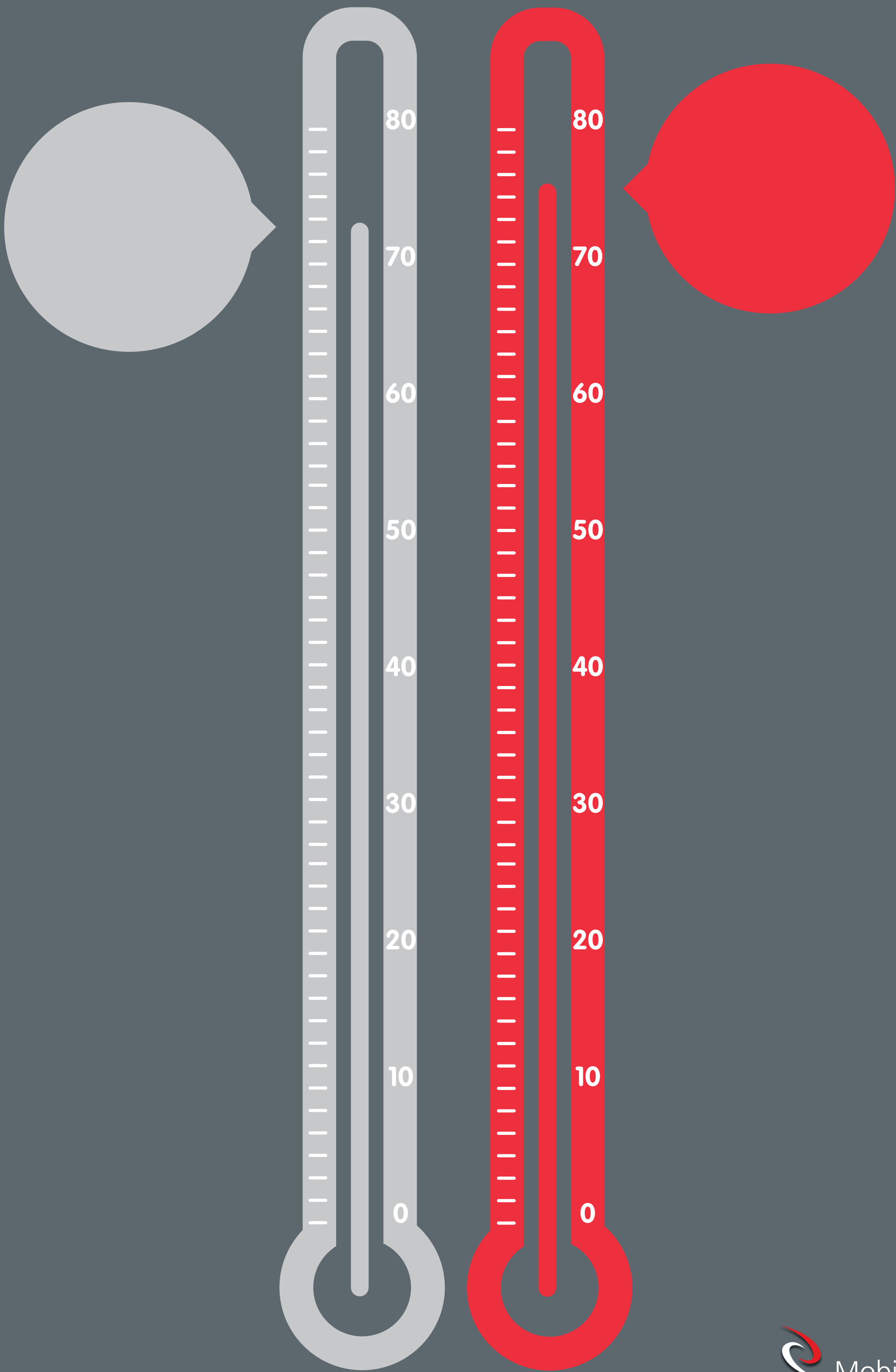
Mobile Industry Reputation Index April – September 2011



Mobile Industry
Reputation Index

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Foreword
by Tom Phillips, Chief Government and Regulatory Affairs Officer, GSMA

Welcome to the second edition of the GSMA's Mobile Reputation Index Report.

The Index is an ongoing programme of research into the perceptions of the mobile industry held by governments and regulators across the world. Launched in October 2010, it is intended to be a long-running programme to track changing perceptions over time.

This report summarises the views of respondents between April and September 2011 and compares them with the findings between October 2010 and March 2011.

This time, Europeans made up a much greater proportion of those surveyed (almost 39% of the 275 respondents were from Europe, compared with 18% of the 250 respondents in the first survey). The larger number of European respondents may have had a negative impact on how the mobile industry scores in a number of key areas, perhaps reflecting the fact that the impact of widespread mobile connectivity in Europe has not been as profound in developing regions, such as Africa and Latin America, where fixed lines are scarce.

The survey also confirmed that there is some disquiet among many policy makers and regulators, particularly in Europe, around specific issues, such as the transparency of roaming prices and the industry's responsiveness to public concerns about health risks from exposure to radio frequencies.

Even so, the Index continues to show that the contribution of the mobile industry to social and economic welfare is broadly recognised by policy makers and regulators across the world. Moreover, more than two thirds of respondents believe the mobile industry's socio-economic contribution is increasing.

The summarised findings here show in more detail how the mobile industry scored in the second survey compared with the first. At the GSMA, we believe these comparative figures reveal as much about geographical differences of opinion between Europe and developing regions as they do about trends over time. The third edition of the survey, covering the period between October 2011 and March 2012, will enable us to see if perceptions have shifted significantly in the Index's first year.

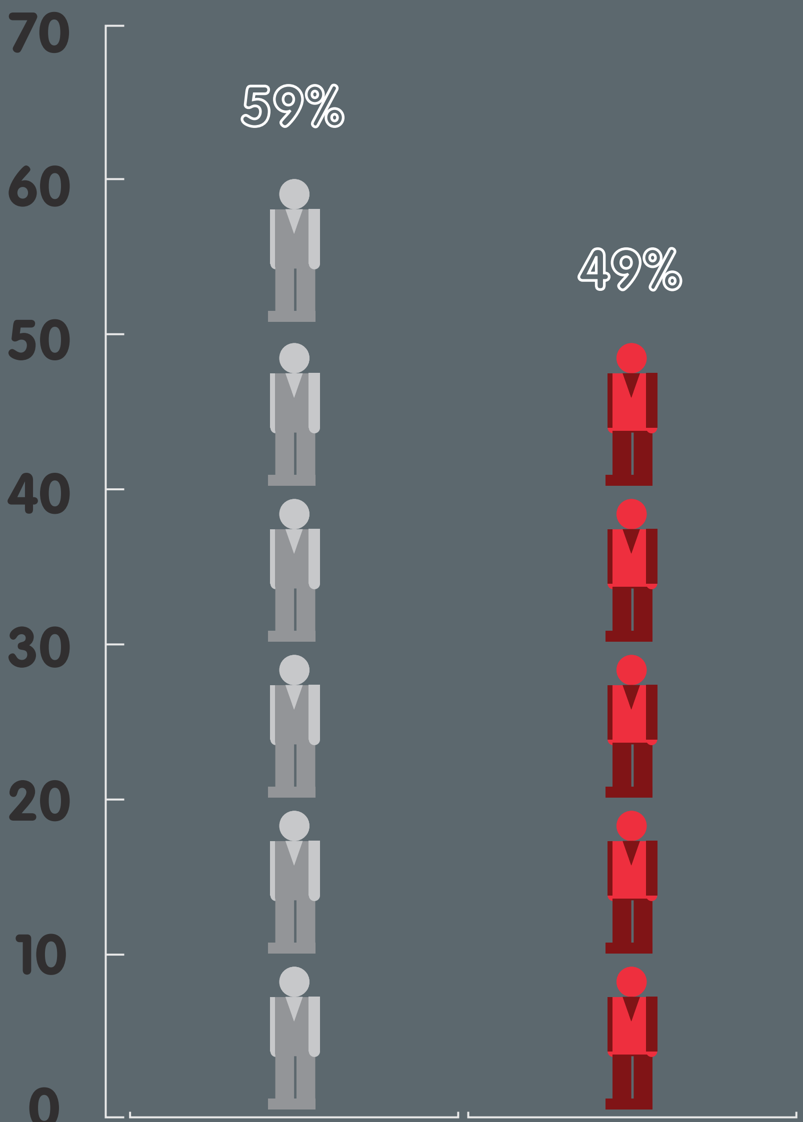
I thank all of those who have taken the time to contribute to this important research to date. I encourage all government stakeholders to engage with the Mobile Reputation Index moving forward, so that the ongoing research can continue to help increase understanding and engagement between the mobile industry and policy makers worldwide.

