



Price Increase Notification Letters, Summary Box on Bills, Tariff Information Labels and Annual Statements

Report of consumer testing to
support template development

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Contents

1. Management Summary	3
2. Introduction.....	18
3. Approach	21
4. Findings Applicable to all Communications	25
5. Price Increase Notification Letters	28
6. Summary Box on Bills	49
7. Tariff Information Labels.....	66
8. Annual Statements	80
9. Sub-Group Differences.....	114
10. Understanding of Terminology	115
12. Conclusions.....	122
Appendix	124
Topic Guide (Summary Box on Bills and Annual Statements)	124
Topic Guide (Price Notification Letters and Tariff Information Labels).....	131

If you would like to enquire about using any element of this report, or you would like further information about the research, then please contact Ofgem's Consumer First Team (consumer.first@ofgem.gov.uk).

1. Management Summary

1. Introduction

- 1.1. As part of its Retail Market Review, Ofgem is developing broad-ranging proposals for reform of the retail energy market, which aim to promote effective consumer engagement so that the threat of switching places an effective constraint on supplier pricing and behaviour.
- 1.2. Ofgem's proposals include measures to provide consumers with simpler choices, clearer information and fairer treatment so that those who engage can make good choices.
- 1.3. A number of the proposals relate to improvements to supplier communications. With regard to these communications, Ofgem aims to:
 - Improve the quality of information suppliers provide to consumers;
 - Empower consumers to use information more easily to make well informed decisions regarding their choice of energy tariff; and ultimately
 - Facilitate greater consumer engagement in the energy markets.
- 1.4. To achieve these aims Ofgem proposes to require suppliers to standardise certain elements of the communications (bills, Annual Statements and Price Increase Notification letters) sent to consumers to ensure these are:
 - Clear and easy to understand;
 - Impactful and meaningful; and
 - Presented using standardised language and terminology.
- 1.5. Additionally, Ofgem has developed proposals for a Tariff Information Label, which will contain the key pieces of information about a consumer's energy tariff in a standardised format that will be included on, for example, Annual Statements, supplier websites and marketing materials.
- 1.6. Ofgem has proposed to prescribe certain content requirements for End of Fixed Term Notices, in order to provide consumers nearing the end of their current contract with the information they need to manage the situation.
- 1.7. Ofgem is developing prototype communications with the assistance of a specialist design agency (Boag McCann). Ofgem proposes ultimately to instruct suppliers to introduce design elements which have been shown to be most effective through consumer research. SPA Future Thinking was commissioned to conduct consumer testing of the prototypes to

understand what designs, and elements of those designs, encourage understanding and engagement.

- 1.8. Various prototypes were developed for the following types of communications:
 - Price Increase Notification letters;
 - Summary Box on bills;
 - Tariff Information Labels; and
 - Annual Statements.
- 1.9. SPA Future Thinking adopted a qualitative methodology and ran 27 mini-groups and 10 in-home depth interviews in April/May 2012. The research programme covered different demographic groups and parts of England, Scotland and Wales. The sample included:
 - A range of ages and socio-economic grades;
 - A mix of those with no experience, limited experience and multiple experiences of switching suppliers; and
 - A representation of vulnerable consumers (e.g. English not first language, limited literacy or numeracy, visual impairment, aged 75+).
- 1.10. Prototypes were tested against a number of key criteria including clarity and understanding, navigability and ease of use, visual appeal and impact, tone and language, and overall impact on behaviour.
- 1.11. In addition to exploring overall reactions to the prototype communications, the research also examined reactions to individual elements of the prototypes so it could be understood which elements worked more and less well, and why. Respondents were each exposed to 2-3 different types of communications and up to 4 different prototypes for each communication type.
- 1.12. A phased approach was adopted. Initial changes were made to prototypes in light of responses from the first phase of testing (12 mini-groups and 3 in-home depths), and later sessions explored reactions to the revised prototypes. A further set of revisions will be made following results from the entire consumer testing programme.
- 1.13. Whilst individuals varied in their reactions to the prototypes shown, there were common themes in responses that will help Ofgem and its design agency to develop evidence-based prototypes that will meet their key objectives.

2. Overarching Findings Applicable to All Communications

- 2.1 Not surprisingly, consumers want communications from their energy suppliers to be short or at least succinct, clear and easy to read/understand, personalised (i.e. using information directly relevant to

the consumer and their personal circumstances), and as far as possible be free from 'jargon' and overly technical language.

- 2.2 These observations are particularly true of those consumers who are currently disengaged from the energy market and are disinclined to spend time trying to understand information from their energy supplier. However, they also apply to consumers who are more proactive in considering their energy options.
- 2.3 Consumers are more likely to react positively to communications if they can immediately see a point to the document. If the purpose of a communication is unclear, most consumers will be disinclined to spend much time examining it beyond establishing that it is not a request for payment.
- 2.4 What consumers like and what best achieves Ofgem's objectives are not always the same. Some consumers preferred prototypes which enabled them to assimilate immediately what they wanted to know (such as the scale of a price rise) compared to prototypes which also encouraged them to read what Ofgem would like them to know but they may have less personal and/or immediate interest in (such as information on their rights to switch). In assessing the effectiveness of a prototype, account was taken both of consumer preferences and the likelihood of consumers reading and acting on information Ofgem would like to have greater prominence (as part of its forthcoming proposals).

Optimal Presentation and Length

- 2.5 Design features such as clear, bold headings and simple tables and/or graphs capture the reader's attention. These visual devices are therefore helpful in conveying key personalised information, such as what consumers are using/spending and what they might spend in the future following price changes.
- 2.6 The use of colour makes documents more inviting to read. White pages with black and one other colour make documents look attractive and also sufficiently serious and important so as not to be dismissed as generic marketing material. White print on a dark background is very effective for headings or sub-headings within a document.
- 2.7 Communications should not be so long that they deter consumers from looking at them. Therefore, documents such as the Price Increase Notification letter should ideally consist of a single page while more complex documents such as Annual Statements should be limited to two sides (i.e. a single sheet).

Specific Points on Content

- 2.8 As many consumers budget on a monthly basis, showing figures such as standing charges as a monthly figure is likely to be helpful. However, presenting spend for a whole year may also demonstrate the magnitude

of a price rise and the potential to make significant savings by investigating other offers.

- 2.9 The concept of a Standard Equivalent Rate (SER)¹ has significant potential to help the many consumers who want to compare rates across tariffs and/or suppliers but are currently constrained by the difficulty of making such comparisons. Some consumers use APR/AER to choose between different loans or deposit accounts so the SER has the potential to play a similar role. However, the term 'Standard Equivalent Rate' does not currently have any meaning to consumers and a considerable consumer education programme would be necessary for this initiative to be understood and used. Consumers are likely to have similar issues with the term 'Tariff Comparison Rate' (TCR), although it was slightly easier for them to infer from its name what a Tariff Comparison Rate was.

3. Price Increase Notification Letters

Ofgem's Objectives for this Communication

- 3.1 At least 30 days before any charges are due to increase, suppliers are required (through licence obligations) to notify their customers². This is usually when the price is about to increase, but can also be for any other changes which result in an increase in overall charges paid by the customer, for example, a change to the amount a customer has to pay to leave a fixed-term tariff before its term expires. The aim of this communication is to ensure consumers are informed about how their charges are planned to increase, and that they are aware of their rights or responsibilities. This advanced notification allows a consumer the opportunity to avoid the new charges, provides an element of predictability and enables budgeting decisions.

Consumer Expectations of this Communication

- 3.2 Consumers expect to see the date and scale of the price increase. They also would like, but do not necessarily expect to see, information on the likely impact on their energy bills moving forward.

¹ The 'Standard Equivalent Rate' (SER) is a figure calculated for each energy tariff which will enable that tariff to be compared on a like-for-like basis against other tariffs. The actual term 'Standard Equivalent Rate' has not been confirmed as Ofgem's chosen term. An alternative name ('Tariff Comparison Rate') was also tested in the later stages of this research. Please note that the SER concept was only tested at a high level in this research, and a parallel programme of in-depth deliberative research will explore different models for how the SER/TCR may operate and how it should be presented, to be both engaging and able to facilitate accurate decision making.

² Standard Licence Condition 23 (SLC23) currently requires domestic suppliers to notify their consumers at least 30 days in advance of any unilateral variation to their contract which increases the charges for the supply of energy.

Summary of Prototypes Tested

- 3.3 Four versions of a Price Increase Notification letter were tested. In summary, the prototypes had the following key features and differences:
- P1: Average price increase projections, based on low/med/high consumption; single-sided; table format for price projection information; bulleted text; impartial advice on the right hand side (this prototype was dropped after initial stage due to consumer reactions) – see page 31.
 - P2: Personalised price increase projections based on actual consumption; double-sided template; letter format; table format for price information; impartial advice on page two – see pages 33 and 34.
 - P3: Personalised price increase projections based on actual consumption; double-sided template; visualisation representation of the price increase; table format for price information; impartial advice on page two – see page 40.
 - P4: Personalised price increase projections based on actual consumption; no greeting; single-sided template; tables only for all information; detailed switching information included (the design treatment of detailed switching information was changed after phase 1) – see page 43.

Most Effective Aspects of the Prototypes

- 3.4 In terms of how to present the price increase, consumers preferred to see:
- the standing charge expressed as a monthly figure; and
 - the impact of the increase shown in terms of projected annual costs and monthly costs (annual costs give an indication of the total impact of the price rise while customers who budget on a monthly basis like to see the implications of a price rise on their monthly outgoings).
- 3.5 All variants tested in the final phase of research were considered effective in conveying clearly the information people expected to see and felt they needed.
- 3.6 Consumers were usually able to grasp the likely impact of a price increase based on text and tables alone. The additional use of a simple graph (as in P3) was therefore not thought to be essential.
- 3.7 One of the versions (P2) was liked by consumers who felt it to be laid out in a logical way and to be straightforward in how it conveys information.
- 3.8 While another of the prototypes (P4) was considered irritating by some respondents (because it focused on information that many consumers

had less interest in - see also 3.12 below), this version appeared to be the most successful of the final two taken to the latter stages in encouraging consumers to read information that Ofgem would like to have greater prominence as part of its forthcoming proposals (i.e. on consumers' rights and opportunity to change tariffs and suppliers).

3.9 Consumers appear to be most likely to notice and read information on consumer rights and the opportunity to change tariffs when (as in P4):

- This information is all on one page, rather than on the reverse side of the letter; and
- This information is given similar prominence to the information as the scale and impact of the increase.

3.10 However, respondents felt that, overall, their likelihood of taking action as a result of a price increase would depend more on the scale of the increase than the prominence given to switching information on the Price Increase Notification letter.

Issues with the Prototypes

3.11 One of the prototypes (P1) was rejected after the initial stage of testing because the information contained in it was not personalised.

3.12 Of the final three prototypes, one received very few criticisms (P2), but some issues were identified with the others (P3 and P4):

- One (P3) was criticised for having a cluttered appearance.
- The absence of a customer greeting (in P4) was felt by some to contribute to a feeling of being impersonal and curt, and the overall style was perceived by some to be 'harsh' or 'loud'.
- The prominence given to the consumer rights and switching information (in P4) irritated some as they felt these subjects were of less interest and importance than the scale and likely impact of the increase.

However, as shown above (in 3.8), Prototype 4 was also the most successful in conveying consumer rights and switching information.

Conclusions

3.13 Overall, the ideal for a Price Increase Notification Letter appears to be:

- All the information on one page so consumers do not miss information such as 'your rights as a consumer'; but also
- The information consumers most want to see must not be made more difficult to find, read or understand by the inclusion of, or prominence given to, consumer rights information.

- 3.14 However, it may not be feasible for all the required information to fit on one page, and in this instance the most important information should be prioritised for inclusion on the first page.
- 3.15 All of the prototypes tested in the final phase were effective in conveying the information consumers most wanted to see and understand – that is, the date and scale of the price increase and the likely impact on their energy bills moving forward.
- 3.16 In terms of optimising consumer understanding and engagement, there was no clear ‘winner’ between the final three prototypes considered in the latter stages. One of the prototypes (P2) was the most universally liked and received the fewest negative comments. On the other hand, the layout of the other prototype (P4) appears to be most likely to result in key information (such as consumer rights and the opportunity to change tariffs and suppliers) being noticed. If Ofgem decides to continue developing these proposals, future iterations should aim to combine the most effective elements of each of these prototypes, so as to maximise engagement with key information beneficial to consumers, in a format that is not disliked by consumers (e.g. on the grounds of being overly ‘harsh’ in tone).

4. Summary Box on Bills

Ofgem’s Objectives for this Communication

- 4.1 Ofgem wants energy companies to provide consumers with the key information they need to help them to explore energy offers and/or switch suppliers in a location in which it is likely to be noticed and read by consumers (such as on their energy bills). Research among Ofgem Consumer First Panellists has helped to identify information that consumers regard as essential when comparing tariffs. Therefore, Ofgem believes it would be beneficial for customers if energy companies were to present this information, which includes exact name of tariff, payment method, and price details, in standardised language and format in a Summary Box on customers’ bills.

Customer Expectations of this Communication

- 4.2 On receipt of a bill, bill payers want to know and expect to be able to establish quickly:
- ➔ How much to pay (or how much will be taken out of their account for those paying by direct debit);
 - ➔ When to pay it; and for some also
 - ➔ If they are in credit or debit (this is relevant to Direct Debit customers who pay a fixed amount across the year).
- 4.3 Some customers are also keen to see the detail behind the bill, such as units used and whether the bill is based on actual or estimated meter

readings. Consumers are not averse to other information appearing on the bill, provided it does not detract from the information they really want to find and understand.

Summary of Prototypes Tested

4.4 Four versions of Summary Boxes on Bills were tested. In summary, the prototypes had the following key features and differences:

- P5: No mention of cheaper alternative tariff; box position top right; unit price and standing charge showing; no tariff end date (this prototype was updated after initial testing to incorporate elements of prototype 6 – the updated prototype included colour; ‘About Your Tariff’; detailed introduction; cheaper tariff (not £); box position right; average daily cost for last 12 months; estimated total cost for next 12 months; unit price and standing charge; no tariff end date) – see page 56.
- P6: Mention of cheaper tariff (not £); box position bottom right; average daily cost showing, no tariff end date (this prototype was combined with prototype 5 after first phase) – see page 57.
- P7: Mention of cheaper tariff (not £); box integrated into bill summary; average daily cost showing; no tariff end date (this prototype was dropped after initial testing because respondents were disinclined to read the tariff summary) – see page 52.
- P8: Mention of cheapest tariff (£); box position bottom of page (landscape); SER and tariff end date included (this prototype was dropped after initial testing because it was deemed not to be user-friendly) – see page 54.

Most Effective Aspects of the Prototypes

4.5 The tariff information contained in the Summary Box on Bills was most likely to be noticed and read, without making it more difficult for consumers to find the billing information they needed, when it appeared:

- On the bill to the **right** of the actual billing detail and **below** customer contact information (the positioning in all prototypes except P7);
- In a discrete box with sub-headings within the box appearing on white print against a dark background (as in P6); and
- In a brightly coloured border (as in final version of P5) – it was felt that this was not essential, but could help ensure the box is noticed.

4.6 Those who welcomed the idea of a Summary Box on Bills and understood its intent preferred to see:

- The rate per unit; and
- The standing charge per month.

- 4.7 Those who had best understood the purpose of the Summary Box felt that the 'Average Daily Cost' was unnecessary. However, others felt the additional inclusion of the 'Average Daily Cost', which had appeared in some prototypes (e.g. P7), was helpful.
- 4.8 Quoting a (high) figure attracted attention, even among those who claimed they would be sceptical of any figure shown. If personalised information on the possible scale of savings achievable by switching could be shown, then if this figure were, say, £50 per year or more, this would help draw readers' attention to the part of the Summary Box which discusses switching tariffs. However, there are also some potential issues with presentation of this information (see 4.11).

Issues with the Prototypes

- 4.9 As mentioned, one of the prototypes was dropped after the initial stage as it was not perceived to be user friendly (P8), and another because its design meant that respondents were disinclined to read the tariff summary (P7).
- 4.10 Of the final versions, the format highlighted above (in 4.5) is preferable to the Summary Box appearing above the actual bill element or appearing to be part of the bill element where it can make it more difficult for consumers to find and understand the information they seek (as in P7).
- 4.11 Whilst consumers expressed interest in seeing personalised information on likely savings (as reported in 4.8), it is not clear how practical and difficult it would be for energy suppliers to provide (i.e. to calculate and print the likely savings per customer on each energy bill). At present consumers are not expecting to see that information on bills and some also indicated that they might be irritated if they were prompted to check for potential savings and these turned out to be considerably less than the figure quoted.

Conclusions

- 4.12 The Summary Box on Bills should therefore ideally:
- ➔ Appear on the bill to the **right** of the actual billing detail and **below** customer contact information;
 - ➔ Appear in a discrete box with sub-headings within the box appearing on white print against a dark background; and
 - ➔ Include monthly standing charge and rate per unit.
- 4.13 It would also be helpful for some recipients if:
- ➔ The box has a highly coloured border; and
 - ➔ A figure for 'Average Daily Cost' is shown.
- 4.14 Personalised information on the potential savings a customer might achieve by changing tariffs could be helpful to consumers. It is less clear,

however, how practical or difficult it might be for energy companies to include such accurate personalised information in each customer's quarterly bill.

5. Tariff Information Labels

Objectives for this Communication

- 5.1 This proposed new concept is being developed by Ofgem to help consumers compare the key features of tariffs and work out which would be the most suitable for their needs. If adopted, this label would appear on Annual Statements and marketing materials and, as a minimum, would include the exact tariff name, tariff rate and termination end date/fees where applicable.

Consumers' Expectations of this Communication

- 5.2 As consumers had not seen such labels before they had no initial expectations. However, those more engaged in the energy market welcomed the idea of a Tariff Information Label as a way of reminding them of key details of their tariff (such as tariff end dates) and providing information that may be useful if and when they were thinking of switching.
- 5.3 It was also clear from this research that for such a label to be useful it would need to be easy to understand and not too detailed.

Summary of Prototypes Tested

- 5.4 Four versions of a Tariff Information Label were tested. In summary, the prototypes had the following key features and differences:
- P9: Unit rate; estimated monthly cost; definition of Standard Equivalent Rate (SER); estimated monthly spend (this prototype was combined with P12 and part of P11 after initial testing – updated version included unit rate; standing charge; pictograms; estimated monthly cost; single fuel and dual fuel iterations) – see page 69.
 - P10: Introductory paragraph; rate per kWh; definition of SER; estimated annual spend (this prototype was dropped after initial testing) – see page 70.
 - P11: Separate SER table with estimated annual cost; FAQs – see page 71; SER calculation – see page 71.
 - P12: The final version tested included no unit rate or standing charge; it replaced SER with Tariff Comparison Rate (TCR); pictograms; personalised projection in table format (this prototype was combined with P9 as highlighted above) – see page 72.

Most Effective Aspects and Issues

- 5.5 The Standard Equivalent Rate (SER) is potentially a key element of the Tariff Information Label. Before seeing the SER within the prototypes, several respondents spontaneously expressed a desire to be able to compare different tariffs more easily and felt that having a single figure to compare would make this much easier. Some perceived that the term 'Tariff Comparison Rate' (as in the revised version of P12) would be more intuitive.
- 5.6 The title of 'Your tariff information' was perceived to be an appropriate and accurate description of what followed.
- 5.7 The principle of FAQs was also liked (P11), with possible inclusions being 'what is a kWh?', 'what is a Tariff Comparison Rate?' etc.

Conclusions

- 5.8 There was interest, especially from those considering switching or who wanted to understand whether they were getting a good deal, in the idea of a Tariff Information Label. Consumers with interest in this wanted the label to include:
- Identifying information, (such as tariff name and type) that might help them if ringing their supplier or a third party;
 - Date tariff ends (and cancellation fees if applicable);
 - Information that would help them easily compare one tariff against another – that is, a Standard Equivalent Rate or Tariff Comparison Rate;
 - Information on their spend (e.g. average cost per month and predicted cost for next 12 months);
 - Estimated electricity usage for typical households (e.g. low, medium and high users); and
 - FAQs.
- 5.9 Some respondents felt they were unlikely to take much notice of a Tariff Information Label. This appears to be partly due to lack of familiarity with the concept as well as the context in which the stimulus was viewed (in isolation rather than embedded in marketing materials). It also related to some consumers' lack of engagement in the market and therefore fundamental lack of interest in this type of information.

6. Annual Statements

Objectives for this Communication

- 6.1 Annual Statements were introduced in 2010 to act as a trigger for consumer engagement. Annual Statements provide key information about a customer's energy supply including principal terms of the

contract as well as details of their energy consumption over the last twelve months and comparisons with the year previous to that.

- 6.2 Ofgem's key requirement is to provide information that will help consumers compare tariffs and suppliers. The ultimate intention is to encourage consumers to consider whether they are receiving a good deal and to think about switching tariffs and/or suppliers. Ofgem also wants the statements to help consumers understand why they are receiving this information and how they can use details provided to engage with the market.

Consumer Expectations of this Communication

- 6.3 The majority of respondents had no initial expectations of this communication. Nonetheless, they expressed interest in this communication once they were exposed to the prototypes. They were particularly attracted by the prospect of looking at personalised data on their household's energy use (e.g. graphs showing their year on year and/or quarter on quarter usage). However, a minority of those least engaged with energy choices expressed no interest in this communication.
- 6.4 Once introduced to the concept of Annual Statements, consumers would generally like these to provide information that will help them better understand:
- Their energy usage;
 - Contractual information; and
 - How they might compare their tariff against others offered by their supplier or competitors.
- 6.5 Consumers varied in how much detail they were looking for, but most wanted to pick out the key information quickly and easily, with minimal effort on their part.

Summary of Prototypes Tested

- 6.6 Four versions of an Annual Statement were tested, all of which are contained in the Appendix of the report. In summary, the prototypes had the following key features and differences:
- P13: Your annual energy statement; dual fuel; tariff label; glossary; statement-like format (this prototype was modified after initial testing) – see pages 83 and 88.
 - P14: Your annual energy summary; dual fuel; no tariff label; no glossary; graph; letter-like format (this prototype was dropped after initial testing) – see page 84.
 - P15: Your annual energy statement; full colour; A5 booklet; signposted switching messaging; tariff table; graph; glossary (this

prototype was modified after initial testing, and entitled ‘your annual electricity statement’) – see pages 85 and 91-92.

- P16: Similar content to the revised P15, expressed as questions and answer format; full-colour; A4 (this prototype was added after initial testing) – see pages 93-94.

Most Effective Aspects and Issues

- 6.7 A three page A4 version (P13) looked suitably serious, and led to an assumption that it had been individually produced and required action. However, its dense text and monochrome appearance were uninviting; in addition having a front page which essentially described what would appear on the next two pages was considered wasteful.
- 6.8 Overall, the two designs which worked best (P15 and P16) were both single-page (double-sided) documents which made judicious use of colour. The key information was easily visible in both, and the use of graphs to present information attracted attention.

Conclusions

- 6.9 Overall, reactions to Annual Statements were positive and sometimes enthusiastically so. However, the interest was more in the usage information than the tariff comparison information, and some less engaged consumers said they remain unlikely to read them.
- 6.10 Annual Statements are likely to be most effective if they:
 - Have a title that minimises the risk of them being confused with other documents (such as statements for direct debit customers) – ‘summary’ works better as a term than ‘statement’ for this reason;
 - Provide a brief prominent explanation of the purpose of the statement and why it is being provided;
 - Are no more than 2 pages in length (a single double-sided sheet);
 - Contain eye-catching personalised information on the first page to engage the consumer early on;
 - Include at least one graph/chart depicting the consumer’s energy usage;
 - Adopt at least one colour (in addition to black and white) and use clear headings to separate the different elements of the statement;
 - Include explanations of jargon on the second page for the minority of consumers likely to read or refer to these;
 - Include explanations of key contractual terms on the second page for the minority of consumers likely to read these, as well as to provide general reassurance and encourage people to keep the document; and

- Explain, within the section of the statement devoted to switching/consumer rights information, that energy suppliers are required to provide this information (as some consumers will not read the introductory explanation, and may consider it counter-intuitive for their supplier to be advertising how to potentially switch away from them).
- 6.11 This research suggests that consumers will be more likely to read information on changing tariff and/or suppliers if this section were to be headed 'Could you Save Money on Your Electricity/Gas?' than if it makes direct reference to switching.
- 6.12 It is also suggested that some consumers might benefit from more overt guidance within the statement as to what information they need in order to determine whether they are on the best tariff.

7. Potential of Communications to Help Different Customers

- 7.1 Both this and other research³ indicates that a key variable influencing the likelihood of an individual to benefit from the new style of communication is their current willingness to engage with the energy market.
- 7.2 Those who already switch suppliers relatively frequently are among those most likely to benefit from the new communications. This group is already engaged and receptive to receiving information. Some admitted to switching in the past without being sufficiently well-informed about if or how much they would save. These consumers hoped that the new communications will lead to better-informed switching decisions.
- 7.3 There are also consumers who would like to engage more actively and confidently with the energy market, and at least be able to check whether they are getting a good deal from their current supplier, but are currently held back by:
- Limited understanding of terminology used on bills and Annual Statements; and
 - Difficulty comparing across differently structured tariffs of gas and electricity suppliers.
- These consumers also have the potential to benefit from initiatives to standardise and improve communications from energy companies.
- 7.4 Other consumers have limited understanding of how their bills are currently made up. They claimed that they would be disinclined to switch suppliers because of the perceived hassle and doubts that switching

³ The 2008 FDS reports for Ofgem on Vulnerable and non-vulnerable consumers' engagement with the energy market and a 2011 FDS report for Ofgem on vulnerable consumers' engagement with the energy market highlight factors deterring consumers from engaging with the market

would provide sufficient savings to warrant the investment of time. They would like their energy bills to be lower but would need to be convinced that their potential greater engagement in the market would be relatively 'hassle-free' and likely to yield a financial benefit.

- 7.5 This research also included consumers who Ofgem defines as 'vulnerable' (e.g. due to physical disabilities, their age, or because they had limited English language, literacy or numeracy skills). Vulnerable consumers in this research were more likely to be disengaged from the energy market, and less likely to expect to take action as a result of receiving these communications.

2. Introduction

As part of its Retail Market Review, Ofgem is developing proposals to enhance effective engagement in the retail energy markets by:

- Improving the quality of information suppliers provide to consumers; and
- Empowering consumers to use information more easily to make well-informed choices of energy tariff.

