HELSINKI METROPOLIA UNIVERSITY OF APPLIED SCIENCES
UNIVERSITY OF LINCOLN
EUROPEAN MANAGEMENT DEGREE PROGRAMME

HOW TO CREATE VALUE IN THE PHONOGRAPHIC INDUSTRY FOR
CONSUMERS BETWEEN THE AGES OF 20-25?
A Study on whether Consumers Who Find Value in Artists Show More Behavioural Intent
to Buy than Those Who Do Not, with Regard to the Phonographic Industry

Stuart Whitfield EM06
Thesis
March 2010

Acknowledgements

Thanks Mr Keaney for supervising my thesis.

HELSINKI METROPOLIA UNIVERSITY OF APPLIED SCIENCES
SCHOOL OF BUSINESS ADMINISTRATION

Degree Programme: European Management

Major in University of Lincoln: Marketing

Thesis title:
HOW TO CREATE VALUE IN THE PHONOGRAPHIC INDUSTRY FOR
CONSUMERS BETWEEN THE AGES OF 20-25?
A Study on whether Consumers Who Find Value in Artists Show More Behavioural Intent
to Buy than Those Who Do Not, with Regard to the Phonographic Industry

Writer: Stuart Whitfield

Year: 2010

Pages: 50 + 1

Abstract:

The aim of this study was first to establish what factors influence the value perception of
20-25 year-olds, with regard to the phonographic industry. The second aim was to establish
whether value perception has an impact on purchase disposition, with regard to the
phonographic industry.

The method applied in the study was that of qualitative research. However the qualitative
data was quantified to enable the comparison and presentation of the data. The data was
gathered by the use of in-depth interviews which were carried out with a convenience
sample of 18 respondents. The theoretical frameworks used for the interviews were the
means-end chain, the multi-attribute attitude model and the model of reasoned action.

As a result of the data gathered, the research revealed attributes, consequences and final
values that generate consumers' value perception. The attributes found to create value were
songs which endure the test of time, knowing the artist, the message of the songs/artist,
skill and originality. The consequences of the attributes found to create value, were most
notably appreciation, collectability, accompaniment, philanthropy and integrity. The
attributes and consequences that led to the final values of self fulfilment, belonging, and
satisfaction, were most significant factors for value perception. The study also found that
perceived value influences the consumers' buying disposition, with regard to the
phonographic industry. The respondents showed more behavioural intent to purchase
artists' music in which they found value.

As a result of the findings, the author recommends marketing endeavours to focus on value
creation rather than distribution and pricing.

Keywords: perceived value, value creation, value-in-use, buying predisposition,
behavioural intent to buy, phonographic industry

HELSINKI METROPOLIA UNIVERSITY OF APPLIED SCIENCES
SCHOOL OF BUSINESS ADMINISTRATION

Koulutusohjelma: European Management

Opinnäytetyön nimi:
Kuinka luoda arvoa levyteollisuudessa 20-25 vuotiaille. Vaikuttaako oletettu arvo
kuluttajien ostohalukkuuten levyteollisuudessa?

Tekijä: Stuart Whitfield

Vuosi: 2010

Sivumäärä: 50 + 1

Tiivistelmä:

Tämä lopputyö tutki ensin mitkä tekijät vaikuttavat 20-25 vuotiaiden oletettuun arvoon
levyteollisuudessa. Sitten lopputyö tutki mikäli oletettu arvo vaikuttaa ostohalukkuuteen.
Tutkimusmenetelmänä käytettiin laadullista menetelmää, jossa vastaajia haastateltiin
henkilokohtaisesti. Tutkimuksen tuloksena löydettiin tekijöita jotka vaikuttavat olettettuun
arvoon. Tutkimus myös löysi, että olettettu arvo vaikuttaa osto halukkuuteen. Suosituksena
tutkimuksesta, musiikin markkinoinin pitäisi keskittyä arvon luomiseen.

Asiasanat: oletettu arvo, ostohalukkuus, levyteollisuus

Table of Contents

List of tables and figures

Introduction

With free music being at the disposal of consumers more easily than ever before, record labels are struggling with declining sales and decreasing profitability. It is easy to automatically assume that illicit downloading and free streaming possibilities are the cause of the record labels' downward spiral. However, to get to the bottom of the problem of declining sales and not just focus on the symptoms of the problem, record labels should be asking themselves the question why someone would buy music, as opposed to how, and apply this in their marketing endeavours. This is a very current and applicable question at the moment as EMI, one of the four major record labels, was about to "announce biggest-ever losses on a private equity investment" (Peston, 2010) in February 2010. The aim of this study is therefore, to find out the reasons behind why as opposed to how someone would buy music, by delving into the concept of perceived value (e.g. Vargo and Lusch, 2004).

The study will, following the logic of the theory of value-in-use (e.g. Levitt, 1986) , answer the research questions of *how to create value in the phonographic industry for consumers between the ages of 20-25* and *whether consumers who find value in artists show more behavioural intent to buy than those who do not*. This will be done by the use of marketing theory that does not have its roots in classical marketing theory such as the framework of the 4 Ps, as there are academics who argue the validity of the framework to address current market conditions (e.g. Day and Montgomery, 1999). Instead, theory that has its roots in psychology will be applied, as it enables value perception and buying disposition to be analysed, as per the theory of value-in-use.

The study is divided into six chapters. *The first chapter*, i.e. *the introduction*, introduces the aim of the study as well as the research questions and superficially the worthiness of investigating them. An outline of the entire study is also given.

The second chapter, i.e. *the literature review*, first describes the current state of the phonographic industry. Second, it explains how the industry used to operate, and third what caused the changes and what their implications have been. After that, the chapter introduces what studies have been conducted with respect to the industry, and what areas

have received less academic attention. Then, how the marketing function is being carried out, in general, in current markets is questioned. The chapter then discusses, what as a result of the literature reviewed, has been identified as a worthy research area. Finally the chapter introduces theories which were considered applicable for examining the research questions. A more in-depth analysis of the interrelationship of these subjects, mentioned in this chapter, will be conducted in the discussion chapter.

The third chapter, i.e. *the methodology*, explicates how and what secondary data was collected. It also explains the research designs and approaches for the two research questions and how and why data was collected. Furthermore, it describes the limitations of the method applied. Finally it explains, who was interviewed, how it was done and why.

The fourth chapter, i.e. *the findings*, explains the process implemented for the process of data analysis. After which the data is separately presented for the two research questions by the use of a hierarchical value map and implication matrix as well as analysis of variance.

The fifth chapter i.e. *the discussion*, first discusses the relationship between the topics introduced in the literature review more profoundly. It shows how the description of the old market conditions and analysis of the phonographic industry's current situation are relevant with the marketing theory applied in this study. Then the findings are discussed and their implications on the current strategy implemented by the record labels. The common approach taken for countering declining profitability is also discussed in light of the findings of the study.

The sixth chapter, i.e. *the conclusion*, gives a recapitulation of what was studied, why and how. The aim of the study is restated. The reader is reminded of the researcher questions after which the questions are answered by repeating the main findings of the research. The chapter also suggests to whom the findings of this study are of significance and use. Finally the limitations of the study and how the research could be extended by other researcher are stated.

Literature Review

Current State of the Phonographic Industry

The Phonographic industry is in a state of paradigmatic change and is facing its greatest shake up since the 1950s (Tschmuck, 2003). The music industry as a whole is doing well and music is at the top of its popularity, as the industry comprises, inter alia, publishing, touring and merchandising. However, the record industry is battling against declining record sales (Leonhard and Kusek, 2005). Graham et al. (2004, p. 1101) state: "For over 50 years, the major labels have dominated the creation, distribution and consumption of music, but the Internet appears to be changing this". Along with the Internet, high speed connections and file compression technology have enabled music to be acquired through non-conventional sources both legally and illegally. The Internet has become a substantial source for acquiring songs and a threat to the power of the major record labels (Power and Jansson, 2004). Record sales are declining (Sisario, 2008) and illegal file sharing has played a significant part in the reduced sales numbers of phonographic content (Gopal et al. 2002; Lesk, 2003; IFPI, 2004; Bakker 2005; Liebowitz 2005; Michel, 2006).

The music recording industry has been operating under the market conditions of oligopoly (Peterson & Berger, 1975). At the moment there are four companies, who between them share, depending on whom you trust, up to 95 per cent of the sales revenues (revised Alexander, 2002). What is significant about oligopolistic markets is that, according to Stigler (1964, p. 44) "...oligopolists wish to collude to maximize joint profits". Peterson and Berger (1975, p. 161) state that: "(The) oligopolistic concentration of the record industry was maintained by control of the total production flow from raw materials to wholesale sales". Effectively, the high barriers to entry and thereby lack of competition enabled the record labels to create a captive market, whereby consumer did not have an alternative source for acquiring records. Thus the oligopolistic market situation had been serving and creating more value for the producers than the consumers.

