

Piracy observatory and digital contents consumption habits 2015

# Piracy does not ease

*87.48% of all digital content consumed in Spain over 2015 was pirated*

*Illegal access rises in TV shows, videogames, leisure books and football.*

*Number of citizens pirating content increases on the face of the lack of legal consequences*

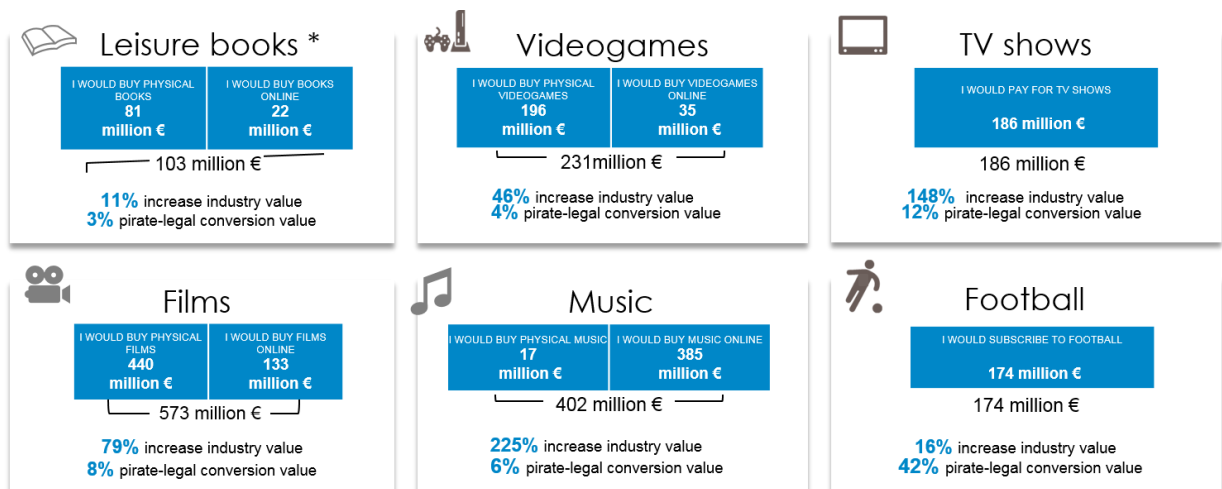
- *In 2015, there were 4.307 billion illegal accesses to content, valued in 24.058 billion euros, causing loss profit valued in 1.669 million euros.*
- *Illegitimate consumption of new releases increases significantly in all industries, but especially in the videogames sector (from 40% to 52%).*
- *The percentage of legal content purchased decreases for the third year in a row and places in 36%, compared to 41% of 2014 and 49% of 2013.*
- *"The situation proves that measures have been insufficient and that it is urgent to resolutely enforce the current legislation", points out Carlota Navarrete, managing director of the Coalition.*
- *"Original contents are very expensive" (62%), "access is faster" (55%) and "I already pay for my Internet connection" (53%) are the main reasons argued.*
- *"Football players already earn much money" is the justification given for 75% of users who access illegally to football; for another 72% is that "access through other systems it is very expensive".*
- *65% of consumers believe that most efficient measure against piracy is blocking access to websites, for 52% is to promote awareness campaigns and 49% think that it is imposing fines. Significant decrease in awareness of campaigns against piracy.*
- *A scenario without piracy would allow the creation of 21,559 new direct jobs and around a hundred thousand indirect jobs.*
- *The public fund failed to receive 547 million euros' incomes in VAT, income taxes and social security due to piracy.*

**Madrid, 31<sup>st</sup> March.** - Digital piracy keeps beating records in Spain and causing enormous damages to creators and cultural and digital content industries: in the past year, 87.94% of content consumed was illegal. During 2015, **only 36% of all content were legal**, four per cent less than the previous year, and the percentage of consumers that accessed illegally to content on the Internet rose to 63%, from the precedent 58% recorded in 2014. These are some of main results gathered by the Piracy observatory and digital contents consumption habits 2015, carried out by independent consultant GfK and released today by the Coalition of Creators and Content Industries and LaLiga. "The situation proves **that measures taken by the Government have been insufficient** and that it is urgent to resolutely enforce the current legislation", points out Carlota Navarrete, managing director of the Coalition.

The survey has included for the second consecutive year data regarding the impact of piracy on **television shows and the retransmissions of football matches, besides the income sources** of web sites offering pirate content.

