

Catherine A. Miller VP, Legal

Sprint Nextel 12502 Sunrise Valley Drive Reston, VA 20196

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VIA ONLINE SUBMISSION

Federal Trade Commission Office of the Secretary 600 Pennsylvania Avenue, NW Washington, DC 20580

RE: In the Matter of Dot Com Disclosures – No. P114506

Sprint Nextel ("Sprint") is a national wireless carrier serving more than 52 million customers. Sprint is widely recognized for developing, engineering, and deploying innovative technologies, and, in 2008, it became the first national wireless carrier to offer commercially-available 4G wireless broadband service. Over the years, the company has continually expanded its portfolio of smartphones, netbooks, notebooks, and tablet computers, and it provides the wireless service that allows customers to access a growing number of mobile applications ("apps") accessible on some or all of these devices. Sprint also is a pioneer among large companies in using social media platforms to communicate directly with customers. Sprint implemented its social media policy for employees in 2006, and the company is not only currently engaged in a number of innovative social media outreach campaigns to customers, but is also constantly searching for new, technology-driven ways to communicate with customers.

Sprint is pleased to submit these comments in response to the Federal Trade Commission ("FTC") Staff's request for comments on pending modifications to the FTC business guidance document, "Dot Com Disclosures: Information about Online Advertising" ("Dot Com Disclosures Guide"), which was originally published in 2000. Sprint's comments focus primarily on disclosure issues specific to the mobile Internet environment, and recommend technology features that can facilitate clear and conspicuous disclosures. The comments also describe the impact of emerging business and user trends, including expanding social media adoption and a rapidly evolving market for mobile web apps, and request guidance from FTC Staff on clear and conspicuous disclosure practices in light of these marketplace developments. Finally, Sprint discusses the positive impact of self-regulation on the mobile advertising space,

Office: (703) 433-4831 Fax: (866) 515-3897

Total customer number is based on the end of 2Q 2011.

and encourages FTC Staff to adopt a framework approach that remains flexible to accommodate continuing technological and industry changes.

I. A Flexible Approach Can Best Address the Disclosure Challenges Unique to the Mobile Data Environment

Long gone are the days when a wireless mobile device was used simply to make phone calls. An increasing number of Americans now use mobile devices to access the Internet, stream video, play games, make purchases, and connect with friends through social media applications among other activities.² The smartphone or "third screen" devices that deliver the mobile Internet to consumers are varied with respect to their size, weight, power, and functionality. Sprint, for example, currently offers 30 different smartphone models with multiple operating systems along with an array of netbook, notebook, and tablet computers. Smartphones represent one of the fastest-growing segments of Sprint's device portfolio.

The FTC Staff's request for comments on the current Dot Com Disclosures Guide expressly acknowledges the growth of mobile marketing and the emergence of an "app" economy. Sprint agrees with the Staff that, in light of marketplace trends that have occurred over the past eleven years since the Guide was first published, certain portions of the Guide could benefit from clarification or revision. Updated guidance will (1) facilitate the clear communication of material terms associated with mobile products and services; and (2) provide all participants in the mobile ecosystem with best practices on appropriate disclosures when conducting online advertising or engaging consumers through online channels such as social media.

The Dot Com Disclosures Guide briefly addresses the issue of clear and conspicuous disclosures on smaller screens, which is an area of great concern to wireless service providers. The Guide calls for placing disclosures "next to the information, product, or service to which it relates," yet Staff acknowledge that, as a practical matter, including disclosures on the same screen as the claim can be challenging because of "varying screen sizes that display Web sites differently." In such cases, the Staff recommend that businesses use "text or visual cues" to alert consumers to material information.

See Lance Whitney, Smartphones to Dominate PCs in Gartner Forecast, CNET News (Jan. 14, 2010) ("By 2013, mobile phones could easily surpass PCs as the way most people hop onto the Web. Gartner's statistics show that the total number of PCs will reach 1.78 billion in three years, while the number of smartphones and Web-enabled phones will shoot past 1.82 billion units and continue to climb after that."), available at http://news.cnet.com/8301-1001_3-10434760-92.html; See also Marguerite Reardon, Streaming Video to Outpace P2P Traffic Growth, CNET News (June 2, 2010) ("Even though data traffic over fixed connections will continue to outpace data originating from mobile devices on the Net, global mobile data traffic will also increase. In fact, Cisco predicts it will increase 39 times from 2009 to 2014."), available at http://news.cnet.com/8301-30686_3-20006530-266.html.

