

TACD

TRANS ATLANTIC DIALOGUE TRANSATLANTIQUE
CONSUMER DIALOGUE DES CONSOMMATEURS

REPORT ON THE JULY 2006 TACD MOBILE COMMERCE SURVEY

Introduction

Mobile commerce is a business model that allows a consumer to complete all steps of a transaction by using a mobile phone or personal digital assistant (PDA) rather than by going to a physical store or by voice. Downloading ring tones and screensavers and using different types of paid information (traffic reports, sports news, etc.) and entertainment services (SMS chats, games, etc.) are common types of mobile commerce, but mobile commerce transactions can also include purchasing physical goods such as books to be delivered offline.

In 2005, the TACD adopted a resolution¹ concerning mobile commerce, citing a number of concerns, including: deceptive solicitations; inadequate disclosures about the products and services offered, the cost, and the terms and conditions; unauthorized charges for mobile commerce transactions; inappropriate marketing to children; spam sent to mobile devices; privacy and security; and inadequate, disparate dispute rights for consumers depending on the method of payment and the countries they live in. The TACD urged the EU and US governments to implement consistent laws and regulations to protect consumers and to work with mobile commerce vendors, billing and payment intermediaries, and other businesses involved in mobile commerce to encourage best practices and effective self-regulatory programs.

This online survey, conducted between June 1 and July 1, 2006, was designed to gather information about consumers' experiences with mobile commerce. People were asked to complete the survey only if they had a mobile phone or PDA with online access. The survey was available in 7 languages (Czech, Dutch, English, Finnish, French, German and Greek) and was hosted on the website of Consumers International. Links to this online survey were put on the websites of consumer groups and other organisations all around the world, but largely in the US and EU. 1,955 consumers responded.

The results of the TACD mobile commerce survey demonstrate the need for better business practices, better protection for consumers, and better recourse when problems arise related to mobile commerce. They also indicate that consumers should be encouraged to report their problems. While the survey did not delve into why so many consumers failed to complain – whether they were unsure where to turn, felt that the amount of money involved was not worth the trouble, believed that they would not be successful if they tried, worried that their wireless service might be terminated for failure to pay the disputed charge, or had some other reason – more complaints would provide vendors, billing intermediaries, government agencies and consumer organizations with information that would help them develop policies and programs to protect consumers.

This report is a call to action for the EU and US governments and to businesses involved in mobile commerce to implement good, consistent industry standards and legal protections for consumers and to provide easy-to-use, effective methods of redress. If they do not act, TACD members are concerned that mobile commerce will go the way of 900-numbers – a business model that became discredited because of unfair, deceptive, and abusive practices.

¹ http://www.tacd.org/db_files/files/files-395-filetag.doc

Key Survey Findings

- More than 4 in 10 (44%) of respondents had made mobile commerce transactions within the last 12 months.
- 22% of adults who have children at home and knew whether their children had made mobile commerce transactions within the last 12 months said they had done so.
- Ringtones are by far the most popular mobile commerce purchases that respondents made (41%) and that they reported their children made (59%).
- Nearly 4 in 10 respondents (38%) reported that they had problems related to mobile commerce within the last 12 months. The problem most frequently cited was that the cost of goods or services was inaccurate or misleading (35%).
- Disturbingly, more than half (59%) of those who had problems said they never complained to anyone. Those who did complain most frequently contacted the vendor (67%).
- Unfortunately, half (50%) of those who tried to resolve their problem were unsuccessful.
- Only small numbers of respondents agree that advertisements for mobile commerce generally provide clear and complete information about the offers (10%), that it is easy to cancel mobile commerce contracts (8%), that there are adequate protections against unauthorized charges (9%), that personal data provided in making mobile commerce purchases is generally secure from abuse (9%), that it is easy to resolve mobile commerce disputes (6%), and that there are adequate protections from unwanted commercial solicitations on mobile phones and PDAs (9%).
- More than half (54%) of respondents favoured a combination of voluntary codes of conduct and government regulation as the best approach to protect consumers in mobile commerce transactions.

Summary of Survey Findings

Demographics

Three-quarters (76%) of the respondents were between the ages of 19-49, and 71% were male. Most of the responses came from Germany (49%), Belgium (11%), the United States (11%), and the Netherlands (11%).

Frequency of mobile commerce transactions

44% of respondents had made a mobile commerce transaction within the previous 12 months. Of those who did, 27% made one transaction, 40% made 2-4, 20% made 5-10, and 13% made more than 10 transactions.

Of those respondents who have children at home and knew whether or not they had made mobile commerce transactions within the previous 12 months, 22% said their children had. 27% of those children made one transaction, 41% made 2-4, 14% made 5-10, and 19% made more than 10 transactions.

Types of mobile commerce purchases

Ringtones were the most common mobile commerce purchases made by respondents (41%). Other popular items were information services, such as weather forecasts and traffic information (29%); interactive services such as games and chats (24%); and music and video content (22%). 15% said they paid for tickets to events via mobile commerce, 11% bought screensavers, and 5% paid for parking. A large number, 37%, said they had purchased "other" goods or services.

