

WEXFORD ROUNDING TRIAL

FINAL REPORT



January 2014



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Chapter 1 - Executive Summary

Inflation has caused the purchasing power of 1c and 2c coins to diminish by over 20 per cent since their introduction. These coins are of little value individually, with essentially no goods or services priced at this level. The evidence suggests that 1c and 2c coins are not used actively by consumers and are expensive to mint.

The National Payments Plan (NPP) is a strategic roadmap for transforming payments in Ireland published by the Central Bank in April 2013. The NPP recommended that a pilot should be run in a mid-sized Irish town to investigate consumer and merchant reaction to the application of a rounding convention in Ireland. No recommendation was to be made on whether to apply this nationally until the outcome of the pilot was known.

The Central Bank selected Wexford as the host town for the Trial, following a formal application process run by the Central Bank through Chambers Ireland, with submissions sought from local Chambers.

In addition to the support of Wexford Chamber of Commerce, a number of representative organisations including IBEC (Retail Ireland), Retail Excellence Ireland, RGDATA and the CSNA (Convenience Stores and Newsagents Association) indicated support for the Trial.

A total of 250 merchants were recruited to participate in the Trial and a suite of supporting display material was produced and made available to merchants, in addition to face to face briefings. A compre-

hensive public information campaign was executed to make consumers aware of the Trial and to encourage participation. This involved a mixture of media relations activities which generated significant coverage for the Trial, advertising in relevant local media, display posters/stickers, an online presence and direct communication with households.

Quantitative and qualitative research was carried out with representative samples of consumers and merchants before and after the Rounding Trial to test attitudes, behaviours and reactions to the Trial. A mystery shopping exercise was undertaken to gauge the impact of a Rounding Trial on product prices. Full details are in Part 2 of this Report.

The research looked at usage of and attitudes to 1c and 2c coins, awareness and participation in the Trial, views about rounding and the desirability of a national rollout.

Overall the results of the research indicated strong awareness and participation levels in the Trial. It revealed positive support for the introduction of rounding nationwide both prior to and after the Trial among consumers and merchants in Wexford Town. No evidence from the mystery shop exercise suggested that the Trial had an inflationary effect on prices.

The underlying data and qualitative methods also identified some practical issues around implementation for both consumers and merchants, which will need to be addressed in the event of a national rollout framework.

Highlights of the research include:

- All residents were aware of the Trial by the end of the nine week period.
- Two-thirds took part in the Trial wherever possible while another one in five took part sometimes.
- Among those who did participate in the Trial, five in six did not encounter any difficulty.
- When asked about the general success or failure of the Rounding Trial, a majority – just less than six in ten said it was a success and a further one third were unsure.
- The majority of Wexford residents felt that rounding could easily be introduced throughout the state.
- Over half (55%) of consumers agreed that price inflation would not be exacerbated by the introduction of rounding while another quarter were unsure.
- Over four out of five merchants (83%) believe that it would be beneficial to discontinue the use of 1c and 2c coins.
- Merchants were virtually unanimous (97%) that the information they received prior to the launch was 'very clear'.
- While half (51%) originally felt rounding would have an inflationary effect on prices, this subsequently dropped to just 2% post Trial as nine in ten said prices would not change.
- Over eight in ten merchants feel they could prepare adequately in a three month period, although in-depth interviews with larger providers and retailers indicate that they would need more time to update systems across stores.
- There was very strong support among both consumers and merchants for the rolling out of rounding nationally. When 'don't knows' are excluded, 85% of consumers and 100% of merchants felt that rounding should be applied nationally.
- No evidence from any of the mystery shops suggested that the Rounding Trial had a direct inflationary effect on the price of goods.

This Report sets out how the Rounding Trial for 1c and 2c coins in Wexford was organised and run (Part 1) and the outcome of research on consumer and retailer attitudes to the Trial (Part 2).

The Appendices contain examples of the communication material developed as well as a press book which contains media coverage generated by the Trial.

PART 1



Chapter 2 –Background

Inflation has caused the purchasing power of 1c and 2c coins to diminish by over 20 per cent since their introduction. These coins are of little value individually, with essentially no goods or services priced at this level. Therefore, their primary function in the payments system is to make change for larger transactions and facilitate the exact settlement of debts.

The evidence suggests that 1c and 2c coins are not used actively by consumers and are expensive to mint. The large quantity of 1c coins issued annually, relative to existing stock, suggests that many of these coins are not actively circulated throughout the economy, but hoarded by consumers who do not like using them for transactional purposes, while others might simply be lost. Research conducted for the Central Bank suggests a strong desire on the part of both consumers and business in Ireland to reduce/discontinue the use of 1c and 2c coins. Furthermore, the production costs of 1c coins exceed their face value (unit cost of 1.65c), with the production costs of 2c coins being only slightly lower than their face value (unit cost of 1.94c).

In 2012, the European Commission initiated an impact assessment on the continued issuance of 1c and 2c coins in the entire euro area. In many countries globally, including in the Netherlands and Finland in the euro area, low denomination coins have effectively been removed from circulation through the use of a so-called 'rounding' rule whereby goods and services are still priced in multiples of 1c and 2c and the final total is rounded up or down at the till. In the Netherlands and Finland, 1c and 2c coins are still legal tender and

continue to be minted in small quantities, though in practice they are no longer used in daily life. Belgium is also considering adopting rounding on a national basis.

The experience from countries who have introduced such measures suggests that rounding of the final transaction total, rather than individual prices, curtails any inflationary effects.

National Payments Plan

The National Payments Plan (NPP) is a strategic roadmap for transforming payments in Ireland published by the Central Bank in April 2013. The NPP recommended that a pilot should be run in a mid-sized Irish town to investigate consumer and merchant reaction to the application of a rounding rule in Ireland. Participation in the pilot was to be entirely voluntary on the part of both the retailer and the consumer. No recommendation was to be made whether to apply this nationally until the outcome of the pilot was known.

Rounding Trial in Wexford

In June 2013, following a tendering process, the Central Bank engaged a Joint Venture of Drury and Amárach Research (led by the former) to organise and run the Trial and carry out extensive research on consumer and retailer attitudes. The Central Bank selected Wexford as the host town for the Trial following a formal application process run by the Central Bank through Chambers Ireland, with submissions sought from local Chambers.

Key requirements identified for the project were as follows.

Consumer education:

1. Ensure that households in the selected town are well informed that:
 - The pilot is happening.
 - They understand how rounding works.
 - They are confident in using it.
 - They would understand how to opt out if they did not wish to participate.
2. Ensure that clear concise information is readily available to visitors to the town for the duration of the Trial. This information should be available in public places. This could include inter alia local press releases, leafleting, posters, hotline, online information etc.

Merchant education and recruitment:

1. Ensure that merchants in the selected town are well informed that the pilot is happening, that they understand how rounding works and are confident in using it and understand how to opt out if they do not wish to participate. A strong representation of merchants in the selected town would be needed.
2. The necessary information material will be produced and appropriate supports provided to merchants e.g. information sessions, staff training sessions, information packs for participating merchants, hotline etc.

Surveys:

1. Surveys of both consumers and merchants were to be run both before and after the running of the Trial, to gauge the popularity of rounding.
2. The collection of a basket of retail prices in the selected town based on a methodology to be agreed with the Central Bank both before and after the running of the pilot, and provide that information to the Central Bank.

Reporting:

A final report would be prepared detailing and summarising the findings of all of the surveys conducted within four weeks of the end of the Trial. This report should cover public and merchant sentiment before and after the Rounding Trial and price changes on the basket of retail products from before and after the Trial.

Chapter 3 – Planning

The project was approached on the basis of a three stage process – planning and pre-Trial preparation, the Trial period itself and post-Trial. The proposed methodology for each phase is set out as follows.

Timeline

A timeline for the rollout of the planning and execution of the Trial was agreed in early July.

This envisaged the planning and pre-Trial phase running through July, August and early September; the Trial running from 16 September to 17 November with research being conducted within one month of the Trial ending.

Project Principles

A number of principles were agreed between all parties at the outset. It was felt that adherence to these throughout the project would help to generate a sense of trust among consumers and merchants alike.

These were:

- Clarity of objective

While the presumption from the National Payments Plan is that the removal of the 1c and 2c coins is desirable, the pilot must be conducted on a strictly neutral basis. It was being carried out to investigate the response to change, not to advocate change. The voluntary nature of participation by both the merchants and consumers must be stressed.

- Transparency

The project team should have transparency as a guiding principle and only withhold information from inquirers if there is a compelling reason to do so.

- Access to information

The project should err on the side of providing too much information, rather than assuming that all consumers are informed. In today's busy, pressured world, many traditional communications channels need to be supplemented by other means if a wide audience is to be reached.

- Commitment to report

The project should commit to providing the public with all the research results from the Trial.

Message development

At the outset, a messaging workshop involving the Central Bank, Wexford Chamber of Commerce and Drury was held with a view to developing key messages about the Rounding Trial for both consumer and merchant audiences. The importance of this workshop was that it helped to hone the Trial's key messaging and also facilitated discussion and debate about issues which would arise as the Trial was rolled out e.g. the role of charities.

Support from business organisations

Throughout the Trial, the team worked closely with Wexford Chamber of Commerce and in particular its Chief Executive Madeleine Quirke. As part of the planning process, contact was also made with a range of representative organisations including IBEC (Retail Ireland), Retail Excellence Ireland, RGDATA and the CSNA (Convenience Stores and Newsagents Association). All groups indicated their support for the project, agreed to have this support referenced in Trial material and included positive messaging on the Trial in their communications to their own members.

Chapter 4 – Merchant Recruitment

Amárach developed an initial database of some 500 businesses in Wexford and this was cross referenced with the Wexford Chamber to produce a final data base of 399.

A letter from the Central Bank was issued to all retailers on the database, explaining the background to the Trial, how rounding works, how consumers would be informed and inviting participants to contact the Team. Some 250 retailers subsequently indicated that they wished to participate.

Merchant Collateral

A logo for the Trial was developed and agreed



WEXFORD ROUNDING TRIAL

A range of marketing collateral was also developed using the logo and the key messaging agreed – see Appendix 1.

This suite of material included:

- An A3 poster for display in shops.
- An A6 decal for display in shop windows.
- A sticker for display at tills.
- An A5 information leaflet.
- Three portable information stands.
- An FAQ sheet for all retailers.

A pack containing all the collateral material was hand delivered to all participating retailers in the two weeks prior to the commencement of the Trial.

Merchant Training and Information Sessions

All participating merchants were invited a Training/Information meeting in the Talbot Hotel in Wexford over a two day period in the week prior to the commencement of the Trial. Some 35 participants attended the briefings. The project team also visited the premises of a number of larger retailers in the region and met with local management.

Chapter 5 – Consumer Information Campaign

A comprehensive campaign was executed to make consumers aware of the Trial and encourage participation. This involved a mixture of media relations activities which generated significant coverage for the Trial, advertising in relevant local media, display posters/stickers and direct communication with households.

Public/Media Relations

Media coverage for the Rounding Trial is at Appendix 2.

The first formal announcement was on 19 July when the Central Bank announced that Wexford had been chosen as the location for the 1c and 2c cent Rounding Trial. The press release included quotes from the NPP Programme Manager and the Chief Executive of the Wexford Chamber of Commerce. The announcement was widely covered in national and local media including RTE TV News and Morning Ireland programmes. The tone of this coverage was unanimously positive and supportive of the Trial concept.

