

CROWDFUNDING: PROSOCIAL MOTIVATIONS OF FUNDERS PARTICIPATING
IN MUSIC CAMPAIGNS

by

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ABSTRACT

The introduction of digital technology changed the way in which artists make money through selling their music. Online file sharing, piracy, and free streaming services have led to the perception of music as a free commodity. As the sales of compact discs and digital downloads have declined, alternative business models are providing potential new sources of revenue for musical artists. Crowdfunding has emerged as one potential source of revenue for musical artists. This paper looks at the ways in which funders are motivated to support musical artists through crowdfunding platforms. An online survey shows that people who support musical artists through crowdfunding platforms do so primarily as a way to provide support for friends, family members, and for musical artists of which they are fans. This highlights the ways in which crowdfunding for musical artists is more reliant on prosocial behavior and less reliant on consumer behavior. Funders are as less interested in pre-buying a product as they are in providing support for an individual or group with whom they have a connection. This suggests that musical artists wishing to utilize crowdfunding platforms should focus on cultivating their network of friends, family members, and fans to increase their chances of crowdfunding success.

The form and content of this abstract are approved. I recommend its publication.

Approved: Leslie Gaston-Bird

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CHAPTER I

INTRODUCTION

In the summer of 2012, Emily White, an intern at the media organization National Public Radio (NPR), wrote an article on NPR's "All Songs Considered" website. It was titled "I Never Owned Any Music to Begin With." In this article Ms. White details how she came to acquire her music collection through file sharing. The digital files in her computer's music library came from transferring the songs from compact discs (CDs), copying from a friend's music player, and file sharing programs. She says of her attitude towards music that "I honestly don't think my peers and I will ever pay for albums (White, 2012)." Soon after this article appeared a response was posted by David Lowery, of the bands *Camper Van Beethoven* and *Cracker*. In his response, Lowery outlined the case for why people should be willing to pay for music by purchasing CDs and digital downloads. He argues that music has value, and by not paying for music, consumers are hurting musicians and everyone in the music industry. He asks, "Why are we willing to pay for computers, iPods, smartphones, data plans, and high speed internet access but not the music itself (Lowery, 2012)?" This echoes a sentiment made two years later by Taylor Swift who said that "Music is art, and art is important and rare. Important rare things are valuable. Valuable things should be paid for (Swift, 2014)." Both Lowery and Swift make the argument that music is valuable, and that without someone willing to pay for this music then there will be no way for musical artists to survive. They advocate that people should be willing to buy digital downloads and CDs as an act of support for music. They are appealing to a sense of fairness and compassion for musical artists. Buying a CD or a digital download should be more like an act of philanthropy and less

like the act of a consumer. Even though there is no need to buy music that is freely available through friends, family, websites and streaming services, fans should buy CDs and digital downloads to show financial support. This marks a shift away from consumer behavior towards prosocial behavior. Music fans are encouraged to make purchases to donate money to artists they wish to support. But, as Emily White points out, why should consumers buy a digital file they already have, or buy a plastic disc if they already have access to the music? Potentially, crowdfunding could be a way for fans of music to act prosocially in a way that financially supports musical artists.

Since the late eighties and the early nineties software advances made it possible for the information encoded on a Compact Disc to be transferred to a personal computer and then shared to another personal computer through the internet. This opened a way for music files to be shared freely among computer users. Since that time, musicians have had to struggle with ways to monetize their music even as the value of music has dropped to zero in the eyes of consumers (Owsinski, 2009). Digital music song files are an example of a purely digital information good that is both nonrival and nonexcludable (Varian, 1998). This means that the digital file exists in infinite supply and that there is no barrier to one being able to freely consume this good. Attempts to create barriers to digital files have included legal mechanisms like intellectual property rights, various digital copyright protections and the bundling of the music with excludable goods such as exclusive artwork and/or packaging. Free streaming services like Spotify bundle the music with advertisements.

Because of the dwindling revenue from loss of CD sales, record labels have become more selective in their support for musical artists. Less revenue means that

record labels have less money to fund the development of smaller musical acts. This leaves many smaller artists in search of capital to fund recording projects.

One way that independent artists are raising money for their recording projects and other financial needs is through the use of crowdfunding platforms. Crowdfunding has opened up an additional avenue for artists to tap directly into their fan base as a source of revenue.

Crowdfunding is a relatively new phenomenon, with the first music oriented crowdfunding platform, ArtistShare, launching its first fan funded project “Concert in the Garden,” by Maria Schneider in 2003 (Chaney, 2010). Since then, numerous crowdfunding platforms have been launched. Different variants of the crowdfunding platform have been tailored for different types of fundraising. Variations exist for small lending, charitable giving, scientific research, education, and other specific crowdfunding endeavors. Crowdfunding is a variation on the idea of crowdsourcing, a term that was coined in 2006 to mean “a way to harness the creative solutions of a distributed network of individuals (Howe, 2008).” Kickstarter.com, which was started in 2009 has, according to their own data, successfully funded over 100,000 projects with over \$2.3 billion pledged. Musician Amanda Palmer’s hallmark crowdfunding campaign in 2012 garnered significant media attention when she was able to raise nearly 1.2 million dollars through Kickstarter (Franco, 2012). Other artists like De La Soul and TLC have each also raised over \$600,000 and over \$400,000 respectively (“Kickstarter”). Amanda Palmer has since switched to Patreon, a subscription based crowdfunding platform, where 8885 fans have agreed to make a combined contribution of \$35,286 for each artistic creation that she produces (“Support Amanda Palmer creating Art,” 2016). Subscription-based

