

# *File-sharing or attention-sharing?*

**Implications of the hybrid economy**

New Media Theories Paper

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## **Abstract**

This paper explores the economical and cultural implications of file-sharing on the creative industries. Through several case studies and perspectives on file-sharing, beneficial relationships between the file-sharing and the music-, movie- and games industry are revealed. In the so-called hybrid economy, sharing economies run parallel to commercial economies. This paper reveals that a part of the creative industries benefits from the hybrid economy, while another part struggles with it. This paper asserts that file-sharing attracts and generates valuable attention to digital media objects.

## Everyone breathes

This paper explores the economical and cultural implications of file-sharing on the creative industries. While big media conglomerates are still waging war against copyright infringement, copying media has become as common as breathing (Lessig, 2008). Over the last couple of years popular file-sharing websites like The Pirate Bay are increasingly targeted by anti-piracy organizations. This does not seem to have a clear impact on the ongoing practice of downloading and uploading copyrighted material. Legislators are struggling with copyright law, as they intend to protect the financial compensation of cultural production and at the same time have to keep up with the common use of new media technologies. File-sharing, the downloading and uploading of especially music and movies and games through new media technologies, has become a common use of the internet. However, it still generally perceived as a criminal and illegal activity.

File-sharing is a widely debated topic and national governments are currently trying to find a solution to what seems to be a radical economical problem for the creative industries. In my view this radical problem should be nuanced by looking at the possible benefits of the use of peer-to-peer technologies. The common practice of online file-sharing creates both disadvantages and benefits for the creative industries. In the file-sharing debate the possible benefits must not be overlooked. The research question that therefore will be addressed in this paper is: *What do the creative industries gain from file-sharing?*

Throughout this paper, several contemporary file-sharing platforms will serve as case studies to discuss several perspectives on file-sharing: Bittorrent website Mininova.org<sup>1</sup>, file-sharing blog Rlslog.net<sup>2</sup> and movie distribution service VODO.net<sup>3</sup>. Three sectors of the creative industries, that are known to be affected by file-sharing, will be dealt with: the music-, movie- and games industry. By discussing each industry the following question will be answered: what are the economical and cultural implications of file-sharing on the industry?

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<sup>1</sup> Mininova, <<http://www.mininova.org>>, (last accessed on the 15<sup>th</sup> of January 2010)

<sup>2</sup> Rlslog (Releaselog), <<http://rlslog.net>>, (last accessed on the 15<sup>th</sup> of January 2010)

<sup>3</sup> VODO, <<http://www.vodo.net>>, (last accessed on the 15<sup>th</sup> of January 2010)

# 1 The digital paradox

The advancement of digital technology has drastically changed the music industry over the last decade (Knowles, 2005: p7). The digitization of music has led to new forms of production, reproduction, distribution, and consumption (Brinkerink, 2008: p64). These changes in the musical landscape influenced the actions of the major and minor parties in the music industry. The development of digital media technologies and environments has led to the emergence of a digital music culture (Brinkerink, 2008: p11). As a consequence of these digital media developments, the creation and production of music has become much cheaper and easier. Many musicians produce music with simple software on cheap computers (Knowles, 2005: p7). Professional recording studios for producing music are no longer required. This has led to an explosion of music on the Web by both professional musicians and ‘prosumers<sup>4</sup>’ (Toffler, 1984; Knowles, 2005: p7).

Musicians can actively participate in digital media environments to easily share their music (Knowles, 2005: p7). The digital distribution of music is (almost) cost free and occurs through file sharing-, peer-to-peer- and social- networking sites (Knowles, 2005: p7). But often the shared music in these networks has not been uploaded by the original rights owners.

Users collectively participate in the sharing of copyrighted music files through file sharing and peer-to-peer networks on a massive scale. Although this activity is often referred to as ‘illegal’, copyright laws are governed differently on a national level. For example, in the Netherlands it is currently legal to download copyrighted music, whereas in many other countries this is not the case. (Huygen, 2009: p70). Another matter that complicates a totalizing perspective on the illegality of file-sharing is that file-sharing platforms are also used to distribute music which is not restricted by copyright (any more): music by artists or bands that attributed a Creative Commons<sup>5</sup> (CC) license to their work or the music that is part of the public domain. Although countries maintain

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<sup>4</sup> A ‘prosumer’, or ‘prod-user’, is someone whose online activities are located somewhere between those of the professional musician and the consumer (Knowles, 2007: p7).

