COMMUNICATIONS REGULATION AND LOW INCOME CONSUMERS – RESEARCH AND POLICY - 29 November 2004

Working with Professor Peter Golding of Loughborough University, the Ofcom Consumer Panel hosted a seminar at Ofcom, Riverside House, 2A Southwark Bridge Road, London SE1 9HA on 29 November 2004. The purpose of the seminar was to bring together academic researchers who have investigated the experience of low income consumers in relation to communications; to collate and review research evidence; and to discuss and debate this with members of the Consumer Panel, Ofcom project managers and researchers and consumer representatives, including some disability groups (30 – 40 people). The programme is attached as Annex A. A list of attendees is provided in Annex B.

Opening remarks from Ruth Evans,
Deputy Chairman, Ofcom Consumer Panel

The seminar would provide an opportunity to begin to talk about an issue of particular concern to the Consumer Panel: low income consumers and how academic research could influence regulatory decision making. There appeared to be a gap between the academic research that was done and public policy on the position of low income consumers. In addition to the digital divide, the context for the day included the strategic review of telecommunications, the universal service review and the enormous range of other activity engaged in by Ofcom.

Welcome from Ed Richards,
Ofcom Senior Partner

Ofcom had completed a busy first 11 months and was undertaking framework reviews of telecommunications, broadcasting and spectrum. Of particular concern for the seminar would be the review of universal service; the debate about its future had been opened in the telecommunications review. In broadcasting the focus was likely to include digital switchover and issues of access for low income and other consumers. The recent Consumer Panel report on supporting vulnerable consumers was a significant contribution to debates.

Ofcom would want to place greater emphasis on issues affecting low income consumers as it moved forward. There were three points to emphasize: one, Ofcom had a core duty to serve the interests of citizens and consumers; two, Ofcom was committed to research and an evidence based approach to regulation; and three, Ofcom wished to be as open and as consultative as possible. Many Ofcom reviews involved multi-phase research to ensure an evidence base and an opportunity for stakeholders to debate research findings and contribute to policy formation before any final conclusions were reached. He looked forward to a report of the seminar.

Session 1

Prof. William Dutton, Oxford Internet Institute – Social Transformation in the Information Society

Prof. Dutton spoke about digital divides in the general population. He focused on digital exclusion, digital choice and the significance of inclusion in relation to the Internet.

On digital exclusion, he presented evidence from the Oxford Internet survey (OxIS) and the World Internet Project. The OxIS covered respondents age 14 years and over. Internet access in Britain compared favourably with many other countries but the digital divide followed existing economic and social divides, income being the dominant factor. Between the lowest and highest income quartiles there existed a dramatic difference in access to the Internet, 24% and 81% using the Internet respectively. A new divide was emerging with access to broadband. There were increasing PC and access developments, a supply push and a demand pull, eg increased data speeds would push demand for faster PCs.

The digital divide was also about social choice. OxIS data showed that in Britain 18% were informed but indifferent to the Internet; 7% were negative and 7% were excluded by economic or geographic constraints. Age was a significant factor in Internet use, 98% of school pupils were users compared with 22% of retired people. The Internet was an experience technology; experience shaped trust and trust shaped use of the Internet. Once they were online older people were often the most enthusiastic users.

There were societal implications of digital inclusion. Internet users were no more or less social, ie in contact with friends or family, but were making online friends. There was a reconfiguring of the people known and communicated with. Being online changed what people knew and who they knew. Exclusion would remain an issue; digital choice merited more attention; initiatives should enable experience online; and the Internet and ICTs were potentially transformative.

Catherine Bromley, Scottish Centre for Social Research – Exploring Digital Dynamics: Findings from the British Social Attitudes Survey

Survey respondents were age 18 and over. Growth in Internet use was driven by home use, not use of public access points. Households with children were a significant driver for this. Highest income users were more likely to have home access but a large majority on low incomes were home users. There were policy implications, given the investment in initiatives like Communities Online.

There were several digital divides: users v non-users, ‘sophisticated’ v less complex users, aspirant users v uninterested non-users. All were associated with

factors of age, education, income, class and gender. Older people were less likely to be users or sophisticated users. Older people, people with low incomes and lower educational levels were less likely to be online or aspirants. Amongst people on low incomes, a minority were online; for those on high incomes, it was a majority.

Income and age were highly interactive. For high income groups there was not a great difference in Internet use between the age range 18 – 64 and those 18+, ie including those aged 65 and over. For low income groups 18 – 64 and 18+ there was a clear gap; a large proportion of people on low incomes were 65 and over.

For economic uses of the Internet there was a difference by social demographics. Low income users were much less likely to do Internet shopping, banking or bill paying. Age determined use of the Internet to contact people with different backgrounds. Similar income was more important than age for attitudes about whether the Internet was expensive, it was safe to buy online, the Internet was too complicated and people missed out if they did not use it. Income mattered more than age as an indicator of preferred means of performing actions like checking bank balance, applying for a passport or voting.

