

# Merchandising in Music Industry

## The Future Trends and Expectations of Merchandising in Finland

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<p>Abstract</p> <p>Merchandising is playing greater role in the music business than ever before. The technological developments and changes in consumer behaviour during the recent years have made record companies seek profits from different parts of the industry. The topic is of current interest and worth research because record companies and artists see merchandising as an important revenue source.</p> <p>The thesis was assigned by Backstage Rock Shop. Merchandising, branding, consumer behaviour and the changes in the music business were studied in order to find out the role of merchandising in the industry. The study aimed to find the future expectations of the merchandising field from consumers' and industry professionals' points of view. The field has been studied earlier but there is no existing research on this topic.</p> <p>The study was carried out as mixed method research because of the two different target groups: the music industry professionals and consumers. The professionals were interviewed on the telephone by using a semi-structured theme interview, and the consumers filled in an online survey which was provided on assignor's Facebook page. The results of the interviews were analysed by using qualitative content analysis, and the survey result were analysed without statistical methods because of the small population.</p> <p>The results revealed that the role of merchandising has increased because of the changes in the music industry. To a large extent, the industry professionals knew what consumers were expecting in the future, and the potential of merchandising was recognised by the professionals. Consumer behaviour and the expectations of the consumers should be studied more, in order to be able to offer the right products.</p>		
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Tiivistelmä <p>Oheistuotteet ovat nykyisin merkittävämpi osa musiikkiteollisuutta kuin koskaan aiemmin. Viime vuosien teknologinen kehitys ja kuluttajakäyttäytymisen muutokset ovat saaneet levy-yhtiöt etsimään tuottoa musiikkiteollisuuden eri osista. Opinnäytetyön aihe oli ajankohtainen, koska levy-yhtiöt ja artistit näkevät oheistuotteet hyvänä tulonlähteenä.</p> <p>Opinnäytetyön toimiksiantaja oli Backstage Rock Shop. Muutoksia musiikkiteollisuudessa, oheistuotteita, brändäämistä ja kuluttajakäyttäytymistä tutkittiin musiikkibusineksen näkökulmasta, jotta pystyttiin selvittämään oheistuotteiden merkitys alalle. Tutkimuksen tavoitteena oli selvittää tulevaisuuden trendit ja odotukset oheistuotealalla kuluttajan ja alan ammattilaisten näkökulmasta. Aihetta sivuavia tutkimuksia on tehty aiemminkin, mutta ei samasta näkökulmasta.</p> <p>Tutkimus toteutettiin mixed-method-menetelmällä, koska tutkimuksessa oli kaksi eri kohderyhmää: musiikkiteollisuuden ammattilaiset ja kuluttajat. Ammattilaiset haastateltiin puhelimitse käyttäen puolistrukturoitua teemahaastattelua ja kuluttajatutkimus toteutettiin verkkokyselynä, joka välitettiin linkkinä toimeksiantajan Facebook-sivuilla. Haastattelut analysoitiin sisällönanalyysin avulla. Kysely analysoitiin ilman tilastollisiamenetelmiä, koska vastaajia oli vähän.</p> <p>Tuloksista selvisi, että oheistuotteiden rooli on kasvanut musiikkiteollisuudessa tapahtuneiden muutoksien takia. Ammattilaiset tietävät pitkälti mitä kuluttajat odottavat oheistuotteilta ja näkevät oheistuotteiden potentiaalin tulonlähteenä. Kuluttajakäyttäytymistä ja kuluttajien odotuksia oheistuotteiden tulevaisuudesta tulisi tutkia lisää, jotta heille osataan tarjota sopivia tuotteita.</p>		
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## 1 Introduction

The music industry has been changing because of the technological developments and changes in consumer behaviour. Record companies are seeking profits from different parts of the industry because of the declining sales of physical records. This means that merchandising is playing a greater role than ever before. Merchandising is seen so profitable that record companies are part of the merchandising process. The aim of the thesis was to explain the significance of merchandise to the music industry from different points of views and study the future expectations of the music industry professionals and consumers in the field on band merchandising in Finland.

In this thesis, the changes in the music industry were studied from the merchandising point of view. In addition, the study focused on how the future of the band merchandising was seen in Finland. The main focus was on the role of merchandising and on a comparison between music industry professionals' opinions and consumers' expectations of the upcoming merchandising. The increasing importance of merchandise products in the music industry and the lack of existing prior data of the future trends of band merchandising were the reasons why this topic was chosen. The field of music merchandising has been studied earlier but there is no research on this precise topic.

The theoretical part discusses the changes of the music industry, the significance of merchandising and branding in the music industry and consumer behaviour. The following part of the thesis introduces the research method and the implementation process. The research results are presented and analysed in chapters Results and Discussion. The limitations of the thesis are also presented the Discussion part. Finally, the conclusions of the thesis and future recommendations are presented.

## **2 Theoretical Framework**

Music industry is constantly evolving and restructuring music consumption and music experiences. Behind these changes are the collaborative effects of technological developments, changing consumer behaviour and new musical phenomena. (Santala, Handelber & Kiuru 2012, 18.)

### **2.1 Changes in the music industry**

Traditionally, music industry has consisted of a few major and global record companies and a large number of smaller independent and national record companies (Stenvall-Virtanen, Grönlund, Norberg, Pönni & Toivonen 2011, 57). At the moment, the major record companies are “the big three” which includes Universal Music Group, Sony Music Entertainment and Warner Music Group (Sisario 2012). It can be generalised that the mainstream music markets are controlled by the major record companies whereas independent labels are focusing on their own niche markets. The trend of the 2000s has been that major record companies have bought medium sized companies, which has led to the fact that the major labels have expanded their markets to new and developing genres. A good example of the trend was a merger of Sony Music Entertainment and Bertelsmann Music Group, which created Sony BMG. (Stenvall-Virtanen et al. 2011, 57.)

Since 1999, the structure of music business has been changing along with the developments in technology and markets. The Internet has altered music business from producing to distributing music and it has also changed the consumption of music. One of the structural changes in the music industry was the decreasing physical sales when the consumption of the music shifted to online media. (Karhumaa, Lehtman & Nikula 2010, 14-15; Vaccaro & Cohn 2004, 46; referred to Molteni & Ordanini 2003, 389-406.) Nowadays, an artist does not necessarily need a record label as much as earlier because the developing technology decreases production and distribution costs. For artists it is easier to take the charge of producing their own music also in the beginning of their career. (Karhumaa et al. 2010, 14.) According to Bustinza, Vendrell-Herrero, Parry and Myrthianos (2012), Parry et al. (2012) and

Balocco et al. (2010) state that music industry is moving towards creating value from the digital formats of music, instead of focusing on the declining sales of the physical products. These changes demand new revenue models in the music industry.

The competition will tighten because of the increasing supply of music, the music markets will become fragmented and new business models will evolve. Productisation in the industry becomes more important as well as the stories around music. The stories around music and the artists support the merchandising process. Merchandising is growing its significance in income generation. Music will be a part of a larger media experience, for instance, music is playing a larger role in games and movies than before. The role of the recording industry diminishes because other leisure activities, such as games, are competing with music. The industry is moving towards entrepreneurship, and the companies are not ready to invest in new artists. Music will be utilised in different ways, such as parts of a product or a part of marketing strategies. (Santala, Handelber & Kiuru 2012, 6-7.)

In the changing music industry, the core is in a change from production-centred thinking towards service-oriented thinking. The value of music is changing from owning a physical recording towards a connection with the artist. The music industry will focus on creating interest and enriching the music experience. This turning point in the industry will create new operational models, and some of the old players will have to adapt to new roles. The music industry will become shattered and change is unavoidable. The changes lead to a differentiation of the operational models on a genre level. The new business models are focused on experience production. (Santala et al. 2012, 5.)

There are many factors that are determining the changes in the music industry: networking has become more and more important, the product has become a service, and consumer behaviour has changed. Behind these changes are the developments of the digital technology and the increasing information flow. Networking has become more important than control over how music is consumed and spread. The roles of mass media and physical

products have decreased, and networking has grown its importance in the communication process. The physical product has become a service when music is sold on the Internet, and it is essential to offer services which help consumers to navigate in the information flood. Consumer behaviour has changed towards content provision where fans are creating, editing and uploading content on the Internet. (Laurila 2012, 11: referred to Wikström 2009 & referred to Styvén 2007.) In addition, music is becoming a part of the entertainment industry, the increasing amount of free music offerings and changing consumer behaviour next to technological developments have contributed to the shattering of the industry. When music became part of the entertainment industry, it started to compete with games and movies, and music is offered for free more often. For instance, current hit songs can be listened to for free on the Internet through many different channels. Consumers have changed their behaviour and are now buying separate songs instead of whole albums. (Santala et al. 2012, 25.)

