Consumers' hierarchies of priorities

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A research report for Citizens Advice

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Executive Summary

This report describes how consumers engage with markets. It is part of a programme of research by the Consumer Futures Unit at Citizens Advice[1] to establish whether consumers have a hierarchy of priorities that determines how much time they allocate to shopping around in markets; and if so, where the electricity and mains gas supply, telecommunications and financial services markets fit into the hierarchy.

Classical economics posits that markets are in equilibrium when there are many suppliers competing for consumer attention and many consumers demanding products and services. As long as there are no shortages of products or raw materials and that supply can meet demand, then prices are driven down and quality improves. Underpinning this classical model is the rational choice model. This assumes that consumers will secure the best deal for themselves by weighing up the costs and benefits of available offers in order to arrive at a purchase decision that maximises personal advantage. It further assumes that consumers have access to complete and easily understood information, and that they are willing and able to spend the necessary time evaluating all the available offers.

There are challenges to this model which are particularly acute in regulated markets. Information about offers is not always easy for the average person to understand, and the number of choices may variously be limited or overwhelming. There have been many attempts to encourage more market activity (number of switchers and frequency of switching) in regulated markets by activities such as:

- Simplifying tariffs
- Making the process of switching easier
- Publicising benefits of switching

But despite this there continues only to be a minority of consumers switching suppliers. All regulatory and consumer bodies in the electricity and mains gas supply

[1] On 1 April 2014, Consumer Futures – which represented the interests of consumers across essential, regulated markets and was the statutory representative for consumers of postal services across the United Kingdom, for energy consumers across Great Britain, and for water consumers in Scotland – became part of the Citizens Advice Service.

and other regulated markets are committed to encouraging greater consumer engagement.

However, greater engagement requires more of consumers' time. The amount of time consumers are willing and able to devote to engaging in markets may be limited; the time to engage in additional consumer tasks may only be available by sacrificing another activity[2]. In particular, complex, unfamiliar or infrequently visited markets may demand a significant amount of time to find the best deal, especially if the decision concerns a major household expense and is influenced by factors other than price alone. The amount of time the average consumer is willing or able to spend engaging in regulated markets may therefore be insufficient to identify and obtain a better deal.

It may well therefore be the case that consumers prioritise time spent on markets depending on the importance to them of the goods and services that each market delivers, the expected benefit or reward and whether engaging in the market is enjoyable. The hypothesis is that consumers effectively have a *hierarchy of priorities* that determines how much time and in what way they are prepared to engage with different markets.

By understanding this hierarchy and the criteria that determines them, agencies could be better placed to design initiatives that complement consumer behaviour in these markets and provide tangible guidance for regulators on activities best designed to encourage consumer engagement.

Behavioural economics has long challenged the notion of consumers as being equipped to make rational, optimal choices such as how we best spend our time. Instead we all operate in the realms of 'bounded rationality'[3], using 'rules of thumb' to make decisions rather than strict rules of optimization. We do this because of the complexity of situations and our inability to process all the data available and calculate the expected utility of every alternative action.

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[2] Jonathan Gershuny (2000). Changing Times: Work and Leisure in Post-Industrial Society. Oxford University Press

[3] Simon, Herbert (1957). "A Behavioral Model of Rational Choice", in Models of Man, Social and Rational: Mathematical Essays on Rational Human Behavior in a Social Setting. New York: Wiley

It may be that behavioural economics better informs the way in which information is presented to consumers, encouraging greater engagement with regulated markets both in terms of choosing to allocate time as well as the amount of time that is spent on the task.

Research Method

Measuring the amount of time that consumers spend doing various activities is a difficult research exercise. In most markets a diary survey would be the optimal approach to collect detailed information on time usage but this was not a viable option in this case as purchases are made infrequently in regulated markets therefore requiring a very large sample size and long diary period.

An innovative approach was therefore required to measure how much time consumers spend shopping around in different markets. This involved three stages of research:

- Face-to-face interviews using an omnibus survey (regular survey across a range of topics with a nationally representative sample of GB consumers) to establish which markets and for how long consumers shopped around as well as where they would prioritise their time to find the best deals. The data collected was formed from consumers' self-reporting.
- Passive monitoring of website usage using GfK's consumer panel, to measure how long consumers are browsing websites in different markets. This generated data based on actual rather than reported usage.
- An experimental study using controlled conditions to measure task choice and time taken and whether interventions based on behavioural economics principles could influence consumers to engage in shopping tasks in different markets. This was based on actual rather than reported usage.

There are no perfect solutions for gathering data to establish a hierarchy of priorities in regulated markets and to explore the effect of interventions on this hierarchy. Nevertheless, this research approach provides a triangulated data set on which to measure and assess the key objectives and as such offer clear guidance to those representing consumer interests in regulated markets.

Key findings

There were two broad ways in which this study explored evidence for a hierarchy of priorities. The first was the degree to which consumers undertook activity in these markets. If there are differences between markets in the way in which consumers choose to shop around and engage then clearly they are being prioritised differently. Second, if there are differences in the time taken by consumers in their activity across markets then this is further evidence of differential priorities being applied.

Choosing to engage

In response to the first issue, level of engagement by market, the research consistently identified that consumers would apply a hierarchy of priorities across regulated and unregulated markets. Consumers themselves would report differences in the level of shopping around that they undertook by market which led to different levels of considering switching and switching itself. Regulated markets were typically high on this list of priorities perhaps reflecting consumers' *perceived* importance of engaging with these categories.

However, an observation of actual behaviour, obtained through passive monitoring of consumers home PCs and generated though the experimental study identified a quite different set of priorities where regulated markets where not of such high priority. There is some evidence that more leisure related, apparently enjoyable shopping activities tend to take priority.

There is also some evidence that presenting shopping choices to consumers that emphasised the potential losses from staying with your current supplier rather than potential gains from switching supplier (as is typically the case) may have some influence on engagement with the market. However, the effects were small and as such the potential for behavioural economics as a solution to the consumer challenge of engaging in regulated markets should not be over-stated.

Time spent engaging

The hierarchy of priorities is also determined by the length of time consumers spend on the shopping task. Do they spend as much time choosing a holiday as they spend on evaluating which energy supplier to switch to? Consumers themselves report a clear hierarchy. So based on those that have shopped around in the market in question, consumers spend more time, for example, looking at 'Hotels for short breaks or holidays' or 'Music streaming / downloading services' than they spend shopping for 'Mains gas' or 'Home insurance'. A hierarchy is also found when

looking at actual behaviour from the GfK consumer panel. The data shows that the *actual* time spent on regulated markets is very low in comparison to other markets. In the more artificial environment of the experimental study (and with fewer markets to compare), there was less difference in time spent between markets.

The overwhelming evidence does therefore point to a hierarchy of priorities in terms of time spent engaging with different markets, with regulated markets not always faring well. The experimental study was also used to establish whether presenting the information in a way that utilised ‘social influence’ encouraged engagement ie informing consumers that others shop around in these markets. Here there were no differences in time spent as a result of knowing that others shop around, and whilst this does not discount the use of this approach in other contexts or by using different manifestations, it again nevertheless strikes a cautionary note that behavioural economics interventions may have limited impact in these settings.

Role of price comparison websites

Whilst the study did not explicitly set out to explore the role of price comparison websites, some useful findings are evident. The omnibus findings indicate they are considered important by consumers in regulated markets. In addition, the experimental study also indicated their potential value in other markets in which they have not historically been strong, both in terms of consumers’ willingness to use and the extent to which they appear to reduce the time consumers take to make a decision concerning supplier.

Differences by consumer group

There are marked differences between consumers groups concerning the degree to which consumers consider they shop around and the time they spend on the task, according to the omnibus data. There were also marked differences in the use of the Internet for shopping around. The pattern of the data indicated that more vulnerable groups (eg low income, less well-educated) appeared to be at a disadvantage but the lack of diagnostics in the data (given this was not the focus of the study) means that more research needs to be done to clarify the issues for vulnerable groups.

Conclusions

The conclusions of this report and their implications are summarised below:

- The finding that consumers have a hierarchy of priorities in their consumer behaviour challenges the notion that the 'stickiness' of regulated markets can be resolved by providing consumers with better quality information alone.

- The actual behaviour exhibited by consumers shows very low shopping activity within regulated markets so these markets come quite far down the hierarchy (despite consumer perceptions to the contrary) and as such present a particular challenge for policymakers to engage consumers.

- The tentative finding that vulnerable groups exhibited signs of being at a greater disadvantage to engage with available information resources is of particular concern given the body of work indicating that poverty has a detrimental impact on processing capability.

- More work needs to be done to determine *what* the hierarchy of priorities actually is for consumers. Whilst the current research provides some indications, we have a preliminary rather than firm view of how consumers' hierarchy of priorities is constructed.

- Given we see little or no influence on consumers' hierarchy of priorities from the effect of presenting information based on principles drawn from behavioural economics, we need to recognise its limitations in influencing behaviour in this context. Behavioural economics should complement, not substitute, more substantive economic interventions.

- The current generation of price comparison websites appears to empower consumers in a time efficient manner, critical given the limited time that consumers have available to allocate to 'consumer tasks'. The development of intermediary brands may well be the catalyst for more widespread market changes.

1. Introduction and Background

This report is part of a programme of research by the Consumer Futures Unit at Citizens Advice which aims to establish whether consumers have a hierarchy of priorities that determine how much time they allocate to shopping around in markets. And if so, where regulated markets fit into the hierarchy and whether there are mechanisms that can encourage consumers to change priorities in a way that help them to make better decisions concerning regulated markets.

Market inertia

Regulated markets have historically experienced low levels of switching. Indeed, in the case of energy markets it has even been declining in recent years. The proportion switching electricity supplier (in the previous 12 months) was 18 per cent in 2008 but had fallen to 13 per cent by 2012; the corresponding figures in the gas market were 19 per cent per cent and 12 per cent respectively[4]. The low levels of switching in these markets suggests that consumers are not optimising their supplier choice and as such may well not be acting in a strictly 'rational' manner.

Much work has been undertaken by regulators and other consumer bodies, to understand why regulated markets have such high levels of inertia. There are a number of characteristics of regulated markets that arguably contribute towards greater inertia in switching than other markets. First, regulated markets all involve ongoing contracts to supply services that consumers benefit from indirectly: consumers do not *directly* benefit from the gas consumed, the borrowed money, the broadband signal rather these commodities are used to enable other activities or transactions. For example, you cannot consume gas in the home without appliances such as a boiler to heat your home or a cooker to prepare your food.

Second, regulated markets all involve infrequent 'purchases'. This would be true even if consumers switched suppliers regularly: the essence of a service contract is that it remains in place for a fairly long period. It is unlikely that consumers or suppliers would expect regulated services to be switched with the same frequency as shopping for groceries or buying other commodities such as petrol.

[4] Ofcom (2013) Consumer Research Report

In most cases there is no requirement for consumers to make more than one 'purchase' in regulated markets. Consumers do not *have* to set up new bank accounts, energy contracts or telecommunications services unless they move home or there is some other significant change in their circumstances. The default position is that the service continues to be supplied. Even in the case of general insurance (such as buildings and contents, motor or travel insurance), consumers do not have to choose a new policy each year.

Arguably, these characteristics all contribute towards an environment where the choice of supplier or tariff is less 'front of mind' than in other markets. Psychologists Khaneman & Tversky identified the 'availability heuristic',[5] which determines that we tend to make decisions based on the ease with which information is recalled. As such the structure of regulated markets outlined above could be argued to play to this heuristic, reducing the degree to which switching is considered by consumers.

But in addition to the well-known difficulties that consumers have in decision making, we can also observe that differences between markets can influence behaviours. Previous work published by Consumer Futures[6] (now part of Citizens Advice) found that consumers trust some markets more than others; consumers typically believe some markets offer greater choice than others and that in some markets it is easier to compare products and services than in others.

At a more straightforward level, different markets are also more interesting to some consumers than others. As a result, some consumers enjoy the process of browsing and choosing, others see shopping as a chore, to be completed as quickly as possible unless engagement with the market is inherently enjoyable or rewarding. [7]

So there are a number of factors which need to be considered that underpin the way in which consumers engage with markets.

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[5] Amos Tversky and Daniel Kahneman, (1973), "Availability: A heuristic for judging frequency and probability." Cognitive Psychology, 5(1), 207-233)

[6] Prashant Vaze (2012) Consumer Conditions in the UK 2011 – Analysis of EU Market Monitoring Survey results. Consumer Futures

[7] Gill Wales (2014) Hierarchy of priorities: How consumers engage with markets. Consumer Futures

Rational choice model

Classical economics assumes that markets are in equilibrium when there are many suppliers competing for consumer attention and many consumers demanding products and services. As long as there are no shortages of products or raw materials and supply can meet demand, then prices are driven down and quality improves.

Underpinning this philosophy is the rational choice model. This assumes that consumers will secure the best deal for themselves by weighing up the costs and benefits of available offers in order to arrive at a purchase decision that maximises personal advantage. It further assumes that consumers have access to complete and easily understood information, and that they are willing and able to spend the necessary time evaluating all the available offers.

There are challenges to this model which are particularly acute in regulated markets: utility markets that were formerly in public ownership and operating as monopolies, and financial services. First, there are information asymmetries in these markets as relevant information is not always easy to obtain or understand, making the identification of the best deal difficult.

Further, consumers are often sceptical whether better value and service can be attained through switching services and perceive that even if they could be, any gains risk being cancelled out by the time and effort expended in achieving them.

The majority of consumers do not switch suppliers or tariffs, despite many attempts at ‘unsticking’ the regulated markets including:

- simplifying tariffs
- making the process of switching quicker and easier
- publicising benefits of switching

A good deal of activity by regulators and other bodies continues to be based on the belief that if only consumers can be provided with the right information they will make rational choices and switch in order to get the best deal.

Bounded rationality

The lack of switching in regulated markets is of little surprise to those engaged in the discipline of Behavioural economics, the psychology of consumer judgement and decision making. As philosopher Herbert Simon originally put it[8], we are all users of 'bounded rationality' meaning we use heuristics or 'rules of thumb' to make decisions rather than strict rules of optimization. We do this because of the complexity of situations and our inability to process all the data available and calculate the expected utility of every alternative action. It is a logical approach to take given these constraints but it can mean that we do not always act in our best long-term interests.

So as Martin Wheatley, the Financial Conduct Authority's Chief Executive recently observed[9]:

"Too much of what went before in regulation – both in the UK and abroad – was based on implausible economic assessments. The impossibility of perfectly rational consumers and markets. A world where everything and everyone behaves entirely predictably – or at least in the classical economic sense…Looking back now, we can see this approach to regulation was flawed. It was too simplistic and inflexible."

[8] Simon, Herbert (1957). "A Behavioral Model of Rational Choice", in Models of Man, Social and Rational: Mathematical Essays on Rational Human Behavior in a Social Setting. New York: Wiley

[9] Comment quoted in Bates, Richard (2014). 'Next Generation Intermediaries'. Consumer Futures

These issues are particularly pertinent to a world in which the challenges to our processing capacity for consumer choices are more complex than ever. Eric Beinhocker illustrates this[10], by outlining the number of choices available to someone living in New York:

"The Wal-Mart near JFK Airport has over 100,000 different items in stock, there are over 200 television channels offered on cable TV, Barnes and Noble lists over 8 million titles, the local supermarket has 257 varieties of breakfast cereal, the typical department store offers 150 types of lipstick and there are over 50,000 restaurants in New York City alone."

Indeed, the nature of the consumer's task is now so complex it is estimated that every day we:

- Inhabit a 'brandscape' that saturates our senses with between 3,000 and 5,000 brand messages[11]
- Are on the receiving end of 34 gigabytes of information[12]

[10] Eric Beinhocker, (2007) The Origin Of Wealth: Evolution, Complexity, and the Radical Remaking of Economics. Random House Business

[11] CBS News (Sept 17th 2006) Cutting through advertising clutter

[12] Research by the University of California in San Diego in 2008, cited in the Economist, 27 April 2011

Time limitations

One might assume that in order to make a consumer decision, we devote significant amounts of time to the challenge of making the right choice from the multitude of options. Yet a recent study conducted by the European Commission found that we spend just 28 minutes per day on consumer related tasks[13].

These time constraint challenges are consistent with research on 'fast and frugal' decision making – we tend to be frugal by employing as few pieces of information as possible to make a decision as fast as possible. An albeit non-consumer study by Dhami and Ayton looked at 'Bail or Jail' decisions made by UK magistrates, who are required to take a large number of factors into account when deciding whether to remand offenders in jail or to release them on bail. The study found that in fact magistrates typically took at most two or three factors into consideration despite their protestations to the contrary[14]. Looking at the consumer environment, recent experimental work by GfK has found evidence for 'fast and frugal' decision making in relation to TV purchases.

These demands on consumer time pose huge challenges for policymakers. All regulatory and consumer bodies in the electricity and mains gas supply and other regulated markets are committed to encouraging greater consumer engagement. However, greater engagement requires more time from consumers and 'fast and frugal' decision making may not provide the optimal solution for the consumer.

The amount of time consumers are willing and able to devote to engaging in markets may nevertheless be limited. Hence the time to engage in additional consumer tasks may only be available by sacrificing another activity.

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[13] European Commission Staff Working Paper (2011): Consumer Empowerment in the EU (SEC [2011] 469 final), Brussels: European Commission – p.10

[14] Dhami, M., and Ayton, P. (2001) 'Bailing and jailing the fast and frugal way'. Journal of Behavioural Decision Making, 14: 141-168

This is of particular concern for regulated markets which may demand a significant amount of time to find the best deal. Indeed, consumers are often expected to place the same value on finding a good deal in a market that is uninteresting or complex with finding one in an area that is interesting or simpler to understand. But they rarely have time or interest for extensive pre-purchase search, even for large purchases.[15]

A new hypothesis

The hypothesis for this study is that consumers may prioritise time spent on markets depending on the importance to them of the goods and services that each market delivers, the expected benefit or reward and whether engaging in the market is intrinsically enjoyable. So consumers effectively have a *hierarchy of priorities* that determines how much time and in what way they are prepared to engage with different markets.

The priorities are likely to vary among different social groups. So, for example, wealthier consumers may have a different hierarchy of priorities than consumers who are struggling financially. However, other factors such as life-stage and attitudinal differences may also influence consumers' priorities.

It may well be the case that consumers will not spend time shopping around in regulated markets to get the best deal, as they currently appear to be low down their list of priorities. To date regulators have worked hard to address the way in which information is presented so they are able to optimise their decision-making process but to little effect.

Of course the way in which information is presented may influence the hierarchy of priorities, encouraging consumers to spend more time on shopping activities in regulated markets. As such, it may be that using behavioural economics principles to influence the way in which consumers determine their hierarchy of priorities may have some effect.

This would certainly provide an alternative to the rational choice model that currently permeates much of the discussion around regulation. If we find there is indeed a

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[15] Gill Wales (2014) Hierarchy of priorities: How consumers engage with markets. Consumer Futures

hierarchy of priorities and are able to identify ways in which to influence this it would certainly potentially provide a new mechanism for 'unsticking' the market.

Research Objectives

The overall objective of this research programme was to test the hypothesis that there is a hierarchy of priorities that determines how much time consumers will spend shopping around in different markets. Specifically, the programme was used to:

- Measure the amount of time that consumers spend examining offerings in regulated markets compared to other *comparable* goods and services from non-regulated markets;
- Understand how consumers prioritise their time between markets, and specifically the relationship between time, necessity and reward/benefit;
- Determine the degree to which the way in which information is presented (based on behavioural economic principles) may influence the Hierarchy of priorities.

We also wished to establish how much time, on average, consumers would *need* to spend examining electricity and mains gas supply, telecommunications and financial services offerings to get the best deal. However, in designing the research programme it became apparent that this objective could not be met, as it would have required an analysis of each participant's consumption patterns to identify whether or not they were on, or could find the best deal for them in each market, and this was not considered feasible. This constraint meant the research programme did not attempt to meet this objective.

2. Research Method

Introduction

Measuring the amount of time that consumers spend doing various activities is a difficult research exercise. Traditionally, surveys in this area are diary-based, for example ONS Time Use surveys[16]. However, while existing diary surveys provide estimates of the overall amount of time consumers spend shopping, they do not break this down by market. We recognised that a diary survey would be the optimal approach to collect detailed information on time usage, but this was not considered a viable option given that most consumers do not currently appear to shop around in the regulated markets with any frequency. Capturing robust time use data for purchases made infrequently would have required a very large sample size and long diary period, and therefore not feasible given the constraints of the current research programme.

We therefore took an alternative approach to measuring how much time consumers spend shopping around in different markets. This involved three stages of research: 1) an omnibus 'activity recall' survey; 2) an analysis of online engagement with markets by exploring the websites visited by those on GfK's consumer panel; and 3) an experimental study assessing consumer activity under controlled conditions and the influence of different information provision on that activity. This three-part approach allowed us to examine claimed as well as actual behaviour across a sample of markets. Each of these is discussed in turn below.

[16] Time Use 2000 and 2005 surveys, Office of National Statistics

Omnibus study

We conducted 1,911 interviews among a representative sample of GB adults aged 16+ years via our face-to-face random location omnibus (RLO) survey, where we asked about the time spent on various activities and what consumers felt was important to spend their time on. Whilst we acknowledge that consumer recall of the time spent on various shopping tasks cannot be precise, it does establish the extent to which consumers are shopping around *at all* in the relevant markets, and provides a robust measure of the *relative* amounts of time spent in each market.

Consumer panel

Data from GfK's consumer panel was examined to analyse web browsing behaviours in the key markets of interest, both regulated and unregulated.

GfK has recruited and maintains a 12,000-strong, demographically representative panel of GB households. The panel comprises both those with and without internet access and is aligned with these respective populations. At the end of each calendar month or quarter the panel members are asked a series of questions relating to their purchasing habits and usage behaviour.

Some of the panellists (c. 15 per cent) have software on their computer that tracks their web browsing behaviour (with their permission) to identify which websites they have visited, how long they spend on each site, and how they use different types of sites to obtain information.

The GfK consumer panel also conducts surveys about switching behaviour in specific markets of interest to Citizens Advice: electricity and mains gas supply, and motor insurance. Knowing which panellists switched or considered switching enabled comparison of web browsing activity between those who switch and do not switch in each market.

We acknowledge that these panel findings do not represent levels of shopping around among the total population. We are reporting online browsing behaviours among panellists (and it is known that those who join online panels tend to be heavier internet users and are more likely to shop around online rather than through other channels). Also, the analysis only covers home PC usage, and therefore excludes browsing time on mobile devices such as tablets and smartphones. Nevertheless, whilst acknowledging these caveats, the panel findings provide a

picture of the relative amounts of time that consumers spend browsing different markets, and therefore complement the omnibus data to help understand the hierarchy of time spent and consumer priorities.

Experimental study: Introduction

Whilst decision-making research has long been a subject of academic psychology researchers, it has only recently entered mainstream commercial consumer research practice as behavioural economics. A key principle behind this discipline is that consumers do not always have insight into their own thought processes to make strictly rational decisions. Understanding how consumers actually make decisions called for a different research approach to the one typically employed by market researchers – one which explored the way consumers *actually* behave when confronted by different choices. Simply asking consumers to articulate or recall what they did, and their explanations for so doing, could be subject to post-hoc rationalisations even with the most sensitive of questioning techniques.

We therefore undertook the experimental study to explore the way consumers actually behave when confronted by different choices, and to see whether it is possible to encourage shopping around in specific markets by describing the benefits in different ways to consumers. In particular, the test was designed to establish:

- Which shopping tasks were considered most appealing;
- Whether the description of the shopping benefits could influence the desirability/likelihood of engaging in the shopping task;
- Whether the information supplied to consumers during the shopping task could influence the amount of time they spent on the task.

Experimental study: Design

A nationally representative sample of UK adults aged 16+ years was recruited to the test via a random digit dial (RDD) telephone exercise. Telephone recruitment was used to avoid the known biases associated with recruiting from an online access panel. To qualify for interview a participant had to be responsible for deciding which provider to use within at least one of the specific markets of interest (see below), and be willing and able to take part in a follow-up online survey. Each participant was offered an incentive to take part, this was set initially at £10 but increased to £20 about a third of the way through the fieldwork period to ensure that sufficient consumers were recruited to the survey. Recruitment quotas were set on gender within age (interlocked) and on social grade so that the sample was representative of the online population.

The experiment was undertaken by consumers online. However, whilst recognising this design compromise, it should be noted that 87 per cent of UK consumers have online access[17] and therefore the experiment identifies the behaviours that the majority of consumers would adopt when confronted by different choices. However, it does need to be recognised that these findings cannot be generalised to the minority of consumers that do not have internet access, often those that are much more socially and economically deprived than the general population.

This is a particularly important point in the context of work by psychologists Sendhil Mullainathan and Eldar Shafir[18] who explored the way in which poverty tends to encourage tunnel vision helping us focus on the crisis at hand but making us "*less insightful, less forward-thinking, less controlled*". Given that sensible long-term decisions require greater cognitive processing, it is no surprise that those in poverty have far less of those resources at their disposal.

Given the relationship between internet access, social deprivation and cognitive constraints we need to be mindful of the limitations of this element of the research.

[17] Office for National Statistics Internet Access Quarterly Update, Q1 2014 Release

[18] Sendhil Mullainathan and Eldar Shafir (2013). Scarcity: Why having too little means so much. Allen Lane

Experimental study: Consumer task

Consumers were presented with a list of three regulated markets and a list of three unregulated markets, and asked to complete one shopping task from each list, in any order they liked. The shopping task involved them browsing websites and then choosing a supplier.

Initially, consumers were asked to select one shopping task from either list. After its selection, they were free at any stage to defer that task and choose a different one, or to continue to engage with it. Having selected a shopping task, consumers were provided with links to 14 websites - 8 brand sites, 4 price comparison sites and 2 review sites - that were relevant to that market. The number of links provided was the same in each market, and designed to replicate the number of links that someone might see typically on the first page of a Google search. They were then asked to browse the information available as they would normally do for this market and choose a provider. A shopping task was considered complete when the participant chose a provider (or indicated they did not know which supplier to choose).

After completing the first task, the consumers were presented with the list of shopping tasks in whichever market type (regulated or unregulated) their first choice had not come from and asked to select a second shopping task.

(If the first choice shopping task was deferred for any reason, the full list of shopping tasks was presented to the participant, and the test re-started).

If a participant had not selected the electricity and mains gas supply market as one of their two selected tasks, they were asked to complete a third shopping task in this market. The aim of this was to ensure there were sufficient responses in the electricity and mains gas supply market to be able to separately investigate this market of particular interest to Citizens Advice.

Both regulated and unregulated markets were included in the test. The purpose of this was to test whether consumers shop around in regulated markets in the same way (and with the same ease and willingness) as they shop around in non-regulated markets. The unregulated markets effectively acted as a 'control condition' so that we were able to properly identify whether the patterns we were seeing in the regulated markets were unique to these markets or a reflection of shopping behaviours more generally.

