

Initial Findings

BIT review of the Benefit Change Notice for the
Australian Energy Regulator

THE
BEHAVIOURAL
INSIGHTS TEAM ♦

Executive Summary

The Behavioural Insights Team (BIT) worked with the Australian Energy Regulator (AER) to conduct an online framed field experiment to test different versions of a proposed benefit change notification. 1,805 respondents saw one of four versions of the notification, and were asked about their intended behaviour (technical details provided in the attached appendix). They were also asked to enter the information into a mock version of the Energy Made Easy (EME) website. The key findings included:

- Intention to visit EME did not appear to vary by treatment
- However, informing respondents that they were about to “lose [their] discount” may have led to fewer respondents stating that they would do nothing
- In addition, the “lose discount” treatment saw higher comprehension
- Those who saw the “lose discount” treatment may have spent less time looking at the letter

As a result, BIT recommends that the notice **includes a headline that the consumer is about to lose their benefit, and includes the value of the benefit.**

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Background to the project

The policy problem

The AER is currently developing Benefit Change Notice Guidelines in accordance with rules 48A and 48B of the National Energy Retail Rules. These rules require retailers to notify small electricity and gas customers when benefits provided to them for a minimum or fixed period in their retail contracts are ending or changing.

The guidelines will provide details about what the content of the notices will be, and will be the primary method by which consumers are alerted to changes to benefits under their retail contracts.

BIT is supporting the AER as there is significant evidence that shows consumers' behavioural biases can drive their behaviour.¹ By drawing on this understanding, we can shape the notices to take account of these behavioural biases and encourage consumers to take action when their benefit periods end. However, it is important to test and evaluate any applications of behavioural insights to ensure that they work in this specific context, and to understand what the most effective techniques are.

¹Costa, E., King, K., Dutta, R., & Algate, F. (2016). Applying behavioural insights to regulated markets.

Our approach

Ideally, we would conduct a trial in the field to test the impact of these letters on actual behaviour. However, due to time constraints, it was not possible to do this. Instead, we combined qualitative research with an online randomised controlled trial (RCT), and a review of the literature. Findings from the qualitative research, the online RCT and the literature review fed into the recommendations.

The qualitative research involved developing drafts of the notices, and providing them to a range of consumers for their feedback. These were done in individual interviews, and included some consumers from culturally and linguistically diverse backgrounds. We then refined the notices before choosing four versions to test in an online trial.


To conduct the trial, we used Predictiv, BIT's new online rapid research platform. Predictiv quantitatively tests the effectiveness of communications, new products, policies and initiatives using real participants in an online environment. It is designed to provide an alternative method of conducting robust RCTs when a field trial is unfeasible or not possible within the time constraints.


This report covers the first in a series of three trials that we are running in conjunction with the AER to test ways to make the notice as effective as possible.

Overview of the trial

- A total of 1,805 respondents were asked some basic questions about their household, to estimate household energy consumption using the Energy Made Easy (EME) website methodology.
- Respondents were shown one of the four versions of the letter and asked to read it.
- Respondents were asked how they would respond to the letter – when they would act (i.e., immediately, after some time, or not at all), and if they would act, what they would do.
- After this, they were asked some comprehension questions about specific parts of the letter.
- They then had to enter the information from the back of the letter into a mock version of EME – they received additional incentives for doing so correctly. This was conducted as an exploratory exercise.
- Finally, they answered some basic financial literacy questions and filled out some questions about their demographics.
- Further details of our analysis strategy are provided in the attached technical appendix.

Right: screenshots from the test





Alex Sample
1 Sample Rd
SAMPLEVILLE 2144

Saving money on energy is **easy**

- 1 Visit the comparison site www.EnergyMadeEasy.gov.au/offer-search
- 2 Enter the usage information **on the back of this letter**
- 3 Compare retailers and find the best offer for you

Dear Alex,

You are about to lose your discount worth \$302 last year
Visit www.EnergyMadeEasy.gov.au/offer-search to find the best offer for you

We are required to tell you that you are going to lose the discounts you have been receiving on your energy bill very soon. The reason is, the discounts only apply for 1 year from 1 April 2017.

If you take no action, we estimate that you will pay \$2,072* for energy over the next year.

In the last year you paid

* If I received a letter like this, I would...

☐ Do something about it straight away.

☐ Do something about it within the next week.


☐ Do something about it later, when I have time.

☐ Not do anything about it.

[Next](#)

Treatment 1 (acted as control)

"Increase, no chart"



Alex Sample
1 Sample Rd
SAMPLEVILLE **9999**

Saving money on energy is easy

- 1 Visit the comparison site www.EnergyMadeEasy.gov.au/offer-search
- 2 Enter the usage information on the back of this letter
- 3 Compare retailers and find the best offer for you

Dear Alex,

We estimate your electricity bill will increase to \$2,072* next year
Visit www.EnergyMadeEasy.gov.au/offer-search to find the best offer for you

We are required to tell you that you are going to lose the discounts you have been receiving on your energy bill very soon. The reason is, the 1-year contract you signed on 1 April 2017 is about to expire.

If you stay with us and we roll over your plan, we estimate that you will pay \$2,072* for energy over the next year.


So you can see if you can find a cheaper offer, a summary of your last bill is on the back of this letter. Simply enter the information at the Australian Government's price comparison site, www.EnergyMadeEasy.gov.au/offer-search to see a list of offers that are tailored to you.

