

# Pensions Online ?

## A Study of Producer, Distributor and User Attitudes and Behaviour

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Pension provision is the subject of current debate. Recent reports identify the pensions market in the UK as uncompetitive and inefficient, resulting in confusion and apathy amongst consumers. Increased use of electronic processing and the Internet is perceived to offer key benefits to industry and consumers. Yet, to what extent can the Internet facilitate and promote pension distribution? Who will benefit and how? What impact has the Internet had already on the structure, geography and processes of pension provision? What is the potential for further change? Researchers at the University of Edinburgh are being funded by the *Economic and Social Research Council* as part of the E-Society Programme to investigate these questions. This is the first of a series of Business Briefings being produced throughout the project to inform the business community of the research and its findings. This issue introduces the research project and outlines some initial findings from a study which evaluates how informative pension provider websites are.

### The Project

The overall aim of the project is to investigate the potential of the Internet to facilitate or promote pension distribution. By investigating the beliefs, attitudes and behaviours of four key groups - pension providers, Independent Financial Advisors, corporate customers and individual consumers – the research will identify the economic and social forces that are constraining or facilitating change.

Analysing the behaviour of these key groups will inform several broad areas of debate, including:

- The threat and implications of disintermediation
- The capability of the Internet to empower those who use it.
- The resource implications of channel conflicts
- The outcomes for shifts in responsibility for process enactment.

Data is being gathered via a combination of interviews, case studies, questionnaire surveys and observational research.

The findings will be of interest to Government, industry and consumer organisations in helping to understand the role that the Internet can play in

communicating and distributing pensions, as well as how to make best use of the technology.

The project started in March 2003 and runs until August 2005.

### Initial Research Findings

To date, research has included a content analysis of 30 pension provider websites from 1996-2003, to investigate how the medium has developed as a communication and distribution channel. The findings reported here specifically relate to the information communicated via pension websites. The overall purpose was to ascertain the extent to which pension provider websites have evolved over time to supply pension customers with easily accessible quality information in sufficient quantity to aid decision making.

The websites, accessed from the Internet Archive ([www.archive.org](http://www.archive.org)), were checked for 17 types of information ranging from company details, product and price details to assertions of quality and guarantees. The research concludes with three key findings:

1. Early pension provider websites were limited in the amount of information they provided.

Issue 1  
October

BUSINESS BRIEFING

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2. Over time the websites have evolved to become more informative offering a wider range of information.
3. However, it would appear that the websites do not provide enough of the kind of information consumers desire in decision-making, consequently, there is scope for developing the website as an information source.

Between 1996 and 1999, the websites provided on average between 1 and 3 of the 17 different types of information about pensions. Current sites now contain around 10 types of information. Hence, the volume of information provided has increased noticeably over the 8 years studied.

However, the true value of the information content only becomes apparent upon analysis of the nature and type of information communicated. On average, of the 17 types of information included in the study, the top 3 are: 'links to further information' (contained on 63% of the sites), 'assertions of competitive advantage' (communicated by just over half the sites), and 'quality of the product' (noted in 40% of sites). More specific information such as price and product features was less prevalent overall and more difficult to access, tending to be contained relatively deep within the site.

Over the 8-year period studied, the nature and type of information provided has changed. For example, while 'links to further information' accounted for 50% of the information communicated in the sites in 1996, the overall proportion has decreased to just over 8% in 2003. Reductions are also evident for competitive advantage and quality. Price, which first appeared in 2001 on the websites studied, has retained its overall position, accounting for about 8% of all information communicated.

### Research Implications

What do these findings tell us about the ability of pension provider websites to assist consumers in making informed and empowered pensions decisions? An earlier consumer study, by the same researchers, into online banking information provision concluded

that decision-making aids valued by consumers on a bank website include price, terms and conditions and assurances of safety. Links to other websites and further information featured at the bottom of the list. If the same can be assumed for pensions, the findings of this study would suggest that consumers currently are not being empowered by the information provided via pensions websites. Moreover, the low value placed on links to other information would seem to suggest that consumers expect to be able to use the website as a stand-alone information source, independent of the physical supply chain.

Intermediaries, such as IFAs, and also direct sales forces are a key feature of the distribution of pensions in the UK, and may explain why pension provider websites emphasise links to further information on their websites. Despite this, these initial findings would suggest that there is scope to develop pension websites to make them more informative decision-making aids.

Ongoing research with consumers and practitioners will investigate these issues in further detail.

### The E-Society Programme

The E-Society is a multidisciplinary programme of research that seeks to investigate how institutions, practices and behaviours are being changed by the technologies that constitute the digital age. It is a 6-year programme funded by the Economic and Social Research Council. The budget for the programme is £6.5 million divided into two phases. Phase 1 is currently underway and consists of 15 projects. The call for proposals for Phase 2 closed in October 2003.

For further information on the E-Society Programme or any of the projects in it visit:

<http://www.london.edu/e-society/>



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### Further Information

For more information on the research project or to become involved in any of the future studies, please contact:

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