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**ONLINE FREEDOM?
Film Consumption in the Digital Age**

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MSc in Media, Communication and Development

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ONLINE FREEDOM? Film Consumption in the Digital Age

Luane Sandrin Gauer

ABSTRACT

This study finds support for the view that unpaid forms of film consumption do not necessarily displace paid consumption forms, i.e. they do not always act as a substitute. It questions strict copyright enforcement policies by investigating possible associations between the frequency of film consumption online for free, legal concerns and the willingness to pay to watch films online. A set of hypotheses regarding film consumption in the cinema, on DVD and online for free were tested using Chi Square tests. The data was gathered from 307 Higher Education students from 19 London universities, who self-selected into an online survey. In order to make sure that not only people interested in the survey topic completed the questionnaire, an incentive – in the form of a prize draw – was offered to respondents. The study finds that film consumption online for free differs from consumption in the cinema and on DVD in its motivations, as well as its levels of spontaneity, discontinuation and sociability. In agreement with these findings, the study also shows that when films are not available for free in the Internet, potential viewers often do not choose to pay to consume them in another form. More surprising is the fact that concerns about legality of free online film consumption do not tend to reduce the frequency of film consumption online for free.

By showing that the consumption of films varies according to the medium through which the film is viewed, this research questions the idea of linear substitution and displacement and indicates that the measures proposed by strict copyright enforcement policies, such as the Digital Economy Act (DEA) in the UK, do not always reflect the reality of the online environment. These policies often have a precipitated perspective of film consumption online. In the long run, they could even run counter to the interests of the creative economy. Because film consumption is a complex practice, studies, discourses and policies based on notions of linearity and uniformity of consumption are likely to be unsatisfactory and problematic.

INTRODUCTION

The Internet and digital technologies are posing great challenges to the established and profitable business models of the creative industry (Bruner, 2008; Lucchi, 2007; Napoli, 2011). In the past years, many big corporations and organisations have emphasised the financial burden caused by online file-sharing and free unlicensed downloads of creative content that breach the current copyright law. In 2009 the chairman of the UK Film Council argued that piracy – especially online copyright infringement – was the greatest threat being faced by the film industry and that it represented a big risk for thousands of film jobs and for the amount of investment available for the production of new content (BFI, 2009). Despite this straightforward claim, the reality of the situation faced by the film industry in the digital environment is much more complex and ambivalent.

Digital technologies and the Internet disrupt, among other things, the typical distribution processes of creative content. They allow it to be copied and shared easily and inexpensively among users (APIG, 2006; Cammaerts and Meng, 2011). The role of intermediaries, such as record labels and film distributors in controlling the availability of content in specific markets, as well as their power over artists' creations is thus challenged. According to Lucchi (2007), it is this fear of losing control and power that drives calls for stronger online copyright enforcement. This measure can also be interpreted as a way of creating value in the market by ensuring that the resources on demand by consumers are relatively scarce (Mansell, 2011). In the case of the film industry, this can be associated with an attempt by copyright holders to control the distribution of a film and the consumption thereof in ways that maximise their overall profits.

In this study, it will be argued that unilateral claims that prioritise one set of interests over others do not do justice to the intricacies and dynamics of film production, distribution and consumption in the digital age. Other factors, such as shifting power relations between producers and consumers in the market, the political economy of the copyright industry, and the new expectations and consumption practices of audiences must also be taken into consideration.

A set of hypotheses is presented in this study with the aim of investigating the ways in which the engagement with films might differ depending on the consumption form. In order to test these hypotheses, an online survey was designed. This survey targeted university students in London and focused on the needs, preferences and expectations associated with film consumption in the cinema, on DVD, and online for free. In this research, a number of

practices associated with free films online are compared to those associated with film consumption in the cinema and on DVD. In addition, legal issues, along with questions regarding paid film consumption, both of which permeate discussions about the viewing of films online for free, are analysed in detail.

The overall objective of this study is to help foster a multi-layered understanding of how people engage with film consumption in the age of the Internet and digital technologies. It questions the adequacy of some of the evidence used by the creative industry to criminalise the unlicensed access to copyrighted content and to justify the need for strict policies targeting copyright enforcement. Rather than assuming that the practices and behaviours of film viewers are largely linear and uniform, it is important to investigate and comprehend the complexity of film consumption in this dynamic environment encompassing new technologies, new forms of consumption, and ever-changing social and economic relations.

LITERATURE REVIEW

Shifting (Market) Power Relations: Between Threat and Opportunity

According to Castells (2007), the change and evolution of societies can be associated with the rise of new institutions, whose creation is triggered by shifting power relationships. Those with vested interests in the long-established institutions might resist the organisational changes, which accompany new technologies and new institutions and which could facilitate their diffusion (Freeman, 2007). The free access to creative content and its sharing among users clearly runs counter to neoliberal economic structures and the treatment of culture as private goods (Mansell, 2011). If this represents, as noted by Maclean (2011: 54), ‘an emerging paradigm that sees the fruits of intellectual creation as common goods, rather than as private property’, then we must consider the ways in which the role of various actors would change or evolve with this new way of understanding culture. Technological and institutional change is often seen as a threat and resisted by those whose powerful position is brought into question, at least initially. Others see this as an opportunity to redistribute power and achieve more equity in the relationship between producers, distributors and consumers of intellectual property, including films.

Threat

A study by Jackson and Dutton (1998) shows that organisational leaders, decision-makers and managers are prone to a 'threat bias' in how they interpret and describe issues affecting their institutions. This means that they tend to focus more on the characteristics of an issue that represent threats, than on those that represent opportunities. To some extent, this 'threat bias' influences the way in which the creative industry makes sense of unlicensed use of creative content in the Internet. As noted by Napoli (2011), such bias has been observed in the film industry on other occasions as well. VCRs, for instance, were initially resisted by the film industry until it became clear that they could be used in very lucrative ways (APIG, 2006; De Vinck and Lindmark, 2012; Napoli, 2011; Oberholzer-Gee and Strumpf, 2010). While new business models that are suitable for the digital environment and could benefit the powerful film industry corporations are not fully established, many organisations adopt a defensive strategy. According to Porter (2012), many of the studies cited in defence of these organisations, including Hollywood studios, tend to exaggerate the economic impact caused by online piracy, as well as its threat to employment.

A large number of studies about the economic impact of online piracy on the music industry find either that some decline in music sales can be attributed to increased Internet penetration (Liebowitz, 2008) or to online piracy (Peitz and Waldfogel, 2004), or that online piracy displaces legitimate sales (Hui and Png, 2003; Rob and Waldfogel, 2006; Zentner, 2006). As the technology that enables the downloading and streaming of audiovisual content in the Internet becomes more and more advanced and as the speed of broadband increases continuously, it is feared that the same could happen to the film industry (Hargreaves, 2011; Rob and Waldfogel, 2007). Indeed, similar studies with comparable results have focused on the film industry. For example, based on a sample of 500 undergraduate students from a US university, Rob and Waldfogel (2007) find that unpaid film consumption can lead to a 3.5 per cent decline in paid consumption.

Although much of the evidence from studies about the association between file-sharing and paid consumption has been criticised for its inconclusiveness (Mansell and Steinmueller, 2010), such evidence is nonetheless used to support a discourse that frames unlicensed consumption of creative content as theft. As noted by Meyer and Van Audenhove (2010, 76):

The current discourse on online piracy portrays rights holders as residing in a state of emergency [...] and steadily avoids discussions on alternative forms of remuneration that could disturb the status quo of (big) rights holders.

Not only are debates on alternative remuneration models avoided by this discourse. This also suppresses a way of seeing cultural production as non-rival and non-excludable public goods, rather than as private property (Freedman, 2008).

Opportunity

Just as there are empirical studies that support the notion of threat associated with unlicensed file sharing and access to creative content in the Internet, there are also those that support the idea that these technologies offer opportunities, or even benefits. Oberholzer-Gee and Strumpf (2008), for instance, argue that weaker copyright protection in the Internet has been socially beneficial for a number of reasons. First, it has not led to a decrease in the number of music records or films produced worldwide. In addition, it has prompted a reduction in the price of film and music, but an increase in the amount that consumers are willing to pay for complements, such as concert tickets and movie merchandise. The authors argue that the sale of such complements can have a more direct and positive effect on the income of artists – including those that are not dependent on record labels and film distributors – than the sale of the actual creative product. The rationale is that ‘money not spent on legal copies is not lost to the economy – it may be spent on other purchases’, which means that the economy as a whole might not experience negative effects (Hargreaves, 2011: 73), but that economic gains and power might shift to other sectors and hands.

