



uSwitch response to Ofcom's consultation on end-of-contract and out-of-contract notifications

9 October 2018

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1 Executive summary

1.1 uSwitch welcomes Ofcom's proposals

uSwitch welcomes Ofcom's consultation on end-of-contract notifications and out-of-contract notifications. We are strongly supportive of the proposed introduction of contract notifications in the communications sector, bringing the sector into line with various other markets. We believe that contract notifications are a necessary base-level measure when looking to boost consumer confidence and enable consumers to make informed choices. In turn, this will incentivise providers to improve their offerings to consumers. We firmly believe that the mandating of end-of-contract and out-of-contract notifications are of equal importance in order to address the consumer harm rightly identified by Ofcom.

While we are broadly supportive of Ofcom's proposed design of contract notifications, we have a fundamental concern that the proposed timing of the end-of-contract notifications (40-70 days before the end of the contract) is suboptimal and risks severely undermining Ofcom's policy objectives.

We look forward to continuing to engage with Ofcom on its work to improve consumer engagement.

1.2 uSwitch's evidence base

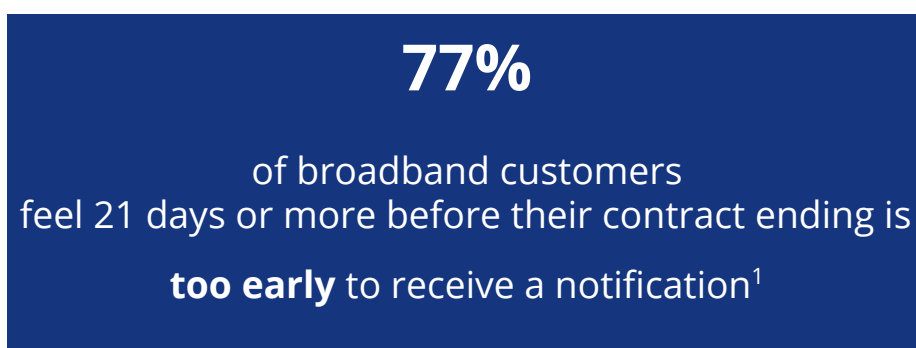
Our experience shows us that demand-side consumer focused remedies can be very effective in improving consumer outcomes, but it is best practice to test likely behavioural response in order to ensure that the desired result is likely to be achieved. In the case of this remedy, we do not believe that a randomised control trial is necessary, as there should be sufficient learnings from comparable prompts that consumers receive in other markets. However, we do consider that Ofcom should run additional specialist quantitative research on the content of the proposed notification messaging. We think running such research is eminently possible within Ofcom's project timelines and would not need to delay its target implementation date.

To build on Ofcom's current evidence base, we have ourselves commissioned quantitative research to test how consumers might actually behave in response to receiving a contract notification. The results challenge Ofcom's qualitative research findings which appeared to rely solely on asking focus groups what they would do. We also commissioned a nationally representative survey to further test consumers' preferences. Our evidence base also includes uSwitch data from

our energy and insurance comparison services, learnings from other sector regulators, and our expertise as a consumer-focused service.

1.3 Consumers need to receive end-of-contract notifications at an actionable point in time

To make end-of-contract notifications effective as a call to action, Ofcom should mandate an end-of-contract window where engaging is practical for consumers. Having simulated the receipt of an end-of-contract notification, our quantitative research asked consumers when would be too early and too late to act. Twenty-one (21) days before the contract end date was identified as the optimal time to receive a notification. This finding was corroborated by our nationally representative survey.



To feel relevant, consumers need to be able to act immediately and look into their options when they receive an end-of-contract notification, without incurring detriment that would reduce the perceived benefits of engaging such as an exit fee. This should be seen as a critical requirement on any remedy that seeks a direct consumer response, in that failing to do so is likely to increase the perceived hassle-factor as additional steps are added into the process (such as needing to remember a future moment to engage or having to assess the options available in the market more than once). Indeed, Ofcom's proposed window is unprecedented, with energy and insurance contract notifications being sent at a time when consumers face no barriers to action.

¹ Annex 2 - Opinium end-of-contract and out-of-contract notifications survey report for uSwitch. Opinium surveyed a sample of 2,006 UK adults from the 21st to 24th September 2018. Results have been weighted to reflect a nationally representative criteria. Respondents were asked: 'With this in mind, when do you think would be too early for you to receive a notification to give you enough time to act ahead of your contract ending? Please think of time to compare the options available to you, or switching your deal or provider' 12% said 'up to 21 days before contract ending', 38% said 'up to 30 days before contract ending', 16% said 'up to 2 months before contract ending', 5% said 'up to 3 months before contract ending', 2% said 'up to 6 months before contract ending' and 4% said 'over 6 months before contract ending'

In practice, the ability to act in response without detriment is generally never more than 30 days ahead of the contract end date given notice periods for cancellation tend to be this long and that early termination charges will apply until the end of the contract. However, this timeframe is often closer to the contract end date for customers using industry switching processes. From 14 days ahead of their contract end date customers can request a broadband request and under Ofcom’s mobile switching changes from July 2019, this will be from 1 day ahead of the customer’s contract end date. A meaningful end-of-contract notification must arrive close to the contract end date so that the customer can take action without paying an exit fee. It would be desirable to allow time for the broadband installation period so that a switch can be broadly aligned with the previous contract ending.

It is clear that Ofcom’s proposed 40-70 day window is too broad and too far from the contract end date to be effective in driving consumer response from anyone other than the already engaged. Instead, uSwitch suggests that 14-21 days would be the optimal window. This falls at an actionable point in time and is realistic about likely consumer responsiveness.

1.4 Additional elements would drive more consumers to act

Our quantitative research indicates that Ofcom’s proposed contract notifications will prompt consumers to actively consider their options, but that Ofcom can optimise this to drive action from additional consumers. Taken together our research suggested that significant uplifts could be achieved by optimising the wording of the options message proposed by Ofcom, with the addition of new content on aggregated pricing with a price projection and mobile data usage.²

Ofcom proposal	uSwitch proposal	Uplift achieved
72.4% broadband customers likely to act	76.6% broadband customers likely to act	+ 4.2 percentage points
61.4% mobile customers likely to act	66.6% mobile customers likely to act	+ 5.2 percentage points

² Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch, page 36-37.

1.4.1 Clear communication: prescribed options message

The research shows a considerable variation in the consumer response driven by different wording, with the wording of Ofcom's proposed General Condition performing the best. Given the variation in performance of wording similar in substance, it stands to reason that providers would be able to optimise the delivery of messages to lessen the chance of response while still being in compliance with the proposed requirement. We note that we did not seek to test what we considered to be messages that would likely deliver a poor consumer response. In practice, a provider seeking to reduce that effectiveness of the notification could likely drive down the consumer response of Ofcom's proposals significantly compared to the lowest performing options tested in our research.

As a result, we believe that prescribed language is necessary to deliver a clear message that prompts consumers to consider their options. This will ensure that providers cannot test for wording that least encourages their customers to act. We consider that a clear options message is particularly important for mobile customers whose monthly pricing may remain the same or even lower out-of-contract. Our view is also informed by clear regulatory guidelines for options messages in other sectors.

1.4.2 Price aggregation: total cost and projection

Our quantitative research found that the likelihood of consumers to act was raised by the inclusion of an aggregated price figure and a projection for the same time period, in addition to Ofcom's proposed monthly price information. An aggregated cost figure makes clear to consumers the scale of the cost they are incurring and the value of looking into their options. Pairing this with a cost projection helps consumers imagine the future implications of taking no action. Indeed, consumers are familiar with aggregated cost figures and cost projections in energy and insurance contract notifications.

1.4.3 Mobile usage: average and highest monthly data

uSwitch's research also found that mobile consumers responded strongly to information about their average and highest monthly mobile data usage. We consider that this consumption information is likely to particularly benefit the less engaged as it offers consumers the confidence and rationale to actively consider their options if they are paying for a data allowance they have never exceeded.

1.5 uSwitch supports Ofcom's proposed implementation timeline

We firmly support the implementation timeline that Ofcom set out in its consultation, with end-of-contract notifications beginning to be sent within 6 months and out-of-contract notifications received within 9 months. We consider this to be achievable for providers and we believe that Ofcom can conduct quantitative research without comprising this timeline.

There is no doubt that there exist some consumers who are unknowingly out-of-contract that would otherwise engage. As a result, any unnecessary delay in implementation will compound the problem.

We note that Ofcom has committed to publishing a statement by March 2019 and we hope Ofcom will make every effort to stick to this timeline. We therefore hope to see end-of-contract notifications beginning to be sent to customers by September 2019, with out-of-contract notifications received by December 2019.

1.6 Measuring success

It is critical that end-of-contract notifications are introduced with a view to bringing about an ongoing shift in consumers' ability to engage. It is equally essential that out-of-contract notifications are sent to consumers currently being impacted by the harm identified. The introduction of timely and effective contract notifications is a necessary first step towards treating consumers fairly.

We note that importance of measuring success of consumer information remedies. In the case of this remedy, we consider that details about a customer's contract status delivered at the right time should be considered a very basic level of consumer information to ensure consumers are not at an unfair disadvantage in the market. Consumers have simply come to expect contract notifications, given they receive them within energy, insurance, and other sectors.

The measure of success should be increased consumer awareness of their options and contractual status in the communications market. While it is possible and desirable that remedies such as this may increase the level of switching in the market, it should not be the success criteria. Implemented well, more consumer information should improve the incentives on providers to proactively seek to re-contract their customers, who make such decisions with an informed awareness of how a retention offer compares to the wider market.

With this in mind, Ofcom should be open to further refining the specific requirements once the remedy has been live in the sector for a sufficient period to understand the impact and options to improve effectiveness.

uSwitch believes there is much more to do to improve consumer engagement more broadly in the communications sector and this remedy should be the starting point for a holistic policy programme in this area, not the end point.

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3 Introduction

3.1 About uSwitch

uSwitch is the UK's leading price comparison and switching service for home services, helping consumers to find a better deal and save money on their gas, electricity, broadband, mobiles, TV, landlines and personal finance products including mortgages, credit cards, current accounts and insurance.

uSwitch is part of ZPG, a digital media business that owns and operates some of the UK's most widely recognised and trusted online brands including Zoopla, PrimeLocation, Money.co.uk and Hometrack. Money.co.uk is one of the UK's leading financial services comparison websites, helping consumers compare products including mortgages, loans, credit cards, bank accounts and insurance from more than 600 providers.

uSwitch is a vocal champion of consumer issues and we are informed by our experience engaging directly with consumers on these matters. We are constantly looking for ways to innovate to ensure that our customers can navigate consumer markets effectively in the energy, telecoms and financial services sectors. We support any measures which recognise that competition is the best tool to deliver better outcomes for consumers. We look forward to continuing to engage with Ofcom on consumer issues.

3.2 Improving consumers' confidence and ability to engage

uSwitch welcomes Ofcom's consultation on end-of-contract notifications and out-of-contract notifications. We are pleased that ongoing work to address the lack of consumer engagement in communications services is a priority area for Ofcom. We are firmly in support of the proposal to implement end-of-contract notifications and out-of-contract notifications for communications services.

Indeed, we have made the case for the introduction of such notifications for several years. Consumers have come to expect contract notifications given that Ofgem mandates fixed-term tariff ending notices in energy and the FCA requires similar notices for insurance and mortgage renewals. It is right that Ofcom acts to correct the harm experienced by customers of the 21.4 million accounts

currently out-of-contract³ and the 10.6 million that are likely to encounter increases to the price and/or services at the end of the initial contract period.⁴

uSwitch's experience across consumer markets has made clear to us the sizeable gap between industry practices and consumer expectations in the availability of key contract information in the communications sector. The introduction of effective contract notifications is an essential first step to improving consumer knowledge and confidence to engage with the market. In turn, this will encourage providers to improve their offering to consumers. We fully support Ofcom's intention to move communications in line with other consumer markets by requiring providers to send contract notifications to residential and small business customers of broadband, mobile, landline and pay TV services. Within these services, uSwitch's greatest expertise lies within the residential broadband and mobile markets and our response will be focused accordingly.

Beyond contract notifications, we consider that Ofcom's ongoing programme of work on consumer engagement should seek to build consumers' confidence and ability to take action. The BEIS Public Attitudes Tracker found that 64% of people felt that it was "very easy" to exit a previous car or home insurance contract, just 49% agreed with this for broadband and 47% felt this was the case for mobile contracts.⁵ For example, a telecoms switch guarantee - similar to the Current Account Switch Guarantee - could tie together the processes involved and give more consumers the confidence to move to a better deal. We continue to believe that there will be an increasing case to revisit industry switching processes to support wider regulatory objectives of more fundamental infrastructure-based competition in the rollout of full-fibre networks.

uSwitch's Connectivity without Complexity campaign has been looking at these key issues and exploring their impact on consumers. We believe it's time the industry gave the facts - being open and upfront with the information that matters, removed the needless hoops that consumers are made to jump

³ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, Figure 8.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

⁴ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, Figure 5.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

⁵ BEIS, 2018. BEIS Public Attitudes Tracker: Wave 26 - key findings. Figure 9.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734270/beis-public-attitudes-tracker-wave-26-key-findings.pdf

through and worked to ensure the road to faster, more reliable connectivity is a journey for all.⁶

We would welcome the opportunity to continue engaging with Ofcom drawing on our experience engaging directly with consumers on matters across telecoms, energy and financial services.

⁶ uSwitch. Connectivity without complexity: putting consumers first.
<https://www.uswitch.com/campaigns/connectivity/>

4 Evidence base

4.1 Quantitative conjoint analysis research

Our insight into consumer behaviour and existing mandated contract notifications in energy and financial services led us to test how Ofcom's proposal could best deliver a call to action. To build on the valuable learnings from Ofcom's primarily qualitative research base, we commissioned quantitative research from Opinium (see Annex 1).

The research used a conjoint approach to understand consumers' preferences for contract notifications. This approach was used to measure the influence that further messaging and pricing information has on consumers' likelihood to take action beyond Ofcom's proposal as a baseline. We wanted to understand whether additional pertinent information was likely to increase response rates to notifications, or if it might cause an 'information overload' for customers.

The total sample size for the conjoint exercise was 1,207, which broke down into 609 broadband decision-makers and 642 mobile decision-makers. Each of these groups were split into three sub-groups of around 200 participants for different segment types. The information included in the conjoint scenarios was tailored to the broadband or mobile contract that most closely resembled the respondents' existing contracts in real life. Different levels of data usage and pricing were shown within the contract notifications based on standard broadband, fibre optic / superfast broadband and broadband & pay TV for broadband packages, and SIM only, flexi tariff and traditional handset contract for mobile packages.

Through the conjoint analysis, it is possible to indirectly derive consumers' preferences for different messaging and pricing elements. By choosing one notification over another, respondents implied a value to the individual elements included within it, allowing the research to derive the optimal messaging and pricing information that was the most likely to drive action.

This approach effectively simulated the receipt of contract notifications for participants, making them well-placed to consider when might be the right time to receive an end-of-contract notification. The research asked when would be too early and too late in relation to the end of their contract to be able to act upon receiving an end-of-contract notification. This identified an optimal point at which consumers would be most likely to act in response to an end-of-contract notification.

The benefits of a conjoint approach are:

- Unlike other analytical approaches, respondents were able to consider and evaluate the whole contract notification - not just the individual components;
- Opinium were able to analyse the impact that different messaging and pricing information will have on consumer behaviour;
- It indirectly derived consumers' preferences for the individual elements of the notification letter from the choices that the respondents made; and
- It is a powerful strategic tool to allow understanding (i.e. not just observation) of consumer behaviour, and therefore Opinium were able to predict consumers' likelihood to take action.

Opinium Research is a member of the MRS Company Partner service and the research was conducted in strict accordance with the MRS code of conduct and quality commitment. Strict guidelines were implemented regarding all phases of research in accordance with MRS guidelines, including on research design and data collection, conducting fieldwork and analysis and reporting.

4.2 Further sources of evidence

In addition, we commissioned a nationally representative survey with a sample size of 2,006 broadband customers from Opinium to further test and validate consumers' preferences (see Annex 2). Our evidence base also includes uSwitch data from our energy and insurance comparison services (see confidential Annex 3), learnings from other sector regulators, as well as our expertise as a consumer-focused service.

There are two key areas which our evidence base indicates that Ofcom's proposal could be strengthened. We set out below the case for amending the timing of end-of-contract notifications, as well as the inclusion of three additional elements within contract notifications.

4.3 Ensuring the effectiveness of contract notifications

The results of the quantitative research were closely aligned across broadband and mobile, with some small differences.⁷ Our research identified the optimal time to receive an end-of-contract notification, which is considerably closer to the contract end date than Ofcom's proposal. In addition, we have identified a single combination of key additional elements that would deliver the best consumer

⁷ Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

outcome across both sectors. Our research has demonstrated that consumers respond to a few key additional pieces of information.

We believe that Ofcom should conduct its own quantitative consumer response research to maximise the effectiveness of contract notifications. We believe that it is realistic to achieve this without compromising Ofcom's proposed implementation timeline.

While a strong evidence base is clearly important, we do not consider it necessary to conduct randomised control trials on this occasion given the learnings from other sectors. Instead, Ofcom should commit to reviewing the effectiveness of notifications sent by providers, similar to the UK Competition Network's consumer remedies project.⁸

⁸ CMA and FCA, 2018. UK Competition Network (UKCN) - Helping people get a better deal: Learning lessons about consumer facing remedies.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/744521/UKCN_consumer_remedies_project_-_lessons_learned_report.pdf

5 The case for effective contract notifications

5.1 Consumers should be able to make informed choices

We believe that introducing effective contract notifications is an essential first step to improving consumer engagement in the communications market. We agree with Ofcom that being informed is fundamental to consumers' ability to consider their options. Consumer engagement and switching levels in the telecoms sector is below what we see in comparable sectors where more regulatory initiatives have been undertaken to give consumers the tools to make informed decisions.

The BEIS Public Attitudes Tracker contains data on the proportion of customers who shopped around for a service based on those who have taken out that service in the last year. It shows that 77% shopped around for car insurance and 64% did so for home insurance, while 69% shopped around for energy. In contrast, 63% shopped around for a mobile phone contract and just 58% did so for broadband.⁹ Eighteen percent (18%) of all UK adults had switched provider or contract for car insurance in the last year, and 15% had done so in energy. Just 10% had switched provider or contract for mobile in the last year, while this falls to 5% for broadband.¹⁰

Contract notifications have a broad purpose of giving consumers information about their own services in a transparent and timely manner. For too long, consumers have struggled to access to clear picture of the services they are paying for alongside their current contractual status. Those that have managed to do so incur the not inconsiderable cost of the time and effort required to seek out, retain and monitor this information. This move is about a shift in industry practices that sees customers treated fairly. Eighty-seven percent (87%) of consumers felt bothered or annoyed that, unlike energy contracts, broadband or mobile providers are not required to inform customers when their contract is coming to an end.¹¹

⁹ BEIS, 2018. BEIS Public Attitudes Tracker: Wave 26 - key findings. Figure 5.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734270/beis-public-attitudes-tracker-wave-26-key-findings.pdf

¹⁰ BEIS, 2018. BEIS Public Attitudes Tracker: Wave 26 - key findings. Figure 7.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734270/beis-public-attitudes-tracker-wave-26-key-findings.pdf

¹¹ uSwitch, 2018. End of contract warnings could save broadband users £1 billion a year - but Ofcom set to miss the mark.
<https://www.uswitch.com/media-centre/2018/10/end-contract-warnings-save-broadband-users-1-billion-year-ofcom-set-miss-mark/>

Indeed, contract notifications will enable consumers to make decisions that best suit them. This may be switching provider, to move to a different deal with their existing provider, or to maintain their existing package with an awareness that the price and/or services will change. For those who decide to switch provider, there are often significant savings to be made. On average, those who switch broadband and landline via uSwitch save £180 per year. For mobile customers, this figure is up to £287.¹² The result will be to reduce the likelihood that consumers encounter unintended and unexpected changes to their prices or services.

As such, we view contract notifications as a tool necessary to enable more consumers to make informed choices. Where consumers subsequently decide to look into their options, they are likely to access improved services for a better price, whether that is from their existing provider or an alternative provider. In turn, increased engagement boosts competition in the communications market as providers innovate to make improved offerings, better levels of service quality and lower prices.

Furthermore, we view contract notifications as a significant opportunity to move the sector forwards, for example by boosting take-up of superfast broadband. Clear information about the cost of a customer's existing standard broadband, combined with a provider's marketing message about the availability of superfast broadband could do a great deal to improve consumer awareness. Indeed, 4 million out-of-contract standard broadband customers are paying such inflated prices that they could upgrade to superfast broadband for the same price or less.¹³

Contract notifications are the first step towards remedying a disproportionate information asymmetry in the market that leaves consumers worse off. It is crucial that Ofcom introduces effective contract notifications that make the most of this opportunity.

