



Research report

RTI Employer Messaging Research

Research to develop and test messages to motivate employers to migrate to RTI effectively

TNS BMRB
30th July 2012

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About Personal Tax Customer & Strategy (PT C&S)

Personal Tax Customer & Strategy works with colleagues in Personal Tax and across HMRC to help develop our approach to implementing the customer centric business strategy. We use customer insight to help PT design, deliver and operate services for individual customers which

- improve customer experience
- maximise tax yield
- ensure that those who need help get the support they need, when they need it

PT C&S also has a corporate role, to manage the relationship with the voluntary and community sector on behalf of HMRC

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Research requirement (background to the project)

Real Time Information (RTI) aims to improve the process by which employers submit information to HMRC, making it easier to manage and improving the accuracy of PAYE. Good communications are essential to motivate employers to migrate in good time and take all the necessary action.

HMRC required this customer research to inform the RTI communications approach by providing a series of validated customer messages, channels and products.

More specifically, the project had the following key objectives:

- To test and refine draft messages
- To identify the most appropriate messenger(s) or influential intermediary/channel(s) and product(s)
- To match the message to the channel and assess what message combinations are most effective
- To target messages and determine how this might differ by different employer types
- To identify messages that will influence employers' behaviour so as to minimise burden on them and HMRC; and

Who did the work (research agency)

The research was conducted by TNS BMRB. The project was conducted in two stages – the initial qualitative phase which honed the messages (led by Ben Toombs) and the subsequent quantitative phase which measured the messages' ability to motivate employers (led by Katherine McIsaac).

When the research took place

Qualitative fieldwork took place from 2nd to 25th November 2011 and the quantitative fieldwork took place between 25th November and 13th December 2011.

Method, Data and Tools used, Sample

For the qualitative research, 38 employers were interviewed individually, split across 4 size bands as follows:

- Micro (1-9 employees) = 15;
- Small (10-49 employees) = 11;
- Medium (50-249 employees) = 7;
- Large (250-4999 employees) = 5.

In addition to the individual interviews, 4 group discussions were held, 2 involving Micro employers and 2 involving Small employers.

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Interviews and groups were conducted with employers in organisations which operate at least one PAYE system and within these with individuals who have knowledge of the payroll system and are responsible for decisions relating to this. In recruiting employers for the interviews, broad quotas were also set on industry and geography. Both the interviews and groups were conducted face-to-face and lasted approximately 90 minutes.

For the quantitative stage, interviews were again conducted with employers in organisations which operate at least one PAYE system and within these with individuals who have knowledge of the payroll system and are responsible for decisions relating to this. Interviewing was conducted online using CAWI (Computer Assisted Web Interviewing), with sample provided by E-Rewards and Research Now.

A sample of 1018 employers was interviewed, evenly split across 5 size bands as follows:

- Micro 1-4 employees = 207;
- Micro 5-9 employees = 197;
- Small (10-49 employees) = 203;
- Medium (50-249 employees) = 205;
- Large (250-4999 employees) = 206.

As with the qualitative research, broad quotas were set on industry and geography. At the analysis stage, weighting was applied to adjust for under/over representations by size (and industry and geography).

Main Findings

Context

The research showed that awareness of RTI is low, although it is higher among larger employers. However, once the concept of RTI is understood properly, support for it overall is fairly high.

Employers' views of RTI and their communications needs are informed by a number of factors, including their views of HMRC, confidence about PAYE processes and dealing with HMRC, confidence around IT and online processes, use of agents for some or all payroll tasks, staff profiles, feelings about a 'duty of care' to employees and feelings about the current business/economic climate.

Differing combinations of these factors means employers have varied perceptions of the benefits of RTI, different levels of understanding about RTI and what it will involve and differing needs around information, instruction and reassurance.