Moreover, the expansion of content options and the reduction of production and distribution costs enabled by the Internet and digital technologies are creating a tendency to consider ‘long tail’ scenarios (Anderson, 2006). This means that, due to the non-existence in the Internet of the shelf space limitations of bricks and mortars shops, the need to create ‘hits’ that suit all consumers and tastes is now less important. Instead, the smaller demand for a huge quantity of niche products, which form the long tail of popularity, can also be economically viable, and if put together, can even represent a larger market share than the ‘hits’ (ibid) – although the evidence here is also controversial. This mechanism would increase the number of options available to consumers and the number of players in the market, and enhance the chances for independent and innovative artists to enter the industry. Indeed more and more independent filmmakers are choosing to distribute their low-budget films online for free in an attempt to gain recognition, promote their work and stimulate the sales of merchandise and complements. The money from these sales is paid directly to them rather than to intermediaries (Rajesh, 2009), who are traditionally the ones that acquire and exploit copyrights (Barendt, 2007; Hargreaves, 2011). At the same time, the enormous amount of content available in the Internet makes it hard for many independent

filmmakers to profit in this way. As noted by De Vinck and Lindmark (2012: 124), for filmmakers distributing their works ‘in a world of abundance’, it could become tougher to draw attention.

Regarding big corporations, Steinmueller (2002) notes that the popularity of virtual communities like Napster should inspire the creative industry to explore new ways of distributing content. Many established corporations are starting to do just this. For example, in 2009 Time Warner reached a deal with YouTube allowing clips from some of its television shows to be broadcasted for free on the online platform. Their strategy to extract profits in a short term was consolidated by the sale of advertising through such clips (Adegoke, 2009). The ambivalence of the threat/ opportunity scenario in which the film industry finds itself can also be exemplified by the relationship between Paramount and YouTube. The studio, which is pursuing a \$1 billion legal case against the online platform over unlicensed distribution of copyrighted material, has recently signed a deal with the website to allow its users in the US and Canada to rent more than 9,000 of its film titles through the platform (Child, 2012). At the same time as they explore alternatives, established corporations remain concerned about their status quo, which they try to protect, among other ways, by supporting strict copyright enforcement.

Nonetheless, some of the fears of these corporations are not entirely supported by evidence. Smith and Telang (2006), for instance, found that even if increased broadband penetration between 2000 and 2003 expanded the number of users that could access pirated content, it also led to an increase in DVD sales. A later study by the same authors (Smith and Telang, 2009), found that following the broadcast of films on American television, both the number of sales of the respective DVDs at Amazon.com, as well as the demand for unlicensed downloads of the films increased. However, the availability of pirated content was not found to have a negative effect on legitimate sales. Their argument is that the television, the DVD and the online version of a film are sufficiently differentiated from each other and that the market is segmented between audiences that download a particular film for free and those that prefer to buy it.

Although the studies mentioned in this section also have limitations, they call into question the claims made by many film executives that online file sharers are ‘parasites’ and that unauthorized downloading is ‘theft’ (Freedman, 2008: 189). The reality of the current changes in the production, distribution and consumption of films and other creative content in the digital environment is much more complex, especially in an age in which the economy is increasingly hybrid (Lessig, 2008) and combinatorial (Arthur, 2010).

The Political Economy of Intellectual Property in the Internet

Considering the close relationship between economic and political power, it can be argued that the current debate over copyright in the digital environment favours the interests of rights holders – particularly intermediaries, such as record labels and film distributors – over those of file sharers (Cammaerts and Meng, 2011; Freedman, 2008; Mansell and Steinmueller, 2011). Lessig (2004), for instance, criticises Hollywood studios and the Motion Picture Association of America for lobbying for a regulatory environment that favours their monopolistic self-interests by restricting the cultural content available to the public. There is undoubtedly some truth in his argument that the attempts by rights holders to enforce strict copyright in the ‘code layer’ (e.g. establishing computer-automated control), in the ‘content layer’ (e.g. eliminating or imposing restrictions on file-sharing platforms), and in the ‘physical layer’ (e.g. regulating the allocation of spectrum according to private interests) can block innovation and the free flow of ideas, which are crucial for the vitality of our socio-cultural environment (Lessig, 2001).

This is a likely outcome of restrictive regulations and technical requirements, including the Digital Millennium Copyright Act of 1998 in the US, which ‘impose higher entry barriers than is necessary to the public domain’ (Benkler and Nissembaum, 2006: 420). The authors argue that since technology and its distinctive uses carry human, political and social values, the imposition of barriers that disproportionately restrict the use of the Internet for peer production and for the sharing of cultural and intellectual content could inhibit the development of normative virtues associated with these practices (ibid). The political economy of intellectual property regulation in the Internet is particularly relevant in the face of recent citizens’ protests against the Stop Online Piracy Act (SOPA) in the US and the multinational Anti-Counterfeiting Trade Agreement (ACTA), both of which aim to establish legal penalties against online copyright infringement. As noted by *The Economist* (‘ACTA Up’, 2012), one of the problems with ACTA is that it implies that in the absence of pirated sources of content, every copyright infringer would have bought such content.

In the UK, measures against unlicensed file sharing will be put into practice in 2013. The measures outlined in the Digital Economy Act (DEA) require Internet Service Providers (ISPs) to monitor the activities of subscribers and record the Internet Protocol (IP) addresses that have engaged in unauthorised file-sharing (HMSO, 2010). Following the order from qualifying copyright holders, the ISPs are required to send warnings to infringing subscribers. Considering that these qualifying copyright holders are those that pay ISPs in advance for part of the costs of monitoring and warning subscribers (Ofcom, 2010), it is

questionable whether independent creators with few resources would also benefit from the Act. Subscribers that are associated with three infringements and receive three warnings within the same year could be disconnected or face legal action if the courts decide their identities should be revealed. The Act, which is supported by senior film executives, has been criticised, for instance, for ‘controlling and restraining’ rather than ‘caring and enabling’ (Meyer and van Audenhove, 2010: 74), for causing a possible ‘chilling effect’ on ISPs and users (Dutton, 2010: 386), for reducing ‘opportunities for greater socioeconomic equality’ (Andersen, 2010: 376), and for its disproportionate and problematic social and economic effects, which are likely to be widespread rather than restricted to those found to be infringers (Mansell and Steinmueller, 2011).

The ISPs BT and Talk-Talk have recently lost a court appeal against the DEA (‘BT and Talk-Talk lose file-sharing appeal’, 2012). They unsuccessfully argued that the Act is inconsistent with EU law, since it supposedly breaches the rights to freedom of movement of services, to privacy, and to freedom of expression (Mansell and Steinmueller, 2011). In this sense, through the DEA and other unbalanced regulations, rights holders are achieving the prioritisation of their interests over the interests of other sectors (Freedman, 2008). They are also managing to produce:

[...] a system where their creations are protected to the same extent as physical goods and where they exercise extensive control over access and use of their works, with consequent impairment of users' rights (Lucchi, 2007: 195).

User’s Rights, Passivity and Participation

According to Benkler (2000), a fundamental issue about regulation over media content in the Internet is that many policies are attempting to shape the Internet and the digital environment according to the structures typical of mass media. This includes the framing of users as passive consumers, who ideally acquire content from only a few commercial sources and producers (ibid). In other words, since the audience constructed by the culture industry is ideally passive (Shimpach, 2005) and since this conception of passive consumers is incorporated in the industry’s traditional business models, a digital environment where users are increasingly independent clearly challenges traditional leaders, who in turn tend to criminalise unlicensed file-sharing. Meanwhile users usually focus on their ‘perceived rights’ to access a higher variety of content for lower costs (Andersen, 2010) or prioritise price and availability over moral concerns (Hargreaves, 2011).

According to Ofcom, piracy and unlicensed file-sharing arise when the market does not meet consumers' demands (House of Commons, 2007: 147). It is clear that consumers' demands, expectations and consumption practices are changing together with the diffusion of new technology. The rise of the Internet and new digital technologies allow people to easily share, distribute and even produce content. According to Jermyn and Holmes (2006) the increased possibilities that consumers have to interact with media content are transforming conventional audiences into users. And these changed audiences are no longer passive, but are increasingly autonomous and have 'ever-growing levels of control over when, how, and where they consume media', as well as the power to distribute and produce content (Napoli, 2011: 1). Bruns' (2007) conception of 'produser', which refers the blurring of the distinction between producers and consumers or users, goes a step further in its portrayal of audiences as participants.

