

*Retail Market Review: Energy bills, annual statements & price rise notifications:  
advice on layout and the use of language.*



and



**Retail Market Review: Energy bills, annual  
statements and price rise notifications; advice on  
layout and the use of language.**

**A Research Report**

for

**Ofgem**

**Abridged for publication**

**November 2011**

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## **Executive Summary**

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This document is an abridged version of a report that describes research conducted in 2011 by Lawes Consulting Ltd for Ofgem. The research considers the language and layout of bills, statements and price rise notifications issued to consumers by various energy suppliers. The original report highlights both problems and desirable practices that would enhance consumer understanding of these kinds of communications. The abridged version you are reading now is free from examples of actual supplier communications which appeared in the original document and thus preserves their anonymity. Moreover, this abridged report summarises the very long original research findings into a few key principles of communication. This is followed by a discussion section in which the authors give their professional opinion and vision for reformed energy communications. The research methods used include discourse analysis and semiotics, and academic social-scientific literature is invoked throughout.

Overall, our assessment of the current state of energy communications is as follows. Some suppliers evidently do make an effort to be clear in their communications, and there are isolated examples of very clear language and thoughtful design that make consumers' lives easier. We have highlighted some examples of good practice in this report. However, despite, these individual cases, the overall state of energy communications is not consumer-friendly. Certain problems are particularly widespread. Common problems that consumers encounter include:

- jargon-heavy customer communications that are difficult to understand;
- no easy way to compare the value of tariffs and payment plans within the portfolio of a supplier, never mind comparing between suppliers;
- low awareness of where to get impartial advice about switching suppliers.

Since energy is essential and not a discretionary purchase, poor quality communication can lead to what psychologists call 'learned helplessness' (first described by Seligman, 1967), that is, consumers feel that their attempts to get better value are not getting them anywhere and so they disengage; they stop trying to influence the situation and become passive. 40-60% of energy customers are what Ofgem calls 'sticky' and vulnerable groups are over-represented among sticky customers.

Readers can gain further quick insight into where we see the main problems of energy communications by turning to the Conclusions section of this report. That section pinpoints several areas where change is urgently needed and these mostly centre on the need for a common language or terminology to be applied in energy communications, and for suppliers to help consumers understand what type of communication they have received. In particular, annual statements are very poorly differentiated and we recommend that they become stand-alone documents. The language and format of annual statements is not sufficient to identify what is an annual statement and what its purpose is. Therefore it is not surprising that Ofgem's research shows low awareness of the existence of annual statements even though suppliers issue them. Moreover, we recommend the development of some standardised information-giving tool such as a 'key facts sheet' that would supply prices and other details of the customer's tariff as well as the principal terms of their contract.

In fact, there are many simple techniques and rules of thumb that suppliers can adopt to help consumers to understand energy communications. For instance, simple contrasting pairs and short three-item lists are easier to understand than long lists; short words and sentences are easier to understand than long ones; and people understand numbers better when they are connected to some tangible object in their everyday lives. Additionally, the language used in energy communications needs to be as clear and simple as possible. Some suppliers display Crystal Mark accreditation on their documents, showing that the language they use is 'plain English'. It is beyond doubt that consumers would benefit if all energy communications were simple enough to earn the Crystal Mark.

## **Research Methods**

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This report concerns Lawes's detailed analysis of a set of bills, annual statements and price rise notifications supplied by Ofgem. The research method has three components.

1. **Literature Review.** In performing this analysis, we drew on several categories of social science research literature because we wanted to give readers the benefit of that existing knowledge and wherever possible to support our claims with corroborating evidence. In line with the academic pedigree of the authors we also conducted our own primary analysis of these documents using the following methods:
2. **Semiotics.** As well as a body of social scientific literature, semiotics is a method. It is a means of systematically appraising information and identifying which elements convey what type of meaning. As well as explaining why people interpret words and phrases in certain ways, it is especially noted for its ability to explain consumers' interpretation of shapes, colours and layouts. Semiotics has also generated closely related research methods such as discourse analysis, below.
3. **Discourse Analysis.** As with semiotics, this is not just a body of academic literature, but a method for identifying what meanings are conveyed by various words and phrases and how that happens. It emerged from semiotics as a method in its own right because some social scientists, particularly social psychologists, wanted to pay particular attention to words and phrases, while the main benefit of semiotics, the parent method, is its larger scope.

## **Principles of Communication**

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In this section, drawing upon the research literature described above, we outline several principles of human communication and explain how they can be usefully applied to energy communications. These well-documented phenomena include:

Readability, including Flesch Reading Ease.

Three-part Lists

Binary Oppositions & Contrast Pairs

Elaborated & Restricted Codes

Quantification Rhetoric

The Western Visual Semiotic

Reader Engagement

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**Readability.** Short sentences are better than long sentences. Short words are better than long words. Flesch Reading Ease Scores quantify the difference between easy and difficult text.

Readability is important in its own right and is an element of reader engagement. Readable text is easy to understand and consumers have the right to expect that they will be able to understand communications from energy suppliers. They are easily discouraged by long sentences and complicated-sounding words and phrases. This is especially the case for certain vulnerable groups of consumers.

While there are several ways to measure readability, one of the most widely available methods is Flesch Reading Ease, which is packaged as standard with Microsoft Word. Flesch offers a way to calculate the readability of text based on variables such as number of words per sentence and number of syllables per word.

According to Flesch scores, the lower the score, the more difficult text is to read and the more advanced the audience needs to be to make sense of it. Readers' Digest magazine scores about 65 and can be understood by 13-15 year olds. Time magazine scores 52. The Harvard Law Review is in the low 30s. Anything with a score of 30 or below usually requires a university degree to read it.

In our examination of energy bills, statements and price rise notifications, some paragraphs showed almost the same level of complexity as the Harvard Law Review. This situation needs to improve. Where it is not possible to avoid long sentences, suppliers should remember to use punctuation, especially commas. The Plain English Campaign awards a Crystal Mark for use of clear, plain language. Consumers would benefit greatly if all energy communications could achieve this standard.

**Three-part lists.** People understand lists of three items as a complete set. Sets of three are easier to understand than sets of four or more items. Implications for: range of tariffs, information display (Jefferson, 1991).

The social-scientific research methods of discourse analysis and conversation analysis have yielded a large body of empirical findings about the ways that people in real-life situations respond to certain linguistic structures. One of the most famous findings to come out of this type of research is the three-part list.

It can be readily observed that everyday English – and indeed, many other languages - is full of things being grouped into three:

- Tom, Dick and Harry.
- Friends, Romans, countrymen.
- It's as easy as A, B, C.

Why does this happen? The answer is perhaps found in the way that people react to lists of things that comprise three items. In essence, people treat lists of three items as a complete set. In the above examples, Tom, Dick and Harry is reliably experienced by readers/listeners as meaning 'men in general'; friends, Romans, countrymen means 'everyone here assembled' and 'easy as A B C' means 'easy as learning your alphabet'.

In contrast, if an English speaker tried to signify 'men in general' by saying 'Tom, Dick, Harry, Kevin, Julian, Brian and Pete', they would almost certainly be unsuccessful. This is such a long list that the recipient would almost certainly think that the speaker meant to refer to all those persons individually and deliberately exclude everyone else.

Research shows that even lists of four items are too long to be reliably treated as a complete set. On the other hand, lists of three items are so reliably treated as a complete set that this effect is easily achieved even when it is highly debatable whether the items offered are in fact a complete set of anything: consider Tony Blair's famous 2007 campaign speech:

"Ask me my three main priorities for government and I tell you education, education and education."

This three-part list, which in fact featured only one item, elicited a huge round of applause and is arguably the most memorable of any of the former Prime Minister's speeches.

What are the implications of all this for energy suppliers? One way to apply this knowledge is to encourage suppliers to convey potentially complicated information in a concise way. Consumers can understand “Quarterly cash bill” versus “monthly direct debit” versus “pre-payment meter” and experience it as a complete set of options, but more permutations than this are liable to become confusing and, in particular, consumers have no reason to assume that something important has not been left out.

Many suppliers include three-part lists as part of their communications and a couple of examples are described here, while preserving the anonymity of the supplier in question.

Supplier A includes in its communications three bright green bars, placed in a column (that is, in the vertical shape of ‘a list’) where the bars give the following information. The top bar shows the supplier’s web address. The middle bar shows the customer’s account number. The bottom bar shows the telephone number that customers should use for enquiries.

