Development of Crowdfunding in Poland from the Perspectives of Law and Economics

INTRODUCTION
The purpose of the copyright law is to encourage production of creative works by giving producers limited monopoly. As noted by Thomas Macaulay “it is a tax on readers for the purpose of giving a bounty to writers” (Towse 2004, p. 57). Naturally, today's definition would not be limited only to writers but would take into account a great deal of other creative industries. For several decades the system based on copyright had been working fairly well. During the last fifteen years it has however faced significant challenges posed by the advent of the internet and digitalization. They made copying and sharing of creative works fairly easy, which led to the difficulties in enforcement of the copyright. Consequently, several adjustments or even alternatives to the copyright law were proposed during the last two decades. Some of them are based on contract supplementation of the copyright law, e.g. open source licenses and Creative Commons licenses. Other are not aimed at modification of copyright law but rather at providing business models which help to overcome deficiencies of enforcement of copyright.

This paper presents the phenomenon of crowdfunding - one of the newest approaches to the financing of production of cultural works. While being quite revolutionary alternative to traditional publishers, record labels and other cultural producers, crowdfunding poses several interesting questions which can be answered from the perspectives of law and economics. Taking economic justification of intellectual property law as a starting point of the analysis, this paper attempts to show potential advantages and drawbacks of crowdfunding. Since crowdfunding shifts the risk of the financing of cultural works from producer to consumer, attention is paid to the identification of possible consequences of the shift in the risk-bearing. Theoretical analysis is illustrated with the data gathered during research of the Polish crowdfunding service – MegaTotal.pl (http://www.megatotal.pl). Apart from that the paper analyses Polish legislation which slows down the development of crowdfunding platforms in Poland.
WHAT IS CROWDFUNDING?

Belleflamme, Lambert and Schwienbacher define crowdfunding as “an open call, mostly through the Internet, for the provision of financial resources either in form of donation, or in exchange for some form of reward and/or voting rights” (2011, p. 7-8). According to another definition crowdfunding is “an initiative undertaken to raise money for a new project proposed by someone, by collecting small to medium-size investments from several other people” (Oridiani et al. 2011, p. 444). The term “crowdfunding” evolved from the word “crowdsourcing” which is used to describe actions taken by large numbers individuals (hence a “crowd”) not employed in an organization but performing some tasks for it, e.g. proofreading online texts (Howe, 2006). In the case of crowdfunding individuals, instead of contributing their labor, they donate their financial resources to help finance projects they support.

Hemer classifies crowdfunding projects according to two criteria: commercial background or objectives of the project and original organizational embeddedness (2011, p. 11). According to the first criterion crowdfunding projects can be classified as not for profit, for profit and intermediate. According to the second criterion crowdfunding projects can be classified as independent (no institutional background, started by individuals), embedded (started by already existing private or public organizations and run as their parts) and start-ups (started independently with the intention to remain on the market in any organizational form) (Hemer 2011, p. 11-12).

Emergence of crowdfunding phenomena is strictly related to certain phase in the development of the internet. One of the first successfully crowdfunded projects was carried out by the British rock group Marillion, that collected donations worth of $60,000 from its fans in order to finance its US tour in 1997. Emergence of institutionalized crowdfunding services could be noticed shortly after social networking sites became one of dominant trends in the development of the web. One of the first widely discussed and analyzed crowdfunding platforms was Sellaband, which was started in 2006 and managed to complete more than 50 projects since then (Sellaband 2011). The completion of a project at Sellaband means gathering funds for recording and releasing a music album, single or video. The process of gathering funds via typical crowdfunding platform is presented on diagram 1.
Diagram 1. Model process of crowdfunding recording of an album.

ECONOMIC ANALYSIS OF COPYRIGHT LAW: THE PROBLEM OF INCENTIVES

The creative works funded with the help of crowdfunding platforms benefit from copyright protection just like creative works financed any other way. Consequently, all the issues, discussed in the economic literature on copyright, apply to the crowdfunded works. However, there is one important exception that makes the crowdfunded works different from most of other works. It stems from characteristics of crowdfunding and touches the very nature of copyright – the incentives issue.

