

Consumer Privacy & Directory Assistance for Wireless Numbers

A position paper on the need for better options to protect the privacy of mobile numbers and meet the communication needs of consumers: A proposed modification for the 411 Privacy Act, S.1963



By: Kathleen A. Pierz
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U.S. Senate bill S.1963: The 411 Privacy Act, is an important piece of legislation. However, to truly serve the best interests of consumers a modification of the language of this bill is needed.

The current telecom model of having home or mobile numbers listed everywhere or listed nowhere is simply broken. Creating a system that requires all opt-in directories does not solve the problem. Establishing regulations that require consumer consent before a mobile number can be disclosed does. The difference may appear minor on the surface, but the impacts on consumers and the implementation of new privacy solutions are significant.

Consumers Need Privacy and Connectivity:

Only 37 percent of all U.S. telephone numbers are listed today. This means that 63 percent of all telephone numbers are not in directories and not available through directory assistance services. This is creating a significant gap in communications. Consumers miss calls they need and want if unlisted and they get calls they don't need or don't want if listed. Consumers need a better choice. Legislators and regulators need to support this process with regulations that support innovative solutions to provide both needed privacy and necessary connectivity.

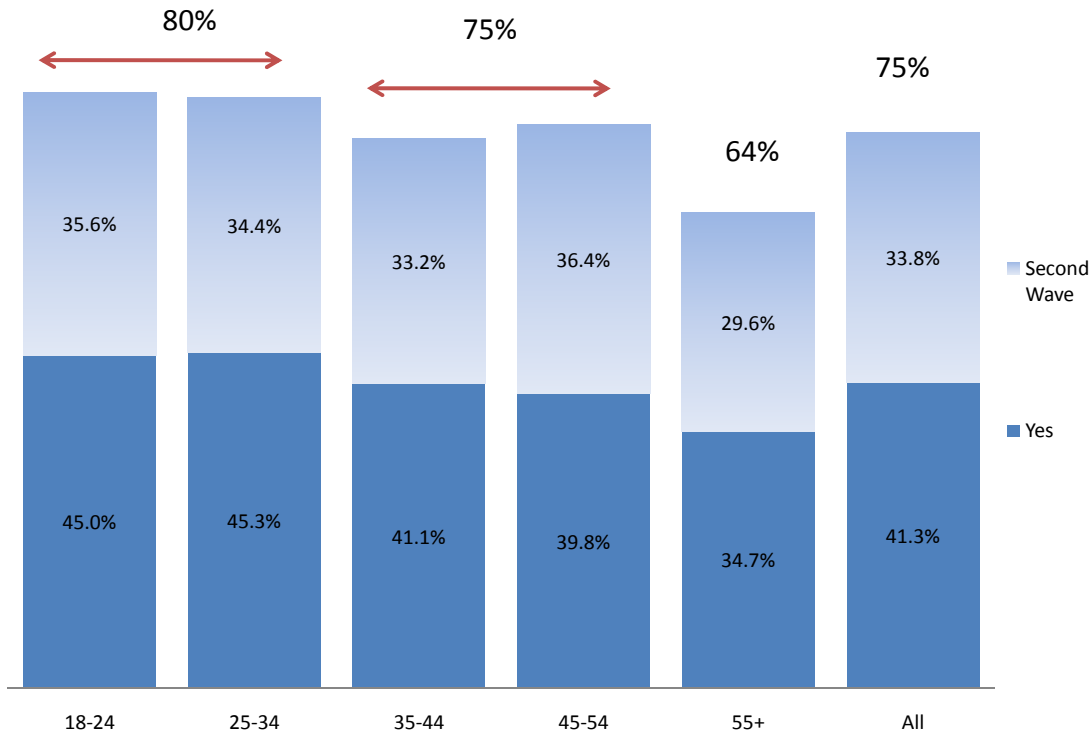
U.S. mobile subscribers need three very basic things in terms of the privacy of their mobile number:

- To get the calls they want to receive on a mobile phone (all of them)
- To make sure they do not receive the calls they don't want
- To ensure that no one gets their mobile numbers without the subscriber's express permission

Calls or messages that tell the consumer who wants to speak with them without disclosing the mobile subscriber's number meet these three key needs.

