



Department  
for Business  
Innovation & Skills

**Better Choices: Better Deals**

Report on progress on the  
Consumer Empowerment  
Strategy

DECEMBER 2012

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# Introduction

The Government's consumer empowerment strategy *Better Choices: Better Deals* was launched jointly by the Department for Business, Innovation and Skills (BIS) and the Cabinet Office's Behavioural Insight Team on 13 April 2011.<sup>1</sup> The strategy described voluntary programmes and "nudges" designed to help consumers find and adopt the best choices for their circumstances and needs. These addressed some of the knowledge imbalances that exist between businesses and consumers, thus aiming to bolster competition. The strategy was in four sections:

- The power of information
- The power of the crowd
- Helping the vulnerable
- A new approach to Government working with business

This report covers the progress that has been made in the 18 months since the strategy was launched and sits alongside a report on the midata programme published in July of this year.<sup>2</sup>

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<sup>1</sup> <https://www.gov.uk/government/publications/better-choices-better-deals-strategy-helping-consumers-make-better-choices>

<sup>2</sup> BIS & Cabinet Office (2012) midata 2012 review and consultation.  
<https://www.gov.uk/government/consultations/midata-2012-review-and-consultation>

# 1 The power of information

## midata

- 1.1 The empowerment strategy established midata,<sup>3</sup> a programme of work involving Government, consumer groups and leading businesses to give consumers more control and access to the data that companies hold about them. The aim of the midata programme is to give consumers access to their transaction data in a way that is electronic, portable and safe.
- 1.2 midata aims to build on the considerable commercial potential for businesses in shifting their customer relationships from a unilateral, data-gathering approach to a mutual, trust-based sharing one. By combining data from many different sources and letting consumers add information of their own, businesses have a significant opportunity to help customers create rich, new, “person-centric” data assets. The three main objectives of midata are to:
- secure broad private-sector participation in the project with a significant number of businesses agreeing to release individual consumers’ personal data on request;
  - let consumers access and use their data in a safe way; and
  - encourage businesses to develop innovative services and applications that will enable consumers to interpret and use the data.
- 1.3 The midata programme is part of the Government’s growth agenda. It will: help improve information sharing between organisations and their customers; sharpen incentives for businesses to compete keenly on price, service and quality; build trust; and facilitate the creation of a new market for personal information services that empower individuals to use their own data for their own purposes.
- 1.4 The programme is being led by a steering group and working groups involving businesses, consumer organisations and regulatory bodies. The steering group is chaired by Professor Nigel Shadbolt. Since April 2011 midata has been a voluntary partnership between the Government, businesses, consumer groups, regulators and trade bodies.
- 1.5 The Government expects that the data released will help stimulate new markets offering personal data management services. These are likely to include services that:
- help individuals understand their own consumption behaviours and patterns and help them change them for the better;
  - use an individual’s data to help them make more informed purchasing decisions; and

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<sup>3</sup> The programme was originally called “Mydata”

- combine personal and other data from a range of different sources for use by the individual and by organisations to offer new goods and services.

Mavia (mavizon.com) provides a service that allows users to connect their car to online or mobile accounts and then monitor their usage – this ranges from checking where their car is parked to assessing whether maintenance is needed to tracking its performance when it is being driven.

## International context

- 1.6 The programme complements work in the US and has helped other countries – the European Commission, the World Economic Forum, French organisations and the business ministry in Denmark are all considering programmes similar to midata.
- 1.7 The World Economic Forum has issued two reports on the subject of data release and has encouraged detailed thinking through international “Tiger Teams” on the business, legal and technical requirements for a personal data ecosystem to develop.<sup>4</sup>
- 1.8 In January 2012 the European Commission brought forward a proposed update to the data protection rules in the EU Data Protection Regulation.<sup>5</sup> This envisages the release of data in electronic format and includes the concept of data portability enabling individuals to move their electronic records to a new service provider.
- 1.9 In France the FING think tank has created the Mesinfos group to look at developments in personal data and is hoping to run a pilot whereby a range of different datasets from the private sector are available to explore the opportunities for new applications and services.

## Progress in the UK

- 1.10 The midata programme started by defining a vision and principles for midata and adopted “TACT” (Transparency, Access, Control and Transfer) as key stages in the sharing of data.

Transparency	Access	Control	Transfer
Providers are open and transparent about what customer data they hold.	Providers enable individual customers to have secure, personal access to data held about them.	Providers give consumers the ability to correct, update, change settings, preferences,	Data is released back to the individual for re-use. Data can be analysed and consumers can

<sup>4</sup> Personal Data: The Emergence of a New Asset Class (January 2011)

[http://www3.weforum.org/docs/WEF\\_ITTC\\_PersonalDataNewAsset\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_ITTC_PersonalDataNewAsset_Report_2011.pdf) and Rethinking Personal Data; Strengthening Trust (May 2012)

[http://www3.weforum.org/docs/WEF\\_IT\\_RethinkingPersonalData\\_Report\\_2012.pdf](http://www3.weforum.org/docs/WEF_IT_RethinkingPersonalData_Report_2012.pdf)

<sup>5</sup> [http://ec.europa.eu/justice/newsroom/data-protection/news/120125\\_en.htm](http://ec.europa.eu/justice/newsroom/data-protection/news/120125_en.htm)

		permissions etc.	take action.
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### 1.11 The vision has at its heart 9 core principles:

- Data that is released to customers will be in reusable, machine-readable form in an open standard format
- Consumers should be able to access, retrieve and store their data securely
- Consumers should be able to analyse, manipulate, integrate and share their data as they see fit - including participating in collaborative or group purchasing
- Standardisation of terminology, format and data sharing processes will be pursued as far as possible across sectors
- Once requested, data will be made available to customers as quickly as possible
- The focus will be to provide information or data that may be actionable and useful in making a decision or in the course of a specific activity
- Organisations should not place any restrictions on or otherwise hinder the retention or reuse of data
- Organisations will work to increase awareness amongst consumers of the opportunities and responsibilities that arise from consumer data empowerment
- Organisations will provide customers with clear explanations of how the data was collected and what it represents, and who to consult if problems arise

A set of illustrative examples of possible uses for midata was devised to help bring the concept to life – recognising that there are a huge number of possible uses that we cannot predict. An example is given in the box and a full set is available on the midata webpages.<sup>6</sup>

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<sup>6</sup> <https://www.gov.uk/government/policies/providing-better-information-and-protection-for-consumers/supporting-pages/personal-data>

<https://www.gov.uk/government/publications/example-applications-of-the-midata-programme>

## My Money

Mary and John realise they need to bring more order to their financial affairs. They have two store cards (which also act as credit cards), two other credit cards, and three bank current accounts (one each for Mary and John's private spending and one for the household). They also have an online savings accounts which they transfer money in and out of, for holidays and other contingencies.

