

EBook Piracy: Beyond the Nielsen Report

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Abstract

Alongside the 21st century popularisation of eBooks, the issue of digital piracy has grown rapidly (Thompson 2020). In 2017, Nielsen and Digimarc attempted to analyse the effects of eBook piracy on the US publishing market, concluding that it was costing publishers \$315 million per year (Nielsen and Digimarc 2017). This article considers the findings of this report alongside relevant literature and studies on the topic, exploring the cause, extent, and future of eBook piracy. In agreement with the Nielsen report, eBook piracy is described as an issue that is occurring on a large scale. However, the severity of the problem is found to be inconclusive due to minimal data. Suggestions for further research and potential actions against eBook piracy conclude the article.

Keywords

EBooks, Digital Piracy, Nielsen Report, Publishing

Introduction

The 21st century has seen significant growth in digital publishing activity, which has progressed alongside the development of hardware and software that enables easier production, purchasing, and consumption of eBooks for consumers and publishers (Thompson 2020). However, as the market for legitimate eBooks has grown, so too has demand for unauthorised eBook files.

On a global scale, pirated eBooks are distributed for little or no money either as physically scanned PDFs, or as digital files such as epub and MOBI with their digital security stripped, on sites that make their money through advertising, by selling the pirated files for low prices, or from subscription fees (Spoo 2013). As pirated eBooks are usually exact copies of legitimate files, there is no drop in their quality and so there are few quality-based arguments against eBook piracy.

The extent of eBook copyright infringement can be seen by searching the names of authors alongside file names such as epub and PDF, and the publishing industry is at a point where, Michael Bhaskar states, “content can be copied whether or not publishers like it” (2013, 72). eBook piracy is generally regarded by academics and members of the publishing industry as a destructive issue that damages authors and publishers. However, there are some arguments and pieces of anecdotal evidence that contradict this stance. eBook piracy and its financial impact on the publishing industry is very difficult to quantify, and so there are very few case studies and hard statistics on the matter.

However, in 2017, Nielsen and Digimarc conducted research into eBook piracy and its impact on the US market in an attempt to draw some underlying conclusions and create an estimate of the financial impact of the problem (Nielsen and Digimarc 2017). The findings of this report will be considered alongside relevant literature and studies on the topic, to explore the cause, extent, and future of eBook piracy.

The Nielsen Report

The Nielsen report, as it will be referred to in this article, was undertaken to “understand who is downloading illicit material, how and where they are doing it, and what this might represent to the industry in terms of lost sales” (Nielsen and Digimarc 2017).

Some of the key findings of the report were:

- Most illegal downloaders are between 18 and 34, are highly educated, and average over \$60k in yearly household income.
- Most illegal downloaders also buy physical and digital books through legal channels.
- Most eBook pirates download titles for free due to convenience, with price a secondary consideration.
- 33% of the sample would buy the eBook instead if a title was unavailable for free.
- Fear of putting equipment at risk, fear of being caught, and harming authors are the top three reasons why downloaders would be less likely to illegally download eBooks, whereas a reduction in legitimate eBook prices would be unlikely to change their behaviour.

Finally, the report concludes with an estimate that the US market loses approximately \$315 million per year through eBook piracy's displacement of legitimate book sales.

These findings, alongside others in the report, are by no means conclusive and the study has some serious limitations. With a sample size of just 595 people, it is perhaps overly ambitious to make any conclusions on an industry or national-market scale. Furthermore, its use of self-reported data calls into question the reliability of the findings and, as the report is five years old at the time of writing this article, it is unlikely to be completely accurate to today's market situation.

Despite these limitations, the report is useful in providing some key building blocks in an area which has seen very little statistical research. Very few case studies or reports have been published that relate to the financial implications of eBook piracy. This may be due to the scattered nature of the distribution channels of illegal eBooks, as well as a difficulty in equating illegal eBook downloads to lost legitimate purchases: two issues that will be discussed in this article.

This lack of statistical data is why the Nielsen report has been chosen as the basis of this article as it provides an important starting point for future research and discussion.

Identifying the cause

The Nielsen report identifies convenience and price as the two largest drivers of illegal eBook downloads. This is somewhat supported by a study from *The Guardian*, which found that convenience was the greatest motivator for their readers who pirate eBooks (Guest 2019). *The Guardian's* study also found that some readers justify pirating books from very successful authors who would be less affected by the lost revenue, and some respondents suggested that reading an author's work is more complimentary than ignoring it, even without paying for it. This study was not entirely consistent with the Nielsen report, however, as it found that price was not a strong influencing factor for its respondents.

