



Non-Geographic Numbers Review Team  
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31 March 2011

## **Consultation**

### **Simplifying Non Geographic Numbers**

**Submission by**  
**Association for Interactive Media and Entertainment**  
**(AIME)**

**AIME** ( [www.aimelink.org](http://www.aimelink.org) )

AIME is a UK based not for profit trade association that promotes excellence in the Interactive Media and Entertainment industry.

We uphold our Code of Ethics and Core Values to create an environment of consumer trust and industry confidence within which our members' commerce can grow. We are committed to furthering the interests of Interactive Media and Entertainment through the regular exchange of information and communication throughout the value chain, effective engagement with regulators and legislators and the presentation of a successful industry image to media.

We are the only UK trade association with membership across all elements of the interactive media and entertainment value chain, which is generally supported by Premium Rate Service (PRS) billing facilities, and our membership represents in excess of 90% of annual industry revenues which stood at £0.80bn in 2010 within the UK and which, we believe, has the potential to increase to £1.5bn - £2.0bn per annum over the next three years assuming we have a healthy balance of self and formal regulation and that industry is successful in continuing to build consumer trust.

AIME promotes and abides by the philosophy that consumers who are accurately and openly informed of the nature, content and cost of participation in an interactive service experience are perfectly placed to exercise their freedom of choice and thereby enjoy the most effective form of consumer protection.

We welcome the opportunity to respond to this consultation, as we believe there are issues of relevance which impact the future growth of the Premium Rate Services industry, and to

address the widely held perception that consumers are not well served by the current system. We have discussed the content of the consultation at length with AIME members, and it has been agreed that rather than respond to the questions in detail, for which we defer to member comment, we will raise top line views on issues important to members.

## **1. General**

Ofcom is seeking to review the regulatory rules governing the use of non-geographic calls to deliver services to consumers (chiefly 08, 09 and 118). Ofcom are not proposing to consider mobile numbers (071-075 and 077-079), corporate numbers (055) and radio paging numbers (076).

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.

AIME generally agrees with Ofcom that problems do exist surrounding consumers' lack of understanding of non geographic numbers including information supposedly conveyed by the dialled digits, the actual price of calls, particularly those originating from mobiles, and the resultant lack of consumer confidence to call these numbers. AIME is also aware that this lack of consumers' confidence may translate into a reluctance to use these numbers at all and this is known to be costing the industry dearly in lost calls and associated revenues.

We are also aware that other side issues extend from this fundamental absence of tariffs transparency where instances of "bill shock" damage the overall image of premium services, rather than the networks involved in carrying and charging for the call, resulting in reduced investment in new services and consequential reduced consumer choice.

## **2. Network Pricing Transparency**

Our members believe it to be a key issue that consumers are fully informed on the costs of calls and that this transparency must extend across both fixed line and mobile services. This is core to the AIME commitment of restoring consumer trust in Premium Rate services.

The Ofcom document reiterates that the main concern is the lack of price transparency and poor consumer awareness of prices. It is a given that 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.

Ofcom will be aware that improving price transparency has remained a priority for members of the AIME Interactive Broadcast Forum. Ofcom attended the inaugural meeting in 2007 and subsequent meetings, where initiatives were discussed. However, suggested improvements to on screen pricing information were prematurely curtailed when Ofcom announced (Participation TV Part 1) that the current "mobile calls cost considerably more" disclaimer was acceptable for point of sale advertising.

We believe improved pricing information to be worthy of more detailed consideration, particularly since it promotes the AIME philosophy of informed consumers exercising their freedom of choice.

We will continue to encourage wider use of Voice Short Codes and other initiatives, which support this philosophy and can be pursued in parallel to Ofcom's consultation exercise (the outcome of which is likely to take time to implement – 18mths/2yrs).

### **3. Unbundled Call Tariffs**

AIME will leave substantive commentary and opinion on the access charge proposals for member companies to make in their individual responses. However, we would stress the need, should Ofcom proceed with its access charge proposal, for the access charge arrangements to take note of services operating on drop charge models, as well as the per minute billing the proposal appears predicated upon.

