Case Report 3

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Case Study 5.3 Privacy Pressures

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Part One: Identify the Ethical Dilemma and Pose an Open-Ended Question with Many Answers

The ethical dilemma faced in this case is whether or not It is societally accepted to not disclose the use of invasive tracking mechanisms such as a Web bug (a.k.a. Web beacons). The extent of the dilemma extends only to HomeConnection's use of Web bugs, and not to the nature of Web bugs in general.

Part Two: Specific Information Technology Components

The specific I.T. components are the Web page, the customer Web pages were used by HomeConnection to place the ads with the Web bug. A second component would be the ads with the Web bug used to collect data on the customers who visited the Web page. A third component would be the Web bug itself, also known as a web beacon, which is a file object that is placed on a webpage. Most of the time a web bug cannot be detected unless the user looks at the source of the page and finds a tag that loads from a different Web server than the rest of the page. The Web bug collects the IP address of the user, as well as the web page that was visited and the time that they visited it. The last component would be the Web servers which use HTTP (Hypertext Transfer Protocol) to serve the files that form Web pages to users upon request.

Part Three: Stakeholders and Their “Right”

Four critical stakeholders are Matthew Scott, president of HomeConnection, the company HomeConnection, the customers, and DoubleDealer. Matthew Scott had the right to inform his customers fully about using Web bugs, in the ad, on the webpages or not to inform them fully about using the Web bugs, in the ad, on the Web pages. The company had the right to track whoever clicked on these ads but they didn't have the right to track what the customers were doing on those webpages. The customers had the right to be informed that they were being tracked when visiting these websites. DoubleDealer had the right to collect the data because they were hired by HomeConnection to collect this data.

Part Four: List and Describe Four Alternatives and Their Consequences

Our first alternative would be Matthew Scott should have fully disclosed the usage of Web bugs, in the ads, on the webpages. This alternative only includes the disclosure of the use of Web bugs, and does not provide any further action. The emphasis for option lies heavily on the actions of the consumers because by their acceptance of the privacy policy, they are acting on behalf of their web page visitors to be tracked.

A second alternative would be to not track the users at all. This would not invade the user’s privacy and would make them elated. This would eliminate the problem of having customers irritated with the company. This would take away the business with DoubleDealer. It would cause HomeConnection to lose marketing revenue that derived from the data being tracked by the web beacons.

A third alternative for HomeConnection would be to provide proper privacy policies to their consumers, as well as to the visitors of their personal web pages. The disclosure of the use of Web bugs in the privacy policies is what makes it proper, as well as ethical. The privacy policies would inform the users of how the data will be collected, what the collected data will be used for, and offer an opportunity to opt-out. The introduction of this procedure and the full disclosure of the privacy policy works in combination to make this a very practical, secure, and ethical alternative.

A fourth alternative would be to do nothing. This alternative would affect the marketing of HomeConnection because customers would not use the webpages, with the ads, on their webpages. They would lose revenue because not as many people would see their ads. DoubleDealer would still collect data about those who visited the webpages, with the Web bugs, but would not be collecting as much useful data because there would not be as much data collected, from the customers, due to the lack of people visiting the websites.

Part Five: Deontological Perspective – Prioritize the “Rights” of Each Stakeholder

From a deontological perspective, alternative two would be the most ethical decision. The means of this action would be to not track anyone. This would benefit Matthew Scott, because he would not have to worry about violating privacy that is wanted by the consumers visiting the webpages. It is morally right for Matthew Scott to post his ad on webpages but not to track what customers are doing on those webpages without disclosing to the customers.

This would benefit HomeConnection's relationship with their customers because their customers would know that they are not being tracked. HomeConnection would have a better reputation by the customers knowing their privacy is not being taken away by the web bugs, in their ads, placed on the webpages. HomeConnection would be seen as morally right by providing privacy to the customers visiting the webpages with their ads.

The customers would be satisfied because their right to privacy would not be affected by the Web bugs placed in their ads. The customers could visit the webpages without wondering if data is being collected on what they are looking at on the webpages.

DoubleDealer would be out of a job giving to them by HomeConnection but collecting data on what customers are doing on the webpages is not morally right because it is violating privacy of the customers. They do have a right to collect data for HomeConnection but the fact that Matthew Scott did not disclose the Web bugs to the consumers puts DoubleDealer in the wrong.

Part Six: Teleological Perspective – Which Action is Morally Right?

