

Vulnerable consumers in switchover - Lessons from parallel experiences

Author: Andrew Stirling, Ofcom

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Section 1

Summary of findings

1.1 This report looks at a number of major change programmes with parallels to digital switchover, particularly in relation to their impact on vulnerable groups. It aims to identify elements of best practice which could be adopted in the design and implementation of the switchover process in order to minimise the risk of detriment to vulnerable groups. It builds on the work of i2 media research Ltd¹ which provided a comprehensive overview of the challenges faced by different groups of vulnerable people during switchover.

Overall

- 1.2 Effective provision for vulnerable groups depends on carefully coordinated communication and provision of support, drawing on the experience and input of community-based support networks, to raise awareness of change and deliver appropriate assistance. This was clearly demonstrated by the experience of switchover in Germany, the launch of Pension Credit and other major public change projects.
- 1.3 The establishing of effective partnerships should enable most of the assistance provision for vulnerable groups to be delivered through existing channels, provided that the partners have a clear understanding of their role and have adequate training, information and backup.
- 1.4 Implementation should be focussed on the regional level, but early preparation at national level is essential if a well-coordinated programme of support is to be put in place.

Planning phase

- 1.5 A single national organisation should coordinate communications and support to vulnerable groups. This organisation should conduct initial planning and partnering at a national level and should then roll-out the programme of support on a region-by-region basis in line with the roll-out timetable.
- 1.6 Early preparation at the national level should lead to greater efficiency in the region-by-region roll-out:
- A national template/toolkit should be developed for the approach to be used, in conjunction with preparation for the first region to change, enabling lessons to be learned for future regions. This toolkit will need to be adapted to each region with the help of local partners e.g. local authorities, community bodies.
 - A national contact centre(s) should be able to answer queries on switchover and log requests for assistance, noting any special requirements. This information should form part of a central database for delivering support to vulnerable groups. This should include:

¹ i2 media research Ltd, Vulnerable Consumers in Switchover – who are they and where do they live?, August 2004

- Stakeholders should be engaged first at the national level in determining how best to provide for vulnerable people:
 - Manufacturers looking at user interfaces, ease of installation and simple well illustrated instructions on how to access the basics of DTV.
 - Retailers developing training for branch and field staff in disability awareness, for example implementing a common code of conduct.
 - National charities helping to identify contact points into local community networks and contributing to a central database of vulnerable people².
 - A dialogue being established with the Information Commissioner's Office (ICO) to ensure that the switchover process can benefit from the knowledge of community organisations in identifying people.

Implementation phase

1.7 Implementation should be focussed at regional level, building contacts with the organisations and community networks which are best placed to help identify the vulnerable groups and deliver support to them. This may include:

- Establishing regional headquarters/'franchises' for switchover, acting as information/support hubs for the partner organisations.
- Exploring the use of joint marketing with compatible community based schemes targeting vulnerable people, such as housing benefit distribution and energy efficiency promotion.
- Using the experience of the partners to identify members of vulnerable groups and any special requirements they might have in order to determine the form of assistance required.

1.8 A phased approach to communications should be adopted, which informs rather than advertises. In the early stages, a national campaign should raise the general awareness of switchover; this should be to the benefit of vulnerable groups too, even if only indirectly. This should be supplemented in the later stages by more targeted and regionally focussed communications. Points to consider include:

- Use of media and channels which are appropriate to the different vulnerable groups to target communications most effectively. These might include local newspapers, charity shops and coffee mornings.
- Establishing a reliable database to help with targeting communications and delivery of support.
- Use of research techniques such as tracker studies to help tune the communications approach.

1.9 If switchover plans include a national installation programme then the interests of vulnerable groups should be protected by:

² Subject to data protection regulations

- Ensuring local contractor staff are representative of local ethnic communities and can call on skills needed for specific vulnerable groups (such as familiarity with sign language).
- Using screening procedures to preclude individuals who might wish to take advantage of the vulnerable.
- Providing training in awareness of the requirements of vulnerable groups.
- Ideally, installation would make use of dealers which can provide continuity of service to the vulnerable groups. Existing relationships between vulnerable groups and local retailers should be taken into account.

Section 2

Comparable programmes

- 2.1 Digital switchover will impact on the whole community, including vulnerable groups. It will require the installation of new receiving equipment (e.g. a digital converter) and possibly a new UHF aerial or satellite antenna. Experience from switchover in Germany suggests that most of the population will be able to manage their own installation and that only a minority of cases will require external support in purchasing and installing digital television equipment.
- 2.2 In understanding the measures which can be taken to protect vulnerable people in switching over to digital television, this section considers other major change programmes which have affected vulnerable groups.
- 2.3 The programmes identified in the table below share similarities with DSO either in the effect on households or in impact on vulnerable people. They fall into two groups:
- those where change was mandated by the Government and
 - those which were market-led.

