn’t bother me. I would only listen to ten playlists a day if I am at work. Whereas at my house, then I won’t, I would just listen to that hour.
Stream, Female 34,	Well what I do when I get home is, I literally switch off the mobile data option and I wireless everything like Facebook through my phone. So I use my phone still but I am using the ADSL.  So, ja, I am a little bit more careful with regards to YouTube’ing because it takes a lot of data... It’s too expensive. It’s way too expensive.  With YouTube its data, every time you go into anything, it is data, whether or not you’ve watched it. Once or forty times, its data accumulating.
Stream, Female 21	<b>It doesn’t matter, as long as I have Wi-Fi... It’s</b> convenient for me, as long as I have the data, that’s not my wallet.  If it’s in US dollars, then it just looks to me like “Oh my god, no!” but it <b>might be as much as I’m spending on data.</b>  Streaming takes data. I mean, if I stream my show, on the website that I stream on it’s like 200 megabytes for 45 minutes.
Stream, Male, 35	“... <b>it would help if our data was cheaper, right?</b> And going on what happens in the rest of the world I don’t think there is an excuse for it not to become cheaper.  “...I’ve always wanted to, and I’ve been threatening to do that, for a long time. To get like an unlimited Wi-Fi type of connection so I can just sit back...”

Consumers explained how they switch off their smart phones’ 3G and access work Wi-Fi or uncapped ADSL, so no extra data costs would be incurred. One female respondent (21) felt that as long as she did not have to pay for data herself, she was less concerned. Her parents purchased her data for her. She also explained that if she is paying in dollars, she might as well spend on data rather than downloading. This again indicated a “double cost” to the consumer. However, generally, streamers seemed less agitated than

downloaders. Although their behaviour seemed similar, their attitudes and ability to adjust seemed different. They described fewer frustrations. The potential trade-off between spending on data to access content regularly or immediately versus adjusting consumption based on locations that offer free access to limit costs, emerged again.

Experts were in agreement with downloaders. They felt that data cost is a substantial barrier to consumption and challenges consumers in choosing to access music digitally. Table 9 provided quotations from all nine experts. The female expert expressed the contrary: that data cost might not be that impactful as digital music consumers are supposed to be in higher income brackets, especially in South Africa, which is debatable. None of the experts approached it with the management attitudes of the streamers.

**Table 9 Experts' perspectives on data costs**

Respondent	Quotation
Expert ATP, Male, 34	<p>So with regards to the data being expensive it literally puts people in a position where they like, <b>they are not really informed on what streaming really is</b>. They are not really informed with the offline aspect.</p> <p>And you know, our major challenge is bandwidth... Because you are worried that your data bundle will run out...</p> <p>For the consumer is price a factor? Yes, I would say so. I know I am buying less music because it is more expensive in a sense for a download. And definitely you have to consider <b>total cost</b>. <b>I have got to consider actually buying the thing then paying for the data cost at the same time. So it's a range of costs that are involved in making a purchase...</b></p>
Expert DACC, Male, 34	<p>So you know streaming is still going to face a couple of challenges and it is really based on <b>technology</b>. It's like they have a beautiful offer, but it's getting to the offer that is still going to be the challenge, you know which Wi-Fi, data, etc. is.</p> <p><b>The cost of the data almost is sneaky, it is hidden</b>. I think the biggest thing for consumers is still the data, in our country... the market thinks the data is "the spend".</p> <p>People will pay more if it is convenient. (a) <b>With least data</b>.</p>
Expert DD, Male, 32	<p>The biggest thing for consumers is still the data, in our country. Before buying or streaming or whatever consuming digital products they are always thinking the data...</p>
Expert DD, Female, 43	<p>And although data is pricy, <b>I don't think it's so pricy anymore that it is really that off-putting</b>. I think it will probably make you cautious, but I think it's a question of <b>education</b> in the market: how to use data, how to use a music streaming service to save data, and what is a music streaming service.</p>
Expert IRL, Male, 34	<p>South Africa's also got loads of challenges when it comes to Internet penetration and things like that, which can offset maybe some of that, you know. People might not want to spend all that data, or money on data, to stream music...</p> <p>But data still going to be a big thing... And they will still, until they change it they will only have bite size interactions with that, unless they are able to get on a Wi-Fi.</p>
Expert MRL, Male, 41	<p>Yes I think so, I think one of the big downsides of streaming in this country especially is our cost of data is relatively high. If you compare our data costs to other countries in Africa we are high, as opposed to Europe and the States it is ridiculous. There is so much free data available all over the world, our costs are ridiculous.</p>
Expert ML, Male, 32	<p>Cost of data... you don't know how much it is... I'm not going to download this now. With data you just don't know how much it is going to cost, so it's like I'd rather not.</p> <p>If the data can come down, it will change things... The more data is cheaper the more people will get on board. More people will get exposed. It makes it open for everyone if data is cheaper.</p>
Expert ML, Male, 33	<p>Cost of data, you're right. It's the biggest barrier to entry. The Internet needs to be free. I mean, free would be great. Cheaper. It must be a non-event. It shouldn't be a consideration. Once that consideration leaves the consumer's mind, you will see them behaving very differently.</p> <p>It will download very quickly, but it will cost me twice with the song cost, just the data.</p>
Expert RIB, Male, 43	<p>We have some of the highest data costs in the world, when it comes to telephone, or your Vodacom, 3G costs, as well as Internet. And consumers just can't afford to stream data on a regular basis, which will affect the actual streaming services.</p>

Statements from experts affirmed downloaders' opinions that tracks are not the only cost to consider. Thus a central focus was on costs but remarkably not the cost of the product; rather cost of accessing the product. The DACC expert (34) argued that sometimes consumers perceive data costs as the expenditure. That if a consumer downloaded tracks without paying for it, the fact that data usage has an economic cost, implied payment. This actually did relate to consumer misunderstanding and lack of knowledge.

One expert explained that he has experienced data costs being higher than actual track prices. He appeared to conflate his personal views with that of consumers' rather than engaging in an expert perspective. The degree to which experts sometimes extrapolated from their own experience to that of consumers was seen often. In this expert's case, a double cost did apply. Two experts also stated that data costs in South Africa are higher, especially in comparison to European countries and the United States. They felt that data costs need to change to improve consumers' ability to stream or download music more. However, the female expert, a digital distributor executive in streaming, felt that although data costs are high, she felt it was not "off-putting" to customers, which challenged other opinions. She was, therefore, of a closer perspective to the streamers.

Results indicated that the majority of respondents identified data cost as influence. The cost of content is not their only consideration. Consumers perceived data as a "double" or "extra" added cost. They felt that data costs in South Africa is high. They expressed frustration around data costs acting as a barrier against consumption. It implied a trade-off between spending on data to access content regularly or immediately versus adjusting consumption based on locations where access is free to limit the cost of data. This could be approached as trading off convenience in access against economic cost. Thus when discussing economic trade-offs relevant to platform fit, the influence of data cost on consumer's decision-making is of importance. The trade-off occurs on the perspective of such costs as some place greater emphasis on these than others.

### **5.3.2.2 Theme three: Consumer preferences around platform fit**

The next theme related to platform fit. Consumers and experts discussed various benefits that qualify as platform fit. The fact that consumers might trade-off the ability to readily or immediately access content against data cost, related to convenience. Benefits also included access without storage, thus storage costs are limited or non-existent as the consumer can access content via the cloud, or being able to link devices with platforms. Customisation within this context related to being able to individualise digital music platform accounts through personalised playlists or browsers to link to consumers' preferences rather than generic options. Other benefits included fast results, quality and

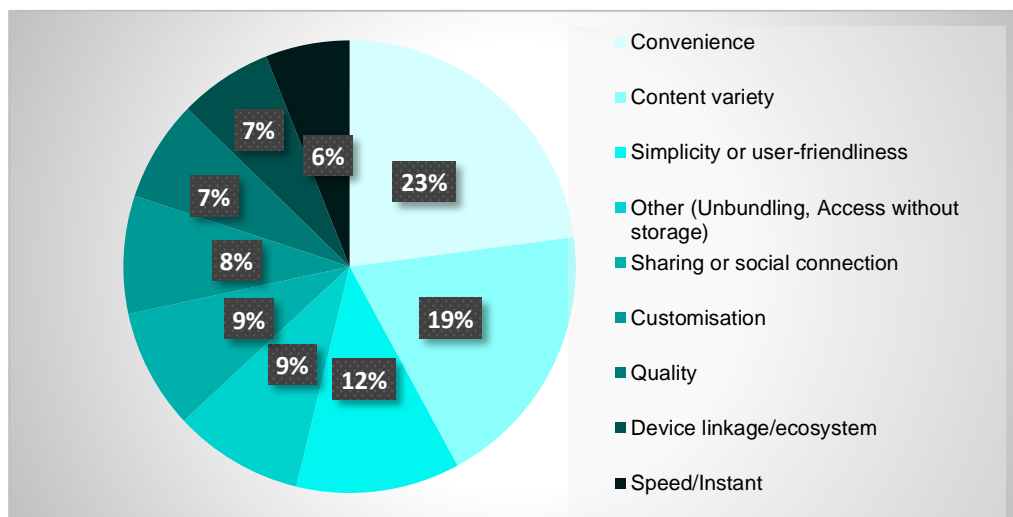


randomisation. Search functions, sharing or social connection with others, simplicity or user-friendliness of the platform, unbundling options such as purchasing one track only, variety in the amount of content, and multimedia additions were mentioned.

Varying opinions around benefits were presented. Within this theme, content analysis was useful in providing insight by calculating time weightings discussing subjects. It assisted in ascertaining which benefits received more attention than others. The primary documents table function in Atlas.ti was used to count words used for each topic specifically relating to benefits, compared to the total word count discussing benefits in general. Each percentage was calculated to indicate weighting, or attention relevant to each benefit. None of the consumers spontaneously argued that they value these benefits to the extent that it influences their willingness to pay for content or data. It seemed that these benefits might have a mitigating effect. This indicated a second trade-off where consumers might trade-off benefits against their willingness to pay, which could be influenced by the value they specifically attach to those benefits.

As shown in Figure 8, downloaders spent most time discussing convenience (25%), variety in content (19%) and user-friendliness (12%). A quarter of discussion time related to effortless as influence: *“The more convenient something is the more likely I am*

**Figure 8 Downloading consumers' attention to platform benefits**



*to use it.”* (Male, 29, download). One could argue that consumers trade-off willingness to pay for these benefits against the value they place on it. Some consumers might value and be willing to pay for variety; others not. As one consumer put it: *“Sure, yeah, there is a convenience factor, there is a huge convenience factor in having what you want”* (Male, 34, download). Sharing or social connections (9%), also received attention:

*“The portability of it is, you can go to someone’s house, and just be like, I’ve got this great new song, listen to this. And it’s the whole **sharing culture of music***

*for me... having a great collection of music is fantastic for your own consumption. But largely music is about sharing and it's about a mind experience. So sharing sites work better because it gives you that interaction... So it's nice to have a virtual way of sharing what you are interested in... like the art of the mix tape...* (Male, 34, download).

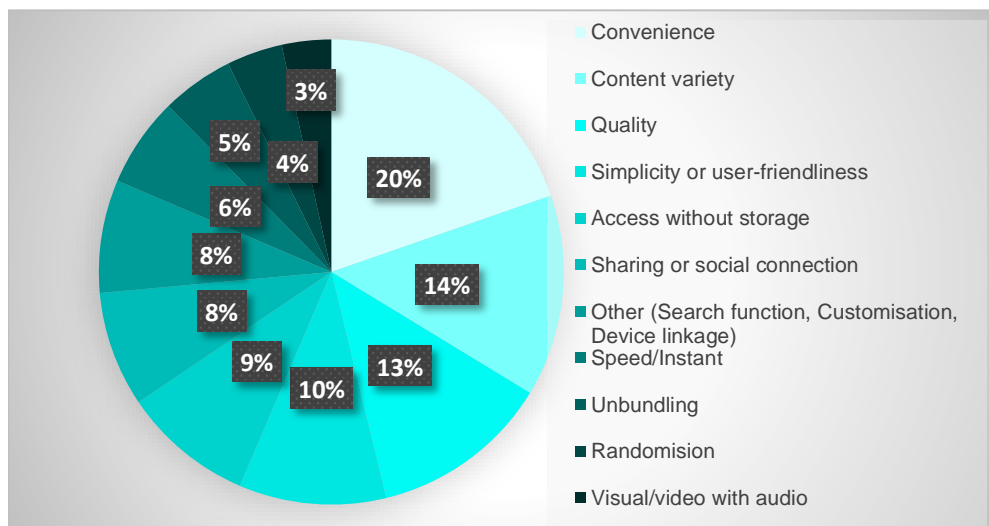
This implied that limited sharing benefits might imply limited willingness to pay by consumers who value sharing discoveries. Device integration was valued by two consumers: *"But I would do that just because I know how flawlessly it will sync with my phone."* (Female, 34, download). This illustrated integration between a smartphone and computer with a platform. Another illustrating lock-in into the Apple ecosystem:

*"The biggest thing for me on Apple is the ecosystem. I have bought into the ecosystem, I have a MAC, I have an iPod, iPad. For me the portability across the platform works."* (Male, 34, download).

Speed, unbundling and access without storage receiving limited attention. Between six downloaders, 11 benefits were discussed. Consumers seemed to attach varying levels of value to these benefits which could trade-off against their willingness to pay for a platform based on the platform's offering of that benefit.

Streamers' opinions were less extreme. It produced more benefits and they spent most time discussing convenience (20%), content variety (14%), and quality (13%) (Figure 9):

**Figure 9 Streaming consumers' attention to platform benefits**



They felt strongly about convenience in accessing content when they want it: *"I want to listen to it now, I don't want to wait"* (Male, 35, streaming); or: *"It's more convenient. Because again, music, I want to listen to music now. Convenience and immediate factor. I don't want to wait for the music, then I will just go onto the next best thing."* (Female, 26, streaming). Various aspects of quality, not just audio, were discussed. The oldest female streamer (34) stated that she will pay for quality music: *"But certain artists I would*

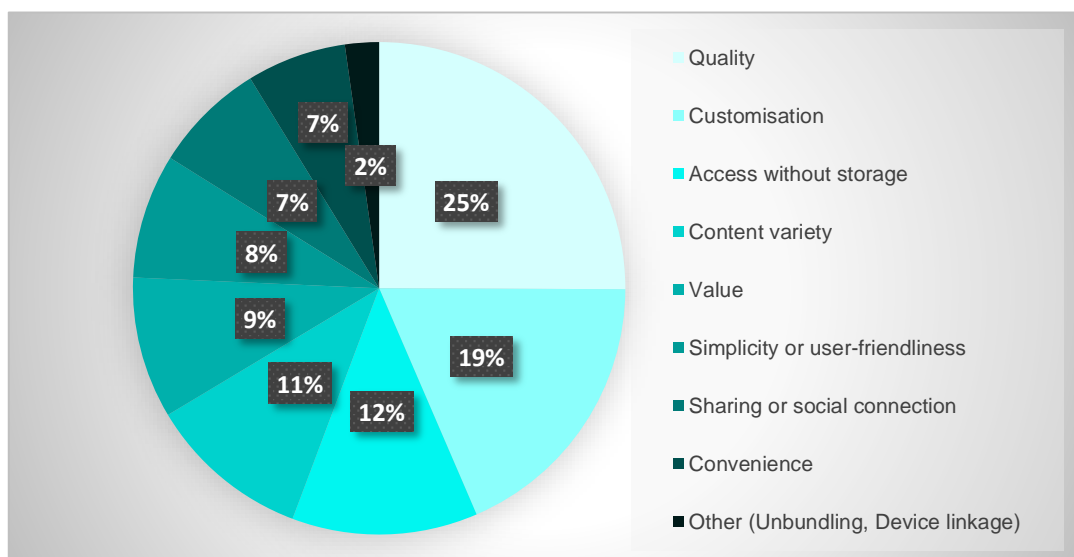
just download. I think it is about the quality of the artist for me and the type of songs on the CD” (Female, 34, streaming). One consumer felt strongly that MP3 quality is not sufficient: “The other thing that plays a big role, is the quality of the file. These MP3’s don’t really sound great, to be honest.” (Male, 35, streaming). Thus his willingness to pay for a platform that offers high quality audio, might be higher.

Aligned with downloaders, user-friendliness and access without storage received attention, whilst device linkage, unbundling and randomisation did not. Four streamers discussed 13 benefits in total. Similar to data cost themes, streamers’ attitudes seemed more positive. By comparing attention time in discussing benefits, both consumer types regarded convenience and variety of content the highest. Downloaders spent 44% and streamers 34% of their time discussing convenience and variety combined. Downloaders regarded sharing higher whilst streamers valued quality more. Access without storage received more attention from streamers whilst downloaders preferred device integration. For downloaders, the transferability between various devices was of importance. Some stated that they valued these benefits so much that they are willing to pay for it:

*“For me it’s a bargain, because when you go and buy a CD, and you pay less than R10 a song that you like, that’s a good CD...buying music through iTunes it makes it a lot easier to **get the right stuff**... And it’s easy. And you can only buy the stuff that **you actually like** and you don’t have to buy the whole CD, and that’s a very, very big factor.”* (Male, 41, download).

Consumers want to spend exactly where they want without unnecessary bundling. However as presented in Figure 10, experts disagreed:

**Figure 10 Experts' opinions on platform benefits**



Quality and customisation received most attention (25% and 19%) whilst access without storage (12%), content variety (11%) and value (9%) received reasonable amounts.

Experts spent time discussing audio quality between platforms, making them more in line with streamers. Consumers' considerations of quality received attention too:

*“People are very quality sensitive, they want what they want. And I think that is the main change of the digital era. It is easier than ever to get to, as Karl Marx said, “The means of distribution”, to disseminate your product. But because it's easier than ever, consumers are choosier.”* (Female, 41, expert distribution).

Again there was a level of projection from themselves as consumers. Some experts explained their own consumer perspectives of what they like about customisation: *“I want to pick and choose it myself, I love taking the time to build my own playlists and do that kind of thing...”* (Male, 34, expert IRL). Device linkage was not mentioned whilst unbundling received limited attention, continuing the consumer trend. Both consumer segments discussed convenience at length whilst experts spent limited time on it.

Consumers' opinions around benefits varied between downloaders and streamers. It also differed across consumers and experts, especially regarding convenience. The re-occurring between which benefits streaming versus downloading consumers value, versus what experts think consumers value, emerged. A second trade-off is suggested implying different benefits, and the value attached by consumers, versus their willingness to pay for those benefits trade off. This relates strongly to the next theme.

### 5.3.2.3 Theme four: Consumers' opinions around willingness to pay

The last theme relevant to the first research question related to consumers' willingness to pay. Two downloaders indicated that they are currently paying to download music. Others made use of Torrents or sharing. Given their concern regarding costs, as evidenced in the data cost theme, it was not surprising to note downloaders as being quite price conscious in comparing pricings, as per Table 10. They seemed more frugal:

**Table 10 Download consumers' willingness to pay for digital music**

Respon- dent	Quotation
Down-load, Female, 32	<p>And then Pandora also turned into a paid model and I think that's also when people dropped off, especially here.</p> <p>I'm stingy. Like I don't want to spend money if I don't have to, ja, because I have other things I want to spend money on. So a lot of my downloading, illegal activity has got to do with I don't want to spend the bucks.... I think it's a <b>disposable medium, digital</b>.</p> <p>Like actually no I'm not paying because I can actually get away with not paying. People don't want to take out an extra 200 bucks a month. <b>Because they never used to...</b> And I will pay anything, to see my favourite musicians. I don't think there is a price too high...</p>
Down-load, Male, 34	<p>I think it's possibly an affordability thing though and an access thing So for me it's a question of like can I really justify spending, whatever I'm spending? So it speaks to the argument: streaming versus download. Because I think when I was paying and downloading, I did it a lot less frequently. And now that I stream, I pay one amount and the <b>ease of buying</b> it is also worrying... So I quite like having a capped amount that I spend on music every month.</p>
Down-load, Male, 29	<p>Well it depends on <b>how much I want</b> it... I am willing to pay a lot of money to get Foo Fighters. Even if it is more expensive than driving to Look &amp; Listen and buying a CD...</p>
Down-load, Male, 23	<p>So I like compare the prices. <b>And if it's cheaper on iTunes and more expensive when buying it in physical, and then maybe I</b> will buy like my favourite songs only on iTunes.</p> <p>But it is on iTunes, but I'm like looking at the price, I'm like Yo! I'd rather go buy a physical CD than to ... buy it online and just... If I want to listen to it in my car...</p>

Down-load, Female, 25	More for the fact that I'm on a limited budget. <b>I don't want to be wasting my money on music when I need to, say buy personal care items.</b>  So you've really got to like a song to get it. That's why a lot of people download. They don't know if they like that song fully or not. So if they download it, they can easily just delete it. Where if they buy it, you are deleting money. You might as well just throw it in the dustbin.
Down-load, Male, 41	I prefer buying it, or paying for it. I think they can charge me double the amount that they charge now.

Most consumers were not willing to pay for content at a certain price. But a few were. Trade-offs occur as consumers weigh benefits in idiosyncratic ways. If one considers the previous trade-off around values attached to benefits and willingness to pay, a potential third trade-off could exist between willingness to pay for price and what is valued, like quality. This implies that a consumer might be willing to pay more for content that is valued. They might potentially try search free content, if it is not valued.

The actual exchange may not be clear for some. The first consumer mentioned disposability of the digital medium. This related to the intangibility or lack of permanence of the product. A male (29) explained his own logic behind willingness to pay and value:

*“But if it comes to a 50/50 decision between “Ok, it's cool, I'd like to have it, but I'm not willing to pay R200 for it”, then I'd rather leave it ... But for certain artists and certain music, I am willing to pay it.”*

This statement spoke to brand equity and the ability of valued brands to charge premiums. This infers being interested in content, but not valuing it sufficiently to pay a certain price versus willingness to pay for perceived value trade-off. Additionally, the youngest male's indication that he is willing to shop around to find content at prices he is satisfied with - which is still a payment - supported this trade-off. This disposability of the digital medium and willingness to shop around implied content being less valued, whilst desirable content implied being more valued. Streamers exhibited similar behaviour. Willingness to browse to source content free was mentioned. This again related to information goods being highly virtual. It illustrated that desirability has to be high, similar to the downloader's discussion of his desirability for Foo Fighters.

When scrutinising streaming consumers, none of them made use of platforms that required subscription fees. Three out of four consumers preferred YouTube, a free with advertising streaming platform. Thus their preferences are for a platform that operates as a radio model. Not surprisingly, streaming consumers indicated a low willingness to pay for content, as Table 11 illustrated. This emphasised the role of mechanisms where the industry can deliver content without charge within an operating business model.

**Table 11 Streaming consumers' willingness to pay for digital music**

Respon- dent	Quotation
Stream, Female, 26	That would again stop me from using it on my own, because <b>I am not interested in paying money for music.</b>

Stream, Female, 34	I don't know, it's just, I think it's just, I don't want to pay an extra thing... How I go about it, is what is it going to cost me if I like three songs or two songs of an artist. What is, let's call it bundle the cost, I would <b>compare</b> it to what it costs me to buy the CD.
Stream, Female, 21	<b>Ja. I mean, I'll buy it, if I really want it.</b>
Stream, Male, 35	I think it's just because somehow through my friends I've had it just <b>too easy</b> to get the music for free.

Some consumers felt that if any cost implication is relevant to using a streaming service, it would discourage them completely. However, the youngest female affirmed that if she really wanted something, she will buy it. But she only streamed free content at that time (Female, 21, streaming). She did not elaborate on reasons why; but brands, actual value or other specific factors seem to be required for payment consideration. A female (34) demonstrated alignment between downloaders' perspective regarding digital goods' versioning, comparisons and often preferring to purchase a physical CD versus the digital album. These perspectives related to themes mentioned in the comparison of versions (digital versus physical CD) and trading off value consumers perceive against their willingness to pay a certain price. It spoke to versioning where digital versions might not be valued as much by certain consumers compared to other versions. Digital or information good versions of products might be perceived as being too virtual. Consumers also explained that they will much rather pay for live music than albums:

*“That's also about what you are paying the artist for. I would pay R1 000 for the Foo Fighters, R2 000 for Pearl Jam to see them live... for me I feel like that is where artists should make their money. By gigging. 500 years ago there was no such thing as money off a recording that gets mass produced and re-sold to six billion people. People went and played for cash“(Female, 32, download).*

Three consumers who used free platforms admitted that they happily pay to see live music acts perform. This statement related to an understanding of the cost structure of information goods versus services, as costs to produce a live tour tend to be higher than distributing digital content. Consumers seemed to feel that artists' costs in travelling to perform in their country is valued sufficiently to justify payment, whilst distribution of digital content costs less and is thus valued less. Thus some consumers' willingness to pay for content differed from their willingness to pay for live performances: *“If I hear a certain artist coming to South Africa, I will, you know, pay, it doesn't matter what amount of money...”* (Male, 29, download). Live performances' value seemingly increased whilst digital content did not. Scarcity is a function of value whilst options to source content digitally seems abundant. This affirmed a trade-off between the perceived value of goods, impacted by scarcity, versus price which is impacted by the abundance of goods. Also there are production costs involved which are not externalised to the consumer, and relative scarcity of the experience of live performance. Content value also played a role. There was a differentiation between artists versus distributors or labels deserving of

revenue. A male streamer (35) argued: “*And the artists in South Africa, who I steal from, I support live. And I’ve done so for many years. So that’s sort of my own justification.*”

These opinions illustrated that consumers have indeed expressed willingness to pay. They indicated willingness to pay for different versions that they value, such as seeing the band live, highly valued benefits or desirable content. This implied that willingness to pay should not be viewed narrowly as paying for tracks or albums. Albums themselves were viewed as industry artefacts rather than consumer centric products. Many consumers were pleased that they were no longer locked into a bundled product. They also felt that production costs required charge; virtually consumed content, on which the reproduction costs were outsourced to consumers themselves, less so.