Pierz Group research from 2003, 2005 and 2007 clearly and consistently shows that consumers want privacy and connectivity for their mobile numbers. Twelve percent of mobile subscribers want to list their mobile number in directories and directory assistance databases. Among the 88 percent who do not want their number listed, 85 percent of this group want a privacy protected system that does not disclose their mobile number but does alert them to who is calling so that they can chose to speak with that individual or not. This is a higher percentage than the 60 percent of the population that have a listed home phone number today.

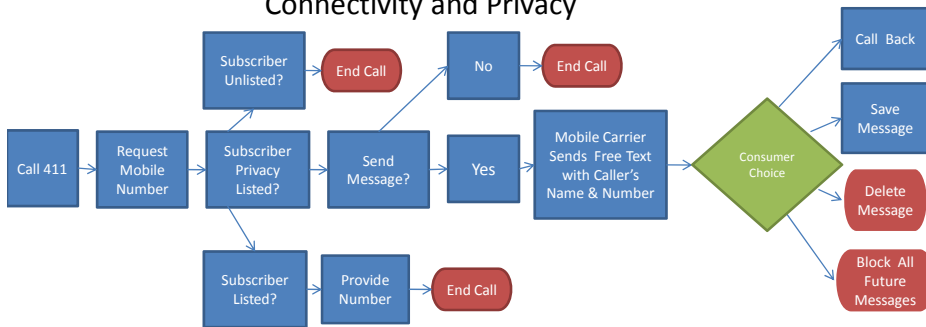
Will You List Your Mobile for Messages Only?



Source: The Pierz Group, LLC U.S. Consumer Research September 2007, n=1,500

There is a range of technologies available today that provide consumers with both privacy and connectivity. These technologies have been tested with consumers and in the marketplace. They provide consumers with control over which calls they get and which calls they don't, all without ever disclosing the subscriber's number. These services are currently limited in the U.S. by an inability to ensure that the number is never disclosed. Numbers can be masked from directory assistance operators, but most telco billing systems in the U.S. print the number requested by a directory assistance caller right on the bill. Unless a mobile carrier can ensure that the thousands of telcos, big and small, will all block this billing disclosure for mobile numbers the numbers cannot remain private. Two examples of tested privacy options are illustrated below. Both concepts have tested well with U.S. consumers. Results for the "Listed for Messages Only" option are shown in the chart above.

Listed for Message Only = Consumer Control Connectivity and Privacy

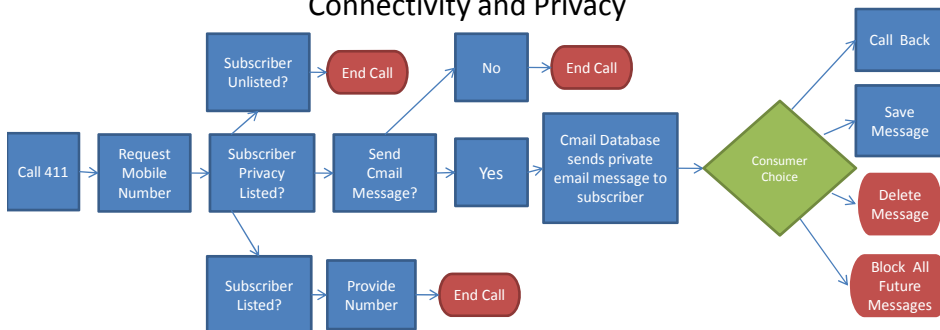


Only Listed Numbers Given Out; Unlisted Numbers Remain Private

- Unlisted /Privacy-listed mobile subscribers receive no calls from directory assistance
- Unlisted /Privacy-listed numbers never disclosed
- Subscribers know who wants to reach them and decide to call back or not
- Subscribers avoid calls they do not want
- Mobile subscribers can opt –out of messaging
- Mobile numbers remain unlisted unless consumers opt-in to listings database

A similar option can deliver messages via a private email that appears on a handset, or on a subscribers regular email account or even as a voice message.