crowdfunding is one variation of the general crowdfunding platform that allows for continuing contributions from supporters. Subscription based crowdfunding sites Subbable and Patreon launched in 2013 and the existing crowdfunding platform Pozible added a subscription option in that same year (Deamicis, 2013). Subbable and Patreon merged in the summer of 2015 (Pham, 2015). Both Hank Green, founder of Subbable, and Jack Conte, founder of Patreon, have stated that the idea for this model of crowdfunding emerged from a belief that fans can be motivated to pay for something that they love even if that thing is already freely available (Pham, 2015). Thus, subscription crowdfunding could potentially be a way of getting music fans to make continuous contributions towards the musical artists they support.

The available research on crowdfunding has established three principle actors in the crowdfunding process: the funders, the entrepreneurs, and the intermediaries (Valanciene & Jegeleviciute, 2013). This paper will look primarily at the motivations of funders in the crowdfunding process. Qualitative research on the motivations of funders by Gerber and Hui (2013) discovered four basic categories that funders report as to why they support crowdfunding campaigns. These motivations include the desire to collect rewards, help others, be part of a community, and support a cause (Gerber & Hui, 2013). A qualitative study conducted by Klæbe & Laycock (2012), reported six observations concerning donor motivations, including that they know the person, the desire to help creative people, creative belonging, engaging in cultural production, social kudos, and the perks. Boeuf, Darveau, and Legoux (2014) look at crowdfunding for theatre projects and find that the motivations of funders involved in supporting theatre differ from those of

other crowdfunding categories; with a stronger focus on prosocial, or philanthropic behavior, versus consumer behavior or reward seeking.

This paper looks at music fans' motivations for supporting musicians through crowdfunding platforms. An online survey targeting music fans who have participated in crowdfunding campaigns shows that fans who support musical artists through a crowdfunding campaign tend more towards prosocial behavior than consumer behavior. Funders are primarily motivated to support musical artists as way of providing support. Due to the freely available nature of digital music through either file sharing, piracy, or free streaming services, we see that fans are more motivated to help musical artists because of their connection to the artist, either through a familial relationship or because of a fan/artist relationship. This information is useful to artists looking to utilize crowdfunding to monetize their artistic output. By understanding the ways in which funders are motivated to give to a crowdfunding campaign, musical artists can determine how best to appeal to their fans through the reward structures of the crowdfunding platforms. Musical artists considering a crowdfunding campaign can use this information in deciding whether they are ready for a crowdfunding project.

An overview of the current state of the music industry shows why crowdfunding has become one alternative option for independent musical artists to self-finance their musical projects outside of the record label system. In 1999, a file sharing program called Napster made its debut. With this popular program, music that was previously only available in physical formats was freely available for download over the internet (Goldman, 2010). Since 1999, when they peaked, sales of CDs have continued to decline. In 2003, the Apple corporation introduced the iTunes store for digital music

downloads, pricing the sale of a single song at \$0.99. Sales of iTunes singles surged even as sales of CDs continued to fall (Covert, 2013). Even as sales of digital downloads grew, the overall revenue of the music industry fell (Covert, 2013).

According to 2014 sales figures, sales of digital downloads have started to decline. According to Nielson SoundScan, paid downloads of albums have dropped 9% and paid downloads of songs have dropped 12% (Smith, 2015). During the same time period, the use of streaming music services has grown, with an increase of 54% since 2013 (Smith, 2015). Music fans are shifting away from the purchasing of digital downloads to the use of streaming services for their music listening, with an overall increase of 58 billion songs streamed from 2013 to 2014 (Smith, 2015).

Streaming services like Spotify were initially introduced and sold to the record industry as a way to combat online piracy. At the time that Spotify was introduced in October of 2008, file sharing networks had already been available to music fans looking for free music for nearly ten years (Sehr, 2008). According to the Recording Industry Association of America (RIAA), music sales dropped 53 percent since the introduction of Napster and 30 billion songs were illegally downloaded on file sharing networks between 2004 and 2009 ("RIAA - Scope of the Problem"). Daniel Ek, the CEO of Spotify, says that his service's "...whole reason for existence is to help fans find music and help artists connect with fans through a platform that protects them from piracy and pays them for their amazing work" (Ek, 2014). Ad-supported streaming services like YouTube, Spotify, and Pandora give users free access to online music. In exchange, listeners are subjected to advertisements placed between songs. The revenue generated from the sale of advertisement placement is divided up between the rights holders and the streaming

service (Ek, 2014). Spotify was the first music streaming service that introduced a freemium model. In freemium models, users can pay to eliminate advertisements and to gain other convenience features. In the case of Spotify, paid subscribers to the premium service have access to “on demand” playback of songs on mobile devices and higher quality streams and continuous playback of music uninterrupted by advertisements. (Ek, 2014).

