"Free Music" a Strategy for Artists / Musicians in Ecuador

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Abstract

Everyday technology evolves, improving aspects of our lives and also many industries. The music industry unfortunately was not able to receive technology in the most optimistic way. Au contraire it changed the way people used to consume so drastically that labels were not prepared to assimilate the change and record sales began to drop since. Today artists are targeting for other revenue streams, mainly live shows, which some believe to be the strongest income source for them. In Ecuador piracy and peer-to-peer sharing websites have become the primary way to acquire music, prompting artists to adapt to new approaches to reach consumers. This study aims to suggest a free music strategy for artists to facilitate their music exposure and gain more potential fans.

Keywords: Free Music, Music Marketing, Consumer Behavior, Revenue Stream, Copyright

Resumen

Todos los días la tecnología evoluciona, mejorando aspectos de nuestras vidas y también las de muchas industrias. La industria de la música por desgracia no fue capaz de recibir la tecnología de la manera más optimista. Al contrario, esta cambió tan drásticamente la forma en la que la gente solía consumir que las disqueras musicales no estaban preparadas para asimilar el cambio y las ventas de los discos comenzaron a caer desde entonces. Hoy en día los artistas se están enfocando en otras fuentes de ingreso, principalmente shows en vivo, lo cual algunos creen que es la fuente de ingresos más fuerte para ellos. En Ecuador la piratería y el intercambio digital a través de sitios web se han convertido en la principal manera de adquirir música, lo que ha llevado a los artistas a adaptarse a las nuevas tendencias para llegar al consumidor. Este estudio tiene como objetivo proponer una estrategia de música gratis para los artistas y así poder facilitar la exposición de su música y con eso ganar más fans potenciales.

Palabrasclaves: Música Gratis, Mercadeo y Publicidad de la Música, Habito del Consumidor, Fuente de Ingreso, Derecho de Autor

Introduction

The Global Record Industry has shrunk from being almost a US \$37 billion worth market from the year 2000 to a US \$15 billion industry recorded in 2013 (IFPI). Over a period of 13 years, the industry has suffered a tremendous decrease to settling in less than half the total turnover it used to have. Some may blame it on technology. The launch of web platforms such as Napster enabled users to engage on peer-to-peer sharing, which planted the seed of a new era in music consumption, consisting in downloading illegal music (Whitaker, 2013).

Perhaps, the first drop of technology introduced in the music industry can be marked as far as the late 1870s when Thomas Edison invented the phonogram (Taintor). The new invention gave way for first attempts to copy and the initial debates on copyright. Companies were earning good profits from selling disks and cylinders that contained recorded material, but did not pay the composers (Banner, 2012).

Today many countries are in pursuit of illegal sharing, they consider it to be the main cause that collapsed the music industry. But few economists suggest that consumers have rather engaged on such behavior because global recession has caused expenditure capacity to decrease and for it other free options are available in the market (Lasar, 2011). Furthermore a study from Business Insider shows that 10 years ago consumers from the U.S. used to spend almost three times as much as they do today in music.

The author's charts on the article also illustrate the fact that consumers spent that amount in music because there was no option to buy singles; instead consumers were left with no choice but to purchase a complete album to listen to only a few songs that were actually desired (Degusta, 2011).

Ecuador's music industry has not been able to recover since the country's financial and banking crisis in 1999. Along with online file sharing and piracy being born, the main local labels IFESA (Industria Fonográfica Ecuatoriana S.A.) and FEDISCOS (Fabrica de Discos Ecuatorianos) went out of business and closed. The major international labels such as Universal, EMI and Sony found the market no longer attractive and left the country. At the time consumers were not able to afford complete CDs with an original price anymore, and so pirated disks were the only option that offered an affordable way to consume (Narvaez, 2013). Now music consumers in Ecuador are not used to buying legal music anymore, for there is no record industry either (Lopez, 2013), distribution of pirated products are widely witnessed in the whole country. Hence, local artists and musicians face certain complications with the lack of resources available for them to establish a promising career in the industry (Jacome, 2012).

Free music is a reality that the industry is confronting today. The first argument introduced at the beginning of the 20th century, by John Phillip Sousa, defended the nature of music creation and reproduction. Believing technology to pose a threat over the American music culture and market (Sousa, 1906). As devices to reproduce and experience music kept progressing, many entities and artists within the industry felt affected negatively and manifested their situation (Cowell, et al., 2012). On the other hand consumers kept adapting to new technologies and new ways to consume music, forcing the market behavior to change as well. Thus opportunities have aroused for those that propose new alternatives or business models that deliver what consumers now demand.

This study aims to determine whether free music can be established as a proactive part of a marketing strategy to facilitate and increase the exposure of a musician's material in Ecuador. Is the strategy feasible? What aspects may affect the implementation of the strategy? What are the market conditions? What may be the potential results? The approach takes place in the first phase of the marketing formula AIDA, which targets to raise the attention of potential customers. The overall research analyzes different market factors from an artist's revenue stream, the current music consumer behavior and legal perspectives, that together place a framework to approve such strategy.

Theoretical Framework

Marketing Models

The AIDA marketing funnel is a model developed by advertising and sales advocate E. St. Elmo Lewis in 1898. It was first tested in the insurance market to clarify the mechanism of personal selling. The model was based on the four phases of cognition that buyers follow when they purchase a new product or are presented with a new idea. These four basic processes of motivation are Attention, Interest, Desire and Action (Lewis, 1898). In 1911, A. F. Sheldon added 'permanent satisfaction' as an important cycle of the selling process. Reflecting the phase where consumers liked a product after having experienced it and returned to consume more (Sheldon, 1911).

In 2006 Xavier Blanc, senior planner at Satama (now Trainers House') presented REAN, an improved model in terms of measurement. The framework could be utilized with the tools of Web Analytics and CRM (Customer Relationship Management) systems to allocate budgets in marketing activity ROI (Return On Investment). The acronym represents Reach, Engage, Activate and Nurture (Jackson, 2009). This model differs from the previous one in the fact that at its final stage it incorporates the method of retaining and re-engaging an active consumer, while also measuring its results.