5.2 uSwitch supports Ofcom's proposed implementation timeline

uSwitch supports the implementation timeline that Ofcom has indicated for contract notifications, with end-of-contract notifications beginning to be sent within 6 months and out-of-contract notifications received within 9 months. Given the longstanding harm identified by Ofcom, it is important that consumers

¹² uSwitch, 2018. How does uSwitch calculate its savings messages?

<https://www.uswitch.com/faqs/savings-messages/>

¹³ Ofcom, 2018. Are you getting the best deal from your phone and broadband provider?

<https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/phone-broadband-pricing>

benefit from contract notifications as soon as possible. We consider the implementation timeline to be achievable given that providers already hold the relevant customer information and have all the mechanics in place to issue customer communications swiftly.

While a strong evidence base is important, we do not consider it necessary to conduct randomised control trials on this occasion given the learnings from other sectors. Instead, we call on Ofcom to conduct its own quantitative consumer response research to maximise the effectiveness of contract notifications. We believe that it is realistic to achieve this without compromising Ofcom's proposed implementation timeline.

We note that Ofcom is aiming to publish a statement by March 2019 and consider it vital that Ofcom make every effort to hit this. We hope to see end-of-contract notifications beginning to be sent to customers by September 2019, with out-of-contract notifications received by December 2019.

Once implemented, it will be important for Ofcom to monitor providers' practices to ensure compliance with the new requirement in the General Conditions. Ofcom should commit to reviewing the effectiveness of the language in notifications sent by providers. We note that the FCA's 2017 review of insurance renewal letters¹⁴ found that some firms were failing to comply with the rules. This necessitated enforcement action and continued compliance monitoring given that firms were found to be:

- providing the incorrect premium information;
- failing to present the premiums and shopping around message clearly, accurately and in a way which draws the reader's attention;
- not implementing the rule changes for all products and customers; and
- failing to properly identify a 'renewal' as defined by FCA rules.

¹⁴ FCA, 2017. Firms falling short of renewal expectations.
<https://www.fca.org.uk/publications/multi-firm-reviews/firms-falling-short-renewal-expectations>

6 Consumers need to receive an end-of-contract notification at an actionable point in time

6.1 Ofcom's proposed 40-70 day window risks dulling consumer response

uSwitch is very concerned that Ofcom's proposals suggest a window that is far too broad in its range, and that is anchored around timescales highly likely to weaken the effectiveness of the notification.

We believe that, to be effective, end-of-contract notifications must be received at an actionable point in time for the consumer.

We agree with Ofcom on the concept of a fixed window during which end-of-contract notifications must be sent. This ensures that consumer experience is consistent and uSwitch also understands the argument for providing a fixed window rather than a specific day is reasonable to allow batching and flexibility around existing communications.

However, we do not accept that Ofcom's proposed window of 40-70 days before the contract end date aligns with its stated intention that contract notifications should deliver "important information... provided *at the right time* to ensure consumers can effectively act on receiving this information".¹⁵ We believe that this window is far too wide and insufficiently close to the point at which consumers can act as they approach their contract end date.

In addition, we note that providers will have an incentive to test when the sending of end-of-contract notifications will produce the weakest consumer response. A window as wide as Ofcom's proposal is ripe for such provider gaming. To send an end-of-contract notification at 70 days before the end of a 6 month contract would be around 60% through the contract period. We feel that end-of-contract notifications should be firmly anchored to the *end* of contracts.

¹⁵ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, paragraph 3.64.
https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

6.2 uSwitch suggests a shorter window closer to the contract end date: 14-21 days

We consider that a window of 14-21 days prior to the contract end date would be optimal. Our view is that Ofcom's proposed 40-70 day window would at best only suit already engaged consumers that would take action anyway, and is not suited to encouraging additional consumers to engage with their options.

A much shorter window closer to the contract end date would prompt action from additional consumers as it would be possible to act immediately without incurring additional hassle in the process or reducing the available benefits through exit penalties. Indeed, Ofcom itself acknowledges that those consumers who are already informed are likely to have a preference for receiving an earlier end-of-contract notification.¹⁶

6.2.1 The rationale for a 14-21 day window

We believe that a window of 14-21 days before contracts end represents an actionable point in time and is realistic about likely consumer responsiveness. In summary, our view is formed on the basis of the following considerations that the timing should be:

- Never earlier than 30 days before contract end on the basis that for consumer response notification should always be seen as immediately actionable;
- Targeted around 21 days before contract end as the research suggests noting that consumers receiving notification closer to the end date are likely still to act, whereas we would expect declining response the further out it is; and
- In broadband, no closer than 14 days to the contract end date recognising common industry switching practices.

Moreover, uSwitch's proposed 7 day fixed window of 14-21 days aligns with the size of the window for suppliers to send energy contract notifications, and insurance firms send renewal letters at 30 days before the end date. We firmly believe that there is no reason why communications providers cannot operate within a similar window.

¹⁶ Ofcom, 2018. Consultation on end-of-contract and out-of-contract notifications, paragraph 4.69.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

6.2.2 Quantitative research identified 21 days as the optimal time

Our research showed that 21 days before the contract end date is the optimal time to for a consumer to receive an end-of-contract notification (see Annex 1). As Figures 1 & 2 demonstrate, this is consistent across broadband and mobile consumers. Participants felt that it allows time to explore their options, makes the call to action seem relevant and enables them to act on prices that are less likely to change.

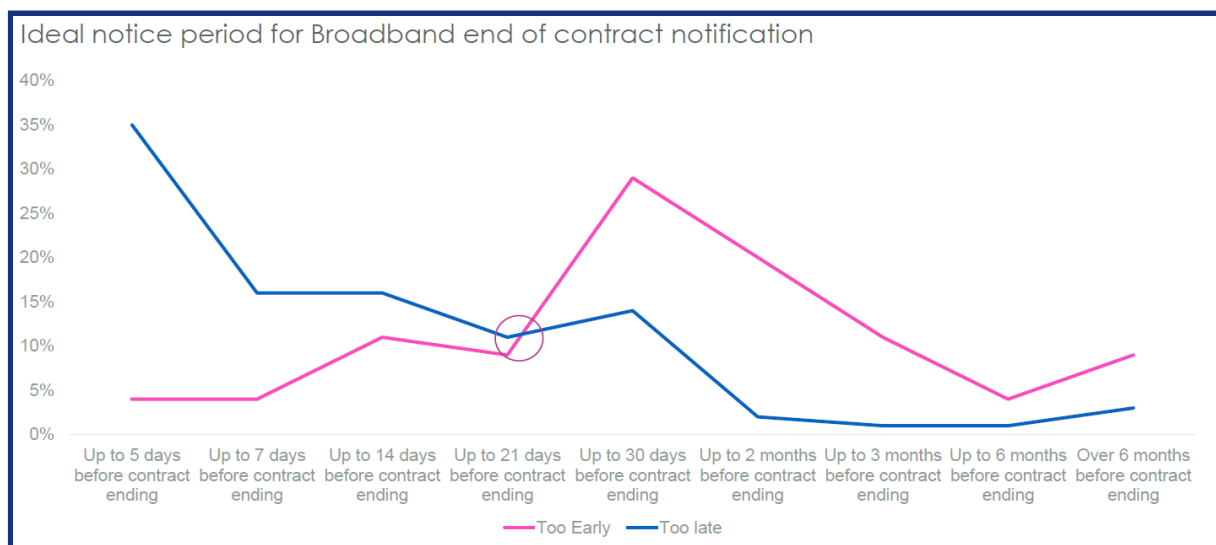


Figure 1: Ideal notice period for a broadband end of contract notification.

(Source: Opinium research for uSwitch, see Annex 1. Participants were asked “Based on the timeline below when do you think it would be too early for you to act ahead of your contract ending?” Base: 609 and “Based on the timeline below when do you think it would be too late for you to act ahead of your contract ending?” Base: 609)

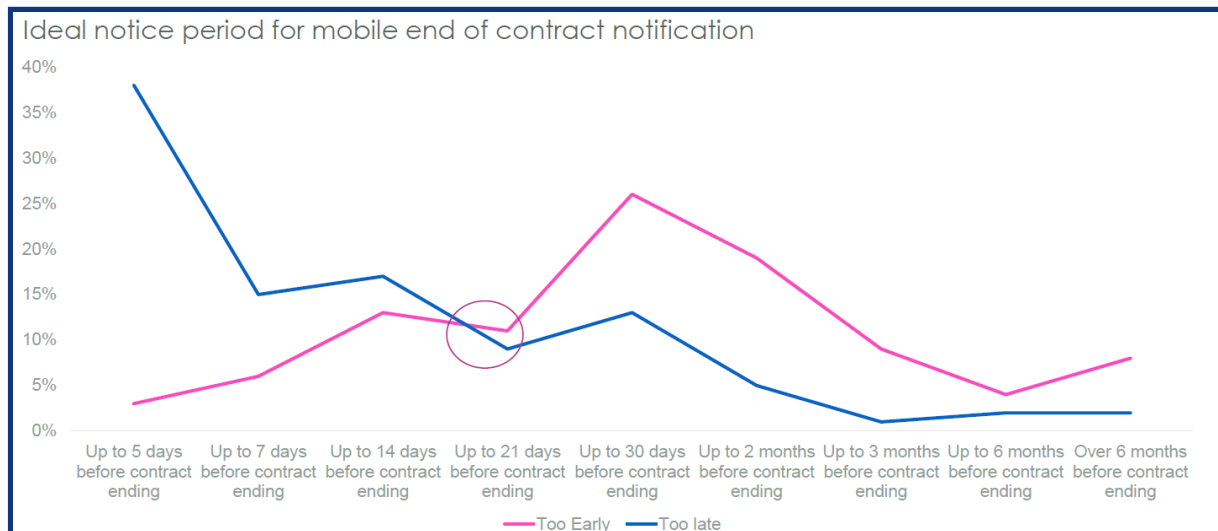


Figure 2: Ideal notice period for a mobile end of contract notification.

(Source: Opinium research for uSwitch, see Annex 1. Participants were asked “Based on the timeline below when do you think it would be too early for you to act ahead of your contract ending?” Base: 609 and “Based on the timeline below when do you think it would be too late for you to act ahead of your contract ending?” Base: 609)

While completing the conjoint exercise testing different combinations of elements in contract notifications in terms of their likelihood to look into their options, participants were asked when was too early and too late in relation to their contract end date to receive an end-of-contract notification. We are confident that this exercise will have offered a realistic simulation to participants, and we question the degree to which focus group research can be relied upon.

We encourage Ofcom to commission some quantitative research which further tests the optimal time for consumers to receive end-of-contract notifications, this is likely to be the biggest single variable likely to influence the level of consumer response.

6.2.3 Our nationally representative survey also landed on 21 days as the right amount of notice

The finding of our quantitative research was closely echoed by our nationally representative survey of broadband customers, also conducted by Opinium.¹⁷ Figure 3 also shows that 21 days before the contract end date is the optimal time to receive an end-of-contract notification for broadband or mobile contracts.

It found that Ofcom’s proposed 40-70 day window is far too premature. We have highlighted that more than £845 million of potential savings for consumers could

¹⁷ Annex 2 - Opinium end-of-contract and out-of-contract notifications survey report for uSwitch.

be wasted, given that 77% consumers felt that being notified 21 days or more before the end of their contract is too early.¹⁸

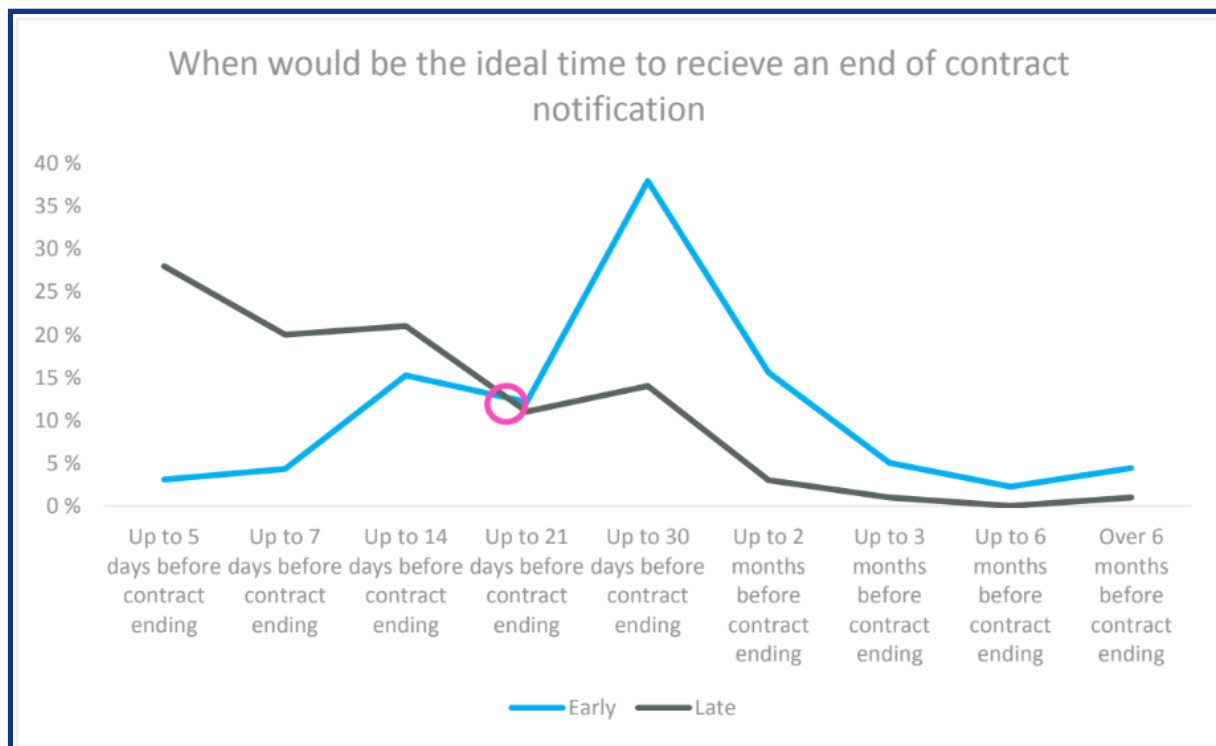


Figure 3: Ideal notice period for a broadband or mobile end of contract notification.

(Source: Opinium survey for uSwitch, see Annex 2. Base: 2,006 nationally representative UK adults who are broadband decision-makers)

6.2.4 To feel relevant, consumers need to be able to act immediately

When a consumer receives an end-of-contract notification, it should be possible to act straight away without incurring detriment that would reduce the perceived benefits of engaging, such as an exit fee. This should be seen as a critical requirement of any remedy that seeks a direct consumer response. Failing to do so is likely to increase the perceived hassle-factor as additional steps are added into the process, such as needing to remember a future moment to engage or having to assess the options available in the market more than once.

The dynamic nature of the communications market means that deals frequently change. Consumers should be able to look into their options and decide whether to change their deal or provider at that point, confident in the knowledge that

¹⁸ uSwitch, 2018. End of contract warnings could save broadband users £1 billion a year - but Ofcom set to miss the mark.

<https://www.uswitch.com/media-centre/2018/10/end-contract-warnings-save-broadband-users-1-billion-year-ofcom-set-miss-mark/>

deals are not now 40 days out of date. To make this call to action effective, Ofcom should mandate an end-of-contract window at a point where engaging is practical for consumers.

We feel that Ofcom's proposed 40-70 day window seeks to enable consumer behaviour that sees switches actioned to come into effect exactly as the current contract ends in all circumstances including outright cancellation. A consumer who behaves in this manner would clearly avoid paying any inflated out-of-contract costs for their services. But in reality only a small number of consumers are likely to align with these behaviours in reality and these same consumers would still likely respond to a notification that comes later. As set out above, based on the evidence we consider that sending an end-of-contract notification at 40-70 days would significantly dull consumer responsiveness in aggregate, meaning that more consumers would continue to pay out-of-contract costs for months or years into the future. Instead, we believe that sending an end-of-contract notification much closer to the contract end date at 14-21 days before would prompt more consumers to act.

Ofcom should be seeking to maximise the improvement to consumer engagement it could achieve through the introduction of contract notifications. Therefore it is vital Ofcom sets the notification timescale to what is likely to generate the greatest impact, not extrapolate that worst-case minority cancellation scenario.

6.2.5 Industry practices mean consumers can only act as their contract draws to a close

It is absolutely essential that the end-of-contract notification window, at the very least, falls over an actionable point. In practice in this sector this is generally never more than 30 days of the contract end date given notice periods for cancellation (as opposed to switching) can be this long and that early termination charges will apply until the end of the contract.

We understand that Ofcom's mobile switching rules (from July 2019)¹⁹ will effectively ban notice periods for switching mobile customers from the end of the initial contract period. Under the gaining provider-led switching rules on the Openreach network, losing providers will accept the gaining provider notification of typically 14 days as the notice.²⁰ Notice periods are therefore becoming

¹⁹ Ofcom, 2017. Decision on reforming the switching of mobile communication services. https://www.ofcom.org.uk/data/assets/pdf_file/0023/108941/Consumer-switching-statement.pdf

²⁰ Ofcom, 2015. Switching - broadband. <https://www.ofcom.org.uk/advice-for-businesses/switching/switching-broadband>
Sky, 2018. Sky Broadband and Sky Talk Terms and Conditions, 11(f). https://www.sky.com/shop/PDF/Sky_Broadband_Talk_UK.pdf

exclusively relevant to cancellation/cease and reprovide rather than switching, where consumers can take action at any point subject to the transfer date taking place outside of the initial contract period.

Moreover, customers generally cannot specify broadband activation dates and are subject to installation periods that range from 14 to 30 days, this means that consumers cannot immediately pre-book a longer installation period to ensure perfect contract end date alignment. Sending the notification closer to the end of the end of contract reduces the risk of customers switching too early before the end of their contract and incurring an early termination charge, while it still being possible to account for the time to make a switch that is broadly aligned with the previous contract ending.

A window closer to the 30 day point would also be consistent with Ofcom's rules for price change notifications. A window that falls far above 30 days risks end-of-contract notifications seeming irrelevant to consumers and effectively dulling responsiveness. Further, a very wide window risks providers choosing to test for the least effective time to send notifications.

6.2.6 Learnings from other sectors: Ofcom's current proposal is unprecedented

In order to be actionable, any window that falls beyond the 30 day notice period would require early termination charges to be waived at the point an end-of-contract notification is sent to a customer.

To do otherwise is unprecedented: insurance renewal letters are in practice sent a maximum of 30 days ahead of a customer's renewal date because firms cannot generally quote coming year rates before this. The renewal letter allows customers to purchase a policy for the next year at the exact point their existing policy expires immediately on receipt. This is backed up by FCA rules which explicitly set out that firms should be sending renewal letters "in good time prior to the conclusion of the policy" with the intention of enabling customers to "make an informed decision about the arrangements proposed".²¹

Meanwhile, fixed term tariff plan ending notifications in energy are currently sent 42-49 days ahead of the end date²², and, critically, must allow customers to take

TalkTalk, 2018. TalkTalk Customer Terms and Conditions, 15.2.

http://www.talktalk.co.uk/media/pdf/legal/TalkTalk_Customer_Terms_and_Conditions_v20180110.pdf

²¹ FCA. Handbook ICOBS 6.1 Providing product information to customers: general, clause 6.1.5.

<https://www.handbook.fca.org.uk/handbook/ICOBS/6/1.html?date=2018-10-01&timeline=True>

²² Ofgem, 2018. Standard conditions of electricity supply licence, paragraph 22C.4 (a).

<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf>

action without facing an early termination charge from the point the letter is received. Ofgem is currently consulting on removing this exact prescribed window but ensuring a ban on exit fees in the last 49 days of the contract, or at the point the end of contract notification is received should it be sent earlier, is in place.²³ Ofgem notes that:

“This mitigates the risk of a consumer being sent a renewal notice earlier than 49 days before the end of their contract, and then not being able to switch without exit fees for a certain period of time. This could be confusing messaging for the consumer and a barrier to switching”.²⁴

We believe the proposed change to this window indicates a recognition from Ofgem that a better consumer response will be driven by allowing suppliers to send notifications closer to the contract end date. Critically, Ofgem is proposing to accompany the rules with a overarching enforceable principle for suppliers to maximise the effectiveness of this information as a prompt to engage.²⁵

Our view is further supported by Ofgem’s recent granting of Npower to trial sending notifications within 21 and 35 days of the end of fixed term tariff contracts, which is closer than the current 42-49 day window.²⁶ Npower’s own existing research has shown that more than 50% of customers expressed a preference to receive contract notifications closer to their end date within the range of 21-35 days prior.²⁷

We note that Ofcom is not currently proposing to ban any exit or notice charges at the point the end-of-contract notification is received, which would offer a mitigation to the long time period proposed. However, we consider that mandating the notification period to be a far shorter window, closer to the end

²³ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, Page 58.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

²⁴ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, Page 58.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

²⁵ Ofgem, 2018. Annex 3 - Final proposed package of changes to customer communications rules. https://www.ofgem.gov.uk/system/files/docs/2018/09/annex_3_final_proposed_package_of_changes_to_customer_communication_rules.pdf

²⁶ Ofgem, September 2018. Decision to grant Npower Group PLC a temporary and limited derogation from standard licence condition (SLC) 22C.4 of its electricity and gas supply licences. <https://www.ofgem.gov.uk/publications-and-updates/decision-grant-npower-group-plc-temporary-and-limited-derogation-standard-licence-condition-slc-22c4-its-electricity-and-gas-supply-licences-0>

²⁷ Ofgem, September 2018. Request for derogation - End of Fixed Term Notice Period trial. https://www.ofgem.gov.uk/system/files/docs/2018/09/ofgem_letterhead_london_-_npower_derogation_0.pdf

of the contract would be a simpler resolution to implement initially within the current proposed project timescales.

