

Mr Daniel Maher
Floor 5
Content and Standards
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

11 December 2008

Dear Mr Maher,

We are writing in response to Ofcom's consultation 'Review of Television Advertising and Teleshopping Regulations – Stage Two'.

The Premium Rate Association is a membership driven, self-regulating Trade Association dedicated to the present and future development of the premium rate industry in the UK. Our interest in this consultation is thus limited to Section 5 'Teleshopping' which is likely to impact on the Premium Rate Industry on account of recent changes to the categorisation of certain content. We have therefore limited our response to Q7. and IA Q9. Q10. and Q11.

With regard to question seven, the Premium Rate Association would support the recommendation of Ofcom, that regulation of teleshopping should be liberalised. We share the belief that providing increased advertising allowance for teleshopping slots and extending its use to PSB channels will enable best use of non-peak airtime and generate the revenue required to produce appealing content.

In addition we would suggest that the consumers of Quiz TV, Chat and Physic Services, newly classified as teleshopping, would view this content as appealing in its own right, as indicated by their repeated interactions.

We are of the belief that teleshopping slots should not count towards the overall spot advertising minute allocation, ensuring that the non-peak periods can be fully utilised. This will allow broadcasters to supply transactional based entertainment, without detriment to the core revenue generating opportunities present through peak time spot advertising.

As a result we would welcome the increase in teleshopping for non-PSB channels to six hours as proposed in option 3 and would welcome the provision of an allowance for PSB channels as proposed in option 4.

We would caution against the assertions made by some respondents that regulation should be used to lessen competition within the sector. It is our belief that in a mature industry a free market should be favoured over regulatory solutions. Regulation should not be used as a tool for commercial advantage. We are of the belief that greater competition fosters improved quality in content as companies seek to attract customers by differentiating themselves from competitors. We are pleased to note that in the main Ofcom appears to support this view with regard to teleshopping arrangements.

In addressing question IA9, we would submit that the current demand for teleshopping slots is unlikely to give an accurate reflection of demand. It is unclear as present whether the current minute usage takes full account of the recent reclassification of some editorial content to advertising and possible reduction in some content resulting from the problems created by BCAP code restrictions. Once regulatory changes have had a chance to bed down and broadcasters have greater certainty over the framework, including possible changes to the BCAP code, then there is likely to be renewed demand within the sector.

Consumers have demonstrated a real zeal for participation television, which, despite the setback caused by the 2007 voting fiasco, continues to show high user take-up. As consumers return to the market and new types of content are produced the demand for teleshopping slots will no doubt intensify.

Turning to question IA10, it is clear from the example of ITV play, given by Ofcom, that consumers tend to favour channels which have a mix of both editorial and transaction based entertainment content. If this example is accurate, and replicated, then a channel wishing to maximise its audience share and therefore its revenue, through either spot advertising or teleshopping, would be wise to ensure a wide ranging mix of quality content. A channel is therefore likely to self police the quality and mix of the content it broadcasts, or else risk losing audience share to competitors and seeking a corresponding drop in revenue.

Finally, in response to question IA11, we broadly support the analysis provided by Ofcom as to the likely impact of the various option set-out for the regulation of teleshopping.

Whilst of the view that teleshopping as a general category may require some regulatory limitation to ensure a mix of appealing content, we are equally of the view that transactional based entertainment, as a separate entity, functioned perfectly well without restriction prior to its reclassification.

It is likely to benefit consumers if Ofcom consider transactional based entertainment as separate from traditional teleshopping content and provide separate rules on its scheduling. This would provide PSB channels with greater flexibility in delivery content.

If the sub classification option was implemented then we believe that it could mitigate the effects highlighted in option 2, 'full deregulation for PSB channels', and enable PSB channels the same scope as non-PSB channels in their programme scheduling, without any negative impact on the consumer.

We would like to thank Ofcom for the opportunity to comment on this consultation piece and hope that due consideration will be given to the points we have raised.

Yours sincerely,

Suzanne Gillies
Chief Executive
Premium Rate Association