

PIRACY OBSERVATORY AND DIGITAL CONTENT CONSUMPTION HABITS 2018





Technical details

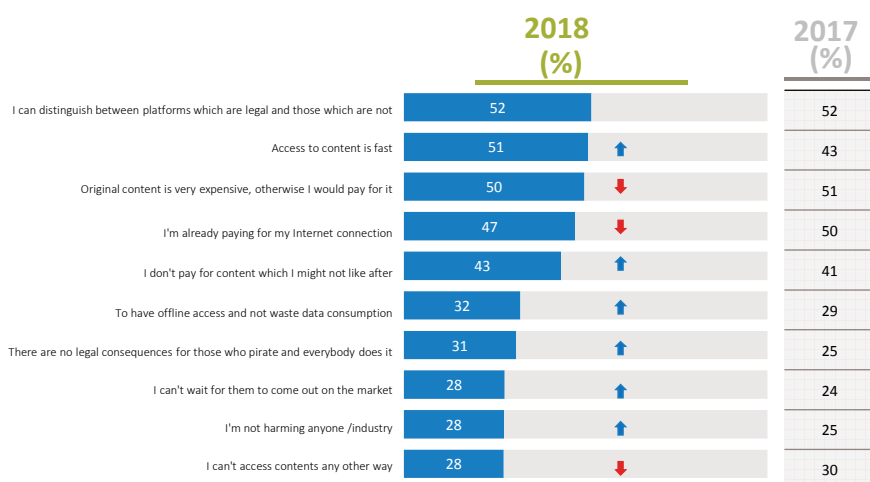
Universe	Spanish resident Internet users, between 11 - 74 yrs old. Survey with under 16 year olds was carried out with prior consent of parent or tutor.
Area	National
Total sample	4047 interviews
Sample error	Total at national level n 4047= +1,54%, for a level of confidence of 95%, being p=q=0,50
Type of interviews	Online survey, with semi-structured questionnaire, approximate duration of 17 minutes.
Sampling method	Stratified random sampling by conglomerates
Quality control	Abiding by ISO 9001:2015 standards
Fieldwork	Last quarter 2018

Findings

3

Reasons for piracy

5 out of 10 piracy consumers have a lot of difficulty in differentiating between legal websites and those which are not.

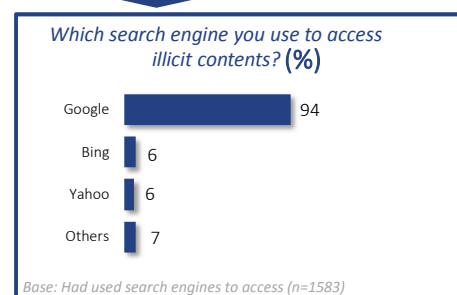
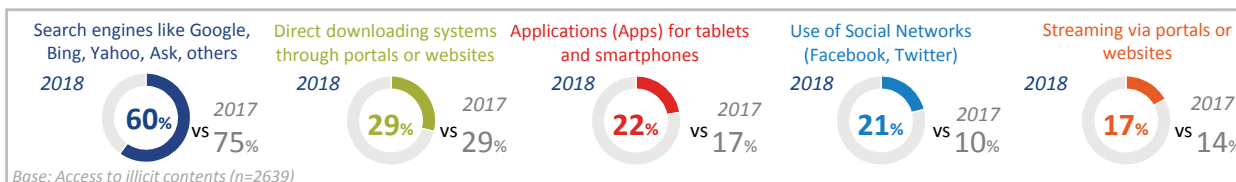


The reasons which most increased this 2018 are the fast access to content and the lack of legal consequences for those who pirate.

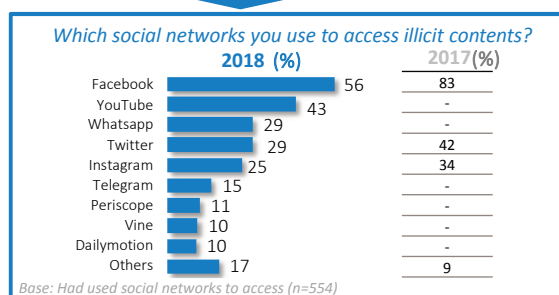
4

How do they access illicit contents?

6 out of every 10 internet users use search engines to access **illicit contents**, this way of access decreases while the access through **Social Networks and Apps** increases.



Unit: Percentages



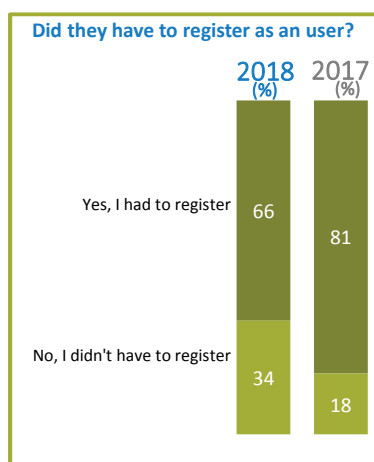
5

Sources of income (I)

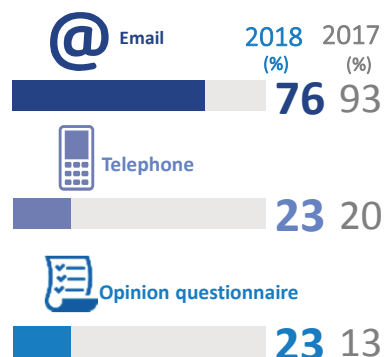
7 out of 10 users who have acceded **illicit contents** had to **register as an user**.

5 out of 10 **distrust** these portals when they have to give **information**

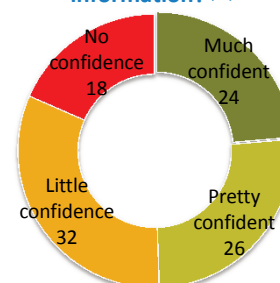
When they access **illicit contents**...



What details did they have to provide?