Reasons for being a none-user were: not interested, did not know how to use it; did not have or could not afford a PC. Income was important for all these measures but age also mattered, with the over 40s least likely to be interested or know how to use it. Any strategy to engage non-users would have to be targeted. On aspirant users, the lower their income the less likely they were to say they wanted the Internet in the future. 75% of people surveyed indicated that they use or would like to use the Internet. With future high penetration there would remain a significant digital divide manifesting itself through income, age and education.

Graham Murdock, Communications Research Centre, Loughborough University – Rethinking the Dynamics of Exclusion and Participation

The presentation was based on a qualitative study of 93 households based on detailed analyses of their everyday lives. It was part of the Navigating the E-Society project. Data had been collected and analysis would be complete by April 2005. The study looked at the way people used technologies – phones, PCs, TVs - for information, entertainment, social communications and creativity.

Key issues were: who was excluded from the emerging e-society and why; why people dropped out or never wanted to join; and what the implications were for citizenship and social participation. Full participation would include creative participation, not just basic access, and exclusion would not be once-and-for-all, it would be a continuum. To work with these concepts a longitudinal study would track people over time to study their ‘digital careers’.

There were innovations in technology and these intersected with changes in life circumstances. Events helped shape attitudes to technologies and its place in people's lives, eg gaming and schooling were central to many people's decisions to buy a computer. The quality of experience of technologies, positive or negative, had a bearing on whether people persisted in using them. Material, social and cultural resources helped explain this.

Material resources included income, time and space. Social networks permitted proxy access to the Internet and trusted and familiar sources of information were crucial in determining digital careers. Cultural resources included digital literacy and notions of self-identity. Mobile phones were an extension of the self for many young people. Older people did not recognise themselves as being a group for whom technologies were primarily designed.

There was a need for joined-up policy. There were central issues about services and hardware, eg whether migration of Internet access from the PC to the TV would help to solve the digital divide or whether digital switchover should be used as the opportunity to Internet-enable digital TVs. There were questions about organisation of support systems for people in neighbourhoods, operated by people that were known and trusted, and about the portrayal of technologies.

Discussion

There was discussion of the Session 1 presentations and the key points and questions were:

- Messages in the presentations reinforced a preliminary finding from the Consumer Panel's consumer research project that use of technologies was heavily dependent on trusted sources of advice and information.
- The Panel's report *Supporting the most vulnerable consumers through digital switchover*, published on 24 November 2004, recommended the use of neighbourhood mentoring schemes.
- Age was important but income appeared to be the major determinant of digital inclusion.
- Why was income so important when the cost of PCs and Internet access, including broadband were all falling? Income did not seem as important for the take up of mobiles or digital TV.
- Could this be about basic literacy as well as digital literacy? Literacy was required to make use of email and the Internet and was its importance being underestimated?
- **William Dutton:** 98% of school age children had used the Internet, a level higher than literacy levels in the school age population. Income was a significant factor, rather than the most important. More people were not excluded but chose not to use the Internet. Choices were related to trusted sources of advice. Issues of economic exclusion and social choice would require different policy initiatives.

- **Catherine Bromley:** Income was not the key factor. Age was the most significant, followed by education, then income, then social class and gender. In multiple analysis there were different factors in play and sometimes one knocked out another, eg income was knocked out by education. When asked, those who did not use the Internet gave lack of interest as their most common answer.
- **Graham Murdock:** The relative importance of income could be debated but it remained central. Over the period that computing costs had fallen, income inequality had become wider. PCs were not designed to be used for more than three years, there was the cost of replacement and peripherals like printers, scanners etc. This made them expensive for those on low incomes.
- Was the issue of access and age a temporary phenomenon or was there something that should and could be done to accelerate the shift? There was anecdotal evidence to suggest that once older people got a taste for the Internet they became 'hooked'. How long would age be an issue?
- For older people was it more about skills than cost?
- **Graham Murdock:** It was a mistake to talk about older people as a category; there was already a huge difference between people with access to occupational pensions and those living on the basic state pension.
- **William Dutton:** In the US the fastest growing group of Internet users were older people. If few retired people used the Internet it was hard to establish a network of support, once a threshold was crossed it would be more likely. Interesting and inexpensive things could be done to accelerate older people's exposure to the Internet.
- **Catherine Bromley:** People changed their behaviour with age, with time older people were replaced by younger people with different behaviours. It was possible that for may people in their 80s and 90s the Internet was not going to be part of their lives. It could be more productive to target people in their 50s and 60s who could acquire new skills.
- There were often too may reasons for social exclusion.
- If it was about community and social support, the Home Office ought to be concerned about digital inclusion. If broadband mattered for learning and education, it sat within the agenda of the Department for Educations and Skills.
- What was the core political or civic reason for inclusion?
- **Catherine Bromley:** There were questions about whether voter turnout could be increased by voting online and whether engagement would be improved by using government services online. It was not a matter of whether Internet use was good or bad, but what the implications were for non-users. People were constantly being encouraged on to go online, to "go to our website" for more information.
- **Graham Murdock:** It was about a general concept of citizenship, the entitlement to participate fully in social, economic and political life. This became an issue if people were excluded but was also about creative

engagement. The notion of digital citizenship included an entitlement to resources as capacities for action and self-worth.