Ofgem's research and analysis suggest only 5-10% of energy consumers are proactive in switching suppliers and the majority of consumers are disengaged from the market⁴. Research conducted for Ofgem in November 2011⁵ indicates that standardisation of both format and language will help consumers navigate information and develop their energy literacy over time.

Ofgem is proposing to require certain elements of suppliers' key routine communications to be standardised. As such, Ofgem, together with its design agency Boag McCann, has developed draft standardised formats for:

- Price Increase Notification letters;
- Summary Box on bills;
- Tariff Information Labels; and
- Annual Statements.

Ofgem is exploring proposals whereby each of these documents will contain information about the consumer's existing tariff, as well as details to help them compare against alternative tariffs/suppliers, and prompts to encourage them to engage with the market.

Ofgem has commissioned research to enable these draft standardised formats to be tested and further developed. The ultimate aim is to ensure that the final templates produced are:

- Clear and easy to understand;
- Likely to encourage consumers to consider action by comparing tariffs and/or switching; and

³Ofgem's Retail Market Review; Domestic Proposals; December 2011.

<http://www.ofgem.gov.uk/MARKETS/RETMKTS/RMR/Documents1/RMR%20Domestic%20Consultation%20December%202011.pdf>

⁵Lawes Consulting & Lawes Gadsby Semiotics; Retail Market Review – energy bills, annual statements and price rise notification advice on layout and the use of language; a research report for Ofgem; November 2011

- Inclusive and effective in communicating with a broad cross-section of consumers who will have a wide range of individual communication needs and preferences.

Ofgem expects this material to:

- Help consumers understand the key elements of their tariff, factors needed to compare tariff offers, how they can use this information to compare tariffs and implications of changes to their tariff (for example, price increases).
- Increase consumers' literacy and understanding with respect to tariff information from suppliers through the use of standardised formats and language.
- Prompt consumers to engage with the market, for example by thinking about what they are paying for energy, better understanding their consumer rights, and considering other opportunities that may be available in the market.
- Help consumers to compare tariffs so they can be:
 - More confident they are on the most appropriate tariff for them;
 - Better able to compare what they are paying after switching tariff or supplier compared to what they were paying previously; and
 - Better able to compare tariffs/suppliers' charges in advance of switching.

This report summarises the results of consumer testing which was a robust qualitative research programme with a diverse range of consumers (more information on the approach is contained in Section 3). The overarching aim of the research was to test and provide feedback on the draft standardised formats and language/terminology options as depicted in a range of prototypes.

Factors considered in the research included:

- Clarity and understanding;
- Navigability and ease of use;
- Visual appeal and impact;
- Tone and language; and
- Likely impact on behaviour.

As an initial point of context, it is worth noting that this study confirms findings of other qualitative consumer research⁶ in demonstrating that a major barrier to switching suppliers is uncertainty that such a switch will save money. This uncertainty is fuelled by a number of factors:

- ➔ Many energy consumers have limited understanding of how their energy bill is calculated and even less understanding of how their bill might be calculated under a different tariff or by a different supplier.
- ➔ Consumers may lose interest if they don't understand the information that's available, or if interest is maintained, they may lack confidence in any decisions they might make regarding tariffs or suppliers.
- ➔ The wide range of alternative tariffs can be off-putting to those consumers who do visit energy price comparison tables.
- ➔ Perhaps most importantly, there is a widespread belief among consumers that energy companies will leapfrog each other as prices move upwards and downwards. Therefore, consumers are fearful that if they switch to a supplier who is the cheapest at a given moment in time, that supplier may be one of the more expensive a few months later. This belief discourages proactive switching and provides customers with an apparently rational justification for not engaging with the energy market.

These factors serve to discourage consumers from switching suppliers, and to some extent they also inhibit switching tariffs whilst remaining with the same supplier. In addition, lack of awareness or understanding of the different options available with their existing supplier is also a crucial factor in limiting switching of tariffs with the same supplier.

The current study also confirms that even those consumers who are actively engaged in the market, and have switched suppliers recently, are not necessarily making fully informed decisions. For example, those who have changed suppliers in response to a salesperson's visit do not necessarily understand how the charging structures of their previous tariff compare to what they have signed up to.

⁶This is a theme reported in several Ofgem Consumer First Panel Reports e.g. the 2008 FDS reports for Ofgem on Vulnerable and non-vulnerable consumers' engagement with the energy market, and a 2011 FDS report for Ofgem on vulnerable consumers' engagement with the energy market highlight factors deterring consumers from engaging with the market.

3. Approach

3.1 Overview

A qualitative methodology was adopted to gauge consumer reactions to the prototypes. A total of 27 mini-groups (i.e. small focus groups with 4-6 individuals) and 10 in-depth interviews (i.e. individual face-to-face interviews) were conducted in April-May 2012. The smaller groups and interviews helped moderators ascertain the extent to which individual participants understood the material shown to them and allowed for greater depth of discussion overall.

Initial changes were made to the stimulus material following the first two focus groups (which acted as an informal pilot phase). Further changes were made following the first main phase of focus groups (groups 3-12, depths 1-3) which fed into the stimulus for the final phase of testing (groups 13-27, depths 4-10). There were also some minor changes made following the first set of focus groups in the final phase of testing (groups 13-20).

3.2 Sample Structure

The sample structure ensured it was possible to represent and compare the reactions of consumers:

- From different age groups and different socio-economic groups (SEG).
- Paying by different methods (most paid by direct debit but quarterly cash/cheque payers and pre-payment meter customers were also represented).
- On different tariffs (including those with Economy 7 or equivalent tariffs which offer cheaper rates for electricity during the night than the day).
- Who were regular, limited and non-switchers (regular switchers had switched suppliers in the last 12 months and at least twice in the last few years, 'limited' switchers had switched once or twice in the last ten years but not in the last 12 months, 'non' switchers had not switched in the last ten years).
- Living in urban, suburban or rural areas within England, Scotland and Wales.
- From different ethnic groups (including a range of different black and minority ethnic respondents who took part in the urban and suburban focus groups).
- Who have characteristics which are likely to make them vulnerable consumers (e.g. those aged over 75; those who have difficulties reading, writing or working with numbers; those who struggle to understand bills; those who have limited English or English as a second language; and

those who are visually impaired – these respondents were researched in the depth interviews).

The profile of focus group respondents is summarised in the tables below:

Group Profiles – Phase One

	Location	Age	Class	Switching	Other	Date
1	London (Viewing Studio)	Under 35	ABC1	Multi	All direct debit	April 2
2	London (Viewing Studio)	40-59	C2DE	Limited	-	April 2
3	London (Urban)	50+	C2DE	Any	No internet access at home	April 4
4	London (Urban)	Under 50	C1C2D	Any	Polish – limited English	April 4
5	Stirling, Scotland (Rural)	Under 40	ABC1	Multi	All direct debit	April 10
6	Stirling, Scotland (Rural)	40-59	C2D	Limited	All quarterly bill payers	April 10
7	Newport (Urban)	Under 40	DE	Any	Literacy/numeracy difficulties	April 11
8	Newport (Urban)	60-74	C2DE	Non	No internet access. All quarterly bill payers	April 11
9	Leeds (Urban)	40-59	ABC1	Multi	-	April 11
10	Leeds (Urban)	Under 40	DE	Limited/ Non	Pre-payment meter	April 11
11	Sutton Coldfield (Suburban)	Under 35	C2DE	Non	At least 2 to be pre-payment meter. Single mums	April 12
12	Sutton Coldfield (Suburban)	30-59	C1C2D	Any	All Economy 7 Elec customers	April 12

Group Profiles – Phase Two

	Location	Age	Class	Switching	Other	Date
13	Poole, Dorset (Rural)	60-74	ABC1	Limited/ Multi	-	April 23
14	Poole, Dorset (Rural)	Under 30	C1C2D	Any	-	April 23
15	Poole, Dorset (Rural)	40-59	ABC1	Limited	All direct debit	April 23
16	Bradford (Urban)	35-74	C1C2DE	Any	Asian – limited English (female)	April 23
17	Edinburgh (Urban)	60-74	C2DE	Non	No internet access	April 24
18	Edinburgh (Urban)	30-59	C1C2D	Any	All Economy 7 Customers	April 24
19	Carmarthen Wales (Rural)	40-59	ABC1	Any	-	April 24
20	Carmarthen Wales (Rural)	40-59	C2DE	Any	-	April 24
21	Elstree, Herts (Suburban)	60-74	BC1C2	Limited/ Multi	-	May 1
22	Elstree, Herts (Suburban)	Under 30	C1C2DE	Any	Pre-payment meter	May 1
23	Elstree, Herts (Suburban)	40-59	ABC1	Non/ Limited	Direct debit	May 1
24	Bristol (Urban)	Under 40	DE	Non/ Limited	Literacy/numeracy difficulties	April 30
25	Bristol (Urban)	60-74	C2DE	Non/ Limited	No internet access. All quarterly bill payers	April 30
26	York (Urban)	40-59	ABC1	Multi	Direct debit	April 30
27	York (Urban)	60-74	C1C2DE	Single	-	April 30

For groups held in Poole and Stirling, respondents were drawn from nearby villages. For the groups held in Carmarthen, respondents were drawn from Carmarthen itself and local villages.

Depths interviews were held in London, Bristol and Edinburgh and the profiles of the respondents were as follows:

- ➔ Three men and three women aged 75 or over.
- ➔ One woman and one man with limited English (black African and Algerian ethnicity).
- ➔ Two visually impaired women.

3.3 Research Procedure

Each session began with a brief discussion about attitudes to energy suppliers, experiences of switching suppliers, and triggers and barriers to switching. Reactions to communication types, and various prototypes within these, were then gauged in considerable depth and detail. The communication types and prototypes that were tested are summarised in the table below:

Communication Type	Number of variants tested in first phase	Numbers tested in second phase
Price increase notification letters	4	3
Summary Box on Bills	4	2
Tariff Information Label	4	3
Annual Statements	3	3

In general, respondents were each exposed to 2-3 different types of communication and up to 4 different prototypes for each communication type. The order in which prototypes were shown was rotated between the groups and in-depth interviews to ensure there was not any order effect.

When prototypes were initially handed around, respondents were observed looking at them and asked for their initial spontaneous reactions without directing their attention to any specific elements. Thereafter, the moderator worked through specific features and information that were of particular interest to Ofgem and the design agency, Boag McCann, with respondents being asked to explain their reactions to these in some detail.

4. Findings Applicable to all Communications

4.1 Introduction

Later sections of this report focus on specific types of communications:

- Price Increase Notification letters;
- Summary Box on bills;
- Tariff Information Labels; and
- Annual Statements.

In this section we consider the over-arching findings from the testing programme.

4.2 Presentation and Length

Firstly, consumers have particular information they want to find on communications with which they are already familiar (e.g. how much to pay and when on bills, and the scale and likely impact of a price rise on a Price Increase Notification). Consumers must be able to quickly find and understand this kind of information and reactions in this research suggest that they are not likely to react positively if proposed changes make this more difficult. It is essential, therefore, that the inclusion of additional information – e.g. on opportunities to switch tariffs or suppliers – does not make it more difficult for consumers to find and understand the information they regard as key. All of the prototypes in the final stage of testing met this important requirement.

Secondly, from an accessibility point of view, it is important that all documents meet the needs of all consumers. This means communications need to be clearly and simply written so that even those with low engagement in the market, or limited literacy or numeracy, can find the information they need easily. However, communications such as Annual Statements also need to take account of consumers who are more engaged in the market and interested in receiving more detail.

In addition, consumers want information to be succinct and, ideally, restricted to one or two sides of paper without looking cluttered. If it were possible to include all necessary information without the documents appearing cramped or cluttered, Price Increase Notifications should ideally consist of a single page while more complex documents such as Annual Statements should be limited to two sides (i.e. a single sheet). Documents perceived to be overly long or cluttered discourage consumers, especially those with minimal engagement in the energy market, from reading further.

All consumers want information to be clear and, as far as possible, personalised to their own household. Some earlier prototypes of the Annual Statement were not effective because the lack of personalisation discouraged respondents from engaging with them.

It was also clear that consumers want to have an idea of what a communication from their energy supplier is for and how it might benefit them. In the case of a bill the purpose and the reason for sending it is obvious. Those who recalled receiving Price Increase Notification letters also felt there was a clear purpose for this communication. On the other hand, the purpose of an Annual Statement was not always obvious to those who had recalled receiving them or in response to being shown prototypes in the research. Even those who could see a point to the Annual Statement did not necessarily initially link it to switching tariffs or suppliers. If the purpose of a communication such as the Annual Statement is not self-explanatory then would be helpful for consumers if they are informed about what the document is and why they have been sent it.

Simple tables and/or graphs of personalised information help to communicate what consumers are using/spending and what they might spend in the future following price changes. Clear bold headings help capture attention. White print on a dark background proved very effective for headings within a communication. Consumers found prototypes more inviting to read when they featured colour rather than just black and white. The use of white pages with black and one other colour make documents look attractive but also serious and important, and so can be helpful in encouraging engagement with the communication.

4.3 Content, Language and Terminology

A recurring theme in focus groups and depth interviews was a dislike of what consumers regard as 'jargon'. Respondents perceived jargon to be at best unnecessary and at worst a deliberate ploy on the part of energy suppliers to make the information difficult to understand. When reading documents, many consumers (especially those with low engagement in the energy market) reported that they disengage when they see what they believe to be jargon.

Consumers differed to some degree over what terms they were unfamiliar with or regarded as jargon. For example, whilst most were familiar with the term 'standing charge', a minority were unsure what this refers to. Similarly, the term 'tariff' was clear to many, but some were unsure what this meant or unaware that their energy supplier offered a number of different tariffs. Overall, the terms most likely to be considered jargon were 'kilowatts' or 'kilowatt hours', with many stating that that they could not understand the energy consumption figures on their bill expressed in kilowatts or kWhs. On the other hand, whilst pre-payment meter customers normally talked about paying by key or card, the phrase 'pay as you go' was readily understood and thought to be a good description of how they were paying.

Whilst the ideal would be to reduce or eliminate jargon from communications, many thought the inclusion of a section to provide explanations of jargon was a good idea. The words and phrases included in the explanations of 'jargon' on prototype Annual Statements generally reflected quite well what people considered to be 'jargon'. More detail on views and preferences regarding terminology appears in Section 10 of this report.

In several groups, respondents complained at an early stage that there was no single figure that enabled them easily to compare the tariffs offered by different suppliers on a like-for-like basis. Therefore, the concept of a Standard Equivalent Rate⁷ has potential to help the many consumers who want to compare rates across tariffs and/or suppliers but are currently constrained by the perceived difficulty of making such comparisons. Some reported using APR/AER to choose between different loans or deposit accounts, so SER has the potential to play a similar role. However, currently the term 'Standard Equivalent Rate' means nothing to consumers and a major consumer education programme would be necessary for this initiative to be understood and used when comparing tariffs. In the later groups, people reacted more positively to the phrase 'Tariff Comparison Rate', as it was felt to be slightly easier to infer from its name what this was.

Consumers generally like monetary amounts on Tariff Information Labels and similar documents to reflect the way they budget. With many consumers reporting that they budget on a monthly basis, showing figures such as standing charges as a monthly figure are likely to be the most helpful option for many. However, when considering whether to switch tariff or supplier, savings can appear greater if expressed as an annual rather than a monthly figure. For this reason some respondents felt it was more useful to see figures presented in terms of annual spend. Therefore, showing spend for a whole year on documents such as Annual Statements or Price Increase Notification letters may be helpful in conveying the magnitude of a price rise and opportunity to make significant savings by investigating other offers.

⁷ The 'Standard Equivalent Rate' (SER) is a figure calculated for each energy tariff which will enable that tariff to be compared on a like-for-like basis against other tariffs. The actual term 'Standard Equivalent Rate' has not been confirmed as Ofgem's chosen term. An alternative name ('Tariff Comparison Rate') was also tested in the later stages of this research. Please note that the SER concept was only tested at a high level in this research, and a parallel programme of in-depth deliberative research will explore different models for how the SER/TCR may operate and how it should be presented, to be both engaging and able to facilitate accurate decision making.

5. Price Increase Notification Letters

5.1 Function

Suppliers are required to provide consumers with 30 days advance notice of price rises (and any other unilateral variations which increase the charges to supply). It is important that consumers understand the impact of the price change and their rights to change tariff, supplier or seek advice. Ofgem is keen to ensure key information is provided to consumers in a clear and easily understood format. As a result, Ofgem proposed in December 2011 that key information on the increase in charges on Price Increase Notification letters should be subject to a standardised format. In addition, Ofgem has proposed that the notice should contain information on consumers' rights and responsibilities, such as the possibility to avoid the increase through changing supplier or tariff.

5.2 Key Findings

Encouragingly, the three prototypes tested in the final phase were all:

- Effective in engaging the reader's attention and quickly communicating the purpose of the communication;
- Able to meet consumers' needs with respect to explaining the scale, timing and likely impact of the price increase; and
- Thought to be a reasonable length.

The prototype that was liked the best by consumers overall was prototype P2 (see pages 33 and 34). This was felt to be laid out in a logical way and to be straightforward in how it conveys information. It therefore received very few negative comments.

A fairly common criticism levelled at prototype P3 (see page 40) was that it looked messy and/or cluttered. Whilst some liked the graph contained in this prototype, a minority considered this to be unnecessary.

The prototypes differed in their effectiveness in terms of encouraging consumers to notice and read information about their consumer rights and opportunity to switch tariffs or suppliers. In this respect the most effective prototype was P4 (see page 43) whose bold headings and single page format increased the likelihood of this information being read. By contrast, consumers were less likely to read this information when it was given little prominence on the document or appeared on the reverse side.

However, P4 was also criticised by a sizeable minority of respondents (more than P3 and far more than P2). This was because:

- ➔ Some consumers did not like the absence of a greeting (though from a design perspective it would be difficult to address this issue without going onto a second page).
- ➔ Some (especially those with no intention of switching) were irritated by the prominence given to the consumer rights and switching information as they felt these subjects were of less interest and importance than the scale and likely impact of the price increase.
- ➔ Many argued that the likelihood of taking action arising from a price rise depended more on the scale of the increase than the prominence given to switching information on the notification letters. They felt it was therefore not appropriate to make this information very prominent.

Although P2 was the most generally liked prototype, there was no clear ‘winner’ overall, as both P3 and P4 also had strengths. In general, the findings from this research indicate that consumers are most likely to notice and read information about their consumer rights and changing tariffs and suppliers when:

- ➔ This information is all on one page, rather than on the reverse side of the letter (although it may not be feasible to include all relevant information on a single page without it looking cluttered).
- ➔ This information is given similar prominence to the information on the scale and impact of the increase.

5.3 Consumer Recall and Expectations of Price Increase Notification Letters

Most respondents recalled receiving Price Increase Notification letters from their energy supplier. Some said these arrived with a bill, whilst others recall being sent the letter separately.

These were often received after consumers had learnt of prospective price increases from media coverage. This meant that some consumers felt resentment about the ‘fait accompli’ nature of the notification, and some were sceptical about any explanations or accompanying information provided by their supplier.

Those who recalled receiving such letters said they did not spend a long time studying them, but felt they had taken on board the key message which is that prices were going up, by how much and from what date.

These key facts about the price increase were what consumers expected from Price Increase Notification letters. They would also like, but do not necessarily

expect to see, information on the likely impact on their energy bills moving forward.

A minority were unsure whether or not they had received such letters from their energy supplier and a few insisted they had not.

“They put the prices up. I didn’t get any letter, it was just on television (Watchdog)”

(Male, C2DE, 60-74, Edinburgh)

Whilst recollection of Price Increase Notification letters was higher than of Annual Statements, it still appears that more could be done to ensure these letters have impact and are memorable.

5.4 Reactions to Prototype 1

In the first stage of testing, respondents who saw the Price Increase Notification Letters were shown four different versions of the letter. The P1 prototype (which appears overleaf), shows the effect of the price increase on typical Low, Medium and High energy users rather than specifying the effect on the individual customer who would be receiving the letter.

After the first twelve groups, P1 was dropped because respondents rejected this version due to its lack of personalised information. Several respondents questioned how they were supposed to know whether they were a Low, Medium or High energy user. It was this lack of personalisation, as well as a perception that it required a lot of effort to work out what it was saying, which contributed to this prototype being the least well liked of the four examples shown. The exchanges below highlight respondents’ reservations about P1:

“It’s saying these are the costs of a typical low, medium or high energy user.” (Moderator) “Which is confusing. I’m not interested.” (Female) “Yeah, you don’t care about that really. You want to know how much it’s actually going to cost you.” (Male)

(ABC1, under 35, London)

“Where do you go and try to find out what you use, where do you try and compare? [Is it] telling me I need to use less energy or do more to lower my costs? Because I’m sure every single person that will get this will look at it and they’d all have the same question, like where am I? Low, Medium, High - what’s the difference?”

(Male, ABC1, 40-59, Leeds)

P1



Mr A Smith
1 Sample Street
Sample Ville
SAMPLE

02 November 2011

Dear Mr Smith,

Your energy prices are increasing from 01 December 2011

Because wholesale prices have increased, the price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh. The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh. Your standing charges will remain the same. Compare your usage to these national averages for low, medium and high energy use, to get an idea of how this will affect you:

	Current prices up to 30 Nov 2011		New prices after 01 Dec 2011	
	Average cost per month	Cost per year	Average cost per month	Cost per year
Low energy use • xxxx kWh of electricity per year • xxxx kWh of gas per year	£xxx.xx	£xxx.xx	£xxx.xx	£xxx.xx
Medium energy use • xxxx kWh of electricity per year • xxxx kWh of gas per year	£xxx.xx	£xxx.xx	£xxx.xx	£xxx.xx
High energy use • xxxx kWh of electricity per year • xxxx kWh of gas per year	£xxx.xx	£xxx.xx	£xxx.xx	£xxx.xx

Prices shown include all added charges, discounts and VAT.

Are you on the best tariff for you?

We may be able to help you save money with one of our other tariffs. Call us or visit www.yourpower.co.uk/tariffs for details.

Yours sincerely,

Name
Title/position

Questions?

☎ **0800 123 1234**
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

🌐 **www.yourpower.co.uk**

🏢 Your Power
Head Office
12 Sample street
Sample Town
XX99 9XX

Your customer number:

123 123 123 123

Supply address:
20 Sample Street, Sample Town, Sample Ville
SAMPLE

Your region: London

Your gas tariff: Standard Gas

Your electricity tariff: Standard Electricity

Your payment type: Direct Debit

Impartial advice

You may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on **0800 8910 256** or by visiting www.consumerdirect.gov.uk.

If you decide to switch your supplier, please let us know **before 01 December 2011** to avoid the price increase. We won't charge you an exit or termination fee for switching.

Your rights as a consumer

You have a right to end your contract for gas or electricity (or both) because of the charge increase. There will be no exit fee for ending your contract if you tell us you want to do this by 1 December 2011. You can phone 0121 123 4567 or write to the address at the top of this letter.

If you tell us that you want to end your contract by 1 December 2011, you can take either of the following options:

- **You can switch to another one of our tariffs.** We won't charge you any increase if you switch to another tariff within 30 working days of letting us know you want to end your contract.
- **You can switch to another supplier.** We won't charge you any increase if within 30 working days of letting us know you want to end your contract, your proposed new supplier has also told us that they'll be taking over your supply within a reasonable period of time. However, if you have unpaid charges on your account, we may prevent the switch until you have paid them. If so, we will write to tell you. If you pay the balance on your account within 30 working days of us telling you this, your switch can still go ahead and we won't apply a charge increase during the switching period.

5.5 Reactions to Prototype P2

Overview

Prototype P2 attracted the fewest negative comments of the prototypes shown and was generally liked. It was generally considered to be effective in communicating the key information respondents felt they needed to know in a straightforward way.

However, it was missing some features that consumers liked or were effective in other prototypes - such as the graph on P3 (see page 40), and the more prominent consumer rights and switching information on P4 (see page 43). In P2, consumers often failed to notice or to read information on changing suppliers/tariffs or on consumer rights so, in this respect, P2 was only partially successful.

The first version of P2 is shown overleaf. The revised version, tested in the second phase of research, is on the following page.

P2 Version 1



Mr A Smith
2 Sample Street
Sample Ville
SAMPLE

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power
12 Sample street
Sample Town
XX99 9XX

Your customer number:
123 123 123 123

Supply address: 20 Sample Street, Sample Town, Sample Ville SAMPLE

Your region: London

Your gas tariff: Standard Gas

Your electricity tariff: Standard Electricity

Your payment type: Direct Debit

02 November 2011

Dear Mr Smith,

Your energy prices are increasing from 01 December 2011

Your energy prices

Because wholesale prices have increased, from 01 December 2011, the price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh. The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh. Your standing charges will remain the same. Here's a breakdown of how your prices are changing:

Fuel type	Charges	Current prices until 30 November 2011	New prices after 01 December 2011
Electricity	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
Gas	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp

Your projected costs

In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings). Here's an idea of how the price increases will affect you, assuming you continue to use the same amount of energy over the next 12 months:

	Current prices until 30 November 2011	New prices after 01 December 2011
Your projected average monthly cost	£xxx.xx	£xxx.xx
Your projected yearly cost	£xxx.xx	£xxx.xx

Your projected costs include all added charges, discounts and VAT.

Are you on the best tariff for you?

We may be able to help you save money with one of our other tariffs. Call us or visit www.yourpower.co.uk/tariffs for details.

Yours sincerely,

Name

Title/position

Impartial advice

You may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on **0800 8910 256** or by visiting www.consumerdirect.gov.uk.

If you decide to switch your supplier, please let us know **before 01 December 2011** to avoid the price increase. We won't charge you an exit or termination fee for switching.

For your rights as a consumer
see overleaf >

P2 Version 2



Mr A Smith
2 Sample Street
Sample Ville
SAMPLE

02 November 2011

Dear Mr Smith,

Your energy prices are increasing from 01 December 2011

Your energy prices

Because wholesale prices have increased, from 01 December 2011, the price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh. The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh. Your standing charges will remain the same. Here's a breakdown of how your prices are changing:

		Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Electricity	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
Gas	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp

All charges include VAT.

Your projected costs

In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings). Here's an idea of how the price increases will affect you, assuming you continue to use the same amount of energy over the next 12 months:

	Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Your projected average monthly cost	£xxx.xx	£xxx.xx
Your projected yearly cost	£xxx.xx	£xxx.xx

Your projected costs include all added charges, discounts and VAT.

