Testing the impact of behaviourally informed energy bills and best offers
Executive Summary

The Behavioural Insights Team (BIT) worked with the Essential Services Commission (ESC) to understand consumer responses to different features of energy bills. BIT conducted user testing and desktop research, then designed behaviourally informed bills to improve comprehension and intentions to act. These were then tested using two online experiments.

In Trial 1 we found:

• There were no significant differences across treatment arms on comprehension about whether respondents were on the best deal, and what they needed to do to get the best deal.

• The treatments also did not have differential impacts across sub-groups such as respondents from culturally and linguistically diverse backgrounds, or those aged 60 and over.

In Trial 2 we found:

• Framing the cheapest offer as a statement and that they were “paying too much” strongly improved comprehension compared to other treatment arms.

• The “paying too much” framing led less people to intend to “do nothing” in response to receiving their bill compared to other treatment arms.

We also found across both trials that the inclusion of the behaviourally informed features did not introduce any confusion in the total amount to be paid. There were also a range of wider findings on consumer attitudes and views enabled by the user testing and online data collection.
Background to the project

The policy problem

The Independent Review of the Electricity and Gas Retail Markets in Victoria (the Thwaites Review) contained a range of recommendations for reforming retail energy markets in Victoria. In particular, Recommendation 3G set out a requirement for retailers to provide, on a customer’s bill, “the retailer’s best offer for that customer based on their usage patterns.”

This is a substantial change, and there are a range of ways that this could be implemented. Moreover, the specific way in which the best offer is made, and how it is presented, will impact how consumers react to it.

There is significant evidence that shows consumers’ behavioural biases can drive their behaviour. It is important to understand these behavioural biases, and test possible solutions. This is necessary to ensure that the policy is as effective as possible.

Our approach

For this project, we conducted qualitative user testing and a review of the literature. We then designed documents motivated by the research, and tested their efficacy using two online randomised controlled trials (RCT).

The user testing involved developing drafts of bills and companion letters, and providing them to a range of consumers for their feedback. These were done in individual interviews, and included some consumers from culturally and linguistically diverse backgrounds, as well as a diversity of ages and tenures with their current energy provider.

Taking into account the reactions from consumers interviewed, we then refined the documents before choosing four versions to test in an online trial. To conduct the two trials, we used Predictiv, BIT’s online rapid research platform. We screened to ensure that respondents in the online testing were from Victoria, and were either the main or joint energy decision-maker in the household, and collected additional demographic information.

In addition to asking respondents about their understanding of bills and associated documents, we were able to ask about wider energy market issues as well.
Overview

1. The trials
2. Wider findings
3. Caveats and limitations
1. The trials

2. Wider findings

3. Caveats and limitations
Trial 1 – Testing the impact of the best offer
The first trial involved a total of 2,383 Victorian respondents who were either the main or the joint energy decision-maker. Respondents were shown one of the four versions of the bill – a control version that had just the bill, or one of three treatment arms that included a letter before the bill explaining that the customer was not on the best deal.

Respondents were asked about their understanding of several features of the bill and the letters – these formed the primary outcome measures. We also asked about intended behaviour.

We then asked a series of additional questions about their behaviours and interactions with the energy market.

Finally, respondents answered some basic financial literacy questions and filled out some questions about their demographics. This included aspects such as whether they were in metro Melbourne or based in a rural area, and whether they spoke a language other than English at home.

The full question list is also provided in the attached appendix.
Control and treatment arms
Control: bill only

ACCOUNT SUMMARY

- Product code: 4617100235
- Usage charge: $0.00
- Admin fee: $0.00
- Payments received: $0.00
- Balance carried forward: $0.00
- Total charges: $0.00
- Total amount due (not incl. GST charges of $0.00): $0.00

PAYMENTS RECEIVED

- Direct debit 4/10/2023
- Total: $0.00

OTHER CHARGES AND ADJUSTMENTS

- 4/10/2023 Other charges and adjustments (incl. GST of $0.00): $0.00
- Total: $0.00

TOTAL ELECTRICITY CHARGES

- Total electricity charge: $0.00

AVG DIARY USAGE

- Average usage: $3.57

ACCOUNT number: 00033939320
Tax invoice: 4617100235

NEED TO GET IN TOUCH?

