The good and the gratis
- A value aspect on free goods and services

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Title: (eng) The good and the gratis - A value aspect on free goods and services  
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Background: Thanks to the Internet, the consumers have access to a world of information and can easily compare the goods and services of one supplier to the other, and so be a part of the value creating process (Grönroos 2002). Price is still key, but since producers are already pushing their costs to the limit, what Chris Anderson (www.wired.com) calls the “race to the bottom” they have to compete in other manners, meaning they have to dive deeper than lowest of prices. However these free goods and services must have a value even though they do not have a price tag attached. There are two ways to look at value; the altruistic and the normal one. The latter induces the normal supply-demand ratio, where demand increases so does price, and vice versa. The first one however is defined as the unselfish way to concern for others, or more simply, the opposite of selfishness (www.ne.se). If translated it means that people or companies actually can give things away for free, without the intention of making an economic profit. Thus we see that a value measure outside the economic monetary one is needed.

Aim: The aim of this thesis is to add knowledge to the area of Freeconomics by adding a consumer value point of view. This is because we feel there is a lack of consumer aspect in these entirely new business models.

Definitions: Freeconomics is the umbrella term that Chris Anderson coined for a number of business models based on making money by giving things away for free.

Completion and results: The respondents found two types of value, social/collective value and individual/emotional value and this also induces that value is relative. People are making choices to consume a good or service he or she has to prioritize these resources among the available time, money and even space, thus this prioritization is made even when the good is free. The price-quality relationship is prevailing, but not in the fields where distribution and replication is free.

Search terms: Freeconomics, consumer value, gratis, freemium, gift economy, advertising, use value, exchange value, price - quality relationship, value equity
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Glossary
Firefox – An open source web browser developed by Mozilla Corporation
FLOSS – FreeLibreOpenSourceSoftware is software that is liberally licensed to grant the right of users to use, study, change, and improve its design through the availability of its source code
Freeconomics - the collective name for generating money by giving things away for free
Freemium - A Freeconomic business model where a small part of users are paying for a premium version so the remaining part can get the basic version for free
Free sheet – newspaper that is distributed for free, where the revenues are generated entirely through advertising
Google Chrome – A free of charge semi-open source web browser developed by Google Inc.
Metro – a free sheet newspaper, existing in several countries around the world. Originally founded in Sweden
Open source – see FLOSS
Spotify – software enabling free streaming and sharing of online music
Wikipedia – online encyclopaedia where the articles are written and edited by accounted users
1. Introduction

Do you remember the 9th of August 1995? This was a very important day when considering the subject we are about to introduce you to, this was the day that Netscape, the first commercial browser, was launched (Friedman 2005). Netscape enabled a comprehensible and accessible usage of the World Wide Web and introduced a whole new dimension to the world of economics, value and supply and demand. As Friedman (2005, p. 63) writes “... data, inventories, commerce, books, music, photos and entertainment – and transported and sold on the Internet, then the demand for Internet based products and services would be infinite”. People could connect all around the globe, and the world suddenly started spinning a little bit faster, while the playing fields were levelling (Friedman 2005). The perfect example using the freedom of the Internet is the infamous example by Radiohead In rainbows album release. The buyers of the album could download it digitally and donate (pay) the sum they felt fit for the album worth (www.time.com). This was a huge success both in sales figures and listener rate. And this is what we intend to look closer into; what types of business erect from the ever increasing bitrate and how these business models work. But this is only the introduction to what we really want to investigate, if the Internet has eroded value on the things now being accessible for free.

When Internet made distribution of certain goods and services very close to free, the 21st century business models arising were gathered and named “Freeeconomic” business models, by Chris Anderson, which simply are the new models for making money by giving things away for free (Anderson 2009). By studying this matter further we realized that there was however, something missing. How do consumers look at this? We know by now that companies that use these business models can thrive and can the Internet for lowering costs and generating profit, but how has this added value to the normal consumer? Do these business models appeal to us and what do we actually think about gratis?

The aim of this thesis is thus to add knowledge to the area of Freeconomics by adding a customer value point of view or in other words, how people value free goods and services. This is because we feel there is a lack of consumer aspect on these entirely new business models. To facilitate further reading we will in the following two paragraphs introduce Freeconomics and value.
1.1 Background

Freeconomics is the umbrella term that Chris Anderson coined for a number of business models based on making money by giving things away for free. As Maynard Keynes said, “There’s no such thing as a free lunch”\(^1\), but a cost is accumulated somewhere, only on behalf of someone else (Anderson 2009). Cross-subsidization, the term the previous phrase refers to, was the general truth up until recently. Now, however, the cost of products themselves in many industries has been decreasing substantially during the past decade, and it is therefore possible to get things without someone else paying for it. This is due to several reasons. For example, the globalisation and the non-retention of the purchasing power parity, has led to China manufacturing at enormous economies of scale and low labor costs, which of course has led to decreased product prices. Another reason, perhaps somewhat more relevant to this case, is the stating of Moore’s law. Moore’s law says we get twice the digital effort for half the money every 24 months e.g. more pixels on a camera, more transistors on computer hardware, meaning normal price assumptions (demand up, price up) have been turned upside down and the “net annual deflation rate of the online world is nearly 50 %” (Anderson 2009, p.13). The bandwidth, the Internet, which we are provided with today, is also the core to what makes all this possible. To send information on bandwidth, to transfer bits, is so cheap it is said to be too cheap to measure and that is why it can be given away for free (Anderson 2009).

Thanks to the Internet, the consumers have access to a world of information and can easily compare the goods and services of one supplier to the other, and so be a part of the value creating process (Grönroos 2002). Price is still a key, but since producers are already pushing their costs to the limit, what Chris Anderson (www.wired.com) calls the “race to the bottom” they have to compete in other manners, meaning they have to dive deeper than lowest of prices. This is epitomized in the following phrases:

“On the one hand information wants to be expensive, because it's so valuable. The right information in the right place just changes your life. On the other hand, information wants to be free, because the cost of getting it out is getting lower and lower all the time. So you have these two fighting against each other”


\(^1\) Is often misattributed to Milton Friedman (Fredrik Tell 2010-11-16)
Stewart Brand has a point, information is what we need, and information is what we get, and an information society is what we live in. In a globalized economy, where the world is getting flat, we can no longer expect that things can continue being how they were, and prices around the world tend to slowly, but steadily atone (Friedman 2005).

However these free goods and services must have a value even though they do not have a price tag attached. There are two ways to look at value; the altruistic and the normal one. The latter induces the normal supply-demand ratio, where demand increases so does price, and vice versa. The first one however is defined as the unselfish way to concern for others, or more simply, the opposite of selfishness (www.ne.se). If translated it means that people or companies actually can give things away for free, without the intention of making an economic profit. But, if the value of the good cannot be calculated monetarily, how do we measure it?

In one way, customer driven organizations should not think only in terms of customer satisfaction but also in terms of customer value (Butz & Goodstein 1996). On the other hand, customers will perceive a value of a product regardless if it is free or not, based on the needs, wants, type of good, unique experience and wishes and so on and so forth. Any good or service which reaches some of these aspects give a value to consumers (Zeithaml 1991). Bowman and Ambrosini (2000) call this type of value as the “perceived use value” which is the qualitative aspects of the value where things meet human needs. At the same time, Porter (1985) writes that value is what consumers are willing to pay. Grant (2010) on the other hand, see value as the monetary worth of a product or asset and therefore, purpose of a business is to create value for consumers and lastly extract some of that value in a form of profit. Hence, it sounds that businesses produce goods and services which create a use value to consumers. Therefore, it is interesting to see how people perceive the value of goods and services which they get for free.

1.2 Problem area
The phenomenon of Freeconomics is relatively new and unwritten about, even though all the Freeeconomic business models are ubiquitous, or even obtrusive, and so this will be an explorative study, trying to find depth in this a relatively unknown area (Jacobsen 2002). However the practice of gaining customers on giving stuff away is not new, even though it
has modified its appearance. Ever since King Gillette in 1903 decided that he would make money, not on selling complete razor kits, but on giving the razors away while selling disposable blades expensively, the phenomenon, as Chris Anderson observes it, has existed. All models included inside Freeconomics are not a 100 years old, but the Internet has enabled a whole new world of giving without expecting any payment in return, which Anderson (2009) refers to as Nonmonetary markets. As Chris Anderson (2009) writes, we are inventing a new form of Free, a 21st century adapted version and he continues “While the last century’s Free was a powerful marketing method, this century’s free is an entirely new economic model” (Anderson 2009, p. 12). Taking this into context, defining the value of these phenomena is an extremely interesting and challenging task, but we aim to undertake it.

Like Rita McGrath (2010, p. 249) states: “Looking at value to a customer has too often failed to take the customers’ perspective on its utility into account” and that is exactly what we would like to do. Why do we consume these things? Is it merely because they are free? Why do people pay for the equivalents? What adds value to the consumption experience and Why does it work? Moreover, as Sweeney & Soutar (2001) see perceived value a ratio or tradeoff between get and give components. According to these authors most common definition for value is trade of between quality and price which people see as value for money. However, Zeithaml (1988) states that consumer perceived value is different for different people, because some consumers perceive value when products are low priced and the others perceive value if there is a balance between quality and price. This is the reason why Sweeney & Soutar (2001, p. 204) have written that “…for different consumers, the components of perceived value might be differently weighted.”

Beside perceived consumer value, the gift economy and with it the several business models based on giving things away for free, have become increasingly popular, since the younger generation inhabit the perception that things, and digital things more specifically, are not to be paid for. Therefore, this thesis focuses on students, because according to our assumptions, they have a better relation to web based products and services. However, everything might not have a price but everything comes at a cost (Peter & Olson 1999). These types of products constantly surround us and instinctively we thought that people prefer anything as long as it is free. But is this really the case? Chris Anderson shows that it clearly is possible to make money on giving things away, but how does that influence the perceived value of the good
itself? As Sweeney and Soutar (2001) stated above, is it true that perceiving value is different from person to person?

We also feel that this area is most relevant to understand more thoroughly in an “…uncertain, fast-moving and unpredictable” environment, as the world we live in today, where new ways to compete for customers’ attention is a key to create value to be able to maintain a sustainable business (McGrath 2010, p. 247). Therefore, we have conducted two focus group discussions in order to see how consumers (students) value two equivalent goods, where one comes at a cost and one at zero price. This thesis will therefore focus on three specific areas: free newspapers, free online music and free information which are examples for the aforementioned business models. The specific freeconomics examples which are focused on in the empiric part of this thesis are: Metro (advertising business model); Spotify (Freemium business model); Wikipedia (gift economy business model); Google Chrome and Mozilla Firefox (gift economy business model); and Google Docs and OpenOffice (gift economy business model).

1.3 Purpose
The purpose of this thesis is to see how consumers perceived value of goods and services based on three Freeconomic business models namely; advertising, freemium and gift economy. In order to discuss the research questions of this present study, this thesis has based its core theory in freeconomics and customers value areas. Eventually, to elaborate the purpose of this thesis we will support it with the following research questions:

- How do the participants define value?
- Is quality related to price and can a free good be of good quality?
- What are the participants’ attitudes towards the specific goods brought up in the thesis?

1.4 Delimitations
Due to the very limited time-horizon this thesis is going to have to cut several aspects to a limited scope. We will not investigate all Freeconomic business models, but only the most prevailing (Anderson 2009). Value in itself is a very broad term, and even though it would have been very interesting to look at the psychological aspect on how consumers perceive value and why they choose to pay for or not pay is infeasible. This present study would have much liked to perform a questionnaire to get a broader backup on perceived value, but since
the value discussion is so sensitive, we decided that we would find out more by having a qualitative approach. It would also have been interesting to have made a quantitative measure and let the students “put a price” on the different models, to see what the students were prepared to pay. However, this will not be handled in our thesis. The study is much aware of that there are several types of value, and our scope of study is on value from a consumer point of view, not producer point of view.

1.5 Disposition
The thesis is commenced by introducing and defining the different phenomena which we are interested in investigating, and concludes this into a purpose of the study with related research questions. After the introduction we have presented the required theoretical background to enlighten the reader about the Freeconomics business models, followed by different views of value. By the end of the theory chapter, the reader will have sufficient information to see how we will continue to be able to investigate our purpose, by reading the method chapter. A detailed explanation to the focus group as method is crucial to understand how and why the data collected is selected, and this adds to the credibility of the findings presented later in the thesis. Following the method is the actual presentation of relevant results from our focus group studies. This chapter will include quotes and summaries of the discussions conducted in the focus group. The analysis chapter is where we will analyze and discuss the primary data, the results, with the theories, and connect value theory to the empirical findings, in order to apply it on the Freeconomics business models chosen. The conclusions withdrawn from the analysis discussion will be presented in the conclusion chapter, followed by a chapter of appendixes where a guide to the discussion topics and a summary of discussion results can be found.
2. Frame of reference
The focus of this study is to examine customer value on free goods. Therefore, our frame of reference will be built on mainly consumer value and Freeeconomic business models, which will aid us in doing the analysis of our empirical data. This section will be commenced by the Freeconomics area including different business models in this arena, and then continues with the value frame of reference. The value area will include how different authors define value, especially consumer value, the relationship between price and quality and finally a customer value hierarchy model will be depicted. Nevertheless, the use of each subsections of this theory chapter is described under the main topics “Freeconomics” and “Value”.