However, the emergence and popularity of the Internet as a distribution channel has in effect made the big four record companies start to lose their dominance in the supply chain (Graham G., et al., 2004). Furthermore it has released the customer from the captive hold

9

of the record market. Not only has the Internet offered an alternative distribution channel, but it has also enabled music to be streamed (e.g YouTube and Spotify) as well as sampled i.e. previewed at the consumers' own comfort (Gopal et. al., 2006). The oligopolistic model worked for the record labels up until an alternative distribution channel was introduced to challenge those of the captive market.

Previous Studies

To analyse the market and offer solutions to turn around the record labels' fortunes, other researchers have conducted studies on the phonographic industry. Styvén (2007a) examines consumer characteristics and value perceptions from an online point of view in the music industry. There are also a good number of studies focusing on the distribution of music (e.g. Graham G., et al., 2004; Mortimer and Sorensen, 2005; Bockstedt et al., 2006;) as well as illicit downloading (e.g. Alexander, 2002; Norbert, 2006; Andersen and Frenz, 2007; Plowman and Goode, 2009). Finally, Bahanovich and Collopy (2009) focused on current music consumption and purchasing habits in 12-24 year-olds in the UK. However studies exploring ways with which to create more value and thereby improve the product to make it more attractive to the consumer, in terms of purchasing it, have received less attention. The question that Graham et al. (2004, p. 1101) pose is: "if consumers can download music for free, why should they pay for it?". Sosnick (2004, p. 10) offers marketing as the solution to the problem of declining sales and states: "Give consumers value and they will abandon piracy".

Function of Marketing

The Chartered Institute of Marketing defines marketing as: "the management process which identifies anticipates and supplies customer requirements efficiently and profitably". However, at the same time as the phonographic industry is struggling, Webster et al. (2005) say that marketing competence has declined and as a result thereof, the function of marketing is also declining. Day and Montgomery (1999) are of the opinion that marketing practice needs to be updated to deal with current market conditions. Sheth and Sisodia (2006, p. 332) are in agreement and are of the opinion that marketing "...remains stuck in a juvenile time warp of gimmickry and shallow imagery". Gronroos (2009) calls for

marketing to be developed towards managing long-term relationships. Furthermore he describes customer management as: "making customers buy as well as making sure that they are satisfied with their purchases and that the likelihood is sufficiently high that they are kept and eventually grown into loyal customers" (ibid., p. 351).

Theory of Value-in-Use

Rust and Oliver (1994, p. 7), state that: "ultimately it is perceived value that attracts a customer". Holbrook (1994, p. 22) says that the value concept is the "basis of all marketing activity". Eggert et al. (2006, p.20), state that: "offering superior value to customers is essential for creating and maintaining long-term customer-supplier relationships". As a result Gronroos (2009, p. 353) defines the goal of marketing as: "to engage the firm with the customers' processes with an aim to support value creation in those processes, in a mutually beneficial way".

Tshumuck (2003), McCourt (2005) and Styvén (2007b) argue that music is becoming less tangible and more service like in its nature, with its increasing presence on the internet, and with the way it is being consumed. At the moment the phonographic industry is placing its attention on streaming services (Youngs, 2010). However Bahanovich and Collopy (2009) found in their research that ownership and collections of music are still important factors to the consumer. Furthermore their study showed that 78 per cent of their respondents would not be prepared to pay for a streaming service of music.

Levitt (1986) argues that only the consumer can measure the value of the product. Therefore, value is not created by the supplier, but ultimately by the consumer (Vandermerwe, 1996; Gronroos, 2008, 2009). The service dominant logic developed by Vargo and Lusch (2004) argues that, as opposed to products having value-in-exchange i.e. value embedded into them at the point of production, the theory of value-in-use is more applicable in modern economics, whereby the consumer defines the value of the product by the utility thereof. Furthermore the consumer becomes the creator of value and the producer can only make value propositions. Thereby the producer's role is that of co-creating value for the product. Thus the orientation of co-creating value makes marketing function beyond the accustomed boundaries of old transaction oriented marketing theory,

e.g. marketing mix management and the framework of the 4 Ps (Payne et al. 2005; Sheth and Sisodia, 2006; Ballantyne and Varey, 2008; Gronroos, 2009).

Gronroos (2009, p. 356) states: "Anything can be a marketing resource and marketing activity, as long as it influences the customers' willingness to buy and their perception of how value is created in their processes. If such value fulfilment takes place, the likelihood that customers will continue patronizing the same supplier grows and this is a positive marketing impact".

Therefore, as demonstrated above, it can be said that the study has identified an area with regard to the phonographic industry that has not been researched before. By following the theory of value-in-use, it should be possible to identify what creates value for the consumers. By identifying this, the question of why someone would buy as opposed to how, is being investigated. Furthermore this approach should address the problem of declining sales and identify what actually influences consumers' buying predisposition, as opposed to just focusing on the symptoms and assuming that consumers shun away from buying music because it is available online. A more in-depth analysis of the interrelationship of these subjects, mentioned in this chapter, will be conducted in the discussion chapter.

Consumer Behaviour

In order to study value from the value-in-use perspective, consumer behaviour needs to be examined. The American Marketing Association's definition for consumer behaviour is: "the dynamic interaction of affect and cognition, behaviour and the environment by which human beings conduct the exchange aspects of their lives" (Bennett, 1995, p.59). Therefore the study will first introduce and then apply theories with which the abovementioned factors and perceived value can be measured.

Figure 1.1: The Wheel of Consumer Behaviour

Source: Peter and Olson (2008)

The theory of the means-ends chain
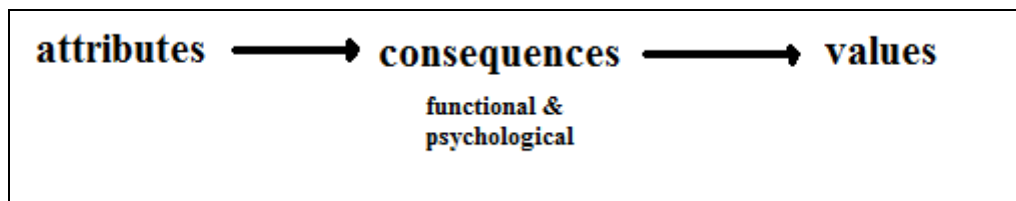
Figure 1.2 The means-end chain

Adaptation of Peter and Olson (2008)

The means-end chain looks at the relationship between the consumer and the product by constructing a chain between tangible and intangible product attributes, functional and psychosocial consequences associated with the use of the product and, finally, the consumers' values. Consumers realize their fundamental ends i.e. values, via the benefits and positive consequences, which stem from the product attributes. Therefore the attributes of a product are only a means through which products provide the consumer with utility (cf. Peter and Olson, 2008).

Consumer value can be defined as a "trade-off between perceived benefits and perceived sacrifice" (Styven, 2007a, p.72). This is corroborated by Ravald and Gronroos (1996) as well as Monroe (2003). The theory of the means-end chain establishes that, as opposed to looking for specific attributes and features in a product, the customer is looking for the

benefits and values the attributes of the product provide. Therefore the means-ends chain enables one to assess the perceived value of a product as it measures the benefits and sacrifices associated with the product attributes (Flint et al., 2002; Styven, 2007a).

Fishbein Multi-attribute attitude model

The Fishbein multi-attribute attitude model (Fishbein, 1963), which is based on Fishbein (1961), is built on the foundation that: "(1) an individual holds many beliefs about any given object, i.e. many different characteristics, attributes, values, goals, and objects are positively or negatively associated with a given object; (2) associated with each of these 'related objects' is a mediating evaluative response, i.e. an attitude; (3) these evaluative responses summate; (4) through the mediation process, the summated evaluative response is associated with the attitude object, and thus (5) on future occasions the attitude object will elicit this summated evaluative response, i.e. attitude", (Fishbein, 1963, p. 233). Thereby the theory behind the model suggests that "evaluations of salient beliefs cause overall attitude" (Peter & Olson 2008, p. 138). Thus, products with which consumers associate positive thoughts, with a great degree of certainty, have a greater likelihood to be perceived as containing value and furthermore be purchased.

"The basic purpose of the multi-attribute model is to gain understanding of purchase predispositions", state Wilkie and Pessemier (1973, p.429). They continue: "In general, results have been consistent across products; the multi-attribute model yields attitude scores which are significantly related to measures of purchase or purchase predisposition" (ibid., p. 429). Furthermore the multi-attribute model provides numerical values to measure attitudes and beliefs, which, in turn, influence what the customer perceives as benefits and sacrifices, with regard to the theory of the means-end chain. Thus the multi-attribute attitude model is a tool which enables one to identify and address factors that influence consumer perceived value.

The formula for measurement of attitudes is explained below.

$$A_O = \sum_{i=1}^{n} b_i e_i$$

Figure 3 Formula for Multi-Attribute Attitude Model
Where A_0 = attitude towards the object

b_i = strength of the salient belief that the object has attribute i

e_i = evaluation of attribute i

n = number of salient beliefs about the object

The method however has its limitations. Bettman et al. (1975b, p. 13) found that: "The structure of the factorial task may be such that subjects are simply playing a "guessing game" rather than providing data reflecting true psychological processes". They also state that: "the present method has the weaknesses inherent to laboratory experimentation and low-involvement procedures" (ibid., p. 13).