Nicky Tindall
Customer Service Representative

* This is an estimate based on your recent usage. For your historical billing and consumption data, contact us on 9123 4567

Treatment 2

"Increase, chart"



Alex Sample
1 Sample Rd
SAMPLEVILLE **9999**

Saving money on energy is easy

- 1 Visit the comparison site www.EnergyMadeEasy.gov.au/offer-search
- 2 Enter the usage information on the back of this letter
- 3 Compare retailers and find the best offer for you

Dear Alex,

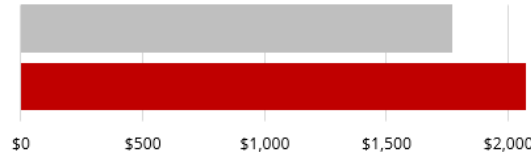
We estimate your electricity bill will increase to \$2,072* next year
Visit www.EnergyMadeEasy.gov.au/offer-search to find the best offer for you

We are required to tell you that you are going to lose the discounts you have been receiving on your energy bill very soon. The reason is, the 1-year contract you signed on 1 April 2017 is about to expire.

If you stay with us and we roll over your plan, we estimate that you will pay \$2,072* for energy over the next year.

In the last year you paid

Over the next year we estimate you will pay*



Category	Amount
In the last year you paid	~\$1,750
Over the next year we estimate you will pay*	~\$2,072


So you can see if you can find a cheaper offer, a summary of your last bill is on the back of this letter. Simply enter the information at the Australian Government's price comparison site, www.EnergyMadeEasy.gov.au/offer-search to see a list of offers that are tailored to you.

Nicky Tindall
Customer Service Representative

* This is an estimate based on your recent usage. For your historical billing and consumption data, contact us on 9123 4567

Treatment 3

"Lose discount, no chart"



Alex Sample
1 Sample Rd
SAMPLEVILLE **9999**

Saving money on energy is easy

- 1 Visit the comparison site
www.EnergyMadeEasy.gov.au/offer-search
- 2 Enter the usage information
on the back of this letter
- 3 Compare retailers and find the best offer for you

Dear Alex,

You are about to lose your discount worth \$302 last year
Visit www.EnergyMadeEasy.gov.au/offer-search to find the best offer for you

We are required to tell you that you are going to lose the discounts you have been receiving on your energy bill very soon. The reason is, the 1-year contract you signed on 1 March 2017 is about to expire.

If you stay with us and we roll over your plan, we estimate that you will pay \$2,072* for energy over the next year. Because you have lost your discounts, this is \$302 more than you paid last year.


So you can see if you can find a cheaper offer, a summary of your last bill is on the back of this letter. Simply enter the information at the Australian Government's price comparison site, www.EnergyMadeEasy.gov.au/offer-search to see a list of offers that are tailored to you.

Nicky Tindall
Customer Service Representative

* This is an estimate based on your recent usage. For your historical billing and consumption data, contact us on 9123 4567

Treatment 4

"Lose discount, chart"



Alex Sample
1 Sample Rd
SAMPLEVILLE **9999**

Saving money on energy is easy

- 1 Visit the comparison site
www.EnergyMadeEasy.gov.au/offer-search
- 2 Enter the usage information
on the back of this letter
- 3 Compare retailers and find the best offer for you

Dear Alex,

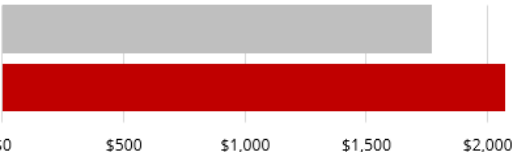
You are about to lose your discount worth \$302 last year
Visit www.EnergyMadeEasy.gov.au/offer-search to find the best offer for you

We are required to tell you that you as you are going to lose the discounts you have been receiving on your energy bill very soon. The reason is, the 1-year contract you signed on 1 March 2017 is about to expire.

If you stay with us and we roll over your plan, we estimate that you will pay \$2,072* for energy over the next year. Because you have lost your discounts, this is \$302 more than you paid last year.

In the last year you paid

Over the next year we estimate you will pay*



Category	Amount (\$)
In the last year you paid	~1,770
Over the next year we estimate you will pay*	~2,072

So you can see if you can find a cheaper offer, a summary of your last bill is on the back of this letter. Simply enter the information at the Australian Government's price comparison site, www.EnergyMadeEasy.gov.au/offer-search to see a list of offers that are tailored to you.

Nicky Tindall
Customer Service Representative


* This is an estimate based on your recent usage. For your historical billing and consumption data, contact us on 9123 4567


Note: Postcodes were customised based on participant responses (highlighted in red boxes)

Back page (same for all)

Summary of your most recent bills

Your National Meter Identifier is: 1234 123 123





Visit www.EnergyMadeEasy.gov.au/offer-search and enter the information below to see how much you can save by switching

Question on Energy Made Easy	What to enter
Compare energy offers	
What kind of offer are you looking for?	Home
Postcode	2154
What would you like to compare?	Electricity
Who is your electricity distributor?	Endeavour
Your electricity usage	
What is your electricity tariff type?	Time of use
Do you have a controlled load for your hot water or another appliance?	Yes
Do you have your kilowatt hour (kWh) usage from a recent bill?	Yes
Electricity bill 1	
Start date	18/1/2018
End date	17/2/2018
Standard (peak/anytime)	189
Off-Peak	112
Shoulder (if any)	57
Shoulder 2 (if any)	0
Controlled load	35

Don't add another bill. Accept the terms and conditions and click:

Compare energy offers

You should now see a list of offers that you can compare to your estimated bill next year of \$2,072*.

