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Response to consultation by Absolute Live UK Limited for and on behalf of its Stakeholders

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Section 1

Introduction

Absolute Live Ltd was set up in 2003. We initially processed Adult and Non Adult 121 chat services which were subsequently advertised on such TV programmes as Babestation, Live XXX and more recently Party People and Ladz Lounge. We added Psychic and Tarot readers to our portfolio of services in 2004 and credit card processing in April 2006 and is supplied to Psychic Interactive TV shows.

Services Provided

Absolute Live Ltd currently provides

- 121 Off Screen Adult Chat advertised on TV
- 121 Off Screen Psychic advertised on TV
- Credit Card processing for Psychic and Tarot readings advertised on TV

Staff

Managing Director - Rhona Freeman I have 18 years experience in the chat line industry and have built the team listed below during the past 5 years. Absolute Live has a large staffing and fulfilment infrastructure of 264 people. This figure is split between management, office, admin, technical and home based sub contractors.

The operator sub contractors that are trained and supervised by Absolute Live Ltd work from home and log onto our system as and when they are available. As we have adequate staff to fulfil all our calls. Our calling customers can be assured of finding a choice of operators to speak with when they are connected to the 121 call fulfilment system.

Training

All Absolute Live Ltd's sub contracted 121 chat operator suppliers

1. Sign a contract
2. Sent a user guide which included the I.C.S.T.I.S / Phoney Pay Plus guidelines
3. Are trained to I.C.S.T.I.S / Phoney Pay Plus guidelines before starting to take calls on the chat service
4. Allocated to a Supervisor for monitoring and support
5. Have the facility to talk with a Mentor when experiencing calls of a unusual nature
6. Calls are constantly monitored for quality and compliance

Absolute Live Ltd company procedures for consumer protection

1. When dialling a premium rate number upon connection to consumer is advised of call cost, maximum duration, service provider information and various age and nature of call warnings.
2. All callers are asked to verify their age if upon connection the Operator suspects that they are under 18. If the caller does not satisfy the brief questioning (normally 15 seconds) the call is terminated immediately.
3. If a caller does not speak to the operator upon connection the operator asks them to speak and are warned that if they do not do so within 10 seconds they will have to terminate the call, and then if no response is received by the operators by the caller, the call is terminated immediately.
4. If during the conversation the caller admits that they are not using their own home phone to make the call the caller is asked if they have permission from the bill payer? If the caller says no the call is terminated immediately.
5. If a caller is distressed for example as a result of bereavement, alcohol issues, relationship issues, ill health etc our operators are instructed to read out the relevant free help line service numbers. These numbers are for registered organisations that are detailed in the operator user guide. Such organisations as the Samaritans, Relate, and AA.

Note: Point 5 above is not a pre requisite from any regulator, it is something we implemented in our operator user guides and training to assist with protecting potential consumers vulnerabilities by offering free alternatives for those callers with specific needs as detailed above.

Stakeholders

- Broadcast Air Space Supplier - Various
- Production and Broadcast Facility - Cellcast
- PRN Number and Network Supplier - Various
- Credit Card Merchant - Metacharge
- PPP Licence Holder - Com & Tel UK
- Advertiser - Cellcast
- IVR Hosting Facility - Fusion Telecom Ltd
- Trade Associations - AIME & PRA
- Webmasters - Various
- Operator Suppliers - Absolute Live Ltd
- End Consumer

Section 2

Consultation questions answered on behalf of Absolute Live Ltd.

Q1. A consideration for alternatives to the initial suggestions after the consultation response had ended and industry impact realised

Q2. Will await the responses from this consultation

Q3. Yes equal regulations and controls for all broadcast media

Impact Finance and investment

The initial impact assessment in approximate figures of losses to Absolute Live Ltd if OFCOM's proposals are implemented. Current PTV generates a turnover £1,440,000 P/A, tangible and intangible assets and recruitment costs £50,000. HR investment in terms of administrative systems, training time, call monitoring and supervision £200,000.

Job Losses

- 265 contracted and subcontracted staff

Summary

Absolute Live Ltd has invested knowledge, money and time into its business of providing professional and industry compliant 121 chat staff to PTV shows which unfortunately I cannot quantify an accurate only approximate figure for this at this point. This is detailed above.