- **William Dutton:** It was a matter of the communicative power of individuals, communities and nations. People needed to understand that they could strategically shape who had access to them and their access to the world. Use of the Internet reconfigured their communicative power.
- **Ruth Evans:** The question was a central concern and the Consumer Panel would discuss it with Ofcom in the context of the strategic review of telecommunications and the review of universal service. One issue was the inclusion of broadband in universal service and the point at which lack of broadband resulted in exclusion.

Session 2

Prof. Jill Hills, University of Westminster – Barriers to universal service then and now: the regulatory implications

Prof. Hills explored how universal service had developed since the 1980s. It had its origins in the US in the 1930s, when local calls and line rental were cross-subsidised by revenue from international and national calls. As a proportion of telecoms revenue UK spend on universal service was small compared to the US, France and Australia.

In the 1980s BT exchanges in the poorest areas tended to be the last to be digitalised. Unemployed people paid more to have a telephone connected (BT required a deposit), rental charges increased and there was a fee to be reconnected after being cut off.

Recent census figures show that people in the lowest income decile have the lowest penetration of a fixed phone. Explanations included use of pre-pay mobiles; this was not a substitute for a landline and often the result of disconnection. BT was required to offer an incoming calls service but not other operators. A call service from a reseller required a bank account for payment by direct debit. 8% of households did not have bank accounts. There was little in current policies targeted at households with the lowest incomes.

There was insufficient information about why people were disconnected. Reduced regulation or increased competition would not allow access to telephony to people on very low incomes. Less regulation would not give BT an incentive to rebalance rental and call charges and it would take away an incentive to invest in cheaper infrastructure. A universal service fund levied on all operators was required. Social telephony based on a low usage policy meant that people benefited by not using the phone or being on the Internet.

Discussion

There was discussion of the Jill Hills' presentation and the key points and questions were:

- Ofcom was about to publish a consultation on universal service and had done research on some of the issues raised.
- For people who were disconnected the primary reason was that their bills were too high. Not routine bills but a high and unexpected bill.
- This suggested that there wasn't a significant problem about affordability of basic phone line; instead there was an issue about controlling cost and information. For example, BT could set call levels but many customers did not know about this feature.
- More generally on affordability there were schemes available, like the BT Light User Scheme (LUS). The cost of LUS to those in the lowest decile of household income was between 1 and 3% of income, compared to 5 or 6% for energy and water. Cost of access to telephony through existing schemes did not appear to be disproportionately high. The main issue to address was disconnection. An incoming calls service (BT In Contact) was available but there was low awareness.
- Figures on spend came into relief as a proportion of disposable income, rather than gross income. Disposable income for low income households was a smaller proportion than for high income households. Expenditures referred to therefore loomed larger.
- Should a universal service fund cover the cost of line rental to enable access to the Internet?
- **Jill Hills:** Consumer information was an issue, eg on services like call barring to expensive numbers. Incoming calls services did not appear to be offered by suppliers other than BT. Ofcom seemed to consider disconnections to be about control of bills rather than a socio-economic issue. Control of bills became worse lower down the socio-economic ladder for those with less discretionary income. It would be useful to have a flat rate service for both line rental and Internet access.

Prof. Roger Burrows, York University – Local knowledge? Internet based neighbourhood information systems and their consequences

When we talked about digital divides we talked about differential access to the Internet. Prof. Burrows talked about digital technologies and their use to divide populations, ie the geodemographic sorting of cities by software.

Three forms of spatial categorisation were of interest: the traditional function of geodemographic systems, the use of census and other data for marketing, location of a new supermarket etc; migration of classifications into software of different kinds, to overcome problems of congestion, queuing and to maximise

the quality of service to premium privileged users; and the emergence of Internet based neighbourhood information systems.

Lots of online data was available to (some) members of the public, with the encouragement that they 'sort themselves out', ie use data to inform a range of decisions, as individuals or households. From a postcode websites could generate vast amounts of data about neighbourhoods. With 1.7 million postcodes in the UK, on average each code covered 14 houses, allowing a fine level of granularity. What was new was the availability of data to the public.

Sites included www.homecheck.co.uk and sources of official data like www.statistics.gov.uk. The latter not as well used as unofficial sites like www.chavtowns.co.uk and www.craptowns.com. Both contain menacing descriptions of towns and cities in the UK, including great amounts of information about the local working class population, and raised questions about images of a place and where we get them from. Increasingly it was from the Internet.

There were four types of Internet based neighbourhood information systems. Some were explicitly commercial, sites generating income through advertising or sales. Commercial sites linked to the demographics industry aimed at marketing organisations but accessible by the public. Sites aimed at policy and research communities like national statistics, again accessible by the public. Finally there were social software sites. Of concern was the kind of data assembled, richer than ever before in a format readily accessible and usable for a range of ends.

When we focussed on people living in poverty we tended to focus on their characteristics and their modes of access. As important were the relational characteristics between people with power, with information and their actions. We wanted data to be free and for people to have access to it, but we had to pause and think about how it was used, who used it and the consequences.

