

The Office of the Adjudicator Periodic Report

October 2005

The following report to Ofcom and The Office of Fair Trading sets out the Adjudicator's dispute determinations, his views about the operation of the undertakings, the CRRR Scheme and CRRR Rules together with any recommendations, his views about the performance of Carlton and Granada in complying with the undertakings, his opinion about the evolution of the airtime sales market, and other relevant matters and information that he considers appropriate.

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Management Summary

Introduction

This report covers the period from April to September 2005. As was the case last year, this period has been a relatively quiet one in terms of contract negotiation with most annual deals being settled between October and December. Nonetheless, there are still many areas where potential disputes can arise; mainly through day-to-day trading, the interpretation of deal clauses and the movement of accounts between Media Agencies.

Since the last report was published, ITV plc's compliance and willingness to co-operate fully with the Office has been good. However, with the negotiation season approaching, the potential arises for conflict between the various parties. To date, all the formal disputes the Office has received have been submitted during this period.

In recent meetings with the Adjudicator, certain Media Agencies have reported a concern over the approach ITV plc adopts towards day-to-day trading issues in the months leading up to contract renewal. Additionally some Agencies have expressed an apprehension regarding the recent management changes at the broadcaster and the implication this might have for future negotiations.

Activity of the Office of the Adjudicator in Quarters 2 and 3

In the second and third quarters the Adjudicator set his Office the following objectives:

- To concentrate on the core functions of his role: swift and effective resolution of disputes; monitoring ITV plc's compliance with their undertakings; and producing regular reports for Ofcom and the OFT.
- To continue dialogue with all stakeholders; in particular industry bodies, Advertisers, Media Agencies and UK Broadcasters; and to listen to their views and concerns about CRR in order to maintain a high level of market knowledge.
- To consider the impact of CRR on industry market developments and highlight any significant changes through his periodic reports to Ofcom and the OFT.

The Adjudicator is pleased to report that all of these objectives have been achieved. He has held a considerable number of meetings with interested parties since the last report, including key Advertisers, London-based and Regional Media Agencies, Industry Bodies (IPA and ISBA) and Broadcasters.

The Office of the Adjudicator has also continued to post specific guidance enquiries on its dedicated website, which houses material relevant to the undertakings and the CRR remedy. This is located at www.adjudicator-crr.org.uk

Adjudication of Disputes

The Adjudicator is able to report that no disputes were submitted in the period since the last report. This is not surprising as historically the summer is a quiet period in terms of contract negotiation. Nonetheless, there were still a number of areas, notably relating to contract interpretation and business moving between Media Agencies, where disputes could potentially have arisen.

A total of 28 guidance enquiries were brought to the Office in the period since the last report. It is to ITV plc's credit that there were no disputes in this period and that those that were flagged to the Office as potential disputes by both Advertisers and Media Agencies were settled without a Notice of Adjudication¹ being submitted.

¹ In order to formally bring a dispute to the Adjudicator, a Notice of Adjudication must be completed by the Advertiser/ Media Agency. It is worth noting that only Advertisers/ Media Agencies can bring a dispute to the Adjudicator, ITV plc cannot.

The number of guidance enquiries has fallen over time - the Office received 103 guidance enquiries and six disputes in the first 16 months of the CRR being in operation. This is a reflection of the Media Agencies coming to terms with their rights and forming their own interpretations of the meanings and intent behind the Undertakings.

While the Office cannot advise on individual contracts and negotiations, it is able to provide guidance by directing the parties to the relevant sections of the Undertakings and the Technical Guide. Any guidance is without prejudice to the view that may be taken by the Adjudicator if and when the issue is brought as a formal dispute, when further information relating to the issue may be available and would need to be taken into account (for example, details of historical precedents showing how the parties have dealt with similar issues in the past).

ITV Plc's Compliance with the Undertakings

ITV plc's behaviour during the last quarter has been good. Information has been delivered in line with the Memorandum of Understanding (MOU) agreed in 2004. This includes the delivery of monthly trading balance information, DRTV prices, draft contracts and late penalty and campaign deferment details.

Several Advertisers and Media Agencies have expressed their concern to the Adjudicator that, should ITV1 lose a significant share of commercial impacts in 2005, it may have an effect on the broadcaster's approach to trading issues. In particular, they felt that ITV plc may insist on bundled packages of airtime, that include a commitment to advertise on ITV's digital channels, in order to recoup lost revenue on ITV1. Media Agencies reported experiencing a more unforgiving manner from the broadcaster in recent months, especially in relation to penalties for cancellation and deferment of campaigns.

