Committee of Advertising Practice
Castle House, 37-45 Paul Street
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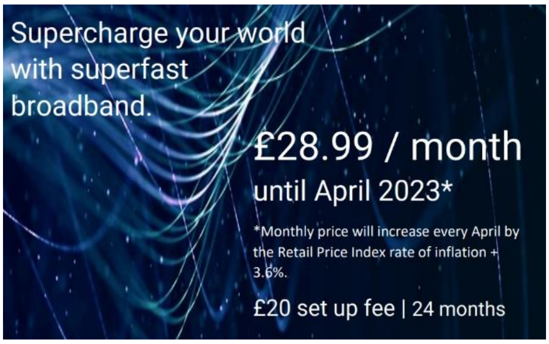
BT Group response to the ASA Consultation on the presentation of mid-contract price rises in telecoms advertising

	Consultation question	BT Group response
1	*Do you agree with the guidance principles set out above?*	I have outlined our views on each principle below: ***Information indicating the presence or possibility of a price rise is either part of the price claim, or placed immediately adjacent to it.*** We agree with this principle. ***If known, information about the nature of the price rise is featured prominently within the main copy of the ad. In static-format ads, no lower than one 'step' below the initial price claim and linked by an asterisk to the main price claim.*** We agree that the nature of the price rise should be explained one step below the price, but do not agree that an asterisk is also required after the monthly price to link to that statement, as shown in the example provided in the appendix:  We cannot envisage any scenario where the exclusion of an asterisk would result in a different transactional decision by the average consumer. In fact, we think the use of the asterisk is more likely to act as an interruption, slowing down the reading of the two lines, causing the consumer to pause and look for information

elsewhere in the ad (the assumption with an asterisk is that it links to small print, not the next line) and introducing a visual separation.

The position you have taken here is also contrary to your guidance on “Use of Qualifications”, where section 7 states:

if a primary headline claim requires qualifying in the body copy, marketers can instead place the qualification in a footnote linked to the headline by an asterisk

In this case, you are suggesting price claims that are immediately qualified in the body copy are also linked by an asterisk. Whilst we understand the ASA’s concern that an asterisk on its own linking to small print at the bottom of the ad would not give sufficient indication of the price rise, given you are now requiring immediate qualification in full after the monthly price the asterisk itself is superfluous.

Also, we note the ASA has only recommended the use of an asterisk where the price rise is “known” – which we take to mean a price rise linked to inflation that applies at a certain point each year. In the appendix, you have not included an asterisk in examples where the advertiser reserves the right to vary the price whenever they want by any amount. (See example below of this type of price rise taken from your appendix).

We do not think that an asterisk is necessary where this is a known price increase and cannot see why the guidance has introduced an inconsistent approach.

Descriptions of future price rises and terminology used are clear and simple to understand, and initialisms like RPI are written out in full the first time they are used in an ad, and appended with ‘rate of inflation’ to aid understanding.

We do not agree that initialisms like “CPI” and “RPI” need to be written out in full in the body copy of most ads. We agree that “rate of inflation” is likely to be helpful if there is enough room to include it, but consider that “Consumer Price Index” or “Retail Price Index” can be shortened without inhibiting consumer understanding in most advertising. We note that your appendix includes examples of banner and PPC advertising that use the initialisms instead of the full wording. Please see further detail in our response to question 3.

Advertisers take care to distinguish the full contractual price ahead of the tiered increase from any other introductory discounts that may apply.

We agree with this principle

Advertisers are mindful of the time of year the ad is being published, relative to the timing of any compulsory or potential annual inflation-linked increase (usually April) to avoid misleading consumers.

We agree with this principle

2	Do you agree with taking the same approach to ads for both tiered and variable contracts, in terms of the level of prominence expected for information about mid-contract price increases?	Whilst we agree that the same level of prominence is needed, we consider more information is needed in ads where the advertiser reserves the right to vary the price during the contract. **The right to vary the price** This model creates uncertainty for the consumer - whilst consumers may leave the contract following the price-rise, the fact is that many of them do not. It is also the case that customers on variable contracts generally experience **higher** price increases on average than those on contracts that increase by CPI/RPI or CPI/RPI + a set percentage, (we have included supporting information in our appendix). Businesses that reserve the right to vary the price will have a price increase built into their business plan. Their financial modelling is based on increasing prices for customers each year. It is possible that an advertiser *may* not increase the price – but as you can see from the attached spread sheet the right to vary the price has been exercised almost every year since 2013 by the providers who have this term in their consumer contracts. Whilst stating "Prices may rise during contract" explains the contractual right of the broadband provider to vary the price, it does not make clear that the price is almost certain to rise, nor does it give an indication of the amount by which it is likely to rise. As you explained in your decision to consult: *Rising inflation means consumers are experiencing a squeeze in the cost of living across all essential expenditure, including utilities, with low-income groups the hardest hit. In that context, it is even more important that consumers are presented with clear and prominent information in advertising about what their contract will cost them throughout its term* In order to provide that information in variable contracts, and make clear that the price is more likely to rise than not, we think this qualification should take the following format: *All prices may increase, and typically increase each year by between x and y %* Or: *All prices may increase, and typically increase each year by an average of x %* Or, if there are additional terms attached to the potential price increase, they could state: *"Prices may rise each year by up to 10% or the Retail Price Index rate of Inflation, whichever is greater"*
3	Do you have any comments on the use of terms used to describe rates of	The key point for consumers is to understand that the monthly price quoted is subject to an increase each year on a particular date – and to give them an idea of what that change will be if it cannot be calculated in advance (for example because it is based on inflation).