FTC Dot Com Disclosures at 6 ("... computers and other information 'appliances' have varying screen sizes that display Web sites differently.").

⁴ *Id.* at 7.

We ask that the Staff update the Dot Com Disclosure Guide to include representative examples of such alerts or cues as may be used within the different Web access channels, including representative examples that can be applied to the mobile environment, which is not well-suited to the disclosure methods recommended in the original Guide. For example, the Guide calls for providing explicit disclosures or instructions in the body of the message, yet this may not be possible or an effective means to communicate an important point due to a mobile device's smaller screen size or character limitations in the space provided in the medium. Further, consumers may not be well-served by scrolling through lengthy text to reach a disclosure at the bottom of a web page on a mobile device's screen.

A. Rollover Disclosures Support Web-Based Content with Timely, Prominent, and Proximate Information

As a potential recommended option, we ask the Staff to consider the "rollover" disclosure as one approach that is well-suited to providing timely, prominent, and proximate information to consumers when viewing Web-based content on certain mobile devices, and other types of devices that use "trackball" or on-screen cursor navigation. A rollover disclosure appears automatically as a text box on the device screen when the cursor is positioned over a marker -- such as a word, footnote, or asterisk -- and then disappears when the cursor is moved. The text box contains material information regarding the claim to which the rollover disclosure corresponds. If the rollover disclosure is lengthy, the text box can include an executive summary version of the key terms followed by a hyperlink to the complete information. Additionally, the marker for the rollover disclosure can be prominently identified with highlighting or underlining so that consumers can easily spot its presence.

The original Guide acknowledges the benefits of the key features of a rollover disclosure as an effective way to provide a proximate and prominent disclosure.⁶ Rollover disclosures and similar approaches offer distinct advantages over traditional disclosure methods. Unlike scrolling to the bottom of a web page, for example, rollover disclosures provide information immediately proximate to the claim in a format that creates minimal disruption to the user's viewing experience. The original Guide notes that proximity "increases the likelihood that consumers will see the disclosure and relate it to the relevant claim or product." Further, rollover disclosures require minimal effort by the consumer to access and review key information in a real-time manner, thereby supporting the principle that important disclosures be "effectively communicated to consumers before they make a purchase or incur a financial

Conversely, rollover disclosures may not be an effective way to provide key disclosures on devices that have touch screens without a mouse, trackball or other way to easily navigate to a particular point on a page where a rollover would be displayed.

Id. at 10 ("A disclosure also might be displayed in a window that pops-up or on interstitial pages that appear while another Web page is loading.")

Id. at 6.

obligation." Recent guidance from the FTC further underscores the utility of real-time disclosures, including in the FTC Staff's draft privacy report, which encourages providing relevant data handling disclosures to consumers through a "just in time" mechanism before the consumer enters personal data or accepts a product or service. Lastly, by visually linking the disclosure to the relevant claim, the rollover disclosure ensures that the material information is presented in a clear and conspicuous manner and is prominently-located to the corresponding claim. ¹⁰

Sprint welcomes the Staff's views on rollover disclosures, as well as alternative proposed disclosure methods that would also be viewed as clear and conspicuous. In addition, Sprint welcomes guidance regarding combining different disclosure methods on the same medium, if appropriate given the page and text format and the overall communication, and whether this approach still raises past FTC concerns regarding the use of different disclosure methods within a single communication.¹¹

B. Evolving Consumer Preferences Require A Flexible Approach to Disclosures in the Mobile Environment

The mobile Web environment is undergoing rapid changes based on evolving consumer preferences and technology advancements that have led to a broad diversity in mobile device form and function. Certain mobile Web formats—particularly on smaller devices with corresponding smaller screens—present disclosure challenges that are similar to those found with banner advertisements, which the Staff addresses in the original Dot Com Disclosure Guide. There, the Staff notes that, due to the space constraints in banner advertising, some disclosures may be too detailed to be disclosed effectively in the banner. In response, the Guide advises using "creativity to incorporate or flag required information" to clearly guide the consumer to a more complete disclosure that is available on a click-through page. The mobile environment—at least for devices with smaller screens and varied systems capabilities—is ideally suited to such a creative approach in which consumers, as part of the initial communication (the first screen), are presented with a clearly-labeled prominent link in the main body of the initial communication that guides the consumer directly to more detailed disclosure information.

