A MODEL OF CONSUMER MISBEHAVIOR: PIRACY OF SOFTWARE AND ENTERTAINMENT PRODUCTS

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ABSTRACT

Consumers were interviewed about unauthorized copying of software and entertainment products. Copying is frequently seen as wrong only when done for a profit. In fact, many people enjoy making copies and do not think that they are harming product producers, perhaps, in part, because consumers do not evidence strong, positive relationships with these producers. A proposed model is presented that differentiates consumers' behaviors and attitudes regarding copying based on their degree of focus on self-interest versus the interests of the producer. Implications for teaching marketing and consumer ethics are discussed.

INTRODUCTION

The unauthorized copying of software, music, and video is of great concern to those who produce these products, and lost sales due to "piracy" amount to billions of dollars each year. Most of this copying is done by people making copies for friends. New digital formats and the ease of sharing files over the internet only promises to exacerbate the problem.

This paper addresses consumers' thoughts, feelings, and experiences surrounding the unauthorized copying of software and entertainment products. The results presented here were derived from 39 depth interviews with users of software and other entertainment products. These interviews support the findings of previous survey and experimental studies, while also offering new insights into people's motivations and attitudes. A proposed model that categorizes consumer copiers and non-copiers is also presented.

BACKGROUND

While unauthorized copying is a major problem for producers, the public does not appear to be overly concerned with the problem. Logsdon, Thompson, and Reid (1994) found that people exhibit a great deal of tolerance toward software piracy and concluded that software copying is not an issue with very high moral intensity. Most people do not see the harm in unauthorized copying and any victims are far removed from the perpetrator. Even those who view software piracy as unethical are not found to be less likely to engage in the practice.

In seeking to understand the motivations behind software copying, Glass and Wood (1996) studied the problem in light of social exchange theory, particularly equity theory, and concluded that people are more likely to share less expensive than more expensive software and that sharing is more likely if social or other benefits are likely to result. With regard to students' stated reasons for pirating software, Cheng, Sims, and Teegen (1997) found the expense and affordability of software to be particularly important reasons for copying. Other reasons included trying out the software and simply the fact that copying software is easy to do. Along these lines, Chang (1998) found that the extent of the opportunity to copy is a stronger predictor of copying behavior than is attitude toward copying.

Simpson, Banerjee, and Simpson (1994) found four categories of motivating factors for software piraters: stimulus factors, social/legal factors, personal gain factors, and situational/personal factors. Stimulus factors included having been given the software, needing the software for school, and the affordability of the software. Social/legal factors included the enjoyment of sharing software as well as the ideas that "everyone is doing it" and that one is unlikely to be caught. Personal gain factors included making money off the software and the challenge of being able to make a copy. Situational factors addressed difficulties in acquiring the software product.

PROPOSITIONS BASED IN THE LITERATURE

The existing research in software piracy suggests a the following research propositions:
- P1: The copying of software and entertainment products is not viewed as a serious moral issue.
- P2: The copying of software and entertainment products is perceived as resulting in little harm.
- P3: Some of the motivation behind the copying of software and entertainment products is centered on creating beneficial social exchanges.
- P4: Particularly among students, the cost and affordability of software and other products influences the copying of these products.
- P5: Particularly among students, perceived need for a product is used to justify copying of the product.
- P6: The ability to get away with copying products motivates the copying of the products.

METHODOLOGY

Thirty-nine depth interviews with software and entertainment product consumers were conducted by marketing research students. Prior to conducting the interviews, students were trained to encourage open-ended responses from respondents and to probe for elaboration on interesting comments. Student interviewers were also provided with an interview guide that included questions addressing respondents' feelings toward and experiences with unauthorized copying.

Most of the interviews lasted from 25 to 50 minutes. Interviews were recorded and transcribed by the interviewers, yielding 236 single-spaced pages. The author of this paper hand coded the interviews for the above propositions and for emerging themes.

Most of the respondents were students themselves (29 out of 39). Two of the respondents were Latino, one was Native American, and the rest were white. All of the respondents were in their 20s except for four respondents in their 40s and one 12-year-old. All 39 respondents were unmarried. Median household income, which was based on parents for the student respondents, was $65,000, and ranged from a low of $13,500 to a high of $150,000.

FINDINGS

Findings Related to Propositions

P1. Most respondents indicated that they had no problem with engaging in the practice. While some clearly acknowledged that copying was illegal and unethical, the common sentiment was that copying was okay and inevitable and that everyone was doing it. Also, most respondents felt that the majority of others would share their views on the subject. Some further expressed the opinion that the issue was not worth discussing in the light of "worse crimes" being committed in society.