Ofcom should keep all options open on requirements around early termination charges as part of its wider consumer engagement programme.

7 Three additional elements would drive more consumers to act

7.1 Our research suggests Ofcom can optimise its call-to-action

We welcome Ofcom's proposed content for contract notifications. Our quantitative research indicates that the content of these contract notifications will prompt consumers to actively consider their options: 72.4% of broadband and 61.4% of mobile participants were likely to act in response to Ofcom's proposal.²⁸

As the UK's leading comparison site for broadband, mobile and energy, uSwitch has considerable insight into consumer behaviour as well as internal data on the impact of contract notifications in energy and insurance. Based on this expertise, we commissioned quantitative research to test whether variants of three key additional elements would strengthen the call to action contained in contract notifications. This research is discussed in Section 4 and included as Annex 1 to this response. Our quantitative research demonstrates that three further elements within contract notifications would drive a better consumer response adding additional value to consumers' decision-making.

In combination, these three additional elements have a galvanising effect on recipients of contract notifications, driving action from those less likely to respond to Ofcom's proposal. Our research produced an optimal combination of variants of these elements for both a broadband and a mobile contract notification, which delivered an uplift in likelihood to act by 5.1 and 6.3 percentage points respectively.²⁹ We consider this a material uplift that warrants further exploration from Ofcom.

The sets of variants were closely aligned across broadband and mobile, which has allowed us to propose a single combination that would deliver the best outcome across broadband and mobile that should be straightforward to include in the relevant General Condition.

In broadband, our proposed content for contract notifications would uplift the likelihood to act by 4.2 percentage points to 76.6%.³⁰ For mobile, it would raise

²⁸ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

²⁹ Ibid

³⁰ Ibid

the likelihood to act by 5.2 percentage points to 66.6%.³¹ This was further validated by our nationally representative survey.³² We believe that receipt of a contract notification containing these elements, in addition to Ofcom's proposal, at an actionable point in time, will serve as the most effective call to action.

Below, we set out the evidence supporting the inclusion of three additional elements in contract notifications which offer consumers important information and guard against provider-gaming of the rules. We are confident that these elements do not alter Ofcom's assessment of the proportionality of its proposal, in that providers hold this information for customers. These elements are:

1. Prescriptive options message
2. Aggregated cost figure and future cost projection
3. Mobile data usage information.

We believe that Ofcom should also complete quantitative research which tests the impact of different elements of contract notifications in driving consumer engagement, so that measures introduced are based on firm evidence. Our research indicates that Ofcom's proposed content is a sensible starting point, but also that Ofcom can achieve an uplift in consumer response with an improved set of elements. uSwitch believes that the introduction of effective contract notifications will significantly improve consumer outcomes, and so a rigorous approach is vital.

7.1.1 Clear communication: prescribed options message

We agree with Ofcom's proposal that contract notifications should include a message from providers that prompts consumers to consider their options. We believe that prescribed language is necessary to deliver a clear message to consumers that they might be able to access improved services and/or a cheaper price by contacting their existing provider or shopping around. Based on our research, we consider that Ofcom should complete some quantitative research that identifies the most effective language. The diagnostics data for the options messages tested in our research should provide Ofcom with useful context (see Annex 1).³³

7.1.1.1 uSwitch's research found significant variation in the effectiveness of different messages

uSwitch's quantitative research tested the impact of eight options of messaging, each of which we hypothesised could be effective in prompting consumer

³¹ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch, page 36-37.

³² Annex 2 - Opinion end-of-contract and out-of-contract notifications survey report for uSwitch.

³³ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch, page 16 and 29.

response. The research shows a considerable variation in the consumer response driven by different wording, with an 11 percentage point gap in broadband and 15 percentage points difference for mobile (see Figures 4 and 5).

³⁴ Our key learning from this finding is that it is crucial that Ofcom prescribes the language to be used. This will ensure a more uniform consumer experience of contract notifications and avoid allowing providers to test for wording which least encourages their customers to act. In practice we think that it could be possible to find messaging that while still compliant with Ofcom’s proposed General Condition, performed significantly worse than the options we tested which providers would have a strong economic incentive to do.

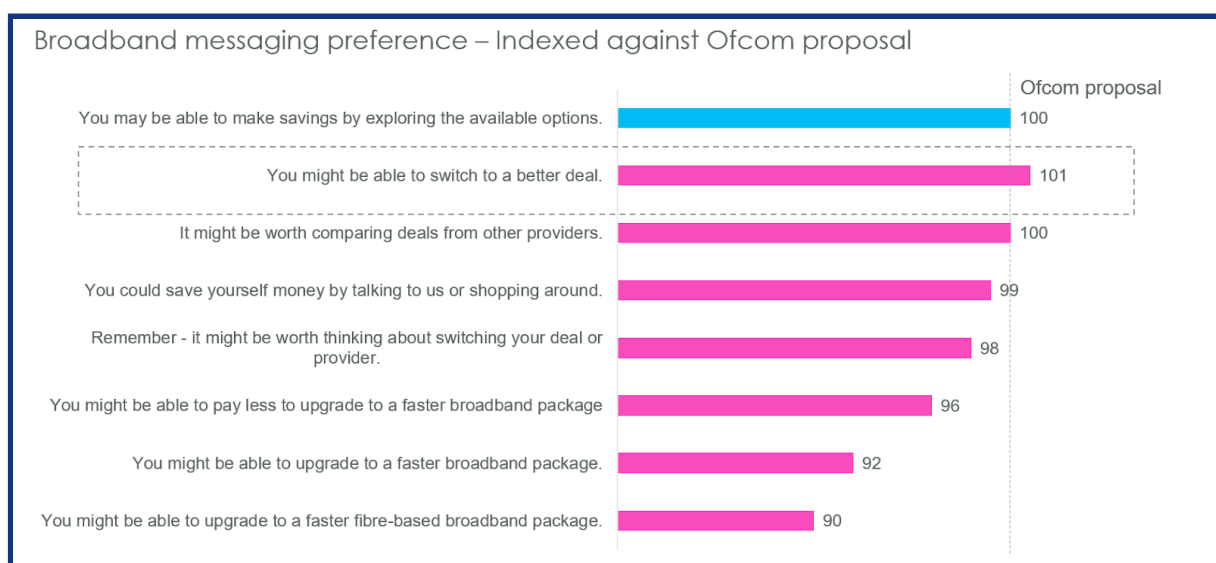


Figure 4: Broadband options messaging preference - indexed against Ofcom proposal (see Annex 1)

³⁴ Ibid

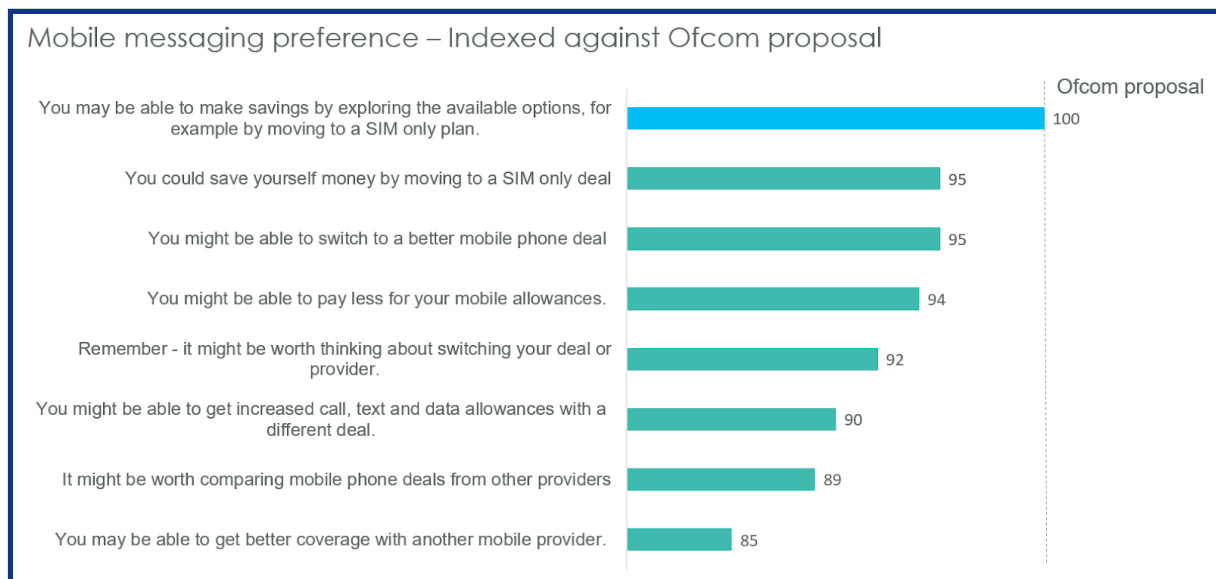


Figure 5: Mobile options messaging preference - indexed against Ofcom proposal (see Annex 1)

7.1.1.2 Ofcom should prescribe its proposed wording for an effective call-to-action

Specifically, our research suggests that Ofcom could improve the consumer response to notifications simply by prescribing use of the exact language in its proposed General Condition C1.12(h):

“You may be able to make savings by exploring the available options[, including by moving to a SIM only plan].”

Ofcom’s options message performed well for both broadband and mobile contract notifications, and was 10 and 15 points ahead of the worst performing messages respectively.³⁵ Ofcom have put together a clear message to consumers that offers an explicit call to action. It enables consumers to consider what the future looks like and reminds them that they might be able to find a better deal more suited to their needs. We consider that this is especially useful for less engaged consumers, as Ofcom’s research found these participants felt being informed that other options were available to them was essential.³⁶

³⁵ Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

³⁶ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, paragraph 4.32.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

Indeed, participants noted that Ofcom's options message was strong due to the pairing of potential savings with looking into their options.³⁷

Enticing to explore new options to save money.

Making savings is appealing, just wish there was more detail as to the available options.

Participants also appreciated the reminder that SIM only deals are an option.³⁸

Not having the cost of a handset is appealing

SIM only deals are often overlooked in favour of getting the latest handset, it is good of companies to remind us to check the prices of these to see if we could save

We note that the research report in Annex 1 shows no uplift in the likelihood to act delivered by the inclusion of Ofcom's options message. This is firstly because this element is contained in Ofcom's proposal, and we sought to test the role of prescribing different language, in contrast to the other elements we tested in addition to Ofcom's proposal. Secondly, this is because we tested Ofcom's exact wording as a baseline, rather than treating the draft General Condition as a principle that could be translated into less effective text.

7.1.1.3 A clear options message is particularly key for mobile customers

We believe that prescription of Ofcom's suggested wording is especially important for mobile contract notifications. The clear mention of SIM only as an option will reduce the risk of unintentionally and unexpectedly overpaying for handsets. In addition, the clear message around potential savings will be necessary to ensure that mobile consumers are informed of the benefit of taking action, even where the end-of-contract notifications shows that their monthly contract price will remain the same (or lower) out-of-contract.

We note that Ofcom is currently consulting on ensuring clarity and fairness of handset charges for mobile consumers. We believe that boosting consumer engagement for mobile customers is crucial given the trend towards 'flexible' mobile contracts that split the cost of airtime and the handset. While consumers are told these tariffs will stop them double paying for their handsets, uSwitch

³⁷ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch, page 18.

³⁸ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch, page 31.

research found that ‘flexible’ tariffs could end up costing £69 extra a year on airtime alone.³⁹ Mobile customers are likely to find a better deal by shopping around for a SIM only plan once they have paid off their handset. To avoid paying inflated prices for airtime, all consumers need to be better informed about their contract status and be reminded of the potential to make savings by exploring the available options. We discuss this issue in further detail in our response to question 8.

7.1.1.4 Explicit expectation of an options message that drives consumer engagement is common in other sectors

Even with a prescribed options message, we contend that providers’ tones and branding can sufficiently permeate the rest of the contract notification. Indeed, the precedent of other sector regulators supports this approach. The FCA mandates that insurance renewal letters must include an options message that meets quite strong criteria, namely that the customer:

- should check that the level of cover offered by the renewal is appropriate for their needs; and
- is able, if they so wish, to compare the prices and levels of cover offered by alternative providers.⁴⁰

At the fourth or subsequent insurance renewals, firms must include the prescribed options message:

“You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around.”⁴¹

Ofgem currently requires that fixed term tariff plan ending notifications include a prescribed options message that is readily distinguishable from other text:

“Remember - it might be worth thinking about switching your tariff or supplier.”⁴²

Our research tested the effectiveness of the Ofgem prescribed switching message in driving consumers to act. It did not perform especially well in either broadband or mobile contract notifications, ranking 5th of 8 variants in both

³⁹ uSwitch, 2018. New breed of mobile tariff could cost customers £231 million. <https://www.uswitch.com/media-centre/2018/07/new-breed-mobile-tariff-cost-customers-231-million/>

⁴⁰ FCA. Handbook ICOBS 6.5 Renewals, clause 6.5.1(3)(c). <https://www.handbook.fca.org.uk/handbook/ICOBS/6/1.html?date=2018-10-01&timeline=True>

⁴¹ FCA. Handbook ICOBS 6.5 Renewals, clause 6.5.1(4). <https://www.handbook.fca.org.uk/handbook/ICOBS/6/1.html?date=2018-10-01&timeline=True>

⁴² Ofgem, 2018. Standard conditions of electricity supply licence, paragraph 22C.3 (c)(ii). <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf>

cases.⁴³ Ofgem is currently consulting on removing the level of prescription around this options message, which we believe is due to learnings in the energy sector on the importance of the wording and a recognition that the current wording is not optimal.⁴⁴ Indeed, Ofgem notes “there is room for improvement in how engaging and informative” energy contract notifications are.⁴⁵ Energy suppliers will still be required to prompt and enable consumers to compare and switch tariff, as Ofgem’s proposed principle-based approach will retain an explicit call to action. Ofgem’s use of a principle in its proposed licence conditions will allow it to use enforcement action to prevent provider gaming.

The importance of clear regulatory guidance from the outset is further demonstrated by instances of firms gaming the rules. The introduction of the current rules in energy were introduced as part of Ofgem’s Retail Market Review “in response to a range of poor practices previously displayed by suppliers”.⁴⁶ The FCA’s 2017 review of insurance renewal letters found that some firms were failing to comply with the rules.⁴⁷ This necessitated enforcement action and continued compliance monitoring as, among other issues, some firms were found to be failing to present the premiums and shopping around message clearly, accurately and in a way which draws the reader’s attention.

Ofcom should learn lessons from the experience of regulators in other sectors and both seek to proactively constrain significant variation in wording and ensure it has the ability to take enforcement action against notices that are aimed at driving a poor consumer response.

7.1.2 Price aggregation: total cost and projection

We agree with Ofcom’s proposal for end-of-contract notifications to include the customer’s current monthly price as well as the monthly price they will pay after their contract ends. This is clearly important basic information. Based on our

⁴³ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

⁴⁴ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, Page 54.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

⁴⁵ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, Page 53.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

⁴⁶ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, Page 53.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

⁴⁷ FCA, 2017. Firms falling short of renewal expectations.

<https://www.fca.org.uk/publications/multi-firm-reviews/firms-falling-short-renewal-expectations>

research and our experience in other consumer markets, uSwitch believes that aggregated price information with a cost projection will deliver additional consumer engagement. We contend that Ofcom should complete its own quantitative research that further tests aggregated price information to ensure that the specific measures introduced are as effective as possible in driving consumer response.

7.1.2.1 uSwitch's research identified that consumers respond to their aggregated price and cost projection

Our commissioned research sought to test the effectiveness of five different pricing aggregation variants. Every variant we tested worked to boost consumer response beyond that which Ofcom's proposal will achieve. The likelihood of consumers to act was raised the most by the inclusion of an annual price figure and a projected figure which demonstrated the price to be paid over the next year:

"The total price you have paid over the last year is £X. Your projected annual price if you don't act and if prices don't change is £Y."

This uplifted the likelihood of participants to act by 4.2 percentage points in broadband and 1 percentage point in mobile, demonstrating that an aggregated price message and projection is the key driver needed to optimise broadband contract notifications.⁴⁸

7.1.2.2 Ofcom should test for the best price aggregation message

We acknowledge that there is a risk that annual pricing figures may incentivise providers to front-load their 18 or 24 months deals with discounts so that end-of-contract notifications show no monthly or annual price change after the contract ends. There is also a risk of confusion around annual pricing figures for consumers who are on contracts that are 6 or 18 months in length.

Our research demonstrated that total contract cost and projected cost over the same period also performed well in terms of likelihood to act.⁴⁹ uSwitch believes that this demonstrates that inclusion of an aggregated price and personal projection is important to prompt consumer response. As a result, uSwitch suggests that it is essential that end-of-contract notifications include an aggregated pricing message with a cost projection. We contend that Ofcom should complete its own quantitative research that further tests aggregated price

⁴⁸ Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

⁴⁹ Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

information to ensure that the specific measures introduced are as effective as possible in driving consumer response.

7.1.2.3 Aggregated cost figures compel consumers to look into their options

An aggregated price message makes clear to consumers the not insignificant cost of their communications services over the course of the contract, making looking into their options a more appealing proposition. Our research found that an aggregated price message shows consumers the problem, with the prescribed options message indicating the solution. The inclusion of this pricing information is a vital addition because it makes the decision to act tangible to consumers, with aggregated cost totals compelling them to act. In addition, a projection for the coming period helps consumers to imagine the future cost implications of taking no action. We are confident that this will serve to improve consumer understanding of the scale of the costs they are bearing. To keep consumer information limited to monthly pricing is to maintain the status quo of keeping some consumers disengaged.

We note that Ofcom's qualitative research suggested that consumers did not like annual pricing figures, and that there was some difficulty in communicating discounts included and withdrawn. Our research has tried to build on Ofcom's to assess a simple way of communicating pricing more broadly to consumers. We believe that the conjoint exercise that required participants to compare different combinations of elements within contract notifications delivered a strong simulation. An aggregated pricing message and a cost projection resonated with participants as it explains the overall cost to the consumer, even if the monthly price has changed due to the withdrawal of a discount. We suggest that either an annual or total contract price plus a cost projection over the same time period would maximise the effectiveness of Ofcom's proposal.

7.1.2.4 Consumers are familiar with aggregated pricing figures and cost projections in other sectors

Contract notifications in other sectors include the annual price paid as well as a projection across the next year, which aligns with the common 12 month contract periods in energy and insurance. As such, aggregated pricing figures and cost projections are a cross-industry standard that consumers will be expecting from contract notifications for communications services. The FCA requires that the last year's price and the renewal annual price for insurance

policies are shown.⁵⁰ In energy, Ofgem requires that notifications must show consumers a personal projection for the upcoming year.⁵¹

In insurance, the nature of products and pricing means that the savings figures available to consumers are lower than in energy. However, uSwitch still sees strong consumer engagement due to good industry practices around annual renewal letters. We view this as a positive example for the direction that the communications sector can take, where current customer inertia is baked in by a lack of information. Moreover, we anticipate that consumer engagement in telecoms has significant potential to improve, given the nature of the market and the high degree of differentiation in offerings available to consumers, such as within mobile handsets.

7.1.3 Mobile usage: average and highest monthly mobile data

Our quantitative research also tested the inclusion of six variants of information about a customer's usage of their mobile allowances. We hypothesised that this information would demonstrate consumers' needs and, in conjunction with the prescribed options message, indicate that a more appropriate package might be available.

7.1.3.1 uSwitch's research found that mobile consumers responded strongly to their mobile data usage

The research found that the presence of mobile usage information is the key driver of additional consumer response for recipients of mobile contract notifications beyond that achieved by Ofcom's proposal.⁵² All the variants we tested worked to boost consumer response beyond that which Ofcom's proposal will achieve. Consumer response is most strongly compelled by the inclusion of the average and highest amount of data they had used per month over the duration of the contract. This message increases the likelihood of people acting by 4.7 percentage points.⁵³ As a result, we suggest that Ofcom should require mobile contract notifications to contain the following language:

"Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB."

