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Study of Online Consumption of Copyrighted Content: Attitudes Toward and Prevalence of Copyright Infringement in Canada

Executive Summary



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Canada

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Prepared for Innovation, Science and Economic Development Canada by Kantar TNS

May 2018

Innovation, Science and Economic Development in partnership with Canadian Heritage commissioned Kantar TNS to conduct a public opinion research survey of Canadians' consumption of copyrighted content online. The purpose of the survey was to generate impartial data to better understand the prevalence of copyright infringement in Canada and what attitudes and conditions drive consumer behaviour. 3,301 Canadians aged 12 years and over were surveyed online and by telephone in November 2017. This publication summarizes the findings of that public opinion research survey.

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Cette publication est aussi disponible en français sous le titre : Étude sur la consommation en ligne de contenu protégé par le droit d'auteur : attitudes à l'égard de la violation du droit d'auteur au Canada et prévalence de cette pratique



1. Executive Summary

1.1. Research Purpose and Objectives

The Organisation for Economic Co-operation and Development (OECD) has identified digital copyright infringement as a challenge to the continued growth and success of the digital economy (*Piracy of Digital Content, 2009; Enquiries into Intellectual Property's Economic Impact, 2015*). It also recognizes that a lack of relevant data about digital copyright infringement creates a significant challenge when it comes to policy development across jurisdictions (OECD, 2015). Not unlike many jurisdictions, Canada faces similar challenges developing copyright policy due to a lack of relevant data about digital copyright infringement.

In light of this, Innovation Science and Economic Development Canada (ISED) in collaboration with the Department of Canadian Heritage (PCH) sought impartial data on what Canadians' behaviours and attitudes were in relation to the consumption of copyrighted content online.

More specifically, ISED and PCH wanted to understand the prevalence of online copyright infringement among music, movie, TV shows, video games, computer software and e-books. ISED and PCH also sought data on the attitudes and conditions that drive such behaviour as well as the effectiveness of Canada's copyright framework to create a healthy environment for investment while allowing consumer choice and access.

The overall purpose of the research was to:

- Support policy making with impartial data on copyright infringement in Canada that is comparable with similar countries;
- Support the parliamentary review of the *Copyright Act* with evidence that is neutral and evaluates the effectiveness of existing copyright infringement deterrents; and
- Raise awareness among Canadians of copyright norms and values.

The specific research objectives included:

- Measuring online consumption among Canadians aged 12+ of six content types: music, movies, TV shows, video games, e-books and software;
- Measuring levels of copyright infringement for each of the above-mentioned content types;
- Determining Canadians' attitudes toward copyright infringement;
- Monitoring awareness and effectiveness of education and information; and
- Determining awareness and attitudes toward the availability of legal alternatives to infringing content.

The findings of this research will be used to help policy makers evaluate how Canada's *Copyright Act* is keeping pace with an ever-changing technological environment and evolving marketplace. This research will provide the necessary information required to further develop copyright policy in Canada, as well as to provide a foundation to assess the effectiveness of the measures to address copyright infringement, should future analysis be undertaken.

1.2. Summary of Findings

1.2.1. Digital Content Consumption

Twenty-eight million Canadians used the Internet in the 3-month period ending on November 27, 2017. Of those, twenty-two million (80%) consumed¹ digital content. During this period, twenty million (73%) Canadian Internet users streamed or accessed content, 16 million (59%) downloaded content, and 8 million (28%) shared content.

Consumption levels varied across content types with music (48%), TV shows (48%) and movies (46%) being consumed most often online. Respondents consumed a median of 20 files online in the past three months.

1.2.2. Payment

Among those who consume digital content online, about half (52%) reported that they consumed only free content in the past three months.

Many respondents who paid for content (23%), whether digital or physical, in the past three months had previously consumed some of that content for free online. More than one-in-ten (13%) had consumed all of it for free online before purchasing. On average, Canadians report consuming online an average of 16 files (any type of content) for free prior to purchase in the past three months.