While the Nielsen report found that a feeling of entitlement towards accessing media was not a particularly important motivator for people to pirate eBooks, there is a movement that claims it should be a human right to have access to information and resources; it suggests that digital files have only artificially implemented scarcity, as opposed to physical books, and so only publishers' greed prevents the unlimited copying and distribution of digital files (Jones 2020). Indeed, authors such as Michelle Harrison have been accused of elitism for speaking out against book piracy, which suggests there are some who view eBooks as a luxury that is only accessible to those of a certain class or financial status (Sridhar 2019).

The pricing of eBooks, which has become somewhat standardised through Amazon's partial monopoly on eBook distribution, is likely to have some relation to levels of eBook piracy (Herther 2018). A study by Kukla-Gryz et al. (2020) found a correlation between perceived price fairness and eBook piracy, but did not go so far as to define it as a cause. As the Nielsen report identifies high household-income individuals as the most active in eBook pirating, it appears to be overly simplistic and largely incorrect to suggest that people are mostly pirating eBooks because they cannot afford to purchase them.

One more area that should be considered when discussing causes of eBook piracy is digital rights management (DRM), which prevents the copying and, it could be argued, true ownership of eBook files that have been purchased. Roncevic (2020) cites consumer frustrations with DRM as a potential cause of eBook piracy, for reasons such having no guarantee of permanent access to eBooks forever when they are purchased through Amazon.

The causes of eBook piracy are varied and likely differ between different demographic groups. However, the consequences of such piracy for authors and publishers are likely to be more uniform and so it is important to evaluate the extent and severity of the issue.

Evaluating the problem

There is near unanimous agreement between academics and members of the publishing industry that eBook piracy is damaging to the sales figures of legitimate eBooks, thus damaging income for authors and publishers (Bhaskar 2013). The Nielsen report supports this opinion and the estimated figure of \$315 million of lost revenue each year to US publishers is significant if it is accurate.

Beyond simply damaging profits, eBook piracy can affect authors and publishers in other ways. The Society of Authors agrees that eBook piracy damages authors' incomes by competing with legitimate book sales and, beyond this, can "harm their long-term career prospects by giving a false impression of the desirability of their work: your publisher may not commission your next book if the last one didn't sell" (Guide to Online Book Piracy 2019). A culture of people feeling entitled to free eBooks could also damage the future of traditional digital publishing, with consumers becoming more unwilling to pay for files that others are regularly obtained for free.

This may be a cause for concern for publishers as one study found that, when choosing a platform to download eBooks, consumers in the UK and Germany hold little regard for the importance of copyright compliance; instead factors of price and perceived site security are more significant determinants (Jonas and Sirkeci 2018). This would suggest that more may need to be done to educate consumers on the detrimental effects of eBook piracy on authors and publishers.

There are, however, arguments against the idea of eBook piracy being solely destructive. A 2020 consumer-behaviour study found that 41% of book pirates own the books they are pirating in other formats (Immersive Media and Books 2020 Consumer Survey 2020). This is supported by data from the Nielsen report, which shows eBook pirates to be avid readers who also buy both physical and digital books through legal channels. If readers are illegally downloading eBooks out of convenience when they already own physical or audio versions of the books, or if they are pirating books whilst they are simultaneously spending significantly on legitimate books and eBooks, their illegal downloads are not necessarily displacing legitimate purchases.

Both Neil Gaiman and Paulo Coelho have, separately, expressed positive opinions towards the pirating of their works, claiming that the practice was akin to free advertising and traditional book lending. Both stated that it was especially significant in boosting their sales in Russia (Flood 2012; Gaiman 2011). However, it is important to note that both made these

statements in the early 2010s when the issue was still developing. The experiences of authors such as Gaiman and Coelho, who have both sold millions of books, may also be far removed from the average author who would likely be harder impacted by individual lost sales. Gaiman also appears to have since changed his position as he signed a letter from the Society of Authors in 2019, calling for action against eBook piracy (Online Book Piracy 2019).

A study using data from Google Books showed that the digitisation and subsequent free distribution of books in the public domain triggered an increase of more than 5% in sales and was particularly effective in increasing sales of less mainstream titles (Nagaraj and Reimers 2019). This would suggest that free access to eBooks may increase legitimate purchases of books and eBooks, particularly those that are not yet mainstream. Furthermore, when looking outside the publishing industry, there is some evidence to suggest that in the case of films and television shows, there are instances in which piracy has driven success and profitability (*San Francisco Examiner* 2019).

