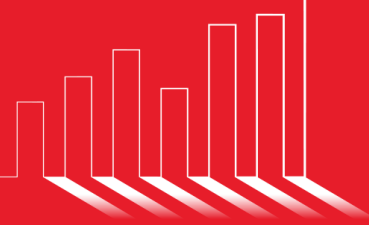
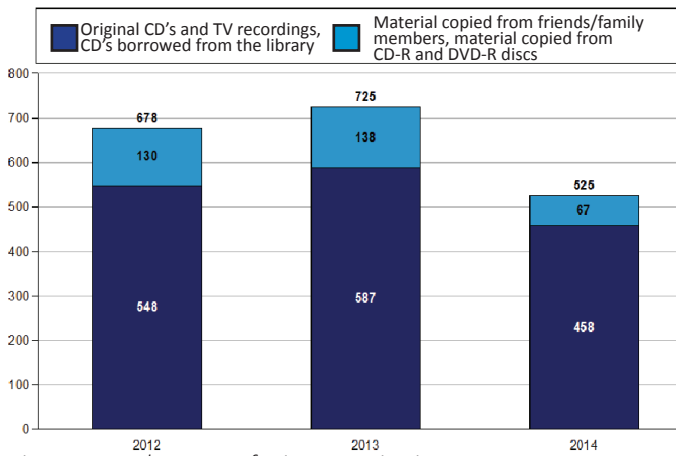


taloustutkimus oy

MAIN FINDINGS OF THE 2014 PRIVATE COPYING SURVEY

- The survey investigated the total quantity of private copying in Finland.
- Material covered by legal private copying is copied by every third Finn.
- The Finns copied altogether 458-525 million files of legal private copies.
- In the 2013 survey the estimate of private copying was 587-725 million files.
- During the surveys implemented in 2012-2014 the streaming services of music and audiovisual content, like Spotify and Netflix, have become much more widespread. The continuous increase of new services is likely to have had an effect on the decrease of copying in the survey of 2014. In the surveys of 2012-2013 the amount of copying did not decrease, but rather increased slightly.
- Mobile phone, computer, MP3-player and USB flash-drive are the most common devices into which music content is copied. Copying of video content is most commonly done to recordable set-top boxes and computers.
- The most common original source of copied music is original CD and when copying videos, a TV-broadcast, in other words private copying from legal sources.
- The consumers use various services in a very versatile way and new services have emerged alongside the old habits of consumption, not as their replacement.





Picture 1. Total amount of private copying in 2012 – 2014. Taloustutkimus 2014.

Total amount of private copying in 2012 – 2014

Taloustutkimus Oy has implemented the private copying survey of 2014 by commission of the Private Copying Levy Advisory Committee. The Private Copying Levy Advisory Committee is an organ assembled by Teosto, which includes representatives from copyright societies, consumer authorities, device manufacturers and importers, as well as the Ministry of Education and Culture, the Ministry of Employment and Economy and the Ministry of Transport and Communications. The survey was ordered by Private Copying Unit of Teosto, which administrates private copying remuneration system in Finland.

The questionnaires are designed by a research group operating under the Private Copying Levy Advisory Committee assembled by Teosto. Representatives for the research group have been set by the Confederation of Finnish Industries, Finnish Electronic Wholesalers ETK, IFPI Finland, Kopiosto, Luovan työn tekijät ja yrittäjät LYHTY, Nokia Oyj, Teosto and Tuotos.

The main objective of the survey was to determine the amount of private copying in Finland. Similar information was recently gathered in 2013 by Taloustutkimus. The survey also gives a comprehensive picture of the use of entertainment electronics by the Finnish population. The results of the survey implemented by Taloustutkimus Oy are based on a broad sample representing the population, over 3000 Finns between the ages 15-79 were interviewed face-to-face.

Based on the results of the survey, altogether 1.6 million Finns (margin of error is $\pm 2.5\%$ at confidence level of 95%) copy music, movies and TV-programs for private use. According to the survey the total amount of private copying is approximately 458-525 million music and video files.

All other copying, except the legal private copying defined by the Copyright Act, has been excluded from the 458 million copied files – for example self-made material, illegal downloading and copies which have been paid for through other means (e.g. iTunes). The law also allows copying for friends and family members. 67 million files of material are annually copied from friends and family members, or from CD-R and DVD-R discs. Because the origin of these files could

not be clarified by the survey, the estimate of total amount of private copying is between 458 and 525 million copied files (picture 1 and table 1).

In the 2013 survey the estimate of amount of private copying was 587-725 million files. The estimate of total amount of private copying has decreased from 2013. When other known sources are included, the total amount of copying is annually 840.000 million files per year.

Music is most often copied from original CD's (29 % of respondents, margin of error $\pm 2.9\%$) and video files from television (73 % of respondents, margin of error $\pm 2.8\%$). The most common devices onto which music content is copied are mobile phones, computers and Mp3-players. Video files are most often copied onto a recordable set-top box.

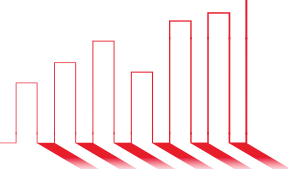
According to the survey 3.8 million Finns between the ages of 15-79 (margin of error $\pm 1.1\%$) have a computer for their private use, 3.4 million (margin of error $\pm 1.4\%$) have a USB flash-drive and 3.1 million (margin of error $\pm 1.6\%$) have a mobile phone on which music files can be saved. Over 1.7 million Finns (margin of error $\pm 1.8\%$) have an Mp3-player or iPod. The use of tablet devices has still increased significantly inside one year, now almost 1.8 million Finns (margin of error $\pm 1.8\%$) have such a device. In the previous year over a million Finns said they use a tablet device.

