

# ATTITUDES AND BEHAVIOURS OF CONSUMERS IN THE DIGITAL AGE POLICY BULLETIN



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STRATEGIC  
**ADVISORY BOARD**  
FOR  
INTELLECTUAL PROPERTY  
POLICY

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# ATTITUDES AND BEHAVIOURS OF CONSUMERS IN THE DIGITAL AGE

The digital economy is of growing importance to the UK and elsewhere. Businesses and public sector bodies are digitising their products and services with new business models developing apace. In many sectors, the costs of entry are low and new platforms and services can generate good revenues, although the risks inherent to new business models can be high. Digital technologies provide an opportunity for many, but the threat of piracy may adversely impact on the remuneration of creators. Micropayments, while providing useful revenues for Apps', ebooks' and mobile content rightsholders, may also lead to lower overall revenues. The ease of making and access to digital content is being exploited by amateur and professional users creating and sharing their own digital material.

Because of this paradigm shift in the way content is used and consumed, the Strategic Advisory Board for Intellectual Property Policy (SABIP) prioritised consumer attitudes and behaviours as a separate workstream, following publication of the "Strategic Priorities for Copyright<sup>1</sup>" in March 2009. This work has resulted in two separate literature reviews:

- 'Copycats? Digital consumers in the online age'<sup>2</sup>; and
- 'Changing attitudes and behaviours in the 'non-internet' digital world and their implications for intellectual property'<sup>3</sup>.

1. <http://www.sabip.org.uk/copyright-100309.pdf>  
2. <http://www.sabip.org.uk/home/research/research-digitalage/research-digitalage-copycats.htm>  
3. <http://www.sabip.org.uk/sabip-noninternet.pdf>



Providing Government with strategic, independent and evidence-based advice on intellectual property policy.

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The key findings were:

- The scale of sharing is huge and growing;
- People are indifferent and/or confused about the possibility of infringement and about possible victims;
- People are making, sharing and consuming content in new ways - wanting faster, easier access at a time to suit them;
- These activities, creating new relationships between individuals and industry, have implications for the UK's cultural economy and rate of innovation;
- A better, evidence-based understanding of consumer attitudes and behaviours is essential if industry is to develop new business models and government is to formulate effective policy; and
- The research to-date has been inadequate – overly focused on students and small cohorts, using non-comparable methodologies, and often lacking in transparency.

The two reports confirm the view that enforcement alone will not solve the problems of on-line infringement. A comprehensive approach based on a greater understanding of people's attitudes and behaviours is required. This will enable policy-makers to devise effective laws and effective enforcement whilst feeding into other aspects of copyright policy, such as user-friendly licences that are seen to be fair and reasonable, awareness-raising and education programmes for users in all demographics. They would also inform the testing of more attractive legitimate business models. To this extent, a fuller understanding of attitudes and behaviours is the foundation upon which good business and good policy are built.

SABIP therefore proposes a new framework for looking at the consumption decisions made by consumers. This new, interdisciplinary conceptual framework views all types of consumer behaviour, both legal and illegal, as a rational response to a particular set of choices. Illegality is just one of a large number of consumption constraints.

The premise of the framework is to show how individual consumer demand and choice is renewed, shaped and exercised for copyright-protected products, and how this is being affected by the move to digital. The framework attempts to take into account the whole range of factors that constrain or enable consumer choice, from demand-side factors such as income, time, education and prior consumption, to supply-side factors such as price, inventory, access and redress.

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## ASSUMPTION & USE

How do consumers understand the value of copyrighted works in the digital age?

- is 'access' replacing 'ownership'?
- do concepts of 'ownership' change if copied?

## INFRINGING BEHAVIOUR

What is the scale of illegal digital consumption?

- illegal consumption (copying & sharing)
- re-use (consumption into production)

What are the main routes for this

- online (which technologies & applications)
- offline (which technologies & devices)

## INFRINGING BEHAVIOUR DECISION

### ATTITUDES ASSOCIATED WITH INFRINGING BEHAVIOUR

What reasons do infringers give for their behaviour?

- supply-side, demand-side, deterrents
- is there any dissonance between stated attitudes and actual behaviour?