<sup>5</sup> *Creative Commons* licenses provide a *flexible range of* protections and freedoms attributable to a creative work online. <<http://creativecommons.org>> (last accessed on the 15<sup>th</sup> of January 2010)

laws on downloading music differently, uploading copyrighted material without permission is globally considered as a crime (Huygen, 2009: p55).

The advancement of digital technology has made it possible to endlessly reproduce and distribute music, leading to new opportunities for exploitation, as well as new opportunities for copyright infringement on a massive scale (Huygen, 2009: p20). Moreover, digital piracy and file-sharing has become an economic reality the music recording business has to cope with (Keen, 2007: p107). But how does this affect the music industry economically?

## **1.2 A deceptive crisis?**

In his book *The Cult of the Amateur*, Internet critic Andrew Keen argues that the illegal downloading of music heavily damages the music industry (2007: p107). He boldly claims that that the entire music industry is strangled by the practice of illegal downloading (Keen, 2007: p107). Keen notes that because of file-sharing, the sales of recorded music dropped over 20 percent between 2000 and 2006 (Keen, 2007: p108). He does, however, not mention that the Wired article, which he used as a reference, also nuances this downward trend with other important industrial developments:

“But don't be fooled: The market for music is thriving. With the rise of peer-to-peer networks, the iPod, and other digital technologies – plus a 100 percent jump in concert ticket sales since 1999 – the world is awash in music. The industry now has more sources of revenue – ringtones, concert tickets, license agreements with TV shows and videogames – than ever before<sup>6</sup>”.

According to Jeff Howe, editor of Wired magazine, it would be misleading to only recognize the decline in music sales, which only applied to the major labels, (Howe, 2006). Clearly, Keen de-contextualized the dropping of sales from other industrial changes that create potential benefits for the music industry. The article actually is about

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<sup>6</sup> Jeff Howe, No Suit Required, Wired 14.09 September 2006 2009, <[http://www.wired.com/wired/archive/14.09/nettwerk.html?pg=1&topic=nettwerk&topic\\_set=>](http://www.wired.com/wired/archive/14.09/nettwerk.html?pg=1&topic=nettwerk&topic_set=>), (last accessed on the 15<sup>th</sup> of January 2010)

the major label Netwerkk<sup>7</sup> ran by Terry McBride, who open-mindedly experiments with ways to make revenue and does not consider peer-to-peer networks harmful for his artists (Howe, 2006). Besides, when making such a claim about the impact of the Web on the entire music industry, independent artists should be taken into account too.

According to musician and new media scholar Chris Castiglione the *recording industry crisis* is often mistakenly claimed to be a *music industry crisis* (Castiglione, 2009: p36). Keen, for example, mentions the disappearing of physical music stores, decline in physical sales and its revenue; arguments that apply to the crisis of the recording industry and not to the entire music industry (Keen, 2007: p207). In Castiglione's view the crisis in the music industry, declining profits blamed on piracy, does not necessarily have to result in a crisis for musicians (Castiglione, 2009).

In his MA thesis 'Copy What Can't Be Sold and Sell What Can't Be Easily Copied' Castiglione argues that the era of free online content has led to a reorganization of power within the music industries (Castiglione, 2009: p63). Artists have gained more control, autonomy and choice through the developments in digital media (Castiglione, 2009: p63). Moreover, artists have found new ways to digitally connect to fans and make money, while their music is being downloaded from the Internet for free (Castiglione, 2009: p63).

Independent artists can participate in the *open music culture*<sup>8</sup>, where the digital exchange of their music is not contested, but instead is considered as practice which can help them increase their worldwide audience, through the use of a Creative Commons license (Brinkerink, 2007: p35). The Dutch record label Beep! Beep! Up the Truck! is driven by this philosophy, and currently has a partnership with the Dutch Bittorrent website Mininova.org.

### **1.3 Case study: Mininova**

Mininova.org distributes the entire Beep! Beep! Up the Truck! catalog online at no cost.

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<sup>7</sup> Jeff Howe, No Suit Required, Wired 14.09 September 2006

2009, <[http://www.wired.com/wired/archive/14.09/netwerk.html?pg=1&topic=netwerk&topic\\_set=>](http://www.wired.com/wired/archive/14.09/netwerk.html?pg=1&topic=netwerk&topic_set=>) (last accessed on the 15<sup>th</sup> of January 2010)

<sup>8</sup>What is open music? <<http://magnatune.com/info/openmusic>> (last accessed on the 15<sup>th</sup> of January 2010)

Everyone is allowed to download full album torrents under a CC license. According to the co-founder Nicolai Adolfs the concept of free music work for them, because they attract global attention for their bands (Castiglione, 2009). In this light the file-sharing network Mininova.org has a clear promotional function for Dutch Indie bands, as the ability to download free music results in a huge amount of downloads, visitors of live shows and the selling of physical copies (Castiglione, 2009).