Programme	Nature of programme	Similarity with DSO	Visits needed	Overall approach
Mandated change				
German DSO	Digital switchover	****	Few	Create a general high level of awareness and invite applications for financial help and technical support
Channel 5	Retuning of TV equip.	***	All affected homes	Visit all households likely to be affected and provide a call centre to receive requests for help. Discouraged any self retuning.
Benefit payment modernisation programme	Switchover to all-electronic payments	**		Create general awareness through national and regional media and follow up with calls and visits
Pension credit	Introduction of new payment with higher penetration target	**	In the most difficult cases	Adopting the same approach as for Benefit Payment modernisation programme
Market-led change				
Marketing DTV to	Marketing and	**		Using a mix of targeted media

disabled people	business process redesign			coverage and local disability networks to get the message out
Staywarm	Introducing new flat-rate tariff for gas and electricity	**	No requirement	Highly targeted, low pressure marketing inviting potential customers to apply for the account
Energy supply Disconnection	Avoiding needless harm to vulnerable people	**		Ongoing industry code development

Overall findings

2.4 Across the range of change programmes we have studied for this report, the following common features emerge:

- Assembling a database of vulnerable people saves time and enables finer targeting of communications, subject to data protection regulations, and the quality of data sources. This can be achieved by trawling top down from national level bodies to local community based organisations and aggregating fragments into a single unified database which is fit for purpose.
- The database needs to be refreshed for each region as close in time as possible to its application in that region, through local contacts and organisations. Many of the programmes we examined have tried to tap into nationally and locally held databases of contacts, but these have often been fragmented, with varying levels of completeness and accuracy. This reduces the efficiency of targeting.
- Programmes specifically targeting elderly and disabled people have benefited from tapping into word of mouth networks to supplement advertising in mass media and direct mailing campaigns.
- The telephone can be an efficient tool for marketing to some types of vulnerable people, particularly when used in conjunction with other techniques which raise levels of awareness of the potential problems and benefits.

Marketing to people with disabilities

- 2.5 This poses some challenges in that it is often not possible for a disabled person to purchase on impulse, for example after seeing an advertisement.
- 2.6 Disabled people have a more complex decision making process to go through when deciding to buy a product or service, because they first have to determine whether they can use it. Lack of suitably adapted electrical retail outlets restricts the opportunities for disabled people to evaluate products, such as DTV receivers.
- 2.7 In developing a new product or service to appeal to disabled people, an experienced practitioner offered the following approach:

- Organise focus groups with participants that have mixed and specific impairments, with incentives for them to attend and a comfortable setting.
- Adopt a top-down approach i.e. design the approach based on mixed impairments first before looking at optimising for each specific type of impairment. This avoids the risk that addressing the requirements of one specific impairment reducing accessibility for others.
- Talk to experts in implementation.
- Having developed a proposition, talk to the national-level lobbying groups (RNID, RNIB ...) and take their views on board as much as possible.

2.8 In developing an action plan for promoting the new product or service

- Make use of word of mouth, a powerful medium within the disabled community. By directly addressing a few people in specific fora, it is possible to reach a very wide audience indirectly.
- A few key channels to use are:
 - Disability roadshows – around the UK.
 - Local disability groups, ideally via events.
 - Disability magazines.

2.9 An example of a community-based approach is ‘Disabled Go’, an initiative which taps the power of networking within the disabled community to aggregate information about services/facilities for disabled people in each location where it is invited. This results in a useful information resource for the local authority and those planning to visit the area.

Marketing to older people

2.10 Older people often require a different marketing approach, because the places they visit and their media consumption differ from those of younger age groups.

2.11 Whilst this is not a core skill for many marketing agencies which are more accustomed to the needs and interests of e.g. 16-34 year olds, there are now agencies appearing³ which specialise in marketing to older people. These could provide a useful resource in preparing DSO communications.

³ such as Millennium www.millennium-advertising.co.uk

Section 3

Experiences of other projects

Mandated change

Example 1 - German digital switchover – (2002 onwards)

Summary

- 3.1 The German approach has been to generate a high level of awareness within each region both of the switchover process itself and what it means in practical terms for households, relying on individuals to apply for financial assistance where they need it. The technical plan for switchover was developed around robust reception via a portable aerial, which applied over much of the city centres. Around 98% of households took care of their own conversion either buying and installing the equipment for themselves or getting a dealer to install it for them. Most of the remainder were on social welfare support and thus qualified for financial support for digital conversion, distributed through the same social welfare administration.

Background

- 3.2 For the region of Berlin-Brandenburg, with 3 million households, switching over to digital terrestrial television offered an opportunity to increase viewing choice and use released spectrum and local resources to gain a lead in the introduction of new digital services. The task of switchover was eased because only six percent of the population depended on terrestrial television transmissions, reflecting a high cable and satellite penetration which is common across Germany:
- The Berlin-Brandenburg media regulator (MABB) led the project and the state legislator created the required enabling legal framework.
 - At the time of the switch, only six percent of the population relied on terrestrial reception for their access to television. The remaining 94% received television via cable and satellite.
 - A key trigger for the start of the process was the availability of suitable digital converter boxes for less than €200.
 - The process started in early 2002 and was completed by the second half of 2003 and included marketing via local media, especially TV, and also letters to individual households.
 - Overall, the project has been judged a success, with consumer research suggesting that ~87% of those who needed to change were satisfied with the outcome.