Music Marketing

Berklee College of Music Professor Mike King (2009) adapted the model for the music industry by slightly modifying the stages naming them AAEM. He considers these four pillars to be of great importance when planning a successful marketing campaign for the artist or band. The first stage is *Awareness*, referring to any strategy created to gain visibility of the product. There may be different ways to do so, but it is more effective when it targets a segment with similar demographic and psychographic backgrounds. Then follows the *Acquisition*, which consists on obtaining forms of permission-based contact information. Different forms include collecting email addresses, gathering Facebook fans, Youtube subscribers, Twitter and Instagram followers, as well as home addresses and phone numbers.

Having permission-based contact will help artists maintain a relationship with their fans, keeping them up to date and increasing the potential fan base. The next phase is *Engagement*. With the proper authorization, the artist's can engage fans through email newsletter, social post and updates, text messages, direct mailings, etc. At last is the *Monetization*, the phase where the effort put into the previous phases is monetized or in other words triggers final conversion from consumers.

A profile study on Lady Gaga's successful career identified four core strategies, which are vision, understanding the customer and industry, leveraging competences and addressing weaknesses, consistent implementation and continuous renewal. In the strategy of understanding the customer and industry, the review points out that Gaga uses 4Es to achieve "mass intimacy" with technology, these are emotions, experiences, engagement and exclusivity (Anderson, Reckhenrich, & Kupp, 2013).

Artist's Revenue Stream

Future of Music Coalition, a U.S. based organization made a study of all the revenue streams that a musician from the U.S. could gain an income from. They had identified 42 revenue streams, which were mainly categorized in songwriting and composition revenue, sound recording revenue, live performance revenue, sessions or sideman work revenue, brand related revenue, fan, corporate and foundation funding and earnings from the knowledge of their craft such as teaching and producing (Future of Music Coalition, 2010).

From this study many other significant results were found; one of them showing the revenue source that accounts for the greatest part of the musician's total revenue. Within a sample of 5371 people where all types of musicians were considered, 28% of the total revenue of these musicians came from live performance. It is important to point that not all the musicians from the sample were performers. Nevertheless if it were to segment the results into different genres, then the musicians from Jazz, Rock, Country and Hip Hop receive a respondent average of almost 41% in live performance revenue. For the Classic genre, the musicians receive 36% of their revenue from being salaried players. This genre's live performance involves orchestration; therefore musicians of this genre differ in their revenue source. (Future of Music Coalition, 2012).

In regards to selling recorded music, the results did not appear to be optimistic at all. Only 6% of the aggregate revenue pie derived from sound recording sales. In addition, from the same sample of musicians, 88% of them reported from 0% to 10% income from sound recording. It's important to note that the sample also includes musicians that do not participate directly in sound recording production. However the study demonstrates that this source of revenue is no longer reliable for musicians. The main cause of these results mentioned is the technology factor and increased usage of peer-to-peer sharing platforms (Future of Music Coalition, 2012).

Arguments on File Sharing

With peer-to-peer file-sharing platforms consumers have become free riders in duplicating and spreading digital music files without recompensing the people that originally created the material (Alexander, 2002). On 2012, an NPR intern named Emily White (2012) posted an article on the website's blog "I Never Owned Any Music To Begin With". She explained the fact that her generation was born in the digital era and does not pay for music. In her case, she has only bought 15 CDs in her life and owns more than eleven thousand songs.

The post was later replied by Camper Van Beethoven's lead musician David Lowery (2012) presenting a countervailing opinion of the deleterious effects that file sharing and non-ownership of music has had on mid level artist careers. The argument also detailed the responsible parties that to his perspective have caused such results in the market. On the other hand Jay Frank (2012) current CEO and owner of DigSin suggests on a responding article that artists and musicians should focus on exploiting new sources of revenue instead of worrying about sources that they do not make much money of.

Consumer Behavior

A study from Huang (2005) explains that for young generations free, shared music is common and the habit is likely to increase in consumption. Others show moreover that with the increase of music exposure to consumers through online sharing, artists and the industry itself may receive more benefits in positive revenue impact (Gopal, Bhattacharjee, & Sanders, 2005). Some are even convinced that these consumers may convert if they become loyal to the music (Peitz & Waelbroeck, 2006). While it is also suggested that online platforms act as distribution tools or channels to expand market reach of the artist's music (Ki, Chang, & Khang, 2006).

The reason to prefer illegal copies of music is the utility factor that makes it more convenient to manipulate between different devices compared to physical CDs (Rochelandet & Le Guel, 2005).

Jonah Berger (2013) in his book Contagious introduces the six steps that make consumers want to share products or information online. STEPPS represent 1) Social currency, people that want to share things that enhance their image or make them look good. 2) Triggers, they will talk about products that are in their top-of-mind. 3) Ease for emotion, if the content provokes a deeper sense of intimacy or engagement towards it, possibly it will have more shares. 4) Public, the more people are doing the same, the more they'll imitate. 5) Practical value, sharing information that will intend to help others. 6) Stories, despite the veracity of the facts, if the narration and content of a story is good, people will likely share it. In this case the Trigger motivation would be influenced by having something free with more exposure and easy access to consume.

Digital music and Streaming

According to a report of the U.S. music industry, in 2013 digital album sales increased by 6.3% while physical and digital tracks decreased compared to 2012. The segment that showed significant growth was streaming, with a 24% increased variation compared to the previous year (Nielsen, 2013). In the global scale, digital music increased 5% reaching 5.9 billion dollars, accounting for 39% of the record industry. In Latin America, the growth was of 124% in three years compared to a global growth of 28% in the digital market (IFPI, 2014). The conventional music digital market includes the iTunes store and Amazon music.

Companies that offer new subscription and advertising business models have grown 367% and 293% each since 2008 (Richter, 2014). Subscription models include companies such as Spotify, Rhapsody, Rdio and Beats Music that offer a subscription service where the consumer pays a monthly fee and is able to listen to a big library of songs, whatever, however and whenever they want. Advertising models are those companies such as Grooveshark that offer a similar library of songs but there are visual advertisements or sometimes, audio advertisement. In some cases the advertising model companies do not pay the artists for streaming their songs.

Legal Framework

Copyright Law

On Article I, Section 8 of the United States Constitution, the law states: ¨The Congress shall have Power … To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries¨ (Congress, 2010). This law only applies within U.S. territory, and is used as reference due to the pioneering implementation of adapting such law.

