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Dear Mr Maher

QVC Response to the Ofcom Consultation Paper on Review of Television Advertising and Teleshopping Regulation

Thank you for the opportunity to respond to the above consultation.

INTRODUCTION

QVC UK is part of a worldwide business with annual gross revenues in excess of \$7 billion employing over 16,000 people. The business includes QVC USA, QVC Japan and QVC Germany. QVC UK is a home shopping channel and electronic retailer operating via a broadcast service on digital terrestrial, cable and satellite television platforms and the internet. QVC UK reaches over 21 million UK homes and is one of the most widely distributed multi-channel TV station. In 2007, QVC UK was the UK's largest teleshopping channel by net sales revenue, over £353 million in 2007, and employs over 2,000 people in the UK. QVC is a member of various industry bodies, including the Electronic Retailers Association (ERA Europe) and the Satellite & Cable Broadcasters' Group (SCBG).

Please note that, because both of the previous two organisations will be responding to this consultation, QVC will only be addressing the questions that have direct relevance to our business.

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

QVC considers that option 4 provides the best fit solution, allowing the market to decide the correct level of teleshopping to feature on non-PSB channels.

This option will assist in fulfilling one of Ofcom's general duties; to further the interests of consumers in relevant markets, where appropriate, by promoting competition.

With the decline in their traditional revenue streams, this option will allow non-PSB channels the necessary flexibility to use teleshopping as required to supplement their income needed to support editorial output. Furthermore, it



will allow niche channels to develop as it will allow them to generate extra revenue that could make their business model economically viable.

It is unlikely that this option will see editorial channels output saturated with teleshopping; excessive amounts by a number of non-PSB channels would decrease the profitability and, therefore, viability of teleshopping as a revenue stream. Furthermore, they would be likely to lose brand identity and core viewers if they filled their schedule with teleshopping windows.

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

QVC consider that option 1 should be applied in relation to PSB channels.

While we recognise both the importance of PSB channels and their need to develop new sources of revenue, we do not consider that teleshopping is the correct way to address the issue.

We consider that while PSB channels are required to serve the needs of both consumers and citizens, the nature of public service broadcasting dictates that providing programming for consumers should not lead to an undue level of detriment to citizens. It is likely that teleshopping time will be used by PSB channels to provide gambling services. While this would undoubtedly help PSB channels generate revenue, we do not consider this to be in the best interests of citizens as it would make gambling services, which would be effectively publicly subsidised, both easily and widely accessible to viewers. A decision in favour of relaxation on the restriction of teleshopping, and therefore gambling, services on PSB channels should only be made after a thorough investigation into the economic and social impact this may have.

Furthermore, allowing PSB channels, which continue to attract the majority of television audiences, to operate gambling services is likely to cause a detrimental effect to the amount raised for good causes by the National Lottery.

If PSB channels were to offer retail teleshopping services comparable to channels such as QVC, such action would result in unfair competition in the television retail market. PSB channels enjoy publicly supported resources, for example they are gifted multiplex capacity, giving them a distinct and uncompetitive economic advantage against teleshopping retailers operating on non-PSB channels.

It is also important to protect the plurality of content on PSB channels; as previously discussed, the most attractive use of teleshopping time will be gambling services. It is likely that PSB channels would all schedule these services in the late evening/early morning reducing the choice of programming for viewers at this time.



How does teleshopping contribute to the objectives set for Ofcom by the Communications Act 2003?

We offer the following examples of how we consider teleshopping contributes to the objectives set for Ofcom by the Communications Act 2003.

3(4)(d) the maintenance of a sufficient plurality of providers of different television and radio services;

- Teleshopping provides an alternative to editorial based television
- Teleshopping companies support non-PSB channels' income through purchasing teleshopping windows in their excess hours

3(4)(i) the needs of persons with disabilities, of the elderly and of those on low incomes;

- Teleshopping gives the elderly and persons with disabilities easy access to shopping opportunities more akin to the traditional retail experience than online shopping.

3(4)(k) the opinions of consumers in relevant markets and of members of the public generally;

- QVC alone has just under 1 million active customers (those who have made a purchase from in the last 12 months)

Once again, thank you for the opportunity to respond to the Ofcom Consultation Paper on Review of Television Advertising and Teleshopping Regulation. If you have any questions or require clarification on any aspect of this response, please do not hesitate to contact me.

Yours sincerely

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