Market developments in the United States of America might give an idea of where the music industry is going. In the United States, music releases have increased significantly, but at the same time, less music is sold. In 2008 most of the released albums sold 100 copies or less, only 1,4% sold over 10 000 copies. Based on these figures, it can be seen that the demand of music has not grown even if the supply of music has. New artists are facing more obstacles on the way to becoming popular, and distinguishing oneself from the other artists is now more about external factors than about the actual music. (Santala et al. 2012, 25: referred to Musiikki ja Media (Music and Media) 2009.)



In the future, making music will blend with marketing communications. Brands and brand developers become the buyers and publishers of the recordings. (Santala et al 2012, 39: referred to M-Magazine, 2009.) This means that artists are paid for being as brand interest developers. According to Santala et al. (2012, 39) the Meet the millennials report (2008) states that the music business will be built on fan culture. Fan culture will be defining composing, utilising and consuming the music. The industry has to be fast, flexible and have agile business models in order to be able answer to the changes in the operational environment.

### **Revenue generation in recording industry**

The revenue generation logic of the music business has not developed as quickly as the consumption of music. The sales of the physical product were the main source of income for a long time, and music industry was not able to respond to digital distribution in peer-to-peer networks. Both the value of the wholesale record sales and the number of records delivered has been declining in Finland in the 2000's. The same trend can be seen all over the world. The statistics of Musiikintuottajat ry show that the digital sales of music are almost compensating the declining sales of the physical records. It is certain that the physical sales have declined because of the digital sales and piracy. Piracy has also reduced the music markets as a whole. Moreover, these changes have led the record companies to broaden their repertoire to show bookings, merchandising, music publishing and web shops. The business models of the record companies are closing up the 360-degree model where income is generated from different sources. (Stenvall-Virtanen, Grönlund, Norberg, Pönni & Toivonen 2011, 54-55, 135.)

In a 360-degree deal, the record company secures all the rights that an artist has including recording, management, song writing and publishing, performance and merchandise rights. In exchange for the record company's investments in marketing activities and merchandise production, the company profits from the performance and merchandise income of the artists. (Aczon 2008, 66-67; Laurila 2012, 64.) The 360-degree deals can be seen from two points of views. They can be seen as innovative partnerships between companies and artist or as deals that exploit new artists who do not know how valuable their services are. (Grierson & Kimpel 2009, 64.)

Record labels are now working with a portfolio approach which resembles capital investments. The record companies work mainly as investors who give their know-how and networks to the artists and their brand development purposes. Only a few artists become a great success which means that the income of a successful artist is used to cover for a less successful one. Phenomena and trends are important in record production because these short-time trends secure the success of artists and record companies. This revenue generation model is typical for the major record companies such as Warner Music Group, Sony Music Entertainment and Universal Music Group. (Santala, Handelber & Kiuru 2012, 26.)

The role of record labels has been changing towards those of a marketing agency and an investor in the music business. Now, record companies and artists are financing the process together from production costs to marketing costs, when earlier the record labels covered all costs. (Karhumaa, Lehtman & Nikula 2010, 17.) Moreover, according to Laurila (2012, 27), Wikström (2010) states that in the music industry the dominance of the record companies has been broken since the artists are able to do most of the music production related activities by themselves, which gives more power to the artist in the contracting phase. The record companies are needed only for promotion and distribution, as well as for organising tours and capital investments.

Brusila (2007, 52) offers a different music industry revenue generation chain which he states to be the revenue generation model of the 2010's. The model, as a simplified version, shows that the money flow starts from the consumer and goes through publishing, copyright and booking organisations to the record companies and artists (see Figure 1).

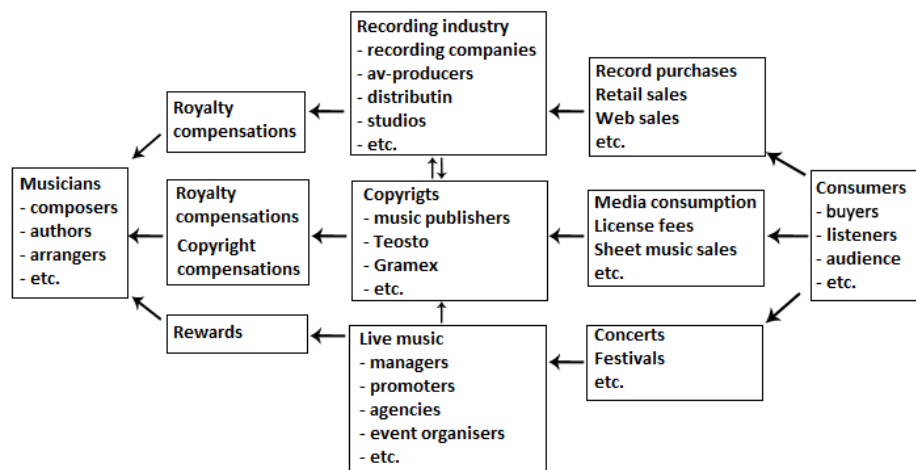


Figure 1. The revenue logic of music industry, a simplified version (adapted from Brusila 2007, 52)

### Current Internet distribution business models

The main business models in Internet distribution are the downloading services such as iTunes, subscription services such as Spotify and the online sales of physical records, such as CDON.com. While Internet downloading has been seen as a competitor to the physical sales, subscription services are seen as additional services which allow consumers to explore new music. The subscription models offer a more stable income for the service provider than the individual sales. The consumption of music is moving from owning to the right to use and from buying a product to subscriptions. One of the biggest developments in mobile music distribution is that extended music libraries are becoming part of the selection of mobile phone operators, such as Vodafone Music. This development also requires technical developments, which enables a smooth user experience. When televisions with an internal Internet

connection are becoming more common, video on-demand solutions are growing their popularity, which could lead to that also music libraries become part of these entertainment packages. (Stenvall-Virtanen et al. 2011, 134-136.)

## **2.2 Merchandising and its significance in the music industry**

In the changing world of music industry, merchandising has a greater part than ever before. The major record companies have bought merchandising companies (Adegoke 2009), and music and merchandise products have been combined to bundles in order to add value for money, and merchandising has become a part of building an artist's brand.

Merchandising is the only production and business activity in the music industry that has nothing to do with the actual music, but it is connected with the brand of the artist. The purpose of the merchandise selection is to strengthen the brand and support the musical career and ambitions of the artist, but it should be kept in mind that merchandising is a side-line business and, therefore, it should never be in the main focus. (Karhumaa, Lehtman & Nikula 2010, 87 & 89.) The significance of merchandising has grown because of the changing music industry (Adegoke 2009).

Merchandising is seen so profitable that most of the record companies, including the major record labels, want to be part of the merchandising process (Laurila 2012, 27; Adegoke 2009). Approximately 85% of the artists' income comes from live performances because concert tickets cost more than before, and artists are performing more often. The live performances will stay in the control of the music industry because it is impossible to digitalise concert experiences. (Laurila 2012: referred to Wikström 2010.) Compared to record sales, merchandise is a more reliable source of income. Decreasing music sales and piracy has lead companies to seek profits from different sectors, such as concerts, merchandise and brand licensing rights.

Merchandise is playing a bigger role in the music business than earlier. (Adegoke 2009; Waddel 2008; Waddel 2008; referred to Furano n.d.) The importance of merchandise in creating income and visibility has been

recognised not only by record companies, but also by bands and artists because merchandising can be as important a revenue source as the record sales (Salmon 2009; Karhumaa et al. 2010, 87).

Merchandise has become necessary to music campaigns with increased online and direct-to-consumer sales, bundling with albums and the growth of the festival markets (Salmon 2009). According to Waddell (2008), Mat Vlastic, Epic Records' director of artist development and merchandising, mentions that they have been focusing on bundling the merchandise with the recorded music. Vlastic says that bundling the music and the merchandise is a way to offer the fan and the band the best value for money. Selling merchandise during tours is one of the most profitable ways to generate income. On some occasions, the merchandise sales might bring the income when the sales of the record might not cover the costs or when the artist is performing for free. (Allen 2011, 95; de Mesa 2005; referred to Rolling Stone 2004; Laurila 2012.) For instance, Laurila (2012) mentions that in a study conducted by Tiihonen (2010) it is stated that shirt sale is profitable because production costs are low, which leads to that profits from the shirt sales are larger than from record sales. The biggest artists may only receive a dollar per a sold CD but from a 25 dollar t-shirt, the artist may earn 10 dollars directly. This means that the biggest stars may create a million dollar income just by selling merchandise. (de Mesa 2005.)