⁵⁰ FCA. Handbook ICOBS 6.5 Renewals, clause 6.5.1(3).

<https://www.handbook.fca.org.uk/handbook/ICOBS/6/1.html?date=2018-10-01&timeline=True>

⁵¹ Ofgem, 2018. Standard conditions of electricity supply licence, paragraph 22C.3 (c)(vii).

<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf>

⁵² Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

⁵³ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

7.1.3.2 Consumption information is likely to benefit the less engaged

The research demonstrates that consumers need a clear understanding of their usage of their mobile data allowances in order to determine how well their existing package suits them. This knowledge offers consumers the confidence and rationale to actively consider their options. Indeed, energy contract notifications must contain a consumer's annual consumption figures and Ofgem's current proposed move to a principles-based approach will require suppliers to provide information in a form and frequency that enables customers to make "informed choices" regarding their consumption.⁵⁴

We think that less engaged consumers with a weaker understanding of gigabytes are likely to find this information especially useful, further helping to ensure that contract notifications bring additional engagement in the market. It provides a simple comparison between the data allowance purchased in the current tariff and the extent to which the customer is approaching it (or indeed has ever breached it). This information, combined with the prescribed options message, is especially important given the central role that data allowances have on determining deal pricing.⁵⁵

We note that Ofcom is currently consulting on ways to ensure the fair sale of mobile airtime and handsets, including mandating further information about services at the point of purchase.⁵⁶ As discussed in response to question 8, we believe that providers should be required to communicate clearly with customers on 'flexible' tariffs to avoid consumer harm.

7.1.3.3 Effective prompting is especially important to avoid unintended consequences for mobile customers

Existing research that uSwitch commissioned from Opinium found that while the mean data allowance is 5.9GB, the mean data usage is 2.5GB. Moreover, 21% of consumers do not know how much data they have on their package, while 26% do not know how much data they use. It's fair that consumers should be presented with the tools they require to understand their usage needs, so that they do not unintentionally pay over the odds, and we believe there is a strong case to move in this direction for mobile.

⁵⁴ Ofgem, 2018. Statutory consultation: Domestic supplier-customer communications rulebook reforms, condition 31F.3.

https://www.ofgem.gov.uk/system/files/docs/2018/09/statutory_consultation_-_domestic_supplier_customer_communications_rulebook_reforms.pdf

⁵⁵ Ofcom, 2018. Pricing trends for communications services in the UK, page 14.

https://www.ofcom.org.uk/data/assets/pdf_file/0030/113898/pricing-report-2018.pdf

⁵⁶ Ofcom, 2018. Helping consumers to get better deals in communications markets: mobile handsets.

We believe that it is key that Ofcom ensures that mobile customers are not lulled into a false sense of security by end-of-contract notifications, given the possibility that their price will remain the same or even reduce. This risks concealing the fact that their deal might now represent poor value for money and dilute the efficacy of the explicit mention of SIM only in the options message. As such, it is reasonable that mobile end-of-contract notifications contain this one additional element.

8 Response to specific consultation questions

Question 1: Do you agree with our assessment of harm relating to residential consumers and Small Businesses?

We agree with Ofcom's assessment of harm relating to residential consumers in that people lack the required information to engage with the market and make informed choices. We do not think it is acceptable that so many consumers feel unclear about the status of their contract, are unclear about future changes they might incur, and fundamentally do not understand their options at least in part due to a lack of useful information provided by default at the right time. In this context, it is particularly concerning that there are 10.6 million customer accounts in contracts with automatic price rises at the end⁵⁷ and that 21.4 million accounts are currently out of contract.⁵⁸

We also agree that consumers who do engage should not have to incur so much effort to seek out, retain and monitor basic information about their own contracts. This is particularly true given the increasing complexity brought by bundled communications services.

In addition, the communications market is developing quickly. We are conscious of the harm to consumers who stand to benefit from improved services, often at a reduced price. For example, there are 4 million out-of-contract standard broadband customers who could upgrade to superfast broadband for the same price or less.⁵⁹

⁵⁷ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, Figure 5.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

⁵⁸ Ofcom, 2018. Consultation on end-of-contract notifications and out-of-contract notifications, Figure 8.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

⁵⁹ Ofcom, 2018. Are you getting the best deal from your phone and broadband provider?

<https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/phone-broadband-pricing>

Question 2: Do you agree that providers should send both end-of-contract and out-of-contract notifications?

Yes.

The introduction of end-of-contract notifications and out-of-contract notifications is an essential first step to improving consumer knowledge and enabling informed choices to be made. Given the presence of contract notifications in the energy and insurance markets, consumers have come to expect clear and timely information about their contracts. Indeed, Ofcom's research indicates that more consumers are out-of-contract than they realise.⁶⁰

It is likely that these consumers expect that they would be informed of their contract end by their provider. Our Opinium survey found that 10% of those responsible for broadband reported being unsure whether they are in-contract and many others may misreport being in-contract simply because they have not been notified. Eighty-seven percent (87%) of consumers felt bothered or annoyed that, unlike energy contracts, broadband or mobile providers are not required to inform customers when their contract is coming to an end.⁶¹ It is right that Ofcom is seeking to move the communications market in line with other consumer markets.

We agree that the introduction of contract notifications is required to begin to address the consumer harm that Ofcom has identified. While some providers claim that they notify consumers of their approaching contract end date, no provider is giving consumers a sufficient amount of information at the right time. We can expect to see material benefits for consumers receiving contract notifications, including avoiding higher prices, saving money and/or moving to a better service package.

We agree that the introduction of effective contract notifications close to the contract end date is the right measure to meet Ofcom's key criteria of addressing consumers' lack of awareness and/or information about contract periods and the

⁶⁰ Ofcom, 2018. Consultation on end-of-contract and out-of-contract notifications, paragraph 3.17.

https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

⁶¹ uSwitch, 2018. End of contract warnings could save broadband users £1 billion a year - but Ofcom set to miss the mark.

<https://www.uswitch.com/media-centre/2018/10/end-contract-warnings-save-broadband-users-1-billion-year-ofcom-set-miss-mark/>

implications of this; are understandable; are timely so that consumers can act; and do not deliver unintended consequences.

uSwitch shares Ofcom's view that contract notifications are of *equal importance* for customers who are out-of-contract. These consumers are impacted by the harm identified now, as opposed to being likely to be impacted by this harm in the upcoming future. Customers who are already out-of-contract have not been previously informed that their last contract was coming to an end, and it is right that they receive an out-of-contract notification. The FCA requires that insurance firms send notifications to customers on their fourth or subsequent renewal. We believe that this is an example of best practice, and we certainly support Ofcom's introduction of a one-off out-of-contract notification as a minimum.⁶²

We think it may be appropriate for Ofcom to consider additional prompts to these user groups in future, in the context of its wider consumer engagement programme.

Question 3: Do you agree with our proposal that notifications should be sent to all residential and Small Business customers who take Public Electronic Communications Services?

We agree that notifications should be sent to all residential and Small Business customers who take Public Electronic Communications Services. It is fair that consumers receive information about their communications services at an appropriate time. For consumers who already make active choices about their services, it is right that the effort they incur to seek out, retain and monitor information is reduced. For consumers who do not currently engage with the market, the introduction of notifications is the first step to building the knowledge required to make informed decisions.

Our quantitative research demonstrated that Ofcom's proposal for contract notifications will deliver a good consumer response, with 72.4% of broadband and 61.4% of mobile participants likely to act, though Ofcom could optimise this further.⁶³

Question 4: Do you agree with our proposals on the content of the end-of-contract notification?

⁶² FCA. Handbook ICOBS 6.5 Renewals, clause 6.5.1(4).

<https://www.handbook.fca.org.uk/handbook/ICOBS/6/5.html?date=2018-10-01&timeline=True>

⁶³ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

Question 6: Do you agree with our proposals on the content of the out-of-contract notification?

We consider it reasonable that the content of end-of-contract and out-of-contract notifications would be the same, where applicable. We agree that contract notifications should contain the content that Ofcom proposes. Our research indicates that they will provide the information that allows people to engage, with 72.4% and 61.4% of broadband and mobile participants saying that they would look into their options.⁶⁴

Contract notifications should be clear and easy to understand, while containing the right combination of elements to best allow consumers to make informed choices about their options. We therefore agree that most of the other elements Ofcom considered and discounted should not be included, such as a link to information on handset unlocking.

However, as set out in detail in Section 7, our quantitative research indicates that contract notifications should contain three additional elements to deliver the optimal level of consumer response. These elements are:

1. Prescriptive options message
2. Aggregated cost message and projection
3. Mobile data usage information.

In terms of the specific elements that Ofcom proposes, we agree with the rationale provided in the consultation document and that this broadly aligns with the precedent set by Ofgem and the FCA. For example, the prominent inclusion of the end of contract date is clearly key, as is the explanation of applicable early termination charges and notice periods to build the knowledge required for consumers to confidently engage. The detail of the services provided under the contract and the monthly subscription price including any discounts and how this will change is important so that consumers are protected against unexpected and unwanted changes such as higher prices. The listing of services pursuant to other contracts that the consumer holds with the same provider is valuable because customers may not realise all that they are paying for. We contend that providers hold all of this information about their customers, and so it is reasonable and proportionate to expect that they provide it in contract notifications.

⁶⁴ Annex 1 - Opinium end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

uSwitch also is comfortable with providers' ability to include wider marketing messages displayed after, as well as separately and distinctly to, all the other elements. This is a key way that providers can compete to offer their customers deals that better suit them, as well as driving take-up of superfast broadband which aligns with the government and Ofcom's strategies, such as set out in the Future Telecoms Infrastructure Review.⁶⁵ To this end, we anticipate that providers may choose to inform customers of the available broadband speeds in their area to highlight the availability of superfast broadband. Providers could also choose to improve consumer understanding of what different broadband speeds mean for household capabilities, and similarly to explain what mobile data allowances are suited to different user behaviours.

Question 5: Do you agree with our proposals on the structure, method, timing and frequency of the end-of-contract notification?

Question 7: Do you agree with our proposals on the structure, method and frequency of the out-of-contract notification?

While we broadly agree with the proposed structure, method and frequency of contract notifications, we have serious concerns that the proposed timing of the end-of-contract notifications is likely to severely reduce the effectiveness of this remedy.

Timing

In terms of the timing of end-of-contract notifications, we firmly disagree with Ofcom's proposed 40-70 day window. We set out our views in detail in Section 6.

To make this call to action effective, Ofcom should mandate an end-of-contract window at a point where engaging is practical for consumers: 14-21 days. Having simulated the receipt of an end-of-contract notification, our quantitative research asked consumers when would be too early and too late to act. Twenty-one (21) days before the contract end date was identified as the optimal time to receive a notification. This finding was corroborated by our nationally representative survey.

It is clear that Ofcom's proposed 40-70 day window is too broad and too far from the contract end date to be effective in driving consumer response from anyone other than the already engaged. Instead, uSwitch suggests that 14-21 days would

⁶⁵ Department for Digital, Culture, Media and Sport, 2018. Future Telecoms Infrastructure Review. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf

be the optimal window. This falls at an actionable point in time and is realistic about likely consumer responsiveness.

To feel relevant, consumers need to be able to act immediately when they receive an end-of-contract notification without incurring detriment that would reduce the perceived benefits of engaging, such as an exit fee. This should be seen as a critical requirement of any remedy that seeks a direct consumer response. Failing to do so is likely to increase the perceived hassle-factor as additional steps are added into the process, such as needing to remember a future moment to engage or having to assess the options available in the market more than once. Given the dynamic nature of the communications market, consumers should be able to look into their options and decide whether to act at that point, confident that deals they have identified will still be available.

In practice, the ability to act in response without detriment is within 30 days of the contract end date given notice periods for cancellation tend to be this long and that early termination charges will apply until the end of the contract. However, this timeframe is often closer to the contract end date for switching. Customers are usually subject to broadband installation periods that range from 14 to 30 days. Given that customers cannot commonly organise a switch date in advance, a meaningful end-of-contract notification must arrive close to the contract end date so that the customer can take action and allow time for the 14-30 day installation period. This will avoid customers switching too early before the end of their contract and incurring an early termination charge, but account for the time to action a switch to come into effect when their contract ends.

Structure

With respect to structure, it is right that the contract end date and any resulting price changes should appear at the top, with provider marketing messages at the end of the notification. This should serve to ensure that consumers correctly interpret the purpose of the contract notification.

The mock-up contract notification letter and text message in Ofcom's consultation offer an indication of good practice for providers to emulate in terms of clarity and set out the rest of the elements in a sensible order. This structure was reflected in the design of the contract notifications in our quantitative research.

We are content that the structure of the rest of the elements is not specified by Ofcom, as long as providers act within the spirit of the rules and present information clearly to consumers. Ofcom could consider inclusion of an overarching principle in the relevant General Condition to improve its ability to conduct enforcement work on providers not acting in the spirit of the rules. For

example, the FCA specifies that firms' insurance renewal letters must communicate the renewal premium, the previous policy premium, any mid-term changes made, and the customer options message "in a way that is accessible and which draws the consumer's attention to it as key information".⁶⁶

Method

Similarly, we agree with the proposed method of delivering contract notifications. This should be a standalone communication sent via a durable medium that matches a consumer's preferred contact method, where known. We believe that it is important that consumers can easily recognise the purpose of the notification, and that they can easily retain the information it contains. Ofgem requires that energy contract notifications must similarly not be provided with any other information, such as a bill, account statement or marketing.⁶⁷

Further, we agree with Ofcom that notifications delivered via SMS should contain core information, with the rest of the elements included in another durable medium or via link in the SMS to the customer's account. However, we do consider that indicating the subscriber may terminate the contract without paying an early termination charge is a core piece of information to additionally include. Further to our proposals to include information on average and highest monthly data use in mobile notices, we consider this should be treated as a core item also, and included in the relevant SMS.

It is important that providers act within the spirit of the rules and are clear about what further information is provided in these instances. Again, the mock-up SMS contract notification in Ofcom's consultation should act as an example of good practice for providers.

We note that one of Ofcom's alternative proposals was to mandate the provision of contract information online or via an app. We agree that this would not be as effective in improving consumer outcomes as introducing contract notifications. Still, we would encourage providers to take the initiative in this area and ensure that their customers can access full information about their contracts at all times.

Frequency

We agree with Ofcom's proposal to require providers to send one end-of-contract notification, as well as a one-off notification to customers who are currently out-of-contract. We do not necessarily anticipate that sending

⁶⁶ FCA. Handbook ICOBS 6.5 Renewals, clause 6.5.1(5)(c).

<https://www.handbook.fca.org.uk/handbook/ICOBS/6/1.html?date=2018-10-01&timeline=True>

⁶⁷ Ofgem, 2018. Standard conditions of electricity supply licence, paragraph 22C.4(b).

<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf>

multiple notifications would deliver a benefit to consumers. Our quantitative research demonstrated that Ofcom's proposed content, combined with uSwitch's suggested three additional elements, would be effective in prompting consumers to act at a rate of 76.6% for broadband and 66.6% for mobile.⁶⁸ As a result, we take the view that it is most important for a single contract notification to contain the optimal set of elements, and, in the case of end-of-contract notifications, to be sent at an actionable point in time.

Question 8: Do you agree that our proposals are both effective and the minimum necessary to achieve our policy objectives?

The introduction of contract notifications is the right direction for Ofcom to take in order to achieve its policy objectives. We agree that the consumer harm that Ofcom has identified will not be addressed by its alternative proposals of mandating provision of contract information online or via an app or strengthening the information given to consumers at the time of purchase. Both of these approaches would mean that consumers continue to lack up-to-date information without incurring significant effort.

However, Ofcom's proposals are necessary but not sufficient to be effective and the minimum necessary in achieving its stated policy objectives. To be effective, and therefore reach the minimum necessary, end-of-contract notifications must be sent at an actionable point in time. Ofcom's current proposal of 40-70 days would act as a barrier to end-of-contract notifications driving a consumer response. Instead, we suggest that this window should be 14-21 days before the contract end date. The case for this is set out in detail in Section 6.

Furthermore, in order to maximise the effectiveness of contract notifications, our quantitative research indicates they should contain three additional elements to deliver the optimal level of consumer response, while remaining proportionate to implement. As set out in detail in Section 7, these elements are:

1. Prescriptive options message
2. Aggregated cost message and future cost projection
3. Mobile data usage information.

We also note that the invention is necessary but not sufficient in and of itself to improve consumer engagement in the telecoms sector. Ofcom should implement that most effective version of contract notices as soon as possible but also consider wider measures as part of its consumer engagement programme.

⁶⁸ Annex 1 - Opinion end-of-contract and out-of-contract notifications quantitative research report for uSwitch.

In addition, we believe that Ofcom needs to address consumer harm more broadly across all customer groups to achieve its policy objectives. uSwitch considers that boosting consumer engagement generally for mobile customers is particularly important given the harm caused both by overpaying for handsets via traditional handset contracts and the trend towards ‘flexible’ mobile contracts that split the cost of airtime and the handset. We note that Ofcom is currently consulting on improving the clarity and fairness of handset charges for mobile consumers.

While consumers are told that ‘flexible’ tariffs will stop them double paying for their handsets, uSwitch research found that ‘flexible’ tariffs could end up costing £69 extra a year on airtime alone.⁶⁹ Mobile customers are likely to find a better deal by shopping around for a SIM only plan once they have paid off their handset. To avoid paying inflated prices for airtime, all consumers need to be better informed about their contract status and reminded of the potential to make savings by exploring the available options.

‘Flexible’ mobile contracts often involve a handset consumer credit contract of 24-36 months in length paired with a rolling monthly airtime contract. Once the customer pays off the handset cost, we consider that the customer is unlikely to naturally re-consider their airtime deal. As a result, it is all the more important that these mobile consumers receive a prompt encourages them to engage.

Under Ofcom’s proposals, ‘flexible’ contracts represent a loophole for providers in that they will not be required to send an end-of-contract notification to these customers, despite the fact that airtime deals are unlikely to represent good value at the point the handset element is concluded. Providers could structure the airtime element of the contract with an initial contract period of less than six months, given the longer handset consumer credit contract will act as a stronger constraint on the consumer.

We believe that Ofcom should close this loophole by requiring providers to send a quasi-end-of-contract notification to ‘flexible’ contract-holders with respect to the airtime element covered by the General Conditions. This should be sent at the point that the customer reaches the end of their handset contract and would serve as a reminder for the customer to look into their options for their airtime deal.

⁶⁹ uSwitch, 2018. New breed of mobile tariff could cost customers £231 million. <https://www.uswitch.com/media-centre/2018/07/new-breed-mobile-tariff-cost-customers-231-million/>

Question 9: Do you agree with the impacts we identify, and the approach we take to quantify these impacts, in our assessment in Annex 6?

We agree with the impacts that Ofcom identifies in its assessment in Annex 6. We agree that a sensible approach has been taken to quantify these impacts.

Question 10: Do you agree with our provisional assessment that the potential costs for providers are not disproportionate in order to achieve our policy objectives?

Yes.

We firmly agree with Ofcom's provisional assessment that the potential costs for providers are not disproportionate in order to achieve its policy objectives. Moreover, we hold that contract notifications should be sent at an actionable point in time and contain three elements in addition to Ofcom's proposal (we set these points out in detail in Section 6 and Section 7). We believe that these amendments would still allow Ofcom to reach the same assessment that the potential costs for providers are not disproportionate to achieve its policy objectives.

Providers hold the information set out within Ofcom's proposals, as well as in uSwitch's suggested key additions. This is basic information about customer contracts, and we think it is fair that customers receive this information and that it is more than realistic to expect that providers to deliver it. Given that several providers state that they already communicate with customers approaching their contract end date, this indicates that introducing contract notifications is achievable for providers, even where a new system will need to be established.

The use of a fixed window during which end-of-contract notifications can be sent, as well as the nine month period during which out-of-contract notifications must be sent, will allow providers to achieve efficiencies by sending of notifications in batches should they wish to.

As discussed in detail in Section 6, uSwitch proposes that a seven day window of 14-21 days before the customer's contract end date would be the most effective time to send end-of-contract notifications. This aligns with the size of window for suppliers to send energy contract notifications, and insurance firms send renewal letters at 30 days before the end date. We firmly believe that there is no reason why communications providers cannot operate within a similar window as these are comparable sectors with similar customer volumes and similar legacy system considerations. Indeed, any customer service volume issues

should naturally be addressed by virtue of customers starting contracts at different times.

While the costs of sending a single notification to relevant customers will be fairly limited for providers, it will deliver a big pay-off in terms of improving consumer outcomes. This will include benefiting from better service offerings and more innovation through competitive pressure in the market, getting a deal more suited to their needs, spending less time seeking out contract information, as well as making potential savings that Ofcom estimates at £72 to £156 annually.⁷⁰ As Ofcom notes in Annex 6, only a limited number of customers would have to avoid going out-of-contract for the benefits of contract notifications to outweigh the costs.

