Undergraduate Dissertation
DEGREE IN BUSINESS ADMINISTRATION & MANAGEMENT

MULTICHANNEL CONSUMER BEHAVIOUR IN THE MUSIC SECTOR: THE STREAMING CASE

Carlos García Gamón

Supervisor: Carlos Orús Sanclemente

FACULTY OF ECONOMICS AND BUSINESS

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Author: Carlos García Gamón
Supervisor: Carlos Orús Sanclemente
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ABSTRACT

The increasing importance of technology and internet has provoked changes in the way music is consumed, providing consumers a wider variety of channels of music consumption. This undergraduate dissertation analyses the consumption behaviour of music streaming platforms, in particular YouTube and Spotify. More specifically, we analyse which features of streaming platforms are valued by users, and compare these features in YouTube and Spotify. In addition, the impact of these platforms on physical music consumption (physical formats purchases, attending live music events) is also examined. The results of two studies, consisting of a survey with consumers and an observation of music sales and streaming information, show that the presence of a great number of music content available, the possibility of listening to music everywhere, the platforms' design and their usability are the features that users value the most. Finally, it has been empirically proved that streaming services have positive impact on CDs purchases.

Keywords: Multichannel marketing, streaming, Spotify, YouTube, perceived value.

RESUMEN

La creciente importancia de la tecnología e internet ha provocado cambios en la manera de consumir música, ofreciendo a los consumidores una amplia variedad de medios para consumir música. Este trabajo de fin de grado analiza el comportamiento de consumo en plataformas de streaming, en especial en YouTube y Spotify. Más concretamente se analizan las características de las plataformas que son valoradas por los usuarios, comparando estas características entre YouTube y Spotify. Además, el impacto de estas plataformas en el consumo de música tradicional (Compras en formato físico, asistencia a conciertos) es también analizado. Los resultados de dos estudios, una encuesta con consumidores y una observación de ventas de música y datos de streaming, muestran que la presencia de un gran número de contenido musical, la posibilidad de escuchar música en cualquier parte, el diseño y su usabilidad son las características que los usuarios valoran más en estas plataformas. Finalmente, se prueba empíricamente que el streaming influye positivamente en la compra de CDs.

Universidad Zaragoza
1542

Index

Index of figures

Index of tables

1 Introduction

Music has always been present in our society. It has been part of human history in one form or another, and it is present in every known culture (Bordowitz, 2007). Around music a powerful industry worldwide has been created and in 2017 the industry revenues reached 17.3US$ billion becoming one of the most powerful sectors within the leisure industry (International Federation of the Phonographic Industry -IFPI-, 2018).

The last decades of the 20th century brought several advances in information technology, such as the invention of the microprocessor, the internet and the worldwide web, which transformed the service sector of advances economies, including entertainment, telecommunications, education and information processing (Kretschmer, Klimis & Wallis, 2001). The music industry also suffered those changes with the emergence of music in digital formats.

According to Hviid, Jacques and Izquierdo (2017), before digitalization the structure of the music market was based on a large number of artists supplying their music works to a small number of record labels that produced and distributed their works to a very concentrated retail sector. Digitalization changed the structure by creating a more diversified market due to new online music services, which also intensified competition. In addition, the emergence of new music formats allows us to study the music business from a multichannel perspective. This is important because multichannel marketing has offered customers new possibilities of communicating and interacting with firms, and multichannel management is paramount for companies in the 21st century (Cao & Li, 2015; Neslin et al., 2006).

The new music service that has had more impact on the industry has been the streaming. Streaming platforms such as YouTube and Spotify have become the most used channels of music consumption, experiencing great growth rates (IFPI, 2018). Streaming has allowed music consumers to have easy access to millions of songs and artists, the possibility of trying new music with no risk and it has provided them the opportunity of having the music they like when they want (Owsinski, 2009). These services have changed the behaviour of consumers towards music, shifting from ownership to access, as in most of the cases music consumers prefer to stream music rather than buying it (Happonen, 2016).

In this way, the aim of this undergraduate dissertation is to analyse the impact of streaming platforms on the traditional formats of music consumption, that is, physical formats and live music events. More concretely, this study focuses on Spotify and YouTube as they are the most used streaming platforms to consume music. According to AudienceNet (2017), YouTube is the music streaming platform with the highest weekly reach (49%), meaning that consumers listen to music on YouTube for five minutes or more at least once a week. In the case of Spotify, it is the audio streaming service with the highest weekly reach (21%). Thus, the impact of these platforms on the consumption of CDs, vinyl and live concerts is analysed. Furthermore, the specific goals of this research are the following:

- Describe general music consumption behaviour in the Spanish market.
- Describe the use of YouTube and Spotify and compare the two platforms
- Analyse which features of streaming platforms are the most valuable for users.
- Examine the impact of streaming platforms on the consumption of offline music.

The proposed research will be focused on assessing the perceived value that music consumers have towards those platforms. Moreover other aspects, such as the social dimension of streaming platforms, and the degree of usage and the experience using them, will be used to formulate the research. In addition, an observation of album sales, YouTube views and Spotify plays will be carried out to complement the research.

The outline of this undergraduate dissertation is as follows. After presenting the motivations and the research objectives, the literature regarding the topics of music digitalization and multichannel behaviour is reviewed. Following the literature review, the research context is presented where the platforms YouTube and Spotify will be analysed. Taking into account the research context and the literature review, the research proposal is formulated. In the fourth chapter, the methodology used for the empirical study is described, which consists of an online survey and a structured observation. The fifth chapter is devoted to the analysis of the data. Finally, the conclusions of the research, the limitations and future lines of investigation are presented.

2 Literature review

2.1 From music digitalization to streaming music

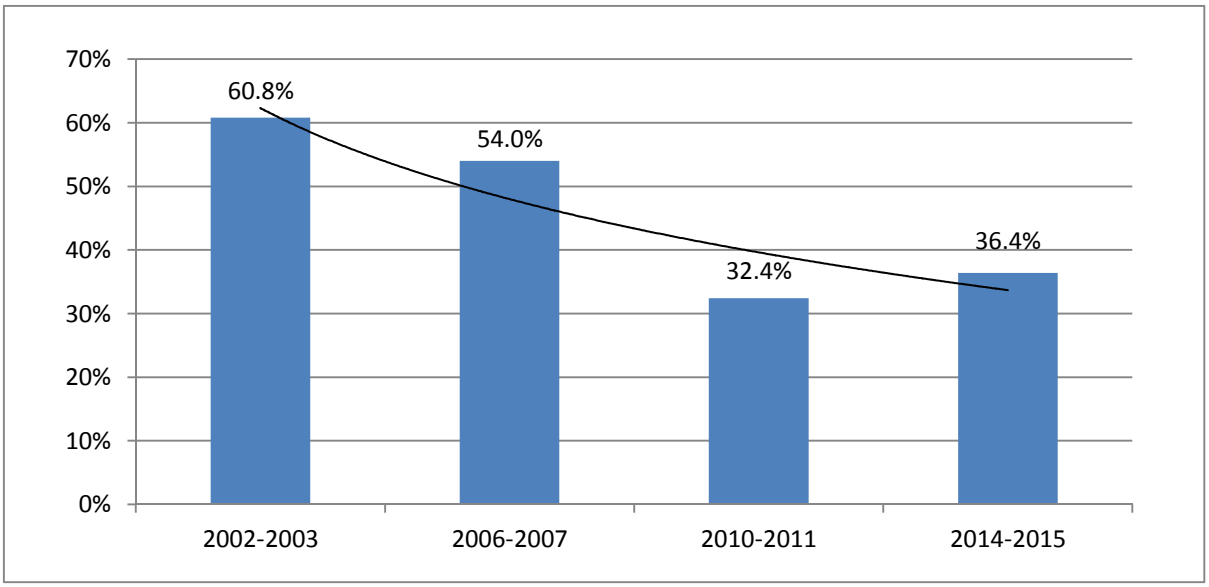
The music industry has suffered a significant transformation in the last 30 years which started with the digitalization of formats, the appearance of internet and new forms of music consumption that have changed the consumers' behaviour. In this chapter, we briefly review these changes and how they have affected the music industry.

According to Tilson, Sørensen and Lyytinen (2013), the digitalization of music formats started in the early eighties with the appearance of Compact Discs (CDs) with 70 minutes of uncompressed music in 650 Mbytes capacity. Fifteen years later, in 1995, with the development and the increasing popularity of internet, the MP3 (MPEG-1 Audio Layer III) file format was created which was an audio coding format for digital audio. MP3 offered the possibility of more storage capacity and easier online distribution than CDs or other music formats. Taking this into account, in the 21st century the term *digital* started to refer to music releases that were only available in digital files (Waldfogel, 2015).

Waldfogel (2017) reported that in addition to the music industry, digitalization busted in a large number of copyright-protected media industries, including books, music, television and films, reducing marginal cost, as the new digital content can be copied and distributed at near-ought marginal cost. This is explained by the fact that serving other consumer with a digital product has almost ought cost. According to Spellman (2011), cost savings in digital music distribution are explained by the reduction of handling costs of digital music with respect to physical music. Supplying, warehousing, inventorying and shipping are not existent in a digital music framework.

It is widely accepted that the digitalization of music has changed the ways people listen to music. The appearance of digital music meant a decline of physical media consumption. These days, listeners expect a product that is mobile, unlimited and freely available instead of musical products recorded in physical formats (Hviid, Jacques & Izquierdo, 2017). To illustrate this change in Spain, the Ministerio de Eduación, Cultura y Deporte (MECD) carries out periodical surveys with the purpose of analysing the consumption of cultural products of the Spanish population. Analysing the last four surveys, we observe that the percentage of users of CDs in Spain follows a decreasing trend as it has fallen from 60.8% in 2002-2003 to 36.4% in 2014-2015 (see Figure 1).