Nevertheless the results of Bettman et al. (1975a, 1975c) and Lutz (1975) found that: "the construct validity of the multiattribute model received relatively strong support, thus providing some degree of confidence in the model's purported diagnostic power. These findings, taken together, begin to build a research base for the use of the multiattribute model for diagnostic purposes." (Bettman et al., 1975b, p. 13).

Theory of reasoned action

The theory of reasoned action (Fishbein and Ajzen, 1975; Azjen and Fishbein, 1980) offers a model with which one can predict consumers' future actions. "According to this theory, people tend to perform behaviors that are evaluated favorably and are popular with others", state Peter and Olson (2008, p. 149). According to Sheppard et al., (1988, p. 325), the model "provides a relatively simple basis for identifying where and how to target consumers' behavioral change attempts". Furthermore they found that the model fared well in studies that utilised it beyond the activities for which it was intended. Therefore they concluded that the model "has strong predictive utility" (ibid., p. 338), when used outside its intended situations.

The theory comprises: behavioural intention, attitude toward the behaviour or action and subjective norm which can be calculated with the formula of:

$$B = \sum_{i=1}^{n} b_i e_i + \sum_{j=1}^{m} NB_j MC_j$$

Figure 4 Formula for Reasoned Action

Where B = behaviour

b_i = strength of the salient belief that the object has attribute i

e_i = evaluation of attribute i

n = number of salient beliefs about the object

NB_j = strength of salient normative beliefs

MC_j = motivation to comply with other people's expectations

m = number of salient normative beliefs

Peter and Olson (2008) however list factors that weaken the forecasting ability of the theory as intervening time, different levels of specificity, unforeseen environmental event, unforeseen situational context, degree of voluntary control, stability of intentions and finally new information.

Nevertheless, they conclude with: "Despite their less-than-perfect accuracy, measures of purchase intention are often the best way to predict future purchase behavior" (Peter and Olson, 2008, p. 152).

Methodology

Secondary Data

Prior to conducting primary research, the starting point for the data collection procedure is the study of secondary data. "The collection and analysis of secondary data help to define the... research problem and develop an approach" (Malhotra and Birks, 2005, p. 84). Furthermore they emphasize the necessity of secondary data in a successful research design.

It must be remembered, though, that secondary data, as they have not been collected with the research problem in mind they "have limitations, and should be carefully evaluated to determine their appropriateness for the problem at hand" (ibid., p. 106).

Both Malhotra and Birks (2005) and Kotler et al. (2005) suggest that secondary research should begin from the company's internal database. However, as this study was not conducted with a specific company in mind, other i.e. external sources needed to be consulted. This does not come without problems, though, as they "may be more difficult to access, more expensive, and more difficult to evaluate for its [their] accuracy" (Malhotra and Birks (2005, p. 91).

The secondary research concentrated on published material on the Internet due to its availability and ease of access as well as cheapness. Much of the secondary data is presented in the literature review chapter. Nevertheless, the general view of the public, when it comes to purchasing records is that record labels have become too powerful and are exploitative of the artists as well as the customers, which has reduced their inclination to purchase records (BBC, 2000; Layne, 2002; Blow, 2009).

Research Problem

The research problem stems from the research objectives. "The... research problem asks what information is needed and how it can best be obtained", (Malhotra and Birks, 2005, p. 41). "A research design... specifies the details of how the project should be conducted in order to fulfil set research objectives" (ibid., p. 80). Moreover it should consist of the following steps to "ensure that the ... research project is conducted effectively and efficiently:

1. Define the information needed
2. Decide whether the overall design is to be exploratory, descriptive or causal
3. Design the sequence of techniques of understanding and/or measurement
4. Construct and pre-test an appropriate form for data collection or questionnaire
5. Specify the qualitative and/or quantitative sampling process and sample size
6. Develop a plan of qualitative and/or quantitative data analysis (ibid, p. 58)"

As the purpose, and thus objectives, of this study is twofold, two different research designs are required. First, the study aimed to explore *how to create value in the phonographic industry for consumers between the ages of 20-25*. Thereby the research, at this stage, focuses on establishing factors that create value for the above mentioned segment. An exploratory research design is most suitable to satisfy the information needs for this research question, as first of all, it is applicable in situations where "little is known about the problem situation" and where "key variables need to be isolated and classified as dependent or independent" (Malhotra and Birks, 2005, p. 70). Furthermore it provides one with tools with which to increase understanding and give insights (ibid.). Exploratory research also enables the researcher to "develop concepts more clearly, [and] establish priorities" (Cooper & Schindler, 2003, p. 151).

Research approach to value creation

"The best way to find out what customers value is to ask them" (Keeney, 1999, p. 534). Asking the customers what they value can be done by the use of a qualitative or quantitative research design. Often exploratory research is associated with a qualitative research approach. However, Malhotra and Birks (2005) state the decision between which approach to employ can be subjective to the researcher's preferences or those of research users. A qualitative research approach can be justified if the research phenomena are complex, the researcher is looking for a holistic picture of the phenomena and the researcher needs to deal with subconscious feelings (ibid., 2005). Therefore a qualitative approach was chosen.

Laddering Interview

A laddering interview is a qualitative research technique associated with the means-end chain, whereby the respondent is asked to make connections between product attributes, the consequences of those attributes, and the final values (Reynolds and Olson, 2001). The laddering interview is conducted one-on-one with the respondent, (Reynolds and Gutman, 1988). Thus, "respondents can be questioned in-depth in a context that allows them to really express how they feel" Malhotra and Birks (2005, p. 178).

What the technique enables one to do is distinguish why one product is more favourable to another. With regard to this study, this technique will enable one to establish why a respondent is more willing to purchase one artist's music over another's. The study assumes that liking the song/artist is a prerequisite for purchase therefore liking will not be included as a purchase-influencing attribute for the respondents.

An adapted version of top-of-mind imaging was employed (c.f. Reynolds and Olson, 2001). First of all, the respondents were explained what the interview was about and then they were explained the laddering process and how it worked, as this has been found to increase respondent co-operation (Hawley, 2009). Furthermore they were explained that no right or wrong answers existed to make them feel more comfortable (cf. Finley and Fountain, 2009). Then the respondents were asked to name an artist the music of whom they liked and the music of whom they could consider purchasing, as well as an artist the music of whom they liked, but the music of whom they would not consider purchasing. The respondents were then asked what the characteristics, i.e. attributes, were that made one of them more preferable to the other. Then they were asked what the consequences of these differences in characteristics were and, finally, what the consequences led them to feel.

Reynolds and Gutman (1988, p. 28) establish problems with the laddering model regarding "perceptual segmentation, determining the importance weights of the various components of the ladders, and the development and subsequent assessment of advertising from this value perspective." Furthermore they state that "All of the application areas have in common that they depend on laddering's ability to draw out from the respondent the true basis for any meaningful connection they have to the product class" (ibid., p. 28).

A limitation of the process is the fact that the interviewer is not experienced with the procedure thus there lies a possibility that the technique was not performed to its full potential (Malhotra and Birks, 2005).

Furthermore, due to limited resources of the researcher, quota and convenience sampling techniques were employed and thereby a true depiction of the whole population of 20-25 year-olds was not obtained, because "the two key aspects of a probability or random

sample were not met: 1) there was not an equal chance that anyone in the target population could participate, and 2) respondents were not externally selected to participate" (Henning, 2009; cf. Salkind, 2009). The only criterion for eligibility for the interviewees was age.

The interviews were conducted, in February 2010, with 18 people, who met the age criterion. Their average age was 23.6 years. Twelve of the respondents were men and six women, thereby making a total of 18 respondents.

Research Approach to Behavioural Intent to Buy

The second objective of this study is to examine *whether consumers who find value in artists show more behavioural intent to buy than those who do not*. The first research question provided the platform for the second. Therefore, based on the above reasoning for research design, the most suitable research design for testing this hypothesized relationship, is that of causal research, as its application is best put into use in cases where the objective is "to test hypotheses about cause-and-effect relationships" (Kotler et al., 2005, p. 345).

Furthermore, Malhotra and Birks (2005, p. 70) state that: "Causal research is appropriate for the following purposes:

1. To understand which variables are the cause (independent variables) and which variables are the effect (dependent variables) of marketing phenomena.
2. To determine the nature of the relationship between the causal variables and the effect to be predicted.
3. To test hypotheses."

However, with causal research one has to remember that "causality can never be proved; in other words, it can never be demonstrated decisively. Inferences of cause-and-effect relationships are the best that can be achieved" (ibid., p. 258).

Fishbein Multi-Attribute Attitude Model

The same eighteen respondents, who took part in the laddering interview, were asked to complete the Fishbein multi-attribute attitude model in order to gain numerical values for their attitudes and beliefs. They were asked to establish three attributes they associated with the artist they named and furthermore provide numerical values which responded with their attitudes and beliefs to see whether they gave a higher score, which would indicate higher value perception, to artists with whom they associated positive attitudes and consequences and thereby values.

