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# **THE FREEMIUM MODEL INFLUENCE IN THE MUSIC STREAMING SERVICE CONTEXT**

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This project is submitted in part of the fulfilment of the  
Degree of Bachelor of Arts (Honours) in Marketing

Supervised by: Josh Joyce

**Independent College**

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## ABSTRACT

The increasing popularity of digital services was followed by the creation of innovative marketing strategies to attract and convert customers in the digital environment, such as the availability of digital products at zero prices. This project will investigate the freemium model phenomenon as a driver of consumer behaviour and intention to subscribe to Music Streaming Services.

To accomplish the main objectives of this investigation, secondary research and the compilation of a comprehensive literature review gave information about the current knowledge of the impact of the freemium model in the market. Primary data collection was applied to test the literature and gather qualitative and quantitative information presented in this report.

The main findings of the conducted project show that the Freemium model is directly linked with the retention and conversion of users in the streaming platforms. Moreover, the research was able to demonstrate differences in perception from users, which influence their view of the service and intention to buy. Furthermore, the impact of the advertisements on a specific group of users was also tested, confirming that the majority of users sorted their issues by upgrading their accounts and exchanging financial value with music streaming firms.

To conclude the study, a convincing answer exemplified the influence of the model on users in Music Streaming Services and the possible advantages of applying freemium in this context. Also, it was discussed the implication of time constraints and a large amount of data as limitations to the study process.

Keywords: Music Streaming Services, Consumer Behaviour, Freemium, Decision-making, Subscription Revenue Model, Hedonic values, Advertisement sensitivity.

## LIST OF ACRONYMS

FU: Freemium Users

MSS: Music Streaming Services

PU: Premium Use

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# CHAPTER I

## 1 Introduction

This academic report evaluates the effectiveness of the freemium revenue model in influencing customers in the Music Streaming Service (MSS) context. It also includes further discussions on the main drivers influencing free-tier users to subscribe to music platforms, aiming to understand the reasons to subscribe and the role of the free-tier strategy in the final decision of current subscribers and non-subscribers. This chapter will present the leading causes and specific goals behind the conduction of this academic project.

### 1.1 Background of the study

The selection of this topic for study emerged from the interest in the freemium model as a strategy for the acquisition and conversion of customers. Offering on-demand services or products at free value is a contemporary phenomenon in marketing, mainly applied to digital products and services (Anderson, 2013) (Seufert, 2014). In the music streaming context, the freemium model initially assisted in the acquisition of users and the virality of the service among generic consumers, tackling the earlier problematic issue of piracy in the music industry (Anderson, 2013).

However, despite the free availability of music for consumption, most consumers on these platforms are still eager to exchange value with organisations and pay for on-demand services. Thus, this fact raised intriguing questions and hypotheses about consumer behaviour and the influence of the freemium model in the decision-making process.

### 1.2 Purpose of the study

Endeavouring to understand the consumer behaviour phenomenon placed in juxtaposition with the freemium model strategies justifies the relevancy of this research to the Marketing field. The primary purpose of this academic work is to explore the freemium model's influence on the user's decision to subscribe. Correspondingly, identifying primary motivators driving MSSs users to upgrade to a premium account will help to evaluate which factors significantly

affect the intention to purchase process.

### **1.3 Research question**

To guide the accomplishment of such a project proposal, the following research question was defined:

***How does the freemium model influence user's intention to subscribe to music streaming services?***

By completing this research, valuable insights about consumer behaviour will be transmitted to the academic business field. This information can be helpful to marketers and business students interested in comprehending the effects of freemium revenue models on consumer behaviour. Moreover, this research will also demonstrate the importance of the freemium model application as a strategy to achieve organisational goals.

### **1.4 Research Objectives**

- To evaluate the effectiveness of the Freemium model in music streaming services and its implications on the intention to subscribe.
- To determine the main drivers that lead free-tier users to subscribe to premium accounts in music streaming platforms.
- To explore the implications of hedonic and utilitarian values on the consumer decision-making process in digital purchases.
- To investigate the influence of advertising on the conversion of free-tier users to premium accounts.

### **1.5 Information gathering and data collection**

A mixed-approach research methodology was applied to accomplish this study. The secondary research provided relevant academic articles, journals, and published material about MSSs and the freemium model. The collection of primary data through interviews and online surveys aided in reassessing the current knowledge and bringing new perspectives from streaming users in Ireland. The analysis of the collected data, triangulated with the literature review, supported

the conclusion of this study.

## **1.6 Expected Outcome**

The research expects to discover to which extent the freemium model can influence MSS users' intention to subscribe, as well as the identification of the main triggers impacting the customer's decision. By completing this project, it is also expected a better comprehension of consumer behaviour concerning digital services.

## **1.7 Limitations**

All through the research process, limitations partially impacted the project's development. Finding helpful the literature review was the first challenge. Most academic resources needed were protected and charged for access. The sources provided by the college did not suffice.

Because this project was also carried along with the business studies, other subjects' assignments overloaded the researcher and limited the availability of time for this specific final project. Also, a significant amount of quantitative and qualitative data was collected in the primary research, which hindered the analysis and triangulation process. Even with all difficulties mentioned, this research was satisfactorily accomplished.

# **CHAPTER II**

## **2 Literature Review**

This chapter presents a comprehensive literature review divided into themes that will support the understanding of the research topic and give foundations for the development of research methods and evaluation.

### **2.1 The Competitive Music Streaming Industry**

*Does the freemium model impact customer retention?*

Since the launch of Napster in 1999, the rise of MSS as a business sector revolutionised the traditional music industry, directly constricting the illegal music market (Vaccaro & Cohn, 2011, p. 55). Originally, piracy and illegal downloading were formerly the causes that initiated the behaviour of consuming digital music.

Technology entrepreneurs invested in developing on-demand music platforms to tackle piracy and breach of copyright issues, enabling a vast and diverse digital catalogue to users at an affordable price. Dörr (2013) still endorse that the functionality, new futures, multichannel integration, content variety, promotional and new pricing strategies were the main responsible for the rise of this new business model in music and the rapid acceptance among consumers.

The growth of the MSS industry generates impressive numbers. The last report of the International Federation of Phonographic Industry (IFPI) stated that the Covid-19 pandemic increased the consumption of on-demand music platforms. In 2021, revenue in this sector increased by over 18 per cent to \$25.6 billion. Also, the report affirms that music streaming was the main factor driving growth in the segment, representing 65% of the global revenue (IFPI, 2021) (Savage, 2022). Moreover, a projection published by Business Wire (2020) foresees a demand that will generate up to \$56.7 billion in revenue by 2027.

Subscribers, consumers that pay a periodical fee to access these platforms, are the main ones responsible for the profitability and attractiveness of market (Mulligan, 2022). Consumption of online music streaming is especially appealing for two main growing segments of consumers in the market. Generation Y and Generation Z represent the most considerable portion of users purchasing or listening to digital music (Butz, et al., 2017).

Hence, the music streaming market is still highly attractive to firms which employ different marketing strategies and models to acquire and capture financial value from users. Apple Music, Deezer, Amazon Music Unlimited, Spotify, YouTube Music, Tidal, and the Chinese Tencent Music are currently the dominant firms striving to increase their customer base. MEDiA, a research company, pointed out that Spotify still detains a more significant portion of the market share, with 31% of the share. Still, the market slowly indicates a trend of customer migration to other brands (Mulligan, 2022).

High rivalry in this industry force competitors to develop strategies to establish a value proposition. Due to similar offerings and low switching costs, consumers can easily opt to swap for substitutes, increasing customer retention challenges. Consequently, the main perceived

differences rely on the catalogue, quality of audio, exclusive partnership with artists and podcasters, user experience, and brand equity (Adolfsson & Bonfré, 2020, p. 47).

Pricing is another critical component affecting the user's intention to pay for an MSS account. As competitors apply similar prices for subscriptions, consumers may need help to perceive value among competitors and choose one for continuous use. Therefore, the Freemium Model becomes a strategic practice for customer acquisition. The next chapter will disclose how music streaming services strategically use a zero-pricing strategy to support customer acquisition and lead to monetary value exchange.

## **2.2 Freemium Model in the Music Streaming Context**

*What implication does the freemium model have on the conversion to subscriptions?*

Most music streaming services employ parallel freemium and subscription revenue models (Anderson, 2013). This two-sided approach is strategically used to support customer retention and acquire new users to the streaming platforms (Anderson, 2009) (Gu, et al., 2018). The tactic is also an attempt to stimulate the conversion of free-tier users into subscribers, as suggested by the authors.

Anderson (2009) describes the freemium model in MSS as the combination of free use with certain premium qualities. Freemium and subscription models differ in limitations that may create two different experiences for both basic and premium users. In the freemium model, users will be allowed to set up a basic account with limitations to usage, such as ad listening and functionalities restraints. On the other hand, premium users will subscribe and pay a certain amount periodically to get access to the full features of the application, with ad-free listening.

Hence, a careful approach must be taken when designing and implementing free and premium offerings as a way to keep free users engaged. “The free version should deliver enough value to attract new users and retain the current ones. The premium version should offer sufficient value-added compared to the basic version to justify its cost”, as complemented Mäntymäki and Najmul Islam (2015).

A study conducted by Seufert (2014) determined that four broad categories are to be considered when assessing the performance of freemium products.

- Virality: the ubiquity of the service
- Retention: the time length of usage
- Engagement: the usage frequency
- Monetisation: the conversion of subscriptions and in-app purchases

“While each metric category contributes to the picture of a product’s overall health, the retention metrics are considerably more decisive than the others are.” (Seufert, 2014, pp. 83-84). This information will be valuable to the analysis of the data in the primary research.

On the other hand, some critics emphasise that although the Freemium model is very successful, it is deemed to become obsolete in the future. Adolfsson and Bonfré, affirm that at some point, due to its popularity, subscribing to music platforms will become the new rule and “the freemium model will lose its appeal once the [music streaming] market is starting to mature.” (2020, p. 29).

## 2.3 Drivers of User Behaviour in Digital Services

*What drivers influence free-tier customers to subscribe in the music streaming service context?*

The relationship between consumers and technology is driven by particular factors stimulating the user’s intention to purchase in any digital product or service context (Venkatesh, et al., 2003) (Azjen, 1985) (Hale, et al., 2002). Then, identifying these drivers that generate behaviour is essential to comprehend what external features influence people’s attitudes and intentions to purchase in MSS, consequently influencing their decisions to use (Lee, et al., 1986).

The level of acceptance of an individual with a particular streaming service will vary according to their intentions to use, contraposed with the reaction post actual use of the system (Venkatesh, et al., 2003). Thus, a framework to assess the relationship between consumers and the adoption of technology services is the Unified Theory of Acceptance and Use of Technology.

According to the theory developed by Viswanath Venkatesh (Venkatesh, et al., 2012), seven distinctive factors influence the likelihood of a user generating acceptive behaviour with technology. Additionally, such factors must be compared with the user’s experience, age, and gender to define differences in technology acceptability. These are:

- Performance Expectancy: the utility of the technology to the user.
- Effort Expectancy: the effort required to use the technology.
- Social Influence: the degree of social groups using the application.
- Facilitating Conditions: availability of resources and user support.
- Hedonic Motivation: the fun or pleasure provided by using technology.
- Price Value: the perceived cost-benefit value of using the technology.
- Habit: frequency of use and interest towards the technology.

Although the framework proposed by Venkatesh seems to be a helpful tool, critics of the model reinforce that extensions and exceptions are necessary depending on the technology or digital service being evaluated. “Our findings suggest that several but not all of the original constructs of the UTAUT2 model are important determinants of music consumption behaviour. The exceptions are facilitating conditions and social influence, [...] It also showed that new constructs specific to the music context have to be considered when explaining adoption intentions.” (Barata & Coelho, 2021)..

Therefore, considering some factors mentioned in this model will be very relevant to the fieldwork of this project. By using the concept of this framework for the MSS, specific questions will be developed to identify and assess to which extent consumer behaviour is influenced by the factors highlighted in the literature review.

## 2.4 Hedonic and Utilitarian Behaviours in Consumption

*Do free and premium users have different behaviours, perceptions, and values about MSSs?*

A specific factor that deserves better consideration is the Hedonic and Utilitarian values of purchase drivers. For consumers, value is a significant measure of price and quality, regarding the best benefit consumers will gain with the purchase (Zeithaml, 1988). However, with the advance of studies on consumer behaviour, scholars have advocated that psychological dimensions also represent an important measure that influences the consumer’s attitudes toward consumption.

Hence, the ordinary consumer will evaluate emotional values in greater depth since consumption value will influence consumer decision-making. In marketing, hedonic value and

utilitarian value are most frequently considered when evaluating the consumer's decision-making process (Babin, et al., 1994).

