Evaluating the financial benefits for consumers of consumer education and awareness campaigns

Prepared for the Office of Fair Trading by the Central Office of Information

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1 EXECUTIVE SUMMARY

Introduction

1.1 The mission of the Office of Fair Trading (OFT) is to make markets work well for consumers. In fulfilling this goal, the OFT is committed to evaluating the impact of its work for two purposes:

- **External accountability**: to evaluate whether the OFT delivers its objectives and does so cost effectively to the taxpayer,¹ and

- **Internal management**: to use formal evaluation of past work to inform future OFT work and choice of intervention methods and processes.

1.2 The principal aims of this study were to review two recent OFT communication interventions with a view to estimating the benefits delivered for consumers and drawing lessons for future interventions.

1.3 Amongst the diverse methods the OFT uses to achieve its mission are education and awareness interventions that aim to change the behaviour of businesses, consumers and government. The two education and awareness interventions selected for this study were:

- **Just tick it** – a campaign aiming to raise consumers' awareness of scam ticket websites, and

- **Skilled to go** – a consumer education toolkit, for use by teachers in numeracy and literacy courses, aiming to increase consumer knowledge, skills and confidence.

1.4 The remainder of this report presents the results of detailed analysis of the consumer benefit delivered by these two interventions. The report

¹ This includes a performance target agreed with HM Treasury of delivering direct financial benefits to consumers of at least five times its cost to the taxpayer.
also suggests how campaign design and data collection can be improved so as to facilitate more robust impact estimation in the future.

Methodology

1.5 Estimating the impact of education and awareness interventions is a methodologically challenging area but of crucial relevance to organisations that, like the OFT, use these types of interventions as part of their toolkit. The two interventions were considered separately, but with the methodology for each sharing a number of common steps. An in-depth review of both campaigns was initially undertaken, with behavioural models and evaluation frameworks subsequently developed. These captured a number of different benefit streams, with different data sources being utilised as evidence to inform our estimates.

1.6 Our methodology is underpinned by a cautious approach to estimating impact, making conservative assumptions for each of the models and excluding certain benefits from our analysis due to data limitations. In particular, we focus our quantification efforts on more immediate consumer benefit and exclude from consideration some of the more dynamic benefits arising from the two interventions.

1.7 Our analysis of Just Tick It, for example, focuses on consumers benefiting from avoiding scams both now and in future years, but one dynamic benefit excluded from our analysis is the effect such behaviour will have on preventing the development of further scams in the ticketing sector (for example, as fewer consumers fall victim, sites will cease to make money and the number of scam websites may fall).

1.8 Likewise, for Skilled to Go, we consider a range of consumer benefit streams but do not consider the likely implications of improved consumer confidence over time for business practice (for example, businesses treating complaints more fairly as they are put under increasing pressure from informed consumers). The exclusion of these benefits, some of which are outlined below, means results are likely to underestimate the true scale of consumer benefit delivered by the two interventions.
1.9 Benefits are therefore grouped into consumer benefits that we can estimate now and are included in the models (Table 1.1); benefits that have potential to be estimated in the future through further embedding of impact estimation and evaluation planning (Table 1.2); and examples of wider benefits that will remain difficult to estimate and model in the future (Table 1.3).

1.10 The exclusion of these types of benefit may mean that the results underestimate the true scale of consumer benefit delivered by the two interventions.

Table 1.1: Consumer benefits that we can estimate now

<table>
<thead>
<tr>
<th>Consumer benefit included in model</th>
<th>Just tick it</th>
<th>Skilled to go (adult and FE only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avoiding losing money (consumers who visited a scam site but spotted the signs of a scam due to the campaign and didn’t make a “purchase”).</td>
<td></td>
<td>• Saving money by shopping online</td>
</tr>
<tr>
<td>• Saving money by shopping online</td>
<td></td>
<td>• Saving money by using comparison sites</td>
</tr>
<tr>
<td>• Saving money by using comparison sites</td>
<td></td>
<td>• Recovering money through compensation or refund by making a complaint</td>
</tr>
<tr>
<td>• Recovering money through compensation or refund by making a complaint</td>
<td></td>
<td>• Saving money by switching gas or electricity provider (offline only to avoid double-counting with above)</td>
</tr>
<tr>
<td>• Saving money by switching gas or electricity provider (offline only to avoid double-counting with above)</td>
<td></td>
<td>• Saving money by switching mobile phone provider (same)</td>
</tr>
<tr>
<td>• Saving money by switching mobile phone provider (same)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1.2: Consumer benefits that have potential to be estimated in future

<table>
<thead>
<tr>
<th>Consumer benefit that could be included in future</th>
<th>Just tick it</th>
<th>Skilled to go (adult and FE only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avoiding losing money (consumers who do not visit scam websites in the first place due to the campaign)</td>
<td></td>
<td>• Other ways of gaining or saving money that cannot currently be estimated (including across more offline transactions)</td>
</tr>
</tbody>
</table>


Table 1.3: Wider benefits that will remain difficult to estimate in future

<table>
<thead>
<tr>
<th></th>
<th>Just tick it</th>
<th>Skilled to go (adult and FE only)</th>
</tr>
</thead>
</table>
| Wider benefits that will remain difficult to estimate and model in the future (examples²) | • Savings for consumers who may gain the confidence to buy tickets online armed with information from the campaign  
• Gains in consumer confidence from spotting and avoiding a scam  
• Reduction in psychological detriment as a result of avoiding ticket scams  
• Reduction in number of scam websites (as fewer consumers fall victim sites will cease to make money) | • Increases in consumers’ levels of literacy and numeracy and any associated increases in future earnings  
• Gains in consumer confidence  
• Wider benefits of increased levels of literacy and numeracy  
• Reduction in psychological detriment as a result of resolving complaints  
• Likely implications of improved consumer confidence over time for business practice (e.g. businesses treating complaints more fairly as they are put under increasing pressure from informed consumers). |

Key findings

1.11 The results from the analysis, shown in Table 1.4, are what we believe to be the most reasonable conservative estimates that can be made with the data available.

