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# Options for cheapest tariff messaging on customer communications

Report of qualitative research

Prepared for: Ofgem  
Ref: 1337/SL  
Date: October 2012

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# 1. Management Summary

## 1.1. Background

As part of its Retail Market Review package, Ofgem is proposing that energy suppliers include messaging on annual statements, energy bills, price increase notification letters and end of fixed term contract notices about the cheapest tariffs available, and what consumers might potentially save by switching to these. This initiative has been designed as a way to encourage energy consumers to engage with the energy market by clearly signposting cheaper tariffs when these are available.

Specifically Ofgem is keen to understand:

- what information consumers need or would welcome in relation to alternative tariffs;
- what form of presentation (taking account of message construction and language) would encourage consumer engagement, particularly when featured on bills and annual statements;
- what content would aid understanding and impact, and encourage consumers to take action; and
- what is the potential impact of this initiative overall, taking account of the extent to which communications will encourage consumer engagement with the energy market as well as any unintended consequences that may result from the initiative.

## 1.2. Approach

Ofgem commissioned Boag McCann, a specialist design agency, to develop prototypes that show alternative ways of presenting cheaper tariff information on bills and annual statements. These included prototypes where details of one or more tariffs offered by the customer's current energy supplier appear on the bill and annual statements, as well as prototypes featuring one or more tariffs offered by competitors.

SPA Future Thinking was commissioned to conduct the consumer research to test the likely effectiveness and impact of these prototypes, and to gauge consumers' expectations and preferences for this messaging more broadly. A total of ten qualitative mini-groups (each comprised of six respondents) and twelve individual depth interviews were conducted with various categories of energy consumers across England, Scotland and Wales. Most respondents in this research were credit customers, however those paying for energy via pre-payment meters were also included. The research took place from August 22<sup>nd</sup> to September 3<sup>rd</sup>, 2012.

### 1.3. Alternative tariff information that would be welcomed

Consistent with other recent research, there were several barriers to switching and engagement reported by respondents in this study. The most significant of these was uncertainty about whether any savings achieved through a switch would be significant and lasting. Some consumers were also reluctant to consider a change which would require a different payment method or type of tariff (for example, moving from a variable to a fixed rate tariff), as they were satisfied with their existing arrangements and lacked the inclination to spend time exploring alternatives. Some were also put off by the expected high cost of telephoning suppliers to enquire about switching. Nevertheless, many had experience of switching supplier or tariff in the past, and some were willing to consider switching again.

Overall, switching to a cheaper tariff with an existing supplier was seen as more straightforward and less risky than changing suppliers to access an alternative tariff. The greatest barrier to switching tariffs while staying with the same supplier appeared to be lack of awareness that suppliers may offer cheaper tariffs that the customer could access. Many respondents were reluctant to consider switching energy suppliers because they expected the process to be a hassle and were doubtful as to whether they would achieve long-term savings. In addition, there were concerns that a switch to a new supplier could lead to worse customer service.

Those willing to consider switching tariffs (either with their own supplier or another) wanted to know how the alternative tariff's charges would compare to what they are currently paying, and whether any savings would be significant and lasting. In this context, information on cheapest tariffs was felt to have the potential to be useful.

Showing the monetary savings achievable through switching tariff was the priority information for any consumer who was open to the prospect of switching. The research suggests that the minimum saving that might encourage consumers to change tariffs is around £35-£50 per annum or £3-£4 per month. To motivate them to switch suppliers, respondents felt that a higher value incentive – of circa £50-£100 per annum or £4-£8 per month – would be required.

Overall, this research suggests that highlighting potential 'savings per year' will be most effective for stimulating action because it allows the supplier to show the highest monetary figure possible. For example, some said they were more likely to take action if they saw messages saying they could save £36 per year than messages referring to savings of £3 a month. Although some also liked seeing calculations of savings per month (as this matched their approach to budgeting), others said annual figures were better because monthly energy spend is subject to seasonal changes and savings over the course of the year were likely to look more substantial. It appears from this research that an annual

figure will not cause those with a preference for a monthly one undue problems (as they can do the calculation themselves), and an annual figure could be more effective in engaging those for whom a monthly saving looks too small.

The concept of a Tariff Comparison Rate (TCR)<sup>1</sup> as a means to compare the price of different tariffs is a new concept being considered by Ofgem and, as such, it was unfamiliar to respondents. The TCR is a figure calculated for each energy tariff which will enable that tariff to be compared with others on a like-for-like basis. Whilst it was not the focus of this research to explore reactions to Personal TCR (PTCR) and General TCR (GTCR) terminology in depth, it was clear that these terms were not well understood by consumers. The impact of this lack of understanding could be to discourage further engagement with the information, especially amongst those already relatively disengaged from the energy market. Considerable consumer education is likely to be necessary for PTCR/GTCR to be commonly understood by energy consumers. However, this research also found an appetite for a simple metric to establish a cost per unit method and enable like-for-like comparisons of tariffs. It may be that a single and more simplified term - e.g. TCR - would be grasped more easily.

Dual fuel customers preferred to use a single supplier for both gas and electricity for two main reasons: one was for ease of administration and the other was based on the assumption (often incorrect) that this is the most cost effective way of purchasing both kinds of energy as a discount has been built into this sort of tariff. Based on the templates we tested, presenting the tariff comparison information based on the total package (gas *and* electricity) was more likely to be considered useful by dual fuel customers, compared to individual assessments of cheapest gas or electricity tariffs. In other words, they would wish to see the cheapest dual fuel tariff available to them, and they had less interest in how this breaks down between fuels.

For all consumers, additional information considered useful when seeking to compare tariffs included: any fixed length of the alternative tariff; whether any exit fees would be levied for leaving the current tariff; what payment methods would be possible; and whether any standing charges would be applicable.

A few picked up on the phrase 'We are required to give you this information by the Regulator'. This was more likely to be seen as a negative than a positive as it led respondents to perceive that companies were providing the information that followed only because they had been compelled to, and potentially with reluctance.

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<sup>1</sup> The 'Tariff Comparison Rate (TCR)' 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 'Tariff Comparison Rate' has not been confirmed as Ofgem's chosen term. Please note that the TCR concept was only tested at a high level in this research, and a parallel programme of in-depth deliberative research explored different models of how the TCR may operate and how it should be presented, to be both engaging and able to facilitate accurate decision-making.

## 1.4. Headings and presentation that would encourage engagement

Whilst the heading '**About Your Tariff**' was felt to be an accurate description of what followed, it did not particularly encourage engagement. However, most respondents claimed that if information headed 'About Your Tariff' appeared in a coloured box, and in a prominent position on their bill, they would at least look at this section.

Sub-headings did not appear to be a major factor driving whether or not consumers would engage with the cheapest tariff information. Nevertheless, it was clear that some sub-headings worked better or differently than others. In particular, '**Could you save by switching?**' did not appear to be as effective as others because most people associated 'switching' with switching energy suppliers only (rather than with switching tariffs with their existing supplier). Therefore, some who did not want to switch suppliers said this heading might discourage them from reading further. '**Could you save money on your electricity?**' was therefore considered preferable as it did not imply that this was just about switching suppliers.

However, both of the sub-headings that referred to 'savings' prompted some respondents to comment that they see a lot of similar messages offering them savings, or suggesting that savings could be made, when purchasing other goods and services. Some felt motivated by these messages, but over-familiarity with this kind of message resulted in an indifferent reaction from others. The sub-heading '**Could you get a better deal from us?**' was felt to be less familiar and more eye-catching. However, this sub-heading only made sense in the context of cheaper tariffs from the current supplier (i.e. it would not work for any future *cross-market* cheapest tariff messaging). In addition, whilst this sub-heading was viewed positively overall, a few questioned why, if a better deal was available, they were not already on it.

'**Paying more than you need to?**' emerged as marginally the most impactful of all the sub-headings tested, but this was in part because it made some consumers feel uncomfortable (that is, annoyed with their supplier or feeling slightly foolish themselves) as a result of being informed for the first time that they were possibly paying too much. There was a particular irritation at this sub-heading being posed as a question by their supplier. It often prompted a defensive response along the lines of 'if I am paying too much then it is the fault of my supplier for not putting me on the cheapest available tariff'. Some consumers felt that the headings would be more effective as statements than as questions - e.g. 'You could get a better deal' or 'You are paying more than you need to'.

Overall, negative messages proved to be slightly more arresting but also considerably more likely to irritate consumers compared to positive messages. For this reason, positively worded messages are probably preferable but the arguments are finely balanced.

## 1.5. Desired content about other tariffs offered by own supplier

Some consumers, mainly those who are more engaged in the energy market, said they would not be surprised to learn that their suppliers had cheaper tariffs on offer than the one they were currently on, and there was a degree of cynicism expressed about suppliers' motivations for failing to make their customers aware of this up until now. Others were surprised by the thought that they may not be on the best possible tariff and this caused annoyance and even anger that they had not been informed of this, given that some had been with their current supplier for a considerable time.

Some responded positively to the prospect that their energy company would advise them on the best tariff available in future. However, more common reactions were that 'they should have told me about this before' and 'they should have automatically transferred me to their best deal'.

Reactions to some of the material became more positive as respondents considered the material further in the context of the research.

Those most interested in this information were those who were already more engaged in the market (e.g. those with recent experience of switching). These consumers would welcome seeing a number of choices - in particular, the cheapest deal offered overall and cheapest deal offered for their current payment method and broad tariff type. When prompted, those interested in the information also reacted positively to seeing a third choice, such as cheapest fixed rate deal.

Conversely, less engaged consumers felt that showing several choices made the information more complicated. There was, however, no consensus on the preferred cheapest tariff option: some wanted to see the cheapest deal overall, whilst others wanted to see the cheapest tariff with the same payment method and tariff type as their own. Given the lack of unanimity from less engaged consumers on this point, showing both cheapest overall tariff and cheapest similar tariff appears to be preferable overall.

In terms of what level of saving might encourage them to change tariff while staying with their existing supplier, the amounts suggested tended to be around £35-£50 per annum or around £3-4 per month. These figures were sometimes lower than the amounts suggested to motivate a change of supplier (reported in the next section). Notwithstanding this, there was a general feeling that savings would need to be 'significant' for customers to be prepared to take action to switch tariffs even with their own supplier.



## 1.6. Desired content on competitors' tariffs

There was significant surprise and scepticism about the prospect of an energy supplier stating which competitors offer cheaper tariffs. This is perhaps to be expected given that this is a new concept, and one for which there are few obvious parallels from other sectors or industries. Over the course of the discussion, some consumers warmed to the idea, although they were still questioning the practicalities of making this work.

Those who were interested in seeing competitors' tariffs wanted to see a number of options from different suppliers.

In some cases, consumers wanted to see competitors' tariffs with a view to asking their own supplier(s) to match these, but then said they might switch if their supplier failed to do so. Some said they would be wary about the accuracy of competitor rates quoted by their own supplier and would double-check these.

Some who were reluctant to switch felt that seeing that there were cheaper deals available could actually reinforce their disengagement from the energy market as it may add to their feelings of cynicism and disillusionment that this information has effectively been withheld from them up till now. Similarly, the fact that they were paying more than others could make them less likely to trust their own supplier. However, others suggested seeing substantial potential savings - e.g. in the region of £50-100 per annum - by switching would encourage them to at least consider the possibility of switching supplier.

Concerns around the principles and practicalities of this proposal centred on the following:

- 'How will suppliers know the cheapest deal in the market?'
- 'How do suppliers know that the cheapest tariffs published will not change overnight?'
- 'If suppliers do this voluntarily does it mean they are they looking to lose customers – e.g. those who are less profitable to them?'
- 'Are suppliers encouraging customers near the end of their fixed contract to switch away so they can benefit from any exit penalties?'

While some respondents later warmed to the idea of competitors' rates being shown on suppliers' communications, a common initial reaction was that publicising other suppliers' rates was a surprising, unusual and even unfair thing for a regulator to demand of an energy supplier. This was partly a reflection of this being a completely unfamiliar concept to consumers and partly related to an expectation that, if forced to provide information in this way, there would be resistance from suppliers meaning that what is provided may be unreliable and therefore not useful to consumers.

## 1.7. Potential impact of showing cheapest tariff information

The most positive responses to Ofgem's proposals tended to come from those consumers who were already engaged with the energy market and willing to consider switching suppliers. There were also indications that consumers with limited or no previous experience of switching tariffs or suppliers, but who were open-minded on the subject, could be prompted to take action as a result of seeing the material.

However, the research indicates that others, especially those who have not recently switched suppliers and are sceptical about the potential benefits of switching, may continue to be disengaged. This is particularly the case if the information is perceived to be complex and difficult to grasp (e.g. due to references to PTCR and GTCR).

In addition, demonstrating savings in this way may irritate some consumers by leading them to perceive that they are worse off than other consumers (e.g. those using other payment methods), or that their energy company was remiss in not previously advising them of, or automatically transferring them to, the cheapest tariff available. This research suggests that annoyance of this kind could prompt a minority of consumers who were not previously interested in changing tariffs or suppliers to take action, whilst for others it could reinforce their cynicism with and disengagement from the market.

