



***Research report***

# **An online approach to communications testing**

Testing the P2 communication

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**An online approach to communications testing*****About the Individuals Customer Directorate (ICD)***

ICD is part of the Personal Tax Group in HMRC, which has responsibility for personal tax policy and operations as well as some work streams with personal and business customers.

ICD's role is to work with Directorates across HMRC to design and deliver customer focused policy and services to individual customers to make it as easy as possible for them to get their tax affairs right.

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## An online approach to communications testing

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

Holden Pearmain were commissioned to carry out research which would highlight the impact of change to communications to both the business and to customers and to determine whether there was a compelling case to support to the changes proposed

Changes sought should...

- Improve the experience customers go through when they receive a communication
- Ensure customers act in a way which doesn't create additional cost to HMRC – reduce errors, unnecessary enquiries etc
- Ensure that individuals and businesses pay the correct amount of tax and receive credits and benefits to which they are entitled

To develop the methodology the first communication tested was to act as a pilot exercise. The following criteria were used to decide a suitable communication to test for this purpose:

- Indicative of future Communications documents to test
  - To develop and test a method that can be applied going forwards
- A communication which currently incurs high degree of resource / cost due to incorrect customer action / high volume of enquiries etc
- A communication with known scope for improvement
  - To aid with developing test cell material
- A communication well suited to the methodology. Allows us to get the skeleton of the testing tool in place and develop to more complex communications in the future
  - Degree of 'individuality' in terms of information shown
- Ability to reach the sample desired

The P2 communication was chosen as it was felt to fulfil these requirements

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

The research was conducted by Holden Pearmain an independent market research company based in Weybridge, Surrey

### *When the research took place*

The fieldwork for the research took place in early December 2010. The results were reported to HMRC in January 2011

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

It was decided that an online self-completion method was the best way to measure the success of the existing P2 communication and to test a redesigned version. The online methodology allowed us:

- The ability to use advanced techniques such as hot spot analysis for respondents to identify exactly what parts of the communication led to confusion
- To develop a consistent methodology to test communications in the future
- A speedy and cost effective approach to measuring communication success
- To replicate the 'self-completion' nature of communications (i.e. without interviewer input)
- To allow us to test a full range of communications in the future whilst maintaining the consistent method – e.g. ability to test videos, sound, visuals, forms (including smart error detection)
- A future proof approach which allows for the increasing role of online communication

Respondents were recruited via two online panels, firstly Holden Pearmain's 'Talk' panel and then through Toluna, our panel partner. Over 800 completes were achieved with all having to be either employed, paying tax through PAYE and receiving additional benefits or retired and have additional income streams – e.g. private / employer pension

Each respondent saw both the current and revised P2, however the order they saw them was randomised to ensure there was no order effect. Each respondent started the interview by being asked recruitment criteria to ensure they qualified and to allocate them to a relevant scenario. A scenario approach was required so that respondents saw a communication which was as near to their actual situation without showing their actual personal data. As well as greater scripting complexity it was felt that respondents may be put off by seeing their actual personal data and it was important that respondents were clear that this was research as opposed to an actual communication.

There were eight scenarios in total which were each specific to gender, income and employment status and allocated to match each respondents gender, income and employment status. The scenario consisted of a short introduction which the respondent read to familiarise themselves with who the communication was addressed to, the respondent then saw a communication based on this scenario and were asked to click on any area of the communication which they found confusing. After each area clicked on a short series of questions were asked to gain greater understanding. After this 'hot-spot' exercise respondents were asked what they would do as a result of receiving the P2, what they thought its purpose was and how they scored it on a number of aspects such as the tone, straightforwardness, visual appeal etc

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**A diagram of the interview flow:**


## Hot spot exercise

number  
Date 26 November 2010

Dear MR PERKINS,

**Your tax code for the year 6 April 2011 to 5 April 2012 is 314L**

You need a tax code so OFFICE WAREHOUSE can work out how much tax to take off the payments they make to you from 6 April 2010. It is important that you make sure that we have got your tax code right. The **Notes** will help you do this. If you contact us we will need your National Insurance number and tax reference. Please keep your coding notices; you may need them if we send you a tax return.