Ryu (2010) states that utilitarian and hedonic values are fundamental notions that can be used to analyse customers' consuming experiences with services and products. The concept of hedonic value was formed from the theory of hedonic consumption (Hirschman & Holbrook, 1982).

Hedonic consumption is a type of consumer behaviour that refers to the sense and experience of pleasure, excitement, and fun. The hedonic value is the non-goal-oriented, experiential and emotional value (Hirschman & Holbrook, 1982). The hedonic value of an information system is more subjective and personal than its utilitarian value, and it is based on the emotion of enjoyment rather than job fulfilment (Hoolbrook, 1994).

The utilitarian value, on the other hand, is relative to the hedonic worth. It has been said that utilitarian consumer behaviour is efficient, task-related, and reasonable (Babin, et al., 1994). Before purchasing a product or service, consumers must give careful thought and consideration. When clients' task-oriented needs are satisfied, their utilitarian value will improve. From a utilitarian value perspective, the service is utilised as a means of completing some task-related endeavour (Hoolbrook, 1994) (Ryu, et al., 2010).

Information systems research have firmly supported utilitarian value as a crucial predictor of increasing behavioural intention to use the system, as customers make a reasonable evaluation of the functional benefits and costs of utilising the system (Venkatesh, et al., 2012). Nonetheless, Ryu (2010) present a different argument, emphasising that hedonic evaluation has a more powerful effect than cognitive in the nature of consumer decisions.

Ahtola (1985) reinforces that, depending on the situation, one factor can be more dominant than the other. Purchasing a pack of sweets will trigger more hedonic than utilitarian values in an ordinary consumer. Conversely, doing the laundry will elicit more utilitarian values. Hence, considering music as an intangible product that provides entertainment and pleasure for users, the hedonic and utilitarian dimensions will be put to test to understand how different groups of users pursue the service.

## 2.5 Influences of Advertising in MSS

*How do in-app advertisements stimulate or dissuade consumers from subscribing?*

MSS companies apply various promotional strategies and integrate communicational channels to generate brand awareness and create perceptions about the brand or product (Kotler, et al., 2020) (Gunter, 2019).

A key characteristic of the freemium strategy in MSSs is the insertion of video or audio advertising between song tracks. A frequent and considerable parcel of these ads promotes the benefits of subscribing to a Premium account of the streaming platform. The use of advertisements supports the operations and availability of the service for free-tier users.

Advertising can influence an individual's attitudes and purchasing decisions during the pre-purchase stage. This promotional tactic mainly affects the image, perception, and expectation the consumer will have of a product or service before even trying it (Gunter, 2019). Moreover, Clow and Baack (2018, pp. 144-145) also defend that appealing and frequent exposure to advertisements induce an individual to perform a purchase action. This affirmation is confirmed by Nguyen: "When an advertisement becomes more informative, less irritating, or does not raise audiences' concerns about privacy, viewers tend to have a more positive attitude towards that advertisement and hence, are more likely to buy the advertised product." (Nguyen, et al., 2022)

Although there's little information about how firms determine the frequency of advertisements, Paquin (2019) states that Spotify serves approximately up to three minutes of ads per hour. Considering this information and knowing that each advertisement last 30 seconds (Spotify, 2020), it is possible to affirm that the free-tier user of Spotify may be exposed to a minimum of 6 different ads every hour.

However, Seufert (2014, p. 93) alerts that excessive advertisements may discourage users from using the service or paying for the premium functionalities. "The problem with implementing advertising into a freemium product is determining when that advertising negatively affects monetising highly engaged users, which it can do in myriad indirect ways. The most obvious way is by alienating users who have not yet made a purchase but would otherwise become highly engaged users."

The effect these ads display over a free-tier listener may vary. Research carried in Belgium identified that Spotify listeners classified the platform ads as annoying, irrelevant, too repetitive, and irritating (Yazicioglu, 2018, pp. 64-67). However, respondents of the same study also admitted they only upgraded their account because of the excessive advertisement (Yazicioglu, 2018, pp. 64-65), which was the outcome expected by the ad.

For this reason, defining the user sensitivity to an advertisement will help to understand the influence of advertising on a consumer's intention to subscribe to a premium account.

## **CHAPTER III**

### **3 Methodology**

This chapter addresses the justification of a systematic methodology selected to guide the collection of primary data and analysis of the information, aiming to answer the research question and accomplish the objectives of this study. Moreover, this section will also explain the philosophy applied to the topic, the research methods implemented, the sampling technique chosen and the consideration and control of ethical issues.

#### **3.1 Theoretical paradigm and methodology**

Conducting a research process requires selecting and applying a reasoned approach to the problem. A suitable methodology will provide the guidelines and philosophy from which the issue will be addressed.

This project has applied an Interpretivist ontology with an inductive research approach. The primary purpose of this academic project is to understand people's experiences in the MSS context and collect information about how they perceive the freemium model of the service. Hence, adopting an Interpretivist point of view will consider the multiple realities and unique opinions that subjects may have about the topic.

Qualitative and Quantitative methods were applied to address the primary data collection. The mixed approach generated a more comprehensive strategy for the data collection, analysis, and,

subsequently, the interpretation of the information.

By implementing this methodological approach and emphasising the people's views and narratives, this project was able to gather a more robust data set and get valuable insights from participants.

### **3.2 Research Method justification**

As mentioned previously, the selection of the mixed method is a suitable format to gather valuable and useful data for the research, considering the ontology approach adopted. This interconnected method provided complementary tools that aimed to collect numerical and qualitative opinions, presenting data that was consequently analysed and interpreted.

To collect Quantitative data, an online survey with closed-ended questions was implemented. The survey was designed to gather perspectives from two different user groups in a structured questionnaire: Premium Users and Freemium Users.

On the other hand, the Qualitative data was collected through individual Interviews with semi-structured questions. This tool provided great in-depth insights into the customers' perspectives towards freemium in MSS, as well as their opinion about the negative and positive aspects of the service, which was contrasted with the quantitative findings for a better triangulation.

### **3.3 Sampling technique and sample size**

Convenience Sampling was used to select subjects to be surveyed and interviewed, which created a better sample representative of the population in Ireland whilst concerning the interest groups that would provide relevant data to this research.

However, to participate in the online survey, individuals had to confirm to be over 18 years old and to be MSS users. As a result, a total of 219 subjects participated and answered the close-ended questions. Two survey respondents were selected and invited to the interview, providing in-depth content about the topic and contributing valuable qualitative insights.

### **3.4 Research Process and Data Analysis**

Both Qualitative and Quantitative approaches to data gathering were utilised to acquire more comprehensive information for this project. The data collection process was extended and concluded in around seven days.

After the data had been gathered, the analysis and triangulation of the findings helped improve the credibility and validity of the material. By crossing the results of two different methods used with the literature review, the researcher obtained meaningful content to answer the research question and accomplish the study's objectives.

### **3.5 Ethical considerations**

To develop this project, a series of ethical considerations were employed to guarantee standards and respect all parts involved in the research process. This study was conducted and approved under the supervision of a senior mentor at Independent College.

For the accuracy and integrity of this study, the secondary research encompassed the collection and analysis of only reliable and trustworthy sources, such as academic articles, books, credible business articles, and online material regarding the research topic. Moreover, all materials were correctly cited and referenced in the text to guarantee the prevention of plagiarism. All bibliographies used for the development and creation of this academic study can be found in the area designated for that purpose at the end of this report.

Protecting the data of the survey and interview participants is also a concern of this project. Therefore, measures were taken to collect primary data without identifying the subjects. Still, regarding the respondents, Informed Consent forms were presented to participants at the start of the survey and interviews. Agreement by the participant was mandatory before proceeding with the response process. Pilot Testing of the online questionnaire was also applied to guarantee the collection of valuable primary data.

## CHAPTER IV

### 4 Findings and Discussions

After implementing quantitative and qualitative primary data collection, this chapter presents the main empirical findings. Furthermore, descriptive and inferential statistics of the results were performed, generating implications of the primary findings, and comparison with the literature review. This evaluation process aims to generate original and valuable knowledge in the marketing field and a better understanding of the Freemium Model and consumer behaviour.

#### 4.1 Does the freemium model impact customer retention?

**Gender:** Beginning the analysis, [Figure 1](#) shows minor differences in gender demographics regarding MSS usage. Male users represent 59% of the total respondents, while Female users corresponded to 40% of participants using streaming platforms. Interestingly, a similar trend is noted in the analysis of Premium Users (PU) and Freemium Users (FU) gender types, indicating that gender is not an implication for the use of MSS or the intention to subscribe.

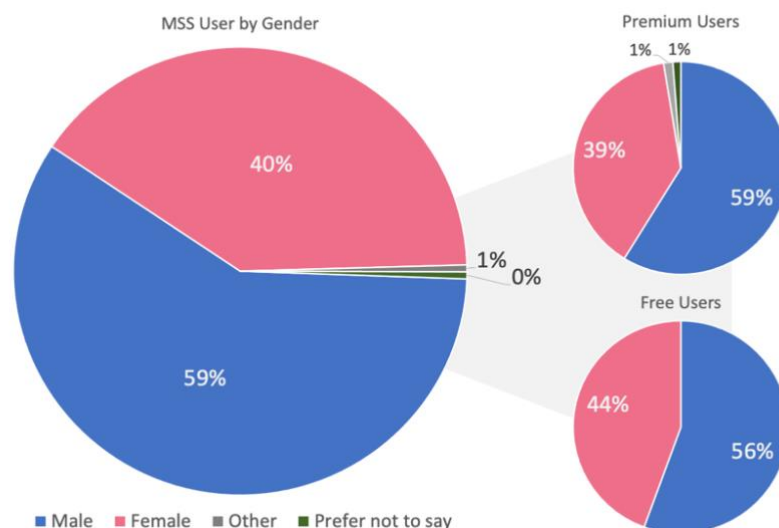


Figure 1 - MSS Users by gender

**Age:** Another important demographic indicator in the MSS context is age group, detailed in [Figure 2](#). The primary data points out that 27.4% of users are part of Generation Z (born between 1997-2015), while 70.3% of respondents, the vast majority, are part of Generation Y (born between 1980-1996). Secondary sources maintain that these two distinctive age groups

have a better familiarity and acceptance of digital products and are more likely to consume and pay for digital services (Butz, et al., 2017). Generation Y grew up with technology, whereas Generation Z was born digital citizens. Considering the group ages, over 86% of Gen Y and Z users are subscribed to a Premium account. Hence, this implication is evidence that age is an essential factor in the decision to use MSSs with a high impact on the intention to subscribe to the platform, which supports the theory proposed by Venkatesh (2012).

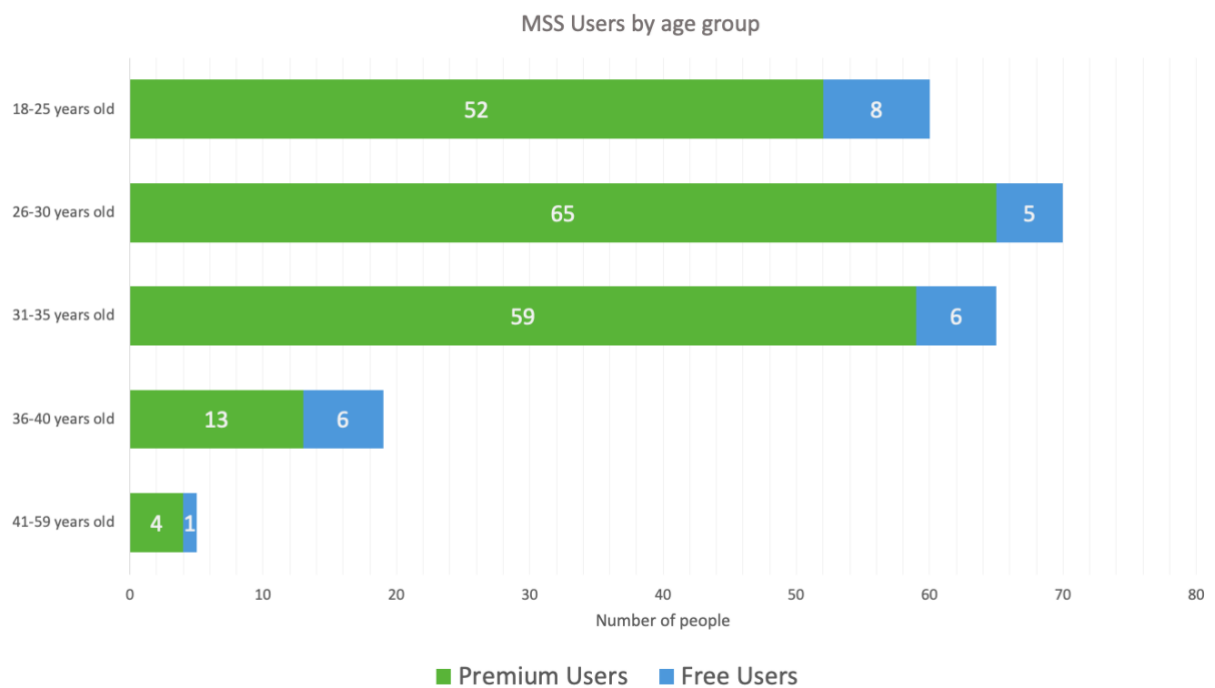


Figure 2 - MSS Users by age group

**MSS brand and type of account:** Despite the many options of MSSs consumers can find available in the market, 81% of the users in this survey elected Spotify as their MSS, followed by YouTube Music (9%), Apple Music (7%), Deezer (2%), and Amazon Music (1%), as shown in [Figure 3](#). Of the platforms mentioned, only Spotify, Deezer and YouTube Music have a free-tier user option, which may justify the bigger virality and adoption of these platforms among the survey participants. Apple Music and Amazon Music both only offer the subscription version. However, these brands also give a 3-month free trial for prospects.