Section 3

Consumer Research

Adult chat services advertised on TV

I wrote a dissertation at university entitled 'Is there a need for chatline services?' See Appendix 1

Student Id: 000213651-1
Submission: 2005

University: Greenwich, London

Year of

The dissertation discusses current theory, chat line organisations and consumer behaviour. The relevancy of this dissertation is high as the report was written on the adult chat PTV services.

Theory

- Theorist claim that the UK Premium Rate market is the 'most stable of its kind in the world'
- Theorists explain that the motivation to purchase goods or services is based on a series of decisions that satisfy a certain need or want.
- Maslow's hierarchy of needs suggests we have 5 basic needs that if not fulfilled could lead to feelings of 'loneliness'
- It is suggested by Henry Murray that we have 20 social needs which can be provoked by internal and external stimuli

- Adult 121 chat operators satisfy consumers general need for a 'sociosexual' outlet which main stream society often fails to provide

Motivation

There are definite marketing push tactics on PTV and consumer pull influences that generate the need and want for the goods and services offered.

Customer questionnaire

When asked if the caller had called before 52% said no and 48% said yes. When asked why they called the chat line the response was 1) Horny 2) Bored 3) Lonely

Summary Adult Chat Services

PTV on and off-screen chatline services fulfil a consumer need. 48% of respondents were regular callers.

Psychic reading services advertised on PTV. Credit Card bookings

The credit card processing personally administered a 4 question questionnaire to a random sample of 58 card purchasers who rang to make bookings in May 2008.

The questions asked were:

Q.1 As a consumer do you feel these shows and services prey on the weak or vulnerable?
Yes or No

Result - 100% said no they didn't feel the Psychic shows prey on the weak and vulnerable

Q.2 As a consumer do you find these shows and services are of any value/benefit to you?
Yes or No

Result - 100% said they felt the show and services was of value or benefit to them

Q.3 As a consumer would you be dissatisfied if the choice of viewing these TV shows were no longer available to you? Yes or No

Result - 100% said they would be dissatisfied if the choice of viewing these TV shows were no longer available to them

Q.4 Which of these categories do you think the show should be allocated to 1) Editorial or 2) Advertising

Result = Editorial 64% Advertising 16% Didn't know 21%

Additional comments

Feedback from credit card receptionists

"One after another express their disgust at having their freedom of choice taken away from them"

“One girl did say she didn't know how she would have got thru this year if it hadn't been for show and the psychics and would be devastated if it was taken off air!”

“The response from callers is so positive and they are horrified at the thought of losing us”

See Appendix 2 Credit Card Customer Purchasing behaviour.

Purchasing behaviour

- One call only - average of 13% over 3 years of figures
- Repeat business - average of 87% over 3 years of figures

Repayments

- Refunds and chargeback's are under ½% on average over 3 years of trading and 31,683 transactions

Summary

Psychic and Tarot readings is a valid and valued product on both PRN and Credit Card billing mechanisms. For years independent Tarot and Psychic readers have set up credit card processing for their face to face and postal readings, advertising in local press and on the internet. Psychic and tarot readings are therefore considered by the consumer and merchant processing facilities as a recognised product or the bank merchant services simply would not issue merchant facilities to these potential or existing merchants for tarot and psychic readings.

Section 4

Summary

Absolute Live Ltd has over the years built up a good profitable business by adhering to the changing rules and regulations as levied by ICSTIS/Phonepay Plus without the compromise of providing a good service to its customers and providing a fair and rewarding environment for all stakeholders concerned.

The impact that will be imposed on Absolute Live Ltd's business if OFCOM implements their proposals will be disastrous. Revenue would steadily decline, and in just a few months Absolute Live Ltd will probably cease to trade. The resulting job losses would be approximately 265 and the financial impact would be a loss of turnover in excess of £1,440,000 P/A.

Adult

Consumer research in the adult 121 chat sector identifies there is a clear need for the services that Absolute Live Ltd supplies. Barriers to market entry are high and it is my belief that other operators of such services would also be dramatically affected in terms of job losses and revenue stream declines. The few companies who operate chat services advertised in the PTV sector are professionals who have run these types business for many

years and adapt to the changing structures of regulations without question. OFCOMS proposal decisions would unfairly and without justified and proved reasoning of consumer harm, will put many of these types of services out of business entirely.