The measurement of salient beliefs and the evaluation of attributes was conducted by using a non-comparative interval scale, which enables each attribute to be scaled independently (Malhotra and Birks, 2005). A Likert scale ranging from one to ten was used to measure salient beliefs, with one being unsure and ten being certain. A Likert scale ranging from minus three to three was used for the measurement of evaluation of attributes, with minus three equalling maximum amount of dislike, zero equalling neutrality, and plus three maximum amount of liking.

Theory of Reasoned Action

As the research question was *whether consumers who find value in artists show more behavioural intent to buy than those who do not*, the application of the theory of reasoned action is required to examine behavioural intent as it includes the influence of the environment in its equation. This gives one an indication of whether the environment affects the causal hypothesis of the respondents' behavioural intentions.

To measure the strength of salient normative beliefs, different scales were used to what Peter and Olson (2008, p. 151) explain. With their scaling system, a person who does what they want, as opposed to what their reference group wants, automatically gets a worse score for behavioural intent to buy than a person who agrees with their reference group even if the reference group gives the lowest possible score on buying records. Therefore a Likert scale ranging from minus ten to ten was employed, with minus ten equalling complete disagreement to buying records and plus ten complete agreement to buying records. Motivation to comply with other people's expectations was measured on a Likert

scale ranging from zero to nine with, zero being the respondent did as they pleased, and nine being the respondent complied fully with other people's expectations.

The final method was carried out on the same eighteen respondents in order to obtain a holistic picture of the whole process, from associating attributes with an artist, all the way to behavioural intent to buy their records. Furthermore the research design should establish possible differences in attributes that affect behavioural intent to buy, as well as whether the respondents associate the factors listed as beneficial to purchasing records in their means-end chain with the multi-attribute model and model of reasoned action, which will then give further insight to the buying behaviour of the researched respondents.

Research Sample

The main criteria when determining the sample size were time and resources. However to ensure that the research approach was not excessively faulty, the whole procedure of testing value perceptions as well as their influence on behavioural intent to buy was conducted on a test sample of three respondents. Also as with the main research, the respondents were selected via means of convenience sampling. They also complied with the age criterion of the main research. This approach also enabled one to reduce sampling error, as much as possible bearing in mind that convenience sampling was used, by establishing that the answers provided did not differ too radically from one another, as the bigger the differences the larger the sample size needs to be to minimize sampling error (Salkind, 2009).

Findings

Just as the research approach, the data analysis is divided into two parts, first, to analyse the data exploring value, collected by the use of the means-end chain, and second, behavioural intent to buy, by the use of the multi-attribute attitude model and the model of reasoned action.

Data analysis: how to create value

The data gathered with the research question of _how to create value in the phonographic_ _industry for consumers between the ages of 20-25_ in mind, is presented first. As the collected data is qualitative the following should be bared in mind: "Qualitative analysis involves the process of making sense of data that are not expressed in numbers" (Malhotra and Birks, 2005, p. 201). Furthermore the analysis of qualitative data can be a highly subjective procedure, where the researcher is influenced and biased by their own values and attitudes (ibid.). Therefore the researcher should assess their impartiality to draw conclusions from the data.

The measurement of non-metric data can be done by the use of a nominal or ordinal scale (ibid.). However before being able to use a nominal scale for the analysis of the data, they need to be coded. This was done by interpreting the meaning of the responses and creating groups which were applicable to the answers given. The data was then analysed and presented using a hierarchical value map, which can be used as a graphical depiction of the laddering interview (cf. Reynolds and Olson, 2001). After that, an implication matrix was also utilised as it enables one to present qualitative data in a quantitative manner (ibid.).

Data presentation

Multi-attribute attitude model

The attributes derived from the laddering interview were interpreted and grouped as: emotional; authentic, no financial backing, intimate, small band; know the band; message (of the songs); style; songs endure; origin; skill; good person; originality; and dedication. The next tier of consequences was interpreted and grouped as: accompaniment, philanthropy, feel valued, cultivate passion, appreciation, collectable, prestige, and integrity. The final values which were derived from the consequences of the attributes were interpreted as belonging, satisfaction, and self-fulfilment.

Hierarchical Value Map

Two respondents gave more than one attribute in defining the artist, but the attributes led to the same consequence. Therefore the lines from authentic, no financial backing, intimate

and small band are joined into one line as are lines from intimate, small band and know the band, and are therefore considered as one chain.
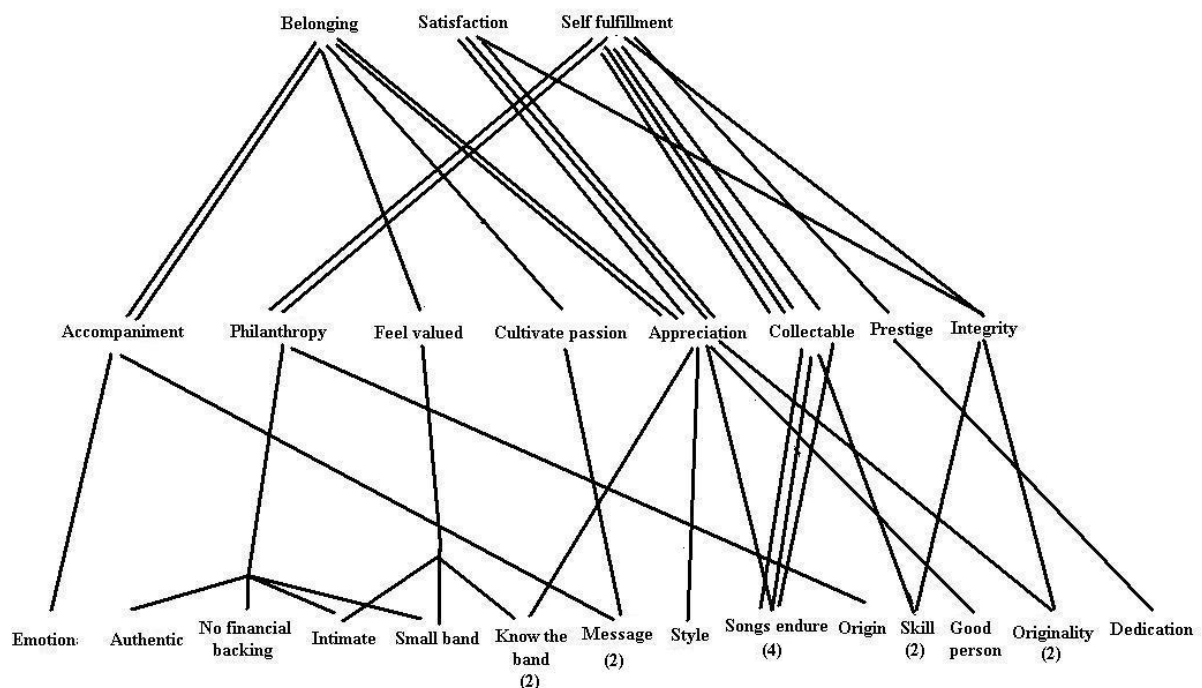
Figure 5.Hierarchical value map

All in all 18 chains were created as a result of the laddering interviews. The data are numerically presented in the below implication matrix. As can be seen from the matrix, the most common attribute contributing to a perception of value, with 22 per cent of answers given, is A6 songs endure i.e. songs that are not part of a fad can be listened to in the future. The second most common attributes are: A3 know the band, A4 message, A8 skill, and A10 originality, each being mentioned twice, translating into 11 per cent of answers given.

The most common consequence is C5 appreciation, with five mentions translating into 28 per cent of answers given. The second most common consequence is C6 collectable, with 4 mentions, translating into 22 per cent of answers given. The third most frequently mentioned consequences are C1 accompaniment, C2 philanthropy, and C8 integrity each being mentioned twice which translates into 11 per cent of answers given.

Finally of the three values to which the chains lead, V3 self fulfilment is the most common with eight mentions, translating into 44 per cent of answers given. The second most common value is V1 belonging with six mentions, translating into 33 per cent. The remaining value V2 satisfaction received four mentions translating into 22 per cent of answers given.

Implication Matrix

Attributes

	N	C1	C2	C3	C4	C5	C6	C7	C8	V1	V2	V3
A1 Emotion	1	1								1		
A2 No financial backing, Intimate, Authentic, Small Band	1		1									1
A3 Know the band	2			1		1				1		1
A4 Message	2	1			1					2		
A5 Style	1					1				1		
A6 Songs endure	4					1	3				1	3
A7 Origin	1		1									1
A8 Skill	2						1		1	1		1
A9 Good person	1					1					1	
A10 Originality	2					1		1		1	1	
A11 Dedication	1							1				1

Consequences

	Total	V1	V2	V3
C1 Accompaniment	2	2		
C2 Philanthropy	2			2
C3 Feel Valued	1	1		
C4 Cultivate passion	1	1		
C5 Appreciation	5	2	3	
C6 Collectable	4			4
C7 Prestige	1			1
C8 Integrity	2		1	1
Values				
V1 Belonging	6			
V2 Satisfaction	4			
V3 Self fulfillment	8			

Table 1 Implication matrix

Value Destroying Attributes

Finally, attributes that contribute negatively to value perception are listed. These data were not analysed as the positive attributes of the means-ends were. They were interpreted to groups which can be seen below. The data will serve as a useful point later for comparison in the discussion chapter.