Note: Postcodes were customised based on participant responses (highlighted in red boxes)

1 What we did

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(Intended) Behaviour

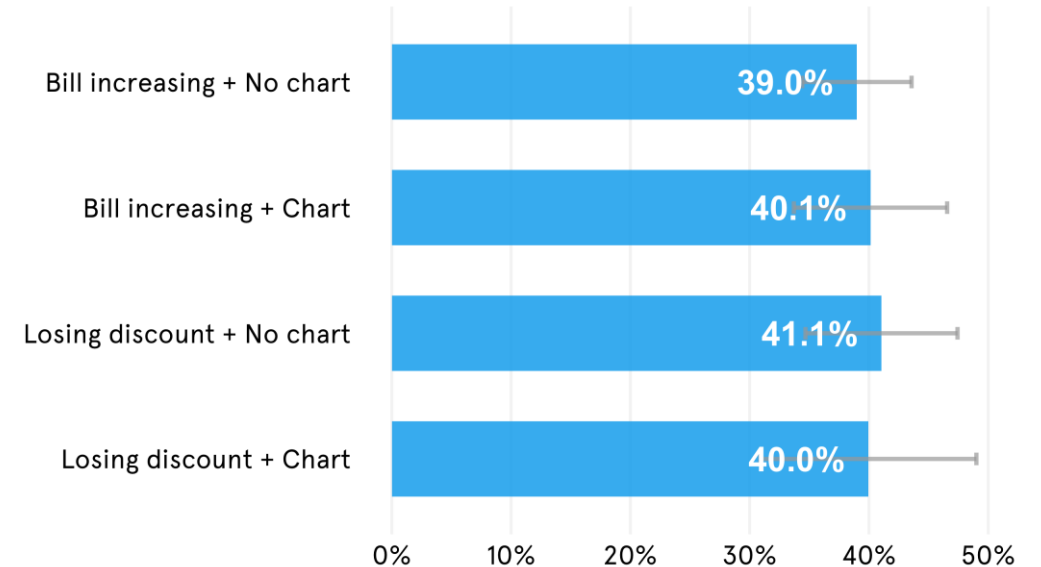
There were no significant effects on intentions to visit EME

Based on the trial, the proportion of respondents that said they would take some action and visit EME did not vary between the treatments, and was consistently around 40%. Note that this appears to be quite high, and actual behaviour is likely to be lower in the field.

The next most popular options were calling the retailer (22%) and doing research online but not through comparison websites (21%).

How we measured this

Respondents were first asked what they would do upon receipt of the letter – take action immediately, within a week, when they had time, or not take action at all. For those that chose any of the options that indicated they would take action, we then asked what action they would take. The options included visiting EME, visiting a non-EME comparison site, calling the retailer, doing research online (not via comparison sites), or something else.



Of those who stated they would take some action, proportion of respondents who responded that they would go to the EME website in response to the letter, by treatment

*(+= $p < 0.1$, *= $p < 0.05$, **= $p < 0.01$, ***= $p < 0.001$)*

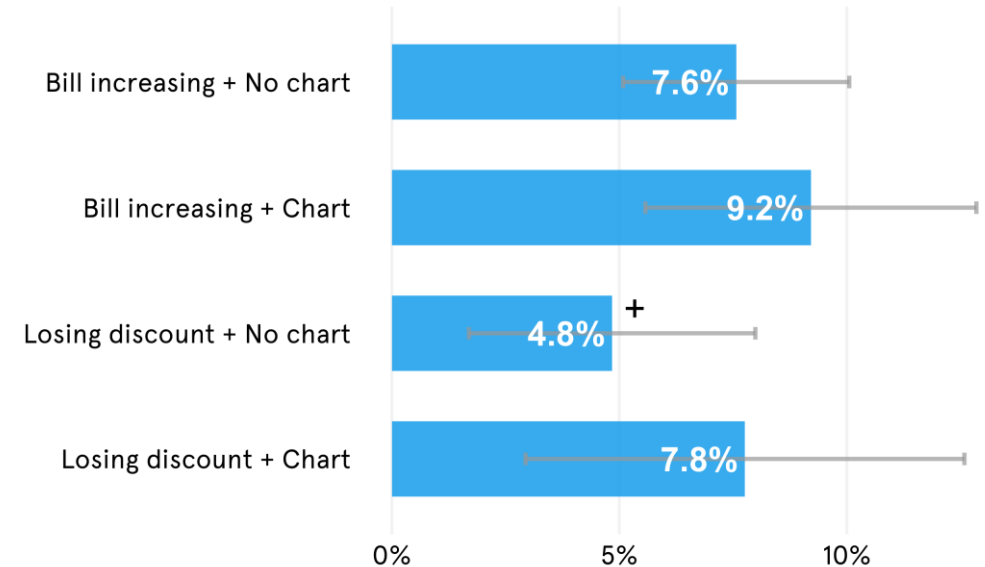
Telling customers they would “lose [their] discount” may have reduced the proportion doing nothing

There is some weak evidence to suggest that treatment 3 (which included a headline stating that respondents would “lose [their] discount”) led to a smaller proportion of respondents stating that they would take no action in response to the letter. However, this was only suggestive evidence and not statistically significant at conventional levels.

This is nonetheless somewhat promising, however, as it is consistent with the broader literature and with insights from the qualitative user testing conducted prior to the trial, which suggest that loss aversion is a powerful motivator. It is also in line with previous energy trials run by BIT, which have found that loss aversion tends to lead to the biggest response from consumers.¹

How we measured this

Respondents were first asked what they would do upon receipt of the letter – take action immediately, within a week, when they had time, or not take action at all. For those that chose any of the options indicating that they would take action, we then asked what action they would take. The options included visiting EME, visiting a non-EME comparison site, calling the retailer, doing research online (not via comparison sites), or something else.