Ringtones were also the most popular mobile commerce purchases that parents reported their children made (59%), followed by music or video content (31%), interactive services (25%), screensavers (20%), information services such as weather forecasts and traffic reports (10%), admission to events (8%), and parking (3%). 22% purchased "other" goods or services.

Spam on mobile devices

Half (51%) of respondents said they had received an unwanted commercial advertisement on their mobile phone or PDA within the last 12 months; slightly fewer (49%) said they had not.

Problems related to mobile commerce

Nearly 4 in 10 respondents (38%) reported that they had problems related to mobile commerce within the last 12 months. This question was asked of everyone who responded to the survey, not just those who had made a mobile commerce transaction or whose children had, because some problems, such as being billed for purchases never made, can occur even if the person did not make a mobile commerce transaction.

Of those who said they had problems, the one most frequently cited was that the cost of goods or services was inaccurate or misleading (35%). Other common problems included: failure to clearly disclose the terms of services, such as subscription with recurring charges (26%); inaccurate or misleading description of the goods or services (26%); cancellation policy was not clearly disclosed (22%); and the personal information given to the vendor in making the transaction was abused (20%). 17% said they were billed for a transaction they'd never made; the same number complained that they had paid for a service but it did not work. 4% said they paid for goods or services they never received. Only 2% said that they had been billed for transactions their children made without their consent.

Complaining about mobile commerce problems

Disturbingly, more than half (59%) of those who had problems said they never complained to anyone. Those who did complain most frequently contacted the vendor (67%). 30% contacted the company that billed them, if different than the vendor. 15% contacted a consumer organization, 12% contacted a government agency, and 9% sought help from someone else.

Unfortunately, half (50%) of those who tried to resolve their problem were unsuccessful. 27% were able to resolve it directly with the vendor, 7% resolved it with the company that billed them, 5% resolved it with help from a government agency, 4% with help from a consumer organization, and 6% with help from someone else.

Views about vendor practices and consumer protection

When asked about the practices of vendors and how well consumers are protected in mobile commerce, respondents had very negative views. 63% disagreed that advertisements for mobile commerce generally provide clear and complete information about the products or services, terms and conditions, and costs; only 10% agreed. 46% disagreed that it is easy to cancel mobile commerce contracts; 8% agreed it is easy. 48%

disagreed that there are adequate protections against unauthorized charges; 9% agreed that there are adequate protections. 56% disagreed that personal data provided in making mobile commerce purchases is generally secure from abuse; 9% agreed that it was secure. 64% disagreed that it is easy to resolve mobile commerce disputes; only 6% agreed that it is easy. And 58% disagreed that there are adequate protections from unwanted commercial solicitations on mobile phones and PDAs; 9% agreed that protections were adequate.

Views about the best approach to protect consumers

It is not surprising, then, that only 7% of respondents said that voluntary codes of conduct set by the vendors or wireless service providers was the best approach to protecting consumers in mobile commerce, and an even smaller number, 4%, said that no rules or codes of conduct are needed, as the marketplace regulates itself well enough. However, consumers do appreciate the value of voluntary codes as part of an overall protection scheme; more than half (54%) of respondents favoured a combination of voluntary codes of conduct and government regulation as the best approach to protect consumers, while about a third (35%) cited government regulation only as the best approach.

Appendix: TACD Mobile Commerce Survey

1 Gender?	Count	Ratio
Male	1381	70.64%
Female	574	29.36%
Total Responses	1955	

2 Age?	Count	Ratio
Under 12	5	0.27%
12-18	78	4.16%
19-29	540	28.77%
30-39	551	29.36%
40-49	343	18.27%
50-59	230	12.25%
60-69	117	6.23%
70+	13	0.69%
Total Responses	1877	

3 Country	Count	Ratio
Afghanistan	11	0.59%
Algeria	1	0.05%
American Samoa	2	0.1%
Antigua and Barbuda	1	0.05%
Austria	9	0.48%
Australia	34	1.81%
Belgium	215	11.44%
Belize	1	0.05%
Bermuda	1	0.05%
Canada	8	0.4%
China	1	0.05%
Cyprus	1	0.05%
Czech Republic	159	0.85%
Denmark	2	0.1%
Estonia	1	0.05%
France	6	0.3%
Finland	11	0.59%
Georgia	1	0.05%
Germany	914	48.62%
Ghana	1	0.05%
Greece	20	1.06%
Hong Kong	2	0.1%
India	5	0.25%
Ireland	1	0.05%
Italy	4	0.2%
Japan	6	0.3%
Luxembourg	1	0.05%
Malaysia	1	0.05%
Mexico	1	0.05%
Netherlands	210	11.17%
Netherlands Antilles	1	0.05%
Norway	1	0.05%
Philippines	1	0.05%
Portugal	2	0.1%
Romania	1	0.05%
Slovakia	3	0.15%
Slovenia	1	0.05%
South Korea	1	0.05%
Switzerland	8	0.4%
Thailand	2	0.1%
Turkey	3	0.15%
United Kingdom	13	0.69%
United States	211	11.22%
Zimbabwe	1	0.05%
Total	1880	