This is a cheerful and attractively designed three-part list which helps give the impression that getting information about one’s account, or getting help with it, is going to be simple. The message is: all the information you will need to get going is right here.

Supplier B has a lot more information that it wants to communicate, in fact there are nine items of information that Supplier B wants to group together. These all appear under the heading “Helpful Information” and they include items such as “Textphone Service”, “Our Fuel Mix” and “Gas Safety”. This volume of information could have been rather overwhelming but Supplier B cleverly organises these nine units of information into three columns and three rows, giving an impression of relative simplicity.

**Binary oppositions and contrast pairs.** People find simple paired oppositions even easier to understand than three-part lists. Implications for: range of tariffs, comparing past and predicted energy consumption, any other information where consumers are asked to make comparisons. Binary oppositions: Saussure (passim.). Contrast pairs: Atkinson (1984).

Perhaps the foundational insight in semiotics (Saussure, passim.) is that it is a characteristic tendency of Western individuals to understand things through reference to what they are not: that is, by reducing things to binary oppositions. Here are some very simple examples:

- Daytime is meaningful only to the extent that it is different from night-time.
- Female is meaningful to the extent that it is different from male.
- The weekend is meaningful insofar as it is different from weekdays.
- Private companies are a meaningful concept if we understand the opposing concept of ‘public sector’.
- In the context of mobile phones, the key binary oppositions are ‘mobile’ versus ‘landline’ and secondly, when talking about tariffs, ‘minutes’ versus ‘texts’.

In addition, social scientists such as Atkinson (1984) have developed the idea of the contrast pair. While Saussure was a philosopher and a linguist, who was interested in the abstract properties of language, social scientists such as Atkinson have been especially interested in how binary pairs appear and are used in real, everyday conversation. They soon noticed that not only do binary pairs appear in conversation a great deal, but moreover the two halves of a pair are rarely afforded the same status. Generally, one half of the pair is made to appear more 'normal' or more desirable or more important than the other half.

Let's consider the likely consequences of all this for consumers of electricity and gas. Their habitual, perhaps natural, tendency is to simplify a complex world by reducing everything to binary pairs. Where things can be separated into a tidy binary, they will be. This is particularly salient when suppliers issue communications that are divisible into bills versus statements. It does not come as a surprise to the authors of this report to learn that in qualitative research situations, consumers claim never to have seen an annual statement from a gas or electricity supplier while holding one in their hand.

**The difference between bills and annual statements is not clear.** It is hard to emphasise this point strongly enough.

- The questions uppermost in consumers' minds upon opening mail from their energy supplier are "Do I or do I not have to pay money as a result of this letter? Do I or do I not have to take some kind of action? Is this or is it not a bill?" Note that this is not just a binary opposition but a contrast pair: bills are more important than statements because they require something to be done, and by a set deadline.
- In support of understanding whether action needs to be taken and what kind, consumers are going to expect, and perhaps have a right to expect, that bills should be clearly headed with the word 'bill'.
  - There does not seem much point in suppliers issuing annual statements if consumers do not realise they are receiving them. Suppliers need to support consumer understanding by clearly heading statements with the word 'statement'.
  - The result of not doing this will be that consumers use the even simpler contrast pair of "bills" versus "letters that I don't need to do anything about, or even read". While it may benefit suppliers if consumers do not read anything that is not a bill, it does not benefit consumers and they need to be helped to appreciate that bill versus statement is the relevant binary pair.
  - Furthermore, we would suggest that bills and statements need to be physically separate documents and ideally arrive in separate envelopes. Failing that, suppliers could consider routinely issuing statements on coloured paper to help visually differentiate them from bills.
- Currently, in the communications issued to consumers, there is very inconsistent use of language such that 'statement' may or may not mean 'annual statement', while 'summary' clouds the issue further. Is a summary the same thing as a



statement? If it is, and some suppliers do use the word summary in that way, then what is a “summary statement”? What is an “annual account summary”? Is that the same thing as a summary statement or an annual statement or both or neither? Why do some suppliers issue an “annual account summary” and an “annual statement” and a “statement”? What are “annual key facts”? The present situation is chaotic and urgently needs to improve. It does not benefit consumers to routinely give them certain types of information on their annual statement if they cannot identify what or where their annual statement is.

#### A note about price rise communications

Ofgem asked whether this principle suggests suppliers should provide the old and new unit rates on the pricing table. It could, but that may not be the top priority where price rise notifications are concerned. As discussed elsewhere in this report, people need to be able to envisage what difference the price rise makes in the real world, they need to be able to anchor the information to something outside the bill. “Your quarterly bill will go up by about £23” is easy to understand, “your bill will go up by about 20%” is also acceptable. People are less good at understanding long numbers with decimal points in odd places and kWh is functionally meaningless to many people. There is little benefit in doubling the amount of information in a table if people aren’t well motivated to attempt to understand the table to begin with.

If suppliers will agree to give real-world information as well as kWh, then there is much more value in giving the old and new rates for kWh.

**Elaborated & restricted codes.** Communications from official and corporate bodies such as energy suppliers tend to be written in ‘officialese’ that is technically and grammatically correct but also off-putting to people who don’t speak that language in their everyday lives.

Elaborated and Restricted Codes were first described by Basil Bernstein in 1971, validated over a 40-year period and are still making an impact in sociolinguistics today (eg Christie & Martin, 2007). This landmark piece of research in sociolinguistics showed that people from different social backgrounds use language in very different ways. Elaborated Code is very explicit and thorough; it is very detailed, it uses long sentences with multiple clauses and it relies heavily on correct grammar to get its point across. Restricted Code uses much shorter sentences and much simpler grammar. It relies more heavily on the speaker and the recipient having a pool of shared knowledge. Another interesting linguistic difference between the two is in the kinds of words that connect segments of longer sentences. Elaborated Code uses a lot of words that describe logical or causal relationships such as “therefore” and “because”. Restricted Code favours words that join segments without implying a logical relationship; words such as “and” and “but”.

Official documents typically use Elaborated Code. In everyday speech, certain highly educated segments of society use both Elaborated and Restricted Code, while people from certain less educated social strata almost exclusively use Restricted Code. Restricted Code is not less than Elaborated Code: it has a *purpose*: while Elaborated

Code is good at conveying detail, Restricted Code is much better at creating a sense of community and inclusiveness. It amounts to a dialect in its own right and provides the social glue that lets people – especially but not exclusively people in less educationally and economically advantaged social segments - recognise and bond with each other. The upshot of this is that sending much of the population official-looking letters that exclusively use Elaborated Code increases the chances that they will not read those letters, find them relevant, or have much confidence that they will be easy to understand.

Clearly, there is an overlap with readability, which was discussed earlier, but Bernstein's codes go beyond quantifiable numbers of words and syllables to include warmth and tone. Perhaps surprisingly, considering that energy communications are not always very readable, suppliers show that when they want to use Restricted Code, they succeed at it. However, when they choose not to use it, the resulting text can be quite impenetrable.

Examples follow of the kinds of language that suppliers might want to favour and to avoid.

<b>Elaborated Code</b>	<b>Restricted Code</b>
Per annum	Per year, each year
A pro-rated amount will be calculated	We will charge you for the amount of gas you have used.
If you have any outstanding charges on your account we may prevent your supply from being transferred.	If you owe us any money we may stop you changing over to your new supplier.

Sometimes suppliers need to communicate rather complicated information. For example, in the case of price rise notifications, there are conditions in which the consumer can avoid the price rise (by arranging a new supplier, by informing the old supplier within a certain time, and so on). In this case it is much better to break up the information into a short, bullet-pointed list than to cram it all into one sentence that contains a lot of if-then relationships.

**Quantification Rhetoric** is a feature of speech and writing, formally identified by the social scientific discipline of discourse analysis, that describes and explains how various methods of quantification (numbers, percentages, proportions, graphs and so on) achieve – or fail to achieve – persuasive effect. Reference: Potter, Wetherell & Chitty (1991).

Quantification rhetoric is relevant to every type of energy communication that includes numbers but in this section we particularly discuss the example of how price increases are communicated. To the extent that suppliers want to communicate anything more precise than “prices are going to increase by a lot” or “prices are going to increase, but only slightly”, some type of quantification rhetoric is unavoidable. That is, suppliers have to opt for either percentages or pennies or kWhs. The exact choices made by suppliers will have an effect on how readers understand the message.

