

Consumer engagement with the energy market, information needs and perceptions of Ofgem

Findings from the Ofgem Consumer First Panel Year 4:
second workshops (held in March 2012)

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Management summary

Management summary

This round of workshops with Ofgem Consumer First Panellists was intended to help Ofgem build on earlier work to understand what information¹ and reassurances might encourage consumers to engage with the energy market, and to understand Ofgem's potential role in facilitating the provision of this information. The workshops were also used as an opportunity to understand consumer perceptions of Ofgem and its work more broadly, to feed in to future strategy development. The overall aims of this research were to:

- identify the information that should be made publicly available about different energy suppliers and the switching process that would encourage consumers to review their energy options;
- identify the best sources for consumers to access this information and examine measures that could boost confidence in these areas; and
- gauge understanding of Ofgem and examine whether its current role and activities are in line with consumer expectations, including discussion about the function of Ofgem's website.

Workshops with 96 participants were conducted in six locations across Great Britain between the 5th to 15th March 2012. This follows a previous round of workshops with the same Panel members in October – November 2011.

Engagement in the market and information needs around switching:

Attitudes in relation to the GB energy market have not moved on markedly since the previous session. Although some Panellists spontaneously mentioned the recent advertised fall in retail energy prices, very few had noticed a real difference in their bills. Panellists lack trust in suppliers: they do not think that suppliers are working hard enough in consumers' interest, and they think that suppliers don't do enough to reward consumer loyalty. Panellists applauded the recent payment made by EDF Energy (which Panellists referred to as a 'fine')² as a conclusion to an Ofgem investigation, and said they would welcome more evidence of enforcement action to ensure suppliers act in the best interest of consumers.

The overriding concern remains the price of energy: few had seen any tangible reductions in their own energy costs, and most were convinced that in the long-term, prices will continue to rise. In this context, engagement in the market was relatively unappealing, as many Panellists were convinced that no supplier is consistently offering the 'best price' in the current market (i.e. the benefits of switching are short lived, as the new supplier raises its prices shortly after the consumer has transferred to it).

We asked Panellists to discuss the steps they would take if they wanted to explore their energy options, and what information they would require at each stage and from which sources. Analysis has revealed six steps in the engagement process, represented in the image overleaf. It is important to note this is an example of a 'typical' journey but that an

¹ i.e. information beyond that provided in core customer communications such as bills, annual statements and price increase notification letters

² This is the word used by Panellists to describe the enforcement action. EDF agreed to make payments amounting to £4.5 million to help vulnerable customers with their energy bills in place of a penalty package

individual might go through the steps in a different order, revisit some steps multiple times, or drop out of the process without reaching the end³.

Before consumers even begin this journey however, they must overcome three key barriers:

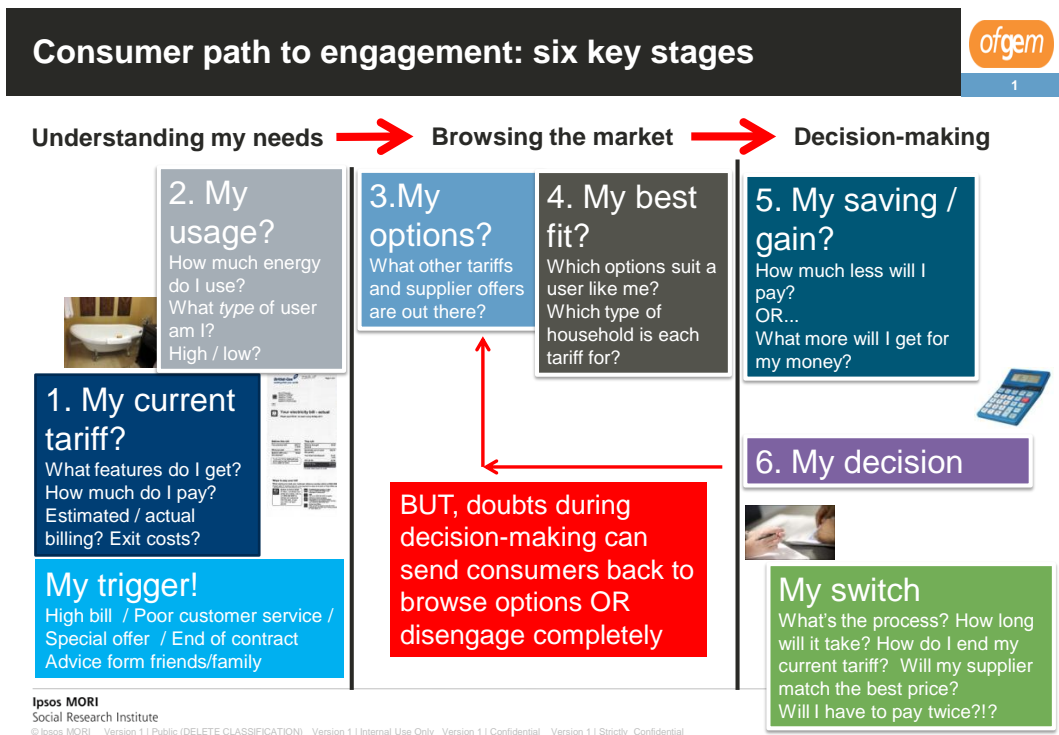
- **Is it worth it?** There is a widespread perception that reviewing energy options is a time consuming and complicated process, and that it is not a priority in their busy lives. In order to consider engaging, consumers must have a reason to believe that switching could lead to the kind of benefit (financial saving or improved customer service) that will justify this investment of their time and effort.
- **I don't understand what's on offer?** The number of tariffs on offer, their pricing structure and the language used to describe them (which is seen as not consumer-friendly) all contribute to the perception that the market is too complicated for the average consumer to understand. Panellists said that they would need reassurances that trustworthy sources of information are available and that bespoke advice can be easily accessed when necessary so that they can navigate their options and choose a tariff that is right for them.
- **What if it goes wrong?** Lack of information about the switching process, along with anecdotal stories of difficult switching processes led to anxiety about what could happen. Panellists were concerned about the length of time it would take to switch once the decision has been made and the potential for double-billing or loss of supply. They need to know that the process itself will be simple, short and problem free.

In addition, Panellists described needing a specific motivation or 'trigger' for engagement. Typically people would only choose to 'shop-around' if they were dissatisfied with their current supplier, although a few mentioned positive triggers for switching. The specific initial triggers for reviewing energy options that Panellists cited included:

- Receiving a high energy bill from existing supplier
- Special offers (such as free insulation) / discounts from existing or different supplier
- Experience of poor customer service with existing supplier
- Advice from friends and family
- End of existing fixed term contract

Once these three barriers outlined above have been overcome, or at least put to one side, and a decision to shop around has been 'triggered', the process outlined overleaf can begin. Unless the correct information is easily accessible at each stage, consumers may disengage, and may be so disheartened by the process that they will not re-engage in future. Indeed, Panellists with previous experience of engaging or switching often cite this as a reason for not wanting to engage in the future.

³ It should be borne in mind that a consumer following this process may decide to stick with their supplier for positive or negative reasons and therefore a lack of switching may not represent a lack of engagement with the energy market.



The information which is needed at stage one **'My current tariff'** enables consumers to make meaningful comparisons between their current tariff and alternatives. Most Panellists believe gathering information about their current tariff would not pose too great a barrier to engagement. Information that is considered relevant includes current tariff name, inclusive features / benefits, chosen payment method and payment plan and status of current personal account. All of this is perceived to be relatively easily available to consumers through bills, annual statements or communication with a current supplier.

At stage two **'My usage'**, consumers need information about their current energy usage. Many Panellists lacked awareness of their current energy usage and personal energy needs. While many tried to use 'less energy' they cannot accurately position themselves as high/medium/low users. As a result, this stage is perceived to be more difficult as it involves consumers not only attempting to access this information but understanding what it means for them and their energy options too. Suppliers could play an integral role in educating consumers around energy usage, which would in turn make this step in the process easier for consumers to navigate.

Stage three **'My options'** was considered the most difficult by Panellists, due to the complexity of the market and the number of tariffs on offer. Panellists said that the main pieces of information consumers would need to feel reassured are:

- Clear information detailing tariffs and tariff features (to ensure understanding)
- Standardised presentation of tariff information (to enable comparison, and so that the market looks and feel straightforward to engage in)
- Clear presentation of pricing structures (to measure cost savings and make comparisons)
- Customer testimonials and complaints (to assess value and quality of products)
- Clear signposting and customer guidance to help them find information.

These are similar to the reassurances which have been identified in previous research by Ofgem.

Given the difficulty of comparing energy options, consumers at this stage would seek reassurances and certainty from several sources including close friends and family, comparison services and their current supplier.

Price Comparison Services: Why more than one?

Few Panellists had personal experience of using Price Comparison Services (PCS) in the energy market. Many had used them to compare other products such as insurance, and expressed some concerns about these services which they assumed would also be true of the energy market, including:

- Whether the business model for PCSs allowed them to offer truly impartial and reliable information to consumers. Specifically in relation to the energy market, there was a perception that some suppliers are linked to certain price comparison sites, and concerns were raised where Panellists were aware that PCSs receive commission.
- Frustration that “best price” results are not consistent across all comparison sites.
- Scepticism as to whether deals advertised on PCSs are actually available once customers make contact with the supplier.

Panellists were also presented with the Confidence Code for energy PCSs which is currently run by Consumer Focus. While the clauses in the code were generally viewed positively, the very fact that such a code exists increased some Panellists scepticism about PCSs in the energy market. Many were surprised at its voluntary nature, and argued that this meant that it would need to be very heavily publicised so that consumers knew to use a PCS that abides by it. Some argued that, logically, if PCSs all abided by the code, then they should all generate the same list of tariffs for each specific consumer which would dispense with the need for more than one PCS.

General concerns about price comparison services and scepticism about the efficacy of a voluntary confidence code, combined with the overall lack of trust in the energy market, led many Panellists to the conclusion that it would be better and simpler if there were one official energy price comparison service. They felt this should be managed by an independent body, and suggested this could be a role for Ofgem, as they presumed that as a regulator Ofgem has access to the most up to date and accurate market data. ⁴

Once they have begun reviewing options, consumers may then move to Stage 4 ‘**My best fit**’. Here Panellists drew comparisons to other markets which were perceived as more ‘consumer-friendly’. They believed that in other markets it was easier to work out your ‘best fit’ due to better signposting and personalised advice. The information consumers need at this stage is outlined below, and Panellists say they would prefer to access this through a trusted independent source:

- Consumer descriptions (pen portraits) that allow consumers to identify themselves with different types of energy user i.e. low/medium/high usage, household composition, life-stage;
- Scenarios that show clearly how different tariffs suit different types of user, i.e. if you use ‘X’ amount of energy then you would be suited to ‘X’ tariff;
- Clear terms and conditions explaining any provision made in case a consumer has a change to their personal circumstances (e.g. unemployment);
- Clear terms and conditions of contract, i.e. fixed price deal (What happens at the end of my contract? Will I be rolled onto a more expensive tariff? Will I be told my fixed price deal has ended?)

⁴ This is unlikely to be due to Panel effect as we have not discussed explicitly in previous rounds of Panel workshops energy market data.

- High customer satisfaction with that particular tariff (see box on enhanced monitoring below).

Enhanced monitoring data: Useful to the most engaged

Panellists were asked whether making supplier performance and other market data accessible to consumers would help and encourage them to engage. A small number of Panellists thought that this data could be useful in choosing a tariff or supplier, particularly when presented with similarly priced tariff options. The specific data that had resonance among Panellists were:

- Customer complaint data presented in relation to market share. It was thought that this information would only be useful if collected, verified and published by an independent body to ensure it is credible and consistently reported across all suppliers.
- Customer satisfaction ratings. While some Panellists thought that this information would be useful in helping them to narrow their options at Stage 3 and 4, others worried about the potential for those who have had bad experiences to have a disproportionate effect on suppliers' ratings.
- Customer turnover (i.e. number of joiners / leavers). It was thought that this would be a particularly reliable source of information as the definitions are clear so could not be interpreted differently by different suppliers.

