

MEMORANDUM

TO: BUSINESS SOFTWARE ALLIANCE
FROM: HART-RIEHLE-HARTWIG RESEARCH
DATE: FEBRUARY 1, 2000
RE: SURVEY RESULTS

On January 3 and 4, 2000, Hart-Riehle-Hartwig Research interviewed a national sample of 557 computer users. Respondents were people who identified themselves as regularly using a computer. The margin of error for the overall results is $\pm 4.2\%$. Subgroups will have a higher margin of error.

1 Most regular computer users purchase software, either on a disk or CD-ROM, or by downloading from the Internet. In fact, about two in three regular computer users have purchased software during the past year, including one in three who bought a disk or CD-ROM and another one in four who bought a disk or CD-ROM and downloaded software from the Internet.

Have you purchased software programs or computer games within the past year? (IF "YES," ASK:) Did you buy a disk or CD-ROM, did you download the program or game from the Internet, or did you do both?

Yes, Did Purchase Within Past Year	
Bought a disk/CD-ROM	34
Downloaded from the Internet	3
Both bought a disk/CD-ROM and downloaded from Internet.....	26
Not sure which format (VOL).....	1
No, Did Not Purchase Within Past Year	
Not Sure Whether Purchased.....	1

Among regular computer users:

- Men (67%) are more likely to purchase software or computer games than are women (59%).
- Computer users in the 35- to 49-year-old age group (69%) are more likely to purchase software than are those age 18 to 34 (64%) or those age 50 and over (56%).

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- ☐ Purchasing software and computer games correlates with income: the higher the income, the more likely computer users are to purchase software or computer games. At the high end, four in five (80%) of those earning more than \$75,000 a year have purchased software or computer games in the past year, whereas less than half (46%) of those earning less than \$30,000 have purchased software or computer games.

2 Computer users understand that when they purchase software, they are really buying a special relationship with the company—it's not like buying a television or a sofa. A

majority of computer users know that they are purchasing only the right to use the software, and that the buyer may use the software on only one machine. A majority also say that the buyer does not know the rules of the software licensing agreement until after the software has been paid for and opened. There is confusion among computer users, however, regarding both return policies for software and computer games and the consistency of the rules between buyer and seller.

I'd like to read you some statements about buying software or computer games, either on a disk or CD-ROM or from the Internet. For each one, please tell me whether, generally speaking, that statement is almost always true, usually true, sometimes true, or almost never true when it comes to buying software or computer games.

THIS TABLE HAS BEEN RANKED BY THE TOTAL PERCENTAGE WHO SAY ALMOST ALWAYS TRUE AND USUALLY TRUE

	Almost Always <u>True</u>	Usually <u>True</u>	Sometimes <u>True</u>	Almost Never <u>True</u>	Depends <u>(VOL)</u>	Not <u>Sure</u>
When buying software, the buyer is buying only the right to use the software--the buyer does not really own the software.....	40	19	11	11	2	17
Only the buyer may use the software on one machine, and others may not copy it to their machines	38	15	16	16	1	14
If they purchase software or computer games from a store, buyers don't know the rules of the licensing agreement until after they pay for the product and open it.....	38	14	19	8	2	19
Once a buyer opens the software or downloads a program to his or her computer, that person cannot get a refund	27	17	12	15	2	27
When software is purchased over the Internet, buyers have the same protections that they would have if they had bought the software in a store	19	16	20	17	3	25

Almost Always Usually Sometimes Almost Never Depends Not

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	<u>True</u>	<u>True</u>	<u>True</u>	<u>True</u>	<u>(VOL)</u>	<u>Sure</u>
If the software does not work properly, the buyer gets a full refund regardless of whether the problem is with the software or with the buyer's computer system	18	13	28	18	1	22
When it comes to buying software programs or computer games, the same rules apply to buyers and sellers everywhere. Different states don't have different rules	18	12	16	17	2	35

- When it comes to understanding that the software buyer is really buying only the right to use the software, there is a strong correlation with income—the higher the income, the greater the understanding. About half (49%) of those earning under \$30,000 realize that they are buying only the right to use the software, whereas four in five (79%) of those who make more than \$75,000 understand this fundamental concept.
- About half (53%) of all computer users understand that only the buyer may use the software on one machine, and that the software may not be copied onto other machines. This 50% figure holds up across most demographic groups. Those who purchased software last year (58%) have a better understanding of this concept than do those who did not purchase software (45%).
- About half (52%) of all computer users are aware that when purchasing software or computer games from a store, buyers don't know the rules of the licensing agreement until after they pay for the product and open it. As would be expected, purchasers (60%) have a better sense of this than do non-purchasers (38%).

