

Research Paper

on

Research Topic:

“Review on piracy on the rise despite options like Netflix, Hotstar and Prime Video existing in the market”

Submitted by:

Sr. No.	Roll Number	Name of the Student
1	19MBAMMC166	Aditi Patwardhan
2	19MBAMMC170	Aman Somani
3	19MBAMMC174	Ankuran Nath
4	19MBAMMC185	Krishna Saini
5	19MBAMMC194	Nikita Jaiswal

Abstract

Earlier, viewers consumed content in Cinema Halls, as well as on Television, VCRs, etc. Then, they got access to content online on sites such as YouTube. Today, viewers are glued to e-streaming sites such as Netflix, Hotstar, Hulu, Prime Video, etc. But the issue here is that piracy has been on the rise despite greater number of options available in the market for viewers for consuming content. Viewers turned into freeloaders and resorted to sites such as BitTorrent and uTorrent to download content. The problem with trying to get rid of this issue is that there will always be people figuring out loopholes in the defence of piracy. Piracy negatively affects every single person working in these industries and their supply chains.

Purpose

The research is being conducted to find out the reason why piracy is still on the rise despite the availability of options to view content, such as Netflix, Hulu and Prime Video, etc.

The purpose is also to find out the negative effects of piracy on content providers like Netflix, Hulu, Prime Video, etc.

Research Design Approach

The Research Design Approach shall be Qualitative in nature.

Keywords – Piracy, subscription mooching, video stealing, content consumption patterns

I Introduction

The way that people watch films and television this study will explain how Netflix and Hulu have disrupted the distribution and assess whether they are low subscription price in adversely affecting major cable companies who dominate the distribution sphere. There is an influence of the internet on the entertainment distribution as well as consumer trends and behaviour. Additionally, data from 2007 to 2014 will be used to analyse variables that indicate a correlation between Netflix, Hulu growth any time only cables decrease in revenue.

Although movie piracy predates the Internet era, copyright infringements have become more practicable since the instigation of the current technology revolution. Internet facilitated the circulation of unauthorized copies of copyrighted movies through Peer to Peer (P2P) channels and file-hosting websites. Scholarships on movie piracy have empathized the direct association

between the loss of box-office revenues and the increasing piracy rates (Vany & Walls, 2007; Thureau, Henning & Sattler, 2007; Siwek, 2006; Danaher & Waldfogel, 2012; MacKenzie & Walls, 2015; Ma, Montgomery & Smith, 2016). Producers forgo so much revenue since the instigation of “the twentieth century piracy” or what is referred to as “the traditional piracy”. This type of piracy included the unauthorized selling or copying of VCRs, CDs, and DVDs (Priesf, 2006). VCRs provided a wider legal and illegal circulation of audiovisual works. Hence, the battleship escalated due to the unprecedented piracy activity using VCRs (O’Regan, 1991). Afterwards, the consumer-friendly DVDs were introduced to the US market in 1997 (Decherney 2012). Nowadays, DVDs are considered the second window, following theatrical exhibitions, through which a movie is distributed (Wang, 2003). Copying and selling counterfeit DVDs have taken a heavy toll on the industry.

Digital piracy is the illegal copying/downloading of copyrighted software, music, or media files without the permission of the author (Al-Rafee & Cronan, 2006; Gopal, Sanders, Bahattacharjee, Agrawal, & Wagner, 2004). Therefore, digital movie piracy includes illegal downloading of movies using peer-to-peer networks, or file-hosting websites (i.e., cyberlockers).

Objectives of Study

To understand how Netflix and Hulu have disrupted the distribution and assess whether they are low subscription price in adversely affecting major cable companies who dominate the distribution sphere.

Significance of Study

Piracy is constantly on the rise, and from this study, we will get insights for future of streaming platforms vis-à-vis piracy.