The incentivizing goal of intellectual property law is the main justification of copyright. If there is an economic reason why a society should tolerate monopoly of copyright owners, it is benefits, which the society obtains in the form of creative works. As Landes and Posner point out, “[i]n the absence of copyright protection the market price of … expressive work will eventually be bid down to the marginal cost of copying, with the result that the work may not be produced in the first place because the author and publisher may not be able to recover their costs of creating it” (2003 p. 40, italics added). The copyright monopoly allows the author and publisher to recover the costs of production.

In the case of recordings, record companies pay the costs of music production, promotion and distribution before the product is offered to consumers. These costs in the case of large record companies that operate on markets in developed countries are high and they are especially high when an artist is not widely known. Estimates of International Federation of the Phonographic Industry show that it “costs more than £1 million (US$1.5 m) to break a pop act and over £700,000...
(US$1 m) to break a rock act in the UK alone” (IFPI 2010, p. 25). High costs translate into profits only when number of records sold is large. In the case of large record companies operating on the American market this number is estimated to be about 0.5 million copies (reference). Consequently, the traditional business model of major record companies is directed at selling large numbers of few titles, which helps to recoup other investments.

Landes and Posner emphasize that “[t]he problem of recouping is magnified … by the fact that the author's cost of creating the work, and many publishing costs (for example, editing costs), are incurred before it is even known what demand for the work will be. Because demand is uncertain, the difference between the price and marginal cost of the successful work must not only cover the cost of expression but also compensate for the unavoidable risk of failure” (2003, p. 40). Indeed, the failure rate in the case of major record companies is significant. It is estimated (Hesmondhalgh 2002; Leyshon et al. 2005, p. 187) that only about 10% of records released by large companies sell enough copies to recoup money invested in them. Leyshon et al. (2005, p. 187) show even more striking figures, arguing that “evidence from our research within record companies suggest that currently only 3 percent of recordings recoup their investments”.

The reason for the low rate of successful (in terms of profits) recordings, is related to economic features of creative works. As noticed by Caves, cultural products are characterized by the “nobody knows property”, which means that demand for creative works is highly uncertain, difficult to estimate and “[t]he producer's intimate knowledge of the good's production process still leaves him in the dark about whether customers will like it” (2000, p. 3). In response to this, record companies (as well as e.g. book publishers) release works of several artists, expecting that at least some of them will be successful and possibly a fraction will bring outstanding profits, which will recoup losses generated by majority of other titles.

The number of records, which is necessary to reach a break-even point for a recording, is obviously a function of costs – the more a record label has to spend to promote a new artist, the larger costs are, and the further the break-even point is located. This is especially true if record labels engage in a kind of arms race in which most of the potential profits are eaten up by large investments in promotion, which are necessary to beat competitors in the quest for number one hit.

This scheme is to a certain extent oversimplification – it applies most of all to the largest record companies and mainstream music genres like pop or rock. Smaller producers may concentrate on niche markets and thanks to reputation of specialists may earn profits without having to make extensive investments in promotion. Nevertheless, the “nobody knows property” applies to smaller record labels as well, since they also face the problem of having to decide about levels of investment in production and promotion of music in the conditions of extreme uncertainty.
The copyright law can to be seen as a partial remedy to the problem of uncertainty. Proprietization of creative works not only makes it possible to earn profits above the marginal cost of copying, it also helps to “compensate for the unavoidable risk of failure” (Landes & Posner 2003, p. 40). The risk compensation might be the most important for the traditional recording industry. Without the copyright protection of recordings, record labels would not be able to diversify their risk by composing a portfolio of recordings.

