Globethics Repository



The Ethics of Cell Phone Advertising

This page was generated automatically upon download from the Globethics Repository. More information on Globethics see https://www.globethics.net. Data and content policy of Globethics Repository see https://repository.globethics.net/pages/policy.

Item Type	Preprint
Authors	Xie, Hong
Rights	All rights reserved
Download date	2026-11-10 08:07:06
Link to Item	http://hdl.handle.net/20.500.12424/170214

The Ethics of Cell Phone Advertising

by

Xie Hong

Economics and Management School

Beijing University of Posts and Telecommunications

March, 2009

The Ethics of Cell Phone Advertising

【**Abstract**】 Cell phone advertising has become familiar to subscribers. Due to its accuracy (personality), interaction and efficiency, cell phone advertising is entirely different from traditional mass media. It has both benefits and defects. This paper lists some of its apparent ethic problems including privacy offenses, abundant junk messages, deception and incompleteness of the advertising model. Each problem will be given some instructions and examples. Then there are solutions aimed at reducing or even eliminating above-mentioned problems. The article suggests several solutions on 4 aspects. Each aspect starts from 5 roles in the industry: the government, the information providers, the operators, and the subscribers. With the cooperation and self-control of every member in the industry chain, cell phone advertising will have a prosperous future and positive ethic effect on the whole society.

【**Key words**】ethic, cell phone advertising, privacy offenses, junk messages, deception, advertising model, database marketing

Contents

1. Introduction 3

2. The definition 4

3. Main characters 4

4. The ethic problems 5

4.1 Privacy offenses 6
4.2 Abundant junk messages 6
4.3 Deception 8
4.4 Incompleteness of the advertising model 9

5. Solutions 10

5.1 The Government 10
5.2 The Information providers (Message Source) 12
5.3 The Operators (Message Channel) 13
5.4 The Subscribers (Message Receiver) 14

6. Conclusion 15

Appendix: 16

References: 17

1. Introduction

According to the statistics, till December, 2008, the scale of cell phone users in China has reached to 641,230,000. Almost every two Chinese has a cell phone in hand. With the continuous regeneration and development of mobile communication technology, especially after the Chinese government has issued 3G licenses, cell phone has become a new medium that transmits codes, information and feelings, rather than just a communicating device.

The germination and growth of cell phone advertising emerge in response to the proper condition. Predicted by professional marketing research institutions, wireless advertising will get into a booming stage in the next 5 years. A report coming from the InformaTelecoms&Media Market Research Company says the cell phone advertising income will reach 11,350 million dollars in 2011 in the worldwide. Cell phone advertising may hopefully become a gigantic invisible income source of mobile operators. The report also explains that cell phone advertising income mostly comes from SMS and MMS.

However, as every coin has two sides, cell phone advertising isn’t perfect in every respect.

A piece of news from CRI on 18th, March, 2009 says: China Mobile vows to fully investigate junk messages. China Mobile, one of China's leading telecom operators, has ordered all its branches to conduct thorough investigation into the mass spam messages to protect subscribers' private information. The telecom giant declared that those from Shandong and Hainan branches involved in the spam messages scandal would be severely punished, after China Central Television, CCTV, revealed that some China Mobile branches in Shandong had utilized automated bulk SMS-sending devices to send junk messages for profits and sold subscribers' private information to third parties.

Such ethic problems aren’t rare. Junk messages just harass people, but deception advertising can be lethal. Even though in some countries and regions, these behaviors against social values are prohibited by law, ethic problems in cell phone advertising are inevitable due to the ambiguous line between moral and law, as well as regional cultural customs, social habits, economic development and differences in national systems. In particular, at this booming time of cell phone advertising, customers are the victims who

lack ethics, because a lot of supervision methods and the whole structure of the industry chain are not advanced and the spread of technology is also greatly restricted.