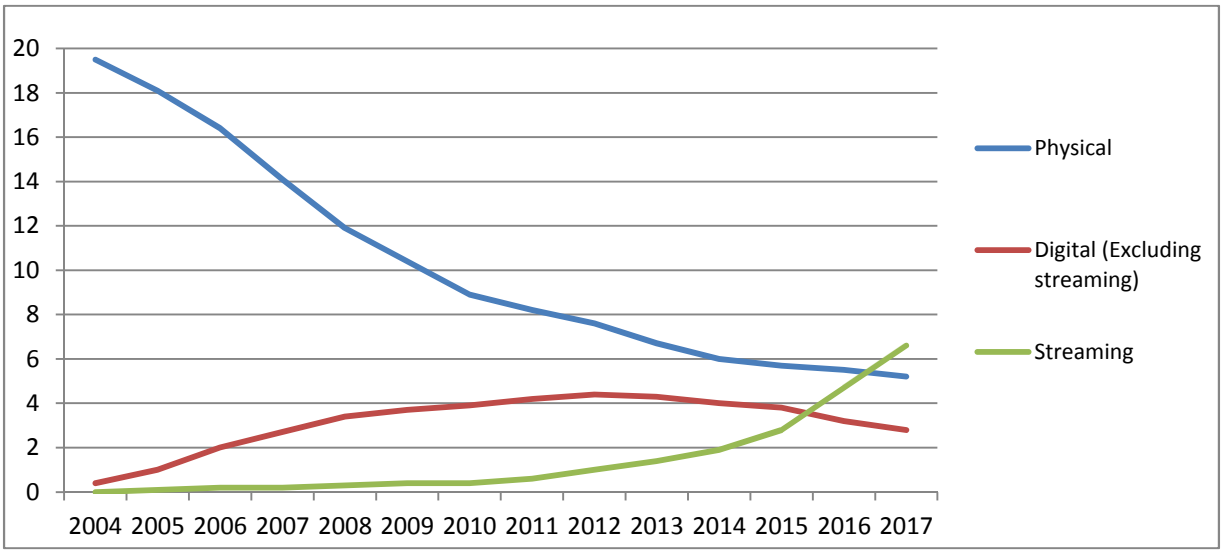
Figure 1: Cd users in Spain (% of population)



Source: Own elaboration with data provided by MECD (http://www.mecd.gob.es)

With regards to the global music industry, according to IFPI (2018) since the emergence of digital music, the amount of global music revenue coming from physical albums has dropped in a continuous way (Figure 2). In 2004, physical albums accounted for 19.5US$ billion of the total global music revenue; however, in 2017 CDs and other fiscal formats represented only 5.2 US$ billion of the total revenue surpassed by the revenue of streaming services.

Figure 2: Global music industry revenue in (US$ billion)



Source: Own elaboration with data provided by IFPI (2018)

With the emergence of digital music, the main problem of the industry is piracy or unpaid consumption. Piracy rose because the music industry was not able to implement an attractive legal method of digital distribution until the platform iTunes was created (Knopper, 2009). During the early stages of the digitalization era, consumers grew accustomed to obtain music without payment in file sharing platforms such as Napster (Waldfogel, 2015). Napster was launched in 1999 and it allowed users around the world to search and share music. The scale and scope of digital sharing removed the constraints imposed by CDs and other physical formats, and reduced the time needed to access music (Tilson, Sørensen & Lyytinen, 2013). In this way, Napster and other similar platforms weakened the traditional sources of revenue in the industry and reduced the ability of sellers to appropriate value from musical products (Waldfogel, 2015). It is remarkable that since Napster and file sharing was created the recorded music industry suffered a stark drop in revenues (Waldfogel, 2011). Richardson (2014) reported that Napster granted users a new status quo of digital music ownership. Due to the fact that consumers that might have been reserved to use digital media content were encouraged to consume digital music by the opportunity of having access to free content. This situation forced the music industry to sue Napster and in September 2002, a court in Delaware blocked the sale of Napster to a German investor and the cease of the company´s operations started (Evangelista, 2002).

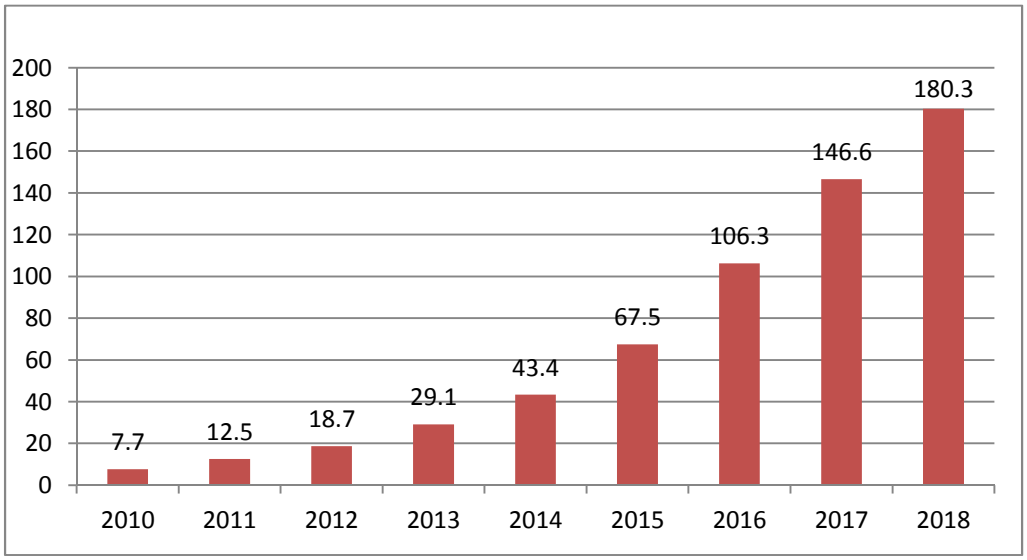
With Napster out of business, legal music download platforms such as iTunes experienced a strong growth during several years. However, the amount of digital sales was unable to offset the fall in physical music sales (see Figure 2). This situation forced the industry to look for an alternative to the traditional pay-download model of iTunes. In 2006, the four major labels (Universal Music, SonyBMG, Warner and EMI) reached an agreement with YouTube to be paid for the broadcasting of music videos (Dang, Dejean & Moreau, 2013). With the emergence of YouTube, the music industry attention increasingly shifted to peer to peer file sharing of video files (Arewa, 2010).

Years later, in 2012, the major music labels signed license agreements with the company Spotify (Dang, Dejean & Moreau, 2013) and the streaming music era started. Music streaming services enable users to have access to millions of tracks from any computer or device legally and free of charge (Swanson, 2013). The growth of Spotify is in line with the growth of the mobile technology and it has become one of the most

popular streaming music services according to the large amount of users the platform has reached (Roettgers, 2015).

Music streaming services have changed the way music is consumed as most consumers have adopted streaming as their main channel of music consumption. According to Statista (2018a) the number of music streaming services subscribers has followed a steady increasing trend since 2010 (see Figure 3).

Figure 3: Number of music streaming subscribers worldwide (In millions)



Source: Statista (2018a)

With the aim of illustrating the influence of streaming in the music industry, several reports published by different firms or associations can be analysed. First, Nielsen (2017) elaborates a yearly report describing the landscape of the music industry in the USA. This report also assesses the consumption of music in different channels as well as measuring which music genres are the most dominant. The main insights of the report are summarized in the following facts: (1) streaming tops all forms of music consumption; (2) Vinyl records have experienced sales growth for the 12th consecutive year; (3) CDs sales have decreased 16.5% in 2017; (4) the channel that has experienced the highest decrease is digital albums, with 19.6% of sales drop in one year.

Second, the "Global Music Report 2018: Annual State of the industry" published by IFPI (2018) shows figures from 2017 worldwide. The report reinforces the idea that consumers listen to music in different channels, and it provides data of evolution in revenues of different channels. We must highlight the importance of streaming services,

which have experienced the highest growth (41.1%). On the contrary, revenues coming from downloads suffered a fall of 20.5% and physical revenue dropped 5.4%.

Third, in the case of Spain, Productores de Música de España (Promusicae, 2017) elaborates the report "El Mercado de la Música Grabada en España: Primer Semestre 2017". This report offers data of the revenue of the different musical formats. Spain follows a similar trend than the rest of the world, being streaming the main source of income. However, the revenues from music in physical formats have increased 1% in comparison with the first semester of 2016. This increase is driven by vinyl sales (38% increase) which have offset the decrease of revenues of other formats, such as CDs. The physical format that has suffered the most is music DVDs (44.7% drop), although the significance of this format is rather low, in comparison with CDs and vinyl.

After analysing the evolution of the music industry we have to highlight that these days music can be consumed in a wide range of formats that can be divided into three groups: (1) physical digital media which include CDs, vinyl, DVDs etc.;(2) digital audio files where we can find MP3 and MP4, peer-to-peer (file sharing platforms), pay to download music (e.g. iTunes) and streaming; and (3) the traditional radio (Hiviid, Jacques & Izquierdo, 2017).

2.2 Multichannel Consumer Behaviour

With the digitalization of music, new consumption channels have appeared, allowing us to analyse this behaviour from a multichannel perspective. The reports of Nielsen (2017), Promuisicae (2017) and IFPI (2018) illustrate that music is consumed in a multichannel way due to the fact that a rich variety of consumption channels that are available and used by music consumers.

Since the beginning of the 21st century there has been a growth in multichannel marketing research (Knox, 2006, Venkatesan, Kumar & Ravishanker, 2007). Neslin et al. (2006) defined multichannel customer management as "the design, deployment, coordination and evaluation of the channels through which firms and customers interact, with the goal of enhancing customer value" (2006:95). From the customers' perspective, the emergence of new marketing channels has offered new possibilities of communicating and interacting with firms (Cao & Li, 2015).

Multichannel marketing is an old phenomenon as firms have offered traditionally their services through multiple channels; however, digitalization and the internet have

changed this environment in the past decades (Huuhka, Laaksonen & Laaksonen, 2014). In the internet era, firms are able to reach a wider audience online and strengthen their physical channels with online channels (Zang et al., 2010).

The great internet access worldwide has provoked significant changes in consumers´ behaviour and consumption habits (Hérnandez & Mártinez, 2016). According to Statista (2018b), the world internet population in 2017 reached 3.58 billion. In the particular case of Spain, 83.4% of Spanish households have internet access and 80% are frequent users (users that use internet at least once a week) (Instituto Nacional de Estadística –INE-, 2017).

In the same way to the online channel development, researches have focused on the influence on consumers of the use of mobile phone channels, especially of mobile apps (Xu et al., 2014). One of the main drivers of multichannel behaviour has been the "boom" of mobile devices and social networks that have changed the consumption patterns and the business environment (Rigby, 2011). These days, many activities such as purchasing and sharing information can be carried out online, everywhere and at any time through smartphones (Hennig-Thurau et al., 2010). As in the case of internet access, the relevance of smartphones on our lives is continuously increasing. The number of smartphone users has been increasing steadily, reaching 2.32 billion users worldwide in 2017 (Statista 2018c). In Spain, according to Google Consumer Barometer (2017), the number of smartphone users has increased sharply from 2013 (55% of the total Spanish population) to 2017 (87%).

