



Conference Report: Consumer Perspectives on New Media Sydney, 9 March

Mixed Blessing for Consumers

In all the hype about the brave new media world of unlimited cable channels, digital technology, interactivity, convergence and the rest, someone is often forgotten: the ordinary person sitting at home who is simply seeking some entertainment or information from the increasing range of available gadgetry.

The message of this conference was that the blessings of the new media for the average consumer may be mixed. There were some sobering pointers to how and where things could go off the rails, but at the same time a feeling that Australia had an opportunity to get things right where other countries had gone wrong.

Some speakers presented useful insights into the realities of the new media in practice at a human level. Jim McKay of Interactive Television Australia (ITVA) summarised the results of the largest single interactive TV pilot in the world: 16,000 units in operation, in Spain. Before the pilot, participants said they would like information, education, banking services - 'serious things'. But in a survey conducted after six months, by far the largest group (40 per cent) wanted to play games and enter contests to win prizes, while 53 per cent of women used the service to obtain recipes. Many consumers simply did not take advantage of the capacity of the system to provide other kinds of information and services.

Another speaker, 19 year old Centennial Park (Sydney) resident Charlie Anderson, was an enthusiastic guinea pig for Telecom's optic fibre multi-channel cable experiment in his area. He was not concerned about issues like the content or the American perspective of CNN International, one of the services on offer. In fact, he thought

the extended nature of CNN's reports was better than the brief grabs of local TV news. But he raised a big laugh when he said, in answer to a question about how his parents had coped with the technology, 'Dad still can't turn it on'!

The Telecom View

Telecom's David Pitt, who also spoke about this pilot project, confirmed that it was simple day to day matters, such as problems with the set-top black box and with internal wiring systems in large blocks of flats, which mattered most to participating residents. Telecom's experience in Centennial Park (where they have conducted regular focus groups to gain feedback) strongly underlined the necessity of a 'one-stop shop'; people did not want to have to shop around for these services. Pitt said that Telecom was carrying out a lot of testing and allocating seed money to find out what people want from new services. Only experience would show what the consumer could afford to pay. The pilot in Centennial Park lacks the essential pay TV feature of first-run movies and any results of research there have to be viewed cautiously, Pitt said. This will change in July this year when CTS begins to provide 'premium' cable services on the system on a commercial basis.

By the end of 1994, Telecom will have optical fibre within 600m of 60 per cent of Australian houses, and claims that 1.1m houses will be passed in the next three years. The focus will be on the most densely populated areas - Sydney, Melbourne, and Brisbane/Gold Coast - and cable is seen as complementary to other services, with satellite being most suitable for rural

areas and MDS for provincial and very dense city areas.

The optic fibre system will have the capacity for 65 channels in digital form and could carry all free-to-air, satellite and MDS programs in addition to cable-only services. There would be pay-per-view and, later, video on demand, and Pitt expressed the view that on-demand services will eventually dominate user preferences. Set-top boxes would be 'intelligent', providing the user with information and instructions, and indicating faults to the service operator. There would be a single national 1313 number to contact customer service.

The initial connection charge would be around \$250 with a weekly subscription charge of \$10. When a questioner commented that this would not reflect real costs and asked if there would be a degree of cross-subsidisation, Pitt said that the initial cost would be kept down, and would be spread over the lifetime of the project since the service would have to be attractive to the largest possible number of subscribers from the outset.

There was no intention to cross-subsidise between pay TV and telephony, though costs would have to be 'apportioned' where there was common use of plant and equipment, or when fibre optic began to be used for both purposes.

David Pitt saw major advantages to consumers in the 'functionality' of the service, in that it would:

- allow retransmission of free-to-air services in areas of poor reception
- carry closed captions/teletext
- have stereo audio capability
- enable people to record one unencrypted program while viewing another

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- permit parental control over children's viewing.

Another important area for consumers was the potential for content diversity. In Centennial Park, the community open access channel has been extremely popular and such channels, which could be run surprisingly cheaply, were the key to effectiveness of cable services, Pitt said. He saw possibilities for information channels in areas like weather, surf reports, traffic conditions, emergency alerts.

ADSL: It's Coming

Telecom is also continuing to develop ADSL (the system which uses the existing twisted copper wire phone lines to provide video and other services) as a promising way of providing services much sooner. By the end of this year an ADSL field pilot will be in operation and the system could be implemented in 1995/6.

Pitt said that it would be too expensive to build interactivity into ADSL to make it accessible to individual rural and remote subscribers, but it might be possible to extend this capacity to telecottage services. (A number of rural communities now have services set up in local halls and schools allowing

individuals and groups to use advanced forms of telecommunications and tap into data networks). Pitt said that Telecom was playing its part in ensuring that we did not end up with information-poor and information-rich sectors of society, and (in a clear reference to competitors) expected others to do their bit too.