It was felt that the formal launch of the Trial would benefit from by support from an external “Ambassador”. Senator Feargal Quinn was approached and he agreed to support the launch of the Trial and to encourage participation. Senator Quinn is a retail innovator and presenter of RTE’s ‘Retail Therapy’ programme. Well known for his work in helping retailers across Ireland to recalibrate their businesses to overcome the difficulties experienced during the economic downturn, Senator Quinn was an ideal fit to be the Ambassador for the Trial.

A launch event announcing the dates for the Trial took place in the Talbot Hotel in Wexford on 3 September which participating merchants were invited to attend. Senator Quinn, the Chief Executive of the Wexford Chamber and the NPP Programme Manager all spoke. The event was preceded by a press photocall. The announcement received significant national and local coverage, across print, broadcast and online media.

At the conclusion of the Trial a press release was issued to local media acknowledging the strong levels of support for the Trial and thanking all retailers and consumers who had participated. This release also received media coverage.

Throughout the Trial, Drury managed media queries about the Trial and secured a number of media opportunities for both the NPP Programme Manager and the Chief Executive of Wexford Chamber.

Website

A website www.wexfordroundingtrial.ie was set up for the duration of the Trial. The website served as a public source of information for consumers, merchants and media who had queries about the Trial or required further information. The website content was developed and managed by Drury.

While operational, the site received 508 visits (75% unique), with 40% going directly to www.wexfordroundingtrial.ie. The average time spent on the website was 3 minutes 16 seconds and the most popular page was “About the Project”.

Twitter

A Twitter account ([@WexfordRounding](#)) was set up for the duration of the Trial. The account served as a source of information for consumers, merchants and media who had queries about the Trial or required further information. The account was managed by Drury and adhered to strict guidelines.

The account received interest from national media, in particular Conor Pope from the Irish Times who contacted Drury directly for further information on the Trial and information on merchants participating, resulting in an article in the Irish Times about the Trial. The account received many retweets, including some from abroad.

Advertising

Advertisements were placed in the Wexford People and Wexford Echo newspapers in the weeks commencing 9, 16 and 23 September. An advertisement also appeared in the Wexford Free Press on 19 September and 3 October. A copy of the advertisement is at Appendix 3.

Over one hundred 30 second radio advertisements were broadcast on local radio stations in the weeks commencing 16, 23 and 30 September.

Mail Drop

A leaflet was dropped into every household in the Trial area twice in the week prior to the commencement of the Trial.

Pop-up Information Stands

Three stands were acquired and branded for the Trial to create an additional physical presence in Wexford. They were placed in the Wexford Town Library, in the entrance lobby to Wexford Credit Union and at the entrance to the Tesco store. Information leaflets on the Trial were kept on the stands, except the one at Tesco which was deemed unnecessary by the store after the initial fortnight of the Trial.

Helpline

A dedicated Rounding Trial telephone Helpline was established for the duration of the Trial 053 911 0390 and manned on a seven day per week basis.

Chapter 6 – What Went Well and What Could Have Been Done Better

In this Chapter, we present insights from the Trial that could inform the organisation and development of a national rollout, if it is decided to proceed with this.

The need for a clear, comprehensive and well publicised National Implementation Plan

The Rounding Trial in Wexford had no precedent. The plan developed and implemented by Drury and Amárach and endorsed by the Central Bank was based on the consultants' experience with other public information campaigns. While it delivered a successful Trial, it would have benefitted from:

- A greater involvement with major retailers and representative groups in the drafting of the plan.
- Publication of the plan well in advance so that all stakeholders were aware of the respective roles and responsibilities of the Central Bank, of retailers and of consumers.
- A sufficient (but not excessive) lead in time for retailers to introduce new technology/software to cope with the Rounding Rules.

Agreed positions on operational issues

The Wexford Trial highlighted issues on which variations in approach were possible:

- Some retailers assumed consumer consent/participation while others requested consent on each transaction.
- One retailer made a specific decision to round everything down to the nearest 5c.
- One major retailer announced that any benefit they received from rounding would go to charity.

These slight variations in the way rounding was introduced by individual stores

caused some uncertainty and confusion among consumers. The voluntary nature of the Trial facilitated these variations and in the context of a national rollout, retailers will be free to make decisions at local or organisational level. However, wherever possible, a "national" position should be agreed and promoted by all stakeholders, and even minor deviations should be strongly discouraged.

Automatic application of rounding

One of the most important topics on which local variation was allowed was whether a retailer should automatically apply rounding or not. In other countries which have rounding the convention is applied automatically and consumers either don't have the right to opt out (e.g. Finland) or must indicate to the cashier they want to opt out (e.g. the Netherlands). The reason for the strong preference for automatic rounding is that one of the key benefits of rounding is the shorter time to serve.

Part of the national messaging should be that rounding is being introduced and that consent will be assumed in participating stores unless the consumer actively requests exact change. Ultimately, however, each retailer can choose how to interact with their own customers.

Develop a clear strategy regarding charities

The Central Bank's national research has shown some concern among consumers regarding the effect on charities of the elimination of 1c and 2c coins. The Amárach research in Wexford suggests that one in four consumers who receive 1c and 2c coins in change give them to charity while between 8 and 12 per cent of those who save the coins at home donate them.

In the context of the Wexford Rounding Trial, a strategic decision was made NOT to link the Trial to charitable donations as it was feared it could bias the results of the Trial. The purpose of the Rounding Trial was to reduce the number of 1c and 2c coins in circulation, test how rounding would work in practice and assess the reaction of consumers and retailers. If consumers perceived there to be a link to a good cause, it was possible it would make them more favourable to the Trial, which might serve to invalidate the results of the Trial.

However, in the context of a national rollout, the charity issue will have to be addressed in a clear and coherent way. The following issues would need to be explored:

- The extent to which charities currently benefit from 1c and 2c donations (the experience of one retailer in Wexford was that very little, if any cash was generated for charity arising from rounding savings).
- The real benefit to charities might come from the “hoarded” 1c and 2c coins being donated on a once off basis and the Central Bank acting in a coordinating function for this might be worthwhile.
- It would be useful to manage expectations for what could be provided to charities from a donation of hoarded 1c and 2c coins. While potentially significant in volume, the actual “value” of jars of 1c and 2c coins in households could be relatively limited.

National Implementation Plan should contain a mix of communications channels

The Wexford Trial achieved high levels of awareness as a result of a mix of channels being used including national and local press and broadcast coverage, local advertising, display posters/stickers, direct mail drop and word of mouth. Online and social media played a relatively minor role. Any national campaign should employ an appropriate mix of communications channels, probably with a greater leaning towards national media. There may also be a greater role for social media in a national campaign.

Don't overcomplicate it!

Both national and local research, as well as anecdotal experience on the ground in Wexford, suggest that the public “gets it”. They intuitively understand the rationale for removing 1c and 2c coins. A “hard sell” is not necessary. What a national campaign should do is to give confidence that a good idea is being implemented in a fair and efficient way.

As with any initiative, there will be some opposition. Those voices are entitled to be heard and any issues raised should be addressed in line with the principles applied in Wexford. If necessary, those opposed can be facilitated to opt out if that is their choice. However, it would be important that the campaign is defined by the obvious benefits of the project and the widespread support which it enjoys. Specifically some quantification of the benefits (in terms of monetary savings made) would be useful.

PART 2

Research Findings



Chapter 7 – Research Findings

Research approach for Rounding Trial

In order to assess the impact of the 1c and 2c coins Rounding Trial, a research programme was designed to test the attitudes, behaviours and reactions of Wexford adults and retailers to a nine week Rounding Trial. According to CSO Census 2011, the population of Wexford Town (i.e. the area within the N25 ring road) is approximately 20,000. This falls to approximately 15,000 for the target population (i.e. those aged 18+). It was important to test attitudes before and after the Trial to

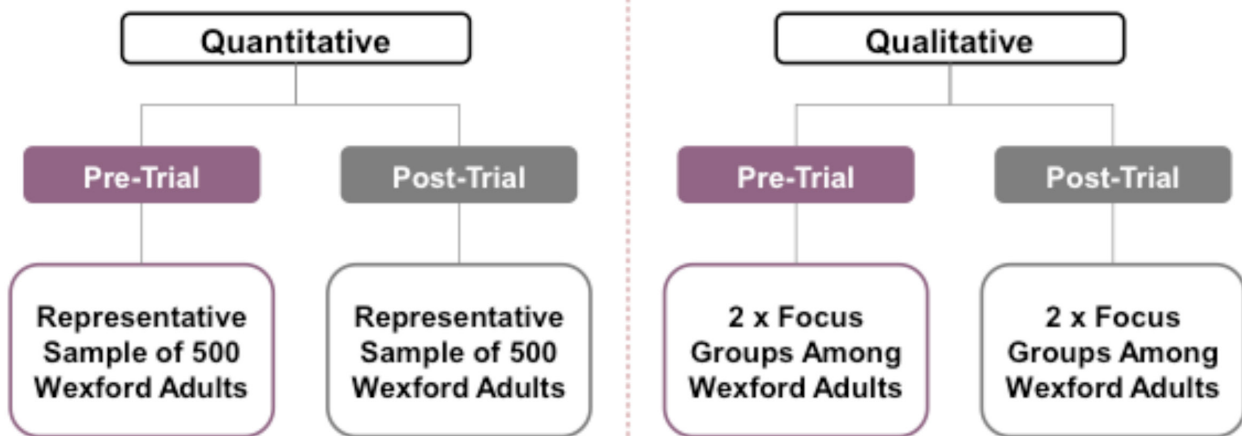
assess its impact on scalability nationwide. To do this, a mixed quantitative and qualitative methodology was chosen, as described below.

Due to percentage rounding, not all graph totals add up to 100%.

Graph 1: Research approach consumers



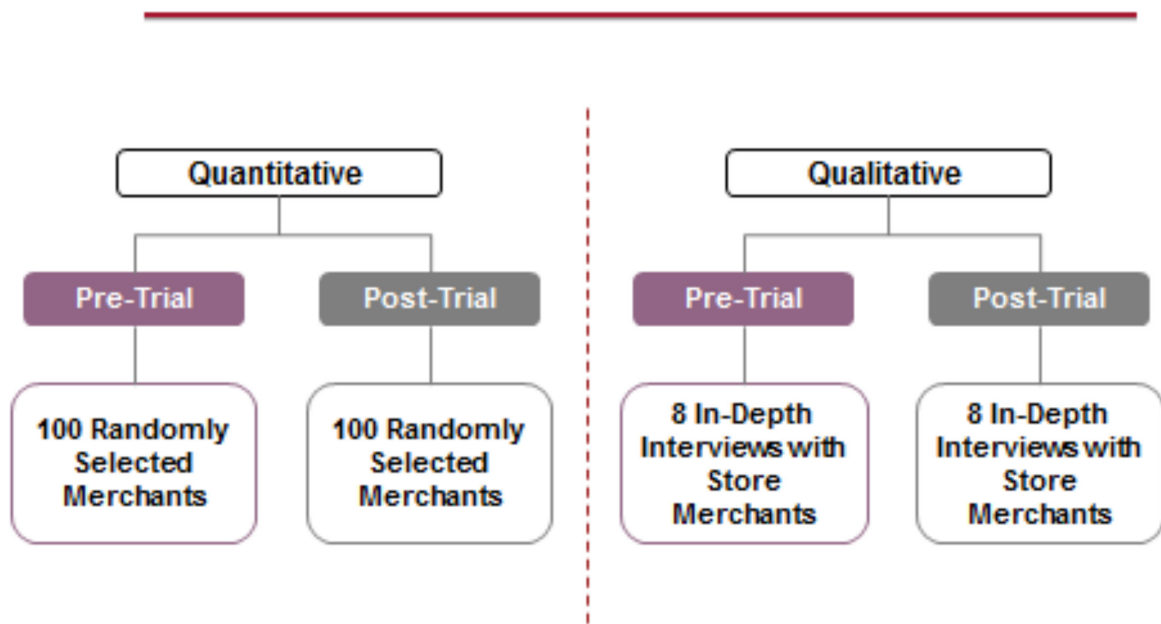
Research Approach – Consumers



A sample of 500 yields a margin of error of +/- 4.31%. A ten minute questionnaire was developed with input from the Central Bank and was conducted face-to-face at peoples' homes across 42 sampling points. Quotas were set based on gender, age, and social class to ensure the pre and post samples matched and were aligned to the CSO data.