- Mining address: www.behavioural.com.au/mining
- Customer service: 1300 130 130

Comparing our plans

Use this table to compare our plans in more detail.*

Plan name | Easy Save Plan | Flexi Save Plan | Anytime Save Plan
---|---|---|---
Estimated annual bill excluding discounts* | $7,095 | $7,075 | $7,044
Discounts available (including conditions) | Pay on time: 10% | Pay on time: 10% | No discounts
Estimated annual bill assuming all discount conditions are met | $1,687 | $1,687 | $1,687
Non-discount benefits available | None | None | None
Tariff type | Flat tariff | Flat tariff | Flat tariff
Tariff rates | Adult: 11.3c/kWh, Consumption: 27c/kWh | Adult: 11.3c/kWh, Consumption: 27c/kWh | Adult: 11.3c/kWh, Consumption: 27c/kWh
Contract period | No contract | No contract | 1 year
Files | Inactive account files | Inactive account files | Inactive account files
Free credit, usage and status | Free credit, usage and status | Free credit, usage and status | Free credit, usage and status
Solar feed-in tariff rate | 12.8c/kWh | 12.8c/kWh | 12.8c/kWh
OzonePower option | 10% Green Power | 30% Green Power | None

* Based on your usage patterns over the last 12 months.

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Treatment 1: “Box – savings amount” letter

BILL HEALTH CHECK

[NAME], we could put you on a cheaper plan.

We now regularly check if we can offer you a cheaper plan based on your energy usage.* New rules in Victoria require us to do this. Here are two cheaper plans for you.

The yearly cost of your current plan is $1,730 or $1,557 with discounts.
The yearly cost of your cheapest plan is $406 or $300 with discounts.

It’s easy to switch to a cheaper plan. Simply:

Email switch@boltenergy.com.au
Call 13 24 81
Visit www.boltenergy.com.au

Comparing our plans

Use this table to compare our plans in more detail.*

<table>
<thead>
<tr>
<th>Plan name</th>
<th>Your current plan</th>
<th>Our cheapest annual plan</th>
<th>Our cheapest annual plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy Saver Plan</td>
<td>$1,780</td>
<td>$1,297</td>
<td>$1,248</td>
</tr>
<tr>
<td>Flexi Saver Plan</td>
<td>$1,824</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anytime Saver Plan</td>
<td>$2,248</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated annual bill saving**</td>
<td>$1,767</td>
<td>$1,297</td>
<td>$1,248</td>
</tr>
<tr>
<td>Pay on time 10%</td>
<td>Pay on time 10%</td>
<td>Pay on time 10%</td>
<td>No discount</td>
</tr>
<tr>
<td>Non-discountable benefits available</td>
<td>None</td>
<td>Two per month, total per year</td>
<td>800 online sign up fee</td>
</tr>
<tr>
<td>Tariff type</td>
<td>Flat tariff</td>
<td>Flat tariff</td>
<td>Flat tariff</td>
</tr>
<tr>
<td>Rates</td>
<td>Reg $1.90 C/kWh</td>
<td>Reg $1.90 C/kWh</td>
<td>Reg $1.90 C/kWh</td>
</tr>
<tr>
<td>Contract period</td>
<td>No contract</td>
<td>No contract</td>
<td>1 year</td>
</tr>
<tr>
<td>Fees</td>
<td>Individual account</td>
<td>Individual account</td>
<td>Individual account</td>
</tr>
<tr>
<td>Solar feed-in tariff rate</td>
<td>11.3c/kWh</td>
<td>11.3c/kWh</td>
<td>11.3c/kWh</td>
</tr>
<tr>
<td>GreenPower option</td>
<td>10% Green Power</td>
<td>20% Green Power</td>
<td>None</td>
</tr>
</tbody>
</table>

Call us now on 13 24 71 or go to www.boltenergy.com.au and quote your account number 300 003 993 300. Or, visit the independent Victorian Government price comparison website, Victorian Energy Compare, to find a new energy retailer https://compare.switch.vic.gov.au/.

About you

This is a summary of key information about your electricity use across the past year. It may come in handy when comparing offers.

