



# **Online music services**

A study in user behavior

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<p>Sammandrag:</p> <p>Genom historien har nya uppfinningar förändrat hur vi ser på världen. En av de mest revolutionerande uppfinningarna genom tiderna var internet. Internet har skakat om hela mänsklighetens existens, och har introducerat nya metoder för hur samhället fungerar i dess mest fundamentala form.</p> <p>En av de mest populära formerna av underhållning i världen är musik. Också musiken har berörts av internets intåg. Musiktjänster online förorsakar stora förändringar i hur jordens befolkning konsumerar musik. Examensarbetets syfte är att belysa dessa förändringar.</p> <p>Jag belyser genom analys av min enkät de förändringar som skett i konsumtionen av musik. Arbetet inkluderar citat av en musiker som tagit del av resultaten och kommenterade dem i en intervju.</p> <p>Forskningen visar att musikkonsumtionen nästan helt har flyttat online, medan antalet konsumenter av fysiska musikprodukter minskar i en stadig takt.</p>	
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<p>Abstract:</p> <p>New inventions have changed how we view the world throughout history. One of the revolutionizing inventions is the internet. Internet has shaken the existence of mankind to its foundation, and has introduced new methods in how society works in its most fundamental form.</p> <p>One of the most popular forms of entertainment in this world, is music. Music has experienced many changes when the internet was introduced. Music services online provoked big changes in the way humankind consume music, the agenda of this thesis is to show the reader these changes.</p> <p>By analyzing the results of my questionnaire, I show the reader the changes that has transformed the way in which we consume music. My work includes quotes made by a musician, who viewed some of my results and has made comments on them in an interview.</p> <p>My research show that the consumption of music has moved online almost entirely, and that the consuming of physical music products are on a steady decline.</p>	
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<p>Tiivistelmä:</p> <p>Läpi historian uudet keksinnöt ovat mullistaneet tavan millä katsomme maailman. Yksi mullistavimmista keksinnöistä on internet. Internet on ravistanut koko ihmiskunnan olemassaolo, ja on samalla esittänyt uusia käytäntöjä millä yhteiskunta toimii.</p> <p>Musiikki on yksi maailman suosituimpia viihde tapoja. Internet on myös tehnyt vaikutuksen musiikissa. Netissä olevat musiikkipalvelut aiheuttavat jatkuvasti uusia muotoja, millä ihmiskunta koko maailmassa kuluttaa musiikkia.</p> <p>Analysoin tekemäni kyselyn avulla muutokset musiikin kulutuksessa. Työ sisältää myös lainauksia muusikolta, joka haastattelu tilanteessa otti kantaa lopputulosta nähden.</p> <p>Tutkimus näyttää, että musiikin kulutus on siirtynyt internetiin, ja että fyysisien koptoit-ten kulutus laantuu koko ajan.</p>	
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Even though my motivational level has not always been where it should be, they have always treated me with respect and helped me throughout the years.

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Owen is the one person I hold responsible, for my success in creating this thesis.

He has always provided me with the utmost support, and has been an outstanding source of inspiration and ideas regarding this thesis.

He is also an excellent lecturer, and has got a knack for explaining complicated things in a way that is easily understood.

I would also like to thank Jutta Törnqvist, for always being supportive and positive whenever I was doubtful of my future.

Jutta is an excellent teacher, a motherlike figure in the learning environment, and always inspires students to perform at their very best.

Big thanks go out to Lee Angel, for not hesitating in aiding me in getting another perspective on the subject at hand. I respect him greatly both as a musician, and as a friend.

And to all the 305 persons that answered my survey, that made all of this possible:

Thank You!

Sincerely:

Kristian "Hegge" Hägglund

# **1. INTRODUCTION**

## **1.1 Area of Research**

The purpose of this thesis is to find out how the music business has changed, in regards to a specific technological solution called streaming.

Two of the leading companies benefitting from these changes, are Spotify and Google's YouTube.

The streaming business has seen an extraordinary increase in growth the last 10 years. Because of this, it is continuously changing the way media is consumed.

As an avid consumer of music, these changes interest me in a very personal manner, and I am thrilled to get an opportunity to explore them and what they have in store.

## **1.2 Research Question**

How are people adapting to the changes in music distribution online?

## **1.3 Limits to the Research**

My research does not differentiate between genders.

While the amount of replies is satisfying, most replies were made by people aged 16 to 35.

This was expected, since this age group is well represented in the author's social circle.

The survey does not ask about piracy or illegal downloading directly.

## **1.4 Definition of Terms**

### Streaming

Streaming as a technical term means, that the user can enjoy a piece of media in its entirety on a given web platform, without having to download it to a hard drive.



### Spotify

Music streaming company, based in Sweden. One of the biggest companies on the market, with over 100 million users worldwide.

### YouTube

Video streaming service, owned by Google. The most popular of all streaming services. Free to use. Over one billion users.

### IFPI

The International Federation of the Phonographic Industry.

A federation that represents the recording industry on a worldwide scale.

## **2. METHODOLOGY**

### **2.1 Desk Research**

I searched the internet to compile historical data, and to gain an economic overview of the industry. I contacted Teosto to ask questions about the economics in the Finnish and Nordic industries, but received no reply.

I also contacted the Anti Piracy bureau in Finland. They did reply and their reply proved very useful.

### **2.2 Quantitative Research**

I created a survey in which I asked users of different age groups about their use of online music services. I successfully distributed this questionnaire to 305 individuals, using several social media, Arcadas internal e-mail lists and a couple of QR-coded flyers.

### **2.3 Qualitative Research**

In the later phases of my research I conducted a lengthy interview with Finnish musician Lee Angel. My intention here was to have an experienced participant in the music industry tell his story while having the opportunity to corroborate and criticize my initial thoughts.

I have used elements from his interview, in the main body of this thesis, and I am including the full interview as an appendix.

### 3. BACKGROUND TO STUDY

#### 3.1 Historical Overview

Online music distribution has a long history, spanning from the nineties to this very day.

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##### **cDuctive**

**1996-1999**

The very first company to distribute music in an online environment was called **Cductive**, and was founded in 1996 in the UK.

They sold mp3 downloads for \$0.99/song and custom CD compilations, mainly from a selection of several hundred independent record labels.

Cductive were purchased by eMusic in 1999.

---

##### **eMusic**

**1998**

eMusic was an online music store, which opened in January 1998 in the UK.

The store was available to use in the US, Canada, UK, EU, Norway and Switzerland.

eMusic was one of the very first companies to sell DRM (digital rights management) free mp3s.

Using a monthly subscription, users can download a fixed number of tracks to their MP3 players per month.

The service costs \$11.99 USD/month for the basic plan.

eMusic is an active company to this day.

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##### **Pandora**

**2000**

The first company to actively offer streaming services to the masses is Pandora.