1.2.3. Levels of Copyright Infringement

Three-quarters (74%) of respondents who consumed any content online in the past three months reported doing so only legally in the past three months. One-quarter (26%) of content consumers reported having consumed at least one illegal file online in the past three months. However, only a few consumers (5%) consumed all their files online illegally. E-books (70%) and music (68%) were most likely to be consumed legally online, while movies (36%), software (36%), TV shows (34%) and video games (33%) were most likely to be consumed illegally.

Few demographic factors play a role with regard to consuming infringing content online. We explored the relationship between gender, region, rural and urban, income, employment status and language. We found that only age and income varied significantly between consumers who infringed by downloading or streaming/accessing content online illegally and consumers who did not consume infringing content online. More specifically, the profile of consumers who downloaded or streamed/accessed infringing content skewed slightly younger and towards individuals with household incomes of \$100K+.

1.2.4. Services Used for Consuming Content Online

Consumers used a variety of services over the past three months to consume or share content online. Netflix is the service used most by online content consumers, with close to two-thirds (64%) having used it in the past three months. Websites that offer free content are also popular with online consumers. One third (36%) of online content consumers have used YouTube in the past three months, while approximately one-quarter have used Facebook (28%).

¹ Downloaded or streamed/accessed.

Of note among the top 10 services is the prominence of streaming sites such as Netflix, YouTube, Google Play, Spotify and Amazon Prime, reflecting how streaming is becoming a stronger player in consumption than it has been in the past. Another notable finding is the popularity of websites that collect links to free streams (e.g., watch-series) (23%). These websites often link to other sites that are not licensed or authorized to make available certain content.

When we look at services from a category perspective, rather than individual sites, we see that three-quarters of online content consumers (74%) used licensed services, while 42 per cent used social network services to consume content online. One-third (31%) of online content consumers used a variety of peer-to-peer, cyberlocker, or linking sites. Nine per cent of online consumers used stream-ripping services in the past three months. Consumers who reported downloading or streaming/accessing infringing content only are less likely to use licensed services and more likely to use peer-to-peer/cyberlocker/linking sites than other consumers of online content.

1.2.5. Consumption Volumes

The majority of content is consumed digitally across content types, except for books where physical copies remain more common than e-books. Looking at the ratio of paid versus free digital content we find that for music, TV shows and software the majority is consumed for free (63%, 62% and 69% respectively) while for movies, e-books and video games consumption is close to evenly split between paid and free content. Furthermore, the large majority of digital content consumed is done so legally for all content types.

1.2.6. Quarterly Spending

On average, Canadians spent \$176 on the six content types in the past three months. Across the content types, music has the highest average quarterly spending (\$64), followed by movies (\$35), video games (\$28), books and e-books (\$22), software (\$16) and TV shows (\$11).

For almost all content types, physical purchases are undertaken in larger proportions than digital purchases, except for TV shows, where physical and digital are undertaken in similar proportions (10% and 11%, respectively).

When looking at this from a population perspective, we estimate that Canadians aged 12+ spent a total of \$5.4 billion on the six content types covered in the survey, including both digital content, physical purchases and tickets to live performances in the past three months. Interestingly, Canadians aged 12+ spend more on content in physical formats and live performances (\$4,310m) than they do on digital content and online subscriptions (\$1,043m).

Looking again at spending across content types, music has the highest overall quarterly spending, estimated at \$1,938m, followed by movies (\$1,072m), video games (\$860m), books and e-books (\$664m), computer software (\$477m) and TV shows (\$345m).

1.2.7. Attitudes Towards Digital Consumption and Copyright Infringement

This research also explored a variety of attitudes related to consumption of copyrighted content online, including motivations for paying for content, for sharing content online, and for obtaining illegal content instead of paying.

Convenience (48%), speed (36%) and quality (34%) are the main reasons consumers mentioned paying for online content. One in three content consumers also stated that they pay for content because they do not want to use illegal sites. When looking at content sharing the motivations are more varied, with ease (39%) being the top reason. One in four consumers (26%) simply feel that “it is only fair” to share content, while twenty two percent help friends and family as they do not know how to access files. Consumers also report that they share content because everyone else does (24%) and that they should be able to share content with whoever they choose (19%). Interestingly, for the most part, motivations for sharing are no different between consumers who infringed and those who did not infringe.

