

Domestic Information Proposals

Consumer Bills and Communications Roundtable

18 July 2012

Background

Our Findings

- The Energy Supply Probe remedies included proposals to improve the quality and accessibility of information.
- Although changes were made to implement probe remedies, these did not always embrace the spirit of our proposals. Some information remained complex or unclear, and in some instances key information was not provided to consumers.

Why is this an issue?

- Information that is not presented in a clear way or that is not accompanied by an explanation of its relevance can be overlooked by or appear confusing to consumers.
- This has contributed to low levels of consumer engagement, poor quality of switching decisions, alongside a widespread feeling of confusion about energy and mistrust of suppliers.

Research shows RMR proposals re improved information will be most effective if coupled with other measures to improve consumer engagement

RMR Proposals

Objectives

- Facilitate consumer engagement through greater accessibility, simplicity and clarity of key information
- Use regular communication s (bills, price rise letters etc) with consumers to prompt them to switch
- Create recognition and comparability of information through standardised formats

Our December Proposals

To address these concerns we proposed:

- 1. To standardise the format and layout of information contained within a price increase notification letter
- 2. Key information within **bills and annual statements** to help tariff comparisons will be subject to standardised language and layout.
- 3. To require suppliers to produce a **tariff information label** for each tariff it offers
- 4. To standardise key terminology across all communications to ease familiarity with key energy industry terms and concepts.



Further work and next steps are on track

What have we done to refine our proposals?

We have worked with design experts, and tested prototypes with consumers, to further develop standardised formats for the key customer communications and address concerns raised by stakeholders

We have established a working group with Energy UK, Consumer Focus, Which? and Citizens Advice to identify the key objectives of consumer bills and other communications and to work through the detail of how to simplify the information presented to consumers

Consumer research finding so far?

- Consumers have clear expectations of the information they are looking to find (e.g. billing/payment information) –information we want them to use (eg consumption level) needs to hold their attention, and be effective and engaging
- What was liked, and what was effective in consumer testing were not always the same
- Holding consumers' attention helps drive engagement and is better held when immediately informed about the purpose of communications
- Length of the documents is very important in engaging consumers
- Personalisation, and action orientated text are also highly effective at engaging consumers
- Engagement and ability for consumers to notice key information is improved with the use of colour in general and high contrast

We are finalising the research for our information remedies. We may also carry out trials to assess how consumers respond "in real life" to better information.

Insights & issues

- Purpose: to summarise key tariff features on each bill allowing:
 - Comparison between tariffs, more confident switching
 - Consistent information presentation & familiarity for consumer
 - Calculation of annualised energy usage & spend
- Bill regulations and guidance not clear enough to enable the level of consumer understanding and engagement Ofgem is seeking
- No shared industry understanding of what "prominent" means
- Challenge is to include just the most useful info, not too much

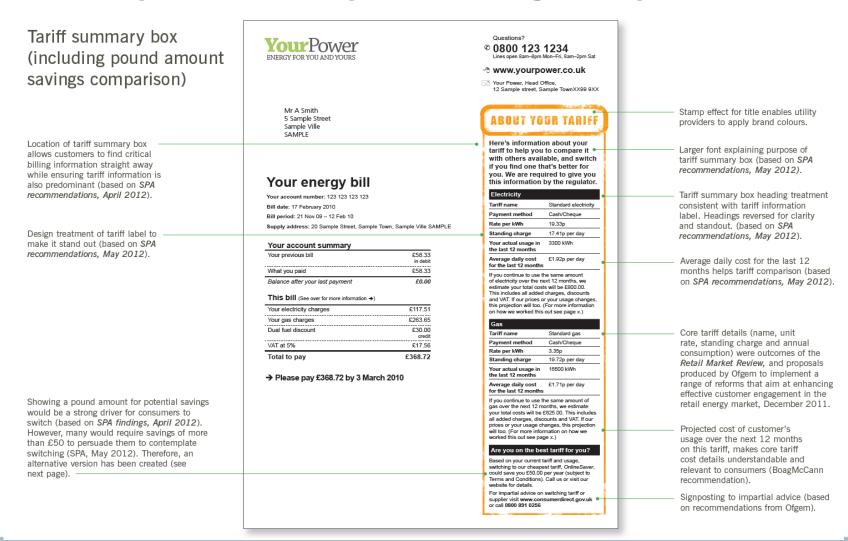


Testing recommendations

Element	Variants to test
Content	 3 switching advice options: (i) qualitative signposting (no mention of cheaper tariff), (ii) cheapest tariff/qualitative, (iii)cheapest tariff/quantitative 3 fuel cost variant options: (i) standing charge & rate per kWh, (ii) SER, (iii) estimated personalised £/year and average daily cost Tariff end date vs no tariff end date
Design	 3 different treatments, including: White on black Black on grey Black on white Coloured boxing
Context	 3 variants on bill as black boxes with no content, including: Top right hand corner/portrait Bottom right hand corner/portrait Bottom of page/landscape Embedded in bill summary



