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# **Consultation**

## **Ofcom Draft Annual Plan 2010/11**

### **Submission**

#### **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 trade association with membership across all elements of the interactive media and entertainment value chain and our membership represents in excess of 90% of annual industry revenues, which stood at £0.80bn in 2009 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 building consumer trust.

AIME encourages its members to focus particularly on consumer care and to recognise that if there is to be sustainable growth in our industry then there must be more investment in consumer contact whether it be dealing with complaints or enquiries. Recent research suggests that, despite their inherent popularity, there is still a significant portion of the UK population that does not use premium rate services due to trust issues in the main. There is no reason why industry cannot work towards encouraging increased consumer uptake to enlarge the relatively small user base of consumers who do consume premium rate services on a regular basis.

We welcome the opportunity to respond constructively to this Consultation on Ofcom's Annual Plan for 2010-11 although we will confine our comments to those areas involving Premium Rate Services which are particularly pertinent to our industry.

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.

## **Comments on Executive Summary**

We are particularly pleased to note that Premium Rate Services (PRS) complaints to the Ofcom agency PhonepayPlus have fallen by two thirds over “the past 18 months” and we are sure that this is in no small way due to the continuing efforts of AIME and its members to embrace a culture of self regulatory responsibility coupled with genuine efforts to promote closer engagement with regulators and their agencies. We are conscious of a decline in PRS revenues over the past couple of years and we estimate that the PRS market declined by some 15% in 2009 alone, but there are some encouraging signs of recovery, led by Participation TV (PTV), and we are hopeful for this to continue.

We also note and welcome the Ofcom intent in this Plan to focus on making significant progress in improving consumer complaints handling and the general quality of customer service. AIME has led the way in seeking improvement in these areas and 2010 will see industry and regulators co-operating in the provision of a registration scheme for operators across the premium service value chain which should also provide much of the base information required for improved customer support systems.

With respect to previous shortcomings in the provision of interactive voting and competitions, while we agree that heavy fines and changes to Broadcasters’ licences had a significant impact it was in fact the early actions of the Broadcasters themselves and their supporting technical communications services that addressed and resolved problems in a self regulatory manner. Regular contact and early co-operation between industry and regulators is the most effective way to counter problems of this nature and AIME would suggest that Ofcom could usefully refer to this in the Plan. AIME has recently restored its regular quarterly meetings with Ofcom to exchange information on the PRS industry, its problems and its opportunities and we are sure that this will prove to be most useful throughout 2010 and beyond.

References in the Plan to adapting content regulation to meet the changing needs of audiences is of particular relevance given the current status of certain PTV services which are proposed to be categorised during 2010 as teleshopping in line with the EU Audiovisual Media Services Directive. Within the associated Ofcom Consultation (PTV - Rules on the promotion of PRS) it is very apparent that much of the supportive content relates back to an audience perception survey of November 2001 and it is also clear that audience attitudes, particularly regarding services of a psychic entertainment nature, will have changed considerably since then. AIME is pleased to see that the Plan regards revisiting the changing needs of audiences as a priority for 2010-11.

## **Ofcom’s Approach to Regulation**

We are happy to note a commitment to “simplify and reduce regulation, while maximising value for money” as one of Ofcom’s five main objectives but it is clear that Ofcom’s obligation, under the Comms Act 2003, to promote and support self regulation has been missed (General Duties 4(c) and Duties to Review Regulatory Burdens 2(a)). This is an important area, which is currently absent from both objectives and regulatory principles, and AIME would like to see the support and promotion of self regulation included in this Plan as a priority item.

In a similar vein it would be constructive if the Plan included an intent to pursue closer engagement, in addition to formal consultation, with our industry to foster a spirit of understanding and co-operation. It is appreciated that PRS comprises but a small portion of the £52bn stated for the communications industry as a whole but it is nevertheless an important and popular industry sector with genuine scope for expansion and its present and future contribution to the economy should be acknowledged.

## Summary

The PRS industry, which presents itself to consumers as a popular range of interactive entertainment and information services, has made great strides over the past few years with the introduction through AIME of a significant number of self regulatory initiatives and their success is, we believe, reflected in Ofcom's own recognition of a dramatic fall in consumer complaints.

AIME would like to see a recognition in the Ofcom Plan of this success with more reference to and support for the preferred route of self regulation over applied regulation coupled with a desire on the part of Ofcom to improve engagement and co-operation with the PRS industry in the best interests of industry and consumers alike. It would be particularly useful if Ofcom could engage with industry during 2010 to conduct a long overdue review of PRS tariffs which have remained unchanged (and therefore limiting industry revenues) for more than 10 years despite AIME's best efforts to trigger this.

AIME particularly welcomes the emphasis placed on the need for Ofcom to adapt to the changing needs of audiences and would like to suggest that Ofcom repeat the survey, referred to in its recent PTV Consultation and carried out in November 2001, entitled "Beyond Entertainment" to more accurately determine the significant changes to consumer attitudes to content that will have occurred over a period of almost 10 years.

Finally but most importantly, the requirement to support and promote self regulation in our industry is an important obligation placed upon Ofcom by the Comms Act 2003 and AIME would like to see this included in the Plan objectives and regulatory principles as a matter of priority.

## Close

We assure you that, as ever, our comments are made constructively and with the intent of achieving an effective, fair and proportionate 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 08445 828 828 or [zoe@aimelink.org](mailto:zoe@aimelink.org)

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