### **4. Higher Rate PRS Tariffs (max tariffs for 090 numbers)**

We are pleased to see consideration given to Higher Rate Premium Rate (HRPRS) within the consultation. AIME has made repeated calls, further supported by the submission of a business case to Ofcom in 2007, to raise the current £1.53 per minute cap. The cap has remained unchanged for 13 years with no adjustment made either for inflation or service innovation.

In this time the pricing gap between mobile services, which have no regulatory pricing restriction, and the price constrained fixed line services has widened. Mobile services have access to standard price points of £10, a considerable pricing differential with the £1.53 available to those providing fixed line services. Whilst mobile services have been provided full flexibility to innovate through access to (unregulated) price points appropriate to the needs of evolving services, there has been little incentive within the fixed line sector, in the absence of the requisite billing capabilities, to develop new service offerings.

Not only has the current regulatory framework constrained growth in the fixed line sector, it has in fact resulted in a sustained erosion of margins as regulatory caps have prevented providers adjusting pricing in line with inflation. AIME estimates that just to reflect the Retail Price Index rise in inflation of 38% over the 13 year period the £1.53 price cap would need to be raised to around £2.12 (this is a conservative estimate of market impact with some inflation measures indicating a figure closer to £2.40).

AIME believes that regulation should be technologically neutral and would urge the introduction of a regulatory framework which allows a level playing field. We believe a central requirement would be to set HRPRS in line with mobile pricing point availability. This will allow fixed line services to compete fairly with mobile services, whilst providing scope for service innovation.

#### HRPRS for Charity Services

AIME see potential for an immediate application of HRPRS tariffs of up to £10, for example for use in charity donations. In consultation with industry and charity participants, AIME has already submitted to Ofcom a business case outlining the societal benefits that could flow from an introduction of price points in line with those currently available to mobile.

In line with the introduction of mobile VAT free price points for charity use, we believe that, subject to HMRC agreement, facility should also exist, on fixed line numbers to offer charities a VAT free numbering solution.

We believe that supported by appropriate consumer protection measures, through the PhonepayPlus prior permission regime, which may include measures such as a 60 day revenue hold, there should be no reason why HRPRS cannot be expediently implemented.

AIME would wish to see HRPRS pursued separately from other proposals contained within the consultation document, to ensure it is not subject to additional and unnecessary delay.

## **Conclusion**

The core issue Ofcom sets out to address is how consumers can be suitably informed regarding the true costs of calls to enable them to exercise their freedom of choice.

AIME agrees with Ofcom that transparency is essential and has long recognised, and previously sought to address, 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 AIME but would best be addressed by Ofcom and Industry co-operation on the most effective way of achieving this.

AIME is keen to address a long overdue increase in PRS tariffs which is recognised by Ofcom and AIME will seek to commence this process with Ofcom without delay. We would certainly hope to see this exercise contribute significantly to the objective of a level playing field between mobile and fixed line premium services. An early priority for HRPRS will be to support Registered Charities with equivalent convenient drop charges for fixed lines to match those available to mobile users. This need is recognised in the consultation and AIME will respond to Ofcom's request for suggestions on how this might best be achieved.

## **Statement of Representation**

AIME confirms that this response has been compiled following a process of internal discussion and distribution of the relevant Consultation documentation to all AIME members. A list of members can be found at <http://www.aimelink.com/home/members.aspx>

The views expressed in this response are a fair representation of the majority views held by the responding AIME membership. Individual members are actively encouraged to submit their own independent views as they deem fit and at their sole discretion.

## **Close**

We assure you that, as ever, our comments are made constructively and with the intent of achieving an effective, fair and proportional regulatory regime for Premium Interactive Media and Entertainment services in the UK.

If any clarification to our response is required or if we can be of any further assistance please contact Zoe Patterson at + 44 1273 685328 or [zoe@aimelink.org](mailto:zoe@aimelink.org)