As the revenue from CD sales and the revenue from digital downloads have both declined, the use of online streaming services has continued to grow (Smith, 2015). Several artists, such as Bjork, David Byrne, Thom Yorke, and Taylor Swift, have expressed concerns that the revenue generated from ad-supported streaming is either insufficient to replace the loss of revenue from the sale of CDs and digital downloads or devalues the music by providing it for free (Byrne, 2013; Brunner, 2015; Young, 2013; Swift, 2014). In a 2014 editorial written for *Wired* magazine, Aloe Blacc, songwriter, rapper and musician summed up his opposition to streaming services by writing that, “the abhorrently low rates songwriters are paid by streaming services—enabled by outdated federal regulations—are yet another indication our work is being devalued in today’s marketplace” (Blacc, 2014).

It is in this current stage of the music industry that new musicians must navigate if they are to have any financial security as artists (Owsinski, 2009). In the old business model, record labels provided a source of funding for recording and touring, with the sales of CDs constituting the primary source of return on that investment (Owsinski, 2009). In the new model, music is primarily used as a marketing mechanism to attract fans. Putting music on free services like YouTube and Spotify acts as a low cost way of

reaching a large audience of potential fans. However, these services only provide small payouts on large numbers of streams. For example, in 2013, Zoe Keating, an independent artist who self-releases cello music, publicly shared her earnings figures for that year. According to her shared document, she earned \$6,380.82 on over three million plays on free streaming services such as YouTube, Pandora, and Spotify (Dredge, 2014). The majority of her earnings from that year (92%) still came from sales of digital downloads (Dredge, 2014). Keating herself considers streaming services “a good positive thing to get music out there” but “not yet a replacement for digital sales” (Dredge, 2014). Jack Conte, of the band Pomplamoose, created the crowdfunding platform Patreon with a Stanford classmate as a way to establish a revenue source for his music and videos. His motivation came from looking at the number of people that were watching his YouTube videos and comparing that number to the amount of revenue that he was making from the views (“Jack Conte, Pomplamoose/Patreon - XOXO Festival”, 2013). The revenue from the video streams was insufficient to support his musical endeavors so he conceived of Patreon as a way for himself and other artists to harness their fan base in a more efficient way (“Jack Conte, Pomplamoose/Patreon - XOXO Festival”, 2013).

New artists attempting to be successful in the current music climate have to reach out to large numbers of people and build a fan following as a precursor to any attempts to monetize their output. In addition to traditional methods of fan generation, which include touring and radio airplay, artists must now utilize the tools of Web 2.0 to reach potential fans. Using online tools such as the video sharing site YouTube and social media services like Twitter and Facebook, musical artists now have low cost ways of reaching out to generate potential fans in any location that is connected to the internet. Artists must seek

ways to generate sharing of their content through social media platforms. The primary challenge to reaching new fans is thus generating novel content that promotes online sharing amongst the social networks. Having a video go “viral” means that the content gets widely shared between numerous users on media platforms. However, even after a musician has established a fan following they then need to find a way to monetize that relationship so they can earn a living making music. Playing live performances, selling merchandise, and collecting royalties from publishing and synchronization are all ways that musical artists can still earn money in the world of Music 3.0 (Owsinski, 2009). The challenge has become replacing the lost revenue that was previously generated from the sales of CDs and digital downloads. In this context, crowdfunding has emerged as one potential way that musicians can leverage their fan base to raise additional money.

Crowdfunding is a method of funding ventures “by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries” (Mollick, 2014). The idea for crowdfunding emerged from the broader category of crowdsourcing. Crowdsourcing uses the “crowd” to gather resources for a purpose. A crowd is a large audience of people where each individual provides a small amount of the total effort needed (Lambert & Schweinbacher, 2010). Crowdfunding uses the power of the crowd to raise money for ventures needing financial backing. The majority of crowdfunding platforms, including Kickstarter, rely on time-limited campaigns, where there is a definite start and end date for the funding period (Macht & Weatherston, 2015). In some cases, as with Kickstarter, the fundraisers only receive the pledged contributions if a predetermined amount has been raised by the end date of the campaign. Otherwise, all the pledged money for the project is never collected

from the donors. Alternatively, a subscription based crowdfunding platform works by creating subscription levels for an individual artist's output. Once a fan decides that they want to support an artist, they then decide at what level they will pledge their support in the form of an ongoing subscription. The money that is pledged goes directly to the artists, with a percentage taken out for the service provider. The artist decides what is offered at each subscription level. The consumer then decides which subscription level best represents the emotional value they have for the art or rewards offered ("What is Patreon"). This patronage system may be a more direct replacement for the physical CD model than streaming services. Consumers are able to decide which artists they want to support and at what level they wish to contribute to that artist. Most of the money then goes to support a specific artist. The payouts are higher than streams through other ad-supported services like YouTube ("Jack Conte, Pomplamoose/Patreon - XOXO Festival", 2013).

CHAPTER II

LITERATURE REVIEW

The existing literature on crowdfunding has established the basic foundations by which crowdfunding can be understood and studied. There are three main entities involved in the crowdfunding process: investors, intermediaries and entrepreneurs (Valanciene & Jegeleviciute, 2013).

