

University of Liverpool

Dissertation Proposal

**Cohort Differences in Motivation for Illegal Music
Downloads**

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1. Statement of Topic

Statement of Problem

The music and entertainment industry has experienced major changes over the past decade. Much of this change has been due to the introduction and widespread use of the Internet as an alternative distribution channel, as well as significant advancements in the development of affordable electronic consumer products. However, a major consequence of these developments has been the creation of an alternative method of product piracy (BPI, 2001).

Within the music industry there are five major music companies operating at present. Figure 1 identifies these organisations and their share of the music market.

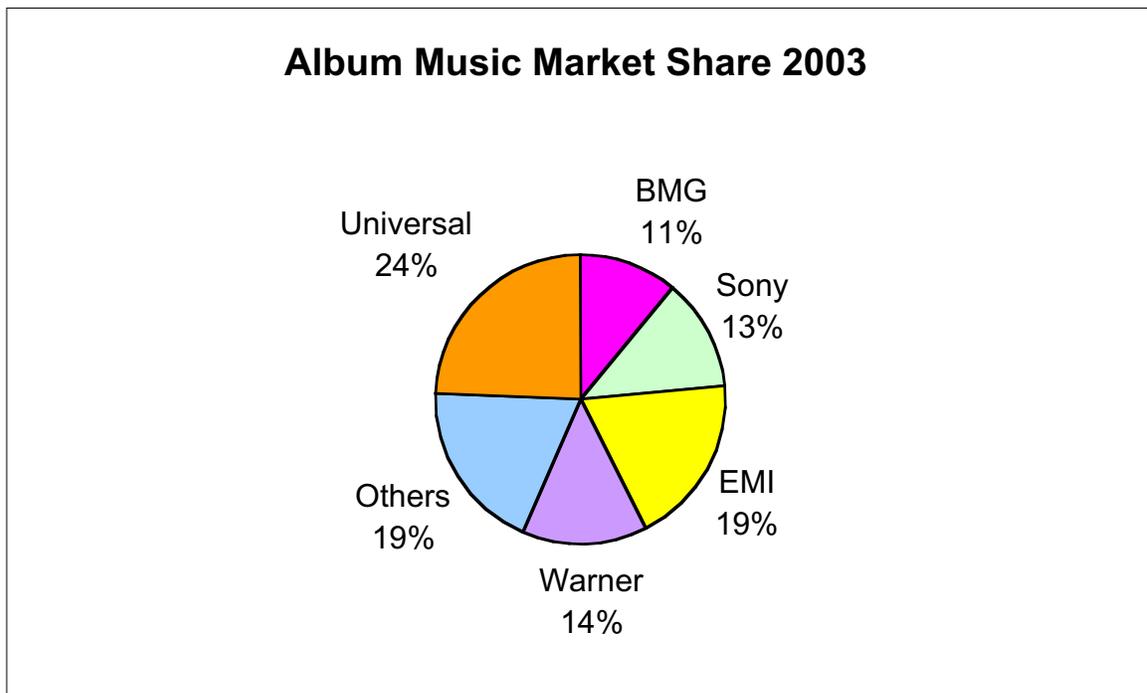


Figure 1 - Music Companies and their share of the Music Market by Album sales

Product piracy has always been an issue for the music industry. Prior to the development of the Internet, the major difference between genuine and pirated product was the quality of the product. The avid music fan generally values quality and ownership over cost. The music industry also relied on consumer values and morals, as well as the development of new product formats to maintain a profit generating business model.

However, consumer values and morals are often defined by consumer generations and cohorts. Cohorts are formed defining moments, external events that occur during a person's late adolescence or early childhood. These include major historical events, booms and busts, technological innovations and social upheavals (Meredith and Schewe, 1999).

As consumer generations progress, social and economic influences change, the values and morals of new generations of consumers are also likely to change. The environment in which consumers come of age is thought to be very important in influencing values and morals as suggested by Cohort effects. Cohort Effects are the values that drive behaviour and the preferences that reflect it. These effects are thought to stay with that cohort and influence its behaviour over its lifetime. (Nobel and Schewe, 2003)

Developments in technology and a technology-friendly generation has been quick in adapting to alternative methods of product acquisition. The original on-line file-sharing concept introduced by Napster in 1999 allowed Internet users to identify and share music files across the internet with no global restrictions. These were difficult time for the music industry. Napster were said to be the cause of their declining sales and profit - threatening the future of the music industry through royalty and copyright infringements.

