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Consumer First Panel: Wave Three

Improving the effectiveness of the Cheaper Market Offers Letter

February 2018

Bringing the voices of communities into the heart of organisations

Contents

- Introduction.
- Driving engagement in the market
- How to make the Cheaper Market Offers Letter (CMOL) as effective as possible.



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Introduction

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Background

Cheaper Market Offers Letter.

As part of the response to the CMA report and suggested remedies, Ofgem is developing a Cheaper Market Offers Letter to be tested via targeted consumer trials.

Prior to the trial, Ofgem wished to test the draft letter with panellists and gain feedback on issues such as clarity, tone, and the key messages taken away.

Overarching objectives

To understand reactions to a “Cheaper Market Offers Letter”, considering perceptions around the impact of the messenger (Ofgem or supplier) and particular features of the offers e.g. number/ type of offers, availability etc.

To understand what consumers think it means to opt out of marketing from energy, and what kinds of communications are seen as marketing or not.

To understand how consumers might respond to a “Cheaper Market Offers Letter” if they had previously expressed a preference to opt out of marketing. Similarly, how would they feel about receiving a letter in the post if they expressed a communication channel preference e.g. online.

The workshops & Panellists

Workshops were attended by 66 people from across England, Scotland and Wales.

They were held between the 28th Feb and 8th March 2017.

Panellists were recruited on the basis of:

- Individual characteristics
- Household characteristics
- Energy characteristics



The workshop process

Cheaper Market Offers Letters (CMOL)

- Two versions of the letter were shared, annotated by panellists individually and then discussed.
- The versions differed only in terms of whether they were branded from Ofgem or from the customer's supplier (a generic brand was shown.)

Marketing – what is it?

- Types of information that might be received from suppliers were discussed and sorted into information they considered to be marketing and not marketing.
- Panellists discussed why they categorised items in the way that they did.
- The CMOL was then discussed in terms of which category it would fall under.
- Panellists also discussed likely expectations of those who may have opted out of marketing and how they might react to receiving the CMOL.

Interpreting the findings

Not statistically robust, but not intended to be

Insight from a broad cross-section having learned more about the issues

Caution about wider extrapolation

They had prior knowledge of Ofgem as a potential provider of remedies



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The Cheaper Market Offers Letter

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Overall perceptions of the letter

- Generally, Panellists were very positive about the letter as drafted.
- The key take-aways are the amount of money they could save, and the simplicity of the switching process.
- They saw little in the way of extraneous information in the letter and suggested only minor tweaks to the overall content.
- However, there was a feeling that the letter was generally a little long winded and could be made pithier and punchier.

Price headline here or on envelope?



Your Energy Supplier

28th February 2017

Your Name
Your Road
Your Town
YT1 2YU

3 simple steps to cheaper energy

Step 1 See what cheaper energy tariffs might be available and how they compare to your current tariff

Step 2 If you think another tariff is better for you, contact the new supplier to switch

Step 3 Your new supplier will take it from there

Dear Your Name

Ofgem is the energy regulator and works to protect energy consumers. They have asked us to contact you because you have been on your current energy tariff for 5 years which means you could save money on your energy.

Based on your current gas and electricity tariffs and the amount of energy you use, your estimated energy costs for the next 12 months are: **£1,068.00**

You could save **£280.00 by switching your energy to another supplier**. The tariffs listed below are the three cheapest that were available on 28th February 2017. They have been selected for you because they are based on the way you pay, how much energy you use and how you access your bills.

The switching process is safe, easy, and your energy supply will not be cut off. There are over 40 energy suppliers in the market and all the suppliers are regulated by Ofgem.

Cheaper tariffs for you

Estimated savings per year compared to your current energy tariff	£280.00	£227.00	£215.00
Estimated annual cost (personal projection)	£788.00	£841.00	£853.00
Energy supplier offering this	[Redacted]	[Redacted]	[Redacted]
Contact details - Web - Telephone	[Redacted]	[Redacted]	[Redacted]
Tariff name	[Redacted]	[Redacted]	[Redacted]
Key things to know	Fixed for 12 months £30 exit fee Direct Debit only	Fixed for 12 months £60 exit fee Direct Debit only	Fixed for 24 months £30 exit fee

Some suggest usage data could be moved here so it is clear estimates are based on actual data

Potentially add

- tariff expiration date?
- Per kwh rates

Source: Energylinx

These tariffs have been provided to you on the basis of their **headline price**. There may be other factors that you want to take account of in your switching decision such as customer service, for example. You can see how people like you rate energy suppliers by visiting the Citizens Advice website and searching for 'compare customer ratings'.

Panellists didn't understand "headline price". Potential to lose this entire paragraph

What you can do next

If you think one of these tariffs might be better for you, then simply **get in touch with the new supplier** using the contact details provided in the 'Cheaper tariffs for you' section. The key information you need to switch is in the box below. If you change your mind, that's fine, you have two weeks to do so. You should speak to the new supplier about any terms and conditions that apply to the new tariff.