Other data that was seen as potentially useful in navigating the market but less important than those outlined above included average call waiting times for customers, the energy origin (i.e. % from renewable, nuclear, coal or gas generation) and profits and pay of senior managers.

It should be noted that this data would only be useful to aid informed reviews of energy options and only of interest to consumers who had already made it past the initial barriers outlined above. To be most useful, it would need to be incorporated into price comparison services and other readily available sources of information about tariffs, as Panellists noted that they would be unlikely to actively seek such data out when reviewing their options.

The fifth stage in the process '**My saving/gain**' involves working out whether the proposed financial outcome of moving to the 'best fit' tariff merits the perceived 'hassle' or switching supplier or tariff. Even though at this point consumers may have put in time and effort, they may still decide not to switch stage if the saving is considered too low to justify the 'risk' of switching supplier. They may also realise that they are currently on the most financially advantageous tariff. The key pieces of information consumers need at this stage are:

- Likely monthly / quarterly tariff costs (to allow comparison with current tariff)
- Evidence of value for money, i.e. tariff features / good customer service.

At this stage some Panellists mentioned that they would go back to their current supplier and ask them to match the deal they have found elsewhere, as they would in other tariff-based markets. Once they have sufficient information about the financial implications of different tariffs, consumers may then make a decision to switch.

Stage six '**My decision**' is where a final decision is made and where the switching process starts, if a new supplier and/or tariff have been selected. '**My switch**' only occurs if a new tariff and/or supplier are found and the benefits are seen to outweigh the potential risks associated with switching. Of course, if having considered all the options their current

supplier/tariff is seen to be best then the decision will be not to switch. For some, switching within a current supplier is a preferred option, as they presume the potential risks are fewer (and indeed, some may not even see moving between tariffs within supplier as a 'switch'). If they do decide to proceed they may then need some further information around the mechanics of the switching process and again will require reassurances about the financial implications of switching and also help and support with the process from the suppliers involved.

Ofgem's role and activities:

As a result of their mistrust in the market overall, there was a widespread view among Panellists that currently regulation of the energy market is not meeting their needs. From this, some extrapolated that Ofgem itself was not particularly effective. As price remains their primary concern, Panellists assume that Ofgem is not taking appropriate action, given the price rises consumers have been exposed to in the past few years. They also thought that Ofgem is not doing enough to simplify the market (as it is still currently very complex), in particular in relation to the number of tariffs available and pricing structures within tariffs.

Awareness of Ofgem's actual role and remit was low. Lack of understanding of the structure of the energy market meant that Panellists were not aware of economic regulation in the market. Many thought that Ofgem has a consumer-facing role; others thought that seeing it in such a role would increase their trust in it as an organisation.

Ofgem's website

Awareness of Ofgem's website and what it might contain was limited, as few had reason to visit it, and saw themselves as unlikely to do so in the future unless Ofgem was to position itself as the primary consumer advocate in the energy market. When asked to choose between future options for Ofgem's website, Panellists who were the least engaged in the market tended to favour a consumer-facing approach. They called for a lot of energy market information to be made available and for this to be presented in simple language wherever possible. Those who were more engaged thought that signposting to other websites where this information is currently available would suffice.

Useful:

- Signposting to websites of helpful organisations
- A single Ofgem run Price Comparison Service or links to those that abide by the Confidence Code
- Pen portraits of typical households and the most appropriate tariffs for them to help consumers understand their 'best fit' tariff
- A switching guide to allay fears around this process and tariff/ supplier performance data for those who would use this when reviewing their energy options.

Interesting: Information on Ofgem's current actions and impact

'Hygiene' (i.e. expected to be there): Market data such as market share and profits, corporate information (of suppliers)

However, when presented with a list of Ofgem's current organisational priorities, Panellists generally thought it was focussing on the correct areas. The protection of consumers and protection of vulnerable consumers were seen as the highest priorities by some, although most felt that all the priorities were important.

In the future, Panellists want more evidence that Ofgem is taking action in line with those priorities. Panellists thought it important that a credible independent body is visibly working

hard in their interests, and additionally that there should only be one body working in this area to avoid confusion over who is responsible for what. They wanted Ofgem to keep suppliers in check through fines and revoked licences, and for these kinds of actions to be well publicised.

Introduction

Section 1: Introduction

In March 2012, Ipsos MORI on behalf of Ofgem ran the second series of workshops of Ofgem's Consumer First Panel. Now in its fourth year, the Consumer First Panel is a deliberative forum comprising of approximately 100 consumers from around Great Britain who are chosen to be broadly representative of energy customers. The Panel meets regularly to discuss key issues affecting consumers in the energy market, and Panel membership changes at least once a year.

The focus of the second series of workshops was to understand what information and reassurances might encourage consumers to engage with the energy market, and to understand perceptions of Ofgem's role.

1.1 Background and context

The Office of Gas and Electricity Markets (Ofgem) is Great Britain's independent economic regulator for the electricity and gas markets. Ofgem's principal objective is to protect the interests of current and future energy consumers⁵. In accordance with this objective, in November 2010, Ofgem launched a review into the state of the retail energy market of Great Britain (GB). In March 2011 Ofgem put forward a series of proposals as part of this Retail Market Review (RMR). As part of these proposals, Ofgem reported in the RMR a commitment to ensuring consumers get easy access to information about their energy consumption and tariffs. Ofgem believe this will help consumers engage with the market, enable them to 'get a better deal' and ultimately ensure these markets work more effectively in the interests of consumers.

To ensure that any regulatory change would fulfil this objective, the first round of workshops with this Panel, held in late October and early November 2011, explored how key information could be improved in order to encourage consumers to review their energy options and to engage with the energy markets. These workshops focused on information presented in key customer communications such as energy bills and price rise notifications letters. In short, Panellists reported that:

- they would like to see simpler tariffs and clearer and easier to understand information from energy suppliers;
- they also want suppliers to use standardised and easily understood language; and
- they would like suppliers to improve the design and layout of their communications.

The findings form part of a wider evidence base that underpins Ofgem's on-going work to transform the GB energy market to better serve the interests of consumers by making it simpler, clearer and more competitive.

1.2 Objectives

In this context, the purpose of this round of workshops was to build on the earlier work to understand what further information⁶ and reassurances might encourage Panellists to

⁵ Wherever appropriate, Ofgem performs its functions in a manner which it considers would further this principal objective by promoting effective competition. However, before exercising its functions in this manner, Ofgem must consider whether the interests of consumers would be better protected by exercising its functions in other ways.

⁶ I.e. information beyond that provided in core customer communications such as bills, annual statements and price increase notification letters

engage with the energy market, and to understand Ofgem's potential role in facilitating the provision of this information. The workshops were also used as an opportunity to understand consumer perceptions of Ofgem and its work more broadly, to feed in to future strategy development. The overall aims of this research were to:

- to identify the information that should be made publicly available about different energy suppliers and the switching process that would encourage consumers to review their energy options;
- to identify the best sources for consumers to access this information and examine measures that could boost confidence in these areas; and
- establish understanding of Ofgem and examine whether its current role and activities are in line with consumer expectations, including discussion about the function of Ofgem's website.

1.3 Methodology

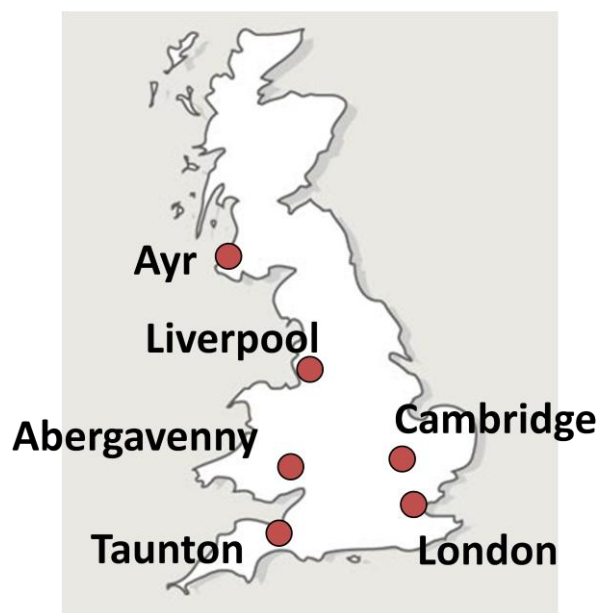
A deliberative method was considered the optimal approach to allow participants to explore these issues.

Qualitative research is particularly useful when exploring different propositions and the likely impact on behaviour, such as the role of information in encouraging and supporting market

engagement. It also allows participants the freedom to express the issues that are salient to them as they are not restricted in their thoughts by a structured questionnaire.

Six workshops of 3 hours were conducted to allow Panellists enough time to deliberate and express their views.

The stimulus used to communicate some of the proposals to Panellists and all other research materials (discussion guide and end of event questionnaire) are provided in the appendices.



1.4 Sample and recruitment

The second round of workshops involved 96 Panellists from different backgrounds across six locations in Great Britain: Abergavenny, Ayr, Cambridge, Liverpool, London, and Taunton. Panellists were recruited to comprise a broad range of energy consumers, taking into account a number of key criteria that are likely to influence views of the most salient issues. The criteria included the following recruitment variables:

- Gender
- Age
- Ethnicity
- Socio-Economic Group (SEG)
- Tenure
- Fuel poverty
- Long-term condition/disability
- Supplier
- Electricity only vs. gas and electricity
- Payment type
- Employment status
- Family status
- Urban/rural

In order to ensure Panellists reflected energy consumers in Great Britain, the sampling frame corresponded to national demographic figures derived from the Census. However in certain locations it was necessary to up-weight quotas to ensure the following groups were represented:

- **Ethnicity** – black and ethnic minorities (BME) were up-weighted to ensure that the Panel adequately represents these groups.
- **Rural/Urban** – we recruited those living in rural areas, including those living off the gas networks to ensure we could capture their views, as they can often have different experience to those living in urban environments.
- **Tenure** – we also over-represented those living in social and private rented accommodation.

Fieldwork was conducted between 5th and 15th March 2012.

1.5 Re-contact

For this Panel session, Panellists were re-contacted by Ipsos MORI. Re-contact happened by letter a few weeks prior to the event and a follow-up call by Ipsos MORI was made to confirm attendance. Participants received £50 as a ‘thank you’ for their participation in the workshop.

The Panel was initially over-recruited to take into account a dropout rate of 20%, which is a common feature of Panel research. For the second round of workshops, replacements were recruited to boost attendance to 96. Panel replacements were fully briefed by the Ipsos MORI project team to bring them up to speed with previous Panel work, ensuring continuity for the Panel.

A summary of the sample breakdown is included in the appendix.

1.5 Interpretation of findings

It is important to note that qualitative research approaches (including deliberative methods) are used to shed light on *why* people hold particular views, rather than *how many* people hold those views. This research is intended to be illustrative rather than statistically reliable and, as such, does not permit conclusions to be drawn about the *extent* to which something is happening. In the case of this study, we intended to develop an in-depth understanding of consumer views of the information and reassurances that might help encourage consumers to review their energy options, and consumer expectations of Ofgem's role and activities.

Where possible we have stated how common a particular view was amongst Panellists, but as this is qualitative research, these proportions should be considered indicative, rather than exact. As outlined in the previous Panel report⁷, Panellists can be grouped into four typologies in line with their attitude towards, and behaviour within, the GB energy market, these are: Engaged, Reactive, Passive and Disengaged (see summary box below). Throughout this report, these typologies are used to shed light on the efficacy (in terms of encouraging engagement) of ideas explored and proposals tested during the Panel workshops.