All but one of the experts were completely contradictory, placing them at a complete disconnect from consumers. Most experts felt that consumers are used to getting music free and they do not care that it is usually illegal, as Table 12 illustrated:

**Table 12 Expert's opinions on consumers' willingness to pay for digital music**

Respon- dent	Quotation
Expert ATP, Male, 34	I know I am <b>buying less music because it is more expensive in a sense for a download</b> ... I definitely think prices are overinflated for music. So I think if the platform offers it at the right price I don't think piracy would be an issue.  So I think your pricing will have to be segmented, I don't think one price fits all. I do think it's overpriced. Especially for our market. If I have to fork out for the bandwidth costs.
Expert DACC, Male, 34	The average South African consumer wants to get their music for free because they have been taught that.  Some of them do it because they really really honestly can't afford it. Some of them just <b>really love the music but honestly can't afford it. I think they think it's wrong. Some of them don't know it's wrong.</b>
Expert DD, Male, 32	To push somebody who is pirating music actually into paying for music would need to be some sort of a personal connection.
Expert DD, Female, 43	I think it is a principle. <b>Either you are a person who buys it or not.</b> It's not price.  The Internet has <b>trained people to think music is free.</b> And that is just the way they expect it now. So, they don't really care...  There is the consumers that tend to be kids, and they don't care. The price is not a driver for them. It is the cool factor of piracy. It is the fact that they have grown up with piracy. Piracy is what they do and on principle they won't pay for content. And it's a very <b>depressing market to study because nothing you is going to change their mind. They are a lost generation and we are never going to be able to work with them.</b>
Expert IRL, Male, 34	I just don't think that most people are willing to pay for music. The average South African consumer wants to get their music for <b>free because they have been taught that.</b>  I think consumers, the whole music business, has devalued music so substantially that now you know, R10 for a song, is expensive. When you can stream it for nothing or you can just <b>share music with someone else... Music is totally de-valued.</b>
Expert MRL, Male, 41	I can't bear not to pay for music. It kills me! A lot of people out there don't have money and music is not that important to them, it is not important at all and paying for it is just like a no-no. When people are on like the breadline, never mind people who are below the breadline. Music is for them a super luxury.  I think when you are fighting against free, cost is an issue. <b>You can't compete with free; free is free.</b> Piracy is free, same thing. So you take piracy, the actual free services, and put them together, the average person that doesn't really care, they get what they want for free.  There are always ways to consume music that don't cost anything. But it is about <b>converting the people that don't really care into users,</b> and if you can turn enough of them into users at relatively low cost, it will lift everything.
Expert ML, Male, 32	<b>I would rather let someone download my music for free than not download it at all.</b>

Expert ML, Male, 33	But I don't think it's the biggest thing. If you've got iTunes and you've managed to climb on and you are now paying for music, I don't think it really matters, understand, its R10.
Expert RIB, Male, 43	<p>I think maybe that ... a lot of people don't have spare money lying around to buy these type of things. People are either going to decide to buy a loaf of bread or something like that first before they actually buy music at the end of the day.</p> <p>So I think that technology has actually been the downfall and ... or the digitisation of music has actually exacerbated the piracy of music. As good as the digitisation of music has been, it's also created a bigger platform for piracy to grow, at the end of the day. Because it is so easy to move bits of data around to anybody who wants the piece of music.</p>

Experts were in agreement that consumers are not willing to pay for digital music. But some consumers above indicated willingness to pay for what they value. Consumers indicated in previous segments options such as the consideration of producer costs, versioning, value according to scarcity versus abundance, format and price related to supplementary products and services needed, and willingness to pay for something that they truly value. Only two musicians as experts had some insight. One expert (32, ML) stated that he didn't think the actual cost of music is the biggest factor and that consumers do not feel that tracks on iTunes, for example, is too expensive. This expert could be viewed as a quality source, as he runs his own successful independent music label and Afrikaans pop band who has achieved number one ranked releases on iTunes South Africa many times in the last seven years. His colleague agreed: "*I would rather let someone download my music for free than not download it at all.*" (Male, 32, expert ML). This expert was able to consider the ability to drive demand whilst not expecting consumers to convert to what is offered, which aligned to some consumer opinions.

A few experts felt that some consumers truly could not afford paying for music, thus not being able to consider other benefits as trade-offs: "*Some of them do it because they really really honestly can't afford it. Some of them just really love the music but honestly can't afford it.*" (Male, 34, expert DACC). However this expert's perspective is an example of industry not always being aligned by stating that some consumers know it is wrong and some do not, whilst not considering for example the impact of perceived value. Especially the female expert's opinions were quite negative. She again felt that consumers have been conditioned not to pay for music. Her view, like most of the experts, was that the current product is one to be sold rather than moving from a standpoint of consumer centricity. Aligned with and re-supporting the re-occurring theme discussed in 5.3.2, most expert opinions were subjective and stereotypical.

Willingness to pay for a specific version, such as physical versus digital, could be defined differently to not being willing to pay specifically to download and pay for content. Experts lumped all content together and conflated musician revenues with producer revenue. Content was seen as more heterogeneous by consumers and they felt that true value to the creator rather than the intermediary, should be monetised. By stating that music has



been devalued, a perception of music as information good is implied, whilst different versions of music such as vinyl or live shows is not considered. There was no recognition of the joint impact of products being free, but services to access it via data costs, are not.

The first research question was concerned with how price versus platform fit trade-offs are relevant in driving the quality of digital music consumers' platform choices. Based on the above, data costs were one of the economic costs implied through digital music consumption which was concerning for consumers and impacted decision quality. The first trade-off implied driving the quality of consumers' platform choices was between convenience versus economic (data) costs). A second trade-off between various benefits, and the value consumers attach to benefits, versus their willingness to pay based on benefits featuring on platforms, was argued. A third trade-off was illustrated between price versus perceived value or desirability as impacted by different versions and scarcity or abundance. All three these trade-offs supported price (data cost or willingness to pay) versus platform fit (convenience as benefit or value related to benefits or perceived value) which supported the existence of a price versus platform fit trade-off in general, thus relevant to the context of digital music. Results also presented that it is possible to segment consumers based various aspects relevant to these trade-offs.

Although consumers indicated benefits influencing their opinion of platform fit, economic cost seemed to be an influential driver in search and evaluation of platforms. Most consumers were either not willing to pay for digital music or willing to pay for specific versions or scarce goods. Only two consumers were currently paying for digital music. However many indicated willingness to pay for live performances or valued versions. One could argue that as digital music as information good's cost structure implies zero marginal cost in distribution, it impacts consumers' decision quality. For specific versions, consumers find zero marginal cost unacceptable, considering that they have to spend marginal data costs to stream and download. The ability to source content at zero economic cost seemed to influence trade-offs between price and platform fit. Most digital music consumers did not seem willing to focus less on price and more on benefits if no value is offered. Data dominated both downloaders' and streamers' conversations whilst piracy and education, not aligned with consumers' opinions, dominated expert conversations. Experts wanted consumers to adapt to existing industry models whilst not considering adjusting to trade-offs to offer more desirable value propositions.

### **5.3.3 Research question two (Trade-off two)**

The second research question is focussed on how price versus search costs are relevant in driving these consumers' decision quality. Search costs specific to illegal or free

platforms emerged as trend whilst re-visiting the consideration of consumers' willingness to pay within the context of search costs was useful.

### 5.3.3.1 Theme five: Free or illegal platforms' search cost implications

To present results based on emerging themes around search costs relevant to illegal or free platforms, quotes presented in Table 13 and 14 were grouped together based on whether the consumer download via free or paid-for platforms. To reiterate, within this context, downloading consumers used illegal or free Torrents or platforms such as iTunes whilst streaming consumers used free platforms like YouTube and SoundCloud or subscription-based platforms like Apple Music and Spotify Premium.

**Table 13 Downloading consumers' opinions on search costs (paying platforms)**

Respondent	Quotations from consumers who download using iTunes
Download (iTunes), Male, 34	<p>You know the amount of effort that it takes to do it. It sounds silly, that you know you go, you search for something, then you put it into, you find the Torrent, you download the Torrent, you import, you open up your, you know, whatever client is and download again.</p> <p>So when we had <b>capped bandwidth</b> you had to be more careful with what you got. You didn't want to spend hours and hours downloading and there's nothing really there.</p> <p>I haven't had enough time with Apple Music to like really look for obscure things, but for what I've looked for, I found quickly... Spotify obscure stuff seems to be pretty good.</p>
Download (iTunes), Male, 41	<p><b>(Responding on whether he needs to put in effort to find content quickly).</b> No, it's fine. No definitely. I think most of the time is <b>when you have to set up the whole computer</b>, the laptop stuff. No, it's quite... well if you go and sit and go and look for it, it won't take that long.</p>

Two consumers who made use of iTunes as download platform felt that generally search costs were low as they found content quickly. The first consumer made it clear that as he has experience in using Torrent sites, and he felt that it implied more effort to source content, especially when perceived costs relevant to capped bandwidth, applied. This indicated a cost in effort. The importance of time was emphasised.

**Table 14 Downloading consumers' opinions on search costs (free platforms)**

Respondent	Quotations from consumers using free download sites (Torrents)
Download (Free), Female, 32	<p>I think I find it 90% of the time. I think it is very obscure stuff that I struggle finding... I find I have a hard time finding sometimes, is really old stuff. Like The Beatles have that amazing Abbey Road Anthologies... but it is not on YouTube. So I am sure I can buy it off iTunes <b>but I just want to listen to like that that version of Come Together or something</b>, you know, but it's not there... Sometimes, ja. But then that is because they are obscure, and they should be hard to find.</p> <p><b>(Or it's not the version you thought you are getting?)</b> Ja no that's happened all the time but it is not a problem because you can just download the other one, another one. It's just about time at the end of the day. Did I need this today, or can I wait? I can wait another day, I'll watch something I downloaded before. It's just irritating.</p>
Download (Free), Male, 29	<p><i>I know it's <b>not that expensive</b>, I mean I've heard about the R60 or whatever subscription. That for, you know, however how much is the subscription is, you get unlimited downloads in a month. So I mean it, its. I don't think it's the money, per say. <b>It takes time, and you know, for me time is I think basically the biggest thing.</b></i></p>
Download (Free), Male, 23	<p>Because I usually just go to Google and say "download bla bla bla for free" and then websites come up. And then you have to try. And then this one says, it doesn't work, it links you back to... So it's a whole process. So if it is like one song, then I know iTunes. And it's like R8.99, and then I'm done.</p> <p>So if the first page doesn't have, and then I try other key, key words until I find the website. But sometimes I would go to... Ja, it's time consuming and tiring and tedious.</p>

Download (Free), Female, 25	Right now, it's my main platform to look up songs (iTunes). My other one is Shazam and SoundCloud. And that's just to find the name of the song. To get the song I would usually go onto a Torrent site... Ja, ja, that's if I can't find it on one, I'll go onto the next.
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The first free downloader explained an immediate demand for experience. Valuing less mainstream, older Beatles content rather than control over the product was expressed. Three out of four downloading consumers who use illegal Torrents however felt that it takes effort and time to search for content. They also felt that it might require extra time to search and download for the right content compared to purchase, which indicated a clear trade-off. They mentioned that they could probably find content on iTunes faster: *“Went to iTunes, and actually went to buy it... it will take me longer, to actually look for the website to download (free)”* (Male, 21, download). A clear trade-off was apparent between time searching for content on free platforms versus cost to pay for content. An expert felt that he was so familiar with preferred platforms that learning new platforms would take him unnecessary time, which he was not willing to invest, relating to lock-in:

*“I think at some point the lock in happens when you spend maybe like an inordinate amount of time with a certain service and it becomes your home, where most of your stuff is, and that is where you want to stay.”* (Male, 41, expert MRL).

Results indicated that some consumers seem less interested in considering platforms they have not accessed as yet, which could potentially influence the price they are willing to pay. The cost of learning platforms, as a sunk cost, was influential for some. The above illustrated that downloading consumers, whether using paid-for or free platforms, value time, which is perceived as an additional cost. It also illustrated that time trades off with cost. Consumers demonstrated that free platforms' search costs tend to be higher.

Table 15 presented opinions from streamers on search costs. All four streamers do not download and make use of free streaming platforms YouTube, SoundCloud and 8Track:

**Table 15 Streaming consumers' opinions on search costs (Free streaming)**

Respondent	Quotations from consumers using free streaming sites (YouTube, SoundCloud)
Stream, Female, 26	I think it's a generation matter as well that you say you understand <b>key words, you understand the relation of how it works, and my referral base</b> , if I again, I am going to refer to Facebook as an example, I am there on frequently so it has a pretty big database for me, so <b>it immediately knows what I want</b> .
Stream, Female, 34	It's too time consuming for me to now go into my laptop, go into iTunes, and then for me with the kids and my phone, <b>it's just so much easier, so much easier</b> .
Stream, Female, 21	Mmm, ja, because a lot of the stuff that is promoted is hot and trending. So you have to sort of dig through that, and then find stuff. That music is usually hard to find, like on pirating sites. Ja, it's not really there, so there is no point in pirating it.
Stream, Male, 35	I am very happy with how quick I can just go or Shazam or whatever... So if I can just get it within a couple of minutes, at most, which is at most what it takes, then that's wonderful.

A female streamer (26) discussed how her understanding of and utilisation of technology reduced her search costs through search engine customisation. She was able to pay off sunk costs in the search process. This related to the role of big data and intelligent algorithms in developing lock in plus developing a platform's value proposition. The

youngest female streamer (21) felt that she often has to dig to find content. This statement related to convenience, which other streamers highlighted as well. The older female streamer (34) explained how accessing YouTube through her Samsung smartphone and Smart TV is faster than turning on her laptop to access iTunes. She referred to the necessity of convenience driven by the platform and her smart phone rather than laptop. The value of time was clearly presented which affirmed the trade-off between time and cost. Generally streamers expressed more positivity (again), but agreed that time was of importance. One could suggest a series of trade-offs or threats to value propositions of free versus paid sources, as consumers tend to value time.

Expert perspectives provided support that free platforms implied additional time costs. When asked “*Do you feel consumers have to put in a lot of time or a lot of effort to find the content they want?*”, experts responded: “*If they are pirating, yes*” (Male, 34, expert, DACC) and “*With zero economic cost there comes search cost...So your search and time costs are limited to a place* (Male, 34, expert TPA). A third’s opinion was aligned:

*“And you know pirating music is a bit of a mission. If you are not using hard drive you are going on to torrent sites or dodgy MP3 pirate or whatever. You have got to have a little bit of technical know-how”* (Male, 41, expert MRL).

The assumption is Torrents could not become routine. As discussed in theme one, the opinion is also contradictory to earlier assertions by experts that consumers lacked in knowledge. As experts were not probed specifically whether they feel search costs are higher on free platforms, and three comments from nine individuals emerged, perspectives around higher search on illegal platforms was clear. Most consumers felt that illegal download or free streaming platforms usually implied higher time costs or effort than platforms such as iTunes. One could also consider that cost of data acts within its own trade-off impacting consumer decision-making. Thus, higher search related to free platforms is of importance when considering time versus cost trade-offs.

### 5.3.3.2 Theme six: Consumers’ willingness to search

A second theme emerged around search cost: although certain free platforms might imply higher search, whilst time costs are of importance, some consumers search longer for free content, (again) challenging expert opinions, as illustrated by Table 16:

**Table 16 Download consumers' willingness to pay considering search costs**

Respondent	Quotations from consumers who download using iTunes
Download (iTunes), Male, 34	<p>And to be very honest now, I think it's a function of two things. I think it's a function of my income level, perhaps, and you know when I was younger and a student I had no money. So Torrenting really did make sense <b>and I was willing to go through the effort for it.</b></p> <p>So, you know people always went to effort to get what you want. And there was always a <b>way of getting it for free.</b></p>

Download (iTunes), Male, 41	I don't have to put in any effort. <b>But as I said, time is a bit of a constraint. But sometimes when I'm in the mood and I've got some time at home alone, it's nice to go onto iTunes and go and listen what's available.</b>  Ja, well time is a big constraint at this stage. So it makes it a bit easier to determine what kind of songs...
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Two paying downloaders again felt that iTunes implied less effort compared to Torrents. They substantiated their willingness to pay for content indicating the importance of time as one of the factors of influence. It seemed that time might mitigate perspectives around willingness to pay considering search costs. Older consumers seemed to value time more, rather purchasing content on iTunes due to time constraints. Amongst free downloaders, all but one indicated that they are willing to search longer and keep trying to download files to source it free, rather than paying for immediate receipt (Table 17):

**Table 17 Free download consumers' willingness to pay considering search costs**

Respondent	Quotations from consumers using free download sites (Torrents)
Download, Female, 32	I know that what I'm doing is illegal so I <b>shouldn't really complain about having to wait or to download three times.</b>
Download, Male, 29	So for me to <b>spend an hour and download stuff</b> is not always... ja, the most convenient.
Download, Male, 23	And this one, I've never heard of it before, let me just give it a try. And then you try and you see if it works. And if it doesn't work, you move on to the next one. But I always limit myself into one page. After, after the first page, if there is nothing, then I change I my keywords and then... <b>Because I don't want to go like, like five pages and not find anything. Until I decide to spend another two hours or an hour looking for it again.</b>
Download, Female, 25	You could actually go on there, type in the name of a song, and it would automatically find it for you. <b>Of course then I couldn't buy the music, but I could at least find the music, listen to a piece of it,</b> know what the name was, and try and find it on another platform.

One consumer migrated from downloading to streaming as he found search costs lower due to streaming playlists being available on YouTube. In his case the platform's value proposition spoke to this trade-off between cost and time. However three out of four downloaders indicated that their choice of free platforms implies additional search costs, and is in line with the experts: "*Because I **don't** want to go like, like five pages and not find anything. Until I decide to **spend another two hours** looking for it again.*" (Male, 21, download). This consumer is willing to browse Google results page or search additional hours to find free content rather than download it on iTunes immediately. Streaming consumers indicated as per Table 18 that they are also willing to keep searching to find free content. They did make it clear that time does have value for them, but that they are often willing to sacrifice time to search for content on free platforms.

**Table 18 Streaming consumers' willingness to pay considering search costs**

Respondent	Quotations from consumers using free streaming sites (YouTube, SoundCloud)
Stream, Female, 26	I probably would just look for something else.
Stream, Female, 21	I don't actively look for places to stream, unless I am looking for a specific song or a specific album that I can't find, then I'll find other platforms by finding by the album... Oh, well I am comfortable on my own, because you can Google anything. And I can always find whatever I am looking for, on the Internet... I think if it takes me long it will be 15 minutes, that's the longest it has ever taken me to find something.

Stream, Male, 35	Yes, I would just go Google and click at the top at videos... I would go straight to <b>YouTube, I guess, to see what's... if I just want to listen to stream something once, as I say, my past with buying music online to keep permanently</b> is "nie baie nie"... (Is not a lot).
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Thus a time versus cost trade-off is re-affirmed. It seemed that most consumers are willing to spend extra time to find free content, although iTunes, as example, might be quicker. Thus most consumers seemed content to trade-off higher search costs for free content. This implies a massive mediator of time. The male streamer (35)'s explanations of why he prefers accessing YouTube directly suggests linkage to YouTube's value proposition around ease of use and curatorship. It also plays well with streamers' management of data as the YouTube model involves data volumes. This related to a trade-off between attention for revenue versus other payment mechanisms.

Out of the majority that do not mind searching longer, three consumers argued that searching specifically fulfils a secondary function or benefit in discovery of new content: *"So if I watch a video, then it will suggest some which are, maybe similar, some irrelevant, yes, but I get to discover new stuff, while I'm looking at what I actually came for.* (Female, 21, streaming free platforms). Thus aside from preferring to source content for free, it functions as a goal-directed discovery function to find new music:

*"And then I'd go to go Google him... Ja, so when you like search for a specific person, so then other artists who are in the same genre, same feel... And then I'm like ok, let me just try that other one. Let me just try that other one. And then that's how I discover and then there's like more, when you search for that one. And then, and it goes on and on and on and on.* (Male, 23, download free).

The role of curatorship, where the user's collection is managed, developed and appropriate content fed through continuously, is importance to these consumers. As massive competition with abundance of options exits in the industry, this is not surprising. However, some lack of understanding from emerged from experts (again):

*"People will pay more if it is convenient. With least data. I don't want to be in a platform that originally makes me struggle, and look and look. I don't want to go look, because I don't have enough data."* (Male, 34, expert DACC).

By using the term "struggle", psychological and search costs were implied. Most consumers indicated that free platforms usually imply higher search costs compared to legal versions but had benefits of discovery. Willingness to sacrifice time searching for free content rather than paying for it, even though these sites usually imply higher search costs, was exhibited. This seemed to dictate the type of platforms searched and evaluated between. Still, all consumers greatly value time. Google was mentioned as entry point to search for content quicker instead of browsing only certain platforms. Consumers who were willing to pay instead of search, were in the minority. They did not just value time, for them it is a constraint and their download platform of choice (iTunes) minimised time costs. Data costs were indicated as concern for all respondents based

on theme one. But no-one felt that data costs would prevent them from searching instead of purchasing. This might be explained by options discussed earlier, especially for streamers, implying limited or no marginal cost such as public Wi-Fi, work or budgeting.

The second research question was focussed on how price versus search trade-offs are relevant in driving digital music consumers' platform choices' quality. Again it seemed that the specific cost structure of digital music and zero marginal distribution costs facilitated opportunities to search for and evaluate considering free content. Most consumers are trading off search costs to source content at lower costs. A time versus cost trade-off was presented. Trade-offs between psychological costs and search costs like time or effort also emerged. Although consumers valued time, they were willing to search longer, spending more time or data on finding free content.

#### **5.3.4 Research question three (Trade-off three)**

The third research question related to investigating how types of product knowledge versus price trade-offs are relevant in driving platform choices. Various statements were made to indicate different aspects and levels of consumers' product knowledge as well as willingness to pay. In the re-occurring theme, it has been demonstrated that consumers have illustrated familiarity and knowledge around aspects. As this research question is occupied with product knowledge, it seemed appropriate to review all consumers' quotes for a general substantiation for product knowledge specifically relating to willingness to pay, whilst comparing streamers and downloaders (without repeating theme one, which focussed on experts' misperceptions of consumers).