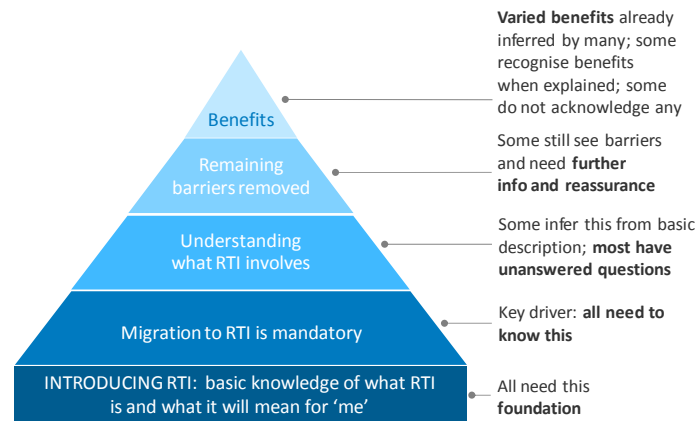
Employers of all types recognise HMRC's authority and ability to enforce RTI; many also see benefits to RTI (either inferring, or agreeing when explained). However, practical and

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emotional barriers remain for many, which if not addressed could cause delays to and/or incorrect preparation for migration.

Messages

The qualitative stage of the research identified a clear hierarchy of messaging needs, where messages around RTI become increasingly polarising. This is illustrated in the diagram below.



At the bottom of the pyramid are the messages that almost all employers need / are motivated by, while messages towards the top are those about specific issues which are useful and necessary for some but unnecessary and potentially damaging for others.

Qualitative insights

In terms of introducing RTI, the research showed that employers need a certain level of information:

- Content focussed on key RTI facts, without distraction; and
- Tone that is straight and clear – giving instructions, not orders.

Mandation was shown to be a key driver to migration, but not the only one:

- Content needs to present a firm date or window for migration, and to invoke HMRC or ‘the law’; and
- Tone needs to be authoritative and unambiguous – e.g. ‘you will be required to’.

In terms of understanding, some key practical issues were identified that need to be clarified and explained:

- Content needs to spell out what employers need to do, avoid assuming that anything is obvious, and avoid using ‘accurate’ to describe data (this is understood as ‘not false’ rather than ‘in the correct format’);
- Tone needs to be informative and definitive – e.g. ‘this is what you need to do’.

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Reassurance on less specific issues is needed by some:

- Content needs to be clear about the issue in question, avoiding blithe statements, and sticking to reassurance (rather than selling benefits);
- Tone needs to be conversational – on the side of the small employer – conveying partnership and understanding on the part of HMRC.

Finally, the qualitative work showed that messages about benefits of RTI can be motivating but need careful handling. They have a positive impact if targeted and presented appropriately, but can also undermine support. The research showed:

- There is a widespread belief that HMRC will be the main beneficiary of RTI
- Knee-jerk views about this, and HMRC more generally, have the potential to damage employers' 'goodwill' towards and engagement with RTI;
- Messages about other benefits/beneficiaries can seem disingenuous if these assumptions about HMRC are not addressed;
- Views on benefits for employers vary greatly, and often elicit strong positive or negative responses depending on whether or not they are recognised;
- Most responses, positive and negative, spring from how more frequent and closer contact with HMRC fits with employers' attitudes and needs;
- Messages about employee benefits are motivating for some employers and likely to alienate others; majority do not understand them and remain unmoved;
- Many employers can infer the benefits of RTI from what they already know, for others suggesting benefits can help to build positive views. Either way, reactions depend on whether employers agree with or recognise the benefit and beneficiary in question and how the benefit is presented – a statement or a claim;
- There is some mileage in presenting RTI as 'PAYE for the 21st century' – implies UK-wide benefits which can be widely motivating if less directly resonant.

Quantitative learnings

Using a number of questions to measure motivation¹, the quantitative research provided evidence that:

For introducing RTI:

- There is a definite role for the basic introductory message about RTI, supplemented by other introductory messages as needed by different employer types, to provide grounding in what RTI is.

¹ AdEval™ (a TNS tool to measure engagement and motivation) was used to measure reactions to a set of messages refined following on from the qualitative stage.