They launched in 2000 as Pandora Media Inc.

In 2004 they launched a streaming radio service under the moniker 'Pandora Media'.

Users can tune into pre-made genre specific stations, other users stations or create their own based on their own taste.

Pandora offers a free subscription plan with ads, \$54,89 USD/year or \$4.99 USD/month for a subscription free from advertisement.

They reported 250 million registered users in 2014, and had 79.4 million active users in 2015.

---

## **iTunes**

**2001**

The iTunes service was originally based on the SoundJam MP mp3 player.

iTunes was released on January 9<sup>th</sup>, 2001, while their online store was introduced in April, 2013.

This software is officially required to manage audio data of an iPod, iPhone or iPad.

Users can organize their music into playlists, purchase new music from the iTunes Store, download podcasts, encode music into different formats etc.

The user can also buy full length films and television shows.

Apple Music was integrated into iTunes in 2015.

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## **Last.Fm**

**2002**

Last.Fm launched on March 22<sup>nd</sup>, 2002 in the UK.

Offered a radio service in which the software created virtual radio stations, selected from music files in the music library.

Last.FM Introduced the revolutionary recommender system Audioscrobbler, at first as a separate service.

The Audioscrobbler builds a detailed profile of the tracks listened to, either from internet radio or from a music player itself (Windows Media Player, WinAmp, Spotify, Deezer etc.), and recommends similar tracks and artists to the user. It recognizes 45 million unique tracks.

Last.fm merged with Audioscrobbler in 2005.

CBS acquired Last.fm in 2007.

In January of 2014 the company introduced a plug-in “scrobbler” for Spotify.

The radio service was discontinued as of April, 2014.

Last.fm had 58 million users at its peak.

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## **YouTube**

**2005**

YouTube Launched on February 14<sup>th</sup>, 2005.

Google Inc. bought the company on November 13<sup>th</sup>, 2006.

YouTube is a video streaming service where a lot of artists upload their music videos directly.

The website is available worldwide, except in blocked countries such as China, Iran and North Korea.

Has over one billion users, or 1/3 of all internet users worldwide.

Youtube launched a premium service called Music Key on November 12<sup>th</sup>, 2014.

This service was later relaunched as YouTube Red on October 28<sup>th</sup>, 2015.

The idea of this service is to give access to ad free content, from some of the top contributors on YouTube.

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## **Grooveshark**

**2006-2015**

Grooveshark was founded on March 30<sup>th</sup>, 2006.

The website allowed users to upload digital audio files, which could then be streamed and organized in playlists.

The legality of the service was questioned throughout its lifetime, since it allowed users to upload copyrighted music.

The service was discontinued on April 30<sup>th</sup> 2015, as part of a settlement between the service, Universal, Sony Music and Warner.

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**Deezer****2006**

Deezer originally launched as Blogmusik in France in 2006, but was shut down by French authorities within a year.

The service was then relaunched under the new moniker in August, 2007.

Deezer offers four different subscriptions, with prices ranging from \$9.99/month to \$14.99/month.

As of July, 2016, Deezer is available for use in 187 countries.

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**SoundCloud****2007**

This service launched in September, 2007, and was founded in Stockholm, Sweden.

SoundCloud focus on independent and lesser known music acts, and is available free to use worldwide.

Reported 40 million users in July, 2013, and 175 million unique monthly listeners in December, 2014.

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**Amazon Music****2007**

Amazon launched its music service on September 25<sup>th</sup> 2007.

On March the 29<sup>th</sup> 2011 Amazon launched the Amazon Cloud Player as an extension, thus making it a streaming service.

The service contain 29 million songs.

Amazon music is available in the US, UK, Germany, France, Australia, Switzerland, Japan, Italy, Spain, India and the Netherlands.

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**Spotify****2008**

The Spotify streaming service launched on October 7<sup>th</sup>, 2008.

Has over 100 million users, and is available in 62 countries.

Has both a free service and a premium service, the premium service is 9.99€/month.

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**Google Play Music****2011**

Google launched this service on November 16<sup>th</sup>, 2011.

The service is available in 58 countries.

Google Play Music is a free music service, but has also implemented an “All Access” subscription for \$9.99/month, that includes a subscription to the premium YouTube Red service.

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**Groove Music****2012**

This service was formerly known as Xbox Music, Zune Music and Microsoft Groove.

Groove Music launched on October 16<sup>th</sup>, 2012.

The service is available in 23 countries, and contains 30 million tracks globally.

Standard service is priced at \$9.99/month.

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**Tidal****2014**

This service launched on October 28<sup>th</sup>, 2014.

Their marketing is aimed towards streaming better sound quality.

Tidal is available in 31 countries, and has got 4.2 million paying subscribers.

The service offers a \$9.99/month Tidal Premium plan, and a \$19.99/month Tidal HiFi plan that includes lossless audio.

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**Apple Music****2015**

The service launched on June 30<sup>th</sup>, 2015.

Apple Music is available in 100 countries, and has 17 million subscribers.

The service offers paid subscription only, \$9.99/month for a single license, \$14.99 for a family license and \$4.99 for a student license.

### **3.2 Current situation**

The online music streaming market is on a steady increase.

According to IFPI (Global music Report, 2016, page 15), downloads still represent 20% of all music consumed online, but revenues declined by 10.5% in 2015.

Streaming increased to 19% of all global revenue, up from 14% in 2014.

It remains the fastest growing revenue source, with an increase of 45.2% of total global sales, compared to 39% in physical media sales. A decline of 4.5% in physical revenue.

### **3.3 Possible Futures**

The future of online music streaming as a market for music consumer, is a bright one.

All currently available statistics show a steady increase in streaming, while physical downloads and copies are on a steady decline. But there are some issues on the horizon.

According to Hugh McIntyre (Streaming is the future of music, but it's shaky, 2016) the issue is that streaming services online cannot make enough money to stay in business.

The streaming companies might need to find new ways to make money: something that they, in many ways, have forced musicians to do.

This was also something that musician Lee Angel (2017) touched upon.

“They could also work on a new way to pay out royalties, so that it would be a bit fairer to all involved.

There were no rules when Spotify started, so the whole music business has been working along their rules when it comes to streaming.”

According to IFPI (Global music Report, 2016, pages 17,19) the future is all about expansion.

Subscription services have seen a dramatic expansion. 68 million people are now paying for a music subscription service, up from 41 million in 2014 and 8 million in 2010.

Music fans are dictating the pace of change, with on-the-move solutions such as smartphones and tablets enabling music streaming on the go.



Streaming has helped reboot markets in Sweden and the Netherlands, leading to further investments by record companies.

It also helps to open up markets in places where licensed music markets do not exist, such as China and Mexico.

Spotify continues to grow rapidly, and reached 30 million subscribers in 2016.