Even individuals who do not use the new digital technologies and the Internet to produce and distribute their own creations are increasingly active in what Jenkins (2003; 2006) and Burgess and Green (2009) describe as 'participatory culture'. On the Internet, individuals actively search for films and other creative content, which they wish to consume or use. They have the tools to edit and remix such material (Lessig, 2008), they can blog about it (Jenkins, 2006), and very importantly, they can easily share and distribute a wide variety of creative content and information. As noted by Gauntlett (2011: 241), these increased opportunities for people to interact with creative content, to produce and to share it, are themselves political shifts, which could drive individuals to desire 'a hands-on engagement with the processes that affect their lives'.

As discussed above, historically, the power over the production, distribution and consumption processes of films and other creative content has been predominantly controlled by large organisations that own the intellectual property rights. In the digital age, a possible dispersal of such power could be an opportunity for individuals' greater participation in the economic, socio-cultural, and political environment in which media consumption is embedded. At the same time, these new technologies can also expand the demand for films of powerful corporations and allow them to monitor and target audiences' preferences and consumption patterns more than ever before (Napoli, 2011).

The Complexity of Media Consumption

Taking all these views into consideration, it becomes clear that media consumption is far from being a linear practice. Instead, it is influenced in a complex manner by the cultural, social, political, economic, and technological environment where this consumption takes place. With regard to the natural sciences, Richardson (2005) observes that the acknowledgement of the complexity of phenomena does not imply that they cannot be scientifically explored, but that they must be analysed critically. It can be argued that the same applies to the social sciences and hence to the consumption of media as well.

For instance, the consideration of these complexities has been explored in Ellis' (1992) theoretical comparison of the consumption of audiovisual content in the cinema, on television and on video. According to him, although cinema and television, for example, often seem to perform the same purpose and produce the same stimuli, they are consumed in different ways. Whereas the former is usually expected to be a spectacle or a public event, the latter is normally expected to provide a sense of familiarity.

Many authors, such as Gillespie (2005), recognise that media consumption practices are the outcome of various factors, including changes or continuities in technology and society, and the exercise of power from various stakeholders, including media firms, policy makers and audiences, who are often not in accordance. The convergent media environment of today only adds to this complexity. Green and Jenkins (2011: 118) stress the 'complex modes of audience-ship that emerge within a participatory culture'. Three of their arguments are particularly relevant. They mention that a) even a mouse click or the viewing of video in the Internet can create cultural and economic value through increasing the public visibility of certain content; b) in an environment where the same content is often available legally and illegally, people consider various social and economic factors when deciding whether to pay or not for media consumption; and c) increasingly, corporations are trying to monitor and predict consumers' behaviours in this environment, in order to anticipate in what circumstances they are willing to pay for what content.

Therefore, it can be concluded that media consumption is dynamic, but that it is nonetheless possible to observe many of the changes, challenges, and continuities associated with it in the digital age of today. Film consumption is a complex practice, which can create, contest, incorporate and reflect socio-cultural and political-economic pressures.

CONCEPTUAL FRAMEWORK

The framework of this research builds mainly on three key theoretical perspectives considered above, which are particularly relevant to the analysis of film consumption in the digital age. These perspectives encompass discussions about product differentiation, the complexity of media consumption, and the role played by political economic interests in influencing or attempting to influence the process of media consumption in the digital environment.

Taking into account the notion of product differentiation discussed by Smith and Telang (2009), it is possible to consider that the viewing of a film either in the cinema, on DVD, or online for free does not necessarily act as a substitute for the other forms of consumption. The different processes of mediation and different expectations, wants, needs and priorities associated with each of these media might transform the same film into three somewhat distinct products, which are consumed in different ways. This, however, does not mean that the notion of displacement of legitimate sales associated with online piracy can be rejected *a priori*. Studies such as Rob and Waldfogel's (2007) 'Piracy on the Silver Screen', which find that free unlicensed film viewings displace paid consumption certainly reflect some aspects of the reality. What is questioned here is the linear and one-sided perspective of many claims about displacement. As discussed by Mansell and Steinmueller (2011), while file sharing displaces some sales, it also creates others. Therefore, in order to better understand the ambivalence of this practice, it is important not to allow narrow economic perspectives mislead us with respect to the intricacies of this practice at the audience level.

Somewhat related to the concept of market segmentation is Ellis' (1992) analysis of cinema and broadcast television as two different forms of representation, which can coexist since they provide different experiences. As mentioned above, he argues, for instance, that cinema fulfils audiences' expectations for intensity and spectacle more than television does. In this research, it will be assumed that even when the individuals who watch films in the cinema, on DVD or online for free are the same, their engagement with the product may be different.

Following Napoli's (2011) notion of 'audience evolution', the concept of audience adopted in this research is that of a category of individuals, who in the present may well be more autonomous than ever before, but whose consumption practices are also susceptible to the interests and pressures of key stakeholders, including media organizations and policy makers, who often influence or even prevent certain technological changes. In addition, an effort will be made to question the 'implied audience' (Livingstone and Lunt, 2011) strict

copyright enforcement policies. Of particular relevance for the discussions conducted in the study is the perspective that, while responding to the pressures of the creative industry, the UK's Digital Economy Act (DEA) fails to adequately account for the reality of the digital environment and ends up being skewed towards the interests of a single group (Andersen, 2010; Cammaerts and Meng, 2011; Mansell and Steinmueller, 2011; Meyer and Van Audenhove, 2010).

RESEARCH OBJECTIVES

This research has three foci. First, it will analyse the complexities of film consumption at the micro level and will investigate whether and how consumption in the cinema, on DVD, and online for free differ from each other. These practices will then be discussed in relation to notions of linear substitution, sales displacement, and 'theft' or piracy. Finally, the results of the empirical analyses conducted in this study will be used to question whether policies that promote strict copyright enforcement are based on accurate perspectives about the ways in which audiences consume copyrighted content in the digital age.

Based on the review of the literature and in line with the conceptual framework for this dissertation, the overall research question is:

In what ways is the consumption of films online for free different from conventional forms of film viewing in the cinema and on DVD? Is it a practice that is associated with greater spontaneity, discontinuation and/or with lower levels of sociability?

This provides a basis for the design of empirical hypotheses, which are set out in the section 5 below.

A number of studies cited in the literature review above have attempted to investigate how self-reported levels of online piracy displace or lead to a decline in legitimate sales. Considering that people are likely to misreport their levels of engagement with unlawful practices (Oberholzer-Gee and Strumpf, 2010), and that measurements of the impact of unlicensed file-sharing on paid consumption are often problematic (Mansell and Steinmueller, 2010), this research adopts a different strategy. First of all, a distinction is not made between legal and illegal viewing of films online for free, since individuals are often confused about what comprises lawful or unlawful consumption of content in the Internet (Hargreaves, 2011). Second, rather than investigating the effects of such practices on the

economy or on society, this research attempts to reflect the complexities of media consumption by examining what needs, behaviours, and expectations are associated with three different forms of film consumption. In other words, the aim is not to investigate causality, but rather to uncover a set of multi-layered and non-linear consumption patterns.

RESEARCH DESIGN AND METHODOLOGY

The empirical strategy described below is intended to provide the means to test a set of initial hypothesis that are derived from the literature and focus on key gaps in empirical studies. These gaps include a deficient understanding of the ways in which consumption of films online for free differs from paid forms of film consumption in the cinema and on DVD (H1, H2, H3 and H4). An additional set of hypotheses complement the discussion about the potential complexities of film consumption and its implications. These hypotheses aim to address and to contribute to the reduction of insufficient knowledge about a) the relationship between film consumption online for free and the willingness to pay for viewing films in the Internet (H5), b) people's likely course of action if the chosen film is not available online for free (H6), and c) the relationship between the viewing of films online for free and concerns about the legality of this practice (H7). More specifically, the full list of hypotheses that will be tested is as follows:

H1: The consumption of films online for free is a significantly more spontaneous practice than the viewing of a film in the cinema (H1.1) and the purchase of a film on DVD (H1.2).

H2: The consumption of films online for free is a significantly less social practice than the viewing of a film in the cinema (H2.1) and on DVD (H2.2).

