

Non-Geographic Numbers Review Team
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Consultation - Simplifying Non Geographic Numbers

Submission by 4D Interactive ("4D")

4D welcomes the opportunity to respond to this consultation, as we believe there are issues of relevance which impact the future growth of the PRS industry, and to address the commonly held view that consumers are not well served by the current system.

General

It is Ofcom's view that the current system surrounding non geographic numbers is not serving consumers well in as much as they believe there to be a lack of consumer understanding regarding the price of calls, particularly from mobiles, coupled with the fact that low income households are disproportionately affected due to their higher reliance on mobile phones. Ofcom claims a significant proportion of the population rely on voice calls to services located behind non geographic numbers despite the growing availability of alternate forms of communications.

4D agrees with Ofcom that some consumers lack a full understanding of non geographic numbers including information conveyed by the tariff prefix, the ultimate price of calls, particularly those originating from mobiles, and the consequential loss of confidence in dialling PRS numbers. 4D also supports the view that this inevitably leads to a loss of revenue for the industry.

4D is also aware that other issues extend from the absence of tariff transparency particularly where things like "mobile surcharges" are often perceived to be service provider led rather than mobile operator and again resulting in loss of consumer confidence. In turns this leads to a loss of investment in new services and consequential reduced consumer choice. The lack of control service providers have over the ultimate retail price again will lead providers to seek alternative payment mechanisms that avoid regulatory burden such as using smart phone technologies, app stores and credit cards.

Network Pricing Transparency

4D supports the principle that consumers should be fully informed of the costs of calls (whether through fixed line or mobile services). This is fundamental to restore consumer faith in PRS.

The Ofcom document reiterates that the main concern is the lack of price transparency and poor consumer awareness of prices. We would further state strongly that this is essentially a mobile issue as our own research suggests that any surcharge by fixed line operators is not material. We also note from the Communication Report 2010 prepared by Ofcom suggests that the mobile surcharge applied generates as much income as the underlying services generate themselves.

Improved information to consumers is essential to remove uncertainty and restore consumer confidence but there is also a need to properly consider when and where consumers need information to permit the freedom of informed choice and not to tangle providers in red tape where they repeatedly have to give the same or onerous information that may end up causing more confusion or “information for the sake of information”.

Unbundled Call Tariffs

4D supports the introduction of unbundled call tariffs. However, whilst the charge from the service provider will be transparent the overall effectiveness of this proposal rests on the access charge being transparent. If the access charge pricing is as opaque as mobile operators’ PRS call charging today – and as onerous - then the overall effectiveness of the proposal will be severely compromised.

Proposals around regulation of 0843/4 number range

We strongly believe that extending the PRS condition to include the above number range would be disproportionate to the risk of consumer harm. The regulation of 087X and PhonePayPlus’ consumer data has shown that the level of complaints on 087X calls is significantly lower than 09XX tariff services and it is difficult to see how the regulatory effort has been matched by improvements to consumer experiences. Indeed 4D has found because it is considered “lower risk” the level of regulation of 087X is light and inconsistent which has created a more uneven playing field for providers in this market, which in turn leads to a loss of consumer confidence and lack of investment. Regulation should only extend where there is a clear requirement and where there is an intention to comprehensively enforce the code that is implemented. 4D cannot see a material case for it concerning 0843/4 and certainly its experiences of 087X indicates this would be an over-reaction.

If the proposal for a service/access charge takes hold then the argument for regulation of 0843/4 and 087X tariffs becomes even weaker. We would also suggest that before any such decision can be taken a full impact assessment would have to be considered and the cost and burden of this on industry would in itself outweigh any potential benefits to consumers.

In the Communications Act both 087X and 084X were deliberately outside the controlled PRS condition and we have not been aware of any facts to suggest that this original assessment of risk should be changed.

Higher Rate PRS Tariffs (max tariffs for 090 numbers)

Although 4D does not hold particularly strong views on the matter it does believe the current imbalance between maximum pricing on fixed and mobile lines means a breakdown in the concept of technology neutrality and a fair and open market.

Clearly with inflation over the last 13 years the current maximum tariff has already significantly eroded from the level at the outset. We understand that AIME have calculated in real terms the £1.53 tariff would now be equivalent to £2.12-2.40. However, even this is substantially below price points available for mobile content services.

Conclusion

The core issue addressed by this consultation is tariff transparency between fixed line and mobile network services and how consumers can be adequately informed regarding the real costs of calls to enable them to exercise choice.

4D agrees with Ofcom on the necessity for transparency, the problem of consumers' lack of understanding of non geographic numbers and the difficulties of presenting accurate call costs at the point of sale. It is also a serious commercial problem for industry as consumers' lack of understanding, and subsequent lack of confidence, results in calls not being made by consumers with significant revenue losses to industry as a result.

An Ofcom desire to improve overall consumer understanding of the numbering plan, including non geographic numbers, is supported by 4D but would best be addressed by Ofcom and Industry co-operation.

Should you require any clarification to our response or if we can be of any further assistance please do not hesitate to contact us direct.

Kind Regards

Yours Sincerely

A handwritten signature in black ink, appearing to read 'M. Pender'.

4D Interactive Limited