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# Differential effects of social influence sources on self-reported music piracy



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#### ABSTRACT

The paper examines the effects of five major socialization agents—namely parents, peers, traditional media, the Internet, and music industry—on emerging adults' attitudes and behavior toward music piracy in the form of unauthorized downloading. Based upon self-reported behavior, our study shows that these socialization agents exert differential effects on music piracy. Specifically, peers and the Internet exert direct impact on both attitudes and behavior. Parents and music industry, however, only have indirect impact on emerging adults' piracy behavior through shaping their attitudes. The research further shows that the effects of socialization agents differ across consumer segments. A factor mixture modeling technique is first applied to disentangle the behavioral heterogeneity, and more observable factors such as demographic, social, and psychological variables are then utilized to profile members in each segment. From a managerial perspective, this research provides new avenues for managers and policy makers to design targeted prevention programs to curtail music piracy.

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### 1. Introduction

Music piracy has been one of the most serious threats facing the music industry [42]. Some studies attributed the decline of album sales to the spread of music piracy accelerated by peer-to-peer (P2P) network services such as Napster, Gnutella, FastTrack, Kazaa, BitTorrent, and eDonkey [8,15]. This argument was in part evidenced by the fact that, coincident to the inauguration of Napster, the first widely used P2P network, sales of music on physical media have declined 53%, from \$14.6 billion to \$7.0 billion in 2013 [68]. According to RIAA [68], about 30 billion songs were pirated through P2P networks. While different approaches have been proposed to change consumers' economic incentive to pirate music (for example, thematic-building [16], contract design [43], licensing structure [14]), the music industry has mostly taken legal measures to sue corporations and individuals that engaged in the piracy behavior [17]. It sued over 21,000 individuals (mostly university students) for piracy between 2003 and 2006 [80], and their legal activities directly resulted in the shutdown of Napster in 2001.

Although some people believe that the lawsuits brought by the music industry are successful [19], others suggest that legal threats have little effect on changing piracy behavior [17,60,74]. Despite the fact that the music industry has sued a good number of individuals, unauthorized music downloading is more popular than ever [60]. A major reason is that legally prosecuting and convicting those who downloaded music without copyright authorization becomes more and more difficult [18, 37]. In addition, Sinha and Mandel [74] report that legal threats can

sometimes generate boomerang effects (i.e., increase music piracy rather than reduce it), especially for those university students who have a greater level of risk-taking tendency. Bhattacharjee et al. [17] argue that different individuals respond to legal threats differently and the availability of music files on peer-to-peer file-sharing networks remains substantial with the presence of legal threats. These findings suggest ineffectiveness and drawbacks of such 'pirate-oriented' prevention and intervention programs that focus on actively punishing the current copyright violators in order to deter future violations.

To advance our understanding about the boundary conditions of 'pirate-oriented' programs, this paper examines how social influence sources, such as the music industry, affect piracy behavior. Piracy by nature is a learned behavior [51,54,81]. Once are learned, such attitudes can be internalized and serve as a driving factor for piracy. In addition to shaping attitudes, social influences can also facilitate the growth of piracy communities, due to the fact that music piracy is a collaborative behavior [22]. The culture of music piracy is difficult to be changed through lawsuits alone because the social dynamics that drive the interest in music depend on word-of-mouth discussions, friend-to-friend sharing, and convenience in music access [30]. Hence, it is important to understand the key sources of social learning that can significantly impact individuals to form favorable attitudes toward music piracy. The thrust is that managers and public policy makers can benefit from the discovery by developing new intervention programs to target these sources (i.e., 'source-oriented' programs) as a supplementary tool to enhance the effectiveness of the conventional pirate-oriented programs.

Drawing from social learning theory [2–4] in criminology, a few studies [51,54,81] have explored how social learning occurs in the context of digital piracy. For example, Wang et al. [81] showed that both

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unauthorized obtaining and unauthorized sharing are shaped by the social learning environment, and different consumer groups present distinct patterns of social learning influences. Morris and Higgins [54] examined how demographic variables (i.e., region, age, gender, and race) affect individuals' degree of social learning, which in turn, influences their digital piracy behavior. Miller and Morris [51] argued that social learning from peers occur both offline and online. These studies have primarily focused on social learning from peers, while the important role of other socialization sources (e.g., parent, mass media, and music industry) in this social learning process is often neglected.

Our study extends prior research on music piracy in two important ways. First, drawing upon the consumer socialization framework [56] and social learning theory [4], we simultaneously examine the effects of five major social influence sources-parents, peers, mass media, the Internet, and music industry—on piracy behavior. When investigating the effects of parents and peers on piracy, prior studies [5,29,61] usually pile them together through the lens of subjective norms of friends and parents (termed as "important others" or "friends and family"). Little is known about how parents and peers may impact music piracy in a distinctive way. Our study considers friends and parents to be two distinct influence agents that exert different effects on one's piracy behavior. In addition, although impersonal agents such as mass media, the Internet, and music industry are recognized as important factors influencing one's piracy behavior [19,50], their roles as influence agents and sources of learning are barely examined. Simultaneously modeling the effect of multiple influence sources helps us compare the relative importance of each on music piracy, and identify the primary source shaping the piracy behavior of different types of individuals.