Objectives

- 3.3 The Berlin-Brandenburg authorities wanted to clear spectrum for the new digital services as quickly and efficiently as possible, by switching over completely to digital terrestrial TV only. Whilst there was a strong desire to maximise the efficiency and minimise the costs of switchover, the public authorities also wanted particularly to ensure that less affluent citizens would not be denied access to television as a result of the change.
- 3.4 The German constitution includes a right to access broadcast services, which the authorities took to mean that they would have to support conversion for those who couldn't afford to do it themselves.

Who was affected?

- 3.5 Of the 3 million households in the region, only 160,000 (6%) were dependent on analogue terrestrial television for primary reception prior to switchover. Approximately 90,000 homes were dependent on analogue terrestrial reception for second and third sets.

In what way?

- 3.6 Their analogue receiving equipment had to be converted to digital reception and some aerials also had to be replaced. In most cases this was achieved by consumers purchasing and installing digital converter boxes by themselves. Friends/relatives/neighbours often provided assistance to vulnerable people in helping them to obtain the right equipment and installing it.

How were people informed?

- 3.7 There was a carefully planned media campaign, the intensity of which was adjusted periodically to achieve the maximum impact during the ten months of the programme. The components of the campaign were:
 - Untargeted press/media coverage of the changes.
 - Targeted coverage through the analogue terrestrial TV channels that would be affected.
 - Direct mailing to households.
 - Switching off the more popular commercial channels first, providing a strong impetus for people to take action.

How were people assisted to make the transition

- 3.8 In general, viewers were expected to pay for and install analogue-to-digital converters themselves. Signal coverage had been designed to facilitate the use of portable indoor aerials in many cases – simplifying the process of installation. Around 98% of households did actually make their own provision for switchover: obtaining and installing converters either completely by themselves or with help from dealers, family, friends, and neighbours. This was helped by careful planning and provision by the project administration:

- The switchover was announced in good time for Christmas, when consumers often increase their spending on discretionary items.
- Electronics retailers were fully stocked with a wide variety of the necessary digital converter boxes and staff trained to assist consumers with selecting a product which met their needs.⁴
- Since a reasonable number of people in the community were experiencing the change at the same time there was a high level of awareness of what needed to be done in converting a household.
- Independent dealers often offer an installation service with instruction on use of the new equipment and a money-back guarantee if the equipment proves unsuitable. This is useful for older clientele who are more comfortable buying from this type of shop than from the big retail chains.
- As an alternative to purchasing a digital converter for around €100, a hire-purchase offer was available for a monthly payment of €8.50. However, very little use was made of this facility and it is unlikely to be offered elsewhere.
- A hotline was provided to receive all enquiries concerning the switchover process. This helpline received around 26,000 calls, from which around 600 were from households whose problems required a visit to resolve them.

How were vulnerable groups identified and helped

- 3.9 When switchover was planned in Berlin-Brandenburg, very little was known about the potential scale of support that would be required for those who could not arrange conversion themselves. Whilst data were available on the number of households dependent on terrestrial TV transmissions and on people receiving social support, little was known of the overlap between the various categories and thus who would actually need help.
- 3.10 As owner of the project and bearing the responsibility for its success, the media regulator for Berlin-Brandenburg (MABB) therefore decided to take a 'belt and braces' approach to ensuring that vulnerable people would not suffer as a result of switchover.
- 3.11 In addition to a liaison with the local state social security administration, the MABB formed a novel partnership with the Federal Association of Non-Statutory Welfare (a group of leading care-providing charities) to ensure adequate provision for the more vulnerable members of society who might for some reason fall outside the social welfare net. This group already operated a nationwide scheme to provide a television or radio to those who otherwise could not afford one and agreed to set aside 10% of its lottery-derived funding (around €77k per year) to provide digital set-top boxes for those in need.
- 3.12 In general vulnerable people or their carers/friends were expected to apply for help: it was not supplied automatically. However, public communications on switchover always included a message that those receiving social security

⁴ Retailers were briefed approximately half a year before announcements were made to the public, to allow them to order stock and train staff.

benefits should contact the social security administration if they wanted to receive financial assistance with the cost of switchover. Applications were validated to ensure a genuine need, by the social services administration, which also checked whether terrestrial reception was the most cost-effective route to conversion for that household.

- 3.13 Only around two percent of the households affected by switchover were left to be caught by this support umbrella, with:
- 6000 cases being covered by local state social security and
 - 90 cases which were helped through the broadcast assistance charity organisation mentioned above.

Cases supported by state welfare

- 3.14 Of the 6000 individuals who qualified for state help with conversion to digital, over 95% of these were able to go to the shop and use a voucher to obtain the converter box which they could then install themselves. Thus less than 5% (~300) required any installation support.
- 3.15 The voucher could be exchanged for a particular make and model of digital converter which was chosen by the MABB to meet technical requirements and provide the best value. Their judgement was later confirmed by an independent consumer test organisation.