Engaged: These consumers have relatively high levels of energy literacy. They know what a tariff is, are familiar with different types of tariffs and, comparatively speaking, are confident in their ability to choose the best tariff for them (although some find their choice is not always the correct one). However, like other types of consumers, they often lack a detailed understanding of technical terms such as kWh.

Reactive: These consumers tend to switch tariffs in response to an encounter with a supplier sales agent or another trigger such as a high bill or increased direct debit payments. These consumers are typified by relatively low energy literacy, and are often vulnerable or from households on low incomes. However, they are interested in financial savings from lower prices or taking advantage of discounts or rewards.

Passive: These consumers, despite often having high levels of energy literacy, do not engage very often (if at all) with the energy market. These consumers are aware of their right to switch, but for various reasons, both positive (satisfaction with supplier, brand loyalty), negative (fear of higher prices) and situational (inability to switch due to rental agreements) do not do so.

Disengaged: These consumers perceive little price differentiation in the market, and since this is the most important factor for them in choosing a tariff, see little incentive to review their tariff options. Another barrier for this group is the perception that tariff comparisons are difficult, and this, combined with the belief that prices vary little, results in the view that the effort of switching outweighs the potential benefits. It should be noted, however, that some consumers are 'disengaged' for positive reasons, such as being satisfied with the customer service provided by their current supplier.

Verbatim comments have been included to illustrate particular viewpoints. Where this is the case, it is important to remember that the views expressed do not always represent the views

⁷<http://www.ofgem.gov.uk/Sustainability/Cp/CF/Documents1/Ofgem%20Consumer%20First%20Panel%20Year%204.pdf>

of all participants. In general, verbatim comments have been included to illustrate where there was a particular strength of feeling among participants.

1.6 Report outline

The rest of this report is structured as follows:

Section 2: Views of the GB energy market since the previous Panel – this section looks at what Panellists have heard about the GB energy market since the previous Panel, as well as providing context for findings throughout this report.

Section 3: Consumer path to engagement – discusses important issues potentially preventing engagement in the energy market and how these might be overcome. It also describes key triggers, information needs and sources along each stage of the consumer pathway to engagement.

Section 4: Views on enhanced monitoring – discusses Panellists' views about supplier performance and market data being made publicly available. It also considers the potential impact of the publication of this kind of data on consumers.

Section 5: Price comparison services – explains Panellists' opinions of price comparison services and discusses measures that might boost consumer confidence in energy price comparison information.

Section 6: Ofgem's role and activities – considers awareness of Ofgem's role, before discussing Panellists' reaction to Ofgem's priorities and activity and the extent to which these meet the consumers' needs.

Section 7: Ofgem's website – discusses Panellists' expectations of Ofgem's website and reaction to how it might work in the future.

Section 8: Conclusions

**Views of
GB energy market
since previous Panel**

Section 2: Views of the GB energy market

This section looks at what Panellists have heard about the GB energy market since they met previously⁸ in October and November 2011. The findings are broadly ordered according to the overall number of mentions of each topic.

2.1 Energy prices

Even though some Panellists spontaneously mentioned the recent advertised fall in retail energy prices, very few had noticed a real difference in their bills. Many were frustrated that, in their view, prices have not fallen as far or as quickly as they increased in 2011.

“I keep hearing prices are going down, but there hasn’t been any change in my bill. They sent me a letter saying it was going to be reduced, but I haven’t noticed any change.”

However, given that many customers pay via direct debit and consumption levels increase during the winter months, there might be a time-lag between prices falling and people noticing.

How energy prices are set continues to be misunderstood by many. Fluctuating energy prices is one factor that prevents many Panellists from choosing to make price comparisons between suppliers as they are not confident that any supplier will have ‘the best price’ for long.

2.2 Consumers looking to protect themselves from energy prices

Overall there was a belief that energy prices will continue to increase: more informed Panellists were resigned to this situation and talked about declining UK energy reserves and an increasing reliance on energy sourced from abroad. There was also a more in-depth discussion in relation to fuel poverty than in the previous Panel session. Indeed, a few of the more informed Panellists mentioned that they thought the number of ‘fuel poor’ households were on the rise. In light of this concern, as well as expected future price rises and the tough economic climate, consumers seemed to be looking at ways to protect themselves and help them budget.

A range of ideas were discussed including improving the energy efficiency of their homes through measures such as installing additional insulation, or by looking into different tariff options, including fixed tariffs and the Warm Home Discount Scheme.⁹

“I heard that they [suppliers] are offering fixed tariffs for a few years, to make the costs steady.”

There was also awareness among some Panellists (particularly in Cambridge and Taunton) of movements to bring about the collective purchasing of energy in order to benefit from cheaper prices. They gave examples of communities coming together to negotiate better

⁸ <http://www.ofgem.gov.uk/Sustainability/Cp/CF/Documents1/Ofgem%20Consumer%20First%20Panel%20Year%204.pdf>

⁹ The Warm Home Discount Scheme helps some older people with energy costs. There seems to be some confusion among Panellists as they tended to use the term “social tariffs” when talking about discounted tariffs for vulnerable groups.

rates, and of the campaign being organised by 38 Degrees and Which?¹⁰. However, only a handful of Panellists said they had taken significant steps towards protecting themselves, and some of those had only made changes in response to prompting from their supplier (see section 2.3 below). Without a wider change in consumer attitudes, this feedback suggests wider behaviour change might be limited, even though the idea of being able to protect household budgets from energy price rises had some appeal.

2.3 Suppliers working harder for customers

In several of the workshops, older Panellists welcomed the fact that suppliers had written to them informing them about the availability of discounted tariffs (e.g. the Warm Home Discount Scheme). They suggested that without this letter they could have missed out on the opportunity to make savings. They concluded this was an example of good customer service – indeed this kind of supplier action was exactly the kind of measure many Panellists wanted to see more of.

“I heard about people with young families or pensioners getting £120 off their energy bills.”

However, some other older Panellists said they had not been notified of the availability of this type of tariff. They were concerned that suppliers are not doing enough to protect low income households from the impact of higher energy prices.

In general Panellists believed that unless customers enquire about this type of tariff (and other possible discounts) then suppliers are largely unwilling to promote them. This is just one example of the widespread cynicism among some Panellists towards energy suppliers.

“My mother is 98 and I asked is there any way of getting something back. Now she’s entitled to a rebate of £140 but I don’t like the way you have to delve in and look for it.”

Panellists were concerned that suppliers appear to promote discounted energy saving products (e.g. efficient home boilers) to attract new customers. A few informed customers felt that they were subsidising these offers through their bills. A few Panellists mentioned these offers are attractive enough to make them think about reviewing their energy options. However, most Panellists were sceptical about such incentives, believing that any potential savings would be offset by higher energy costs in the future.

Finally, those without experience of switching held the view that suppliers should also be working harder for existing customers - in particular they believed that loyalty ought to be rewarded, for example with reduced energy prices.

2.4 Enforcement action against suppliers

Between the first and second weeks of the Panel there was widespread media coverage of Ofgem’s enforcement action taken against EDF Energy¹¹. This action was taken as part of Ofgem’s ongoing investigation surrounding compliance with supplier licence conditions and EDF agreed to pay £3.5 million to provide a discount to its customers who received the Warm Homes Discount, and £1 million to the Citizens Advice Best Energy Deal.

¹⁰ Details of the energy switching campaign run by 38 Degrees in conjunction with Which? are found at: https://secure.38degrees.org.uk/pages/the_big_switch_phase2#petition

¹¹ <http://www.ofgem.gov.uk/Media/PressRel/Documents1/EDF%20press%20notice%20March%2009%202012.pdf>

Several Panellists spontaneously mentioned this action against EDF Energy although only a few were able to explain the details. Overall, it was received positively by participants. Opinion was mixed in regard to the penalty imposed on the company: some welcomed the fact that vulnerable customer groups would benefit from discounted bills, whereas others felt that all customers affected by the licence breach should receive compensation. Nevertheless, there was general agreement that money recovered through penalties should be directed to customers rather than paid to the Government. As found in the previous session, there was a widespread belief that suppliers place profit above customer interests and, as such, steps that 'bring suppliers into line' are welcomed.

2.5 Energy policy

A range of concerns were expressed about the future of GB's energy policy, with more informed Panellists feeling that the Government lacked a coherent energy strategy. For example, some believed a decision was overdue on whether to invest in the construction of new nuclear power stations or focus on renewable energy sources such as wind farms.

There was some frustration about the reduction in Feed-in Tariff rates¹². More informed Panellists who had read about the reduction through media coverage were critical because they felt it contradicted the sustainability messages coming from Government and would deter consumers from investing in renewable sources of energy. When made aware the changes meant that the generation tariff for photovoltaic (PV) electricity would be reduced, others felt it reflected the broader need for cuts and therefore believed it was appropriate.

2.6 Summary

Overall, consumer attitudes in relation to the GB energy market have not moved on markedly since the previous session. The widespread belief that energy prices will continue to rise, combined with a perception that suppliers are not working hard enough to help customers navigate a complex market, seems to have sustained the existing sense of apathy towards engaging with the energy market. This is despite the fact that retail energy prices have fallen. There are some signs that steps such as increasing consumer awareness of enforcement action which tackles poor supplier practices might help boost consumers' faith in the market, as they feel reassured it is being more robustly regulated.

¹² The Feed-in Tariff (FIT) scheme is available through licensed electricity suppliers. It requires some of them to make tariff payments on both generation and export of renewable and low carbon electricity. More information about the scheme is available here:
<http://www.ofgem.gov.uk/Sustainability/Environment/fits/Pages/fits.aspx>

Consumer path to engagement

Section 3: Consumer path to engagement

This section explores how consumers engage with the energy market, particularly with regards to switching tariff/supplier¹³. We asked Panellists to describe what process they would follow if they wanted to (or were prompted to) find out whether they were on the best tariff for their circumstances. This chapter outlines the path they described, alongside their perceived information needs and sources at each stage in the process. It also identifies common barriers preventing engagement and suggests how these can be overcome at each stage.

It is important to note that Panellists did not describe the six stages of engagement as a linear process or indeed use the term “path to engagement”, but many did identify the different steps that they felt would be needed to engage in the market before a decision around switching could occur. As such, the path to engagement has been developed following detailed analysis of the research findings and identifies the reassurances which consumers need that might encourage engagement. Any individual consumer may experience the steps differently, or approach them in a different order. There is some repetition of the information and themes at different stages which we have included for completeness.

3.1 Why are engagement levels low?

Most Panellists wanted to commit little or no time to making choices about their energy tariff or supplier. The exceptions were the most Engaged Panellists who took an active interest in the energy market and had past experience of shopping around.

The results of Ofgem’s 2012 Tracking Survey ‘Customer Engagement with the Energy Market’¹⁴ show clearly that the majority of those who have never switched gas or electricity supplier have chosen not to because they are ‘happy with their current supplier’. The tracking survey also highlights that lack of awareness of the ability to switch remains a barrier for some with around a sixth (16%) of non-switchers not knowing it is possible to switch gas and electricity supplier. Additionally, 13% of those who have never switched say that this is because they see no difference between suppliers, and one in five non-switchers stated that ‘switching is a hassle’ and provided this as a reason for not changing tariff or supplier. In contrast, the most common reason for switching tariff or energy supplier was the belief that the new offer will be cheaper.

The qualitative findings from the 2011 and 2012 Consumer First Panels confirm that many people are not actively thinking about their energy options and provide more details about why. Panel findings show widespread apathy towards the energy market and some significant barriers are impacting on consumer engagement. Analysis of the Panel findings identifies several factors which can explain why switching is low and these are outlined here. This is not an exhaustive list but is helpful to consider the barriers to switching before describing how these might be overcome. It is worth noting these are both barriers to people starting to engage, but can also become more evident when people begin to explore their options in more detail.

¹³ It is important to bear in mind that energy market engagement can be indicated by a variety of consumer behaviour. For example, reading and understanding billing, awareness of tariff type and features, and understanding of how to make a complaint etc. For this round of Panel workshops, energy market engagement was focussed specifically on the switching process and information requirements that might encourage this.

