

The speed of life

Consumer intelligence series



Discovering behaviors and attitudes related to pirating content

Online discussion held October 2010

Series overview

Through PwC's ongoing consumer research program, we gain directional insights on consumer attitudes and behaviors in the rapidly changing media landscape. This report summarizes key findings from a survey about online piracy of movies, TV, and videos. It addresses consumer perceptions, behaviors, and reasons for pirating, as well as their concerns about pirating. To explore this topic, we deployed a multi-question online survey in September 2010 to 202 participants between the ages of 18 and 59 who had acknowledged their participation in online piracy within the last six months.

Summary

Today's consumers can access an astonishing variety of movies, videos, and television shows—on multiple platforms—faster than ever before. With so much content at their fingertips, what compels some consumers to commit online piracy by downloading or streaming content illegally?

The main reason is obvious: price. Many consumers who say they commit online piracy are enticed by free content. But other factors also contribute to the growing prevalence of piracy, including earlier access to content, a perception that “everyone is doing it,” and the proliferation of ad-supported websites that offer free content.

Meanwhile, mobile piracy appears poised to escalate. Already, these consumers say they use mobile devices, such as smart phones, to access pirated content. And potential business models that call for charging consumers a significant up-charge to access content sooner than traditional release windows allow may not appeal to these consumers, who strongly desire free content and say they'd only be willing to pay a maximum of \$3 for a movie and \$1 for a television show.

For entertainment companies struggling to combat piracy, there is some good news: consumers expressed concern about potential piracy pitfalls, including the poor quality of some pirated content and the possibility of downloading a virus or facing legal trouble, so anti-piracy messages that focus on those concerns may resonate.

Summary of key findings

- 1. Pirating behavior will continue, despite consumers' concerns about their actions.** Most (81%) of the consumers who admit to pirating TV, movie, and video (UGC, mash-ups, YouTube videos, etc.) content say they will likely continue to do so, even though two out of three also noted concerns about at least one of the following:
 - Computer viruses
 - Getting into trouble for doing something that may be illegal
 - Inferior quality/fidelity of the content

2. **“Free” drives behavior.** Not surprisingly, the key motivator to pirate is the reward of free content—and the belief that buying hard copies or paying to download content is either unnecessary or has become too expensive. This finding is consistent with insights gleaned from PwC’s Movie/Video Content Consumption consumer research performed in September 2010, which found:
 - *Owning content is not a motivator:* More than half of consumers who said they pirate don’t feel the need to own a physical copy (such as a DVD).
 - *Pirating is not driven by a grudge toward the content owners.* While many said costs to buy or download content—especially movies—is high, most said they do not pirate in an effort to detract from studio profits.
3. **Not paying has become mainstream.** More than half agreed that “everyone does it.”
 - Moreover, family and/or friends—presumably trusted sources—were frequently how consumers learned about websites that offer pirated content in the first place.
4. **Consumers may pay a nominal amount to access content sooner.** Although they are accustomed to getting content for free, most (76%) said they are somewhat willing to pay a nominal fee if the content can be accessed closer to its release date. However:
 - Consumers said they were willing to pay no more than \$3 to download a movie and less than \$1 for a TV program.
 - 83% of those willing to pay want the content within one month (or less) of the theatrical release window.
5. **The growing number of ad-supported websites is contributing to increased piracy.** Such sites may be causing confusion as to what is pirated content and what is legitimate, free content.
 - Most (70%) of those who pirate also acquire free content legally from ad-supported websites.
6. **Most pirates are not concerned about the economic impact of their actions.** Only about one out of three consumers who pirate worry that piracy may drive up costs.
7. **Streaming is preferable to downloading, but both methods are widely used.** Both methods also generate considerable concern about viruses; however, more consumers (80%) worry about downloading than streaming (65%).
8. **Mobile piracy is here and will likely increase.**
 - As the number of consumers who access content via mobile devices increases, mobile pirating may also increase.
 - 40% of those who report “pirating” content via traditional methods said they will probably also pirate on mobile devices within the next six months.
 - This is consistent with mobile research conducted by PwC in July 2010, which indicated that consumers increasingly access content on their mobile devices. Those findings included:
 - Given the proliferation of smart phones, consumers are increasingly using their mobile devices to access the Internet—on average, 35 times per week.
 - Mobile provides freedom of access—anytime, anywhere—and the opportunity to explore more and be entertained during what otherwise would be down time.