Another relevant finding in [Figure 3](#) relates to a considerable disparity of account types in the platforms. Over 88% of the users currently subscribe to a MSS, opposing to 12% of users opting to use the service through a free account. This information suggests a high level of

conversion in these platforms, which this study aims to understand. When analysing the data of FU, 69.2% of subjects use Spotify, and 30.8% prefer YouTube Music.

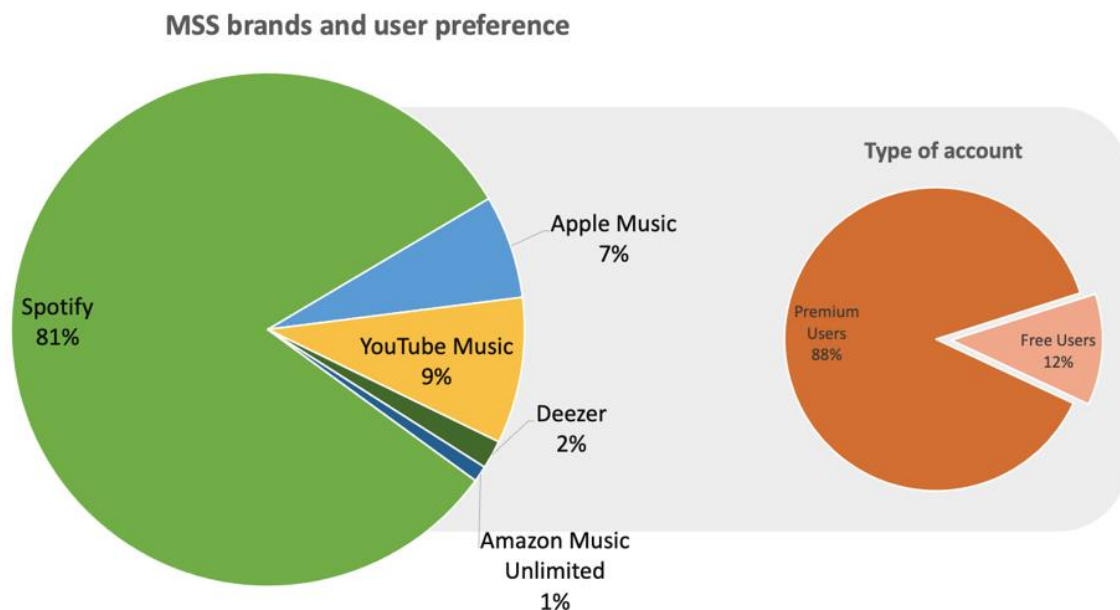


Figure 3 - Brand preference and type of account

**Retention and Engagement:** When it comes to acquiring and retaining users, primary data agrees with the literature and proves that the free-tier version of MSS is an effective tool, being the first consumer choice when experiencing a MSS (Anderson, 2009). As seen in [Figure 4](#),

Use of free account by current Premium Users

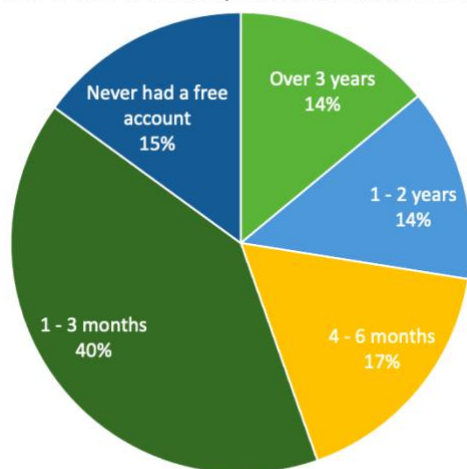


Figure 4 - Premium Users and free account usage

85% of the PU subjects used a free account for a short or long period before subscribing to the service. Therefore, the evidence supports the hypothesis of the freemium model as a catalyst of retention in streaming platforms.

Additionally, Seufert (2014) sustains that indicators of Retention and Engagement in freemium highly increase the likelihood of user conversion. “When a user interacts with a product on a daily basis, embedding

the product within the user’s lifestyle, then the user is likely to value the product as a source of

genuine delight. [...] the user is much more likely to apportion appreciable amounts of disposable income to it.” (Seufert, 2014, p. 97).

This piece of literature highly connects with the reality of the users surveyed. In [Figure 5](#), the distinction in MSS usage habits is evidenced, distinguishing PU and FU practices. Engagement among PU is higher, which suggests that, due to the lack of limitations in streaming usage, the subscriber is more prone to increase their usage frequency. Considering the 48% of FU using the service every day, a number considered high, they represent a more significant opportunity for firms to try and convert them into subscribers.

Conversely, another trend is observed in the low usage frequency aspect. FU are more prone to use the platform less frequently, with almost 11% of the participants stating they only consume on-demand music once a week or rarely, as opposed to only 2% of PU. This explains the reason that due to low usage, FU consumers do not see value on paying for the service.

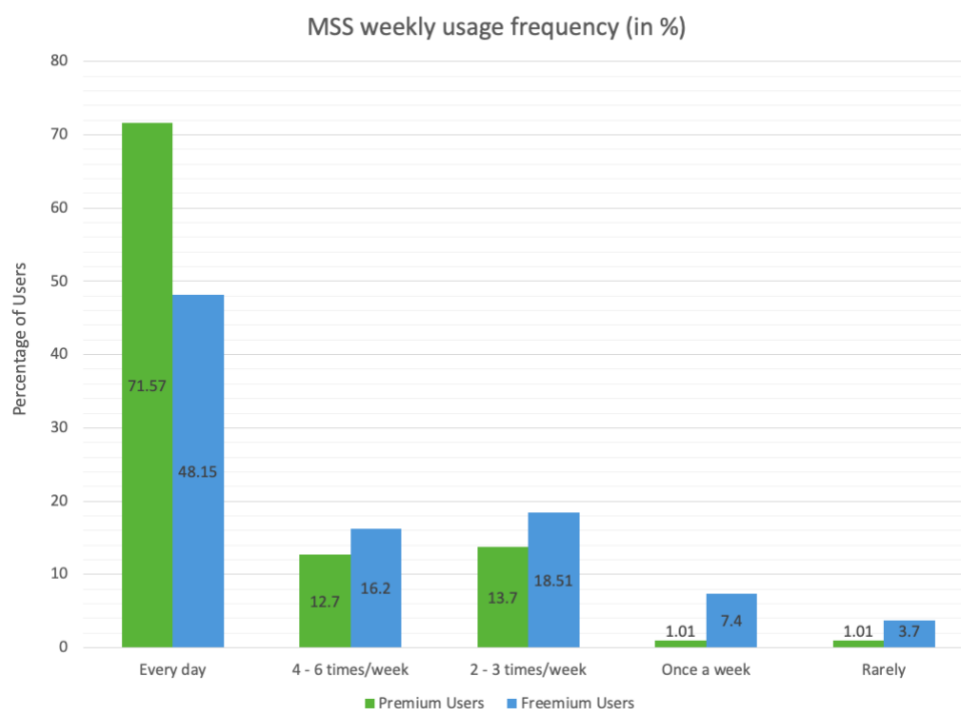


Figure 5 - Frequency usage of MSS

Contemplating the main findings in this section, the primary data proves that the freemium model's application in MSS platforms significantly impacts customer retention. Also, functionality limitations in the freemium tier hinder the experience of users, which may have a direct influence on the low usage frequency of FU.

## 4.2 What implications does the freemium model have on the conversion to subscriptions?

The conversion of free users into subscribers is the primary goal of firms in the streaming industry since subscribers generate direct and continuous revenue (Mulligan, 2022). The freemium model plays a significant role in this occasion, as demonstrated by data collected from the online survey and interviews. When asked to evaluate and rate the influence of the freemium version in the intention to subscribe, 64% of the PU considered the model ‘Very significant’ or ‘Significant’ (Figure 6), which supports the credence of the freemium.

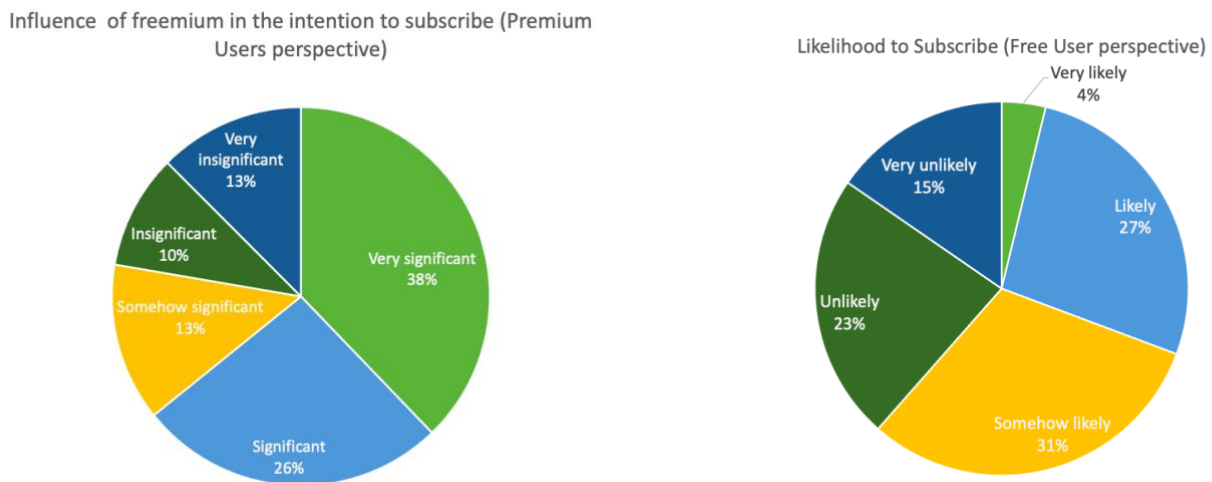


Figure 6 - Influence of freemium on the intention to subscribe among PU and FU

Moreover, qualitative data gives more detail into the free version's criticality to stimulate users' purchasing behaviour.

*“The free version was very important in my decision to subscribe because it allowed me to know more about the service and the good experience it could give me. I pay for other on-demand services, like Netflix and Disney+, but Spotify is my favourite and would be the last if I had to cancel my subscriptions.”* **Premium Interviewee**

On the other hand, there are still exceptions regarding the conversion of engaged users in MSS. As shown in Figure 6, a considerable 38% portion of FU considers it very unlikely they will pay for a subscription, whereas 31% declared to be very likely to subscribe. In the interview, this examination was made clear in the following statement:

*“To be honest, I don’t see the point of getting the premium when you can get similar things out of the free version. Listening to music online should be free, and no one should feel forced to pay for a premium account. At the end of the day, these companies are still benefiting from us free users.”* **Freemium Interviewee**

The next question sought to establish the duration that PU and FU maintained a free account on the streaming platform. This question provided a vital indicator of conversion in MSS. The most considerable conversion rates are identified in the first 90 days of free-tier usage, falling dramatically for more extended periods analysed. Over 40% of PU affirmed having used the free version for 1 to 3 months before paying for the service (Figure 7).

Conversely, primary data also shows that conversion may become more challenging to accomplish (Figure 7). A number of 88.5% of current FU stated that they have been using the free version for 1 year or more. This suggests that FU individuals either became desensitised to the service limitations imposed or reduced their perceived value of the service, which significantly impacted their intention to pay.