The Adjudicator remains concerned that the majority of the contracts he receives are 'draft' contracts that remain unsigned between Advertisers/ Media Agencies and ITV plc. In his Annual Report in April 2005, the Adjudicator highlighted this issue with regard to the 2004 contracts, where only a handful of the contracts listed by ITV plc were signed by Advertisers / Media Agencies. ITV plc provides 'draft' contracts to the Adjudicator that have not been agreed by the Media Agencies, and reports that this is due to the Agencies' reluctance to sign the final contracts. The consequence of this is that the Adjudicator might be working with and forming an opinion on incorrect information. In 2004 some Media Agencies bought airtime for a full calendar year without finalising terms with ITV plc. The position in 2005 has not changed and, as long as a contract remains unsigned by both parties, this is capable of creating difficulties in the context of a dispute. Media Agencies conveyed a concern that, in some cases, the draft contracts returned to them from ITV plc didn't always concur with what had been agreed verbally.

The Operation of the Undertakings

The Adjudicator is of the opinion that many Advertisers, and most Media Agencies, are now well versed in their rights under the CRR remedy. This is evident, in part, from the way in which the Adjudicator has tended to receive guidance enquiries. This has increasingly been in the form of an Advertiser/ Media Agency seeking assurances on its interpretation of issues in advance of a meeting with ITV plc, rather than seeking direction on an interpretation presented to them following a meeting with the broadcaster.

Nonetheless, the Adjudicator considers that certain common areas of uncertainty remain. Some of those areas will undoubtedly arise in the context of the upcoming season of contract negotiations. Consequently, the Adjudicator highlights some of those areas in Section 5 of this report.

Views of the Operation of the Undertakings and the CRR Scheme

The Adjudicator wrote to ISBA, the IPA and other Broadcasters to seek their views on the operation of the Undertakings and the CRR Scheme. ISBA and the IPA agreed that their views could be made public.

The IPA reported that, almost without exception, its members had informed them that the imposition of CRR had led ITV plc to operate more tightly to the letter of its trading agreements which has led to a requirement to tie down every detail in a deal. ISBA concurred with this view.

ISBA believes CRR to have provided an effective safeguard for its members against ITV plc's potentially powerful market position, however it anticipates a highly charged trading round if ITV plc experiences a fall in impacts which leads to a decline in revenue. The IPA concurred, adding that changes in personnel at ITV plc, and a predicted fall in commercial impacts, led their members to expect pressures to build in the upcoming negotiation season.

Though in general most parties believed the CRR system has continued to run fairly smoothly, some Agencies did report that ITV plc were still able to take advantage of its market position particularly with the aim of encouraging expenditure on its digital channels. Agency response to this 'bundling' was mixed with some claiming the practice is overt conditional selling whilst others were more charitable.

All the respondents the IPA spoke to felt CRR was essential to maintain an equitable position in their dealings with ITV plc. The majority of its members expressed support for the Office of the Adjudicator underlining its value for Media Agencies and Advertisers.

These views are set out in Section 6 of the report.

Statutory Framework

In November 2003, undertakings were accepted by the Secretary of State for Trade and Industry pursuant to the Fair Trading Act 1973, section 88(2), from the Channel 3 Broadcasters Carlton Communications Plc ("Carlton") and Granada Plc ("Granada"), as required of them by Secretary of State as a condition of approval of the agreed merger of those Broadcasters to form ITV plc. These undertakings required the appointment of an Adjudicator to adjudicate on any dispute between ITV plc and Advertisers / Media Agencies that arise out of the interpretation or exercise of the rights or obligations set out under the Contracts Rights Renewal ("CRR") remedy.

Paragraph 22 of the Contracts Rights Renewal Adjudication Scheme ("the CRR Scheme") provides that every 3 months (or as otherwise agreed with Ofcom) the Adjudicator shall make a written Periodic Report to Ofcom and the OFT with alternate reports being made public. This is the fourth Periodic Report that has been made public.

Pursuant to paragraph 22 of the CRR Scheme, this report sets out:

- the Adjudicator's determinations in relation to disputes;
- the Adjudicator's views about the performance of Carlton and Granada in complying with the undertakings (in relation to CRR);
- the Adjudicator's views about the operation of the undertakings (in relation to CRR), the CRR Scheme and the CRR Rules together with any recommendations;
- the Adjudicator's opinion about the evolution of the advertising airtime sales market; (redacted from the public report)
- Other relevant matters and information that the Adjudicator considers it appropriate to include.