Listed for Email Message Only = Consumer Control Connectivity and Privacy

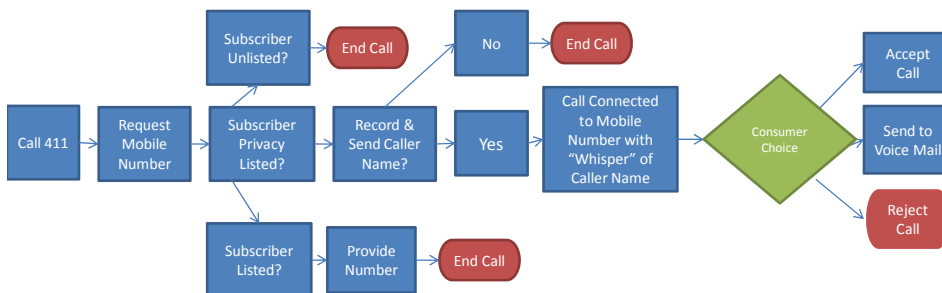


Only Listed Numbers Given Out; Unlisted Numbers Remain Private

- Unlisted /Privacy-listed mobile subscribers receive no direct calls via directory assistance
- Unlisted /Privacy-listed numbers never disclosed
- Subscribers know who wants to reach them and decide to call back or not
- Subscribers avoid calls they do not want
- Mobile subscribers can opt –out of messaging
- Mobile numbers remain unlisted unless consumers opt-in to listings database

Another option uses the “whisper” or pre-announcement technology commonly used by telcos to provide anti-telemarketing services to their customers.

Caller Pre-Announcement = Consumer Control Connectivity and Privacy



Only Listed Numbers Given Out; Unlisted Numbers Remain Private

- Unlisted /Privacy-listed numbers never disclosed
- Subscribers know who is calling and accepts only the calls they want / need
- Subscribers avoid calls they do not want
- Mobile subscribers can opt –out of messaging
- Mobile numbers remain unlisted unless consumers opt-in to listings database

As was the case with number portability, there is a need for legislative and regulatory action, but enacting the *right* controls is critical. **Legislation that establishes an industry standard that provides a basis for preventing the disclosure of mobile numbers without the express consent of the subscriber will enable a range of market-driven technological solutions that provide for both connectivity and privacy.** Legislation that simply blocks any type of service does not work for consumers. Establishing a baseline for privacy that says mobile numbers cannot be given out or printed on bills without the subscriber’s permission protects consumers AND enables innovation and competition to provide the best privacy services for consumers.

Consumers Should Choose if Their Number is Disclosed- or Not

Critical mass is the key to making any type of directory work. If only a small percentage of numbers are available either for a connection or as “listed” any service of this type will fail. Consumers do not want to pay for a directory assistance call just to be told they cannot reach a telephone number (either with a message or a call). Requiring an all opt-in platform, without providing for the privacy of those numbers will limit consumer participation to 10 percent or less. Recent research has shown that only 10 to 12 percent of mobile subscribers want their number listed/published. With privacy protections in place that tell consumers who wants to reach them without ever disclosing the number, 65 percent of all mobile subscribers will participate in this type of service and 80 percent of consumers under 35 will list their mobile number with strong privacy protections. Asking consumers to opt-in, however, will doom any privacy-based service to failure and will fail to meet the needs of consumers.

Simply put, mobile subscribers want to get the calls they want. To do that, they need to know who is trying to reach them so they can choose to take a call or not.

Consumer Privacy & Directory Assistance for Wireless Numbers

What do we Know?

