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How Has Digitalisation Influenced Value in the Music Market?

Research Paper

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Abstract: This paper focuses on how digitalisation has influenced actors' value determination and value creation in the Swedish music market. It draws on the service-dominant logic (SDL) and the service ecosystem perspective to conceptualise value as co-created through the integration of resources by multiple actors in service exchange, enabled and constrained by institutions and institutional arrangements. Empirically, we draw on a qualitative study of the digitalisation of the Swedish music market that consists of fifty-two interviews with various actors. The findings suggest that digitalisation has influenced service engagement and consequently value creation and determination for various actors, and especially for consumers and producers. This paper contributes by integrating SDL and the service ecosystem perspective into music business research in a novel way to promote a deeper understanding of value, value determination, and value co-creation. This paper also contributes to SDL by suggesting that both value-in-exchange and value-in-use are important aspects of value determination and value co-creation.

Keywords: *digitalisation • music market • service-dominant logic • service ecosystem • value co-creation • value determination*

1. Introduction

The music market has undergone an extensive transformation as an effect of digitalisation in the last 25 years (Wikström, 2013). Due to digitalisation, new possibilities for creating, distributing and consuming music have emerged. In particular, digitalisation has entailed a change in how value is created in the music market, which has fundamentally changed the roles of music market actors, such as producers, distributors and consumers (Choi & Burnes, 2013). Understanding how actors' value determination and value creation have been influenced in a particular industry is an important research endeavour, as it has implications for the creation of business models, the innovation of new offerings and the market orientation of firms, to mention a few areas of interest. However, the question of how value determination and value creation have been influenced by digitalisation in the music market has not been rigorously studied by music business researchers. Therefore, the present paper asks the following research question: How has digitalisation influenced actors' value determination and value creation in the music market?

To answer this research question, this paper draws on the service-dominant logic (SDL) framework and the service ecosystem perspective to conceptualise value. SDL is a framework with roots in marketing research that facilitates understanding of how value is created, and as such, it emphasises the integration of intangible resources, the co-creation of value by consumers, firms and other actors, and the idea that value is contextually and individually determined. SDL stands in contrast to goods-dominant logic (GDL), which emphasises the intra-firm creation of value, the exchange of manufactured output, embedded value and tangible resources. Empirically, we draw on a qualitative study of the digitalisation of the Swedish music market that consists of fifty-two interviews with different actors. The paper contributes by integrating SDL into music business research in a novel way to promote

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understanding of value, value determination and value creation. It also contributes to SDL by suggesting that both value-in-exchange and value-in-use are important aspects of value determination and value co-creation.

The paper is structured as follows. Section 2 introduces the SDL framework and the service ecosystem perspective. Section 3 presents the method, which is followed by Section 4, which discusses our findings. Finally, in Section 5, we discuss the implications of the study and its contributions. Section 6 concludes the paper, and also discusses the limitations characterising the present work, together with offering suggestions for future research.

2. Theoretical Framework of Service-Dominant Logic and Service Ecosystem

SDL derives from marketing research and was developed to understand the purpose and nature of organisations, markets and society. The logic involves five foundational concepts: actors, service, resources, value and institutions (Lusch & Vargo, 2018). These concepts can be drawn on to study how digitalisation has influenced actors' value determination and value creation in the music market. The five concepts are elaborated by five foundational premises that work as axioms for the conceptual framework: (1) service is the fundamental basis of exchange; (2) value is co-created by multiple actors always including the beneficiary; (3) all social and economic actors are resource integrators; (4) value is always uniquely and phenomenologically determined by the beneficiary; and (5) value co-creation is coordinated through actor-generated institutions and institutional arrangements (Vargo & Lusch, 2016).

To elaborate on the five foundational concepts, we start with actors. 'Actors' is a general term for entities such as consumers, suppliers, producers and other stakeholders. Researchers use the general term 'actors' to enable studies to take into consideration several contexts, such as business-to-consumer (B2C), business-to-business (B2B) and consumer-to-consumer (C2C). A key notion here is that interactions between actors are a central activity for value co-creation. And as suggested by Sklyar et al. (2019), interactions between actors have increasingly been mediated by technology, which may influence how value is co-created and determined by them. In SDL, service is not seen as a form of intangible output; rather, service is the application of resources by one party for the benefit of another or oneself (Lusch & Vargo, 2018). Service, as the application of resources, can be provided both directly and indirectly (Lusch & Vargo, 2018). A direct service may refer to an activity such as a dentist extracting a tooth, and an example of an indirect service would be taking a pill to relieve tooth pain. Money can also be an indirect service that provides rights to future services (Lusch & Vargo, 2018). Expressed otherwise, in SDL, service is understood as the value created between actors (i.e. the customer, firm, public organisation or any other beneficiary); value is not created in a closed manufacturing process, as GDL suggests.