H3: In comparison with film viewings in the cinema (H3.1) and on DVD (H3.2), film consumption online for free is significantly more likely to be interrupted when the film being watched is considered uninteresting.

H4: Film consumption online for free is motivated by different factors than the viewing of a film in the cinema (H4.1) and the purchase of a film on DVD (H4.2).

H5: There is a negative association between the frequency of film consumption online for free and the maximum amount that people are willing to pay to watch a film online.

H6: Respondents who declare that they watch a greater total number of films thanks to free online consumption are significantly less likely than others to resort to paid consumption when the chosen film is not available online for free.

H7: There is an association between the frequency of film consumption online for free and the opinion that uncertainty about legality is the main disadvantage of this practice.

In order to test these hypotheses, many of which are based on comparisons between three film consumption forms, an effort was made to obtain data from a group of individuals who are actually likely consume films in these three ways. In the UK, on average, young adults and teenagers tend to go to cinema more frequently than individuals in other age groups (BFI,

2010). In addition, people in this demographic group are also more likely than others to use the Internet for online entertainment (Ofcom, 2011). In order to maximise the possibility of reaching these individuals, university students in London were selected as the target population. Apart from usually engaging with different forms of films consumption more frequently than other groups, students have Internet access in their universities – whether or not this resource is available in their homes. Therefore, most of them could, in principle, opt to watch films online for free. In addition, the possibility of reaching a relatively large sample of this group in a systematic manner also influenced the decision of selecting university students as the target population of this research.

Research Strategy

This section clarifies why a survey method was chosen for this research. It also considers the strengths and limitations of this decision.

Rationale for Method Used

A survey method was considered appropriate for this research, because it permits a systematic and consistent gathering, analysis and comparison of data relating to individuals' consumption of films in the cinema, on DVD, and online for free. The main questions of this study concern the experiences, behaviours and perceptions of a relatively large population regarding a specific topic. These can be effectively measured by survey methods (Dillman, 2008; Fowler, 1995). A qualitative interview approach was also considered, but was rejected on the basis that it would not allow the patterns, differences, and similarities among the three film consumption forms to be statically tested and generalised.

More specifically, a web survey was deemed suitable. For the researcher, web surveys provide a relatively inexpensive way to analyse the expectations and behaviours of a large number of film consumers. In addition, self-administered Internet surveys that provide anonymity and confidentiality have the advantage of minimising social desirability biases (Fowler, 1999; Sue and Ritter, 2007). In this case, this means that respondents are more likely to be honest about activities and behaviours that are sometimes disapproved of by society, such as the viewing of copyrighted films online for free. As noted by Couper (2008) and Sue and Ritter (2007), one advantage of web surveys over paper surveys is the possibility to design contingency questions. In this study's survey, for example, respondents that selected the option stating that they do watch films online for free were not presented with questions that

aimed to investigate people's engagement with this practice in more detail. Instead, they were automatically directed to the next applicable question. This helped to assure that questionnaire remained relevant for each respondent.

In addition, self-administered web surveys allow the 'respondent experience' to be increasingly controlled by the respondents themselves (Dillman, 2008: 11). This is important, because it is consistent with the theoretical argument that Internet users often wish to have control over whether, when, where and under what conditions they conduct their activities in the Internet. Therefore, the levels of convenience and autonomy provided by web surveys were factors that also exercised a positive influence on the decision to pursue this research strategy.

Considerations and Limitations

A frequently mentioned disadvantage of online surveying strategies concern the fact that only individuals with Internet access and at least basic digital literacy can access and answer the online questionnaire (Dillman, 2008; Nesbary, 2000; Sue and Ritter, 2007). In view of the research hypotheses being considered here, this is not a problem as such. Rather, it implies that respondents have the opportunity to choose whether or not to watch films online for free.

Another disadvantage of self-administered web surveys, explored in particular by Groves et al (2009), concerns the possibility that only users who are interested in the topic of research might opt to complete the questionnaire. A suggestion for overcoming this problem is to offer respondents some type of incentive. According to the authors, 'with an incentive, the respondent pool better reflects the full population' (ibid: 206). In addition, it has also been found that incentives improve the quality of data (Göriz, 2006). For these reasons, an incentive was offered to participants of the survey conducted here. This was not a compensation given to each single respondent, but rather an award, which was given to the two respondents who won the survey's prize draw.

The use of a questionnaire with standardised answer options has other limitations. For example, it could be that none of the options properly matches the behaviours, preferences, or opinions of a respondent. This can have a negative effect on the collection of certain information that could give a more in depth overview of the complexity of a specific issue. According to Fowler (1995), it is thus sometimes important to allow respondents to formulate their own answers. In this online survey, questions regarding the main advantages and

disadvantages of each film consumption form included an option labelled 'other, (please specify)', which invited users to write their own answers. Clearly, for many of the other questions, which represented variables measured at the ordinal level, this option was not relevant.

Finally, it must be stressed that the results of statistical analysis using the data collected from a sample of a population only reveal patterns of behaviour, opinions, and preferences from members of that population. Therefore, the results and interpretation of the data analysed here cannot be generalised without problems to a wider population than that of London university students, who are targeted in this research. Even when discussing the results in relation to the population of university students in London, the limitations and biases associated with the sampling method discussed below must be kept in mind, together with the problem of defining the population clearly in an online environment (Nesbary, 2000; Sue and Ritter, 2007).

Methods and Procedures

The sampling, questionnaire designing and statistical procedures that made this research possible are outlined below. They are the result of months of preparation, tests and both practical, as well as theoretical research.

Sampling

Students from London universities were invited to participate in the survey, which went live on the 22nd May 2012. The survey link, as well as a brief description of the project's objectives and ethics, was posted on the Facebook pages of the 19 London universities listed in 'University League Table 2013' of The Complete University Guide (2012). In addition, the Students' Unions of Imperial College and the London School of Economics helped to advertise the link to their students¹. The invitations were resent after one week and the link to the web survey was deactivated after 15 days on the 6th June 2012.

¹ These 19 London universities were first contacted via email on the 27th February 2012. The email contained a description of the project's objectives and ethics and enquired whether an internal email with a link to the web survey could be sent to all the students. This was not possible, but several universities noted that their students could be reached more informally via their institution's Facebook group pages. I thus joined the Facebook groups of all London universities. When further authorization was necessary, group administrators were contacted and received detailed clarifications about the project. These measures were successful. Also, after months of electronic communication with Imperial College, the institution agreed to promote the survey through their Students' Union. The Students' Union of LSE also promoted the survey via several channels, including Twitter. It is impossible to know the exact number of respondents from each university or if all the respondents that report to be students are registered in London institutions. Out of the 268 respondents that opted to take part in the prize draw, 150 had Hotmail or Gmail email addresses, 55 had LSE email addresses, and 18 had Imperial College email addresses. Other academic email providers were not listed more than 3 times each. Therefore, it might be possible that LSE

Ideally, probability sampling would have been used. For instance, an invitation to complete the web survey would then have been sent by internal email to a number of randomly selected students from London universities. Since this was not possible, the statistical inferences conducted here should be applied with caution to the wider population of university students in London.

Questionnaire Design

Fifteen London university students completed a pilot of the survey. The questionnaire was adjusted based on their feedback and on issues observed when exploring the data of the pilot². Particularly, ranking questions, which seemed to require too much time and effort from respondents, were reformulated. Check-all-that-apply questions were also reviewed, because it became clear that a single answer would very likely be more relevant for analysis. For more effective comparisons between the practices associated with film consumption in the cinema, on DVD, and online for free, the questionnaire was divided into three very similar sections with equal choices wherever possible.

The questionnaire was made available online through SurveyMonkey. This software was selected on the basis of its popularity, reliability, simplicity, and also because unlike several comparable survey softwares, it supports contingency questions. Every respondent could opt to participate in a draw of two £50 Amazon vouchers by writing their contact email addresses at the end of the survey. The rationale behind this incentive was to increase the variability of respondents and to improve the quality of the data as mentioned in section 5.1.2 above.

and Imperial College – the top two universities in London in 2012-13 according to The Complete University Guide (2012) – are more strongly represented than other London universities, although some of these might not provide institutional email addresses to their students or the use thereof might not be diffused.

² For the pilot and final questionnaires, please contact the author.