With the emergence of smartphones and social networks, the multichannel environment is changing and moving towards an omni-channel landscape (Rigby, 2011). Paccard (2017) reported that omni-channel puts the customer at the core of the business strategy with the purpose of delivering consistent and continuous experiences to engage the customer.

All these figures exhibit that internet and innovations in the mobile technology have altered the consumption behaviour, affecting all phases of the purchase decision process and providing customers new channels of consumption. According to Berger et al. (2002), having different consumption channels available offer different opportunities for customers to interact with the enterprise, and through these interactions, different responses and marketing efforts could appear. Thus, with the wider range of marketing

channels available and the increasing technological capabilities, consumers' needs are addressed better (Rust & Varki, 1996).

Several studies have concluded that multichannel consumers purchase larger quantities of products, with a greater expenditure, and have more value than consumers that only use one channel (Kushwaha & Shankar, 2013; Rangaswamy & Bruggen, 2005). Wallace, Giese and Johnson (2004) argued that multichannel consumers purchased more due to the higher number of cross-selling opportunities, the higher number of touch points between the customer and the enterprise, and the availability of a bigger mix of service outputs that the enterprise can provide through different channels.

In the particular case of the music industry, since the emergence of digital formats, music can be consumed mainly in two different ways: physically (buying the music product in form of CD, vinyl etc.), and digitally (downloading music files or streaming services) (Dilmperi et al., 2012). Internet rapidly became a new consumption channel where consumers were able to download and share music files (Bockstedt et al., 2005). In addition, internet has changed the purchase intention of music in physical format as most music consumers preferred to download songs illegally or listening to music online (Dilmperi et al., 2012). This is linked with the argument that internet provides consumers with a wider range of alternatives than physical stores (Yang et al., 2004).

Having different channels available allows companies to compensate the weaknesses of one channel with the strengths of others (IBM Business Consulting Services, 2005). In the music industry, IFPI (2018) reported that the decrease of revenues from physical formats have been partially offset with the increase revenues from live music and streaming. Thus, in order for a company to succeed in a multichannel environment, the integration of all channels to take advantage of channel synergies is crucial (Herhausen et al., 2015). In the music sector, according to Spellman (2011), artists try to distribute their music in all the different channels possible (physical, live events, downloads services, streaming platforms) and also they use different communication channels (social networks, mass media) to promote their music works. The relationship between channels creates synergies as the use of a particular channel may strengthen other channels.

Finally, another idea supported by recent music reports (Nielsen, 2017; IFPI, 2018) is the phenomenon of channel switching or migration. Channel migration characterizes consumer´s channel choices during a longer time period (Blattberg, Kim & Neslin,

2008). Ansari, Mela and Neslin (2008) stated that channel migration is encouraged by the fact that companies look for the most cost-efficient channels to distribute their products. Thus, it is claimed that the online channel is more efficient than the traditional physical channels. Nevertheless, in order to decide to focus on one channel or another, companies must consider how migration will affect the overall demand.

These days, consumers listen to music more in streaming platforms than in physical formats. Artists and record brands have also started to focus more on streaming services and live performances than on selling physical albums. In addition, some wholesaler like Best Buy have decided to stop selling CDs in their commercial establishments due to the fact that consumers prefer other options such as digital music or streaming rather than CDs (Christman, 2018).

In short, the multichannel perspective offers an interesting framework for studying music consumption, given its great importance for understanding how companies arrange their commercial propositions and how consumers interact with them.

3 Research Context and Proposal

3.1. Research Context

As previously stated, the aim of this undergraduate dissertation is to analyse consumers' use of streaming platforms, as well as their impact on the consumption of music on physical formats and live music events. Specifically, the analysis focuses on YouTube and Spotify which are the most used streaming platforms worldwide (Nielsen 2017; IFPI, 2018) and in Spain (Promusicae, 2017). Moreover, the number of users of Spotify and YouTube has followed a growing trend in the last years. In the case of Spotify, the number of active users has increased from 91 million in 2015 to 159 million in 2017 (Statista, 2018a). YouTube has followed a similar trend, reaching a peak of 1.5 billion total users (including music and non-music listeners) (Statista, 2018d).

Consumers can access these platforms from a wide range of electronic devices including mobile phones, computers and video-consoles. In the following section, the two platforms are described to provide an adequate context for the research. First, a brief history of each platform and its current situation in the music industry is presented. Secondly, the influence of each platform for the main stakeholders of the music industry

is analysed. Finally, the impact of each platform on the consumption of music in traditional formats is assessed.

3.1.1. YouTube

YouTube is the most popular video site on the internet. These days the platform is available in 88 countries and in 76 different languages and every day one billion hours of video content are visualized (https://www.youtube.com). YouTube has created special applications for kids (YouTube Kids; https://kids.youtube.com), gamers (YouTube Gaming;https://gaming.youtube.com),music fans (YouTubeMusic; https://music.youtube.com), TV lovers (YouTube TV; https://tv.youtube.com), among others (YouTube Press, 2018).

YouTube was founded in 2005 by Chad Hurley, Steve Chen and Jawed Karim in San Bruno California. The platform appeared from the idea of sharing videos between users, which is summarized in its slogan "Broadcast Yourself". Rapidly, YouTube became a platform where users were able to upload, visualize and share videos for free (Antolín, 2012). Moreover, YouTube has been able to create and develop innovative functionalities and uses that have been easily adopted by users (Driscoll, 2007). Since its foundation, YouTube has generated a deep social impact as the platform is used by politicians, athletes, musicians, film directors, actors and other relevant public figures (Polo, 2010). The platform has emerged as a social medium with user-generated content bringing to the surface the concepts of sharing and virality (Arewa, 2010).

To illustrate the magnitude of the platform, Alexa (2018) provides information of the top 500 sites on the web; the sites in the ranking are ordered according to the Alexa traffic rank. This rank is calculated using a combination of average daily visitors and page views over the one month. In February 2018, YouTube was recognised as the second site on the web, only behind of Google; however, it surpasses Google in the daily time spend on the site and in the percentage of traffic from search (the percentage of all referrals to the site that came from the different search engines). In the case of Spain, YouTube is also the most visited site after Google (Alexa, 2018).

In the entertainment and online era, YouTube has become a powerful tool that has created new ways of consuming, creating and sharing music. Since its foundation, YouTube was a technology that challenged the way music was perceived by customers and musicians (Cayari, 2011). As previously stated, streaming services, and particularly

YouTube, have become the main channel for listening to and discovering music for free (Dang, Dejean & Moreau, 2013). YouTube has provided music consumers unlimited access to a massive library of music and video content through computer, TV and mobile phones with internet connection (Tun, 2015). YouTube is the preferred music streaming platform worldwide with an audience of 900 million music listeners, more than three times the users of audio streaming services (IFPI, 2017). Furthermore, YouTube and other video services are the most popular channels that consumers use to discover new music (MusicWatch, 2015).

For musicians, the platform has become a promotional tool rather than a source of income (Tsigkou, 2017). This is explained by the low royalties that the platform pays to artists, IFPI (2017) reported that YouTube only pays 1 dollar per music user while Spotify is paying an average of 20 dollars per user. Due to the low royalties, artists such as Taylor Swift and Paul McCartney have claimed against the platform (Knopper, 2016). In spite of this fact, YouTube has allowed artists, especially independent artist, to reach greater audiences (Cayari, 2011). YouTube has also provided the opportunity for new musicians to start their career and be discovered (Tsigkou, 2017). Regarding this lasts point, two cases can be highlighted: the R&B singer The Weeknd who started uploading videos anonymously in YouTube and these days is one of the most relevant artists in the genre, collaborating with stars like Ariana Grande or Ed Sheeran (Renfro, 2015); in Spain, Pablo Alborán started his career uploading his music works to YouTube, and years later he became the Spanish artist with higher level of album sales (Nieto, 2011).

With a large number of artists uploading music content in the platform, YouTube has become a valuable source of income for record labels (Knopper, 2011). However, record labels have also complained about the low royalties that YouTube pays. Labels have been arguing that "value gap" between the earnings of YouTube on account of the advertising shown in music videos and the payments that artist receive is very pronounced (Sweney, 2017). Although the revenues that labels obtain from YouTube are larger than from paid downloads, the difference is not proportional to the relevance of YouTube against pay to download services such iTunes (Sheffield, 2016). According to AduienceNet (2017), the weekly reach of YouTube (49%) is much higher than the pay to download platform of iTunes with a weekly reach of 15%.

Several research papers have tried to analyse the relationship between growth of YouTube and its influence in the music industry, as well as the relationship between the video streaming platform and the traditional channels of consumption of music especially recorded music (Dang, Dejean & Moreau, 2013. Dang, Kretschmer & Peukert, 2014, Hiller & Kim, 2014 Tsigkou, 2017). Hiller and Kim (2014) examine how the (un)availability of YouTube content affects physical album sales. The study focused on comparing the music sales of the label Warner, that at that time was unavailable on YouTube due to legal disputes, to the music sales of other companies. During the period of the study, the music of Warner experienced higher sales ranks on the Billboard album ranking than other music labels or independent artists. Hiller and Kim´s (2014) study showed that the removal of content from YouTube had a positive impact on album sales of 10,000 units per week for top albums; therefore they concluded that the music available at YouTube had a negative impact on physical albums sales.

In similar way, Kretschmer and Peukert (2014) carry out a study to analyse the impact of sales of videos excluded from YouTube in Germany. They identified the effect of music videos on sales using exogenous variations from avoiding access to videos on YouTube in 2009 in Germany and for making videos available to the general public due to the entry of VEVO (Video Evolution) in October 2013. The authors found that enabling access to online video has a strong complementary effect on digital music sales, but they did not find clear evidences of the effect on physical album sales. In addition, YouTube music videos were more effective in encouraging downloads of songs of new emerging artist rather than established artists.

Tsigkou (2017) developed an empirical study using semi-structured interviews with professional musicians and questionnaires with music consumers. The main conclusions extracted from this study are that YouTube has changed the way music is consumed, shifting from “ownership” to “access”. Moreover, YouTube is seen as a promotional tool rather than a substitute for other channels of consumption. Finally, Tsigkou (2017) reported that music fanatics will continue to buy music and they will keep supporting their favourite artists regardless of the ways of consuming music.

