

ECONOMIC CONSEQUENCES OF MOVIE PIRACY – CANADA

Summary of Ipsos Media CT / Oxford Economics Report

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A joint study undertaken by Ipsos and Oxford Economics, on behalf of the Canadian Motion Picture Distributors Association (CMPDA), measures the scale of harm caused by movie piracy on Canadian jobs and the economy.

The study defines and measures movie piracy as anyone viewing a full-length movie via ‘unauthorized’ means, including: digital (downloading, streaming, digital transfer of pirated copies), physical (buying counterfeit/copied DVDs), and secondary (borrowing or viewing pirated copies).

The study measures the impact of movie piracy in two steps: 1/ the direct consumer spending loss to the movie industry and retailers from movie piracy, based on a nationally representative telephone survey of 3,325 adults aged 18 and over, conducted from June to September 2010 and 2/ the “ripple effects” of the consumer spending loss to determine the total economic losses from movie piracy across the entire Canadian economy.

Note: The results offer a conservative view of piracy, and do not treat every pirate view as a lost sale. As such, the results should be treated as indicators that piracy is at the very least causing this level of harm.

KEY FINDINGS

Impact of Movie Piracy on Canadian Jobs and the Economy

- 12,600 Full-Time Equivalent (FTE) jobs were forgone across the entire economy (equivalent to over 12 times as many as the 1,000 jobs cut by Hudson’s Bay Co. at the height of the recession in February 2009), including over 4,900 forgone directly by the movie industry and retailers.
- Allowing for effects on other industries, more than C\$1.8 billion in Gross Output (Sales) was lost across the entire Canadian economy.
- This was equivalent to a loss of GDP of C\$965 million across the Canadian economy – reducing national economic growth and Canada’s ability to invest in its future.
- Tax losses are C\$294 million, representing money that government could employ for other social uses in areas such as education and health care.

Level of Piracy and Impact on Movie Industry

- Direct consumer spending losses to the movie industry, i.e. cinema owners, distributors, producers and retailers, were C\$895 million – well over the annual revenues of Cirque du Soleil (C\$768 million) in 2008.
- Considering all forms of movie piracy (downloading, streaming, buying counterfeit, borrowing illegitimate, burning), an estimated 133 million pirate movies were obtained or watched in the 12 months up to Q3 2010 amongst Canadian adults.
- In volume terms, downloading and streaming films is the most prolific form of piracy, with particularly high levels of activity amongst males aged 18-24 years.
- Just under half (48%) of all people consuming pirate movies claim they would have paid to view the movie via an official channel had the unofficial channel not been available.