On the other hand, this study provides no evidence that being presented with information on other tariffs by their own energy company would discourage proactive consumers from continuing to do their own switching-related research. It is likely that, if cheapest tariff information were to be provided, it would be treated as one of several information sources that consumers considering switching would utilise in this process.

Amongst those interested in cheapest tariff information, the research explored what aspects of current tariffs consumers would be willing to change in order to access the cheapest possible tariffs. There appeared to be more preparedness to change some aspects of current payment terms and tariff types than others in order to access the cheapest deals. For example, there was some preparedness amongst those currently paying by cash or cheque to move to direct debit. Similarly, some of those currently receiving paper-based bills said they would consider a move to online billing (provided they have internet access at home). Conversely, those on pre-payment meters appeared either to be committed to this payment method or to have barriers preventing them from changing this. In terms of tariff type, there was some flexibility amongst those who currently have a fixed rate tariff to move to a standard version. Of those on standard tariffs, most were resistant to move to a fixed version (because of fears of being locked in) but a minority were happy to consider fixed rate tariffs.

The prototypes that appeared to have the greatest potential to encourage switching tariff with the same supplier were those which:

- showed a number of different alternative tariffs including the cheapest tariff within the customer's current payment method and broad tariff type, and the cheapest tariff overall;
- demonstrated the potential savings per year by switching to the cheapest tariff; and
- included sufficient information about the tariffs for customers to be able to make a judgement as to whether further investigation was worthwhile (for example by making clear what payment methods were valid, whether the tariff was fixed rate or variable, and the length and terms of any contract).

In addition to the points above, the prototypes most likely to encourage consumers to switch tariffs *and suppliers* were those which showed alternative tariffs offered by a number of different competitors. However, consumers did not expect to see details of competitors' tariffs in communications from their own supplier and were unsure whether it was appropriate or advisable for Ofgem to demand that suppliers give their own customers details of cheaper tariffs from competitors.

## 2. Introduction

As set out in its Retail Market Review (RMR) proposals, 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 market.

As part of its RMR package, Ofgem is proposing that energy suppliers include messaging about the cheapest tariff available on annual statements, energy bills, price increase notification letters and end of fixed term contract notices, alongside information about what consumers might potentially save by switching to the cheapest available tariff. This proposed initiative is expected to encourage previously passive or disengaged energy consumers to think about what they are spending, and to switch to cheaper tariffs.

Ofgem is keen to understand how this proposed initiative can have maximum impact on, and benefit to consumers.

Therefore, a number of different approaches to messaging were tested in the context of annual statements and the new Ofgem proposed 'summary box' on bills. However, given that the research focused more on content and presentational styles than the context in which the information would be presented, these results could also be assumed to be valid for other types of supplier communications.

Ofgem also commissioned this research because it anticipates that putting this initiative into practice may not be straightforward, potential issues or complications include:

- Cheapest tariffs are, typically, often online tariffs, however many energy consumers are known to be reluctant to switch to online management of their account and paperless billing. This raises the question of whether energy suppliers should be required to give two cheaper tariffs:
  - one which is the cheapest overall (likely to be an online tariff, and could be either a standard 'evergreen' or a fixed term deal, etc); and
  - the other which is more closely aligned to the customer's existing payment method and/or tariff type (e.g. with conventional paper billing, and with similar terms and conditions to their current tariff)?
- Is it sufficient for energy companies to simply state their cheapest tariff overall, or should they also tailor the reported savings to the individual customer to help them make an informed decision based on what this might mean for them personally? If so, how should these savings be

calculated and presented (e.g. based on the last 12 months consumption, assuming same consumption over next 12 months; presented as annual or monthly figures)?

- How should pre-payment meter (PPM) customers be treated given that suppliers often only offer one PPM tariff, and that those in debt to their supplier may be unable to switch to a different supplier? In light of this, should the tariffs shown to PPM customers be limited to PPM tariffs?
- Should energy suppliers be allowed to show their own tariff only, or should they be obliged to point customers towards the supplier offering the cheapest tariff across the market?

Boag McCann, a specialist design agency commissioned by Ofgem to support the RMR information remedies work stream, developed a number of prototypes that show alternative ways of presenting cheapest tariff information on bills and annual statements. These were designed to cover a broad range of scenarios (e.g. different types of customers on different tariff types and payment methods, as well as a number of different possible approaches for conveying cheapest tariff messaging).

Ofgem wished to understand:

- What information consumers need or would welcome in relation to alternative tariffs?
- What form of presentation would encourage consumer engagement?
- What content would aid understanding and impact and encourage consumer to take action?
- What is the potential impact of this initiative?<sup>2</sup>

This report has been divided into the following sections:

- A description of the **research approach**.
- Contextual information on:
  - **consumers' understanding** of their current tariff and how it compares with others; and
  - what **information consumers said they would welcome** in relation to alternative tariffs.
- A **summary of the prototypes** tested.
- Key findings from prototypes tested on:
  - **Presentation** most likely to encourage consumer engagement;
  - **Content** most likely to encourage consumers to take action; and

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<sup>2</sup> As far as it is possible to answer this question in the absence of a full scale field trial or evaluation

- Responses of **pre-payment meter (PPM) customers** specifically.
- Conclusions on the **potential impact** of the Cheapest Tariff Messaging initiative.

### 3. Approach

The sample design gave representation to:

- Different demographic groups, e.g. age, ethnicity and socio-economic groups.
- Different parts of England, Scotland and Wales including remote/rural, suburban and urban locations.
- Consumers who can be considered to be vulnerable, including elderly people, disabled people, those with limited literacy and numeracy skills, and those with limited access and/or confidence in using the internet.
- Those who had multiple, limited or no recent experience of switching energy tariff or supplier, with particular emphasis being placed on non-switchers (who are known to be the largest proportion of energy consumers).
- Different payment methods/tariffs and different energy suppliers. For example, credit customers included both those paying by direct debit and on receipt of a bill. In addition, separate groups were held with pre-payment meter (PPM) users and ‘Economy 7’ customers (who pay a different rate per unit of electricity at night than in the day), to fully understand their respective views.

Overall, a total of ten mini-groups (each comprised of six respondents) were conducted across the following locations, customer types, demographic groups and other characteristics:

Location	Customer Type	Other Characteristics	Demographics
Herts Suburban (St Albans)	Credit	Non Switcher	Under 35 ABC1
Herts Suburban (St Albans)	Credit	Limited/Multiple Switcher	55-74 C2DE
Scotland Rural (Fort William)	Credit	Non Switcher	55-74 Non/Limited Internet User C2DE
Scotland Rural (Fort William)	Credit	Limited/Multiple Switcher	35-54 C1C2
Midlands Suburban (Sutton Coldfield)	Credit	Economy 7	Over 45 C1C2DE
Midlands Suburban (Sutton Coldfield)	Credit	Non Switcher	55-74 ABC1
Dorset: Rural (Poole – with respondents drawn from nearby villages)	Credit	Limited/Multiple Switcher	55-74 ABC1

Dorset: Urban (Poole)	PPM	Non switcher	35-54 C2DE
Wales Urban (Cardiff)	PPM	Non switcher	Over 35 Non/Limited Internet User C2DE (Limited literacy & Numeracy)
Wales Urban (Cardiff)	Credit	Economy 7	Under 45 ABC1C2

Non-switchers were those who said they had changed neither their gas or electricity tariff nor their supplier in the last ten years, apart from when solely due to moving home. Limited switchers had changed tariff or supplier only once or twice in the last ten years. Multiple suppliers had changed more frequently still, and were more likely to have very recent experience of switching.

In addition, twelve depth interviews were conducted with consumers who could be considered vulnerable. This breaks down as:

- six with adults aged 75+ (Midlands, Wales, Dorset);
- three with disabled people (Midlands, Dorset); and
- three with people for whom English is not their first language (London, Midlands).

Following a brief general discussion about the energy market and attitudes towards key supplier communications, respondents were shown an illustrative electricity bill and then prototype 'details' of tariff summary boxes that might appear on bills such as these. They were also shown an illustrative annual electricity statement and shown a series of prototypes featuring information that might appear on such statements.

Pre-payment meter customers were shown only materials tailored to their circumstances – that is, an example of a PPM annual electricity statement and prototypes of information that might appear on such statements.



## 4. Consumers' understanding of their tariff and how it compares with others

### 4.1. Understanding of different energy tariffs

Respondents differed markedly in terms of their understanding of, and interest in, energy tariffs. For example, one woman with limited English had not realised that there was more than one energy supplier, nor that her supplier had a number of different tariffs available. At the other extreme, the sample included a few people who had switched suppliers several times in recent years and regularly checked price comparison sites to monitor the market and make sure they were continuing to get a good deal.

As a general rule, the more informed respondents tended to:

- have more recent experience of switching suppliers;
- be from ABC1 rather than C2DE socio-economic groups; and
- pay by direct debit (with online customers tending to be particularly well-informed) rather than on receipt of a bill or by pre-payment meter.

There were also exceptions to the broad generalisations above. For example, one interviewee was a long-term customer of a smaller independent supplier who had not switched in recent years, but was interested in the market and sometimes checked price comparison sites to see whether he was still getting a good deal. By contrast, there were people with recent switching experience who were much less engaged and proactive in reviewing their energy options, e.g. because they had switched 'reactively' as a result of an encounter with a sales representative.

Most respondents, however, knew there were several different suppliers in the energy market and were aware they could move to companies other than their own supplier.

Many were comparatively less well-informed about tariffs on offer in the marketplace. Those who had visited energy price comparison websites had relatively higher awareness that energy suppliers offered a range of different tariffs. Conversely, those who did not have any experience of online comparison sites were much less likely to be aware that suppliers offered different tariffs. As a result, there was considerable surprise when respondents were later informed that their current energy supplier may have cheaper alternative tariffs than the one they are currently on.

There was some awareness of different broad tariff types, such as fixed rate vs. variable tariffs. However, most respondents struggled to name which specific tariff they were on, with many resorting to guess-work. There was also some confusion about terminology. For example, one respondent on a variable tariff

thought she was on a fixed rate tariff because she paid the same amount each month by direct debit. Whilst some of those on Economy 7 knew the details of this tariff and adjusted their behaviour accordingly, others were vaguer about the characteristics of their Economy 7 tariff and, for example, were unsure whether it would benefit them to make concerted efforts to switch electricity usage to night-time.

## 4.2. Knowledge of how own tariff compares to market alternatives

The minority who visited price comparison websites at least once or twice a year were generally confident that they were on a tariff which, if not the best in the market, was at least competitive. In addition, those who paid their bills online, but did not check price comparison websites, were reasonably confident they were getting a good deal (or at least were paying less than those paying on receipt of a payment bill). Most direct debit customers thought they received a discount through paying by this means.

Most pre-payment meter customers believed they were paying more for their energy per unit than direct debit customers but, in this research, those who had been paying by meter for some time still preferred it. They felt the total amount they were paying might be lower as a result of paying by meter, due to the greater control they felt this gave them.

However, regular price comparison website visitors apart, respondents had little idea of how their tariff compared to tariffs offered by competitors. They hoped their tariffs were cheaper than average, but had little confidence that this was the case. Indeed, most suspected there were cheaper deals available on the market. They argued, or rationalised, that this knowledge was not necessarily worth acting upon, as an energy supplier that is the cheapest at one moment in time might be one of the more expensive suppliers a few months later. Guessing or knowing that cheaper deals were available was therefore not necessarily a powerful motive to change suppliers.

## 4.3. Understanding of tariffs as displayed on bills

The majority of respondents had some understanding of the structure of their bills; for example:

- most knew whether or not they paid a standing charge; and
- some were aware their charges were tiered (although the way tiering works, or the rationale behind it, was not necessarily understood).

However, there were some respondents who had no idea how their energy bills were structured. For example, some 'Economy 7' customers were unsure how their charges varied by time of day.

There was very limited knowledge of how the structure of other bills compared to their own, although some respondents grasped – sometimes through first-hand experience – that it may not be easy for them to compare charges per unit on a like-for-like basis.

Consequently, many respondents had little idea of how the respective charging structures differed between suppliers, as well as being unsure about how their own energy supplier's charges compared to those of competitors.

## 5. Information that would be welcomed in relation to alternative tariffs

### 5.1. Alternative tariffs offered by own supplier

#### 5.1.1 *How information on alternative tariffs is likely to be received*

When respondents had their initial discussion about the energy market, there were very few spontaneous demands for suppliers to inform their own customers of their best deals or alternative tariffs. This largely reflected respondents' lack of awareness that there might be cheaper tariffs available from their supplier.

*“They need to raise an awareness of the fact you could be saving, because I didn’t know there were that many tariffs I just sort of thought there might be a couple per provider.”*  
(Cardiff, male, credit customer)

When respondents learned that their supplier is likely to have a number of tariffs, and that their own tariff may not be the cheapest, they often reacted with indignation. They argued that their supplier should have ensured that they were on the cheapest available tariff by switching them automatically. Thus, the alternative scenario where the supplier informs the customer of cheaper tariffs and then expects the customer proactively to apply to switch to them, was initially considered to be a poor substitute for being automatically transferred to the cheapest tariff by their supplier.