Take the whole advertising industry chain for example, if there is a divergence of the goal or a conflict of interests, those members who are in critical positions cannot form an efficient work team. Their co-operation must be very fragile and vulnerable. In end the entire industrial chain will be disrupted. If it is ethic problems that cause demise of the existing advertising model, the mobile business in the future will be confronted with full of difficulties and reverses.

Improving these problems requires long-term practice and effort. The suggestions given in this article are based on limited information. There is much left out and neglected on account of difficulties in data collection and data arrangement, so further research will be continued.

2. The definition

The explosion of new technologies in the decade has affected advertising considerably. According to the definition of William F. Arens in his book “Essentials of Temporary Advertising”, advertising is the structured and composed communication of information, usually paid for and persuasive in nature, about products (goods, services, and ideas) by identified sponsors through various media. Therefore, we can easily come to the conclusion. Here, cell phone advertising refers to such advertisement that reaches to its target audience through the channel—cell phone.

Thus, what’s cell phone advertising ethics? However, no one can give the exact definition of ethic. When determining the ethical nature of a given advertising, at least 3 factors should be taken into account: social effects, desire and belief. That can be described with 3 questions. What are its actual effects on individuals and the society as a whole? What is its real attempt? Is the content truthful?

3. Main characters

As a new medium, cell phone has its unique features, overturning people’s cognition of traditional mass media. Here are the main characters of cell phone advertising:

（1）Accuracy/ Personality

The spread of cell phone advertising is unlimited to time and space. The subscriber can receive advertisings whenever and wherever possible. Advertisers provide predesignated advertisement on the basis of different demand of different people. Cell phone is an appropriate way to develop “precision marketing”. In contrast to catering to the masses, cell phone is aimed at its target audience. On one hand, the advertiser releases its promotion information via mobile communication net and finds out which customers have consumption capability through their feedback. On the other hand, the customers can greatly reduce the searching cost by just looking at the dainty screen.

（2）Interaction

Cell phone enables the advertiser and the customer to communicate with each other bilaterally. Subscriber can choose whether to receive the ad and even can decide the time, place, form, content and frequency of receiving the ad. Cell phone advertising connects the advertiser with its target audience tightly. It is obviously beneficial to transmitting information abundantly, and thus advertisers can easily adjust their spreading strategies until every customer is totally satisfied.

（2）Efficiency

The coverage of wireless signal is vast and valid. As long as we can make mobile calls, we can receive cell phone advertisings. What is more, cell phone advertising can reach to its audience just right to the point. For example, when you are approaching to a shopping mall, you may get a piece of cell phone advertising, reminding you that the commodities in the shop are sold at a discount. No matter you really need to buy something or just are persuaded by the promotion, the result is that you probably go and see and finally make a deal.

4. The ethic problems

Despite all sorts of advantages of cell phone advertising, it is still faced with a series of ethic problems:

4.1 Privacy offenses

Cell phone is a privacy container. Every phone number should not be used indiscriminately without the subscriber's permit. Before advertisers concentrated on their target consumers, others who aren't interested in their information are compelled to receive the unwelcomed ads. It seems quite necessary to the advertisement company but unfair to some consumers.

At present, the SMS has become a common means for advertisers and other malicious people to harass ordinary customers. This communication means is easily be used as a front for cheating and extra illegal charging.

In America, where telecommunication technology has been widely applied, cell phones play an even more essential role. Through sending messages some political organizations collect votes, banks inform account surplus, tourism firms provide flight numbers and schools let parents know their children's performance. Once the information is revealed, the subscriber's privacy is exposed to uncertain environment that often results in economic and psychic loss.

Ryan Williams, 27 years old from Washington, said that he often received such offensive messages he didn't care. Some persuaded him to download ringtones, while others offered pay sports or financial news. Some even linked cell phones to suspicious website automatically. Subscriber can only send an SMS back to stop the service. Therefore, whether the service is used or not, one has to pay for the cancellation message.

