

Music for less than a song

Why the recording industry needs to understand, not fight, the downloading generation by Michael Adams

In April the Federal Court of Canada dealt a blow to the Canadian Recording Industry Association when it ruled that online file sharing does not constitute copyright infringement. The decision effectively declared online music sharing legal in Canada; the judge in the case said he saw little difference between uploading music files to the Internet and placing a photocopier in a library full of copyrighted material.

The CRIA had also asked the court to issue a court order compelling Internet service providers to release the names of 29 uploaders to the Association, thus paving the way for legal action against specific file sharers. Such action has been carried out against about 2,000 online music fans in the United States.

The battle between copyright holders and file sharers is sometimes cast as a David and Goliath story—pimplly, tech-savvy teenagers versus rich, powerful record companies. In fact, the story is less David and Goliath than Noah and the flood. Record companies' profits are being eroded by a rush of changes both technological and social. At present, instead of building an ark, the big labels are railing against the weather.

Two changes have conspired to create the challenging environment the music industry now faces. The first and more obvious is the rise of technology which enables the high-quality copying and distribution of music. The circulation of MP3s via the Internet is a snap, and CD burners are available to one and all at increasingly affordable

prices. The second and perhaps less obvious change that has helped bring about the current climate is a social one.

Changes in social values have meant that young people today are more likely to copy free music than might have been the case a generation or two ago, even if the technology had been available. When we look at the social values of various age cohorts in Canada, we find that those over the age of 60 are vastly more likely than those under the age of 30 to place great importance on the practice of “everyday ethics.” Not only is music sharing technologically possible today, it is socially acceptable.

This trend does not necessarily indicate that young people are universally unprincipled. For example, one of the most tech-savvy cohorts we study in our social values work—a segment that is adept at all kinds of online activity, including music sharing—is also the strongest on a trend we call “ethical consumerism.” Ethical consumerism specifically measures a respondent’s unwillingness to buy the products of a company that perpetrates some wrong (employee mistreatment or environmental destruction, for example). These young people are thinking about the implications of where they spend their money. It is much of a stretch, therefore, to imagine them also considering the implications of not spending their money: Are they hurting their favourite artists by sharing music online? Are they inhibiting the production of new music? Or are they just depriving some fat cat record executives of a few extra bucks?

Today, even thoughtful young people who genuinely strive to behave ethically are more likely to feel entitled to nuance their definition of theft according to their own understanding of their behaviour and its consequences. Why should they buy a CD with

12 tracks for \$25 when they only want two tracks? If they get a few tracks for free and decide not to buy the CD, what are they really stealing and from whom?

Rather than approaching young music fans in an adversarial (and litigious) way, record companies would do well to acknowledge and seek to understand the changing values that, along with technological change, are responsible for the downloading frenzy. Many will pay for music if they feel the system is a fair one, not a rigged game in which corporations have the upper hand.

The iTunes system of charging 99 cents per song has been extremely popular, and has even revived a trend from the early days of rock music: The quest for the perfect single. Young people who have purchased iPods are attracted to their sleek design and the fact that they allow for great personalization—a portable library of hand-picked favourites. In a landscape of new technology and new values, success will ultimately go to those who offer innovations based on sound insights into what young people will pay for, what they won't, and why.

MICHAEL ADAMS is president of the Environics group of companies and the author of *Fire and Ice: The United States, Canada and the Myth of Converging Values*