Finally, other authors that have studied the relationship between streaming services and album sales have stated that YouTube has not decreased album sales in a significant quantity, and that YouTube is used more as a promotion channel rather than a substitute of other channels (Dang, Dejean & Moreau 2013).

In general terms, the emergence of YouTube has changed the way music is consumed. There are evidences that the platform may have displaced recorded music sales. However, YouTube has become the best promotional tool for artist and it has helped independent artists to kick of their careers.

3.1.2. Spotify

Spotify is a music streaming service that gives users access to millions of songs, albums, playlists and content from artists around the world. The company was founded by Daniel Ek and launched in Europe in 2008. Daniel Ek used the new technologies available to create a product attractive for customers and that was better than piracy (Swanson, 2013). Since 2008, Spotify has grown from a small European company located in Stockholm to a multinational distributor of music (Bertoni, 2012). In 2011, Spotify was launched in the USA although some artists and record labels were reluctant to the platform (Valera, 2018). During this introduction period in the USA, artists such as Beyoncé, Kanye West and Prince removed their music works because of the low royalties that Spotify was paying (Bhoot, 2017). However, years later Spotify was offering a wider catalogue of song than its main competitors (Hviid, Jacques & Izquierdo, 2017) and rapidly several media sources related with the music industry defined Spotify as the future of the industry (Fleischer & Snickars, 2017).

The basic functions of the platform are available for free; however users have the opportunity of upgrading to Spotify Premium paying a monthly fee of 9.99$ which gives them full control of the platform. Spotify is an interactive platform where users can choose what they want to listen, get personalized recommendations of songs or playlists, create their own playlists and Radio stations, and see what their friends listen (Hviid, Jacques & Izquierdo, 2017). In the case of Spotify premium, the platform is ad-free. Since the early stages of the company, Spotify has focused its resources on the mobile market and it launched applications for Android and Apple in 2009 (Richardson, 2014). These days, Spotify is available in a wide range of electronic devices, including computers, phones, tablets, consoles, TVs, etc (https://www.spotify.com/es/).

The business model that the platform adopted is the "Freemium" model, based on offering a free service with the purpose of attracting new users, and then a premium service aimed to convince the users to upgrade and pay for a better product (Reime, 2011). At the early stages of the company, the model was difficult to sustain due to the fact that only 2% of the members were premium subscribers (McLean, Oliver &

Wainwright, 2010). Also, the company had to pay licenses to record labels for each album or song played (Richardson, 2014). However, the number of premium users has been increasing and in 2017, there were 159 million free users and 71 million premium users (Spotify press, 2018).

Spotify has granted consumers the possibility of selecting a wide variety of individual songs and albums with no limitations (Richardson, 2014). Moreover, it provides users a free access music library of considerable size (Riesewijk, 2017), having more than 35 billion songs available and over 2 billion playlists (Spotify Press, 2018). In recent years, consumers have been adopting Spotify as a channel for music consumption, giving up traditional formats. According to AduienceNet (2017), Spotify's weekly reach (21%) surpassed CDs (19%) for the first time.

Spotify has allowed artists to offset the decline of downloads and recorded music revenue providing them an important source of income (Weiss, 2016). Although the amount that Spotify pays by user is higher than the one paid by YouTube (IFPI, 2017), many artists have been also dissatisfied with the low royalties the platform pays (Swanson, 2013). However, Spotify seems to have a relevant effect in new artists' discovery. According to Datta, Knox and Bronnenberg (2017), Spotify expands the attention of listeners to a wider set of artists than traditional formats. In addition, this fact could potentially boost the demand of other complementary goods such as concerts and festival tickets (Mortimer, Nosko, and Sorensen, 2010).

For record labels, the emergence of Spotify and other streaming platforms have reduced significantly piracy, transforming a formerly unruly market intro a regulated market with constant revenue (Vonderau, 2017). While music piracy does not pay anything to labels and artists, Spotify provides monetary compensations in form of royalties to artists and labels (Aguiar & Waldfogel, 2015). Even though several labels argue that the royalties paid are very low and in some cases the company is not even paying the agreed amounts (Jacobson, 2017), Spotify reports that they are paying out at least 70% of its revenues to the industry in royalties; the company is considering signing artist directly to challenge record labels (The Economist, 2018).

Regarding the impact that Spotify may have on the sales of physical albums, several papers have tried to explain and quantify this phenomenon and the outcomes obtained have been diverse. Dang, Dejean and Moreau (2013) estimated the role of streaming on different ways of music consumption, especially on physical album sales. The results

showed that streaming had no effect on albums sales but had a positive impact on live music. These conclusions strengthen the idea that streaming helps to create new business models for the music industry (Bacahe, Bourreau & Moreau, 2012).

Aguiar and Waldfogel (2015) carried out an empirical research based on the perceived value that consumers gave to albums and songs. The data used was the weekly top 50 and top 200 songs Spotify streams across the sample countries, weekly sales of digital music from 21 countries, and weekly sales of recorded music provided by Billboard Magazine. The results of the study showed that Spotify displaced track sales.

Providing a different view, Hiller & Walter (2016) analysed the effects on the music industry of the rise of streaming and they provided a function to quantify its effects focused on the artist perspective. The results of the study revealed that music makers have changed the way they produce and deliver music, being streaming the channel that is gaining more relevance. However, the popularity of streaming shows differences depending on the type of artists, being crucial for independent artist and less relevant for established artists. Finally, they also reflected the evidence of a negative relationship between streaming and album sales as many artists seem to move towards producing for streaming rather than launching physical albums. These findings are in line with Hogan and Hogan (2015) and Bhoot (2017), who confirmed the decline of full-length CD and the emergence of the on-demand streaming service of Spotify. However in this last case, Bhoot (2017) showed that in the case of vinyl, consumers are more willing to buy music in this format as they find them as an exclusive product or a collectible. Finally, Hogan and Hogan (2015) suggested that musicians will no longer produce the traditional physical content that has been prevalent in the music industry.

Lastly, focusing on in consumption patterns, Datta, Knox and Bronnenberg (2017) studied the changes in total consumption that streaming platforms have provoked in the music industry. These authors constructed a panel of data set of consumption on streaming (Spotify) and ownership-based platforms. They demonstrated that streaming services increase total consumption of music and facilitates the discovery of new artists. Moreover, the results of the study reflect the fragmentation in the consumption of music that is also present in other industries like films and books where users consume products in different formats or platforms.

Although it is difficult to quantify the impact of Spotify on album sales, there are evidences that the platform has reduced physical album sales. However, Spotify and

other streaming platforms appear to increase the total consumption of music and may have a positive impact on live music attendance.

3.2. Research proposal

After introducing the research context, and based on the literature review, this research is focused on analysing how consumers perceive the value of the streaming platforms of YouTube and Spotify, as well as on the impact of these platforms on the music industry, particularly on albums and vinyl sales and on attendance to concerts. The current research proposal is divided into three areas: the perceived value of music streaming services, the social dimension that streaming services offer and the relationship between usage of this platforms and its effect in the traditional formats of consumption. In addition, an additional study is carried out in which the performance of the most sold physical albums in the USA (Nielsen, 2017) and in Spain (Promusicae, 2017), in the streaming platforms under consideration (YouTube and Spotify) is observed.

3.2.1. Perceived value of music streaming services

Individual willingness to execute certain behaviours is directly influenced by the perceived value of the consequences of that behaviour (Dodds & Monroe, 1985). In the marketing literature, perceived value is a topic that has been broadly studied. Martín, Barroso and Martín (2004) provided a definition more focused on the services side rather than in the product side. They defined perceived value as the customer´s view about the service received where all the perceived benefits are processed in customer´s mind, which lead to a general evaluation of the service.

In the music industry, Chu and Peng Lu (2007) examined the perceived value for customers that purchase music online. The perceived value that consumers receive from purchasing online music was based on intrinsic attributes of online music such as usefulness, the price, playfulness and the monetary and non-monetary effort. Their results showed that perceived value provided a useful indicator to purchase music online. As pointed out in section 3.1.2, Aguiar and Waldfogel (2015) also focused on perceived value to analyse the effect of Spotify on the value of songs and albums.

For this undergraduate dissertation, the perceived value of streaming services is given by how users perceive the different features that streaming platforms have. As commented in previous sections, streaming services provide users services that are not available in the traditional channels of music consumption.

First, streaming platforms offer a great number of artists and music content available and accessible for users (Diaz, 2017). The emergence of these new platforms allows consumers to have unlimited access to a wide range of music content with just a mouse click. For example, Spotify is currently offering a catalogue of more than 35 million songs and over 2 billion of playlists (Spotify press, 2018). Therefore, the larger number of accessible music content on streaming than in traditional formats may encourage consumers to use these platforms.

***Proposition 1**: The value perceived from the great accessibility to music contents encourages the use of music streaming platforms.*

Secondly streaming platforms (YouTube and Spotify) allow users to create personalised playlists for different contexts, such as listening to music on-the-go or studying (Ankoleakar, Sandholm & Yu, 2011). By means of playlist, users are able to simulate a radio station but having the control over the songs that are played. In addition to create playlists, users can follow any public playlist with the purpose of receiving future updates (Setty, 2013). Finally, in the case of Spotify, the platform recommends playlists according to the users' music tastes or their favourite artists (Datta, Knox & Bronnenberg, 2017). Thus, the presence of playlists may motivate consumers to listen to music in YouTube and Spotify.

***Proposition 2**: The value perceived from the availability of playlists encourages the use of music streaming platforms.*

Third, streaming platforms may help users to discover new artists and content (Hiller & Walter 2016, Datta, Knox & Bronnenberg 2017, Tsigkou 2017). Streaming brings users the possibility of being updated to the latest music trends, facilitating the discovery of new content. The opportunity of discovering new artists and being updated to the new music trends may encourage the usage of Spotify and YouTube and discourage the consumption of music in traditional formats, particularly CDs and vinyl.

***Proposition 3**: The value perceived from the opportunity to discover new musical content encourages the use of music streaming platforms.*

The fact that streaming platforms allow listening to music everywhere and in different devices may increase the value that consumers give to YouTube and Spotify against the traditional formats of music consumption. Streaming platforms can be used in mobile devices, enabling users to listen to music everywhere with internet connection (Zang

et.al, 2013). Moreover, in the case of Spotify, the premium version of the platform offers the possibility of listening to music without internet connection (www.spotify.com).

***Proposition 4**: The value perceived from the ubiquitous access to music encourages the use of music streaming platforms.*

YouTube and Spotify show advertisements while users are listening to music (Bartkus & Akulavicius, 2015). As we have commented in previous sections, in the case of Spotify users can avoid those ads by upgrading to the premium version. Although advertisements may encourage new music content or new products discovery, the presence of advertisements in those apps may decrease the perceived value of streaming platforms and discourage its use.

