

Pirate or subscriber? An exploratory study on Italian consumers' music habits¹

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Abstract

Purpose of the paper: This paper analyzes Italian consumers' music habits in terms of online piracy behaviors and their interest toward subscription-based music services (SBMS), i.e. services that for a small monthly fee give users legal access to vast music libraries across multiple devices. The objective is to try and profile a piracy-prone consumer and explore if SBMS could be a viable alternative to online music piracy in Italy, where the general piracy rate is very high.

Methodology: The study is based on an empirical quantitative analysis through the collection of 505 questionnaires completed by Italian consumers.

Findings: The paper highlights how Italian consumers reflect the 'attitude-behavior gap' in music consumption, as they perceive online music piracy as ethically wrong, yet they still show low preference for the legal, reasonably priced choice (such as SBMS). Younger, male, lower education, students have the highest propensity towards online piracy. In addition, consumers' awareness, familiarity and interest in subscription-based music services are still very low.

Research limitations: The limitations of the paper are linked mainly to the adapted scales, to the omission of alternative determinants of attitude towards piracy, to the composition of the sample and for analyzing only two subscription-based music services (Napster and Spotify).

Managerial implications: The results call for greater efforts by music industry actors and public institutions to educate Italian consumers about the consequences of their online piracy behavior and the possible solutions offered by SBMS.

Originality of the paper: This paper is the first to focus on Italian consumers' music habits, their attitude and behavior towards online piracy and their interest toward subscription-based music services as a viable alternative.

Keywords: online music piracy; attitude-behavior gap; subscription-based music services; Italy; consumer behavior

1. Introduction

The technological revolution has magnified the issues related to the counterfeiting phenomenon. Internet's expansion in the global market has created new business opportunities and has led to vast improvements in communication; however, it also represents a big threat. The Internet

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World Stats² estimates that there are over 3 billion Internet users in the world, and that the average global Internet penetration rate is 42.3%. The digital revolution, the introduction of the World Wide Web and of high-speed networks have provided an additional distribution channel for counterfeited products (Pastore and Cesareo, 2014). Furthermore, they are a main driver for the expansion of one of the biggest economic issues of the digital era: online piracy, i.e. the unauthorized copying and distribution of copyrighted content on the Internet (Castro *et al.*, 2009).

Among all the industries to be revolutionized by the rise of digital technology and the global network, the content industries, specifically the music, motion picture, print media and software industries, are the most affected (Sudler, 2013). The Internet and the spread of peer-to-peer (P2P) networks have made the global distribution of content easier than ever (what Belk, 2014, calls *Internet-facilitated sharing*), causing a serious disadvantage for content producers and other players in the industries, since a vast proportion of the content shared via the Internet is either unauthorized or pirated (Robertson *et al.*, 2012). Digital content products have high initial creation costs yet very low, near-zero reproduction costs. They also have the characteristics of a public good, meaning that sharing with others does not reduce the consumer's utility. These characteristics, without doubt, facilitate their widespread and illegal distribution all around the world (Bhattacharjee *et al.*, 2003).

One of the content industries facing the highest impact of online piracy is the music industry. The inception of Napster in 1999 and the consequent spread of file-sharing and peer-to-peer services revolutionized the music industry, causing a drop in sales of physical CDs (Zentner, 2005). In addition, the Internet made the MP3 search process much easier, allowing music seekers to obtain MP3 files with a simple mouse click while making their own music collection available for the community (Hennig-Thurau *et al.*, 2007). Napster represented the transition from music ownership (property) to music access (gifting) (Giesler, 2006). This revolution represented, initially, a great challenge for the recording industry, since file sharing considerably weakened effective copyright protection. In early 2001, when Napster's popularity reached its apex, almost all music played on the radio and many older tunes were available for free download (Langenderfer and Cook, 2001).

In the last few years, however, music companies have completely updated their business models in order to fully exploit the Internet's potential: digital revenues in 2013 were worth \$5.9 billion and represented 39% of the industry's global revenues (IFPI, 2014). Advertising-supported streaming services, digital downloads, internet radios, mobile applications and subscription-based music services (SBMS) have become important channels for the distribution of "liquid" music to the evermore connected, global consumer. For the first time since 1999, in 2012 the global trade value of the music industry rose by +0.3%, reversing the negative trend of the last decade (IFPI, 2013).

