

choice

Desperately Seeking Streaming

Research update: CHOICE Digital Consumers Paying for Content
Behaviour & Attitudes



SEPTEMBER 2015

WWW.CHOICE.COM.AU E CAMPAIGNS@CHOICE.COM.AU

57 CARRINGTON ROAD MARRICKVILLE NSW 2204 P 02 9577 3333 F 02 9577 3377

THE AUSTRALIAN CONSUMERS' ASSOCIATION IS NOT-FOR-PROFIT COMPANY LIMITED BY GUARANTEE. ABN 72 000 281 925 ACN 000 281 925

ABOUT US

Set up by consumers for consumers, CHOICE is the consumer advocate that provides Australians with information and advice, free from commercial bias. By mobilising Australia's largest and loudest consumer movement, CHOICE fights to hold industry and government accountable and achieve real change on the issues that matter most.

To find out more about CHOICE's campaign work visit www.choice.com.au/campaigns and to support our campaigns, sign up at www.choice.com.au/campaignsupporter

CONTENTS

CHOICE digital consumers: research update.....	4
Key findings and changes since the 2014 survey	4
We're still paying more than pirating	6
Regular pirates pay for more services.....	7
How subscription services impact piracy.....	8
Reasons for pirating TV and movies	9
Availability of pirated movies/TV shows	10
The market is still evolving: watch this space	11
Research information	12

CHOICE digital consumers: research update

Has the launch of new streaming services in Australia had an impact on the ways Australians access digital content or is a punitive regulatory approach necessary to reduce piracy?

In November 2014, CHOICE conducted its first survey examining consumer behaviour online, and the main drivers leading consumers to pirate instead of pay. Our research found that Australians pay for content more often than they pirate it, that pirates tend to pay for the most content, and that lack of access and affordability were the drivers behind piracy.

This updated survey probes similar questions, but also examines whether the introduction of new legal services like Netflix and Presto TV have had an impact on the rates of piracy, and what can be expected in the future as the market for these new services matures.

Key findings and changes since the 2014 survey

More content at better prices means less piracy

- The numbers of people who said they regularly download pirated movies or TV shows has dropped by a quarter, from 23% in 2014 to 17% in July 2015.
- There has been a modest increase in Australians who say they never download or stream pirated movies or TV shows, from 67% in 2014 to 70% in 2015.
- There has been a similar increase in the number of people who say they never watch pirated movies or TV shows, from 57% in 2014 to 63% in 2015.
- There has been a modest decrease overall in piracy rates, with people who say they download pirated movies or TV shows at least a few times a year dropping from 33% in 2014 to 30% in 2015.
- 33% say that they are downloading much less often since subscribing to streaming services.

Australian appetite for legal content continues to grow:

- There has been a significant increase in the use of pay per view or subscription services: 59% up from 46%.

- Australian households using Virtual Private Network (VPN) services increased from 680,000 in 2014 to 820,000 households in 2015.¹
- There has been a significant increase in subscriptions to Australian services: 55% up from 36% in 2014.

But the reasons behind piracy remain consistent:

- Expensive prices (38%), timeliness (32%) and availability (23%) are the main reasons for piracy, consistent with findings from 2014.
- 32% of Australian pirates are downloading TV shows that they know they can't buy in Australia, and 30% are pirating movies that can't be bought in Australia.
- Findings align with recent Federal Government research which found that the best options for limiting piracy are to reduce the price of legal content (39%), improve availability (38%) and eliminate release delays (36%).²

CHOICE's November 2014 research found that 41% of pirates download content unlawfully because it is faster than waiting for it to be released for purchase in Australia. Timeliness remains a problem, with films subject to release 'windowing' being sought after online prior to official digital release.