Cases covered by non-statutory welfare

- 3.16 The 90 cases covered by the broadcast assistance charity scheme arose through requests from care workers on behalf of clients they had encountered who lacked a converter and did not have either the financial means or physical ability to obtain and install one. In some cases these individuals had been too proud to request help from the state social welfare support even though they would probably have qualified for it. The cases each were validated through local branches of the charity and then fulfilled through the national organisation. In all of these 90 cases a full service was provided, i.e. a converter was supplied and installed by the dealer in a single visit.
- 3.17 As a result of a nationwide agreement with a subsidiary of the German electrical chain Quelle, the broadcast assistance charity gets installation included for 7% on top of the price of the equipment being fitted. The particular make and model of digital converter was specified as part of the agreement, with advice from the MABB.
- 3.18 In some of the cases, the individual receiving the assistance needed to have a care-worker present for the installation visit. This required careful scheduling by the national organisation.

Communication in German only

- 3.19 Information was provided only in German, on the grounds that the TV channels affected were purely German language channels. Ethnic minorities were assumed to use satellite TV, which provides a wide range of foreign language services.

Costs of the programme

3.20 The cost of the communication campaign, within the Berlin-Brandenburg region, including hotline costs, was around €1m. The hotline was operated for nine months, employing between three and five staff. The cost of funding and in some cases installing around 6000 converter boxes is estimated at around €0.5M.

What didn't work/ wasn't cost-effective - what would they do differently next time?

3.21 More visits to homes would be useful to verify that people are able to receive the new services, as a quality control check on the switchover process.

Switchover in other German regions – differences from Berlin-Brandenburg

3.22 The Berlin-Brandenburg model is considered a success and is being copied for switchover in other regions. Key points to note:

- The media regulators in other regions are partnering with the Consumer Protection Institute (an independent provider of advice and information) in developing switchover communication material which is customised to each region. Their aim is to make the information as accessible as possible.
- Use of switchover logo ('Everywhere TV') helps consumers identify dealers and equipment which is suitable for the new services.
- In some rural areas such as around Trier and Eiffel, reception of terrestrial public service broadcasts has been lost as a result of switchover⁵. This attracted some negative reaction in the media but there has been little lasting impact on the switchover programme.

Example 2 - Channel 5 retuning (1995-97)

Background

3.23 Channel 5 was awarded a broadcast licence at the end of 1995 and commenced broadcasting in early 1997. The introduction of the new analogue terrestrial network affected around 50% of UK households and was expected to cause interference problems to some viewers on existing services and to interfere with the use of video recorders.

3.24 Channel 5 had a licence obligation to fix these problems free of charge to the customer and the proposed retuning process was a key criterion in their successful bid for the licence.

3.25 The successful bidder outsourced the retuning project to the consultancy Mentor Technology, who designed and implemented the complete approach. This included setting up an organisation to undertake the retuning, managing its performance and then winding it down on completion of the task.

⁵ Although switchover plans allowed for full coverage of digital terrestrial services, broadcasters were not willing to fund roll-out to more remote areas.

- 3.26 The scale of the work was enormous, since visits were made to over 9 million homes during the programme. Ninety percent of the required household visits had to be made in advance of broadcasts starting and then the organisation was required to respond to complaints for up to three months afterwards.
- Over 12000 re-tuners were recruited and trained for the task, backed up by a central call/support centre which was the hub of the project.
 - A shortage of the key skills was a major challenge. Since many of the recruits lacked these skills, training was vital - with retuning staff encountering around 7000 different models of TV and VCR.
 - The call centre had 360 positions, 1100 trained operators and handled up to 450,000 calls in a single day.
- 3.27 Although the general nature of the task was understood, the exact scale of the challenge was unknown, including the time required per visit and the actual level of interference that would be experienced.

Objectives

- 3.28 Channel 5 needed to complete its preparation to commence terrestrial broadcasting by early 1997. In order to achieve this, the spectrum to be used by its transmitters had to be cleared and adverse impacts of interference from the new transmissions on viewers in general had to be corrected.
- 3.29 Channel 5 also needed to minimise its start-up costs, whilst keeping within its licence conditions and avoiding any damage from adverse publicity to its nascent brand.

Who was affected?

- 3.30 All terrestrial viewers in defined areas of the UK, who had to have their TV receivers adjusted to avoid interference from the new Channel 5 transmissions. This included users of video cassette recorders, where these were connected to the TV via an aerial cable (a coaxial lead). In some cases re-tuners also encountered interference on cable TV from the new terrestrial transmissions, and with visual aids for the partially sighted

In what way?

- 3.31 Visits were required to all these households to retune viewers' receiving equipment to avoid interference from the Channel 5 transmissions [both Televisions and VCRs]. Viewers were discouraged from adjusting their own devices, because this often led to higher remedial costs for the project.

