

Online Music Retail In India

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BACKGROUND: A CASE FOR ONLINE MUSIC RETAILING IN INDIA

When Apple passed Wal-Mart to become the biggest music retailer in the US, it gave a clear signal of the future supremacy of digital downloads. The fact that a digital-only retailer has ascended to the top of the sales charts was not unexpected, but it did demonstrate just how much the music landscape has changed since the beginning of the decade. With the advent of the internet, the market dynamics of retailing in general has changed. The music industry is still largely untouched by this trend in the sense that online retailing for music has not yet started on a large scale in India. Music companies still market the music albums through the traditional ways of packaging in cassettes and CDs. These companies either market the movie songs or release albums only for known artists. Thus, there is no room for upcoming bright artistes who lack the funds required for launching an album.

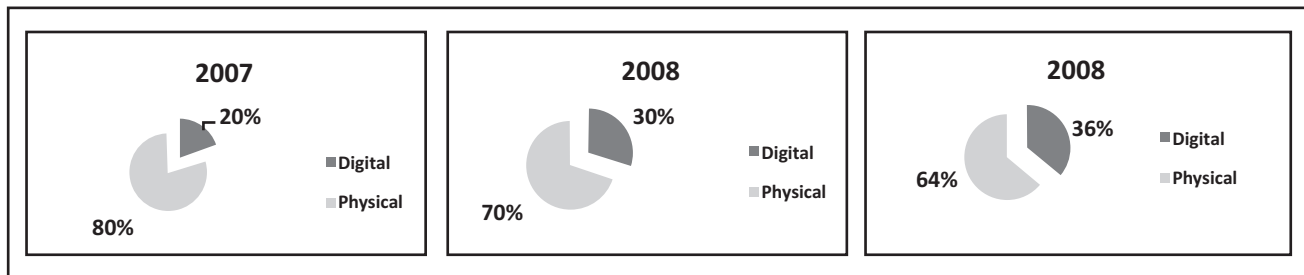
Online music retailing will give an option to such young and budding artistes to publish their albums, as a significant investment is required to sell an album online. The primary cost of packaging the albums in CDs/Cassettes and their distribution and marketing effort can be done away with. Even the advertising costs involved on the internet are very low as compared to television and print media advertising. With the improvement of internet penetration in India, online music retailing will be a profitable option in the future. Also, it gives the option to artists to target a niche market who listen to particular genre of music. For e.g., metallic rock music is preferred by a niche segment of people who would be eager to listen to new bands and the internet gives them the option to search for new artists based on recommendation by other listeners. The internet site <http://demonstealerrecords.com/> is one such site which targets a niche segment of rock music listeners.

The most preferred platform for online music downloads is nimbite.com, which provides customized pages for artists and allows them to sell online. Along with their music, they also sell event tickets, some merchandise etc. It basically offers direct-to-fan sales, marketing, and career management solutions for independent artists and music labels through Web-based services. Nimbit is part of a growing market of Direct-to-Fan solutions.

The average price per music download in the US is 99 cents. Music is available at 70 cents and at a price more than a dollar also. At the same time, the price of a tangible disc at retail stores is around \$14-\$16, which comprises of around 15 songs. Of this, the average price i.e. about \$15 (more than 45% of the cost) is because of retail overheads and distribution. This provides an opportunity for the online music retailers to take advantage.

THE RISE OF DIGITAL MUSIC

Figure 1: The Rise Of Digital Music



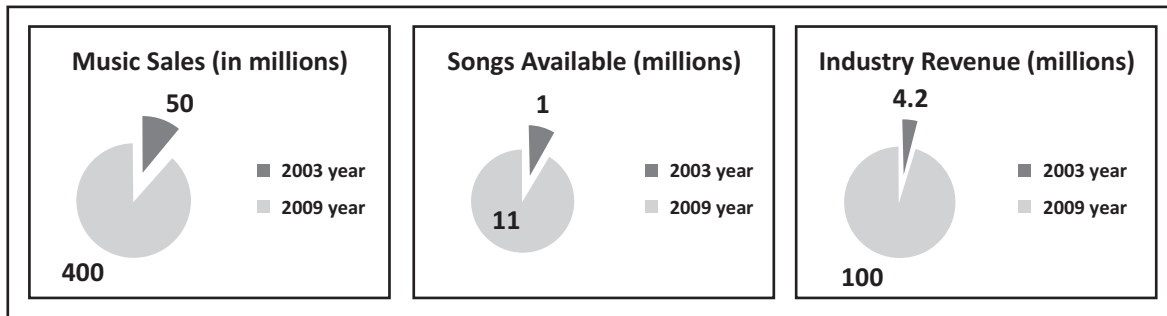
Source: Almighty Institute of retail www.almightyretail.com/music_retail/cd_sales_chart

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The online shopping in India was around US\$ 60-70 million annually (Gross Merchandising Value basis) in 2006 and was expected to be around US\$500 million by 2010. Also, the rapid growth of internet and mobile technology (17 percent y-o-y) would provide favorable conditions for the online music retail.