Here is how we worked it out:	
Your personal allowance	£6475 (see Note 1)
Car benefit	-£3225 (see Note 2)
medical insurance	-£102 (see Note 3)
a tax free amount of	£3148 (see Note 4)

We turn £3148 into tax code 314L to send to OFFICE WAREHOUSE. They should use this code to take off the right amount of tax each time they pay you from 6 April 2011. We tell OFFICE WAREHOUSE what your tax code is but we do not tell them how it is worked out

**Notes**

1 The law allows everyone who lives in the UK to receive some income before tax has to be paid – a "tax free amount" of income. That tax free amount starts from a "personal allowance" that depends on your circumstances. Our records tell us you are entitled to £6475.00 for this tax year, the standard personal allowance for people under 65.

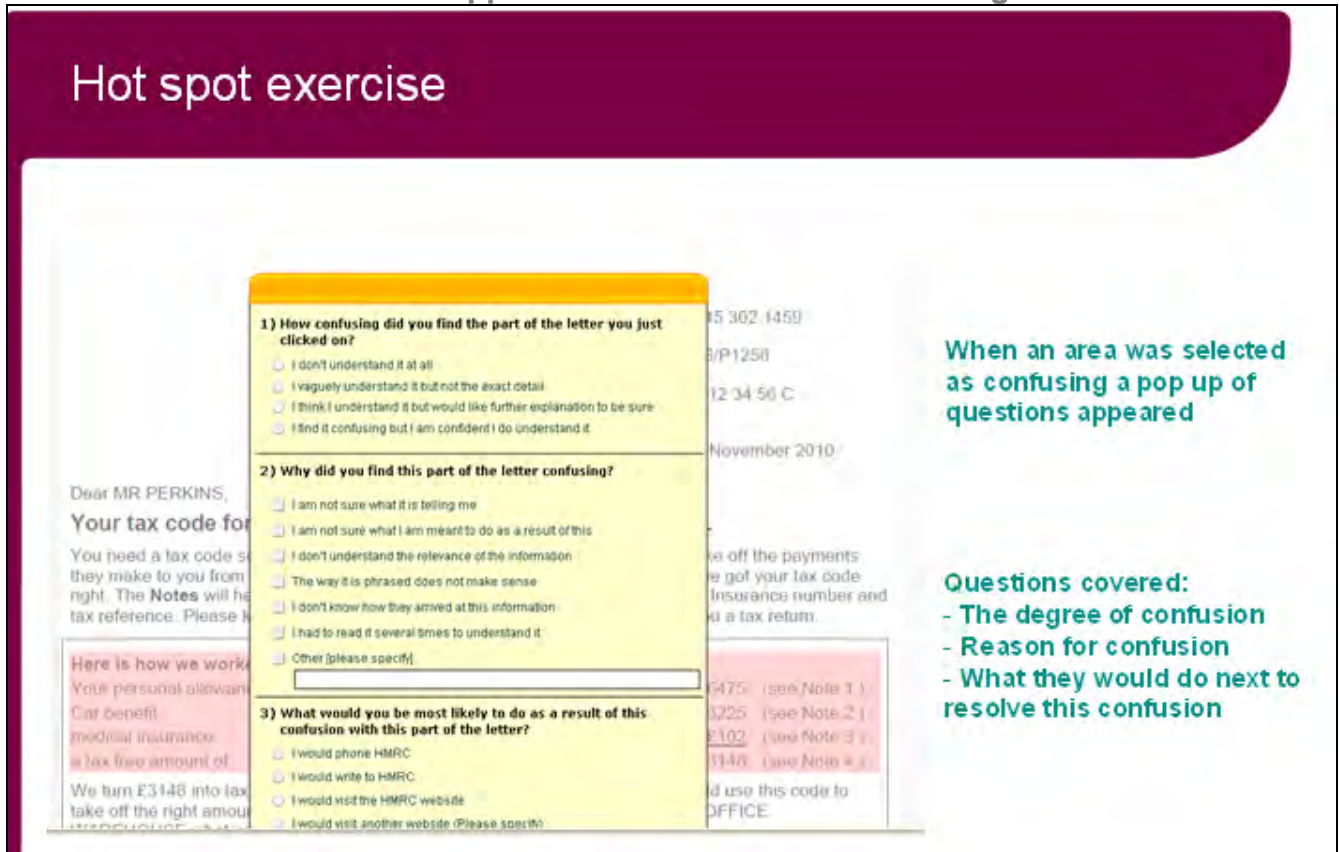
Respondents were shown the communication and asked to click on any areas which they were not completely confident they understood

