

When Consumers Reflect Business Models: The Influence of Digital Platform Remuneration Models on Consumers' Decision Making and Market Outcomes

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Abstract

Music industry stakeholders debate about the allocation of streaming revenue with a focus on pro rata (PRRM) and user-centric (UCRM) remuneration models but ignore the consumers' perspective. In this study, we investigate consumers' response to PRRM and UCRM and monetary consequences for right holders. In Study 1, an online experiment (n=318) indicates that consumers have a strong preference for a UCRM increasing the attractiveness and adoption intention of the streaming service. In Study 2, two choice based conjoint experiments (n=2,000) indicate that especially consumers with high volume and variety in music consumption are interested in a UCRM. Priming on fairness increases this choice intention. In Study 3, a simulation of payouts to right holders based on market data from a major streaming service (n= 207,587,552 streams) reveals substantial revenue reallocation e.g., for the urban and classical genres and indicates that the effects vary across consumer clusters.

Subject Areas: *Attitude, Consumer Behaviour, Consumer Services, Decision-Making, Marketing Strategy, Service Marketing*

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