



HM Revenue  
& Customs

## ***Research report***

# **Understanding how and why customers respond to HMRC targeted growth messaging**

*To understand customers' views on HMRC communications*

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Growth Hubs Qualitative Research

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*About Business Customer & Strategy (BC&S)*

Business Customer and Strategy is part of Business Tax.

The goal of BC&S is to maximise Business Customer compliance for HM Revenue & Customs (HMRC) at best cost for both HMRC and the customer. This is done by developing business tax strategies through customer understanding, working with teams in HMRC and across government departments.

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**Growth Hubs Qualitative Research*****Research requirement (background to the project)***

Growth Hubs are local public/private sector partnerships that work with a range of partners, including Local Enterprise Partnerships (LEPs). They join up national and local business support so it is easy for businesses to find the help they need. HMRC is running a programme of pilot activity with five Growth Hubs with the aim of supporting business growth.

Communication emails were sent to business customers within the five Growth Hubs areas to raise awareness and encourage use of this support. Click through rates were good (and in line with usual outbound email opening rates) but did not result in as many businesses seeking additional information and accessing support from their local Growth Hub as anticipated.

This research aimed to gain insight into how and why customers respond to HMRC targeted business growth messaging delivered by email and how this type of messaging could be improved in the future. The research also focused more widely on responses to general HMRC communications around growth.

Specifically, the research aimed to:

1. Understand the range of reasons why targeted customers did or did not respond to the Growth Hub emails.
2. Identify how messages to potential Growth Hub customers could be made more attractive, timely and relevant.
3. Identify what types of information customers do and do not want to receive from HMRC, particularly about growth support.
4. Identify what the most effective communication channels are to encourage customers to access growth information / support.

***When the research took place***

The research was designed and carried out between July and September 2016. Fieldwork was undertaken between the 17<sup>th</sup> and 25<sup>th</sup> of August 2016.

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

The research was undertaken by the Employment Welfare and Skills (EWS) team within Ipsos MORI's Social Research Institute.

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**Growth Hubs Qualitative Research**
***Method, Data and Tools used, Sample***

A qualitative approach was undertaken for this study which consisted of 30 in-depth telephone interviews with HMRC customers who had received the Growth Hubs emails between 2 and 10 months prior to the interview. Six interviews were undertaken in each of the 5 Growth Hubs pilot areas, as shown in Table 1 below. The sample also included a range of size and age of businesses and a variety of industry sectors.

Participants were recruited according to the quota table shown below:

**Table 1: Sample Profile**

<b>Customers' response (from sample)<sup>1</sup></b>	<b>Quota</b>	<b>Interviews Achieved</b>
Opened and clicked	10	10
Opened but did not click	10	10
Did not open	10	10
<b>Size of businesses included in research sample</b>		
Nano (0)		21
Micro (1-9)		6
Small (10-49)		1
Medium (50-249)		1
Large (250+)		1
<b>Growth Hub locations included in research</b>		
Greater Manchester		6
Swindon		6
Coventry and Warwickshire		6
Gloucester		6
South East Midlands		6

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<sup>1</sup> Recall of the Growth Hubs emails was low and customers generally did not remember their specific actions upon receipt of the email. This meant that their recall often differed from the information provided in the sample.

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**Growth Hubs Qualitative Research**

Participants were selected at random from a sample provided by HMRC of all customers who had been sent the Growth Hubs email. Before each interview, respondents were reassured that their responses would remain confidential and anonymous and no identifying information was passed back to HMRC from Ipsos MORI.

A purposive sampling approach was adopted, whereby key quotas were set and participants were recruited according to these using a screening document by specialist recruiters. The interview data was fully analysed using a robust inductive approach, as part of which the data was synthesised thematically and interrogated for patterns and relationships.

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Growth Hubs Qualitative Research

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## ***Main Findings***

The main findings from this research are outlined below.

### **1. Views of HMRC**

This research explored how customers viewed HMRC and how these perceptions influenced their engagement with the communications HMRC send. Overall, HMRC was perceived very positively with HMRC communications described as ‘authoritative’, ‘important’ and ‘trusted’. Generally, HMRC was seen as a very respected organisation which customers expected to deliver ‘accurate and up to date’ information. This strong reputation ensured that customers paid attention to email correspondence from HMRC and trusted the information provided.