¹⁴ Ofgem (2012) Customer engagement with the GB energy market: Tracking Survey. Ipsos MORI (unpublished)

1. I'm not convinced it's a good use of my time and effort

As in the previous Panel¹⁵, many participants simply felt that the amount of time and effort required navigating their energy options and potentially deciding to switch tariff or supplier was disproportionate to what they believed they would ultimately gain.

"There's an issue about how much work we have to do, it's too complicated, it takes up too much time."

"There are so many more things you've got to do in life."

For some, this was underlined by the belief that there is really no differentiation in the market, both between suppliers and between different tariffs (be it on price or other features). This perception of 'there is nothing to be gained' can explain why consumers feel there is little reason to shop around. However, most also admit to an element of being "lazy" and are mainly deterred by the hassle that they believe will be involved (either because they have had little success in the past, know others who have struggled or not gained, or just assume it will be difficult). Others, who have a past experience of switching but did not see this resulting in lower bills, also strongly believe switching is not worthwhile.

2. I'm confused by what's on offer

Past experience of trying to engage in the market has also led many Panellists to feel confused by the market place. In particular, factors such as the number of tariffs on offer and tariff pricing structures can all deter engagement. Some consumers switch off from engaging completely while others engage to a point but then 'give up' because it becomes too difficult (e.g. because they do not understand their energy options or what represents a better deal for their circumstances).

For many the confusion comes from the sheer number of options they are faced with. Some Panellists suggested the growing number of tariff options is a sign of an unhealthy market and proof that suppliers operate against the best interests of consumers. Consequently, they lose faith that locating a good deal is a real possibility. Panellists mentioned that lack of standardisation in how tariffs and tariff information are presented to consumers adds to their confusion as they are unable to establish whether they are comparing 'like with like', and are generally confused by the range of technical terms used. This finding could reflect the emphasis placed on standardisation in the previous wave of Panel discussions, although this is unlikely since Panellists spontaneously mentioned the problem of energy market 'jargon' in reviewing their energy options.

3. I'm worried about the switching process

This is a concern among those who have no past experience of switching as well as those who have switched but have had a negative experience. Key concerns from both groups were double-billing (i.e. being billed twice for the same energy and/or having overlapping Direct Debits) and/or prices rising shortly after moving to a new tariff meaning they do not achieve the savings they expected. Some who had not switched were also concerned about loss of supply during the switch.

For many, the process of switching is unclear. They tend to be mainly concerned about the practicalities of the process. Their own responsibilities and those of the supplier are not perceived to be clear-cut. There is also confusion around the length of time that will be

¹⁵<http://www.ofgem.gov.uk/Sustainability/Cp/CF/Documents1/Ofgem%20Consumer%20First%20Panel%20Year%204.pdf>

involved in switching. Many imagine the worst, and fear switching will inevitably consume a significant amount of their time.

Mostly these concerns are shaped by word-of-mouth stories (e.g. friends or family) who have told them about bad switching experiences, although a few Panellists also spoke about direct experience. Given the scepticism they have towards suppliers, stories from more trusted sources tend to have a strong dissuasive effect. A few also believed that they had been switched without their consent or knowledge, and as such were nervous that any engagement might mean their supplier could be changed without them realising or actively agreeing to it.

3.2 What is causing these concerns?

These initial barriers to engagement stem from a perceived lack of information but also lack of trust in the information currently provided. The consumer perception is that the market is complex and not easy to navigate, making comparison of suppliers and tariffs difficult. Perhaps the hardest barrier to overcome is the belief held by many Panellists that energy is not a particularly engaging topic; neither is the prospect of 'shopping' for gas or electricity particularly appealing. This is because there is little perceived differentiation in the product itself, so the only reasons to change supplier become price (but the difference has to be large to make the effort worthwhile) or customer service (where the consumer has had a bad experience with their current supplier). Therefore shopping around for different tariffs or suppliers is not a priority unless they can see clear gains or benefits, although on the whole, consumers perceive that these promised gains from switching are rarely realised.

Boosting consumer engagement in the market will require tackling these concerns head on. Firstly, consumers feel they need to be persuaded that engagement is worth their while, and reassured the experience will not be too onerous. Secondly they need to have access to clear information that enables them to make accurate decisions about their energy options. Panellists were not necessarily aware of what information and support is already on offer, but the main reassurances they called for were:

- That financial savings are worth their investments of time and effort;
- That they will be provided with bespoke advice either from a supplier or an independent source which will help guide them through the process;
- That trustworthy sources of information are available, and will enable them to make the 'right' choice; and
- That the actual switching process will be problem free (e.g. no double-billing).

It is worth noting that those who had not previously switched assumed that once they had chosen a new supplier the process would be relatively quick (e.g. one to two weeks). They were surprised when they found they may have to wait much longer. Some raised this as an issue because they felt that prices of the tariff you were switching to could go up before you actually started benefitting from that tariff.

It was clear from discussing Panellists' perceptions and expectations of the engagement process that both evidence of good practice (personal experience, word-of-mouth, customer testimonials) and clear messaging (from suppliers and independent advice sources, including Ofgem) were important for boosting consumer confidence and promoting engagement. Information that helps in both these areas can provide the reassurances consumers need to feel comfortable about engaging with the market.

3.3 What kinds of trigger prompt consumer engagement?

It was agreed by Panellists that an initial trigger was required to prompt engagement in the market, since most do not shop around spontaneously. Panellists identified a range of potential initial triggers:

- High energy bill from existing supplier (N.B. most focussed on how much their supplier billed them, rather than reacting to a price increase notification. They would wait to see the impact on their bill before making a decision to explore their other options)
- Special offers (such as free insulation) / discounts from existing or different suppliers (which were brought to their attention, e.g. by door to door, on-street or supermarket sales representatives)
- Experience of poor customer service with existing supplier
- Advice or recommendations from friends and family
- End of existing fixed term contract.

Dissatisfaction with their current tariff or supplier was the main reason given for starting to engage. For some this related to the tariff price, for others it was the result of poor customer service or a mismatch between their needs and the tariff features – although the latter was much rarer since Panellists’ understanding of their tariff features in general tended to be low.

“If you go looking [for a new tariff or supplier], you are not happy with what you’re on...”

Many also wanted to know that others had been successful in engaging in the market (i.e. they had achieved significant savings and it had not been difficult or time intensive to do). They said they were unlikely to consider shopping around unless prompted to do so by positive accounts from trusted sources (i.e. friends and family) whose past experience could reassure them that switching would be worthwhile.

“We would talk to our peers, family. If you find out that more people have done it, you’re more likely to want to do it. In theory it would inspire you to do more. The next step would be to go online and use Google. I’d Google ‘cheapest energy option.”

It was clear that whatever the initial trigger for engagement, Panellists needed to feel that the process would be both *worthwhile* and *manageable*. A worthwhile process was considered one that ultimately provided them with a better deal - on a tariff that actually left them better off and better matched to their circumstances. A manageable process was one that they felt sufficiently informed about and was straightforward and quick for them to complete.

This confirms the importance of providing consumers with information, and with reassurances that they will be able to navigate the market. These reassurances will also have to show that significant savings can be made as a result of their effort.

“I think there’s a step before that. You need to know it’ll make a difference...”

While cost is undoubtedly an overriding concern, qualitative findings also suggest that other factors carry some weight when making decisions. For instance, an experience of good

customer service from either an existing or potential supplier can sway the balance for many consumers. Similarly, good customer feedback and reliable recommendations from friends and family can be ‘shortcuts’ that help consumers make energy decisions, especially where consumers lack confidence in their ability to identify the best deal for their circumstances.

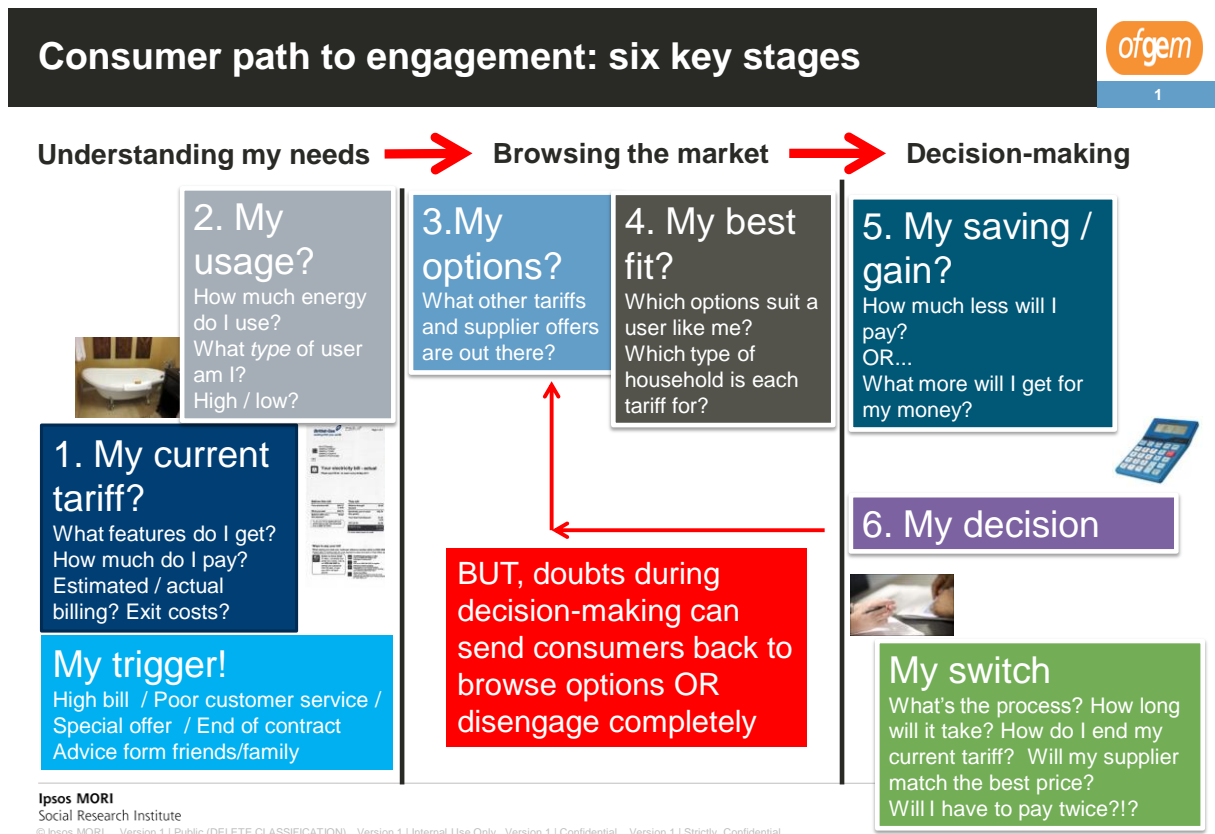
These less tangible aspects of consumer experience are likely therefore to be key to encouraging future engagement and switching. To fully understand the role played by good customer service, a more observational method of research would be required to monitor *actual* behaviours. The following quote however does illustrate the extent to which some Panellists value customer service above cost savings, and how when they think they are currently getting a good service, they are unlikely to consider moving:

“I don't care what they charge... I'll not move...I have good service [from my current supplier]”

The consumer path to engagement

Analysis of Panellist responses during discussions on market engagement has identified six key stages of engagement and the different information needs of consumers at each stage. These are shown in Figure 1 below. As noted above, not all consumers follow the path in the order outlined below, and many will ‘drop out’ before they reach Stage 6 (switching tariff and/ supplier), either because they are reassured their current tariff suits their needs or because they come across barriers. In order for them to start on the path outlined, they need both a trigger and some assurances addressing their concerns regarding switching (as outlined above).