To complement the consumer research, research was also conducted among the 250 businesses who signed up to take part in the Trial. 100 merchants were interviewed pre and post-Trial. Details of this research can be seen overleaf.

Research Approach – Merchants



A 10 minute questionnaire was utilised and fieldwork was conducted face-to-face. Random samples of businesses were chosen for inclusion. While a fresh sample of 100 merchants was surveyed between the pre and post-Trial research, the same eight merchants were interviewed before and after.

In addition to the consumer and merchant research, a mystery shopping exercise was undertaken to gauge the impact of a Rounding Trial on product prices. Eight retail stores were randomly selected for inclusion both pre and post-trial (in this instance 'post' Trial refers to the final week of the Trial in order to test the impact of rounding on prices). Eight general products were identified for purchase, these included:

- Can of Coca Cola
- Tayto Cheese & Onion
- Brennans full sliced pan white
- 1L Avonmore milk full fat
- Mars bar standard size
- Lyons Tea 80 tea bags
- 1kg Siucra granulated sugar

- Dairygold Original butter (454g)

Where possible, all eight of these products were purchased in each store. The same products were then purchased in the same stores again during the last week of the Trial and comparisons were made to test for a rounding effect during the Trial.

Research Findings – Consumers

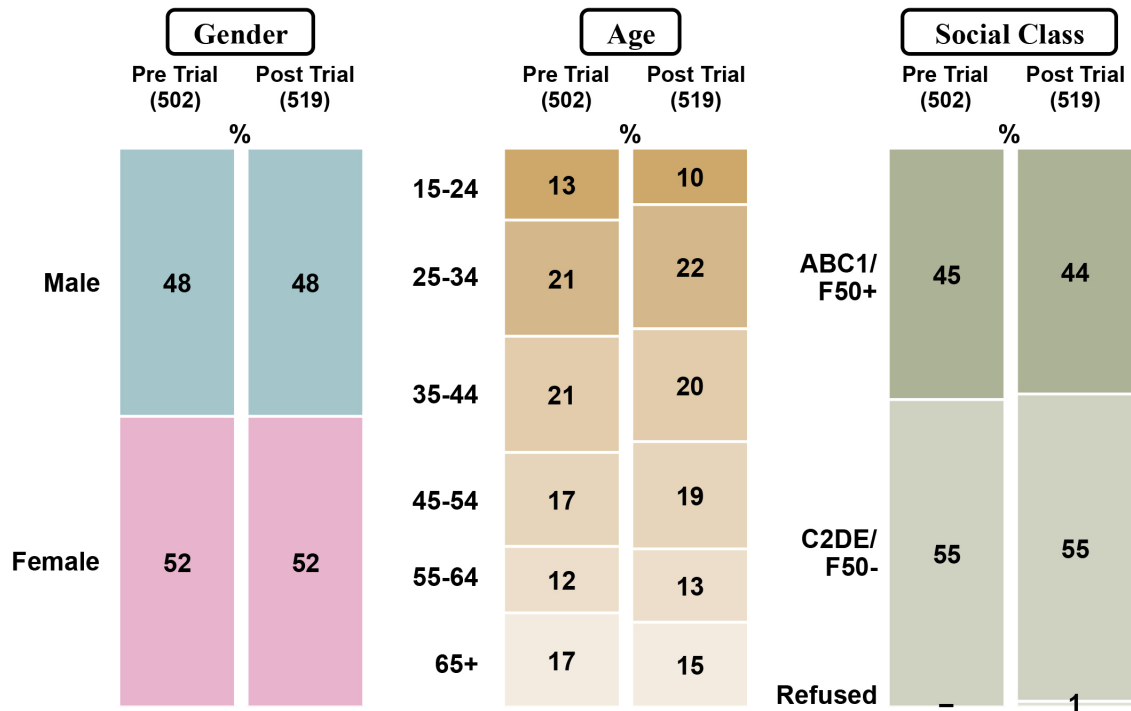
1c and 2c coin usage

As mentioned above, the consumer sample was set to be representative of the Wexford Town population. Based

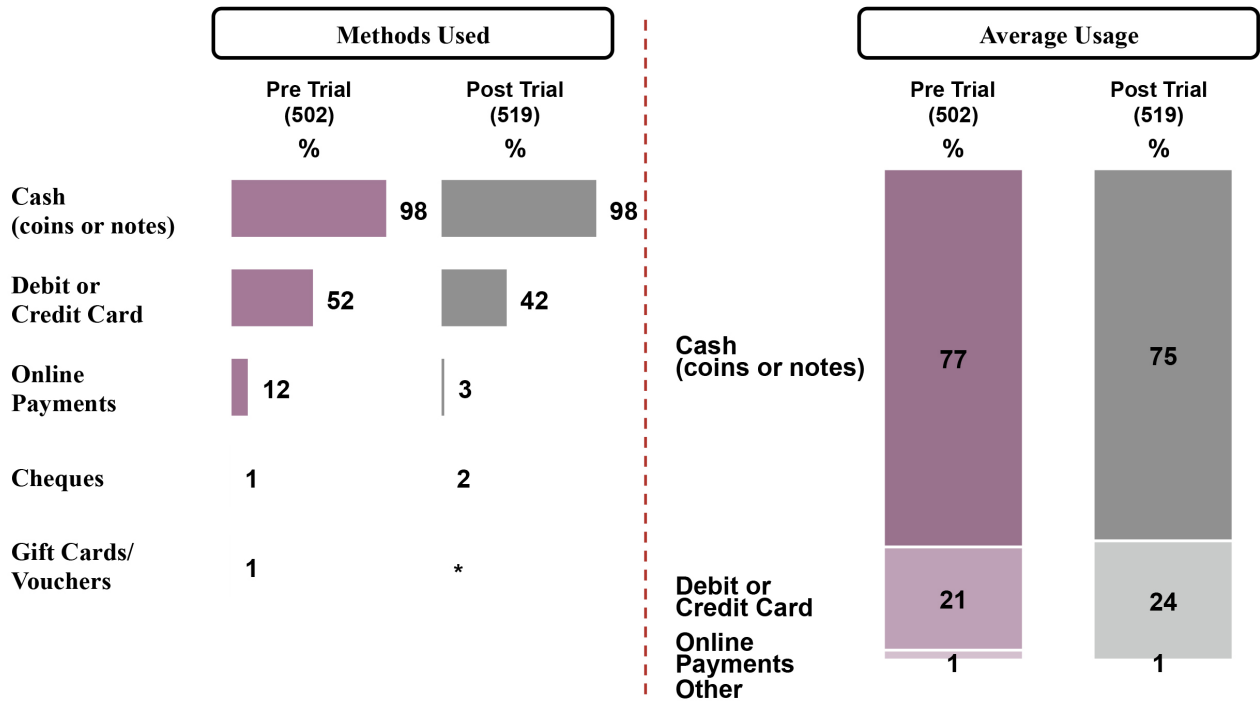
on the CSO figures, this population has been reflected in the research and can be seen below.

Graph 3: Sample profile pre and post Trial

Sample Profile – graph 3



Method of Payment Used – graph 4

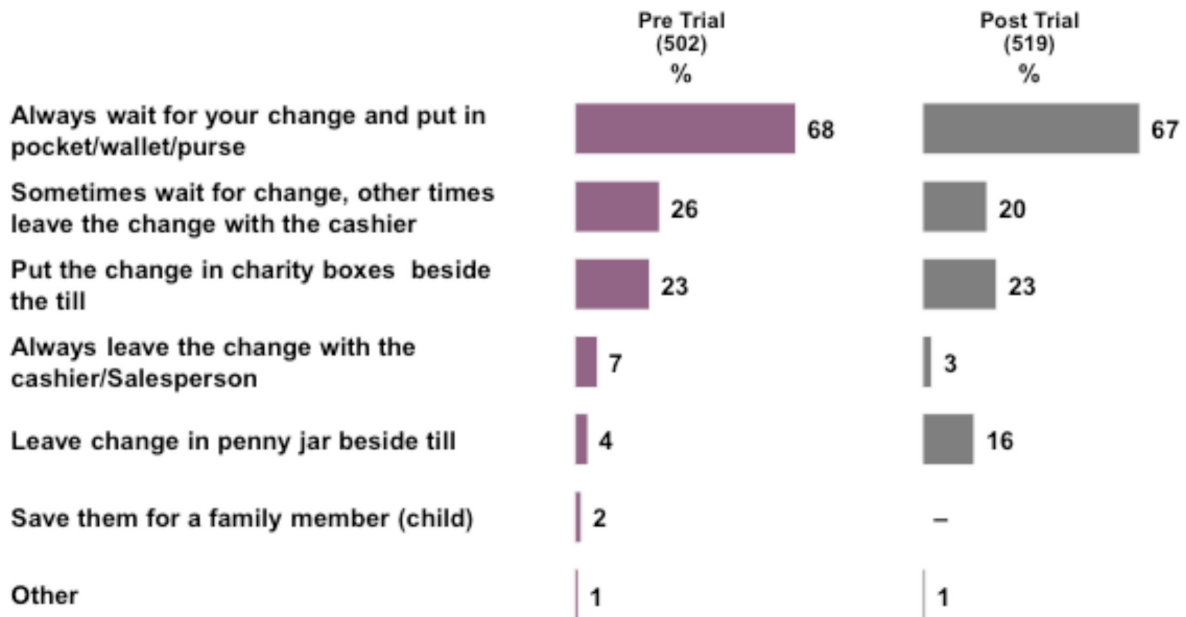


Overall the research shows that cash usage is almost ubiquitous in Wexford Town and accounts for a large percentage of payments overall.

Debit and credit cards were used in approximately 20% of transactions while online payments and others play little role currently.