*“Very trusting of HMRC...you would expect them to provide factual and objective information”*  
Nano, Manchester

*“[You would] ignore it at your peril”* Nano, Manchester

There were examples of customers having previously received phishing emails, claiming to be from HMRC which looked authentic at first glance. Whilst this did not affect the trust placed in HMRC, it had made them more suspicious of communications purporting to be from HMRC and more likely to question their authenticity.

### **2. Views on the role of HMRC in providing non-tax related communications**

Customers interviewed felt that HMRC is well known for its role and responsibility concerning tax. Overall, customers were open to receiving non-tax related communications although responses did differ and included three main categories of responses:

#### ***Happy to receive non-tax related communications from HMRC***

This category of customers were generally happy to receive non-tax related communications from HMRC and thought it was appropriate for HMRC to send business growth advice. These customers were appreciative of the fact that HMRC were actively seeking to help businesses.

*“It’s nice that HMRC are being more helpful – didn’t like it before when they gave you no guidance unless you waited on the telephone for hours”* Nano, Gloucester

#### ***Happy but surprised to receive non-tax related communications from HMRC***

These customers were happy to receive this type of communication in general but were surprised to receive it from HMRC – mainly because they were unaware that HMRC had another remit outside of taxes.

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**Growth Hubs Qualitative Research**

*"I have worked closely with HMRC for 35 years and I wasn't aware this was something they did" Nano, SEMLEP*

***Do not want to receive non-tax related communications from HMRC***

The final category viewed HMRC as the 'taxman' and did not want to receive non-tax related communication from HMRC. It was felt amongst these customers that HMRC should focus on its primary role of tax and prioritise tackling issues around tax evaders and tax avoiders, before seeking to expand into new areas.

*"It just makes me think of tax" Nano, Gloucester*

*"Get [tax] right before branching into other areas" Nano, Gloucester*

Furthermore, some of these customers were sceptical about HMRC's reason for providing business growth advice as it could be interpreted as a way to increase business taxes and therefore revenue.

### **3. Customer responses to HMRC communications**

When receiving an email from HMRC customers decided almost instantaneously whether it was relevant to them and whether to read it or not. A number of actions were taken on receipt including deleting without reading; flagging for later, for example moving into a folder; or reading and then either deleting it if not relevant or saving it. The Growth Hubs email was not viewed as separate from or different to normal HMRC communications, and so was treated in the same way as other HMRC communications.

Overall, the recall of the Growth Hubs email was very limited with customers generally not remembering their actions upon receipt. Even when customers did recall receiving the email and what they did with it they could remember little of the content.

As with other HMRC communications, customers tended to make very quick decisions about whether the Growth Hubs email was relevant to them. Other reasons given for not having engaged with the Growth Hubs emails included: lack of relevance; the volume and frequency of emails and the timing of the email. As discussed previously, customers who had previously experienced phishing emails using the HMRC brand were sometimes quite suspicious of the authenticity of an 'unsolicited' email. Furthermore, there was a general lack of awareness and understanding of the term 'Growth Hubs' which contributed to the low understanding of the relevance of the email.

*"I still couldn't tell you what a Growth Hub is...the Government tend to dream up new names for things but people don't always understand what they mean" Micro, Swindon*

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**Growth Hubs Qualitative Research****4. The types of communications customers want from HMRC**

Customers were open to receiving a range of advice from HMRC such as information, education or business growth support. The key message was that customers wanted communications to be **tailored** and to only receive emails that were **relevant** to their particular business. It was felt that HMRC held sufficient information on businesses to tailor communications more effectively.

Openness to receiving communications on business growth advice often differed by the age of the business, with newer businesses who were looking to grow more likely to want this. In contrast, retired customers who have retired from other careers and are now running their own businesses', were less likely to want business growth advice as they were often not seeking to actively grow their business.

Amongst customers who wanted communications on business growth advice there was considerable appetite for this. Educational webinars were generally identified as useful, although customers said they were not always able to attend these during business hours. Making webinars available for a certain period of time after the live webinar for businesses to access was suggested as a way to boost engagement.

Customers were generally very receptive to receiving tangible offers such as vouchers/funding, particularly if they could see how this would directly benefit themselves and their business. Likewise, tax reliefs and incentives were also viewed favourably.

The specific information customers wanted to receive differed according to what was relevant to them and their business. Customers were interested in receiving advice from HMRC mostly on issues such as how to correctly make tax payments; current pay legislation including information about the minimum wage; claiming the right expenses and whether to become a corporation or not. There is also some opportunity for HMRC to expand their offer or signpost to wider information, as other topics customers mentioned included: time saving tips, information for employees, online forums and classes. There was also some appetite, particularly amongst sole traders, for practical tips on the day-to-day running of their business such as help filling out self-assessment forms or IT solutions.