If you decide to stay with us, then we may need to change your Direct Debit payments. We will let you know about any changes in advance, and tell you about your rights.

Are you on the best tariff for you?

We may be able to help you save money with one of our other tariffs. Call us or visit www.yourpower.co.uk/tariffs for details.

Yours sincerely,

Name – Title/position

Impartial advice

As your energy supplier we have an obligation to remind you that you may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on 0800 8910 256 or by visiting consumerdirect.gov.uk

If you decide to switch your supplier, please let us know **before 01 December 2011** to avoid the price increase. We won't charge you an exit or termination fee for switching.

Questions?

0800 123 1234

Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power, Head Office, 12 Sample street, Sample Town XX99 9XX

Your customer number:

123 123 123 123

Supply address:

20 Sample Street, Sample Town,
Sample Ville SAMPLE

Your region: London

Your gas tariff: Standard Gas

Payment type: Direct Debit

Your electricity tariff: Standard Electricity

Payment type: Direct Debit

For your rights as a consumer
see overleaf >

Initial impressions

Respondents either liked or were neutral about the appearance of this prototype. Respondents reported that they felt encouraged to read on and find what they needed from the letter.

“It’s plain and it’s clear... It’s aesthetically pleasing.”
(Female, ABC1, 40-59, Rural Wales)

“The print size is a little small but I think the main bits are big enough. I think it’s quite straightforward considering some of the small print I’ve seen on letters in the past, it’s not too bad.”
(Female, 40-59, visually impaired, Edinburgh)

Understanding

Respondents generally were able to pick up the information they thought they needed.

“It shows the most important information which is how much it will cost. It gives the new prices.”
(Female, ABC1, 40-59, Herts)

“It’s telling you how much it costs per unit, your standing charge added on, your unit rate per kilowatt and then you’ve got your projected average monthly cost and it’s got your projected yearly cost. This is really good. I’m really understanding this.” (Female) *“Yeah, because you can see there that is today’s price and the new charges there, you should be able to differentiate between the two of them.”* (Male)
(C2DE, 60-74, Edinburgh)

Interestingly, when P2 was the first version shown most people said the information was clear and straightforward and did not express a wish, either to see the information presented graphically, or to see the percentage increase. That is to say, they did not spontaneously call for the information or presentation formats that later tested well in other prototypes.

P2 Version 2 Detail – Your Projected Costs

Your projected costs

In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings). Here's an idea of how the price increases will affect you, assuming you continue to use the same amount of energy over the next 12 months:

	Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Your projected average monthly cost	£xxx.xx	£xxx.xx
Your projected yearly cost	£xxx.xx	£xxx.xx

Your projected costs include all added charges, discounts and VAT.

If you decide to stay with us, then we may need to change your Direct Debit payments. We will let you know about any changes in advance, and tell you about your rights.

When shown P2, consumers concentrated on the information they felt would be important to them, that is, the unit rate price increase and the impact on projected costs (as shown in the example above). Consumers could clearly see how much the unit rate would be increasing by and, through the projected costs, what the likely impact would be on what they need to pay. Some particularly liked the projected costs and said they had not seen this information on Price Increase Notification letters they had received in the past.

"They are trying to forecast by looking back on the past."

(Male, ABC1, 40-59, York)

"I think it could be a good thing because you can then think 'oh right this is how much that they reckon I will use on what I've used before'. Saves me working it out sitting down with a bit of paper. I haven't got time as I'm busy working. So, yes, that does help with that."

(Female, ABC1, 40-59, Rural Wales)

Respondents generally regarded projected average monthly costs to be the most useful figure because most budgeted on a monthly basis.

While the projected costs were mostly felt to be useful and important, some questioned the value of projections, given that energy usage in a given month or year was often variable and driven by the seasons or weather conditions.

"But you don't know the weather, it could be freezing cold or maybe it wasn't so cold so you're not going to use so much. So you cannot really average it out."

(Male, C2D, 40-59, Rural Scotland)

P2 Version 2 Detail – Impartial Advice

Impartial advice

As your energy supplier we have an obligation to remind you that you may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on 0800 8910 256 or by visiting consumerdirect.gov.uk

If you decide to switch your supplier, please let us know before 01 December 2011 to avoid the price increase. We won't charge you an exit or termination fee for switching.

Respondents paid more attention to the projected costs than to the box displaying impartial advice about switching at the foot of P2 (as shown above). This may in part reflect greater interest in the content of projected costs. However, respondents were less likely to pick up on the 'impartial advice' when looking at P2 than when looking at P4 (see page 43). Whilst it was found that having headings displayed in white print on a dark background draws attention to them, using this presentation style for longer text (i.e. two paragraphs and a heading in this case) dilutes the impact and actually discourages some people from reading the content.

"They've just done a different box but when it's black like that it tells me that it's not information I need instantly."

(Female, 40-59, visually impaired, Edinburgh)

However, some did notice the section headed 'Impartial advice' on P2 and, when they read it, they liked the content.

"That's very good actually, the second part as well – 'if you decide to switch please let us know before the 1st December, we won't charge you an exit or a termination fee for switching'."

(Male, ABC1, 40-59, Rural Wales)

"It's giving you a number on there to phone for impartial advice. It's a freephone number so I'd phone them up and see what's the best deal I could get."

(Male, C2DE, 40-59, Rural Scotland)

When respondents who had not yet noticed this section were asked to look at it, some were puzzled as to why an energy company would print this information on their letters to customers. This was even after reading text that says the supplier is obliged to present this information.

"My supplier isn't going to put that at the bottom of a letter. I don't see anybody doing that. It must be a big company if they're doing that."

(Male, C2DE, 60-74, Edinburgh)

P2 Version 2 Detail – Your rights as a consumer

Your rights as a consumer	
<p>You have a right to end your contract for gas or electricity (or both) because of the charge increase. There will be no exit fee for ending your contract if you tell us you want to do this by 1 December 2011. You can phone 0121 123 4567 or write to the address at the top of this letter.</p> <p>If you tell us that you want to end your contract by 1 December 2011, you can take either of the following options:</p> <ul style="list-style-type: none"> • You can switch to another one of our tariffs. We won't charge you any increase if you switch to another tariff within 30 working days of letting us know you want to end your contract. 	<ul style="list-style-type: none"> • You can switch to another supplier. We won't charge you any increase if within 30 working days of letting us know you want to end your contract, your proposed new supplier has also told us that they'll be taking over your supply within a reasonable period of time. However, if you have unpaid charges on your account, we may prevent the switch until you have paid them. If so, we will write to tell you. If you pay the balance on your account within 30 working days of us telling you this, your switch can still go ahead and we won't apply a charge increase during the switching period.

Only some noticed the reference to 'for your rights as a consumer see overleaf' and turned over. For others, it was their habit automatically to turn over to check what if anything was on the other side. A few failed to turn over so missed the information on consumer rights initially. When respondents were instructed to turn over the page they typically noted the heading on consumer rights (as shown above) but often did not read the detail, instead turning back quickly to what they considered to be the key information.

"They're actually saying there's not a fee if you renew your contract with somebody else. You see at the back there?"

(Male, C2DE, 60-74, Edinburgh)

"That's the sort of thing I tend to glaze over to be honest because that always strikes me as blurb that's tagged on at the end."

(Male, ABC1, 40-59, Leeds)

As a result, P2 was not very effective in ensuring that consumers spotted and took notice of the information on consumer rights and impartial advice in the document.

Overall, the standout content of P2 was the heading 'Are you on the best tariff for you?', with its invitation to ring or go online for more information. Some felt that, regardless of the price increase, this would encourage them to compare tariffs. Others felt that they could be encouraged to compare tariffs if the price rise was significant.

"To be honest, I don't know if I'm on the best tariff. I didn't change but, looking at this, I'm thinking about it"

(Male, C2DE, 60-74, Edinburgh)

"I think that's excellent."

(Female, ABC1, 40-59, Rural Wales)

Tone and Language

There were some consumers who felt that an announcement of a price increase should be accompanied by an apology, but this was not a widely- or strongly-held view. More commonly, consumers expected suppliers to provide a reason for the price rise even if many felt they would be sceptical of the reason given.

In the context of these expectations, respondents generally felt the tone, language and content of the P2 was appropriate:

“I hate [letters which are] too strict or too friendly, I like it somewhere in the middle, it’s quite a soft toned letter and I quite like the language.”

(Female, 40-59, visually impaired, Edinburgh)

5.6 Reactions to Prototype P3

Overview

The distinguishing feature of P3 (shown overleaf) relative to P2 was felt to be its graphical representation of projected costs. Consumers were usually able to grasp the likely impact of a price increase based on text and tables alone. The use of a graph was therefore not thought to be essential but most felt it could be helpful in reinforcing the message. As with P2, this prototype was effective at communicating the date and scale of the price increase, but some consumers missed the ‘impartial advice’ about switching or the further information on ‘your rights as a consumer’. P3 also received some criticism for being seen to have a rather messy appearance.

P3

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
3 Sample Street
Sample Ville
SAMPLE

02 November 2011

Dear Mr Smith,

Your energy prices are increasing from 01 December 2011

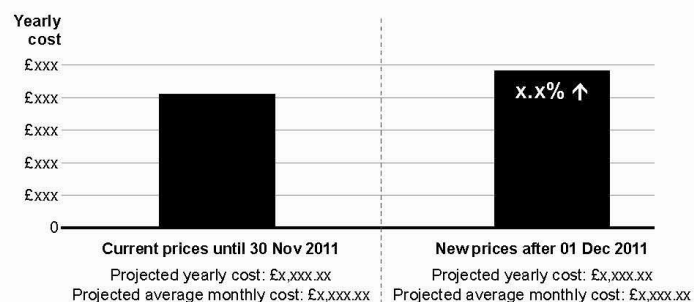
Your energy prices

Because wholesale prices have increased, from 01 December 2011, the price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh. The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh. Your standing charges will remain the same. Here's a breakdown of how your prices are changing:

Fuel type	Charges	Current prices until 30 November 2011	New prices after 01 December 2011
Electricity	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
Gas	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp

Your projected costs

In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings). Here's an idea of how the price increases will affect you, if you use the same amount of energy over the next 12 months:



Are you on the best tariff for you?

We may be able to help you save money with one of our other tariffs. Call us or visit www.yourpower.co.uk/tariffs for details.

Yours sincerely,

Name
Title/position

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power
Head Office
12 Sample street
Sample Town
XX99 9XX

Your customer number:

123 123 123 123

Supply address:
20 Sample Street, Sample Town, Sample Ville
SAMPLE

Your region: London

Your gas tariff: Standard Gas

Your electricity tariff: Standard Electricity

Your payment type: Direct Debit

Impartial advice

You may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on **0800 8910 256** or by visiting www.consumerdirect.gov.uk.

If you decide to switch your supplier, please let us know **before 01 December 2011** to avoid the price increase. We won't charge you an exit or termination fee for switching.

For your rights as a consumer
see overleaf >

Initial Impressions and Understanding

Most reacted favourably to the simple graphical representation of projected costs. As mentioned, whilst this visual device was not felt to be essential, it was expected to reinforce the message and convey the scale of the price increase.

“I think the pictorial thing makes it simpler and it makes it more powerful as well. It stands out.”

(Male, ABC1, 40-59, Leeds)

“It’s telling you the percentage it’s going to go up.”

(Male, C2DE, 60-74, Edinburgh)

“It’s showing you how much it’s going up because if they say 10% or 15% you really don’t know but when it’s an actual graph, you think, oh that’s quite a big jump really.”

(Female, ABC1, 40-59, York)

Only a minority did not like the graphs. Some of these said they struggled to understand them and therefore found them off-putting. Others simply disliked the appearance of the graphs and others still felt that the information conveyed is too straightforward to need or benefit from a graphical representation.

There were also more positive than negative comments about the inclusion of the percentage increase.

“It’s actually telling you the percentage it’s going to go up, that’s quite good because you could work that out.”

(Male, C2DE, 60-74, Edinburgh)

The main criticism of P3 overall relates to its layout which was felt to be rather cluttered, messy and even illogical in the way it presents the information.

“It’s displeasing to the eye. There’s too much going on there.”

(Female, C1C2DE, Under 30, Herts)

“I don’t like the look of that because it’s too cramped. The actual information you need to read is crammed on one side and I don’t think it should be. I think if it’s important information, it should have a section by itself.”

(Female, ABC1, 40-59, Rural Wales)

“The impartial advice box doesn’t stand out as well as it does on P2.”

(Female, C2DE, 40-59, Rural Wales)

In addition, whilst some liked the placement of the ‘impartial advice’ box in P3, others felt that it was too easy to miss, as was the signpost instruction to ‘see over for your rights as a consumer’. Therefore, although most respondents

noticed the heading 'Are you on the best tariff for you?', P3 appeared to be one of the least effective prototypes in drawing attention to information about consumers' right to switch.

Tone and Language

The distinguishing feature of this prototype was felt to be its graphical representation of energy usage. Comments about the tone and language of this prototype were similar to those made about P2 (see Section 5.5).

5.7 Reactions to Prototype P4

Overview

P4 attracted more mixed reactions than P2 or P3. The main aspect that was irritating to some was the perceived emphasis of this prototype on information that many consumers had less interest in. However, this version (shown overleaf) appeared to be the most successful in encouraging consumers to read information about consumers' rights and the opportunity to change tariffs or suppliers.

P4



Mr A Smith
4 Sample Street
Sample Ville
SAMPLE

Your customer number:
123 123 123 123

Your supply address:
20 Sample Street, Sample Town,
Sample Ville SAMPLE

Your region: London

Your gas tariff: Standard Gas

Your electricity tariff: Standard Electricity

Your payment type: Direct Debit

Questions?

0800 123 1234

Lines open 8am–8pm Mon–Fri,
8am–2pm Sat

www.yourpower.co.uk

Your Power
Head Office
12 Sample street
Sample Town
XX99 9XX

Your energy prices are increasing from 01 December 2011

Because wholesale prices have increased:

- The price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh
- The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh
- Your standing charges will remain the same.

		Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Electricity	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
Gas	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp

Your projected costs for the next 12 months

- In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings)
- If you continue to use the same amount of energy over the next 12 months, here's an idea of how the price increases could affect you:

	Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Your projected average monthly cost	£xxx.xx	£xxx.xx
Your projected yearly cost	£xxx.xx	£xxx.xx

Your projected costs include all added charges, discounts and VAT.

Your right to switch tariff or supplier

Are you on the best tariff for you?

We may be able to help you save money with one of our other tariffs. Call us or visit www.yourpower.co.uk/tariffs for details.

Impartial advice

You may wish to consider changing your supplier. If you would like information, impartial advice or details about changing your energy supply, this is available from Consumer Direct on **0800 8910 256** or by visiting www.consumerdirect.gov.uk.

If you decide to switch your supplier, please let us know **before 01 December 2011** to avoid the price increase. We won't charge you an exit or termination fee for switching.

Your rights as a consumer

You have a right to end your contract for gas or electricity (or both) because of the charge increase. There will be no exit fee for ending your contract if you tell us you want to do this by 1 December 2011. You can phone 0121 123 4567 or write to the address at the top of this letter.

If you tell us that you want to end your contract by 1 December 2011, you can take either of the following options:

- You can switch to another one of our tariffs.** We won't charge you any increase if you switch to another tariff within 30 working days of letting us know you want to end your contract.

- You can switch to another supplier.** We won't charge you any increase if within 30 working days of letting us know you want to end your contract, your proposed new supplier has also told us that they'll be taking over your supply within a reasonable period of time. However, if you have unpaid charges on your account, we may prevent the switch until you have paid them. If so, we will write to tell you. If you pay the balance on your account within 30 working days of us telling you this, your switch can still go ahead and we won't apply a charge increase during the switching period.

Initial Impressions and Understanding

The main aspects of this prototype that consumers liked were:

- All the information was presented on one page;
- It was felt to be clearly and logically laid out; and
- It was found to be eye-catching (through its white headings printed on a dark blue background).

Conversely, the aspects that consumers were critical of included:

- It appeared to some to be loud and 'shouty', relative to P2 and P3, in the way it communicated its messages;
- It was missing an introductory first page or customer greeting resulting in a stark and impersonal tone; and
- It was felt by some to give too much prominence to 'your rights to switch tariff or supplier'/'your rights as a consumer'.

This last point on the prominence of consumer rights and switching information shows an important contradiction. On the one hand, this aspect caused some irritation as consumers felt that the focus should be primarily on conveying the scale of the price increase and the impact on their projected costs. However, respondents were more likely with this version than the others shown to notice and read these consumer rights and switching sections. This means that P4 appears to be the most effective of the prototypes in conveying consumer rights and switching information within the context of Price Increase Notification letters.

"There's more emphasis on switching tariff, it does stand out more and consumer rights."

(Male, ABC1, 40-59, Rural Wales)

"This is good. Everything's on one page and the headings leap out at you."

(Female, C1C2DE, 60-74, York)

"I think it squeezes everything, it's put everything there. It's not prioritising what I think is the most important thing for the customer. The most important thing is the first part and the second part. The third part is important. The fourth part is important but it's not the priority so there's too much and it all gets lost in loads of text. It all blends into the background."

(Male, ABC1, 40-59, Leeds)

Tone and Language

The style of this prototype was criticised by several respondents for being ‘loud’ and ‘shouty’, as well as impersonal. The starkness of the appearance of this prototype, coupled with the lack of personal greeting, caused some to feel this was less pleasant and sympathetic in tone than P2 or P3.

“It’s like they’re shouting at you. The first two, although it’s factual, it’s more like for your information, trying to help you. This is like it’s telling you.”

(Female, ABC1, Under 40, Rural Scotland)

“This is very harsh.”

(Female, ABC1, 40-59, Herts)

5.7 Detailed Content in All Prototypes

All Prototypes Detail – Your energy prices

Your energy prices			
Because wholesale prices have increased, from 01 December 2011, the price you pay for your electricity is increasing from x.xxp per kWh to x.xxp per kWh. The price you pay for gas is increasing from x.xxp per kWh to x.xxp per kWh. Your standing charges will remain the same. Here’s a breakdown of how your prices are changing:			
Fuel type	Charges	Current prices until 30 November 2011	New prices after 01 December 2011
Electricity	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
Gas	Standing charge (per day)	x.xxp	x.xxp
	Unit rate (per kWh)	x.xxp	x.xxp
All charges include VAT.			

All Price Increase Notification letter prototypes showed the standing charge as a daily charge (as illustrated by the extract from P3 shown above). This approach was criticised by several respondents, with most preferring to see the standing charge expressed in a way that related more directly to their bill or statement. For most respondents, this meant a monthly figure as they budgeted monthly and paid for their energy by monthly direct debit.

“For myself, it’s meaningless...They break it down per day because it looks a lot less then.”

(Male, ABC1, 40-59, Rural Wales)

“It should be per month standing charge isn’t it, because that’s what you’re expecting to go out of your bank every month”

(Female, ABC1, 40-59, Rural Wales)

All Prototypes Version 2 Detail – Your projected costs

Your projected costs		
In the last 12 months you've used xxxx kWh of electricity and xxxx kWh of gas (including estimated readings). Here's an idea of how the price increases will affect you, assuming you continue to use the same amount of energy over the next 12 months:		
	Current prices until 30 Nov 2011	New prices after 1 Dec 2011
Your projected average monthly cost	£xxx.xx	£xxx.xx
Your projected yearly cost	£xxx.xx	£xxx.xx
<i>Your projected costs include all added charges, discounts and VAT.</i>		
If you decide to stay with us, then we may need to change your Direct Debit payments. We will let you know about any changes in advance, and tell you about your rights.		

The final versions tested included a reference to changing direct debit payments as highlighted above.

Some consumers picked up on this (sometimes in the context of being surprised at the introductory phase: 'If you decide to stay with us'). However, others admitted not to have noticed this as they had concentrated on the information in the tables. When the reference was noted, it was found to be potentially helpful in determining whether direct debit payments would need to increase:

"It says you may need to change your direct debit payments, looking at the graph, the yearly cost there, you can see straightaway you're not paying enough and it would get me to think to meet the shortfall, it's going to cost me extra."

(Male, ABC1, 40-59, York)

5.9 Potential of Price Increase Notification Letters to Help Consumers

When discussing the prototypes and the details of their design and content, many said it was the scale of the price increase rather than its mode of presentation that would ultimately determine the likelihood of them taking action.

"If the difference is glaringly massive then I'd probably think hang on, can I do something, can I get it cheaper? If it isn't, I'd probably just trash the letter."

(Male, ABC1, 40-59, Leeds)

All three prototypes were effective in conveying the scale and date of the price rise. Therefore all could potentially encourage consumers to take action. There were no consistent marked differences between the different prototypes in how effective they were in motivating consumers to action. The layout and wording of the three designs are not likely to persuade anyone disinclined to consider their options to take action. However, anyone who felt they would be open to

exploring their options after learning of the price rise would, through the designs shown, be able to find the information to help them do so.

Most respondents wanted energy suppliers to convey the key Price Increase Notification information in as few pages as practical, but some would welcome more detailed supplementary information, particularly if it was personalised and explained the best tariff for them.

“I’m just thinking ‘We may be able to help you save money with one of our tariffs. Call us or visit’ and I think how much does it cost them to put it on the other side of this paper or even put another sheet in and explain it?”

(Female, ABC1, 40-59, Rural Wales)

A few respondents were already aware that in future energy companies would be required to provide this information on alternative tariffs. Overall, it was clear from this research that this initiative would be welcomed.

However, a recurring theme in this study was to question suppliers’ motivations in providing this information. Some felt that energy suppliers should already be doing more to provide this information proactively, rather than expecting the consumer to seek it out. Some also expected that energy suppliers would only be willing to encourage its customers to check out competitor rates if the supplier was confident that its own rates would be cheaper.

“I’d probably think well hang on, they might be the cheapest because they’re quite open in telling you go to Consumer Direct, check it and see if we are the cheapest and if they want to keep you as a customer then they’ll make sure that they are the cheapest.”

(Female, ABC1, 40-59, Rural Wales)

To ensure the impartiality of this information is understood, it is important that consumers notice and understand that energy suppliers are required by Ofgem to provide this information, even if knowing this can be off-putting to some consumers as highlighted in the quote below:

“I think that’s a wee bit off-putting of your company because it’s like they’re obligated to tell you that. That makes me think ‘why would they not always say something along those lines?’ It’s bringing it to my attention.”

(Female, 40-59, visually impaired, Edinburgh)

5.10 Conclusions

Overall, there was no clear ‘winner’ between the three prototypes shown in the final phase of testing. P2 was the most widely liked prototype, but some liked

the graphs on P3, and the layout of P4 helped bring consumer rights and the opportunity to change tariffs to the reader's attention.

The ideal for a Price Increase Notification letter appears to be:

- All the information on one page so consumers do not miss information such as 'your rights as a consumer'; but also
- The information that consumers want to see must not be made more difficult to find, read or understand by the inclusion of, or prominence given to, consumer rights or switching information.

However, it may not be feasible for all required information to fit on one page, and in this instance the most important information should be prioritised for inclusion on the first page.

In terms of the detail of the letter, there was a preference for:

- The standing charge to be shown as a monthly figure;
- A reference to be made to debit payments possibly needing to change for monthly direct debit payers; and
- A brief explanation to be included as to why the energy supplier is printing information on switching suppliers on the letter.

6. Summary Box on Bills

6.1 Rationale

Ofgem wants energy companies to provide consumers with key information they need to help them to explore energy offers and/or switch suppliers in a location in which it is likely to be noticed and read by consumers. An energy bill is one of the communications from an energy supplier that a customer is most likely to look at and, as such, presents an opportunity for consumers to be encouraged to engage with the energy market and to consider their options. Ofgem is of the view that it would help consumers if energy suppliers presented key tariff information, including the exact name of the customer's current tariff, in a consistent format and language. Ofgem is therefore proposing that a standardised tariff Summary Box is included on customers' bills to help those investigating other tariffs or suppliers by providing key information needed for tariff comparison.

6.2 Key Findings

Consumers have particular requirements of bills. Those who pay on receipt of a bill want to know how much to pay and when. Direct debit payers who make fixed equal payments across the year want to know if they are in credit or debit. Variable direct debit payers want to know how much is being taken out of their account.

Therefore, of the four types of communications tested, it is the energy bill that consumers are most familiar with and look to often when seeking specific information. This impacted how the billing Summary Box prototypes were viewed as consumers were expecting to find specific information on the bills. It is therefore essential that the inclusion of a tariff Summary Box on bills does not make it more difficult for consumers to find and understand the information they seek.

The final versions of the prototypes both achieved this. The two variants shown in the final phase of testing (P5 and P6), both communicated the key points about the tariff effectively.

6.3 Consumers' Use and Expectations of Energy Bills

Before respondents were shown the various bill prototypes featuring Summary Boxes they were asked if and how they use their bills, including what information they looked for.

Most consumers, especially those who pay their bills quarterly by cheque or cash, have specific information they are looking to find when they receive a bill – this is typically how much and when they need to pay.

For many, this is as far as the scrutiny goes and they do not attempt to understand the detail behind the bill.

“The only bit of the bill that ever interests me is the amount.”

(Female, C1C2DE, 35-74, Limited English, Bradford)

“I pay the bill when I receive it. I don’t look at anything else. It doesn’t mean anything to me.”

(Female, C2DE, 60-74, Newport)

“I just look at the price, the amount and when it’s got to be paid by. I know I should read it and see but I just don’t understand it.”

(Female, C2D, 40-59, Rural Scotland)

Those who paid a fixed amount by monthly direct debit and do not need to take action when their bill is received, tended to check to see whether they were in credit or debit. Having checked this information they do not pay much attention to the rest of the information on their bill.

“I just look at the bottom line, am I in credit?”

(Male, ABC1, 40-59, Leeds)

“I couldn’t tell you what’s on mine. It’s irrelevant I suppose, something that I’m paying out monthly for I suppose. It’s not like when you get your bank statements or your mobile phone bill and you kind of scan it for irregularities. There’s just nothing really on there that would stand out.”

(Female, ABC1, Under 35, London)

Some claimed also to check whether the bill is based on an estimated or actual reading and, if the reading is estimated, might then take their own reading. A few claimed to look more closely at the detail of their bill and how much energy they have used.

“The first thing I look at, is what the previous bill was and what I have got to pay now, because then I think, well, have I been using more electric or gas. But it’s the other side of the page, you turn it over and it says right you are paying such and such for this unit, paying such and such for this unit and that’s when it gets complicated. You can’t see where they have made that money up from.”