The Copyright Law indicates in the Article 1, Chapter 1 of the scope of protection that "the provisions of this Decision are intended to afford adequate and effective protection for authors and other holders of rights, intellectual works in the literary, artistic or scientific, whatever their nature or form of expression without regardless of literary or artistic merit or purpose" (Decision 351, 1993)

International and Local Copyright Law

There is no such thing as an 'International Copyright Law'. A copyright patent is not legally protected all over the world. However based on international treaties, many countries have attempted to ensure uniformity to protect their authors. Although one should be aware of the local regulations in a foreign country if a material were to be distributed there (UW Copyright Connection, 2013). Malm (1992) argues that with the increase of distribution and consumption copyright should reconsider its protection, especially in its international coverage and control limitations that third-world countries contain.

Conventions

The Berne Convention for the Protection of literary and artistic works was established to govern copyright. This international agreement took place in 1886, Switzerland. The convention only protects the work of signatory countries within the agreement. (Convenio de Berna, 1979)

The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations extended protection for physical material and also circulation of live performances, fixating their use. (Convenio de Roma, 1961)

Intellectual Property in Ecuador and Legal Entities

The Law of Intellectual Property affirms in Article 1 "The State recognizes, regulates and ensures the intellectual property acquired in accordance with the law, the decisions of the Commission of the Andean Community and international conventions validated in Ecuador." (2006)

IEPI (Instituto Ecuatoriano de Propiedad Intelectual) (Ecuadorian Institute of Intellectual Property

This institute is responsible of protecting intellectual property, copyright and related rights of inventors and authors among others in Ecuador. (IEPI, 2013) After having registered ones work or material one is given the total free right of the production or fixing, public communication, distribution of copies, translation, adaptation, arrangement or any other transformation of the work. Receiving protection against piracy, which on Article 423 of the Ecuadorian Criminal Code is defined as ¨the crime of assault committing piracy or armed robbery at sea, or in the waters or rivers of the Republic¨. (IEPI, 2013)

SAYCE (Sociedad de Autores y Compositores del Ecuador) (Ecuador Author's Society)

This institution serves to protect all Ecuadorian authors through different enacted laws and conventions that include intellectual property, copyright, related rights, Berne Convention and the Rome Convention. (SAYCE, 2012)

Organic Law of Communication

This law states in Article 103. – The dissemination of musical content – In the case of radio broadcasting stations that broadcast music programs, the music produced, composed or executed in Ecuador must represent at least 50% of all the music content broadcasted, along the payments of copyright established by the law. The thematic or specialized stations are exempted from the obligation referred to 50% of the music content (Nacional, 2013). This law enacted in June of 2013 helps promote more local composition and production of music also incentivizing Ecuadorians to demand and listen more of its local music.

Piracy Online

A study from The American Assembly at Columbia University illustrates that P2P file-sharing users consume more music and also purchase more legal music than non-P2P users (Karaganis, 2012). The author explains that P2P file-sharing users are more music caring consumers that dedicate on finding new music to keep building their collections. Though on another end, illegal music sharing and piracy may impact a songwriter negatively, lowering their motivation to keep writing more music and lyrics (Murillo, 2013).

RIAA (Recording Industry Association of America) states the examples of Online Copyright Infringement that are considered as piracy. These include 1) making a copy of an MP3 song that one has bought and then uploading it to the Internet with a file-sharing network, giving people the option to download the song for free without permission. 2) Downloading copyrighted music from file sharing networks that are not authorized to do so. 3) Transferring copyrighted music through an instant messaging service. 4) Burning other copies of an original CD and offering the copies to people for free or in exchange of certain value. 5) Emailing copyrighted music to other people without authorization (RIAA).

Methodology

Scope of the object

The scope of this research is subject to the following limitations and constraints: a) there are no general assumptions made to obtain the statistical data used; b) the first phase of data collection was made through semi-structured interviews that took place depending on the availability of the interviewees; c) the second phase of data collection was made through online surveys within a time frame of three days; d) there is no secondary data collected to support the study of the subjects, due to the lack of validated academic research and documents found related to the music industry in Ecuador; e) the population used for this study could increase precision if there were more statistical data tailored to the local music industry; f) limited timing and scarce tools are the final factors that affected the capacity to achieve a greater coverage of the population chosen.

Delimitation of the Object

This study has the hereinafter delimitations: a) the results and proposed strategies only apply to Ecuadorian artists and musicians; b) the study took place and focused on the city of Guayaquil, Ecuador; c) the two subject units were musicians and composers that are currently members of SAYCE and music consumers with access to internet.

Research Design

Type of Research

This research's purpose is explanatory and it applies qualitative and quantitative worldviews to analyze the feasibility of the strategy suggested. The time horizon of the study is cross-sectional; technology plays an influential factor that may rule out the use of this strategy in a certain time period.

The study intends to analyze two factors that may derive a feasible implementation of free music as a marketing strategy to approach the awareness phase of the AAEM marketing funnel. The first factor is musician's revenue. The data from the framework sets an international reference showing that the strongest revenue source of a musician's total income pie is live performance. This data will also try to be reassured with the opinion of local artists through the interview. The second factor has to do with music consumer behavior. The literature from the framework establishes different trends and behaviors that music consumers have now days. The second methodological phase of the investigation tries to determine the behavior and preference of the local music consumer towards consuming free music. The legal aspect stated will only serve as additional brace to support the use of this strategy.

Instruments, Tools and Research Procedures

The multiple method strategy was employed in this study to capture a result of the two subject units. It consists of the use of more than one data collection technique to answer the research questions; it is restricted between quantitative and qualitative worldviews (Tashakkori & Teddlie, 2003). The two specific data collection strategies to be used will be semi-structured interviews and questionnaires. A non-probability sample with snowball and convenience technique will establish the sample for interviews. The interviews will draw a general input and preference from the artists and musicians towards the free music strategy. A probability sample with a simple random technique will extract the sample size for the questionnaires. These surveys will try to discover a common trend or behavior of the music consumer. These strategies will be used because they are associated with the deductive approach needed for this study (Saunders, Lewis, & Thornhill, 2009).

Population and Sample

Interview

The population identified for the artist and musician interview was broad and obtained through SAYCE (Ecuador's Authors Society). The sample frame is set considering the fact that there is no existing profile to classify a musician or a large organization that will quantify the exact number of musicians in the country. Therefore there may be musicians that are not registered to the organization but do work with music as a career. For this reason the first filter to establish the possible sample was a membership proof of an organization that validates the career and work of a musician, author or composer. The second filter questioned the approximate percentage of time dedicated to working in music as a career or as a way to obtain income. Because of the lack of resources and time to reach a complete coverage of the population provided by SAYCE, non-probability sampling was chosen, adapting the snowball and convenience technique to obtain a more significant sample size.