Within SDL, resource integration is central to the co-creation of value (Akaka & Vargo, 2014). Resources are classified as operand or operant and are the sources of service provision. Operand resources are often static and tangible, such as natural resources or tangible offerings. For operand resources to provide benefit, they need to be acted upon by operant resources that are intangible, such as knowledge, competence and skills (Lusch & Vargo, 2018). An illustrative example of operant and operand resources is given by Vargo and Lusch (2004) with the microprocessor, where a natural resource (silica) as the operand resource was embedded with knowledge through human skills (operant resources), and consequently enabled the development of the microprocessor as well as other technological developments.

One of the central concepts within SDL is value. Value is the reason for service exchange and is actor-specific, meaning that value is "*experiential, holistic, and influenced by the availability, integration, and use of other combinations of resources and exchanges and interactions with other actors*" (Lusch & Vargo, 2018, p. 6). This also implies that value is always co-created. This idea stands in contrast to the view that value is embedded in goods or services and is objectively measured by market prices, as suggested by GDL. SDL views value as determined by consumers in their context of use and while using the goods and services.

This paper focuses on two aspects of value: value determination and value creation. According to Gummerus (2013), value determination refers to actors' assessments, judgements and evaluations of whether something is beneficial or not (i.e. whether it is providing value or not). Value determination is often studied through value-in-use or value-in-exchange. Value-in-exchange refers to the nominal value based on the price of a product or service, while value-in-use is associated with the utility of an offering, often including experience (Vargo, Akaka & Vaughan, 2017). Hence, actors determine the value of a service or product based on price and/or the use and experience of it. Within SDL, value-in-use has been given more emphasis when it comes to how value is determined (Lusch & Vargo, 2004; Vargo, Maglio, & Akaka, 2008).

Furthermore, value creation refers to activities, resources and interactions that lead to some benefits for the actors involved (Gummerus, 2013). In SDL, the term value creation implies value co-creation, where the creation of value *always* involves more than one entity or party. This rests on the understanding that societies consist of interdependent and specialised actors, and no single actor can create value by themselves without acting on knowledge or tools derived from another actor. The term value creation then connotes that value is always co-created. This interdependent and multi-actor perspective also suggests that value creation occurs among actors in multiple service ecosystems (Ng & Wakenshaw, 2018).

Service ecosystems consists of multiple actors that enable value co-creation through resource integration. Often, service ecosystems are nested and interconnected with other service ecosystems and consist of loosely coupled subsystems (Koskela-Huotari & Vargo, 2016; Vargo, Wieland & Akaka, 2015). According to Chandler and Vargo (2011), the service ecosystem perspective opens pathways to the analysis of various levels of aggregation, including the micro (e.g. individual and dyadic structures), meso (e.g. industry and community) and macro levels (e.g. state and national). This multilevel aggregation or systemic understanding of value facilitates an understanding of the connectedness and contextualisation of value co-creation (Chandler & Vargo, 2011). Furthermore, SDL also highlights the role of the sociocultural context in value creation. This allows us to understand the interplay of rules, norms and beliefs at various levels of aggregation, such as what is accepted and unaccepted by the actors of a service ecosystem.

Institutions are "*the humanly devised rules, norms, and beliefs that enable and constrain action and make social life predictable and meaningful*" (Vargo & Lusch 2016, p. 11). Scott (2014) also understands institutions as comprising "*regulative, normative and cultural-cognitive elements*" (p. 56). Regulative pillars are rules and laws creating order through coercion, normative pillars are the norms and roles of social obligation that signify appropriateness, and cultural/cognitive pillars are the beliefs and understandings that create a shared logic from which meaning is derived (Koskela-Huotari, Vink & Edvardsson, 2020). The institutional perspective implies focusing on how regulative, normative and cultural-cognitive elements enable and constrain a service exchange. As such, institutions guide value creation activities as well as value determination by actors.