Tom Phillips,
Chief Government and Regulatory Affairs Officer,
GSMA

Overall Contribution of the Mobile Industry

The socio-economic benefits of both mobile and broadband connectivity are widely recognised by academics, economists and authoritative international bodies. Most policy makers also recognise that mobile connectivity is taking on an increasingly fundamental role in the modern world. Some 70% of respondents to the second edition of the Reputation Index said that the mobile industry's overall contribution to society had increased in the past year. When asked to rate the mobile industry's social and economic contributions to the advancement of society, most respondents selected "fairly significant" or "very significant". But they were less positive than those responding to the first edition (see Figure 1).

Fig.1



How significant is the mobile industry's contribution to society in terms of social impact?

Percentage responding 'Very significant'

Oct 2010 – March 2011

April – Sept 2011

How significant is the mobile industry's contribution to society in terms of economic impact?

Percentage responding 'Very significant'

Oct 2010 – March 2011

April – Sept 2011

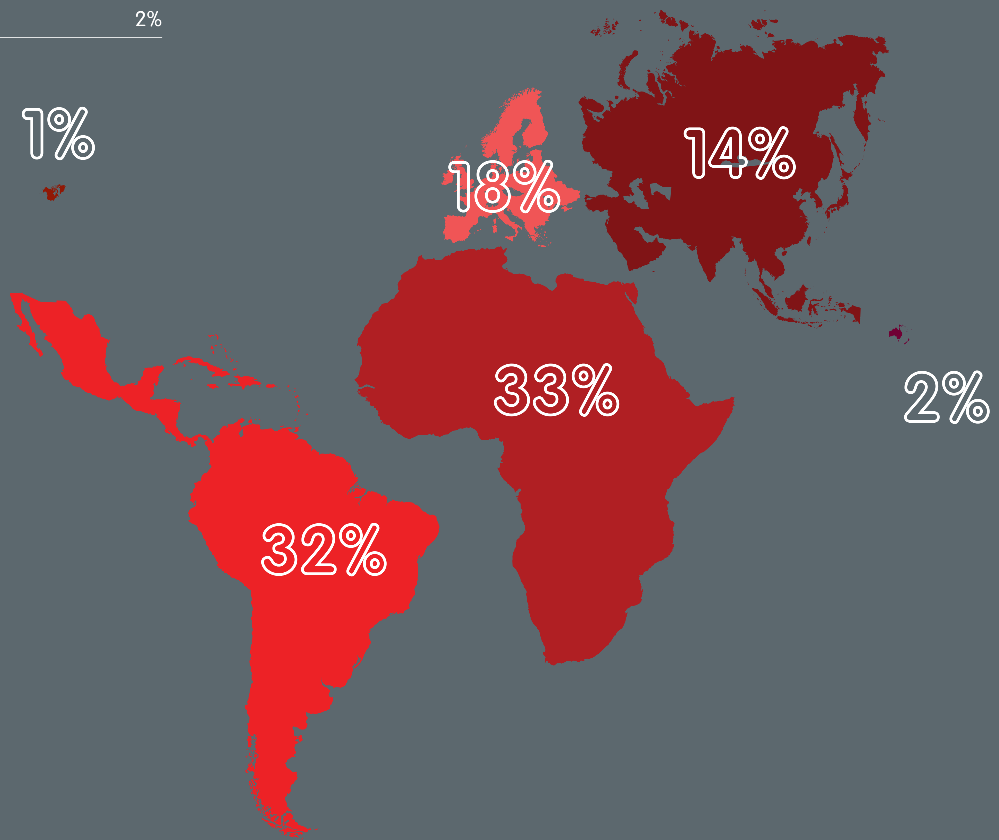
Geographical Breakdown of Respondents

However, these declines could be explained, at least in part, by the greater proportion of European respondents in the second survey (see Figure 2). Only 29% of European respondents felt that the mobile industry's social contribution to the advancement of society is very significant and only 30% felt that the mobile industry's economic contribution to the advancement of society is very significant. Both these figures are well below the global average, potentially reflecting the fact that Europe is less reliant than developing regions on the mobile industry to create jobs and pay taxes. Moreover, Europe's relatively extensive fixed-line infrastructure means it is also less dependent than Africa, Latin America or developing Asia on mobile networks for basic connectivity.

Fig.2

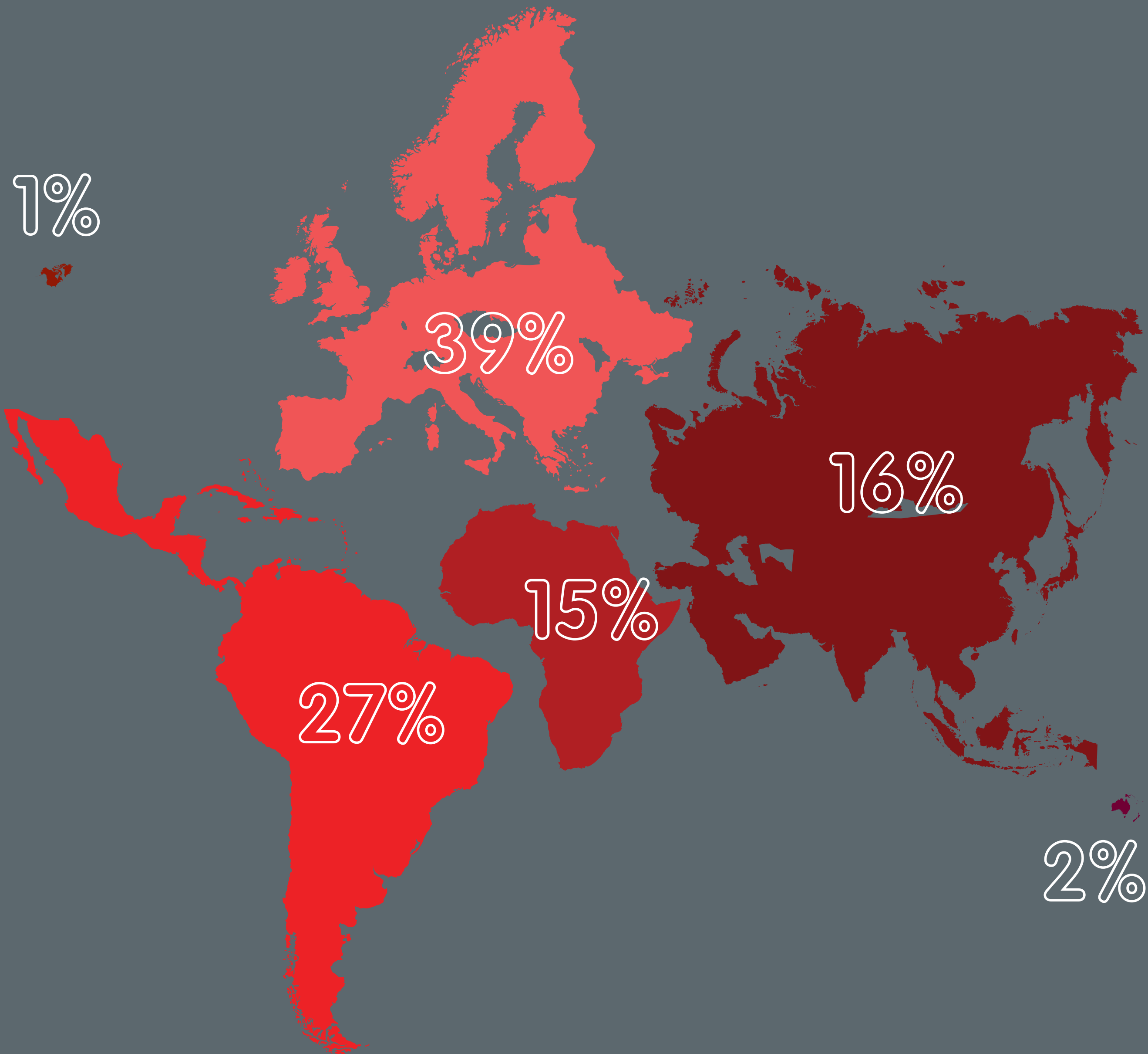
Regional breakdown of respondents from first survey