	inflation such as CPI and RPI, and the level of understanding consumers have of these terms (including when they are referred to using an initialism only)?	Last year consumer awareness of terms like "CPI" and "RPI" was likely to be fairly low. Although there are constant references to the rate of inflation in the news, there is still limited awareness of what "CPI" and "RPI" stand for and how they affect the rate of inflation amongst most consumers. However, the same is true of the full terms "Consumer Price Index" and "Retail Price Index". Whilst we have not carried out extensive qualitative research on this, I have included limited feedback from our consumer test group in our confidential appendix. This shows that the two terms are interchangeable as far as most consumers are concerned – one does not deliver greater clarity over the other. With that in mind, we would suggest that the key words that should be used to describe the price rise are "increase" and "rate of inflation", and that writing out "Retail Price Index" or "Consumer Price Index" in full does not aid consumer understanding. We would encourage the ASA to carry out consumer research in this area before enforcing the suggested approach. We also note that the ASA has allowed initialisms in small format online ads in its appendix and in the consultation document: *In small-format online ads genuinely limited by space, it may be necessary to place some additional information one click away, but consumers should be clearly signposted to that information.*
4	Do you agree with the mitigating factors listed as having the potential to cause an advertiser to take additional action in order to ensure material information relating to in-contract price increases is sufficiently clear?	The mitigating factors are listed as follows: • *a larger quantity of compulsory information* We agree this may require additional action. • *additional emphasis on price ("only £30 a month" or similar)* We agree this may require additional action. • *a smaller physical size or shorter length of an ad* As noted in our response to question 3, the ASA has said in the guidance document: *In small-format online ads genuinely limited by space, it may be necessary to place some additional information one click away, but consumers should be clearly signposted to that information.* If this is what the ASA is referring to by "additional action" then we agree with this approach. • *emphasis on the minimum contract term in close proximity to the price, such that it implies that price will apply throughout the minimum period ("£30 a month for 24 months)*

		We agree advertisers should avoid including any extra words or phrases that create the impression the price is fixed, and if those words are included then additional action may be needed to make clear that this is not the case.
5	Do you agree that in instances where multiple offers/products appear on one page (for example, on a telecoms provider's own website), it may be sufficient for prices to link or refer to a suitably-prominent single piece of information about mid-contract price increases, rather than including this information within each individual product listing?	Yes, we agree with this point.
6	Do you have any other comments or suggestions in relation to the proposals?	**TV advertising** The guidance does not provide information on how TV ads should present the price increase. Instead, it sets out requirements for VOD ads and says "similar considerations should be observed in relation to broadcast TV ads". It also refers to the superimposed text guidance, and says advertisers should consider this too. The superimposed text guidance suggests that the ASA's recommended approach of stating the price rise information in full rather than shortening to a common abbreviation of CPI or RPI is not helpful: 7.3. *Types of word to avoid* *Certain types of word to be avoided as far as possible because they are not quickly recognisable and are therefore processed slowly by viewers. For example: unfamiliar words; jargon words; legalistic words; long words; less common abbreviations; and proper nouns*. As explained in our response to point 3, the key information for consumers is that there will be a price increase on a particular date and that this increase is linked to inflation. Writing out "Consumer Price Index" or "Retail Price Index" in full does not enable them to understand more about the price rise than simply stating "CPI" or "RPI". Given the significant impact the guidance could have on TV advertising, including preventing ads due to the hold-time requirements for the price-information, more clarity is needed in this area.

		TV contracts where the price may vary The ASA needs to be clear on whether or not the guidance will apply to TV contracts. Page 8 of the guidance states: *CAP and BCAP are conscious that principles of any resulting guidance may also have relevance to other types of contracts that involve mid-term price increases, such as those that involve paid-TV services that are not bundled with mobile or broadband services, or other types of utilities contracts. CAP and BCAP consider that telecoms contracts of the type described above have the potential to involve a complexity of product combinations that can make them more difficult for consumers to understand, compared to other types of utilities contracts.* A TV contract may be offered on its own, or with another TV contract, or it may be offered with broadband. There may be linked discounts with broadband or other TV contracts. The advertiser may reserve the right to vary the price across all those bundles. Because TV is not regulated in the same way, consumers do not have the right to leave the TV contract following the price increase. We therefore suggest that the ASA clarifies its position on in-contract price rises for TV contracts. **Contracts with a 30 day or one month minimum term that are subject to a price rise (either CPI/RPI+ or variable):** We consider that the guidance also needs to explicitly address the above scenario. If a contract with a short minimum term (for example a TV package or airtime plan for mobile available on a 30 day contract) is linked to another product that has long term contract (for example a loan for a TV that lasts up to 4 years or a loan for a mobile phone) and there is either a technical or contractual dependency between the two products, meaning they cannot easily be separated, the potential to increase the cost of the TV package or airtime plan should be made clear in line with the ASA's guidance. At present, advertisers are taking an inconsistent approach. **Contracts that increase by a set percentage every year** The ASA has not addressed this point in its consultation. The example would be a provider who increases their prices by a set percentage each year on a particular date. We consider that these price rises should simply be incorporated into the monthly price point, given they can be calculated in advance and will apply on a particular date. For example, if an advertiser plans to increase the price by 4% in April each year, then their advertising should state: £25 a month till April 2023 Then £26 till April 2024 Then £27.04 24 month contract