Figure 1: Consumer path to engagement



As this figure shows, the need for clarity of information and guidance remains a constant, and the number of questions people have at every step indicates just how crucial tackling the confusion, apathy and scepticism that currently exists among consumers will be to boosting levels of engagement. Panellists tended to have quite low expectations of the information that is currently available to them, because they assume it will be provided by the supplier and therefore biased towards encouraging them to switch.

In the exercise Panellists were asked to envisage the experience of looking into *switching* tariff, but their responses also reveal useful insights for answering the wider question of what helps and hinders engagement in the market overall. For example, many found it hard to see the process as linear because they lacked the confidence that their journey would be smooth and were quick to point out where they saw themselves either terminating their search (e.g. if they could not find the information they needed or found the range of options too complex) or going back to the beginning to reassess their options (e.g. if the initial tariff they find turns out to have unacceptable terms and conditions). In addition, many Panellists simply lack understanding of the required order of steps they 'ought' to take in order to consider their options.

The remainder of this section explores the different steps, and the information needs and source at each point, and the potential stumbling blocks that currently may lead to disengagement at each stage. Throughout the process, the most significant barriers continue to be the perceived difficulty / hassle of engagement and the potential to lose out financially (by switching to a 'worse' tariff, or being double-billed initially). Ensuring that consumers receive constant reassurance on these issues, as well as disproving their perception that the process will be difficult is key to keeping consumers' interest.

Stage 1: My current tariff

About this stage

Some Panellists continued to demonstrate very limited understanding of their current tariff. They lacked general awareness of the fact that there are other tariffs which they could potentially choose from (available from both their current supplier and others). As such they did not see themselves as being on any one tariff in particular and they assumed that other consumers with the same supplier as them would be paying the same, (although some recognised that there are discounts available, e.g. for paperless billing or for certain payment types). This finding is supported by the results of the 2012 tracking survey which shows that among customers who have not changed tariff or payment method in the last year 28% were unaware it was possible, and among those who have never changed to a new energy supplier, 16% are not aware it is possible to do so. Educating consumers around the tariff system and the fact that other tariffs exist (both within and across suppliers) is clearly an important first step in meeting consumers' information needs.

The majority of Panellists, nevertheless, were aware that there are other 'deals' (they do not always refer to them as tariffs) on offer that might be better suited to their needs. But for many, an initial hurdle to overcome is gaining clarity about their existing tariff. Without this understanding, Panellists said they believed they were unable to make meaningful comparisons between tariffs, often resulting in inertia and disengagement.

Stage 1: Information needs

Key pieces of information for consumers to know at this early stage are:

- Current tariff name
- Inclusive features / benefits

- Chosen payment method and payment plan
- Status of current personal account (i.e. whether in credit or arrears, whether there are any exit costs)

It is important to note that not all Panellists understand that they require this information. For example, less engaged consumers are not aware of the importance of understanding their current tariff. Disengaged consumers who are apathetic towards the market said they would not want to be provided with this information as they would not be interested.

The following quote typifies the type of response Panellists gave when asked what type of information they might need to enable them to review their energy options. Many would immediately mention financial information which reflects the importance of money in engagement decisions:

“I’d need to find out about my current contract – any charges, admin charges, implications [of these charges].”

Stage 1: Sources of information

Some Panellists felt they could find the information they needed and did not believe this stage presented too great a barrier. Nevertheless, they believed that it would involve some effort on their part and as such it was viewed as a potential obstacle, especially for people who are not particularly determined to review their energy options. Several Panellists talked about relying on their own powers of research and imagined they would consult paperwork such as an annual statement¹⁶, bill or recent letter from a supplier. For these people, it is important to ensure that all the relevant information is included on all supplier correspondence to ensure they can find it easily. Others lacked the confidence or inclination to find this out themselves and preferred to make contact with their supplier and be told about their tariff details. Friends and family were also seen as useful sources of information and advice. This appeared to be especially true for the older and some more ‘vulnerable’ consumers.

Although lack of information about consumers’ current tariffs is clearly a barrier limiting engagement in the market, in theory it should also be one of the easiest to help consumers overcome. For instance, the information is already largely available to all consumers. Therefore, with clearer signposting and messaging from suppliers and other independent sources, consumers should feel in a better position to look beyond their current tariff. However, without other reassurances being in place, most consumers are yet to be convinced it is worthwhile spending time finding out about their current tariff.

Stage 2: My usage

About this stage

Previous Panel findings have identified a general lack of awareness of current energy usage and personal energy needs. Common market terms such as ‘a unit of energy’ or ‘a kilowatt hour (kWh)’ were familiar but obscure, with many Panellists unable to apply these forms of measurement to their energy consumption or everyday activities like running a bath, boiling the kettle or using the dishwasher.

The recent 2012 Panel workshops have confirmed this low awareness continues to be a barrier, inhibiting market engagement. Few Panellists talked about themselves as being low,

¹⁶ In the previous session, almost all Panellists had limited awareness of annual statements thus it’s likely this view was influenced by Panel membership.

medium or high users of energy. There was also a tendency, especially among younger or more affluent Panellists, to regard energy as such a basic utility that it was not worth thinking too carefully about their usage and not important to know how much they use. Comments such as *“it’s a utility”*, *“everyone’s got to have it”*, *“it’s not something I’m going to cut down on”* were common. These demonstrate that it is not just disengagement with the market that needs to be considered, but lack of interest in energy usage overall, as without this knowledge it is difficult for consumers to select the best energy options for them. Without basic levels of energy literacy, consumers can feel powerless to make informed choices about their energy options.

Panellists also felt it was important at this stage to consider how personal circumstances can affect consumption habits and how this might affect what type of user they are/could become. These considerations might be how their family or employment status might change in the foreseeable future. This is illustrated by the following quotes:

“Are your circumstances going to change? Are you having a baby?”

“Have you stopped working? You’d use more energy [if you were at home]...”

Stage 2: Information needs

At this stage, the key information need is an understanding of current usage so that it can be used to compare tariffs. As outlined above, most are unfamiliar with kWh and as such are not familiar with their current usage. This information is available on bills but as seen in the previous wave, most skim over the usage information to look at the amount they need to pay, so few Panellists engage with how much energy they are using.

Stage 2: Sources of information

Some Panellists had already begun to show more interest in their energy usage as a result of receiving annual statements from their suppliers and potentially as a result of their Panel membership. For a few, this information had made it easier for them to understand their personal energy use and fluctuations in consumption/spend over the course of the year. This suggests that suppliers could play an integral role in educating consumers around energy usage, as long as this information is communicated in a way that resonates with consumers and is easy to understand and see the relevance of. Panellists also said that they would be likely to use their bill as their first port of call when attempting to calculate their energy usage. This indicates that supplier communications are of key importance, and illustrates that some Panellists feel that they do not find the information currently provided on their bills helpful in this respect. Some suggested they might telephone their supplier for information on usage as they would find this more straightforward.

Low awareness and understanding of consumers’ existing energy usage should be a relatively easy barrier for the market to overcome, as it involves presenting consumers with facts about their own behaviours rather than marketing new offers to them. In reality, the challenge to overcome is the lack of interest in personal energy usage among the majority of consumers (except those on very tight budgets or those who are ‘green-minded’). The tendency to adopt a matter of fact attitude towards energy consumption (*“I use what I use”*) needs to be addressed, as does the slightly more definitive attitude, *“I cannot change the amount I use.”*

Stage 3: My options

About this stage

The next stage is understanding what the alternative suppliers and tariffs on offer are. Unsurprisingly, this was often the stage that many Panellists considered most difficult. No matter how clear the information provided early on in the consumer journey might be (e.g. on current tariff and personal usage), many remain deterred from looking around once they are faced with so many options.

In order to continue, Panellists must believe that:

1. there *is* real differentiation in the market (i.e. that they can make significant savings or find significantly better customer service than with their current supplier/tariff); and
2. the process of looking around will *not be too much hassle*.

If either of these two requirements is not met consumers are likely to disengage with the market.

Standardisation of terms and the way they are used by suppliers was raised as a key issue at this point of the journey and crucial for enabling consumers to navigate their options effectively and efficiently. This view is likely to have been influenced by the first Panel workshops where Panellists were asked to assess the value of the standardisation of energy market terminology and the layout of key pieces of supplier communication. It is nonetheless important and underlines the need for the market to ensure that it *looks and feels* straightforward for consumers to engage in. Without standardisation, Panellists were concerned that a deal that initially looks good might have 'hidden costs' which they could miss when comparing against their current bills.

Stage 3: Information needs

The main pieces of information that Panellists said they would need at this point are:

- Clear information detailing tariffs and tariff features (to ensure understanding)
- Standardised presentation of tariff information (to enable comparison)¹⁷
- Clear presentation of pricing structures (to measure cost savings and make comparisons)
- Customer testimonials and complaints (to assess value and quality of products)
- Clear signposting and customer guidance to help people find information.

Stage 3: Sources of information

The information consumers need at this stage in their journey needs to come from several different sources. Once consumers begin the process of looking around for other options, they start to seek reassurances and certainty from other sources.

¹⁷ While this was a topic covered in the previous Panel and therefore could be partly attributed to a panel effect, Panellists felt strongly that simplified and standardised terminology would help them navigate the market and would have been likely to receive agreement if prompted with a 'fresh' sample.

Informal recommendations by word-of-mouth or advice from trusted sources (e.g. close friends and family) are often the first port of call. This provides comfort that others have 'survived' the experience of looking around and reaped the benefits of doing so by switching to a better tariff. Some Panellists also mentioned that they would use (and a few mentioned that they had used) consumer blogs or forums where they could read about the stories of other consumers and ask questions in an informal setting. Indeed, some Panellists felt these sources can provide consumers with helpful tips on how to get a better deal.

Panellists with internet access were also keen on using comparison websites at this stage, as they perceive them to make the wealth of tariff information available more manageable. Many said that comparison websites would help them make comparisons between tariffs that they wouldn't be able to do independently. Although some still feel the sites lack some form of cost calculator tool, and would like help with this if they are unable to access their usage data. While these sources of information are considered useful they do not always lead Panellists to say that they would switch as a result of consulting them (for example, if the expected saving is not large enough to justify the effort required).

For some Panellists, their current supplier was also seen to be a good place to start to find out information about other tariffs. The expectation of good customer service can make them an attractive point of contact and there is a belief that their current supplier has a moral responsibility to explain to its customers the other tariff options they provide. Switching energy supplier is not 'top of mind' for many consumers and, in this context, it is not surprising that, for some, engagement with energy choices does not necessarily start with a comparison of the entire market.

Stage 4: My best fit

About this stage

Another key part of encouraging consumers to engage in the market is showing them that it is possible to find a tariff that matches their specific needs. For some, this stage will happen simultaneously with Stage 3.

Once consumers are able to recognise what their own needs are (stage 2), they then need to feel confident about using this information to assist in their search. Some Panellists were sceptical that there really was a better deal 'out there', returning to the argument that there is no real difference between tariffs or suppliers and that they are "all as bad as each other". Most however were open to the prospect of finding a better deal but felt held back by lack of sufficient signposting to options that best suited to their needs.

At this stage, several Panellists made comparisons with other markets. Providers in other markets are seen to be good at signposting customers to deals that suit their needs, and providing this information in a consumer friendly format. The mobile phone market, for example, was suggested spontaneously as one where consumers know that better tariffs exist, therefore they are more committed to investing time and effort in finding the right one. Panellists also liked the fact that mobile phone tariffs were often sold by independent retailers and 'one stop shops' where consumers are guided through tariff choices by a sales representative. Consumers especially like the face-to-face nature of this interaction and the more consultative approach to making tariff choices. They feel better supported through the decision-making process and some believe that this is more likely to result in them getting a better deal. Many Panellists called for this kind of service to be provided to help them through their energy decisions.

"It should be like going to a phone shop. I go to a mobile phone provider and they give me the best deal, one that suits me and my needs."

