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Consumer Adoption of Online Music Services: The influence of perceived risks and risk relief strategies

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Abstract

Major UK music companies have struggled to formulate a coherent strategy to deal with the threat of illegal downloading and distribution of music files over the Internet. A variety of technical and political issues blocked inter-label cooperation initially, and those services that did go live were subsequently plagued by complaints of limited catalogues, unfriendly software and complicated license restrictions. It seemed to provide justification for consumers' free download and file-swapping behaviour. Building on established risk and adoption theory, this paper examines what consumers are looking for when they download music from the commercial online music services. The results suggest that performance and time-loss aspects of perceived risks are playing an important role while social and psychological aspects of risks are the least concerned by consumers. Where different types of users are concerned, those with the most experience of downloading music are the least profitable segment to target. Non- and light- downloaders, on the other hand, should be the focus of marketing activities, although their needs are different. The finding helps the online music providers to focus and capture the new age downloaders.

Key words:

consumer behaviour, online music, perceived risks, risk relievers, adaptation

Introduction

Widespread adoptions of the Internet by both consumers and businesses over the last decade have had significant implications on the way the business is conducted today. Whilst some companies re-shaped their supply chains (Cagliano *et al.*, 2003; Ho *et al.* 2003), others developed and fine-tuned their website interfaces so as to move beyond the simple presentation of information (Bruno, 1997) and treat the replacement of traditional fixed location stores with Internet retailing as a locus for value creation (Hoffman *et al.*, 1996; Cockburn and Wilson, 1996; Spiller and Lohse, 1997; Grifith and Krampf, 1998; O'Keefe *et al.*, 1998; Yakhlef, 1998; Jones and Biasiotto, 1999; Hart *et al.*, 2000).

Music plays a major economic role in the UK. The industry is valued at around £2.1 billion (Intel, 2002; 2005) and is the third largest net national export. Compared with the many industries that adopted new practices, the music industry has been slow to embrace change - despite numerous studies indicating that many music products lend themselves well to sale and distribution over the Internet (Arora, 1991; Phau and Poon, 2000). In the 1990s, the music industry saw Internet as a threat and used its resources mainly on combating illegal file sharing or download. Although some e-tailers, most notably Amazon and CDWOW, quickly established a dominant online music retail presence in the UK, they chose to process just the order over the Internet and rely on third parties for physical order fulfilment. Consumers, on the other hand, wasted no time in adopting their own methods of exchanging music and other media files via the Internet. File-swapping services such as Napster, KaZaA, Gnutella and iMesh, quickly sprang up and allowed users to exchange digital music files with one

another, in some cases completely anonymously. This growth in file-swapping systems has forced the music industry to reconsider how it will derive its future revenue streams (Meisel and Sullivan, 2002) in the face of a slump in global CD sales (Edison Media Research, 2002).

Meanwhile a steadily increasing number of consumers are becoming accustomed to downloading their music for free (Walsh *et al.*, 2003). The initial response taken by the music labels entailed legal actions and development of their own download systems, e.g. BMG buying Napster, Vivendi purchasing MP3.com both with a view to launching commercial, legal services. The industry was reactive to start seeing Internet as an opportunity. Furthermore, other non-traditional, quick-footed competitors such as Apple, Microsoft, T-mobile and Coca-Cola have also entered the gold rush. The popularity of iPod music player has also brought a new young generation of consumers, who see this music player as a trendy item and have completely different patterns of demand and consumption of music.

If online music services are to flourish, it will be only through leveraging the Internet's primary power: an ability to intelligently segment and engage, on a one-to-one level, with those customers who can provide the maximum commercial growth within the shortest time-frame (Furash, 1999; Walsh and Godfrey, 2000). Studies into music sector predict that music downloads will offset the decline of CD market. The decline of this industry is partly because of the illegal music downloading and file sharing. However, there are positive predictions on the opportunity for growth in the UK music if the music providers capture the paid-for downloads market and the extent to which they effectively replace CD sales (Mintel, 2005).

The aim of this paper is to offer insights into what consumers are looking for when downloading music and what different consumer groups might look for in commercial online music services, based on their current level of music downloading, and their likelihood to purchase music online in the near future. Drawing on the understanding of the risk and adoption theories, this paper explores the differences between different types of consumers who have different levels of music downloads, and identifies ways of minimising the potential perceived risks that are specifically linked to music download by target groups. The result of this study can help the online music providers fine-tune their targeting strategies.