3 There is support for changing the Uniform Commercial Code for selling products to include software licensing agreements for individuals purchasing software. In fact, by two to one, computer users say the revision of the UCC code to include software and e-commerce is good for consumers.

As you may know, there has been some talk about changing the Uniform Commercial Code for selling products to include software licensing agreements for individuals purchasing software. Which of the following statements comes closer to your opinion on this issue?

Statement A: A uniform code regulating computer software and e-commerce is good for consumers because it will help prevent fraud by software companies, grant consumers the right to obtain a cost-free, full refund if not satisfied, and enable consumers to understand the terms of the licensing agreement before making a purchase.

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Statement B: A uniform code regulating computer software and e-commerce is bad for consumers because it will be a code written by lawyers to protect big software companies, it will offer fewer options to consumers if the product is defective, and it will restrict the right of customers to sue over faulty software.

Statement A: Good for consumers.....	50
Statement B: Bad for consumers	28
Some of both (VOL)	6
Depends (VOL).....	8
Not sure.....	8

- The fifty percent of computer users who say that changing the UCC code would be good for consumers holds relatively steady across all demographic groups.

4 There also is strong agreement among computer users that there should be one set of rules for purchasing and licensing software that applies to buyers and sellers equally in all states. About three in every four computer users believe that, when it comes to computer software and e-commerce regulatory situations, there should be one set of rules nationwide for purchasing and licensing software.

Which of the following statements regarding computer software and e-commerce regulatory situations comes closer to your own feelings on this issue?

Statement A: It is not a problem if different states have different rules for purchasing and licensing software.

Statement B: There should be one set of rules for purchasing and licensing software that applies to buyers and sellers equally in all states.

Statement A: Not a problem if different states have different rules.....	16
Statement B: Should be one set of rules that applies to all states equally.....	76
Depends (VOL).....	1
Not sure.....	7

- Those computer users who feel that changing the UCC code would be a good thing are the group most likely to think that there should be one set of rules that applies to all states equally (86%).
- Other groups most likely to think that there should be one set of rules that applies to all states are those of middle age (82% of 35- to 49-year-olds), and middle income (83% of those who earn between \$30,000 and \$75,000).

5 Although nearly half of computer users do not choose a name for the group or coalition organized to deal with these software and e-commerce issues, those who do choose provide a good idea of what they like and do not like. Of those who chose, two in five prefer either the National Coalition for E-Commerce or the National E-Commerce

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Coalition. About one in four who chose opt for either National E-Commerce Alliance or Electronic Commerce Alliance. And of those who chose, slightly more than one in five like either the Coalition for E-Commerce or the E-Commerce Coalition of America. Of all the choices, however, the name that elicits the least amount of support is the current name of the organization, the Digital Commerce Coalition.

Thinking about the issues we have just discussed, I'm going to read you the names of some groups or coalitions organized to deal with these issues. Please tell me which ONE of these names sounds as though it has the most to offer when it comes to the issues we have been discussing.

*THIS TABLE HAS BEEN RANKED BY THE
HIGHEST PERCENTAGE*

National Coalition for E-Commerce	13
National E-Commerce Coalition.....	10
National E-Commerce Alliance	8
Electronic Commerce Alliance	7
Coalition for E-Commerce.....	6
E-Commerce Coalition of America	6
Digital Commerce Coalition	5
None of these (VOL).....	10
Not sure.....	35

- National Coalition for E-Commerce and National E-Commerce Coalition are winners across the board, although they do particularly well among 18- to 34-year-old computer users and computer users who make less than \$30,000 (though they also do well among computer users who make more than \$75,000).

The results of this study suggest that people are prepared for a discussion about the complexities of the issues pertaining to purchasing software or computer games. In general, people understand about software licensing issues, but confusion—leading to suspicion of the industry—arises from the misunderstandings of the process and the rules associated with returning software. The UCC regulation change proposal to make the industry work better for consumers and sellers is generally perceived as good for consumers, particularly if it is made clear to consumers that this proposal is not an effort by the industry to pull the wool over the eyes of the consumers.