

## Results of the Piracy Observatory and Digital Contents Consumption Habits 2013

# Almost 70 percent of Internet users consider blocking access to content as the most efficient measure against piracy

- The number of Spanish people who illegally access digital contents grows globally and now exceeds 51%; by type of content, music (27%), films (43%), books (21%) and video games (9%) are illegally accessed, causing a loss profit of over 1.3 billion euros to content industries, an increase of 8.6% compared to 2012. Music is the only content registering a slight decrease.
- As most effective measures against piracy Internet users consider blocking access to the websites offering content (68.2%) and punishing operators and Internet Service Providers (ISPs) (60.2%).
- Over 46% of Internet users who access illegal content look for it on search engines and link to the resulting websites where they download, read, watch or listen to content; Google is the most used search engine, accounting 97.5% of use.
- 84% of all content acquired in Spain is pirate.
- Piracy hampered the creation of 26,000 jobs and caused public revenues losses of 526.2 million euros, an increase of 6.4% regarding 2012.
- Value of online pirate content exceeded 16.1 billion euros in 2013, a 6.5% increase compared to 2012.
- Intellectual Property Commission has not improved in diligence nor in efficiency, so piracy has continued growing until reaching almost 3.2 billion illegal downloads in 2013, a 4.6% increase compared to little more than 3 billion in 2012.
- The Coalition of Creators and Content Industries (La Coalición) urges the Government and all parliamentary groups to clearly reflect in the draft bill their rejection of intellectual property massive infringements and their strong support to this Spanish economy key industry.

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Results of the last Piracy Observatory and Digital Contents Consumption Habits show that illegal downloads continued to grow in Spain over 2013. The survey carried out by independent consulting company Gfk and commissioned by La Coalición has been released today, confirming the severity of the situation and showing a devastating scenario in which 84% of all content consumed in Spain is pirate.

## **Internet users see clearly which are the most effective measures against piracy**

As a new development, this year's survey has complemented the system of interviews with a series of questions aimed at determining the users' knowledge of measures against digital piracy and their efficiency. Internet users consider that two most efficient measures would be blocking access to websites offering content (68.2%) and punishing operators and ISPs (60.2%); following are social awareness campaigns (53.2%), punishing users with fines (52.5%) and restricting the use of Internet (48%).

Globally, more than half of Internet users' population (51%) illegally download content protected by intellectual property rights, reaching almost 3.2 billion illegal downloads in 2013 (a rise of 4.6% regarding 2012); by type of content, people download music (27%, almost 2 billion illegal downloads), films (43%, 720 million), books (21%, 302 million) and video games (9%, 196 million).

Total value of online pirate content exceeds 16.1 billion euros, a 6.5% increase compared to 2012: music content amounts to 6.06 billion euros, films 3.8 billion; video games are valued 4.4 billion and 1.8 billion goes to the books category. All types of content saw higher piracy compared to 2012, with the exception of music, which shows a slight decrease. On the contrary, books suffer the sharpest rise, being the value of piracy three times higher than the year before.

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## **A very pernicious effect over the productive economy**

The conclusions of the survey are compelling. Main reasons given by Internet users for accessing contents illegally highlight that public authorities are not getting a clear message across to citizens, as well as a higher and higher need of educational programs. Thus, 70% (7 in 10) of Internet users see perfectly fine not paying for something that can be obtained for free.

Regarding "practical reasons", 59% access pirate content because it is quick and easy, and what is especially striking, more than 20% of Internet users believe that accessing pirate content does not cause damage to any industry. Besides, it becomes clear that more than 77% declare to know that there could be legal consequences for that who pirates (although so far "nothing happens").

On the other hand, it is equally remarkable that 60% of Internet users declare that they would accept contents including advertising if that way they could access them at zero cost. Besides, in case the contents could not be accessed for free, 2 in 10 would pay for them.

Piracy in Spain causes tremendous economic losses to the content industries, reduces the public purse revenues and destroys jobs in production and distribution of music, books, films and video games. During 2013, 25,720 jobs were not created and the public purse did not earned 526.2 million euros, 6.4% more than in 2012, as illegal economic activity does not pay any taxes as personal income tax (Spanish IRPF), VAT or Social Security contributions.

## **Clearly insufficient measures**

It is obvious that Section Two of Intellectual Property Commission has failed to comply with the purpose for which it was created. Far from settling the problems that rose during its first year of life, its operation proves to be insufficient in 2013. Carlota Navarrete, managing director of La Coalición, "regrets that the results obtained up to date in the fight against piracy are so much terribly poor".