Proportion of respondents who responded that they would do nothing in response to the letter, by treatment
(+= $p < 0.1$, *= $p < 0.05$, **= $p < 0.01$, ***= $p < 0.001$)

¹ <http://www.behaviouralinsights.co.uk/wp-content/uploads/2016/09/BIT-Update-Report-2015-16.pdf>, p41

Comprehension

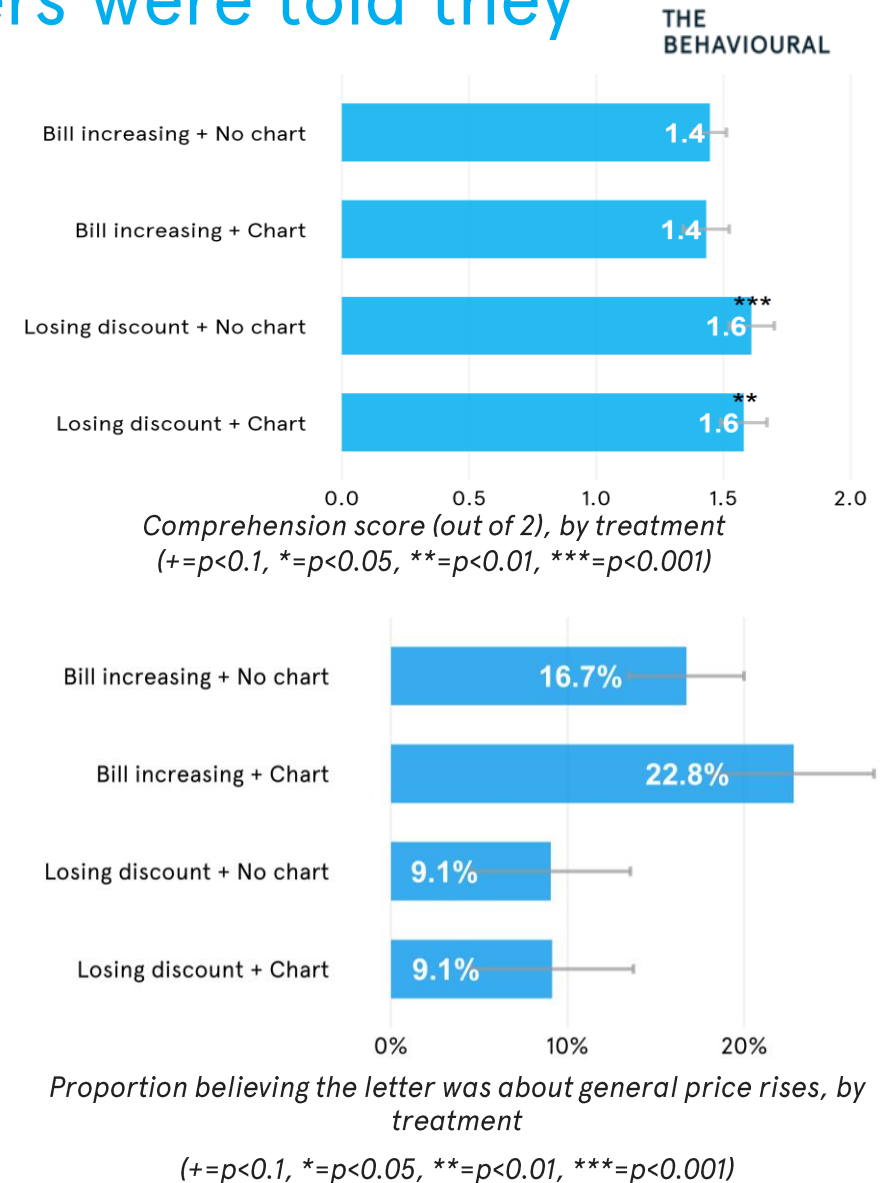
Comprehension was higher when consumers were told they would “lose [their] discount”

Perhaps unsurprisingly, when the headline included a clear statement that respondents would lose their discounts, there was a higher average comprehension score. Exploratory analysis suggests this was predominantly driven through more respondents correctly answering the question regarding what would happen to their energy bill next year. However, there also appear to be increases in the proportion of correct answers to the question about what the letter was asking them to do (i.e., use EME to find a better deal).

Notably, the proportion answering that they would pay more because prices were rising generally under the “lose discount” treatments was less than half that of the proportion under the “bill increasing” treatments.

How we measured this

Respondents were asked two questions – firstly, what the letter was saying would happen to their energy bills next year (they would pay more because they were losing their discount, they would pay more because prices were rising generally, or they would pay less). Secondly, they were asked what the letter was asking them to do (go to EME, contact their retailer for information to use EME, contact their provider to get a better deal, use a comparison website, or something else).



Some EME questions appear more difficult

On average, respondents scored 10 (out of a possible 14). In addition, we were able to measure which questions caused the greatest difficulty, and which were the easiest – we have presented the results of the percentage of respondents getting each question correct in the image on the right.

The key takeaways appear to be that respondents had more difficulty when they had to enter figures, vs. when they had to select options. The one exception appears to be the question about the type of electricity tariff.

Note that the default value for the second last question was zero – hence, leaving this field empty would have resulted in a correct answer, which likely explains the high proportion getting this question correct.

How we measured this

Respondents were provided with a mock version of the EME website, that functioned similarly to the real website. They were asked to use the letter previously provided (they could click to open it again), and enter the information into the website. There were 14 fields to enter – we measured how many were entered correctly (the first two were already entered). Respondents were incentivised for each answer they entered correctly.

