

# Piracy observatory and digital contents consumption habits 2013

# Objectives and Methodology

## Main objective

Impact of piracy on ... the **digital contents industry** in Spain?  
... **public funds**?  
... **employment** in Spain?

## Secondary objective

Knowing the profile of the offender.

### What do we achieve?

Knowing opinions about piracy, who does it, what they pirate and what they would buy if there were no illicit accesses.

## *Methodological Mix*

### Internet user interviews.

- Survey to internet users from the GfK panel 50.000 panelists with personalized recruitment.
- Age from 11 - 74 years.

### What do we achieve?

Assigning a real market value to contents.

Match the opinions of interviewees to the reality of the market.

### Online / offline points of sale audit.

- GfK audits the distribution channel in Spain.

# Main results

**1 in 2** internet users declare to  
illegally access to digital contents

**Pirate music**



**28%**

**Pirate films**



**43%**

**Pirate videogames**



**10%**

**Pirate books**

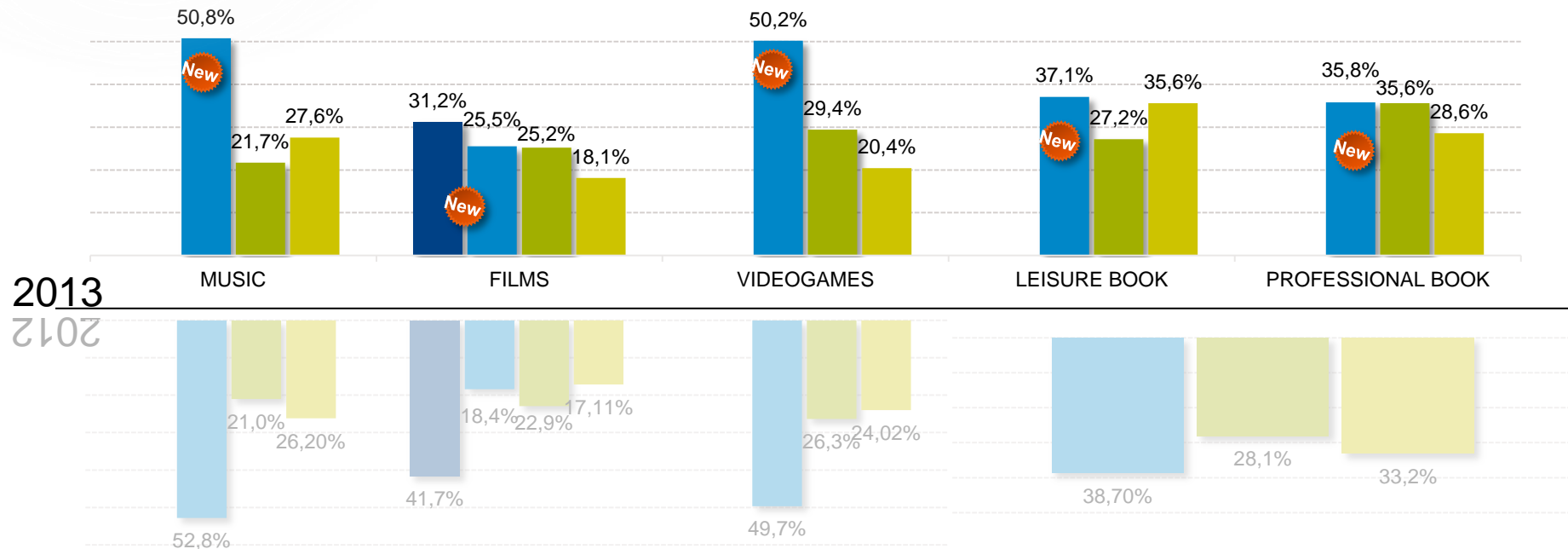


**15%**



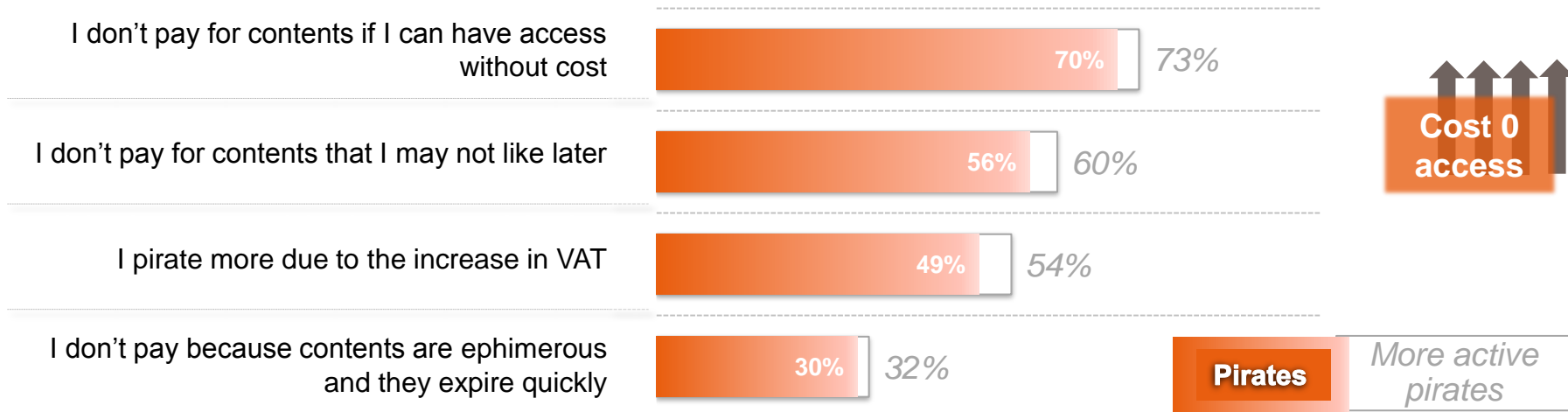
# Half of the illicit accesses are new releases

■ From the premiere to the release of the DVD/Blue-R ■ From the release to 1 year  
■ From one year to three years ■ From three years onwards