When informed that the cheapest tariff may be based on payment methods (such as online paperless billing) that are different from their current method and possibly unacceptable to them, respondents conceded that it would have been inappropriate for their supplier to have transferred them automatically.

Nevertheless, some continued to argue that their supplier should have:

- made them aware of the cheapest tariffs they offered; and/or
- been proactive in ensuring they were on the cheapest tariff with the same characteristics as their own (for example direct debit, paper bills, variable tariff).

In terms of what information would be needed by consumers to determine the best tariff offered by their supplier, some wanted a full list of tariffs until they realised there might be over a dozen tariffs. There was little appetite to see a long list of tariffs. The following section outlines consumers' priorities for cheapest tariff information.

### 5.1.2 Type of information considered most useful

Upon further consideration, most wanted to see details of:

- the **cheapest tariff in absolute terms**; and
- the **cheapest tariff that was similar to their own**, in terms of payment method and broad tariff type (e.g. fixed rate or variable).

People wanted to see the following information **about the alternative tariffs**:

- name and type of tariff;
- if fixed rate, then length of tariff/end date/any exit fees if they switched away before the end date; and
- clear and explicit information on whether it is limited to a particular payment method (e.g. direct debit, online only) and whether reductions/discounts offered were offered specifically because of the payment method.

For some consumers, the ideal cost comparison would show the relative cost per unit as they could then work out how much cheaper one tariff was compared to the other and link this to their energy usage. However, those with more understanding of energy tariffs appreciated that, depending on the charging structure favoured by their own supplier, the comparison could be more complicated than a simple comparison of cost per unit.

*“What I want to see is a standardised unit so that they can actually say that one gallon of electricity or whatever the thing is, it costs £1.53, exactly the same as it says on the front of the petrol station.”*

(Sutton Coldfield, male, credit customer, non-switcher)

If either tariff involved a standing charge, consumers would need to see this as well as the cost per unit. Similarly, if a two-tier charging structure applied to either tariff, customers would need to see the different charges and the levels at which they applied. Comparing tariffs is clearly potentially complicated. Therefore, most would prefer a **comparison metric** that takes account of all elements of charging to allow for a like-for-like comparison across tariffs.

However, despite the appeal of a single figure enabling consumers to compare tariffs, most in this research struggled to understand and engage with the General Tariff Comparison Rate (GTCR) and/or Personal Tariff Comparison Rate (PTCR) as presented on the prototypes (more information on this can be found in Section 7.3).

*“I mean to me that PTCR is confusing and isn't a transparent way for a normal non-technical person to be able to compare prices.”*

(Sutton Coldfield, female, credit customer, non-switcher)

Respondents wanted to know whether switching tariffs would be worth the effort and therefore wanted some idea of the **likely savings** they could expect to achieve in the future. Most felt that one of the fairest ways of doing this was to assume their electricity (or gas) consumption for the next 12 months would show the same pattern as the previous 12 months. This could then be translated into a total cost per year or an average cost per month.

For some the most useful figure was a cost per month as they budgeted on a monthly basis. Others argued that monthly variations in usage made a monthly figure somewhat arbitrary. Despite the appeal to some of monthly calculations, most would prefer to see a larger annual figure than monthly figures. This was in order to assess whether switching would be worthwhile, by understanding how much they might save in total (assuming tariffs stayed at the same relative level for 12 months).

The other information that some people wanted, but which did not expect to receive for a variable tariff, was on the **length of time prices would remain at the current level**. Respondents feared that they could switch tariff only to find their new tariff quickly became more expensive. This fear applied particularly to switching suppliers but was also relevant to switching tariffs.

*“Is it going to be just for the first year or the first five years? Are they going to give you this rate for each year and then say it’s gone up 9%?”*  
(Cardiff, female, credit customer)

Most consumers involved in this research who received electricity and mains gas preferred the idea of receiving both from the same supplier. Therefore, seeing the total cost of gas and electricity combined was considered potentially attractive. If certain dual fuel tariffs benefitted from discounts for being a dual fuel customer, then the customers would want to be made aware of these and how they might affect their total energy bill.

*“Because I do mine dual fuel, they give me £100 back so next time my bill is due I will get £100 off.”*  
(Sutton Coldfield, female, credit customer, non-switcher)

## 5.2. Tariffs offered by other suppliers

Prior to introducing respondents to the cheapest tariff messaging concept or prototypes, there was no spontaneous demand or expectation that communications from their energy supplier would include information on competitors’ tariffs. There was also no expectation that companies would show details of cheaper tariffs offered by competitors.

When this idea was first introduced in the focus groups and depth interviews there was considerable scepticism.

Some felt that if their energy supplier was providing this information willingly, then this would mean that their supplier was:

- trying to get rid of customers they no longer wanted;
- deceiving customers by giving details of tariffs that were not really attractive; and/or
- encouraging fixed contract customers to leave just before their end date in order to receive the exit fee penalty.

Respondents remained sceptical when they learned that energy suppliers could potentially be required by the regulator to provide this information.

Many felt that energy suppliers would struggle to identify and keep up-to-date with the cheapest competitive tariffs, particularly with tariffs changing so quickly. There was also a feeling that requiring energy suppliers to publicise their competitors' tariffs was not a fair or reasonable demand to make in a commercial environment. This was partly a reaction to the unfamiliarity of the concept. In addition, respondents identified a potential unintended consequence: they expressed a concern that the information provided would be inaccurate or out-of-date as a result of suppliers being reluctant to provide it and only doing so under duress.

Some consumers, who were mainly those already engaged in the energy market, became more positively disposed towards this idea following further discussion, although many others remained resistant.

Of those who were interested in seeing competitors' tariffs in this context, most wanted tariffs to be presented that had the same payment method, and similar terms and conditions, to their own. However, some wanted to see the cheapest tariff available across all tariff types. Showing a number of options would meet both requirements.

## 6. Prototypes tested

### 6.1. Context setting

Respondents were shown mock-ups of an example of the front page of an electricity bill featuring the ‘About Your Tariff’ tariff summary box. They were also shown an example of an annual electricity statement which included information on changing electricity tariff or supplier in the top left hand box of the second page. Respondents did not spend long studying or giving their reaction to these documents. They were simply used so respondents could understand the context in which the detailed prototypes they were later shown would appear in bills or annual statements. The illustrative bills/statements were tailored to varying degrees to the kind of tariff the customer was already on. An example bill and an example annual statement shown to respondents are contained in Appendix A.

### 6.2. Prototypes tested

The list below highlights key details contained in the different prototypes of cheapest tariff information in the context of customer bills. It shows some of the key variants tested, such as: what kinds of alternative tariffs were presented; the degree to which the messaging was tailored to the customers’ current arrangements; the tone or framing used (i.e. whether the potential for financial savings were positively or negatively phrased); and whether additional information was also presented (e.g. the potential to save by changing payment method, details of exit fees, etc)<sup>3</sup>.

#### *List of Prototypes of Information Tested on Customer Bills*

Prototype	Construction	Current payment method	Current tariff type	Change to	Tone / Framing	Notes
1	Cheapest <b>standard tariff</b> offered by current supplier	Cash/cheque	Standard	Standard	Positive	No exit fee
2	Cheapest <b>standard tariff</b> offered by current supplier	Direct Debit	Non-standard	Standard	Negative	Exit fee mentioned

<sup>3</sup> The prototypes used in this research were not final designs. They were intended to facilitate discussion and help determine what presentation and content would most engage consumers and encourage them to take action.



3	Cheapest of <b>all tariffs</b> offered by current supplier	Cash/cheque	Standard	Non-standard	Negative	No exit fee
3A	Economy 7 version	Cash/cheque	Standard	Non-standard	Negative	No Exit fees
4	Cheapest of <b>all tariffs</b> offered by current supplier	Direct Debit	Non-standard	Non-standard	Positive	Exit fee mentioned
5	Cheapest tariffs with <b>similar payment type</b> offered by current supplier, with info on further DD discount	Cash/cheque	Standard	Non-standard	Positive	No exit fee
6	Cheapest tariff with <b>similar payment type and tariff type</b> offered by current supplier	Cash/cheque	Non-standard	Non-standard	Negative	Exit fee mentioned
18	Cheapest <b>dual fuel tariff</b> offered by current supplier, with further DD discount	Cash/cheque	Standard	Standard	Positive	

The second list of prototypes relates to information that was tested on an annual electricity statement. It shows some of the key variants tested in terms of: what kinds of alternative tariffs were presented; the degree to which the messaging was tailored to the customers' current arrangements; the tone of the message; and whether additional information was presented.

### *List of Prototypes of Information Tested on Annual Statements*

Prototype	Construction	Current payment method	Current tariff type	Change to	Tone	Notes
11	Save by <b>switching supplier</b> to another <b>prepayment tariff</b> (non-personalised messaging/no cross market details)	Pre-payment	Pre-payment	Pre-payment	Positive	

12	Cheapest <b>standard tariff</b> offered by current supplier (for PPM users not in debt)	Pre-payment	Pre-payment	Standard	Negative	
15	<b>Cross market, one best prepayment deal</b>	Pre-payment	Pre-payment	Pre-payment	Positive	
16	Cross market, best deal for <b>similar tariff type</b>	Cash/ Cheque	Standard	Standard	Positive	
17	Cross market, <b>three best deals</b>	Direct Debit	Non-standard		Negative	3 best deals with TCR and annual saving stated
19	Cheapest <b>dual fuel</b> tariff offered by current supplier, with further DD discount	Cash/ cheque	Standard	Standard	Negative	
20	Cheapest tariffs 1) by <b>cheapest standard tariff</b> , 2) cheapest by <b>payment method</b> and 3) by <b>cheapest overall</b> from current supplier	Cash/ cheque	Non-Standard	Standard/ Non-standard	Positive	

More details on each of the above prototypes are contained in Appendix A.

## 7. Presentation most likely to encourage consumer engagement

### 7.1 ‘About your tariff’

Many respondents said they did not study their energy bills closely. Once those who paid on receipt of the bill had established how much they had to pay and when, they tended not to look at the detail on their bill. Similarly, direct debit payers would not generally spend much time looking at their bill once they had established whether they were in credit or debit.

Research participants saw examples of cheapest tariff information that could be included on bills. In each case, they were presented in a box under the heading in sections headed ‘About Your Tariff’. They also saw an example of an energy bill on which the ‘About Your Tariff’ box might appear. This gave them an understanding of the context of the information they were later shown in the focus groups or interview.

Whilst the heading ‘About Your Tariff’ was felt to be an accurate description of what followed, it did not particularly encourage further engagement. Nevertheless, most respondents claimed that if information headed ‘About Your Tariff’ appeared in a coloured box in a prominent position on their bill, they would at least look at this section.

### 7.2. Positive and negative framing of message

A key aim of this research was to understand any differences in consumers’ likely reactions to positive and negative framing of the message as reflected in the different sub-headings used within the tariff summary box, and the way in which the potential financial saving was framed, i.e. an opportunity to save, or the opportunity to avoid the unnecessary additional expenditure of being on a sub-optimal tariff. Overall, sub-headings did not appear to be a major factor in determining the likelihood of consumers engaging with the cheapest tariff information. However, consumers’ feelings about what they read could vary dependent on the tone and framing of the sub-headings. It is clear that some sub-headings worked differently or better than others in engendering interest in reading further.

#### *‘Could you save by switching?’*

‘Could You Save by Switching?’ appeared not to be as effective as others because most people associated ‘switching’ with moving energy suppliers and not with changing to an alternative tariff offered by an existing supplier.

*“Switching implies another company doesn’t it?”*  
(Rural Dorset, male, credit customer, limited switcher)

There was a resistance to switching suppliers as it was generally expected to be a hassle and to involve a degree of risk or uncertainty in terms of outcomes (e.g. would the process run smoothly? Would the price difference be maintained? Would the standard of service with the new supplier be at least as good as the existing supplier?).

This meant that the heading ‘Could You Save by Switching?’ caused some to disengage with the material. They did not want to change energy suppliers and were therefore not eager to learn whether they could save money by switching.

A secondary issue – that also relates to the content of the messaging beyond the sub-heading - was that respondents felt that they see a lot of messages referring to ‘savings’ in day to day life. Some are motivated by these but over-familiarity with this kind of message resulted in an indifferent reaction among others.

Despite this degree of indifference, in at least two groups which initially reacted negatively to the material shown, respondents became more positive about messages related to savings following repeated exposure. Therefore, it is not clear from this research whether more frequent exposure to savings messages may have a more positive impact on consumers longer-term, or if in fact this will reinforce over-familiarity with the message which will lead to less impact over time.

### ***‘Could you get a better deal from us?’***

Overall, this sub-heading was considered less familiar and a little more eye-catching than those which referred to saving. In addition, some felt references to getting a ‘better deal from us’ sounded quite positive and friendly, and suggested their energy supplier was on their side.