Legal action has been brought upon Peer-to-Peer (P-2-P) service providers, such as Napster (1999) and KaZaA, by the music industry majors in an attempt to stop the activity of pirate music file sharing on-line. P-2-P technology connects client computers directly with other client computers and enables sharing and exchanging of information (Turban, 2002). Any information that can be transported in a digital form for example music, games and movies can be shared and accessed across P-2-P networks.

Since consumers have been made aware of the possibilities P-2-P services provide and its cost benefits, the music industry has found it difficult to entice consumers away from using these services, without devising a better alternative. The music industry has continued with legal action targeting individual consumers such as Brianna LaHara (prosecuted for downloading over 1000 music files from KaZaA) as well as the on-line service providers, in an attempt to curb illegal file sharing activity.

"The Internet makes piracy very easy and it doesn't feel wrong" said Dennis Mudd CEO of MusicMatch, explaining why getting a grip on the digital music industry has been so confounding and why the temptation to steal is so great. "Music services don't have enough clout to attract the mass market of digital music lovers, and yet the all-powerful record labels are losing out as their valuable music assets get pirated away by younger generations of users." (Hyman, 2002).

The music Industry need to identify an alternative method by which to encourage consumers to trade legally over the internet, which satisfies both consumer needs and wants, but is also profit generating for the music industry.

Background information

For many years the music industry has relied on the income from royalty and copyright payments to subsidise and boost their profits. This activity has been policed by the various organisations tracking airplay of music for artists and the physical number of products being sold. Where the physical product exists no more, the

industry is finding it increasingly difficult to control the distribution and replication of its product (Adegoke, 2004).

Many of the music organisations have developed alliances with competitors, horizontal and/or vertical integration with technological, telecommunications and other entertainment sector organisations with the intention of identifying some differential in order to enhance its product and product delivery methods to the consumer. Some have succeeded in their strategy where as others have not been as successfully.

Each of these companies has experienced similar issues with the growth of the Internet and digital music distribution. There are many factors that may have contributed to the decline in sales and profit for the Music Industry during this time.

Research by the BPI (2004a) into music industry loses through illegal downloading identify that in 2002 the spend generated by young consumers in the music industry was over £730 million. In 2003 their spend had declined to just over £489 million. Had it grown in line with the music industry average, they should have spent almost £767 million.

This dissertation will address the issue of consumer motivation behind illegal file downloading and file sharing of digital product, which threatens the viability of the music industry.

When facing such changes within the Industry, how can this industry remain competitive and profit generating with the current level of piracy, as piracy seems to be acceptable to so many consumers as the norm? Consumers need to be encouraged to revert to legal means by which to acquire music product. By Identifying consumer motives in committing illegal file sharing will the first step to modifying such consumer behaviour.

Music Industry and Cohort dependency

The music industry identifies the Internet as a major contributing factor to its current troubled financial status and increase in product piracy (BPI, 2004b). However, those outside of the music industry identify a number of different reasons for the issues the industry faces today. Some of these issues relate to developments in technology and the Internet, whilst others to the music industries reluctance to change and embrace new technology to address changing consumer needs and wants (PC-World, 2003).

Teenagers in 2004 are unlikely to have the same moral standing, attitudes, expectations and experiences to those of previous generations according to research by Nobel and Schewe. Nobel and Schewe (2003) define Cohorts as proposed groups of individuals, who are of similar age, who experience similar external events during their late adolescent/early adulthood years. The issue of birth cohort is thus important, as cohorts will have their own unique experiences and expectations developed in their younger years, which is likely to determine their behaviour throughout their lives. (The UCSF Academic Geriatric Resource Center, 2003).

The dissertation research will show how two consumer generations differ, demonstrating that these differences are due to cohort rather than age effects. This research will provide valuable information to the music industry in catering for changing consumer generation needs and expectations. In doing so, such information will assist in the battle against on-line music piracy and free distribution of digital music.

Significance of Research

Music industry business practices have changed little while consumer behaviour has changed a great deal over the past decade. An understanding of contemporary consumers can help the music industry deal with such challenges as illegal digital music file sharing and distribution, as well as changing consumer needs and desires.

