

# Loving and Owning: Psychological Aspects of Buying Music NFTs

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## Abstract

The main objective of this paper is to outline the psychological aspects of trading in the music NFT (non-fungible tokens) ecosystem, with special emphasis on the psychological background of buying NFTs. Since the most important feature of NFTs is the acquisition of ownership enabled by technological solutions, we assume that each purchase of a token does not only imply an economic exchange of ownership, but also the activation of psychological ownership. Having in mind that psychological ownership is a relative category that depends, among other factors, on the nature of the target to which it is attached, our investigation is conceptual rather than empirical. By connecting the already identified cores of psychological ownership to the characteristics of some of the most prominent music NFT drops, we aim to theoretically define general dimensions of psychological ownership through which emotional and social connections to music NFTs as objects of ownership emerge. We conclude that the NFT market reinforces psychological ownership by providing consumers valuable outcomes. In terms of music NFTs, the concept of psychological ownership can be explained by several intertwined dimensions that create emotional and social connections and motivate users to purchase these digital goods. These include a sense of unique possession, identity and self-expression, a sense of belonging to a community, and investment opportunities. The NFT drops discussed illustrate how leveraging different aspects of psychological ownership can transform a music release into a special experience that reshapes the relationship between fans and musicians. Examining fans' purchases of music NFTs from a psychological perspective can help musicians better understand blockchain users' behaviour towards music, which is essential for developing NFTs into a sustainable digital format for music revenue.

**Keywords:** music, NFT, psychological ownership theory, buying artworks

## Background

The continuous advancement of technology is transforming the ways in which music is distributed, sold, and owned. One of the latest technological innovations in the digital music market is the emergence of non-fungible tokens (NFTs). Due to their novelty, this section first explains NFTs from both technological and economic perspectives and then introduces the psychological aspects that influence NFT purchases.

### What is an NFT?

As a unique data record deployed on blockchain platforms, NFT guarantees the authenticity of the origin and ownership of a particular tangible or intangible asset. Each NFT is created through minting, with multiple nodes (users) maintaining and validating the data on their hardware, so there is no control by a single entity (Fortnow & Terry, 2022). NFTs can be used for “images, videos, GIFs, audio, 3D models, codes, books and prose, collectibles, digital real estate, in-game items, etc.” (Fortnow & Terry, 2022, p. 18), ensuring that the payment process only occurs when predefined conditions are met, eliminating the need for intermediaries. Building on the idea of NFTs as more than just digital assets, they “can be theorized as a form of medium which represents many other media while augmenting them with many new properties” (Popov, 2022, p. 57), such as ownership, rarity, exclusivity, and scarcity. In this sense, the NFT ecosystem combines collecting, art, marketing and economic opportunities. However, an NFT is also described as a mechanism for sale, rather than a medium, diminishing public understanding of what digital art actually is (Paul, 2022). In other words, an NFT acts as a proof of ownership of a digital artwork, an “original copy”, but not representing the artwork itself (Nascimento, 2022). Although the NFT market saw a significant decline in 2023, there are people who believe that NFTs still have

the potential to revolutionize the way digital assets are owned and interacted with (Kumar, 2024).

### A brief history of NFTs

The first NFTs emerged in 2014 with the idea of monetizing visual digital creations in the cryptocurrency market (Creighton, 2022; Leonidas & Exmundo, 2023; Park et al., 2022), but they reached their expansion with the foundation of the Ethereum blockchain in 2017 and again after the COVID-19 pandemic. The so-called “NFT’s spring” in 2021 (Nascimento, 2022, p. 27) was heralded after the auction house Christie’s announced its first NFTs sale—a digital artwork by the artist Beeple titled *Everydays: The First 5000 Days*, which sold for \$69.3 million. This was a milestone, as the NFT mechanism was integrated into the mainstream art market as a solution for selling digital artworks. Today, it is possible to create an NFT from almost anything—from media files to tattoo designers and sneakers. However, within this plethora of possibilities, three categories can be identified: “a single, unique item (one-of-one)”; an open edition, “in which an unlimited number of tokens can be minted [...] for set periods”; and a limited edition, with “a finite number of NFTs available for minting. [...] Editions have less scarcity, but they are generally better for community building and increasing fan loyalty” (Thomas, 2022b, Types of music NFTs). In addition, there is a growing interest for fractionalized NFTs, where “the cost of an asset is split up into fractions and is shared between individual investors as fractional ownership” (Thomas, 2022a, para. 1) or where an NFT is broken down into small pieces and sold individually (An, 2023). Subsequently, the NFT ecosystem involves a wide range of participants, such as artists, owners, investors, developers, auction houses, and corporations (Baytaş et al., 2022). As the space continues to evolve, NFT is moving towards its full development within the metaverse, leveraging Web 3.0 blockchain technology that enables online ownership of assets and decentralized identities, interactions and transactions without a central authority (Chen et al., 2023).