This updated report reinforces what previous research by CHOICE and the Federal Government has already shown us: unlawful downloading comes down to availability, timeliness and affordability. The results demonstrate an immediate change in consumer behaviour, which is encouraging, but it is important to acknowledge that streaming services in Australia are still very new while perceptions of timeliness and unaffordability have been reinforced over many years. As more consumers find and subscribe to services that meet their needs, CHOICE expects to see rates of unlawful downloading drop further.

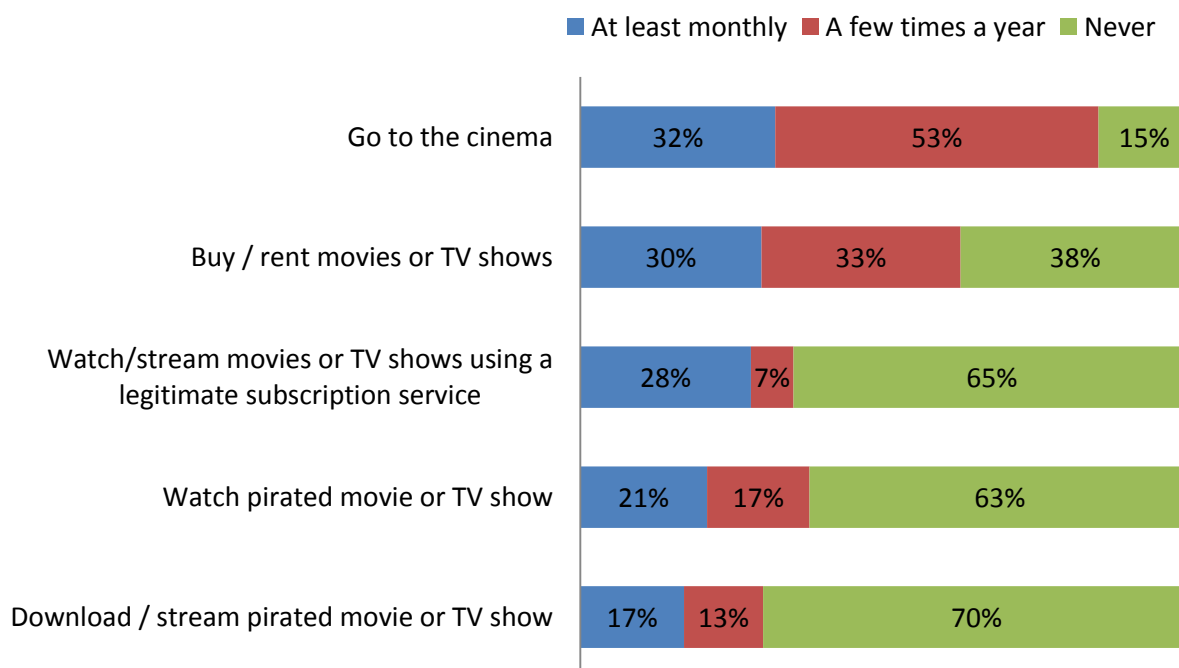
If the government is looking for an effective, low-cost approach to addressing piracy that doesn't involve miles of red tape, the evidence is clear – if businesses adapt their offerings to better suit consumers, rates of piracy will drop.

¹ Australian household estimates have been calculated using ABS 2011 households data <https://aifs.gov.au/institute/info/charts/households/index.html> We have assumed each respondent represents one household only, and together our sample represents all Australian households.

² Department of Communications, 22 July 2015, 'Australian Online Copyright Infringement Research'.