At the rate at which Internet access is growing, and more significantly broadband (decreasing file transfer times), the new generation of consumer is likely to expect digital file sharing as the norm rather than a convenient alternative to the traditional music formats.

As consumer behaviour changes, the music industry should evaluate the needs and values of the new generation of consumers. The music industry will then be better placed to market its products, devise product delivery and revise archaic business models to satisfy new, as well as existing customer requirements via legal means.

Contribution of Research

As part of the fight against digital music piracy the music industry has taken and threatened further legal action against individual consumers in an attempt to deter illegal digital file sharing. In doing so, it could be argued that the music industry is alienating just those consumers who should be their valued customers.

The Internet is another distribution channel for the music industry like no other previous to it and needs to be exploited. Existing business models utilised by the music industry for decades may not be appropriate for the new generation of technology sophisticated consumer. By identifying consumer values, which may differ according to their generation, the music industry will gain a better understanding of consumer behaviour in an attempt to prevent illegal file sharing and with the aim of creating a strategy that will appeal to the new age consumer.

2. Aims of Dissertation

Research Objectives

The music industry needs to identify what the Internet consumer values and how they can potentially win back consumer loyalty through appropriate product delivery. This dissertation will identify how two different groups of consumers have adapted to the digital age of music distribution. These consumer groups will be of different generations.

The research will include an investigation into consumer views and opinions on legal and illegal acquisition of digital music product. How consumer values have changed over time, especially with the introduction of the Internet and factors that have influenced such change. How consumers react in an environment which is 'free for all' whether it is legal or not. And how consumers of different generations view the music industry and their current strategies and practices in dealing with on-line music pirates.

As this research is of an exploratory nature, focus group methodology will be used to identify consumer reasoning in response to the research questions identified above.

Research Purpose

The consumer behaviour of the Millennial generation (born after 1982) is unique to that of previous generations. Consumer behaviour is often determined by different buying situations, personal, social and economic influences relating to their personal cohorts. Nobel and Schewe (2003) in their research into Cohort Segmentation identify the Millennial generation as a cohort and define that cohort effects such as external events, economic changes, technical innovations stay with that cohort over its lifetime, distinguishing one cohort from another. The environment in which a consumer comes of age is thought not only to determine the consumer's values and attitudes but also to influence their consumption behaviour over a lifetime (Nobel and Schewe, 2003).

David Frerichs, founder and chief technology officer of IM Networks, suggests of the Millennial generation that "It's becoming a generational expectation that music is free, How do we move pirating fans back to the legitimate side of the industry?" (Hyman, 2002). By creating a generation and potentially future generations who expect music to be free, how is the music industry expected to support current expenses and source income for on going music development?

The BPI (British Phonographic Industry) is the governing body for the entertainment industry in the UK. Recent research by the BPI (2004a) has shown that Internet and street trading for entertainment product attract very different types of consumers. The BPI (2004a) suggest that downloaders are younger and more upmarket than consumers who shop at market stalls.

BPI research suggests that young consumers are turning to the Internet, the new distribution and delivery medium, for music. However, the music industry is seeing little benefit from this consumer generation. BPI figures highlight spending by this consumer group has declined. There could be a number of reasons for such a decline. It is plausible that change in behaviour of the younger consumer group and its attraction to the internet in acquiring music product may not be through music industry supported avenues, but via alternative, non-legal means such as those introduced by Napster in 1999.

3. Literature Review

The literature review section encompasses a number of subject areas relating to the music industry, music downloading and consumer and cohort behaviour and effects.

Changing role of the Internet

It would be an understatement to suggest that the Internet is important to the entertainment industry. The Internet has changed the way the industry operates. For consumers the Internet has provided an alternative method by which to spend their income. Web surfing itself is now recognised as one of the main time wasting activities. (MIS, 2004)

The Internet is a medium which the music industry cannot and should not ignore. Much of the research to date suggests that the music industry has failed to exploit the opportunities the Internet provides. The consequence of such behaviour has resulted in a growth in music piracy.

For the consumer, the Internet has created greater product and purchasing awareness. Consumers are turning to the Internet to get what they want and when they want it. Once experienced, such convenience and trends are difficult to change.

State of the Music Industry

A common theme in many industry trade reviews identifies the music industry's reluctance to embrace and exploit technological developments. This disinclination has created opportunities in the market place encouraging illegal music distribution.

