

KRC RESEARCH

To: Interested Parties

From: KRC Research

Date: January 23, 2008

Re: Topline Results of Microsoft Survey of Teen Attitudes on Illegal Downloading

This memo summarizes the topline results of an online survey of 501 teenagers attending seventh through tenth grade, conducted by KRC Research on behalf of Microsoft Corporation. The interviews were conducted between January 14 and 17, 2008.

The estimated margin of error for the national study is ± 4.4 percentage points at the 95% confidence level.

KEY FINDINGS

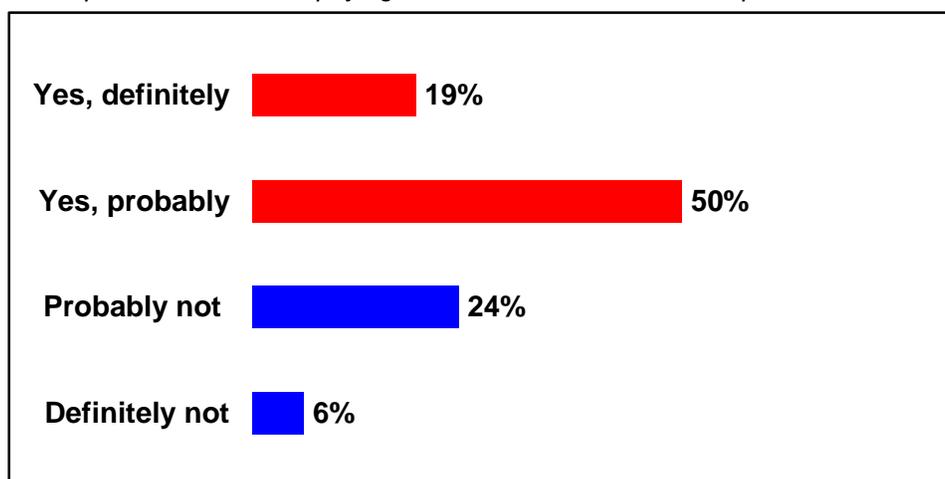
- **Fewer teens expect punishment for illegal use of Intellectual Property than stealing goods.** Fewer than half of teens surveyed (48%) thought they should be punished for illegally downloading materials over the Internet, while most thought they should be punished for things like stealing a bike (90%), stealing a video game at the mall (89%) or stealing a cell phone from a locker at school (85%).
- **Awareness of the law impacts teen attitudes towards illegal downloading.** The more teenagers know about laws against illegal downloading, the more they will come to think it should be a punishable offense. Likewise, teenagers unaware of the rules are more tolerant of illegal activities.
 - Among teenagers who said they were familiar with the laws, more than eight in ten (82%) said illegal downloaders should be punished. In contrast, slightly more than half (57%) of those unfamiliar with the laws said violators should be punished.
- **Parents play a critical role for teens.** Teens report their parents are their main source of information about what they can and cannot do online. Reinforcing the critical role of parents is the fact that some of the strongest deterrents to stealing and illegally sharing content are the thoughts of potential consequences.

- **Teens challenged by peer pressure and their wallets.** Among teens, peer pressure and cost also have a strong impact on attitudes towards illegal downloading.

LAX ATTITUDES ON PUNISHMENT FOR ILLEGAL ONLINE BEHAVIOR

- **In general, teenagers regard illegal downloading over the Internet as less offensive than other forms of stealing.**
 - One in five teenagers (19%) feel strongly that people who illegally download images, literature, music, movies or software should be punished. Overall, nearly seven in ten (69%) say unauthorized downloading should be considered a punishable offense. However, three in ten (30%) feel illegal downloading should not be punished.

Do you think downloading images, literature, music, movies or software without the owner's permission and not paying for it should be considered a punishable offense?



- The consequences of unauthorized downloading in the minds of teenagers don't nearly equal other kinds of theft.
 - ✓ Only half of the teens surveyed (48%) indicated a punishment was appropriate for illegal downloading, compared to 85% who say getting caught taking a mobile phone out of someone's locker at school, 89% stealing a video game, DVD or CD and 90% stealing a bike.
 - ✓ More than half were unable to assign an appropriate punishment for illegal downloading, with about one-third (35%) unsure of the appropriate consequence and 16% saying no punishment is necessary. Among the appropriate punishments:
 - 24% feel notifying parents and having something put on your permanent record would be fair;
 - 13% selected probation by the police and having to perform community service;

- 8% chose being sent to juvenile detention for the appropriate criminal sentence; and,
- 3% said it would be fair to be exposed as a thief in your local newspaper and at school.

Please, read the following list of situations. After you read each one, please select a consequence from the list of options that you believe is the most fair?