4.2 Abundant junk messages

After having received junk messages, if you want to find out that who on earth constantly harass people, you may be confronted with a series of difficult problems such as where to lodge complaints and how to get to the law. If the messages are disregarded totally, they'll keep arriving at your cell phone. On the contrast, you will become a passive recipient of the useless junk messages if checking your phone, but if you are fed up with constantly checking it, you may miss important information. Anyway subscribers get trapped in a dilemma and don't know how to deal with such embarrassing situation.

A research from Tengxun about "junk messages" on 2008 World Telecommunication

Day shows that, among the participant 210 million people, up to 99.36% have received junk messages. 71.03% of them thought the junk messages affect their lives gravely, while 77.25% felt the junk messages extremely troublesome. Here is the frequency of receiving junk messages coming from Tengxun:

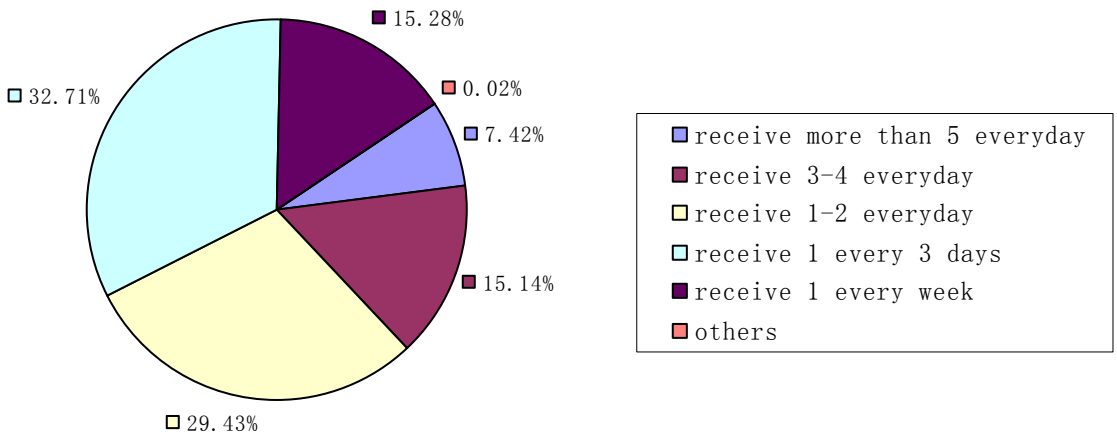


Fig.1:The frequency of receiving junk messages

What's more, managing the junk messages is a long-range and arduous job.

Firstly, the law lags behind. The point-to-point message belongs to individual communication, protected by law, thus the telecommunications enterprise has no right to monitor.

Secondly, technology is difficult to keep away. The illegal messages conceal deeply. The cross-region propagation, complicated investigation and variety of sending frequency make it sophisticated to keep secure.

Thirdly, the demand for every consumer differs. If the message gives someone valuable information, it suits him all right. On the contrary, it is rubbish if someone finds it useless.

Lastly, the multidisciplinary coordinates inconsistently. The short message involves wide aspects including technology, economy, civil rights and social value judgment. Therefore, we need to ally ourselves with multi-administrative department like public security, industry and commerce, culture and telecommunication, and work together within their respective official duty and adopt active measures carrying out a comprehensive governing.

4.3 Deception

In our national Advertisement Law, the Article IV of Chapter I states: "The advertising shall not contain false contents, shall not deceive or mislead consumers."

However, the cell phone advertising is undergoing a crisis of confidence.

“What fears and worries do you have on cell phone advertising?” An investigation conducted by Dr. Rao Pei Lun from industrial engineering department of Tsing Hua University has found out some unexpected results. 43% people think they are traced all day along; 60% people think their individual privacy may be infringed upon by commercial information; above 80% consumers think there are too many messages clogging up mobile phones and many of them lack of consequence.

There’re 3 main characters about the cell phone advertising deception:

（1）The criminal methods are new and advertising content diversifies, deceptive and confusing.