With all these different accounts and different providers, Mary and John struggled to get a rounded view of their financial affairs – until they signed up for their new My Money service. The service brings together information about all their transactions from all their accounts so that, for the first time, they see the complete picture.

Using it, they can:

- Get an automatic total of money in and money out across all their accounts
- Analyse their spend by chosen categories such as groceries, leisure travel, energy.
- Set budgets for category spending
- Tag spending on certain items under bespoke categories such as "presents".
- Link directly to comparison services telling them where they could save money.
- Compare their spending and budgets with people like them (same income, family, home)
- Seek personalised advice simply and safely – because they have all the necessary information.

Mary and John now feel they have much better control over their financial affairs. Their financial services providers are also enthusiastic. Previously to view the information customers had to log on to each account provider separately – much easier to pick up a piece of paper! With the new service customers are beginning to stop paper statements and the costs of providing paper statements has started falling fast. Additionally with Mary and Johns better financial management their credit rating has increased enabling financial service providers to responsibly lend to them thus growing their potential market.

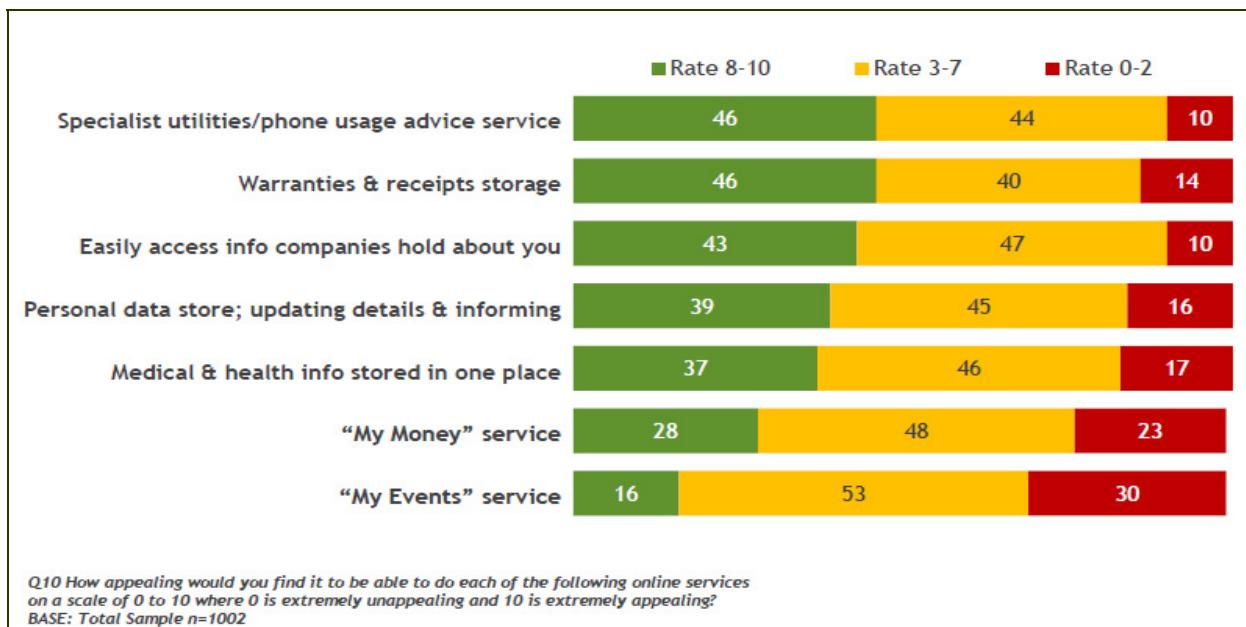
Meanwhile, users like Mary and John have grown used to sharing this aggregated data with services they trust. This has given these service providers the opportunity to offer new financial planning and management services, to gain new insights into customer behaviours and needs, to make genuinely helpful and timely product and service offers – thus helping them improve customer satisfaction and reduce marketing costs.

## How midata helps us get there

For individuals to build an integrated view of their activities across many different suppliers they need to be able to integrate information from all of these suppliers. Many suppliers now offer customers electronic versions of statements. That's a start, but it means the information is divided up, organisation by organisation. This makes it difficult for the customer to see an integrated view of their activities as a whole.

Some “money management” services go a step further – but only if the customer gives them permission to “impersonate” the customer online by using the customer’s passwords to access their financial records. Many people feel uncomfortable about this approach. With ‘mydata’ individuals will be able to download data from all their different financial service providers in a machine readable portable format, so that the data can be mixed, matched, crunched and integrated in a variety of different ways. This helps individuals manage their finances across all of their accounts and creates the foundation for a wide range of added value money management, analysis and advice services.

- 1.12 A “Personal Data Inventory” has been proposed with the aim of giving consumers clear information about the types of data which organisations hold about them. The proposal is that a consumer would log in to a secure website where their Personal Data Inventory would contain a simple explanation of each category of data available and whether and how it could be accessed. The Personal Data Inventory would contain data such as address and contact details, existing tariffs/contracts, payment methods and a history of items purchased or services used.
- 1.13 The midata strategy board funded research into the potential consumer demand for the midata concept and the services it would enable. The research identified an interest in new services that can help people manage their lives and budgets, as well as some public concern over the handling of personal data (Figure 1).



**Figure 1. Consumer views about possible applications for midata**

- 1.14 It was clear that there was concern about how data would be reused after it is released to the consumer. There are existing protections in place through data protection but as part of its work the midata programme has been considering whether additional systems or protocols are needed to provide protection and confidence in using the new services that midata makes possible.