Stage 4: Information needs

Information needed by consumers at this stage can include:

- Consumer descriptions ('pen portraits') that allow consumers to identify themselves with different types of energy user, i.e. low/medium/high usage, household composition, life stage;
- Scenarios that show clearly how different tariffs suit different types of user, i.e. if you use 'X' amount of energy then you would be suited to tariff 'Y';
- Clear terms and conditions explaining any provision made in case a consumer has a change to their personal circumstances (e.g. unemployment);
- Clear terms and conditions of contract i.e. fixed price deal (What happens at the end of my contract? Will I be rolled onto a more expensive tariff? Will I be told my fixed price deal has ended?)
- Customer feedback on suppliers.

Stage 4: Sources of information

By this point in the journey, consumers are beginning to narrow down their options, so can start to look for more targeted forms of advice from either their own supplier or a trusted independent service. Telephone or face-to-face communications from any source were preferred by Panellists because they provide an opportunity to ask questions as they arise, although some would use online price comparison sites to gather information about possible options.

Support throughout the process, from the potential future supplier, can boost a consumer's confidence about their decision. A positive experience at this stage, where a supplier provides good customer service and clear consumer-friendly signposting, can act as a 'hook' that shapes the rest of the consumer's selection. Tackling the consumer perception that engagement is not worthwhile is therefore about more than just communicating the cost saving benefits. There is also potential to draw consumers in by offering them good consultation services and clear guidance.

Stage 5: My saving / gain

About this stage

The 2012 consumer tracking survey shows that the principle reason for switching tariff or energy supplier is the *belief* that it will lead to cost savings. Many Panellists confirmed that cost was a key concern driving energy choices. Consumers start on the journey described here with the assumption that a saving can be made. It is not until later in the process that they finally find out what the actual saving will be. At this point, even though they have put in time and effort, they may still give up if the saving is considered low because of the perceived 'risks' of switching outlined above.

Consumers use cost as the principal way of navigating the market because it is the clearest and simplest way to make a meaningful comparison between tariffs. It is also a key driver underpinning the majority of consumers' tariff decisions (although for some customer service is also important). In this sense, clear messaging around cost savings and financial implications of switching from one tariff to another will provide some with the necessary 'hook' needed to make them engage and make informed choices, not only as the initial

trigger to encourage people to explore their options, but also at this later stage to convince them to make the decision to switch.

“The easiest way to put it is to say to everyone, you’re paying so much a year, if you switch to us you’ll save eighty quid....you can have a two bed house with six people in or a three bed house with two people in it, so doing it on house sizes alone doesn’t help. It needs to be based on your bill. That’s as simple as you’re ever going to get it.”

This stage during the switching process presents the most risk of disengagement. Any indication that the consumer will lose out financially or that there are not significant financial savings to be made can lead them to withdraw, and also risk preventing them from engaging in future, as they become disinterested in shopping around for what appears to be very little gain. Some consumers conclude that they are content to stay with their current tariff, believing that comparatively the deal they are on is not worth leaving, or indeed that they are actually on the best deal for their needs already.

Stage 5: Information needs

Key pieces of information consumers need at this stage are:

- Likely monthly / quarterly tariff costs (to allow comparison with current tariff)
- Evidence of value for money, i.e. tariff features / good customer service (e.g. some people might move to a different tariff, similar in price, if it is perceived to have other benefits such as better customer service or other benefits)
- Details of contract terms and conditions.

Stage 5: Sources of information

While supplier communications and clear contract terms are important at this stage, Panellists tended to say they would put more trust in independent sources and close friends and family. This is likely to be because of the ‘importance of estimating cost saving’ issue and the underlying perception held by many Panellists that suppliers are not always transparent about cost when they present their tariffs. This plays to the wider point about consumers being sceptical about supplier claims surrounding financial gains from switching.

Customer testimonials on supplier or comparison websites are also seen as key sources of information at this stage, since truly understanding value for money is believed to come from experience and cannot be marketed. These sources are also more trusted by consumers as largely they are perceived as more independent compared to supplier communications. The following quote illustrates the extent to which consumers rely on these other channels for information and guidance.

“We’d look at what other people said online, we’d look at the costs involved in switching, whether there were any penalty fees and whether the price would be held, whether there’d be discounts, e.g. if you pay by direct debit.”

Stage 6: My Decision

At this point consumers have all the information they require to decide whether to switch, or whether their current supplier and tariff are appropriate for their needs. They will consequently decide whether they perceive switching to be worthwhile. If they decide to switch they will have further information needs outlined below.

It is worth noting that at this stage some Panellists mention that they would go back to their current supplier and ask them to match the deal they have found elsewhere at this point. Many preferred to do this as it would mean that they could get a better price but without the perceived risks of switching supplier. This was particularly true if Panellists were otherwise happy with their current supplier (e.g. because they believed that their current supplier had offered what was considered to be good customer service) or they believed that their current supplier was less likely to 'hike up' prices in the short to medium term after agreeing a good price. Going back to existing providers and asking them to price match appeared to be a behaviour people used in other markets and that they believed should also work in the energy market.

About this stage

This final stage is the one which many Panellists are most concerned about. Although it appears as the last stage of the journey, concerns surrounding the potential problems involved during switching (e.g. double-billing) can arise early on and cause consumers to become risk averse and reject the idea of switching completely. Even though the necessary triggers prompting engagement might be in place, concerns surrounding switching might lead some to give up, even at the final step.

Trust in the market and individual suppliers is of key importance at this stage, as consumers are closest to switching and therefore likely to be most cautious. In particular, Panellists that have been 'burned' through negative experiences of switching need strong reassurance the process will run smoothly.

Stage 6: Information needs

Consumer confidence in the switching process could be boosted by providing consumers with a list of key questions they could rely on to gain information from suppliers. Indeed some Panellists expressed interest in a 'How to...' guide to switching.

There are also specific questions that those who had switched previously would want to ask if they went through the process again. These are outlined below along with more general pieces of information that consumers call for at this stage:

- Practicalities – basic information about how to exit an existing tariff, how much time the switching process takes, whose responsibility it is to 'manage' the switch, how many phone calls are needed etc. However, it is worth noting that when some people find out how long the switch could take this could potentially lead them to disengage as they assume it will be a quick process (i.e. one week rather than six weeks).

"I'd need to know if the new company switches you or do I have to make all of the calls (i.e. will the two suppliers talk or do I have to keep them both informed throughout my switch?)."

- Financial implications – details about how billing will work over the switch period, how to change the billing payment method (if necessary).

"You'd be scared of getting two bills in one month..."

- Contingency plans – contact numbers and, ideally, a personal contact to call in case there is a problem during the switch.
- Customer testimonials – evidence that the process of switching was manageable and worthwhile (although some Panellists would be sceptical of these if provided only a supplier's own website).

Stage 6: Sources of information

Panellists called for more information of this kind to come from an independent body as this would give confidence that the guide was intended to ensure consumers were properly empowered. Others felt that the supplier they were moving to (or the one they were leaving) would provide them with all the information they required.

For those who were unfamiliar with the process, some suggested that the questions they have might arise over time. A reliable point of contact was therefore considered important and telephone advice services were generally preferred. The quote below illustrates the frustration consumers feel when they do not receive a tailored service when dealing with call centres.

“When you ring call centres, you don’t know the information will be taken down correctly, you never get the same person, you feel like you’re banging your head against a brick wall. The hassle and bother – you think, is it worth it?”

The most trusted sources of information for this stage in the engagement journey are those providing consumers with clear evidence that the switch will go smoothly and will not cause financial loss (i.e. double-billing). Panellists felt that tailored customer care would reassure them that suppliers are investing time and effort into ensuring a smooth switch which in turn builds trust that the process will continue to go smoothly. Until this happens, friends, family and word-of-mouth will continue to be relied upon for understanding of the switching process in terms of what they stand to gain and how the process will work.

Views on enhanced monitoring

Section 4: Views on enhanced monitoring

The previous section looked at how information and reassurances might encourage and support consumers to engage in and navigate the energy market. This section discusses Panellist views about supplier performance and other market data being made publicly available, and the impact this may have on consumer behaviour.

4.1 Supplier performance and market data and its impact on consumer engagement

A key priority for Ofgem as set out in the Retail Market Review (RMR): Domestic Proposals¹⁸ is to improve the quality and accessibility of information available to consumers and help them make more informed decisions about their energy options. Panellists were asked whether making supplier performance and other market data accessible to consumers would aid greater consumer engagement, and if so, the type of information that might facilitate this.

Although price remains the key factor in motivating consumers to think about engaging with the market, a few Panellists reflected that some kind of supplier performance or market data could be useful in choosing a tariff or supplier. This was particularly the case when they believed they were being presented with similarly priced tariff options.

When asked what information might be useful, the supplier performance and market data that had resonance among Panellists were:¹⁹

- Customer complaint data
- Customer satisfaction ratings
- Customer turnover (i.e. number of joiners / leavers)
- Average call waiting times for customers
- Energy origin (i.e. percentage from renewable, nuclear, coal or gas generation)
- Profits and pay of senior managers.

Panellists considered that the most important of these categories of information were customer complaints, customer satisfaction rating, and customer turnover. These are discussed in more detail below.

4.2 Customer complaint data

Enhancing the customer complaint information which is publicly available had some appeal although this was caveated. Panellists suggested that suppliers might 'massage' their own customer complaint data out of a fear of reputational harm putting off potential new customers. For example Panellists felt that suppliers might re-classify complaints as

¹⁸ <http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Pages/rmr.aspx>

¹⁹ Some Panellists spontaneously mentioned certain types of supplier performance data that might be useful in helping them make a more informed choice (as long as it was presented alongside price) these included: customer complaint data, satisfaction ratings, average call waiting times for customers. Following this Panellists were prompted to test reaction of other possible types of information.

enquiries. It was felt therefore that Ofgem or another independent body had a significant role in ensuring suppliers categorise complaints and enquiries separately and that it should routinely collect, verify and publish this information. Only then would this ensure consumer confidence in the usefulness of the data.

Some Panellists were also aware that *“if you have more customers, you are more likely to have more complaints”*. These Panellists felt that for data to be considered meaningful it would be necessary to present complaint figures alongside market share (i.e. number of customers).

4.3 Customer satisfaction rating

There was mixed opinion about the usefulness of making a supplier’s customer satisfaction rating publicly available, to assist choosing a tariff/supplier. It was felt that, on its own, this rating would not encourage engagement unless it was shown alongside prices of different suppliers/tariffs. Those who supported the idea of presenting this information likened it to customer feedback ratings used on eBay or TripAdvisor. These Panellists were accustomed to making choices on these websites and although they would not choose on the basis of this data alone, it was considered helpful in narrowing down their options.

There were Panellists who did not support the idea of having this data presented to them because they believed it lacked credibility. They reasoned that customers who have had a negative service experience are more likely to give feedback than those who receive a satisfactory one (some called this the ‘TripAdvisor effect’) and this would introduce a bias to the data. A few were less concerned as they felt they were aware of this bias and would take it into account when making judgement.

Some Panellists also believed that such a rating system could be open to service providers submitting fictitious reviews. As such, it was felt that to avoid the skewing of feedback, such data would be more trusted if it were verified by an independent organisation. A few suggested alternatively that an independent survey could be used as a source of data, although they were not sure where the funding would come from. Panellists felt Ofgem could be responsible for independent customer satisfaction information as it is seen to be in a strong position to scrutinise suppliers.²⁰

4.4 Customer turnover data

There was support among many Panellists for the number (or the proportion) of customers joining and leaving a supplier being made publicly available. They perceived it would be a more reliable indicator of performance, which they felt cannot be ‘doctored’ by suppliers (although data would also need to be independently verified). For this reason, they considered this would be more trustworthy than other types of supplier performance data.

There was recognition that more transparent market data would have the potential to impact on consumer decision-making but mainly in terms of aiding a more informed switching choice.

