Fanfiction: When Copyright Violation Benefits Brands

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Across 122 chapters and 660,000 words, AI researcher Eliezer Yudkowsky explored what the world of Harry Potter would look like if Harry was not raised by the Dursleys, but rather an Oxford professor of Biochemistry (Whelan, 2015). "Harry Potter and the Methods of Rationality" (HPMOR) was an instant hit on the site fanfiction.net, with many users praising Yudkowsky for providing an introduction to the science of psychological biases and bayesian reasoning through the lens of their favourite book series. Fans celebrating the finale of HPMOR organized wrap parties across the world, including at top academic institutions like MIT and UC Berkeley (Reddit, 2015). Post-finale, HPMOR has inspired further fanfictions, fanart, podcasts, and OKCupid Keywords (Fanlore, 2022). HPMOR represents a broader trend towards mass-consumption of user-generated content that incorporates elements of beloved media (setting, characters, plot), also known as *fanfiction* (Lanier and Schau, 2007). These fanfictions are created and read by fans who exist within fandoms, which are consumption subcultures oriented around media franchises (Schouten and Mcalexander, 1995).

While the marketing literature has explored fan communities (e.g., Parmentier and Fischer, 2015; Pongsakornrungsilp and Schroeder, 2011), there has been no focus on understanding the phenomenon of fanfiction from a marketing perspective, despite a great deal of literature on the subject in the disciplines of media studies, fan studies, and literary studies. To the extent that fanfiction is even mentioned, it is simply interpreted as evidence of brand popularity (Brown and Patterson, 2009; Brown and Patterson, 2010). Marketing research about fanfiction has primarily explored how consumers navigate, transform, and relate to texts or fan communities (Belk and Llamas, 2013; Lanier and Schau, 2007; Lanier, Jr. et al., 2015; Schau et al., 2009), with little focus on the business implications of fanfiction engagement. Thus, our work explicitly explores the marketing potential of this novel medium and investigates the risks and opportunities that fanfiction may offer marketing and brand managers.

One risk is that fanfiction may violate the copyright of brands. Fanfiction relies on the plot points, characters, settings, and other elements of media franchises, all of which are subject to copyright protection. In some cases, entire segments of books are wholesale copied and integrated into fanfictions, without attribution or compensation to copyright holders or the original creators. Some fanfiction authors also sell content (or early access to content) on crowdfunding sites like Patreon without a pre-existing agreement with copyright holders. While copyright violation is highly dependent on regional laws (Fiesler et al., 2015), some fanfiction clearly violates brands' copyright (Hetcher, 2009). On the flipside, fanfiction authors are often uncertain about the legality of their work (Fiesler et al.,

2015; Fiesler et al., 2016), and this fear is compounded by a history of brand litigation against fanfiction writers (Stanfill, 2019).

While copyright violation is typically harmful to brands insofar as it damages brand associations or reputation, we propose that there are a number of unexplored benefits to brands. Specifically, we argue and show that fanfiction consumption increases consumption intent for brand content (Study 1), and that fanfiction production and consumption can serve as a valuable indicator of future brand performance (Study 2). Additionally, we demonstrate with a large scale, original dataset that firms electing to waive copyright protections for fanfiction *increase* fanfiction production (Study 3), thus enabling the benefits enumerated in our other studies. Our work contributes to current theoretical discussions of paradoxical resource trajectories (Barney et al., 2021; Miller and Le Breton-Miller, 2021) wherein valuable brand resources, such as copyright, can nevertheless hinder brand performance.

Study 1

Copyright violating products can have both positive and negative effects on purchase intent and company sales. Counterfeit or imitation products can damage brand associations by reducing perceptions of luxury (Commuri, 2009) and lead some consumers to purchase counterfeit products instead of the real thing (Aribarg et al., 2014). However, other forms of copyright violation, such as piracy, may counterintuitively increase purchases by raising awareness of copyrighted material (Lu et al., 2020; Sinha et al., 2010). We argue that fanfiction, while copyright-violating, lacks many of the risks associated with other types of copyright infringement and may confer significant benefits for brands. First, enjoyment of fanfiction depends on prior consumption of the original media content, thereby mitigating potential substitution effects (Aribarg et al., 2014). Second, we propose that fanfiction has the potential to increase purchase intent for future content from the original brand by reinvigorating and increasing interest in the franchise, above and beyond mere exposure effects (Janiszewski, 1993). Therefore, the purpose of this study is to demonstrate that reading fanfiction, relative to re-consumption of original media, can lead to increased purchase intent of future firm-generated content, a critical revenue-generator for brands in this sector.