Africa	33%
Asia	14%
Europe	18%
Latin America	32%
North America	1%
Oceania	2%



Regional breakdown of respondents from second survey

Africa	15%
Asia	16%
Europe	39%
Latin America	27%
North America	1%
Oceania	2%

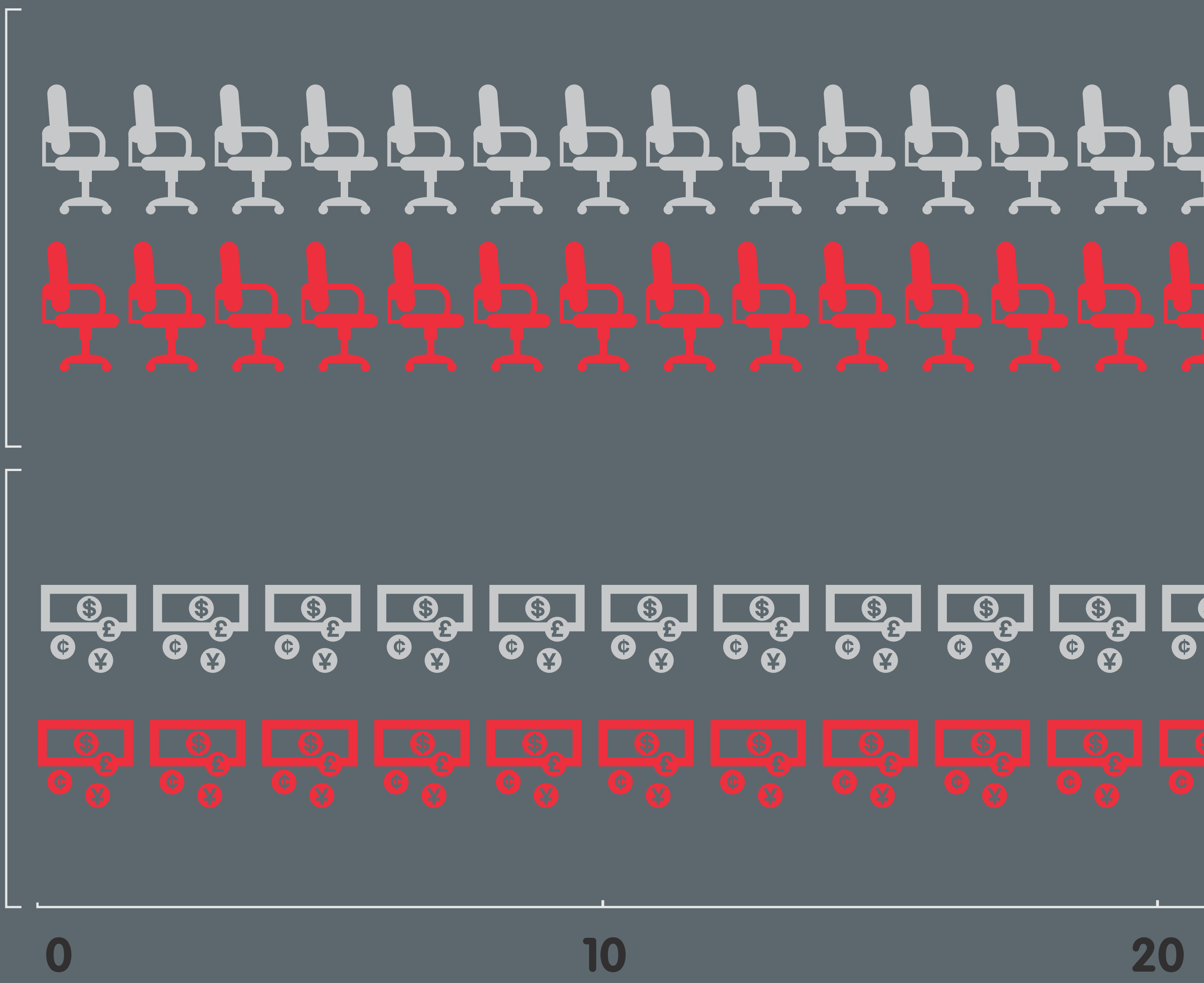


Economic Contribution of the Mobile Industry

When asked to consider the specific factors of job creation and tax revenues, respondents in the second edition of the Reputation Index were not as positive as their counterparts in the first edition (see Figure 3).

Again, the greater proportion of European respondents and their tendency to score well below the global average may explain this decline. Only 18% of European respondents regarded the mobile industry's role in job creation as very significant, compared with 33% of Latin American respondents. The equivalent figure for tax revenues among European respondents was just 12%, compared with 34% in Latin America.

Fig.3



How significant is the mobile industry's role in job creation?

Percentage responding 'Very significant'

Oct 2010 – March 2011

April – Sept 2011

How significant is the mobile industry's role in generating tax revenues?

Percentage responding 'Very significant'

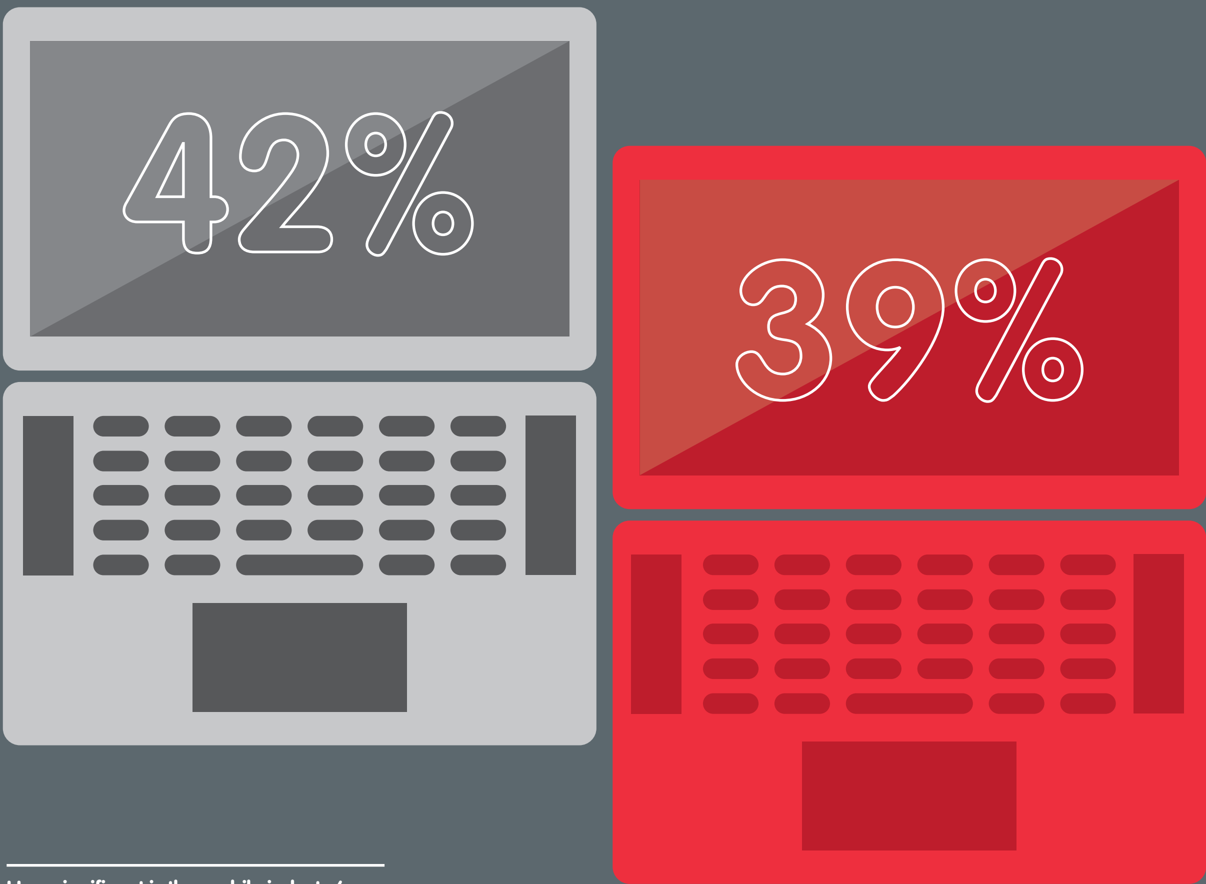
Oct 2010 – March 2011

April – Sept 2011

Role in Innovation and Broadband Penetration

The proportion of respondents rating the mobile industry's role in broadband penetration and innovation as "very significant" was broadly stable across the two surveys (see Figure 4). Among Latin American respondents, the mobile industry's scores on these measures rose markedly, likely reflecting the ongoing roll out of HSPA networks across that region. Some 88% of policy makers and regulators from Latin America in the second survey said the mobile industry's role in broadband penetration is "very significant" or fairly significant, compared with 76% in the first survey. The proportion of Latin American respondents characterising the mobile industry's role in innovation as "very significant" or "fairly significant" climbed to 88% from 78%.

