VOLUNTARY PAYMENT MODELS
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In October 2007, Radiohead released *In Rainbows* online, without DRM, available for download for a tiny transaction fee plus a flexible payment option to pay what you thought the album was worth. Radiohead did not release sales figures, but their release launched a wide public discussion of the possibility of online voluntary payment models. Trent Reznor was less reticent to share the good news that his online, voluntary payment release of *Ghosts I-IV* brought him 1.6 million dollars in revenue in 2008. Many others have developed a range of models to take advantage of two facts. First, musicians have always gotten a tiny share of the revenue generated from selling copies of their music. For artists to get as much from music downloads as they did from CD sales royalties doesn't take a lot. Second, people care much more about the artists whose music they love than about the taxi driver who just dropped them off at the airport, or the waiter who just served them dinner, however fancy. And yet we take for granted that voluntary payments, tips, will play a nontrivial part of the revenue of taxi drivers and servers, but think it ridiculous to think of voluntary payments as a part of the mix of revenues that artists can rely on to make a living.

I. FANS PAY MORE THAN THEY HAVE TO WHEN GIVEN THE OPTION, RATHER THAN FORCED

One recently published study analyzed data from a period of three to five years, from three sites involving less widely-known musicians.[1] In the case of one artist, Jonathan Coulton, revenues were substantial and sustained throughout the period. In the case of the other two sites, Magnatune and Sheeba, revenues were stable and responded to events, for example increasing around release of albums; contributors showed wide variation in levels of giving, but total revenues were consistent with those that artists can expect from forced-payment systems, and fans exhibited greater willingness to pay, sustained over years of observed data, than the standard model would predict. [2]

The defining feature of this strategy is to make music available for download in high-quality format, without digital rights management, and with a payment option that includes anywhere from "free" to "pay a minimum of x, or more." For example, Reznor includes: (a) a free stream of the music; (b) a free download of part of the tracks (in the case of Ghosts I-IV, one-quarter), with no minimal payment; (c) a $5 full set download, a $10 CD set; (d) $75 deluxe edition; and a sold out $300 ultra-deluxe limited edition. Coulton makes his music mostly downloadable in a range of quality formats, at a price of $1 per track; some are available for free. He also sells a USB key with a cartoon of him and several albums for $50.

A related concept is one that involves flexible payment systems. These will typically include a minimal price — it may be realistic (e.g., in Magnatune, this was $5 per album) — or simply enough to require a transaction — in the case of the transaction fee required by Radiohead for *In Rainbows.* Beyond that users can name their own price. The basic approach is well implemented in Bandcamp. Amanda Palmer's site, for example, uses Bandcamp to sell music; *Amanda Palmer Goes Down Under,* for example, sells for "$0.69 or more."[3] Bandcamp claims that on "pay what you want" albums fans pay on average 50% more than what the artist requests. In the recent paper on Magnatune, the data revealed that over a five year period, 48% of users paid $8 per album where $5 was the minimum, and only 16% paid the minimum. Another 15% paid $10, 7.3% $12, etc., up to 2.6% who paid $18 per album. Payments were highly anchored around coordination focal points — for example, the drop down menu called "$8" the "typical" donation. While 48.05% of fans paid $8, only 2.93% paid $7.50 and 0.34% paid 8.50.

Another related concept is raising funds from fans to support the creation of a new album. Jill Sobule made a relatively early effort, raising the $75,000 she needed in under two months.[5] A more generalized approach in this vein is Kickstarter, which can be used to raise funds to support a wider range of art forms.[6] Kickstarter uses Amazon as a payment system to implement what is a current-day implementation of the street-performer protocol.[7] Unlike the other

models, it includes a threshold system—Kickstarter holds the pledges in a "lockbox" until enough money is raised and then cashes in on the pledges and pays the artist.

The overall structure of the voluntary payment system, then, is anchored in the practice of avoiding strict enforcement of payment. First, the music is made available in easily downloadable and usable formats. Second, the payment system is either completely voluntary or includes significant voluntary components in setting the price. While these experiments are generally new, what little systematic evidence there is suggests that these systems do elicit substantial levels of contribution. They will not make an artist with a small following wealthy, any more than the CD-sales-based system did. But they will also not impoverish the successful artist, as the traditional response of the recording industry over the past decade and a half would suggest. Rather, they appear, at present, to provide an important component of the overall strategy that artists can adopt to make a living by making the music they love.

II. BUILDING A COLLABORATIVE RELATIONSHIP WITH FANS

While the voluntary payment component is the focus of the present briefing, it is important to recognize that simply putting a static website up with a payment option is not what the practice is about. Observation of successful sites and artists suggest extensive engagement, trust, and reciprocity in the treatment of the artists.