(Female, C1C2D, 30-59, Midlands)

6.4 Reactions to Prototype 7

Prototype 7 (see page 52) was perceived to have some positive aspects, which included:

- It has a logical sequence and reads like a letter.
- It explains your tariff and then concludes with the amount of your bill so this logical sequence helps customers understand how their bill is made up.
- There is no need for a separate column of information on the right hand side.
- Equal weighting is given to all the information, in contrast to P8 (on page 54) where positioning the tariff summary at the bottom of the page discounted its apparent importance.
- Having the tariff summary information relatively high up on the page encourages the customer to read it.

However, the information in the 'Your tariff summary' and the rest of the bill do not tie up. Therefore it was expected that someone who looked at this summary expecting it to give them the detail behind the bill could end up confused and disappointed. Figures such as 'Average Daily Cost' and 'Usage in the Last 12 Months' do not relate to the figures in the 'Your bill summary' or the 'Total to pay' and this was confusing to consumers who expected that they would.

In addition, whilst P7 was set out like a letter, some respondents reported that they do not read bills like letters. Instead, they look for specific information, and therefore making it slower for them to find that information would be unhelpful.

"Just cut to the chase, tell me what I owe you, let's get this sorted out"
(Male, C2DE, 40-59, London)

"With this one [P7], you open it and you have to go all the way down to the bottom [to see bill amount]."
(Male, C2DE, 50+, London)

Ultimately, P7 was rejected after the first stage of testing because it encouraged consumers to think the information in the Summary Box related directly to their bill (i.e. the 'total to pay'), and hence was the prototype that was felt most likely to create confusion among recipients.

P7

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
7 Sample Street
Sample Ville
SAMPLE

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power
Head Office
12 Sample street
Sample Town
XX99 9XX

Your customer number:

123 123 123 123

Bill date: 17 February 2010

Bill period: 21 Nov 09 – 3 Mar 10

Supply address:

20 Sample Street, Sample Town,
Sample Ville SAMPLE

Your gas and electricity bill

Your tariff summary (All the information you need to help you compare tariffs and switch to one that's right for you.)

Electricity	
Tariff name	Standard electricity
Payment method	Cash/Cheque
Average daily cost	xx.xp
Your usage in the last 12 months	16500 kWh

If you continue to use the same amount of electricity over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Gas	
Tariff name	Standard gas
Payment method	Cash/Cheque
Average daily cost	xx.xp
Your usage in the last 12 months	16500 kWh

If you continue to use the same amount of gas over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Switching to our cheapest tariff, *OnlineSaver*, could save you money. Call us or visit our website for details. For impartial advice on switching suppliers visit www.consumerdirect.gov.uk or call 0800 891 0256

Your bill summary [See over for more information →](#)

Balance brought forward	£0.00
Your gas charges	£263.65
Your electricity charges	£23.87
Dual fuel discount	£0.11 credit
VAT at 5%	£14.36
Total to pay	£301.77

→ Please pay £301.77 by 3 March 2010

Placeholder for
supplier messaging

6.5 Reactions to Prototype P8

The prototype P8 (shown overleaf) was also rejected after the initial stage of testing because the positioning of the Summary Box in the bottom third of the page discounted its importance in the eyes of consumers and made it too likely that it would be ignored.

P8

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
8 Sample Street
Sample Ville
SAMPLE

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power
Head Office
12 Sample street
Sample Town
XX99 9XX

Your customer number:
123 123 123 123

Bill date: 17 February 2010

Bill period: 21 Nov 09 – 12 Feb 10

Supply address:
20 Sample Street, Sample Town,
Sample Ville SAMPLE

Your energy bill

→ Please pay £301.77 by 3 March 2010

Your account summary

Your previous bill	£58.33 in debit
What you paid	£58.33
Balance after your last payment	£0.00

This bill

Your gas charges	£263.65
Your electricity charges	£23.87
Dual fuel discount	£0.11 credit
VAT at 5%	£14.36
Total to pay	£301.77

See over for more information →

Placeholder for
supplier messaging

Your tariff summary

Fuel type: Electricity

Tariff name: Standard electricity

Payment method: Cash/Cheque

Tariff end date: 13 December 2013

SER: xx.xp per kWh
This is your total bill minus any standing charges, divided by your consumption

Your usage in the last 12 months:
16500 kWh

Your usage in the last 12 months:
If you continue to use the same amount of electricity over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Fuel type: Gas

Tariff name: Standard gas

Payment method: Cash/Cheque

Tariff end date: 13 December 2013

SER: xx.xp per kWh
This is your total bill minus any standing charges, divided by your consumption

Your usage in the last 12 months:
16500 kWh

Your usage in the last 12 months:
If you continue to use the same amount of gas over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Based on your current tariff and usage, switching to our cheapest tariff, *OnlineSaver*, could save you £xx.xx per year (subject to Terms and Conditions). Call us or visit our website for details.

For impartial advice on switching suppliers visit www.consumerdirect.gov.uk or call 0800 891 0256

6.6 Reactions to Prototypes P5 and P6

In the first stage of testing, prototypes P5 and P6 performed better than P7 or P8 and both went forward to the final stage of testing. In the final stage of testing, both variants P5 and P6 featured the tariff summary positioned side-by-side with the summary of the bill.

Overview

Some of the features which worked particularly well in these prototypes were:

- The use of a discrete box with sub-headings within the box appearing on white print against a dark background (as in P6 – see page 57); and
- A brightly coloured border (as in P5 – see overleaf).

P5 Final Version

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
5 Sample Street
Sample Ville
SAMPLE

Your energy bill

Your account number: 123 123 123 123

Bill date: 17 February 2010

Bill period: 21 Nov 09 – 12 Feb 10

Supply address: 20 Sample Street, Sample Town, Sample Ville SAMPLE

Your account summary

Your previous bill	£58.33 in debit
What you paid	£58.33
Balance after your last payment	£0.00

This bill (See over for more information →)

Your electricity charges	£117.51
Your gas charges	£263.65
Dual fuel discount	£30.00 credit
VAT at 5%	£17.56
Total to pay	£368.72

→ Please pay £368.72 by 3 March 2010

ABOUT YOUR TARIFF

Here's info about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

Electricity

Tariff name	Standard electricity
Payment method	Cash/Cheque
Rate per kWh	13.0p
Standing charge	10.0p
Your actual usage in the last 12 months	16500 kWh

If you continue to use the same amount of electricity over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Gas

Tariff name	Standard gas
Payment method	Cash/Cheque
Rate per kWh	13.0p
Standing charge	10.0p
Your actual usage in the last 12 months	16500 kWh

If you continue to use the same amount of gas over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Based on your current tariff and usage, switching to our cheapest tariff, *OnlineSaver*, could save you £50.00 per year (subject to Terms and Conditions). Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit www.consumerdirect.gov.uk or call 0800 891 0256

Questions?



0800 123 1234

Lines open 8am–8pm Mon–Fri, 8am–2pm Sat



www.yourpower.co.uk



YourPower, 12 Sample street, Sample Town, X99 9XX

P6 Final Version

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
6 Sample Street
Sample Ville
SAMPLE

Your energy bill

For 21 November 2009 to 12 February 2010

→ Please pay **£368.72** by 3 March 2010

Your account summary

Your previous bill	£58.33 in debit
What you paid	£58.33
Balance after your last payment	£0.00

This bill

Your electricity charges	£117.51
Your gas charges	£263.65
Dual fuel discount	£30.00 credit
VAT at 5%	£17.56
Total to pay	£368.72

See over for more information →

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power, Head Office,
12 Sample street, Sample TownXX99 9XX

Your customer number:

123 123 123 123

Bill date: 17 February 2010

Supply address:
20 Sample Street, Sample Town,
Sample Ville SAMPLE

Your tariff summary

Here's info about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

Electricity	
Tariff name	Standard electricity
Payment method	Cash/Cheque
Average daily cost this period	£1.42
Your actual usage this period	4125 kWh
Your actual usage in the last 12 months	16500 kWh

If you continue to use the same amount of electricity over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Gas	
Tariff name	Standard gas
Payment method	Cash/Cheque
Average daily cost this period	£3.18
Your actual usage this period	4875 kWh
Your actual usage in the last 12 months	19500 kWh

If you continue to use the same amount of gas over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Switching to our cheapest tariff, *OnlineSaver*, could save you money. Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit www.consumerdirect.gov.uk or call 0800 891 0256

Initial Reactions

Both of these prototypes enabled consumers to find the key information (how much and by when to pay) easily. The tariff Summary Box did not make it more difficult for consumers to find this information. In addition, when after checking the billing information, respondents looked at the Summary Box they found the information to be helpful.

Both of these prototypes were considered to be generally acceptable and appropriate. While some said that if they had received a bill from their energy supplier they would only look for the bottom line (how much they had to pay) the tariff Summary Boxes were still very noticeable in P6, and especially in P5.

There were several positive comments in relation to the use of colour on P5. The coloured box on P5 meant the tariff Summary Box stood out a little more than on P6, but even on P6 this information was generally noticed. The orange box did not have any particular connotations for respondents other than standing out more. They did not believe it suggested the information in the box was any more or less independent or reliable than the information in the black box on P6.

“The orange is more eye-catching.”

(Female, ABC1, 40-59, Herts)

“The colour (of P5) is good. It’s fairly well laid out.”

(Female, C1C2D, Under 30, Dorset)

Respondents were also favourable about the use of white print on dark headings within the P6 summary box which made the individual headings stand out. A few therefore thought individual lines of information stood out more on P6 than P5.

“Black (P6) is better. It’s not clear in the orange one to see the standing charge.”

(Female, BC1C2, 60-74, Herts)

Understanding

When people looked at the information included in the tariff Summary Box it was generally considered to be clear and useful.

Having this information readily available on the bill was expected to be helpful to consumers. For example, it was expected to enable consumers better to respond to sales calls from competitor energy suppliers by being able to determine if they were actually offering a good deal. It was also felt that it would help consumers to compare tariffs and suppliers proactively, by enabling a direct comparison of unit costs.

“When someone tries to make you change, they garble a load of info, and you don’t have this (Tariff box) information in front of you.”

(Female, ABC1, 60-74, Dorset)

“I think depending on what your bills are like, you think, I am fed up of paying this I wonder if I could get it a bit cheaper, at least if you phone someone up you know get all the information that you need there.”

(Female, C1C2D, 30-59, Dorset)

“It’s for transparency. If you want to go to a different company you can compare it.”

(Male, ABC1, 40-59, Herts)

However, some respondents struggled with details of the content of the tariff Summary Box. In particular, some of the less knowledgeable and experienced customers struggled with terminology.

“At the moment it’s too complicated. What is 13 per kilowatt? I need something to see what it is. Not sure what a standing charge is either.”

(Female, C1C2D, Under 30, Dorset)

In addition, many respondents noted that on the prototypes they were shown it was unclear to what period the standing charge applied. The majority felt the most useful measure would be a monthly figure for a standing charge, as that was how most people budgeted and in light of the fact that most direct debit customers were debited monthly.

When respondents looked at the Summary Box they did not always read the whole text. What they tended to focus on were elements such as Average Daily Cost on P6. This meant that respondents did not always read the explanation at the top of the Summary Box on why the information was being included. Both elements are shown overleaf.

P6 Detail – Average Daily Cost (which tended to be focused on)

Electricity	
Tariff name	Standard electricity
Payment method	Cash/Cheque
Average daily cost this period	£1.42
Your actual usage this period	4125 kWh
Your actual usage in the last 12 months	16500 kWh

P6 Detail – Introductory Text (which tended to be overlooked)

Your tariff summary

Here's info about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

When asked why this introducing text might be included on a customer's bill, a few people suggested that it might be a legal requirement but some assumed the company had voluntarily included the information.

"To save complaints and enquiries. It's goodwill."
(Male, BC1C2, 60-74, Herts)

When the explanation at the start of the box on P5/P6 was drawn to the attention of respondents, the phrase 'We are required to' elicited some negative reactions. Those respondents who were negative about this speculated that if suppliers were not required to include this information they would hide it.

"That makes it sound a bit frightening...It's off-putting."
(Female, ABC1, 40-59, Herts)

However, others took a less negative view saying including these words intimated they were simply a legal requirement.

6.7 Stating Price Savings

In P5 a figure of £50 was quoted as a potential saving whereas on P6 no specific sum was mentioned.

P5 Detail - Are you on the best tariff for you?

Are you on the best tariff for you?

Based on your current tariff and usage, switching to our cheapest tariff, *OnlineSaver*, could save you £50.00 per year (subject to Terms and Conditions). Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit www.consumerdirect.gov.uk or call 0800 891 0256

P6 Detail – Your tariff summary

Your tariff summary

Here's info about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

There was no spontaneous expectation that a bill would advise customers of how much they could save by switching tariffs. However, most agreed that mentioning £50 drew attention to the message.

"I suppose if it was only £5 a year I probably wouldn't bother to change, but if it's £50 a year, I definitely would so yes, that's a good idea to put it in....If they're giving you a fairly true figure if I knew I was going to save £50 by bothering to move then I would change to theirs."

(Female, 75+, Bristol)

Whilst the majority claimed that they would require greater savings than £50 to consider switching suppliers the reference to £50 in the Summary Box on P5 was generally regarded as being impactful.

"A monetary figure catches my attention especially as it is £50. This would entice me more."

(Male, C1C2, Under 30, Dorset)

“They encourage you to call them to see if you can save money. Seeing a figure is more powerful.”

(Male, ABC1, 60-74, Dorset)

“£50 is more enticing and showing a figure suggests someone has given it more thought.”

(Female, ABC1, 60-74, Dorset)

However, printing a specific monetary figure also elicited some sceptical comments from respondents who suggested the actual savings they might achieve could be much lower than this. If a specific figure was to be quoted some indicated that they would be disappointed or irritated if the actual savings were less.

“They are saying the saving could be £50 but for a two person household it probably won’t be that much. So although seeing a figure is good the actual amount is meaningless.”

(Male, C2DE, 60-74, Bristol)

There was some confusion about the reference to ‘Online Saver’ offering potential savings of £50. Some had taken this not to be the name of a tariff but a website or part of a website where customers could obtain savings of £50 on their current bill.

“Online saver is the tariff? I see! I thought it was an online website.”

(Male, BC1C2, 60-74, Herts)

The generic message on P6 that ‘Online Saver’ could save you money did not attract as much interest. It was not promising savings nor giving an indication of the likely amount so its impact on respondents was modest.

A recurring theme across many groups was that respondents felt the onus should not be on them to identify the best tariff offered by their energy company and ask to be transferred to it. They felt their supplier should automatically place them on the best tariff when they signed up and switch them to any better tariffs they brought in after the customer had signed up.

“Why do we have to ring up, if you can ring up and get it, to get the best tariff? This is my argument. Why can’t they just automatically do it?”

(Female, C2DE, 60-74, Newport)

“Why can’t they just say that for you the best tariff would be x – why can’t they ring us and tell us?”

(Female, C2DE, 60-74, Bristol)

When it was explained that the cheapest tariffs were likely to be online tariffs which meant the customer would no longer receive a paper bill, some respondents changed their position about suppliers automatically changing their customers to the cheapest tariffs. They felt that energy suppliers should check with their customers before they stop sending them paper bills. Nevertheless, they still felt that energy suppliers could have been doing more to inform customers about their best tariffs. It is worth noting that some who took this view admitted that, beyond seeing how much they had to pay, they did not study communications from their energy suppliers.

6.8 Average Daily Costs

Prototype P6 included a figure for Average Daily Cost (as shown below).

P6 Detail – Average Daily Cost

Electricity	
Tariff name	Standard electricity
Payment method	Cash/Cheque
Average daily cost this period	£1.42
Your actual usage this period	4125 kWh
Your actual usage in the last 12 months	16500 kWh

Average Daily Cost was noticed and commented on by numerous respondents, and generally positively, as they thought it was a useful figure to show.

“Average Daily Cost seems quite straightforward. And directly comparable as well. More straightforward than kilowatt hours. You can highlight it and compare it easily.”

(Male, C1C2, Under 30, Dorset)

“You see this one. It has a daily rate cost. I think the bill would be more useful if it had that. I’m not sure (my supplier) got that.”

(Male, C2, 40-59, Limited English, London)

However, the main way an Average Daily Cost was expected to help was to compare to previous bills rather than to compare tariffs.

A minority of those who wanted to see the Average Daily Cost had understood its intended function. They wanted to see Average Daily Costs within the Tariff Summary Box as they felt that, if they were to compare tariffs, the most meaningful way of doing so would be to consider actual expenditure in pounds rather than simply cost per unit of electricity.

There was also some ambiguity about the actual term and whether 'Average Daily Cost' included standing charges, most thinking it probably did.

"I assume it's cost divided by days. It would include standing charge. But that's definitely not clear"

(Female, ABC1, 60-74, Dorset)

In addition, some respondents, especially those with a better understanding of the purpose of the Summary Box, were sceptical as to the value of the Average Daily Cost.

"You've got the Average Daily Cost, yeah that's fine but then you don't know what that is made up of, the cost of the kilowatt, and you don't know how to compare it with someone else if you wanted to go to another supplier."

(Female, C2DE, 60-74, Newport)

6.9 Potential of Summary Boxes on bills to help consumers

Many respondents said that as soon as they had checked on what they needed to pay, or on whether or not they were in credit, they would stop looking at the bill. However, if the bill was more than they expected or if they were thinking of changing suppliers they would be more likely to study the bill more closely. In these circumstances having tariff information to hand could be helpful.

"I'd look at the right hand side if I was looking to change."

(Male, ABC1, 40-59, Herts)

"It depends. If it was a shock on the bill then yes, but if it was just something that I was expecting I don't think I would."

(Female, C2DE, 40-59, London)

6.10 Conclusions

Overall, this research suggests the Summary Box should:

- Appear on the bill to the SIDE of the actual billing detail and BELOW customer contact information;
- Be in a discrete box with sub-headings within the box appearing on white print against a dark background to make them easier to read; and
- Include monthly standing charge and rate per unit.

When the information was placed on other parts of the bill (e.g. as part of the main bill text, above the 'Total to pay') it acted as a barrier to consumers finding the key information they expected to find easily. It also meant respondents were more likely to make incorrect assumptions about the information and how it related to other information on the bill (e.g. the 'Total to pay').

The findings also suggest that:

- A brightly coloured border for the box is not essential, but will help ensure the box is noticed;
- Some consumers would like to see a figure for 'Average Daily Cost'; and
- If it is possible to indicate the possible scale of savings, and if this figure is £50 or more, this will draw readers' attention to the part of the Summary Box which discusses switching suppliers.

Personalised information on the potential scale of savings that might be achieved by changing suppliers could be helpful to consumers. It is less clear, however, how practical this would be for energy suppliers to include on their customers' bills.

Tariff Information Labels

7.1 Function

Tariff Information Labels are a new concept being developed by Ofgem to help consumers compare the key features of tariffs and work out which would be the most suitable for their needs. Ofgem proposes that, if adopted, this label would appear on Annual Statements, switching websites and marketing materials, and, as a minimum, would include the exact tariff name, tariff rate, tariff end date and termination fees where applicable.

7.2 Key Findings and Recommendations

As consumers had not seen such labels before they had no initial expectations of them. Due to the newness of the concept, and also possibly because the prototypes were not shown in the contexts in which they might appear, some respondents struggled to engage with the examples of the Tariff Information Label shown.

However, others (particularly those more engaged in the energy market) responded well and said this would be useful information if they were considering switching or simply wanted to understand whether they were getting a good deal. It was felt that even if consumers were not thinking of changing suppliers, reminding them of their tariff end date would be useful for those on a fixed-term contract. In addition, many were not aware of the wide range of tariffs available or the fact that different tariffs had different features. Therefore it was felt that seeing this information could indicate to consumers that there were a number of tariffs available with different features and charges. Overall, Tariff Information Labels were felt to be a good idea even if people did not expect to take immediate action upon seeing the information.

7.3 Preferred Title for Tariff Information Labels

In the first phase of research four variants of Tariff Information Labels were tested.

Four titles were tested:

- Your Energy Profile;
- Your Energy Overview;
- About Your Energy Supply and Tariff; and
- Your Tariff Information.

‘Your Tariff Information’ emerged as the strongest option because it was the most accurate description and unlikely to create expectations it failed to meet. Given the importance of clarity of communications, this makes ‘Your Tariff Information’ the most appropriate label. It was also preferred by some respondents, particularly older adults (60 plus).

“It’s a better name (than Energy Overview). It’s to the point.”

(Male, BC1C2, 60-74, Herts)

‘About Your Energy Supply and Tariff’ received some similar comments to ‘Your Tariff Information’ but the key difference was that the word ‘supply’ led to some expecting technical information relating to their physical energy supply.

The heading ‘Your Energy Profile’ was most likely to engage the interest of consumers and encourage them to read further. It was particularly appealing to the under 60s who felt this sounded more interesting and personalised than ‘Your Tariff Information’. However, this heading also led to incorrect assumptions about what information would be provided, with some expecting it would contain information about their patterns of energy usage such as consumption at different times of day. There were similar findings for ‘Your Energy Overview’ and both of these headings were criticised by a minority as jargon.

7.4 Overall reactions to the Concept and Prototypes

Respondents were given a brief explanation of the concept and told that possible places that a Tariff Information Label would appear could include Annual Statements, letters from the supplier and advertisements.

Whereas the other three types of communications material tested (i.e. Price Increase Notification letters, Summary Box on bills and Annual Statements) were all familiar or easily explainable to respondents, the Tariff Information Label was to some degree more difficult for consumers to appraise as it was a completely new concept. It was also being shown in isolation in the prototypes and away from the context in which it would actually appear.

For the other types of communications tested, respondents often formed an overarching impression whereby they preferred one prototype to the others. In the case of the Tariff Information Label, respondents tended to react more to the principle of this information being shown and to specific details of each prototype whilst not indicating an overall preference. In this section we discuss their reactions to the principle, and in the sections which follow we present views of different elements.

There was a mixed reaction to the overall concept of Tariff Information Labels. Some said that they did not expect to study them. However, others claimed that

they would look at the information and that would be useful to them, particularly if they were thinking of changing suppliers.

“That just wouldn’t interest me.”

(Female, DE, Under 40, Leeds)

“They’re breaking down your tariffs and giving you information, maybe they have to do it but it’s nothing that interests me.”

(Female, 40-59, visually impaired, Edinburgh)

“This is a handy tool to have when doing research. At the moment I have to find this stuff myself. If all tariffs are all set out in the same way it’d make it much easier to find a provider. At the moment it’s much more complicated.”

(Female, C1C2D, Under 30, Rural Dorset)

Among those who said they would find the information helpful, it was the idea of a common currency enabling them to compare tariffs which was felt to be most useful. Using this information would not necessarily be with a view to switching tariffs but to understanding whether they were getting a reasonable deal. It was expected that this could then be used if necessary in discussions with alternative suppliers or in negotiations with their own supplier.




Some respondents reacted without enthusiasm to the concept. However, earlier comments about surprise at the range of tariffs available suggest that seeing this kind of information could help convey to consumers the existence of many different tariffs with different features.

Three prototypes - P9, P11 and P12 (as shown on pages 69, 71 and 72) - were tested in the latter phase of research. Another variant P10 (shown on page 70) was rejected because its appearance, with gas and electricity information on top of each other rather than side-by-side, was disliked. Overall, seeing two blocks of information in P9 (see page 69), one for electricity, one for gas, next to each other, was more engaging than seeing the blocks of information on top of each other as in P10 which looked visually unbalanced and did not encourage engagement. More detailed reactions to the features in each of the prototypes are provided to follow.

Tariff information




About this electricity tariff

Supplier	YourPower
Tariff name	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
Unit rate	11p per kWh
Standing charge	£13.00 per month
Tariff ends on	18 February 2011
Price guaranteed until	18 February 2011
Exit fees	£50.00
Additional products or services included	Loyalty points

	 Low user	 Medium user	 High user
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated monthly cost	£28.13	£43.25	£55.27
Standard Equivalent Rate (SER)	13.2p/kWh	15.1p/kWh	18.1p/kWh

About this gas tariff

Supplier	YourPower
Tariff name	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
Unit rate	11p per kWh
Standing charge	£13.00 per month
Tariff ends on	18 February 2011
Price guaranteed until	18 February 2011
Exit fees	£50.00
Additional products or services included	Loyalty points

	 Low user	 Medium user	 High user
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated monthly cost	£28.13	£43.25	£55.27
Standard Equivalent Rate (SER)	13.2p/kWh	15.1p/kWh	18.1p/kWh

The estimated monthly cost includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.

P10

Your energy overview

Here's all the important information about your energy supply for 20 Sample Street, Sample Town, Sample Ville SAMPLE

Supplier	YourPower
Fuel type	Electricity and gas
Payment method	Direct Debit

Electricity tariff	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Rate per kWh	11p
Standing charge	£13.00 per month
Tariff ends on	18 February 2011
Price guaranteed until	18 February 2011
Exit fees	£50.00
Additional products or services included	Loyalty points

Standard Equivalent Rate (SER)

SER is a rate per kWh that allows you to compare your tariff to other tariffs, despite differences in the way unit rates or standing charges are applied. Here are the SERs for your tariff depending on if you are a low, medium or high user:

Standard Equivalent Rate (SER)	Low user 13.2p/kWh	Medium user 12.1p/kWh	High user 18.1p/kWh
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated annual spend	£337.56	£519.00	£663.24

The estimated annual spend includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.

Gas tariff	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Rate per kWh	11p
Standing charge	£13.00 per month
Tariff ends on	18 February 2011
Price guaranteed until	18 February 2011
Exit fees	£50.00
Additional products or services included	Loyalty points

Standard Equivalent Rate (SER)

SER is a rate per kWh that allows you to compare your tariff to other tariffs, despite differences in the way unit rates or standing charges are applied. Here are the SERs for your tariff depending on if you are a low, medium or high user:

Standard Equivalent Rate (SER)	Low user 13.2p/kWh	Medium user 12.1p/kWh	High user 18.1p/kWh
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated annual spend	£337.56	£519.00	£663.24

The estimated annual spend includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.