In the absence of copyright protection record companies would probably seek to minimize the risk of failure by releasing only low-risk acts. Alternatively, they could look for ways of making it more difficult to copy recordings (e.g. encryption) in order to postpone the moment when copiers are able to copy new releases. Any of these outcomes would be suboptimal: in the first case the society would get less records than in the presence of copyright, and in the second case there would be a wasteful spending of resources. Therefore, as long as artists and publishers have to decide in advance about investments made in production, promotion and distribution of creative works, copyright can be seen as “a trade-off between costs and benefits” (Towse 2004, p. 57).

In the case of a project financed with the funds gathered on the crowdfunding platforms situation is different: risk is shifted from the publisher (e.g. crowdfunding platform or artists, depending on a type of platform) to individual contributors. Given a large number of contributors, each of them invests only a small sum, which is a fraction of a price paid for a CD in a records store. If a crowdfunded project turns out to be a flop, the losses borne by an average contributor are negligible. These losses in most cases do not discourage contributors to invest in other projects (and that would be the outcome if a record was financed by a traditional record label).

The notion of break-even point needs further clarification. In the case of traditional record labels, a record breaks even when it sells enough copies to recoup all the costs incurred by that label, most of all recording, pressing, promotion, distribution and renumeration paid to composer and lyricist. In the case of crowdfunded project situation seems more complicated. One could ask a question: when does actually a crowdfunded record breaks even? Is it a moment when a record sells so many copies that the sum of all investments in it is recouped? Or is it a moment when an artist earns first profits?

From the point of view of an artist who raises funds for a record at a crowdfunding platform, the question of break-even point is relatively irrelevant (unless the artist risks her own money by investing in her project as a contributor). The reason for this is that even in the case of artists who cooperate with record labels, recording royalties are paid very rarely (that is only in the case of those records that break-even) and artists earn their living from other sources (Albini 1995; Passman 2000). Similarly, in the case of crowdfunded projects, the record release can be considered...
a success not for the reason of expected royalties but for the reason that it opens other sources of revenue (more tickets sold during live performances, publicity, etc.), which would not be accessible in the absence of a release. However, unlike an artist whose record is released by a traditional record label, an artist, who raises funds for a record at the crowdfunding platform, is not tied by a long term contract. What is exactly optimal for an artist differs in each case, as it depends on several factors (details of a contract that would be offered by a record label, career goals and prospects, music genre, target market, etc.).

For a member of a crowdfunding community, the question of break-even point depends on her motivation. While for a traditional producer of creative works the value of such work is determined by the income stream it can generate, for an individual contributor the value may be generated by the creative work per se. Such individual does not aim to achieve the break-even point set by a traditional producer of creative works. Moreover, the notion of risk for such individual differs from the notion of risk for a traditional producer. While the traditional producer associates risk with the possibility of not receiving the income which would compensate for the production costs, a member of crowdfunding community may associate risk with the possibility that a crowdfunding project will fail to collect enough capital for a creative work to be produced. The contributor may well be compensated for risk-taking by the fact of the creative work being produced.

Consequently, answering the question “why people contribute” is necessary to understand the nature of crowdfunding and evaluate whether one of the main justifications of copyright, namely giving artists and publishers incentive to invest in production and distribution of expressive work, applies to projects financed that way. The next sections should shed some light on that issue.

DESCRIPTION OF MEGATOTAL.PL
MegaTotal.pl was started in 2007 by Sfera - advertising agency based in Lodz, Poland. During five years of its functioning, artists registered in MegaTotal.pl managed to gather funds for recording of 75 albums, 56 of which have been already released (state for 31.01.2012). The total value of these projects is about 560 000 PLN (approximately 125 600 EUR).