A selection of both market types was required for the test. Ideally all regulated markets would have been included but the factors being tested in the experiment meant the total number of markets needed to be divisible by three. Given the interest in specific regulated markets, and noting that this was the first exploration of its kind, GfK and Citizens Advice chose three regulated and three unregulated markets to test, these being:

Regulated	**Unregulated**
Electricity and mains gas supply Broadband services Car insurance	Hotels for leisure purposes (short break or holidays) Television sets Leisure club/gymnasium subscriptions

The regulated markets included in the test represent those of specific interest to Citizens Advice. Broadband and car insurance were chosen to represent the broader telecommunication and financial services sectors respectively.

The choice of non-regulated markets was difficult, but the principle was to test markets that were similar to the regulated markets in terms of being: 1) relevant to a broad cross-section of the population; 2) purchased relatively infrequently or via on-going contract; and; 3) markets where a material amount of money is spent.

This approach allowed the testing of the behaviours consumers would adopt when confronted by different choices in both regulated and unregulated markets and to compare behaviours across different markets. It therefore provides a robust comparison of the way that consumers would behave, to see how the characteristics of each market influence behaviour.

Appendix A provides further details of the way the shopping task and web links were presented to consumers.

Experimental study: Testing factors that influence consumer behaviour

Behavioural economic theory suggests a number of factors that influence how consumers make decisions and, by extension, might influence the amount of time that they spend making choices, ie shopping around.

Two factors were investigated - 'loss aversion' and 'social influence' - to determine their impact on which markets consumers decide to engage in, and for how long they engage.

Loss aversion refers to the tendency for individuals to weigh losses more than gains when they make decisions, so consumers will choose to do something if it prevents them from losing something that they currently have - losses loom larger than gains when making a decision. This is part of a broader framework created by Kahneman and Tversky called 'prospect theory'[19] which indicates that when offered a choice described in one way we might typically display risk-aversion but when offered the same choice described in a different way we typically display risk-seeking behaviour. Loss aversion therefore helps generate inertia, a strong desire to stick to your current holdings. If you are reluctant to give up what you have because you do not want to incur losses then you will turn down trades you might otherwise have made, despite the fact that they may be very much in your interests[20].

Social influence theory is based on the recognition that consumers take decisions if they know others who have made the same decision; that peer group is an important influence on decision-making. The importance of this was highlighted by Keynes, who wrote that '*knowing that our individual judgement is worthless, we endeavour to fall back on the judgement of the rest of the world which is perhaps better informed*'[21].

There are of course many other potential influences on behaviour that could have been included in the experiment. A full description of other factors that we considered

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[19] Daniel Kahneman and Amos Tversky (1979). Prospect Theory: An Analysis of Decision under Risk. Econometrica, 47(2), pp. 263-291

[20] Richard Thaler & Cass Sunstein (2009). Nudge: Nudge: Improving Decisions About Health, Wealth and Happiness. Penguin

[21] Keynes, John Maynard. (1937) The General Theory on Employment From The Quarterly Journal of Economics

is included in Appendix B. However, given the constraints on the design, notably the requirement for sufficient sample sizes to provide robust analysis of factor influences, we focused on just these two factors - loss aversion and social influence.

The reason for the selection of these two factors was that a review of the literature suggested that these two factors were particularly helpful in the context of the challenges presented by this project. In their book, 'Nudge[22]: Improving decisions about health wealth and happiness', Richard Thaler and Cass Sunstein identified both as key drivers in behaviour change:

- **Social nudges:** "*The general lesson is clear. If choice architects want to shift behaviour and to do so with a nudge, they might simply inform people about what other people are doing*." They demonstrated the application of this effect via tax compliance, nature preservation, alcohol abuse and energy saving.

- **Loss aversion:** *"[This] acts as a kind of cognitive nudge, pressing us not to make changes, even when changes are very much in our interests*." Whilst loss aversion has fewer applied examples in policy work, research on this phenomenon nevertheless suggests that it underpins a wide range of behaviours that explains consumer inertia, particularly important in this consumer context.

For these reasons it was decided that these two influences would be the focus of this project albeit recognising that other affects could also have a significant influence on consumer behaviours. For further details on these affects see Appendix C.

Experimental study: Manipulation of factors in the test design

The influence of loss aversion and social influence on shopping behaviour were tested by varying the way consumers were introduced to the shopping tasks.

Loss aversion was manipulated by giving consumers a different explanatory text for each shopping task at the initial screen when consumers were selecting which shopping task to undertake. There were three conditions: a control, a gain and a loss condition.

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[22] Richard Thaler and Cass Sunstein (2009). Improving Decisions About Health, Wealth and Happiness. Penguin

Control: Please browse the information available and choose a provider.

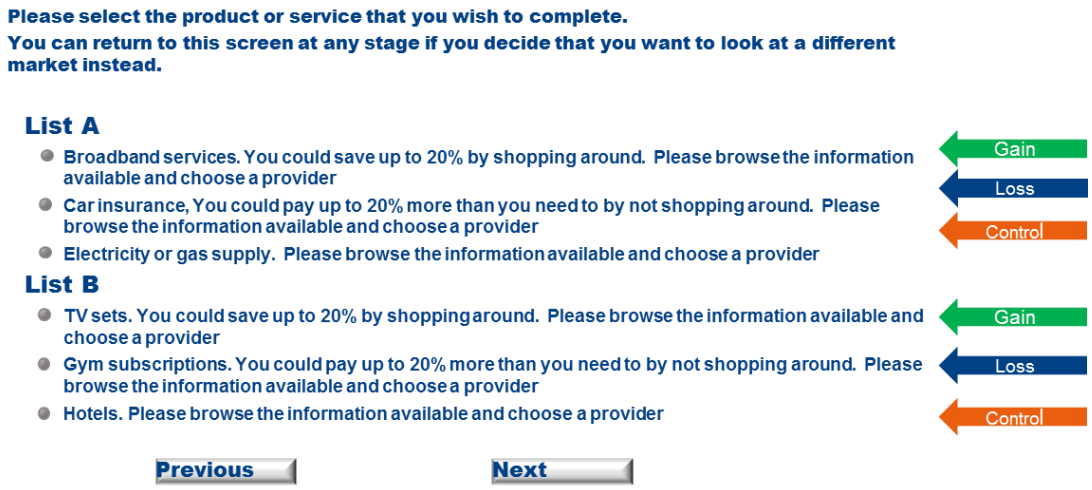
Gain: You could save up to 20 per cent by shopping around. Please browse the information available and choose a provider.

Loss: You could pay up to 20 per cent more than you need to by not shopping around. Please browse the information available and choose a provider.

(Whilst it may have been helpful to have the gain or loss expressed in monetised terms (£ gain/loss), this would have required using prices which may not have been relevant to all consumers, and would also have highlighted differences between markets that may not have been known in advance and therefore biased responses.)

The manipulation of this factor was *within* consumers, that is, each consumer saw a different text condition along with each regulated/unregulated shopping task, as shown in the example below. The text conditions were randomly rotated across the three regulated and three non-regulated markets, so we could observe whether the description of the shopping benefit influenced the choice of shopping task.

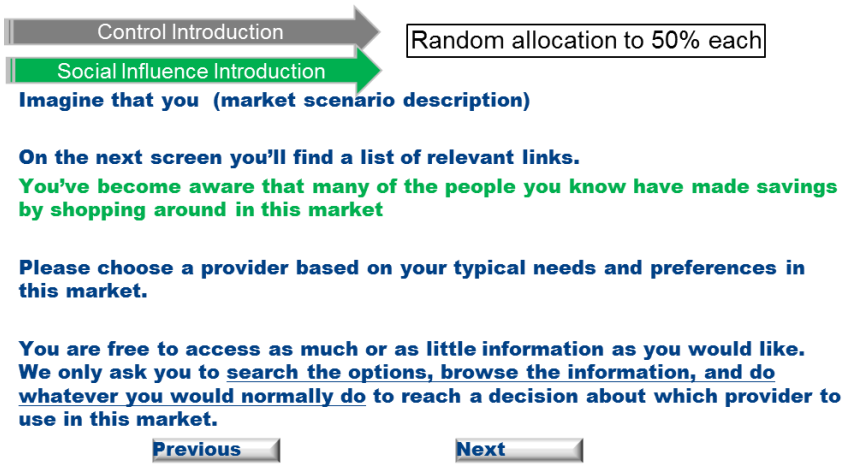
Figure 1: Information provided to consumers to test Loss Aversion



Social influence was manipulated by giving consumers a different text introduction on the following screen which described the task of how to choose a supplier (having already selected a shopping task). There were two conditions as shown in Figure 2. The social influence condition included information that other people that the consumer knows has made savings by shopping around.

The manipulation of this factor was *between* consumers ie half the sample was exposed to the control condition and half to the social influence condition. Consumers were allocated to the two conditions randomly at the beginning of the survey. Once allocated to a social influence condition with the corresponding text, the participant received the same information thereafter no matter which market they chose.

Figure 2: Information provided to consumers to test Social Influence



Experimental study: Test design hypotheses

The *loss aversion* test hypothesis is that more consumers will choose the shopping task with the loss description ie 'you could pay up to 20 per cent more than you need to by not shopping around' than those without it.

The *social influence* test hypothesis is that if consumers know that others are shopping around in a market, they will be more willing to shop around in the market themselves. So they will spend more time on the shopping task and look at a greater range of information sources.

Experimental study: Response rate

GfK telephone recruited 1,997 consumers to take part in the BE experiment, and of these 1,101 started the test (55 per cent) by clicking on the emailed survey link. Two in three (62 per cent) of those who started the test completed it, that is 685 consumers (34 per cent).

Further details of response rates are included in Appendix D.

Exploring the importance of other factors on decision-making

We were also interested in exploring the relationship between two other variables, 'processing fluency' and 'maximising / satisficing' that could impact on decision making and specifically on the time taken by consumers on the task that we gave them. Given the logistical constraints of the study, these were not part of the experimental design (this would have required larger sample sizes, longer fieldwork period etc). We therefore used a survey approach, adding questions at the end of the task. This enabled us to explore whether there was a correlation between each of these factors and the consumer behaviour we were observing but given the design constraints we would not be able to attribute any causality.

Processing fluency describes the ease of assimilating information. When faced with a large choice set, consumers tend to prefer simple options. So, *a*n individual may decide not to pursue a choice which improves his/her situation if there is an alternative choice which requires minimal effort[23].

Questions were asked at the end of each shopping task to assess how easy or difficult it was to process information given in the survey. From this it could be seen whether perceptions of processing fluency varied across markets and whether they were related to the time taken to complete the task. The questions asked were as follows:

- perceived complexity of information on the websites visited
- how easy it was to understand the market
- how easy it was to find information about products/services
- how easy it was to compare different products/services
- how easy it was to reach a decision in each market
- what made it difficult and what would make it easier

We were also interested to know whether the decisions that consumers made were perceived to be the 'best choice' or a 'good-enough' choice, to see if this was related to the time taken to complete each task. 'Maximising' behaviour (best choice) is

[23] Schwarz, N. (2004) Meta-cognitive experiences in consumer judgment and decision making. Journal of Consumer Psychology, 14, 332–348.

where consumers take a decision to provide them with the best possible outcome, whereas 'satisficing' behaviour (good enough) is where the outcome is considered good-enough but not necessarily the best. If someone is looking to maximise the outcome this can take more time than someone who is approaching the task with the aim of satisficing, ie making a 'good enough' decision. This concept is derived from Herbert Simon's principle of 'Bounded rationality' that we described earlier, ie that individuals do not seek to maximise their benefit from a particular course of action as they cannot assimilate and digest all the information that would be needed to do such a thing. Hence consumers seek something that is 'good enough'. We therefore asked two questions at the end of each shopping task to assess whether maximising/satisfying behaviour was related to the time taken to complete the task:

- level of confidence that they had made the best choice [maximising]
- level of confidence that they had made a good-enough choice [satisficing]

Fieldwork dates

Activity	**Date**
Omnibus fieldwork	6 – 11 February, 2014
BE Test fieldwork	27 January – 7 February, 2014
Panel analysis	2013 panel data

Charting note

The charts in this report are annotated with a symbol to show the data source, as follows:

 Omnibus data (labelled ‘Omni’), those with Ⓡ symbol are the regulated markets

 BE experimental test data (labelled ‘BE’)

 Panel data (labelled ‘Panel’)

Demographic and other factors have been analysed where we might expect to see differences in results. We comment on differences that are statistically significant at the 95 per cent confidence level.

3. Research Findings

3.1 Consumer Priorities

The first hypothesis tested was whether consumers place markets in a hierarchy of priorities. This could potentially affect the amount of time consumers are prepared to devote to shopping around and determine whether regulated markets are low down their list of priorities. We therefore wanted to understand how consumers spend their time examining offerings in both regulated and comparable non-regulated markets. We explored 'shopping around', described to consumers as 'shopping around and checking offers' as well as 'switching' and 'considering' where we asked consumers if they had switched supplier or made a purchase for the first time in the last year.' We will look at each of these in turn below.

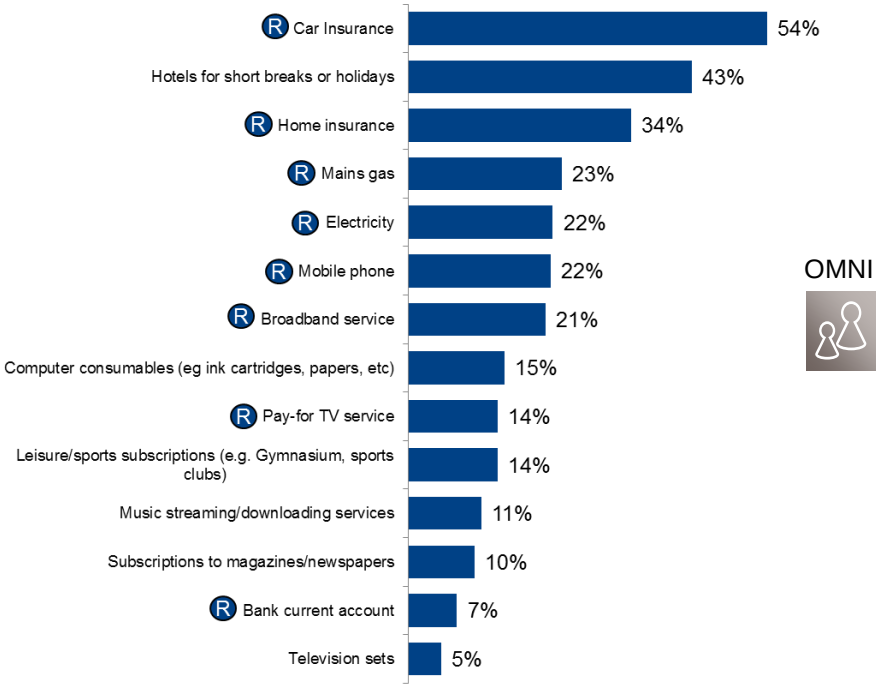
Shopping around

The Omnibus survey was used to measure consumer perceptions of how they prioritise their shopping around activity. Consumers were shown a list of services and products and asked which they used in their household, and in which markets they had shopped around and checked offers in the last year.

The data in Figure 3 is standardised to show the percentage of consumers shopping around as a function of whether the service is used in the household. This allows us to see clearly the way in which consumers perceive the hierarchy of priorities in the market, without being skewed by the degree of ownership in the market. The data on which this is based can be found in Appendix I.

The findings show that consumers have a clear hierarchy of priorities in terms of shopping around, albeit one which is self-reported. Interestingly, we can observe that of the categories we selected, consumers will more frequently identify themselves as having shopped around and checked offers in regulated rather than the non-regulated markets that we selected.

Figure 3: Market penetration and activity (Standardised)



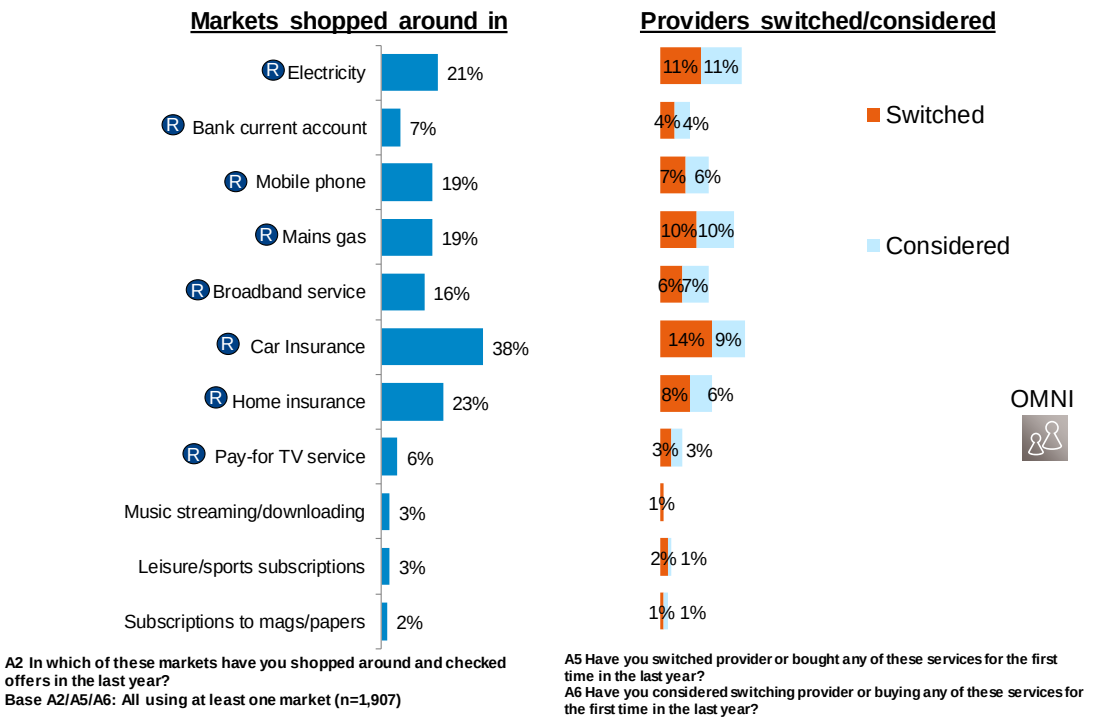
Switching and considering

Switching in most of the *service* markets we investigated is related to 'shopping around' activity. So, the proportion that had switched provider in the last 12 months, or had considered switching, is similar to the incidence of those shopping around. The only exceptions are the car and home insurance markets where far fewer switch or consider switching than shop around. It may be that in these insurance markets some consumers are checking to see that they are getting the best deal by gathering competitive quotes to use as a bargaining tool with their existing supplier (though this is speculation).

Nevertheless, consumers are more likely to switch provider in the car insurance than in other markets. Data from GfK[24] indicates that car insurance switching amongst users is about three times higher than in the electricity or mains gas supply market, and has been increasing in recent years. The omnibus results show this is still the case.

Overall, these findings suggest that there is a relationship between the degree to which consumers shop around and the level of switching. This is a critical finding. A hierarchy of consumer priorities which places some markets low down may mean insufficient levels of consumer engagement to generate a level of churn in the market that will push suppliers to reduce prices and improve services.

Figure 4: Market activity and service provider switching/consideration (Omnibus)



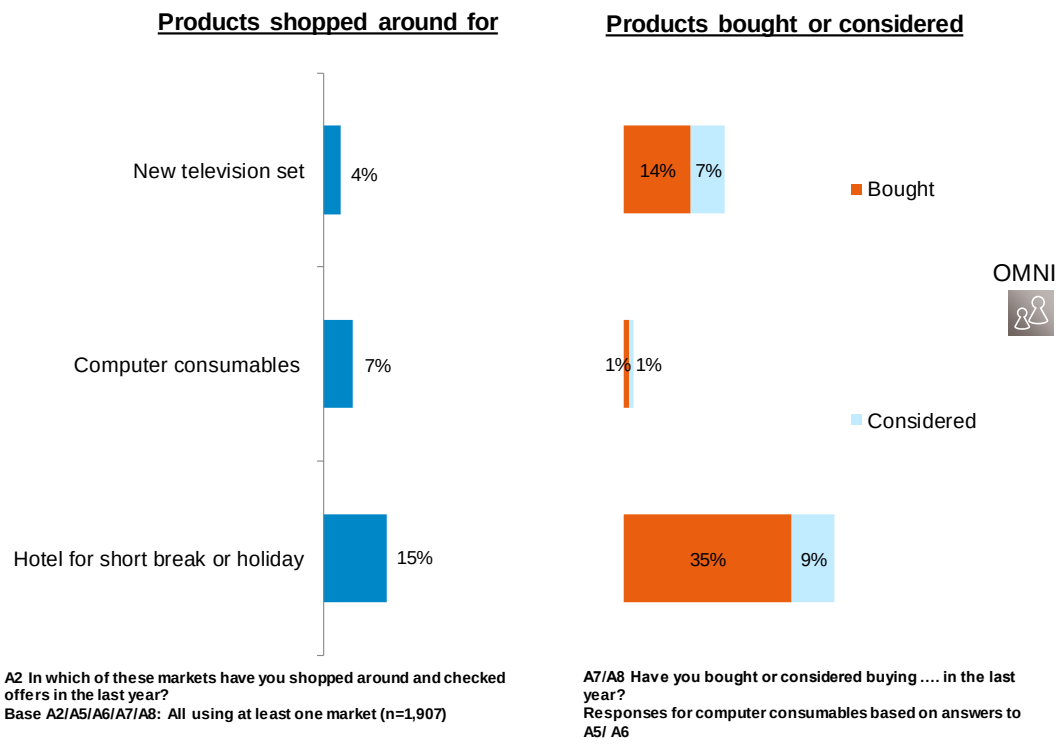
A2 In which of these markets have you shopped around and checked offers in the last year?
Base A2/A5/A6: All using at least one market (n=1,907)

A5 Have you switched provider or bought any of these services for the first time in the last year?
A6 Have you considered switching provider or buying any of these services for the first time in the last year?

[24] GfK (2014) Financial Research Survey

The picture in the *product* markets that we investigated is different, in that many appeared to be buying products without shopping around (except in the computer consumables market). This is shown in Figure 5 below.

Figure 5: Market activity and product purchase/consideration



The degree to which consumers claim to be making decisions without apparent shopping around certainly warrants further exploration. It may imply that many consumers in these markets are using preferred or recommended suppliers or that consumers expect there to be little difference in price.

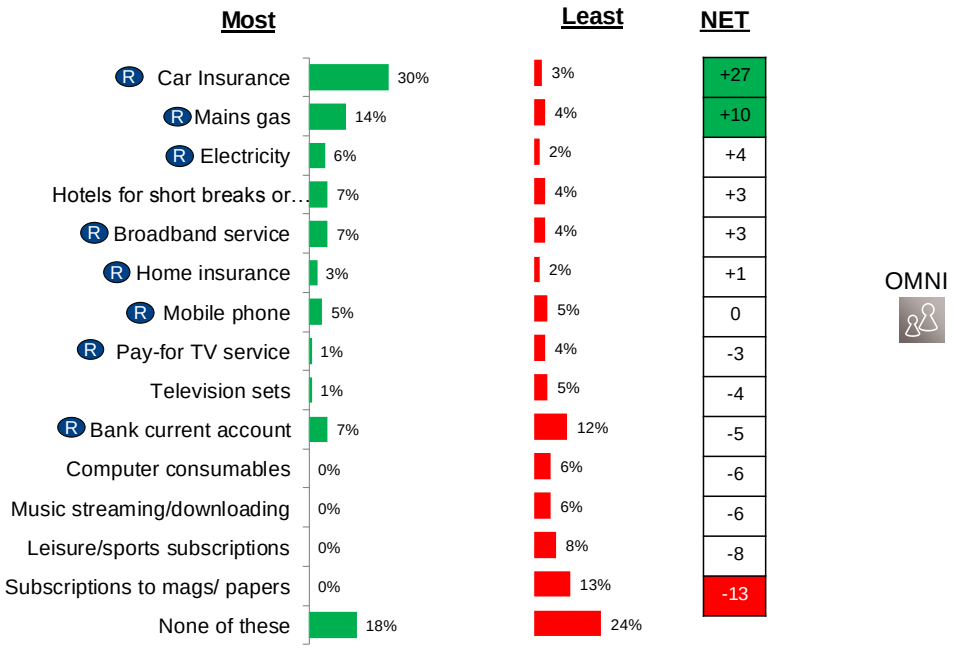
Another interpretation is that the proportion of consumers that claim to have selected a hotel, for example, without shopping around, perhaps indicates the need for a more nuanced definition of ‘shopping around’ in some categories. Reviewing options in a leisure category may not be considered a chore and as such the consumer may not see themselves as ‘shopping around and checking out offers’, rather the task is part of the leisure activity in its own right and therefore seen in a very different way by the consumer. The way the question is phrased does suggest that the main motivation for shopping around is price related. So when the key drivers of the decision are less related to price and more to the nature of the product itself, this may reduce the degree to which people consider themselves to be shopping around.

Whilst this may mark a limitation to the degree to which we can interpret the data from this study across markets in a consistent way it also perhaps provides some valuable insight into the consumer mind-set. If consumers do not consider ‘shopping around’ to be a chore then they are likely to spend more time on it.

Perceived prioritisation

We asked consumers directly which goods and services were most and least worth prioritising their time on in order to find a better deal. When creating an index derived from the difference between the proportion considering the goods and services to be most and least worth 'spending their time looking for a better deal' we again find a hierarchy of priorities. Again, regulated markets typically come high in the list of priorities relative to the other non-regulated categories we selected although notably, hotels are rated much higher here. This might perhaps be explained by the somewhat softer nature of the question being asked about broader and less specifically financially motivated 'best deal's' rather than the more explicitly financially orientated 'shopped around and checked offers'. It is noteworthy that a relatively sizable minority could not identify any market that was most worth spending time investigating.