In other words this data only becomes of interest once the consumer has made it past the initial barrier of “Is switching worth it?” and they are convinced of the benefits of moving along the path to engagement. Without these reassurances it is likely that only Engaged and energy literate consumers would use this data to help inform their energy choices and even then time-limited consumers may not actively seek it out.

²⁰ Almost all Panellists had limited understanding of Ofgem’s remit. The mention of Ofgem here could be as a result of increased awareness as a result of Panel membership.

4.5 Conclusion

For most people, it is only at the point where they have to decide between similarly priced tariffs (where both options cost significantly less than their current tariff) that information about customer satisfaction, complaints or turnover would become useful. At this point supplier performance and market data would provide an additional means of comparison. However, friends and family views and, in particular, their own personal experiences are likely to hold similar or greater weight since they are more trusted sources.

Few would be interested enough to seek out enhanced monitoring information. Because supplier performance and market data is not actively sought it is only likely to impact if it appears by price comparison information. People will not think to look for this information separately unless it is brought to their attention.

Price comparison services

Section 5: Price comparison services

This section explains Panellists' experiences of the use of price comparison services from both a more general and an energy related perspective. It also examines measures that might boost consumer confidence in information offered by such services.

5.1 Views of price comparison services

Many Panellists were aware of, and some had used, price comparison services (PCSs) for comparing products in other markets such as banking or insurance. Of those who had used these services, most had done so online. There was agreement that PCSs are an effective way of comparing products. Panellists believed them to be easy to use and helpful in enabling consumers to identify potential savings at a glance.

There was more limited awareness of PCSs to help choose an energy supplier or tariff. It was mainly Engaged Panellists who were aware of being able to use them for this purpose. Ofgem's 2012 Tracking Survey 'Customer Engagement with the Energy Market'²¹ also shows few people have switched energy supplier using an online PCS. Given this low awareness amongst most Panellists of actual energy PCSs, much of the discussion focussed on online PCSs in other markets and Panellists generalised from these experiences to outline what they thought energy price comparison sites might be like.

Some Panellists were discouraged from using PCSs because of a range of issues:

- Some Panellists had concerns about the business model for PCSs which led many to question the impartiality and reliability of information presented to consumers. There was a perception that some service providers are connected to, or sponsor, price comparison sites. This made Panellists question the reliability of information from some PCSs, although they are not sure which ones. They felt that some PCSs presented biased information (i.e. not necessarily presenting the best tariff option given their circumstances, because it is in the PCS's interest to make you switch, and in particular to make you switch to the supplier offering most commission) thus making them doubt claims made on these sites about the potential for financial savings. Even those accustomed to using PCSs disliked the hassle of having to check on other (including the supplier's own) sites to validate quotations or check for the best deal. There was also frustration that 'best price' results were not consistent across all comparison sites. The fact that some companies (e.g. insurance companies) advertise the fact that they do not sell products via PCSs may also be influencing perceptions.
- There was also widespread scepticism as to whether deals advertised on PCSs are actually available once customers make contact with the energy supplier. The few Panellists who had experience of visiting PCSs tended to use them to generate quotations but still felt the need to contact service providers in order to verify the deal was still available. Some Panellists felt that attractive 'deals' were simply advertised to entice new customers in but when they made contact with the service provider's call centre staff, they were then told the tariff was no longer available and were pressured into taking a more expensive option.

"If you choose the one with the best price, and you ring them up, after you've called them you find out it's more expensive [as the price has gone up]."

²¹ Ofgem (2012) Customer engagement with the GB energy market: Tracking Survey. Ipsos MORI (unpublished)

Panellists thought that the ideal PCS to help them make choices about energy tariffs or suppliers should be independent from any private company and have a search function enabling them to tailor searches to their own needs. Panellists felt that an independently regulated PCS would reassure them that search results would present the best deal for them. Being able to search by customer satisfaction rating had some appeal among Panellists - although to be trusted, this information would need to be collected and verified by an independent body.

When Panellists reflected upon whom or what “*some type of independent body*” might be, they felt that this should be Ofgem (for reasons we have outlined in Section 4). They perceived it was ideally placed to manage a single PCS, as well as provide information disseminated in other ways (e.g. “how to switch’ guide). Given their beliefs that Ofgem is independent, has access to supplier and other market information and has the ability to make suppliers release this, they felt this would provide them with sufficient reassurances they were being given accurate and complete information.²² They also felt that Ofgem would ensure that information was presented in an easily digestible way, thus making the process of tariff comparison more straightforward.

5.2 Making price comparisons without the internet

In both Panel sessions, many Panellists spontaneously mentioned the immediate disadvantage for customers without home internet access experience when reviewing energy options. It was said that consumers without home internet access have less flexibility to fit researching the energy market around other commitments compared with those who do. Panellists felt that many people would consider seeking external internet access a hassle and time-consuming, so would simply not bother. A couple of people spontaneously mentioned offline services (such as sending their paper bill to a switching company and receiving back information on tariff options) and thought this was helpful. However, awareness was limited and most felt more should be done to publicise offline services so that people know they exist. However, some participants felt that the best deals are only available online and offline comparison services would not be able to mitigate this problem.

“It would seem to be that you really need to have home internet access [to make tariff/supplier comparisons].”

“I was told I’d get a better deal if I did it on the internet and that seemed a bit unfair.”

Some talked about the potential for contacting suppliers by telephone. A few Panellists (particularly those that were older, or those concerned about older parents) suggested they were hesitant in doing this because of a concern they might be pressurised into taking a tariff they do not fully understand and which could leave them worse off. Therefore it is important that the call is instigated by the customer and not a switching company, although even this would not completely protect the customer if once they started speaking they felt pressurised to switch.

Panellists also expressed concerns particularly for more vulnerable customers (some gave the example of elderly parents) who they believed were more likely to say yes if they were on the telephone without understanding if they were being offered a better deal or not. However, there were one or two instances where Panellists without home internet access had made use of price comparison services. For example, one Panellist had sought information from an offline switching service: this entailed sending the service provider their latest bill and within

²² In the previous exercise, Panellists had been informed about Ofgem’s proposals to make the market more transparent by making supplier performance and other market data publicly available. It is likely these views were influenced by Panel membership.

seven days being notified in writing of the best tariff deal in the market for their circumstances. Another example involved a Panellist receiving a home visit by an independent energy advisor arranged by their social housing team. The fact these services exist at all goes some way in ensuring that vulnerable groups are not disadvantaged. However, awareness of such schemes was limited. In addition to a call among Panellists for these measures to be more widely publicised, a few Panellists suggested that a “one-stop-shop” (e.g. Citizens Advice Bureau office or public library) – where consumers are able to make use of online resources complemented with access to a “how to switch’ guide or an independent energy advisor – could help to limit digital exclusion.

5.3 Reaction to Confidence Code²³ for price comparison services

Panellists were presented with the Consumer Focus Confidence Code but reported little to no awareness of either the organisation or the code itself. Given this low awareness, many Panellists questioned its efficacy, and many speculated that a widely publicised code might address some of the concerns described above. Panellists were eager to know which PCSs had signed up to the code. They valued the fact that they would be able to navigate the market using a code-compliant service. In their view, it would provide them access to more reliable information than non code-complaint services.

While the existence of the code itself has the capacity to build consumer trust in the data supplied by some PCSs, Panellists felt this potential remains unrealised as long as the code is under-publicised. As such Panellists felt that publicising the code could help boost consumer confidence in energy market information. Equally, they felt if awareness is low, then it is unlikely to influence behaviour or build trust.

“If you don’t know it existed, how do you know to look for those who have signed up?”

Many held the view that the code might go some way in helping to increase consumer confidence in PCSs if people were made aware of it, and some said they do not use these services currently because they do not trust them. However, most Panellists questioned why the code is voluntary and could see no reason why it should not be made mandatory. While the code remains voluntary, Panellists felt it could deter some consumers from making use of PCSs because having to check it is accredited before using it adds an additional step to the process. Additionally, some Panellists felt that the fact that a code exists could potentially undermine trust in all PCSs, because it draws to consumers’ attention that not all sites are necessarily as trustworthy as they might have assumed. Some Panellists also felt that the voluntary nature of the code would make it difficult to enforce if PCSs failed to adhere to it. They felt that being accredited by Consumer Focus (whom very few were aware of) was not a sufficiently strong incentive for code compliance. However, others thought a voluntary code would work if it was publicised. Consumers would then know about it and ‘good’ PCSs would differentiate themselves by signing up.

The code itself was generally thought to contain the correct things that might help boost confidence in their tariff/supplier comparison. Although it should be noted that the length of the code meant there was not enough time for Panellists to engage with all of the details in depth. Table 1 below outlines Panellists’ reactions to aspects of the Confidence Code.

²³ The current Confidence Code is a voluntary code of practice. It sets out the minimum requirements that a provider of an internet domestic gas and electricity price comparison service (service provider) must meet in order to be, and remain, accredited by Consumer Focus.

Table 1: Panellist reaction to the Consumer Focus Confidence Code

| Aspects of the Confidence Code presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these aspects |
|--|---|
| <p>1. Independence and impartiality</p> <p>The price comparison service must be independent of any energy supplier</p> <p>Advice must be impartial (e.g. suppliers cannot influence the presentation of information by giving the comparison service a payment or 'commission')</p> <p>When a consumer searches by price, results must be presented <u>only</u> in order of price</p> <p>A price comparison service must clearly state each energy supplier who it receives commission or payment from</p> | <p>Independence and impartiality were supported and held to be very important to Panellists. However, a common concern voiced during the discussion related to the business model where PCSs make commission from energy suppliers for completing a switch even where this type of arrangement was made clear. <i>"I like that it has to be independent. But it can still receive commissions? It shouldn't receive any commission at all, otherwise it's not impartial."</i></p> <p>A perceived lack of independence undermines trust in the code and confidence in the impartiality and credibility of the PCSs.</p> <p><i>"Presumably these sites are separate businesses (i.e. from suppliers), making money from the hits, but if they are receiving money from suppliers, that's always going to raise suspicion."</i></p> <p>Therefore most would prefer the code to require that services could not receive any commission.</p> |
| <p>2. Tariffs and price comparisons</p> <p>The price comparison service must include <u>all currently available domestic tariffs</u> in price comparisons (for all payment types, for all suppliers of gas, electricity and dual fuel)</p> <p>The price comparison service does not have to show:</p> <ul style="list-style-type: none"> • social tariffs (i.e. tariffs only available customers in certain social or financial situations, e.g. those receiving benefits) • tariffs only available in specified regions if the consumer does not live there, or • tariffs the supplier requests them to remove (if this happens they must notify Consumer Focus) <p>Non-cash offers (e.g. supermarket points) should be presented separately from price</p> | <p>Some Panellists questioned why suppliers should be able to ask PCSs to remove details of some tariffs, e.g. social tariffs, as they wanted to see all tariffs offered by suppliers even if they might not be eligible for them, as this would be useful in advising friends or family whom might be.</p> <p>Some Panellists noted that they would like to see which suppliers' tariffs provided the lowest price on average over an extended period, e.g. several years. Some felt this trend data could aid decision-making when choosing between similarly priced tariffs offered by different suppliers.</p> |

