

## ***Creators and Industry claim for stronger measures to curb illegal supply of cultural content***

*→ 5,079 million illegal accesses were registered in 2023, with a market value of 33,957 million euros (5% more) and a damage to the sector of 1,992 million euros.*

**Madrid, 28 October 2024.** Piracy in Spain shows the value of what was defrauded (5,079 million of illicit content) has risen by a remarkable 5% (7 points in two years) to reach 33,957 million euros (33,056 million euros in 2022). The damage to creators and industry companies rose to 1,992 million euros. A sum that, logically, has affected job creation in the sector by 107,410 direct and indirect jobs, and the revenue that the public coffers no longer receive amounts to 600 million euros. This situation, which continues to slow down the potential and growth of cultural content creators and industries, needs the firm support of the public authorities in order to perfect the legal measures and instruments and to propose effective solutions to the to the changing criminal practices that plague it.

These are the main figures and the most relevant conclusions of the *Observatory of piracy and digital content consumption habits 2023*, which the independent consultancy GfK has been producing for more than a decade at the request of *The Coalition of Content Creators and Industries*.

### **SECTOR ANALYSIS: NEW CHALLENGES, NEW SOLUTIONS**

*“The creators and industries of this strategic sector know that the data clearly show that the measures that have been adopted, many of them successful legislative reforms, have managed for some time to reverse the serious situation and the damage caused by access to illegal content, as the trend since 2017 seemed to be a clear and drastic decrease. However, **the stagnant data shows how the parasitic illegal market has been able to evade the current measures to continue committing crimes, opening cracks in the recovery and spoiling the many resources and efforts that the cultural sector and the Administration have promoted in previous years**”, stresses Carlota Navarrete, general director of The Coalition.*

*“It is time to urgently and willingly refine all the instruments and to make room for more effective solutions, in line with today's needs. There is the unique solution to face the challenges and provide answers to the immediate challenges of intellectual property protection and*

*culture, as a key strategic area for the future and competitiveness and for us to remain a reference in Europe and the world “; adds Carlota Navarrete.*

“The sector calls for urgent improvement of all measures in the fight against piracy of cultural content and strong protection of intellectual property.”

### **ILLEGAL ACCESS, VALUE OF DOWNLOADS AND LOST PROFITS**

The Books sector holds the dubious honour of topping, for yet another year, the ranking of the percentage of individuals accessing illegal content: 37%, 4% more than in 2022. It is followed by Music (30%), Newspapers (26%), Images (25%), Films and Series (22%) and Magazines (22%) and Video Games (15%).

The total value of content accessed has risen slightly in 2023, due to the increase in the cost of content, although the number of contents accessed has slightly decreased. In total, it amounts to 33,957 million euros (+5% compared to 2022, when it represented 33,056 million euros). Music is once again the most affected category, with 2,369 million accesses worth 11,320 million euros. The 308 million video games are worth 9.117 billion euros, while 550 million films accessed without permission amounted to 6.153 billion euros.

Piracy cost the cultural industries 1,992 million euros in lost profits (1,995 in 2022). This damage is distributed as follows: Music (628 million euros), newspapers and magazines (628), films and series (330), books (253), video games (154) and images (112).

### **CONSUMERS, ILLEGAL ACCESS AND LEGAL SUPPLY OF CONTENT**

Consumers continue, for the most part, to justify their access to illegal content on various grounds. ‘I pirate to avoid paying for content that I might not like’, say 61% of them; “accessing illegal content is quick and easy” (52%) or “because nothing happens and everybody does it” (38%). 46% say they do not know how to distinguish between legal and illegal platforms.

How to identify whether the platform is legal or illegal? Almost half of the individuals relate legality to the availability of the company's contact details. 27% consider legal those who are asked to register or those who have had to provide their details. 26% consider it legal if they display known payment methods with logos. And 18% if reputable brands are advertised.

These same users, who access illegal content, recognise, by 65%, that the creators and industries of cultural content are a strategic sector for the economy and employment in our country and that they are a driving force for other economic sectors (57%). They also confirm

that there is a sufficient legal offer in our country (61%) and that it is easy to gain access to it (63%).