Fig.4



How significant is the mobile industry's role in increasing broadband penetration?

Percentage responding 'Very significant'

Oct 2010 – March 2011

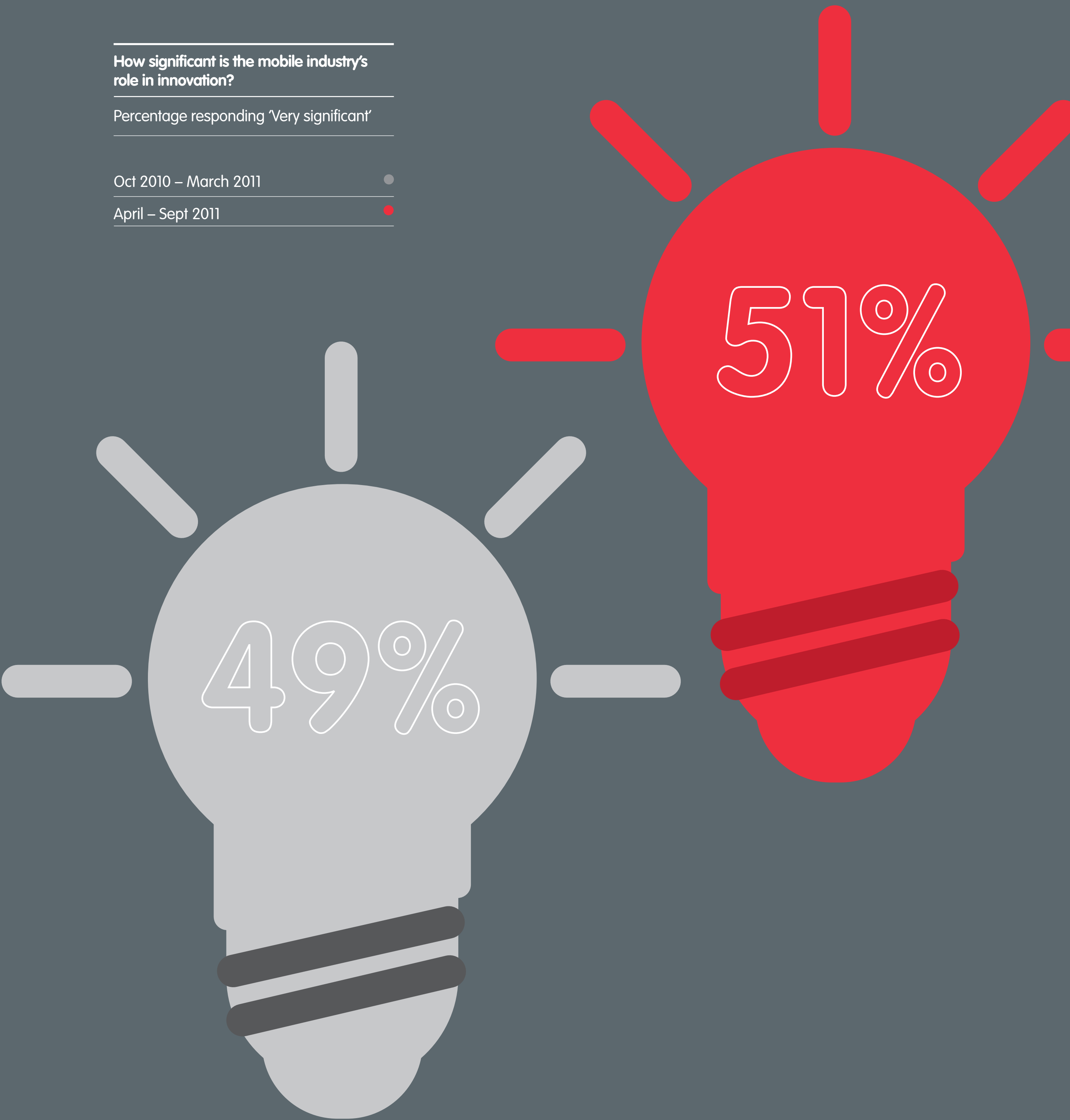
April – Sept 2011

How significant is the mobile industry's role in innovation?

Percentage responding 'Very significant'

Oct 2010 – March 2011

April – Sept 2011



Environmental Contribution of the Mobile Industry

By making people and processes much more efficient, mobile connectivity can potentially reduce society's impact on the environment. But only a minority of policy makers and regulators understand or are convinced that mobile is delivering in this respect (see Figure 5).

Still, the second edition of the Index does point to a growing belief among policy makers that the mobile industry can play a significant role in the development of a low-carbon economy (see Figure 6).

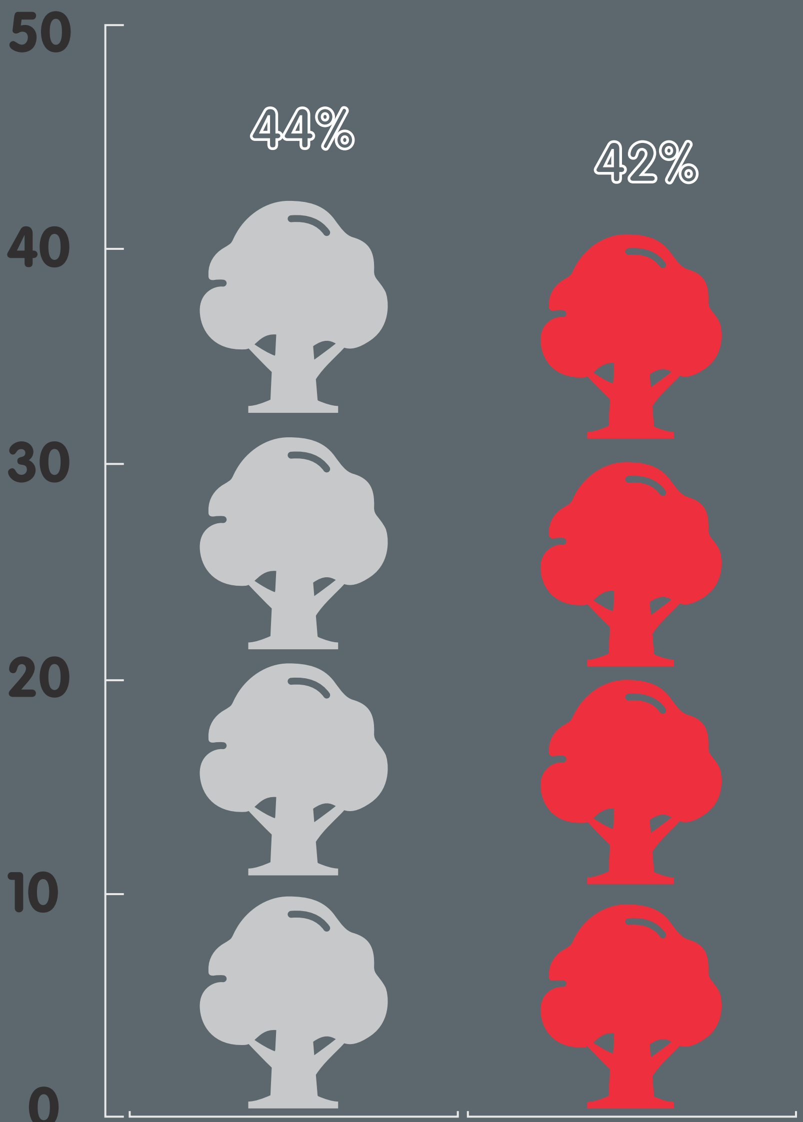


Fig.5

How significant is the mobile industry's environmental contribution?