Among the various options for the digital distribution of music, SBMS are experiencing the highest growth (28 million paying users worldwide,

² <http://www.internetworldstats.com>, Last Accessed January 23rd 2015

up by 40% on 2012 and revenues up by 51.3% in 2013), driven by successful bundling deals with Internet Service Providers (ISPs) and mobile operators, improved user experiences, integration with social networks and great variety of prices (IFPI, 2014). This relatively new, legal tool, offers millions of songs on streaming and for download from different record labels for less than 10\$/€ a month. Such services seem to be a viable alternative to online music piracy, as they have different tiers of offers and allow consumers to listen to hours of music without the need to purchase individual songs.

Ludovica Cesareo
Alberto Pastore
Giulia Ugolini
Pirate or subscriber? An
exploratory study on
Italian consumers' music
habits

In some European countries, such as Sweden, the Netherlands and France, where, for example, the subscription-based music services *Spotify* and *Deezer* are now a consolidated reality (with awareness levels ranging between 75%-96%), online music piracy rates have significantly diminished (i.e. down by 4% in the Netherlands as of December 2012) (IFPI, 2013). In Sweden alone, 89% of Spotify subscribers have greatly reduced their illegal downloading of music (IFPI, 2014). The challenge is therefore to understand how these services are extendable to other countries where they are less common, and to study potential attitudes, interests and behaviors of consumers towards these new services. Delineating a profile of the consumers that are more prone to piracy and those who are more willing to try legal alternatives, like subscription-based music services, could be very helpful for companies in order to craft customized and targeted marketing strategies and communication campaigns.

Italy is a particularly interesting market to study, given the concurrent high piracy levels, the growth of digital music revenues and the potentiality of subscription-based music services (FIMI, 2013). The primary objectives of this research are therefore to: investigate Italian consumers' music habits in the digital era; delineate a profile of piracy-prone consumers in order to understand their interest and propensity to try subscription-based music services as a viable alternative to music piracy.

2. Literature Review

2.1 *The Internet Revolution, Online Piracy and the Music Industry*

The academic literature in strategic management, international marketing and consumer behavior has addressed the general phenomenon of online piracy, defining it as the unauthorized copying and distribution of copyrighted content on the Internet (Castro *et al.*, 2009). In this stream of research, different studies have focused on music piracy and, after the birth of file-sharing, P2P networks and Napster in 1999, on *online* music piracy. These works have tried to analyze and evaluate the effects of illegal reproductions distributed throughout the web on the sales and revenues of the music industry.

Theoretically, different effects of the file sharing phenomenon have been put forth. The most common belief is that the advent of the Internet and peer-to-peer technologies have fostered piracy and thus reduced physical CD sales (Peitz and Waelbroeck, 2004; Hong, 2004; Zentner, 2005; Rob and Waldfogel, 2006). A contrasting effect highlights how consumers typically

prefer singles rather than full CDs (Mooney *et al.*, 2010) and thus only pirate top of the chart hits (Oberholzer-Gee and Strumpf, 2007, 2010). In addition, the literature highlights how other factors beyond file sharing, such as high album prices, income, music quality, and new, legal, music distribution options (i.e., iTunes-like online stores) could have contributed to the reduction of physical CD sales (Liebowitz, 2006; Koh *et al.*, 2014). Prior research has also underlined the almost 'positive' effects of file sharing such as consumers' increased willingness to pay for original content after the "anticipation effect" generated by online piracy; and the fact that authors' creativity has not been undermined given that the amount of music, books and movies has strongly increased in the last decade (Oberholzer-Gee and Strumpf, 2010). Finally, piracy could also generate an 'indirect appropriation' mechanism where the producer can indirectly capture the value of the pirated content through the increase in the demand for complementary goods: for example, ticket sales for a concert of an artist could increase if his popularity has risen, thanks also to the consumption of pirated versions of his songs (Belleflamme and Peitz, 2014).

