

# What is Consumer Literacy and why does it matter?

**WMF**

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## What is Consumer Literacy and why does it matter?

- The Consumer Panel defines consumer literacy as “the ability to choose and use communications products effectively”. Enabling people to buy the right products and purchase the right bundles or get the best deals.
- 3.2 million adults fall victim to deceptive unsolicited mailings, phone calls or emails. Scam techniques, including spam e-mails, texts and internet pop-ups, cost UK consumers around £3.5 billion each year.
- Information now is pervasive, non-geographic and difficult to regulate. Fraudulent activity is prevalent, virulent and continually evolving. Consumers are having to understand a new lexicon - phishing, pharming, spearphishing.
- In turn consumer protection is becoming more sophisticated and people will have to take more responsibility for their own protection than rely solely on the regulator.
- Those that are consumer literate will be able to better protect themselves or their families from scams and harmful content.

## Consumer anxiety and concerns

In an open letter to Ed Richards, Ofcom CEO, we said:

- The Consumer Panel's research, *Consumers and the communications market: 2006*, shows that there has been a notable increase in consumer concerns across all communications services and most recently concerning broadband services.
  - Landline: 30% have concerns or worries (23% in 2004); Mobile phone: 31% (27% 2004); Digital TV: 24% (16% 2004); Internet: 41% (33% in 2004).
- With increased service bundling, complexity of service offerings, scams and the plurality of service providers, we anticipate that present concerns about costs, contracts, service quality, privacy and security will increase.
- We note that recent public statements by the Ofcom board have picked up on our view, that some of this rapid and at times tumultuous change in communications is leading to consumer anxiety.

## Not all are connected – older people

- The Consumer Panel's research, Consumers and the communications market: 2006, shows there is a communications cliff starting at the age of 55. After the age of 65 the number of people keeping themselves informed of communications technologies drops dramatically by 20% across all services.
- 28% of people over 65 have internet access at home compared to the UK average of 57%.
- 56% of people over 65 'voluntarily exclude' themselves from having internet access.
- 44% of people over 65 have digital television compared to the UK average of 66%.
- 19% of people over 65 'voluntarily exclude' themselves from switching to digital television.
- 47% of people over 65 have a mobile phone compared to the UK average of 82%.
- 42% of people over 65 'voluntarily exclude' themselves from having a mobile phone. This may have an impact on older people's connectivity in that they will not be able to access services that could become mobile.

## Why being connected matters

### Economic participation

- By not being connected older people will find they are unable to access critical services and miss out on the best consumer deals for commercial products.
- For example, total online sales for 2006 reached £30.2bn. Consumers were placing online orders for everything, from toys to TVs.
- UK consumers spent £7.66bn (\$15bn) shopping online in the run up to Christmas - a 54% rise from the previous year.

## Why being connected matters

### Location

- Being connected is also important to those living in rural areas (where banks and post offices are disappearing, transport to local services are difficult) due to a wider selection of products being made available.

### Participation in the workforce

- The UK has an ageing population and requires an older workforce but with so many older people digitally unengaged the skill-set needed is not present. A key question to be answered by policy makers is “What are the implications for an inclusive society or for UK plc as a whole of doing nothing?”

## Panel's attitudinal research

- The Consumer Panel undertakes tracking research every year. The results from the tracker led the Panel to explore the reasons behind the lack of connectivity of older people.
- The Panel research, Older People and Communications Technology, revealed that older people are not a homogenous group. Their connectivity is not about demographics, social or economic backgrounds.
- Attitudinal segmentation: Absorbers , Self Starters, Outright rejecters (hectic lives) and the Disengaged.
- The research reveals the Digital Disengaged want to be Engaged, they are not voluntary excluded but have fears and barriers to overcome.



## The fears and barriers to overcome

- Lack of self-confidence - I will break it.
- Perhaps a person's previous experience of education was bad.
- Language of technology is not inclusive, i.e. gigabyte, ram, mouse.
- Relevance to older people is not made clear: it is not for me but for young people, i.e. downloading music or 'unsuitable' (adult) content.
- Heard through the media the fear of viruses, credit card scams.
- The ongoing cost of being online: the per month cost of broadband and technical support can be affected by budget constraints.
- Lack of usability. Interfaces are not user-friendly, nor keyboards for people with physical impairments.



## But barriers can be overcome

- Initially give relevance and communicate the benefits to why people should be online, e.g. keeping in contact with family and friends. Show the possible wealth of information on hobbies or government services via Directgov or online histories.
- Increase self-confidence, older people need to be educated in a suitable environment. Be it one on one, in their home or with other older people.
- Targeted programmes are needed, i.e. start off with how you turn the computer on and explain what a mouse is. And they need funding.
- Industry must work to improve the usability of products, be it hardware or software and change its language to an inclusive one.
- Improve media literacy skills and life long learning for older people.

## A proposal for tackling the issue

- Develop a Portal that creates a network of information and relationships for all parties that deliver services in the digital inclusion space – helping to maximise efficiency and avoid duplication.
- The provision of usable and accessible equipment needs to be given a bigger push. The government can help push industry to develop usable equipment through its procurement process.
- Ensure there are economic resources that provide scalability and replicability and sustainability for educational programmes targeted at older people.