- 1.15 The midata programme participants have been considering ways to ensure that consumers would not inadvertently give consent for their data to be used in ways they were not happy with. This is particularly relevant if they chose to share personal data with third parties providing a service. Work has begun on standard “Information Sharing Agreements”.
- 1.16 In addition, consumer and privacy groups, the Information Commissioner’s Office, regulators and business representatives have worked together to look at hypothetical scenarios that could occur as a result of midata data being released from organisations to individuals in order to identify possible risks to consumers and how to address them.
- 1.17 There is further work to do in this area and the midata programme is working with other Government projects, including the Department of Energy and Climate Change (DECC) Smart Metering Implementation Programme, to learn from their experience.
- 1.18 Alongside the examples of possible uses, the midata programme has developed a briefing pack for businesses<sup>7</sup> outlining the potential business benefits across different business functions of taking a midata approach. The key benefits are that it:
- builds trust via a reputation for honesty and openness and improved relationships with customers; and
  - creates new opportunities to improve data quality and cut costs.
- 1.19 There will be opportunities to create value through service enhancement and innovation. By helping individuals aggregate information about their lives and enabling them to share this information with chosen service providers, midata generates new insights into customer requirements and makes new information services possible. This helps to improve customer retention and acquisition.
- 1.20 Energy retailers have made the most progress so far in making data available: Scottish Power, EdF, First Utility and British Gas now give their customers electronic access to their transaction data and Npower, and Scottish & Southern Electricity will soon do the same. Many banks also have the facility for customers to download their bank statements in portable electronic form.
- 1.21 As well as making data available the energy sector has been leading other developments:
- Energy retailers supported and participated in the London Green Hackathon in January 2012, where new applications were created in the field of energy saving
  - A technical pilot enabling electronic comparison and switching using midata principles has been set up by Scottish Power
  - The Deputy Prime Minister announced in April that energy suppliers had committed to work with Government to investigate the possibility of putting QR codes on energy bills and annual statements to facilitate switching through smart phones. BIS is leading work to consider with the industry the technical issues that need to be resolved, such as data size limitations and data security, and aims to report in 2013.

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<sup>7</sup> <https://www.gov.uk/government/publications/midata-company-briefing-pack>

- DECC have recently published a consultation document *Ensuring a better deal for energy consumers* which describes measures to help consumers engage in the energy market.<sup>8</sup> It contains proposals to take enabling powers in the Energy Bill to require energy suppliers to place QR codes onto consumers' energy bills to ensure that they can benefit from innovative technology that facilitates switching.

Scottish Power has launched its new service for online account holders. Neil Clitheroe, CEO of Scottish Power Retail and Generation, said: "We want to be open and transparent with consumer data, and build greater trust between Scottish Power and our customers. The midata concept is designed to empower customers when making decisions about their account, and we are pleased to have delivered on the commitment we made to customers at the Energy Summit last year."

- 1.22 One element of the programme has been to show how the development of consumer applications can unlock new ways of using consumer data. The recently launched Open Data Institute has held two "hackathons" in its pre-launch phase – one using publicly available data in the healthcare sector and the other using individuals' anonymised financial data.<sup>9</sup> These have brought together sector experts, programmers, marketing people and other experts at the Institute over a weekend to brainstorm ideas for applications, prioritise a few to work up and then develop an initial hack which is presented to the rest of the group.

### **Open Data Institute personal data Hackathon**

One of the winning hacks was MiLoan, a service to enable individuals to build a personal "Request for Proposal" of their loan requirements, where individuals offer broad information sets to potential lenders of their financial status and other related information. The service is founded on trust and reputation: "In the past my word was my bond. In the future, my data is my bond". The individual is incentivised to provide accurate data where accuracy forms the foundation for their current and future reputation, not just with the lender but across their network. The app therefore also helps enable responsible lending and reduced risk for lenders.

- 1.23 Publicly available environmental information was used in the London Green Hackathon in January (see Chapter 2).

### **Next steps**

- 1.24 Since its launch, the midata programme has proceeded on a voluntary basis. The programme has shown how consumer empowerment through data release can operate. Progress has been made on establishing a vision and principles. We understand better the current consumer and business perceptions and work is underway on safeguards for consumers when using their data. Companies have started to make data available. This

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<sup>8</sup> [http://www.decc.gov.uk/en/content/cms/consultations/better\\_deal/better\\_deal.aspx](http://www.decc.gov.uk/en/content/cms/consultations/better_deal/better_deal.aspx)

<sup>9</sup> <http://www.theodi.org/news/inspiration-personal-data-odi%E2%80%99s-midata-hackathon>

initial promise has convinced the Government that more should be done to unlock the benefits of this data revolution. The Government consulted between July and September this year on the possibility of taking an order-making power which, if used, would compel suppliers of goods and services to provide to their customers on request, historic transaction data.<sup>10</sup>

- 1.25 The Government's response to the consultation was published on 19 November. It concluded that there was broad support for the principles of midata and recognition of the potential of the data that is released to stimulate the market for data services and advice. In our view, where businesses choose to collect information about individual's consumer transaction history which can be linked to that consumer, that individual should be able to access their own transaction data in a portable electronic format. While we expect to see progress with the current voluntary approach accelerate, the response set out our plans to establish the order-making power as soon as the Parliamentary timetable allows.
- 1.26 This will initially be targeted on a few specific sectors, namely energy supply, the mobile phone sector and current accounts and credit cards. The Government will retain the possibility of regulating other sectors should there be an evident need but with a high bar for doing so. Other than in these specific sectors, the Government intends that before regulations are made in relation to a particular sector Ministers will need to be satisfied, having taken into account a number of factors, that it is appropriate to regulate that sector. Various factors will be taken into account, and the Government is considering further what these factors should be, but they may be along the following lines:
  - a) the market is not working well for consumers, for example where consumers find it difficult to make the right choice or where an individual's behaviour affects the price they pay but it is difficult for that person to predict what their behaviour will be;
  - b) there tends to be a one-to-one, long-term relationship between the business and the customer with a stream of ongoing transactions;
  - c) consumer engagement is currently limited, as evidenced by low levels of switching between tariffs, account types or providers, or where competition needs promoting; and
  - d) the sector does not voluntarily provide transaction/consumption data to customers at their request in portable electronic format.
- 1.27 The voluntary programme will be reviewed in summer 2013 and if Ministers consider that progress is not sufficient, the Government will bring forward regulations.<sup>11</sup> Any secondary legislation would be subject to separate consultation.