What degree of confidence gives you to provide this information? (%)



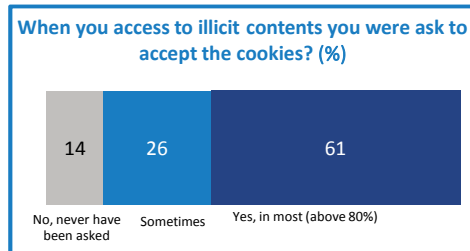
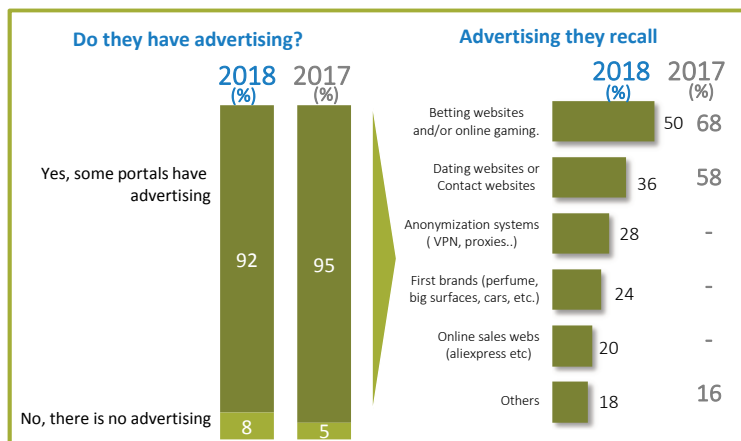
6

Sources of income(II)

The majority of portals with illicit contents have advertising, being Betting/Online gaming and Dating websites those that appear more. 9 out of 10 have been asked to accept cookies. 2 out of 10 have paid for the content they download and 2 out of 10 have filled out a survey for downloading the content.



When they access illicit contents...



Has paid for the content downloaded in these pages

22% vs 14% 2017

Has filled out a survey when they access to the content.

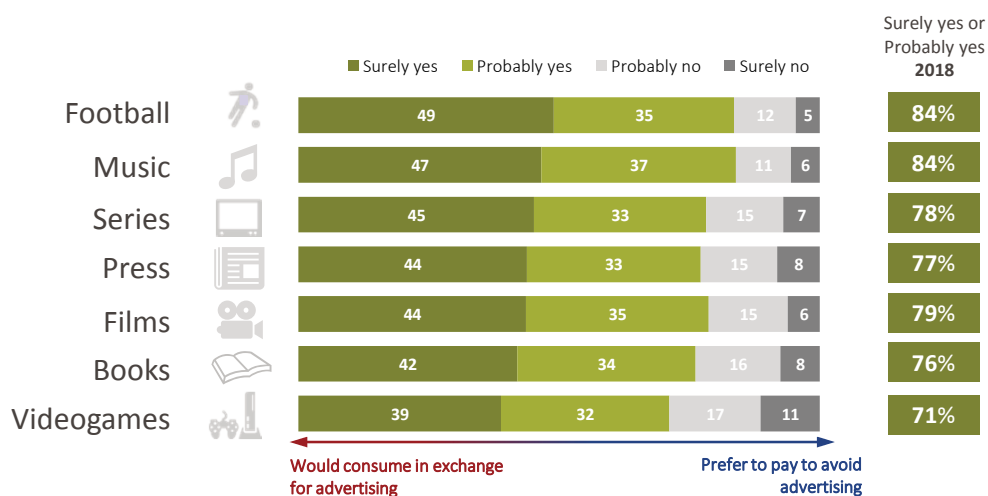
20%

7

If the piracy consumer could not access contents free of charge they would prefer ...



Piracy consumers of football and music are the ones most willing to pay to avoid advertising.



8

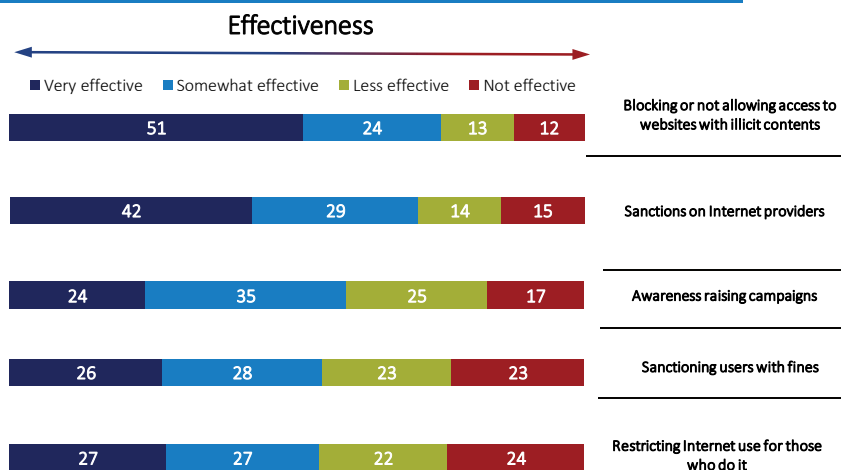
Effectiveness of measures against piracy



8 out of 10 consider that the most effective measures against piracy are blocking websites with illicit contents and sanctions on Internet providers. However, the least effective measure is sanctioning users with fines.

% (Very + Somewhat effective)

2017	2018
78	75 ↓
73	71 ↓
61	59
58	54 ↓
56	54 ↓

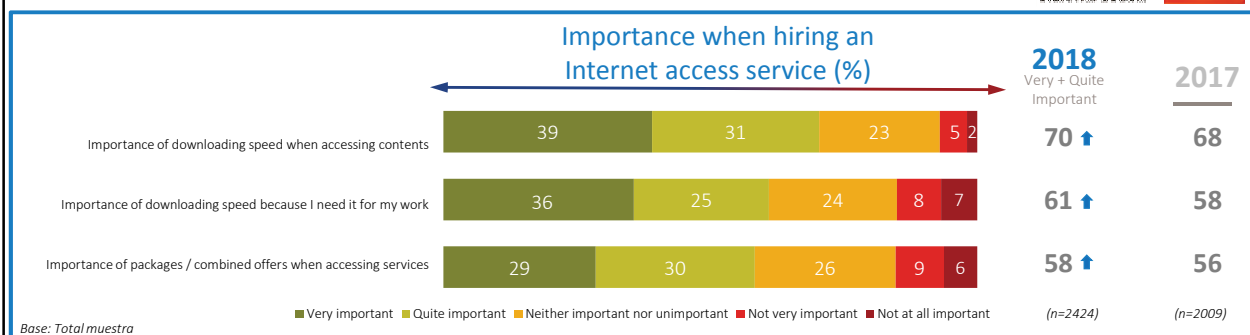


9

Access to contents

10

Importance of bandwidth in access to contents and Internet subscription



Would you keep your bandwidth if you could not download contents? (%)

No, I would reduce it because I only need it to download contents



Yes, because it is important when using the Internet

6 out of 10 users consider **important** when hiring an internet access service, the **packages/combined offers**