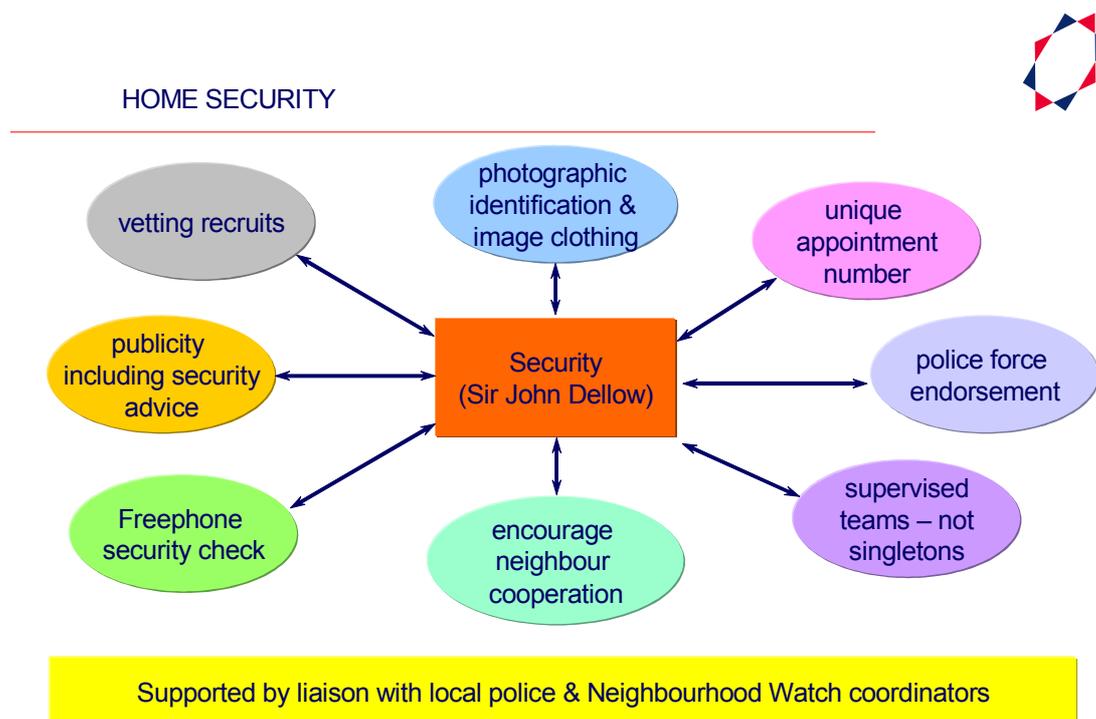
How people were informed – in general?

- 3.32 Marketing and public communication were a key factor in the retuning project, raising awareness of what was about to happen, why it was happening and what it would mean for a household. Prior to work commencing, a range of media were used within each area to be retuned:
- Untargeted press/media coverage of the changes.

- Targeted coverage through TV channels which would be affected by the retuning programme, warning viewers that they would lose the service unless action was taken.
- Letters were sent to all affected households advising them of what was going to take place and providing them with advice on personal security measures and an individual password, to verify the identity of visiting retuners.

How personal security was protected during visits

- 3.33 Householder security was a key concern of the project and its processes were designed with the aim of protecting those who were to receive retuning visits, as shown in the diagram below. For example, all recruits were screened by the police before they could start visiting.
- 3.34 Links were made with the police and neighbourhood watch coordinators in each area to ensure that they were aware of and supportive of the project security procedures. The project recruited a senior ex-police officer to provide valuable security advice to the project and to help communications with local forces, who might otherwise have taken little interest in helping the project.



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[Source: Mentor Technology Limited]

How were vulnerable groups identified and helped

- 3.35 A key part of the project's approach to protecting vulnerable people was to build contacts with key local organisations and communities within each region. Installer recruitment aimed to including representatives from different communities where possible.

3.36 At the national level, a central contact/call centre was provided, with support for all the languages which could be anticipated.

Finding and reaching the vulnerable

3.37 Once they understood the potential impact of the programme, local authorities were cooperative in identifying those with particular requirements within their areas, such as ethnic minorities with little grasp of English. They were then able to signpost the project team to organisations with greater knowledge of individual communities – e.g. those receiving medical care and supervision etc. This enabled the project team to identify those who were considered vulnerable and potential channels for reaching them.

3.38 General letters and communications to households produced some enquiries by vulnerable people themselves or more often by friends or relatives. Such trusted people often proved valuable intermediaries and supported the vulnerable person during the home visit by the retuning contractors. One of the roles of the call centre was to capture this type of information from contacts and maintain a database to support the planning of visits.

3.39 On the ground:

- In general, re-tuners tended, where possible, to call house-by-house rather than make appointments to save time and costs. However, homes with individuals identified as vulnerable were handled in a different way. Visits to those houses were by appointment, and a friend/relative was encouraged to attend.
- By the time of the visit, households had already received a letter briefing them on the process and containing a pass-code they could request to validate the re-tuner.
- Re-tuners carried illustrated cards explaining what they were going to do, repeated in the full range of languages expected in that area. Having identified which language was appropriate, the re-tuners could use their mobile phone to connect the householder(s) to the appropriately qualified person at the call centre who could then explain the procedure to them in their own language.
- All households were left with a card bearing a contact number in case they experienced any problems with reception after the visit.