We're still paying more than pirating

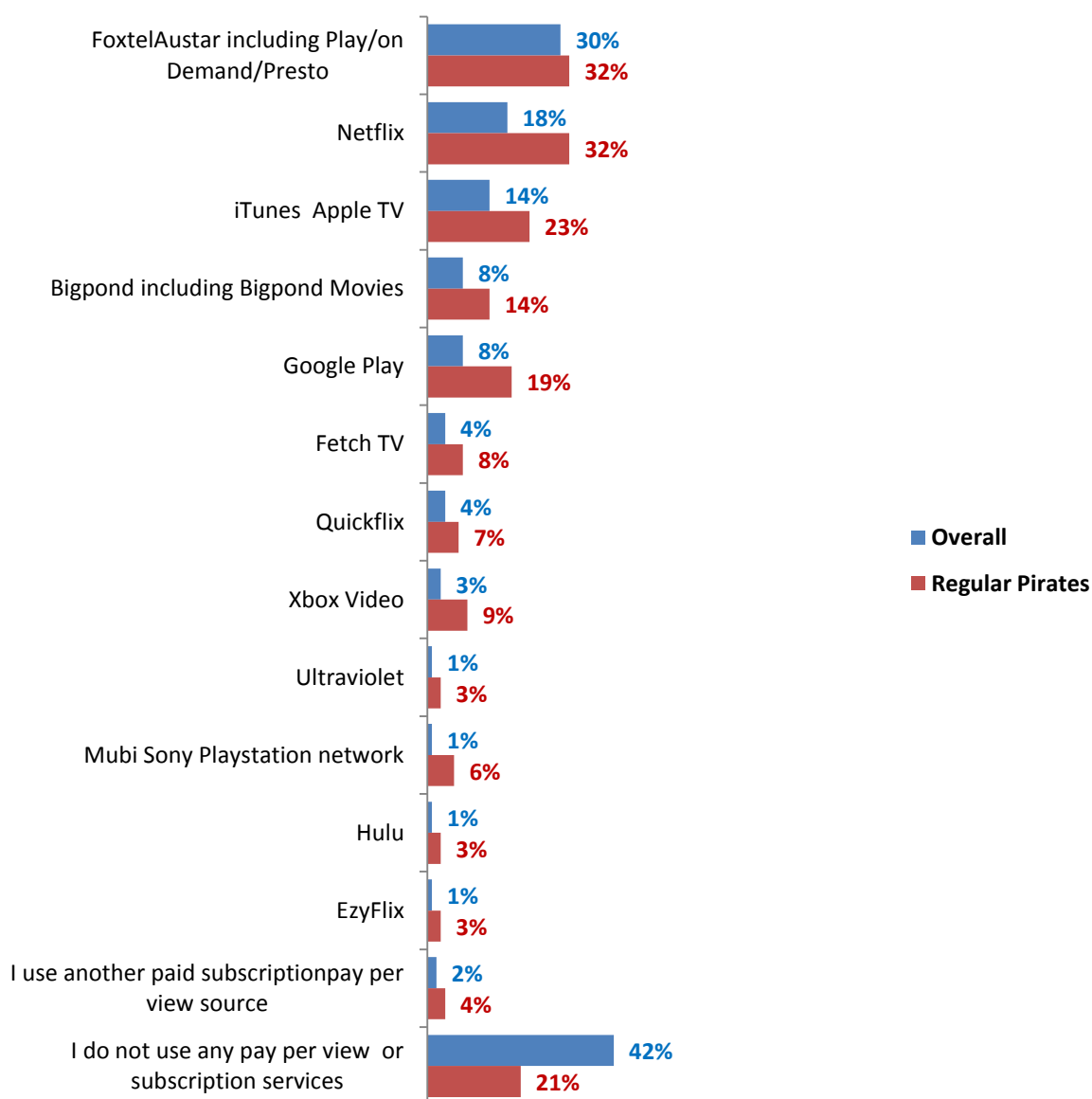
Survey question: How often do you do the following?³



³ Responses from all survey respondents (1,010 Australians).