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<sup>10</sup> <https://www.gov.uk/government/publications/midata-government-response-to-2012-consultation>

<sup>11</sup> Ibid

## **Empowered consumers make for better business**

Professor Nigel Shadbolt, Chair, midata programme

I was delighted to be asked in April of last year to Chair the Government's midata programme. The fundamental idea of the programme is quite simply to give data back to consumers. For example, data about retail transactions, energy consumption, mobile phone usage, tariffs, banking and financial transactions. This is all data that companies acquire in the course of the business they do with their many customers. The midata programme is about giving that data back to each of us in a way that is useful in the digital age – in a form that applications and computers can make sense of on our behalf.

Over the past 18 months we have been pursuing a voluntary programme of work that has already produced some great results as the review shows. In my role as midata Chair it has become clear that international interest in the empowerment and innovation potential of personal data is growing. I have presented midata at a White House sponsored summit and have met with US officials responsible for their "Smart Disclosure" programme that is beginning to focus on company held data, and in the EU my discussions with Neelie Kroes and others have shown that the Commission is also interested in these opportunities. Through my new role at the Open Data Institute we are seeking to stimulate innovation using all kinds of data. But most importantly as midata Chair I have been increasingly able to talk to company Boards and CEOs and make the case for a data enabled future.

We are starting to see more companies adopt the midata principles. They understand that a two way conversation between them and their customers centered on the data that is transacted between them is empowering for all concerned. A change in mindset is occurring where businesses are seeing the opportunities and benefits of a midata approach.

In the next one to two years we will see increasing numbers of companies share data with their customers. We will see new businesses emerge that manage this data on our behalf. We will see businesses that offer new services using this data. We will see new applications on a smart phones that put our information at our disposal.

Whilst there has been substantial progress there are those who would keep our data for their own exclusive benefit. This reluctance to share the data back to the consumer is a major reason the Government is proposing to take a power that would enable them to regulate so as to require companies to give customers and consumers their data.

The Government may or may not have to exercise the power that it is taking –but this is too important for companies to ignore and claim the users don't want control or access to their information. Our information is a new asset class and it is one we should have access to. We want to create an environment in which consumers and companies are all empowered by the data that flows between them. I am pleased the Government is getting behind the midata programme and I urge businesses to get in touch and get on board – your customers will thank you!

Nigel Shadbolt

## Richer, more relevant information

- 1.28 Much of our efforts and resources taking forward The Power of Information have been devoted to the midata programme, in particular to the consultation on taking an order-making power. However, there has also been progress by BIS and the organisations involved in other areas featured in the *Better Choices: Better Deals* strategy.
- 1.29 In November 2011 credit card providers started sending out annual statements to their card holders enabling them to see how they had used their cards over the previous twelve months together with any fees and charges incurred. The UK Cards Association worked with BIS to gain industry agreement on these statements and its announcement was welcomed by consumer organisations. Which? said:
 

“Annual statements have the potential to help consumers to keep track of their spending and borrowing. You'll be able to see at-a-glance whether the amount you're borrowing has gone up or down over the year, as well as how much you've been charged in interest and fees. Holding this information will hopefully encourage more people to switch away from poor value products and pay off their debts more cheaply and more quickly.”
- 1.30 The UK Cards Association is monitoring how the statements are perceived and also reviewing the other changes that have been introduced in the sector over the last two years such as the ability for consumers to download their recent transaction history.
- 1.31 Ofgem's Retail Market Review of the energy sector has showed that there are a number of factors that limit effective consumer engagement in the energy market: the large number of tariffs and their complexity, the lack of prompting to consider switching to a better deal and a general lack of trust in the industry. Although some progress has been made by the major energy retailers in addressing these, Ofgem has decided that more needs to be done. It is therefore consulting on proposals which would require energy suppliers to provide consumers with simpler choices about energy tariffs, clearer information about products, prices and available savings and fairer treatment in all their interactions with them.<sup>12</sup> The consultation runs to 21 December.
- 1.32 In April 2012 DECC and the Department for Communities and Local Government re-launched Energy Performance Certificates (EPCs) in a clearer and more usable format. This responded to evidence that consumers found the original format difficult to interpret and as a result, few people acted on the recommendations for efficiency improvements. The Departments will be reviewing the success of the EPCs, particularly in terms of consumer uptake of the Green Deal finance for local authorities that was launched in October 2012.
- 1.33 Good progress has been made with the Food Standards Agency's Food Hygiene Rating Scheme (FHRs) with 93% of local authorities in England, Wales and Northern Ireland now running it and the figure expected to rise to 99% in the first half of 2013. FHRs data has now been published on around 360,000 food businesses and is also available via

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<sup>12</sup> <http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Pages/rmr.aspx>

Smartphone apps.<sup>13</sup> The website provides open access to the data for third parties helping to increase consumer and food industry accessibility to the information.

- 1.34 Research has shown that voluntary display of ratings at food outlets is low, particularly for those with ratings in the bottom half of the scale. A communication strategy is now in place which seeks to change consumer behaviour, especially when eating out, and to encourage businesses to display ratings. The National Assembly for Wales is currently considering a Bill that will make it mandatory for businesses in Wales to display ratings where consumers can easily see them. The aims are to increase the scheme's potential to improve public health through consumer choice and to drive market competition more quickly and effectively.
- 1.35 In July 2012 the Low Carbon Vehicle Partnership published the results of commissioned research to look at the way efficiency labels for cars were perceived by consumers. The results suggested ways in which the labels could be changed to improve their understanding and use by consumers in making choices about which cars to buy and about their driving habits. The Partnership is considering the next steps with DfT and industry representatives in the context of EU Commission views on vehicle labeling expected in 2013.

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<sup>13</sup> <http://ratings.food.gov.uk/>

## 2 The power of the crowd

### Community buying and collaborative consumption

- 2.1 *Better Choices: Better Deals* illustrated how consumers are starting to club together to purchase things like heating oil or household goods (collective purchasing or collaborative buying) or are participating in schemes like car or bike sharing (collaborative consumption). The strategy argued that these both gave benefits to individual consumers through reduced costs and improved economic efficiency by using goods to their full capacity.
- 2.2 One of the key initiatives in the strategy was a competition to encourage more people to get involved in collaborative buying. It was run jointly by Co-operatives UK and BIS and a prize of £30,000 was made available, later increased to £60,000. The competition was launched in February as the Buy Better Together Challenge and attracted nearly 300 expressions of interest and 110 formal applications by the deadline in May. A panel of independent judges selected 7 of these to receive mentoring to improve their proposals and the two final winners were announced on 26 November (see box).

