

Responding to the Ofcom Review of Advertising and Teleshopping – Stage Two (December 2008)

THE CAMPAIGN FOR PRESS AND BROADCASTING FREEDOM

The Campaign for Press and Broadcasting Freedom is an independent organisation funded by its membership which links people working inside and outside the media. It works to improve diversity and accountability in the media and has campaigned since 1979 on a range of issues including ownership and control, censorship, public service broadcasting and media standards. For further details: www.cpbef.org.uk

Q1. Which option (or variation of an option) for regulating the overall amount of advertising permitted on television channels do you prefer, and why? Do you agree that any rule changes that might result in a significant change to the number of commercial impacts should not come into force before 1 January 2010?

Advertising on commercial PSB channels should be restricted to seven minutes per hour (average eight hours in peak-time) as the current maximum allows. We welcome and support Ofcom's preference, made in the light of viewer and stakeholder responses and analysis, to maintain the status quo on the overall amount of advertising on television. We welcome the statement that 'the status quo may strike the best balance between maintaining a wide range of high quality television services, and the opinions of consumers, who appear not to favour an increase in the amount of advertising'. We remain opposed to any increase in the amount of advertising on PSB channels from the currently permitted levels. A significant majority of those polled (80%) oppose any more advertising on television. Viewers do not want the UK to emulate the levels of advertising permitted on US television. Even in satellite and cable homes (where PSB viewing share is less than in terrestrial-only or *Freeview* homes on average) some 79 per cent do not wish there to be more advertising.

Recognising the economic impact on commercial channels of 'levelling down' we favour option 1.

Q2. Which option (or variation of an option) for regulating peak-time minutage on public service channels do you favour, and why? Do you agree that any rule changes that might result in a significant change to the number of commercial impacts should not come into force before 1 January 2010?

We favour option 4 (status quo). We strongly oppose any change to evening peak hours 6pm-11pm. This would not only impact on viewer satisfaction but is also likely to have a serious, negative impact on programmes and scheduling. As Ofcom rightly identifies 'given the scope to schedule more advertising, the opportunity costs of scheduling lower-rating programming to meet PSB obligations would grow'; commercial pressures would lead to the scheduling of higher rating programmes to the detriment of news in this period. This would be very detrimental and must be avoided. The broadcasting of national, international and local news in peak time is essential to encourage and enable as many people as possible to have access to news and public affairs information. While TV remains the most consumed mass medium maintaining access to news is vital to strengthen citizenship, civil values and democratic processes.

Q3. Do you agree that the 7am to 9am period should cease to be treated as a peak viewing period on public service channels? If so, do you agree that this change should come into effect shortly after Ofcom publishes its conclusions?

We oppose an increase in advertising time on PSB channels. However, amongst the options put forward, we consider that the impact of relaxing rules on the 7am-9am period would be less severe than changes to advertising minutage in the 6pm-11pm period, which we strongly oppose. Subject to clear evidence of viewer tolerance, there may be grounds to relax the current rules and cease to treat the morning period as peak viewing. However, we would only support this change if, as viewers panels argued, there is a regulatory mechanism to ensure that revenue is invested in national and regional news services. Any concession on advertising minutage here should also be linked to maintaining, and rebuilding, the public service commitments of commercial PSBs, in particular, ITV. We would certainly oppose any relaxation of ad minutage without evidence of viewer support and without a mechanism to secure clear obligations on ITV and on other commercial PSBs. For this reason we recommend that any such proposals made should be issued for further public comment and polling of viewers' attitudes before any decision to put the change into effect.

Q4. Which option (or variation of an option) for regulating the number of advertising breaks do you favour, and why? Do you agree that any changes should come into effect shortly after Ofcom publishes its conclusions?

We oppose any additional breaks in programmes (see response to phase one consultation).

Q5. Do you support or oppose the idea of allowing more frequent breaks in programmes of autonomous parts? Please explain your reasons. Do you agree that any changes should come into effect shortly after Ofcom publishes its conclusions?

We oppose the idea of allowing more frequent breaks in programmes of autonomous parts.

Q6. Do you think that the existing limit on the length of internal advertising breaks on PSB channels should be kept or scrapped? Please explain your reasons. Do you agree that any changes should come into effect shortly after Ofcom publishes its conclusions?

Ofcom may argue that such rules are unnecessary. It is true that the AVMSD imposes overall limits for advertising and teleshopping which provide some safeguards. In addition, it is argued by Ofcom at various points in the stage one and stage two consultations that 'broadcasters' incentives are sufficiently well aligned with viewers' preferences', for instance with regards to the positioning of breaks (Ofcom response to stage one consultation 3.29). However, removing the limit entails the loss of a regulatory power to act should this be required, and is based on the claim that the commercial pressures on broadcasters to maximize advertising revenues are satisfactorily balanced by the countervailing force of viewer annoyance. The evidential basis for such a claim is poor and, at the very least, has not been satisfactorily demonstrated. So, while we recognise that such limits may not need to be imposed routinely there is no compelling reason why they should be 'scrapped'. The rules are a means by which regulation is exercised in the public interest against

powerful commercial pressures and incentives. Since those pressures are readily acknowledged by Ofcom the case for relying on self-regulation alone is not made.

Q7. Which option or options for regulating teleshopping do you favour, and why?
Do you agree that any changes should come into effect shortly after Ofcom publishes its conclusions?

There should be no teleshopping on public service broadcasting. We certainly support the case for a well-funded PSB system (see CPBF submission to Public Service Review Phase Two) and recognise the importance and value of advertising and sponsorship revenues. However, we think it is also important to maintain clear brand values and identities for public service channels. Although teleshopping is currently permitted on commercial PSBs it has not been adopted to any great degree. We think that permitting it would have negative impact on the PSB brand and its identification by audiences. Teleshopping should be allowed on commercial channels only.

We strongly oppose option 4. Ofcom indicates its concern here to narrow the gap between PSB and non-PSB. It is concerned about the opportunity cost of retaining PSB status by commercial PSBs. We believe this is the wrong approach. Ofcom should be pursuing regulatory measures which can both sustain existing PSB provision and extend it to major players in digital broadcasting and on the internet.

Additional comments

Ofcom's research on viewers' attitudes shows high level of support for improvements to the quality of programming. In Ofcom's deliberative polling respondents favoured some form of additional regulation/legislation, to ensure that any increased advertising revenue arising from rule relaxation was re-invested into programme development rather than used to increase shareholder profits. The argument made by viewers that advertising could be increased if it was invested in better programming indicates the strong demand for high quality, original programming on commercial PSBs, and indicates concern about the retreat from public service remits, most notably at ITV. We have addressed these issues in our response to Ofcom's PSB Phase Two review. It is right to consider the options for funding commercial PSB, including allowing more advertising, but the revenue gains are not clear and the negative impact on viewers satisfaction and on the quality of broadcasting lead us to favour other means of financing PSBs and ensuring that programme obligations and high quality original production is improved across television services.

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