*“It’s the same thing (as ‘paying more than you need to?’) but it sounds a bit better.”*

(Rural Dorset, female, credit customer, limited switcher)

*“Well ‘could you get a better deal from us’, you think that your company cares more about you and wants you to stay with them and try and get a better deal with them. Whereas ‘could you save by switching’ is basically, I don’t know it makes you think that maybe another company is better.”*

(St. Albans, female, credit customer, non-switcher)

However, this heading only made sense to consumers for cheaper tariffs from their current supplier. It would not work in the context of messaging which also showed cross-market deals and competitors’ offerings.

## ***‘Paying more than you need to?’***

Many respondents viewed the heading ‘Paying more than you need to?’ negatively. Whilst this framing did prove to be reasonably impactful, this was in large part because it made some consumers uncomfortable about the prospect that they were paying too much. The fact that this was also effectively ‘spelled out’ in pounds and pence was particularly arresting. Some were annoyed with their supplier or felt slightly foolish themselves as a result of being informed for the first time that they were possibly paying too much.

There was a particular irritation at this sub-heading being posed as a question by their supplier. It often prompted a defensive response along the lines of ‘if I am paying too much then it is the fault of my supplier for not putting me on the cheapest available tariff’. Some consumers felt that the heading would be more effective as a statement than as a question - e.g. ‘You could get a better deal’ or ‘You are paying more than you need to’.

*“I’d be more upset to receive something that says I’m paying too much rather than I could save.”*

(Sutton Coldfield, male, credit customer, non-switcher)

Overall, negative messages appeared to be slightly more arresting but also considerably more irritating to consumers than positive messages. For this reason, positively worded messages are probably preferable overall, although the arguments are finely balanced.

### **7.3. Reactions to PTCR and GTCR**

Some of the examples of tariff summary boxes on bills shown to customers featured both the Personal Tariff Comparison Rate (PTCR) and General Tariff Comparison Rate (GTCR). It should be noted that it was not the focus of this research to explore reactions to the PTCR and GTCR in depth (as a separate research study examined consumer reactions to these concepts and alternative names)<sup>4</sup>.

However, it was clear that for respondents (who were all unfamiliar with the terms) seeing information on the PTCR and the GTCR in the tariff summary box did not invite engagement with the material. Having two similarly-named items, one of which was expressed in £ per month, the other in terms of pence per kWh, was confusing to respondents. They did not initially understand the difference between the two terms, why there were two terms and how the figures/information could help them to compare tariffs.

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<sup>4</sup> Consumer views on Tariff Comparison Rates; Findings from the Ofgem Consumer First Panel workshops held August 2012, conducted on behalf of Ofgem by Ipsos MORI

When moderators provided brief explanations of PTCR and GTCR some respondents saw these terms as potentially useful. However, others, especially those not currently engaged with the energy market, thought they were unnecessarily complicated.

This research suggests that considerable consumer education would be required for PTCR and GTCR to be commonly understood by energy consumers. It may be that a single and more simplified term – such as TCR - would be grasped more easily by consumers but, even so, would still require consumer education to build understanding.

## 8. Content that is likely to encourage consumers to take action

### 8.1. Information on own supplier's tariff

Some respondents said that they would not be surprised to learn that their supplier is likely to have cheaper tariffs on offer than the one they are currently on. These respondents tended to be more mistrustful of their energy supplier and/or better-informed about the energy market than other respondents. Others were surprised by the thought that they may not be on the best possible tariff; this realisation caused annoyance and even anger that they had not been informed of this despite some having been with their current supplier for a considerable length of time. This reaction was exacerbated when these respondents engaged with negatively framed messaging (see Section 7.2).

In general, once alerted to the possibility of cheaper tariffs, consumers were more willing to contemplate changing tariff while staying with the same supplier than they were to consider changing supplier.

Nevertheless, the amounts that some people talked about as being necessary to motivate them to contact their supplier about changing tariffs were often quite high. This was because it was expected to be time-consuming and possibly expensive in terms of costs of calls to contact their energy supplier which could act as a deterrent unless the potential savings would be considerable so as to make it worthwhile.

Therefore, one of the key pieces of information customers wanted to know was **how much they personally could save** by changing tariff. Seeing the potential savings over a full year was felt to be more motivating than on a month by month basis, largely because the financial gain looked more substantial.

While some were happy to make a change for a saving of £20-30 per annum, others were looking for total savings in excess of £50 to make contacting their supplier feel worthwhile. Overall, the majority suggested that minimum savings of around £35-£50 per annum might encourage them to change tariff while staying with their current supplier.

Those who were most interested in seeing information about ways to make a saving through a switch (either with their current supplier or to another supplier) tended already to be engaged with the market (e.g. those with more recent experience of switching). These consumers would welcome seeing a number of choices, most notably:

1. cheapest deal overall;
2. cheapest deal offered for their current payment method and tariff type; and possibly one more, such as
3. cheapest fixed term / fixed price deal in the market (especially if this is different from 1 and 2).

*“I’d quite like both. I’d like to know what’s the cheapest I could get on the variable rate and what would be the other cheapest option for fixed rate.”*  
(Sutton Coldfield, male, credit customer on a fixed tariff)

Conversely, less engaged consumers felt that showing several choices made the information more complicated. Their responses suggest that showing too many choices could reinforce their perception that investigating any switch will be complicated and burdensome (even with the provision of this new information that has been given to them).

*“It’s only the electricity bill or the gas bill. Who spends all their life analysing, worrying and phoning up, comparing and contrasting? There are lots of things that we can do that are far more interesting.”*  
(Sutton Coldfield, male, credit customer, non-switcher)

There were various levels of openness to the prospect of changing payment and tariff type to access the cheapest tariff overall, and this has an important bearing on what information respondents wanted to see included in the messaging:

- Several long-term PPM customers included in this study were fairly committed to this payment method and several private renters said their landlord might oppose removal of a pre-payment meter. Therefore, their desire to see information about alternative tariff types and payment methods (e.g. a standard credit tariff) was limited (see Section 9.2).
- Most of those who paid their energy bill by cash/cheque on receipt of a bill sometimes paid for other bills by direct debit and were therefore not totally averse to the idea of switching to direct debit if there were savings to be made. However, savings for paying by direct debit have been well publicised over many years which suggests that some of those still paying by cash/cheque are fairly committed to this means of payment. Nevertheless, their responses suggested there would be value, for at least some customers, in showing further savings achievable through a change in payment method.



- Those who did not pay their bills online tended to like receiving a physical bill through the post. That said, most of those who had internet access and received paper bills said they were at least willing to contemplate paperless billing depending on the scale of the potential savings. For these customers, showing the cheapest overall tariff - which may be an online account - would be valuable, provided both the scale of the savings and the fact that it is online is made absolutely clear (so that the consumer can make an informed choice based on their personal preference).
- By contrast, those who did not have online access were annoyed at seeing how much they could save by switching to an online tariff which was not available to them. They would benefit from seeing a cheaper tariff more closely aligned to their existing tariff type and payment method.
- Those on fixed rate fixed term tariffs were willing to contemplate variable standard tariffs provided they were financially attractive. Conversely, amongst standard tariff customers there was often a reluctance to commit to a fixed tariff. The main reason was a 'fear' that energy prices would fall leaving them paying more than they would otherwise do. In this situation they could be 'locked in' due to exit fees, something else that was an unattractive prospect to many standard tariff / variable rate customers. A secondary reason, particularly if switching to an unfamiliar company, was that service might not be as good as that offered by their existing supplier and then they would be locked in until the fixed tariff came to an end.

Based on their current experience of the market, presenting the tariff comparison based on the total package (gas *and* electricity) was more likely to be considered useful by dual fuel customers, compared to individual assessments of cheapest gas or electricity tariffs or showing how this breaks down between fuels. Some wanted information displayed in this way because they were happy to continue to receive a dual fuel package for ease of administration. Many also assumed, often incorrectly, that dual fuel is generally the most cost effective way of purchasing both kinds of energy, and that a discount is automatically built in to this sort of tariff.

The table below summarises the advantages and disadvantages of the key messaging options explored through the prototypes, revealed through this research.

## Advantages and disadvantages of the key messaging options

	Advantages	Disadvantages
<b>Cheapest tariff overall</b>	<p>Shows largest saving possible, which is potentially motivating</p> <p>Most relevant to those who are open to changing their tariff type / payment method to achieve the best price</p> <p>Builds awareness of range of different tariffs available (relevant to less engaged consumers who are less aware of this)</p> <p>Helpful in building trust, i.e. supplier is being transparent about the cheapest deal of them all</p>	<p>May show a tariff type / payment method which is not aligned with individual consumers' preferences, leading to frustration that others are getting a better deal (potentially leading to further disengagement)</p>
<b>Cheapest by current payment method and tariff type</b>	<p>As far as is possible, presents opportunity for a 'hassle free' switch, requiring no long-term changes to consumer behaviours after the initial action (e.g. adjusting to a new payment method)</p>	<p>Amount of potential savings may be smaller in comparison to 'cheapest overall' - less motivating</p>
<b>Messaging on possible additional savings possible if payment method changes</b>	<p>Concept of being able to make further savings by paying by DD is familiar to many – clarifying how much is helpful</p> <p>Makes it clear changing payment methods is a choice, and consumers may or may not wish to take this up</p>	<p>Frustration that others are getting a better deal (potentially leading to further disengagement)</p>

It is evident from the table above that showing *both* the cheapest tariff overall and the cheapest by current payment method and tariff type, helps mitigate some of the disadvantages associated with showing either one in isolation.

Furthermore, showing these two in combination with each other fits well with the findings that: three or more options were considered 'too many' by less engaged consumers; that one was not considered enough (or would provide incomplete information, or too few choices) for more engaged consumers; and

whilst less engaged consumers saw the value of only showing one option for the sake of simplicity, there was no consensus among them whether this should be the cheapest overall or the cheapest by current payment method and tariff type.

## 8.2. Information on competitors' tariffs

In principle, seeing competitors' rates could be more useful than simply seeing alternative rates offered by a consumer's own supplier. However, consumers were sceptical about the practical implications of making this work, primarily because they doubted the feasibility of requiring a supplier to provide details of competitors' tariffs on their own billing information. Therefore, many were sceptical about whether their energy company would in fact print accurate and up-to-date information about its competitors' rates. In addition, the cost to the suppliers of providing regular up-to-date information about alternative tariffs was questioned, as well as whether any costs of this initiative would be passed on to their customers.

These practical considerations aside, views about cheapest competitor tariffs were similar to those of cheapest tariffs from their own supplier – in other words, there was a desire to see:

- best rate for equivalent payment method/tariff type; and some were also interested in seeing
- cheapest tariff overall.

Overall, the majority suggested that minimum savings of around £50-£100 per annum would be required to encourage them to consider switching suppliers. This is significantly higher than what respondents report would be required to encourage them to change tariffs while staying with their current supplier (£35-£50 as reported in Section 8.1).

In some cases, consumers wanted to see competitors' tariffs with a view to asking their suppliers to match these in the first instance. Information of this type would potentially be most useful for those with limited knowledge of alternative providers and lack of online access by which to make their own comparisons. However, some said they would be wary of any comparison made by their own supplier and would want to check them independently.

Given that most respondents in this research preferred to receive mains gas and electricity from the same supplier, there was also interest in seeing the savings they might achieve by switching to the cheapest dual fuel deal available in the market. Many consumers were only inclined to consider dual fuel deals or failed to appreciate they could access cheaper deals separately. Many also assumed (often incorrectly) that dual fuel deals were the cheapest available.

A few respondents reacted negatively to the prototypes shown, arguing that the tone should be more apologetic if their supplier was showing details of cheaper competitor tariffs that they had no intention of matching. This reaction was particularly marked when respondents read messaging that was negatively framed.

Some respondents felt that instead of providing more information on different tariffs there should be more efforts taken to simplify the energy market and reduce the number of tariffs available, as well as a more interventionist role for the regulator to help bring down prices.

*“If Ofgem are trying to make everything more transparent, wouldn't they be better to get them all to have lower tariffs?”*

(St Albans, female, credit customer, non-switcher)

(See also Section 5.2 in which consumer reactions to the concept of suppliers being obliged to show their competitor's prices is discussed.)

## 9. Tariff messaging options for consumers on pre-payment meters

### 9.1. Information on own supplier's tariff

In general, pre-payment meter (PPM) customers showed relatively little appetite for studying communications from their suppliers. This was particularly true where respondents had limited literacy/numeracy.

Some of those for whom studying these kinds of communications was not a priority argued that this was because documents, such as annual statements, related to the past (e.g. covering expenditure they had already made and energy they had already consumed). This information was therefore of much less interest to them, therefore, than say, a credit card statement or a bill that they had to pay immediately.

PPM customers also felt their use of a pre-payment meter meant they had quite a good idea of the energy consumption of appliances in their household so they had less interest than some credit customers in developing a better understanding of their energy consumption. However, it was sometimes apparent that these claims were not based on real understanding.