<table>
<thead>
<tr>
<th>Item</th>
<th>Your info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your distribution</td>
<td>Melbourne Power</td>
</tr>
<tr>
<td>Average daily usage over the year (kWh)</td>
<td>12.3 kWh</td>
</tr>
<tr>
<td>Annual usage (kWh)</td>
<td>482 kWh</td>
</tr>
<tr>
<td>Annual solar export (kWh)</td>
<td>0 kWh</td>
</tr>
<tr>
<td>Does your property have ‘controlled load’?</td>
<td>No</td>
</tr>
</tbody>
</table>

Note: Final three pages were equivalent to control, with the “comparing our plans” page moved before the bill.
Treatment 2: “Table – bill amount” letter

Note: Final three pages were equivalent to control, with the “comparing our plans” page moved before the bill
Treatment 3: “Table – savings amount” letter

Comparing our plans

Use this table to compare our plans in more detail.*

<table>
<thead>
<tr>
<th>Plan name</th>
<th>Your current plan</th>
<th>Our cheapest similar plan</th>
<th>Our cheapest plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Easy Saver Plan</td>
<td>Flexi Saver Plan</td>
<td>Anytime Saver Plan</td>
</tr>
<tr>
<td>Estimated annual bill saving/discount (%)</td>
<td>$1,700</td>
<td>$1,824</td>
<td>$1,248</td>
</tr>
<tr>
<td>Bonus electricity available</td>
<td>Pay on time 10%</td>
<td>Pay on time 10%</td>
<td>No discount</td>
</tr>
<tr>
<td>Estimated annual bill saving/discount/feature</td>
<td>$1,257</td>
<td>$1,297</td>
<td>$1,248</td>
</tr>
<tr>
<td>Additional benefits available</td>
<td>None</td>
<td>Two platinum movie tickets upon sign-up</td>
<td>800 online sign-up bonus</td>
</tr>
<tr>
<td>Tariff type</td>
<td>Flat tariff</td>
<td>Flat tariff</td>
<td>Flat tariff</td>
</tr>
<tr>
<td>Rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Standard 11.45 cents/kWh</td>
<td>Standard 10.3 cents/kWh</td>
<td>Standard 11.45 cents/kWh</td>
</tr>
<tr>
<td></td>
<td>Domestic energy only</td>
<td>Domestic energy only</td>
<td>Domestic energy only</td>
</tr>
<tr>
<td></td>
<td>Solar energy only</td>
<td>Solar energy only</td>
<td>Solar energy only</td>
</tr>
<tr>
<td>Solar feed-in tariff rate</td>
<td>11.35 cents/kWh</td>
<td>11.35 cents/kWh</td>
<td>11.35 cents/kWh</td>
</tr>
<tr>
<td>Green/Power option</td>
<td>10% Green Power</td>
<td>20% Green Power</td>
<td>None</td>
</tr>
</tbody>
</table>

Call us now on 13 25 71 or go to www.boateregy.com.au and quote your account number 300 033 393 200.

Or, visit the independent Victorian Government price comparison website, Victorian Energy Compare, to find a new energy retailer https://compare.switch.on.vic.gov.au/.

About you

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</tr>
</thead>
<tbody>
<tr>
<td>Your distributor</td>
<td>Melbourne Power</td>
</tr>
<tr>
<td>Average daily usage over the year (kWh)</td>
<td>123 kWh</td>
</tr>
<tr>
<td>Annual usage (kWh)</td>
<td>482 kWh</td>
</tr>
<tr>
<td>Annual solar export (kWh)</td>
<td>0 kWh</td>
</tr>
<tr>
<td>Do your property have ‘controlled load’?</td>
<td>No</td>
</tr>
</tbody>
</table>

Note: Final three pages were equivalent to control, with the “comparing our plans” page moved before the bill

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Trial 1 - Results
There were no significant differences in comprehension between treatment arms

Across the four treatments, there was fairly high comprehension of the two main questions. That is, a majority of respondents understood they were not on the best energy plan, and a majority recognised they could contact their provider for the better deal.

However, there were no significant differences between the various treatment arms. This suggests that on the key questions of whether consumers understood that they were on the best deal or not, and that they could contact their provider for the best deal, the addition of the letter did not increase understanding relative to the other treatment arms.