	Some level of consequence*	Nothing	Unsure or Don't know
	%	%	%
Getting caught stealing a bike from a rack outside of school	90	2	8
Getting caught stealing a video game, DVD or CD from a store at the mall	89	2	9
Getting caught taking a mobile phone out of someone's locker at school	85	3	11
Getting caught illegally downloading materials such as images, literature, music, movies and software from the Internet	48	16	35

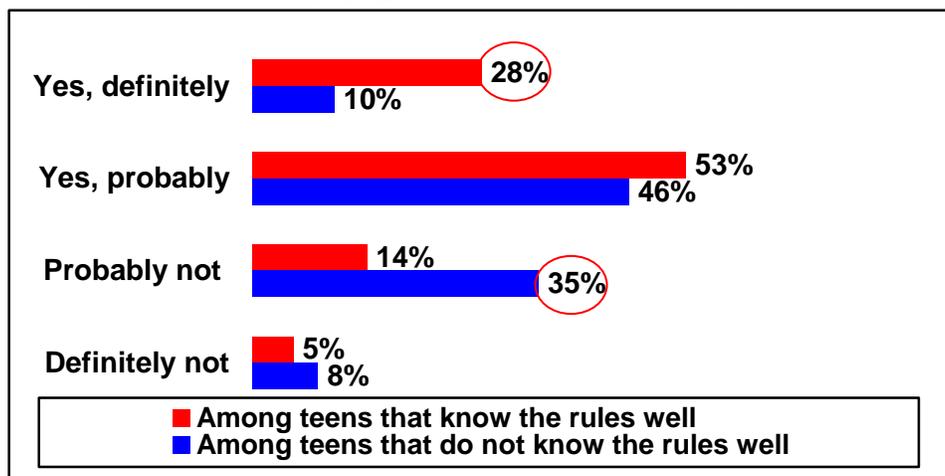
*Some level of consequence includes: 1) Your parents are notified and it goes on your permanent record; 2) You are exposed as a thief in your local newspaper and at school; 3) You are put on probation by the police and have to perform community service and 4) You are sent to juvenile detention for the appropriate criminal sentence

IGNORANCE OF RULES PARTIALLY TO BLAME

- **A lack of familiarity with the rules and guidelines for downloading from the Internet contributes to teen opinions that punishment is unnecessary.**
 - Slightly more than half of teenagers (51%) say they know and understand well the current rules and guidelines for downloading images, literature, music, movies and software from the Internet. However, only one in ten (11%) said they understand the rules “very well.” Almost an equal percentage (49%) says are not familiar with these rules.
 - ✓ Younger teens are less familiar with the rules than older teens. Six in ten seventh graders (59%) are unfamiliar with the rules, compared to 46% of those in eighth grade, 46% in the ninth grade and 45% in the tenth grade.
 - Not surprisingly, the more teenagers know about the current rules and guidelines the more they think it should be a punishable offense for downloading any content without the owner's permission.
 - ✓ Among teenagers familiar with the regulations, more than eight in ten (82%) said illegal downloaders should be punished, including 28% who feel strongly about this.

Among those unfamiliar with the rules, slightly more than half (57%) said violators should be punished, but only 10% felt strongly about this.

Do you think downloading images, literature, music, movies or software without the owner's permission and not paying for it should be considered a punishable offense?



- **Parents are by far the “go-to” source of information about the rules and guidelines for downloading from the Internet.**
 - Of teens aware of rules and guidelines concerning downloading, half (50%) report their parents were the main source of information. The role of parents is even more prominent among younger teens in seventh and eighth grades with 65% and 61% respectively compared to the teens in the ninth and tenth grades with 40% and 36% respectively.
 - ✓ Other sources included programs on TV or stories in magazines and newspapers (14%), websites (10%), teachers (9%), friends (8%) and from surfing the Internet (8%). Students in the tenth grade were more likely than other teens to get their information from TV and magazines (22%) and websites (17%).

THREATS OF FINES AND JAIL CHANGES ATTITUDES

- **Increasing awareness of the rules decreases interest among teens in illegal downloading.**
 - Fifty-five percent of these teens say they have downloaded or shared content over the Internet. After these teens heard the rules for downloading and the penalties guidelines¹, seven in ten (72%) said they would not engage in illegal downloading. However, one in four (28%) said they would “probably continue to download and share content over the Internet without paying for it or gaining the owner’s permission. “
 - Older teenagers are most likely to say they will continue to download and share content without paying while younger teenagers are more likely to say that they have never downloaded or shared content over the Internet. One in three ninth and tenth graders (34%) say they will “probably continue to download and share content over the Internet”

¹ Teens were told, “Currently, the general rules and guidelines concerning these types of downloads are that you have to either pay a fee for the content or gain the content owner’s permission to download or use it. When you do not follow these rules you are open to significant fines and possibly jail time.”