The process of gathering funds in MegaTotal.pl can be divided to the following stages:

- an artist creates profile on MegaTotal.pl where she publishes sample of her works and information about herself; every visitor to the website can stream these tracks free of charge;
- the artist announces the desired sum of money she wants to gather;
- registered MegaTotal.pl users contribute their funds to support preferred projects in
exchange for equity stakes, which give them right to receive shares in the funds paid by the following contributors; contributors indicate, which tracks they contribute their funds to and in exchange they can download those tracks;

- when an artist completes collecting the desired sum, MegaTotal.pl helps her to record an album (contacts the recording studios, designs a CD cover, etc.);
- once a CD is released, all the revenues are divided among the artist who receives 50% of revenues and contributors who share the rest proportionally to their equity stakes in the project;
- the role of MegaTotal.pl, apart from organizing the procedure of gathering funds and helping artist to go through the recording sessions, is monitoring that the funds are not defrauded.

If a user decides to invest in an album, she can name her own price within the scale set by MegaTotal.pl The lowest price of 0,01 PLN (approximately 0,0025 EUR) per track can be paid by the users who are first to invest in an album. The price rises for 0,01 PLN with every 10 PLN gathered. The minimum price set by MegaTotal.pl is never above 0,99 PLN (approximately 0,25 EUR) per track, but a user may choose to pay more if she wants to increase her contribution and equity stake. The value of the equity stake is important, as it determines her share in the future profits earned by the record once it is released. Additionally, MegaTotal.pl introduced incentivizing mechanism which guarantees each contributor (except for the last one) share in the funds contributed by the contributors who invested in that artist's project after her. This mechanism allows the contributors who took the highest risk (that is invested in the early stages when it was not known whether the project would ever be finished), get the highest streams of income (share in funds invested in that project by all the contributors who invested later).

DATA DESCRIPTION

The data, concerning users, were gathered via the internet survey conducted in March and April 2011. The survey was sent out to those MegaTotal.pl users who between 1 March 2010 and 1 March 2011 at least once logged on to their account (21631 persons). The survey consisted of 30 questions. Full answers were given by 800 respondents. The questionnaire included questions concerning demographic charateristics (age, sex, education, and income), incentives to invest, attitude to MegaTotal.pl, attitude to music industry and copyright.

The survey data were supported by the information about activity of the users who participated in the survey, such as number of log-on to the platform, number of forum entries, expenditure, and number of albums invested.
RESULTS

The survey has attracted a large proportion of the most active users. The spendings of 144 respondents (18% of the survey sample) who spent more than 100 PLN, constitute 98% of spendings in the sample and 20,6% of all spendings in the service. For comparison, there are 925 users in the whole population (4,3% of the population), who spent more than 100 PLN. The spendings of these users make 94,7% of whole spendings in the service.

Table 1 shows different reasons of using Megatotal.pl and corresponding proportions of surveyed users who find those reasons important or very important. The reason of helping artist is the one that is declared to be quite important or very important by the largest group of users, while the reason of investing is quite or very important for the smallest group of users. Moreover, all users, who declare the investment reason to be important, also declare that the reason of helping is important, and there is a large group of users for whom the reason of supporting artists is important and the reason of investing is not important at all (see Table 2). Observation that people want to pay for music not because they are afraid of liability for copyright infringement but because they want to support artists corresponds with observation of other researchers (Belsky et al. 2010).

The users, for whom the reason of supporting artists is important, spend more than the users for whom the reason of investing is important (see Table 1). The willingness to help artist appears to be more important reason to participate in crowdfunding and, the users who declare this reason to be important are more willing to invest more.

When it comes to reasons of investment in a particular artist or a song, the argument of knowing artist is positively correlated with the motivation of helping and not correlated with the motivation of investing (see Table 3). The investment motivation is positively correlated with the belief that an artist can become a star or a song can become a hit. The users who state that their motivation is to help artists, say that they actively participate in the promotion of artists. There is no correlation between the motive of investing and the promotional activity.

The users who believe that MegaTotal.pl changes the music market for better, admit that the piracy does disadvantage artists (though they do not express the opinion that pirates should be punished). These users tend to agree with the opinion that electronic files (rather than CDs) are the future of the music industry.