In addition, it has been agreed with Ofcom that these reports will also contain information on the use of the Adjudicator's budget to date. This information is not placed in the public domain.

The level of information contained in this report is sufficient as to inform Ofcom and the Office of Fair Trading adequately on each of these areas. Confidential information provided to Ofcom and the OFT has been redacted from this report.

One of these Periodic Reports will be designated the Adjudicator's Annual Report

2. The Office of the Adjudicator³

2.1 Activity of the Office of the Adjudicator in Quarters 2 and 3

In the second and third quarters the Adjudicator set his Office the following objectives:

- To concentrate on the core functions of his role: swift and effective resolution of disputes; monitoring ITV plc's compliance with their undertakings; and producing regular reports for Ofcom and the OFT.
- To continue dialogue with all stakeholders; in particular industry bodies, Advertisers, Media Agencies and UK Broadcasters; and listen to their views and concerns about CRR in order to maintain a high level of market knowledge.
- To consider the impact of CRR on industry market developments highlighting any significant changes through his periodic reports to Ofcom and the OFT.

The Adjudicator is able to report that all of these objectives have been achieved. A confidential interim report was sent to Ofcom and the OFT in July 2005. The Adjudicator has held a considerable number of meetings with interested parties since the last report, including key Advertisers, Regional and London-based Media Agencies, Industry Bodies (IPA and ISBA) and Broadcasters.

The Office of the Adjudicator has also continued to post specific guidance enquiries on its dedicated website which houses material relevant to the Undertakings and the CRR remedy. This is located at www.adjudicator-crr.org.uk. The key areas highlighted in the guidance enquiry section are:

- The ability to CRR a 'burst' deal
- The Adjudicator's definition of 'fair & reasonable'
- The introduction of new Ratecard Terms and Conditions after a contract has been agreed
- Acceptance of amendments to ITV's Ratecard terms and conditions
- The Adjudicator's view on the correct method to calculate the ARM factor
- The calculation of the ARM factor for deals covering a period of more than one year

³ Background information on the Office of the Adjudicator, such as that relating to location, security, staffing, the process for disputes, the Notice of Adjudication and access to information was set out in the Adjudicator's Periodic Report dated April 2004. Further background information is available on the Adjudicator's website (<http://www.adjudicator-crr.org.uk/>).

3. Adjudication of Disputes

3.1 Formal Disputes

No formal disputes have been submitted to The Adjudicator's Office since the last report was published. This is unsurprising as traditionally the summer months represent a quiet period in terms of contract negotiation. While a considerable number of Advertisers reviewed their media buying accounts in this period, many of the pitches were won by the incumbent Agency thus avoiding the need for re-negotiation with ITV1. Nevertheless, there were still a number of potential areas, notably relating to contract interpretation and business moves between Media Agencies, where disputes could have arisen

It is to ITV plc's credit that there were no disputes in this period and that issues flagged to the Office as potential disputes by Advertisers and Media Agencies were settled without a Notice of Adjudication being submitted.

3.2 Guidance Enquiries

A total of 28 guidance enquiries from Advertisers and Media Agencies were brought to the Adjudicator since the last report was published. The number of guidance enquiries being made has fallen over time (the Office received 103 guidance enquiries and six disputes in the first 16 months of the CRR being in operation.) This is due to Media Agencies and Advertisers coming to terms with their rights and forming their own interpretations of the meanings and intent behind the Undertakings.

The Office is unable to advise on individual contracts and negotiations; however it is able to provide guidance by directing the parties to the relevant sections of the Undertakings and the Technical Guide. Any guidance provided is without prejudice to the view that may be taken by the Adjudicator in the eventuality of the issue being brought as a formal dispute as further information, such as details of historical precedents, may become available which would need to be considered.

The majority of guidance enquiries tend to relate to individual issues connected to specific Advertisers or Media Agencies such as an interpretation of certain clauses in the Undertakings. Details of some of these queries are omitted from this report and the Guidance Enquires section of the Adjudicator's website to protect the confidentiality of the Advertiser or Media Agency. Issues that we are able to report include:

- The implications, for Advertisers and Media Agencies, of a contract with ITV1 covering a period of two or more years especially with reference to their ARM calculation.
- The degree to which ITV plc sought to penalise cancellations and deferment of campaigns.
- The interpretation of terms and conditions on ITV plc's standard rate-card and whether this document forms a binding part of an Advertiser's/Media Agency's contract.
- The status under CRR of Advertisers moving between contract arrangements. For example an Advertiser moving from an Agency deal to a line-by-line deal with ITV plc.