If it went wrong

3.40 A complaints process was established, to fulfil licence requirements, including an ombudsman to provide an independent dispute resolution in the last resort.

Costs

3.41 The total cost of the retuning work has been estimated in the region of £100m, with around £50m of that for the salary costs of the organisation.

What didn't work/ wasn't cost-effective - what would they do differently next time?

- 3.42 One area which could have worked better was the marketing/communication. Channel 5's marketing was aimed at getting people to watch the channel, raising expectations that retuning would provide them with Channel 5 reception. In reality, the retuning was designed to remove any interference from Channel 5 transmissions to existing services and equipment. This gap between expectation and the service actually delivered often required re-tuners to spend time in explanations to disappointed householders.

Example 3 - Changes to benefits system

- 3.43 The Department for Work and Pensions (DWP) and Northern Ireland Social Security Agency (NISSA) are responsible for payment of social security benefits and pensions throughout the UK. Over recent years the DWP has increasingly adopted a proactive approach to marketing its products, to ensure a higher level of take-up among the qualifying groups.
- 3.44 In developing communication campaigns, the DWP recognises six broad segments: from fit, financially independent couples, at one end, to frail, financially dependent single women at the other end of the scale. It then uses direct mail targeted to each of these groups, rather than personalised to individuals. DWP's promotions start off being general and then become increasingly more targeted using channels where they are more likely to reach customers. The DWP will follow this up with phone calls to individuals and ultimately may visit homes in an effort to make people aware of its products and how individuals can benefit from them.
- 3.45 The DWP is currently undergoing a business transformation process which will continue until 2007. Some of these changes have had tangible impact on many people who are regarded as vulnerable, particularly in two major initiatives:
- Payment modernisation programme
 - Introduction of pension credits

Payments Modernisation Programme**Background**

- 3.46 The ongoing Payments Modernisation Programme (PMP), also known as Direct Payment⁶, is a major initiative aimed at improving payment efficiency undertaken by the Department of Work & Pensions (DWP), the Veterans Agency and the Inland Revenue. It was designed to achieve annual savings of £500 million, by increasing the proportion of benefits paid electronically into bank accounts from 43% to at least 85% over the period 2003 to 2005. It will apply to virtually all benefits, pensions and tax credits being paid directly into bank account.
- 3.47 The nature of the payments involved means that vulnerable people are strongly represented in the groups affected by the change. It was critical to ensure that these people did not suffer unduly as a result of the modernisation.

⁶ <http://www.dwp.gov.uk/directpayment/index.asp>

- 3.48 Until the start of programme, around 13 million customers received their benefit payments via order books and giro cheques, cashable at post offices; the remaining 10 million were paid electronically via their bank accounts. The paper-based payments cost over 50 times as much as their electronic equivalents, which can be processed for just 1p each.

Who was affected?

- 3.49 At the start of the programme, 15% of benefits recipients did not have a bank account and 44% had a bank account, but chose not to get their benefits paid directly into it.
- 3.50 Those in the latter category were thought to use bank accounts as more of a savings vehicle than as a current account for daily or weekly transactions.

In what way?

- 3.51 From 2003 onwards, recipients have been invited by letter to change over to the new system of payment, called Direct Payment. They were asked to choose between new commercial bank accounts, basic bank accounts from commercial providers, and the post office card account. Each option has different charges, different features such as direct debits, standing orders, overdraft facilities etc, and could be accessed at different places.

Direct Payment. What's that?

Direct Payment is the way benefits, pensions and tax credits are going to be paid from next year. Order books and giro cheques are being phased out and your money paid straight into your account.

Exactly how will it work?

First and most importantly, Direct Payment won't affect how much money you receive, or how often you receive it. Your benefit will go into your account on the same day that you got it now – every week or every four weeks, exactly as you have it currently.

A better way to collect your Child Benefit.

Direct Payment is more convenient. It means you'll have more options when it comes to where and when you collect your money.

Depending on the type of account, you can get your cash from your bank, building society or from a cash machine. You can still use the Post Office[®] to collect your money, because, from April 2003, there will be more accounts that you can use there.

Direct Payment is more flexible. You don't have to take all the money in one go, just what you need, when you need it.

Direct Payment giving it to you straight on 0800 000 7084 www.dwp.gov.uk

Publicity material for the payment modernisation programme

Informing people in general

- 3.52 Starting in April 2003, and continuing for the next two years, the DWP has contacted each claimant through the mail, providing a telephone information line and a leaflet explaining the change.

Informing vulnerable people

- 3.53 Even though thirty percent of customers access DWP's services through agents (family or friends), the DWP tends to market directly to the customers themselves. It also applies strict procedures to vetting those who are proposing to act on a customer's behalf.
- 3.54 DWP has worked with leading charities such as the Alzheimer's Society, Age Concern, MENCAP and Citizens Advice Bureau in raising awareness of the change and how individuals should respond.

Provisions for vulnerable groups

- 3.55 The elderly were expected to face difficulties in adjusting to the changes.
- 3.56 Research from the National Institute of Adult Continuing Education (NIACE) showed that 30% of people over 50 had some or extreme difficulty in understanding their finances, and 31% experienced some difficulty with banking.
- 3.57 To offset these concerns, independent advice on choosing an account is available through Age Concern, and Citizens Advice Bureau. MENCAP extends this support to those with learning difficulties.