Investors also sometimes called funders or crowdfunders. These individuals contribute to a crowdfunding campaign. It is through numerous funders' small contributions that large projects get funded and money is raised. The funders seek out projects that appeal to them and pledge to donate money to that campaign. Funders are able to choose the amount of money to pledge, often in response to pledge levels set up by the campaign ("Kickstarter").

Intermediaries are the crowdfunding platforms. These are usually websites that host the campaigns and provide ways for money to be pledged. In exchange for the service of hosting a campaign, the company running the crowdfunding platform takes a percentage of the pledges (Valanciene & Jegeleviciute, 2013). The crowdfunding platforms provide a structure for the two other parties, the funders and the entrepreneurs in the crowdfunding process to interact. Intermediaries also provide a page for the crowdfunding campaign. On this page the campaign is explained, the appeal for money is made either in writing or in the form of a video and updates on the progress of the campaign are provided to the funders ("Kickstarter"). Some variations exist on the way a campaign page is structured. Kickstarter, one of the most well-known crowdfunding

intermediaries, provides a tally of the number of “backers,” a countdown till the end of the campaign period, and a running total of the amount of money pledged (“Kickstarter”).

Entrepreneurs are the people or businesses that are seeking funding. In the case of music crowdfunding, entrepreneurs usually consist of either solo musicians or bands who are looking to raise funds for their recording projects. They initiate the process, decide the monetary goals for their project, and seek out the appropriate platform for their campaign. Musicians using a crowdfunding platform tend to be outside of the standard financing mechanisms of the industry and are seeking alternative ways of securing funding (Manes, 2014). For musicians, crowdfunding provides a source of funding for recording activities. Amanda Palmer’s Kickstarter campaign in the spring of 2012 funded her first studio album since her departure from a major label. This amount raised represented 1,192% of her goal for the crowdfunding campaign (“Support Amanda Palmer creating Art,” 2014).

This paper looks specifically at the motivation of the funders in supporting musical artists through crowdfunding platforms. Previous qualitative research has examined the motivations that funders state for pledging support to a crowdfunding campaign.). In the study by Gerber and Hui (2013) and again in the study on theatre funding done by Boeuf et al. (2014), funder motivations fall into two categories: prosocial behavior and consumer behavior. Gerber and Hui (2012) found that funders are motivated to collect rewards, help others, be part of a community, and support a cause. Boeuf et al. find that supporters of theater projects are largely motivated by prosocial behavior. This indicates that funders of crowdfunding projects exhibit both prosocial and consumer behavior depending on the type of rewards offered. When funders give to a

crowdfunding campaign for the sake of collecting rewards in the form of acknowledgement, experiences, or a product, they are exhibiting consumer behavior. When funders give financial support to a crowdfunding campaign for the sake of helping others, contributing to a community, or supporting a cause they are exhibiting prosocial behavior (Small & Cryder, 2016). Penner, Dovidio, Piliavin and Schroeder (2005) define prosocial behavior as “represent(ing) a broad category of acts that are defined by some significant segment of society and/or one’s social group as generally beneficial to other people” (p. 366). In contrast, consumer behavior is “the process by which individuals search for, select, purchase, use, and dispose of goods and services, in satisfaction of their needs and wants (“What is consumer buying behavior? definition and meaning”). Boeuf et al. (2014) show that funders in performing arts are heavily motivated by prosocial behavior, and posits that this contrasts with the cultural industries wherein funders are motivated by a material reward in the form of CDs. No study has so far been done to determine whether the funders of musical projects are motivated by the material rewards.

Due to the intangible nature of digital music files being a purely information good, there is lower incentive for funders to seek them out as rewards in a crowdfunding campaign. More focus is therefore placed on appealing to the prosocial motivations of potential funders to help others, be part of a community, or support a cause (Gerber & Hui, 2013). The rewards offered tend to be based more on giving support, gaining exclusive access to content and creator, and being part of a community of fans. In contrast, crowdfunding campaigns for tangible goods tend to place more emphasis on material rewards, such as obtaining the physical product and receiving acknowledgments (“Kickstarter – Rewards”).

This study hypothesizes that since music files that are freely available other places are poor incentives for consumer behavior based motivations, survey respondents that have contributed to music focused crowdfunding campaigns should rank prosocial behaviors as higher than consumer behaviors. This would mean that music crowdfunding for musical artists exhibits some characteristics of charitable giving.

CHAPTER III

A SURVEY OF FUNDER MOTIVATIONS

Methods

The data for this study relies on the results of an online survey designed to examine the primary motivating factors of fans who pledge support to music crowdfunding campaigns. The survey also considered the demographic makeup of respondents who reported to have supported a musical artist's crowdfunding campaign, how these supporters are currently consuming music, and whether there is a link between certain music related behaviors and respondent participation in music crowdfunding.

The survey was distributed online, targeting music fans who are either currently supporting a music crowdfunding campaign or have done so in the recent past. The online survey used for this paper was distributed through SurveyMonkey.com. This service allows for the creation of custom surveys with a variety of question types. The three most common question types available are questions where respondents can choose between two options, questions that allow respondents to choose all applicable answers, or questions where respondents are asked to rank their preferences among a set of possible choices. To keep the survey short no comment or essay box questions were used. When necessary an option to choose "Other" was offered in case there were relevant responses that were not available in the pre-selected answers.

