



*Research report*

# Tax Credits Tracking Wave 25

Tracking Renewals advertising for Tax Credits

October 2012

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## Tax Credits Tracking Wave 25

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## Tax Credits Tracking Wave 25

### *Research requirement (background to the project)*

Tax Credits are a flexible award which varies according to changes in people's personal or financial situation. Within this system, all Claimants need to renew their Tax Credits annually.

Over the years, HM Revenue & Customs have regularly communicated two messages:

- The need for Claimants to renew their claim before the Renewals deadline (run annually)
- The need for Claimants to inform HM Revenue & Customs about any changes in their personal or financial situations in between periods of renewal (the last campaign about this was in 2010)

This piece of research covers Wave 25 of the Tax Credits communications tracking and evaluates the 2012 Renewals activity. As with previous Renewals campaigns, the advertising was split in to three distinct phases;

- **Announcement phase** (radio) – informing of the need to renew (May)
- **Prompt phase** (radio) – encouraging Claimants to take action and renew (June)
- **Deadline phase** (TV and radio) – warning about the deadline and encouraging swift action (July)

2012 saw further changes to the qualification criteria for Working Tax Credits and Child Tax Credits, and for this year the threshold was £32,200 p.a. Previous waves have been re-adjusted to reflect this new criterion.

The same creative style, tone and messaging has been used for a number of years. The main Deadline TV and radio executions were identical to those used in 2011. Two additional radio executions were aired this year to specifically remind Claimants to renew before the Olympic Games began (one for London and one for outside of the M25).

An online partnership with MSN was added to the mix to help educate Claimants about Tax Credits.

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Total marketing investment had remained relatively consistent over the past three years. In 2010-11 it was £1.542m, in 2011-12 it was £1.493m and this year (2012-13) it was 1.489m (incl. production fees). Due to the changing media environment it was possible to get more for the money this year. TV ratings were higher than they had been at any point in the last three years: 605 in 2012, up from 492 in 2011, 512 in 2010 and 438 in 2009. For the third consecutive year, radio ratings have decreased year on year: 1461 in 2012, 1740 in 2011, 2067 in 2010, and 2101 in 2009.

The overall objectives of the research were to determine how the communications activity performed, whether it had the desired impact on behaviour, and to better understand Claimants' actions and perceptions of the Renewals process in general. Specifically, this year, the research sought to answer the following key questions for the business:

- How did the campaign activity cut-through; are Claimants still taking out key messages?
- Has the worsening economic situation had an impact on how Claimants view Tax Credits?
- How did Claimants find the renewals process this year?
- Are Claimants aware of upcoming changes to Tax Credits and Universal Credits system?

### *Who did the work (research agency)*

This research was conducted by Ipsos MORI: ASI UK (previously Synovate – the two companies merged in late 2011).

### *When the research took place*

The research was conducted between 1<sup>st</sup> and 19<sup>th</sup> August 2012, directly after the campaign came off air and after the deadline for renewing (July 31<sup>st</sup>) had passed. This is in line with previous years. Where relevant in this document, results are compared to previous Deadline campaigns (Aug. '11, Aug. '10, Aug. '09).

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***Method, Data and Tools used, Sample***

A total of 333 interviews were conducted, face-to-face and in home.

The sample consisted of adults aged 16+ who had at least one child under 16 in their household (or 16-19 if in full-time education) and earned no more than £32,200 per annum (household income). This sample was designed to reflect the wider eligible population for Child Tax Credits from April 2012 onwards, with quotas set on key subgroups to ensure that the research could best meet its objectives (please see table below).

In previous years, those with a household income of up to £41,000 per annum were eligible for Tax Credits. From April 2012, the eligibility for Tax Credits was readjusted to those with a household income of up to £32,200 per annum. Therefore the data from previous waves (Aug. '11 Aug. '10, Aug. '09) has been rebased on only those with a household income of up to £32,200 per annum to reflect this new criterion.

The interview took 25 minutes to complete and covered both Deadline TV (stills) and radio advertising.

<b>CLAIMANTS SAMPLE PROFILE (Wave 25)</b>							
<b>Gender</b>		<b>Age</b>		<b>Household Income</b>		<b>Marital status</b>	
Male	29%	18-34	41%	£0 - £9,999	23%	With partner	74%
Female	71%	35+	59%	£10,000 - £19,999	34%	Lone parent	26%
				£20,000 - £26,999	32%		
				£26,001 - £32,200	11%		

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### *Main Findings*

#### **How did the campaign activity perform this year?**

Overall the campaign cut-through well and awareness was in line with last year.