# Attitudes towards piracy

# Why do they pirate?

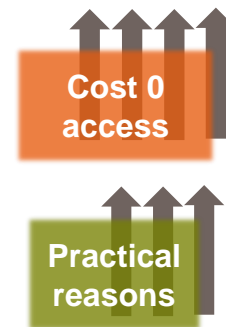
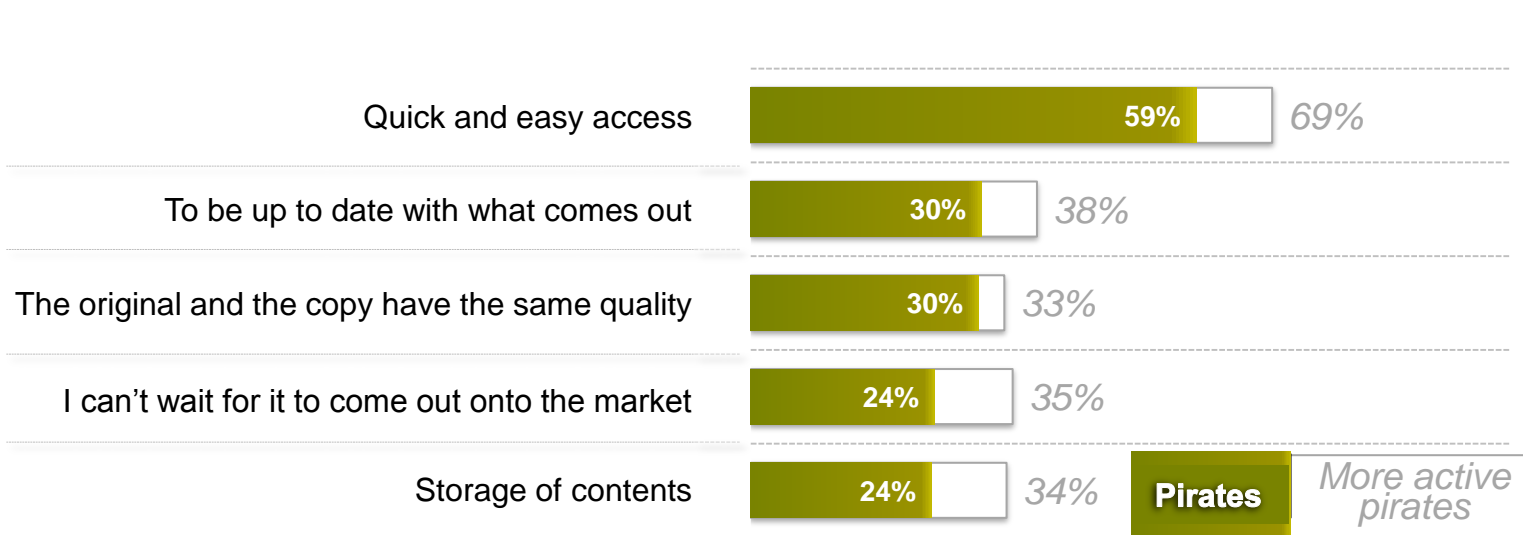


**7 in 10** pirate to get access at zero cost

**6 in 10** pirate **because of the uncertainty** that they don't like the content

**Half** pirate more due to the **VAT** increase

# Why do they pirate?



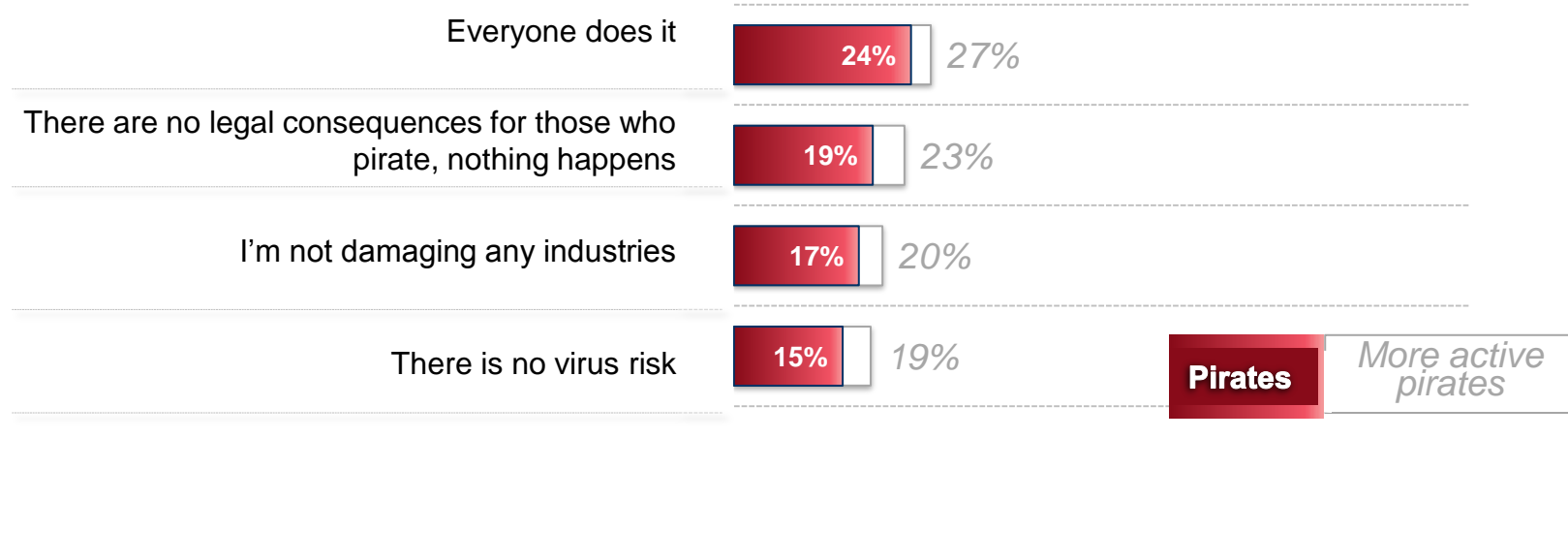
**More than half** mention the ease and speed of access