- Lack of skill
- Status of artist

- Image of artist

- Message of songs (lack thereof)

- Occasions when can be listened

Data analysis: value and behavioural intent to buy

The second part of the research analysis presents the data the function of which was to establish, whether the artists whose songs were considered to contain more value by the respondents would receive a higher rating when measured with the multi-attribute attitude model formula as well as the formula for reasoned action, thus validating or annulling the hypothesis of _whether consumers who find value in artists show more behavioural intent to buy than those who do not_.

Data presentation

Multi-Attribute Attitude Model

The data compiled from the multi-attribute model questions were calculated and the score was then inserted into the below table. The table separates each respondent by an ordinal number, which coincides with the position at which they were interviewed. The table shows how each respondent's score for the artist whose music they like and could purchase compared with the artist whose music they like, but would not purchase.

The data was analysed by the use of a one way analysis of variance technique as it is "a straightforward way to examine the differences between groups of responses that are measured on interval or ratio scales" (Malhotra and Birks, 2005, p. 484). The categorical independent variables, in this scenario are the two different artists i.e. the one whose records the respondent could buy and then the artist whose music the respondent liked but would not buy. The scores attained from the multi-attribute attitude model are the dependent variables.

ANOVA multi-attribute attitude model

MULTI-ATTRIBUTE ATTITUDE

N	Group A	Group B	Total Array
1	78	10	Group A =
			artist that respondent could buy
2	54	25	Group B =
			artist that respondent would not buy
3	87	30	
4	90	30	SS= Sum of squares
5	50	50	bg = between groups
6	7	30	wg = within groups
7	54	0	T = total
8	64	53	M = mean
9	70	34	Df = Degrees of freedom
10	90	21	k= no. of independent
11	80	14	variables
12	54	-2	
13	59	12	
14	87	43	
15	58	12	
16	55	0	
17	26	0	
18	24	17	
	$N_a = 18$	$N_b = 18$	$N_T = 36$

$\Sigma x_{ai} = 1087$ $\Sigma x_{bi} = 379$ $\Sigma x_T = 1466$

$\Sigma x^2_{ai} = 75237$ $\Sigma x^2_{bi} = 12957$ $\Sigma x^2_T = 88194$

$M_a = 60.39$ $M_b = 21.06$ $M_b = 40.72$

$SS_a = 9594.278$ $SS_a = 4976.944$ $SS_T = 28495.22$

$SS_{wg} = SS_a + SS_b =$ 14571.22

$SS_{bg} = SS_T - SS_{wg} =$ 13924

$df_{bg} = k-1 =$ 1

$df_{wg} = (N_a - 1) + (N_b - 1) =$ 34

$df_T = N_T - 1 =$ 35

$MS_{bg} = SS_{bg}/df_{bg} =$ 13924

$MS_{wg} = SS_{wg}/df_{wg} =$ 428.57

F-ratio

$F = MS_{bg}/Ms_{wg} =$ **32.49**

df =   1,34

df denominator = 34

df numerator = 1

29

Critical Values for F

F= 4.31 (.05)

F= 5.44 (.01)

F= 32.49> F=5.44

Table 2 ANOVA multi-attribute attitude

Analysis of covariance is based on the following concept: "If the null hypothesis is rejected, then the effect of the independent variable is significant" Malhotra and Birks (2005, p. 491). As you can see from the above calculations, for 1 and 32 degrees of freedom the critical value for F(.05) equals 4.31 and F(.01) equals 5.44. Therefore as the calculated value for F is greater than F(.01), as 32.49>5.44, we can reject the null hypothesis.

Reasoned Action

To examine the influence of the environment on the respondents' purchase disposition, another one-way analysis of variance calculation needed to be performed. In this calculation the scores from the multi-attribute attitude model were compared with those of the model of reasoned action. In this calculation the independent variables are therefore the artists whose music the respondent could buy in the multi-attribute attitude model as well as the artists whose music the respondent could buy in the reasoned action model. The independent variables in this calculation are the scores from the respective models.

ANOVA multi-attribute attitude vs. reasoned action

N	Multi attribute attitude (a)	Reasoned action (b)	Total Array
1	78	78	

2	54	69
3	87	87
4	90	90
5	50	50
6	7	43
7	54	66
8	64	64
9	70	70
10	90	99
11	80	65
12	54	33
13	59	59
14	87	87
15	58	54
16	55	55
17	26	26
18	24	-8

$N_a = 18$ $\quad$ $N_b = 18$ $\quad$ $N_T = 36$

$\Sigma x_{ai} = 1087$ $\quad$ $\Sigma x_{bi} = 1087$ $\quad$ $\Sigma x_T = 2174$

$\Sigma x^2_{ai} = 75237$ $\quad$ $\Sigma x^2_{bi} = 77061$ $\quad$ $\Sigma x^2_T = 152298$

$M_a = 60.39$ $\quad$ $M_b = 60.39$ $\quad$ $M_b = 60.39$

$SS_a = 9594.278$ $\quad$ $SS_a = 11418.28$ $\quad$ $SS_T = 21012.56$

$SS_{wg} = SS_a + SS_b$ 21012.558

$SS_{bg} = SS_T - SS_{wg}$ 0.002

$df_{bg} = k-1$ 1

$df_{wg} = (N_a - 1) + (N_b - 1)$ 34

$df_T = N_T - 1$ 35

$MS_{bg} = SS_{bg}/df_{bg}$ 0.002

$MS_{wg} = SS_{wg}/df_{wg}$ 618.02

F-ratio

$F = MS_{bg}/Ms_{wg}$ **0.00**

df   1,34

df denominator = 34

df numerator = 1

Critical Values for F(1,34)

F= 4.31 (.05)

F= 5.44 (.01)

F= 0.00< F=5.44

As can be seen from the above calculations, for 1 and 32 degrees of freedom the critical value for F(.05) equals 4.31. Therefore as the calculated value for F is smaller than F(.05), as 0.00<5.44, one cannot reject the null hypothesis.

Discussion

As stated in the Literature Review chapter, the phonographic industry is fighting against declining sales and losses in profit (Gopal et al. 2002; Lesk, 2003; IFPI, 2004; Bakker 2005; Leonhard and Kusek, 2005; Liebowitz 2005; Michel, 2006; Sisario, 2008; Peston, 2010). For many a year the record labels had total control of the market and could dictate the conditions under which business was conducted (Peterson & Berger, 1975). Now, however, with the loss of their oligopolistic control over the market, due to the Internet (Graham G., et al., 2004), they need to adjust their processes to the market conditions.

It seems as though the record labels are trying to make these adjustments by focusing on the framework of the 4 Ps and particularly the price and distribution aspects with regard to the framework (cf.Youngs, 2010). This is also corroborated by the number of studies focusing on the distribution and illicit downloading of music. However, as earlier stated, it is neither price nor how the product is made available to the consumer in themselves that create value for the consumer. Perceived value, as stated in the Literature Review chapter, was defined as "a trade-off between perceived benefits and perceived sacrifice" (Styven, 2007a, p.72). Thereby, only if consumers' perceived benefits and perceived sacrifices are with concern to pricing and distribution, does the record labels' approach address the problem of perceived value, and thereby declining sales, following the logic of Rust and Oliver (1994, p. 7), who stated that: "ultimately it is perceived value that attracts a customer". Finally, and most importantly, perceived value was defined by the customer, not the producer (Levitt, 1986; Vandermerwe, 1996; Vargo and Lusch, 2004; Gronroos 2008, 2009).

Thus it can be argued that the framework of the 4 Ps is not in itself a sufficient tool with which to examine value perceptions, and moreover reasons behind declining sales, as it only focuses on the product, price, promotion and placement. Therefore Day and

Montgomery (1999) as well as Sheth and Sisodia (2006) questioned the application of the marketing function in modern market conditions. Furthermore, as a result, Gronroos (2009, p. 353) defined the goal of marketing as: "to engage the firm with the customers' processes with an aim to support value creation in those processes, in a mutually beneficial way". Thus the application of tools, which enable the examination and measurement of value, are required in the companies' marketing endeavours.

Due to the nature of the first research problem, of *how to create value in the phonographic industry for consumers between the ages of 20-25*, and the above mentioned reasoning, less common and less orthodox marketing tools needed to be applied in this study to measure consumer value perceptions. The model of the means-ends chain, which was explained and applied in the Literature Review and Methodology chapters, permitted one to do this.