Mininova.org currently only offers downloads which are (globally) legal. In 2009 it had lost its civil dispute with the Dutch anti-piracy association BREIN and had to take down all of the copyrighted content<sup>9</sup>. In 2007 Mininova.org earned over a million dollar<sup>10</sup>, which obviously is a lot.

Before, Mininova.org was a great torrent site with high traffic stats, and 1.3 million torrents, whereas now the traffic has dropped drastically, with just 10.000 torrents left<sup>11</sup>. In August 2009, Mininova.org announced to take action, and started to remove infringing torrents; excluding them in the near future<sup>12</sup>. From this point it would only distribute legal content through its content distribution service<sup>13</sup>. As a consequence the Mininova.org experienced a major traffic drop<sup>14</sup>. Less traffic definitely generates less money for Mininova.org, but does it also generate more money for artists?

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<sup>9</sup> Reijerman, 'Stichting Brein wint bodemprocedure van Mininova', 26-8-2009, Tweakers.net  
<<http://tweakers.net/nieuws/62067/stichting-brein-wint-bodemprocedure-van-mininova.html>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>10</sup> Anderson, 'Torrent search engine Mininova earning €1 million a year', 11-3-2009, Arstechnica,  
<<http://arstechnica.com/tech-policy/news/2009/03/torrent-search-engine-mininova-earning-1-million-a-year.ars>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>11</sup> Van Nieuwerburgh, 'Brein zet strijd door tegen Pirate Bay', 8-01-2010, Zdnet,  
<<http://www.zdnet.be/news/111598/brein-zet-strijd-tegen-pirate-bay-door/>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>12</sup> Ernesto, 'Mininova Ordered to Remove All Infringing' Torrents', 26-8-2009, <<http://torrentfreak.com/mininova-ordered-to-remove-all-infringing-torrents-090826/>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>13</sup> Mininova Content Distribution < <http://www.mininova.org/apply>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>14</sup> Ernesto, 'Mininova Ordered to Remove All Infringing' Torrents', 26-8-2009, <<http://torrentfreak.com/mininova-ordered-to-remove-all-infringing-torrents-090826/>>(last accessed on the 15<sup>th</sup> of January 2010)

## 1.4 Pirates in the hybrid economy

As file-sharing is an ongoing activity, so is it the fining of copyright infringers. The Recording Industry Association of America (RIAA), which represents the recording industry distributors of the United States, is very well known for collecting millions of dollars from file sharers. Most major artists comply with their activities, but in 2008 there were a lot of prominent artists' managers who claimed they did not receive any compensation for piracy<sup>15</sup>. This implies that the RIAA has the ability to keep settlement money, which does not fall into the hands of the individuals whose rights were violated. To quote Castiglione: "The war on piracy does not get any musician paid" (Castiglione, 2009: p35).

The Dutch TNO Study 'Ups or Downs' by Annelies Huygen in 2009 empirically shows that filesharing, copyrighted or not, can have a positive effect on the music industry: file-sharers are more willing, than non file-sharers to pay for concerts and related merchandise (Huygen, 2009: p4). Huygen's study also underlines the ambiguous relationship between downloads and purchases, which makes it difficult to determine the impact of a download on the purchase of content; one download does not equal one less track less sold (Huygen, 2009: p3). The report does, however, show that the file-sharing is an important motive for sampling; people download it, listen to it and buy it afterwards (Huygen, 2009: p88). Another study<sup>16</sup> by the BI Norwegian School of Management corresponds with this motive: out of almost 2,000 file-shares, those who downloaded tracks illegally were also ten times more likely to purchase tracks, than non-file-sharers (Michaels, 2009).