Process sounds easy to follow

Are these the only tariffs available?

We have shown you three cheaper tariffs from other suppliers but there are many other energy tariffs available. If you would prefer to find another energy tariff you can do this quickly and simply online. A great place to place to start is Ofgem's approved list of price comparison websites: www.goenergysshopping.co.uk/pcw

Considered useful info to have.

If you're looking for another tariff on price comparison websites, you'll need the information in the box below to get an accurate quote.

Your energy information

Current supplier:	Your Supplier
Tariff name:	Standard Variable
Annual Electricity use:	3,300 kWh
Annual Gas use:	16,500 kWh
Your Postcode:	YT1 2YU

Very useful to have. Might better on first page.

Important things you need to know about these tariffs:

1. These tariffs were available on 28th February 2017. They may be withdrawn at short notice by the supplier.
2. Actual savings may be higher or lower if you change the amount of energy you use.
3. Different tariffs may be available if you choose to change your payment method or way you access your bills e.g. if you move to online account management.
4. Ofgem is Great Britain's independent energy regulator. They do not act on behalf of, or represent any gas or electricity supplier.
5. The tariffs overleaf do not constitute offers made by the suppliers listed.

Needs to be more prominent on 1st page.

If you have any questions about this letter you can contact us on [redacted] 4 or by email at infor@yoursupplier.com

Alternatively If you want to get in touch with Ofgem, please call them on [redacted] 95 or by email at notarealemail@ofgem.gov.uk

Yours sincerely,

Ms. Made-up-person
Your energy supplier

Panellists' considerations

- Potentially headline personalised saving to encourage reading
- Good opening paragraph – explains why they are getting letter and shows it is an action mandated by Ofgem
- Length of time on tariff could be confusing - Do I have to be on SVT for 5 years to benefit?
- Bolded figures on estimated costs and saving draw eye. Time limitation of the offer could be a trigger to switch but may make offers sound transitory.
- Reassurances are important
- “Tariff” is well understood. “Deal” sounds leading
- The supplier’s name should form the title of each of the columns in the table

Sent by Ofgem or supplier?

Advantages

Risks

Potential Solutions

From
Ofgem

Ofgem (once known) is seen as an honest broker making the offers credible.

Panellists had low spontaneous awareness of Ofgem. There is a higher risk the letter will be ignored if there is no previous knowledge of the 'brand'.

Co-branding the letter with the supplier.

From
supplier

Letters from the supplier are more likely to be taken seriously and read.

Offers from other suppliers than your own seem incongruous and so arouse suspicion.

Prominently describing the role of Ofgem in mandating the letter and including a current supplier offer.

Wider principles for such communications

- Dial up **the benefit** – the cash saving is a draw to engage with the letter and the market.
- Demonstrate personalisation – the **tailored nature of the information is a key strength**, draw attention to this (e.g. personal data on front page) and avoid muddying the water (e.g. words like “estimate.”)
- Keep it **simple**, keep it **short** – although the letter does not include extraneous information repetition should be minimised to reduce length.
- Make the onward process sound quick, simple and unequivocal – the stepped process works well.



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What counts as marketing?

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We asked Panellists to...

- Think about what communications they received from their energy suppliers
- Consider which of these communications, in their opinion, they categorised as marketing material
- To tell us why and which of the communications they would be happy to get, even if they had opted out of receiving marketing from their supplier
- Deliberate on what makes a communication a marketing tool.

Communications received on a regular basis from suppliers

Notices about changes to your service or tariff

Bills and reminders to pay

Leaflets about your current tariff / terms and conditions

Information about how you could save energy

Meter reading requests / notifications

Information about services offered by other companies

Information about extra services offered by the supplier (e.g. boiler servicing)

Information about new equipment you could have (e.g. smart meters)

General newsletters about the supplier

What did Panellists believe to be marketing and what's not?

Not marketing

Bills and reminders to pay

Meter reading requests / notifications

Leaflets about your current tariff / terms and conditions

Information about new equipment you could have (e.g. smart meters)

Notices about changes to your service or tariff

Marketing

Information about services offered by other companies

General newsletters about the supplier

Information about how you could save energy

Information about extra services offered by the supplier (e.g. boiler servicing)

What did Panellists consider made a communication marketing?



Information

- Personal
- Specific
- Essential
- Related to products you already have
- Saves you money / costs nothing
- Balanced / factual



Marketing

- Generic
- General
- Unimportant
- Related to new products
- Costs money
- Biased/ leading

Where did they think the CMOL fitted in?



Information

- **Personal**
- **Specific**
- Essential
- Related to products you already have
- **Saves you money / costs nothing**
- **Balanced / factual**



Marketing

- Generic
- General
- Unimportant
- **Related to new products**
- Costs money
- Biased/ leading

In the round, Panellists did **not see the CMOL as marketing** because it provides balanced, personal and highly specific information which is in the customers' interests, because it could save them money



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