The means-end chain made it possible to identify differences in attributes, in the researched consumers' perceptions, between artists who were perceived to contain value and those who did not. It can be stated, as a result of the laddering interviews, and based on the findings presented in the Findings chapter, that, in general, the most important value creating attributes, for the researched segment of 20-25 year-olds, were those relating to the quality of the artist i.e. their perceived skill, dedication, and their ability to write songs that endure the test of time, which led to the value and sentiment of self-fulfilment. Also the attributes of knowing the artist i.e. having a relationship with them be it personal or impersonal and the message the artist conveys in their songs as well as originality, which led to the value and sensation of belonging, are significant value creators for the researched segment.

Appreciation was the most common consequence, stated by the respondents in the laddering interview. However, most interestingly, collectability, i.e. records were perceived to have collectable value, was mentioned as the second most common consequence leading to the respondents' values. Furthermore it must be stated that if the consequence of the artists' attributes was the sensation of accompaniment, i.e. a situation where the consumer felt part of the artist, or what the artist stands for, it also created a perception of value. Also the consequence of philanthropy, i.e. the case of the artist not

being backed by an influential promoting force, e.g. big record label and needing all the support they could get, was a positive value creator.

With regard to the values, as per the means-end chain, as earlier mentioned in the Findings chapter, the most common value and thereby the most common function of the product, to which the respondents' chains led, was self-fulfilment. This happened in the cases where the respondents found collectable utility for the artist's records as well as if they felt they were part of enabling the artist to create the kind of music the respondent enjoyed. The second most common value was that of belonging. The artist served this function in cases where their music accompanied the respondents in their life. Appreciation for the artist also led to the function of both belonging and the third value of satisfaction.

At the same time, the approach of the laddering interview and moreover the adapted version of top-of-mind imaging, which were carried out to examine value perceptions with regard to the means-end chain, also enabled the identification of value destroying attributes, i.e. attributes that led to perceived sacrifices. These were mentioned, as per the Findings chapter, as lack of skill, too big status of the artist, negative image of the artist, lack of message in songs, few occasions when the artist can be listened to.

What can be seen from the results is that none of the respondents mentioned the price or the distribution method as a value creating attribute. More importantly though, none of the respondents directly mentioned these two factors as value destroying attributes either. As a result, it can be deduced that the price elasticity of demand for artists, in whom the respondents found value, is inelastic and thereby changes in price do not influence their value perception and thereby buying disposition.

Interestingly, with regard to distribution, Bahanovich and Collopy (2009), also found in their research that 77 per cent of their respondents would still continue to buy physical records, even with the availability of payable downloads. Therefore it can be said that the findings of this study, with respect to distribution are in accordance, with those of Bahanovich and Collopy (2009).

However, they did find that: "85% of P2P downloaders would be interested in paying for an unlimited, all-you-can-eat MP3 download service. 57% of these said such a service would stop them using unlicensed P2P services" (ibid., p. 6). This however refers to a service where you actually obtain the song as a file, not a streaming service.

Furthermore, it is worth re-emphasizing that in this study collectability was the second most common consequence leading to value, with 22 per cent of respondents mentioning it in the laddering interview. Bahanovich and Collopy (2009) also found in their research that collectability rated high among their respondents. Therefore the music industry's added focus on streaming services can be questioned as a value creating process as it, in fact, contrary to common expectations, seems to have the opposite effect on the researched group of consumers, as this form of distribution does not permit ownership or collectability.

Therefore, following the principles of the theory of value-in-use and Gronroos's (2009, p. 353) goal of marketing i.e. "to engage the firm with the customers' processes with an aim to support value creation in those processes, in a mutually beneficial way", for this researched segment, marketing endeavours should concentrate on offering the function and values, as per the means-end chain, of self-fulfilment, belonging and satisfaction. The way these values are created is by following the means-end chain. With regard to this study, attributes that led to the final values were most notably: enduring songs, knowing the artist, the message, skill and originality. At the same time, in order to support value creation, one's marketing endeavours should eradicate value destroying attributes. Therefore, for this researched segment, the attributes of lack of skill, too big status of the artist, negative image of the artist, lack of message in songs, few occasions when the artist can be listened to, should be avoided.

However, the validity and usefulness of the examination of value creation can be questioned unless it can be shown that a greater perception of value leads to greater behavioural intent to buy, with respect to the phonographic industry. Therefore the second research question posed in this study was the question of *whether consumers who find value in artists show more behavioural intent to buy than those who do not, with regard to the phonographic industry*. As a result, the multi-attribute attitude model was applied, as it

36

enabled one to measure the respondents' attitudes and beliefs and thereby their disposition to purchase. This model, however, ignored one aspect regarding buying behaviour. The American Marketing Association defined consumer buying behaviour as: "the dynamic interaction of affect and cognition, behaviour and the environment by which human beings conduct the exchange aspects of their lives" (Bennett, 1995, p.59). The application of the model of reasoned action was thus also required to account for the impact of the environment, which was not included in the multi-attribute attitude model, on the respondents. Subsequently, the results generated by the use of both models, i.e. that of the multi-attribute attitude as well as reasoned action, should give a more accurate indication of the respondents' purchase disposition, compared with the use of just one of the models.

As it was stated in the Findings chapter, with regard to the multi-attribute attitude model, there was a substantial difference between measurements for purchase disposition regarding artists in whom the respondents found value and in artists in whom they did not. Furthermore, what has to be emphasized is that, the music of both artists, who were compared in both the multi-attribute attitude model and model of reasoned action, was liked by the respondents. Therefore liking was not a factor in the measurements.

Generally, the respondents did not mention exactly the same value creating attributes, as per the means-end chain, with regard to their chosen artists. Nevertheless, they associated attributes with more importance and with greater certainty with the artist in whom they found more value than in the one they did not.

For example one respondent, as per the means-end chain, described an artist in whom they found value, as authentic, a small band, not having much financial backing, not heavily marketed and intimate with their fans. At the same time, the respondent associated, as per the multi-attribute attitude model, the attributes of intensity, passion and dedication with the artist. The respondent was furthermore sure of these attributes and considered them important. Moreover, as earlier implied, in general, this trend could be generalised among the respondents.

Another respondent described the attributes of an artist, whose music they liked, but in whom they did not find perceived value, as per the means-end chain, as "good music, but

that's it". At the same time, the attribute associations made by the same respondent were: historical tales, emotions, masculine. Interestingly, the results for the no-perceived-value artists could also be generalised as was done in the case of the artists in whom value was found. Thus, it can be said that the attributes associated with the artists was done so with less certainty and the attributes were not considered as important as in the case of artists in whom the respondents found value.

To numerically present the findings for artists in whom value was found, they received an average score of 60.39 out of 90, on a scale ranging from -90 to 90. At the same time the average score for artists in whom value was not found was 21.06.

To analyse the data more mathematically and analytically, one-way analysis of variance (ANOVA) was conducted, where the attitude scores, obtained from the multi-attribute model, for artists in whom value was found and in whom it was not, were compared with each other.

As a result of the ANOVA calculation, it can be said with over the certainty of 99 per cent that, the respondents in this study had a better attitude score for and thereby showed greater intention to purchase, as per the multi-attribute attitude model, the artists' music in whom they found value, as per the means-end chain. Consequently, it can be stated, with regard to the multi-attribute attitude model, that perceived value leads to greater behavioural intent to buy.

As earlier stated, the multi-attribute attitude model did not account for the effect of the environment. Therefore the scores obtained from the multi-attribute attitude model were compared with those of the model of reasoned action by another ANOVA calculation, as hereby the influence of the environment was accounted for.

Quite surprisingly, the respondents' average score for the model of reasoned action was the same, i.e. 60.39, as for the multi-attribute attitude model. However the scores were not obtained in the same way as some respondents were swayed by their reference groups, i.e. environment, to a more negative stance towards purchasing, whereas others were swayed in the opposite direction, by the exact same amount.

As a result of the calculation, despite the variations within the groups, the null hypothesis could not be rejected. Thereby, with regard to this study, the effect of the environment had neither a positive or negative effect on the respondents' buying disposition. Consequently, the findings of the first ANOVA calculation are corroborated and thereby it can still be stated that perceived value leads to greater behavioural intent to buy.

To compare the findings of this study with observations from other parties, with concern to the phonographic industry, other published findings will be discussed. Interestingly, an Economist (Economist, 2009) article stated that the number of people using illegal download networks was declining as a result of advertising supported free streams. Furthermore the results made "music executives reckon people are moving from file-sharing networks to Spotify" (ibid.). Albeit it may be true that illegal downloading has decreased as a result of services such as Spotify, they do not state that profits have increased as a consequence. Furthermore the fact that EMI was to "announce biggest-ever losses on a private equity investment" (Peston, 2010), does seem to indicate that the streaming service is not a profitable operation model and substitute for record sales, albeit it is still early days to judge the model, as it has not been in existence for more than three years. Most importantly though, as earlier stated, the researched respondents' values were not with regard to pricing or distribution. Therefore in order for consumers to purchase, their criteria for perceived value need to be addressed.