One in two consumers (54%) who infringed in the last three months reported obtaining online content illegally instead of paying for it mostly due to it being free. Other primary motivations are ease or convenience (40%) and the fact that it is quick (34%). Lower costs (58%) and legal availability of content (47%) would encourage consumers who infringe to stop downloading or streaming files illegally.

1.2.8. Knowledge of legal and illegal online content

Most Canadian internet users (83%) are confident (very or slightly) in knowing what is legal and what isn't in terms of downloading, streaming/accessing and sharing content online. However, Canadians who admit to consuming infringing material online are less confident in what is legal, including both those who consume a mix of legal and illegal content (62%) and those who only consumed infringing content (58%).

Aspects of a website that make Canadian internet users confident that it is legal include their view that it is trusted or secure (33%), that it requires payments or subscriptions to access content (14%), and that it provides authorization to download files (10%).

1.2.9. Infringement Notices

In Canada, a copyright owner who thinks a person's internet account has been used to violate or “infringe” their copyright (e.g., by downloading or uploading the material without permission) can send a notice of alleged infringement to the Internet Service Provider (ISP). The ISP must then forward this notice to the person associated with the account that is suspected of being used to infringe copyright.

Ten percent of Canadian online consumers over the age of 12 have received a notice from their ISP that their account had been used to infringe copyright. Respondents reported that receiving such a notice resulted in the following: increased awareness of copyright infringement (38%), taking steps to ensure password protected home networks (27%), a household discussion about copyright infringement (27%), and discontinuing illegal downloading or streaming (24%). Close to a quarter of those who received an infringement notice (24%) reported that they simply ignored it.

1.2.10. Stream-ripping

Stream-ripping allows a person to turn a file being played on a streaming platform, such as Spotify or YouTube, into one that can be downloaded and kept permanently on a device. Stream-ripping has seen considerable uptake and popularity over the past few years, with reports of growth by up to 141 per cent over a two-year period from 2014 to 2016 in the UK according to a 2017 study².

² <https://prsformusic.com/what-we-do/influencing-policy/stream-ripping>

A preliminary look at stream-ripping in Canada provides a demographic profile of those who use stream-ripping and the services used to undertake such activity.

In Canada, 11 per cent of internet users reported using stream-ripping services. Relative to total internet users, users of stream-ripping are more likely to be male (62%) and are predominately 18 to 34 (52%) years of age. They are more likely to live in British Columbia (18%) and less likely to live in Quebec (18%), and are also more likely to be English speakers (81%).

Among Canadians who have used a service to stream-rip music or entertainment, nearly half (48%) have used stream-ripping sites, one-third have used downloader apps (38%), one-in-seven (14%) have used a stream-ripping plug-in, and one-in-ten (10%) have used stream-ripping software.

1.2.11. Virtual Private Networks and TV Set-top Boxes

Twenty one percent of internet users aged 12+ reported using virtual private network (VPN) services, while ten percent reported using TV set-top boxes. Individuals who consumed a mix of legal and illegal content online are more likely to use VPN services (42%) or TV set-top boxes (21%) than consumers who only downloaded or streamed/accessed legal content.

Canadian internet users who use VPN services primarily use these to secure communications and internet browsing (57%). Some use it to access free content (36%), while others use it to access content from other countries that is not available in Canada (32%), or to access content at a reasonable price (27%).

Most Canadians who use TV set-top boxes report they use them to access content they have paid for (78%). Half also use set-top boxes to access legal content for free (53%) while another quarter (28%) use them to access content they personally own. A minority, use set-top boxes to access other content that is not legal or they are unsure if it is legal (16%), or to access live sports that are not legal or they are unsure if it is legal (11%).

1.2.12. International Comparisons

To put these results into context, a comparison was made between Canada, Australia and the UK. It is important to keep in mind that country results can be influenced by a number of variables beyond copyright law, including differences in market size and structure, language, broadcasting and cultural policy, social norms or access to high-speed internet service.