We tested this proposition by comparing consumption of the popular children's series "Harry Potter" (HP) against a prominent fanfiction, "Harry Potter and the Methods of Rationality" (HPMOR). We expected that individuals who enjoyed their reading experience (and thus more representative of existing fanfiction consumers) would be more willing to consume future content from Bloomsbury publishing set in the HP universe when exposed to HPMOR (versus

HP). Specifically, we predict an interaction. Participants who read the fanfiction and enjoyed their experience would report higher purchase intent than participants who read the original media content.

Methods

Undergraduates (n = 600; 49.00% female; M_{Age}=18.95) participated in this study for course credit. This study followed a 2 (reading material: fanfiction vs. original media) x continuous (reading enjoyment) between-participants design, wherein participants were randomized to either re-read Harry Potter Book 1, or Harry Potter and the Methods of Rationality (a fanfiction). We selected the Harry Potter series as our focal media franchise to maximize the number of participants who were familiar with the original franchise.

Participants were randomly assigned to read one of two books for 20 minutes. In the original media condition, participants read J.K. Rowling's "Harry Potter and the Philosopher's Stone", while participants in the fanfiction condition read Eliezer Yudkowsky's (2015) "Harry Potter and the Methods of Rationality" (condition assignment was recorded as a dichotomous dummy variable in subsequent analyses). After the reading task, participants rated their enjoyment of the content on a 3-item scale (e.g., "I enjoyed the reading material"; 1="Strongly Disagree", 7="Strongly Agree"), with participant responses averaged across the three items.

We then informed participants that Bloomsbury Publishing, the company who has the publishing rights to the Harry Potter franchise, was considering introducing a new series "set in the world of Harry Potter". Participants rated their likelihood of consuming this new content on a 1—7 scale (1 = "Strongly Disagree"; 7 = "Strongly Agree"). We predicted that purchase intent would be highest for participants in the fanfiction condition who enjoyed the reading task.

Additionally, we asked participants a series of questions about their past engagement with the Harry Potter franchise and fanfiction communities. Participants who indicated they had both not read any Harry Potter books nor watched any Harry Potter movies (14.5%) were excluded from our final analysis. However, our results are robust to their inclusion or exclusion.

Results

We observed main effects of reading material type (β=-1.26, *t*(509)=-2.02, *p*=.044) and reading enjoyment (β=0.85, t(509)=11.09, *p*<.001). Central to our

theorizing, we observed a positive interaction between material type and reading enjoyment (β=0.26, t(509)=2.42, p=.016). At high levels of reading enjoyment, participants in the fanfiction condition were significantly more willing to make future purchases from Bloomsbury Publishing. Specifically, floodlight analysis identified that at high levels of reading enjoyment ($>$ 5.91; Figure 1), participants who read fanfiction were more willing to make future purchases from Bloomsbury Publishing than those who read the actual Harry Potter book. At low levels of reading enjoyment, there was no significant difference in WTP between conditions. These results reveal that fanfiction can have a positive effect on future brand consumption intent, and that this effect may be stronger than re-exposure to the original media content for some consumers.

Figure 1: Study 1 Results
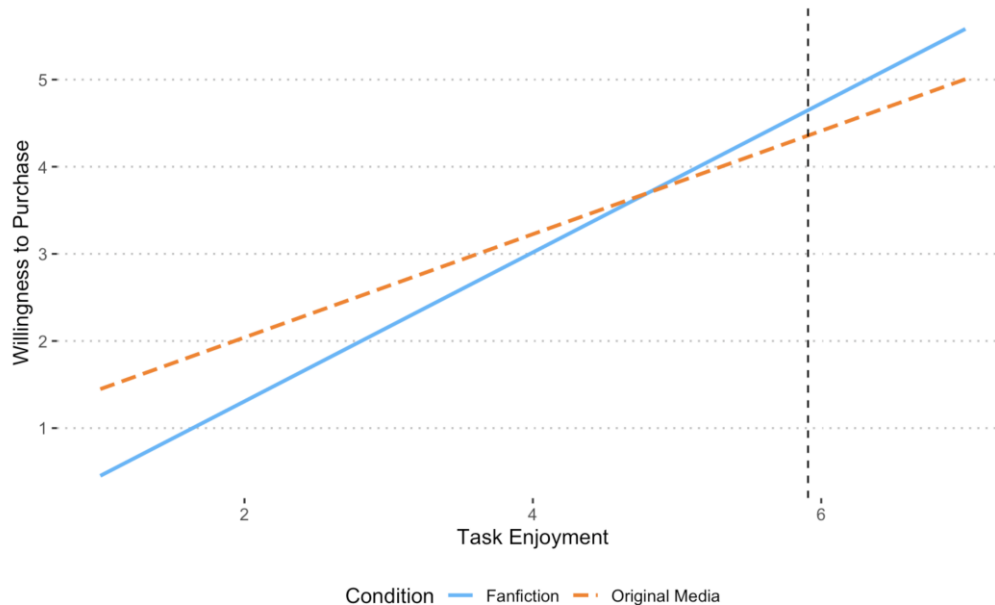
Study 2

Study 1 established that fanfiction consumption can increase future consumption intent related to the original media content. In Study 2, we conceptually replicate this finding in a new domain with actual consumption behavior, while also demonstrating that fanfiction production can serve as a valuable indicator of future brand performance. Prior research has demonstrated that social media "buzz" about new products predicts performance (Xiong and Bharadwaj, 2014), and we expected fanfiction to fill a similar role. Specifically, we expected that higher fanfiction production would predict increased viewership for

