

Safeguarding consumer confidence – regulatory considerations for the mobile content industry

The unprecedented rate of growth and adoption of mobile communications has created immeasurable benefits. The mobile device has become ubiquitous, on one level enabling basic voice communications and on another facilitating the dissemination of critical information that enhances health, education, legal and financial services.

With the advent of Internet-enabled mobiles, the device has now become an information and entertainment centre – capable of transmitting and receiving multimedia content anywhere, at any time. Mobile content consumers can be passive, proactive, reactive and/or interactive. What's more, they are a lucrative customer base; the value of the mobile content market is massive - research firm GfK M2 recently valued it at £1 billion – and is therefore one that is courted relentlessly.

In developed markets, such as the UK, this success and proliferation of mobile content has brought a new set of challenges: issues of consumer safety, the privacy of the individual, data protection, cost transparency and content access restrictions. None of these issues is entirely new – they have all been identified and are being addressed, to a greater or lesser extent, in the broadcast and Internet industries. However, the considerations for mobile users, while broadly similar, are actually more complex because of the complexities of the supply chain and the proliferation of potentially competing regulators that all converge in one device in one hand.

The mobile market and the mobile handset bring all these issues together in an environment that presents unique challenges in terms of regulation.

Because the mobile is the first genuine tool of convergence, its increasing sophistication means it can be a phone, a computer, a TV, a recording device, a music player, a webcam, a camera, or a payment device or any combination of those at the same time.

The mobile phone can send and receive email and multimedia, enable interaction; expressions of opinion, voting, gaming and gambling and provides access to anything the Internet can offer or that other users can create. It is also the first truly personal means of communication that spans generations and income levels – people young and old, rich and poor, all around the world are comfortable using a mobile, albeit with differing degrees of need and skill.

Add to this, an increasing need for convergence and interoperability across networks, platforms and mediums to satisfy a generation of users who network, collaborate and respond instinctively to the demands of the Web 2.0 lifestyle. Organisations want to provide information to staff, distributors and producers want to deliver content more effectively, while broadcasters and marketing or advertising agencies see the mobile audience as a key competitive edge to create loyalty and stickiness. In addition to these commercial considerations,

significant changes in the mobile market are acting as powerful drivers - the advent of true mobile broadband

and Apple's foray into the mobile market have altered perceptions of how content can be better monetised.

Interaction and campaign integration across multiple channels are now regarded as key to any marketing campaign and the mobile phone is the desired 'personal' landing zone.

Content managers need to offer both converged and interoperable mobile services to provide users with the ability to view, use and share content between and across different mediums and platforms. End-users want to be able to interact with their brand, TV show, operator or social network, to establish a dialogue. They want to be able to trust the services accessible from their mobile device. The quality of the end-user experience is a highly valued commodity offering excellent returns for those who get it right.

Those who get it wrong, however, can suffer significant brand damage. When premium rate services began to take off a few years ago there was a lack of regulation around how to operate them. The 'Crazy Frog' ringtone debacle in 2005 resulted in the loss of consumer confidence. It was the first mobile campaign to enter the mass market through television advertising, it targeted children, was direct to consumers, involved hidden payments and disrupted the value chain. The terms and conditions were not made clear to consumers. In the UK, the formal regulatory response saw dual action from the Advertising Standards Association ("ASA") and ICSTIS, the premium rate telephony regulator (now known as PhonePayPlus). Both faced with substantial consumer complaints responded in the only way they could – in duplication to gain significance of penalty and reactively. The consumer harm was done.

Last year, UK broadcasting brands suffered from the ignominy of having to suspend phone and text-in services because of a crash in consumer confidence caused by poorly-managed campaigns. The UK public spends some £1 billion a year via phone on voting competitions such as Big Brother and The X Factor, and on helplines, downloads, information, charitable donations and interactive games. It's a line of revenue that is dangerous to disrupt, but according to research published by PhonepayPlus late last year, almost two-thirds of the UK population have lost all trust in phone-based competitions, while 60per cent admit to having little faith in chat and entertainment services. The research also showed that 76per cent of people would not consider using a phone-paid service in the next 12 months.

The reactive regulatory model clearly has its shortcomings. Since 2005, in the UK, there has been a tightening of the regulatory regime - new prescriptive codes of practice have been brought in with the intention of increasing consumer confidence. The UK network operators collectively formulated and imposed their Code for Premium Rate Services. This has had a significant impact on the advertising, distribution and billing of mobile content. This was followed closely

by their Payforit initiative, a cross-operator payment system for mobile content aimed at tackling consumer concerns, and providing certainty and credibility to services. This can only benefit the whole communications market in the long term. Yet consumer confidence remains fragile.