Second, we are among the first to theorize and address unobserved heterogeneity in music piracy. Traditional approaches understanding the social learning literature usually rely on analysis at an aggregate level, which assumes that all individuals are homogeneous in the structure of relationships. However, consumers' responsiveness to an influence agent may vary with their demographic, social, and psychological variables [32,49,62]. The results based on an aggregate-level analysis can be hideously misleading if considerable variation exists with respect to the magnitude or pattern of the regression coefficients [11]. We therefore segment our sample based on the participants' responsiveness to the influence sources (i.e., the sign and magnitudes of the path coefficients), using a factor mixture modeling technique [45]. The analysis identifies several consumer segments in our sample and different segments possess different patterns of responsiveness to the social influence sources. A follow-up analysis further indicates that the segment membership can be predicted by such more observable variables as age, gender, computer usage, major, number of friends who engage in music piracy, and self-control. This is an important contribution as it not only ensures validity and rigorousness of the findings, but also provides theoretical foundation to explain why "pirate-oriented" intervention programs work for some people, but not for others. Armed with this information, managers and policy makers can develop customized, effective prevention programs to curtail music piracy.

In this study we focus on university students because this population accounts for a significant portion of music piracy [74]. Attending university may be one of the most important phases in one's life. A majority of university students can be considered as emerging adults who are in their late teens and early twenties. During their university life, those emerging adults not only acquire the necessary knowledge and skills, but also experience the culture and develop attitudes and behavior toward various things that may influence their later life phase [67]. Our study provides a unique angle to explore how social environment influences university students' attitudes and behavior toward music piracy in the form of unauthorized downloading. According to Pew Internet & American Life [64], more than two-thirds of all individuals engaging in music piracy over the Internet have attended university at some point in their lives. About 87% of students currently in college conduct some form of illegal copying [81]. On average, each college student

has over 800 illegally downloaded songs on his/her digital music player [70].

#### 2. Theoretical Background And Hypotheses

#### 2.1. Theoretical Background

Consumer socialization refers to "the processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the market place" [82]. According to Moschis and Churchill's [56] consumer socialization framework, children's behavior is influenced directly and indirectly by social structural variables (e.g., social class, family size, and family structure) and age or life cycle position via socialization processes. Although social structural variables and children's age are specified as "antecedents" in the consumer socialization model, the primary research interest of most studies is on the role of consumer socialization processes in socialization outcomes, with these "antecedents" being treated as covariates in analysis (e.g., [24,25,56]). Consumer socialization processes encompass various socialization agent-learner relationships and modes of learning that affect socialization outcomes such as acquisition of consumer skills, consumption-related preferences, and consumption-related attitudes [47,55].

#### 2.1.1. Socialization Agents

Parents, peers, and mass media are the three most commonly studied consumer socialization agents in the literature [13,55,56,71]. Among these three agents, parents are the most available from infancy through adolescence, supporting children's physical and psychological development. Parents may also be the most important socialization agent since in most cases they can affect the knowledge children acquire from other agents. For example, attachment theorists [1,20] viewed the early parent-child interaction as an important prerequisite in shaping the child's early sense of self. Besides, parents may impact the child's peer orientation and selection both directly through parental monitoring and indirectly via parental modeling; as a result of such influence, the child may select peers that reflect the values, attitudes, and goals of the parent [85].

Although parents are widely viewed as an important socialization agent for younger children, researchers have diversified views regarding whether parents still exert significant influence on children after they grow up. While some researchers believe that parental influence still exists after children move to college campus [62,71,86], other researchers argue that peer and mass media influence replace parental influence at this stage of lifecycle [49,88]. More recently, the Internet has become another important socialization agent, especially for university students. According to McKenna and Bargh [48], the influence of the Internet is so powerful that it even starts to erode the amount of human interactions among teenagers. In addition to these four major socialization agents, considering the context of music piracy, we include music industry as another agent playing an important role in shaping emerging adults' piracy attitudes and behavior through promoting antipiracy messages. Simultaneously examining the effect of these influence sources helps us compare the relative importance of each on shaping the piracy behavior.

#### 2.2. Mode of Learning

Imitation (or modeling) and reinforcement are the two main modes of learning that are pointed by both social learning theory [4] and consumer socialization framework [56] in shaping one's attitudes and influencing one's behavior. *Imitation (or modeling)* refers to the engagement in behavior after the direct or indirect (e.g., in media depictions) observation of similar behavior by others [3]. The characteristics of the models, the behavior observed, and the observed consequences of the behavior may affect the imitation of a behavior [10]. Imitation is more

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