In sum, we agree with Ofcom that this is a practical approach to deliver the intention of its broader consumer engagement work programme: to ensure that consumers are able to gain from the benefits of competition by being able to engage with the market and make informed decisions.

Question 11: Do you agree with our proposed implementation timescale for end-of-contract notifications and for the one-off notification to customers who are already outside of their minimum contract period?

Yes.

The additional elements that uSwitch's research tested could deliver significant value in boosting consumer response to contract notifications (see Section 7). While we believe that Ofcom should complete quantitative research which further tests the impact of different elements of contract notifications on consumer behaviour, we consider this is achievable within Ofcom's current proposed project timelines targeting a statement by March 2019.

As set out in detail in Section 5, we support the implementation timeline that Ofcom set out in its consultation, with end-of-contract notifications beginning to be sent within six months and out-of-contract notifications received within nine months.

Question 12: Do you have any comments on the draft condition set out in Annex 9 to this document?

⁷⁰ Ofcom, 2018. Consultation on end-of-contract and out-of-contract notifications, Annex 6 https://www.ofcom.org.uk/data/assets/pdf_file/0019/117163/Consultation-end-of-contract-notifications.pdf

We consider that the draft condition set out in Annex 9 to Ofcom’s consultation seems appropriate. We suggest that the wording should be amended to reflect uSwitch’s suggested amendments to Ofcom’s proposal. Contract notifications should be sent at an actionable point in time and contain three elements in addition to Ofcom’s proposal to maximise consumer response (see Sections 6 and 7 for detail). In addition, the draft condition should be amended to reflect uSwitch’s suggestions around information considered to be “core” as discussed in our response to questions 5 and 7.

We consider that Ofcom should consider adding a overarching principle to the General Condition that notifications should seek to engage consumers in consideration of their options. This would allow Ofcom to better take enforcement action against providers not acting in the spirit of the rules.



uSwitch

Ofcom end of contract and out of contract notifications

Understanding the optimal messaging

September 2018



What people think,
feel and do

01

Study Background

Study methodology
and objectives



03

Broadband

Identifying the optimal notification
and messaging



02

Mobile

Identifying the optimal notification
and messaging



04

Summary

Key recommendations



Study Background

Study methodology and objectives



Sample and Methodology

1,207 mobile/and or home broadband decision makers



Ensures a robust sample of mobile and broadband users to test the scenarios in the conjoint

609 broadband decision makers split c.200 standard broadband / fibre optic or superfast broadband / broadband & pay TV users



Ensures we have a robust representative sample to test against

642 mobile decision makers split c.200 SIM only / flexi tariff / traditional handset contract users



Using a combination of conjoint testing to identify the optimal notification and diagnostic response testing to identify and develop the messages

15 minute online questionnaire

Assessment framework



Using the conjoint exercise to identify the optimal combination of attributes to include in the notification to drive action



Identifying the strengths and weaknesses of each message on key diagnostic response measures



Clarifying the specific reasons people find the messages appealing or not appealing in their own words

Conjoint scenarios tested- Broadband

Variable Attributes tested		Levels							
		Ofcom proposal	2	3	4	5	6	7	8
Different messaging options		You may be able to make savings by exploring the available options	You could save yourself money by talking to us or shopping around	Remember - it might be worth thinking about switching your deal or provider	You might be able to switch to a better deal	It might be worth comparing deals from other providers	You might be able to upgrade to a faster broadband package	You might be able to upgrade to a faster fibre-based broadband package	You might be able to pay less to upgrade to a faster broadband package
	Pricing information	No pricing aggregation message	The total price you have paid over your contract is £X.	The total price you have paid over the [duration] of your contract is £X. Your projected subscription price over the same time period if you don't act and if prices don't change is £Y.	The total price you have paid annually is £X.	The total price you have paid over the last year is £X. Your projected annual price if you don't act and if prices don't change is £Y.	The average monthly price that you have paid over your contract is £X.		

What the respondents saw - Broadband

Respondents were asked to choose one out of 2 notifications shown below or none. Each time the respondent selected a notification, we rotated the feature mix and respondents were asked to choose a notification again on a different screen. This selection process was repeated **10 times per respondent** to build up enough data to reliably measure the importance of each attribute.

Conjoint Instruction:

We are now going to show you two similar letters. Please tell us which of the two letters below would be more effective in persuading you to take action, for example by comparing the options available to you, or by switching your deal or provider. Again, the actual subscription and prices in the letters may be slightly different from what you actually have, but please imagine the letters refer to your actual package.

Where the difference is between the letters, the text is in bold.

Letter A

The minimum contract period for your broadband service ends on 30th October 2018.

If you do nothing, your monthly price will change from £18 to **£30**.

This means that from 30th October 2018 you are able to cancel or switch this service at any time without paying an early termination charge.

If you want to cancel or change your service a notice period of up to 30 days may still apply.

	Current service	After 30th October 2018
Services provided	Standard broadband	Standard broadband
Monthly price	£18 (discounted £12 from £30 for duration of contract)	£30
	The total price you have paid over the 12 months of your contract is £216.	Your projected subscription cost over the same time period if you don't act and if prices don't change is £360.

You may be able to make savings by exploring the available options.

Letter B

The minimum contract period for your broadband service ends on 30th October 2018.

If you do nothing, your monthly price will change from £18 to **£30**.

This means that from 30th October 2018 you are able to cancel or switch this service at any time without paying an early termination charge.

If you want to cancel or change your service a notice period of up to 30 days may still apply.

	Current service	After 30th October 2018
Services provided	Standard broadband	Standard broadband
Monthly price	£18 (discounted £12 from £30 for duration of contract)	£30
	The average monthly price that you have paid over your contract is £18.	

You could save yourself money by talking to us or shopping around.

Neither letter would make me act

Letter A

Letter B

Neither

Conjoint scenarios tested- Mobile

Variable Attributes tested	Ofcom proposal	2	3	4	5	6	7	8
Different messaging options	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan	You could save yourself money including by moving to a SIM only deal	Remember - it might be worth thinking about switching your deal or provider	You might be able to switch to a better mobile phone deal	It might be worth comparing mobile phone deals from other providers	You might be able to get increased call, text and data allowances with a different deal	You might be able to pay less for your mobile allowances	You may be able to get better coverage with another mobile provider
Pricing information	No pricing aggregation message	The total price you have paid over your contract is £X.	The total price you have paid over the [duration] of your contract is £X. Your projected subscription price over the same time period if you don't act and if prices don't change is £Y.	The total price you have paid annually is £X.	The total price you have paid over the last year is £X. Your projected annual price if you don't act and if prices don't change is £Y.	The average monthly price that you have paid over your contract is £X.		
Mobile consumption	No mobile consumption information	Over your contract you have used an average of XX minutes and XX GB of data each month. Your highest minutes in one month was XX and your highest amount of data was XX GB.	Over your contract you have used an average of XX minutes and XX GB of data each month.	Your highest minutes in one month was XX and your highest amount of data was XX GB.	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB.	Over your contract you have used an average of XX GB of data each month.		

What the respondents saw - Mobile

Respondents were asked to choose one out of 2 notifications shown below or none. Each time the respondent selected a notification, we rotated the feature mix and respondents were asked to choose a notification again on a different screen. This selection process was repeated **10 times per respondent** to build up enough data to reliably measure the importance of each attribute.

Conjoint Instruction:

We are now going to show you two similar letters. Please tell us which of the two letters below would be more effective in persuading you to take action, for example by comparing the options available to you, by switching your deal or provider. The actual subscription and prices in the letters may be slightly different from what you actually have, but please imagine the letters refer to your actual package.

Where the difference is between the letters, the text is in bold.

Letter A

The minimum contract period for your SIM only plan ends on 30th October 2018.

If you do nothing, your monthly price will stay the same.

This means that from 30th October 2018 you are able to cancel or switch this service at any time without paying an early termination charge.

If you want to cancel or change your service a notice period of up to 30 days may still apply.

	Current service	After 30th October 2018
Services provided	SIM only - 500 minutes, 3GB data and unlimited texts monthly	SIM only - 500 minutes, 3GB data and unlimited texts monthly
Monthly price	£13.50	£13.50
	The total price you have paid over the 12 months of your contract is £162.	Your projected subscription cost over the same time period if you don't act and if prices don't change is £162
Average usage	Over your contract you have used an average of 157 minutes and 1.9GB of data each month.	
Highest usage	Your highest minutes used in one month was 300 and your highest amount of data used was 3.8GB.	

Letter B

The minimum contract period for your SIM only plan ends on 30th October 2018.

If you do nothing, your monthly price will stay the same.

This means that from 30th October 2018 you are able to cancel or switch this service at any time without paying an early termination charge.

If you want to cancel or change your service a notice period of up to 30 days may still apply.

	Current service	After 30th October 2018
Services provided	SIM only - 500 minutes, 3GB data and unlimited texts monthly	SIM only - 500 minutes, 3GB data and unlimited texts monthly
Monthly price	£13.50	£13.50
Average usage	Over your contract you have used an average of 1.9GB of data each month.	
Highest usage	Your highest amount of data used in one month was 3.8GB.	

You might be able to pay less for your mobile allowances.

Neither letter would make me act

Letter A
 Letter B
 Neither

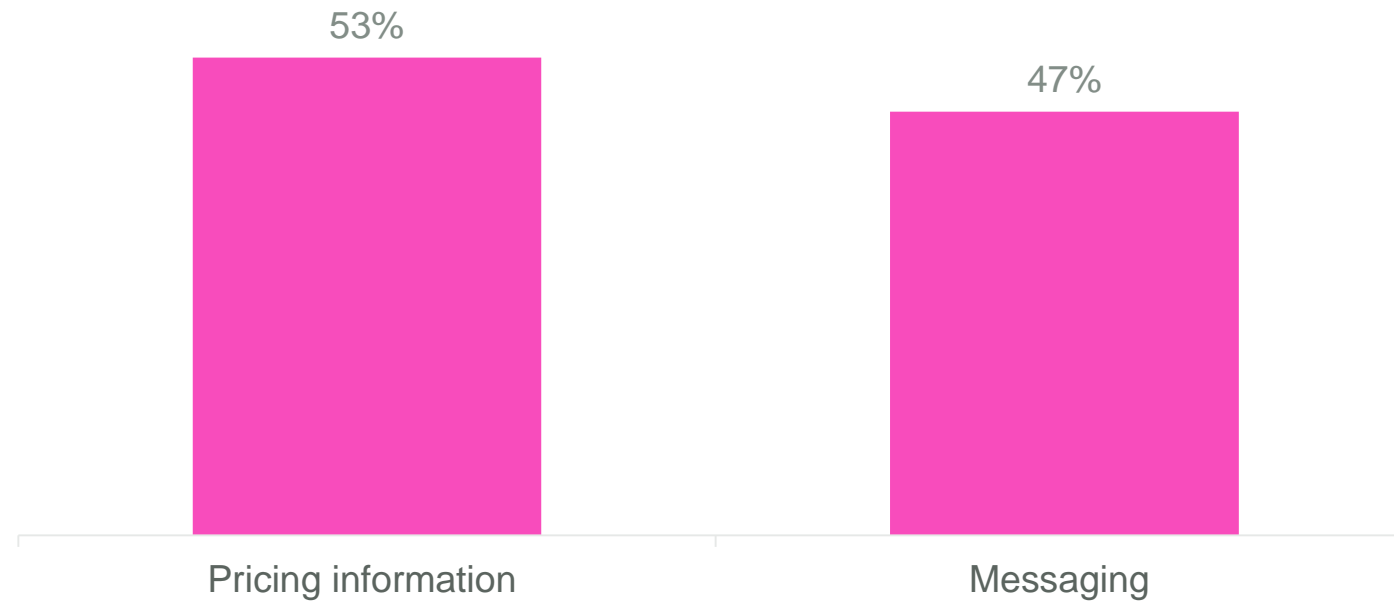
Broadband

Identifying the optimal notification and messaging



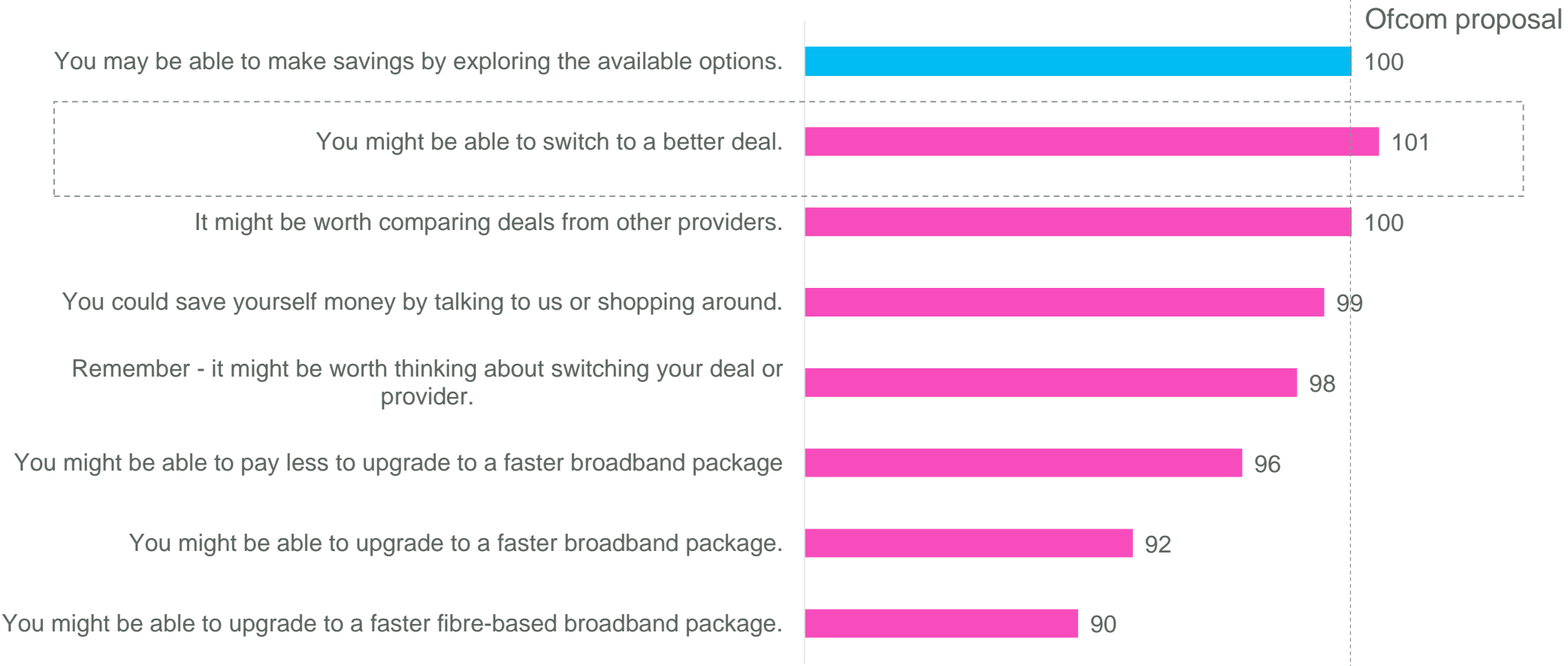
The pricing information is a more important factor in motivating people to take action

Broadband attribute importance



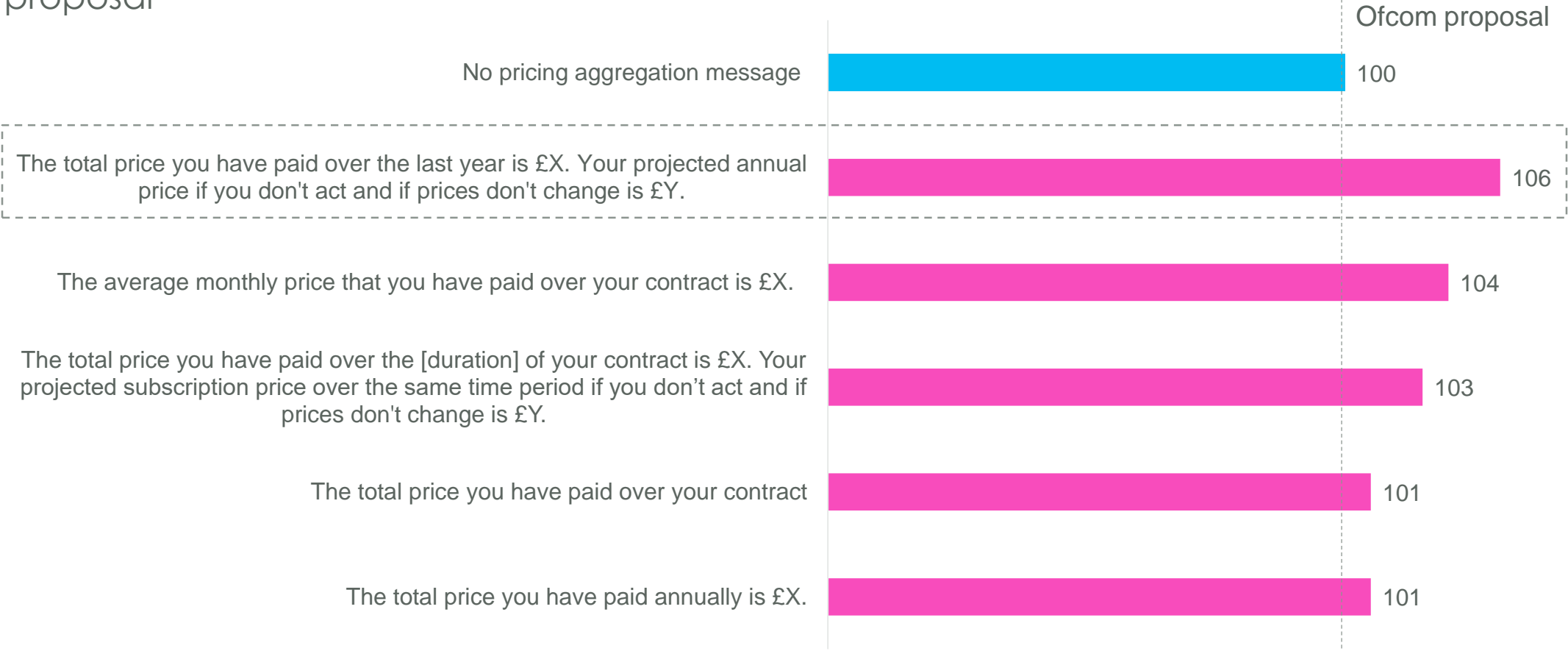
The new messages on their own have limited incremental impact on motivating people to act compared to the Ofcom proposal

Broadband messaging preference – Indexed against Ofcom proposal



Including the past and projected annual price has the biggest incremental impact on motivating action

Broadband pricing information preference - Indexed against Ofcom proposal



The “Switching to a better deal” message combined with showing the past and projected annual price is the optimal notification in driving action

Top 10 broadband optimal message and pricing combinations

	Messaging	Pricing information	Index
Ofcom proposal	savings by exploring the available options	None	100
1	You might be able to switch to a better deal.	The total price you have paid over the last year is £X Your projected annual cost if you don't act and if prices don't change is £X.	107
2	You may be able to make savings by exploring the available options.	The total price you have paid over the last year is £X. Your projected annual cost if you don't act and if prices don't change is £X.	106
3	It might be worth comparing deals from other providers.	The total price you have paid over the last year is £X. Your projected annual cost if you don't act and if prices don't change is £X.	106
4	You might be able to switch to a better deal.	The average monthly price that you have paid over your contract is £X.	105
5	You might be able to switch to a better deal.	The total price you have paid over the X months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	104
6	You could save yourself money by talking to us or shopping around.	The total price you have paid over the last year is £X. Your projected annual cost if you don't act and if prices don't change is £X.	104
7	It might be worth comparing deals from other providers.	The average monthly price that you have paid over your contract is £X.	104
8	You may be able to make savings by exploring the available options.	The average monthly price that you have paid over your contract is £X.	104
9	Remember - it might be worth thinking about switching your deal or provider.	The total price you have paid over the last year is £X. Your projected annual cost if you don't act and if prices don't change is £X.	103
10	You may be able to make savings by exploring the available options.	The total price you have paid over the X months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	103



The optimal message and pricing information is fairly consistent by user group

Optimal message and pricing combination by user group

Standard Broadband

You might be able to switch to a better deal

The average monthly price you have paid is £18

Fibre Optic / Superfast Broadband

You might be able to switch to a better deal

The total price you have paid over the last year is £300.
Your projected annual cost if you don't act and if prices don't change is £467.88.

Broadband and Pay TV package

You might be able to switch to a better deal

The total price you have paid over the last year is £480.
Your projected annual cost if you don't act and if prices don't change is £767.88.