Id. at 11.

FTC Staff, *Protecting Consumer Privacy in an Era of Rapid Change* at vi (Dec. 2010), *available at* http://www.ftc.gov/os/2010/12/101201privacyreport.pdf.

FTC Dot Com Disclosures at 13 ("A disclosure that is buried in a long paragraph of unrelated text would not be effective.").

¹¹ *Id.* at 8 ("The key considerations for effective hyperlinks are. . . the consistency in the use of hyperlink styles").

¹² *Id*.

¹³ *Id.* at 12.

In other cases, however, it may be appropriate for a retailer to leverage both its online and physical presence to provide the complete disclosure to consumers. For example, retailers are now using location-based mobile apps that wirelessly transmit daily offers to consumers subscribing to the service and are based on the consumers' location. The initial communication from the retailer includes the general offer terms, along with a notice that complete terms are available at the retailer's physical location, where the offer is fulfilled. This approach preserves the user experience by conforming to the size or character limitations of the app or device, yet it also ensures that the consumer has access to the complete disclosure prior to purchase at the physical location. Because offers advertised through location-based mobile applications drive customers to the advertiser's nearby physical location, Sprint believes that such an approach should be an acceptable means of disclosure under the revised Guide.

Sprint recommends a flexible and creative approach for Staff guidance regarding effective disclosures in an online format that enables industry to adopt disclosure practices that respond to changing technology and consumer demand changes. As such, Sprint respectfully suggests that the revised Guide avoid guidance that appears to limit the approved methods and formats to provide disclosures, or which focuses only on recommending particular disclosure methods or formats that may soon become outdated, or technologically infeasible, following the introduction of new devices or app platforms that are launched in response to shifting consumer preferences.

II. Revised Guidance Would Benefit By The Inclusion of Practical Examples of Adequate Disclosures In the Social Media Context

Social media offers unparalleled opportunities for companies to interact directly with consumers, offer incentives to promote brand loyalty, and provide timely responses to customer concerns. As a result, companies are rapidly incorporating social media tools into their marketing mix. In 2010, 60 percent of Fortune 500 companies communicated with customers through Twitter, while 56 percent of the Fortune 500 maintain a corporate Facebook page. Effective social media campaigns, however, require a departure from traditional one-way communications and a transition to more open dialogue that eschews corporate talking points. For Sprint in particular, social media interaction is a key component of the company's ability to answer customer inquiries and clarify requirements associated with wireless products and services. In short, the easier it is for companies to have clear and simple conversations with consumers, the more forthcoming they will be in providing to consumers the types of details and information needed to help them make purchase decisions. Given the reduced formality and brevity that defines most social media interaction, we request that the FTC Staff clarify best practices on disclosing material terms and conditions of an offer that is made in the social media context.

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Center for Marketing Research at the University of Massachusetts, Dartmouth, *The Fortune 500 and Social Media: A Longitudinal Study of Blogging, Twitter, and Facebook Usage By America's Largest Companies*, November 2010.

A. Use of Abbreviated Disclosure Terms

Material terms and conditions may be more difficult to convey depending on the scope, nature, or format of the social media interaction. Character limits with applications such as Twitter, for example, combined with limited screen space often do not permit companies to display the full disclosure, and may limit the labeling of hyperlinks. The original Dot Com Guide discourages "general or vague statements, such as 'See below for details," when space constraints are an issue. ¹⁵ Yet, given the confined space, hyperlinks identified by terms such as "details" or "information" may be sufficient given the overall abbreviated manner of communication. We recommend that the Staff suggest standard words or short phrases that can be used as recognizable links to advertising disclosures when space constraints are an issue.