What kind of offer are you looking for?	<div><div>Home</div><div>Small business</div></div>	98.8%	✓
What is your postcode? <small>So we can show offers available to you</small>	<div>2154</div>	99.9%	✓
What would you like to compare?	<div><div>Electricity</div><div>Gas</div><div>Both electricity and gas</div></div>	77.3%	✓
Who is your electricity distributor?	<div><div>Ausgrid</div><div>Endeavour</div></div>	75.7%	
Your electricity usage			
What is your electricity tariff type?	<div><div>Single rate</div><div>Time of use</div><div>I'm not sure</div></div>	65.9%	✓
Do you have a controlled load for your hot water or another appliance?	<div><div>Yes</div><div>No</div></div> <div><small>What is controlled load?</small></div>	71.7%	✓
Do you have your kilowatt hour (kWh) usage from a recent bill?	<div><div>Yes</div><div>No</div></div> <div><small>I'm off-grid or in an embedded network</small></div>	81.6%	✓
<div><div></div> Adding extra bills is optional. You can enter up to 4 bills. Bills must cover a continuous period.</div>			
Electricity bill 1 <div>Remove bill</div>			
Start date	<div>18/01/2018</div>	57.0%	✓
End date	<div>17/02/2018</div>	55.8%	✓
Standard (peak/anytime)	<div>189</div>	59.0%	✓
Off-Peak	<div>112</div>	58.8%	✓
Shoulder 1 (if any)	<div>57</div>	58.7%	✓
Shoulder 2 (if any)	<div>0</div>	78.9%	✓
Controlled load	<div>35</div>	58.4%	✓

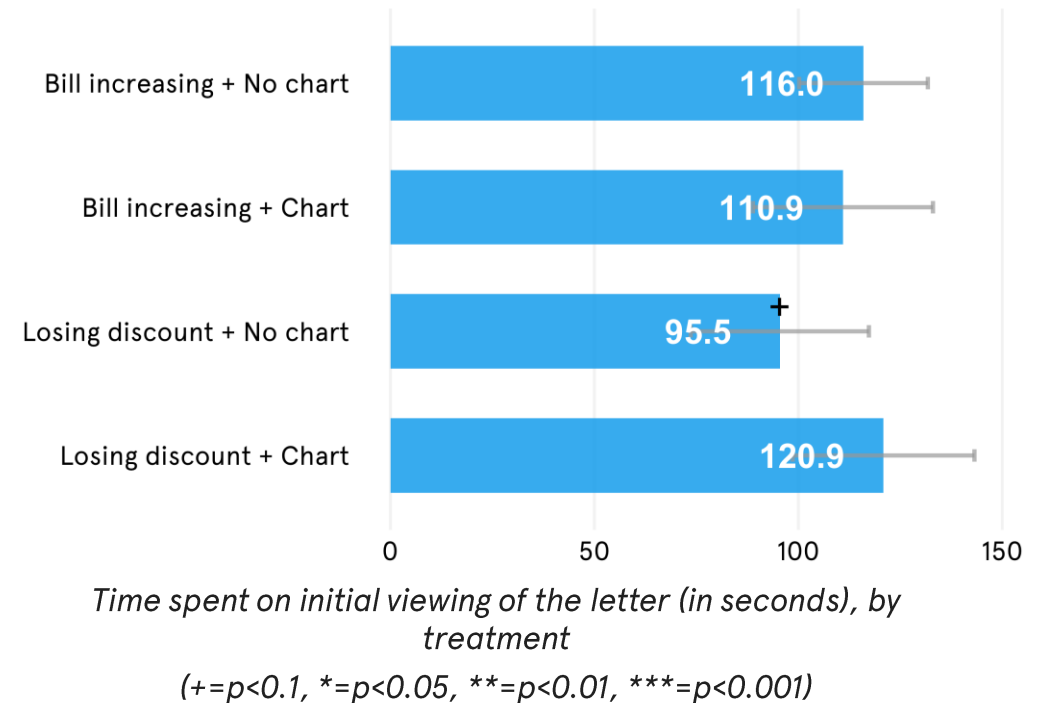
There is weak evidence of faster comprehension

We found weak evidence suggesting that treatment 3 led individuals to spend less time reading the letter, despite improving their comprehension scores on average. However, this is not statistically significant at conventional levels.

It is difficult to draw too many conclusions from this information. On the one hand, a longer viewing time may represent better engagement with the letter. On the other hand, more time spent on the letter may in fact represent confusion – that is, it was harder to understand and take in all the information. Indeed, in our data we observed no correlation between time taken to read the letter and comprehension, which suggests the latter hypothesis might be accurate.

How we measured this

Respondents were asked to look at the letter, before we asked some follow-up questions. We were able to measure the amount of time that respondents spent viewing each letter.



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Framed field experiments will always have limitations

We were measuring intentions, not behaviour

The environment presented to respondents was highly stylised – they simply had to open the letter and respond whether they would take action, and if so what action they would take. The intention-behaviour gap¹ is a common behavioural issue, which means that our estimates are likely to overstate potential behavioural outcomes, at least in terms of what actions consumers would take in response to the letter.

In the real world, we would expect that of the consumers that state a preference for taking some action, some might not follow through. Our pre-trial qualitative user testing found that some users would have an intention to address the contents of the letter, but would “leave it on [their] desk” or “deal with it later” – these consumers might not in fact end up taking any action.

We were only measuring intention to use EME, not actual switches

Our primary outcomes, measuring the proportion of respondents who stated they would use EME, and the proportion that stated they would take any action at all, are not measuring actual switching behaviour.

Even if our measures of intended behaviour were perfectly accurate (which is unlikely), this may not translate through to switching behaviour if consumers find the switching process too difficult. For example, during our pre-trial qualitative user testing, we found that many users found the EME website to be confusing and difficult to use – they were put off the process of switching providers when they saw multiple options from the same provider that appeared indistinguishable.

Indeed, if consumers are put off by the EME website, there is a risk that a letter that encourages the use of EME may actually lead to greater numbers remaining on the default tariff, as compared to one that encourages the consumer to contact their own retailer or to use another comparison site.

¹ Sniehotta, F. F., Scholz, U., & Schwarzer, R. (2005). Bridging the intention-behaviour gap: Planning, self-efficacy, and action control in the adoption and maintenance of physical exercise. *Psychology & Health*, 20(2), 143-160.