1.12 For Just tick it, the analysis looks at the benefits for two groups of consumers: those reached and influenced in campaigns run in 2008/09 and 2009/10. For Skilled to go, the analysis looks at benefits to three

² These include dynamic benefit examples covered by the last bullet in each column.
groups of consumers reached and influenced in each of the years between 2008/09 and 2010/11.

1.13 Benefits to cost ratios are presented for each intervention, reflecting benefits being delivered over a three year period. Initially, we calculate the benefits accruing to each group of consumers in the year the campaign reached and influenced them. Then, recognising that benefits from the interventions are felt by consumers over time, we add the projected benefit for each group for the two years following their first benefit. In our projection we assume, conservatively, that the scale of benefit for each group falls by 50 per cent each year.

Table 1.4: Consumer benefit estimates for *Just tick it* and *Skilled to go*

<table>
<thead>
<tr>
<th>Just tick it (2008/09 to 2009/10)</th>
<th>Skilled to go (2008/09 to 2010/11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of scam ‘purchases’ averted because of the <em>Just tick it</em> campaign</td>
<td>5,004&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total consumer benefit (NPV 08/09):</td>
<td>£ 850,625</td>
</tr>
<tr>
<td>Total cost:</td>
<td>£ 334,376</td>
</tr>
<tr>
<td>Benefit to cost ratio</td>
<td>£ 2.54 : 1</td>
</tr>
</tbody>
</table>

1.14 Finally, for *Skilled to go*, we also project forward by forecasting the benefits delivered by continued investment in *Skilled to go* for four further groups between 2011/12 and 2014/15.

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<sup>3</sup> See the 'model overview' sections of the report to see how these figures were calculated.
As each year passes, we forecast that more and more teachers register for and use *Skilled to go*, reaching more learners and resulting in increased consumer benefit.\(^4\) However, for the online consumer benefit streams, the pool of people still remaining for *Skilled to go* to influence shrinks a little each year. This means that the consumer benefit in these streams increases more slowly than the others. For further details of this adjustment see the appendix to this report and the model itself.

The other important element to the forecast is the fact that much of the investment in *Skilled to go* to date was needed to set up the programme and develop resources. Less investment in these elements will be required in the future now that *Skilled to go* is already established.

The results, shown in Table 1.5, illustrate that *Skilled to go* could potentially pay back at more than two-and-a-half times the rate of 2008/11 – and in excess of the OFT’s £5:1 target – if investment is continued to 2014/15.

**Table 1.5: *Skilled to go* forecast to 2014/15**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast number of learners, teachers, family and friends who will gain consumer benefit from <em>Skilled to go</em> (20011/12 to 2014/15):</td>
<td>26,344</td>
</tr>
<tr>
<td>Total forecast consumer benefit (NPV 11/12)</td>
<td>£5,567,656</td>
</tr>
<tr>
<td>Total forecast cost: (NPV 11/12)</td>
<td>£428,386</td>
</tr>
<tr>
<td>Benefit to cost ratio</td>
<td>£13.00 : 1</td>
</tr>
</tbody>
</table>

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\(^4\) We use the lowest monthly increase in registrations observed to date, in order to forecast forward.
Lessons learnt

1.18 There are two main lessons learnt from these results and the more detailed analysis that follows in the main body of the report:

- both campaigns have performed well in the context of returns to other public sector campaigns, and
- the precision of the consumer benefit calculations can be improved in future through further research.

Both campaigns have performed well

1.19 There is strong evidence that both interventions have been able to more than pay for themselves. They have not paid back in the £5:1 ratio for which OFT aims, but in the opinion of the authors of this report, this is no sign of underperformance as the figures returned actually compare well with the limited number of public sector comparators available.

1.20 The evaluation of communication interventions across the public sector has improved in recent years and a number of government campaigns have been thoroughly evaluated in terms of their Return on Marketing Investment (ROMI). However, while such evaluation is encouraged, it not always possible because it can be difficult to put a financial value on results and analysis can be time-consuming. Where returns over one and three years have been estimated, campaigns have not seen returns of £5:1, even though they have been successful in achieving their policy objectives.

1.21 Table 1.6 illustrates returns for HMRC and Department of Health campaigns that won IPA Effectiveness Awards in 2010.
Table 1.6: Return on Marketing Investment for public sector campaigns

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Year</th>
<th>Spend</th>
<th>Gross in-year Return on Marketing Investment (ROMI)</th>
<th>Gross 3-year ROMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMRC: online and on-time submission of tax returns</td>
<td>2008/09</td>
<td>£6.1m</td>
<td>£ 3.04 : 1</td>
<td>N/A</td>
</tr>
<tr>
<td>Department of Health: Smoking cessation</td>
<td>2009</td>
<td>£20.5m</td>
<td>£ 2.07 : 1</td>
<td>£ 4.58 : 1</td>
</tr>
</tbody>
</table>

1.22 Setting a benchmark and comparing across such diverse campaign areas as tax returns, smoking cessation and consumer education and awareness is challenging and requires some caution given the different nature of the campaigns in question. The value of the 'outcome' in each of these areas – an online or on-time tax return filed; a one-year quitter; and a scam avoided or instance of consumer benefit gained – is completely different. The nature of the communication challenge is also different in each case, so it is unreasonable to expect similar levels of financial return.