Figure 6: Markets most/least worth shopping around

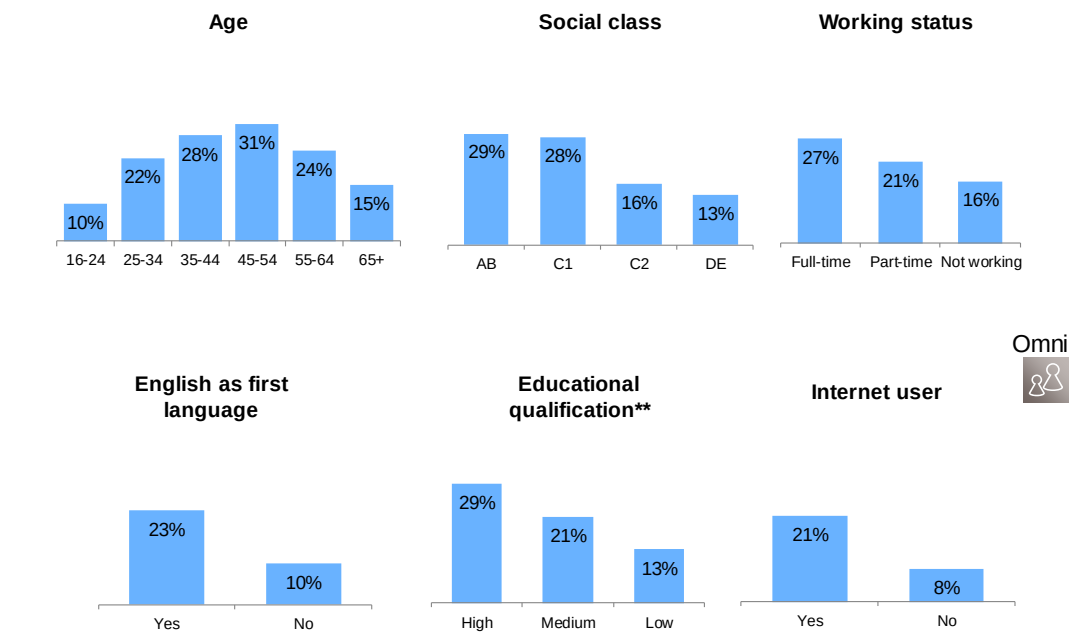


A13/A14 Looking at this list of goods and services, which one do you think is most/least worth spending time looking for a better deal?
Base: All using at least one market (n=1,907)

Differences between consumer groups

We explored the degree to which there were demographic differences in consumers' hierarchy of priorities in the different markets. We certainly found differences in the degree of shopping around with lower levels found in more disadvantaged groups. Non-internet users, social grade DEs, those for whom English is not their first language, and those with lower educational qualifications (and those aged 65+) are much less likely to shop around than others. Figure 7 below shows an example of this finding within the electricity market.

Figure 7: per cent shopping around for electricity in last year (Omnibus)



A2 In which of these markets if any have you shopped around in the last year?
Base: All researching at least one market (n=1,909)

** High = Degree/postgrad/HND/HNVQ (High)
Medium = O-level; A-level; HNC, GNVQ (1-3), City &Guilds
Low = No qualifications

This consumer prioritisation of where consumers consider it is most and least worth spending their time is broadly consistent across most demographic groups. There are, however a few demographic differences which are outlined below:

Market	**Sub-groups significantly more likely to say it is "Most worth" shopping around**
Car insurance	Males, in work, with some educational qualifications
Banks	16-34 year olds
Broadband service	16-34 year olds
Home insurance	65+ year olds, social grade ABs
Hotels	With some educational qualifications
Mobile phones	16-34 year olds

Whilst we are not in a position to make any definitive conclusions about the reasons for these differences, they may well reflect category interest and spending power. So, for example, mobile phones typically have greater priority for younger age groups, and cars and hotels for those with educational qualifications (and thus likely to have higher incomes).

Whilst this provides us with a more nuanced view of the hierarchy of priorities for different groups of consumers, we need to be careful at this stage about drawing too many conclusions. The objective of this element of the research was to understand whether a hierarchy exists rather than provide a definitive explanation for the drivers underpinning the hierarchy.

Hierarchy of priorities based on behaviour

The consumer panel was used to measure actual browsing behaviours online rather than relying on reported behaviour only. Self-reported behaviour is useful to understand consumer perspectives on the way in which they consider they organise their time (and there is some broad validity to this). However, actual measured behaviour is clearly very valuable as it is not subject to the fallibilities of human recall.

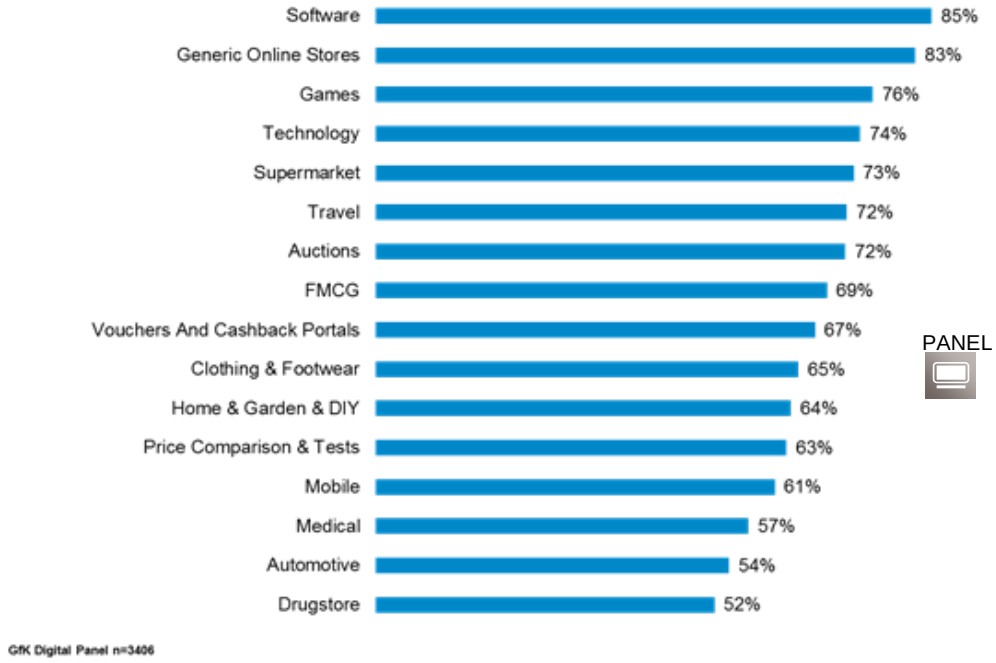
We need to be mindful that these results do not represent all shopping behaviour, as they do not cover those without Internet access, those using mobile devices or accessing the Internet from work as well as time spent shopping offline. We also need to be mindful of the earlier comments concerning the limitations of only looking at online consumers. Nevertheless, as the majority of shoppers use the Internet to help look around and search for the best deals, an understanding of online browsing behaviours from home PCs is helpful to understand how consumers spend their time.

For the purposes of this study we have classified a number of sites as a ‘Market website’. We define these as a website where the consumer can do something other than just read content – so reading the content can lead to a consumer purchase (for example a news site such as bbc.co.uk is not defined as a market website). A full list of the website categories that have been classified as a market website is shown in Appendix E.

The panel browsing analysis shows that on average, consumers spend 58 minutes per day on the Internet from their home PC. ‘Market websites’ account for 31 per cent of this activity.

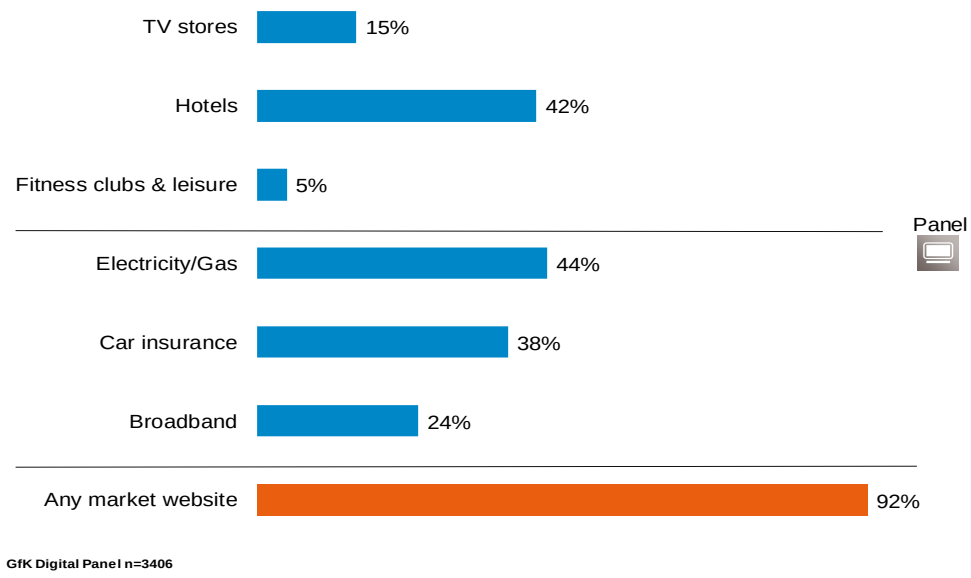
The research found that 92 per cent of all Internet users in the panel visit some kind of 'market website' in a three month period. The proportion of these consumers that have visited each type of market website is shown in Figure 8 below (for all website categories with more than 50 per cent incidence). Again these behaviours demonstrate a clear hierarchy of priorities. We do need to be careful that these visits may not always be purchase related activity per se. So, for example, consumers accessing an mobile supplier site may in fact be doing so in order to top-up their pay as you go tariff.

Figure 8: per cent of online population visiting website in last three months



The analysis of consumer panel data in Figure 9 below shows browsing behaviours within the specific focus markets for the experimental study. This charts the proportion who have visited a website in a three month period for each of these markets. It should be noted that the categories of focus for the experimental study are of relatively low incidence overall (compared to website usage as shown in Figure 8). However, among the categories chosen for the focus of this work there is a clear hierarchy of priorities in terms of the overall incidence of engagement within each market of interest ranging from 'Fitness clubs and leisure' at 5 per cent through to 'Electricity / Gas' at 44 per cent.

Figure 9: per cent of online population visiting website in last three months (panel) - markets covered in BE experimental test



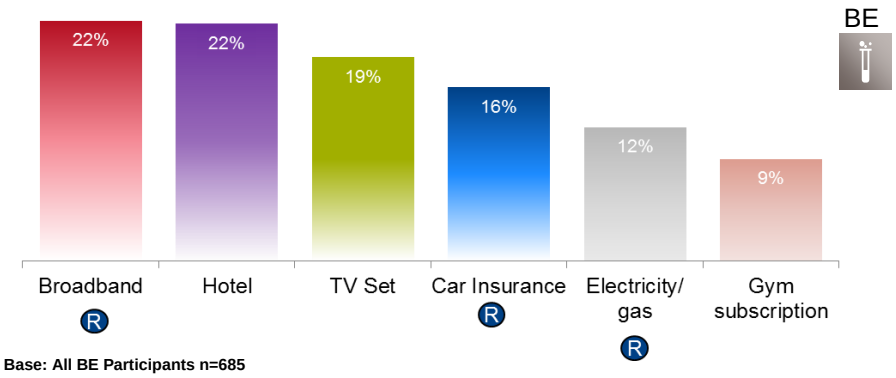
So the triangulation of data sources is starting to tell a fairly convincing story. We are consistently seeing a hierarchy of priorities although the nuances of the provenance of the different data sources is such that we cannot say for certain what this hierarchy actually is. We therefore cannot start to hypothesise what determines the order of preference. To get a better sense of this we should turn to the experimental study which is intended to give a more controlled assessment of the way in which consumers prioritise their activities.

Experimental study

As discussed earlier, the experimental study was used to test the impact of different ways in which information is presented to individuals. However, we were able to use it to derive a measurement of consumers' choice of task, regardless of the different information presentation. To this end we could then use it to see which markets were of most interest and as such whether under these controlled conditions a hierarchy of priorities existed.

The chart below shows the proportion who selected each task first, effectively a measure of interest in that market above all others (their top priority across the six markets covered in the test).

Figure 10: Percentage that selected market for their first task



Base: All BE Participants n=685

Interestingly in this context we found a marked difference in the hierarchy of priorities albeit different to that which was identified in the omnibus study. Of course the number of markets that we were able to explore were much more limited but nevertheless one might expect the sequence to remain broadly similar.

The most likely explanation for this difference in the hierarchy of priorities is due to the discrepancy between what consumers report and what consumers actually do. Self-reporting of priorities will always be subject to the limitation of our cognitive abilities to accurately identify these. Issues such as social desirability can cause us to report these inaccurately. It is still useful to capture what consumers *think* these are as, for example, this will have an effect on how best to engage with consumers on these issues. However, what the hierarchy *is* will depend on the nature of the data we are looking at. If we wish to understand the hierarchy of priorities as reflected in actual behaviour rather than perceived priorities as reflected in attitudes, then of course we need to look at measured behaviours rather than self-reporting data.

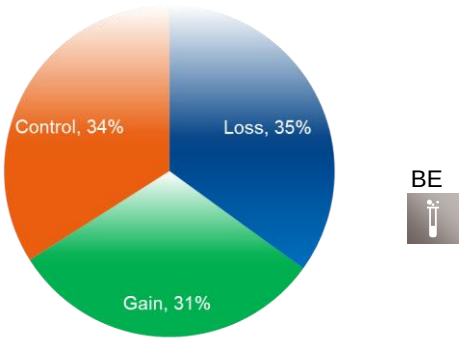
As such, the experimental study allows us to determine how consumers actually spend their time on these tasks in a different way to that which they report. So consumers seem to prioritise less time on regulated markets, with the exception of broadband which rises to the top. It is interesting that the top three in this context appear to be leisure related (as arguably broadband is increasingly the gateway to many in-home leisure related services particularly as it is frequently bundled with TV subscription services).

How communication of gains/losses impacts consumer priorities

One of the objectives of this study was to understand whether the way in which information is presented could influence the way in which consumers order their hierarchy of priorities. To this end, we investigated whether the use of ‘loss aversion’ can be used to frame (or describe) the consumer task in a way that influences consumers to engage in a market. As explained earlier, the loss aversion principle is that when making a choice consumers place more value on avoiding a loss than they do on making the same gain.

The results of the experimental study found that there were marginal differences in responses of consumers as a function of the three different ways of describing the task – loss, gain or neutral. There were no statistically significant differences between the (neutral) control and either the loss or gain conditions. However, there were differences in the way in which consumers chose the category based on the difference between the gain and loss condition, suggesting that there is some effect albeit minor.

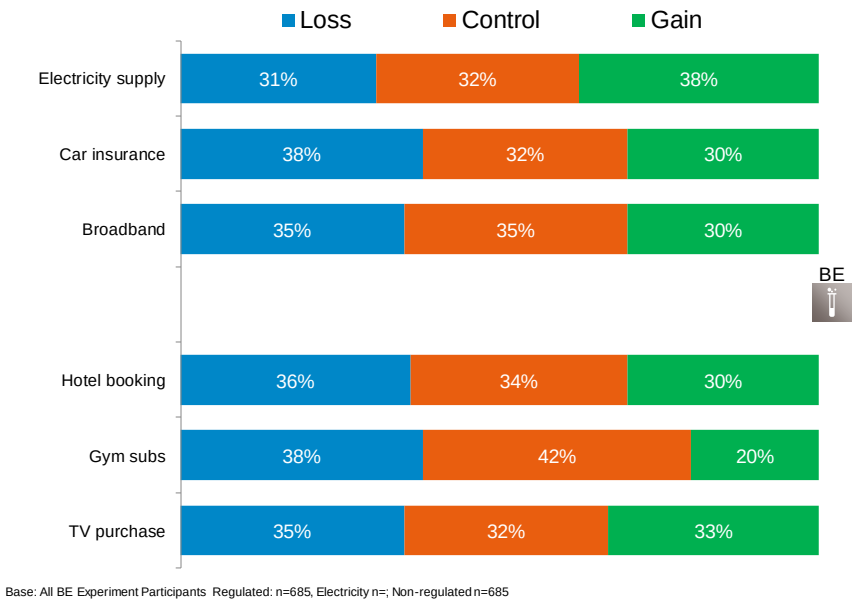
Figure 11: Market selection as a function of Loss aversion



Base: Total number of selection choices (n=137)

There were some interesting differences by market, as shown in Figure 12 below, with a particularly pronounced difference between loss and gain conditions in gymn subscriptions. Conversely, in electricity we see the opposite, in that more selected the task when presented in terms of gains rather than losses. It should be noted that in no case was the loss condition significantly different to the control condition.

Figure 12: Market selection by market type



Base: All BE Experiment Participants Regulated: n=685, Electricity n=; Non-regulated n=685

So what should we make of these findings? Whilst a purist approach may dismiss these findings due to the lack of difference with the control condition, the reality is that in most situations the call for switching is phrased in terms of gains that the consumer may generate and not an exhortation to switch which is neutrally phrased. As such it is not an unreasonable position to use the comparison between loss and gain conditions as a justification for using marketing communications which focus on potential losses in order to encourage switching.

What of the differences between markets? There may well be different expectations of the level of discounts that can be expected to be achieved between markets. So consumers may be more sensitised to a 20 per cent price difference in the gymn subscriptions market than in the broadband market and as such more responsive to the way in which pricing information is presented. This certainly calls for further exploration.

The anomaly here is with the electricity supply market where a gain condition actually generates greater likelihood to take up the task than is the case for the loss condition. This clearly violates the principle of loss aversion – there is no ready explanation here, again the specifics of this market require further exploration in order to understand the reason for this.

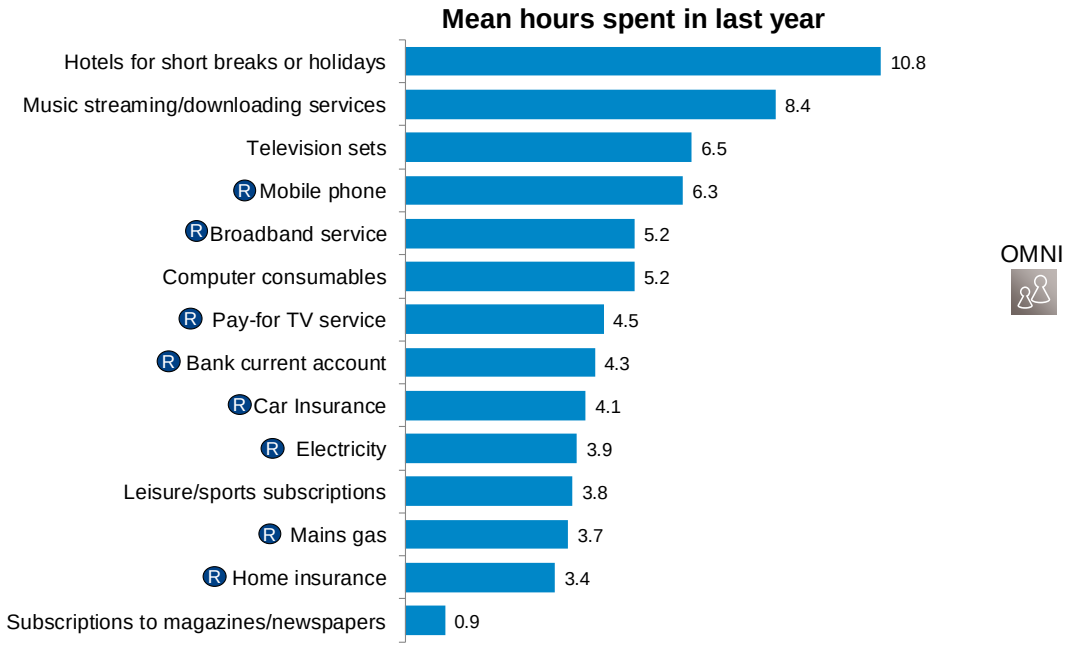
3.2 Time spent shopping around

Claimed time

The omnibus study was used to ask consumers who had researched a market how much time they had spent looking and shopping around in that market in the last year. Given the constraints on the validity of such self-reported behaviours, we need to be cautious about the use of such data. Nevertheless these results are a useful although somewhat indicative guide to how much time consumers actually spend on various activities. Perhaps more importantly, the data also shows the relative amount of time consumers consider they spend by market.

Figure 13 below gives the reported mean number of hours spent in the last year by those researching each market. Again, we see a hierarchy of priorities with clear differentiation of the degree to which consumers consider they spend their time between categories. This is perhaps determined by a desire to spend on those markets which are more pleasurable rather than those which are most financially rewarding. In terms of cost savings it certainly would appear to make more sense for consumers to spend time researching their gas supplier than 'music streaming / download services' (although be mindful that the latter is based on a small sample size). However, we should recognise that there are other hypotheses that could determine why consumers spend more time on some markets – the ease or difficulty of finding relevant information on the markets may, for example, determine the length of time taken. The motivations behind time taken would certainly benefit from further investigation.

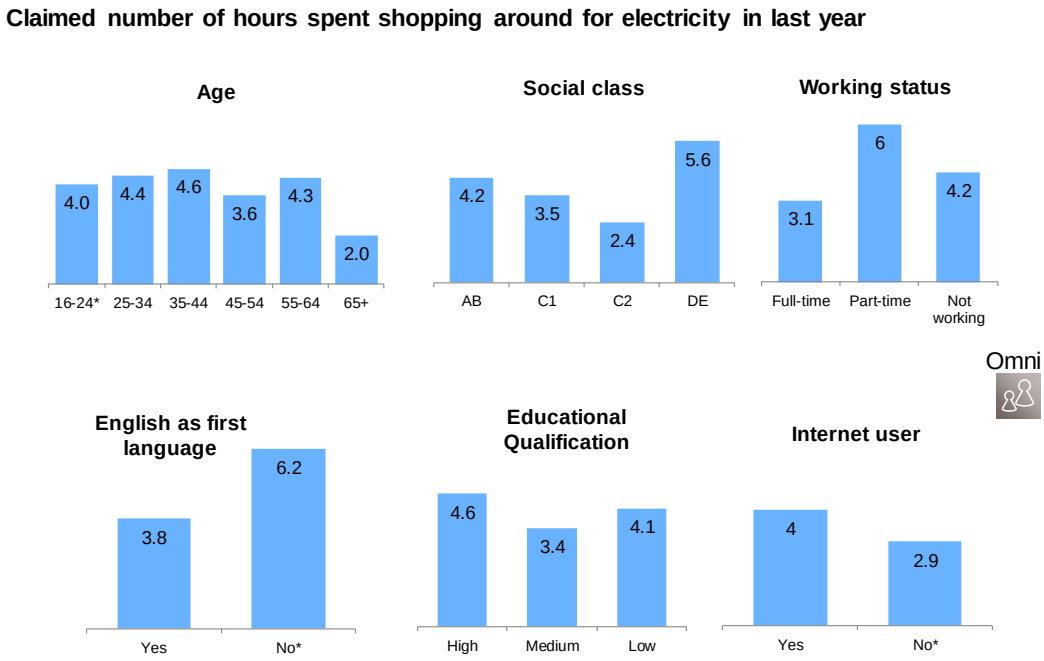
Figure 13: Claimed time spent shopping around



Time spent by demographic group

There are some fairy pronounced differences in the reported time spent shopping around by consumer segment. For illustration purposes we have selected the electricity market. To pick out a couple of data points, non-Internet users tend to spend less time shopping around than others, indicating the importance of the Internet as an information source. However, some of the more vulnerable groups (such as social grade DEs and those for whom English was not their first language) tend to spend longer shopping around. This is an interesting illustration of the way in which different issues may be driving the length of time taken – more affluent consumers may have more to gain in absolute terms by shopping around. Those who do not have English as their first language may spend more time shopping around as they could potentially find it harder to navigate the available material. Clearly, we only have information on the apparent behaviour of these groups rather than any diagnostic information so at this stage these remain hypotheses which would merit further investigation.

Figure 14: Claimed time spent shopping around in the electricity market



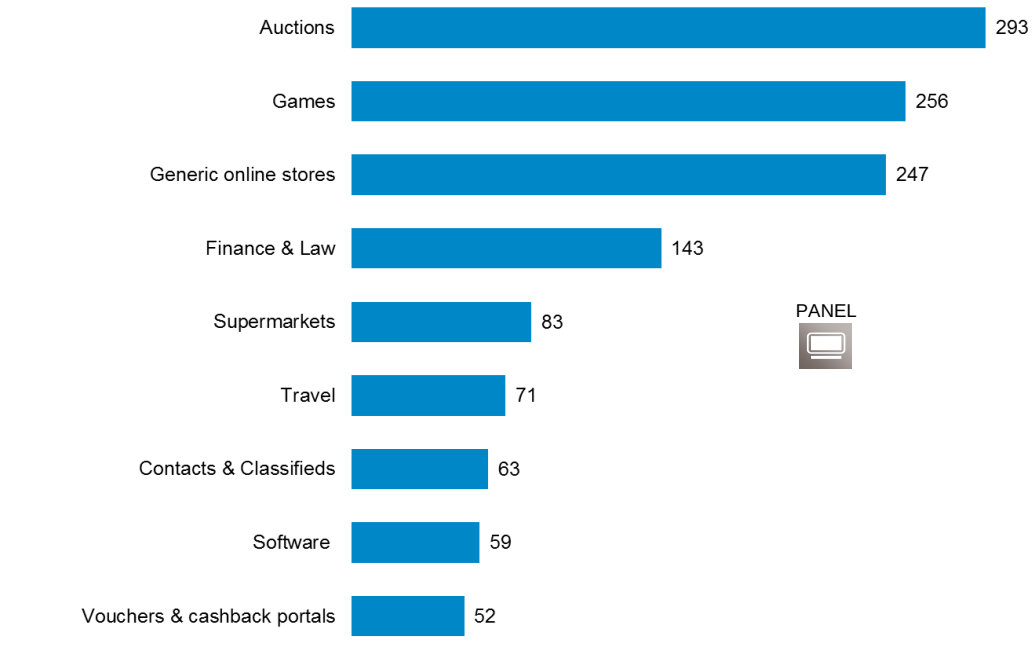
A9 In the last year, roughly how much time have you spent looking and shopping around for ……..
Base: All who have researched Electricity (n=379) - *caution - low sub bases (less than 50)

Actual time spent

We have two sources for tracking actual time spent. The first is the consumer panel data, second is our experimental study. We deal with each of these in turn below.

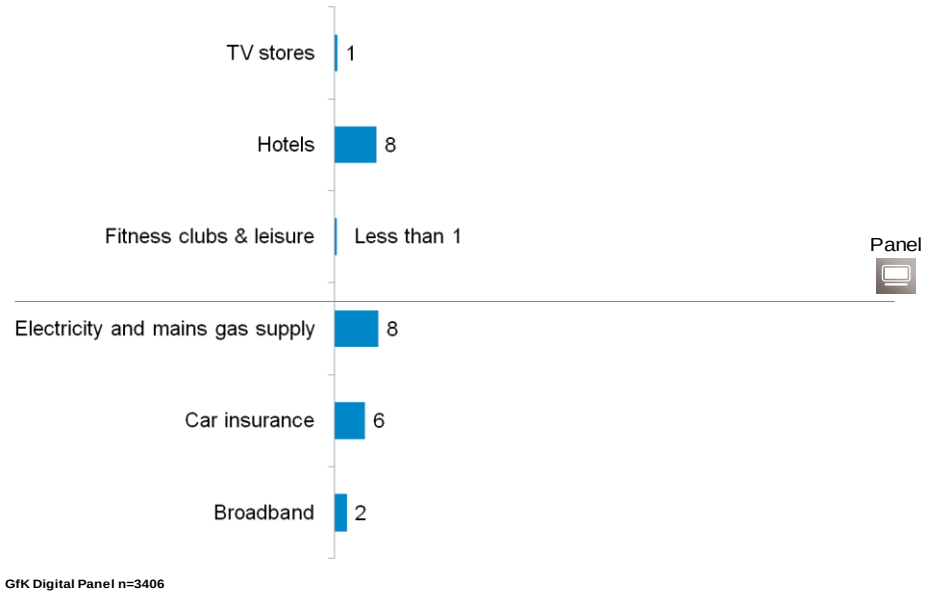
The consumer panel analysis in Figure 15 below shows the amount of time spent browsing by website type (showing all website categories attracting more than 50 mins per quarter). The key take-outs here are first that there is a clear hierarchy of priorities in evidence. Secondly, the nature of the hierarchy is different to that which was found from the omnibus data revealing an apparent distinction between what consumers report is their hierarchy of priorities and reality as evidenced by their online behaviours.