### Music NFTs

In terms of music, NFTs generally include various types of recorded multimedia performances, fragments of musical pieces, limited-edition tracks, generative music, exclusive behind-the-scenes content or virtual experiences, and music-related

products (events, special content, or features associated with the NFT) (Thomas, 2022b). The types of music NFTs are described as “audio (full songs, albums, or unique song clips), visual (album artwork, music video clips, or digital concert posters), experience (VIP access, meet-and-greets, or exclusive online events), royalty (tokens representing a share in a song’s royalties), and collectible NFTs (limited edition digital or physical merchandise)” (#Blockchain Pop, 2024, What are music NFTs?).

There are clear economic reasons for the appropriation of NFTs in music distribution. After an “evident transition from physical to digital consumption and from legal ownership (both physical and digital) to streaming [...] and the ‘post-ownership’ economy” (Sinclair & Tinson, 2017, p. 3), NFTs have reintroduced the concept of digital ownership into the music industry. Paradoxically, NFTs are restoring a sense of ownership and material value to music that was diminished with the rise of digital media and widespread access to streamed content. One could then raise the question of whether the NFT threatens other forms of music ownership, such as CDs, vinyl records, and even cassettes, which have regained significant recognition in the market in recent years. It could be said that these are different categories, with different modes and benefits of ownership, and that an NFT collector can at the same time be a collector of physical sound carriers as well, suggesting that these categories are not competitive, but rather complementary (Fritze et al., 2020; Magaudda, 2011; Sinclair & Tinson, 2017). Notable examples include DJ 3LAU’s tokenized music album *Ultraviolet*, which was sold in 33 NFTs for over \$11.7 million via an online auction in 2021 (Casey, 2023). Similarly, Kings of Leon released an album with three types of NFTs, making them the first band to offer this type of content (Hissong, 2021). Archival material relating to the Beatles’ work received its NFT variants, which were distributed via an auction (Blistein, 2022). A\$AP Rocky released seven different NFTs in April 2021, which included various content such as unreleased song snippets (Fortnow & Terry, 2022). Through this type of distribution, fans were given various privileges, including exclusive content, but also the opportunity to co-create unique versions of songs with the artist. In addition, there are cases where copyrights are treated as an NFT. For example, musicians Taylore Bennet and Big Zuu sold partial rights to their works through

the copyright exchange (Fortnow & Terry, 2022), resulting in fractional music royalties as the rights to a song are shaped by multiple people (Martinez Jr, 2024). These examples have highlighted the importance of uniqueness, rarity, and authorship in the plenitude of digital music distribution, all of which are important components of musical works and art in general.

The monetization of music within the cryptocurrency economy is often described as “assetizing music” (Krasikov 2022, p. 39). In this context, a song can be tokenized in various ways: it may be linked to an unlimited number of tokens (a many-of-one model) or divided into fractions, allowing multiple individuals to share ownership of a unique asset (Waters, 2023). Some musicians are using these opportunities to develop a business model that allows them to profit by bypassing record labels and streaming platforms, positioning themselves as “productive laborers in the post-streaming music industry” (Krasikov, 2022, p. 39). However, NFTs have in practice benefited mostly those who already have celebrity status (Krasikov, 2022). Record labels have already adapted their business models to NFTs. For example, Universal Music has created the digital band The Kingship, consisting of four 3D monkeys performing in the metaverse and releasing music on streaming platforms, while Spotify has followed suit by allowing artists to integrate their own NFT collections to music, including those from musicians Steve Aoki and The Wombats (Roth, 2022). The best-known music NFTs are those that have achieved great success in the market, providing innovative examples of music tokenization and introducing new models for audience engagement. In addition to fractionalized ownership, other upcoming trends in music NFTs include granting access to virtual concerts, combining AI with NFTs to create unique digital music tracks, and cross-platform integration of NFTs to work across different music platforms and metaverses (#Blockchain Pop, 2024).