To reach a general audience, Twitter, Facebook and email connections were utilized. Daily posts to twitter during the collection period included the hashtags for the crowdfunding sites Kickstarter, Indiegogo, GoFundMe ArtistShare, Sellaband,

Rockethub, Patreon and Pozible. Twitter hashtags are used to associate a message with a topic. Additional twitter posts targeted followers of artist Amanda Palmer, Jack Conte, and Pentatonix; bands and artists associated with crowdfunding. Facebook requests for survey participation were distributed through friend networks as widely as possible. Daily requests for survey respondents were posted with reminders to share the link to other people in the extended network. Personal messages were sent to those people who were deemed to have the strongest social networks and the closest relationship with the investigator. Emails containing the survey link were sent to music related organizations and professors. The survey link was posted to one music business related website as well and three more music related Facebook pages.

Survey Questions

1. *What is your age?*

18-20

21-29

30-39

40-49

50-59

60 or older

Demographic data on age looks at whether crowdfunder participation is restricted to certain age groups or whether there is a wide age distribution of individuals using crowdfunding platforms.

2. *Are you male or female?*

Female

Male

Demographic data on gender help determine if participation in crowdfunding platforms exhibit a gender preference. This question also breaks the respondents into subsets of males and females for the sake of gender comparison.

3. *Which genre(s) would you say best describes the type of music you enjoy? (Select up to three please)*

Rock

Pop

Country

Indie

Hard Rock

Metal

R&B

Folk

Classical

Hip Hop

Electronic

Ambient

Rap

Classic Rock

Oldies

Other (please specify)

This question examines whether there is a strong preference for crowdfunding activity among the fans of specific genres of music. This information could be useful for musicians or bands considering a crowdfunding campaign in deciding whether their genre is receptive to crowdfunding appeals.

4. *Rank the ways that you most often consume music. (If you don't use a service at all choose N/A)*
- | | |
|--|-----|
| I purchase CDs | N/A |
| I purchase digital downloads
(iTunes, Google Play, Amazon...) | N/A |
| I listen to the AM/FM radio in the car or at home | N/A |
| I pay for a subscription to an internet radio service
(Pandora, TuneIn, Slacker...) | N/A |
| I pay for a subscription to an online streaming service
(Amazon, Google Play, Spotify, Tidal, YouTube...) | N/A |
| I listen to an ad-supported internet radio service
(Pandora, TuneIn, Slacker) | N/A |
| I listen to an ad-supported online streaming service
(Amazon, Google Play, Tidal, Spotify, YouTube...) | N/A |
| I listen to satellite radio (Sirius/XM) | N/A |

This survey question determines which other ways that music fans are consuming music. Respondents were asked to rank their music consumption behaviors from one through eight based on which activities they engage in the most often. The responses indicate whether individuals that support musicians through crowdfunding have a preference towards different means of music consumption. This information is useful in determining whether individuals that engage in music consumption using music streaming services, digital downloads or physical CD purchasing are also inclined to participate in crowdfunding as well. A not applicable (N/A) choice was included for responses that are not applicable to the respondent.

5. *Have you engaged in any of these music related activities within the last six months? (Mark all that apply)*

Gone to a concert or festival

Purchased music merchandise (T-shirts, Vinyl, Videos, etc...)

Read a music focused website as Pitchfork or Stereogram for example?

Sought out new musical artists to sample

Followed musical artists on social media (Twitter, Facebook, email...)

Subscribed to one or more musical artists' email mailing list(s)

This questions examines whether individuals that are engaged in more of these music related types of activities are more likely to be music fans in the sense that they are actively engaging with musicians and the bands that they follow. Respondents were encouraged to check as many of the responses as they wanted.

6. *Have you ever participated in a crowd-funding campaign for a musical artist?*

Yes

No (Please skip to the end of the survey and hit Done)

This question determines whether the respondents have ever participated in crowdfunding. Respondents that answer affirmatively continue to answer two more questions regarding their crowdfunding participations. Other respondents were instructed to skip to the bottom of the survey and submit their results.

7. *Which crowd-funding platforms have you used to support a musical artist? (Select all that apply)*

ArtistShare

Indiegogo

Indiegogo (subscription)

Sellaband

Patreon

Pozible

- Pozible (subscription)
- RocketHub
- Pledgemusic
- Feedthemuse
- Kickstarter
- Other (please specify)

This question discovers which crowdfunding platforms that the respondents have used in the past or are currently using. Respondents could choose as many responses as needed to describe their experience with crowdfunding.

8. *Rank your motivations for supporting a musical artist on a crowd-funding campaign. (Select N/A if it's not a motivation for you)*

- | | |
|---|-----|
| To collect a reward in the form of an acknowledgement | N/A |
| To collect a reward in the form of an experience | N/A |
| To collect a reward in the form of a product | N/A |
| To help a musical artist who is a friend or family member | N/A |
| To help a musical artist that I am a fan of | N/A |
| To participate in a community of like-minded people | N/A |
| To support a cause that I believe in. | N/A |

This question asks respondents to rank their motivations for supporting a musical artist on a crowdfunding platform. These responses were derived from the research done by Gerber and Hui (2013), Klæbe and Laycock (2012) and Boeuf et al. (2014). The responses show which motivations are used most often when deciding to support a crowdfunding campaign. Data was captured from this question and the preceding questions to group respondents per age, gender, type of genre, type of crowdfunding, and

motivational factors to draw general conclusions about the type of individuals that support crowdfunding.