The U.S. is Going Wireless

- As of January 2008, 58 percent of all telephone lines in the United States are mobile phones.
- According to September 2007 research conducted by The Pierz Group, 13.3 percent of Americans over the age of 18 report no longer having a fixed line telephone. This translates to over 30 million consumers who are mobile-only; this number is growing quickly.
- As many as 50 million additional consumers report using their mobile phones for nearly all their telephone calls, however, still maintain a home telephone line.

Mobile Phones are Private

- American consumers consider their mobile phone number more private than their home telephone number. In a September 2007 study conducted by The Pierz Group, only 12 percent of consumers reported that they were eager to list their mobile phone number in directories without privacy protections. Only three percent of mobile phone numbers are listed today in white pages or directory assistance.
- Most consumers carefully guard their mobile numbers, only giving them out to close family, friends and work colleagues.
- Cell phones reach individuals. They do not reach an office or a household; mobile calls reach one specific person.
- There is no single national database of mobile numbers. Not even emergency workers can access mobile numbers or mobile connections. (Emergency workers can gain access to unlisted home telephone numbers)

There are Solutions That Do Not Work for Consumers

A range of companies has purported to offer mobile numbers in recent years. In August 2007, a database company, Intelius, announced availability of a web-based service allowing access to mobile subscriber information on a per-number basis. Initial tests of the service showed the data to be unreliable for mobile numbers. These data were obtained through third party lists, data scraping and other less than reliable and in some cases less than legitimate methods. Under intense public scrutiny Intelius has withdrawn this offering from the market. There is a real possibility that the legacy of this service will be to have created a worst-case scenario for consumers and industry alike. Poor quality, expensive mobile number lookups combined with a disregard for consumer privacy could not only fail to meet consumer needs, but could also generate as many as 50 individual state regulations potentially thwarting future industry-based efforts to provide privacy-protected services for mobile subscribers.

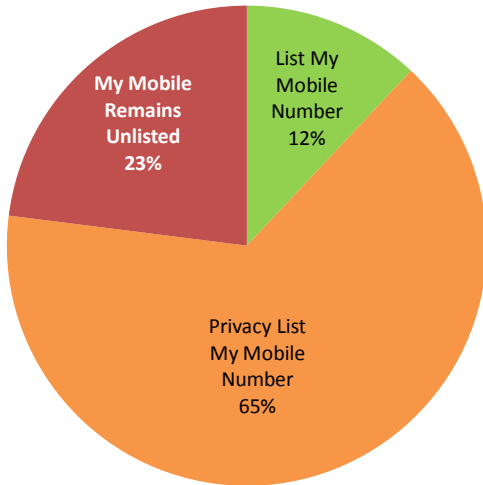
There are Solutions That Work for Consumers and the Industry

- There are several proven technologies that can provide mobile subscribers with both privacy and the ability to get the calls they want. Both large and small companies have developed offerings that provide consumers with a notification of who wants to reach them without disclosing the number.
- One system is currently being deployed in Spain, and a second has been successfully tested on a trial basis in the United States. They work and give mobile subscribers complete control over who reaches them and when, as well as ensuring that mobile numbers are never disclosed.
- These systems are dependent on all fixed line and mobile carriers effectively blocking these same numbers from being disclosed by a call center agent or from appearing on telephone bills. If even one carrier does not mask (or partially mask) the numbers on the bill (e.g. 248-922-XXXX) these numbers will not be private.

Privacy and connectivity are not mutually exclusive; consumers want and need both. Passing legislation that protects consumers and incents market innovation is vital to solving this privacy dilemma. Legislation that requires consumers to opt-in for any type of directory service, even those with privacy protections, will stop innovation and stop the introduction of new consumer-friendly privacy options. Consumers should have control over whether their phone number is actually given out. Provisions requiring consumer consent before a mobile number can be disclosed is what is needed. The 411 Privacy Act should be re-worked to accommodate this small but critical change in the approach to protecting consumers. This legislation should stop mobile numbers from being given out without permission. It should not stop innovative privacy options for consumers.