Both file-sharing studies depict the online music industry with file-shares as potential consumers and provide evidence to do so. They show that the Web makes it possible for the sharing economy and commercial economy to interact. In *Remix* lawyer and Internet scholar Lawrence Lessig terms the 'hybrid economy' as the result of this

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<sup>15</sup> Enigmax, 'RIAA Keeps Settlement Money, Artists May Sue' 28-02-2008, Torrentfreak, <<http://torrentfreak.com/riaa-keeps-settlement-money-080228/>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>16</sup>BI, Norweger School of Management, 2009 <<http://www.bi.no/BI-Startpage2/Facts-about-BI-20/News/News-2009/Downloading-music-and-CD-purchases/>>(last accessed on the 15<sup>th</sup> of January 2010)

interaction (Lessig, 2008: p25). He calls for the recognition that parallel economies are possible and profitable. Artists with commercial interest may also voluntarily take part in this parallel economy (Lessig, 2008: p226). For example, The artists on the Beep! Beep! Up the Truck! who share their music on Mininova.org and still make money from other activities or products. Although not every music artist likes to be a part of the hybrid economy, some make good use of it; by giving away their album for free some bands even became successful (Castiglione, 2009: p37).

### **1.5 Face the music**

Music artists can acknowledge the existence of the hybrid economy. They can use file-sharing networks to create new relationships with potential fans. The two previously mentioned studies have shown that with free sampling, file-sharers can turn into music buyers. Hence, file-shares can be seen as individuals who have the ability to financially support the artists they like.

File-sharing websites cannot be generalized to distributors of infringing content. Bittorrent website Mininova.org is now one of the 'legal' file-sharing platforms, which is purposed by independent (CC) artists who aim to reach a larger potential audience. Their music is transferred at no cost, and generates new potential sources of income<sup>17</sup>.

Commercial record labels might claim that they experience a decline in profit, because of digital piracy. Although major labels can remain profitable<sup>18</sup>, they will not bother to continue the war on piracy. Declining profits, however, should be contrasted with the benefits the label and artists experience of the hybrid economy. For example, new media scholar Mirko Tobias Schäfer, author of *Bastard Culture! User Participation and the extension of cultural industries*, argues that for copyright owners, file-sharing systems are a way to cut cost on traffic expenses too (Schäfer, 2008: p207). Schäfer claims that copyright owners even take advantage of the amount of users who participate into sharing and spreading their files (Schäfer, 2008: p207). Artist with commercial interests can indeed be aware that their copyrighted music is spread through file-sharing

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<sup>17</sup> Mininova Content Distribution < <http://www.mininova.org/apply>>(last accessed on the 15<sup>th</sup> of January 2010)

<sup>18</sup> Grace, 'Warner Music Posts an Unexpected Profit' 06-02-2009, The Wall Street Journal <<http://online.wsj.com/article/SB123383469663751907.html>>(last accessed on the 15<sup>th</sup> of January 2010)

networks, without doing something about it. Schäfer's radical view implies that file-sharers generate value for the music industry, which corresponds with Lessig's notion of the hybrid economy.

In the hybrid music economy, the exchange of free music generates value by revealing it (Lessig, 2008: p228). This value might increase indirectly due to the actions taken by a sampling file-sharer, e.g. buying the limited physical edition copy or going to a live show (Huygen, 2009: p4). The value of music, however, might also increase within the file-sharing networks itself, through user participation: exchange of opinions on music, recommendations to each other, and directly linking to the music (Schäfer, 2008: p247).

From a cultural perspective, files-sharing networks like Mininova.org are purposely used to benefit artists who participate in the open music culture (Brinkerink, 2007: p35). File-sharing networks augment the music industry; as they have developed as a source for music that is unavailable through legal distribution channels (Schäfer, 2008: p247). Moreover, file-sharing networks have become an integral part of the digital music culture. Do file-sharing networks have a similar relationship to the movie industry?

## 2 Picture this

It is often remarked that the movie industry experiences financial trouble because of file-sharing. In *The Cult of the Amateur*, Andrew Keen argues that free movie downloads are the cause of the decline in box-office revenue and DVD sales (Keen, 2007: p118). In his view, because of piracy, the movie industry can become an unprofitable industry (Keen, 2007: p118). However, despite the concerns about the impact of digital movie piracy, the movie business still has pulled revenue the last couple of years<sup>19</sup>. In 2009 the US and Canadian box office earnings even surpassed \$10 billion dollar, as the results of leading Hollywood studios that created more films, and generated more revenue than ever before<sup>20</sup>. With these earnings the movie business broke its revenue record<sup>21</sup>, instead of going bankrupt. This new financial record gives reason to argue that Hollywood does not succumb to movie piracy. The global recession during the same year, and the possible increase of unauthorized distributed movies did not ruin the success of the movie industry; as it turned out to be the most profitable year for the movie business. File-sharing is, however, still considered to be a practice the movie industry heavily struggles with.