Streaming helps expand the music market to new countries like Nigeria. Uganda and Angola, where Beggar Group are now licensing content.

The music services are using a strategy called “onboarding” to further expand their user base. Onboarding is done by introducing the services to new customers by offering it free of charge for a limited amount of time, or with a limited service plan.

## 4. RESEARCH FINDINGS

### 4.1 Results of Questionnaire

The survey was available to the public for one week, from 21.11.2016 to 28.11.2016. During this time, it gathered 306 answers, of which one was an obvious internet troll that I left out.

The questionnaire had 9 different questions, and was performed using Google Forms. This is a summary of all 305 replies, sorted by question and answers across all age groups.

#### Summary of all replies

##### 1. What age are you?

The age span of all replies was as follows:

What age are you? (305 svar)

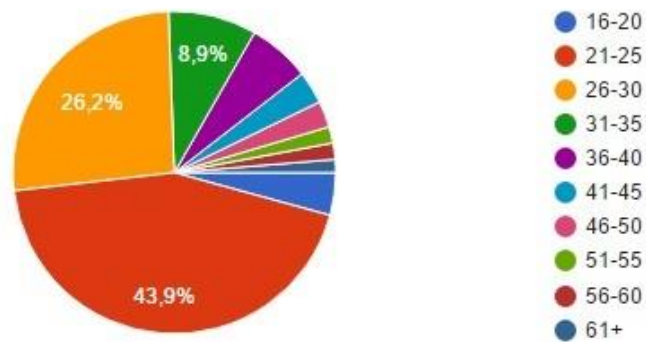


Figure 1 – The age span of all replies on survey. Pie-chart

Table 2- The age span of all replies on survey

What age are you?	Amount	%
16-20	13	4.3%
21-25	134	43.9%
26-30	80	26.2%
31-35	27	8.9%
36-40	19	6.2%
41-45	10	3.3%
46-50	8	2.6%
51-55	5	1.6%
56-60	5	1.6%
61+	4	1.3%
<b>Total</b>	<b>305</b>	<b>100 %</b>

2. Do you listen to music using online music services?

Out of 305 replies, 97.4% (297) claimed that they use online music services.

Only 2.6% (8) replied that they do not use such services.

Do you listen to music using online music services? (305 svar)

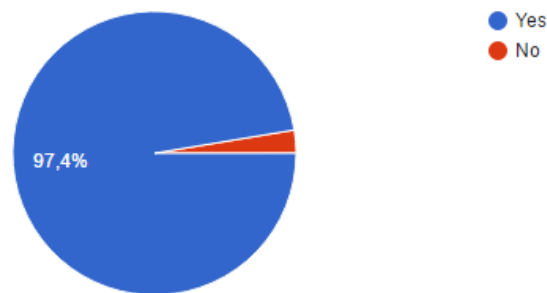


Figure 2 - Do you listen to music using online music services? Pie chart

3. What online music services do you use?

I presented this question as a multi-choice.

The data shows that most users regardless of age use Spotify (83.9%) and YouTube (81%).

What online music services do you use? (305 svar)

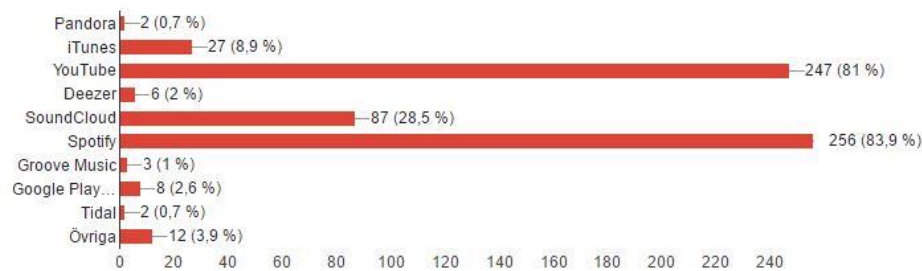


Figure 3 - What online music services do you use? diagram

4. What kind of service do you prefer?

This question was presented with three possible answers, with a restriction to select only one alternative.

45.2% (138) use both paid and free services.

41% (125) of replies state, that they prefer free alternatives.

Only 13.8% (42) prefer services that require a paid subscription.

What kind of service do you prefer: (305 svar)

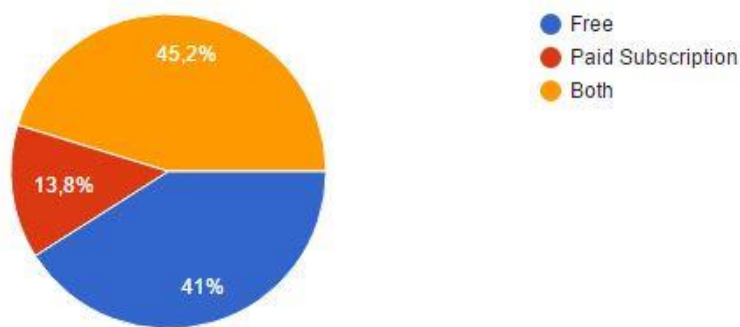


Figure 4 - What kind of service do you prefer? Pie-chart

5. How much time do you spend on listening to music online in estimate?

This question was optional. 302 out of 305 participants replied.

## How much time do you spend on listening to music online in estimate?

(302 svar)

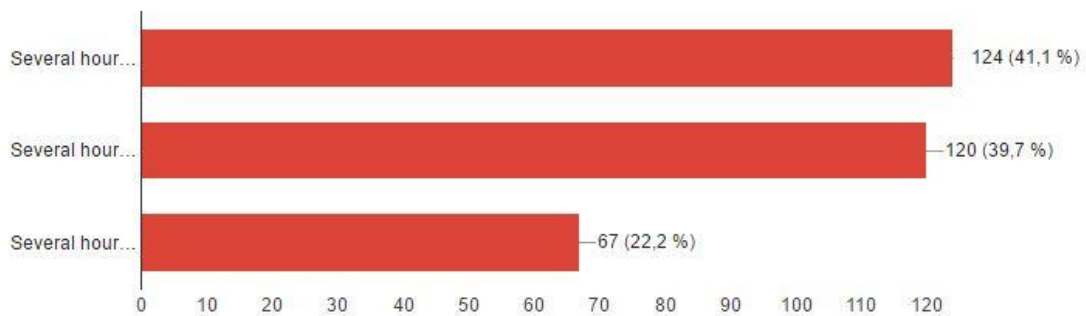


Figure 5 - How much time do you spend on listening to music in estimate? Diagram

## 6. How long are your sessions in estimate?

This question was optional. 302 out of 305 participants replied.