From the Finnish independent record labels' point of view, merchandise sales are so profitable that almost every Finnish independent record label wishes to be part of an artist's merchandise production. At the Sakara record company, merchandise sales are an important part of the revenue model because merchandise sales bring income when the record sales might not even cover the cost of the recording process. (Laurila, 2012.) According to Laurila (2012), Strak (2011) from Joku Roti Records states that Joku Roti Records sells plenty of merchandise, and that merchandise is part of the marketing activities. However, Stark is not certain if merchandise sales compensate for the decreasing record sales. Stark mentions that consumers buy a t-shirt from a live show rather than a CD.

Merchandising is a part of artist promotion and a way to strengthen the brand. If branding and merchandising are done right, the logo of an artist can become a trademark, or merchandising can attract attention and increase brand recognition while it also creates additional income. (Karhumaa et al. 2010, 87-88; O'Reilly 2011, 50; Locker 2013; referred to Thomson 2012.) Nevertheless, it is vital to invest in the quality of the merchandise products because poor quality products have an effect on the image of the artist (Allen 2011, 95). Moreover, Salmon (2009) sees that quality control is very important when selling items with an artist's name on, because consumers will not blame the manufacturer, they will blame the artist about the bad quality. Thus, it can be seen that merchandise is a bigger part of the music business than before and that it is not going away anytime soon.

### **2.3 Brand and branding in the music industry**

A brand is defined as a name, term, design, symbol or combination of those which is aiming to identify and differentiate goods and services of a certain seller. Branding is a way to differentiate the goods of certain producer from other producers' goods. A brand may create awareness, reputation and prominence; it is more than a symbol or a name. The word brand is derived from the Old Norse word *brandr*, which means "to burn". Branding was used to mark animals, such as cows, in order to identify who is the owner. (Keller, Apéria & Georgson 2012, 4.) A brand can be defined also as a range of things, such as a mark of ownership, a differentiating method and an item which enables consumers to express something about their identity.

Mainstream branding sees everything as a brand: J. K. Rowling, BBC News and Beyoncé Knowles are seen as brands. A brand is not only a logo of a company, the brand is everything what the company does, says or owns. (O'Reilly, 48-50.) According to SunEagle (2010, 24), Tan and Ming (2003) state that celebrities are considered as brands if they have identifiable characteristics, narratives or symbolic meanings.

There is a difference between a brand and a product: a product is anything that is offered to a market that might satisfy a need or a want of a consumer. A product can be a physical item, a service, a shop, a person, an organisation, a place or an idea. A brand is a product which has a dimension that differentiates it from other goods that are satisfying the same need of a consumer. The differentiating feature of the product can be tangible or a symbolic, an emotional and an intangible feature. (Keller, Apéria & Georgson 2012, 4-5.) Wheeler (2013, 2 & 4) defines a brand, as a way to connect emotionally with a customer. She continues that a strong brand can create a lifelong relationship between the brand and the customer. Brands may help consumers to fall in love, compel them to trust the brand and make them to believe in the brand's superiority against the other brands. A brand identity unifies different elements of a brand and creates one solid brand. The brand identity contains different phases from designing a product to positioning and pricing it and to the people who created the brand (O'Reilly 2011, 49). According to Wheeler (2013, 4), Haigh (n.d.) defines three primary functions of a brand which are navigation, reassurance and engagement. Navigation means that the brand helps consumers to choose from a great array of products and engagement helps customers to identify with the brand. With reassurance, a brand convinces that a customer have made the right choice when they chose the brand.

A brand licensing may be a good revenue source for owners of a recognized brand. The revenues are forming of royalties on sales of products with the brand's logo, name, slogan or any other legally protected asset. Licensing a brand offers benefits to a brand owner, such as possible new consumers, a growth of the brand value, and increased brand awareness. (Wheeler 2013, 84-85.)

## **Popular music and brands**

The core commodity in the music industry is not the CD but the brand of the artist (Meier 2013, 135; referred to Schur 2008). In the music business, a brand is typically the name of an artist and consumers identify with the name and the benefits, it provides. The brand is the sum of all the experiences the consumers have with the music of the artist. A brand image is one of the key components of branding. The image associated with the artist helps to differentiate from the other artists. (Allen 2011, 71.) An artist with a good brand is easily recognised and can be condensed into a certain visual or sound image (Morrow 2006, 59). An artist brand can be collaborating with another existing brand. For instance, The Rolling Stones' No Security Tour in the 1982 was sponsored by Tommy Hilfiger. The collaboration was strengthened Hilfiger's brand's rock-and-roll image. (O'Reilly 2004, 16; refers to Klein 2000.)

A popular music brand identity consists of four dimensions: an organisational and musical identity, an external brand identity, a discursive elaboration and a feedback process. Constructing of a music brand begins when a band starts developing their working culture and organisational identity. This leads to that the band becomes a tight unit and develops their own musical identity. The musical identity is communicated as an external identity to the fans by marketing operations. The third aspect is the process of discursive elaboration, where fans are using the brand image as a part of their own identity creating process. The fourth dimension is the feedback process where fans give a feedback to the brand. (O'Reilly 2004, 15.)

There are different types of brands in the popular music. A brand can be a performer or artist, a content provider and mediator, a cultural intermediary, an event, a venue or a character of an artist. Madonna and Metallica are examples of a performer brands. A performer brand may be created around an individual or a band which has an exceptional talent for creating or interpreting something artistic. A content provider and mediator brands can be for instance, record labels, radio stations or TV stations. Cultural intermediary brands are, for example, record producers. Famous music festivals, such as



Lollapalooza or Glastonbury, can be seen as event brands. The Brixton Academy is a great example of a venue brand. David Bowie's Aladdin Sane and Material Girl of Madonna are good examples of what is meant with the character brands. (ibid., 15.)

A subcultural aspect should not be forgotten when the brand identities of the popular music are in question. There have been many different subculture identities throughout the years, such as goth, punk and mod. Bands can be associated with a certain subculture and if the subculture is not in fashion anymore, it forms a threat to the band and its career. Moreover, a geographical identity is an important aspect of the popular music brand identity, because it could be connected to a certain sound which is coming from a certain place. For instance, Bronx and Brooklyn rap have been connected with a certain sound. (O'Reilly 2004, 16-17.) Likewise, there has been brand identification with the certain record labels such as Motown and Def Jam over the years, but it has changed. Now the brand relationship is between the consumer and the artist, not with the record label and the consumer (Meier 2013, 135).

An artist brand is a marketing concept which supports the 360-degree record deal, where record companies are seeking profits from all business activities connected to artist. This includes live performances, music publishing and music merchandising. (Meier 2013, 135-136.) The loyalty towards an artist may be influenced by branding and according to SunEagle (2010, 24-25), Sarri and Drennan (2006) found that if the consumers are emotionally loyal to an artist or a song, they purchase music rather than download it illegally. A consumer loyalty is the key component, when convincing consumers to invest money into an artist.

## **2.4 Consumer behaviour and fans**

Behaviour of a music consumer has been changing from buying whole albums to buying separate songs online. Now fans are providing content where they are creating, editing and uploading the content of their idol on the Internet (Santala, Handelber & Kiuru 2012, 25; Laurila 2012, 11: referred to Styvén).

### **Consumer behaviour and influencing factors**

Consumer behaviour, as a term, is defined as the behaviour that consumers show when searching, purchasing, using, evaluating and disposing of services and products. It focuses on an individual decision-making and how available resources, such as time, money and effort, are consumed to different products and services. (Schiffman, Kanuk & Hansen 2011, 2.) Solomon, Bamossy, Askegaard and Hogg (2006, 6) defined consumer behaviour slightly differently, according to them consumer behaviour is the study of the processes. These processes consist of individuals or groups selecting, purchasing, using or disposing products, services, ideas or experiences in order to satisfy their needs and desires. Consumers are a wide range of people, from a child to an executive of a large corporation.

Why humans are driven by a certain need at certain times was explained by Abraham Maslow's hierarchy of human needs. Maslow arranged basic needs in a shape of pyramid where the most important needs are at the bottom and the least important at the top of the pyramid. The needs are satisfied in order from the bottom to the top. The needs that are satisfied first are physiological needs, such as hunger and thirst, which are followed by safety, social, esteem and self-actualisation needs. When the physiological needs are satisfied, they are not motivators anymore and the second important need level will be tried to be satisfied. The hierarchy explains basic consumer behaviour: after the basic needs are fulfilled, consumer starts to fulfil less important needs. When going deeper in consumer behaviour, there are four factor classes influencing consumer behaviour and those are cultural, social, personal and psychological factors (Kotler, Armstrong, Harris & Piercy 2013, 146 & 156-157).