Reference questions (see appendix for full question list)

- Question 2
- Question 3
Treatments had similar impacts on comprehension across demographic groups

We collected a range of demographic information, but conducting sub-group analysis is difficult due to small sample sizes. Instead, we conducted causal tree analysis – a machine learning technique that seeks to identify potential sub-groups where a treatment has differential effects. We did this for the two primary comprehension questions (understanding of whether or not they were on the best deal, and of how to get the best deal). Note, we are not stating that these results are statistically significant, and caution needs to be taken when interpreting them. However, they provide some potential indications of differential effects.

In general, the treatments did not appear to have significant differential effects on demographic sub-groups. This includes those from culturally and linguistically diverse backgrounds (CALD). There was some variation for rural vs metro, and respondents aged 60 and over. However, as noted above, caution needs to be taken when interpreting these results, given the small sample size of each of the sub-groups.
Including the savings figure increases comprehension of additional questions relative to the other treatment arms

We also asked a set of additional comprehension questions, focusing on an understanding of the basis of the deal (best deal from current provider vs. any provider), the basis of the usage information, and a general understanding of the size of savings. The Box-Savings letter and Table-Savings letter both showed statistically significant increases in comprehension.

This appears to be driven mostly by increased understanding of the approximate savings on offer. Perhaps unsurprisingly, presenting the better offers as a potential saving (rather than the total annual cost) substantially increases the ability of respondents to identify the amount of savings on offer.

Notably, all treatment arms included the savings figure quite prominently on the bill itself. As such, it indicates that there is value in providing the information about the potential savings on a separate letter, as it increases understanding about the quantum of savings on offer.

Reference questions (see appendix for full question list)
- Question 4
- Question 5
- Question 6
There were no significant differences in intended behaviour in response to the bills

In addition to asking about comprehension, we asked respondents about how they thought they would respond if they received a bill such as this. Note that this only measures intentions, and not actual behaviours.

There were no significant differences in intentions around contacting the provider, using Victorian Energy Compare (VEC), or doing nothing. There were small directional differences, but these were not statistically significant.

Notably, the proportion of respondents stating that they would “do nothing” is very low (less than 10%), and likely understates the true behaviour among the population. Based on field evidence, we would expect that more respondents would not take any action. Or, even if they took some action to ring their provider or do some research online, they would still stay with the same plan.

Reference questions (see appendix for full question list)

- Question 7

Reported intentions on receiving the bill, aggregated
Trial 2 – Improving notices on energy bills
Overview of Trial 2

A total of 2,013 Victorian respondents who were either the main or the joint energy decision-maker were included in the second study.

It used a 2x2 Trial design that combined a headline framed as a Statement or Question, and the offer amount framed as a Saving or a Payment. The Statement and Question conditions also differed in the colour of the call-out box, with the red colour being much more striking against the mostly blue bill. This builds on the first trial, tweaking the design of the control bill, which performed as well as the other designs in the previous trial.

Respondents were shown one of the four versions of the bill, each one featuring a callout box with a different combination of messages. Only the call-out box differed between the conditions. These are shown on the right of the page.

We then asked identical outcome measures to the first trial. This included questions about their understanding of several features of the bill and the letters, their intended behaviour and demographic questions.
Treatment arms
Your electricity bill

4 Mar 16 – 5 June 16

YOUR ACCOUNT DETAILS
- Account number: 300-003 393 200
- Tax number: 140 036 356 00
- Total due: $365.01

PAYMENTS RECEIVED
- T 31 May
- T 30 May

OTHER CHARGES AND ADJUSTMENTS
- 10 April 16: Other charges and adjustments (not SST of $0.00)
- Total amount due: $365.01

TOTAL ELECTRICITY CHARGES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basics charge</td>
<td>$209.71</td>
</tr>
<tr>
<td>Peak charge</td>
<td>$249.71</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>$0.00</td>
</tr>
<tr>
<td>Your rate charge</td>
<td></td>
</tr>
<tr>
<td>Other charges and adjustments (not SST of $0.00)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total amount due</td>
<td>$365.01</td>
</tr>
</tbody>
</table>

ACCOUNT SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
</tr>
<tr>
<td>Payments received</td>
<td>$249.71</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>$209.71</td>
</tr>
<tr>
<td>Your rate charge</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other charges and adjustments (not SST of $0.00)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total amount due</td>
<td>$365.01</td>
</tr>
<tr>
<td>Total amount due (not incl SST charges of $32.23)</td>
<td>$332.78</td>
</tr>
</tbody>
</table>

