



The changing consumer empowerment landscape

Presented to: Ofgem by Alan Mitchell
Dated: 26 March 2013

A hard problem, not an easy problem

The three 'Is'

'Ignorance' – informational barriers

'Inertia' - behavioural barriers

'Impotence' – incentive, motivation and action barriers

A hard problem, not an easy problem

Access to information

Ability to understand it – knowledge asymmetries

Ability to use it

The plausibility trap

Competition for time, energy, attention

Practical barriers to action – it's too much hassle!

Competence and confidence

Learned helplessness – why bother?

Lack of trust in offered sources of help

No magic bullet

Success =

1. Make it easy for me to make better decisions AND
2. Make it easy for me to *act* on these decisions ... AND
3. ... and experience the rewards: a demonstrable benefit

'Or' gets us nowhere

Not 'one size fits all'

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Ability to understand it

Ability to use it

The plausibility trap

Competition for time, energy, attention

Practical barriers to action

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Different barriers affect different people to different degrees.

Some people face more barriers than others.

That points to a complex market with new, different types of segmentation which regulators need to understand.

Not 'one size fits all'

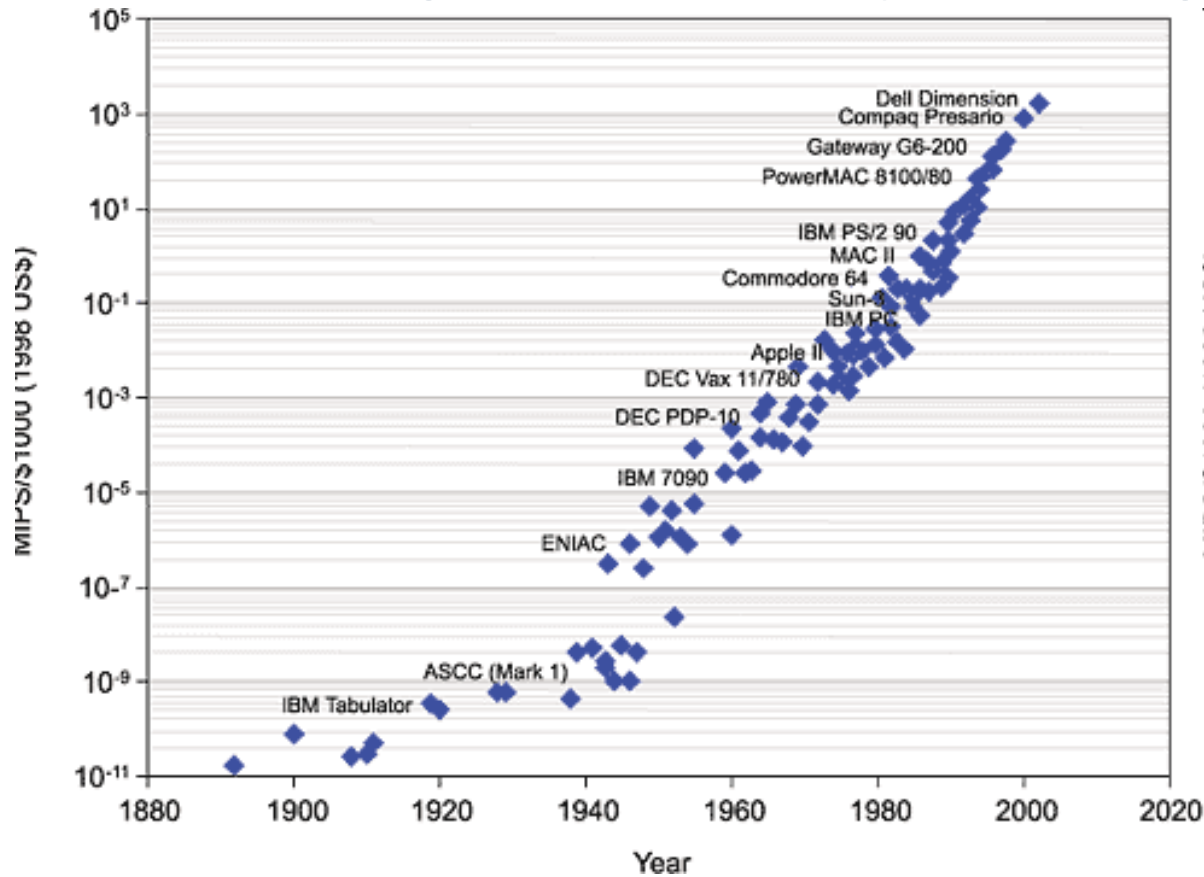
- Access to information
- Ability to understand it
- Ability to use it
- The plausibility trap
- Competition for time, energy, attention
- Practical barriers to action
- Competence and confidence
- Learned helplessness – why bother?
- Lack of trust in offered sources of help

Does 'consumer empowerment' only empower the already

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Plummeting costs of data processing



Instructions per second: exponential growth

Evolving business models

20th century

Organisations collecting, managing and using data for their purposes



Information as a tool in the hands of the organisation

21st century

Individuals collecting, managing and using data for their own purposes



Information as a tool in the hands of the individual

A new market for consumer empowering services that are ...