***Proposition 5**: The value perceived from the presence of advertisements discourages the use of music streaming platforms.*

Finally, other factors affecting the perceived value towards YouTube and Spotify are the design of the platforms, having different designs for computers and mobile devices (responsive design), and their intuitive use. In addition those streaming services offer support to new users facilitating its first steps in the platforms. The design and usability of online interfaces is a key element for the success of any human-computer interaction (Flavián, Gurrea & Orús, 2009). Therefore, the presence of an attractive design and an intuitive use may incentive the use of streaming platforms:

***Proposition 6**: The value perceived from the design and usability of the platforms encourages the use of music streaming platforms.*

3.2.2. Share of music content

The emergence of streaming platforms has provided users the opportunity of connecting with friends, share the music they like and recommend artists, songs or playlists to others. Streaming platforms offer the possibility of sharing music in social networks such as Twitter, Facebook and Tumblr (Hviid, Jacques & Izquierdo, 2017). The need of sharing music content has been reinforced with the emergence social networks (Warr, Cockrill & Palmer, 2013), which provides satisfaction for users (Hallikainen, 2015). By means of social networks, users are able to share new music creations with friends, generating publicity and promotion for the artist (Stafford, 2010). Fans share their music

experiences and opinions online with the purpose of showing their identity, which is represented by their favorite music groups (Warr, Cockrill & Palmer, 2013).

As it has been commented in previous sections, the streaming platforms of YouTube and Spotify facilitate sharing music content in social networks and having the opportunity of listening to friend's recommendations. For that reasons, users may be motivated to use these platforms to listen to music. In addition, streaming platforms, especially YouTube, offer the possibility of interacting with other users. Users can leave a comment in any video of YouTube and they can answer other users´ comments. Also, they can subscribe to any channel and give a like in any video (Polo, 2010). In the case of Spotify, the interaction is more limited as users can only follow their favourite artist or their friends' playlists. The fact that users can interact in streaming platforms may incentive customers to use streaming platforms.

***Proposition 7**: The value perceived from the interaction capabilities encourages the use of music streaming platforms.*

3.2.3. The influence of the use of streaming platforms on physical formats

The last point of this proposal analyses the relationship between the intensity in the usage (time spent) of streaming platforms and the consumption of music in traditional formats. According to AudienceNet (2017), the time that music consumers spend listening to music on streaming platforms (26% of share of listening) is over four times higher than on CDs (6%). Share of listening time is defined as the proportion of respondents´ total listening time each format accounted for. According to the same report, the time spent listening to music in streaming platforms follows an increasing trend, whereas the opposite occurs for CDs.

With regards to live music attendance, Nielsen (2017) reports than 2017 was record breaking year in music event attendance with 50% of the USA population attending at least to one type of music event (live music concerts, festivals, small live music sessions and club evets with DJs) each year. In addition, more than 50% of average consumers' music expenditure is devoted to live music events. The growth in live music attendance can be linked with the growth of music consumption on streaming platforms as they have been the channels that have experienced the highest revenue growth in the last year. Therefore, we can expect that the time users spend using streaming platforms may

have a positive relationship with the attendance to live music events and a negative relationship with physical albums sales.

***Proposition 8**: The use of music streaming platforms has (a) a positive impact on live music attendance, and (b) a negative impact on physical album sales.*

4. Methodology

After the formulation of the research propositions, this section presents the methodology used and the process of data gathering.

The first instrument used for gathering data is a self-administered questionnaire developed with the Google Forms platform. A self-administered questionnaire is a type of quantitative research aimed to obtain data which can measure the personal attitudes of respondents and that can be quantifiable (Hernández, Fernández & Baptista, 2006). On the one hand, the main advantages of this technique are the high response rate, the low costs and the speed in the data collection with respect to personal face-to-face surveys and other type of self-administered surveys such as mail surveys. On the other hand, the main drawbacks of this technique are that respondents must have internet connection and that there is a lack of control of respondent´s profile.

The sampling plan used to obtain answers is non-probabilistic, using a convenience and snowball sample which consist of selecting the research population according to the accessibility and the convenience (Martínez et al., 2016). The field work was carried out in Spain between the 25th of April and the 5th of May of 2018 and the sample size was 345 individuals. Once all the data was gathered, it was analysed using the statistical software IBM SPSS Statistics. Table 1 shows the data sheet of the research.

Table 1: Data sheet

Data sheet	
Employed technique	Self-administered survey through internet
Sampling type	Non-probabilistic: convenience and snowball procedures
Geographic scope	Spain
Sample Size	345
Fieldwork period	25 April -5 May 2018

The questionnaire was designed in seven blocks of questions (see Appendix: Questionnaire). In the first block, questions were asked to gather information about the

general music consumption habits of respondents. At the end of this block, a filter question was asked with the purpose of dividing the population into streaming users and non-streaming users. The goal of the second block was to assess the music consumption habits of streaming users (Appendix: Questionnaire, questions 4, 5 and 6). At the end of this section, a new filter question was introduced to know whether the respondent used YouTube to listen to music. If the answer was yes, the participant answered the questions regarding this platform in block three, dealing with the evaluation of the different features that YouTube offers to music listeners. At the end of the third section respondents were asked if they were users of Spotify, to filter the sample again. The fourth block was devoted to analyse the different options that Spotify offers to music listeners. The items selected to evaluate the perceived value of both platforms were developed following the research proposal. In the case of Spotify the items were also selected according to the description of the platform provided in its website (https://www.spotify.com). Block five of questions was aimed to evaluate how streaming users perceive the presence of advertisements in streaming platforms. The items used to evaluate those aspects were defined according to the research proposal and using the work carried out by Monleón (2011) as a reference. Block six of the questionnaire was available for all respondents, and was devoted to evaluate the purchase habits of music in physical formats and live music events attendance (Appendix: Questionnaire, questions 13 and 14). Finally, in block seven, several questions with the purpose of defining the sociodemographic profile of the sample were asked.

With the purpose of analysing the relationship between album sales and their impact on YouTube and Spotify, an observation was also carried out. Moreover, the observation technique helped us to complement the information provided by the questionnaire. The main advantages of this technique are its objectivity and simplicity. According to Malhotra (2008), observation techniques eliminate response and interviewer biases and provide more objective information than surveys. In addition, carrying out an observation is a quick and economical process. However, the main disadvantages of observation are that only gathers information of tangible behaviours and it does not analyse motivation. Therefore, the use of both surveys and observation studies can offer a more complete picture of the consumption phenomenon under study. From a practical

point of view observation can be defined as a complement for surveys rather than a substitute technique (Malhotra, 2008).

In our particular case, the observation used is classified as structured; as it has been specified in detail what to be observed and how the measurements are going to be recorded. The observation was developed using the list of the ten most sold music albums in the USA provided by Nielsen (2017), and the ten most sold albums in Spain according to Promusicae (2017). In the case of the USA albums sales, the data is provided in sales volume, however in the case of Promusicae (2017) albums sales are defined in terms of number of Golden albums (20,000 units) and Platinum albums (40,000 units). Once this data was gathered, the number of views of the most viewed video of the album in YouTube (searching in the artist´s official channel), the most streamed song of the album on Spotify (in the official profile of the artist in the platform), the number of YouTube subscribers of the artist´s channel, the total channel views and the number of Spotify followers, were observed[1]. Regarding the observation process, it was carried out during the month of April 2018 and the data was recorded in an Excel spreadsheet. (See Appendix; Observation sheet and Observation data).

5 Analysis of results

5.1 Characteristics of the sample

Table 2 shows the sociodemographic profile of the participants of the study. The sample size consisted of 345 individuals who answered the survey. A total of 247 individuals (71.6%) were streaming users. Nevertheless, non-streaming users were also interesting for our study as we have also analysed the general music consumption patterns.

In general terms, the differences in gender were not very significant; moreover the majority of respondents have years of experience on the usage of internet and social networks. With regards to the age distribution, it can be observed that the most dominant age ranges were individuals between 18-25 years old and between 36-55.

[1] It has to be highlighted that in the case of albums of films' soundtracks, there did not exist official YouTube channels or Spotify profiles of the film itself due to the fact that the soundtracks were created by several artists.

Table 2: Sociodemographic profile of the sample

Variable	Total sample	Streaming users
Gender		
Male	46.1%	50.6%
Female	53.9%	49.4%
Age		
Under 18	6.7%	9.3%
Between 18-25	32.2%	40.9%
Between 26-35	11.3%	13%
Between 36-55	42.9%	32.7%
Over 55	7%	4.1%
Internet usage experience		
More than 5 years	6.1%	4%
Between 5-10 years	26.4%	28.7%
More than 10 years	67.5%	67.2%
Social networks usage experience		
More than 3 years	14.5%	10.5%
Between 3-7 years	32.5%	33.2%
More than 7 years	53.3%	56.3%
Total number of respondents	345	247

5.2 Descriptive analysis of the music consumer

In this section, a description of the general consumption patterns of the music consumer is provided. For this section the entire sample size (345 individuals) has been analysed, with the exception of those questions related to streaming. The first question in the questionnaire (Appendix: Questionnaire) asked about the frequency of listening to music on a daily basis. In Table 3, we can see that a significant part of the population listens to music more than one hour per day. The 77% of the individuals of the sample listen to music at least 1 or 2 hours per day.

Table 3: Frequency of listening to music

Daily time spend listening to music	Frequency	Percentage
Less frequency	114	33%
Between 1-2 Hours	111	32.2%
Between 2-3 Hours	53	15.4%
Between 3-4 Hours	42	12.2%
Over 4 Hours	25	7.2%
TOTAL	345	100%

Differentiating between streaming and non-streaming users, 50% of non-streaming individuals listen to music less than one hour per day; this percentage drops to only the

26.3% for streaming users. In addition, 5.1% of non-streaming users listen to music more than three hours per day, contrary to the 25.1% of streaming users. We carried out a chi-square test to examine the association between streaming use and daily music consumption, and the test was significant ($\chi 2(4) = 26.771$, $p < 0.001$).