2.2 Delving into consumers' attitudes towards online music piracy

Influential factors behind consumer attitudes and behaviors towards online music piracy have also been studied: low morality and ethicality (in terms of moral equity, ethical concerns, idealism and relativism, ethical beliefs), scarce perception of the illegality of piracy and the low awareness of the negative consequences and social costs of downloading, generate favorable attitudes towards online music piracy (Ang *et al.*, 2001; Lysonski and Durvasula, 2008; Shoham and Ruvio, 2008; Chaudhry *et al.*, 2014; Weijters *et al.*, 2014). Furthermore, peer influence, social acceptance and the perception that people deemed close and relevant by the individual want a consumer to hold such a behavior are also found to be positive predictors of online piracy (D'Astous *et al.*, 2005, Yang *et al.*, 2014). In addition, consumers form reference prices based on previous encounters with price information. Therefore, given that they can access online music for free through file-sharing networks and that they perceive legitimate music to be overpriced (Bhattacharjee *et al.*, 2003), their reference price will be near zero and their willingness to pay for original content will be very low (Papies *et al.*, 2011; Xia *et al.*, 2004).

In terms of demographics, generally younger, college-level persons are found to be more likely to pirate compared to older individuals (Uphsaw and Babin, 2010); white collar, tertiary education (university level) individuals are found to be higher spenders on pirated goods (Prendergast *et al.*, 2002), even if education usually decreases piracy intentions, as awareness of intellectual property theft increases; finally, males usually tend to pirate more even if the literature provides mixed evidence (Chiang and Assane, 2008; Chaudhry *et al.*, 2011; Cox & Collins, 2014).

2.3 *The attitude-behavior gap in the music sector*

Ludovica Cesareo
Alberto Pastore
Giulia Ugolini
Pirate or subscriber? An
exploratory study on
Italian consumers' music
habits

What emerges strongly from previous research is that, while consumers theoretically identify piracy as morally and ethically wrong, when it comes to practice, and therefore to actually accessing music online, they continue to prefer the illegal (free) alternative. This (un)ethical consumer behavior is known as the “attitude-behavior gap” (Fishbein and Ajzen, 1975; Ajzen, 1991). In his review of the phenomenon, Sheeran (2002) explains how intentions are usually the most important predictors of behavior. Sometimes, though, individuals do not act according to them, depending on behavior and intention type, cognitive and personality variables, revealing a “gap” between their intended and actual behavior. To put it simply, practical examples of the attitude behavior-gap are that “people say they’re worried about global warming and yet they drive around in a big gas guzzler. They say that money isn’t their God, yet they work all the hours. They say they want to be fit but they don’t do any exercise” (Dean, 2008).

This phenomenon, in relation to online piracy, was verified by a recent Report by the European Office for Harmonization in the Internal Market (OHIM, 2013). The study shows that 96% of Europeans believe that Intellectual Property (IP) is important since it sustains innovation and creativity and rewards inventors, creators and artists for their work. Furthermore, 86% of the interviewees agree that protecting IP contributes to the improvement of the product and service quality, while 69% believes that it contributes to the creations of workplaces and economic welfare. The paradox though is that, when asked about online downloads, 22% of the interviewees believed that downloading videos and songs from the Internet is acceptable if there are no legal alternatives, 42% believed it is acceptable for personal use, with peaks of 57% among young people between the ages of 15-24. Also, 55% of Europeans believe that the quality of illegally downloaded content is similar to the legal versions and even of better quality for a third of the young consumers. There clearly is a gap between what consumers believe and how they act in terms of online music piracy that must be addressed.

2.4 *Exploring possible solutions to online music piracy: subscription-based services*

A possible solution to online piracy could be offered by one of the most innovative tools of the music industry: subscription-based music services. These services, in conjunction with ISPs and mobile operators, offer consumers access to almost infinite libraries from all devices (PC, laptop, tablet, smartphone) for a reasonable monthly fee. Furthermore, of the total revenues, nearly 70% is given back to the right owners, meaning labels, publishers, distributors or artists themselves. Two of the most successful of these services are *Napster* (a Rhapsody brand) and *Spotify*. After all the controversy created by the original Napster at the beginning of the twenty-first century in the music industry, the new *Napster* (bought by Rhapsody in 2011) today offers subscription-based services in 17 countries across North America and Europe, access to over 16 million tracks for less than 10\$/€ a

month and has over one million active members. The most important competitor in the European market is *Spotify*, a Swedish company founded by Daniel Ek in 2008, available in 20 countries worldwide, that offers its 5 million users access to over 15 million tracks with different subscription possibilities ranging between 4.99-9.99\$/€ (Tremolada, 2013). In Sweden, *Spotify* has caught on exceptionally well and its onset has led to sensible reductions of online piracy rates (Page, 2013). Given the similarities in the offers, the two companies have been fighting for supremacy over consumers across Europe for the last couple of years (Sweney, 2012) and what will make the difference is the customization for national markets.

