

Good Money Gone Bad

The profitability of ad supported content theft—when crime does pay online.

Digital-thieves profit by stealing other people's content and promoting it as their own. They use advertising from well-known brands to try to make their activities seem legitimate. And to increase their profit margins.

Online content theft is a big problem. All you have to do is follow the profit to see why. Criminals are making hundreds of millions of dollars each year at the expense of advertisers, creators, and consumers.

We don't like to think that crime pays, but unfortunately this research shows that it can.

The Digital Citizens Alliance research reveals ad supported content theft sites are making at least a quarter of a billion dollars a year. And this doesn't even account for subscription revenues where they make many millions more with well-known, legitimate organizations seeing their brands placed on rogue sites and criminals coming away with millions.

In our sample size of about 600 websites, they're making about a quarter of a billion dollars a year. And all you have to do is look at the margins they're making. They're making margins from between 80 and 94 percent. And the only way you make a margin of 94 percent is when you're stealing someone else's things because you can't make that margin if you have to create your own.

Some of these sites can make as much as four million dollars in a year. Even small operators can make hundreds of thousands of dollars. This is a very large problem.

Digital content theft is not a victimless crime.

It's damaging brands because we're seeing ads associated with illegal activities and that's not something any brand wants.

Advertisers, when they go online, want to be associated with credible brands. And unfortunately, they're now, their ads are showing up on rogue websites that are promoting illegal activities, stolen content. And when they get associated with stolen content, that damages their brand.

We now live in a world where there are millions of citizen creators. There's people who sell designs on Etsy. There's people who put pictures and other things, their expressions, on Facebook. We have YouTube millionaires who make money by creating videos and essentially having advertising around them on YouTube. We have people who put pictures of their children on-line. We have great expressions and frankly, business have been created through citizen creators. And we risk all of that when we allow content thieves to steal their work.

Content theft harms consumers in two important ways:

One: it makes them complicit in large scale criminal activity, potentially exposing them to fines, jail and criminal records of their own.

Two: it exposes them to viruses, malware, identity theft, ransomware and more.

Internet consumers want to have confidence that the sites they're going on are real and safe. They're going on sites because they think that's an easy way to get a movie or a TV show or a song. And when they go on these sites, they're not only helping those bad guys make money through advertising, but in some instances, they're coming away with viruses and malware and other things that mess up their computer. So, the old adage that "nothing is free" is really true when it comes to content theft.

Just like they think twice about going to a sketchy neighborhood, you have to think twice about going to a sketchy website or a rogue website. You may go there because you're trying to get a song or a movie or a TV show. And you may get it, but you may also get something you didn't expect.

It takes all of us working together to stop thieves from profiting at the expense of consumers, advertisers and creators.

The Digital Citizens Alliance is a consumer group focused on keeping the internet as safe as possible. We think it's a neighborhood and just like any neighborhood, we want to keep it as safe as we possibly can.

Join us to help take back our on-line neighborhood.