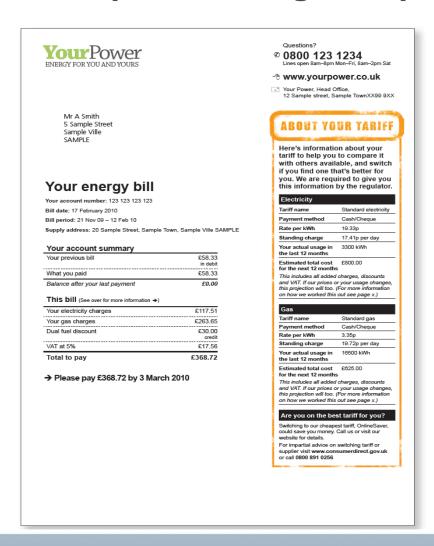
Template 1 - with pound savings comparison





Template 2 - no pound savings comparison

Tariff summary box (no pound amount savings comparison)



Insights & issues

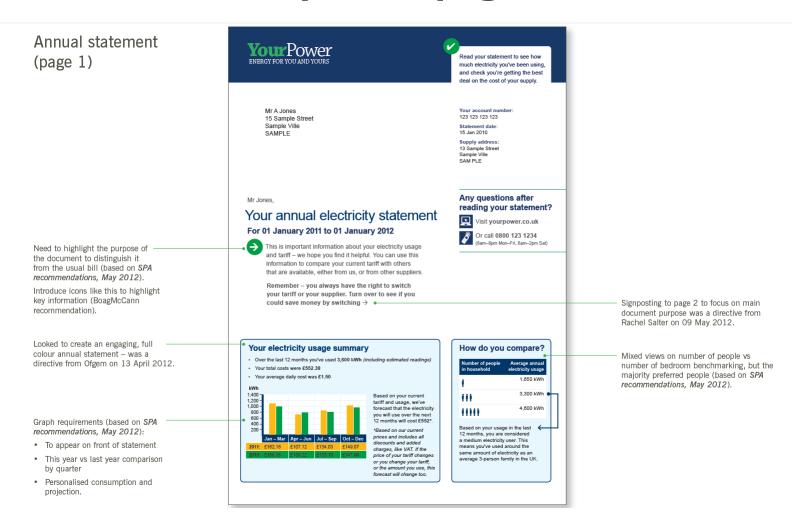
- Purpose: to engage customers & give them the data and context to decide if they are getting the best deal, including:
 - Energy used over previous 12 months
 - Projected energy cost over next 12 months for the same amount of energy
 - Reminder of rights & signposting independent advice
- Not currently differentiated from bills
- Many consumers not even aware they have received them
- Information is disjointed, disorganised and scattered
- Switching advice is not always prominent & some language impenetrable
- Information should be grouped, presented with contextual help & advice
- Purpose of statement should be spelt out first and foremost, then how information can be used (e.g. to compare)

Testing recommendations

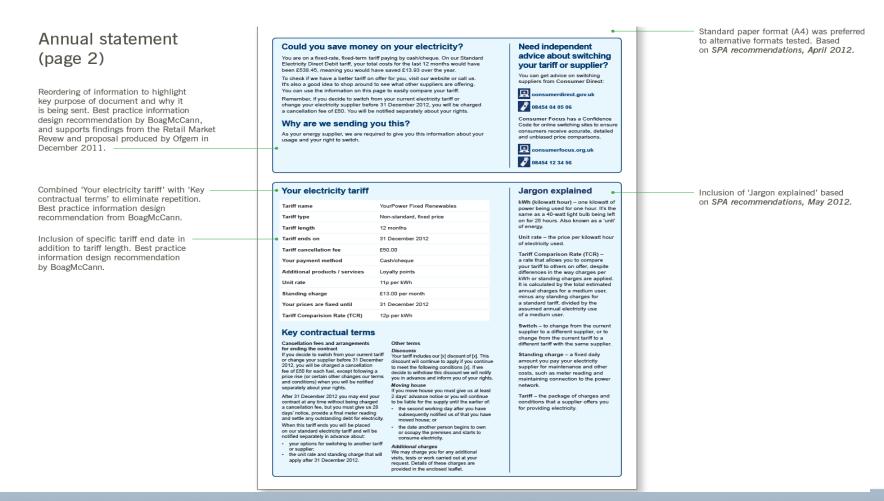
Element	Variants to test
Content	 Dual fuel only Tariff label in vs out Several different titles (e.g. Annual energy statement, Annual energy summary)
Design	 Letter style Highly tabular and statement like style Highly "engaging" A4 design A5, full colour booklet Use of graphics/chart
Context	 In own envelope arriving at consumer's address: Single sheet Two sheets Flow/ordering of information



Template - page 1



Template - page 2



Work before autumn publication

Further research and development of proposals

Testing of "supplier's best tariff" messaging

Research the format of the communication which may be effective in encouraging consumers to open and keep key communication

Input provided by this group

Continue to develop policy proposals

Publish further consultation in autumn – minded to position is consistent with that consulted on in December



Promoting choice and value for all gas and electricity customers