Consumers Want and Need Choices When it Comes to Their Mobile Number

What do Consumers Want in Terms of Mobile Directories



Listed: Mobile number can be listed in directories and directory assistance databases in the same way home numbers are listed today: **12%**

Privacy Listed: The mobile number is never disclosed but the consumer will know if someone wants to reach them and chooses to take the call or not: **65%**

Unlisted: Mobile number is unlisted in the same way unlisted home numbers are listed today: **23%**

77 % Want Mobile to be Listed or Privacy Listed
(Note: Approximately 60% of consumers have listed home phones)

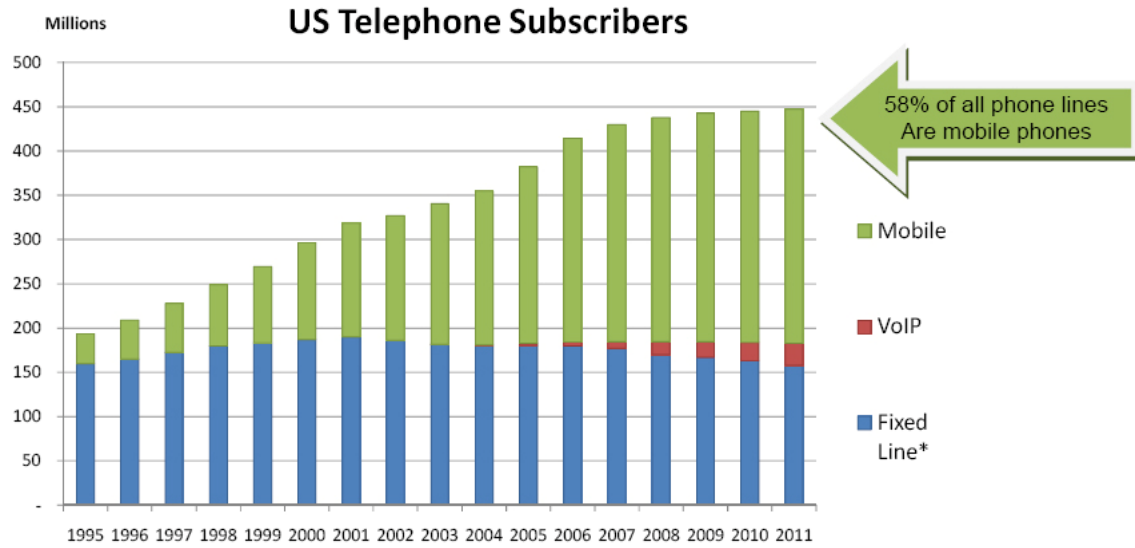
Sources: The Pierz Group, LLC 2007 Consumer Research, n=1,500

Background Information

This is Not Your Father's Telephone

Mobile phones have quickly become a fixture in our daily lives. No other communications innovation has become so ubiquitous so quickly. U.S. consumers, over the age of 18 have an average of 1.15 mobile phones; 58 percent of all telephone lines in the U.S. are mobile devices.