Statistical Procedures

A total of 332 respondents completed the survey. Out of these, 25 were not students and were eliminated from the final sample (N=307). Some of the questions were recoded into fewer variables. For example, the frequency of film consumption online for free was recoded from six into three relevant categories (see Appendix C for an overview of how the final questionnaire was coded for the analysis of each hypothesis). This raised the cell count of the contingency tables, and thus helped to increase the reliability of the tests.

In an attempt to investigate whether the same respondents show different patterns of behaviour when they engage with film consumption forms in the cinema, on DVD, and online for free, H1, H2, H3 and H4 were tested using data from a subsample, which considered only by the respondents who consume films in all three forms (N=178). McNemar's Chi-Square statistical analyses were used to test these four hypotheses, which concern the potentially different film consumption patterns associated with cinema, DVD, and free online viewing. The McNemar's Chi-Square test examines differences in dependent proportions, i.e. from the same group of respondents. Although it requires multi-categorical variables to be broken down and dichotomised for analysis, it makes it possible to test the statistical significance of repeated measures in detail (Agresti, 1990). In this study, the corrected Chi-Square (χ^2) results are reported. These results consider the Yates correction for continuity, which leads to more conservative estimates (Lui, 2011).

For the statistical analysis of the three final hypotheses, which give further insights into online film consumption (H5, H6, and H7), the Chi-Square (χ^2) test of independence was used to test whether certain perspectives are associated with specific behaviours. In this case, the responses from all the sampled students (N=307) were taken into consideration.

RESULTS AND INTERPRETATION

Sample Overview

Despite the non-random sampling procedure adopted for the conduction of the online survey, as outlined in Table 1 below, the percentages of students divided by gender and level of study observed in the sample are similar to the percentages reported by the Higher Education Statistics Agency (2011) based on data for all higher education students registered at London institutions in 2009/10. These similarities apply whether we consider the full sample (N=307) or the subsample (N=178) – composed only of respondents who consume films in all three forms considered here (cinema, DVD, and online for free) – although they are more pronounced in the first case.

TABLE 1
Composition of students in the sample, subsample, and in
Higher Education institutions in London

	Female	Male	Undergrad	Postgrad.
Higher education students in London 2009/10 (data from HESA/ 433.000 students)	57%	43%	69%	31%
Sample of students (from London universities) that completed the survey (N=307)	57%	43%	68%	32%
Respondents from the above that consume films in all three forms (N=178)	61%	39%	71%	29%

Considering Table 2 below, it is possible to see that the highest percentage of respondents who consume films weekly do so online for free. However, film viewings in the cinema represent the consumption form with the overall greatest percentage of practitioners. 28% of respondents report that they never buy the DVD of a film. This consumption form is, therefore, the least widespread of the three.

TABLE 2

Frequency of film consumption in the cinema, on DVD³ and online for free

	Once a week or more	Once every 1-6 months	Once a year or less	Never
Cinema	5%	86%	7%	2%
DVD	2%	43%	27%	28%
Online for free	34%	44%	5%	17%

Cinema, DVD and Free Online Consumption in Comparison

One of the underlying assumptions of many claims and studies regarding the negative economic impact of film viewing online for free is that a film which is consumed in this way will act as substitutes to paid consumption. Film consumption is thus considered highly linear and uniform, whether a person chooses to watch a film in the cinema, to buy and watch the DVD of the film, or to watch it online for free. However, in line with Ellis' (1992) theoretical analysis of different forms of consumption and Smith and Telang's (2009) notion of product differentiation, the results of the first set of hypotheses show that film consumption in the cinema, on DVD, and online for free is associated with different expectations, interests, and priorities.

Hypotheses Testing I

For the analysis of the first set of hypotheses (H1, H2, H3 and H4), I consider the answers of respondents who consume films in all three forms, and thereby control for biases that might arise by taking into consideration the responses from people who consume films in only one or two forms. In other words, I investigate how the behaviour of the same group of respondents (N=178) varies according to the form of film consumption.

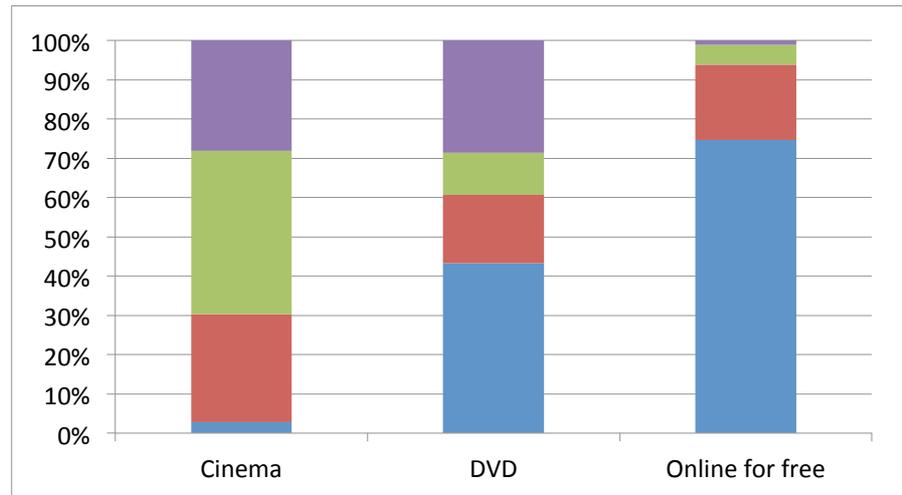
First, regarding **H1**, it can be seen from Figure 1 below that 74.7% of respondents report that they do not plan their film consumption online for free more than 59 minutes in advance. This compares to 2.8% in the case of film viewings in the cinema and 43.3% in the case of purchases of the DVD of a film. The McNemar's Chi-Square tests show that the proportion of 0-59 minutes planning time prior to film consumption is significantly higher in the case of

³ Considering the frequency of purchases – rather than viewings – of the DVD of a film.

online for free, than in the cinema ($X^2=66.3$, $df=1$, $p < 0.001$) and on DVD ($X^2=39.8$, $df=1$, $p < 0.001$)⁴. These results support H1.1 and H1.2 respectively at the 0.1% level. It can thus be argued that film consumption online for free is a more spontaneous practice than film consumption in the cinema and on DVD.

FIGURE 1

Planning time prior to film consumption in the cinema, on DVD⁵ and online for free



■ 4 days or more	50	(28.1%)	51	(28.7%)	2	(1.1%)
■ 1-3 days	74	(41.6%)	19	(10.7%)	9	(5.1%)
■ 1-23 hours	49	(27.5%)	31	(17.4%)	34	(19.1%)
■ 0-59 minutes	5	(2.8%)	77	(43.3%)	133	(74.7%)
Total	178	(100.0%)	178	(100.0%)	100	(100.0%)

Second, with respect to **H2**, Figure 2 indicates that film consumption online for free is more likely to be an individual practice (performed alone) than the other two forms of consumption. 70.2% of respondents report that they usually watch films online for free on their own, compared to 3.9% when a film is watched in the cinema and 53.9% when a film is watched on DVD. The McNemar's Chi-Square tests find that these differences are statistically significant at the 0.1% level when comparing consumption online for free and in the cinema ($X^2=114.1$, $df=1$, $p < 0.001$) as well as when comparing consumption online for free and on DVD ($X^2=66.3$, $df=1$, $p < 0.001$)⁶. Therefore, the data supports H2.1 and H2.2 respectively. Film viewing online for free is a less social practice – i.e. more likely to be conducted alone – than the viewing of films in the cinema and on DVD.

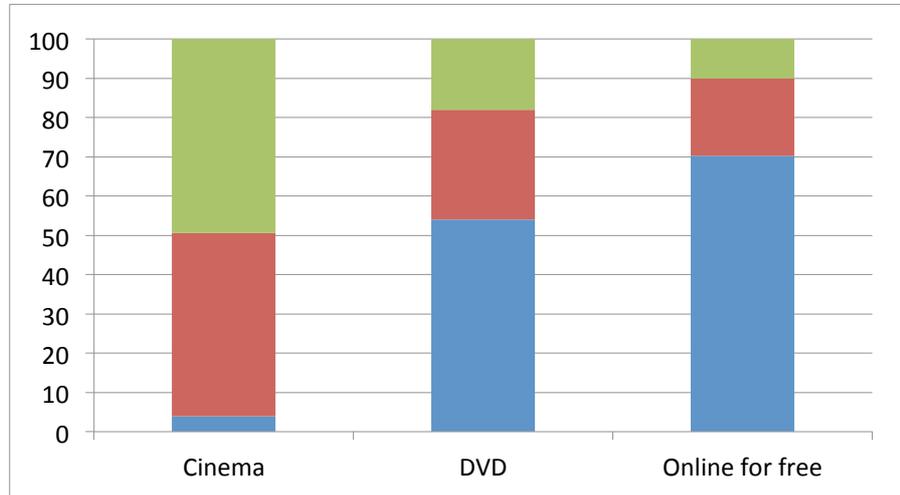
⁴ For a complete overview of the results and statistical analyses, please contact the author.