The precision of the calculations in this report can be improved in future

1.23 There is a lack of data around actual consumer behaviour for each of the two interventions and this means that, despite extensive analysis, the consumer benefit estimates still rely to a significant extent on intelligent assumption and estimation rather than robust data. As noted above, given the fact that we cannot quantify and model many potential benefit streams stemming from these campaigns, the true benefit to cost ratios

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5 Source: IPA Effectiveness submissions for HMRC and Department of Health. These campaigns were chosen as they are the only two with one-year ROMI calculations comparable with the OFT consumer benefit calculations.
from both campaigns are likely to be higher (in reality) than those reported.

1.24 However, by following some of the suggestions outlined in this report, COI believes that OFT will in future be able to increase the precision of the calculations of consumer benefit for its consumer education and awareness campaigns. In particular, we identify a number of variables which, if recorded or refined further, could help improve the accuracy of the benefit to cost ratio estimates in the future.

1.25 For the Just Tick It campaign these include:

- developing understanding on the exposure of consumers to the risk of buying scam tickets
- verifying that people check ticket websites and understanding how 'foolproof' their checks are, and
- undertaking further monitoring of the average amount lost due to ticketing scams.

1.26 Likewise, we believe that the OFT could improve its consumer benefit calculations for Skilled to go by addressing three main areas:

- improving information about the number of classes informed by Skilled to go and typical class sizes
- continuing to research the skills, knowledge and confidence that learners gain in the classroom, and
- improve tracking of learners' behaviour once they have been exposed to Skilled to go materials.

1.27 More generally, our analysis highlights the value of early discussions between policy, marketing and evaluation colleagues when the need for any future consumer intervention is identified. Such discussions at planning stage are valuable for understanding the behaviour that the intervention seeks to change and the factors that influence the behaviour
of the target audiences; they may also provide the opportunity for
developing an evaluation framework for the communication activity that
identifies what will need to be measured and when in order to
understand whether the activity is meeting its objectives.

1.28 By taking these steps early in planning – even going as far as building a
consumer benefit model in advance – it will be easier to evaluate
whether the intervention is meeting its objectives in a cost effective way
to the taxpayer; and easier to adapt intervention methods and processes
to increase their effectiveness.
2 INTRODUCTION

Purpose

2.1 The mission of the OFT is to make markets work well for consumers. In fulfilling this goal, the OFT is committed to evaluating the impact of its work for two purposes:

- **External accountability**: to evaluate whether the OFT delivers its objectives and does so cost effectively to the taxpayer, and

- **Internal management**: to use formal evaluation of past work to inform future OFT work and choice of intervention methods and processes.

2.2 The principal aims of this study were to review two recent OFT communications interventions with a view to estimating the benefits delivered for consumers and drawing lessons for future interventions.

2.3 Amongst the diverse methods the OFT uses to achieve its mission are education and awareness interventions that aim to change the behaviour of businesses, consumers and government.

2.4 In July 2010, OFT asked Central Office of Information (COI) to review a preliminary analysis of the financial benefit delivered by two interventions:

- **Just tick it** – a campaign aiming to raise consumers' awareness of scam ticket websites, and

- **Skilled to go** – a consumer education toolkit, for use by teachers in numeracy and literacy courses, aiming to increase consumer knowledge, skills and confidence.

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6 This includes a performance target agreed with HM Treasury of delivering direct financial benefits to consumers of at least five times its cost to the taxpayer.
2.5 This report presents the results of further analysis carried out by COI. For each campaign, the report provides background; gives an overview of the model developed to estimate consumer benefit; presents the results; and offers suggestions for supporting future consumer benefit calculations. The models themselves are available separately in Microsoft Excel format.

Methodology

2.6 The consumer benefit estimates presented in this report were developed through three main stages:

- Developing behaviour change models to understand how each campaign works in practice, identifying the target consumer behaviour OFT wants to see and what success would look like for each campaign. (August 2010)

- Developing evaluation frameworks to identify how the success of each campaign can be estimated, the key variables the OFT should ideally collect in future to judge this success, and how OFT investment translates into consumer benefit. (Sep / Oct 2010)

- Attaching known statistics and financial information to these evaluation frameworks to estimate consumer benefit and identify where estimates could be improved or tightened in future to allow more accurate calculation. (Oct / Nov 2010)

2.7 COI reviewed original research and source documents about each campaign, and engaged with OFT evaluation and communications teams as necessary through the project.

2.8 Our methodology is underpinned by a cautious approach to estimating impact-making conservative assumptions for each of the models and excluding certain benefits from our analysis due to data limitations. In particular, we focus our quantification efforts on more immediate consumer benefit and exclude from consideration some of the more dynamic benefits arising from the two interventions.
2.9 Our analysis of *Just Tick It*, for example, focuses on consumers benefiting from avoiding scams both now and in future years, but one dynamic benefit excluded from our analysis is the effect such behaviour will have on preventing the development of further scams in the ticketing sector (for example, as fewer consumers fall victim, sites will cease to make money and the number of scam websites may fall).

2.10 Likewise, for *Skilled to Go*, we consider a range of consumer benefit streams but do not consider the likely implications of improved consumer confidence over time for business practice (for example, businesses treating complaints more fairly as they are put under increasing pressure from informed consumers). The exclusion of these benefits, some examples of which are outlined, means results are likely to underestimate the true scale of consumer benefit delivered by the two interventions.
3  JUST TICK IT

Campaign background

3.1  Around 12.6 million people in the UK regularly buy tickets for events online and one in twelve of these claim that they have fallen victim to a scam.

3.2  Just tick it was launched in September 2009 to raise consumers’ awareness of scam ticket websites and educate them about how to avoid being scammed. Led by public relations activity, radio fillers and online advertising, the campaign directed consumers to a mock-up of a scam website, a campaign micro-site or one of the existing information sites hosted by OFT or Consumer Direct.