One of the last countries to be served by these new services is Italy: *Spotify* arrived in February 2012 while *Napster* in June 2013. Italy is a particularly interesting market to study given the growth of digital music revenues (worth 45% of the total) and the potentiality of subscription-based music services (worth 17% of the total), up by 80% only in the last year (FIMI, 2013). Notwithstanding the high levels of piracy registered in the country, the continuous expansion of subscription-based and streaming services demonstrates how there is a growing interest in these innovative services by final consumers (IFPI Italian, 2013). Furthermore, the national academic literature has not explored the phenomenon in depth, focusing rather on econometric models for music piracy (Grassi, 2007), piracy and file-sharing *tout court* (Grassi, 2006 and 2010) or movie piracy (Bagnasco, 2012).

2.5 Research gaps and objectives

The challenges and the gaps that need to be filled and understood are: first of all, Italian consumers' general attitude towards online piracy; second, their familiarity, interest and perceptions toward subscription-based music services, in particular towards *Napster* and *Spotify*; third, if there are any demographic characteristics that make individuals more/less prone to piracy and legal alternatives. We employ Lastovicka and Gardner's (1978) involvement model in order to understand if subscription-based music services are high or low involvement services in terms of importance for the individual (personal meaning), hedonic value and price. We study consumers' trial intentions of the services by employing Puto and Wells' 1984 informational (cognitive, relevant, practical) and transformational (affective, experiential, emotional) model in order to verify if these new services can be a possible alternative to online music piracy in the Italian market. By comparing consumers' attitudes towards online piracy with their intentions to try subscription-based music services we plan to shed light on the attitude-behavior gap in music consumption. In addition, given that demographic variables play an important role in consumer's engagement in piracy and legal behavior, we will delineate a profile of both the piracy-prone and legal alternatives-prone consumer in terms of age, gender, education and occupation.

3. Methodology

3.1 Sample Characteristics and Data Collection

Ludovica Cesareo
Alberto Pastore
Giulia Ugolini
Pirate or subscriber? An
exploratory study on
Italian consumers' music
habits

A convenience sample of 518 Italian consumers was identified in order to understand their music habits, their attitude towards online piracy and their interest in subscription-based music services. Participants were recruited using a snowball sampling technique, checking only for age: individuals had to be aged between 15 and 64, as this range represents the active population and the people with the highest internet usage rates (from 38.1% for the 55-64 class to 87.5% for the 15-24 class) (ISTAT, 2013). We employed a self-administered questionnaire through an online platform (www.surveymonkey.com); of all the collected questionnaires, 13 were not usable. A total of 505 complete responses were coded for data analysis.

The participants were mainly female (n=256) and aged between 25 and 34 (n=185). A good percentage of the respondents (n=173) had a master degree, was still exclusively studying (n=166), while the majority of the respondents (n=287) was exclusively working; only a small portion was predominantly studying (having also a part-time job) (n=29) or predominantly working (being a part-time student) (n=23). All the descriptive data is summarized in Table 1.

Tab. 1: Demographic characteristics of the sample

Variable	N = 505	%
Gender		
Female	256	50.7%
Male	249	49.3%
Age		
15-24	140	27.7%
25-34	185	36.6%
35-44	83	16.4%
45-54	66	13.1%
55-64	31	6.1%
Education		
Middle school diploma	27	5.3%
High school diploma	155	30.7%
Bachelor's degree	65	12.9%
Master's degree / Single-cycle degree	173	34.3%
Master/PhD	85	16.8%
Occupation		
Exclusively studying	166	32.9%
Exclusively working	287	56.8%
Predominantly working (part-time student)	23	4.6%
Predominantly studying (part-time worker)	29	5.7%

Source: our elaboration

3.2 *The survey instrument and the reliability analysis*

The questionnaire, developed and distributed in English, consisted of 10 sections (as detailed in the following paragraph) containing a total of 40 questions (plus a section on the demographic information of the sample).