A plausible reason for the music industry's reluctance to embrace the digital technology and medium could be due to its reluctance to change and the consequences it creates; losing control over consumers and its product. Jorgen Larsen, CEO of Universal Music International (2004) suggests that:

"..criticism that we slept through the internet revolution is misplaced, because we are not in the IT, technology, cable or phone businesses. Our only core business is to build the strongest possible artist rosters and make incredibly good recordings that people want to buy and own in whichever form suits them the best."

The compact disc has dominated the music industry for the past 20 years. The new digital file format is said to be its replacement. There have been a number of format changes over the past 60 years for the music industry. However, this is the first time that the change has not been controlled by the music industry and to their benefit. It is also the first time that the new format has not been a tangible or physical product (Adegoke 2004). Such fundamental changes will affect the music industry. As Jorgen

Larsen suggests the music industry is not in the technology industry. However, where the delivery of its products and main revenue channels are likely to be affected, the music industry cannot afford to ignore such major developments.

John Barrett, a research analyst with the firm Parks Associates, suggests that:

"Digital music has changed the market, and business models need to change too or the industry will suffer the consequences. Even if file-swapping networks were to magically disappear, the traditional revenue models would still be under strain."
(PC-World, 2003)

John Barrett states that the music industry has always been able to sell the same musical works a number of times to the same consumer by simply repackaging it. With the development of affordable technology and the new digital file format, Barrett warns that "Digital music allows consumers to repackage music themselves" thus, giving greater control to the consumer.

Over the past five years the music industry majors have been in a dilemma as to how to progress in the digital age. Various music companies have experimented with different methods (vertical and horizontal integration and joint ventures). These strategies have been an attempt by music companies to acquire skills and technology, which they did not possess in-house, to increase the music companies reach of consumers through multi-media technology.

However, changes take time and effort to develop and implement. A consequence of this delay has been that organisations such as Napster and KaZaA have fulfilled a gap in the market place, providing consumers with what they require much faster than the music industry has been capable of doing.

In the meantime the industry has attempted to tackle the growing problem of digital music piracy, created by the likes of Napster, by threatening legal action on consumers involved in illegal file sharing and downloading in an attempt to contain and discourage illegal behaviour. Legal action has been a deterrent to the growing problem and the only immediate action the industry could identify to discourage illegal consumer behaviour. The boss of EMI (2004) Alain Levy suggests that the music industry's failures are due to the fundamental mistake of ignoring its consumers.

To stop the piracy, the music industry cannot just rely on lawsuits. Music organisations need to create some greater benefits to entice consumers away from illegal trading. However, it seems that the music bosses are unclear as to what this might be. (Weber, 2004)

Legal action being imposed by the music industry could have greater consequences than initially envisaged. Business culture and consumers differ according to local religion, morals and written and unwritten laws of the land. The UK industry may not take kindly to lawsuits, as imposed on American consumers, mainly due to the long battle the British music industry has faced with charging higher prices for music product in the UK market place in comparison to the US.

Murray Buchanan (music, media and technology specialist with law firm Maclay, Murray and Spens) suggests in an interview with Gordon Darroch (2004), that consequences of legal action in the UK could cause further bad publicity for the British music industry.

For years, the financial structure of the music industry - from artist contracts to manufacturing operations - has relied on sales of albums that can contain 16 or more tracks (Healey and Leeds, 2004). With one of the industries main profit generating revenue streams crippled, the future development of the industry and new artists could be said to be in jeopardy. The threat of legal action against consumers is buying the industry time to define a more suitable solution.

Age and Cohort Effects In consumer Behaviour Industry

Much of the research to date tends to suggest that young consumers are the largest offending group of illegal music trading on the Internet.

- 18% of people aged 12-74 claims to be downloading music – around 8m individuals.
- Of this 8m, 92% are downloading from illegal sources, particularly file-sharing services.
- The profile of downloaders is heavily biased towards younger age groups – 29% of them are aged 19 and under.
- These younger downloaders are also the heaviest – 47% claim to be downloading more than 10 tracks per month. (BPI, 2004a)

This behaviour does not always suggest criminal intent. As highlighted by the well-publicised case of Brianna LaHara, the 12 year old never knew she was doing anything wrong.