II Review of Literature

Piracy is synonymous with the internet, and online television certainly is no exception. Sometimes piracy is a “try before you buy” kind of thing, sometimes people just prefer having local files over the endless buffering of a stream. Regardless, the idea that online piracy is identical to theft is speculation at best, and so it’s difficult to argue that Netflix or HBO or Hulu

or Spotify or whoever is missing money it would otherwise have. Even though many viewers are switching to streaming sites like Netflix, Hulu, Prime Video, there is still a large section of viewers that prefers viewing pirated content. This is perhaps because sites like Tea TV host content from multiple streaming sites and make it available on one site. Digital content supply chain is so complex that it can be a challenge to keep track of where and why the ads are surfacing. (Graham, 2019) BitTorrent usage has bounced back because there's too many streaming services, and too much exclusive content. After years of steady decline, BitTorrent usage is once again growing and it remains the choice du jour for those looking to distribute and trade copyrighted content online. (Bode, 2018) At least \$2.3 billion from Netflix's revenue, \$540 million from Amazon Prime Video's revenue, and at least \$480 million from Hulu's revenue is lost due to piracy. Millennials are more inclined towards freeloading, and baby boomers too are more likely to borrow someone's account to stream content. (Perez, 2019) The legal options for media consumption are once again becoming overly burdensome in both a financial and logistical sense. Even paying for a cable subscription won't fix it. The best centralized place to find media is, once again, through piracy. (Feldman, 2019) Simultaneously, the strategy of blocking piracy websites was continuously used in different countries. In 2012, the British government blocked access to The Pirate Bay is used to index torrent files. This attempt did not increase the consumption of legal venues though (Danaher, Smith & Telang, 2014). However, they found that blocking synchronously 19 piracy sites led to 12% increase in the consumption of legal paid streaming sites such as Netflix. In the Netherlands, Poort, Leenheer, Ham and Dumitru (2013) found that blocking The Pirate Bay and similar websites were ineffective in reducing illegal downloading rates. Netflix has changed the way movies are currently watched. Tian and Chao (2013) referred to the necessity of addressing copyright infringement with services like iTunes and Netflix that does not make it harder for people to access copyrighted materials. Welter (2010) found that introducing a new blockbuster movie through Netflix reduced its piracy rate. In other words, affording various legal alternatives may succeed in combating this phenomenon. Therefore, examining to what extent enabling legitimate access might affect digital movie piracy rates is essential.

III Hypothesis

H1: The outcomes of downloading will affect Netflix, Hulu.

H0: The outcomes of downloading will not affect Netflix, Hulu.

H2: Enabling vs. Limiting Access to the individual and their behavioural change towards piracy.

H3: Pricing of e-streaming sites leads to higher rates of piracy.

H0: Pricing of e-streaming sites does not lead to higher rates of piracy.

IV Research Methodology

Secondary sources of data have been used for analysis in this research study. 200 current or former illegal movie downloaders were the participants. A review of the sample indicates that 64.8% were females while 35.2% were males. Papers and Articles were referred for this study to collect secondary data.

V Data Analysis

When respondents were asked about whether they are using BitTorrent or cyberlockers in order to download a film without paying, the results were almost identical. 50.8% of the sample are frequently using BitTorrent, while 49.18% are using cyberlockers. Only 0.02% ($n=3$) selected others specifying that they are downloading movies using Internet Download Manager software (a software to facilitate downloading of various online files).

VI Findings and Conclusion

Findings

Table 1

The Reasons Why Illegal Downloaders Did Not Subscribe to Netflix

<u>Reasons</u>	<u>Responses (N)</u>	<u>Percent of Cases</u>
I can purchase movies for free	80	65%
Weak Internet connection	61	49.6%
Don't have any method for online payments	52	42.3%
Delayed release of movies	13	10.6%
Others	7	5.7%
Total	213	173.2%

Note: The percentage (%) doesn't add to 100% because respondents had the option to choose more than one answer.