“Seven out of ten internet users recognise creators and cultural industries as a strategic sector”

#### GATEWAYS TO ILLICIT CONTENT: GOOGLE, TELEGRAM, WHATSAPP

Although there are various methods of accessing illegal websites, search engines (especially Google, which accounts for 92% of searches using this system) continue to be the most commonly used formula by consumers. 55% of consumers use them, while 27% opt for social media/messaging and direct downloading. In addition, streaming (24%) and apps (23%) are becoming less popular.

“Search engines continue to be the most widely used means of locating and accessing pirated content, especially Google (92%), followed by messaging and social networking apps, Telegram and WhatsApp.”

After search engines, instant messaging and social networks (27%) are the most used ways to access intellectual property rights infringing portals. Facebook (31%), which previously topped consumer preferences, has given way to Telegram (37%) as the preferred option. YouTube (28%), WhatsApp (24%), Instagram (23%) and Twitter (18%) follow.

The 2023 Observatory focuses in particular on two platforms that have become extremely important in people's daily lives and which provide key results for the improvement of measures: Telegram and WhatsApp. In the case of the former, half of the pirate internet users use it and, of these, 40% belong to a group in which they have access to content.

1 in 10 internet users belong to a WhatsApp group with access to content. The content they consume most is Images (8%), followed by Films (4%), Series (3%), Books / Magazines / Newspapers (3%) and Music (3%).

“Half of all users use Telegram and 40% of them are members of groups where illegal content is offered”

## SOURCES OF FUNDING FOR ILLEGAL CONTENT PORTALS

The use of personal data provided by Internet users, advertising and payment for the consumption of content are the main sources of funding for illegal portals.

65% of consumers of free content stated that they needed to register with the portals to access the content. Half (52%) confess that they provided their email address, while 20% answered a questionnaire and 21% provided their telephone number. The risk here is that by providing their personal data, these can be used for subsequent sale to third parties and be used in spam and phishing campaigns or for possible social engineering attacks, depending on the amount of data provided. Only 3 out of 10 feel safe giving this information.

Advertising is undoubtedly the biggest source of funding for illegal content portals, being present on 9 out of 10 of them, according to internet users. There is a clear predominance of advertising for gambling and games (45%), online sales (37%) and dating and contact (30%). In 2023, for the first time, the presence of advertising for big brands (perfumes, cars, department stores, etc.) has decreased to 28%, which encourages us to continue to urge the advertising industry to make every effort to reduce this figure further.

58% of consumers find this advertising annoying, 14% are embarrassed by it and 10% consider it inappropriate for minors; 7 out of 10 say that since using these portals they receive more spam and advertising in their email, mobile phone, tablet, etc...

In 2023, the number of internet users (24%) who have accessed illegal portals by paying for the consumption of content has increased. Although the most common payment methods are bank cards (45%) and PayPal (43%), there has been a significant increase in the number of users using cryptocurrencies (13%). Even Bizum is used by 12% of these users.

**“One in four users admit to having paid to access illegal content”**

## CONTENT PORTALS THAT HAVE BEEN CLOSED OR NO LONGER EXIST

Are the measures adopted by the Administration and the industries to prevent access to illegal content portals effective? Right now, 6 out of 10 users have tried to access a portal that has been shut down or has ceased to exist, mostly of the Torrent type. In 2022 or 2021 the percentage was much lower.

While it was internet search engines (41%) and Torrent-type portals (33%) that were searched for content that was inaccessible, there has been an increase in searches on messaging groups (12%) and social media sites (10%).

“6 out of 10 consumers (60%) have tried to access a portal that is closed or no longer in business”

All of the above shows that the effort and triumph of the industries in pursuing these portals, and the success of Justice and the Administration in applying the legal mechanisms, are real and constant, but they need to be perfected so as not to end up causing barrenness.

“Measures need to be refined to more definitively neutralise infringers; industry calls to stop the hamster wheel and drive criminal practices out of the industry and out of access to content”

#### EFFECTIVENESS OF MEASURES AND REASONS FOR STOPPING USE

The majority of internet users (76% compared to 80% in 2022) still consider that closing/blocking access to a website with illegal content or not allowing access to it is the most effective coercive measure. They also favour penalties for ISPs (69%), fines for users (55%), restricting internet use (53%) or social awareness campaigns (51%).