### **Psychological background of NFTs purchase**

We begin this section with the question: Why would anyone want to buy an NFT? If the value of NFTs is variable and unpredictable (Fortnow & Terry, 2022), what motivates buyers to invest in this market in the first place? Are the criteria associated with the valuation of traditional art objects, such as historical significance, sentimental or collector value (Fortnow & Terry, 2022) also applicable in this case? Previous research has identified multiple

dimensions that contribute to the perceived value of NFTs. Xie et al. (2023) emphasize rarity and exclusivity, originality, creative design, and the psychological significance of the product as high investment values of NFTs. Social influence, technical criteria, market regulations, and impact have also been identified as important determinants of NFT users’ behaviour (Albayati et al., 2023). Furthermore, Belk et al. (2022) point to both economic and cultural considerations in assessing NFT value, suggesting that purchases may be motivated by either financial incentives or aesthetic appreciation. All these raise the complex question of the value of NFTs that can be interpreted from different angles.

Since the most important feature of NFTs is the acquisition of property enabled by technological progress, we assume that each purchase of a token implies not only an economic exchange of ownership, but also the activation of psychological ownership. Indeed, the traditional concept of ownership implies not only possession, but “a legally enforceable right to exclusive control of a thing” (Alessandro, 2023, p. 185), which also gives the owner a certain degree of power. These mechanisms and outcomes are similar to those involved in the acquisition of traditional art, such as music. However, the particular characteristics of owning an NFT must also be considered. Both the traditional art and NFT markets are areas of high aesthetic value and exclusivity reserved for ownership by professionals and enthusiasts. However, the concept of digital ownership, i.e. the ability to “create, store and sell unique digital assets in a purely digital manner” (Alessandro, 2023, p. 171), is still full of practical uncertainties as there is no legal framework “governing the ownership, sale and classification of digital assets” (Alessandro, 2023, p. 171). This means that digital ownership without legal protection is primarily self-motivated and technologically enabled. While legal ownership is publicly regulated, psychological ownership is “a self-derived perception, recognized primarily by the individual” (Dawkins et al., 2017, p. 164) when the “feeling of ownership becomes part of an individual’s psychological state” (Pierce & Jussila, 2011, p. 87). Thus, in addition to the popularity of musicians, the psychological background of fans is also an important factor contributing to the flow of music NFTs exchange, especially when “digital purchases are entirely self-directed, without the involvement of a sales agent” (Griffiths et al., 2024, p. 2).

## Aims

Having in mind the complexity of music NFTs distribution and acquisition, the main aim of this paper is to shed light on the psychological aspects that drive fans' purchase of tokenized music through the lens of psychological ownership theory. This is particularly important in the context of the ongoing digital dematerialization of music embodied by platforms and the emergence of digital ownership.

The conceptualization and measurement of psychological ownership need further refinement (Dawkins et al., 2017). This theory has already been explored in organizational contexts (Dawkins et al., 2017), marketing research (Jussila et al., 2015), social media use (Karahanna et al., 2015), and music streaming consumption (Sinclair & Tinson, 2017), but its application to NFTs is still a young area of interest.

