

Cutting the Cord

Students, parents, friends, family, and streaming service executives are all too familiar with the prevalence of shared subscription service accounts. According to a study by Cordcutting.com, 44 million U.S. adults currently “borrow” streaming service subscriptions.¹ These adults most likely assume that this borrowing does not significantly undercut the business of streaming giants, like Netflix. It is estimated, however, that the “mooching” of streaming services represents a loss of \$2.72 billion in annual revenue from subscription fees for these companies.

Borrowed or shared accounts are most often paid for by parents, indicating that these arrangements generally arise as children reach the age of maturity and move out on their own but continue to utilize their parents’ subscriptions. Partners in relationships constitute the second largest paying group, reflecting the tendency of couples to share a set of subscription services. Lastly, siblings and friends make up a significant portion of shared accounts, reflecting favors between close individuals. The trend appears to be on the upside as the borrowing of streaming service accounts continues to rise: 14.4% more Netflix accounts were shared in 2020 than in 2019.

Netflix and other streaming services are faced with a dilemma: where should a line on account sharing be drawn? Netflix’s terms of service indicate that your account is for “personal and non-commercial use only and may not be shared with individuals beyond your household.”² In order to prevent abuse of this policy, Netflix has instituted safeguards. Chief among these is the limitation of the number of simultaneous viewers an account may support. Many have felt the frustration of attempting to watch a show only to be met with the message “Too many devices are using the account right now.” Netflix has also introduced pricing bands based on the number of devices an account can support, ranging from \$7.99/month for one device to \$13.99/month for 4.

Executives at Netflix, Amazon Prime Video, Hulu, and Disney are all feeling pressure to maximize their profit margin. For a streaming service, the only effective way to do so is to expand the paying viewer base. With 44 million “freeloaders,” employees wonder whether more stringent policies should be enacted to limit streaming services to a single household, as outlined in their terms of service. To these streaming services, borrowing or sharing an account outside of a single-family unit constitutes a form stealing.

Users argue that the term “household” used in streaming service terms of service agreements is vague. A household could be considered a geographical proximity or a grouping of any number of tightly-knit family members. Others argue that they are “grandfathered” into a system, and wonder at what age they are obligated to get an account separate from that of their parents or siblings.

DISCUSSION QUESTIONS

1. In what circumstances would an individual be morally obligated to no longer share a streaming service account with their family?
2. Does borrowing a friend’s Netflix account constitute stealing?
3. Under what conditions, if any, is stealing morally permissible?

¹ <https://cordcutting.com/research/subscription-mooching/>

² <https://www.wsj.com/articles/youve-shared-your-netflix-password-with-your-entire-family-now-you-cant-watch-netflix-11591636619>