Cultural factors are divided into three parts: a culture, a subculture and a social class. The culture is the typical cause of person's desires and behaviour because a child learns values, perceptions and behaviours from the family. Each culture can be divided into smaller subcultures, which include, for example, nationalities, religions and geographical regions. The subcultures are important market segments. Products and marketing actions are personalised to each subculture's needs. Members of the same social class share similar interests, values and behaviours. Marketers are interested in the social classes because the members of a certain social class tend to share similar buying behaviour and they have distinct product and brand preferences. (Kotler et al., 146 & 149.)

Social factors that are influencing consumer's behaviour are small groups, social roles and status. Consumer's behaviour is influenced by many different small groups, such as family, clubs and online communities. A consumer shares different roles and statuses in an everyday life which effects on the purchasing decisions. (ibid., 149 & 152-153.)

Personal factors are the age and life-cycle stage, occupation, economic situation, lifestyle and personality and self-concept. Consumers change their buying behaviour when they are aging. Their taste in clothes, food and furniture are often age related. As well, occupation, economic situation, lifestyle and personality effects on buying decisions and marketers are aiming products to a certain target group based on their personal factors because the consumers' desires and needs are similar if they share some personal factors. (ibid., 153-155.)

Finally, there are psychological factors: motivation, perception, learning, beliefs and attitudes, which are influencing buyers' decisions. According to Freud, buying decisions are affected by subconscious motives that a buyer may not understand completely. Perceptions step in when the consumer is motivated to act and it has an influence on how the consumer acts in the buying situation. A perception is a process, in which a person selects, organises and interprets information in order to form a meaningful picture of the world. A consumer's behaviour change from the experience is seen as a

learning experience. The consumer is compelled to buy a product by associating it with drives, motivating cues and providing reinforcement. An expressive thought that the consumer has about something is a belief which can be based on knowledge, opinion or faith which could be emotionally charged. Beliefs are affecting the buying behaviour because they have effects on the brand images. The consumer's feelings and evaluations towards an object are described by attitude. Liking or disliking things are caused by attitude which is difficult to change. (Kotler et al., 156-158.)

### **Fans, identity and brands**

Music is consumed for different reasons: music can be a coping mechanism and songs are used as a narrative of everyday life of adolescents. Music is used as a badge of identity which shows what cultural group a person belongs. Music can fulfil social, emotional and developmental needs. (Nuttall 2008; referred to Willis 1990, Lewis 1992, Rubin 1994 and Arnett 1995.)

According to O'Reilly (2004, 9), Harris and Alexander (1998) state that fans can be characterised as specialised audiences, which have a very intensive relationship to the subject of fandom and from business point of view fans are easy target audiences because they are already devoted to a star or icon. Jenson (1992, 9) states that a fan is regularly characterized as a potential fanatic and often fandom is seen as an excessive behaviour. When there is a fan, there is also a fan culture. Fandom is a usual part of a popular culture in industrial societies. Fans select from a mass-produced and mass-distributed entertainment the certain performers or genres, which make fans a part of a culture of small group. Fandom is associated with the cultural forms, such as pop music, romance novels, comics, sports and Hollywood stars. (Fiske 1992, 30.)

A relationship between an artist and a fan is based on the foundation that there is a possibility to a meaningful and emotional experience. This relationship between the artist and fans is a sample of the engagement of fans which can be linked with consumption and a consumer culture. (Miller 2011, 31.) According to Greenacre, Freeman, Filby and Ostrovsky (2015), Francis

(2008) argues that power of music lies in its possibilities to engage people in many levels. Music is able to encourage responses on physiological, emotional, cognitive and behavioural levels. Music goes outside words, it shares meanings and has an effect on individual, group, cultural and national identities. Greenacre et al. states that Freuer (1977) and Frith (2004) see the role of music consumption as an element of a self-identity which allows the self to be reflected from oneself and others. (145.)

According to Fiske (1992), the industrial societies are producing the right conditions for fandom. Changing culture created the need to communicate person's own identity. (Miller 2011, 32.) The identity of a consumer is partly determined by what is bought and what kinds of music are listened. These choices symbolise something about the consumer since the musical preferences are discussed and the taste in music can be used to position the consumers to a group with a desired social identity. (O'Reilly 2004, 8.) Fiske (1992) offers a solution to mass identity crisis with the consumer culture with its services, products and experiences. The consumers are encouraged to search solutions to their identity crisis from available goods. From fandom point of view, the fandom itself may be either a solution or the specific product of this crisis. (Miller 2011, 32.) O'Reilly (2004, 8) sees that both the personal and social identity of the consumer can be improved by the music consumption, because the music consumption can be seen as a statement about the consumer's self-identity and desired social identity. Both Fiske and O'Reilly see that fandom and music consumption may be an answer to the identity crisis of a consumer.

A fan and brand relationship may be an intense and high-involvement relationship which offers an opportunity for a meaningful and hedonic consumption (O'Reilly 2004, 9). The high-involvement relationship is typically born when products are self-expressive, expensive, risky and purchased occasionally. The consumer has a need to learn more about the product therefore the features of a brand should be differentiated. (Kotler et al., 159.) The most powerful sign of fandom is clothing. Clothing can form a symbolic connection between a fan and an object of fandom. The relationship between the artist and the fan is the base of the contemporary music industry and this relationship may be more important than the creation of the actual music. (Miller 2011, 34.)

If the fan cultures and the music consumption are seen as an answer to consumer's identity crisis, it means that the fan cultures and the music consumption are on the top of Maslow's hierarchy and those needs are satisfied last. Consumer behaviour of a fan is influenced by different factors from cultural to psychological factors. For instance, a fan can be a part of a certain subculture where people are sharing same values and the subculture plays a role in the consumers buying behaviour. Moreover, a fan can be a part of a small group which may be influencing the buying decisions and the personal factors, such as age and occupation, can be determine what is acceptable to buy. Psychological factors, for instance, an attitude towards to a certain band or product group is effecting on the purchase decisions of a fan. Consumer behaviour of a fan is influenced by many needs and factors, but being a fan does not necessarily mean buying every piece of band's merchandise or every album from the object of the fandom.

## **3 Method**

### **3.1 Research objective and questions**

The objective of the thesis was to research the future expectations of the music industry professionals and consumers in the field of band merchandising in Finland and if these expectations were converging at any point. The changes in the music industry were studied and the significance of band merchandising was covered from different perspectives in order to provide a theoretical basis for the research and prove the importance of the merchandising for the industry. This topic was chosen because there were no earlier studies conducted on this the exact topic.

In order to discover what are the future expectations and if the expectations were converging the following main research question was formulated:

- What are the future expectations of band merchandising from the music industry and consumer points of view in Finland?

The main research question was divided into three sub-questions in order to help to clarify the three different objectives of the research question. The sub-questions are:

1. What are the future expectations of the music industry with regard to band merchandising?
2. What are the future expectations of the consumers with regard to band merchandising?
3. Are these expectations converging?

### **3.2 Overview of the research method**

There are two data collection and data analysis procedures, namely quantitative and qualitative methods. Quantitative research generates or uses numerical data, whereas qualitative research generates or uses non-numerical data, such as words, pictures or video clips. Quantitative and qualitative methods can be used together as mixed methods. (Saunders, Lewis & Thornhill 2009, 151.)

This study was implemented as mixed-method research. The data collection required both qualitative and quantitative methods because the study focused on two different groups: industry professionals and consumers. The industry professionals were interviewed by phone and by using a semi-structured theme interview, and the data from the consumers was collected by using an Internet survey. The data collected from the industry professionals was solely qualitative and the data collected from the consumers was mainly quantitative, excluding the options to explain their answers, if desired, in two questions.

#### **Qualitative research method**

Kananen (2010) has modified Trockim's and Donnelly's (2008) classification of situations when a qualitative research method should be used. Those situations are:

- 1) When there is no earlier information, theories or research
- 2) When more profound understanding of the researched phenomenon is desired
- 3) When new theories and hypotheses are created
- 4) When a mixed research strategy is used
- 5) When a good view of the phenomenon is desired. (Kananen 2010, 41.)



In this thesis, the reasons for choosing the qualitative research method were the lack of existing prior data on the topic and the use of a mixed-method strategy. There were no earlier studies about the future trends of the band merchandising in Finland, and therefore a theme interview with the music industry professionals was seen as the most suitable research method. In addition, the qualitative research method enabled to gain more profound understanding of the merchandising industry.

### **Quantitative research method**

The basis of a quantitative research method is different from a qualitative method, because quantitative research requires at least some prior understanding of the researched phenomenon. As in every study, there has to be a research problem and research questions which are based on the research problem. (Kananen 2010, 74.) Quantitative data collection techniques uses or generates numerical data by using surveys (Saunders, Lewis & Thornhill 2009, 151). In quantitative research the interest is in different classifications, causal connections, comparisons and numerical results between variables that explaining the researched phenomenon (Jyväskylän yliopiston Koppa n.d.).

