




Ofgem Proposals Omnibus Research

February 2012



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- Commissioned by ScottishPower
 - Conducted by YouGov via their GB omnibus, 13th – 16th January 2012
 - The omnibus sample size was **2,061** – however, 18% were screened out as they were not responsible for their household energy bills
 - The final sample size upon which the results are based was **1,727 (unweighted)**
 - The survey looked at general attitudes to the energy sector as well as an exploration of Ofgem's proposals. In particular, **six** specific areas were researched, the results of which are detailed below.
 - All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2061 adults. Fieldwork was undertaken between 13th - 16th January 2012 . The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).



Key Findings



- Of those responsible for their household energy bills, half were in favour of the proposals, but only 8% agreed strongly with the statement “Overall, I am in favour of the proposed changes” when presented with the Ofgem core proposals.
- **Positive view** - *Ofgem proposals will improve comparability between energy suppliers and their different offers and therefore will empower the consumer.*
- **Negative View** – *General scepticism that the Ofgem proposals will change anything because the organisation is not viewed as having the power to implement change.*
- Evidence that consumers **do** expect discounts in retail markets
- Evidence that consumers are **aware of and receive discounts** in the Energy market, particularly for dual fuel and paperless billing
- Evidence that change is required within the energy market



Key Findings – Specific Proposals



- Of the six specific proposed changes researched, none received “overwhelming” support
- No automatic product rollovers at the end of a **non-standard tariff** – customers would explicitly choose a new product, or move on to standard - 39% preferred* the proposal - only 14% much preferred it.
- All suppliers will be prohibited from combining **standard** tariff supply contracts with other goods and services, such as boiler cover – 30% preferred* the proposal compared to the current situation - only 10% much preferred it. 24% preferred** the current situation.
- All **standard** tariffs will have a compulsory standing charge. There will no longer be a no standing charge option available from any supplier – 26% preferred* the proposal compared to the current situation - only 7% much preferred it. 24% preferred** the current situation.



Key Findings – Specific Proposals




- Removal of dual fuel discounts for **standard** tariffs – 14% preferred* the proposal - only 4% much preferred it. 46% preferred** the current situation.
- All suppliers will be prohibited from offering discounts on standard tariffs – 19% preferred* the proposal - only 5% much preferred it. 43% preferred** the current situation.
- No price increases or other adverse variations on **non-standard tariffs** during a fixed term period, unless agreed in advance as part of the terms of the contract, or the contract states that variations to the price will change automatically only when linked to variations in a published financial market, that the supplier does not control – 36% preferred* the proposal - only 10% much preferred it.
- Agreement that simplified, comparable tariffs would increase switching likelihood.

*Prefer proposal or much prefer proposal

**Prefer current situation or much prefer current situation



Key Findings – Feelings towards sector

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- Thinking about the energy market (i.e. gas and electricity) in general at the moment... Which ONE of the following BEST describes how you feel about it?
 - HEADLINE:** Almost three-quarters of respondents were very or fairly cynical about the market.

Very frustrated and cynical	32%
Fairly frustrated and cynical	42%
No opinion either way	20%
Fairly positive and upbeat	4%
Very positive and upbeat	1%
Don't know	1%

Key Findings - Discounts

- Thinking generally about purchasing goods and services or managing accounts (e.g. electricity and gas bills)... On a scale of 1 to 5 where 1 is "definitely do not expect" and 5 is "definitely do expect", to what extent, if at all, do you expect to receive each of the following discounts?
- HEADLINE:** Consumers do expect to receive discounts in retailing. All areas scored between **65-76%** four to five out of five.

	Discount for...			
	Multiple Purchases	Transacting Online/ Paperless	Loyalty/ Length of Tenure	Prompt Payment
Definitely do not expect	8%	6%	12%	11%
2	5%	4%	6%	5%
3	12%	10%	13%	14%
4	20%	21%	22%	20%
Definitely do expect	50%	55%	43%	45%
Don't know	5%	4%	4%	5%

Key Findings - Discounts

- For the following question, if you have more than one gas or electricity supplier, please think about the one that your household has most contact with. For each of the following discounts, are you aware of your supplier offering this to customers or not?
- **HEADLINE:** High awareness and receipt of the high profile discounts – dual fuel and paperless. There was moderate awareness of others. Only loyalty discounts score less than 30% awareness/ receipt.