“76% of internet users are in favour of shutting down/blocking pirate sites”

As already reflected in 2022, the main factors that prevent internet users from hacking are striking: fear of being scammed (85%), fear of credit card data theft (82%), the possibility of infecting terminals with viruses (81%), the possibility of doing business with the personal data provided (74%) or that the profits from the portals will go to criminal organisations (73%). Concerns about harm to workers (48%) and authors/creators (46%) are among the last reasons, although there is a growing awareness of the need to protect the privacy of users.

“Fear of fraud, cybercrime or funding criminal networks among main reasons for not hacking”

## IMPACT ON EMPLOYMENT AND PUBLIC REVENUES

Illegal access is a major obstacle to job creation in the cultural sector, which in 2023 was estimated at 723,000 people (3.4% of total employment in Spain). Last year, piracy prevented the generation of 17,902 direct jobs, which would have brought total employment in these industries to 107,410 direct and indirect jobs.

It is important to note that the increase in current jobs, taking into account 2023 and 2022, has been 9%. In a positive situation, without the impact of piracy, there would be almost a 12% increase in jobs in this strategic industry for our country.

As far as the administration is concerned, a total of 600 million euros will be lost to the public purse in 2023 (551 in 2022), divided between VAT (357), income tax (55) and social security contributions (188). The damage accumulated over the last 12 years as a result of the illegal consumption of content amounts to a not inconsiderable 7,144 million euros.

*“Including indirect jobs, piracy has cost the public purse €600 million and has led to the loss of 107,410 direct jobs”*

## ACCESSES AND MAGNITUDES SORTED BY CONTENT TYPE

Following the trend already noted in 2022, in 2023 there has also been an increase in the value of illegally consumed content, which has already accumulated in these two years an increase of 7 percentage points. Thus, if in 2022 the amount defrauded amounted to 33,056 million euros (+2%), in 2023 it reached 33,957 million euros. The loss for the cultural industries as a whole amounted to 1,992 million euros, compared to 1,995 million euros in 2022. This growth has been contributed to by the increase in costs and prices.

The amount of content consumed illegally has decreased very slightly (-1%), from 5.268 billion in 2022 to 5.079 billion in 2023, a figure that is still serious for the cultural sector, given that the number of Internet users accessing illegally remains high.

The performance by industry in 2023 and the assessment of their representatives are as follows:

### MUSIC

As was the case in 2022, there has again been a decline in the number of illegal music consumers, from 32% to 30%. However, the percentage of those consuming music legally has also fallen, from 72% to 71%. Similarly, the contribution to the legal physical market decreased, falling slightly from 21% to 19%.

The music industry was the hardest hit of all sectors in terms of volume of pirated content, with

an increase in pirated music content to 2.369 billion. However, this increase of 1% compared to the previous year represents an increase of 10% in the value of the amount defrauded: 11.32 billion euros, representing a loss of 628 million euros for the sector (compared to 543 million euros in 2022).

**Antonio Guisasola**, President of PROMUSICAE: *"The data show that **piracy has not disappeared, despite the improvements made in recent years in the fight against it, and continues to be a major scourge for the cultural sector, which it hinders and does not allow to grow in terms of work, investment, creativity and talent**".*

*"Millions of euros and jobs are lost to criminals who profit from the creative work of others. It is essential to strengthen the commitment and the decisive action of public administrations and to introduce legislative reforms that adapt to the evolution of this parasitic phenomenon, which is harmful to the cultural structures of our country as a whole".*

## FILMS & SERIES

The Film sector has experienced a reduction in digital consumption, both legal and illegal. The number of users who accessed films digitally and legally decreased from 77% to 70%, while the illegal market found 22% of internet users (24% in 2022).

In total, 550 million films were illegally accessed, which is 3% less than in 2022, but the value of the value of the fraud rose by 1% to €6.153 billion.

If the series shows a very slight increase in legal consumption in 2022, which was already the case in 2021 compared with 2020, this trend is reversed in 2023, with a fall from 76% to 70% of consumers in digital and legal format and from 9% to 8% in physical and legal format. At the same time, it has coincided with an increase in illicit consumption, with pirates in physical or digital format reaching 24% (20% in 2022). This illegal behaviour affected 952 million pieces of content (-3%) with a value of €1,761 million (+9% compared to 2022).