The analysis started with the investigation of the relationship between consumers and Internet (1) (i.e. “I surf the web every day”, “I use the Internet for research / for purchasing/ for messaging / for downloading files”), in order to then delve into consumers’ attitude towards online piracy (2) (i.e. “I have a positive perception towards online piracy”, “There is nothing wrong with using pirated content online”). The following sections were entirely dedicated to music: the survey explored, firstly, the importance and exposure of music in respondent’s life (i.e. “I am musically passionate”, “I am an avid listener”) (3) through an analysis of their frequency of listening to music (4), their music collection (5) and their interest in new music (6). The main focus of the analysis was on consumers’ relationship with the subscription-based music services Napster and Spotify: the last sections of the questionnaire aimed, in fact, to investigate the respondents’ familiarity, interest and involvement with both services (i.e. “I am not familiar at all with this service”, “This is a service that interests me”) and their informational (cognitive) and transformational (affective) content (i.e. “I learned something from this questionnaire I didn’t know anything about before”, “Using this service makes me feel good about myself”) (sections 7-10) .

Based on existing literature, we built the survey instrument by adapting scales that had already been validated in previous research in order to better suit the specific case under scrutiny. We analyzed the scales in terms of their reliability by means of Cronbach’s alpha (Cronbach, 1951). As shown in Table 2, all scales are acceptable and have a good reliability, since alpha values are all above 0.6. Furthermore four of the scales have alphas greater than 0.8, meaning a very high reliability and very good consistency of measure (Malhotra, 2004).

Sections 1, 2, 3, 7, 8, 9 and 10 all used 7-point Likert-type scales ranging between “Strongly Disagree” (1) and “Strongly Agree” (7). Sections 4 through 6 were multiple choice questions.

Tab. 2: Sections, scales, items and sources

Ludovica Cesario
 Alberto Pastore
 Giulia Ugolini
 Pirate or subscriber? An
 exploratory study on
 Italian consumers' music
 habits

Section	Scale	N. of items	Reliability (Cronbach α)	Source
1	Consumers and the Internet (C&I)	7	0.74	Teo, 2001
2	Online Piracy Perceptions (OP)	5	0.91	Liao and Hsieh, 2013
3	Importance and Exposure to Music (IEM)	5	0.85	Lee and Downie, 2004
7	Napster Familiarity and Involvement (NFI)	4	0.68	Lastovicka and Gardener, 1978
8	Napster Informational and transformational content (NC)	4	0.85	Puto and Wells, 1984
9	Spotify Familiarity and Involvement (SFI)	4	0.66	Lastovicka and Gardener, 1978
10	Spotify Informational and transformational content (SC)	4	0.82	Puto and Wells, 1984

Source: our elaboration

We then tested the correlation among variables using Pearson's Correlation test (Table 3). The analysis shows that the only highly correlated variables (p-value significant at $p < 0.01^{***}$; $p < 0.05^{**}$), as expected, are the ones using the same scales to measure consumer attitudes towards either Spotify or Napster (NFI-NC and SFI-SC).

Tab. 3: Pearson's Correlation Test

C&I	1						
OP	.25***	1					
IEM	.21***	.06	1				
NFI	.12***	-.05***	.18***	1			
NC	.05	-.07***	.16***	.58***	1		
SFI	.165***	-.02	.14***	.64***	.53***	1	
SC	.097**	-.10**	.17***	.53***	.78***	.66***	1
	C&I	OP	IEM	NFI	NC	SFI	SC

Notes: $p < 0.01^{***}$; $p < 0.05^{**}$ (two-tailed)

Source: our elaboration

The collected data was analyzed using SPSS software version 19.0.