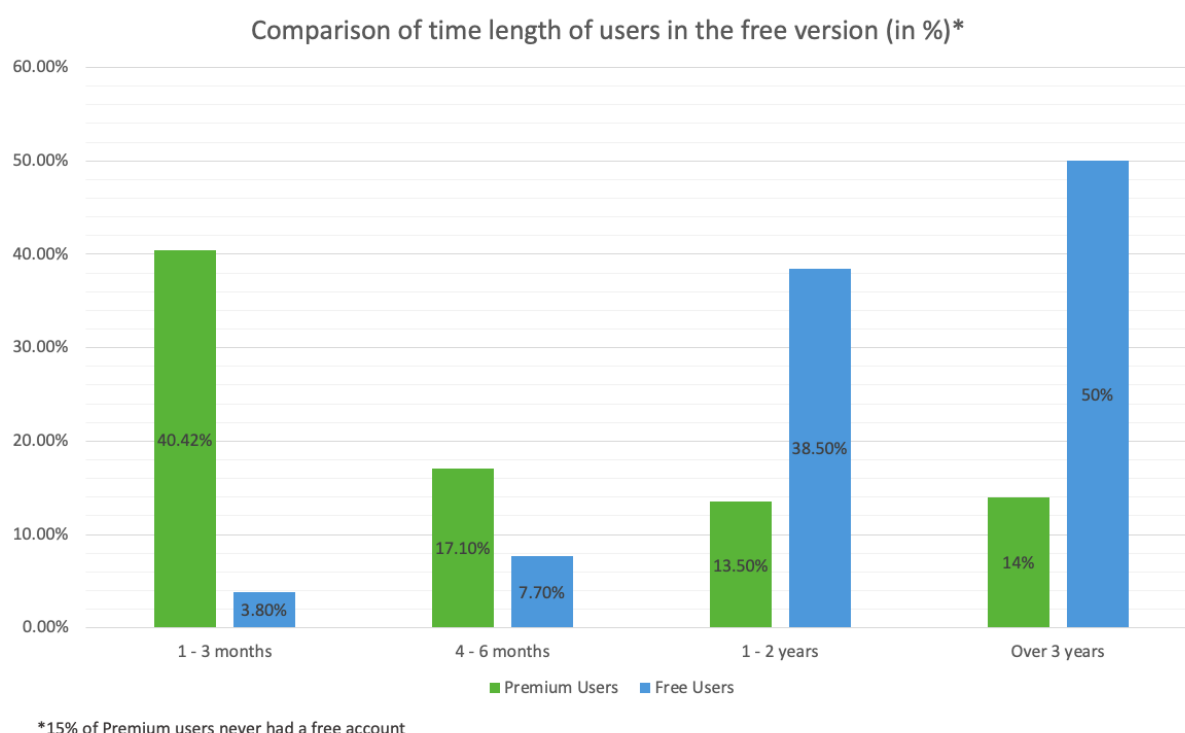


Figure 7 - Comparison of the duration of free version usage

The effectiveness of the freemium model was also tested when PU were asked if they would

use a free version of a different MSS before subscribing to it. About 71% of the current subscribers confirmed they would try the free version before deciding to pay for the premium account. This indicates the freemium model's helpfulness in the acquisition of customers and a driver of influence in MSS.

### 4.3 What drivers influence free-tier customers to subscribe to a music streaming service?

Seeking to identify the main drivers of intention and decision to subscribe to a music streaming service is another objective of this study. A specific question required PU users to select one or more factors that stimulated the user to upgrade their account. The answers shown in [Figure 8](#) established the extent to which freemium became a limitation to customers' needs in the MSS.

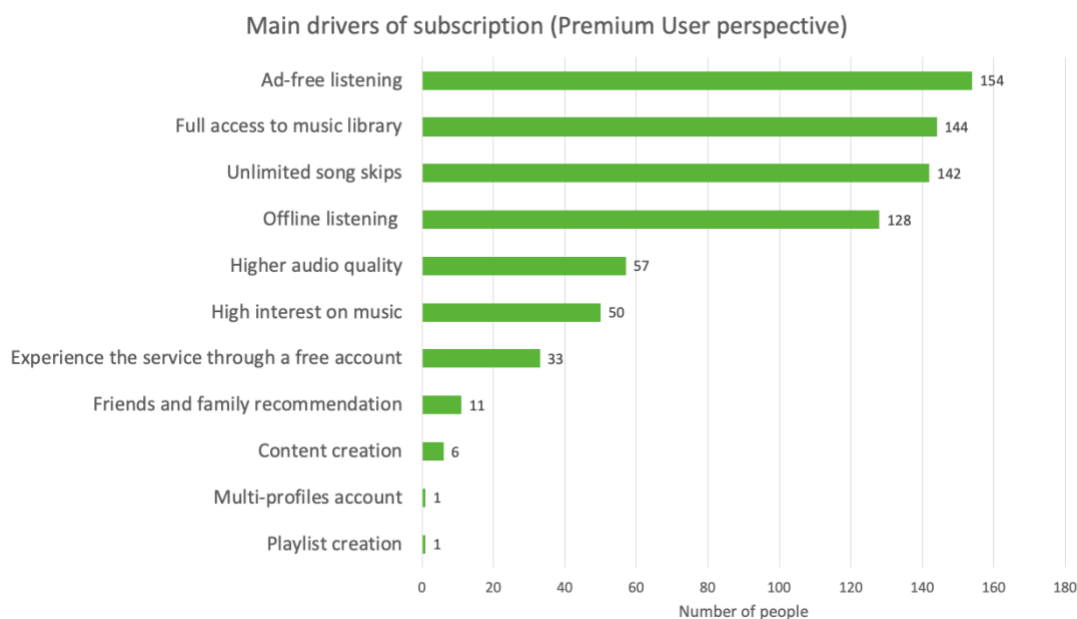


Figure 8 - Main drivers of subscription in MSS, according to Premium Users

Not surprisingly, Ad-free listening is the main factor driving consumer attitude and behaviour in MSS, as pointed out by PU answers, information that matches the results of Yazicioglu (2018), where individuals only paid for the service due to the annoyance caused by the in-app advertisements.

However, an interesting finding was the identification of a pattern that shows that customers sought to increase the utility of the MSS by selecting driving factors related to the Performance

Expectancy (Venkatesh, et al., 2012), such as full access to the music library, unlimited song skips, or offline listening option. Consequently, the intention to subscribe for these users was led by the need to increase their utility with the service.

To underpin this proposition, PU were given the statement “The Free version is too limited for my individual needs”, where 145 PU subjects (75% of the group) agreed or strongly agreed with the affirmation, 35 users were neutral and only 13 user disagreed or strongly disagreed with the sentence.

#### 4.4 Do Free and Premium users have different behaviours, perceptions, and values about MSS?

**Hedonic values and Utilitarian Values.** So far, the findings presented in Chapter IV have shown that consuming music affects Premium Users’ behaviour more effectively. PU uses the service more frequently than FU ([Figure 5](#)). Also, the current FU demonstrated more resistance to conversion tactics in the freemium tier, maintaining their free account for extended periods ([Figure 8](#)). The next step of the study was to understand more in-depth differences between the two different types of users.

A question containing emotional and functional statements about music was proposed to understand and evaluate the hedonic and utilitarian values in MSS users. Subjects could select the sentences that most represented their relationship with music as a product. The table below presents the results:

| Statement   | Freemium Users | Premium Users |
|---|----------------|---------------|
| I also buy or collect physical music (CD, DVD, vinyl, cassette)             | 7.7%           | 16.59%        |
| I use music as a time killer (e.g., while commuting to work, or break time) | 61.54%         | 62.17%        |
| I love listening to random new music or different genres                    | 42.3%          | 50.25%        |
| I use music for mood ambience purpose at home or work                       | 69.23%         | 68.91%        |

|   |        |        |
|---|--------|--------|
| I highly value music and have an emotional connection with it                 | 50%    | 64.77% |
| I don't like always-on shuffle mode and need to have full control over player | 19.23% | 10.36% |
| Music helps me to get rid of boredom  | 57.7%  | 45.6%  |

The outcomes of this question do not suffice enough information to support different values in the two types of users. Although an interesting fact analysed in the answers above was that almost 65% of the PU stated they have an emotional connection with music, as opposed to 50% of FU. This data suggests that hedonic values towards music are higher among PU, which could motivate their attitude to pay for the service. Ryu (Ryu, et al., 2010) supports that hedonic value has a more powerful effect on consumers' decisions than utilitarian values.

**User Satisfaction.** Another effective method to assess users' perceptions and spot opinions and values towards the service is by analysing the user's satisfaction rates. FU and PU were required to rate their experience in the questionnaire, with the outcomes illustrated in [Figure 9](#). From the results, it is possible to observe higher levels of satisfaction in PU, which 98% of the users assessing the MSS as Excellent or Good. Although FU also presented favourable rates towards the service, the group was the only one to show dissatisfaction with the chosen platform.



Figure 9 - Users' satisfaction with the current service

It is immediately apparent that the Premium tier can enhance the users' values and perceptions of the service, which can significantly impact consumer retention on the current streaming platform. The PU interviewed for this study offers great insight into this statement.

“Spotify became part of my daily routine. My [user] experience became so much better [in the Premium version]. I had the opportunity to pair my listening with other devices, using not only my phone, but also my computer and tablet. Honestly, I cannot remember much of the free version anymore because I’ve been a satisfied subscriber of the platform for a long time.” **Premium Interviewee.**

To contrast and test the satisfaction levels among users, the subjects were solicited to indicate the likelihood of abandoning the current streaming service for a long period. The results on [Figure 10](#) support that the likelihood of customer retention is higher among PU. A meaningful portion of 73% PU declared it improbable to leave the MSS, while only 50% of FU stated the exact estimation. Once again, this information gives the base to the hypothesis that the perception of the service becomes entirely different for the two different types of users and that the two groups applied different values to the service.

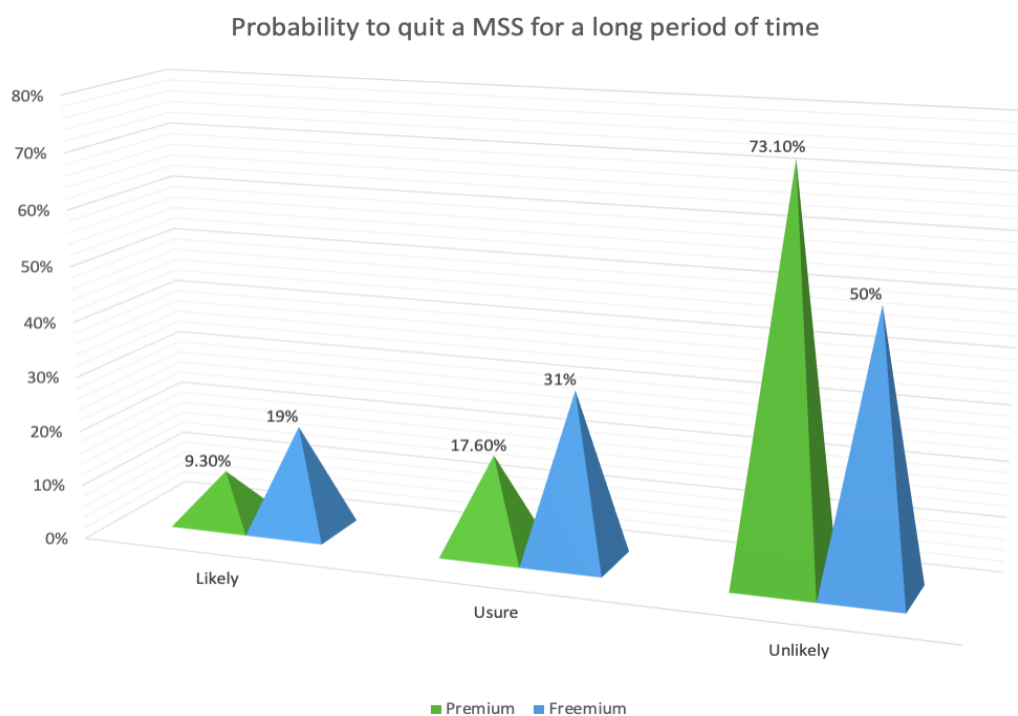


Figure 10 - Probability of Service abandonment

Due to the deficiency of barriers to exit, FU can quickly swap to a different substitute or stop using the service. A question was posed to this group, asking if they use more than one platform for free. As a result, 69% of the FU respondents confirm that they use more than one free version of a different MSS.