For the consumer study, the quantitative method was chosen because of the larger population and the time consuming nature of interviews. It would have taken too long to find and interview all participants. Saunders, Lewis and Thornhill (2009, 144) states that a survey is a common data collation method from a large population in an economical way.

### **3.3 Reliability and validity of the study**

Reliability and validity are terms which can be used in quantitative research, but in qualitative research, these terms cannot be applied (Kananen 2010, 69).

In quantitative research, reliability means consistency and repeatability of the research process. This means that if the research process is repeated there are no variations in results. The question of reliability is frequently left open in theses because repeated research is not a viable option in a bachelor's thesis. (Kananen 2010, 69, 132.) According to Saunders, Lewis and Thornhill (2009, 156), Easterby-Smith et al. (2008, 109) state that there are three questions which help to assess the reliability of the research.

The questions are:

1. Will the results be the same on different occasions?
2. Can similar observations be reached by other researchers?
3. Is there transparency between the results and the raw data?

Validity of the study means that the study is able to measure what it has been designed to measure and that the findings are what they appear to be (Kananen 2010, 128; Saunders, Lewis and Thornhill 2009, 157). Kananen (2010, 129) states that the most important validity aspect is the generalisability of the results, which means that the results are valid in similar occasions. It is important that the research object is researched with the right measures. It is difficult to prove that a survey is measuring what it is designed to. Another way to show the validity of the research is to refer to earlier studies if the results are similar. This is an easy way to prove the validity of the results. (Ibid. 130-131.) In qualitative research, the reliability and validity criteria are evaluation and documentation, the consistency of the interpretation of the collected data, reliability from the informant's point of view and saturation of the collected material (Ibid. 2010, 70-71).

In order to eliminate reliability and validity various actions were taken. Before creating the survey questions, theories about the topic were studied, and based on that information the questions were created. The survey questions were kept clear and unambiguous, and the layout of the survey was kept simple as well. In addition, the questions were read by the assignor of the thesis before publishing the survey. In the qualitative study, the reliability and validity of the study were ensured by documenting the interviews by taping and transcribing the tapes. In addition, the chosen method was carefully

considered to be the best option for implementing the study. In addition, the interviews were implemented until there was a saturation point and new information was not collected.

### **3.4 Implementation of the research**

The mixed-method strategy was chosen because of the two different target groups: the music industry professionals and the consumers. The industry professionals were interviewed by the phone by using a semi-structured theme interview. An online survey was chosen for the consumers because of its cost-efficient nature and its fast and easy nature to implement the survey. The used online survey platform was Webropol due to its useful analysing features, availability and the ease of use.

#### **Implementation of the interviews**

The chosen method for implementing the interviews was a semi-structured theme interview. This method was selected because of the lack of prior data from the topic. The framework of the interviews was structured after collecting a part necessary part of the theoretical information and an e-mail interview with the assignor of the thesis. The interviews were implemented in Finnish because the interviewer and the interviewees were Finnish. Implementing the interviews in English might have affected on the depth of the answers. The amount of interviewees was not defined in advance because there should be as many interviews as needed before the collected information starts to saturate (Kananen 2010, 54).

The theme interview framework (Appendix 1) consisted of four sections: background information, merchandising in general level, merchandising from the interviewees view point and the future of merchandising. There were no actual questions written in advance because it does not belong to the nature of theme interviews. The framework was seen as a guideline to the interviews. The framework was sent to all the interviewees in advance so that they had a chance to prepare for the interview if needed.

The interviewees were chosen from different parts of the music industry: one from a major record label (Sony Music Entertainment Finland), one from an indie hip hop label (Överdog/Ramin Välitys/Katin Tavara) and one from an indie record label which was focusing on metal bands (Sakara Records). The first interview was with Reetta Kauranen from Sony Music Entertainment Finland, who was working as D-to-C and Merchandise Manager. Her work tasks were versatile and it included, for instance, making merchandise and licence deals and managing the merchandise department. Kauranen gave important information for the study, regarding how merchandising is managed in a major record label and what it means to the major label. After the interview with Kauranen, the framework of the structure of the theme interview was slightly modified due to the new information given. Age, education and work experience from the music industry was removed from the basic information and it was replaced with the current work place and the current position at the work.

The second interview was with Tuomas Rinne, who was working for Ramin Välitys Oy. The company consist of a publishing company Överdog and a web shop Katin Tavara. Rinne was in sales promotion for Katin Tavara and worked as a production manager for Överdog. Ramin Välitys Oy is focusing on Finnish rap music (Ramin Välitys n.d.) and therefore the interview with Rinne provided a new point of view and new information for the topic.

The third and the last interviewee was Kuisma Aalto from Sakara Records and guitarist of Mokoma band. Aalto was working for the merchandise side of Sakara records and he also took care of PR-operations of the label. Sakara Records is currently representing bands, such as Stam1na, Rytmihäiriö, Diablo and Mokoma (Sakara Records n.d.), all bands in question are playing heavier music. Therefore, Aalto offered a new and different point of view to the topic. The interview with Aalto was the last one because it revealed that the collected data started to repeat itself.

## **Implementation of the survey**

Characteristically, surveys consist of two parts: the background information and the actual survey. The collected background information helps to classify the data. The questions go from a general level into more in depth and personal questions. The layout of the questionnaire should be easy to read, follow and answer. Functionality of the questions depends on three factors, which are that questions are understood correctly, respondents have all the information needed and the respondents are willing to answer (Kananen 2010, 92-94.)

The questions of the survey were prepared with the information collected from an e-mail interview with the assignor, a Backstage Rock Shop representative. Two questions were added to the survey because of the wishes of the assignor. The questions were checked by the assignor and the tutor of the thesis. Before the publication of the survey, it was tested by two persons in order to eliminate possible errors. The survey was implemented in Finnish because the target group was Finnish.

The survey (Appendix 2) consisted of three parts: the first page with covering letter and contact information of the researcher, the second part was the background information with five questions and the third part was the actual survey with nine questions and a voluntary comment section. The actual research questions were divided in to two pages with 4-5 questions on each in order to keep the survey clear and easy to answer. Two of nine questions were open-ended questions, five multiple choice questions and two semi-open questions. In every multiple choice question there were option to answer to an open field something else if the given options were offering suitable answer.

The survey was distributed on the Facebook page of Backstage Rock Shop. This channel was chosen because the answering the survey demanded a prior knowledge about merchandising. The amount of answers was only 32 and therefore this part of the study is not statistically valid. The response rate is inadequate. (Kananen 2010, 102) Therefore, the survey was not analysed by using the statistical methods.

### **3.5 Analysis of data**

A qualitative data can be analysed by using a qualitative content analysis method. It is a method for describing the significance of collected qualitative data systematically. The collected data is classified in the categories of a coding frame. The qualitative content analysis can be used for analysing different types of materials, such as interview transcripts, contracts and television programs. The method focuses on the analysis on selected aspects of the collected data and reduces the amount of material by limiting the analysis to relevant aspects of the data. (Schreier 2012, 1-3, 8-9.) The qualitative content analysis was used in order to analyse the data because the method is usable for analysis of interview transcripts and it decreases amount of the data by focusing analysis on the important aspects.

The interviews were recorded with permission from the interviewees and later transcribed in order to be able to analyse the collected data. The interview transcribes were read through and the data was divided into four categories, which were changed slightly from the structure of the theme interview. The selected categories were: changes in merchandising, financial meaning, brand and consumer expectations. Each category was divided into smaller parts and each interviewee had own column. This made it easy to compare the answers and find the possible similarities and differences between the answers. The collected data was compared to the literature in order to see if the theoretical background is supporting the findings. The division of the data was used in the presenting the results in order to guarantee the continuity of the thesis.

The data from the survey was downloaded from Webropol to Excel and mostly analysed in Excel. Statistical methods could not be used because of the small amount of answers and therefore the results would have not been reliable.

The data collected from the survey were examined question by question in order to see if the collected information was useful. Webropol's analysing tools were used to gain the first insight of the collected data and the data from each question was brought to Excel. Excel was used to create needed graphs. The graphs were translated into English because the survey was implemented in Finnish.

Finally, the interviews and the answers of the survey were compared to each other and to the literature. This was done in order to find possible similarities and differences between the consumers, the industry professionals and the theoretical background. The answers of consumers and the opinions of the industry professionals were compared to each other in those questions which it was possible. The opinion of the majority of the consumers was compared to the views of interviewees.