Figure 15: Average minutes per quarter by website type



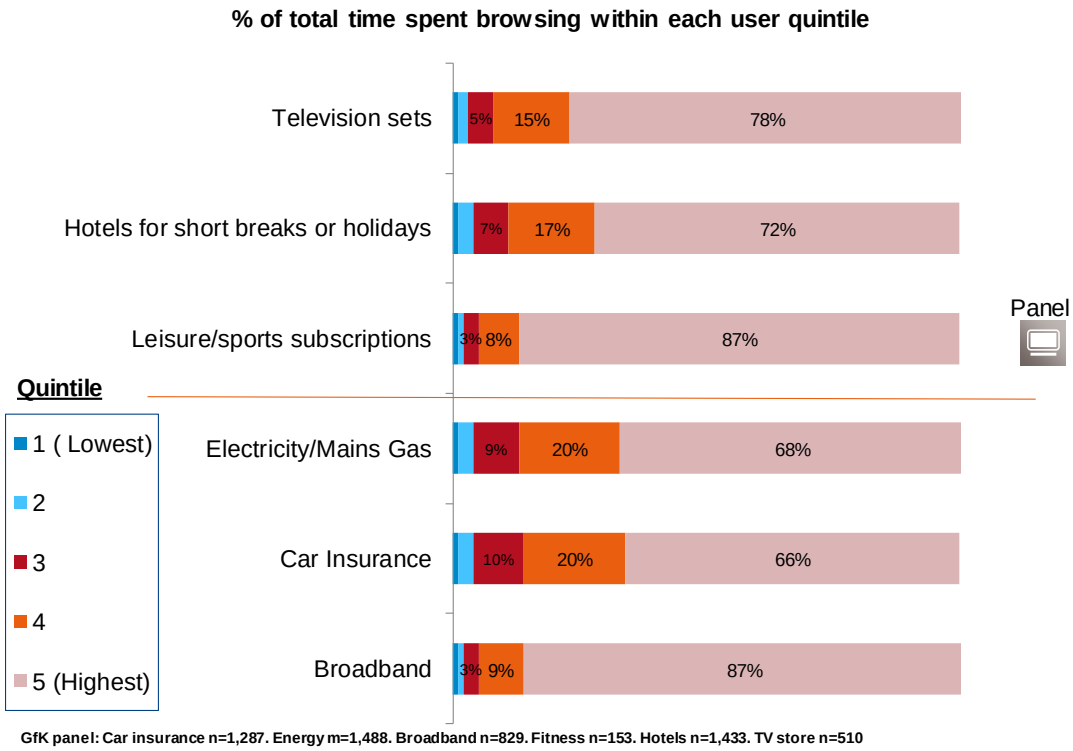
Turning to the experimental element, we found that overall, the time spent browsing these focus markets is very low. All of these are markets where consumers do not spend much time.

Figure 16: Average minutes per quarter by website type



Furthermore, much of the time that is spent browsing online in these markets comes from a relatively small proportion of shoppers. The chart below shows the proportion of browsing time that is accounted for by quintile ie the proportion of time accounted for by the lowest 20 per cent by time spent, the next lowest 20 per cent etc. This shows that the top quintile by time spent accounts for the vast majority of all the time spent browsing these markets online. So for example, two thirds of all the time spent browsing electricity or mains gas supply sites comes from just 20 per cent of visitors to these websites.

Figure 17: Time spent browsing on websites covered in BE test



GfK panel: Car insurance n=1,287. Energy m=1,488. Broadband n=829. Fitness n=153. Hotels n=1,433. TV store n=510

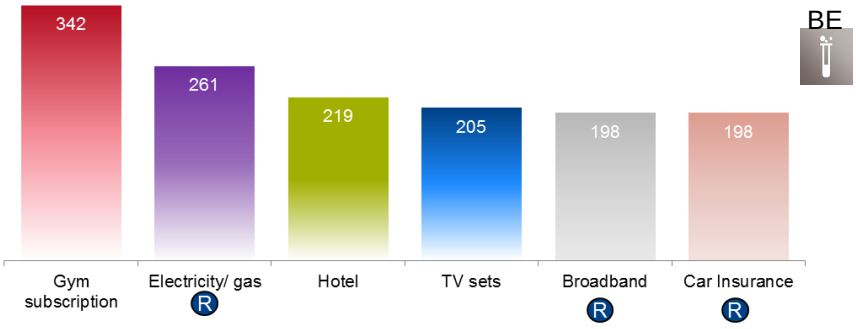
Half of all browsing of electricity or mains gas supply websites comes from just 10 per cent of visitors, which emphasises the point that most of the time spent shopping online comes from a minority of consumers. So whilst there clearly is a hierarchy of priorities based on time spent browsing websites, this finding suggests that the hierarchy is potentially disproportionally influenced by a relatively small group of individuals.

Experimental findings

As part of the experimental study we measured the time taken by the participant to choose a supplier from the start of the shopping task (having selected the market). This gives an indication of the time that consumers spend shopping around online, albeit within the limitations of artificial control conditions. The measured time in the test excludes the analysis of the time spent by consumers who deferred the supplier choice task (ie decided to stop doing the task and to select another market instead). The analysis also excludes those who did not click on any of the website links having selected the shopping task, as we judge that these consumers did not complete the task properly.

Again, we find a hierarchy of priorities with consumers taking longer to complete the tasks 'gym subscriptions' and 'electricity/gas' than for the other categories. There are only modest differences between the other markets. However, overall the hierarchy of priorities is less pronounced than we have observed from other data.

Figure 18: Average time (in seconds) taken to choose supplier



Base: All BE Participants n=685

The only demographic difference we found in the average time taken to complete the task (across markets) was age. Younger consumers took much less time to do the task than their older counterparts.

Table 1: Task engagement time by age

Participant age	Time taken (average number of seconds)
16 - 24 years	116
25 - 34 years	166
35 – 44 years	257
45 – 54 years	211
55 – 64 years	330
65+ years	362

This small but potentially interesting finding is consistent with the omnibus data which finds that younger consumers shop around less (both in terms of incidence of shopping around and time taken) but inconsistent in its finding that older consumers take longer (*claimed* incidence and length of time taken is lower). This certainly warrants further exploration to better understand the way in which the dynamics of the market vary by consumer demographic, particularly age.

How task engagement was influenced by other factors

Consistent with the earlier finding related to choice of task, there were no significant differences in time taken to complete tasks as a function of:

- Whether or not they thought there was too much information on the websites visited;
- Processing fluency (perceived information complexity on the sites, ease of understanding information);
- Confidence in decision (confidence in making the best choice or a good enough choice).

The lack of apparent relationship between these attitudinal measures and the data on task prioritisation and time given to the task is interesting. We can perhaps tentatively suggest that the nature of the task is not the issue itself that is driving engagement rather the consumer's motivation. Perhaps some markets are simply of less interest to the consumer and as such the variation in the quality of the information available does not influence their willingness to engage with the task.

One might expect that time taken on the task (if not the way in which the task was prioritised) might influence the degree to which the consumer felt they have maximised or satisficed their needs but again we see no significant relationship. Again it is hard to draw firm conclusions from this but we may hypothesise that the information as it is currently available does not vary significantly and most feel able, once they apply themselves to the task in hand, to come to a supplier choice which is often better than satisficing. As such perhaps the time taken is less to do with the quality of the decision and more to do with willingness to engage in different markets. However, this is pure speculation and would therefore benefit from further analysis.

Impact of social influence on time willing to spend

The social influence hypothesis is that consumers are more willing to spend time selecting a supplier if they know other consumers are doing so. Support for this hypothesis would provide useful guidance for regulators on how best to develop marketing communications.

In order to test this hypothesis, as part of the experimental study, we measured the amount of time that consumers took to complete the shopping task when presented with information that others are shopping around in this market (test condition), to see whether it was greater than when no such information was given (the control condition).

Interestingly, we did not find any significant difference in the time taken between the control condition (no social influence used in the description) and the experimental condition (social influence used). Given the large body of evidence of the impact of social influence on behaviour in both real world and hypothetical situations, this was a somewhat surprising result. However, in applied research there are not always straight forward translations between the academic literature and practical situation. Tim Harford, writer and broadcaster recently pointed this out[25] when commenting on a piece of work by the UK Government's Behavioural Insights Team on social influence (or social proof as they call it) in relation to organ donation:

"..discoveries about the past do not easily generalise to the future. Social proof is a widely accepted idea in psychology but…it does not always apply and it can be hard to predict when or why".

[25] Tim Hardford (March 21st 2014) Behavioural economics and public policy. Financial Times

Our study was designed to explore whether we could identify an impact on time taken to research the market and select a supplier. In this context we were not able to show an effect. This is not to say that none exists but it was not a sufficiently robust one to have an influence in this study. As suggested earlier, this begs a broader question about the degree to which we can expect the presentation of choices to influence consumer activities and should therefore be shaping policy. This discussion is picked up in the Conclusions section.

3.3 The role of price comparison websites

A recent report by Consumer Futures (now part of Citizens Advice) highlighted the increasingly important role played by price comparison websites (PCWs) in regulated markets[26]. Although not the focus of this study the impact of PCWs was explored in the context of the way they influence decision-making. This is an important topic as Citizens Advice consider that 'Next Generation Intermediary' (NGI) sites effectively further facilitate the consumer 'outsourcing' of supplier choice as well as the execution of that choice. If we were able to identify the way in which the current generation of PCWs facilitated the decision-making process, this would provide useful understanding of the potential future impact of more sophisticated NGIs on consumer activity in regulated markets.

Market context

We first set out to understand the general context of what information sources consumers use when shopping around for different products and services. Consumers were asked which information sources they had used in the last year when shopping around in different markets.

As expected, the majority of consumers research the markets that we investigated using the internet. However, although most consumers source information online, a sizeable minority rely on sources other than the Internet. One of the most striking findings is the proportion of consumers, across markets, who claim to be shopping around without using online information sources. At one level this is of course a reflection that not all consumers have access to the Internet. ONS analysis shows that the percentage of adults (aged 16 and over) who had never used the Internet was 13 per cent in Q1 2014. Whilst this is a relatively small minority, it still equates to 6.4 million individuals. [27]

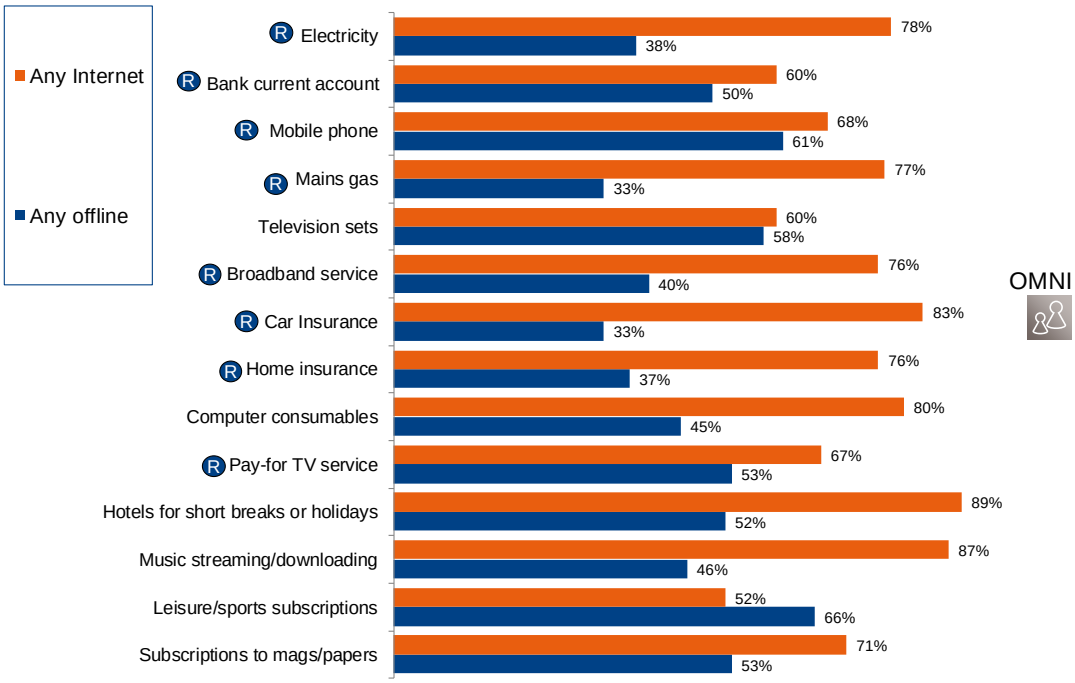
There are other possible reasons for shopping around without using online sources including the greater desire to see items before buying in some markets (perhaps the case for example with televisions and mobile phones), and the importance of meeting

[26] Richard Bates (2014). Next generation intermediaries – Examining a new approach to market engagement that offers consumers better outcomes for less effort. Consumer Futures

[27] Office for National Statistics Internet Access Quarterly Update, Q1 2014 Release

people on-site or in branches in others (possibly the case for leisure clubs and banks). However, the key point for regulators is that optimising consumer choice in regulated markets is not one purely mediated through the Internet.

Figure 19: Information sources used when shopping around

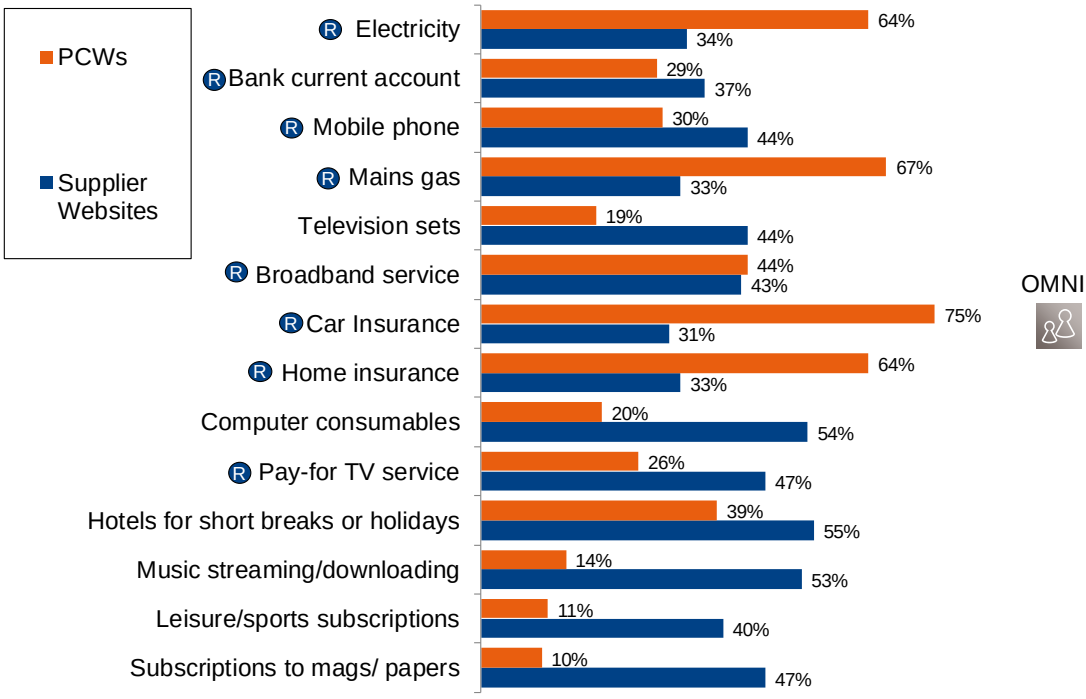


A10 Which information sources have you used in the last year when looking and shopping around for ….
Base: All who have researched each market

The role of Price Comparison Websites

The importance of PCWs as an online information sources is evident in the electricity, mains gas supply, home insurance and car insurance markets. Approximately two thirds of consumers who shop around in these markets use PCWs (more in the car insurance market). In other markets such as 'computer consumables' or 'music streaming/ downloading services' PCWs are less widely used. This is arguably an issue of market maturity and other research published by Consumer Future would indicate that we are likely to see an increase in the categories covered by PCWs[28].

Figure 20: Online information sources used when shopping around



A10 Which internet sources have you used in the last year when looking and shopping around for ….
Base: All who have researched each market

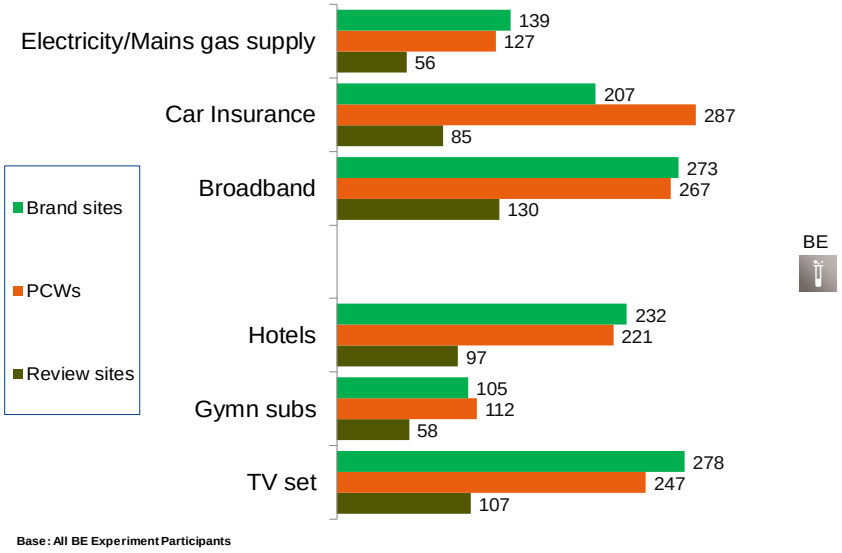
[28] Ctrl-Shift (2014). The rise of the consumer empowering intermediary. Consumer Futures.

Understanding the effect of PCWs on supplier choice

As part of the experimental study we tracked which website links consumers selected prior to choosing a supplier, in order to see what types of websites they visited. The findings described below exclude those who did not click on *any* website links (as we judge that these consumers were not undertaking the task properly).

Figure 21 shows the total number of links selected by information source in each market. It is clear that when consumers are provided with access to a PCW, they are used to help make a supplier choice.

Figure 21: Use of Price Comparison, Review and Brand websites in experimental test



This is in contrast with the omnibus results which reported lower use of PCWs in unregulated markets. However, this is in all likelihood a reflection of the relative position of PCWs within each market – an important part of the evolution of the current PCW market was the privatisation and break-up of former nationalised industries. Given this market context, these findings are of little surprise but also perhaps highlight the opportunity for PCWs to expand further into other markets.

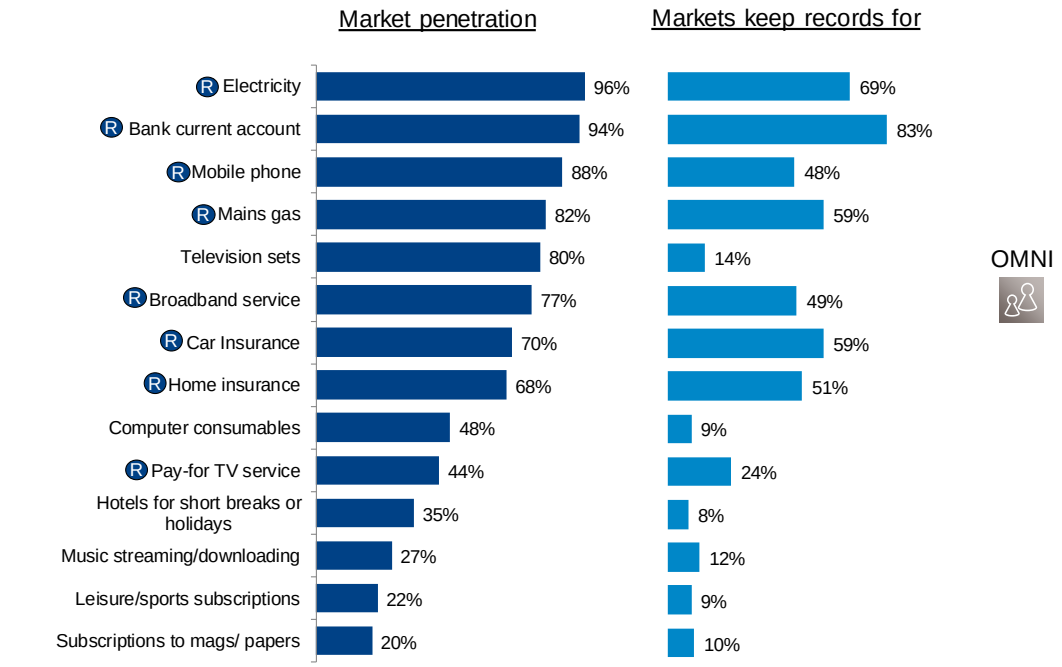
Interestingly, a relationship was found between use of PCWs and time taken to do the experimental shopping tasks. Whilst a relatively weak relationship, this is nevertheless important in the context, mentioned earlier, of the highly constrained time available of only 28 minutes per day spent on consumer activities. This suggests that support for development of the PCW market and subsequent generations of intermediaries would accrue real benefits for the consumer.

Access to relevant information to inform choice

One of the potential barriers to investing time and shopping around to find the best deal could be that consumers do not have the necessary information to hand about their current consumption to make an informed decision. We were interested therefore to see how many consumers kept records of what they are buying in each market.

Figure 22 shows the proportion of consumers who said they use each service/product, and who have either copies of bills/statements/receipts or online access to their account (for certain services). The results paint a sobering picture with a high proportion of consumers not having access to relevant information about their historical usage which will, in some markets, make it difficult for them to make an optimal supplier/tariff choice.

Figure 22: Market penetration and record keeping



This certainly supports the vision behind the midata[29] programme. This is a voluntary programme the Government is undertaking with industry, which over time will give consumers increasing access to their personal data in a portable, electronic format. Individuals will then be able to use this data to gain insights into their own behaviour, make more informed choices about products and services, and manage their lives more efficiently. When combined with the burgeoning NGI market this looks set to potentially revolutionise the ability for consumers to make effective decisions in both regulated and non-markets for as this richness of data becomes available to NGIs, they will become much more powerful tools.

[29] https://www.gov.uk/government/news/the-midata-vision-of-consumer-empowerment

3.4 Patterns of online browsing behaviour

As a recent report by Consumer Futures pointed out[30], we are now entering an age of 'Radical Transparency'. This is a fairly broad term, used to describe the way in which barriers are increasingly lifted to give free and easy access to corporate, political and personal data about themselves and others. This has come about largely because of the way in which technology has facilitated a fundamentally different relationship between these different groups of stakeholders.

To this end, it is worth spending a little time exploring the way in which the technology that consumers are increasingly using to engage with markets also allows researchers and policymakers greater insight into their activities. Offline activity is now increasingly 'datafied'[31] and thus able to be captured. So the breadth of consumer behaviour that is open to this exploration is rapidly increasing.

In this section therefore we report browsing behaviours (from the panel data) in the six specific markets that were included in the BE experimental test. Seven key metrics have been used to summarise browsing activity, as follows:

Activity – the total number of days on which a person carried out browsing activity in that market (in a 90 day period)

Span – the number of days from the first day of activity to the last

Total time – the number of minutes spent active across the span period

Sessions – how many times the person started a different browser session for activities in that market

Websites – number of different websites visited

Visits – number of total websites visited (including repeat visits)

Number of webpages – number of different webpages visited

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[30] Liz Coll and Richard Bates (2014). Realising Consumer Rights: From JFK to the digital age. Consumer Futures

[31] Term from Kenneth Cukier and Viktor Mayor-Schoenberger (2014). Big Data: A revolution that will transform how we live, think and work. John Murray

The measured browsing figures below are based on those visiting a website in the category (within the last 90 days). There are some interesting differences between the markets we investigated that are worth highlighting including:

- Browsing behaviour in the electricity and mains gas supply market is similar to the car insurance market, except that consumers tend to look at car insurance sites in a more concentrated time period, visiting fewer webpages.
- The pattern of broadband browsing behaviour is slightly different, with browsing activity over a much longer time period and over more sessions, although the total time spent browsing is similar to the other regulated markets suggesting that the time spent in each session is shorter.
- Hotels is similar to the electricity and mains gas supply market, whilst the other non-regulated markets that we analysed attract lower levels of browsing.

Figure 23: Measured browsing

Means over a 90 day period (Users)

	Activity (days)	Span (days)	Total time (mins)	Sessions	Websites	Visits	No. of webpages
							Panel
Car insurance	1	16	15	1	1	3	13
Electricity/Gas	3	34	17	3	1	4	19
Broadband	11	53	9	17	1	3	10
Fitness	2	13	9	2	1	2	10
Hotels	2	30	18	3	1	6	18
TV store	1	14	3	1	1	2	4

GfK panel: Car insurance n=1,287. Energy m=1,488. Broadband n=829. Fitness n=153. Hotels n=1,433. TV store n=510

This provides fertile territory for the development of hypotheses about the nature of markets. Why is there a greater span and number of sessions for broadband than

any other category? Why do consumers visit webpages more frequently for electricity suppliers than for the other markets examined above?

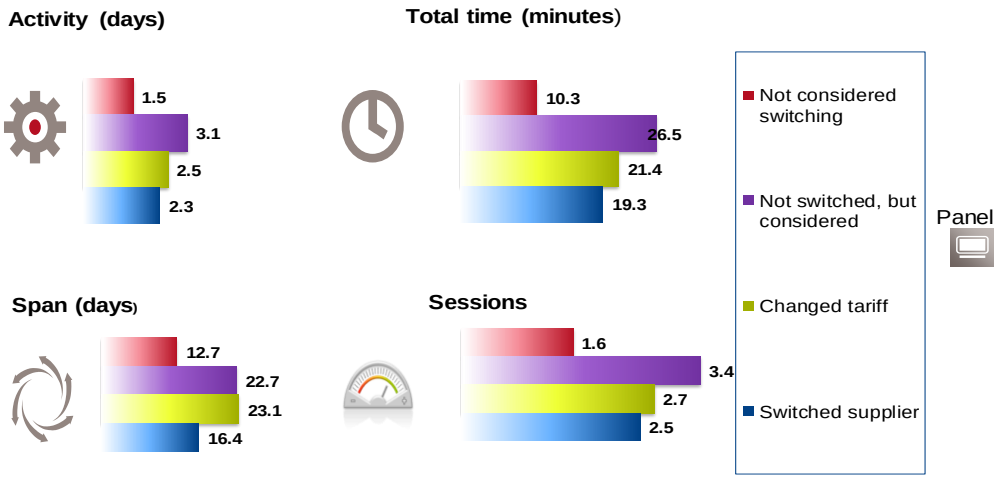
We do not have answers to these questions but the fact that we are now able to capture this sort of information at such a granular level must surely be of huge value in setting out to better understand the way in which consumers engage with these markets.