## SUPPLY-SIDE

Do attitudes change if remuneration to creators is made more transparent?

- across different distribution channels (e.g. physical retail, 2nd hand retail, online download, paid or 'free' streaming)

## LEGAL & TECHNOLOGICAL DETERRENENTS

How aware are consumers of copyright?

- awareness across different uses

What are their attitudes to copyright if aware?

- antagonistic (and why) or agreement

What are the likely consumer responses to new legal /

technological deterrents?

## Current Landscape

The Digital Economy Act<sup>4</sup> has placed a duty on Ofcom to provide quarterly reports to the Secretary of State for Business, Innovation and Skills (BIS) estimating levels of unlawful file-sharing and assessing the extent of legal action by copyright owners. Ofcom is also to report annually on a broader range of factors, including consumer education campaigns and the availability of attractive lawful alternative services. There is a natural synergy between the new responsibilities of Ofcom and the work that SABIP has undertaken so far which should be actively managed.

The right regulatory conditions are needed to allow innovation to flourish. As in other areas of regulation, this is best achieved by policy-makers and industry working together. There is continual tension between industry's basic need for certainty and stability and the unavoidable volatility of digital media in terms of both business innovation and consumer attitudes and behaviour. Furthermore, SABIP believes that it is difficult to formulate an effective copyright regime unless policy-makers and business truly understand the consumer's attitudes and behaviour.

The process has several steps:

- Understanding the attitudes and behaviours of consumers;
- Developing sustainable business models and services;
- New licensing practices such as
  - Pan-European licensing
  - Simplified licensing
  - Collecting societies' regulation and codes of practice

- A coordinated programme of education, underpinned by awareness-raising in
  - Schools
  - Businesses
  - Public sector bodies
- Practical enforcement
  - UK policies, notably on take-down, site-blocking and user restrictions
  - The Anti-Counterfeiting Trade Agreement

Each element must be based on evidence of what people are thinking and what they are doing or wanting to do. This requires an understanding of issues which resist generalisations: the nature of authorship; the nature of property; the morality of theft; the balance between the unique object and the copy; the tension between the copying encouraged in school and the copying discouraged in later life; the tension between a creator's desire for their work to be widely seen and another creator's wish to restrict it.

This broader approach is now being adopted at a European-level, through the recommendations of the 'Gallo Report on IPR Enforcement in the Internal Market'<sup>5</sup>, which include the establishment of an 'observatory' to produce objective data on copyright infringement, public awareness campaigns and greater international coordination in dealing with copyright infringement. This does not however, include data on consumer attitudes and behaviours.

It is vital that Government and industry work closely together to meet the needs of the new digital economy so that a whole generation of creative innovation, cultural value and economic growth is not jeopardised. Once given up, the legal use of digital services may be hard to re-establish.

5. <http://www.europarl.europa.eu/oeil/file.jsp?id=5817632>

4. [http://www.opsi.gov.uk/acts/acts2010/ukpga\\_20100024\\_en\\_1](http://www.opsi.gov.uk/acts/acts2010/ukpga_20100024_en_1)

## Recommendations

In light of the new framework SABIP recommends the following priority areas:

Policy Issue	Policy Challenge	Recommendation	Aimed at:
Data should be analysed within appropriate real-life contexts	<p>People’s attitudes and behaviour towards copying and sharing digital content are primarily analysed in terms of deviant or criminal factors. However, it is clear that consumer behaviours may more likely reflect benign social factors within communities and peer groups and a desire for sharing.</p> <p>Ofcom has a duty to provide quarterly reports to the Secretary of State for BIS, estimating levels of unlawful file sharing and assessing the extent of legal action by copyright owners. Ofcom is also to report annually on a broader range of factors, including consumer education campaigns and the availability of attractive lawful alternative services.</p>	<p>For Government to adopt a new framework for analysing the decision making process for how users consume digital content. This should include a consideration of:</p> <ul style="list-style-type: none"> <li>• Behavioural economics</li> <li>• Evolutionary economics</li> <li>• Scenario planning</li> <li>• The gift economy</li> <li>• Non-commercial licences (e.g. General Public Licence, Creative Commons)</li> </ul>	<p>Ofcom</p> <p><u>Other interested parties:</u> Intellectual Property Office (IPO);</p> <p>Department for Business, Innovation and Skills (BIS);</p> <p>Department for Culture, Olympics, Media and Sport (DCMS);</p> <p>Arts and Humanities Research Council (AHRC);</p> <p>Economic and Social Research Council (ESRC);</p> <p>National Endowment for Science, Technology and the Arts (NESTA)</p>

