

MISQ Archivist

The Effect of Piracy Website Blocking on Consumer Behavior

Brett Danaher, Jonathan Hersh, Michael D. Smith, and Rahul Telang

Abstract

In this study, we ask what drives the success or failure of various supply-side anti-piracy enforcement actions such as piracy website blocking. We do this in the context of three court-ordered events affecting consumers in the United Kingdom. We first study Internet Service Providers' blocking of 53 video piracy sites in 2014 and of 19 piracy sites in 2013, and we then study the blocking of a single dominant site—The Pirate Bay—in 2012.

We show that blocking 53 sites in 2014 caused treated users to decrease piracy and to increase their usage of legal subscription sites by 7% to 12%. It also caused an increase in new paid subscriptions. We find similar results for the blocking of 19 piracy sites in 2013. However, blocking a single site in 2012 caused no increase in usage of legal sites but instead caused users to increase visits to other unblocked piracy sites and VPN sites. We find evidence that increased search and learning costs associated with piracy drive the effectiveness of blocking multiple sites rather than just one primary site.

This suggests that to increase legal IP use when faced with a dominant piracy channel, the optimal policy response must block multiple channels of access to pirated content, a distinction that the current literature has not made clear.

Keywords: Piracy, regulation, digital distribution, motion picture industry, natural experiment