#### 4.5 How do in-app advertisements stimulate or dissuade consumers from subscribing?

As already demonstrated in previous sections, advertisements during music listening are considered one of the main disadvantages in the freemium version, as declared by participants of the survey. About 53.9% of FU agreed or strongly agreed they would pay for a subscription only to avoid the advertisements, whereas 77.6% of the PU claimed to have paid for the subscription to stop listening to the commercials. This data suggests that PU subjects demonstrated higher sensitivity to advertisements, stimulating change in behaviour and generating an attitude, as suggested by Clow and Baak in the literature review (2018). This theory was supported by one of the interviewed subjects, who emphasised that ads in the free-tier affected their experience.

*"I used the free version for a short period because the ads were very annoying. So, for me ad-free listening is essential. When I had the chance to pay for the Premium version, I didn't think twice before doing it."* **Premium Interviewee.**

In opposition to this statement, the other interviewed subject indeed agreed with the moderate displeasure caused by the ads. Still, the fact is minimised in the whole experience that the free version of the service can provide, as mentioned during the interview.

*"To be honest, the ads don't really catch my attention, but of course, I just want them to get over with and let me get back to the music. It's only like a 30-second ad so that it could fly by. Sometimes I wouldn't even notice them."* **Freemium Interviewee.**

Therefore, this study concludes that the ads fulfil their intention successfully when it comes to the conversion of users. However, as defended by Seufert (2014) and Mäntymäki (2015), a careful approach is required when using Ads as a strategy in freemium functions since the excessive use of this marketing promotional technique can dissuade consumers.

# CHAPTER V

## 5 Conclusions

This final chapter includes the conclusions of this project, presenting the final thoughts about the research and explaining the limitations that hindered the activity of this study process. Moreover, recommendations for further studies will be given at the end of this chapter.

### 5.1 Conclusions of the Study

This investigation concludes that the freemium model aggregates substantial value when applied to the Music Streaming Service context. Secondary and primary sources evidenced the influence of freemium on the direct generation of user acquisition, retention, and conversion.

Designing and implementing strategic functional limitations and advertisements makes the freemium model an effective tool for producing revenue. However, not all types of consumers can be convinced to subscribe, as the findings of the results show. In this matter, previous hedonic and utilitarian values towards music play a more significant role in consumer intentions on these platforms. Hence, consumers with a lower interest in music become less inclined to be affected by the freemium tactics and restrictions.

This study has validated with authentic data that increasing utility in the service is the most critical driver of purchases. That is the main reason that takes consumers to feel so frustrated with all limitations. Users with higher perceptions and satisfaction with the service demonstrated to be more sensitive and annoyed by in-app advertisements, leading them to pay for the subscription to solve their issue or need.

Moreover, evidence points to low engagement and retention among Free Users, which justifies difficulties in converting this type of customer and making the freemium version feasible to maintain the user in the platform, generating revenue from Ads.

Finally, this investigation concluded the high relevancy of the freemium model, underrating theories that the model may become obsolete for MSS. Consumers still demonstrate caution in their decision-making process when it comes to paying for digital services. Therefore, freemium becomes a risk moderator in convincing the customers.

## **5.2 Limitations and implications**

Although this study was able to achieve its purpose and extend the knowledge of consumer behaviour in freemium environments, several limitations impose a challenge for the investigation processes and conclusion of the project.

A crucial disadvantage was the time constraint and academic work overload. This project was conducted along with the other five modules of the Marketing degree course, which created limitations for time management. Hence, the development of this investigation was carried out through lectures attendances, producing assignments for other modules, and other private circumstances. This fact generated stress and high demand from the researcher.

Other downsides to the project included the complexity of the analysis and the large amount of primary data collected. The survey gathered responses from two different types of users, resulting in over 200 perspectives and opinions about MSS. Moreover, the two interviews provided even more insights into the research. To organise and create a coherent and synthesised study, the data examination process required significant effort in preparing, analysing, visualising, and presenting the data. Therefore, all the questions and answers were included in the Appendix chapter for further inspection. This occasioned difficulties in the triangulation of data and comparison with the literature review.

## **5.3 Recommendation**

This project was able to accomplish satisfactory results, however, some areas may deserve more in-depth research in order to provide more comprehension into the freemium influence on consumer behaviour. A specific topic that deserves attention is hedonic and utilitarian values in MSS users. This study was able to provide only a hint of the influence of these values on the intention to purchase. There's little academic work using this concept in the industry of music streaming. Hence, it is recommended that future studies address the influence of hedonic and utilitarian values mainly applied to music as a product.

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## 7 Appendices

### 7.1 Electronic Information Consent Form

#### Conversion of free users into subscribers in the music streaming services context

 luis.arana.hma@gmail.com (not shared) [Switch account](#)



\* Required

##### Consent form

The purpose of this research project is to understand the impact of marketing strategies on consumer decision in the music streaming service context.

This is a research project being conducted by Luis Henrique Martins Arana and supervised by Professor Josh Joyce at Independent College Dublin.

Your participation in this research study is voluntary. You may choose not to participate. If you decide to participate in this research survey, you may withdraw at any time. If you decide not to participate in this study, you will not be penalized.

The procedure involves filling an online survey that will take approximately 5 minutes. Your responses will be confidential and we do not collect identifying information such as your name, email address or IP address. The survey questions will be about music streaming services and your experiences as a user of the platform.

We will keep your information confidential. All data is stored in a password protected electronic format. To help protect your confidentiality, the surveys will not contain information that will personally identify you. The results of this study will be used for scholarly purposes only and may be shared with Independent College representatives.

This research has been reviewed according to Independent Colleges procedures for research involving human subjects.

### **ELECTRONIC CONSENT:**



Clicking on the "agree" button below indicates that:

- **you have ready the above information**
- **you voluntarily agree to participate**
- **you are at least 18 years of age**

If you do not wish to participate in the research study, please decline participation by clicking on the "disagree" button.

☐ Agree

☐ Disagree

## 7.2 Ethical Form

| Form A: Application for Ethical Approval  |   |
|---|---|
| Undergraduate/Taught Postgraduate Research  |   |
| This form should be submitted to the module leader for the relevant initial proposal and/or the relevant supervisor is the proposal has already been accepted.<br>Please save this file as <i>STUDENT NUMBER_AEA_FormA.docx</i> |   |
| Title of Project  | Motivators of purchase in freemium pricing strategy of music streaming services |
| Name of Learner   | Luis Henrique Martins Arana   |
| Student Number  | 51701251  |
| Name of Supervisor/Tutor  | Dr. Daniel O'Sullivan   |

Check the relevant boxes. All questions must be answered before submitting to the relevant lecturer / supervisor. Note: only one box per row should be selected.

| Item | Question  | Yes                                 | No                       | NA                                  |
|------|---|-------------------------------------|--------------------------|-------------------------------------|
| 1    | Will you describe the main research procedures to participants in advance, so that they are informed about what to expect?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 2    | Will you tell participants that their participation is voluntary?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 3    | Will you obtain written consent for participation (through a signed or 'ticked' consent form)?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 4    | If the research is observational, will you ask participants for their consent to being observed.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 5    | Will you tell participants that they may withdraw from the research at any time and for any reason?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 6    | Will you give participants the option of not answering any question they do not want to answer?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 7    | Will you ensure that participant data will be treated with full confidentiality and anonymity and, if published, will not be identifiable as any individual or group?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 8    | Will you debrief participants at the end of their participation (i.e., give them a brief explanation of the study)?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |                                     |
| 9    | If your study involves people between 16 and 18 years, will you ensure that passive consent is obtained from parents/guardians, with active consent obtained from both the child and their school/organisation?   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10   | If your study involves people less than 16 years, will you ensure that <u>active</u> consent is obtained from parents/guardians <u>and</u> that a parent/guardian or their nominee (such as a teacher) will be present throughout the data collection period? | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11   | If your study requires evaluation by an ethics committee/board at an external agency, will you wait until you have approval from both the Independent College Dublin and the external ethics committee before starting data collection.                       | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

| Item | Question   | Yes                                 | No                                  | NA                       |
|------|--|-------------------------------------|-------------------------------------|--------------------------|
| 12   | If you are in a position of authority over your participants (for example, if you are their instructor/tutor/manager/examiner etc.) will you inform participants in writing that their grades and/or evaluation will be in no way affected by their participation (or lack thereof) in your research?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13   | If you are in a position of authority over your participants (for example, if you are their instructor/tutor/manager/examiner etc.), does your study involve asking participants about their academic or professional achievements, motivations, abilities or philosophies? (please note that this does not apply to QA1 or QA3 forms, or questionnaires limited to market research, that do not require ethical approval from the IREC) | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 14   | Will your project involve deliberately misleading participants in any way?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 15   | Is there any realistic risk of any participants experiencing either physical or psychological distress or discomfort?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 16   | Does your project involve work with animals?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 17   | Do you plan to give individual feedback to participants regarding their scores on any task or scale?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 18   | Does your study examine any sensitive topics (such as, but not limited to, religion, sexuality, alcohol, crime, drugs, mental health, physical health, etc.)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 19   | Is your study designed to change the mental state of participants in any negative way (such as inducing aggression, frustration, etc?)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 20   | Does your study involve an external agency (e.g. for recruitment)?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
| 21   | Do your participants fall into any of the following special groups?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
|      | (except where one or more individuals with such characteristics may naturally occur within a general population, such as a sample of students)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
|      |  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
|      |  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |
|      |  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                          |

If you have ticked any of the shaded boxes above, you should consult with your module leader / supervisor immediately. **You will need to fill in Form B Ethical Approval** and submit it to the Research & Ethics Committee **instead** of this form.

There is an obligation on the researcher to bring to the attention of the Research & Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

|   |                                     |
|---|-------------------------------------|
| I consider that this project has <b>no</b> significant ethical implications to be brought before the relevant Research & Ethics Committee. I have read and understood the specific guidelines for completion of Ethics Application Forms. I am familiar with the codes of professional ethics relevant to my discipline (and have discussed them with my supervisor). | <input checked="" type="checkbox"/> |
|---|-------------------------------------|

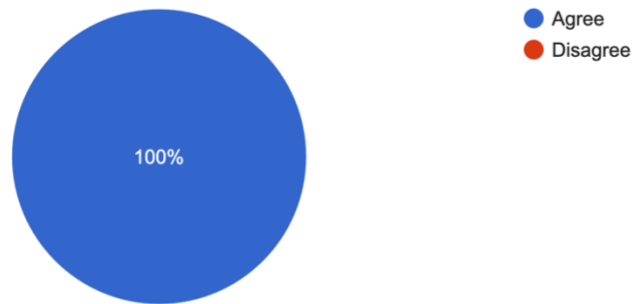
|   |                             |
|---|-----------------------------|
| <b>Name of Learner</b>  | Luis Henrique Martins Arana |
| <b>Student Number</b>   | 51701251                    |
| <b>Date</b>   | 18/05/2022                  |
| I have discussed this project with the learner in question, and I agree that it has no significant ethical implications to be brought before the Research & Ethics Committee. | <input type="checkbox"/>    |
| <b>Name of Supervisor/Lecturer</b>  | Dr. Daniel O'Sullivan       |
| <b>Date</b>   | 18/05/2022                  |

## 7.3 Questionnaire and answers

### 7.3.1 Questions for all MSS Users

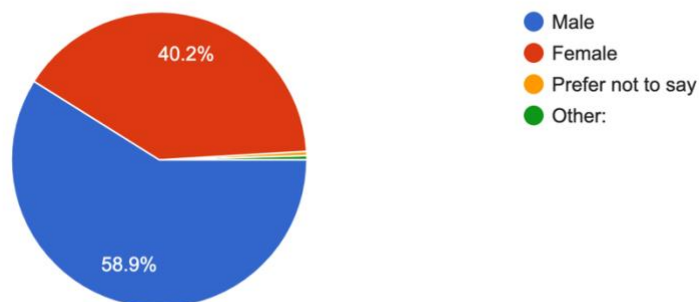
ELECTRONIC CONSENT: Clicking on the "agree" button below indicates that: • you have ready the above information • you voluntarily agree to partici...participation by clicking on the "disagree" button.

219 responses



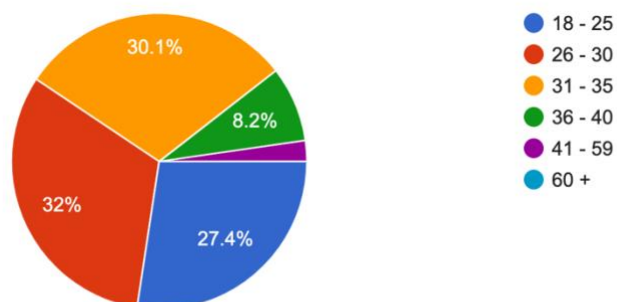
What is your gender?

