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Any use of Chatbots/Generative AI tools in researching the materials research for this report is fully described at the end of the report. I confirm that no text produced by such tools has been directly used in the report.

Signed: Philip Madden Date: 26/03/24

Netflix

(section 1)

Netflix is a popular streaming platform that offers a wide range of movies, tv shows, documentaries, and original content to subscribers worldwide. Netflix employs around 13,000 people. Netflix provides three streaming plans for its customers. The basic plan costs 8.99/month and offers good video quality in HD(720) and allows content to be downloaded on a single device. The standard plan costs 14.99/month and offers great video quality in full HD (1080p) and allows downloads on up to 2 devices. The premium plan offers Netflix’s best video quality in ultra HD (4K) and HDR, provides spatial audio and allows customers to download on 6 devices. All subscription types allow customers to watch advert free on any phone, tablet, computer or TV. Users can access content on demand, stream across various devices and receive personalized recommendations based on their viewing history and preferences. Netflix has over 260million active worldwide subscribers. The unique selling point for Netflix is its “Netflix originals”, content that can only be streamed on its platform. There are over 2400 original titles on Netflix. Netflix is worth $271billion.

A timeline of netflix

Description automatically generated

The role of AI in Netflix’s engagement features

One of the most prominent features of Netflix is its personalized recommendation system which is generated by AI. AI algorithms analyse vast amounts of user data including viewing history, genre preferences, ratings, time of day and browsing behaviour. All of this information is gathered by Netflix to generate personalised recommendations for each individual user. These recommendations are displayed on the homepage, in dedicated sections under the headings “recommended for you” and “because you watched” The AI systems in place are designed to continuously learn and adapt to the users interactions on Netflix with the goal of ensuring that recommendations remain relevant and accurate overtime. This level of personalisation enhances user engagement by facilitating content discovery and making it easier for users to find content that they might like to watch.

A person on a pool table

Description automatically generated

A car on the road

Description automatically generated

AI algorithms are utilized to categorize and tag content on Netflix. AI analyses the content of movies and TV shows and identifies key themes, genres, actors, directors and other relevant metadata. By accurately and conveniently categorizing content, Netflix can provide more accurate recommendations and improve search functionality. For example, users can search for specific genres or actors, and AI helps ensure that relevant content is surfaced in search results. This makes it easier for users to search for movies and TV shows that they may like as the data is conveniently sorted for them.

A screenshot of a tv show

Description automatically generated

AI algorithms are also employed to create dynamic thumbnails and previews for content on Netflix. These thumbnails are designed to grab users attention and entice them to click on the content. Thumbnails are rotated regularly on Netflix and give a fresh look to the Netflix content catalogue. AI analyses the content of movies and tv shows and selects representative images that are more likely to resonate with users. Additionally, Netflix utilizes AI to generate personalized video previews that auto play when users hover over a title, which provides a glimpse of the content and further encourages users engagement. Netflix also uses AI to provide audio and subtitle options in multiple languages, making its content accessible to a global audience. These AI driven techniques enhance user engagement, satisfaction, and retention on the platform by providing a seamless and personalized streaming experience tailored to each users preferences.

(Section 2)

Provider of the Service(Netflix)

Netflix is responsible for delivering a wide range of entertainment content to subscribers worldwide. Netflix has a strong foothold in the market and is the most successful and dominant streaming platform on the market. Netflix invests in content acquisition, development and platform infrastructure to maintain its position in the market. Its many competitors such as Disney+, HULU, apple tv, Amazon prime and Now TV have put pressure on Netflix to improve the quality of their service. Netflix’s unique selling point are its own original series, content that can only be found on Netflix. This includes shows such as Stranger things and Wednesday along with block buster movies such as Bird Box and Enola Holmes.

Users

Subscribers: These are individuals who pay for a Netflix subscription to access the platforms content library. Users have the choice of 3 different payment plans such as basic, standard and premium. Subscribers expect a seamless streaming experience with high quality content and personalized recommendations. Subscribers rely on Netflix to provide a diverse selection of movies and TV shows suited to their tastes and interests. Netflix provides content that is suitable for all ages which include children, teenagers, students and Adults. Parents can pay for a subscription and use parental controls to ensure that their children can only access and watch appropriate age related content.