An email was sent to SAYCE requesting the total number of members registered in their organization, and if there were any type of categorization between their members. The response obtained was 1.750 people, but no response about the categorization.

Relatives and friends that knew some artists and musicians coordinated the few initial interviews. Then these musicians collaborated in recommending other artists to interview. At the beginning of the interview, it was explained verbally to the interviewees the confidentiality of their shared information. The opinions and perspectives gathered will only be tabulated using common denominator of statements and words expressed. The interviews were made in Spanish.

Questionnaire

The population selected for the questionnaires was provided by the data found in Ecuador's National Institute of Statistics and Census (INEC). The sample frame to study the behavior of the online music consumer in Ecuador is filtered through the census of 2011 that registers the amount of people with access to Internet. Unfortunately the data provided was of 2011 but it is the only piece of information that can be drawn for this research to select the sample. It's important to note and consider that the data may affect the accuracy of the sample size calculated.

The amount of people with access to Internet in Ecuador recorded in 2011 was 653.233 people (INEC, 2011). This population size requires the sample calculation to consider the amount as if it were an infinite population due to the large amount, and so the sample size must be at least 384 people for it to stay within a 5% margin of error (Saunders, Lewis, & Thornhill, 2009). The surveys will be done through the website Survey Monkey to a random set of people throughout the country. Running the questionnaire through the web will help filter the sample, assuring that the people completing the questionnaire has access to Internet. The website of Survey Monkey (2009) was chosen to run the questionnaire because it provides tabulating tools for a more precise analysis of the results. Once the questionnaires are answered and tabulated, then a structured observation analysis will be made to evaluate the quantitative results and their correlation with the variables hypothesized. The questionnaires were made in Spanish.

The following equation was used to calculate the sample size:

$$n= \frac{P\,(1-P)}{\frac{e^2}{z^2}+\frac{P\,(1-P)}{N}}$$

P = Population size
n = Sample size
e = Margin of error
z = Level of trust

Sample Calculation		
Population	N	653.233
Sample	n	384
Proportion	p	0.5
Level of trust		95%
Level of significance		5%
	z	1.96
Sample error	e	5%

Table #1: Elaborated by Ren Kai Yin, 2014

Results

Interviews[1]

The artists interviewed in general manifested that piracy, the Internet and technology as a whole have been the factors that have caused the record industry to decrease its value since 1999. A couple also mentioned that the lack of capital and good quality music are also possible causes.

Looking to expand or try out international markets seem to be the first main opportunity that came to mind for the interviewed artists. Some said that the Internet was a good tool to approach this opportunity. Others also explained that the business side of music is very important and full of opportunity.

Many concurred that there is more competition in the market today. Especially international competition, as people have easier access now to foreign shows and music.

All the interviewees believed that live shows, concerts or events are the most significant sources of revenue for an artist. A few also brought up brand image as an income source.

Most had coincided that the television especially series and competition realities, radio channels, and social networks are all effective promotion channels to get the musician's music out. Two explained that the campaign should be planned out in total alignment with all promotional channels. Another commented the need to have an international projection in mind when planning the initial strategy.

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[1] The detailed answers of the interviewees are attached as an excel table in the Appendix Section

There was a common opinion on the consumers' habit, indicating that now consumers just listen to most of the music online. One said that the main segment of music consumers have grown along the years with the option to purchase pirated music, practically eliminating the original and legal options.

There was complete agreement towards using free music as a marketing strategy to increase a musician's exposure. Half responded that it was a strategy needed to compete due to current market conditions and consumer behavior. Though a couple insisted on the importance of having certain legal control and restrictions over giving free music.

Questionnaires[2]

Data Analysis

By analyzing the results from the artists and musicians interviewed, the following conclusions may be deducted. Technology, especially the Internet has caused a decrease in the record industry. It enabled peer-to-peer sharing, also introducing piracy to the market. These new options have led consumers to change in their listening habits and thus acquire music from these new platforms. The results from the questionnaire showed that 64% of the people that completed the questions download free music online, and 43% selected music being free as a trigger for them to consume it. Now, if more than half of the consumers turn to search for music online then artists and musicians should always attempt to have their material where potential consumers look for and also provide the easiest access to the music as possible.

Technology may have increased competition by democratizing the entry barrier to the market and facilitating musicians to record and produce reasonable quality music with much lower costs than it used to be ten years before. But it also has provided the tools to break frontiers and expand the reach of an artist to other foreign countries with one click. The more audience an artist can reach, the greater possibility there will be to gain a bigger fan base that will support him or her.

As of the study from Future of Music Coalition, the artists and musicians interviewed also asserted that live shows were the main source of income for them. That being the case, artists and musicians should focus their strategy to lead more potential fans to a concert. The more people are exposed to the artist's music, the higher probability there will be of an increase of fans. So in order to facilitate the exposure, the artist should give easier access and reach of the music to potential fans.

Free Music Strategy

This study intends to suggest artists and musicians to adapt a free music strategy to increase the exposure of their music. This strategy aims to complement the first phase of the AAEM marketing funnel, which consists on creating Awareness. Using free music as a strategy will improve the access of potential fans, because the music will be more exposed on the Internet and music consumers will have easier reach to listen and manipulate.

Through the surveys, it was found that music consumers tend to download music through the Internet or stream online with Youtube. Therefore artists and musicians have to adapt to current market behaviors and deliver their music through these channels in a free way to become more competitive. It was also concluded that live shows are the highest revenue stream for artists and musicians, hence the strategy should be focused to engage more consumers and monetize in concerts.

There are different factors that can affect the demand curve of consumers. A change in price can cause movement along the curve and a change in non-price variable can cause a positive or negative shift of the curve (Case & Fair, 1994). The non-price variable determinants that affect the demand curve are consumer taste or preferences, the number of buyers in the market, consumers' income, the prices of substitute good, and consumer expectations (McConnell, Brue, & Flynn, 2008).