Despite being the most effective message in the conjoint the top ranked message can be improved

Broadband messaging diagnostics

Ranked	1	2	2	4	5	6	7	8
	You might be able to switch to a better deal.	You may be able to make savings by exploring the available options.	It might be worth comparing deals from other providers.	You could save yourself money by talking to us or shopping around.	Remember - it might be worth thinking about switching your deal or provider.	You might be able to pay less to upgrade to a faster broadband package	You might be able to upgrade to a faster broadband package.	You might be able to upgrade to a faster fibre-based broadband package.
Appeal	67%	62%	64%	74%	58%	63%	55%	50%
Clarity	71%	74%	80%	85%	82%	78%	74%	79%
Credibility	63%	68%	78%	73%	77%	55%	61%	64%
Relevance	75%	75%	81%	78%	77%	66%	55%	51%
Uniqueness	36%	41%	51%	51%	51%	44%	36%	28%
New information	63%	61%	63%	67%	70%	74%	65%	66%

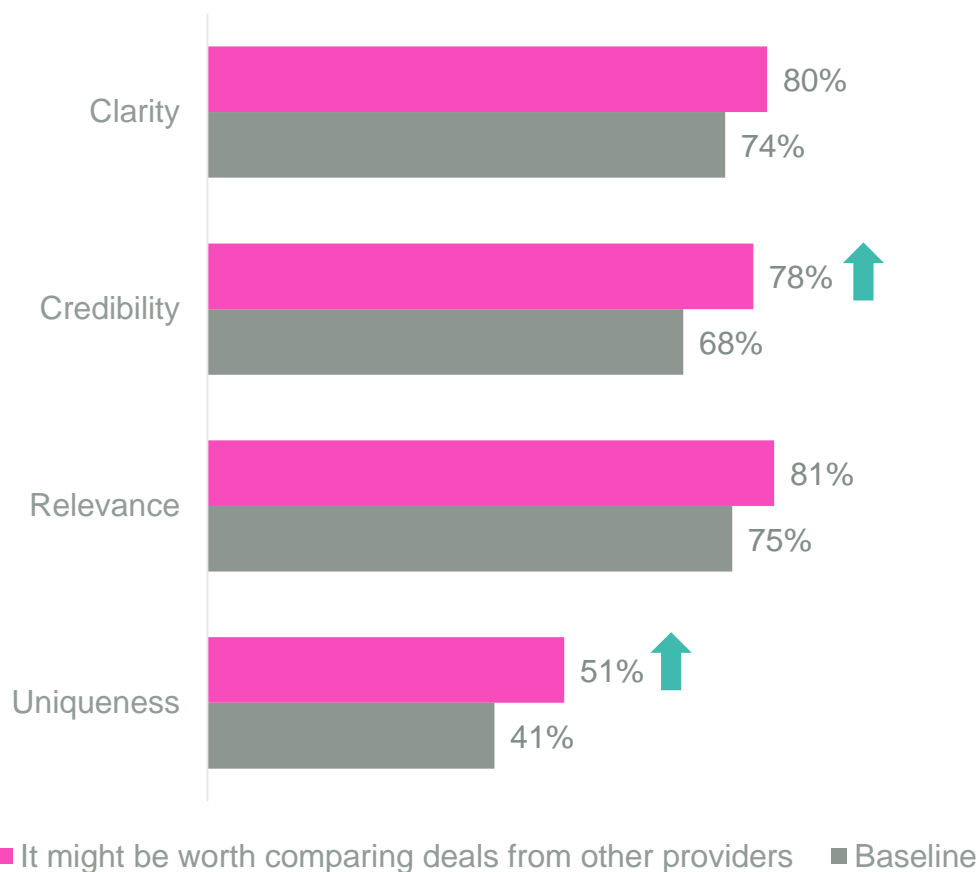
Significantly higher/lower than the proposal at a 95% confidence level or more

C1 How appealing do you find the information included in this notification message? , C3 How clear is the information included in this notification message to you? C4 How believable is the information included in this notification message? C5 If you were coming to the end of your contract, how relevant is the information included in this notification message? C6 How much new information does this notification message give you about what options are available to you after your contract ends? C7 How different is the notification message to other letters you have seen, letting you know what options are available to you after your contract ends? Base: 149-153



The secondary performing message is appreciated but lacks impact

“It might be worth comparing deals from other providers”



People appreciate the prompt to check options

It opens my eyes to the possibility of switching

Because it is a clear reminder to do something about the situation

It's really attractive effective and credible

Though the language feels half hearted and lacks impact

The word might is not strong

It sounds like the person who wrote it couldn't care less

It's softer in its terminology

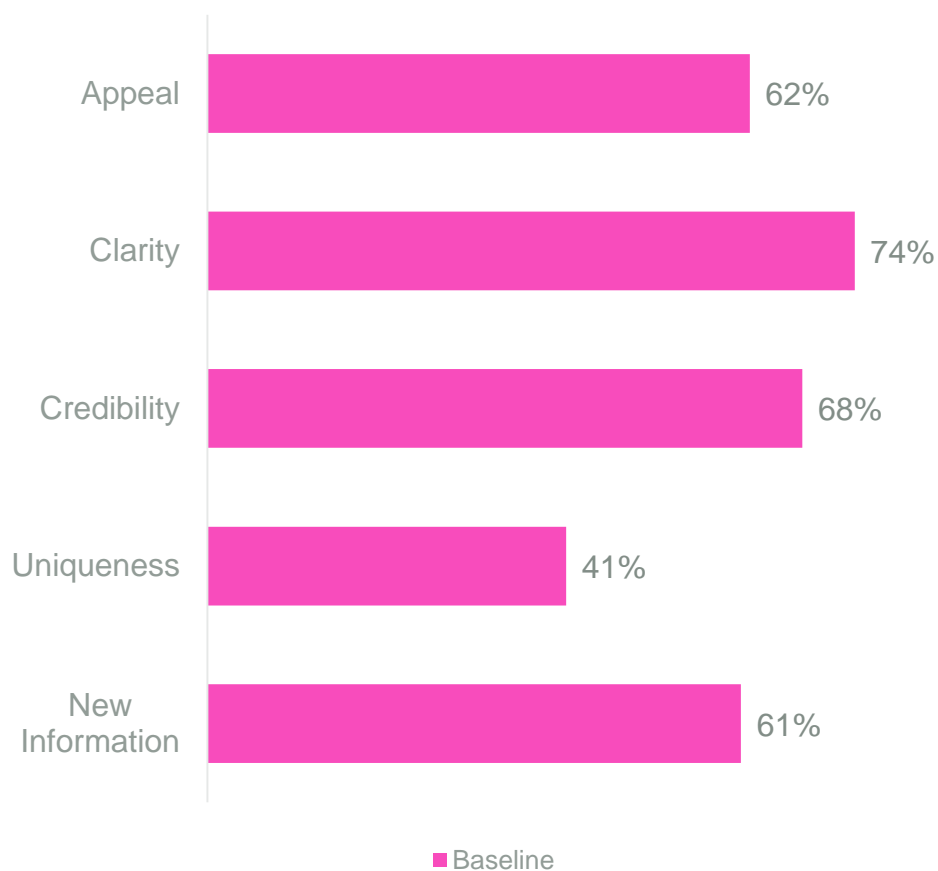
It's very passive

↑↓ Significantly higher/lower than the proposal at a 95% confidence level or more

C2.5 Why do you find the information [appealing / neutral / not appealing]? Base: 153

People appreciate the nudge offered by the message but the wording is found to be a little vague putting too much onus on the customer.

“You may be able to make savings by exploring the available options”



The honest attempt to save money is appreciated

Making savings is appealing, just wish there was more detail as to the available options.

Enticing to explore new options to save money.

It is good to know I could save money

Some found the message too vague and no certainty of savings

You COULD save money, not that i will, no guarantees

There is not enough information and they are leaving all research to the customer

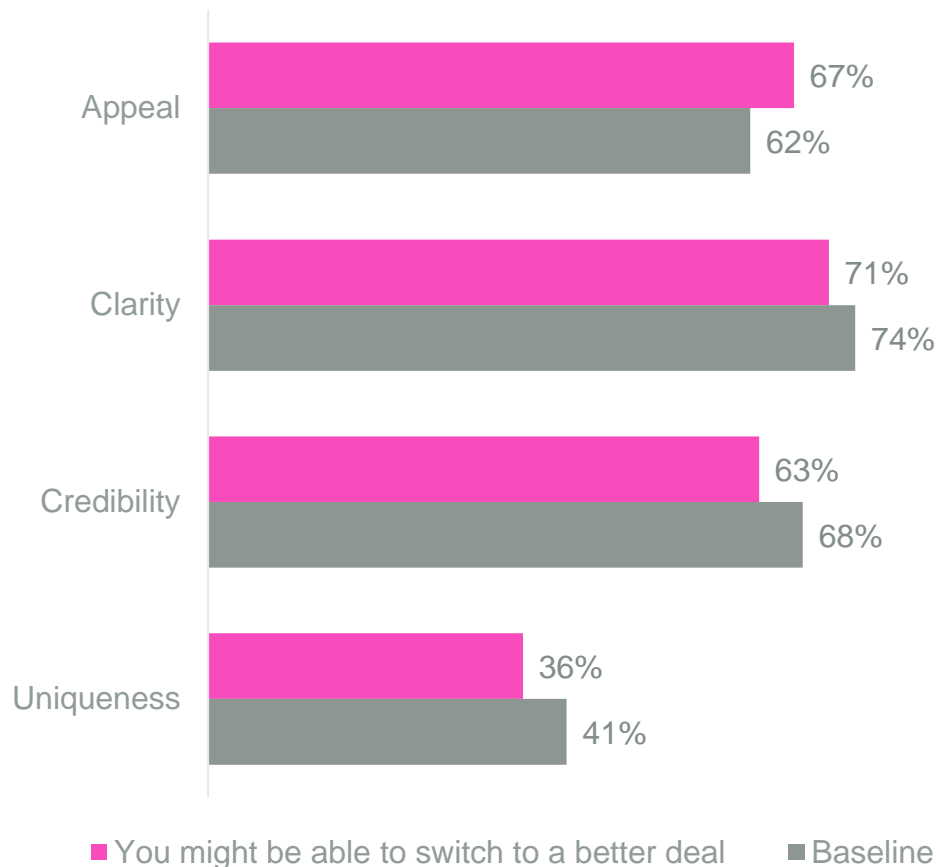
Inconclusive wording.

↑↓ Significantly higher/lower than the proposal at a 95% confidence level or more

C2.2 Why do you find the information [appealing / neutral / not appealing]? Base: 153

Replacing 'might be able to' with 'could' would make the top ranked message even more effective

“You might be able to switch to a better deal”



People appreciate the straightforward concise language

Clear

Straightforward

It is clearer

However, the word might feels weak and ambiguous

Unsure about the word might !!

Might - probably means you won't be able to

The use of the word might

The word might means it probably won't be an option

The word 'might' is very ambiguous. I would want something more specific

The word might has implications for me rather than we can find you a better deal

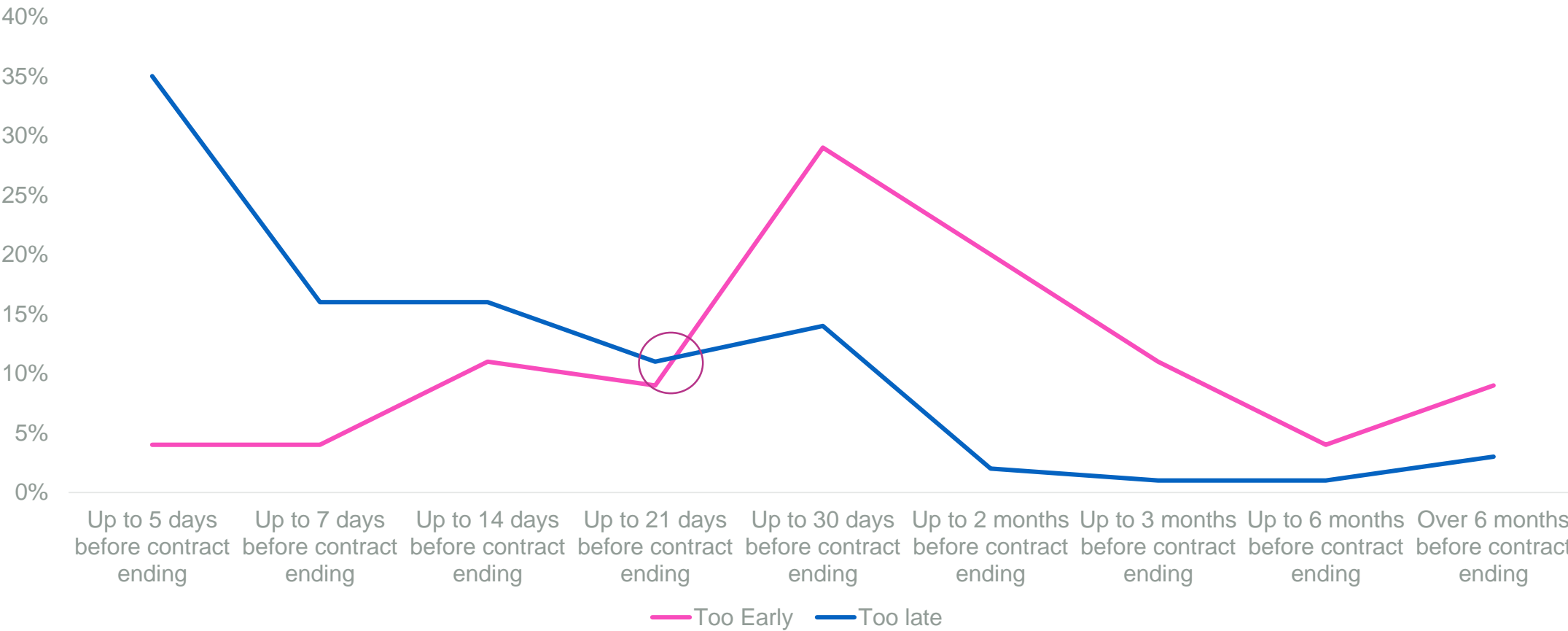
Might isn't a guarantee

↑↓ Significantly higher/lower than the proposal at a 95% confidence level or more

C2.4 Why do you find the information [appealing / neutral / not appealing]? Base: 153

21 days before the contract end is the ideal time to receive the end of contract notification

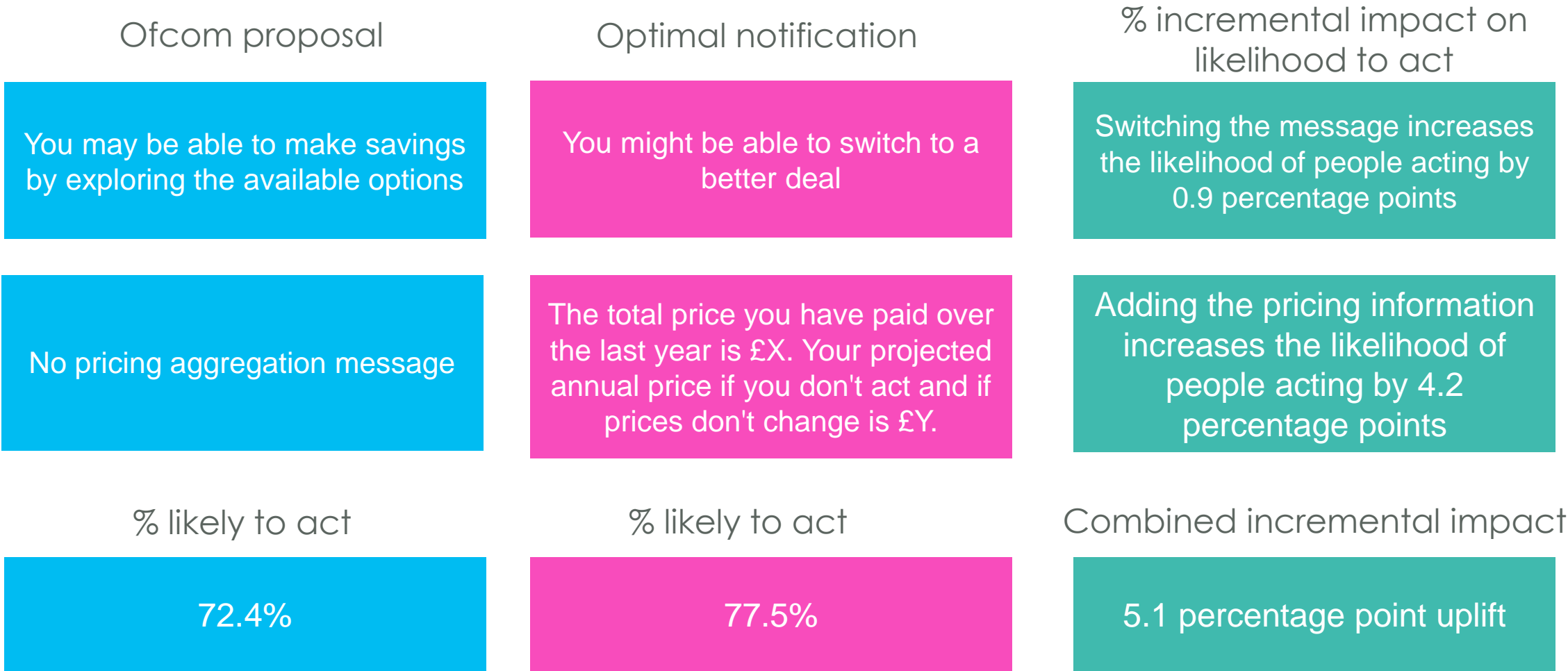
Ideal notice period for Broadband end of contract notification



T1 Based on the timeline below when do you think it would be too early for you to act ahead of your contract ending. Base: 609
 T2: Based on the timeline below when do you think would be too late for you to act ahead of your contract ending. Base: 609



