



# SEAMINGLY SUCCESSFUL

**RENÉ ARNOLD** and **ANNA SCHNEIDER** explore the level playing field debate on OTT services from a consumer perspective

**T**he new proposal for establishing a European electronic communications code indicates that the European Commission intends to broaden the definition of communications services.<sup>1</sup>

This implies treating over the top (OTT) services the same as (legacy) electronic communications services (ECS) under the new regulatory framework. Following the arguments of the level playing field debate, the Commission appears to be saying that WhatsApp, Skype, Facebook Messenger and others have to comply with the same rules as ECS. These include legal intercept, interoperability and similar rules. Interestingly, the fundamental premise on which this decision rests is their similarity in functionality – ie. you can use Skype to make calls, or WhatsApp to text.

Allegedly, the secret behind the success of OTT services is that they offer the same functionality at no or negligible monetary cost to consumers. A study that we conducted in Germany based on a

representative survey of German consumers and 28 semi-structured interviews disputes this premise. It highlights that consumers opt for OTT services because of the additional functionalities they offer, and not simply because they now can text ‘for free’. Consumers send pictures, videos, voice and video messages, and more. In fact, they craft completely

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**They are crafting completely new audiovisual communication experiences.**

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new audiovisual communication experiences – a practice also observed in a study on need fulfillment and experiences on social media.<sup>2</sup>

Furthermore, it will be interesting to see how the criterion ‘similarity of functionality’ is going to be applied in practice. For instance, it will be difficult to consistently sort OTT communications services into categories





← corresponding to ECS as many of them feature both telephony and texting functionalities that may, may partly or may not be regarded as similar to the ones offered by ECS. Also, the delineation is not fully clear. Taking the example of texting, there are many apps and websites that offer essentially the same functionality. However, one would not commonly label them as a communications service. So a level playing field delineated by similarity in functionality is likely to have blurry borders and to be either too small or too large to be of any actual meaning.<sup>3</sup>

#### ADDITIONAL FUNCTIONS THAT SET OTT APART

However, the relevance of additional functionality goes much further than just sending pictures or videos. For instance, groupchat – a functionality not supported by SMS – is much appreciated by consumers. In our survey, this was by far the most frequently mentioned in an open question on additional functionalities used. More than 63% of respondents who answered this question mentioned it. Interviewees by and large supported the convenience of this functionality:

*“I would miss being able to groupchat, writing a message that is available for all members so there are no repetitions. I would miss the convenience of it.” (Ben, 22)*

*“Groupchat on WhatsApp makes it easy to reach my kids. You don’t have to add and add email addresses and attachments and all that. It’s just a lot quicker to add pictures or stuff from the web. It’s so much faster. You already have a group right there.” (Kerstin, 46)*

*“When there is an event like a friend’s birthday or something, it is just so much easier to set up a group on*

*WhatsApp. You just add everyone and post the info when and where.” (Lars, 23)*

Awareness and notification functionalities of OTT messenger services are another functionality that clearly distinguishes them from SMS. Consumers can see when their message has been received, when it has been read, and when the other person is online and is typing. Interviewees in our study highlighted the ‘read’ tick as possibly the most



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important additional functionality as compared with SMS. Although most interviewees know how to deactivate it, they choose to leave it switched on. For many of them, it is a measure of the intensity of personal relationships.

The quicker the response arrives after a message has been read, the stronger the personal bond is.

This introduces a new layer into conversations that SMS lacks completely. It is also true that additional scrutiny and resulting social pressure has been identified<sup>4</sup> and was also perceived by our interviewees, but it appeared to be less important than to participants in other studies:

*“Yes, if I write to someone and it’s kind of important, then I want to know if they have received the message. And if they don’t write back, that’s irritating. You ask yourself: Why aren’t they answering? Especially if it’s important.” (Lars, 23)*

*“Some really keep an eye on this [notifications]. There is this aspect of surveillance. I think you have to be careful what you make of it. [...] Sometimes it makes me crazy to see*

somebody has received and read the message, but does not reply.” (Sabine, 23)

“Of course, I would like to know when the other one has read this. So that I can get mad because the other one has read it, but has not bothered to reply in days. [...] But that always depends on the relationship you have or may have.” (Shanti, 20)

Presentation of ‘self’ as part of OTT communications services is mostly discussed in relation to ‘selfies’ and sending these pictures.<sup>5,6</sup> Our participants emphasised the additional functionality of setting up individual profiles with a profile picture. For many participants, this presentation of self also had a social facet. The combination of contact details and picture increases the perceived closeness to one’s contacts. So it is not surprising that consumers choose their profile picture carefully, with some of them changing it frequently to broadcast their current feelings:

“WhatsApp is really my own signature. I have a picture for every contact.” (Emma, 19)

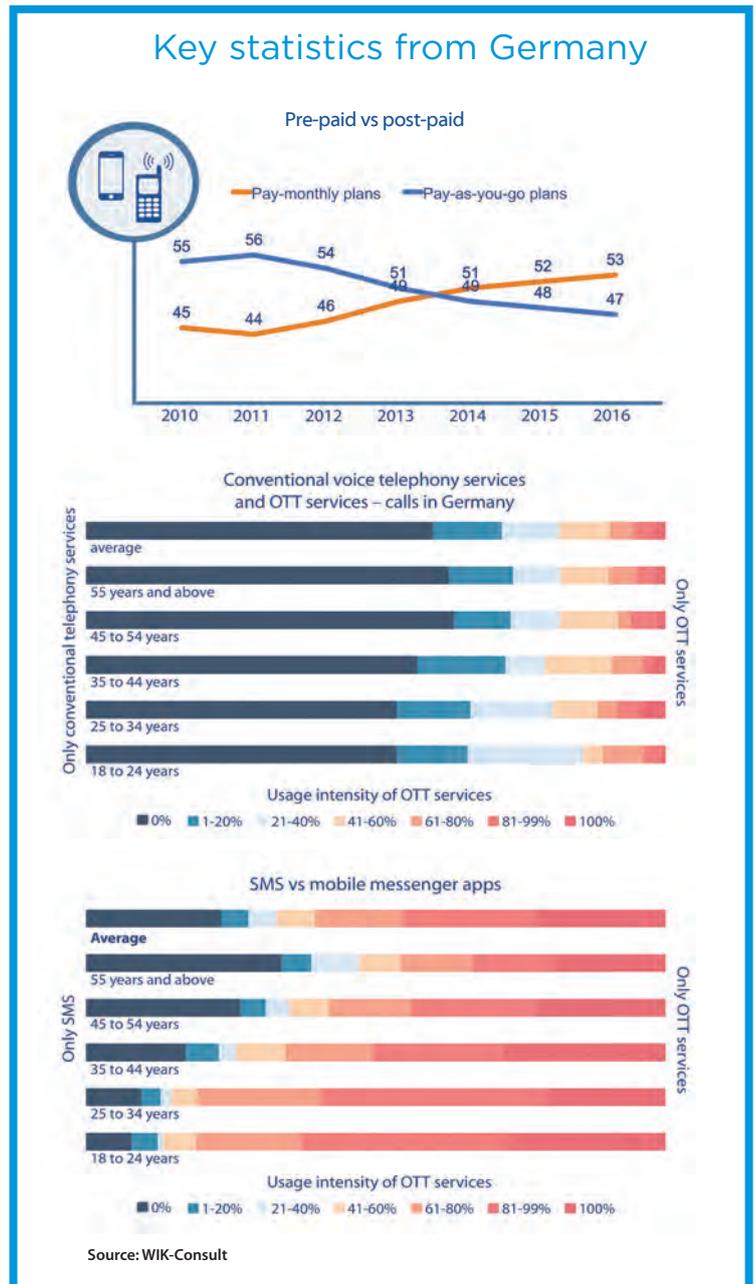
“The picture, the profile picture, I mean, that you see the person you are communicating with and knowing that your message has been received, that’s giving me the feeling of being closer to that person. You simply know a lot more about that other person. [as compared to SMS] (Marion, 48)

### CONSUMERS WANT ‘SEAMS’ BETWEEN CHANNELS

In essence, the additional functionalities clearly distinguish OTT communications services from ECS in the eyes of consumers. However, we also found evidence that speaks against applying the same interoperability obligation to OTT as to ECS. The idea of full interoperability among all communications services does seem intuitively right in the context of the telephone’s ability to connect everyone across networks, countries, even continents. Equally, with SMS one can contact anyone as long as one has their mobile phone number. However, it is exactly this seamlessness that consumers appear to circumvent when they use OTT services. In fact, consumers actively use the ‘seams’ between various communication channels to negotiate their social ties, communicate intimacy, or show urgency by choosing one communication or another.

Such nuanced practices have become necessary as coping strategies that consumers used to employ before mobile and smartphones introduced an always-on culture. In fact, nobody wants to be always available for everybody else. When we only had landline phones, people would simply not pick up, mute the phone, or take it off the hook. With the advent of mobile phones, however, not answering the phone does not work quite as well anymore. One is expected to have it always at hand, always on, always available. Consequently, access to the phone number has to be restricted.

Since this becomes more and more difficult, new ways of managing social ties have to be found. The seams between different communication channels help to achieve this. While some very close ties get access to and are responded to on some channels, others will only gain access to the most open channels, ie. phoning and (SMS) texting.