By applying the SDL framework and the service ecosystem perspective, this paper seeks to explore how digitalisation has influenced actors' value determination and value creation in the music market. Next, we turn to our method of data collection and the analysis of the study of the Swedish music market.

3. Method

To answer the research question, this paper draws on a qualitative study of the Swedish music market, which was chosen as the research context because it has been distinctively characterised by digitalisation for the past 25 years (Wikström, 2013). Hence, theoretical sampling (Glaser & Strauss 2017) guided the selection of the context for this research.

To collect the data, we conducted fifty-two semi-structured interviews (Kvale, 2008) between 2016 and 2019 with different actors in the music market, such as consumers, distributors, producers and other stakeholders. The industry actors included representatives from record companies, live organisers, music publishers, interest organisations, consumers and music pirates. To represent our data, we used interviews with thirteen key respondents in this paper. An overview of the key respondents can be found in Table A1 in Appendix. The lengths of the interviews varied from 50 min to 90 min, and convenience and snowball sampling characterised the selection of the respondents. First, we contacted people in central positions in the Swedish music market and interviewed those who accepted our invitations. Respondents were asked for suggestions of relevant actors for the study, who were then invited and interviewed. All respondents were offered total anonymity to ensure that they were confident and comfortable with providing sincere answers. An interview guide containing ten to fifteen questions was used. The questions were slightly adjusted depending on the type of respondent, allowing them to elaborate on their perceptions and experiences (see Appendix: Question sample).

The research process was characterised by iteration between data collection and data analysis. Our data analysis was informed by our theoretical conceptualisation from the perspective of SDL and service ecosystem. Further, we remained open to new emergent themes that could inform our understanding of how digitalisation has influenced actors' value determination and value creation in the music market. Our data analysis was inspired by emergent design and the constant comparative method (Corbin & Strauss, 2008), but rather than being purely inductive, it

was also framed by our SDL-based theoretical conceptualisation as described above. Our data analysis started with open coding, whereby we identified concepts and codes and their dimensions and properties that existed in the collected data. We focused on identifying codes with respect to how digitalisation has influenced actors' value determination and value creation in the music market. Open coding was followed by axial coding, where we grouped similar codes into categories and overarching themes related to the research question. This part of the data analysis process created the structure for the findings. Finally, we conducted selective coding to integrate our findings with a focus on how digitalisation has influenced actors' value determination and value creation, and the results are outlined in the discussion section.

To secure the trustworthiness (Lincoln & Guba, 1985) of the data, we triangulated or compared the fifty-two interviews in relation to each other. Deviant positions on the digitalisation of the Swedish music market by respondents were not accounted for in the presentation of our analysis. We also applied member checks to secure the trustworthiness of the interviews, meaning that we had some respondents read through the transcripts of their interviews and asked them to make corrections if needed, and only a few made minor rectifications.

4. Findings

In this section, we report the findings on how digitalisation has influenced actors' value determination and value creation in the Swedish music market. We draw on SDL and the service ecosystem perspective to interpret the data.

4.1. Service Ecosystem Perspective on the Digitalised Music Market

In this section, we draw on the service ecosystem perspective to interpret how digitalisation has influenced actors' value determination and value creation in the Swedish music market by focusing on the micro (e.g. individual and dyadic structures), meso (e.g. industry and community) and macro (e.g. state and national) levels of the music market (Chandler & Vargo, 2011). Through the service ecosystem perspective, we also highlight the governing role of institutions in guiding value creation and determination, both in the form of laws and regulations, as well as shared cognitive schemes from which meaning to service exchange is derived.

Infrastructure and the omnipresence of tools are seen as precursors to the digitalisation of the Swedish music market. Many of our respondents mentioned governmental initiatives to develop the broadband infrastructure and tax relief for buying personal computers (PCs) as factors that influenced the digitalisation of the Swedish music market. As one respondent emphasised, "*The home PC reform and development of broadband infrastructure impacted the whole music market*" (R2). Hence, we observed that regulative initiatives pertaining to digitalisation by the Swedish state were an institutional force that contributed to the digitalisation of the Swedish music market.