4. ITV plc's compliance with the undertakings

4.1 The Provision of Information

In the period since the last report was published ITV plc's performance has been good in complying with requests for information in line with the Memorandum of Understanding (MOU) agreed with the Adjudicator in 2004. The MOU has facilitated the effective processing of information requests made by the Adjudicator, under paragraph 21 of the Scheme, ensuring that there is full and timely compliance by the provision of up-to-date information within a specified deadline, without over-burdening ITV plc.

The MOU covers the provision of a number of different categories of information and documents, including in particular the following:

- Copies of final sales contracts for 2005. Where contracts are not available The Office will be supplied with a summary of the key terms on which Media Agencies/ Advertisers are trading with ITV plc.
- A fortnightly report on the past, present and future position of the Trading Balance⁴ by ITV plc region.
- A full report on the treatment of all bookings made after the ABD (advance booking deadlines)⁵.
- A monthly summary of all DRTV⁶ (Direct Response Television) campaigns by region.

The MOU also puts in place regular status meetings between the Office and ITV plc, in which both parties are able to discuss any concerns that they might have in relation to the operation of the Undertakings. This includes a monthly meeting between the Office and ITV plc; a monthly meeting between a member of the Office and ITV plc's Sales Operation Controller and Sales Operation Planning Controller to discuss any issues arising from the ITV plc's Trading Balance figures; and a quarterly meeting between the Adjudicator and the Managing Director of ITV Sales.

4.2 Contracts

The vast majority of the 2005 contracts received by the Adjudicator were in draft form. This was also the case in 2004.

ITV plc has told the Adjudicator that Advertisers and Media Agencies receive the draft contracts but fail to have them signed and returned to the broadcaster.

The negotiation of contracts and agreement over when contracts will be signed is, of course, a matter for Advertisers / Media Agencies and ITV plc. However, the terms of current contracts are relevant to several issues under the Undertakings. The fact that the majority of 2004 and 2005 contracts have remained unsigned throughout the term of the contract has meant that the Office has at times been forced to base their analysis on draft contracts and the summaries of key terms. As long as a contract remains unsigned there is a possibility of some uncertainty as to the precise agreement between the parties. This predicament is likely to create difficulties in the context of a dispute.

A number of Media Agencies have reported to the Adjudicator that they are in dispute with ITV plc over individual terms detailed in their contracts. The Adjudicator is of the view that those Advertisers and Media Agencies that have a dispute over any aspect of their contract should write to ITV plc and give a detailed list of their objections.

The Adjudicator has a concern that if both parties remain in dispute regarding the 2005 contract, the position will be further complicated should the Advertiser/Media Agency wish to CRR their contract for 2006.

⁴ The Trading Balance is the device ITV plc uses to monitor its airtime 'inventory'. The bottom line will reflect whether ITV has under-sold or over-sold their inventory. Since one of the key functions of the Office of the Adjudicator is to assess whether or not ITV plc is materially overtraded a full and detailed understanding of ITV plc's inventory is necessary.

⁵ Airtime booked after the advanced booking deadline set by ITV plc.

⁶ This refers to television campaigns which enable viewers to respond directly by having a contact number shown in the advertisement.

4.3 Media Agency Concerns Regarding Compliance by ITV Plc

Several Advertisers and Media Agencies have expressed their concern to the Adjudicator that, should ITV1 lose a significant share of commercial impacts in 2005, it would have an effect on the broadcaster's approach to trading issues. In particular, they felt that ITV plc may insist on bundled packages of airtime, that include a commitment to advertise on ITV's digital channels, in order to recoup lost revenue. It is worth noting that the Adjudicator reported a similar sentiment from Media Agencies in his report in October 2004.

Agencies reported experiencing a more unforgiving manner from the broadcaster in recent months, especially in relation to penalties for cancellation and deferment of campaigns. They also conveyed a concern that, in some cases, the draft contracts returned to them from ITV plc didn't always concur with what had been agreed verbally.

Additionally some Agencies have expressed unease regarding the recent changes to the company's management hierarchy and the effect that this might have on their approach to future negotiations.

5.0 The Operation of the undertakings

5.1 The Undertakings

The Adjudicator is of the opinion that many Advertisers, and most Media Agencies, are now well versed in their rights under the CRR remedy. This is evidenced by the reduction in number of guidance enquiries the Office received in the past six months and also by the nature of those guidance enquiries.