##### **5.3.4.1 Theme seven: Product knowledge and willingness to pay**

As explained in Chapter 2, the concept of product knowledge within this context related to content knowledge about music, platform knowledge about digital music platforms or web expertise in being familiar with the Internet and technology. It is more complex than experts conceptualised and often their contradictory responses about "bad" knowledge versus "no" knowledge were the result. Content analysis was used to analyse results. The approach implied a limitation as judgements around consumers' willingness to pay and levels of product knowledge were based on one conversation. Each interview was scrutinised for statements that related to the consumer's willingness to pay as well as facets of product knowledge and whether levels seemed high, medium or low. Consumers were asked to describe how familiar they were with platforms, or technology, which was taken into consideration. For example, if someone did not know what an MP3 is, one could make the (limited) assumption that their platform knowledge is quite low. If someone could create customised ringtones on iPhone, one could describe their web

expertise and platform knowledge as higher. Statements were not cherry-picked to attempt to create a perception based on isolated consumer statements. Statements which illustrated consumers' levels of product knowledge and willingness to pay most accurately during the entire interview were selected. This allowed the opportunity to combine ratings for analysis. Table 19 covered consumers' willingness to pay:

**Table 19 Summarising downloading consumers' willingness to pay**

Respondent	Quote example: Willingness to Pay	Level
Download, Female, 32	So a lot of my downloading, illegal activity has got to do with I don't want to spend the bucks... <b>Like actually no I'm not paying because I can actually get away with not paying. For me, I'm sorry to say it, but if it was R2 an album, I don't think I would pay it, you know?</b>	Low
Download, Male, 34	<b>(Are you willing to pay that R10 for one song?)</b> Ja, I am... So for me it's a question of like can I really justify spending, whatever I'm spending, on the particular track? <b>Now that I stream, I pay one amount.</b>	High
Download, Male, 29	It depends on <b>how much I want</b> it. But if it comes to a 50/50 decision ... "Ok, it's cool, I'd like to have it, but I'm not willing to pay R200 for it", then <b>I'd rather leave it. But for certain artists and certain music, I am willing to pay it...</b>	Medium
Download, Male, 23	iTunes like once in a while when it's like an artist that I really love. Or if it's like, or if like one of my favourite artists, like released like a new song. But it doesn't really make sense for me to buy, when I can just get it, for free... So I like compare the prices. And if it's cheaper on iTunes and more expensive when buying it in physical, <b>and then maybe I will buy like my favourite songs only on iTunes, ja.</b>	Medium
Download, Female, 25	<b>(Do you think what an album or what a track is going to cost you, is the most important consideration for you? And if so, why?)</b> Yes. It definitely is. <b>More for the fact that I'm on a limited budget. I don't want to be wasting my money on music when I need to,</b> say buy personal care items... I don't want to have to pay every month for something.	Low
Download, 41	Ah well, it's easier to get some music. <b>I think it's a good thing to buy music. For me it's a bargain, because when you go and buy a CD,</b> and you pay less than R10 a song that you like, that's a good CD.	High

A continuum ranging from low to medium and high willingness to pay, emerged. The first downloader was described as having low willingness to pay because she refused to pay for digital music. The last female respondent (25) indicated cost control especially in comparison to necessities and commitment to only source content free, illustrating low willingness to pay. The third (male, 29) indicated clear support for the industry, but is not currently paying for music. He did indicate willingness to pay for desirable or local artists' content. His medium willingness to pay seemed to trade-off with impact for the artist, especially locally. The fourth consumer (male, 34), indicated willingness to pay for his favourites, and admitted to sometimes purchasing although he prefers free options, thus demonstrating medium willingness to pay. The first male (34) was already spending on digital music. He also indicated control of spend, possibly trading off with other life costs. The oldest consumer (male, 41) indicated high willingness to pay based on current utilisation of iTunes. Thus downloaders' willingness to pay ranged from low (not paying currently and refusing to pay), medium (some willingness but not paying currently or pay sometimes) and high (currently already paying or extremely willing to start paying). Table 20 summarised consumers' product knowledge:



**Table 20 Summarising downloading consumers' product knowledge**

Respondent	Quote: Product Knowledge	Level
Download, Female, 32	Well I work in digital so ... I can't code, but I think I could work with any content management system.  The quality is the same as it is on the video. Firefox has a YouTube downloader programme, you just install it and click the button on the video you want to... or copy the URL or something.	High
Download, Male, 34	I find it easy; I find it intuitive. To be fair, I was a MAC user initially and iTunes runs in very much the same way as the native MAC works.  But the one caveat is, with Spotify, you have to have a work around to get it to work in South Africa. <b>It doesn't natively work in South Africa. You have to find someone who lives overseas</b> , to register for you...	High
Download, Male, 29	Because I always like things with things around it. And like I'll just teach myself. But I will probably figure it out myself. I mean I got a kindle like a month ago... they had absolutely nothing in it how to set it up. So I Googled "How to set up your Amazon device"... So I help myself.  I'm definitely not the tech savvy, you know, all the electronic equipment, know all of that stuff... You know as soon as it gets too technically involved I like try and get out of it, because I don't really have a passion for that, you understand.	Medium
Download, Male, 23	Because I always like things with things around it. And like I'll just teach myself. Ja, ja. I've like, I mean, like I like figuring things like on my own.  So with iPhone there is no way you can download music. So it's just iTunes only... It is just going to play it, not going to download, it doesn't have a download option. But I know with Samsung you can download songs. But I have a Blackberry... if I am going to be downloading on my phone, then <b>that's the device that I use to download music because I know it.</b>	Medium
Download, Female, 25	I don't know all of it, I do still ask advice a lot of the times on there. But I do my homework, I do go and I check out, I'm always on the Internet looking up new technology. I'm a gadget freak. I'm reading up on it.  The problem is, is that it <b>automatically selects what your computer can handle</b> . So if your computer handles HD, you get HD. Then, your Internet provider slows your Internet down because you are using high consumption.  It's because my iTunes store is American, I have to buy vouchers to be able to purchase it. On top of that, you purchase it, they add tax on. <b>So it's 99c in America but they add on 50c tax</b> . So that sorts of puts a damper on it...	High
Download, Male, 41	<b>Well, I don't know of any... So if someone maybe can tell me, or help me, get me more familiarised with it, then maybe it will definitely</b> be an option.  No at first it was a bit challenging to get used to everything and with the different functions. But, ja, I'm... There's still a lot of functions that I still need to learn, maybe some of the shortcuts.  Well, I don't want to go through starting to learn a whole new setup or platform... For me, iTunes work, although it's the only one that I'm used to.	Low

Consumers' willingness to pay for content varied based on different reasons. The first respondent was described as having high product knowledge due to various statements, including being able to download from YouTube, a streaming platform (high web efficacy and platform knowledge). The next respondent (male, 34) described his high levels or product knowledge through usage of various devices and describing overcoming challenges in using Spotify in South Africa. The next respondent (female, 25) described production issues and massive price factors illustrating high levels of web efficacy and platform knowledge in coping with these. The next consumer (male, 29), described teaching himself but not always getting too technically involved, thus being described as medium. The youngest downloader (male, 23) described platform knowledge and web efficacy by finding free content in various ways, but described as medium because of a few statements illustrating unfamiliarity specifically with streaming.

Especially platform and web expertise ranged from medium to high for all downloaders based on information given except for one. The oldest consumer who admitted to not knowing certain functions, thus sticking to one platform, which illustrated a lack of knowledge. He did however not illustrate having illegal platform knowledge. The rest of the digital natives should be quite technologically savvy and the data supported this. Table 21 showed that except for one, streamers' willingness to pay was lower:

**Table 21 Summarising streaming consumers' willingness to pay**

Respondent	Quotation	Level
Stream, Female, 26	That would again stop me from using it on my own, <b>because I am not interested in paying money for music.</b>	Low
Stream, Female, 34	Some of the CDs are very expensive <b>but then it is about the artist</b> and the recording quality. But I think you can get these days for R149, basically, I don't buy that many CDs, because I buy specific ones. But I still feel it is fair. .	Medium
Stream, Female, 21	No I think I'm willing to pay for what I have to pay for, for what I want, specifically. Ja that I would consider spending some times, but otherwise, I just listen and watched things that are <b>superficial</b> to me. So it's not something that would be worth spending on.	Medium
Stream, Male, 35	I will pay for it. I think the main reason for me thus far not buying so many songs online, is just I <b>haven't gotten really into these new young bands...</b> (Will you pay a small amount for YouTube to have zero advertising? Or will you rather not pay, and deal with the 5 second ads?) I'll pay. Yes... It's the way that the music connects to me that would make the difference... I would pay R200 for a double Iron Maiden album. Ja.	High

The first streamer was not interested in paying for music as she did not see any value, thus described as low willingness to pay. The second streamer (34) illustrated how the artist's brand equity influences her willingness to pay, implying medium levels. The youngest streamer (21) spoke to the perceived value trade-off in describing superficial things, illustrating medium willingness to pay based on valuing content and relating to curatorship, value and abundance versus scarcity. This it speaks to value, which could relate to branding, curatorship or many other things. The last streamer (35) illustrated a high willingness to pay for what he values, although if no value proposition was perceived from the (new young) bands, his willingness to pay was affected.

This analysis illustrated that streaming and downloading consumers demonstrated low, medium and high willingness to pay for content. It also demonstrated that often consumers' willingness to pay would be affected based on levels of perceived value. Additionally streamers' product knowledge was reasonably high, except for one consumer who admitted challenges in learning new technology, as per Table 22:

**Table 22 Summarising streaming consumers' product knowledge**

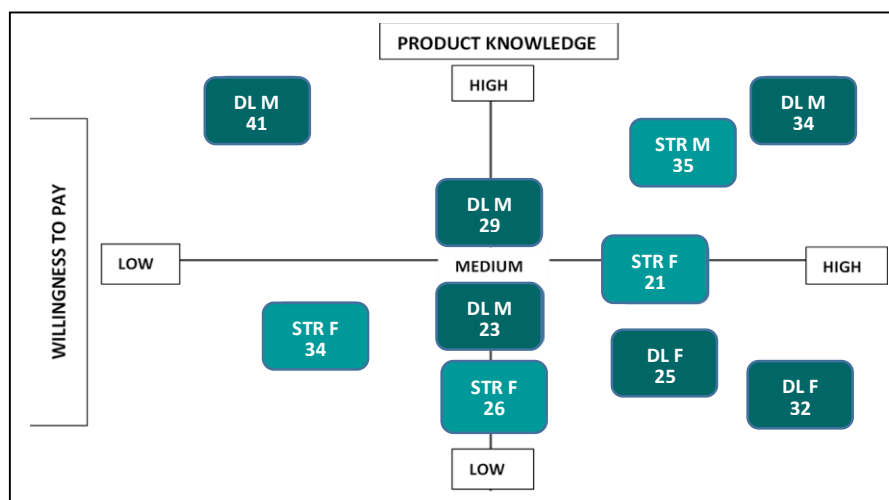
Respondent	Quote: Product Knowledge	Level
Stream, Female, 26	My reason for using Shazam on the other hand, is if I am in a conversation with someone and if I <b>have that problem, I don't know who this is but I know the song, which it's made for, I can actually sound more educated.</b> But to me <b>personally if I really give myself a few minutes, it is easy to figure out the platform. But if the platform really catches me, it is mostly if</b>	Medium

	<b>someone just shows me and it is easy. But I think I grew up in a time where you catch up with apps and technology quite easily.</b> It's not a strange idea.	
Stream, Female, 34	I'm very bad with that, my husband says that he doesn't know <b>me when I get a new phone. I was like, I will sit the entire day, it's like speaking to nobody, unless I am at work,</b> I won't do it at work. At night I will test out the whole equipment out until I know...	<b>Low</b>
Stream, Female, 21	Oh, well I am comfortable on my own, because you can Google anything. And I can always find whatever I am looking for, on the Internet. Ja it's very easy. Well, if I am to download some videos, there is software for downloading videos. Ok, well software for downloading any media.	<b>High</b>
Stream, Male, 35	Ja, I am good with the <b>Internet and searching stuff and researching stuff...</b> No, it was very quick. I figured it out like immediately.	<b>Medium</b>

The oldest female streamer (34) demonstrated low web efficacy by being challenged by new technology. The first streamer (26) illustrated medium levels as her content knowledge seemed low due to not being familiar with artists' names as she had to use Shazam to recall these. Her platform knowledge and web expertise seemed higher as she explained how she is able to pick up new platforms quickly. The oldest male (35) illustrated high web expertise in finding data plus content knowledge but was not familiar with any platforms except YouTube, hence the medium description. The youngest streamer (21) illustrated high levels of web efficacy, easily finding content and being able to exercise quite technical tasks such as downloading streaming content.

To present consumers' levels of product knowledge and investigate a potential relationship with willingness to pay, consumer levels were mapped in Figure 11:

**Figure 11 Mapping consumers' product knowledge and willingness to pay**



This was not a quantitative correlation exercise. It was an attempt to illustrate thematically that different levels of product knowledge and willingness to pay emerged. It demonstrated that consumers generally had reasonably high levels of product knowledge and lower willingness to pay. Although interaction between different kinds of product knowledge and consumers' willingness to pay existed, no set relationship was clear. Consumers with high product knowledge indicated high and low willingness to pay.

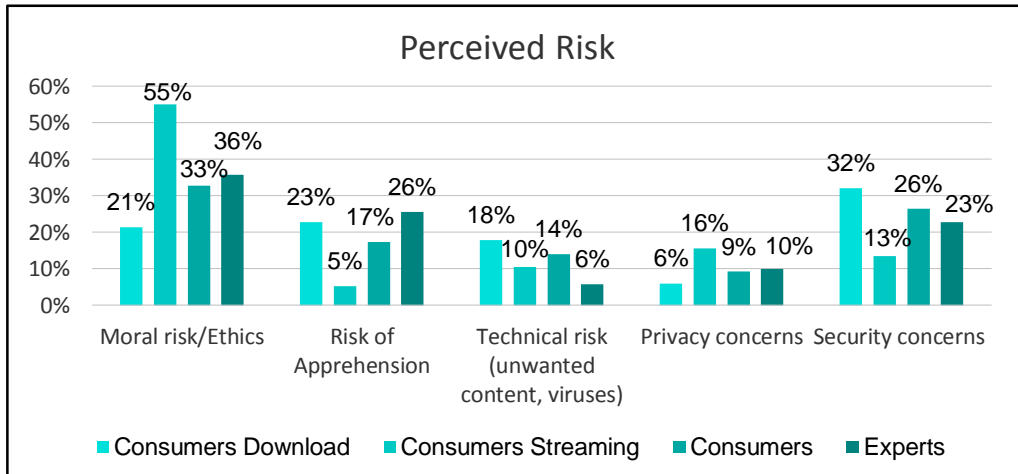
The third research question related to how product knowledge versus price trade-offs are relevant in driving digital music consumers' platform choices' decision quality. Various price versus product knowledge trade-offs existed within this context. Although a consistent relationship between high product knowledge and low price or low product knowledge and high price was not clear; the relationship between value and payment was. Product knowledge, particularly platform knowledge and awareness of the industry's business model, sharpens the ability to choose when and where to pay. If little value is perceived – no large brand, no unique experience delivered (such as a concert), no local industry to support, little payment is made. Thus consumers traded-off different levels of product knowledge against their willingness to pay which is influenced by perceived value. Some consumers might be willing to trade-off limited product knowledge against price, thus paying more through a platform such as iTunes.

The analysis illustrated, to relate to the re-occurring theme which used various examples, that after scrutiny of all consumers' quotations, consumers do not have low product knowledge generally. Consumers' product knowledge, albeit varying with regards to content, platform and web expertise, generally seemed high. Although a certain level of platform knowledge was implied to source free music, one could conclude that a clear trade-off between product knowledge and economic cost exists. Some consumers traded off content, platform or web expertise to source content at zero economic cost. Others traded off limited platform knowledge and web expertise but time savings to purchase content at higher prices. There seemed to be various trade-offs relevant to product knowledge as consumers evaluated willingness to pay based on perceived value, which could be related to all concepts within product knowledge.

#### **5.3.5 Research question four (Trade-off four)**

The fourth research question focussed on how perceived risks versus price trade-offs are relevant in driving the quality of platform choices. This was the first research question occupied with the concept of perceived risk. To illustrate the importance of this subject, a calculation to indicate conversation time per risk-related subject seem appropriate. The primary documents table function was used to count words related to each of the segments relating to perceived risk. The percentages per code were calculated to indicate the weighting of each subject, specifically for downloaders, streamers, all consumers plus experts. Figure 12 (next page) indicated that streaming consumers spent over 55% of their time discussing moral risks. The same topic received around 21% and 36% of downloaders' and experts' perceived risk discussion time:

Figure 12 Attention to perceived risk themes



This could imply that for streamers moral risk might be the greatest risk, or that they have substantial views on ethics. Contradictions between experts and consumers emerged. Consumers lacking in risk of apprehension relating to piracy received almost 25% of experts' perceived risk conversation time. Streaming consumers spent only 5%, and downloaders 23% of their perceived risk time discussing risk of apprehension. Although consumers spent 17% of their time discussing risk of apprehension due to illegal activity, it did not receive the most attention. After technical risk (14%) and privacy concerns (9%), risk of apprehension received the least attention. This contrast between experts and streamers substantiated another disconnect as discussed in the re-occurring theme.

### 5.3.5.1 Theme eight: Psychological perceived risks

Types of psychological risks identified included risk of apprehension due to illegal activities or moral risk as concerns about unethical behaviour. Figure 12 indicated that risk of apprehension received varying attention from experts versus consumers, contrasting sharply with streamers who spent the least amount of time discussing this topic. The fact that all streamers used free but legal streaming options might explain this result. Opinions around moral risk consistently received the most attention, which included opinions about feelings around unethical behaviour, feeling that piracy is wrong and rather supporting local than international acts. Table 23 provided quotations from three consumers who felt that risk of apprehension or ethical concerns applied:

Table 23 Psychological risks impacting consumer decision-making

Respondent	Quotation
Download, Male, 41	(Do they think they will get into trouble?) Ja, how do they, how are you going to caught them? Ja, it's a difficult one. I think if iTunes have to do some advertising, I think they must advertise using the right stuff. And going... be legit. <b>Because it's the right thing</b> ...I know most people will ignore it. But, people with a conscience, I think they will definitely...
Streaming, Female, 34	Pirate sites, I mean, I think it's completely wrong. <b>Because for me it's a way of stealing...</b> So I think it is just, it's not right. My husband and I, we don't even cut CDs between the two of us, because it's wrong. It's wrong. So we would use the CDs. So I think it is more, for me, an ethic thing, than anything else.

Stream, Male, 35	Or maybe a risk of getting caught and ignorantly buying off some site that is not legal. And you're buying or sharing music and someone finds out. Because someone got arrested at my previous company, ok, he downloaded music and he sold it online. Ja, pirated stuff. And he lost his job, he got arrested and he was charged with a felony. So ja, that was horrible. So I would say there is a slight risk, ja.
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The downloader illustrated high awareness around being aware of the consequences of piracy. However he was the only individual out of six who felt that risk of apprehension and moral risk applied. One could argue that risk of apprehension, in terms of punitive measures, is low for piracy as consumers seem to feel that apprehension rarely occurs. Two streaming consumers also indicated some risk of apprehension or moral risk. The first streamer explained that she knows and acts appropriately with regards to piracy, whilst the second referred to selling music which is substantially different to downloading for personal use. It is the sale which attracts punitive consequences, not the use.

Most consumers felt that psychological perceived risk as risk of apprehension was not an influencing factor. The trade-off might relate to industry rather than cost to the consumer (who seemed to realise that it will ultimately be to their own detriment). Table 24 provided substantiation on this explanation:

**Table 24 Psychological risks not impacting consumer decision-making**

Respondent	Quotation
Download, Female, 32	<p><b>And there is no threat in being arrested for piracy...</b> I don't think we have any sort of ... no one is afraid of cops for the right reasons, you know.</p> <p>The biggest driver is the fact that I have done it for so long and I haven't gotten caught yet. Nothing is going to happen to me so I don't even need to. Why should I pay? That's why I don't do it, I don't have any reason to? I can get what I want... No conscience, basically.</p> <p>Like actually no I'm not paying because I can actually get away with not paying. The ethical thing is just a convenient reason, you know. People don't want to take out an extra 200 bucks a month. Because they never used to.</p>
Download, Male, 34	<p>I've had this, a call from my ISP saying, you know, like a cease and desist? Like if <b>you don't stop doing this you will, you know, we will come and you know, we'll actually report you</b>. So that was one thing, but I didn't really take it very seriously. (<i>That's what I want to ask, was it all a risk of apprehension?</i>). No, I think the enforcement is very difficult to do it. So, it, you know, to me it's not really even the moral thing anymore. But I never really felt like I would get caught, no...I think it really is a very very difficult thing to enforce.</p>
Download, Male, 29	<p>Well, it's, ja, I don't think about that. I mean like if I download Torrents, I know it's illegal. But I mean I'm pretty sure there's <b>people using it a lot bigger and more than me, downloading a few episodes or getting it from friends and stuff. So I know the risk is there, but it doesn't bother me or deter me from using it, no.</b></p>
Download, Male, 23	<p>Nah, hey, I've never been really conscious... Like I never think I will get into trouble with, with that to get this album, and then I log out, and that's it, ja.</p>
Download, Female, 25	<p>But apprehension comes <b>from whether or not you upload</b>. If you carry on and you let it upload fully, the risk of your IP being out there is much higher. So, don't seed it, in other words. The minute it's done seeding, to put it back on the Internet, you have to stop it.</p> <p><b>(Do you think that they think that they might get into trouble for doing that?)</b> No. I know for a fact that they don't. <b>There's only been one case in South Africa of somebody actually being sued for it, and he was an uploader.</b> That's why I say, you've got to be careful where your IP is going.</p> <p>In South Africa your IP address is protected by law, you can download off the Internet. <b>That's why the only way they can catch you, is if you upload onto the Internet. So you sort of have to know your constitutional and legal rights. And then at least you know, in a sense, you're not being completely illegal, because you are just taking something off the Internet. You are not putting it on for somebody else to download.</b></p>
Stream, Female, 26	<p>But I'm not in the mind set where I feel it is wrong or right to buy music or not, <b>So, I think it's a very thin line between wrong and right there as well, which influence again the streaming versus the buying of music.</b></p>

Stream, Female, 34	I think it's just the way of living. People just, they, instant gratification. If they want the CD now, they don't want to pay for it. <b>I think it is just, we are getting into a place in our lives where people just don't care. They want what they want, it doesn't matter if the means they get it... We, the society gets degrade, degrading. I think we are getting less self-aware of what is wrong and right.</b>
Stream, Female, 21	Well they know that it's wrong, but they don't care. It's like a lot of the Bit Torrent thing that I see now, is with TV shows. Ja, I totally support that. <b>Because I'm not going to wait, to watch a show on TV and they are usually not on my schedule.</b>
Stream, Male, 35	<b>From what I perceive I don't think there's a risk, I think they've got a risk. The Bit Torrent company,</b> the company that provides those services, but not the consumer, no.

Once legal risk is removed, much that remains is psychological risk. Almost all download opinions related to consumers demonstrating that risk of apprehension does not apply as illegal activities are consequence free especially if content is downloaded and not uploaded. A female downloader (25) explained that psychological risk is implied when one is active in the reproduction of digital content (uploading) rather than downloading. This logic is used to reduce the hazard of risk, so morality is the only remainder. A male (29) felt that he is not concerned as he uses illegal platforms for personal use only rather than for profit, which related to the downloader who also differentiated selling music to consuming. Agreement amongst downloading consumers was substantial. Five out of six indicated that risk of apprehension relating to piracy is not a factor.

Based on the above, respondents from both consumer groups who use illegal sites did not feel that they might get apprehended, or experienced moral risks. There is no social example of these risks unless they become involved in reproduction. These perceived risks did not seem to influence consumer decision-making especially in considering opportunities to source content at zero economic cost. Consumer uploading rather than downloading seems more risky based on consumers' explanations. Furthermore all four streaming consumers felt that risk of apprehension is not a deterrent to consumers, only to the actual illegal platforms. The youngest streamer felt she is not impacted by moral risks due to timing and a refusal of the production mind-set rather than money, although it might be wrong to download from illegal platforms. Another consumer stated:

*"So yes, it's wrong, but no one knows about it. But if you use it for your own personal capacity, don't share it too much with your friends, like the illegal programme I'm using, then it's perfectly fine."* (Female, 26, stream).

They felt that limited or personal usage or sharing is wrong but not problematic. This streamer (26)'s statement is aligned with downloaders in stating that those who download should not fear apprehension; that service providers or uploaders should. There was a lack of concern, a degree of an ethical grey area, which contrasts with earlier statements to the contrary. The oldest female streamer's perspective is that generally consumers do not care about the moral implications of pirating music. For her this implied a symptom of society where ethical concerns do not apply.

Experts were almost unanimous in agreement that consumers do not care and a risk of apprehension does not impact their decision-making, as Table 25 indicated. The ATP

expert is the only respondent who argued otherwise. He felt rather than fighting the existing lack of moral risk in consumption it is more important to offer consumers something of value. This indicated an understanding of the need to create value for consumers rather than forcing consumers to adjust to current business models:

**Table 25 Expert opinions around psychological risks not being an influence**

Respondent	Quotation
Expert ATP, Male, 34	No they do not care. <b>It's happening and you can't stop it. So don't try to fight it. What you need to do is then try offer something which is significant</b> in the sense that they would want it that much. Leave it up to the big corporate people who are trying to sort it out, so you've got SAFACT, you've got RISA's Anti-Piracy stuff on that side, good luck to them. I don't think you're ever going to win that.
Expert DACC, Male, 34	They don't give a damn. They might even think <b>that they are cool when they got all this stuff pirated. They don't give a damn.</b>  I've never met anyone who got caught for pirating. The only people that are getting arrested for pirating are the people who are doing it over and over, the guys that are going and selling it in masses. But individuals, no one is checking, no one is worried about pirating?
Expert DD, Male, 32	I think the majority of people know that it is <b>wrong but they don't care. (Why?) Because they think music is free. Everyone's trained them to think that music is free, you know. The Internet has trained people to think music is free.</b> And that is just the way they expect it now. So, they don't really care.
Expert DD, Female, 43	<b>In terms of general piracy, they know, they don't care. And there is no risk in getting caught. No, there is no risk of apprehension. Because in particular, there is some risk of apprehension if you run the site and you are the distributor. Like RISA's Anti-Piracy unit I know closed down several sites this year already. That's a risk. But as a user there doesn't seem to be a risk and there is certainly no perceived risk.</b>
Expert IRL, Male, 34	I think some of them know, and some of them don't. <b>And those that know, don't care. (Why?) Well there is no repercussion. Everyone is doing it so why can't we.</b>  Ja there is no... you can't enforce, we can't even enforce the rules of the road, how are you going to enforce copyright law in this country?  Pirating music, cool you can steal someone's livelihood and they lose a bit of revenue and you know songwriters don't get paid their copyright, but in the greater scheme of things no one is going to die. But people are <b>committing those sort of crimes</b> and they don't care. I don't really think it is something that people consider as there is no deterrent to committing that crime.
Expert MRL, Male, 41	I think they know it's wrong. But because it is like a victimless crime... I am not hurting anybody; no-one is getting hurt, no-one is losing their life, the artist is not here to see me give you the album. It is a digital file, it is a form of entertainment. It is just such a little thing. But what people fail to realise is that it happens all over the world and the numbers start to stack up and people don't really see beyond their own little world. They are know it's wrong because they have read about it in the press and the media and piracy is taking the food out of artists' mouths... but this little thing is actually not going to make much of a difference. It is just this one little track.  There is no risk. So if you continue going to the torrent sites and downloading a couple of gigs worth of stuff every month they can track and monitor that. We know that as fast as they blocked so they come up with new IP addresses and move the sites around all over the Internet. Like infinitely. It doesn't really matter.
Expert ML, Male, 32	<i>(Risk of apprehension?)</i> Never. Zero. Labels have tried suing people and it is just too costly.  I don't think that the people that pirate think it's wrong at all. They just do it... No I think they know it is illegal per say, but I don't think they think it's wrong. Like not paying your E-tolls. They just taking the moral high ground: like everybody is doing it, whatever.
Expert ML, Male, 33	<i>(Risk of apprehension?)</i> No... But I don't think increasing that risk is going to change anything.  No I think people generally pay or they want to pay for music I think people that pirate don't necessarily have the means to buy all of the music that they consume. So they turn to pirating, kind of thing. And I guess then you just get the hackers that pirate everything.
Expert RIB, Male, 43	I think government needs to be involved, in terms of making sure that there are stricter controls around piracy. Government is definitely one, they need to put proper legislation in, they need tighter, proper legislation in place to deal with pirates. We find that the, where we used to have very strong legislation, that we have actually fallen behind the rest of the world in terms of the digital legislation and the digital rights that need to be promulgated into law..