3.3  For the campaign to deliver consumer benefit, first it had to educate and prepare consumers. Then, those consumers had to act differently in the market when exposed to the risk of scam ticket websites.

3.4  OFT tracked visitors to the key information websites and ran pre and post campaign tracking research with samples of 499 and 1,882 consumers respectively. This report uses findings from these sources but focuses on evidence of outcomes in order to estimate the consumer benefit delivered by Just tick it.
Figure 3.1 – Evaluation framework for Just tick it

Model overview

3.5 As shown in the consumer benefit framework in Figure 3.2, Just tick it aimed to deliver consumer benefit by reducing the number of occasions when consumers lose money purchasing what they believe to be event tickets from scam websites which fail to supply valid tickets.
3.6 Tracking research following the *Just tick it* campaign showed that there was no strong evidence that the campaign had been able to reduce the number of people likely to visit scam websites in the first place. Prior to the campaign, 100 of 499 people (20 per cent) said that they would consider buying tickets from a website that they didn’t know. Following the campaign, 339 of 1,882 people (18 per cent) answered in the same way. This decrease is not statistically significant (that is, it was most likely to be attributable to the difference in the two samples rather than a genuine change in attitudes).

3.7 However, there was strong evidence that the campaign persuaded consumers to check for signs of a scam. Twenty nine per cent of those exposed to the campaign (118 of 408 people who recognised *Just tick it* advertising in post-campaign tracking) claimed to have checked websites for signs of a scam, due to the campaign. The consumer benefit model is therefore based around this second consumer benefit stream. It estimates how many people were reached by *Just tick it* and had the opportunity to absorb its key messages.
3.8 The scope of the model and wider benefits not included in it are shown in Table 3.7.

Table 3.7 – Scope of *Just tick it* model

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer benefit included in model</td>
<td>• Avoiding losing money (consumers who visited a scam site but spotted the signs of a scam due to the campaign and didn’t make a 'purchase').</td>
</tr>
<tr>
<td>Consumer benefit that could be included in future</td>
<td>• Avoiding losing money (consumers who do not visit scam websites in the first place due to the campaign).</td>
</tr>
<tr>
<td>Consumer benefit that will remain difficult to estimate and model in the future (examples)</td>
<td>• Savings for consumers who may gain the confidence to buy tickets online armed with information from the campaign.</td>
</tr>
<tr>
<td></td>
<td>• Gains in consumer confidence from spotting and avoiding a scam.</td>
</tr>
<tr>
<td></td>
<td>• Reduction in psychological detriment as a result of avoiding ticket scams.</td>
</tr>
<tr>
<td>Other dynamic benefits that will remain difficult to estimate and model in the future (example)</td>
<td>• Reduction in number of scam websites (as fewer consumers fall victim, sites will cease to make money).</td>
</tr>
</tbody>
</table>

3.9 The model estimates the exposure of consumers to the risk of scam ticketing and estimates how their change in behaviour (checking for signs of a scam) may have resulted in some of them not making a 'purchase' from a scam site. The consumer benefit is then the number of scams averted, multiplied by the loss to an average consumer of such a scam.

3.10 There was little research available about the behaviour of individual consumers after their exposure to *Just tick it*, so the model has to include some assumptions about their actual behaviour based on other

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7 A balance must be struck between ensuring that consumers take precautions and encouraging them to consider several providers (which makes for healthier markets)
evidence. In the results section and Appendix 1 this is explained and the effects of variations in these assumptions are explored.

**Results**

3.11 The consumer benefit model estimates that *Just tick it* could have prevented 5,004 scam 'purchases'. In each case this could have saved the consumer an average of £170. This suggests that the *Just tick it* campaign delivered £512,912\(^8\) in consumer benefit, for an investment of £334,376, leading to a benefit to cost ratio of £2.54:1.

**Table 3.8: *Just tick it* consumer benefit 2008/09 to 2009/10**

<table>
<thead>
<tr>
<th>Number of scam 'purchases' averted because of the campaign (over three years, for consumers first avoiding scams in 2008/09 and 2009/10)</th>
<th>5,004(^9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross consumer benefit (NPV 08/09)</td>
<td>£ 512,912</td>
</tr>
<tr>
<td>Total cost of campaign</td>
<td>£ 334,376</td>
</tr>
<tr>
<td>Benefit to cost ratio</td>
<td>£ 2.54 : 1</td>
</tr>
</tbody>
</table>

3.12 Our benefit to cost ratio reflects the fact that consumers are likely to gain additional benefit from the campaign over time. To reflect the longer term nature of benefits delivered to consumers, our estimate also includes a projection of the consumer benefit to each group in the two years following their first benefit. It assumes, conservatively, that the scale of benefit falls by 50 per cent each year.

\[^{8}\] Net Present Value, 2008/09 using 3.5 per cent discount rate as per HM Treasury Green Book

\[^{9}\] See model for an explanation of how the number of scam purchases was estimated.
3.13 This discount is applied because we don’t know how long campaign effects and changed behaviour will last, and we don’t know how many of these people would have changed behaviour in future years anyway (either claimed by the campaigns in future years of the model or due to other factors).

3.14 Because there was little research available about the behaviour of individual consumers after their exposure to *Just tick it*, the model has to include some assumptions about their actual behaviour based on other evidence. So, £2.54:1 is a reasonable, conservative estimate of the true figure rather than being an exact answer.

3.15 The three assumptions that affect the model most are:

- the proportion of event ticket purchases for which there is any risk at all of being scammed (if a scam website hasn’t been set up selling tickets for a certain event there is no risk to the consumer)
- per cent of those who checked websites that checked the right things (quality of checks) and spotted a risk (efficacy of checks), and
- the average amount lost in a scam.