Online Services

Although online activities such as shopping, online services (e.g. finances, e-banking), and exchanging of digital music files over the Internet has recently increased popularity amongst the mainstream of Internet users, the notion of purchasing a digital music download is still relatively new. It is also a little odd, for most consumers who grew up in a culture or environment that takes pride of their physical music collection display. Any change in music format presents a significant challenge to the industry and consumers alike. Research suggests there are different motivations, such as novelty seeking, experimentation, impulsiveness and playfulness, influence consumers' adoption of new products or services ((Hirshman, 1980; Littler, 2001). Yet, the Internet has added a new dimension to the discussion. Many recent studies focus on conceptualising the delivery of online service quality and marketing strategy (Parasuraman and Zinkhan, 2002). A critical review on the knowledge of

websites found that the quality of delivery is associated with the information availability and content, ease of use or usability, privacy/security, graphic style and fulfilment of use (Zeithaml, *et al.*, 2002). These criteria should be used as guidance in delivering online services in general. In addition, there are increased number of studies confirming the importance of the role of perceived risks in the online patronage and internet shopping (Forsythe and Shi, 2003). The following section will discuss the role of perceived risks in consumers' purchase decision.

Perceived Risks

It is a commonly accepted theory that perceived risks plays a vital role in consumer decision-making and behaviours (Mitchell, 1999). This concept is first introduced by Bauer (1960) to the marketing world to the idea that consumer behaviour is largely influenced by risk avoidance. Since then marketers have applied it to many industries and marketing problems. A bad decision can result in one or a combination of risks such as financial risks, performance risks, social risks, physical risks, psychological risks, time loss (Roselius, 1971; Bettman, 1973; Kaplan, *et al.*, 1974; Ross, 1975), and opportunity risks (Zikmund and Scott, 1987; Mowen, 1987). Generally speaking, consumers express higher risks in purchasing high cost goods.

Mitchell's study (1998), for example, used perceived risk theory to explain how shoppers might choose between two stores. Were Store A to have more variable check-out waiting times than Store B, the time risk for Store A would be higher than Store B, even if the average waiting time were the same (Mitchell, 1998). This has highlighted the impact of uncertainty on consumers' decision-making and the risk-

avoidance behaviour. Furthermore, many studies confirmed that consumers perceived higher levels of risk when they purchase through direct marketing channels compared to conventional store shopping (Cox and Rich, 1964; Spence *et al.*, 1970; Schiffman and Schus, 1976; Mai, 2001).

Being unknown or misunderstood, marketers have found that new products and adaptations are particularly vulnerable to risk aversion behaviour (Schneider, 1998). The theory's fundamental assumption is that because a consumer will not know how they feel about the outcome of a decision until it has been made, they are compelled to make estimates relating to the uncertainty of the outcome. The extent, to which the consumer feels that their buying goals may not be fulfilled by a purchase, is a measure of the amount of risk that a consumer perceives in any given situation (Atkinson, 1964). Although this measure of risk was generally applied to individual products, Bettman (1973) suggested that certain categories of products could hold an inherent risk themselves. His theory is grounded in an assumption that a consumer's perception of risk consists of a level of 'inherent risk' that is specific to a category (e.g. online services), and a 'handled risk' that is a measure of the level of risk one feels when making a specific choice for a particular product or brand within that category. A recent study on consumer patronage and risk perception in internet shopping found that internet browsers perceived higher risks associated with online shopping than internet shoppers (Forsythe and Shi, 2003).

There is another approach to explaining perceived risks other than the types of perceived risks. It conceptualises the elements contributing to the overall perception of risks. Research suggests the levels of perceived risk are determined by a function

of the amount of uncertainty and the consequence of purchase (Cunningham, 1967; Foxall and Goldsmith, 1994). This concept has provided a basis that there are probable actions (risk relievers) can be taken to reduced levels of uncertainties and/or negative thinking associated with the purchase decision will result in lower levels of perceived risks.