2.1 Freeconomics
To commence, we will quote Rita Gunther McGrath who describes the Freeconomics term and origin in an understandable manner: “…Wired magazine editor Chris Andersen observed that it is now quite feasible to base a business model on what is literally a ‘free’ unit of business by collecting revenues from parties other than those who use/benefit from what is ‘sold’” (McGrath 2010, p. 250). The term Freeconomics includes several business models based on the 21st century’s version of free. The following paragraphs in this section describe exactly how the models we are investigating work. Freeconomics include six business models adapted to the globalised uncertain world. This study will investigate what value the three most common business models (Advertising, Freemium and Gift Economy [Nonmonetary market]) give the consumer. However, even though we will briefly describe all six business models in the next six paragraphs, the study concentrates only on the three above mentioned business areas. To understand the complete concept of Freeconomics, and be able to distinguish the goods and services that we are actually using in our empirics, it is important to show all six models to the reader. Since we want to investigate the value view on particular free goods, we need to understand why the goods are free and why and how the business models work.

2.1.1 Advertising
This model is most probably the best known, due to its omnipresence in all media. It is also referred to as Three party market (Anderson 2009). Advertising means what the heading suggests; commercial advertisements by companies being shown in and through practically all media. Free newspapers such as Vice, Metro, Extra and What’s On (UK) all live by this
model. The strategy also prevails in web-based formats such as the advertisements that are popping up when one use e.g. Microsoft MSN Messenger, Facebook or practically any online news paper. The same goes for commercial radio and TV channels. The company delivering the media sells consumers to the advertisers, and the advertiser pays the company to make sure as many people as possible see or hear the ad.

2.1.2 Freemium
It was Fred Wilson, venture capitalist who came up with the term “freemium” for this business model, which has had a surge in the past recent years and is very popular (Anderson 2009). The objective of the business model is to offer several versions of the product to segment the users, to let one person pay for an advanced version so that others can use the basic (sometimes limited) version for free. A good example is Spotify, where you can be a Premium user (99SEK/month), where you get better quality on the songs (320 kbps), you can use Spotify on your Smartphone and the playlists are not interrupted by commercial breaks. The Spotify Open\(^2\) user, have lower quality (160kbps) and basically no benefits except a world of online music (www.spotify.com). The small amount that is being paid for the advanced service gives access to the core service to all other users. Normally you talk about the 5% supporting the other 95%, and this is because the cost of streaming music is so close to zero, thanks to the low cost of broadband width (one extra bit is too cheap to meter), making it possible to supply the non-paying 95% with the online service (Anderson 2009). Two other examples are Imdb vs. Imdb Pro ($15.95/month) or Flickr vs. Flickr Pro ($25/year).

2.1.3 Gift Economy (Nonmonetary markets)
As Anderson (2009) writes, humans are quite altruistic, despite the greed that so often has been ascribed to inhabit us. The open source platform is a proof of that. Open Source means that the source, the Internet programming code, the source code, is open and changeable to and for everyone. The only thing demanded is that it has to stay open, and any upgrades must be shared (www.opensource.org/) This leads to self-alteration and often self-improvement of free goods as for example Mozilla Firefox, an alternative web browser. Continuing, think of programs such as Open Office or Google Docs compared to the Microsoft Office Package (1190 SEK at www.elgiganten.se), or Wikipedia, the web based encyclopaedia where the users are themselves creating and editing the content; “Zero cost distribution has turned sharing into an industry” (Chris Anderson, www.wired.com). However, Wikipedia as a

\(^2\) The name for the Spotify Free version
source of knowledge is sometimes discredited for being unreliable since human error easily slips into the different articles, but at the same time, if anyone notices an error, he or she can as easily rewrite the detected fallacy. The World Wide Web has also enabled gift sites (e.g. www.freecycle.org), where people can donate used or unwanted things to other people without having to pay to put in an ad, nor sell it.

2.1.4 Zero Marginal Cost
Zero Marginal Cost, comes from the theory of Economies of Scale. The cost of producing one more, one marginal, unit is lower than that of the previous one (Anderson 2009). When it comes to the music industry, this is terrifyingly true. Peer-to-peer sharing, thanks to old school software Napster and NeoModus DirectConnect³, made buying tracks or CDs seem completely redundant, and still is in a more advanced format, since the cost of sharing is so close to zero it is said to be free.

2.1.5 Promotion
The Promotion model is not really new even though it is included in the Freeconomics discussion (Anderson 2009). Free samples given away at the perfume store or the toys in the Happy Meal box are typical give-aways, or promotional tools to make consumers return. The Happy Meal was particularly interesting, since they were released in theme clusters – meaning, you had to have them all, or at least the x number of figures from the Lion King movie.

2.1.6 Cross-Subsidization
Cross-subsidization can be found where goods are complementary, and this allows the high price (high margin) of one pay for the low price (low margin) of the other (Anderson 2009). For example, when buying video game consoles, the console itself is relatively cheap while the actual games, indispensable to use the console, are relatively expensive. The high-margin price of the games makes up for the low-margin on the console.

2.2 Value
As it is previously mentioned, this study wants to contribute to the Freeconomics and value discussion by adding a value dimension to the evaluation and attitude towards free goods based on Freeconomics business models. Hence a frame of reference including theories on what consumer value really is becomes quite relevant. Here our intention is to use definitions

³ Software enabling users to share files, was launched in the 1990’s
and customer value models from different authors, and to put our empirical results into the
model of consumer value components. This will help in indentifying how this study’s
respondents in the focus groups see goods and service regardless of price in terms of value. In
addition to this, we also use the price-quality relationship categories in analysing our
respondents’ results in terms of quality, which helps us to see whether they see quality in both
free and paid goods. Ultimately the customer value hierarchy is a good tool for this study to
see how value is created in the minds of consumers.

2.2.1 Defining value

“Value is defined by the customer in the marketplace not by the supplier in the factory and
value is not what the producer puts in, but what the customer gets out”

- Frederick Webster (1994, p. 67)

It is written in Khalifa’s (2004) article that value is a concept which can be talked about in
many streams in the ocean of marketing (including; pricing, relationship marketing, TQM\(^4\)
and strategy literature). A customer/consumer consumes a service or product which is
necessary for them, in other words, something which gives them some sort of a value.
Moreover, it says and is written that value is determined and perceived by the customer and
therefore, customer value is the source of all other values (Khalifa 2004). In today’s highly
competitive economies, all businesses are striving to create value in one way or another in
order to attract customers (Khalifa 2004). This might be the reason why Styven (2007) has
written that customers purchase products on the basis of perceived value regardless how much
it costs to reach the retail shop. On the other hand, Grant (2010) sees this value term as the
monetary worth of a product or service. Therefore, businesses try to create value for their
customers and consequently gain part of that value through profits.

According to Bowman and Ambrosini (2000), the term value has two aspects and those are
perceived use value and exchange value. Use value is what the customers are prepared to pay
for a product or service, in other words, their perception of usefulness of the products in
relation to their needs. This is not only relevant for the final consumer but for all types of
purchasers. Moreover, use value shows the quality of a product which is related to consumer
needs. Similarly, Morishima (1973) has written about Karl Marx’s thoughts of use value.

\(^4\) Total Quality Management
According to Marx (Morishima 1973), use value is the utility of consuming a good and therefore use value is realized only when a product is being used.

**Exchange value** on the other hand, flows from the supplier side where businesses produce value to the customers and realized through sales. In other words, price of a product can be referred to exchange value as price can be realized at the time of the exchange of the good. Therefore, exchange value can be created when a buyer pays the supplier for his or her perceived use value (Bowman & Ambrosini 2000). However Karl Marx (Morishima 1973), on the contrary, writes that the exchange value is not similar to the monetary price of a commodity, but it shows the quantity of other goods it could be exchanged for, i.e. its alternative cost (Morishima 1973). An example would be, a quarter of wheat can be exchanged for Y amount of silk or X amount of gold, and therefore this quarter of wheat has more than one exchange value (Morishima 1973). Nevertheless, Adam Smith (Morishima 1973), says that certain products that have high exchange value may not have same level of use value and vice versa. Examples, diamonds have high level of exchange value but not much use value while water give more use value with much more lower exchange value.

Lemon et al (2001, p. 22) writes similarly about *value equity*, which defines “...customers’ objective assessment of the utility of brand, based on perception of what is given up for what is received”. According to these authors there are three elements which influence the value equity; quality, price and convenience. Here the quality is what surrounds the physical and non-physical aspects of a particular product produced by a business. Price on the other hand, illustrates what customers sacrifice in buying the goods and services. Lastly, convenience represents “...actions that help reduce the customer's time costs, search costs, and efforts to do business” (Lemon et al 2001 p. 22)

According to Kaufman (1998) in Khalifa (2004) there are three principle value elements in value area and those are; esteem value - “want”, exchange value - “worth” and utility value “need”. For a customer to take the decision to buy a product, one of the above elements or a combination of those should be fulfilled. Esteem value or “want” makes the customer own a product, exchange value or “worth” shows how and when the products are used and lastly utility value or “need” shows the performance or physical characteristic of the product.
The word “value” has been interpreted in many terms namely; use value, customer value, value equity and at the same time customer value has been given different terms as customer perceived value and perceived value (Khalifa 2004; Styven 2007). Here onwards the term “customer value” will be referred to as customer perceived value or perceived value.

2.2.2 Customer value

One early and much used definition for customer value or perceived value is given by Zeithaml (1988) as “perceived value is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” Zeithaml (1988, p. 14). Based on this definition it can be said that customer value is like a tradeoff between give and get components or in other words benefits and sacrifices (Styven 2007). Khalifa (2004) on the other hand, says customer value is the base for all the other values. As it sounds, value is created by customers’ perception not by the producers’ intentions. Moreover, this author sees customer value as the total of the benefits gained minus the costs borne by the customers to obtain products. When it comes to marketing, David Jobber (2007) writes that customer value is depending on how customers perceive the benefits of a product and the sacrifice related to its purchase. Therefore,

\[
\text{[Customer value]} = \text{[perceived benefits – perceived sacrifice]}
\]

Here the perceived benefits are the things which can be derived from the products or services. An example would be, when a person books a hotel room and how a hotel is responding to specific needs of this person can be the benefits that a customer gains. Brand name or company image can also benefit the customers. Perceived sacrifice is the total cost related to purchasing the product, and this is not only about the monetary costs but also the time and effort associated with the purchase (Jobber 2007).

Nevertheless, value can not only be seen in terms of benefit and costs, but also in terms of price, more specifically low price. In an exploratory study done by Zeithaml (1988, p. 13), she has found four definitions of value. 1) Value = low price 2) value is what I want in products 3) value is the quality I get for the price I pay 4) value is what I get for what I give.

Out of these definitions we can see that the first definition as something relevant to this thesis work. According to Zeithaml (1988), there are some customers who see value as something related to low price. The reason is that customers have less to give up in perceiving the value. The definition “value = low price” can be further illustrated by the examples of customers’ sayings which are given by Zeithaml. Those are:
a) Value is price - which one is on sale?
b) When I can use coupons, I feel that the good is more valuable
c) Value means low price
d) Value is whatever is on special this week

2.2.3 Models of customer value components

1st Model – Kano in Khalifa
Khalifa (2004) has shown a model of value components in his articles. Kano’s model in Khalifa (2004) is another way of showing how a customer perceives value. This model has three elements of value; dissatisfiers (must be), satisfiers (more is better) and delighters (exciters).

Dissatisfiers: are the characteristics or features that are expected from a product. For example, things like ironing clothes at a dry cleaner give a neutral satisfaction and at the same time, the absence of these products and services annoys the customers.

Satisfiers: these are the characteristics explicitly expected by the customers. People get disappointed if these needs are not properly met and at the same time, a customer’s satisfaction can be increased by presenting goods and service in a better way. Unorganized bookshelves in a book shop can make buyers frustrated, but if they installed a computerized book search system, this may impress the customers.

Delighters: these provide innovative features that buyers have not thought of and these surprise the consumers. Providing a babysitter for couples with children at a cinema makes customers delighted. As these features are not expected, absence of these extra services might not give a negative effect. Nevertheless, by providing these kinds of delighters, one always gets a positive effect (Khalifa 2004).

2nd Model – Butz and Goodstein
Moreover, Butz and Goodstein (1996) have found another model to differentiate levels on customer value which is base on the above Kano’s model. According to these authors there are three levels of customer value; expected level, desired level and unanticipated level.
**Expected value** is the basic level that is normally expected from a business. American domestic airlines for example, provide their basic service at cost and time related price. Customers who receive these kind of values have nothing memorable or to cherish. At the same time when businesses try to make any value addition to their services, it can easily be copied by the company’s rivals. Hence it is less possible to have loyal customers and create a strong bond.

**Desired value** is where businesses want to create added value for their customers when the buyers have not expected these added values due to the nature of the products or industry standards. For example, a post office customer generally prefers to have clean post offices with helpful clerks in the offices and his or her mail delivered on time. By letting customers perceive the desired level, businesses can make bond with customers. Businesses should be careful at this point as any failure to maintain this desired level can harm the brand image.