Brianna LaHara a 12 year old girl discovered KaZaA, peer to peer file sharing service, by accident. Brianna enjoyed music so much so that she downloaded over 1000 music tracks onto her home computer using KaZaA. None of these tracks had been paid for. Subsequently, she was issued with a writ from the RIAA (Recording Industry Association of America) for storing music tracks on her computer without paying for them. The RIAA were claiming US\$150,000 (£83,000) for each track downloaded. Brianna and her family claimed that these tracks were used for personal entertainment only. (Darroch, 2004.)

Much of the research to date suggests that downloading and file sharing using P-2-P networks is common amongst the younger generation (BPI, 2004a). In most cases, like Brianna, the younger consumer is not always aware they are performing an illegal act, and even if they were, would they really care?

BBC News UK (2004) reports the views of a internet pirate who claims to know what he is doing is wrong, but does not feel that it is unreasonable behaviour.

"I'm a casual music pirate, not the hard-bitten downloader that the music industry is trying to track down and I'm not worried about the FBI, or whoever, knocking on my door to hand me a writ. I know what I am doing is illegal, but I feel it is no more illegal or threatening to the music industry, than my videotaping of programmes from TV is threatening to broadcasters."
(BBC News UK, 2003)

Many consumers share this view, believing that the music industry has controlled where, how, and what music consumers buy and listen to for long enough. The new generation of consumers want greater control over what they buy and how they buy it. It's the generation of convenience.

FOE (The Future of Entertainment) specialise in the effects of generational change on the market place. They predict that the generation shifts are the primary reason behind the music industry's decline after 2000. FOE (2004) suggest that the Millennial generation use media differently to the previous generation and that this generation replaces Generation-X as the primary creators in our society. With the development of new consumer generations, values and attitudes of this new generation are likely to differ from those of previous generations.

Smith and Clurman (1997) suggest that members of a generation are linked through shared life experiences. Shared life experiences create bonds tying members of a generation together into what social scientists call Cohorts. Because of these shared experiences, cohorts develop and retain similar values and life skills.

Much of the research information available to date focuses on identifying the Internet downloader profile via categorisations such as age, sex, geographical location and quantity of product being downloaded by the consumer.

This dissertation will begin to address issues such as, Is age alone sufficient to use as a discriminator for segmentation and marketing? Identify other key dimensions such as attitudes and behaviours formed through key life stages which play a hugely significant role in people's outlook. To build effective tools and resources to guide strategy and answer the tactical questions, can greater benefit be found in alternative means of consumer segmentation?

Influences on Cohort Effects

Much of the existing marketing literature has devoted less attention to some potentially important age and time related factors that bear directly on differences in consumer preferences. As suggested by Schindler and Holbrook (1996) age and attitude towards the past define tastes and personal choice in ways that carry important implications for the design of marketing strategy.

It is commonly accepted that attitudes influence behaviour (Homer and Kahle, 1988; Korgaonkar et al., 1985; Peter and Olson, 1996, cited DeWulf and Odekerken-schroder, 2002). This is as indicated by the Value-Attitude-Behaviour hierarchy. The expectation that attitudes predict behaviours was questioned by Wicker in 1969

(Foxall and Tani-de-soriano, 2003) who showed that attitude-behaviour correlations were typically weak. Higher levels of consistency could be achieved by including personal factors like motivation and situational factors with the actual and expected consequences of the behaviour in question.

Consumers acquire values, attitudes and beliefs as a result of the political and social environment in which they come of age. Individuals who come of age in similar environments and who experience similar historical events should have similarities in the formations of these characteristics. As such, these characteristics should be able to distinguish similarly aged consumers and cohorts (Nobel and Schewe, 2003).

Schindler and Holbrook have completed a number of studies to identify the effect on consumer preference using various stimulus objects. Many of their studies demonstrate a common theme, that positive affects from early experiences during one's youth, shape the development of permanent preferences. Schindler and Holbrook (2003) suggest that many of the proposed differences by age groups are really differences between cohorts and failing to recognise this cohort dependency could lead strategists to faulty predictions regarding consumer demand.

An important behavioural attitude related to technology adoption is Perceived Risk. A number of researchers, Javenpaa and Tractinsky, 1999; Can den Poel and Leunis, 1999 (Krishnan and Uhlmann, 2004) have identified that perceived risk with on-line trading has affected consumers willingness to make or adapt to online product acquisition activity. Insecurity negatively affects technology adoption.