- **Impartial and objective, that I can trust**
- **That I can understand easily**
- **Very low cost to provide and free to access**
- **Tailored to my circumstances, relevant to me**
- **That I can act on easily**
- **That makes it worthwhile for me to act**

1. Comparison services



HBR.ORG
**Harvard
Business
Review**

JANUARY-FEBRUARY 2013

44 **The Big Idea**
Smarter Information,
Smarter Consumers
Richard H. Thaler and Will Tucker

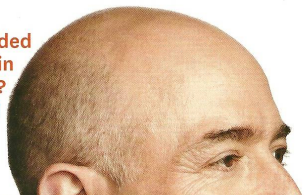
57 **Spotlight**
The Future of
Knowledge Work

137 **Case Study**
Will Our Partner
Steal Our IP?
Willy C. Shih and Jyun-Cheng Wang

SPECIAL DOUBLE ISSUE

**THE 100
BEST CEOs
IN THE
WORLD***

*Who's added
\$111 billion in
market cap?
PAGE 81



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44 **The Big Idea**

Smarter Information,
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2. Collective Switching



3. Impartial advice



4. The organised consumer



SaveOurSavers.co.uk



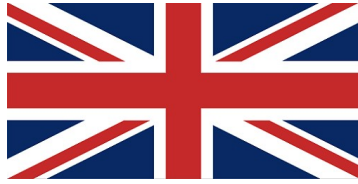
CANCER BUDDIES NETWORK



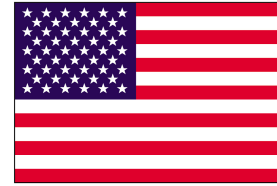
Patient Opinion
Every voice matters



5. Personal data empowerment



midata



‘MyData



Blue Button
Download
My Data



Green Button
Download
My Data

The Government Open-Data Program At The Root Of Energy-Efficiency Startups

The Green Button program has forced utilities to standardize the way they present their energy use numbers to their customers. In turn, that data has caused an explosion of apps and services to help you save energy--and money.

It's only a voluntary initiative. And, at the moment, not more than two dozen utilities have signed up. But the government-created Green Button is already showing how standardizing energy data could pay big efficiency dividends.

The US example: The Green Button initiative

VELOBill™ About Us | Contact | Sign Up | User Name | Forgot password? zerc

THE UTILITY BILL OF THE FUTURE

Since we don't have your energy bills, here's what they could look like based on an average American home

Monthly January 2011 February 2011 March 2011

Electricity

Your SPEND **\$130**

TREND

RANK **average**
relative to peers 1/3

SAVE **\$26**

Natural Gas

Your SPEND **\$77**

TREND

RANK **worst**
relative to peers 1/3

SAVE **\$23**

Water

Your SPEND **\$45**

TREND

RANK **best**
relative to peers 1/3

SAVE **\$4**

GOALS

Set reduction goals to lower your utility bills to be achieved by April 2012

TOTAL % reduction **\$100**

YOU ARE CURRENTLY IN THE RED ZONE. To achieve orange status, reduce by 3.5%. To achieve green status, reduce by 24%.

Electricity % reduction **\$50**

Natural Gas % reduction **\$1**

Water % reduction **\$7**



Plan to save

MY ACTION PLAN

Reduction Targets: 5% Electricity, 1% Natural Gas, 7% Water to be achieved by April 2012

TOTAL % reduction **\$100**

achieved with actions scheduled below

ACTION	REDUCTION SOURCE	QTY	BUDGET	SUPPLIERS
Install a solar panel	Electricity	5	\$1500	ABC Ontario Solar Panels 123 Any Street, Toronto, Ontario: 905-000-0000 abcorder.ca
Install doorway air curtain	Electricity	5	\$0	xyz supplier list
Install a tankless water heater	Water	1	\$750	Tankless Water Heater Company 123 Any Street, Toronto, Ontario: 905-000-0000 tankless.ca
Lower thermostat by 2°	Heating	5	\$0	xyz supplier list
Upgrade atticcare system	Heating	4	\$275	ABC Company 123 Any Street, Toronto, Ontario: 905-000-0000 abc.ca
Utilize agriculture fertilizer	Electricity	5	\$0	xyz supplier list

Create a plan that meets your budget, and find contractors that will turn your plan into reality.