Recent evidence from the 2001 census showed that between 1991-2001 concentration in a small area had increased in terms of similarity. Small areas becoming more and more similar and more and more different between themselves. Something that had occurred largely without the Internet. The concluding hypothesis was that those in insulated/gated places were strategically, proactively and reflexively likely to be prime users of data and those in insulated/deprived places would be least likely users but would be subject to the effects of those using it.

Discussion

There was discussion of Roger Burrows' presentation and the key points and questions were:

- The Internet appeared to make more efficient the potential for choice and division in society.
- **Roger Burrows:** But we needed to ensure that data available online was accurate. The characterisation and the imagery of place, constructed through statistics or online representations was as important as what was on the ground in terms of investment decisions and policy orientations. He was perplexed about the way poverty and misery were made into a kind of entertainment. Ofcom needed to look at how certain sites were being used and who was using them; little was known about the implications.
- The issues raised appeared to be content matters and outside the Consumer Panel's remit.
- Regulation of the Internet was outside Ofcom's remit but in terms of imagery elsewhere, eg broadcast services, Ofcom would have responsibilities.
- **Roger Burrows:** Whatever the quality of information it was publicly available and people could see that they were being characterised, eg by marketing organisations. In the US people had taken umbrage at the way their neighbourhoods were being categorised for purposes that they were unaware of.
- These may not be matters for Ofcom but a debate needed to be had within the market research community.
- From a libertarian respective a response was "So what?". Concerns about information on the Internet were as valid for information on radio, TV, books, cinema, magazines etc. The more information disseminated, the better.
- Did it all come down to the overlap between Internet literacy and media literacy? Skills were required to navigate the Internet and to critically assess information.
- **Roger Burrows:** He was not seriously in favour of regulating content unless demonstrably false data was being posted. Thought had to be give to the consequences of the informatisation of places. It was a crude analogy but the informatisation of schools led to certain outcomes in terms of decision making. Juxtaposing information on the Internet with other considerations could harden the tendency for fragmentation and polarisation of demographics on the ground.
- Data was being used mainly by people with high levels of social mobility rather than to look at multiple axes of deprivation that existed. What were the possibilities for more radical uses of data by the people who came out worst in geodemographic assessments? As policy makers should we improve people's access to the data or help them challenge deprivation?
- **Roger Burrows:** Lessons could be learned from the US for radical means to use data, not necessarily by the groups suffering deprivation but people who were working with those groups. There was a conundrum: the data was available but making it available on the Internet had a range of consequences. Primarily it was to do with imagery and labelling, the latter being potentially damaging. There was a quasi-legal issue in terms of the

characterisation of groups of people. How could that be resisted, how could a street or a community get itself re-characterised? How does characterisation reinforce material inequalities? When looking at low income households, high income households had to be considered and the relational characteristics of their use of information.

- There were implications for privacy for people living in a dispersed postcode area, where the houses were remote and there was no contact between households.
- **Roger Burrows:** There was a re-articulation of privacy issues in which aggregate characterisations could occur. This meant that the actions of neighbours that you did not know of have contact with could lead to changes in the characterisation of your place.
- **Ruth Evans:** This was about the codification of behaviours. It was not the technology that created a different way of doing things, it accelerated the speed at which discrimination could take place. It was salutary to be reminded of the potential dangers and divisions that technology could give us.

Helen Normoyle,
Ofcom Director of Market Research

Helen Normoyle drew attention to research by Ofcom as part of the strategic review of telecommunications, the universal service review, research on behalf of the Consumer Panel and as part of Ofcom's work on media literacy.

A Consumer research annex had been published as part of Phase 2 of the telecoms review. There continued to be a gap in ownership and use of various communications technologies and services by age and social class. Behavioural and attitudinal data and evidence on spend had been analysed. It helped to explain consumers use of mobiles, the Internet and broadband. The review set out the continuing case for universal service for fixed lines. It considered the case for widening its scope in the future. A trigger point for inclusion of broadband would be when access became necessary on the basis of equity for participation in society. Scope was a decision of the Secretary of State for Trade and Industry, working within the framework of the Universal Services Directive.

Research on disconnections had been conducted as part of the universal service review. BT disconnected around 1M customers a year, a third were repeat disconnections and 10% were using a mobile. Half of those disconnected were in the social class D/E. The most common reason for disconnection was inability to afford a bill, mentioned by just over half of those asked. More information would be available when the universal services review document was published.

The Consumer Panel was conducting a survey to inform itself about the current state of concern, and of knowledge, on the part of consumers in the communications marketplace across the UK. It covered awareness and usage of

new and established services and consumer information. A report was expected to be available in the New Year. Ofcom research work was beginning on media literacy in relation to hardware, eg access to mobile devices, PCs, the Internet, broadband; and issues of content like critical awareness. A quantitative study was planned for 2005. This would be a media literacy audit of the UK, looking at variations by age, vulnerable groups, social class etc.

Session 3

Dr Neil Selwyn, Cardiff University – Widening levels of technological engagement: lessons from the Adult learning@Home project

Research questions looked at: how access to different ICT technologies lead to different uses; the social and digital dynamics of use and non-use; and the use of ICT for educative purposes to widen participation by social groups, many of whom were on low incomes.