These statements again demonstrated that experts were viewing consumers subjectively and stereotypically. The DD expert (34) felt that consumers do not think piracy is wrong because they have been trained to think it is free. This indicated his complete unawareness regarding consumers' moral dilemmas and choices. However, experts felt



that consumers do not care because risk of apprehension is non-existent, which was to some degree true of the consumers themselves.

The IRL expert's labelled piracy behaviour as criminal. The MRL expert's opinion built on this perspective in arguing that consumers only consider the effect of their individual actions or downloading one track. The RIB expert took it one step further by stating that government should be involved in controlling piracy, which implied that industry will not adjust whilst government should rather rectify the situation. Only the female expert's perspective illustrated some level of agreement between expert and consumer opinions around the upload of free content implying risks whilst being irrelevant to individuals who download. One dissenter, ML (33) referred to consumers paying what they want to pay for music, which relates to the Pay What You Want model. The disconnect between expert and consumer perspectives was again clear.

To conclude: most consumers and all experts felt that psychological risk is not a deterrent when consumers use illegal sites. Although ethics was discussed at length, the majority of respondents felt that consumers might feel that it is illegal but exhibited mixed feelings around agreeing that it is actually wrong. Very limited support was offered to substantiate that ethical concerns will deter consumers from using illegal platforms but it will restrict sharing and prevent sale.

Thus although some consumers use platforms providing free content which might imply psychological risk, it has been indicated that it is not a factor of consideration for most. One could argue that trade-offs between psychological perceived risks such as risk of apprehension or moral perceived risks versus economic cost did not seem relevant in this context. However one could present a trade-off for different levels of value creation which manifest in the use of different versions for example from streaming, downloading, live concerts, and so forth.

#### **5.3.5.2 Theme nine: Financial perceived risk**

The word count exercise also presented a theme relating to perceived risk and price: financial perceived risk relating to security of payment online. The potential economical perceived risk in purchasing music online related to online trust, using credit card details and Internet security. The analysis included considering consumer opinions agreeing that financial perceived risk is an influencing factor, as well as those who felt otherwise. Table 26 provided quotes from consumers who feel that financial perceived risk does affect them sufficiently to not purchase online:

**Table 26 Security concerns is not a factor for consumers**

Respondent	Quotation
Download, Female, 32	<i>(Do you think it is safe to buy music online? I'm now talking specifically using your credit card details.)</i> Yes. Ja. Ja. I mean, I remember the first time I bought sometime online I was quite impressed, with, you know, the CVV number, and nothing ever went wrong, so I was like, ok this is fine. <b>And now I understand secure payment methods</b> and all of that so, yes.  So I think, ja I mean I think anyone who purchases online with a credit card at all has accepted that it is safe. Perceived risk in terms of credit card security, no, I know it's is all cool.
Download, Male, 34	And now that I stream, I pay one amount and you know, the ease of buying it is also worrying. Because your credit card is linked to it, so the minute you hit "buy", it's done, and you could do this repeatedly and by the end of the month you can get quite a scary bill. So I quite like having a capped amount that I spend on music every month. <i>(Did not indicate any financial perceived risk, purchases online)</i>
Download, Male, 29	Yes, I think it's safe. I haven't had a bad experience buying music over iTunes. And not even only that, I mean I use my credit card daily to buy stuff over the Internet. So, but I mean, it's probably never 100% safe. But it doesn't deter me from using my credit card over the Internet or iTunes or wherever that is.
Download, Male, 23	Credit card. Ja, it's... I think so, ja. I mean I have never come across anyone who's been like, this credit card has been hacked, because they bought on iTunes, or anything. I think it is, hey. <i>(So you use your credit card when you buy on iTunes?)</i> Ja, ja.
Stream, Female, 26	I mean I have an account on iTunes so I trust the brand. I am happy with that.
Stream, Female, 21	A lot of people do, and are comfortable with it, I haven't heard anyone say, "Oh, iTunes ripped me off", or anything like that. So I think it is safe. If you use authentic sites and you use popular sites. Because, besides the fact that they want your money, and they want repeat business, they have a reputation to uphold. So they'll make sure it's safe.  Why do I not consider just paying, like buying it, from wherever? Because it's probably: one, I don't like <b>buying over the Internet</b> .

Four downloaders felt that using credit cards and purchasing music online is safe. They admitting that they actually use credit cards to purchase online. This again contradicts expert arguments that all consumers pirate. Two streamers agreed. However although indicating that others feel it is safe, the second streaming consumer stated that due to her lack of trust in the channel, she does not purchase online. Four experts also indicated that consumers feel it is financially safe to purchase online. The MRL and RIB experts in Table 27 indicated that using iTunes might implicate trustworthiness, but both stated in the same paragraph that generally security issues in purchasing online are perceived.

**Table 27 Expert opinions around security concerns not being a factor**

Respondent	Quotation
Expert ATP, Male, 34	<i>(Do you think consumers feel it is safe?)</i> A lot of consumers might now, I don't think it's a problem. Again it comes to a familiarity with the technology. If all the innovators and adopters are doing it, then no.
Expert DD, Male, 34	So when you have iTunes, I don't think that people are worried about security.
Expert MRL, Male, 41	I don't think the Internet has become any safer, in terms of your data and privacy, but I think the risks are less. Given the amount of people that now use the Internet for online shopping, iTunes, whatever the case, and I think more people are doing it because maybe the percentage of people that really get affected is very, very small and it also seems that if you do get nailed that you normally have got some recourse. And again it is a kind of word of mouth thing, people talk and belong to Takealot and I have an iTunes account and I have had it for two years and it's be fine, and then people become a bit more... you know?
Expert RIB, Male, 43	<i>(And legal platforms do you think people think it's safe to give their credit cards?)</i> I think so, I think they identify with the likes of iTunes. I think people are quite brand aware. So they will look at an iTunes type store and think well, you know, clearly they are iTunes therefore they must be safe. And I think that awareness will allow them to do purchases online and pay for these type of things.

However some respondents indicated that there are security concerns or financial perceived risks for consumers in purchasing online, as presented in Table 28:

**Table 28 Concerns around security as factor for consumers**

Respondent	Quotation
Download, Female, 25	<p>But even then, you've got to link a credit card. And I mean, with today's online Internet scanning and hacking and all of that... especially with Apple, I mean, iCloud was hacked not long ago ... do you want your credit card really linked to this account if it can be hacked? And that's, it's security. So I prefer to go on to a secure site of some form. Sites I've used before and I trust... But I'm very fussy of where I purchase. I've spent my time doing my research behind it, to know which are the safe ones to use, which are not.</p> <p>It's security-wise. So something would need to be quite secure for me to trust it... But music-wise, I am weary that they will pick up my IP address and strike my account or something.</p> <p>At the moment, security online is at a critical. It's... in my opinion, either the sites have to step up now - put in better firewalls, etc., especially to stop hacking – I find some sites have done that already. Other sites just don't seem to care.</p>
Download, Male, 41	<p><i>(We hope that because it is iTunes and it's reputable, that it is safe?)</i> Ja. And that's why I use iTunes. And I, well I actually hope someone don't hack into my accounts. Because how can you... What can I do to make sure that it doesn't happen? I can do nothing. So I have to trust the whole system.</p>
Stream, Female, 34	<p>I think you need to be educated when it comes to security. Before you just start browsing. And you need to know what you need to look at, to make sure. And I think that is your first thing you have to do, when you start doing this. Because you need to make sure you are on legit sites. And if you start pirating, you are going to get trouble. You are going to get trouble.</p> <p>Definitely, definitely. Not only just, I think, for security, monetary... Ja, but sometimes I could be a little bit paranoid when it comes to Internet security, so but ja.</p>
Stream, Female, 21	<p>But I personally am so paranoid. I do not buy over the Internet. Not even Kalahari.</p>
Stream, male, 35	<p>Yes. Yes, I think so, and I think maybe, maybe, maybe a risk of someone stealing your money... It is a risk that I am willing to take. And I go through reputable sites, and don't put in my pin number and stuff like that. So, you know, you must also be cognoscente of that service provider, like a PayPal or whoever, so ja.</p>
Stream, Female, 26	<p><b>(Do you think there is a risk in using sites like Bit Torrent and LimeWire and like the free download pirates sites?)</b> Yes, I do. Because first of all their interface looks dodge.</p>

Credit card fraud seemed to impact consumer perceptions around financial perceived risk. More than one downloader demonstrated the substantial role branding and trust play, indicating that using a well-known brand such as iTunes implied higher safety. All four streamers exhibited concerns around risks in security and purchasing music online. Thus half of consumers indicated some level of financial perceived risk related to purchasing online. Although expert opinions thus far have contradicted consumers', in this case, alignment emerged. Five out of nine experts felt that most consumers do not think it is safe to purchase online either. However one need to note that some explained that although they might feel that generally it is not safe, it does not imply that they do not purchase anything online. They argued that security risks are influential, as Table 29 indicated, which showed more alignment between expert and consumer perspectives:

**Table 29 Experts' opinions around security concerns as factor for consumers**

Respondent	Quotation
Expert DD, Male, 32	<p>It's really about like who is this company. Also another thing that is happening, is that people are also calculating their moves based on that. It's not just I don't trust them. It's really like who are you now. I think we are moving from the "we-don't-trust-them" to the "who-are-you-for-us-to-actually-give-you-our-details".</p>
Expert IRL, Male, 34	<p>I think the majority don't think it's safe. Although that is changing. <i>(Why is that? Even with a reputable business like Apple?)</i> People are afraid of the Internet and the unknown, you know.</p>
Expert MRL, Male, 41	<p>I think historically there was always a concern, not necessarily with consuming music on line, but just online purchasing... people were concerned about putting up payment details, or credit card details and personal information. I know when we were doing the Look &amp; Listen site that was quite a big deal; people were just not into it, they weren't really trustworthy of the Internet. I don't think the Internet has become any safer, in terms of your data and privacy, but I think the risks are less.</p>

Expert ML, Male, 32	Ja. I think e-commerce in general...
Expert ML, Male, 33	Sure. But people are, but I think still afraid of that. Of giving their details. It's also a barrier to entry, is the fishing.

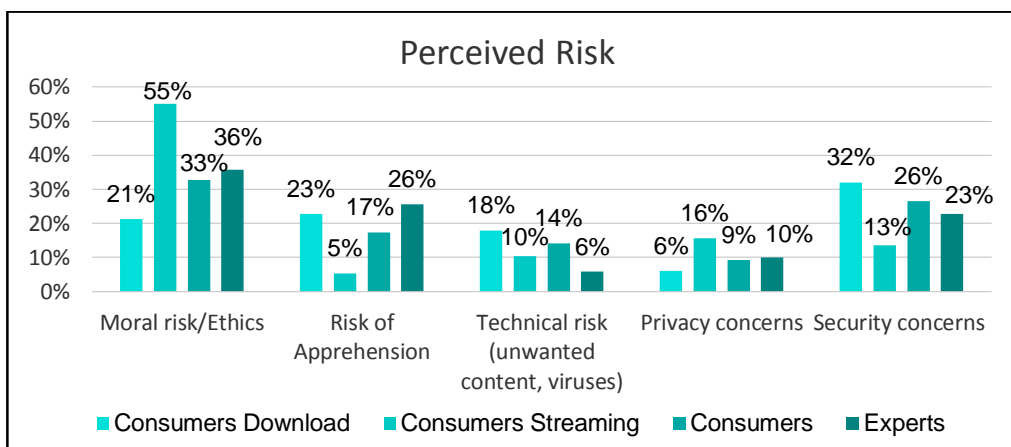
One expert's opinion contrasted with most consumers: "*All you hear is horror stories about people getting hacked, and this and that, and there is too much fraud and white collar crime in this country, you know, it's always there.*" (Male, 34, IRL). But overall in this theme, contradictory to previous themes, the majority of experts' opinions were aligned with consumers' sentiments. Often consumers still feel it is not safe to purchase online. This could imply a trade-off between financial perceived risk and price relevant to some digital music consumers. Although there was not consensus, the fact that a substantial amount of consumers and experts did, a need to address financial perceived risk versus being willing to pay for content from more trustworthy sites was clear. It further related to a risk faced by experts in that consumers' high financial perceived risk could trade-off their decision-making around purchasing, which could be a substantial threat. Trade-offs between brand restriction and perceived risk could be suggested. Some consumers stick with platforms they are familiar with because they trust the brand.

The fourth research question focussed on perceived risk versus price trade-offs. It was not found that the majority of consumers were willing to trade-off psychological perceived risk such as risk of apprehension and moral perceived risks to source free content. Law enforcement around piracy did not threaten consumers into using legal platforms. Consumers did not perceive their behaviour as unjustified or unethical. One could suggest trade-offs relating to different levels of value creation within this context. Although half the consumers indicated reasonable amounts of trust in purchasing online, many consumers and experts indicated that security concerns around financial perceived risk are impactful in decision-making. A trade-off between financial perceived risk relating to security and price seemed relevant. Those who purchase content on branded platforms like iTunes might be willing to pay because they perceive it as safer. This presented a trade-off relating to brand restriction and the implications of trust in different platforms. Although initially more misalignment between experts and consumers surfaced around consumers using credit cards to purchase online, financial perceived risk perspectives demonstrated some alignment between consumers and experts.

### **5.3.6 Research question five (Trade-off five)**

The last research question was concerned with how product knowledge versus perceived risk trade-offs are relevant in driving decision quality. Figure 12 indicated segments of importance based on conversation time weightings.

Figure 12 Attention to perceived risk themes



Ethics or moral risks, risk of apprehension, technical risk, privacy and security concerns received attention. As this research question was concerned with product knowledge, scrutinising all views related to product knowledge seemed appropriate. Each respondent had at least one, often two perspectives, on different types of product knowledge, which indicated an influence on different perceived risks.

### 5.3.6.1 Theme ten: Technical perceived risks

All consumers who made use of free download platforms indicated that technical risks such as receiving viruses, malware and incorrect, inappropriate or unwanted content were relevant. Table 30 indicated opinions around the economic and psychological risks related to concerns or issues with content on free or illegal platforms.

Table 30 Consumers using product knowledge to influence technical perceived risk

Respondent	Quotation
Download, Female, 32	That's happened all the time but it is not a problem because you can just <b>download the other one, another one</b> . It's just about time at the end of the day. Did I need this today, or can I wait? I can wait another day, I'll watch something I downloaded before. It's just irritating.
Download, Male, 29	But getting viruses on your computer and stuff. But I am pretty sure that the firewalls and stuff on an iTunes site or whatever it is, on Apple site is much better, than, you know, these free Internet sites.
Download, Male, 23	<i>(Is there any risk, any other risk I haven't mentioned?)</i> No I just think like the <b>virus</b> for me... I remember, but I have an anti-virus. But like, it would say like, this file has detected... and then it just removes. It just cleans it out, and then... Sometimes it warns you, this safe is not safe... do you want to continue, or would you like to exit? And then you just exit.
Download, Female, 25	I've spent my time <b>doing my research</b> behind it, to know which are the safe ones to use, which are not... There is a risk, I know that for a fact. <b>Malware risks</b> . If you download a virus file, you automatically have malware on your system. There's also risks of <b>viruses</b> and people actually do upload viruses purposefully. You actually have to know how to use the site and what to look for.
Stream, Female, 34	<i>(Do you think there is a risk in using these pirating sites?)</i> Definitely, definitely. Not only just, I think, for security, monetary issues but also with regards to <b>bugs and viruses</b> that you maybe pick up.
Stream, Female, 21	Well, if you go on random sites, they... ja they can put <b>spyware</b> ... Like, plus a lot of the sites, if it's not known sites, they have a lot of ads on there, so it is not very good to look at, and it's difficult to navigate. But if you just stick to what you know, it's pretty safe. And don't click on random stuff.

Downloading consumers mentioned receiving different versions or content to what they expected; such as viruses, malware, spyware and other bugs. One downloader (29)

mentioned safety of a brand such as iTunes in differentiation. Another (25) explained how she educated herself by doing research about the safest approaches to accessing Torrents. From a streaming perspective, consumers who use free platforms also indicated concerns: *“People will incorrectly name files so you will play their stuff and they have more plays. And then, you’ve wasted that two minutes thinking, it’s a remix, but it’s actually not the song at all”* (Female, 21, streaming). A certain level of platform knowledge or web expertise was implied. As stated by an MRL expert (41):

*“You’ve got to have a little bit of technical know-how, you run the risk of getting viruses; especially on those peer to peer networks, and when I tried it, just to understand how it worked, I got a virus! I wasn’t on there for ten minutes.”*

Downloaders demonstrated how they build knowledge to limit technical perceived risk in receiving unwanted content. This type of product knowledge related to platforms but did not relate to familiarity in the platform itself. It related to knowledge around Torrents or illegal platforms. One could argue that the concept of product knowledge could include relatable types of consumer knowledge such as technical platform knowledge around Torrents. All six consumers illustrated how having built technical Torrent platform knowledge has improved their ability to lower technical perceived risk in selecting unusable or receiving unwanted content such as viruses, malware, empty or corrupt files:

*“I think that the more tech savvy you are, the less threatened you are, or the less perceived risk there is. I think if you didn’t know and you get an email saying “We are going to catch you”, I think you might just panic hugely. So, perhaps it’s generational, super-user status”* (Male, 34, download).

Three consumers explained using reviews and recommendation systems in Table 31:

**Table 31 Consumers using review and recommendation agents**

Respondent	Quotation
Download, Female, 32	And then there is also a <b>rating system</b> that the users leave so the guy who uploads it says “This is the quality” and it gets reviewed.
Download, Male, 34	So when we had capped bandwidth you had to be more careful with what you got. You didn’t want to spend hours downloading something and there’s nothing really there. So you know, you started <b>relying on the comments on the sites, and the rating.</b>
Download, Male, 29	They could put a porn video on there, and just make it “Foo Fighters”. “And then you open it and it’s something that, some malware that takes over. So I mean... the risk is there. Like <b>you rate users and you can see like this one file is shared by 200 people</b> , or what, 2000 people, then you know it’s a proper file... But I mean, it gets, there is stuff where you can flag users and stuff like that. But I mean if I pay for an MP3, let’s say it’s over iTunes. I know pretty much, I’m pretty dead sure I’m going to get the actual MP3 that I’m looking for.
Download, Female, 25	What you do is, you will <b>check the review so to see if the uploader is a quality uploader</b> or not. They will tell you, the reviews actually tell you the audio quality, you get a rating out of ten, normally. They will give you a rating on whether it’s worth it or not. It also helps if you are looking for a song and you don’t know if it’s the right one. Sometimes these songs are named after the same songs as old ones, you know. You sit back and you’re like “Is this the old song or the new song?” Is this the remix or not? Reviews can help you.
Download, Female, 25	I’ve spent my time doing my research behind it, to know which are the safe ones to use, which are not. That’s also where <b>peer reviews come in. A lot of people will put on there: “Don’t download”</b> . So, you have to trust people’s judgement, you have to trust your own judgement. Then if something doesn’t look right, don’t download it. There’s specific uploaders that I might trust, but not many.

Seven consumers exhibited building knowledge around platforms through different approaches, including using reviews, ratings or recommendations to lower technical perceived risk. This demonstrated risk mitigating mechanisms. Results presented an additional type of product knowledge as technical Torrent platform knowledge in building familiarity or awareness around using Torrent platforms. It created a substantial argument for a trade-off between technical perceived risk and technical Torrent platform knowledge where higher product knowledge of this kind lower perceived risks in receiving unwanted content. Consumers with lower technical Torrent platform knowledge might avoid these types of platforms due to high perceived risk.

### 5.3.6.2 Theme 11: Product knowledge influencing perceived risk

Consumers implied levels of product knowledge which related to knowledge about protecting themselves from platform security concerns such as financial perceived risk of losing money via credit cards or being charged data costs, as Table 32 indicated:

**Table 32 Consumers using product knowledge to influence economical perceived risk**

Respon- dent	Quotation
Download, Female, 32	And I also think that by the time you are sort of <b>educated enough to have a credit card</b> , or old enough, or got enough money then yes, I think that knowledge kind of comes naturally.
Download, Male, 23	Unless if you, if <b>you know, you don't feel safe then you can do the voucher</b> because you <b>don't have to add any banking details</b> . It's just like the voucher number and then you get the voucher and then you can just buy whatever, yeah...
Download, Female, 25	<i>(So you don't, you don't purchase things online using your credit card right now, do you?)</i> I do, but like I said, on specific sites. <b>Sites I've used before and I trust</b> . So, I've purchased on Takealot. I've done, I've used PayPal, but that was quite a while ago. I mean they've also been hacked. Ja. Then there's... I'm trying to think now, there was another site that I've purchased on, I can't remember it now. <b>But I'm very fussy of where I purchase</b> .
Stream, Female, 34	I think you need to be <b>educated</b> when it comes to security, <b>Internet security</b> , before you just start browsing. And you need to know what you need to look at, to make sure. Because you need to make sure you are on legit sites. And if you start pirating, you are going to get trouble. You are going to get trouble. Because of the site, it is not secure, or the payment methods, if you have to pay for something. <b>So you need to make sure that you are Internet savvy, that you know what are secure sites and which aren't</b> .
Download, Male, 41	Ja, well time is a big constraint at this stage. So I'm not on iTunes that often. So it makes it a bit easier to determine what kind of songs... You don't necessarily have lots of hours to go through or listen to a lot of music... <b>iTunes is quite heavy on data</b> . So that's one of the reasons why I use the preferences or what other people like.

Four of these statements related to consumers building knowledge whilst the last related to using recommendations specifically on iTunes to lower financial perceived risk by limiting data consumption. The following consumer demonstrated how having limited knowledge around online security, increased perceived risk in privacy or security around illegal platforms, which is why he does not use it at all:

*"I think we are a bit more conservative. No, it's not an option for me at this stage. No! I don't know. I don't want someone else to go into my computer, my hardware, or hard disk, and get some information. **I don't know what they are going to take or use**. No, I'm too private."* (Male, 41, download).

Others explained in Table 32 how online security-related knowledge such as what reputable sites look like, and decreased perceived risk in using illegal sites. It referred to

a type of self-efficacy relating to security which did not seem to fit within the definitions of product knowledge used thus far. One could propose that an additional type of product knowledge has been demonstrated which consumers use to protect themselves: online security. It refers to building knowledge around the security of using these platforms. Generally consumers expressed how they familiarise themselves to feel more secure in purchasing content or using data online. An additional trade-off between financial perceived risk and online web efficacy is presented. Some consumers demonstrated building their online web efficacy in order to limit financial perceived risks. Others demonstrated low online web efficacy and experienced high financial perceived risk.

Interestingly, the oldest female streamer specifically used the word “educate”. This might be the kind of education consumers desire, rather than education which experts have been promoting, as discussed in the re-occurring theme. Experts expressed how product knowledge influences perceived technical risks, relating to security mitigation:

*“Maybe a small percentage of it might be a data loss. So you buy all the stuff digitally, you have it on your computer, your computer gets stolen, your hard drive fails and suddenly all your music is gone. **However what people probably don’t know** is that if you have bought all your music on iTunes you can restore all your purchases again. You can’t restore things that you have uploaded yourself or pirated or stolen.” (Male, 41, expert MRL).*

However consumers explained how they used technical Torrent platform knowledge and online security efficacy in Tables 31 and 32 to limit technical risks of unwanted content.

The last research question was concerned with how product knowledge versus perceived risk trade-offs are relevant in driving the quality of digital music consumers’ platform choices. Various types of product knowledge interacted and traded off with aspects of psychological and financial perceived risks. Two additional types of product knowledge has been presented in impacting consumers’ platform choices, namely technical Torrent platform knowledge and online security efficacy. These types of platform knowledge seemed to mediate the amount of perceived risk consumers might experience. Consumers built their platform and technical Torrent knowledge plus web efficacy through reviews and recommendations tools to decrease perceived risk of economic loss in using credit cards or unwanted content. Other psychological risks such as time wasted, moral risks, content and viruses were indicated as being most important to consumers. These results present a strong case on trade-offs between technical Torrent platform knowledge and perceived risks related to technical concerns. Consumers trade-off levels of online security efficacy against financial perceived risk in purchasing online. Those consumers who do have limited types of product knowledge, including knowledge around Torrents and online security, face higher perceived risks.



Before summarising the findings from Chapter 5 as a conclusion, it was vital to discuss how potential threats to validity and reliability has been addressed. With regards to the summary: the chronological order of themes in the table matches the order of the discussion except for the re-occurring theme which was discussed in the beginning of this chapter, but summarised in the table based on the theme it occurred in. Thereafter results will be reviewed against literature reviewed for further analysis.

#### **5.4 Addressing threats to validity and reliability**

Firstly it was important to note that respondents' sensitivities relating to discussing music piracy could have been impactful. Respondents might have been hesitant to share information on music piracy in a recorded forum, raising an ethical concern and potential threats to validity and reliability. However it was the researcher's responsibility to approach insights tactfully, professionally and confidentially. Steps were taken to minimise these potential threats. As validity refers to accuracy in research data from various standpoints, not only the researcher's, (Yilmaz, 2013), but also qualitative researchers have to demonstrate that their studies are credible, trustworthy and authentic (Creswell & Miller, 2000; Thomas & Magilvy, 2011). It thus focuses on the truth value (Johnson & Waterfield, 2004). The different validity procedures suggested by Creswell and Miller (2002) are triangulation, disconfirming evidence, researcher reflexivity, member checking, prolonged engagement in the field, collaboration, the audit trail, rich, thick description and peer debriefing (Creswell & Miller, 2000), of which quite a few strategies were executed to address threats to validity:

##### **5.4.1 Prolonged engagement in the field**

The researcher spent over ten years working as professional in the South African music industry whilst being a heavy consumer of digital music for over ten years and spending time on various digital music platforms. Apple Music launched in July 2015 and the researcher subscribed and spent substantial time in experiencing the platform as a consumer. The researcher did illustrate an understanding of the subject from expert and consumer perspectives, was familiar with terminology and basic knowledge relevant to both perspectives and was committed to doing the subject and data justice. Validity has been added to the narrative accounts of the study (Creswell, 2003).