5.2 Common Queries

ARM Calculations

- ARM figures will be calculated based on the protected contract. This may not necessarily be the current contract.
- If under CRR, contract terms were rolled-over from 2003, then 2002 will be the base year for any Share of Impact changes. If a new Protected Contract is in place for 2005, then 2004 will be the base year for any Share of Impact changes.
- The Advertiser / Media Agency should calculate the percentage spend on ITV1 by target audience, and then apply the impact decline by each audience on ITV1 to that percentage, to calculate the ARM figure.
- A simpler version of the Audience Ratchet Mechanism may have been mutually agreed between ITV plc and Advertisers/ Media Agencies. In this case, the contractually agreed mechanism will be used if any disputes are raised.
- Under Clause 7 of the Undertakings, contracts that are agreed for more than one year will still be able to apply the ARM factor on the anniversary of that contract. Only if the Advertiser or Media Agency agrees in its contract to waive its rights under Clause 7, will the Share of Broadcast commitment be fixed for the full term of the agreement.

Bundled Offers from ITV plc

- ITV plc are not precluded from making 'bundled offers', which may tie in a commitment to ITV1 with ITV plc's other channels (ITV2 etc.) However, the undertakings require ITV plc to make fair and reasonable offers on ITV1 alone, if an Advertiser/ Media Agency does not want to agree to a bundled offer.

Taking a Holiday from ITV1

- An Advertiser/ Media Agency cannot take a 'holiday' from ITV1 once it has accepted CRR. The CRR offer will remain open until it is accepted by the Advertiser/ Media Agency, or a new contract or variation is negotiated.

Timing of Offers

- ITV must send out offers 2 months in advance of the end of the year (31st October, for contracts ending in December). This means that the ARM figures presented by ITV plc will be estimates for the full year. Actual figures will be available in January 2006.
- There is an obligation on ITV plc to send out accurate offers. This can include detailed workings if requested.
- ITV are under an obligation to send out final offers in a timely way. If this obligation is not met by ITV plc, the Media Agency/ Advertiser can bring a formal dispute to the Adjudicator.

ITV Standard Terms and Conditions

- ITV plc have consolidated their Standard Terms and Conditions, and these differ from the Standard Terms and Conditions previously used when trading as Carlton and Granada.
- If a 'new' contract has been negotiated for 2005, ITV plc's draft contract may have referred to the new ITV plc 2005 Standard Terms and Conditions. Media Agencies and Advertisers should familiarise themselves with changes in the 'new' Standard Terms and Conditions prior to agreeing a new contract with ITV plc. An Agency may agree or disagree with one or more of ITV plc's Standard Terms and Conditions in the same way as with other terms and conditions. Whether and to what extent ITV plc's 2005 Standard Terms and Conditions apply to 'new' contracts negotiated for 2005 will depend on the extent to which ITV plc and the Agency have reached agreement over those terms. It is the right of an Agency to challenge any aspect of the Standard Terms and Conditions before an agreement is finalised.
- If a contract was CRR'd or rolled over from 2003, then all agreed Standard Terms and Conditions from 2003 are maintained and protected.
- The Standard Terms and Conditions for 2003, 2004 and 2005 are accessible through the ITV Sales website. The following three documents constitute the 2004 Standard Terms and Conditions and Media Agencies and Advertisers should be the aware of importance of all three documents in relation to their contracts:
 - Broadcasters; Standard Airtime Sales Terms and Conditions,
 - ITV Sales; Standard Deal Terms and Conditions
 - ITV Sales Limited; Glossary of Airtime Contract Terms

Applying CRR to a 'Burst' Deal

- Burst Deals have the same level of protection as any other deal with ITV plc for airtime on ITV1.
- In order for the contract to be CRR'd, it would need to cover the **exact same period** as the previous deal.
- If you decide to change the contract period and are looking to negotiate a new contract, ITV must offer you fair and reasonable terms.

6.0 IPA and ISBA views of the operation of the undertakings and the CRR Scheme

6.1 IPA's View of the Operation of the Undertakings and the CRR Scheme

As requested the paper pulls together current Media Agency views with regard to the operation of the CRR scheme since May 2005 and within this, the role of the Office of the Adjudicator. As with previous reports, this is a composite picture from a cross-section of our members and where appropriate I have highlighted any marked divergence of opinion.