**Unanticipated value** is also something similar to *delighters* in Kano’s model in the Khalifa (2004) article, where businesses provide their products and service which have gone beyond the customers’ expectations or desires. These kinds of added value can create good customer bonds. On other hand, businesses can satisfy the latent needs of the customers which mean the need that are below the awareness. Who expected cellular phones fifty years ago, and who expected VCRs before they reached the market? Therefore, by creating these kinds of value businesses can even create customer needs (Butz & Goodstein 1996).

### 2.3 Price and Quality relationship

Many researchers have studied and tested the relationship of price and quality perception of consumers. According to the results of those studies Zeithaml (1988) thinks that there is a mixed evidence of this relationship. That is, general price - perceived quality relationship does not exist. Moreover, Peterson and Wilson (1985) in Zeithaml (1988) also documented that this price – perceived quality relationship is not universal and may not always be positive (the higher the price, the greater the quality). Therefore, Zeithaml (1988) writes that price is the least important attribute that consumers relate to quality. There are three elements which show the use of price as a quality indicator is not always the suitable idea for suppliers. Those elements are; informational factors, individual factors and product category factors (Zeithaml 1988).
**Informational factors:** when a company has built up a strong brand name and, when they show the quality of their own brand through advertising campaigns, people like to use these so-called intrinsic cues (features or qualities) to determine the quality instead of price. Moreover, Olson (1977) in Zeithaml (1988) concludes that strong intrinsic cues like brand names can infer quality more than price.

**Individual factors:** there are some individual factors which affect the use of price as a quality measure. One is consumer awareness of price, if people are unaware of price it is impossible to use price as a measure of quality. Another individual factor might be the ability of consumers to detect the quality difference among products. Having sufficient knowledge of a products’ quality variations makes price less important in order to infer quality.

**Product category factors:** certain people depend on price to measure quality in some product categories more than others. An example in this category would be low-priced Japanese automobiles which never harm the established perception of quality in the automobile category. At the same time packaged products categories (like beverages) can differ little in terms of price, for example, the product itself may not motivate consumers to buy branded products which cost only few more cents (Zeithaml 1988).

**2.3.1 Customer value hierarchy model**

So far in this section it is mostly written about how different authors have been writing about the value perception and certain models to understand the customer value definitions. Looking at the previous paragraphs it can be concluded that customer value is more or less a kind of a tradeoff between “get” components (benefits, quality and convenience) and what consumers “give” (up) in order to receive those components (sacrifices like price or time etc.). However, Woodruff (1997) has written that customer perceived value is created in various stages of a hierarchy or in other words, consumer value process (Figure 1).
According to Woodruff (1997) the reason stems from the following definition:

"Customer value is a customer's perceived preference for and evaluation of those products attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations." (Woodruff 1997 p. 142).

This implies that value is created according to customers’ perceptions, preferences and evaluations while these incorporate both desired and received value of consumers. Moreover, the above definition also shows that value can be seen depending on the use situation and consequences experienced by the goal oriented customers. The left hand side of the model shows customers’ desired value while the right hand side of the model shows what customers have received which in turn has led to customer satisfaction. At the bottom of the hierarchy customers’ desired attributes and performances of a product which gives satisfaction based on the attributes is shown. As we look at the top of the hierarchy, it shows what customers
expect from a product or service which facilitates for them to achieve some experience or any desired consequence in the use situation. Then at the top of the hierarchy, people find that customers desire consequences in order to achieve their goals and purposes. As it is shown in the above figure, customers’ desired values are not only upward growing, but also from the top down. The reason is because customers’ goals can help to find out the desired consequences, which in turn guide customers to attach their importance on the attributes and performance of a product. Further the author writes that customers evaluate products or services using the attributes, consequences and goals that they have at a particular time, and at the same time, the use situation of a customer is very important evaluating and desiring. This is simply because if the use situation changes then the connection between attributes, consequences and goals change as well.

2.4 Literature criticism
Since Freeconomics is relatively little written about, we have used very few authors on describing the different models. We have added comments and business model descriptions made by Rita Gunther McGrath (2010) but mainly we refer to almost exclusively Chris Anderson and his views.
3. Method

3.1 Focus group as method for collecting primary data

According to Björklund and Paulsson (2003), a qualitative study is when the research helps to create an understanding of particular subject, situation or event while, quantitative studies consist of information that can be measured or valued numerically. We have chosen to make a focus group study, which is of qualitative approach, as a method for collecting data to investigate. As Bryman (2002) writes, the weight of qualitative research is on an understanding of the social reality, and how the respondent(s) are interpreting this environment. Since the purpose of our study is to get a deeper understanding on how consumers value free goods, a numerical analysis will not aid us, but a topic discussion is needed for this explorative study, “to get collective views of a defined topic” (Myers 2009, p. 258). A focus group study is a method where results are produced by the interaction of the respondents, on a subject chosen by the moderator (Morgan 1997 in Halkier 2010). The collective perception of the different phenomena discussed is interesting from the perspective to see if there is a common definition of value on free goods, hence this choice of method – as Bryman (2002, p 327) put it “… good if you want several different opinions in one question”. We find that focus groups are the adequate choice when wanting data that say something about the interpretation of a norm, or cultural social activity. One must not forget that we are dealing with the interaction and the collective result which is a very complex set of data (Halkier 2010), and that it is not the opinion of an individual in a group we are looking for. We also decided that from a value point-of-view, this is about people practicing a certain phenomena; hence to uplift the perspectives, the focus group as method will be quite appropriate. The discussions were held in Swedish and translated into English when summarising the transcriptions. The method sections are presented in a chronological order, starting with guidelines of conduct.

3.1.1 Trustworthiness and Authenticity

According to Guba et al in Bryman (2002 p. 258), there are alternatives to reliability and validity in assessing the quality of a qualitative research and, those are Trustworthiness and authenticity. Trustworthiness can be further split down to four criteria which are credibility, transferability, dependability and confirmability (Bryman & Bell 2007, p. 411). The following four paragraphs will describe the trustworthiness of our study, and lastly will we present the authenticity.
**Credibility**

To create credibility in one’s results, two things are demanded; that the study has been conducted according to the rules, and that the data collected is representative so it can (and will) be reported to the social reality that is concerned in the study, to make sure the collector have understood the data correctly (Bryman 2002). We have followed all recommendations in the focus group literature to make sure that the rules and norms of the focus group assessment works accordingly. Maintaining anonymity is actually one type of ethical principle in business research according to Bryman & Bell (2007). The respondents should have a choice to be anonymous, and so we accordingly made sure the respondents felt like they were in a secure environment, and that their answers could not be traced or re-listened to by anyone except us. It is the role of the moderator to make sure we are getting the answers to the questions we ask, and that we are asking the “right” questions when having to improvise.

**Transferability**

This means to be able to transfer the information collected onto other social realities, the details of the conversation recorded provide other people with a record of how transferable the data collected is. In other words it defines how far the findings of the research can be generalized among different social settings. However, the transferability has its limitations for qualitative studies since such studies use more case studies and small samples (Bryman & Bell 2007). The phenomena discussed are quite narrow, but the fact that the Internet enables these types of business models, and ways of consumption, transferability onto similar social realities is quite possible. The answers provided from the focus group are supposed to represent Swedish students, which would make the answers transferable to some extent.

**Dependability**

This is the corresponding term to that of reliability inside the quantitative research. Reliability means that the tools and ways of conducting the research make the results reproducible. This is hard inside the qualitative area since the results are more in depth and not meant to be generalizable. Hence to create dependability one can a) let colleagues read the thesis to give critique b) triangulate, meaning evaluate and compare to existing results from independent resources or c) respondent validate, meaning going through the results with the respondents making sure the answers are correctly perceived. If dependability is the equivalent of reliability, this induces proof that the study has been correctly conducted, so that if someone...
wants to reproduce the results, one could use the same tools and get roughly the same answers. We have noted down our topics of discussion (appendix A) and have included all topics in the focus group study. This may aid a possible reproduction of similar discussions.

**Conformability**

The person conducting the research must be clear on that being completely objective in the meeting with a respondent is impossible, even though it would be desirable. Thus it must be obvious to the reader that we, the authors, have tried to not let personal biases or prejudices affect the results or conclusions (Bryman 2002). We tried to follow the discussion topics and let the different respondents answer the questions without us interrupting.

**Authenticity**

This concerns how the study has been conducted and how it adds to existing knowledge inside the subject matter. Have the researchers managed to depict a fair and objective view of the data collected and will the study enhance the respondents understanding of the social reality they were participating in (Bryman 2002)? The most important part to us here have been to make sure our thesis gives the important details from the focus group discussion, and that there are no biases in the results presented.

### 3.2 Process of selecting and conducting collection of primary data

The person conducting the interview will be referred to as moderator, and the group members that are actively participating in the discussion are called respondents.

#### 3.2.1 Group size and number of groups

According to the literature it is hard to define a specific number of groups and number of participants needed to get a focused result (Halkier 2010; Bryman 2002). However, due to the fact that it takes an enormous amount of time to transcribe group interviews, and we do not have that time, and the fact that we already know that the answers will not be generalizable, we have decided that two groups consisting of 4-6 persons each will fill the need for our thesis. Small groups are very vulnerable if a respondent decides to not come to the session; hence we tried to explain to the respondents what the consequences would be to our thesis work if they did not attend. We also felt that if the groups were too large, it would be hard to determine who says what, and/or that the participants would feel intimidated by the effect
created by having an audience, hence we chose to have a smaller number rather than a larger number of respondents in the groups.

The decision to have two sessions is so that we can offer the respondents two different times to participate (Tuesday 30th of November and Thursday 2nd of December), and that we feel that one session might not be enough. And in a worst case scenario, we might need the second session, because the first one could have been poorly conducted due to underestimating the difficulties of conducting focus group sessions. Calder (1977) in Bryman (2002) states that when the researcher can perceive relatively well what is going on in the group, no more groups are needed. This is the equivalent of theoretical saturation, meaning no new relevant data is added by the ongoing discussion. In our discussions some subjects and references came up in both groups although the dynamics were different. We think we could have had more groups before the subject was saturated, but that would not necessarily have added interesting new data.

3.2.2 Role of moderator

The role of the moderator is to create a humble, secure atmosphere with a sense of mutual respect so the respondents feel free to talk about the subject given (Halkier 2010). The moderator should not take too much active involvement in the discussion since he/she is much more informed on the subject, and that respondents might be intimidated if the moderator talks too vibrantly concerning the topic chosen. The main goal should be to stimulate the discussion and make sure all respondents are encouraged to participate with their personal opinions. There is, however, a risk when being a verbally passive moderator since the respondents can enter an irrelevant subject which can be highly inefficient for the study. During our two sessions, the moderator succeeded to a satisfying extent to maintain a good ambiance in the room. Hence the discussion was quite easily set off. Were there any inconsistencies of subject, the moderator used inspiration from the topic questions to lead the discussion back on track. The moderator was forced to participate more in the second session, but we feel that even though the discussion was more fluent in the 1st that did not necessarily mean that the outcome was in anyway of less quality.

If any of the respondents, on the other hand, remain quiet, it can be a good idea to try to include this person by saying their name and asking a direct question. Two of the main issues the moderator must deal with are to make sure respondents do not feel excluded, and that
there is no “super silence”. One can deal with the latter by being properly prepared and the former by staying attentive. To avoid tension, the moderator should avoid using even neutral expressions such as “good” or “nice comment”, but stick to “ah”, “hm” or “okay” so other respondents do not feel intimidated nor competitive (Halkier 2010).

Last but not least, the moderator has the role of conducting ethics, meaning he or she shall keep his or her promises for the study and making sure respondents are anonymous if they wish, and not showing the tapes to anyone else if they promised no to do so. Being an academia representative, it is extremely important that the moderator is professional but humble so the respondents get a positive experience from the study, since future research will need more focus groups being conducted (Halkier 2010). We finished our sessions by asking the respondents if they felt satisfied with how the discussion had been conducted, or if they had any critique from the 1st session to use for the 2nd session. The respondents from both sessions reached a mutual agreement inside their respective groups that the session was properly conducted and that they found it entertaining.

In our group meetings, one of the thesis’ authors have focused on writing and collecting the main points of discussion, while the other moderates the discussion and asks the questions. We had divided the tasks since both are important.

### 3.2.3 Choice and recruitment of respondents

Kitzinger (1994 in Halkier 2010) argues that the flow of the conversation becomes more natural if the respondents already know each other and are arranged in what she calls existing groups. We think that if we would have chosen so called existing groups, there would already have been clear biases and also clear hierarchies that could have inhibited certain opinions. Hence we decided that we would get the most interesting discussion if the respondents did not know each other nor the moderators too intimately, to sponsor a session with different opinions. This is the reason why we have chosen respondents from different faculties at Linköping University (LiU). Moreover, this study is focusing on the students at LiU as convenience sample. According to Bryman & Bell (2007) convenience sampling means that the researcher chooses the respondents who are available by virtue of its accessibility. This way of selecting respondents is common for business researchers when selecting a sample from their own organisation (especially a university). Another reason to do so is, as Halkier (2010) argues, if the respondents do not know each other, they are going to have to ask each
other things more explicitly, and they cannot rely on tacit communication, which evidently facilitates the recording and discussion for everyone. This is also a reason for recruiting people outside the researchers’ personal network, which we did partially. Our main method for recruiting was to ask friends of friends to participate which worked quite well. We completed the groups by walking around the university area to find people willing to participate. This was a difficult task, and that is why we have used two methods for recruiting participants. One reason is that students find it really difficult to spend two hours for a discussion at the end of an academic term in university. Therefore, it was very challenging to find respondents by going to different academics houses in the university and selecting people randomly. However, we could find four respondents by this way though. The rest of participants were found through the contacts of the researchers.

