

Developing demand-side remedy proposals

Summary of CMA / FCA presentations

This summary describes the presentations given by Ben Nuñez, Corina Donohoe and Bill Roberts of the Competition and Markets Authority (CMA) and Stefan Hunt of the Financial Conduct Authority (FCA) at the third workshop of the UKCN Consumer Remedies project held at the CMA on 30 March 2017. This was a practical workshop focussed on the design, selection and testing of remedies.

The CMA first provided a brief recap of four lessons learned from the two prior UKCN workshops: first, it is important to have a clear understanding of ‘what success looks like’; secondly, it is often helpful to apply the Behavioural Insights Team’s ‘EAST’ framework; thirdly, designing interventions that work with the grain of the market can increase their impact; and, fourthly, it is important to consider potential unintended consequences of interventions.

The FCA next reviewed the different techniques for testing interventions that were discussed during the two prior UKCN workshops. The FCA also highlighted some lessons learned from past applications of those techniques and emerging challenges facing any public body that seeks to use those techniques in future.

The CMA finished by presenting some factors that should be considered when trying to define ‘what success looks like’ for a particular intervention.

Objectives

- Apply lessons learned and know-how from first two UKCN workshops
- Facilitate development of remedies set out in Ofcom consultation document into testable proposals
- A small amount of pre-reading was circulated before the meeting

Agenda

- 10.00 – 10.05 – Introduction and welcome (Adam – CMA)
- 10.05 – 10.20 – Introduction to case study – (Tom – Ofcom)
- 10.20 – 11.05 - Breakout session 1 – ‘ideation’
 - 5 minute reminder of lessons learned from workshop 1 (Ben – CMA)
 - Group discussion of specific options
 - 10 minute feedback focussing on ideas concerning additional remedy proposals (Corina – CMA)
- 11:05-11:15 - Coffee break
- 11.15 – 12.00 - Breakout session 2 – ‘testing our proposals’
 - 5-10 minute reminder of lessons learned from Includes time for brief intro [5-10 minutes] by FCA on relevant lessons learned from prior workshops
- 12.00 – 12.25 - Report back from groups on their proposal (Bill – CMA)
- 12.25 Closing remarks – Adam and Stefan
- 12.30 Fin

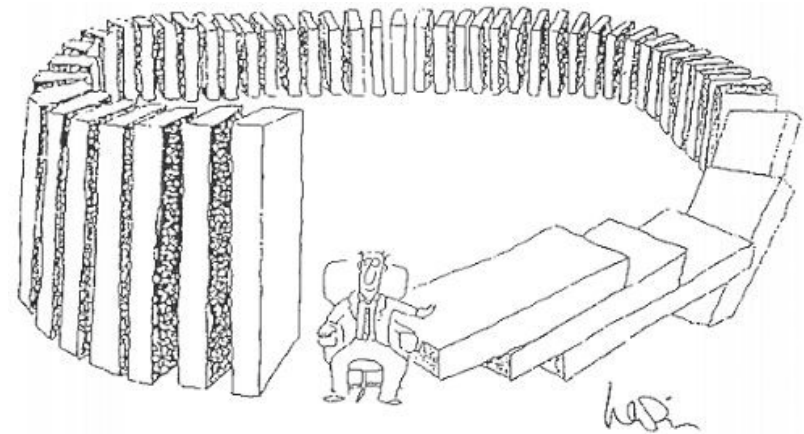
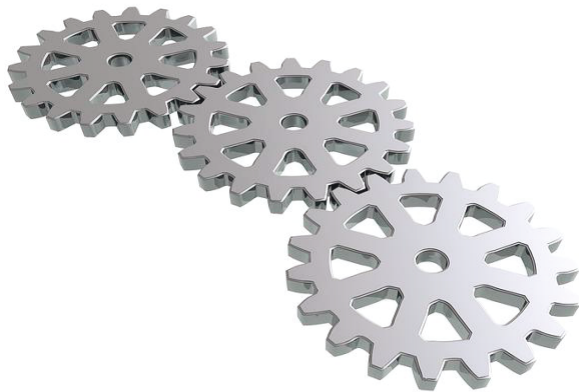
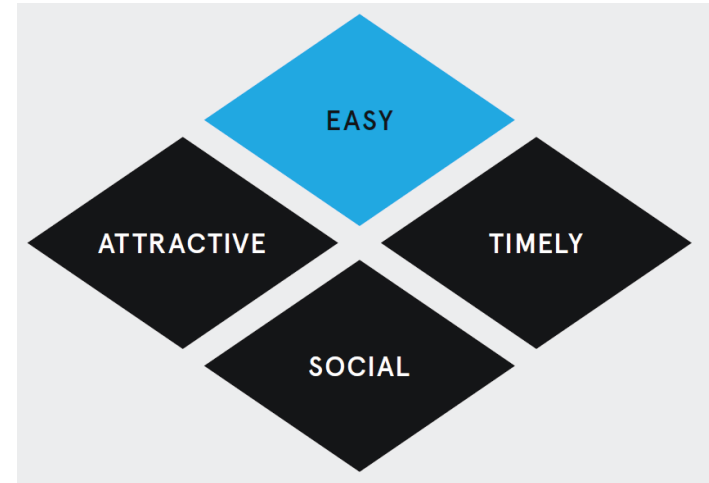
Breakout session 1

- Ideation

Ben Nunez and Corina Donohoe

Lessons Learned from previous workshops

- Four key learnings:



Task for session 1

- Each group has been allocated one of the six remedies described in Ofcom's consultation document
- **Primary objective:** develop your remedy into one or more options that could be tested / evaluated
- **Optional task:** come up with your own remedy!
- Groups will be asked to report back on any **new** ideas generated at the end of **this session**.
- We will have a longer reporting session covering **both** design and testing at the end of **session 2**