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Conduct field tests to validate findings

As noted, a key limitation of the trial is that it tested intention to switch, not actual switching. In addition, the letter aims to drive people to the EME website – however, it may be that this leads to poorer outcomes if, for example, people are more likely to take action when prompted by a letter to contact their own retailer instead.

Retailers have significant scope to conduct these trials (and may already be doing so). Partnering with retailers to validate findings and test new alternatives may lead to even better outcomes.

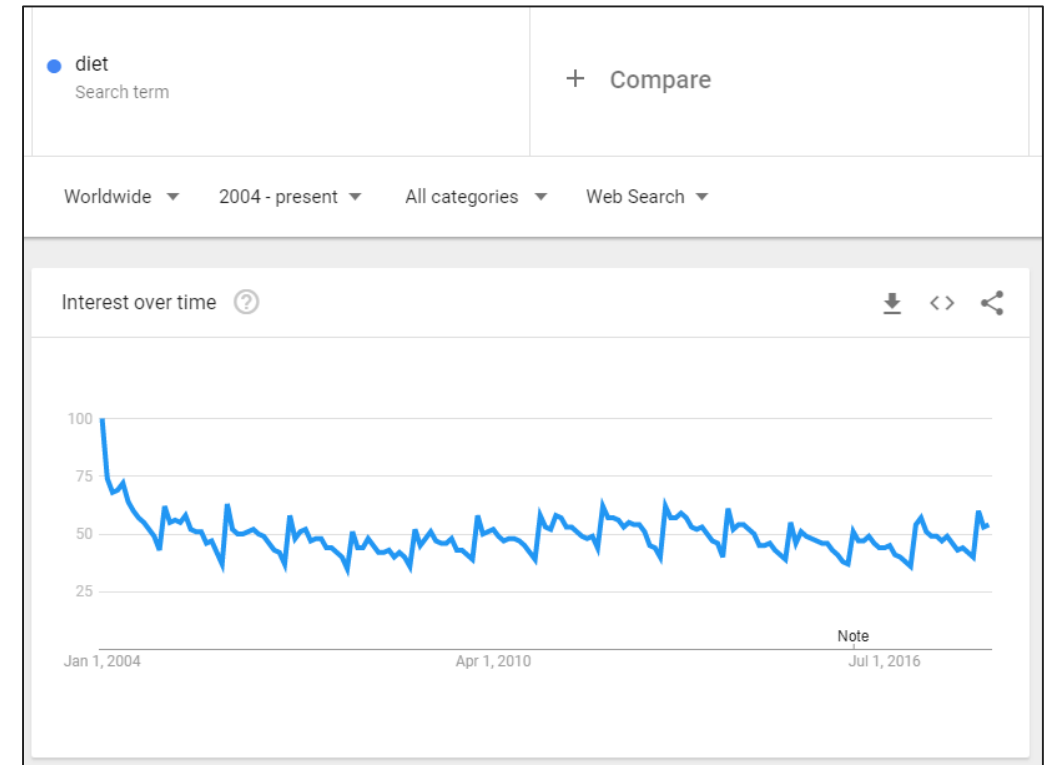
In fact, there may even be scope to incentivise retailers to improve upon the existing format – for example, the AER could consider offering retailers the opportunity to change even pre-specified elements of the letter if done as part of a sanctioned and pre-registered field trial. Retailers that did so, and could show through their trial that their changes led to greater numbers of consumers moving off the default, could be allowed to maintain any changes they made (on the condition that the results of the trial were shared with AER and the strategies used could be made public and/or incorporated into future guidelines).

Benefit changes are a key opportunity to prompt behaviour

A key issue with consumer behaviour in energy markets is that there are rarely significant events that cause them to re-assess their choice of energy provider, outside of the quarterly bill or moving house. Moreover, the complexity of the market makes the default of staying with the current provider a cognitively easier option for consumers.¹

Hence, it is important to maximise any opportunity that arises to prompt consumers, or create an artificial point that offers a change to disrupt the status quo. Evidence has shown that arbitrary temporal landmarks (e.g., the start of a new month or new year) can motivate behaviour.² A looming benefit change might be seen as a specific temporal landmark that might motivate switching behaviour, even if the benefit change is minor. There may be other landmarks, such as the start of summer or the hottest day of the year.

Therefore, we recommend that as few benefit changes are excluded from the requirement to send a notice as possible. Moreover, even some excluded categories could arguably still be cause for a notice – a customer being rolled over on the same conditions may still be able to switch to a better deal if prompted to do so at the time of the rollover. Indeed, any situation where a customer does manage to maintain their current conditions without taking any action is highly unlikely to be the best possible deal for that consumer.



Google search activity over time for the term "diet" – clear peaks are visible at the start of each year

¹Jachimowicz, J. M., Duncan, S., & Weber, E. U. (2016). Default-Rejection: The Hidden Cost of Defaults. Available at SSRN: <https://ssrn.com/abstract=2727301>