Percentage responding 'Very significant' or 'Fairly significant'

Oct 2010 – March 2011

April – Sept 2011

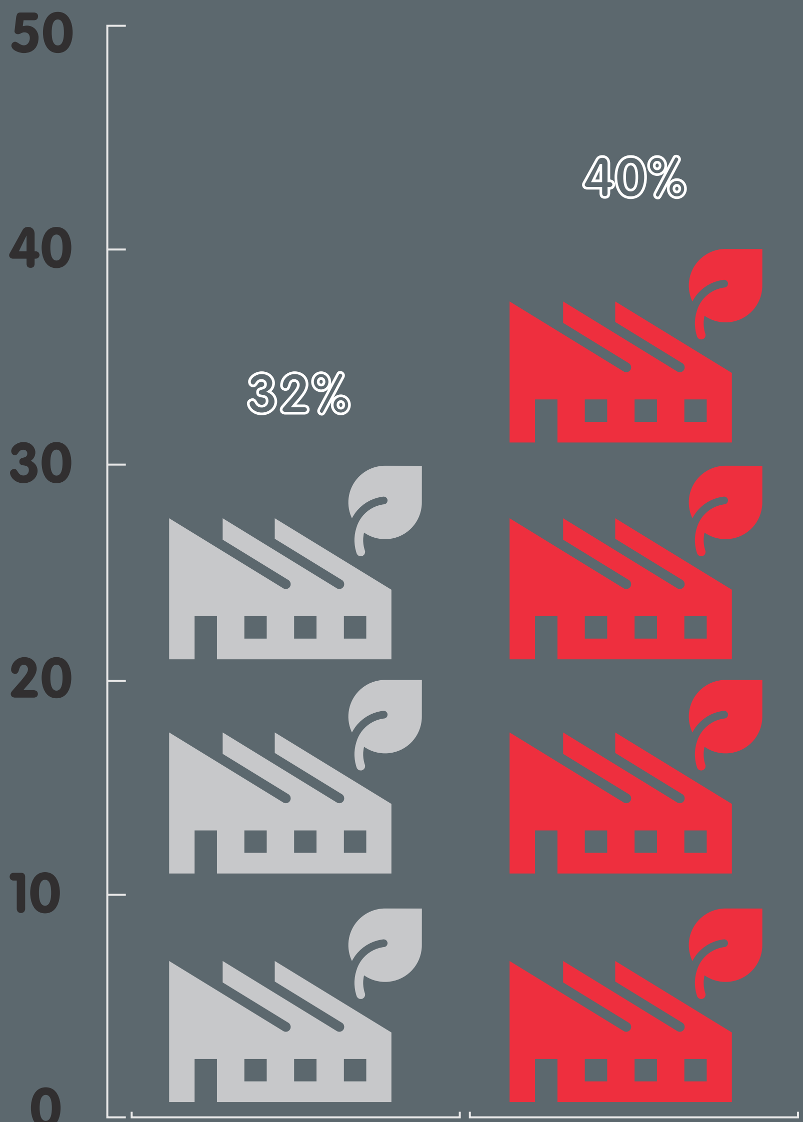


Fig.6

How significant is the mobile industry's developing a low-carbon economy?

Percentage responding 'Very significant' or 'Fairly significant'

Oct 2010 – March 2011

April – Sept 2011

Products and Services

The ongoing roll out of mobile broadband networks, supported by a growing array of devices, is enabling the industry to provide consumers and businesses with an increasingly broad set of services and capabilities. The Index shows that policy makers recognise the industry's creativity, with about three-quarters of total respondents agreeing that the industry provides innovative solutions (see Figure 7). However, some related findings were less positive. Again the higher proportion of Europeans in the second edition of the survey appears to have lowered some of the scores related to policy makers' perceptions of the quality of the mobile industry's services. The decline was particularly dramatic in the area of reliability (see Figure 8), where 61% of European respondents agreed or strongly agreed that the mobile industry offers reliable services compared with the global average of 66%. In this case, the sharp fall may also have had something to do with a perception that some mobile networks in urban areas are becoming increasingly congested as traffic rises without a corresponding increase in the capacity available.

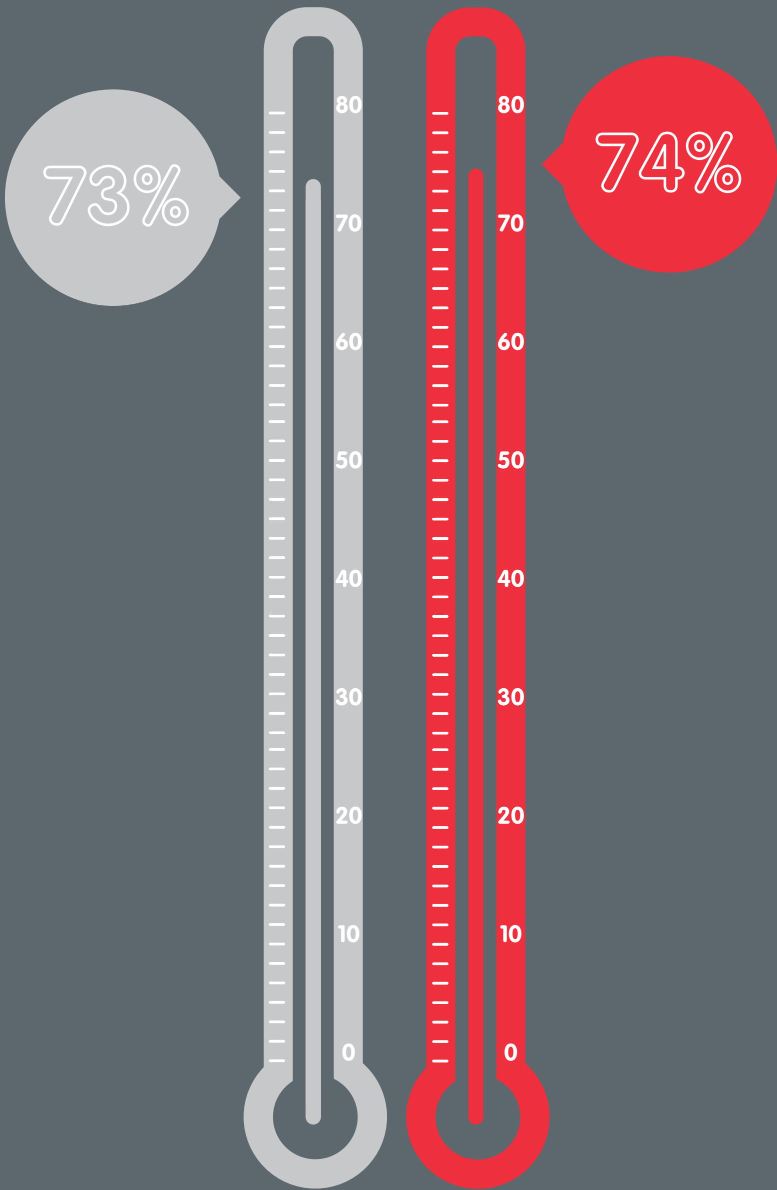


Fig.7

To what extent do you agree that the mobile industry offers innovative solutions (eg mHealth, m-payments)?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

April – Sept 2011

Fig.8

To what extent do you agree that the mobile industry offers reliable services?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