The damage to the Film and Series industries taken together was 330 million euros.

**Estela Artacho**, President of FEDICINE: *"There is a lot of concern in the audiovisual sector. Once again this year, the number of illegal accesses is very high. **One in five people watches films and series illegally. This affects thousands of jobs and the entire audiovisual value chain and causes devastating losses, quantified in a damage of 330 million euros to the film and series sector as a whole**".*

**Octavio Dapena**, Managing Director of EGEDA: *"The high rate of piracy of films and series and, in general, of audiovisual content, maintained for so many years in Spain, is **pushing many companies in the audiovisual sector to the limit**. The minimal reductions in piracy that have been registered are just a drop in the ocean for the sector and the audiovisual companies, already exhausted after so many years of massive defrauding of their rights. **Audiovisual piracy changed a few years ago, now the main source is illegal OTTs and IPTV and social networks. These systems have exponentially increased the risk of massive piracy of all kinds of***

*audiovisual content, films, series, TV programmes, etc.”*

## BOOKS

While consumption of books in all formats has been maintained compared to 2022, it is still a sector heavily affected by illegal practices. The number of pirate consumers in digital format has gone up to 37% (35% in 2022), which caused an economic damage of 217 million euros (137 in digital and 80 in physical format), after having accessed 524 million contents, worth 4.92 billion euros (+1%). Consumers of books who have accessed legally, both in digital and physical format, has dropped from 43% to 41% (in 2022 it already dropped from 49% to 43% compared to 2021).

**Carme Riera**, President of CEDRO: *“Illegal access to publishing content continues to be a serious threat to the sustainability of the work of authors and publishers. **This practice not only jeopardises the publication of books, newspapers and magazines, but also makes it difficult for citizens to have access to accurate and quality information and content.** Protecting the work of writers, translators, journalists and publishers from piracy is key for our society, and to this end it is essential that the public administration collaborates with rights holders in training on the ethical and responsible use of technology”.*

## VIDEO GAMES

Video game consumption across all types of access has remained stable compared to 2022. While 19% of digital and 26% of physical access is legal, 15% is still illicit.

The 308 million illicit video games in 2023 had a value of €9,117 million (+3%), with a lost revenue of €154 million (37 physical and 117 online).

**José María Moreno**, Director General of the Spanish Video Games Association (AEVI): *“Piracy continues to be a major scourge and one of the main challenges facing the video games sector. In 2023 there has been no improvement and, as in 2022, 15% of consumers illegally accessed video games”.*

*“Tackling this problem would not only improve the country's economy but also create more quality jobs, in our case mainly for young people. **AEVI calls on the government to take stronger measures to protect cultural industries and creators, as well as a fluid dialogue to eradicate piracy and defend intellectual property in the video game sector.”***

## NEWSPAPERS & MAGAZINES

Licit consumption of newspapers in digital format has seen a small upturn from 4% to 5% of users, while illicit consumption has fallen from 28% to 26%, a figure which is nevertheless still high. In terms of volume of content and the value of fraudulent content, there was a decrease of 231 million content (-13%), representing 347 million euros.

As in the case of newspapers, illegal consumption of digital magazines is much higher than legal consumption (22% compared to 3%), a worrying figure as the decline in legal consumption has been accompanied by an increase in piracy. In other words, the illegal market is three times larger than the legal one. The number of magazines accessed illegally was 145 million (+28%) with a value of 340 million euro (+28%).

Overall, newspaper and magazine publishers face a loss of 628 million euros in 2023.

## IMAGES

Whereas in 2022 3 out of 10 internet users accessed this content illegally, in 2023 1 out of 4 did so illegally. Only 5% did so legally, as in 2022. This behaviour amounted to 407 million pieces of content with a market value of 712 million euro and an economic loss of 112 million euro (43 million euro in 2022).

**Javier Gutiérrez**, general director of VEGAP: *“The billions of euros lost by those who make and disseminate the culture we all enjoy, as a result of the parasitic activity of a few, are a reflection of the frivolous lack of solidarity of the uneducated and mediocrity. **Piracy is not a sectoral problem, it is a symptom of the democratic health of a country, of its legal security, and therefore, protecting Intellectual Property is protecting culture. Thus, a country that protects its culture also protects its identity in a global market”.***