Your energy profile

Electricity tariff	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
Unit rate	11p per kWh
Standing charge	£13.00 per month
This tariff lasts for	12 months
Price guaranteed for	12 months
Exit fees	£50.00
Additional products or services included	Loyalty points

Standard Equivalent Rates for your electricity tariff depending on if you are a low, medium or high user:

	Low user	Medium user	High user
Standard Equivalent Rate (SER)	13.2p/kWh	15.1p/kWh	18.1p/kWh
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated annual cost	£337.56	£519.00	£663.24

Gas tariff	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
Unit rate	11p
Standing charge	£13.00 per month
This tariff lasts for	12 months
Price guaranteed for	12 months
Exit fees	£50.00
Additional products or services included	Loyalty points

Standard Equivalent Rates for your gas tariff depending on if you are a low, medium or high user:

	Low user	Medium user	High user
Standard Equivalent Rate (SER)	13.2p/kWh	15.1p/kWh	18.1p/kWh
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated annual cost	£337.56	£519.00	£663.24

The estimated annual cost includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.

Frequently asked questions

- **What is a kWh?**
A kWh stands for kilowatt-hour – the unit used to measure energy use. 1 kWh will power a 30 watt light bulb for a day and a half.
- **What is the Standard Equivalent Rate (SER)?**
SER is a rate per kWh that allows you to compare your tariff to other tariffs, despite differences in the way unit rates or standing charges are applied
- **How do you work out the SER?**




$$\text{Total estimated annual cost} - \text{Standing charges for a standard tariff} \div \text{Assumed annual consumption} = \text{SER}$$




P12

Energy overview

Electricity		Gas	
Supplier	YourPower	Supplier	YourPower
Fuel	Electricity	Fuel	Gas
Tariff name	YourPower Fixed Renewables	Tariff name	YourPower Fixed Renewables
Tariff type	Green, Fixed price	Tariff type	Green, Fixed price
Payment method	Direct Debit	Payment method	Direct Debit
This tariff lasts for	12 months	This tariff lasts for	12 months
Price guaranteed for	12 months	Price guaranteed for	12 months
Exit fees	£50.00	Exit fees	£50.00
Additional products or services included	Loyalty points	Additional products or services included	Loyalty points
Tariff Comparison Rate based on a medium user	11p/kWh	Tariff Comparison Rate based on a medium user	11p/kWh

Tariff Comparison Rate is the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by assumed annual usage.

Estimated electricity usage for the next 12 months			
	 Low user	 Medium user	 High user
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated cost for the next 12 months	£337.56	£519.00	£663.24
The estimated cost includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.			

Estimated gas usage for the next 12 months			
	 Low user	 Medium user	 High user
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated cost for the next 12 months	£337.56	£519.00	£663.24
The estimated cost includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.			

7.5 Views on Detailed Label Content

Detail – Tariff Information Label Content (P11)

Electricity tariff	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
Unit rate	11p per kWh
Standing charge	£13.00 per month
This tariff lasts for	12 months
Price guaranteed for	12 months
Exit fees	£50.00
Additional products or services included	Loyalty points

Some of the possible features of the Tariff Information Labels were not contentious. There was general agreement it made sense to show:

- Supplier name;
- Tariff name and type;
- Payment method; and
- Additional products and services (such as loyalty points).




Three prototypes (P9, P10 and P11) showed a monthly figure for the standing charge. The fact the figure was shown as a monthly charge was liked. Earlier in their session, some had seen the standing charge expressed as a daily rate (on Price Increase Notification letters), and most preferred to see a monthly charge.

As well as showing a unit rate per kWh and standing charges as a monthly figure, P11 (shown on page 71) also showed length of tariff. There was widespread agreement that it would be more useful to state when a tariff was ending rather than its duration. P9 and P10 (shown on pages 69-70) both showed a date for 'This tariff ends on' and this was generally agreed to be more useful. Consumers felt that they could easily forget when a tariff started so 'This tariff ends on' was regarded as a better reminder and call to action than 'This tariff lasts for'.

Most respondents were not on fixed-term contracts with their energy suppliers and this helps to explain why some were puzzled or even annoyed by the reference to exit fees on the Tariff Information Labels. Some respondents were confused as to when and why an exit fee might be applied. Therefore, as a minimum the label should make it clear exit fees do not apply to people on

standard contracts. This argues in favour of printing 'Not Applicable' or similar next to items such as 'Exit Fees'.

Detail – Estimated gas usage for the next 12 months (P12)

Estimated gas usage for the next 12 months			
	 Low user	 Medium user	 High user
Assumed annual consumption	1,650 kWh	3,300 kWh	4,600 kWh
Estimated cost for the next 12 months	£337.56	£519.00	£663.24
<i>The estimated cost includes all added charges, discounts and VAT. It is based on your current tariff and our current prices.</i>			

Although some said as they lived in a two or four person household the figures (shown above) were of little relevance to them, respondents generally liked the depiction of low, medium and high users with figures to illustrate the likely numbers of people in the household. Not all respondents understood the illustrative figures in the box, but most did and found it helpful to see estimated costs for 12 months on alternative annual consumption figures.

"I like having a comparison to a household that has a similar structure to mine. So you know when you spend something, this is how much you're spending versus the average British family in the same structure."

(Female, C2DE, 40-59, London)

"They're giving you a better idea of who comes in the low user category, the medium and the higher by the number of people on the drawings, so a low user would be like one person in a one bedroom flat."

(Male, DE, Under 40, Leeds)

Detail – Frequently Asked Questions Box

Frequently asked questions

- What is a kWh?**
A kWh stands for kilowatt-hour – the unit used to measure energy use. 1 kWh will power a 30 watt light bulb for a day and a half.
- What is the Standard Equivalent Rate (SER)?**
SER is a rate per kWh that allows you to compare your tariff to other tariffs, despite differences in the way unit rates or standing charges are applied
- How do you work out the SER?**

Total estimated annual cost

—

Standing charges for a standard tariff

÷

Assumed annual consumption

=

SER

Consumers liked the idea of a Frequently Asked Questions box appearing below the Tariff Information Label.

In terms of the detail of the FAQ box, there was a mainly positive response to the idea of linking kilowatt hours to the energy used by a thirty or forty watt light bulb over a defined period.

“I think that it’s very good where it tells you about the light bulb”

(Male, ABC1, 40-59, York)

Some said other devices such as TVs would be more useful, not recognising that TVs differ considerably in energy usage based on their size. There were also isolated suggestions that some people did not use thirty or forty watt light bulbs and did not know what they were. Some would have preferred a reference to a washing machine or kettle instead.

“Confusing isn’t it? Not everyone will know what a 30 watt light bulb is. It’s not the best example is it? It doesn’t really stand out.”

(Female, C1C2, Under 30, Dorset)

More detail on respondents’ views of the Standard Equivalent Rate (SER) are provided in the next section. In terms of their reactions to the SER content in the FAQ box particularly, some claimed they thought the SER equation example looked straightforward, but it is unclear whether it was really well understood. Few showed interest in working through the calculation for SER.

“It breaks it down but it says how to work out your SER at the bottom, you’re thinking well what am I paying you for? Why should I have to take my total estimated annual cost plus minus my standing charges and the standing tariff then divide it by how much I used a year before and it will give me the price that I’ll be paying next year. Why should I do that?”

(Male, DE, Under 40, Leeds)

There was also a suggestion for more explanation to be included on the benefit to consumers of showing the SER.

“There needs to be some sort of summary about what SER is, why we’re using it, what sort of benefit it’s giving you by having that there because it’s just something else stuck in there that might be meaningless to people.”

(Male, ABC1, 40-59, Leeds)

Nevertheless, the way this was presented in the FAQ was considered to be much better than, for example, when integrated into the main text on an Annual Statement. (Some had seen details of how the SER could be calculated on one of the Annual Statement prototypes).

“It’s a tool to hit back with them as to how do you get to that. I think that would be quite useful.”

(Male, ABC1, 40-59, York)

“The definition of Standard Equivalent Rate here I thought was worded in a different way, but it’s not, it’s exactly the same [as on the Annual Statement] but the fact that it’s spread out, it’s easy to read because it’s not all cluttered and it feels more straightforward to read it. Maybe that’s just me but just looking at that and looking at that up there all bulky and it’s one colour, it looks like it’s presented better in the FAQ.”

(Male, ABC1, 40-59, Leeds)

7.6 Standard Equivalent Rate/Tariff Comparison Rate

The examples of Tariff Information Label shown to respondents featured Standard Equivalent Rates (SERs) for non-standard tariffs. In the first phase of testing the SERs were lower for Low Users than High Users and this caused some surprise among those who understood the basic principles of the SER. They queried why the SER would be lower for low users. In the second phase of testing the SERs were higher for low users and this also caused a degree of concern and irritation as to why low users should appear to be paying a higher unit rate. These comments indicate that the potential value of a SER as a comparison tool is reduced slightly by it not being a single rate applicable across all user types. People want to see personalised information wherever possible, rather than seeing three sets of data for Low, Medium and High Users and working out which might apply to them.

However, if only one figure is shown for SER (as in P12 overleaf which shows the figure for a medium user), it is important that this is geared to the individual recipient. For example, a low user should ideally see the SER/TCR for a low user and be made aware that they are a low user. Of course, linking the SER to an individual might not be possible in a generic advertisement. In this case, consumers hope that there would be a very high probability that when comparing SER, the one that appears to offer them a favourable best rate, does in fact do so.

In the final phase of testing, one of the variants (P12) showed figures for a ‘Tariff Comparison Rate’ (TCR) rather than a SER, which was picked up on and liked by several respondents.

Detail – Tariff Comparison Rate (P12)

Energy overview	
Electricity	
Supplier	YourPower
Fuel	Electricity
Tariff name	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
This tariff lasts for	12 months
Price guaranteed for	12 months
Exit fees	£50.00
Additional products or services included	Loyalty points
Tariff Comparison Rate based on a medium user	11p/kWh
Gas	
Supplier	YourPower
Fuel	Gas
Tariff name	YourPower Fixed Renewables
Tariff type	Green, Fixed price
Payment method	Direct Debit
This tariff lasts for	12 months
Price guaranteed for	12 months
Exit fees	£50.00
Additional products or services included	Loyalty points
Tariff Comparison Rate based on a medium user	11p/kWh

Tariff Comparison Rate is the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by assumed annual usage.

This difference (TCF substituted for SER) was noticed and the TCR was liked by respondents who felt it was a more intuitive term and therefore easier to work out what it was referring to. However, reactions from respondents show that it was still possible to misunderstand the meaning of a TCR.

“It’s saying tariff comparison, that’s the first one we’ve seen telling you what you’re going to pay, what kind of kilowatt. It helps a lot.”
(Male, C2DE, 60-74, Edinburgh)

“It’s actually telling you what your price is per kilowatt, so you can actually work out your bill if you put what a kilowatt is. If it’s 20p per kilowatt or whatever it is, if you took your numbers when you read it then the next time you read it you could work out your bill.”
(Male, C2DE, 60-74, Edinburgh)

These findings underline the need for:

- ➔ Further consumer research into the most effective model for a SER / TCR type metric given it is difficult to produce one number per tariff that will be helpful to consumers with different levels of consumption.
- ➔ A consumer education campaign following any introduction of the SER (or TCR).

7.7 Potential of Tariff Information Labels to Help Consumers

Regardless of whether consumers use the information provided to switch tariffs and/or suppliers or not, the inclusion of Tariff Information Labels on communications has a number of potential benefits. For example, it could remind customers of key practical details of their tariff such as end date and exit fees. It could also reinforce the message that energy companies offer a range of tariffs and these tariffs have different characteristics.

Thus, whilst the label itself does not necessarily offer a direct call to action, for the energy consumers wishing to compare options it provides key information to help compare tariffs, and potentially find one that better meets their needs.

7.8 Conclusions

The Tariff Information Label has the potential to encourage customers to think about their tariff and what they are spending on energy, as well as encouraging some to investigate alternative tariffs and suppliers.

The information provided on the Tariff Information Label is also potentially useful for someone checking to see if they are on the most appropriate deal when comparing their current tariff with alternatives.

Of the four headings tested, the best option appears to be 'Your Tariff Information' as it is the most accurate and instructive description of what follows.

It was clear when people saw end date of tariff and/or length of tariff that the former was considered essential. Therefore, end date of a tariff must be shown, and this was considered much more important than length of tariff. For exit fees/tariff end date it should be made clear that these are not applicable for certain tariffs.

Using stick figures to depict 1, 3 or 5 person households to represent light, medium and heavy users was liked and found to be helpful by most respondents. The principle of FAQs was also liked.

Consumers welcomed the idea of a Standard Equivalent Rate when a high level explanation was provided, but without that explanation the term 'SER' was not understood so the information shown under this heading was not appreciated. Therefore SER will need simple and clear explanations of how it can be used for it to be of value. In the latter groups, respondents reacted more positively to the term 'Tariff Comparison Rate' than the 'Standard Equivalent Rate' because it better implied how the measure could be used. However, further consumer research is needed to determine the most effective model for a SER/TCR type metric.

Overall, based on respondent comments, the ideal Tariff Information Label would include the information overleaf:

Title: Your Tariff Information

Headings: White on black background – Electricity / gas

Supplier: Yes

Tariff name: Yes

Tariff type: Yes

Payment method: Yes

Tariff ends on: Date / Not applicable – no end date

Price guaranteed until: Date




Exit fees (if leave before end tariff end date): Amount / Not applicable

Unit rate: X per kWh

Standing charge: £ per month

Additional products / services: Yes

Estimated electricity usage and costs for typical households

			
	Low Users	Medium Users	High Users
Assumed annual consumption	X kWh	X kWh	X kWh
Estimated cost for next 12 months	£ X	£ X	£ X
Average cost per month	£ X	£ X	£ X
Tariff Comparison Rate (or Standard Equivalent Rate)	Xp per kWh	Xp per kWh	Xp per kWh

8. Annual Statements

8.1 Function

Annual Statements were introduced in 2010 to act as a trigger for consumer engagement. Annual Statements provide key information about a consumer's energy supply including principal terms of the consumer's contract. Additionally, they include details of a consumer's energy consumption over the past twelve months, as well as a comparison to the previous year's consumption. The intention of this is to help consumers compare tariffs and suppliers and, in so doing, encourage consumers to consider whether they are receiving a good deal or to think about switching tariffs and/or suppliers.

8.2 Key Findings

Recall and use of Annual Statements was mixed, and they were not perceived to have as clear a purpose or call to action as other communications from energy suppliers (such as bills or Price Increase Notification letters).

This suggests more could be done to make Annual Statements more engaging and useful. Nonetheless, reactions to the Annual Statement prototypes shown in this research were generally positive. However, the interest was more in the usage information than tariff comparison information, and some less engaged consumers said that they remain unlikely to read them.

A number of findings have emerged from this research on how to maximise the effectiveness of Annual Statements from the perspective of encouraging the comparison of tariffs and suppliers. These include the incorporation of a clear and prominent explanation of the purpose of the statement, limiting the length to no more than 2 pages, making judicious use of colour and graphics, and explaining why tariff comparison information is in fact being included. More detail on what worked best in the current prototypes, as well as additional suggestions, is contained in the remainder of this section.

8.3 Recall and expectations of Annual Statements

Many respondents could not recall receiving an Annual Statement. Due to the low recall, there were initially very few expectations of what an Annual Statement should provide or enable a consumer to do.

"I have never had it, does such a thing exist though, I have never seen that."

(Male, C2DE, 50+, London)

A minority did recall receiving an Annual Statement. Of these, a few were already using the information on the statement to help them check on whether

they were getting a good deal, for example by visiting price comparison websites and entering their annual usage. Others stated that they spent very little time looking at them, or kept them for future reference. A few were also critical of the format of Annual Statements.

“I receive a statement but I don’t really look at it. It’s just a load of kilowatts!”

(Male, DE, Under 40, Bristol)

“I get an annual statement but it’s gobbledegook, so much to take in.”

(Male, DE, Under 40, Newport)

“Once a year, with one of my four bills from Southern Electric you’ll get a second page and it will tell you what you have used, and it will say what your expected usage is next year.”

(Male, C2DE, 40-59, London)

“The one that I got wasn’t user-friendly whatsoever. It’s 4 pages and it’s full of waffle and I had to sit down and pick out the things that I needed on moneysupermarket.com and the key things I wanted was what my usage was and I really had to search for it and look for the details.”

(Male, ABC1, 40-59, Leeds)

After being exposed to Annual Statement prototypes in the context of this research, consumers expressed an interest in Annual Statements to provide information that will help them better understand:

- Their energy usage;
- Contractual information; and
- How they might compare their tariff against others offered by their supplier.

Consumers varied in how much detail they were looking for, but most wanted to pick out the information that was most important to them quickly and easily, and with minimal effort on their part.

Overall, it appeared that Annual Statements have the potential to be more memorable, impactful and useful in responding to these requirements.

8.4 Reactions to Prototypes in First Stage of Testing

Three prototypes were shown in the initial phase of testing:

- P13 – four A4 pages (shown on page 83);
- P14 – two A4 pages (shown on page 84); and
- P15 – four A5 pages printed on green background (shown on page 85).

In the initial phase of research, the A5 leaflet-style format (as in P15) was felt to be the least likely to be read as it looked unimportant and, crucially, did not have personalised information on the front page. These two factors meant that this version was felt to be more likely to be thrown away without being read than a more formal-looking A4 document on white paper. This was despite this version covering similar information to other versions.

Whilst consumers liked the idea of a one sheet/two pages Annual Statement (as in P14), the two sheet/four page version (as in P13) was preferred in Phase 1. The main reason was that the two page version (P14) was considered cluttered and poorly laid out. By comparison, the immediate reaction to the longer version (P13) was that it was too long and detailed but, on further consideration, those willing to look at the document considered it to include a lot of potentially useful information. In addition, it appeared to be serious, authoritative and useful.

“I think it’s useful but I think it’s just presented very poorly and there’s lots of information there that’s key information but it could be presented better I think. It should make people act rather than possibly getting this and again stick it to the bottom of the pile because it takes too much effort.”
(Male, ABC1, 40-59, Leeds)

“I think it could be in slightly bigger print.”
(Male, C2DE, 50+, London)

Consumers did not express strong preferences between the terms ‘Your annual energy statement’ and ‘Your annual energy summary’. Decisions taken following this feedback were:

- ➔ To limit the information on the statement to electricity only rather than to electricity and gas;
- ➔ To enhance the visual appeal of the single sheet (P14) to encourage engagement and to provide two variants of this subsequently named P15 Version 2 and P16;
- ➔ To enhance the appearance of the initially slightly off-putting, four-page statement (P13) by introducing a Version 2 of P13; and
- ➔ To drop the A5 leaflet format (the original P15).

P13 Version 1 – First Page




Mr A Smith
13 Sample Street
Sample Ville
SAMPLE

Questions?

0800 123 1234
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

 **www.yourpower.co.uk**

 Your Power, 12 Sample street
Sample Town, XX99 9XX

Your customer number

123 123 123 123

Date

31 December 2011

Period covered by this statement

01 January 2011 to 01 January 2012

Supply address

20 Sample Street, Sample Ville, SAMPLE

Mr Smith,

Your annual energy statement

This annual statement provides information to help you better understand the tariff you are on now, and compare your tariff with others available. You have the right to switch your tariff or your supplier. All the key information about your tariff is included so you can easily compare it with other tariffs, and switch if you find one that is better for you.

What's inside?

1. Your electricity tariff, electricity usage and potential savings available by switching
2. Your gas tariff, gas usage and potential savings available by switching
3. Independent switching advice, jargon explained and key contractual terms

Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct on **08454 04 05 06** or by visiting **www.consumerdirect.gov.uk**

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons. The Confidence Code sets out the requirements that sites must meet in order to get and keep their Consumer Focus accreditation. For more information log on to **www.consumerfocus.org.uk**

P14 Version 1 – First Page



Mr A Smith
14 Sample Street
Sample Ville
SAMPLE

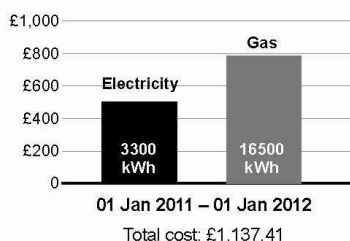
Mr Smith,

Your annual energy summary

This annual statement provides information to help you better understand the tariff you are on now, and compare your tariff with others available. All the key information about your tariff is included so you can easily compare with other tariffs, and switch if you find one that is better for you.

Your usage in the last 12 months

Over the last 12 months, you used 3300 kWh of electricity, which cost £552.38. You used 16500 kWh of gas and that cost £785.03. Your total costs were £1,137.41, which is £132.51 more than the same period last year.



Your projected usage for the next 12 months

If you use the same amounts of energy over the next 12 months, we estimate your costs will come to £1,137.41. This is based on our current prices and includes all your discounts and added charges, like VAT. If our prices or your tariff changes, this projection will too.

Is your tariff working for you?

- You are on our Fixed Renewables tariff for electricity and gas.
- Because you get both electricity and gas from us, you get a 4% discount on your bills.
- Your tariff contract is for 12 months. It ends on 01 January 2013.
- Your prices are fixed until 01 January 2013.
- You are on a fixed-rate, fixed-term tariff paying by cash/cheque. On our Standard Direct Debit tariff for electricity and gas, your total costs for the last 12 months would have been £1116.48, meaning you would have saved £20.93 over the year. This is based on our current prices and your usage for the last 12 months.
- If you switch to paying by Direct Debit on your current tariff, you could save around £15 each year. This is based on our current prices and your usage for the last 12 months.

Key Contractual Terms are shown over the page →

Questions?

0800 123 1234

Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

www.yourpower.co.uk

Your Power, 12 Sample street
Sample Town, XX99 9XX

Your customer number

123 123 123 123

Date

01 January 2012

Period covered

01 January 2011 to 01 January 2012

Supply address

20 Sample Street, Sample Ville, SAMPLE

Want to change your tariff?

If you decide to switch from your current tariff before 01 January 2013 you'll be charged a cancellation fee of up to £35, except following a price rise when you can switch for free within 30 days. Please tell us at least 30 days before the date you want to cancel your tariff.

For further information and advice about the best tariff for you, give us a call or visit yourpower.co.uk/tariffs

Want to change your supplier?

If you decide to leave us for another supplier before 01 January 2013 you'll be charged a cancellation fee of up to £35, except following a price rise when you can switch for free within 30 days. Please tell us at least 30 days before the date you want to cancel your tariff.

You can get advice on switching suppliers from Consumer Direct on **08454 04 05 06** or by visiting www.consumerdirect.gov.uk

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons. The Confidence Code sets out the requirements that sites must meet in order to get and keep their Consumer Focus accreditation. For more information log on to www.consumerfocus.org.uk

About your supply

Electricity supply number

S	01	801	902
	12	0002	0075 216

Electricity distributor

UK Power Networks, Fore Hamlet
Ipswich, Suffolk IP3 8AA
Call 0800 783 8866

Gas supply information

Gas meter point reference:
598528410
Calorific value: 39.1
Temperature & pressure: 1.02264

P15 Version 1 – First Page



Read your statement to check you're getting the best deal on the cost of your energy supply

Mr A Smith
15 Sample Street
Sample Ville
SAM PLE

Your customer number:
123 123 123

Statement date: 15 Jan 2010

Statement period:
15 Jan 2009 – 15 Jan 2010

Supply address:
13 Sample Street
Sample Ville
SAM PLE

Your annual energy statement

This annual statement provides information to help you better understand the tariff you are on now, and compare your tariff with others available. You have the right to switch your tariff or your supplier. All the key information about your tariff is included so you can easily compare with other tariffs, and switch if you find one that is better for you.

What's inside?

1. Your electricity tariff, electricity usage and potential savings available by switching
2. Your gas tariff, gas usage and potential savings available by switching
3. Independent switching advice, jargon explained and key contractual terms

Fed up of energy jargon?
Look for this symbol (G), which means we've explained a word or term on page 4.

Any questions after reading your statement?

Visit www.yourpower.co.uk

Or call 0800 123 1234 (8am–8pm Mon–Fri, 8am–2pm Sat)

P15 Version 1 – Final Page

Independent advice about switching tariff or supplier

You can get advice on switching suppliers from Consumer Direct on 08454 04 05 06 or by visiting www.consumerdirect.gov.uk

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons. The Confidence Code sets out the requirements that sites must meet in order to get and keep their Consumer Focus accreditation. For more information log on to www.consumerfocus.org.uk

Key Contractual Terms

Charges for supply
You are on our 'YourPower Fixed Renewables' tariff. The unit rate and standing charges you pay are fixed at the following amounts until 31 December 2012:

Electricity	
Unit rate	11p per kWh
Standing charge	£13.00 per month
Gas	
Unit rate	11p per kWh
Standing charge	£13.00 per month

The length of the contract
Tariff length: 12 months
Tariff ends on: 31 December 2012

When this tariff ends you will be placed on our [x] standard tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Cancellation fees and arrangements for ending the contract
If you decide to switch from your current electricity/gas tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights.

After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for [electricity/gas].

Other terms

Discounts
Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house
If you move house you must give us at least 2 days' advanced notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume [gas/electricity].

Additional charges
We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

P15 Version 1 – Second Page

Your electricity tariff

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Your payment method	Cash/cheque
Additional products or services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Your prices are fixed until	31 December 2012
Standard Equivalent Rate (SER)	12p per kWh

If you switch to paying by Direct Debit you could save around £20 each year (based on our current prices for your tariff, and your electricity use for the last 12 months).

Your electricity use

- Over the last 12 months you used 3,600 kWh of electricity at a total cost of £552.38.
- If you use the same amount of electricity over the next 12 months, we estimate your costs will come to £552. This is based on the current prices you are paying and includes all discounts and added charges, like VAT. If your tariff or the amount you use changes, this figure may change as well.

Electricity user profiles	Low user	Medium user	High user
Assumed annual electricity use	1,650 kWh	3,300 kWh	4,600 kWh

Based on the amount of electricity you've used in the last 12 months, your electricity user profile is medium.

Could you save money on your electricity?

You are on a fixed-rate (G), fixed-term (G) tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45, meaning you would have saved £13.93 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It's also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current electricity tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

See page 4 for independent advice on switching your electricity tariff or supplier

Your gas tariff

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Your payment method	Cash/cheque
Additional products or services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Your prices are fixed until	31 December 2012
Standard Equivalent Rate (SER)	12p per kWh

If you switch to paying by Direct Debit you could save around £20 each year (based on our current prices for your tariff, and your gas use for the last 12 months).

Your gas use

- Over the last 12 months you used 16,500 kWh of gas at a total cost of £785.03.
- If you use the same amount of gas over the next 12 months, we estimate your costs will come to £785. This is based on the current prices you are paying and includes all discounts and added charges, like VAT. If your tariff or the amount you use changes, this figure may change as well.

