

# Executive Summary: Digital Rights Management Survey

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To get a better feel for consumer feelings for Digital Rights Management (DRM), In-Stat conducted a US-based consumer survey about the topic in April 2007. The survey was conducted on-line, and 1,341 members of In-Stat's Technology Adoption panel participated.

This Executive Summary provides the results from some of the more interesting and relevant survey questions.

## Key Findings of the Survey

Key findings of our DRM survey include:

- A significant percentage of consumers, over 46% in this survey, are still not familiar with the term "Digital Rights Management."
- Forty-five percent of the respondents stated that they had either purchased or used some type of media product with integrated DRM or content protection technology. Thirty-seven percent said that they had not purchased or used a media product with integrated DRM or content protection technology, while the remaining 18% were not sure.
- As might be expected, music files were the most common type of DRM-enabled media that the panelists had purchased. Of those panelists who had purchased a product with DRM, 63% stated that the product was music.
- The survey asked the respondents if they believed a "DRM-free" business model would increase the number of digital music file downloads. While 35% of the respondents were not sure, another 40% said yes. The remaining 25% disagreed and said a "DRM-free" model would not result in increased digital music file downloads.

## Are You Familiar with the Term "Digital Rights Management?"

The first question we asked the panel was if they were familiar with the term "Digital Rights Management." Somewhat surprisingly, over 46% of the respondents stated they were unfamiliar with the term. This was an unexpectedly high percentage for a panel with such a large number of technology "early adopters."

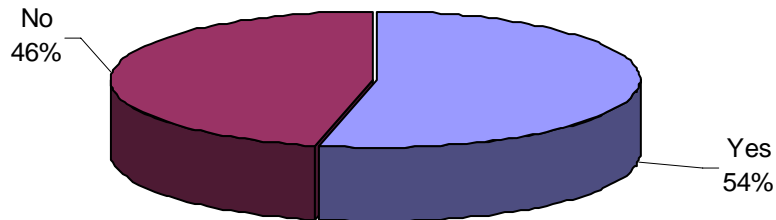
**Table 1. Are You Familiar with the Term "Digital Rights Management?"**

Familiar w/ the term "DRM"	% of Respondents	# of Respondents
Yes	53.6%	719
No	46.4%	622
<b>Total Respondents</b>	<b>100%</b>	<b>1,341</b>

Source: In-Stat, 4/07

Still, the majority of the survey respondents, just over 53%, stated that they were familiar with the term.

**Figure 1. Are You Familiar with the Term "Digital Rights Management?"**



Source: In-Stat, 4/07

## What Is Your Opinion of DRM and DRM Technologies?

We then asked the panel for their opinion about DRM and DRM technologies. Interestingly, the pattern of the responses formed an almost perfect bell curve. The largest group of respondents noted that they were neutral on the topic of DRM and DRM technologies. Roughly 20% of the respondents each fell into the "somewhat positive" and "somewhat negative" categories, while the rest were "very positive" (8.5%) or "very negative" (14.4%).

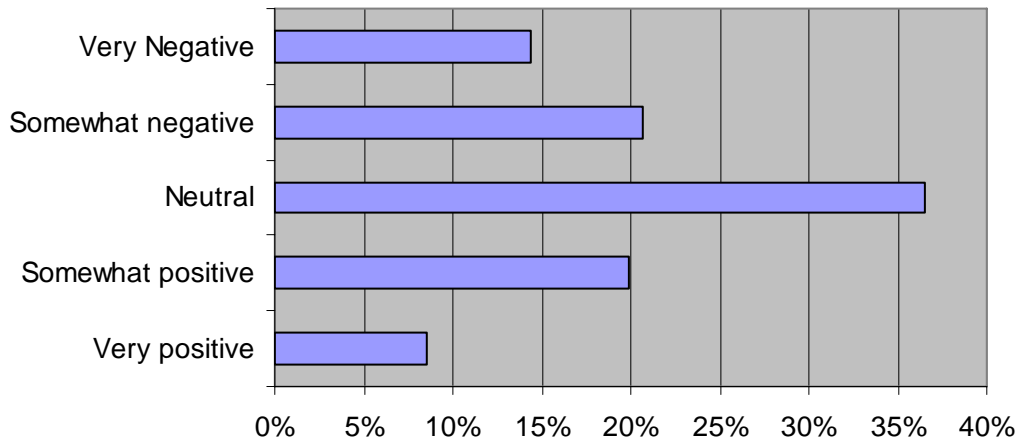
**Table 2. What Is Your Opinion of DRM And DRM Technologies?**

Opinion of DRM / Technologies	% of Respondents	# of Respondents
Very positive	8.5%	114
Somewhat positive	19.9%	267
Neutral	36.5%	489
Somewhat negative	20.7%	278
Very Negative	14.4%	193
<b>Total Respondents</b>	<b>100%</b>	<b>1,341</b>

Source: In-Stat, 4/07

This question seems to highlight that the respondents are almost evenly split in their opinions regarding DRM. While the "very negative" category is slightly larger than the "very positive" category, overall the panel tilts toward the "neutral" center.

**Figure 2. What Is Your Opinion of DRM And DRM Technologies?**



Source: In-Stat, 4/07

## Has / Would the Presence of DRM Technology in a Video or Music Product Ever Stopped You From Purchasing that Product?

The next question queried the panel about whether the presence of DRM technology in a video or music product had ever stopped them from purchasing the product. Interestingly, over one-third of the respondents said that it had.

**Table 3. Has / Would the Presence of DRM Technology in a Video or Music Product Ever Stopped You From Purchasing that Product?**

Has / Would DRM Ever Stop You From Purchasing a Product?	% of Respondents	# of Respondents
Yes	34.3%	460
No	41.0%	550
Not sure	24.7%	331
<b>Total Respondents</b>	<b>100%</b>	<b>1,341</b>

Source: In-Stat, 4/07

It is also important to note that almost 25% of the survey respondents were "not sure" if the presence of DRM would impact their purchasing decision.

Like the previous question, this question seems to indicate a relatively equal split among the panelists about how DRM is viewed and whether it would, or would not, impact their purchases of music or video products.

## Would You Be Willing to Pay 30% More For a Song Without DRM Restrictions/Protection?

The final question was based on the recent Apple / EMI initiative that resulting in sales of "DRM-free" songs on Apple's iTunes online store. The DRM-free songs cost \$1.29, or 30% more than the traditional 99 cent songs that come with Apple's FairPlay DRM.

While 29% of the survey respondents said they would not pay 30% more for a DRM-free song, another 19% said they would. More importantly, over 44% said maybe, but it would depend on other factors. These other factors would most likely be driven by the quality or desirability of the song.

**Table 4. Would You Be Willing to Pay 30% More For a Song Without DRM Restrictions/Protection?**

Would You Be Willing to Pay 30% More for Music w/o DRM Protections or Restrictions?	% of Respondents	# of Respondents
Yes	18.7%	251
No	29.2%	392
Maybe; it depends on other factors	44.1%	592
Not sure	7.9%	106
<b>Total Respondents</b>	<b>100%</b>	<b>1,341</b>

Source: In-Stat, 4/07

The results from this question indicate that a large percentage of consumers would support paying a higher price for a DRM-free song.