- *Total advertising awareness was 85% (82% Aug. '11, 85% Aug. '10, 80% Aug. '09).*
- *There had been a significant uplift in awareness from the pre-wave earlier in the year, and the impact was slightly greater than the same period last year (uplift of +43% between Mar '12 – Aug '12; +39% for the period between Mar '11 – Aug '11).*

Awareness of TV a radio advertising for Tax Credits was as strong as last year.

- *TV in particular was well recalled by Claimants with just under three quarters claiming to have seen it recently, continuing the upward trend from the last few (74% Aug. '12, 70% Aug. '11, 68% Aug. '10, 65% Aug. '09).*
- *Awareness of Tax Credits related radio advertising was in line with previous year's campaign (prompted radio awareness = 31% Aug. '12, 32% Aug. '11, 35% Aug. '10, 31% Aug. '09).*

When prompted, just under three quarters of Claimants recognised the TV execution, whilst just under two thirds recognised the radio execution. Both scores are in line with recent years.

- *73% of Claimants recognised the TV advert. This was comparable to last year (73% Aug. '11, 70% Aug. '10, 64% Aug. '09).*
- *Recognition of the Deadline radio advert also remained in line with the previous year at 64% (63% Aug. '11, 63% Aug. '10, 58% Aug. '09).*

Overall, the vast majority claim to have seen or heard some part of the campaign, whilst around half said they had been exposed to both channels.

- *87% of Claimants recognised either the TV or radio ad (86% Aug. '11, 85% Aug. '10, 79% Aug. '09).*

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- *52% of Claimants recognised both the TV and radio adverts, again in line with last year (50% Aug. '11, 48% Aug. '10, 43% Aug. '09).*

The renewals message is one Claimants are increasingly familiar with. As time goes on so they also feel increasingly knowledgeable about the system. Despite this, the Deadline campaign is still considered to be valuable and the message worth knowing by the majority of Claimants.

- *There was a significant increase in the proportion of Claimants who strongly agreed the campaign told them something they already knew (72% Aug.'12, 53% Aug.'11, 47% Aug. '10, 42% Aug. '09).*
- *There was also a notable increase in those agreeing strongly that the campaign told them something worth knowing (57% Aug.'12, 50% Aug. '11, 48% Aug. '10, 45% Aug. '09, 84%).*

Consistency in creative style and repetition has helped embed the message over time.

- *Those strongly agreeing the ads stuck in my mind increased significantly this year (61% Aug.'12, 44% Aug.'11, 38% Aug. '10, 32% Aug. '09).*
- *This is reinforced by repeat exposure, with the majority claiming to have seen or heard them a lot (64% Aug.'12).*

Ultimately, Claimants see the campaign as providing an important and “useful” reminder for them to renew each year.

- *Just under three quarters strongly agree it is a useful reminder. Overall, 96% of claimants agreed with the statement (note: this was a new statement added for 2012 tracking)*

The campaign continues to prompt Claimants to act.

- *Seven in ten (71%) claimed to have taken at least one action as a result of seeing and/or hearing the campaign when prompted (71% Aug. '12, 69% Aug. '11)*

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- *Just under half of those exposed to the ads agreed that the ads prompted them to renew before the deadline (46% Aug. '12, 43% Aug. '11)*
- *Just over one in four claimed the campaign encouraged them to renew straightaway (27% Aug. '12, 28% Aug. '11) and over one in seven renewed over the phone/called the telephone helpline after seeing the campaign (18% Aug. '12, 16% Aug. '11).*
- *Less than one in ten claimed the adverts made them renew earlier than they had originally planned to (8% Aug. '12, 8% Aug. '11)*

In line with previous years, exposure to both media is most likely to encourage action.

- *74% (Aug. '12) of Claimants who recognised both the radio and TV executions claim they took action after seeing the ads (71% Aug. '11).*

As we might expect given the phasing of the campaign, there is evidence that the radio helps prompt some to renew earlier.

- *Those who recognised only the radio execution were the most likely to say they renewed earlier as a result of seeing the campaign (16% radio only, 3% TV only, 5% radio and TV)*

Unlike in many other sectors, Claimants admit the advertising impacts their behaviour.

- *When Claimants were asked what prompts them to renew each year, advertising is mentioned by under two in five (37%) with TV advertising (35%) being the second biggest prompt after receiving the renewals pack (48%).*

The MSN Money partnership offered a useful addition to the media mix for the 2012 campaign.

- *One in ten (11%) stated they had visited the MSN Money web partnership.*
- *Of those who visited, the majority found the information to be useful.*



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### What was the impact of the campaign on Claimants understanding and actions?