219 responses



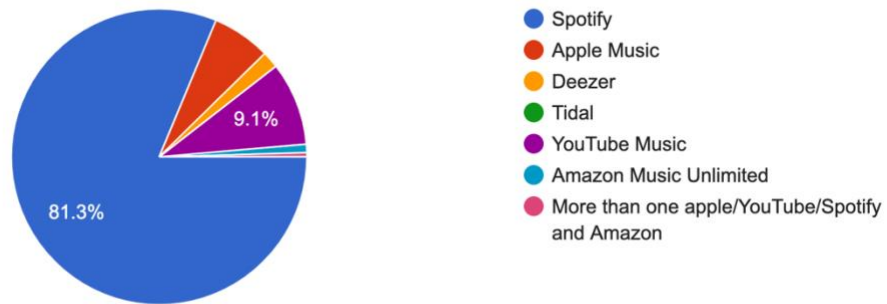
What is your age group?

219 responses



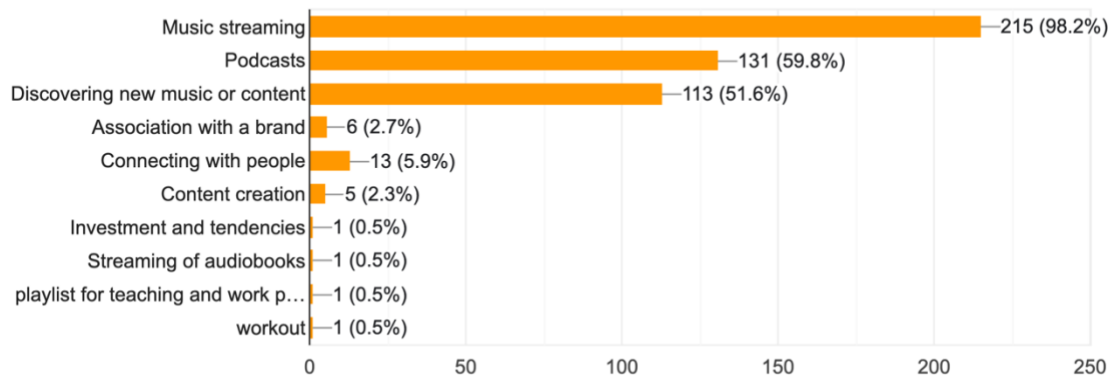
### What music streaming platform do you currently use?

219 responses



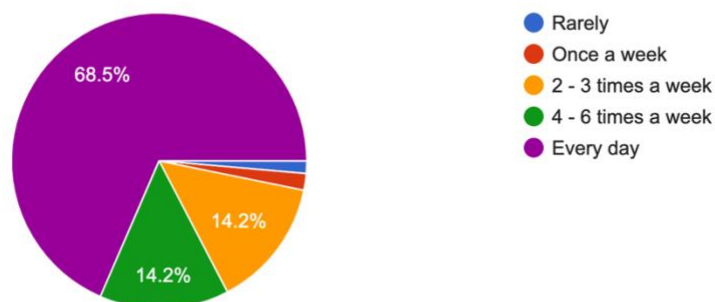
### Which of the following purposes do you use the streaming service for?

219 responses



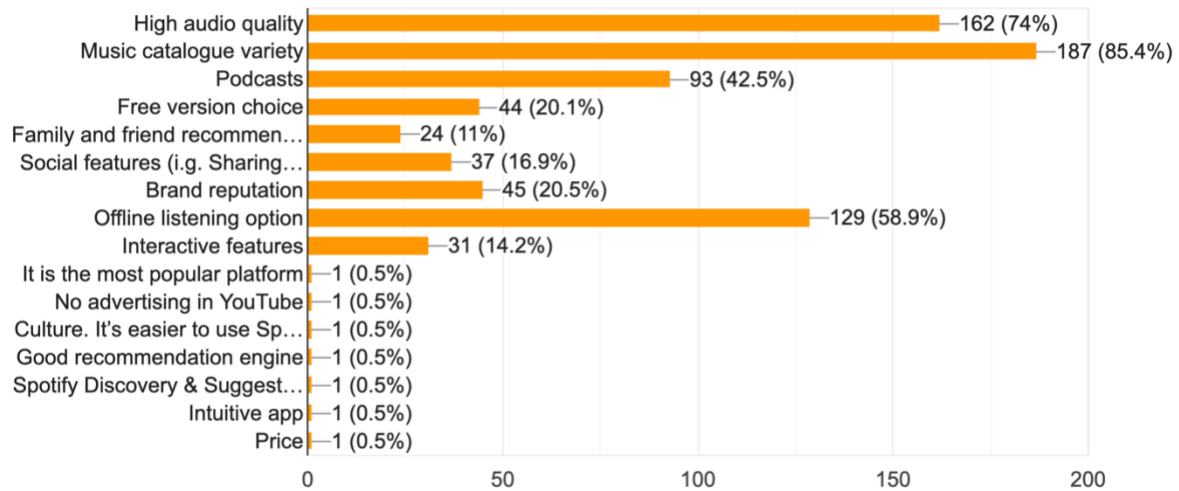
### How frequently do you use the platform?

219 responses



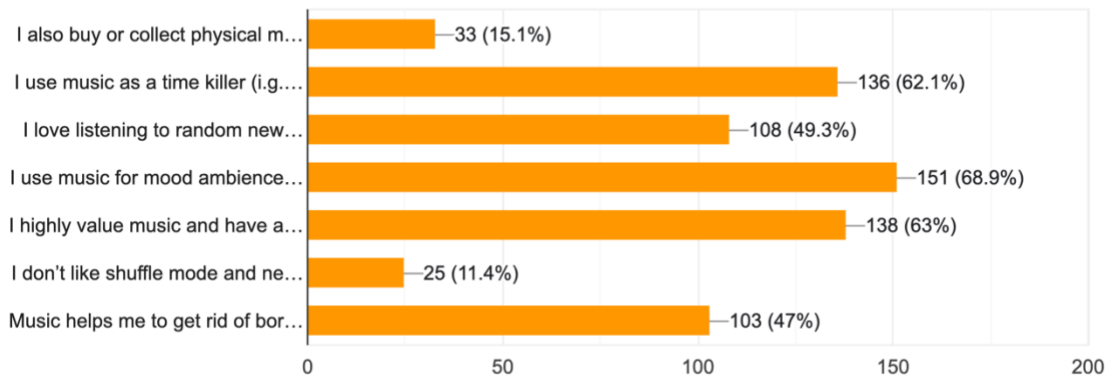
### What are the most important aspects when choosing a streaming service brand?

219 responses



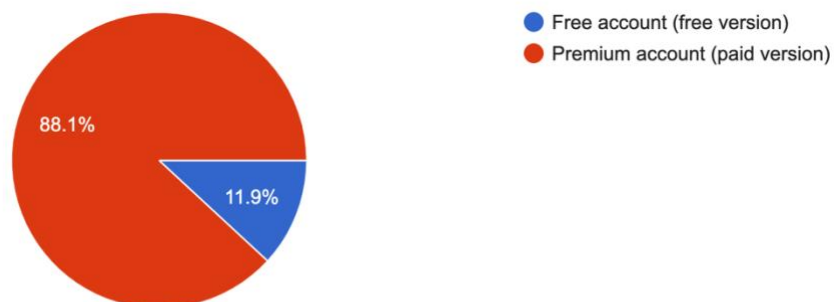
### Which of the following statements represent your relationship with music as a product?

219 responses



### What type of account do you keep at the moment?

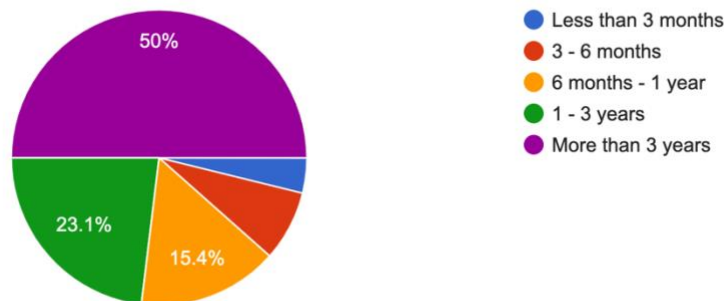
219 responses



### 7.3.2 Questions for Free-tier Users

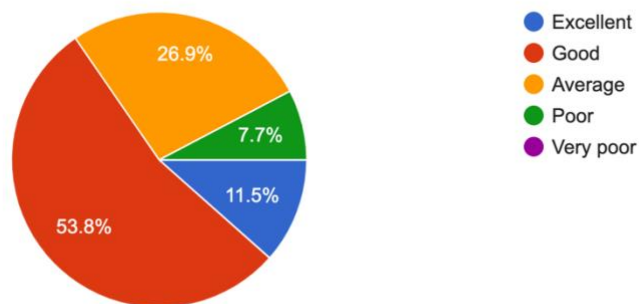
How long have you been using the free version of the platform?

26 responses



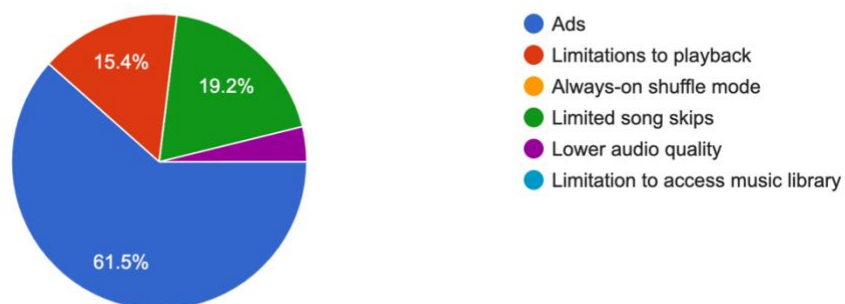
How do you classify your experience in the free version of the streaming service?

26 responses



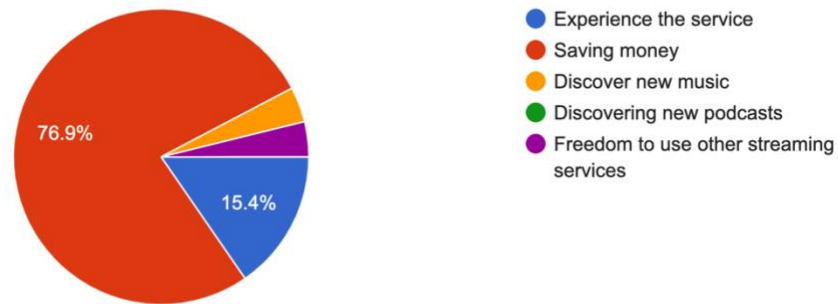
In your opinion, what is the most negative aspect of the free version of a music streaming service?

26 responses



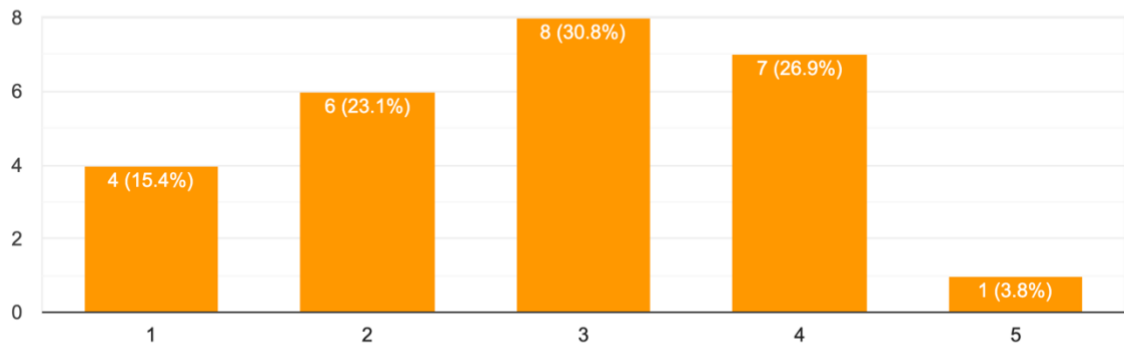
### What is the main benefit of having a free account?

