

Response from Professor Patrick Barwise¹

12 May 2012

Q1: Yes, I agree that the stricter rules for PSB channels are no longer needed. This has been my view for some time, reflected in my submission to the initial consultation last year, which spelt out the reasons in some detail.² The deliberative research commissioned by Ofcom helpfully confirms the key statement in my earlier submission that *'in today's media environment,... viewers choosing programmes make no distinction between PSB and non-PSB channels'*.

Q2: My preference is for Option 2, retaining the frequency rule (Rule 16) as it stands. The research highlighted the important distinction between the *quantity* (minutes/hour) and *frequency* of commercial breaks and that viewers are more concerned about the latter.

Q3: Yes, I agree with a one-year implementation period. If implemented, the change to the new rules will be disruptive for the commercial PSBs, the non-PSBs, the media agencies and advertisers. A one-year transition should give them enough time to adapt, without disrupting them for years and years. In my earlier submission, I favoured a staged approach over several years but I have changed my mind on this after discussing it with some of the industry players.

Q4: Ofcom's provisional conclusions are, in my view, proportionate, evidence-based and in line with its general preference for simplicity and light-touch regulation. My earlier recommendation was to harmonise the rules while keeping the total number of commercial impacts roughly constant. What Ofcom is provisionally proposing is simpler and represents a bigger shift towards lighter regulation. If implemented, it will slightly increase the total volume of TV advertising (minutes and commercial impacts). This will reduce media inflation,³ which may help advertisers, although they are understandably nervous about any change in the current arrangements. The downside is that, compared with my proposal, there will be somewhat more uncertainty about the impact on total TV advertising revenue.⁴ The risk of a backlash from viewers may also be slightly higher, although they should be reassured that the frequency of commercial breaks will be unchanged.⁵

Finally, I was impressed by the range and scale of the audience research, especially the - very well conducted - deliberative research. This type of study is expensive but it generates powerful insights that would be hard to get in other ways, especially with something like TV advertising, which people take for granted as part of everyday life but which has underlying complexities and trade-offs few are aware of. It's striking how much participants' views evolved as they understood more and had time to reflect.

¹ Emeritus professor of management and marketing, London Business School.

² *Ofcom Consultation on COSTA: Response by Patrick Barwise*, 7 October 2022.

³ Compared to inflation if the rules were left as now.

⁴ However, even after the event it will be impossible to assess this impact reliably as we will not know what the revenue would have been without the change in the airtime rules.

⁵ And in the research, they felt – rightly, in my view – that the current rules are unfair on the PSBs.