A graph of a number of blue and red bars

Description automatically generated

Non-subscribers: Although these individuals are not direct users of the platform, non-subscribers are still impacted by Netflix’s content distribution and cultural influence. For example, popular Netflix series like outer banks and stranger things generate buzz and discussion among non-subscribers on social media and in the broader cultural landscape.

Content creators: Filmmakers, directors, production studios and actors are essential stakeholders in the Netflix ecosystem. Content creators rely on Netflix to distribute their work to a global audience and expect fair compensation for their contributions. Netflix negotiates deals with content providers to acquire licensing rights for movies, TV shows, documentaries, and other content. This involves entering into agreements with major studios, production companies, and distributors. For instance, Netflix secured the rights to stream the hit series "Friends" by striking a deal with Warner Bros. Major Hollywood studios like universal pictures produce blockbuster movies and shows which are licenced to Netflix. Independent filmmakers and production companies also contribute to a significant portion of Netflix’s content library. For example, Netflix’s original series “stranger Things” is produced by 21 Laps Entertainment and Monkey Massacre productions.

Competing Streaming Services: Other streaming platforms, such as Amazon Prime Video, Disney+, and Hulu, compete with Netflix for subscribers and content licensing deals. These competitors influence the pricing, content selection, and user experience strategies of Netflix. For example, Disney's launch of Disney+ prompted Netflix to invest more heavily in original content to differentiate its offerings. This is because Disney+ were able to acquire the rights to Marvel and Star Wars, which are very successful franchises. Since Netflix don’t own the rights to these major franchises, they had to improvise and come up with new strategies.

Local cable and broadcast Networks: Traditional media outlets face disruption from the rise of online streaming platforms like Netflix. Cable and broadcast networks may lose viewership and advertising revenue as consumers increasingly opt for on-demand streaming services. For example, the popularity of Netflix contributed to the decline of traditional TV viewership among younger demographics.

Social responsibility

Netflix to subscribers: Netflix has a social responsibility to provide a safe and enjoyable streaming experience for its subscribers. This includes protecting user privacy and data, addressing harmful content and combating misinformation. Netflix employs content moderation policies and practices to mitigate the presence of harmful or inappropriate content on its platform. This includes implementing age appropriate content ratings, content warnings and parental controls to help users make informed viewing decisions and to protect vulnerable audiences. For example 13 reasons why is a Netflix exclusive that discusses sensitive matters such as suicide. Users are informed that the show contains graphic content that could be upsetting to some viewers. In the image below, the 82% match feature in green is generated by AI. It means based on the previous content I have watched, I am 82% likely to enjoy the show “13 reasons why” Since this is a sensitive show that touches on the subject of suicide, Netflix provides a content warning to inform subscribers of the content they are about to watch.

A screenshot of a television show

Description automatically generated

Netflix to content creators: Netflix must ensure fair compensation and transparent licensing agreements with content creators. This involves negotiating royalties and residuals to fairly compensate artists for their work. For example, Netflix signed a landmark deal with the Writers Guild of America to increase writers' compensation for streaming content.

Netflix to Society: Netflix has a broader social responsibility to promote diversity, inclusion, and representation in its content offerings. This includes supporting diverse storytellers and amplifying underrepresented voices. For example, Netflix produced the critically acclaimed film "Roma," directed by Oscar winner Alfonso Cuarón, which highlighted issues of class and ethnicity in a 1970’s Mexican society.

Trust relationships

Subscribers Trust Netflix: Subscribers trust Netflix to deliver a reliable streaming service with high-quality content. This trust is built on factors such as content availability, user friendly interface and features, streaming performance and reliability, and user privacy protections. For example, Netflix encrypts user data and adheres to strict privacy policies to protect subscriber information. Netflix maintains open communication with subscribers, providing timely update on service enhancements, content releases and platform changes. Subscribers trust Netflix to prioritize their satisfaction and provide reliable assistance whenever needed. For example, the hunger games franchise recently left Netflix as the contract had expired. Subscribers were informed of the date it would be removed from the platform allowing them sufficient time to watch it before it left the streaming platform.

Content Creators Trust Netflix: Content creators trust Netflix to uphold their artistic vision and provide fair compensation for their work. This trust is essential for fostering long-term partnerships and attracting top talent to the platform. Netflix has gained a reputation for offering content creators artistic freedom and control over their projects. Netflix’s trust in creators’ visions and abilities encourages established filmmakers, writers, and actors to collaborate with Netflix, knowing that their work will be respected and supported. With over 200 million subscribers worldwide, Netflix provides content creators with guaranteed access to a global audience. Netflix offers creators the opportunity to share their stories with viewers around the world, overcoming geographical and cultural barriers.