Most ICT use often replicated what people did in their offline lives. On the dynamics of engagement, age and economic status were overriding factors. Place was a recurring variable. Community ICT sites were much less used than the home or workplace. For some a small home meant no room for a PC. For others it was a reason to use a PDA or a laptop. Barriers of place, class and educational background impacted on adults in different ways.

There were very low levels of participation in formal online education courses. Where learning took place it was informal and often piecemeal. Those on courses were people who had engaged in learning before. ICT access made little difference to whether someone was a learner or not. For some non-engagement with ICT, the Internet and learning online hinged on an empowered choice but there were issues of relevance.

The role of government policy makers/regulator needed to be clarified. They should facilitate individual opportunities and allow all to become empowered choosers. To facilitate effective access to ICT we should look where people were using technologies, often in an informal manner. Successful sites outside the workplace or home were not schools but telecottages and even disused pubs. Community resources could help, ie loaning technology to low income communities, and community champions, eg people in low income families enrolled on ICT courses. Increased use of ICT could come by encouraging all forms of use, at community sites people were not always allowed to experience the Internet in ways they wanted to; by increased media literacy to facilitate navigation of websites; sites that were easier to use, and community content.

For many people, learning or taking part in education, voting or contacting their MP was not relevant to them so they were not going to do it online. Making these things relevant would make doing them online relevant. There were prosaic

issues underlying social exclusion that needed to be resolved, eg childcare and employment. More people gained ICT skills from having a job than the other way round.

Michael Mulquin, IS Communications – Wired up communities

For 10 years Michael Mulquin had worked on projects to help low income communities gain access to communications technology. He would focus on how to wire-up local communities; affordable broadband; access to local content; very local community TV; and open access infrastructure.

A conventional model of access into a community was individual access for everyone, in the home, at school, at work etc, with other people 'pumping in' content. This enabled individuals to 'leave' their community, to disengage from it and from making sure it worked well. He was doing the opposite: linking up neighbourhoods, providing fast access to all the residents, all the institutions, all the things that make the neighbourhood work as a community, facilitating local collaboration, local communication, local information sharing… and then providing access to the Internet and services in the outside world.

He gave examples of this. There were rural broadband initiatives that used wireless technology to link up homes in a village. In Alston cheap broadband was available for £15 a month and at £5 for people on low income or state benefits. A project in Bradford was trying to bring together a community and two local schools to purchase Internet access, with access for residents at £6 a month. A much bigger example was the South Yorkshire ring, where four local authorities were working together to procure fibre and connect all their buildings. A separate contract would take access from the ring to homes in South Yorkshire.

As part of the DFES Wired up Communities initiative 350 flats in Newham had been linked up as part of Carpenters Connect. When residents switched on the TV they saw a range of services, a guide and help service, community language television channels, films called 'meet their neighbours', other short films on local life, Internet and email and PC applications like Word. A project in Milton Keynes, a millennium village of 2000 homes, provided an opportunity to work out the business case for other communities to have access to a range of services.

Thinking about broadband was not just a matter of regulating Internet Service Providers and operators with a national reach. There would be local companies, rooted in the local community, working with local partners, in rural communities and in deprived urban areas. The digital divide was not just about access to information on the worldwide web, but about access to local information and services and all the other things that broadband was going to enable.

Dr Sonia Liff, Warwick University – What do we mean by 'providing access'?

The regulatory notion of access has been about access to machines and infrastructure and responses to this. It is more, it is a multi-faceted social concept including: knowing what to do; motivation and skills; having someone to help make use of access; and about how to make use of access in accessible places.

Wider notions of access lead to social questions rather than connection counting: what type of places and practices are accessible, and for whom? Demographic differences are an issue but there are practices and places that support access, some do it better for some demographic groups than others. It is necessary to focus on: the detail of what goes on in different places; what makes people want to access things; what enables people to learn what they can do with access; types of services, products and content; and the experiences that put people off or encourage them. That study is different from wide scale survey research.

Commentators have suggested that the gender divide is 'old hat'. But if we breakdown who has broadband, home access, who feels they have necessary skills, who is worried about the content of unpleasant emails, time spent and what is done online; we find a whole range of gender differences which may mean a different form of access. A positive finding is that whereas email is add-on communication for women, many men who have never communicated with their friends or family by phone or mail are communicating by email.

Public access sites are sometimes dismissed because a relatively small proportion of the total population use them. However in this context they need to be defended. They are particularly important for low income groups who make up the majority of users, are less likely to have access in their homes or flexible access in the workplace or be part of social networks that provide access to experienced users. They may have less motivation to explore the Internet because of the focus of content on affluent consumers and their interests. Public access sites are diverse, in place and design, and have different possibilities to encourage people to work together or separately. Layout and practices can make a difference to who feels comfortable using the Internet and how they use it. Successful public access spaces offered as examples include cybercafés where it is legitimate to 'hang around' and think about going online rather than be expected to go in and do it and community sites which build on local social networks. We need to learn from successes, including content creation, participation and education based on 'where people are'. Learning can come from using ICT, rather than from formal instruction. Conventional community activity can succeed, eg groups coming together at weekends and learning to create websites.