Most PPM customers believed they were paying more, per unit, for their electricity or gas, than customers paying by direct debit and this was perceived to be unfair. However, some believed that it offered them greater control of their usage which meant they might pay less in total for their gas and electricity than if they switched to a payment method that did not require upfront payment. Other reasons for preferring pre-payment meters included fears about falling into debt by using another method of payment.

As a result, most PPM customers did not like the idea of changing a payment method they had become used to, and which they felt helped them to control their usage and to budget.

## 9.2. Pre-payment meter customers' response to tariff messaging options

Pre-payment meter (PPM) customers were generally less inclined than credit customers to study information from their supplier. In addition, they normally receive fewer communications than other types of customer. For these reasons, information on saving money, or headings suggesting the customer is paying more than they need to, need to be particularly prominent on annual statements in order to be noticed by PPM customers.

Some respondents suspected that their PPM tariff was not necessarily the cheapest on the market, but they still felt they had a degree of choice as they could switch to a competitor's PPM tariff. On the other hand, the prospect that a cheaper PPM tariff could be available from their current supplier was surprising to PPM customers when this came up in discussion.

*"I think there are so many of these price comparison websites on the TV, that you've got to be a bit silly not to have noticed it, that you can switch that easy."*

(Male, Poole, PPM, non-switcher)

*"There is no point in switching company because all the prices work out the same in the long run"*

(Female, Cardiff, PPM, non-switcher)

Consistent with other research undertaken by SPA Future Thinking, PPM users in this research were more likely than other groups to have mobiles but not fixed line phones. They were therefore particularly sensitive to the cost of calling 0845 numbers as they said this could be very expensive from a mobile phone, and ultimately erode the level of savings available to the customer. Partly for this reason, PPM customers appeared to be significantly more reluctant than credit customers to contact energy suppliers to explore the possibility of changing tariffs. Some were looking for total savings of at least £50 simply to make such a call.

*"If they're going to charge you 45p a minute to be on the phone and you're on the phone for ten minutes waiting, that's £12 going out your phone".*

(Male, Poole, PPM, non-switcher)

There was also a reluctance to switch to a different payment method (such as to a standard credit tariff as in Prototype 12) amongst many as they were used to PPM as a way to control usage and budget. Some also cited barriers such as landlord resistance to removing PPMs. There is a risk with PPM customers that if the messaging purely focuses on changing tariff type and payment method this could cause annoyance (by demonstrating that many other consumers pay less for their energy than they do), without motivating them to contact their supplier or to switch tariffs or suppliers.

Nevertheless, while several reacted negatively to the material and said they would not study it, some respondents were interested in the material and felt it was telling them something new (e.g. that customers could switch their PPM tariff to a new supplier even if they were in debt, which respondents had previously been unaware of). This suggests that provision of new information could stimulate some consumers to take more interest in their energy options, even if on balance they decided to stay with their current arrangements.

## 10. Potential impact of the cheapest tariff message initiative

### 10.1. Impact on consumer understanding and engagement

If cheaper tariff information from their own supplier were to appear on consumers' bills and annual statements, one of the main effects is likely to be to make more consumers aware of the existence of potentially cheaper tariffs from their own supplier. This would be an important and potentially very beneficial impact as currently only the more engaged consumers are actively conscious of this. Therefore, this information could be helpful in advising consumers of something they would not otherwise have considered.

However, a related impact may be to engender a negative reaction from some consumers who may feel that they should have already been told that cheaper tariffs are available, or even been proactively moved to the best value tariff.

*"They should be charging you the cheaper [tariff], you shouldn't have to get in touch with companies to tell you things."*

(Fort William, female, credit customer, non-switcher)

*"If you can save money, why don't they just send you a letter saying we've altered our tariffs? We've now put you on Tariff B and so your bills will be X amount cheaper every month or if there's a cheaper way of doing it, why don't they just do it?"*

(Sutton Coldfield, female, credit customer, non-switcher)

On the other hand, the research suggests that among consumers who are less likely to expect their supplier to be proactive in this way, the impact could be positive as there would be an appreciation of receiving information from their supplier advising them of potential savings available through switching tariff. Providing this type of information was felt by some to reflect well on their supplier, although they were less likely to hold this view if they perceived suppliers were just doing so in response to a requirement from the regulator.

With respect to specific elements of the information, several respondents suggested seeing the message at the top of the tariff summary that the supplier is required to give this information by the regulator would make them less interested in the rest of the information in the box, and less likely to trust it.

*"It sounds as if they're doing it because they have to. It would put me off. It's just 'This is the law now, so we have to tell you but we're not really bothered'".*

(Rural Dorset, female, credit customer, limited switcher)



*“The fact it says we are required to give you this information by the Regulator suggests they are not keen to give it.”*  
(Cardiff, male, Economy 7 customer)

In addition, many were sceptical about whether Ofgem should require energy companies to provide details of their competitors' rates, and what the result of this requirement would be (in terms of accuracy of information provided).

On the positive side, the communications created awareness that there are bodies or organisations that consumers can approach to obtain advice on the energy market and changing tariffs or suppliers. Many had been previously unaware of Consumer Direct and Consumer Focus but formed the impression from the various prototypes shown in this research that these organisations would possibly be Government-funded and would offer genuinely impartial advice on the energy market.

In terms of likely impacts on behaviour, those consumers who felt they could be prompted to consider changing their tariff while staying with the same supplier, said they would expect to contact their energy company to do so. A minority might then contact one of the consumer organisations to check the accuracy of what their energy supplier had told them, and possibly to see whether other options were available to them.

The likely next steps were slightly different when people were considering what would happen next if they were prompted to switch supplier. Even in these circumstances, most expected their first contact to be with their existing supplier - to clarify the information provided or to see if their supplier would match the cheapest (cross-market) rates quoted. However, some would be more inclined to contact independent organisations if thinking of switching supplier (as opposed to switching tariff with the same supplier). Some would also visit online price comparison sites at this point or the websites of the companies cited as offering the cheapest tariffs.

Those who thought they would be prompted to take action as a result of any of these communications often expected to consult more than one source, especially if they were considering switching suppliers. The independent advice was often seen as potentially useful as a check on what their own or other suppliers were saying, rather than something that would be relied on in isolation.

Building awareness that there are independent sources of advice about switching suppliers and the energy market generally could be a positive wider impact of Ofgem's cheapest tariff information initiative, if it is adopted.

As a general rule, the denser the information provided on the bill or statement, the less likely consumers are to continue reading. However, among those likely to take action, providing more explanations and information was felt to encourage them to investigate their options and possibly change tariffs or

suppliers. Respondents who thought there was a good chance they might be stimulated to take action and to investigate switching tariffs or suppliers generally welcomed seeing more choices and explanations, provided these were clearly written and avoided jargon. Therefore provision of a number of tariffs is probably more likely to stimulate action than a communication that offers only a single alternative tariff. As described in Section 8, the findings suggest that showing two options could be the best compromise.

If this information were to appear on every bill, respondents suggested they might notice it less on subsequent bills than the first few times. However, some felt that once they had registered that this information existed they would come back to it when they were actively considering whether to switch tariffs or suppliers. They would then know where they could obtain useful information that would help them to consider their options. With the exception of those with no interest in the information provided, most respondents felt it therefore made sense to include the information on every bill/statement.

*“You may not be looking to save money every month, but if you get to that point where you're like I need to cut down on something and you know that's there, it could be useful, you just pick up a bill, the next bill or previous bill and you have a look.”*

(St. Albans, female, credit customer, non-switcher)

Overall, it appeared that including information on alternative tariffs available from their current and competitor suppliers has the potential to make consumers better-informed about the options available to them. However, as noted above the prospect of suppliers advertising competitors' rates was such an alien concept for some that they remained sceptical that this was appropriate within a competitive market, or could be made to work without suppliers 'gaming' the system.

Those already well-informed of their options were most welcoming of this initiative which they saw as providing them with more information on a regular basis that they might then check. The research did not provide evidence that engaged consumers would stop taking the effort to do their own investigations into the energy market if they found their supplier was providing them with regular information. Those currently checking energy prices would, at some stage, check whether information about alternative tariffs included on bills/statements was endorsed by their own web searches or phone calls.

Ofgem's proposed initiative could also encourage some previously less engaged consumers to engage more. On the evidence of this study, the proposed initiative may be more likely to influence those who have not switched tariff or supplier due to lack of opportunity or experience (for example, if they had been energy bill payers for less than ten years). By contrast, those who had switched before but had disappointing experiences as a result would be less amenable to considering this information, as they are generally mistrustful of information encouraging them to consider any kind of switch. Similarly, those who deem other factors (e.g. UK based call centre providing good customer

service) to be more important than making (potentially minor) cost savings are less likely to consider and act on this information.

No one appeared to be less likely to switch suppliers as a result of this proposed initiative but some indicated a reluctance to make the effort to understand the cheaper tariff information if it was seen to be too complex (e.g. if comparisons were based on complicated terms such as PTCR and GTCR). Many also said they would be likely to read and engage with the messaging, but they may not be motivated to act on it, especially if the potential saving was too small, or if they thought it would be either wholly or partially cancelled out by switching costs (e.g. associated with phone bills, exit fees if on a fixed tariff, etc).

Another reaction displayed by some respondents during this exercise was annoyance at their current supplier at not telling them previously about, or transferring them automatically to, the most suitable tariff, even if they accepted that an automatic transfer to a payment method or tariff type different to their own would not be ideal either. Some were unwilling to spend time calling their supplier and they would still be likely to respond to cheapest tariff communications with irritation.

A further reason why some consumers may react negatively to this initiative is that they could perceive themselves to be excluded from savings based on their current tariff or payment method preferences.

For example, those without internet access at home and those who lacked confidence in using the internet were often resentful when they learned that they could pay less by paying their bills online. Providing paper bills was seen as part of the service any company should provide and they were not expected to penalise customers who wanted paper bills or could not receive bills online.

Similarly, some consumers did not wish to pay bills by direct debit, typically because of problems in the past, or resentment at having to effectively pay in advance, and they were sometimes irritated at seeing savings available to direct debit payers<sup>5</sup>. This was particularly true of those paying by pre-payment meter.

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<sup>5</sup> Although this was not featured on the prototypes seen by pre-payment meter customers, this was something they were aware of more broadly.

## 10.2. Impact on switching behaviour

It is a challenge for participants in qualitative research to predict how they would be likely to respond in 'real life' to seeing communications about opportunities to change tariff and supplier. Similarly, it is a challenge for the qualitative researcher to make any suppositions in this area based solely on attitudes expressed in the research. Nevertheless, in general, the response of most research respondents to the material, either positive or negative, seemed to be plausible and realistic given comments they made before and after exposure to the various prototypes. Therefore, the analysis below is based largely on a straightforward acceptance of respondents' expected behavioural response to seeing this information on their bills and statements.

### 10.2.1 *Changing tariffs with current supplier*

Respondents' reactions in this research indicate that the following conditions need to be met in order for the proposed cheapest tariff information to have the potential to affect consumers' behaviour:

- the information must be seen/read;
- it must be understood (and believed);
- it should tell people something they did not previously know;
- the consumer should feel able to respond/carry out the required actions; and
- the consumer should feel motivated to respond and take action.

Each of these conditions is discussed below.

#### **Seeing/reading information**

Despite the tendency of many respondents to give their bills and annual statements only a cursory inspection, most respondents expected to read information about changing tariffs with their current supplier. Therefore, providing the information is prominently displayed, the information is likely to be read by the majority of consumers, especially if the heading is eye-catching and not off-putting. Headings such as '*Are you paying too much for your electricity?*', '*Could you save money on your electricity?*' or '*Could you get a better deal from us?*' would all encourage further reading.

#### **Understanding (and believing) information**

Consumers did not generally understand the references to PTCR or GTCR. However, phrases such as: '*You could save £3.05 each month by switching. That adds up to a saving of £36.60 each year*' were understood. Respondents understood that they were being given a personalised example of how much,

given their current energy usage, they might save each month/year as a result of switching energy tariffs.

Even where there were aspects that respondents did not fully comprehend (such as how much they might save if their energy usage declined or increased), they could still understand the broad principles of what they were being told.

Similarly, even though respondents did not always realise that certain tariffs such as 'Online Saver' assumed paperless billing, this lack of specific understanding appears unlikely to deter them from making initial enquiries.

### **Information telling them something new**

Some respondents had been previously unaware that their supplier (probably) offered tariffs cheaper than their own, and those who were aware did not necessarily know the scale of the difference. Therefore, it is likely that Ofgem's proposed initiative would result in some energy consumers engaging with information as a result of it conveying something new to them.

### **Ability to carry out actions**

If consumers were interested in following up on the information about switching tariffs, most were inclined to do so by ringing their supplier. Of course, for this to be made easy for consumers, their supplier's contact number would need to be clearly visible on the bill or annual statement. Some respondents thought the number and website address should (also) appear directly next to the phrase 'call us or visit our website for further details'.