## 4 Results

The results are divided into three parts. The first subchapter is about the industry professionals' opinions and ideas, the second part goes through the results of the consumer survey and the third subchapter combines both aspects and the theoretical background together.

### 4.1 Interview results

Kauranen, Rinne and Aalto mentioned different things how merchandising has changed in recent years. Kauranen pointed out that the quality, ecological and ethical features of merchandise products are more important now than before. She mentioned that basic merchandising, such as t-shirts and caps, have stayed the same, but fashion changes rapidly, which means that the merchandising business has to react to these changes quickly in order to follow the trends. As an example, she mentioned wristbands, which were in fashion somewhere in the 2000's, and nowadays they are not in fashion anymore. Kauranen states that the amount of the brand co-operations has been increasing which means that there is, next to the basic band t-shirt, a fragrance which is done in collaboration with a perfume manufacturer. According to Rinne developments in the printing techniques have made it possible to manufacture products more cost-efficiently, which lowers the prices of the merchandise products. He continues that these developments have made it possible to smaller bands to offer merchandise. Rinne continued that merchandise products are seen more in public nowadays. Aalto sees that the merchandising business has become more professional during the years. He continues that music business is in a turning point where the revenues from the album sales are decreasing and the revenue from the sales of merchandise products are increasing. Aalto sees that the whole music business has changed and merchandising has become an essential part of it.

Aalto and Kauranen mention that the sales on the live shows are the most popular sale channel when Rinne states that the most of the sales come from online sales. Kauranen, from the major record label, mentions also online shops, big retail chains and campaign specific places as sale channels. Aalto



mentions Levykauppa Äx as an individual online and brick-and-mortar shop which sells a great amount of merchandise of Sakara Records. During the record release shows, merchandise sales are bigger. Otherwise, sales are varying from show to show according to Rinne. In the future, the live shows are seen as a major sale channel by Kauranen and Aalto. Kauranen continues that it depends on how digitisation effects on consumer behaviour. The question is, will the lives shows stay as popular in the future as they are now. Kauranen thinks that the sales from the shows stay as the main channel but otherwise it is hard to tell. Rinne has a different opinion: he sees that the online sales are in the developing stages and the online shops as a sale channel is going to stay in the future.

Kauranen, Rinne and Aalto share the opinion that, the merchandise will become more important from the financial perspective in the future. Aalto thinks that the current merchandising business will not grow significantly because there is a certain amount of shirts that will sell. He continues that bands will learn to productise themselves better and better constantly, which may lead to co-operations and alternative products. Aalto sees that when a band has a strong brand, there is an enormous potential to utilize it with product sales and marketing actions. Kauranen thinks that the record labels will compensate the decreasing record sales with the merchandise sales. She sees product bundles, where an album and a merchandise product are sold together, and special editions as alternatives to only selling an album alone. She justifies this with that, it is a bigger step to buy an album if it can be listened to on Spotify but when there is, a special product attached to the album which cannot be downloaded, it offers added value to a fan and it may compel the fan to buy the bundle. Rinne explains his own opinion with a strong fan base which the Finnish rap music has and with increased radio plays of Finnish rap. Rap is becoming more and more mainstream music and Rinne sees that radio plays are affecting directly to the merchandise and the record sales.

All the three interviewees indicated that the brand of a band or an artist is very important and the brand has an effect on the merchandising. Kauranen states that it is very important that the artist approves their merchandise products completely and the merchandise fits with the brand. Rinne mentions that the merchandising can improve the value of the brand if the merchandising is done right. He also says that the brand is important because the artist itself has become the actual brand. Aalto comments that, nowadays, it is important that the merchandise and the values of a band fit together. As an example, he mentioned that if a band supports values, they should be aware of what kind of products they are selling and what the environmental impact of the product is.

When the interviewees were asked about the consumer expectations, they all mentioned that the consumers would become more interested about the quality of the products. Kauranen and Aalto mentioned the ethical and environmental aspects because the consumers are becoming more aware and demanding all the time. They also brought up that it is very important to know their consumer. Rinne and Aalto mentioned prices: they are expecting that the consumers are not willing to pay more and more from the merchandise. According to Kauranen, the sold product should be a good-looking and made from good materials, and the consumers should not be underestimated.

## **4.2 Survey Results**

A total of 32 persons took part in the survey which meant that the statistical methods could not be used to analyse the results.

Women were more active in answering to the survey: 59% of the answers were from women. The age of participants varied from 18 to 50-years-old and the mean was 31-years-old. The most of the participants were from Southern Finland (47%) and Western Finland (34%). 81% of the participants were workers and 16% were students. 91% of the participants had purchased merchandise products before.

Based on the survey, at the moment, people prefer to buy a band merchandise from live shows and from Finnish web stores (see Appendix 3, figure 1). An online store of an artist was the third most popular place to buy merchandise. Special stores and abroad online stores were the least popular channels to buy band merchandise at the moment. This question had an option to choose three the most suitable answers which explains that there were more answers all together than there are survey participants.

In the future, the live shows seem to stay as the most popular place where to buy merchandise and the web shops of the artists and Finnish web shops are in the second and the third place (see Appendix 3, figure 2). Abroad online and special stores were the least popular channels to buy merchandise in the future. This question had an option to choose three the most suitable answers which explains that there are more answers all together than there were survey participants.

The looks and the price of the merchandise products seem to have the biggest influence on the purchase decision (see Appendix 3, figure 3). The looks were chosen by 31 of 32 and the price by 26 participants. In addition, the quality of the product was chosen almost by the half of the participants. Material, delivery time and vendor seem to have only a little effect on the purchase decisions of the consumers when band merchandising is in question.

When the participants were asked if the merchandise was affecting the brand of the artist, 17 participants thought that merchandising has an effect on the brand and 15 answered that there are no effect on the brand. This question seemed to divide the participants' opinions.

The top three future expectations of the band merchandising were launching new and different products, cheaper prices and ecological features (see Appendix 3, figure 4). In addition, the better quality of the products was chosen by 11 participants when the rest options, brand co-operations and product bundles, were chosen by 3 participants. The fair trade products and higher price options were not chosen at all.

Based on the survey, the consumers continue to buy band merchandise from live shows and web shops in the future. The looks, the price and the quality of the product are affecting the purchase decision the most. The consumers seem to divide into two groups when it is about if merchandising is affecting on a brand of an artists. In the future, the consumers are expecting new and different products, cheaper prices, ecological aspects and better quality from the merchandise products.

### **4.3 Summary of the results**

The opinions of the industry professionals and the expectations of the consumers of the future of the band merchandising were partly converging. For instance, both, the industry professionals and the consumers, were expecting to buy merchandise mainly from the live shows and the Finnish web shops in the future. This also converges with the information found from the theoretical framework. The director of artist development and merchandising of Epic Records mentioned that selling merchandise during tours (including live shows) are one of the most profitable ways to generate income and sales of merchandise have been increasing (Waddel 2008; Salmon 2009).

Merchandising and its effect on the brand of the artist divided the consumers' opinions, but the interviewees were unanimous. The interviewees, Aalto, Kauranen and Rinne, agreed on the importance of the brand of the artist and the brand's effect on merchandising. A bit over than a half of the participants, said that merchandising affects the brand of the artist and rest of the participants saw now effect between the merchandising and the brand. The reason of divided opinions could be that the consumers are not that familiar with the term brand and what it includes. The opinions of the industry professional are identical with the theoretical background, where merchandising is seen as a way to strengthen the brand of the artist and merchandising is a way to attract attention to the band and increase the brand recognition (Karhumaa et al. 2010, 87-88; O'Reilly 2011, 50; Locker 2013; referred to Thomson 2012.)

The interviewees' expectations of the future of the merchandising included more quality-aware consumers, more ethical and environmental aware consumers, price-awareness and good-looking products. Moreover, special editions, co-operations and bundles were mentioned as the possible future merchandising trends. Based on the survey, the consumers were expecting new and different merchandise products, cheaper prices and that the environmental aspects are taken in consideration when manufacturing products. Likewise, better quality products were expected. The consumers are not expecting much from the brand co-operations, the product bundles or the fair trade products in the future. The higher prices are not expected in the future either. On the grounds of the interviews and the consumer survey, the industry professionals might be expecting that special editions, brand co-operations, product bundles and ethical features would be more important to the consumers than they are. It should be taken in consideration, that the consumers might not be a fully aware of what are the actual brand co-operations. If the co-operation is executed smoothly, the consumer might not notice that there are two brands combined.

## **5 Discussion**

The objective of the study was to examine the future expectations of the music industry professionals and the consumers in the field of the band merchandising and if these expectations are converging. The results showed that the industry professionals knew their target group well and partly those expectations converged.