As the academic literature addressing the psychological aspect of the NFT market is limited (Albayati et al., 2023; Griffiths et al., 2024; Sestino et al., 2022; Xie et al., 2023) and that on music is almost non-existent, this paper relies on psychological ownership theory to identify the underlying psychological aspects of music NFT purchases. Psychological ownership is a state in which one develops feelings of ownership over tangible and intangible items, including objects, ideas, jobs, and organizations (Pierce et al., 2003). In other words, "Pierce et al. (2003) argue that we can cultivate strong feelings of ownership for both material and immaterial possessions and that ownership is not necessarily tantamount to legality" (Sinclair & Tinson, 2017, p. 2). Psychological ownership involves building different types of relationships and "achieving desired outcomes through possession" (Pierce et al., 2003, p. 299). As Pierce et al. (2003, p. 299) note, at "the core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object". This is an inherent feature of human existence (Burk, 1900) that grants an individual a sense of power and drives the need for effectance (Pierce et al., 2003). The roots of psychological ownership include self-efficacy, self-identity, and a sense of belonging (Pierce et al., 2003). Psychological ownership encompasses several core features that significantly influence consumer behaviour and perceptions of ownership. It develops through experiences that enhance control, knowledge, and investment in the goal (Dawkins et al., 2017). Psychological ownership is therefore related to self-investment (of time, money, and effort), as well as to the acquisition of

intimate knowledge—when individuals, through their relationship with an object, gain specific insights or understanding of the object (Morewedge, 2020). Given that psychological ownership is a relative category contingent upon various factors, including the nature to which it is affixed, this research adopts a conceptual rather than empirical approach. Consequently, the principal contribution of this theoretical paper is the introduction of the concept of psychological ownership in relation to music-related NFTs. The present paper delineates four potential mechanisms through which psychological ownership of NFTs may function and establish a foundation for future empirical inquiries into these phenomena. This research objective is pursued by correlating the previously identified core elements of psychological ownership with the attributes of some of the most notable music NFT releases, thereby theoretically defining general dimensions of psychological ownership that facilitate the emergence of emotional and social connections to music NFTs as objects of ownership.

## Main contribution

The four aforementioned dimensions are: (a) a sense of unique possession, (b) identity formation and self-expression, (c) a feeling of belonging to a community, and (d) the potential for financial investment. Collectively, these dimensions illustrate how the allure of music NFTs transcends their technological and aesthetic attributes, engaging deeper psychological drivers of purchasing and ownership.

### a) A sense of unique possession

It is important to remember that NFTs were not introduced into the professional art world to prove ownership of a physical art object. Instead, they were conceived as a technologically mediated solution to monetize digital artworks, which are inherently immaterial (Stanković, 2024). Consequently, the emergence of NFTs does not seem to have a significant impact on the traditional concept of ownership of physical art objects. Nevertheless, in the field of digital culture, NFTs introduce a new type of digital ownership of digital creations. This technology enables the operationalization of ownership in digital culture and thus the application of traditional values associated with material art in the context of digital culture.

There are numerous instances where unique music items are represented as NFTs, drawing a clear

parallel to the logic of the traditional art market. For example, the winner of auction for *Acephalous*, the Weeknd's collaborative NFT collection of audio-visual works and unreleased music received the only copy of a previously unreleased song, making this ownership one-of-a-kind (The Weeknd, 2021). Dutch DJ and producer Don Diablo gained attention with the NFT *Destination Hexagonia*, which gave the buyer exclusive ownership of the unique concert film: "The owner received a unique hand-crafted box, which includes a hard drive that contains the only copy of the high-quality file of the film, making it a truly unique art piece" (Don Diablo, 2021, Details). This unique item, both physical and digital, enhances the value of the NFT and creates an exclusive experience for the fan. There are no strong barriers between the analogue and digital worlds as the former becomes increasingly aware of the business potential of the latter, especially in relation to blockchain technology.

Owning an NFT of a unique song, album, or copyright conveys a sense of exclusivity and authenticity, which can reinforce the psychological attachment to the target of ownership. Speaking of vinyl records in this context, one can observe that NFTs can serve as digital representations of vinyl, providing "a more transparent and efficient means to manage ownership and transactions, while also creating new avenues for artist royalties and community engagement" (Amau, 2024, Introduction). It could be argued that a vinyl record, despite its different serial number, is similar to other sound carriers in that each record is a replication of a unique master recording. In this sense, each release can be considered a copy. However, unlike NFTs, a vinyl record as a physical sound carrier does not convey ownership information, which is the main difference between these two music formats. The so-called "vinyl analogy" within the NFT music market means that vinyl has emerged as the most popular type of physical music item that can be digitally simulated, owned and resold (Rosenblatt, 2022). Warner Music Group and blockchain platform Polygon have collaborated on a campaign of music NFTs "virtual vinyl" to honour the 50th anniversary of hip-hop as a groundbreaking genre. This collection of NFTs comes with exclusive sound quality in FLAC format with no compression of digital audio data, representing identical original sounds (Paine, 2022). From the record label's side, these collectibles are described as "the best-in-class blockchain experience" (Paine, 2022, para. 5) and "an innovative initiative that will elevate