Introducing pension credits**Background**

- 3.58 Pension credits were introduced in 2003 to ensure that all UK residents over the age of 60 have at least a defined minimum income. It replaced a previous scheme known as Minimum Income Guarantee.
- 3.59 Whilst Minimum Income Guarantees had reached a penetration of 1.8 million households, there were estimated to be in the region of 3.8 million households (5 million pensioners) which might actually qualify. To enable penetration to be increased relatively quickly, the DWP introduced a much more proactive approach to marketing its products and undertook to contact all of its 7 million pensioner households.

Phase 1

- 3.60 The first phase of the campaign focussed on raising awareness through national media and using direct mail to stimulate applications for pension credit. In detail, the steps were:
- Advertising on national television and in national press to raise awareness, together with direct mailing to targeted pensioner households. The TV campaign raised awareness of the product among pensioners from around 40% to around 94%.
 - Although the same advertisements were shown across the UK, DWP took advantage of commercial television's regional structure to increase the intensity of showing in regions with higher densities of pensioners.
 - A tracking study was conducted at the same time to monitor the increase of awareness and was used to adjust the media campaign.

- The DWP segmented its pensioner database by income, using the Family Resource Survey⁷ as a reference, where different segments indicated different likelihood of qualifying for the benefit.
- Direct mailing was sent, tailored to the segment in which the customer had been placed. Those with a higher likelihood of qualifying were sent the most direct invitation to apply with a contact number or tear-off slip. Those less likely were sent information of a more general nature, for example with a table allowing the customer to determine for themselves whether they qualify and should take any further steps.
- In conjunction with TV and press advertising to raise awareness, direct mail produced an average 12% response rate.
- Outbound telephone calls were made to those who had not responded and had a significant yield in terms of take-up.
- The DWP operated a hotline to receive enquiries on pension credits, where operators could explain the product to customers and fill out an on-screen electronic application form. Pensioners only needed to sign a copy of the completed form which was posted out to them. This dealt with the major perceived barrier of filling out an application form.
- Concerns about the ability of DWP's contact centre and other systems to cope with a potentially large volume of calls caused it to adjust its direct mailing to reach those judged most likely to qualify first (fewer in number), then extending the target envelope over time to maintain a sustainable call load.
- The complexity of pension products is difficult to communicate to elderly people and DWP bears this in mind in allowing call centre staff time to provide careful explanations.
- Around 80% of the DWP's sign-up has been over the phone, in spite of industry doubts about the effectiveness of this method with elderly people. However, the DWP does avoid making telephone calls to very elderly people - who might have hearing difficulties etc.
- Customer satisfaction was measured at 95% for those who were satisfied or very satisfied with the process.

3.61 This new marketing approach has already proved successful in driving penetration to around 2.6m households in the 12 months since the launch of the scheme.

Phase 2

3.62 Since May 2004, the DWP has been working on Phase 2 of the pension credit marketing campaign, with a target base of 2 million pensioner households, from which it hopes to sign up around 0.4 million by the end of this year. Since Phase 1 has already yielded applications from those who were easier to persuade, the remaining households are expected to be harder and slower to win over. Thus a new more targeted approach is being applied:

⁷ An annual Government survey of 50k people, adjusted to be representative of the population

- New products and advertising have been developed.
- Local events and partnerships are used to build awareness and provide further opportunities for pensioners to sign up.
- This awareness raising has been followed by direct mail, targeted particularly at regions of high pensioner density.
- The DWP calls the households from which no response has been received.
- If the telephone approach fails then the case is passed to local agents who can find out more about the individual circumstances and arrange to visit the home as needed. The DWP has 30 call/contact centres across the country and has a local presence often based in local partner organisation premises.

3.63 In future, radio might play a greater role in getting the message out to elderly people, recognising the important place it often has in their lives⁸.

Costs of the programme

3.64 The DWP employed 12,000 staff at four call centres to receive the enquiries and guide pensioners through the application process. It also employed significant numbers of extra support staff. Costs of the programme are not disclosed.

Market-led change

Example 4 - Marketing digital television to disabled people

- 3.65 BSkyB recently embarked on a major drive to open access to digital television services to disabled people. The aim being to gain as many disabled customers as possible, by making it easy for them to subscribe and raising their awareness of the disability access features provided by the platform.
- 3.66 Awareness of the particular requirements of disabled people is now being propagated within the organisation at every level, from engineers and call centre staff who have contact with disabled people to managers designing new services and business processes.

Delivery - Building disability awareness into business processes

3.67 Disabled customers are encouraged via targeted marketing through specific channels, such as disability magazines to apply for a subscription to Sky. A special contact number is provided in the advertisements for those who want to enquire further or take a subscription. When they contact Sky, the customer asked for any specific requirements they have - e.g.

- Need home visit support.
- Want the technician to use a password.

⁸ However elderly people tend to listen to BBC stations more than local commercial stations, so reaching via this route requires careful planning.