	Discount for...					
	Dual fuel	Paperless	Online reading	Energy bundles	Loyalty/tenure	Prompt Payment
Not aware of it	16%	26%	48%	38%	64%	49%
Aware of but don't receive it	18%	18%	14%	26%	12%	13%
Receive it	53%	40%	19%	17%	6%	18%

Key Findings – Savings

- Thinking about when you were switching energy tariff/ supplier in the last year (i.e. since January 2011) and before you started looking at alternative tariffs/ suppliers (i.e. the prices they were offering)... Approximately, what level of saving, if any, were you expecting to make in your annual energy bill, ? (If you have changed your energy tariff/ supplier more than once in the last year, please think about the most recent change. If you have not changed your tariff/ supplier within the past year, please tick the relevant "not applicable")
- HEADLINE:** Excluding those who did not make a switch, around one quarter (23%) expected to save between £51 and £100. Around, one in five (17%) expected to save between £101 and £150 and one in ten (11%) did not expect to make a saving.

	Original	Rebased to exclude non- switchers
Up to £20	2%	5%
£21 to £50	6%	12%
£51 to £100	11%	23%
£101 to £150	8%	17%
£151 to £200	4%	8%
More than £200	2%	4%
Not applicable - I did not expect to make a saving	5%	11%
Not applicable - I have not switched tariff/ supplier in the last year	53%	
Don't know	10%	20%

Key Findings - Savings

- What level of saving, if any, in your annual energy bill would you need to justify switching to an alternative tariff/ supplier? (Only asked to those who have not switched energy suppliers in the past year)
- **HEADLINE:** Around, one in four (26%) of those who haven't switched in the past year would require a saving of between £51 and £100 to justify switching. Around one-fifth (18%) would require a saving of between £101 and £150.

Nothing	2%
Up to £20	2%
£21 to £50	9%
£51 to £100	26%
£101 to £150	18%
£151 to £200	13%
More than £200	15%
Don't know	15%

Key Findings – Overall proposals

- Thinking about the proposed changes that you have just read about... To what extent do you agree or disagree with each of the following statements?
- HEADLINE:** Two-thirds (66%) disagreed that the energy market is fine at the moment suggesting change would be welcome. However, whilst there is mixed agreement - only 50% agreed that that they favour the proposals overall - a low percentage (8%) strongly agreed. Two in five (41% - only 5% strongly) agreed that it would improve customer choice. Two in five (41% - 5% strongly) agreed that they are as engaged as the want to be with the energy market.

	Overall I am in favour of changes	Proposed changes will improve customer choice in the energy market	Changes will encourage consumers to compare prices and switch supplier more effectively	I think the energy market is fine the way it is at the moment	I am as engaged as I want to be with the energy market
Strongly agree	8%	5%	7%	1%	5%
Agree	42%	36%	39%	4%	36%
Neither agree nor disagree	31%	34%	32%	20%	38%
Disagree	4%	7%	6%	36%	9%
Strongly disagree	1%	2%	2%	30%	2%
Don't know	15%	16%	14%	8%	9%



Key Findings – Specific Proposals

For the following question we mention "standard" and "non-standard" tariffs. A standard tariff is a supply contract with no fixed end date where the supplier has the right to alter the price and a non-standard tariff is a supply contract with a specified end date and fixed terms and conditions.

Please indicate to what extent, if at all, you prefer the current situation or the proposal.