The original research paper ‘Quantification Rhetoric’ (1991) by Potter et al, discusses how numbers and percentages are displayed visually and verbally in the context of a

television documentary about cancer. In this original piece of data, percentages, fractions and proportions as well as absolute numbers are selectively and rhetorically deployed so as to create certain impressions in the minds of viewers: for example, that some cancers are very common or that only a few types of cancer have any hope of being cured. That is, numbers and quantities, despite – or perhaps because of – their official and exact appearance, never transparently convey the simple facts about anything. Rather, the choice of absolute numbers, percentages, fractions and so on at certain times, along with the visual style of their presentation, helps to tell a very particular story; in this case, a story about cancer, one that not all expert oncologists necessarily agree with. Since 1991 a great deal more work has been done by discourse analysts in which they have observed quantification rhetoric in many different kinds of data, being used to create a rhetorical effect. Indeed – and this is a foundational insight of discourse analysis – quantification cannot help but exert some kind of persuasive effect. This effect is independent of the speaker's or author's intentions. There is no such thing as neutral language, only language that is most likely to achieve this or that result, such as thinking that a price rise is not very great, or being unable to estimate what difference a price rise will make to one's day-to-day finances.

In the set of price rise notifications considered in the research that Lawes conducted for Ofgem, four types of quantification rhetoric are offered to consumers:

1. "an average of xx %"
2. The amount of increased cost per week, measured in pounds and pence, to consumers in varying types of accommodation who may be purchasing either dual fuel or a single fuel only.
3. A comparison of old and new prices, in pounds and pence. In these particular data, we have to assume that the thing being measured in pounds and pence is energy in units of one kWh because the original documents leave it unspecified.
4. A statement of new energy prices without comparison to old prices.

In order to be empowered to switch suppliers, the consumer needs to have information that is comparable from one supplier to another. That implies that there's a basic, factual type of information that is offered by all suppliers which would most obviously be pence-per-kWh.

Prior to actually switching or at least comparing price-per-kWh between suppliers, which could be seen as a pre-switching activity, the question arises of what would make the consumer want to engage in that activity. What is likely to prompt them to switch or consider switching? Item 4, above, namely a statement of new energy prices without comparison to old prices is probably the least likely, because it does not offer a comparison opportunity (for that, the customer would have to find a recent bill, which may not be conveniently at hand) and moreover it does not make a connection to anything in the consumer's own life outside of gas and electricity bills. People do not experience gas and electricity in units of one kWh, they experience it in the amounts of money they have to periodically hand over to their energy supplier and they experience it in a practical way when they have their lights, central heating and appliances on.

- N.b.: Of course, price rise notification tables are liable to contain plenty of other phrases that don't mean very much to the general public; kWh just happens to be one example. Others might include 'tier', 'quarterly equal', 'unit rate' and so on. Ofgem should assume that if any term is not commonly encountered outside of energy bills, then it is liable to be misunderstood.

Items 1-3, above, are therefore at least somewhat more likely to prompt thoughts of switching. However, using the discursive approach to information analysis demonstrated by Potter, Wetherell & Chitty, we can begin to see how quantification rhetoric can be deployed so as to make price increases seem insignificant.

Item 3 compares old and new energy prices against each other. It includes xx in place of numbers because the original document is a sample letter that does not include any actual prices but substitutes placeholders in the form of Xs where the digits should go. Nonetheless we can infer that the prices are per unit of energy and that the amount of money on display is always less than £1, because only two place-holding Xs are shown to the left of the decimal point. The amount of money involved must be 99p or less. British consumers have been very well trained by their local culture to think that "a pound" or "less than a pound" is equal to "not very much"; the evidence is found in the sudden appearance and spread on British high streets of "pound shops". Anything that can be had for a pound or under is more or less a bargain by definition even if the object being purchased is of rather insignificant value: a plastic toothbrush-holder, say, or one kWh of electricity. This supplier, then, does allow consumers to compare new prices against old prices, but the overall message is "either way, it is pennies, it is less than a pound, these are small amounts of money that you don't need to be overly worried about".

- N.b.: As mentioned above, price rise notification tables probably have no alternative but to use very precise measurements such as p/kWh. The point we are making here is that price rise notification tables alone are not sufficient to inform and empower consumers. Consumers need some way of understanding price rise messages in addition to pennies-per-kilowatt-hour

Item 2 is interesting because it does consumers the favour of anchoring the price rise and the exact amount of money involved to something tangible in consumers' real lives. This will help consumers to visualise with some accuracy what is happening. This supplier's customers will know what a three-bedroom house looks and feels like and they know how it would feel to be £2 per week worse off. Similarly, they have encountered single-occupant, one-bedroom flats and they know how much the average week would decline in quality if there were 71 fewer pence in it. At the same time, while this is a helpful way of expressing information, it is also worth noting that it is to the supplier's advantage to quote prices per week and not per month or per quarter – which is in fact how often most customers will be expected to pay. Only those on prepayment meters buy their energy as often as once per week. The majority of customers, it could be argued, would benefit a lot more from knowing how this price change is going to affect them monthly or quarterly. The disadvantage to the supplier in that case is that they no longer benefit from rhetorically small amounts of money such as 'under £2' or 'under £1'. Let us consider for a moment that the Dual Fuel credit customer with a three bedroom house is much more likely to be paying quarterly than weekly. Therefore, in this example it would be more useful to the consumer and more realistic to say "a typical Dual Fuel credit customer in a three bedroom house will, on average, pay approximately £22.80 more per quarter". The consumer is confronted with a substantially larger figure of nearly

£23 on every fuel bill and is much more likely to regard this price rise as a significant increase, one that perhaps warrants switching.

- N.b.: As this is an approximate figure, it would perhaps be better to say “£23”. £22.80 implies a higher degree of accuracy than the supplier may in fact be able to guarantee.
- N.b.: Obviously, the more that price information can be made specific to the customer, the more the customer benefits. “£23 on your quarterly bill, Mr Smith” is more helpful than “everyone's prices will go up by 18%”. This is not a comment on what tables should look like. Save customisation for the attention-getting headline in the covering letter.

Item 1 is also an interesting example. It works to the supplier's advantage in that it does not invoke specific amounts of money or present contrasts between old and new prices. It removes price increases into the abstract realm of percentages, these being mathematical concepts that are not tangible and are not features of the natural world. Consider that one sample letter in our data base used percentage signs and left spaces where the numbers should be. This absence of numerical data actually helps us to see how abstract and detached from real life the concept of a percentage is. Statements such as “Electricity prices will rise on average by % and gas prices on average will rise by %” is in itself not very alarming. A percentage sign is not like a pound sign, where the latter relates to actual pound coins in one's pocket or purse, such that we know how it would feel to have two fewer pound coins in one's pocket now and every week. What is a percentage? It is something less than complete, less than whole, it is a cipher used by government ministers, statisticians, sociologists. It hurts less than pounds and pence. Therefore it is in the interests of suppliers, if not necessarily consumers, to couch news of price rises in percentage terms rather than in currency.

Having said all that, if we consider an example from a different supplier, where real numbers appear in front of the percentage signs, we are now able to observe that numbers have a certain rhetorical force all on their own. That is, the numbers mentioned in this supplier's price rise notification are not (for example) “1%” or “1.5%” or “4%” or some other number that is so far away from 100 as to be easily dismissed. The figures are, in fact, 11% and 18%. Since the decimal system encourages people to round these numbers up or down to the nearest ten to make sense of them, what we really have here is “more than ten per cent” and “almost twenty per cent”. Incidentally, it does not follow that consumers then go on to read “almost twenty per cent” as “one-fifth”, as that would involve converting decimal percentages into fractions and there is no evidence that people do this except possibly to the extent that 50% is synonymous with “half”. In the case of this 11% and 18% price rise notification, then, consumers are offered the experience of being told that their fuel bill is going to get “ten per cent” larger or “twenty per cent” larger and these are proportions that people can grasp and that consequently sound more significant than an increase of just a few pennies per kWh. Ten per cent of something is equivalent to one finger of ten; twenty per cent of something is equivalent to two fingers. These are amounts that people can visualise, even if it is a bit more difficult to visualise than £2 or £23.

In terms of best practice to aid consumer understanding, there is not much to differentiate Item 1 (average percentage increase) from Item 2 (increase in pounds and pence for customers living in specific types of accommodation). While simple amounts of money are less abstract and therefore easier to grasp than percentages, they are not dramatically different in their ability to help consumers understand what is going to

happen to their fuel bills. However, discursive analysis of the quantification rhetoric used in these price rise notifications does imply that both Items 1 and 2 are more helpful to consumers than Items 3 and 4.