3.16 By varying the values of these assumptions in the model (by a sensible degree upwards and downwards) it is possible to estimate the lower and upper bounds for the true level of consumer benefit delivered by *Just tick it*.

3.17 Please note that Table 3.9 (and all sensitivity analysis tables in this report) do not present the whole consumer benefit calculation. They merely highlight selected parts of it. See the model overview sections and the models themselves for more detail.
Table 3.9: *Just tick it* sensitivity analysis

<table>
<thead>
<tr>
<th>Variables for sensitivity analysis(^10)</th>
<th>Lower Bound</th>
<th>Middle Estimate</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of purchase occasions in which a scam website happens to be selling tickets</td>
<td>8%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>% of those who claim they checked websites because of the campaign who 1) checked the right things (quality of checks) and 2) spotted a risk (efficacy of checks);</td>
<td>70%</td>
<td>72%</td>
<td>75%</td>
</tr>
<tr>
<td>Average amount lost in a scam ticket ‘purchase’</td>
<td>£ 115</td>
<td>£ 170</td>
<td>£ 225</td>
</tr>
</tbody>
</table>

Results\(^11\)

| Number of scam ‘purchases’ averted because of the campaign (over three years, for consumers first avoiding scams in 2008/09 and 2009/10) | 3,243 | 5,004 | 6,950 |
| Gross consumer benefit (NPV 08/09) | £ 372,959 | £ 512,912 | £ 1,563,649 |
| Total cost of campaign: | £ 334,376 | £ 334,376 | £ 334,376 |
| Benefit to cost ratio | £ 1.12 : 1 | £ 2.54 : 1 | £ 4.68 : 1 |

3.18 The evidence provided by the estimates outlined in Table 3.9 suggests that *Just tick it* is likely to have more than paid for itself in terms of benefit returned to consumers by preventing those at risk from making scam 'purchases'. It suggests that further campaign interventions in this area could look to deliver additional benefit by persuading consumers not to expose themselves to the risk of scam websites in the first place –

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\(^{10}\) For an outline explanation of the values used, see Appendix 1.

\(^{11}\) See model for an explanation of how the number of scam purchases was estimated.
with the caveat that this should not be achieved at the cost of reducing competition in the market for event tickets.

**Suggestions for improving future consumer benefit calculations**

3.19 Further insight into how future communication may influence behaviour around scam ticket websites is provided in presentations that accompany this report along with details of the evaluation framework introduced in the previous section.

3.20 Here, we outline some suggestions for how the range of consumer benefit estimates may be refined in future through further data collection. The suggestions below are closely related to the main assumptions in the model.

**Understand exposure to risk better**

- It will never be possible to monitor all websites that sell tickets to UK consumers and monitor all purchases. But future research to better understand what proportion of all purchases actually expose consumers to the risk of scam ticket websites would be useful to make a better estimate at this step.

- A test purchase exercise over a short period of time, buying tickets for a number of events from as many different sources as possible, would help to shed light on the level of risk and provide additional information about the number and nature of scam sites.

**Verify that people check sites and understand how 'foolproof' these checks are**

- Claimed behaviour from tracking research is not the same as actual, observed behaviour. How many of the people who claim to make checks actually do and how effective are these checks?
• Following up tracking research participants and interviewing them over time to understand their actual behaviour following the campaign could help to understand how many make checks and provide more detail on the kinds of checks made.

• The test purchase exercise could help to understand which checks are most effective.

Monitor the average amount lost in scams

• Analysis of Consumer Direct complaints data needs to be put in context by tracking research to understand how many scams may be going unreported and how much money is lost, on average, in these cases.\textsuperscript{12}

• A test purchase exercise or follow-up of tracking research participants could help to obtain an accurate figure.

\textsuperscript{12} Relying solely on consumer direct complaints data may not yield accurate estimates for the average amount lost in scams; there is a possibility of upward bias here, as it is likely that the people who have lost the largest sums will make complaints, as opposed to those losing smaller amounts.
4 SKILLED TO GO

Campaign background

4.1 *Skilled to go*, launched in June 2008, aims to develop consumer skills, confidence and knowledge alongside literacy and numeracy skills amongst three key audiences:

- young people aged 16-25 on vocational learning courses (such as IT, car mechanics, child care, catering)
- adults aged from 16-80 on vocational courses, return-to-employment training or studying voluntarily to improve their literacy or numeracy skills – many of whom are employed
- adults for whom English is not their first language who are resident, and often working, in the UK.

4.2 *Skilled to go* is a written web-based resource that can be used flexibly by teachers to inform their existing literacy and numeracy classes. Teachers can register for *Skilled to go* then download the modules that they want to use. There are five modules in total, which focus on topics such as Buying and Selling, Technology and Utilities. This evaluation focuses only on the benefits delivered through adult learning and further education – even though there are other contexts in which *Skilled to go* is used – because adult and FE is the main channel.

4.3 Three things need to happen for *Skilled to go* to deliver consumer benefit:

- teachers are aware of, champion and deliver *Skilled to go*
- students gain skills, knowledge and confidence in the classroom, and
- students apply their skills, knowledge and confidence in the market.
Figure 4.3: Evaluation framework for *Skilled to go*

**Delivery chain:**

1. Office of Fair Trading
2. Teachers of *Skilled to go*
3. Learners
4. Market

**Target behaviour:**

1. Teachers are aware of, deliver and champion *Skilled to go*
2. Learners gain consumer skills, knowledge and confidence
3. Learners apply skills, knowledge and confidence in market

4.4 There is already some evidence that *Skilled to go* meets the first two conditions.

4.5 Nearly 4,000 adult education teachers are registered to use *Skilled to go* and a recent survey of teachers found that approximately half of respondents use the materials in class, suggesting a possible reach of up to 65,000 learners per annum. A pilot study conducted by London South Bank University in January 2009 demonstrated a noticeable improvement in consumer skills, knowledge and confidence among learners exposed to *Skilled to go*.