Actions When 1c/2c Coins are Received

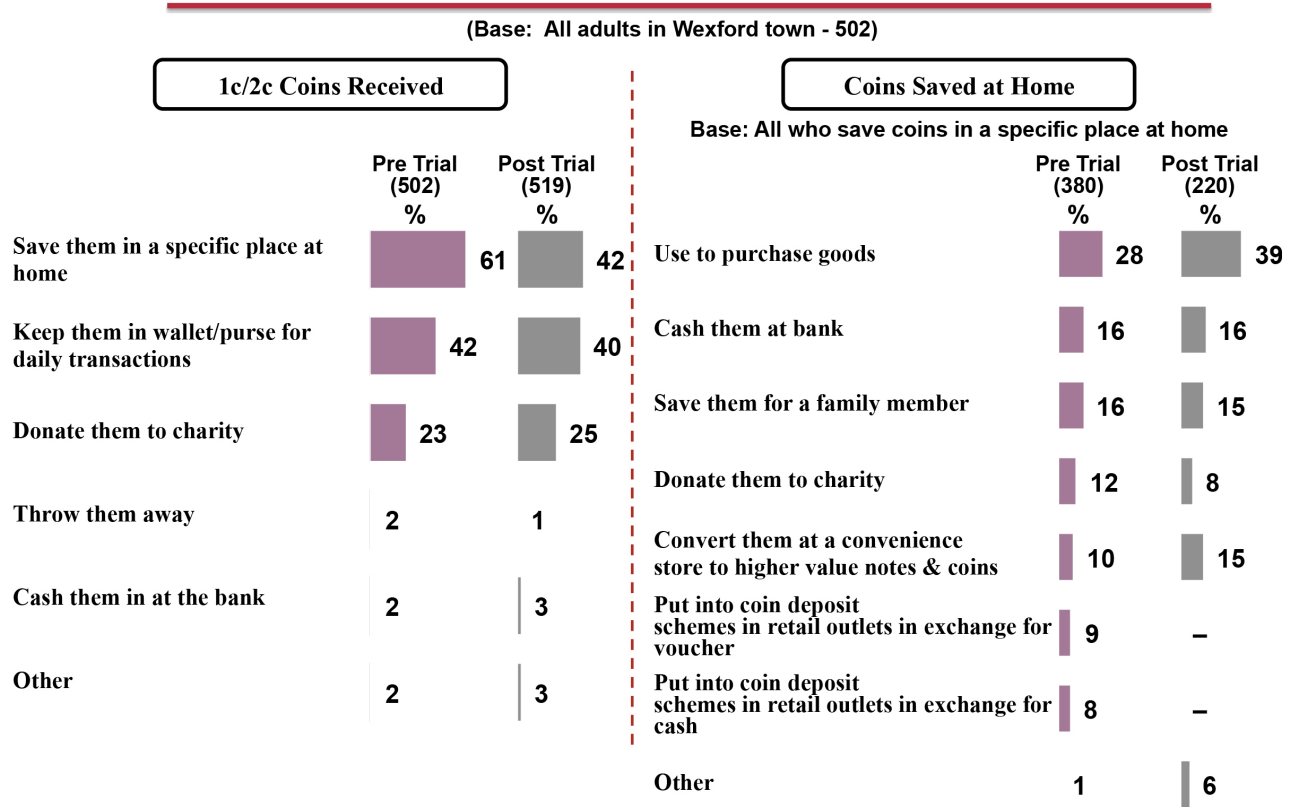
(Base: All adults in Wexford town - 502)



When residents receive 1c and 2c coins in store, over two thirds say they put them in their pocket/purse/wallet. One in five would often leave their change with the cashier while nearly one in

four put their change into a charity box at the till. This suggests that nearly one third of Wexford adults do not wait for their change and instead chose one of the other options mentioned below.

Uses for 1c/2c Coins



When asked about the 1c and 2c coins they have at home, many Wexford Town residents say they keep them for daily transactions, or donate them to charity, while the majority save them in a specific place at home. When asked what they do with these coins subsequently, just less than four in ten said they then use them to purchase goods. One in six cash them in at the bank while another 15% convert them at a convenience store.

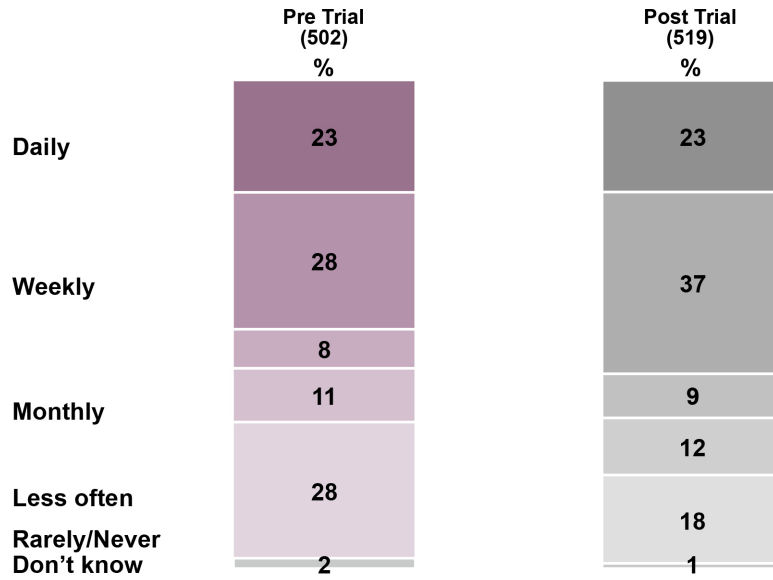
While four in ten say they will use the 1c and 2c coins at home to purchase goods, only one in four actually use the coins on a daily basis while another 37% use them on a weekly basis. Nearly one in five said they rarely or never use 1c

or 2c coins. This has dropped by ten percentage points since the pre-Trial research suggesting the Trial may have prompted residents to make better use of their 1c and 2c coins, perhaps to show that they are still necessary or alternatively to get rid of them anticipating rounding will be introduced nationally. It could also be the case that people were thinking about 1c and 2c coins during the Rounding Trial more than they normally would. However, this is not completely clear from the research. The focus groups did not shed any additional light on this finding as participants did not report a change in behaviour. They generally felt that 1c and 2c coins were not valuable or useful as a payment method.

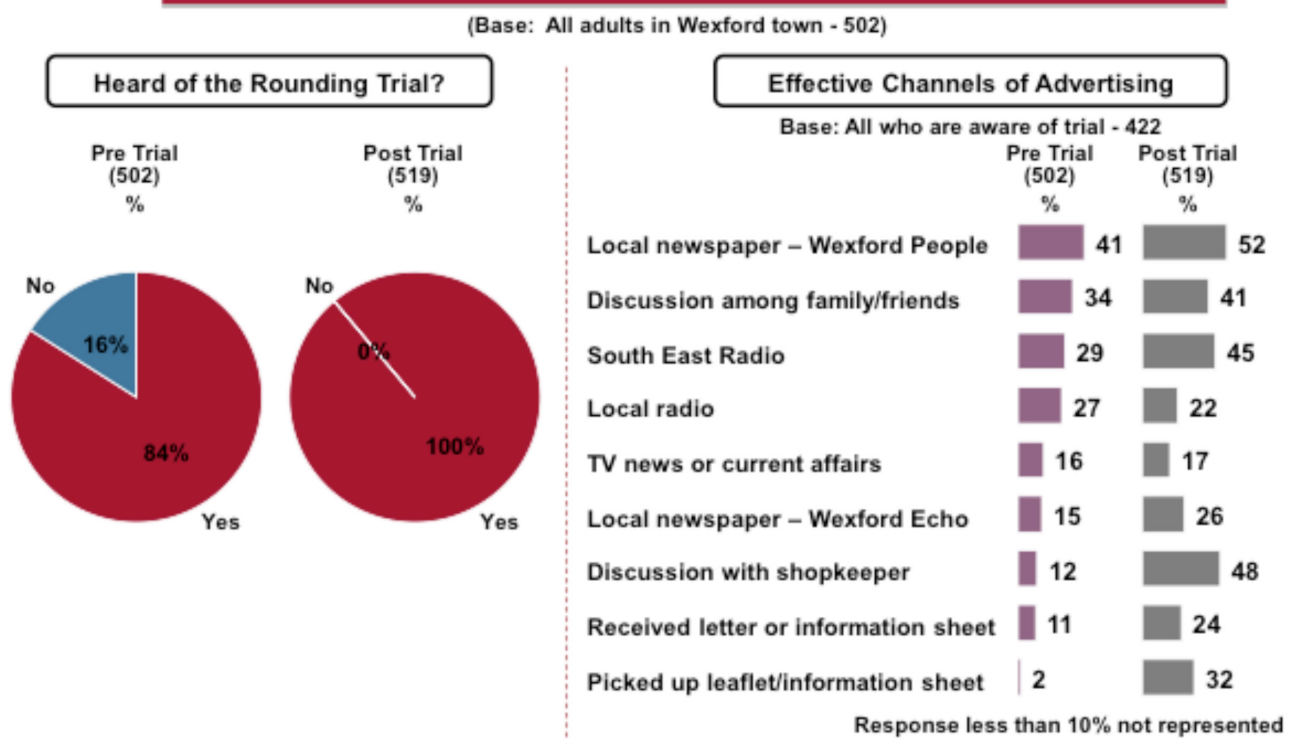
Graph 7: Frequency of using 1c and 2c coins

Using 1/2c Coins as Part of Daily Transactions – graph 7

(Base: All adults in Wexford town - 502)



Rounding Trial Awareness



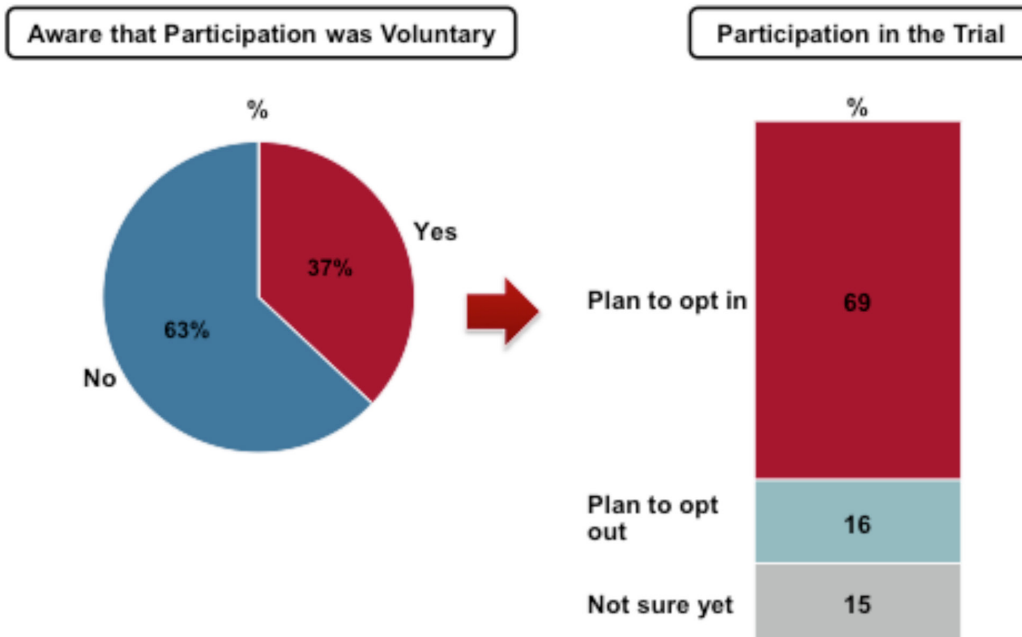
Trial Awareness, Understanding and Participation

All residents were aware of the Trial by the end of the nine week period. The most popular sources for information were the Wexford People newspaper, South East Radio and word of mouth among family/friends and shopkeepers. The majority of post-Trial

respondents said this information was very clear (79%) or somewhat clear (16%) and nearly all said they understood the rounding concept (86% said they understood 'fully' while 11% had understood 'somewhat').