Music. Summary



There is an increase in the number of individuals who listen to music legally and piracy consumption decreases

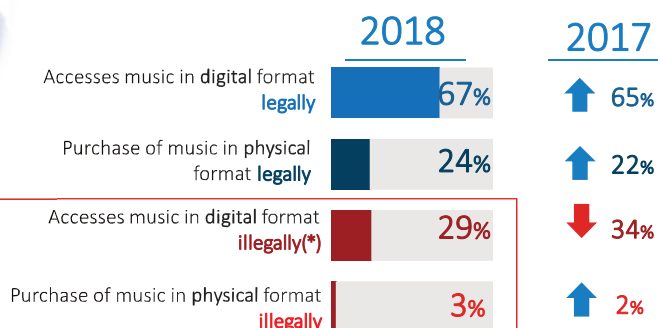
2017
35%

vs

31%

Piracy consumers in physical or digital format

Piracy consumer

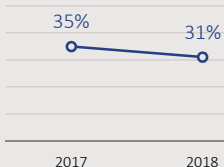


Base: Internet users aged 11 and over (n=4047)

(*) Included new types of access to illegal music contents in digital format

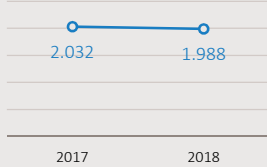
Main Results Illegal Contents (physical+digital) MUSIC

Individuals who access to illegal contents(*)



This year, the percentage of internet users that have accessed illegal contents of music has decreased 15% in comparison with last year.

N. Illegal contents consumed(*) (millions of songs)



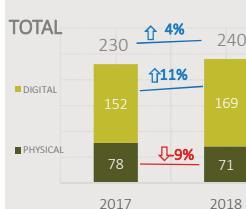
Also has decreased the number of songs consumed illegally, 2% drop regarding last year.

Value of the illegal content (millions of €) (*)



The value decreases, not as much as the number of contents, because the average price of CDs/DVDs has increased slightly.

Market Value (millions of €)



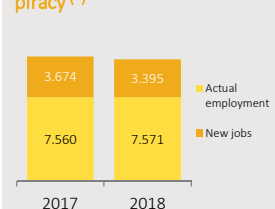
The music industry incomes has increased 4% in the last year, mainly because of the digital market, physical market is still descending.

Music Industry vs Lost Profit(*) (millions of €)



The sales impact that the industry would have without piracy would be 3,2 times the actual value.

Actual employment vs without piracy (*)



In a situation without piracy it's estimated that 3.395 direct jobs would be generated. This would be a 45% increase over the actual employment.

(*) Included new types of access to illegal music contents in digital format

Films. Summary



The legal consumption of films increases and the illegal consumption decreases.

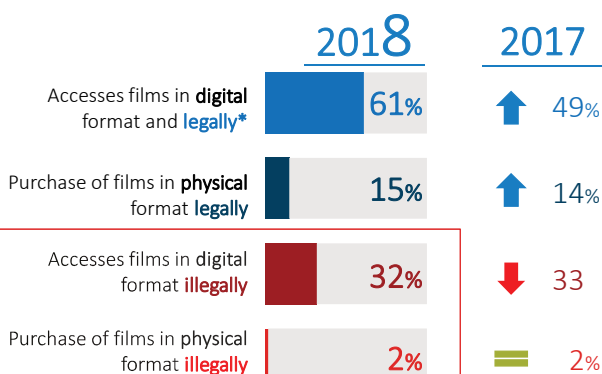
2017
34%

vs

33%

Piracy consumers in physical or digital format

Piracy consumer

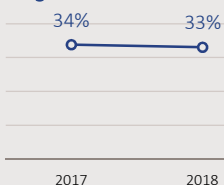


Base: Internet users aged 11 and over (n=4047)

* Significant increase in subscription to platforms such as Netflix, HBO, ...

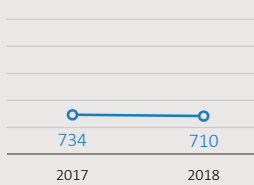
Main Results Illegal Contents (physical+digital) FILMS

Individuals who access to illegal contents



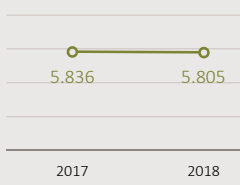
This year the percentage of internet users that accessed these contents decreased, because of the illegal digital market.

N. Illegal contents consumed (millions of dvd/cd)



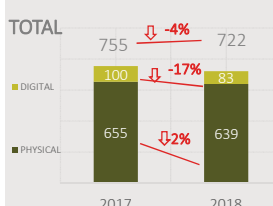
The number of contents downloaded slightly decreases, 3% compared to last year.

Value of the illegal content (millions of €)



The value of the illegal contents decreases, not as much as the number of contents consumed, because the average price of films slightly increases.

Market Value (millions of €)



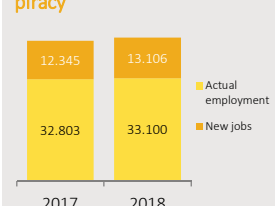
The films industry incomes has decreased 4% in the last year, because of both physical and digital markets.

Films Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,7 times the actual value.

Actual employment vs without piracy



In a situation without piracy it's estimated that 13.106 direct jobs would be generated. This would be a 40% increase over the actual employment.

Series. Summary



The legal consumption of series increases and the illegal consumption of digital contents decreases (30% vs 29%).

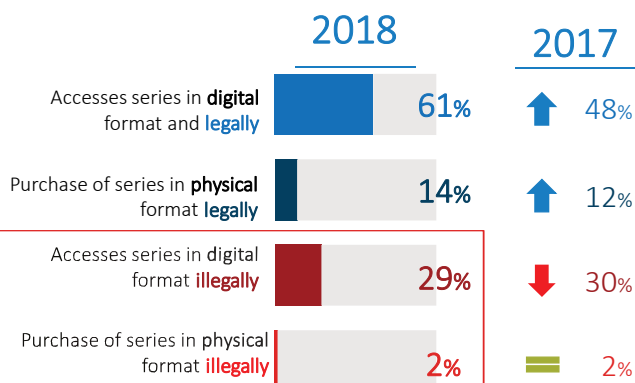
2017
30%

vs

30%

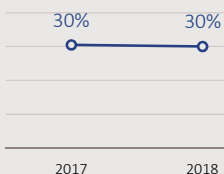
Piracy consumers in physical or digital format

Piracy consumer



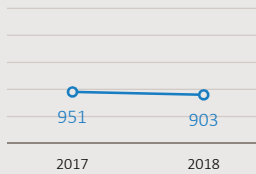
Main Results Illegal Contents (physical+digital) SERIES

Individuals who access to illegal contents



The percentage of internet users that have accessed illegal contents is the same as last year.