Figure 2: Online Music Sales Review



Source: NPDC Group: www.mint.com/blog/trends/music-retail-the-rise-of-digital/?=wide

The above statistics clearly shows the rise of digital music globally. The major reason would be the internet penetration and the easy accessibility in the western countries. Even further, in February 2010, when iTunes sold its 10 billionth song and became the largest music retailer in the US, it proved the arrival of digital music. The song was “*Guess Things Happen That Way*” by Johnny Cash, downloaded by 71-year old Louie Sulcer of Woodstock, Georgia. He received a call from Steve Jobs and a \$10,000 iTunes gift card (Apple, 2010).

A major threat to the success of the online retail is piracy. According to www.technologytimesonline.co.uk, the industry piracy rate is about 95%. 61% percent of the songs are illegally downloaded by 14-17 year olds.

Piracy can be prevented using Digital Rights Management. “**Digital Rights Management (DRM)** is a generic term for access control technologies that can be used by hardware manufacturers, publishers, copyright holders and individuals to impose limitations on the usage of digital content and devices. The term is used to describe any technology that inhibits uses of digital content not desired or intended by the content provider. The term does not generally refer to other forms of copy protection, which can be circumvented without modifying the file or device, such as serial numbers or key files. It can also refer to restrictions associated with specific instances of digital works or devices (Wikipedia, 2010). Apple has been using the same for years. It also helps in providing better quality content.

MANAGERIAL DECISION PROBLEM

The Managerial Decision Problem that this paper addresses is to determine the best option available for price discovery for online music retail. The scope of this paper is restricted to discovering the launch price for songs/albums for sale online. The business model chosen for the purpose of this report is to sell songs online with ownership to the customer. The songs are assumed to be sold in encrypted form which prevents easy piracy of the songs. However, complete prevention of piracy is not feasible and this is taken into account while arriving at the price of online music.

POSSIBLE OBJECTIVES

The pricing strategy will alter significantly with the various possible objectives like:

- ✿ **Maximizing Number Of Copies Sold:** This will require pricing on the downward side of the possible range, to maximize the number of copies sold. A musician may want to maximize his popularity through this objective.
- ✿ **Maximize The Sales And Profit:** As we are restricting ourselves to online sales, the variable cost of selling songs to customers can be assumed to be negligible. Assuming certain fixed cost and very low variable cost, the sales maximizing price will also be the profit maximizing price.
- ✿ **Get customers to buy online** and decrease their resistance to the idea of online purchase of music.

LIMITATION

As the music business is not a commodity business, price discovery for each new song has to be done separately to

maximize profits. The demand for a new song depends on a host of factors like a musician's reputation, publicity, quality of songs, genre etc. Therefore, a set price for songs online is not possible. The researchers have provided a range for pricing, which will be subject to revision based on demand and the factors mentioned above.

ONLINE MUSIC RETAIL IN INDIA

Currently, there are no major players in India providing music online in downloadable format.

❁SUBSCRIPTION BASED BUSINESS MODEL

Various business models have been used in the US for online music retail. One such model is the **subscription model**, wherein, the consumer can purchase music based on his subscription, with a restricted listening or playing time.

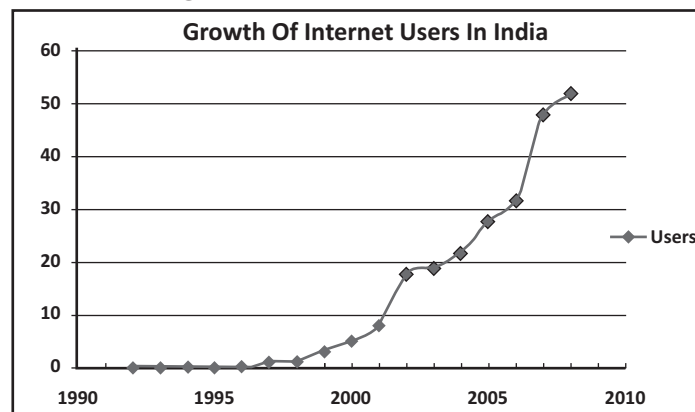
"Napster music store, offers a subscription-based approach to DRM alongside permanent purchases. Users of the subscription service can download and stream an unlimited amount of music trans-coded to Windows Media Audio while subscribed to the service. But when the subscription period lapses, all of the downloaded music is unplayable until the user renews his or her subscription. Napster also charges users who wish to use the music on their portable device at an additional \$5 per month. In addition, Napster gives users the option of paying an additional \$0.99 per track to burn it to a CD or for the song to never expire. Music bought through Napster can be played on players carrying the Microsoft PlaysForSure logo (which, notably, do not include iPods or even Microsoft's own Zune)." (Wikipedia, 2010)