#### Buy Better Together Challenge winners

##### Smarter Buys

Smarter Buys ([www.smarterbuys.org.uk](http://www.smarterbuys.org.uk)) is a website owned by the Northern Housing Consortium (NHC), a not-for-profit membership organisation for social housing providers and local authorities ([www.northern-consortium.org.uk](http://www.northern-consortium.org.uk)). The NHC has over 350 members nationally and represents around 2.5 million households. The purpose of Smarterbuys is to offer heavily discounted or low cost essential items to low income households whilst providing a range of payment options that make it accessible to those without bank accounts. It also provides links to affordable, responsible credit via credit unions & Community Development Finance Institutions. Essentially, the aim is to offer people a credible alternative to high interest weekly payment stores and door-step lenders and to enable people without bank accounts to benefit from the sorts of deals that others take for granted.

The prize money will be used to help Smarter Buys expand its operation through promotion and improvements to its website.

## Buy Better Together Challenge winners

### Fair Food Carlisle

Fair Food Carlisle is a community buying scheme with the aim of providing affordable, locally supplied food to Carlisle residents. The scheme will be workplace-based and a pilot has demonstrated the feasibility of setting up 28 buying groups using suppliers from within a 30 mile radius.

The prize money will be used as working capital to help grow the number of buying groups and to pay for core project coordination for the first year while this happens.

- 2.3 Alongside the competition, guidance was published on the BIS Community Buying website for people interested in setting up community buying schemes.<sup>14</sup> The site has had 25,000 unique visits since its launch with 3,250 of these being to the guidance.
- 2.4 In the energy sector, the Government and other organisations have been leading initiatives:
  - The Secretary of State for Energy and Climate Change, Ed Davey, has been promoting collective purchasing and switching in the gas and electricity markets. In July he launched the first local authority collective switching scheme, Cornwall Together, and he has written to all local authority Chief Executives to encourage them to consider similar action.<sup>15</sup>
  - In October he launched Cheaper Energy Together, a £5 million competition for the most innovative local authority or third sector schemes which have a focus on vulnerable consumers.<sup>16</sup>
  - Peterborough Borough Council is giving residents, including people who use prepaid meter cards, the chance to register their current gas and electricity usage and to participate in switching. The scheme will work by means of a reverse auction where energy suppliers will be invited to bid the lowest price to supply the energy. Several other local authorities across the country have since followed Peterborough's lead.
  - The Big Switch organised by Which? and 38 Degrees in February attracted 290,000 registrants and 37,000 people switched to a better energy deal. Five suppliers took part in the reverse auction won by Cooperative Energy and announced in May. Which? estimated savings of an average of £223 per consumer per year.

<sup>14</sup> <https://www.gov.uk/government/publications/guide-for-community-buying-groups>

<sup>15</sup> [http://www.decc.gov.uk/en/content/cms/news/sos\\_cornwallto/sos\\_cornwallto.aspx](http://www.decc.gov.uk/en/content/cms/news/sos_cornwallto/sos_cornwallto.aspx)

<sup>16</sup> [http://www.decc.gov.uk/en/content/cms/news/pn12\\_128/pn12\\_128.aspx](http://www.decc.gov.uk/en/content/cms/news/pn12_128/pn12_128.aspx)

- DECC, Defra and BIS Ministers have written to MPs in rural constituencies asking them to encourage their constituents to consider using collective purchasing groups to buy heating oil and stock up early for winter.
  - Consumer Focus published a report in May 2012, *Get it Together - The Case for Collective Switching*, describing how consumers can be helped to aggregate their buying power to get a better deal in the energy, telecoms and financial services markets.<sup>17</sup>
  - A working group from industry, consumer groups and other third parties, the regulators and Government recommended the development of guidance about which standard licence conditions suppliers and organisations need to consider in relation to collective purchasing and switching (published by DECC and Consumer Focus, April 2012) and fact sheets for consumers and providers about collective switching (published by Ofgem, May 2012).
- 2.5 The Big Switch is an example of where the difficulties caused by complex processes are likely to dissuade many from taking action. Of the 290,000 who registered, just 165,000 people entered their tariff and consumption information – having easy access to this data in electronic form (midata – see Chapter 1) would have given the rest all the information they needed at their fingertips and could have significantly reduced the number of people who dropped out.
- 2.6 Drawing on behavioural economics research, the Consumer Focus report described the types of goods and services that were likely to be amenable to collective switching, typified by one or more of the following:
- A contractual relationship between consumer and provider, where provision to the consumer is ongoing and no trigger point for re-evaluating a prior choice (or making an initial choice) exists.
  - The product or service being sold is of a commodity and/or homogenous nature, where personalisation does not form an important part of the purchasing decision.
  - A low emotional attachment to the product or service in question, and/or to providers of the product or service, rendering it a low priority.
  - The nature of the transaction is remote rather than “over the counter”.
  - A complex marketplace where the level and nature of the choices available are off-putting and lead to high levels of consumer disengagement.
  - Any market in which a sufficient number of consumers express a preference for using a collective approach.

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<sup>17</sup> <http://www.consumerfocus.org.uk/publications/get-it-together-the-case-for-collective-switching-in-the-age-of-connected-consumers>

- 2.7 The report then went on to detail the practical steps that would be involved in establishing collective switching and the problems individual consumers face in going it alone. The Ofgem proposals described earlier in part respond to these problems in the energy retail market. Suppliers would be restricted to four core tariffs but Ofgem have proposed an additional core tariff for a supplier that needed it to participate in a collective switching scheme.

## Next steps

- 2.8 BIS will evaluate the results of the Buy Better Together Challenge to inform further Government support for community buying. It will also work with other Departments to promote initiatives on collaborative consumption and report by the end of 2013.