music ownership and bring more music lovers and artists to Web3" (Paine, 2022, para. 7). In addition to merchandise content, physical vinyl, and access to upcoming events celebrating legendary hip-hop records from Warner Music's catalogue, the NFT is functionalized here to restore the unique aesthetic value of original vinyl audio quality and its high collectability potential as two key characteristics of this type of music media (Paine, 2022). Even though others can listen to the music represented by the NFT, fans have the feeling of owning something unique as the token is not fungible. This feeling is further enhanced when exclusive and additional content and perks (unreleased tracks, virtual art, VIP access, etc.) are offered as one-of-one or a limited number of tokens in NFT drop. This goes far beyond traditional forms of music distribution as fans have the feeling of being part of something special that goes beyond simply owning a piece of music.

These examples show that the appeal of music ownership is multifaceted. Interest in owning traditional physical music formats, such as records and CDs, can exist alongside that of NFTs, highlighting the different motivations for owning physical and digital music. It is worth investigating whether these formats reflect completely different consumer preferences and whether the sound quality of analogue and digital media is a determining factor in the choice between owning physical and digital music. Future research should investigate the extent to which ownership of physical and NFT-based media satisfies similar or divergent motivations and psychological needs that influence perceived value.

## **b) Identity formation and self-expression**

By owning certain NFTs, fans communicate their musical preferences and taste to others, reflecting their personal identity, values, and experiences. Since "we always express ourselves by articulating to some person or group" and "our articulations are directed toward others" (Negus, 1996, p. 134), music NFTs can be considered not only as digital assets, but as integral components in the processes of articulation, expression, and representation of personal identity. A collector identity can also be said to exist as NFT owners shape their profile as collectors by selecting specific categories and strategizing their reputation (Fortnow & Terry, 2022, p. 209). As a selling mechanism that connects the physical and digital worlds, the NFT has been interpreted as a feature of fan culture "revolutionizing how audiences experience and

collect memorabilia” (Das, 2024, para. 1), such as posters, instruments, or other items signed by musicians. However, it is important to emphasise that a good reputation as a collector in the analogue world is no guarantee of success in the NFT market. On the contrary, here collectors have to build their positions from the ground up, because the competition is fierce and there are no algorithms to help (Fortnow & Terry, 2022). As a result, the NFT landscape presents unique challenges and differs significantly from other digital spheres for the presentation, distribution and collection of music, especially when considering the aspect of digital literacy and familiarity with blockchain technology.

As part of the release of the first NFT album that can be purchased on a blockchain on the same day it is released on the streaming platforms, Kings of Leon have offered a limited number of lifetime concert tickets through their blockchain partner Yellow Heart (Cirisano, 2021). Owning one of these NFTs is an important status symbol among fans, as they not only grant exclusive lifetime access to VIP seating at concerts and other benefits, such as socializing with the band, but also because the rarity of these NFTs makes them highly coveted among fan communities. Buying these tokens and showing ownership on social media or digital wallets signals a particular taste in music, a deep connection to the band, and a high level of fan engagement. While some journalists and critics argue that all of this is merely a “trendy way to offer band merchandise” (Chandler, 2024, para. 6), it can also be seen as an innovative means of engaging with fans and generating additional revenue. Furthermore, the use of smart contracts offers more control over this process. However, some inconveniences can also be observed here. Firstly, many musicians are unable to create and sell NFTs. Additionally, many do not have a large enough fan base to make selling NFTs profitable for them (Chandler, 2024). The second problem is the fact that musicians almost always share a percentage of their revenue with their publisher, which raises the question of how profitable this would be for the musicians themselves (Chandler, 2024). However, ownership of rare NFTs demonstrates an exclusive cultural status when presented within music fan communities as a form of exclusive social capital related to music. Investing in NFTs can also mean personal pleasure and prestige beyond material gain, as NFTs are designed for public display, for example, on the platform Lazy.com (Fortnow & Terry, 2022). As a medium for displaying and

communicating musical preferences and values to others, music NFTs promote self-identity as one of the roots of psychological ownership.