4.6 While there are limits and caution needed with some of the evidence on reach presented above, a particular gap in information exists for how students apply their *Skilled to go* training outside of the classroom (that is, once their training is complete). As a result, the consumer benefit model must draw on a wide range of information sources in order to make educated assumptions about the level of consumer benefit delivered.
Model overview

4.7 The consumer benefit model (see Figure 4.4) seeks to break down and attach figures to each of the steps to consumer benefit and demonstrate how each step impacts upon the next.

Figure 4.4: Consumer benefit model for Skilled to go

4.8 The model answers the following questions:

- If OFT encouraged \( x \) teachers to use Skilled to go in their classes, how many learners are likely to have been reached by these teachers?
  
  - an estimated 1,547\(^\text{13}\) teachers were using the materials in 2009/10
  
  - the average teacher uses the materials on 4.77 occasions, and

\(^{13}\) Source: OFT survey of teachers using Skilled to go, 2010
- the average class contains 8.82 learners so we estimate around 65,000 learners are likely to have been reached.

- How many of these learners are likely to have increased their consumer skills, knowledge and confidence as a result?

- a pilot study carried out in 2009 surveyed learners for the difference that Skilled to go materials made for them in different areas (for example, buying online, comparison, making complaints). The model applies findings from this study.

- If y learners increased in consumer skills, knowledge and confidence, how many had the opportunity to apply these during or after the course?

- various research sources were used to identify the likely size of groups (for example, how many learners do not use comparison sites?)

- How many of these learners went on to gain consumer benefit and how much did they gain or save, on average?

- a proxy measure from a bank of government campaigns was used to estimate how many of those given skills, knowledge and confidence by Skilled to go – and the opportunity, by chance – may have gone on to gain or save money. Various research sources were then used to identify the average gains or savings.

- How many of these learners passed the message on to friends and family and how many of the friends and family gained or saved money as a result?

- tracking research for Just tick it suggested that 26 per cent of those who recognised the ads for that campaign passed the message on. We assume the same proportion of those who gain consumer benefit from Skilled to go pass the message on, to one

14 See Appendix 2
person each.\textsuperscript{15} This is a conservative assumption as people may pass these messages on in a social environment.

- How many teachers of Skilled to go gained consumer benefit themselves?

  - feedback from teachers suggests that they, themselves can benefit from teaching the class. Benefits gained by a small number of teachers are also included in the model. Friends and family of these teachers could also benefit but are not included in the model.

4.9 The model includes only the benefits delivered through adult learning and further education even though there are other contexts in which \textit{Skilled to go} is used. It includes three tangible consumer behaviours taught by \textit{Skilled to go} that will deliver consumer benefit, in five streams.

4.10 The five benefit streams are summarised as follows:

\textbf{Table 4.9: Benefit streams in scope of \textit{Skilled to go} model}

<table>
<thead>
<tr>
<th>Behaviour</th>
<th>Benefit stream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behaviour 1: Savings made by learners shopping online and using online comparison sites</td>
<td>Benefit stream 1a: Learners who now shop online who did not before</td>
</tr>
<tr>
<td></td>
<td>Benefit stream 1b: Learners who now use online comparison sites who did not before</td>
</tr>
<tr>
<td>Behaviour 2: Loss avoided / compensation gained by learners taking direct consumer action</td>
<td>Benefit stream 2: Learners who gained compensation by making a complaint about a purchase</td>
</tr>
<tr>
<td>Behaviour 3: Savings made by learners actively switching utility and mobile phone suppliers (offline)</td>
<td>Benefit stream 3a: Learners who have saved by switching their electricity or gas supplier</td>
</tr>
<tr>
<td></td>
<td>Benefit stream 3b: Learners who have saved by switching their mobile phone provider</td>
</tr>
</tbody>
</table>

\textsuperscript{15} See Appendix 2
4.11 For behaviour 3 (switching suppliers) we reduce the pool who may have gained consumer benefit to include only those learners who don’t use comparison sites. This prevents double-counting of benefit between behaviours 1 and 3.

4.12 The consumer benefit model makes the following assumptions about the consumers benefiting from *Skilled to go*:

- that the majority of learners are from the C2DE demographic profile, as are their friends and family
- that teachers are from the ABC1 demographic profile (teachers who are also the main income earner in their household fall in the B group and in some cases the data allow us to specify this).

4.13 Because there is no research available on how those exposed to *Skilled to go* actually went on to behave in the market, the model uses comparator and proxy sources of information drawn from a variety of sources. As a result, it depends on a range of assumptions and on two assumptions in particular that do not have a strong evidence base:

- The estimated proportion of learners who gained confidence that will have actually gone on to gain consumer benefit because of *Skilled to go*, given the opportunity (this appears in every benefit stream and is based on initial analysis of research into a number of government campaigns – see footnote on page 28 and Appendix 2).
- The number of those who gain consumer benefit that will go on to tell friends and family (based upon a question asked of consumers for *Just tick it* – again see Appendix 2).

4.14 The effect of these assumptions is mitigated by testing the model for variations in the values that they take and looking at the effect on results – see later in the results section for this sensitivity analysis.

4.15 As pointed out in the executive summary, there are other ways in which learners, family and friends and teachers gained consumer benefit as well as further dynamic effects that are not included in the model. For
this reason, the model is likely to underestimate the true consumer benefit delivered.