Criminal suspects transmit highly deceptive languages to the vast numbers of mobile phone users through mass-sending devices. Those traps are false messages ranging from "cell phone numbers winning" to "prize-winning lottery", and even the information on "selling College Entrance Examination questions" is provided. Cell phone advertisings are more and more tempting that people can not resist. There’re even some people making a reckless move to pose as banks, public security organs and financial sectors to carry out fraud.

（2）The crime can acquire high reward with low cost.

Cell phone advertising deception generally requires applying for a SIM card. The main instrument of crime--mass-sending devices cost tens of dollars. A palm-size mass-sending device, a computer and several cell phones can become criminal tools. By virtue of this means, even if only one thousandth, ten thousandth has been cheated, it’ll bring criminal suspects huge "profits". The "low-cost, high-reward" way is the reason why such crimes spread nationwide rapidly.

（3）The deception is rapid, destructive and harmful.

The criminals send messages to mass uncertain multitude. Therefore, in existing deception cases, victims are numerous, spreading all over the whole country. The impact

has extensive violations and great dangers as well. Among the victims crowd are the workers, peasants, intellectuals, cadres and ordinary residents. The aggrieved people spread extensively, which has resulted in enormous economic losses.

Up to now, the deception of cell phone advertising has an emergence of new patterns. "We can copy your SIM card professionally (without the original card), to receive other's message and the call-tapping, and there is no other cell phone privacy, to have other's cell phone at your wholly control." This is the recent complaints that more than 4000 users report to the website-www.12321.cn in February 2009. The dissemination of such information caused much anxiety.

4.4 Incompleteness of the advertising model

Here is the model of cell phone advertising operating system:

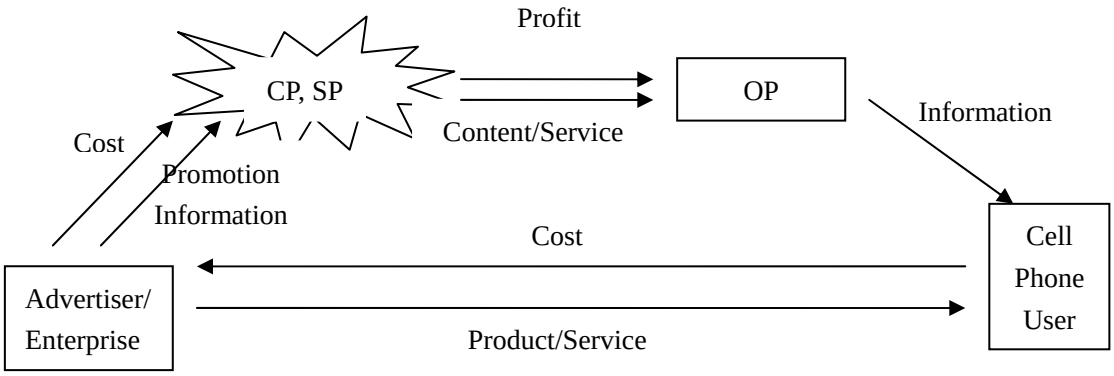


Fig. 2: Cell phone advertising operating system

On the surface, sending valueless cell phone advertising is a kind of commercial behaviors driven by interests but regardless of social moral. There is a more deep-seated contradiction hidden behind the industrial development in deep analysis. On one hand, cell phone advertising has a huge market demand; On the other hand, the telecom value-added industry predominated by operators is severely lagged, thus making the market demand can not be satisfied through normal channels and reasonable guide.

Mobile operators strictly control the advertising content, access and charging methods basically, and it's only the operators that have the technologies and rights to tell the subscriber's location. Therefore, operators play a critical role on value-added services including cell phone advertising. However, because the operators are conservative in

promoting WAP advertising in newly value-added services, a lot of service providers (SP) and content providers (CP) could not achieve through the new business development. They are forced to make a living by sending advertising messages. Illegal messages become more and more. Irregularities of SP and CP also continue to emerge.