Risk Relievers

From consumers' perspective, to reduce perceived risks, in other words, the risk avoidance approach, is that they tend to increase the certainty of their prediction of the possible consequences of their decision (Popielarz, 1967; Jacoby and Kaplan, 1972; Kaplan, et al., 1974). Since the initial identification of perceived risks, research has explored possible strategies offered by the seller that would reduce the levels of perceived risk associated with the purchase. For example, Korgaonkar (1982) found that consumers are more likely to purchase products from a catalogue showroom and a department store-based catalogue operation, which also provided the consumers with an opportunity to inspect the product physically as opposed to a non-store retailer. Subsequent research on risk relievers has identified that a number of risk relievers, namely, product cost, product newness, brand experience, manufacturer's name, distributor's reputation, money-back guarantee, free sample/trial and endorsement by a trusted third-party, contribute to a reduction of perceived risks (Korgaonkar, 1988; Akaah and Korgaonkar, 1988; Mai and Ness, 1997; Mai, 2001).

As there is a growing number of consumers who have experience of purchasing products or services online, the general category-level perceived risks attached to this

type of shopping behaviour have reduced significantly. The acceptance of risk, relative advantage or risk reliever, is the degree to which one innovation is felt by potential customers to be better than the other competitive products available at the time. A key issue here is that although factors like "reduced cost" or "greater convenience" are good examples of tangible ways to build relative advantage, simply ensuring that customers perceive the product to be better than others, potentially through the use of established brands, may already be enough to secure a sale (Szymigin and Bourne, 1999). The degree to which an innovation is seen as being trialable and the psychosocial consequences of the product or service are also recognised as an effective method of reducing the likelihood of risk-avoidance behaviour (Rogers, 1962). It is also observed that the level of product complexity has been more highly negatively correlated with adoption rates than any other factor with the exception of relative advantage (Singh, 1966). This is compounded with the fact the intangibility increases consumers' perception of risk (Laroche, *et al.* 2004). Therefore, for example, whilst marketing an intricate music management system might be relatively straightforward to teenagers, difficulties may arise when trying to convince older consumers to give up their CDs. Consequently, it is important to look into the perception of risks and risk relieving strategies in the music sector for the future growth and targeting strategy of downloading music.

Risk-based Targeting

Although this seems relatively straight-forward until now, correctly understanding which customers are likely to be the first to adopt new innovations, and which are the most "risk-taking", can be fraught with subjectivity and difficulty. Midgely and

Dowling (1978) found that much like there was risk present in some categories more than in others, there were significant differences between what they called "observable innovativeness" and "innate innovativeness". If an impartial observer witnesses a consumer to be amongst the first in adopting a new product, they might describe that person as a risk-taker or an innovator. However, whether consumer actually perceives and appreciates that they are taking a risk, is a different question (Mitchell and Boustani, 1993). The observer might consider them a risk taker, but the consumer may simply be acting in accordance with an innate level of risk-tolerance. This is particularly relevant to the problems faced by commercial online music services - offering young, naturally risk-tolerant music customers risk-avoidance strategies may have a negative effect. Similarly, offering the mainstream of consumers risk-avoidance strategies that would be better targeted to those with a high innate risk-tolerance might have equally alienating consequences.

A recent study into music procurement behaviour in Germany (Walsh, *et al.*, 2003) generated insights into the nature of music downloaders' motivations and their levels of inclination to switch to various commercial models in the future. They found that the level of music downloading a person has been exposed to had a direct and significant effect on their conventional music-related consumption behaviour. Additionally, regular downloaders showed higher levels of support for a subscription model than for the pay-per-download approach favoured by light-downloaders. Hence, these findings underline the fundamental position of this study: the stage the consumer is in, within the buying process for online music, will influence the nature and scale of the risk perceived towards commercial offerings.

Methodology

As music downloading is a relatively recent development, little academic literature has been published around the topic. For this reason, the reference of current trade publications and Mintel reports is important. The conceptual framework was based on the understanding of a combination of risk and innovation theories. To help construct the questionnaire, initial informal, personal interviews were conducted with two well-published music journalists and a mixture of five light and intense music downloaders. Although various aspects of risks are used to formulate the questions that explain the factors influencing consumers' adoption of music services, the exploration of risk perceptions is tightly limited to the online music download, not a broad spectrum of online shopping because the existing literature has provided us with certain degrees of understanding (e.g. Forsythe and Shi, 2003). Conversant in not only economic and legal issues surrounding artist remuneration and infringement of intellectual copyright, but also the tangible benefits that file-swapping brings to users, both journalists were calling for an end to file-sharing systems.

