

Ukie response to DCMS consultation on Exemptions to the Video Recordings Act and on Advertising in Cinemas

August 2012



THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

Executive Summary

The Association for UK Interactive Entertainment (Ukie) is the trade association that represents a wide range of businesses and organisations involved in the games and interactive entertainment industry in the UK.

UKIE exists to make the UK the best place in the world to develop and publish games and interactive entertainment. UKIE's membership includes games publishers, developers and the academic institutions that support the industry. We represent the majority of the UK video games industry; in 2011 Ukie members were responsible for 97% of the games sold as physical products in the UK and UKIE is the only trade body in the UK to represent all the major console manufacturers (Nintendo, Microsoft and Sony).

The video games industry provides a myriad of successful and sustainable business models many of them digital, which deliver consumers easy access to the products that they want – from £40 boxed products and cloud-based offerings to free to play apps, casual, and social games.

This all equates to one of the biggest, most agile, and most diverse creative industries in the UK. The UK has the biggest consumer market for video games in Europe, valued at close to £3 billion in 2011.

£30 billion

The global revenue from software sales

Our successful UK industry sits within a strong global video games and interactive entertainment market. Global revenues from software sales are reportedly \$50 billion per annum (over £30 billion) and are expected to rise to \$87 billion (£54 billion) by 2014. PricewaterhouseCoopers projects that the sector will grow at an average annual rate of 8% between 2010 and 2014 - faster than film, music and TV.

Ukie welcomes DCMS's decision to look at both cinema advertising regulation and exemptions in the video recordings act. These are areas where sensible, limited change offers tangible benefits with little perceptible risk.

It has become clear that removing the system of dual regulation in cinema advertising enjoys strong support across all the involved industries. Similarly, a common position has coalesced around the plan to lower the threshold at which videos lose their exemption from age-rating regulations. We will use this brief response to support both these positions.

Part A: Regulation of Advertising in Cinemas

Summary: Ukie supports Option 1 – removing the requirement for the BBFC to have a role in age rating cinema adverts.

This will remove the system of 'dual regulation' that has developed, lowering the cost of cinema advertising and making more industries likely to invest in a faster, easier system. As the CAA's role will remain, this should not represent any lowering of consumer or child protection.

Q A.1 What is your view on the current system of regulating cinema advertising?

The current system of cinema advertising regulation places an unnecessary dual burden on industry, as has been expressed clearly elsewhere. Requiring adverts to be cleared by both the BBFC and the CAA clearly increases costs and time involved, whilst giving little if any additional protection to consumers and children.

The dual system places a particular additional burden on advertising for the games industry, due to its clash with the PEGI system of age rating games.

PEGI came into force on Monday 30 July 2012, replacing the BBFC's ratings system as the sole legal age rating system for video games in the UK. Administration of PEGI will be the responsibility of the Video Standards Council.

The current system of cinema advertising has resulted in potential difficulties between the BBFC age ratings for cinema adverts and PEGI ratings for video games, which have been in place for several years on a voluntary industry basis.

There have been several reasons for these potential difficulties. Firstly, the BBFC rating for the advertisement may often be lower than PEGI's rating for the game itself, as the advertisement is unlikely to include content from the game which caused the higher PEGI rating.

This presents a confusing message to consumers, who may see a BBFC rating of 12 and a PEGI rating of 16, for example, attached to the same advert. This dilutes the vital information of the PEGI rating on the age suitability of the game itself, making it more difficult for parents to know whether the game is suitable for their child.

As such, removing the BBFC role in cinema advertising regulation would improve child safety as regards video games.

Secondly, under the current system the BBFC, when classifying a cinema advert for a video game, will sometimes require the PEGI age rating logo in the advert to be modified or even removed. This removes a valuable opportunity to increase awareness of the PEGI system, and runs further risk of the audience being lead to believe that the video game is suitable for younger children than is the actual case.

As well as weakening the child protection offered by the PEGI system, this makes advertising in cinemas less attractive than it should be for games companies, reducing the commercial potential of the medium.

Q A.3 What is your assessment of any extra costs involved from this dual system?

As outlined above, the presence of BBFC ratings for cinema adverts that may differ from PEGI ratings makes advertising in cinemas less attractive for games companies than would otherwise be the case. Assessing the opportunity cost of this would be difficult in advance; however it is clear that removing this issue could only have a positive effect on the industry's investment in cinema advertising.

Q A.14 What is your overall assessment of whether Option 1 would: achieve the objectives of ensuring consumer and children protection; and work in practical terms?

Removing the BBFC's role in age rating cinema adverts would, in Ukie's opinion, retain effective measures for consumer and child protection, whilst simplifying the use of cinema advertising for industry and so make additional investment more likely.

In practical terms, the CAA's approach has proven to be effective and sufficient, and so should be able to continue as before without hindrance.

There is strong evidence that removing the BBFC's role would have no material impact on the standards of advertising for video games. A survey by the Advertising Standards Authority, for example, which had been called for by the Byron report, found that 99% of adverts from our industry were compliant with the ASA code.

Principled advertising which protects children is also a core part of the PEGI code, as found in article 11.1 When joining the PEGI system, a games publisher signs up to this code and agrees to follow the PEGI labelling guidelines. These guidelines include detailed provisions regarding "Advertising trailers in electronic media". Game advertisements are regularly monitored to measure compliance with these guidelines.

Q A.16 What are the key advantages to this option in your view?

As has been stressed above, this change would have a particular benefit for the video games industry, as it will significantly reduce the potential for confusion over the difference between BBFC ratings for adverts and PEGI ratings for the games being advertised.

This will give the newly-enforceable PEGI system a useful boost in public visibility, whilst at the same time making cinema advertising simpler and more appealing to the games industry.

Part B – Exemptions to Classification in the Video Recordings Act

As set out above, the games industry is now subject to age rating under the PEGI system. In essence, they are already subject to the lower statutory thresholds for exemption being suggested in option 2.

It would not be appropriate, in this context, for the games industry to comment in detail on changes which would not impact our members.

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However, it is clear that opinion across other content industries has coalesced around Option 2. Ukie would like to support this, and in particular the draft guidance that has been submitted jointly by BBFC, BVA, BPI, VSC and ERA.

We feel confident doing so because these changes would follow closely the system that has now come into force around PEGI, which we believe to be proportionate and effective, and setting a leading example for the protection of children against unsuitable content.

¹ <http://www.pegi.info/en/index/id/1185/>

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