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[2] The detailed results for the questionnaire are attached as graphics and tables in the Appendix Section
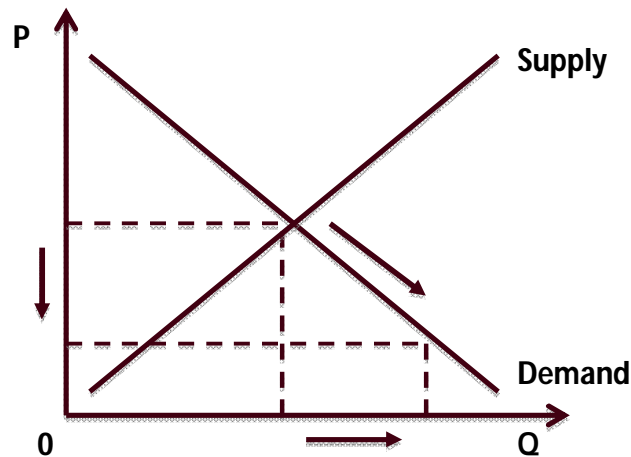
Graph #1: Elaborated by Ren Kai Yin, 2014

By decreasing the price of the offered good to free, according to the graph, the demand quantity will increase. Therefore if the artist or musician decides to provide his or her music for free online, the demand or consumption of the music will likely be higher.

The greater exposure the artist or musician has, the greater the fame. More fame equals to more value in the entertainment industry, which can lead to more opportunities of revenue in many areas such as brand image, sponsorship etc. These assumptions imply that the artist by adapting such strategy will consequently increase his or her market size, making this a determinant that will positively shift the demand curve.
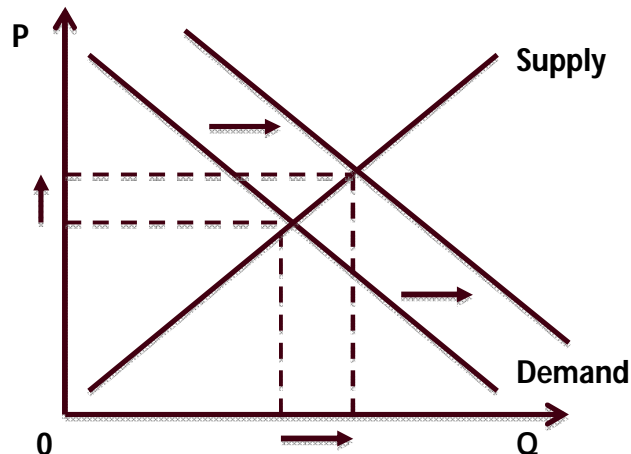
Graph #2: Elaborated by Ren Kai Yin, 2014

The graph illustrates the positive shift of the demand curve caused by an increase in market size. This also shows that with a larger demand shifting positively, the price and quantity increase as well, transforming into more revenue for the artist in general terms. Having a stronger demand, the artist can request higher prices for the live shows and quantity will still be assured. These changes and results will establish a more promising and motivating path for the artist to follow.

While the suggested strategy only serves to complement the Awareness phase of the AAEM marketing funnel, there are other activities, approaches and tools that an artist should use to leverage and increase the exposure of the music. For example, apart from providing the music free, the artist should let people know and spread the fact that his music is free to download. This may be done through social networks, radio promotion and or television promotion. As mentioned by some interviewees, the promotion strategy should be planned out in a certain time frame where all channels of promotion are aligned and become more effective as a whole force.

The artist or musician should keep in mind after all that the most important factor to achieving success in the music industry is to have a good product.

Music that has good quality and was produced with exceptional effort will transmit the same feeling and motivation to the consumer. The art has to inspire, only then will the consumer become loyal and support the artist to infinite success.

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Appendix

Interview questions:

1. Are you a current member of SAYCE?
2. What is the approximate percentage of time that you dedicate to your music career?
3. The global record industry has suffered a decrease since 1999, what do you think were the main factors that affected the industry?
4. In what areas of the industry do you see new opportunities of development?
5. Do you believe that there is more competition now days in the market for artists and musicians? Why?
6. What do you think is an artist's main or strongest revenue stream?
7. What do you think are the best channels of promotion or strategies to expose an artist's music?
8. How do you think the consumer has changed along the years in their music consuming habits?
9. Do you consider free music to be a possible strategy to increase the exposure of an artist's music?
10. Have you tried such strategy? If so, what were the results?

Questionnaire format:

1. Indicate your sex
 o Female
 o Male

2. How old are you approximately?

 o Less than 18
 o 18 – 25
 o 26 – 35
 o 36 – 45
 o 46 – 55
 o More than 56

3. How often do you listen to music?

 o Every day
 o Between 4 to 6 days a week
 o Between 1 to 3 days a week
 o Rarely listen to music
 o I do not listen to music

4. Through what device do you use to listen to music?

 o Vinyl player
 o Cassette player
 o CD player
 o Computer
 o Smartphone
 o Tablet
 o Others

5. Through what medium or platform do you acquire music?

 o Vinyl
 o Cassette
 o Original CD
 o Pirated CD
 o Purchase online through iTunes or Amazon
 o Free download online
 o Subscription streaming
 o Free online streaming
 o Youtube
 o Others

6.   What factor will make you want to download free music online?

- Because it's free
- For curiosity
- To want an specific song
- Because of being a fan or follower of the artist
- Others

7.   How do you share your music?

- Through social networks
- Via email
- Copying a CD
- Purchasing a new original CD
- Purchasing a pirated CD
- Through pen drives
- Verbal recommendation
- Others

8.   What motivates you to share your music?

- Because it's free
- The song is good
- Want to share my preferences
- Technological conveniences
- Others