Communication to fans: Coulton[8] and Reznor[9] provide model sites that include a wide range of affordances and have clearly done well. At a minimal level, this includes blogging and tweeting to fans.[10] At a more involved and detailed level, Reznor has multiple feeds for multiple aspects of his movement and performances, etc.[11]

Communication among fans: building a community: Reznor creates a (free with registration) membership forum that allows a chat function among members, forums, etc. These, in turn, serve to strengthen the connection among the fans, through the artist and the site. Similarly, Coulton includes forums and what appears to be a relatively low-activity Wiki.

Collaboration with fans on music, performances, or funding: One of the most creative and extensive projects involving collaboration with fans is Imogene Heap's experiment with *Heapsong1*. Heap invites fans to upload audio samples, lyrical suggestions, photos, and videos for her to use and incorporate in a new, three-year project album. Less ambitious, but more widely used, are the invitations for fans to remix and create their own music videos. Both Reznor[12] and Coulton,[13] for example, prominently feature their fans' remixes. Doing this involves licensing (both use Creative Commons Noncommercial licenses), technical affordances to download and upload remixes, and creating a fan culture of valuing these contributions, rather than seeing them as threats to the artist.

Triggering reciprocity dynamics: The collaboration efforts are likely an important part of the reciprocity dynamic underlying voluntary payment systems. Substantial work in behavioral sciences suggests that a majority of the population reciprocates trust with trust, and generosity with generosity. The creation of engaged communities, the practical taking of risk by trusting users, and the public expression of valuing the work of the fans in creating the experience of the music together with the artist would all be predicted, under prosocial models, to elicit cooperation.[14]

Changing the moral tone of the conversation: On the background of the decade-plus of moralizing and criminalizing from the industry that has sued its fans and tried to create heavy emotional and moral load by emphasizing terms like piracy and stealing, the sites we observe here explicitly eschew moralizing and demanding. They embrace an ethic of mutual respect and participation, as well as self-conscious light-hearted reduction of the emotional load. Coulton's "MP3 Store" explicitly has a large headline: "Already Stole It? No problem. If you'd like to donate some cash, you

can do so through Amazon or Paypal. Or for something slightly more fun, purchase a robot, monkey or banana that will be displayed here with your message."

III. CONCLUSION

Voluntary payments for online downloads, alongside various special-edition physical copies and merchandising, appear to be developing as one important avenue for artists to pursue in trying to make a living and support their work. Experience to date has been relatively sparse, but there are certainly success stories to be told, and what limited data there is suggests these are not one-shot anecdotes but stable flows. The design of the interaction requires an engaged artist willing to communicate with his or her fans continuously; a trusting platform rather than a "trusted system," at least technically and in many cases also in terms of Creative Commons licensing as well; and elements that are designed to elicit a dynamic of reciprocity rather than the antagonism that the traditional system, transposed to the digitally-networked environment, has tended to create.

ENDNOTES

[1] Leah Belsky, Byron Kahr, Max Berkelhammer and Yochai Benkler, *Everything in Its Right Place: Social Cooperation and Artist Compensation*, 17 Mich. Telecomm. Tech. L. Rev. 1 (2010), *available at* http://www.mttlr.org/volseventeen/belsky.pdf

[2] It is important to note that both of these sites changed strategies since the period covered by the study. Jane Siberry from Sheeba.ca seems to have reduced her engagement with this approach; Magnatune has shifted to a subscription model. These facts do not invalidate the data collected over the long period of observation; but they do suggest that these moderately successful efforts are far from settled.

[3] Amanda Palmer, http://music.amandapalmer.net/album/amanda-palmer-goes-down-under (last visited Apr. 6, 2011).

[4] bandcamp, http://bandcamp.com/ (last visited Apr. 6, 2011).

[5] help us make Jill's Next Record, http://www.jillsnextrecord.com/faq.asp (last visited Apr. 6, 2011).

[6] Kickstarter, http://www.kickstarter.com/ (last visited Apr. 6, 2011).

[7] J. Kelsey and B. Schneier, *Electronic Commerce and the Street Performer Protocol* (1998) http://www.schneier.com/paper-street-performer.html.

[8] Jonathan Coulton, http://www.jonathancoulton.com/ (last visited Apr. 6, 2011).

[9] NIN, http://www.nin.com/ (last visited Apr. 6, 2011).

[10] E.g., Jonathan Coulton, *supra* note 8. For Amanda Palmer, *see amandapalmer*, twitter, http://twitter.com/amandapalmer (last visited Apr. 6, 2011); Amanda Palmer, http://blog.amandapalmer.net/ (last visited Apr. 6, 2011).

[11] *Feeds*, NIN, http://www.nin.com/feeds/ (last visited Apr.6, 2011).

[12] *Remix*, NIN, http://remix.nin.com/ (last visited Apr. 6, 2011).

[13] *Stuff from you*, Jonathan Coulton, http://www.jonathancoulton.com/song-details/searchcontent/ (last visited Apr. 6, 2011).

[14] For a more detailed review of the literature and how site-design relates to the underlying behavioral research see Belsky, Kahr, Berklehammer and Benkler, *supra* note 1.