## Price comparison websites

- 2.9 The Office of Fair Trading (OFT) has been examining the ways in which price comparison websites (PCWs) operate and in particular, ways in which consumer trust and confidence in using such tools can be promoted. This follows evidence from the EU and elsewhere that despite the benefits of using PCWs – an average saving of 7.8 per cent in one survey – consumers in some sectors of society do not trust them and/or find them too complicated. The OFT published a report in November on research it had carried out which found some problems in terms of data privacy, transparency of information, exclusion of liability and complaints handling.<sup>18</sup> As a result it has written to 100 PCW companies setting out its expectations and has launched a consumer awareness campaign to remind people what to look out for when using PCWs.
- 2.10 Work on ways to increase consumer confidence in PCWs is being led by the EU Commission and the UK is taking part in this.
- 2.11 Consumer Focus has recently published a survey – *In my honest opinion* – of the use by UK businesses of online consumer feedback and what consumers themselves feel about such feedback.<sup>19</sup> The report concluded that consumers are increasingly comfortable with and discriminating in their use of this type of feedback. On the one hand feedback has been transformational in that consumers are no longer isolated individuals and can alert one another to good and poor practice and help hold providers to account. On the other, verification of genuine feedback and the accountability of those who post it, including the ability to get redress for inaccurate or malicious feedback, are issues that concern businesses. The survey also looked at the potential use of such feedback in public services such as social care. Here, other factors like anonymity for those who provide feedback are important.

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<sup>18</sup> OFT (2012) Price Comparison Websites: trust choice and consumer empowerment in online markets <http://www.oft.gov.uk/OFTwork/consumer-protection/campaign11-12/price-comparison-websites/>

<sup>19</sup> <http://www.consumerfocus.org.uk/publications/in-my-honest-opinion-consumers-and-the-power-of-online-feedback>

## Next steps

2.12 During 2013 BIS will work with business and other Departments to see what more Government can do to help consumers be more empowered when buying online. This will include establishing whether there is a case for any kind of accreditation or kitemarking, or setting new standards, for price comparison sites and similar tools.

## Open public services

2.13 Better Choices: Better Deals also explored the way that “choice tools” are being developed in the public sector and described some of the issues raised around public trust . The OFT published a short report on this in April 2011<sup>20</sup> based on a roundtable discussion with the Cabinet Office. It concluded that:

- Providers of choice tools for public services could learn from private sector choice-tools that adopt a range of strategies to ensure consumer feedback is trusted and adds value, many of which appear highly successful.
- While the transparency and competition that choice tools provide may challenge business, when firms co-operate with choice tool providers they can develop a greater understanding of their consumers and reap substantial business benefits.
- Choice tool providers need to understand the consumer in order to provide the right information in the right format. Competition between choice tools can help this happen.
- The OFT has taken a range of enforcement cases to establish clear precedent against firms that pay for, or create, false consumer feedback and to support the efficient operation of government-funded choice tools.
- Making performance and complaint data owned by the government, regulators, and ombudsmen public can facilitate entry, innovation and diversity in choice-tools.
- There may be benefits from self-regulation or accreditation by choice tools and service providers to ensure high standards are met across the industry.

2.14 The Government’s Open Data White Paper published in June 2012 described steps to enhance access to publicly funded data, help build trust by safeguarding people’s data from misuse and use the latest technology to ensure public services are more personalised and efficient.<sup>21</sup>

2.15 BIS worked with the environmental and energy data organisation AMEE and others to organise a “London Green Hackathon” which was held at University College London on 28-29 January 2012. The event brought together developers and sustainability experts

<sup>20</sup> OFT (2012) Empowering consumers of public services through choice tools  
<http://www.oft.gov.uk/OFTwork/publications/publication-categories/reports/advocacy/oft1321>

<sup>21</sup> <http://www.cabinetoffice.gov.uk/resource-library/open-data-white-paper-unleashing-potential>

and generated over a dozen ideas for ways to manipulate data to help consumers understand and manage their impact on the environment.<sup>22</sup> The overall winning team are developing their application with mentoring provided by the Open Data Institute.

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<sup>22</sup> Video presentations of the ideas are at <http://london.greenhackathon.com>

# 3 Additional support for vulnerable consumers

## Online Dispute Resolution

- 3.1 *Better Choices: Better Deals* described work that Government would do with online retailers to establish a universal resolution scheme for e-commerce disputes. In November 2011, however, the EU Commission published proposals for an EU Directive on alternative dispute resolution (ADR) and for a Regulation specifically covering online dispute resolution (ODR). Our work since has been focused on the negotiations on those proposals: BIS published a call for evidence in December 2011 and published the Government's response to that in May of this year.<sup>23</sup>
- 3.2 The proposal for a Regulation was that consumers and traders would be able to access directly an online dispute resolution platform which would help to resolve contractual disputes arising from cross-border online transactions. Many stakeholders liked the idea of an online portal for dispute resolution but some thought the proposals themselves were misleading as the ODR platform would not be a genuine ODR scheme, rather it would just signpost disputing parties to existing ADR providers. Some stakeholders thought it essential that the platform did more to actually resolve disputes.
- 3.3 The Government shares the concerns of stakeholders that the proposed ODR platform may deliver only limited benefits and may confuse or even mislead consumers. The response to the call for evidence said that the Government would seek agreement from other Member States to amendments to enable the proposals to deliver real benefits whilst reducing the risk of consumer confusion and unnecessary costs. The negotiations in Brussels continue.

## Supporting the most vulnerable and disadvantaged consumers

- 3.4 As part of the commitment in the empowerment strategy to focus on consumers in the most vulnerable positions, Consumer Focus and the Citizens Advice service were invited to review the groups of people and types of transactions where more help and support could make the greatest difference. Their work culminated in a report *Tackling consumer vulnerability – an action plan for empowerment* which is being published alongside this progress report.<sup>24</sup> Their report recognises that the market itself and the behaviour of companies can put people in vulnerable positions. Anyone can be vulnerable at certain times and the world is not divided into vulnerable groups and the rest.
- 3.5 The report makes recommendations in the following areas:

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<sup>23</sup> <https://www.gov.uk/government/publications/eu-proposals-on-alternative-dispute-resolution-government-response-to-call-for-evidence>

<sup>24</sup> <http://www.consumerfocus.org.uk/files/2012/12/Tackling-consumer-vulnerability.pdf>