**1 in 3** pirates to be up to date with whats new

Almost **a third** of the pirates consider original not to add quality

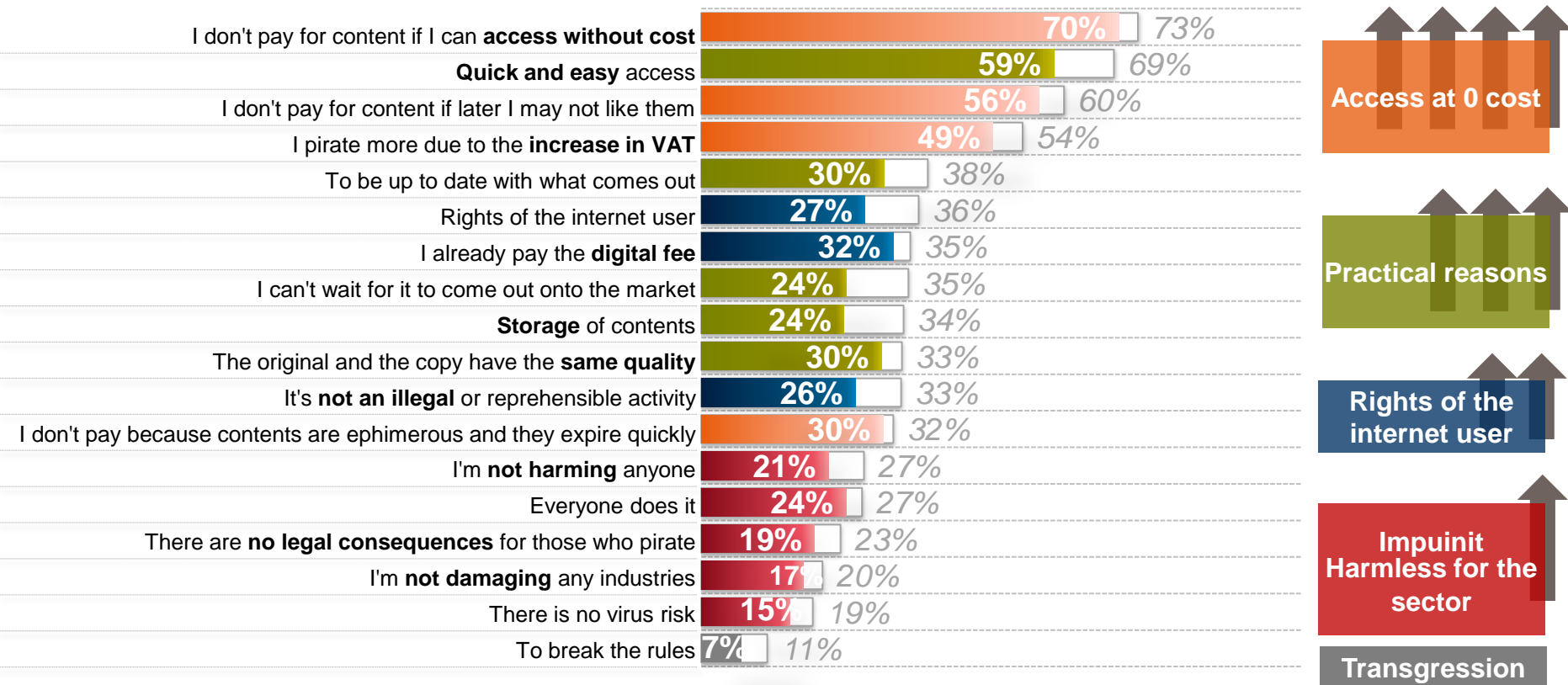


# Why do they pirate?



**1** in **4** pirate as **habit**, because everybody does it,  
and it's **common** to think there are **no**  
**consequences** for the industry nor for the pirate

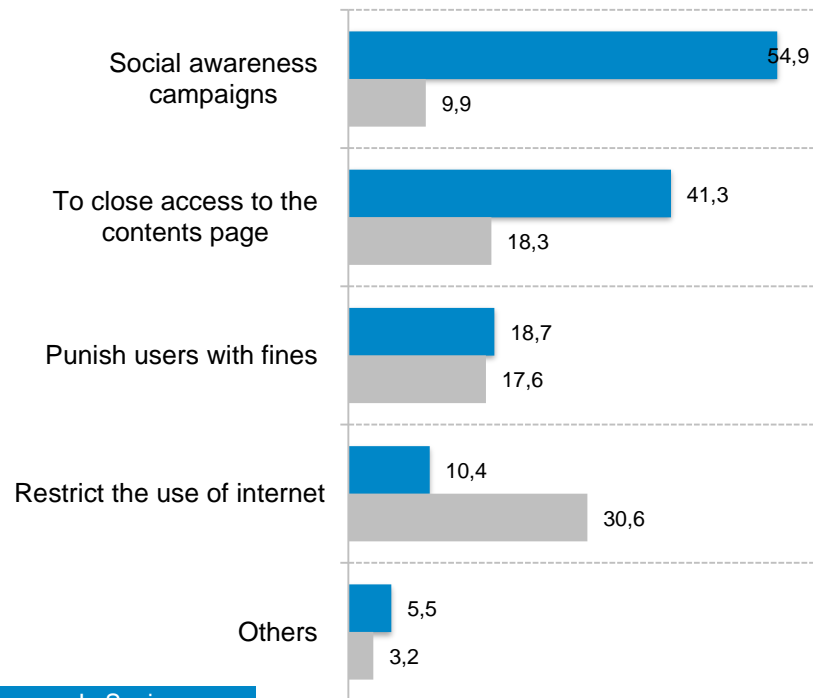
# Why do they pirate?