There can be a role for place-based websites; people have been surprised by the popularity of using the Internet to find out about local places and histories and

family histories, from websites developed by individuals or community groups. There have been top-down initiatives which attempt to use these sites to stimulate interest in government sites, eg sites like UK Villages. Expanding the notion of access, we need to expand the notion of regulation, to think about how we identify innovative places of access and find ways to support them.

Discussion

There was discussion of the Session 3 presentations and the key points and questions were:

- When Internet content is relevant to people they are more likely to access it, especially if they can do it via their TV.
- For disabled people Internet access is often more expensive than for non-disabled people because of the equipment required, eg speech technology or a Braille display.
- Disabled people with such equipment or specialised software may have different support requirements.
- More generally the implications of the research discussed could be different for disabled people.
- The Consumer Panel's consumer research included disabled people in its demographics, with a sample large enough to be meaningful.
- **Michael Mulquin:** The proposal for the Milton Keynes project had stressed that a large number of people had difficulty using computers and the Internet, including people who were disabled. Thinking about disability led to thinking about better provision for all. There was already much good and innovative equipment on the market but people did not know about. It was also important to give people the opportunity to try out equipment, eg different ways of manipulating a mouse.
- **Sonia Liff:** It was worth recalling the diversity of disability and that one solution would not fit everybody. It would be important to share good practice. A number of solutions aimed at disabled people were about access in the home, even about keeping them at home. Access solutions were required also outside the home.
- **Neil Selwyn:** The Adult learning@Home project included ten categories of disability and long term illness. Quantitative results for these groups were not statistically significant but in the qualitative work access to ICT appeared to be as problematic as access in other aspects of their lives.

Session 4

Dr Ben Anderson, Essex University – Passing by and passing through: the social dynamics of IT adoption

An e-Envoy report published in 2004 argued that e-citizens made up a majority of the adult population, with 61% of the population reporting that they had used the

Internet at some time. Some may have used it once and might not use it again. Would the remaining 39% ever be users? It was important to understand the dynamics of usage over time and surveys at different points in time were insufficient. Some people moved in and out of poverty, some were in persistent poverty. These groups needed different policy actions. Little was known about transient and persistent ICT poverty, there were some excluded groups, some 'just passing through'. It was necessary to follow people over time to understand their 'digital careers'.

Over the period of 1999-2001 a UK longitudinal survey showed that mobile use exploded, largely because of pre-pay and a controllable cost. In 1999 76% of households did not have Internet access, in 2001 that number was 45%. Between 1999 and 2000 25% went on-line but 20% went off. Only 19% had Internet access throughout the three-year period. This picture of the dynamics looked very different from a cross-sectional view, which would simply show steady growth. Giving up a mobile was much less common than giving up Internet access, telling us about the relative value placed on the two services. Older people were most at risk from persistent ICT poverty; younger people were at risk from Internet poverty; and dropouts were evenly distributed by age.

Evidence from a 2001-2002 Europe survey included useful findings. For example, in Norway the drop-out rate for Internet use was very high compared to the number going on-line, largely because it was a mature market. In Germany mobile penetration was surprisingly low, one explanation being the lack of a pre-pay service during the period of the survey.

Significant determinants of Internet take-up appeared to be educational attainment, the presence of children in the home and age and less about cost. Perceived need and value were important. Those who had not used the Internet were unlikely to 'fight' to use it. Mobiles were fairly equitably distributed in the absence of policy initiatives. Ubiquitous Internet access was most likely to come from a mobile device and unlikely to be taken up by a large number of older people.

Prof. Richard Collins, Open University – Thoughts on the USO: when is it fair to treat consumers differently?

A key problem for communications policy and regulation had been how to deal with inequality. The usual response had been cross-subsidy, a universal service fund or internal cross-subsidy within a firm. Irrespective of the approach the result was a transfer between classes of users. There was an important developing substitutability between media. Migration between networks was an issue. In the past the issue had been about how to get people on to networks.

Prof. Collins spoke about the ideas of the philosopher John Rawls. He began by asking whether justice required that everybody had the same or whether public

policy should aim to minimise inequality. The core of Rawls' ideas of justice was that resources should be directed to improving the position of the worse off. His views had been attacked by Robert Nozick, who argued that inequality derived from the exploitation of legitimately gained advantages might be just. Rawls' model did not take sufficiently seriously the problem of how resources were created, eg how telecommunications infrastructure was to be provided.

Prof. Collins gave an example of a simple network and inequality in tariffs. If network costs were shared equally amongst all customers they might be unaffordable for the majority. The 'remaining' customers would then be left to bear higher network costs. If 'lost' customers were allowed to return to the network and paid anything at or above a certain tariff then the 'remaining' customers would begin to pay less and benefit from being able to call the 'lost' customers. Fairness would be satisfied and all would be better off. Difficulty would arise if the 'remaining' customers began to migrate to other networks, ie the degree of cross-subsidy would be limited by the ability of the high paying 'remaining' users to migrate.