⁵ Considering the planning time prior to the purchase – rather than prior to the viewing – of the DVD of a film.

⁶ See 4.

FIGURE 2

Number of companions when watching a film in the cinema,
on DVD and online for free



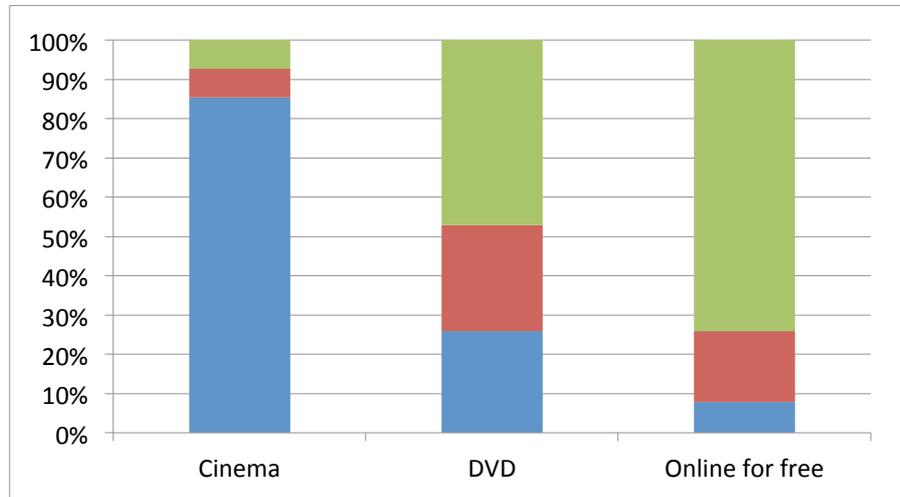
■ 2 or more	88	(49.4%)	32	(18.0%)	18	(10.1%)
■ 1	83	(46.6%)	50	(28.1%)	35	(19.7%)
■ 0 (alone)	7	(3.9%)	96	(53.9%)	125	(70.2%)
Total	178	(100.0%)	178	(100.0%)	178	(100.0%)

Third, regarding **H3**, Figure 3 shows that film consumption online for free is more likely to be interrupted if the film is considered uninteresting, than the viewing of films in the cinema or on DVD. A likely interruption is reported by 74.1% of respondents when asked about the viewing of a film online for free, by 7.3% when asked about the viewing of a film in the cinema and by 47.2% when asked about the viewing of the DVD of a film. The McNemar's Chi-Square statistics confirms that the proportion of discontinuation is significantly higher online for free than in the cinema ($X^2=115.1$, $df=1$, $p<0.001$) and on DVD ($X^2=36.8$, $df=1$, $p<0.001$)⁷. It can, therefore, be concluded that H3.1 and H3.2 are also supported by the sample data at the 0.1% significance level.

⁷ See 4.

FIGURE 3

Likelihood of interruption if a film being watched in the cinema, on DVD or online for free is considered uninteresting



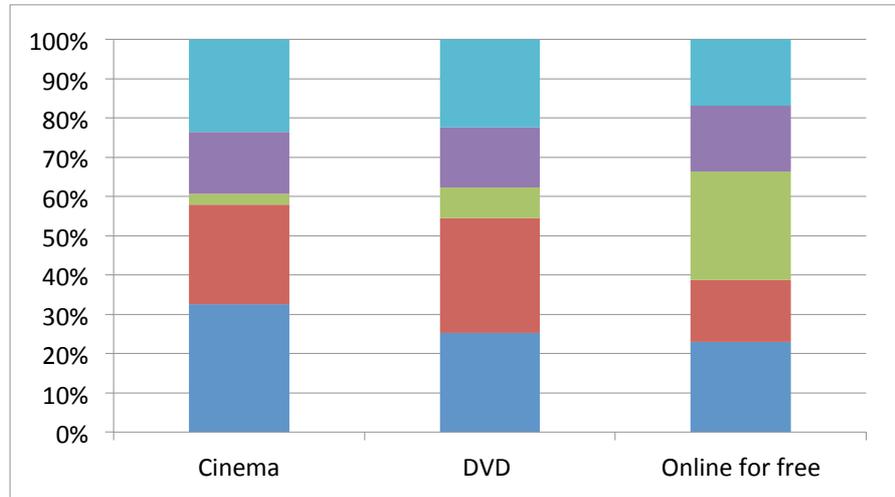
Likely	13	(7.3%)	84	(47.2%)	132	(74.1%)
Even chance	13	(7.3%)	48	(27.0%)	32	(18.0%)
Unlikely	152	(85.4%)	46	(25.8%)	14	(7.9%)
Total	178	(100.0%)	178	(100.0%)	100	(100.0%)

Finally, with respect to **H4**, Figure 4 shows some differences in the main factors motivating film consumption in the cinema, on DVD and online for free. Although the differences are not statistically significant across all categories⁸, the McNemar's Chi-Square tests support H4.1 at least at the 5% level and H4.2 at the 0.1% level in the sense that a significantly higher proportion of film consumption online for free is motivated by 'light entertainment' than consumption in the cinema ($X^2=42.0$, $df=1$, $p<0.001$) and on DVD ($X^2=20.3$, $df=1$, $p<0.001$), and that a lower proportion of film consumption online for free is motivated by fandom (i.e. being fond of an 'actor/ director/ sequence') than consumption in the cinema ($X^2=6.2$, $df=1$, $p=0.013$) and on DVD ($X^2=12.0$, $df=1$, $p<0.001$). According to the reports from the 178 respondents, whereas light entertainment is the least mentioned factor motivating film consumption in the cinema and on DVD (2.8% and 7.9% of cases respectively), it is the most mentioned factor motivating consumption online for free (27.5% of cases). The opposite is true in the case of fandom. This is the least mentioned factor motivating film consumption online for free (15.7% of cases), but the second most mentioned factor in the case of cinema (25.3% of cases) and the first factor in the case of DVD consumption (29.2% of cases)

⁸ See 4.

FIGURE 4

Main factor motivating film consumption in the cinema, on DVD⁹ and online for free



■ Genre	42	(23.6%)	40	(22.5%)	30	(16.9%)
■ Recommendations	28	(15.7%)	27	(15.2%)	30	(16.9%)
■ Light entertainment	5	(2.8%)	14	(7.9%)	49	(27.5%)
■ Act./ Dir./ Seq.	45	(25.3%)	52	(29.2%)	28	(15.7%)
■ Good reviews	58	(32.6%)	44	(25.3%)	41	(23.0%)
Total	178	(100.0%)	178	(100.0%)	100	(100.0%)

Film Consumption as a Complex and Non-linear Practice

In line with the conceptual framework of this study, it can be argued that the findings above a) support the argument that film consumption is a complex practice, b) indicate that film consumption online for free is different than film consumption in the cinema and on DVD, and c) question the notion of one-to-one substitution that underlie the findings of several studies focusing on the economic impact of online piracy.

Considered together, the results of these four hypotheses indicate that film consumption online for free is, in some ways, a more flexible practice than the other two consumption forms. According to the results to H1, H2 and H3, on average, film consumption online for free is planned less time in advance, is more likely to take place without company, and is more likely to be interrupted if a film is considered uninteresting by the viewer. This can be

⁹ Considering motivations for the purchase – rather than for the viewing – of the DVD of a film.

related to Napoli's (2011) concept of 'autonomy' and his claim that audiences have increasingly more control over the consumption process. Although the author uses the word 'autonomy' to refer to people's decreasing dependence on the physical, monetary, and content restrictions imposed by traditional content producers, distributors, and the current regulatory environment, the findings above suggest that this autonomy also expands to other levels. In other words, respondents also seem less dependent on social norms, time-related constraints and the feeling that they should not discontinue the consumption of a film for which they had to pay.