**NEED TO GET IN TOUCH?**

**Moving address?**
Go online: boltenergy.com.au/movers (allow 5 business days notice)

Contact us:
We’re happy to help – any questions or complaints:
- My Account: email: info@boltenergy.com.au
- Pay: call us: 13 26 31
- Online: boltenergy.com.au/contact

Write to us (payment):
Bolt Energy Customer Contact Centre, GPO Box 2400, VIC 3001

Concessions and rebates:
You may be eligible for the electricity concession and/or the Emergency Concession or Off-Peak Energy Concession – call us on 13 26 31 for details.

Payment assistance:
Payment assistance, special payments, instalment plans and the Utility Relief Grant Scheme are available if you need them – call us on 13 26 31 for details.

National Relay Service:
If you have hearing or speech impairment, contact us through the National Relay Service. For more information, visit www.nrelayservice.gov.au

Need an interpreter? Call 1300 137 667

AVERAGE DAILY USAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic charge</td>
<td>$210.40</td>
</tr>
<tr>
<td>Peak charge</td>
<td>$156.77</td>
</tr>
<tr>
<td>Total MWh</td>
<td>$3.57</td>
</tr>
</tbody>
</table>

Important information:
We changed our electricity charges for most Victorian customers on 1 January 2016. You’ll see a few minor changes on this bill. Find out more at boltenergy.com.au/knowbeforechange or call us.
Your electricity bill

4 Mar 18 – 5 June 18

COULD YOU PAY LESS?
On our Anytime Saver Plan you could save up to $485 a year!
To switch plans, call 13 23 71, or go to www.boltenergy.com.au

Your account number: 345 000 500 000

ACCOUNT SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>$280.27</td>
</tr>
<tr>
<td>Payments received</td>
<td>$290.29</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>$0.00</td>
</tr>
<tr>
<td>Your total charges</td>
<td></td>
</tr>
<tr>
<td>Other charges and adjustments (incl GST of $0.00)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total electricity charges</td>
<td>$280.29</td>
</tr>
<tr>
<td>Total amount due (incl GST charges of $0.00)</td>
<td>$560.57</td>
</tr>
</tbody>
</table>

PAYMENTS RECEIVED

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount due</td>
<td>$280.29</td>
</tr>
<tr>
<td>Total</td>
<td>$280.29</td>
</tr>
</tbody>
</table>

OTHER CHARGES AND ADJUSTMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 April 18 - Other charges and adjustments (incl GST of $0.00)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

TOTAL ELECTRICITY CHARGES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (kWh)</td>
<td>$280.29</td>
</tr>
<tr>
<td>Reg. meter reading</td>
<td>$0.00</td>
</tr>
<tr>
<td>Date billing</td>
<td>Must follow date 3 months</td>
</tr>
<tr>
<td>Period: 4 Mar 18 – 5 June 18</td>
<td></td>
</tr>
<tr>
<td>Your rate, D/F rate</td>
<td>$0.23/kWh</td>
</tr>
<tr>
<td>Meter no.</td>
<td>42570270</td>
</tr>
<tr>
<td>Usage type</td>
<td>Peak</td>
</tr>
<tr>
<td>Current读</td>
<td>210.40</td>
</tr>
<tr>
<td>Usage (kWh)</td>
<td>$560.57</td>
</tr>
</tbody>
</table>

AVERAGE DAILY USAGE

> $3.57

Important Information

We changed our electricity charges for most Victorian customers on 1 January 2018. This will affect your charges on this bill. Find out more at boltenergy.com.au/important or call us.
Your electricity bill
4 Mar 18 – 5 June 18

ACCOUNT SUMMARY

Transaction
Opening balance
Payments received
Balance carried forward
Your rate charges
Other charges and adjustments (incl GST of $0.00)
Total electricity charges, 10% discount and rebate (incl GST of $0.92)
Total amount due (incl GST charges of $20.23)

PAYMENTS RECEIVED

$320.01 r paid by 5 Jul 18
$365.01 r paid after the due date

$320.01
$365.01

OTHER CHANGES AND ADJUSTMENTS

10 April 17: Other charges and adjustments (incl GST of $0.00)

TOTAL ELECTRICITY CHARGES

Energy usage:

National Minimum Standard (NMS) 98.00

Meter reading:

Latest reading:

PERIOD: 4 Mar 18 – 5 June 18

Your reply service contact:

Meter No: Usage type: Previous Read: Current Read: Usage (kWh):

AC007071 Peak: 210.40 107.34 103.06

AVERAGE DAILY USAGE

Here is the average daily usage charge per day.