After that, the respondents indicated, on a 7-point scale (being 1 never and 7 every day), the frequency of use of different formats. The Table 4 shows the average values and the standard deviations for each format. It can be observed that CDs and Vinyl were rated under the middle point of the scale (4), whereas streaming platforms and radio were rated above this middle point. In addition, a one sample t-test using the middle point of the scale as reference was carried out in order to know the significance of these values. This shows that the most used channels of music consumption are streaming platforms, followed by the traditional radio, CDs and finally vinyl. Considering streaming and non-streaming users, we can observe that non-streaming users listen more music in CDs and in the radio than streaming users, whereas the differences between them were not significant for vinyl (Table 5).

Table 4: Descriptive data and one sample t-test on music consumption channels

	Mean	sd	T(344)	p
CDs	2.30	1.487	-21.217	.000
Vinyl	1.32	1.017	-48.873	.000
Streaming platforms	4.73	2.241	6.078	.000
Radio	4.26	2.025	2.367	.019

Table 5: Use of other consumption channels based on the use of streaming

	No streaming users	Streaming users	T(343)	p
	M (SD)	**M (SD)**		
CDs	2.74 (1.743)	2.13 (1.336)	3.547	.000
Vinyl	1.19(.727)	1.38(1.108)	-1.507	.133
Radio	4.93(1.991)	3.99(1.980)	3.957	.000

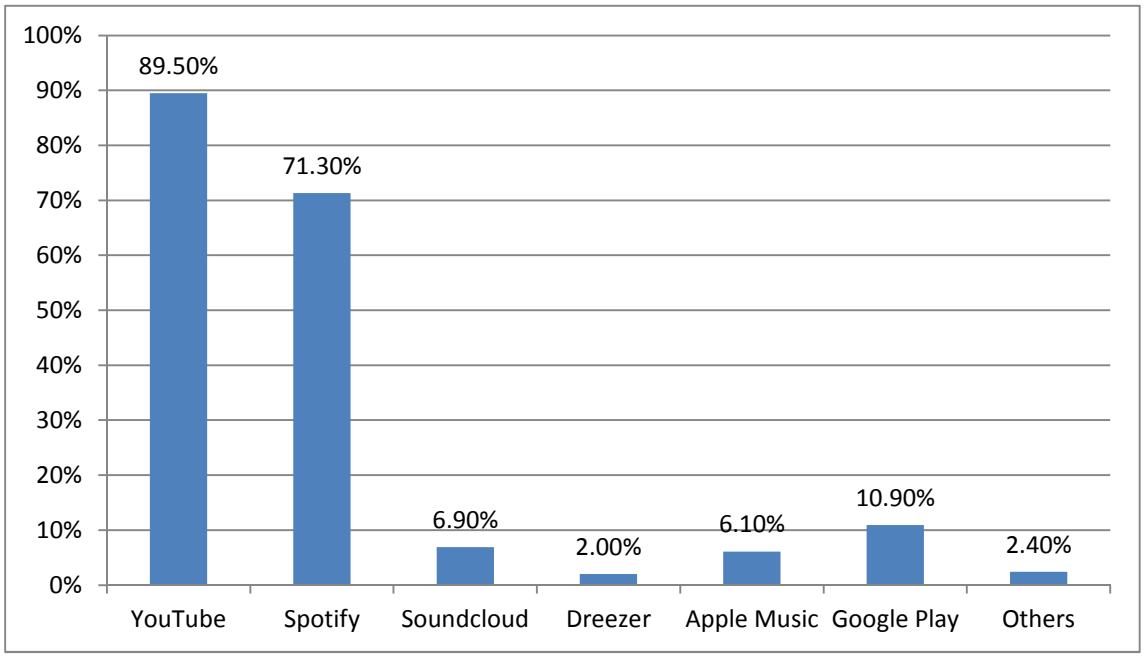
Table 6 reports the time that streaming users spend listening to music in streaming platforms and the experience using these platforms, showing that 77.6% use them at least 1 or 2 hours per day, and 88.7% have at least two years of experience using streaming platforms.

Table 6: Frequency of listening to music and experience with streaming platforms

	Frequency	Percentage
Steaming users of the sample	247	71.6%
Frequency of daily streaming use		
Less frequency	80	32.4%
Between 1-2 Hours	83	33.6%
Between 2-3 Hours	35	14.2%
Between 3-4 Hours	32	13%
Over 4 Hours	17	6.9%
Experience using streaming		
Less than 2 years	28	11.3%
Between 2-5 years	113	45.7%
Between 6-9 years	64	25.9%
Over 9 years	42	17%

With the purpose of investigating which streaming services were the most used, a multiple choice question was asked (Appendix: Questionnaire, question 4). The results are summarised in Figure 4, where we can see that YouTube and Spotify are the streaming platforms most selected. The third preferred platform was Google play, followed by Soundcluod and Apple Music.

Figure 4: Most used music streaming services



We also analysed the number purchases of music in physical format in one year as well as the number of concerts or music live events attended in a year (Appendix:

Questionnaire, questions 13 and 14). Overall, individuals purchased an average of 1.38 (sd = 2.569) CDs and attended to 2.51 concerts (sd = 2.770).

To close this section, a one factor analysis of variance (ANOVA) was carried out to test if there exist differences between the daily time spent listening to music, CDs purchases and concerts attendance. Before running this analysis, we recoded the variable "daily frequency listening to music" in three groups (less than 1 hour, between 1 and 2 hours and more than 2 hours), with the purpose of obtaining more homogeneous groups. The test was significant ($F(2.\ 344) = 10.900$, $p < 0.000$). Given that this test does not provide which categories produced significant differences, we used the Tukey post-hoc test. The test showed that the purchase of CDs was significantly higher for those who listen to music more than 2 hours per day than for the rest of participants ($ps < 0.01$).

5.3 Descriptive and comparative analysis between YouTube and Spotify

This section provides an examination of the two streaming platforms under analysis. First, each platform is analysed individually, and then a comparative analysis is carried out. The main objective of this section is testing Propositions 1 to 7.

With regards to YouTube, the different features of the platform were assessed using a 7-point Likert scale. Table 7 shows that all the characteristics were valued over the middle point of the scale (4), except for "interacting with other users". With the purpose of complementing this information and analysing the significance of these values, a one sample t-test was calculated. The t-test exhibits that the possibility of creating personalized playlists or mixes is not statistically significant, rejecting Proposition 2 for the case of YouTube. The rest of features are statistically significant (all p-values are below 0.05; Table 7). In the case of the social dimension, the value is against Proposition 7. Participants do not use YouTube to interact with other users.

Table 7: Descriptive data and one sample t-test on YouTube features

YOUTUBE	Mean	sd	T(222)	P
Number of artist	5.88	1.675	16.790	.000
Listening music everywhere	4.69	1.917	5.380	.000
Playlists (Mixes)	4.20	2.248	1.340	.181
Design of the platform	4.32	1.882	2.526	.012

Easy to use	5.74	1.632	15.878	.000
Discover new artist	5.30	1.804	10.762	.000
Be aware of the new musical trends	4.93	2.002	6.957	.000
Listen to friend´s recommendations	4.34	2.007	2.418	.016
Interact with users*	3.04	1.928	-7.397	.000

*Interact with users is a feature that is only available in YouTube

Applying the same procedure to Spotify, Table 8 shows that all attributes were above the middle point of the scale and that according to the t-test the values are statistically significant. These results are in line with Proposition 1, 2, 3, 4 and 6 for the case of Spotify.

Table 8: Descriptive data and one sample t-test on Spotify features

SPOTIFY	Mean	sd	T(175)	P
Number of artist	5.98	1.678	15.674	.000
Listening music everywhere	5.43	1.807	10.514	.000
Playlists (Mixes)	5.90	1.801	14.024	.000
Design of the platform	5.54	1.807	11.202	.000
Easy to use	5.85	1.632	15.056	.000
Discover new artist	5.48	1.839	10.697	.000
Be aware of the new musical trends	5.33	1.958	9.009	.000
Listen to friend´s recommendations	5.03	2.067	6.637	.000

To compare both platforms, a test of paired samples was carried out. As the attributes of Spotify and YouTube are the same (with the exception that YouTube allows users to interact between them), the means of the different attributes of both platforms were compared. In Table 9 we observe that all features where higher for Spotify than for YouTube. The results of the pair-wise t-test showed that in the case of listening to music everywhere, the possibility of creating personalised playlists, the design of the platform, the possibility of been aware of the new music trends and the opportunity of listening to friends recommendations, the differences are statistically significant.

Table 9: Test of paired samples between YouTube and Spotify

	Mean difference (YouTube-Spotify	sd	T (152)	p
Number of artist	-.105	1.252	-1.033	.303
Listening music everywhere	-.706	1.953	-4.471	.000
Playlists (Mixes)	-1.667	2.262	-9.112	.000
Design of the platform	-1.320	1.908	-8.559	.000
Easy to use	-.118	1.342	-1.084	.280
Discover new artist	-.203	1.811	-1.383	.169
Be aware of the new musical trends	-.366	1.761	-2.571	.011
Listen to friend´s recommendations	-.837	2.085	-4.963	.000

To finish this section, the influence of advertising on both streaming platforms is assessed (Proposition 5). Following the same approach as in the previous analysis, Table 10 shows means and t-test values of the attributes linked with advertisement (see Appendix, Questionnaire, question 11). The majority of individuals find the presence of advertisements on streaming platforms annoying. Moreover, they do not feel that advertisements help them to discover new artists, new music works or new products, as these items are significantly rated below the midpoint of the scale (4). Although for individuals advertising seems to be annoying and does not provide any additional value, the majority of them did not have any premium account of any streaming platform (74.1%). Only the 23.9% had a Spotify premium account, and the remaining 2% declared that they have premium accounts in other streaming platforms such as Apple Music.

Table 10: Descriptive data and one sample t-test on the presence of advertisements

	Mean	sd	T(246)	p
Annoying	5.39	1.980	11.021	.000
Pleasant	1.72	1.428	-25.084	.000
Discover new artists	2.63	1.725	-12.507	.000
Be aware of new music trends	2.70	1.810	-11.317	.000
Discover new products	2.72	1.814	-11.050	.000

5.4 Impact of streaming on offline music consumption

In order to analyse the influence of streaming on the different offline music consumption channels, a correlation analysis was performed. Specifically, the Pearson correlations between the frequency of use of streaming services and CDs and vinyl (Appendix; Questinnaire, question 2) were calculated. The correlation between the general use of streaming and offline music consumption channels was not significant (all ps > 0.211).

Secondly, the relationship between the general use of streaming, physical format purchases (CDs, Vinyl…) and concert attendance was studied (Appendix; Questionnaire, questions 2, 13 and 14). In this case, the correlations were also non-significant (all ps > 0.06). This means that the general use of streaming does not relate to physical format purchases and concert attendance significantly.