The optimal broadband notification would create a 5 percentage point uplift



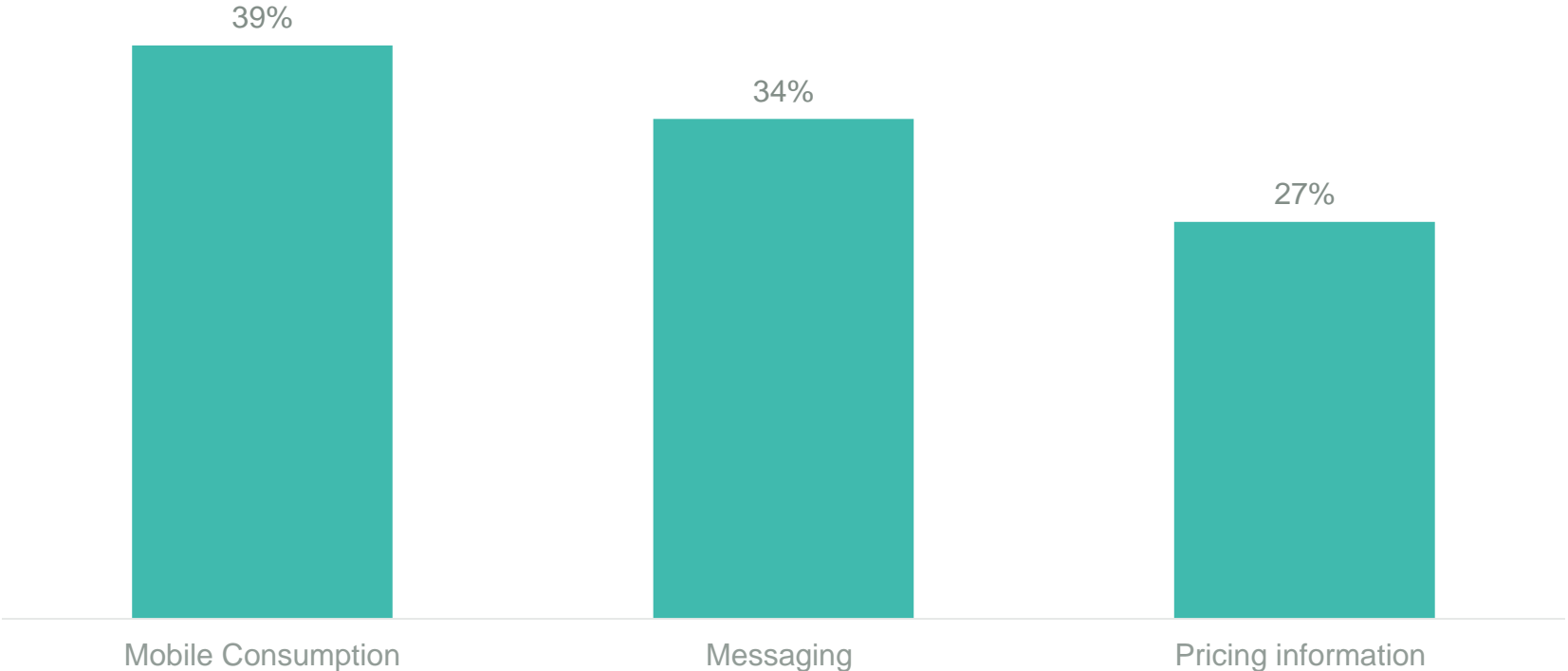
MOBILE

Identifying effectiveness of mobile message



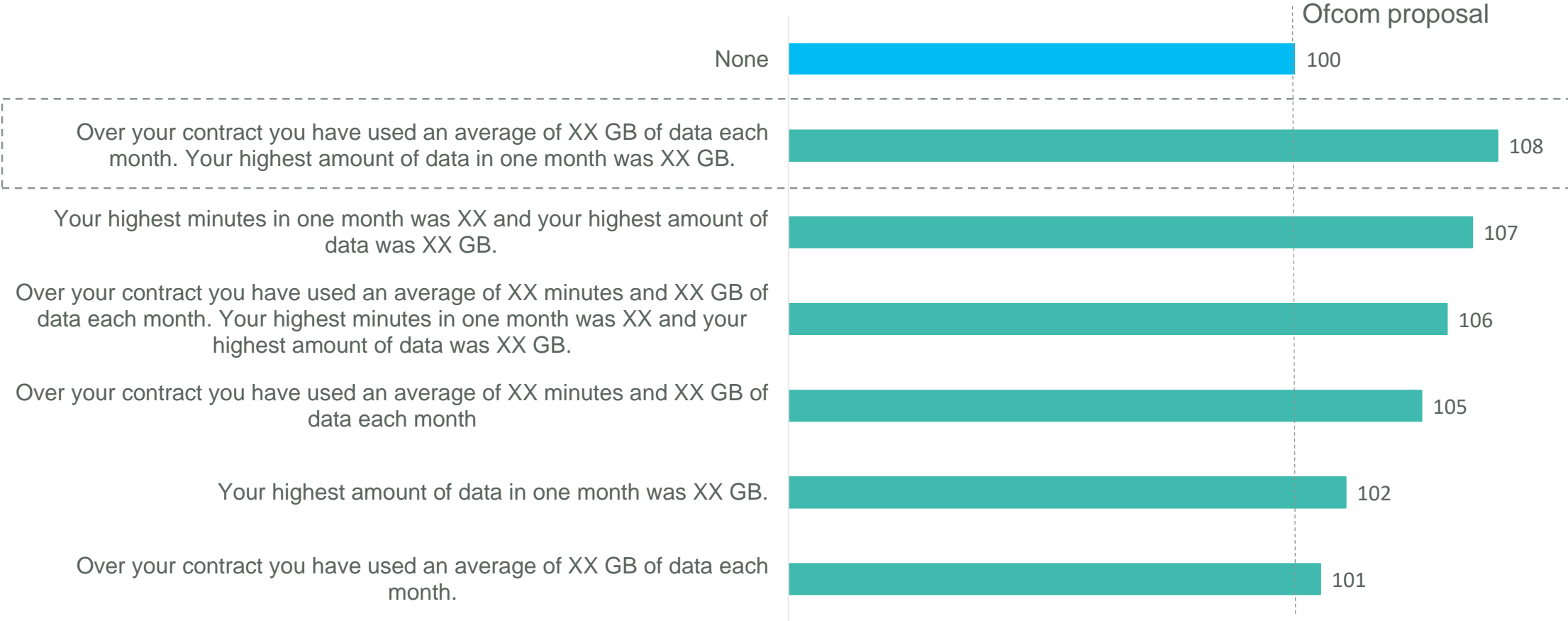
Information on Mobile consumption is the most important attribute in driving action

Mobile attribute importance



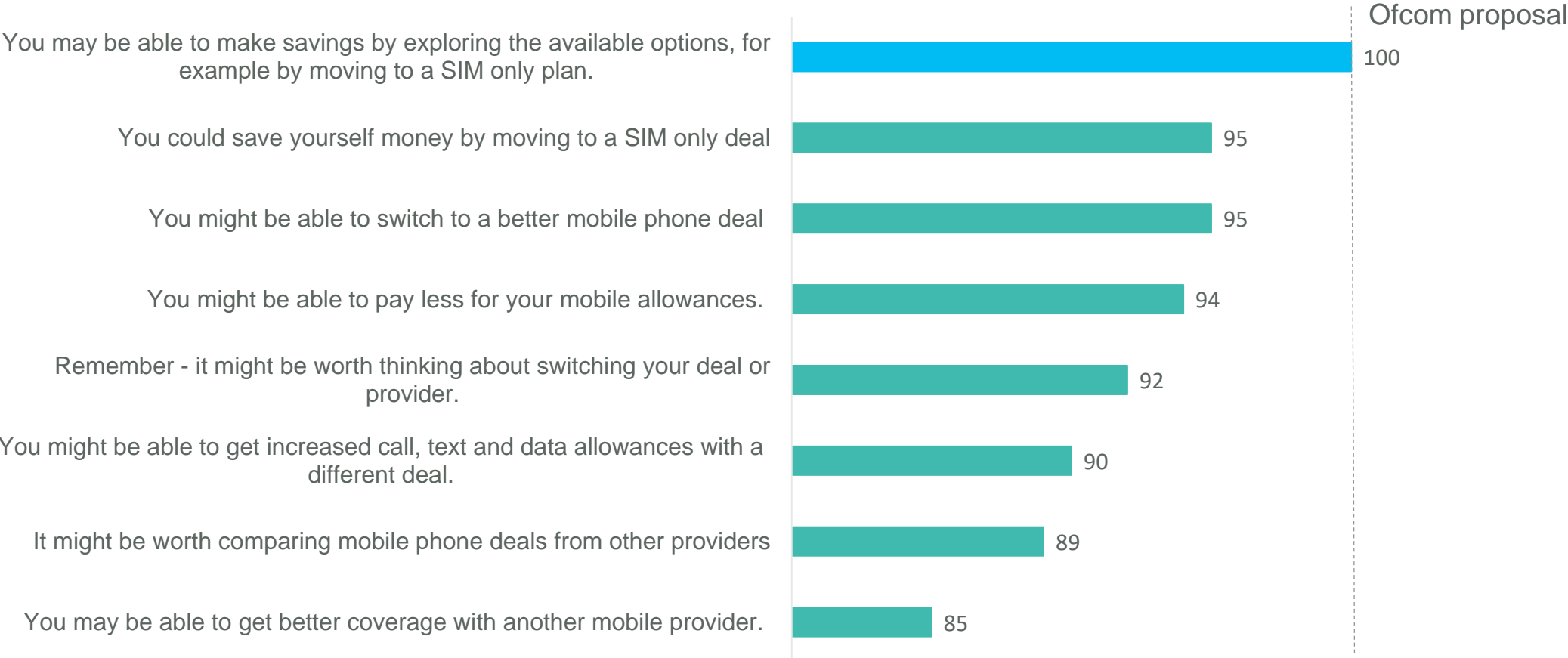
The “average and highest data consumption” message has the biggest incremental impact on likely action

Mobile consumption preference – Indexed against Ofcom proposal



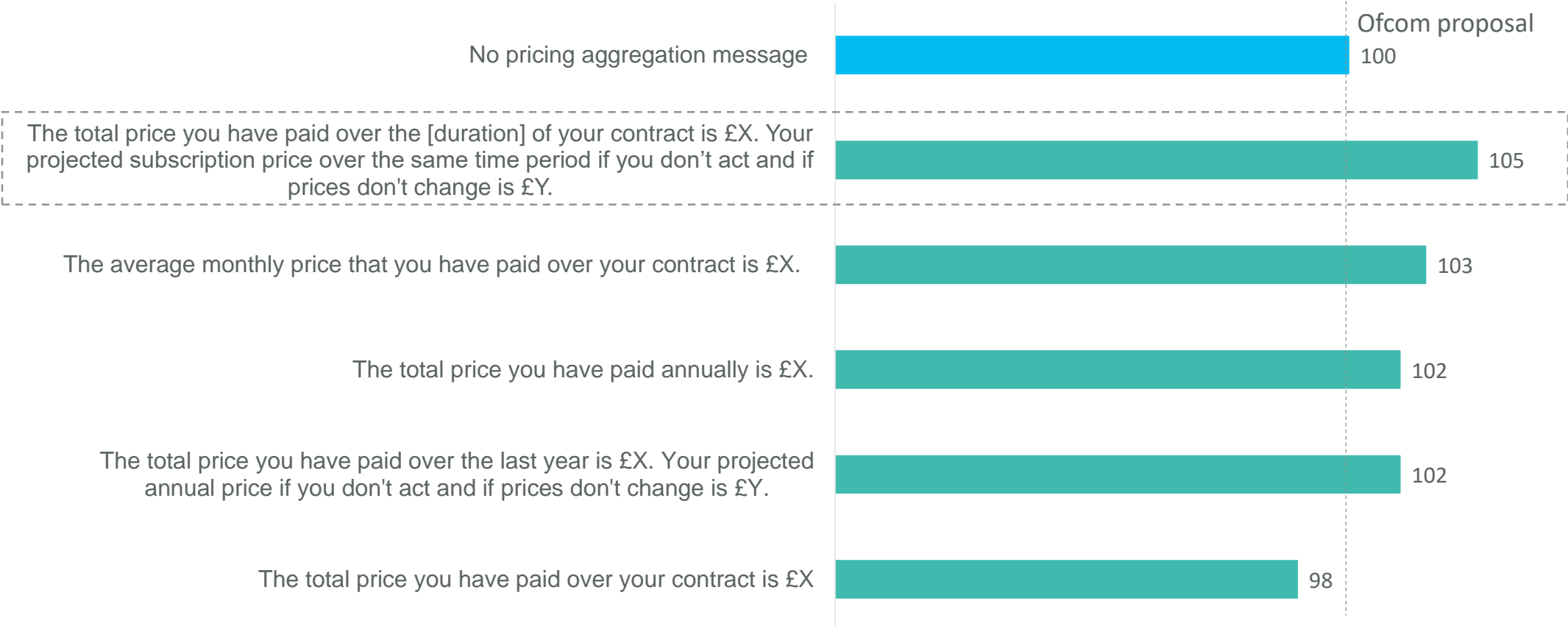
The Ofcom proposal message is the most effective in motivating people to act

Mobile messaging preference – Indexed against Ofcom proposal



Including the past and projected *contract* price has the biggest incremental impact in making people take action

Mobile pricing information preference - Indexed against Ofcom proposal



The Ofcom proposal message combined with the past and projected contract price, and both the average and highest data used, is the optimal notification in driving action

Top 10 mobile optimal message and pricing combinations

	Messaging	Pricing information	Mobile consumption	Index
Ofcom proposal	savings by exploring the available options	None	None	100
1	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	110
2	You could save yourself money including by moving to a SIM only deal.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	110
3	You might be able to switch to a better mobile phone deal.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	110
4	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.	The average monthly price that you have paid over your contract is £xx	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	109
5	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Your highest minutes used in one month was XXX and your highest amount of data used was XX GB.	109
6	You might be able to pay less for your mobile allowances.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	109
7	You could save yourself money including by moving to a SIM only deal.	The average monthly price that you have paid over your contract is £xx	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	109
8	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.	The total price you have paid annually is £X	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB	109
9	You could save yourself money including by moving to a SIM only deal.	The total price you have paid over the XX months of your contract is £X Your projected subscription cost over the same time period if you don't act and if prices don't change is £X	Your highest minutes used in one month was XXX and your highest amount of data used was XX GB.	109
10	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.	The average monthly price that you have paid over your contract is £xx.	Your highest minutes used in one month was XXX and your highest amount of data used was XX GB.	109

The optimal message for anytime upgrade users is less price driven as their projected price goes down. The monthly price message is more relevant for pay monthly users.

Optimal message and pricing combination by user group

SIM only contract, using own handset

You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.

The total price you have paid over the 12 months of your contract is £162. Your projected subscription price over the same time period if you don't act and if process don't change is £162.

Over your contract you have used on average 1.9GB of data each month. Your highest amount of data in one month was 3GB

Anytime upgrade plan/"Refresh" type tariff

You might be able to switch to a better mobile phone deal.

The total price you have paid over the 24 months of your contract is £1224. Your projected subscription price over the same time period if you don't act and if process don't change is £576.

Over your contract you have used an average of 157 minutes and 1.9GB of data each month

Pay monthly, came with a handset included

You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.







The average monthly price that you have paid over your contract is £33

Over your contract you have used on average 1.9GB of data each month. Your highest amount of data in one month was 3.8GB



The Ofcom proposal message is seen as being credible, clear and providing new information

Mobile messaging diagnostics

Ranked	1 <i>You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.</i>	2 You could save yourself money including by moving to a SIM only deal.	3 You might be able to switch to a better mobile phone deal.	4 You might be able to pay less for your mobile allowances.	5 Remember - it might be worth thinking about switching your deal or provider.	6 You might be able to get increased call, text and data allowances with a different deal.	7 It might be worth comparing mobile phone deals from other providers.	8 You may be able to get better coverage with another mobile provider.
 Appeal	62%	63%	68%	77%	60%	58%	57%	52%
 Clarity	78%	81%	77%	78%	78%	69%	75%	81%
 Credibility	73%	70%	73%	70%	74%	70%	69%	68%
 Relevance	66%	71%	75%	85%	72%	63%	68%	59%
 Uniqueness	47%	49%	43%	53%	50%	45%	53%	57%
 New information	65%	65%	63%	68%	59%	62%	58%	58%

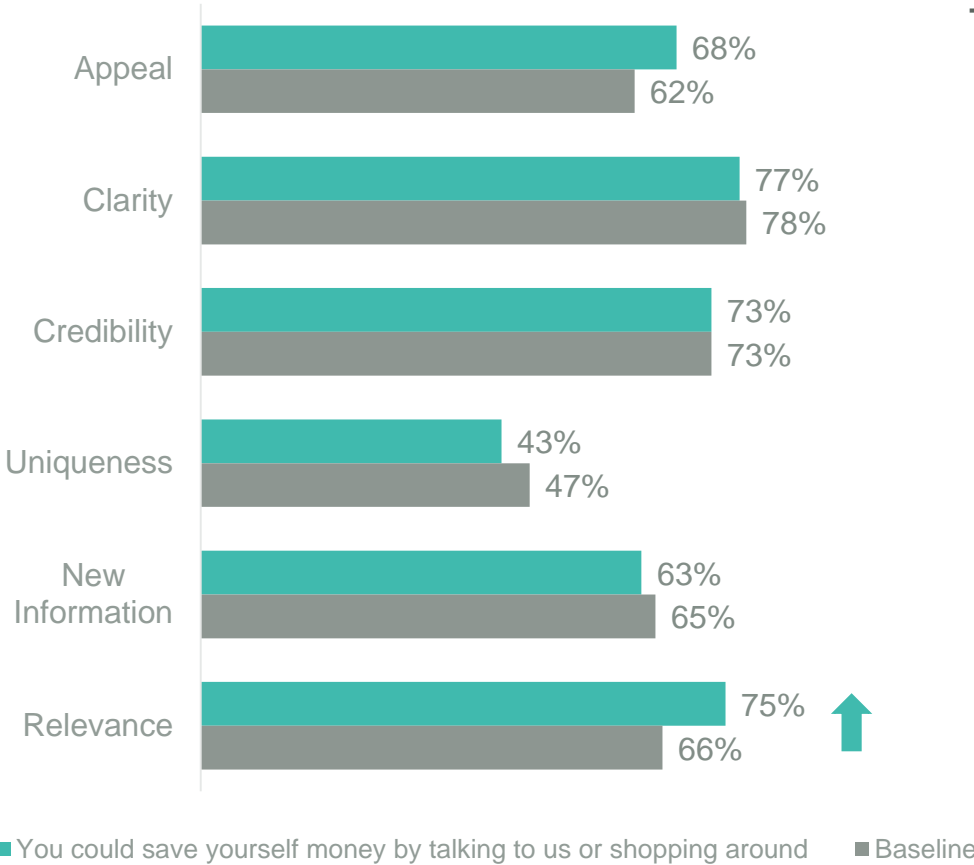
Significantly higher/lower than the proposal at a 95% confidence level or more

29 C1 How appealing do you find the information included in this notification message? , C3 How clear is the information included in this notification message to you? C4 How believable is the information included in this notification message? C5 If you were coming to the end of your contract, how relevant is the information included in this notification message? C6 How much new information does this notification message give you about what options are available to you after your contract ends? C7 How different is the notification message to other letters you have seen, letting you know what options are available to you after your contract ends? Base: 158-161



People appreciate the reminder to look for a better deal, but would welcome more information to act

“You might be able to switch to a better mobile phone deal”



The reminder that better deals could be available is welcomed

Its always appealing to think that you might get a better deal

Reminds you there may be other options

It would make me think to look for a better deal

However people would like more information on what a better deal would entail

Bit vague, no reason behind what might be better, or what constitutes a deal, i.e. handset or tariff

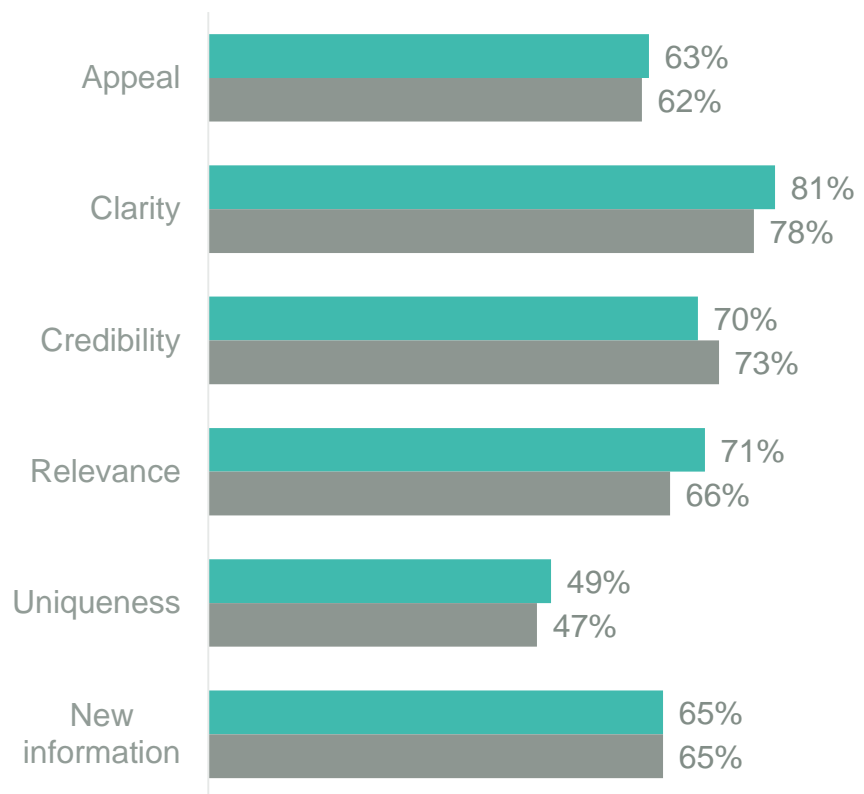
It is always worth reminding people that the onus is on us to see if we can save money

Is just a generic statement, doesn't give any information.

↑↓ Significantly higher/lower than the proposal at a 95% confidence level or more

The specifics of how people can save money is appreciated but it isn't relevant for everyone.

“You could save yourself money including by moving to a SIM only deal.”



■ It might be worth comparing deals from other providers ■ Baseline

↑↓ Significantly higher/lower than the proposal at a 95% confidence level or more

People appreciate the reminder that SIM only deals are an option

SIM only deals are often overlooked in favour of getting the latest handset, it is good of companies to remind us to check the prices of these to see if we could save

Not having the cost of a handset is appealing

Save money, same phone

However a SIM only deal is not relevant for everyone.

For me personally I'm interested in having a phone as part of the contract and specifically a new one every 24 months

Because I really don't understand the SIM only deals. I always get a deal with the phone included

This is not new news. People already understand this.

Despite greater detail and an example of how savings could be made, punchier and more assertive language would make the top ranked message even more impactful

“You may be able to make savings by exploring the available options, for example by moving to a SIM only plan.”