What did this mean for universal service? Price was not everything; literacies and competencies were important. Traditionally telecommunications was about intelligence at the centre of the network, increasingly it was about intelligent terminals. Poverty was still a significant factor and a transfer of resources remained the solution. This could be internalised within the firm, ie the current universal service solution in the UK. With customer migration from a high cost network, the ability of the firm to pay would decline. Another option was a universal service fund levied across operators but how would sectoral boundaries be defined? There would be a disincentive for market entry and an administration cost for such a fund. The 'neatest' solution would be a government fund.

Prof. Sonia Livingstone, LSE – Children and young people's access: skills and use of the Internet in high and low income homes.

Prof. Livingstone's research focussed on ways in which children had been using the Internet. The project sought to balance understanding of the opportunities the Internet brought to young people and the risks it gave rise to. The project had begun with a qualitative study, followed by an in-home face-to-face survey of 1,500 9-19 year olds around the UK, including Northern Ireland. Rather than income, the A to E classification was used.

There was a clear association between socio-economic status and home access to a PC, the Internet, broadband, digital TV and less to a mobile. Children in AB homes were twice as likely as those in DE households to have the Internet at home, to have broadband, etc. Children in AB homes had twice as many places where they could use the Internet compared with DE homes. AB children were more likely to be daily users, DE children were more likely to be low or non-

users. AB Children tended to have had home access longer. Some of the socio-economic differences disappeared once children became regular users.

With their parents there were starker differences. 55% of AB parents were daily users; among DE households 47% were non-users. There was a gender divide; fathers were more likely to use the Internet than mothers but the latter were more often the ones mediating the way in which their children made use of a range of media, including the Internet.

An attempt had been made to measure skills using broad self-rating, eg asking if children were Internet beginners, average users, advanced users or experts, and based on a range of skills, eg ability to set up an Internet account, deal with a virus etc. Among children from DE homes more called themselves beginners. Children from AB homes claimed significantly more skills. Again amongst parents there were sharper differences. There were more beginners among DE parents than amongst AB parents; the latter often claimed to be average or advanced users. Mothers were twice as likely to call themselves beginners compared with fathers. Fathers were four times more likely to call themselves advanced users.

The research had reached the stage of analysing the consequences of the above for the way that young people used the Internet, eg for civic purposes, communication, information seeking, e-commerce, music etc. Similarly looking at the way young people were encountering risks on the Internet, eg from seeing pornography, to chatting to people they did not know etc. Children from AB households visited more sites and made greater use of a range of opportunities than DE children.

The project also looked at low and non-users. Lack of access was the key factor that people pointed to when explaining low or none-use; after that came lack of interest. The question of access was especially important for children, the question of interest more important for parents. The grounds of the debate about the digital divide were shifting, moving thinking towards issues of inequality in terms of the nature, quality and breadth of Internet use and a more complex causal chain.

Discussion

There was discussion of the Session 4 presentations and the key points and questions were:

- Did the research with children compare like with like in relation to the purposes to which the Internet was being put?
- Such purposes or particular types of use could be educational, entertainment or chatting.
- **Sonia Livingstone:** That analysis was ‘in hand’.

- **Alex Blowers:** What was the intervention that was needed? A key point was that the debate was not just about access, the 'heavy lifting' was about technology and roll-out of technology. The fixed voice, mobile and broadband markets had developed in different ways. One argument was that mobile and dial-up Internet access had developed because market 'actors' were faced with a set of expectations and challenges to grow their customer base. Broadband had developed differently, with the industry more focussed on building revenue. The latter had developed much more as a high value, high margin product for a smaller subset of customers. He did not believe that the market would deliver broadband in the way that it had delivered ubiquitous mobile access and Ofcom was keen to engage in a debate about the path to ubiquitous broadband.
- **Ben Anderson:** He agreed that the market dynamic was the key but argued that we needed to be careful about what we meant by ubiquitous broadband. Mobile devices could be the broadband solution but their size limited their utility raising the question of usable services.
- **Alex Blowers:** One way into the debate would be to consider which platform could deliver public services in 2015. There would be a clear cost benefit to society as a result of broadband ubiquity.
- **Richard Collins:** There was a new agenda for the regulator in considering the consequences of substitutability between different infrastructures and networks. For universal service, cross-impacts needed to be borne in mind, along with thresholds, ie if infrastructure was available to 70% of the population, if there was 50% take-up and there were network externalities there would be a *prima facie* case for universal service.
- **Sonia Livingstone:** Even ten years hence and perhaps with ubiquitous broadband there would still be significant differences by socio-economic status.
- A phone or Internet access were clear propositions. Broadband Internet access was less clear. Challenges would come with increasing broadband speeds and the services that could be provided, eg door entry systems, CCTV, telemedicine etc.
- Not everyone had mobile phone access due to gaps in coverage or the availability of useable handsets.
- Even if we could decide on what were the main types of social deprivation and how we wanted to solve them it wasn't necessarily a task for Ofcom.
- There was never a universal service policy in Britain or elsewhere in Europe until competition and liberalisation came along.
- Arguments are made for universal service because a service is deemed to be an essential service and lack of access is seen as a major form of deprivation. This was quite different from an argument about cost effective delivery of public services.
- **Ben Anderson:** Social deprivation indices had been something of a 'moving target', including access to a bathroom and central heating. There were some 'muddy waters' that needed to be carefully 'skirted'.