Regular pirates pay for more services

Survey question: Which of the following sources do you or your household pay to subscribe to, or use on a pay-per-view basis, to access or watch movies or TV shows? Please select all that apply.⁴

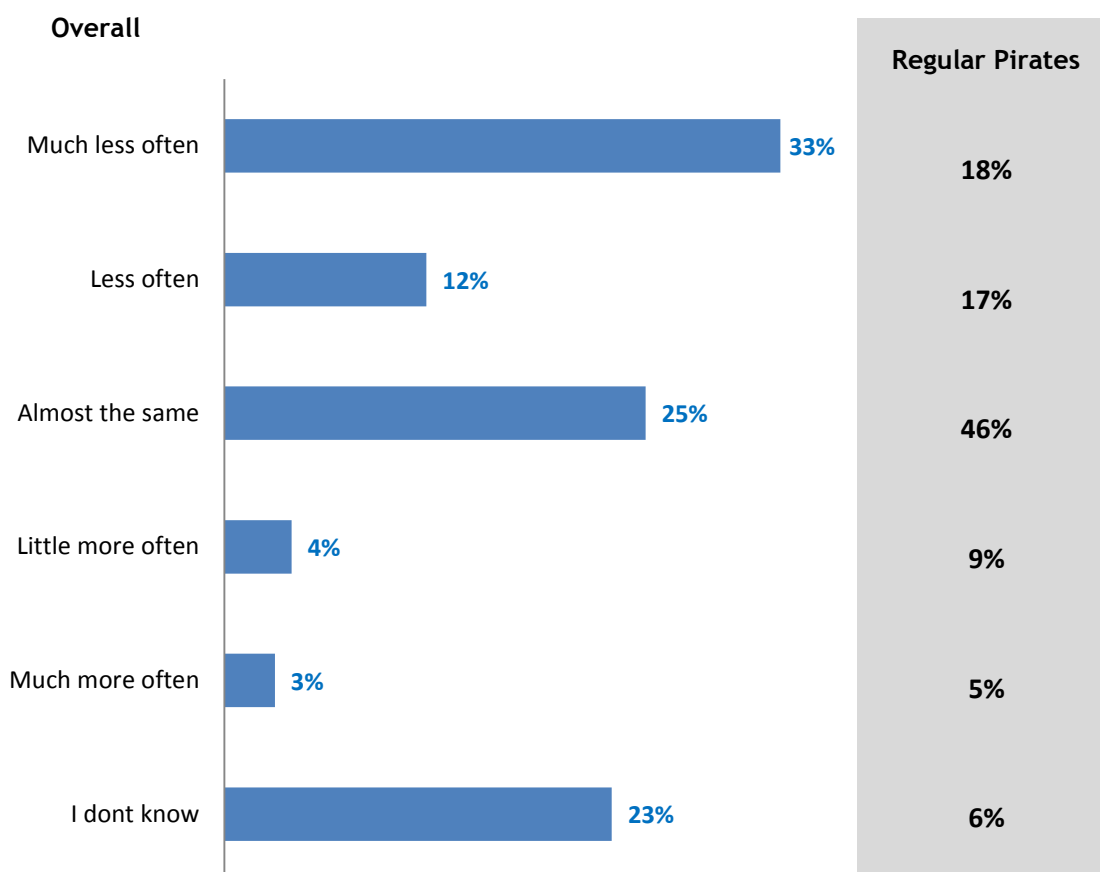


⁴ Overall: responses from all survey respondents (1,010 Australians).

Regular Pirates: those who say they download pirated movies or TV shows at least monthly (172 Australians).