To get a positive environment we chose to include both males and females in mixed groups. This is because we are not interested to see whether there are differences between the sexes and their attitude towards value on free goods, but the social group as such. The groups consisted of a total of four females and six males, and even though the gender distribution in higher education is the opposite (60% women and 40% males (www.scb.se) we are not intending to generalize the answers so this possible skew will not lessen credibility when applying this research to students.

3.2.3a Stratification criteria
The people being chosen for the study must have had contact with the different phenomena that were to be discussed, so we did not need to put any time or effort to foretell the story and advantages of the phenomena and hence might create a biased opinion for the respondents. None of the chosen members is an expert on the area, meaning none of them is working with any of the phenomena professionally. To stratify the groups might facilitate drawing conclusions on a specific group (Bryman 2002). Our respondents should be students at Linköping University or graduated from Linköping University within the last year.

3.3 Practical assessment of focus group study
We started the session with a small introduction of the subject. We told the participants about the backgrounds and reasons for doing it and some general rules about the project. Afterwards we let the respondents introduce themselves and encouraged them to put name tags in front of them to facilitate communication. We had divided the tasks of moderating and taking notes
between us and alongside recording the main points of the discussion was written down. It is hard to foresee the dynamics of a focus group. If you are unfortunate, the discussion will be shallow, and compact silences can occur. That is why it is extremely important that a feeling of mutual respect and openness is created immediately in the group (Halkier 2010). We did this by letting everyone present themselves tell the group what they occupied themselves with, and tried to give the respondents equal amount of attention so they all felt included.

3.3.1 Themes and questions for discussion
Discussion questions for this present study can be seen in the Appendix 1 and it should be clear to the reader that, before we come to a final format of the discussion, we tested these discussion questions with three people. This will ensure they are easy to understand and relevant to the subject. However, there is no fixed format for the focus group discussion questions and it can be either structured or semi-structured and, it is depending on the nature of the research topic and the level of interest and knowledge among participants of the study (Bryman & Bell 2007). According to Bryman and Bell (2007), if the research topic is not familiar for the researcher then a structured discussion is needed while, if respondents have good knowledge about and interest in research area, then a modicum of structure is needed. Since the topic of Freeconomics (free goods and services) is quite new for the authors of this study and also due to the unawareness of respondents’ interest in this area, the design of our discussion is more structured.

When designing the questions we divided our purpose into three phases (A, B and C). As it is already shown in the Appendix 1, in the first phase (A) our aim was to brainstorm participants’ idea of value in consuming goods and services. Thus presented questions like “What makes you to buy a product or service?” and “Can you explain what the value of a product is? Is it the price you pay?”. In the second phase, the researchers of the study thereafter wanted to investigate what is their general idea free goods and services available today. Hence, the respondents were been asked with the question like “What is your general opinion/idea on free things?”. Moreover, it was interesting to see how they see quality in free goods, so they got questions similar to “Do you see “quality” as something related to price?” and “Have you experienced quality in free things you have used?”. Lastly our aim was to narrow the discussion down to the specific examples we had selected, and see how they compared the two equivalent products, where one comes at price and one for nothing. Examples for this can be “Do you use Spotify Premium or Spotify Free? Why?” and “Do you
use Wikipedia as a (reliable) encyclopaedia? Why?” Continuing, we contradicted some of the “free” examples with those outside of the “free” business models. As opponent to Wikipedia we used the swedish National Encylopaedia (Nationalencyklopedin www.ne.se). Google Chrome and Mozilla Firefox are not directly opposed by Microsoft’s Internet Explorer and/or Apple’s Safari because you can use all four concurrently, but all the same they were efficient contrasts when comparing the different web browsers. Last but not least, for Google Docs and OpenOffice we used Microsoft Office as opponent.

3.3.2 Conducting the discussion

As a moderator, one can also rely on tools referred to as probing and prompting: Probing means giving encouraging signs to continue the discussion such as head shakes, and prompting means posing follow-up questions (McCracken 1988 in Halkier 2010). We did the probing quite subconsciously, and the participants were quite eager in talking about their views on the given topics. Prompting was needed to a greater extent in the second discussion group, but mostly to make the discussion more vivid and make sure all participants felt included. Depending on the topic it is also important to describe the dynamics inside the group (Kitzinger 1994 in Halkier 2010). The moderator must be alert to see whether everyone are included in the discussion, if the group has clear opinion leaders or if an artificial consensus is evoked. As expected there were respondents more willing to talk than others, but they included each other and asked each other questions thus group dynamics surpassed our expectations.

Each discussion was held during two hours of time in three sessions. The Agenda for the discussion is shown in Appendix 1. In the first session the moderator gave an introduction about the authors and purpose of this study. Moreover, we served coffee with a snack for participants to be more “into” the discussion. During this session we also discussed the first part of our agenda in order to get what is value for them and how they see that or experience.

The maximum recommended time for conducting a focus group is two hours. Halkier (2010) writes “There is a limit to how much private time you can allow yourself to use from a person” (p. 59), and so told the participants maximum two hours and we kept that limit. We found that this is important so people in the future will have a positive experience from focus group studies, and hence might be willing to partake in coming studies.
Then after a pause we conducted the second session which was focused on the area of free goods, in order to get a general idea of how they see on free goods and services. Eventually, in the last session they discussed the specific products we had selected, in order to see what their impressions from the specific products and services were. Then lastly, we presented all the participants a small practical gift (which matches with our main subject of the thesis) by thanking them for their precious time.

3.4 Transcription

An important criterion for the reliability of the study is to make sure that the discussion is objectively recorded, and so we taped the two entire discussions and afterwards transcribed them accordingly. This is crucial since it is impossible to remember everything that has been said, and because it is possible to go through the data multiple times (Bryman 2002). Transcription means translating into text, so that we later on can read the complete discussion along with all the small agreeing hums, and we have tried to do this as detailed as possible to be able to withdraw the collective opinions, which is the center point of our data collection.

This can also be one of the limiting elements, since there is a lot of effort needed when conducting a series of group interviews. This process is much more complex than normal one-on-one interview. We have dealt with this by dividing the transcription work, and by emphasizing on the weight of a well performed and detailed transcription when trying to fathom the collective views of a group. Ambiguity of words can also add to confusion considering understanding what the respondent really means. By precisely transcribing the discussion we think we can avoid any possible confusion, since the original thought of a focus group bolsters an explicit mutual understanding within all group members.

Moreover, as mentioned, the focus group discussions were held in Swedish and later on translated into English when summarizing the transcripts. We did this out of practicality, because students at LiU were more obliged to use their native tongue when discussing, and because this allowed them a freedom of expression which we probably could not have if it were in English. We felt confident in both languages and figured this would be the best solution to get a “free” floating conversation. What we also know is that linguistic errors when translating might have undermined the meaning of certain typical Swedish idioms or similar, but that we have tried to substitute them with corresponding English equivalents to not disturb the flow of the discourse and make sure the right meaning translates into text.
4. Results

The results of our empirical data are presented as a concentration of the transcriptions from the focus group discussions. We have divided the chapter into three parts, namely the different discussion areas, and since we had two focus group meetings, the Tuesday group results come before the Thursday group. Since it was a discussion, we have included a number of quotes for the reader to follow the main points of the focus group sessions.

4.1 Topic A Value

Tuesday As it is mentioned in the methodology, the first topic for the focus group discussion was consumer value. Under this topic our first sub question was to know, what value is for them. In the beginning of the discussion they gave an impression that value is something related to what kind of value assessments people have according to the initial situation. As participant C said; “If people like more on material stuff then people put more emphasis on the products, and if they concern more on relationships or emotional things (for example, to spend time with their family) they would rather appreciate (value) the time aspect instead for money and other material stuff”. On the other hand, participant D (with B and A agreeing) stated that value can be related to appreciation or evaluation of something which is really positive and therefore, people are ready to forego something to get this value. Like for example money and time. This thought is backed by the following quote of D; “I relate value directly to appreciation, to something which is /.../ as we think is very positive, so one is prepared to sacrifice anything, for example, money and time”.

At the same time, participant A took forward the word “benefit” in this discussion and said that consumers are willing to make sacrifice if he or she can be get benefited from a product or service and if those can fulfill peoples’ needs. In this case according to B, people assess value depending on how much they can get out of a particular product or service, and this is the experience people get in the end. By agreeing with B, participant C gives a good example for this; “Say that you go to Australia a month, I mean that’s a pretty huge sum to pay but I think the experience itself, what you learn[...] and the impression one gets, the journey[...] is worth every penny…”

By agreeing participant B said, that once the people are satisfied with a product or service, they will talk more about what they received and what they could do than how much it cost. Especially as students, people always think how much they can get back for what they pay. In
the case of being a student, the financial capability is always low and therefore, the less the economic capacity they have, the more they can appreciate (value) things. Thus people, according to A, try to prioritize when purchasing depending on the resources, time and money they have, (agreement of D, C and B). This idea can be seen in the following quotations: “A person thinks in very different paths, when you work and make money than live with very small amount of money” by C and “Yes, for a student, you might appreciate one thing very highly but when you have work so maybe the thing is not at all worth the same. Then people of course put much more money on things” by D.

Then participant C took the discussion towards another area by saying that people will never be satisfied, they will always want to go for the next level once they reached a certain level, for example, a person buys a computer, then a lot of programs on it, then he will go for a flat TV, then he wants to travel and so on. This will not stop at a particular point and these wants can be either material or intangible such as being successful. Therefore, C said that value can easily be related to success: “Especially if you have much money to spend, then you can travel, you can afford things, you can spend more time with your buddies […] You can be more spontaneous in your behavior, than when you have no money”.

However, A retorted that there is a limit for this, that money does not always equal happiness. Money is not such a resource which can guarantee success and B stated that money is just a way of satisfying a person’s needs and wants: “So I think money is one, a tool that can help you realize many dreams, and that it can give you some success, because it provides the possibility anyway, it opens up a lot of doors for you, it is doing it. You can travel, you can do whatever you want so […] with money comes evidently some happiness (laughs)”.

Then participant D brought up that sometimes the society tempts people to buy products and services, if the neighbors have bought a new car or flat TV for example, it would feel like “Why wouldn’t I buy these things, I do not want to be second to them?”. The reason is people sometimes want to have the same status as other people. Thus participant A said that in that case, value is a kind of status factor. At this point, the moderator asked when they discuss about money and status aspects in value, does not price has any role. Then C said that there actually is a relation to price here. The reason is that it is very easy to identify the difference between an expensive good and a cheap good, and a good example could be furniture from IKEA compared to other furniture retailers.
However, participant B says that prices are sometimes at ridiculous levels. The reason was that when it comes to second hand value, it is double the price, ex, a sofa from the 60’s can still look like new and has a great second hand value. Participant A on the other hand said that price can be used to measure value and drew a parallel to economics where the demand for a product ultimately can be shown as price, which thus becomes the value. The moderator then presented another support question “Is price is same as value then?”. The participants did not agree fully, because value assessment or appreciation is depending on how it satisfies peoples’ needs. One person may offer to pay 10 SEK for a product while another may put only 5 SEK for the same product. Then participant C agreed by saying that it depends on the special interests people have. “Just like that, what if you have a special interest, if you are fashion-oriented and want to buy, accessorize, new clothes when where you'd like to spend much on jewelry, then you of course have the value of his appearance and his clothes, and to always be involved in the latest fashions and then, when the value lies in it and who have none, I mean, money is the means”

Further C said that on the other hand there is some kind of a connection among price and value, because the more money we pay the more we can purchase. At the same time, participant D stated that, the more you pay the more you appreciate or value the things you have bought. Even more interestingly, C said that people get more benefits too when they pay a higher price, for example, to buy a computer we have spend a relatively large amount of money but then we can also use it for a long time.

The moderator then asked “Does price indicates something about value?”, A’s answer was, this is all about “…prioritizing resources, time and money”, and then it is obvious the price which indicates value. Then participant D stated that this is a sort of “collective value”. People first look at the price label and think, this product is valued this much. But when it comes to “individual value”, for some people a product might be valued at 3000 SEK while for others it might not even be 500 SEK. Therefore, value can be different from person to person. According to C, today people are in between individual and collective values and mentions that people sometimes consume products because people in their surroundings do.

“But today we’re so much into the individual value and I also think you have the collective value, and that’s because I think you always compare yourself to your surroundings. For
example, when I came back to Sweden two years ago when I noticed that all the guys had beige pants and white shoes and then I also wanted to have beige pants and white shoes because it was so cheap and it was so easy [... ] So then it was a good look that I put a value on, but it was based on the collective as well but I also appreciated and wanted to live up to. However, when the collective had croc-shoes, it was like nothing that I wanted to relate to at all. So there was no value there as I saw it” said C.