From a service ecosystem perspective, new digital resources such as broadband technology and PCs became available and were integrated by actors to provide service offerings early on in the Swedish music market. A prime example is the service provision offered by file-sharing sites, and in particular The Pirate Bay. The Pirate Bay was a Swedish file-sharing internet site that allowed users to share media content for free, such as music, movies and software. Our respondents emphasised that the music market in Sweden took a significant turn towards digitalisation with the introduction of file-sharing sites – referred to as piracy by many respondents – to the Swedish music market. One consumer described, "*I believe that piracy created a pressure for change*" (R4). Another respondent explained how The Pirate Bay was more convenient for consuming music. The convenience of music consumption signifies value-in-use, which relates to the utility of an offering, while value-in-exchange relates to the nominal value based on the price of an exchange (Vargo et al. 2017). Our respondent made the following representative assertion about how file-sharing sites provided value-in-use in terms of making it easier to consume music: "*So an analysis that I think is very true is that digital consumption in Sweden before Spotify was piracy; it was never iTunes. It was piracy and The Pirate Bay in particular. It was so easy, and so much better than buying CDs*" (R9).

Another respondent emphasized that digital music offerings by The Pirate Bay provided both value-in-use and value-in-exchange for consumers. A chief executive officer (CEO) of a record company expressed the opinion that file-sharing sites were much better for music consumption (value-in-use) as well as free of charge (value-in-exchange): "*If you give people the right product, they are willing to pay for it; it is not really the willingness to pay that was the problem [with CDs and vinyls], but it was that people felt that the pirate services were so much better. Then, of course, being free of charge is an extra topping*" (R10). An artists and repertoire (A&R) specialist from a music publisher also emphasised the aspect of value-in-exchange (free of charge): "*For consumers, it was clear that they*

did not care if it was illegal; if the music is free to download, they do it, and that is how they consume" (R5). Hence, we observed that digital resources were integrated into music service offerings, such as through internet file-sharing sites, and provided a convenient set of consumption practices in terms of both use value and exchange value.

According to the empirical data, downloading music for free soon became a new norm associated with the convenience of consuming music. Hence, new meanings to music consumption became institutionalised as a new cognitive scheme developed among actors. A CEO at an interest organisation emphasised, "*In 2005 and 2006, there was an enormous debate about pirate activities. The Pirate Party grew strongly. Politicians did not put their foot down and say 'this is wrong, you must not download'. Rather, the societal norm was that it was okay to download illegally*" (R9). A CEO at another interest organisation elaborated on this idea: "*It was during the piracy era that you shut down a lot of businesses and so on and so forth, and the big ones barely made it*" (R3). Hence, The Pirate Bay and other piracy sites had a significant influence on the Swedish music service ecosystem.

In later years, the service exchange of The Pirate Bay was eventually constrained by new regulations, where the governing role of legal institutions came to influence the music market. A CEO of a music publisher informed us of the following: "*Sweden introduced the intellectual property rights enforcement directive (IPRED) act in April 2009. The IPRED-act meant that if you had downloaded illegally before April 1, 2009, you received amnesty. But if you downloaded after April, you could be prosecuted*" (R2). Eventually, the founders of The Pirate Bay were found guilty of copyright infringement. The criminalisation of The Pirate Bay opened the door for digital music streaming services, particularly Spotify, in the Swedish market. One of our respondents noted, "*The breakthrough year for Spotify was 2009 […] the same year as The Pirate Bay trial and the introduction of IPRED*" (R9).

Although The Pirate Bay services were criminalised due to copyright infringement, the norm of free music consumption was still prevalent in the Swedish music market. A CEO of a record company stated that the trend of consuming free music was still prevalent, where legal forces, although constraining illegal downloading practices, did not affect the preferences of consumers: "*You cannot force people to use things that are worse. It's basically not possible. I think The Pirate Bay trial has not really had any effect at all*" (R10). Here, we observed that institutional forces were still prevalent in the music market and regulated service exchange, but they did not necessarily have an effect on how value was determined by individual actors, such as consumers.

An A&R specialist at a record company highlighted that Spotify's streaming services addressed the social norm of free music while also providing convenience of use: "*[Consumers] still thought [that music should be free], and in the beginning, Spotify was free. But Spotify was also simpler [than file sharing]. It had a simpler interface, it was nice, it worked, it was no weirdness [not illegal], so [consumers] went over to a legal channel instead*" (R13). Another respondent also informed us about the convenience of digital music offerings such as streaming, stating, "*I understood that streaming was an incredibly flexible solution*" (R9). Interestingly, we repeatedly observed that the value of music services was determined through both exchange value—consumers believed that music should be free—and use value—that consuming should be convenient.