The number of users of streaming services has also increased further from the year 2013. Almost 1.4 million Finns (margin of error $\pm 1.7\%$) use either Spotify or some other similar streaming service (in 2013 there were 1.1. million users).

The use of internet cloud storage services (like Dropbox, Google Drive, iCloud, Microsoft Skydrive etc.) has also clearly increased, these services are used by 1.3 million (margin of error $\pm 1.7\%$) Finns (in 2013 there were 760 000 users). Over 900 000 Finns (margin of error $\pm 1.4\%$) use Netflix, HBO Nordic, Viaplay or some other monthly charged subscription VOD service. In 2013 500 000 Finns reported using monthly charged VOD services.

The survey also investigated the consumer behaviour of Finns regarding music and video material. Radio is by far the most popular source of listened music. Radio is used by 95% of the Finns who listen to music. Physical recordings are the second most usual way of consuming music, but the more active listeners already use Youtube more often than recordings as their source of music. 54% of Finns listen to music from Youtube monthly, when physical recordings are listened to by 40%. Of the users of Youtube and streaming services, however, 90% still listens to physical recordings.

95% of Finns watch live TV broadcasts. Internet TV broadcasts are watched by 60% and material saved on recordable set-top boxes by 47%. Of those who use Internet TV, online storage services and VOD streaming, 95% also watch TV as live broadcasts. Likewise, a larger proportion of the users of these services save TV content on recordable set-top boxes, than Finns on average. The consumers use various services in a very versatile way and for the time being new services exist alongside the old ones.



	Music			Video files		
	2012	2013	2014	2012	2013	2014
Files (pcs)						
From original CD's	161 733 000	192 631 000	164 090 000			
From CD-R, DVD-R, Bluray discs	33 906 000	11 912 000	23 187 000			
From CD's borrowed from the library		12 355 000	10 936 000			
Video files from TV				385 937 000	381 981 000	282 591 000
From friends/ family members	84 706 000	111 902 000	41 601 000	11 636 000	13 975 000	2 793 000
Total (private copying)	280 345 000	328 800 000	239 814 000	397 573 000	395 956 000	285 384 000

Estimates according to last instance of saving by using coefficients representing the population.

Table 1. Total amount of private copying by source in 2012-2014. Taloustutkimus 2014

What is the definition of legal private copying in the survey?

Legal private copying in this survey means the copying of music and videos from original sources (original CD's, TV-broadcasts). The law also allows copying from friends and family members. Because the interviews are not capable of providing conclusive information about the origin of the music copied from friends and family members, the estimate of the total amount of copying is presented as an estimate between two figures, the lower end including copying from original sources only and the upper end a figure also including material copied from friends and family members, as well as music copied from CD-R and DVD-R discs.

Licensed material bought online, material downloaded from illegal sources and automatic back-up copying have been demarcated outside private copying. The question setting of the survey also excludes self-made music; self taped videos or other self-made video material, as well as the copying of music or video material for professional use.

Taloustutkimus Oy is a Finnish full-service market research company established in 1971. Taloustutkimus employs approximately 100 full-time market research professionals in Finland and about 300 interviewers around the country. In addition to the headquarters in Helsinki, there are regional offices in Tampere, Turku and Oulu. The company has foreign subsidiaries and affiliate companies in Russia and all the Baltic countries. Taloustutkimus is a member of international GIA/WIN-network, which operates in over 72 countries.

Taloustutkimus follows the research standards embodied by the International Chamber of Commerce (ICC) and the European Society for Opinion and Marketing Research (ESOMAR) in all its research activities. The company also uses a quality system according to ISO 9001:2008 standard, as well as an international market research industry standard ISO 20252, both of which have been certified by SGS Finland.



How the survey was conducted?

The survey was conducted by face-to-face interviews as part of Taloustutkimus Omnibus consumer survey. The questions were included in three consecutive rounds of Omnibus; they were presented to altogether 3056 respondents. The target group comprised of 15-79 year old Finnish consumers, excluding Åland.

The sample was created through quota sampling, in which the target groups' distributions of age, gender, as well as the distribution of county and municipality type were the determining quotas. The sample was weighted to correspond with the target group. The weighted N-figures correspond to the Finnish 15-79 year old population in thousands (Official Statistics of Finland, 31st December 2012).

The interviews were conducted between 19th March and 6th April, 10th and 28th April as well as 28th April and 18th May 2014. The interviews were conducted by interviewers trained by Taloustutkimus, 49 interviewers in the first round, 47 in the second round and 47 in the third round. In the first round the interviews were conducted at 98 localities (58 cities and 40 other municipalities), in the second round at 96 localities (51 cities and 45 municipalities) and in the third round at 100 localities (58 cities and 42 municipalities).

The output was done by using the T-test which tests whether each tabulated background variable differs from other respondents more than the amount of random variation at confidence level of 95%. The survey includes a calculated estimate on the total amount of files copied per year, using weighted coefficients to represent the population. The estimate has been calculated according to the number of copies made during the latest occasion of copying by the respondent and a coefficient to express the respondents copying frequency.

The Copyright Act enables everyone in Finland to have the legal right to copy published works e.g. music, movies and TV programs for private use. The private copying remuneration system has been decreed to ensure a fair compensation for authors, performers and producers for the private copying of their works.

The private copying remuneration system, based on the EU Copyright Directive and the Finnish Copyright Act, ensures that consumers have a legal and easy way to copy the works of their choice to the devices brought to market by manufacturers and importers. According to the Copyright Act, available research data about the extent of private copying should be taken into account, when setting tariffs for private copying levies.