The key dimensions of risks discussed in Perceived Risk and Risk Relievers (Roselius, 1971; Bettman, 1973; Kaplan, et al., 1974; Ross, 1975, Zikmund and Scott, 1987; Mowen, 1987; Korgaonkar, 1988; Akaah and Korgaonkar, 1988; Mai and Ness, 1997; Mai, 2001) were translated through the interviews and focus group discussions to express the risks associated with downloading music. The final questionnaire was structured and consisted of entirely closed-ended questions. The survey was conducted over the Internet via a customised interactive questionnaire at <http://www.musicandyou.co.uk>, which in order to minimise completion time, was

programmed to ensure that respondents were only asked relevant questions. Because of the nature of this study, the population is defined as internet users who may or may not have had experience of file-swapping and a web survey is ideal in reaching the target group. This group is likely to be aged between 20 and 39 (Walsh, *et al.*, 2003). Respondents were initially asked to estimate how likely they would be to use an online music service. A five-point rating scale was then used to assess 17 perceived risk variables and 17 risk relieving strategies (risk relievers) (see Table 1). In addition, a series of questions about current Internet usage volume and behaviour, along with awareness and usage of various online music services, technical terms and their attitudes and consumption behaviours, were included in the questionnaire.

Insert Table 1 here

A purposive sampling technique was used to generate a target group who were likely to already either have experience of file-swapping services and/or experience of the Internet. The survey website was publicised on various web and music message boards. The sample size was then enlarged by a referral sampling procedure. A total of 211 responses were received over a two-week period at the beginning of March 2004. The results are analysed in the following section.

Results and Analysis

Sample Characteristics

The sample comprised 108 male (51%) and 103 female (49%) respondents. Over a half of the respondents were aged between 25-34 (see Table 2). Eighty-four per cent of the sample use Internet regularly from home. Ninety-two per cent of the samples had Internet connections at home. Fifty-six per cent were using a broadband connection (Table 3). Undoubtedly, the speed of internet facilitates the convenience and ease of download and the result also shows the heavy downloaders tend to have broadband connections.

Insert Table 2 here.

Insert Table 3 here.

Respondents were shown a representative collection of 8 legal commercial music providers, namely, Napster 2.0, iTunes, MSN Music Club, myCokeMusic, Live365, NetRadio, eMusic and Rhapsody. At 91% Napster 2.0 had the highest levels of brand recognition, with iTunes and MSN Music Club following close behind with 61% and 49% respectively (see Table 4). iTunes was introduced in 2003 and known for its role of starting of a “paying” culture and popularity of legitimate downloading amongst consumers. It has since become the market leader after the survey of this study was conducted in March 2004. iTunes was reported to have about 68% of the

internet music download service in May 2006, largely due to the success of its range of iPod music players (The Retail Bulletin, 2006).

Insert Table 4 here.

A strong 57% of respondents had direct experience of downloading music via file-sharing networks, a distribution that would allow for meaningful comparison of changes in risk perceptions between downloading levels. Respondents were classified into Non (0 tracks), Light (1-5 tracks) and Heavy (5+ tracks) downloaders, depending on the volume of tracks they estimated they usually download in an average week. Of those respondents who had experience of file-swapping system, KaZaA was the most widely used, with 27% identifying themselves as regular and a further 22% as occasional users. Morpheus and Gnutella had a large share of occasional users (18% and 15% respectively.)

Perceived Risks

A total of 17 aspects of perceived risks with respect to downloading music were measured (see Table 5). The five risks that the respondents felt most strongly influenced their downloading decisions were "Sound quality of the downloadable files", "Quick, easy-to-use search tools", "Security of personal information", "Broad range of artists from different labels" and an "Ability to freely make copies of

downloaded music". This means consumers are more concerned about the 'performance' and 'time-loss' aspects of perceived risks when downloading music.

In contrast, the five least important factors were "Being part of an online community", "Opinions of friends and family", "Staying up-to-date with artist news", "Ability to keep online music collection" and "Staying abreast of the latest technologies" – all of which are more social and psychological risks. In other words, social and psychological risks are not considered important in influencing online music download decisions. Much research has asserted that those who opt for alternative shopping channels such as mail-order and Internet value social aspects of traditional store shopping less than the Internet shoppers who are considered independent, require less help from shop assistants, and desire convenience and value (Mai and Ness, 1997). The music consumption shows a similar tendency in this study.

Insert Table 5 here.