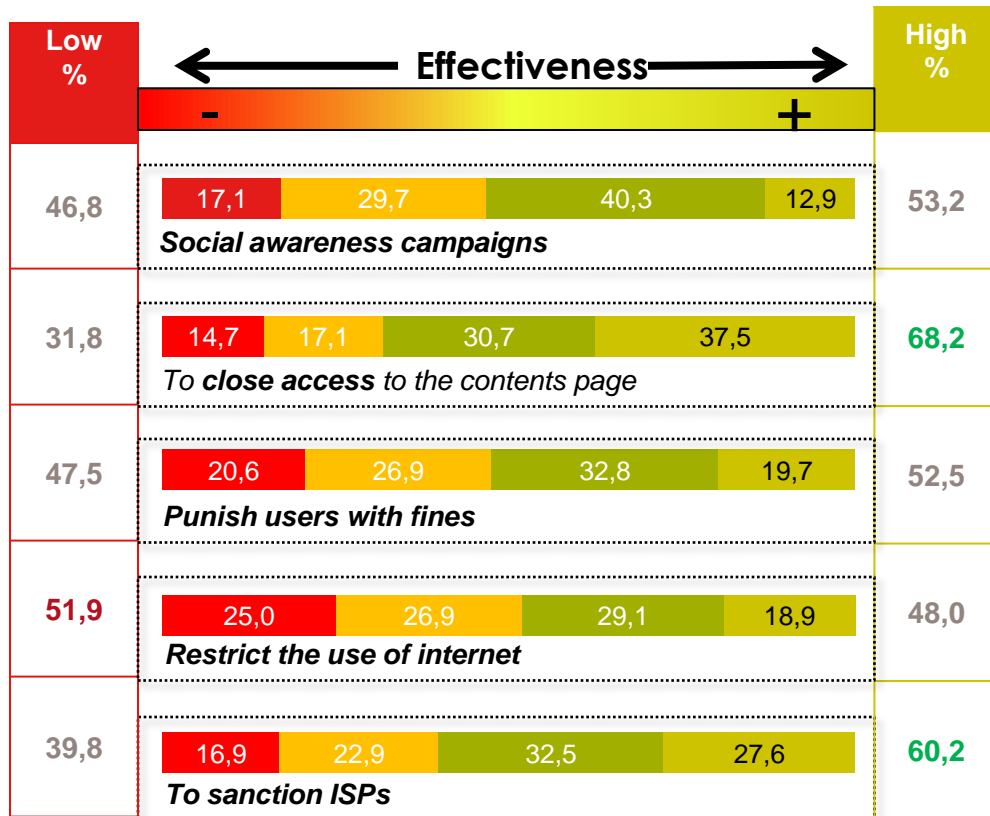
# Anti piracy measures

# Measures against piracy and effectiveness

## Measures awareness



In Spain  
In other countries



# Measures against piracy and effectiveness

Measures most know are:

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**5 in 10** remember measures of **social awareness**

**4 in 10** are aware access to **illegal content sites** could be **blocked**

Most efficient measures to fight to piracy are:

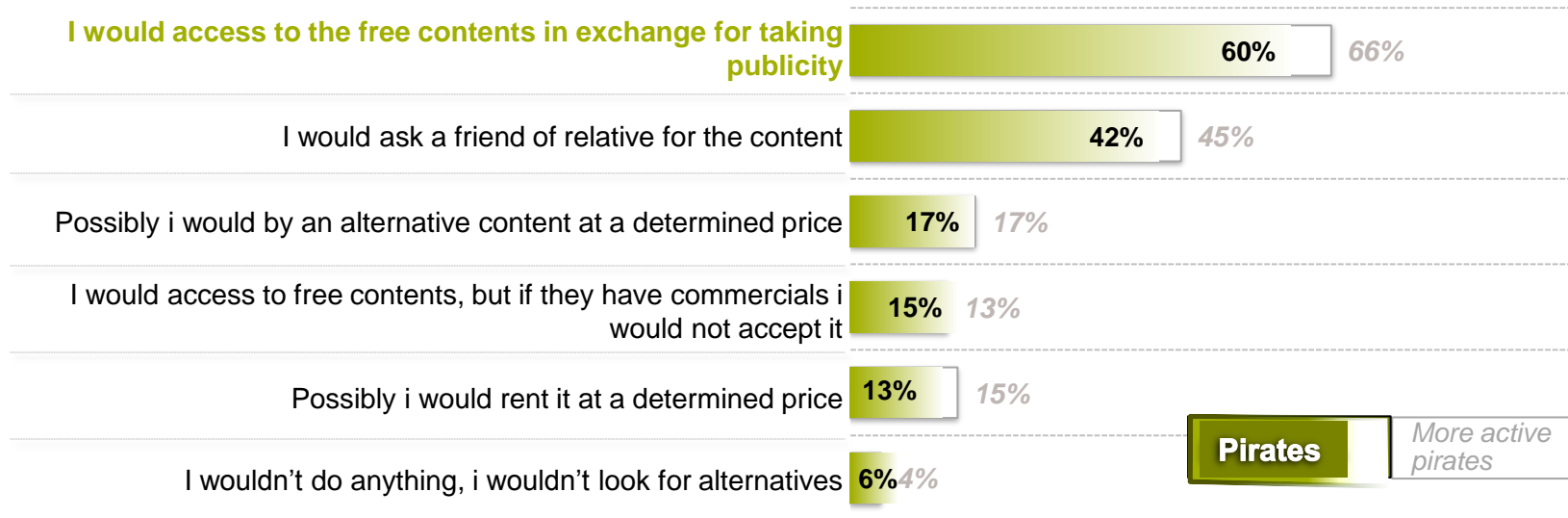
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For **7 in 10** closing illicit content sites

For **6 in 10** punish ISPs

# ALTERNATIVES

If you couldn't access the contents for free...

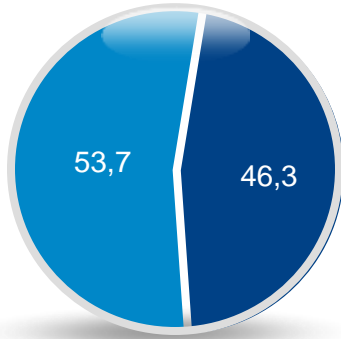


**More than half** of the pirates would accept to access the free contents in exchange for **taking publicity**

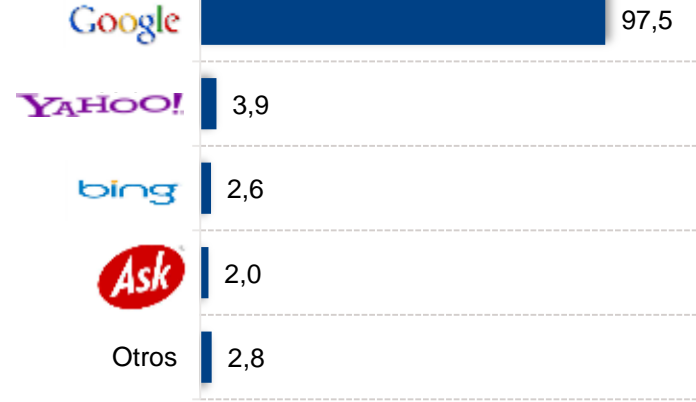
# Piracy in Spain. Loss of Potential earnings