Interview Results

|	Are you a current member of SAYCE?	What is the approximate percentage of time that you dedicate to your music career?	The global record industry has suffered a decrease since 1999, what do you think were the main factors that affected the industry?	In what areas of the industry do you see new opportunities of development?	Do you believe that there is more competition now days in the market for artists and musicians? Why?	What do you think is an artist's main or strongest revenue stream?	What do you think are the best channels of promotion or strategies to expose an artist's music?	How do you think the consumer has changed along the years in their music consuming habits?	Do you consider free music to be a possible strategy to increase the exposure of an artist's music?	Have you tried such strategy? If so, what were the results?	Extra input
Artist 1	Yes	100%	Piracy and the Internet	Through the Internet, it helps internationalize, people create new remixes, web anaylitics can help study potential fans	People are able to look at videos on Youtube made with much higher capital, its hard to compete with that	Live shows	Local competition realities, these have more reach and are less costly than radio promotoin. Social networks promtionare also effective	People in Ecuador consume pirated products and also through the Internet	Its strategy needed to compete in the current market	Yes, it helped gain international exposure	Music has to be good. We need more govermental support promoting more live shows and events
Artist 2	Yes	100%	Piracy and the Internet	To gain international exposure through the Internet		Live shows	The radio, social networks also help gain international contacts	They consume online and also pirated products	Yes but only through online streaming	Not proactively, but my songs have been uploaded in 4shared by fans	The government should give more support
Artist 3	Yes	100%	Piracy and the Internet	Expading to international audiences and explioting brand image	Competition has certainly increased as there are more prepared people with talent	Live shows and brand image	Through radio press and social networks	Now people consume online through peer-to-peer sharing platforms	Yes, especially when musicians are just starting their career, though it should have certain legal restrictions	Yes, it has helped increase fan base	
Artist 4	Yes	100%	Piracy	Looking to expand to international grounds	Technology has increased competition	Live shows	Radio, TV and events	Many consume online and pirated products	The market has forced artists to use this strategy	No	There is a lack of governmental support and cultural identity
Artist 5	Yes	100%	Lack of capital and investment, piracy		The is more international competition	Live shows	TV series, radio and social networks, it should be an alinged strategy	They consume pirated products	It can be considered as a strategy but if there was a way to have income, then it would be better	No	For this career having the right contacts is key
Artist 6	Yes	10%	There is not much good music now days, and also piracy has affected	To project oneself internationally	Don't think there is competition, but rather lack of creativity	Fixed earnings and Live shows	The radio and TV	Now they only consume pirated products	It should be an initial strategy only to promote, but not something to be considered in long term	No	One should adapt to the market and trends
Artist 7	Yes	60%	Piracy and the Internet	To grow internationally		Live shows	Social networks, Youtube and iTunes	People consume more online	Its the option for artists, records are the tool to get potential fans to concerts	Yes, it has helped increase fan base in international markets	The song has to be good and there is lack of patriotism
Artist 8	Yes	100%	Piracy and the Internet	Looking to segment a certain fan base and provide them with good music	People are studying more for the career	Live shows and brand image	Social networks	Consumers do not buy CDs anymore	It leverages the exposure to increase live shows	No	
Artist 9	Yes	80%	The Internet and piracy	Looking to expand to other countries such as the US and Mexico	There is more competition because there are more releases every year, technology has lowered the entry barrier	Brand image	Social networks and Youtube	Now people consume online	Yes, its easier for people to get to listen to your music	No	
Artist 10	Yes	100%	Definately piracy	Selling singles	I think there is more exposure but the competition should be the same	Live shows	Television, but all the promotion channels should be planned at the same time	The culture has changed in consumption	Its the most recommended strategy for starting artists to increase exposure	Yes, it has helped introduce my music	
Producer 1	Yes	100%	The internet	One word, Business, adapting to trends and finding niches, looking to increase exposure	There is a lot of competition, especially looking at all the international talent like in American Idol	Live shows	Radio promotion, piracy has also become a distribution and promotion channel	The goal has become to target the online audience	It definately can be considered as a strategy but there should be control legally in regards to commercial usage	Not applicable	There is a lack of infraestructure in Ecuador
Label Manager 1	Yes	100%	Technology as a whole	Trying out on international markets	There is no market in Ecuador to prosper in the music career	Live shows	The promotion strategy should have an international focus from the start	Consumers have grown buying pirated products	The artists have to use the strategy to survive and increase exposure in someway	Not applicable	People in Ecuador are not nationalistic, lack of legal and governmental control

Questionnaire Results

Indique su sexo

Respondido: 100   Omitido: 0
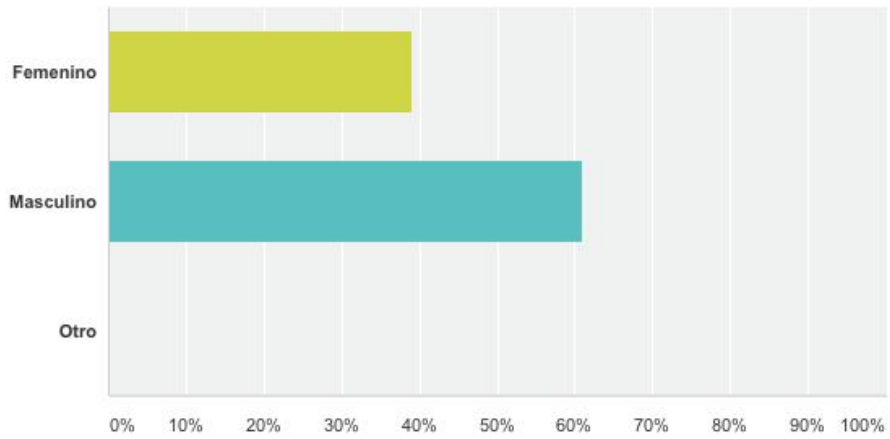
Opciones de respuesta	Respuestas	
Femenino	39,00%	39
Masculino	61,00%	61
Otro	0,00%	0
Total		100

¿Que edad tiene aproximadamente?

Respondido: 100   Omitido: 0
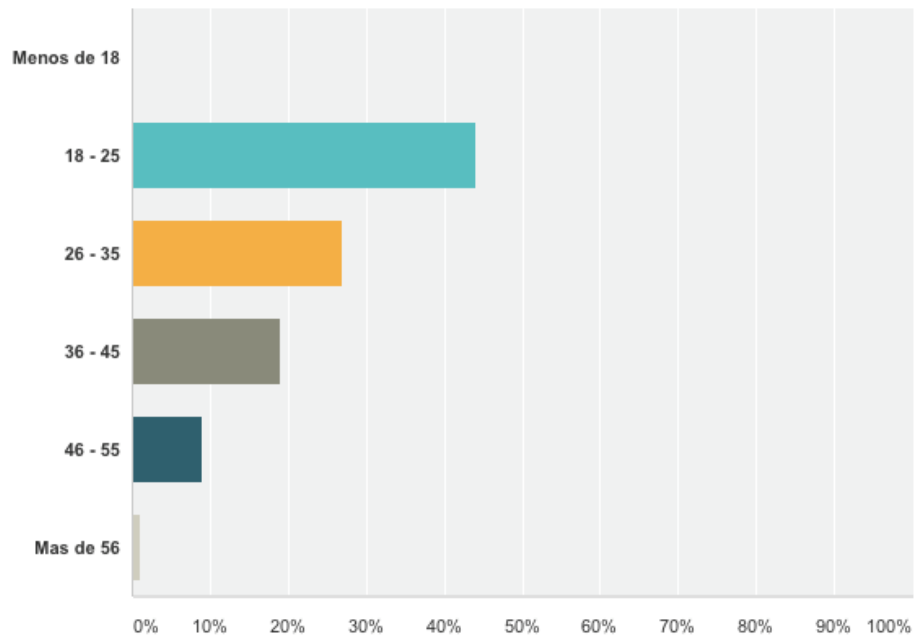
Opciones de respuesta		Respuestas	
▼	Menos de 18	0,00%	0
▼	18 - 25	44,00%	44
▼	26 - 35	27,00%	27
▼	36 - 45	19,00%	19
▼	46 - 55	9,00%	9
▼	Mas de 56	1,00%	1
Total			100

¿Que tan frecuente escucha musica?