As the Nielsen report states, because of eBook piracy, displacement of legitimate eBook sales occurs. However, it is apparent that each eBook illegally downloaded does not necessarily correlate with a lost legitimate purchase. Further studies are needed to ascertain the true relationship between piracy rates and legitimate sales rates. Ultimately, however, eBook piracy allows people to profit from intellectual property which they have had no part in creating. Authors have shared their own negative experiences with the issue and the authors and publishers who create the titles do not receive any money when a book is illegally downloaded so, regardless of the extent of the damage it does to legitimate sales figures, there are strong moral arguments against eBook piracy (Stiefvater 2017).

Looking to the future

When looking towards the future of publishers' attitudes towards, and actions against, eBook piracy, two questions arise: how much should be done? And what steps can be taken?

The question of how much should be done is beyond the scope of this article. The Nielsen report and academic and industry experts have clearly identified eBook piracy as an issue that should ideally be fixed. However, when comparing it to other issues facing the publishing industry, it will take significant research and comparative evaluation to assess the level of attention this issue should be given. Some scholars like Bhaskar suggest there are far more pressing issues for publishers than copyright infringement (2013, 75).

Regarding steps that can be taken, both long-term and short-term suggestions have been put forward. The laws on eBook piracy are an area in which there have been many calls for change: the CEO of The Authors Guild claimed that existing laws are expensive and complicated for authors and publishers and has called for “a law that incentivizes search engines, ISPs [internet service providers], and the like to act rather than sit back and profit from piracy” (Rasenberger 2020).

Search engines have also been called upon to target commonly used search terms used for eBook piracy and push down results of illegitimate sites to make them more difficult to find (Rau 2019). Authors, publishers, and reviewers can also use metadata in their sites and eBooks to replace illegitimate sites on search engine results pages, and can insert metadata terms such as “free epub”, “*Book title* PDF”, etc. on their legitimate sites. This is likely only a temporary and partial fix, but it is an example of immediate action that can be taken against the issue.

Pricing of eBooks is another area in which change could make an impact on eBook piracy rates. Kukla-Gryz et al suggest that “while ‘competing with free’ may seem a lost cause, a pricing policy perceived as fair is likely to reduce the scope for ethical excuse among potential ‘pirates,’ converting them into paying customers” (2020). While this seems like an obvious step, reducing eBook pricing is not a simple task, as any potential reduction in piracy rates would have to provide a sufficient financial incentive to convince authors, publishers, and distributors to make a change.

As the Nielsen report and relevant studies have suggested, eBook pirates are also often legitimate customers and so a greater emphasis on facilitating legitimate trials of eBooks may be a step towards convincing people to stop pirating to see whether they like a title. Another approach could be a major change in distribution methods. Academics have described the current digital publishing market as comparable to the music industry in the late 90s and early 00s, where piracy of digital music files had a calamitous effect on the legitimate sales of music (Kurt 2010).

The music industry shifted primarily in its distribution channels and now, digital music files are usually accessed via streaming platforms such as Spotify and Apple Music. Indeed, it has been suggested that a similar change is needed in the digital publishing industry, and this is certainly an area for future research. Subscription platforms for eBooks do exist and have had some success, but books are not consumed in the same way as music, so it is overly simplistic to point towards subscription-based distribution as a clear solution to the issue.

One area of concern that was highlighted by the Nielsen report is the age demographic of those who pirate eBooks. Currently, it is predominantly those aged 18 to 34 who are illegally downloading these files, and the older generation are far less likely to do so. As this younger demographic ages, replacing the less tech-savvy generations above it, it appears likely that every age demographic group will have a greater capacity to pirate eBooks in the future. EBook piracy then may become a greater issue for authors and publishers that requires a stronger response.

Conclusion

While the Nielsen report is limited in both scope and reliability, it does provide us with useful information from which further investigation into eBook piracy can be based. The scale of copyright infringement in the world of digital publishing is evidently significant and yet far more research needs to be undertaken to understand the extent to which eBook piracy is displacing legitimate eBook purchases.

Going forward, changes in law and pricing models are areas that should be explored, as well as alternative distribution channels and wider discourse on the moral implications of illegal downloads. Although there are steps that can be taken in the short term to combat eBook piracy, it is a problem that has the potential to grow as the population becomes more familiar with technology and so a long-term approach should be adopted when searching for solutions.

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