Further, in the case of Twitter, disclosures and the advertisements themselves rarely can occupy a single Tweet; therefore, advertisers may choose to Tweet the advertisement and the disclosure separately (*e.g.*, in consecutive tweets from the same account). Guidance from the Staff on this approach would be helpful, especially where the disclosures may not be conveyed if the original marketing message is re-tweeted by third parties.

B. Use of Hyperlinks

Hyperlinking to clearly organized and communicated terms and conditions of an offer is one effective approach to disclosing material information in a social media context. The current Guide cites the following key considerations when using hyperlinks:¹⁶

- Labeling or description of the hyperlink
- Consistency of styles
- Placement and prominence
- Handling of the disclosure on the click-through page

Sprint requests that the Staff provide examples that apply these key considerations above in the use of hyperlinks within the context of social media interactions. As an example, many companies now operate online community forums that facilitate and promote company-to-customer, as well as customer-to-customer dialogue about the company and its offerings. Company representatives may engage forum participants by posting information that clarifies details on a particular product or service that is the subject of discussion, or alerting customers to offers that relate to the topic of a conversation thread. The representative may embed and call out hyperlinks in his or her posts to the forum site. By clicking on the hyperlinks, consumers have direct access to terms and conditions specific to the offer discussed. Sprint would welcome

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FTC Dot Com Disclosures at 11.

¹⁶ *Id.* at 8.

guidance by FTC Staff on whether this approach may be an effective way to convey material terms of an offer to consumers, given the overall context.

III. Addressing the Roles and Responsibilities of Participants in the Mobile Ecosystem

Social media provides businesses and consumers with opportunities to partner with or engage third parties to an extent that far exceeds traditional forms of marketing. In a similar vein, wireless service and communications providers and/or device and system manufacturers offer smartphones and other devices that support online "markets" or portals where consumers can access entertainment, online commerce, and location-based services over a wireless network. Further, consumers can quickly broadcast information about a particular company or offering to friends and contacts, who may themselves forward the information to others. These third-party interactions define the mobile data value proposition; yet they also create uncertainty about each party's obligations to ensure that consumers have material information concerning products and services offered through these various mobile portals.

A. Mobile Third-Party Applications

Mobile apps are software programs that run within a mobile device's web browser or on top of an operating system. There are hundreds of thousands of apps available on the various operating systems that power consumers' smartphones, tablets and other devices. In 2010, 35 percent of adults in the United States owned a mobile device that included at least one app. The app market is expanding rapidly and is expected to grow from \$2.8 billion in 2010 to \$3.8 billion in 2011. And with such market expansion and growth, there is also continuing change in the profiles of the parties that create, deliver, and/or manage the app relationship with the consumer.

As an initial matter, there currently are several distinct smartphone operating systems with differing technological underpinnings and relationships between the relevant industry players. Apple's iOS platform (which powers the iPhone®) and Google's AndroidTM platform (which powers the Android smartphones and devices that are available from all major carriers) are two of the most well-known and popular operating systems. Mobile apps often are accessed by the customer through virtual "stores" that are integrated with the operating system that powers the customer's smartphone. Customers with iPhones or other devices built on the iOS platform have access to the Apple App Store; customers with Android-powered devices have access to the Android MarketTM. Customers, however, can also access apps through alternative channels not directly connected to their operating systems, *e.g.*, by "sideloading" apps from online portals provided by third parties or other sources. ¹⁷

In addition, advertising within an app (e.g., a) "banner" that may appear at the bottom of the screen when the customer is using an app) typically is managed by a mobile advertising network or platform provider that is independent of the wireless service provider through whose network the device connects to the Internet, and is often distinct from the operating system

The Amazon Appstore for Android is one example of an independent source for mobile apps that is not affiliated with the operating system provider.

provider that provides the platform on which the apps can run, as well. The mobile advertising network provider contracts directly with individual advertisers with little to no input from or involvement by the wireless service provider or other participants in the industry.

