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TRACKING PANDEMIC'S PIRACY IMPACT

It's clear the pandemic has caused a significant change to content owners' piracy challenges

ABSTRACT: Since the start of the global pandemic OpSec Security has been closely tied to the challenges faced by our M&E clients. In this article, we share our experience on how the pandemic has affected piracy consumption by tracking piracy activity, pirate behavior, and emerging trends — unmasking new demand for digital content using business intelligence.

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After a tumultuous nine months of living amid a pandemic, our lives will remain changed, knowing we won't be attending a live event or going into a movie theatre as freely as we used to. As a society, we are continuing to adapt to an ever changing environment and as an industry, we are developing creative ways to implement forward-looking strategies in order to move on in this new unpredictable world.

Working closely with M&E clients to protect brands and digital content, OpSec Security (formerly Mark-Monitor) has a symbiotic partnership with our clients as we are focused and committed to solving intellectual property problems together — especially during a crisis. Throughout the COVID-19 pandemic, we have kept pace with the constant changes in entertainment schedules and world sporting event calendars.

When quarantine measures took place, OpSec Security's anti-piracy team was quick to spot these changes, particularly in consumption patterns among key piracy channels for both VOD and live event streaming.

While we saw a temporary slowdown in piracy on the live event front, we witnessed a rise in piracy consumption for VOD. When most people hunkered down indoors, everyone looked for new ways to consume content and whilst there is an array of OTT services to choose from, most SVOD services are not free. As household incomes are put under pressure especially during a crisis, piracy soon becomes an attractive option.

Online piracy is a very active and dynamic phenomena and understanding pirates and pirate audience's overall behavior is crucial when looking for a solution to mitigate economic loss. Digital piracy as we know it today occurs for two reasons: cost and availability of access. Pirates share the habit of instant gratification. They are quick to consume and share new content as soon as it becomes available — yes, there was (and still is) interest in bad quality camcorder videos in 2020. Prior to the COVID-19 pandemic, major studio releases generally followed a traditional wide-release theatrical window followed by the digital and Blu-ray Disc release.

ALTHOUGH THE EARLY quarantine piracy spike was short-lived in some countries, it was very telling in getting to know who took interest, the moment they did, and why, in order to help M&E businesses make better strategic decisions.

It's no secret that piracy tended to rise when high-quality versions became available on the market. In the pre COVID-19 world, digital piracy was all too predictable. For film, the most recent shifts to the already increasingly popular day-and-date and direct-to-digital release models have been changing the way we consume content. The recent push to make use of these business models has also paved new paths for digital piracy. As traditional theatrical releases disappear, direct to consumer digital releases could become the new norm.

COVID-19'S IMPACT: TRENDS AND INSIGHTS

Today there is a distinct lack of quantifiable visibility into the piracy market. P2P data is a significant driver of business intelligence and key in understanding consumption. By tracking file sharing behavior we can understand hidden demand. OpSec Security tracks billions of P2P transactions every year for film, TV and music to create our Global Digital Piracy Index (GDPI). GDPI covers a targeted selection of major studio releases, allowing us to measure and analyze piracy geographically and across demographics. The index is a useful indicator of changes in consumption patterns and behavior in the piracy market. We highlight data in technology shifts and provide unique insights for research.

When the World Health Organization (WHO) declared the coronavirus outbreak a pandemic, we started tracking data closely on GDPI. Over 1.5 billion infringements were detected on P2P networks in February and March 2020.

Here's what we saw:

- Forty-two countries with more than 100,000 average weekly infringement volume had a 10-40 percent increase in TV piracy
- Thirty countries with more than 100,000 average weekly infringement volume had a 10-40 percent increase in film piracy
- Most notable increases in both TV and film piracy during this time: Spain, Italy, Portugal, France,

Greece, Croatia and Belgium

PIRATES AND AUDIENCES

But who were these people? What were they watching and why does it matter now? We noticed that the pirate audience appetite for content changed during the March through April quarantine periods.

For Europe, there was increased demand for family friendly content such as animation and fantasy. It is highly possible that consumers resorted to pirated content during these difficult times. Understandably this type of intelligence is only part of the equation, but it is key to understanding an audience you might not otherwise have known existed. Although the early quarantine piracy spike was short-lived in some countries, it was very telling in getting to know who took interest, the moment they did, and why, in order to help M&E businesses make better strategic decisions.

IPTV piracy has been around for a while but was also recently highlighted as a key piracy player for live streaming content. IPTV operators were one of the first to move quickly to attract new customers by formulating creative discount codes using quarantine advertisements and creative payment initiatives to capture audiences. These providers have become opportunistic sellers using the crisis to position their services as the ultimate entertainment source for people and to gain new customers.

As most sporting events were put back on the calendar in the summer of 2020, we also observed a significant rise in live streaming piracy activity on popular streaming platforms. Although there were no in-person



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spectators, virtual ones were all too eager for the seasons to start back up. Among traditional streaming platforms, live streaming piracy rose the most on social media platforms like Facebook and Twitch for big sporting events, 700 percent and 120 percent respectively when compared to the two months before the shutdown and two months after the restart.

A few notable user-generated content (UGC) short-form video platforms emerged as new consumption avenues as well, among them TikTok and Gfycat. This activity was highly attributed to the existing lockdowns in place during parts of June and July in some countries. Social distancing measures have kept people from watching events in bars and taking part in other social gatherings. Social media has allowed family, friends and overall fans to virtually congregate and share streams and highlights of their favorite content. As major

sporting events make their way back into our lives, albeit virtually, we will start to see even more activity on social media platforms to fill the social gap.

RISING TO THE CHALLENGE

While the long-term effects of the COVID-19 disruption will take time to manifest on the M&E industry, it is clear the pandemic has caused a significant change to content owners. With social distancing measures in place for the unforeseeable future and an ongoing economic crisis, we see online piracy continuing to evolve and play a role more than ever. In these precarious and unpredictable times, together, we will continue to rise to these challenges by leveraging data to aid in decision-making to ultimately nudge users to safe and legitimate platforms. 