Breakout session 2

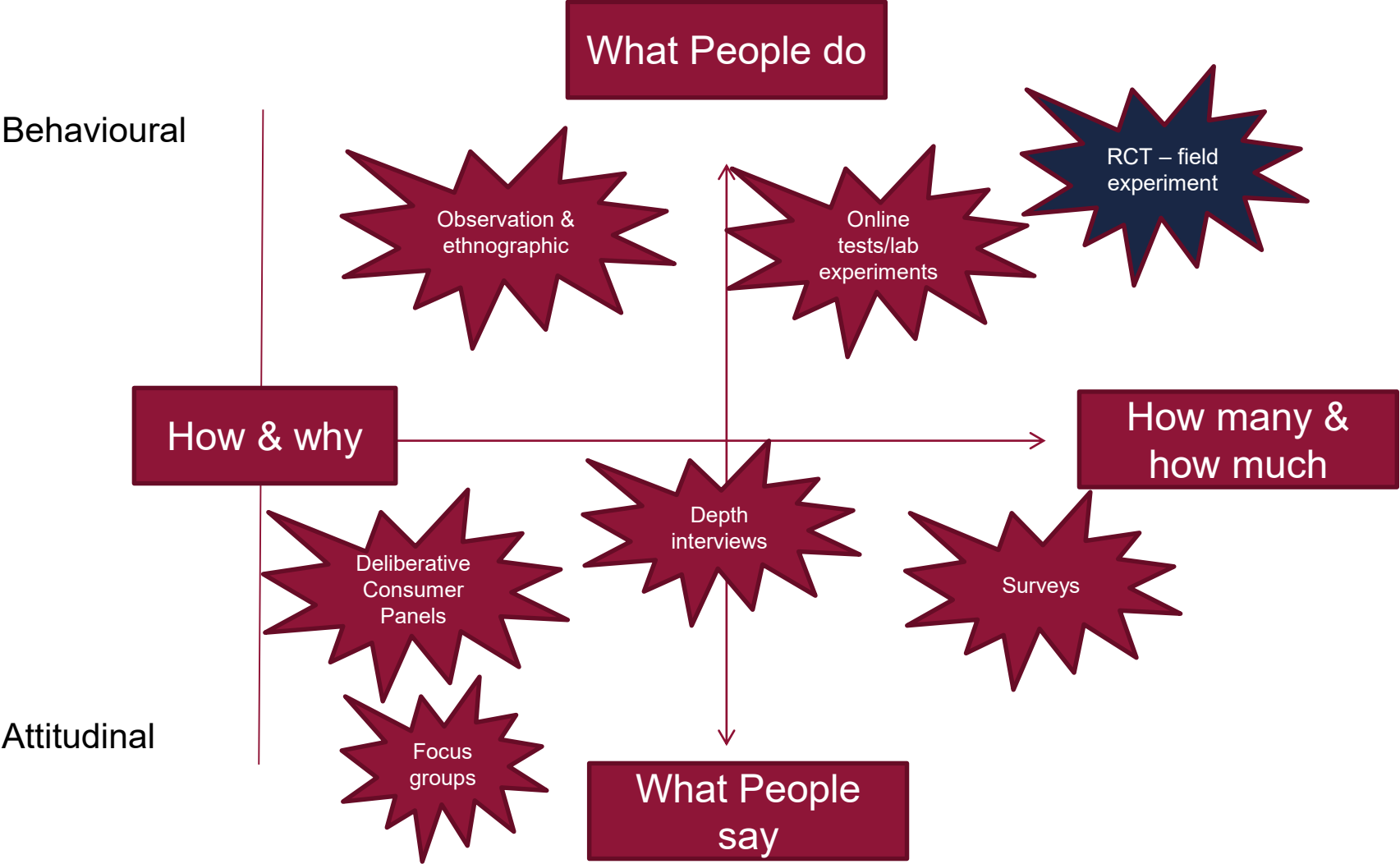
- Road testing

Stefan Hunt and Bill Roberts

FCA: lessons learnt

- 1. Diagnose problems and refine treatment design**
- 2. Take control of field work**
- 3. Don't compromise on sample size**
- 4. Don't over claim**
- 5. Disclosure is not a panacea**

Ofgem: Consumer research techniques



Ofgem: lessons learned and challenges ahead

Trials with suppliers are challenging

- Difficulties working in a voluntary cooperation environment
- Mixed level of capability among suppliers
- Long lead times for systems changes
- Misaligned incentives

Scale of ambition

- Resourcing required to support a comprehensive trialling programme

Challenges ahead

- Striking a balance between operational complexity, burden and gathering statistically robust data
- Deciding which trials to support
- Ensuring external validity – approach to multiple supplier trials etc
- Upskilling suppliers
- Involving experts

What does success look like?

- Does this communication result in a measurable change in consumer behaviour [or attitude]?
- How soon after the communication is delivered does the change in behaviour take place?
- Is the change in behaviour sustained or does the communication need to be repeated and if so how frequently?
- Does the source of the communication (ie 'author') affect its reception? Does the medium?
- Does the timing of the communication alter its effect (eg proximity to an event or seasonality)?
- Do different segments of the audience respond differently?
- What proportion of recipients need to respond for it to be considered a success? All of them? Typical direct mail response rates (<10%)? Some other measure (eg cost of sending the communication compared with the detriment extinguished?)

Task for session 2

- Starting with the work you did in Session 1
- Identify the observable changes that would indicate that the remedy was delivering the desired outcomes
- Develop a testing strategy that you could use to evaluate this remedy covering
 - Design options / “treatments”
 - Overall impact in delivering the desired outcomes
- Leave some time to prepare your report back at **midday** to other participants on your morning’s work!