### How long are your sessions in estimate? (302 svar)

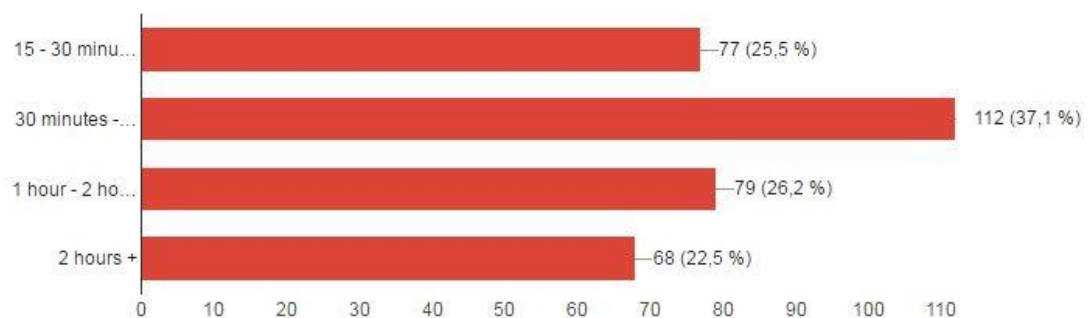


Figure 6 - How long are your sessions in estimate? Diagram

## 7. What music genres do you listen to?

All 305 participants replied to this question.

The most popular genres are rock (79.3%) and pop (73.1%), heavy metal (42.3%) is the third most popular genre.

What music genres do you listen to: (305 svar)

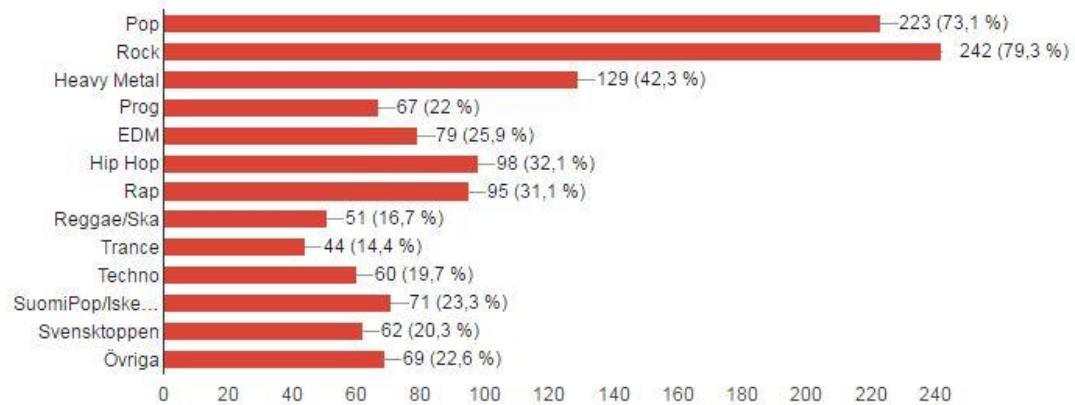


Figure 7- What music genres do you listen to? Diagram

8. Do you prefer listening to entire albums, or do you mainly use playlists to listen to music?

All 305 participants replied to this question.

Do you prefer listening to entire albums, or do you mainly use playlists to listen to music?

(305 svar)

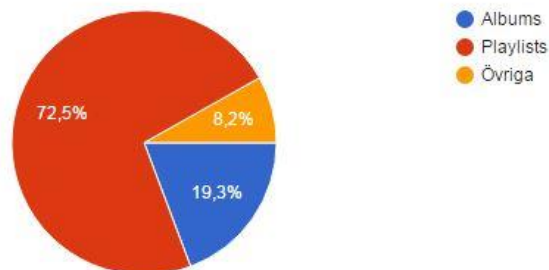


Figure 8 - Do you prefer listening to entire albums, or do you mainly use playlists to listen to music? Pie-chart

9. How do you collect music?

304 out of 305 replied to this question.

## How do you collect music? (304 svar)

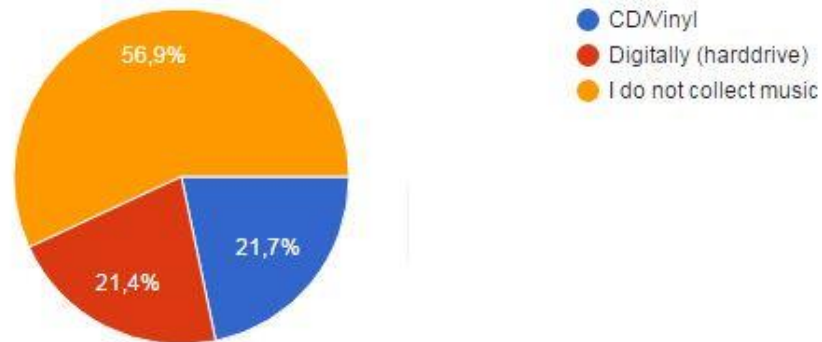


Figure 9 - How do you collect music? Pie-chart

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### 4.2 Key Points

All nine questions were carefully selected to get a set of data that could be worked on and analysed in a sufficient way.

In choosing to include age groups, one is able to analyse the difference in user behaviour between young adults and the older generation.

The questions found to be most interesting are “What age are you?” “Do you use online music services?”, “What online music services do you use?”, “Do you prefer listening to entire albums, or do you mainly use playlists to listen to music?” and “How do you collect music?”.

All of these questions proved to be key points of my analysis.

## ANALYSIS

The survey was answered by a total of 305 people.

The predominant age groups were people aged 16-30, amassing 82.27% of the total amount of replies (254/305). This can be seen in table 1 (page 18).

96.7% of all repliers say, that they do in fact use online music services, as can be seen in figure 2 (page 18).

The two biggest services being used by all survey repliers are Spotify at 83.9% and YouTube at 81%, as can be seen in figure 3 (page 19).

The third most popular service provider amongst all replies is SoundCloud at 28.5%.

72.5% (221/305) of all replies report that they mainly use playlists with different artists and songs, instead of listening to specific albums by specific artists. Only 19.3% (58/305) of people reported that they mainly listen to albums, while 8.3% (26) replied that they use both or other methods. As can be seen in figure 8 (page 21).

Most people aged 16-40 use playlists instead of listening to specific albums by specific artists.

Per the research, 74.4% (189/254) of replies within this age group reported that they use mainly playlists.

Lee Angel (2017) touched upon playlists as follows:

As a musician, you could have one song on Spotify, nothing else but that one song. But if this one song makes it onto one of the biggest most popular playlist. There is no limit to how many lists there is on Spotify, so if you make it onto one of those big ones, I would say that you are doing quite well.

The research suggests that the downloading of music, has decreased since streaming services entered the Finnish market back in 2009. The majority of all replies do not collect music in any way.

56.9% do not collect music in any way, while 21.4% collect digital music on their hard drive. 21.7% collect their music on cd/vinyl.



The biggest difference in opinion on this matter is found, when comparing people aged 21-25 and people aged 36-40.