As presented in Table 5, even though large part of respondents believe that the piracy harms artists, they are rather unwilling to see illegal downloading being prosecuted. Additionally, respondents very strongly support the idea that free access to music streams encourages purchasing of records. This corresponds very well with the main reasons to use MegaTotal.pl expressed by respondents – willingness to support artists. If respondents want to support artists, they want to
know what kind of music and whom exactly they are supporting. It is impossible without listening to artists' music, which naturally creates demand for free streams.

The most important observation is that the motivation of helping artists was chosen by more respondents than the investment motivation. It shows that respondents, when making decision whether to contribute their money to certain project, are more often driven by their musical tastes and endorsement of a specific artist than by theoretical possibility of earning money. It differs them from most of the record labels that release records to earn profits. Although we find this observation crucial, it should be treated only as a starting point of further studies. They could concentrate for example on learning how important is a type of personal relationship between artists and contributors when making investment decisions. There may be various types of such relationship starting from simply “liking the artists and her music” through more serious fandom to personal relationship like friendship or brotherhood. Obviously, artists' closest friends and family may be willing to support her project even though they know that they would never earn a penny out of that investment. Results of such studies could push further discussion on copyright and creative industries in new directions that emphasize necessity of building business models based on voluntary payments of artists' supporters and free access to content. This direction in discussion on copyright is suggested e.g. by Lessig (2004), Belsky et al. (2010), Burkart (2010).

BARRIERS OF THE DEVELOPMENT OF CROWDFUNDING IN POLAND

Development of crowdfunding services in Poland is slowed down because of legislation which regulates public collection of money. Similar problems happen in other countries, for example in the US, where as Kappel (2008) describes, legislation which regulates gambling and sale of securities effectively blocked development of crowdfunding services. This section examines two issues: legal obstacles that stop development of crowdfunding services in general and difficulties in cooperation between collecting societies and music oriented platforms, like MegaTotal.pl.

The problem of public collection laws

Public collection of money in Poland is regulated by the Public Collection Act of 1933¹, and the Regulation of Ministry of Interior and Administration². The first piece of legislation stipulates that “public collection, organized in one's own interest, is prohibited” (Art. 3). This article alone practically prevents artists from collecting money on crowdfunding platform, since such collection

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¹ Ustawa z dnia 15 marca 1933 r. o zbiórkach publicznych (Dz. U. Nr 22, poz. 162 z późn. zm.)
² Rozporządzenie Ministra Spraw Wewnętrznych i Administracji z dnia 6 listopada 2003 r. w sprawie sposobów przeprowadzania zbiórek publicznych oraz zakresu kontroli nad tymi zbiórkami (Dz. U. Nr 199, poz. 1947 z późn. zm.)
is almost always conducted in artist's own interest (not in public interest as expected by legislators). Even if one disregards that article, other parts of this act and the Regulation of Ministry of Interior and Administration make it very difficult for crowdfunding platforms to collect funds.

First, to organize public collection of money one needs to get permission from the public officials – in the case of crowdfunding services it is Minister of Interior (as these platforms operate in whole country). Such permission should be obtained each time when money is collected. It means that crowdfunding platform would have to apply for a separate permission in the case of each of the projects (e.g. albums).

Second, an organization which applies for a permission to organize public collection should specify how long money would be collected. Additionally, permissions are granted for maximum of one year. Taking into account that in the case of crowdfunding platforms it is almost impossible to evaluate when collection would be finished, this condition adds unnecessary burden on all the parties involved in crowdfunding.

Third, “persons which organize or conduct collection, cannot be remunerated for that”. Although, as the example of MegaTotal.pl shows, it is possible for a crowdfunding platform not to charge any direct commission, it is difficult to expect that these platforms will operate as non-profits. For example MegaTotal.pl earns some money on commercials which are published on its website. Even though that revenue is not obtained directly from the money paid by contributors, it is earned because MegaTotal.pl organizes public collection and could be subject to that law.