Expected Participation

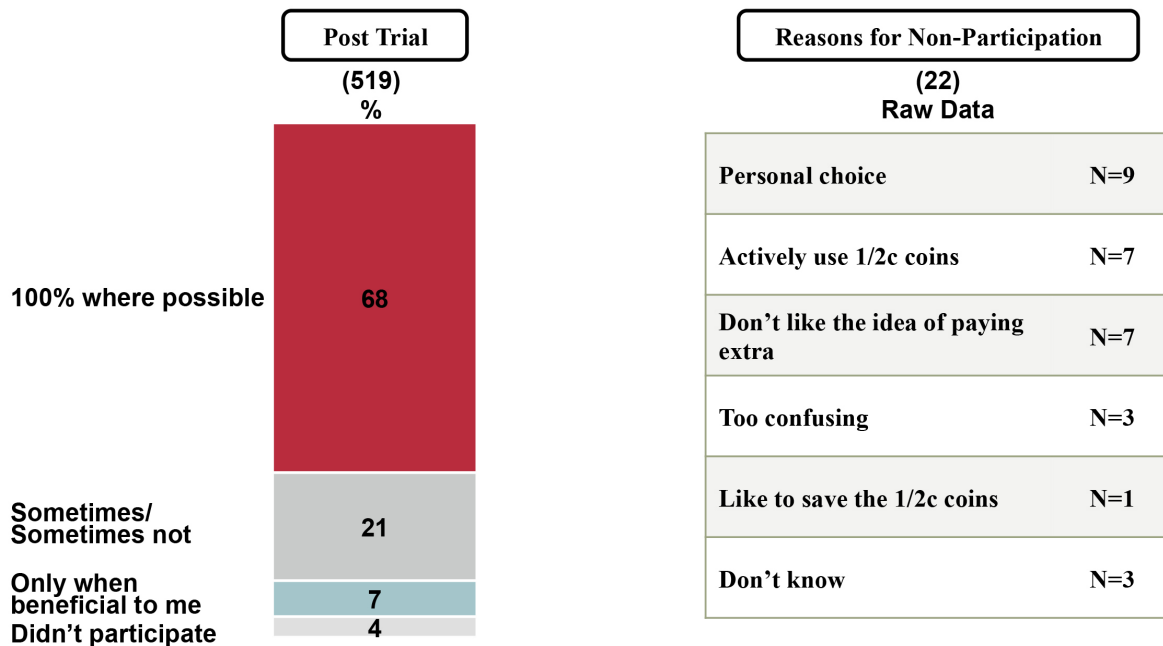
(Base: All adults in Wexford town - 502)



Prior to the Trial, only 37% were aware that participation was voluntary. This led to some initial confusion and uncertainty although clearly this became less of an issue throughout the Trial. Of those who were aware, based on the information they had received, seven in ten planned to take part, while one in six planned to opt out.

Participation in the Trial – Post Trial

(Base: All adults in Wexford town - 502)

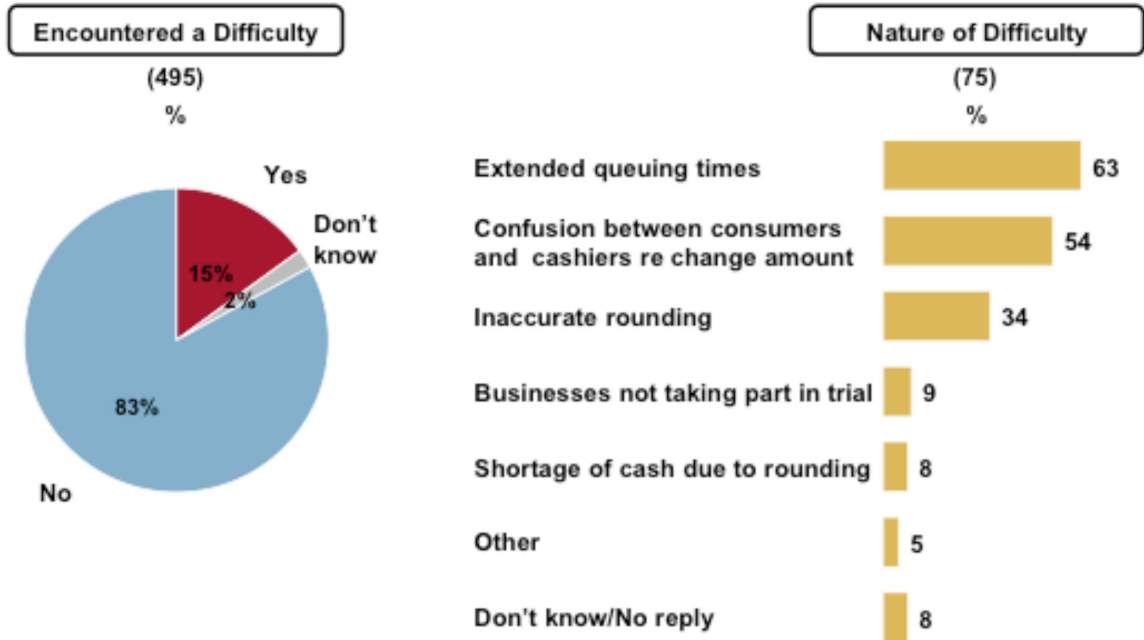


Two-thirds took part in the Trial whenever possible while another one in five took part sometimes. Due to the nature of the rounding process, it was possible to strategically take part, only doing so when prices would be rounded down rather than up. Only 7% of Wexford

residents said they did this during the Trial and suggestions from merchants support this. Just 4% (22 respondents) did not take part at all, citing personal choice, that they actively use 1c and 2c coins or that they don't like the idea of paying more.

Difficulties Encountered During Rounding Trial

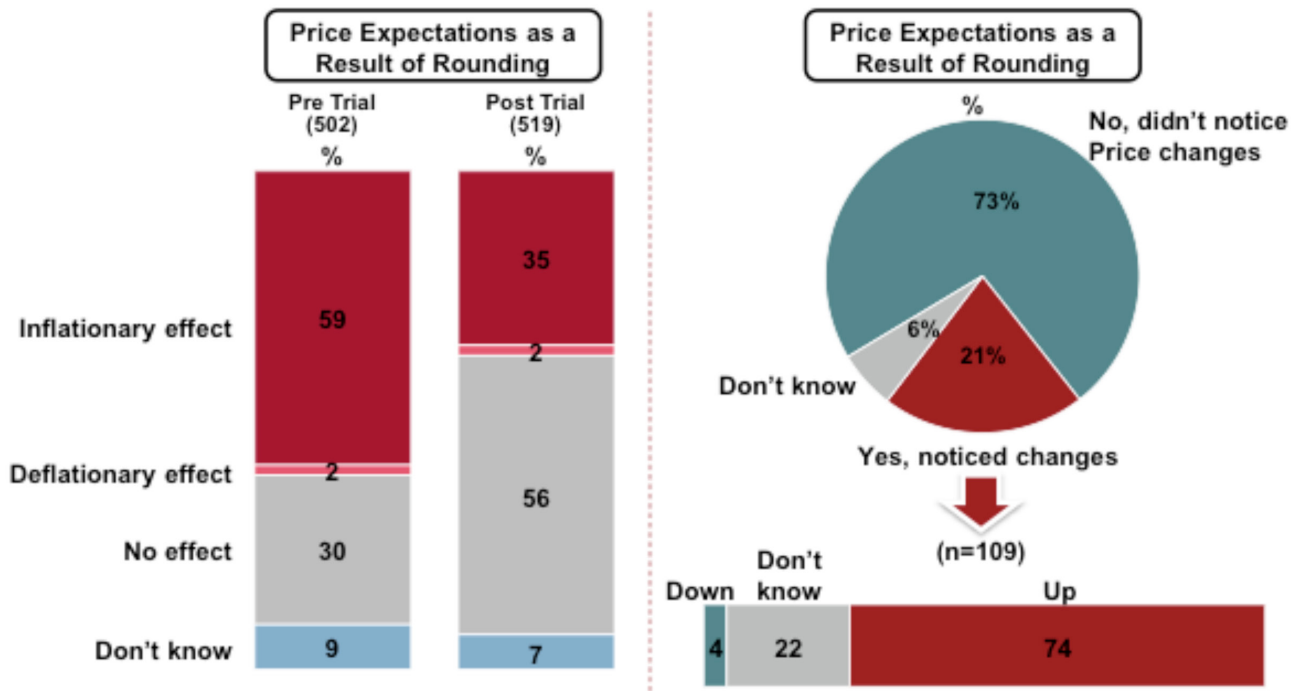
(Base: All who participated in the trial - 495)



Among those who did participate in the Trial, over eight in ten did not encounter any difficulty – many times more than those who encountered some difficulty (15%). For those who had a difficulty, this was typically due to extended

queue times, confusion between customers and cashiers and inaccurate rounding. This finding suggests that issues arose through a lack of understanding at the time of purchase rather than with the rounding concept per se.

Expectation for Impact on Price (Pre) and Subsequent (Post)



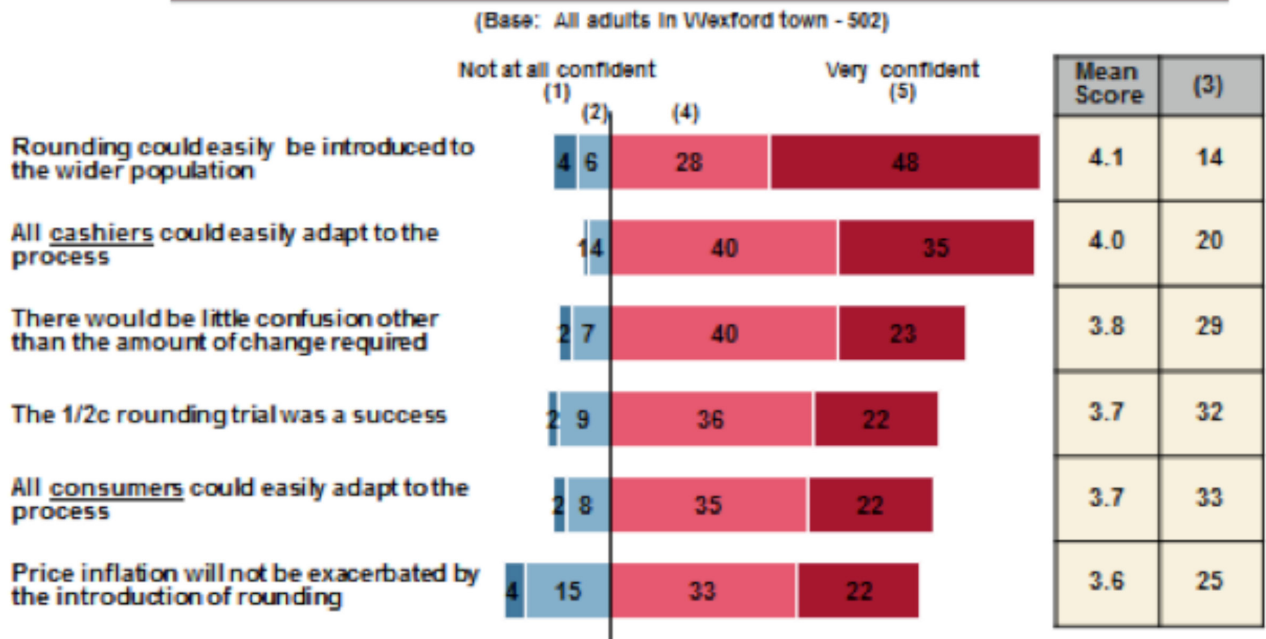
Impact of Trial on Attitudes to Rounding

Nearly six in ten Wexford adults originally expected the Rounding Trial to have an inflationary effect on prices. This perception changed by the end of the Trial when the comparative figure had fallen to just over one in three. When asked if they had noticed prices changing in the participating stores, just one in five said they noticed a difference and three quarters of these said prices went up. It should be noted that this sub-sample represents just 15% of all participants so the numbers of those claiming to notice an increase is low relative to

the number of those who originally expected an inflationary effect.