# How do they access to illegal contents

Directly to the  
contents page



Use web browsers  
to access the  
contents page



**1 in 2** pirates use any web browser to access illicit contents, being **Google** the most used



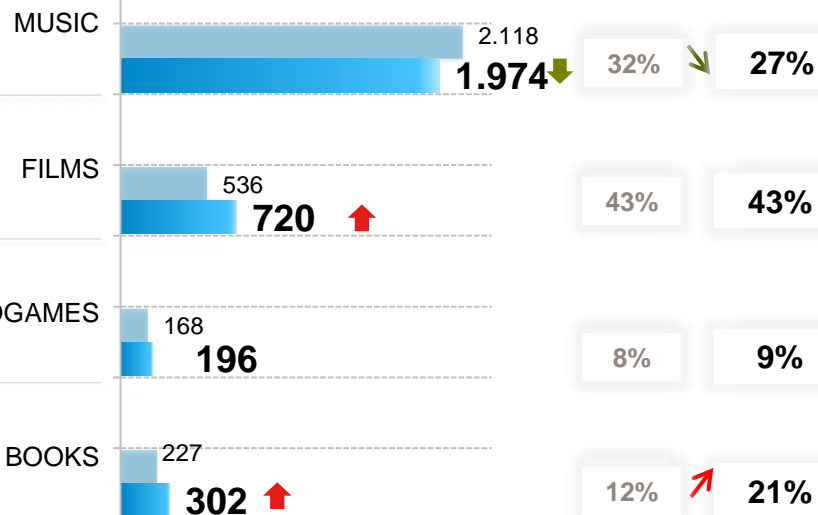
# Digital illegal access

## Volume

Millions of products

% who access

2012 2013



Unit: Units

Unidad: Porcentaje

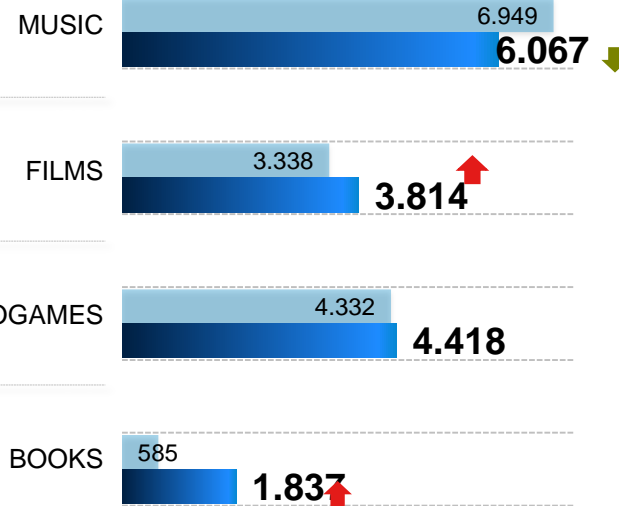
Millions of contents

3.192

■ 2012  
■ 2013

## Value

Millions of euros



Unit: Euros

Millions of products

16.136

+6% vs '12

84% of the value of the contents in Spain is pirated

# Example of calculation of potential loss of earnings.

Legal contents



*"I've accessed 100 illicit contents"*

Illegal contents



## Loss of potential earnings

What would you buy if you could not have free access to the content?

*"I would buy 8 legal contents if I couldn't pirate them"*

Multiplied by the average audited price of the market = 10€. Panel GfK

**80€ value**

**Loss of potential earnings**

# Summary Loss of potential earnings

## Books



I WOULD BUY PHYSICAL BOOKS	I WOULD BUY BOOKS ONLINE
59,3 Millions €	19,7 Millions €

79 millions

4,4% increase in the value of the industry  
4,3% conversion value pirate – legal

## Videogames



I WOULD BUY PHYSICAL VIDEOGAMES	I WOULD BUY VIDEOGAMES ONLINE
230,9 Millions €	52,8 millions €

283,7 millions

63% increase in the value of the industry  
6,0% conversion value pirate – legal

## Films



I WOULD BUY PHYSICAL FILMS	I WOULD BUY FILMS ONLINE
310 Millions €	139,9 millions €

449,9 millions

65% increase in the value of the industry  
11,7% conversion value pirate – legal

## Music



I WOULD BUY PHYSICAL MUSIC	I WOULD BUY MUSIC ONLINE
38,1 millions €	474,8 Millions €

512,9 millions

338% increase in the value of the industry  
8,3% conversion value pirate – legal

