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## Examining the effects of utilities and involvement on intentions to engage in digital piracy

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## ABSTRACT

Reflecting scholars' growing interest in the utilitarian aspects of consumer digital piracy, this research examines two types of utilities associated with obtaining digital files (i.e. the utility of downloading pirated files and of purchasing copyrighted files) as factors driving consumer intentions to download pirated files. Moreover, we extend the findings of previous studies by including film/music involvement as a moderator between those utilities and intentions. The conceptual model was tested on a sample of 943 adult consumers. The results of our study confirm that the utility of purchasing copyrighted files has a negative influence on the intention to download pirated files, while the influence of the utility of downloading copyrighted files is positive. The moderating effect of film/music involvement was only found to be significant for the relationship between the utility of downloading pirated files and intentions. Based on these findings, implications for the affected industries are discussed, as well as future research opportunities.

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### 1. Introduction

Rapid technological advancement has brought about diverse opportunities for interaction and the diffusion of information, which has changed the way people communicate with each other, gather information, listen to music, and watch movies. At the same time, these fast developments have been creating several problems for society by paving the way for the unauthorized duplication and use of digital products (Akbulut, 2014; Quiring, Von Walter, & Atterer, 2008; Wang & McClung, 2011). Broadly defined as the act of duplicating files without the permission of the copyright holder (Gunter, 2009), digital piracy has become a widespread, global phenomenon that has been suggested to hinder the growth of various industries, particularly the film and music industry (IFPI, 2014; RIAA, 2015), even in the face of recent developments and popularity of streaming services that offer consumers access to authorized content (Sinclair & Green, 2016; Steele, 2015), such as Netflix and Apple Music. Excipio, for example, reports that the combined number of downloads for 10 most downloaded movies in 2015 alone exceeds 300 million (Child, 2015). Sinclair and Green

(2016) recent study confirms that segments of consumers remain unconvinced by promises of improved utility and moral superiority of legal streaming services in comparisons to digital piracy. Conversely, other reports estimating the scale and impact of piracy claim that piracy is declining (Sandvine, 2013) suggesting that ownership of content no longer matters. Considering that digital piracy reports rarely come from independent sources that could be trusted at face value, and that they offer quite conflicting results, the phenomenon is still in need of closer inspection. In order to effectively respond to the continued threats of piracy, copyright holders have been invited to pay closer attention to the complexities, nature and drivers of digital piracy (Bateman, Valentine, & Rittenburg, 2013).

The academic community has also been following these developments by employing various theories such as the theory of reasoned action/planned behaviour (e.g., Cronan & Al-Rafee, 2008; Wang & McClung, 2012), general theory of crime (Donner, Marcum, Jennings, Higgins, & Banfield, 2014; Malin & Fowers, 2009), social cognitive theory (Jacobs, Heuvelman, Tan, & Peters, 2012), focus theory of normative conduct (Cho, Chung, & Filippova, 2015), cognitive dissonance theory (Redondo & Charron, 2013), and ethical decision-making models (e.g., Arli, Tjiptono, & Porto, 2015; Shang, Chen, & Chen, 2008) to shed light on individual engagement in digital piracy. These studies advance current knowledge of the

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mechanisms of pirating digital files, although only recently has the focus shifted to the possible consequences or utilities of digital piracy as the factors that drive consumer file-sharing (Wang & McClung, 2011). It has been suggested that individuals are rational decision makers who weigh the consequences of their actions and choose the actions where pleasure is greater than pain (Donner et al., 2014). Accordingly, in acquiring music, movies or software, they are making a choice between unauthorized downloading files and purchasing them, hence the utilities of these two alternatives may guide their behaviour. The main benefits of downloading pirated files are experienced by downloaders themselves, while purchasing copyrighted files primarily benefits the artists/industries. Therefore, an individual has to weigh the utilities for self versus others, when evaluating the alternatives. Interestingly, while several studies on counterfeiting raise the issue of interaction between counterfeited and legal products (e.g., Commuri, 2009; Penz & Stöttinger, 2008), surprisingly little research has been devoted to examining the consumption of pirated files together with legal alternatives, such as theatre visits, DVD rentals and purchases (e.g., Hennig-Thurau, Henning, & Sattler, 2007) or streaming services (e.g., Borja, Dieringer, & Daw, 2015; Weijters & Goedertier, 2015). Therefore, the purpose of this study is to better capture two opposing types of utilities simultaneously, namely the utility of purchasing copyrighted files and the utility of downloading pirated files, as factors driving consumer piracy intentions. Further, we examine the relatively neglected issue of consumer involvement in a specific product category (i.e. film and music) as playing a potentially vital role in forming the relationship between the utilities and the intention to download pirated files. The focus of the study is on film and music as two prevalent categories of digital piracy (Gunter, 2009) which are usually available on the most widely-used downloading sites (Redondo & Charron, 2013).