However, insights from the qualitative research suggest that while prices did not change during the Trial due to rounding, the perception was that introducing rounding on a national basis would lead retailers to round up their prices. Consumers felt retailers did not see the value in changing the prices for the short nine week period but could do so if rounding was introduced on a permanent basis.

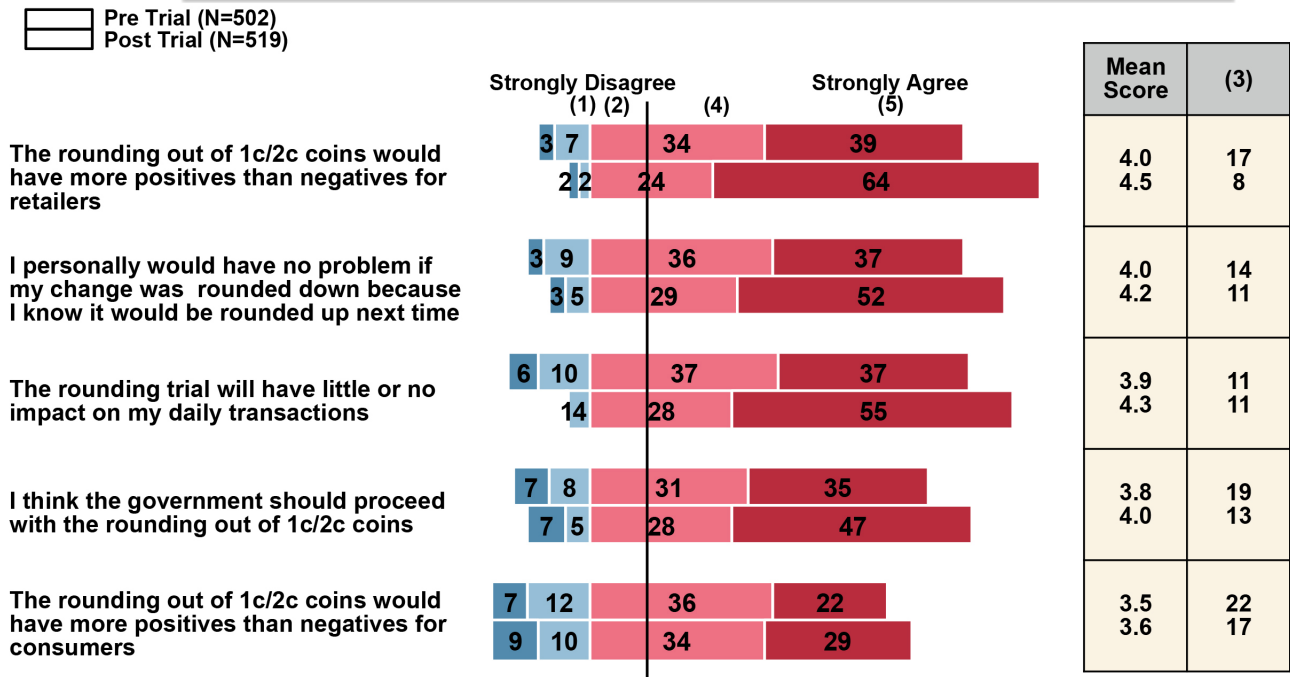
Confidence in Aspects of Rounding Trial – Post Trial



When asked about the general success or failure of the Rounding Trial, a majority – almost six in ten said it was a success, and a further one third were unsure. While this figure shows that some improvements could have been made to the implementation of the Rounding Trial, it is more important to

note that the majority of Wexford residents felt that rounding could easily be introduced to the population, and adopted by merchants and consumers alike. In addition, over half (55%) agreed that price inflation would not be exacerbated by the introduction of rounding while another quarter were unsure.

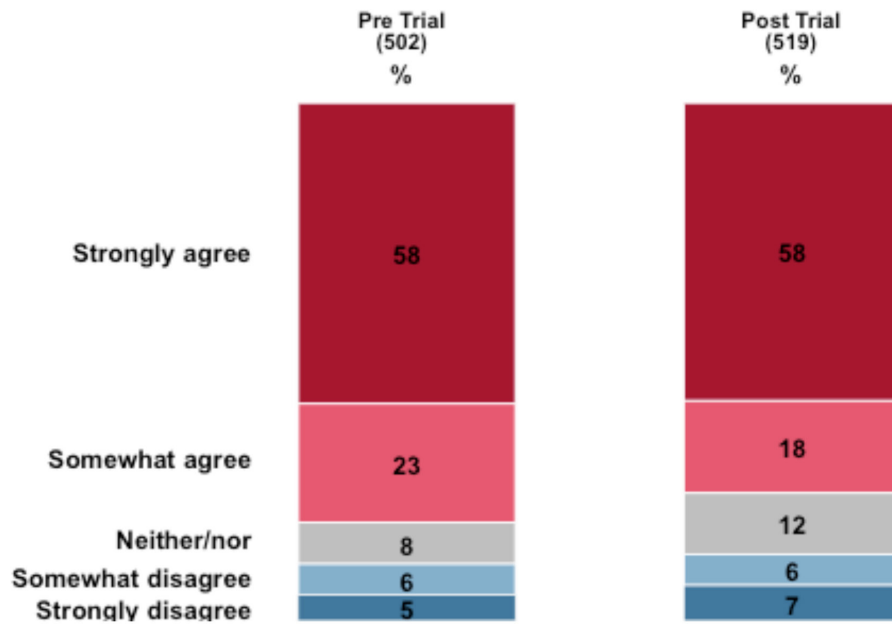
Rounding Perceptions



Comparing similar statements which were put to consumers both before and after the Trial, the research findings suggest that the reality of the Rounding Trial improved attitudes towards rounding in general. Graph 14 highlights increases across the board on key metrics. Most funda-

mentally here (and similar to graph 13 above) we can see that three quarters of Wexford Town residents think the government should proceed with the rounding out of 1c and 2c coins nationally, while 83% agree that rounding would have little impact on them.

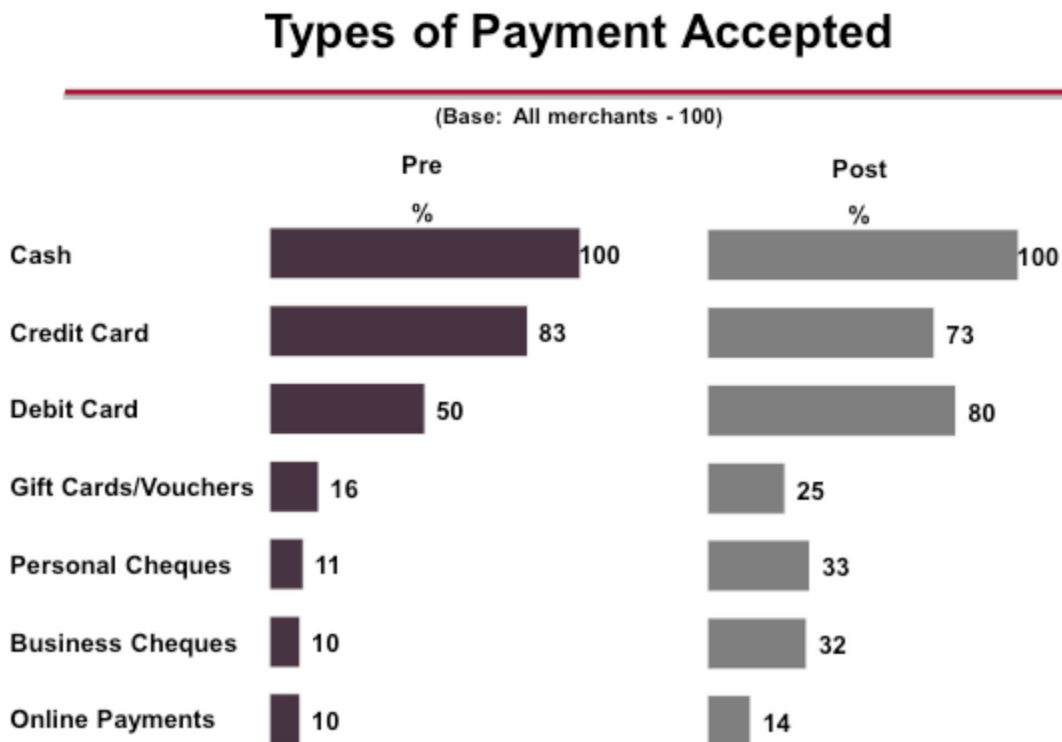
Rounding Should be Applied Nationwide



In order to minimise any impact of surrounding statements, survey participants were asked outright if they agree that rounding should be applied nationwide. Similar to the pre-Trial research, the vast majority of Wexford Town residents agreed (76% either strongly or somewhat agreed), although this reduced slightly relative to pre-Trial results.

Finally, respondents were asked if the Trial had any impact on Wexford Town. Nearly six in ten (58%) felt it had a positive effect while nearly four in ten (37%) felt it had no impact. Just 5% of those surveyed felt the Trial had negative repercussions for the town.

Graph 16: Types of payments accepted



Research Findings – Merchants

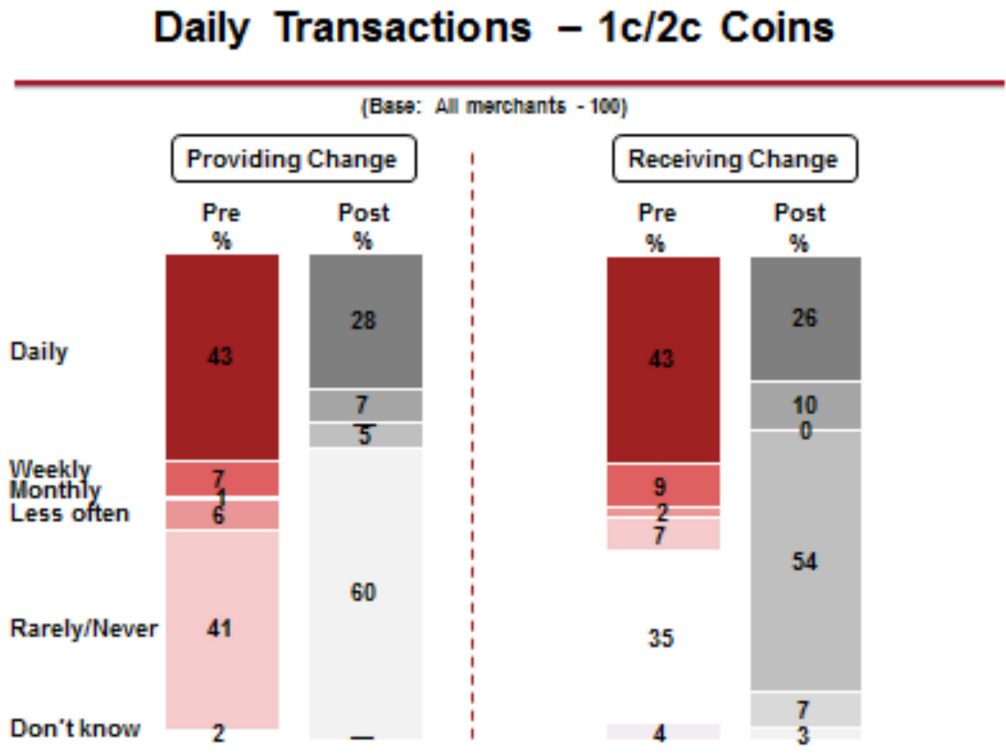
1c and 2c coin Usage

All of the interviewed merchants accept cash as a form of payment while a significant percentage also accept debit and credit cards. These were also the most common payment types reflecting the consumer findings. While the consumer research did not reveal any difference in payment methods utilised during the Trial, graph 16 indicates

that merchants were accepting a greater variety of payment methods, with more accepting gift cards/vouchers and cheques.