Results

Eighty-four people responded to the survey. Of those respondents, twenty-two had participated in crowdfunding campaigns for musical artists. This amounts to roughly twenty six percent of the respondents. This percentage could be the result of a low adoption rate for crowdfunding among the general population, owing to its still growing popularity. Additionally, some respondents may have been unaware of crowdfunding.

Table 1. Survey responses to question one: "What is your age?"

Answer Options	Response Percent	Response Count
18-20	1.2%	1
21-29	14.3%	12
30-39	44.0%	37
40-49	29.8%	25
50-59	4.8%	4
60 or older	6.0%	5

The age distribution for respondents was largely restricted to the age groups between twenty-one and fifty, with most the respondents coming from the thirty to thirty-nine age bracket. This was in part due to the targeted audience consisting of participants around the age of forty-two. This was the age of the investigator. The relatively low number of respondents coming from any age over fifty is most likely due to the lower adoptions rates for social media. A Pew Research Center report on adoption rates from 2015 show this to be the case, with the age groups over fifty showing the lowest adoption rates for social media (Pew Research Center, 2015). The highest rates of social media adoption come from the age bracket of eighteen to twenty-nine. This group shows an

adoption rate of ninety percent (Pew Research Center, 2015). Their reduced representation in this respondent group could be the result of low penetration into that network.

Table 2. Survey responses to question two: “Are you male or female?”

Answer Options	Response Percent	Response Count
Female	48.8%	41
Male	51.2%	43

A nearly even number of male and female respondents participated in the survey. The gender distribution for respondents that have participated in music crowdfunding was more heavily skewed towards males. Within the crowdfunding group nineteen of the twenty-two respondents were male. This means that only about thirteen percent of the survey respondents that have participated in music crowdfunding were women.

Table 3. Survey responses to question three: "Which genre(s) would you say best describes the type of music you enjoy? (Select up to five)"

Answer Options	Response Percent	Response Count
Rock	65.5%	55
Pop	46.4%	39
Country	15.5%	13
Indie	44.0%	37
Hard Rock	17.9%	15
Metal	9.5%	8
R&B	19.0%	16
Folk	38.1%	32
Classical	23.8%	20
Hip Hop	28.6%	24
Electronic	23.8%	20
Ambient	10.7%	9
Rap	9.5%	8
Classic Rock	26.2%	22
Oldies	15.5%	13
Other (please specify)	39.3%	33

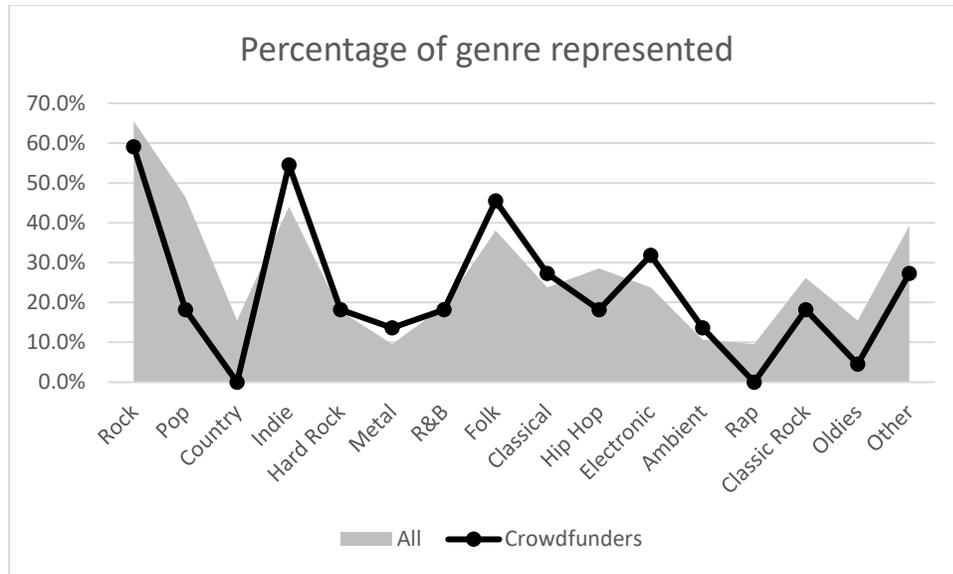


Figure 1. The difference in genre preference between crowdfunders and all survey participants.

Once the data was filtered to show only the crowdfunding group, the results tracked very closely with the general group with the genres of Indie, Folk and Electronic being slightly over-represented while the genres of Country, Hip Hop and Rap were slightly under-represented. This might suggest a preference for crowdfunding within certain musical genres.