An analysis of variance (ANOVA) was used to determine whether or not there were significant differences amongst the Non, Light and Heavy downloaders with respect to the risk perceptions. The significance level was set at 5%. Results showed that the three groups of users attached different levels of risk to ten of the variables (see Table 6). The inter-group mean differences were further analysed by t-tests to determine the differences within two groups or amongst them all. In terms of the most dominant risk factors influencing consumer decision-making, these results appeared to suggest a strong likeness in risk perception between Light and Heavy downloaders. This

likeness was further confirmed by t-test showing that only two of the perceived risk items showed significant differences between the Light and Heavy downloaders, whilst there were six items significant differences between Non and Heavy downloaders ($P < 0.05$). It is important to stress that "Sound quality of the downloadable files" and "Broad range of artists from different labels" were considered the most determinant aspects of risk for the Light and Heavy downloaders, while "Security of personal information" is rated more important over "Sound quality of the downloadable files" amongst the Non.

Insert Table 6 here.

Risk Relievers

A total of 17 risk relief strategies (risk relievers) were measured. According to the respondents, the five most effective risk relievers were "Choose one that offers previews", "Go for well-known brand", "Look for trial period offers", "Look for money back guarantee" and "Go for one that I've seen others using". These risk relievers reduce the financial aspects of perceived risks and with well-known brands and word-of-mouth, they reduce the performance aspects of risks. Therefore, offers consumers perceived certainties in the outcome of their purchase. In contrast, the five least effective risk relievers were "Choose one I've seen advertised", "Go for a big brand (e.g. Virgin, HMV, Tesco)", "Go for one with lots of extras (interviews, free

tickets, etc)", "Want to get to know other members" and "Choose one that impresses friends" were consider the five least effective relievers (see Table 7).

The result suggests the risk relievers that potentially reduce social and psychological risks ("Go for one with lots of extras", "Want to get to know other members" and "Choose one that impresses friends") were not ranked as important by the respondents compared with those reduce the financial ("Look for trial period offers" and "Look for money back guarantee") and performance risks ("Choose one that offers previews", "Go for well-known brand" and "Go for one that I've seen others using").

Furthermore, in comparison, "Go for well-known brand" such as Napster, iTunes and MSN Music Club is more effective in relieving risk perceptions than going for big brands (e.g. Virgin and Tesco). "Go for one that I've seen others using" is more effective than "Choose one I've seen advertised". In other words, the endorsement from peers or word-of-mouth is viewed more important than advertising in this case in influencing the decision.

Insert Table 7 here.

An analysis of variance was used to determine whether or not there was a significant difference among three different groups of downloaders in an appreciation of the risk relievers. Only three variables showed differences, however, they were overall less important risk relievers. All three groups unanimously rated "Choose the one that offers previews" the most effective risk reliever. The second most important risk

reliever for Light and Heavy downloaders was "Look for trial period offers", while for Non downloader it was "Look for well-known brand". This seems to be reasonable risk-avoidance behaviour for consumers who are unsure of the product or service they are buying.

Insert Table 8 here.

Likelihood to Purchase Music Online

In addition to being asked to describe their views around perceived risks and risk relievers, respondents were also presented with a short description of the typical service on an online music retailer might provide:

The usual format for selling music over the internet is for you to download a small programme, which is installed on your computer. From there you can log-into a central computer over the internet and purchase music safely. Prices range from as low as 1p per track to stream a track online (like a radio broadcast) to about £1 to download the track to your computer. From there you can normally burn it to CD or copy it to another device, however there are some copying restrictions. You can listen to it on your computer or music playing device as many times as you like. Sites are becoming particularly good at finding new ways to pay securely, some offering pre-pay cards, credit-card packages/subscription, and the payment via other methods like SMS.

After reading that, they were asked how likely they felt they would be to make use of such service within the next two years. On the whole, respondents were very positive

about the idea of purchasing music online, with 46% saying they were either "very likely" or "somewhat likely" to make use of such a service (see Table 9).

Insert Table 9 here.

It is clear to see how this information would be useful for marketers, in terms of defining target markets. With only 32% of heavy-downloaders indicating they are somewhat or very likely to use the service, this segment has a relatively low willingness to adopt the service, compared with 53% among the Non-downloaders and 48% Light-downloaders. Therefore, the Non and Light downloaders, who represent 73.5% of this sample, are those who should maybe be the focus of recruitment activity as they would appear to be most ready to adopt the commercial digital music services. These results appear to be consistent with Walsh *et al.* (2003) study's findings in that those who have already made downloading music illegally a part of their life, are the most resistant to this new commercial distribution model.