In the case of Napster (1999) the majority of users were not aware that they were engaging in illegal activity and that they could potentially be in violation of copyright law. Casual use of what was then seen to be a legitimate service could have led to unwitting users suffering unforeseen negative consequences. More generally, it has become increasingly apparent that Internet activities are susceptible to both real-time and historical monitoring. It is difficult for an Internet user to anticipate all possible consequences of this monitoring (Krishnan and Uhlmann, 2004).

Analysis by Schindler and Holbrook suggests reference group influences during adolescence tend to define behaviour in later years. The influence of others (subjective norm) has also been reported to affect consumers' willingness to adopt to technology. Taylor and Todd, 1995 (cited Choi and Geistfield, 2003) reported that subjective norm positively affects consumers' adoption of innovative products.

Green (1998) found that normative pressures had a significant effect on technology acceptance. It was suggested that self-efficacy was an important aspect of perceived behavioural control. Enhanced self-efficacy leads to increased technology adoption since people feel more comfortable with using the technology and have less technology anxiety (Choi and Geistfield, 2003).

Consumer behaviour analysis with relation to the Internet has demonstrated that opinion leaders (consumers with personality traits demonstrated to influence innovative behaviour) will be the savvy Internet users. These Internet users are likely to be part of the first consumers to trial online services using the World Wide Web

and that these individuals will accept the (perceived) risks these services create to meet their own needs. (O'Cass and Fenech, 2003). O'Cass and Fenech (2003) also suggest that these opinion leaders will act as advocates or opponents for their family and peer groups, encouraging or discouraging internet activity within their social network (Reference groups).

Complex lives and lifestyles, a more diverse and fragmented population and the power of technology all contribute to changing consumer needs and expectations in the digital age. More importantly consumers want more control over their time. Technology provides consumers the ability to get customised products quickly. According to the EC model of consumer behaviour, purchasing decision process is triggered by a customer's reaction to stimuli. The process is then influenced by the buyer's characteristics, the environment and the technology as well as other factors. (Turban, 2002).

4. Theoretical Orientation

The theoretical framework of this dissertation comes from cohort theory. Cohort theory suggests that differences from one age group to another are based not only on chronological age and maturity, but on shared values of a cohort that came of age together. Cohort refers to proposed groups of individuals who are born during the same period and who experience similar external events during their formative years (Nobel and Schewe, 2003).

Much of the research identifies that the younger consumer generation, Millennial generation are likely to engage in illegal music file sharing and downloading activity (e.g. BPI, 2004; Hyman, 2003). Schindler and Holbrook (2003) identify that consumer behaviour is formed in a person's formative years and these characteristics are likely to live with a consumer throughout their lifetime. The environment in which consumers come of age is thought to be very influential not only in defining consumer values and attitudes, but also in influencing their consumption behaviours over a lifetime. As such, cohorts can be a valuable segmentation technique for marketers and used in a number of marketing management books and literature (Nobel and Schewe, 2003).

Nobel and Shewe (2003) in their research of the Validity of Cohort Segmentation raise the question that perhaps values are too abstract to capture cohort difference. Assessing specific behaviours may prove more productive in defining cohort differences. The study goes on to suggest that a qualitative approach to cohort segmentation may provide a more in-depth exploration of how influences determine cohorts.

To add further complexity to consumer influences, technology no longer restricts consumers to local influences. The Internet has created a whole new channel of influential opportunity for those users who wish to interact in this manner. The history of the Internet suggests that what attracts most people to it is not information, but other people. Internet services that allow like-minded people to gather and interconnect are booming. The most social corners of the Internet are populated mostly with young users (Biocca, 2000).

Therefore, this dissertation will examine specific consumer behaviour - motivation for illegal music downloading and demonstrate differences in motivation between two cohorts. These two cohort groups are the two largest age groups of Internet users involved in digital music downloading and file sharing.

Within the music and entertainment industry various research methodologies are currently used. The most common ones tend to be quantitative methods, questionnaires and surveys, which are used to identify consumer opinion. This concept is common to the method by which music charts are constructed, from mass quantitative data based on sales. Surveys are by far the most common form of data collection within the music industry. Web sites of music governing bodies such as the BPI (www.bpi.com) contain data relating to a vast number of surveys. These sources contain recent and historical information for analysis and year on year comparisons.

Such methods are appropriate for mass marketing and to identify the appeal of specific genres of music, new artist and singles. However, it does not always provide sufficient and precise reasoning behind consumer decision making.