Table 4. Survey responses to question four: "Rank the ways that you MOST OFTEN consume music. (If you don't use a service at all choose N/A)"

Answer Options (Ranked from 1-8)	1	2	3	4	5	6	7	8	N/A
I purchase CDs	10	5	13	13	2	4	1	4	28
I purchase digital downloads (iTunes, Google Play, Amazon...)	9	17	17	9	7	2	2	0	17
I listen to AM/FM radio in the car or at home	17	24	11	11	2	2	0	0	14
I pay for a subscription to an internet radio service (Pandora, TuneIn, Slacker..)	3	2	2	0	2	3	3	4	58
I pay for a subscription to an online streaming service (Amazon, Google Play, Spotify, Tidal, Youtube...)	23	5	3	3	1	2	3	0	39
I listen for free to an ad-supported internet radio service (Pandora, TuneIn, Slacker..)	6	12	14	11	4	2	1	0	30
I listen for free to an ad-supported online streaming service (Amazon, Google Play, Tidal, Spotify, Youtube...)	9	13	9	7	6	2	3	0	29
I listen to satellite radio (Sirius/XM)	6	3	4	3	2	3	2	1	52

When survey participants were asked about the ways they consume music, most of the respondents indicated that they pay for an online streaming service like Spotify, Tidal, or YouTube Red. Secondarily, they listened to AM/FM. Likewise, listening to satellite radio or paying for a subscription to an internet radio service were the two least popular ways respondents indicated that they consume music.

Table 5. Survey responses to question five: "Have you engaged in any of these music related activities within the last six months? (Mark all that apply)"

Answer Options	Response Percent	Response Count
Gone to a concert or festival	78.5%	62
Purchased music merchandise (T-shirts, Vinyl, Videos, etc...)	45.6%	36
Read a music focused website such as Pitchfork or Stereogum for example?	39.2%	31
Sought out new musical artists to sample	72.2%	57
Followed musical artists on social media (Twitter, Facebook, email..)	58.2%	46
Subscribed to one or more musical artists' email mailing list(s)	24.1%	19

Among the general population of survey respondents, we see broad representation of music related activities. Most respondents engaged in concert going and new music discovery.

Table 6. Survey responses to question five for the crowdfunder group.

Answer Options	Response Percent	Response Count
Gone to a concert or festival	86.4%	19
Purchased music merchandise (T-shirts, Vinyl, Videos, etc...)	68.2%	15
Read a music focused website such as Pitchfork or Stereogum for example?	63.6%	14
Sought out new musical artists to sample	77.3%	17
Followed musical artists on social media (Twitter, Facebook, email..)	81.6%	18
Subscribed to one or more musical artists' email mailing list(s)	36.4%	8

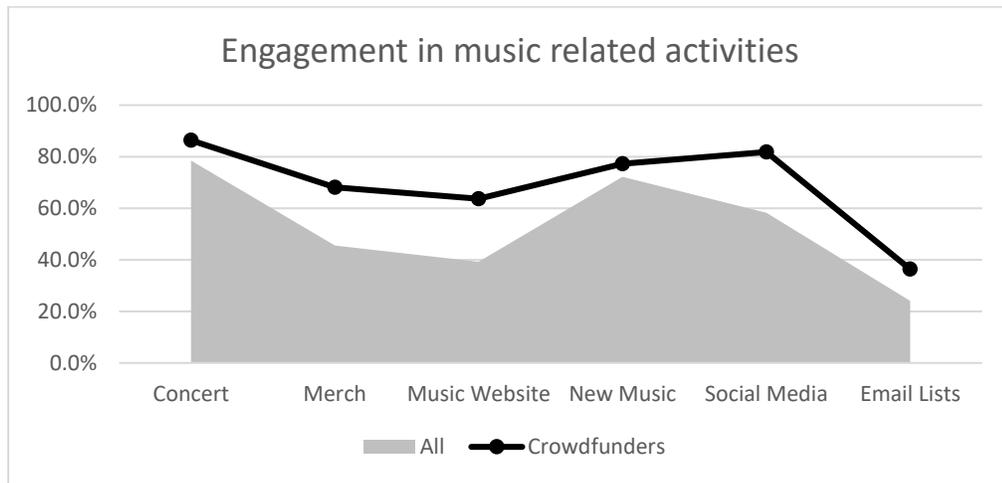


Figure 2. The difference in the engagement levels of music related activities between crowdfunders and all survey participants.

Once the data has been filtered to show the group of crowdfunders, we see that they are over-represented in every music related activity. They engage in music related activities such as following musicians on social media, buying music merchandise, or reading music related websites at a higher level than others. This higher level of music-related engagement should be typical of people who are music fans. This suggests that music fans are the people who are funding music projects.

Table 7. Survey responses to question six: "Have you ever participated in a crowd-funding campaign for a musical artist?"

Answer Options	Response Percent	Response Count
Yes	25.3%	22
No (Please skip to the end of the survey and hit Done)	74.7%	62

The group of respondents was broken up into two groups based on whether they had ever participated in a crowdfunding campaign for a musical artist. The seventy-four percent of respondents that responded with “No” were excluded from the last two questions in the survey. The last two questions dealt with the behavior and motivations of the crowdfunding group.

Table 8. Survey responses to question seven: "Which crowd-funding platforms have you used to support a musical artist? (Select all that apply)"

Answer Options	Response Percent	Response Count
ArtistShare	4.0%	1
Indiegogo	24.0%	6
Indiegogo (subscription based)	0.0%	0
Sellaband	0.0%	0
Patreon	16.0%	4
Pozible	0.0%	0
RocketHub	4.0%	1
Pledgemusic	12.0%	3
Feedthemuse	0.0%	0
Kickstarter	84.0%	21
Other (please specify)	16.0%	4

All but one of the twenty-two respondents in the crowdfunding group reported that they had used Kickstarter.com to fund a music related campaign. This shows that Kickstarter has the largest market share of music related crowdfunding campaigns, with only Indiegogo, Patreon, and Pledgemusic garnering more than one response.