Potentially the greatest inhibitor to consumers calling their supplier or a third party was the likelihood that they would need to pay to make the call. Not surprisingly, consumers stated that they are far more receptive to calling numbers with a 0800 than a 0845 prefix. This was particularly the case since some had experienced previous calls to their energy supplier that had involved lengthy waits on the line or time spent getting past automated telephone systems. This led some to feel that the cost of the call could erode the potential savings available, especially if a number of calls were required to effect a change.

### **Motivation to respond**

The degree of motivation consumers felt to take action was directly related to the potential size of the savings available. Only very few would change for any given amount. Most respondents were able to think of a price, or an expected minimum level of saving, that could prompt them to take action. In terms of what might encourage them to change tariff while staying with their existing supplier, the minimum amounts suggested were around £35-£50 per annum or £3-4 per month. These figures were sometimes lower than the amounts suggested for

consideration of switching suppliers (£50-£100 per annum). Even so, there was a general expectation that savings would need to be 'significant' before consumers would pick up the phone even to their own supplier to enquire about cheaper tariffs.

In addition, consumers felt they would be less likely to take action if there were any doubts about the savings being sustained (e.g. any suspicions that the supplier may increase their rates very soon afterwards). This raises a question of whether it should be made even clearer that this price could go up (or down) in the future (e.g. where a standard rate tariff is the cheapest at a given point of time).

In terms of the example savings shown in the prototypes, the scale of the suggested savings was sufficient to encourage most, but not all, of those potentially interested in switching to do so, provided they could continue to pay by their current method. The savings achievable through switching tariff and payment method were generally greater, and so were of interest to some consumers, but others were reluctant to consider a switch to, for instance online billing, regardless of the savings possible.

Those who appear most likely to act as a result of this information were consumers with little experience of switching tariffs or suppliers, and who do not regularly visit energy price comparison websites, but who are nonetheless open to engaging in the market. This research suggests that such consumers are most likely to be under 55 years in age and not have characteristics that make them potentially vulnerable (e.g. English as a second language, limited /literacy or numeracy or disabilities) and thus more reluctant to engage with the energy market. Those who said they would be open to considering a different tariff type and/or payment method also indicated that they would be more likely to act, especially if a larger potential saving is available to them.

### **10.2.2 Switching suppliers**

A similar set of requirements to the above would also need to hold for an individual to contemplate switching suppliers as a result of seeing cheapest tariff information on their energy bills or annual statements.

The prototypes which featured information about the savings available through changing tariffs also included references to (obtaining information about) changing supplier, for example '*For impartial advice about switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk)*.' Some said seeing this information might encourage them to find out about potential savings available through switching supplier, but most of those interested in this information were thinking about changing tariff, rather than supplier.

As mentioned previously, there tended to be more reluctance to contemplate changing suppliers, however a minority said they might do so after seeing examples of potential savings available. This research suggests that specifying

what the cheapest tariffs are on the market would be more likely to encourage switching suppliers than a generic instruction to call Consumer Direct or to visit their website.

Even some respondents who said they would be taken aback to see details of competitors' tariffs on communications from their own supplier, thought seeing significant (and possibly unexpected) cost savings could prompt them to take action.

*“People who didn't take action getting that on a bill would be idiots!”*  
(St. Albans, female, credit, non-switcher)

Almost all respondents suspected that there would be suppliers who offered lower prices than their current supplier, but they did not necessarily know the scale of the potential savings. Therefore, the prototypes which included these details conveyed new information to respondents.

This information about competitors' tariffs was not perceived by consumers to be wholly credible, as some doubted that a given energy supplier would be able or willing to give accurate information about the cheapest competitive tariffs available across the whole market. However, this research indicates that doubts about accuracy would not be a major deterrent to consumers taking action. This is because those who would consider switching said that they would be likely to supplement this information with their own investigations.

The action that consumers would need to take to switch suppliers was perceived to be more onerous and less obvious than what they would need to do to change tariffs. For example, contact details for their own supplier but not for competitors appeared on their bills and statements.

Most respondents' first inclination would be to contact their own supplier to see if they could match the competitor's rate provided, rather than initially contacting the competitor. Some also expected that they would go to an energy price comparison website, contact Consumer Direct or Consumer Focus, or browse the website of the competitor named before contacting the competitor.

In terms of the scale of savings required to consider changing suppliers, some respondents (especially more vulnerable consumers) said that they would be very unlikely to switch suppliers even for potential savings of over £100 per annum. By contrast, a minority suggested savings of around £30 would be enough to encourage them to switch. Overall, most suggested that savings of between £50-100 would at least persuade them to seriously contemplate switching suppliers (which was the magnitude of savings shown in the prototypes).

However, if a change of payment method would also be required then most respondents felt that they would require a higher level of savings to persuade them to switch. Some might also need higher levels of potential savings to

persuade them to sign up to a different tariff type, for example if moving from a variable to fixed-rate tariff.

In addition, the sustainability as well as scale of the savings was crucial to respondents, and fear that a new supplier could raise their prices soon after the switch could act as a deterrent. Overall, the evidence from this study suggests that providing consumers with an indication of the scale of savings available through switching, while at the same time publicising details of websites or call centres dispensing independent advice, is likely to encourage some consumers who would not otherwise investigate alternative suppliers, to do so.

It is highly unlikely that this initiative would lead to a reduction in consumers switching suppliers. However, there is a chance, if consumers notice that the cheapest tariffs/suppliers change on a very frequent basis, this might lead to a view that tariffs change too often to make switching tariffs or suppliers worthwhile.

As mentioned previously, there was scepticism about whether Ofgem should require energy companies to provide details of their competitors' rates. However, responses also indicate that more frequent switchers are likely to view the proposed initiative positively. For example, one respondent was very enthusiastic about the proposal which he felt could be effective in contributing to a general reduction in energy prices and a more competitive market.


*“If as a customer I received a like for like comparison from my own supplier and I could obtain a like for like comparison with another company, I would switch. The main reason for switching is because it's cheaper, it costs me less. If everybody in the country used that same scenario, they would all switch to the cheapest supplier that would immediately drive down the cost, drive down their profits, and it would have the automatic effect of doing what the regulator is trying to achieve, pretty well.”*

(Rural Dorset, male, credit customer, multiple switcher)



# Appendix A: Prototypes

## Example Bill



**Mr A Smith**  
1 Scenario Street  
Sample Ville  
SAMPLE

### Your electricity bill

**Your account number:** 123 123 123 123  
**Bill date:** 17 February 2012  
**Bill period:** 21 Nov 11 – 12 Feb 12  
**Supply address:** 1 Scenario Street, Sample Ville SAMPLE

Your account summary	
Your previous bill	£58.33 in debit
What you paid	£58.33
<i>Balance after your last payment</i>	<b>£0.00</b>

This bill (See over for more information →)	
Your electricity charges	£117.51
VAT at 5%	£5.88
<b>Total to pay</b>	<b>£123.39</b>

→ Please pay £123.39 by 3 March 2012

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

### ABOUT YOUR TARIFF

Here's information 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
Tariff Comparison Rate (TCR)	£38.90 per month


The TCR can be used as a guide to compare the price of electricity tariffs: the lower the TCR the cheaper the tariff. It's based on an average user who uses 3,300 kWh per year. Find the cheapest tariff for you by contacting a supplier, visiting a switching site or calling an adviser.

**Your actual usage in the last 12 months**    3,100 kWh


For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

# Example Annual Statement

Side 1 of 2 A4 sides



**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 Jones  
1 Scenario Street  
Sample Ville  
SAMPLE

**Your account number:**  
123 123 123 123


**Statement date:**  
15 Jan 2012

**Supply address:**  
1 Scenario Street  
Sample Ville  
SAM PLE

Mr Jones,

## Your annual electricity statement

For 01 January 2011 to 01 January 2012

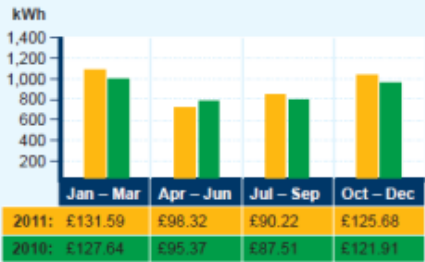


This is important information about your electricity usage and tariff – we hope you find it helpful. You can use this information to compare your current tariff with others that are available, either from us, or from other suppliers.

**Remember – you always have the right to switch your tariff or your supplier. Turn over to see if you could save money by switching →**

**Your electricity usage summary**

- Over the last 12 months you've used **3,100 kWh** (including estimated readings)
- Your total costs were **£445.81**
- The TCR for your tariff is £38.90 per month




	Jan – Mar	Apr – Jun	Jul – Sep	Oct – Dec
2011:	£131.59	£98.32	£90.22	£125.68
2010:	£127.64	£95.37	£87.51	£121.91


Based on your current tariff and usage, we've forecast that the electricity you will use over the next 12 months will cost **£452\***.

\*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.

**Any questions after reading your statement?**



Visit [yourpower.co.uk](http://yourpower.co.uk)



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

## Details of prototypes

The prototypes used in this research were not final designs. They were intended to facilitate discussion and help determine what presentation and content would most engage consumers and encourage them to take action.

In most sessions the first prototype shown to respondents was Prototype 3 (as shown overleaf left). This prototype assumes that the customer currently pays by cash/cheque and is on a standard tariff, meaning there is no tariff end date and no exit fees presented for their current tariff. This prototype also adopts a negative tone, i.e. it says 'Paying more than you need to?' and then states that the customer is paying more each month than if they switched to an alternative tariff. The alternative tariff shown is the cheapest tariff overall offered by that supplier and is an online tariff.

The second prototype shown was generally Prototype 4 (as shown overleaf right). This prototype assumes the customer currently pays by Direct Debit and is on a non-standard fixed-rate tariff. Therefore, it shows the tariff end date and exit fees (which, as several respondents pointed out, makes switching relatively unattractive). It adopts a positive tone, i.e. it says 'Could you save by switching?' and continues to refer to the opportunity to save. Again, the alternative tariff is the cheapest of all tariffs offered by that supplier.

### Prototype 3: Cheapest Tariff Offered by Current Supplier

### Prototype 4: Cheapest Tariff Offered by Current Supplier

**ABOUT YOUR TARIFF**

Here's information 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
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£0.00
Personal Tariff Comparison Rate (PTCR)	£34.37 per month
This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.	
General Tariff Comparison Rate (GTCR)	14.22p per kWh
The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.	
Your actual usage in the last 12 months	3,100 kWh

**Paying more than you need to?**

Our cheapest tariff, *Online Clear and Simple*, has a low PTCR of £27.90 per month. Your current tariff has a higher PTCR than this, so you are paying £6.47 more each month, than if you switched to this tariff (paying by Direct Debit). That adds up to a saving of £77.64 per year.

Call us or visit our website for details. For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

3. Construction: cheapest of all supplier tariffs, cash/cheque, standard, negative

**ABOUT YOUR TARIFF**

Here's information 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	YourPower Eco 10
Payment method	Direct Debit
Tariff end date	02 Feb 2013
Exit fees (if you cancel before the end date)	£20.00
Personal Tariff Comparison Rate (PTCR)	£31.22 per month
This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.	
Your actual usage in the last 12 months	3,100 kWh

**Could you save by switching?**

Our cheapest tariff, *Online Clear and Simple*, has a low PTCR of £27.90 per month. This is lower than your current tariff PTCR, and you could save £3.32 each month by switching, but you will have to manage your account online.

Remember, you'll have to pay the exit fee of £20.00 if you switch before your current tariff end date.

Call us or visit our website for details. For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

General Tariff Comparison Rate (GTCR)	14.36p per kWh
The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.	

4. Construction: cheapest of all supplier tariffs, DD, non-standard, positive

Prototype 3A (below) is similar to Prototype 3 but targeted specifically at Economy 7 customers and therefore was only shown to the groups of Economy 7 customers. The box on GTCR makes reference to the proportion of energy used at night by the average user. Again the alternative tariff shown was the cheapest tariff available from their supplier.

### Prototype 3A: Cheapest Tariff Offered by Current Supplier

## ABOUT YOUR TARIFF

**Here's information 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 (Economy 7)
Payment method	Cash/Cheque
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£0.00
<b>Personal Tariff Comparison Rate (PTCR)</b>	£80.01 per month
This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.	
<b>General Tariff Comparison Rate (GTCR)</b>	14.33p per kWh
The GTCR is based on the consumption of an average user, who uses 6,000 kWh per year, 55% at night. As a guide, use your GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.	
<b>Your actual usage in the last 12 months</b>	7,300 kWh

### Paying more than you need to?

Our cheapest tariff, *Online Clear and Simple Economy 7*, has a low PTCR of £70.53 per month. Your current tariff has a higher PTCR than this, so you are paying £9.48 more each month, than if you switched to this tariff (paying by Direct Debit). That adds up to a saving of £113.76 per year.

Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

3A. Construction: economy seven, cash/cheque, standard, negative

Having seen prototypes featuring the cheapest tariff offered by their current supplier, respondents were then shown prototypes showing the cheapest standard tariff offered by their current supplier. Prototype 1 (below left) is positively worded and aimed at cash/cheque payers already on a standard tariff. Prototype 2 (below right) is negatively worded, and aimed at direct debit customers on a fixed non-standard tariff. This requirement to pay an exit fee effectively cancels out the first 7-8 months of potential savings and was noted by respondents.

**Prototype 1: Cheapest Standard Tariff Offered by Current Supplier**

**Prototype 2: Cheapest Standard Tariff Offered by Current Supplier**

**ABOUT YOUR TARIFF**

Here's information 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
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£00.00
Personal Tariff Comparison Rate (PTCR)	£40.28 per month

This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.

General Tariff Comparison Rate (GTCR)	17.43p per kWh
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The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.

Your actual usage in the last 12 months: 3,100 kWh

**Could you save by switching?**

Our *Standard Electricity Saver* tariff has a PTCR of £37.23 per month. This is cheaper than your current tariff PTCR of £40.28 per month, so you could save £3.05 each month by switching. That adds up to a saving of £36.60 each year. Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

**ABOUT YOUR TARIFF**

Here's information 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	YourPower Eco 1
Payment method	Direct Debit
Tariff end date	12 June 2013
Exit fees (if you cancel before the end date)	£25.00
Personal Tariff Comparison Rate (PTCR)	£40.28 per month

This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.

General Tariff Comparison Rate (GTCR)	16.51p per kWh
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The PTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.

Your actual usage in the last 12 months: 3,100 kWh

**Could you get a better deal from us?**

The PTCR of your current tariff is higher than our *Standard Electricity* tariff PTCR of £37.00 per month. This means you are paying £3.28 per month more than if you were on our *Standard Electricity* tariff. That adds up to paying an extra £39.36 per year. Remember, you'll have to pay the exit fee of £25.00 if you switch before your current tariff end date. Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

1. Construction: cheapest standard tariff, cash/cheque, standard, positive

2. Construction: cheapest standard tariff, DD, non-standard, negative

Prototype 5 (below) was aimed at cash/cheque customers, and presents the cheapest tariff offered by the supplier with a *similar payment method*. It also presents additional information on the further discount that could be achieved by changing payment type and moving to Direct Debit. Prototype 5 assumes the customer is currently on a standard tariff with no end date. It adopts a positive wording.

Conversely, Prototype 6 (overleaf) assumes the customer is currently on a non-standard tariff with an end date of February 2013, and that he/she already pays by Direct Debit. It presents the cheapest tariff offered by the current supplier that is of similar payment method *and* tariff type to that already used by the customer. It uses a negative wording.

**Prototype 5: Cheapest tariff with similar payment method offered by current supplier with further Direct Debit discount**

ABOUT YOUR TARIFF

Here's information 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
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£0.00
Personal Tariff Comparison Rate (PTCR)	£40.28 per month

This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.

Your actual usage in the last 12 months	3,100 kWh
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Could you save by switching?

Our cheapest tariff, *Clear and Simple*, has a low PTCR of £37.23 per month. This is our best non-standard cash/cheque tariff for you. This is lower than your current tariff PTCR, and you could save £3.05 each month by switching. You could save a further £2.32 each month if you also switch to pay by Direct Debit.

Call us or visit our website for details.  
For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

General Tariff Comparison Rate (GTCR)	14.82p per kWh
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The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.

**Prototype 6: Cheapest tariff with similar payment method and tariff type offered by current supplier**

## ABOUT YOUR TARIFF

Here's information 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	
<b>Tariff name</b>	YourPower Eco Online 10
<b>Payment method</b>	Direct Debit
<b>Tariff end date</b>	02 Feb 2013
<b>Exit fees</b> (if you cancel before the end date)	£30.00
<b>Personal Tariff Comparison Rate (PTCR)</b>	£34.37 per month
This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.	
<b>General Tariff Comparison Rate (GTCR)</b>	15.01p per kWh
The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.	
<b>Your actual usage in the last 12 months</b>	3,100 kWh

### Paying more than you need to?

*Clear and Simple Online Fixed*, is our cheapest tariff for your current tariff type (online, direct debit, fixed tariff). It has a low PTCR of £27.53 per month. Your current tariff PTCR is higher than this so you are paying £82.08 more each year than you need to based on your current usage. If you switch to get this saving, you'll have to sign up for another fixed term contract and continue to manage your account online.

Remember, you'll have to pay the exit fee of £30.00 if you switch before your current tariff end date.

Call us or visit our website for details.  
For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call **0800 891 0256**



Prototype 18 (below) was the only one shown which included details of the customer’s gas tariff as well as their electricity tariff. The wording is positive and invites the customer to switch to a different dual fuel tariff and receive a further discount by switching from paying by cash/cheque to paying by direct debit.

Respondents understood that this may appear on electricity bills (and some queried whether it would also appear on gas bills).

**Prototype 18 Cheapest Dual Fuel Tariff offered by current supplier, with further Direct Debit discount**

### ABOUT YOUR TARIFF

Here's information 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
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£0.00
Personal Tariff Comparison Rate (PTCR)	£37.90 per month
This PTCR is based on your actual consumption. You can compare it with the PTCRs for other tariffs, but not GTCRs.	
General Tariff Comparison Rate (GTCR)	14.20p per kWh
The GTCR is based on the consumption of an average user, who uses 3,300 kWh per year. As a guide, you use GTCR to compare against other GTCRs for other tariffs: the lower the GTCR the cheaper the tariff.	
Your actual usage in the last 12 months	3300 kWh

Gas	
Tariff name	Standard gas
Payment method	Cash/Cheque
Tariff end date	No end date
Exit fees (if you cancel before the end date)	£0.00
Personal Tariff Comparison Rate (PTCR)	£32.29 per month
General Tariff Comparison Rate (GTCR)	13.22p per kWh
Your actual usage in the last 12 months	3,100 kWh

**Could you save by switching?**

You are currently on our *Standard Dual Fuel* tariff paying by cash/cheque. You could save £170.75 each year by switching to our *Saver Dual Fuel* tariff, which offers a PTCR of £32.45 for electricity and £29.34 PTCR for Gas. You could save a further £30.00 if you switch to paying by Direct Debit. Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit [www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or call 0800 891 0256

18. Construction: Dual fuel bill, cheapest of all supplier tariffs, cash/cheque, standard

Prototypes 16 and 17 show information that was tested on annual statements. Prototype 16 (below) assumes a cash/cheque payer and advises customers of the single best deal across the whole market for their current tariff type using positive wording.

Prototype 17 (overleaf) assumes a direct debit payer on a standard tariff and, using mainly negative wording, presents customers with the three cheapest options in the market overall.

### Prototype 16: Cross market best deal

## Saving money on your electricity

Based on your current tariff and usage, there is a cheaper standard tariff available for you. Eco Gas's *Standard Electricity* tariff has a PTCR of £34.37 per month, so you could save £5.84 each month by switching, adding up to a yearly saving of £70.09. You could save a further £2.32 each month if you switch to paying by Direct Debit.

### Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

16. Construction: annual statement cross-market best deal, cash/cheque, standard, one best tariff, positive

## Prototype 17: Cross market three best deals

### You're paying more than you need to

Based on your current tariff and usage, you are paying more for your electricity than if you switched to a cheaper tariff from another supplier.


Here are the 3 best options for you:

1. **Eco Gas's *Clear and Simple* tariff**  
 With a PTCR of £42.08 per month this could save you £149.12 each year
2. **Power On's *Online Saver* tariff**  
 With a PTCR of £44.66 per month this could save you £80.04 each year
3. **redenergy's *Fixed Price* tariff**  
 With a PTCR of £47.16 per month this could save you £68.79 each year

Remember, you'll have to pay the exit fee if you switch before your current tariff end date.

### Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

17. Construction: annual statement cross-market best deal, DD, non-standard, three best tariffs, negative

Prototype 19 (below) was designed for Dual Fuel customers who pay by cash/cheque. It is negatively worded and shows the cheapest dual fuel tariff offered by their current supplier with a further discount for paying by direct debit.

**Prototype 19: Cheapest Dual Fuel Tariff offered by current suppliers with further Direct Debit Discount**

**Are you paying too much?**

You are currently on our *Standard Dual Fuel* tariff paying by cash/cheque. You are paying £34.37 more each year than if you switched to our cheapest option, our *Saver Dual Fuel* tariff. You also pay £2.32 more each year because you pay by cash/cheque rather than Direct Debit. Call us or visit our website for details on getting a better deal.

It's 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.

**Need independent advice about switching your tariff or supplier?**

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

19. Construction: Dual fuel annual statement, cheapest of all supplier tariffs, cash/cheque, standard, negative

Prototype 20 (below) assumes the customer is on a non-standard tariff paying by cash/cheque. It gives more details and explanations than other prototypes and this aided respondent understanding. It also provides details of the three best deals offered by their supplier:

- by cheapest standard tariff;
- cheapest by payment method; and
- the cheapest overall tariff from their current supplier.

**Prototype 20: Cheapest standard, cheapest by payment method and cheapest overall from current supplier**


### Could you save money on your electricity?


You are currently on our *Standard Evergreen Electricity* tariff paying by cash/cheque, but you could save money by switching to a cheaper option. Based on your current tariff and usage, here are 3 good options for you:

1. **Our new *Standard Electricity Variable* tariff**  
This is the best value standard tariff we offer. This has a PTCR of £37.99 per month, so you could save £30.00 each year.
2. **Our *Fixed Term Saver* tariff – cheapest for your contract type**  
This is our best value non-standard cash/cheque tariff for you. With a PTCR of £36.35 per month this could save you £68.79 each year. You can still pay by cash/cheque, but you'll have to sign up for another fixed term contract.
3. **Our *Eco Fixed Price Online* tariff**  
With a PTCR of £34.73 per month, this is the best value option for you overall and could save you £80.04 each year. If you switch to get this saving, you'll have to sign up for another fixed term contract and change to paying by Direct Debit and manage your account online.


### Need independent advice about switching your tariff or supplier?


You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

20. Construction: standard, personalised by payment and tariff type, and cheapest of all tariffs

Prototypes 11, 12 and 13 (below and overleaf) were designed for customers paying by pre-payment meter (PPM) and shown to respondents paying by this method.

Prototype 12 is worded negatively and encourages customers to switch from PPM to their supplier’s cheapest standard electricity tariff. In this regard it would be targeted at those PPM customers who are likely to be eligible to change to a standard tariff with their existing supplier, e.g. because they are not in debt.

Prototypes 11 and 13 are worded positively and invite the customer to switch to another PPM tariff from an alternative supplier. Prototype 13 specifies the cheapest prepayment deal on the market, whereas Prototype 11 provides a much more general message. Both include some reference to PPM customers potentially being able to switch even if they are in debt, with prototype 13 giving the most detailed information on this.

**Prototype 11: Save by switching to another prepayment tariff**

**Could you save money on your electricity?**

Did you know you could save money by switching to a cheaper prepayment tariff? You can switch supplier to another prepayment tariff even if you are in debt. Visit our website or call us for details.

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.

**Need independent advice about switching your tariff or supplier?**

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

11. Construction: personalised by payment type, annual statement, prepayment, cash/cheque, standard, positive

## Prototype 12: Cheapest Standard Tariff offered by current supplier

### Are you paying too much for your electricity?

Our cheapest *Standard Electricity* tariff has a low PTCR of £28.53 per month. Based on your current usage you could save £5.84 per month by switching from a Pre Payment Meter to this standard tariff.

Visit our website or call us for details.

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.

### Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

12. Construction: personalised by payment type, annual statement, prepayment, cash/cheque, standard, negative

## Prototype 13: Cross market, one best prepayment deal

### Could you save money on your electricity?

Did you know you could save money by switching to a cheaper prepayment tariff, with a lower PTCR, from another supplier? Did you know you may be able to switch with a debt of up to £200? The cheapest deal available based on your usage is RedEnergy's *Clear and Simple* prepayment tariff with a PTCR of £21.62 per month, so you could save £3.05 each month by switching. That adds up to a saving of £36.60 each year.

### Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

 [consumerdirect.gov.uk](http://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](http://consumerfocus.org.uk)

 08454 12 34 56

13. Construction: personalised by payment type, annual statement, prepayment, cash/cheque, standard, positive

# Appendix B - Topic Guides

## Credit Customers Topic Guide

### *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?
- How do they pay for their gas/electricity? Would they consider changing payment method eg would they consider switching from quarterly bill to quarterly or monthly direct debit? If receive paper bills, would they consider paperless billing whereby they were sent a bill online?
- 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? (e.g. 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 ILLUSTRATIVE BILL WITH TARIFF SUMMARY BOX**

- Ask people to imagine they have received this bill/statement? What information would they look out for?