Gas user profiles	Low user	Medium user	High user
Assumed annual gas use	1,650 kWh	3,300 kWh	4,600 kWh

Based on the amount of gas you've used in the last 12 months, your gas user profile is medium.

Could you save money on your gas?

You are on a fixed-rate (G), fixed-term (G) tariff paying by cash/cheque. On our Standard Gas Direct Debit tariff, your total costs for the last 12 months would have been £768.40, meaning you would have saved £16.63 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It's also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current gas tariff or change your gas supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

See page 4 for independent advice on switching your gas tariff or supplier

8.5 Prototypes Tested in Final Phase

Three prototypes were tested in the final phase:

- P13 Version 2: three sides of A4 (shown on pages 88-90);
- P15 Version 2: two sides of A4 (single sheet, shown on pages 91-92); and
- P16 Version 2: two sides of A4 (single sheet, shown on pages 93-94).

The three prototypes featured some common elements of presentation and content:

- They were all entitled 'your annual electricity statement';
- Supplier contact details and customer account number all featured in the top right hand corner of the first page;
- Annual electricity usage was shown for the last 12 months;
- Details of electricity tariff were presented on the second page;
- Customers were encouraged to check whether they were on the best tariff and given information on changing supplier on the second page; and
- Explanations of jargon and key contractual terms were given on the second page (P15 and P16) or third page (P13).

The actual content of the three prototypes was broadly similar but an important area of difference lay in messaging for why this information was being sent:

- P13 – essentially lets recipients infer why it is being sent although it does explain that it 'contains key information about your tariff'.
- P15 – has a heading at the front of the page 'Why are we sending you this?' and refers to 'an obligation to give you this information'.
- P16 – has an introductory heading 'Why are we sending you this?' and refers to energy suppliers having an obligation to give you this information. A later version referred to 'Being required to give you this information'.

There were also marked differences in the presentation of the three phase 2 prototypes which included:

- Number of sides:
 - P13 comprised three sides.
 - P15 and P16 comprised two sides.
- Introduction:
 - P13 uniquely included on the first side an introduction to the rest of the document effectively explaining what was on the rest

of the statement as well as encouraging the customer to obtain independent advice on switching tariff or supplier.

- Use of colour:
 - P13 was printed in black and white.
 - P15 used green, pale blue and dark blue.
 - P16 used dark blue and light blue.
- Use of graphs:
 - P13 used a simple bar chart to show year on year electricity usage.
 - P15 and P16 showed quarterly consumption in kWh and costs incurred using a line chart.
- Headings:
 - P13 featured white text on a dark grey background for the main heading.
 - P15 used blue against pale blue shading for headings.
 - P16 used white print on a dark blue background and featured a Q and A approach for its headings and appeared to be less like a letter than P13 or P15 in its style.
- Comparison with other households:
 - P13 and P16 used stick diagrammatics indicating numbers of people in household to represent low/medium/high users.
 - P15 used beds to represent number of bedrooms.
- Use of connectors (i.e. lines/arrows to link related information in the document):
 - P13 used connectors to link elements of the electricity tariff to explanations and supporting information.

Screenshots of each of the prototypes are included in the pages that follow. Detailed reactions to the Phase 2 prototypes are included in the subsequent sections.



Mr A Smith
13 Sample Street
Sample Ville
SAMPLE

Questions?

📞 **0800 123 1234**
Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

🌐 **www.yourpower.co.uk**

📍 Your Power, 12 Sample street
Sample Town, XX99 9XX

Your account number

123 123 123 123

Date

31 December 2011

Supply address

20 Sample Street, Sample Ville, SAMPLE

Page

1 of 3

Mr Smith,

Your annual electricity statement

01 January 2011 – 01 January 2012

This statement shows how much electricity you've used in the last 12 months and how your usage compares to others. It contains all the key information about your tariff, so you can easily compare it with others on offer and switch if you find one that's better for you.

Remember – you always have the right to switch your tariff or your supplier.

What's inside?

- Your electricity usage in the last 12 months
- Information about your electricity tariff
- Jargon explained and key contractual terms

Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

🌐 **www.consumerdirect.gov.uk**

📞 **08454 04 05 06**

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons. The Confidence Code sets out the requirements that sites must meet in order to get and keep their Consumer Focus accreditation.

🌐 **www.consumerfocus.org.uk**

📞 **08454 12 34 56**

Turn over to see how much you've used, and all the details of your tariff →

P13 Version 2, Page 2

Your electricity usage

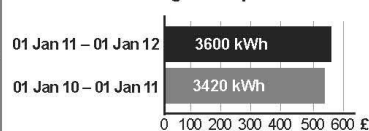
How much have you used in the last 12 months?

Over the last 12 months you used 3600 kWh of electricity (including estimated readings). Your total costs were £552.38, which is £27.50 more than your costs for the same period last year.

An estimate for the next 12 months




On your current tariff, if you use the same amount of electricity over the next 12 months, we estimate your total costs will come to £552. This is based on the current prices you are paying and includes all discounts and added charges, like VAT. If you change your tariff or the amount you use, this figure may change as well.

Your annual usage compared



How do you compare?

UK electricity user profiles

Number of people in household			
User profile	Low user	Medium user	High user
Assumed annual electricity use	1,650 kWh	3,300 kWh	4,600 kWh

Based on your usage in the last 12 months, you are considered a medium electricity user. This means you use around the same amount as an average UK family with one child, living in a house or large flat.

Your electricity tariff

Your electricity tariff	Tariff name	YourPower Fixed Renewables
	Tariff type	Non-standard, fixed price
	Tariff length	12 months
	Tariff ends on	31 December 2012
	Tariff cancellation fee	£50.00
	Your payment method	Cash/cheque
Your tariff prices	Additional products or services included	Loyalty points
	Unit rate	11p per kWh
	Standing charge	£13.00 per month
	Your prices are fixed until	31 December 2012
	Standard Equivalent Rate (SER)	12p per kWh

If you decide to cancel your tariff before 31 December 2012 you'll be charged a cancellation fee of £50, except following a price rise (or certain other changes to our terms and conditions) when you will be notified separately about your rights.

If you switch to paying by Direct Debit you could save around £20 each year. This is based on our current prices for your tariff, and your electricity use for the last 12 months.

SER is a rate that allows you to compare your tariff to others on offer, despite differences in the way charges per kWh or standing charges are applied. It is calculated by the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by the assumed annual electricity use of a medium user.

Are you on our best tariff for you?

You are on a fixed-rate and fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45. This means you would have saved £13.93 over the year.

To check the best tariff on offer for you, give us a call or visit our website. Remember, if you decide to switch from your current tariff before 31 December 2012, you may be charged a cancellation fee of £50. You will be notified separately about your rights.

Thinking about changing your supplier?

If you find another supplier offers you a better deal and you decide to cancel your tariff before 31 December 2012, you'll be charged a cancellation fee of £50. You will be notified separately about your rights.

P13 Version 2, Page 3

Jargon explained

Annual statement – provides information to help you better understand the tariff you are on now, and compare your tariff with others available. All the key information about your tariff is included so you can easily compare it with other tariffs, and switch if you find one that is better for you.

Estimated meter reading – a supplier's estimate of how much electricity you have used during a specified period.

Fixed-rate tariff – a tariff where the supplier guarantees that the price per unit of electricity will stay the same for a set period.

Fixed-term tariff – a tariff that stays the same for a fixed period. You may pay a penalty if you switch to another tariff before the end of the fixed term.

kWh – Kilowatt hour – one kilowatt of power being used for one hour. It's the same as a 40-watt light bulb being left on for 25 hours. Also known as a 'unit' of energy.

Unit rate – the price per kilowatt hour of electricity used.

Switch – to change from the current supplier to a different supplier, or to change from the current tariff to a different tariff with the same supplier.

Standing charge – a fixed daily amount you pay your electricity supplier for maintenance and other costs, such as meter reading and maintaining connection to the power network.

Tariff – the package of charges and conditions that a supplier offers you for providing electricity.

Key contractual terms

Charges for electricity supply

You are on our 'YourPower Fixed Renewables' electricity tariff. The unit rate and standing charges you pay are fixed at the following amounts until 31 December 2012:

Unit rate	11p per kWh
Standing charge	£13.00 per month

The length of the contract

Tariff length: 12 months
Tariff ends on: 31 December 2012

When this tariff ends you will be placed on our standard electricity tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Cancellation fees and arrangements for ending the contract

If you decide to switch from your current electricity/gas tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights.

After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for [electricity/gas].

Other terms

Discounts

Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house

If you move house you must give us at least 2 days' advance notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume [gas/electricity].

Additional charges

We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

Remember – you always have the right to change your tariff or supplier. See the front page for where to get independent advice about switching →

YourPower
ENERGY FOR YOU AND YOURS



Read your statement to see how much electricity you've been using, and check you're getting the best deal on the cost of your supply.

Mr A Smith
15 Sample Street
Sample Ville
SAMPLE

Your account number:
123 123 123 123

Statement date:
15 Jan 2010

Supply address:
13 Sample Street
Sample Ville
SAM PLE

Mr Smith: your annual electricity statement

For 01 January 2011 to 01 January 2012

This is important information about your electricity usage and tariff. You can use this information to compare your current tariff with others that are available, either from us, or from other suppliers.

Remember – you always have the right to switch your tariff or your supplier.

Any questions after reading your statement?



Visit yourpower.co.uk



Or call 0800 123 1234
(8am–8pm Mon–Fri, 8am–2pm Sat)

Your electricity usage summary

- Over the last 12 months you've used **3,600 kWh** (including estimated readings)
- Your total costs were **£552.38**
- Your average daily cost was **£1.50**



Based on your current tariff and usage, we've forecast that the electricity you will use over the next 12 months will cost **£552***.

**Based on our current prices and includes all discounts and added charges, like VAT. If the price of your tariff changes or you change your tariff, or the amount you use, this forecast will change too.*

How do you compare?

Number of bedrooms	Average annual electricity usage
1	1,650 kWh
2	3,300 kWh
3	4,600 kWh

Based on your usage in the last 12 months, you are considered a medium electricity user. This means you've used around the same amount of electricity as an average UK family living in a 3 bedroom house.

Why are we sending you this?

As your energy supplier, we have an obligation to give you this information about your usage and your tariff every 12 months.

Your electricity tariff

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Your payment method	Cash/cheque
Additional products / services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Your prices are fixed until	31 December 2012
Standard Equivalent Rate (SER)	12p per kWh

Could you save money on your electricity?

You are on a fixed-rate, fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45, meaning you would have saved £13.93 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It's also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current electricity tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

Key contractual terms

Charges for supply

You are on our 'YourPower Fixed Renewables' tariff. The unit rate and standing charges you pay are fixed at the following amounts until 31 December 2012:

Unit rate:	11p per kWh
Standing charge:	£13.00 per month

The length of the contract

Tariff length	12 months
Tariff ends on	31 December 2012

When this tariff ends you will be placed on our standard electricity tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Cancellation fees and arrangements for ending the contract

If you decide to switch from your current tariff or change your supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights.

After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for electricity.

Other terms

Discounts

Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house

If you move house you must give us at least 2 days' advance notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume electricity.

Additional charges

We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

Jargon explained

Estimated meter reading – a supplier's estimate of how much electricity you have used during a specified period.

Fixed-rate tariff – a tariff where the supplier guarantees that the price per unit of electricity will stay the same for a set period.

Fixed-term tariff – a tariff that stays the same for a fixed period. You may pay a penalty if you switch to another tariff before the end of the fixed term.

kWh (kilowatt hour) – one kilowatt of power being used for one hour. It's the same as a 40-watt light bulb being left on for 25 hours. Also known as a 'unit' of energy.

Unit rate – the price per kilowatt hour of electricity used.

Standard Equivalent Rate (SER) – a rate that allows you to compare your tariff to others on offer, despite differences in the way charges per kWh or standing charges are applied. It is calculated by the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by the assumed annual electricity use of a medium user.

Switch – to change from the current supplier to a different supplier, or to change from the current tariff to a different tariff with the same supplier.

Standing charge – a fixed daily amount you pay your electricity supplier for maintenance and other costs, such as meter reading and maintaining connection to the power network.

Tariff – the package of charges and conditions that a supplier offers you for providing electricity.

Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from **Consumer Direct**:



consumerdirect.gov.uk



08454 04 05 06

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons.



consumerfocus.org.uk



08454 12 34 56

YourPower
ENERGY FOR YOU AND YOURS

**Questions after reading
your statement?**



Visit yourpower.co.uk



Or call **0800 123 1234**
(8am–8pm Mon–Fri, 8am–2pm Sat)

Mr Smith: your annual electricity statement

For 01 January 2011 to 01 January 2012

Your account number
123 123 123 123

This statement date
15 Jan 2010

Your supply address
13 Sample Street, Sample Ville, SAM PLE

Q Why are we sending you this?

A This is important information about your electricity usage and tariff. You can use this information to compare your current tariff with others that are available, either from us, or from other suppliers. Please keep this statement for your reference.

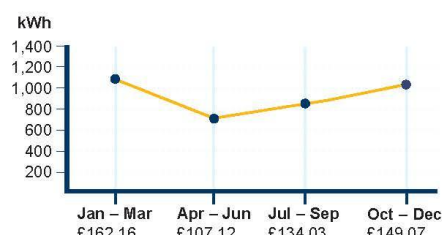
As your energy supplier, we have an obligation to give you this information about your usage and your tariff every 12 months.

Remember – you always have the right to switch your tariff or your supplier.

Q How much electricity are you using?

- A**
- Over the last 12 months you've used **3,600 kWh** (including estimated readings)
 - Your total costs were **£552.38**
 - Your average daily cost for electricity was **£1.50**

Based on your current tariff and usage, we've forecast that the electricity you will use over the next 12 months will cost **£552**. This is based on our current prices and includes all discounts and added charges, like VAT. If you change your tariff or the amount you use, this forecast will change too.



Q How does your usage compare to others?

A

UK electricity user profiles

User profile	Low user	Medium user	High user
Assumed annual electricity use	1,650 kWh	3,300 kWh	4,600 kWh

Based on your usage in the last 12 months, you are considered a medium electricity user. This means you use around the same amount as an average UK family with one child, living in a house or large flat.

P16, Page 2

Q

Which electricity tariff are you on?

A

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Payment method	Cash/cheque
Additional products or services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Prices are fixed until	31 December 2012
Standard Equivalent Rate (SER)	12p per kWh

Q

What are the key contractual terms?

A

Charges for supply

You are on our 'YourPower Fixed Renewables' tariff. The unit rate and standing charges you pay are fixed at the following amounts until 31 December 2012:

Unit rate	11p per kWh	Tariff length	12 months
Standing charge	£13.00 per month	Tariff ends	31 Dec 2012

When this tariff ends you will be placed on our standard electricity tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Cancellation fees and arrangements for ending the contract

If you decide to switch from your current tariff or change your supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights. After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for electricity.

Other terms

Discounts

Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house

If you move house you must give us at least 2 days' advance notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume electricity.

Additional charges

We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

Q

Are you on our best tariff for you?

A

You are on a fixed-rate and fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45. This means you would have saved £13.93 over the year.

To check the best tariff on offer for you, give us a call or visit our website. Remember, if you decide to switch from your current tariff before 31 December 2012, you may be charged a cancellation fee of £50. You will be notified separately about your rights.

Q

Thinking of changing supplier?

A

If you find another supplier offers you a better deal and you decide to cancel your tariff before 31 December 2012, you'll be charged a cancellation fee of £50. You will be notified separately about your rights.

Q

Need independent advice?

A

You can get advice about switching your tariff or supplier from Consumer Direct. Visit www.consumerdirect.gov.uk or call 08454 04 05 06.

Q

What does all the jargon mean?

A

Estimated meter reading – a supplier's estimate of how much electricity you have used during a specified period.

Fixed-rate tariff – a tariff where the supplier guarantees that the price per unit of electricity will stay the same for a set period.

Fixed-term tariff – a tariff that stays the same for a fixed period. You may pay a penalty if you switch to another tariff before the end of the fixed term.

kWh (kilowatt hour) – one kilowatt of power being used for one hour. It's the same as a 40-watt light bulb being left on for 25 hours. Also known as a 'unit' of energy.

Unit rate – the price per kilowatt hour of electricity used.

Standard Equivalent Rate (SER) – a rate that allows you to compare your tariff to others on offer, despite differences in the way charges per kWh or standing charges are applied. It is calculated by the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by the assumed annual electricity use of a medium user.

Switch – to change from the current supplier to a different supplier, or to change from the current tariff to a different tariff with the same supplier.

Standing charge – a fixed daily amount you pay your electricity supplier for maintenance and other costs, such as meter reading and maintaining connection to the power network.

Tariff – the package of charges and conditions that a supplier offers you for providing electricity.

8.6 Factors Influencing Initial Engagement with Prototypes

A key criterion by which these prototypes can be judged is the extent to which they capture recipients' attention and encourage them to study the communication further.

Based on reactions to the prototypes presented to them it appears that consumers are more likely to engage with the material if it looks as if it will reward the effort taken to look at it. This is more likely to be the case if the document:

- Contains prominent personalised information;
- Looks attractive and eye-catching; and
- Is not too long.

In terms of providing personalised information, simply showing the customer's name was not considered to be sufficient. Showing consumption information linked to the customer's household was more effective in gaining the attention of recipients.

Judicious use of colour on a document, and the inclusion of figures or graphs, was effective in helping documents look attractive and eye-catching. Not all consumers valued graphs but more reacted positively than negatively to seeing graphs and figures accompanying text.

White print against a dark (black or dark blue) background made headings within the document stand out and look important. However, a dull-looking page, without colour, could discourage engagement. Similarly, the use of connectors linking elements of a grid to explanations or supporting points could contribute to a page being considered off-putting, especially if this made the page look cluttered or untidy

Consumers value succinctness and dislike unnecessarily long text. They react negatively to a document that looks time-consuming and possibly difficult to read and understand. If they read on, they might find a long document contains a lot of useful information, but if it looks long and complicated most will decline initially to read it. Negative reactions to document length sometimes also derive from environmental concerns.

8.7 Reactions to P13 Version 2

There were marked differences in terms of people's initial reactions to the alternative versions of Annual Statements presented to them.

In general, reactions to the less colourful 3-page P13 were much less positive than to the other prototypes, with many respondents (particularly those who had already seen P15 and P16) saying that it looked dull and would not encourage them to read further.

"There's too much paper. It's not colourful enough. It's too dark. I would only look at the first page"

(Female, DE, Under 40, Bristol)

"I wouldn't be inclined to read beyond the first page"

(Female, ABC1, 40-59, Herts)

"It could be something for the bin. It's not got anything there that immediately pulls you in"

(Female, ABC1, 40-59, York)

The perception that P13 looked dull and uninviting was particularly strongly expressed by those who had seen other prototypes first (and had a point of comparison). However, this view was shared by all respondents, regardless of the order in which they had seen the materials.

However, a minority (of mainly older respondents) felt that P13 looked more serious and professional than the alternatives of P15 and P16. In addition, when some respondents studied the content of P13 they felt it was good and helpful. However, most maintained that had they received it in the post, they would have been disinclined to study it.

"It's not as boring as I thought it would be."

(Male, ABC1, 40-59, Herts)

In the second phase of testing, one of the reasons P15 and P16 were preferred to P13 was that these prototypes were both on a single headed sheet. It was a consistent finding that, provided the sheet was not too cramped, most people much preferred a single page compared to two loose sheets, two sheets stapled together or a folded A3 sheet.

Irritation at P13 going over three pages was compounded by the introductory page doing little more than outlining what was in the rest of the document.

"I'm sure it's a waste of paper. If I got all that I need on that one page, I certainly don't want more rubbish to throw away. I don't want to store it."

(Female, 75+, Bristol)

The overall effect of the inside pages of P13 did not encourage people to read further. The pages were criticised for looking busy, crowded and dull.

P13 featured the use of connectors which linked specific relevant information to lines of the tariff summary. For example, connected to 'Your Payment Method: Cash/Cheque' was a box with the relevant message:

If you switch to paying by Direct Debit you could save around £20 each year. This is based on our current prices for your tariff and your electricity use for the last 12 months

Whilst sometimes acknowledging that the idea behind the connectors and boxes was good, most felt the overall visual effect of connectors and explanatory boxes to the side of the tariff summary was to discourage engagement with the document. The use of the same print in the explanatory boxes as the information in the tariff summary, and that the connectors were grey (the same colour as the lines within the tariff boxes), contributed to respondents feeling disinclined to study these closely.

"This information does not stand out. What's in the bubble is great info but it does not stand out at all."

(Male, ABC1, 40-59, Dorset)

However, there was one feature of P13 which was liked and respondents wanted to be incorporated in a two-page Annual Statement. This was the small chart in the top right hand corner showing annual usage for the last 12 months against the previous 12 months.

"Comparison bars are actually very good. It gives me a rough idea of how much I am using. It's clear straightaway that I have not used it much compared to past year."

(Female, ABC1, 40-59, Dorset)

"I think this Electricity Usage section is useful. Like the graph. It's a good relative comparison. Up to now I haven't known what I used."

(Male, ABC1, 40-59, Herts)

"It's clear to see between years. I'd try and see if I could cut down on usage, to help myself."

(Female, BC1C2, 60-74, Herts)

The small chart was thought to be helpful because:

- While less eye-catching and immediately engaging than the graphs on P15 and P16, comparing one year against the next is potentially useful for those who want to know if they are moving in the right direction in terms of their energy usage.
- Showing this graphically, and enabling respondents to compare the length of the two bars, helped respondents appreciate the magnitude of their change in consumption. This was seen to add value even when the text explained what the difference was in terms of pounds and pence.
- A couple of respondents had spontaneously suggested when looking at the quarterly consumption charts on Version 2 of P15 and P16 that year-on-year consumption would be far more useful and less predictable in its pattern.

However, whilst reactions to the small chart were generally positive, there were also graphs in other prototypes and these were generally more effective in capturing the attention of consumers.

The most common verdict on P13 was it contained a lot of potentially useful information but that in its current format many consumers would be disinclined to try to find it.

8.8 Initial Reactions to P15 and P16

By comparison, reactions to both P15 and P16 (pages 91-94) were positive, with consumers tending to regard the communication as important and to want to read further. Both of these prototypes were more immediately engaging than P13 for three main reasons:

- They were more colourful;
- They were printed on one sheet (two sides); and
- Most importantly, they showed obviously personalised information on the front page, presented in graphical format.

"I like that one (P15), it's got your name there. It's telling you what it is in big letters. You think that's for me. It's not just another letter."
(Male, ABC1, 40-59, York)

8.9 Explanation of Why Information is Being Sent

Respondents wanted to know why information from energy suppliers is being sent to them. They reported that they would be more inclined to study documents when they understood their purpose and, especially, if this purpose aligned with a consumer need or benefit.

Bills have an obvious purpose and most are interested in knowing at least how much they have to pay and by when. Similarly, those who recall letters advising them of price increases believe these notifications have a clear and important purpose. This is not necessarily the case with Annual Statements whose aim was less obvious to recipients. When those who recalled receiving an Annual Statement were asked what the purpose of it was, responses tended to be general answers about being made better informed about their energy usage.

There were mixed reactions to the heading on P16: 'Why are we sending you this?'. Some did not initially read the explanation of why the statement had been sent, forming their own conclusions from the content and the graph of quarterly consumption as to why customers were being sent it.

"I would probably not read the first paragraph 'Why are we sending this to you'. I would ignore that. I like to cut to the nitty gritty. I would want to know how much electricity I had used."

(Female, 75+, Bristol)

"I wouldn't get drawn to that 'Obligation' statement. Everything has a Health and Safety warning on it, so I automatically ignore it. Yeah, alright, they have to give it to us."

(Male, ABC1, 40-59, Herts)

"It's to cover their backs. So you can't argue about their charges."

(Males, C1C2, Under 30, Dorset)

However, others said they had looked at the paragraph. Some amongst this group thought it was attention-grabbing and therefore that they would be encouraged to read on. A few also found it reassuring to read that suppliers had been required to provide this information, and were not doing so because they were trying to sell the customer something.

"It's good that they are telling you why they are sending it."

(Female, C2DE, 60-74, Bristol)

"I think the letter is basically asking you a question, when you look at 'Why are we sending you this?' you're going to read it."

(Male, C1C2D, 30-59, Edinburgh)

"It's reassuring because they have to do it. They're not trying to sell you something."

(Male, ABC1, 40-59, York)

When respondents were required to study the 'Why are we sending you this?' within the group, some reacted negatively, arguing the phrase suggested the energy company had been obliged to send the statement and had not done so willingly. 'Obliged' was changed to 'required' for later groups, and respondents tended to react less negatively to this revised wording.

“Obligation is jarring. What are they trying to do here? I’d be asking, don’t they want to tell us about it?”

(Female, ABC1, 60-74, Dorset)

“Obligation sounds a bit more legally bound. ‘Required’ is a nicer way of putting it.”

(Male, ABC1, 40-59, York)

Many respondents missed the note at the bottom of P15 explaining why it was being sent. On P15, this element appeared on a green shaded background on an otherwise white page. It appears that the main reason this was missed by so many was that it was at the bottom of the page. The green shading did not cause this note to be missed, but neither did it succeed in bringing it to consumers’ attention.

Why are we sending you this?

As your energy supplier, we have an obligation to give you this information about your usage and your tariff every 12 months.

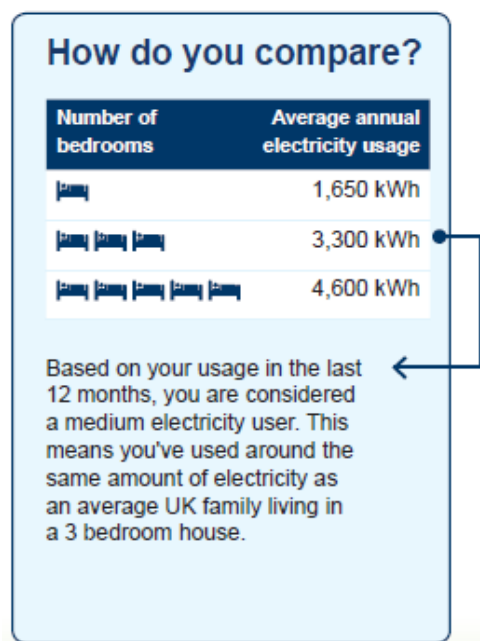
“I hadn’t noticed that. It’s not big enough.”