The next sub question that the moderator posed was “What makes you to buy a product or service?” D answered that she wants to buy something when it makes her satisfied. Then, once a person has bought the products, he or she might go on to the next one, like following the latest market trends. Therefore, people should prioritize wants and continue buying goods and services. Participant B then added, that people buy goods when they feel very satisfied and happy with the previous experience of consumption. Further she said, people will consume something because they have a need for that particular good or a product. Participant D gave an example for that by agreeing with B; “The satisfaction of having bought one product, or what people want to consume feels like ‘Yes this minced meat it's really good and tasty’ so you feel happy when you bought it.”

Moreover, Participant B said that this is something really individual “If I do not want anything in my life, I can just go and sleep in park bench. At the same time if a person really wants something, then he will do that by saving some money or in another way”. This induces that people do have specific or unspecific but differing needs, and that it is all about personal preferences and how one prioritizes.

Then the last subquestion that the moderator put forward was; “When do you get a wow-feeling when consuming a product or service?” B stated initially that all things that were considered “flashy” gave a wow-feeling. But D saw this something which makes people around you say “Wow, do you have one of those?” meaning that the wow comes out of when people around you get impressed. Then everyone else showed the impression that this something related to status. Moreover B added that when people have longed for a particular thing and then finally when they have it and feel like they have succeeded, and that that also could be part of the wow. On the other hand, participant A stated that people can get wow-feeling when something improves their quality of life and happiness and, it does not have to be a necessary thing, and D gave the example of travelling “If you have saved money for some
years and you drive off on a trip around the world then it probably is a Wow. Then you are living it for the rest of your life, the rush that you get when you know ‘I had worked my ass off for two years and then I went on a trip around the world, wow, cool’.

At the same time, a product can be wow when you get it for a much lower price than what it cost from the beginning, said participant A. Then C stated that, if he knows that he is getting the product on a 70% discount and still the company is making profit, then there is no wow in it. But if it is a real new product like for example, Samsung LED (45 tum) which comes at 70% discount, then it is a wow, because it is the latest technique. By agreeing to this B said that wow is also about the interest you have. For example, if you have been looking for a particular book for a long time, and finally when you get it, you are you personally feel wow, but for others may be this book is another ordinary book.

Thursday  The group ensemble defined value as something they are prepared to trade for something else, they used the word exchange value or “What one is prepared to give for something else”. We think this sounds like everything is worth its alternative cost, and all group members agreed that this was a good economic term on value. The group added to the definition “Something that fulfils one’s needs and gives meaning”.

What was interesting was that the terms emotional and social value came up several times. Social value was for example connected to the ecology and environment, and someone stated that those things have a value now only because they are popular right now. This would mean that value is something attached to its era, as C in Tuesday group mentioned, value is very time connected, and hence heavily contemporary. This was summed up by G “Nobody cared about ecology before, like when our parents were young, ecological thinking had no value”.

This was intriguing but we still wanted to know whether social and emotional values were the same thing. When the moderator asked for a more precise definition from the group a very interesting opinion came up. The social value was the collective opinion on a value while the emotional value was the individual opinion. Environment for example is thus more of a social value since it may not personally engage, but in a group of people, and as human beings we are supposed to care for our environment. However social value does not mean that everyone
agrees on the definition of that particular value. Many people can for example like soccer and create a strong social value around that, while that does not appeal at all to someone else.

The social value, the collective opinion, is closely connected to status according to the group. If the social value resides within in a group of “cool people” or similar to an “elite” than outside people look up to that value and try to connect to it from the outside, because they want to take part of this value of which they are not included. A good example started out by participant H: “The social value could be to walk around in an overall and carry trunks of beer and soda and the do the dishes after a load of drunks and that it still has a huge value” and continued “Well yes, like being a festerist they have enormous amounts of value. But really, if you look at it, it’s incredibly fascinating, when they walk around looking like idiots”. G filled in “It feels like you get some sort of cool kids, like in junior high[…] then maybe it’s worth doing those dirty jobs”.

If we go back to value as an alternative cost rather than a social estimate, we wondered however the participants felt that price was connected to value or not. This brought forward a very paradoxical debate. The participants all felt that the general opinion in society is; the more money you pay, the better quality you get, even though it does not have to be that way. A discussion on products on sale was launched, and questions like “…if the price goes from 1400 to 700, would the value of the jeans decrease then if I buy them on sale?” or “…it feels wrong to buy Christmas presents on sale, I don’t know why, it just doesn’t feel for real…”. The answers were more “Well then the price is very much related to value” or “I absolutely don’t feel that value disappears when price is decreased, the value however disappears during usage”. The participants felt that there was a significant emotional loss of the value of the product if the price had been decreased, while the economic benefit was a lot better. If you were supposed to give the thing away, buying on sale felt “ugly”, at the same time as the made a “win” when they found products of less price than they had previously been worth. There was a sort of intelligence value if you had “beat the system” because you were apparently smart to have done so; “It feels like the value of the clothing looses its exchange value when you buy it for less than normal”.

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5 Swedish word for someone who organizes parties at the university
Contradictorily, it turned out people felt more *satisfied* when they found things for a reasonably low price, however it must be connected to a need, and we wondered how need is connected to the purchase. The participants agreed on that they were prepared to buy more expensive products if they really needed them: “*If you need a jacket when it’s cold, it gives a great value to buy it so you don’t freeze*” and they said they would prioritize according to their disposable income. Everyone thought it was obvious that one would spend more if one has more money to spend. They also thought that the money would be spent on more expensive stuff. If you can afford to be popular at the same time, you will buy the jacket to get the social value even though the product itself is not merely fulfilling needs. The example of Canada Goose-jacket usage in Stockholm came up, and the participants found it unnecessary with that type of jacket there, and people spent too much on it because of the brand while it would be okay in north of Sweden since it actually is colder there, “*It doesn’t matter, because the cost can never cover the worth just for the heat isolation when you buy a Canada Goose in Stockholm, because it never, under normal circumstances, become that cold*”. This again means that need alone is more important than the social need created by a trendsetter.

However, a trendsetter can reinforce personal value, because people can or want to connect with their idols, and so that they are able to get closer to them can add much value to someone. But, if one is to spend a ridiculous amount of money on e.g. a shirt of a hockey player, the money should go to charity, since it would be embarrassing by someone who does not have the money to buy something very expensive unless the money is for a good cause. The reason must be socially accepted. There is a social value in donating money, and telling people about it. There is a sort of anti-social value in wanting to win money however, and the example of Postkodlotteriet came up. The cause is clear, and so “*As long as the money goes to the Red Cross or whatever which uses other political references than I, then I would love to participate*” according to E.

The last part of the discussion was about the perception of wow. The participants thought that when an experience exceeds expectation you get a wow-feeling because you are surprised by quality, or really surprised at all. This discussion took an interesting turn and again, the positive things about finding products and services at low prices, or less than their original worth, were evoked. The value should hence exceed the price, but still the value is related to price.
In this discussion expectations seemed to be an important component. For example, if you had been saving for a long time to purchase a particular product, you can experience a wow, or if the product exceeds initial expectations that could be quite enough. H added that an experience could generate a feeling of wow as well, instead of buying or giving physical goods. “Availability is also wow, in case you know that this thing is unavailable everywhere else [...] Like for example Spraycan Cheese was a favourite when I was in San Francisco /.../ because it cannot be bought in Sweden”. This is also similar to the other group’s thoughts on uniqueness. You actually like to feel alone in possessing something because it adds a sensation of uniqueness.

4.2 Topic B Gratis

Tuesday During this session our topic was about free goods and services. The first subquestion for the discussion was “Can you define what free is for you?”. The general accord in the group was that a free good can be everything that you can get without having to give something back nor work for. Therefore, the moderator put the question this way “If everything has a value should there not be any cost in that case?”. Participant A then said that this was like the wow-feeling; if we are getting something valuable at zero or at a lower price, and added “Like Spotify gave a small wow-feeling when it came, at least for me, it’s an awesome service”. The opinion that “intelligent” technology gave a wow-feeling came up several times during the entire discussion.

Participant C then added that if it is Spotify and if he had an iPhone, then he would be more inclined to pay for the service due to the accessibility and the no-ad part of the package. But as a student he thinks it is advisable to have Spotify Free. Having said this, A put in an important point; that when it is free there are many consumers for a product but when the price for it bounces from 0 SEK to merely 10 SEK, then the product gradually starts loosing its consumers.

However, it became clear to us that the free gifts or products work in various ways. On the internet, free services give a quite different feeling and impression to consumers than when you get a product from a promotion. For example, when it says that you get a mobile phone for 0 SEK, then you know that there is some kind of a hidden catch somewhere. At the same time, when you use Spotify, Facebook or Youtube, you know that it is free, however the catch is more direct; you get disturbed by ads while using it.
The moderator merged into the discussion and put forward a question “You raised a very good thing here before, this by giving away things for free ‘Buy one, get one free’ or simply as promotional products and gifts that you get [...] What do you think about it? Are you going to I’ll take five because it is free or what is your attitude to such things?”. Then everyone gave an impression that people are very skeptical towards promotional ware, they know that something has to be paid indirectly once you get products from promotions. This can be seen in the following quotations; “I will be suspicious (backed up). I know they will want something out of me then, tie me up in a contract, they will want more money from me, they will always want something back, and then it is not free for me. Free is when they [the salesperson] say ‘here’ and give me a mobile” said B and A answered “But now people are becoming more ‘Well, there is something else shifty about it’”. To this B replied “Yes, but alarm bells start to flash[ring] and you think ‘Shit what is now in the undertaking?’ as may be directly read in the small print below, what does this cost per month and how long do I get attached, anyway?”. As B stated, a person can see a product as “free” when he knows that he is not bound to give something back. Participant D gave a good example for this, when you go to a seminar or a conference, you might find candy, pens and notepads there which are given away for free. Hence we realized that since the participants “overtook” the free gifts, meaning more than necessary, consumption is not directly connected to need. Further D stated that, this can be different from product to product; people cannot give away mobile phones for free just as they do with pens and sweets. Then A (with the others agreeing) added that, when it comes to services on the internet, people have taken things for granted, they expect everything to be free on the internet. Otherwise they are reluctant to pay for the web based services.

The next sub question from the moderator was “Do you think that what you pay can be related to quality? Or can you see quality in free goods and services?”. Then participant C gave others the impression that free goods have quality and mentioned SVT Play as one of the best free service available in Sweden. According to C, it has interesting programs, all the telecasted films are available for two weeks and those are in good quality too. Therefore, A added that it is not right to say that the things which are at a price has a better quality than the things you get at zero, especially on the Internet. A said “Let’s say that you download a movie, it's the same quality as if one were to go and rent it (backed up)”
The last sub question from the moderator was “Is quality is related to price?”. Participant D started saying that in some cases quality is related to price. Then B added that today people can buy a TV at a cheaper price than twenty years ago. “The TVs which we had when were small were very durable and didn’t cause any problem, while today’s TV can function well maximum two years”. However, B (with the agreement of C) gave the negative idea too, by having said that, there are certain products and services at a cost that still have low quality.

At the end of the discussion A added an interesting thought to balance the thoughts on status. According to him, there is no status factor related to free services offered on the Internet. Everyone gave an impression that consumption of Internet services is anonymous, and no one can impress other by using these online services. For example, if you are listening to Spotify Free at home, no one else knows that you are not using Spotify Premium. So it is just the value you have as an individual.

**Thursday** The second topic considered the definition and opinions on gratis and free. What do we consider free? The conversation started out with G saying “You often make yourself believe you get something for free when you get two for the price of one, but I don’t feel like that anymore, that I would get something for free”. Free just is not free anymore, and we got more examples later on in the discussion when you stop thinking it is free but the respondents agreed on that they rather got suspicious and wondered what the supplier want in return, and often referring to the example when you got an allegedly free phone, although the catch usually is you get a two year subscription and pay e.g. 500 SEK per month, especially if the object should be worth a reasonable amount of money. It has become increasingly important to be aware and informed as a consumer, and I said “Well yeah, considering you have so little information about how their system works, I automatically get suspicious. In some way they have to make money, and if it isn’t on giving things away it’s on something else” and people agreed it sometimes felt that the propositions they were given were too good to be true, “Then it’s easier to refuse than to read and try to understand everything”. Both groups seem to inhabit this distrust towards giveaways.

H told the rest of the group an interesting story from his work: “Where I work, we give away free coffee so people will attend the free lectures and get free things. The value for society, or
say Sweden, is that if enough people come to these lectures and get inspired, then maybe you will get one or two persons that start a company that in turn hire 10-20 persons in the long-run. It sure isn’t easy to give things away for free... Sometimes you have to struggle to give stuff away, which is completely sick. So apparently the stuff you get aren’t as valuable as the time you spend getting them so the gratis becomes a varying term”, and this coincides well with previous discussions where it became obvious that time is very important to the respondents.

However, this clashes with the very foundations of free and someone brought up “Normally if someone asks ‘Do you want this for free?’ then ten times out of ten the answer is ‘Yes’” where another person answered “If I want something for free, I have to have a need for it, otherwise it just wastes time and space in my apartment” And the conclusion from this was that something is free only if you need it, otherwise it consumes time and space. Another example was given concerning the free gifts you get for filling out some forms, and the person felt that those gifts are not worth as much as the time it takes when the consequential phone call from a telemarketing company comes.