At the time of 3G, the advertising model determines whether the direct effect of advertising is good or bad. With the maturing of technology, applications and cell phone advertising industry chain, people make the information flow, capital flow and logistics flow together through cell phones only. Cell phone advertising will be combined with mobile business, and even the logistics, finance, trade and other industries will also be included when it developed. Such a large system should be under the control of a comprehensive regulation, making all members beneficial. Otherwise, once a certain error in the system appears, it will bring an unimaginable loss to the other components in the system.

5. Solutions

There are several solutions aimed at dealing with these ethical problems:

5.1 The Government

（1）Establishing relevant laws

Speaking of junk message remediation, government and operators are making ongoing efforts. In recent years, many cancellations of SP value-added services frequently emerge. Judging from the actual results, however, it seems that all kinds of initiatives could not treat problems from origin. One of the most important factors is the loss of related regulations and policies.

Hence, even though the rubbish advertisings have long attracted the relevant department’s attention, the fact that legal gaps still exist cannot do anything to help. Because there are no legal regulations in the circumstances, government authorities and operators have no rights refusing to provide access to the SP and cut off the channel.

Compared with other countries and regions, specific legislation is an effective means of dealing with offensive advertisings. The British Government has proclaimed a specific

legislation in 2003, regarding sending rubbish information as a criminal behavior. In 2004, Japan formulated and promulgated the "Regulations on Special business transactions law" and "specific e-mail law", conducting operators and SPs' acts; The United States Federal Communications Commission developed regulations, requiring that advertisers must obtain the recipient's permission before the issue of commercial and other promotional advertisings. This shows that it is more scientific and effective to keep consumer's rights by means of law.

This year, the CPPCC member Zhang Xiaomei drew up a proposal on "governing junk message legislatively". She suggested the operators design a reasonable supervisory procedure to give the recipients fairness, protecting the rights and interests of cell phone users effectively. Another CPPCC member, China Mobile chairman Wang Jianzhou also said that China Mobile opposed junk messages firmly. Because they're against the interests of consumers, a good regulatory system should be the first of all to affect a radical cure on junk messages. Technical means are the second step. "

（2）Aggravating punishment

Now that sending cell phone advertisings is to make money, it should begin with this respect. We can use the experience of other countries for reference. For instance, in the United States, the Federal Trade Commission offered cell phone registrations. After the login, if someone infringes on ordinary people, the Federal Trade Commission will impose a few hundred or even ten thousand dollars fine, which is very useful. Germany and Korea government claimed in 2003 and 2004 respectively, that only after the users' approval can the advertisers provide marketing services via SMS, telephone and e-mail, etc. Sending pornographic information will be prosecuted for criminal responsibility and imposed a huge sum of fines.

From these effective measures, we can find that each unwelcomed advertising could be in fact described as "a piece of paper tickets," which gives the advertisers enough of a deterrent. Especially in current situation that legislation hasn't been achieved, we should strictly carry out a typical case, setting an example for future management. When the revenue of rubbish advertising is higher than the cost, it may automatically disappear.

5.2 The Information providers (Message Source)

（1）The enterprises or the advertisers must implement database marketing.

Within the changing market environment, enterprises must transform to customer-centric business from product-centric model. Cell phone advertisings provide an excellent way to contact with target audience. In order to avoid moral problems, enterprises should set up database according to the feedback from customers, and then implement database marketing.

The key to database marketing is to master the customers' behavior, characteristics and willingness. Advertisers must fully understand the effect and status of all sectors in contacts with subscribers. For the sake of fulfilling ethical responsibilities and avoid consuming too much resource when look for the source of purchase, advertiser must adopt database marketing. The more data, the more in depth enterprise know their customers.