❁GLOBAL LICENSE MODEL

An alternate option could be to have an option of statutory licensing. *"A "global license" would be used to compensate the copyright holders: it would be paid by the Internet Service providers (ISP) based on the amount of music file traffic. They would then charge their customers a very low fee. The main problem with this scheme is that the technology is not available to identify the music downloaded, hence the copyright holders."* (Journal For Economic And Business Research, 2007). It might provide a little bureaucratic hassle, but people could pay a set rate for whatever they want to listen. For example: Muze, a veteran information entertainment company, who is rapidly moving in the direction of tapping the potential of social media has started making life easy for both online and offline customers by using its strong core database to sell digital music, allowing consumers to download songs to play via their PCs, handheld players and eventually car and home stereos. Muze makes money by licensing its database for a monthly fee or by getting a portion of retailers' music sales. When it comes to clients that act as portals to other retailers, such as Yahoo, Muze gets a percentage of advertising revenue (CBS Interactive, 2010).

Even established artists can make use of online music retailing and take advantage of the technology revolution in the near future. Lucky Ali, the famous musician, chose the internet as a medium to launch his new album 'Xsui'e' rather than going the traditional way. Following is the reason he gave for choosing to launch his album on the internet: *"I have deliberately avoided distribution in physical format in the form of CD or tapes for the present moment as well as the*

Figure 3: Internet Users In India



Source: World Bank, World development indicators, July 2010

mobile market. The online medium empowers the artist to interact with his fan-base directly and connect with music lovers the world over and hence, there being no compulsions to be adhered to, so there's scope for greater creative freedom and awareness. Trends are changing faster and people are more digital savvy. The present demands change and the digital media platform is the future. Moreover, the digital media is very accessible”(The Indian Express). The music is available on nimbit.com and would soon be available on amazon.com, rhapsody.com.

RELEVANT THEORETICAL INSIGHTS FROM PRIMARY AND SECONDARY RESEARCH

Following are certain assumptions that the researchers have made after doing secondary research about the present market in India and similar markets in other countries.

The internet connectivity in India is growing at a very fast pace. Presently, the internet users in India are around 52 million and are showing a 17 percent YOY growth. Digital media has not only become cheaper, but also functionally more capable. As more and more people get added to the Internet bandwagon, the market potential for online retail of music will increase multi-fold. According to this assumption, the researchers feel that the online retail business for music will be profitable. Also, the number of new artists who want to showcase their talent is increasing. This is evident from the emerging new talented artists visible in new reality shows like *Indian Idol*, *TVS Saregamapa*. These artists would want to publish their albums, but they may lack funds for doing the same as launch of music album is a costly affair. Thus, they would be attracted to the online option of retailing music.

PIRACY CAN BE CONTROLLED

Piracy is a threat to this business model, as rampant copying of music files will make this business unviable. The researchers assume that piracy can be controlled to some extent using one of following means:

✿ **DRM (Digital Rights Management):** This is an access control technology which can be used by copyright holders to stop rampant copying of music files. This can work along with strong Copyright Acts, which strongly penalize any unlawful act of duplicating files. DRM has been successfully used by companies like Sony, Apple Inc., Amazon etc. Napster, for example, used a DRM based subscription model, which enabled the users to play any song downloaded from Napster which were encoded in Windows Media Audio code. The same files were rendered useless when the subscription lapsed (Reference: http://en.wikipedia.org/wiki/Digital_rights_management).

✿ **Providing Higher Quality Music Files:** Apple used to sell music files with 256 kbps AAC encoding, which they claimed were as good as the original recording, to differentiate their music files and showing added value for downloading from their website instead of buying through traditional CD Format (Reference: <http://www.apple.com/pr/library/2007/04/02itunes.html>).

INCREMENTAL VALUE OF SELLING MUSIC ONLINE

✿FOR THE SELLER

1. Cost of physical distribution avoided. Investment is significantly reduced (Exhibit 1).
2. Far easier and cheaper to reach customers and target niche customers ("long tail" concept).
3. Upcoming musicians can be saved from the monopolistic bargaining power of music companies.
4. Far greater interaction with fanbase and possibility of feedback.
5. Market response and customer information allows for dynamic pricing.
6. Creative freedom is enhanced.
7. Dynamic/ variable pricing allows for capture of consumer surplus.

✿FOR THE BUYER

1. Convenience of buying from home.
2. **Ubiquitous Availability :** Available even in remote places and unpopular songs and works of upcoming musicians also available.
3. **Unbundling:** Selling each song separately and not as an album. Therefore, the choice available to the buyer is enhanced.
4. **Much More Variety And Specific Genre Available To The Buyer:** New and budding artists can sell online. Thus,

they can cater to specific genre lovers and niche customers and still make profit. This ability of the buyer to cater to niche customers profitably will be a huge plus for the music lovers as their specific needs can be fulfilled.