- A Consumer Vulnerability Action team to make sure the issues surrounding consumer vulnerability can be addressed across Government, in the market place and through the actions of civil society.
- Efforts to drive the adoption of BS 18477 which encourages companies to identify and respond to consumer vulnerability and tackle issues such as providing responsible business practices and accessible systems.
- Use of guidance on the proposed Consumer Bill of Rights to encourage companies to identify and respond effectively to consumer vulnerability and to adopt BS 18477.
- Challenge to companies to come up with deals that don't discriminate against households at a disadvantage and to show that charges are truly cost-reflective and not simply discriminatory. This includes a role for the new Regulated Industries Unit to investigate ways to end the "poverty premium" and clarify the role of regulators and Government.
- Continued collaboration between the Citizens Advice service and the Trading Standards Institute to develop their consumer information, advice and education services in such a way that empowers consumers in vulnerable positions. Also a role for Consumer Focus in looking at how new technology, collective activity by consumers and awareness raising can empower consumers in vulnerable positions and change the market place.
- Further engagement with civil society organisations to challenge the market to empower consumers in vulnerable positions.

## Next steps

3.6 In the first half of 2013, BIS will bring together the organisations that produced the report with other interested parties to agree actions for the way forward.

## 4 A new role for business and Government

- 4.1 The initiatives in this section of *Better Choices: Better Deals* focused on Government's partnership with business in empowering consumers and improving the skills to provide a quality service to consumers.
- 4.2 The Public Health Responsibility Deal has more than doubled the number of businesses involved in promoting healthy lifestyles from 197 at its launch to 390 by June this year.<sup>25</sup> By March of this year:
- over 70% of the fast food and takeaway meals sold had calories clearly labelled – in almost 9,000 high street outlets;
  - all of the major supermarkets and 69% of the retail market had committed to removing trans fats - some 90 companies;
  - over 70% of the retail market and 47% of the major high street and contract caterers had committed to further reductions in salt in over 80 categories of foods such as bread, soups, cereals and pasta sauces; and
  - over 60% of all alcohol drinks, accounting for 80% of sales, will have clear labelling on units by the end of next year - with 82 companies signed up.
- 4.3 In September 2011 the then consumer minister Ed Davey held a roundtable event at No 10 hosted by the Royal Bank of Scotland on the Every Business Commits initiative to promote social enterprise and corporate social responsibility. This was followed in February 2012 by an event sponsored by Business in the Community and attended by senior business leaders where the Prime Minister announced an informal working group called the Open Business Forum chaired by Philip N Green, Government advisor on corporate responsibility. The Forum brings together leading companies and organisations to look at how, without adding any further burdens, business can be more transparent and help consumers and investors to differentiate between them.
- 4.4 Also announced at the February event was a not-for-profit digital service helping small businesses improve their reputation through showcasing the good work they do in their communities. Trading for Good<sup>26</sup> gives free advice to local businesses to help them get involved in socially responsible projects – everything from taking on apprentices to supporting local charities to being more environmental. Trading for Good is supported and led by the Every Business Commits Forum, a group of SME membership organisations including, amongst others, the British Retail Consortium, the Institute of Directors and the Forum of Private Business.

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<sup>25</sup> <http://responsibilitydeal.dh.gov.uk/>

<sup>26</sup> <http://www.tradingforgood.co.uk/>

- 4.5 The Growth and Innovation Fund run by the UK Commission for Employment and Skills has so far invested £77 million in 91 projects to improve employees' skills. These have involved 20 organisations from 19 sectors and public investment has been matched by £27 million direct employer investment and £39 million in-kind investment.

#### **People 1st. Achieving economic growth by improving the customer experience.**

Despite tourism's importance to the economy, the UK is ranked only 13th in the Nations Brand Index for "warmth of welcome". There is a one-off opportunity in the next two years to stimulate the take-up of customer service and other business related training to take advantage of the motivation of employers generated by the run of world class events including the 2012 Olympics, Commonwealth Games, Rugby World Cup etc. Funding for 160,000 individuals will be available for training in customer service to increase the "warmth of welcome" of businesses in the sector.

In this case the return on public investment of £1.5 million from the Growth and Innovation Fund and an employer investment of £530,000 is estimated at a one per cent increase in productivity generating an additional £44 million for the economy.

- 4.6 In parallel with the publication of *Better choices: Better Deals*, BIS launched a consultation in June 2011 on proposals to reform publicly-funded consumer institutions. This followed the Government's announcement in 2010 that it intended to simplify the "bewildering array of public, private and voluntary bodies, which often duplicate efforts to inform, educate and advise consumers of their rights." Business secretary Vince Cable stated that his aim was "to create a simpler structure with a single competition authority and a stronger role for front-line consumer services." The Government then published their response to that consultation in April 2012 and confirmed its intention to make the Citizens Advice service a champion for consumer information across a range of sectors.<sup>27</sup> Citizens Advice and Citizens Advice Scotland will take on responsibilities and resources from the Office for Fair Trading (OFT) and Consumer Focus. The process has already begun and a new advice line succeeding the previous OFT-run Consumer Direct was launched by the Citizens Advice service on 2 April.
- 4.7 The Citizens Advice service will also take on responsibility from Consumer Focus for representing consumers' interests in unregulated sectors. This will leave a new, technical Regulated Industries Unit working with the energy and postal services sectors and their regulators, replacing Consumer Focus.
- 4.8 Trading Standards will continue to play a critical role in protecting consumers and businesses and as part of the reforms, a new National Trading Standards Board will bring together representatives of Trading Standards from Wales and the English regions to prioritise, fund and coordinate national and regional enforcement cases. The Convention of Scottish Local Authorities has set up a task group to look at how best to deliver the landscape changes in Scotland in both the short and long term.