We found that within the Swedish music market, services were constrained and enabled by institutions. We also observed that Spotify as a new service seemingly bridged two opposing institutions – the norm of free music consumption and copyright laws against illegal downloading. Hence, Spotify enabled a service exchange that increased co-creation of value within the broader music market. On this point, a CEO of a record company stated, "*You saw that Spotify was going to change the world; it was so much better than anything else on the market. And for the first time, there was something better than using BitTorrent or some other pirate service, and it was a sensation*" (R10). A consumer also emphasised the positive value of the music streaming service offered by Spotify: "*Totally mind-blowing; it was so super cool, since you could search for everything*" (R7). Streaming services soon became the new way of consuming and producing/distributing music within the Swedish music market, where Spotify established itself as a central actor. Between 2009 and 2017, revenues from recorded music shifted from physical sales to streaming sales, where streaming accounted for 88% of the share in the whole Swedish music market in 2017 (Musiksverige, 2018).

4.2. Actors' Perception of Value

Prior to digitalisation, many record companies operated with wide organisations that took care of almost everything, from signing artists to distribution to shops. According to a CEO of a record company, "*The only way to get your music out to the Swedish people [before digitalisation] for an artist was to get a record contract […] When you got a contract, you were booked up with a studio […] and then you got a master tape, which you then […] sent to a factory, which made vinyl or CDs, which were then distributed to a large warehouse somewhere in Sweden, from which CDs*

and vinyl were distributed to shops" (R2). The business value was perceived in terms of the volume production of tangible goods; so, large organisations were essential in order to realise value. The same respondent further stated, "*If you did not have a large organisation that could take care of all this, it would not work […] you needed volume to make this work, and, therefore, there were only few record companies who could provide this*" (R2). Hence, R2 suggested that companies with production facilities usually took care of distribution, which was part of the whole production process prior to digitalisation.

The change in the perception of value for most record companies and music publishers was influenced by the impact which digital services had on the distribution of music offerings. A project manager at an interest organisation highlighted that music producers who took care of almost everything, including distribution, were the ones who were most negatively affected by digitalisation: "*Those who took care of the distribution part within the music market were the big losers, I would say. The distribution part included those who moved music products [offerings such as CDs and vinyls] from A to B*" (R12). Another A&R specialist at a music publisher expressed the opinion that music publishers had realised that they did not determine value for other actors within the music market: "*We do not sit with this golden key to the recording studio without [which] you cannot make a song, [decide] who is allowed to record and then print a record, [decide] how many records to print, [or decide] which three artists to highlight this year. [This system] no longer exists*" (R5).

Many respondents expressed the opinion that as a result of digitalisation, their relationships with the market, in particular their perception of value, had changed. Our respondents informed us that they now focused more on consumers' insights through data and statistics as a means of understanding and communicating with consumers. A CEO at a record company informed us, "*[Compared to before], today you have to [talk with the end customer] all the time, and that's why the music market is turning around*" (R2). Hence, the change in actors' perceptions of value had changed their business activities, shifting from a one-way flow of service exchange towards more consumer involvement and increased co-creation of value. This was also emphasised by a marketing manager at a record company: "*Today we spend a lot more money on making and developing marketing content that can create a direct relationship between the artist and the consumer*" (R6). Hence, we observed that music producers, such as record companies and music publishers, emphasised the role of other actors within their value-creating activities, and especially the role of the consumers. This shift in the perception of value and business activities has been influenced by digital music services, in particular streaming services by Spotify, which impacted the distribution of music offerings within the music market. This shift has also led actors to prioritise operant resources over operand resources, which is focused on in the next section.

4.3. From Operand to Operant Resources

The shift in the perception of value and business activities due to digitalisation has led record companies and music publishers in the Swedish music market to prioritise operant resources, that is, the skills and knowledge of people. This is in contrast to previous business activities that relied more on managing physical distribution in terms of concrete resources, raw materials and products. A CEO at a record company emphasised the focus on operant resources in terms of how they now worked and developed music artists: "*I now think that our value proposition is very different as a record company. Now, it is not like we can distribute music through different kinds of plastics [CDs or vinyls], but it is rather how we work and develop talent […] that is central to our value proposition*" (R10). Hence, R10 suggested a shift of emphasis from operand resources (CD albums, vinyls etc.) to operant resources (skills and knowledge of people, i.e. employees and artists).