Respondido: 100   Omitido: 0
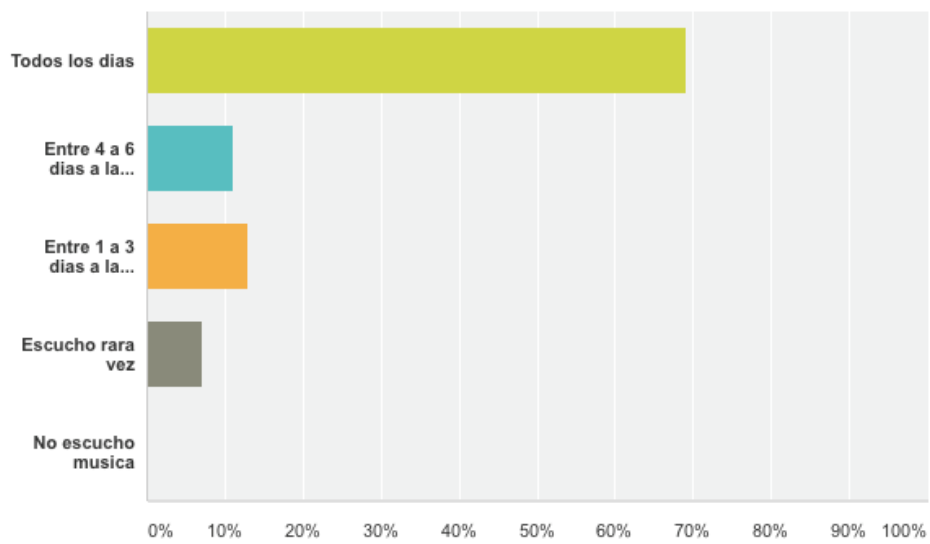
Opciones de respuesta		Respuestas	
▼	Todos los dias	69,00%	69
▼	Entre 4 a 6 dias a la semana	11,00%	11
▼	Entre 1 a 3 dias a la semana	13,00%	13
▼	Escucho rara vez	7,00%	7
▼	No escucho musica	0,00%	0
Total			100

¿A través de que dispositivo escucha música?

Respondido: 99   Omitido: 1
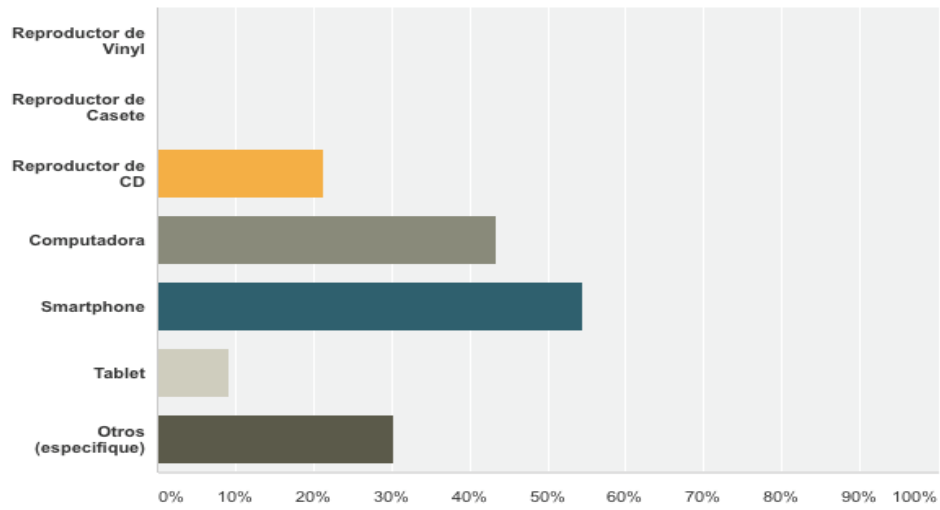
Opciones de respuesta		Respuestas	
▾	**Reproductor de Vinyl**	**0,00%**	0
▾	**Reproductor de Casete**	**0,00%**	0
▾	**Reproductor de CD**	**21,21%**	21
▾	**Computadora**	**43,43%**	43
▾	**Smartphone**	**54,55%**	54
▾	**Tablet**	**9,09%**	9
▾	**Otros (especifique)**	Respuestas	**30,30%**	30
Total de encuestados: 99			

¿A través de que medio o plataforma adquiere la música?

Respondido: 96   Omitido: 4
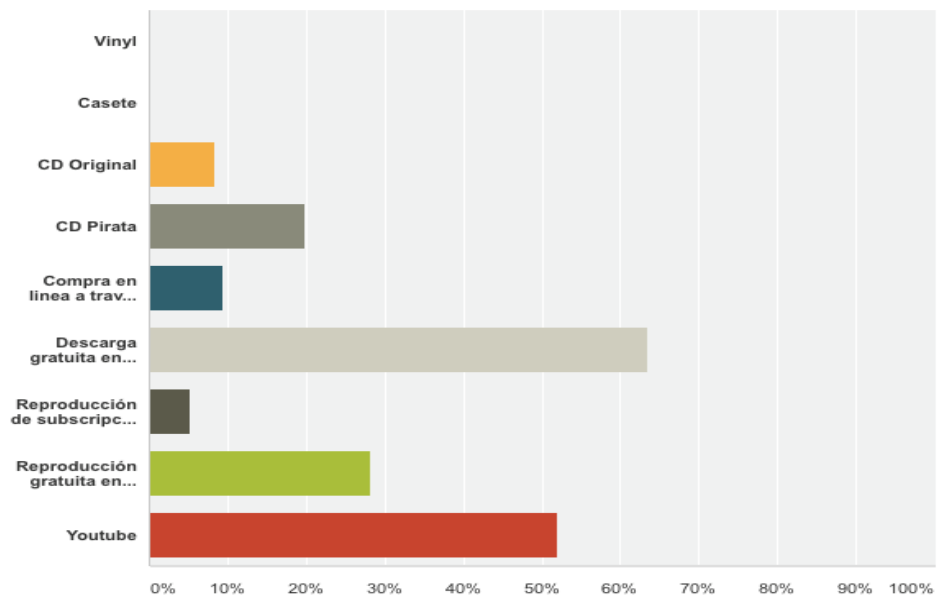
Opciones de respuesta		Respuestas	
Vinyl		0,00%	0
Casete		0,00%	0
CD Original		8,33%	8
CD Pirata		19,79%	19
Compra en linea a traves de iTunes o Amazon		9,38%	9
Descarga gratuita en linea		63,54%	61
Reproducción de subscripción pagada en linea		5,21%	5
Reproducción gratuita en linea		28,13%	27
Youtube		52,08%	50
Total de encuestados: 96			