**The Western Visual Semiotic** is a discovery in semiotics that shows how Western people and people whose first language is English expect information to be arranged within a frame. Reference: Kress & van Leeuwen (2006).

The Western Visual Semiotic is a kind of map that explains where readers look for information within a frame and how they understand what they see in a frame based on where it is positioned. It arises from the insight that readers of languages such as English read in horizontal lines that travel from left to right and from the top to the bottom of the frame. Moreover, readers interpret documents that they have not seen before in light of their experiences with documents that they have seen before, so their experiences with things like conventionally-laid-out letters, the front pages of newspapers and display advertising work alongside the orthographic features of written English to create a set of conventions and corresponding reader expectations.

Thus, readers look for headlines and titles at the top of a page and at the bottom for footnotes. On the horizontal axis, they understand that the right hand side of the page is for things that are new or are 'the news' while the left hand side of the page is the natural place for things which are 'given', reliably to be taken for granted and which may aid understanding of anything that is happening over on the right. The conventional expectations set up by the Western Visual Semiotic are very strong and readers will try to make sense of documents that seem to be of anglophone or Western origin using this framework even when the information itself does not consistently comply with it. Reader understanding can be impeded when there is a mismatch between the reader's pre-existing expectations described by the Western Visual Semiotic and the details of a particular document.

The Western Visual Semiotic applies to every document that is issued to consumers by energy suppliers and for the most part these documents do comply with the WVS (which is why they mostly are recognisable as "letters", for example). However there are definitely some aspects of these documents where the reader's expectation is confounded. A good example is the question of what counts as "a prominent place". Ofgem requires that price rise notification letters include information that the consumer may end the contract by switching supplier and that this should be in a prominent place. We can use the Western Visual Semiotic to determine what 'prominent' is. Specifically, some suppliers seem to comply with Ofgem by making sure that switching information appears on the first page of communications and not, for example, on the back of the page or on the last page and certainly the cultural experience of British readers has trained them to think that the front page is important. However, if switching information is displayed on the front page but is in small print at the very bottom of the page, being the last item before the bottom margin, then this cannot be construed as prominent. Items in small print at the very bottom of a page are known to Western readers and people whose first language is English as footnotes and footnotes are the opposite of prominent. They may well be anchored to a prominent page, such as page 1, but by

definition footnotes themselves are not prominent, they are sized and placed so as to be as unobtrusive as possible.

We therefore recommend that information that Ofgem wants to see prominently displayed is not relegated to a footnote, or to a note in the margin. Prominently displaying information means displaying it in an eye-catching position within a page, such as in the middle or near the top of a page, in acceptably large print, perhaps with some attention-getting graphical device such as a frame or box around it.

- N.b.: Obviously consumers will be further aided if this prominently displayed information is expressed in language that is clear and familiar.

**Reader Engagement.** . Engagement may be understood as a mix of motivation to read and possessing the right cognitive and perhaps social tools for reading (e.g., Guthrie et al, 1997). Research shows that many consumers are very disengaged from communications such as bank statements and energy statements. The situation could be improved by helping readers understand why they are being sent certain documents and helping them to relate the rather abstract contents of those documents to something in their real lives.

Reader engagement is an important topic for Ofgem. Requiring suppliers to include this and that type of information in their bills, statements and price rise notifications is of little use if consumers cannot understand what they see, and, even more importantly, if they are not motivated to read it in the first place.

In this section, we attempt to draw some insights from the academic knowledge of professional educators about reader engagement and investigate how they can be applied to the routine communications of energy suppliers. According to this literature, engaged readers are:

- motivated to read;
- absorbed;
- equipped with more than one strategy for comprehending written information;
- active. They have existing knowledge which they bring to bear on the text so as to actively interpret it.

Relating to the first point, Guthrie (2000) suggests a range of tactics that teachers<sup>1</sup> can use to create a context that will facilitate engaged reading, including:

- Identify a knowledge goal and announce it (i.e., state the purpose of the information);

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<sup>1</sup> Guthrie's research concerns teachers, teaching and educational settings. Readers of this document may extrapolate this to include "people who provide information".

- Provide a brief real-world experience related to the goal.

If consumers fail to be optimally engaged by communications about their gas and electricity supply, this suggests that these kinds of aspects of the context may be missing. For example, do consumers know why they have been sent a letter by their gas or electricity supplier?

In the case of bills, they may assume that the sole use of the document is to tell them how much money they must part with. Even though bills may in fact contain information that lends itself to a range of other uses such as saving money by monitoring year-on-year consumption and changing tariffs, or perhaps making sure that the recipient gets the service and full set of consumer rights to which they are entitled, there is arguably no good reason for consumers to expect that this is the case. Any researcher who asks consumers what bills are useful for will be told in no uncertain terms that the use of a bill is to find out how much money a supplier wants and when they want it by.

Moreover, in the case of annual statements, and where annual statements are printed and sent in a way that makes them distinguishable from bills, there is no guarantee that consumers know why they are being sent a statement or what they are supposed to do with it. The following link leads to a 2010 press release by myvouchercode.co.uk which commissioned a study of 1,300 Brits, enquiring what they do with letters from their bank: <http://your-story.org/half-of-brits-ignore-their-banks-212229/> In summary, if the results are to be taken at face value:

- 51% of respondents said they ignore letters from their bank, with the majority of respondents saying the main reason for ignoring letters is the fear or assumption that they are going to be unwanted sales pitches, that is, 'junk mail' which consumers perceive to be of no particular use.
- 24% of respondents said they never open bank statements.

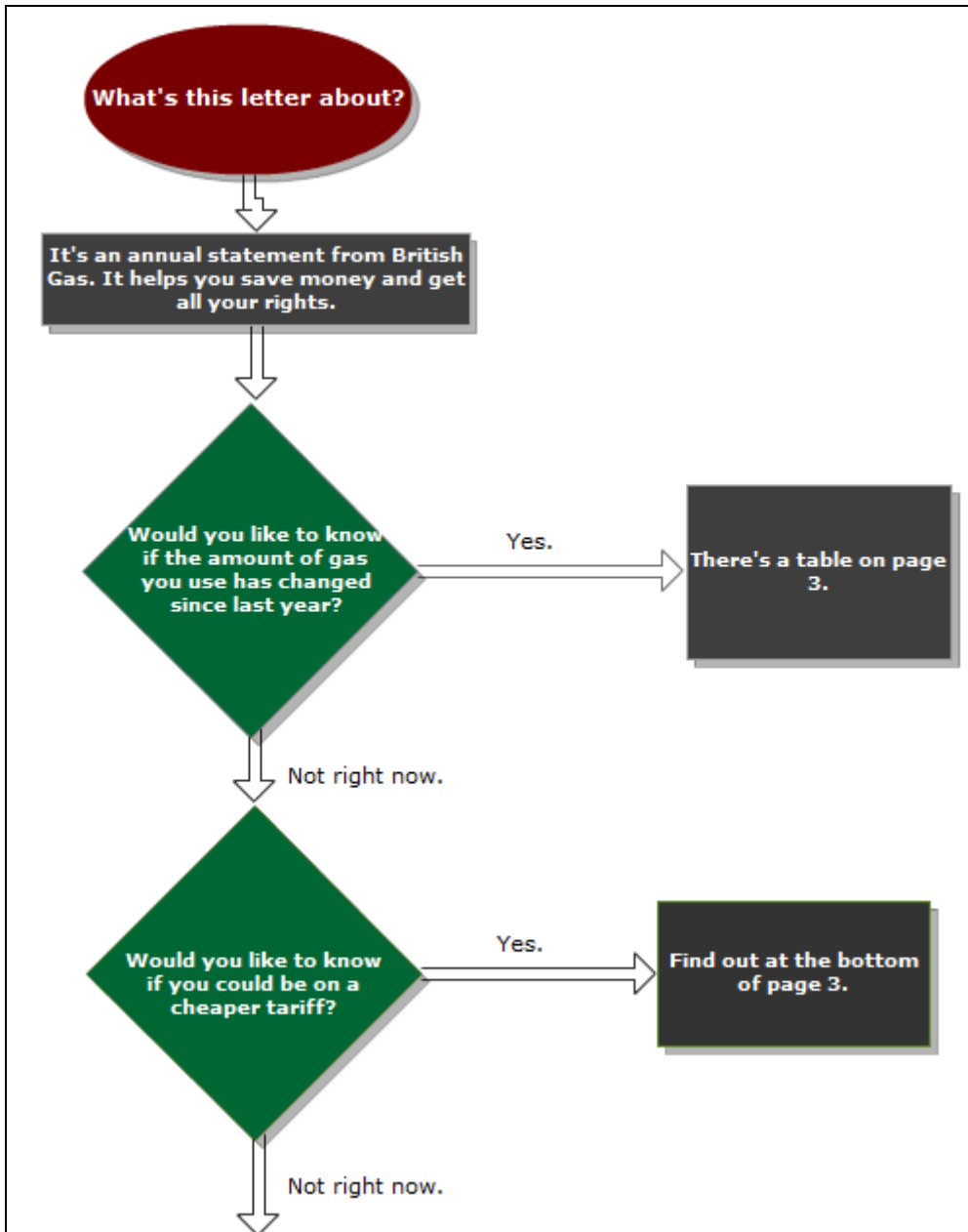
A similar study conducted in 2005 by DocuCorp, and reported in The Times ([http://www.timesonline.co.uk/tol/money/consumer\\_affairs/article560621.ece](http://www.timesonline.co.uk/tol/money/consumer_affairs/article560621.ece)) found that 60% of consumers do not regularly read their mortgage, pension or bank statements, while respondents also said that not only was the information difficult to understand but that the volume of communication was overwhelming and that potentially important information was lost in a surrounding mass of less-important information. That is, consumers felt that their banks, mortgage lenders and pension providers were swamping them with information that is of no discernible use. A spokesman for the Plain English Campaign told The Times: "The beginning of the document should catch the reader's interest by getting straight to the point" and recommended the use of graphical devices such as flow charts to help consumers identify what that point is.