But what did the respondents think about promotional goods and giveaways? Academic work gives away free notepads to students, and the notepads can be used so they basically can, and do, fulfil a need, but in turn they are branded so the students will remember them when they get out of university and start looking for a job. This led to a small exchange of words and preferences, H claimed that one gets manipulated by Academic work, while G asserted that it was great with sheets of paper to write on, and that it will come down to personal choice. “You would trust them because you recognize them, somewhere you’re like emotionally manipulated to use them when you look for a job, and that’s how they make money on you”

“Well is that wrong?” G replied

“I don’t know, but in that sense it is not free” H stated, and meant that if you are going to have to collect information about all the choices you make, then that is going to take time, and as we stated before, time is precious. However, the opinions were not similar, and one half of the group found that you were manipulated by the companies while the other half did not find that branding would affect them that much in the future.

We also wanted to know if things that came for free actually can be of good quality, and what first came to mind was the Facebook case: “It depends if you’re the source of income or not.
In one way they can sell you like with Facebook, you sell users to the advertisers. Same thing with Academic work, you never pay anything to them but recruiting people through Academic Work is really expensive, so the stream of payments comes from the other direction... and that means there absolutely can be a free qualitative service. On the other hand you add value because you’re a good student, and that can be worth paying for, like letting somebody find you”. Added to this was the example of Google’s supply of services. Related to this is of course the discussion on if price is related to quality if then free things can be as good as the ones you pay for, and E said something interesting “You might get the feeling that Academic work is of better quality since you know more about them than others”

But it was not solely services that could be of good quality. Free sheets could have same quality as papers you pay for, or the promotional ware, like pens can also be of very good standard. One person had gotten an exquisite example of a pen which he told the group about. The funny thing here was also he actually enacted as the pen promoters’ commercial pillar, since he was so happy about this particular promotional pen that he had had for two and a half years now. Evidently, and the whole group agreed, the better the quality of the free merchandise, the better the feeling you will have about the company and this will in its turn add value.

Lastly we simply asked about the groups’ general opinion on gratis, and they summed it up as: “You want free things” or “Free is nice” with reservations for needs, “Yeah, I don’t need like free ladies’ lingerie” one of the male members of the group announced, and everyone laughed.

4.3 Topic C The Freeconomic products

Tuesday Spotify We started out by asking the participants if and how they used Spotify, and the majority answered that they used Spotify Free. One thought that immediately came up was that they did not think it was worth 99 SEK per month but “…if I had had an iPhone or a HTC-mobile, I would probably have paid” and that was the exact reason given by D admitting to pay for Spotify Premium. “However it’s possible, that when in the future when I get my huge salary I will pay for it” A said, meaning that this person would feel that this would be worth spending 99 SEK per month whenever he ad an affluence on his cash account. The moderator pointed out that 99 SEK really is not that much money, two or three beers maximum – would it not be worth to give up the liquor to miss out on the intruding
commercial breaks? “I don’t think the commercial bothers me that much that I would like to spend 99 SEK on it” said C. “It would in a sense be nice to not get the commercial, but on the other hand, you’re used to it just like on TV, there’s no avoiding it” meant B. A was however a bit upset about the fact that Spotify had increased the frequency of the commercials. “I mean in the beginning it was like once every quarter of an hour and then it has been steadily increasing, and you think that No, I won’t give in” and stated that if the moderations would have come sooner, he maybe would not have used Spotify at all.

The group talked about the different ways to use Spotify like for example that one could sign up for a one day-subscription for 9 SEK which in their sense was equal to no money, and they all agreed that they thought it was worth 9 SEK. The group also found that the big companies like iPhone would gladly cooperate with Spotify, and that they create (surplus) consumer value. The increased access that the Smartphone application brings adds significant value, but the one paying respondent contemplated on the fact that you might get too used to it, and would always want more, that if Spotify would add more “flashy” gadgets to their service, she might be prepared to spend even more money on it. “I would never spend the money if I wasn’t absolutely sure that this is something I want or something I need” D answered, and the group was asked to consider a Spotify distributing both film and music. There was little doubt in the answer when C said “Well yeah absolutely, I would even be prepared to pay more” while A reminded him that “That would have to presume that there is no free streaming service”.

Metro This paper is a so called free sheet, and we wondered what the participants felt considering the quality and we also wanted to know whether they read it, and we compared it with a similar but price tagged newspaper; Aftonbladet. The first thought on this topic was that Aftonbladet evidently must have more resources, and that they can execute actual investigating reports, and if you have to compare, Aftonbladet would give a higher value even though Metro is free. However, the agreement was that Metro served a purpose as short and concise, and not necessarily was a bad newspaper due to that, “…and it’s available, you read it a couple of bus stops and then you’re updated on what happens in the world […] I think a lot of people read only free sheets” said B, and so that depends on what purpose you have with reading the news. A said “If I would get a free sheet on the train or have the possibility to pay 10 SEK for an Aftonbladet, I would take the Aftonbladet”, and later motivated it with the increased quality you could find in the news papers with more economic resources.
However, the others thought they would have done the opposite, but, as C said "If I’m logging on to Internet, I would have chosen Aftonbladet before Metro" and everyone consented to this, because even though the Aftonbladet-web page was annoying, you had all the news there and not just the light-versions. Nevertheless, Metro could be just for introductory facts and then you could find out more for yourself, but then it is also much more depending on you as an individual to search for facts and "Unfortunately a lot of people, especially young people, don’t care to do so" finished B.

Wikipedia In this part we wanted to know whether the participants felt like Wikipedia could offer qualitative information, if it was reliable and if you should use it. The direct answer was a triple yes. “Despite the fact that you want to, academically you’re not allowed to refer to Wikipedia, even though it makes sense/…/ but it’s the first source you check if you’re looking for quick information”. Apparently this was the number one site where the whole group went when they wanted to be enlightened, and also stated that Wikipedia is what mostly comes up first when you google, “And it’s so practical if it’s like an everyday subject”. After having said this, a very important issue came up, and that was the one about the importance of source critique. “As a teacher, I all the time have to remind the pupils to use their critical thinking, even if they show some really useful information” said B and this was confirmed by D: “The kids of today are grown up with Wikipedia, it’s like ‘If I want facts, I go to Wikipedia’ [...] if I want fast facts I will go to Wikipedia, but afterwards I will doublecheck with other sites to see if the Wiki-info was true. I am incredibly critical; it’s good as a summary, but nothing I feel I can trust”.

Here the Swedish national encyclopaedia (NE) came onto the table, and someone said that they check both sites to see, but that Wikipedia actually have more detailed information some of the times, and that the source really depends on what you are going to use it for. “It’s a good site, I like it and it’s free” and D continued “But I would never pay for it”. If Wikipedia would cost as little as 30 SEK per month, the group found that they directly would transfer to NE. Hence, we see that the willingness to pay for NE is much greater than for Wikipedia. Here they brought up the example of Facebook, and the answer was the same; Facebook is not a service people at the moment are prepared to pay for, and the participants thought that the gratis choice for a social network will always be the one used, partly because “If it’s free it doesn’t matter what your income is, and everyone can join” but also cause they found great potential in the free market.
Mozilla Firefox and Google Chrome When the group discussed web browsers C directly said that he preferred Google Chrome since it was much more minimalistic, supported cleaner surfaces, and because it was fast. B was still using Explorer but was thinking about changing to Firefox due to external pressure from her computerly endowed relative. Participant D actually used three different browsers, mainly Firefox and saw that the different browsers worked variably well depending on what you are doing and where you are doing it, “If Firefox doesn’t work or lags I test all three and see which one’s the fastest, and then I use that, especially here at the university where it’s very slow”. It seemed like several group members used several browsers depending on purpose of search.

The moderator foretold that some people choose open source browsers because they were against Microsoft’s Explorer monopoly, and wondered if this had any impact on the participants’ choice of browser, with the view “When I started using Firefox it was because it was more innovative[…l] but also because it was open source and that you could download plug-ins that added to the utility, that it became customizable” by C.

Google Docs and OpenOffice We move on to more open source products and wanted to know what the benefits were when using, or why the respondents would not use free word processing programs. In this group people were pro Microsoft Office Word, because they found Google Docs as being slow and OpenOffice being too incompatible. “The basic idea was ambitious; that all could work on the same document at the same time, but if we actually are a group of four people that work on the same document, then we have connection errors, and as soon as that happens, you go back to MS Word” but the group somehow agreed on that this was still better than each one having a copy on their own computer. “The perfect thing would be if Google Docs was impeccable” and people concurred. “Yeah, it’s a really great service”. However, did this have an impact on the quality?

C continued “Personally I value MS Word more than Open Office, but you mustn’t forget that the MS Office package cost a lot more than it does today, and I think that’s due to the development of freeware, especially OpenOffice”, and to this everyone could not agree more. “I also value the MS Office version more because it is the global standard, it facilitates the editing, and you don’t want to complicate stuff more than they already are. I mean switching between Word 97 and 2000 that alone is a mess without having the Open Office that can’t
even be opened sometimes. I think I could spend 1000 SEK for the Office Package, it’s a good investment” said C. On the last phrase, there were differing opinions, people preferred a free version: “I don’t think it’s worth the price, I mean you know you can find it elsewhere” and the others added that it was very easy to find versions to download, like A stated: “They’re only a few clicks away”. What also came up was a though on learning curves, that it was comfortable to stick to the program that you knew, and that could be a reason for using the same program even though it was expensive.

Thursday Spotify We started out by asking the participants if and how they used Spotify, and the majority answered that they used Spotify Free in this group as well. E who actually paid for Spotify said “I’m using Premium, ‘cause I absolutely can’t stand the commercial, because I can have it in my cell phone, which I on the other hand got after I’d bought it but yeah, and because I like music so much I don’t think it should be disturbed by crap”. Another respondent said “I strongly consider getting Premium, but it’s a bit expensive...” and this sentence seemed to cover large portions of the discussions. The participants felt that Spotify Free is better than no Spotify at all, and that the Free-version works nicely, and that you can put your money on something else that one is more interested in, in that case. “I have the free version, but I actually like the commercial ‘cause I think you get updated” said H. They agreed that commercial breaks mostly are annoying, but to some extent, or for example when watching television it can be good, because you get a natural break.

Metro This paper is a so called free sheet, and we wondered what the participants felt considering the quality and we also wanted to know how they used it. The participants agreed that it was a good business idea and a good newspaper; “What’s good with Metro is that all news are in such compressed format” where the others agreed that the format and concept it lives under works well and that you get lightly updated, and that is what you want. “If you want to know more you can actually find more on it on svd.se or dn.se”. We then wanted to know if they found the quality being as that of a new paper you pay for, and an answer was “I feel that it’s better than newspapers you pay for.” However, they did not feel that more newspapers would be distributed in physical format for free in the future, but rather “... that the news paper as such disappears entirely. That all that is left is Internet”. H concurred and
thought that the market for free sheets is only so big, “Which is ironic, but I don’t think you can have more free sheets...”

What the participants did think would prevail is the free news on local events that pops down the letterbox from time to time. During this discussion the participants dropped the name “013” which goes by the same ad-driven model as Metro, only without the news except for local parties, and this “…got me pissed off” according to H. He argued that it was because it was so low in content and because “…of quality, the lack of innovation, and so routine, like the least common denominator”. And then it did not matter that it cost nothing, because the time the respondent had spent glancing through the pages cost more than the benefit he retained, according to himself. He continued “But sure, now I’ve gotten to know one and another restaurant, so surely it’s filled its purpose” and commented that the articles written on restaurants in 013 had to have paid advertisements in the free sheet to even get to an interview.

We continuously returned to the positive sides about checking things up on the web if you felt like the news in Metro were too brief. I suggested: “But speaking of digital news papers, there is some sort of value in them because, firstly they’re gratis, but they’re also more social, you know you can comment and read others’ comments and have a debate there/...it’s more dynamic than just reading a news paper”. So what I was saying was that there is also a social value to the interaction online, by making your voice heard in a greater context. When the group were discussing contexts of different sorts, we unannounced entered the area of forums such as flashback.org. On the one side, the participants felt that the information found there could be skewed while some on the other hand found it more or less truthful since no one uploading information on the page did so with an economic incitement. “Like in an ordinary newspaper you can read ‘the 23-year old’ but if you enter Flashback, you directly know the name” “And Facebook-profile” E added. I confirmed “And you get direct access on criminals which is very good” and there was agreement on that forums like flashback.org could be quite informative. However there was a strong opposition on the suggestion that this would be any sort of qualitative information.

Wikipedia In this part we wanted to know whether the participants felt like Wikipedia could offer qualitative information, and how and why the respondents used it. G commenced by saying “It’s a very good exciter but it’s not that reliable, maybe” and the lot consented on that
normally it was not okay to refer to. “It’s a bit taboo to use, but still, if you go to Wikipedia first, and the double check the articles, it’s often the exact same information” Hence, if you were searching for a definition or a first glimpse of a subject, Wikipedia is superior, and then if you want to know more you can use the resources in the Wiki-article to continue looking for more reliable information. The participants also felt that the English version was better than the Swedish one, because the articles were more elaborated and there were more references, and that there was actually people from universities that were the authors behind some articles. G replied “Well, Wikipedia is much more correct than one might think because it’s a pretty fast way to spread information, but then again it’s not that reliable due to the fact that anyone can edit the articles”. Someone noted that the contrast between a “normal” encyclopaedia and Wikipedia was that the article is so much closer to the source when on Wikipedia, and it was guessingly often written by someone relating to the subject, while at for example ne.se, the articles were written in “…the seventh choice”, and not by the direct source.