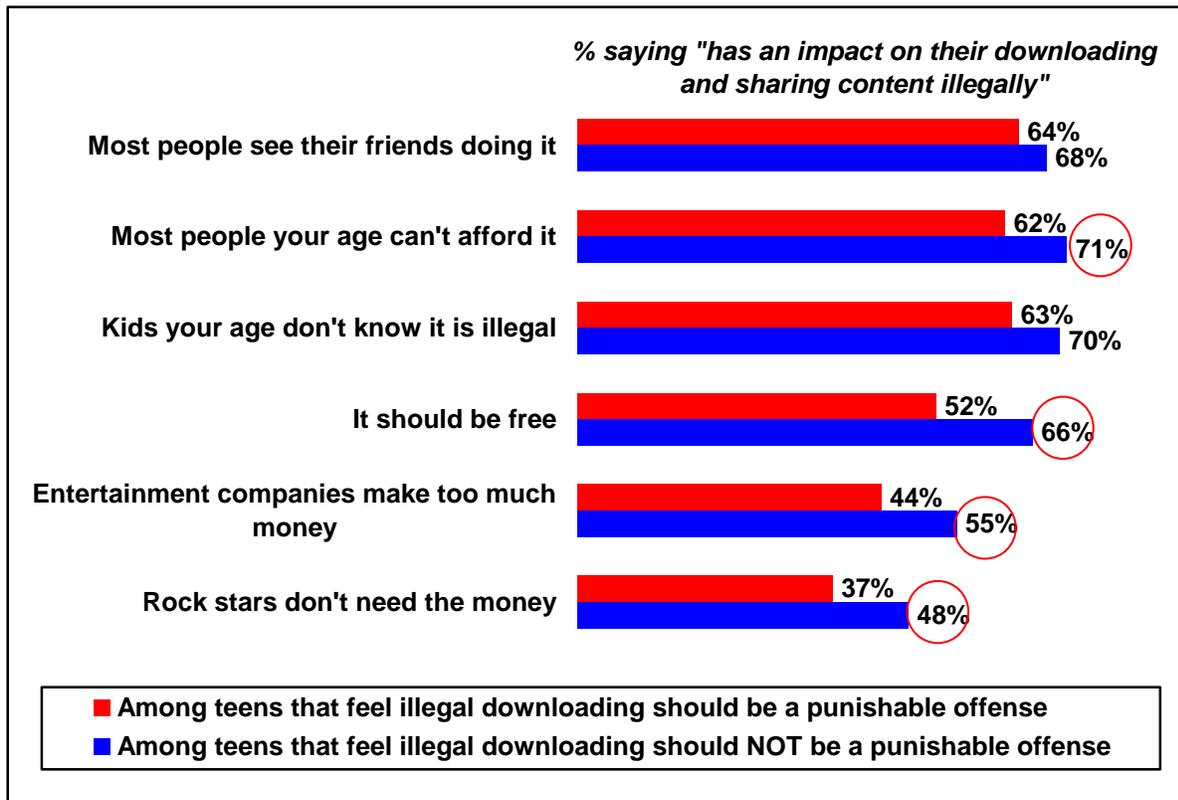
compared to only 20% of seventh and eighth graders (among teens who download or share content online).

- Among teens who download or share content online, boys are more likely than girls to say that they will not continue to download or share content over the Internet without paying for it or gaining the owner's permission (76% vs. 68% respectively).

REASONS TO CONTINUE DOWNLOADING ILLEGALLY

- **Peer pressures and affordability are prominent reasons teens download and share content illegally.**
 - Two-thirds of teenagers say their peers will continue to download and share content illegally for the following reasons:
 - ✓ "Most people see their friends doing it and figure 'why not'" (66% said it had impact)
 - ✓ "Most people your age can't afford to pay for it" (65%)
 - ✓ "Most kids your age do not know it is illegal to download this content without first paying for it or obtaining the owner's permission" (65%)
 - Additional reasons included:
 - ✓ "This type of information should be free to download." (56%)
 - ✓ "The entertainment companies make too much money already." (47%)
 - ✓ "Rock stars don't need the money." (40%)
 - Not surprisingly, teenagers who think illegal downloading is not a punishable offense are more likely to say the reasons presented have an impact on someone who is downloading and sharing content illegally.

Please read the list of reasons that some have used when asked why they continue to download and share content illegally. After you read each one, tell me how much of an impact you believe each one has on a person your age taking part in this activity



REASONS FOR FOLLOWING THE RULES

- **These teenagers believe avoiding problems for their parents and family has the most impact on their peers in terms of stopping themselves from illegal downloading.**
 - “They and their families could face fines and legal action.” (84% said it had an “very” or “somewhat” strong impact,” including more than half, 52%, who said it had a “very” strong impact)
 - “They finally became aware that they are not allowed to download this content unless they’ve either obtained the owner’s permission or paid for it.” (70%)
 - “Their parents could find out.” (68%)
- **Teenagers with a computer in a bedroom were more likely to be impacted by family pressure than those using a computer only in a public/family room.**
 - ✓ More than three in four using computers in a bedroom say the possibility of their parents finding out (78%, vs. 63% among those using a computer in a public room) would have an impact

- ✓ Additionally, nine in ten say the possibility that their families could face fines and legal action (91% vs. 81%) would have an impact.
- The belief that teens would no longer download because it could be their own music or images someday has less of an impact; with only slightly more than half (52%) saying it had a strong impact.

PRICES FOR MUSIC DOWNLOADS

- **A plurality of teens think that 50 cents to \$1 is a fair price to pay to download a song over the Internet.**
 - Four in ten teens (41%) said that a fair price to download a song over the Internet should be between 50 cents and \$1. An additional one in four (26%) said they should cost less than 50 cents.
 - One in five (21%) said the downloads should be free.

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