## *Situation 2013*

CONTENTS PIRATED: 1.982 millions

INDUSTRY VALUE: **152 millions**



Increase  
**+338%**

## *Scenario without piracy*

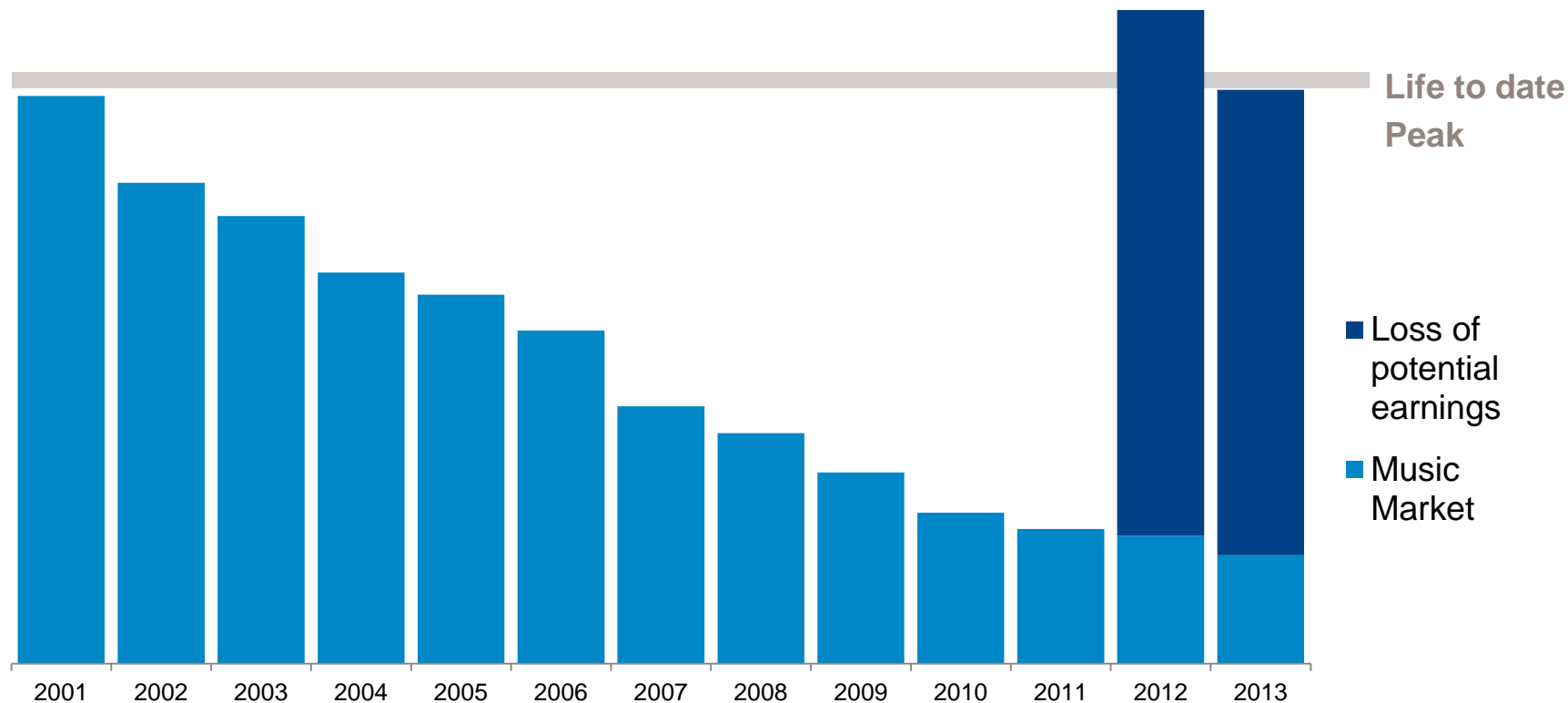
CONTENTS PIRATED: 0

INDUSTRY VALUE: **665 million euros.**

152 million current legal industry

513 million in loss of potential earnings

# Evolution sales of music vs loss of potential earnings



## Situation 2013

CONTENTS PIRATED: 724 millions  
INDUSTRY VALUE: **634 millions**



Unidad: Millones de euros

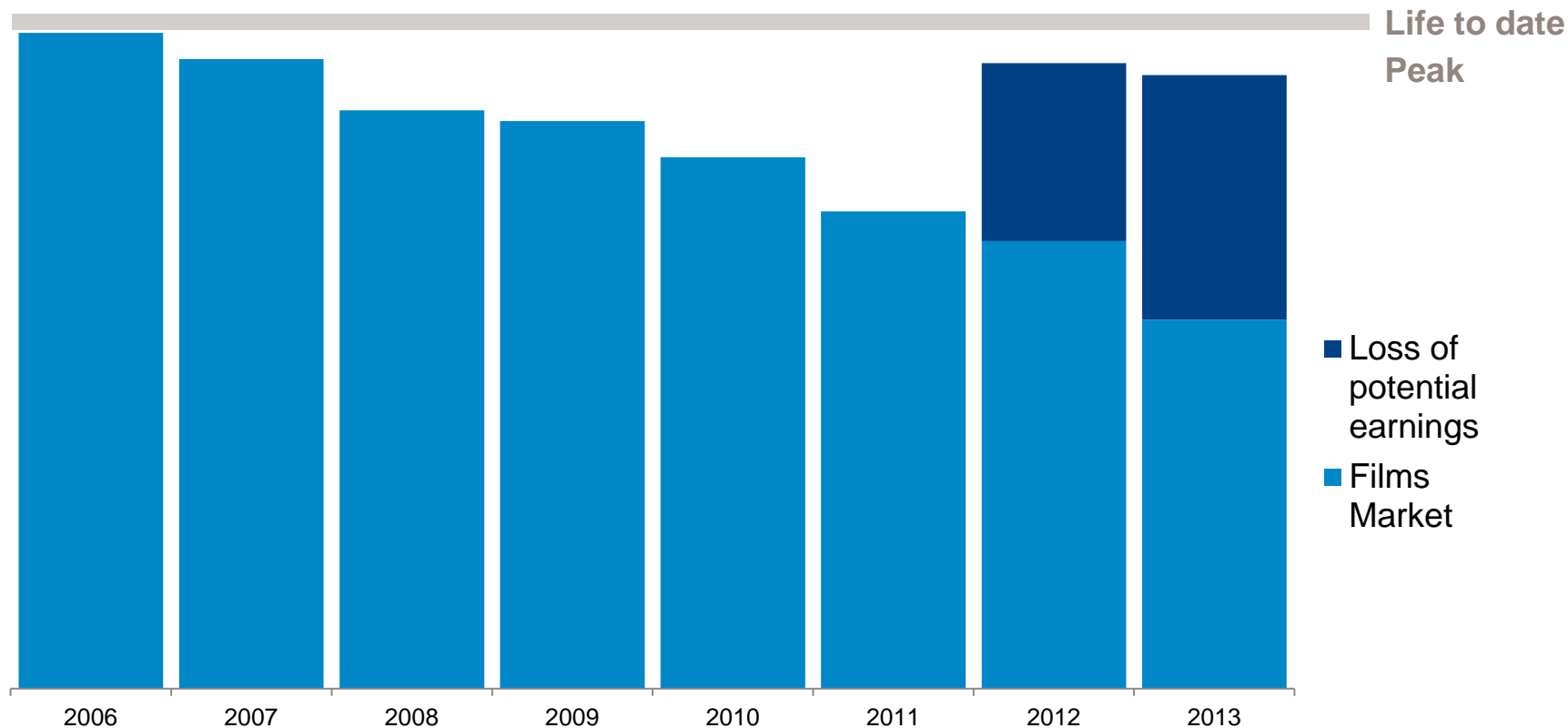
■ INDUSTRY VALUE ■ LOSS OF POTENTIAL EARNINGS

Increase  
**+71%**

## Scenario without piracy

CONTENTS PIRATED : 0  
INDUSTRY VALUE : **1.084 million euros**  
634 million current legal industry  
450 million in loss of potential earnings