To test Proposition 8, the relationship between the daily time spent listening to music on streaming services and their impact on CDs purchases and concert attendance was

analysed. To perform this analysis, a one factor analysis of variance (ANOVA) has been carried out. In this case, the test was significant ($F(2.\ 344) = 3.318$, $p < 0.05$). Post-hoc Tukey analysis showed that the purchase of music in physical format was significantly higher for those who listen to music more than 2 hours per day than those that listen between 1 and 2 hours, rejecting Proposition 8 for the case of CDs.

In addition, in the case of physical purchases and concert attendance, we studied the differences between streaming and non-streaming users and we have seen that in the case of physical purchases, streaming users purchase significantly more (Table 11).

Table 11: Number of CDs purchases and concerts attended in a year based on streaming use

	No streaming users	Streaming users	T(343)	p
	M (SD)	**M (SD)**		
Physical purchases	.95 (1.365)	1.55 (2.897)	-2.596	.010
Concerts attendance	2.37(2.733)	2.57(2.788)	-.615	.539

In short, after carrying out several analyses to test Proposition 8, there are evidences that individuals that listen to music on streaming are the ones that purchase more CDs. However in the case of concert attendance, neither of the several analysis performed showed significance differences between streaming and non-streaming users.

5.5 Complementary analysis observation

With the objective of studying the impact of streaming on offline music consumption channels and of complementing the information provided by the questionnaire, an observation was carried out. As commented in chapter 4, we gathered data from the ten most sold albums in the USA provided by Nielsen (2017) and the most sold albums in Spain (Promusicae, 2017). Once the data of the albums was collected, we obtained information of the most viewed video of the album on YouTube, the most streamed song on Spotify, the number of YouTube subscribers of the artist, the total YouTube channel views and the number of Spotify followers. In both cases we used a correlation analysis to evaluate how album sales are associated with the aforementioned factors (Appendix: Observation data).

In Table 12, we can notice that in the case of the USA, album sales are positively correlated with the number of YouTube subscribers and the total number of channels views. This means that having more YouTube subscribers and views can encourage

album sales. In the case of the other categories, we did not found significant correlations with album sales. For Spain, it seems to be a negative relationship between album sales and the rest of categories; however this relationship is not statistically significant (Table 12).

Table 12: Pearson correlation between most sold albums and online music consumption in the USA and in Spain

	Most viewed video (YouTube)	Most streamed song (Spotify)	YouTube subscribers	YouTube channel views	Spotify followers
Album sales (USA)	.198	.512	.720*	.796**	.448
Album sales (Spain)	-.346	-.352	-.311	-.269	-.317

Note: * $p < 0.05$; ** $p < 0.01$

6 Conclusions

6.1 Summary and implications

The emergence of online streaming platforms to listen to music has changed the structure of the music industry and the way music is consumed. The main objective of this undergraduate dissertation was to examine the consumption of music from a multichannel perspective because with the appearance of streaming music, consumers are able to listen to music online and in traditional offline channels. Specifically, this undergraduate dissertation focused on analysing the main characteristics of the streaming platforms of YouTube and Spotify, as well as assessing their impact on the traditional consumption channels (CDs, radio, vinyl, and live music events).

The literature review addressed the influence of digitalization of music and the emergence of streaming on the structure of the industry and consumption patterns. Moreover, multichannel consumer behaviour has been analysed focusing on the consumer of music. After the literature review, the research context was introduced providing a description of the streaming platforms that were object of analysis (YouTube and Spotify), and a series of research propositions were developed. The empirical study was aimed to analyse the perceived value that consumers have towards those platforms, the social dimension of YouTube and Spotify, and the influence of the use of streaming platforms on traditional formats.

The results reveal that the majority of individuals use streaming platforms instead of other channels, being YouTube more used than Spotify. These results are in line with

the data provided by IFPI (2017). In addition, individuals listen to music more than one hour per day and those individuals that listen to music more intensively are also more willing to purchase music in physical formats.

With regards to YouTube, the features that users value the most are the possibility of listening to music everywhere, the design and the usability of the platform, the number of music content available, the possibility of being aware of the new music trends, the discovery of new artists and the opportunity of listening to friends' recommendations. However, the social dimension of YouTube that allows users to interact with others is not valuable for individuals.

In the case of Spotify, the same set of characteristics is also valuable for users; however, for Spotify users, one of the most valuable features is the possibility of creating personalised playlists. It has to be remarked, that the features of Spotify are more valuable by its users than the ones of YouTube. Thus, Spotify may be regarded as the streaming platform that is more valuable for individuals in terms of perceived value.

Finally, we observed that the influence of streaming on offline music consumption channels is significant for the case of CDs purchases as heavy streaming users (daily use over 2 hours) buy more CDs than the rest of individuals. However, the results of the questionnaire show that the influence of streaming in other music consumption channels is minimal. With the data of the observation, we can only conclude that YouTube may slightly encourage album sales. These results are in line with the findings of Tsigkou (2017) and Dang, Dejean & Moreau (2013) that stated that YouTube is a promotion channel for artist rather than a substitute of CDs.

Regarding the implications of this document, at the theoretical level this undergraduate dissertation contributes to the existing debate about how streaming platforms affect the music industry; our findings show that their influence is significant in the case of CDs purchases; in most cases, streaming platforms are seen as a promotional tool for artists. At the practical level, recommendations for artists and music labels can be made. In this multichannel environment, these stakeholders should focus on launching their works on streaming as it offers new business opportunities. Launching their music works on streaming platforms allows artists to reach a greater audience due to the fact that streaming services are the most used channels of music consumption. In addition, our research illustrates which features of YouTube and Spotify are more valuable for users so these streaming services should focus on strengthen those aspects that generate more

value for users with the purpose of retaining existing users and gaining new users. Finally, this undergraduate dissertation reinforces the idea that music is consumed in a wide variety of channels (online and offline) and that streaming does not reduce music sales, meaning that record labels and artists should also consider the importance of launching their works in online and offline channels simultaneously.

6.2 Limitations and future lines of investigation

After carrying out our research, we must refer to the main limitations and possible future lines of research. First, one of the main limitations deals with the sample used in the survey. We used a convenience sample which hinders the generalisability of the findings. Future research should employ probabilistic procedures to obtain a more representative sample of the population. Moreover, the sample lacks homogeneity in the age of the respondents. The age groups of 18-25 and 36-55 years old have represented a 32.2% and 42.9% of the sample size respectively, meaning that the significance of the other group ages has been rather low. With the purpose of avoiding these problems and guaranteeing a more homogeneous and representative sample, the use of probabilistic sample methods will be considered in future research.

Second, the study has analysed only two streaming platforms (Spotify and YouTube). Although these platforms are the most widespread and used by music consumers, other music streaming platforms such as Apple Music, Soundcloud or Google Play can be analysed. Moreover a deeper analysis of the offline music consumption channels (CDs, vinyl, radio, live music events…) could have been carried out.

Regarding future lines of research, it will be to interesting to analyse the relationship between music involvement and preference for tangible music formats following the research line of other authors such as Styvén (2010). Furthermore, in the future studying this multichannel behaviour by music genres, ages or gender could be carried out. For instance, further research could analyse the motivations, personal beliefs and psychological factors that encourage music consumers to use streaming platforms.

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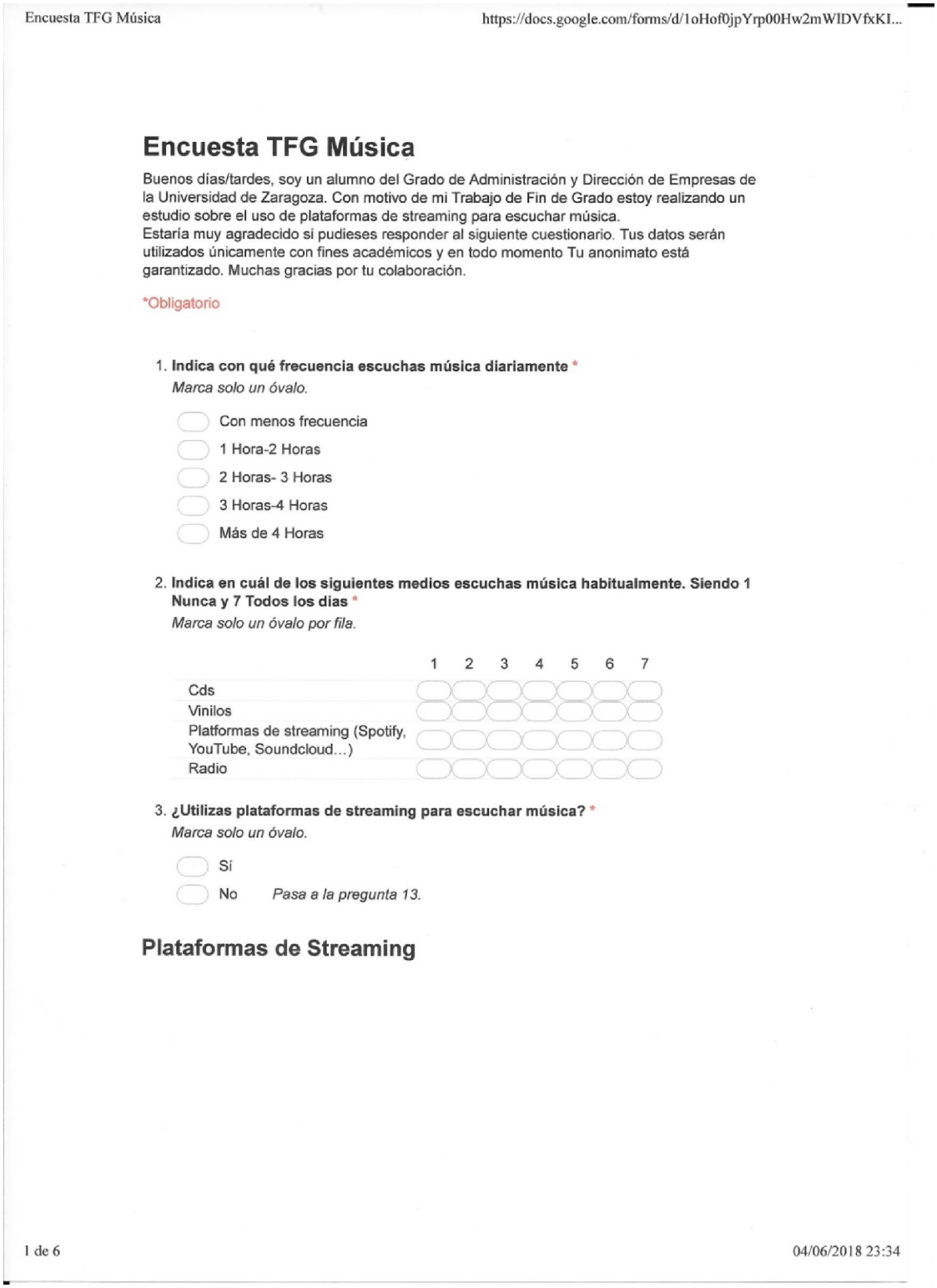
Appendix

Questionnaire



Encuesta TFG Música https://docs.google.com/forms/d/1oHof0jpYrp00Hw2mWlDVfxKI...