P2. Many respondents expressed the opinion that no one was harmed by unauthorized copying. However, some recognized that companies are going to lose sales that they otherwise might have had. Some further noted that the consumer might be harmed, as well, since prices might be raised to compensate for the illegal copying. Taking this idea a bit further, a few respondents expressed the opinion that particularly upright consumers who refuse to copy would be most likely to suffer.

P3. Social exchange practices do appear to play a role in many copying situations. With regard to the copying of music, Robert (wm,22) noted, "I do it fairly often. It is a mode of communication among my friends . . . It is a way of [reciprocating] gifts, which I often receive from people."

Exchange may be less likely if the product was expensive, although social obligation can still be compelling. According to Jimmy (wm,22), "[T]he individual might feel a little resentment, maybe because their friend is walking out the door with a hundred dollar statistical analysis program and you paid a hundred bucks. But . . . you know that the person would do the same thing for you."

P4. Respondents, most of whom were students, frequently referred to their perception that software and other products were overpriced, and that they simply couldn't afford to pay. Sam (wm,21) comments, "They charge such high prices on videos or software or CDs that I think you should copy it if you can. If there were more reasonable prices then I could see a problem with it."

P5. In addition to high prices, the *need* for a product sometimes supplies the justification for making an unauthorized copy. Aaron (wm,24) notes, "I got Minitab from school. . . . I used that all the time for [a class]. If I didn't have that here I would've had to use the school computers all the time for that stuff."

P6. Copying is also done because one can get away with it. Many respondents noted the small likelihood of getting caught with copied software. Some, like Jimmy (wm,22) suggested that if the shoe were on the other foot, they would make stronger efforts to prevent copying: "[I]f I was one of these companies, I would be definitely working in researching and developing ways to prevent software piracy. I believe that it is a major issue for these companies, and they need to stop people from pirating software, such as people like myself."

Emergent Findings

In addition to the support for the propositions, a number of new insights were also discovered here.

Positive feelings. Although some experienced negative feelings, many respondents were delighted to be able to make copies and felt little to no regret. In response to how he felt about getting a bootleg recording of a concert he just attended, Maynard (wm,21) enthused, "Euphoric!" Bob (wm,24) noted, "Most people I know feel about the same way I do. When they get the program, they're glad to have it. When they get the video they're glad to have it. When they get the music they're glad to have it."

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While some respondents expressed a bit of guilt associated with copying, many felt no guilt whatsoever. Negative feelings were more likely to be associated with problems in the copying process, such as poor copy quality, lack of documentation or technical support, or simply an inability to successfully make the copy.

When copying is wrong. Respondents were specifically asked, "When is it okay to copy, and when is it not okay?" Most responded that copying was fine for one's own personal use, or for a friend, but improper for purposes of selling the product. As stated by Gail (wf,26), "If you were not using the process of copying for your own financial gain and more for your own enjoyment, then it's okay."

Two qualifications surfaced to the rule that copying for personal use was acceptable, whereas copying to make money was not. First, some respondents found copying to be unacceptable if it was done in mass quantities, meaning, at least for one respondent, copying something for a large number of friends rather than just a few select friends. Secondly, Elvis (wm) suggested that if the product is going to be used in a profit-making venture, the product should be paid for: "If I have a business, and I have Excel or MS Office, and I use that, I'm using that as a tool to produce something. And I think I need to pay for that tool."

Enough money. A justification for copying that was raised by a number of respondents was that the producers of products are already making enough money. James (wm,21) expressed it this way: "I think stealing is wrong, but I see copying differently than stealing . . . . Besides, those people are making millions and perhaps billions of dollars. Most of us are poor. That's why we copy things."

Sometimes the thought that software and music producers are making *too much* money led to expressions of hostility toward the producers, particularly those at Microsoft. When asked what harm might come from individuals copying software for themselves or others, Maynard (wm,21) responded, "Some pissant isn't making his 18 million; he's only making his 16 million." Bob (wm,24) stated, "Usually it's Microsoft products and that bastard is rich enough. I don't really care."

For their own good. Many respondents rationalized that the copying of software products was in a producing company's own best interest. Copying allowed people to try products, which, if they liked them, they might purchase in the future. Elvis (wm) stated, "I have it for free, or I don't have it at all. At least if I have it, then I can introduce it at my workplace. Or if I go into business, it will be worth it to me to actually buy the program."