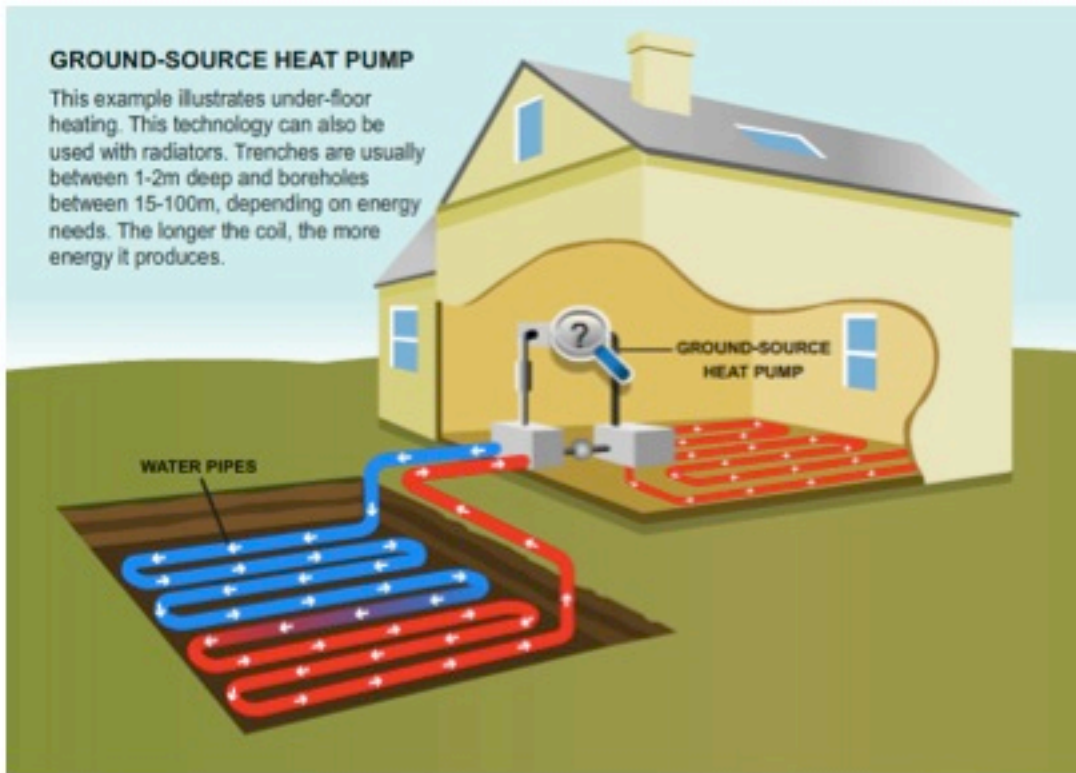


Green Button Download My Data

5. Personal data empowerment (continued)



6. The consumer as producer



7. Smart Consumers?



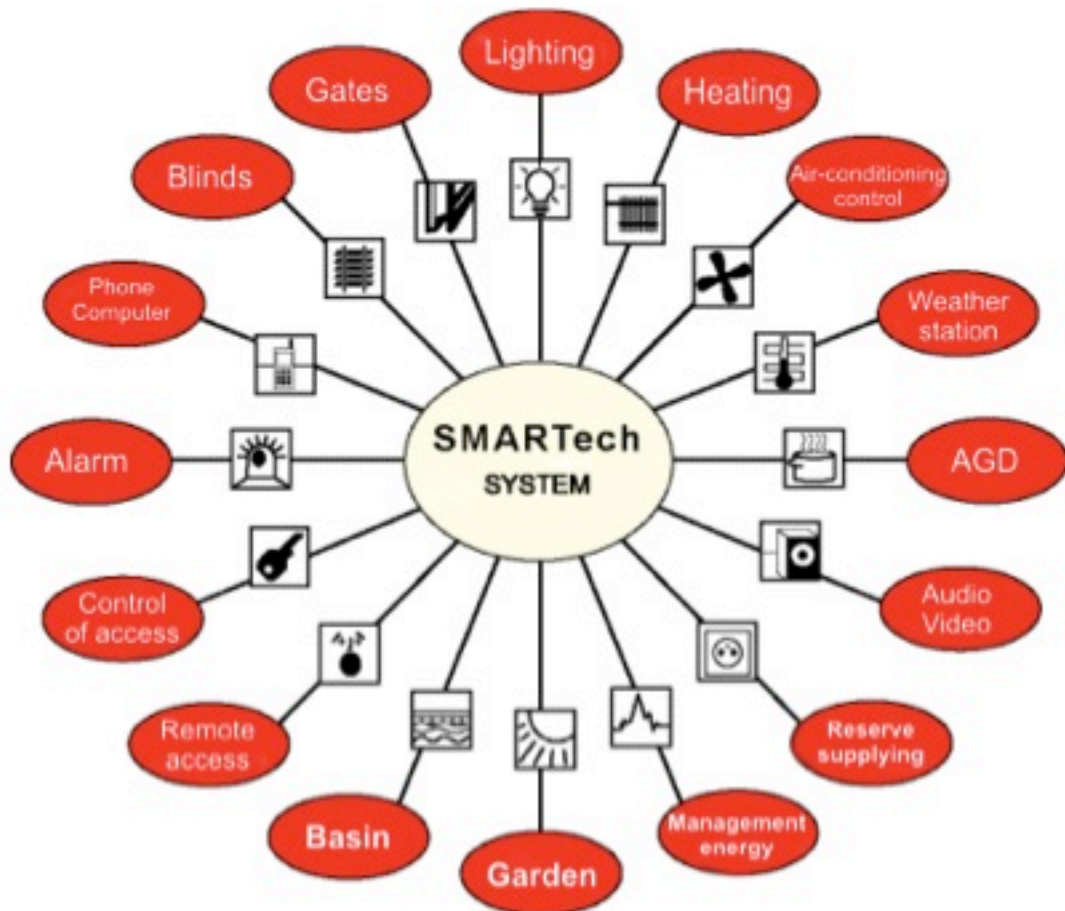
SHIMMER



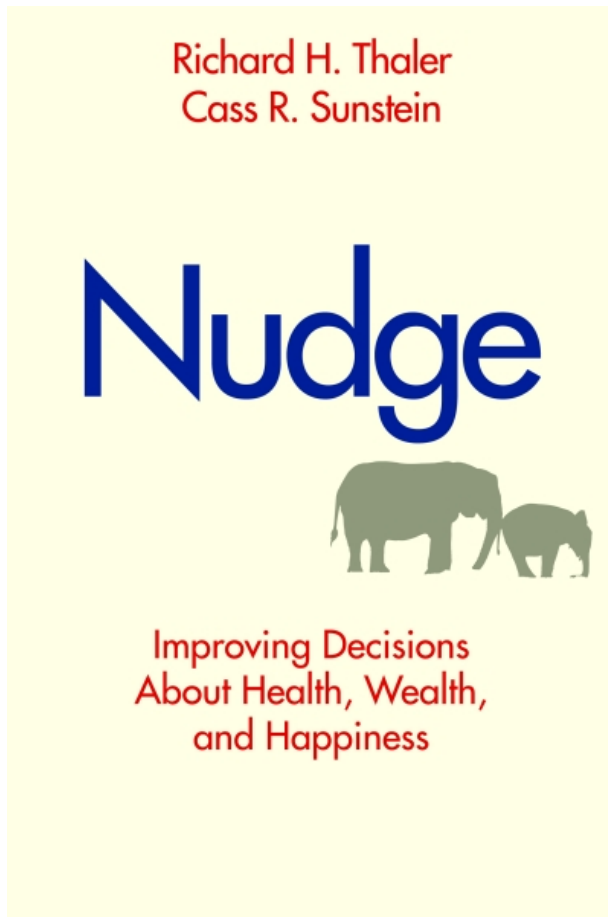
SmartMeter™ Upgrade for Solar

	Without SmartMeter™	With SmartMeter™
NEM Statement available online for download	✓	✓
Online chart showing net usage by day per bill cycle	✗	✓
Online chart showing net usage by hour per day	✗	✓
Online usage chart showing daily net usage and average outdoor temp.	✗	✓

8. Home and asset management



9. Behaviour change as a ‘product’



Advanced choice engines

Helping individuals better decisions *as judged by themselves*

Steering

Helping individuals better appraise situations and make judgements about when they should trust, or be wary of, their gut instincts, rational judgements or environmental influences”.

Convergence of new services: Where is it leading?

Price comparison, collective switching
Expert, impartial advice

The smart, organised consumer

Personal data empowerment

The consumer as producer
Behaviour change as a product





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