N. Illegal contents consumed (millions of access)



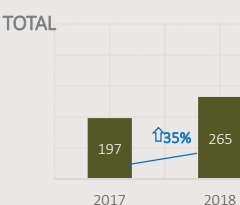
The number of contents consumed illegally has slightly decreased, even though the percentage of users is the same, the total number of contents decreases.

Value of the illegal content (millions of €)



The value decreases, not as much as the number of contents, because the average price has increased slightly.

Market Value (millions of €)



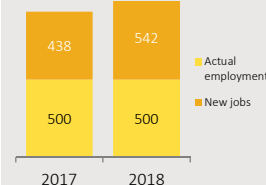
The series industry income has increased 35% in the last year.

Series Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,6 times the actual value.

Actual employment vs without piracy



In a situation without piracy it's estimated that 542 direct jobs would be generated. This would be a 100% increase over the actual employment.

Videogames. Summary



Illegal consumption of videogames slightly increases and also the legal consumption

2017
11%

vs

12%

Piracy consumers in digital format

Piracy consumer

Accesses videogames in digital format legally

2018

18%

2017

15%

Purchase of videogames in physical format legally

28%

26%

Accesses videogames in digital format illegally

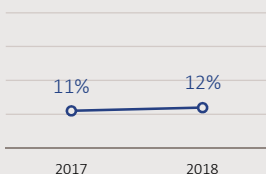
12%

11%

Base: Total internautas(n=4047)

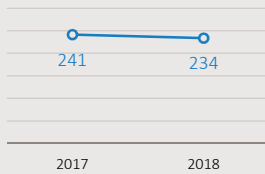
Main Results Illegal DIGITAL Contents VIDEOGAMES

Individuals who access to illegal contents



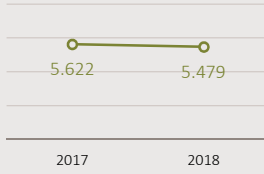
This year the percentage of individuals that have accessed illegal contents has increased.

N. Illegal contents consumed (millions of games)



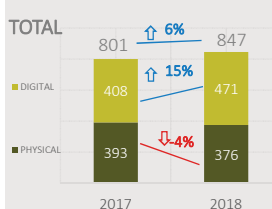
The number of consumed contents has slightly decreased, even though the percentage of individuals has increased, the number of downloads has decreased.

Value of the illegal content (millions of €)



The value decreases because of the drop in the downloads.

Market Value (millions of €)



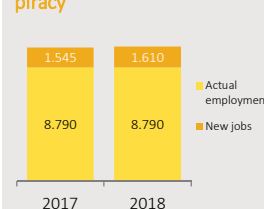
The income of the game industry has increased 6% compared with the last year.

Videogames Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,3 times the actual value

Actual employment vs without piracy



In a situation without piracy it's estimated that 1.610 direct jobs would be generated. This would be a 18% increase over the actual employment.

Books. Summary



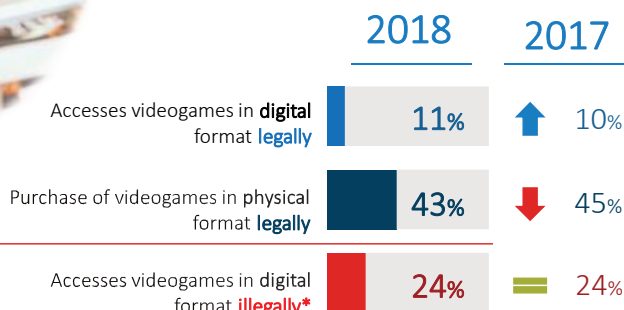
The illicit consumption of books in digital format is maintained and the legal consumption increases

2017
24%

vs

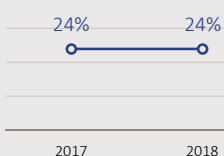
24%
Piracy consumers in digital format

Piracy consumer



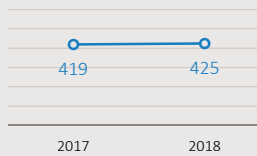
Main Results Illegal DIGITAL Contents BOOKS

Individuals who access to illegal contents



The percentage of internet users that accessed illegal contents is maintained this year.

N. Illegal contents consumed (millions of books)



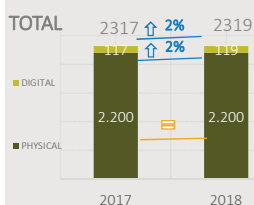
The number of consumed contents slightly increases, even though the percentage of internet users is maintained, the number of contents consumed increases.

Value of the illegal content (millions of €)



The value of the consumed contents increases, the same as the number of contents.

Market Value (millions of €)



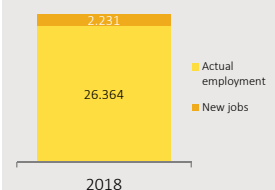
The income of the game industry has slightly increased 2% compared with the last year because of the digital market.

Books Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,1 times the actual value

Actual employment vs without piracy⁽¹⁾

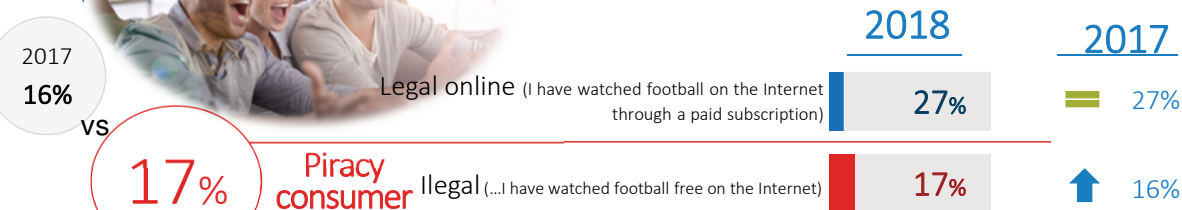


In a situation without piracy it's estimated that 2.231 direct jobs would be generated. This would be a 8% increase over the actual employment.

(1) No comparative added, because this year it's included the actual employment in bookstores.