The qualitative research did not shed any further light on this finding as none of them mentioned a change in payment methods they accepted.

Graph 17: Frequency of dealing with 1c and 2c coins

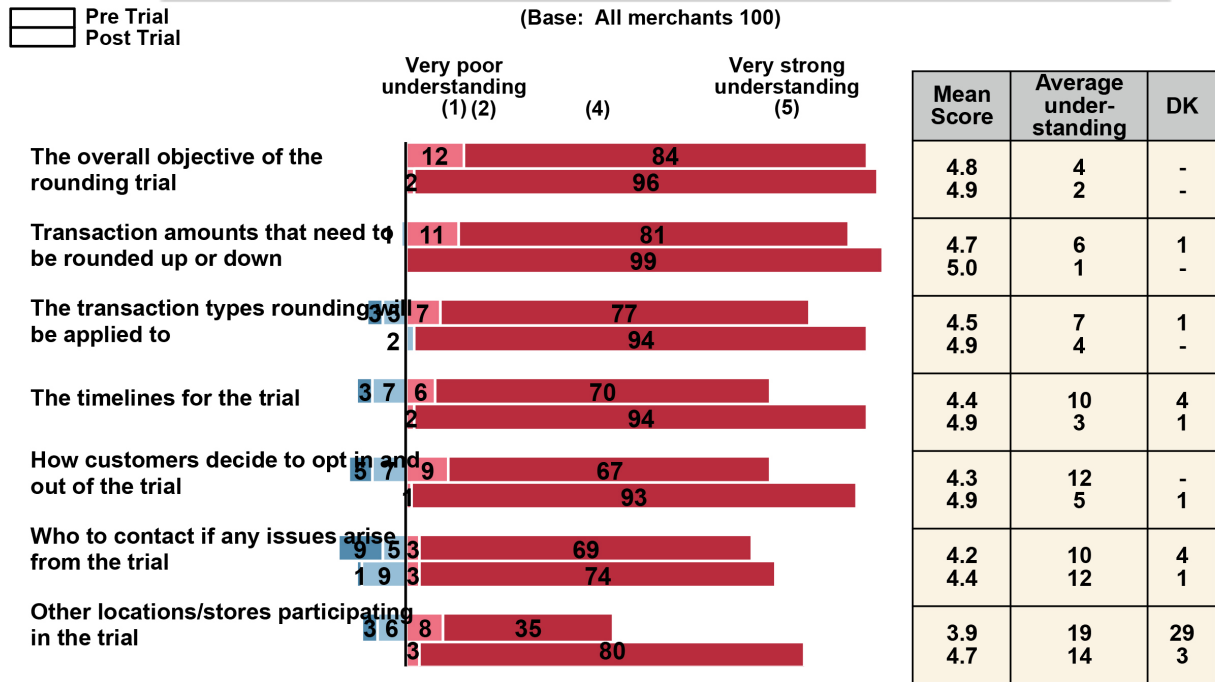


Nearly three in ten merchants said they were still giving out 1c and 2c coins on a daily basis during the Trial while six in ten said they rarely/never gave them out (up from 41% pre-Trial). However, the number of merchants saying they were receiving these coins on a daily basis decreased significantly (from 43% to 26%), contradicting consumer feedback. Based on this, consum-

ers may have over-estimated their 1c and 2c usage during the Trial due to increased attention towards these denominations.

Findings from the merchant in-depth interviews did not highlight any such fall in usage but equally these merchants did not notice a particular increase, instead saying usage had remained constant.

Understanding of Rounding Trial – graph 18

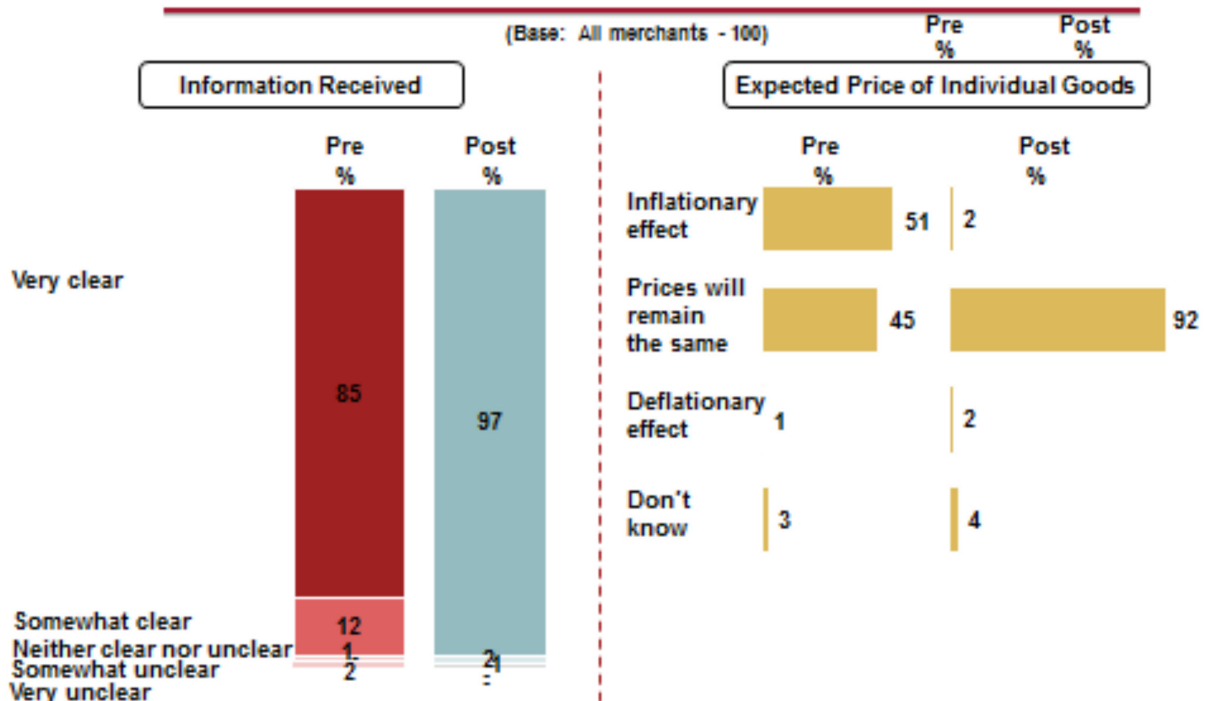


Trial Understanding

Merchants who took part in the Rounding Trial had a good understanding prior to launch and felt that this was maintained and strengthened through interactions with customers. There was still some uncertainty surrounding who to contact for information and what other stores were taking part. It would be important then to make sure contact details are clear if rounding is to be rolled out on a national basis.

This was reflected in the in-depth interviews as merchants felt they had a good understanding of the concept, although they were uncertain about certain specifics, e.g. who to contact if they had follow up queries or issues. Based on post-Trial interviews however they do not feel that they would need this service to a great extent but expect support to be available.

1c/2c Coins Transactions

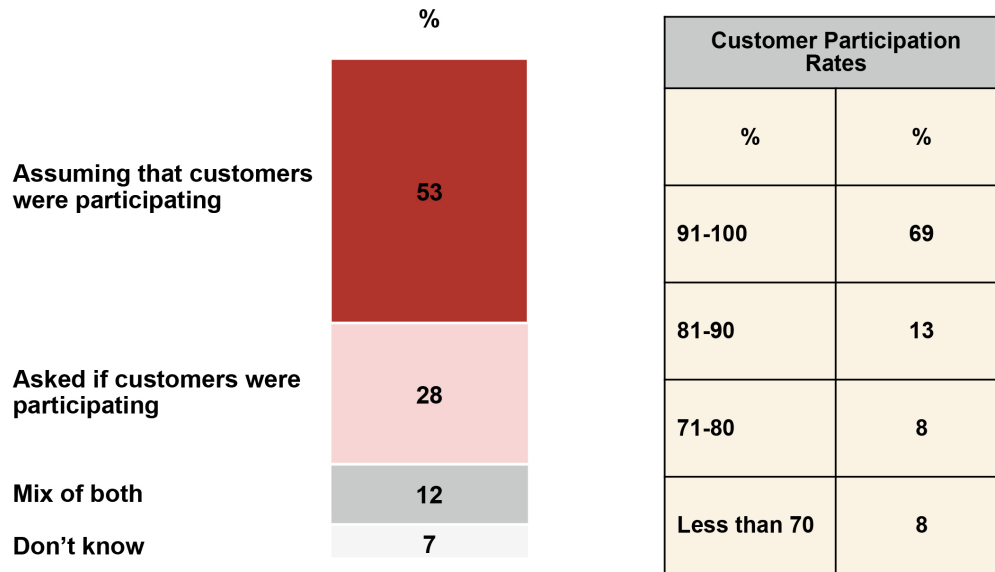


Merchants were virtually unanimous (97%) that the information they received prior to the launch was 'very clear'. Graph 19 also shows an interesting shift in attitudes in relation to the effect of rounding on prices. While half (51%) originally felt rounding would have an inflationary effect on prices, this subsequently dropped to just 2% post Trial as nine in ten said prices would not change.

The qualitative research contradicted this somewhat as merchants considered changing the prices to the nearest euro or 5 cent, which would typically reflect an increase in prices. However, they do note the psychological benefits of the 99 cent price point and so many of them had yet to make a definitive decision in this regard.

