



FILM PIRACY AS MAJOR CAUSE LOSS IN RWANDAN FILM INDUSTRY AS CASE OF HILLWOOD

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Abstract

The objective of the study is mainly to understand movie piracy and its impact on the movie industry with following objective I want to see relationship between film piracy on film industry ,ii)I want to analyze effect of film piracy on film industry, I want to know if streaming service is solution , researchers use descriptive research design and they preferred to use purposive sampling technique so that they can ask respondents who have knowledge of film making piracy and loss . researchers reveals that there is relationship between film piracy and loss in film industry with p which is 0.892 and also there is a negative relationship between film piracy and loss in film industry with $(b= -.989)$, $(T=-0.02)$ and $(p=0.46)$ researcher conclude that that Is a significant effect of film piracy to loss in film industry. As a recommendation Rwandan film maker should make sure to control distribution channels.

Introduction

Movie Piracy has been the bane of movie producers throughout the globe. The Indian film industry lost \$959 million (Rs 4,411 crore) in revenue and around 5,71,896 jobs in 2008 thanks to piracy (fe bureau, 2010). The effects of counterfeiting and piracy on India's entertainment industry, estimates the piracy rate at 60% (fe bureau, 2010). Few studies have studied piracy in the movie sector while many have focused on music piracy. The characteristics of these two sectors is different in terms of download speed,

digital rights protection and consumption (Liebowitz, 2006; Rob and Waldfogel, 2007). Hennig-Thurau, Henning and Sattler (2007) conducted a study in Germany. They found that a real threat to the industry came from sharing of film files. This resulted in considerable reduction of cinema visits as well as DVD rentals and sales. The estimated annual loss in Germany as a result of such piracy was €300 million. The

Oxford Economics Report (2009) shows the direct revenue loss from piracy to audiovisual industry amounts to 531 £ million and the employment impact is 15.710 jobs lost.

World wide piracy is problem It's also why

acy is definitely a massive problem in Africa's largest economy. The World Bank

Rwanda, it is fair to say, is not on anyone's list of top film locations worldwide. But that might be about to change. The government of President Paul Kagame and powerful players in the country's nascent

Problem Statement

People often take music or film copyrights and the concept of "piracy" lightly, but it is

not a victimless crime. The entertainment industry loses billions of dollars each year due to copyright infringement, putting jobs and careers at risk. Meanwhile, musicians and other entertainers suffer from piracy due to the loss of royalties. Sometimes pirated copies are perceived as the real thing, moreover, which can harm the reputation of an entertainer if the pirated version has a noticeably inferior quality. Businesses that legally sell copyrighted works also lose money because they cannot offer these legitimate versions for a price comparable to the price of pirated versions. Finally, the costs of piracy ultimately are transferred to consumers, since the losses caused by copyright.

Specific Objectives

- i. I want to see relationship between film piracy on film industry?
- ii. I want to analyze effect of film piracy on film industry?
- iii. I want to know if streaming service is solution ?

Researcher questions

- i. Is there any relationship between film piracy on film industry ?
- ii. Is there any effect of film piracy on film industry ?
- iii. Does film streaming provide solution to piracy ?

Literature Review on film piracy

A study by the Motion Picture Association of America found that in 2005, \$18.2 billion was lost through piracy by DVDs, producers, distributors, theaters, video stores and pay-per-view operators around the world (Taub, 2008). Canada's Research Chair in internet and E commerce Dr. Michael Geist, (2007) says the reason why the film and music industries are slowly losing modern day profit, is due to Primary channels of revenue, including retail stores such as Wal-Mart and Costco. These stores are selling media at cheaper prices, and are not primarily due to DVD Piracy but to the their methods of ordering in huge amounts and selling for little with little profit from each but more sale of the product, which means more money for that store.

Although people have been copying music illegally since the 1960s using analog tapes, digital piracy (which allows easy reproduction without a loss of quality) became feasible in the mid to late 1990s through the availability of affordable CD burners and the Internet in conjunction with the mp3 file format for compressing digital music. Piracy exploded when Napster was introduced in June 1999 and allowed individuals to easily search for and download music files indexed on a central server. Although Napster was shut down in 2001 after a legal battle with the recording

industry, it was followed by many similar services, e.g., Gnutella, Kazaa, and Grokster. These modern services use peer-to-peer (P2P) technology in which users download files directly from each other and not from a central server. Although initially mainly music was shared on the P2P networks, the general increase in Internet speed during the 2000s together with the development of more efficient video encoding techniques made it feasible to also share movies and TV shows. In 2001, the BitTorrent protocol was released. With previous P2P protocols, popular files were sometimes hard to get because users queued up to download from the suppliers. With BitTorrent, all users downloading a file both upload and download pieces of the file simultaneously in a decentralized fashion so that the more popular a file is, the faster the download becomes. In 2002, the first major BitTorrent tracker, Supernova, was started, and the Sweden-based site The Pirate Bay followed in 2003, becoming the largest BitTorrent site in terms of traffic in 2008 (Alexa) when it reached 25 million unique peers (The Pirate Bay). The speed and availability provided by the BitTorrent protocol has made it the most popular protocol used by P2P networks today