How subscription services impact piracy

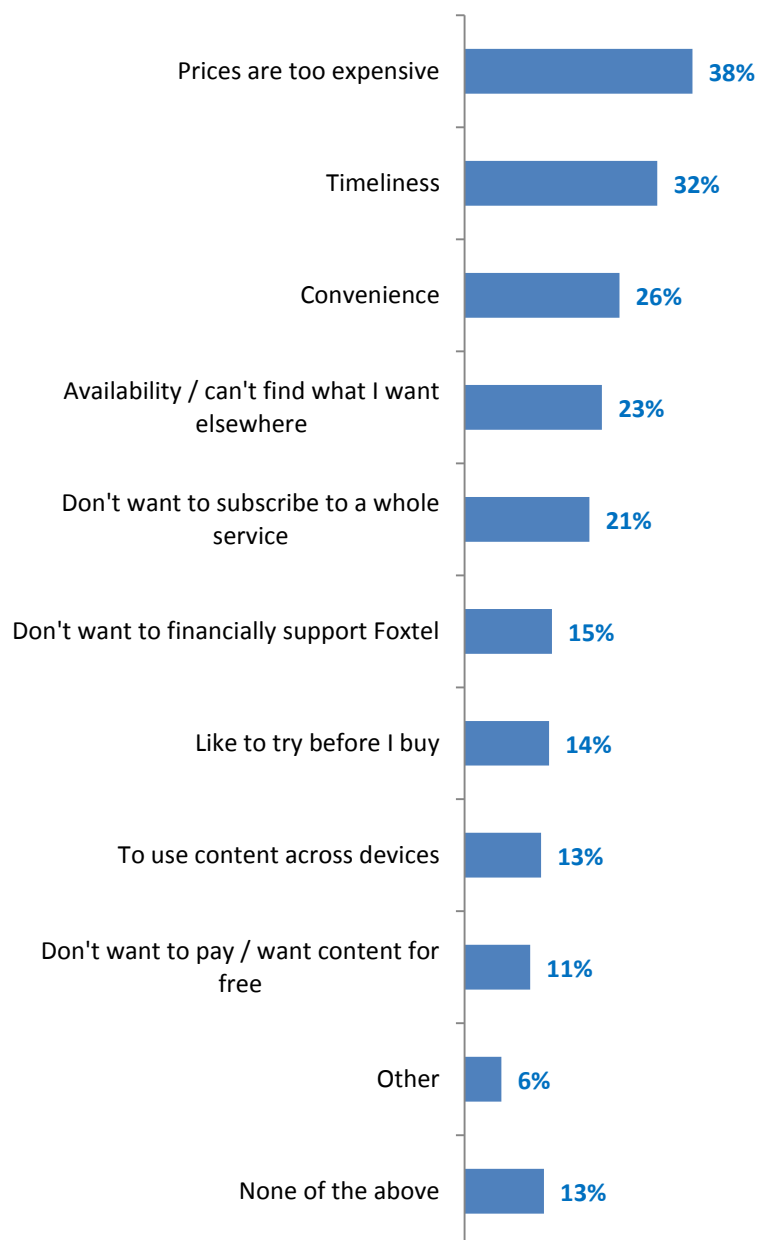
Survey question: Since subscribing to your streaming service like Netflix or Stan do you now download or stream pirated movies/TV shows?⁵



⁵ Overall: responses from survey respondents who pirate, excludes those who didn't answer the question (394 Australians).
Regular Pirates: those who say they download pirated movies or TV shows at least monthly (120 Australians).