### **5.1 Evaluation of the results**

To a great extent, the music industry professionals' opinions about the increasing importance of the merchandising field matched the theories found from the literature. The interviews showed that the literature and the ideas of the professionals about branding in the music industry were close. Both saw that branding is the key component in the music business and it has an effect on the merchandising. The changing consumer behaviour was mentioned also in the interviews. Because the consumers have changed their behaviour from buying whole albums to buying separate songs or streaming in online services, it is important to provide something that cannot be downloaded or streamed online with the album. This is the point where the merchandising creates added value to the actual product.

The interviews brought up aspects that were not found in the literature. The interviewees mentioned environmental and ethical aspects that should be taken into consideration in the merchandising business. The interviewees stated that the consumer behaviour is changing and the consumers have become more aware of the environmental and ethical aspects of products. Even the consumers are becoming more aware about environmental issues, they are not willing to pay much more from the environmental friendly and ethically produced merchandise. This is a conflict, which the merchandising industry should solve. The professionals mentioned that knowing the target group, which is also mentioned in many marketing theories, is very important when selling merchandise. It is different to merchandise a teenage pop idol than an old school metal band. Furthermore, the consumers should not ever be underestimated by offering low quality merchandise. The key to successful

merchandising is to know the target group, not to underestimate the consumers and offer good-looking and high quality merchandise that is directed to the certain target group.

The results of the consumer survey are partly converging with both the literature and the opinions of the industry professionals. For instance, the theory states that the merchandise sales from the tours are one of the most profitable income sources for the bands and the record companies. Two out of three industry professionals state that the live shows are the most popular channel to sell merchandise and based on the survey, the consumers agree. The consumers see the live shows the most popular channel to buy merchandise also in the future. Based on the survey results, the purchase decision of a consumer is affected mostly by the look, the price and the quality of the product which is similar to the industry professionals' views. The consumers agreed on a certain level with the professionals with their future expectations. For instance, the consumers are expecting new products, cheaper prices and ecological features from merchandising and those factors were mentioned by the interviewees. The consumers are not expecting as much as, the professionals are, from the fair trade products, brand co-operations and product bundles in the future. When consumers were asked about if merchandising has an effect on an artist's brand, it divided the participants' opinions. A part of the consumers does not see merchandise as a part of the artist's brand when the others see it. This brought up a question, how well do the consumers know the concept of branding and are they able to recognise that merchandise is a part of the brand of the artist.

## **5.2 Evaluation of the research process and its limitations**

The interviews were completed with holding the necessary objectivity to the matter. The interviewees were sent a structure of the semi-structured theme interview before hand, which offered them a possibility to prepare for the interview if desired. Because of the nature of the theme interview, the actual questions were presented only during the interview and the questions varied slightly between the interviewees. The time used with each part of the interview varied between the interviewees. Some parts of the interviews were not used in this study because of the lack of the relevance to the exact topic.

The consumer survey had a lack of participants and a total of 32 persons answered to the survey. The statistical methods could not be used to analyse the results because of the small amount of participants. This meant that the study had no scientific value. The Facebook page of Backstage Rock Shop had about 23 000 likes at the time the survey was implemented. The small amount of participants might have originated from the fact that there was no competition with a reward. A small reward might have attracted more people to answer to the survey and that would have increased the scientific value of the survey.

The survey was shown twice on the Facebook page of the assignor, Backstage Rock Shop, which narrowed the group of people who could answer to the survey. Without the access to the Facebook page of the assignor, as an owner it is impossible to know how many people saw the survey posts during the time the survey was open. It is also impossible to tell how many different persons saw those posts.

The weaknesses of the theoretical basis were the lack of prior data for the actual research question. There were studies how background music effects on purchase decisions, fandom and sports merchandising but no actual information about the band merchandising and consumer behaviour connected with the music industry.



## 6 Conclusions and Future Recommendations

The significance of the band merchandising has increased because of the changes in the music industry. The industry has tried to adapt the collaborative effects of the developments in technology and the changes in the consumer behaviour. These changes are demanding new revenue models which mean that the record companies are creating income from anything connected with the music business, such as from recording, management, performances and merchandising activities. Especially, merchandising is seen so profitable that the record companies are aiming to be a part of the artist's merchandising process. In addition, merchandising is a part of the artist's brand and a brand loyalty is the key to convince the consumers to invest money into an artist. Merchandising may be a solution to consumer's identity crisis and it can create added value to a consumer. Merchandising might be able to convince the consumer buy also an album in the world of downloading songs and streaming music. Merchandising is a larger part of music business than ever before and it seems to stay and grow in the future.

The study showed that the music industry professionals knew, in large extent, what the expectations of the consumers were about band merchandising in the future. This means that, the industry knows what their target group desires at the moment and in the future. The professionals see the future of the merchandising business quite similarly and their opinions are converging with the literature. The professionals recognise the potential of merchandising and see it as a good revenue generation source.

The aims of the study were met well but there is a need for further research because the field of music merchandising in Finland. Because there is a lack of research from this topic and merchandising is becoming more and more important part of the music industry in the future.

The amount of available literature varied between different perspectives towards the topic. The changes in the music industry were a field that was covered with relevant and a less relevant literature. This perspective brought up a challenge to find the relevant information from the information flood when

the consumer behaviour from the band merchandising perspective lacked of the prior data. The theory basis with the information shared about the Finnish merchandise field by the assignor provided the necessary information to implement the research. The study and the theoretical basis are supplementing each other, what information is lacking from the theoretical part the research fulfils the gap and vice versa.

The consumer survey did not be as successful as hoped, because it gained only 32 answers which meant that the research was not reliable in larger scale. The lack of answers was caused by the chosen media channel, the Facebook page of Backstage Rock Shop, and that there was no competition which could have attracted more participants. The survey was the biggest disappointment of the thesis. The topic was very interesting, and therefore it should be studied with a larger population in order to gain reliable results. If the survey is not taken into a consideration, the study was reliable because all the needed measures were taken into an account.

The process of finishing the thesis took a longer time than expected and there were misfortunes during the process. There was a problem reaching possible interviewees which delayed the process remotely and when all information was collected, the lack of time to write became a problem. When all the misfortunes were defeated, the process proceeded smoothly.

The areas for further development from this topic could be a consumer behaviour research and how merchandise business could be developed more in the future. In addition, the ideas of the consumers about the artist brands and which factors are affecting the artist brands should be studied because the survey showed that nearly a half of the participants were not able to see that the merchandise products are a part of the artist brand. The consumer behaviour and the expectations of the consumers is an important field to study in order to fulfil those expectations and keep merchandise important source of revenue. In addition, the field of merchandising should to be studied more carefully and research of the future development possibilities could be useful for the music industry.

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## **Appendices**

### **Appendix 1: Structure of the theme interview**

#### **Taustatiedot**

Kuka

Työpaikka ja asema

#### **Oheistuotteet yleisesti**

Määritelmä

Nyt ja ennen

Kehitys

Myydyimmät tuotteet (tuotetyypeittäin, ei bändi/artisti tasolla)

#### **Oheistuotteet bändin/levy-yhtiön näkökulmasta**

Merkitys eri näkökulmista

Taloudellinen

Promootio

Brändäys

Oheistuotesuunnittelu

#### **Oheistuotteiden tulevaisuus**

Taloudellinen näkökulma (tuotto, myyntikanavat)

Promootio

Brändäys

Kuluttajaodotukset

## **Appendix 2: Structure of the online survey**

### **Kuluttajakysely fanituotteista**

Opiskelen Jyväskylän ammattikorkeakoulussa ja tämä kysely on osa opinnäytetyötäni. Opinnäytetyön toimeksiantajana on Backstage Rock Shop.

Kyselyn tavoitteena on selvittää kuluttajien kokemuksia fanituotteista sekä mitä kuluttajat odottavat niiltä tulevaisuudessa. Kyselyyn vastaaminen vie noin 10 minuuttia. Vastaukset käsitellään luottamuksellisesti eikä henkilötietoja vaadita.

Mahdolliset kysymykset kyselyä koskien voi lähettää e-mailini, [g1285@student.jamk.fi](mailto:g1285@student.jamk.fi).

Kiitos vastauksistasi jo etukäteen!

Terveisin,  
Essi Hirsimäki



**Taustatiedot**

1. **Sukupuoli** nainen/mies

2. **Ikä** \_\_\_\_

3. **Asuinpaikka**

Etelä-Suomi

Itä-Suomi

Länsi-Suomi

Keski-Suomi

Pohjois-Suomi/Lappi

Muu

4. **Ammatti**

koululainen

opiskelija

työssä

työtön

muu, mikä?