“Because this is the first year that I’ve had the PDA, I’m spending a lot more on music and downloading movies.”

— Respondent, aged 18-34

Detailed findings

1. Streaming is most prevalent. Consumers who say they pirate mainly acquire free content via streaming over downloading. See Table 1.

Table 1

Mode of accessing content	Past six months
Streamed TV shows for free	83%
Streamed movies for free	69%
Download TV shows for free	61%
Download movies for free	52%

- *Not just movies and television:* 85% reported downloading or streaming video content other than TV programs or movies during the past six months. At the time of our survey, 46% had downloaded such content in the past week.
 - *File-sharing websites are in wide use:* 56% have used a file-sharing Internet website (such as RapidShare) from which to download movies, TV programs, or other video content.
 - *Recent releases:* Nearly half (48%) said they streamed or downloaded a movie within a month after its release on DVD.
- 2. Free and faster.** The ability to obtain content for free via downloading or streaming is the primary reason consumers began pirating. See Table 2.
- *Who needs a DVD?* More than half (56%) agree they don't need a physical copy.
 - *My friends and family told me about it:* More than half (57%) said their behavior was influenced by friend or family member's recommendation.

Table 2

Reason for using pirate Internet websites	Agree completely	Agree somewhat	Agreement total
I heard about it and the idea that it is free persuaded me to try it	28%	41%	69%
The cost of paying for a hard copy of the content (like a DVD) has become too expensive	28%	40%	68%
The cost for paying for downloading the content has become too expensive	20%	38%	58%
It was recommended by a friend/family member	34%	23%	57%
I like to "try" before I "buy"	28%	28%	56%
Who really needs a physical DVD?	28%	28%	56%
I felt that everyone was doing it	20%	34%	54%
Why should I pay when I can get it free?	19%	35%	54%
I get to see the movie faster than if I wait until it is available via more traditional methods	28%	25%	53%
The cost for paying for streaming the content has become too expensive	15%	34%	49%
Price is more important than quality or viewing experience	13%	35%	48%
Why should I contribute to the profits of big movie companies?	13%	23%	36%

3. Likely to do it again. The vast majority (81%) plan to continue pirating, mostly via online access. See Table 3.

- *Pirating on the go:* Many (40%) are also pirating via mobile access.
- *“Bootleg” copies are less likely:* Only a third still pirate via physical copies (such as obtaining a DVD).

Table 3

Likelihood to pirate video or movie content in next six months	Extremely likely	Very likely	Somewhat likely	Likelihood total
Continue to use pirate websites over the next six months	25%	25%	31%	81%
Piracy via online access	23%	26%	29%	78%
Piracy via mobile access	9%	11%	20%	40%
Piracy via obtaining physical copy	9%	6%	17%	32%

4. Prevalent concerns about viruses, quality, and legal trouble. Key concerns related to piracy are that it will cause computer viruses, invite legal troubles, or yield content with lower viewing quality. See Table 4.

- There is far less concern that content costs could increase because of piracy.
- The possibility of obtaining content sooner following a theatrical release is not a compelling-enough reason for most to stop pirating.

Table 4

“Biggest concerns” about using pirate websites	Agree completely	Agree somewhat	Agreement total
Downloading from these websites could infect my computer with a virus or malicious spyware	47%	33%	80%
These websites may be illegal and I could get into trouble (e.g., like paying a fine)	30%	38%	68%
The quality of the movie/TV program is not as good as a paid download/stream	30%	38%	68%
Streaming from these websites could infect my computer with a virus or malicious spyware	33%	32%	65%
These websites may be illegal and that means I’m doing something wrong	28%	31%	59%
I am concerned that these websites may drive costs higher to obtain content in other areas, like movie tickets, DVDs, or cable TV	17%	20%	37%
I would stop pirating and pay for movies/video if I could get this content more quickly relative to its theatrical release	14%	23%	37%

5. **Might pay to obtain content more quickly.** Although getting a movie/video more quickly is not a big motivator to deter piracy, there is a willingness to pay for the content instead of pirating in exchange for seeing it sooner—especially if it is available within one month or less of the theatrical release date. See Charts 1 and 2.

- However, most are at least somewhat willing to watch ads in exchange for free content.