Consumer polling and web site counters are commonly used to identify digital downloading statistics. Such data has been used as part of the initial investigation for this dissertation to identify specific issues with downloading music, cost implications to the music industry and categorisation of consumers/offenders and legitimate downloaders by age. Additional secondary data sources such as IT publications, industry magazines, articles and journals, newspapers, books, corporate Intranet sites, corporate newsletters and publications and the Internet will be interrogated for useful information.

Primary data will be gathered using qualitative data analysis methods via consumer focus groups and interviews with music industry managers within the Music Company. Focus group analysis will be used to gather valuable information relating to different generational categories and how their cohort has affected music purchasing/downloading decision making and their view of the music industry.

5. Research Methodology

Two research techniques will be used to gain a deeper understanding of consumer behaviour: Focus Groups and Interviews. These research techniques have been selected based on the need to identify qualitative data from participants. This information will be used to identify motives, trends and categorisation of consumers and music piracy.

Qualitative research methodologies, such as focus groups and interviews, allow researchers to identify the actual reasoning behind consumer decision making which the more traditional research methodologies often lack. These techniques are ideally suited to research of an exploratory nature.

Interview technique for data gathering

Interviews allow for a one on one question answer session to address specific areas of interest from knowledgeable people. Interviews will allow for the exploration of an undefined nature and considerable complexity, with detailed information gathering.

Senior management within a music corporation will be interviewed to identify current music industry issues and management insight into the digital music era. This will provide an opportunity to identify the thinking behind past and present music industry strategies, future developments and direction, current issues as management envisage them and how they plan to resolve them.

An initial phase of pilot interviews has already been completed. Some common questions were used in the interviews as well as specific questions depending on the interviewee and the position they held within the music organisation. Pilot interviews have provided valuable information in the form of further justification for this dissertation and support for the current cause for concern over illegal music downloading and file sharing within the music industry. Pilot interviews have also provided information relating to current working practices and actions of the music industry, and their perception on consumer activity which will be used in focus groups sessions with music consumers.

Further interviews will be scheduled as the dissertation analysis progresses and as senior management within the music organisation become available. Information retrieved from these interviews will be used as supporting information in future focus group discussions. Specific issues identified and raised by management during interviews will also be raised with focus group members in future sessions.

Music industry management will have the knowledge to provide justification for past decisions made by the music industry as well as answers to issues raised during previous focus group sessions. Organisation decisions are usually based on business strategy, which is not always obvious to the consumer. One to one sessions will provide the opportunity to clarify and identify an in-depth understanding on issues such as the music industry's decision not to exploit new technology sooner, legislation against consumers and future of the music industry and digital music piracy.

Focus Group Analysis

Focus group methodology is useful in understanding how and why people hold particular beliefs relating to specific topics as well as observing consumers and their responses to specific issues. Focus group sessions create an opportunity for consumers to explain and provide reasoning to support their choices, values and behaviour. Such techniques provide greater insight into consumer reactions and generates valuable knowledge. As stated by Luntz (1994) "The goal of focus groups is to identify private, non-communicable, unconscious feelings and emotions."

Marczak and Sewell (2004) define focus groups as a group of interacting individuals having some common interest or characteristics, brought together by a moderator, who uses the group and its interaction as a way to gain information about a specific or focused issue.

Focus group analysis will be used to identify consumer thoughts and issues on the digital music age and observe consumer reaction to the issues surrounding consumer behaviour and digital music, legal and illegal. Figure 1 identifies consumer downloading activity by age categories. BPI analysis also identifies that 92.2% of all downloading currently occurs at home.