Table 4.10: Benefit streams out of scope of *Skilled to go* model

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer benefit that could be included in future</td>
<td>• Other ways of gaining or saving money that cannot currently be estimated (including across more offline transactions)</td>
</tr>
</tbody>
</table>
| Consumer benefit that will remain difficult to estimate and model in the future (examples) | • Increases in consumers’ levels of literacy and numeracy and any associated increases in future earnings  
• Gains in consumer confidence  
• Wider benefits of increased levels of literacy and numeracy  
• Reduction in psychological detriment as a result of resolving complaints |
| Other dynamic benefits that will remain difficult to estimate and model in the future (example) | • Likely implications of improved consumer confidence over time for business practice (e.g. businesses treating complaints more fairly as they are put under increasing pressure from informed consumers). |

**Results**

4.16 The consumer benefit model shows that (in adult and FE contexts alone, for only five specific benefit streams) *Skilled to go* could have directly benefitted an estimated 13,277 consumers, helping them to make savings or gains, delivering £2,641,038 in consumer benefit. Against a total OFT investment of £551,525 during the same period, this means *Skilled to go* has delivered a benefit to cost ratio of **£4.79:1**.
Table 4.11 – Consumer benefit results for *Skilled to go*

<table>
<thead>
<tr>
<th>Estimated number of learners, teachers, family and friends who will have gained consumer benefit from <em>Skilled to go</em> (2008/09 to 2010/11):</th>
<th>13,277(^{16})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total consumer benefit (NPV 2008/09, 3.5%):</td>
<td>£ 2,641,038</td>
</tr>
<tr>
<td>Total cost:</td>
<td>£ 551,525</td>
</tr>
<tr>
<td>Benefit to cost ratio</td>
<td>£ 4.79 : 1</td>
</tr>
</tbody>
</table>

4.17 Our benefit to cost ratio reflects the fact that consumers are likely to gain additional benefit from their *Skilled to go* learning over time. To reflect the longer term nature of benefits delivered to consumers, our estimate includes a projection of the consumer benefit to each group in the two years following their first benefit. It assumes, conservatively, that the scale of benefit falls by 50 per cent each year.

4.18 This discount is applied because we don’t know how long effects from *Skilled to go* and changed behaviour will last, and we don’t know how many of these people would have changed behaviour in future years anyway (either claimed in future years of the model or due to other factors).

4.19 There are several reasons why this model is likely to underestimate the scale of consumer benefit delivered by *Skilled to go*, as noted in Table 4.10:

- The model only includes the impact of *Skilled to go* in adult and FE contexts. These represent a large part, but not the whole of the reach of the materials.

\(^{16}\) See the model overview section and the model itself to see how this was calculated
• The model is unable to attach financial values to important transferable, supporting skills such as learners understanding their personal rights as a consumer; learners being able to research and analyse products and services; and learners knowing where to go and who to ask for help when consumer problems arise. Moreover, the model doesn’t fully capture the extent to which students apply their learning to offline transactions which are likely to constitute the majority of transactions made by this group.

• The model does not attempt to capture wider, dynamic effects, such as the likely implications of improved consumer confidence over time for business practice (for example, businesses treating complaints more fairly as they are put under increasing pressure from informed consumers).

• Furthermore, high teacher satisfaction with Skilled to go suggests that it makes an important contribution to improvements in learners’ levels of numeracy and literacy. The wider benefits of this (financial or otherwise) are also omitted from the model.

4.20 As noted previously, the results are sensitive to two assumptions for which the evidence could be stronger. By varying the values of these assumptions in the model it is possible to estimate the lower and upper bounds for the true level of consumer benefit delivered by Skilled to go (in adult and FE, for five types of benefit only).
Table 4.12: Skilled to go sensitivity analysis

<table>
<thead>
<tr>
<th>Variables for sensitivity analysis(^\text{17})</th>
<th>Lower Bound</th>
<th>Middle Estimate</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated proportion of learners who gained confidence that will have actually gone on to gain consumer benefit because of Skilled to go, given the opportunity</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Proportion of those who gain consumer benefit that will go on to tell one friend or family member</td>
<td>18%</td>
<td>26%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Results\(^\text{18}\)

| Estimated number of learners, teachers, family and friends who will have gained consumer benefit from Skilled to go (2008 to 2011) | 9,527        | 13,277          | 17,257      |
| Total consumer benefit (NPV 08/09) | £ 1,895,532   | £ 2,641,038     | £ 3,432,009 |
| Total cost | £ 551,525     | £ 551,525       | £ 551,525    |
| Benefit to cost ratio | £ 3.44 : 1   | £ 4.79 : 1      | £ 6.22 : 1  |

4.21 The evidence provided in the estimates outlined in Table 4.12 suggests that Skilled to go is likely to have paid for itself nearly five times over in terms of the consumer benefit delivered to learners in adult and FE settings, if not more because of the limited scope of the model.

4.22 Finally, the model also forecasts the consumer benefit that may be delivered by continued investment in Skilled to go from 2011/12 to 2014/15. As each year passes, we forecast that more and more

\(^{17}\) For an outline explanation of the values used, see Appendix 2

\(^{18}\) See model for an explanation of how the number gaining benefit was estimated
teachers register for and use *Skilled to go*, reaching more learners and resulting in increased consumer benefit. However, for the online consumer benefit streams, the pool of people still remaining for *Skilled to go* to influence shrinks a little each year. This means that the consumer benefit in these streams increases more slowly than the others. For further details of this adjustment see the model itself.

4.23 The other important element to the forecast is the fact that much of the investment in *Skilled to go* to date was needed to set up the programme and develop resources. Less investment in these elements will be required in the future now that Skilled to go is already established.

4.24 The results, shown in Table 4.13, illustrate that Skilled to go could potentially pay back at over two-and-a-half times the rate of 2008-11 if investment is continued to 2014/15 (and in excess of OFT’s £5:1 target).