$3.57 Peak

Important Information

We charged our electricity charges for most Victorian customers on 1 January, 2018. This is to avoid additional charges on this bill. Find out more at boltenergy.com.au/howtoexchange or call us.
Question + Payment

ACCOUNT SUMMARY

This month:
- Opening balance: $245.27
- Payments received: $245.27
- Balance carried forward: $0.00
- Your total charges:
  - Other charges and adjustments (incl GST of $0.00): $0.00
  - Total electricity charges: $94.20 (incl GST of $0.00)
- Total amount due (incl GST charges of $0.00): $239.47

PAYMENTS RECEIVED

- Payment in Full
  - Total: $245.27

OTHER CHARGES AND ADJUSTMENTS

- 10 Apr 19: Other charges and adjustments (incl GST of $0.00): $0.00
- Total: $0.00

TOTAL ELECTRICITY CHARGES

- Energy usage:
  - Max daily usage: 212.40 kWh
  - Current usage: 162.34 kWh
  - Usage (kWh)

AVERAGE DAILY USAGE

- $3.57

Important Information

We changed our electricity charges for most Victorian customers on 1 January 2019. You’ll see the new charges on this bill. Find out more at boltenergy.com.au/knowyourcharges or call us.
Trial 2 - Results
The Statement + Payment framing was the most effective at increasing comprehension

There were large differences in comprehension across the four treatments. In the Question + Saving framing, Under 40% of respondents understood they weren’t on the best deal, compared with almost 65% in the Statement + Payment group.

A majority recognised they could contact their provider for the better deal in all conditions, but this ranged from 57% in the Question + Saving condition to 68% in the Statement + Payment question.

Using a statement (vs a question) improved comprehension of whether they were on the best deal by approximately the same magnitude as using a payment frame (vs a saving frame). However for comprehension of whether they could contact the provider, comprehension was improved by using a statement (vs a question).

Reference questions (see appendix for full question list)
- Question 2
- Question 3
The payment framing led fewer people to “do nothing”

In addition to asking about comprehension, we asked respondents about how they thought they would respond if they received a bill such as this. Note that this only measures intentions, and not actual behaviours.

We see a large and statistically significant reduction in those that say they would “do nothing” in response to receiving this bill. Both conditions with the payment framing having approximately 10% of respondents intend to do nothing, while this is higher for both the Saving framing conditions – approximately 20% for the Question + Saving framing and 15% for Statement + Saving framing.

As noted above, however, caution needs to be taken when interpreting these results, given the small sample size.

Reference questions (see appendix for full question list)

- Question 7

Proportion of respondents who stated they would “I would pay it and do nothing else/I have a direct debit set up for it to get paid, so would do nothing else”
Looking more closely at the proportion of respondents' intentions after receiving the bill from the previous page, we see that individuals are more likely to respond that they will “do some research to find a better deal” or “call my energy provider” if they received a bill with the payment framing.

This suggests that this framing is creating more active intentions towards their bill and motivating action. However, it is unclear why using a comparison website is reduced due to this framing – the comparison website may be seen as less effective or more passive approach to acting on the bill than calling the energy provider directly or conducting their own research.

Reference questions (see appendix for full question list)

- Question 7

Responses to “On receiving a bill like this, what do you think your response would be?”, comparison between conditions
Treatments had similar impacts on comprehension across demographic groups

We collected a range of demographic information, but conducting sub-group analysis is difficult due to small sample sizes. We have looked at the differences in averages by both the letter they viewed and the subgroups that were of interest in the first trial, to investigate whether there were meaningful differences in comprehension. We did this for the primary comprehension question, whether they understood they weren’t on the best deal.

In general, the treatments did not appear to have significant differential effects on demographic sub-groups. This includes those from culturally and linguistically diverse backgrounds (CALD). There was some variation for rural vs metro, and respondents aged 60 and over. However, as noted above, caution needs to be taken when interpreting these results, given the small sample size of each of the sub-groups.