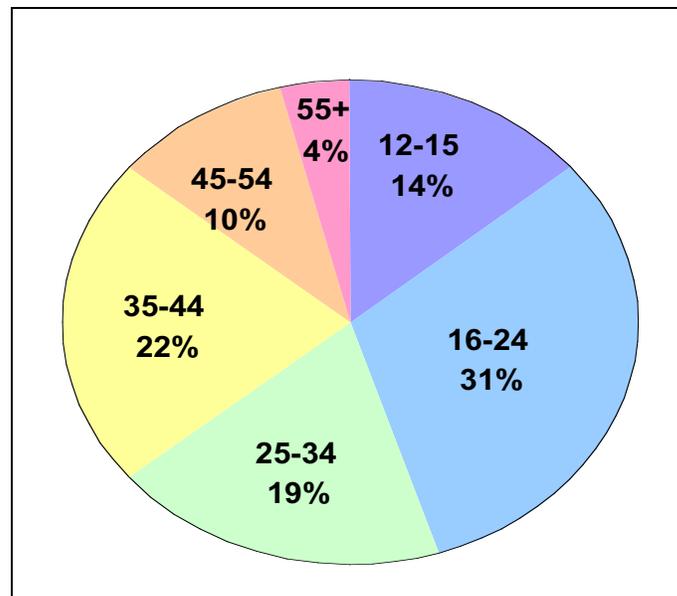


Figure 2: Downloaders by Age (Source : www.bpi.co.uk)

As part of the research for this dissertation, two Cohort groups will be used for analysis. The two cohort groups will be based on the results identified by the BPI research as the two largest age category of consumers engaging in music downloading activities: 16 to 24 year olds and 35 to 44 year olds.

Focus group one will consist of 6 to 8 participants. They will be within the age range of 16 to 24. Participants identified will have some interest in music, Internet access (preferably at home, broad band or dial-up), have purchased some music product in the past and would or have considered music downloading digital file format music as an option. As these sessions are likely to be conducted in an educational institution and include participation from students under the age of 18, a legal guardian/teacher will be present at all times.

Focus group two will consist of 6 to 8 participants. They will be of a mature age range of 35 to 44. Participants identified will have some interest in music, Internet access (preferably at home, broad band or dial-up), have purchased some music product in the past and would or have considered music downloading, digital file format music as an option.

The structure of the focus group analysis is based on the comparison of two cohort groups. These 2 groups have been identified as the two largest groups of consumers who have been active in music loading to date (by the BPI). Four focus group sessions will be held over a three to four week period, more if required and possible within the available time frame.

The literature research for this dissertation suggests that the younger focus group members are more likely to be the group of consumers who will engage in the illegal downloading of music files and file sharing via the internet. Due to different macro-level social influences during their upbringing, lack of technology awareness or confidence, perceived risks and legal implications, the mature music consumer is less likely to participate in illegal digital music activity.

To support or refute such claims, the focus group sessions will aim to identify what and who has contributed to the formation of attitudes, values, morals of the two cohort groupings; how these consumer characteristics differ towards the music industry and the digital era; their perception to the risks involved in downloading music illegally and their motivation behind such activity.

The two focus groups will provide valuable information relating to how the new generation of consumers value and interpret purchasing convenience as a god given right, or possibly illegal activity in comparison to the more mature consumer who has experienced different music eras and has various music product purchasing experiences.

A dynamic group situation may bring out information that would otherwise not be identified using quantitative research methods. Focus groups provide participants an opportunity to provide non-quantifiable, emotional and open-ended responses to questions which research methods such as questionnaires do not. Focus group sessions allow the moderator to observe and understand reasoning supporting the decision making process as expressed through multiple senses such as emotion and expressions of participants. These private non-verbal, unconscious reactions are often more telling than the quantifiable data gathered from traditional forms of data analysis.

Resources Requirements

Both of these research methods require little resource or investment (in monetary terms). However, focus groups and interviews are time consuming and require appropriate preparation to ensure maximum benefit is gained from these exercises.

Ethical and Safety implications

My current employment is within the music industry for a music major. Although this has its advantages, it does also create some preconceptions and bias due to past experiences and existing organisational politics. Following a research methodology as defined for focus groups and interviews, personal influences to outcomes should be limited.

6. Dissertation Timeline

| Date (2004) | Task/Mile Stones |
|---|---|
| May | Literature Review and Research Methodology |
| August | Begin write up of Dissertation Proposal |
| September 20 th | Submit Dissertation Proposal To UOL |
| September | Receive approval of proposal from UOL |
| September 20 th | Continue with Interviews |
| September 20 th to 26 th | Define specific focus group session questions |
| September 27 th to October 8 th | Perform Focus group sessions |
| October 4 th to October 15 th | Analysis of research data |
| October 4th | Begin to write dissertation |
| November 1 st | Submit first draft of dissertation to dissertation advisor |
| | Rework first draft of Dissertation |
| November 15 th | Submit Second draft of dissertation to dissertation advisor |
| | Rework second draft of Dissertation |
| November 29th | Submit final dissertation |

7. References

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