

## Chapter 14

# Assessing Empirical Relations of Music Piracy Behaviors with Lifestyle and Internet Self- Efficacy of Taiwan's Web Users

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### ABSTRACT

*Unlike past research on online music piracy with a focus on the economic or the legal perspective, the present study was designed to evaluate Web users' behaviors related to the music piracy empirically. In light of the newly ratified Copyright Law in Taiwan, the behavioral intentions of Web users towards the music downloading and/or P2P file sharing were studied using a sample of 317 Taiwan's Internet users. Results indicated that Web users were likely to reduce or modify their behaviors in order not to be in conflict with the new law. Results also showed that methods of music piracy used by respondents had nothing to do with lifestyle, but were more correlated to the Internet self-efficacy. Findings and their implications are discussed and suggestions for future work are offered in this chapter.*

### INTRODUCTION

The opening up of the Internet to the general public in 1995 and the passage of the Telecommunica-

tions Act of 1996 in the U. S. have had substantial impacts on the life of everyone, male or female, young or old, from how we live at home to how we learn in schools and/or how and what we do in the workplaces. While the availability of the Internet has certainly improved the lives of many, it has

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brought in a few potential problems as well. One of the problems would be what is referred to as the “social divide,” or “digital divide” (Compaine, 2001; Young, 2001). Another area of concerns to the general public as well as the legislative body is the Internet privacy. A third area of potential problems is associated with the protection of the “intellectual property,” including the copyright laws and the patent laws.

Today, P2P (peer to peer) is considered by many to be a disruptive technology that may have changed the content ecosystem (Hietanen et al., 2008). One reason is because Internet users are increasingly paying less and less attentions to intellectual rights and copyrights. Copyright owners believe that their business, especially in the recording business, the movie industry, and the software industry, are hurting because of illegal downloading and file sharing freely among Internet users.

The recording business was booming in the 1990s and their album sales, according to the International Federation of the Phonographic Industry, IFPI, had a healthy 60% growth during the decade from US\$24.1 billion to US\$38.6 billion dollars. Digital music revenues were also increased from US\$0.4 billion dollars in 2004 to US\$2.9 billion dollars in 2007 and digital music as the percent of the total industry went from 2% in 2004 to 5% in 2005 to 11% in 2006 and to 15% in 2007 (IFPI, 2008). The healthy growth of the digital music might be partially attributed to the following reason: “Digital technology has shifted power to consumers, and music marketing must evolve from ‘push’ to ‘pull’.” according to Mark Hodgkinson, Executive Vice President of Global Marketing, EMI Music, “Our focus is to embrace this power and become completely consumer focused. By listening to and responding to our consumers and to our artists we aim to unlock the incredible potential for music in the digital environment” (IFPI, 2008, p.8).

However, the good days of the 1990s were over thanks to music piracy in general and to a

new company named Napster in particular, which was created in June 1999. Sales worldwide on recorded music went down to US \$32 billion dollars in 2002, which was a loss of 7% comparing to 2001, according to a news released by IFPI (2003), while sales of CD albums also suffered a 6% loss. This was the third consecutive loss in a row following a 5% loss in 2000 and a 8.8% loss in 2001. In other words, tens of billions of illegal music files, according to IFPI’s estimates, were exchanged each year globally at an estimated ratio of 19 illegal downloads from digital platforms per track sold (IFPI, 2009). This could translate roughly into US\$14.06 billion dollars globally (digital platforms in 2008, according to IFPI music report 2009, accounted for 20% of recorded music sales, 95% of online downloads were unauthorized, and total sales were estimated to be US\$3.7 billion dollars).

On the other hand, researchers had a somewhat different perspective toward the amount of lost sales due to the music piracy. According to Zentner’s study (2006), an average of 30% would have been lost due to the P2P file sharing. Another study conducted by Lee (2004) on the effect of bootlegging, which is entirely different type of sound recording infringement. His findings included “(1) the music released on bootlegs is music which has had no official release from a legitimate record label; (2) bootlegging is a relatively small-scale activity; (3) the people who buy bootlegs are extremely committed fans who use bootlegs as a way of maintaining an ongoing, meaningful relationship with their favoured artists or bands” (p. 167). This is not to mention the study done by Boorstin (2002), whose conclusion indicated that Internet access definitely had a positive and statistically significant effect on CD sales.

Despite the huge difference in perspectives viewed by the music industry and researchers, they both seem to agree that the music piracy has massively damaged potential investments in music and its creators, the artists. That probably explained why the Recording Industry Associa-

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