



## **Consultation on proposed changes to the rules on the distribution of advertising**

### **The Electronic Retailing Association (Europe)**

The Electronic Retailing Association (ERA) EUROPE is the only organization representing the interests of all Television, Radio, and Internet e-retailers and associated service providers in the European market. The members of ERA EUROPE are companies established in Europe – the 25 EU member states and other European countries.

ERA UK, previously the BTSA, is the UK chapter and affiliate of ERA EUROPE in Great Britain.

ERA EUROPE is dedicated to the promotion of the highest quality standards and consumer confidence, through an industry Self Regulation programme and wishes to create an environment where

Direct Response Electronic Retailing can grow throughout the European Union. The program guidelines and provisions can be accessed on our institutional web site: [www.eraeurope.org](http://www.eraeurope.org)

## **Introduction**

The Electronic Retailing Association welcomes this consultation by Ofcom into the Rules on the Amount and Distribution of Advertising.

We only intend to answer Q16 and 17, as these are the most relevant to ERA.

### **Q16 What views do stakeholders have on the teleshopping options and preliminary assessment outline above in relation to non-PSB channels?**

Teleshopping in the form of spots, windows and dedicated teleshopping channels has been available under Television Without Frontiers (TWF) for many years. When the original TWF came into force across Europe the UK was one of the few EU countries to apply the Directive at the minimum level as it applied to the rules on the amount and distribution of advertising. The RADA rules at the UK level went very little further than TWF required. We would expect the same liberal and light touch approach from Ofcom in the implementation of the AVMS, especially as the number of Ofcom licensed channels has gone up by a staggering amount since the publication of Rules on the Amount and Scheduling of Advertising in 1998 leading to much more choice for viewers and a highly competitive market place for broadcasters.

The AVMS has not suggested there should be any volume limitations on the amount of time a channel can schedule teleshopping windows outside of editorial time. We believe that Ofcom should let broadcasters on non-PSB services decide how much teleshopping they wish to run. There is no need for the regulator to decide on a spurious public interest test the number of hours of teleshopping that they believe is acceptable to viewers. The viewers in an increasingly multi-channel universe will decide that if they don't like what they see then there will be plenty of other channels they can watch.

In a multi-channel universe the market will decide. Many broadcasters will decide to limit the hours of teleshopping on their channels, as already happens, because they take the view that it will affect the quality and balance of their channels which could adversely affect their audience. They don't require Ofcom to set artificial limits.

In a rapidly changing broadcast market where regulation is redefining what is classified as teleshopping (Participation TV and betting and gaming for example) and new innovative teleshopping concepts are being developed it is vital in a multi-channel environment that unnecessary volume restrictions are not placed on broadcasters. Furthermore, teleshopping may prove to be a key to funding programming, especially on smaller more niche channels where spot advertising is a small and declining source of revenue.

**We therefore support Option 4.**

**Q17. What views do stakeholders have on the teleshopping options and preliminary assessment outlined above in relation to PSB channels?**

The PSB channels still retain the largest viewing share of the television audience. They remain in a privileged position through their presence on all the platforms especially analogue and digital terrestrial.

The competitive advantage they retain could seriously damage the teleshopping channels and teleshopping windows on the DSAT and cable platforms by capturing a significant share of the teleshopping market and available audience. In an industry which is already facing tough market conditions such unequal competition could cause serious damage to our members particularly the teleshopping channels.

In our view it is far too early to consider allowing teleshopping on the PSB channels.

**We therefore support Option 1.**