Theoretically it would be possible to meet three requirements described above. First, crowdfunding platforms could apply in the name of each of the artists to the Minister of Interior to obtain permission to organize collection of money. Second, they would always apply for the maximum term of one year and would probably construct financial mechanism that would incentivize contributors and artists to finish collecting within that timeframe. Third, crowdfunding platform could implement business model which would allow it to earn profits indirectly, that is without relationship with its core business of organizing collecting process. For instance, artists could be charged for “consultation”, which would not be conditional on collecting process but practically would apply only to those artists who completed their projects.

The problem with finding a way around the Public Collection Act of 1933 is that all the costs incurred by these practices could be – from the social point of view – perceived as a waste. They impose costly legal duties on crowdfunding platform without giving any protection to contributors or artists involved in collecting money. Obviously this is caused by applying to crowdfunding legal act designed to solve completely different problem – personally conducted charity collecting. It does not mean that no regulation of crowdfunding is necessary. Certainly one
could think about laws which could give more protection to contributors and artists. To design such laws would however call for careful analysis of the mechanisms of crowdfunding.

Taking into account that law practically prevents crowdfunding platforms from offering their services in Poland, one could ask why no legal actions are taken against MegaTotal.pl. Obvious answer is that founders of that platform managed to find a way around that laws. Analysis of platform's terms of service suggests the answer: MegaTotal.pl operates as “promotional internet competition aimed at promotion of Artists and their music among Platform's Users on the basis of voting with the help of promotional points” (reference: terms of service). Since the “promotional points” are bought from MegaTotal.pl only by registered users, they are not regarded as equivalent of money. If a user decides to get his or her money out of the service, the promotional points are calculated back to Polish Zlotys (minus transaction costs and VAT) and paid out as a “prize in the competition”. This mechanism immunes MegaTotal.pl to liability on the basis of the Public Collection Act of 1933 but it can be argued that if proper regulation of crowdfunding was introduced, artists and contributors could benefit from better protection in the case of legal disputes.

The problem of cooperation with collecting societies
Collecting societies are organizations which license copyrighted works to entities which use it (e.g. radio stations) and collect royalties for that use on behalf of their members (Kretschmer 2005). The main role of these organizations is to reduce transaction costs of collecting royalty payments and to enforce payments on behalf of all the represented artists. Reduction of transaction costs happens because it is much cheaper for one organization to collect royalties from several users of copyrighted works on behalf of all the artists than to leave that task to individual copyright owners. It is also much easier for entities which use copyrighted works to contact one collecting society instead of trying to contact each artist individually. Additionally, collecting societies have better than individual copyright owners bargaining power, so they can easier negotiate and enforce royalty payments from big entities that use copyrighted works (Handke & Towse 2007).

Strong position of collecting societies is in Poland guaranteed by the copyright law and is achieved by representing artists on all fields of exploitation. In practice it means that for example a collective society representing authors of lyrics and musical compositions - ZAiKS - requires its members to transfer it exclusive administration rights of all of their works. Thanks to this solution there is no doubt which field of exploitation should be managed by an artists himself and which by

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3 Please note that the term “collecting societies” has no reference to Public Collection Act or any related laws. Two terms sound similar because they refer to the process of collecting funds but the term is used in two completely different contexts. In Polish these terms are not similar to each other.

the collecting society. From the crowdfunding platforms' point of view this has however strictly negative consequences as it practically prevents established artists from gathering funds on such platforms. For example, if MegaTotal.pl decided to allow an artist whose rights are managed by ZAiKS to collect funds and publish samples of artist's new works on that platform, it would have to get a license from ZAiKS. Costs of such license would probably be prohibitive as each time artist's track would be streamed by a listener, MegaTotal.pl would be obliged to pay a royalty to authors of lyrics and musical compositions. Of course obligation to pay royalty is natural consequence of public broadcasting of a track and the position of MegaTotal.pl is not different from the internet radio stations, it should however be noted that – taking into account platform's different business model - it would be too costly. Consequently, all the artists whose rights are managed by ZAiKS are not allowed to collect funds in MegaTotal.pl. It is highly possible that stars would not even consider gathering funds for recording of their new albums that way. There are however numbers of midlevel or unknown artists, who signed license agreement with ZAiKS, who might consider crowdfunding their new albums. It would be beneficial to allow them to do that.