(Female, DE, Under 40 Bristol)

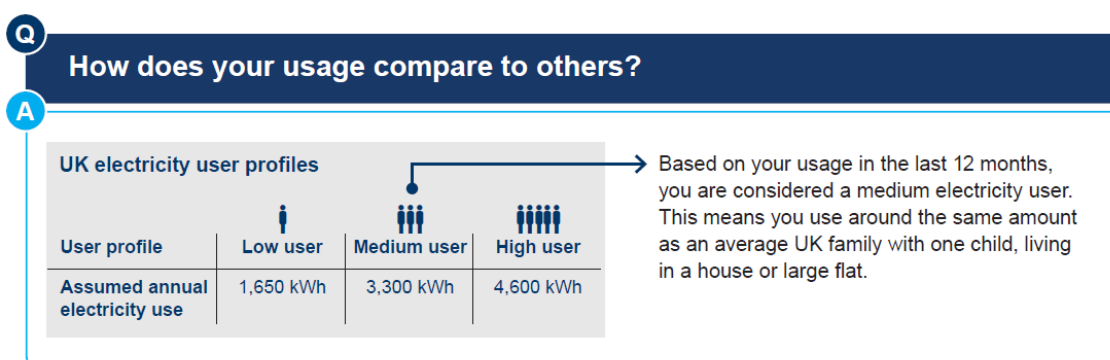
Consumers who did notice the explanation of why this information was being sent in P15 tended to react negatively in the same way as reported above for P16. Sending customers information on their energy consumption seems to most respondents to be a natural thing to do, therefore this research indicates that providing an explanation in this way is unnecessary. By contrast, for an energy supplier to tell customers how they can find information on switching suppliers is unexpected from a consumer’s perspective. Therefore, an explanation at this point that suppliers are required to provide this information has greater potential value.

8.10 Depicting Low, Medium and High Users

P15 (Version 2) Detail – How do you compare?



P16 Detail – How does your usage compare to others?



Many liked the idea of showing typical energy consumption figures for one, three or five person households (as shown in the examples above). They found this a useful frame of reference to indicate whether they were above or below average in terms of their energy consumption, relative to similarly sized households. An illustration using beds to denote bedrooms (in P15) was met with mixed reactions, while human figures (in P16) elicited generally favourable reactions.

“I like the bottom bit as well, where it says ‘based on your usage, you are a medium user’. I quite like that because I’d be thinking to myself, well I’m sure we would save some money somewhere especially if it was suddenly you’re a high user.”

(Female, ABC1, 40-59, York)

“It’s useful to see, I think. They give you an average. I would be able to compare. It’s not scary to look at either.”

(Female, ABC1, 40-59, Herts)

Across the study, there was a more positive reaction to showing people in the graphic than showing beds. One of the reasons for this preference was that it was felt that energy usage was more likely to correlate with numbers of people taking showers, boiling kettles and using other appliances than numbers of bedrooms in a household.

“Well I suppose [I prefer] the little people really... I’m in a four bedroomed house but I’m only one person so really it doesn’t go on bedrooms does it, it goes on people. My son’s in a five bedroomed house and there’s only two of them in that. It’s got to go on people hasn’t it?”

(Female, 75+, Bristol)

“I don’t see how the bedrooms are relevant. You can have a four bedroom house with only one person living in it.”

(Male, ABC1, 40-59, Dorset)

“People are better than beds. Beds is like a hotel thing.”

(Female, ABC1, 40-59, Herts)

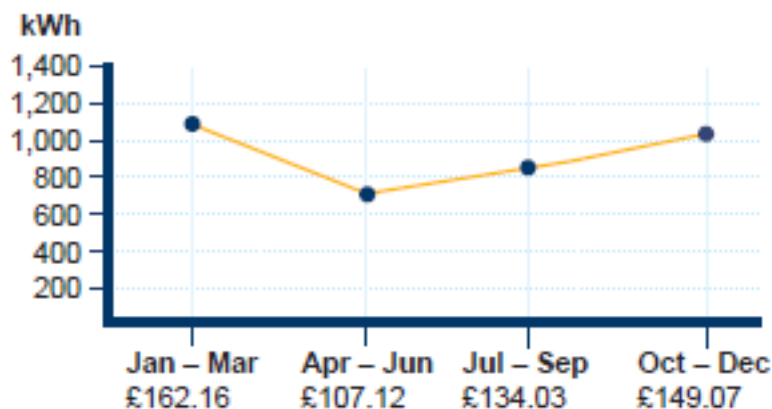
However, some respondents also wanted to see consumption for more different types of household.

“I would like to know how I would compare with other people who have got a two bedroom or three bedroom bungalow with two people in it or two people living in a house or whatever as to how much electricity they would use.”

(Female, 75+, Bristol)

8.11 Graphical Representation of Energy Usage

P15 (Version 2) and P16 Detail - Graphs



Respondents tended to react positively to graphs. This was especially true of the quarter by quarter line graphs on P16 and Version 2 of P15. Reactions were also generally positive towards the bar charts featured on P13 showing a year-on-year comparison of electricity consumption.

Given that the quarterly graph was so successful in drawing people into the statement, there is a very strong case for retaining it. If there is room for a year-on-year chart to be shown as well, responses suggest that this should also be added.

“The chart is very informative. It’s not overkill of words.”

(Female, C1C2, Under 30, Dorset)

“I like the graph. I work with computers and it’s a good trigger versus text. It’s clear and concise.”

(Male, ABC1, 40-59, Herts)

“I like the idea of an annual bill so you can see your consumption for the year, it makes sense. Like in January to March it’s expensive and obviously it’s going down in the summer but, yes, that’s quite good where you can see what you’re using.”

(Female, C1C2D, 30-59, Edinburgh)

Only a minority reacted negatively saying the graph discouraged them from engaging with the document, either because they struggled to understand it or thought it was unnecessary.

“I don’t like the graph.”

(Female, ABC1, 40-59, Herts, after seeing P15)

“I’d be scared of that graph.”

(Female, ABC1, 40-59, Herts, after seeing P16)

“We know our heaviest period is Winter, but you need to be an accountant to work out the kilowatts?”

(Female, BC1C2, 60-74, Herts after seeing P16)

“The graph isn’t actually a great deal of help because if I wasn’t using less electricity in the summer months then there’s something wrong.”

(Female, 75+, Bristol)

8.12 Preference Between Prototypes P15 and P16

Respondents had different reactions to specific elements of the various prototypes, but many took a holistic view of each prototype, giving their verdict on the overall document. P15 (Version 2) and P16 each received predominantly positive reactions as they were both perceived to be:

- Engaging;
- Eye-catching;
- Well laid out; and
- Providing helpful information.

Ofgem may not wish to impose a specific design on energy suppliers but the learning from reactions to these prototypes may help set parameters for statement design. A statement designed around either prototype should be well received.

The table overleaf summarises how respondents reacted to different elements of P15 and P16.

Differences Perceived Between P15 and P16

	P15	P16
Layout	→ More friendly, softer and personal in approach.	→ More business-like and formal with strong headings
Format	→ Letter style with an introduction	→ 'Bang' straight into it, with no introductions → Q and A style
Inviting	→ Yes, looks easy to read – possibly less substantial than P13 or P16	→ Most thought it looked easy to read although some thought it looked more involved than P15
Easy to find information required	→ Yes, most felt information was easy to find	→ Yes, and some argued the Q and A style contributed to information being easier to find than on P15

The pale colour of much of P15 and its green shading at the bottom of the page contributed to the view that it was softer than P16.

The use of white text on a dark background helped the headings on P16 stand out and together with the white pages (in contrast to the pale blue of P15) gave this document a more formal, business-like feel than P15.

The fact that P15 was more in the style of a letter while P16 went straight into the Q and A also contributed to P15 being perceived to be softer and more personal in style.

Both prototypes were generally liked but individuals had personal preferences depending on whether they liked a more formal business-like document (P16) or one that looked a little more friendly (P15).

8.13 Tariff Information Labels on Annual Statements

P16 Detail – Which electricity tariff are you on?

Q Which electricity tariff are you on?

A

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Payment method	Cash/cheque
Additional products or services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Prices are fixed until	31 December 2012
Standard Equivalent Rate (SER)	12p per kWh

Respondents tended to react positively to the Tariff Information Labels as they appeared on the Annual Statements (as shown in the example above).

“The tariff breakdown is great. You can work out exactly what you are paying and it breaks it down. I know when my contract is up.”
(Male, C1C2, Under 30, Dorset)

The Question and Answer Style of P16 served as a reminder that there are a number of electricity tariffs available.

The detail of the Tariff Information Label was found to be appropriate and helpful. People reiterated that it was important to see the date a tariff ended (where applicable). Again, those not on fixed contracts were sometimes confused by references to end dates and cancellation fees, so (as mentioned previously) it is important that ‘not applicable’ be printed for these.

8.14 Saving Money on Electricity

Respondents generally reacted positively to the heading ‘Could you save money on your electricity?’ which appeared on P15 Version 2. Reactions to the content of this section are discussed in Section 8.17.

8.15 Jargon Explained

Detail – What does all the jargon mean (P16)

Q What does all the jargon mean?

A

Estimated meter reading – a supplier's estimate of how much electricity you have used during a specified period.

Fixed-rate tariff – a tariff where the supplier guarantees that the price per unit of electricity will stay the same for a set period.

Fixed-term tariff – a tariff that stays the same for a fixed period. You may pay a penalty if you switch to another tariff before the end of the fixed term.

kWh (kilowatt hour) – one kilowatt of power being used for one hour. It's the same as a 40-watt light bulb being left on for 25 hours. Also known as a 'unit' of energy.

Unit rate – the price per kilowatt hour of electricity used.

Standard Equivalent Rate (SER) – a rate that allows you to compare your tariff to others on offer, despite differences in the way charges per kWh or standing charges are applied. It is calculated by the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by the assumed annual electricity use of a medium user.

Switch – to change from the current supplier to a different supplier, or to change from the current tariff to a different tariff with the same supplier.

Standing charge – a fixed daily amount you pay your electricity supplier for maintenance and other costs, such as meter reading and maintaining connection to the power network.

Tariff – the package of charges and conditions that a supplier offers you for providing electricity.

All prototypes had a section on jargon - the example above is from P16. Respondents reacted positively to the idea of having an explanation of jargon on the statement. They also liked the choice of items included as jargon and responded positively to the explanations given. However, this research suggests that the sections on explaining jargon should not be longer than they currently are, as respondents were put off by lengthy 'wordy' sections that make the pages appear cluttered or crowded.

Even those who would not expect to look at this section themselves thought it was sensible to have a section on jargon on the Annual Statement. Some said they would scan through to see if anything grabbed their eye or would refer to it if there was something specific they wanted to know. Knowing the section was there was considered helpful in itself for some.

A sizeable minority claimed they would read through the explanations of jargon.

“The second page (of P13) is the jargon page, which would make me sit down to read it.”

(Female, BC1C2, 60-74, Herts)

“I’d read the jargon to get an idea. I’d read it once.”

(Female, ABC1, 40-59, Herts)

“SER. That’s what we’re looking for. That’s what we need. Brilliant.”

(Female, C2DE, 60-74, Bristol)

The terms and descriptions that appeared under the jargon glossary were generally thought to be appropriate, although some questioned the necessity for an explanation of a relatively straightforward term such as ‘estimated meter reading’.

Within the context of a box on an Annual Statement headed ‘Jargon explained’, most considered it to be helpful to include a concise explanation of the Standard Equivalent Rate (SER). However, some felt it would be inappropriate and unhelpful to include a description of how the SER is calculated, as readers would struggle to make sense of this and it makes the explanation wordier than it needs to be.

8.16 Key Contractual Terms

Detail – Key Contractual Terms (P15)

Key contractual terms

Charges for supply
You are on our 'YourPower Fixed Renewables' tariff. The unit rate and standing charges you pay are fixed at the following amounts until 31 December 2012:

Unit rate:	11p per kWh
Standing charge:	£13.00 per month

The length of the contract

Tariff length	12 months
Tariff ends on	31 December 2012

When this tariff ends you will be placed on our standard electricity tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Cancellation fees and arrangements for ending the contract
If you decide to switch from your current tariff or change your supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights.

After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for electricity.

Other terms

Discounts
Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house
If you move house you must give us at least 2 days' advance notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume electricity.

Additional charges
We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

Each prototype also included an explanatory section on key contractual terms (the example on the previous page is from P15). Most respondents said they would not read key contractual terms on an Annual Statement, but those who looked at these in the research generally agreed they could be helpful if a little repetitive (some information is also included in the main body of the statement).

“Reading that, it tells you everything. It tells you you’re going to get charged £50 if you leave your contract, how much your unit rate is, how long the contract is, when it’s going to end, what are the standing charges. So it’s kind of telling you everything.”

(Male, C1C2D, 30-59, Edinburgh)

“It would be excellent for a new first time buyer wouldn’t it? When you first start out and you haven’t got a clue what’s going on.”

(Male, ABC1, 40-59, York)

8.17 Switching Tariffs/Suppliers

Detail – Could you save money on your electricity? (P15 version 2)

Could you save money on your electricity?

You are on a fixed-rate, fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45, meaning you would have saved £13.93 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It’s also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current electricity tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

The prototypes included information on changing tariffs or suppliers. The detail above is from P15. When respondents noticed the information about switching tariffs or suppliers, some responded favourably, as they regarded this as a sign that their supplier was very confident their prices were competitive. However, others were surprised that this information would be provided by their supplier (particularly if they hadn’t noticed the information that suppliers were required to provide this).

“It’s a quiet confidence they will not be beaten. I’ve never seen that before. They know that we won’t find anyone cheaper.”

(Female, BC1C2, 60-74, Herts)

“The blue one makes a big thing of changing suppliers. It means they are pushing you not to change. It’s bold and confident. They are shouting from the rooftops, pushing you to ‘have a go, but you will always come back to me’.”

(Male, BC1C2, 60-74, Herts)

Detail – Need independent advice about switching supplier? (P15 Version 2)



A few respondents (mainly older people) picked up on the reference to Consumer Direct, Consumer Focus and the Confidence Code for price comparison on P15. A couple said they might be inclined to contact Consumer Direct. Overall, relative to other parts of the prototype, few people picked up on the section of P15 headed 'Need independent advice about switching tariff or supplier?'

8.18 Potential of Annual Statements to Help Consumers

Despite generally positive reactions the prototypes, they did not provide a strong call to action. Here we consider how they could be more impactful and action orientated.

On the positive side, hardly anyone claimed they would throw away any of the Annual Statements without at least looking at it first. However, some did not expect to keep the document but to discard it as they had established they were not obliged to pay or do anything on receipt. Others would hold onto it but some of this group did not expect to study or use it in the future.

In a few cases, respondents said they would keep the Annual Statement for a particular purpose, e.g. to:

- Check claims made by a sales rep for another supplier if they were subsequently contacted;
- Help them consider their options when their fixed contract came to an end;
- Give their own supplier appropriate information if they were to ring them up; or
- Check out alternative tariffs with their current supplier.

"I would keep this (P16). I would be quite confident it's got all the information at hand on a single bit of A4. It would make me feel a bit more confident when it comes to switching and I'd have this in front of me and I'd ring people up and this is what I'm on the fixed renewal whatever. That's all I need."

(Male, ABC1, 40-59, York)

"I wouldn't normally ring my supplier, but with this I can see what I am talking about. If they asked me my tariff I can tell them."

(Female, BC1C2, 60-74, Herts, after seeing P13)

In these cases, consumers said they were likely to study the document and retain it for future reference. However, it is also worth noting that hardly any claimed seeing advice on how they could change supplier would prompt them to check out alternative suppliers there and then.

When asked whether they would make phone calls to discuss switching many expressed reluctance. This was influenced primarily by a desire to avoid the perceived hassle of switching and concern that the new supplier might then raise its prices. Another reason for reluctance was that the consumer might not know what to say, what information to provide or how to answer any questions they were asked.

On a related theme, there was a tendency for people to see the various sections, especially on P15 and P16, as stand-alone rather than linked to each other. The P13 prototype used connectors to link key possible actions (such as switching from cash/cheque payments to direct debit) with information in the Tariff Information Label. Whilst the idea had appeal there was a view that this cluttered the page and caused the whole page to look messy and uninviting. Thus, while the principle of linking information was generally thought to be a good one the execution needs careful consideration.

Consumers may be more likely to take action to compare tariffs and/or suppliers if there were clearer and more explicit explanations of how the information on the statement could specifically help them with these comparisons. The extract from P15 (overleaf) states that 'You can use the information on this page to easily compare your tariff', but it was apparent in some groups and depth interviews, that some respondents were not entirely sure how to compare tariffs, or how this information would be of use to them in that process.

Detail – Could you save money on your electricity? (P15 version 2)

Could you save money on your electricity?

You are on a fixed-rate, fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45, meaning you would have saved £13.93 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It's also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current electricity tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

8.19 Conclusions

Reactions to Annual Statements, and in particular to prototypes P15 and P16, were broadly positive. Many consumers felt they would be encouraged to think about their energy tariff and usage as a result of receiving such a statement. This will not always translate into customers taking direct action to compare tariffs or suppliers or to switch, but it could be a useful stimulus to encourage people to think about switching as well as providing information appreciated even by those not intending to switch.

This research indicates that Annual Statements will be most effective if they:

- Are no more than 2 pages in length (a single double sided sheet);
- Contain eye catching personalised information on the first page to engage the consumer and draw them in;
- Include at least one graph/chart depicting the consumer's energy usage; and
- Adopt at least one colour (in addition to black and white) and use clear headings to separate the different elements of the statement.

Additionally, based on the responses of consumers to the prototypes shown, we recommend that Annual Statements:

- Include explanations of jargon and key contractual terms on the second page for the minority of consumers likely to read those; and
- Explain within the section of the statement devoted to switching/consumer rights information that energy suppliers are required to provide this information.

Below are our recommendations for what content to include on each page of the Annual Statement:

First Page

- Brief introduction (similar to P15 but shorter);
- Graphs of quarterly usage;
- Graphs of this year vs. previous year (but only if it can be accommodated without going to 3rd page or spoiling appearance of page); and
- 'Stick people' graphics (i.e. one, three and five person households) to illustrate typical low, medium and high energy using households.

Second Page

- Details of electricity/gas tariff (name, end date, cancellation changes, etc);
- Section entitled: 'Could you save money on your electricity?':
 - Introductory explanation that the supplier is required to send this information (companies could add 'we hope you find it helpful');
 - Information on independent advice
 - Information on changing tariffs with us
 - Information on changing suppliers
 - What information do you need to work out if you are on the best tariff?;
- Jargon explained (i.e. glossary of key terminology); and
- Key contractual terms.

One additional option that may help consumers to link information on the statement to the tariff comparison process could be to add a small section headed 'What information will help me work out if I am on the best tariff?', e.g. stating :

- 'Your annual usage in kWh will help you use price comparison sites'; and
- 'The Tariff Comparison Rate (or Standard Equivalent Rate) will help you to compare your tariff against others offered by us or by other companies'.

Another recurring issue was that people missed or did not understand why the information was being sent. Whilst for some this did not matter, it was an issue where consumers were confused or drew the wrong conclusions. A possible solution would be to place the explanation as to why the information is being provided closer to the actual information on switching.

9. Sub-Group Differences

All of the findings detailed previously in this report can be treated as broadly generalisable. However, there were also some differences between sub-groups primarily in their level of engagement with communications.

Consumers who tended to be least engaged in the communications included:

- Those who had never switched and would not consider switching in the future;
- Those who did not normally study communications from their energy supplier;
- Those who, for various reasons, were disinclined to take steps to improve their finances; and
- People who found communications difficult to understand.

In terms of their socio-demographic characteristics, these individuals had a greater propensity to be:

- Those for whom English was not their first language;
- Those with limited literacy or numeracy;
- Those who were unemployed or from C2DE social grades; and
- Those aged under 40 years (especially if also from C2DE social grades).

In addition, some of those aged 70 plus were less engaged. However, others in this age group were amongst the best informed and most proactive. There was no evidence that those with physical disabilities were any less engaged than other groups.

Overall, disengaged individuals appear to be least likely to benefit from initiatives to improve communications. Conversely, those already engaging with the energy market were amongst those most interested in the communications materials shown in this research. More engaged consumers tended to be aged 40 and over, from ABC1 social grades and already regular switchers.

In addition, it appears from this research that limited switchers and those who are currently passive/disengaged but are at least in theory more open to the prospect of reviewing their energy options may benefit from improved communications. This is because they have some level of interest in being more informed but tend to regard current communications as being difficult to navigate and off-putting.

10. Understanding of Terminology

10.1 Understanding of Bills and Tariffs

Most understood the basics of their bill such as what and when they had to pay, or whether they were in credit or debit if they paid by direct debit. However, respondents had less understanding of the pricing structure or terminology such as kilowatts.

“Years ago they did it per unit and you could work it out, but now it’s not units. What’s it called? It’s got a name... Kilowatts, that’s what’s coming in now and I think it’s quite hard to work it out. My daughter is quite high up in the bank and she can’t work it out either.”

(Male, C2DE, 60-74, Edinburgh)

In addition, prior to their involvement in the research, many were unaware of the range of tariffs available in the energy market. Therefore they needed to resort to guesswork to determine the meaning of such terms as ‘fixed-rate tariff’, ‘variable tariff’, ‘capped tariff’, ‘tracker tariff’ and ‘green tariff’. As a result there were some gaps in understanding such as:

- Some consumers did not appreciate that an online tariff would mean no paper bills or that it was likely to be cheaper than paper billing.
- Whilst most understood the broad principle of a tracker tariff, there was uncertainty about how it might apply in an energy context (tracker tariff is one where the suppliers guarantee that the price per kWh will be linked to a specified bench mark, such as wholesale prices).
- Many consumers associated ‘green’ tariffs with being ‘environmentally friendly’ sometimes without making the direct link with renewable energy.
- Many tended not to understand the specific meaning of discounted tariff in the energy market (‘discounted tariff’ means a percentage discount off fuel prices for a given period) and to confuse it with other types of reductions e.g. dual fuel, paying by direct debit or online billing.
- It was assumed by many that standard tariffs were ‘basic’ tariffs and that non-standard tariffs would therefore be cheaper or preferable (rather than standard being open-ended and non-standard being for a fixed term).

This lack of understanding of the detail behind bills, and of terminology such as around tariffs, contributes to disengagement from the energy market.

Furthermore, whilst consumers' understanding of terminology used in communications from their energy supplier was often limited, for many their desire to understand terminology also often appeared to be limited.

Nevertheless, the inclusion of a glossary to explain terms in an annual statement was thought to be appropriate and useful. Even though few expected to read through the whole of the section on explaining terms, there was interest in using such a section to look for particular terms or glance through to see if anything leapt out. When consumers read the explanations provided (on the Annual Statement prototypes) most found the explanations to be helpful.

10.2 Standard Equivalent Rate

As mentioned previously in this report, some respondents had spontaneously suggested that it would be helpful to have a unit rate enabling people to compare charges across companies (before the concept of the Standard Equivalent Rate had been introduced). This suggests that the introduction of a Standard Equivalent Rate could potentially be useful to consumers. However, the actual terminology of 'Standard Equivalent Rate' or 'SER' was not intuitive to consumers, and many struggled to grasp the concept from the name alone.

"I need someone to explain that to me."
(Female, ABC1, 40-59, Herts)

Once provided with an explanation that it was a tool for comparison, consumers generally embraced it. This was particularly so when the moderator introduced APR/AER from the financial services sector as a comparison. There were also instances of individuals themselves noting the parallel with APR/AER prior to it being raised by the moderator.

"It's like a mortgage. I look at AER. If everyone does that then it will be good to be able to compare."
(Female, ABC1, 40-59, Dorset)

Only a minority of respondents were interested in seeing how the SER figure was calculated. For most, describing the method of calculating the SER within the context of a body of text (as on the Annual Statement) was considered a 'turn-off' that would not enable people to fully understand the calculation but might deter them from reading further. Showing the formula as a FAQ (as it was on the Tariff Information Label prototypes) was perceived to be better as it was laid out in a more user-friendly way.

In the later stages of research reactions were tested to the term 'Tariff Comparison Rate' (TCR) as an alternative to the SER. Tariff Comparison Rate tended to be preferred as it was considered more intuitive and therefore easier to work out what it means from the title alone.

Overall, however, it was felt that the concept of a SER or TCR has the potential to be useful but that significant consumer education would be necessary for it to be used widely.

“They have to tell you what that rate would be and that you can use it [to compare] against other companies....When you’re reading this, not many people could spiel off this standard equivalent rate of any other company and not many would take the time to take this bit of paper and compare it online or on the phone to anybody else.”

(Female, 40, visually impaired, Edinburgh)

11. Factors Influencing Views on Communications

This research study focussed on consumers' reactions to a number of prototypes of different types of communications. To place their subsequent responses in context and to 'warm up' respondents before they were shown the prototypes, the first part of the research was taken up with exploring respondents' general attitudes and behaviours in the energy market. This discussion explored topics such as their recall of, and reaction to, energy supplier communications; and their recent history of switching as well as consideration of switching tariffs and/or suppliers. In this section, findings of these initial discussions are outlined and their implications for future communications are considered.

11.1 Levels of Engagement and Understanding and Trust

The initial discussions highlighted that many respondents were not engaged with the energy market. In fact, many were satisfied not to have experienced problems and therefore tended to pay their bill without any further consideration. As a result, many admitted that they did not look closely at, or take much interest in, communication from their current energy supplier.

"I think if you're getting a service that you've no problem with, you pay the bill, you know the bills are paid, you've no hassle, you just stay with them."

(Female, C2D, 40-59, Rural Scotland)

This lack of engagement was closely related to lack of understanding. Many respondents were unsure or only had a limited understanding of how their energy bills were made up. For example, some did not know whether their energy supplier imposed a standing charge, or adopted a two-tier pricing system. Whilst some of these consumers would like to know more (but felt it would be too complex to work out), others neither understood nor were interested in learning more.

Even those with better understanding of the composition of their bill did not generally understand why it was made up this way.

"Your rates per kW could be 13p, shall we say for the first 500. And then on some bills what you use after that is a different price again. Why? Why is it two different prices?"

(Female, C2DE, 60-74, Newport)

"When we receive a bill I try to understand, I try to read what is written but it's usually hard to understand why do we have to pay this amount,

for what do we have to pay a lot of money and I try to understand but, no.”

(Female, C1C2D, 30-59, Edinburgh)

In addition, those with better understanding of their bill were also more likely to perceive bill comparisons to be difficult to make because they had more awareness of the variability in tariffs between suppliers. This in turn could lead to disengagement.