Society Trusts Netflix: Society trusts Netflix to act responsibly and ethically as a cultural influence. This trust is based on Netflix's commitment to diversity, inclusion, and social impact. By producing and acquiring a wide range of films, TV shows and documentaries featuring diverse casts, stories, and perspectives, Netflix ensures that audiences see themselves reflected on the screen. For example, Netflix’s original series heartstopper created by an independent author Alice Osman represents the LGBTQ community and Netflix’s original series orange is the new black is celebrated for its diverse ensemble cast and exploration of various cultural and societal issues.

(Section 3)

Potential ethical risks associated with Netflix

Human rights

Risk: Privacy violations

Stakeholders affected: Subscribers, content creators, Netflix employees

Severity: High

Likelihood: Medium

Subscribers: Privacy violations pose significant risks to affected stakeholders. Unauthorised access to personal data such as viewing history, payment information and demographic details can result in identity theft, financial fraud or reputational harm. Subscribers expect Netflix to handle their data securely and respect their privacy rights. Any breach of this trust can lead to severe consequences such as loss of confidence in the platform and potential legal action against Netflix.

Content creators: Privacy breaches concerning content creators can jeopardize their proprietary information, intellectual property, or confident communications associated with their projects. For example , unauthorized access to scripts, production budgets, or contract negotiations could weaken content creators capacity to safeguard their creative assets and sustain competitive advantages within the industry. Additionally breaches of confidentiality might diminish the trust between Netflix and content creators, potentially affecting forthcoming collaborations and contractual ties.

Netflix employees: Privacy violations related to employee records, performance evaluations or personal communications can encroach upon employees rights to privacy and confidentiality within the workplace. Unauthorised disclosure of employee health records or disciplinary actions could result in legal liabilities for Netflix and inflict emotional distress or harm to the reputation of affected employees. Breaches of employee privacy may contravene labour laws or employment regulations, leaving Netflix vulnerable to potential legal and financial consequences.

Labour Practices

Risk: Employee Exploitation

Stakeholders affected: Workers

Severity: Medium

Likelihood: Low

Despite Netflix’s commitment to corporate social responsibility and compliance with labour laws and regulations, many factors may contribute to the occurrence of employee exploitation. The fast paced nature of the entertainment industry as well as tight production schedules and high expectations for content delivery can lead to production pressures that can lead to employee exploitation. In the pursuit of meeting deadlines and maintaining quality standards, production crews may face demands for longer than usual working hours, insufficient breaks and irregular working hours which may potentially compromise their well-being and their work life balance. Although Netflix directly employs a large portion of its workforce it also relies on a network of contractors and third parties to support its content production operations. The use of subcontractors or temporary workers may introduce complexities in labour relationships, making it challenging to ensure consistent adherence to fair labour practices across the entirety of the Netflix industry.

The environment

Risk: Carbon footprint from data centres

Stakeholders affected: future generations

Impact severity: Low

Likelihood: medium

Streaming services such as Netflix contribute to increases energy consumption, as power is needed to run various devices that you can stream Netflix on such as phones, tablets, laptops and TVs. Netflix continues to expand its data centre infrastructure and streaming operations which contributes to the overall carbon footprint. However Netflix’s impact on the environment is relatively low compared to industries with more tangible environmental footprints.

Fair operating procedures:

Risk: unfair treatment of content creators

Severity: Medium

Likelihood: Medium

Netflix heavily relies on content creators including filmmakers, directors, producers, writer and actors to produce the diverse array of content available on its platform.

It is a possibility that content creators could be treated unfairly in terms of compensation, contract agreements or creative control. If compensation is lower than industry standards or doesn’t reflect the success of the movie or show, it could lead to tensions and legal disputes between Netflix and the content creator. For instance, content creators may feel their work is undervalued or exploited if they perceive that Netflix is prioritizing its own original productions over licensed content. Addressing these concerns and ensuing transparent partnerships with content creators is essential for maintaining ethical operating procedures. Intellectual property rights must be considered when working with Netflix. For instance, dispute may arise over who retains the rights to merchandising or future adaptations of the original content. Clear and transparent agreements regarding intellectual property rights are essential to mitigate such risks.