Since its start on 1<sup>st</sup> march 2012, the industries represented by La Coalición have submitted **145 files** seeking action against websites or services that illicitly and massively provide protected content. Section Two of IPC still has 64 of those files pending start of proceeding. From the remaining 55%, many of contents have been removed voluntarily upon receipt of notification from the Commission, and only in a few cases a formal resolution to take down content has been ruled. These actions have represented for the content industries the withdrawal of **50 albums, 67 films, 14 books, 21 video games and 4 episodes of TV series within a universe of almost 3.2 billion illegal downloads**. The average time to initiate a file proceeding is 400 days, in an environment such as Internet characterised by immediacy and in which interest in content is extremely ephemeral.

### **Need to improve legislation**

Although the creation of a specific administrative procedure to protect intellectual property showed the country's political class the importance of IP, today, in view of the obvious entrenchment of an issue of such dimensions and scale, **La Coalición wants to make an urgent call to the Government and all political forces so that the parliamentary process of the draft bill in the Congress and the Senate to amend the Intellectual Property Law can offer really effective measures to restrain illegal downloads.**

The managing director of The Coalition of Creators and Content Industries, Carlota Navarrete, notes that **«the opportunity to improve the Law still exists and we are confident that necessary changes can be implemented»**. «The Government and the Parliament must accept their responsibility and political commitment, passing a law that introduces all necessary improvements to achieve optimal effectiveness in the prosecution of Internet piracy». «From La Coalición, as representatives of much of the culture and entertainment industry in Spain, we champion these improvements are **imperative**», «the rulings of the **Supreme Court** have been resounding in respect of the appropriateness of the procedure, the **Council of State** has been incisive in its opinion on the amendment, the last decisions of the **European Union Court of Justice**, unambiguous, and the knowledge we already have of the regulations that are being implemented by our neighboring countries don't leave any room for doubts: a decided commitment must be made to protect the content industry online, and resources and effective tools must be provided to fight piracy».

«It is a great challenge for which we, the Content Industries, **request from all political parties responsibility, consistency and unity to defend an industry and its creators**, that for ages have been suffering a sense of powerlessness in the face of the massive and unpunished violation of their legitimate rights; for them, for the direct impact on the economy, for the employment and the public purse, for Culture as a key sector and backbone of the society, the draft of the bill is a unique opportunity that cannot, must not, be missed. We need that, as it happens in other countries in our vicinity, proposals that guarantee the efficiency in the fight against piracy are consolidated and provide a real legal certainty to cultural industries».

Further, we want to call on the responsibility of all the companies involved in this market, including the advertising industry, payment providers and also intermediaries such as hosting or Internet access

providers, to make **self-regulation** commitments, similarly to those being adopted by all actors of the sector in other countries, to protect online intellectual property and contribute actively to develop an industry that is key for the Spanish economy.

### **A sustainable Internet**

Besides, in view of the details provided by the Observatory and the severity of the situation they are confirming, it should be emphasised that **social awareness** on the problem and its consequences is greater all the time. Rejection of these practices by society starts requesting that, simultaneously to the continuous improvement of pedagogy, adequate measures to fight them are **promoted and encouraged**. We, all parties, must play a constructive role and there is no better time to reinforce a change of behaviours that will necessarily result in a safer Internet to facilitate communication, cultural diversity and access to information, as well as knowledge and culture; an Internet in which a responsible, respectful and ethical use of technologies is made.

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\*La Coalición de Creadores e Industrias de Contenidos está integrada por las siguientes organizaciones: Asociación Española de Editores y Distribuidores de Software de Entretenimiento (ADESE), Sociedad de Artistas Intérpretes Ejecutantes de España (AIE), Centro Español de Derechos Reprográficos (CEDRO), Entidad de Gestión de Derechos de los Productores Audiovisuales (EGEDA), Federación para la Protección de la Propiedad Intelectual (FAP), Federación de Distribuidores Cinematográficos (FEDICINE), Productores de Música de España (PROMUSICAE), Sociedad General de Autores y Editores (SGAE) y Unión Videográfica Española (UVE).

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\*GfK es una de las mayores compañías de investigación de mercados del mundo. Cerca de 12.000 profesionales trabajan en más de 100 países para descubrir nuevas claves sobre cómo viven, compran y piensan los consumidores. GfK innova constantemente, utilizando las metodologías y herramientas más novedosas, para proporcionar a sus clientes una visión detallada de sus consumidores. En 2011, las ventas del Grupo GfK alcanzaron los 1.370 millones de euros. En España, GfK ocupa el segundo lugar en el ranking elaborado por ANEIMO y cuenta con una plantilla superior a las 300 personas, distribuidas en sus oficinas de Madrid, Barcelona y Valencia. La facturación al cierre de 2011 se ubicó en 42.5 millones de euros.

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