The database can be set up according to the different reflection of customers. Through a long-term communication and data analysis, we can be acquainted with each customer's consuming psychology and behavior. When it is time to make a decision, the information from the database will enhance its accuracy based on the exact demand on consumers. At the same time, a correct decision can promote the database to expand and improve.

The following is a simple model showing how database marketing works:

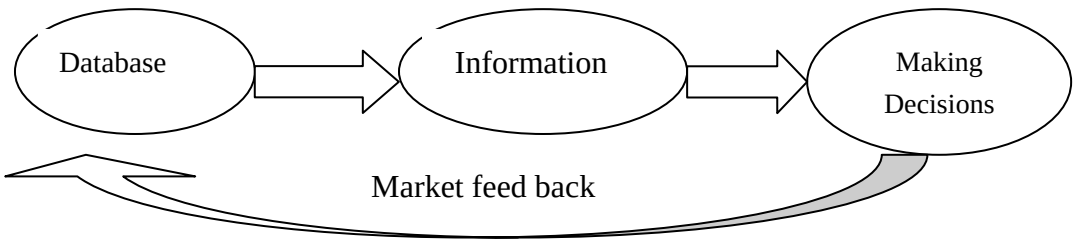


Fig. 3: The process of database marketing

This means of marketing strategy helps build up customers' loyalty and does not bother the irrelevant public simultaneously. With regard to advertisers, it is a smart choice with high return deferring to social values. Marketing efficiency has been heightened to the most.

（2）Every information provider in the industry has to comply with the principle of good faith.

Abiding by high ethic level not only is their social responsibility, but also can make abundant profits to themselves. This is a matrix showing kinds of choices when considering the ethic and profit:

	High profit	Low profit
High ethical level	Perfect choice	Force choice
Low ethical level	Risky and fault choice	Foolish choice

Fig. 1: The matrix of choice between ethic and profit

Although the advertising is a commercial behavior, if we neglect ethics, it will lead to adverse social and economic consequences. There is no doubt that ethics and profits have a shifting relationship.

In terms of the ideal state, we should be looking for solutions that high ethic and high margin exist simultaneously. This status isn't necessarily existed or only gets apparent after a period of time, but such behavior should be encouraged. Faced with varieties of stress, advertisers have to take the ethical and moral factors into account when making marketing decisions, which is challenging, but also laudable.

As an advertiser complied with ethic, they will concern and enhance people's welfare through its behavior. As a moral person, it is quite imperative to consider ethical problems in making advertisings.

5.3 The Operators (Message Channel)

（1）As a telecommunication channel provider, Basic operator should assume the corresponding and social responsibility incumbently.

Due to the principle of responsibility in accordance with access, the operators should check the cooperative unit or mobile users in advance before access, manage the message fees, receive and investigate complaints of users, and cooperate with appropriate authorities to deal with the junk messages verified offensive. These duties must be reinforced.

First of all, they should organize a comprehensive reform in 4 prominent social problems including industrial ports, SP-induced, junk messages and point-to-point type of ads.

Secondly, they should modify internal management loopholes, setting up a sound efficient mass-message management system.

At last, they should regard this job as an important political mission and productive mission, linking the performance assessment together to implement all requirements of the Ministry of Industry and Information Technology.

（2）The present 3 operators should also strengthen cooperation.

Every local communications authority should organize the native operators to develop a network easy for operators' mutual cooperation. They must make further efforts to define the processing program, especially the process-time.

For one thing, the supervision department will strengthen supervision management. For another, the operators must build a full coverage system taking the overall net into account.

China Mobile has set up a national blacklist database of violated customers. As soon as a company goes against ethic, it'll be put on the blacklist and forbidden to re-access to other operators. The operator will issue warning nationwide at the same time. In addition, the basic operators are also active in carrying out problems such as standardizing commercial advertising, subscriber information security management and providing software and hardware products for the users to reject unwanted messages. Some mobile terminal manufacturers are providing some prefabricated service to resist trash message harassment.