U.S. Telephone Subscribers Going Mobile



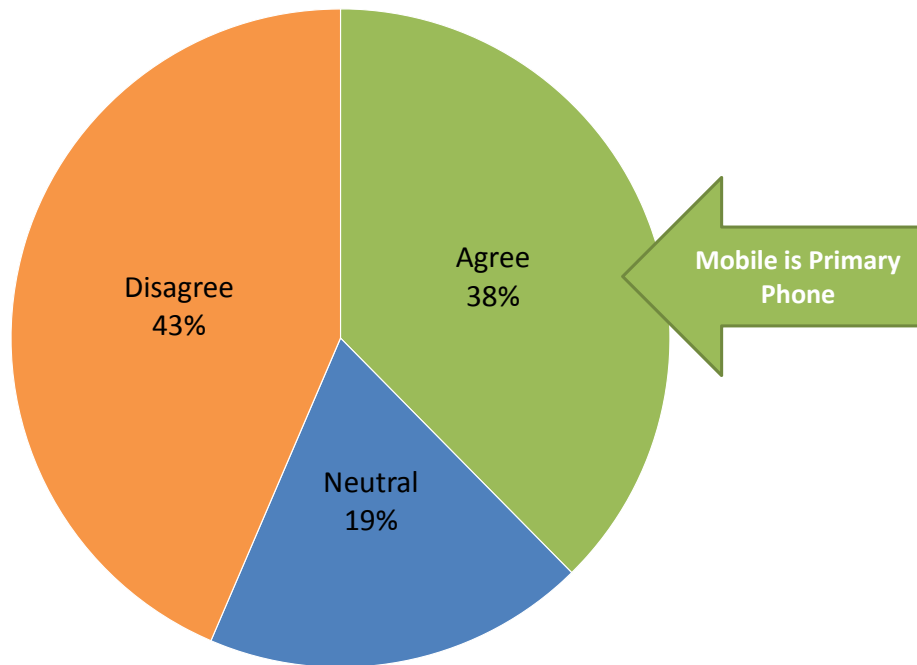
Sources: The Pierz Group 2007, The International Telephone Union, CTIA

Mobile phones are vital to communications

Nearly forty percent of U.S. consumers consider their mobile phone to be their primary phone. This includes the 13 percent for whom it is their only phone line.

Cell Phone As Primary Form of Communication

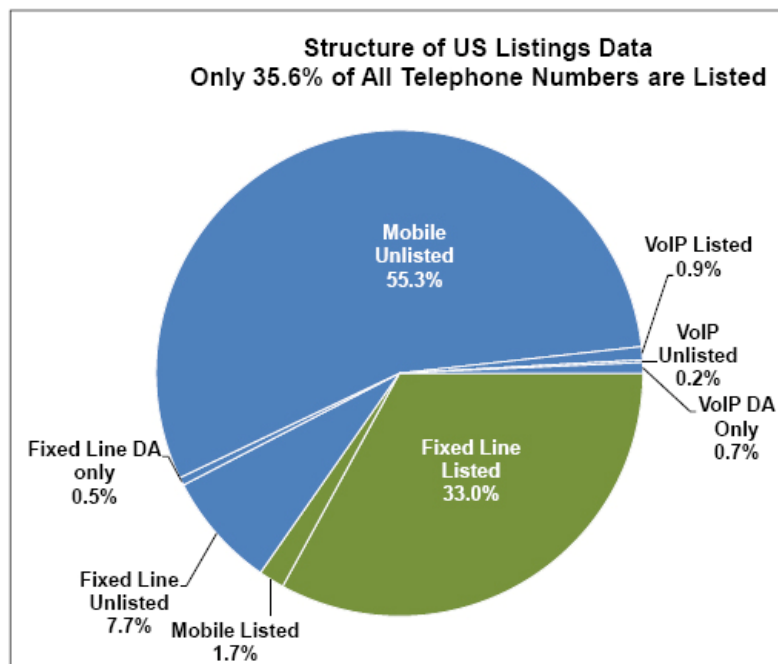
Harris Interactive, December 2006



Mobile phones are unlisted in the U.S.

Due to both industry convention and consumer preference, only about 3 percent of mobile numbers are listed in telephone directory databases. Those who are listed typically had to contact database companies and fixed line carriers to get their wireless number added to directories, and often had to pay to do so. Those with listed mobile phones most often include service businesses like tow trucks, contractors and plumbers. Certainly if this process were simplified, more mobile customers would potentially want their number listed. Pierz Group research shows that fewer than 12 percent would want their number available in directories without specific privacy protection. By comparison, 95 percent of all numbers (fixed and mobile) are listed in Sweden; similar percentages are listed in all Scandinavian countries.