Conclusion

This thesis studied the phonographic industry as it is a current topic, for the industry is fighting against losses in sales and profitability due to the loss of control in the distribution channels. The industry was studied from a value-in-use point of view as opposed to the traditional marketing point of view of value-in-exchange. This approach was taken as contemporary marketing academics are questioning the capability of traditional marketing theory to address customers' needs and wants in modern market conditions. Therefore the study posed and answered the research questions of *how to create value in the phonographic industry for consumers between the ages of 20-25* as well as *whether consumers who find value in artists show more behavioural intent to buy than those who*

39

do not, with regard to the phonographic industry. Consequently, the aim of the study was to find out why someone would buy music, as opposed to how. By taking this approach, it was made possible to find out what factors affect consumers' value perception, and thereby influence their buying behaviour, with regard to the record industry.

What was discovered in the Findings chapter, was that contrary to the apparent belief of the record industry, the most influential factors affecting consumers' buying disposition were not the current hot topics of means of distribution and pricing. In fact, it was discovered that the two factors had very little if any positive effect on the researched consumers' value perception and furthermore their behavioural intent to purchase, as none of the respondents, in the interview stage of this study mentioned these factors, as value creating attributes. It was actually discovered, that due to the fact that streaming does not permit ownership, it has the opposite effect to value creation.

To answer the first research question, _how to create value in the phonographic industry for consumers between the ages of 20-25_, the study discovered that the most notable value creating attributes were songs which endure the test of time, knowing the artist, the message of the songs/artist, skill and originality. The study also found that, the consequences of the aforementioned attributes that lead to value perception, were most notably appreciation, collectability, accompaniment, philanthropy and integrity. As for the final values, the study found that attributes and consequences that led to the final values of self fulfilment, belonging, and satisfaction, for the respondents were most significant factors for their perception of value.

Most importantly, and to answer the second research question, _whether consumers who find value in artists show more behavioural intent to buy than those who do not, with regard to the phonographic industry_, the findings of the research revealed that a greater value perception leads to greater behavioural intent to buy. This conclusion was reached by the use of the multi-attribute attitude model as well as the model for reasoned action as the measurement tools. Furthermore it can be stated, as a result of a one way analysis of variance calculation, that one can be more than 99 per cent certain that value perception influences behavioural intent to buy.

The findings of this study, firstly and foremostly, are of value to anyone with a stake in trying to sell phonographic content. This would inter alia include record labels and artists who distribute their own music. The findings are significant in that, as far as the researcher is aware, this sort of study has not been conducted before, in regard to the phonographic industry. More significantly, the findings query and cast doubt over, whether the approach taken to fight declining sales by the record industry is the most effective and efficient one.

The research has revealed, as per the service-dominant logic (Vargo and Lusch, 2004), what function i.e. utility i.e. value-in-use, music that could be purchased by the respondents, has for them. Examining the function of music that consumers like, but would not purchase, fell outside the scope of the research. Nevertheless, in this study it was identified which attributes were associated with the music and artists the respondents liked, but would not purchase. Based on the findings of this research it might, therefore, be worthwhile to investigate what function music that consumers like, but do not purchase, serves them, as it can provide further insights to consumer behaviour and more specifically how the product can be developed into one with more perceived value.

It should be remembered that this study was not conducted without limitations. It should be noted that the findings of this study cannot be regarded as universal, as the researched segment was between the ages of 20-25 years-old. It can only be speculated as to whether other segments value the same attributes as the researched one. It might even be possible that record companies do not address the segment of 20-25 year-olds in their marketing plans, and that other segments actually do find value in attributes related to distribution and pricing. Therefore, as further research, the value perceptions of other segments is a worthwhile topic, to which the method of this research can be extended.

Furthermore, the applicability of the models for measuring purchase disposition with regard to the phonographic industry has not been established, even though Sheppard et al., (1988, p. 325) found that the model of reasoned action fared well in studies that utilised it beyond the activities for which it was intended. Secondly, the validity of the comparison of results between the multi-attribute attitude model and the model of reasoned action can be questioned as it has not been academically proved as a valid comparison, as far as the researcher is aware. Therefore, research conducted with possibly more concrete theoretical

models, for measuring purchase intentions in the record industry, could give a truer depiction of consumers' purchase predisposition.

What also cannot be ignored is the fact that, albeit the research was not quantitative in nature, the sample size was too small and, as stated in the Methodology chapter, did not meet the two key aspects of a probability or random sample, in order for one to be able to claim that the findings of the study can be applied universally. Therefore, research conducted by an organisation with more resources would give more universally applicable results for the study.

Also, the analysis of qualitative data can be a highly subjective procedure, where the researcher is influenced and biased by their own values and attitudes (Malhotra and Birks, 2005). Therefore it is hard to say whether the researcher was influenced by their own subjective beliefs in the data analysis, even though they made every effort to be impartial and objective.

Finally, as the second research question was inspected with the use of causal research, it must not be forgotten that "causality can never be proved" (Malhotra and Birks, 2005, p. 258). Therefore there is a possibility that there are other factors influencing the scores obtained for behavioural intent to purchase than just value perception.

References

Alexander P.J., (2002), '*Peer-to-Peer File Sharing: The Case of the Music Recording Industry*', Review of Industrial Organization , Vol. 20, No. 2, pp. 151–61,

Andersen B., Frenz M., (2007), "*The Impact of Music Downloads and P2P File-Sharing on the Purchase of Music: A Study for Industry Canada*", Industry Canada [Internet], Available at: http://www.ic.gc.ca/eic/site/ippd-dppi.nsf/eng/h_ip01456.html [accessed 26 Feb 2010]

Ajzen I., Fishbein M., (1980), "*Understanding Attitudes and Predicting Social Behavior*", Prentice-Hall, Englewood Cliffs, New Jersey

Ballantyne D., Varey R.J., (2008), "*The Service-Dominant Logic and the Future of Marketing*", Journal of the Academy of Marketing Science , Vol. 36, No. 1, pp. 11-14.

BBC, (2000), "*Big business: The new superpowers*?", BBC Online [internet], 2 February, Available at: http://news.bbc.co.uk/2/hi/talking_point/616790.stm [accessed 26 Jan 2010]

Bakker P., (2005), "*File-Sharing - Fight, Ignore or Compete: Paid Download Services vs. P2P-Networks*", Telematics and Informatics, Vol. 22, No. 1, pp. 41-55

Behanovic D., Collopy D., (2009), "*Music Experience and Behaviour in Young People*", UK Music [internet], 2 February. Available at: http://www.scribd.com/doc/3417953/Music-Experience-And-Behaviour-in-Young-People [accessed 5 Feb 2010]

Bennett P.D., (1995), "American *Marketing Association: Dictionary of Marketing Terms*", (2nd Edition), McGraw-Hill, Boston, Massachusetts

Bettman J. R., Capon N., Lutz R.J., (1975a), "*A Multimethod Approach to Validating Multi-Attribute Attitude Models*" in M.J. Schlinger eds., (1975), Advances in Consumer Research, Volume II, Association for Consumer Research, pp. 357-74

43

Bettman J.R., Capon N., Lutz R.J., (1975b), "*Multiattribute Measurement Models and Multiattribute Attitude Theory: A Test of Construct Validity*" Journal of Consumer Research, Vol. 1, No. 4, pp. 1-14

Bettman J.R., Capon N., Lutz R.J., (1975c), "*Cognitive Algebra in Multi-Attribute Attitude Models*", Journal of Marketing Research, Vol. 12, No. 2, pp. 151-64

Bockstedt J.C., Kauffman R.J., Riggins F.J., (2006), "*The Move to Artist-Led On-Line Music Distribution: A Theory-Based Assessment and Prospects for Structural Changes in the Digital Music Market*", International Journal of Electronic Commerce, Vol. 10, No. 3, pp. 7-38

Cooper D. R., Schindler P.S., (2003), "*Business Research Methods*", (8th International Edition), McGraw-Hill, Boston, Massachusetts

Day G. and Montgomery D. (1999), "*Charting new directions for marketing*", Journal of Marketing, Vol. 63, special issue, pp. 3-13

Economist, (2009), "How to sink pirates: The decline of music piracy holds lessons for other industries" Economist online [internet], 12 November, Available at: http://www.economist.com/opinion/displaystory.cfm?story_id=14845177 [accessed 26 Jan 2010]

Eggert A., Ulaga W., Schulz F., (2006), "*Value Creation in the Relationship Life Cycle: A Quasi-Longitudinal Analysis*", Industrial Marketing Management, Vol. 35, No. 1, pp. 20-37

Finley P., Fountain J.J., (2009), "*An Application of Means-End Theory to Analyze the College Selection Process of Female Athletes at an NCAA Division II University*", The Journal of Sport, Vol. 12, No. 4

Fishbein M., (1961). "*A Theoretical and Empirical Investigation of the Interrelation Between Belief about an Object and the Attitude toward That Object*" University of California, Los Angeles, Unpublished dissertation

Fishbein M., (1963), "*An investigation of the relationships between beliefs about an object and the attitude toward that object*", Human Relations, Vol. 16 No.3, pp. 233-40.