The choice of encyclopaedia was also depending on what you were looking for, the need related to the search, and depending on whom published the article referring to Wikipedia, it was more or less okay. “Aftonbladet doesn’t have that high credibility anyway, so I don’t care who they refer to, but if it was the American Journal of Psychology, it would feel wrong/…/ I don’t think scientific journals should refer to [Wikipedia]” told G.

Another alluring thought was that Wikipedia actually give a possibility to a levelling of knowledge. “I think it’s cool, like Alexander Bard says, that there’s a levelling in it, so like an Indian could read or study a master, and they’re very motivated /…/ I mean they can do it on the Internet/…/ and that makes Wikipedia fantastic because it can enable this”. E concurred and gave a personal example “Yeah, I mean I can pass courses without buying course literature anymore and I’ve just used Wikipedia… Clearly it works”. And they all agreed that they got good general education from it.

Mozilla Firefox and Google Chrome When the group discussed web browsers the majority used Google Chrome, and all of the same reason: it was faster and smoother, and you can Google-search directly in the search field, and thanks to this, the group found it extremely user friendly. Despite the fact that they seemed to agree on that Google Chrome was a superior web browser H wondered “But haven’t Google gone too big, too evil?” and that that
might be a reason for using e.g. Firefox instead. Some of the group members nodded their heads, but clearly this was not incentive enough to not use Google Chrome. The moderator tried to put this into contrast to Microsoft and their browser Internet Explorer. “Functionality/…/ there are faster and safer web browsers, so why not use them?” was the rhetoric question that served as an answer to that. However, due to the compatibility issues with some web sites, people used several browsers, but one person said it was aggravating if he had to use several, but the main argument still seemed to be that it was the velocity in Chrome that made it superior.

Google Docs and Open Office We moved on to more open source products and wanted to know what the benefits were when using, or why the respondents would not use freeware word processing programs. “I use both!” H exclaimed “In Google Docs you can save online and these types of cloud services are awesome, and I use Open Office because I don’t want to buy or can’t be bothered to download real Office. I mean, it’s free but it’s bad.” What the group agreed on was people liked the idea of Open office but the fact that it was incompatible with all other software made it more annoying than a tool for editing. However the strongest opponent of Open Office also found Google Docs irritating because it was slow and constantly changing if several people were writing at the same time, which is the main idea behind Google Docs, but thought it was okay if you do not use word processing programs that much since it was quite expensive to buy. To answer that someone said “Or you download it” whereas this person found it unethical, at the same time as she actually liked free things available on the net “It’s double moral” G concluded. When asking if these two products were as qualitative as MS Office everyone agreed that neither of the two is as good as “the original” yet,
5. Discussion

After having conducted two very interesting focus group discussions we will in our explorative study try to connect their collective views to our economic models to deepen our knowledge inside the area of Freeconomics. The chapter is structured like the focus groups were conducted and so we will use the same topics as in the previous chapter, bearing in mind that these topics are strongly inspired by our research questions:

- How do the participants define value?
- Is quality related to price and can a free good be of good quality?
- What are the participants’ attitudes towards the specific goods brought up in the thesis?

5.1 Value

The general perception of value was similar in both groups, they basically showed that value is created when a product or a service gives something positive and fulfills someone’s needs. In order to reach this they are prepared to sacrifice any resource e.g. time and/or money. This thought is backed by the following quotes; “I relate value directly to appreciation, to something which is [...] as we think is very positive, so one is prepared to sacrifice anything for example, money and time”, “What one is prepared to give for something else” and “Something that fulfills one’s needs and gives meaning”. This idea is then related to what Styven (2007) has written, that customers purchase products on the basis of perceived value regardless how much it costs to reach the retail shop. Similarly our participants views on value can also be seen in Bowman & Ambrosini’s (2000) definition of use value which is, what the customers are prepared to pay for a product or service, in other words, their perception of usefulness of the products in relation to their needs.

Actually, we found more definitions from the empirical results which can still relate to the definitions of customer value in the theory part. As it is written in the theory “Perceived value is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” Zeithaml (1988, p. 14) while customer value is like a tradeoff between give and get components or in other words benefits and sacrifices (Styven 2007). The participants showed a collective idea that people will forego anything if they get benefited in some way. People assess value depending on how much they can get out of a particular
product or service, and this is the experience people get at the end. “Say that you go to Australia a month, I mean that's a pretty huge sum to pay but I think the experience itself, what you learn[...] and the impression one gets, the journey[...] is worth every penny…”

In a way the above quotation makes us think about value in terms of price. During the interviews we saw how participants see the relation of price and value. Some said that the more you pay the more you get in return and the more you appreciate a particular product. This means the higher the price of a product more benefits you get. However, most of the others did not agree with that, as both the groups emphasized that this is something which differs from person to person. How much a person is prepared to pay is depending on his or hers interests and need. Moreover, they pointed out that the experience and the satisfaction they gain is more than the monetary worth of a commodity, “Just like that, what if you have a special interest, if you are fashion-oriented and want to buy, accessorize, new clothes when where you'd like to spend much on jewelry…” and “I absolutely don’t feel that value disappears when price is decreased, the value however disappears during usage”, again value is not always equal to price according to the participants.

Grant (2010) on the one hand defines the monetary price as the value on a good while Marx contrast it with value being the quantity of goods it can be exchanged for, meaning its alternative cost. Depending on what you want to change it for, the value is relative, which our respondents also thought. Our respondents also came to the conclusion that value is contemporary and the example brought forward was that of ecology: “Nobody cared about ecology before, like when our parents were young, ecological thinking had no value”. Like Marx says, use value is the utility of consuming a good and is realized only when actually using the product. Hence the use value is very contemporary.

At the same time, we detected another side of this price and value relationship, which is people sometime go for a product because it is simply the trend, latest fashion, or else they want to be in the same status as others. However, this idea is more discussed in the following paragraph as the social/collective value.

Actually both of our interview groups interestingly came up with some aspects of value which has not been included in the frame of reference. In a way they see value in two significant directions 1) Collective value/Social value 2) Individual value/Emotional value.
The first one was that of collective and/or social value. The participants agreed on that value is created inside a group of people and if the collective appreciate that something has a value, value is created and desirable. In one sense this reminds of Khalifa (2004) saying that value is created by customers’ perceptions rather than the producers’ intentions. This opinion was epitomized in the following phrases: “... today we’re so much into the individual value and I also think you have the collective value, and that’s because I think you always compare yourself to your surroundings. For example, when I came back to Sweden two years ago when I noticed that all the guys had beige pants and white shoes and then I also wanted to have beige pants and white shoes because it was so cheap and it was so easy [...] So when it was a good look that I put a value on, but it was based on the collective as well but I also appreciated and wanted to live up to. However, when the collective had croc-shoes, it was like nothing that I wanted to relate to at all. So there was no value there as I saw it”

One thing we instantly found out was that value was closely connected to time. One of the respondents brought forward that we have three things to prioritize between i.e. resources, time and money. Depending on how on employ these two, it can add value and life quality. One group also discussed the issue with leisure time, and that time can have a price, although the price is higher when for example working hours are inconvenient. Therefore if we apply Jobber’s (2007) theory on customer value, one talks about perceived benefits, and the scale of perceived sacrifice becomes much heavier when the customer is forced to give up time. An example that is adequate later on as well:

[Save money to not buy MS Office = Free usage of Open Office – Incompatibility issues]

Lemon et al (2001) talks about the term value equity, and sees three components to this; quality, price and convenience. Interestingly enough the respondents brought up the connection between value and prioritization.

However, during the discussion of the first topic we could figure out why they would go for a particular product and what kind value is gained? According to the participants, they buy a product if it makes them happy or in other words satisfy them as they have a need for this product. This idea can be related to Kano’s (Khalifa 2004) and Butz & Goodstein’s model (1996). They called this expected value or dissatisfiers which refer to the products or service which provide a basic service at a cost and give a neutral satisfaction. These kinds of basic values can be seen at the bottom of the customer value hierarchy model of Woodruff (1997), where people require basic performance. However, people might desire for more than the core
attributes and performance of a product or service, which in turn lead them in the upper level of the hierarchy. From the participants’ point of view, people sometimes expect more for what they pay. Here the experience can be a good example, “Say that you go to Australia a month, I mean that's a pretty huge sum to pay but I think the experience itself, what you learn[…] and the impression one gets, the journey[…] is worth every penny…”. They also emphasize that people always want more or extra than what they pay for, which means satisfiers or desired value according to Butz and Goodstein (1996).

Woodruff (1997) says that customer value hierarchy does not always go upwards, but it can also initiate from top as well. People may have a goal or aim to buy a product which may then focus on the consequences in the use situation. This can be related to the social value or collective value which was brought up during the interviews, where people has a aim to buy a product just because to be with the trend or imitate some idol or pop star. But sometimes the question is does it give the desired consequence in the use situation. Canada Goose jacket was famous in Sweden, especially in Stockholm some years ago thanks to a celebrity. However, according to the participants this jacket was not suitable for the weather conditions in Sweden.

Moreover, from the interviews we could find out what unanticipated values or delighters is according to them. The theory says that these are seen when people get surprised by using a product or when people get more than what is expected. Our participants’ views also say that they get a wow feeling when the experience exceeds expectation and you get surprised with the quality. More interestingly they pointed out one more things and that is, they get delighted when they find products and services at a lower price or less than the original worth. However, someone added that an experience could generate a feeling of wow as well, instead of buying or giving physical goods. “Availability is also wow, in case you know that this thing is unavailable everywhere else[…] Like for example Spraycan Cheese was a favourite when I was in San Francisco […] because it cannot be bought in Sweden”.

5.2 Gratis
The discussion about marketing recognition is indeed very fascinating, and it is true that people today get flooded with messages, and as we understand, the consumer then gets anxious because of choice, he or she will choose whatever he or she recognizes. From both the interview groups it was noticeable that they do have a much more suspicious attitude towards the free or promotional goods and services. “You often make yourself believe you get
something for free when you get two for the price of one, but I don’t feel like that anymore, that I would get something for free”, “Well yeah, considering you have so little information about how their system works, I automatically get suspicious. In some way they have to make money, and if it isn’t on giving things away it’s on something else”, “I will be suspicious (backed up). I know they will like something out of me then, tie me up in a contract, they will want more money from me, they will always want something back, and then it is not free for me”.

However, there are certain goods and services which make the consumers feel are completely free to them. As the respondents mentioned things (pens, candies and note pads) that people get free from e.g. seminars, make them have no doubt they need not give anything in return. Moreover, the services provided on the Internet like Youtube and Facebook are also good examples on free goods and services. However, one interview group more interestingly pointed out that nowadays people are reluctant to pay for any web based services as they have taken Internet for granted.

Thereafter our focus went towards the quality of the free commodities and whether it is related to price. Actually Peterson and Wilson (1985) in Zeithaml (1988) documented that this price – perceived quality relationship is not universal and may not necessarily be positive (the higher the price, the greater the quality) either. Moreover, Zeithaml (1988) writes that price is the least important attribute that consumers relate to quality. Our empirical findings were also not far from these authors ideas. They initially said that free has a quality and a good example was SVT Play, where the national television channels telecasted in Sweden can be found available on the internet. Moreover, they insisted that sometimes people cannot find a better quality in the paid product compared to the free one, “Let’s say that you download a movie, it’s the same quality as if one were to go and rent it (backed up) "Yes, but here you get subtitles too, but people can also download that home now.”.

In the discussion our participants came also with status factor of free goods, especially services offered on the Internet. Everyone gave the impression that, since consumption of Internet services is anonymous, no one can impress on anyone else by using these services, meaning it is harder to gain status by the usage of free Internet services. However, there are informational factors which affect the quality of goods and service than the price (Zeithaml 1988). According to this author, brand name is a good example which makes people to
believe in quality. For example, if you are listening to Spotify Free at home, no one else knows that you are not using Spotify Premium. So it is just the value you have as an individual, and the individuals value the brand “Spotify” regardless Spotify free or premium. One more example is “You might get the feeling that Academic work is of better quality since you know more about them than others”.

According to Zeithaml (1988), the individual factor is another factor which assures quality rather than the price. The individual factor might be the ability of consumers to detect the quality difference among products. Having sufficient knowledge of products’ quality variations makes price less important in order to infer quality. Even in our interview discussions participants said that people guess and feel the quality of certain free things people get. Especially the free sheets, note pads, pens that people get from different companies or associations are in average quality, so that people are satisfied with those. A good example is “Academic Work” whom gives a number of practical stuff for free to students. Moreover, the whole group agreed, the better the quality of the free merchandise, the better the feeling you will have about the company and this will in its turn add value.

However, the participants from both groups emphasized that in the end people will not go for all the free products just because they are free. To some extent, like in the case of the pens and candy, consumption is greater than actual need, but normally this is not the case. They would rather think about the interest or the need, or even the time availability they have before they accept the free good and services. This idea can be clearly seen in the following quotes; “Sometimes you have to struggle to give stuff away, which is completely sick. So apparently the stuff you get aren’t as valuable as the time you spend getting them so the gratis becomes a varying term”, “Normally if someone asks ‘Do you want this for free?’ then ten times out of ten the answer is ‘Yes’” where another person answered “If I want something for free, I have to have a need for it, otherwise it just wastes time and space in my apartment” and “Things are only free if I need them – otherwise they take time and space”.