- N.b.: The Plain English Campaign recommends devices such as flow charts. Other explanatory devices may also be used.

Let us return to Guthrie (2000) and observe how his advice lines up with that of the Plain English Campaign. In order for consumers to make proper use of the information that's contained in bills, statements and price rise notifications, they need to become engaged readers. Their engagement can be facilitated by the announcement of a defined knowledge goal and the provision of, or at least reference to, some real-world experience related to that goal. The advice of the Plain English Campaign to get straight to the point translates as announcing that knowledge goal immediately and prominently, not tucking it away in some footnote. Its suggested graphical devices such as flow charts can be a way to help consumers connect this sometimes alienating printed material to their own, real-world situation. Turn to the next page for an example.



**Example: hypothetical flow chart.**



- N.b.: The Plain English Campaign does not dictate "Use flow charts!" It recommends the use of graphical devices such as flow charts. We recommend mocking up a range of graphical devices such as flow charts and putting them through some qualitative research with consumers to ascertain what they find appealing and easy to use. The above illustration is in no way intended to be regarded or used as the finished product

Consumer research will ensure that any such charts that Ofgem might generate are easy to understand and generally doing the job they need to do. We would recommend that

charts make good use of colour and/or that suppliers consider putting (some of) this information on the envelope, which might help to consumers to overcome reluctance to open their post.

A final point: research into reading shows that one more feature of engagement is social interaction (e.g., (Baker, Afflerbach et al., 1996; Gambrell, 1996; Guthrie, 1996; Guthrie & Wigfield, 1997). It also shows that intrinsic motivators (such as being personally interested in the subject matter) are more compelling than extrinsic motivators (such as compliance). Ofgem knows that there is a small minority of consumers who are highly engaged with the market, who are informed, who are bargain-hunters, who feel that they are capable of changing tariffs and even suppliers in accordance with their needs. One characteristic of this highly unusual group is that they tend to be in contact with each other. They use online communities such as moneysupermarket.com not only to gather information and learn about money management and their consumer rights but also to share information and dispense wisdom to others, which is a very satisfying activity. If more consumers could be given the opportunity to talk to each other about money management generally and energy specifically, more recipients of gas and electricity communications would be engaged readers. If there is a possibility that some sort of public-sector consumer forum could be set up, energy communications could help consumers by pointing them to that resource as well as to authorities such as Consumer Direct.

## **Analysis & Discussion**

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The previous section is entirely theory-driven. That is, it takes known and documented linguistic phenomena as its starting point and goes on to discuss how these academic findings apply to energy communications. In contrast, this section is data-driven. It began with the data, i.e., bills, annual statements and price rise notifications from all suppliers. From that a vision developed of what optimally clear communications with consumers would look like. Based on the academic training and professional experience of the authors, then, the following aspects of energy communication merit discussion.

**In/consistent terms and phrases, for example tariff names.** Tariff names are typically meaningless. While it is probably unreasonable to expect them to be completely transparent, more care should be taken to help consumers understand to what the name refers, that is, consumers need to understand that they are on a tariff and that other tariffs are available. Moreover, suppliers use the word tariff interchangeably with 'package', 'product', 'plan' and 'deal'. This is confusing for consumers who are not even aware that tariffs exist and reduces the chances that they will exercise their right to switch tariffs. While tariffs are a good example, the overall point is that consumers benefit where language is used consistently.

In one electricity bill that we examined, all of the following terms were used, while the word 'tariff' appeared nowhere:

- You are on our Standard-Quarterly Cash package.
- Make sure you're on our best deal.
- Why not ask about our current range of competitive products?
- annual Standard Rate electricity usage

It is very unclear how 'package', 'deal' and 'products' are supposed to be different from one another, if at all, or how any of these relate to the concept of a tariff. It is also very unclear what 'Standard' means in this context. The most likely reading that this will get from an averagely uninformed consumer is that 'standard' means 'normal', 'okay', 'the same as everyone else gets' and 'broadly free from problems', and that therefore they don't need to invest a lot of effort trying to work out what deals, products and packages are. We therefore conclude that this particular electricity bill is very unlikely to prompt switching or encourage curiosity about switching.

A slightly different type of problem occurs where the word tariff is used too liberally. In one gas bill that we examined, the customer seems to be on three different tariffs at the same time. We strongly recommend that this situation is simplified as much as possible. There seems to be no good reason for a customer to be required to understand that three different tariffs simultaneously apply to one bill period and this is most certainly adding to consumers' collective failure to understand what tariffs are in the context of electricity and gas.

Finally: there needs to be some kind of consistency within and between suppliers in terms of tariff naming conventions. To pursue the above example, in which three different tariffs were mentioned on one bill:

- “Fixed Price 2011”. This sounds like a brand name: it is distinguished from ordinary speech by its upper-case initials. Of the above three examples, it is the most easily identifiable as “a tariff” or “a product”.
- “standard”. This is simply a word in the English language, a very common word at that. It is shown here using only lower case letters and this is conventional practice for common nouns that are not product names or brand names. To add confusion, in this case the supplier seems to imply that it is supposed to be understood as an adjective (as in ‘standard tariff’ or ‘standard rate’, except that the words ‘tariff’ and ‘rate’ are missing).
- “Duel Fuel discount”. The mix of upper and lower case letters here seems to imply that “Duel Fuel” is a tariff, while “discount” is not. It is not clear how it is possible for a discount and a tariff to be the same thing.

Consumers are not going to be able to improve their awareness of tariffs or switch tariffs without help from suppliers. Suppliers need to:

- Fulfil consumers' expectations that it is only possible to be ‘on’ one tariff at a time.
- Use the word ‘tariff’ consistently, to mean only one thing. Do not refer to tariffs by a multitude of other names.
- Apply standardised naming conventions. We recommend that tariffs are given names such as “Fixed Price 2011” and “Standard Tariff”, that these names are given upper-case initials and are treated like brand names. If the word ‘Tariff’ can be included in the tariff name, so much the better.

In order to promote the best possible understanding on the part of consumers, consistency between suppliers is more important than consistency within suppliers. To clarify:

- **Within** suppliers. As described above, it is not ideal that a single supplier should use the words product, package, plan, deal and possibly also tariff all on one document. It is difficult for consumers to make sense of all these different words. The language needs to be as simple and consistent as possible. However, having suppliers restrict their flourishes of language within documents is arguably less important than establishing common practice *between* suppliers.
- **Between** suppliers. If all suppliers could be encouraged to agree on a word that describes what it is the consumer has bought into, whether that is a tariff or a

package or a plan or whatever, that would help consumers to understand that the things offered by the various energy suppliers are broadly comparable. It would help to establish a common language that would help consumers to appreciate that they can switch from plan to another as offered by the same supplier, that they can switch plans between suppliers and it would enable consumers to speak to each other about energy which currently they are not doing.