66.2% of repliers aged 21-25 said they do not collect music, 19.5% does collect music digitally, while 14.3% collect it on cd/vinyl.

**How do you collect music?**

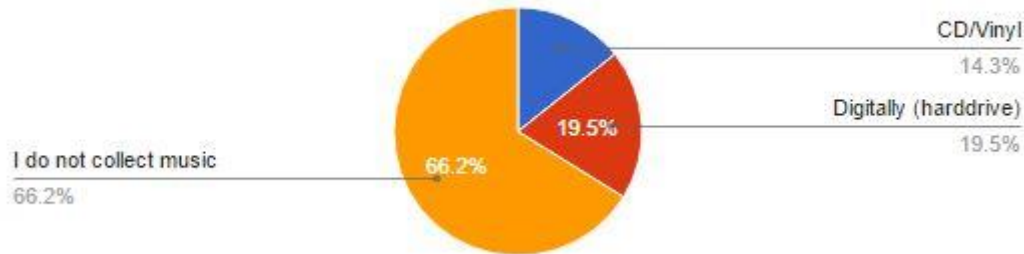


figure 10 - How do you collect music? Aged 21-25. Pie- chart

While 52.6% of people aged 36-40 does not in fact collect music digitally, 36.8% still reported that they collect music on cd/vinyl. Only 10.5% collect music digitally.

**How do you collect music?**

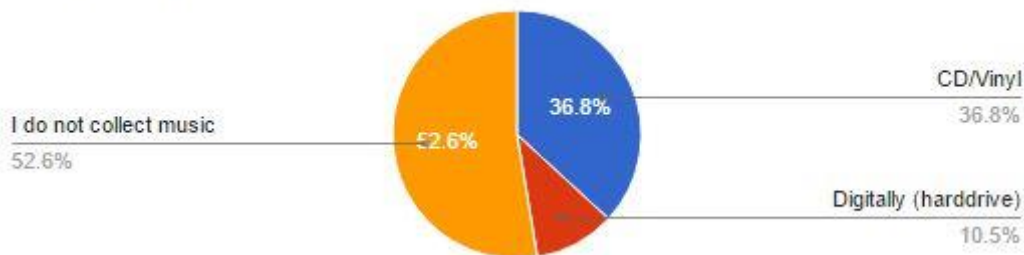


figure 11 - How do you collect music? Aged 36-40. Pie- chart

It would seem that this age group skipped the downloading phase completely. They continued to use physical media predominantly, up until the streaming business became popular.

96.7% of all replies reported that they use online music services, and 56.9% of this group does not in fact collect music on their hard drive, it can therefore be concluded that most music listeners do not in fact download their music.

Only 21.4% report that they collect their music digitally on their hard drive, and the fact that only 21.7% collect music on cd/vinyl, it can therefore be concluded that people overall use mainly streaming services for their music needs.

Considering the survey was answered predominantly by young people (ages 16-40), this information coincides with information found in the IFPI GMA report 2016.

According to IFPI (Global music Report, 2016, page 8), digital media overtakes physical media with 45% of global revenue, while streaming now account for 45.2% of all global digital sales. Physical revenue has gone down by 4.5% since 2014, while download revenue is down by 10.5%.

This positive trend reflects the transformation of record companies to meet changing consumer behaviour. It has also engaged consumers, including many who were previously outside the licensed music environment, and helps to drive growth, says the report.

Since 56.9% no longer download their music to their device/hard drive, it could be said that the illegal downloading of media is decreasing.

According to the report that Tuotos refers to (Tuoreen tekijänoikeusbarometrin tulokset: Nuorten asenteet muuttuneet piraatismille kielteisemmiksi. 2014) piracy is in fact on the decrease.

The report states that the downloading of pirated material has in fact decreased. 12% of repliers of the referred survey, answered that their family had downloaded music, film or games illegally. The numbers were 13% in 2013, 15% in 2012 and 21% in 2011.

A report by the IPO (Online Copyright Infringement Tracker: Latest wave of research March 16 – May 16, overview and key findings.2016, page 19-20) coincides with this statement on the UK market.

The report states that the proportion of people accessing music online legally has increased to 80% since 2015.

The piracy suggestion was presented to Lee Angel in the interview, he replied as follows:

[...] it is a positive effect of all the said changes that have and are still happening. It eliminates the need for piracy, since you can get music legally just as easily.

People listen to more music, since it is more available. It is a good thing that it is done legally now.

When I still had cassette tapes, I had about 2-3 that were actual originals. The rest was pirated copies that my friends gave me, or mixtapes recorded of the radio. 10% were legal copies. But in primary school you did not have the money to buy music, so that was the only way to get your music fix, and it helped spread the music as well. I grew up in a small village called Ilola, and you visited Porvoo 1-2 times a year. It wasn't always an option to go to a record store those

times that you visited the city, because you probably didn't have the money. And you did not know what to buy.  
So, that was a solid case of piracy, when 90% of your whole collection consisted of illegal copies of your friend's cassettes.

## CONCLUSION

The downloading of music has decreased steadily, since streaming services entered the Finnish market in 2009.

The majority of people do not collect physical or digital copies of music. However, people aged 36-40 appear to have skipped the digital copies phase altogether.

Most music consumers do not download their music, and most people listen to their music using online music services.

The consumption of music is steadily rising, although it has switched from physical purchases and downloading to streaming.

Therefore we can conclude that the public's interest has not declined, the interest in take up of paid services, suggest that people are still willing to pay for music. Given these facts, the music industry needs to urgently find new models that encourage people to pay for music rather than punishing them with digital rights management. If they can manage this, artists should see their income rise rather than fall.

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## APPENDIX

### Interview with Lee Angel

Lee Angel is a Finnish musician, born and raised in Finland.

He sells and produces his own music, and is an active user of online music services and social media.

1.

Of all 305 that answered my questionnaire, 83.9% use Spotify, regardless of age. 72.5% say that they use playlists and listen to a bunch of artists and songs, instead of listening to a specific artist. What are your thoughts on this?

- I've worked in music for so long, that I've experienced the times before the internet was a thing. So, this phase is something entirely new. Spotify and smartphones have made it possible to listen to music wherever and whenever, and you can listen to whatever you want. I'm not worried, because to me it is a good thing, that people listen to music. I think people listen to more music now, than they did 10-15 years ago. That is the best thing. As a musician, you could have one song on Spotify, nothing else but that one song. But if this one song makes it onto one of the biggest most popular playlist. There is no limit to how many lists there is on Spotify, so if you make it onto one of those big ones, I would say that you are doing quite well.

Would you say that it has become more difficult to stand out?