How browsing behaviour varies between switchers and non-switchers: electricity and mains gas supply market

An additional tool now available to researchers and policymakers is not only the ability to track consumers' online behaviours but also to ask them questions. This enables us to better understand the context of the online activity – so we know, for example, if they are actively shopping around in a particular market.

To this end, the GfK panel has been collecting information about whether consumers have switched supplier (or tariff) in the energy and mains gas supply market and whether they have seriously considered switching (in the last three months). We have used this information to compare browsing behaviours according to switching behaviour (or propensity to switch). The chart below shows the browsing metrics described above, split by those who have: not considered switching, considered but not switched supplier, switched tariff or supplier.

Figure 24: Browsing behaviour in the electricity and mains gas supply market



GfK Digital Panel No switch & didn't consider switching n=877. No switch, considered switching supplier n=35*, Changed tariff n=166. Switched supplier n=385

* Low base

Again, some interesting observations can be made:

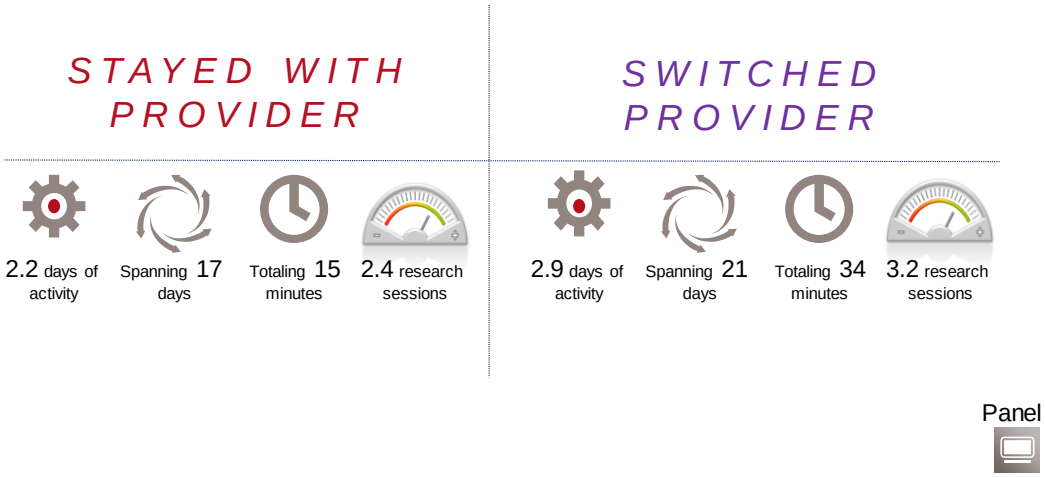
- Those who have switched supplier or tariff are more likely to browse sites in the category (including PCWs) than those who have not considered switching.
- On average switchers spend twice as long looking (total time = c. 20 minutes c.f. 10 minutes), over more sessions, across more days.

However, the really interesting finding is from those who have considered but not switched supplier. They tend to spend even longer looking at sites in the category than switchers (an additional 7 minutes on average), across more sessions. Some care is required with the interpretation, as the base size is low (35 panellists who have considered but not switched), but it is perhaps indicative of information being more complex in this market and therefore consumers requiring longer to make comparisons between different providers.

Using the same approach we were also able to explore browsing behaviour in the car insurance market. Again, some interesting findings were identified including:

- Nearly all (95 per cent) of those who had switched provider looked at car insurance provider websites, a significantly higher proportion than among those who had not switched but had car insurance (73 per cent).
- The proportion of non-switchers who had browsed a car insurance provider website is notably high, indicating that consumers are shopping around in this market. Switchers spent twice as long on average looking at car insurance websites than non-switchers.

Figure 25: Browsing behaviour in the car insurance market



GfK Digital Panel n=620

The fact that this is in exactly the opposite direction to the energy supply market is interesting but puzzling. Does this mean that in the car insurance market perseverance pays? Why is this not the case in the energy supply market? This suggests that there may be some tangible differences in the way in which information is presented between these markets which has a substantive impact on the decision-making process.

In these cases the ability to survey consumers whilst tracking their online behaviour has allowed us to understand the nature of their online 'mission'. However, it is clear that whilst valuable in raising hypotheses it has not at this stage provided definitive answers. Of course, some well-designed questions intervening at appropriate points in the process may well provide some much needed insight into these issues.

Similarly, we can imagine a scenario where these research tools can be used to explore the issues we have outlined in this report in a much more naturalistic setting. So, we may be able to undertake 'field trials' [32] where we direct some consumers who are looking to change supplier to particular sites that have been designed with particular behavioural economic principles in mind and others to a control condition. We can then track their ongoing activity and better understand how exposure to different information types (in real world settings) influences their behaviour.

[32] Duncan Watts (Jan 2014). Scientific thinking in Business. MIT Technology Review

4. Conclusions

The finding that consumers have a hierarchy of priorities in their consumer behaviour is important as it challenges the current notion that the ‘stickiness’ of regulated markets can be resolved by providing consumers with better quality information and simplified tariffs. This is a challenging finding for regulators and bodies concerned with protecting consumer interests as it suggests there are limited opportunities to better engage consumers with decision-making in regulated markets.

This is not only an issue that affects regulated markets but in all likelihood a wide range of markets given the study found an apparent lack of engagement across a number of categories. The tentative finding that vulnerable groups exhibited signs of being at a greater disadvantage to engage with available information resources is of particular concern given the body of work indicating that poverty has a detrimental impact on processing capability.

Determining exactly what consumers’ hierarchy of priorities actually is proves to be a complex activity. There is a mismatch between what consumers believe is their hierarchy and their actual behaviour which appears to show a different hierarchy is guiding their behaviour. At one level this is not unexpected, consumers are notoriously poor at self-identifying and rank ordering their behaviours and needs. So new approaches to capturing consumer behaviours, which do not rely on consumers’ powers of personal insight are invaluable. Whilst still at a fairly early stage of development, the use of passive monitoring has provided valuable information about the harsh reality of consumers’ engagement with regulated markets.

But what conclusions can we draw about the position of regulated markets in consumers’ hierarchy of priorities given our current level of understanding? Given the nature of the consumer panel data which shows very low engagement with regulated markets it is fairly safe to say that regulated markets come quite far down the hierarchy. This is despite consumers’ tendency to consider differently but as we see time and again, there are fundamental differences between what consumers say and what they actually do. That is not to say there is no value in understanding what consumers think, but it needs to be put into the broader behavioural context.

There is clearly more work that needs to be done to determine what hierarchy of priorities actually is for consumers. The passive monitoring of online activity from the consumer panel provides a good indication – with the pattern of responses suggesting (and we should emphasise that this is a hypothesis at this stage) that more enjoyable and engaging markets absorb more consumer time. Hardly a ground breaking assertion but nevertheless one which has not been explicitly acknowledged until this point. But even here we have to acknowledge the limitations (as we spell out in the report), concerning the devices tracked and the absence of integrating offline activity. The good news is that more techniques are becoming available, so we are able track more of our online activity across devices but also 'datafy'[33] more of our offline world. This means that we can better understand the rules governing our behaviour as researchers such as Alex Pentland have been demonstrating[34].

So what is to be done about it? Given the levels of interest in behavioural economics it is tempting to propose this as a panacea for the ills of these markets. However, we should approach this with caution. The experimental study found little or no influence from the effect of presenting information based on principles drawn from behavioural economics. And the behavioural economics community themselves are proposing caution in the application of the discipline to drive policy. As George Lowenstein, Professor of Economics and Psychology in the Social and Decision Sciences Department at Carnegie Mellon University wrote[35]:

"…the field has its limits. As policymakers use it to devise programs, it's becoming clear that behavioral economics is being asked to solve problems it wasn't meant to address."

[33] Kenneth Cukier and Viktor Mayor-Schoenberger (2014). Big Data: A revolution that will transform how we live, think and work. John Murray

[34] Alex Pentland (2014). Social Physics. Penguin Press

[35] George Lowenstein & Peter Ubel (July 14 2010) Economics Behaving Badly. The New York Times

He goes on to cite examples from a variety of public policy fields from obesity and medicine to fuel consumption where behavioural economics has been used, as he puts it to:

"Shift the burden from industry, which has the power to change the way it does business, to the relatively uninformed and powerless consumer. Behavioral economics should complement, not substitute for, more substantive economic interventions."

It seems that this is the case for the UK regulated markets. The apparent level of engagement by consumers is so low that it does not appear credible that changing the way in which information is framed to the consumer will have anything more than a negligible impact on consumers' hierarchy of priorities.

So if behavioural economics is not the answer then what should happen? Clearly economists have a variety of tools at their disposal for inefficient markets. However, within the domain of marketers there appears to be an interesting opportunity in the shape of technology based intermediaries. The findings from this research support other work undertaken by Consumer Futures[36] which indicates the key role these could have in reshaping regulated markets. The current generation of PCWs appear to empower consumers in a time efficient manner, critical given the context of the very limited time that consumers allocate to 'consumer tasks'. Next Generation Intermediaries are starting to emerge which have a much broader mandate of actively scanning the market and indeed actually executing the switching process on the consumers behalf based on the consumer's personal preferences. On this basis inertia, the driver of stickiness, then works in favour of the consumer as a recent Consumer Futures report[37] points out:

"If the key to more efficient, effective markets is not so much to 'change' consumer behaviour but to accept the reality of behaviours as they are and compensate for them, the maturing intermediary services market may be a catalyst of more widespread market changes."

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[36] Richard Bates (2014). Next generation intermediaries – Examining a new approach to market engagement that offers consumers better outcomes for less effort. Consumer Futures

[37] Ctrl-Shift (2014). The rise of the consumer empowering intermediary. Consumer Futures.

APPENDIX A – BE experimental test design additional details

Task descriptions

Usually, consumers have a specific need, they search the information and they then make a decision. In addition, switching only applies to certain of the selected markets, in some markets the activity is 'buying', although there will be consumers who have bought/signed up for the first time in all markets. We wanted therefore to move consumers' minds away from 'switching' to 'engaging' and so provided a background or a specific need for the shopping task in each market. This background was provided *after* they had chosen a market to shop around in.

Electricity or mains gas supply market: Imagine that you have just moved and you are looking at electricity or main gas services.

Broadband market: Imagine that you have just moved and you are looking at broadband services.

Car Insurance market: Imagine that you have just bought a car and you are looking at car insurances.

Gym market: Imagine you have decided to go to the gym and you are looking at gym subscriptions.

TV market: Imagine you have decided to buy a television.

Hotel market: Imagine you have decided to spend the May bank holiday (2 - 5 May) in Paris and you are looking at hotels.

As these scenarios were displayed after the respondent had chosen the market, they could not become a confounding variable in the market choice / hierarchy.

Web links shown to the participant – principles

GfK decided that the total number of web links presented to each participant should broadly match the number of links that would be shown on the first page of a Google search (on any subject). Thus 14 links were provided in each market - 8 Brand websites, 4 PCWs and 2 Advice/Review websites.

GfK felt that brand choice should be based on real brands, as this would be the only way in which the task would be completed properly. However, we did not want brand

choice to be influenced by situations where the respondent would reject the brand outright; so we excluded any brands in the choice set that would be rejected completely by that respondent (identified in the first part of the survey).

The lists of brands included major and some smaller ones for each market. From the eight brands shown, a maximum of six were major ones (actual number depended on each market) and the rest (minimum of two) were minor brands. The selection of major and minor brands presented to each participant was drawn randomly from the relevant brand list for each market.

For regulated markets, the PCWs always included the big four (Go compare, Compare the market, Money Supermarket and Uswitch). For consistency, we also displayed four comparison sites for the non-regulated markets as well. Specifically for the electricity and mains gas supply market, we included two PCWs that are covered by the Confidence Code (the code of practice for PCWs operating in the energy market), and two that are not. The rationale here was that potentially we could test the impact of processing fluency by analysing the time taken to complete the electricity and mains gas supply task, and perceptions of the ease of completing the task, according to whether the respondent looked at a coded PCW in the test, or not.

We included two review/advice sites relevant to each market.

Web links shown to consumer - site lists

CAR INSURANCE

MAJOR (Random selection of 6)

1. ADMIRAL
2. AVIVA
3. AXA
4. CHURCHILL
5. DIRECT LINE
6. LIVERPOOL VICTORIA
7. MORE THAN

MINOR (Random selection of 2)

1. The AA
2. ADRIAN FLUX
3. A-PLAN
4. BARCLAYS
5. BELL DIRECT
6. BUDGET
7. CIS
8. CORNHILL
9. CROWTHORNE
10. ELEPHANT
11. ENDSLEIGH
12. ESURE
13. FIRST ALTERNATIVE
14. FOOTMAN
15. GRAHAM SYKES
16. GREENLIGHT
17. HALIFAX
18. HASTINGS
19. HIC
20. ITS4ME
21. KEITH MICHAELS
22. KWIK FIT
23. LLOYDS BANK
24. MOTOR QUOTE DIRECT
25. NASH WARREN
26. NFU MUTUAL
27. PEOPLES CHOICE
28. PERFORMANCE DIRECT
29. PRIVILEDGE
30. QUINN DIRECT
31. QUOTELINE DIRECT
32. RAC
33. SAINSBURYS
34. SCREEN TRADE
35. TESCO
36. THE INSURANCE CENTRE

ENERGY PROVIDERS

MAJOR (show all 6)

1. BRITISH GAS
2. EDF ENERGY
3. NPOWER
4. SCOTTISH POWER
5. E.ON
6. SSE

MINOR (Random selection of 2)

1. CO-OPERATIVE ENERGY
2. FIRST UTILITY
3. OVO ENERGY
4. GREEN STAR
5. LOCO2
6. BETTER ENERGY
7. DALIGAS
8. EBICO
9. ECOTRICITY
10. GOOD ENERGY
11. GREEN ENERGY
12. ISUPPLYENERGY
13. SPARK ENERGY
14. UTILITA
15. THE UTILITY WAREHOUSE
16. ZOG ENERGY

BROADBAND PROVIDERS

MAJOR (show all 6)

1. BT
2. SKY
3. VIRGIN MEDIA
4. TALK TALK

MINOR (Random selection of 4)

1. EE
2. O2
3. PLUSNET
4. PRIMUS
5. TESCO
6. XLN TELECOM
7. POST OFFICE
8. JOHN LEWIS
9. ECLIPSE
10. DIRECT SAVE

REVIEW SITES (for all regulated markets)

1. Money Saving Expert
2. Review Centre

PCWs: (for all regulated markets)

1. Gocompare
2. Compare the market
3. MoneySupermarket
4. Uswitch

HOTELS (Paris)

MAJOR

1. Sofitel
2. Hilton
3. Ramada
4. Best Western
5. Westin
6. Hyatt Regency
7. Park Hyatt
8. Le Meridien
9. Marriott
10. Sheraton
11. Radisson Blu
12. Park Plaza
13. Britannia
14. Grand Hotel
15. Intercontinental
16. Novotel
17. Ibis
18. Holiday Inn

MINOR (Random selection of 2)

1. Concorde
2. Renaissance
3. Millennium
4. Courtyard by marriott
5. Melia
6. Campanile
7. Mercure
8. Comfort Inn
9. Tryp
10. Kyriad
11. Golden Tulip
12. TimHotel
13. Suitehotel

PCWs (hotels):

1. expedia
2. booking.com
3. lastminute.com
4. hotels.com

Review Sites (hotels):

1. Trip Advisor
2. Review Centre

FITNESS CLUBS AND LEISURE CENTRES

MAJOR (show all 4)

1. LA Fitness
2. David Lloyd Leisure
3. Nuffield Health
4. Virgin Active Health Clubs

MINOR (Random selection of 4)

1. Fitness First
2. Gym World
3. Next Generation Clubs
4. Holmes Place Health Clubs
5. LivingWell

PCWs (gym):

1. My Gym Compare
2. Compare My Fitness
3. The Gym Website
4. Pay as You Gym

Review Sites (gym):

1. Money Saving Expert
2. Review Centre

TV STORES

MAJOR (show all 4)

1. Currys
2. Tesco Online Electrical
3. John Lewis

MINOR (Random selection of 4)

1. Argos Superstore
2. Asda
3. Makro
4. Richer Sounds
5. Euronics
6. Sainsbury’s
7. PC World
8. Hughes Direct
9. Littlewoods
10. Pixmania
11. Bennetts

Review Sites (tv stores)

1. Money Saving Expert
2. dooyoo.co.uk

PCWs (TV):

1. Buy Digital TV
2. Go Compare
3. Price Runner
4. Compare the market

Other considerations

Option to defer the task

Our objective was to make this exercise resemble reality as much as possible. For this reason we did not want to force the respondents to complete a task after they had selected it. Instead, we provided them with the option to change their mind about which market to investigate and choose an alternative. They were also allowed to return to the original market later if they decided to do so.

Type of Information

The type of information that each respondent accessed could not be captured as they were directed to internet content from their own computer. However, to establish their browsing behaviour and perceptions of the information provided, we asked questions about the type of information they accessed on the websites and which type was the most useful in each market

Type of Device & Location

We included two questions, one asking what type of device they used to conduct the test and the other asking about the location in which they completed the task. Rationale was that we felt it might be that search and choice behaviours are constrained if consumers are using mobile devices (small screens, wobbly internet connection) or if they are in certain locations.

Forced Electricity or Mains Gas Supply Gas Task

After the completion of the two tasks of their choice, we asked consumers to complete the electricity and mains gas supply task as well, if they had not chosen this market already. We used this approach to generate as much data as possible for this particular market (it being of high interest to Citizens Advice), but we did not want to force consumers in the beginning as one of our goals was to observe market hierarchies.

APPENDIX B - Factors affecting consumer decision-making

- *Hyperbolic discounting:* Present or immediate costs/benefits are unduly salient or vivid in comparison to future costs/benefits. Postponing a cost, even one that generates high future benefits, is therefore attractive.

- *Regret Aversion:* Consumers are concerned not only with what they have but how it compares to what they might have had. The emotional consequences are anticipated and taken into account when making decisions.

- *Loss Aversion:* Consumers are concerned not only with what they have but how it compares to what they used to have. Gains and losses matter independently of final outcomes. Loss aversion is the tendency of individuals to weigh losses about twice as much as gains.

- *Choice Overload:* Too many options can induce procrastination; hence in many cases no choice is ever made. The tendency to defer choice is greater when the difference in attractiveness among the available alternatives is small than when it is large.

- *Information Overload:* Attention is a scarce resource and processing power is limited. The complexity and the resulting confusion from extra information is distracting and may lead consumers to passivity or poor decisions.

- *Processing Fluency*: Faced with a large choice set, decision makers tend to prefer the simple options. An individual may decide not to pursue a choice which improves his financial situation because there is a more attractive choice which requires minimal effort.

- *Tangibility**:*** When making choices consumers prefer tangible (e.g. price) to intangible (e.g. status) attributes. The hypothesis is that it’s easier to reason why you chose something based on concrete evidence than abstract. This could explain the divide between higher confidence and low confidence markets.

- *Construal Level Theory:* consumers use concrete construals to represent near events and abstract ones to represent distant events. The more psychologically distant an event is, the more it will be represented at higher levels of abstraction.

This relationship is bi-directional: manipulations of construals will change distance perceptions. Why versus how someone would perform an activity have different effects on distance perception. This also explains why making a specific plan leads to action more than making a promise that you will act (e.g. action plan to vote vs commitment to vote)

- *Affective reactions*: if processing resources are limited (e.g. limited time, high cognitive load) affective reactions have greater impact on choice. The consumer is more likely to choose the alternative that is superior on the affective dimension. In contrast, when processing resources are available (e.g. ample time, low cognitive load) then cognition has greater impact on choices and the consumer will choose the alternative that is superior on this dimension.

- *Accountability*
  Consumers who think about a decision in the expectation of being held accountable tend to exert more effort. They spend longer on the task and collect more information before taking a decision.

APPENDIX C – Rationale for Inclusion of Loss Aversion and Social Influence factors in the BE experimental test

Loss Aversion

Consumers tend to strongly prefer avoiding losses to acquiring gains [losses loom larger than gains]. Framing a proposition in terms of potential gain might lead to different choice preference than the same proposition framed in terms of losses. ‘A given difference between two options will have greater impact if it is viewed as a difference between two disadvantages than if it is viewed as a difference between two advantages’ (Kahneman & Tversky, 2000, pp.166).

Risk taking behaviour is also largely determined by the representation of gains and losses. When considering a potential gain consumers are risk-averse while when considering potential losses they become risk-seeking (see example below from Kahneman & Tversky, 1984).

1) Choose between:	2) Choose between:
A. a sure gain of $240	C. a sure loss of $750
B. 25 per cent chance to gain $1000 and	D. 75 per cent chance to lose $1000 and
75 per cent chance to gain nothing	25 per cent chance to lose nothing

A large majority of subjects made a risk-averse choice for the sure gain over the positive gamble in the first decision, and an even larger majority of subjects made a risk seeking choice for the gamble over the sure loss in the second decision. In fact, 73 per cent of the respondents chose A and D and only 3 per cent chose B and C.

Empirical Evidence & Applications

Loss aversion can explain phenomena that the traditional choice theory fails to interpret such as the endowment effect (Thaler, 1980), the equity premium puzzle (Benartzi and Thaler, 1995), and the status quo bias (Samuelson and Zeckhauser, 1988). Recently, loss aversion has been frequently applied in behavioural finance (cf. Barberis et al., 2001; Barberis and Huang, 2001; Berkelaar and Kouwenberg, 2000a, b; Roger, 2003; Gomes, 2003).

Most incentive schemes offer rewards to participants. However, a recent review on obesity treatment trials found no significant effect of financial incentives on weight-loss or maintenance (Paul-Ebhohimhen & Avenell, 2008). Alternatively, the treatment could frame the incentive as a charge imposed in case consumers fail to comply. Volpp et al. (2008) ran a study on weight loss in which the experimental group was asked to deposit money into an account. The money would be returned to them with a supplement only if they met their targets. Seven months later the experimental group demonstrated significant weight loss compared to the control group.

Social Influence

Individuals often look to social norms to gain an accurate understanding of and effectively respond to social situations, especially during times of uncertainty (Cialdini 2001). This is not mindless copying rather it is copying that draws rational inferences from limited information. The rationale for copying includes (see also Cialdini & Trost 1998, Wood 2000):

- Accuracy – it can make sense to adopt a behaviour once a sufficient number of others have done so
- Affiliation – we have a very strong desire to be like other consumers, as sales of a range of items from cars to clothes to mobile devices will attest
- Maintain or enhance positive self-image – consumers are frequently motivated to conform to others' beliefs and behaviours in order to enhance, protect, or repair their self-esteems.

Empirical Evidence & Applications

Social norms have been found to influence a range of behaviours in a myriad of domains, including recycling (Schultz 1999), littering (Kallgren et al. 2000), and tax evasion (cf. Kahan 1997). The impact of social norms has been used by economists in areas such as energy use (Allcott, 2011), charitable giving (Frey & Stephen Meier, 2004), voting (Gerber & Rogers, 2009), retirement savings (Duflo & Saez, 2003) and employee effort (Bandiera, Iwan, & Imran, 2006).

In *finance*, it seems that the behaviour of visible work colleagues (Duflo & Saez, 2003) and neighbours (Karlan, 2007) impact financial decisions.

In *energy conservation*, a US energy company, OPower, sent statements that provided social comparisons between a household's energy use and that of its neighbours (as well as simple energy consumption information), with smiley faces if consumers were below the average (which also includes affect). The scheme was seen to reduce energy consumption by 2 per cent relative to the baseline. Interestingly, the effects of the intervention decayed over the months between letters and increased again upon receipt of the next letter (Allcott, 2009).

In *recycling*, when a hotel room contained a sign that asked guests to recycle their towels to save the environment, 35 per cent did so. When the sign used social norms and said that most guests at the hotel recycled their towels at least once during their stay, 44 per cent complied. And when the sign said that most previous occupants of the room had reused towels at some point during their stay, 49 per cent of guests also recycled (Cialdini, 2003).

In *seatbelt use*, the 'Most of Us Wear Seatbelts Campaign' used a social norms approach to increase the number of people using seatbelts. Initial data collection showed that individuals underestimated the extent to which their fellow citizens used seatbelts either as drivers or passengers: although 85 per cent of respondents to a survey used a seatbelt, their perception was only 60 per cent of other citizens adults did. An intensive social norms media campaign was launched to inform residents of the proportion of people who used seatbelts, and the self-reported use of seatbelt significantly increased (Linkenbach & Perkins, 2003).

Salganik, Dodds, Watts (2006) created an artificial music market with over 14,000 consumers from a teen related website. All participants were asked to rate a list of previously unheard songs from unknown bands. In one condition, the participants were asked to assign a rating to the song and then given an option to download it. There was no reference whatsoever to others ('**individual'** group). The second group did exactly the same task but with a crucial difference; they could see the number of times that the songs had been downloaded ('**social influence'** group). In the individual group, there was a normal distribution of preferences for the different songs, with the most popular songs being around three times as popular as the least. However, when individuals could see the preferences of others (in the form of

downloads) there was a huge shift in consumers' preferences, with just a few songs being hugely popular and the majority of songs getting much lower ratings. In this scenario the ratio between the most popular and the least popular was at least thirty to one. In addition, the tracks that were popular when selected individually (i.e. not seeing what had been downloaded) bore little relationship to the tracks that were selected when consumers could see what had been downloaded by others in their 'network'.

APPENDIX D – Response Rates

GfK telephone recruited 1,997 consumers to take part in the BE experiment, and of these 1,101 started the test (55 per cent) by clicking on the emailed survey link. Two in three (62 per cent) of those who started the test completed it, that is 685 consumers (34 per cent).

25 per cent of the 416 who quit the survey did so at the first introduction screen, the rest mostly quit at some stage during the first shopping task (60 per cent). This suggests that quite a high proportion of consumers felt it not worthwhile or enjoyable to spend time engaging in a hypothetical shopping task when not actually in the market for these goods and services, despite the fact that they were being incentivised to participate (there was no difference in quit rate by level of incentive). The proportion of consumers quitting the test did not vary markedly by shopping task selected.