The comparison indicates that a larger proportion of Canadian internet users (80%) consume (download or stream/access) any of the content types compared to Australia (69%) and the UK (59%). Streaming appears more widespread in Canada and in Australia than in the UK. While Canadians have similar streaming levels to Australians for music and TV shows, Australians are more likely to stream software, video games and e-books. Another interesting finding is that a larger proportion of Canadian internet users share content online, particularly music, movies, TV shows and e-books, compared to internet users in Australia and the UK.

When comparing infringement results, Australian respondents (38%) are more likely to have infringed at least one type of content in the past three months than consumers in Canada (26%) and the UK (25%).

The comparison of average quarterly spending among all 12+ internet users across regions show that, at a total level, Canadian respondents, spend less on each content type than Australian respondents, but more than UK respondents.

1.3. Methodology

The methodology used was based on the United Kingdom Intellectual Property Office (UKIPO) “Online Copyright Infringement Tracker” methodology and survey, adapting it to the Canadian context. This approach enabled an informed comparison of online consumption patterns and attitudes toward and prevalence of digital copyright infringement in Canada with that in the UK and Australia, which has also completed a similar survey. The Canadian survey was adapted to the Canadian context and included a telephone sample instead of the in-person sample collected in the UK. Furthermore, it included a detailed introduction that responds to anticipated concerns and sets the context of the questions, along with parental consent where and as required by the Government of Canada and the Marketing Research and Intelligence Association (MRIA).

The research asked respondents about their behaviours in the previous three months with online content and assessed the levels of infringement within wider patterns of consumer behaviour and content consumption. This methodology involved conducting 3,048 15-minute online questionnaires among those under the age of 65 years, complemented by 253 telephone survey completions among those aged 65+. This approach addressed the lack of national data related to frequency of internet usage that was available at time of design.

A telephone pre-test was undertaken from October 30 to November 1, 2017, obtaining 10 English and 12 French completions, including probing questions. In addition, an online pre-test was undertaken on November 6, obtaining 10 English and 10 French completions, including probing questions. The necessary adjustments were made to the instruments and online fieldwork was conducted from November 7-27, 2017. In total, 3,048 online surveys were completed. The telephone survey was conducted from November 10-20, 2017. In total, 253 telephone surveys were completed. The average survey length for the online and telephone surveys was 15 minutes.

Sampling was designed to obtain a sample of 3,250 Canadians; 3,000 aged 12 to 64 years via an online survey and 250 aged 65+ via a telephone survey.

To ensure large enough base sizes for regional analyses, we implemented separate and disproportionate regional and proportionate age quotas. For the online sample, a regionally disproportionate sample of Canadians was drawn from the Kantar TNS proprietary panel to achieve 3,000 completed surveys. The sample was stratified to ensure age and regional quotas were met. For the telephone portion of the survey, a landline sample was provided by an internal random number generator that randomizes the last four digits of the phone number based on known area code/exchange combinations. The person answering the phone was selected for the study if they were 65+ years of age. If they were not, the interviewer asked to speak with someone who was home and was 65+.

The online survey was conducted using computer assisted web interviewing (CAWI) technology while the telephone survey was conducted using computer assisted telephone interviewing (CATI) technology. CAWI/CATI ensured the interview flowed as it should with pre-programmed skip patterns. It also controlled responses to ensure appropriate ranges and data validity. The CATI system also controls automated scheduling and call-backs to ensure all appointments are adhered to.

Weighting adjustments were applied to the final edited, clean data to ensure that the data were representative of the 18+ population of Canada based on the 2016 Census. The data were weighted by age within gender and within region, and to match the Canadian population using 2016 Census data.

A panel sample was used for the online portion of this study and, as such, margin of error does not apply. For the telephone portion of the survey, a sample of 253 aged 65+ drawn from the Canadian adult population would produce a margin of error of +/-6.2 per cent 19 times out of 20. Sub-groups have larger margins of error.

1.4. Contract Value

The total contract value for this project was **\$94,920.00** including HST.

1.5. Statement of Political Neutrality

I hereby certify as Senior Research Director & Public Sector Practice Lead of Kantar TNS that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Policy on Communications and Federal Identity and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences and standings with the electorate or ratings of the performance of a political party or its leaders.



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