- Yes, but it has changed the whole playing field in a way. If you want to do well financially and get money for music, it would be a smart thing to make music that could make it on a bigger playlist; that fits in with most other songs that are popular. So no, I am not worried, but it is challenging. Everything is available online nowadays, and nobody is buying tracks. You do however "borrow" music, and pay a monthly license fee for the access to all that music. You don't give your money directly to the artist you are listening to, instead the money goes into a bigger pot, that then gets split up between all artist on Spotify. There are different kind of deals there, some get less, some get more. A normal consumer could think that 1 cent/stream would be the same for all artists and acts involved. The reality however is that some get 0.01 cent/stream, while others only get 0.00001 cent/stream. It's all about business. At the same time, it is a threat for

all smaller acts, since I don't get paid for my music. If I put out a record on Spotify that I financed myself with my own hard earned money, then there isn't any reason to buy it anymore, since it's there, available and free for all people to consume.

If I get 5€/year in royalties from Spotify, instead of selling a thousand records, the economic effects of it are very clear.

2.

Have you ever considered putting the entire EP on Spotify instead of just one song?

Why not?

- The idea behind it was that if I only have one track of it on there, that the people who like it and want more would buy it.
- I've yet to get any numbers from the people at Spotify or Teosto about my one song on there, but I feel comfortable in saying that I am making more money on selling only one 8€ record, than an entire year of streaming of that one song on Spotify.

Radio makes a big difference in what people listen to online.

- It does. A thing that is changing is the fact that Spotify have a radio service in their application. It is interesting to see what the future holds in store, but on the other hand it's hard to keep up, since everything is moving so fast. Radio makes a big difference in what people are listening to, and in what is popular.

When you sit in your car, when you are doing your groceries, when you work etc. Many times, there is a radio on. It influences you.

- Spotify has a huge impact on younger adults, because they do not listen to radio that much anymore. 10-15-year old's have more time to listen to music, and to otherwise use their smartphones for other things such as social media. The radio is not that important to them, they choose to concentrate on what is popular on Spotify and other services. Facebook and other social media services are the same thing. On Spotify, you can also see what your FB friends are listening to at the moment, and that makes it important for an artist to be on Facebook. So, it has a different impact on kids this day then when I grew up. But at the same time, it gives you a new opportunity to market your music. I try to be active on Facebook because of this, because nowadays it is just as important to make your music as it is to tell people that you are in fact making it. You also should keep people posted on what kind of music you do, where and when it is released, and where you are performing it. It has changed the whole playing field.

3.

81% use YouTube to listen to music.

Any thoughts on YouTube? Is it a channel where you want to market your music?

- The “Open Road” track was available there at some point, via another company. But it got taken down for some reason. I should probably ask someone where it went.

YouTube is a channel that I should consider using more. Young people watch YouTube more than they watch TV nowadays. TV is something ancient now, because you must own a television. And you must be where the TV is to watch it, and that is where YouTube takes the cake. The smart phone App makes it possible to watch whatever, whenever and wherever.

- YouTube is a channel that I should put more time into. It is global. I don't have any personal experience from it. I do however know that it is all about video.

It is a whole other reality for young people, that is almost more important than reality for many kids these days. YouTube is the same for videos and music as Spotify is for only music, a very important medium.

I have used YouTube for music listening quite often. Before I got Spotify. When everything is available, the music loses its importance, you do not appreciate it in the same way anymore. I should put more effort into YouTube, but I simply don't have the time. I must choose what to do with my time: Do I want to make music, learn new songs and play the guitar, or do I want to make YouTube videos? Another possibility is to become a YouTube Star. You make videos where you talk about the weather, then you suddenly release a song on there, and all the sudden you are the next Benjamin Peltonen.

I just have not been arsed to learn all these things. Another thing is that we haven't made any official material to put on there.

4. Is there any other channels where you think you should market your music?



- Every single one of them. Like you said: Some artist are on YouTube, some are on on SoundCloud, some are not on Spotify, some are on all of the mentioned channels.  
It's good and bad at the same time. It splits the field up a bit, and It keeps you from focusing on what matters: Making music. My wife used to be my social media guru, but since she has now opened her own store online, I must do all that by myself. I must take time to learn all the mechanisms and what to do. I was surprised by how much time it takes to do that stuff. You focus on it at give it time, time that you should focus on making music.

5. My research suggests that less people save their music on their computers, they stream it instead. The rest save their music on their computer and use cd's/vinyl to listen to music.

- That is something that I have noticed. Now that we made our own EP, I did in fact consider the focus group. Our music is aimed at adults and older people, so there were two alternatives. CD and Vinyl, and the question was which we should make.  
If you want to make any money you must do it on CD, since it is so much cheaper. Vinyl is an expensive format to press, and you must sell a whole lot more copies to make any profit.
- I don't listen to any music from CDs anymore. I put all my CDs inside a locker in my apartment, and the cd player is gathering dust in a corner, because I have Spotify. Which is a shame in a way, but at the same time it is so much easier to listen to music from Spotify, since everything is available at moment's notice. It is so much easier to find a specific song that you want to learn. It saves you so much time. Sad but true. But technology has made it possible.
- Listening to music from physical media (cd's/vinyl) makes you take the time to listen. If you listen to a Vinyl you must be there, right beside the player, you can't leave it.  
You must actually listen.  
If 20% still listen to cd/vinyl, that must mean that there is still a market for it.  
It will never go out of fashion, and a vinyl makes more of an impression than a cd.  
A vinyl is something you grab and hold on to, and the cover is an art piece.

66.3% of the younger generation do not collect music in any way, 36.8% of the older generation do collect it.

- I think the reason is the new internet culture, and what kind of relation a person has with music. How you learned / got used to listen to music.

6.

96.7% of all replies said that they use online music services. Considering the way, I wrote the headline, it is not too hard to guess.

- But that does not have to have any impact on your statistics, because “using online services” as a notion is valid, since you basically ask if someone has ever watched a video online. Most people have watched a video online.

56.9% does not save their music on their computer. My research show that the majority does not download their music. Is that something to consider?

- Yes and no. Music is not a physical medium. It is something you listen to; you don't grab it like a physical object. It doesn't mean that you must own it. More and more material of all sorts is uploaded onto servers, so it is not that weird that music follows suit.  
The same can be said of letters. If you want someone to reply quickly to your letter, you send it as an e-mail. If you want it to be more special, to have meaning, you send it as a physical handwritten letter and send it by traditional mail.

Since people do not download music anymore, you could draw the conclusion that the illegal downloading of music has gone down as well.

- That could very well be true. I have not thought of it like that, but it is a positive effect of all the said changes that have and is still happening. It eliminates the need for piracy, since you can get music legally just as easily.  
People listen to more music, since it is more available. It is a good thing that it is done legally now.