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Policy Issue	Policy Challenge	Recommendation	Aimed at:
Policy should be based on sound and robust evidence	<p>Most data on consumer trends and behaviours is commissioned by those who have a vested interest. There are few consensual intermediaries to collate and provide advice and data that would be acceptable to a broad stakeholder community.</p> <p>There is little agreement about the scale of infringement and its economic impact, including any substitution effects. So while infringement takes place, its effects on consumer behaviour, social and economic, are unclear.</p> <p>This challenge was recognised by the 'Gallo Report' for the European Parliament on 'Enforcement of IPR in the Internal Market'</p>	<p>Work with Ofcom on a feasibility study to establish a structure for collating and analysing data on the attitudes and behaviours of consumers in the digital age.</p> <p>Insert appropriate questions into existing surveys such as the DCOMS 'Taking Part' survey and give more consideration to how best to influence the new reporting responsibilities of Ofcom.</p> <p>Link to European Observatory proposal adopted by European Parliament on 1 June 2010.</p>	<p>Ofcom</p> <p>AHRC, ESRC</p> <p>TSB</p> <p>Surveys such as 'Taking Part' (DCMS/BMRB)</p> <p>European Commission - 'Observatory on Counterfeiting and Piracy'</p> <p>WIPO's World Anti-Piracy Observatory (WAPO)</p>
Consumers	Current copyright research focuses on the <i>consumer</i> but media regulatory bodies and copyright policy focus on the <i>public and public value</i>	Closer alignment of copyright research with the needs of regulatory bodies	<p>BIS</p> <p>DCMS</p> <p>Ofcom</p> <p>TSB</p>

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Policy Issue	Policy Challenge	Recommendation	Aimed at:
Enforcement	The Digital Economy Act (DEA) requires Ofcom to oversee a Code of Conduct and public interest in new enforcement procedures	Joint research with Ofcom	Ofcom
Education and awareness: The consumer/user	<p>There is widespread ignorance/confusion about whether and when media content can be freely used; and, if not, the likely penalties.</p> <p>The two SABIP reports have highlighted the confusion and conflicting messages given out by the makers of hardware and the content providers. Users need to know what they can and cannot do with digital content.</p>	<p>Production of a 'Highway Code' for copyright, outlining the key facts in plain English.</p> <p>Industry should provide clear labelling on digital products for users</p>	<p>IPO</p> <p>BIS</p> <p>Industry bodies</p>

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Policy Issue	Policy Challenge	Recommendation	Aimed at:
<b>Related Policy Issues</b>			
Copyright moral rights	<p>The development of copyright policy has focused on economic rights.</p> <p>Evidence is required to understand the advantages and disadvantages of strengthening moral rights.</p>	More work to be done on the impact of strengthening moral rights, personal data rights, privacy, Freedom of Information, etc	<p>IPO</p> <p>RCUK</p>
Copyright Orphan Works	Orphan Works were omitted from the Digital Economy Act but it is important to find a workable solution.	Research on a code of conduct on orphan works in each sector, and the associated benefits and costs.	<p>IPO</p> <p>BIS</p> <p>DCMS</p> <p>European Commission (Information Society and Media Directorate-General)</p> <p>RCUK, AHRC, ESRC</p> <p>Industry bodies (e.g. Publishers' Association, UK Music)</p>



Strategic Advisory Board for Intellectual Property Policy (SABIP)  
21 Bloomsbury Street  
London  
WC1B 3HF

T +44 (0) 207 034 2833  
F +44 (0) 207 596 6526

[www.sabip.org.uk](http://www.sabip.org.uk)  
[twitter.com/SABIP](https://twitter.com/SABIP)

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