### c) Community and belonging

The NFT ecosystem has several distinctive features. One of them is the need to build a community of people who share the same values: “The bottom line is that everyone’s NFT marketing strategy should revolve around building a community of collectors. This can be 3 people or 3,000 people. But the end goal here is to create superfans of your digitized assets—people who will take pride in saying that they were an early collector of your work” (Fortnow & Terry, 2022, p. 184). The results of the study on one of the most influential online communities for NFT projects—Bored Ape Yacht Club (BAYC)—showed positive community experiences, such as “personal expression and identity, mutual support among holders, and exclusive access to online and offline events” which is interpreted as “a possible causation factor of the initial rise in popularity of NFTs” (Sinnott & Zhixuan Zhou, 2023, p. 1). Other findings show that network communities—such as Twitter and Discord—are the most important determinants of the pricing of NFTs (Alon et al., 2023). Many music NFT projects foster specific communities around genres, artists or themes, reinforcing a sense of belonging. The first collection from one of the largest music NFT producers Grimes—*WarNymph* vol. 1—was sold in 2021 for a total of over 6 million dollars (Kastrenakes, 2021). The collection consists of 10 digital music videos offered as both one-of-one and many-of-one tokens. While the one-of-one music video was sold for almost 389,000 dollars, the majority of the 700 copies sold came from the two short video pieces, which sold for 7,500 each in 20 minutes and brought in a total of 5.18 million dollars (Kastrenakes, 2021). Even though the highest price was achieved for the one-of-one token, the majority of sales were made by a group of several hundred fans who were willing to confirm their fandom identity by purchasing ownership of many-of-one tokenized copies. The fans feel part of a larger movement of others who share similar interests. There are creative music NFT communities such as Arpeggi Labs, Catalog Works, and Mint Songs that are organized on platforms to “empower holders to become creators, and creators to become holders” (eminabec, 2021, Arpeggi Labs), providing the technology for minting and archiving music NFTs. By the time its collections closed, “Mint

Songs onboarded almost 2,000 artists who minted 100,000 music NFTs” (eminabec, 2021, Mint Songs). Some projects encourage participation through collaboration, such as remixing tracks or contributing to creative decisions, further empowering fans and increasing their engagement in the community. In terms of digital culture and context, “fans today do not operate in a media vacuum; rather, they embrace a multitude of mediations and technologies to augment their fan practices, and if anything, such interactions reveal the ubiquity of technology and the ease with which fans embrace digital interactions, supplementing their offline lives” (Booth, 2017, p. 171).

Artists often use platforms to engage with NFT owners and create spaces for discussion, feedback and announcements. This direct communication helps to build a vibrant community around the music. For example, in August 2021, the rapper Tory Lanez released 1 million copies of his album *When It's Dark* as NFTs, each costing just \$1 and selling out in just 57 seconds (NFTevening, 2024). Fans who bought the NFTs owned a copy of the album and built a community around the musician. Some of them received special perks such as “exclusive virtual meet and greet, an unreleased track, and signed merchandise from the artist” (NFTevening, 2024, What does the Tory Lanez NFT include?). In addition to the album, certain versions of the NFT included exclusive digital artwork, making each NFT different and reinforcing the aspect of unique possession (Kairos Music, 2022). Thanks to this success, the rapper also achieved streaming success on Spotify and YouTube—he has over 18 million monthly Spotify listeners and 1.6 billion YouTube views (NFTevening, 2024). Similarly, Mike Shinoda’s project *Ziggurats*—the first generative NFT mixtape collection with 5,000 unique, algorithmically created audiovisual tracks—also offered NFT owners exclusive access to his Discord server (Shinoda, 2021). By purchasing the NFT, listeners gain access to different layers and versions of the piece. This creates a personalized experience that deepens the connection to the music, reinforces a sense of ownership, and fosters a sense of belonging to a community of superfans with exclusive privileges.