5. Better sound quality.

6. Ease of use and transfer on various music hardware eg I-Pod, computer, music phones etc.

✿REFERENCE PRICE

People often compare a product's price to a "*reference price*" that they maintain in their minds for the product or product category in question. **A "reference price" is the price that people expect or deem to be reasonable for a certain type of product.**

Several factors affect reference prices:

✿ Past prices.

✿ Frame of reference (compared to competitive prices, pre-sale prices, manufacturer's suggested prices, channel-specific prices, marked prices before discounts, substitute product prices, etc.)

✿ Creating the most advantageous (and believable) competitive frame of reference is essential to achieving a price premium.

✿ Prices of other products on the same shelf, in the same catalog, or in the same product line.

✿ The addition of a more premium priced product typically increases sales of other lower-priced products in the same product line.

✿ **Framing Of Price:** The way the price is presented - for instance, absolute number versus per quart, per pound, per hour of use, per application, for the result achieved, etc.; also four simple payments of \$69.95 versus \$279.80; for automobiles: total purchase price versus monthly loan payment versus monthly lease payment.

✿ The order in which people see a range of prices - like when a realtor uses the trick of showing the poorest value house first.

✿ **Latitude of Price Acceptance:** The range of product/service prices over which the customer buys the product.

✿ **Value Based Pricing:** Pricing based on the value derived by the customer.

ISSUES RELATED TO SELLING ONLINE

✿PIRACY

The biggest challenge to the entertainment industry today is piracy of creative work. Specifically pertaining to the online music industry, the availability of music as free downloads online hampers the revenue collection for music companies and online sellers. It's commonly known as piracy, but it's a too benign term that doesn't even begin to adequately describe the toll that music theft takes on the many artists, songwriters, musicians, record label employees and others, whose hard work and great talent make music possible.

Music theft can take various forms: individuals who illegally upload or download music online, online companies who build businesses based on theft and encourage users to break the law, or criminals manufacturing mass numbers of counterfeit CDs for sale on street corners, in flea markets or at retail stores. Across the board, this theft has hurt the music community, with thousands of layoffs, songwriters out of work and new artists having a harder time getting signed and breaking into the business.

One credible analysis by the Institute for Policy Innovation, US, concludes that global music piracy causes \$12.5 billion of economic losses every year, 71,060 U.S. jobs lost, a loss of \$2.7 billion in workers' earnings, and a loss of \$422 million in tax revenues, \$291 million in personal income tax and \$131 million in lost corporate income and production taxes (For copies of the report, please visit www.ipi.org).

In response, RIAA has employed a multi-faceted approach to combat this piracy, combining education, innovation, and enforcement:

✿ With investigators deployed in cities across the USA, the RIAA is working closely with law enforcement to pull pirate products off the street and to demonstrate that the consequences for this illegal activity are real.

✿ RIAA is continuing its efforts to educate fans about the value of music and the right ways to acquire it and, when necessary, to enforce rights through the legal system.

✿ Record companies have licensed hundreds of digital partners that offer a range of legal models to fans: download and subscription services, cable and satellite radio services, Internet radio webcasting, legitimate peer-to-peer

services, video-on-demand, podcasts, CD kiosks and digital jukeboxes, mobile products such as ringbacks, ringtones, wallpapers, audio and video downloads and more.

✿ **Poor Legal Framework In India:** The cyber laws and legal framework in India is much weaker as compared to US and it will be much more difficult to prevent piracy in India.

✿ Competition from brick and mortar stores and the benefit of owning a tangible product.

KEY INSIGHTS FROM PRIMARY AND SECONDARY RESEARCH

✿ CUSTOMER SEGMENTATION

The customers can be segmented into:

1. Music Lovers: These are the passionate music lovers who have very high emotional quotient associated with their music. They are the opinion leaders and are generally the first ones to listen and purchase music. They can be assumed to have low price elasticity. The customers belonging to this segment mostly belong to the age group 15-30 years.

2. Music Enjoyers: These customers enjoy their music, but they are not involved in their music as the music lovers. Music enjoyers enjoy their music and keep themselves updated with latest music. However, their price elasticity is higher and they have lesser tendency towards impulse purchase as compared to music lovers.

3. Casual Listeners: They are not too fussy about music. They enjoy occasional music but their emotional association with music is low. Their price elasticity is high and they generally buy music less frequently.

The prime prospects are the internet users who belong to Music Lovers and Enjoyers segments.