TV shows. Additionally, we expected that the effect of fanfiction production on episode viewership would be attenuated when episodes were poorly received, as some fanfiction consumers may turn to writing fanfiction as a way of "fixing" their problems with the show (Lanier and Schau, 2007) instead of envisioning how the storyline may evolve. In other words, increased fanfiction production following poorly-received episodes could be considered a signal of dissatisfaction, rather than hype.

Methods

We centerd our investigation on the television show "Supernatural" in this study. This show has run for over two decades, with large swings in perceived quality from fans. To examine our predictions, we curated a large-scale dataset that enabled us to explore how viewership of "Supernatural" episodes was affected by prior week episode performance, ratings, and, central to our investigation, fanfiction production. In our dataset, weekly fanfiction production ranged from 0 to 697 new fanfictions, with an average of 191.35 per week. Additionally, we excluded the first episode for each season, as first episodes lacked a prior-week viewership count. Because the predictors for this model were on very different scales, all predictors were mean-centered and standardized.

With our large-scale, originally-curated dataset, we were able to predict viewership of "Supernatural" episodes based on prior week episode performance, ratings, and fanfiction production. To do this, we fit a multi-level regression model estimating episode viewership using prior-week viewership as a predictor, alongside an interaction effect between prior week fanfiction production and prior-week episode ratings. A random effect per season was included to account for growth (or decline) in overall show popularity throughout the show's lifespan:

$$\text{Viewers (Millions)}_i \sim N\left(\mu, \sigma^2\right)$$

$$\mu = \alpha_{j[i]} + \beta_1(\text{PastWeekFanfics}) + \beta_2(\text{PastWeekRatings}) + \beta_3(\text{PastWeekViews}) +$$

$$\beta_4(\text{PastWeekFanfics} \times \text{PastWeekRatings})$$

$$\alpha_j \sim N\left(\mu_{\alpha_j}, \sigma^2_{\alpha_j}\right), \text{ for Season j} = 1, \dots, J$$

Results

Unsurprisingly, we found a significant effect of prior-week views on episode viewership (β=0.36, CI_{95}: 0.28, 0.45, t(305)=8.39, p<.001). Central to our theorizing, however, a significant interaction emerged between prior week fanfiction production and ratings, such that the effect of fanfiction production on future episode viewership was magnified when prior episode ratings were high, but

attenuated when prior episode ratings were low (β=0.03, t(305)=2.28, p=.023). In other words, while fanfiction production may be beneficial in general, it may also be a negative signal for future brand consumption when a recent episode is poorly received and fans turn, en masse, towards "fix-it" fictions.

These results replicate the lab results in Study 1 with actual behavioral outcomes (i.e., episode viewership), and further support the notion that fanfiction production can serve as a useful predictor of future brand performance above and beyond prior viewership and ratings. A follow-up study we conducted using similar methods to predict "Game of Thrones" episode viewership demonstrated a main effect of prior-week fanfiction production on episode viewership (β=0.02, t(60)=4.09, p<.001), further supporting our proposition that fanfiction production metrics can assist in brand performance prediction.

Study 3

Having established that fanfiction readership and production can be valuable to brands, we investigate the actions that brands can take to *encourage* fanfiction production. Specifically, we focus on the impact of brands waiving copyright protections with respect to fanfiction. Prior work surveying fan community attitudes towards copyright suggests that copyright violation is perceived as a serious threat to fanfiction authors (Fiesler et al., 2016; Stanfill, 2019). Therefore, we expect that when this threat is removed, fanfiction production will increase, thus allowing brands to better capture the benefits of fanfiction identified in our prior studies.

To test this effect, we leverage a real-world case in which the owner of a popular media brand waived copyright protections with respect to fanfiction. On May 27th 2004, J.K. Rowling, author of the popular Harry Potter series, announced that she would not pursue copyright violation claims against fanfiction authors (Waters, 2004). This announcement was not adopted by other authors with similarly large fanfiction communities. This event, therefore, provides an opportunity to assess the effect of waiving copyright protections on the production of new fanfiction. Specifically, we use the Harry Potter fandom as a treatment group. If waiving copyright protections produces more fanfiction, then we should observe a rise in the production of Harry Potter fanfiction in the weeks after J. K. Rowling's announcement.