Claimants increasingly see the importance of renewing, both to receive the right money and to prevent payments stopping.

- *An increasing number of Claimants strongly agreed that 'It is important to renew my claim to ensure it is not based on out of date information' (91% Aug. '12, 82% Aug. '11).*
- *Similarly, strength of agreement increased that 'It is important to renew my claim, even if I haven't experienced any changes in my situation, to ensure I receive the right money' (92% Aug. '12, 81% Aug. '11).*
- *Likewise an increasing percentage of Claimants strongly agreed that 'It is important that I renew my claim every year otherwise my payments will stop' (91% Aug. '11, 84% Aug. '10).*

There has also been an increased understanding of the importance in renewing earlier than in previous years.

- *More Claimants agreed strongly this year that the 'earlier I renew my claim the better to ensure I receive the correct payment' (82% Aug. '12, 76% Aug. '11) and it is 'Important to renew as early as possible to ensure I don't lose all the money I've had since April' (85% Aug. '12, 80% Aug. '11).*

In addition, the majority of Claimants continue to be aware of the consequences associated with not renewing on time. Indeed, as we have seen in previous years, awareness of the consequences increases during the renewals period.

- *70% of Claimants were aware that 'Your reward would stop and you would not receive any money', an increase from March (70% Aug. '12, 60% Mar. '12, 73% Aug. '10).*
- *The second most mentioned consequence was receiving the wrong amount of money (43% Aug. '12, 36% Aug. '11), followed by having to start the process again*

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(37% Aug. '12, 34% Aug. '11) and having to pay back all the money earned since April (34% Aug. '12, 31% Aug. '11).

As mentioned previously, a number of Claimants felt the adverts in the Deadline campaign were ones they had seen or heard a lot. There was evidence to suggest increased exposure enhances understanding of the system and of the consequences of not renewing Tax Credits each year.

- *Claimants who strongly agreed that they had seen the ads a lot were significantly more likely to understand the system better than those who do not agree strongly that they had seen the ads a lot. They were more likely to strongly agree it was “important to renew each year otherwise payments will stop” (96% vs. 86%) and that “the earlier I renew the better to ensure I receive the correct payment (85% vs. 75%). They were also more likely to understand the importance of renewing “...even if they had not experienced any changes in their personal situation” (95% strongly agree vs. 86%).*
- *Similarly, Claimants who strongly agreed that they had seen the ads a lot were also significantly more likely to understand the consequences of not renewing. Almost four in five (78%) of those who had seen the adverts the most were aware their rewards would stop if they did not renew, compared to three in five (63%) amongst those who had not seen the advert the most. They were also significantly more likely to be aware that;*
  - *“You would have to pay all the money back you had received since April” (40% vs. 29%)*
  - *“You would be in debt to HMRC” (25% vs. 14%)*

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### The process of renewing

Spontaneous awareness of the deadline has increased in comparison to last year, reinforcing perceptions of the increased importance of Tax Credits for the audience this year.

- *79% of Claimants were aware that the deadline for renewing their claim was July (72% Aug. '11)*

However, this increased knowledge of the deadline, and the increased understanding of the importance of renewing early, did not translate into claimed behaviour with more saying that they left it until the final month to renew than last year

- *Significantly more Claimants claimed they renewed in July than in 2011 (27% Aug.'12, 18% Aug. '11, 26% Aug. '10, 32% Aug. '09)*

Overall, Claimants have maintained their preferred renewal method, though there was a slight decline in the proportion claiming to have renewed via phone, and an increase in those who renewed via paper.

- *43% renewed by paper this year (38% Aug. '11, 47% Aug. '10, 35% Aug.'09), 46% renewed by telephone (48% Aug. '11, 48% Aug. '10, 46% Aug. '09), and 9% claimed they were told to Check and File (13% Aug. '10, 5% Aug. '10, 8% Aug. '09).*

Both phone and on paper methods were considered easier than last year, particularly paper, which is still considered an easier method overall.

- *Continuing the positive trend for ease of renewal, 76% of those renewing by paper said it was very easy, up 11% vs. 2011 (65% Aug.'11, 71% Aug.'10, 79% Aug. '09).*
- *65% of those renewing by paper said it was very easy, up 7% vs. Aug.'11 (58% Aug.'11, 64% Aug.'10, 58% Aug. '09).*

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### Awareness of Universal Credits

Only a relatively small proportion of Claimants are currently aware of Universal Credits.

- *5% of Claimants were spontaneously aware of Universal Credits, and a further 8% of respondents were aware when prompted with the name Universal Credits.*
- *10% of Claimants were spontaneously aware the Tax Credits system was changing, however did not know the name of the new system*