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PhonepayPlus

A Three-Year Strategic Plan – 2011/14

Draft for Consultation

AIME Submission

About AIME (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 2009 within the UK and which, we believe, has the potential to increase significantly 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 encourages its members to focus particularly on consumer care and to recognise that if there is to be sustainable growth in our industry then one area where there must be more investment is in consumer contact and support as a part of building trust, whether it be dealing with enquiries or complaints. Recent research suggests that, despite their inherent popularity, there is still a significant portion of the UK population that is reluctant to use premium rate services and it is important that we work towards improving this situation and encourage more consumers to use premium rate services on a regular basis.

We welcome the opportunity to respond constructively to this Consultation on the PhonepayPlus (PPP) Strategic Plan for 2011-14 and to continue the spirit of open discussion and co-operation that is currently evident in relations between AIME and PPP.

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.

General

With responsibility for day to day regulation of the Premium Rate Services (PRS) market, as delegated by the statutory regulator Ofcom under the terms of the Framework Agreement and under the direct Governance supervision of Ofcom PPP has, under a welcome new management approach, recently focussed with some success on improving relations and communications with our industry and particularly with AIME as the leading industry representative body.

AIME agrees in principle with the adopted Vision for PPP as *“Our vision is that anyone can use phone-paid services with absolute confidence”* subject to the proviso that the term “phone-paid” is replaced with “premium rate services” in keeping with the Framework Agreement. AIME is pleased that PPP proposes to abandon the previous Mission Statement approach in favour of a simple description of PPP activities suggested to support the Vision. AIME also supports the importance attached by PPP to the additional values of **efficiency** and **transparency** as being essential parts of successful regulation and, as with other values, would like to see these achieved within the defined Ofcom remit of managing the day to day regulation of PRS.

The introduction of a registration scheme together with a new principles based approach to the PRS Code of Practice, both of which originated as industry proposals through AIME, will be a pivotal period for our industry as we seek to restore consumer confidence, interest and revenues. A high degree of co-operation between industry and PPP will be an essential component of success.

Consultation Questions

Q1.

Do you support the retention of the PhonepayPlus vision statement for the new Strategic Plan? Are there other elements of our role that you feel should form part of our vision statement? Are we right to replace our mission statement with a simple description of our activities?

Answer 1

As stated earlier we support this simplified and more effective approach.

Q2.

Effective, Accessible, Collaborative, Principled, Efficient and Transparent. Do you agree that these values create the right framework for PhonepayPlus as a modern regulator? Are there other values you think PhonepayPlus should consider adopting that would further strengthen its aims to be an open, responsive and flexible organisation?

Answer 2

We support these values and would expect their application to be measured and performance to be openly and honestly discussed between industry and PPP on a regular basis. The justified cost of regulation should be a key factor at all times.

Q3.

Do you agree with PhonepayPlus’ assessment of future market developments? Do you have any other insights, data or intelligence that would help to inform PhonepayPlus’ Strategic Plan for a specific market sector or for premium rate services as a whole?

Answer 3

Market developments in our industry can be notoriously volatile and we believe the only effective way to stay aware and informed is through regular contacts between industry and regulator. The use of the term “phone paid” needs to be carefully monitored since the current remit for PPP activities is limited to PRS as defined in the Comms Act 2003.

Q4.

Do you agree with this objective? Will our key deliverables ensure the new regulatory regime is successfully implemented and gain industry buy-in?

Answer 4

AIME has been closely associated with both the new Code and the Registration Scheme and while key deliverables themselves will not guarantee successful implementation, AIME is committed to working with PPP to aid success and achieve benefits.

The development of a programme to support new entrants is probably more suited to an industry responsibility where the costs are placed where they belong – with the new entrants rather than distributed across all industry.

Q5.

Do you agree with this objective? Will our key deliverables assist in meeting the aim of assisting the industry in building in compliance to services and also assist in driving up overall levels of compliance in the market?

Answer 5

While AIME completely agrees with the need to build in and drive up levels of compliance there is potential for debate on how this might be best achieved, who should be responsible and where costs should be placed.

The PPP Compliance Advice facility is proving popular but there is unease that industry players, who are themselves responsible for compliance, may find it too easy to rely too heavily on this “free” service which is funded by all industry players. Those who need third party advice should, at the end of the day, fund it according to their needs and should not be subsidised by others.

In a similar manner we should be careful as to the proper role of a PPP “Complaint Resolution” function since, while it is clearly necessary for PPP to be aware of complaints and their relationship to perceived or actual breaches of the PRS Code, it is also clear that the responsibility to receive and process consumer services complaints lies with industry itself. Where complaints are not handled to a consumer’s satisfaction there exists the Ofcom approved ADR facility and AIME believes we must be careful to ensure complaints handling costs remain within the industry and apportioned according to use with PPP focussed on processing breaches of the PRS Code.

Online advice for successful compliance, via Q&A, is supported by AIME and particularly if designed and updated in consultation with industry. The use of live operators is potentially costly and AIME would prefer this level of support and advice to be contained within industry where costs can be accurately apportioned.

Co-operation with industry on Best Practice and Early Warning alerts would be welcomed by AIME.

Q6.

Do you agree with this objective? Will our key deliverables ensure that we have a firm evidence base to inform our decision making and regulatory actions, or should we be considering other sources of data and information?

Answer 6

AIME is fully supportive of initiatives to improve quality of staff and industry intelligence and is already working closely with PPP on a training programme. We would welcome

PPP funds being used to research the PRS market provided it is undertaken in close co-operation with industry.

Q7.

Do you agree with this objective? Will our key deliverables assist in meeting the needs of vulnerable consumers and build trust in the PRS industry?

Answer 7

AIME believes there is a role for PPP to communicate with and advise vulnerable consumers but the content of such communication is sensitive and should be presented in a responsible manner that avoids damaging all industry. To this end we have previously asked for industry involvement in the preparation of such information and we are pleased to support the establishment of the Consumer Literacy Working Group.

As a not for profit regulatory agency PPP should be very guarded in seeking opportunities for sponsorship or partnership beyond general industry assistance and co-operation in individual projects.

Q8.

Do you agree with this objective? Will our key deliverables assist in ensuring PhonepayPlus achieves maximum efficiency while ensuring it remains effective as a regulator?

Answer 8

AIME welcomes the objectives to adopt Key Performance Indicators together with formal cost monitoring and review processes to ensure that PPP is seen to be delivering value for money on behalf of the levy paying PRS industry.

Conclusions

AIME is pleased to see a more pragmatic approach in this Strategic Plan to addressing the responsibilities placed upon PPP by Ofcom to manage the day to day regulation of PRS as outlined in the current Framework Agreement. We recognise the notable improvements in liaison and co-operation between PPP and AIME and look forward to further developing this relationship in future to the mutual benefit of AIME and PPP and the PRS industry and its customers.

Statement of Representation

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

The views expressed in this response are a fair representation of the 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 look forward to your response and 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 01273 685328 or zoe@aimelink.org.