CONCLUSIONS
Crowdfunding is relatively new phenomenon which only recently started to attract attention of researchers. Consequently, academic literature on crowdfunding is limited and both theoretical and empirical studies of this phenomenon are necessary. This paper makes an attempt to partly fill the gap, however its limitations should be noted. First, it analyzes only on one type of crowdfunding service, which until the end of 2011 concentrated only on records. Conclusions, which are drawn on the basis of analysis of music oriented crowdfunding platform, may not apply to platforms which operate on non-cultural, or even cultural but other than music, markets. Second, the method of gathering empirical data (the internet survey) has its limitations, namely low response rates. Although in the case of this research responses were gathered from large part of the most active MegaTotal.pl users, non-randomness of the sample does not guarantee representativeness. Hence, the empirical part of the research should be interpreted only as a case study illustration of the issue, which certainly needs further investigation. If further studies confirm conclusions reached in this research, this could have significant consequences applicable to potential reform of copyright legislation.

Apart from the conclusions that refer to copyright law, this paper calls for fast and deep changes in Polish law which currently prevents crowdfunding services from further development.

5 In MegaTotal 2.0 - the new version of the platform, which should start its operation in February 2012 - all the cultural products will be allowed.
The direction of these changes has been suggested in the paper, it should however be emphasized that special attention of legislators should be paid to finding the right balance between the rights and obligations of all the parties: artists, contributors and crowdfunding platform.

Theoretically potential of crowdfunding is substantial – one could easily imagine such services competing with the major record companies or publishing houses. Any proposals to change copyright law should however be preceded by insightful research on this type of organization of production and distribution of cultural goods.

TABLES

Table 1. Reasons of using MegaTotal.pl

<table>
<thead>
<tr>
<th>Reason</th>
<th>Proportion of surveyed users who find this reason quite or very important (answers 4 or 5)</th>
<th>Average daily expenditure of surveyed users who find this reason quite or very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. willingness to support artists</td>
<td>75,10%</td>
<td>0,79PLN</td>
</tr>
<tr>
<td>2. willingness to listen to unknown music for free</td>
<td>72,62%</td>
<td>0,31PLN</td>
</tr>
<tr>
<td>3. willingness to buy legal music</td>
<td>60,75%</td>
<td>0,76PLN</td>
</tr>
<tr>
<td>4. way of spending free time</td>
<td>32,50%</td>
<td>0,08PLN</td>
</tr>
<tr>
<td>5. need to contact other fans</td>
<td>24,00%</td>
<td>0,99PLN</td>
</tr>
<tr>
<td>6. game / form of competition</td>
<td>22,50%</td>
<td>0,08PLN</td>
</tr>
<tr>
<td>7. investment reasons</td>
<td>18,25%</td>
<td>0,42PLN</td>
</tr>
</tbody>
</table>

Answers were given on a 5 point scale, where 1 meant „not important at all” and 5 „very important”. Numbers in the second column are mean average of the responses given by the interviewees. n=800.