4. Results

4.1 Descriptive Analysis

Investigating respondents' relationship with the Internet, the results reveal that 66% surf the web every day, while 22% almost every day; regarding their free time, only 32% declare to spend it on the Internet while almost the majority (47%) does not; on average, most respondents surf the Internet for more than 2 hours per day (37% strongly agree while 22% are above the neutral position). The most common reason why people use the web is to do research (almost 90% of the respondents are above the neutral position), to download files (56% above the neutral position) and to chat (50%). Only 46% of the respondents use the web to make purchases.

Analyzing people's usage of the Web is crucial in order to understand their attitudes towards online piracy; in fact we would expect that the higher the access, the stronger their propensity towards it. From the analysis it emerges that consumers have, in general, a negative attitude toward online piracy (almost 60% of them have a negative perception of the phenomenon). In addition, the majority knows that there is something wrong with using illegal content online (63%), they do not think that using such content is a better choice while shopping online (79%) and furthermore, it would not be desirable for them to use such content (65%).

In terms of music habits, those who filled in the questionnaire demonstrated a high exposure to music. Almost 80% of the respondents consider themselves musically passionate, 66% are musically curious and more than half are avid listeners. About 70% of them usually listen to music during their free time and about 50% do not listen to music while studying or working. Furthermore, 70% of consumers usually listen to music for more than 30 minutes per day and 80% of them collect music and is interested in new music.

The last part of the questionnaire investigates the relationship between consumers and two of the most common subscription-based music services: Napster and Spotify. The objective was to understand if consumers may be attracted to these services and use them as a possible alternative to online piracy. On this regard, the aim of the questionnaire was, first of all, to understand the respondent's degree of familiarity with these services, which represent new legal realities in the music industry, and then to investigate their involvement with them. What emerges is that the new Napster is not very known among Italian people: more than 70% of the respondents declared to not be at all familiar with the service. The familiarity is a little higher with Spotify, even if almost 50% of respondents declare to not know the service at all. Regarding involvement, the important evidence that emerges from the answers is that the majority of the respondents is not interested in either service (63% for Napster while slightly better - 50% - for Spotify) and that these services seem to not be important for consumers' personal values (65% for Napster, more than half for Spotify). From the informational and transformational

content sections, it emerges that the respondents seemed to not be interested in trying the legal music services, since only 28% expressed a willingness to gain expertise with Napster and 32% with Spotify. Furthermore, a very low percentage answered that using these services would make them feel good about themselves (18% Napster and 21% Spotify). On the contrary, many respondents affirm that the descriptions of the services do not leave them with a good feeling about their usage (50% Napster and 48% Spotify).

Therefore, generally speaking, respondents demonstrated to have a negative attitude toward online music piracy, yet they seemed to not be very interested in this legal alternative to the phenomenon.

4.2 Delving into consumer's anti-piracy intentions

After having understood that, overall, the investigated consumers are against piracy in theory yet seem reluctant to try legal alternatives, thus reflecting the well-known attitude-behavior gap, we decided to verify if there are differences in attitudes and behaviors between demographic groups in order to understand the characteristics of both piracy-prone and legal-alternatives prone consumers.

We carried out independent t-tests to analyze the significance of the difference between sub-samples created for each of the demographic variables (gender: male vs. female, age: above vs. below median, education: above vs. below median, occupation: studying vs. working) in terms of internet usage, attitude towards pirated content online, involvement, informational (cognitive) and transformational (affective) content of both Napster and Spotify (Table 4). We highlight significant differences at $p < 0.01$ with three stars, at $p < 0.05$ with two stars, while at $p < 0.1$ with one star.

Tab. 4: The independent t-tests

	GENDER (Female – Male)	AGE (Above – Below Median) (28)	EDUCATION (Above – Below Median) (Master's Degree)	OCCUPATION (Studying - Working)
C&I	.48	-4.74***	-1.05	3.89***
OP	-2.45**	-4.36***	-2.88***	4.44***
IEM	-.26	-2.30**	-3.80***	1.99**
NFI	4.87***	-1.20	1.64	0.56
NC	6.17***	-2.44**	-3.33***	1.61
SFI	4.74***	-1.59	1.82*	.17
SC	6.17***	-2.25**	-1.37	1.50

Notes: $p < .01$ ***; $p < .05$ **; $p < .1$ * (two-tailed)

Source: our elaboration

The results show that:

- *Gender* is significant across all tested variables, except for Internet and Music. In terms of attitudes towards online piracy, males have a higher mean and therefore a higher positive attitude compared to females (negative and significant at $p < 0.05$). In terms of interest and involvement with both Napster and Spotify, females have a higher mean and therefore are more interested in trying Napster compared to males (in both cases positive and significant at $p < 0.01$). Furthermore, a positive difference, significant at $p < 0.01$, reveals that Napster and Spotify have a higher informational and transformational content for females rather than for the males, meaning that females are more willing to try the services from both a cognitive and affective perspective.
- *Age* is also almost always significant across the tested variables. A negative difference, significant at $p < 0.01$ reveals that consumers under 28 (median of the sample) have a stronger relationship with the Internet than those over 28; another negative difference, significant at $p < 0.01$, implies that younger people have a higher positive relationship with online piracy than older people. Furthermore, young consumers are more interested and involved with music (musically passionate, curious, avid listeners) than older people (difference significant at $p < 0.05$). Interestingly and surprisingly though, both Napster and Spotify are significant ($p < 0.05$) in terms of the informational and transformational content (cognitive and affective) for younger people.
- *Education* is significant in terms of attitude towards online piracy: the negative difference, significant at $p < 0.01$, implies that lower education individuals (middle school, high school, bachelor degree) have a more favorable attitude towards the phenomenon. These individuals are also more interested and involved with music, since the difference between the two subsamples is negative and significant at $p < 0.05$. Education is also significant in terms of Napster's informational and transformational content, where a negative difference significant at $p < 0.01$ reveals that people with a lower level of education are more willing to try Napster from both a cognitive and affective point of view. Finally, a positive difference significant at $p < 0.1$ shows that people with a higher level of education (master's degree, single-cycle degree or master/PhD) have a higher degree of familiarity and involvement with Spotify.
- *Occupation* is significant in terms of the relationship between consumers and the internet, attitude towards online piracy, music interest and involvement. In particular, a positive difference significant at $p < 0.01$ means that students are more involved with the Internet compared to people who work; and two positive differences, significant at $p < 0.01$ and $p < 0.05$ respectively, mean that students have a higher positive attitude towards online piracy and a higher degree of interest and involvement with music compared to workers.

5. Discussion

5.1 Managerial implications

Ludovica Cesareo
Alberto Pastore
Giulia Ugolini
Pirate or subscriber? An
exploratory study on
Italian consumers' music
habits

From the results it clearly emerges that the sampled consumers are not informed enough about new legal opportunities, such as Napster and Spotify, offered by the music industry. These new services have arrived very recently in Italy, so many people are still not aware of their existence or how they work. Furthermore, the results show that even after a brief explanation of the services, the respondents seemed reluctant to try and use them. They declare to be contrary to online music piracy yet when they have the opportunity to use legal and inexpensive unlimited music services, they do not recognize the importance of these tools. Therefore, the questions that strongly emerge are: do consumers actually have a negative attitude towards online piracy (as they state)? Or is there just not enough information available about these legally viable alternatives to it, such as Napster or Spotify?

This evidence has interesting implications for both academia and practice. From a theoretical point of view, this research has shed an initial light on the unexplored phenomenon of online music piracy in Italy. This implies that further delving into what factors drive consumers to access music illegally even when legal, reasonably priced versions are available, is of primary importance. Research should understand if, for example, it is the ease of access, the price differential, the low unlawfulness perception, that while generating negative sentiments towards the phenomenon still pushes consumers to access music illegally.

From a managerial perspective, even if there was some doubt on the actual truthfulness of consumers' responses that may be biased by their willingness to uniform to 'socially desirable' conduct, the main problem remains the low awareness of the magnitude of the piracy phenomenon. Music companies should therefore educate consumers about the consequences and implications of online piracy and the possible solutions offered, among others, by subscription-based music services.