✿ REFERENCE PRICE

✿ **Secondary research:** The researchers found that a typical music album in a brick and mortar retail store in the US costs around \$14 - \$16, with each album comprising of 12-16 songs. The average price per song for a digital download is 99¢. Similarly, a typical album of a new artist is priced around ₹ 100 and has about 8-10 songs. Thus, the reference price per song in the minds of the customer can be assumed to be ₹ 9 per song.

✿ **Primary Research:** Online music primarily targets internet users. Although the usage and penetration of internet has risen sharply in the recent past in India, the absolute figures are still poor. Hence, the online market is still small and has huge growth potential. However, the users have become used to free downloads available online. Heavy internet users are the ones who are most likely to buy online.

The researchers conducted in depth interviews (Exhibit 3) with many customers and found that the reference price for most of the people was actually ₹ 0 as they compared online music to free downloads available online. Some of them were passionate music lovers and spent money on CDs and albums. However, when they were asked about online music purchase, they invariably compared it with free pirated music available online. Hence, the reference price for them was ₹ 0.

There was another set of customers who compared online music purchase to price of music CDs. These set of customers were music lovers who purchased music from retail outlets frequently. They compared the price per song when they buy a CD and their reference price was thus around ₹ **8-10 per song**. However, such respondents were a small percentage of the total respondents and most of the people interviewed compared online music to free download.

ANALYSIS

The prime prospects are the internet users who belong to Music Lovers and Enjoyers segments. Though the customers can be segmented, and internet provides scope for differential pricing, it should not be done. This is because there is little element of service involved and the product is not differentiated as such. Thus, it will be very difficult to justify the differentiated prices and there will be customer resentment and alienation.

The reference price for a vast majority of customers was ₹ 0 (with few customers tending to ₹ 10). With reference price being 0, one cannot afford to sell at prices above ₹ 5. During in depth interviews, there was a clear indication by the respondents that they are not yet open to the idea of paying for music online, as they are used to free downloads. Even the music lovers had the same feeling and it can be said that the legal framework and the present market dynamics of India point to the fact that online music, atleast for the first few years, has to be sold at very low prices to encourage customers to buy music instead of downloading free versions. We understand that respondents will always give lower prices during interviews, but it was clear that even before the direct price questions, that they are not yet open to the

idea of paying for online music. The US was able to increase the expected loss of downloading pirated music and provide education to the customers and huge number of options to buy music legally at low prices. This cannot be done in India in the coming few years. Hence, given the present situation in India, online music has to be sold at much lower prices compared to retail stores.

PRICING OPTIONS

After a few in-depth interviews with the people who download music (people from IIMA and CEPT), the researchers came up with the following probable methods for price discovery. The methods also include the knowledge gathered from secondary research about the existing markets in other countries.

✿ **Value Based Pricing Through Bidding:** Clips of songs will be available online prior to the launch of the songs. Users can listen to the clips and then fill a survey. The survey will be a direct price response survey, which will also ask them to rate the song. Let the user bid for the songs for a limited period say-one week. The release date of the songs will be announced beforehand. This will just be an expression of interest and the offer will not be binding on the user. The data from the interested customers can be used to estimate the reference price, latitude of price acceptance and willingness to pay for the customers, hence leading to price discovery.

✿ **Set-Price method:** The price for each music file will be determined using:

✿ Value based pricing

The incremental value to the buyer comes from the following:

1. Availability and variety.
2. Option to buy unbundled songs separately.
3. Ease of download and usage on various forms of hardware (phone, i-pod, computer).
4. Interaction with the musician.

The estimate of the value of these advantages to the buyers can be used to price the songs and albums online. In-depth interviews were carried out with a number of respondents (30) to gauge their interest in online music and its benefits. Some direct and indirect pricing questions were used to estimate a latitude of price acceptance/range for possible launch prices.

✿ **Based On Competition From Retail Stores:** A typical album of a new artist is priced around ₹ 100 and has about 8-10 songs. Thus, the reference price per song in the minds of the customer can be assumed to be ₹ 9. Also, each song can be sold separately. This unbundling will give an advantage of applying differential pricing for each type of song, like title song, which will be priced higher. This will give us a price band say of 8-20 for title song and say ₹ 8-12 for other songs, depending on the popularity of the artist and the initial interest shown by the customers. The price can be framed in reference to the album prices at retail stores. The cost of buying all the songs should be lesser than the retail price of the album. The site should highlight that customers are getting a better deal than retail stores by showing the cost of buying all the songs.

RECOMMENDATIONS

✿ **Bidding:** It is a very useful option and can be tested in the Indian market. This option gives data on each song separately and thus, it can help the seller extract maximum value from each song. However, the issues with this option are:

✿ Music may be an impulse buy for many music lovers. Asking them to wait for a release may kill their interest in the song.

✿ There will be a downward bias as we are asking customers for their willingness to pay directly.

✿ There will be noise data as people may quote absurd figures like 0.95 paise, ₹ 1000 etc.