Football. Summary

The consumers that have watched football on illegal channels slightly increases

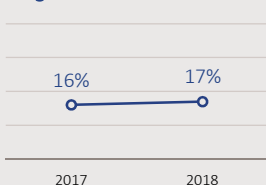


Base: Internet users aged 11 and over (n=4047)

These are individuals not households.

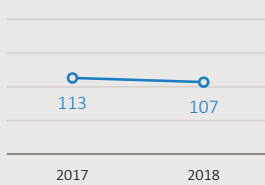
Main Results Illegal Contents FOOTBALL

Individuals who access to illegal contents



Slightly increase of the percentage of internet users that accessed to illegal content

N. Illegal contents consumed (millions of matches)



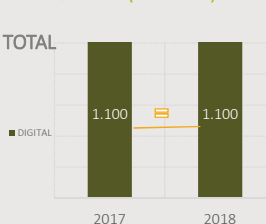
The number of consumed contents slightly decreases, even though the percentage of individuals increases, the total number of contents decreases.

Value of the illegal content (millions of €)



The value of the illegal contents increases because of the increase of the individuals.

Market Value (millions of €)



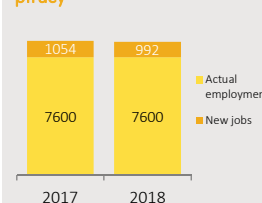
The income of the football industry is the same as last year.

Football Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,2 times the actual value

Actual employment vs without piracy



In a situation without piracy it's estimated that 992 direct jobs would be generated. This would be a 13% increase over the actual employment.

Press. Summary



The illegal consumption of press in digital format is higher than the legal.

2018

Accesses press in **digital** format **legally** 3%

Purchase of press in **physical** format **legally** 15%

Accesses press in **digital** format **illegally** 10%

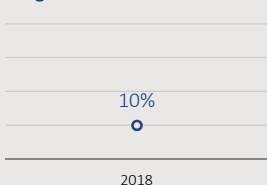
10%

Piracy consumers in digital format

Piracy consumer

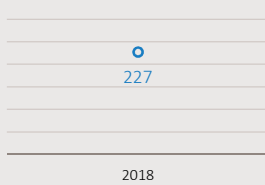
Main Results Illegal Contents PRESS

Individuals who access to illegal contents



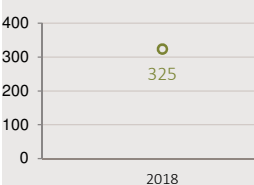
10% of the internet users has accessed to illegal press contents in digital form

N. Illegal contents consumed (millions of contents)



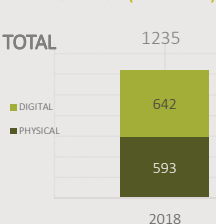
The number of press contents downloaded in the last year is 227 millions.

Value of the illegal content (millions of €)



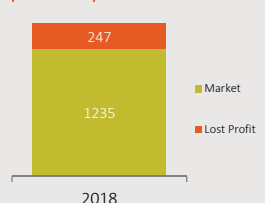
The value of the downloads this year is 325 millios €

Market Value (millions of €)



The incomes of the press industry this year is 1.235 millions €. 48% is from the physical market and 52% of the digital market.

Press Industry vs Lost Profit (millions of €)



The sales impact that the industry would have without piracy would be 1,2 times the actual value

Scores. Resumen



The illegal consumption of scores is higher than the legal consumption.

2018

Accesses scores in **digital** format **legally** 1%

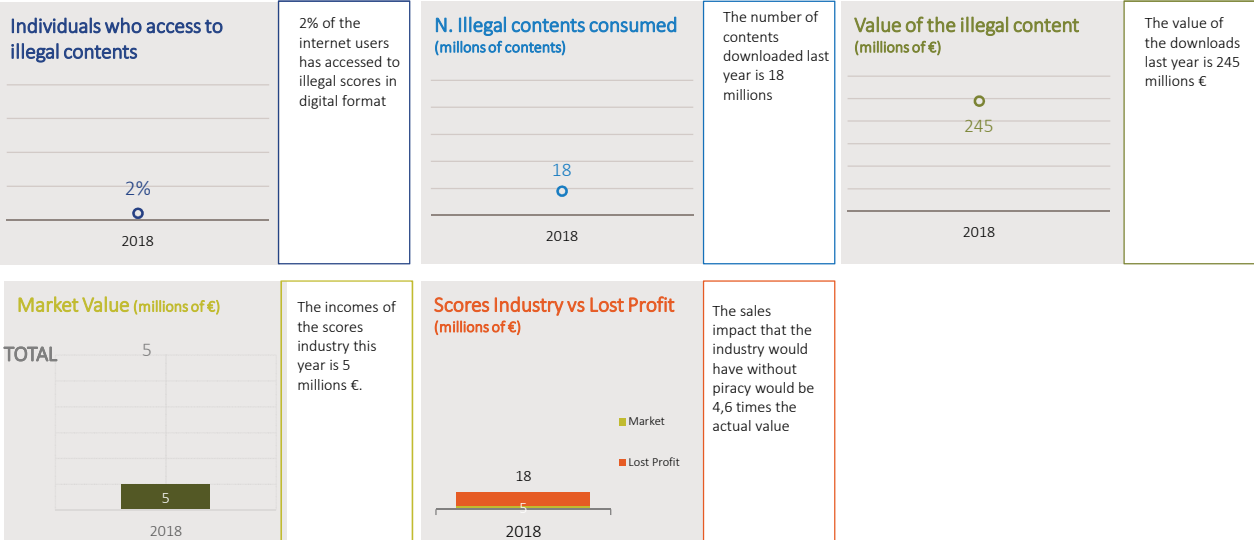
Purchase of scores in physical format **legally** 1%