##### **5.4.2 Thick and rich descriptions**

It was attempted to present descriptions of the settings, participants and themes in Chapter 4 and 5 as comprehensively as possible as thick, rich descriptions establish credibility by describing elements in rich detail (Creswell, 2003).

### **5.4.3 Peer debriefing and collaboration/member checking**

Selecting individuals familiar with either the research process or subject being explored to support, review and challenge content and the process seemed an appropriate approach improve validity. One peer individual external to the research project was involved throughout as sounding board in planning the research process and providing constructive critique via peer debriefing. One of the participants was involved in scrutinising content and providing feedback. This could thus apply as a combination of member checking and collaboration as she was able to confirm her own data and collaborate with the researcher in ensuring authenticity, thus qualifying as data verification. A third individual strong in analytical skills but not employed as editor, reviewed the project to advise on clarity of logic presented.

### **5.4.4 Addressing threats to reliability: Transparency and comprehensiveness**

To facilitate audibility, semi-structured interview schedules, details of consumer or expert samples, transcripts from interviews and analysed data were made available for future researchers interested in replicating or building on this project. Clear definitions were provided to increase consistency throughout. Specifically research questions, congruence in research design with research questions, the researcher's role and assumptions and peer or colleague reviews were paid special attention (Yilmaz, 2013). Additionally the following steps were executed to attempt achieving an audit trail:

- The specific purpose of the research was discussed in detail in section 1.4 (Page 5).
- A discussion around how and why the participants were selected for the research project was provided. Additionally a clear description of how data was collected and how long the data collection lasted was presented in section 4.7 (Page 53).
- Section 4.8 provided explanations around data transformation for analysis (Page 53).
- Comprehensive discussions of the interpretation and presentation of the research findings were provided throughout chapter 5 and 6 (Starting page 58).
- Communication of the specific techniques used to determine the credibility of the data was presented as part of the planning phase in section 4.9 and explained in section 5.4.4 (this section) (Thomas & Magilvy, 2011).

## **5.5 Conclusion**

The five research questions were addressed by utilising the analysis of data to identify relevant themes in Table 33 on the next page. Based on the this presentation of themes and results, considering theory from the literature review in Chapter 2 will be integrated to comprehensively answer each research question in Chapter 6 and conclude findings.

**Table 33 Summary of results by research question**

Research question	Themes	Trade-offs demonstrated	Response to research question based on themes
<b>N/A: Overarching</b>	Education around platforms and illegal music consumption required and consumers should be taught to adjust to their value propositions.	N/A	<ul style="list-style-type: none"> <li>Disconnect between expert opinions and consumers' levels of product knowledge. Currently industry not offering value propositions that consumers value as product centric instead of consumer centric logic is utilised.</li> </ul>
<b>Research question 1: Price versus platform fit</b>	High data costs influences consumer decision-making.	<b>Convenience versus economic (data) costs</b>	<ul style="list-style-type: none"> <li>Information goods' cost structure, marginal cost and fact that digital music can be sourced at zero economic cost impacted how consumers consider paying for content or data, compared to the varying benefits and values attached across platform types.</li> <li>Punj model trade-off price versus platform relevant.</li> <li>Presenting three additional trade-offs within trade-off one.</li> <li>Re-calibration to focus less on price challenged.</li> <li>Various trade-offs impacting consumers and disconnect between experts' understanding of what consumers value.</li> <li>Segment consumers based on willingness to pay and perceived value.</li> </ul>
	Benefits indicating platform fit varied. Expert opinions of consumer preferences not aligned. Main platform fit consumer preferences are convenience and variety of content, downloaders value sharing and device integration, Streamers value quality and access without storage.	<b>Value of benefits versus willingness to pay for benefits</b>	
	Majority of consumers' willingness to pay highly dependent on value. Decisions in based on being able to source content free of charge based on value attached.	<b>Price versus perceived value or desirability (Versions, scarcity or abundance)</b>	
<b>Research question 2: Price versus search costs</b>	Free or illegal platforms' search cost often implies higher or additional search costs. Legal platforms such as iTunes often implied low or zero search cost. Considering data cost implications this is of importance for platform value propositions.	<b>Time (part of search) versus cost.</b>	<ul style="list-style-type: none"> <li>Punj model trade-off price versus search relevant. Two additional trade-offs within trade-off two.</li> <li>Time highly valued, potential to address consumer needs in minimising time cost.</li> <li>Recalibration to focus less on price challenged. Most consumers were willing to search more to source content free.</li> <li>Various trade-offs impacting consumers and disconnect between experts' understanding of what consumers value.</li> <li>Segment consumers based on willingness to search versus pay.</li> </ul>
	Most consumers willing to increase search costs, spend time searching for content on free sites, even though these sights usually imply higher search costs to source content at zero economic cost. Time generally highly valued, seem to increase with consumers' age.	<b>Psychological costs versus search or time to struggle in finding content. Attention for revenue versus other payment mechanisms.</b>	
<b>Research question 3: Product knowledge versus price</b>	Consumers' levels of product knowledge and relevant willingness to pay vary. Product knowledge required to source music at zero economic cost. Consumers exhibit reasonably high levels of product knowledge.	<b>Different levels of product knowledge and willingness to pay, which is influenced heavily by perceived value.</b>	<ul style="list-style-type: none"> <li>Suggested trade-off product knowledge versus price relevant. Presenting two additional trade-offs within trade-off three.</li> <li>Consumers' product knowledge, especially web expertise and platform knowledge generally reasonably high.</li> <li>Various trade-offs impacting consumers. Segment consumers based on levels of product knowledge.</li> </ul>
	Experts are in consensus in judging consumers as lacking in product knowledge.	Willingness to pay versus impact for artist or value.	
<b>Research question 4: perceived risk versus price</b>	Risk of apprehension or moral risks are usually not influential. Perceived psychological risk versus economic cost trade-off not substantiated.	<b>Different levels of value creation presented.</b>	<ul style="list-style-type: none"> <li>Proof that psychological risk trades off against price not presented.</li> <li>On psychological risks further contradictions between experts and consumers and proof of existing disconnect. Product rather than consumer centric logic perceived. On perceived financial risk opinions are more aligned.</li> <li>Trade-off between financial perceived risk and willingness to pay a certain price is relevant for some but not all digital music consumers.</li> <li>Segment consumers based on levels of types of perceived risk.</li> </ul>
	Financial perceived risk varies but is a concern for half of the consumers and experts. Furthermore the role of brand in trust is crucial.	<b>Financial perceived risk versus price trade-off Brand restrictions and impact of brand trust.</b>	
<b>Research question 5: perceived risk versus product knowledge</b>	Building product knowledge to influence technical perceived risk, including review and recommendation agents to limit perceived risk of unwanted content.	<b>Technical Torrent platform knowledge as product knowledge versus technical perceived risk</b>	<ul style="list-style-type: none"> <li>Presenting trade-offs between different types of perceived risk and product knowledge. Product knowledge levels are influencing other perceived risks, whether psychological or economic.</li> <li>Concept of product knowledge includes technical Torrent platform knowledge and online security efficacy.</li> <li>Expert opinions patronise and condescend consumers, illustrating product instead of consumer centricity whilst consumers exhibit high levels of various types of product knowledge</li> </ul>
	Building product knowledge to influence financial perceived risk around online security, spending money online or data, including some used review or recommendation agents.	<b>Online web efficacy as product knowledge versus financial perceived risk</b>	

## 6. Chapter 6: Discussion of results

The purpose of Chapter 6 was to answer the promises of chapter 3 and chapter 1 through the analysis of results in Chapter 5. In light of Chapter 2, key elements from the literature review were applied to results from Chapter 5 for consideration within the context of literature to answer the research questions. The structure of the chapter was approached based on the five research questions presented in Chapter 3. However, three key contributions emerged relevant to all five research questions. For ease of presentation, the three main contributions were discussed first to not fragment the discussion. Then contributions relevant to specific research questions only were then addressed.

### 6.1 Three key contributions

#### 6.1.1 A disconnect between perspectives

Throughout Chapter 5 there were repeated instances where experts simply did not seem to understand consumers. For example, related the first research question in discussing willingness to pay, experts explained: “*You can’t compete with free; free is free*” (Male, 41, Expert MRL). This contrasted with the concept of freemiums such as Spotify’s offering, the Pay What You Want model which Radiohead launched which proved that consumers are willing to pay for something if they value it or find it desirable (Colter, 2012; Kim et al., 2009; Marett et al., 2012). Consumers explained how they are currently paying for content, or willing to pay for content they value. Results indicated that consumers could be induced to pay.

As argued in literature, revenue decreases in music sales have partially been caused by reduced consumption due to many consumers being unaccustomed to new digital platforms (Bustinza, Vendrell- Herrero, et al., 2013). Results from the re-occurring theme plus scrutiny of product knowledge levels contradicted literature that many consumers are still to a certain degree unfamiliar or unaccustomed with new digital platforms. As illustrated by Tables 20 and 22, consumers demonstrated reasonably high levels of product knowledge and substantial familiarity, especially with regards to what they value. The few consumers that acknowledged low product knowledge, specifically platform or web expertise, were older and not digital natives.

Experts were outraged by (perceived) low product knowledge shown by consumers with regards to streaming and downloading platforms and called for educational drives to improve consumers’ product knowledge specifically with regards to moral, technical and financial risks. Experts were in consensus that consumers’ lack in product knowledge was affecting decision-making in music consumption substantially. They felt that drastic

measures had to be taken to improve education around platforms and illegal music consumption. Firstly, the question could be posed whether this “educational” exercise will create value for consumers if their understanding around services was improved? Secondly, results contradicted expert opinions that consumers are spectacularly uneducated. It seemed that experts expected consumers to convert to their model instead of offering a value proposition they are willing to pay for. Experts were unable to see consumer behaviour from the consumer’s point of view. They also tended to focus on non-paying platforms rather than ones that have returned value to the industry and consumers alike. It was found that experts’ opinions were disconnected from what they were doing and saying themselves; contradicting their own opinions. Furthermore, a substantial disconnect emerged due to differences between industry experts’ opinions of consumers’ knowledge around platforms and the web, and what consumers actually seemed to know, feel and want. These experts, as industry representatives, lacked understanding in how the variety of discussed trade-offs impact decision quality and drive decision-making. This was not anticipated in the literature.

From the literature reviewed, excluding books, reports, newspaper articles and other sources that are not academic journal articles, 21 sources were reviewed that specifically focussed on music consumption. Appendix 10 presented the complete list. Of these 21 sources, the majority consisted of quantitative primary research via surveys, quantitative secondary research via sales data analysis or literature reviews only. Only four articles included qualitative primary research which provided the opportunity to freely test music consumers’ opinions as empirical data in a non-restrictive, explorative manner (Nuttall, 2008; Papiés et al., 2011; Sheehan et al., 2012; Weijters et al., 2014). Thus less than one fifth, or 20% included qualitative primary consumer perspectives where researchers actually spoke to consumers. One could argue this might partially explain this disconnect, as there are not many qualitative studies that specifically consider digital music consumers’ perspectives within this context. This research project however investigated both consumer and expert opinions, which brought insight to the study.

The major finding is that the industry seemed out of touch with its consumer base. They expressed subjective, patronising and product centric perspectives in contrast to consumer centric logic which would yearn to address consumer needs through value propositions rather than judge levels of familiarity. Although many definitions of consumer (customer) centricity exist, most focus on the concept of value: the “Ability to get and stay ahead, by giving long-term value to and getting long-term value from customers, in a way that makes it difficult for others to catch up” (Vandermerwe, 2014). Expert opinions demonstrated a refusal to truly consider consumer perspectives and

trade-offs and influences on their decision-making and attempt to resolve the scenario by giving and getting long-term value from consumers. This raised a serious concern around consumer centricity within the industry to provide for consumers' needs.

When considering the marketing world, these perspectives do not seem to compute. By following a true consumer centric approach, and considering consumer opinions in an explorative fashion with expert opinions and other sources, a true consumer centric contribution is made via the methodology of this research report. It seems that industry experts were obsessed with piracy and an existing business model of which the revenue is declining, and not the consumer experience. Not what consumers value. They were focussed on a symptom, instead of the problem. Education and ethics receive more attention than providing value to consumers. Thus a lack of consumer centricity in digital music perspectives around consumer decision-making emerged as re-occurring theme throughout the study. This result has not been contradicted nor supported by literature as literature investigating this specific topic within this context, was not found.

### **6.1.2 Implications of digital music's cost structure**

A second key contribution which emerged through various themes and research questions were the implications of specifically digital music as information goods' cost structure. This relates to literature reviewed which explain that information goods imply a specific cost structure of high initial fixed costs to produce but low marginal cost of reproduction and distribution (Cesareo & Pastore, 2014; Lambrecht et al., 2014). Because digital music trades as information good, for example, based on results from the second research question around search costs, the specific cost structure of digital music facilitated opportunities to search free content. More importantly, Tables 7, 8 and 9 presented an overarching stream of thought across all respondents. Consumers considered other costs aside from tracks or albums. One of these is the cost of data. The majority of respondents felt that data costs in downloading and streaming music in South Africa is high. This perspective supports literature stipulating that specifically in South Africa data costs are generally high (Mathur et al., 2015). This aligned to and adds to literature around high cost of data being valued by all consumers, regardless of their income levels which may affect mobile data usage (Mathur et al., 2015).

Generally speaking, results were aligned with the majority of literature reviewed which in terms of the specific cost structure of this category, which requires data for distribution, indicated that the cost of data indeed influenced consumers' choices around consuming music (Mathur et al., 2015). Respondents indicated that the impact of data costs seemed influential on their decision-making, even in choosing between downloading versus

streaming platforms and when to access platforms. Therefore, possibly affecting usage. This is specifically important due to the specific cost structure of information goods implying that data costs are potentially considered as part of the reproduction costs of the product. This aligned with literature explaining implications of the cost structure such as the inseparability attribute which implied that the process of delivery, or distribution, and consumption happen simultaneously, especially when considering streaming through Spotify or Apple Music (Hung & Chen, 2014).

One could argue that paying for data implies that some production costs have been partially shifted, or even forced onto the consumer, which might impact their willingness to pay for content. Quotations were provided in Chapter 5, theme 2 were consumers felt that paying for data is a “double” or an “extra” cost, acting as barrier against increasing consumption, facilitated by this cost structure. One could argue that paying for data is similar to funding a segment of distribution. That this implied that consumers fund their own access to digital music by paying for the distribution of content themselves, thus affecting their decision quality. There was a sense from consumers that they were paying for the distribution, in a way. The fact that they were not paying the label or platform, but the data provider, did not matter. Thus the specific cost structure of digital music as information good implied that consumers could perceive them funding elements of reproduction which is not necessary relevant for all formats of music or tangible goods.

### **6.1.3 Versioning to create value**

A variety of authors argued that digital music consumers’ willingness to pay is extremely low, implying most consumers prefer to pay the lowest possible amount for digital music (Jeong & Lee, 2010; Leyshon, 2009; Papies et al., 2011; Warr & Goode, 2011). Results indicated that consumers’ willingness to pay for digital music, both within downloading and streaming contexts, were highly limited and dependent on perceived value and benefits. It is noteworthy that only one out of ten consumers felt that they valued certain benefits to the extent that it influenced their willingness to pay (in Table 10). This possibly indicated a potential lack in offering appropriately valued benefits across versions.

The results supported opinions that most consumers’ willingness to pay is low. It however challenged literature that did not consider the value a consumer attach to the specific version in their willingness to pay. Some authors argued that perceptions that content is de-valued, exist. That zero willingness to pay exists across the board (Papies et al., 2011). Results contrasted this generalised perspective. At the time, two consumers paid for content and others indicated possible willingness to pay based on benefits or value. There was some substantiation in other literature that indicated that some consumers

are willing to pay for music (Marett et al., 2012), which the results supported.

Although consumers indicated benefits resulting in platform fit impacting platforms chosen, economic cost and value seemed to be a more influential driver of decision quality. Literature stated that the actual driving force behind consumer choices seemed to be mainly economical (Weijters et al., 2014). Results did not affirm this statement as consumers elaborated on various other drivers such as value and online security. Results related to the first research question, with regards to price versus platform fit, indicated a variety of preferences related to benefits and the value attached to it.

Benefits go to the heart of the product value proposition, which in literature is often referred to as the set of benefits that is delivered to satisfy client needs (Kotler & Keller, 2011). Results implied that the value consumers attached to a variety of benefits, differ greatly. Thus if platforms are unable to deliver the set of benefits to satisfy the needs of a specific client's needs, based on what they value, they are unable to provide a value proposition successfully. This argument aligned with literature that explained that the function of a successful value proposition is to provide a basis of differentiation as well as a foundation to create an ongoing buyer-seller relationship, fulfilling a vital part in the overall value creation process within customer management (Payne & Frow, 2014). Expert opinions did not seem to focus on delivering value to differentiate themselves and build ongoing buyer-seller relationships, their focus was to explain how consumers should be educated to accept whatever is currently proposed to address their needs.

In discussing 2014-2016 marketing research priorities, the Marketing Science Institute expressed concern around consumers and delivering value. The ultimate priority is described as understanding customers as well as the customer experience as consumer behaviour has changed substantially due to technology (Rizley, 2013). Also, prioritisation is strongly recommended around creating and communicating enduring customer value as one of the most vital duties of marketing to attempt to drive customer satisfaction, loyalty and profitability. It is stated that "It truly is at the heart of which marketing is all about" (Rizley, 2013, p. 9). If one reflects back as marketers, consumer wants and needs and crafting appropriate value propositions to deliver that, is key. Marketers should consistently consider the actual value proposition offered before consumers are expected to purchase the product, which challenged most expert opinions.

The literature reviewed in Chapter 2 elaborated on the concept of versioning where different versions of a good are sold at different prices based on the value they are willing to pay (Huang, 2012; Shapiro & Varian, 1998). This related to the previous key contribution discussed in utilising low marginal costs in information goods by setting



prices according to specific value a customer places on the content (Shapiro & Varian, 1998). Adding to this literature above, if consumers' specific preferences are known, the concept of different digital music platforms functioning as different versions, combined with experiential versions such as live concerts, is of relevance. It could address those consumer needs based on accurate versioning, as well as value attached to specific benefits. It was explained that versioning strategies can only be successfully implemented if comprehension of the range of preferences across different groups of identified populations of buyers existed (Chappell et al., 2011), so that different versions can be customised based on relevant consumer preferences specifically fitting existing markets (Wei & Nault, 2014). Based on the results from Chapter 5, whilst considering literature, one could question whether value is proposed to digital music consumers to the extent that they are willing to pay for it. Whether digital versions or experiential versions such as live concert and other music versions are appropriately segmented based on consumers' preferences and perceived value, is questionable.

Based on the Marketing Science Institute report, value is still not understood (Rizley, 2013). Chapter 1 and 2 explained how recorded music revenues have been declining globally (Berry, 2015; IFPI, 2011, 2012; Sheehan et al., 2012; Sinha et al., 2010; Weijters et al., 2014) whilst consumers have been opting to source music illegally to the extent that it has become a threat to the industry (Bustinza, Vendrell-Herrero, Parry, & Myrthianos, 2013; Jeong et al., 2012; Jeong & Lee, 2010; PriceWaterhouseCoopers Inc, 2013; Shivendu & Zhang, 2012; Sinha et al., 2010; Warr & Goode, 2011; Weijters et al., 2014). Results indicated that consumers are willing to pay for what they value. Thus one could argue that the threat of piracy might be on the increase because value in value propositions in digital music platforms is not perceived. However, if appropriate value propositions are crafted and delivered based on true consumer centricity, digital music consumers might and should react differently.

Two consumers admitted to paying for digital content whilst the majority admitted to paying only for live music or physical music products. Results added to existing literature on versioning in presenting that differing consumer preferences in benefits of digital music platforms must be taken into consideration. Consumers could be segmented based on the value they attach to benefits. Understanding how this trades off with their willingness to pay for that benefit will provide insight into how to offer content on platforms based what consumers are willing to pay for. Thus the value proposition literature holds and should be utilised when considering digital music consumer trade-offs. Based on results, it seemed all digital music platforms did not seem to employ appropriate segmenting based on perceived value, differentiation and consumers' willingness to pay

for that value. Many consumers expressed varying degrees of frustration related to (lack of) valued benefits and unwillingness to pay for certain versions or benefits. This is crucial, especially considering that some platforms like YouTube and SoundCloud are free, whilst others like Apple Music and Spotify Premium, are not.

True value must be provided to the consumer through the delivery of digital music. Whether it is through interactivity, holographics or ways to mimic the experience: there are innovative ways to deliver value consumers will be willing to pay for. Versioning could play a role here. Content consumers want content and value, and content that aids in supporting legal platforms because consumers want to (Choi & Burnes, 2013). This is aligned with research that argues: “As online shopping continues to grow... the premium in the future will be on creating unique, brand-defining experiences that keep customers coming back—whatever the channel.” (PriceWaterhouseCoopers Inc, 2015). Opening up the traditional value chain to involve all stakeholders could trigger a race to co-creation to attract the finest partners to create value with (Gouillart, 2014).

Creating distinctive, brand-defining experiences as competitive advantage could be encouraged through co-creation strategies. This implies that instead of trying to isolate and defend distinct capabilities internally, organisations compete by expanding traditional value chains to attract various stakeholders to create value with (Gouillart, 2014). Evidenced has recently emerged that by utilising the Internet as enabler, record labels, musicians and fans can work together to co-create value for mutual benefit. This could take relationships between consumers and stakeholders on the supply-side of the industry to new levels to promote new, fresh, exciting relationships by co-creating content that adds value to sides (Choi & Burnes, 2013).

Through effective versioning, by utilising specific cost structures, value can be co-created with consumers for example by utilising higher willingness to pay for live experiences. Different platform types, or different versions digital music is offered in, ranging from download to streaming, combined with experiential versions, should be differentiated and combined based on varying benefits which consumers value. Consumers could also perceive their funding of segments of reproduction through data costs as co-creation. Thus marketers need to go back to basics: get the offering right first, apply segmentation, consider co-creation, and stop treating consumers as a homogeneous mass. It seemed that all these business models treated consumers alike. Differentiation could impact the economic cost consumers might be willing to pay for content or specific value attached to a certain benefit featuring on that platform, as part of consumers’ decision-making during search and alternative evaluation.

## **6.2 Contributions based on specific research questions**

### **6.2.1 Research question one (Trade-off one)**

The first research question was concerned with how relevant price versus platform fit trade-offs are relevant in driving the quality of specifically digital music consumers' platform choices. Results based on themes discussed in Chapter 5 will be addressed first, namely the cost of data as cost consideration, varying consumer preferences relating to values attached to benefits or platform fit and consumers' willingness to pay.

#### **6.2.1.1 Theme two: Data cost as cost consideration**

In considering the first research question, it seemed that other economic costs such as high data costs influenced the majority of consumers' decision quality. This was not specifically expressed in online models of consumer behaviour, indicating a potential gap in literature (Gatautis et al., 2014; Punj, 2012). Consumers viewed data as an extra or unnecessarily high cost. Results were however supportive of sources in literature which argue that users in South Africa are aware of how online usage consumes data (Mathur et al., 2015). Most consumers seemed to be aware of options to try minimise their cost of data such as accessing public or work wireless connections or going online late at night or at the end of the month closer to expiry dates. These results contradicted literature stating that consumers in South Africa do not seem to understand how to manage the applications that heavily consume data on their phones (Mathur et al., 2015).

It might explain one of the reasons why piracy continues to be a problem as consumers might base decision quality on the fact that if they purchase content legally, they have to pay for content plus data. Whilst on the other hand, illegal download only implies data costs if consumers cannot gain free Internet access. The cost of data is thus part of the consideration of economic cost within the economic trade-off and adds to the weighting of price therein. This was comprehensively discussed as key contribution in section 6.1.2. However as presented in Chapter 5, a trade-off between convenience versus economic (data costs) emerged which is influential to consumer decision-quality.

#### **6.2.1.2 Theme three: Consumer preferences around platform fit**

Perspectives on platform benefits varied quite substantially. These results presented in Figures 8, 9 and 10 demonstrated that 13 benefits were discussed to varying degrees amongst ten consumers. Comparatively speaking, downloading and streaming consumers discussed convenience and variety of content as benefits more than the experts. Other benefits discussed amongst downloading and streaming consumers varied, and even more so compared to experts. Certain benefits such as unbundling, for example, were mentioned as one of the main benefits which attracted a consumer to

iTunes, for example. Literature explained that consumers can purchase individual tracks without having to purchase the entire album (Reimer et al., 2010), which did not receive attention from all consumers, but those who did discuss it, indicated it as a substantially attractive benefit. This supported views in literature that unbundling empower consumers to purchase only the content they really want (Elberse, 2010). Based on the data presented, consumers' opinions around benefits relating to platform fit differed between downloading and streaming consumers as well as between consumers and experts. This was the case especially when considering benefits such as convenience.