#### d) Investment opportunities

Fans can view music tokens as investments with the potential for future appreciation. A three-point system for analysing the value of NFTs based on rarity, return on investment, and reputation

shows that “a well-distributed rarity score of NFTs enhances their demand and profit” (Pham & Trinh, 2023, p. 157) and that the price value of NFTs is proportional to their scarcity. The investment potential of music NFTs lies in their rarity, the popularity of musicians, and market dynamics as factors that can potentially increase the value of NFTs over time.

The revenue opportunity in the case of music NFTs comes from sharing the copyrights of songs circulating on streaming platforms, enabling economic growth for both musicians and fans bypassing the traditional role of record labels as third-party intermediaries. For example, electronic music producer Gramatik launched his cryptocurrency token GRMTK on the Ethereum blockchain in 2017 (Castillo, 2017), becoming the first musician to convert his intellectual property into tokens to allow his fans to share in the income from his works. Similarly, musicians such as Lil Nas X and Diplo offer their fans the opportunity to receive a percentage of the streaming revenue generated by the songs by purchasing NFTs (Tan, 2022). These ownerships and profit-sharing of NFTs have transformed music publishing into a mutually beneficial relationship that allows fans to directly benefit from supporting their favourite artists. Fans no longer see themselves as just listeners but feel like shareholders and investors in a musician’s career, as they receive a percentage of the revenue from each resale or stream. Anotherblock (<https://anotherblock.com/>) is a platform that specialises in the acquisition of shares in music copyrights via NFTs, thereby bridging the gap between intellectual property rights, digital assets and music by positioning musicians and investors as rights holders of music as an ‘asset class’ and demonstrating the future of alternative investments.

The investment potential of music NFTs and the sense of unique ownership are two dimensions that traditional music formats do not offer their fans. Consequently, self-efficacy—as one of the roots of psychological ownership—stems from a sense of technologically mediated control over the ownership and economics of music and the knowledge to engage appropriately as a stakeholder and investor in music on blockchain platforms.

### Implications

Given the relative newness of NFTs in the music industry, the academic literature specifically addressing music NFTs is still at an early stage

(Casey, 2023; Esmaili, 2023; Krasikov, 2022). Therefore, this paper aims to theoretically enhance the understanding of NFTs as a phenomenon that combines blockchain technology and the economic logic of cryptocurrencies with traditional artistic values, distribution mechanisms and the psychological dimensions of fan behaviour.

By clearly articulating the four core dimensions of psychological ownership and linking them to the specific examples, it is possible to understand how music NFTs embody the characteristics that reinforce the sense of ownership, while at the same time prompting a re-examination of music's role in the digital media environment. These dimensions include a sense of unique possession, identity formation and self-expression, a feeling of belonging to a community, and the potential for financial investment. The discussed NFT drops illustrate how leveraging different dimensions of psychological ownership can transform a music release, reshaping both the relationship between fans and musicians and the personal experience of music consumption.

Thus, owning an NFT of a unique song or album conveys a sense of exclusivity and authenticity, reinforcing the psychological attachment to the target of ownership. This exclusivity is further enhanced when NFTs offer additional content and perks, such as unreleased tracks or VIP access, creating a unique experience for the owner.

In addition, NFTs serve as a digital representation of personal identity and values. By owning certain NFTs, fans communicate their musical preferences and values to others, shaping their profile as collectors. This process of identity formation and self-expression is an essential part of the concept of psychological ownership.

NFTs also foster a sense of community and belonging. Many NFT projects in the music sector build specific communities around genres, artists or themes, strengthening fans' sense of belonging. This participatory approach empowers fans and increases their engagement in the community.

Finally, NFTs provide investment opportunities that allow fans to view music tokens as investments with the potential for future appreciation. This sense of technologically mediated control over the ownership and economics of music enhances a feeling of self-efficacy, another root of psychological ownership.

Studying fans' purchases of music NFTs from a psychological perspective can help musicians better understand blockchain users' behaviour towards

music, which is essential for the development of NFTs into a sustainable digital format for music revenue.

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