Different from shoplifting. As mentioned above, informants were specifically asked how copying products is different from shoplifting. One distinction raised was that the copying of products takes place in one's home, rather than in a store or a public place. Thus, it seems less like stealing and getting caught is much less likely.

Another difference between shoplifting and unauthorized copying is that shoplifting involves a real, tangible product that is viewed as a real expense for the retailer. Bob (wm,24) stated, "If you steal from a store, then you are hurting a store. Usually shoplifting hurts the mom and pop stores, while copying isn't going to hurt Bill Gates." A retailer seems to have a face to it, while software does not.

A MODEL OF SOFTWARE BEHAVIORS, ATTITUDES, AND EMOTIONS

Despite the generalizations presented above, in reality, individuals express a number of different reactions to unauthorized copying. One important basis for differences in individual reaction seems to be the extent to which the person doing the copying is focused on his own gain versus being focused on the interests of the product producer. The Table presents a proposed categorization model.

While the table divides consumers into four categories, these categories actually represent a simplification of a continuum of behaviors, attitudes, and emotions. The left-hand column addresses copiers who have a high level of focus on the benefits they receive from copying with virtually no thought to the product producer. On the opposite end of the spectrum are those who are less concerned about what they would gain by copying and more concerned with fairness to the producer, not to mention the illegality of unauthorized copying. Despite the clear benefits of copying, these people would be unlikely to do it. Most evidence suggests that these non-copiers form a small minority.

The two middle Table columns describe two groups of unauthorized software copiers who desire the benefits of copying, but recognize that it is not entirely right. People in each of these groups of copiers use rationalizations to justify their copying behaviors. However, as expressed in the Table, the nature of the rationalizations is expected to differ based on the desire for personal benefit versus consideration of the producer's interests.

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IMPLICATIONS AND FUTURE DIRECTIONS

Lost sales figures indicate that the unauthorized copying of entertainment products is an important problem for the manufacturers of these products. Determining the extent of the problem is, however, difficult, since manufacturers do sometimes benefit from the expanded publicity garnered by their products through copying. Companies need to determine to what extent their efforts in preventing or punishing copying are worth the costs.

Further research in this area could involve following up on some of the findings here using survey or experimental methodology. More interviews could also be conducted to more precisely investigate the parameters of some of the more interesting findings. The model presented in the Table could be tested to determine whether the expectations based on one's focus on personal gain versus fairness to producer are correct.

Recently, some software providers have begun advertising campaigns to educate the consumer to view software copying as stealing. An interesting study would be to test whether this assertion is credible to the consumer, and whether, if the consumer does agree with the assertion, that this is enough to change attitudes and behaviors.

Since the topic and findings of this paper are interesting to college age people, it can be used for class discussion of marketing and consumer ethics. Students could be encouraged to break into groups and discuss their own views on unauthorized copying with other group members. Another approach might be to divide the class into two groups, one wearing the hat of the marketer and another wearing the hat of the consumer. Members of each group could express their opinions and concerns, after which an attempt could be made to reach a compromise. Regardless of the discussion's structure, students will be able to see how differently people can react to a difficult ethical dilemma.

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TABLE
A proposed model of categories of potential unauthorized copiers based on degree of focus on personal gain and degree of focus on the interests of the product producer

General focus:	High focus on personal gain and no focus on interests of producer	High to moderate focus on personal gain and low focus on interests of producer	Moderate focus on personal gain and moderate focus on interests of producer	Low focus on personal gain and high focus on interests of producer
Behaviors and attitudes regarding unauthorized copying:	Copying without reservation	Copying with company-blaming rationalization	Copying with self-justifying rationalization	No copying
Emotional reactions:	Delight	Pleasure/Satisfaction	Uneasy satisfaction	Satisfaction
Typical expressed reactions to unauthorized copying:	• "Friends share things with one another." • "It's not hurting anybody." • "It's easy to do." • "Look how much money I saved!"	• "These companies charge too much." • "These companies are making more than enough money already." • "I like the challenge of being able to do it."	• "I need the product and can't afford it." • "I'm only using it for personal use, not selling it to anyone." • "I'm trying it out to see if I should buy it." • "Everybody's doing it."	• "It's just not right." • "Everybody pays when people copy."
Emotional reactions to failed copying attempts:	Surprise/Disappointment	Frustration/Anger/ Redoubled desire to do it	Disappointment/Resignation	Vindication