A marketing manager at a record company indicated that business activities were now in need of a different kind of expertise: "*Many of the people who worked in the industry before digitalisation were forced to move and quit. These [competencies] have been replaced by another type of competency with different knowledge*" (R6). In particular, many respondents said that employees who were involved in physical distribution had been replaced by digital natives. For instance, a CEO at an interest organisation highlighted that to capture value, a different set of competencies were required: "*Today compared to 10 years ago, people working at music publishers do not have the same competence descriptions. Some of the competencies that did not exist before but which exist today are precisely those that require people to sit and look at analytics, crunch data, and build digital marketing campaigns, which are not aimed at stores but at consumers*" (R9). A general manager at a music publisher also explained the focus of operant resources, stating, "*The market statistician is the new king at the record companies*" (R11). Hence, we found that record companies and music publishers were increasingly prioritising operant resources (i.e. skills and knowledge) within their business activities.

The increased focus on market statistics has led to better insights into how consumers use services and has motivated music companies to treat consumers as operant resources to support their consumption experience. A CEO at a record company informed us that consumer relationship building is an important aspect of value creation: "*So we still distribute music, but that is not how we deliver the most value as we once did. The focus is more on the analytical ability or relationship building*" (R10). Hence, we found that actors emphasise operant resources by increasingly co-creating value with other actors, especially consumers. We also observed that the role of operant resources has notably been central to digital services such as Spotify, which have allowed for better consumer insights to be obtained by music producers such as record companies and music publishers. A CEO at an interest organisation highlighted this aspect, stating, "*I possibly think Spotify and other streaming services, such as Deezer and Apple Music that are strong in the United States and England, led to much better contact with the fans, which was not at all the case before*" (R9). Hence, operant resources have enabled record companies and music publishers to maintain better contact with consumers. According to R9, "*I think that the record companies in a way think that it is much better today because the data they get on the consumer today are fantastic. This is because Spotify has it in their agreements that they give the record companies data on when people consume this music, how old they are, and where they live.*"

Increased consumer insight has also enabled consumers to receive suggestions based on their individual preferences. Several consumers, such as R7, informed us that music suggestions were positively valued in the consumption experience: "*So that's what's so cool about these new [streaming services], […] is that you can really get this breadth of music suggested to you*" (R7). Thus, we found that with the shift in the perception of value, record companies and music publishers were increasingly prioritising operant resources (i.e. skills and knowledge) within their business activities to increasingly co-create value with other actors such as consumers. We also observed that with the focus on operant resources, actors were able to gain consumer insights and consequently facilitate a convenient service experience for the determination and realisation of value, which we turn to next.

4.4. Value Determination and Realisation

With the focus on operant resources for value creation, we observed how offerings had become more diversified to suit different types of consumers. We also found that consumers' determinations of what was valuable had become a central focal point in a digitalised music market, as consumers were in a position to choose more broadly, and record companies, music publishers and music producers now focused more on understanding what consumers valued.

From a consumer perspective, digital music services such as Spotify enabled a value-in-exchange (i.e. free/low cost) as well as value-in-use (i.e. convenient use and experience). An A&R specialist at a music publisher described Spotify in the earlier days by highlighting both value-in-exchange and value-in-use: "*Spotify was so fast, and it was free too. It was free, and they didn't have any major issues with it [Spotify didn't crash and wasn't slow]*" (R5). Another consumer also reflected upon Spotify from the aspects of value-in-exchange and value-in-use: "*Spotify has been doing the right thing for a cost that is not too burdensome, so I choose it of course, and only pay 99 bucks [referring to 99 SEK, or about 10 Euros] a month*" (R4). We observed that the value-in-use aspect of digital music services, such as Spotify, was related to providing consumers more options for music offerings. This was especially notable as pre-digitalised music offerings were highly restricted in the form of CDs and vinyls. A CEO at a record company compared listening options before and after this shift as follows: "*Before, you needed to go to a store to buy a record and pay for twelve tracks just to get the track you wanted*" (R10). The same aspect was also elaborated on by one of our consumers: "*When you bought the CDs, [listening options] were quite limited, [but now with Spotify], you can choose more of which [songs] you want to listen to, and also which artists you like to listen to*" (R8).