5.3 The Freeconomic Products
Bowman and Ambrosini (2000), use value what the consumers are prepared to pay and it can, as usual be shown in a normal supply and demand schema. Hence the Bowman and Ambrosini-version of exchange value will due to the lack of price, be eliminated from the discussion and the Karl Marx (Morishima 1973) one seem much more applicable. The use
value could then be translated to consumer surplus, whatever price above equilibrium consumers in gradually decreasing numbers would be prepared to pay. Anyway, we shall commence with the value our focus group participants saw in each of the different business model products and why they were or were not agreeing with the gratis aspect on them.

5.3.1 Freemium

As stated in the frame of reference, Spotify belongs to the business model where the company earns money by letting a small segment of consumers pay for the majority’s usage, but where the premium clients get more than the basic product. The majority of the respondents use the Spotify Free version because they could not see the worth of paying 99 SEK per month to get the Premium version. However, there was serious coherence when discussion whether they could consider paying the amount if they had a smartphone: “…if I had had an iPhone or a HTC-mobile, I would probably have paid”. Another of the respondents gave the reason: “I’m using Premium, ‘cause I absolutely can’t stand the commercial; because I can have it in my cell phone, which I on the other hand got after I’d bought it but yeah; and because I like music so much I don’t think it should be disturbed by crap”.

So Spotify hence has a high use value, but low exchange value, since people still are not willing to pay monetary sums to avoid commercial breaks and banners covering the screen. This reminds of the research of Peter and Olson (1999) in their Pivotal role of price marketing exchange, however, we can see that the consumers still are exploited to cost in the shape of commercial messages and not having access wherever. Discussing like this, I think we can agree on that the commercial breaks are a type of behavioural effort (Peter and Olson 1999) cost for the consumer, but both Jobber (2007) and Styven (2007) argue that effort and convenience play a role when evaluating a product.

This brings us to the case of value equity – what you are willing to give up receiving something else (Lemon et al 2001). We asked our respondents whether a free good can be qualitative or not, and in the case of Spotify the answer was a direct “Yes”. And there need not be any sacrifice since the price is zero or relatively low. Looking at the results we would also argue that it is convenient enough since it can be used by everyone nowadays. Spotify can be said to have high value equity. However a very common phrase in the discussion was “I strongly consider getting Premium, but it’s a bit expensive…” and that 99 SEK was too much to pay per month. The commercial breaks has apparently increased since the launch, and this
is a clear dissatisfier, meaning you thought you had a commercial free streaming service, which has now moderated into a diversified service but with drawbacks for the “Free-users”.

The participants felt that Spotify Free is better than no Spotify at all, and that the Free-version works nicely, and that you can put your money on something else that one is more interested in, in that case; “That would have to presume that there is no free streaming service”. Spotify clearly brings it users value, higher than the cost of having to listen to commercial breaks, and definitely higher than Grant’s (2010) opinion that the price would set the value on a product. It becomes clear that Spotify is what is referred to as a delighter in the Kano-model (Khalifa 2004)

5.3.2 Advertising

The case of the completely run by advertisements free sheet Metro was a magazine much appreciated by the focus groups with the exact motivation of “What’s good with Metro is that all news are in such compressed format”. The term “concise” was brought up several times to describe the newspaper and that you need only read it for a short while to be updated. This is interesting because we can see several patterns. One is that the participants value their time very highly and the second is that they value news in extreme concentration. There does however seem to be a price – quality connection. “If I would get a free sheet on the train or have the possibility to pay 10 SEK for an Aftonbladet, I would take the Aftonbladet” because they could offer more investigating reports and deeper insight into stories, however, depending on the length you were travelling, some would prefer Metro here, but they all agreed that Aftonbladet would give a higher value even though Metro is free, and no one would prefer the metro.se site to aftonbladet.se. The second group emphasized on the importance of the possible interaction on the newspaper sites “But speaking of digital newspapers, there is some sort of value in them because, firstly they’re gratis, but they’re also more social, you know you can comment and read others’ comments and have a debate there […] it’s more dynamic than just reading a newspaper”. This you cannot have in an ordinary printed newspaper, and again technology adds wow to the consumer experience. However, the interaction is not necessary to be able to appreciate a newspaper since it is not in the basic expectations of a newspaper. The online interaction is more of a delighter.
5.3.3 Gift economy

Zeithaml (1988) states that there really is no clear price-perceived quality relationship, and introductorily, one can say that it is true for these giveaway products. Just because it is free, it does not mean it is of poor quality. It also becomes clear that there are no informational factors for these types of products; people rather go for their needs rather than measuring status by payment.

Commencing with Wikipedia we must say that this discussion was very interesting because this business model is based on giving things away for free, however it is superior in outcompeting other informational sites if we see the results from our focus group discussions. This one is tough though, and we can relate to the quote from Stewart Brand: “On the one hand information wants to be expensive, because it's so valuable. The right information in the right place just changes your life. On the other hand, information wants to be free, because the cost of getting it out is getting lower and lower all the time. So you have these two fighting against each other” How do we apply this? Information, say knowledge, is the most important thing we in the Western Society have, and yet it is not to have a cost. On the other hand the total democracy ruling the Internet is actually outpowering the conservative encyclopaedias, with fewer printed errors and more detailed clustered topics.

On the other hand, despite the fact that there were no opponents, a clear distrust towards Wikipedia emerged, and the respondents value the price on knowledge in a sense. Even though they seemed to all know that Wikipedia had less faults on their site, many of them would not pay for it, and they still feel that it is a unreliable source; “The kids of today are grown up with Wikipedia, it’s like ’If I want facts, I go to Wikipedia [...]if I want fast facts I will go to Wikipedia, but afterwards I will doublecheck with other sites to see if the Wiki-info was true. I am incredibly critical; it’s good as a summary, but nothing I feel I can trust”.

Let us here take a short pause and consider the effects of the Internet. Internet has enabled access to everything at the immediate moment since the bandwidth gives us tremendous speed and you can go online nearly everywhere. However, like Friedman (2005) says in his book, the ones that can filter the superfluous unnecessary information were drowned in daily, will be the one surviving the informational flood the best “As a teacher, I all the time have to remind the pupils to use their critical thinking, even if they show some really useful information” and even though Wikipedia is a site that is not distributed by a publisher, the
information you get seem to be real “Yeah, I mean I can pass courses without buying course literature anymore and I’ve just used Wikipedia […] Clearly it works”.

We continue with the Google Chrome and Mozilla Firefox discussion. These two products have entered the web browser markets with a bang. They are available and easy to use, and one respondent said that what made him change browser was the “Functionality […] there are faster and safer web browsers, so why not use them?”. Another respondent gave his reason: “When I started using Firefox it was because it was more innovative […] but also because it was open source and that you could download plug-ins that added to the utility, that it became customizable”. Again, the individual factor becomes obvious; to be able to be unique. Again, this could be considered as a delighting factor, because you get more then just the ability to browse the Internet. The added functionalities was the prime reason for switching, and since these free web browsers gave such high quality according to the respondents, they preferred them.

Finally, Google Docs and OpenOffice will be discussed in this paragraph. These products compared to Microsoft Office were the ones where free has failed to show its true value. All respondents said that the reason for it was the incompatibility that ruled out the usage of OpenOffice, and lagging problems were the explanation for why Google Docs did not satisfy their needs “The basic idea was ambitious; that all could work on the same document at the same time, but if we actually are a group of four people that work on the same document, then we have connection errors, and as soon as that happens, you go back to MS Word”. Hence the use value was very low. This could be said to rather be a dissatisfier; you will want to be able to use the software, and you want to be able to do it freely, but almost all of the respondents had experienced issues. You need the service, but it is not working out for you. “The perfect thing would be if Google Docs was impeccable”, and there was one out of the ten respondents that said “In Google Docs you can save online and these types of cloud services are awesome, and I use OpenOffice because I don’t want to buy or can’t be bothered to download real Office. I mean, it’s free but it’s bad.” What this really says is that the real MS Office is not seen to be worth its price, and that free goods can be very inventive and create a demand, yet an important issue was brought up “Personally I value MS Word more than Open Office, but you mustn’t forget that the MS Office package cost a lot more than it does today, and I think that’s one of the contributitional factors to the development of freeware,
especially OpenOffice”, “I don’t think it’s worth the price, I mean you know you can find it elsewhere” “They’re only a few clicks away”.

Ending this section is that the students involved in the focus group discussions felt certain reluctance towards paying for things when there is a free version. However this does not mean that the value is equal to zero, rather that its value is easily replaceable if it has a cost. And so the loyalty towards the products cannot be said to be very strong. Repeating what Woodruff (1997) wrote: “Customer value is a customer's perceived preference for and evaluation of those products attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations.” All of the above products are functional and, more importantly, available, and hence it concurs with the view on customer value. If we look at the Value Hierarchy model (Woodruff 2007), we think that the participants expect more than normal (i.e. economic value) for the Internet products. They have to come at low cost and high quality, because on the Internet, there can be so many alternatives, the competition is infinite, and so we as consumers will want all three levels to be fulfilled to feel like we can perceive genuine customer value.
6. Conclusion
In this section the conclusion will be denoted under three different subtitles, namely our research questions.

6.1 How do the participants define value?
According to the value discussion of this thesis, customer value is something beyond the price that a person pays. Thus it is fair to say that customer value is what people receive during the consumption of a good or a service after sacrificing his or her resources (time, money, space). However, when people are making choices to consume a good or service he or she has to prioritize these resources among the available time, money and even space, thus this prioritization is made even when the good is free. Nevertheless, the empirical findings of this thesis showed that customer value can be seen in two aspects and those are; social/collective value and individual value. Social value is where people get influenced by a trend or the surrounding world, and they consume goods and services, while individual/emotional value is the personal interest or need that a person has. Value can also be to belong to a group. Thus it can be concluded from our research that value is relative, and that consumers fulfill either an individual/emotional or collective/social type of value when they consume, and this can be different from person to person. Therefore, we can agree with what Sweeney & Soutar (2001, p. 204) have written, “...for different consumers, the components of perceived value might be differently weighted.”

6.2 Is quality related to price and can a free good be of good quality?
We could understand from the empirical findings that gratis things contain quality without any price involvement. This can be either due to the informational factors or individual factors. A well established brand name does not have to use price to be able to perform a good quality consumer experience, and companies having succeeded with that are for example Spotify, SVT Play and Academic Work. The individual factor can be the people’s knowledge about the product or service quality, and this will in turn determine value of recognition and value equity of a product. Examples of qualitative giveaways and promotional ware can be; free sheets, pens, note pads etc which people get from different associations or companies. The price-quality relationship is prevailing in the printed section, but not in the fields where distribution and replication is free. This means that services we use for no charge can be
equally qualitative, but a company that must distribute at a cost say a newspaper company, have certain implications on quality due to lack of income.

When considering freeconomics business models, quality is not much affected by the fact that the products come for free, and hence it is at large not related to price. Many of the everyday services the respondents are using are found on the Internet, and come at zero price.

6.3 What are the participants’ attitudes towards the specific goods brought up in the thesis?

The main value lies in getting things for free without having to give something back, which is why the gift economy business model from our point of view seem to be the one working the best. The Internet will in whatever case, take the status out of things because it offers free solutions, but it will also add to a lowered personal uniqueness since everyone have everything available. The Internet and its solutions will most probably, prevail, and as long as the information can be replicated and distributed for free, it will.

The students appreciate free goods, but relate it closely to a need or the interest they have. They found, more or less, that a product they need at low cost is preferable to that of a free product you do not need. The free sheet Metro was a qualitative source for receiving concise news, but we interestingly found that the price-quality relationship was more valid in this discussion. The printed price tagged issues were said to have more in depth-stories, which was appreciated. Wikipedia was the most debated products, and the students saw it as a natural and perpetual use of information but still the students could not see themselves paying for Wikipedia. An important thing considering the access to good information, and how that can higher the global knowledge is what makes Wikipedia an important factor towards levelling welfare globally, as it actually can replace printed literature when looking for information. The product seen as the most brilliant and mostly as a delighter was Spotify, which brought with it a considerable wow-effect when it first arrived. All students value it highly, and some even pay for it.
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7.1 Literature


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### 7.2 Electronic resources

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8. Appendixes

8.1 Focus group discussion

Discussion topics/questions

A) Trying to see what “consumer value” is according to the respondents

- What makes you to buy a product or service? Or why do you buy products and services?
- Can you explain what is the value of a product, it is just the price you pay?
- When you as a buyer get just satisfied in consuming a product or service? Example?
- At the same time when do you get a “WOW” feeling in using a product? Example?

B) General idea of free things they get and consume

- What are your general opinion/idea on free things?
- Do you see “quality” as something related to price?
- Have you experienced quality in free things you have used?
- When you see a product in two different brands in the same shelf, one for free and one at a price, how would you react?

C) Free newspapers, online music, free online encyclopedia

- Do you use Spotify Premium or Spotify Free? Why?
- Do you read Metro or Aftonbladet? Why?
  - Has it got same value as Aftonbladet? How?
- Do you use Wikipedia as a (reliable) encyclopedia? Why?
- Do you use the web browser Mozilla Firefox or Google Chrome? Why?