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<sup>27</sup> <https://www.gov.uk/government/consultations/empowering-and-protecting-consumers>

# Annex – progress against commitments

Proposal	Progress
<b>Midata</b>	
Establish working group and independent chair. Spring 2011. Government.	Working Group established under the chairmanship of Prof. Nigel Shadbolt, University of Southampton. April 2011.
Hold quarterly Ministerial meetings updating on sub-group progress. Ongoing. Government.	Nigel Shadbolt has met consumer ministers periodically and they have been kept up to date on progress by officials.
Formally review progress towards midata project goals. April 2012. Government.	Government progress review and consultation on midata published July 2012. A further review to take place by summer 2013
<b>Richer, more relevant information</b>	
Roll out annual credit card statements. December 2011. Credit card providers.	First statements issued November 2011
Review credit card initiatives to understand further what information is most beneficial to consumers. End 2013. UK Cards Association.	UK Cards Association are monitoring the reception of annual statements and other initiatives.
Sign voluntary agreement with energy providers to provide consumers with clear information about the lowest available tariff. August 2011. Government, Energy Retailers Association, energy suppliers.	Ofgem are currently consulting on proposals. Ends 21 December 2012
Publish details about the redesign of Energy Performance Certificates. Summer 2011. Government.	New EPCs launched April 2012. DECC are evaluating their usefulness alongside the Green Deal launched in October
Work with the Food Standards Agency and consumer advocates to determine the best way of presenting hygiene ratings so consumers use this	Food Standards Agency are promoting two new food hygiene ratings schemes in England,

Proposal	Progress
information when eating out or shopping for food. December 2011. Government, Food Standards Agency, consumer advocates.	Wales and Northern Ireland and in Scotland.
Improve car labelling so consumers have more information about ongoing running costs and understand which cars are energy efficient. December 2011. Government, Low Carbon Vehicle Partnership.	The Low Carbon Vehicle Partnership commissioned research on consumers' views on a range of different label formats – this was completed in July. It is now liaising with the DfT and industry stakeholders to decide its views on the report's findings.
Monitor and evaluate how effective the changes to car labelling have been. December 2012. Government, Low Carbon Vehicle Partnership.	Following initial evaluation some minor changes to the labelling rules are planned for 2013 via secondary legislation. Further monitoring will continue.
Publish paper, with recommendations for manufacturers, retailers and the Government, on product labelling for consumers in relation to environment and health. December 2011. Behavioural Economics Incubator Unit.	Research funding being sought from the EU Framework Programme
<b>Collective purchasing and collaborative consumption</b>	
Encourage community organisers to take advantage of information and opportunities relating to collective purchasing/consumption. Ongoing. Government and Locality.	The Community Organisers website <a href="http://locality.org.uk/projects/community-organisers/">http://locality.org.uk/projects/community-organisers/</a> signposts the Community Buying guidance
Start development of "toolkit" to support collective purchasing and collaborative consumption including on insurance and legal issues. May 2011. Government and interested stakeholders	Toolkit published on Community Buying website. December 2011.
Announce details about £30,000 innovation award for collective purchasing. Autumn 2011. Government and Co-operatives UK.	Prize scheme launched February 2012 with double funding £60,000. 110 applications received. The two winners were announced on 26 November 2012

Proposal	Progress
Launch new schemes to encourage and test collective purchasing of goods and services – focusing on environmentally-friendly products and domestic energy efficiency measures. Winter 2011. B&Q with Local Authorities.	Not taken forward by B&Q for commercial reasons.
Establish whether technological advances can be used to enable consumers to come together and switch en masse – identifying markets with the greatest potential and whether there are any behavioural and regulatory barriers to ‘collective switching’. Spring 2012. Consumer Focus.	Big Switch campaign launched in March 2012 by Which? and 38 Degrees. Nearly 40,000 people switched to the winner of the reverse auction (Co-operative energy).
Facilitate the development of a self-regulatory quality mark for consumer feedback loops and comparison sites. Ongoing. Government	Work on ways to increase consumer confidence in Price Comparison Websites is being led by the EU Commission with UK representation by the OFT.
Publish a paper summarising key issues concerning the use of “choice-tools” in public services. April 2011. The OFT.	Published April 2011
Engage with the private and voluntary sector to improve the financial viability of choice-tools for public services. December 2011. Government.	Open Data White Paper published June 2012
Encourage greater participation of consumers in online feedback and choice-tools. December 2011. Government.	Early discussions held, more expected in 2013.
<b>Opening up regulatory data</b>	
Set expectation that regulators, government departments, regulated businesses and public service providers will release the complaints and performance data they own unless they have good reason not to do so. April 2011. Government	Expectation set through the publication of <i>Better Choices: Better Deals</i> . The Legal Ombudsman started publishing data in April 2012. The CAA plan to publish more data in 2013.
Encourage development of innovative ways of using consumer data, including by conducting a ‘hack day’ and launching a competition to generate fully-fledged applications. December 2011. Government.	Green Hackathon held in January 2012 with the overall winner (Mastodon C) being mentored by the Open Data Institute

Proposal	Progress
<b>Additional support for consumers in vulnerable positions</b>	
Work to establish the most appropriate model for a universal resolution scheme for e-commerce disputes. Autumn 2012. Government with online retailers.	EU proposals for a Regulation on online dispute resolution launched November 2011. Agreement anticipated in 2013
Commence trial providing online consumer feedback in store at Argos. Summer 2011. Government and Argos.	Not taken forward for commercial reasons
Produce report identifying the groups of people, and the types of transactions, where more help and support for consumers in the most vulnerable position could make the greatest difference. January 2012. Citizens Advice, Citizens Advice Scotland, Consumer Focus.	Report published 20 December 2012
<b>A new role for business and Government</b>	
Encourage more partners to join the Public Health Responsibility Deal. Ongoing. Government.	Numbers of business has doubled from the figure at launch – now 390
Launch Responsibility Deal on carbon emissions. April 2012. Government.	The approach to collaboration between Government and business on reducing carbon emissions was described in <i>Enabling the Transition to a Green Economy: Government and business working together</i> published in August 2011 <sup>28</sup>
Roundtable at No. 10 Downing Street for social entrepreneurs to develop the Every Business Commits vision. July 2011. Government	Roundtable held 12 September 2011.
Promote industry-led standards using the Growth and Innovation Fund. Ongoing. Government.	So far GIF has invested £77 million in 91 projects.

<sup>28</sup>

<http://webarchive.nationalarchives.gov.uk/20120823131012/www.businesslink.gov.uk/bdotg/action/detail?itemId=1096705244&type=ONEOFFPAGE&furlname=greenconomy&furlparam=greenconomy&ref=&domain=www.businesslink.gov.uk>

Proposal	Progress
Consumer protection bodies to work together to empower consumers. Ongoing. Enforcement bodies.	Consumer institution reform proposals published April 2012. New Citizens Advice service helpline was also launched in April.

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