*"Maybe if there's one of those online group chats, forums, meetings, classes where you can ask questions. Those sort of things where you have opportunities to talk to people without having to go out physically to hear someone speak. Maybe videos, YouTube." Micro, Gloucester*

**5. Business growth and advice*****Business growth advice sources***

Customers currently used a range of information sources to seek business growth advice. There was a general tendency towards more informal advice, with customers seeking specific



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### Growth Hubs Qualitative Research

information as and when they needed it, especially amongst the more established businesses. Customers in this research reported using the following sources:

- **Professional bodies** related to local area or industry sector
- **Professional courses** related to industry sector
- **Online sources** including Google, LinkedIn, HMRC website and other government websites including BIS and GOV.UK
- **Growth Hubs** when their business was first started

Other sources mentioned included accountants, consultants, banks, business contacts, colleagues, friends and family, word of mouth, sub-contractors and clients.

Older customers or those who had extensive experience in their industry sector often relied on their own personal experience. The sample also included customers who ran businesses that specialised in giving business growth advice to others.

Amongst customers who reported not seeking business growth advice at all this was either because they were not seeking to grow their business or their business grows organically so they didn't feel the need to seek additional support.

## 6. Impact of EU Referendum on seeking growth advice

The result of the EU Referendum was generally not found to have impacted on customers' likelihood of seeking business growth advice.

*"It might affect my actions but not my intentions" Nano, Swindon "[My business is] not hugely exposed to the EU so will have no impact on [likelihood of] seeking advice." Medium, SEMLEP*

Views on the expected impact of the referendum result on business growth differed, mainly based on the industry sector with certain sectors, such as construction and agriculture, reporting more negative views. There were examples of business having already felt the impact, either having lost work or selling goods at the wrong price. Overall, customers felt there was still much uncertainty surrounding the impact of Brexit.

*"It has already affected my business in that the price of gold has gone up – there was no one to advise me that that might happen. It took me a few days to realise that the prices on my website were all wrong. I didn't realise it until it was a bit late and people had been buying things that were the wrong price. I wish that there had been some information the day after it happened." Micro, Gloucester*

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**Growth Hubs Qualitative Research**

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**7. Customers preferred communication channels**

Email was the preferred communication channel as it was viewed as professional and customers could refer back to it later if needed. It was also seen as a good channel for providing links or attachments to more information, unlike other forms of communication. The volume and frequency of emails received by HMRC was often cited as a barrier to response which could cause frustration in cases where duplicate emails were sent. Customers were generally unreceptive to unsolicited emails however there was appetite amongst customers for a monthly newsletter type of communication, sent at regular intervals. Doing so could mean that customers are aware of and expecting the email, which could help boost engagement.

In contrast, text messages were seen as a personal, rather than a business, means of communication, unsuitable for lengthy communications. However, they were viewed as a useful channel for sending reminders.

Amongst customers who had an online Business Tax Account (BTA) there were mixed views on the appropriateness of using this channel to signpost information. As discussed, customers expressed a desire for more information on correctly making tax payments so this could be a channel to signpost this information. However, in general, customers tended to use their BTA for specific tax purposes such as VAT returns, rather than to seek or gather specific information. As such, more general information provided on this channel was likely to either be ignored, missed or out of date by the time they accessed it.

**8. Factors influencing the likelihood of customers responding to HMRC communications**

A number of factors were found to underpin customers' likelihood of engaging with email communications. These included: relevance of the content, length, volume, frequency, timing and for the Growth Hubs emails in particular, a general lack of awareness of the meaning of the term 'Growth Hubs'.

The key factor underpinning customers' likelihood of responding to a particular email was the perceived **relevance** of the content. It needed to be immediately clear how it would benefit the individual customer rather than be viewed as a 'generic' email that was not relevant to them. Therefore, clear email headers were important to customers so they could easily and quickly identify the purpose of the email. This is especially important given customers' tendency to make almost instantaneous decisions regarding whether to read it or not. It was also said to be important to have 'HM Revenue and Customs' or 'HMRC' clearly noted in the header as emails from HMRC were viewed as important meaning customers would pay attention to them.

Other factors that affected customer's likelihood of responding included the **length**, with a general preference expressed for 'short and concise' emails. Customers also expressed a desire to be able to read the email on a mobile phone and print it on one page.