Proposal 1 - No automatic product rollovers at the end of a non-standard tariff – customers would explicitly choose a new product, or move on to standard

Current - Automatic rollovers onto the nearest equivalent product are permitted

Proposal 2 - All suppliers will be prohibited from combining standard tariff supply contracts with other goods and services, such as boiler cover (non-standard tariffs will still be permitted to do so)

Current - Suppliers can offer discounts when customers choose to buy additional products such as boiler care"

Proposal 3 - All standard tariffs will have a compulsory standing charge. There will no longer be a no standing charge option available from any supplier. (non-standard tariffs will still be permitted to do so)

Current - Options allow for standing charge or no standing charge where consumers pay two different rates for the energy used

Proposal 4 - Removal of dual fuel discounts for standard tariffs (non-standard tariffs will still be permitted to have a dual fuel discount)

Current - Standard customers can receive dual fuel discounts

Proposal 5 - All suppliers will be prohibited from offering discounts on standard tariffs (non-standard tariffs will still be permitted to receive discounts)

Current - Customers can receive discounts for certain behaviours such as transacting online and paying promptly

Proposal 6 - No price increases or other adverse variations on non-standard tariffs during a fixed term period, unless agreed in advance as part of the terms of the contract, or the contract states that variations to the price will change automatically only when linked to variations in a published financial market, that the supplier does not control.

Current - Suppliers can offer Discounted and Capped products that track Standard prices and would vary up and down accordingly in addition to Fixed price products"

Key Findings – Specific Proposals

- **HEADLINE:** None of the specific proposals received “overwhelming support”. Only “no automatic rollovers” and “no unilateral increases” scored higher than no preference. In two cases – dual fuel discounts and behavioural discounts – support was higher for the current situation.

	Proposal 1		Proposal 2		Proposal 3		Proposal 4		Proposal 5		Proposal 6	
	Rollovers		Bundles		SC/ NSC		Dual fuel		Discounts		Unilateral Increases	
Much prefer the proposal	14%		10%		7%		4%		5%		10%	
Prefer the proposal	25%	39%	20%	30%	19%	26%	10%	14%	14%	19%	27%	36%
No preference	27%		31%		30%		26%		23%		30%	
Prefer the current situation	13%		18%		16%		30%		29%		10%	
Much prefer the current situation	4%	17%	6%	24%	7%	24%	16%	46%	15%	43%	4%	14%
Don't know	17%		16%		20%		14%		15%		20%	



Key Findings – Display options

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- Ofgem has also prepared four proposals for the way tariffs are presented for comparison:

Option A: A fixed standing charge with a variable unit rate per supplier


Option B: A fixed standing charge with a variable unit rate per supplier, plus a price comparison guide

Option C: A variable standing charge and a variable unit rate per supplier

Option D: A variable standing charge and a variable unit rate per supplier, plus a price comparison guide



Key Findings – Display options

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- Please review the pricing details of all the options below and then click forward to answer a question about it. Please bear in mind that the prices included below are for illustration purposes only.
 - **HEADLINE:** Hierarchy of preference was $B > DA > C$. There was no evidence to separate options D and A.

	Option A	Option B	Option C	Option D
Ranked 1 st	22%	48%	8%	23%
Ranked 2 nd	29%	27%	20%	24%
Ranked 3 rd	26%	16%	28%	30%
Ranked 4 th	24%	9%	44%	24%
Ranked 1 st or 2 nd	51%	75%	28%	47%

Key Findings – Switching motivation

- Thinking about switching energy suppliers...To what extent do you agree or disagree with each of the following statements?
- HEADLINE:** Consumers agreed that simpler tariff comparability could lead to increased switching. However, half of respondents (51%) agreed that they were reluctant to switch as they did not expect the savings to justify the effort.

	Making tariffs easier to compare will encourage more consumers to switch energy suppliers	I would forfeit smaller, immediate gains from an energy supplier for larger rewards in the future	If a trustworthy price comparison guide is available, I would rely on that instead of comparing standing charges and unit rates	I would prefer an energy tariff in which part of the price was determined by the regulator	If I could compare prices more easily, I would be much more likely to switch supplier	I'm reluctant to switch because I don't expect to save enough money to justify the time and effort
Strongly agree	30%	11%	21%	15%	27%	14%
Agree	47%	40%	43%	39%	40%	37%
Neither agree nor disagree	14%	30%	21%	30%	22%	21%
Disagree	1%	8%	5%	5%	4%	15%
Strongly disagree	1%	2%	1%	1%	1%	7%
Don't know	7%	10%	8%	10%	6%	6%