Proportion of respondents who understood they weren’t on the best deal, by CALD status and treatment

Proportion of respondents who understood they weren’t on the best deal, by location and treatment

Proportion of respondents who understood they weren’t on the best deal, by age and treatment
1. What we did

2. Wider findings

3. Caveats and limitations
Wider findings
The new design did not introduce confusion about the amount to be paid

One issue that was raised as a potential complication of implementing Recommendation 3G was the potential for additional figures on the bill to cause confusion for customers. To test this, we provided an excerpt of the bill itself and asked consumers to identify the figure that they had to pay by the due date of 5 July 2018 in both trials.

We included the additional cost per year, as well as including a secondary payment amount for customers who paid after the due date – this was done to reflect the fact that many bills have multiple figures (including multiple payment figures) on the front, all of which might cause confusion.

The overwhelming majority of respondents in both trials were able to correctly identify the correct payment amount. A very small number chose the “saving” amount – but a small number also chose the amount to be paid after the due date. This suggests that the addition of the “saving” amount does not substantially increase confusion.

Reference questions (see appendix for full question list)
- Question 8

Respondent’s answers in Trial 2 when asked what they believed the amount to be paid by 5 July 2018 was, aggregated
Consumers are sceptical of retailers

Respondents were asked to imagine a scenario where the retailer would estimate their usage in order to provide them with the best deals. Respondents reported an average trust of retailer calculations as approximately 5.5 (out of 10, with 10 being the highest). This reflects some degree of scepticism of retailer calculations.

More broadly, a number of free text responses from respondents in the online test expressed scepticism that the retailer would be providing honest information about the best deals, which may explain why a substantial proportion of respondents stated they would use the VEC website.

The user testing also revealed that this distrust may also be a driver for the high levels of inertia in the market. One participant stated that they would probably stick with their own retailer because “it’s the devil you know”. Hence, even though they have a low opinion of their own retailers, many consumers might be wary of switching to another retailer for fear of even worse outcomes.

Reference questions (see appendix for full question list)

- Question 9

Right: quotes from free text sections of the online test

“I don't believe my current or any energy provider has my interests in mind - they are there to make a buck”

“Energy pricing is a confusing web.”

“I don't trust energy providers. I would do my own research.”
Relatively few consumers report switching

Consistent with previous surveys, more than 90% of respondents report not having switched within the past 12 months in both trials. In addition, continuing with their previous or existing provider is the most common method for choosing the current provider, highlighting the power of inertia.

Note that this conflicts with AEMO data, which indicates a much higher rate of reported switching (closer to 27% switching in the past 12 months in Victoria). There may be several reasons why this is the case. Firstly, some respondents may have mis-remembered (for example, reporting a switch as over 12 months ago, despite it occurring more recently). Secondly, the sample may be skewed towards those less likely to switch.

However, a number of respondents reported switching within provider – the total reported switching both within existing providers and externally in the past 12 months is just under one third.

Reference questions (see appendix for full question list)
- Question 14
- Question 15
- Question 16
The vast majority of participants pay online or have a direct debit set up

We asked all respondents in both trials how they pay their energy bills. Almost 90% of respondents either pay over the internet or have a direct debit setup, suggesting that paying their electricity bills is a largely automatic and mindless process for most consumers.

This suggests that for most respondents, the only time that they consider their electricity costs would be when they read their bill. Somewhat surprisingly, the majority of respondents who receive their bill electronically report always opening their bill and reading it closely. This suggests that small changes to the bill may be impactful outside of the laboratory setting.

However, the fact that we recruited participants online means that our sample is almost certainly overstating the proportion of those who pay online, and those who use e-billing. By definition, our sample did not include those who are not online. As such these estimates are better viewed as an “upper limit” of the levels of e-billing and online payments/direct debits in the broader community.

Reference questions (see appendix for full question list)
- Question 22
- Question 23
Difficulty of switching affects reported willingness to switch

Respondents were re-randomised after the initial series of questions, and asked to provide their subjective difficulty rating (on a 1 to 10 scale, with 10 being the most difficult) for switching energy plans under either a scenario where they had to go out and find the best deal (“status quo”) or a scenario where they had the best deal from their provider emailed to them and could simply click to change (“easy scenario”). They were also asked to state how much they would need to save before they chose to switch under either scenario. As hypothesised, an easier switching process saw an easier perceived difficulty, and a lower potential saving to switch.