26 responses

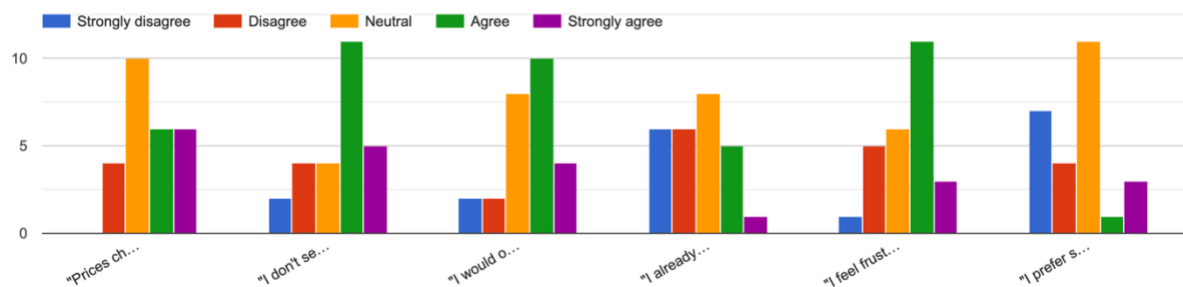


### How likely are you to subscribe to a premium account?

26 responses

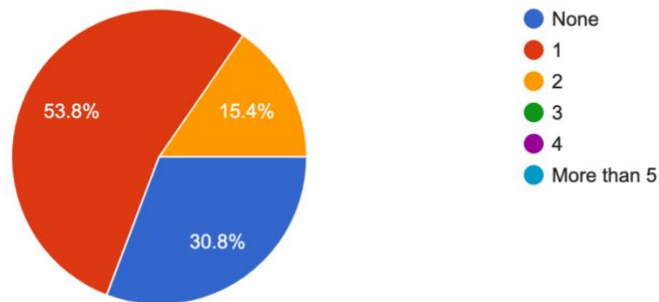


Considering the subject music streaming services, please rate the statements below



How many other music streaming services with free versions do you use?

26 responses



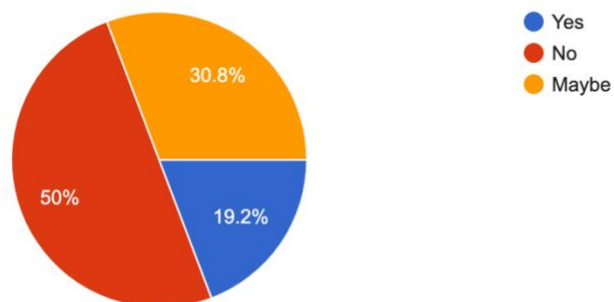
Select one main factor that would motivate you to subscribe to a premium account

26 responses



Would you consider quitting music streaming services for a long period of time?

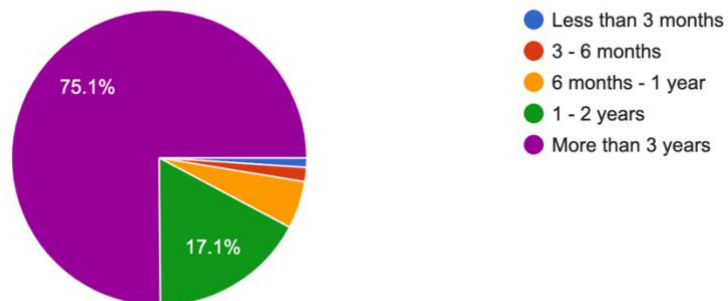
26 responses



### 7.3.3 Questions for Premium Users

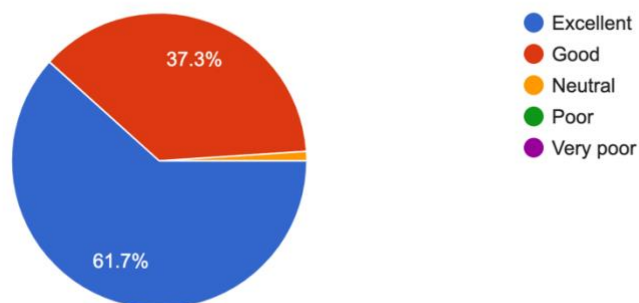
How long have you been subscribed to the premium account?

193 responses



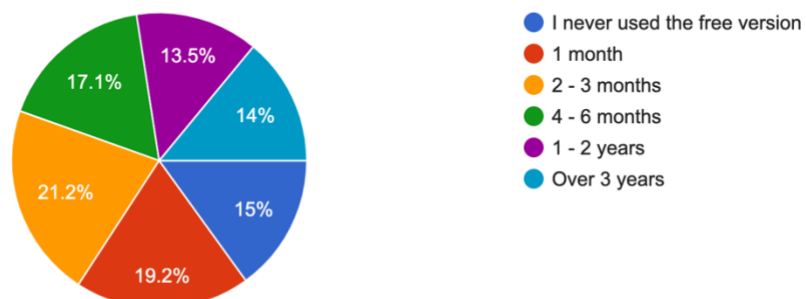
How do you classify your experience in the premium version of the streaming service?

193 responses



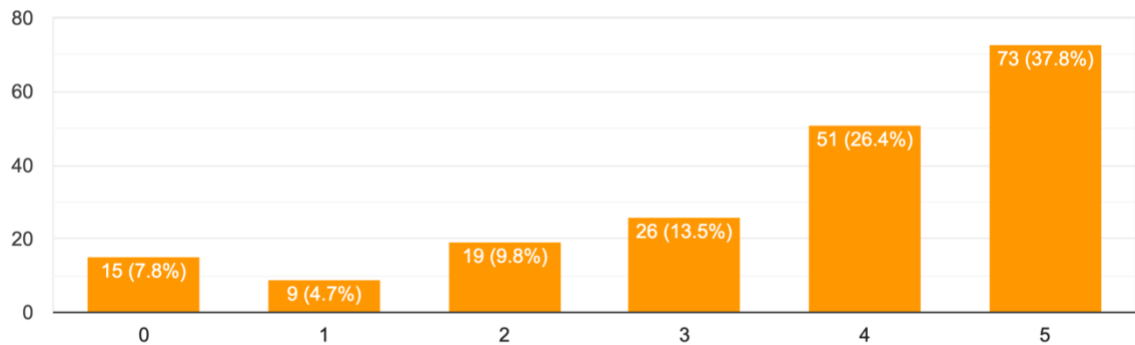
If you used a free version of any music streaming platform in the past, for how long have you done it?

193 responses



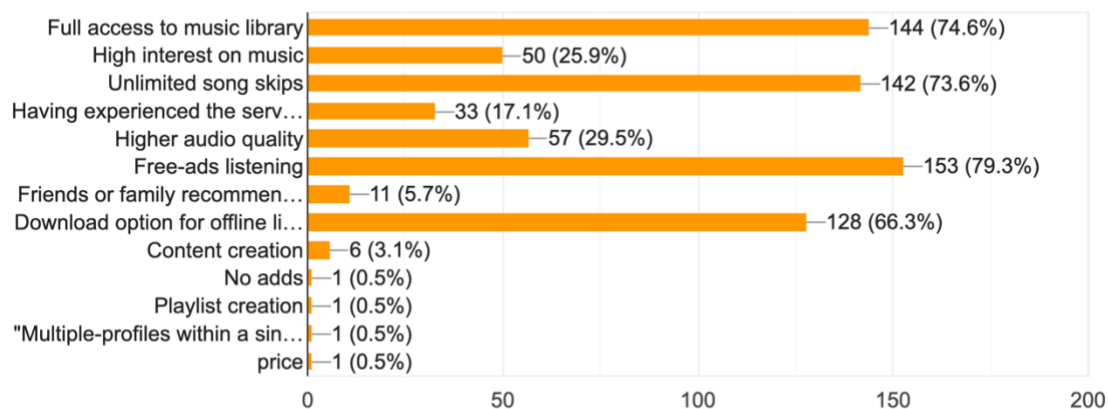
### How relevant was the free version experience on your decision to subscribe to a music streaming service?

193 responses



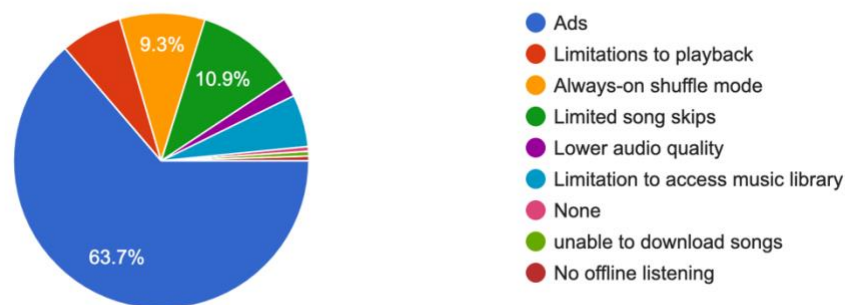
### What are the main factors that stimulated you to subscribe to a premium account?

193 responses



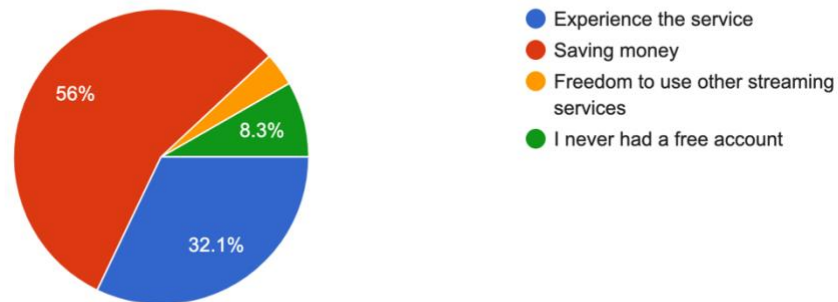
### In your opinion, what is the most negative aspect of the free version of a music streaming service?

193 responses



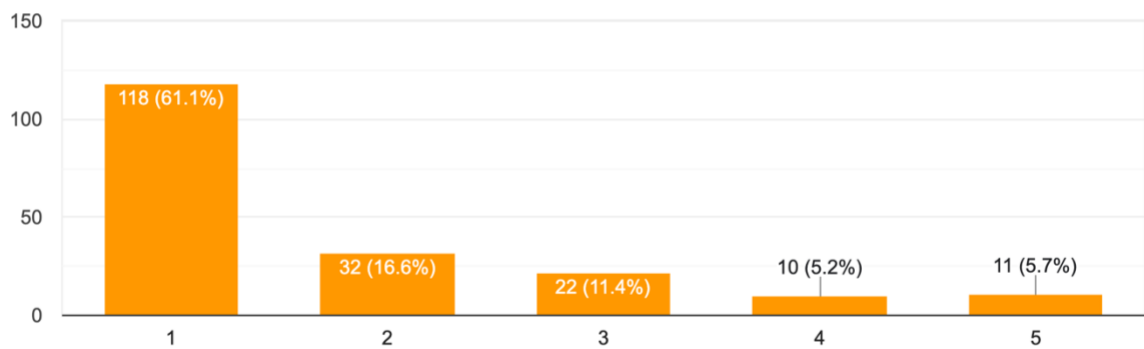
### What is the main benefit of having a free account?

193 responses



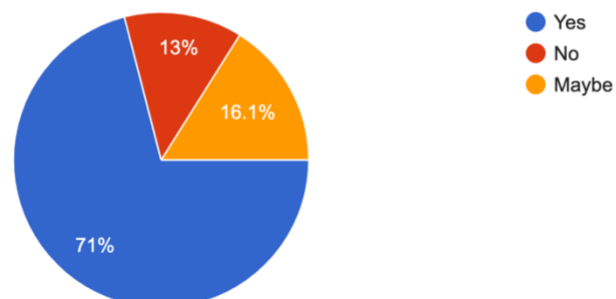
### How likely are you to unsubscribe and use the free version of your current music streaming service?

193 responses



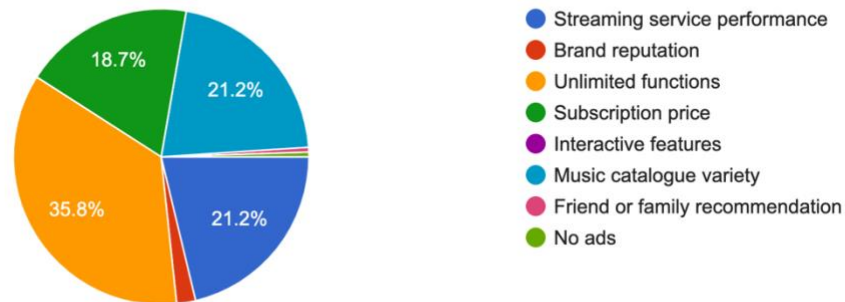
### If you decided to swap to a different music streaming brand, would you try the free version before subscribing to a premium account?