This struggle could be regarded as the result of the improving quality of digital media, which has changed consumer needs that were not properly adapted in new business models (Schäfer, 2008: p252). Schäfer argues that file-sharing has probably been encouraged by the absence of legal and affordable download possibilities (Schäfer, 2008: p252). But not everyone in the movie industry struggles with file-sharing. Like many independent artists in the music industry, independent filmmakers may argue that

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<sup>19</sup> Anderson, 'Movie biz obsesses about pirates even as it plunders box office booty', 1-11-2007, Arstechnica, <<http://arstechnica.com/old/content/2007/09/movie-biz-obsesses-about-pirates-even-as-it-plunders-the-box-office.ars>> (Last accessed, 15<sup>th</sup> of January 2010)

<sup>20</sup> Ernesto, 'Damned Pirates: Hollywood Sets \$10 Billion Box Office Record' 26-8-2009, Torrentfreak <<http://torrentfreak.com/damned-pirates-hollywood-sets-10-billion-box-office-record-091211/>> (Last accessed, 15<sup>th</sup> of January 2010)

<sup>21</sup> Ernesto, 'Damned Pirates: Hollywood Sets \$10 Billion Box Office Record' 26-8-2009, Torrentfreak <<http://torrentfreak.com/damned-pirates-hollywood-sets-10-billion-box-office-record-091211/>> (Last accessed, 15<sup>th</sup> of January 2010)

file-sharing benefits them promotionally<sup>22</sup>.

## 2.1 Case-study: Rlslog

The blog Rlslog.net<sup>23</sup> provides fresh information to the file-sharers about new releases that are uploaded in file-sharing networks. New movies, games, music and software releases are posted every day, with a description and link to an external download. Rlslog.net can be considered as a popular file-sharing website; in 2007 the site reached 100.000 unique visitors in one day<sup>24</sup>. Moreover, Rlslog.net is an example of a file-sharing website where independent movies are equally treated as major commercial movies that find their way onto the Web. In the description of a release Rlslog.net sometimes reviews of the content as well.

After the independent movie “Jerome Bixby’s The Man From Earth” got reviewed<sup>25</sup> on Rlslog.net it became insanely popular due to its distribution. The movie went from the 11,253<sup>th</sup> most popular movie on IMDB to being the 5<sup>th</sup> most popular movie and became the #1 independent film and #1 science fiction film on IMDB. Rlslog.net also got 23000 hits shortly after the movie had been posted online<sup>26</sup>.

Independent filmmaker Eric D. Wilkinson sent Rlslog.net an email. to show his gratitude, which was posted on Rlslog.net<sup>27</sup>. The movie had been received overwhelmingly positively by many viewers, while the filmmakers didn’t have to proper budget to advertise their movie.

This example shows that independent filmmakers can benefit from the attention they receive from file-sharing websites. The file-sharing blog Rlslog.net indiscriminately

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<sup>22</sup> Smaran & Ernesto, BitTorrent, A Boon To Independent Filmmakers, 15-12-2007, <<http://torrentfreak.com/bittorrent-a-boon-to-independent-filmmakers-071215/>>(Last accessed, 15<sup>th</sup> of January 2010)

<sup>23</sup> Rlslog (Releaselog) <<http://rlslog.net>>(Last accessed, 15<sup>th</sup> of January 2010)

<sup>24</sup> Rlslog (Releaselog) ‘We did it’, 25-9-2007, <<http://www.rlslog.net/we-did-it-100000-uniques-a-day/>>(Last accessed, 15<sup>th</sup> of January 2010)

<sup>25</sup> Rlslog (Releaselog) ‘the man from earth’, 6-11, 2007, <<http://www.rlslog.net/the-man-from-earth-2007-proper-dvdrip-xvid-domino/>>(Last accessed, 15<sup>th</sup> of January 2010)

<sup>26</sup>Rlslog (Releaselog) ‘piracy isn’t that bad and they know it’, 14-11-2007, <<http://www.rlslog.net/piracy-isnt-that-bad-and-they-know-it/>>(Last accessed, 15<sup>th</sup> of January 2010)

<sup>27</sup>Rlslog (Releaselog) ‘piracy isn’t that bad and they know it’, 14-11-2007, <<http://www.rlslog.net/piracy-isnt-that-bad-and-they-know-it/>>(Last accessed, 15<sup>th</sup> of January 2010)

generates attention for movie releases. In the light of the hybrid economy this could be considered to be beneficial to the movie industry as a whole. By sharing information about movies, they gain attention, which can lead to actions. For example, buying a DVD or watching the movie in a theater.