Chart 1

Willingness to pay for movie/video (instead of pirating) if it can be obtained more quickly following theatrical release

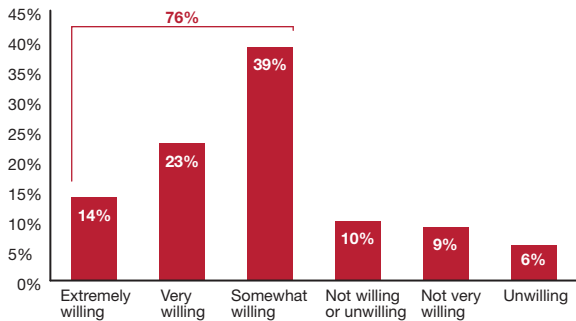
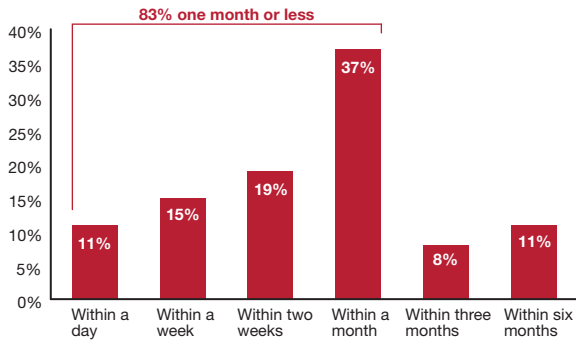


Chart 2

How soon would it have to be after the theatrical release for you to stop pirating



6. **Free no matter what.** Most consumers who pirate (58%) want to obtain content free of charge, even from legitimate websites. The majority prefers ad-supported models, followed by a pay model that uses a subscription-based format. See Table and Charts 3 through 5.

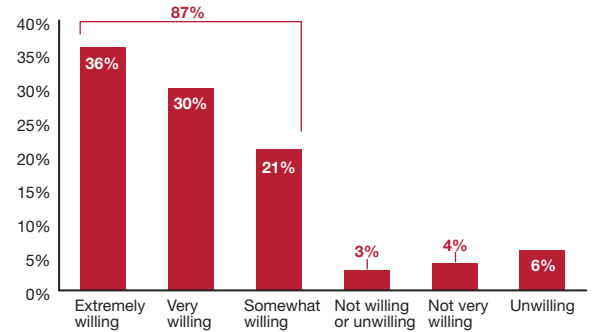
Table 5

Ad supported (Content is free)	Subscription-based (such as Netflix)	Transaction-based (such as video on demand, iTunes, Amazon)
58%	34%	9%

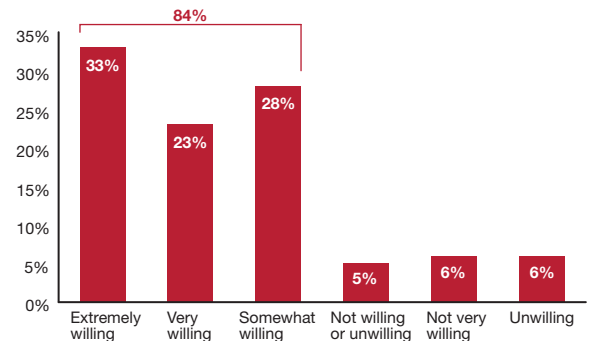
Charts 3 through 5

Willingness to watch advertising in exchange for free content

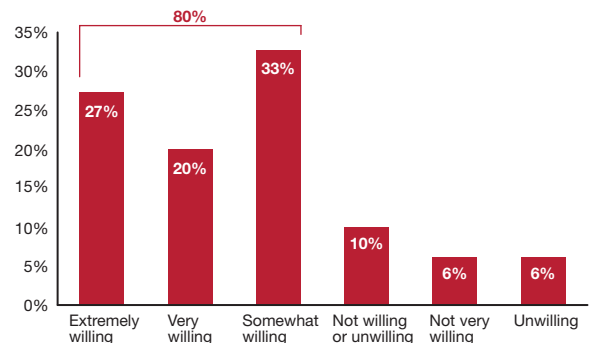
TV



Movies



Other Video



7. **Willing to pay.** Most consumers who pirate would be willing to pay minimal prices to access content. See Charts 6 through 9.

- *Less than \$1 for TV:* Most expect to pay less than \$1 for television programs, whether downloaded or streamed.
- *Less than \$3 for movies:* Most expect to pay no more than \$3 for movies, whether downloaded or streamed.
- *Consumers expect that downloads would cost more than streaming,* likely because downloading suggests ownership, while streaming is temporary.