- Want a box with larger buttons.

3.68 Business processes have been adjusted to ensure that staff performance management does not impair the service given to disabled customers. For standard installations, technicians are expected to complete their work within a defined unit of time. However, when the installation is for a disabled customer, the technicians are given two time slots and can request longer if needed, to ensure that they don't feel pressured to rush through explanations.

Example 5 - Enabling elderly people to keep warm

3.69 Programmes run by or in association with utilities offer some useful insights for digital switchover, because of their householder-level contact. Recent initiatives in this sector have included:

- Introduction of schemes which increase pensioners' ability to afford to heat their homes:
 - Low cost, flat-rate tariffs.
 - Improvements in energy efficiency.
- Development of a self-regulatory code on disconnection, among energy suppliers.

Staywarm

Background

3.70 In 2000 TXU⁹ introduced its Staywarm programme targeted at over 60's,. Staywarm is an electricity and gas service¹⁰ which provides energy at a low fixed cost per year. As the payment is fixed and based on composition of the household not consumption, householders can turn up their heating in cold weather without worrying about how to pay for the increased consumption. The service is now provided by Powergen and has been adopted by around 430,000 households.

3.71 The Staywarm programme is intended to apply to pensioners on a low income to help them afford to heat their homes, particularly in very cold weather.

Launching the product

- When the scheme first started, TXU brought a public relations agency on board to generate media coverage and sales of the product in Scotland, and to build partnerships with key organizations.
- Focus groups conducted by TXU indicated that the target audience was fearful of the unknown and harboured suspicions concerning the Staywarm service, so it was clear the communications approach needed to encourage trust.

⁹ Formerly Norweb, this business is now part of PowerGen.

¹⁰ Staywarm was awarded Utility Week's Business Innovation Award 2000

- A road show was created to support the campaign, using Santa and local TV celebrities. During the holiday season, the road show visited community centre Christmas lunches and offered raffle prizes, including a year's supply of electricity and gas. The energy supplier also organized a series of local newspaper competitions to support the effort, with prizes likely to appeal to the elderly – such as holidays from Shearings.
- As a result of the campaign, Staywarm sales in Scotland exceeded projections by more than 30 percent. Extensive media coverage supported Staywarm's central "peace of mind" message, and relationships were developed with key local organisations.

How are vulnerable people informed?

3.72 Vulnerable people are at the core of the target market for Staywarm and thus the communications are directed almost entirely to them. The approach has the following features.

- The Staywarm programme avoids the standard hard selling techniques often used in the direct selling of other energy products. Its representatives are not commission based and do not 'cold call' either by telephone or in person at the door.
- More recently Powergen has targeted the marketing of Staywarm, using its prospect database and the Priority Service Register¹¹ to identify individuals likely to fit the expected profile of a Staywarm customer (e.g. based on age and income level).
- A total of around 40 referral advisers are available across the country to come and talk to conferences, clubs and coffee mornings. These bring in the bulk of new joiners to the scheme.
- Powergen supplements this community-level promotion with advertisements in the local press and limited direct mail, providing recipients with a number they can call to request further information or to apply.
- Some joint marketing initiatives are undertaken for products which have a strong affinity with Staywarm. For example, the Staywarm welcome pack includes a leaflet on the Government's Warmfront energy efficiency scheme.
- Community centres and local branches of charities such as Age Concern also help to promote the scheme.

Costs of the programme

Not disclosed.

¹¹ Maintained under a licence condition set by Ofgem, designed to give vulnerable people more protection against disconnection. Customers may apply to be added to the register, recording details of any special requirements they have, e.g. needing bills in Braille.

Disconnection code**Background**

- 3.73 A rising number of disconnections over the last decade led to concerns that vulnerable people were being disconnected unnecessarily. This led to the development of a self-regulatory code to protect vulnerable groups from needless disconnection.
- 3.74 Lists of vulnerable groups prepared in connection with this code and the approach to dealing with vulnerable groups could be a valuable resource for digital switchover.

Identifying vulnerable people

- 3.75 Ofgem, the energy regulator, has established a Priority Service Register scheme, whereby older people and those with a serious illness or disability can apply to be added to a list which must be kept by energy suppliers of those who would be at risk of suffering harm from disconnection.
- 3.76 Energy suppliers also keep a private, separate list from the Priority Service Register where they note any special requirements compiled on the basis of contacts with customers.

Disconnection process

- 3.77 The approach to disconnection is more cautious for residential customers than it is for businesses. When a problem with non-payment arises there is a defined chain of telephone calls and a home visit that must normally occur before a supplier can decide to disconnect the customer's energy supply.
- 3.78 Cases of non-payment are scrutinised for details of vulnerability from their customer records (and the Priority Service Register) and will use this information in planning calls and visits. They will also contact social services and or neighbours, where necessary, to arrange that a carer or friend is present at the time of a visit. People in the most vulnerable groups are encouraged to nominate trusted friends/relatives/neighbours as intermediaries to help them understand and respond to communications and bills from suppliers.

Andrew Stirling, Ofcom

Section 4

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