Reasons for quitting the test were disparate. Some mentioned that they found the task complicated and did not understand it, and therefore did not wish to continue:

> *"I did not understand what you wanted me to do! I found the information vague"* (TV appliance market)
>
> *"Too complicated …. Not really sure what you expect us to do"* (Hotels market)
>
> *"Too much information required by all sites"* (Car insurance market)
>
> *"Too involved looked complicated to complete"* (Hotel market)

Others were discouraged from participating by having to do a task in a market where they were not looking to shop around.

> *"Do not wish to buy broadband at this time"* (Broadband market)
>
> *"Already doing something this holiday, no need to waste time visiting a site I don't want, thank you".* (Hotel market)

53 consumers looked into more than two markets (i.e. deferred a task), leaving 632 who completed their first two selected shopping tasks. It is noteworthy that only a quarter of consumers chose to complete the electricity and mains gas supply market task in their first two selections (we would expect one third to do so if all markets

were equally attractive), but anyone not choosing to do this task was asked to complete it at the end of the survey as a third shopping task.

APPENDIX E – Market website categories

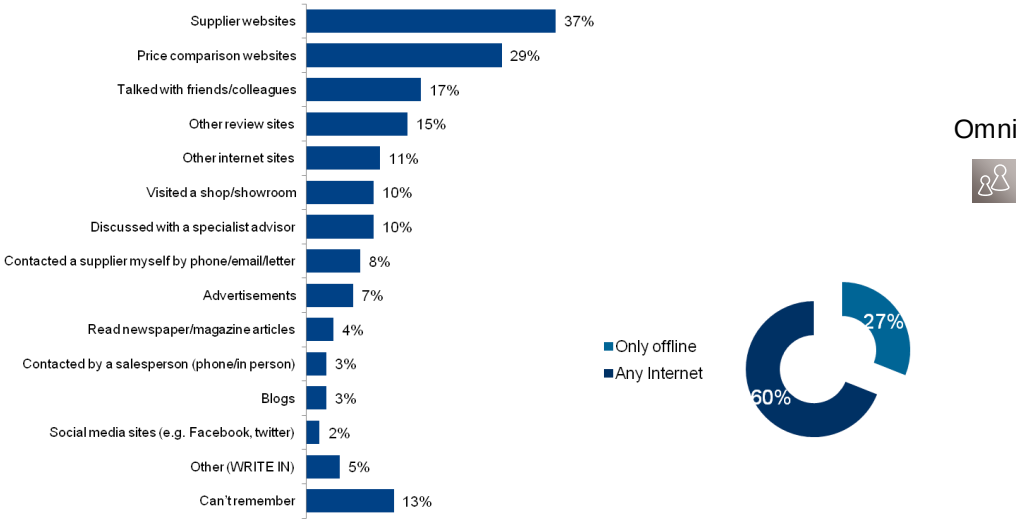
Main Category	Sub Category	Market website (Y/N)
Adult	Adult	n
Automobile	Other	y
Automobile	Marketplace	y
Automobile	Brands	y
Brands	Brands	n
Charity	Charity	n
Consumer Electronics	Consumer Electronics	y
Contacts And Classifieds	Employment Websites	y
Contacts And Classifieds	Partner Search And Casual Dating	y
Contacts And Classifieds	Sales And Lettings Listings (Property)	y
Contacts And Classifieds	Classifieds	y
Contacts And Classifieds	Business / Phone / Address / People Search	y
E-Commerce	Vouchers And Cashback Portals	y
E-Commerce	Drugstore	y
E-Commerce	Technology	y
E-Commerce	Home & Garden & DIY	y
E-Commerce	Photos	y
E-Commerce	Price Comparison & Tests	y
E-Commerce	Clothing & Footwear	y
E-Commerce	Generic Online Stores	y
E-Commerce	Books	y
E-Commerce	Supermarket	y
E-Commerce	Entertainment / Tabloid	y
E-Commerce	Auctions	y
E-Commerce	Food & Drink	y
E-Commerce	Blogs / Forums	y
E-Commerce	Operators	y
E-Commerce	Hotels	y
E-Commerce	Consumer Electronics	y
E-Commerce	Other	y
E-Commerce	Employment Websites	y

E-Government	E-Government	n
Email	Email	n
Email	Portals	n
Energy	Electricity & Gas Suppliers	y
Finance And Law	Banks & Building Societies	y
Finance and Law	Other	y
Finance And Law	Insurance Comparison	y
Finance and Law	Loans	y
Finance And Law	Payment system	y
Finance And Law	Portals	y
Finance And Law	Price Comparison & Tests	y
FMCG	Food & Drink	y
FMCG	Personal Care	y
FMCG	Home Care	y
Games	Gambling / Betting / Lottery	y
Games	Browser Games / Online Games	y
Games	Info / Blog / Community	y
Location Based Services / Mapping	Search Engines & Web Directories	n
Logistics	Logistics	n
Media	Other	n
Media	Video Portal / Media / Radio	n
Media	News & Sport	n
Media	File Sharing / Downloads	n
Media	TV	n
Media	ISPs	n
Media	Portals	n
Media	Photo / Image Sharing	n
Media	Entertainment & Tabloid	n
Medical	Online Pharmacies	y
Medical	Portals	y
Medical	Brands	y
Mobile	Brands	y
Mobile	Other	y
Other	Knowledge / Education	n
Other	Other	n
Other	Community Guide	n
Other	Search Engines & Web Directories	n
Other	Social Community	n
Other	Blogs / Forums	n
Payment system	Payment system	n
Portals & Directories	Blogs / Forums	n
Portals & Directories	Search Engines & Web Directories	n
Portals & Directories	Business / Phone / Address /	n

	People Search	
Portals & Directories	Portals	n
Portals & Directories	Social Community	n
Portals And Directories	Search Engines & Web Directories	n
Portals And Directories	Portals	n
Portals And Directories	Blogs / Forums	n
Portals And Directories	Business / Phone / Address / People Search	n
Portals And Directories	Photo / Image Sharing	n
Portals And Directories	Knowledge / Education	n
Portals And Directories	Social Community	n
Portals And Directories	Community Guide	n
Portals And Directories	Other	n
Portals And Directories	Other Web 2.0	n
Portals And Directories	Vouchers And Cashback Portals	n
Portals And Directories	Info / Blog / Community	n
Portals And Directories	Price Comparison & Tests	n
Portals And Directories	Entertainment / Tabloid	n
Portals And Directories	Video Portal / Media / Radio	n
Software	Downloads	y
Software	Software	y
Travel	Metasearcher	y
Travel	Travel Destinations	y
Travel	Online Travel Agencies	y
Travel	Train	y
Travel	Hotels	y
Travel	Aviation	y
Travel	Operators	y
Travel	Weather	n
Travel	Destination	y
University	University	n

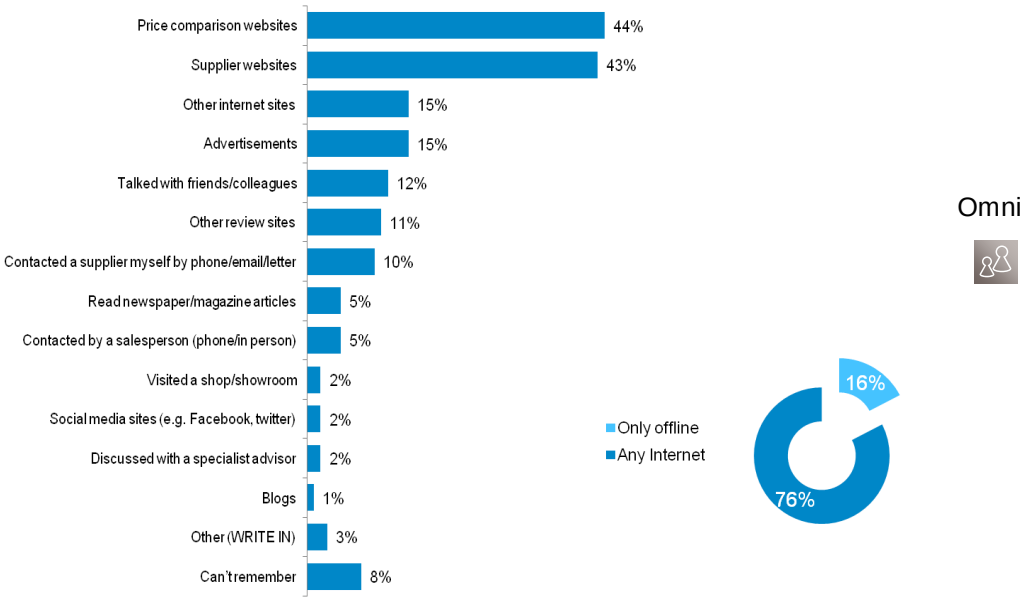
APPENDIX F – Information sources used to shop around

Bank current account



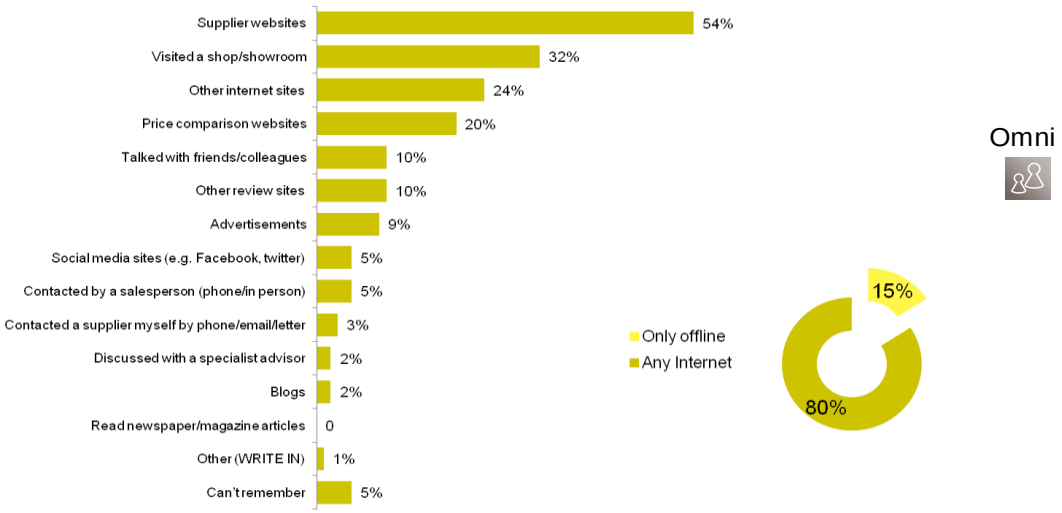
Base: All who have researched each market (Bank current account n=124)

Broadband



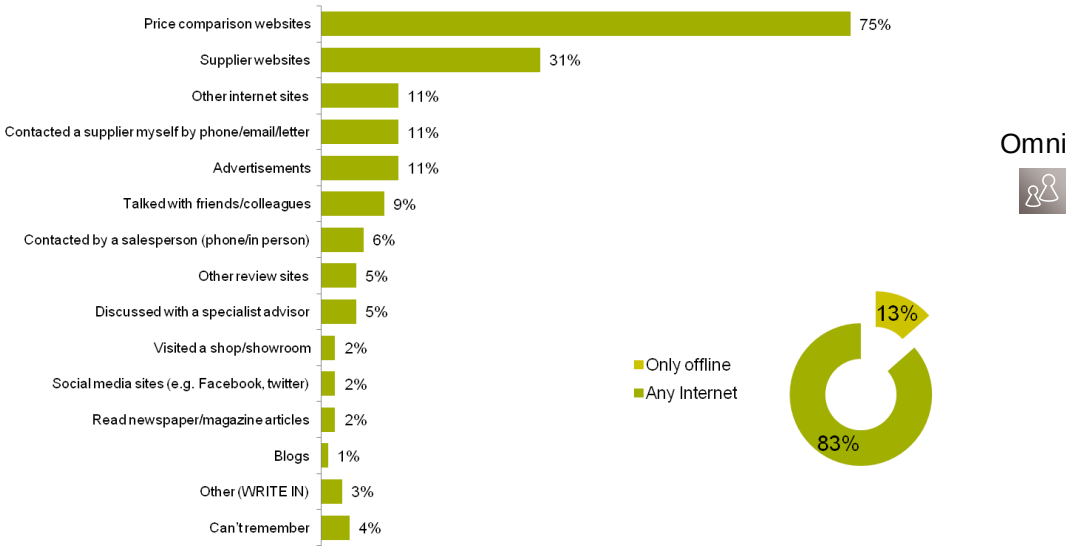
Base: All who have researched each market (Broadband service n=276)

Computer Consumables



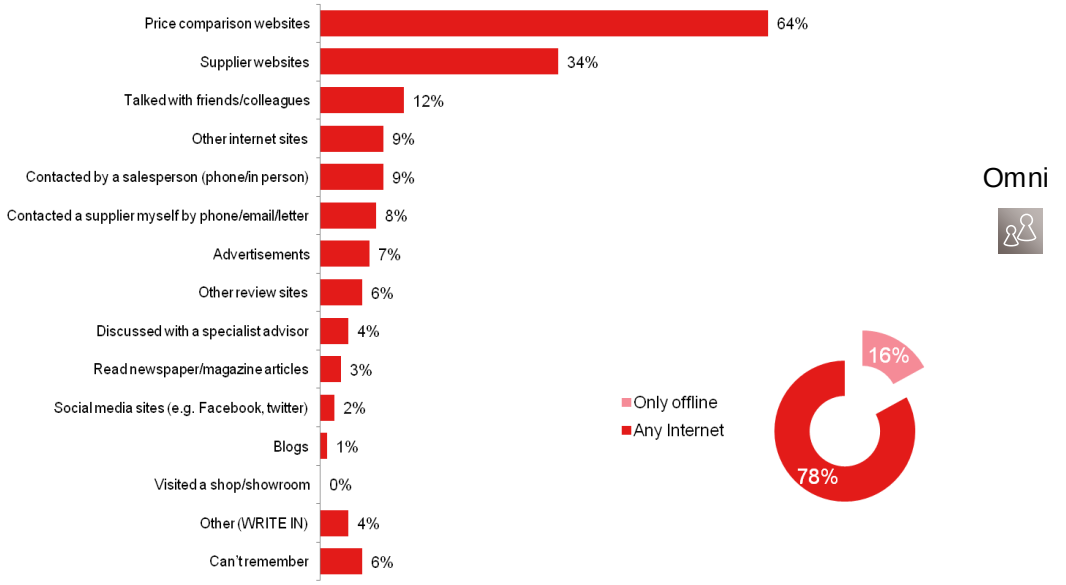
Base: All who have researched each market (Computer Consumables n=126)

Car insurance



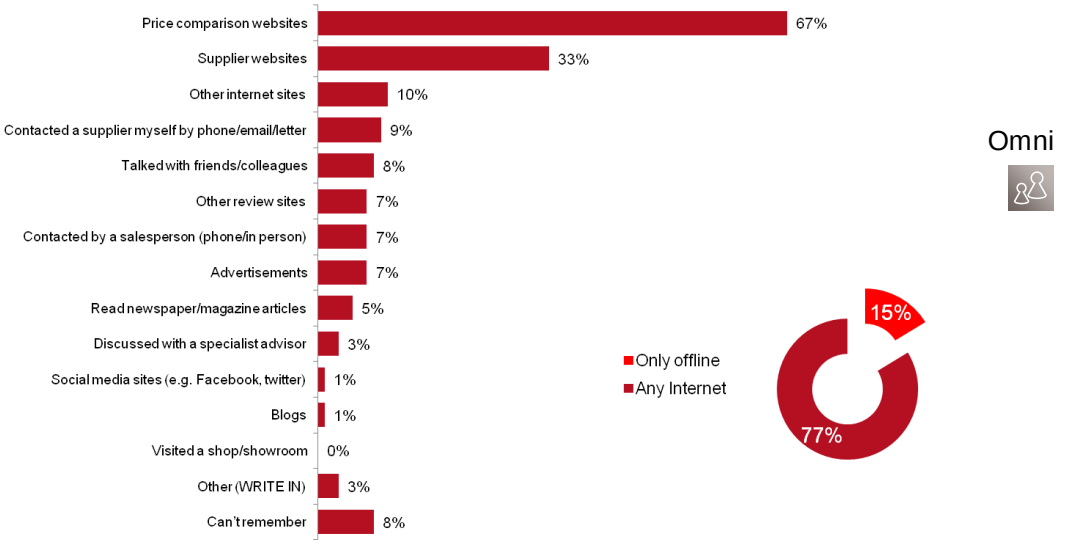
Base: All who have researched each market (Car Insurance n=611)

Electricity



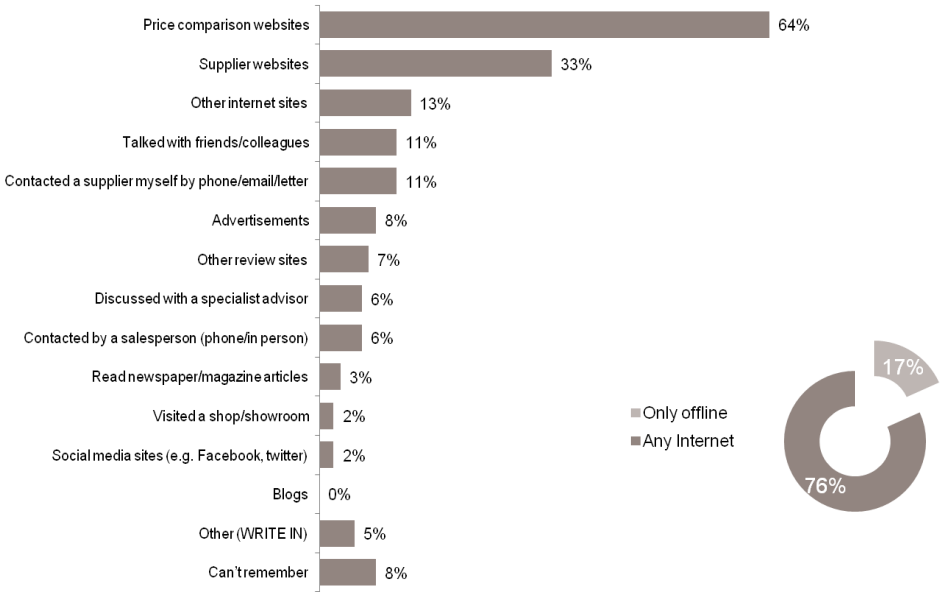
Base: All who have researched each market (Electricity n= 371)

Mains Gas



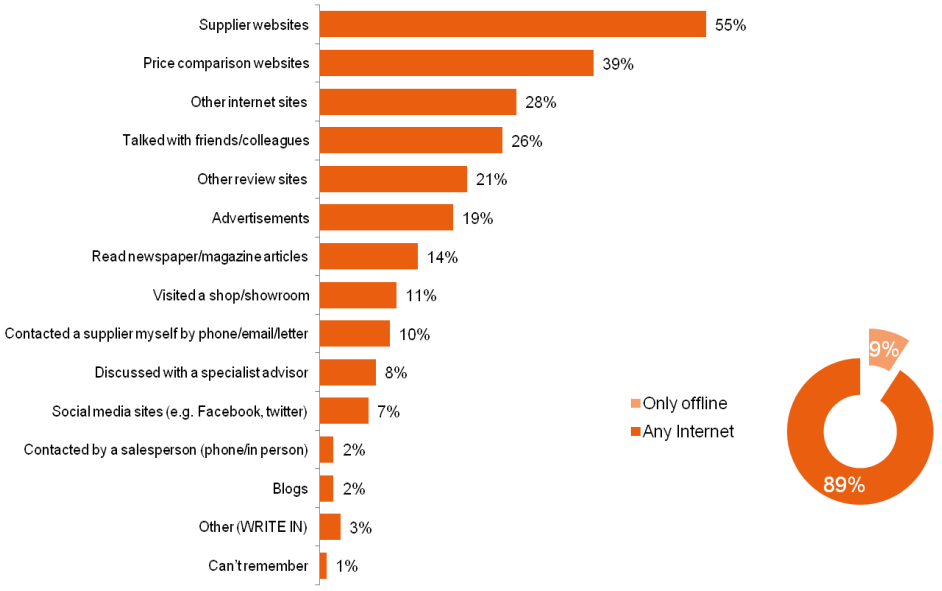
Base: All who have researched each market (Mains Gas n=320)

Home Insurance



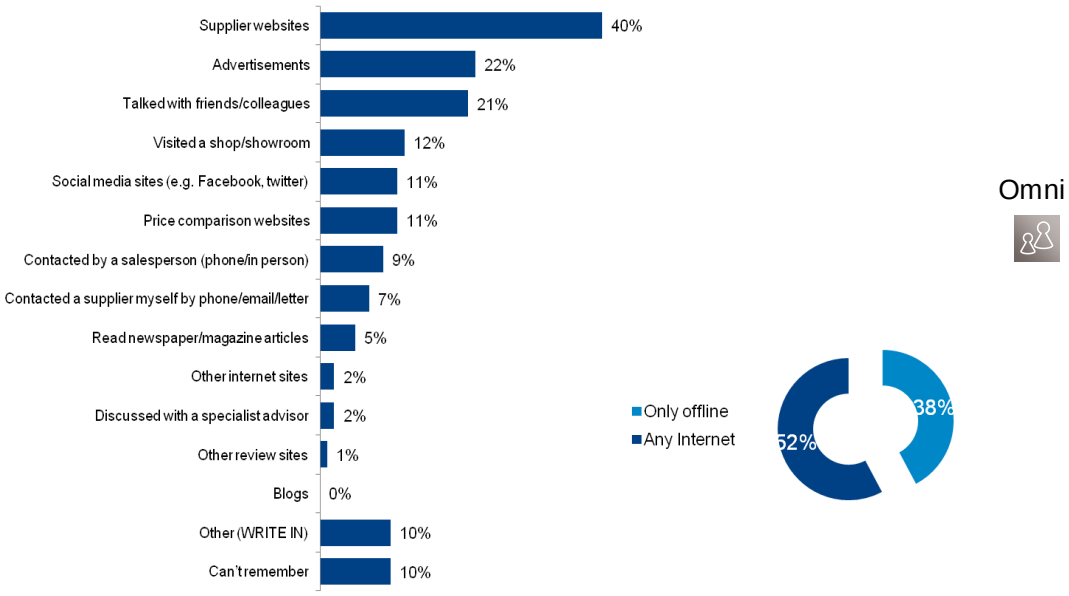
Base: All who have researched each market (Home Insurance n=384)

Hotels for short breaks or holidays



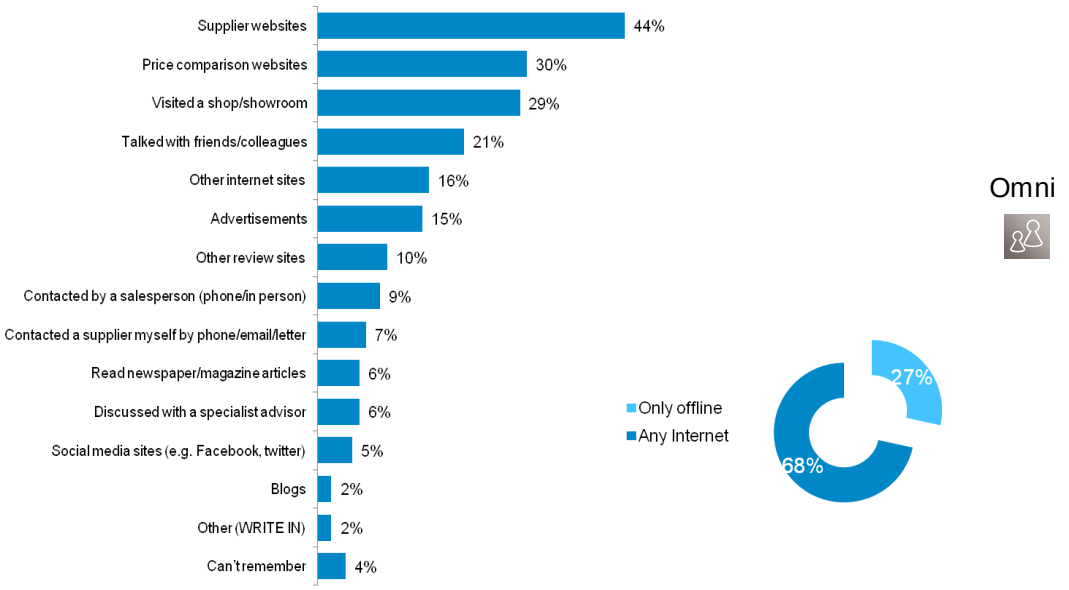
Base: All who have researched each market (Hotels for short breaks or holidays n=254)

Gymnasium and leisure sports subscriptions



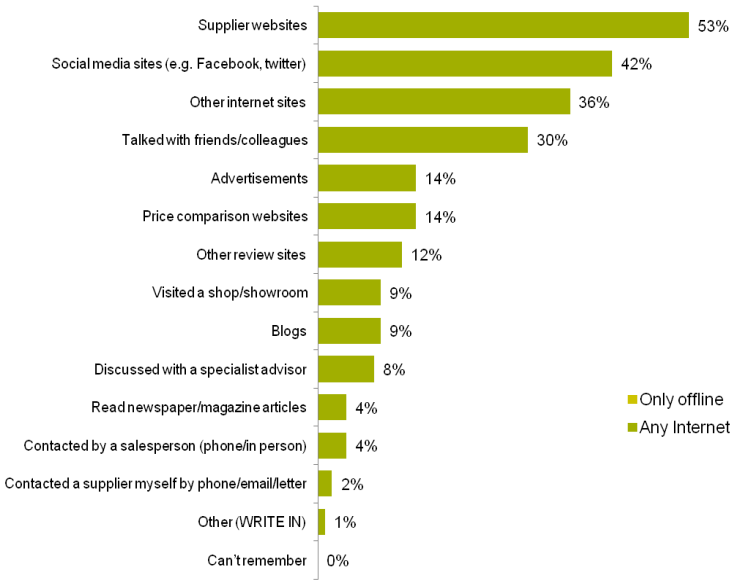
Base: All who have researched each market (Leisure/sports subscriptions n=49) *caution - low base

Mobile Phone



Base: All who have researched each market (Mobile phone n=324)