### ILLEGAL ACCESSES, LOSS OF POTENTIAL EARNINGS AND ATTITUDES

During 2015, a total of 4.307 billion digital contents were accessed illegally, with a market value of 24.058 billion euros. Total lost profit due to piracy was 1.669 billion euros, with the following breakdown:



\*Teaching and professional books are not being valued

62% of consumers who access illegal content argue that "original contents are very expensive". Besides, among reasons are highlighted "the fast and easy access" (55%); "I already pay for my Internet connection" (53%); and "I don't pay for a content that I won't probably like" (47%). It is very significant the rise of interviewees stating that "I'm not harming anybody" or "there are no legal consequences for those who pirate, nothing happens", an attitude adopted in 2015 by 29% and 26% of users, respectively, compared to 19% of 2014. This reasons are expressed by both consumers of cultural and entertainment content and of football retransmissions, and evidences that it is a general problem and that there is a lack of clear messages from the Government.

71% of users hiring an Internet connection take into account mainly the access speed that enables to access faster to content. 56% specially value the combined offer (high speed or fibre plus contents packages) when choosing the Internet access provider.

### ACCESS WAYS AND SOURCES OF INCOME

Regarding the access ways, it is seen a considerable increase in the use of search engines to access illegal content, from 72% to 81%, with Google as the engine used by nine out of ten accesses to pirate content.

More than 74% of webs from which illegal contents were accessed are financed by advertising (compared to 71% of 2014). Considering the advertising, almost 75% refer to online gaming and betting sites (70% in 2014), 53% to dating sites (43% in 2014) and over 41% to adult content (33% in 2014).

It's particularly remarkable that more than one third of publicity of pirate sites **belong to consumer products of renowned brands** of food, fashion, insurances, telephony, etc., which confirms the urgent need of greater collaboration between the industry and the advertisers to improve the ecosystem of online advertising.

In any case, the sources of income of these sites are diverse, and it is to be particularly highlighted that **36.4% of users had to sign up as user transferring personal data**, that pirates gather in databases that are used for e-marketing campaigns and reach very high prices in the market. Pirate sites also get much more valuable data than one can imagine a priori that allow them to get important economic benefits, eg. those referring to Internet surfing habits, rest of web sites visited by consumers, preferences, likes, purchase habits, etc.

Likewise, means of payment play a significant role in the running of pirate sites, especially in the cases in which those sites commercialise premium accounts, get donations or standardise a system to send mobile messages to registered users to inform of the release of new content on the site. Users that have at times paid for content they have downloaded from those sites reach nine per cent (it was five per cent in 2014).

While seven out of ten consumers can remember communication campaigns against gender-based violence and more than six out of ten do with road safety campaigns, scarcely two out of ten can recall on digital piracy campaign, in the seventh position regarding percentage of awareness (also behind campaigns against the excessive consumption of alcohol or to promote recycling); this represents a significant decrease in the awareness of these campaigns (three out of ten users were aware in 2014 and they occupied the fifth position among those most popular).

### IMPACT ON EMPLOYMENT AND THE STATE INCOMES

The impact of piracy on employment provides even most disturbing figures for creators and cultural and content industries. In a sector that today directly employs 58,557 people, a scenario without piracy would allow to create 21,672 new direct jobs, 37% increase, and one hundred thousand indirect jobs.

The public fund failed to receive 337 million euros of VAT as a consequence of piracy, as well as 162 million euros in social security contributions and almost 48 million euros in personal income tax. That is to say, in 2015 the State lost income for a total of 547 million euros as a consequence of illegal access to content.

### Public fund cease to receive...

| VAT           | PHYSICAL | ONLINE | TOTAL                          |
|---------------|----------|--------|--------------------------------|
| MUSIC         | 3,6      | 80,9   | <b>84,4</b>                    |
| FILMS         | 92,4     | 27,9   | <b>120,3</b>                   |
| VIDEOGAMES    | 41,2     | 7,4    | <b>48,5</b>                    |
| LEISURE BOOKS | 3,2      | 4,6    | <b>7,9</b>                     |
| TV SHOWS      |          | 39,1   | <b>39,1</b>                    |
| FOOTBALL      |          | 36,5   | <b>36,5</b>                    |
| <b>TOTAL</b>  |          |        | <b>337</b><br><i>million €</i> |