Moreover, consumers who download or purchase an app on their mobile device may enter into a contractual relationship with the app developer and/or mobile operating system platform provider that is independent of their relationship with the wireless service provider. And while the app experience may trigger a requirement for important disclosure information to be conveyed to the app user—whether in the app advertising description, prior to download, and/or upon purchase before and/or within the app itself—it can be unclear which party in this mobile ecosystem is best positioned to ensure that such disclosures are provided.¹⁸

This ambiguity is driven, in part, by the fact that the mobile ecosystem is relatively new and without clearly-defined roles and terminology among the parties. In fact, the extent to which companies fulfill particular roles within the mobile app value chain often fluctuates based on partnerships and agreements with other ecosystem players. Further, participants in the mobile ecosystem have varying levels of control over the mobile app purchase process, in-app customer experience and terms of use, and some parties may have no input or visibility into an app's terms and conditions or the end-user experience. One benefit of this variability in roles among the evolving industry is that consumers can select an app platform that most closely matches their preferences. Tightly-controlled app platforms, for example, may limit the development of certain apps, but provide a more consistent user experience based on the operating system providers' standards. Conversely, open app platforms, which are expected to continue as the fastest growing segment of the mobile app market, can enable broader distribution and greater app customization to more closely meet consumer needs.

In the absence of a one-size-fits-all approach within the industry, and given the fast pace in which roles and responsibilities among the different participants in the mobile ecosystem continue to evolve with technology and consumer demand, Sprint asks that the Staff be mindful in updating the Guide to avoid issuing recommendations that may be quickly negated by market and technology changes, and/or negatively impact the competitive landscape and innovation.

B. Re-Posted Content, Including Advertising and Promotions

The ease with which online content can be re-posted, excerpted, and aggregated with other information means that consumers regularly view content in a format that differs from its

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For example, many apps include location-tracking features that require disclosures on the types of information collected and the extent to which the collection occurs. FTC representatives have previously indicated their preference that disclosures are "embedded in the interaction" using pop-up disclosures, for example, that would continue to appear throughout a user's interaction with an app, and at the point in which the app seeks to collect information about the user or the user's device. *See* Jessica Rich, Deputy Director of the FTC's Bureau of Consumer Protection, speaking at the hearing *Protecting Mobile Privacy: Your Smartphones, Tablets, Cell Phones and Your Privacy*, held by the U.S. Senate Judiciary Subcommittee on Privacy, Technology, and Law (May 20, 2011).

original or intended presentation. For example, a company may promote an offer on its corporate Facebook page and include terms and conditions relating to the offer accessed through an accompanying hyperlink. The original offer then may be forwarded by a consumer without the hyperlink. Sprint would welcome guidance by the Staff as to examples of reasonable efforts that companies might take in providing material disclosures where the company's offer is reposted, excerpted, and aggregated by third parties without the company's express knowledge or assent.

IV. Self-Regulation and Educational Initiatives Support A Flexible FTC Framework for Disclosures

The original Dot Com Disclosure Guide has remained relevant for more than a decade largely because of its flexibility. The guidance has enabled self-regulation in online and mobile marketing to evolve and fill gaps based upon industry and technological developments. Sprint recommends that the Staff maintain this flexible and fluid approach, and position the revised guidance as a framework that will allow self-regulation to continue responding to future technological advances or new online marketing channels. The Staff currently is applying such a framework approach to consumer privacy issues. Specifically, the Staff's draft privacy report is intended as a "framework to inform policymakers" and "guide and motivate industry as it develops and refines best practices and self-regulatory guidelines." We recommend that the Staff apply a similar flexible and fluid approach with its update to the Dot Com Disclosure Guide.

There is broad support for self-regulatory efforts in the online advertising industry. The Mobile Marketing Association ("MMA"), for example, represents a notable success story in the online advertising space. The association was founded in 2000 to establish mobile media best practices, and it continues to expand its library of policy and format guidelines for advertising within mobile device content. Currently, the MMA has more than 750 members that represent the complete mobile advertising ecosystem, including advertisers, aggregators, content providers, and wireless service providers. This cross-section of industry representatives provides the MMA with a comprehensive view into emerging areas and allows the MMA to secure broad industry input on key issues. The MMA's Mobile Advertising Overview, for example, provides companies with best practices on advertising within mobile applications without negatively impacting the user experience. The MMA also is concerned with consumer protection and privacy. The MMA's Consumer Best Practices ("CBP"), which guide the implementation of short-code features (*e.g.*, text messaging), state that content providers "should ensure that their advertising in all forms is clear and conspicuous regarding all terms and conditions associated with offers and adheres to all state and federal regulations."