When I still had cassette tapes, I had about 2-3 that were actual originals. The rest were pirated copies that my friends gave me, or mixtapes recorded off the radio. 10% were legal copies. But in primary school you did not have the money to buy music, so that was the only way to get your music fix, and it helped spread the music as well. I grew up in a small village called Ilola, and you visited Porvoo 1-2 times a year. It wasn't always an option to go to a record store those times that you visited the city, because you probably didn't have the money. And you did not know what to buy.

So, that was a solid case of piracy, when 90% of your whole collection consisted of illegal copies of your friend's cassettes.

Most piracy is probably directly related to economics, since if you cannot afford to buy your music legally, you opt to download it illegally instead since that is an easier way to get it. Today you just pay 10€/month to get a subscription, which in turn opens a whole new world music wise.

- There is a free version as well, but it has its restrictions. You could be listening to a specific artist or playlist, and suddenly it would force you to listen to the new single by Cristina Aguilera in the middle of what you wanted to listen to.

It did not take me long to decide that it was well worth 10€/month just to get rid of that.

7. The Guardian recently wrote an article about Ed Sheeran, and the fact that he holds 16 out of 30 spots on the Australian singles list. His complete new album + a few older tracks.

In England, he held 9 out of 10 spots. The lists are created using streaming and sales statistics. But he sells his records because the people like him. Media certainly do not. This has provoked discussion about how these lists are made, since the same acts hold several spots.

- I remember a band that made a record many years ago, can't remember specifically which band it was, but it was a big one. They sold a big enough amount of records that they should have made the Billboard list, but Michael Jackson was on there with his Thriller album, so they never made it. But as an idea it does suck. There are probably many other artists that deserve a spot on that Australian single list, but they can't get the exposure of it because there is someone else on there that are immensely popular and keeps several spots.

Lists are statistics, and because people follow the lists and what is going on, it creates increased exposure and marketing for the people on it. Especially if you have several songs on there. Of the millions of listeners someone is bound to start listening to someone specific on there. Either because of you as an artist being on there, or then it is the psychological effect of you being there. "This must

be good music, since he is on the top list". So, at that point it sucks to be another artist, if Ed Sheeran holds on to 9 out of 10 spots on that list.

It is a bit like Formula 1 in a way. The fastest car is the fastest car.

It is bad for business that the same car/team and driver wins all the time, but you can't change it.

The fastest driver is the winner, and that means that he is the best. The whole point of racing is lost if they change the rules to level the playing field. Then it's not about who is the best anymore, it's about who has the most influence to change things up and benefit oneself.

I would say that if Ed Sheeran has 9 out of 10 spots on a list, that he deserves to be there. He is obviously doing a good job, something that the people like. He is not going to be on there forever, he is going to be replaced by others at some point.

8. You were on Radio Vega list for several weeks; did it help your career?

- It helped me stay in the spotlight, during a time where we could not do live gigs. For me as an artist it was important, that things kept moving even though we stood still. The radio is important in this way as well. People remember your name; it keeps you on the agenda. It does generate some money as well, which is nice.  
It is something that is important for your career, because Radio Vega has such a big reach, it reaches all of the Swedish speaking community in the whole of Finland. It helps your music to spread.

9. What about the future? How will the music business look in 10 years? Is everything moving online, or is there still a market for physical music. How do you want to commit to these changes?

- The sale of vinyl has gone up lately, so I think there will be a market for music in a physical form in the future. It's a bit like the decrease of mail being sent. Most things move online because it is more convenient. But the number of streaming services and such things are of course completely open.  
It could be that everyone has their own personal service.

The best thing would be if you could make your own personal service, where you only have your own music, the user subscribes to that specific artist, and only that specific artist gets all the royalties.

They could also work on a new way to pay out royalties, so that it would be a bit fairer to all involved.

There were no rules when Spotify started, so the whole music business has been working along their rules when it comes to streaming.

In 10 years, you might have a microchip installed in your head, and that is where all your music is played using mind power.

A lot can happen in 10 years.

The good thing about music services online, is that you get exposed on a global level. All around the world there are people following the music that I have made, both from my time in a band and on my own. At least ten countries if not more. It's a good thing as a musician to get your work exposed. But everyone has that same possibility to get exposed, so it makes it harder to get noticed in the crowd.

## APPENDIX 2

### Summary in Swedish

#### Forskningsområde

Syftet med denna avhandling är att ta reda på hur musikbranschen har förändrats, med avseende på en specifik teknisk lösning som kallas streaming.

Två av de ledande företagen som dra nytta av dessa förändringar, är Spotify och Googles YouTube.

Streaming verksamheten har upplevt en extraordinär tillväxtökning de senaste 10 åren.

På grund av detta förändras sättet medierna konsumeras kontinuerligt.

Som en ivrig konsument av musik intresserar dessa förändringar mig på ett mycket personligt sätt, och jag ser fram emot möjligheten att få utforska dem och vad de har att erbjuda.

#### Forskningsfråga

Hur anpassar sig människor till förändringarna i online musikdistribution?

#### Forskningens Begränsningar

Min forskning skiljer inte mellan könen.

Fast mängden svar är tillfredsställande, så gjordes de flesta svaren av personer i åldern 16 till 35 år.

Detta var förväntat, eftersom denna åldersgrupp är väl representerade i författarens sociala cirkel.

Enkäteten frågar inte direkt om piratkopiering eller olaglig nedladdning.

## METODOLOGI

### Skrivbordsundersökning

Jag sökte på internet för att sammanställa historiska data, och för att få en ekonomisk översikt över branschen. Jag kontaktade även Teosto för att ställa frågor om ekonomin i finska och nordiska industrin, men fick inget svar.

Jag kontaktade också Anti Piratbyrån i Finland. De besvarade mitt spørsmål, och deras svar visade sig vara mycket användbart.

### Kvantitativ forskning

Jag skapade en enkät där jag frågade användare av olika åldersgrupper, om deras användning av musik onlinetjänster. Jag distribuerade detta frågeformulär till 305 personer med hjälp av flera sociala medier, Arcadas interna e-postlistor och ett par QR-kodade flyers.

### Kvalitativ forskning

I en senare fas av min forskning genomförde jag en lång intervju, med den finländska musikern Lee Angel. Min avsikt här, var att ha få en erfaren deltagare i musikindustrin att berätta sin historia, samtidigt som han fick möjlighet att bekräfta och kritisera mina första resultat.

Jag har använt element från hans intervju i huvuddelen av denna avhandling, och jag sammanfattar hela intervjun som en bilaga.

## ANALYS

Undersökningen besvarades av totalt 305 personer.

De största åldersgrupperna var personer i åldrarna 16-30, som utgör 82,27% av den totala svarsmängden (254/305). Detta framgår i tabell 1 (sidan 18).

96,7% av alla svarare uppger att de faktiskt använder musiktjänster online, vilket framgår av figur 2 (sidan 18).