### **Choosing a common term.**

In this section we discuss which might be the best term to use if agreement between suppliers can be established. In this context, 'best' means 'intelligible to consumers', 'is a word that consumers encounter in other parts of their lives, giving them a frame of reference' and 'is a word that consumers themselves use' (that is, is not exclusively marketing-speak). In order of preference:

- **Tariff** is at the top of this list for two reasons.
  - Firstly, there's a precedent for the word tariff in the context of energy bills and statements. Some suppliers are quite helpful about appending the word 'tariff' to tariff names or even including the word 'tariff' within the tariff name.
  - Secondly, there is evidence that consumers themselves actively use the word "tariff" and are practised at asking each other "What tariff are you on?" in conversations that include but are not limited to gas and electricity. This is an important point. If we want consumers to understand the energy market sooner rather than later we have to begin by favouring their existing knowledge and existing linguistic practices rather than waiting for them to acquire new vocabulary and linguistic habits that may take years to become established. A Google search, limited to UK search results, for the phrase "What tariff are you on" yielded 5,770 results. A qualitative trawl of those results for the purpose of examining the question being used by consumers revealed that it is quite a common question and pertains to mobile phones, land line telephone services, internet access and energy, with mobile phones being by far the most usual example.
- **Package** takes second place, for the following reasons.
  - "Package" is less used than "tariff" on energy bills and statements at the time of writing. However, there are points in favour of package, as follows.
  - A package can be understood by consumers as a bundle of services. That is, other types of service providers make 'packages' of services available to consumers, the package is something that consumers have encountered in connection with service, outside the context of energy. If energy is a service, or if energy suppliers want to sell services, then 'package' is probably as good a word as 'tariff' to convey that meaning.
  - There is evidence that consumers themselves have somewhat adopted the word package, that is, it is not solely marketing-speak. The phrase "what package are you on?" is already in evidence among consumers. A UK-only Google search for that phrase yielded 11,400 hits. A qualitative trawl through those results revealed that the phrase is used in connection

with broadband and phone services and multi-channel TV. Although the question “what package are you on” actually occurred more frequently than “what tariff are you on”, the “package” questions occurred in the context of conversations with a slightly more technical flavour. That is, mobile phone tariffs may be discussed even by consumers who aren't very informed about technology, while discussion about broadband packages may be more restricted to consumers who have relatively high levels of knowledge. A preference for tariff over package could be verified by Ofgem through qualitative consumer research, perhaps paying special attention to vulnerable groups. Incidentally, replacing “what” with “which” in google searches for packages and tariffs reveals much the same findings, except that “what” seems to be more commonly used.



- **Plan** takes third place. While consumers can understand that a plan pertains to services and have encountered the concept of a ‘payment plan’, it is less commonly used and less associated with the sorts of immediate services that “tariff” and “package” might imply. That is, British consumers are more likely to have encountered the concept of a payment plan in connection with things like debt management, mortgages and insurance (life insurance, dental insurance, pet insurance) which involve very large amounts of money spread over very long periods of time, perhaps even a lifetime.
- **Product** takes fourth place for the simple reason that in ordinary spoken English, a product is a tangible, three-dimensional object such as a bottle of shampoo or a pair of trainers. Gas and electricity are not tangible, three-dimensional objects and in any case suppliers are demonstrably interested in selling a variety of other services (such as heating and plumbing repairs) along with the service of supplying energy. We therefore suggest that consumers will have difficulty understanding service bundles as ‘a product’ and that being able to conceive of such things as a product is largely limited to marketing professionals.
- **Deal** takes last place among the terms reviewed here because in ordinary English it means ‘bargain’, ‘offer’ or ‘something cheap’ and while that certainly has relevance to consumers in any sector, it is not readily understandable as a synonym for ‘tariff’ or ‘package’.

**There is a difference between advice and rights.** Suppliers are required to include on statements advice about switching. In fact, suppliers mostly comply with this and some of them go one step further by also putting this information on bills, and by providing the exact contact details for organisations such as Consumer Direct. However, that does not mean the information is presented in a way that will help consumers get the best use out of it.

Some suppliers go above and beyond Ofgem's requirements by, for example, putting information on bills that tells consumers how to contact Consumer Direct. This does not necessarily mean that consumers are very well able to use that information. The problem for consumers is that it is very easy for suppliers to present this kind of information in such a way as to make ‘advice’ seem unnecessary and redundant. In contrast, were consumers aware that Consumer Direct exists to help them exercise their rights, that has a very

different connotation and is likely to be much more motivating for consumers than the bland and general term 'advice' which could potentially apply to anything – for example there's no way for consumers to know that the advice on offer is anything more interesting or significant than telling them to turn their central heating down or use a different type of lightbulb. The dictionary and also conventional use of English will clarify for us the difference between 'advice' and 'rights'.

Advice (from dictionary.com)

**ad·vice**  [ad-vahys]  [Show IPA](#)

**noun**

1. an opinion or recommendation offered as a guide to action, conduct, etc.: *I shall act on your advice.*
2. a communication, especially from a distance, containing information: *Advice from abroad informs us that the government has fallen. Recent diplomatic advices have been ominous.*
3. an official notification, especially one pertaining to a business agreement: *an overdue advice.*

Of the above three definitions, number 1 is the most usual in everyday speech and is the most familiar to consumers. That is, advice is an opinion.

Here are some common English sentences using the word advice.

- My advice to students who want to pass their exams is to start revising early.
- She wrote to an agony aunt to ask for advice.
- I am looking to move to London and could do with some advice.

Note that, in common use, advice is usually practical but does not necessarily imply any special expertise on the part of the advice-giver.

Rights (from dictionary.com)

**noun**

18. a just claim or title, whether legal, prescriptive, or moral: *You have a right to say what you please.*
19. Sometimes, **rights**, that which is due to anyone by just claim, legal guarantees, moral principles, etc.: *women's rights; Freedom of speech is a right of all Americans.*

Note that rights, the plural form, is invariably concerned with entitlement and 'just claim' as described above. Rights, the plural form, is not a synonym for 'right' which has many other meanings.

Here are some common English sentences using the word rights.

- I know my rights!

- It is perfectly within your rights as the landlady.
- It is part of our basic human rights.

Conventionally, rights are very important, and things which the owners of those rights would like to protect. Rights are not a matter of personal opinion.

In the interest of avoiding negative attention, it is therefore in the interest of suppliers to encourage consumers to think that Consumer Direct offers 'advice' while avoiding the word 'rights'. It is notable that, in contrast, the Consumer Direct website is covered in iterations of the word 'rights' because it wants readers to know that it offers something important that is more than just someone's opinion. In the research described here, we found that some suppliers (inadvertently or otherwise) exploit the more casual and vague connotations of 'advice' by burying it at the bottom of a long list of complaints procedures in which the customer is asked to deal with the supplier directly. The implication is that the customer should follow all of the various stages of dealing with customer service first and only then, when all of the stages have been completed, over a period of several weeks, should the customer consider seeking "advice", if more advice were needed. In contrast, if suppliers informed consumers of ways to learn about and protect their rights separately or before telling them to deal with the supplier's own customer service department, the rhetorical effect would be very different and consumers would be more able to see the relevance of that information.

If the role of Consumer Direct in helping consumers manage their purchase of energy is soon to be transferred to the Citizens Advice Bureau, then the above-described problem is potentially compounded. Ideally, any mention of the CAB on fuel statements and bills should include the word 'rights' as a reason why consumers might want to contact them. The word 'advice' is not in itself an adequate clue that 'rights' may be on offer.

**Disconnected information.** Common sense suggests that consumers will not be motivated to engage with written material that doesn't seem to make any sense. In the context of energy communications, tables of figures, in particular, tend to offer units of information that are not intelligible in their own right and are not meaningfully connected to anything else.

It is doubtless the case that people who are professionals in the energy market find that bills, statements and price rise notifications are simple to understand because they are familiar. In order to develop real empathy with the consumer it is necessary to recognise that the things referred to in these documents (kilowatt hours, for instance) do not bear much resemblance to anything else that the consumer encounters in their daily lives. This is important because it means it is a real struggle for many people to make sense of what their energy bills and statements are trying to tell them. They don't know what a kWh is, they are unaware that they are on a tariff, they have no familiarity with phrases such as "cost split", and so on. In this situation, trying to extract any meaning from the numbers and tables that form the bulk of these communications is liable to be very difficult and demoralising.



