

## The 'honesty box' principle

You can download the latest album from the pop group *Radiohead* free; or you can choose to pay as much as you like. Could this 'honesty system', based on trust, provide a new business model for the music industry?

1 How do you usually get new music? Tick the boxes that apply to you. Compare your answers with a partner.

Buy CDs from a shop  Buy online  Free digital downloads  Burn friends' CDs

2 Skim the article and match the headings (a–d) to the paragraphs (1–4).

(a) Cutting out the middle man? (b) Systems of trust (c) The 'honesty box' principle (d) Concert spin-offs

**Trust system** [1] Pop group *Radiohead* are allowing their fans to decide how much they would like to pay for their latest album. Since October 10<sup>th</sup>, fans have been able to download a digital version of *In Rainbow* and decide how much they wish to pay – from a minimum 45p (fee for credit card processing), up to £99.00. *Radiohead* are one of the world's most popular bands, and this idea, a type of 'honesty box' system, or 'pay-as-you-please', has caused a lot of interest.

[2] Is this just a gimmick? After all, it has generated publicity for the band since everyone in the music industry is talking about it. The singer Prince, a master of self-publicity, gave away his album *3121* for free in the UK last July. It was attached to a national newspaper, the *Mail on Sunday*. Shortly after, he announced a series of live concerts, which immediately sold out! Merchandise and sales of concert tickets are huge money-spinners, as anyone who works for the *Rolling Stones* tour machine will tell you.

[3] Statistics show annual download sales grew from zero in 2003 to 53 million in 2006. However, it is believed that one in every 20 music downloads is actually illegal. Some commentators claim *Radiohead's* experiment could be the start of a new business model, where bands are no longer tied to recording contracts. The future may see more singers choosing to distribute their music directly to consumers, and so cutting out record companies like EMI.

[4] In other areas of business there are different kinds of 'honesty systems'. Some supermarkets allow customers to scan their own groceries at the checkout; some public transport systems and bars rely on a 'trust system'. Many in the music and retail industries are watching *Radiohead's* experiment closely because, while many people have downloaded *In Rainbow* for free, others have typically paid between £5.00 and £10.00; a few have even paid £99.00. Will the future see more areas where we are trusted to decide a fair price?

3 Read the article. How are *Radiohead* selling their new album? Which other 'honesty systems' are mentioned?

4 Find words in the article from these definitions.

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| (a) something that is intended to impress but is not really useful | (paragraph 2) |
| (b) a situation where everything has been bought                   | (paragraph 2) |
| (c) projects that make huge profits                                | (paragraph 2) |
| (d) excluding something; keeping something out                     | (paragraph 3) |
| (e) relating to the sale of goods to the public                    | (paragraph 3) |

Definitions from or based on the Macmillan English Dictionary 2<sup>nd</sup> Edition (Text © Bloomsbury 2007)

5 Discuss the following questions in small groups. Be ready to report your ideas to the class.

- If you could choose any price, how much would you pay for an album from an artist you like?
- In which format(s) will people buy music in the future? Will more bands give their music away?
- Do you think that an 'honesty box system' works? Where else in business could such systems be used?