When they hovered over a clickable area it was highlighted in pink

Respondents were not shown a communication with their own personal details on, but instead one of eight which best matched their situation

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## Hot spot exercise



**1) How confusing did you find the part of the letter you just clicked on?**

- I don't understand it at all
- I vaguely understand it but not the exact detail
- I think I understand it but would like further explanation to be sure
- I find it confusing but I am confident I do understand it

**2) Why did you find this part of the letter confusing?**

- I am not sure what it is telling me
- I am not sure what I am meant to do as a result of this
- I don't understand the relevance of the information
- The way it is phrased does not make sense
- I don't know how they arrived at this information
- I had to read it several times to understand it
- Other (please specify):

**3) What would you be most likely to do as a result of this confusion with this part of the letter?**

- I would phone HMRC
- I would write to HMRC
- I would visit the HMRC website
- I would visit another website (Please specify):

**When an area was selected as confusing a pop up of questions appeared**

**Questions covered:**

- The degree of confusion
- Reason for confusion
- What they would do next to resolve this confusion

Quotas were set on how many respondents saw each scenario to ensure sufficient completes were achieved to conduct the analysis required. There were quotas set on retired, higher income and lower income. The lower income group was split with half seeing a P2 communication without errors and half seeing a P2 with errors. This incorrect scenario included an incorrect company benefit, which would require that customer to contact HMRC to correct the change. During analysis it could then be seen whether there was a difference in planned behaviour amongst those who should contact HMRC and those who should not need to. As in reality not all P2's will contain correct information, this approach allows us to understand the impact of the communication change amongst both those receiving a correct P2 and those receiving an incorrect P2.