Discussion and Conclusions

This study tackles only the tip of the iceberg in the changes of the music industry. The Internet and digital technology has changed how the music is distributed and consumed. On the one hand, fast broadband internet connections, home entertainment computers, slim portable music players and mobile phones with the ability of storing a person's whole music collection have provided consumers unlimited room for choice

and changed the way they listen to music. On the other hand, the big music labels have a gradual decreased level of controls over the distributions and artists - for example, the recent success of the Arctic Monkeys, who distributed their music independently via the Internet without any help from the big labels. These trends are set to develop strong challenges to the music industry.

To sum up the findings, the main risks that were commonly perceived during the online music adoption process were focused on the quality of files, ease of use and security. Whilst these risk factors might form the basis of a marketing communication, the fact that they are relatively universal issues may make them more of a competitive necessity than a source of competitive difference. Unlike other products or services, the social and psychological risks worry consumers the least where online music is concerned. The findings addressed the key areas for the online music distributors to focus on in the future.

The results of this study show that there are high degrees of similarity between Light and Heavy downloaders with respect to perceived risks. Therefore, having downloading experience or not is a differentiating factor determining the various aspects of risks perceived by consumers. In comparison, risk relievers show less of a difference amongst the consumers. The five most effective risk relievers are "Choose one that offers previews", "Go for well-known brand", "Look for trial period offers", "Look for money back guarantee" and "Go for one that I've seen others using". "Choose the one that offers previews" is rated the most effective risk reliever amongst all consumers. The second most important risk reliever for Light and Heavy downloaders is "Look for trial period offers" while for Non-downloaders, it is "Look

for well-known brand". This finding provides useful insight for marketers when targeting those who have never downloaded music online. The risk relievers reduce the financial and time-loss aspects of risks are valued more than the ones reduce social and psychological risks.

The result of analysis amongst different groups of consumers, in term of their attitudes towards perceived risks and risk relievers is an interesting indicator for the industry. The group of Non-downloaders shows consistent differences from the Light- and Heavy-downloaders who are proportionally small compared with the non-downloader in the market. It is very likely they have established ways of obtaining music through file-sharing or swapping networks and these behaviours are likely to be very difficult to change. The industry should focus on the Non-downloaders and attract new groups of consumers who have not yet have much experience in file-sharing to their legitimate commercial services. Once people get accustomed to not paying for their music, it decreases their price acceptance level and it becomes very difficult to change their behaviour and free consumption mentality. While the industry made mistakes in devoting resources on combating illegal downloading, prosecuting file-sharing teenagers who were not making money from it has proven to be a PR disaster (BBC2, *Money Programme*, 2006), they did not take advantage of marketing music in the digital age. Now, they must rectify the direction for the future and concentrate on innovation and following the new music consumption trends. Moreover, it is clear from the results of this study with respect to the likelihood of future purchasing behaviour, that the heaviest existing downloaders will not yield sufficient return for a new e-tailer. After years of relative lawlessness online, this group has formed certain behaviour patterns that cannot be easily undone by the

service providers. Music sites are most likely to profit from those consumers who have never downloaded music from file-swapping networks or are only very light users.

Given that legal online music retailing is a relatively new market category, and the conditions of entry are still being formed, a universal strategy may be only viable in the short term. In the long term, the industry should also look into different groups who have different behaviours towards downloading music.

In conclusion, it seems that the industry really has to move fast in order to stop the culture of 'free music' setting in amongst the mainstream of society. For sure there will always be a small group of people determined to retain their free music, who will crack any encryption system that the industry can invent. The key now is to steer the remaining majority of society towards a paid-for model before the value in recorded music has been destroyed.

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Table 1 A List of Perceived Risks and Risk Relievers

<p style="text-align: center;">Perceived Risks</p> <p style="text-align: center;">(Whether or not it provides)</p>	<p style="text-align: center;">Risk Relievers</p>
<ul style="list-style-type: none"> • Reassurance that downloads are legal • 24 hour access to music downloads • Ability to keep online music collection • Ability to freely copy of downloaded music • Staying abreast of the latest technologies • Availability of searchable back-catalogues • Being part of an online community • Access to the very latest music • Opinions of friends and family • Broad range of artists from different labels • Getting good value for money • Security of personal information • Not being financially tied down • Sound quality of the downloadable files • Staying up-to-date with artist news • Quick, easy-to-use search tools • Good reputation of service provider 	<ul style="list-style-type: none"> • Look for one with lots of ways to pay • Want to get to know other members • Choose one I've seen advertised • Seek unbiased information sources • Look for money back guarantee • Choose one that offers previews • Go for the one that looks easiest to use • Go for well-known brand • Wait and see which one takes off • Go for one that I've seen others using • Look for trial period offers • Go for a big brand (e.g. Virgin, HMV, Tesco) • Compare all the pros and cons • Seek advice from a friend or family member • Look for the cheapest downloads • Go for one with extras (e.g. tickets) • Choose one that impresses friends".