4 In the last 12 months, how often have you made a mobile commerce transaction?	Count	Ratio
Once	211	11.75%
2-4 times	314	16.7%
5-10 times	154	8.57%
More than 10 times	105	5.85%
Never (takes you to question 6)	1012	56.35%
Total Responses	1796	

5 What did you purchase via mobile commerce? (select all that apply)	Ratio %	Count
Total responses		795
Ringtones	40.88	325
Screen savers	10.69	85
Music or video content	22.14	176
Interactive services, such as chats, games etc.	24.03	191
Information services, such as weather forecasts, traffic information etc.	29.31	233
Admission to events	15.35	122
Parking	5.28	42
Other	37.36	297

6 If you have children at home, how often have they made a mobile commerce transaction in the last 12 months?	Count	Ratio
Once	37	2.09%
2-4 times	57	3.21%
5-10 times	19	1.07%
More than 10 times	26	1.46%
Don't know	75	4.22%
Never (takes you to question 8)	495	27.87%
I don't have children at home (takes you to question 8)	1067	60.07%
Total Responses	1776	

7 What did your children purchase via mobile commerce? (select all that apply)	Ratio %	Count
Total responses		208
Ringtones	58.65	122
Screen savers	20.19	42
Music or video content	30.77	64
Interactive services, such as chats, games etc.	25.48	53
Information services, such as weather forecasts, traffic information etc.	10.09	21
Admission to events	6.73	14
Parking	2.88	6
Other	22.12	46

8 In the last 12 months, have you received any unwanted commercial advertisements on your mobile phone or PDA?	Count	Ratio
Yes	900	50.96%
No	866	49.04%
Total Responses	1766	

9	In the last 12 months, have you had any problems related to mobile commerce? (select all that apply)	Ratio %	Count
	Total responses		1727
	I was billed for a transaction I never made	6.37	110
	I was billed for a transaction my children made without consent	1.51	26
	The product or service was advertised as free but I was billed for it	5.50	95
	The cost of goods or services was inaccurate or misleading	13.32	230
	The description of goods or services was inaccurate or misleading	9.84	170
	The terms of services, such as subscription with recurring charges, were not clearly disclosed	10.02	173
	The cancellation policy was not clearly disclosed	8.28	143
	I was billed for goods or services I purchased but never received	3.65	63
	I was billed for a service I purchased but it did not work	6.43	111
	The personal information to the vendor, in making a mobile commerce transaction, was abused	7.59	131
	Other	8.45	146
	No problems (takes you to question 12)	61.78	1067

10	Who did you complain to about the problem? (select all that apply)	Ratio %	Count
	Total responses		864
	Vendor	27.43	237
	Company that billed you (if different than vendor)	12.27	106
	Government agency	4.98	43
	Consumer organization	6.13	53
	Other	9.26	80
	No one (takes you to question 12)	58.80	508

11	Which of these best describes the outcome of your complaint? (select only one answer)	Count	Ratio
	I resolved the problem directly with the vendor	90	27.11%
	I resolved the problem directly with the company that billed me (if different than vendor)	23	6.93%
	I resolved the problem with the help of a government agency	18	5.42%
	I resolved the problem with the help of a consumer organization	14	4.22%
	I resolved the problem with the help of someone else	19	5.72%
	I tried, but the problem could not be resolved	168	50.6%
	Total Responses	332	

12	Do you agree or disagree with the following statements?			Count
	Agree	Disagree	I don't know	
Advertisements for mobile commerce generally provide clear and complete information about the products or services, terms and conditions, and costs	160 (9.84%)	1030 (63.35%)	436 (26.81%)	1626
It is easy to cancel mobile commerce transactions	125 (8.03%)	721 (46.31%)	711 (45.66%)	1557
There are adequate protections against being billed for unauthorized mobile commerce transactions	148 (9.11%)	786 (48.37%)	691 (42.52%)	1625
Personal data provided in making mobile commerce transactions is generally secure from abuse	154 (9.47%)	917 (56.4%)	555 (34.13%)	1626
It is easy to resolve disputes concerning mobile commerce transactions	101 (6.22%)	843 (63.67%)	680 (41.87%)	1624
There are adequate protections from receiving unwanted commercial advertisements on mobile phones and PDAs	148 (9.1%)	937 (57.62%)	541 (33.27%)	1626

13	What do you think is the best approach for protecting consumers in mobile commerce transactions? (select one answer only)	Count	Ratio
	Voluntary codes of conduct set by the vendors or mobile / PDA service providers	120	7.46
	Government rules and regulations	561	34.89
	A combination of voluntary codes of conduct and government rules and regulations	861	53.54
	No rules or codes of conduct are needed, as the marketplace regulates itself well enough	66	4.10
	Total Responses	1608	