Some of the open answers to the questions regarding the main disadvantages of watching a film in the cinema or buying the DVD of a film give further insights into this. Consider, for example, the following comments. Respondent A reports that the main disadvantage of viewing a film in the cinema is the need for 'too many arrangements at home before going', respondent B says that it is hard 'finding a good time to go with other people', and respondent C reports that the main disadvantage is 'the obligatory social bonding aspect of it'. Regarding the consumption of the DVD of a film, respondent D argues that in the event of lack of interest in the film, 'it is hard to pass it on and get the money back'. As demonstrated above, film consumption online for free offers more flexibility in all of these aspects. It is a more spontaneous and less social practice, and is more easily discontinued – in a way that does not cause monetary loss, since there is no payment involved in the consumption process.

In addition, as the findings of H4 show, film consumption online for free is more likely to be motivated by 'light entertainment' and less likely to be motivated by fandom. Considering that more than 80% of respondents claim that free consumption online leads them to watch a greater total number of films and also to consume films they would not have watched if they had been required to pay for them, it is sensible to argue that even when motivated by 'light entertainment' some viewers will become fond of actors/ directors/ sequences through this form of consumption. And as seen above, fandom is more likely to motivate the viewing of a film in the cinema and/ or the purchase of the DVD of a film, than it is to motivate film consumption online for free. This could result in additional sales for copyright holders. Unfortunately, a more in depth analysis of these potential crossovers, which could lead to a further clarification of the complexities of film consumption, is beyond the scope of this study.

Nonetheless, and very importantly, by suggesting that film consumption is not a uniform practice, the findings of this first set of hypotheses question the linearity that underlies the

idea of one-to-one substitution and sales displacement of several studies (see for example, Rob and Waldfogel, 2007). In order for these notions to be accurate, one form of film consumption (e.g. online for free) must be assumed to replace another form of consumption (e.g. cinema and/or DVD). Along with Ellis' (1992) conceptualization of cinema, television and video as three coexistent and diverse channels enabling the consumption of fiction, the results above suggest that film consumption in the cinema, on DVD and online for free are associated with different behaviours, attitudes and expectations. Sales displacement due to film consumption online for free may certainly occur, but an unbalanced emphasis only on this aspect conceals the other sides of a complex and multi-layered phenomenon.

Film consumption online

As discussed in the literature review, the new ways of distributing and consuming creative content online – including for free – are the cause of heated debates among scholars, producers, consumers, and regulators. In their work about the ‘implied audience’ of media regulations, Livingstone and Lunt (2011) note that policies sometimes make ungrounded assumptions about people’s usage of media. The results of the hypotheses tested below indicate that, in fact, a more in depth understanding of people’s engagement with this form of consumption is necessary if balanced policy strategies are to be designed. It will be demonstrated that film consumption online for free is not necessarily based on the same principles that have historically supported the business models of the film industry. Nonetheless, it is important not to let a possible ‘threat bias’ (Jackson and Dutton, 1998) and/ or a battle of interests hide the intricacies of this film consumption form. The issues discussed here include frequency of free consumption online, willingness to pay to watch films online and the possible consequences of an increased exposure to films.

Hypotheses Testing II

The entire sample (N=307) was considered for the statistical analysis of H5 and H7. Since H6 analyses the behaviour only of people who report to watch films online for free, the valid sample size in this case (N=255) does not account for the respondents that never consume films in this way.

First, regarding **H5**, I investigated whether the reported maximum amount which respondents would pay to watch a film online is negatively associated with how often they claim to consume films online for free. Crosstabulation 1 below reveals that 17.9% of

respondents who never watch films online for free or do so once a year or less would pay £4 or more to watch a film online, compared to 5.9% of those who watch films online for free every 1-6 months and 4.8% of those who do so weekly. The Chi-Square test ($X^2=14.8$, $df=4$, $p=0.005$) confirms that the association between frequency of film consumption online for free and the maximum amount that respondents would pay to watch a film online is statistically significant at least at the 1% level. The test's negative gamma value ($\gamma= - 0.195$) indicates that this association is negative, i.e. the less respondents consume films online for free, the more they are willing to pay to watch films online and vice versa. The data thus supports H5.

CROSSTABULATION 1

Frequency of film consumption online for free * maximum pay to watch a film online

		Maximum pay to watch a film online			Total
		£4.00 or more	Up to £3.99	Would not pay	
Frequency of film consumption online for free	Once a week or more <i>% within row</i>	5 4.8%	64 60.9%	36 34.3%	105 100.0%
	Once every 1-6 months <i>% within row</i>	8 5.9%	75 55.6%	52 38.5%	135 100.0%
	Once a year or less (incl. never) <i>% within row</i>	12 17.9%	41 61.2%	14 20.9%	67 100.0%
	Total <i>% within row</i>	25 8.2%	180 58.6%	102 33.2%	307 100.0%

0 cells (0.0%) have expected count less than 5.

Second, with regard to H6, Crosstabulation 2 indicates that 75.7% of respondents who claim to watch a greater total number of films thanks to free online consumption maintain not to resort to paid consumption if a film they planned to see online for free is not available in this form. This contrasts to 53.3% of the other respondents.

CROSTABULATION 2

Whether or not respondents watch a greater total number of films thanks to free online consumption * course of action when film is not available online for free

		Course of action when film is not available online for free		Total
		Unpaid or no consumption: Do not watch/ watch similar/ borrow DVD	Paid consumption: Buy/ rent DVD, pay to watch online	
Watch a greater total number of films thanks to online for free	No	24	21	45
	<i>% within row</i>	53.3%	46.7%	100.0%
	Yes	159	51	210
	<i>% within row</i>	75.7%	24.3%	100.0%
Total		183	72	255
<i>% within row</i>		71.8%	28.2%	100.0%

0 cells (0.0%) have expected count less than 5.

The Chi-Square test ($X^2=9.2$, $df=1$, $p=0.002$) confirms that there is a statistically significant association at least at the 1% level between watching/ not watching a greater total number of films thanks to free online consumption and the course of action if the chosen film is not available online for free. Hence, H6 is supported by the data.

Finally, **H7** tested whether there is an association between how often people consume films online for free and how likely they are to believe that the main disadvantage of this practice is the uncertainty about legality. It can be argued that this opinion also implies a concern about legal issues. Crosstabulation 3.1 below shows that out of the respondents who mention that uncertainty/ concern about legality is the main disadvantage of watching films online for free, 15.0% engage with this practice weekly, 32.5% do so every 1-6 months and 52.5% do so once a year or less. The Chi-Square test ($X^2=26.7$, $df=2$, $p < 0.001$) supports H7 at least at the 0.1% level. There is very strong statistic evidence that people who watch films online for free less often are more likely to be concerned about legality. Note that this analysis is based on the entire sample ($N=307$), i.e. the category ‘once a year or less’ also considers responders who claim never to watch films online for free.

On the other hand, the results of **H7** change if the category ‘once a year or less’ is coded in a way that excludes the 52 respondents that report never to watch films online for free. Considering only respondents that watch films online of free ($N=255$), Crosstabulation 3.2 shows that out of the people who believe that legal uncertainty is the main disadvantage of

this consumption form, 31.6% watch films online for free weekly, 68.4% do so every 1-6 months and 0.0% do so once a year or less. In this case, the Chi-Square test ($X^2=2.6$, $df=2$, $p=0.273$) does not provide enough evidence to support H7 at any conventional significance level.

CROSSTABULATION 3.1

Uncertainty about legality as main disadvantage of free online consumption * frequency of film consumption online for free (version 1)

		Frequency of film consumption online for free			Total
		Once a week or more	Once every 1-6 months	Once a year or less (incl. never)	
Uncertainty about legality as the main disadvantage of online for free	No	99	122	46	267
	<i>% within row</i>	37.1%	45.7%	17.2%	100.0%
	Yes	6	13	21	40
	<i>% within row</i>	15.0%	32.5%	52.5%	100.0%
Total		105	135	67	307
<i>% within row</i>		34.2%	44.0%	21.8%	100.0%

0 cells (0.0%) have expected count less than 5.