5. **Oletko ostanut fanituotteita aiemmin?**

kyllä

ei

**Varsinainen kysely**

1. **Mikä olisi mielestäsi sopiva hinta bändipaidalle (t-paita)?**

alle 10e

10-15e

16-20e

21-25e

25-30e

31e ->

**2. Mikä vaikuttaa eniten ostopäätökseesi fanituotteita ostaessasi?**

hinta  
ulkonäkö  
materiaali  
laatu  
toimitusaika  
myyjä  
muu, mikä?

**3. Kuinka usein ostat fanituotteita verkkokaupasta?**

harvemmin kuin kerran vuodessa/  
kerran vuodessa  
pari kertaa vuodessa  
3-6 kertaa vuodessa  
kerran kuussa  
useammin kuin kerran kuussa

**4. Mistä ostat mieluiten fanituotteita tällä hetkellä?**

keikoilta  
suomalaisesta verkkokaupasta  
ulkomaisesta verkkokaupasta  
suoraan bändin/artistin verkkokaupasta  
erikoisliikkeestä  
muualta, mistä?

**5. Mistä haluaisit ostaa fanituotteita tulevaisuudessa? (useampi vastaus mahdollinen)**

keikoilta  
suomalaisesta verkkokaupasta  
ulkomaisesta verkkokaupasta  
suoraan bändin/artistin verkkokaupasta  
erikoisliikkeestä  
muualta, mistä?

**6. Vastaavatko nykyiset fanituotteet tarpeitasi?**

kyllä

ei

perustele

**7. Vastaako fanituotteiden laatu odotuksiasi?**

kyllä

ei

perustele

**8. Vaikuttaako saatavilla olevat fanituotteet bändin tai artistin brändiin?**

kyllä, miten?

ei

**9. Mitä odotat fanituotteilta tulevaisuudessa? (useampi vastaus mahdollinen)**

parempaa laatua

ekologisuutta/reilua kauppaa

uusia erilaisia tuotteita

alempaa hintaa

korkeampaa hintaa

brändi yhteistyötä

oheistuotepaketteja (bundlet)

jotain muuta, mitä?

**10. Lisättävää tai kommentteja**

Kiitos vastauksistasi!

### Appendix 3: Survey figures

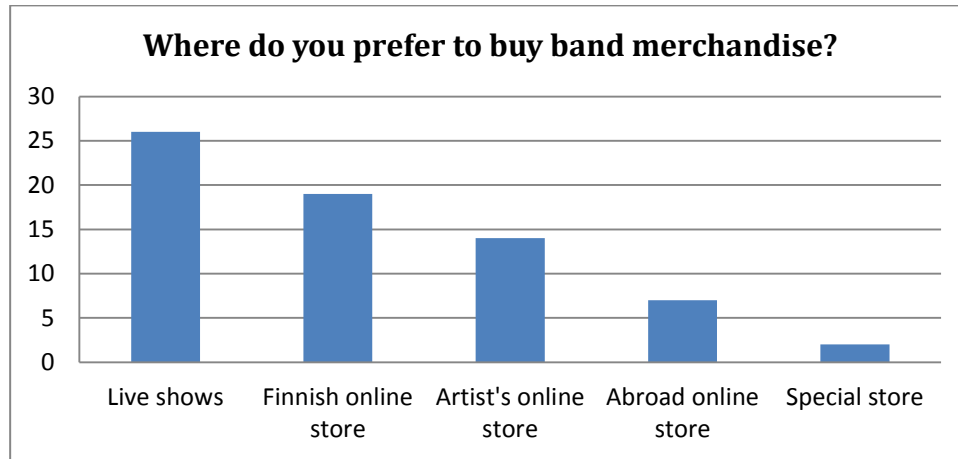


Figure 1. From where band merchandise is preferred to buy at the moment by consumers

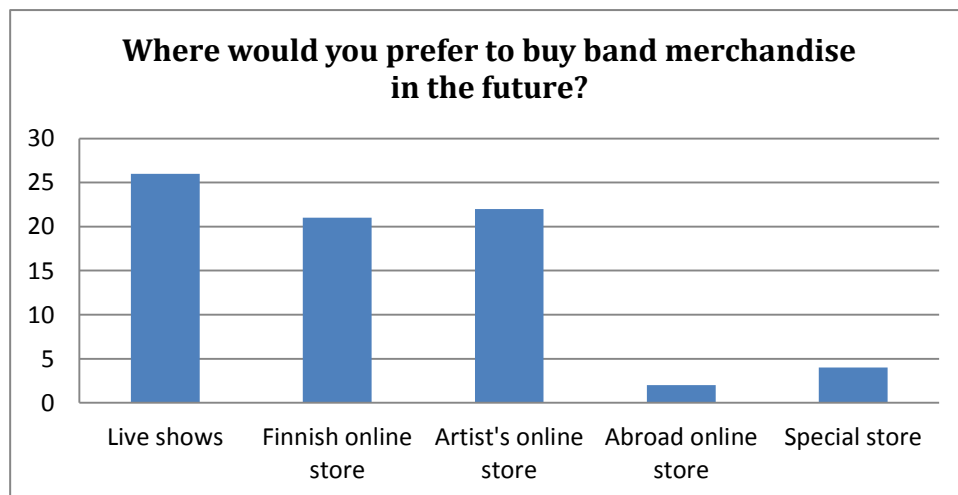


Figure 2. From where band merchandise is preferred to buy in the future

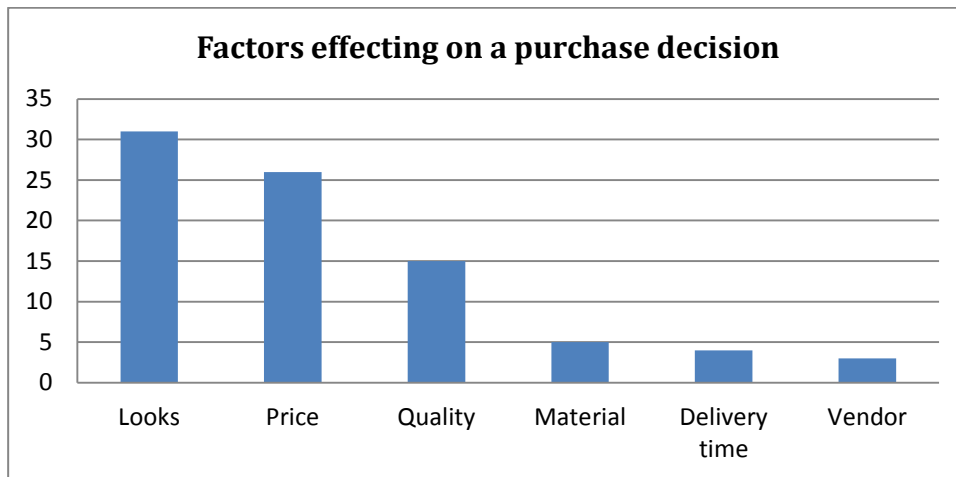


Figure 3. Factors effecting on a purchase decision

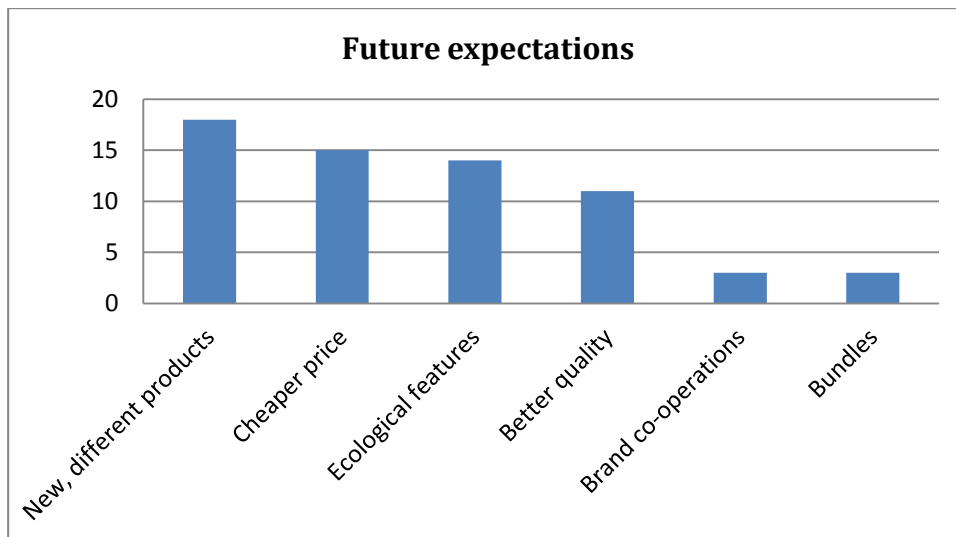


Figure 4. The future expectations of the band merchandising