Table 9. Survey responses to question eight: "Rank your motivations for supporting a musical artist on a crowd-funding campaign. (Select N/A if it's not a motivation for you)"

Answer Options	1	2	3	4	5	6	7	N/A	Rating Average	Response Count
to collect a reward in the form of an acknowledgement	0	0	0	2	2	2	2	14	5.42	22
to collect a reward in the form of an experience	1	1	3	0	0	2	1	14	4.00	22
to collect a reward in the form of a product	3	3	2	2	4	1	0	7	3.40	22
to help a musical artist who is a friend or family member	7	5	3	2	0	0	0	5	1.82	22
To help a musical artist that I am a fan of	10	6	4	0	0	0	0	2	1.84	22
to participate in a community of like minded people	0	1	2	5	4	0	1	9	3.94	22
to support a cause that I believe in.	1	5	5	4	1	0	0	6	3.30	22

Crowdfunders report that they are most motivated to pledge money to a music crowdfunding campaign to help their friends, their family members or as fans of musical artists. The least amount of behavioral motivation by the crowdfunding group in this study was generated by the desire to collect rewards in the form of an acknowledgement or an experience. In both cases, fourteen of the twenty-two participants stated no motivation at all. Of the crowdfunding group, there was some interest in collecting a reward in the form of a product. However, it seems as if product rewards and participating in a community are secondary motivations in regards to the funding of music campaigns.

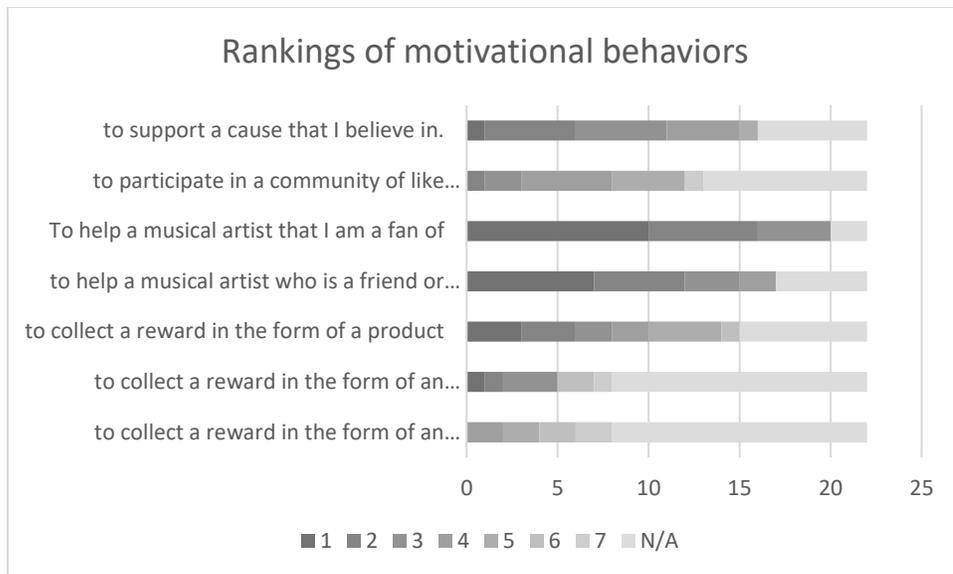


Figure 3. Survey rankings of motivational behaviors for crowdfunders.

Further Research

Because of the low participation rates of online survey, a survey with a larger number of respondents would provide a more focused look at the trends presented here. This would require the use of a larger social network than was used for this study. Ideally, a person with a larger social network would be able to appeal to enough people to add greater statistical significance.

An additional line of research into why people are motivated to give to music related crowdfunding campaigns would be to look at the prosocial versus consumer mix of successful music campaigns and see if funders are more likely to donate more in response to prosocial rewards than consumer motivated rewards. Crowdfunding rewards for successfully funded music campaigns could be divided into the two categories of consumer and prosocial. Research could determine the relative dollar amounts of each category to see which behaviors provide more funding for music projects.

Discussion

People who support musical artists through crowdfunding websites are fans of music. They are more likely to engage in behaviors indicative of being a fan. They place a high value on music and a high value on their relationship to music and the artists who make music. The decline in the sale of CDs and digital downloads shows that consumers are seeing less value in those music products. This has caused a drop in the revenue for musical artists as streaming royalties have proven insufficient to make up for the lost revenue from the sale of CDs and digital downloads. Some musical artists have turned to crowdfunding to bridge that revenue gap and to help pay to produce their music. This study shows that funders of musical artists are fans that are willing to convert the value they find in their relationship to the art and the artist into financial support, and that they are primarily motivated to do so in a prosocial manner. This contrasts with funders of projects where there is a preproduction material product and where this fan relationship does not exist. Musical artists looking to use crowdfunding to raise money should therefore focus their time and energy into establishing a strong network and building a base of fans that can be counted on to provide support during crowdfunding campaigns.

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