#### **6.2.1.3 Theme four: Consumers' opinions around willingness to pay**

The concept of willingness to pay relate to the amount of disposable income the consumer has. In Chapter 4 methodological choices were based on views that minimum disposable income should be used in defining the population. It was argued that individuals with zero income will probably not be able nor willing to pay for music at all, thus skewing the results. Literature indicated that consumers with higher disposable incomes were more likely to purchase online (Loubeau et al., 2014). As decreasing disposable income lead to decreased consumer spending, which directly impacts on the bottom line (PriceWaterhouseCoopers Inc, 2012), cost of content and consumers' disposable income are factors worth investigating (Bhattacharjee et al., 2003).

Literature argued that economic and search costs were possibly influential within online consumers' search and evaluation by impacting decision quality by how closely consumer needs are addressed (Punj & Moore, 2009; Punj, 2012). Results did not contradict nor affirm these views, as the majority of consumers' willingness to pay is low whilst all consumers were in LSM 7, 8, 9 or 10. Thus their disposable income was not necessarily substantially higher or lower than the next consumer who might have been willing to pay. For example, almost a third of consumers admitted that they are willing to pay a lot of money to an artist's live performance, however not for the same artist's album. This implied that disposable income is not necessarily the main deterrent and that willingness to pay does exist. However it re-affirmed, combining data and literature, that defining a minimum disposable income for the population in digital music consumption, is appropriate as a certain level of income is required to pay for music.

The ability to source content at zero economic cost due to information goods' specific cost structure, seemingly influenced the trade-off between price and platform fit. Punj (2012) argued that electronic commerce platforms allow consumers opportunities to shift primary focus to "benefits" rather than "costs" and recalibration to calculate online product searches differently, should be encouraged (Punj, 2012). Based on results in

light of the literature reviewed, price versus platform fit trade-offs offered in the Punj model (2012), were relevant for most digital music consumers in driving the quality of platform choices. However within this context, re-calibrating the trade-off to focus more on varyingly valued benefits rather than costs, as Punj suggested, was challenged. Most digital music consumers did not seem willing to re-calibrate the trade-off and focus less on price and more on benefits if sufficient perceived value was not proposed. The trade-off was mostly driven by economic cost combined with perceived value.

The specific cost structure of digital music as information good impacted how most consumers consider paying for content or data compared to the varyingly valued benefits across platform types. The specific cost structure of information goods as well as high data costs influenced most consumers' willingness to pay for music, especially considering (lack of) value in platforms' value propositions. Scarcity versus abundance across different versions were impactful. As data costs were viewed as an additional economic and reproduction cost, it complicated the possibility of re-calibrating focus to benefits instead of costs. Furthermore consumers' perspectives on benefits and its values differed vastly. One cannot argue that generally all consumers' benefits are addressed through versions on various platforms, which challenged the probability of more consumers focussing more in benefits further. Unfortunately industry, via expert opinions, did not seem aware. Experts came across as rather disconnected with regards to these consumer perspectives, as the key contribution explained.

Thus based on the results combined with literature, it seems that price trade-offs are highly relevant in driving the quality of most digital music consumers' platform choices as three additional trade-offs relevant to price versus platform fit emerged. A trade-off between convenience versus economic (data costs) where consumers pay additional economic costs to access content, was clear. Plus a trade-off between willingness to pay (for certain benefits) versus value attached to that benefit. Thirdly, price or willingness to pay trades off with perceived value which is influenced by versions and scarcity. Consumers understood the implications through funding the distribution of digital music as information good due to the specific cost structure and attach great, yet differing, value to benefits which influence willingness to pay.

Thus in considering the first research question, platform fit or benefits that might influence the consumer's decision quality, varied greatly across consumers. How appropriately these benefits are provided in ways that deliver value to consumers, could further impact the trade-off. This includes trading off willingness to pay for a platform versus how a certain benefit and the consumers' perceived value of that benefit, features.

It additionally offered the opportunity to suggest segmentation based on versioning to address potential gaps in addressing consumers' needs based on valued benefits.

### **6.2.2 Research question two (Trade-off two)**

The second research question focussed on how price versus search costs trade-offs, as adapted from the Punj model (2012), are relevant in driving decision quality related to digital music consumers' platform choices. Although the Punj model (2012) indicated time cost and not effort as influence on decision quality, in literature other concepts were included with search costs. As discussed in the literature review, low search costs, convenience, information, cost and time efficiency were indicated as factors that influenced online consumer decision-making (Gatautis et al., 2014; Wang, 2012).

Cognitive search costs was defined as consumer perceptions around costs, time as well as effort invested during search and making sense of information related to products (Bechwati & Lan, 2003; Cardozo, 1965; Shih, 2012). Results supported opinions on different approaches where consumers considering effort, time or search costs as influences on their decision quality, and not only time. Thus although various terms were used by authors to indicate relatable concepts, it seemed appropriate within this context to include effort with time cost as search costs within transaction costs, as illustrated by the suggested model, Figure 6, as influence on decision quality.

#### **6.2.2.1 Theme five: Free or illegal platforms' search cost implications**

Although trends emerged, data presented in Tables 13, 14 and 15 indicated that opinions were not completely aligned amongst all consumers. Results were slightly mixed. The slight majority of consumers felt that illegal download or free streaming platforms usually implied higher search or time costs or effort. This trend continued with regards to the majority feeling that legal platforms such as iTunes implies lower or zero search cost. Some consumers expressed that they are aware that they could find content faster on iTunes but admitted that they would have to pay for it. This substantiated literature that search and download times on legal platforms are often briefer than illegal sharing networks, thus transaction costs in illegal downloads could be higher in comparison (Jeong & Lee, 2010). This results and literature are aligned with regards to illegal platforms implying longer search costs.

Thus when considering the second research question it seems that there was agreement that illegal platforms might imply higher search cost. It substantiated that consumers considered search costs within their decision quality regarding platforms. They were aware that certain platforms might imply longer search than others to find specific content, as the different platforms' content variety differ. Thus the search versus price

trade-off seemed relevant to this context, but applicability of Punj's trade-off to suggest that consumers re-calibrate focus from cost to search, was not found. Secondly an additional trade-off emerged due to value of time in time trading off versus cost.

#### **6.2.2.2 Theme six: Consumers' willingness to increase search cost**

The second theme relevant to the second research question was illustrated in Tables 16, 17 and 18. It demonstrated that most consumers were willing to increase search costs, thus spend extra time searching for content on free or illegal download or streaming platforms. This was the case even though these platforms often implied higher search costs to source content at lower costs, as mentioned above. Most consumers indicated that they are willing to spend extra time searching for content on free platforms, rather than paying for it, even though these sites usually imply higher search costs. Google was often used as an entry point to search for specific platforms that will provide content, instead of platforms being chosen to search on. Some consumers indicated that they are not loyal to a specific platform but would attempt various platforms to source free content. However as mentioned, the results are slightly mixed, as a few consumers were indeed willing to pay or not willing to search for longer on illegal, yet free platforms. Willingness to pay to limit search costs seemed to increase with consumer age.

Literature indicated that certain costs such as search costs specifically relating to how long it took consumers to find specific content, have been recognised as having the potential to act as barrier to piracy behaviour (Sheehan et al., 2012). Data contradicted this perspective somewhat as more than half of consumers confirmed their willingness to search longer and on more platforms to find content for free. However results based on four consumers' opinions did substantiate this literature, as time was highly valued.

Literature also indicated that consumers were sensitive to increased download and search times, thus strategies should be developed to ensure optimal searching convenience with limited download time (Jeong & Lee, 2010). Although just over half of consumers indicated willingness to trade-off cost against time, in general high valuation of time was so apparent that it is possible to argue that this view had been supported by many consumer responses. Building value propositions around offering consumers swift search and limited time and psychological costs in search could address consumer needs and attract consumption. Some consumers affirmed statements from literature arguing that consumer time pressure has been one of the obstacles standing in the path of pure price competition (Chipp & Ismail, 2004). Although time pressure did not seem to impact all consumers to the extent of not being willing to spend time searching for content at all, this could be due to other trade-offs such as perceived value of benefits.

One consumer explained how she used iTunes to find track and artist names quickly and then searches for the content on Torrent platforms (as indicated in Table 14), not valuing limited time sufficiently to pay for content on iTunes. Thus some consumers affirmed literature's views that price can lower consumers' motivation to exert mental effort (Aydinli et al., 2014) through for example, using iTunes.

When considering research question two, one could argue that within the context of digital music, the possibility of sourcing content at zero economic cost, combined with data costs, influenced the majority of consumers' decision strategies so substantially that consumers were willing to spend effort, search or time costs to source content free of charge. This approach often dictated the type of platform the consumers searched for and evaluated between. Punj's second processing strategy (2012) focused on recalibrating time spent versus price trade-off (trade-off two). It argued that consumers should focus more on searching and finding best product fit at the lowest possible price rather than just seeking the lowest price alone (Punj, 2012). However the fact that digital music could be sourced at zero economic cost plus other trade-offs impacted how most consumers consider search for versus pay for content across platforms considering platform fit. The results thus challenged Punj's (2012) re-calibration suggestion to focus less on price and applicability in this context was not found.

Based on the results, which in part contradicted and in part supported literature, decision-making often seemed to be driven around sourcing content at the lowest cost whilst valuing time. However as consumers valued time substantially, opportunities exist to address consumer needs through appropriate value propositions relating to saving even more substantial time. As argued in the literature review, it seems that the majority of consumers' needs with regards to how long they are willing to search, are addressed through efficient, yet free channels. It did not seem that digital distributors ensure that the convenience factor is sufficiently leveraged to attract spending consumers to their platforms. The majority of consumers who are not paying for content felt that they can find it quick enough on illegal channels to not have to go to spending platforms. Consumers needed to be offered value to consider re-calibrating against cost, which seemed rare, based on the results.

It is concluded that the second search versus price trade-off in the Punj model (2012) is relevant within this context whilst presenting further search related trade-offs. However findings based on Punj's recommendation in encouraging consumers to focus on low search rather than just low price did not hold within this context. Most consumers seemed willing to trade-off higher search costs to be able to source content free or at lower costs. However if platforms emphasise swifter time or data costs as part of their value



propositions and truly address consumer needs, consumers should respond. It also provided the opportunity to segment customers based on willingness to search for content to source it free, versus consumers who are indeed willing to pay in order not to spend much on search or rather focus on platform fit, thus valuing time more than cost.

### **6.2.3 Research question three (Trade-off three)**

The third research question focussed on the trade-off which considered how product knowledge, which includes content, platform and web expertise or self-efficacy, versus price trade-offs are relevant in driving digital music consumers' platform decisions. The results from Chapter 5 relevant to this research question was concerned with rating consumers' willingness to pay with product knowledge in order to illustrate that consumers' product knowledge has been proven to be high, whilst varying relationships with willingness to pay was demonstrated.

#### **6.2.3.1 Theme seven: Consumers' product knowledge and willingness to pay**

Tables 19, 20, 21 offered demonstrations of streaming and downloading consumers' willingness to pay and levels of product knowledge. Results indicated that consumers' levels of product knowledge and relevant willingness to pay varied greatly. As argued that product knowledge influences decision quality (Punj, 2012), the amount of knowledge a consumer has about different platforms in considering different price implications, did in fact seem to influence their perspectives of what successful decisions are. Thus if the consumer had limited product, platform or web knowledge, they might not be aware of any product, platform or web benefits to base a decision on.

As literature argued, self-efficacy refers to one's belief in one's own ability and means to successfully complete an action (Keisidou et al., 2011; Perea y Monsuwé et al., 2004). It is illustrated in the results that different consumers has different levels of self-efficacy within online contexts. Experts opinions in research question's first theme highlighted that sometimes consumers could view download cost as "the spend" for content (even if they did not pay for content itself). This related to a theme of consumer misunderstanding or practical experience of costs but further than that, also a potential lack of knowledge. This aligned with literature concerned with consumers with low information or expertise, for instance. As consumers used various concepts to illustrate web expertise or self-efficacy as well as platform or content knowledge, having these three elements within the concept of product knowledge as argued in the literature review, seemed appropriate. Literature presented that specifically the purchase decision is significantly positively influenced under various levels of product involvement by product knowledge (Lin & Chen, 2006), which seemed aligned with and substantiated with data presented.

Figure 11 mapped each of the ten consumers' willingness to pay and product knowledge levels. It illustrated that there was no set relationship between willingness to pay and product knowledge or high willingness to pay trading off against low product knowledge. Consumers with high product knowledge indicated both high and low willingness to pay, for example. Furthermore if one considers results from research question two, very few consumers indicated a willingness to pay to not search longer for content. Literature presented that a U-shaped instead of linear relationship exists between knowledge and search, as consumers with either high or low prior knowledge are more likely to make use of more information search than consumers with moderate knowledge (Gursoy & McCleary, 2004; Gursoy, 2003; Sharifpour & Walters, 2014). The data did not substantiate this relationship advocated in literature.

A certain level of product knowledge was implicated as required to be able to source music at zero economic cost or download it free of charge via Torrents, which some consumers did demonstrate. Upon considering the research question based on the results and literature, one could conclude that a clear trade-off between product knowledge and economic cost exists based on the above analysis. Different consumers with similarly high or low levels of product knowledge were both willing to pay as well as not willing to pay. There were many trade-offs relevant to product knowledge and price, as different consumers evaluated the degree to which they will pay based on perceived value, which links to content or platform knowledge, or web expertise, or all three concepts. Results did not substantiate that in order to source content at the lowest economical cost, the highest product knowledge is necessarily required. It did provide the opportunity to argue that consumers have medium to high levels of product knowledge, in general, and not low product knowledge. Furthermore it provided the opportunity to segment consumers based on their own levels of willingness to pay.

On a general note, literature indicated that music downloads specifically offer lock-in to platforms or technology, thus it extended to digital music platforms (Reimer et al., 2010) where consumers might have a higher probability of choosing a particular digital music platform that they have purchased from or used previously (Dubé et al., 2010). This was substantiated by a few consumers' responses, specifically with regards to either iTunes or YouTube. Results re-affirmed that some consumers' past purchases could directly influence their choice probability for different brands, in this case, platforms (Dubé et al., 2010). However free downloading consumers especially indicated non-existent limited levels of brand or platform-specific loyalty, or inertia, being relevant to them. They seemed more concerned with finding the content they were looking for at a specific cost from any source. Thus by combining results with insights from literature, lock-in or inertia

might influence the consumer's ability or openness to search for and evaluate alternative platforms as known choices might rather be re-supported. However data affirmed that this is definitely not the case with all consumers.

The third research question related to the third trade-off which asked how product knowledge (content, platform and web expertise or self-efficacy) versus price trade-offs are relevant in driving the quality of digital music consumers' platform choices. Based on results, combined with literature, proof that a trade-off between product knowledge and price is relevant to this context, was clear. However, results were mixed with regards to the exact relationship between product knowledge and willingness to pay. Some consumers might choose to increase their content, platform or web knowledge to decrease economic cost. Other consumers' focus on building content, platform or web knowledge could influence the price a consumer is willing to pay for the content. Furthermore, a consumer's limited platform or product knowledge might influence him or her to pay a higher economic cost for content, as one example clearly illustrated.

Product knowledge versus price trade-offs were relevant for digital music consumers in driving the quality of platform choices. The potential to source content at zero economic cost plus high data costs, influenced customers' focus on building product knowledge, or their limited product knowledge might imply their willingness to pay for content. It also presented the opportunity to segment consumers based on their relevant levels of product knowledge with regards to their digital music platform decisions, as well as their willingness to pay for perceived value. These levels clearly varied.

#### **6.2.4 Research question four (Trade-off four)**

In attempting to answer the fourth request question, one had to consider how perceived risk (financial or psychological) versus price trade-offs are relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost.

##### **6.2.4.1 Theme eight: Psychological perceived risks**

Tables 23, 24 and 25 indicated that the majority of consumers as well as experts felt that psychological risks do not impact consumer decision-making. Psychological perceived risks such as risk of apprehension or moral perceived risks seemed to be low or non-existent amongst most consumers. Although various sources in literature around perceived risks relating to the actual platform being used and the risk of getting apprehended and punished for illegal behaviour was discussed (Chiang & Assane, 2009; Weijters et al., 2014). Not all evidence about psychological risk as the potential of an individual suffering mental stress due to purchasing behaviour and its relevance to digital

music consumers, was inconclusive (Kauffman et al., 2010). Results thus clearly supported this perspective as some consumers indicated a low level of concern but the vast majority made it very clear that risk of apprehension or moral risks were not a factor. Although, it has been argued that consumers of various ages prefer the ethical and lawful options available in digital music consumption (Weijters et al., 2014), whilst consumers are intimidated by the potential threat of legal action which could cause mental stress (Jeong & Lee, 2010), huge losses due to piracy still continues (Jeong & Lee, 2010; Papias et al., 2011; Sinha et al., 2010).

Although consumers demonstrated trade-offs regarding data costs versus convenience, value attached to benefits versus willingness to pay, perceived value versus price and time versus cost in previous segments, few consumers expressed valuing moral implications of using illegal platforms. They might not perceive it as wrong or use free streaming platforms which are legal. Alternatively, considering information goods' specific cost structure and the fact that self-service has been pushed onto the consumer could imply that ethical consideration has decreased because it is not perceived as being unethical. For consumers, illegal might not imply wrong. It is ironic that many producers have valued the Internet and mobile commerce to push these types of self-service functions onto consumers as it is followed by reactions when consumers' co-creation actually becomes co-production and eats away at industry profits. This could prove potential irrelevance of business models.

Not all consumers support illegal platforms. Results confirmed that the majority of consumers do not feel that risk of apprehension nor moral perceived risk are relevant to downloading music illegally. Minorities did feel differently and were impacted by these perceived risks. Literature stating that when estimated willingness to purchase digital music legally is less than actual price, consumers feel they enjoy an motivation to acquire music files illegally from sharing platforms (Jeong et al., 2012), have been challenged. None of the consumers implied that they are motivated to obtain music illegally for these reasons. Consensus existed in consumer habit or routine in sourcing music this way freely for so long, that moral or legal implications did not impact decision-making.

Upon considering the research question based on the analysis of results and literature, one could not conclude that there was a clear trade-off between psychological risks, especially relating risk of apprehension and moral perceived risk versus economic cost. However one could present another trade-off for different levels of value creation which manifested in the use of different versions, for example from streaming, downloading, live concerts, and so forth. Tangibility might also have implications in this regard. Finally

the discussion has provided the opportunity to segment based on consumers' varying levels of perceived risk relating to whether they consider or not consider these risks.

#### **6.2.4.2 Theme nine: Financial perceived risk amongst consumers**

Financial perceived risk varied across consumers but was a concern for around half of the consumers and experts, as illustrated by Tables 26, 27, 28 and 29. Literature stated that the most influential factors to purchasing online have been indicated as "Website reliability and safety, seller's service quality, user data privacy and security controls and delivery services" (Gatautis et al., 2014). However perceived financial risk was a concern for only half of the consumers. Thus the data substantiated that a concern existed but it contradicted and challenged the extent of that risk compared to literature.

A few consumers substantiated their choices in legal platforms such as iTunes and argued that their perceived risk decreased by using legal platforms which they know and trust. Thus their perceived risk could trade-off against zero economic cost or price (trade-off four). Furthermore trade-offs regarding brand restriction was also possible. Literature argued that certain consumers will require stronger signals such as brand reputations to limit risk (Biswas & Biswas, 2004), consumers prefer popular products due to the social cue it represents, which tend to minimise perceived risk (Zhu & Zhang, 2010). Branded platforms, such as iTunes, could decrease perceived risk in embodying more familiar options (Bockstedt & Goh, 2014). These sources were supported by responses as using well-known brands or trusting brands limited their perceived risk. Thus for those consumers, these trade-offs could be relevant, as trading off paying higher economic costs to limit financial perceived risk by using legal, pay-per-track or subscription branded platforms might be worthwhile. Brand restriction might be impactful as well.

The fourth research question focussed on how financial perceived risk versus price trade-offs were relevant in driving the quality of digital music consumers' platform choices. Although many respondents indicated that security concerns and financial perceived risk are relevant for many, they were in the slight minority. This slightly contradicted the scope argued in literature of how problematic Internet security is. It did however support the principle. A trade-off between financial perceived risk relating to security and price as well as brand restriction was relevant for many consumers. Consumers who are not willing to trade-off high perceived risk might be willing to pay more for reassurance. Proof of psychological risk trade-offs like risk of apprehension or moral risks around concerns about unethical behaviour was not presented. Although psychological risk might influence consumer-decision making to differing degrees, a trade-off with price was not substantiated.

A trade-off for different levels of value creation manifested in the use of different versions such as streaming, downloading and live concerts. Secondly, a trade-off between financial perceived risk and price was relevant specifically to some but not all digital music consumers. The quality of some, perhaps even many, digital music consumers' platform choices were influenced by financial perceived risk versus price trade-offs. Some consumers were concerned. They might be willing to pay more to limit perceived risk, or increase perceived risk by not being willing to purchase on trusted branded platforms such as iTunes. However consumers' ability to focus less on price, as Punj (2012) originally argued, has consistently been challenged throughout this research project. Analysis of results in light of literature illustrated varying levels of perceived risk amongst consumers from a psychological perspective. It presented the opportunity to segment consumers based on levels of psychological perceived risk around platforms.

### **6.2.5 Research question five (Trade-off five)**

The last research question was concerned with how product knowledge, as content, platform knowledge and web expertise or self-efficacy versus perceived risk, whether financial or psychological trade-offs, were relevant in driving the quality of digital music consumers' platform choices. The analysis returned to scrutinising discussed elements within perceived risk and its relation to literature to draw conclusions from.

#### **6.2.5.1 Theme ten: Product knowledge and perceived risks**

Results presented in Tables 30 and 31 indicated that the majority of consumers were using product knowledge to influence perceived risk of unwanted content, or technical perceived risks. This included review and recommendation agents to build product knowledge to limit perceived risk of unwanted content. Data substantiated literature which argued that psychological risk is not limited to just risk of apprehension. It also applies to risk in spending unnecessary time sourcing content. Results affirmed opinions that consumers do believe that illegally downloaded music is sometimes compressed and or of inferior quality, or the download process may result in the corruption of files or downloads that are not complete (Weijters et al., 2014). The majority of consumers indicated that this would be a suboptimal fit, but not that it has promoted the usage of legal download platforms due to less perceived risk. This offered substantial evidence to present trade-offs between psychological perceived risk such as technical perceived risk and product knowledge such as technical Torrent platform knowledge. Higher knowledge around platforms seemed to lower consumers' technical perceived risk in receiving unwanted content. Consumers who were aware of their lower levels of product knowledge admitted to increased perceived risk, which could affect their decision quality.

Table 31 offered examples of how consumers used reputation systems to build product knowledge to limit risk. As explained in the literature review, reputation systems like peer group opinions, online reviews, feedback mechanisms and recommendations have been used to assist consumers with navigating through substantial product variety quicker to find content (Punj, 2012; Zhu & Zhang, 2010). These have enabled consumers to assess the opinions of others about products and services online (He & Bond, 2015). It has also been used to reduce perceived risk, and increase platform reputation and consumer trust in online shopping through sharing information and knowledge (Hye-Jin et al., 2014; Kauffman et al., 2010; Zhu & Zhang, 2010). The results affirmed opinions in literature that reviews are often generally considered as highly credible and influential by other consumers when reviews' content did not originate from within the organisation but from customers (Ho-dac et al., 2013). Many consumers did indeed evaluate products on the basis of a variety of needs, determined by amongst other sources, external group characteristics indicating the importance of peer group opinions (Hye-Jin et al., 2014).

#### **6.2.5.2 Theme 11: Product knowledge and financial perceived risk**

Most consumers used product knowledge to influence financial perceived risk around online security, online spending or data costs, including some used review or recommendation agents, as illustrated in Table 32. Literature also argued that increased experience in visits through customer-initiated channels could influence risk reduction (Li & Kannan, 2014). Data supported this literature. Regarding a trade-off between financial perceived risk and product knowledge such as online web efficacy, consumers seemed aware that increasing product knowledge around the platform or security or data, could decrease their perceived risk of financial loss. Consumers with higher product knowledge who have experienced platforms previously did seem to be more familiar with perhaps payment security, thus experiencing less perceived risk due to familiarity with the platform. Brand-awareness, familiarity or platform knowledge might have influenced perceived risk around using the platform.

Consumers developed different kinds of product knowledge in various ways to trade-off against any of these perceived risks. Alternatively consumers with low product knowledge might experience higher levels of perceived risk due to their limited knowledge around platforms, Torrents, online security or the web. A consumer might trade-off perceived risk in using illegal websites through high product knowledge, or high familiarity might limit the risk element for the consumer. Thus evidence in literature and based on data provided that the fifth and last trade-off between product knowledge (specifically technical Torrent platform knowledge and online web efficacy) and perceived risk, was relevant within the context of digital music decision-making and in

driving the quality of platform choices. Although the potential to source content at zero economic cost, lack of perceived value plus high data costs limited most consumers' willingness to pay for music if not valued, whilst creating a willingness to spend time on searching content free, product knowledge seemed to mediate a variety of trade-offs relevant to various perceived risks impacting decision quality.

One could argue that the way trade-offs affect consumers' decision quality relevant to digital music platforms is a complex, highly personalised process. In order to attempt to make sense of this substantial amount of data and discussion, key findings and recommendations from the study needed to be discussed. This conclusion, combined with how various trade-offs relevant to economic cost, benefits, perceived value, search, time, perceived risks and types of product knowledge, impact different consumers in differing ways, will form the foundation of the next chapter in discussing findings and recommendations based on the research project.