Table 2. Cross classification of motivation

<table>
<thead>
<tr>
<th>Motivation: support artists</th>
<th>Motivation: investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>not at all important</td>
<td>not at all important 21</td>
</tr>
<tr>
<td>rather not important</td>
<td>rather not important 21</td>
</tr>
<tr>
<td>fairly important</td>
<td>fairly important 49</td>
</tr>
<tr>
<td>quite important</td>
<td>quite important 75</td>
</tr>
<tr>
<td>very important</td>
<td>very important 113</td>
</tr>
<tr>
<td>total</td>
<td>total 324</td>
</tr>
</tbody>
</table>
Table 3. Correlation coefficients and p-values for the independence test

<table>
<thead>
<tr>
<th></th>
<th>Motivation: help</th>
<th>Motivation: investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>corr coefficient</td>
<td>p-value</td>
</tr>
<tr>
<td>Buy CD offline</td>
<td>0.12</td>
<td>0.00</td>
</tr>
<tr>
<td>Buy CD online</td>
<td>0.14</td>
<td>0.00</td>
</tr>
<tr>
<td>Attitude to prices of music files in Poland</td>
<td>0.01</td>
<td>0.72</td>
</tr>
<tr>
<td>Attitude to free music files</td>
<td>0.13</td>
<td>0.00</td>
</tr>
<tr>
<td>Attitude to songs/albums</td>
<td>-0.12</td>
<td>0.00</td>
</tr>
<tr>
<td>Reason to invest: hit song</td>
<td>-0.02</td>
<td>0.53</td>
</tr>
<tr>
<td>Reason to invest: future star</td>
<td>0.07</td>
<td>0.04</td>
</tr>
<tr>
<td>Reason to invest: know artist</td>
<td>0.21</td>
<td>0.00</td>
</tr>
</tbody>
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Table 4. Where do MegaTotal.pl users get music from?

<table>
<thead>
<tr>
<th>Sound carriers and their source (according to popularity)</th>
<th>Mean average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. legal, free files downloaded from the Internet (e.g. from artists' websites)</td>
<td>3,15</td>
</tr>
<tr>
<td>2. records bought in traditional record stores</td>
<td>2,65</td>
</tr>
<tr>
<td>3. records and files copied from friends</td>
<td>2,53</td>
</tr>
<tr>
<td>4. illegal files downloaded from the Internet (e.g. P2P networks)</td>
<td>2,49</td>
</tr>
<tr>
<td>5. mp3 files bought in MegaTotal.pl</td>
<td>2,20</td>
</tr>
<tr>
<td>6. records bought in internet stores other than MegaTotal.pl</td>
<td>1,92</td>
</tr>
<tr>
<td>7. records bought in MegaTotal.pl</td>
<td>1,62</td>
</tr>
<tr>
<td>8. mp3 files bought in internet stores other than MegaTotal.pl</td>
<td>1,53</td>
</tr>
</tbody>
</table>

Answers were given on a 5 point scale, where 1 meant „never” and 5 „very often”. Numbers in the second column are mean average of the responses given by the interviewees. The higher the value, the more popular is the source of music. n=800.

Table 5. Attitudes towards changes taking place on the music market

<table>
<thead>
<tr>
<th>Analyzed issue</th>
<th>Mean average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. free access to music files that can be streamed online encourages buying of CDs</td>
<td>4,36</td>
</tr>
<tr>
<td>2. prices of CDs in Poland are too high</td>
<td>4,21</td>
</tr>
<tr>
<td>3. MegaTotal.pl changes Polish music market for better</td>
<td>3,72</td>
</tr>
</tbody>
</table>
4. prices of digital files in Poland are too high 3,59
5. artists should record and sell individual files instead of engaging their time and money in creating full albums 3,35
6. internet piracy harms artists 3,30
7. artist cannot become popular without support of a record label 3,28
8. digital files are the future of music, traditional sound carrier are outdated 3,02
9. digital files should be accessible for free 2,67
10. people who download illegal music files from the Internet should be punished 2,33

Answers were given on a 5 point scale, where 1 meant „I do not agree at all” and 5 „I absolutely agree”. Numbers in the second column are mean average of the responses given by the interviewees. The higher the value, the more popular is the source of music. n=800.

BIBLIOGRAPHY


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