Piracy Cost Studios $6 Billion in '05, Study Says

By Richard Verrier, Times Staff Writer
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Hollywood's major studios lost $6.1 billion to film theft in 2005, according to a Motion Picture Assn. of America study.

The global survey of piracy, which examined how much revenue the studios lost through bootleg movies and illegal Internet downloads, found that the bulk of theft — about $4.8 billion — occurred internationally, with China, Russia and Mexico the worst offenders.

Of the $6.1 billion, $3.8 billion was...
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lost to bootlegging and illegal copying, while Internet piracy cost the industry $2.3 billion, according to the study.

Among the more notorious examples occurred last year when an illegal copy of "Star Wars: Episode III Revenge of the Sith" appeared on the Internet before its big-screen premiere.

The study by LEK Consulting is the first of its kind commissioned by the MPAA, whose previous surveys of the problem did not encompass Internet piracy.

The trade group has long argued that it is losing billions of dollars annually to piracy, although some analysts question how accurately that can be estimated.

"This study will help us better analyze and focus our efforts to fight movie theft," MPAA Chairman and Chief Executive Dan Glickman said in a statement.

Hollywood studios commissioned the study about two years ago in an effort to better quantify the scope of the film theft in the Internet Age and to give them more ammunition to prod governments at home and abroad to combat the problem.

The results echo the findings of a previous piracy study conducted by Smith Barney in 2003 that predicted the motion picture industry would lose $5.4 billion to piracy in 2005.

The new study also found that the typical copyright thief was a male who was 16 to 24 years old and lived in an urban area. In the U.S., college students caused most of the piracy losses, the survey found.

"As an industry we have to continue to educate people about copyright laws and the consequences of breaking those laws," Glickman said.