Erosion in the Database
























Source: The Pierz Group, LLC 2007

Privacy Matters

In 1955, most consumers had a single home phone number and a home address. If they worked outside the home they also had a business telephone number and a business address. These four possible contact points constituted the only ways most individuals could be reached. These numbers were almost always listed - there were no mobile phones, faxes, pagers, e-mails, websites, text messages, instant messaging or other types of contact points utilized by individuals today. There were also no telemarketers nor technologically sophisticated scammers, nor serious problems with identity theft.

Consumers Have Many Points of Contact; Few are Listed

At Home	At Work	Other Places
1. Home Phone   	1. Office Phone   	1. On-Star or Similar
2. Home Address   	2. Office Address   	2. University Dorm Phone
3. Personal Mobile Phone	3. Corporate Mobile Phone	3. University Address   
4. Personal email Address	4. Business email Address	4. University email
5. Personal IM	5. Business IM	5. University Office Phone   
6. Personal Pager	6. Business Pager	6. University Website
7. Push to Talk	7. Business Push to Talk	7. Social networking sites
8. Personal Website	8. Corporate Website	
9. Personal SMS / MMS	9. Business SMS / MMS	
10. Home Fax	10. Business Fax	
11. Home Office Phone   	11. Individual site w/in Corporate Website	
12. Blackberry/RIM	12. Blackberry/RIM	

 Likely in phone book  Likely in online directory  Likely available via 411

Source: The Pierz Group, LLC 2008

At no time in history have consumers had more ways they could be contacted nor been more worried about their personal privacy. This need for privacy presents something of a dichotomy for many consumers. Consumers have many ways they can be contacted, but they want to receive contacts across those communication channels on their own terms – just the calls/contacts I want. Wireless subscribers carefully guard access to their mobile phone numbers, and generally provide these numbers only to family, close friends and important business associates. At the same time, they are also eager to know who is calling them. In consumer research conducted by the Pierz Group in 2007, 64 percent of consumers wanted mobile numbers to be listed so that they could reach others and better identify incoming mobile calls. However, only 11.7 percent of consumers are willing to have *their* mobile number listed without any privacy protection. Certain demographics are particularly sensitive to releasing mobile contact information. Not surprisingly, senior citizens are the most privacy sensitive. In a 2004 survey from AARP’s Public Policy Institute, only 5 percent of seniors over the age of 65 were comfortable with having their mobile number listed in a phone directory.

About the Author

Kathleen Pierz

The Pierz Group was founded by Kathleen Pierz in 2003. Ms. Pierz is one of the best-known industry analysts in the directory assistance/enquiry space. She has published more than 100 reports on the key issues affecting the industry worldwide and is a sought-after speaker. With more than 25 years of strategic planning and marketing experience and a solid background in the information services industry from both the carrier and the vendor sides of the business, she delivers a focused, actionable perspective within this dynamic market.

Prior to founding The Pierz Group, Ms. Pierz held senior management positions at The Kelsey Group, IBM and Ameritech (now AT&T/SBC).

Ms. Pierz holds a master's degree in International Management from the Thunderbird School of Global Management and a Bachelor of Science degree in Business from the University of Colorado.

The Pierz Group, LLC

For more information on this and other topics about the greater Directory Assistance/Directory Enquiry (DA/DQ) market, please contact The Pierz Group, LLC. We provide consulting services and high-value reports on the key issues facing the greater information services market. Deliverables include detailed, actionable research and analysis and strategic consulting services. Regular reports cover the issues and trends most likely to influence the current operations as well as future planning of providers of DA/DQ services and the vendor community worldwide.

The Pierz Group is unique within the industry:

- Information services is ALL we do, we are *the* expert source
- All of our analysts have many years strategic planning, marketing and new product development experience in the industry
- We are completely independent
 - We do not participate on customers' boards
 - We do not give out awards
- We have defined strategic partnerships with firms such as Performance House and Converged Media Ltd.

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