## **7. Chapter 7: Conclusion**

This chapter highlighted main findings from the study. It culminated in the suggestion of a model to segment digital music consumers considering relevant trade-offs. This model attempted to pull all results together into a cohesive set of findings which add theoretical value and could address the business dilemma via recommendations and managerial implications. Suggestions for future research related to this topic is also provided.

### **7.1 Principal findings**

#### **7.1.1 Lack of consumer centricity affects consumer understanding**

A clear disconnect between a variety of perspectives were found between consumers and experts. Combined with the challenges around declining revenues faced in the music industry as discussed in Chapter 1, this was highly concerning. Consumer opinions challenged the music industry's value proposition whilst industry experts felt that consumers lacked education around digital music consumption and piracy. Experts seemed to attempt to convert consumers to existing models instead of adjusting their offerings to address consumers' needs.

Misalignment between expert opinions and consumers' levels of product knowledge emerged. Experts argued that reasonable technical knowledge was required to pirate music whilst consumers' product knowledge was criticised. It was emphasised that consumers needed to be educated around the implications of piracy. Generally it was found that consumers' product knowledge levels were described as medium to high, and not as low as experts argued. Web expertise and platform knowledge were especially high. Experts did not consider that current value propositions might be inappropriate to be valued by consumers. The experts consistently demonstrated product centricity.

One could argue that industry lacks consumer centricity around how these trade-offs impact decision quality which is affecting their understanding of consumers. Consumers just did not seem to agree that what is offered to them, is of their best interests. Experts were not interested in what consumers felt is in their best interests. It does not imply that all consumers pirate. It does not imply that all consumers are spectacularly uneducated. It implies that the offered value proposition, is not valued.

#### **7.1.2 Digital music's cost structure impact consumer decisions**

As discussed, information goods' cost structure imply that marginal reproduction costs are close to zero. This, combined with other factors created a willingness for consumers to spend time and effort on searching content free. Although consumers valued time, this was often the case even when paid-for platforms implied lower search costs. Consumers

also have to consider additional costs such as cost of data as part of economic costs combined with various trade-offs impacting decision quality. It was implied that consumers are funding a segment of the reproduction of goods they choose to consume by paying for data for distribution, which further impacted decision quality and willingness to pay. Supply-side stakeholders might feel differently, as information goods' cost structure imply substantial fixed, sunk costs as production costs tend to be high. Industry role-players however need to consider the impact of marginal costs on consumer decision-making. Ideally a value proposition that solves this problem for the consumer in an appropriate manner, should be developed.

### **7.1.3 Versioning to create value to impact consumer decision quality**

Based on theories around versioning, it was found that generally value propositions on platforms were not differentiated appropriately according to segments based on consumers' willingness to pay for certain valued benefits. For example, it was found that consumers' willingness to pay varied with regards to the perceived value attached to benefits such as convenience, variety of content, value sharing and device integration, quality and access without storage. It has been suggested in literature that platforms should always offer one single quality of content to consumers categorised as high type when the piracy expense of low type consumers are extremely low (Shivendu & Zhang, 2012). This was not the case as various levels of quality exist and downloading consumers, for example, place less value on quality than streaming consumers.

Findings have presented the opportunity to segment consumers based on their willingness to pay. Perceived levels of value relating to different benefits and their willingness to pay for those benefits dependent on the attached value also provided segmentation criteria. Consumers could also be segmented based on willingness to search for content rather than pay, as well as how critically time is valued. Segmentation based on consumers' relevant levels of product knowledge, as well as different kinds of perceived risk are also possible. It was found that as consumers' levels of different types of perceived risk related to psychological and financial risks vary, the opportunity was presented to segment consumers based on varying levels of perceived risk and how much it is valued. Understanding the concept of versioning in this context provided vast opportunities to create value. Aligning various trade-offs relevant costs to how much it is valued by the consumer, should impact that consumer's decision-quality.

### **7.1.4 A range of trade-offs influence decision quality**

Various trade-offs tested relevant within the context of digital music as information good context, whilst various additional trade-offs emerged through research results. Based on

results in light of the literature reviewed, price versus platform fit as well as search versus price trade-offs offered in the Punj model (2012), were relevant for most digital music consumers in driving the quality of platform choices. However, results on the first two research questions challenged the Punj model with regards to application to information goods context. Whilst the Punj model (2012) balanced economic cost with time cost to effect good decisions regarding product fit, it stated that lowest cost is not equivalent to good fit. This did not hold in this context. Re-calibration towards benefits and search and against lowest possible cost, did not seem relevant for consumers who were not willing to pay for music if perceived value not offered. The specific cost structure of digital music influenced consumer decision-making relating to price, especially platform fit and search cost trade-offs, often due to the impact of data as additional reproduction cost.

Additional trade-offs within the context of this research question was facilitated, namely convenience versus economic (data) cost trade-off and willingness to pay for certain benefits versus value attached to certain benefits. Price versus the perceived value or desirability of the content relating to versions, scarcity and abundance, was also presented, as consumers' willingness to pay was highly dependent on perceived value. Time (as part of search) versus cost plus psychological costs in struggling to find content versus search trade-offs, were relevant as well.

It was found that product knowledge versus price trade-offs were relevant for digital music consumers in driving the quality of platform choice. Based on this research, product knowledge indeed assisted in reducing search costs, and therefore provided a better fit for some consumers. Trade-offs related to varying levels of product knowledge against varying levels of willingness to pay, which was heavily influenced by perceived value, emerged. Other trade-offs such as willingness to pay versus impact for the artist, industry or perceived value, was demonstrated. Trade-offs between attention for revenue versus other payment mechanisms was also found.

With regards to the fourth research question, risk of apprehension and moral risks related to piracy, was not influential. Thus the perceived psychological versus economic trade-off was not substantiated. Trade-offs related to different levels of value creation were demonstrated. Financial perceived risk varied amongst consumers but was a concern for just over half of all respondents, whilst trust in brands emerged as crucial. In general payment and trust concerns in online payments is massively slowing electronic commerce, thus it is not surprising that it is relevant within the context of music. A financial perceived risk versus price trade-off was relevant in influencing decision-making strategies for some consumers in being willing to pay to limit perceived risk, related to certain platforms, but not for all consumers.

Results around the last research question demonstrated that two additional types of product knowledge influence consumer decision-making, especially when considering perceived risk trade-offs. Consumers build technical Torrent platform knowledge to trade-off against technical perceived risk in using free platforms. Review and recommendation agents were utilised to limit perceived risk of unwanted content. Online web efficacy as product knowledge also traded off against financial perceived risk around online security or spending money online. In both cases review and recommendation agents were used by consumers to build these types of product knowledge.

A substantial variety of trade-offs impacting consumer decision-making within this context was presented. Furthermore, this research made it clear that consumers differ. They have to be considered in different ways. Streaming versus downloading, younger versus older, opinions around the values of various benefits: consumers differ. Recommendations based on these findings will be focussed according to the different trade-offs impacting consumers in different ways to present a model for segmentation.

## **7.2 Recommendations based on findings**

Theoretically findings provided new insight around how digital music consumers' purchase decisions are influenced by various factors specifically during search and evaluation of music platforms. By interpreting data from Chapter 5 in light of the literature from Chapter 2, as presented in Chapter 6, a suggested model for segmentation of digital music could add further theoretical value. Academic stakeholders should consider and build on these models by improving understanding around these trade-offs further. Researchers, academics and consultants in the consumer behaviour field, specifically interested in either decision-making, information goods or electronic commerce could gain from considering these trade-offs or test some of the suggestions quantitatively to add further theoretical value.

The testing of the suggested model has demonstrated that some Punj (2012) trade-off recommendations are less relevant, whilst newly suggested trade-offs could be more relevant. An improved understanding around trade-offs impacting digital music consumers' decision quality plus implications to improve monetisation of legal digital music distribution, have been presented and discussed throughout this research project. By testing the model and suggesting new trade-offs and a model for further testing and application, new theoretical insights were contributed on how the impact of the electronic environment is indeed influencing digital music consumers' decision quality around consumption channels which should hopefully contribute in developing existing literature on the subject. Theoretical insights based on trade-offs are summarised as follows:

- Trade-off 1: Price versus benefits trade-off includes additional trade-offs such as:
  - Cost of data in price versus convenience as benefit
  - Willingness to pay (for benefits) versus value attached to specific benefit featured on platform
  - Price versus perceived value or desirability (note scarcity and versioning)
- Trade-off 2: Price versus search costs trade-off which includes additional trade-offs:
  - Time versus cost trade-off
  - Psychological costs like struggling to find content versus search trade-off
  - Consumers' attention for revenue versus other payment mechanisms
- Trade-off 3: Product knowledge versus price trade-off includes additional trade-offs:
  - Different levels of product knowledge versus different levels of willingness to pay trade-off
  - Willingness to pay versus impact for the artist or perceived value trade-offs
  - Different levels of value creation trade-offs
- Trade-off 4: Perceived risk versus price trade-off
  - Financial perceived risk versus price trade-off
  - Brand restrictions versus impact of brand trust
- Trade-off 5: Product knowledge versus perceived risk trade-off
  - Technical Torrent platform knowledge versus technical perceived risk
  - Online web efficacy as product knowledge versus financial perceived risk

Each trade-off has theoretical implications. For example, product knowledge trades off with price. As discussed, complete non-payment is possible for information goods online. Based on the findings, consumers with high product knowledge should make more effective decisions. However for some consumers, even though they might display high levels of product knowledge, complete non-payment is an effective decision, as product knowledge trades off against price. For other consumers, knowledge and involvement in music did seem to steer consumers to an appreciative payment, specifically with local South African or highly valued, preferred artists. Consumers did realise that the product itself could be destroyed if no one paid. However willingness to pay differed across various levels of product knowledge.

Insights from this research project in considering these trade-offs provided the opportunity to suggest a basic model to assist in making recommendations based on these findings. One could segment digital music consumers according these trade-offs to understand how consumers' needs could be addressed more appropriately. Figure 13 demonstrated segmenting consumers by considering the first two main trade-offs:

**Figure 13 Segmenting based on platform fit, price and search**

	<b>Trade-off platform fit rather than low price</b>	<b>Trade-off low price rather than platform fit</b>
<b>Trade-off low search rather than low price</b>	<b>Willing to pay</b>	<b>Search-conscious</b>
<b>Trade-off low price rather than low search</b>	<b>Benefit-conscious</b>	<b>Not willing to pay</b>

The willing to pay consumers trade-off platform fit, which includes various benefits and low search costs over price, thus they demonstrate high willingness to pay for benefits and low search. One could further segment consumers based on the specific benefits they value the most (such as convenience and variety of content or other benefits) to provide even further nuance to the model. On the other hand, benefit-conscious consumers trade-off platform fit but not low search costs over price. They exhibit high willingness to pay for benefits but not for low search, thus they are willing to search.

Thirdly the search conscious consumer trades off price over platform fit but search costs over price. These consumers are not willing to pay for benefits but are willing to pay for low search as they value time most (this could relate to older consumers based on results). Lastly consumers segmented based on being willing to pay trade-off price over platform fit and low search are not willing to pay for benefits nor low search, thus presenting the most complex consumer to sell digital content to. Platforms that offer swifter search or limited time cost in search could address consumer needs more accurately. For instance, eliminating time costs in finding or downloading content could address consumer needs and influence willingness to pay.

Secondly one could segment consumers based on high versus low product knowledge as well as high versus low perceived risk, as Figure 14 illustrated:

**Figure 14 Segmenting based on product knowledge and perceived risk**

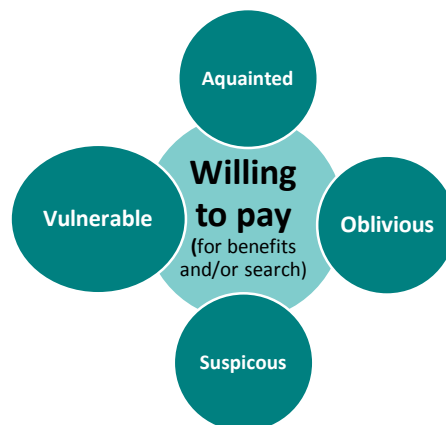
	<b>High product knowledge</b>	<b>Low product knowledge</b>
<b>High perceived risk</b>	<b>Suspicious</b>	<b>Vulnerable</b>
<b>Low perceived risk</b>	<b>Acquainted</b>	<b>Oblivious</b>

These basic models considered consumers' individual preferences or decision-making, which can be summarised as follows, and used for appropriate versioning based on value:

- **Suspicious** consumers exhibit high levels of product knowledge but experience high perceived risk. In his case, the trade-off is more complicated as even though building product knowledge, still experiencing high perceived risk. Optimal online security and brand could influence these consumers' decision-making.
- **Acquainted** consumers are familiar and are able to effectively trade-off perceived risk due to their levels of product knowledge. They use various tools such as recommendation agents to lower perceived risk through building product knowledge, whether it is technical or platform knowledge or relates to security via online security efficacy.
- **Vulnerable** consumers should be approached empathetically. They experience high perceived risk exist because product knowledge is limited. Platforms should focus on providing these consumers with reassurance through building and improving levels of product knowledge to limit their risk.
- **Oblivious** consumers are challenging. The trade-off is less relevant to them as they are not building product knowledge but not experiencing perceived risk. However they could be effectively targeted by emphasising benefits they value, if they are benefit-conscious or willing to pay.

These two models could be integrated to offer a basic segmentation model for digital music consumers based on trade-offs impacting decision quality (Figure 15):

**Figure 15 Segmenting digital music consumers**



Thus dependent on the consumer's willingness to pay for benefits and/or for search, as illustrated in Figure 15, one could segment consumers on being acquainted, vulnerable, suspicious or oblivious. Industry should adjust and offer value propositions that speak to those specific segments based on what they truly value to influence their decision quality in an appropriate manner. For example, suspicious consumers should be attracted to build product knowledge or online web efficacy around online security. Making consumers aware of technical risks could be more impactful than the implications of

piracy. This could aid in attracting consumers to support legal digital music platforms based on what they are truly willing to pay for.

### **7.3 Managerial implications**

It is believed that the findings of this work contribute to addressing the business need of providing new insight into music consumption and decision-making to explore consumers' preferences and aid in resolving uncertainties in how to respond, as argued by Weijters et al. (2014). It is recommended that digital music practitioners such as digital distributors, musicians, producers, content owners, promoters, managers and record labels, consider and explore the substantial amount of trade-offs impacting consumer decision-making relevant to platforms. Any stakeholders on the supply-side should apply these models and explore how consumer needs are addressed through their relevant distribution channels. This should translate into applications which will aid in increasing consumer support of legal channels to create sustainable revenue growth if platforms' value propositions are adjusted to build competitive advantage in addressing consumer needs appropriately by creating and delivering value.

Different consumers value different factors. Platforms' value propositions must speak to those valued factors in order to be considered in the search for and evaluation of alternatives in digital music platforms. Consumers' willingness to pay differ. Consumers' perspectives on platform fit and how it influences their decision quality differ. Most consumers are not concerned about risk of apprehension. However product knowledge relating to the platforms itself, the benefits it offers, the impact on data and economic cost receive attention. As financial perceived risk traded off against price, some consumers are willing to pay to limit perceived risk in purchasing online. The role of trusted brands such as iTunes influence consumer decision-making, and of more platforms and industry players should focus on providing consumers with peace of mind when transacting online. Some should value it sufficiently to pay for that security.

Literature has argued that digital music piracy specifically amongst students could be eliminated if specific costs related to piracy which are perceived as insignificant, could be repositioned as major concerns, such as for instance, the threat of computer viruses (Sheehan et al., 2012). Literature has argued that using advertising campaigns have shown some success in increasing legal platform usage decreasing illegal platform usage for music downloading amongst students (Sheehan et al., 2012). Value propositions should be built around not having to be considered about viruses or unwanted content on this platform, rather than being threatened by technical risks of getting viruses if content is downloaded free. Industry should focus on providing



consumers with value in limiting risks and offering appropriate value propositions rather than judge consumers' lack of risk of apprehension or yearning for value offerings.

Practitioners must know their consumers. So that they can offer them what they want and value. Shoving existing offering down consumers' throats is not a strategic approach to influence decision-quality to attract consumers to legal platforms. Consumer centric approaches such as truly listening, understanding and then providing solutions to those needs, are ways to appropriately influence decision quality strategically. Strategies focussed on creating long-term value through addressing consumer needs and wants, co-creating with consumers and being open to listen and adjusting business models and offerings to changing consumer needs, are strongly suggested.

A growing variety of platforms are available to consumers to access music digitally. Reports indicate that even social networks such as Facebook are planning to launch streaming services which will pay content owners for the rights to broadcast content and to begin collecting associated advertisement revenues (Cohen, 2015). Competition is increasing. In order to be competitive, value needs to be understood.

As explained in Chapter 6, co-creation, for example, is a potential strategy to create value to both supply and demand-side stakeholders. It is believed that a co-creation strategy will be most powerful when the community, the platform, interactions, economic value and a focus on experienced-based approaches are used in combination (Gouillart, 2014). This way platforms can ensure the approach involves a process of engagement that leads to the building of a large, diverse community of people inside and outside the organisation. It requires a physical or virtual open discussion platform to this community, leading to the generation of new ideas, valuable designs of physical objects, places, processes or the development of analytically-based insights. Interactions needs to enable the development of a new set of stakeholder interactions, which are broad, frequent and cost-effective. It is vital that the approach results in individualised experiences for all stakeholders whilst allowing all the entities involved to create significant new economic value as a network (Gouillart, 2014).

Musicians, record labels, distributors and other supply-side stakeholders need to learn how to be outstanding networkers and keep co-creating through their value chains to create sustainable competitive advantage through creating value. A famous example of a firm developing exceptional customer co-creation, allowing customers to build or customise their own products, is Lego. Lego has transformed itself into providing play-time for anyone, not just children, through various offerings which include co-created new Lego themes. Fans submit their own ideas where it will go into manufacturing if

10 000 votes are received for the idea. Customer-centric approaches like these have allowed Lego to successfully defend itself against the threat of electronic entertainment by involving customers in an interactive, co-creational manner. Platforms can create value in similar fashion.

Results offered in combination with the literature review in this research presented a substantiated case that consumers are familiar and educated and willing to pay for what they value, whether it is certain benefits, minimised search costs or online security. It is not advised that the record industry “writes off” digital music income generation, to utilise music as business card and focus on creating revenue through live performances and publishing agreements. Alignment between consumers’ willingness to pay for what they value and want and growing revenue in the industry sustainably could be achieved by understanding consumer decision-making and the trade-offs that influence it, better. It is suggested that the industry focuses on creating value to consumers based on varying appropriately segmented versions to which varying levels of value is attached and appropriately charged for. To grow the industry sustainably.

#### **7.4 Limitations of the research**

Substantial limitations were relevant to this research. Firstly, the research project implied a limited timeframe of less than eight months with a highly limited budget. The researcher was inexperienced in research and not formally trained in this regard. Samples were limited to individuals who lived in Gauteng or the Northern Cape in South Africa, due to the researcher’s access to these areas. A reasonably small size of respondents using non-probability sampling methods were utilised. Samples were also limited to respondents who had online access, with household income of over R5 000. Thus results could not be generalised for the entire South African population.

Furthermore it was planned to perform the study cross-sectional with primary research being conducting during July and August 2015, at a specific point in time. Longitudinal changes that might have taken place since then have not been accounted for. Research was limited to the South Africa music industry, which might not reflect global music trends or perceptions. The South African music industry is relatively small to developed nation music industries such as those of the United States of America and Western European countries, thus the relative small size of the industry could have been a limiting factor.

From a theoretical perspective, the most substantial limitation related to the fact that the entire Punj model (2012) for online consumer decision-making was not adapted and tested. Only a segment of the model was utilised due to the time limitations mentioned above as well as relevance to context. Furthermore, Punj (2012) himself did not test his

model empirically which increased the theoretical need for the research but could be viewed as a limitation. In addition, the research did not focus on brand equity or other elements relating to brands, although one could view different branded music platforms as different brands having different implications on consumer decision-making. For instance, Apple's or iTunes' brand equity could be one of the reasons why a consumer chose to utilise the platform. But this was not one of the guiding principles in the model or literature reviewed. Ten different LSMs exist in South Africa with the high South African GINI coefficient implied that a substantial difference in disposable income is relevant from LSM group one to ten. Accordingly it would have been more appropriate to segment the research project specifically by LSM and comparing individuals from for example LSM 7, 8, 9 and 10. However time and access did not allow this.

As stated above, although not highly experienced and skilled in the research process, the researcher is highly passionate about the topic. Seeing that the results of the research was highly dependent on data provided by respondents during interviews, questions within the interview schedule could have affected results subjectively. However, care was taken to design and execute interviews objectively and comprehensively. Although exploratory research could provide deeper insights and understanding around a subject, the researcher was unable to draw definitive conclusions on the subject being investigated whilst interpretations of the findings can be judgemental (Saunders & Lewis, 2012). Subjectivity and researcher bias is also possible within exploratory research (Saunders & Lewis, 2012), which could especially be possible seeing that the researcher is an electronic commerce and music enthusiast who takes the subject a lot more seriously than many individuals perhaps would.

Although qualitative research is usually not generalisable due to limited sample size, the goal was to approach the subject in such a manner that it can be applied from other perspectives. When researching information goods and focussing only on music, a clear limitation exists (Bockstedt & Goh, 2014). As much as music is an appropriate context to this topic, one might question whether the results could hold true for different classes of digital information goods. As explained by Moe & Fader (2001, p. 384): "The motivating issues and methodological approaches ... are by no means limited to the music industry. Many other product categories demonstrate similar characteristics ... especially other hedonic products for which traditional attribute-based methods would be of little use." Thus the approach included trying to find conclusions that might apply to more than one group in focusing on understanding the preferences that drive South Africa music consumers' decision-making. And framing it specifically with regards to information goods and as a result hopefully shed new and relevant insights on the subject.

The dream was to eventually be able to add some sustainable competitive advantage to the South African music industry through an improved understanding of consumer's decision-making, to find ways to promote legal digital music platforms appropriately. Hopefully the substantial limitations' impact were less severe due to the commitment and passion executed by the researcher to truly find answers to posed questions.

### **7.5 Suggestions for future research**

It is recommended that the entire Punj model is empirically tested quantitatively within the context of general online consumer decision making for generalisability. Secondly, it is suggested that the elements utilised within this study, namely trade-offs considering platform fit, price, product knowledge and perceived risk, are tested for generalisability to substantiate range of results from Chapter 5 and 6 specifically, within the context of digital music. It is suggested that the elements within product knowledge, such as content, platform and web knowledge are tested within the contest to validate whether there might be a relationship between a specific type of product knowledge within this context, and perhaps not all three types.

Furthermore trade-offs that emerged with potential to be generalised such as trade-off four and five, should further be tested through focus on the specific kinds of perceived risk specifically: risk of apprehension, legal, moral or technical and financial perceived risks. Using perceived risk as overarching term implies generalisability, which a qualitative study could not offer. Especially product knowledge versus perceived risk trade-offs received sufficient supportive opinions from respondents to pursue testing. All trade-offs discussed could be tested quantitatively for generalisability.

Other recommendations more specific to certain segments include building and applying the model based on brand equity between different digital music platforms. Additionally, the results presented in Chapter 5 indicated there seemed to be a clear distinction between users preferring smart phones and tablets (thus mobile devices) with regards to preference in accessing the Internet versus accessing music online where computers are preferred. Secondly, data costs were offered as a barrier to purchase for many consumers, who often consume music where free Internet or bandwidth is available. Data and literature supported and added to the argument in presenting that data and bandwidth costs are affecting consumers' decision-making, as the majority feels that it is not the only economic cost to consider when reflecting on potential effects on legal digital music sales. Secondly this could affect the devices preferred to access the Internet versus music online. Further research on this subject regarding device preferences

combined with the impact of data costs, potentially between countries, for example Sub-Saharan Africa, is suggested.

Similar studies designed around the category of information goods, as general, or types of information goods such as books, movies and games could be executed could be replicated. To understand consumer decision-making within information goods context specifically would additionally add value as the specific implications discussed in this study, prove. Ideally, the subject of digital music consumer decision-making considering relevant trade-offs should be tested globally, across nations, platforms and via quantitative approach, so generalisable findings could develop the results of this research project and probably facilitate far-reaching implications on a global scale.

## 7.6 Concluding statement

Punj's online decision-making model (2012) was used as guiding foundation in suggesting relevant decision quality trade-offs through a suggested, updated model within the context of digital music as information good. Most of the trade-offs had relevance to this context, but characteristics of the category in this context provided insightful implications around lacking customer centricity, versioning and cost structure implications. Additional trade-offs were demonstrated to be relevant to online consumer decision-making based on the research results. Although economic cost proved to be a substantial driver in consumer decision-making during search and evaluation, the role of value in the consumers' eyes emerged as key contribution that should be front and centre of any implications from this work. Based on the above, one could argue that improved understanding around these trade-offs impacting consumer decision quality has absolutely been achieved whilst potential implications to improve monetisation of legal digital music distribution have been presented and discussed for further theoretical consideration and practical application, for example segmentation for effective versioning.

Taylor Swift might not be willing to "...contribute my life's work to an experiment that I don't feel fairly compensates the creators of this music ... And I just don't agree with perpetuating the perception that **music has no value and should be free**" (Dredge & Ellis-Petersen, 2015). Based on this research, many consumers probably disagree with Ms Swift. Many consumers might argue that free does not imply no value. Many consumers might argue that music should be free if it is not provided in ways that the consumer truly values. Additional trade-offs impacting decision quality, such as covering some of the production costs by paying high data costs, might aggravate the latter perspective.