Our study offers several contributions to the digital piracy literature in terms of both theory and practice. First, it represents a systematic attempt to supplement the existing digital piracy literature by drawing on the uses and gratifications approach to explain the interplay of the two utilities (of purchasing and unauthorized downloading) as factors fuelling consumer piracy intentions. Second, as it is unlikely that the perceived utilities would have similar effects on the behavioural intentions of consumers with different levels of vested interest in or an affinity (Kinnally, Lacayo, McClung, & Sapolsky, 2008) to music and movies, we test the role of utilities alongside the moderating role of consumer involvement, thereby responding to the invitation of De Matos, Ituassu, and Rossi (2007) to investigate the role of involvement as a moderator. Third, the data are collected via a nation-wide survey of the adult population in a European Union country. Indeed, we believe an important incremental contribution of this study lies in the choice of the general population over students to enhance the external validity of the study findings (Jacobs et al., 2012; Nandedkar & Midha, 2012; Wang & McClung, 2012). Fourth, clarifying these issues provides practical implications for marketers and public policy-makers who need to take actionable steps in curbing digital piracy across various forms and channels, such as unlicensed streaming websites, peer-to-peer (P2P) file sharing networks, cyberlockers and, more recently, mobile applications.

The structure of the paper is as follows. First, we briefly review the theoretical perspectives that guide the development of our conceptual framework for the study. Next, we propose research hypotheses and discuss methodological procedures. We then report on the analytical procedures utilized and the research findings. Finally, we discuss the implications of our findings and provide future research directions.

## 2. Theoretical grounding and conceptual model

Considering the multifaceted and dynamic nature of the digital piracy phenomenon, it is not surprising that the demand side has been perplexing researchers for decades. Despite the illuminating insights gained thus far, scholars focusing on consumers' questionable behaviour acknowledge that the existing investigations are scattered and lack consistent theoretical frameworks to guide empirical efforts (e.g., Williams, Nicholas, & Rowlands, 2010). In light of this study's focus on disentangling the role of utilities in digital piracy intention, we rely on the uses and gratifications (U&G) approach, and supplement it with consumer involvement, an influential concept in consumer-information-processing and decision-making models (Celsi & Olson, 1988).

The U&G approach was introduced to examine the reasons people become involved in a particular type of mediated communication and the gratifications they receive from it (Ruggiero, 2000). It helps understand how individuals use communications, among other resources in their environment, to satisfy their needs and achieve their goals (Katz, Blumler, & Gurevitch, 1973). This approach circumvents media channels and instead focuses on media consumers, their needs and behaviours. It assumes that consumers are aware of their needs and choose to fulfil them with the means perceived as most appropriate. The consumer, either as a reader, viewer, listener or Internet user, has many choices due to the multiplicity and diversity of contemporary media (Lev-On, 2012). The gratifications can arise from three different sources: media content, exposure to the media as such, and the social context that typifies the situation of exposure to different media (Katz et al., 1973). The main strength of the U&G approach is its applicability to a range of media contexts, and it has recently gained momentum for its relevance to studying the increasing number of Internet users engaging in various online activities, such as use of the Internet in general (Eighmey & McCord, 1998; Ko, Cho, & Roberts, 2005), social media in particular (Smock, Ellison, Lampe, & Wohn, 2011), online video games (Chang, Lee, & Kim, 2006), e-books (Shin, 2011), and interactive communication technologies (Dimmick, Ramirez, Wang, & Lin, 2007). Even with such diverse contexts, U&G studies tend to share a set of social or psychological antecedents as well as cognitive, attitudinal or behavioural outcomes (Papacharissi, 2008). Because of the interactive nature of the Internet, each individual has greater power of choice over the media they decide to use and how they opt to use them (Sheehan, Tsao, & Yang, 2010). In the case of digital piracy, file-sharing networks are utilized to receive certain gratifications of individual needs (Kinnally et al., 2008; Sheehan et al., 2010).

In deciding among different options (i.e. purchasing or streaming through official sites versus unauthorized downloading), consumers often seek to maximize utility. In this decision-making process, an individual ascertains the best course of action based on both the expected value of the return from the activity and the costs. In the file-sharing context, consumers will prefer unauthorized copies over the original products when the former offer greater utility (Hennig-Thurau et al., 2007; Rochelandet & Le Guel, 2005). Rochelandet and Le Guel (2005) proposed that three groups of factors influence consumers' utility perceptions of originals and copies: (1) the utility of the original; (2) the costs of the copy; and (3) the degree of substitution between the original and its copies. Accordingly, the authors reported the willingness to pay for an original when a copy was available had a negative influence on copying behaviour. In their examination of the determinants and consequences of film file-sharing, Hennig-Thurau et al. (2007) later refined and extended this approach by integrating two additional determinants: the specific utility of the illegal copy, and consumer file-sharing knowledge. The latter, along with the collection utility

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