Among the 137 respondents who knew about Netflix, only 14 respondents had subscribed to it. While 89.9% ($n=123$) had no subscription. Respondents without subscriptions were then asked about the reasons behind their stance (Multiple-response question). 65% of non-subscribers had implied to their unwillingness to pay for a service they can get without paying. Moreover, 49.6% of the respondents signified the weak Internet connections as the main obstacle that abstain downloaders from subscribing. In addition, their inability to pay online due to not having credit cards or any similar Internet payment methods were selected by 42.3% of the sample ($n=52$). Furthermore, 10.6% of the respondents considered the delayed release. Other reasons were highlighted by respondents that were not identified by the researcher including the unawareness of the way Netflix works, and the unaffordability of the money.

Table 2

The Possible Motives of Illegal Downloaders for Subscribing to Netflix

<u>Motives</u>	<u>Responses (N)</u>	<u>Percent of Cases</u>
Cheaper subscription packages	55	44.7%
Exclusive movie releases and production	55	44.7%
Affording more and various movies	50	40.7%
Ability to pay using mobile bills and credits	35	28.5%
Deterrent laws	21	17.1%
Others	16	13%
Total	232	188.7%

Note. The percentage (%) doesn't add to 100% because respondents had the option to choose more than one answer.



Moreover, respondents were asked to determine the motives that might encourage them to subscribe to Netflix. They were given the option to choose more than one motive. Results were even for two motives; 44.7% of the participants have selected the availability of cheaper subscription packages and the exclusive releases on Netflix as incentives for subscription. 40.7% of the sample thought that affording more various movies may induce them to join Netflix’s services. Paying through mobile bills or credit was selected by 28.5% ($n=35$). Only 17.1% considered the existence of deterrent legislations as a motive for subscribing. Other motives were identified by 13% of the sample ($n=16$). These 16 respondents have added improving their Internet connections as another motive for possible subscription.

Table 3.
Current Users’ Motives for Subscribing to Netflix

<u>Motives</u>	<u>Responses (N)</u>	<u>Percent of Cases</u>
The availability of good movie library	8	57.1%
Others	3	21.4%
illegality of downloading	2	14.3%
The significance of IP	2	14.3%
Total	15	107.1%

Note. The percentage (%) doesn't add to 100% because respondents had the option to choose more than one answer.

Conversely, the Netflix users included in the sample considered the availability of relatively good movie library as the key reason behind their subscriptions. Noteworthy, 3 respondents specified other unlisted reasons. The three of them stated that their subscriptions are primarily for watching TV shows. At last, 14.3% of the Netflix users in the sample considered the illegality of downloading and their understanding of the significance of IP as motives for joining this service.

Table 4
Reasons for Illegal Downloading by Netflix Subscribers

<u>Reasons</u>	<u>Responses (N)</u>	<u>Percent of Cases</u>
The unavailability of some movies	8	100%
The delayed release	2	18.2%
Weak Internet connection	1	9.1%
Others	0	0%
Total	11	127.3%

Note. The percentage (%) doesn't add to 100% because respondents had the option to choose more than one answer.

Among these 14 subscribers, only 6 stopped downloading movies illegally (42.9%). 8 current Netflix users are still illegally downloading movies. Afterwards, those 8 were asked about the reasons they are still illegally downloading movies for regardless of their subscriptions (Table 4). Among the multiple responses they provided, all have considered the unavailability of some movies on Netflix as the cause of the current illegal downloading act. In addition, the delayed release was considered the second major reason as well (18.2%). Only one respondent blamed the weak Internet connection that makes the streaming experience less enjoyable.