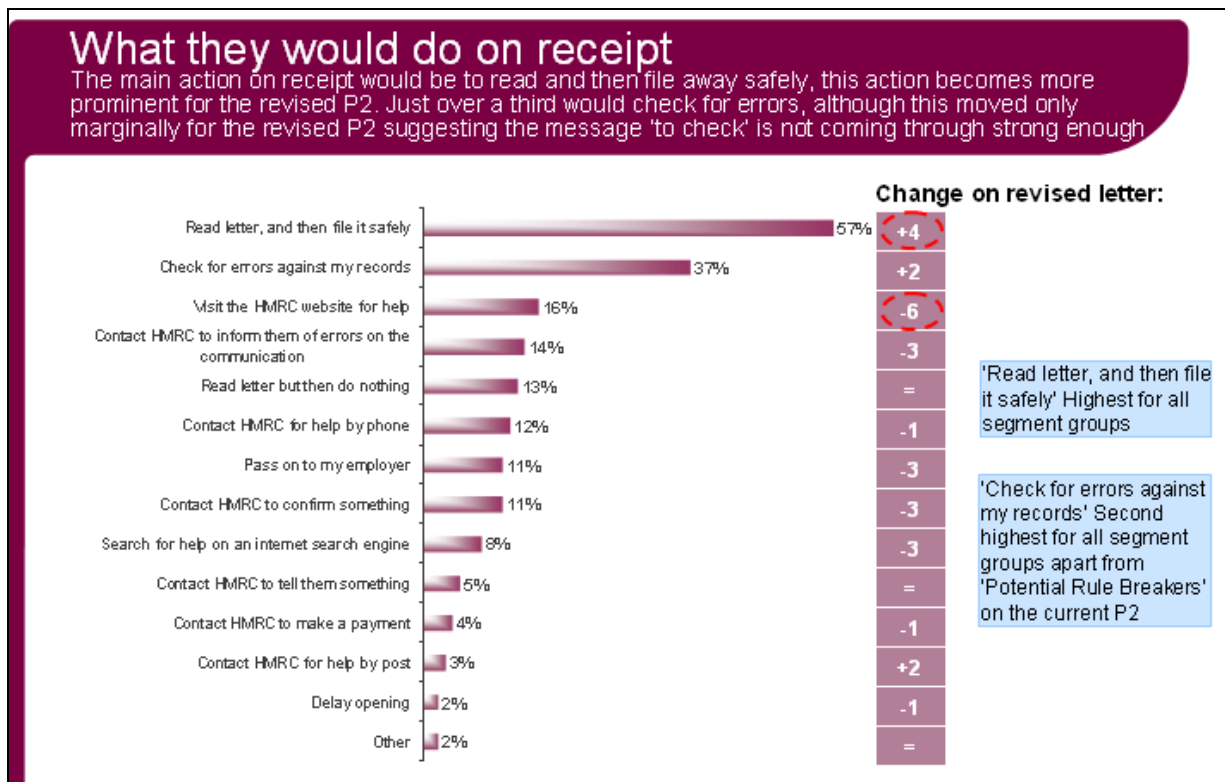


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### Main Findings

#### Impact on HMRC cost

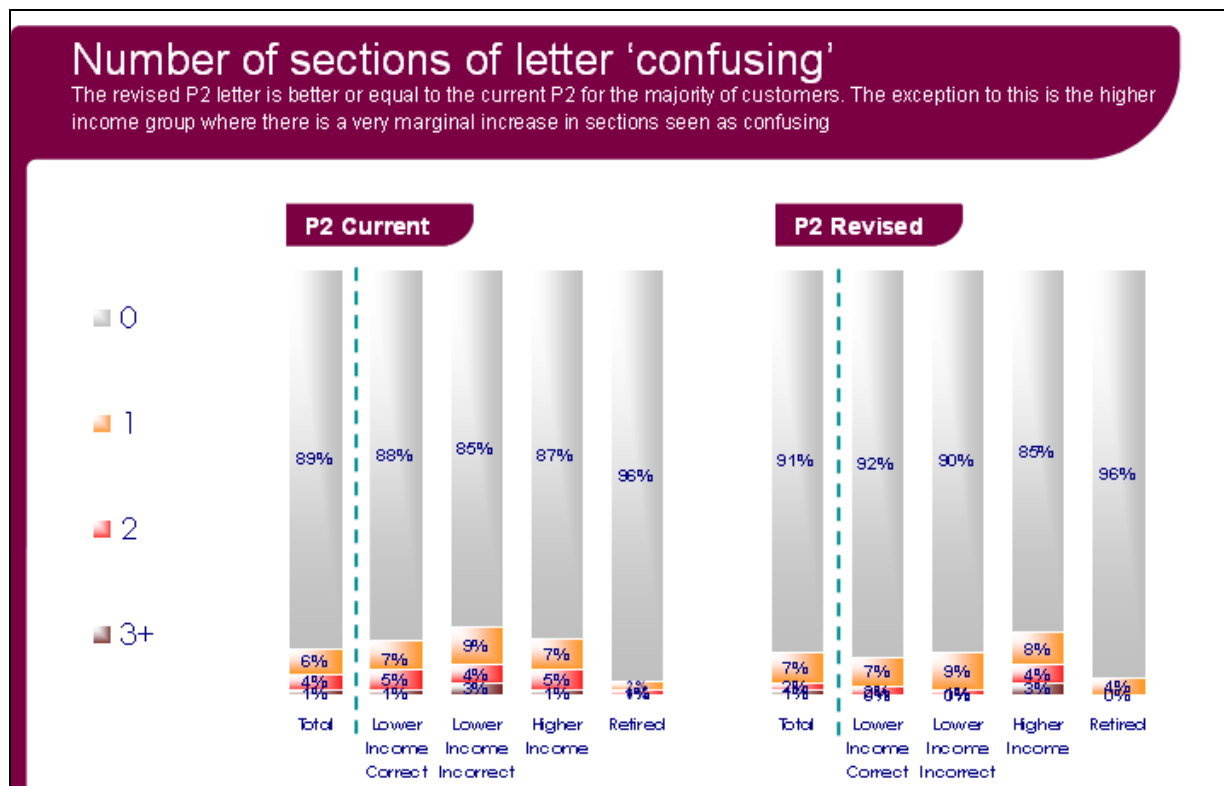
- For those receiving an error free P2 the revised version performs on a par or better than the current P2 on the recipient's action. With minor improvements seen in the number checking the communication and those not contacting HMRC by telephone
- However, for those receiving a P2 with errors. The revised P2 performs worse, with a reduction in those reading through and checking the communication. The contact with HMRC shifts from notifying of errors to a lower level contact for help



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### Impact on Customer experience