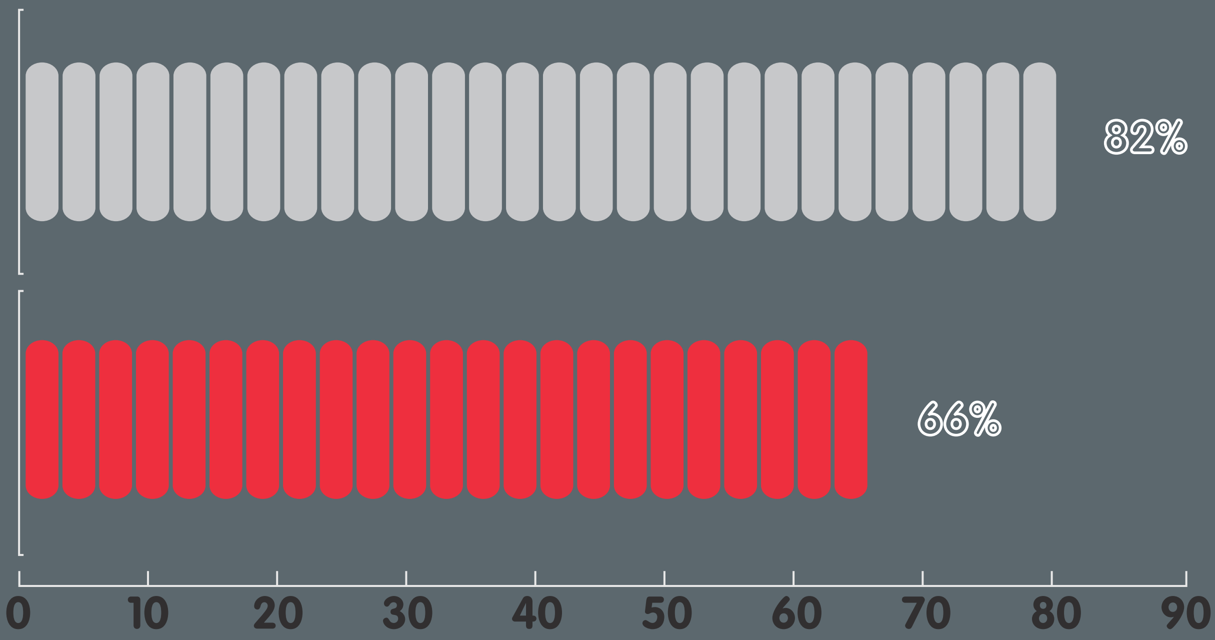
April – Sept 2011

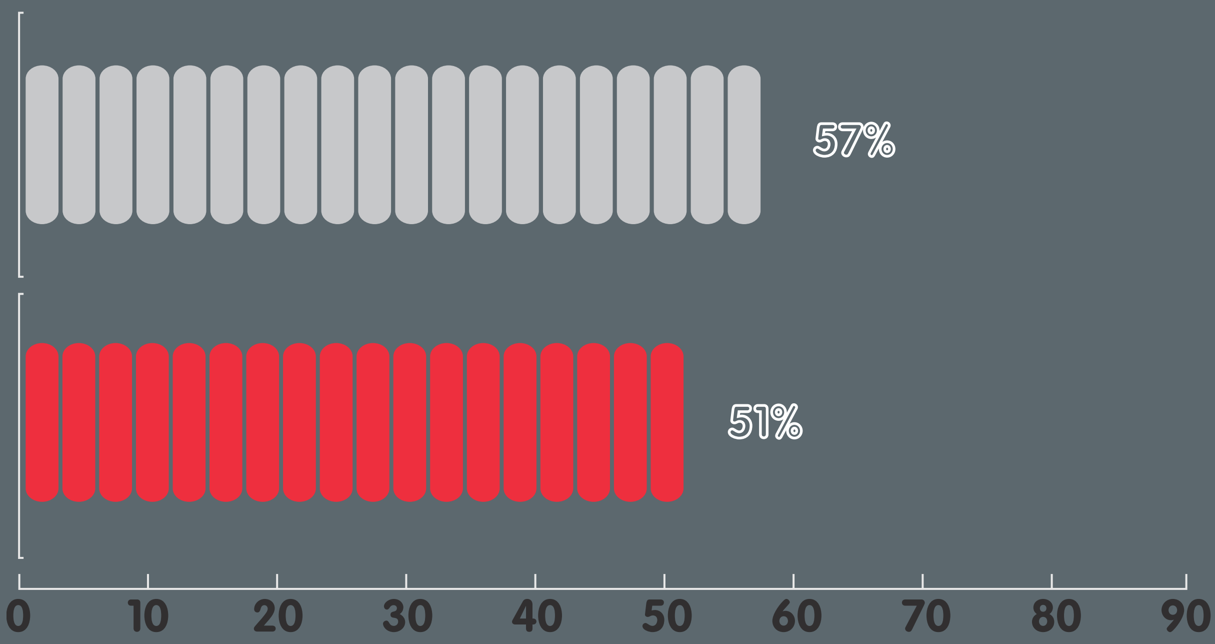
To what extent do you agree that the mobile industry offers a positive quality/price ratio?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

April – Sept 2011



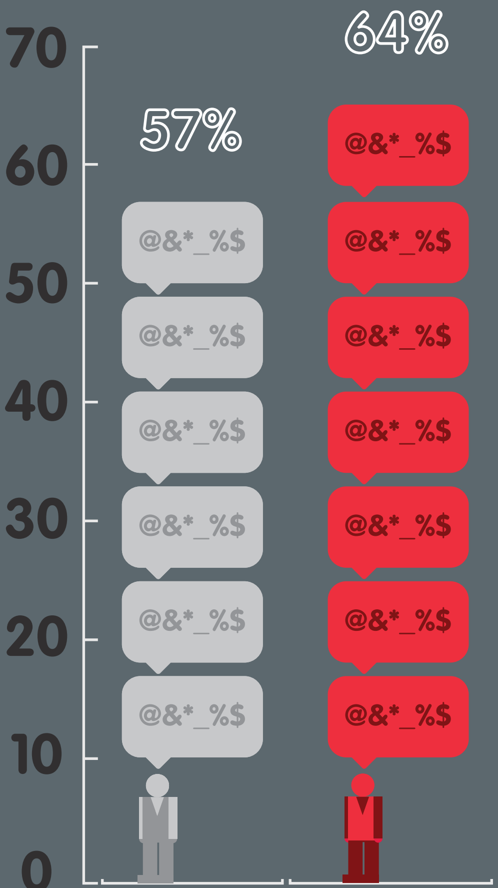


Transparency

One of the mobile industry's perceived weaknesses, uncovered in the first edition of the Index, was a lack of transparency in some areas. The second edition confirmed that this is an ongoing area of concern for policy makers and regulators with the scores deteriorating noticeably in the area of terms and conditions and network management practices (see Figure 9). In the case of the latter, the differences between the two surveys may have been due to the greater number of European respondents.

Negative European sentiment may also explain why only 16% of the respondents in the second edition of survey said the mobile industry is becoming more transparent, compared with 23% in the previous survey.

Fig.9

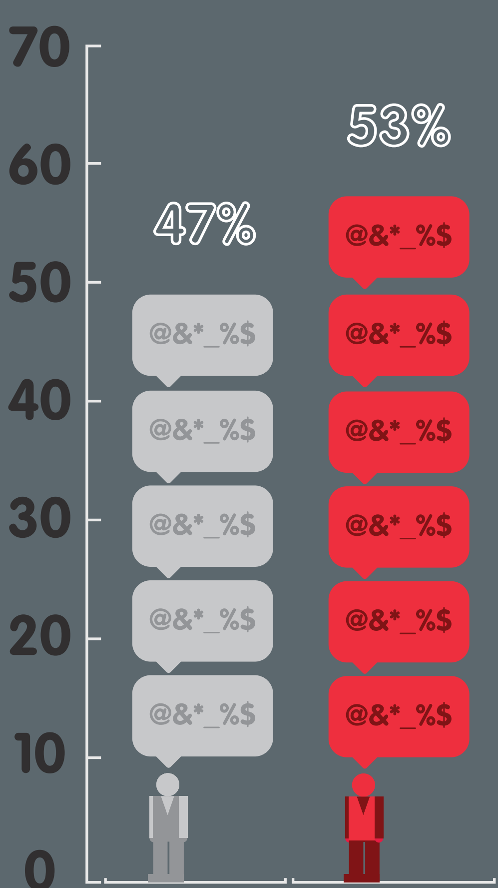


How transparent is the mobile industry regarding terms and conditions?

Percentage responding "Not very transparent' or 'Not at all transparent'

Oct 2010 – March 2011

April – Sept 2011

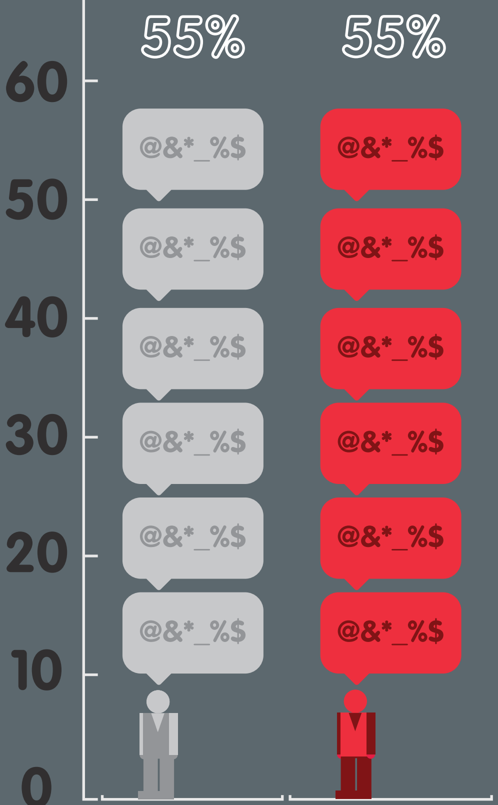


How transparent is the mobile industry regarding network management practices?

'Not very transparent' or 'Not at all transparent'

Oct 2010 – March 2011

April – Sept 2011

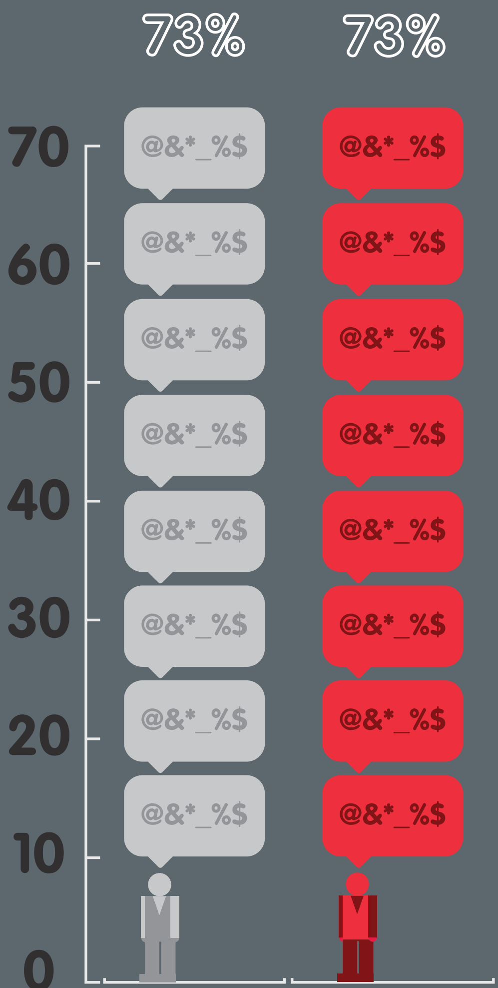


How transparent is the mobile industry regarding domestic tariffs and prices?