5.4 The Subscribers (Message Receiver)

（1）Every subscriber should strengthen self-protection awareness.

When a user receives an ad which obviously has fraudulent tendencies, not familiar or gives some awards, it is wise for him or her to not return the message or call back. In this way, subscribers may avoid some losses.

Therefore, our users must be on the alert and do not let out cell phone numbers in a shopping mall or other public places as well as informal institutions. Pay attention to your privacy at every moment!

（2）The subscribers should timely report and complain.

In order to make it convenient for customers to feed back their views to the government authorities in a timely manner, each operator is demanded to set up complaints admissible platform in accordance with the requirements of maintaining regular order. Users can reflect their problems through various channels and methods, including telephone, SMS, Internet, e-mail, Web, software and other ways to report complaints.

If a China mobile user receives junk message, he or she can forward it to 10086999 or dial 10086 to report. If a China Unicom user receives junk message, he or she can forward it to 10010 to report complaints. Both are completely free. China telecom also has service hotline 10000. At present, every operator has specially-assigned person to deal with such complaints. If a user is not satisfied with what the operator did, he or she can directly contact with the Ministry of Industry and Information Technology. There is a complaint platform with the number 12321.

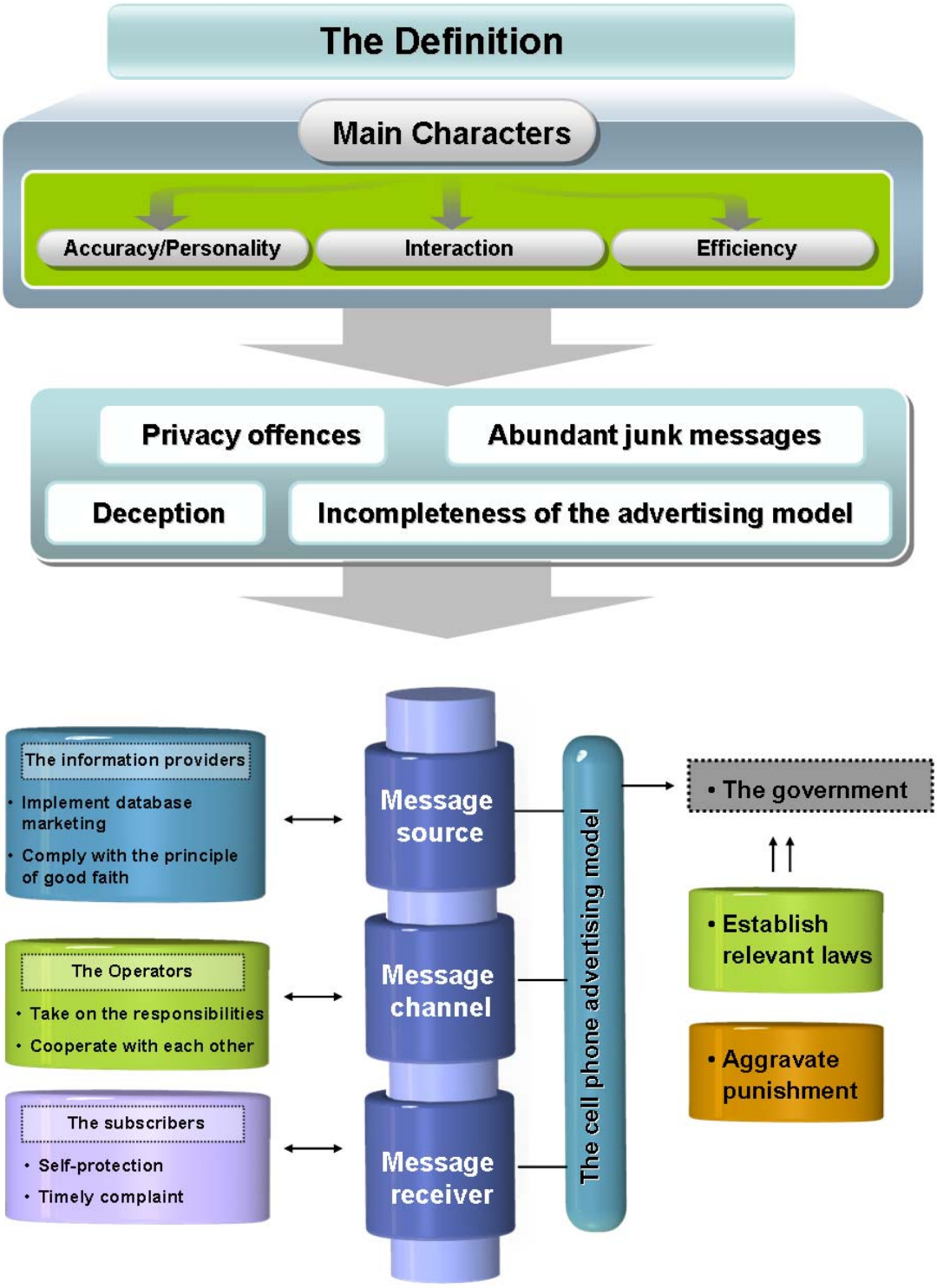
6. Conclusion