In addition to providing consumers with a broader set of options, we also observed that music offerings had become more accessible to consumers: "*When I tried Spotify for the first time, I realised that 'this is it'. At first, it only existed as a standalone application on the computer, but then it came on the mobile phone, which was very convenient*" (R4). We found that the accessibility of digital service offerings is another aspect related to the creation of value-in-use. A CEO of a record company also pointed to the importance of the increased accessibility of music with streaming: "*[Digital services] made it easier for consumers to access music. It really is fantastic if you live in [the rural areas] and have access to the internet; then you have access to all the music in the world, which you didn't have in the local shop*" (R2). Both the increased accessibility and the broader selection of music offerings are aspects of value-in-use, which our respondents associated with digital music services such as Spotify. This was also emphasised in a somewhat poetic manner by the CEO of an interest organisation: "*What streaming did was that it directly democratised the opportunity to listen whenever you wanted to*" (R9).

With the advent of digital music streaming services in the Swedish music market, we also found business activities had become increasingly oriented towards personalisation where consumers had the opportunity to engage in their preferred manner (i.e. increased co-creation of value-in-use). The personalisation of music offerings is especially evident in digital playlists, which allow consumers to compile their preferred songs for particular occasions into lists in an easy way. Several consumers emphasised how they use playlists for personalisation of listening experiences. One consumer stated, "*I have a Christmas list which I listen to during Christmas*" and further elaborated on her contemporary music consumption: "*I create my own playlist. I have playlists for different occasions. I share the playlists with some of my friends*" (R8). Hence, in a digital music market, we can see an increased accessibility to music offerings, as well as an increased opportunity for the personalisation of music offerings – both of which are related to value-in-use.

Despite the increased emphasis on value-in-use, we also observed that low cost in the exchange of music offerings has become important. Low cost in the exchange of music offerings has notably led business activities to focus more on the time consumers spend in using and listening to the music offerings than on the prices they pay (which was the focus of vinyl and CDs as records sold). This is because of the pay-per-stream model in the music streaming market, where music producers and artists are reimbursed for how many times a track is played. As such, the focus is more on the time consumers spend in listening to a track repeatedly. A marketing manager at a record company highlighted this shift from price paid to time spent: "*We no longer compete for money but for time*" (R6). Furthermore, when focusing on consumer engagement based on streaming, music producers target certain consumer groups who tend to stream more often and continuously (i.e. realising value has become more focused on increasing the listening count of music offerings). A CEO at a record company indicated, "*In the Spotify economy, a man has a job; he has children, he has family, and he has a lot of things to do, so in one month, he listens to a record 10 times and thinks it is great. A young girl, she's listening 90 times. So it's more important what young people consume, since this is where the money is […] so record companies invest more in the music young people listen to*" (R2).

To summarise, our findings show that digitalisation has influenced actors' value perceptions (i.e. how value is created and determined), and record companies and music publishers have come to prioritise operant resources over operand resources. We also find that actors determine the value of music services based on value-in-use as well as value-in-exchange.

5. Discussion

Understanding how digitalisation has influenced actors' value determination and value creation in the music market has been an understudied topic by music researchers. Accordingly, our findings contribute to addressing this gap in prior research. By doing so, the paper integrates SDL with music business research to provide a better understanding of value in this context. This paper also contributes to research on SDL by suggesting that both value-in-exchange and value-in-use are important aspects of value determination and value co-creation.

It has been suggested that digitalisation has influenced value in the music market. In particular, it has been claimed that a transformational shift has occurred from value creation to value co-creation (Choi & Burnes, 2013). Our findings also suggest that value in the Swedish music market has been influenced by digitalisation, but we do not argue that there has been a shift from value creation to co-creation. Following the lead of SDL, which suggests that value is always co-created, we argue that value co-creation was more restricted and limited in scope in a pre-digitalised market compared to a digitalised one. For instance, in the pre-digitalised market, consumers found it valuable to listen to music through vinyl and CDs produced by record companies, and they consequently exchanged money for music consumption (i.e. value was co-created but in a limited manner). However, in a digitalised music market, business actors, such as record companies and music publishers, started to involve consumers in their production activities, going from standardised music offerings provided in the form of CDs or vinyls to flexible offerings in the form of playlists adapted to and created by consumers. We found that digitalisation has influenced value creation in the music market by enabling increased accessibility (Jones, 2002) and opportunity to personalise music offerings, which has led to the increased involvement of actors, such as consumers, in the value-creating activities of business actors; this idea is in line with that proposed by Choi and Burnes (2013). We further found that business actors within the digitalised music market have realised that it is the consumers, rather than themselves, who determine value in line with the normative prescriptions of SDL (Vargo & Lusch 2008, 2016). For example, our