Methods

We used a similarly curated, large dataset of fanfictions as in Study 2. Our aggregated dataset represented a total of 168.9K new fanfictions, 714K new chapters, and 1.61 billion words published in the first 6 months of 2004, and

included fandoms such as Star Wars, Buffy the Vampire Slayer, and Inuyasha. The Harry Potter fandom alone accounted for 50.8K new fanfictions, 217.6K new chapters, and 523.3 million words published in that time.

We estimated the effect of J.K. Rowling's announcement on Harry Potter fanfiction production using a synthetic control analysis (e.g., Pattabhiramaiah et al., 2019; Tirunillai and Tellis, 2017). A synthetic control method is well-suited to the data at hand, as there is no "true" control group that can be derived from our data to test the effect of Rowling's announcement on fanfiction production. We therefore generated a *synthetic* Harry Potter fandom based on a weighted combination of other top-50 fandoms in our sample, with weights set such that the synthetic Harry Potter fandom most closely represented the true Harry Potter fandom's fanfiction production rate in the 21-week period prior to J.K. Rowling's announcement.

Results

To estimate the effect of J.K. Rowling's announcement, we ranked each fandom according to the ratio of its post-intervention vs pre-intervention mean-squared prediction error (MSPE). Higher ratios of post/pre MSPE indicate greater deviance from expected values of fanfiction production. The Harry Potter fandom's post/pre MSPE ratio was the largest, at 68.9. The difference of the Harry Potter fandom's fanfiction production post-intervention relative to synthetic control, visualized in Figure 2, was significant and large (Z-score = 6.77; Fisher's exact $p = 0.02$). The gap between observed fanfiction production and synthetic fanfiction production in the post-treatment period suggests that approximately 1,653 marginal new fanfictions were produced as a result of J.K. Rowling's announcement. These results demonstrate that brands can take active steps to encourage production of new fanfictions.

Figure 2: Study 3 Results

Dashed line denotes the time of the intervention.
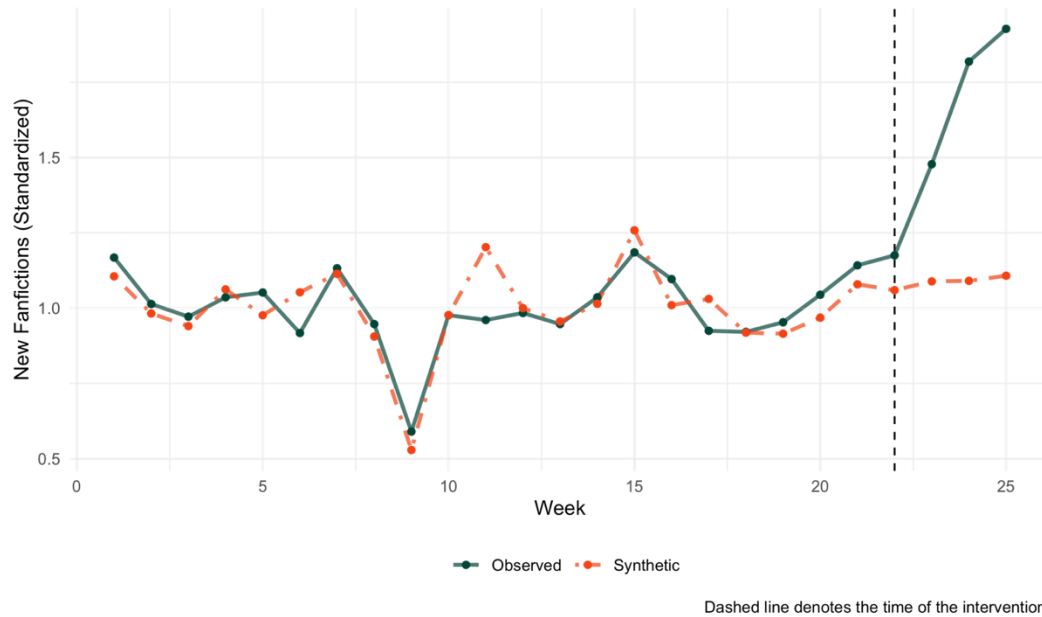
In conclusion, our work is the first to quantitatively explore the effect of fanfiction readership and production on brand performance from a marketing lens. We demonstrate that fanfiction, while copyright-violating, nevertheless can benefit brands by increasing consumption intent (Study 1), and fanfiction production by authors can serve as an indicator of future brand performance (Study 2, Study 2 follow-up) – both critical revenue-generating metrics for brands and media productions. Finally, we demonstrate that brands can take active steps to encourage authors by waiving copyright protections over fanfiction, thus enabling authors and readers to continue generating value for the brand (Study 3). Our work contributes to current theoretical conversations regarding the risk of resource overabundance (Miller and Le Breton-Miller, 2021), and offers substantive guidance to managers interested in pursuing novel modes of fan engagement.

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