Psychic

As written in section 3 Psychic credit card purchasers, the consumers themselves expressed strongly that:

- 1) They didn't feel the psychic shows preyed on the weak or vulnerable
- 2) The show and services offered were of value or benefit to them
- 3) They would be dissatisfied if the option to choose to view or participate in Psychic Interactive TV shows was withdrawn from them
- 4) 68% of the respondents considered the show to be editorial

I therefore challenge the right to promote credit card as a valid form of payment for service exchange. An average of 87% of current transactions are repeat bookings. Is OFCOM suggesting that the consumer is not making an informed decision to purchase a psychic or tarot reading just because it's being advertised on TV? This service is widely advertised on all other media communication methods both in print and electronically.

I really don't think you realise how many customers enjoy using this service. We have a very good rapport with our credit card customers and pride ourselves on professionalism and personalisation.

As the 121 psychic service is advertised on a free phone number the customers often exchange pleasantries with the credit card receptionists and speak about the psychic and tarot readers who are logged on so the customer can obtain a reading from an operator who fits their requirements.

It is very clear that the consumer decision making processes and freedom of choice will be withdrawn under the new proposals. Customers who were asked their opinions during the credit card customer questionnaire were greatly disturbed with the fact that their choices to view and call these services would be withdrawn.

Overall

If the consumer loses the right to what channels they view on TV and which services they decided to participate in, I ask you who are you protecting the consumer from?

By removing the consumer's right to choose to view and participate in PTV programmes, OFCOM are surely trying to protect the consumer from the consumer themselves. Thus removing the right for the consumer to make their own informed decision to view and or participate in that particular programme or not as the case may be.

Please see appendix 3 for summarisation of OFCOMS perceived consumer concerns and noted 'consumer' points in the consultation which are the subjects for the comments below.

Consumer harm, detriment and misleadingness

If the consumers felt they were being misled and that calling these services were detrimental to them in any way why would they repeatedly call these services and why wouldn't our complaints be considerably higher than they are.

As you are aware our industry is strictly regulated by Phonepay plus, and if these business malpractices in the above title were in place on the chat services offered on PTV, Phonepay Plus would have closed us down years ago. It is with continued compliance with industry set regulations which keeps these services available to consumers, fulfilling a definite consumer need within predefined standards.

Is OFCOM suggesting that?

1. Phonepay Plus guidelines and codes of practices for Premium rate Services are inadequate for PTV?
2. Phonepay Plus does not regulate its members adequately?

Some customers as a result of the questionnaire administered to the credit card purchases asked for OFCOMs mailing address so they could register their views and concerns independently of this report.

Absolute Live Ltd currently

- Ensures that all precautions are taking and procedures implemented to terminate 121 chat calls to customers under the age of 18
- All silent calls are terminated within 15 seconds
- Pricing, service warnings and service provider information is read out to all PTV chat line customers before connection to a 'live operator'
- Monitors 'live' calls that are recorded in compliance with current rules and regulations
- Deals with all complaints in a prompt and fair manner
- Make sure there is prominent advertising that adheres to current advertising standards codes both on-screen and on 121 off-screen chat services and recordings
- Actively protects the consumer from harm and vulnerability by offering free phone help and support numbers if the call is beyond the scope of the 121 operators capacity and company policies
- We provide the advertised service, for the agreed pre set duration adhering to current rules and regulations, therefore not misleading the customer in any way

As there is no evidence of consumer harm in the business practices, ethics and services Absolute Live Ltd provides and promotes, I strongly suggest that OFCOM takes note of the consumers opinions conducted through Absolute Live Ltd's basic research.

This document has been prepared to hopefully give you some insight into the infrastructures that work to support the PTV programs. We strongly highlight the importance of the impact on all the stakeholders involved with Absolute Live Ltd but more importantly the consumers as a result of your consultation options.

Absolute Live welcomes the opportunity

- 1) To carry out further customer research for OFCOM for Psychic TV viewers and credit card purchasers. This will enable a greater degree of actual customer opinions for OFCOMS final considerations.
- 2) To discuss alternatives to the options as described in the PTV consultation for off-screen chat services and credit card billed services.

Absolute Live Ltd strongly supports AIME suggestion of introducing a new category titled Advertorial.

Yours sincerely

Rhona Freeman