FTC Staff, *Protecting Consumer Privacy in an Era of Rapid Change* at 2, available at http://www.mmaglobal.com/bestpractices.pdf.

See MMA Mobile Advertising Overview (Jan. 2009) at 20, available at http://www.mmaglobal.com/mobileadoverview.pdf

See MMA Consumer Best Practices (Mar. 1, 2011) at 12.

The MMA effectively synthesizes guidelines that are consistent across service providers, and has earned support from industry, regulators, and courts.²² Further, the MMA guidelines complement other self-regulatory efforts with respect to online advertising and disclosures. For example, the National Advertising Division ("NAD") of the Better Business Bureaus also has applied its precedent on clear and conspicuous disclosures to online and mobile-based advertising.²³

Such self-regulatory efforts operate in unison with other initiatives that are specific to the The wireless trade association, CTIA-The Wireless Association, for example, developed best practices and guidelines for location-based services ("LBS") that apply directly to mobile apps that collect and use consumer location data, and which were drafted in anticipation of continued LBS developments.²⁴ Separately, the Future of Privacy Forum launched the mobile app privacy site, ApplicationPrivacy.org, as an open and central repository on emerging standards, best practices, privacy guidelines, platform and application store requirements, and relevant laws and regulations. Wireless service providers and others are now packaging and actively promoting these industry tools and resources, along with their own advertising guidelines, to mobile app market entrants and established players (1) in recognition of the speed at which the mobile space is evolving; and (2) in an effort to further raise awareness and encourage consistency and adherence to best practices across the mobile ecosystem. As just one example, Sprint's Application Developer Program provides resources and guidance to members of the app developer community to promote an "open" and innovative approach while also assisting developers in meeting applicable legal, industry and Sprint-specific guidelines. The Sprint Application Developer website includes information relating to the Future of Privacy Forum's efforts, discussed above, as well as information and links to the MMA's Mobile Advertising Guidelines and Sprint's own content standards.²⁵

Given the noteworthy success of self-regulation and education in the mobile marketing space thus far, we recommend that the Staff update its Dot Com Disclosure Guide in a manner that promotes ongoing self-regulation and continued education efforts. For example, the Staff might suggest that mobile industry participants look to the applicable guidelines published by the MMA, CTIA, and other self-regulatory bodies in designing their own disclosure compliance and education efforts. The combination of the Staff's framework with robust and timely self-regulation and education initiatives provides the optimal approach to address the current industry landscape as well as future marketplace and technological changes.

See Cellco Partnership d/b/a Verizon Wireless v. Hope, No. 2:11-cv-00432-SRB (D. AZ Filed Mar. 7, 2011) (Verizon Wireless recently obtained a preliminary injunction against text message content providers that enjoined the defendant providers from "using marketing practices that fail to comply with MMA Best Practices" in the context of a Premium SMS campaign on Verizon Wireless' network).

Staples the Office Superstore, LLC, NAD Case Report No. 4784 (Jan. 22, 2008).

²⁴ CTIA-The Wireless Association, Best Practices and Guidelines for Location-Based Services (Apr. 2, 2008), *available at* http://files.ctia.org/pdf/CTIA_LBS_BestPracticesandGuidelines_04_08.pdf.

See http://developer.sprint.com/site/global/develop/content_guidelines/content_guidelines.jsp.

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The evolution of online advertising to include mobile marketing and direct-to-consumer interaction through social media has brought tremendous opportunities for both consumers and businesses. Sprint greatly appreciates the FTC Staff's efforts to ensure that law, business practices, and self-regulation stay abreast of technological and industry developments in this area. Sprint recommends that the Staff fully leverage the technologies and self-regulatory framework already in place in the mobile marketing environment to support its objectives in revising the Dot Com Disclosures Guide. Sprint also recommends that the Staff clarify best practices with respect to providing clear and conspicuous disclosures to consumers who are increasingly communicating with businesses through these emerging marketing channels.

Sprint looks forward to continuing to engage with the FTC Staff on these important issues.

Respectfully Submitted,

Catherine A. Miller Vice President, Legal, Marketing and Consumer Practices Sprint Nextel Corporation