*“Attention is focused mental engagement on a particular item of information. Items come into our awareness, we attend to a particular item, and then we decide whether to act”*

*(Davenport & Beck, 2001: p20)*

The TNO Study ‘Ups or Downs’ surveyed a group of Dutch file-sharers and non-file-sharers to gain insight about their spending behavior (Huygen, 2009). Their survey suggests that DVD sales probably benefit from file-sharing as (by average) the file-sharers bought more DVD’s during the research period than non-file-sharers (Huygen, 2009: p73). Also the file-sharers visited cinemas as often as non-file-sharers (Huygen, 2009: p73). These assumptions imply that file-sharers are not by definition individuals who are of less monetary value to the movie industry.

While the selling of DVD’s and visiting of cinemas are still important for the movie industry to remain profitable, digital copies of movies generate a lot of attention for the movie industry.

In ‘Better than free’, Wired editor Kevin Kelly makes a statement worthy of notice: ‘The money in this networked economy does not follow the path of the copies. Rather it follows the path of attention, and attention has its own circuits’ (2008). Kelly argues that the digital distribution and the abundance of copies on the Internet, has led to the increased importance of several intangible values (Kelly, 2008). He notes eight uncopyable ‘generatives’ that can generate<sup>28</sup> an attributed value to free digital objects. By describing the generative ‘Patronage’, Kelly shows that he believes that audiences are willing to pay creators, as a token of their appreciation as long as it is easy to do so (Kelly, 2008). Would this generative also be applicable to the movie industry?

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<sup>28</sup>Immediacy, Personalization, Interpretation, Authenticity, Accessibility, Embodiment Patronage and Findability. Described in ‘Better than Free’ Kelly, 2008 <[http://www.edge.org/3rd\\_culture/kelly08/kelly08\\_index.html](http://www.edge.org/3rd_culture/kelly08/kelly08_index.html)>(Last accessed, 15<sup>th</sup> of January 2010)

## 2.2 Case study: VODO

The movie platform VODO.net<sup>29</sup> (which stands for ‘voluntary donations’) distributes independent movies online, under CC license through numerous Bittorrent networks. The creators do not only recognize the advantage of millions of potential views but also make it possible for downloaders to make donations. They have partnerships with many file-sharing networks to function as ‘distribution coalition’ and allow creators to easily make their work available in these networks<sup>30</sup>.

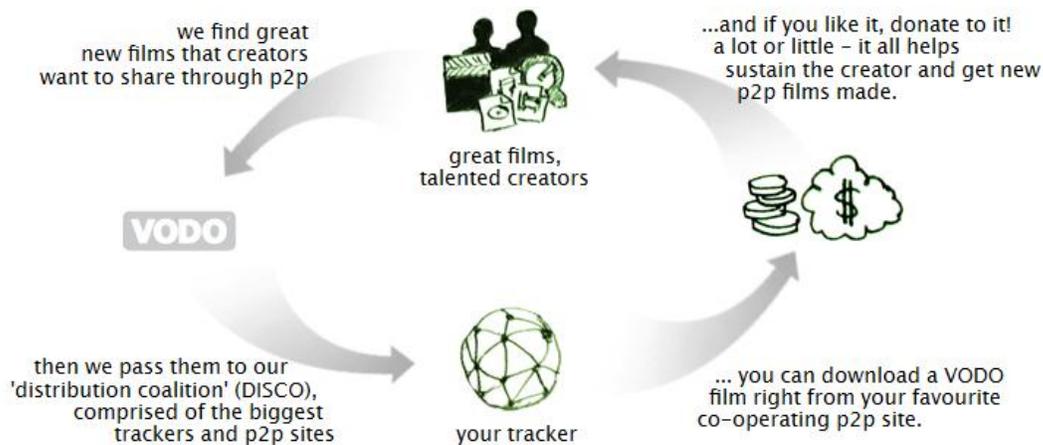


Figure 1. How VODO works for everyone<sup>31</sup>

The existence of VODO proves that independent filmmakers can use a distribution service and make money out of it though donations. This ease of uploading a movie to VODO, which automatically places torrents onto peer-to-peer sites, combined with the ease of making donations could be considered as an effective network that both benefits movie downloaders and filmmakers. From Kelly’s perspective this could be considered as a file-sharing network which is driven by a combination of immediacy and patronage; immediate distribution and immediate (possible) donation.

