

Privacy on the mobile Internet

Interview by Alan Pedersen

BUSINESSES PLANNING TO TAKE ADVANTAGE of the mobile Internet need to start thinking about the privacy practices they will employ. *PL&B International* talks to André Noel Chaker, Chair of the Mobile Marketing Association's (MMA) European Privacy Committee and CEO of Mobicus.

Mobile marketing is yet to be developed to its full potential. But as wireless technology pushes us ever closer towards a truly interactive mobile Internet, it is only a matter of time before businesses seek to tap into a rich and profitable vein of consumers with disposable incomes. Consumer privacy concerns, however, are threatening to spoil the party. Industry need only look at how e-mail marketing has suffered at the hands of careless and disreputable companies, to see the dangers. Therefore, André Noel Chaker says that businesses need to move quickly, and start preparing themselves for inevitable privacy issues that will be raised in the new mobile revolution.

MOBILE SPAM

Chaker points out that in some countries, unsolicited mobile messaging has already become a problem. In Japan, where the mobile Internet has proved a runaway success, close to 90 per cent of messages sent are now unsolicited. "A fairly active Japanese person," says Chaker, can easily get 100 spam messages a day through their mobile phone." The fact that Japanese mobile users have to pay to receive messages has provoked further outrage and network operators have become obliged to offer compensation to consumers. Legislation (see *PL&B International*, Feb 2002, p.20) has been introduced, but possibly too late to adequately tackle the problem. Technology solutions – recently implemented by leading mobile operator NTT DoCoMo – making it harder for spammers to target random consumers

– may have a more significant impact.

Mobile spam is inevitable, but Chaker suggests that the problem is unlikely to hit the same proportions in Europe due to strong legislation being introduced by the EU, and because the mobile industry now recognises the risks and is making concerted efforts to improve privacy procedures.

PRIVACY INTRUSION

Internet privacy has been the subject of much debate, with numerous surveys revealing that consumers' concerns have been a serious inhibitor for the growth of e-commerce. If not properly addressed, Chaker believes mobile privacy could become an even more contentious issue for businesses. He says that although the mobile Internet has "great potential" it is also "equally as intrusive and should therefore be handled with care." The reason for this, he says, is that whilst PCs are tied to the workplace or in the home, mobile phones are with people everywhere they go, making the potential for privacy intrusion that much greater. Imagine the annoyance of being spammed on your mobile at all hours of the day; on the train in the morning, in the office, at lunch, or trying to socialise after work. Add in the fact that location tracking technology can pinpoint exactly where a particular person is, and you begin to realise the grave concerns that consumers will have.

SELF-REGULATION

Chaker believes strong self-regulation is vital, adding that the MMA's view

on privacy goes beyond that of other industry bodies. "There is a need," he says, "to protect the mobile commerce business space from being abused." The alternative, he suggests, is that businesses will lose out as consumers become increasingly wary of using mobile channels. Unlike some in the industry, Chaker supports an opt-in approach to mobile marketing (whereby consumers are targeted only if they have given consent) which he maintains will play a key role in maintaining consumer trust.

REGULATORY CONFUSION?

The problem for companies seeking advice on best practice is that there is a whole host of industry bodies advising on privacy. In addition to the MMA, there is the Interactive Advertising Bureau (IAB), the Wireless Location Industry Association (WLIA), and the Association for Interactive Marketing. It may lead them to ask: who is providing the right advice?

Chaker suggests that whilst "there might be some confusion at the outset, it will disappear with time." He is confident that industry bodies will reach a common ground by consolidating their privacy guidelines. "Everybody who is on board these associations has one wish. To have rules that complement each other." By creating harmonised standards and rules, Chaker believes industry bodies will be better placed to educate market players in a clear and effective manner.

TECHNOLOGY

Whilst best practice is paramount to the

success of mobile marketing, Chaker says that privacy technology will also play a prominent role. In tackling wireless spam, "technology solutions will be critical" he says, explaining the relative ease with which disreputable companies can send out millions of unsolicited messages each day. To stop untargeted messaging, "operators are going to need to invest in permissionware; software that is able to assess permission, and the level of consumer interest in receiving information, on a mass scale."

DOES INDUSTRY WANT PRIVACY?

With all this advice on offer, the question is: will businesses take any notice? Chaker believes they will. "Smart marketers," he says, "will definitely take notice of legislative barriers and the natural rules of a market that punishes those who do not follow the rules."

The marketing industry is learning its lessons in the fixed-line Internet market, improving privacy practices and using less invasive marketing techniques. Chaker suggests that a similar pattern will occur in the mobile world. "It is in their best interests," he says, "especially for established marketers who are on the front line. They cannot afford to anger their customers or abuse their trust. If that happens, then you've lost everything."



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The MMA is currently in the process of revising its privacy guidelines. For further information on the MMA, see the website at: www.waaglobal.org

Finnish-based Mobicus provides permission-based marketing solutions to the wireless industry. For further information: www.mobicus.com

PL&B's Annual Conference, July 1st-3rd, includes a session on protecting privacy in a mobile society

Mobile commerce - the future

Despite the poor consumer take-up of WAP (Wireless Application Protocol) mobile services, wireless operators are banking their futures on the wireless Internet through the development of 3G (third generation) mobile technology. According to industry hype, 3G will converge fixed-line web browsing with the mobile phone, giving consumers access to a range of multimedia services, including video streaming, online gaming and wireless shopping; all at faster speeds than currently provided by fixed-line Internet connections. An early form of the mobile Internet has already proved a runaway success in Japan through NTT DoCoMo's i-mode service, which now has over 32 million subscribers.

Advanced location tracking technologies will be a compelling tool for businesses, allowing them to target products and services to consumers as they pass by shops, restaurants and bars. Multimedia technology will also enable companies to deliver highly sophisticated advertising campaigns straight to customers' phones. All this technology, however, is not likely to hit the mass consumer market until at least mid-2003. In the interim, marketers will turn to the more basic, but massively popular SMS (texting), seen as a key channel for breaking into the teenage market.

Facts and figures

- According to figures published by the GSM (Global System for Mobile Telecommunications), there were around 650 million GSM mobile phone subscribers worldwide at the end of 2001.
- By 2005, there will be over 305 million next generation 3G subscribers, according to consultancy firm 3G-generation.com. Europe is expected to have the highest figures with 41 per cent of the global share, followed by Asia with 38 per cent, and North America with 18 per cent.
- Around 30 billion SMS text messages are now being sent each month globally, and according to Forrester research, SMS revenue in Europe will reach 19.6 billion euros in 2003.
- Research conducted by the Federation of European Direct Marketing (FEDMA) and Forrester research found that 21 per cent of the 205 respondent companies are already using SMS as a marketing tool. Average response rates of 11 per cent have been regarded favourably considering the relative immaturity of SMS marketing and the low cost involved.

Useful URLs

Mobile Marketing Association - www.waaglobal.org

Association for Interactive Advertising (AIM) - www.imarketing.org

Wireless Location Industry Association (WLIA) - www.wliaonline.com

GSM Association - www.gsmworld.com

Interactive Advertising Bureau (IAB) - www.iab.net