CRR and the Undertakings

Almost without exception, Agencies have reported that the imposition of CRR has led to ITV operating more tightly to the letter of its trading agreements, particularly with regard to implementing cancellation/amendment policies.

While this hardening of approach is perhaps predictable given the constraints the broadcaster now has to work under, it has also led to a requirement to tie down every detail in a deal, since if an area which might be open to interpretation is not covered off, then it is felt that ITV will tend to dispute it.

This has resulted in something of a battle of wills – with Agencies constantly looking out for what they perceive as attempts to “bend” the rules, leading to an overriding sense that any relaxation will be viewed as weakness and open them to exploitation.

For some Agencies this has been a quiet period, however as the negotiating season picks up everyone is expecting pressures to build.

Changes in personnel at ITV and the likelihood of significant revenue loss resulting from a generally poor audience performance – especially against 16-34 Adults (-13%) and ABC1 Men (-12%) – lead all our members to expect that management demands on the broadcasters' sales force “to deliver” will be intensified.

Prior to the introduction of CRR it is believed that this combination would almost certainly have led to perceived unfair practice – with CRR in place to keep such behaviour in check, it is felt likely to result in an increase in disputes as definitions are “pushed” to extremes in an attempt to gain advantage.

How has CRR worked in practice?

a) General operation

As mentioned above, it is generally believed that CRR and the presence of the Adjudicator have served to keep the ITV sales force “honest”.

While some Agencies which previously traded with the broadcasters in an “ad hoc” way have suggested CRR has made their life more difficult – for the majority, it is seen as an essential means of maintaining a fair marketplace.

To quote one contributor “Our experience over the last two years has been that even with CRR and the Adjudicator in place, ITV is noticeably less flexible in its approach and has been “leveraging” its digital channels – in short taking advantage of its market position, and we feel without CRR this situation would get much worse”.

b) Bundling

ITV has managed the ITV1 decline in revenue reasonably successfully this year by encouraging expenditure across ITV2 and ITV3 in return for additional discount/quality across ITV1. Essentially, they have negotiated revised deal arrangements incorporating a minimum investment onto ITV2 and ITV3 on top of the existing ITV1 arrangement.

While some Agencies have seen this as overt conditional selling – others have been more charitable, although most have commented on a strong sense of “you’re not in our club unless you support our multi-channel offering”, presumably with the inference that not adopting such a stance would be detrimental to their business

Given that ITV2 and ITV3 account for around 2.4% of all commercial impacts and ITV claim to be taking around a 2.5% share of total broadcast across these channels – this sales policy would appear to have been successful.

Are CRR and the Adjudicator’s Office still required?

As will be clear from the above – all respondents felt it was essential to maintain an effective means of preventing ITV from exploiting its current position of power.

Even the Agency for whom CRR had made life more difficult, expressed a preference to see the Adjudicator’s role expanded to include the ability to get involved in disputes not specifically covered by CRR, but where ITV is trading in a way that abuses its dominant position.

For the vast majority, CRR was a prerequisite for continuing to trade with the current ITV.

Within this, universal support was also expressed for the Office of the Adjudicator. Although occasionally the subject of ill-informed comment in the trade press, the activity and presence of an expert to whom disputes can be referred was felt vital throughout our media members. For those Agencies who have brought cases, the value of the Adjudicator has been underlined – for those who have not, there is a strong belief the threat of bringing a case has been a key component in reaching a negotiated settlement.

6.2 ISBA’s View of the Operation of the Undertakings and the CRR Scheme

Trading

The recent quarter represents the quietest time of the trading year. ISBA is not aware of any specific trading or contractual issues relevant to the Office of the Adjudicator, nor of any actual references, suggesting that security remains high.

Terms & conditions

ITV’s changes to, and apparent year-on-year tightening of its interpretation of, its standard terms and conditions have led to some concerns amongst Advertisers.

ITV

Despite widespread industry bemusement at timing of recent senior personnel changes at ITV, ISBA maintains an open and objective mind, focussing on ITV’s audience performance and trading behaviour. We believe that The Adjudicator could have an important role informing Ofcom’s interpretation of ITV plc’s current and future business strategy.

CRR

Advertisers continue to want a performing ITV, and are therefore concerned at continuing declines in its audiences. Its year on year audience loss of 6+% could lead to an equivalent revenue decline under CRR, so a highly-charged trading round is anticipated. After two trading seasons, ISBA and its members believe that CRR has provided an effective comfort against ITV’s exercise of undue dominance.