People appreciate the potential to make savings and that SIM only is an example not the only suggestion

It also implies there are other options available whereas the previous option seemed to be pushing the customer towards a SIM only deal

Saving money

It seems convenient and reassuring without being too pushy

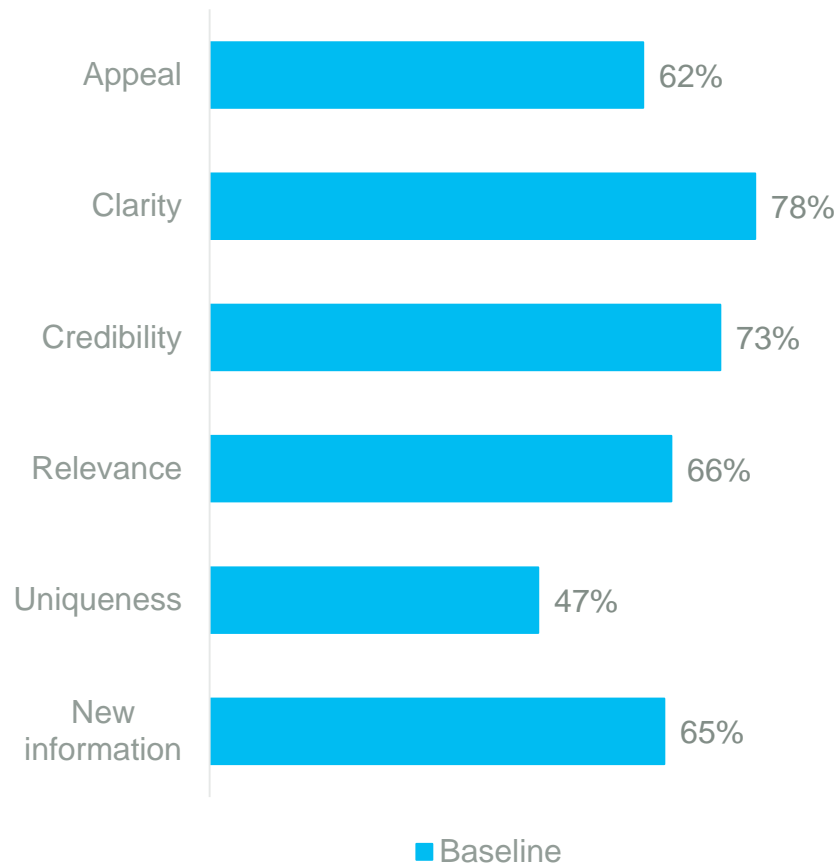
However, the use of “may” and “for example” makes the message ambiguous and less impactful

It's still quite vague. Terms like 'may be' and 'for example' aren't very useful.

I need the details to decide

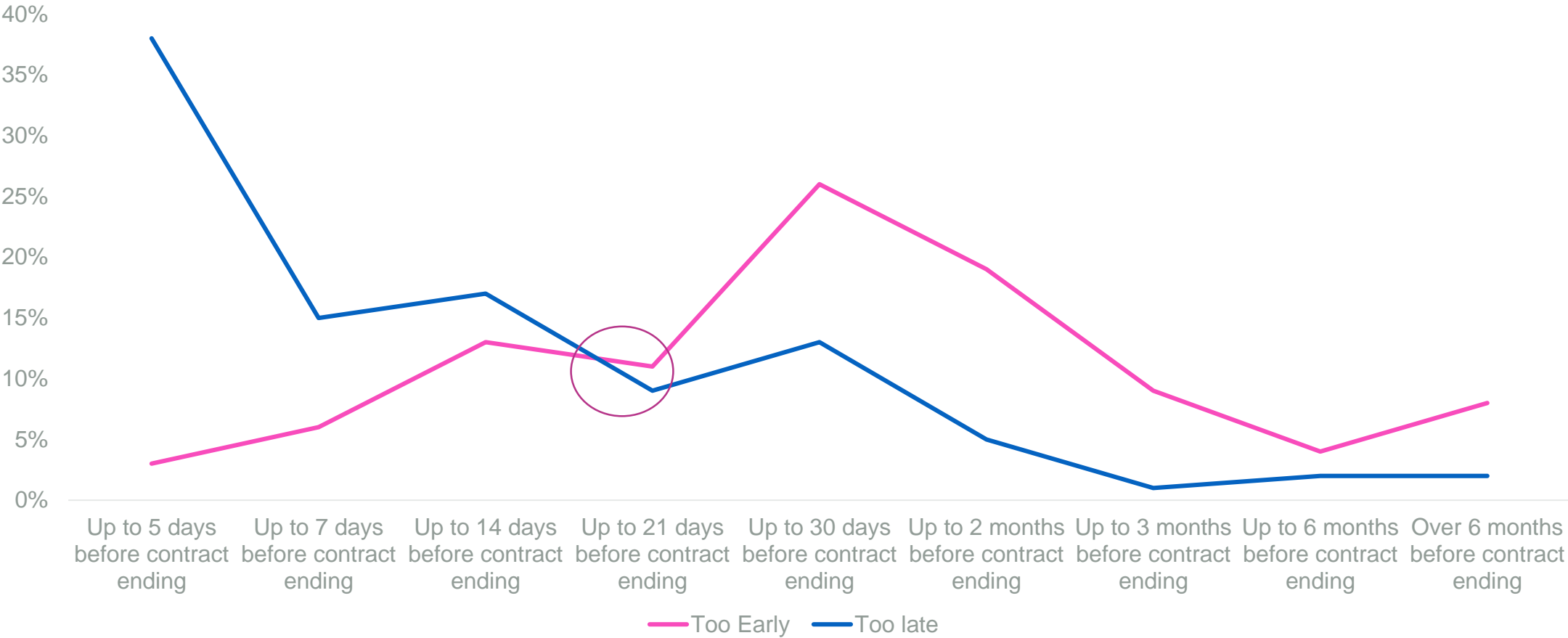
Too wordy

“May” is too vague



The ideal time to receive the mobile end of contract notification is 21 days

Ideal notice period for mobile end of contract notification



T1 Based on the timeline below when do you think it would be too early for you to act ahead of your contract ending. Base: 642
 T2: Based on the timeline below when do you think would be too late for you to act ahead of your contract ending. Base: 642

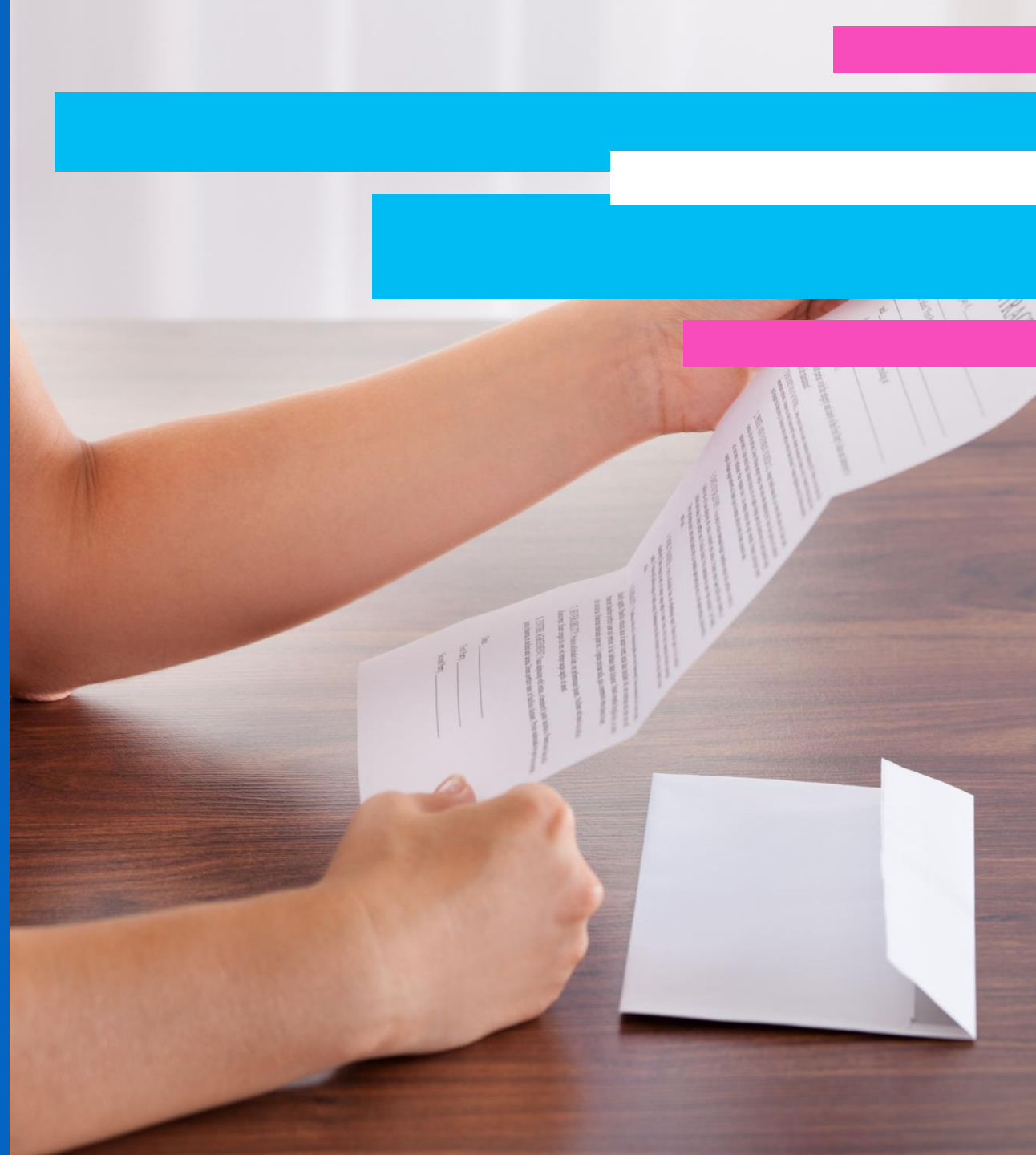


The optimal mobile notification would create a 6 percentage point uplift

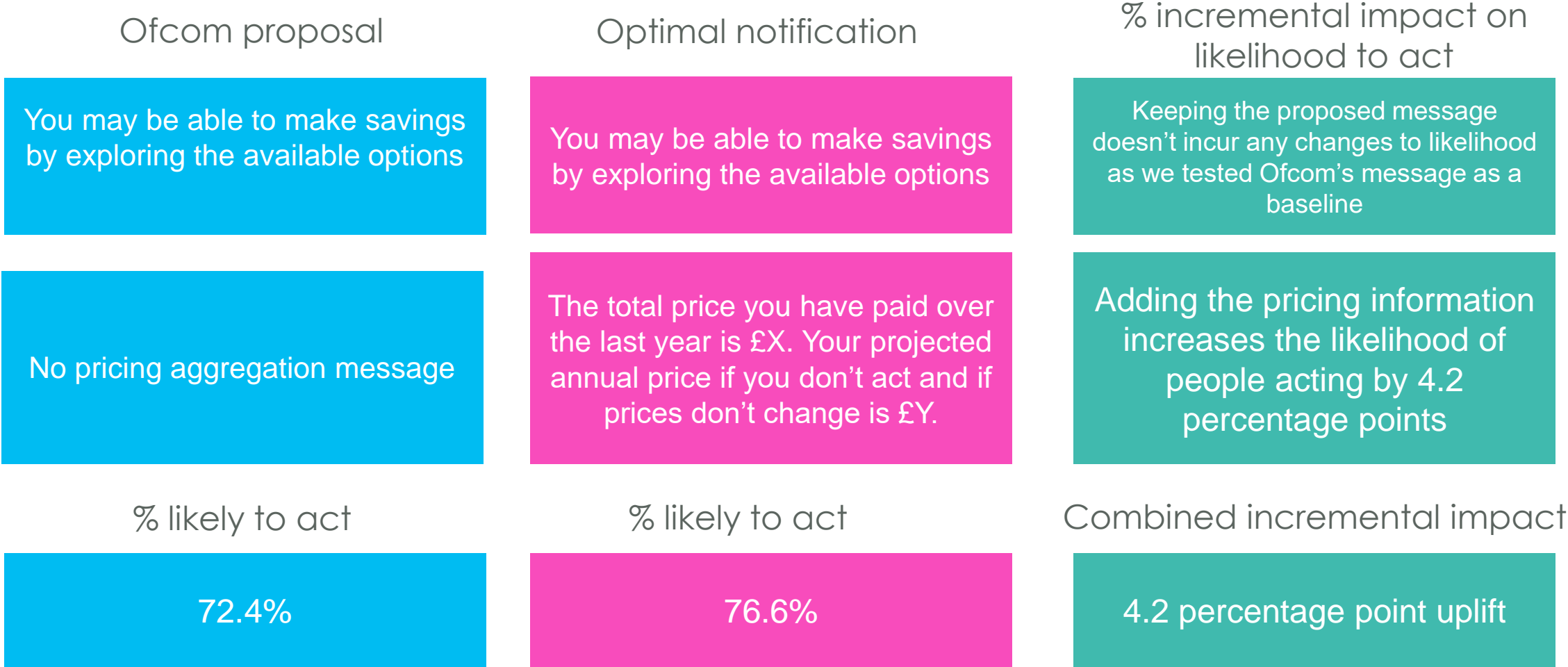
Ofcom proposal	Optimal notification	% incremental impact on likelihood to act
You may be able to make savings by exploring the available options, for example by moving to a SIM only plan	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan	Keeping the proposed message doesn't incur any changes to likelihood as we tested Ofcom's message as a baseline
No pricing aggregation message	The total price you have paid over the [duration] of your contract is £X. Your projected subscription price over the same time period if you don't act and if prices don't change is £Y.	Adding the pricing information increases the likelihood of people acting by 3.4 percentage points
No mobile consumption information	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB.	Adding the consumption information increases the likelihood of people acting by 4.7 percentage points
% likely to act	% likely to act	Combined incremental impact
61.4%	67.7%	6.3 percentage point uplift

Summary

Key recommendations



uSwitch's proposed notification for broadband would create a 4.2 percentage point uplift



uSwitch's proposed notification for mobile would create a 5.2 percentage point uplift

Ofcom proposal	Optimal notification	% incremental impact on likelihood to act
You may be able to make savings by exploring the available options, for example by moving to a SIM only plan	You may be able to make savings by exploring the available options, for example by moving to a SIM only plan	Keeping the proposed message doesn't incur any changes to likelihood as we tested Ofcom's message as a baseline
No pricing aggregation message	The total price you have paid over the last year is £X. Your projected annual price if you don't act and if prices don't change is £Y.	Adding the pricing information increases the likelihood of people acting by 1 percentage point
No mobile consumption information	Over your contract you have used an average of XX GB of data each month. Your highest amount of data in one month was XX GB.	Adding the consumption information increases the likelihood of people acting by 4.7 percentage points
% likely to act	% likely to act	Combined incremental impact
61.4%	66.6%	5.2 percentage point uplift

Broadband summary and recommendations

Pricing information is vital addition as it makes the renewal decision tangible

- Annual past and future pricing is most effective, as it is easy to understand and the large totals compel people to act
- Only standard users prefer monthly amounts over the annual total, as this is the likely way they view their contract payments

The new messages tested have no real impact on the call-to-action in isolation

- However, the combination of new messaging and pricing information increases the incremental impact on likely action by 5 percentage points
- The reasons they are so effective in combination is pricing presents the issue and the message the solution

The optimal pricing and messaging combination is:

You might be able to switch to a better deal

+

The total price you have paid over the last year is £X
Your projected annual cost if you don't act and if prices don't change is £Y

Recommendations

1. Three weeks prior to contract renewal is the optimal time to receive the notification as this offers time to explore options
2. Ensure that the message is concise and avoid terms like 'might' as it feels weak and ambiguous
3. Based on consumer comments a more effective final message would be 'You could switch to a better deal'

Mobile summary and recommendations

Pricing is less of an issue for mobile as the renewal has less impact on contract pricing

The Ofcom proposal is the most effective message but could be enhanced with more assertive language and concise delivery

Mobile consumption is the key influencer with the average and highest data consumption most compelling

However, the combination of all three has a galvanising effect, incrementally increasing likely action by 6 percentage points

User group plays a role in the most effective messaging combination:

1. SIM only users appreciate the specifics of their data usage
2. Flexi tariff users are less moved by price as their contract cost is likely to fall
3. Traditional handset contract users are motivated by monthly pricing as the most likely payment frequency for them

Ensure the notification is shared three weeks ahead of renewal to offer time to act at prices that won't change

Recommend that Ofcom amend their messaging to be as concise and assertive as possible

Tailor the messaging combination for mobile users based on their current contract specifics (i.e. communicate differently by usage levels)

OP10968

END OF CONTRACT NOTIFICATIONS

PREPARED FOR
USWITCH

PROJECT DETAILS

FIELDWORK DATES		21 st to 24 th September 2018
SAMPLE DEFINITION		2,006 nationally representative UK adults (aged 18+)

This report is based on the results of an online survey. Our results have been weighted to nationally representative criteria.

25TH SEPTEMBER 2018



What people
think, feel and do.



EXPIRED BROADBAND CONTRACTS

A QUARTER OF THOSE RESPONSIBLE FOR THEIR BROADBAND PACKAGE ARE OUT OF CONTRACT

Over a quarter (27%) of those responsible for their home broadband package know that their contract has expired, with a further 10% unsure as to whether or not they are still in contract. Perhaps more worryingly is how far out of contact they are, with those who know their contract has expired being, on average 20 months past the expiry date, and a quarter (26%) being over two years out.

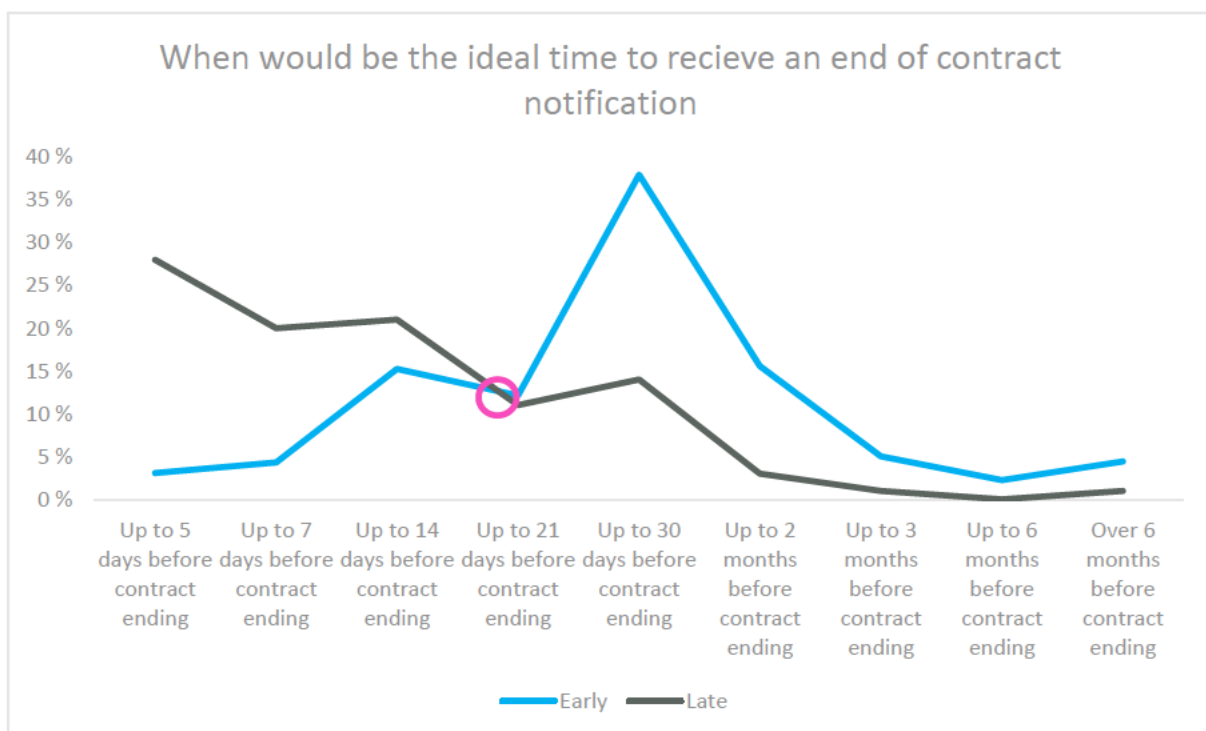
Over two fifths of those who are out of contract (46%) haven't renewed or looked elsewhere as they are happy with the cost they are paying, whilst a quarter (25%) say they are waiting for a good deal. However, 5% state they are waiting for a letter from their provider, perhaps unaware that this isn't currently required.

END OF CONTRACT NOTIFICATIONS

Almost three fifths (58%) of Brits feel annoyed that unlike household energy contracts, mobile and broadband providers are not required to inform customers when their contracts are coming to an end, potentially stopping them from saving money.

NOTIFICATIONS WOULD BE MOST EFFECTIVE 3 WEEKS BEFORE THE END OF CONTRACT

The ideal time to send end of contract notifications for Mobile and Broadband contracts, to provide enough time to act ahead of the contract ending would be 21 days before the end date.



Thinking of wording best suited for the notifications almost three quarter (74%) said they would be likely to act with the wording “You may be able to make savings by exploring the available options”, whilst over two fifths (44%) said they would be likely to act with the wording “You might be able to switch to a better deal. The total price you have paid over the last year is £13. Your projected annual price if you don't act and if prices don't change is £13.”.

ABOUT OPINIUM



What people think, feel and do.

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