Table 2 Sample Profile

N=211

	Age <18	18-24	25-34	35-44	45+
Gender Male	4	30	63	5	6
Female	2	41	54	4	2
Total	6	71	117	9	8

Table 3 Home Internet Connection Types by Download Intensity

Home Internet Connection	Non* (N=90)	Light* (N=65)	Heavy* (N=56)	Total (N=211)
None	8	-6	-6	8%
Dial-up	14	1	-24	36%
Broadband	-22	5	29	56%

* col % difference from total

Table 4 Service Recognition

		Non	Light	Heavy	Total
iTunes					
	Don't recognise	12	-7	-11	39
	Recognise, but never used	-7	2	8	45
	Use/used occasionally	-3	2	3	10
	Use/used regularly	-2	2	0	5
Napster 2.0					
	Don't recognise	7	-6	-4	9
	Recognise, but never used	11	-3	-14	59
	Use/used occasionally	-12	8	10	24
	Use/used regularly	-6	2	8	8
myCokeMusic					
	Don't recognise	11	-5	-12	68
	Recognise, but never used	-10	3	12	31
	Use/used occasionally	-1	2	-1	1
	Use/used regularly	0	0	1	0
Rhapsody					
	Don't recognise	7	-5	-5	87
	Recognise, but never used	-6	4	5	13
	Use/used occasionally	0	1	0	0
MSN Music Club					
	Don't recognise	2	6	-10	51
	Recognise, but never used	-3	-3	9	46
	Use/used occasionally	1	-2	0	2
	Use/used regularly	0	0	1	0
eMusic					
	Don't recognise	9	-2	-13	86
	Recognise, but never used	-10	2	14	12
	Use/used occasionally	1	0	-1	1
svc: netRadio					
	Don't recognise	7	2	-14	82
	Recognise, but never used	-6	0	11	14
	Use/used occasionally	-1	0	2	3
	Use/used regularly	0	-1	1	1
svc: Live365					
	Don't recognise	12	-1	-18	81
	Recognise, but never used	-12	1	17	17
	Use/used occasionally	0	-1	1	2

Table 5 Perceived Risks

Perceived Risks	N=221	
	Mean	Std. Deviation
Sound quality of the downloadable files	4.7867	.45462
Quick, easy-to-use search tools	4.6493	.55226
Security of personal information	4.6493	.71729
Broad range of artists from different labels	4.6398	.63481
Ability to freely make copies of downloaded music	4.3981	.87982
Not being financially tied down	4.3697	.84280
Access to the very latest music	4.3602	.91189
Getting good value for money	4.3318	.88041
24 hour access to music downloads	4.3223	1.04673
Availability of searchable back-catalogues	4.2654	.96396
Good reputation of service provider	4.0711	.97574
Reassurance that downloads are legal	3.3460	1.32691
Staying abreast of the latest technologies	2.9763	1.22451
Ability to keep online music collection	2.9336	1.21316
Staying up-to-date with artist news	2.9289	1.28347
Opinions of friends and family	2.3318	1.18478
Being part of an online community	1.8673	1.00542