Staff reaction to Rounding Trial – graph 20

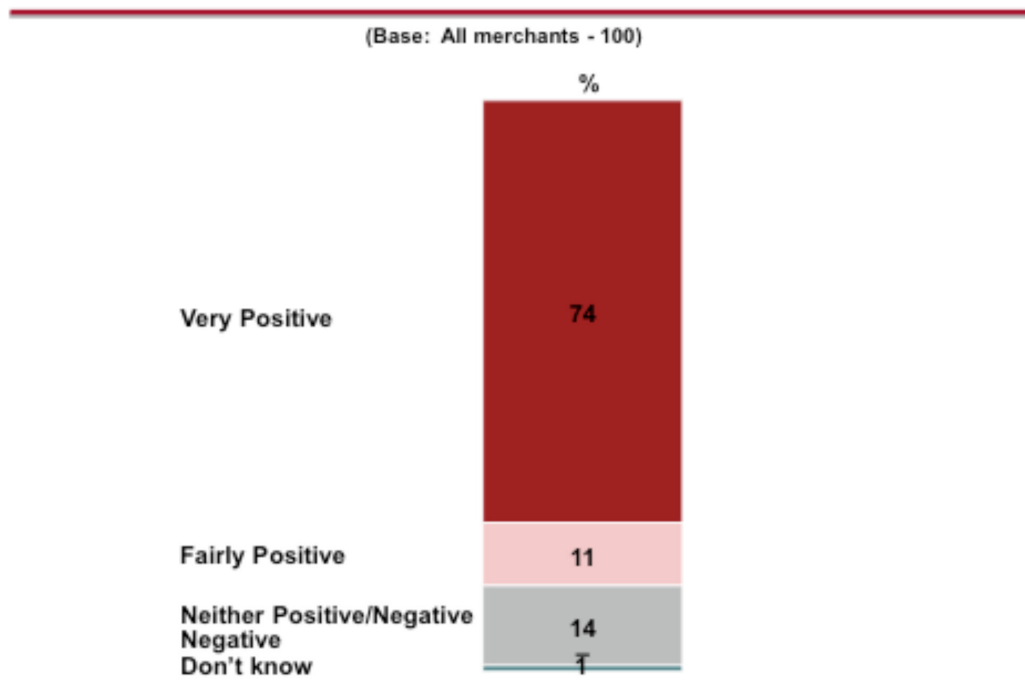
(Base: All merchants - 100)



The staff in participating stores took a mixed approach to their engagement with customers when it came to the Rounding Trial. While just over half assumed that customers were taking part, a third asked customers before looking for payment. This may have caused some of the difficulties for

consumers seen above as they had differing experiences in different stores. Over six in ten merchants said between 91-100% of their customers took part in the Trial in store while only 9% of merchants said less than 70% of their customers took part.

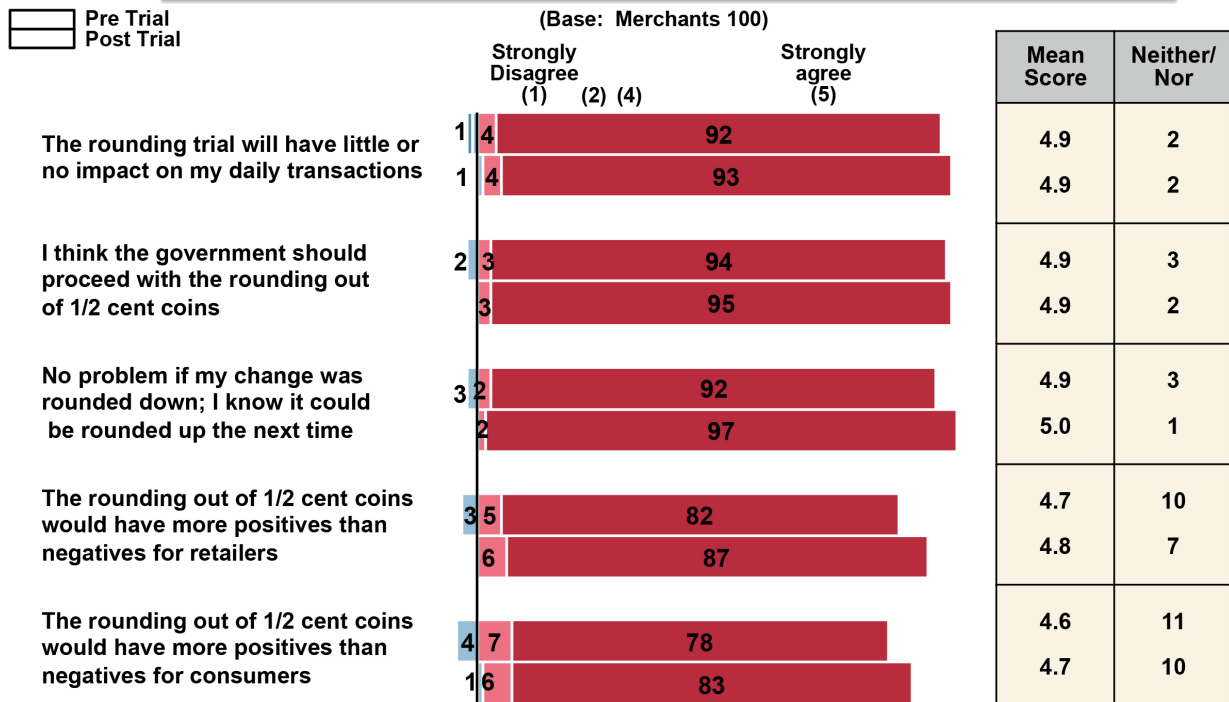
Customer Perception of Trial



Developing this further, merchants felt customers were very positive (74%) or fairly positive (11%) about the Trial – 85% in total. This was reflected in the in-depth interviews as merchants reported few difficulties or issues in the

main, with just a small number of customers having difficulty (as reflected in the consumer findings) although they expected this to be the case in the early stages as people became comfortable and familiar with the process.

Opinions Towards Rounding – graph 22



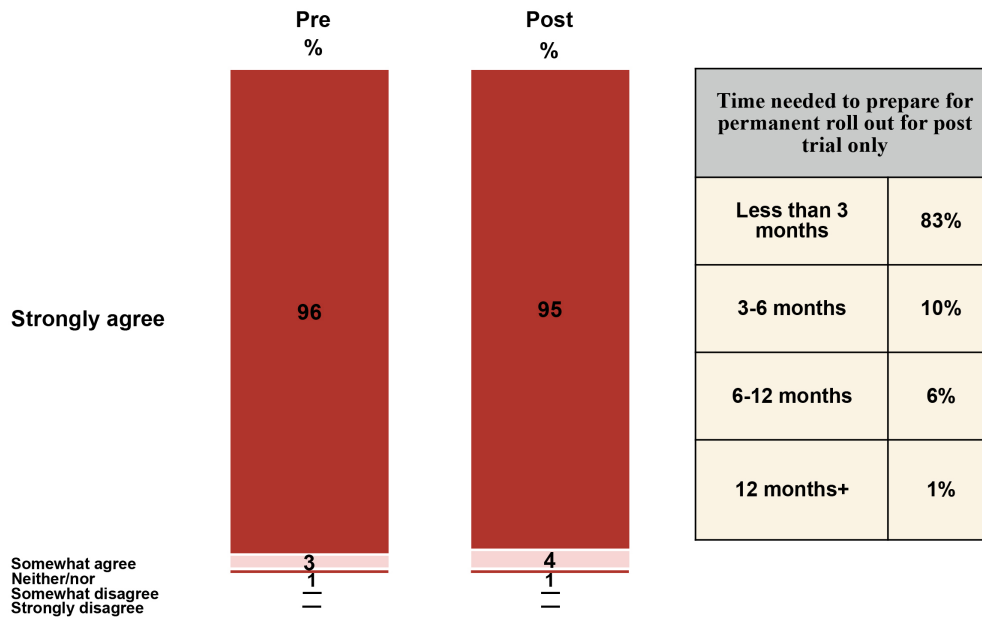
Impact of Trial on attitudes to rounding

Merchants were asked both pre and post the Trial how much they agreed with certain statements. This data shows that attitudes are generally very positive towards the concept of round-

ing and have clearly improved over the course of the Trial. Most significantly, we can see that nearly all merchants think the rounding out of 1c and 2c coins should be implemented nationally.

Rounding Should be Applied Nationwide

(Base: All merchants - 100)



This point was probed again as a separate question and it was again found that the majority agree that rounding should be applied nationwide. The research also shows that over eight in ten merchants feel they could prepare adequately in a three month period, although in-depth interviews with larger providers and retailers indicate that they would need more

time to update systems across stores. Similar to the consumer reaction, a large proportion (61%) felt the Trial had a positive impact on Wexford Town although three in ten felt it made no impact. The merchant experiences of the Trial did nothing to undermine their belief in the concept or its rollout nationally.

Mystery Shopping Findings

Due to the restricted number of grocery shops participating in the Rounding Trial and to differentiate the range of products a further selection of three unique stores was included in the mystery shops. Items were selected for each of these stores and purchased both pre-trial and during the final week.

Where possible, all eight products were purchased in each store. Where certain products were not available, the closest competitor brands/sizes were purchased to be matched with the same product in the second mystery shop conducted nine weeks later before the Trial finished.

The same list of stores and products was used as the basis for the mystery shopping before and at the end of the trial so that comparisons could be made without any additional variables.

No evidence from any of the mystery shops suggested that the Rounding Trial had a direct inflationary effect on the price of goods. The individual price of goods purchased only changed in two of the eight stores, and in these stores only for a minority of the goods tracked. As such of the 53 goods that were tracked, 50 showed no change over the time period selected. Of the three that changed two showed increases, while one showed a reduction.

Store 1:

Mars bar was 70 cent on 11/09/2013 and 85 cent on 14/11/2013
Sugar was 75 cent on 11/09/2013 and 77 cent on 14/11/2013

Store 2:

Tea Bags were €3.39 on 11/09/2013 and €3.19 on 14/11/2013

Apart from the three products listed above, there was no record of other items changing in price during the course of the Rounding Trial. For those products not available to purchase in the second wave of shopping the mystery shoppers noted that price tags on the shelves where required items were out of stock had not changed since the first wave of shopping.

The above changes do not show evidence of inflation due to rounding as in no case does the price change from a price that is not a multiple of 5 cent to one that is. Instead these prices seem to reflect normal price changes over time for certain stores and products and these price changes appear not to be have been influenced by the Rounding Trial.

Conclusions

Overall the results of the research indicate strong positive support for the introduction of rounding nationwide both prior to and after the Trial among consumers and merchants in Wexford Town. However, it could be noted that while support is high (three quarters of consumers support rounding while nearly all merchants think it is a good idea) this attitude did not change as a result of the Trial – but neither did the reality of the Trial and rounding undermine their faith in the concept.

On review of the underlying data and qualitative methods, it is apparent that the rounding of 1c and 2c coins will create some issues and concerns for both consumers and merchants, which will need to be addressed in the event of a national rollout framework. Some of these issues are outlined below:

Consumers:

- Concerns that this will have a greater impact on certain members of society over others, e.g. elderly people and those who are less well off.
- Concerns that this will reduce the amount of funding received by charitable organisations.
- Concerns that merchants will increase prices from a 99c price point to the nearest euro.

Merchants:

- Concerns over consumer reaction – customer seen as having the final word on whether or not this goes ahead.
- Lack of certainty surrounding accounts and reporting (particularly among larger retailers).
- Fears that new cash registers/software would be required.
- The time needed to implement necessary software/hardware updates and staff training (particularly among larger retailers).

One of the main concerns mentioned throughout the research (both above in the data and through the qualitative research) was in relation to inflation. In this respect the Trial and experience of rounding suggests that the majority of consumers and merchants did not notice an inflationary effect. This is further supported by the price changes in the mystery shopping section, as the small number of price changes does not appear to have arisen as a direct result of rounding.

However, a Rounding Trial of this nature may not accurately reflect the likely future outcome. Within the qualitative research, both consumers and merchants felt that if rounding were introduced nationally that prices would move to the nearest 5 cent or euro point. It is difficult to say whether or not that would be the case based on the data collected.

However, while consumers and merchants recognise and are cognisant of these potential issues, they fundamentally believe that rounding should be implemented nationally. 1c and 2c coins are seen to be of little value for the majority of people. It is clear that should rounding go ahead, a significant communications effort will need to be made for consumers and merchants to feel comfortable with the concept.

Appendices