Consumer issues:

Risk: Content inaccuracy or misrepresentation

Stakeholders affected: Subscribers

Severity: Medium

Likelihood: Low

Although Netflix strives for accuracy and authenticity in its content, there may be inaccuracies or misrepresentation in their content, leading to viewer dissatisfaction and confusion. For example, inappropriate portrayals of specific ethnicities, inaccurate depictions of cultural traditions or insensitive handling of sensitive topics may result in backlash from viewers and damage Netflix’s reputation for cultural diversity and inclusion. Netflix also needs to ensure that they fact check information they provide in educational content that they release. For example if a documentary series on a scientific or social issue presents information in a biased or misleading manor, it can lead to viewers developing misconceptions or false beliefs. Such instances of misinformation or bias can undermine the educational value of the content and diminish trust in Netflix’s content.

Community involvement and development

Risk: disruption for local residents

Stakeholders affected: Local communities, residents, small businesses

Severity: Medium

Likelihood: Medium

When large production crews enter small towns and villages, it can cause an increase in traffic congestion in the area. The presence of a production crew, equipment, and filming activities can disrupt the daily routines of residents in small towns or rural areas. Road closures, traffic diversions, and restricted access to public spaces may cause inconvenience to locals, disrupt businesses and impact essential services such as transportation that many locals depend on. Filming activities often require heavy equipment, such as trucks and vans as well as special effects systems that generate noise that can disturb quite rural communities. Filming may have a negative impact on the environment and can lead to soil erosion, habitat disturbance and pollution particularly in ecologically sensitive areas or protected landscapes. Small towns and rural communities may lack the infrastructure and resources to accommodate large scale filming operations. The influx of crew members, actors and support staff can strain local amenities such as accommodation and utilities leading to shortages, overcrowding and increased demand for services in the area.

(Section 4)

Mitigation measures for privacy violations

Enhanced data security measures

Netflix should implement advanced data security measures to safeguard subscriber data, content creator information and employee records. This can include encryption protocols, two step factor authentication, and regular security audits to detect and mitigate potential vulnerabilities or breaches . Netflix has recently investigated the issue of password sharing, and has employed various techniques to detect password sharing including monitoring IP addresses, device usage patterns and login locations. In order to share your password with friends from other households, you must pay extra and buy an extra member slot on your account. Password sharing increases the risk of subscribers data and personal information becoming leaked. By enhancing data security measures, Netflix can reduce the likelihood of privacy violations such as unauthorized access to personal data or confidential information. This helps to mitigate the risk of financial fraud and maintain trust between Netflix and its subscribers. By ensuring the security of personal data, Netflix can mitigate the risk of reputational damage, financial losses and legal damage associated with privacy breaches.

Stakeholders involved that play a role in these mitigation measures are Netflix’s cybersecurity team, IT department, data protection officers and regulatory authorities. Compliance with regulatory bodies is necessary to ensure compliance with data security standards and regulations. Stakeholders effected include subscribers, content creators and Netflix employees.

Content creators often share sensitive information with Netflix during the production process including scripts, production budgets and contract negotiations. Mitigation measures to address data privacy concerns between creators and Netflix include providing training and awareness programs for employees involved in content production to ensure adherence to data privacy protocols. Comprehensive privacy and awareness programs help raise employees awareness of privacy risks and educate them with the knowledge and skills needed to prevent privacy violations. By promoting a culture of privacy awareness and accountability, Netflix can reduce the likelihood of human errors that could lead to privacy breaches and enhance overall data protection. Netflix could also implement data security measures to protect sensitive information shared during the production process and establish clear contractual agreements that outline data privacy expectation and obligations for both parties. It is essential to conduct regular audits and assessments to monitor compliance with data privacy regulations and identify any potential vulnerabilities or risks.

Netflix can enforce strict access controls to limit access to sensitive user data only to authorized personnel on a need to know basis. Strict access controls reduce the likelihood of privacy violations by minimizing the risk of unauthorized access to user data. By limiting access to only those employees who require it for their job acts as an additional layer of authentication and help Netflix prevent unauthorized individuals from accessing or tampering with sensitive information.

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* 2nd, 3rd and 5th images sourced from my own Netflix account

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