Accesses scores in digital format **illegally** 2%

2%
Piracy consumers in digital format

Piracy consumer

Main Results Illegal Contents SCORES



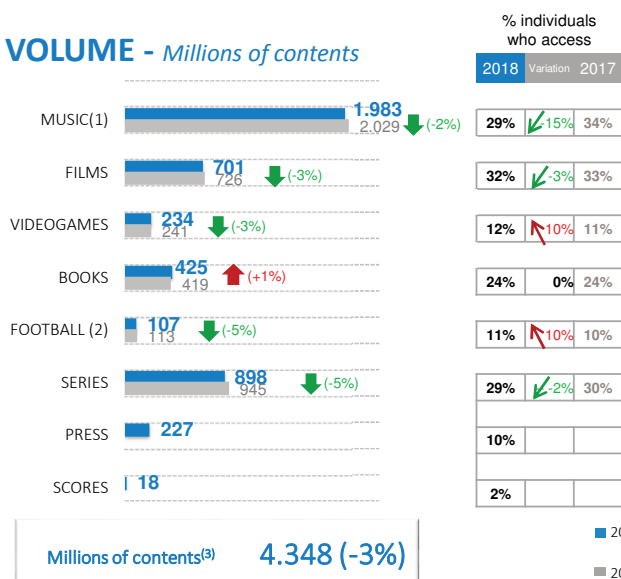
27

Piracy in Spain
and lost profit for all industries

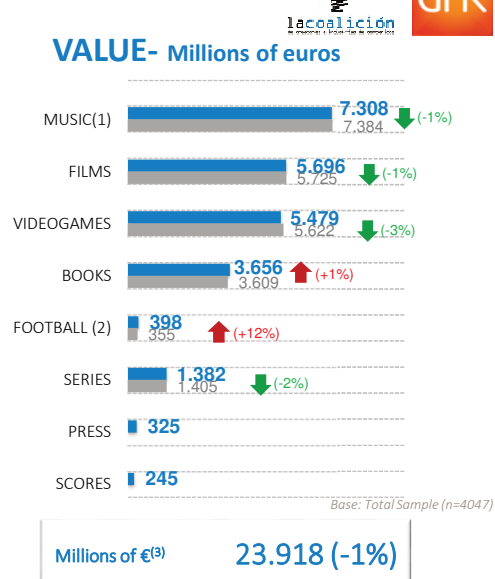
28

Illegal digital access

VOLUME - Millions of contents



VALUE- Millions of euros



(1) Included new types of access to illegal music contents in digital format.

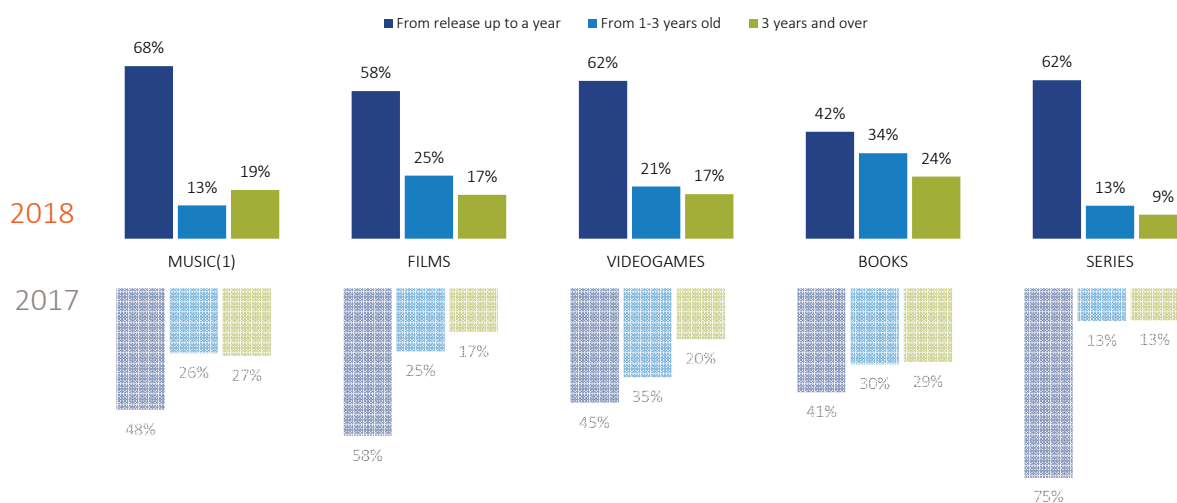
(2) The value of football piracy has been calculated based on the number of households who pirate these contents and the value of football subscriptions.

(3) Without press and scores values for exact comparison

29

Illicit access in terms of age of content

Most of the consumed contents are **new releases** in all the industries.



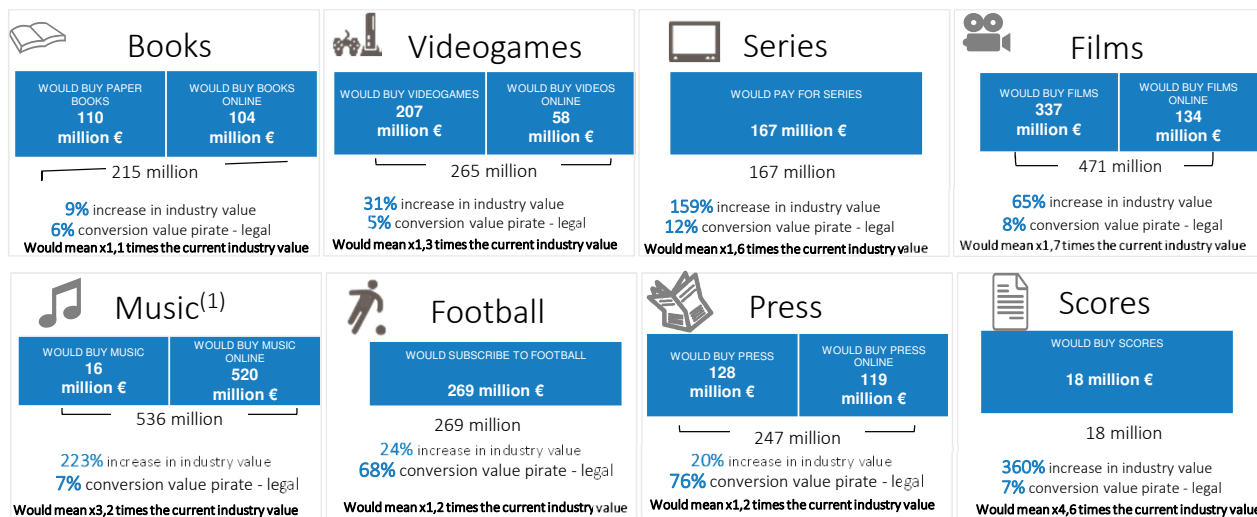
(1) Included new types of access to illegal music contents in digital format.

(*) Differences are produced because a change in the scale

30

Summary. Lost profit in industry in Spain due to the effect of piracy.