Reasons for pirating TV and movies

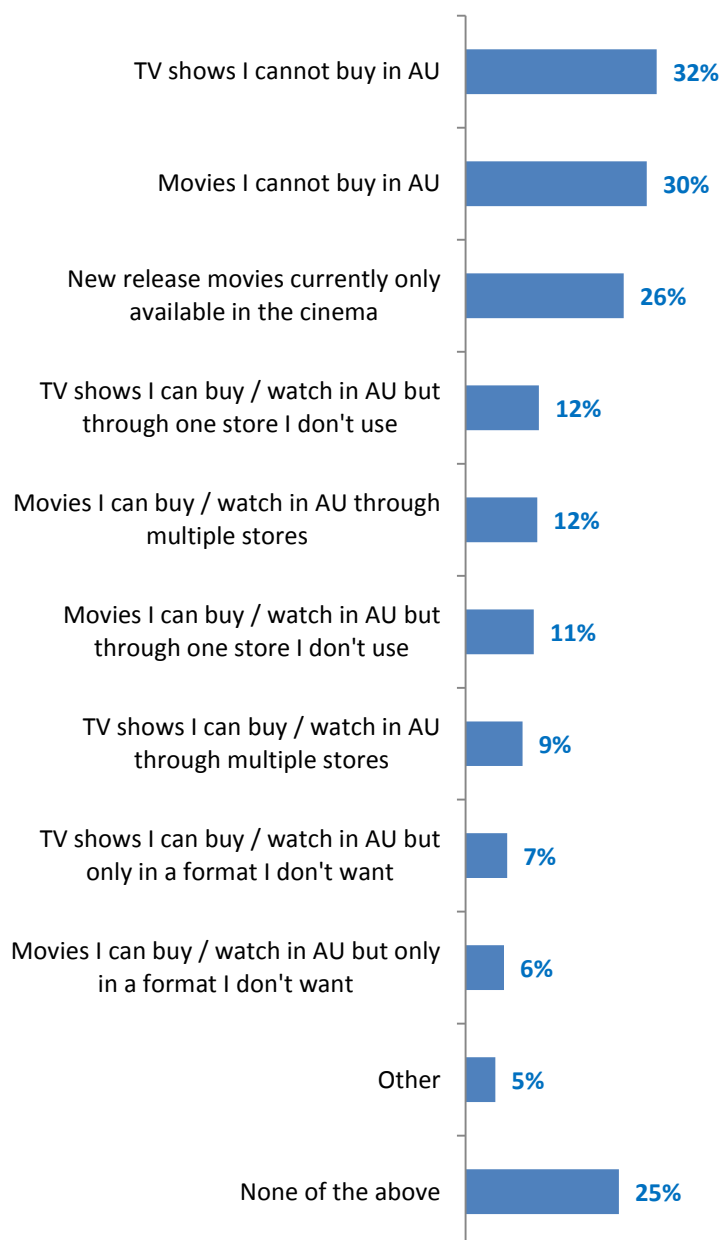
Survey question: Which of the following are reasons you download/ access or watch pirated movies or TV shows? Please select all that apply.⁶



⁶ Respondents: people who pirate or watch pirated movie/TV show/music ever (414 Australians).