Encuesta TFG Música

Buenos días/tardes, soy un alumno del Grado de Administración y Dirección de Empresas de la Universidad de Zaragoza. Con motivo de mi Trabajo de Fin de Grado estoy realizando un estudio sobre el uso de plataformas de streaming para escuchar música.
Estaría muy agradecido si pudieses responder al siguiente cuestionario. Tus datos serán utilizados únicamente con fines académicos y en todo momento Tu anonimato está garantizado. Muchas gracias por tu colaboración.

*Obligatorio

1. **Indica con qué frecuencia escuchas música diariamente** *
   Marca solo un óvalo.
   - Con menos frecuencia
   - 1 Hora-2 Horas
   - 2 Horas- 3 Horas
   - 3 Horas-4 Horas
   - Más de 4 Horas

2. **Indica en cuál de los siguientes medios escuchas música habitualmente. Siendo 1 Nunca y 7 Todos los dias** *
   Marca solo un óvalo por fila.

	1	2	3	4	5	6	7
Cds							
Vinilos							
Platformas de streaming (Spotify, YouTube, Soundcloud...)							
Radio							

3. **¿Utilizas plataformas de streaming para escuchar música?** *
   Marca solo un óvalo.
   - Sí
   - No *Pasa a la pregunta 13.*

Plataformas de Streaming

1 de 6 04/06/2018 23:34

4. **¿Cuál/Cuáles de las siguientes plataformas de streaming utilizas para escuchar música? Marca las que utilizes** *
Selecciona todos los que correspondan.

- [ ] YouTube
- [ ] Spotify
- [ ] Soundcloud
- [ ] TIDAL
- [ ] Dreezer
- [ ] Apple Music
- [ ] Google Play
- [ ] Otro:

5. **En general, ¿con qué frecuencia escuchas música diariamente en estas plataformas?** *
Marca solo un óvalo.

- ◯ Menos de 1 Hora
- ◯ 1 Hora-2 Horas
- ◯ 2 Horas- 3 Horas
- ◯ 3 Horas-4 Horas
- ◯ Más de 4 Horas

6. **¿Cuál es tu experiencia en el uso de estas aplicaciones?** *
Marca solo un óvalo.

- ◯ Menos de 2 años
- ◯ 2-5 años
- ◯ 6-9 años
- ◯ Más de 9 años

7. **¿Utilizas YouTube para escuchar música?** *
Marca solo un óvalo.

- ◯ Sí
- ◯ No

YouTube

8. **Indica si estás de acuerdo o en desacuerdo con las siguientes afirmaciones. Siendo 1 totalmente en desacuerdo y 7 totalmente de acuerdo.** *
Utilizo la platforma de YouTube para escuchar musica porque...
Marca solo un óvalo por fila.

	1	2	3	4	5	6	7
Hay un gran número de artistas y contenidos disponibles							
Puedo escuchar música en cualquier parte							
Puedo crear mis propios Mixs o listas de reproducción							
Me gusta el diseño de la aplicación							
Puedo interactuar con otros usuarios							
Es fácil de usar							
Me permite descubrir nuevos artistas							
Me permite estar al corriente de las novedades musicales							
Me permite escuchar música recomendada por mis amigos							

9. **¿Utilizas Spotify para escuchar música?** *
Marca solo un óvalo.

- Sí
- No *Pasa a la pregunta 11.*

Spotify

10. **Indica si estás de acuerdo o en desacuerdo con las siguientes afirmaciones. Siendo 1 totalmente en desacuerdo y 7 totalmente de acuerdo.** *
Utilizo la platforma de Spotify para escuchar musica porque...
Marca solo un óvalo por fila.

	1	2	3	4	5	6	7
Hay un gran número de artistas y contenidos disponibles							
Me gusta el diseño de la aplicación							
Puedo crear mis propias playlists							
Puedo escuchar música en cualquier parte							
Es fácil de usar							
Me permite descubrir nuevos artistas							
Me permite estar al corriente de las novedades musicales							
Me permite escuchar música recomendada por mis amigos							

Publicidad

11. **Indica si estás de acuerdo o en desacuerdo con las siguientes afirmaciones. Siendo 1 totalmente en desacuerdo y 7 totalmente de acuerdo.** *

La presencia de publicidad en las plataformas de streaming...
Marca solo un óvalo por fila.

	1	2	3	4	5	6	7
Me molesta	◯	◯	◯	◯	◯	◯	◯
Me resulta agradable	◯	◯	◯	◯	◯	◯	◯
Me permite descubrir nuevos artistas	◯	◯	◯	◯	◯	◯	◯
Me permite estar al tanto de las novedades musicales	◯	◯	◯	◯	◯	◯	◯
Me permite descubrir nuevos productos	◯	◯	◯	◯	◯	◯	◯

12. **¿Dispones de cuenta premium en alguna de estas plataformas? Marca las que consideres** *

Selecciona todos los que correspondan.

- ☐ Spotify
- ☐ Apple Music
- ☐ Google Play
- ☐ No dispongo de ninguna cuenta premium
- ☐ Otro:

CDs y Conciertos

13. **¿Cuántas compras de música en formato físico (Cds, Vinilos...) has realizado en el último año?** *

Marca solo un óvalo.

- ◯ 0
- ◯ 1
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5
- ◯ 6
- ◯ 7
- ◯ 8
- ◯ 9
- ◯ 10
- ◯ 10 o más

14. **¿A cuántos eventos de música en directo (Conciertos, festivales...) has asistido en el último año?** *
Marca solo un óvalo.

- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 10 o más

Ya terminamos

15. **Experiencia de uso de internet** *
Marca solo un óvalo.

- <5 años
- Entre 5-10
- Más de 10 años

16. **Experiencia de uso de redes sociales** *
Marca solo un óvalo.

- < 3 años
- Entre 3 -7
- Más de 7

17. **Género** *
Marca solo un óvalo.

- Hombre
- Mujer

18. **Edad** *
Marca solo un óvalo.

- <18
- 18-25
- 26-35
- 36-55
- 55+

Observation sheet

		Units sold	Most viwed video of the album	Most streamed song of the album o	YouTube subscribers	Channel views	Spotify Followers
USA							
Artist	Album name						
Taylor Swift	Reputation						
Ed Shheran	Divide						
Metálica	Hardwired...To Self-Destruct						
P!nk	Beautiful Trauma						
Bruno Mars	24K Magic						
Chris Stapleton	From A Room: Vol.1						
Various	Moana/O.S.T						
Kendrick Lamar	Damn						
Kenny Chesney	Live in No Shoes Nation						
Various	Vol. 2 Guardians of the Galaxy						
SPAIN							
Artist	Album Name						
Pablo Alborán	Prometo						
Joaquín Sabina	Lo Niego Todo						
El Barrio	Las Costuras del Alma						
Alejandro Sanz	Más es Más en concierto						
Vanesa Martín	Munay						
Melendi	Quitate las gafas						
Ed Sheeran	Divide						
Manuel Carrasco	Bailar del Viento						
B.S.O	La La Land						
David Bisbal	Hijos del mar						

Observation data

		Units sold	Most viwed video of the album	Most streamed song of the album o	YouTube subscribers	Channel views	Spotify Followers
USA							
Artist	Album name						
Taylor Swift	Reputation	1.035.000,00	619.000.000	1.052.000.000	28.465.000	14.742.000.000	11.400.000
Ed Shheran	Divide	511.000,00	3.444.000.000	1.718.000.000	29.900.000	12.943.000.000	22.314.000
Metálica	Hardwired...To Self-Destruct	470.000,00	40.400.000	48.000.000	3.228.000	1.500.000.000	6.250.000
P!nk	Beautiful Trauma	456.000,00	218.000.000	258.000.000	7.700.000	3.858.000.000	3.830.000
Bruno Mars	24K Magic	455.000,00	1.227.000.000	692.000.000	20.800.000	8.909.000.000	11.925.000
Chris Stapleton	From A Room: Vol.1	373.000,00	29.600.000	39.500.000	664.000	2.800.000	672.000
Various	Moana/O.S.T	370.000,00	321.000.000	56.900.000	0	0	0
Kendrick Lamar	Damn	359.000,00	477.000.000	790.000.000	5.800.000	1.921.000.000	8.560.000
Kenny Chesney	Live in No Shoes Nation	326.000,00	400000	339.000	701.000	4.000.000	1.675.000
Various	Vol. 2 Guardians of the Galaxy	321.000,00	4.600.000	3.900.000	0	0	0
SPAIN							
Artist	Album Name						
Pablo Alborán	Prometo	80.000	58.000.000	60.000.000	2.820.000	2.115.000.000	1.700.000
Joaquín Sabina	Lo Niego Todo	80.000	12.000.000	11.000.000	356.000	288.000.000	770.000
El Barrio	Las Costuras del Alma	40.000	22.000.000	5.000.000	158.000	106.000.000	280.000
Alejandro Sanz	Más es Más en concierto	40.000	0	0	1.000.000	599.000.000	1.900.000
Vanesa Martín	Munay	40.000	23.000.000	5.600.000	300.000	220.000.000	247.000
Melendi	Quitate las gafas	40.000	39.000.000	36.000.000	950.000	319.000.000	1.000.000
Ed Sheeran	Divide	20.000	3.444.000.000	1.718.000.000	29.900.000	12.943.000.000	22.314.000
Manuel Carrasco	Bailar del Viento	40.000	53.000.000	32.000.000	375.000	242.000.000	670.000
B.S.O	La La Land	20.000	9.300.000	80.000.000	0	0	0
David Bisbal	Hijos del mar	20.000	19.000.000	16.000.000	1.200.000	719.000.000	1.060.000