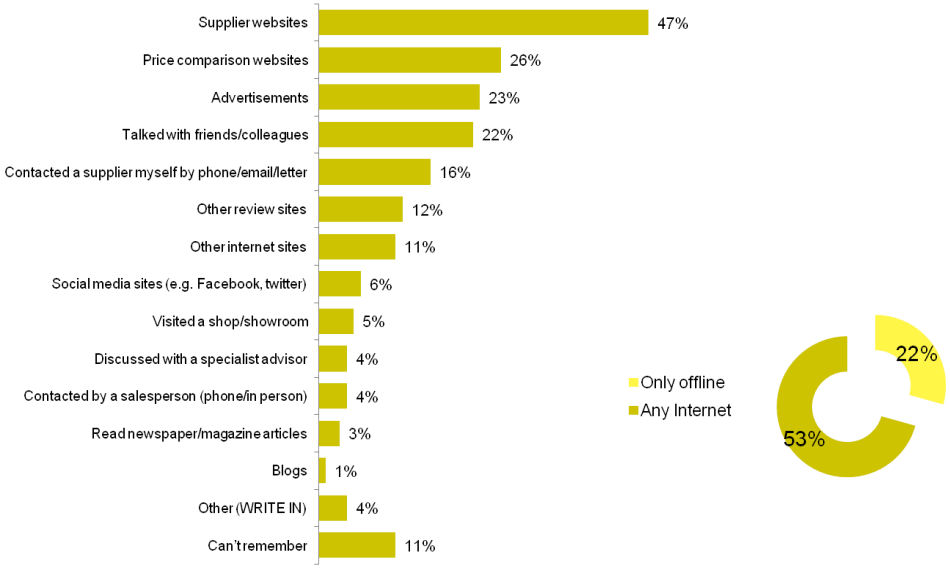
Music Streaming/Download services



Omni

Base: All who have researched each market (Music streaming/ downloading services n=45) *caution - low base

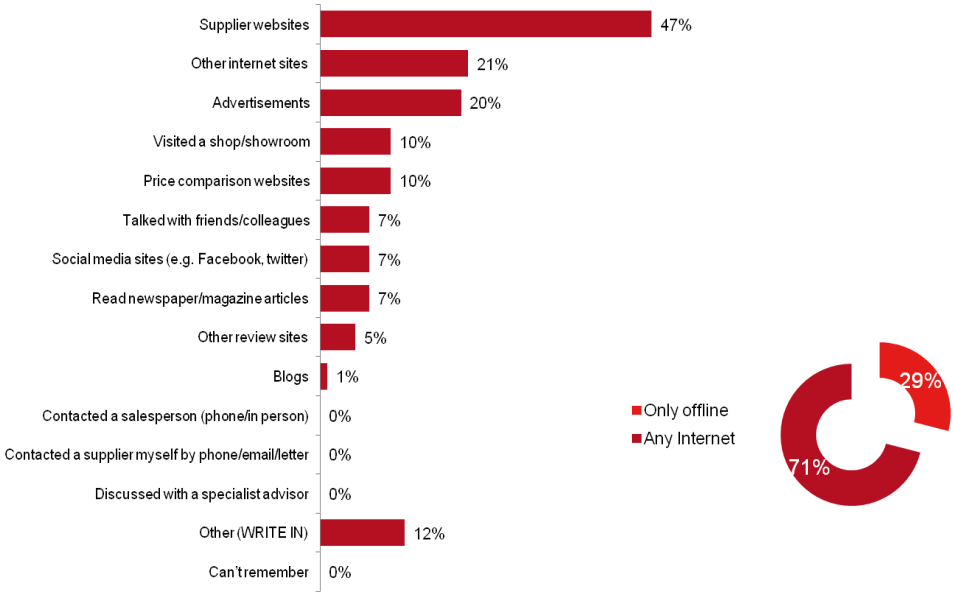
Pay-for-TV service



Omni

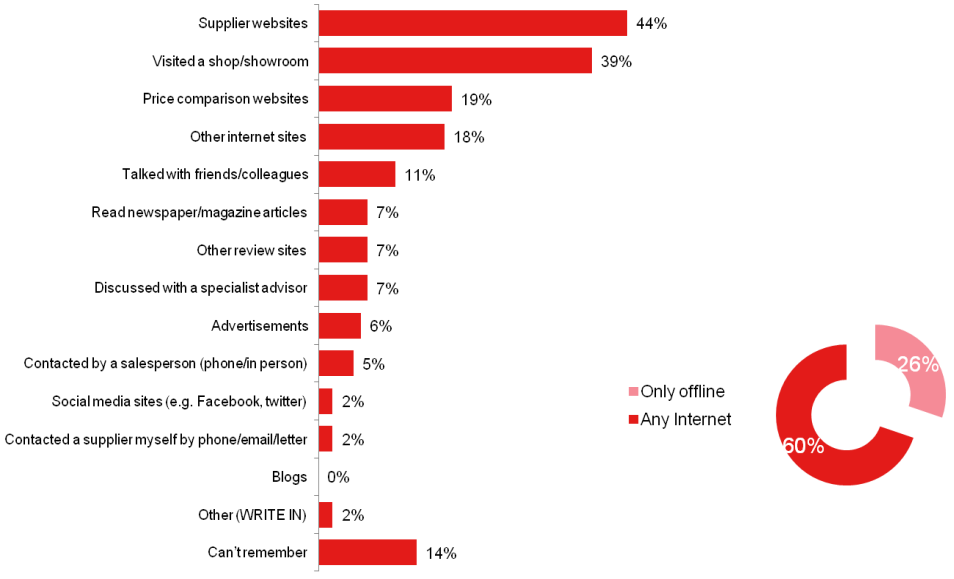
Base: All who have researched each market (Pay-for-TV Service n=97)

Subscriptions to magazines/newspapers



Base: All who have researched each market (Subscriptions to magazines/newspapers n=32) *caution - low base

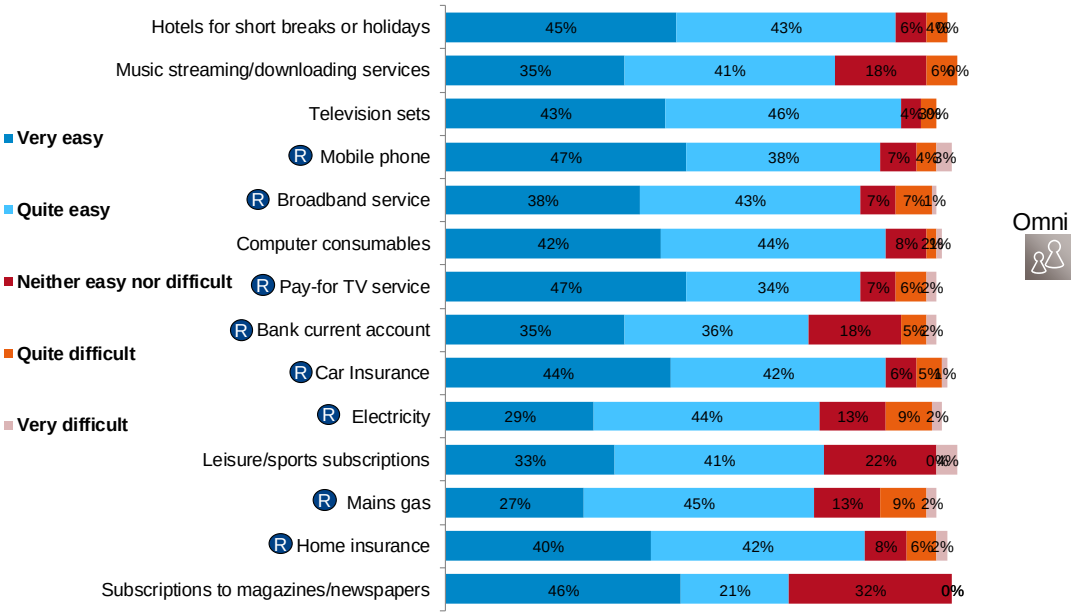
Television Sets



Base: All who have researched each market (Television sets n=74)

APPENDIX G – Diagnostic information on consumers' engagement with shopping

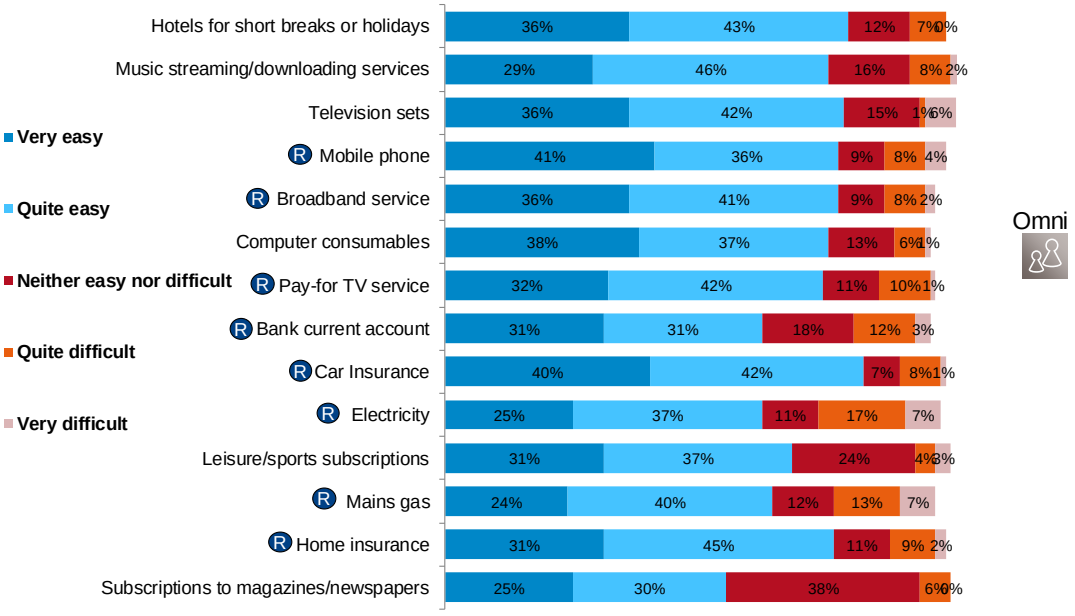
Ease or difficulty of finding out information about providers in …..



A11 How easy or difficult is it to find out information about providers in the market?
Base: All who have researched each market

*Chart excludes 'can't remember' percentages, so bars will not total to 100%

Ease or difficulty of comparing providers in …..



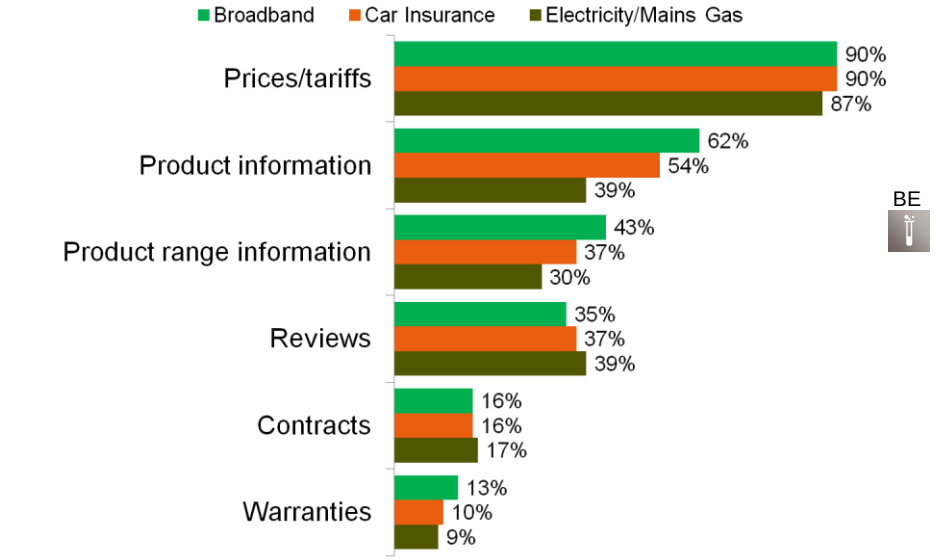
A12 How easy or difficult is it to compare providers in the market?
Base: All who have researched each market

*Chart excludes 'can't remember' percentages, so bars will not total to 100%

APPENDIX H – Diagnostic information on consumers' engagement with the shopping task (BE experimental test)

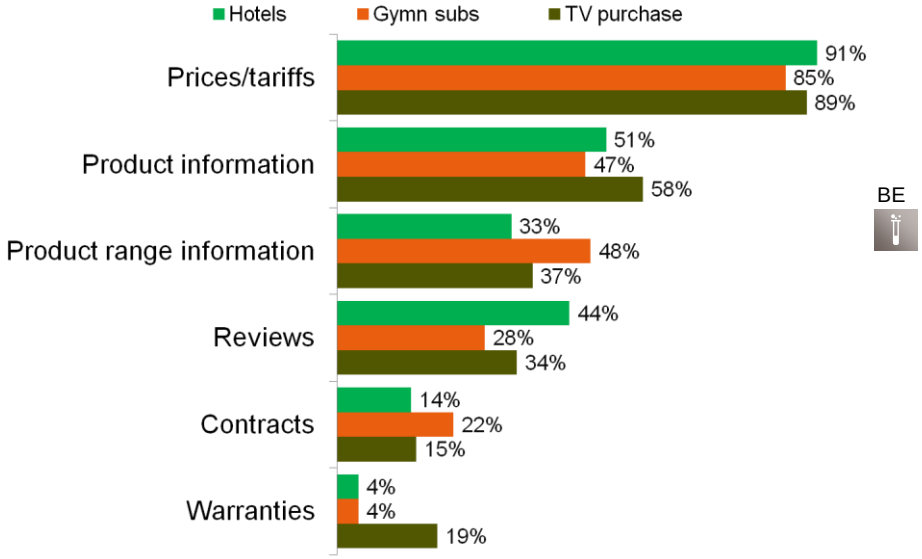
Type of information looked at during experimental test

Regulated markets



Base: All BE Experiment Participants

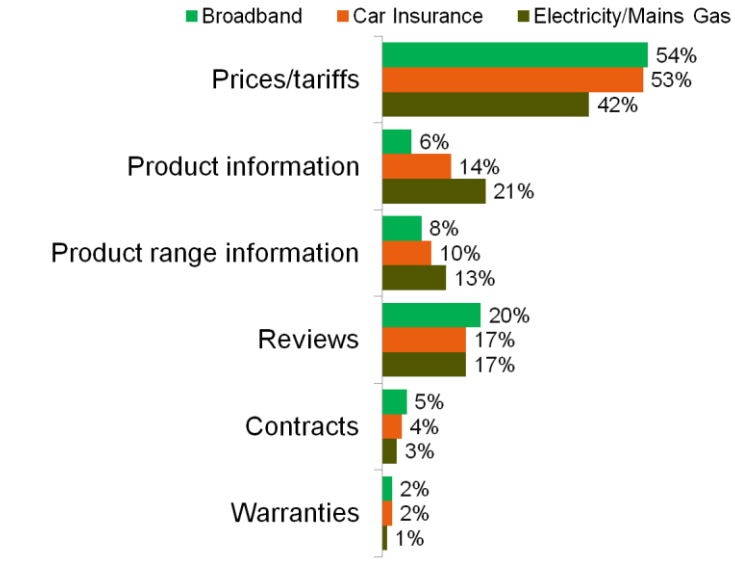
Unregulated markets



Base: All BE Experiment Participants

Most useful information looked at during experimental test

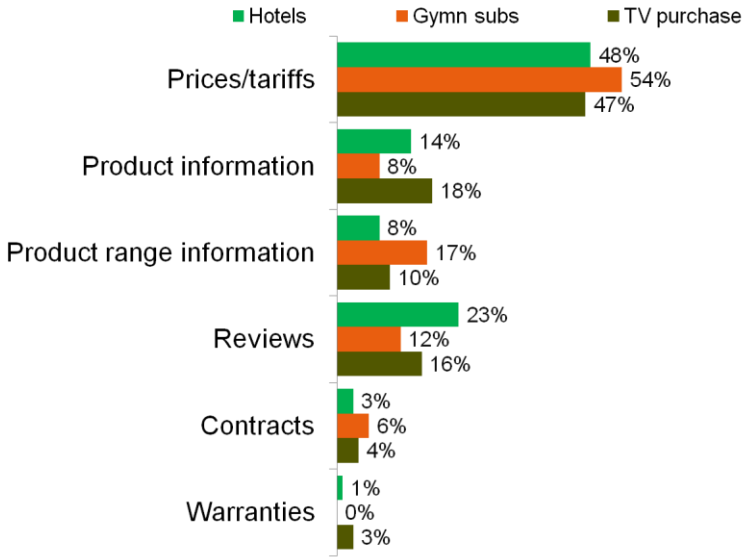
Regulated markets



BE

Base: All BE Experiment Participants

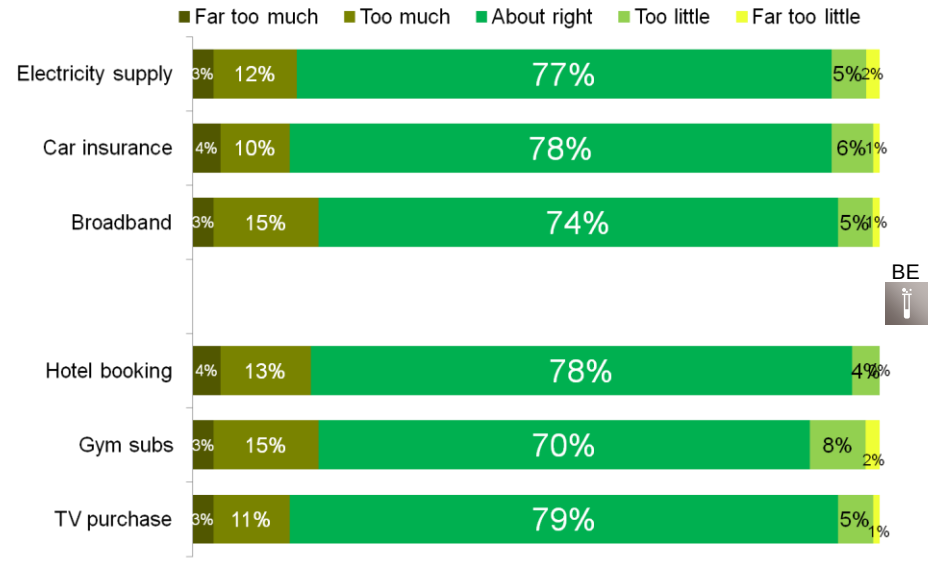
Unregulated markets



BE

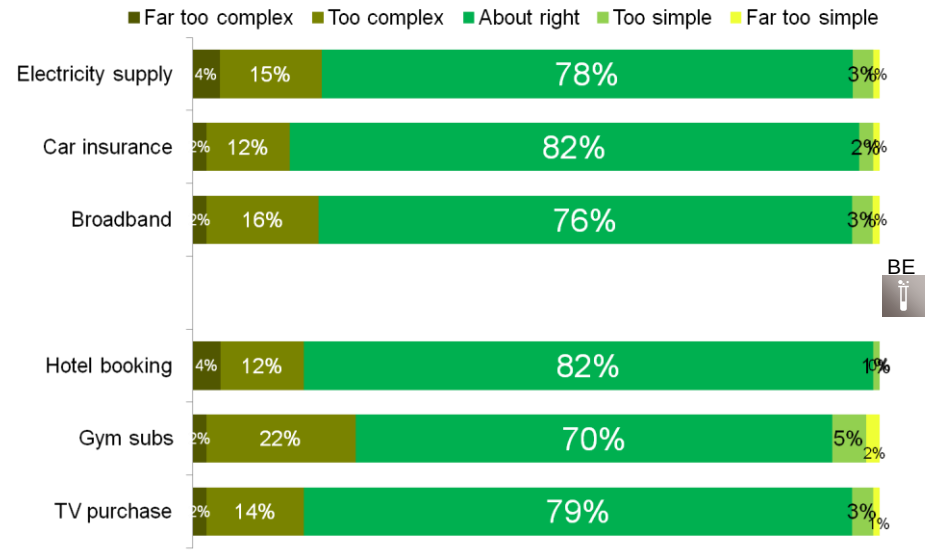
Base: All BE Experiment Participants

Participant assessments of the amount of information provided in BE tasks



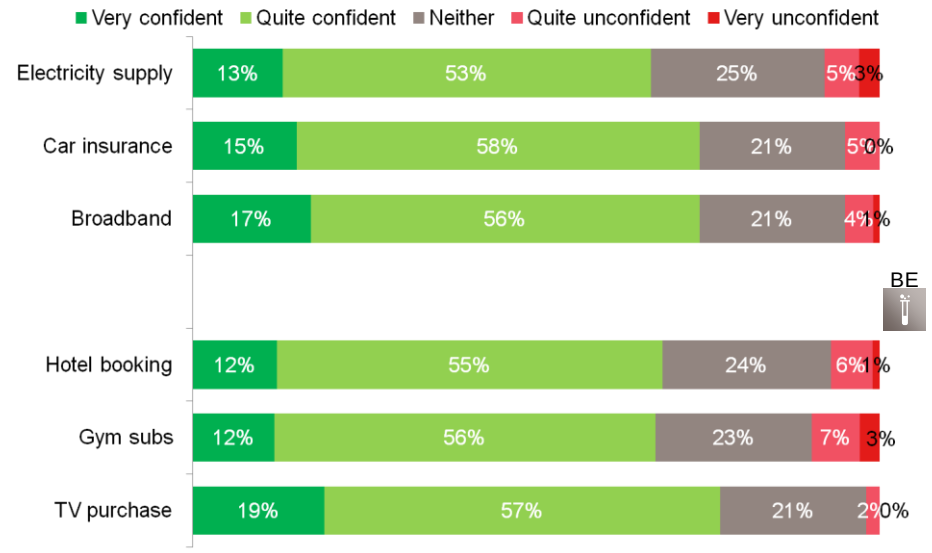
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessments of the complexity of information provided in BE tasks



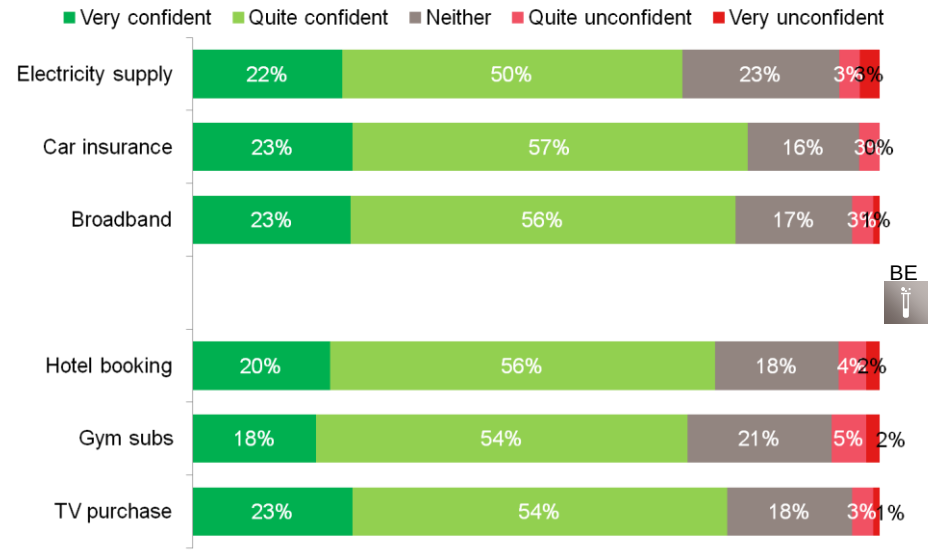
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant confidence that they made the right choice of supplier in BE tasks



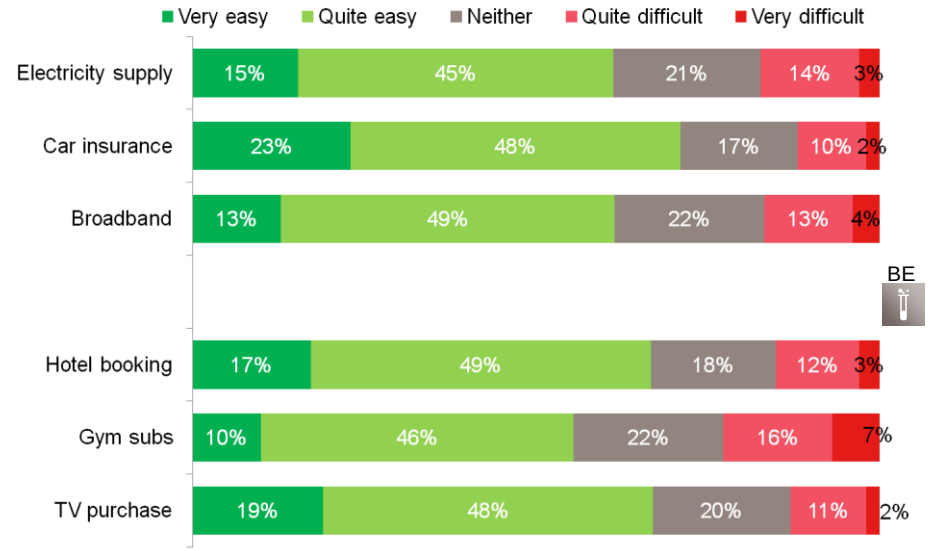
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant confidence they made a good enough choice of supplier in BE tasks



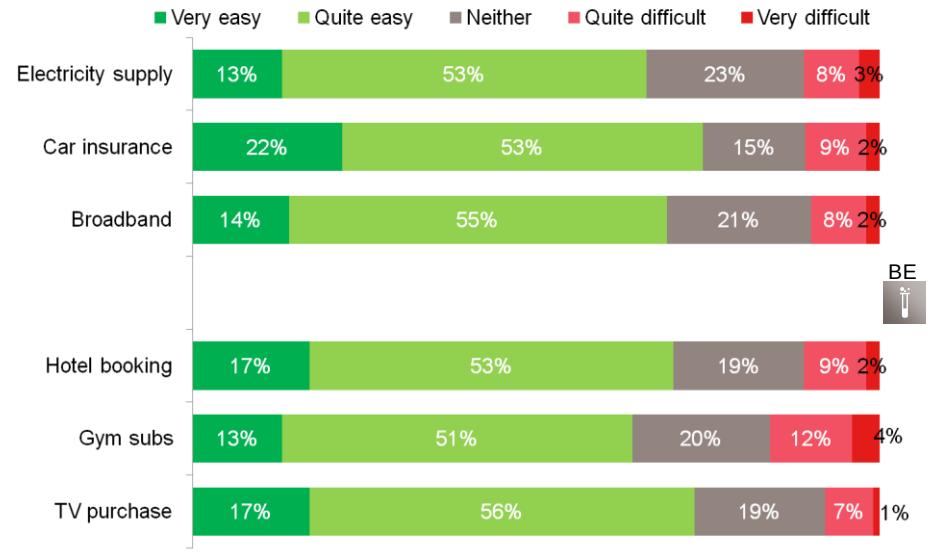
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessment of level of difficulty working out the saving in BE tasks