# Evolution films industry vs loss of potential earnings



Source: Fedicine and UVE

## *Situation 2013*

CONTENTS PIRATED : 204 millions

INDUSTRY VALUE: **401 millions**



Unidad: Millones de euros

■ INDUSTRY VALUE ■ LOSS OF POTENTIAL EARNINGS

Increase  
**+71%**

## *Scenario without piracy*

CONTENTS PIRATED: 0

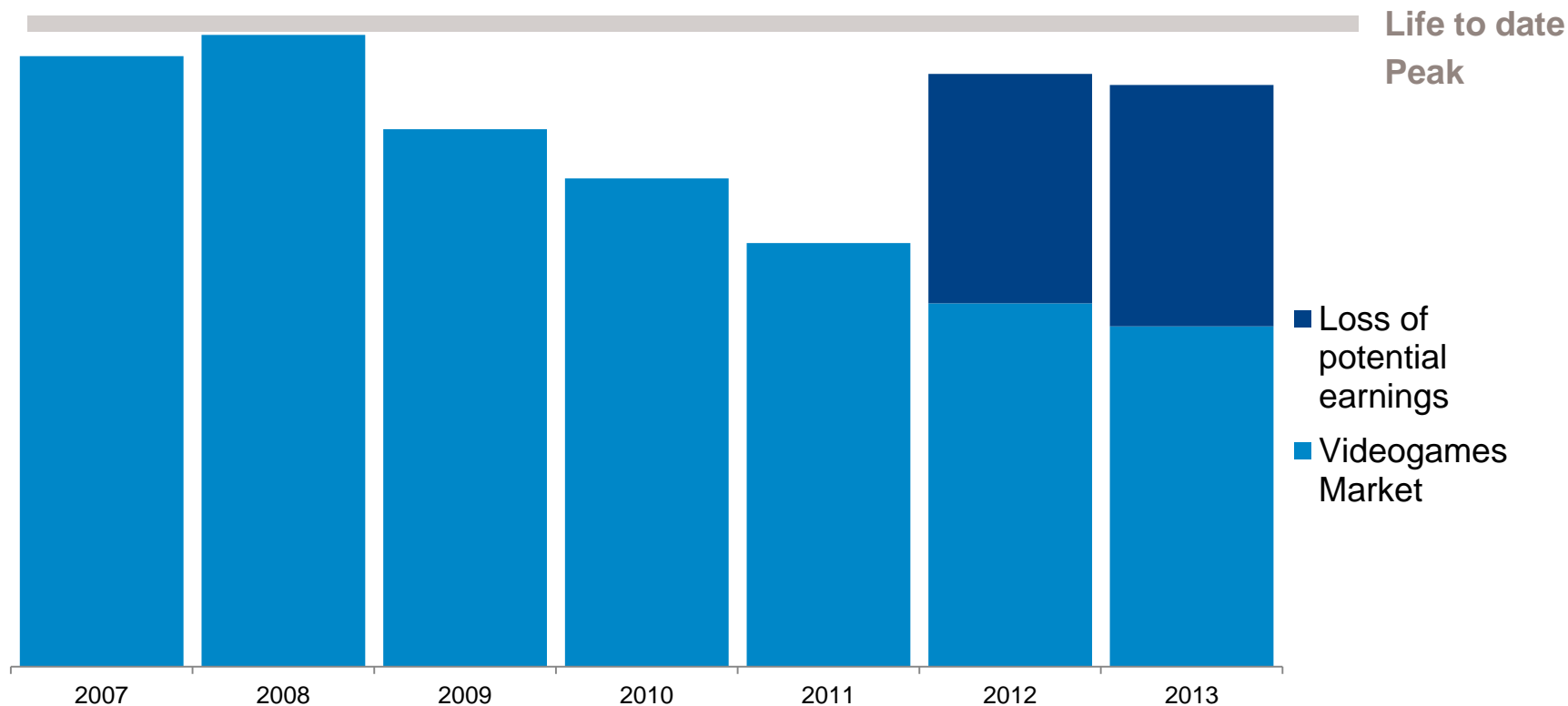
INDUSTRY VALUE: **685 million euros.**

401 million current legal industry

284 million in loss of potential earnings



# Evolution videogames sales vs loss of potential earnings



Source: Adese

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*\*Do not include digital sales*

