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**The unauthorized sharing through P2P networks:
An empirical investigation on French survey data**

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Abstract

You should manage your intellectual property to maximize its value, not to maximize its protection. (...) Growing the market is usually more important than extracting the last dime from your existing business model. Shapiro & Varian, 1998.

By contrast to this assertion, record producers try to enforce at all costs their copyrights over the Internet. To achieve this goal, they use various methods to fight against unauthorized sharing: trials against individuals, lobbying for the reinforcement of copyright rules and the setting of prohibitive statutory licences, DRM, access restriction. In so doing, they are singled-minded about duplicating their traditional business methods for the electronic delivery of contents. However, by adopting such enclosure strategies, they not only threaten the existence of P2P networks –which prove to be a much wider innovation than the sole files-swapping technologies aimed at sharing copyrighted contents– but also neglect a major way to increase their profits.

This paper is the continuation of a previous study on P2P unauthorized sharing which identifies and compares several scenarios about its economic consequences (Rochelandet, 2004). The current study assesses on an empirical basis this alleged « digital pollution » and its actual consequences on copyright industries. We point out that P2P non-commercial sharing of copyrighted contents may result in a net social benefits.

Our key idea is grounded on models of social interactions according to which individual choices and behaviours not only depend on the individual incentives but also on those of other individuals. An individual is more likely to make a given decision if his 'neighbours' take the same decision than if they do not. These models permit to explain a variety of social phenomenon, in particular the existence of increasing returns of adoption (and usage). Accordingly, the main purpose of the paper is to assess these positive effects. So we suggest that copyright industries should exploit them rather than trying to eliminate them. As a matter of fact, by swapping copyrighted contents through physical or digital networks, individuals draw some utility: quick access to works, greater diversity... As for content producers, they could bypass traditional intermediaries and then increase their profit margin. Finally, P2P networks organize a circulation of works among Internet users on a scale never reached by now. At the end of the paper, we propose to assess the willingness to pay for p2p services of Internet users to highlight the conditions for a new market.

We base our analysis on data gathered in January and February 2005: More than 4,000 individuals were surveyed using Web-based survey and questionnaires. We use binary discrete choice models to test determinants of P2P unauthorized sharing, correcting the sample selection bias due to Web-based survey.

The paper is organized in two major sections. The first one is concerned with analysing the determinants of P2P unauthorized sharing, in particular: socio-demographic variables (age, gender...), prices, ethical concern, levels of computer skill and equipment, communication and entertainment expenditure, localization (size of the cities, distance to cultural goods retailers), social interactions variables. A particular focus of this section is on the respective role of individual preferences and social interactions to explain the individual decision to copy and share copyrighted contents. The second major section assesses the impact of P2P unauthorized sharing on legitimated sales of copyrighted contents. By doing so, this section highlights the possibilities for the emergence of new markets grounded on P2P non-commercial sharing.

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