Percentage responding "Not very transparent' or 'Not at all transparent'

Oct 2010 – March 2011

April – Sept 2011



How transparent is the mobile industry regarding roaming prices?

Percentage responding "Not very transparent' or 'Not at all transparent'

Oct 2010 – March 2011

April – Sept 2011

Security and Privacy

With the growing popularity of smartphones, tablet computers and USB dongles, mobile networks are increasingly being used to access the Internet via both the web and a range of dedicated apps. While these services are enriching people's lives and making businesses more productive, there are fears that individuals' privacy or security may be compromised. In 2011, several well-publicised data breaches have raised the profile of this issue. While mobile operators have a long track record of safeguarding their customers' privacy and security, some policy makers and regulators don't believe they do enough in this regard. Again, the mobile industry's scores on this issue are lower in the second survey than in the first survey (see Figure10), potentially reflecting the higher proportion of European respondents. For example, only 30% of European respondents feel that mobile operators protect their customers' personal data and privacy very well or fairly well fell, compared with a global average of 48%. In Latin America, the equivalent figure actually rose to 63% in the second survey from 54% in the first.

Fig.10

How well do mobile operators protect their customers' personal data and privacy?

Percentage responding 'Very well' or 'Fairly well'

Oct 2010 – March 2011 ●

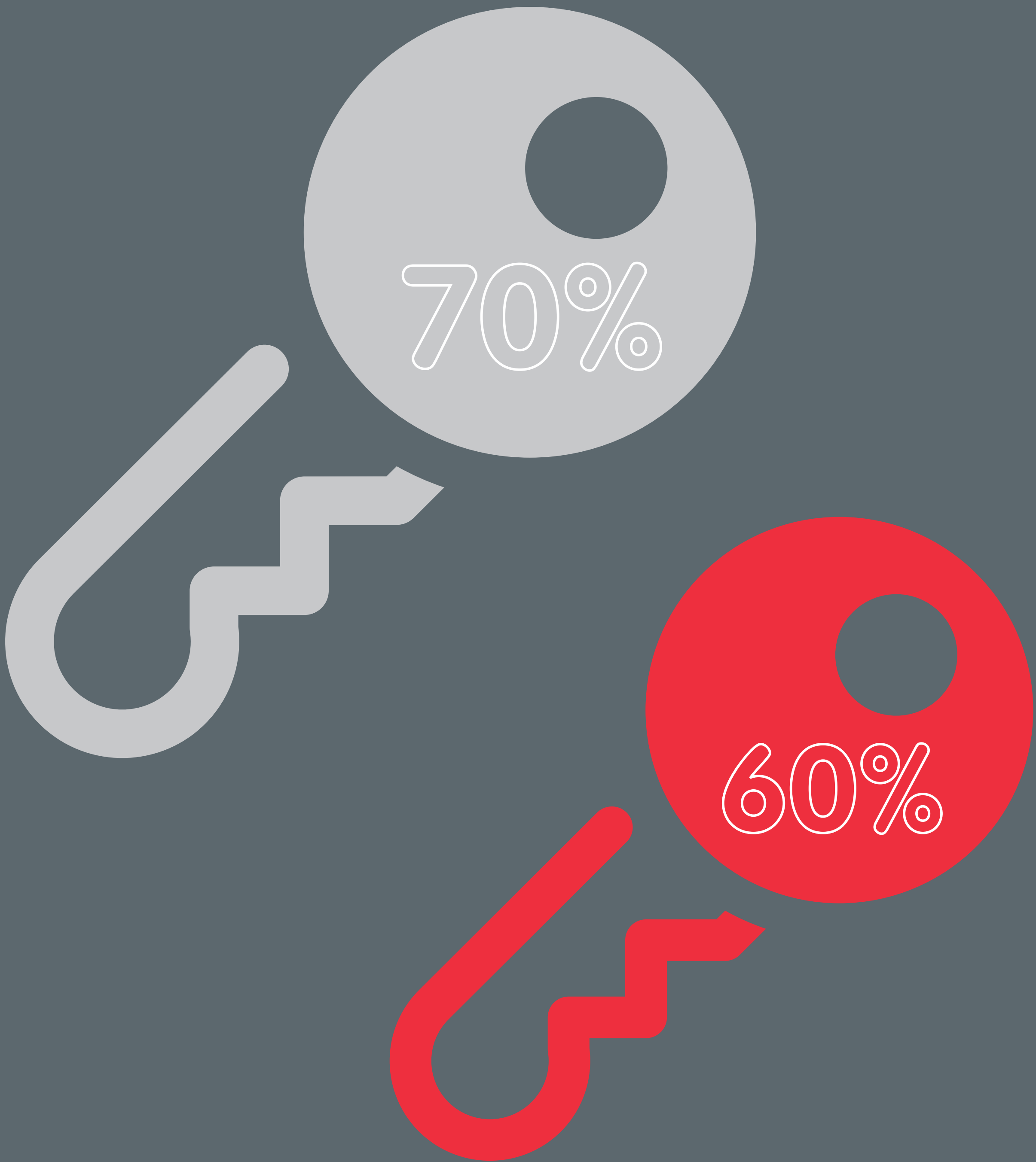
April – Sept 2011 ●

How seriously do mobile operators take the issue of security on their networks?

Percentage responding ''Very seriously' or 'Fairly seriously'

Oct 2010 – March 2011

April – Sept 2011



EMF Health Risks

Many policy makers and regulators are also uneasy about the mobile industry's approach to public concerns about health risks from exposure to radio frequencies (see Figure 11). Moreover, the Index suggests government stakeholders are becoming more worried about this issue. Only 26% of Latin American respondents, for example, felt the industry is very responsive or fairly responsive to these concerns, compared to 36% in the first survey.

Fig.11

How responsive is the mobile industry to public concerns about health risks from exposure to radio frequencies?

Percentage responding 'Very responsive' or 'Fairly responsive'