Although there’re still a lot of ethic problems and challenges, it can not deny that cell phone advertisings would become the favorite of today. Especially at the dawn of 3G times, cell phone advertisings that once suffered from complaints from users and advertisers will be re-access to new vitality. The boundaries between advertising and information service will be blurred, and the content of ads will be various. The new database marketing way will replace the traditional mass and the Push mode as well.

Of course, entrepreneurs must note the advantages and disadvantages of cell phone advertisings. Members in the whole industry chain determined in the pursuit of high profits should assume to bear their own moral and ethical responsibilities. Only in this way can a healthy, sustainable and dynamic industry continue.

Appendix:

The General Structure



References:

[1] Liu Anqi. *China Mobile vows to fully investigate junk messages* http://www.cctv.com/english/20090318/104715.shtml 2009.3

[2] William F. Arens&David H. Schaefer. *Essentials of contemporary advertising* [M].Dongbei University of Finance&Economics Press. 2008.1

[3] 12321 网络不良与垃圾信息举报受理中心 http://www.12321.cn/

[4] 2008 年 12 月电信通信统计资料.[J]. 中文学术期刊全文数据库. 2009.2

[5] 白洁编译. 手机广告已经成为垃圾信息新战场[J]. 中文学术期刊全文数据库. 2008.5

[6] 举报垃圾短信. http://market.scol.com.cn/2008/07/29/2008072934912444391.htm 2008.7

[7] 垃圾短信再换“马甲” 手机广告遭遇“信任门” http://it.sohu.com/20070109/n247493689.shtml 2007.1

[8] 两会声音：根治垃圾短信制度应先行 http://news.qq.com/a/20090310/000183.htm 2009.3

[9] 李小勤著. 广告伦理—面对难以躲避的诱导[M]. 山东教育出版社. 1998.2

[10] 罗茂初等著. 数据库营销[M]. 经济管理出版社. 2007.1

[11] （美）维拉格兹著. 张维迎编辑. 商业伦理概念和案例/第 5 版（英文原版）[M]. 北京大学出版社. 2002

[12] 许之敏 徐小娟 北京工商大学传播与艺术学院. 手机广告的兴起和发展趋势[J]. 中文学术期刊全文数据库. 2008.1

[13] 许 政. 3G 时代手机广告十大趋势[J]. 中文学术期刊全文数据库. 2007.1

[14] 杨玉新. 手机广告的发展前景[J]. 中文学术期刊全文数据库. 2008.11

[15] 张晓梅：建议立法治理垃圾短信 http://www.c114.net/news/41/a394760.html 2009.3

[16] 《中华人民共和国广告法》