

Customer preferences for bundles of content services

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Keywords: Mobile, content services, consumer preferences, digital music, conjoint analysis, business models

Research context

Consumers today are acquiring, viewing, managing and sharing an increasing amount of digital content on devices in the CE, mobile and PC domains. For the industry this implies compelling opportunities that fuel new business under the condition that the provided solution is user-friendly and constitutes “fair-use” for the consumer. We consider a person-based Digital Rights Management (DRM) system for content licensing that enables new forms of content access and content exchange services.

Content access and content exchange services

Recent surveys indicate that consumers value a more flexible use of their purchased digital content. Users for example value the possibility to play their content on any of their devices, and, if given the choice, would be willing to pay more for a song with more flexible usage rights (Dufft et al., 2005; 2006). However, current music offerings, e.g. offered by iTunes and by several Windows based providers, typically restrict the rendering of content to specific devices or platforms. The person-based approach enables innovative forms of content access and content exchange that better satisfy user demands. For example remote access to purchased content via any compliant device, or giving away and trading via a marketplace or p2p. Current copyright legislation does not provide users with the legal right for transferring their downloaded content (Digital Media Project Team, 2004)) but the rights issuer may explicitly grant such right to the consumer (Niehüser, 2004).

We consider in this paper the following question: what are consumer preferences for bundles of content services based on such a person-based DRM system?

Research method

We combined expert interviews and a user-study amongst 300 teens and young adults to learn about consumers’ perceived value, and willingness to pay, for bundles of content services. As our main method we used conjoint analysis to measure respondents’ relative preferences for content services. In contrast to most survey research, conjoint analysis derives user preferences from relatively realistic trade off situations (Sawtooth software, 2006; Gustafson, 2003) - in our case presented in service bundles. The respondents evaluate these service bundles, from which the contribution of specific services is estimated, basically via a well defined research design and statistical analysis. The results of the conjoint analysis were enriched with additional data regarding respondents’

background characteristics and in-depth questions on specific services, including pricing issues.

Results

Our findings underline the relative value that consumers place on various content services. In particular we find that users' primary concern is flexible content access, in particular the ability to play purchased content on all of their devices. Respondents also value remote access to their stored purchased content from a distant location, e.g. a PC or a rendering device at a hotel or at a friends place. Services for content gifting or content trading, either on a marketplace or in a p2p fashion, appear of secondary concern to most users. Still a substantial group of users (20-30% of total) would use and pay for these services. Bundles of content services allowing for flexible content access and rendering, either on owned devices and from remote devices, meet with the highest willingness to pay.

Literature

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