## Situation 2013

CONTENTS PIRATED: 302 millions  
INDUSTRY VALUE: **1.807 millions**

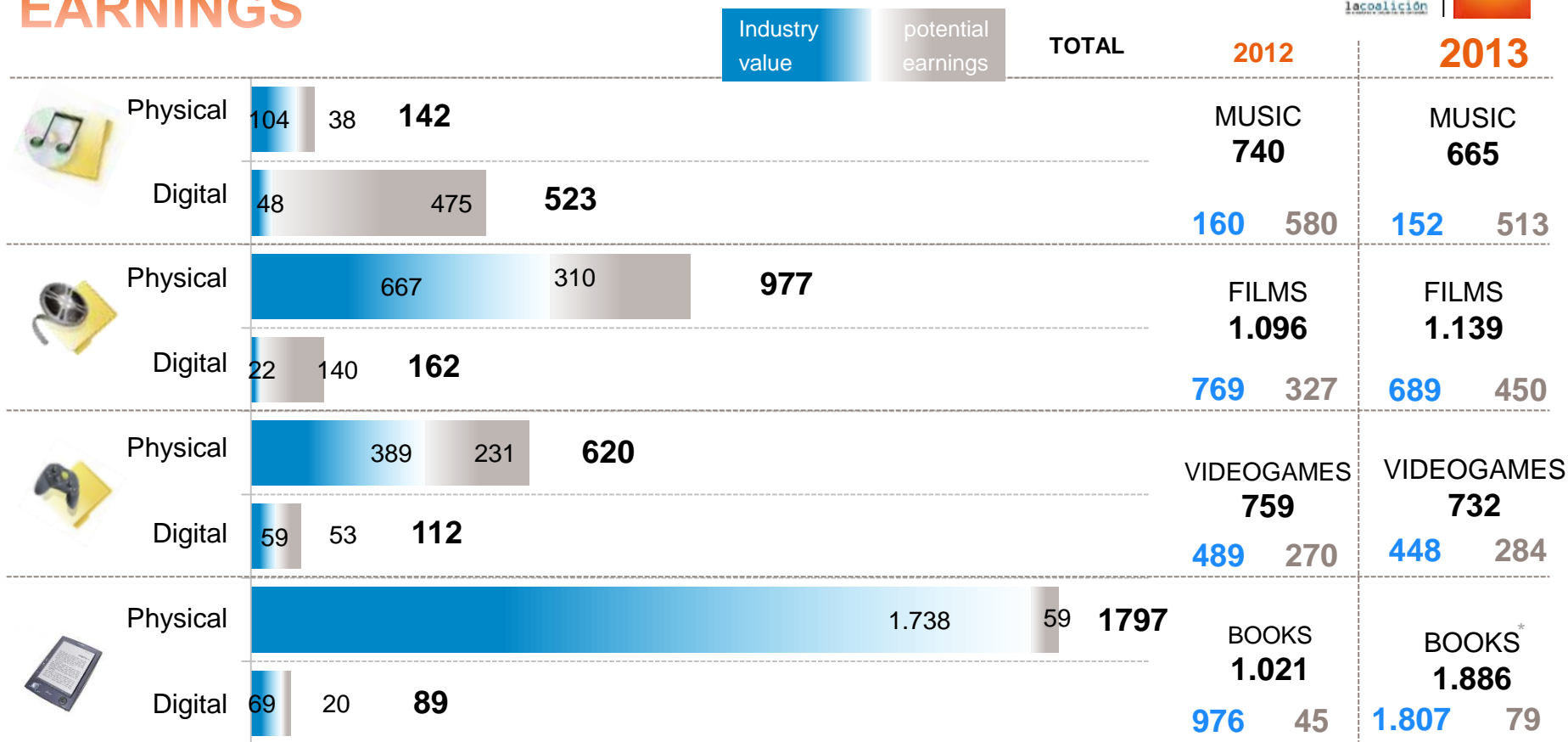


increase  
**+4,4%**

## Scenario without piracy

CONTENTS PIRATED: 0  
INDUSTRY VALUE: **1.886 million euros**  
1.807 million current legal industry  
79 million in loss of potential earnings

# INDUSTRY VALUE + LOSS OF POTENTIAL EARNINGS



Unit: Million euros

\*This year it has been added the professional books industry

# SUMMARY



## Music

Online illicit access 1.974.

Loss of potential earnings €513M (475 online and 38 physical).

The loss of potential earnings is 8,3% of the total piracy value.

**This would mean multiplying the industry value by 3,4.**



## Films

Online illicit access 720.

Loss of potential earnings €450M (140 online and 310 physical).

The loss of potential earnings is 12% of the total piracy value.

**This would mean a 2/3 increase in industry value**



## Videogames

Online illicit access 196

Loss of potential earnings €284M (53 online and 231 physical).

The loss of potential earnings is 6% of the total piracy value.

**This would mean 63% increase in industry value**



## Books

Online illicit access 302.

Loss of potential earnings €79M (20 online and 59 physical).

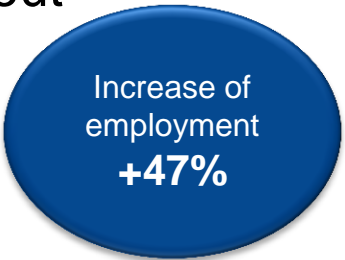
The loss of potential earnings is 4% of the total piracy value.

**This would mean 4% increase in industry value**

# Impact on public funds and employment

Currently the contents industry in Spain employs  
**63.578 direct workers**

New positions generated in a scenario without  
piracy  
**26.652 direct workers**



Increase of  
employment  
**+47%**

Having into account that in average for every direct job, 5 indirect  
are generated, the total impact on employment would go up to:

**155.000+ empleos**

# Public fund cease to receive...

VAT	PHYSICAL	ONLINE	TOTAL
MUSIC	8,0	99,7	107,7
FILMS	65,1	29,4	94,5
VIDEOGAMES	48,5	11,1	59,6
BOOKS	2,4	4,1	6,5
<b>TOTAL</b>			<b>268,3</b> <i>millions</i>

Unit: Million Euros

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

**526,2  
million  
euro**

	New jobs	Salary applied*	Rate applied	TOTAL
<b>Social Security</b>	26.652	19.199,7	38,9%	199,1
<b>Income Tax</b>	26.652	19.199,7	11,5%	58,8
<b>TOTAL</b>				<b>257,9</b> <i>millions</i>

Unit: Million Euros

Average salary applied on the GfK estimation based on data from the Annual Survey of Salary Structure of the National Institute of Statistics, who conclude an average salary of 22.899,4 and a mode of 15.500.

Total value of loss of potential earnings due to piracy

**1.326**  
million euros

**Increase of 43%** over current turnover of the industries.

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New direct jobs

**26.652**

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Total revenues lost in public funds

**526,2**

VAT– 268,3

**Social Security – 199,1**

INCOME TAX– 58,2

Million euro



VOLUME OF ACCESS TO ILLICIT CONTENTS	ONLINE
MUSIC	1.974
FILMS	720
VIDEOGAMES	196
BOOKS	302
<b>total</b>	<b>3.192</b>

Unit: millions of accesses / purchases

New direct jobs

**26.652**

Total revenues lost in public funds

**526,2**

VAT– 268,27

**Social Security– 199,1**

Income tax– 58,8

Million euros

Summary main results

VALUE OF ILLICIT CONTENTS	ONLINE
MUSIC	6.067
FILMS	3.814
VIDEOGAMES	4.418
BOOKS	1.837
<b>Total</b>	<b>16.136</b>

Unit: millions of euros

Industry Value	PHYSICAL	ONLINE	TOTAL
Music	104	48	<b>152</b>
Cinema	667	22	<b>689</b>
Videogames	389	59	<b>448</b>
Books	1.738	69	<b>1.807</b>
<b>TOTAL</b>	<b>2.898</b>	<b>198</b>	<b>3.096</b>

Loss of potential earnings	PHYSICAL	ONLINE	TOTAL
Music	38	475	<b>513</b>
Cinema	310	140	<b>450</b>
Videogames	231	53	<b>284</b>
Books	59	20	<b>79</b>
<b>TOTAL</b>	<b>638</b>	<b>688</b>	<b>1.326</b>

Industry + Loss of potential earnings	PHYSICAL	ONLINE	TOTAL
Music	142	523	<b>665</b>
Films/Cinema	977	162	<b>1.139</b>
Videogames	620	112	<b>732</b>
Books	1797	89	<b>1.886</b>
<b>TOTAL</b>	<b>3.536</b>	<b>886</b>	<b>4.422</b>

Unit: millions of euros

THANK YOU