De två största tjänsterna som används av alla svarare, är Spotify med 83,9% och YouTube med 81%, vilket framgår av figur 3 (sidan 19).

Den tredje mest populära tjänsteleverantören bland alla svar, är SoundCloud med 28,5%.

72,5% (221/305) av alla svarare rapporterar att de huvudsakligen använder spellistor med olika artister och sånger, istället för att lyssna på specifika album av specifika artister. Endast 19,3% (58/305) av de svarande rapporterade att de främst lyssnar på album, medan 8,3% (26) svarade att de använder båda, eller andra metoder. Detta framgår i figur 8 (sidan 21).

De flesta i åldrarna 16-40 använder spellistor, istället för att lyssna på specifika album av specifika artister.

Enligt enkäten uppgav 74,4% (189/254) svarare inom denna åldersgrupp, att de huvudsakligen använder spellistor.

Lee Angel (2017) kommenterade spellistor enligt följande:

Från artistsynvinkel så kan det ju vara så att du har en låt på Spotify, du har ingenting annat där. Men just den här låten hamnar in på en eller flera populära spellistor. Det finns ju ingen begränsning på hur många listor det finns. och miljontals människor lyssnar på dessa listor varje dag. Så då skulle jag säga att du har det ganska bra.



Forskningen föreslår att nedladdningen av musik har minskat sedan strömnings tjänster kom in på den finska marknaden år 2009. Ett flertal av alla svar, uppger att de inte samlar musik på något sätt.

56,9% samlar inte musik på något sätt, medan 21,4% samlar digital musik på hårddisken. 21,7% samlar musik på cd / vinyl.

Den största skillnaden i åsikt gällande denna fråga, återfinns när man jämför människor i åldern 21-25 år och personer i åldern 36-40 år.

66,2% av svaren i åldern 21-25 uppgav att de inte samlar musik, 19,5% samlar musik digitalt medan 14,3% samlar den på cd / vinyl. Se figur 10 (sid 25)

Medan 52,6% av befolkningen i åldrarna 36-40 faktiskt inte samlar musik digitalt, rapporterade 36,8% fortfarande att de samlar musik på cd / vinyl. Endast 10,5% samlar musik digitalt. Se figur 11 (sid 25),

Det verkar som att denna åldersgrupp helt hoppade över nedladdningsfasen. De fortsatte att mestadels använda fysiska medier, tills strömnings verksamheten blev populär.

96,7% av alla svar rapporterade att de använder musik onlinetjänster, och eftersom 56,9% av denna grupp de facto inte samlar musik på hårddisken, kan det därför konstateras att de flesta musikkonsumenterna inte laddar ner sin musik.

Endast 21,4% rapporterar att de samlar in sin musik digitalt på hårddisken, och det faktum att endast 21,7% samlar musik på cd / vinyl, kan därför slutsatsen göras att befolkningen huvudsakligen använder streamingtjänster för deras musikbehov.

Med tanke på att undersökningen svarades främst av ungdomar (16-40 år), så överensstämmer denna information med informationen som hittas i IFPIs GMA-rapport från 2016.

Enligt IFPI (Global Music Report, 2016, sidan 8) står digitala medier för 45% mer av de fysiska mediernas globala intäkter, medan strömningen står för 45,2% av all global digital försäljning. De fysiska intäkterna har sjunkit med 4,5% sedan 2014, medan försäljningen av nerladdat material minskat med 10,5%.

Denna positiva trend återspeglar förändringarna skivbolagen måste göra, för att möta ett förändrat konsumentbeteende. Det har också engagerat konsumenter, däribland många som tidigare fanns utanför den licensierade musikmiljön, och bidrar till en ökad tillväxt, uppger rapporten.

Eftersom 56,9% inte längre hämtar sin musik till sin enhet / hårddisk, kan slutsatsen tas att den olagliga nedladdningen av media minskat.

Enligt rapporten som Tuotos hänvisar till (Tuoreen tekijänoikeusbarometrin tulokset: Nuorten asenteet muuttuneet piratismille kielteisemmiksi. 2014) är piratkopiering faktiskt på nedgång.

I rapporten uppges det, att nedladdning av piratkopierat material faktiskt har minskat. 12% av svaren på undersökningen svarade att deras familj hade laddat ner musik, film eller spel olagligt. Antalet var 13% år 2013, 15% år 2012 och 21% år 2011.

En rapport från IPO (Online Copyright Infringement Tracker: Latest wave of research March 16 – May 16 , Overview and key findings 2016, page 19-20) överensstämmer med detta uttalande gällande den brittiska marknaden.

I rapporten uppges, att andelen människor som har tillgång till musik online legalt har ökat till 80% sedan år 2015.

Piratkopieringsförslaget presenterades för Lee Angel i intervjun, han svarade som följer:

- [...] det är ju definitivt en positiv grej med alla förändringar. Det eliminerar idén med piratkopiering, iom. att du kan få allt du behöver den lagliga vägen lika enkelt. Folk lyssnar mer på musik nu för att den är mer tillgänglig, det är ju bra att det görs på lagligt vis nuförtiden. Då det ännu fanns C-kassetter så, så hade jag kanske 2-3/30 som var original kassetter. Resten var piratkopior jag fick av kompisar, eller så mixtapes bandade från radion. Högst 10% var lagliga kopior. Men på den tiden i lågstadiet hade man inte pengar, och det var på det sättet som musiken spreds och man fick den på den tiden. Jag kommer själv från Illby, och man var då kanske 1-2 gånger i året inne i Borgå. Då var det inte alltid aktuellt att gå till skivbutiken och köpa skivor, för du kanske inte ens hade pengar då du en gång kom till stan. Inte visste man ju heller om vad man skulle köpa, om man ville köpa något. Så ett helt solklart fall av piratism, när 90% av all musik du hade var olagliga kopior av dina kompisars kassetter.

## SLUTSATS

Nerladdningen av musik har minskat stadigt, efter att strömnings tjänster gick in på den finska marknaden år 2009. De flesta människor samlar inte fysiska eller digitala kopior av musik. Men folk i åldern 36-40 verkar ha hoppat över ”digitala kopia” fasen helt och hållet. De flesta musikkonsumenterna laddar inte ner sin musik, och de flesta lyssnar på sin musik genom onlinetjänster. Konsumtionen av musik ökar stadigt, även om det har bytt från fysiska inköp och nedladdning till strömning. Därför kan vi dra slutsatsen att allmänhetens intresse inte har minskat, men intresset för betalda tjänster föreslår att folk fortfarande är villiga att betala för musik.

Med tanke på dessa fakta måste musikbranschen snabbt hitta nya modeller, som uppmuntrar folk att betala för musik, snarare än att straffa dem med digital rättighetshantering.

Om bolagen kan hantera detta, bör artisterna se en inkomstökning, snarare än ett fall.