Elsewhere in this report we recommend that suppliers use clear and consistent language but that alone is not enough. It is a common feature of the tables of figures that suppliers present to consumers that they include disconnected items of information that don't seem to connect to anything else within the table or on the page. Examples include positive, present items of information such as "24 Hour", which seem not to describe or be connected to anything in particular, and negative, absent items of information such as columns in tables that are missing a heading.

Disconnection is also the main problem pertaining to what Ofgem calls Principal Terms. That is, Ofgem requires suppliers to include principal terms of the consumer's contract on annual statements. Principal terms may include, but not be limited to, information about tariffs, information about moving house and ending contracts, fees and charges such as cancellation fees, service charges and so on. In fact, suppliers do make a lot of this information available to consumers but it is extremely scattered and annual statements are not well defined documents in the first place. There is no organising system for bringing this information together. For example, on the back of one supplier's annual statement is a section called "Is your tariff working for you?" wherein consumers can learn when their tariff ends, what the unit price is and what is the main benefit of (in this case) the Price Protection Tariff. Further down the page and under the entirely separate heading "Frequently asked questions", consumers learn that they may incur a cancellation fee if they try to change tariffs and that they may be asked for a security deposit.

Let us imagine that customer can make sense of that in its own right and then switches to a certain competitor supplier, where they go on the "Standard – Quarterly Cash" tariff. They no longer get an "Annual Gas Statement", instead they now receive an "Annual Account Summary". On this new document there is no section headed "Is your tariff working for you?". There is a section called "Your Energy Deal" where they are informed of the name of their tariff but they are not told whether or when that tariff comes to an end. Perhaps it has no end. This is not made clear. The unit price does not appear on the Annual Account Summary but does appear on bills. There's no indication of what the supplier thinks is the main selling point of the Standard Quarterly Cash tariff although there is a note saying that the supplier could save the consumer money if they switched to Direct Debit. On the new supplier's document, cancellation fees are called termination fees. Termination fees and security deposits are discussed under the heading of "Your Principal Terms".

The upshot of all this is that consumers have only poor chances of being able to find all the information that Ofgem calls Principal Terms, even though it is usually present. Consumers would strongly benefit from some sort of standardised device such as a Key Facts Sheet which is common to all suppliers, facilitating comparison and teaching consumers to speak a common language when talking about energy contracts and tariffs.

Another point relating to this concept of disconnected information is as follows. Price Rise Notifications that are printed on paper and arrive by post usually include a unit rate table on page 2. However, PRNs that arrive by email may not include a unit rate table, only a hyperlink to that table. We suspect – and consumer research could confirm – that the click-through rate is not very high and that it is not clear from the email what the hyperlink will take consumers to or why the consumer is being directed to follow it. This situation needs to be rectified as consumers cannot use unit rate tables if they cannot see them.

# Conclusions

There are many aspects of bills, annual statements and price rise notifications that would benefit from some reform. They are not all of the same scale. In this section, building on the analysis in the earlier chapters, we identify some of what we see as the most necessary reforms.

If there is an overall headline to these conclusions, it is as follows:

**In general, consistency is a good thing. Standardised terms, consistent use of language and consistent methods of presenting information help consumers understand what's going on.** The need for great consistency and standardisation are recurring themes throughout this report.

## **1. The ambiguity surrounding Annual Statements needs to end.**

Annual Statements are subject to a great deal of ambiguity, and this has been the subject of discussion in the Index of Topics, in Part 1/Chapter 1 and in Chapter 4. As we have seen, some of the problems around Annual Statements are as follows.

- (1) Information that Ofgem requires suppliers to make available to consumers (such as time use tariffs, for instance) may occasionally be clear in its own right but is not always presented in the context of an annual statement; the location of that information is unreliable. Sometimes it appears on a half-yearly statement but is not then repeated on an annual one.
- (2) Taking into account communications across different suppliers, consumers are presented with a multiplicity of documents of ambiguous status, such as "summary", "statement", "summary statement", "annual statement", "annual summary" and so on. This renders the phrase "annual statement" almost meaningless: it denotes nothing specific as there are far too many other documents in circulation with overlapping names and functions. It would be helpful to consumers if annual statements were given a standardised and consistent title, as this would help to brand this type of information and help consumers recognise the correspondence with greater ease.
- (3) The difference between annual statements and bills is not clear. Sometimes annual statement information is printed on the back of bills or as an appendix to bills. This situation does not help the consumer to appreciate that annual statement exist as a discrete entity; it only encourages them to think that bills are over-loaded with complicated information.
- (4) Where annual statements can be distinguished from bills, there is no guarantee that consumers know why they are being sent a statement or what they are supposed to do with it. This is a question of readability, as discussed in Chapter 1. Studies of readability and reader engagement show that people are more motivated to persist with written information and are better able to extract meaning from it if it is made clear what the purpose of the communication is supposed to be.

- (5) Within annual statements, individual pieces of information including (but not exclusively) tariff names and periods of time are sometimes presented as disconnected units with an unclear relationship to other items on the page. Across different documents issued by the same supplier, and across different suppliers, information about such things as principal terms is highly confusing and has no common language. Consumers understand information better and find written information more readable when it is coherent (units of information are connected to each other and hang together in a meaningful way) and when technical or unfamiliar language is used very consistently.

In some ways consumers are worse off than they were before the introduction of annual statements because they are now confronted with larger quantities of information that they cannot understand. We recommend:

- Print annual statements separately from bills and, ideally, send them in separate envelopes. Failing that, print them on different-coloured paper. Use the same colour paper for annual statements across different suppliers.
- Make sure annual statements are clearly headed 'ANNUAL STATEMENT' and are not called by any other name. In our view, "Annual Statement" is the 'type' of language to use and we are not being dictatorial about that exact phrase. However, we will be surprised if consumer research shows that a document which is intended to function as an annual statement is better called something other than "Annual Statement". Possibly suppliers of both gas and electricity may consider substituting "Annual Gas Statement" and "Annual Electricity Statement" for extra clarity and again it should probably be left to consumers to make the final decision on that if Ofgem is conducting consumer research. Whatever the title of the document, we recommend that suppliers consider including a few words of introduction that indicate what an annual statement is supposed to be for, i.e., ways in which the consumer is supposed to make use of the information. Also consider doing the same thing for the tables of information that sometimes appear on price rise notifications.
- Distinguish annual statements from bills by making sure that bills are clearly headed 'BILL' and are not called by any other name.
- Where it is unavoidably necessary to issue customers with statements that are not annual statements, make sure they are headed 'STATEMENT' and immediately underneath include the words "This is not your Annual Statement. It covers the period 01 Jan 2009 to 30 June 2009. Your Annual Statement will cover the whole of 2009 and will arrive soon after the last day of December", or words to that effect. In the professional opinion of the authors, this is the ideal language to use but alternatives may be substituted if consumer research proves that there is no loss of clarity.
- Avoid the use of misleading and similar phrases such as 'summary statement'. Train consumers to understand that the two main documents they will receive from energy suppliers are bills and annual statements.
- Also see the points made immediately below regarding consistent use of language, glossaries and so on.

## **2. Information designated “Principal Terms” or “Terms and Conditions” needs to be gathered together in one place.**

As discussed previously, this information is distributed around the various documents that are issued by suppliers in a disorganised way. We recommend:

- A standardised information-giving device with a standardised title such as ‘Key Facts Sheet’ or something of that nature. There is nothing wrong with including the Key Facts Sheet with an Annual Statement but consider printing it on a separate page. Keep the key facts or principal terms together and do not distribute them around various documents.
- Within that device, such as a Key Facts Sheet, use standardised language.
- In the interests of readability, consider an opening paragraph that explains what the information is supposed to be for and ways that the consumer might use it.

In addition to the above, here is a special note concerning unit rate tables:

- Price Rise Notifications that are printed on paper and arrive by post usually include a unit rate table on page 2. However, PRNs that arrive by email may not include a unit rate table, only a hyperlink to that table. We suspect – and consumer research could confirm – that the click-through rate is not very high and that it is not clear from the email what the hyperlink will take consumers to or why the consumer is being directed to follow it. This situation needs to be rectified as consumers cannot use unit rate tables if they cannot see them.