Independent filmmakers experience promotional and financial benefits from this attention thriving distribution service. It is a platform where user participation is also of

<sup>29</sup>VODO <<http://vodo.net>> (Last accessed, 15<sup>th</sup> of January 2010)

<sup>30</sup>VODO <<http://vodo.net>> (Last accessed, 15<sup>th</sup> of January 2010)

<sup>31</sup>VODO: /for everyone <<http://vodo.net/for-everyone>> (Last accessed, 15<sup>th</sup> of January 2010)

important value to the distributed information. When users choose to support VODO monthly they can also experience more benefits<sup>32</sup> than regular users (e.g. suggesting new creators to work with, or helping to decide which work is promoted on the front page).

Although the exact implications from file-sharing to the major movie studios are hard to reveal, one can argue that attention affects the entire movie industry positively. The war on movie piracy continues, while the major movie studios have experienced a record profit. The TNO study shows that movie file-sharers cannot be considered as individuals who do not spend money on movies. While the major movie industry has experienced difficulties to innovate, file-sharing networks have continued to do so. As a result file-sharing platforms like Rlslog.net and VODO.net both benefit independent filmmakers and movie file-sharers. Moreover, these examples imply that indie movie culture has converged with the sharing economy. Independent filmmakers are consciously experiencing what the hybrid economy is like, whereas major movie studios will most likely never will.

Another industry that has to cope with file-sharing is the game industry. Does file-sharing benefit this industry too?

### **3 Don't hate the game, hate the player?**

The games industry has evolved over the past decades. Games development, users, platforms and distribution have formed a multi-layered arrangement that have experience many shifts (Flew, 2008: p131). The gaming's industry profitability is tied to the selling of software, whereas the gaming experience requires hardware, often sold at minimum costs (Flew, 2008: p131). The last decade has been dominated by the growth of online games. Online gaming experiences have been capitalized by Microsoft Xbox Live and Sony Playstation 3 (Flew, 2008: p131). Another major recent development is the incorporation of motion sensors in Nintendo Wii controllers (Flew, 2008: p131).

The gaming industry is continuously rapidly growing<sup>33</sup>. In 2007 the growth of the gaming industry outpaced the growth of the music and movie industry by far<sup>34</sup>. Like the

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<sup>32</sup>VODO: supporters, <<http://vodo.net/supporters>>(Last accessed, 15<sup>th</sup> of January 2010)

movie and music industry, the games industry is a creative industry that is affected by file-sharing on a massive scale.

In 2008 PC many game developers blamed the diminishing PC sales from games to piracy<sup>35</sup>. The games had relatively been sold more to console owners, which is not so strange in the context of the decreasing PC market share that had been taken over by the thriving console market<sup>36</sup>. The claim of diminishing sales because of piracy should however be contrasted with another recent example. In 2009 the videogame Modern Warfare 2 was the most pirated game, while it was also the most sold game on every platform<sup>37</sup>. This recent discrepancy between the downloaded and the sold problematizes the acknowledgement of a direct negative correlation between file-sharing and the games industry.

In the previously mentioned TNO study, the Dutch file-sharers and non file-shares were also surveyed for the spending behavior on games (Huygen, 2009: p73). The survey showed that the average game sharer bought more games than the non game sharer (Huygen, 2009: p73. Although the study indicates a positive correlation between file-sharing and buying, it cannot reflect the entire global practice of file-sharing and its effect on the global industry. Then again, what study does? Is there are perhaps another connection between file-sharing and the game industry?

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<sup>33</sup>Anderson, 'Video gaming to be twice as big as music by 2011' 30-08-2009, Arstechnica <<http://arstechnica.com/gaming/news/2007/08/gaming-to-surge-50-percent-in-four-years-possibly.ars>>,(Last accessed, 15<sup>th</sup> of January 2010)

<sup>34</sup>Bengeman, 'Growth of gaming in 2007 far outpaces movies, music' 24-01-2007, <<http://arstechnica.com/gaming/news/2008/01/growth-of-gaming-in-2007-far-outpaces-movies-music.ars>>,(Last accessed, 15<sup>th</sup> of January 2010)

<sup>35</sup>P2pon, 'PC Games Industry Blames File-Sharing Networks for Low Sales' 02-02-2008, <<http://www.p2pon.com/2008/02/02/pc-games-industry-blames-file-sharing-networks-for-low-sales/>>,(Last accessed, 15<sup>th</sup> of January 2010)

<sup>36</sup> P2pon, 'PC Games Industry Blames File-Sharing Networks for Low Sales' 02-02-2008, <<http://www.p2pon.com/2008/02/02/pc-games-industry-blames-file-sharing-networks-for-low-sales/>>,(Last accessed, 15<sup>th</sup> of January 2010)