Unit: million euros

Tip: Rate applied at 21% except physical books 4%

|                        | New jobs | Applied salary* | Applied rate | TOTAL                          |
|------------------------|----------|-----------------|--------------|--------------------------------|
| <b>Social Security</b> | 21.672   | 19.199,7        | 38,9%        | <b>161,86</b>                  |
| <b>Income Tax</b>      | 21.672   | 19.199,7        | 11,5%        | <b>47,85</b>                   |
| <b>TOTAL</b>           |          |                 |              | <b>210</b><br><i>million €</i> |

Unit: million euros



## ACCESS AND FIGURES BY TYPE OF CONTENT

### MUSIC

**During 2015, 1.723 billion music contents were accessed**, with a market value of 6.333 billion euros.

Less than one out of ten consumers legally accessed to music online, while 20% accessed to illegal contents. More than 51% of accesses were to contents with less than one year after their commercial release (46% in 2014).

### FILMS

**The volume of films accessed illegally during 2015 was 878 million**, with a market value of 6.907 billion euros.

37% of users access illegally to content, while nine per cent access to digital films legally. 36% of accesses happened when the film was still on screens in theatres.

### TV SHOWS

**30% users access illicitly to TV shows, summing up to 950 million series episodes illegally played or downloaded during 2015.** Their market value is 1.567 billion euros.

46% of accesses happened during the period it was still being showed on TV (41% in 2014).

### LEISURE BOOKS

**In 2015, 390 million illegal accesses to leisure books on the Internet were accounted**, with a market value of 3.131 billion euros.

More than 45% of accesses were to contents less than one year old (42% in 2014).

### VIDEOGAMES

Regarding videogames, during last year there were 225 million illegitimate accesses. These products' value reached 5.710 billion euros.

More than 52% of the videogames accessed illegally had been in the market for less than one year (40% in 2014). 14% of consumers access to online videogames illegitimately.

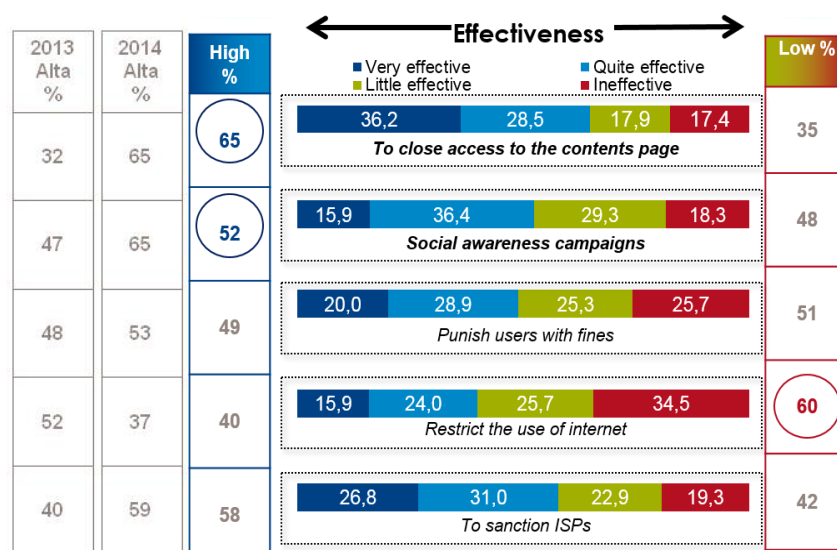
### FOOTBALL

During 2015, a total of 141 million football matches were viewed illegally in two million Spanish homes. The market value of those retransmissions exceeds 410 million euros.

21% of internet users access football through illegal accesses. The most remarkable reasons given to view pirate retransmissions are that "football players already earn much money", say 75%, and "accessing through other systems is very expensive", for 72%. "Watching football without paying it does not harm my team or anyone" is what 50% of internet users who do argue. These reasons are supported by the fact that, according to 40% of users, "everyone does it" (33% in 2014).

### EFFICIENCY OF MEASURES

Most efficient measures against piracy would be, to the internet users' own view, blocking access to the website offering content (65%) and promoting social awareness campaigns (52%). Following those two, according to consumers the other best measures to reduce infringements would be imposing penalties to Internet access providers and operators (58%) as well as to infringing users, either with fines (49%) or by restricting the use of Internet (40%).



Unidad: Porcentajes  
Base: Muestra (n=2007)