Table 6 Risk Differences by Download Intensity

Perceived Risk	Non (n=90)		Light (n=65)		Heavy (n=56)		ANOVA Non, Light & Heavy
	<u>Mean</u>	<u>Rank</u>	<u>Mean</u>	<u>Rank</u>	<u>Mean</u>	<u>Rank</u>	<u>Sig.</u>
Reassurance that downloads are legal*	3.8	12	3.4	12	2.7	15	.000
24 hour access to music downloads*	3.9	11	4.6	4	4.7	5	.000
Ability to keep online music collection*	3.3	13	2.6	15	2.8	14	.003
Ability to freely copy of downloaded music*	4.1	8	4.4	7	4.8	3	.000
Staying abreast of the latest technologies*	2.7	15	3.0	13	3.3	12	.017
Availability of searchable back-catalogues*	4.0	10	4.4	6	4.5	9	.004
Being part of an online community*	1.7	17	1.9	17	2.1	17	.043
Access to the very latest music*	4.2	7	4.4	8	4.6	7	.024
Sound quality of the downloadable files*	4.7	2	4.8	1	4.9	1	.035
Broad range of artists from different labels*	4.5	4	4.7	2	4.8	2	.017
Getting good value for money	4.3	6	4.3	10	4.5	10	.409
Security of personal information	4.7	1	4.5	5	4.7	6	.220
Not being financially tied down	4.3	5	4.3	9	4.5	8	.396
Opinions of friends and family	2.2	16	2.3	16	2.6	16	.263
Staying up-to-date with artist news	2.9	14	2.9	14	3.0	13	.748
Quick, easy-to-use search tools	4.6	3	4.6	3	4.7	4	.549
Good reputation of service provider	4.1	9	4.0	11	4.1	11	.870

*mean difference is significant at the 5% level

Table 7 Risk Relievers

	N=221	
Risk Relievers	Mean	Std. Deviation
Choose one that offers previews	4.4739	.71250
Go for well-known brand	3.7630	.99559
Look for trial period offers	3.6967	1.06589
Look for money back guarantee	3.6872	.93949
Go for one that I've seen others using	3.6445	1.03358
Look for one with lots of ways to pay	3.5829	.99355
Seek unbiased information sources	3.5829	1.11120
Seek advice from a friend or family member	3.3602	1.18849
Wait and see which one takes off	3.2891	.97922
Go for the one with cheapest downloads	2.9384	.27774
Go for the one that looks easiest to use	2.8578	.42390
Compare the pros and cons	2.8341	.44290
Choose one I've seen advertised	2.6493	.64751
Go for a big brand (e.g. Virgin, HMV, Tesco)	2.5640	.71008
Go for one with lots of extras (interviews, free tickets, etc)	2.3507	.78086
Want to get to know other members	1.9242	.84737
Choose one that impresses friends	1.6682	.80704

Table 8 Risk Relief Differences by download intensity

Risk Relief Strategies	Non (n=90)		Light (n=65)		Heavy (n=56)		ANOVA Non, Light & Heavy
	Mean	Rank	Mean	Rank	Mean	Rank	Sig
Go for the one that looks easiest to use*	2.9	11	2.9	11	2.7	12	.001
Want to get to know other members*	1.8	16	2.0	16	2.1	16	.048
Choose one I've seen advertised*	2.8	12	2.7	13	2.4	14	.014
Choose one that offers previews	4.5	1	4.3	1	4.6	1	.064
Look for money back guarantee	3.7	3	3.5	6	3.8	3	.168
Go for well-known brand	3.9	2	3.6	4	3.8	5	.254
Seek unbiased information sources	3.5	7	3.5	5	3.8	6	.272
Look for one with lots of ways to pay	3.5	6	3.4	7	3.8	4	.127
Wait and see which one takes off	3.3	9	3.2	9	3.4	8	.425
Go for one that I've seen others using	3.7	4	3.6	3	3.5	7	.511
Look for trial period offers	3.6	5	3.7	2	3.8	2	.577
Go for a big brand (e.g. Virgin, HMV, Tesco)	2.7	14	2.5	14	2.5	13	.267
Compare all the pros and cons	2.8	13	2.9	10	2.9	11	.060
Seek advice from a friend or family member	3.4	8	3.3	8	3.4	9	.859
Look for the cheapest downloads	3.0	10	2.9	12	3.0	10	.100
Go for one with extras (e.g. tickets)	2.3	15	2.4	15	2.4	15	.901
Choose one that impresses friends	1.7	17	1.7	17	1.7	17	.954

*mean difference is significant at the 5% level

Table 9 The Likelihood of Using the Service

	Non	Light	Heavy	Total
Very unlikely	13	9	18	13%
Somewhat unlikely	10	17	25	16%
Not sure right now	23	26	25	25%
Somewhat likely	40	23	23	30%
Very likely	13	25	9	16%
				100%

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups (Non/Light/Heavy)	6.027	3	2.009	2.826	.040*
Within Groups	147.168	207	.711		
Total	153.194	210			

*mean difference is significant at the 5% level