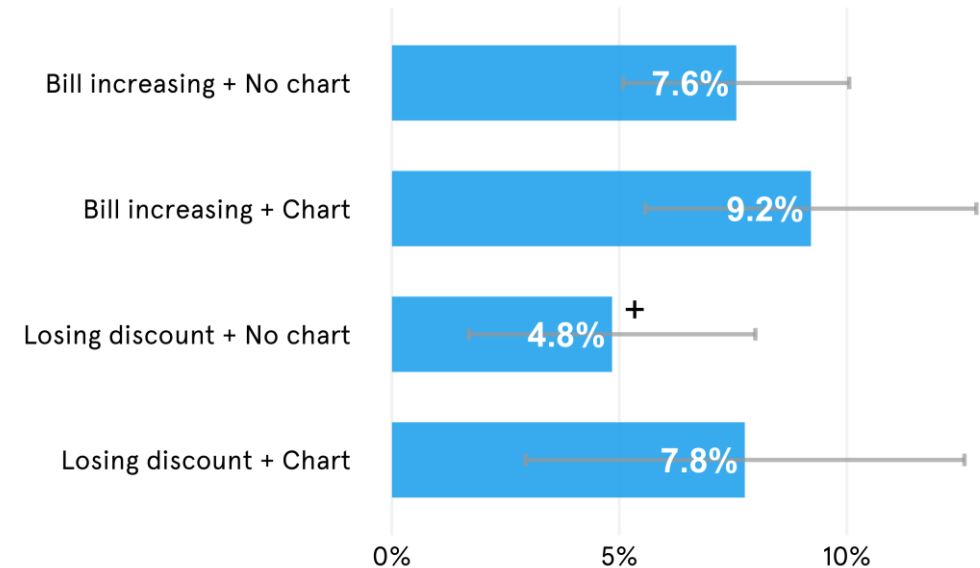
²Dai, H., Milkman, K. L., & Riis, J. (2014). The fresh start effect: Temporal landmarks motivate aspirational behavior. *Management Science*, 60(10), 2563–2582.

Include the value of the benefit being lost on the notice

One of the strongest and most consistent effects in behavioural science is the concept of loss aversion – that is, individuals feel losses more keenly than equivalent gains.¹ Hence, where messages or outcomes can be framed as potential losses, they are more likely to have an impact (as compared to being framed as a potential gain). Therefore, we recommend that the value of the benefit is included on the notice, and specific reference is made to the fact that the consumer is about to lose this. There appears to be support for this from the trial, where focusing on the benefit being lost appears to increase comprehension, and may increase action.

There may also be cases where consumers were not able to obtain the benefit – for example, a pay-on-time discount. In these cases, we would recommend highlighting the potential savings on offer for that consumer, to motivate their behaviour (i.e., “you will lose your discount, which could have saved you \$300 last year). Importantly, the figure should be as large as possible, to have the maximum impact, and should be framed as an imminent loss.

Adding further figures may not provide additional value – user testing revealed that consumers wanted to know what the value of their bill would be next year, so that they could compare this to the figures they saw on EME. This will already be on the notice, in the form of the “do nothing” amount.



Proportion of respondents who responded that they would do nothing in response to the letter, by treatment
(+= $p<0.1$, *= $p<0.05$, **= $p<0.01$, ***= $p<0.001$)

¹Tversky, A. & Kahneman, D. (1981). The framing of decisions and the psychology of choice. *Science*, 211(4481), 453-458.

Provide any usage information in an easy to access format on the notice itself.

While the notice is required to include a provision to allow consumers to contact the retailer to obtain their usage information, we believe that there is significant benefit in simply including this information on the form itself, and doing so in a format that clearly explains how the information should be used when entering it into the EME website.


Small “frictions” such as extra processes can have substantial impacts on behaviour – one study found that providing people with personalised information about the best healthcare plans for them substantially increased switching rates. Importantly, this information was freely available, but instead of requiring consumers to actively seek it out, the intervention focused on providing it directly.¹ Similarly, past BIT trials have found that even the presence of an extra click in an online process can lead to substantial proportions of individuals dropping out.² Hence, reducing the steps involved for consumers to access their information is key to ensuring they take action on receipt of the notice.


Where the information is not available, and only estimates are available, then the retailer should be required to provide sufficient instructions for the consumer to be able to use the EME website as accurately as possible.

¹Kling, J. R. et al (2012). Comparison friction: Experimental evidence from Medicare drug plans. *The Quarterly Journal of Economics*, 127(1), 199–235.

²Behavioural Insights Team (2014). EAST: Four simple ways to apply behavioural insights. *Behavioural Insight Team, London*.

Summary of your most recent bills
Your National Meter Identifier is: 1234 123 123





Visit www.EnergyMadeEasy.gov.au/offer-search and enter the information below to see how much you can save by switching

Question on Energy Made Easy	What to enter
Compare energy offers	
What kind of offer are you looking for?	Home
Postcode	2154
What would you like to compare?	Electricity
Who is your electricity distributor?	Endeavour
Your electricity usage	
What is your electricity tariff type?	Time of use
Do you have a controlled load for your hot water or another appliance?	Yes
Do you have your kilowatt hour (kWh) usage from a recent bill?	Yes
Electricity bill 1	
Start date	18/1/2018
End date	17/2/2018
Standard (peak/anytime)	189
Off-Peak	112
Shoulder (if any)	57
Shoulder 2 (if any)	0
Controlled load	35

Don't add another bill. Accept the terms and conditions and click:

Compare energy offers

You should now see a list of offers that you can compare to your estimated bill next year of \$2,072*.

For emails, require hyperlinks and pre-filled information

We note that the proposed guidelines will require retailers to provide the notice via email, if the consumer has elected to receive notifications via email. We support this proposal (though we would recommend monitoring whether there are differential rates of behaviour between email and letters).

In addition, using email allows for frictions to be further reduced – at a minimum, the link to EME should be a direct hyperlink.

However, there is scope to further reduce friction – we note that currently, when a consumer enters their information on the entry page and clicks “Get Started”, they are taken to a website with a customized URL (e.g., <https://www.energymadeeasy.gov.au/offer-search/R/2154>). Therefore, we recommend that the hyperlink is actually a customized one for each recipient, such that their type of offer and postcode is pre-filled.

This has the advantage of reducing friction, but also of taking advantage of the “goal gradient” – the concept that as we progress towards a goal, we are more likely to complete it.¹ Demonstrating progress towards a goal (for example, by pre-filling a form) can often speed up individual achievement of the goal itself. Hence, pre-filling some information is likely to increase the likelihood of completion. Evidence from the trial also suggests pre-filling information could reduce any potential errors.