Availability of pirated movies/TV shows

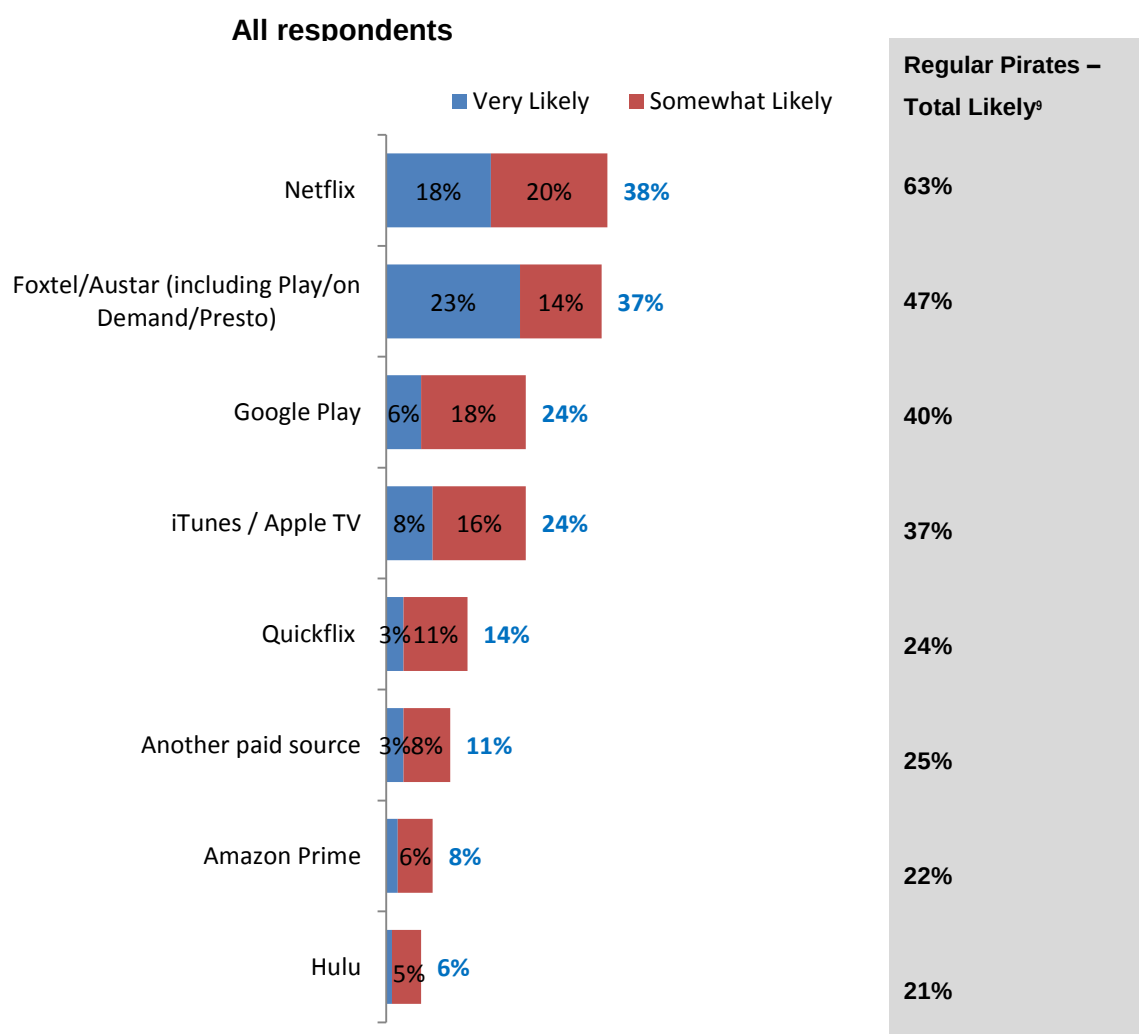
Survey question: What kind of movies or TV shows do you pirate? Please select all that apply.⁷



⁷ Respondents: people who pirate or watch pirated movie/TV show/music ever (414 Australians).

The market is still evolving: watch this space

Survey question: In the next 12 months, how likely are you to use each of the following sources to watch or access movies or TV shows?⁸



⁸ Respondents: responses from all survey respondents (1,010 Australians).

⁹ Percentage of respondents who say they pirate TV or film at least monthly (172 Australians) who stated they were 'very likely' or 'somewhat likely' to use each source in the next 12 months.

Research information

CHOICE conducted its initial survey 'CHOICE Digital Consumers – paying for content behaviour and attitudes' in November 2014, prior to launch of new legal streaming services in Australia, and prior to the passage of the *Copyright Amendment (Online Infringement) Bill 2015* (the Copyright Bill).

The 2014 survey examined the content services that Australians subscribed to, including take-up rates for geoblocked services. The survey also looked at purchasing behaviour, copyright infringement and the reasons for pirating content. The 2014 survey was answered by n=1046 Australians, with the data weighted by age, gender, state and location to ensure that the sample was nationally representative.

The publication of this research follows the introduction of the industry-run internet filter law, the Copyright Bill. This law has set up a process to allow companies to force internet service providers to block access to overseas websites they consider to be infringing their copyright. At the time that this research was conducted, no applications to block infringing sites had been made under the new law.

The 2015 survey was conducted approximately three months after the launch of Netflix and Stan in Australia (March 2015).

The 2015 survey was answered by n=1010 Australians. The data has also been weighted by age, gender, state and location.

The fieldwork for the survey was conducted from 2nd to 15th July 2015. The fieldwork agency iView, IPSOS panel, provided the sample for the research.