Interviewees in our study reported using seams between different communications services both to negotiate the specificities of their social ties and signal the level of intimacy of the relationship, as well as to adapt to the specific occasion and/or objective of the conversation:

“I would never ever send a WhatsApp to my landlord. He sent me one and I really couldn’t have cared less. [laughs] For acquaintances, it is always SMS with me.” [Only with friends WhatsApp are messages exchanged.] (Emma, 19)

“I make phone calls only to good friends or my girlfriend, or if it is necessary for work.” (Lars, 23)

These findings are also reflected in a study on the concept of ‘seamfulness’ of technology<sup>7</sup> and the results of similar studies. Another study compares Blackberry Messenger (BBM) and SMS.<sup>8</sup> The researchers find initial support for our idea that consumers use the seams between different technologies for texting actively to manage their social ties. They find that consumers use BBM

← and SMS to stratify their contacts into two groups. While BBM features closer ties and more friends, SMS is used predominately for acquaintances and family. Another study reports a similar finding.<sup>9</sup> Participants choose actively between WhatsApp, which is reserved for close friends and similarly strong relationships, while SMS is used for more formal acts of conversing and weak ties. This is supported in an in-depth study on couples' communication channel choices, which concludes that "using multiple channels can also add meaning, and emphasise urgency or importance".<sup>10</sup>

In essence, these results point to consumers appreciating the smoothness that their smartphones bring into their everyday experiences by integrating many functions in a single device. However, they also find seams in the application of their devices. This can be the interoperability with other devices as well as seams between different applications on their smartphones. But these seams do not appear to bother consumers that much. They negotiate these seams with ease – and another study observed participants taking advantage of such technological seams.<sup>11</sup>

## INTENSITY OF USE

Naturally, our data also allow us to take a closer look at who uses OTT services particularly intensively. Commonly, it is assumed that younger consumers use these services most and one would expect to find a strong negative correlation with age in line with various similar studies.<sup>12,13</sup> We tested if age is linked to relative usage intensity of OTT services. Our results show that while there is a strong inverse association with age for texting, there is no statistically significant relationship with age for telephony. This is due to a relatively large and stable share of consumers, who only use fixed and/or mobile telephony for both calls within Germany and calls abroad.

We wanted to explore further the influence of socio-demographic variables on OTT communications intensity beyond the ones already highlighted in the literature. We calculated several linear regressions using the sum of voice over IP (eg. Skype) usage intensity and OTT messenger usage intensity as the dependent variable. The following independent variables reached statistical significance:

- Age, range = 18 to 89 years, mean = 47.68 years
- Household (net) income, 12 categories ranging from <500 euro per month to 10,000 euro and above
- Smartphone use
- Apple iOS user
- A new mobile with more high-speed data volume purchased within the last two years.

Our results suggest that telecoms operators can indeed profit from the trend towards OTT as we found that the consumers who use OTT services intensively are also the ones who have purchased a new contract with more high-speed data allowance for their smartphones. They are also more likely to use Apple devices. In essence, they have a greater willingness to pay for both their mobile internet

access and their devices, which opens up new business potential for operators.

Other data we have gathered also underscores the potential for operators in Germany – new mobile plans tend to be pay-monthly contracts, which usually offer more value and security to operators.

In sum, our results cannot support the idea of using similarity of functionality as a surrogate measure to create a level playing field. First and foremost, consumers turn to OTT communications services because they offer novel functions in addition to ECS and not because they offer the same functionality. Furthermore, the criterion of similar functionality does not appear to be fit for



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delineating markets and creating a meaningful level playing field. If it is applied too narrowly, only a few OTT services may be captured; if it is applied too broadly, many other apps, websites and services are likely to fall under the

electronic communications regulation, which cannot be intended.

Notably, intensive usage of OTT services does not appear to be the detriment of telecoms providers as consumers who use them intensively are more likely to spend more on their mobile plans than those who use them less intensively.

Finally, the idea of establishing a level playing field by an interoperability obligation is in conflict with consumers' established social consensus of how they use the seams between different communication channels and services to negotiate their social ties. Removing these seams is likely to confuse or potentially harm consumers. Also, the need to manage social ties and to negotiate intimacy in a connected world would still be there – it is likely that consumers will find new ways to circumvent the interoperability obligation to keep their nuanced practice alive.

*RENÉ ARNOLD is head of markets and perspectives at WIK-Consult and ANNA SCHNEIDER is a lecturer in business psychology at Hochschule Fresenius in Cologne. More detailed papers are available at [www.wik.org](http://www.wik.org)*

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