- In terms of the number of sections recipients find confusing the revised P2 letter is better or equal to the current P2 for the majority of customers. The exception to this is the higher income group where there is a very marginal increase in the number of sections seen as confusing.
- The lower level of confusion most have drives a greater level of confidence with the action they eventually take
- Customers perceive the revised P2 to be more effective as a communication, with the exception of the lower income 'correct' group which rate them both on a par.
- The revised P2 helps to improve the perception of HMRC as an organisation versus how the existing P2 performs. The exception is for the higher income group which hold a similar perception for both P2's

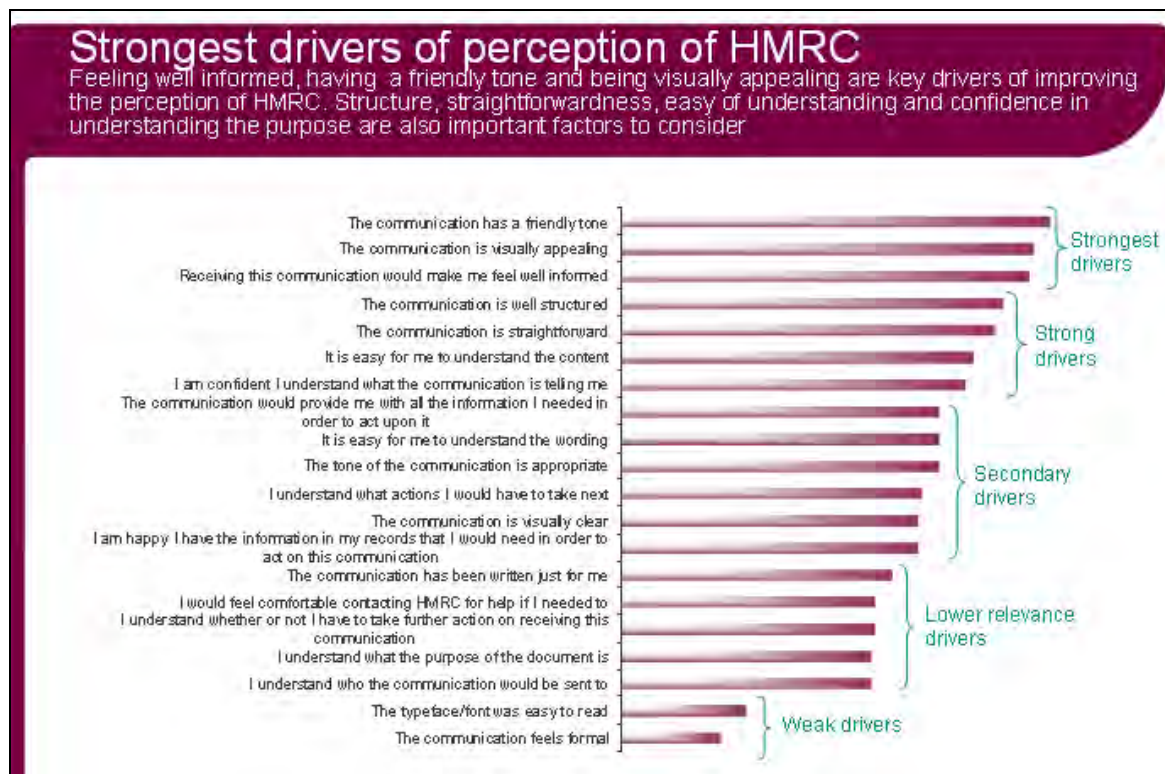




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### To drive perception of HMRC further