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In relation to mandate/migration:

- There is strong evidence to support HMRC as the key messenger for information about RTI;
- There is also evidence that it is important to give employers a firm deadline for migration and make clear they are “legally required” to do so;
- In terms of the date of migration, April and October are similarly motivating and either date will work for the majority;
- Giving employers a choice is also important, and this can be achieved by using a window to tie in with the migration date;
- It is important to make employers aware of the penalties but not to over-emphasise these, especially at the start.

In terms of understanding RTI:

- The message about HMRC software (companies with 9 or fewer employees can use HMRC’s Basic PAYE tools free of charge with RTI) was especially motivating for Micro companies;
- There is no need to explicitly say that the HMRC website is best place to go for information (as it is widely used by employers of all sizes and the qualitative work shows that it seems an obvious port of call for most); although there is still a need to put the website address on any communications;
- Messages that can be interpreted as suggesting a lot more work for employers are not especially motivating.

For reassurance:

- Wider use of the ‘working in partnership’ and ‘chance to get it right’ messages can be considered but these may benefit from use as part of testimonials to tackle the potential issue of lack of credibility/openness;
- There is a need to use the ‘cash-flow’ message in a more targeted way: as it is not especially motivating, but the qualitative work showed much interest among a minority of smaller employers;
- There is little need to promote the piloting as only large employers were motivated by this to any extent (and the qualitative work showed these messages could result in cynicism or concern, rather than reassurance).

In terms of benefits:

- The ‘Universal Credit’ message lacks clarity – due, it appears, to a lack of familiarity with Universal Credit at this stage;
- There is a lack of clarity and credibility around the ‘reducing end of year pressures’ message’;
- Use of other benefits messages need to be targeted.

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Message Packs

As noted, different types of employer need different amounts/levels of information, but these levels work together so all communications should be delivered 'as a package'. The messages need to be:

- closely targeted
- directly delivered
- 'soft' in tone
- carefully handled.

The research found that message packs need to:

- provide employers with information that motivates and allows them to migrate effectively
- reassures them on concerns not covered by this information (without being patronising) and
- highlights benefits that they recognise and that increase 'goodwill' towards RTI (without providing too much information that it puts them off).

The common messages which are motivating to most groups include:

- Introduction of RTI
- Legally required by April or October 2013
- Choice of date before April or October 2013
- HMRC will tell you when
- HMRC tools free of charge (1-9 employees only).

The key variables are 3rd party usage and software usage, although size and HMRC segment are also important.

Channels

The main (and most influential) channels used for information about PAYE are the HMRC website and updates from accountants.

Large employers are more likely than others to use payroll publications/ websites, HMRC face-to-face sessions and customer relationship managers, reflecting both individuals' roles and the types of organisation. However these channels are still secondary to website and accountants.

Websites, direct mail and email (as well as accountant) are the preferred channels for communications about RTI (other than those relating to software changes). The qualitative work suggested that Micro/Small companies would value mass media for awareness-raising and this should also sign-post the website.

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HMRC bulletins, direct mail and emails are relatively influential, but the research found that there is no apparent role for social media at this stage.

Overview

There is considerable consistency in what *interests* and *motivates* employers regarding RTI. However, beliefs about its *benefits* and needs around *reassurance* vary greatly.

Messages need to be communicated 'as a pack', rather than sequentially. These packs should all contain similar basic information about RTI, but other messages need to be tailored for different types of employer.

The key variables by which packs should be tailored are 3rd party usage and software usage in the first instance, although size and HMRC segment also important.

Channel strategies for these packs will also vary to some extent but the HMRC website is critical as a channel for all.

These message packs should:

- Provide Employers with INFORMATION that motivates and allows them to migrate effectively;
- REASSURE them on concerns not covered by this information (without patronising);
- Highlight BENEFITS they recognise and that increase 'goodwill' towards RTI (without turning them off).

HMRC website and third-party advisers are the most influential sources of information: any remaining queries are likely to be directed through these channels.