From a teleological perspective, our third alternative dictating that HomeConnection provides full disclosure and optional participation to users, delivers the most benefits to the most stakeholders as compared to other alternatives. In participating in this option, Homeconnection is effectively protecting it's consumers' , and their users' privacy rights by allowing options to waive them.

In comparison to previously proposed alternatives, the third alternative is distinctly better for everyone involved in the case simply because it allows for transparency, as well as the option to participate in the tracking -- such clauses were not discussed, nor suggested by other alternatives. This simple option procedure would prevent the misuse of data by HomeConnetion, and righteously place the consumers and users in charge of their own privacy. It contrasts highly with our fourth alternative that states HomeConnection's inaction in this case, which provides the least amount of benefits for all parties involved.

The positive outcomes of our third alternative include the protection of privacy rights by users, a positive corporates social responsibility by HomeConnection, the continuation of business-to-consumer transactions, as well the continued business-to-business transactions with DoubleDealer. The complete sum of these positive outcomes is absent in discussion about other alternatives simply because they are incapable of offering the same solutions that the third alternative offers.

The negative outcomes of the third alternative are undoubtedly outweighed by it's positives. The negative consequences being the loss of some consumers that do not want to get tracked which also rolls over into less revenue for HomeConnection and DoubleDealer. This negative outcome is overcome by positive results such as HomeConnection being perceived as a company that is willing to openly respect customers' privacy rights which can result in more subscribers (word-of-mouth), brand-building, and can cause existing customers to strengthen their loyalty to the company. Alternative three would also produce positive results for DoubleDealer because they can continue doing business with Homeconnection. Customers would also have the positive effect of knowing that they have the power over their privacy rights which in turn, eliminates the invasiveness characteristic.

Part Seven: Our Normative Recommendation

Our normative recommendation would be that HomeConnections provides incentives for its consumers to waive to their privacy rights and be tracked, along with setting clear privacy policies for the user upon first visiting the website. Incentives would include cash, discounts, or lower monthly rates for the ISP's service. The privacy policies would provide clear information as to how, and what information will be collected from the user, as well as opt-in/opt-out options. The privacy policy would disclose to the customers that they are going to track them and the customers would know this without a doubt.

It should be stated clearly to the customers that they're visiting a website that is a privately owned space – such like a store that they would visit in the physical realm. By creating the distinction to the customer, we are opening a venue of transparency that primarily benefits HomeConnection, and the consumers. The understanding of the customer that the website is a private space to HomeConnection is fundamentally critical to the goal of our normative recommendation. It provides a clear distinction between a public space, and a private one. For the customer, it would reveal the differentiated assumed-risk associated with entering either of the two. One of those being for private spaces that many rights (including privacy) are essentially being waived upon-entry.

This would affect all the stakeholders in a positive way because Matthew Scott would not be questioned about whether or not he disclosed the information to the customers who visited the websites. He would be giving them an incentive to be tracked by giving them things like discounts and lower monthly rates so the customers would be enticed to be tracked. This method has proved successful for HomeConnection when they tried to enhance their subscriber base by offering $25 to newly subscribed users. So we could assume that incentive-based marketing scheme would also work with trying to sell users on the idea of being tracked.

Placed, a Seattle-based company, enacted a similar marketing scheme to its users in an effort to persuade them to voluntarily opt-in to be tracked in their physical stores. An excerpt from a New York Times article gives insight to their success;

[Even] If these methods seem intrusive, at least some consumers seem happy to trade privacy for deals. Placed...has an app that asks consumers where they are in a store in exchange for cash and prepaid gift cards from Amazon and Google Play, among others. More than 500,000 people have downloaded the app... (INSERT REFERENCE HERE FOR http://www.nytimes.com/2013/07/15/business/attention-shopper-stores-are-tracking-your-cell.html?\_r=0)

Placed is one of many companies that are implementing techniques to track consumers either in stores, or on webpages. For HomeConnection, we can assume that the success of incentive-based marketing scheme involved for their growth in subscribers, would also work well when trying to track

HomeConnection could possibly increase its Marketing because they could analyze the data that is collected by the Web bugs and use it in future marketing schemes aimed to increase revenue. The customers would accept the possible invasion of their privacy because of the discounts or lower monthly rates. This would allow customers that are opposed to being tracked by HomeConnection, to not use their website which ultimately leads to them not being tracked.

DoubleDealer would still be profiting off the data that they collect from the Web bugs that are in HomeConnections ads. Instead of possibly losing that job because the customers feel it is an invasion of their privacy and they did not know about it the web bugs in the ads.