This research project has proven that various trade-offs impact digital music consumers' decision-making in various ways. As the concept of what constitutes a quality decision is affected by the consumer's perception around these trade-offs, a level of consumer individualism is at play. The research also found that a disconnect or misalignment exist between industry experts and consumers' perspectives, needs and wants. To attempt to deliver an appropriate value proposition through effective segmentation and versioning whilst considering trade-offs' impact on consumer decision-making will be a step in the right direction to attract consumers to support legal platforms.

It is the researcher's opinion that music still has a substantial role to play in consumers' lives. Music brings happiness to millions of people on a daily basis. It is still a multi-billion dollar industry. People will continue to consume music, whether digitally or alternative versions. However the industry's sustainability will continually be challenged if existing product-centric approaches and business models are not re-considered and replaced with customer-centric logic that addresses consumer needs and wants appropriately, efficiently and consistently. Whether needs are addressed by limiting search, or limiting economic perceived risk, or developing online security efficacy, or developing alternative versions: consumers want and need value. If the problem, instead of the symptom, piracy, is addressed, revenue will grow.

Currently many seem to feel that the manner in which music is provided, does not add any value. Many seem to feel this justifies why it is continually chosen to be consumed free. As if it truly has no value. The opportunity exists to change this perception. Because music has value. The question is whether the way it is delivered, truly creates value.

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## Appendices

## 1. Appendix 1: Screening survey to source consumer group respondents

### Online Music Research Project

I am conducting research on consumer decision-making around digital music platforms. The purpose of the research is to improve understanding around the trade-offs in decisions consumers make when choosing between different types of digital music platforms such as download, streaming or sharing.

I will ask you for your honest opinion around your consumption of music online, but the purpose is only to screen potential candidates for data collection through interviews.

There are no costs involved in participating in this research, whilst the only benefit will be assisting in improving understanding around the topic and thus adding value to the academic literature on the subject.

Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential. If you have any concerns, please contact me:

Researcher name: Ellena

Meiring Email:

[ellenadejager@gmail.com](mailto:ellenadejager@gmail.com)

Thank you very much!

\* Required

1. I currently reside, study or work in Gauteng (Pretoria or Johannesburg) \*

Mark only one oval.

Yes Skip to question 2.

No Your response has been recorded. Thank you so much for your

valued participation!

### Age

2. Are you over 18 years of age? \*

Were you born before 1 June 1997

Mark only one oval.

Yes Skip to question 3.

No Your response has been recorded. Thank you so much for your

valued participation!

## Internet Access

3. Have you accessed the Internet within the last seven days? (Through computer, tablet, smartphone or similar device for any purposes) \* Mark only one oval.

Yes Skip to question 4.

No Your response has been recorded. Thank you so much for your valued participation!

## Household Income

4 My estimated household income is... \*

Mark only one oval.

R5 000 or more per month Skip to question 5.

Less than R5 000 per month. Your response has been recorded. Thank you so much for your valued participation!

## Online Music

5. Do you access or share music online, whether through streaming, downloading, sharing or copying? \*

This includes streaming music from for example YouTube, or downloading music from for example iTunes or other websites Mark only one oval.

Yes Skip to question 6.

No Your response has been recorded. Thank you so much for your valued participation!

## Download

6. Have you downloaded music in the last year (12 months) from iTunes, Simfy, Last FM, Channel 24, LimeWire, Bit Torrent or any similar websites?

To download you had to be able to get the MP3 or audio file to listen to or save on your device

Mark only one oval.

Yes, I download music regularly from these kind of sites (at least once a month) Skip to question 7.

Yes, I download music occasionally from these kind of sites (at least every three months)

Skip to question 7.

Yes, I download music from these kind of sites but rarely (a few times in the last 12 months).

Skip to question 7

No, I do not download music from these kind of sites at all Skip to question 10.

## Download Contact

7. Kindly supply your cell phone number for the researcher to contact you?

.....

8. Kindly supply your email address for the researcher to contact you?

.....

9. Please indicate what type of music you enjoy the most (you can choose as many options as you like). Check all that apply.

- Pop (English)
- Rock (English)
- Pop (Afrikaans)
- Rock (Afrikaans)
- House/Dance
- Hip Hop
- Kwaito
- Gospel
- Metal

Your response has been recorded. Thank you so much for your valued participation!

## Streaming

10. Have you streamed music in the last year (12 months) from YouTube, SoundCloud, Deezer, Simfy, Rara, Nokia Music+, Internet radio stations or any similar websites?

To streaming you had to use data to listen to the music but you could not save it on your own device Mark only one oval.

- Yes, I stream music regularly from these kind of sites (at least once a month) Skip to question 11.
- Yes, I stream music occasionally from these kind of sites (at least once every three months) Skip to question 11.
- Yes, I stream music from these kind of sites, but rarely (only a few times in the last 12 months) Skip to question 11.
- No, I do not stream music at all Skip to question 14.

## Streaming Contact

11. Kindly supply your email address for the researcher to contact you?

.....

12. Kindly supply your cell phone number for the researcher to contact you?

.....

13. Please indicate what type of music you enjoy the most (you can choose as many options as you like). Check all that apply.

- Pop (English)
- Rock (English)
- Pop (Afrikaans)
- Rock (Afrikaans)
- House/Dance
- Hip Hop
- Kwaito
- Gospel
- Metal

Your response has been recorded. Thank you so much for your valued participation!

## Intention

14. Do you plan to access or share music online, whether through streaming, downloading, sharing or copying, even though you are not doing it at the moment?

Meaning you either currently either purchase CDs or vinyl's to listen to music, or copy from hard drives but plan to start accessing music online (through websites) Mark only one oval.

Yes, I currently purchase CDs or copy from hard drives but plan to start accessing music online in the next year or so Skip to question 15.

Yes, I currently purchase CDs or copy from hard drives but plan to start accessing music online but I am not sure when Skip to question 15.

No, I currently purchase CDs or copy from hard drives and do not plan to start accessing music online. Your response has been recorded. Thank you so much for your valued participation

These options are not applicable to me. Your response has been recorded. Thank you so much for your valued participation!

## Intention Contact

15. Kindly supply your cell phone number for the researcher to contact you?

.....

16. Kindly supply your email address for the researcher to contact you?

.....

17. Please indicate what type of music you enjoy the most (you can choose as many options as you like). Check all that apply.

- Pop (English)
- Rock (English)
- Pop (Afrikaans)
- Rock (Afrikaans)
- House/Dance
- Hip Hop
- Kwaito
- Gospel
- Metal

Your response has been recorded. Thank you so much for your valued participation!

## **2. Appendix 2: Semi-structured interview schedule: consumer set one (Download)**

### **2.1 Screening data**

Are you a permanent resident of South Africa?

Is your household income over R5 000 per month?

How often do you make use of the Internet?

Do you usually use your smartphone, personal or work computer or other device to access the Internet and music online?

### **2.2 Biographical data**

- How old are you? (make note of gender)
- Where were you born and raised?
- Where do you currently live?
- Which languages can you speak, understand, read and write?
- What genres of music do you prefer?

### **Grand-Tour (Prompts, build into conversation based on questions, re-phrase where necessary)**

- Gauge product knowledge (familiar with iTunes, familiar with YouTube, familiar with a tablet or iPad or smartphone, familiar with a few well known artists locally such as Jack Parow or Judith Sephuma or Die Heuwels Fantasties or Teargas).
- Gauge importance of economic cost (zero versus average versus no limit)
- Gauge perceived risk around digital music downloads vs. streaming vs. sharing
- Price versus benefits trade-off (platform fit)
- Time spent/search costs versus price trade-off
- Product knowledge versus cost trade-off
- Perceived risk versus price trade-offs (psychological & financial)
- Product knowledge versus perceived risk trade-offs

### **2.3 General**

- Tell me about how you came about downloading or streaming music online?
- How often do you download and or stream music?
- Which platforms or sites do you use to get music? How do you search for and choose between these sites?
- Do you subscribe to any streaming platforms? Which option, and why?
- Which music sites do you prefer? Why?
- How long have you been using these sites? How would you rate your existing familiarity and how easy it is for you to use the Internet, digital music sites, devices, and so forth?
- Are there any other music sites that you are interested in?
- Do you prefer download or streaming content, and why?
- What would encourage you to download or stream more? OR Is there anything that frustrates you or keeps you from downloading?



## **2.4 Product Knowledge**

- How familiar are you with these sites? Did it take you long to become familiar, and why?
- Which kind of music platform do you prefer? Why?
- What features on the current platform(s) you use do you like the most?
- How did you learn how to use this platform? Did you find learning to use the platform easy?
- Do you check reviews or recommendations on the site? Does it influence your decision to purchase tracks?

## **2.5 Transaction cost**

- Why do you buy music online?
- Is what a track or album will cost you online the most important consideration for you? Why?
- What do you think is a reasonable amount to pay for one song?
- What are you willing to pay for one song?
- How long would you say you spend on average finding the music that you like?
- What do you think about the time it usually takes you?
- Do you feel you have to put in a lot of effort to find the tracks or artists you enjoy?
- What do you think about your preferred site's functionality/navigation?
- What is your opinion on digital music platforms that have advertising on it? Would you rather have advertising and pay less (or nothing), or no advertising at a higher price?

## **2.6 Perceived Risk**

- Do you think it is safe to buy music online?
- How do you pay for content you buy online?
- Do you think there is risk in using sites like Bit Torrent?
- What do you think about people who make use of sites like Bit Torrent or LimeWire? Do you feel it is wrong? Do you think they think they might get into trouble for using these sites?

*(Notes: Question areas, which include a set of "grand-tour" questions and "floating prompts". It should also include "contrast", "category", "special incident" and "auto-driving" questions (McCracken, 1988)*

### **3. Appendix 3: Semi-structured interview schedule: consumer set two (Streaming)**

#### **3.1 Screening data**

Are you a permanent resident of South Africa?

Is your household income over R5 000 per month?

How often do you make use of the Internet?

Do you usually use your smartphone, personal or work computer or other device to access the Internet and music online?

#### **3.2 Biographical data**

- How old are you? (Make note of gender)
- Where were you born and raised?
- Where do you currently live?
- Which languages can you speak, understand, read and write?
- What genres of music do you prefer?

#### **Grand-Tour (Prompts, build into conversation based on questions, re-phrase where necessary Price versus benefits trade-off (platform fit)**

- Gauge product knowledge (familiar with iTunes, familiar with YouTube, familiar with a tablet or iPad or smartphone, familiar with a few well known artists locally such as Jack Parow or Judith Sephuma or Die Heuwels Fantasties or Teargas).
- Gauge importance of economic cost (zero versus average versus no limit)
- Gauge perceived risk around digital music downloads vs. streaming vs. sharing
- Price versus benefits trade-off (platform fit)
- Time spent/search costs versus price trade-off
- Product knowledge versus cost trade-off
- Perceived risk versus price trade-offs (psychological & financial)
- Product knowledge versus perceived risk trade-offs

#### **3.3 General**

- Tell me about how you came about streaming music online?
- How often do you stream music?
- Which platforms or sites do you use to stream music? How do you search for and choose between these sites?
- Do you subscribe to any streaming platforms? Which option, and why?
- Which music sites do you prefer? Why?
- How long have you been using these sites? How would you rate your existing familiarity and how easy it is for you to use the Internet, devices, digital music sites, and so forth?
- Are there any other music sites that you are interested in?
- Why do you prefer streaming content and not downloading?
- What would encourage you to start downloading?

- What would encourage you to spend more on streaming for example subscribing? OR is there anything that frustrates you about streaming or that keeps you from upgrading to premium subscriptions?

### **3.4 Product Knowledge**

- **How familiar are you with these sites? Did it take you long to become familiar, and why?**
- Which kind of music platform do you prefer? Why?
- What features on the current platform(s) you use do you like the most?
- How did you learn how to use this platform? Did you find learning to use the platform easy?
- Do you check reviews or recommendations on the site? Does it influence your decision to purchase tracks?

### **3.5 Transaction cost**

- When streaming, do any payments apply? Subscription models or similar? Why do you prefer this?
- Why do you not buy music online?
- Is what a track or album will cost you online the most important consideration for you? Why?
- What do you think is a reasonable amount to pay for one song?
- What are you willing to pay for one song?
- How long would you say you spend on average finding the music that you like?
- What do you think about the time it usually takes you?
- Do you feel you have to put in a lot of effort to find the tracks or artists you enjoy?
- What do you think about your preferred site's functionality/navigation?
- What is your opinion on digital music platforms that have advertising on it? Would you rather have advertising and pay less (or nothing), or no advertising at a higher price?

### **3.6 Perceived Risk**

- Do you think it is safe to buy music online?
- Do you think it is safe to stream music online?
- How do you pay for content you streaming online?
- Do you think there is risk in using sites like Bit Torrent?
- What do you think about people who make use of sites like Bit Torrent or LimeWire? Do you feel it is wrong? Do you think they think they might get into trouble for using these sites?

*(Notes: Question areas, which include a set of "grand-tour" questions and "floating prompts". It should also include "contrast", "category", "special incident" and "auto-driving" questions (McCracken, 1988)*

## **4. Appendix 4: Semi-structured interview schedule set three (Experts)**

### **4.1 Screening data**

How long have you been making a living out of working in the music industry in South Africa (ten years minimum)?

### **4.2 Biographical data**

- How old are you? (Make note of gender)
- Where were you born and raised?
- Where do you currently live?
- Which languages can you speak, understand, read and write?
- What genres of music do you prefer?
- Do you download, stream and or share your own music?

### **Grand-Tour (*Build into conversation, re-phrase where necessary*)**

- How are price versus platform fit trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?
- How are price versus search costs (which includes time and effort) trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?
- How are product knowledge (content, platform and web expertise or self-efficacy) versus price trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?
- How are perceived risk (financial or psychological) versus price trade-offs relevant in driving the quality of digital music consumers' platform choices, whilst specifically considering the possibility of sourcing content at zero economic cost?
- How are product knowledge (content, platform and web expertise or self-efficacy) versus perceived risk (financial or psychological) trade-offs relevant in driving the quality of digital music consumers' platform choices?
- What needs to change in the digital music industry to utilise business models that create revenue sustainably where the artists, content owners, publishers, labels could make a living based on what consumers are willing to pay?

### **4.3 General**

- How do you think most South Africans come about downloading or streaming music online?
- Which types of platforms or sites do you think South Africans prefer to get music? Which do you think are most popular in SA? How do you think they search for and choose between these sites? Why?
- Do you think South African consumers prefer downloading or streaming? Why?
- What do you think needs to change for South African consumers to download or stream music legally more?

#### **4.4 Product Knowledge**

- How familiar do you think South African digital music consumers in general are with download or streaming sites?

#### **4.5 Transaction cost**

- Do you think what a track or album will cost online the most important consideration for consumers in general? Why?
- What do you think is a reasonable amount to pay for one song? What do you think are digital music consumers in South Africa willing to pay for one song?
- Do you feel consumers have to put in a lot of effort to find the tracks or artists they enjoy? What do you think about that time, do you think it is reasonable?
- What do you think consumers' opinions are on digital music platforms that have advertising on it? Do you think consumers prefer free with advertising or subscription with no advertising?

#### **4.6 Perceived Risk**

- Do you think consumers think it is safe to buy music online?
- What do you think consumers' thoughts are on piracy? Do you think they think they might get into trouble for using sites like Bit Torrent or LimeWire?

*(Notes: Question areas, which include a set of “grand-tour” questions and “floating prompts”. It should also include “contrast”, “category”, “special incident” and “auto-driving” questions)*

## 5. Appendix 5: Interview consent form

### **To Whom It May Concern: Informed consent letter**

*I am conducting research on consumer decision-making around digital music platforms. The purpose of the research is to improve understanding around the trade-offs in decisions consumers make when choosing between different types of digital music platforms such as download, streaming or sharing. Our interview is expected to last about an hour to ninety minutes, and will help us understand how South African consumers make decisions around digital music platforms. I will ask you for your honest opinion around choices why and how different digital music platforms are chosen in a face-to-face interview. There are no costs involved in participating in this research; whilst the only benefit will be assisting in improving understanding around the topic and thus adding value to the academic literature on the subject.*

***Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential. If you have any concerns, please contact my supervisor or I. Our details are provided below.***

Researcher name: Ellena Meiring

Email: [ellenadejager@gmail.com](mailto:ellenadejager@gmail.com)

Phone: 082 920 1357

Researcher Supervisor: Kerry Chipp

Research Supervisor: Signature .....

Email: [chippk@gibs.co.za](mailto:chippk@gibs.co.za)

Phone: [+27 11 771 4175](tel:+27117714175)

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## 6. Appendix 6: Ethical Clearance Letter

# Gordon Institute of Business Science

University of Pretoria

Dear Ms Ellena Meiring

Protocol Number: **Temp2015-01006**

Title: **Trade-offs impacting consumer decision quality in digital music platform choice.**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

GIBS Ethics Administrator



## 7. Appendix 7: Screening tool results without personal information

Timestamp	Are you over 18 years of age?	Do you access or share music online, whether through streaming, downloading, sharing or copying?	Have you downloaded music in the last year (12 months) from iTunes, Simfy, LastFM, Channel 24, LimeWire, BitTorrent or any similar websites?	Have you streamed music in the last year (12 months) from YouTube, SoundCloud, Deezer, Simfy, Rara, Nokia Music+, Internet radio stations or any similar websites?	Do you plan to access or share music online, whether through streaming, downloading, sharing or copying, even though you are not doing it at the moment?	Have you accessed the Internet within the last seven days?	My estimated household income is...	Please indicate what type of music you enjoy the most (you can choose as many options as you like)	I currently reside, study or work in Gauteng	Please indicate what type of music you enjoy the most (you can choose as many options as you like)
6-22-2015 18:16:05	Yes	Yes	Yes, I download music occasionally from these kind of sites (at least every three months)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English)
6-22-2015 18:35:13	Yes	Yes	Yes, I download music occasionally from these kind of sites (at least every three months)			Yes	R5 000 or more per month		Yes	Rock (English), Hip Hop, Metal
6-22-2015 19:11:38	Yes	Yes	Yes, I download music occasionally from these kind of sites (at least every three months)			Yes	R5 000 or more per month		Yes	Rock (English)
6-23-2015 20:43:24	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English)
6-23-2015 22:00:39									No	
6-23-2015 22:23:04	Yes	Yes	No, I do not download music from these kind of sites at all	Yes, I stream music regularly from these kind of sites		Yes	R5 000 or more per month	Rock (English), Metal	Yes	
6-23-2015 22:50:44	Yes	Yes	No, I do not download music from these kind of sites at all	Yes, I stream music regularly from these kind of sites		Yes	R5 000 or more per month	Pop (English), Rock (English), Rock (Afrikaans)	Yes	
6-23-2015 22:55:55	Yes					Yes	Less than R5 000 per month		Yes	
6-23-2015 22:57:04	Yes					Yes	Less than R5 000 per month		Yes	
6-23-2015 23:05:38	Yes					Yes	Less than R5 000 per month		Yes	
6-24-2015 4:35:32	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	House/Dance
6-24-2015 4:42:19	Yes	Yes	No, I do not download music from these kind of sites at all	Yes, I stream music regularly from these kind of sites		Yes	R5 000 or more per month	Pop (English), Rock (English), Gospel, Classical	Yes	
6-24-2015 10:06:50	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	Rock (English), Rock (Afrikaans)
6-30-2015 8:27:30	Yes	Yes	No, I do not download music from these kind of sites at all	Yes, I stream music regularly from these kind of sites		Yes	R5 000 or more per month	Rock (English), Rock (Afrikaans), Metal	Yes	
6-30-2015 16:58:55	Yes	Yes	Yes, I download music from these kind of sites but rarely (a few times in the last 12 months)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English), Classical
6-30-2015 17:28:19	Yes	Yes	Yes, I download music occasionally from these kind of sites (at least every three months)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English), Classical
7-9-2015 11:52:38	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	Rock (English), Hip Hop, Metal
7-9-2015 11:56:00	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English), House/Dance, Hip Hop
7-17-2015 15:51:47	Yes	Yes	Yes, I download music occasionally from these kind of sites (at least every three months)			Yes	R5 000 or more per month		Yes	Pop (English), House/Dance, Hip Hop
7-20-2015 21:03:18	Yes	Yes	Yes, I download music from these kind of sites but rarely (a few times in the last 12 months)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English), House/Dance, Metal
7-22-2015 8:24:40	Yes	Yes	Yes, I download music regularly from these kind of sites (at least once a month)			Yes	R5 000 or more per month		Yes	Pop (English), Rock (English), Hip Hop, Gospel, Classical
8-9-2015 13:00:02									No	
8-13-2015 16:31:43	Yes	Yes		Yes, I download music regularly from these kind of sites (at least once a month)		Yes	R5 000 or more per month		Yes	Pop (English), Pop (Afrikaans), Classical

## 8. Appendix 8: List of content codes used in the research project - version one 08/09/2015 (176 codes plus 22 families)

### Code-Filter: All

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HU: Thesis Ellena  
File: [C:\Users\Ellena\Documents\Scientific Software\ATLAsTi\TextBank\Thesis Ellena.hpr7]  
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Date/Time: 2015-09-08 19:09:08

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\*CON DOWN BRAND  
\*CON DOWN DEVICE INFLUENCE  
\*CON DOWN ETHICS  
\*CON DOWN INTRO DIGITAL  
\*CON DOWN RADIO/MEDIA INFLUENCE  
\*CON DOWN SLOW INTERNET  
\*CON STR DEVICE INFLUENCE  
\*CON STR ETHICS  
\*CON STR RADIO/MEDIA INFLUENCE  
\*CON STR SLOW INTERNET  
\*CON STREAM BRAND  
\*CON STREAM INTRO DIGITAL  
\*EXP BRAND  
\*EXP DEVICE INFLUENCE  
\*EXP ETHICS  
\*EXP INTRO DIGITAL  
\*EXP PLATFORMS SA POP  
\*EXP RADIO/MEDIA INFLUENCE  
\*EXP SLOW INTERNET  
\*WORD OF MOUTH INFLUENCE  
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QUOTES

## 9. Appendix 9: List of content codes used in the research project – final version 17/09/2015 (166 codes plus 28 families)

### Code-Filter: All

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\*CON ALL RADIO/MEDIA INFLUENCE  
\*CON DOWN BRAND  
\*CON DOWN DEVICE INFLUENCE  
\*CON DOWN ETHICS  
\*CON DOWN INTRO DIGITAL  
\*CON DOWN SLOW INTERNET  
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\*CON STR ETHICS  
\*CON STR SLOW INTERNET  
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\*CON STREAM INTRO DIGITAL  
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\*EXP SLOW INTERNET  
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## 10. Appendix 10: Methodology review of music-related academic journals

	Article title	Methodology: Qualitative or quantitative, including primary consumer perspectives?	Source
1	Music for free? How free ad-funded downloads affect consumer choice	Focus groups and interviews with music consumers	(Papies, Eggers, & Wlömert, 2011)
2	For those about to rock: A new understanding of adolescent music consumption	In-depth interviews with adolescents (music consumers)	(Nuttall, 2008)
3	Stop the music! How advertising can help stop college students from downloading music illegally	Qualitative focus groups plus quantitative Surveys with music consumers	(Sheehan, Tsao, & Pokrywczynski, 2012)
4	Online music consumption in today's technological context: Putting the influence of ethics in perspective	Qualitative interviews plus quantitative Surveys with music consumers	(Weijters et al., 2014)
5	Bundling effects on variety seeking for digital information goods	Quantitative Surveys and experiment(s) with music consumers	(Adomavicius, Bockstedt, & Curley, 2015)
6	Digital music and online sharing: Software piracy 2.0?	Quantitative Surveys with music consumers	(Bhattacharjee, Gopal, & Sanders, 2003)
7	Consumers' attitude and behavior towards online music piracy and subscription-based services	Quantitative Surveys with music consumers	(Cesareo & Pastore, 2014)
8	Consumer piracy risk: Conceptualization and measurement in music sharing	Quantitative Surveys with music consumers	(Jeong, Zhao, & Khouja, 2012)
9	Estimating consumer preferences for online music services	Quantitative Surveys with music consumers	(Jeong & Lee, 2010)
10	Consumer decision model of intellectual property theft in emerging markets	Quantitative Surveys with music consumers	(Lalovic, Reardon, Vida, & Reardon, 2012)
11	Pay What You Want: An exploratory study of social exchange and buyer-determined prices of iproducts	Quantitative Surveys with music consumers	(Marett et al., 2012)
12	Don't think twice, it's all right: Music piracy and pricing in a DRM-free environment	Quantitative Surveys with music consumers	(Sinha, Machado, & Sellman, 2010)
13	Customized bundling and consumption variety of digital information goods	Secondary data only: sales analyses	(Bockstedt & Goh, 2014)
14	Music business models and piracy	Secondary data only: quantitative data set analysis	(Bustinza, Vendrell-Herrero, et al., 2013)
15	Bye-bye bundles: The unbundling of music in digital channels	Secondary data only: sales analyses	(Elberse, 2010)
16	Copyright complements and piracy-induced deadweight loss	Secondary data only: literature	(Jiarui, 2015)
17	How do firms make money selling digital goods online?	Secondary data only: literature	(Lambrecht et al., 2014)
18	Modelling hedonic portfolio products: A joint segmentation analysis of music compact disc sales	Secondary data only: sales analyses	(Moe & Fader, 2001)
19	Marketing Effectiveness in the Music Download Industry	Secondary data only: sales analyses	(Reimer, Rutz, & Pauwels, 2010)
20	Is the music industry stuck between rock and a hard place? The role of the Internet and three possible scenarios	Secondary data only: literature	(Warr & Goode, 2011)
21	Pricing digital products and services in electronic commerce	Secondary data only: literature	(Ying, 2010)