“You’ve got to take into account the standing charge with one and then the standing charge with somebody else and how much a kilowatt with one and with somebody else so you might be better off with somebody with a high standing charge.”

(Female, ABC1, 40-59, Rural Wales)

There was also evidence of distrust of alternative energy suppliers, especially cold callers and those promising better deals in an attempt to entice customers away from their current supplier. Consumers who were mistrustful were likely also to be passive in the energy market and not to contemplate switching suppliers.

“Any time any of these companies approached me to switch they would ask me, first question, how much is your monthly direct debit. We got lots of direct sales calls offering to reduce your tariff but they weren’t.”

(Male, ABC1, under 40, Rural Scotland)

“I think it’s great that they’ve opened up the markets but I don’t think a lot of people trust smaller companies or the people they have cold calling at the doors, because a lot of the time they’re not even properly employed by the company but they wear the badge and make you think they are.”

(Female, 40, visually impaired, Edinburgh)

11.2 Switching Suppliers

Whilst the findings above highlight the reticence felt about switching, the recruitment ensured that the research programme included different levels of switchers, including:

- ➔ Multiple switchers who had changed energy supplier at least twice in the past ten years (and at least once in the last 12 months) including some who had changed at least three times in the past five years.
- ➔ Limited switchers who had switched only once or twice in the last ten years and had not changed in the last 12 months.
- ➔ Non-switchers who had not switched energy suppliers in the last ten years.

The ways in which switchers had changed suppliers varied greatly. For example, there were:

- ➔ 'Reactive switchers' as a result of contact with a sales representative (in a retail environment, through door knocking or tele-sales), or in response to direct mail or an advertisement.
- ➔ 'Proactive switchers' who initiated contact in response to a trigger (e.g. moving home, a price rise, visiting a price comparison website, customer service problems, or a recommendation from a friend or family member).
- ➔ 'Multiple (proactive) switchers' who visited price comparison websites regularly to check relative prices of suppliers on a regular basis, and were happy to change suppliers for a better deal.

However, most switchers (even some multiple switchers) reported finding the process quite involved or complicated, or to being unsure whether they were getting a good/better deal when they switched.

"I've switched five times in five years. I think it's a nightmare to be honest. I'm not sure if I'm getting a better deal."

(Male, ABC1, 60-74, Dorset)

Comparing the whole market (e.g. via price comparison sites) was seen to be particularly complicated because of the number of tariffs available and their variability between suppliers.

"Each of the gas and electricity suppliers have got their own different packages and you've got to look into what each package means, then look for subsequent discounts on direct debit, it's quite involved."

(Female, ABC1, Under 35, London)

However, even when consumers were dealing with a single company with respect to a potential switch, there was evidence of confusion about what tariffs were available and how these compared with what the customer was currently on. Those with limited experience of switching tended to be most uncertain about whether they would save money as a result.

Some who had switched had also been disappointed with the size of their bills after switching and either reverted to their previous supplier or were deterred from switching again.

In addition, some reported poor experiences of the switching process itself. For example, there were instances of respondents who had been transferred to another supplier without their knowledge by a rep calling at the door. Others had heard of but had not personally experienced poor behaviour by suppliers when switching customers. This word of mouth may not have been accurate but nonetheless contributed to switching not being considered a straightforward and hassle-free experience.

“It’s a hassle to get your gas and electricity with them in the first place and then they change you and all the hassle that goes with it. So you just stay the same.”

(Male, C2D, 40-59, Rural Scotland)

12. Conclusions

Overall, this research indicates that the preparedness of consumers to engage with supplier communications is related to the degree to which they are already active in the market. This in turn relates to the extent to which consumers understand tariff information in particular, as well as how much they trust (or distrust) suppliers. There was a feeling, especially amongst more ‘vulnerable’ consumers in this research that you are safer with ‘the devil you know’.

However, this research also highlights that the size of energy bills and perceived lack of clarity in tariffs are a source of concern to many consumers. There is a desire amongst consumers to be able to compare tariffs more easily, or at least to find robust reassurance that they are already on a good deal.

In addition, when respondents were asked how their views would change if energy prices were to rise sharply, some of those currently disinclined to engage with the energy market said this might prompt them to take more interest and action.

Therefore, many consumers could benefit from initiatives to clarify pricing and remind them of their rights and opportunities to change tariff and/or supplier. As well as those currently active in the market, this research indicates that those who are currently limited switchers or those who are disengaged/passive but are to some degree open to the prospect of reviewing their energy options could potentially benefit (as some who expressed interest in knowing more reported finding current communications complicated and off-putting).

Thus, communications from energy companies have the potential to encourage some customers to engage more actively with the energy market. To do so, these communications must combat or overcome:

- The reluctance of some energy consumers to read or study material from suppliers;
- The scepticism with which some consumers claim to view communications from energy suppliers; and
- Consumers’ lack of understanding of tariff structures which can make it more difficult for them to fully comprehend communications material from suppliers.

The insights gained from the research, and in particular which elements of which prototypes worked well and which required changes, have been passed to Ofgem’s design agency, Boag McCann. These insights have been used to refine the prototypes and develop final proposed templates for Price Increase Notification letters, Summary Box on bills, Tariff Information Labels and Annual Statements.

Additionally, this research has indicated that the Standard Equivalent Rate (or Tariff Comparison Rate) has the potential to be a powerful tool to help consumers compare tariffs, but that further developmental work is needed to refine the concept and determine how to communicate it most effectively to consumers.

Since this study was commissioned, Ofgem has also commissioned research to explore a proposal for energy suppliers to inform existing customers of their cheapest tariff. A separate report is available which highlights consumers' reactions to prototypes for communicating information on alternative tariffs through bills and annual statements.

Appendix

Topic Guide (Summary Box on Bills and Annual Statements)

Introduction

- Welcome/housekeeping/brief aims of the research (we are testing the material not them)
- Individuals introduce themselves

Energy Suppliers

- Who supplies them with gas/electricity?
- How long have they been with them?
- If people have switched suppliers in the last two years, how, why did they switch to their current supplier? If cost mentioned, how easy was it to compare prices/how did they know they were going to get a cheaper deal?
- Are they getting a better deal?
- If people have not switched suppliers in the last two years, have they considered doing so?
- If considered but not switched, why not?
- If not considered, why?
- If difficulty comparing prices mentioned, why is this difficult?
- When they receive a bill/direct debit statement from their energy supplier what do they do with it? Do they open/pay straightaway? Do they keep the bill/statement?
- What do they look for on the bill/statement? Is it easy to find this info?
- How is their bill made up? (eg is it a simple cost per unit of energy used or is it more complicated than that?) What other info do they see on their bill/statement?

SHOW BILL/TARIFF SUMMARY – FIRST EXAMPLE (P5)

- Ask people to imagine they have received this bill/statement? What information would they look out for (if how much need to pay/how much energy used ask them to find this information)
- (If you received this bill is it clear how much you need to pay and when?)
- What other information is there on the bill? What do they understand by the term 'tariff'? What is the information in this column for?
- How helpful is this information?
- Why is it helpful or not?

- Is there anything confusing or difficult to understand on the tariff column?
- The standing charge is a daily charge. Would daily or monthly be more useful?

SHOW P6

- (IF PEOPLE SAY THEY WOULD LOOK OUT FOR HOW MUCH TO PAY/HOW MUCH NEED IF BILL RECEIVED) If you received this bill is it clear what you should pay and how much energy you have used? If no, why not?
- What other information is there on the bill? Which would encourage them to read the tariff info, the orange bound box or the plain black box? Would they trust the info in the black box? What about the orange box/ does one appear more trustworthy/independent than the other?
- Which title, 'About your tariff' or 'Your tariff summary' encourages them to study the tariff info? What about the black background for the titles 'Gas' and 'Electricity'?
- The tariff summary includes information on energy usage and daily cost for the period of the bill. Is this useful to include in the tariff summary (this info may also appear in the detailed breakdown of the bill that would appear on the reverse side of a bill)
- Is there anything unusual about these bills? (IF NOT MENTIONED POINT OUT INFO ON SWITCHING TO CHEAPER TARIFF AND CHANGING SUPPLIERS) Is this suitable/helpful info to put on bills? Why/why not? Would they respond to this? Would it make a difference if the savings were shown in £? Which wording do they prefer? Why? Which, if either, would encourage them to take action?
- Is info on 'cheapest tariff' with quote of possible savings (under the 'Are you on the best tariff for you?') in P5 more helpful than the signposting info in P6?
- Overall which version of the bill would they find most helpful? Why?
- Which version of the bill would be most likely to prompt them to think about whether they might save money by switching to another tariff or supplier? If they were concerned about their energy bills and wondered if they might save money by switching to another tariff or supplier which version would they find most helpful? Why?
- Is there any additional info they would like to see on their preferred version of the tariff summary?

TARIFF

- Do people know which TARIFF they are on with their energy supplier? If, yes, how do they know?
- Do people think/know they are on the best TARIFF offered by their energy supplier?

- And how do they think that compares with other energy suppliers?
- How are tariffs made up? (Is there a price per unit of electricity/gas or is there another element? Is each unit of electricity/gas charged at the same rate?)
- Would having a tariff summary as on the example bills help them? Why/why not?

Annual Energy Statements

- Do they receive these from their suppliers? What is the purpose of these statements?
- Do they study them? Are they helpful? Why/why not? What would make them (more) helpful?

HOLD UP P15 and P16 and ask which of these would most encourage people to read and study.

Then Hand out P16 AND ALLOW AT LEAST 3 MINUTES TO STUDY

- What do people think about the layout? Does it look important/ worth reading/ easy to read? Why/why not?
- How would they feel if they had received this? What would be the purpose of a document such as this? Does the explanation under 'Why are we sending you this work? What about the phrase *'we are required to give you this information'*? Does this encourage you to read on? Is it reassuring/off-putting? Why? What about the phrase *'It is hoped you find this useful'*? Encouraging/unnecessary?
- What, if anything, would they do with the information? Would they keep it? Would they wait for an equivalent Gas statement and compare the 2? Why?
- What is the statement telling them?
- What do people think of the question and answer format? Does it encourage them to read the whole statement or pick and choose?
- According to the statement (under How much electricity are you using?)
 - how much electricity have they used in the last 12 months
 - how much has this cost them?
- Is this clear?
- If unclear why?
- Is there anything confusing or difficult to understand on the statement?
- Is the graph/quarterly break of usage helpful? Why – does it encourage them to think about their energy usage?
- What about the section headed How does your usage compare to others? Is this clear/helpful? Why?

- Which parts of the back page would they read if they had not been asked to?
- Is the info on their electricity tariff clear/helpful? What about the info next to it on the best tariff for you? What does this mean? Does it appear sensible to switch now? Why?
- Are the contractual terms understandable? What is unclear?
- Would they be interested in comparing what they were paying for their energy versus other suppliers?
- If they wanted to compare how much they were paying for their energy versus what other suppliers were charging how would they do this? If 'would go on price comparison site' does this statement give them the information they need (ie annual energy consumption)
- **Focus on 'What does all the jargon mean?'**
 - Did they notice this initially?
 - Would they have used it?
 - read through it?
 - referred to it if had queries?
 - Go through terms under Jargon explained starting with 'Estimated meter reading'
 - any queries?
 - What does the phrase 'actual meter reading' mean? Should these terms appear in an explanation of jargon?
 - (It is not listed here) but what do they think the term 'Pay as you go' means in relation to energy? Is it a good description? (ASK PPM CUSTOMERS: YOUNG ELSTREE GROUP ALL PM) What phrase do you use/feel happiest using?
- Fixed-rate tariff
 - Did they understand this term BEFORE the explanation
 - Is the explanation clear?
- Fixed-term tariff
 - Is this the same as a fixed-rate tariff?
 - What is the difference?
- Tariff
 - Is this explanation clear?
 - There are a number of different types of tariff
 - What is a Standard Tariff? What is a non-standard tariff?
 - Based on the names which would they prefer to be on?

- To make it easier to make comparisons across companies all suppliers in future, will offer a standard tariff for each payment method such as direct debit or pre-payment meter. All standard tariffs will have the same monthly standing charge, set by Ofgem, plus a rate per kilowatt hour set by the company. This will make it easier to compare standard tariffs across companies. Companies may still offer non-standard tariffs eg a green tariff or a tariff with a different combination of standing charge and rate per unit.
 - What do they think of this idea? Would they expect to choose a standard or non-standard tariff? Why?
 - What do they think a green tariff is? Is it appealing? Why/why not?
 - What about an online tariff? These tend to be cheaper because no paper bills are sent. Would they be prepared to stop receiving paper bills to save a few pounds on their energy?
 - What is a discount tariff? Would a tariff called a discount tariff be appealing? Why?
 - What is a variable tariff? What about a tracker tariff? What about a capped tariff? Which of these, if any, might they look out for? Which might put them off just based on the name?
- kWh
- are they familiar with this?
 - is the explanation helpful?
 - Unit rate - is this explanation clear/helpful?
 - where is it used on the statement?
- Standing charge
- do they believe they annually pay their supplier a standing charge? How do they feel about this?
 - is the explanation clear?
 - Would 'a fixed daily charge' be a better term than 'standing charge' why /why not?
- Standard Equivalent Rate (SER)
- what do they understand by this? (USE PARALLEL OF APR IF PEOPLE ARE STRUGGLING)
 - is SER helpful? Why/why not?
 - where does it appear on their statement?
 - which is most helpful
 - average daily cost on the front page or SER?
 - why?

- The SER should enable customers to compare standard and non-standard tariffs. For a medium customer the lower the SER the less they would end up paying their energy supplier. How helpful is this?
- What about contractual information/ Would they read this? Why/why not?

SHOW P15

Which version do they prefer for appearance? Why? Which would be most likely to encourage them to take action?

- Is it clear why P15 is being sent out? (Check whether people noticed the green section at the foot of P15.) What about the wording? What about the phrase '*we have an obligation to give you this information*'? Does this encourage you to read on? Is it reassuring/off-putting? Why?
- Which phrase 'Your electricity usage summary' or 'How much electricity are you using?' would encourage them to read further?
- Which, if either is most helpful – beds or people? Why?
- If they had received this in the post which parts of the back of the letter would they have read?
- Would they have read 'Could you save money on your electricity?' why/why not? What would they have expected to be under this heading? Is this section clear? Is it helpful?
- Overall which version would they find most helpful? Why?
- What elements of this are most helpful?
- Which version of the annual energy statement would be most likely to prompt them to think about whether they might save money by switching to another tariff or supplier? If they were concerned about energy bills and wondered if they might save money by switching to another tariff or supplier which version would be most helpful? Why?
- If there was an equivalent for APR for energy companies how would they expect to use this?

SHOW P13

- What are their initial impressions based on the front page? Based on the front page, what are they expecting to see? Would they read on? Why/why not? (If independent advice not mentioned point it out. Is this helpful info to put on the front page? Why/why not?)
- What are people's impressions of Pages 2 and 3? What leaps out?
- This statement uses balloons linked to the text to explain key points. Point out annual usage compared. What is this saying? Is it useful? What do they take out from the reference to estimated readings? If the annual usage is based partly on estimated data is it (still) useful?

- ASK People to spend 1-2 minutes reading 'Your electricity tariff'
- What does the first box on the right say? Is this a good way of explaining the terms in the grid? Why/why not?
- What about the reference to saving money by switching to direct debit? Is this clear? Would they switch if they were a quarterly bill payer?
- Would they normally expect to read the 'Jargon explained' and 'Key contractual terms' on Page 3?
- Are these too detailed/ too superficial or about right? What is unnecessary/ where do they need more detail?

COMPARE P13, P15 AND P16

- Which of these contains the most useful info? What does it have the other versions do not?
- Which of these layouts do people like best? Why? Would a combination of different elements work best? Which?
- Which of these statements would be most likely to encourage people to take action? What action might they take?
- If someone wanted to compare their tariff against others which statement makes it easiest to do this? How would they do this?

SUM UP

- What info would they want to receive on bills/statements?
- Would they want to see info that would help them compare suppliers and reminders to consider switching?
- What forms of info are most/least useful? What, if anything might get their attention and affect their behaviour?

How to Judge the Effectiveness of the Material

Phase One

Key requirement is to identify which options are:

- clearest
- most helpful
- most likely to encourage engagement with energy market (i.e. achieve Ofgem's objectives)
- preferred (i.e. give the customers what they want)

Phase Two

Key requirement is to identify any opportunities for further improvement and check that preferred options are:

- clear
- easily understood
- helpful
- likely to encourage engagement in energy market
- liked

Assessment of Material

- How well do people understand?
- What is helping them to understand?
- What is making comprehension difficult?
- What is encouraging people to use/study?
- What is discouraging them from using it?
- How can it be improved?

Criteria for Preferring One Option over Other(s)

- Move favourable initial reaction
- Greater level of understanding
- Less confusion
- More indications it will encourage involvement in energy market
- Considered preference
- When specific differences are pointed out, positive reactions to what makes that version different
- That it is consistent with preferences expressed for other communications (e.g. if the SER version is strongly favoured on one communication, we might expect the equivalent communications to do well)

Topic Guide (Price Notification Letters and Tariff Information Labels)

Introduction

- Welcome/housekeeping/brief aims of the research (we are testing the material not them)
- Individuals introduce themselves

Energy Suppliers

- Who supplies them with gas/electricity?
- How long have they been with them?

- If people have switched suppliers in the last two years, how, why did they switch to their current supplier? If cost mentioned, how easy was it to compare prices/how did they know they were going to get a cheaper deal?
- Are they getting a better deal?
- If people have not switched suppliers in the last two years, have they considered doing so?
- If considered but not switched, why not?
- If not considered, why?
- If difficulty comparing prices mentioned, why is this difficult?
- When they receive a bill/direct debit statement from their energy supplier what do they do with it? Do they open/pay straightaway? Do they keep the bill/statement?
- What do they look for on the bill/statement? Is it easy to find this info?
- What about the terminology of bills? Is this easy to understand?
- If they saw 'p/kWh' what would they think it meant?
- What if it said 'p per kWh'?

Price Increase notifications

- Does their energy supplier tell them when they are increasing or reducing the cost of energy? How do they do this? Is the information clear? Why / why not? What would help improve this?

SHOW P2

- What do they understand by this letter? What else is it saying? What else?
- How would they know how much their charges will increase from this letter? What does p per kWh mean?
- In the grid at the top, standing charge would be shown as a cost per day. Is that the most helpful way of showing this? What about cost per month?
- What do they understand from the reference to projected average monthly cost in the table?
- What does the reference to projected yearly cost mean?
- Is it necessary/helpful/confusing to show a monthly AND yearly cost? If only one should be shown, which?
- What, if anything, would they do if they received a letter like this?
- What do they think about the layout?

SHOW P3

- What is this letter saying? What else? What do they think of this letter compared to the first?

- (if talking to direct debit payers ask) Had they noticed the sentence about needing to change their direct debit payments? On both versions? Which? Is this clear/helpful?
- Do check – had they noticed the phrase ‘Are you on the best tariff for you?’ – on both versions of the letter or just one? Which? What do they think of this phrase – does it encourage them to read further?
- Had they noticed, ‘impartial advice’? In both versions of the letter or just one? Which? Why does that appear? Would they read it?
- Had they noticed the consumer rights information? In both versions of the letter or just one? Which? Would they understand their rights as a consumer from this letter? Is this (over the page) a good position for consumer rights information? Why/why not?
- How would they know how much their charges will increase? Do the lines in the box help/hinder them? What do they think of the graph? What precisely is the graph showing? What does the percentage in the new prices block mean? Are percentages useful? Why/why not? Is the graph helpful/necessary/confusing? Why?
- What will be the likely impact of the increase?
- Which version of the letter do they prefer?
 - P2 or P3, why?

SHOW P4

- Which version of this letter do they like best? Why? If the information in each letter was the same which would they prefer to receive? Why?
- In this version the headings ‘Are you on the best tariff for you?’ and ‘Impartial advice’ appear together side-by-side. Is this preferable to the other 2 versions? Why/why not?
- IF NOT MENTIONED Do they prefer tables of prices or prose/letter style?
- Which is the most user-friendly? Which appearance do they like best?
- Overall which version would they find most helpful? Why?
- Which version would be most likely to prompt them to think about whether they might save money by switching to another tariff or supplier? If they were concerned about energy bills and wondered if they might save money by switching to another tariff or supplier which version would be most helpful? Why?

Readings/Pay as You Go/APR/SER/SER/TCR/Tariff names

- What do the phrases ‘actual and estimated meter readings’ mean?
- What do they think the term ‘Pay as you go’ means in relation to energy? Is it a good description? (ASK PPM CUSTOMERS: YOUNG ELSTREE GROUP ALL PM) What phrase do you use/feel happiest using?

- What do they think the term 'Tariff Comparison Rate' might mean? What about 'Standard Equivalent Rate'?
- If they needed to borrow money how would they know who was offering the best deal?
- If APR not mentioned have they heard of APR?
- What is APR? How would they use it?
- Would it be useful to have an equivalent measure for energy companies?
- Why/why not? Which term would they prefer – Standard Equivalent Rate or Tariff Comparison rate?
 - There are a number of different types of tariff
 - What is a Standard Tariff? What is a non-standard tariff?
 - Based on the names which would they prefer to be on?
 - To make it easier to make comparisons across companies all suppliers in future, will offer a standard tariff for each payment method such as direct debit or pre-payment meter. All standard tariffs will have the same monthly standing charge, set by Ofgem, plus a rate per kilowatt hour set by the company. This will make it easier to compare standard tariffs across companies. Companies may still offer non-standard tariffs eg a green tariff or a tariff with a different combination of standing charge and rate per unit.
 - What do they think of this idea? Would they expect to choose a standard or non-standard tariff? Why?
 - What do they think a green tariff is? Is it appealing? Why/why not?
 - What about an online tariff? These tend to be cheaper because no paper bills are sent. Would they be prepared to stop receiving paper bills to save a few pounds on their energy?
 - What is a discount tariff? Would a tariff called a discount tariff be appealing? Why?
 - What is a variable tariff? What about a tracker tariff? What about a capped tariff? Which of these, if any, might they look out for? Which might put them off just based on the name?

TARIFF INFORMATION LABEL

- If they were to receive a letter or statement from their energy supplier and in the letter was a grid headed 'Tariff Information' would they study the grid? What would they expect to appear in the grid? What if the grid was headed 'Your energy profile'? Would that encourage them to study the grid? What would they expect to see in the grid? What if it was headed 'Energy overview'?

SHOW P9

- If they saw this in a press or online advertisement or on a bill/annual statement what would they understand by it?
- What if anything is unclear?
- How helpful is it?
- What is the information for? Would they use it? How? Would they do anything different as a result?
- (In fact the information is intended to help consumers compare the features of different tariffs) would it enable them to do this?
- What else might they need?
- Is there anything that is not needed?
- The standing charge appears as a rate per month? Is this preferable to a rate per day?
- What do they understand by 'Tariff ends on' and 'Price guaranteed until'? Are they the same thing? What are Exit Fees? When might they need to pay them?
- (IF NOT ALREADY MENTIONED) What do they understand by the references to low/medium/high user? Are the figures helpful? Why/why not?
- The table shows annual consumption and estimated monthly cost. Is this the most helpful combination? If no, what would they prefer eg annual or daily estimated monthly cost? What do they think SER might be for?

SHOW P11

- Are end dates for price guarantee/tariff duration better or worse than the number of months they last for?
- Is the information on low/medium/high consumers useful?
- What do they understand by p/kWh? Is this a better or worse way of expressing the unit rate than 'p per kWh'? Or are they equally good/poor?
- The table shows estimated annual cost whereas P9 showed estimated monthly cost. Which is better?
- Is a Frequently Asked Questions Box useful? What about the explanation of kWh?
- Is the explanation of SER clear/helpful? Why/why not? Now they have read about SER does it seem a useful figure? Why/why not? Would they attempt the calculation?
- (ONLY ASK THE NEXT QUESTION IF ANYONE EXPRESSES INTEREST IN THE CALCULATION) This tariff is a Green tariff and is not a standard tariff. For standard tariffs Ofgem will set the same standing charge for all companies, for other tariffs the energy companies will set the

standing charge. For someone to work out the SER for their tariff they would need to know the Standing Charge for a Standard tariff. Should this also be shown to enable them to do this calculation?

- Is the presentation of this information better on P9 or P11?

SHOW P12

- What do they think of the layout of this version? What about the term 'tariff comparison Rate'? Is this clear?
- Is providing the Tariff Comparison Rate only for a medium user better than providing it for how medium and high consumers? Why/why not? Is providing the annual cost for low, medium and high users helpful? Why/why not?
- Does having a black background for the heading of the boxes encourage them to read on? What about the actual heading 'Estimated electricity Usage for the next 12 months' Whose usage are they talking about? What is the link between the figure for assumed annual consumption and the figure for estimated cost for the next 12 months?
- Which of these 3 versions would they find most helpful? Which title best sums up what is covered? Which title would encourage them to read on?
- Would any of the versions prompt them to compare energy tariffs? Why/why not?
- What is the best way of presenting the unit rate (pence per kWh or p/kwh etc)?
- Overall which version would they find most helpful? Why?
- Which version would be most likely to prompt them to think about whether they might save money by switching to another tariff or supplier? If they were concerned about their energy bills and wondered if you might save money by switching to another tariff or supplier which version would you find most helpful? Why?

SUM UP

- What info would they want to receive in letters/tariff labels?
- Would they want to see info that would help them compare suppliers and reminders to consider switching?
- What forms of info are most/least useful? What, if anything might get their attention and affect their behaviour?

How to Judge the Effectiveness of the Material

Key requirement is to identify which options are:

- clearest
- most helpful
- most likely to encourage engagement with energy market (i.e. achieve Ofgem's objectives)
- preferred (i.e. give the customers what they want)

Final Phase

Key requirement is to identify any opportunities for further improvement and check that preferred options are:

- clear
- easily understood
- helpful
- likely to encourage engagement in energy market
- liked

Assessment of Material

- How well do people understand?
- What is helping them to understand?
- What is making comprehension difficult?
- What is encouraging people to use/study?
- What is discouraging them from using it?
- How can it be improved?

Criteria for Preferring One Option over Other(s)

- Move favourable initial reaction
- Greater level of understanding
- Less confusion
- More indications it will encourage involvement in energy market
- Considered preference
- When specific differences are pointed out, positive reactions to what makes that version different
- That it is consistent with preferences expressed for other communications (e.g. if the SER version is strongly favoured on one communication, we might expect the equivalent communications to do well)