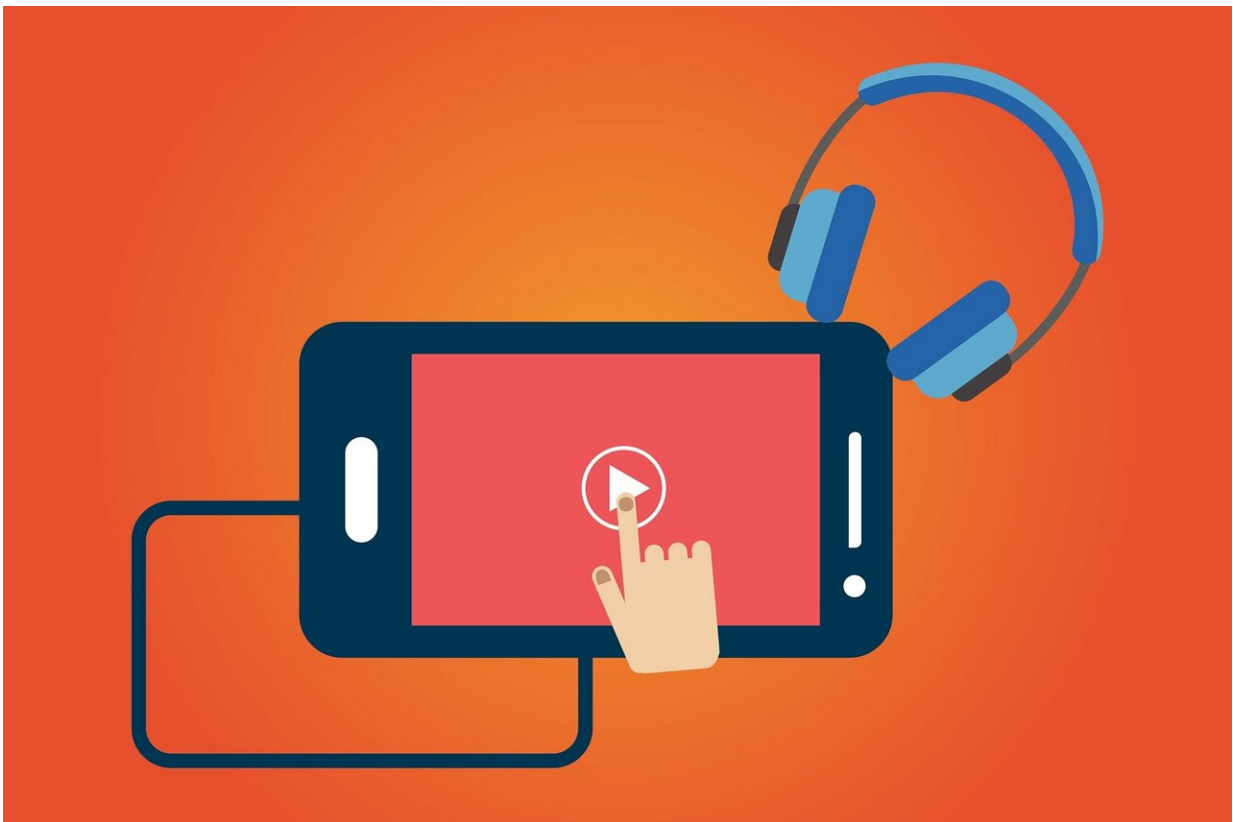


# Study finds limited access to paid video streaming services contributes to piracy growth

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Paid video streaming services on your television, smart phone or other devices are increasingly replacing traditional video entertainment

platforms of cable, satellite and broadcast TV. The growth of these services, known in the industry as over-the-top (OTT) media services, may be accompanied by a rise in pirated content, particularly where access to those services may be restricted, a group of researchers has found.

The researchers studied the effects of the Netflix—one of the leading global companies in paid video streaming—and its growth in 40 Asian countries. They also studied one country where access to Netflix was restricted, which is where they found that the [search](#) for pirated content increased.

The research study to be published in the May issue of the INFORMS journal *Marketing Science*, "The Effect of Over-the-Top Media Services on Piracy Search: Evidence from a Natural Experiment," is authored by Shijie Lu of the University of Houston, Koushyar Rajavi of the Georgia Institute of Technology and Isaac Dinner of Indeed in Austin, Texas.

When Netflix announced its global market expansion plans in January 2016, the primary telecommunications firm in Indonesia decided to block the [service](#) from [consumers](#) in that country. At the same time, Netflix was able to expand as planned in 40 other Asian countries.

"When we took a closer look at the impact of these decisions on the consumer marketplace, we found that Netflix's failure to launch in Indonesia led to a 19.7% increase in search for pirated movies and TV shows they could have received legally if they had access to Netflix," said Lu. "This percentage increase is relative to the other countries where consumers had legal access to Netflix content."

The researchers investigated the effect on piracy demand by collecting monthly search data from Google for a sample of 304 Netflix titles, including both movies and TV programs, in 41 Asian countries, between

October 2014 and June 2016. This period represents the time before the Netflix expansion and the months immediately following that announcement.

"In our research, we recognized that while limited access to paid streaming services is an obvious driver in the demand for pirated content, it is still only one factor in why consumers search for pirated content," said Rajavi. "Consumers may search for pirated content in locations where they do have paid access to OTT services, but they simply want to avoid paying market rates."

"Still, by studying the data, we were able to determine that search for pirated content is more closely associated with restricted access to the content, as opposed to consumers simply trying to avoid paying market rates for content they could buy through legal channels," added Dinner.

Another key finding of the research was that demand for pirated content is also higher for less dialogue-oriented content, which is consistent with the greater appeal of dialogue-light content to non-English-speaking consumers.

**More information:** Shijie Lu et al. The Effect of Over-the-Top Media Services on Piracy Search: Evidence from a Natural Experiment, *Marketing Science* (2021). [DOI: 10.1287/mksc.2020.1256](https://doi.org/10.1287/mksc.2020.1256)

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