## **3. Provide consumers with a glossary of industry-specific terms.**

A recurring theme throughout this report has been the unfamiliarity and relative impenetrability of the language and terminology used in energy communications. Consumers cannot be relied upon to know the meaning of kWh, unit rate, standing charge, or any other energy-related word that is not part of their normal vocabulary. Some suppliers have a ‘jargon-buster’ glossary on their communications and we would encourage this practice and also encourage suppliers to use standardised terms wherever possible.

An area that needs special attention in this respect is the terminology around tariffs. Ofgem’s qualitative research suggests that many consumers are unaware that they are on a tariff or that various tariffs are available. We therefore recommend the following:

- Use common language across documents and across suppliers. For example, make a final decision about the correct word for ‘tariff’. Decide as an industry that tariffs are either called ‘Tariffs’ or ‘Packages’ and use that word and only that word to describe them. Note that this is an example and the point we are trying to make here is that consistent and standardised language is easier for consumers to understand. It is probably unavoidable that consumers have to encounter technical and unfamiliar language in the context of energy communications and it is self-evidently the case that their attempt to decode these communications is going to be facilitated if words reliably mean the same thing from occasion to the next.

**4. The fact that consumers are entitled to switch suppliers needs to be made clearer.**

Current methods of presenting this information are inadequate. The two main problems are: (1) the language used implies that the consumer has less freedom to switch than is actually the case and (2) the information is hidden, because suppliers are exploiting the difference between 'prominently displayed information' and information that has been buried in one corner of 'a prominent place'.

The ideal solution would be a standardised phrase used across suppliers such as "Your Right to Switch Suppliers" or "How to Change Suppliers" (not "Caring For You" or "Our Commitment To You" or any phrase that is deliberately misleading). Put a box or a frame around this information so that it is eye-catching.

**5. Anchor technical and financial information and abstract concepts to things that exist in consumers' 'real world', wherever possible.**

Consumers have an easier time understanding communications from energy suppliers when information is linked to something familiar that they understand. For example, p/kWh is an alien concept to most people. While we are not recommending that suppliers omit that unit of measurement, consumers will find price rise notifications easier to grasp if they are told that their gas bill is going to increase by roughly two pounds per week (for example), or ten pounds per month, because all consumers can be relied on to know what two pound coins look and feel like, and how it would feel to have one fewer ten-pound note in the average month. Percentages are slightly less easy to understand than round amounts of money. It is not quite so easy for people to grasp the implications of "prices are going up by 5%". However, percentages are still easier than p/kWh, for the simple reason that consumers encounter percentages in other areas of their lives, while p/kWh is an unfamiliar and therefore potentially confusing concept to everyone.

A final note: In general the language used in energy communications needs to be as clear and simple as possible. Some suppliers display Crystal Mark accreditation on their documents, showing that the language they use is 'plain English'. It is beyond doubt that consumers would benefit if all energy communications were simple enough to earn the Crystal Mark. However, quantifying the amount of benefit to consumers is outside the scope of this report.

## **The Authors**

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Lawes Consulting Ltd is a research agency and a specialist in certain research methods. Its purpose is to make social scientific knowledge and advanced social scientific research techniques commercially available. The main researcher on this project and the author of both the full and the abridged reports is the founder of Lawes Consulting and founding partner of Lawes Gadsby Semiotics, Dr Rachel Lawes. Her history and credentials appear below.

### **Employment History**

2010 to date

#### **Lawes Gadsby Semiotics (LLP)**

Partner.

A subsidiary of Lawes Consulting Ltd (see below) which exists to focus more specifically on the semiotics, discourse and communications end of the business.

2002 to date

#### **Lawes Consulting Ltd**

Principal

Founded Lawes Consulting, a company which is now extremely well-known in the UK and internationally for its semiotics, discourse analysis and ethnography. Applications of these methods include the design and development of communications as well as brand strategy, innovation and the prediction of future trends. Additionally, Lawes provides services emerging from human psychology such as organisational psychology and studies of employee job satisfaction and motivation. Rachel has worked on almost every project that has passed through the business since 2002, amounting to more than 250 projects.

#### **Market Research Society**

Convenor and teacher on the Advanced Qualitative Methods course.

This is an advanced course that is held annually (and sometimes twice a year depending on demand) by the Market Research Society. Rachel has been responsible for this course since 2006, designing its content, selecting speakers and teaching the semiotics and discourse analysis components as necessary.

2000-2002

#### **define Research & Marketing plc**

Associate Director

All responsibilities associated with helping to run a full-service market research agency. Set up a successful department of semiotics and pioneered a range of new research services including discourse analysis.

1996-2000

#### **Loughborough University**

Research & Lecturing

Doctoral research (discourse analysis: language & communication issues in marital breakdown).

Lecturing & conducting student tutorials including Research Methods and Consumer Culture.

### **Qualifications**

BSc Human Psychology (First); PhD Social Psychology.

### **Publications list for Dr Lawes**

(this is not a complete list of publications but a representative sample)

Lawes, R. (2011) Rebranding Charmin: a case study in semiotics. MRS annual conference.

Lawes, R. (2009) Futurology Through Semiotics. MRS annual conference.

Lawes, R. (2009) How to Attract Customers and Win Personal Recommendations. Marketing Week Financial Services Conference.

Lawes, R. (2009) The Semiotics of Design. Design Futures Conference, Brunel University.

Lawes, R. (2009) Consumers of the Future: Who they are, what they'll want to buy from you. Marketing Week Trends Show.

Lawes, R. (2008) Colour with Confidence: a semiotic guide to the meaning and use of colour. MRS annual conference.

Lawes, R. & Ereaut, G. (2008) Spontaneously occurring data: analytic approaches in semiotics and discourse analysis. International Journal of Market Research methods conference, London.

Lawes, R. (2008) Wooing the single woman: what semiotics tells us about marketing to the single female consumer. MRS Diversity conference.

Lawes, R. (2007) Understanding engagement with political advertising: insights from semiotics. WARC Advertising Research conference, London.

Lawes, R. (2007) Culture Jamming: the semiotics of consumer resistance. MRS annual conference.

Lawes, R. (2007) How to differentiate your finance brand using semiotics. Marketing Week Financial Services conference, London.

Lawes, R. (2007) Living with a Lysosomal Storage Disorder (MPS 1): Patient Perspectives. Fourth Symposium on Lysosomal Storage Disorders, Vienna

Lawes, R. (2006). Marketing the bus: insights from semiotics. Landor Public Transport conference, London.

Lawes, R. (2006). Getting value for money from new qualitative methods. Marketing Week Market Research Summit, London.

Lawes, R. (2005) Signs of Impact: Semiotics in marketing. Conference paper (International Keynote Speaker), annual conference of the Australian Market & Social Research Society (AMSRS), Sydney 2005.

Lawes, R. (2005) Data Kaleidoscope: A practical workshop in discourse analysis & semiotics. Workshop, annual conference of the Australian Market & Social Research Society (AMSRS), Sydney 2005.

- Lawes, R. (2005). *Unamerican: the semiotics of race & ethnicity*. MRS.
- Lawes, R. (2004). *Decoding Innovation: Insights from semiotics*. ESOMAR.
- Lawes, R. (2004). *What ads really mean: a semiotic study of MR recruitment advertising*. *Research in Business*, 16. London: MRS.
- Lawes, R. (2004). *Three Dreams: new qualitative analysis in the dreamworld*. Market Research Society Annual Conference, London.
- Lawes, R. (2004). *Technology in Consumer Talk: new routes to insight*. ESOMAR Technovate 2, Barcelona.
- Lawes, R. & PPA (2003). *Creative Format, Premium Impact: a rough guide to more effective magazine advertising*. London: Periodical Publishers Association
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- Lawes, R. (2000). *The Compleat Infidel: an analysis of discourses of infidelity*. Doctoral thesis, Loughborough University.
- Lawes, R. (1999). *Marriage: an analysis of discourse*. *British Journal of Social Psychology*, 38, 1-20.
- Lawes, R. (1998). *Just a holiday fling: time, place and setting in infidelity discourse*. British Psychological Society (Social Psychology Section) Annual Conference, Surrey.
- Lawes, R. (1997). *Discourse and social institutions*. Seminar, Aston University.
- Lawes, R. (1996). *Marriage: an analysis of discourse*. British Psychological Society (Social Psychology Section) Annual Conference, Strathclyde.



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