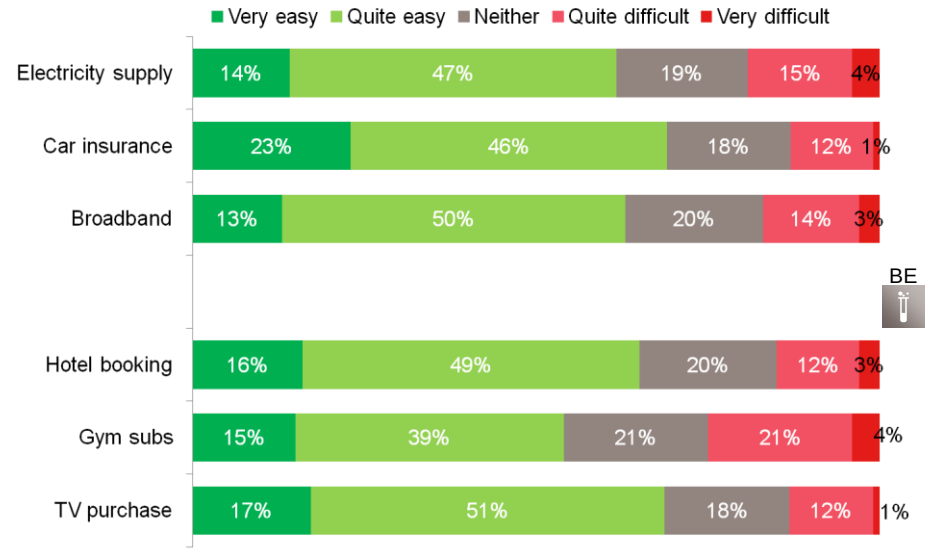
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessment of level of difficulty in finding out information about the product during BE tasks



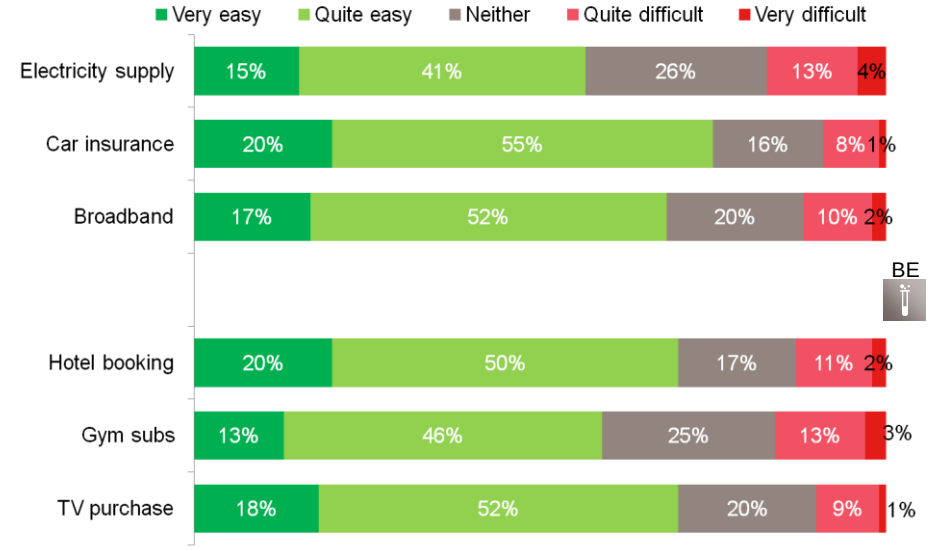
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessment of level of difficulty in comparing information in BE tasks



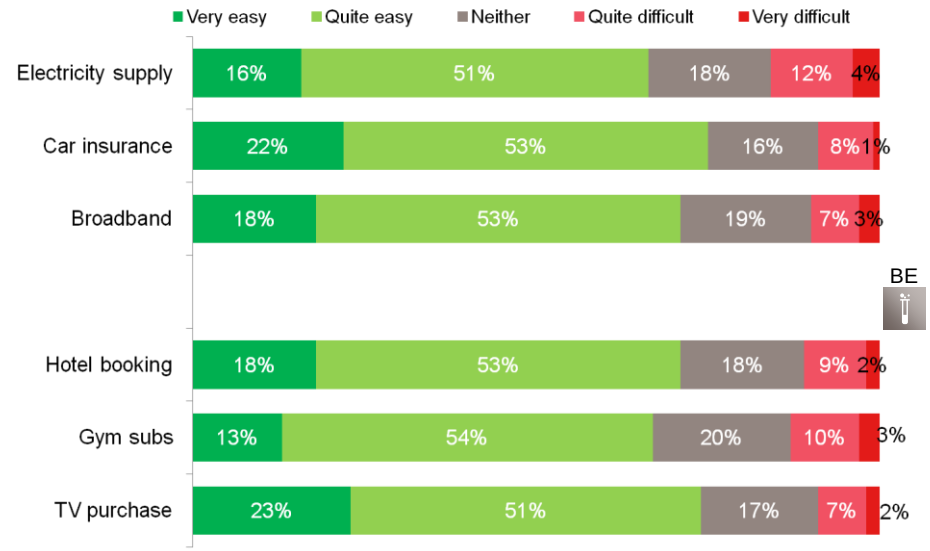
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessment of level of difficulty in understanding information in BE tasks



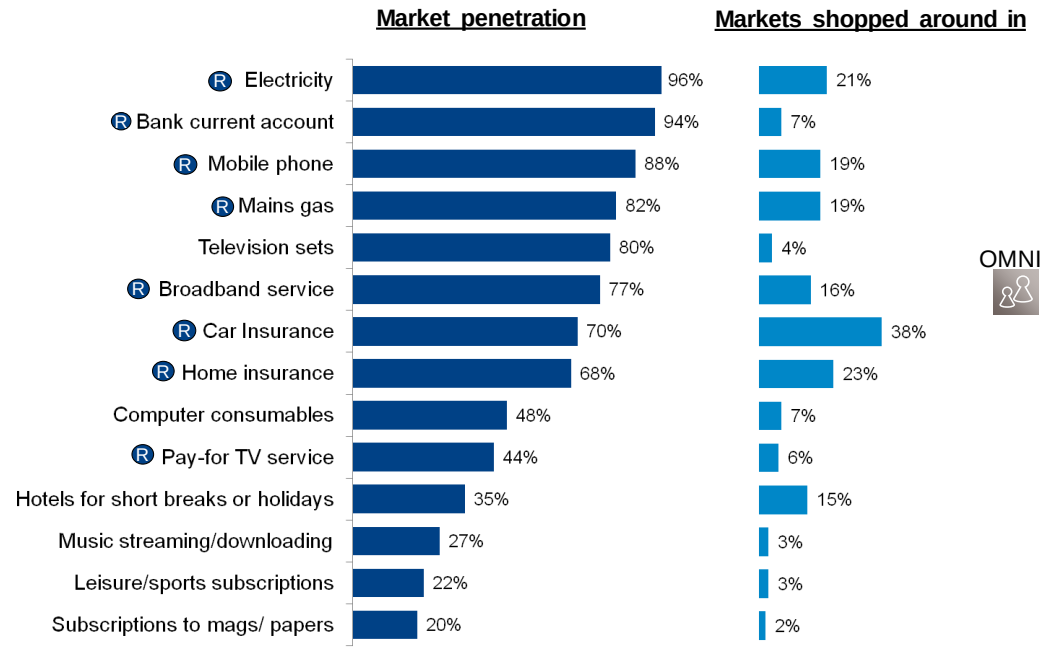
Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

Participant assessment of level of difficulty in selecting a provider in BE tasks



Base: All BE Experiment Participants Regulated: n=685; Non-regulated n=685

APPENDIX I – Market penetration and markets shopped around in



A1 Which, if any, of the following types of services do you or your household use?
Base: All (n=1,911)

A2 In which of these markets have you shopped around and checked offers in the last year?
Base: All using at least one market (n=1,907)

APPENDIX J – Omnibus questionnaire

CONSUMER HIERARCHIES OF PRIORITIES

OMNIBUS SURVEY QUESTIONNAIRE

FV: 27 January 2014

A MAIN SURVEY

A 1 Which if any of the following types of products and services do you or your household use?

SHOW CARD. CODE ALL THAT APPLY

Bank current account
Broadband service
Car Insurance
Computer consumables (eg ink cartridges, papers, etc)
Mains gas
Electricity
Home insurance
Hotels for short breaks or holidays
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)
Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
Television sets
None of these

IF NONE OF THESE AT A1, SHIP TO NEXT OMNIBUS SECTION. REST GO TO A2

A 2 I'd now like to ask you some questions about how much time you spend looking and shopping around for different products or services. In which of these markets, if any, have you shopped around for and checked offers in the last year?

PROBE: Which others? PROBE TO NEGATIVE

SHOW CARD. CODE ALL THAT APPLY

Bank current account
Broadband service
Car Insurance
Computer consumables (eg ink cartridges, papers, etc)
Mains gas
Electricity
Home insurance
Hotels for short breaks or holidays
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)

Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
Television sets
None of these

A 3 Do you keep copies of any of these? IF YES: Which ones? PROBE: Which others? PROBE TO NEGATIVE.
SHOW CARD. CODE ALL THAT APPLY

Bank current account – statements
Broadband service – bills
Car Insurance – policy document
Computer consumables (eg ink cartridges, papers, etc) – receipts
Mains gas – bills
Electricity – bills
Home insurance – policy document
Hotels for short breaks or holidays – bills
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs) – membership documents
Mobile phone – bills
Pay-for TV service – contract
Subscriptions to magazines/newspapers – receipt
Television sets – receipts
None of these

A 4 Do you have online access to the details of your account for any of these goods or services? IF YES: Which ones? PROBE: Which others? PROBE TO NEGATIVE. SHOW CARD. CODE ALL THAT APPLY

Bank current account
Broadband service
Car Insurance

Mains gas
Electricity
Home insurance

Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)
Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
None of these

A 5 Have you switched provider or bought any of these services for the first time in the last year? SHOW CARD IF YES: Which ones? PROMPT: Which others? PROMPT TO NEGATIVE. SHOW CARD. CODE ALL THAT APPLY

NOTE TO SCRIPTWRITER: THIS LIST EXCLUDES HOTELS AND TV SETS

Bank current account
Broadband service
Car Insurance
Computer consumables (eg ink cartridges, papers, etc)
Mains gas
Electricity
Home insurance
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)
Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
None of these

A 6 Apart from those you have just mentioned, in the last year have you considered switching provider or considered buying any of these services for the first time? PROMPT: Which others? PROMPT TO NEGATIVE. SHOW CARD. CODE ALL THAT APPLY

NOTE TO SCRIPTWRITER: THIS LIST EXCLUDES HOTELS AND TV SETS

Bank current account
Broadband service
Car Insurance
Computer consumables (eg ink cartridges, papers, etc)
Mains gas
Electricity
Home insurance
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)
Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
None of these

A 7 Have you bought or considered buying a new television set in the last year?

Yes – bought
Yes – considered
No

A 8 Have you booked or considered booking a hotel for a short break or holiday in the last year?

Yes – booked
Yes - considered
No

ASK A9 IF RESEARCHED AT LEAST ONE MARKET AT A2. REST GO TO A13

A 9 In the last year, roughly how much time have you spent looking and shopping around for {A2}? Please give me your best estimate, using one of the bands on this card. SHOW CARD
READ OUT ALL MARKETS CODED AT A2. RANDOMISE ORDER.

Less than half an hour
More than half – up to one hour
1.5 – 2.5 hours
3-4 hours/half a day
More than half but less than one day
1 day
2 days
3 days
4 days
5 days
6 or more days
Can't remember

A 10 Here is a list of different information sources. Please could you tell me which information sources you have used in the last year when looking and shopping around for… {A2} SHOW CARD OF INFORMATION SOURCES. READ OUT ALL MARKETS CODED AT A2. RANDOMISE ORDER.
PROMPT: Which other sources have you used? PROMPT TO NEGATIVE

Supplier websites
Price comparison websites
Other review sites
Social media sites (e.g. Facebook, twitter)
Blogs
Other internet sites
Contacted by a salesperson (phone/in person)
Contacted a supplier myself by phone/email/letter
Read newspaper/magazine articles
Advertisements
Talked with friends/colleagues
Discussed with a specialist advisor
Visited a shop/showroom
Other (WRITE IN)
Can't remember

ASK A11 AND A12 FOR EACH MARKET MENTIONED AT A2. THEN REPEAT THESE QUESTIONS FOR EACH MARKET

A 11 How easy or difficult is it to find out information about providers in the {AS A2} market? SHOW CARD

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

A 12 How easy or difficult is it to compare different providers in the {AS A2} market? SHOW CARD

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

ASK ALL

A 13 Looking at this list of goods and services, which one do you think is most worth spending time looking for a better deal? SHOW CARD

A 14 Which one is the least worth spending time looking for a better deal?

Bank current account
Broadband service
Car Insurance
Computer consumables (eg ink cartridges, papers, etc)
Mains gas
Electricity
Home insurance
Hotels for short breaks or holidays
Leisure/sports subscriptions (e.g. Gymnasium, sports clubs)
Mobile phone
Music streaming/downloading services
Pay-for TV service
Subscriptions to magazines/newspapers
Television sets
None of these

B DEMOGRAPHICS

Demographics included as standard on the Omnibus

Random Location Omnibus: Demographics

Sex Male/ Female / Male housewife / Male, non-housewife / Female, housewife / Female, non-housewife / Housewife / Non-housewife

Status Male head of household / Female head of household

Marital Status Married / Single / Widowed, divorced, separated

Children Under 16 in Household Yes / No

Children Under 16 in Household Any aged 0-5 / Any aged 6-9 / Any aged 10-15 / None under 16

Number in Household (including children) 1 / 2 / 3 /4 / 5+

Age

Social Class A B / C1 / C2 / D E

Cars in Household 0 / 1 / 2 / 3+

Working Status Employed full time (30+ hours) / Employed part time (8-29 hours) / Self-employed full time (30+ hours) / Self-employed Part time (8-29 hours) / Still at school / In full-time higher education / Retired / Not able to work / Unemployed and seeking work / Not working for other reason

Broadband Internet at Home Yes/No

Internet Used in Last Week/Month/1-3 months/4-12 months/ Used but not in last 12 months/Never used

Internet used Home/ Work/ Friends, relatives/ School, college, University/ Library/ Internet café/ No fixed location

Internet Usage Heavy/Medium/Light

Tenure Owned outright / Being bought on a mortgage / Private (rented) / Local Authority (rented) / Housing Association (rented) / Other

Mobile phone Yes /No

Telephone in Household Yes /No Fixed landline / Mobile Phone

Urbanisation Metropolitan / Urban / Mixed / Rural

TV Reception Freeview, Freesat only / Cable or satellite / Any digital / No TV

ITV Station Watched Tyne Tees / Yorkshire / Granada / Central / HTV / Anglia / Carlton, LWT / Meridian / West country TV / Grampian / STV / Border / Ulster

Government Office Region Ulster/ Scotland/ Wales/ North East/ East Midlands/ West Midlands/ Yorkshire & the Humber/ East of England/ North West/ South West/ South East/ London

Gross Annual Household Income Under £2,500 / £2,500-£4,499 / £4,500-£6,499 / £6,500-£7,499 / £7,500-£9,499 / £9,500-£11,499 / £11,500-£13,499 / £13,500-£15,499 / £15,500-£17,499 /£17,500-£19,999 / £20,000-£24,999/£25,000-£34,999 / £35,000-£49,999 / £50,000-£74,999/£75,000-£99,999 /£100,000 and over

Education Level Low (no qualifications) / Medium (O/A Level, GNVQ, NVQ/SVQ Level 1-3, GCSE, CSE, City & Guilds) / High (Degree, Postgraduate, NVQ/SVQ Level 4, HND, HNVQ)

The following additional questions are suggested to be able to analyse results by level of “vulnerability”

B 1 Do you have any long term physical or mental impairment which limits your daily activities or the work you can do, including problems due to old age?

1. Yes
2. No
3. Refused

B 2 Is English the first language spoken at home, or not?

1. Yes
2. No
3. Refused

B 3 On a scale of 1 to 10, where 1 is not at all confident and 10 is extremely confident, how confident do you feel about using the internet?

ADD IF NECESSARY: The higher the number the more confident you feel

INTERVIEWER: CODE NUMBER OR REFUSED

APPENDIX K - BE experimental test questionnaire

CONSUMER HIERARCHIES OF PRIORITIES
EXPERIMENTAL TEST QUESTIONNAIRE

C INTRODUCTION

Thank you for taking part in our study.

This study is about the information you use and the time you spend on shopping around. You will be asked to browse information about different goods and services and come to a decision about which provider you would choose in theory. We are not asking you to actually change providers or buy anything! However, we would like you to consider the information as if you really intended to buy something.

Thank you in advance for your participation.

NEXT SCREEN

On the next screen you will see two lists of products and services. Imagine that shopping for these are all in your "to-do" list and that you've decided to complete **two** of them right now. For the purposes of this study, you need to complete one type of product or service from List A, and one from List B.

To start, please select a product or service from either list. Once you have made your choice we will provide you with several providers within that market. *Please look at the options and the information available, as you would normally do to reach a decision about which provider to use.* A task is considered completed once you have selected a provider. Then, you will be taken back to the main screen to choose a second task from the remaining list. Following these, you may or may not be asked to complete an additional service.

D TASK SELECTION

Please select the product or service that you wish to complete.
You can return to this screen at any stage if you decide that you want to look at a different market instead.

Each participant should see all 6 markets. Each market should be presented with a condition (see below for conditions). For example : *Broadband services – You could **save up to 20 per cent** by shopping around. Please browse the information available and choose a provider.*

Randomise conditions among markets in each list and allocate participants on a least full basis. For example, broadband should be combined with control, or T1 or T2 and the same number of participants should be allocated in each of these 3 combinations. The same for the other two markets in list A as well as all markets in list B.

Conditions :

Control: Please browse the information available and choose a provider.

*T1: You could **save up to 20 per cent** by shopping around. Please browse the information available and choose a provider.*

*T2: You could **pay up to 20 per cent more** than you need to by not shopping around. Please browse the information available and choose a provider.*

Regulated markets (LIST A): put a selection box next to each market.
Clicking on the selection box should take them to sections C to E for that specific market.
Broadband services
Car insurance
Electricity or mains gas supply

Non-Regulated markets (LIST B): put a selection box next to each market. Clicking on the selection box should take them to sections C to E for that specific market.

TV sets

Gym subscriptions

Hotels

At this stage we also need to record:

1) Order of task choice (relevant if they move away from this screen and then return to choose another market)
2) Time spent on this screen until a task was chosen

Sections C to E will be presented for each of the tasks that will be chosen from list A or B

E BRAND CHOICE

You have selected to investigate the {AS SECTION B} market.

E 1 (multicode) For all markets except TV and Hotel: Which provider(s) do you currently use in this market?

For TV market: Where did you buy your current TV set?

For hotel market: Who do you normally book hotels through?

ADD IN BRAND LIST
(For each market task we will provide a list of providers)
Other (insert open-end box)

E 2 How satisfied or dissatisfied are you with {brand name chosen in C1}?

Very satisfied
Quite satisfied
Neither satisfied nor dissatisfied
Quite dissatisfied
Very dissatisfied

REPEAT C2 FOR ALL BRANDS USED IN THE MARKET

E 3 For electricity or mains gas supply, car insurance, broadband and gym market: Have you switched your provider or bought this service for the first time in the last year?

For TV market: Have you bought a TV in the last year?

For hotel market: Have you booked a hotel in the last year?

Yes
No
Can't remember

E 4 Which if any of these brands would you definitely not consider for {AS SECTION B}? PLEASE TICK ALL THAT APPLY

ADD IN BRAND LIST
Other (insert open end box)
None of these – would consider all these providers

E 5 How well informed do you feel about the {AS SECTION B} market? Please tick one box only

Very informed
Fairly informed
Neither informed nor uninformed
Fairly uninformed
Very uninformed

F BRAND SELECTION

Note to scriptwriter : there are two versions of this introductory text. Rotate between interviews. **Allocate participants on least full basis. Participants have to complete two tasks. For both tasks each person should see the same introductory text. The text will only differ between participants.**

Market relevant information

Electricty or mains gas supply market : Imagine that you have just moved and you are looking at electricity or main gas services.

Broadband market : Imagine that you have just moved and you are looking at broadband services.

Car Insurance market : Imagine that you have just bought a car and you are looking at car insurances.

Gym market : Imagine you have decided to go to the gym and you are looking at gym subscriptions.

TV market : Imagine you have decided to buy a television.

Hotel market : Imagine you have decided to spend the May bank holiday (02.05 to 05.05) in Paris and you are looking at hotels.

Version 1 (Social influence)

{add market relevant information based on which market is shown}

You've become aware that many of the people you know have made savings by shopping around in this market.

On the next screen you'll find a list of relevant links. Please choose a provider based on your typical needs and preferences in this market.

You are free to access as much or as little information as you'd like. We only ask you to search the options, browse the information, and do whatever you would normally do to reach a decision about which provider to use in this market.

Version 2 (No social influence)

{add market relevant information based on which market is shown}

On the next screen you'll find a list of relevant links. Please choose a provider based on your typical needs and preferences in this market.

You are free to access as much or as little information as you'd like. We only ask you to search the options, browse the information, and do whatever you would normally do to reach a decision about which provider to use in this market.

NEXT SCREEN

Version 1 (Social influence)

{add market relevant information based on which market is shown}

You've become aware that many of the people you know have made savings by shopping around in this market.

Please choose a provider based on your typical needs and preferences in this market. Access and engage with the information provided as you would normally do in this market.

Version 2 (No social influence)

{add market relevant information based on which market is shown}

Please choose a provider based on your typical needs and preferences in this market. Access and engage with the information provided as you would normally do in this market.

Note to scriptwriter : the screen will have urls for each of the brands, and urls for price comparison websites and advice/review sites (the list of websites per market will be provided to the programmer).

Note to scriptwriter : insert 8 brands in each market except any brands that would be rejected at c4. [randomly include up to 6 major brands and the rest should be minor brands] (the distinction of brands to major/minor will be given to programmer).

	Brand A	Brand B	Brand C	Brand D	Brand E	Brand F	Brand G	Brand H
Provider website address								
Price comparison website address	PCS A		PCS B		PCS C		PCS D	
Advice/Review webisted	e.g. money savingexpert.com							

Please tick this box if you have changed your mind about doing this task and would prefer to look at another market instead.

TICK BOX HERE :

If box ticked, ask

F 1 Could you please explain why you decided not to complete this task ?
Insert open-end box

Please click next to choose a provider but make sure you accessed all the information you need. You will NOT be able to return to this screen.

NEXT SCREEN

Ask all that continued with this task (i.e. exclude those who ticked the above box)

F 2 Which of these providers would you choose based on the information you have reviewed today?

Show list of brands presented at section D

Other {insert open-end box}

None

Ask all that continued with this task (i.e. exclude those who ticked the above box)

F 3 Could you please explain why you've chosen {insert brand chosen at D2}? Insert open-end box

At this point we need to record:

1) All the websites visited
2) Time spent between clicking on each link, so can capture how long the participant spent on each website.
3) Record time spent in total on this task (screen)

G TASK DIAGNOSTICS

We would now like to ask you a few questions about the investigation task you have just done.

G 1 (Multicode) What type of information did you access for the {AS SECTION B} market? Tick all that apply

Prices/tariffs
Product/service quality/specification
Range of product/service options available
Customer Reviews
Warranty/After sales service information
Contract information/contract details/terms and conditions
Other (Insert open-end box)
Can't remember

G 2 Which type of information did you find most useful for the {AS SECTION B} market?

Price/tariffs
Product/service quality/specification
Range of product/service options available
Customer Reviews
Warranty/After sales service information
Contract information/contract details/terms and conditions
Other (Insert open-end box)
Can't remember

G 3 Do you think the amount of information on the websites you looked at was …?

Far too much
Too much
About right
Too little
Far too little
Not sure

G 4 Do you think the information on the websites you looked at was …?

Far too complex
Too complex
About right
Too simple
Far too simple
Not sure

G 5 Based on the information available, to what extent do you feel confident that you have made the best choice in the {AS SECTION B} market?

Very confident
Confident
Neither confident nor unconfident
Unconfident
Very unconfident
Not sure

G 6 Based on the information available, to what extent do you feel confident that you have made a good-enough choice in the {AS SECTION B} market?

Very confident
Confident
Neither confident nor unconfident
Unconfident
Very unconfident
Not sure

G 7 How easy or difficult was it to work out the saving you could make by shopping around?

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

G 8 How easy or difficult was it to find the information you wanted about products, services or deals in the {AS SECTION B} market?

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult

Can't remember

G 9 How easy or difficult was it to compare different products, services or deals in the {AS SECTION B} market?

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

G 10 How easy or difficult was it to understand the information in the {AS SECTION B} market?

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

G 11 Overall, how easy or difficult did you find it to choose a provider in the {AS SECTION B} market?

Very easy
Quite easy
Neither easy nor difficult
Quite difficult
Very difficult
Can't remember

ASK E12 IF RESPONDENT FOUND IT DIFFICULT [CODE 4 OR 5] IN QUESTIONS E7 E8 OR E9 OR E10 OR E11). REST GO TO NEXT SECTION

G 12 What made this task difficult? What would make this task easier? Please write in as much detail as possible. Insert open-end box

Note to scripters:
After E11 (or E12) go back to the main task screen (Section B) for the participant to choose the second task.

Delete previous instruction: Please select the product or service that you wish to complete.

Show instruction: Now select a market from the list below [show the list they didn't pick previously] that you wish to complete.

The rest of the instruction remains the same: You can return to this screen at any stage if you decide that you want to look at a different product or service instead.

Show list of tasks in section B exactly as shown before for this participant. After market selection, repeat sections C to E for that market.

After having completed one List A market and one List B market, proceed to the next section.

H ELECTRICITY AND MAINS GAS SUPPLY MARKET (show section only to respondents that did not select the electricity and mains gas supply market from List A)

H 1 Could you please tell us why you didn't select the electricity and mains gas supply market from the list of tasks? Insert open-end box

NEXT SCREEN

Show section C but **remove instruction**: You have selected to investigate the {AS SECTION B} market

NEXT SCREEN

For the final part of this study, we would like you to search through information in the electricity and mains gas supply market and review options that are available.

NEXT SCREEN

Show section D for the electricity and mains gas supply market. **For each respondent show the same version of introductory text that has seen before. The text will only differ between participants.**

Change box instruction to:

Please tick this box if you would like to skip this task.

TICK BOX HERE :

If box ticked go to the next section.

If they continue with the task and they select a provider, show section E for the electricity and mains gas supply market

I LOCATION & DEVICE

I 1 Finally, could you please tell us the type of device you used to complete this survey?

Mobile phone
Laptop
Tablet
Desktop PC
Other

I 2 Where did you complete this survey?

Home
Work
On the go
Other place

I 3 What is the highest level of educational qualification you have achieved, if any? SINGLE CODE

No qualifications
O-Level, GCSE grades A-C
CSE, GCSE grades D-G
GNVQ, NVQ/SVQ level 1-3
A-Level, HNC
Degree, Postgraduate, NVQ/SVQ Level 4, HND, HNVQ
Refused

I 4 Thank you very much for helping us with this survey, your time is very much appreciated. We will be sending you the £10 gift as a thank you for your time. If it were necessary, would you be willing to participate in futher research on this subject ?

Yes
No