Conclusion

Providing legal venues will not reduce digital movie piracy rates within the current conditions in Egypt. These venues will find success if other measures were taken to make the using them more enjoyable and attractive. In addition, legitimacy should not be expensive in developing economies. If these venues did not provide cheaper subscription packages, people may seek free-of-charge alternatives. However, those willing to pay may abstain in case of the unavailability of a diverse and rich movie library. Those subscribers will either cancel their subscriptions or gratify their needs to watch specific movies using illegal downloading. Piracy in developing countries will be harder to combat than western societies. Therefore, different counterpiracy measures should be employed in developing countries where copyrights are hardly valued. The findings of this research determined the main barriers to using Netflix as a legal movie venue and highlighted possible solutions to these obstacles. First, providing cheaper subscription packages with a “mobile pay” option for Egyptian users. Second,

subscription rates should be specified using the local currency. Third, offering a wide variety of movies to subscribers to act as an alternative to illegal downloading. Fourth, increasing awareness of the IP law and the illegitimacy of piracy.

Bibliography

- [1] Ajzen, I. (1985). From intentions to actions: A theory of planned behavior. In J, Kuhl & J. Beckmann. (Eds.), *Action Control: From Cognition to Behavior* (pp. 11-39). Berlin: Springer.
- [2] Akbulut, Y. (2014). Exploration of the antecedents of digital piracy through a structural equation model. *Computers & Education*, 78, 294.
<http://dx.doi.org/10.1016/j.compedu.2014.06.016>
- [3] Aleassa, H., Pearson, J. M., & McClurg, S. (2011). Investigating software piracy in Jordan: An extension of the theory of reasoned action. *Journal of Business Ethics*, 98(4), 663-676. doi:10.1007/s10551-010-0645-4
- [4] Boxofficemojo.com. (2016). 2016 Worldwide Grosses. Retrieved June 05, 2016, from <http://www.boxofficemojo.com/yearly/chart/?view2=worldwide&yr=2016&p=.htm>
- Child, B. (2014, October 2). Adam Sandler signs exclusive four films deal with Netflix. *The Guardian*. Retrieved June 8, 2016 from <https://www.theguardian.com/film/2014/oct/02/adam-sandler-netflix-movie-deal>
- [5] Bode, K. (2018, October 2). The Rise of Netflix Competitors Has Pushed Consumers Back Toward Piracy. Retrieved from Vice: https://www.vice.com/en_us/article/d3q45v/bittorrent-usage-increases-netflix-streaming-sites
- [6] Feldman, B. (2019, June 26). Piracy Is Back. Retrieved from *Intelligencer - New York Magazine*: <https://nymag.com/intelligencer/2019/06/piracy-is-back.html>
- [7] Graham, M. (2019, October 20). Netflix and HBO Shows are Getting Pirated on TeaTV and Other Sites. Retrieved from *CNBC*: <https://www.cnbc.com/2019/10/20/netflix-and-hbo-shows-are-getting-pirated-on-teatv-and-other-sites.html>
- [8] Perez, S. (2019, February 28). Netflix May Be Losing 192m Per Month From Piracy. Retrieved from *Tech Crunch*: <https://techcrunch.com/2019/02/27/netflix-may-be-losing-192m-per-month-from-piracy-cord-cutting-study-claims/?guccounter=1>

- [9] Gopal, Sanders, Bhattacharjee, Agrawal & Wagner. (2004). A Behavioral Model of Digital Music Piracy. *Journal of Organizational Computing and Electronic Commerce, Forthcoming*.14(2) 89-105 doi: 10.1207/s15327744jocce1402_01
- [10] Govil, N., & Hoyt, E. (2014). Thieves of bombay: United artists, colonial copyright, and film piracy in the 1920s. *BioScope: South Asian Screen Studies*, 5(1), 5-27. doi: 10.1177/0974927614532878
- [11] Jacobs, R. S., Heuvelman, A., Tan, M., & Peters, O. (2012). Digital movie piracy: A perspective on downloading behavior through social cognitive theory. *Computers in Human Behavior*, 28(3), 958-967. doi:10.1016/j.chb.2011.12.017
- [12] Johnson, M., McGuire, D., Willey, N. (2008). *The evolution of the peer-to-peer file sharing industry and the security risks for users*. Paper presented at the 41st Hawaii International Conference on System Sciences. doi:1530-1605/08