- Apart from what they need to pay what other information is there on the bill? What is the information in the orange box for? Would they read this if it was on a bill?
- How helpful is this information?
- Why is it helpful or not?
- Is there anything confusing or difficult to understand on the tariff column?  
**(IF TCR MENTIONED EXPLAIN BRIEFLY WHAT THIS IS)**

## RETRIEVE ILLUSTRATIVE BILL

### *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 cheapest TARIFF offered by their energy supplier? Would this tariff be the cheapest for all customers or would it depend on how much energy they used or other factors? Is the cheapest tariff always likely to be the 'BEST' Tariff for them? If not, why might a tariff that is not the cheapest be the best tariff for them?
- And how do they think the cheapest/best tariff offered by their supplier compares with other energy suppliers?
- How are tariffs made up? (Is there a price per unit of electricity/gas or is there another element?)
- What kind of different tariffs are there? Does their supplier offer this range of tariffs?
- Would having a tariff summary as on the example bills help them? Why/why not?

## SHOW PROTOTYPE 3 AND 4

**SAY:** These are examples of information that MIGHT appear in the tariff summary box on a bill:

- What do you feel about the heading and introductory wording?
- Would it attract your attention and encourage you to read
- Any reaction to showing Tariff Name
- Any reaction to Payment Method
- Are they on fixed contracts? The tariff end date applies to fixed term contracts
- What about the exit fees? Were they aware they would usually need to pay these if switching from a Fixed Term contract before its completion date?

- What do they understand by the Personal and General Tariff Comparison Rate (PTCR is like receiving a personal quote of their usage to compare against what they would pay on other tariffs whereas the GTCR is an average which you may see a supplier use on an advertisement etc)? Would they expect to find this helpful? Why/Why not?
  - What do they think about the different ways the PTCR/GTCR are presented in each prototype (i.e. together in V.3 and GTCR at the bottom in V.4)
  - Which is easier to understand; which are they more likely to notice; which version do they prefer?
- What would be their expectations of the 'online clear and simple' tariff? Would you like to see more information about what kind of tariff this is on the bill?
- What if this turned out to be an online (paperless) tariff? What would they think? Would they consider paperless billing? Is it useful to see the cheapest tariff if it is online? Is it useful (or annoying) to see a tariff you would never consider if it is cheaper than the tariff you are on? (EXPLORE PARTICULARLY FOR THOSE WITH NO ONLINE ACCESS) For a customer who is NOT currently on an online tariff would it make sense for them to see:
  - The cheapest tariff (even if this is online)
  - The cheapest tariff which is NOT online
  - Both
- In general, customers who receive bills online, rather than printed paper bills in the post pay less for their energy, because they cost less for their energy company to administer. Would it be helpful to see messages such as 'You could save £20 a year by going paperless' within the tariff summary box? Would this kind of message be reassuring? Would it encourage them to consider/sign up for paperless billing? Why/why not?
- Is it helpful to show (potential) 'saving of £xx per year'?
- Would they consider a fixed rate tariff (EXPLAIN 'A fixed rate tariff is a tariff where the supplier guarantees that the price per unit of electricity or gas will stay the same for a set period of time i.e. for a fixed term.) why/why not? If they would not consider a fixed rate tariff how would they feel about seeing messages that the cheapest tariff is a fixed rate tariff?
- Should consumers on non-fixed rate tariffs see:
  - The cheapest tariff (even if fixed rate)
  - The cheapest non-fixed rate tariff
  - Both

## SHOW PROTOTYPES 1 AND 2

- What do they think of the heading 'Could you save by switching?' What would they expect to be included under the heading? Does the heading attract their interest? Why/Why not?
- What about the phrase 'Could you get a better deal from us?' Does this heading attract their interest? Why/why not?
- Is it better to see savings per month or per year?
- Would you be surprised at a Standard Electricity Tariff being cheaper than your own? Why?
- The wording of the two versions is slightly different? Which do they prefer? Why?
- Which, if either, of these would encourage them to take action? Why?
- Is it better to be told you can save money or that you are spending too much?
- What action (if any) would you take? Would you contact your energy supplier or seek impartial advice? Why/Why not? How would you contact your supplier? Would you do anything else?

## SUM UP

- Which of the wordings works better/worse? Why?

## SHOW PROTOTYPES 5 THEN 6

- Version 5 is the same as you have already seen but it highlights that people who pay by cash or cheque on receipt of their bill could save even more by switching to pay by direct debit?
- Is this important helpful? Why/Why not?
- Version 6 has different wording in the box at the bottom. Which is more likely to interest people 'Could you save by switching' or 'Paying more than you need to?' (The text reflects the different readings)
- The information in Version 5 and particularly Version 6 is PERSONALISED in that it reflects HOW the customer currently manages their account (i.e. how they pay their bill/their type of tariff).
  - Version 5 shows the cheapest tariff with the same payment type (i.e. cash/cheque), but indicating further savings that could be made by changing payment type (i.e. to direct debit)
  - Version 6 offers the cheapest tariff for a similar type of account (i.e. online, direct debit, fixed rate).
- Do people prefer the Version 6 approach of seeing the cheapest tariff available to them but which is similar to their existing account (rather than showing the absolute cheapest which might be paperless/fixed rate etc).

## SHOW PROTOTYPE 18

- This version would appear on your electricity bill but would show the tariff for gas and electricity
- What do you think of this?
- The box at the bottom highlights Dual Fuel Savings. Would you expect savings as a result of being Dual Fuel with one supplier? Is it helpful to see info about your gas tariff and possible Dual Fuel savings on your electricity bill?
- What would they expect the messaging to be if they could get their electricity and gas cheaper by having SEPARATE TARIFFS with the same supplier?

## *Using more text*

SOMETIMES A SUPPLIER MAY BE ABLE TO USE MORE TEXT/EXPLANATION FOR EXAMPLE WITHIN AN ANNUAL STATEMENT OR LETTER TO A CUSTOMER (e.g. a letter to tell the customer the price of their current tariff is going up)

## SHOW PROTOTYPE 19

- What do they think about the heading? Does it encourage them to read further? Why/Why not?
- What about the text?
- If you paid by cash/cheque on receipt of your bill how would you feel about being told you can save £xx more each year than if you paid by direct debit?
- PROMPT IF NOT COVERED BY DISCUSSION ON 2 PREVIOUS BULLETS This version uses phrases such as 'You pay £x more each year...' By now they will have seen several documents this style of wording and several saying 'you can save'. Which style do they prefer? Why?
- Would this encourage them to take action (if they paid by cash/cheque)? What would they do?
- Does this imply the Saver Dual Fuel tariff is better than individual tariffs for gas and electricity?

## SHOW PROTOTYPE 20

- This version shows a number of options for a customer to save money. Is it helpful to see a number of options? The wording is phrased in terms of 'You can save'.. Is this liked? Does it grab their attention as much as the other style of wording.. You are paying more..? Bearing in mind they will

end up seeing phrases like this several times a year which do they think, longer-term, is most likely to influence them?

- The first option is a standard tariff. Is it clear why this might be a good option?
- Is it clear why the second option might be a good option/why you might have reservations?
- Is it clear why the third option might be good but why you might have reservations?
- Is this better than seeing single options?
- Is it clear how each option compares to their existing tariff/payment method etc
- If only one option was shown which should it be?

### SHOW PROTOTYPE 16

- What is different about this?  
**(EXPLAIN IF NOT MENTIONED SPONTANEOUSLY THAT IT SHOWS WHAT A COMPETITOR IS CHARGING)**
- How helpful is it to have details of competitor tariffs? Why? What concerns might you have?
- Does it appear that ECO Gas's Standard Electricity Tariff is THE cheapest tariff? Should they show the cheapest tariff regardless of payment method or the cheapest one using the same payment method that you currently use?
- Should the cheapest tariff appear even if that is for a fixed rate/fixed term tariff and the customer is currently on a standard tariff?
- What action if any, would you take?
- If you would not take action why not?

### SHOW PROTOTYPE 17

- This shows a number of competitor tariffs, is it better to show just one or several tariffs? Why?
- What action would you take?
- Is it appropriate/helpful to include this kind of information on annual statements? Why/Why not?
- Should information about competition tariffs appear in the tariff summary on your bill? Would it be appropriate/helpful for this information to appear on your bills? Why/Why not?
- This information could appear on other communications. For example energy suppliers are obliged to write to customers three months ahead to warn them of any price increases. This gives customers an opportunity to

think about how they can avoid the increases. Should information on competitors' prices appear on price notification letters? Why/why not?

## SUM UP

- What information would be most helpful on bills/annual statements
- What would encourage them to think about what they were paying for electricity/take action?

# Pre-Payment Meter Customers Topic Guide

## *Introduction*

- Welcome/housekeeping/brief aims of the research (we are testing the material not them)
- Individuals introduce themselves

**NB. IF ANY STORIES COME UP SPONTANEOUSLY ABOUT EXAMPLES OF CONSUMER DETRIMENT EXPERIENCED BY PPM USERS (E.G. WRONG ASSIGNMENT OF DEBT) PLEASE PROBE AND RECORD**

## *Energy Suppliers*

- Who supplies them with gas/electricity?
- How long have they been with them?
- How long have they been on a pre-payment meter? Could/would they consider other payment methods? Why/why not? Do people think they would be better off or pay less in the other payment method?
- Could they change energy suppliers if they wanted to; if not, why not? **LOG IF ANYONE MENTIONS THEY HAVE MADE A SWITCH WHILE IN DEBT ON THEIR PPM OR IF THEY MENTION THE DEBT ASSIGNMENT PROTOCOL (SPONTANEOUSLY MENTIONED, DO NOT PROBE AS UNLIKELY TO BE AWARENESS OF IT – SEE CRIBSHEET)**
- 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?
- What, if any, communications do they receive from their energy suppliers?

### ***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?

### **SHOW ILLUSTRATIVE ANNUAL STATEMENT**

- What would they do if they received this in the post? Which (if any) parts would they read? Why?
- Would they read the section on Saving/Paying too much for electricity? Why/Why not?
- What else do they notice, if anything?

### **RETRIEVE ANNUAL STATEMENT**

#### **SHOW PROTOTYPE 11**

**(NB This example could be sent to all PPM customers or targeted at only those in debt)**

- What do they think about the heading? Does it encourage them to read further? Why/Why not?
- What about the text?
- Did they know they may be able to switch to another supplier even if in debt (SEE DEBT ASSIGNMENT PROTOCOL CRIBSHEET)?
- Is this of interest? Why/why not?
- Would this encourage them to take action? What would they do?
- Would they need further information to encourage them to take action? What?

#### **SHOW PROTOTYPE 12**

**(NB This example is likely to be only sent to those customers who have a PPM meter but are not in debt. Those in debt would not be able to switch to a standard tariff)**

- What do they think of the heading 'Are You Paying Too Much For your Electricity'? Does this encourage them to read further? Why/why not?
- Do they prefer 'Could You Save Money' or 'Are You Paying Too Much?' Why? Which grabs their attention better?
- What do they think of the first sentence under the heading 'Are You Paying Too Much?'

- What would they expect a Standard Electricity tariff to involve, i.e. what kind of tariff do they think this is? Could it be a pre-payment meter? If it was not a PPM how would they feel about being told what it would cost on this tariff
- What do they think the term PTCR means?
- BEFORE EXPLAINING IN DETAIL PROBE:-
  - Did they notice the term PTCR on the example Annual Statement shown?
  - What do they think PTCR stands for? Is it obvious?
  - **IF NECESSARY EXPLAIN ACRONYM MEANS** 'Personal Tariff Comparison Rate'. What do they think a Personal Tariff Comparison Rate is?
  - To what extent, is it clear, how the PTCR explanation may help them?
- **EXPLAIN THAT THIS FIGURE HELPS THEM TO COMPARE TARIFFS TO SEE WHICH IS CHEAPEST**
  - Is the PTCR easy or difficult to understand? Why?
  - What do they think of this type of language/acronym being used in the text?
  - How, if at all, would they prefer to describe the comparison between tariffs?
- Would they be inclined to take action? Why? What would they do?

### SHOW PROTOTYPE 13

**(NB This example could be sent to all PPM customers or targeted at only those in debt)**

- Recap views of heading
- What is the message? How is this different from what they have seen before?
- What do they think of being told who the cheapest supplier is for a pre-payment tariff?
- How would they expect this to differ from their own tariff?
- Would they take any action? What? Why?
- Would they prefer to see details of:
  - The cheapest tariffs from their supplier **(NB although they may not automatically qualify for standard tariffs if they have a debt on their PPM)**?
  - The cheapest tariffs from any suppliers?
  - The cheapest prepayment tariff from any supplier?



→ Why?

### **SUM UP**

- Overall, what do they think about the amount of text on the examples?
  - Too much, too little, about right?
- What information would be most helpful on annual statements/other communications
- Apart from on annual statements how would they like to learn of opportunities to save money by switching tariff/supplier?
- What would encourage them to think about what they were paying for electricity/take action?
  - Face-to-face/telephone/paper etc.
  - Who would they want to provide this support/who would they look to for help?
  - Who would they trust to provide support/advice?
    - Impartial advisor/organisation such as Consumer Focus, their supplier, Ofgem etc.