- **Sonia Livingstone:** One issue that research was struggling with was the question of whether moving various kinds of social information and communications services onto the Internet or other media was changing social divisions. We kept finding that very familiar forms of social exclusion were evident, just as they were evident in other aspects of people's lives.

Closing remarks

Prof. Peter Golding and Ruth Evans:

Much fascinating and relevant academic research had been 'brought to the table', prompting future discussion. It had been necessary to abbreviate and curtail debate but that was the result of a trade-off between packing a lot into the seminar and allowing the opportunity for questions and observations. Sometimes academic researchers were not good at disseminating, distributing, publishing or broadcasting their research or at making necessary links between their work and the questions being acutely addressed by policy makers. Similarly, policy makers often found themselves addressing questions and demanding research into issues long familiar and widely debated or investigated within academia. There was a need for dialogue. The seminar had been an opportunity for researchers to address policy makers at a point when many important communications issues were on the agenda. The day had provided a productive way of debating important issues and consumer and disability groups had made a valuable contribution to discussion. It was expected that a similar event would be held in 2005. They thanked all present for their contributions.

Annex A

COMMUNICATIONS REGULATION AND LOW INCOME CONSUMERS – RESEARCH AND POLICY - 29 November 2004
PROGRAMME

10.00 - 10.30	Arrivals and registration
10.30 - 10.40	Welcome from **Ed Richards**, Ofcom Senior Partner
10.40 - 11.40	SESSION 1. Chairman: **Ruth Evans**
	Prof. William Dutton. Oxford Internet Institute. *Social Transformation in the Information Society.* **Catherine Bromley**. Scottish Centre for Social Research. *Exploring Digital Dynamics: Findings from the British Social Attitudes Survey.* **Graham Murdock**. Communication Research Centre, Loughborough University. *Rethinking the Dynamics of Exclusion and Participation.*
11.40 - 12.00	Coffee
12.00 – 1.00	SESSION 2. **Chairman: Ruth Evans**
	Prof. Jill Hills. University of Westminster. *Barriers to Universal service then and now: the regulatory implications.* **Prof. Roger Burrows**. York University. *Local Knowledge? Internet based neighbourhood information systems and their consequences.*
1.00 - 1.50	Lunch
1.50 - 2.00	**Helen Normoyle**, Director of Market Research, Ofcom
2.00 - 3.00	SESSION 3. Chairman: **Prof. Peter Golding**
	Dr Neil Selwyn. Cardiff University. *Widening levels of technological engagement: lessons from the Adult learning@home project.* **Michael Mulquin**. IS Communications. *Wired Up Communities.* **Dr Sonia Liff**. Warwick University. *What do we mean by 'providing access'?*
3.05 - 4.05	SESSION 4. Chairman: **Prof. Peter Golding**
	Dr Ben Anderson. Essex University. *Passing by and Passing Through: the social dynamics of IT adoption.* **Prof. Richard Collins**. Open University. *Thoughts on the USO: when is it fair to treat consumers differently?* **Prof. Sonia Livingstone**. LSE. *Children and Young People's Access: skills and use of the internet in high and low income homes.*
4.10 - 4.30	Closing remarks, tea and departures

Annex B - List of seminar attendees - 29 November 2004

Dr Ben Anderson	University of Essex
Catherine Bromley	Scottish Centre for Social Research
Prof Roger Burrows	University of York
Prof Richard Collins	Open University
Prof William Dutton	Oxford Internet Institute
Jonathan Freeman	Goldsmiths College
Prof Nicholas Garnham	University of Westminster
Prof Peter Golding	Loughborough University
Prof Jill Hills	University of Westminster
Dr Tanika Kelay	University College London
Dr Sonia Liff	University of Warwick
Prof Sonia Livingstone	London School of Economics
Graham Murdock	Loughborough University
Dr Neil Selwyn	Cardiff University
William Davies	Institute for Public Policy Research
Michael Mulquin	IS Communications Ltd
Caroline Jacobs	Ricability
Gretal Jones	Age Concern England
Susan Marks	Citizens Advice
Ruth Myers	TAG
Nicola O'Reilly	National Consumer Council
Leen Petre	RNIB
Allan Williams	Which?
Roger Darlington	Ofcom Consumer Panel
Ruth Evans	Ofcom Consumer Panel
Kate O'Rourke	Ofcom Consumer Panel
Bob Twitchin	Ofcom Consumer Panel
Alex Blowers	Ofcom
Andrew Carruthers	Ofcom
Flora Demetriou	Ofcom
David Edwards	Ofcom
Lisa Etwell	Ofcom
Richard Howard	Ofcom
Julie Myers	Ofcom
Helen Normoyle	Ofcom
Alan Pridmore	Ofcom
Ed Richards	Ofcom (attended to launch the seminar)
Andrew Stirling	Ofcom
Mike Whitlam	Ofcom Advisory Committee on Older & Disabled People