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Online Music Piracy Doesn't Hurt Sales, European Commission Finds

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New research published by the European Commission's Joint Research Centre shows that online piracy doesn't hurt digital music revenues. The researchers examined browsing habits from 16,000 Europeans and found that there's a positive link between online piracy and visits to legal music stores, irrespective of people's interest in music. The study concludes that the music industry should not see piracy as a growing concern.

Research into online piracy comes in all shapes and sizes, often with equally mixed

results. The main question often is whether piracy is hurting sales.

A new study by [The Institute for Prospective Technological Studies](#), which is part of the [European Commission's Joint Research Centre](#), tackled this question in a unique way. With data from more than 16,000 European Internet users they determined what the effect was of people's access to pirate sites on visits to online music stores.



The results are now published in a paper titled "Digital Music Consumption on the Internet: Evidence from Clickstream Data," and the researchers found that overall, piracy has a positive effect on music sales.

"It seems that the majority of the music that is consumed illegally by the individuals in our sample would not have been purchased if illegal downloading websites were not available to them," they write.

In addition, the researchers are also the first to find that free and legal streaming websites don't cannibalize legal music purchases.

"The complementary effect of online streaming is found to be somewhat larger, suggesting a stimulating effect of this activity on the sales of digital music," they comment.

Most of the effects were found by comparing people's visits to "pirate" websites and legal music stores. After controlling for interest in music, the researchers found that visits to pirate websites are positively linked to visits to legal music stores.

"If this estimate is given a causal interpretation, it means that clicks on legal purchase websites would have been 2 percent lower in the absence of illegal downloading websites," the researchers write.

The effect of legal streaming services on visits to music stores is even greater, and estimated at 7 percent. So more free streaming is linked to more visits to music stores. The report notes that their data doesn't cover visits to bricks and mortar stores.

The researchers admit that there could be external factors influencing these effects, but conclude that the results provide no evidence that piracy is hurting digital music sales in Europe. On the contrary, the data suggests a positive relation between piracy and music sales.

"Taken at face value, our findings indicate that digital music piracy does not displace legal music purchases in digital format. This means that although there is trespassing of private

property rights, there is unlikely to be much harm done on digital music revenues," they write.

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While the results are clear, the researchers don't want to make any specific policy

recommendations. They do, however, note that the music industry shouldn't be all that concerned about online piracy.

"From that perspective, our findings suggest that digital music piracy should not be viewed as a growing concern for copyright holders in the digital era. In addition, our results indicate that new music consumption channels such as online streaming positively affect copyrights owners."

The above will certainly influence the ongoing copyright enforcement debate in Europe. Those who are against increased surveillance and policing of copyrighted content will now have some strong evidence to back up their claims. The anti-piracy lobby, on the other hand, will not be happy with the new study.

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