# Mobile trends as they might affect children – a European perspective

Children, Mobile Phones and the Internet – Tokyo, March 2003


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# Agenda

1. Latest trends that could affect children –
    - Technology (devices)
    - Market and services
2. $O_2$ approach to protecting the vulnerable
3. Opportunities and concerns

# Latest trends

1

Device trends in Europe

Services and applications

Market changes

# Device developments

- Mass uptake of pre-pay mobiles in UK – representing >50% of all purchases. ‘Walk-in and pay with cash’ – phones now available in supermarkets and off-the-page, all fully SMS and internet enabled
- Historically, black & white and text based technology limits available content for adult
- More capable mobile devices and development of access to colour images via WAP or MMS animations / video streaming
- Usability improvements such as ‘walk-out-working’ developments increase the risk!
- Launch of 2.5G (GPRS) prompted huge push on “fast” internet access




# Service and application developments

- Mass uptake of SMS – and evolution of two-way interactive SMS capability – resulting in services like SMS Chat
- Personalisation is key in under 18 market, with plenty of “adult” icons and logos available in e.g. national newspapers and men's magazines
- New wider range of content services (supporting broader content choice) – including “self-generated” content)
- Growth in content providers willing to work with operators or stand-alone using IVR / premium SMS as their method of payment


- Access to mobile internet and development of search engines e.g.  Mopilot
- Evolution of lower-end, highly featured handsets
- Development of colour content – icons / logo’s, as well as colour WAP

# UK Adult market facts

- PC penetration in UK is around 51% - around 15m homes[1]

***Net Value estimate that more than a quarter of homes with a PC accessed adult sites in June 2001***

- 43% of adults access the Internet from any location
  - Around 3.8m UK homes (i.e. **31%** of all homes with Internet access) accessed an adult site in June[1]
  - The average time spent on these sites was 45 minutes[1]
  - **41.2%** of all sites visited in the UK in June were of an adult nature[1]
  - **15%** of adult sites visitors are women[2]

***Indicates strong mass market demand***

Source:[1] NetValue, Aug, 2001; [2]Neilson, Dec '02; [3]O2 WAP Gateway, Jan '03

## Understand the operators thinking on revenues …

- Research company Visiongain estimates that the value of the global pornography market will be some $70 billion (43 billion pounds) in 2006 and that $4 billion of the total could come from mobile telephony.

- Represents a UK *market* in excess of £1bn in next three years alone

# UK operators approach to protecting the vulnerable

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Being proactive

Self regulation

# The industry is keen to be proactive

- The industry has recognised the need absolutely protect the vulnerable and to combat against legal content and activities …
- … and to find a very careful balance between brand reputation and developing and promoting a new revenue category
- The government and other stakeholders (e.g. child protection charities) expect self regulatory approach – government is reserving backstop powers to intervene if necessary
- Consequently, the industry is taking a proactive position in initiating cross-industry and regulatory discussions
- It is critical that both consumer, regulator and other stakeholder confidence is maintained – working to “official” codes of ‘good practice’

## Self regulation should cover …

1. **Rating of content** – universal versus ’18’ – possible variants in between
2. **Barring facilities for parents and guardians** - or other blocking and filtering enablers to prevent access to ’18’ content on a mobile number basis - a one stop shop (per network)
3. **Prevent illegal content** – create ‘notify and take down’ procedures
4. **Public awareness** - and creating **i**nformation and advice - e.g about parental controls, safe use of a mobile, routes of communication

## Self regulation considerations …

- **Peer to peer** *not* covered … remains a private matter for the individual
- Establishing an **“independent” body** to manage a industry-agreed rating framework
- To cover ***all*** **media types** - SMS, WAP, MMS, PDA, Web
- Cover **adult AND gaming** / gambling

## Timing …

- Code launched – mid-2003
- Note: mass market for devices and services - late 2003, 2004

# Self Regulation (cont)

- We *must* ensure our services have the appropriate capability to prevent misuse (e.g. to address concerns that chatrooms can be used as ‘grooming grounds’)
- Essential that our investigation teams (be it Nuisance Call and Police liaison) can support authorities
- Since there are also a large number of pre-pay SIMs in the market (active or potentially active) - any approach which relies on  parental registration must ensure that this cannot be overcome by swapping/ exchanging SIMs or by the purchase of alternative SIMs by under 18’s for use in a visual / internet capable device.

## Network position …

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Protecting the brand

Competitive advantage

# Protecting the brand …

- From a branding perspective, networks must take the high ground in the proactive development of filtering an barring capabilities – in order to provide the option for a “safe” environment for the vulnerable
- With these safeguards and controls in place, networks will be able to offer content that customers demand while protecting brand values

# Competitive advantage …

Brand – bring services to you without damaging the brand reputation … how we do this is basis for competitive advantage

Revenue – driving "safe" revenue but *not* at the cost of exposing the vulnerable and the brand

Customer Care – simple access to set up barring, and complain etc

Channels – ensuring that the vulnerable are protected in channel – how this is done still being discussed

Customer Choice – allowing customers access to a wide range of appropriate adult content,

Technology – providing robust and easy to use technology enablers to barr access on media type

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