193 responses

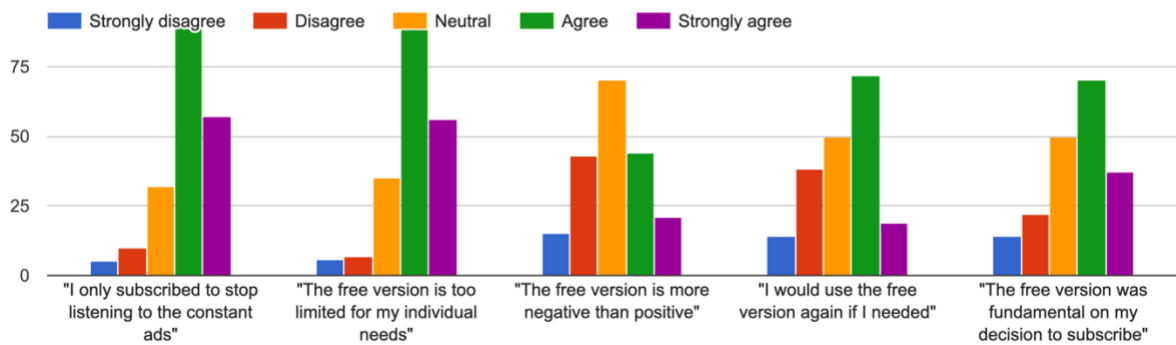


### What is the most important part of paying for a music streaming service?

193 responses

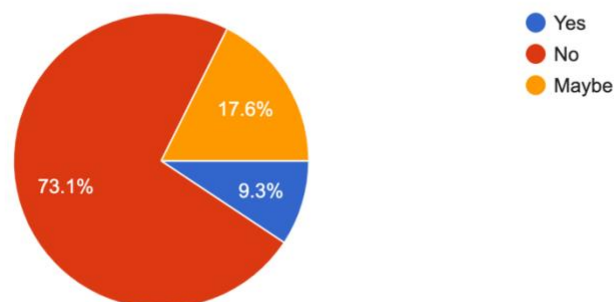


### Considering music streaming services, rate the statements below according to your opinion



### Would you consider quitting music streaming services for a long period of time?

193 responses



## 7.4 Interview transcripts

### 7.4.1 Freemium Interviewee

**1. *What music platform do you currently use? Is it more than one?***

I currently use Spotify and YouTube.

**2. *For how long have you been using the free version of the music streaming service?***

YouTube I've been using for video content through all my life. Spotify I've started using for about three to four years now. I always used the free version of Spotify. To be honest, I don't see the point of paying for the premium version or any other versions related to these platforms. So, I've been using it for free.

**3. *For how many hours a day do you use the streaming service?***

I'd say about two to three hours a day. Maybe more. Sometimes even four hours I'd say.

**4. *In what sort of daily situations do you most use the music streaming services? For example: at home, commuting to work, parties, commercial context.***

I normally use the service when I'm in the gym, when I'm walking for college, walking to work, on my lunch break, and sometimes at home when I'm doing my studies.

**5. *In your opinion, what is the real benefit when using on-demand music for free? Why?***

The availability of music, that's one of the main reasons I'm using it. To have access to lots of music.

**6. *Have you ever downloaded illegal music in the past?***

Yes, I have in the past downloaded illegal music. Sometimes I didn't have any data on my phone to listen to music, so I had to illegally download it. But nowadays I prefer using the free version of Spotify over piracy.

**7. *Do you also listen to podcasts?***

Yes, sometimes, but not on Spotify. I use other platforms.

- 8. *From your perception, does music streaming service has a more utilitarian or pleasurable value? (Utilitarian example: Kill time while commuting to work while listening to songs you already know. Pleasurable example: Discovering new music and artists)***

A bit of both. In the gym I use the music to motivate me. I put on music that will push me and make me do it. Sometimes even when I am walking to college or to work, I use it to kill time and get time to fly by quicker, because sometimes I'll be walking for 15 minutes to 20 minutes. If you are listening to music is a way of making me more focused and sometimes the time just flies by.

- 9. *Do you normally listen to songs you already know or do you prefer to listen to new music?***

A bit of both. Sometimes when I am in a good mood I'd be listening to the music I know, just to be singing along and vibe to it. But at sometimes I would be listening to new music. However, I'd say most of the time I would be listening to music I already know.

- 10. *Knowing the free version has limitations, why do you maintain using a free account?***

To be honest the main reason is that I don't see the point to get the premium when you can get similar things out of the free version. Even when I get ads, I wouldn't say it bothers me too much. It's only like a 30 second ad, so it could be flying by. Sometimes I wouldn't even notice them.

- 11. *In your opinion and focusing only on positive aspects, how does the free-tier account add value to your life as a music consumer?***

Being able to listen to music. Have access to a music library.

- 12. *What are the negative aspects of using the free account?***

The ads and not being able to create a playlist. Whenever you are searching up for music, it won't directly show you to the music that you want to listen too. It can sometimes be annoying. These for me are the main disadvantages of it.

**13. *Primary data pointed that advertisement greatly affected the user intention on subscribing to a premium account. Explain how Ads affect your experience in the service? What sort of feelings do they trigger?***

The way the ads affect me, I just want them to go by. I want to go to the music that I'm listening to. To be honest, it doesn't really catch my attention the ads that they put, but of course I just want them to get over with and get back to the music. I don't think they can brainwash me because I don't really listen to them, I don't focus on the content of the ads. I'm not really bothered. I feel a bit annoyed because I'm getting a short break between the music, but I won't be focusing on what they are advertising because it doesn't interest me. I might hear what they say but I won't go for them.

**14. *Price is also another important factor on the intention to subscribe. How prices affect your decision to subscribe to a premium account?***

The student account is not too attractive. As I said, I don't see the point of getting it, unless I get what I want out of Spotify and YouTube. The regular premium account is a bit much. Other than that, I don't see a problem because I'm getting what I want, which is the music.

**15. *If your favourite platform decided to discontinue the free version tier, would you prefer subscribing or migrating to another brand? Why?***

I would definitely go for a different platform with the free version. I wouldn't be paying for it. If there's an offer for a free version, I'm not turning that down. I would be getting the same music that I am listening to, it would be only a different platform. I wouldn't pay for the subscription because I feel like I would be forced to pay. I don't like feeling forced to pay for something that I don't want.

**16. *Do you buy digital or physical music?***

No, I don't.

**17. *Considering negative or positive matters of your experience in the music service, what factor would drive you to subscribe to a premium account? Why?***

I would subscribe if they put too many ads. Also, if they added more features to the premium service that would be more appealing to me. It's very unlikely I would subscribe to a premium account, to be honest.

***18. Would you like to add or explain any other information related to your experience as a free user in the music streaming service context?***

Listening to music should be free and no one should be or feel forced to pay for a premium account or anything. At the end of the day these companies are still benefiting from us. I think the platform should grant access to everyone.

### 7.4.2 Premium Interviewee

**1. What music platform do you currently use? Is it more than one?**

I only use Spotify.

**2. For how long have you been using the premium version of the music streaming service?**

I've been using the Premium version for around 6 years.

**3. For how long did you use the free version of the platform?**

I used the free version for 6 months, probably even less.

**4. For how many hours a day do you use the streaming service?**

I use it for around 1 to 2 hours daily nowadays. It was pretty much the same daily frequency when I had the free version only.

**5. In what sort of daily situations do you most use the music streaming services? For example: at home, commuting to work, parties, commercial context.**

I usually use the service when I am going to work, walking to go to work, in the gym as well. At home is not common for me to use Spotify. I prefer using video platforms when I am at home, even though I know Spotify has video as well.

**6. Do you listen more to music or to podcasts on the platform?**

At the beginning I used it more for the music, but nowadays podcasts are becoming very popular, and I already have my favourites podcasts I listen to. The last six months I used it more for podcasts.

**7. From your perception as consumer, does music streaming service has a more utilitarian or pleasurable value? (Utilitarian example: Kill time while commuting to work while listening to songs you already know. Pleasurable example: Discovering new music and artists)**

It's more utilitarian, but I like discovering new songs, which is good for interactive features of

Spotify. Even names that are not mainstream or popular in the industry, you can find them very easily. I love to discover new songs and to be the person that listen to the music when the artist has just released it. This feature in the app is very helpful to make me accomplish my curiosity needs.

**8. Do you listen to more music you already know or more new music?**

I listen more to the music I already know, but sometimes I feel like discovering new music and what is novelty out there.

**9. In your opinion, what is the real benefit when paying for on-demand music? Why?**

I used the free version for a short period because the ads were very annoying. So, for me, ad-free listening is essential. It happened recently that I was listening to a playlist with concentration music on Spotify, and in the middle of the music, it stopped, and they played a broadband Ad. I got confused and thought something was wrong with my subscription. This content shouldn't be there for a premium user. Also, even during podcast listening, they usually have ad insertion at the beginning or in the middle of the show. This is something that is not cool for a paying customer. I don't expect to listen to any ads.

**10. What was the relevancy of the free version on your perception of the service? How did it influence on your decision to pay for the service?**

It was very important, because let me know more about the app. The service was very new for me as a customer. I started to use Spotify when the company started operating in Brazil. It was very good for me to try the service and I didn't know what I could find there. I couldn't imagine that if I typed a name of an artist, I would come across not only with what I was looking for but also with a recommendation of whole playlist with other similar artists that I didn't know of. Also, it was great to listen to old songs, which were part of my childhood, and I couldn't get easy access to them. It was very important the free version because I could know more about the service and the experience it could give me. It was important in my decision to subscription.

The free version influenced me to subscribe. This is a kind of a content I was looking for, but I didn't listen to the ads. Therefore, I decided to subscribe.

**11. Before using a music streaming service, how did you normally consume music?**

I either used the radio or my MP3 Player. I used to download music illegally on my computer and then upload to the device. It was the way back then to consume music. At the time I couldn't afford buying physical media or digital music.

**12. Compared to your experience as a premium user now, what are the negative aspects of using the free account?**

The ads are the main negative aspect of the service. At that time, I couldn't access some playlist or the music library because it was available only for premium users. I'm not too sure because it happened a long time ago. For me, the ads and the limitation are the most negative aspects.

**13. How did your perception and satisfaction with the service changed after you subscribe? Explain.**

Yes, it did. My experience was so much better. I had the opportunity to pair my listening with other devices, using not only my phone, but also my computer and tablet. Honestly, I cannot remember much more of the free version because I've been a subscriber of the platform for a long time. Spotify became part of my daily routine. If for any reason I had to reduce my expenses, of all the streaming services I currently pay for, I think Spotify would be the one I would maintain subscribing until there was no way out.

**14. Primary data pointed that advertisement greatly affected the user intention on subscribing to a premium account. To which extent did the in-app Ads influence your intention to subscribe?**

I knew it was not cheap for the service and it was very important for me. But I used the use the free version in work, while commuting. I spent basically one hour on traffic to arrive at work, so I used the app to listen to music. In the free version, I was constantly being interrupted by the ads. Sometimes I was almost falling asleep on the bus, and the sudden ads would wake me up. When I had the chance to pay for me Premium version, I didn't think twice before doing it.

**15. Price is also another important factor on the intention to subscribe. How prices affected your decision to subscribe to a premium account?**

At first I felt impacted by price because it wasn't too affordable and I didn't know much of this type of service. After using the free version for a while, I got together with my work colleagues

and did the Family account subscription, which allowed six colleagues to join. I split the costs among us, so each person in the account paid every six months. It was a good option for me at the time. After I moved to Ireland, I moved to the Individual subscription. Currently, I use the Duo subscription account, so I can share it with my partner. It's not too cheap, but because I'm sharing is not too costly. The price is worth it considering all the content I can consume in the platform.

**16. In a scenario where all streaming platforms decided to greatly increase subscription prices, would you still maintain your subscription, or would you revert to the free version? Why?**

If it became too expensive or I lost my job and couldn't afford anymore, maybe I would go back to the free version again. I don't consider stop using music streaming services.

**17. Considering negative or positive matters of your experience in the music service as free tier, what is the main factor that led you to subscribe to a premium account? Explain.**

I think it's because of the amount of content in the platform, as a positive side of it. You can find pretty much almost every musical content in the platform and the music library is vast.

**18. Would you like to add or explain any other information related to your experience as a free user or premium user in the music streaming service context?**

Today, I use the app with my partner. He is the one that really loves music. However, he is a different type of customer. Although he pays for the subscription with me, he also buys digital music on the App Store or physical music. He thinks this is very important for the artist he likes.

Also, nowadays, if you want to support your favourite artist, some people use music streaming platforms to listen to only one song during the whole day, which collaborates with the artist streaming numbers, popularity, and also financial return.

I have a good experience with Spotify. I pay for other on-demand platforms, like Netflix and Disney+, but the Spotify is my favourite. It's part of my life daily. I use it for music listening, as well as for podcasts, so I don't think I could go without it anymore.