If proper data analysis can be done on a song to song basis using an algorithm, then the latitude of price acceptance can be possibly deduced, leading to price discovery. The exact price will depend on the objective of the seller. If the objective is to sell maximum copies, then the price at the lower end of LPA should be chosen. However, if the target segment is primarily the music lovers and profitability is a key objective, then the seller should set the price at the higher end of the spectrum.

✿ **Set Price Value Based Pricing:** According to the researchers, this is the most relevant option in India. As discussed earlier, the Indian customers are not open to the idea of paying for online music as yet. Therefore, the data from bidding

process may be highly unreliable. The researchers understand that there will be a downward bias as direct pricing questions are asked even in this option. The researchers have tried to incorporate this bias and knowledge of reference price from in-depth interviews. The estimated LPA for songs of upcoming artists was from ₹ 0 to ₹ 5 for the defined prime prospects, which can go upto ₹ 15 for the title song/ famous artist. Such low prices will encourage users to buy legally and decrease customer resistance to online purchase of music. The lowest price possible will depend upon the cost structure of the online channel. The range used could be ₹ 2 to ₹ 5. The exact price in LPA will vary with the objectives as discussed earlier.

✿ **Based On Retail Competition:** With reference price being very low for most of the customers, we do not think this is a feasible option. Also, the customers expect lower prices from online channel as they are aware of the fact that the raw material cost of CD and distribution costs are not borne in the online channel.

EXHIBITS

Exhibit 1 : Pre-Internet Model

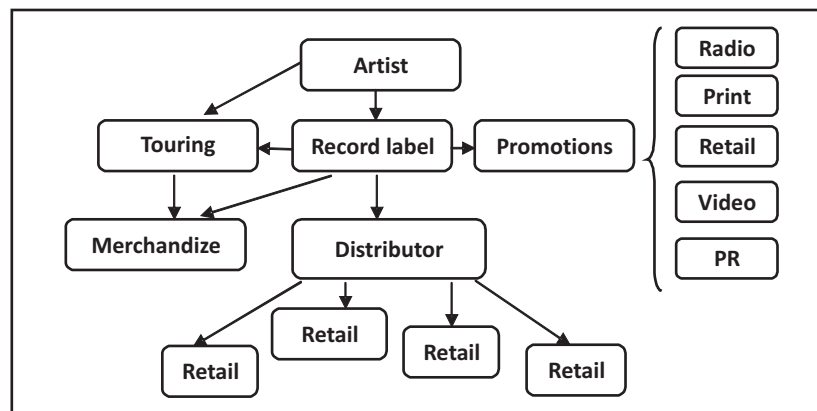


Exhibit 2: Post-internet model

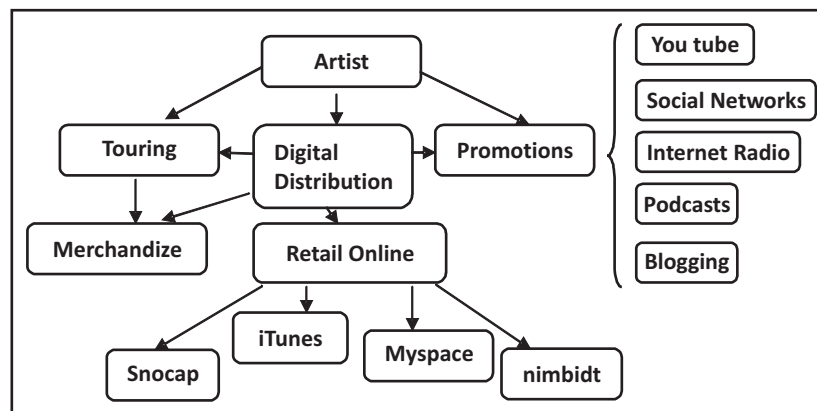


EXHIBIT 3: EXCERPTS OF A FEW IN-DEPTH INTERVIEWS CUSTOMER 1

Question 1: How often do you buy online? What do you buy generally?

Answer: I buy online pretty often. Mostly, I buy tickets for trains and flights, and sometimes, books and second hand items like hard disks, sports equipment from ebay etc.

Question 2: Are you comfortable with payment methods used? How do you pay normally?

Answer: Yes, I am comfortable. I mostly use my credit card, though the option of debit card and internet banking are also available. I trust the gateways and I generally do not hesitate while buying online. Also, I mostly use the reputed sites like ebay and makemytrip.com, travelocity, irtc etc. Hence, I am less worried about the authenticity of the

transactions.

Question 3: Have you ever bought music online?

Answer: Not really. We get songs online for free.

Question 4: Have you considered buying music online?

Answer: No. I generally buy CDs of my favorite artists and movie songs, especially the mp3 collections etc. Most of the songs are available online free of cost from some source or the other. Therefore, I do not consider buying music online.