Different education programs have already been developed worldwide. In the United Kingdom in 2010, for example, various figures of the music industry (including artists, retailers, songwriters, labels and managers) launched Music Matters in order to remind listeners of the significance and value of music and to help music fans differentiate legal music services from illegal ones. The program was so successful that it was replicated in the United States (with partnerships between the Recording Industry Association of America - RIAA - and the Music Business Association - Music Biz), Ireland, Australia and New Zealand. The France education campaign, *Tout pour la Musique*, informs consumers on the jobs and roles performed in the music sector, and lists legitimate downloading and streaming sites available in France. On an international level, information campaigns such as Pro-music, supported by all music industry actors, provide guidance and information about how to safely and legally enjoy content on the Internet while Childnet, another initiative, helps make the internet a great and safe place for children. The Italian music industry actors, joining forces also with governmental institutions, could follow these examples to create awareness and education

campaigns, both online and offline, about the phenomenon and the legal alternatives consumers have to access music online. The results suggest that younger, male, lower education, students have a more favorable attitude towards online piracy, and they should therefore be the primary target of these new campaigns.

Another important finding that emerges from the results is that the sampled consumers do not know enough about the new legal music opportunities that the web offers them: music companies, starting with Napster and Spotify, should implement their communication campaigns with a multi-channel approach to target as many consumers as possible. The results suggest developing gender differentiated communication campaigns. In fact, females, which have a more negative attitude towards online piracy compared to males, have a higher interest and degree of involvement with both Napster and Spotify. The communication campaigns should therefore, on one hand, primarily address males and inform them about these new music services; on the other hand though, they should consolidate females' relationships with the services by increasing advertisements in female-prevalent social networks, forums and online magazines; by having famous female artists and bloggers as testimonials for the services or by partnering up with famous female brands in order to reward female consumers, giving them for example one free playlist on the service whenever a certain amount of a product / brand is bought. Spotify is one of the largest sources of digital music revenues in Europe and in some countries, such as Sweden, Norway and Finland, the largest. The users that migrate from the free, trial version to the paid-for service are 20% of the total users, up to a third in its native country, Sweden. There is clearly a huge potential that needs to be exploited in other European countries such as Italy.

5.2 Limitations and further research

This study aimed to be a preliminary analysis of consumers' attitudes and perceptions towards both online piracy and subscription-based music services as a viable alternative to the phenomenon. The study suffers some limitations linked mainly to the adapted scales, to the composition of the sample, to the omission of alternative determinants of attitude towards piracy and other well-known subscription-based music services such as the French Deezer.

There are numerous paths for future research: first, a deeper understanding of young consumers would be interesting, given the fact that they are the most technological generation that has greater access to the Internet and to both legitimate and pirated online content; second, it would be interesting to study consumers' willingness to try different subscription-based services either by themselves or through bundling deals with ISPs; finally, an experimental study could be necessary to truly verify the existence of the emerging attitude-behavior gap in online music piracy.

6. Conclusion

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Alberto Pastore
Giulia Ugolini
Pirate or subscriber? An
exploratory study on
Italian consumers' music
habits

Online piracy is currently the biggest challenge faced by the music industry. The technological revolution, with the global expansion of the Internet and the proliferation of file sharing, peer-to-peer networks, has led to a big explosion of copyright infringement, causing huge damages for all content industries, especially the music sector. Only recently have companies begun to take advantage of the potential of the Internet, seeking to implement models of Internet promotion in which they can control the distribution of music. Subscription-based music services such as the new Napster and Spotify are some examples of how to legally access almost-free music tracks online at a relatively low cost. While in some countries these new ways to experience music have caught on exceptionally well, in others, such as Italy, these models are still novel and represent a new challenge.

In this work we delved into consumers' relationships with online piracy and with subscription-based music services to see if these new tools could represent, in Italy as well, a valid alternative to online music piracy.

The results revealed that, in general, the surveyed consumers have a negative attitude towards online piracy yet they are not so involved or interested in services such as Napster and Spotify. This suggests that, on a larger scale, there is not enough information on the existence and the potential of these services which calls for greater action on the companies' part. What is clear is that in Italy, which is considered the second biggest market for the sale of illegal products after China, educating consumers about the phenomenon of online piracy and about the solutions offered by subscription-based music services is very important.

We can conclude that subscription-based models, if accompanied by continuous and strong educational and informational campaigns, can be a valid alternative to online music piracy also in Italy. This model in fact offers all the characteristics that Italian consumers seem to be searching for: low price, unlimited access, Internet involvement and legality.

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