It was apparent that ADSL could present some headaches for regulators. In the UK there has been considerable controversy about whether services provided in this way are a form of pay TV or something else, and in Australia the focus of the Act is clearly on pay TV. Pitt said the challenge for regulators was 'to keep pace with technology, and not to stifle it'.

The Computer Illiterates

Jim McKay has become a familiar sight at pay TV conferences in recent times, promoting the virtues of his company's VEIL system. VEIL is not an interactive television channel but an add-on to existing services, similar to teletext. It allows viewers to engage in activities like ordering advertised goods, voting for new talent, or playing along with game shows, all by pressing a couple of buttons on a remote control.

MaKay emphasised the need to teach people how to use new services, and said they would not become computer literate overnight. The prime television users are the 26-45 age group, many of whom stay home and watch TV because of family responsibilities, yet the main computer users are the 8-16 year olds. He said that computers seem unlikely to be used for interactive television purposes until the current 8-16 age group turn 26 - ie not before the years 2003-2010, which will be 'the true age of convergence'.

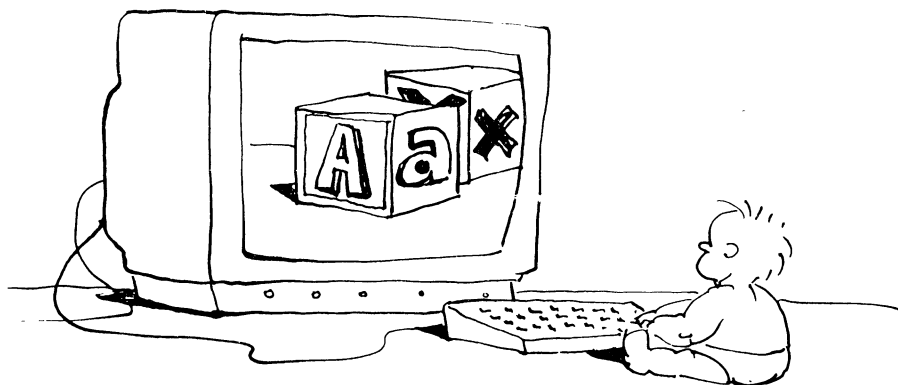
Issues for consumers with this technology include privacy (the capacity of this system to collect a great deal of information about credit records, viewing preferences, buying patterns etc); the potential for people to spend more they can afford and buy things they than don't need; and for young people to run up large telephone bills playing games or participating in polls. MaKay said the system had been developed in consultation with privacy authorities and consumer bodies, and safeguards had been incorporated. For example, two pin numbers and three other responses would act as checks and balances against irresponsible purchasing.

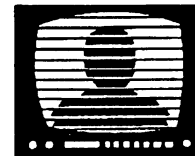
Some Warning Notes

Elizabeth Morely of Consumers Telecommunications Network drew attention to a number of potential consumer problems with new services.

She noted that while they might at first be seen as optional extras, eventually they would become part of the standard service and/or essential for people to participate meaningfully in their society. Thus people without these services would not be able to register their opinions in polls for example, which could have a significant impact on the political debate. If Social Security opted for an interactive system for conducting its business, some could be excluded. Morely called for such features as:

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- Sympathetic credit management, provision of credit options like instalments, budget and advance-pay packages.
- Accuracy of the system, which would minimise disputes and be in everyone's interests. The potential for fraud, experimentation by young people and interference by intruders should be eliminated.
- Responsible promotion and marketing by service providers
- Need for customers to be able to monitor and control their expenditure
- Potential for barring access through such means as pin numbers

She emphasised that it was vital that telephony be separated from other services so that there was no possibility of being disconnected for non-payment for add-on services.

Greg Kirk of the Consumer Credit Legal Centre referred to the lengthy battles which had taken place over consumer interests related to Automatic Teller Machines, and saw the potential for similar problems with interactive media services. He said people at home were more vulnerable and susceptible to persuasion to buy things they did not need, whereas in a shop they could simply walk out. There was the possibility of misrepresentation when the distinction between advertising and programs became blurred, and in the case of a dispute it might be difficult to apportion blame between the service provider and the advertiser.

Jenni Mack of the Australian Federation of Consumer Organisations spoke of the benefits of consumer/industry consultation, which as well as being a safeguard in a deregulated market could be a valuable form of market research for industry. Consultation underpins successful codes of practice, and needs to be undertaken before, during and after the introduction of new services. On the issue of dispute resolution for interactive services provided via the phone system, she raised the question whether they

would come under the aegis of the Telecommunications Industry Ombudsman, since they do not fall within the ambit of the Broadcasting Services Act.