Question 5: Do you think people would be interested in buying music online? Do you see any advantages in buying music online?

Answer: Well I can't speak of other people, but I guess some people do buy music online, especially in foreign countries. I think availability of variety of songs, very old songs, songs of upcoming and lesser known artists are some advantages. Also, sometimes, the quality of digital music is better. But I don't think people in India are open to the idea of buying music online

Question 6: If an upcoming Indian artist releases his/her album online, would you buy it online? Consider the case that the artist is new and his songs are not popular yet. Hence, they are not available for free download. Clips of the songs are available online and you liked the song.

Answer: Not really. I am not a very big music fan and am not open to the idea of paying for music online. Infact, I have worked for a company which was trying to sell a software online. It is hugely successful elsewhere, but people in India are just not ready to pay for things which are available for free (pirated versions). The legal threat needs to be much higher.

Question 7: What if the song is available for 2-3 rupees?

Answer: Well, may be then I will consider buying the songs as it is as good as free.

Question 8: What would you be willing to pay for a song of your favourite artist (song is just launched and not available elsewhere)? The song is encrypted and would not be available for free download.

Answer: I guess ₹ 5-10 if I really like the song.

CUSTOMER 2

Question 1: How often do you buy online?

Answer: I buy stuff online once in a while. I mostly buy tickets and t-shirts online.

Question 2: Are you comfortable with the payment methods used? How do you pay normally?

Answer: Yes I am comfortable with the payment methods. I mostly use credit and debit cards, depending on the deals available.

Question 3: Have you ever bought music online?

Answer: No.

Question 4: Have you considered buying music online?

Answer: Not really. The songs are available for free.

Question 5: Do you buy CDs?

Answer: Yes, but only if I really like the album. I used to buy it when free downloads were not available so easily. But now, I generally buy CDs of really good albums only.

Question 6: But they are also available for free...

Answer: Yes, but I want music for my car and music player also.

Question 7: Do you think people would be interested in buying music online? Do you see any advantages in buying music online?

Answer: I do not think many people are interested in it as music is available online for free. Advantages are availability, sound clarity, unbundled songs, and ability to buy the song immediately.

Question 8: If an upcoming Indian artist releases his/her album online, would you buy it online? Consider the case that the artist is new and his songs are not yet popular. Hence, they are not available for free download. Clips of the songs are available online and you liked the song. How much would you be willing to pay for it ?

Answer: Yes, I would pay for it if I really like the song. But mostly, I would wait for the free download. I think I can pay upto ₹ 10 for a really good song.

Question 9: What if the songs are available for ₹ 2-3 or less than ₹ 5?

Answer: Probably I will buy then, because it is as good as free.

Question 10: What would you be willing to pay for a song of your favourite artist (song is just launched and not available elsewhere)?

Answer: Around ₹ 5-15.

CUSTOMER 3

Question 1: How often do you buy online?

Answer: Quite often. I buy Tickets, make reservations online, and purchase stuff on ebay.

Question 2: Are you comfortable with payment methods used? How do you pay normally?

Answer: Yes, I am comfortable with the payment method. I mostly use credit and debit cards depending on the deals available.

Question 3: Have you ever bought music online?

Answer: No.

Question 4: Have you considered buying music online?

Answer: Not really. The songs are available for free.

Question 5: Do you buy CDs?

Answer: No, I am not a very big music fan.

Question 6: Do you think people would be interested in buying music online? Do you see any advantages in buying music online?

Answer: I do not think many people are interested in buying music online as it is available for free. Advantages are availability, unbundled songs, and ability to buy the song immediately.

Question 7: If an upcoming Indian artist releases his/her album online, would you buy it online? Consider the case that the artist is new and his songs are not popular yet. Hence, they are not available for free download. Clips of the songs are available online and you liked the song. How much would you be willing to pay for it?

Answer: I'd but it online if I really like the song. But mostly, I would wait for the free download. I think I can pay upto ₹ 10 for a really good song.

Question 8: What if the songs are available for ₹ 2-3 or less than ₹ 5?

Answer: Probably I will buy then, because it is as good as free.

Question 9: What would you be willing to pay for a song of your favourite artist (the song has been launched recently and is not available elsewhere)?

Answer: I do not think I will buy for more than ₹ 6-7. The major issue is that I should not feel I am paying something substantial for the songs.

CUSTOMER 4

Question 1: How often do you buy online?

Answer: Very often. I shop for books, gifts and songs which I can download to my iPod.

Question 2: Are you comfortable with payment methods used? How do you pay normally?

Answer: Yes. I don't have any problem with the current payment gateways used. With authenticity certificates given to credible websites, I don't see any reason why I shouldn't use the online payment method. I mostly pay using my credit card, but I also make use of my debit card and online banking system.

Question 3: Have you ever bought music online?