**Table 4.13: Skilled to go forecast to 2014/15**

<table>
<thead>
<tr>
<th>Variables for sensitivity analysis</th>
<th>Lower Bound</th>
<th>Middle Estimate</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated proportion of learners who gained confidence that will actually go on to gain consumer benefit because of Skilled to go, given the opportunity</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Proportion of those who gain consumer benefit that will go on to tell one friend or family member</td>
<td>18%</td>
<td>26%</td>
<td>30%</td>
</tr>
<tr>
<td>Results</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast number of learners, teachers, family and friends who will gain consumer benefit</td>
<td>18,903</td>
<td>26,344</td>
<td>34,241</td>
</tr>
</tbody>
</table>

19 For an outline explanation of the values used, see Appendix 2

20 See model for an explanation of how the number gaining benefit was estimated
benefit from Skilled to go (2011/12 to 2014/15):

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total forecast consumer benefit (NPV 11/12)</td>
<td>£ 3,995,988</td>
<td>£5,567,656</td>
<td>£ 7,235,191</td>
</tr>
<tr>
<td>Total forecast cost: (NPV 11/12)</td>
<td>£ 428,386</td>
<td>£ 428,386</td>
<td>£ 428,386</td>
</tr>
<tr>
<td>Benefit to cost ratio</td>
<td>£ 9.33 : 1</td>
<td>£ 13.00 : 1</td>
<td>£ 16.89 : 1</td>
</tr>
</tbody>
</table>

Suggestions for improving future consumer benefit calculations

4.25 As identified in earlier sections, we believe that the OFT could improve its consumer benefit calculations for Skilled to go by addressing three main areas:

- Improve information about the number of classes informed by Skilled to go and typical class sizes
  - the consumer benefit calculations presented in this report are limited by conservative estimates that must be placed around the number of classes that teachers are delivering Skilled to go to and number of learners that teachers are reaching.
  - improved information about this may allow more accurate estimates of the campaign’s reach to be included in future, and increase the consumer benefit delivered by the campaign. A recurring tracking survey of teachers already using Skilled to go may provide more accurate information.

- Continue to research the skills, knowledge and confidence that learners gain in the classroom
  - the pilot evaluation is a good source of information for the model, but future work to validate the pilot findings in everyday classroom settings would provide even stronger evidence of the success of Skilled to go.
• Improve tracking of learners' behaviour once they have completed their *Skilled to go* courses

- the consumer benefit calculation presented in this report is also limited by proxy measures and information that must be used in place of more accurate information about how learners use their *Skilled to go* knowledge, confidence and skills in the marketplace.

- a longitudinal tracking study that monitors how a test group of learners used their training once they have left the classroom would provide more accurate estimates of two critical variables – *how often* learners have an opportunity to use *Skilled to go*; and the *actual proportion* of these learners who secure a tangible financial benefit (such as a saving, compensation or refund) by putting their knowledge, confidence and skills into practice.

- questions about consumer benefit should ask learners about the scale of consumer benefit gained and about passing on skills, knowledge and confidence to friends and family. Additionally, questions should address the extent to which students apply their learning to offline transactions, as it is these transactions which are likely to constitute the vast majority of transactions made by this group.
APPENDIX 1 JUST TICK IT

Choice of values for sensitivity analysis

Exposure to risk

A.1 We know that around one in 12 people (eight per cent) have been scammed in the past. We don’t know on how many occasions people avoided being scammed, but we could make the assumption that for each scammed person there is one who was exposed to the risk but not scammed (so 8 per cent x 2 = 16 per cent risk). As a compromise we use these figures as the lower and upper bound and take the average of these two figures to arrive at the middle estimate of 12 per cent.

Making specific, effective checks

A.2 Post tracking (Q44) asked those who claimed to have checked websites due to the campaign what specific checks they had made. Seventy two per cent then went on to identify at least three specific checks that they had carried out. We therefore estimate that 72 per cent of those who claimed to have checked actually made specific, effective checks that highlighted the risk and test for sensitivity around this.

Consumer benefit from a scam purchase prevented

A.3 OFT analysis of Consumer Direct complaint data, 2010 showed an average loss of £225. However, this figure does not reflect the fact that scam incidents below a certain value may not be reported to consumer direct. In tracking for Just tick it, few people (seven per cent) said they would need to lose more than £100 to seek compensation. But 55 per cent said that they would write off losses of £24.99 or less.

A.4 If 100 people were scammed, and 55 lost £25 and 45 lost £225, the average loss per person would be £115. This is unlikely to be the true figure but we can use it as a lower bound for the true figure. Our mid point is then the average of this and £225.
APPENDIX 2 SKILLED TO GO

Choice of values for sensitivity analysis

A.5 Estimated proportion of learners who gained confidence that will have actually gone on to gain consumer benefit because of Skilled to go, given the opportunity:

- Initial COI analysis of response data across a pool of campaigns suggests that for every five individuals who make it to 'intermediate conversion' (in this case equivalent assumed to having attended and gained confidence from the course or having taught the course), two actually go on to change behaviour, or 40 per cent.

A.6 Proportion of those who gain consumer benefit that will go on to tell one friend or family member:

- Initial COI analysis of a number of research studies found that on average, 18 per cent of respondents claimed to have discussed advertising with friends and family. We use this as the lower bound. Just tick it tracking research found that 26 per cent of respondents claimed to have discussed the campaign with friends and family. We use this as the middle estimate.

- It could be argued that someone who has saved or gained money through a new behaviour is more likely to tell someone about this than someone who has only seen advertising. So we round 26 per cent up to 30 per cent and use this as our upper bound figure.

- We assume that one person will pass the message on to only one other person, a conservative assumption as people may pass these messages on in a social environment.