The **lost profit** in 2018 for the industries was **1.923 million euros**

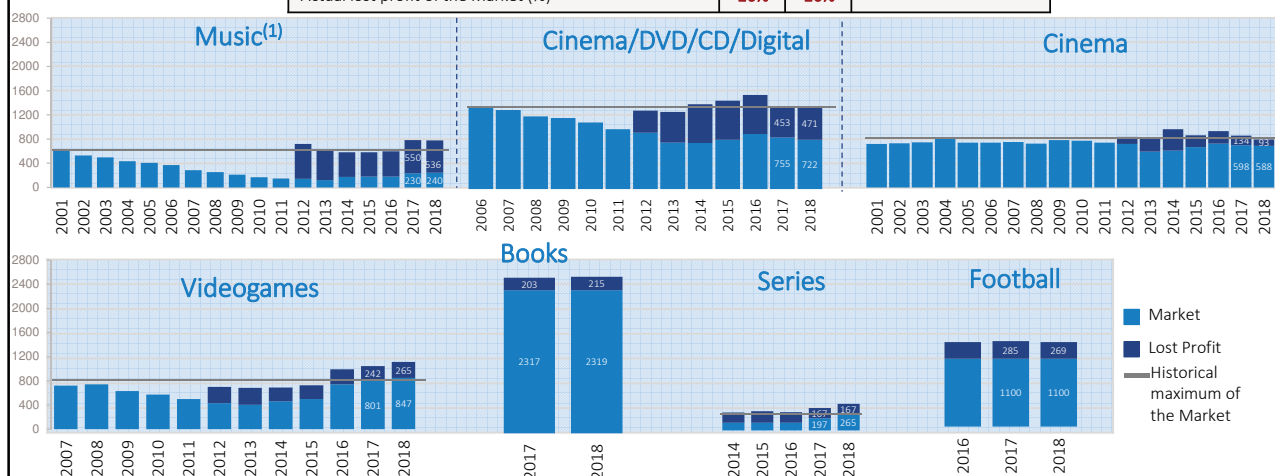


(1) Included new types of access to illegal music contents in digital format.

31

Evolution PROFIT LOSS

	2017	2018	Difference 2018 vs 2017
Lost Profit total value because piracy (million €)	1900	1923	+ 1%
Market value (million €)	5400	5493	+ 2%
Market value without piracy (million €)	7300	7416	+ 2%
Actual lost profit of the Market (%)	-26%	-26%	

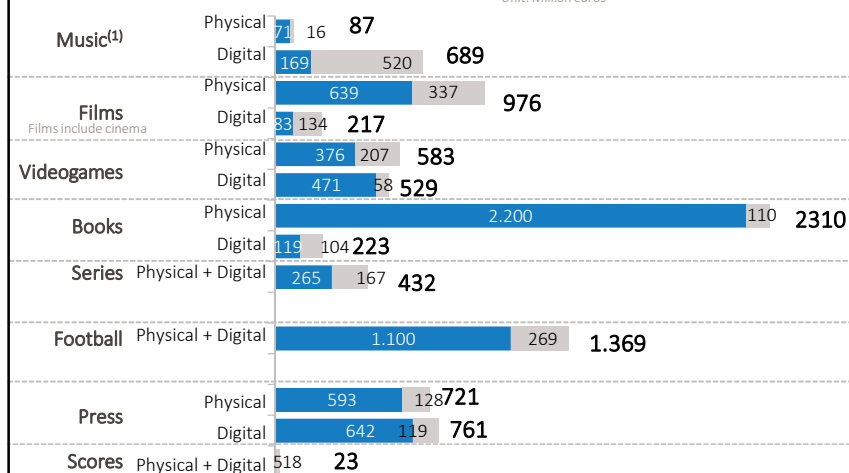


(1) Included new types of access to illegal music contents in digital format.

32

Industry value + profit lost

■ Industry Value ■ Profit Lost
Unit: Million euros



2018		2017	
Music ⁽¹⁾	776	Music ⁽¹⁾	780
240	536	230	550
Films	1193	Films	1208
722	471	755	453
Videogames	1112	Videogames	1043
847	265	801	242
Books	2534	Books	2520
2319	215	2317	203
Series	432	Series	364
265	167	197	167
Football	1369	Football	1385
1100	269	1100	285
Press	1482	Press	-
1235	247	-	-
Scores	23	Score	-
5	18	-	-
Total ⁽²⁾	5493	1923	5400
Industry	Lost Profit	Industry	Lost Profit

(1) Included new types of access to illegal music contents in digital format.
(2) Without press and scores values for exact comparison

33

PROFIT LOST BECAUSE OF PIRACY

	Profit Lost (million)			Industry Value (million)			Industry Value without Piracy (million)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
MUSIC ⁽¹⁾	414	550 ↑	536 ↓	181	230 ↑	240 ↑	595	780 ↑	776 ↓
FILMS	571	453 ↓	471 ↑	807	755 ↓	722 ↓	1378	1208 ↓	1193 ↓
SERIE	171	167 ↓	167 =	125	197 ↑	265 ↑	296	364 ↑	432 ↑
VIDEOGAMES	247	242 ↓	265 ↑	744	801 ↑	847 ↑	991	1043 ↑	1112 ↑
BOOKS		203	215 ↑		2317	2319 ↑		2520	2534 ↑
FOOTBALL	271	285 ↑	269 ↓	1100	1100 =	1100 =	1371	1385 ↑	1369 ↓
PRESS			247			1235			1482
SCORES			18			5			23
TOTAL ⁽²⁾	-	1900	1923 ↑	-	5400	5493 ↑	-	7300	7416 ↑

(1) Included new types of access to illegal music contents in digital format
(2) Without press and scores values for exact comparison

34

Repercussion on public funds and employment

35

Employment

Total value of the profit lost because of the illegal accesses



1.923 Million of euros

35% increase over the anual billing of the industries.