The screenshot shows a web browser window with the URL <https://www.energymadeeasy.gov.au/offer-search/R/2154> highlighted in the address bar. The page is titled "Compare energy offers" and features the Australian Government logo and the "ENERGYMADEeasy" logo. A search bar is present in the top right. The main navigation bar includes links for "Compare energy offers", "Get energy smart", and "Control your costs". The page content shows a form for comparing electricity and gas offers. The form has two sections: "What kind of offer are you looking for?" with radio buttons for "Home" (selected) and "Small business", and "What is your postcode?" with a text box containing "2154". Both sections have green checkmarks on the right, indicating successful completion or selection.

¹Kivetz, R., Urminsky, O., & Zheng, Y. (2006). The goal-gradient hypothesis resurrected: Purchase acceleration, illusory goal progress, and customer retention. *Journal of Marketing Research*, 43(1), 39–58.

Limit the amount of information presented, and set rules around how it is presented

In general, reducing the amount of information that consumers need to process is likely to lead to better outcomes.¹ Keeping information as simple as possible and the letter as short as possible is key to ensuring that consumers have both maximal understanding, as well as maximal likelihood of taking action.

We would recommend either single-page limit or a word limit, with a view to limiting the communication to a single page. Note that the page and word limit does not include the content discussed on the previous page, relating to usage information. This should ideally be separated and provided on a different page, to make understanding both the notice and the usage information as easy as possible.

In addition, to ensure that the EME website is foregrounded, there may need to be requirements to ensure that the EME website is made no less prominent than any retailer website, and that it is mentioned first. Current retailer practice appears to mention both EME and the retailer's own site, with the retailer's own site typically more prominent and mentioned earlier.

While these may be more prescriptive requirements, this may present an opportunity to encourage retailers to conduct trials to find out "what works", if they wish to deviate from the requirements.

¹Eppler, M. J., & Mengis, J. (2004). The concept of information overload: A review of literature from organization science, accounting, marketing, MIS, and related disciplines. *The information society*, 20(5), 325-344..

A clear headline statement is crucial, particularly online

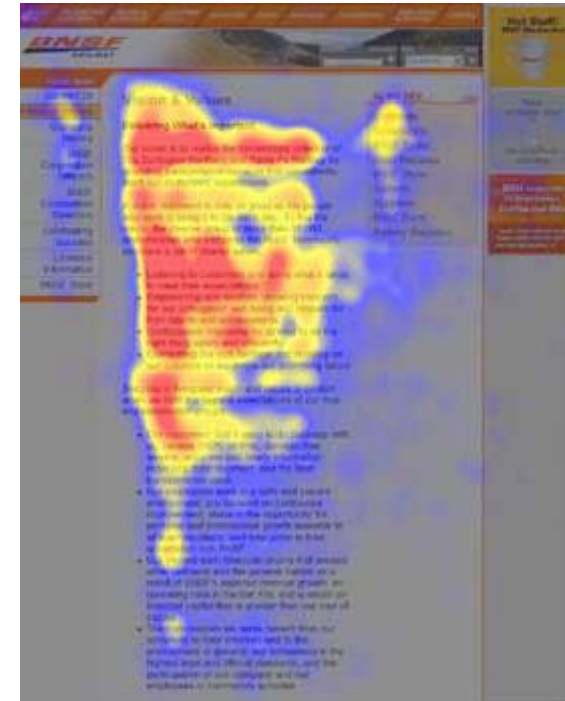
Most consumers will likely encounter the notice either in an online environment (i.e., through email), or in a situation where they are likely to already have a range of materials competing for their attention (i.e., as one of multiple letters in their letterbox).

Our qualitative user testing found that even in an environment where the consumer was focused purely on the letter they had received, they were not paying full attention to all aspects of the letter.

This is likely to be exacerbated if some messages will be delivered online (for example, via email) – research shows that comprehension is worse in an online environment,^{1,2} with consumers likely to read in an “F-pattern” (see image).³

Therefore, having a clear headline statement that makes it clear what individuals have to do is crucial for shifting behaviour. The headline should also be personalised, where possible (for example, with their first name in the headline) – typically, consumers will respond better to communications that are personalised to them in some way.

In particular, results from the trial suggest that a headline statement that clearly indicates that a benefit is about to be lost increases comprehension, and may increase behaviour.



¹Mangen, A., Walgermo, B. R., & Brønnick, K. (2013). Reading linear texts on paper versus computer screen: Effects on reading comprehension. International Journal of Educational Research, 58, 61-68.

²Oppenheimer, D. M., Meyvis, T., & Davidenko, N. (2009). Instructional manipulation checks: Detecting satisficing to increase statistical power. Journal of Experimental Social Psychology, 45(4), 867-872.

³<https://www.nngroup.com/articles/f-shaped-pattern-reading-web-content-discovered/>

Include a simple explanation on the nature of the benefit

A key finding from our user experience testing was that consumers did not always appreciate why the letter was being sent – a number of consumers believed that it was part of the standard price rises that occur each year.

The trial supports this – one of the biggest noticeable differences between the various treatments was that comprehension of why prices were rising was highest when the headline specifically stated that the discounts were about to be lost. In addition, under the treatments with a headline, the proportion that believed the price rise was due to a general rise in prices was less than half that under the more general headline.

Importantly, this effect appears to also have driven comprehension of the second question, about what the letter was asking the reader to do.

Including a headline and a short explanation of the nature of the benefit – and highlighting that the consumer is losing it¹ – will help to increase comprehension about why the letter is being sent, and what consumers need to do in response. It also appears to cause consumers to pay more attention to the content of the letter, leading to higher general comprehension.

¹Tversky, A. & Kahneman, D. (1981). The framing of decisions and the psychology of choice. *Science*, 211(4481), 453-458.