CROSSTABULATION 3.2

Uncertainty about legality as main disadvantage of free online consumption * frequency of film consumption online for free (version 2)

		Frequency of film consumption online for free			Total
		Once a week or more	Once every 1-6 months	Once a year or less (excl. never)	
Uncertainty about legality as the main disadvantage of online for free	No	99	122	15	236
	<i>% within row</i>	41.9%	51.7%	6.4%	100.0%
	Yes	6	13	0	19
	<i>% within row</i>	31.6%	68.4%	0.0%	100.0%
Total		105	135	15	255
<i>% within row</i>		41.2%	52.9%	5.9%	100.0%

1 cells (16.7%) have expected count less than 5. The minimum expected count is 1.12¹⁰.

¹⁰ A Chi-Square test is usually considered unreliable if a) more than 20% of cells have an expected count less than 5 and/or b) if the minimum expected count is less than 1 (Yates, Moore & McCabe, 1999). Here, taking into account that 16.7% of the cells have expected count less than 5 and that the minimum expected count is 1.12, the conditions for the reliability of the test are met.

Willingness to Pay, Legal Concerns and Policy Implications

Among the conclusions that can be drawn from these findings, three are examined in more detail here. These complement the discussion on the first set of hypotheses. First, it can be argued that film consumption online for free is associated with behaviours that do not correspond precisely to the principles that have historically supported the business models of the film industry. Second, it is shown that since film consumption practices often vary according to the platform, free consumption online sometimes does not directly threaten the conventional business models. Finally, it is argued that in order to better investigate the assumptions that support copyright enforcement policies, it is important to critically analyse, among others, the different ways in which hypotheses are framed and tested. This is important, because they can lead to different answers to a same question.

First, as seen in Crosstabulation 1, although the majority respondents are willing to pay to watch films online, in most cases the maximum payment would not exceed £3.99. This is not only less than the usual price of a cinema ticket or a new release on DVD, but also less than the usual cost of the digital file of blockbusters on iTunes¹¹. As H5 indicates, the more respondents watch films online for free, the less they are willing to pay to watch a film online. In order to better understand the implications of this, it is helpful to remember that more than 80% of respondents watch a greater total of films thanks to free online consumption and more than 80% also consume films that they would not have watched if they were required to pay. This paints a scenario of abundance linked to the willingness to pay lower prices and, consequently, runs counter to the principles of many established business models, which attempt to create market value – and impose higher prices – by creating relative scarcity (see Mansell, 2011). Although many film executives might be inclined to transfer the established film industry models to the online environment, it would be helpful to also consider solutions based on lower prices, which could possibly lead to greater paid consumption online.

In addition, it is important to highlight the problems regarding the notion of linear displacement of paid consumption. For example, if a certain chosen film is not available online for free, 71.8% of respondents claim not to watch the film at all or to opt for an alternative unpaid form of consumption (see Crosstabulation 2). Free online viewings can thus lead to an increase in the overall consumption of films. As can be implied by the results of H6, this additional consumption could disappear if ways to watch films online for free were not available. In any case, this increased consumption is often unlikely to be replaced by

¹¹ Usually between £6.99 and £9.99. For more information, please access <<http://itunes.apple.com/gb/genre/films/id33>>

any paid consumption alternative. Apart from rejecting the linear substitution discourse often used to refer to free online consumption, this finding puts into question the strict copyright enforcement policies advocated by many film executives and policy makers. The question is whether restricting the access and exposure to free films online would also restrict the consumption of films in general. One of the consequences thereof could be a decrease in the development of fandom (towards actors, directors, sequences, etc.) – which is important because fandom, as seen above, is significantly more likely to lead to paid consumption in the cinema and/ or on DVD rather than to unpaid online viewing – and in the sales of complements, such as movie merchandise (see also Oberholzer-Gee and Strumpf, 2008). As noted by Cammaerts and Meng (2011), certain policies like the Digital Economy Act (DEA) in the UK, tend to be concerned only with the copyright infringing nature of technological advances that permit the free consumption of copyrighted content online. As shown here, however, this consumption form can also lead to other, possibly advantageous outcomes for consumers and industry alike, such as an overall greater consumption of films.

The results of H7 have particularly relevant policy implications. As a policy that seeks to reduce the illegal access to copyrighted content online, the DEA requires that ISP's – following the request from qualifying copyright holders – send a notification to copyright infringing subscribers (HMSO, 2010). Among other things, this notification should give information about the nature and purpose of copyright, as well as about the legal actions, which infringers could face (Ofcom, 2010). Assuming that the fear to face legal action could lead many people to be more concerned about the potential illegality of accessing copyrighted content online for free, it is important to consider whether legal concerns are likely to lower the frequency of film consumption online for free.

Regarding this, the analysis of H7 produced significant results when the test included the answers from respondents who report never to watch films online for free. However, the results were insignificant when this group of people was excluded from the analysis. It can be argued, therefore, that a concern about legality could influence the decision to watch or not to watch films online for free, but this is unlikely to change the frequency of consumption for users who, however often, already engage or have engaged with this practice. The fact that the behaviour of people who watch films online for free is unlikely to be affected by a legal concern on their part questions the appropriateness of the measures proposed by the DEA. It suggests, as noted by Mansell and Steinmueller (2011), that approaches which aim to reduce P2P file-sharing could create a battle of forces between stakeholders aiming to monitor copyright infringement and users, who rather than limiting their free consumption of copyrighted content, could actually be more inclined to pursue ways to avoid identification.

As previously discussed, another serious problem regarding the call for strict copyright enforcement policies is the assumption that audiences' consumption practices are linear, i.e. if they consume a film online for free, then they will not pay to watch it in the cinema or on DVD. It seems that the 'implied audience' (Livingstone and Lunt, 2011) of many copyright enforcement policies is composed of a group of consumers who are assumed to engage with films in a uniform manner. However, as shown above, people engage films in quite different ways depending, among other things, on the form of consumption (cinema, DVD or online for free). In addition, as discussed in this section, another problem of these policies is their failure to give equal attention to scenarios where free consumption of films can be beneficial, e.g. it leads to a larger exposure to films and consumption thereof, without necessarily being a substitute for paid consumption forms. This unbalanced attention could have a detrimental effect on innovation. In Freedman's (2008: 195) words:

The campaign by rights holders to associate P2P sites with piratical behaviour has captured the attention of policymakers and contributed to a legislative environment that is more likely to penalize, rather than reward, innovation.

CONCLUSIONS

This study and its findings call for a more multi-sided assessment of what film consumption online for free really represents to producers, distributors and users in social, economic and political terms. As shown here, in many ways this consumption form does not conform to the principles that have historically supported the status quo of the film industry. Nonetheless, the one-sided criminalisation discourse adopted by many film executives and policy makers conceals the intricacies of this practice at the consumption level. This could delay the development of business models and policies that are suitable for the digital environment.

The findings of the hypotheses tested here show that the idea that free consumption online linearly substitutes and displaces paid consumption rests on the underlying assumption that film consumption in the cinema, on DVD and online for free are uniform. However, as demonstrated here, the consumption patterns and practices of the same group of individuals often vary according to the consumption form. This kind of differentiation certainly questions the assumption of linear substitution. In addition, the criminalisation of the consumption of films online for free and the attempts to restrict this practice through severe copyright enforcement policies, also seem to underestimate the positive effects that an increased

exposure to films and an increased consumption thereof – albeit for a lower price than the cinema and/ or DVD equivalent – can bring to the industry and consumers alike. This study, therefore, provides empirical support for many of the concerns discussed theoretically in the literature review.

A number of issues raised here require future research, which could produce even more insightful and revealing results if the web survey method employed here were to be combined with other strategies, such as interviews. Issues to be investigated include the interactions between the different film consumption forms – for example, whether free online consumption plays an important role in the development of fandom, which motivates a significant proportion of paid consumption in the cinema and on DVD. Another issue, which is relevant for future research, concerns the ways in which the attitudes and views of higher education students compare to those of a wider population or different groups, who usually consume smaller amounts of paid and unpaid entertainment overall, including films. Finally, it would also be important to analyse whether and how the findings discussed here might change in the short and long term following the implementation of the measures proposed by the DEA.

The research conducted in this paper clearly has limitations, some of which were outlined above. Nonetheless, the empirical results discussed support the idea that the discourse publicly adopted by executives from the film industry as well as policymakers, who criminalise the unauthorized consumption of copyrighted content online, does not fully reflect the reality and complexity of film consumption in the age of the Internet. The ongoing developments in digital technology, the recent protests against strict copyright enforcement policies, and the film industry's double interest in its old business models and on new possibilities to increase its profitability and power are likely to continue changing the online environment, thus preparing the ground for future research.

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