findings show that record companies and music publishers focus on gaining insight into consumers' preferences and behaviours based on statistics from streaming services. We also found that business actors focus more on operant resources (i.e. skills and knowledge) compared to operand resources (tangible/concrete products, such as CDs and vinyl) in a digitalised music market. Hence, our analysis of the digitalisation of the Swedish music market shows how SDL may be used by music business researchers to understand value, value determination and value creation.

We also found that use value, which relates to the utility of an offering, and exchange value, which relates to the nominal value based on the price of a product or service (Vargo et al. 2017), are both important aspects of how actors determine value. For example, the importance of use value in the music market is observable through increased accessibility to music offerings, as well as an increased opportunity for the personalisation of music offerings. Furthermore, we found that both consumers and industry actors perceived exchange value, manifested in the form of market price, as an important aspect of how they determined the value of music services. The extent of the importance of exchange value is notable at the micro and macro levels of the service ecosystem. At the micro level, we found that consumers positively determined the value of free/low-cost services, while industry actors negatively determined the value of free services. We also found the importance of exchange value at the macro level, where regulative initiatives constrained earlier digital services (The Pirate Bay) based on copyright infringement to protect the right to exchange value. Although different value determinations can occur within a service ecosystem, we saw that value-in-exchange is an important aspect of how actors determine the value of a service. Notwithstanding that SDL emphasises value-in-use over value-in-exchange (Vargo & Lusch, 2004; Vargo et al., 2008), we discovered that both are important aspects of value determination and co-creation. Hence, we contribute to SDL research by illuminating the importance of exchange value in combination with use value.

6. Conclusion, Limitations and Future Research

This paper has explored the digitalisation of the Swedish music market from an SDL and service ecosystems' perspective. The paper has contributed to music business research by integrating SDL in a novel way to facilitate understanding of value, value determination and value co-creation. This paper has also contributed to SDL research by suggesting that *both* value-in-exchange and value-in-use are important aspects of value determination and value co-creation.

As with all research, this study also suffers from limitations, one of which is that it only focuses on the digitalisation of the Swedish music market. The data collection and analysis also consist of more industry actors and consumers than music artists and other creative individuals. Our recommendation for music business researchers applying the SDL framework would be to include a balanced perspective of different actors, especially since multiple and different perspectives can enrich data analysis and interpretation. We also found that there are further possibilities for music business researchers to apply the SDL framework to focus on the topic of value determination. Through our study, it has become evident that studying digital contexts can make individual value determination more noticeable, as digitalisation often provides new experiences through new possibilities for production, distribution and consumption. Furthermore, as value can be determined differently by various actors, music business researchers can also investigate opposing value determinations in the digitalised music market and their implications for the creation of value. For instance, actors can integrate resources in an inappropriate and unpredictable manner, which could lead to value co-destruction rather than co-creation (Echeverri & Skålén. 2011).

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Appendix

Question sample

What does a normal working day look like for you?
How has your workday changed (over the years/related to digitalisation)?
How has the music market changed during the time you have worked in it?
What have these changes meant to you?
How do you listen to music?
How has your music listening changed?
What devices do you use to listen to music?
How do you find new music to listen to?
How has your search process for new music changed over time?

Respondent	Association	Role
R1	Live organiser	CEO
R2	Record company	CEO
R3	Interest organisation	CEO
R4		Consumer
R5	Music publisher	A&R specialist
R6	Record company	Marketing manager
R7		Consumer
R8		Consumer
R9	Interest organisation	CEO
R10	Record company	CEO
R11	Music publisher	General manager
R12	Interest organisation	Project manager
R13	Record company	A&R specialist

Table A1. Respondent overview