New direct jobs generated

21.877

It's estimated that 1 direct job can generate 5 indirect ones

131.262 total jobs

Total lost income in public funds

638

VAT – 419

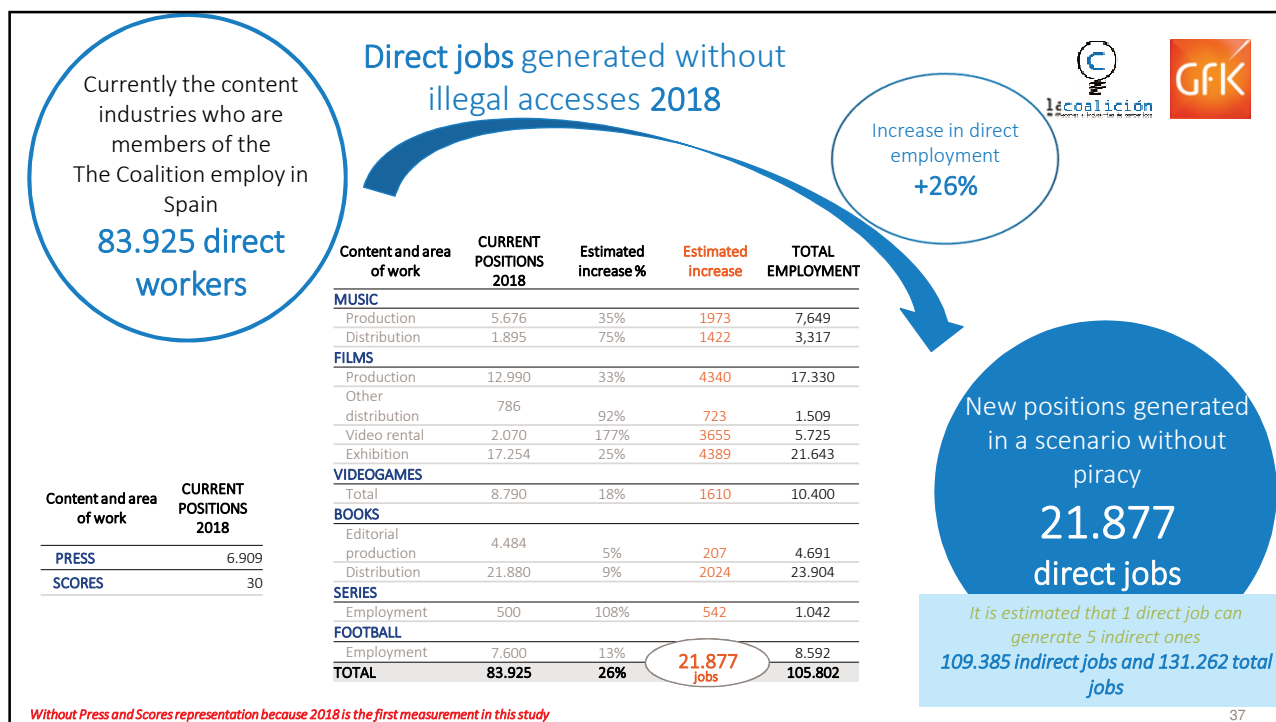
Social Security – 169

IRPF – 50

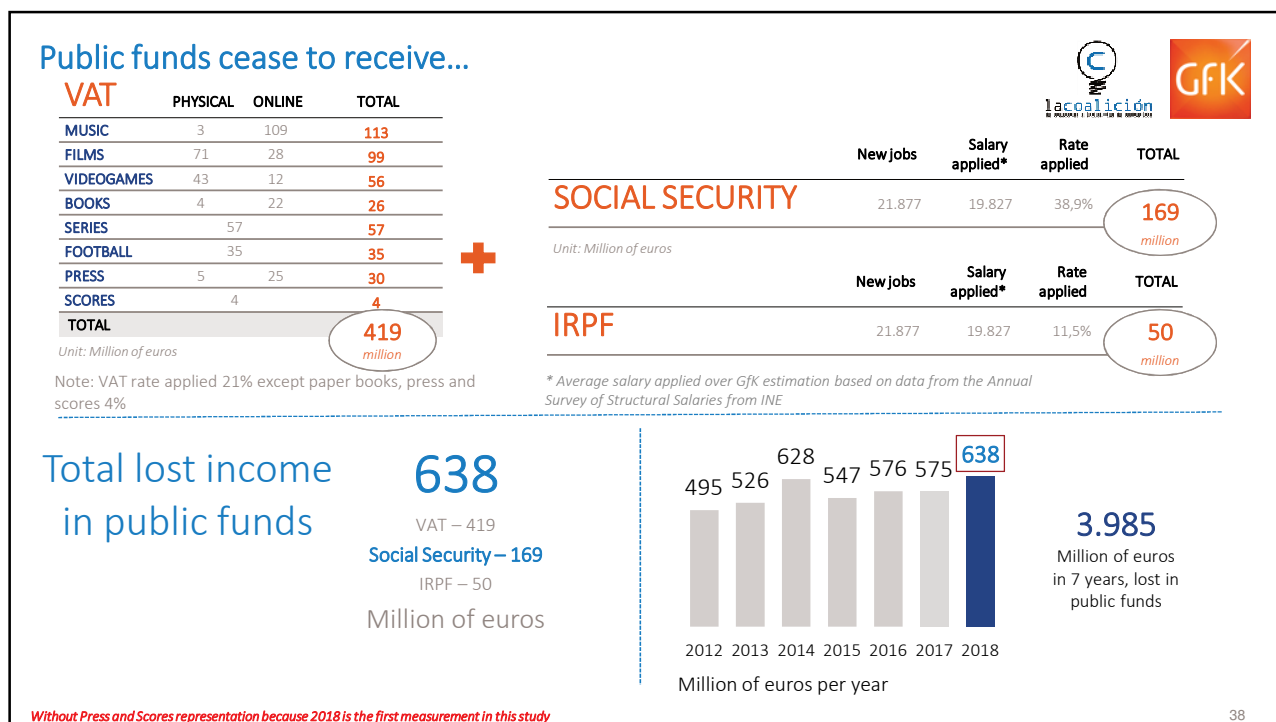
Million of euros

Without Press and Scores representation because
2018 is the first measurement in this study

36



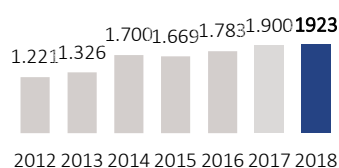
37



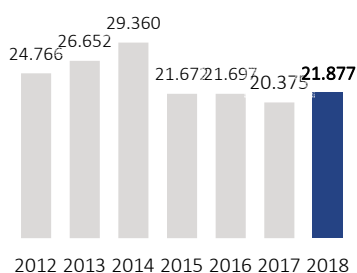
38

Impact of piracy

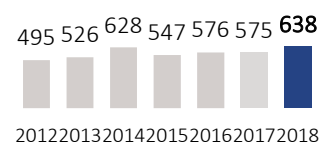
Total value of lost profit due to piracy⁽¹⁾



New direct jobs



Total lost income in public funds



(1) Included new types of access to illegal music contents in digital format

Data in millions of euros

VAT – 419
Social Security – 169
IRPF – 50

39

THANK YOU