Fishbein M., Ajzen I., (1975), "*Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*", Addison-Wesley, Reading, Massachusetts

Flint D.J., Woodruff R.B., Gardial S.F., (2002), "*Exploring the Phenomenon of Customers' Desired Value Change in a Business-to-Business Context*", Journal of Marketing, Vol. 66, No. 4, pp. 102-17

Gershuny J., (1978), "*After Industrial Society? The Emerging Self-Service Economy*", MacMillan, London, England

Gopal R. D., Marsden J. R., Lertwachara K., Bhattacharjee S. (2002), "*No More Shadow Boxing with Online Music Piracy: Strategic Business Models to Enhance Revenues*", Proceedings of the 36th Hawaii International Conference on System Sciences, IEEE Computer Society

Gopal R.D., Bhattacharjee S.G., Sanders L., (2006), "*Do Artists Benefit from Online Music Sharing?*", Journal of Business, Vol. 79, No. 3, pp. 1503-33

Graham G., Burnes B., Lewis G., Langer J., (2004), "*The Transformation of the Music Industry Supply Chain: A Major Label Perspective*", International Journal of Operations & Production Management, Vol. 24, No. 11, pp. 1087-1103

Gronroos C., (1997), "*Value-driven relational marketing: From Products to Resources and Competencies*", Journal of Marketing Management., Vol. 13 No. 5, pp. 407-20.

Gronroos C., (1999), "*Relationship Marketing: Challenges for The Organization*", Journal of Business Research, Vol. 46, No. 3, pp. 327-35

Gronroos C., (2000), "*Service Management and Marketing. A Customer Relationship Management Approach*", John Wiley & Sons, Chichester

Gronroos C., (2008), "*Service Dominant Logic Revisited: Who Creates Value and Who Co-Creates?*", European Business Review, Vol. 20, No. 4, pp. 298-314

Gronroos C., (2009), "*Marketing as Promise Management: Regaining Customer Management for Marketing, Journal of Business & Industrial Marketing*", Vol. 24, No 5, pp. 351-59

Hawley M., (2009), "*Laddering: A Research Interview Technique for Uncovering Core Values*", Uxmatters, [internet], 6 July. Available at: http://www.uxmatters.com/mt/archives/2009/07/laddering-a-research-interview-technique-for-uncovering-core-values.php [accessed 12 Feb 2010]

Henning J., (2009), "*Convenience Sampling: Everyone's a Star on YouTube*", Vovici [internet], 29 September. Available at: http://blog.vovici.com/blog/bid/22001/Convenience-Sampling-Everyone-s-a-Star-on-YouTube [accessed 12 Feb 2010]

Holbrook M.B., (1994), "*The Nature of Customer Value - An Axiology of Services in the Consumption Experience*", in Rust R.T., Oliver R.L., (Eds), Service Quality, New Directions in Theory and Practice, Sage Publications, Thousand Oaks, California

IFPI (2004), "*IFPI Music Piracy Report 2004*", IFPI Secretariat, London.

Keeney R.L., (1999), "*The Value of Internet Commerce to the Customer*", Management Science, Vol. 45, No. 4, pp. 533-42

Kotler P., Wong V., Saunders J., Armstrong G., (2005), "*Principles of Marketing*", (4th European Edition), Pearson Education, Essex, England

Kusek D., Leonhard G., (2005), "*The future of music*" Berklee Press, Boston, Massachusetts

Lesk M., (2003), "*Chicken Little and the Recorded Music Crisis*", IEEE Security and Privacy, Vol. 1, No. 5, pp. 73-75

Levitt T., (1986), "*The Marketing Imagination*", The Free Press, New York, New York

McCourt T., (2005), "*FORUM: Collecting Music in the Digital Realm*", Popular Music and Society, Vol. 28, No. 2, pp. 249–252

Michel N.J., (2006), "*The Impact of Digital File Sharing on the Music Industry: An Empirical Analysis*", Topics in Economic Analysis & Policy, Vol. 6, No. 1

Monroe K.B., (2003), "*Pricing: Making profitable decisions*", (3rd Edition), McGraw-Hill, New York

Mortimer J.H., Sorensen A., (2005) "*Supply Responses to Digital Distribution: Recorded Music and Live Performances*", Harvard Business School

Palmer A., (1998) "*Principles of Services Marketing*", (2nd Edition), McGraw-Hill, Berkshire, England

Peston R., (2010), "*EMI: Top of the Miss Parade*", BBC Online [internet], 4 February. Available at:
http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/02/emi_top_of_the_miss_para de.html [accessed 5 Feb 2010]

Peter J.P., Olson J.C., (2008), "*Consumer Behavior and Marketing Strategy*", (8th International Edition), McGraw-Hill, New York

Peterson R.A., Berger D.G., (1975), "*Cycles in Symbol Production: The Case of Popular Music*" American Sociological Review, Vol. 40, No. 2, pp. 158-73

Power D., Jansson J., (2004), "*The Emergence of a Post-Industrial Music Economy?* Music and ICT Synergies in Stockholm, Sweden", Geoforum , Vol. 35, No. 4, pp. 425-39.

Ravald A., Grönroos C., (1996), "*The value concept and relationship marketing*", European Journal of Marketing, Vol. 30, No. 2, pp. 19-30

Reynolds T.J., Gutman J., (1988), "*Laddering Theory, Method, Analysis, and Interpretation*", Journal of Advertising Research, Vol. 28, No. 1, pp. 11-31

Reynolds T.J., Olson J.C., (2001), "*Understanding Consumer Decision Making : The Means-End Approach to Marketing and Advertising strategy*", Lawrence Erlbaum, Mahwah, New Jersey

Salkind N.J., (2009), "*Exploring Research*", (7th Edition), Pearson Education, Upper Saddle River, New Jersey

Sheppard B.H., Hartwick J., Warshaw P.R., (1988), "*The Theory of Reasoned Action: A Meta-Analysis of Past Research with Recommendations for Modifications and Future Research*", Journal of Consumer Research, Vol. 15, No. 3, pp. 325-43

Sheth J.N., Sisodia R.S. (Eds) (2006), "*Does Marketing Need Reform? Fresh Perspectives on the Future*", M.E. Sharpe, Armonk, NY

Sheth J.N., Uslay L., (2007), "*Implications of the Revised Definition of Marketing: from Exchange to Value Creation, Journal of Public Policy and Marketing*", Vol. 26, No. 2, pp. 302-7

Sisario B., (2008), "*Music Sales Fell in 2008 but Climbed on the Web*", The New York Times Online [internet], 31 December, Available at: http://www.nytimes.com/2009/01/01/arts/music/01indu.html [accessed 5 Dec 2009]

Sosnick B., (2004), "*My View: The Answer Is Marketing*", Billboard - The International Newsweekly of Music, Video and Home Entertainment [30 October], Vol. 116, No.44, p. 10

Stigler G.J., (1964), "*A Theory of Oligopoly*", The Journal of Political Economy, Vol. 72, No. 1, pp. 44-61

Styvén M., (2007), "*Exploring the Online Music Market Consumer Characteristics and Value Perceptions*", Doctoral Thesis, Luleå University of Technology

Styvén M., (2007), "*The Intangibility of Music in the Internet Age*", Popular Music and Society Vol. 30, No. 1, pp. 53-74

Tschmuck P., (2003), "*How Creative Are the Creative Industries: A Case of the Music Industry*", The Journal of Arts Management, Law and Society, Vol.33, No. 2, pp. 127-41

Vandermerwe S., (1996), "*Becoming a Customer 'Owning' Company*", Long Range Planning, Vol. 29, No. 6, pp. 770-82

Vargo S.L., Lusch R.F., (2004), "*Evolving to a New Dominant Logic for Marketing*", Journal of Marketing, Vol. 68, Jan., pp. 1-17

Webster F.E. Jr., Malter A.J., Ganesam S., (2005), "*The Decline and Dispersion of Marketing Competence*", MIT Sloane Management Review, Vol. 46, No. 4, pp. 35-43

Wilkie W.L., Pessemier E.A., (1973), "*Issues in Marketing's Use of Multi-Attribute Attitude Models*", Journal of Marketing Research, Vol. 10, No.4, pp. 428-41

Youngs I., (2010), "*Is streaming the future of music*?", BBC Online [internet], 27 January.
Available at: http://news.bbc.co.uk/2/hi/entertainment/8481658.stm [accessed 5 Feb 2010]

Appendix

Appendix I: Outline of Interviews

Laddering

1. Could you name a musical artist whose music you like and could consider buying?

2. Could you name a musical artist whose music you like but whose music you would not consider buying?

3. What is different between them?

4. What does this difference mean to you?

5. What does this make you feel?

Multi attribute attitude

1. Three attributes that you associate with the artist
2. How sure are you of the attributes (1-10)
3. How important are the attributes (minus 3 to plus 3)

Reasoned action

1. What do others around you think about buying music (minus 10 to plus 10)
2. How likely are you to do what the others expect you to do (0-9)