(Schultze & Mochalski 2007; 2009). During the last decade, the recorded music and movie industries ramped up their legal

battle against file-sharing networks by shutting down several large tracker sites from 2004 onwards. The piracy issue has received great attention over the last five years starting with the

Theoretical Considerations

In general, intellectual property rights aim to remedy the failure of markets to provide an efficient allocation of resources. The relevant market failures that give rise to copyright and trademark protection vary. Accordingly, the effects of trademark counterfeiting and copyright piracy vary and warrant separate treatments.

Economics of Trademark Counterfeiting

The primary welfare effects of counterfeiting depend crucially on whether consumers are deceived into believing that a fake good is produced by the owner of the trademark. The likelihood of this deception depends on product characteristics and the nature of distribution channels. For example, consumers are usually unable to ascertain whether a pharmaceutical product contains the desired chemical ingredient, whereas most fashion shoppers can distinguish an original handbag from its fake clone. We discuss the implications of

deceptive and non-deceptive counterfeiting in turn.

Deceptive Counterfeiting

The most relevant market failure giving rise to trademark protection arises from asymmetric information. For many goods, consumers do not have enough information to ascertain the quality of a potential purchase. A trademark guarantees that a product or a service originated with a particular producer. This is valuable information to consumers because it reduces both uncertainty and the costs of searching for particular quality levels. Indeed, producers compete by establishing a reputation for different levels of quality. In turn, trademarks serve as an indication of product quality, a crucial support for functioning markets. Thus, trademarks, geographical indications, and similar rights enable high-quality producers to distinguish themselves in the market, supporting investments in improved product or service quality. Deceptive counterfeiters copy trademarks, logos, and designs to confuse consumers into believing they are buying the legitimate product. In the presence of information asymmetries, deceptive counterfeiting is virtually certain to reduce economic welfare (Grossman and Shapiro 1988a). Those who discover they bought a fake good realize less consumption value than

the price they paid for it (Liu et al 2005). Rational consumers, aware that fake goods are on the market but are indistinguishable from originals, are unwilling to pay the full price of a high-quality good. This problem undermines the incentive for producers to invest in higher quality and may destroy markets for high-quality goods

(Akerlof 1970; Qian et al 2013).

For developing countries, where deceptive counterfeiting sometimes reaches high levels, at least two significant costs arise (Maskus 2012). First, extensive anecdotal evidence suggests that the likelihood of infringement deters market entry by local enterprises, thus limiting the growth of small and medium-sized enterprises.

Research methodology

The research design for this study was descriptive research where we can study the characteristics of the sample and also infer how variables affect each other.

Sampling techniques

Purposive sampling

Sample size

The total sample size for this study is 80 who are in film industry.

Data analysis

Table 3.2: Correlation boundaries

$$Y = \alpha + \beta_1 X_1 + \dots + \epsilon$$

loss, α = Constant Term

β = Beta Coefficient – This measures how

Findings

Inferential Statistics

Further the study carried out inferential statistics to examine the model as conceptualized in chapter one. Correlation analysis was used to show the strength of the relationship between dependent and independent variables while regression analysis was used to confirm or reject

hypothesis of this research. In addition, correlation analysis was used as a multicollinearity test whereby if two independent variables had correlation coefficient of + or - 0.7, then multicollinearity was a problem.

Analyze effect of film piracy on film industry

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Coefficients

Relationship between film piracy on film industry

Correlation analysis

Summary of Correlation

Pearson correlation	1	
Loss	1	
Film piracy	.892**	1
	000	

Key 1- Loss 2- film piracy

Table shows relation of film piracy and loss in film industry and also our research is statistical significance because our p is 0.000 which is less than 0.05

$$Y = \alpha + \beta_1 X_1 + \epsilon$$

This means that film piracy has negative effect of loss in film industry which is 98%

Is film streaming service solution to piracy?

Respondent	No of respondent	Percentage
Yes	64	80%
no	16	20%

Respondent agree that film live stream can be a key to reduce film piracy

Conclusion

Our study concludes that there is a negative impact of film piracy to the loss in film

industry and also our respondents agree that online film stream can be a good solution to film piracy while other believe that there is strong relation between film piracy and loss

Recommendation

Researchers recommend to Secure distribution platforms like Screener Copy offer such a solution. Once a video file is securely uploaded, the owner sends it to a

pre-determined list of recipients. Each recipient receives a unique copy of the file, embedded with an unnoticeable watermark forever linking their copy to them. And if the film is leaked, the owner will be able to know who leaked it, at what point it was leaked, and hold that person responsible.

Government also should increase awareness and piracy law enforcement so that citizens can know that it is crime



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