<sup>37</sup>Parfitt, 'Mw2 most pirated game of '09', 04-01-2010, <<http://www.mcvuk.com/news/36988/MW2-most-pirated-game-of-09>>(Last accessed, 15<sup>th</sup> of January 2010)

### 3.1 Preserving gaming culture

The website Coolrom.com<sup>38</sup> is one of the many file-sharing websites which hosts *roms*: classic reformatted computer games, which are hardly reformatted to new gaming consoles. Roms are playable on ‘emulators’: software that emulates the original machine on which the game was played (Schäfer, 2008: p252). Schäfer argues that website with rom collections find themselves in a grey area between fandom and copy infringement (Schäfer, 2008: p212). Furthermore, the practice of collecting and indexing roms can be conceived as a valuable labor to maintain cultural heritage (Schäfer, 2008: p212). The practice of uploading roms can be conceived as archiving digital artifacts. These digital artifacts may also serve a cultural analytical purpose. By collecting and visualizing large data sets, media scholar Lev Manovich explores trends and changes in *metadata* over time and places them into larger societal or cultural context (Manovich, 2007: p1). From this view roms shared in file-sharing websites or networks may contribute to the analysis of gaming culture at large. But can the games industry benefit from such a practice?

In *Free Culture*, Lawrence Lessig recognizes that commercial movie producers have often ‘borrowed’ creativity from other cultural objects and *remixing* them to something new (Lessig, 2008: p22). For example, Disney revalued the creativity of Grimm by using his story to make cartoons (Lessig, 2008: p22). This appropriation, migration and reuse of text or images has also been termed *intertextuality* by the French theorist Julia Kristeva (Chandler, 2003). Seen in this light, the game industry could reuse roms to for creative purposes and adapt textual elements in new commercial games. Thus, one could argue that the file-sharing of rom collections indirectly augments the game industry, by making it possible to bring new life to age-old games.

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<sup>38</sup>Coolrom, <<http://www.coolrom.com>>(Last accessed, 15<sup>th</sup> of January 2010)

## Conclusion

File-sharing has become a common way to distribute creative content online. Peer-to-peer technologies and file-sharing networks are used to spread copyrighted works on a massive scale. The music-, movies- and games industry are all affected by this practice.

File-sharing networks have become an integral part of the digital music culture. While file-sharers are often merely regarded as thieves, the discussed studies in this paper show that file-sharers can be considered as potential consumers to artists with commercial interests.

The practice of downloading free music does not keep file-sharers from spending money on music. By acknowledging the existence of the hybrid economy, artists can experience promotional and financial benefits from the exchange of their free music. As their music is shared, the value of their music is likely to increase due to attention it gets. This attention generated may be generated in many different ways, varying from user recommendations on file-sharing websites to bands that use Twitter to connect to their fans. Furthermore, many independent artists are currently purposely using file-sharing networks to gain (global) attention. The same goes for many independent filmmakers.

The file-sharing distribution service VODO.net innovatively benefits independent filmmakers and movie file-sharers. The service namely gives file-sharers an immediate chance to easily make donations to support the creator. Such strategy seems sustainable in the hybrid economy; bringing sharing and spending strategically together.

Rlslog.net equally generates attention for commercial and independent movie releases. This could arguably be considered to be beneficial to the movie industry as a whole. The major Hollywood studios will, however, never acknowledge this. Their war on movie piracy should, however, be contrasted with the profit record the major movie business booked in 2009.

The Dutch TNO study also showed that by average, both movie and game file-sharers are likely to spend more money on these products than those who do not share. This complicates the claim that file-sharers are a direct cause to lost sales.

The most pirated game turned out to be the best sold game in 2009. Yet another fact that complicates the ability to make claims about the negative correlations between downloading and buying. While game piracy persists, the games industry continues to

grow rapidly and dynamically. This results in a mystified economical relationship. From a cultural perspective, however, the games industry could arguably benefit from the file-sharing of roms, as they might provide as preserved cultural source that the industry can build upon.

The practice of file-sharing attracts and generates attention to digital objects in online environments on a massive scale. This attention should not be ignored by the creative industries. Individuals and companies with commercial interests are challenged to adapt to hybrid economy, where sharing and spending run parallel. At the same time independent artists and movie makers thrive upon it. Are the creative industries really suffering from piracy? A question that remains difficult to answer. Attention does not, however, evidently hurt industries. It rather feeds them.

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