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### Growth Hubs Qualitative Research

The **volume** of emails received from HMRC influenced engagement, with customers preferring less, not more communications from HMRC. Several customers suggested the frequency of emails from HMRC had increased in recent months which had the potential to dilute the perceived importance of each one. It may also pose the risk that customers overlook or miss important emails regarding taxation.

*“Quality not quantity...volume [of emails from HMRC] is an issue, they can’t all be important”  
Micro, Manchester*

*“HMRC sends so many emails now that when you see one you’re not worried that they’re chasing you for taxes” Nano, Coventry*

It is also important to get the **timing** right to maximise customer responsiveness to individual messages. There was a general preference towards emails sent during normal working hours, particularly in the morning as customers were often busy with other tasks in the middle of the day. Customers also expressed a preference towards receiving communications at the start of the tax year and not during the summer holidays or Christmas period.

*“Time of year is important...best to send at the end of business year (March/April) when we are focusing on the year ahead, that would be good” Nano, SEMLEP*

## 9. Strategies for building engagement

A number of potential ways of building engagement and driving action, such as mentioning other businesses had taken advantage of the offer or links to more information were explored with customers.

Customers’ preference for emails with local or national content mainly depended on the business type. As would be expected, localised businesses preferred local emails more than national businesses. Localised businesses were also more influenced by other businesses in their area taking advantage of an offer of support.

There were a range of opinions on the offer of a ‘free business growth advice service’, with some viewing it as a good incentive as information from HMRC is seen as good quality so being free does not devalue it. Others felt ‘you get what you pay for’.

The influence of the level of commitment required i.e. to sign up to, register for or to ‘check out’ the site was not seen as an issue provided the content was relevant, useful and not too time consuming as this may put some customers off.

Links in emails to further information were viewed favourably with the general consensus being that three links was the maximum amount for one email: any more than that would be off-putting.

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**Growth Hubs Qualitative Research**

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## ***Conclusion***

The main research findings are outlined below:

- Customers were generally open to receiving non-tax related communications from HMRC as it was viewed as a trusted source although there was some lack of awareness that this was part of HMRC's remit.
- The recall of the Growth Hubs emails was very limited. Factors found to affect customers' likelihood of engaging with email communications included: relevance, volume, frequency, timing, content, length and a lack of awareness and understanding of the term 'Growth Hubs'.
- There were mixed views on what type of 'offer' customers wanted to receive from HMRC with appetite for education, training, information on business growth and tax specific advice.
- Whilst there was still much uncertainty surrounding the results of the EU Referendum result, this was not found to have impacted customers' likelihood of seeking business growth advice. Views on the likely impact of Brexit on growth differed by industry sector.

## ***Implications for HMRC communications***

### ***Email communications***

- Customers prefer email communication over text messages and online business tax accounts.
- The volume and frequency of emails received by HMRC was often cited as a barrier to responding to them, particularly if duplicate emails were sent.
- Customers want emails to have clear headings so they can make an immediate decision about whether it is relevant to them.
- Customers want 'short and concise' emails so they can be read on a mobile phone and printed on one page.
- Links to further information were viewed favourably, with three seen as the maximum amount for one email.
- Customers prefer emails to be sent during normal working hours, particularly in the morning as they are often busy in the middle of the day.
- Customers prefer receiving communications at times related to their business year, i.e. the start of the tax year as opposed to during the summer or Christmas holidays.
- Customers prefer targeted emails detailing tangible incentives that are specific and beneficial to their business.
- Localised businesses prefer local emails more than national businesses. Local businesses were also more influenced by other businesses in their area taking advantage of an offer of support.

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**Growth Hubs Qualitative Research**

- There was appetite amongst customers for a monthly newsletter type of communication, sent at regular intervals.

*Signposting to other information sources*

- Customers are interested in being signposted to relevant information and advice, including webinars, and practical help on how to access tax reliefs and help with making tax payments.
- There was also some appetite, particularly amongst sole traders, for practical tips on the day-to-day running of their business, as well as tax-related support.
- This could present an opportunity for HMRC to expand their offer to customers by signposting to wider information sources, such as forums and other providers' webinars, that will help them in running their business, such as time saving tips and IT solutions, as well as tax information for employees, and more practical tax-related help such as help filling out self-assessment forms.

*Webinars*

- Making webinars available for a certain period of time after the live webinar for businesses to access was seen as a way to boost engagement with customers who are not always able to attend in business hours. HMRC already hosts recorded webinars, which suggests improving awareness of this may help.