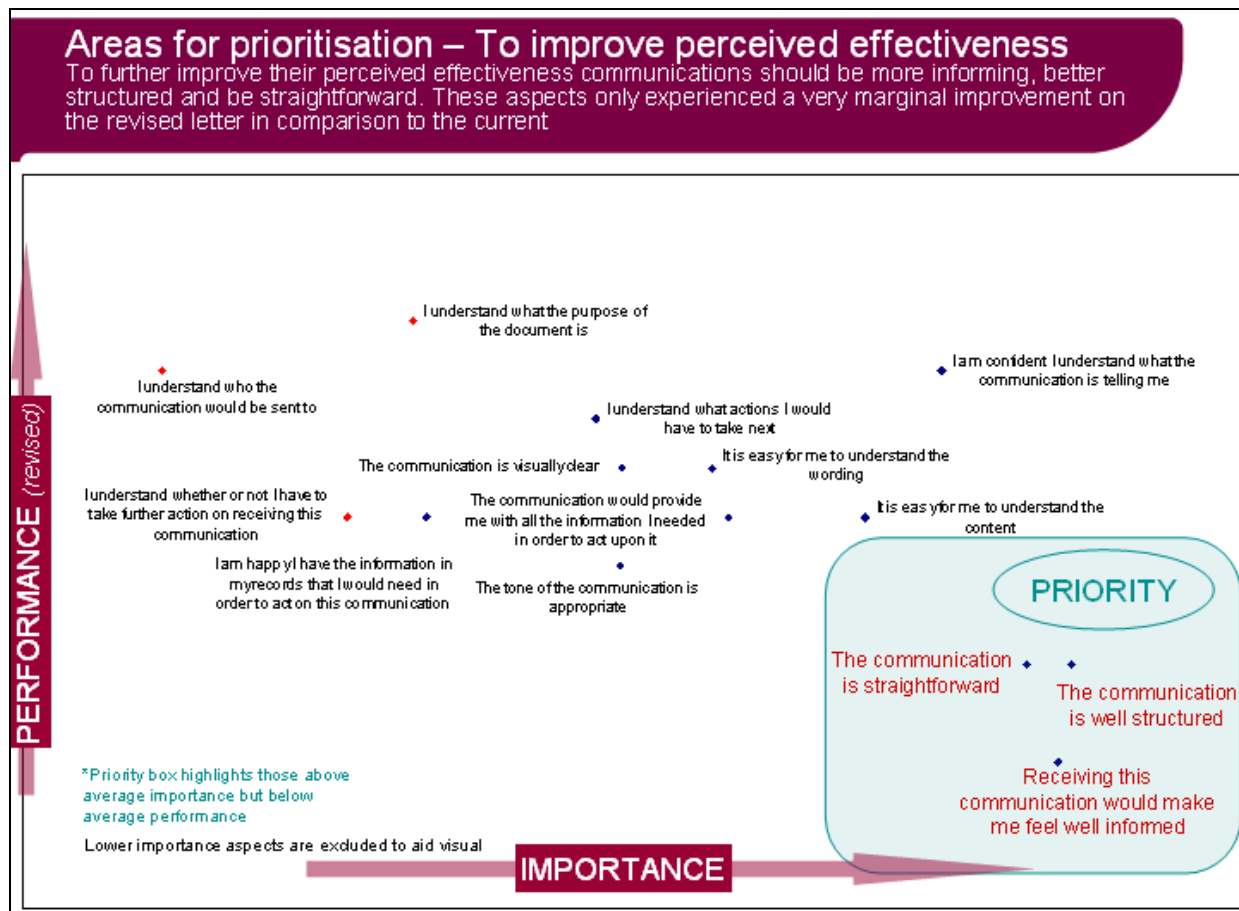
- The strongest drivers of HMRC perception are a **friendly** and **visually appealing** communication which makes the recipient **feel well informed**. These are all factors for which the revised P2 has shown improvement versus the current
  - However there is scope for further improvement on these key aspects given that the absolute level of performance is still relatively low



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To drive perception of effectiveness

- The strongest drivers of perceived effectiveness are a **well structured** and **straightforward** communication which makes the recipient **feel well informed**.
  - The revised P2 represented only a modest improvement on these factors suggesting there is still opportunity for further improvement



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**An online approach to communications testing****Recommendations:**

Although the revised P2 does represent an improvement on most measures the argument is not compelling enough to justify the replacement of the current P2 with the revised P2

However, the research has made observations for how any further changes to the P2 should be made, as and when the opportunity arises

Any changes made should focus on improving the P2's structure, straightforwardness and ability to inform as these are key drivers of perceived effectiveness amongst customers

- The revised P2 shifts perception of the purpose of the P2 away from an explanation of the tax code towards informing of the tax code
  - However, little change is seen in the number believing the main purpose is to check the tax code. With those actually seeing a P2 with errors less likely to check the letter for errors and less likely to notify HMRC of them then they were on the current P2

A shift in emphasis towards communication of the 'checking' purpose is required. Reducing confusion with the P2's purpose and ensuring more actually check the information correctly to reduce errors later on

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**What customers believe the main purpose of the communication to be**

The perception at present is that the purpose of the P2 is to explain how tax is calculated. With the revised letter this shifts more towards informing the recipient of their tax code. The purpose of the P2 to check is only the third most stated reason and changes little for the revised P2