The CLC's Holly Raiche saw the central issue as the potential misuse of information, such as personal information (divulging people's names, ages, occupations and addresses may be regarded as an invasion of privacy); credit information; the kinds of products people buy; and program preferences. She noted that there are many components in the system:

- the system manager
- the carrier, which could also be the system manager
- Eligible Service Providers (ESPs), ie those directly hooked on to the network
- providers of programs and other services
- banks and credit providers
- marketers.

The information collected via interactive systems could be of great value, especially to marketers, Raiche said. The main problem area, and a central consumer issue, is what happens to information once it is stored and is accessible. Under privacy legislation, such information may be used only for purposes such as bill payment, but the Privacy Act does not cover most of the major players, apart from banks and credit providers.

The Telecommunications Act has fairly strict privacy requirements which make it a punishable offence to disclose information gathered in connection with providing a service. But while the Act covers ESPs and telecommunications employees, it does not cover the carriers themselves, and theoretically the carriers could authorise employees to sell information.

The 'bottom line' for new media on privacy protection, Raiche said, should be:

- restrictions on the information gathered;
- protection against further distribution; and

- a right for the public to have access to, and to correct, information about themselves.

To cater for those who might be happy for their details to be distributed, the notion of consent, or non-consent, must be built into the system, so that consent has to be established or can be reasonably assumed. In response to some of these points, consultant Victoria Rubensohn, speaking for the VEIL system, later said that the principles of the Privacy Act were part of its policy; that it was not directly involved in credit, but merely a conduit; that addresses would only be given out when there was clear consent; and that only raw data about large groups, not data about individuals, would be given out.

Caring for Kids

Barbara Biggins of the Australian Council for Children's Film and Television said the new services presented particular challenges in relation to children, who need:

- diversity, quality, age specificity and Australian material;
- freedom from commercial exploitation; and
- no/low exposure to 'adult' material.

She wondered whether any service provider would offer a kids' channel as a basic service, whether pay services might cream off the best programs, and how free-to-air broadcasters might respond.

Biggins described the experience in North America, where kids' channels were used as drawcards to promote subscriptions to cable channels, and as a result production for children was boosted. Pay and cable often co-operated with the free-to-air services and acquired joint rights, with pay screening the programs last. But while the children's channel Nickelodeon had been an initial selling point for cable, it ended up taking ads, and when sub-

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scriptions fell, the program quality declined.

Canada has three very successful services, which extensive studies show are well liked by children. Youth TV is strictly regulated, with licence conditions requiring 60 per cent Canadian content and that all protagonists be under 18.

The Passive Consumer

Patricia Gillard of RMIT said that despite all the talk about interactivity, most of the services proposed so far envisaged the consumer as a customer, a receiver of product, rather than an active communicator. The invisibility of the consumer was a cause for concern; users are not consulted when systems are designed. We need more information about how and why we use technology now, and what we want in the future, before decisions are made - along the lines of television program development research.

Gillard mentioned the Tanami Network in the NT, and Ann Moyal's work on women's use of the telephone for 'kin keeping', as examples of consumers as producers of their own social lives and meaning.

John Bird of the National Centre for New Media Arts and Technologies at Swinburne said that computer games like Sega and Nintendo were initially seen as primitive and no threat to the big screen. But they had succeeded in 'blitzing' Hollywood, and proved that people want 'open-ended' systems where they can exercise some control over the outcome.

The View from Canberra

Journalist and former CLC Director Anne Davies said that politicians were ignorant of interactive and multi-media issues. She identified a number of current activities likely to have an impact in these areas, including the Justice Department review of convergence and its effect on copyright in programs, which will probably pro-

pose radical changes to copyright law; a DITARD investigation of the potential of communications technologies for driving exports; and the two current communications inquiries, Broadband and BTCE.

Davies believes the idea being put forward recently that cross-media rules will become irrelevant with new media developments is open to question. She instanced the fact that the proposed Bell Atlantic-TCI merger had fallen through, and said the markets had been sceptical about the need to own 'everything' in order to have multimedia and interactive services. In Australia, our own TV networks had shrunk back to smaller groupings after the expansionary 1980s.

She also questioned the view that global services could swamp local ones, and asked whether global services really compete with services which are relevant to people's lives and societies, such as nightly local news.

Finally, she signalled that the privatisation of Telecom may be back on the Government's agenda. A recent ALP left conference floated the proposal that if it went ahead, the unions should be involved. Davies said that if privatisation occurred, it would be very difficult for a government in five years' time to change its universal service requirement.

One Big Dish Farm?

Communications writer Liz Fell said that the issue of whether Australia became 'one big (satellite) dish farm' depended on how quickly local service providers tied up distribution deals.

An interesting aspect was that international satellite services would carry programs relevant to ethnic groups in Australia such as the Chinese, who have been forgotten by mainstream media but will now be drawn into the market. However, users will be limited to those who can afford to pay subscriptions, and instead of cultural pluralism, there could be 'commercialised cultural separatism'. □



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