Answer: Yes, I mostly buy on Amazon.com.

Question 4: But, why do you buy online music?

Answer: I mostly search for unheard songs from unknown artistes. There are many good artistes who don't get to

launch their albums in a big way, but are nevertheless worth listening. Also, I get to sample the songs by listening to the sound clip for one minute, which you can't do when you buy a CD. There are only three or four songs in an album of ten songs which are worth listening as per my choice and I can buy individual songs by purchasing online.

Question 5: What is the price that you generally pay?

Answer: Mostly 99 cents.

Question 6: If an upcoming Indian artist releases his/her album online, would you buy it?

Answer: Sure, I am always looking out for new artists, the only condition is that the songs should be good.

Question 7: It would be the same way as other independent music is sold. You would get to listen it. Then would you try?

Answer: Yes, I would like to try it out. As I said, the only condition is that the music should be good.

Question 8: What would you be willing to pay for such a song (song is just launched and not available elsewhere)?

Answer: In the range of ₹ 5 - 15.

Question 9: What would you be willing to pay for a song of your favourite artist (song is just launched and not available elsewhere)?

Answer: Around ₹ 15-30.

CUSTOMER 5

Question 1: How often do you buy online?

Answer: I buy once in a while. I mostly buy tickets for movies, gift items, tourist plans for visiting exotic places etc.

Question 2: Are you comfortable with payment methods used? How do you pay normally?

Answer: I normally pay using credit card. I sometimes get apprehensive considering numerous phishing attacks and scams relating to online purchasing. Thankfully, I have not witnessed any such fraud myself. I diligently select only the most secure websites from where I buy my stuff and therefore, I am comfortable with the online payment method. Also, with a good antivirus software installed on my system, I feel secure about my online transactions.

Question 3: Have you ever bought music online?

Answer: Yes, I have bought a few English tracks.

Question 4: But, why do you buy online music?

Answer: I was influenced by the marketing advertisements of *Apple*, which promised better quality sound which were equivalent to real sound recording environment. When I tried downloading a few songs, I could feel some difference in that I got to hear some better quality music, but the difference was minor. The one thing that influences me the most is that I am saved from the trouble of shopping for the songs in the retail outlets. As the songs available in the online music store is almost at the same price, with some discounts given occasionally, I think that I will buy online more often in the future.

Question 5: What is the price that you generally pay?

Answer: Mostly 99 cents.

Question 6: If an upcoming Indian artist releases his/her album online, would you buy it online?

Answer: I may not buy an upcoming artist's album unless it has received some rave reviews from the music lovers. Though, I may not mind buying a known artist's album like- Sonu Nigam's.

Question 7: It would be the same way as other independent music is sold. You would get to listen it. Then would you try?

Answer: Probably I will try, can't say for sure.

Question 8: What would you be willing to pay for such a song (song is just launched and not available elsewhere)?

Answer: In the range of ₹ 5 - 10.

Question 9: What would you be willing to pay for a song of your favourite artist (song is just launched and not available elsewhere)?

Answer: Around ₹ 10-20.

CUSTOMER 6

Question 1: How often do you buy online?

Answer: Very frequently. I mostly buy products for which I get see a lot of variety online and I don't need to think too much for placing an order.

Question 2: Are you comfortable with payment methods used? How do you pay normally?

Answer: Yes. I mostly use my credit card. These days, the systems have become more secure, so you don't need to worry much.

Question 3: Have you ever bought music online?

Answer: Yes, I buy once in a while.

Question 4: But, why do you buy online music?

Answer: Well, most of the times, I get what I require on the web itself (mostly free) else, I sometimes try the retail stores nearby. But, it is a lot of pain to visit these stores searching for your music and it is really frustrating in the end when you end up empty handed. It becomes easier to buy online, where you get the variety and availability in front of your eyes at a click. In fact, I know most of the stuff that I don't get free online, most likely, cannot be found in the retail stores also. If I prefer a particular artist, I search for his music and if I like it, I purchase it online. It would almost cost the same. You don't even need to pay delivery charges.

Question 5: Generally, which websites do you use to buy your music?

Answer: Amazon.com, rhapsody.com (when I am in US), nimbit.com etc.

Question 6: What is the price that you generally pay?

Answer: Mostly, 99 cents.

Question 7: If an upcoming Indian artist releases his/her album online, would you buy it online?

Answer: I will listen first and then decide.

Question 8: It would be the same way as other independent music is sold. You would get to listen it. Then would you try?

Answer: If the music is good and I can't find it elsewhere, then it's worth a try.

Question 9: What would you be willing to pay for such a song (song is just launched and not available elsewhere)?

Answer: Not more than ₹ 10.

Question 10: What would you be willing to pay for a song of your favorite artist (song is just launched and not available elsewhere)?

Answer: Around ₹ 15-20.

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