Oct 2010 – March 2011

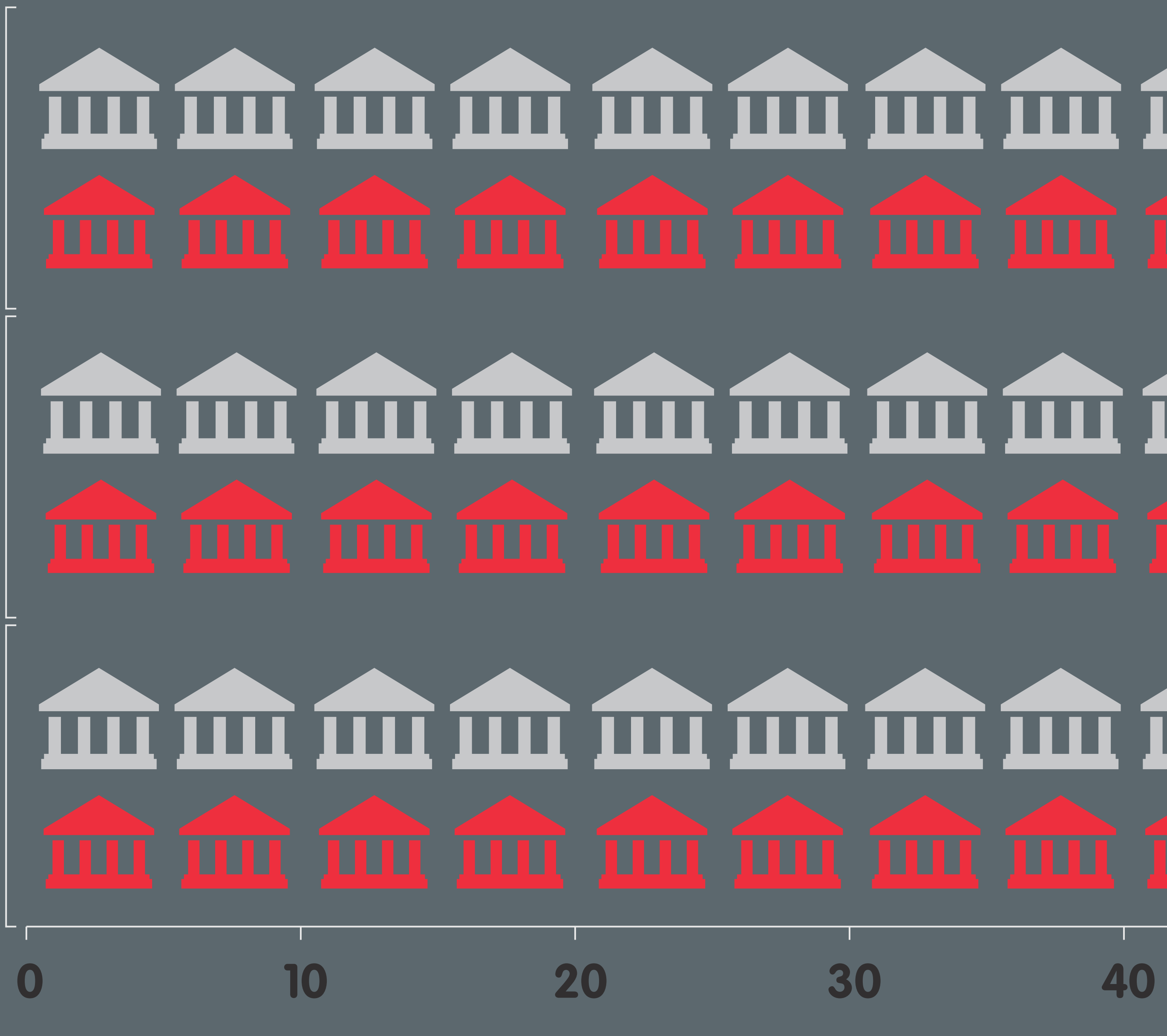
April – Sept 2011


30%

Industry Engagement with Policy Makers

The mobile industry is increasingly engaging with policy makers and regulators around the world and building constructive two-way dialogues with governments. However, it is still relatively young and has more work to do in this respect. Approximately half of the respondents in the Reputation Index are satisfied with the way in which the mobile industry engages with policy makers (see Figure 12). Again, respondents in Europe, where the industry has opposed the European Commission's drive to tightly regulate roaming tariffs, tend to be more negative in this respect, dragging down the scores in the second edition of the index.

Fig.12



How satisfied are you with the mobile industry's overall approach to policy makers?

Percentage responding "Very satisfied' or 'Fairly satisfied'

Oct 2010 – March 2011

April – Sept 2011

How satisfied are you with the frequency of the mobile industry's dialogue with policy makers?

Percentage responding "Very satisfied' or 'Fairly satisfied'

Oct 2010 – March 2011

April – Sept 2011

How satisfied are you with the effectiveness of the mobile industry's dialogue with policy makers?

Percentage responding "Very satisfied' or 'Fairly satisfied'

Oct 2010 – March 2011

April – Sept 2011

Sentiment

Despite their concerns about specific issues, most policy makers and regulators see the mobile industry in a positive light. The majority of Index respondents continue to trust the mobile industry and believe it has a good reputation, although the greater proportion of Europeans in the second survey again appears to have had a negative impact on some of these metrics (see Figure 13).

Fig.13

To what extent do you agree that the mobile industry's overall reputation is good?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

April – Sept 2011

To what extent do you agree that you have a good feeling about the mobile industry?

Percentage responding ‘Strongly agree’ or ‘Agree’

Oct 2010 – March 2011

April – Sept 2011

Sentiment

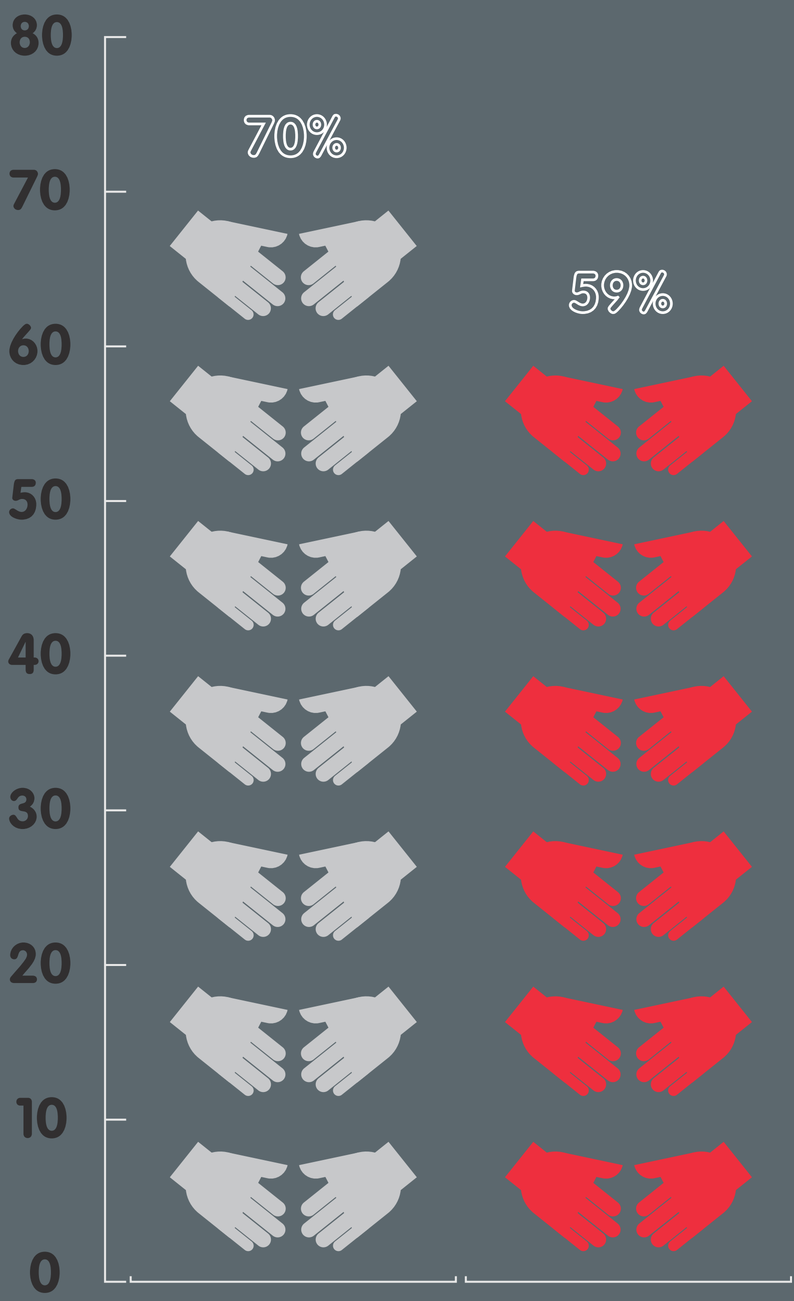
Among the European respondents, 57% (compared with a global average of 73%) agreed that the mobile industry's overall reputation is good, for example, while only 50% (global average was 69%) have a good feeling about the mobile industry. But there are also some signs that the industry needs to shore up its political capital in other regions. The proportion of Latin American respondents, for example, that said they trust the mobile industry fell from 67% in the first survey to 53% in the second survey. Still, some 29% of respondents worldwide in the second survey said their opinion of the mobile industry has improved compared with one year ago, while only 10% said it had deteriorated. Although the respective figures in the first survey (41% and 4%) were more positive, this finding does suggest that the mobile industry's reputation remains on an upward trajectory.

To what extent do you agree that the mobile industry is an industry that you trust?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

April – Sept 2011



To what extent do you agree that the mobile industry is an industry that you admire and respect?

Percentage responding 'Strongly agree' or 'Agree'

Oct 2010 – March 2011

April – Sept 2011

Conclusion

The second edition of the Mobile Reputation Index builds on the valuable insights provided by the first edition, echoing many of its key findings. On the whole, policy makers and regulators hold a positive view of the mobile industry, acknowledging the many ways in which it contributes to the greater good.

At the same time, the larger proportion of European respondents in the second survey appears to have lowered the industry's score on several key metrics, particularly those relating to sentiment, trust, privacy and security.

As well as enhancing the GSMA's ability to track trends over time, the third edition of the survey, covering the period from October 2011 to March 2012, is likely to shed more light on how policy makers' views vary by geography.

Government stakeholders who would like to participate in the research programme are invited to complete the online survey at **www.mobilereputationindex.com**

Respondents are also entitled to a free copy of the most recent Wireless Intelligence Quarterly World Review Report.

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