¿Que factor lo llevaría a querer descargar música gratuita en linea?
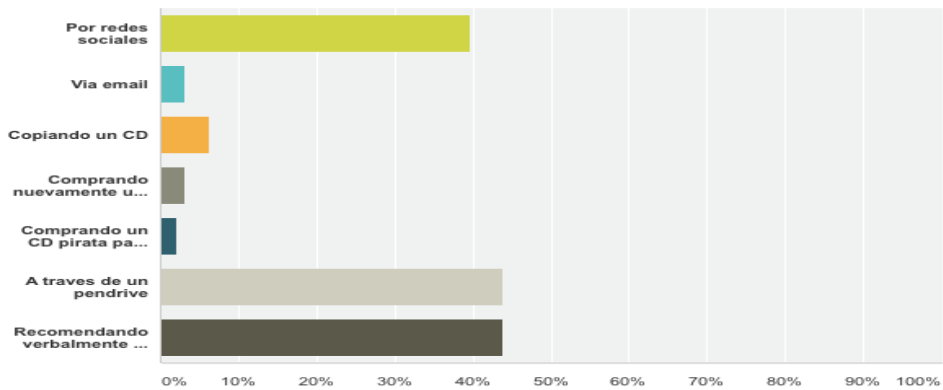
Respondido: 93   Omitido: 7
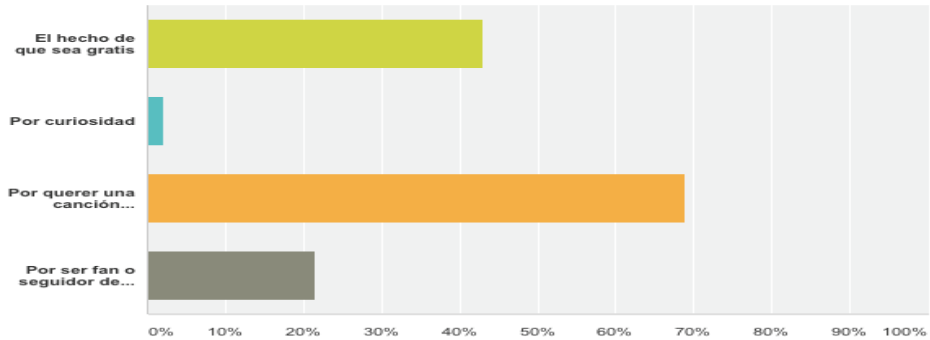
Opciones de respuesta		Respuestas	
El hecho de que sea gratis		43,01%	40
Por curiosidad		2,15%	2
Por querer una canción especifica		68,82%	64
Por ser fan o seguidor de cierto artista		21,51%	20
Total de encuestados: 93			

¿Como comparte su musica?

Respondido: 96   Omitido: 4

Opciones de respuesta	Respuestas	
Por redes sociales	39,58%	38
Via email	3,13%	3
Copiando un CD	6,25%	6
Comprando nuevamente un CD original para regalar	3,13%	3
Comprando un CD pirata para regalar	2,08%	2
A traves de un pendrive	43,75%	42
Recomendando verbalmente la canción o el artista	43,75%	42
Total de encuestados: 96		

¿Que lo motiva a compartir su música?

Respondido: 97   Omitido: 3
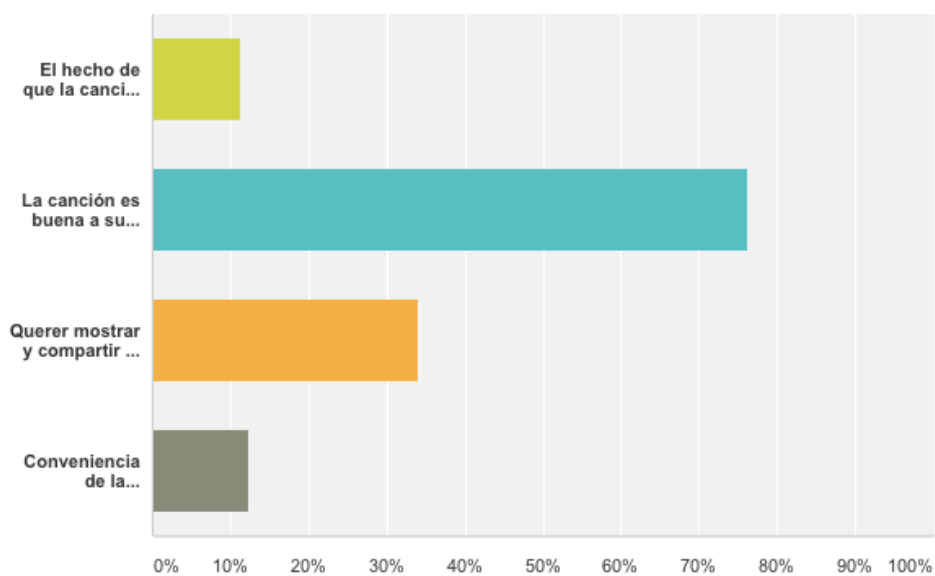
Opciones de respuesta	Respuestas	
El hecho de que la canción sea gratis y por ende fácil manipulación	11,34%	11
La canción es buena a su preferencia y quiere que otros también lo puedan disfrutar	76,29%	74
Querer mostrar y compartir sus gustos musicales	34,02%	33
Conveniencia de la tecnologia para compartir la música	12,37%	12
Total de encuestados: 97		