Chart 6

Expect to pay for downloading TV programs

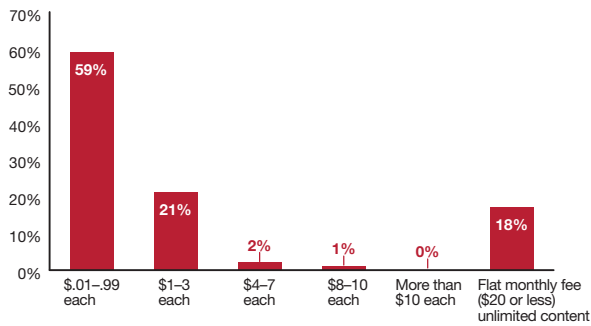


Chart 7

Expect to pay for downloading movies

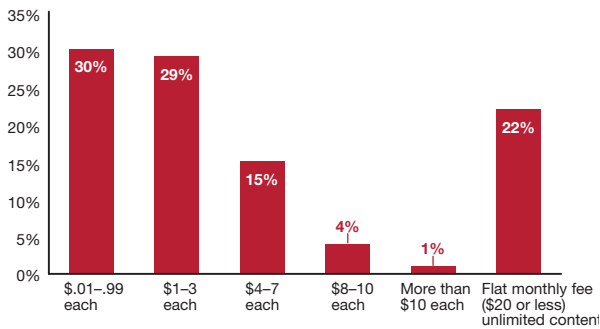


Chart 8

Expect to pay for streaming TV programs

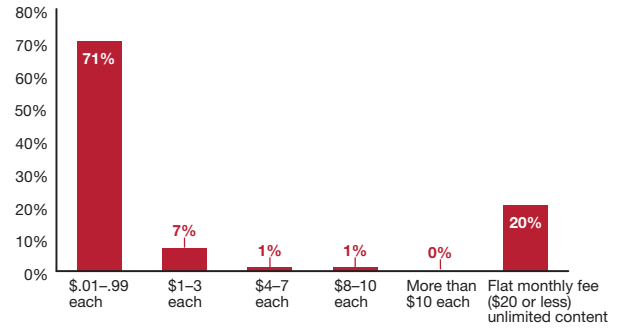
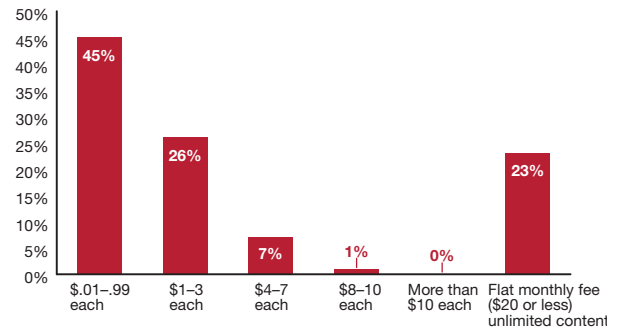


Chart 9

Expect to pay for streaming movies



Implications to your business

- 1. Mobile piracy should be addressed in anti-piracy efforts.** Consumers already pirate via mobile devices, and say they will continue to do so. Meanwhile, websites offering pirated content may become even more popular on mobile devices. PwC research (July 2010) found a low consumer tolerance for watching ads on mobile devices, which indicates that consumers may be less willing to use legal, ad-supported websites when accessing content from the Internet on their mobile devices.
- 2. Content providers should reassess their business models in terms of the timing of content release via streaming and downloading.** Pirates do not associate a premium with downloading content to own or streaming in a “free” online environment.
- 3. Businesses may be able to get current pirates to pay a nominal fee (a maximum of \$3 for downloads) if they can provide access to content within a month of its theatrical release date.**
- 4. Content providers should continue to explore advertising-supported channels as a way to distribute content for free to curb pirating behaviors.** As an alternative to piracy, consumers still want access to free content, and there is a strong preference (58%) to obtain it via an ad-supported model versus a subscription or transaction-based model.
- 5. Anti-piracy communication efforts should focus on the inherent “pitfalls of piracy” and deliver a strong message that such risks are not worth it.** Specifically, messages should focus on:
 - *Virus potential:* Note the potential for downloading computer infections.
 - *Legal troubles:* Emphasize that pirating is theft.
 - *Poor quality:* Poor quality contributes to a poor viewing experience. Half of those who pirate are willing to consider quality as a factor. Content creators may want to explore ways to create a higher sense of value or quality associated with paid content.

“If I’m on the road and I want to watch a movie for an hour, I get a chance to watch a movie.”

— Respondent, aged 45-54

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