While the results are intuitive, they suggest two important features. Firstly, making the process as easy as possible materially impacts how much people are willing to switch (in that consumers state a preference to switch for a lower amount of savings). Secondly, the higher that the savings figure that can be presented to individuals, the more likely people are to state a willingness to switch.

Reference questions (see appendix for full question list)
- Question 12a
- Question 12b
There are clear peaks for the amount of savings required to switch providers

This chart shows an estimated density plot of the amount of savings required to switch under the two scenarios. Note that this is a smoothed estimate of the underlying distribution, and is capped at $500 (which covers 95% of responses).

The chart shows clear peaks over “round” numbers (i.e., multiples of $100 or $50). Importantly, it shows that the easier scenario is much more likely to result in a very low threshold for switching (less than $50).

Reference questions (see appendix for full question list)
- Question 12a
- Question 12b
User testing revealed people preferred information in a table

Several features of the two letters with tables were highlighted by user testing participants as more appealing. Firstly, participants appreciated the table that laid out the information for them – even though the information was identical across treatments, the presence of the table seemed to give participants confidence.

Secondly, participants expressed a sentiment that these versions looked less like marketing, particularly in contrast to the Box-Savings letters. In particular, participants felt that the letter was a more targeted, personalised offer. The signature at the bottom was cited as a factor in this – participants recognised that this was likely to be automatically generated, but still felt a sense that someone was writing directly to them, rather than a more generic document.

“With the table if feels like it’s giving me more information. Looks more real.”

“I definitely would have read this [table version] with a more open mind than the other one.”

“Maybe I’m for the old-school, but someone’s ownership (the signature) … It feels like someone is writing to you.”

Right: quotes from user testing
User testing revealed people want to be put on the best plan automatically

A key theme that came out of the user testing phase was that overall participants were keen to save money on their electricity and were glad to receive this information. Most participants were able to identify the difference between the cheapest overall and the cheapest plan with similar features.

However, a number of participants stated that they felt a switch should have happened automatically, and that they shouldn’t have to contact their retailer to make the switch.

Most participants also suggested that it would act as a prompt for them to either contact their retailer, or do their own research. This suggests that the presentation of this information could have a positive impact on people’s switching behaviour.

“Well if it’s cheaper you should just give it to me, I shouldn’t have to ring you to get the cheapest plan.”

“If this is new legislation why aren’t you just switching me to another plan. I shouldn’t have to do this.”

“We could have charged you less.’ I’m like... what do they actually mean... well why didn’t you?”

Right: quotes from user testing
1 The trials

2 Wider findings

3 Caveats and limitations
Framed field experiments will always have limitations

We were testing comprehension, but not actual behaviour

The online test measured comprehension and intentions. Comprehension is most likely a necessary, but not sufficient, precondition for switching providers. We cannot be certain that increases in comprehension will necessarily translate into increased action.

However, the results of the “scenario” testing showed that respondents had some reported threshold for how much they would need to save before taking action. This suggests that there may be benefits to increasing understanding about the potential savings on offer – if consumers have a better understanding and recognise that there are substantial savings on offer, they may be more likely to take action.

Our sample is likely biased towards certain online behaviours

As noted above, it is likely that some reported behaviours – such as the proportion who receive bills online, and the proportion paying online – are overstated relative to the general population.

This is because our survey was conducted entirely online, and therefore would not have included those who are not online.

Hence, some descriptive figures should be considered as “upper limits”, recognising that the true proportions are likely lower than these figures. We have flagged these in the sections above.

We only tested one broad format of bills

There are as many different versions of bills are there are retailers – however, we were only able to test one format. Whilst we have tried to incorporate features from a number of different retailers, it is not possible to create a “universal bill” that reflects every retailers’ practice. Therefore it is possible that there are other formats of bills that may see slightly different results.

However, the finding that there are benefits to understanding of savings amounts from an additional letter is likely to be reflected regardless of the format of the bill. As this represents an additional feature that is not dependent on the format of the bill, we would expect it to apply more widely.
Attachments and appendices

Appendix 1 – Full question list