



Ms Elizabeth Gannon
Competition Group
Riverside House
Ofcom
2A Southwick Bridge Road
London SE1 9HA

June 2012

Dear Ms Gannon,

Simplifying Non-geographic Numbers - Detailed proposals on the unbundled tariff and Freephone

Introduction

The Direct Marketing Association (UK) Limited (DMA) is Europe's largest trade association in the marketing and communications sector, with approximately 910 corporate members and positioned in the top 5% of UK trade associations by income.

The total value of direct marketing to the UK economy is estimated to be £72.5 billion. This comprises three separate figures; £43.3 billion on expenditure on direct marketing media and activities, £16.7 billion on employment and £12.5 billion on overheads resulting from employment (The Value of Direct Marketing 2010 published by the DMA).

The DMA represents both advertisers, who market their products using direct marketing techniques, and specialist suppliers of direct marketing services to those advertisers - for example, advertising agencies, outsourced contact centres etc. On behalf of its membership, the DMA promotes best practice, through its Direct Marketing Code of Practice, in order to maintain and enhance consumers' trust and confidence in the direct marketing industry.

The DMA also administers the Mailing Preference Service, the Telephone Preference Service and the Fax Preference Service. The Direct Marketing Commission is an independent body that monitors industry compliance. Please visit our website www.dma.org.uk for further information about us.



The Consultation

The DMA welcomes the opportunity to respond to this consultation on behalf of our members. There are a number of points that we would like to put forward and we have done this as a general response rather than answer the questions posed.

Simplify the numbering ranges.

The DMA generally supports this proposal to provide clarity for householders on the costs of calling each number type.

In addition the DMA supports the extension of 080 and 116 numbers to be free from all telephone lines (both landline and mobile).

The DMA is concerned though regarding the impact of making these numbers free to all callers without setting a pricing cap on the charge to the businesses using these numbers. Free phone numbers have been traditionally used within marketing campaigns to encourage customers to respond to the offers made. The call charges are then paid for by the business owner of the telephone number. Call charges from landlines and telephone boxes are currently known charges and typically cost less than £0.05 per minute. The business is therefore able to budget to include the costs of the calls within their marketing spend. In the case of calls from mobile phones, the mobile networks are currently charging up to £0.90 per minute to the consumer. Whilst the DMA agrees that this is an unacceptable charge for the consumer to pay on a perceived free to call number, should such call charges be transferred from the consumer to the business advertising the free phone number, we strongly believe that it would be unsustainable for the businesses to cover these charges and therefore continue to offer the benefits of a free to call number.

We therefore strongly urge Ofcom to introduce a reasonable cap on the cost per minute for calls made to free phone numbers whether made by a landline or mobile phone.

In addition to this we are concerned that both the 116 and 0808 number ranges are not recognised by consumers as being free to call. Over the last 20 or more years direct marketing businesses have promoted the 0800 number ranges and consumer awareness of their being free to call has been a direct result. Businesses have spent considerable funds advertising and building brand awareness around their 0800 number ranges. These funds have been an investment from UK business and we urge Ofcom to ensure that this investment is not lost through radical changes to the 0800 number range.



03 number range to become the only non-geographic number range linked to the price of geographic numbers 01/02

The DMA believes that the introduction of the 03 number range has been well received and has been a good idea. However, its take-up has been slower than expected due, in our opinion, to a discernible lack of public awareness. The number and associated costs need to be more clearly and widely advertised and we believe that the proposed logos within the consultation document will be a positive step towards achieving this. The DMA believes that the onus for advertising this number range and the benefits of using it has falling upon business. As noted in point 1 above, considerable expense has already been made by business in advertising 0800 numbers and without an incentive, business is unlikely to increase the pace at which this number range is advertised. Support from Ofcom is vital if the 03 number range is to be used to its potential.

Revenue sharing (084, 087, 09 and 118 numbers) where a proportion of the retail charge is passed back to the recipient of the call are to have a simplified structure

The DMA agrees that clarification of these call charges is needed, but again reminds Ofcom that without promotion of the call charges, higher take-up is unlikely. The DMA cites the example of the 0808 number range again here as consumers continue to fail to recognise that this is a free to call number.

Unbundling of the call costs: separating the access and service charges

DMA does not believe that Ofcom's proposed solution will work in practice and that the suggested wording is overly prescriptive. Whilst clarification of the access charges may provide some clarity for consumers, the introduction of the service charge element will only serve to add confusion to the situation.

We believe that consumers wish to understand the potential costs of making a call before they lift the receiver. Whilst Ofcom is seeking to achieve standardisation and clarity, we believe that with the range of suppliers within the market, the actual position will be that consumers will see the wide variety of potential combinations of charges and this will only serve to create further confusion rather than the required clarity.



Conclusion

The DMA supports Ofcom's proposals to make telephone charges simpler for consumers to understand, but there are still some issues to consider and steps that need to be taken before both the interests of consumers and business are served.

The DMA looks forward to Ofcom's response in due course.

Yours sincerely,

Janine Paterson
DMA Solicitor