| Aspects of the Confidence Code presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these aspects |
|---|---|
| <p>3. Control and management</p> <p>The price comparison service must be managed and controlled, and use its own tariff database and price comparison calculator</p> | <p>Little comment passed. Given the limited time to discuss each element of the code there was little comment passed beyond the fact it seemed appropriate.</p> |
| <p>4. Payment methods</p> <p>A price comparison service must provide consumers with an explanation of payment methods, e.g. by cash/cheque, monthly and quarterly direct debit, pre-payment meter</p> | <p>Again little comment passed as it was understood and seen to be necessary. A few Panellists would be interested in knowing if discounted payment methods, e.g. paperless billing, were available.</p> |
| <p>5. Results and filters</p> <p>A price comparison service must list a minimum of ten of the cheapest tariffs available in the region where the consumer lives, on one page</p> <p>A price comparison service may provide search filters so that consumers may refine their search, for example, by selecting different types of tariffs or an energy supplier's service rating</p> <p>The price comparison service must let consumers view a list of all of their price comparison results</p> | <p>There was strong support to refine search results based on metrics such as supplier customer satisfaction rating (as long as these were independently verified), or energy origin important for the few 'green-minded' consumers</p> <p>Panellists said they would want search filters to be included for different groups, e.g. social tariffs, those interested in high customer satisfaction/ those interested in low carbon etc.</p> |
| <p>6. Quality of service and energy efficiency</p> <p>A price comparison service may give ratings to suppliers' performance so consumers can consider quality of service if they want (this has to be impartial and approved by Consumer Focus)</p> <p>A price comparison service must give energy efficiency advice, or direct consumers to other relevant energy efficiency information (e.g. link to the Energy Saving Trust)</p> | <p>Widely approved of and seen as important. As indicated throughout this report, opinion was split in relation to presenting customer satisfaction ratings. It was felt that the code meant information would be more trustworthy and as such could provide reassurance.</p> <p>There was limited time for Panellists to comment in any detail on energy efficiency advice. However this aspect was welcomed, particularly for its potential to help with cost-saving.</p> |

| Aspects of the Confidence Code presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these aspects |
|--|--|
| <p>7. Accuracy and updating tariffs</p> <p>Prices and price comparisons must be accurate, up-to-date, and state when they were last updated</p> <p>A price comparison service must display details of the consumer's current tariff</p> | <p>The code requires tariff information to be updated within two days and this was largely approved of as an appropriate time interval for checking and updating tariffs.</p> |
| <p>8. Annual audit</p> <p>A price comparison service will undergo an annual audit (or detailed check) carried out by Consumer Focus. The cost of each audit will be met by the price comparison service</p> | <p>Supported: although a few Panellists called for audits to take place more regularly. Some Panellists thought published audit findings would add to the transparency around the code, but noted that it would be unlikely that they would want to read them.</p> |
| <p>9. Complaint handling</p> <p>A price comparison service must have a consumer complaint and enquiry procedure</p> <p>A price comparison service must respond to any complaint or enquiry within seven working days</p> | <p>Little spontaneous comment. Some Panellists confused the roles of Consumer Focus and the Energy Ombudsman and initially objected to the response period of seven working days, mistakenly assuming this theme referred to complaints about suppliers and fearing that this might leave consumers without energy for over a week. Once explained that the standard related to complaints about the PCS itself, Panellists considered it an adequate response period.</p> |

A code might help to reassure consumers that their search results are the best for them. However, even a well publicised, mandatory code is unlikely to act as trigger for engagement on its own. Consumers are likely to require a more substantial trigger to consider engaging with the market. Panellists felt that a code (voluntary or otherwise) for multiple PCSs, each one presenting different search results, makes the comparison process itself time-consuming and overly complex. To be reassured that they were being quoted tariff prices available across the market, they felt they would need to spend time cross-checking all PCSs (including code-compliant ones), even if the code was Mandatory (although some question how these could come up with different results if following the code to the letter, and consequently question what the benefit of having multiple sites would be).

5.4 One service: potential for increasing consumer engagement

As the discussion progressed, Panellists across all workshops wanted consistent tariff information regardless of whichever PCS they used. They also wanted it to be clear where they should go for this information (as discussed in Section 3 consumers are more likely to think about reviewing their energy options if they believe the market is easy to navigate). Additionally, the part of the code causing most concern was the potential for PCSs to receive commission from suppliers. This led them to conclude there should be only one energy comparison service, which would not receive commission from any suppliers.

“I wouldn’t have confidence in a website that is receiving commission from suppliers. They are not independent – that is not an independent relationship.”

“Just the one – one true site, no commission.”

A lack of familiarity with Consumer Focus prompted most Panellists to suggest that Ofgem would be best placed to run or oversee such a service because as a regulator Ofgem was felt to have more authority to check the validity of information provided to consumers. Given the earlier discussion looking at making supplier performance and other market information publicly available, Panellists believed that as regulator Ofgem has ready access to supplier and tariff data required to maintain a PCS. They reasoned this would make Ofgem the obvious choice to manage a single PCS, particularly as they assumed Ofgem would be able to provide verified information which in turn they felt would increase consumer confidence.

The ideal single PCS conceived by Panellists would therefore include the enhanced monitoring data favoured in Section 4 (i.e. customer satisfaction rating and complaint data), and would be managed by Ofgem. As a facet of being run independently, it would be important that the service should receive no supplier commission – an aspect of the present code which undermines consumer trust. Instead, it was felt by some, that the service ought to be funded by a levy on all suppliers.

“It would have to be funded by a contribution from all energy companies, and there should be only one website.”

Ofgem's role and activities

Section 6: Ofgem's role and activities

This section considers awareness of Ofgem's role, before discussing Panellist reactions to Ofgem's priorities and activities and the extent to which these meet the consumers' expectations and needs.

6.1 Spontaneous views of Ofgem's role

Spontaneous awareness of Ofgem's actual role and remit was very low among most Panellists. Many had views on what it *should* be doing which are discussed below whilst others had no idea what its remit might be. There was, however, some awareness among many Panellists that it exists to regulate the energy market in some way. However most referred to this role using general language such as "policing the market", "keeping suppliers in check" and "stopping bad practices" and some gave the example of Ofgem "stopping false advertising".

A few Panellists, particularly in London and Cambridge, used the actual term "regulation", and had a quite sophisticated knowledge of what that might entail, speaking about promoting competition, preventing cartels or monopoly-like behaviour.

It was thought that Ofgem "watches" "checks" or "oversees" the price of energy. Some Panellists thought that Ofgem has a duty to standardise prices, or even to control or reduce them. They therefore felt that Ofgem is not fulfilling its role in this regard. Often overseeing prices was mentioned as a role that Ofgem should have, even by the Panellists who understood that it is not currently part of its remit. It was suggested in many locations that Ofgem should have the power to mandate suppliers to reduce their prices in line with reductions in wholesale prices so savings are passed back to customers at the earliest opportunity. This was thought to be the best way to protect consumers and make sure that they are being treated fairly.

"When the price drops Ofgem should be there to make sure the drop is passed on in a reasonable time, not when it suits the energy company."

Others thought that Ofgem's role includes ensuring fairness by forcing suppliers to treat all their customers (in particular vulnerable groups) equally; ensuring that the needs of all customers are catered for.

There was a very low level of awareness of other aspects of Ofgem's remit. Panellists who were particularly interested in green issues mentioned the promotion of energy efficiency and sustainability. A small number of Panellists also thought that Ofgem had some responsibility for helping to ensure continuity of supply now and in the future by encouraging investment in renewables.

Across all workshops, many Panellists assumed that Ofgem had some form of consumer-facing role, and many thought it would play the role of an ombudsman and/or advocate. In particular, it was thought that Ofgem has responsibility for representing customers and that they are the "consumer voice" within the energy market (including dealing with complaints). Perhaps as a result of their experience as Panellists, many thought one of Ofgem's roles was to relay consumers' views back to suppliers. In addition many assumed that it has a broader role in ensuring that suppliers respect customers' rights and "ensure there is a high standard of customer service." There was a wide misconception that Ofgem deals with complaints. There was little awareness that this might be the remit of a different organisation (the Energy Ombudsman).

This view seemed to stem from Panellists lacking the detailed knowledge of the structure of the energy market to comprehend Ofgem's remit as economic regulator.

For many Panellists, seeing Ofgem act in a consumer facing role would help them to trust it as an organisation, as it was felt that its current work is not visible enough to them (as consumers) to inspire that trust, or for consumers to understand what it does.

6.2 Spontaneous perceptions of Ofgem's effectiveness

Although people are not familiar with Ofgem's role, their overall view is that regulation of the energy market is currently not very effective as they do not think they are being charged a fair price for their energy. Some more engaged Panellists questioned Ofgem's role in relation to both the government and suppliers and were particularly interested in how it was funded. As mentioned above, some thought that Ofgem had the power to "set the rules" by which the suppliers abide, and as such did not understand why they have not seen evidence of Ofgem mandating suppliers to improve standards and/or lower energy prices.

Even where it was understood that the legislative power lies with the government, there was the perception that Ofgem lacks "teeth" and is not protecting consumers against an industry that they do not trust.

"If they have power enforced by legislation they should use it..."

"It's a talk shop with no teeth...surely after a year and a half of increases in prices we should have more coming back to us. I don't see any improvement that they [Ofgem] have made."

On the 9th of March (after the first three Panel workshops and before the final three), it was announced that EDF had agreed to pay £3.5 million to provide a discount to its customers who received the Warm Homes Discount and £1 million to the Citizens Advice Best Energy Deal. This was as a conclusion of an Ofgem investigation where it was found some of EDF's processes had led to breaches of its marketing licence conditions. In the final 3 workshops, there was some awareness of this. It was viewed as a good example of what Ofgem should be doing more of, as it reassured them of consumer interests being prioritised. However, in Ayr there were mixed views about the ruling; while it was seen as positive by some that consumers will be reimbursed, others questioned why vulnerable customers should be given the money, especially as they have specialist groups set up to support and help them. They argued that those customers that had been affected should be the ones to benefit as they were the people who had lost out.

As in the previous round of Panel workshops, Panellists thought that Ofgem is not doing enough to simplify the market, in particular in relation to the number of tariffs available and pricing structures within tariffs. The ideas discussed in the Panel events are seen to be going some way to addressing these concerns, but Panellists want to see evidence of changes actually occurring.

However, it is important to note that while there was doubt about how effectively Ofgem is currently protecting the interests of consumers, Panellists did generally have trust in it, and thought that it is the most important independent organisation working in the energy market. This is perhaps partly a response to the 'Of' branding and link to Government, which Panellists associated with authority and independence.

6.3 Panellist reaction to Ofgem's priorities and activities

When presented with Ofgem's priorities and activities (see appendix), Panellist reactions were generally positive. Most thought that Ofgem was focussing on the correct areas, and that its objectives were broadly sound, despite the fact that Ofgem's priorities are significantly less consumer facing than they had presumed.

The findings regarding specific aspects of Ofgem's objectives and activities are presented in Table 2 below. It should be noted that the tone taken in the materials that Panellists considered (see appendix) was relatively 'soft', using terms such as 'work with' or 'help to'. These materials were designed by Ipsos MORI and Ofgem to be consumer friendly and easily understandable, while accurately communicating the complex role Ofgem has. It is worth noting that Panellists reactions may have been different if stronger language had been used to describe this role. Indeed, some Panellists took issue with the language used in the stimulus, seeing it as evidence that Ofgem is not taking strong enough action to regulate the energy market because the language used (see appendix) was not sufficiently assertive.

"They need to stop using words like 'likely' and 'may' take away licences [and replace them with] 'they should and will.'"

This relates to the broader frustration that some Panellists raised in relation to Ofgem's role and remit. They felt it needs to be seen to be taking a stronger stance in relation to the suppliers' actions, particularly with respect to pricing and mis-selling, and this needs to be communicated better with the public. They thought that, at present, Ofgem's work is too hidden (and potentially too complex) to reassure the general public that the market is well regulated.

Although it is a key priority for Ofgem, Panellists struggle to understand what it might mean for a regulator to 'promote competition' and are unsure how this could be done. They also question why this should be necessary if there are multiple providers as they believe competition should naturally occur in that situation. However, they simultaneously recognise that the market is not necessarily functioning correctly (e.g. because price falls are not passed on quickly) and therefore it is likely that it is the wording of the objective, rather than the objective itself, that people do not immediately agree with.

Table 2: Panellist reaction to Ofgem’s priorities and activities

| Ofgem priorities and the examples presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these priorities and examples |
|---|--|
| <p>Protect the interests of gas and electricity customers</p> <p>e.g. Ofgem’s current project - the Retail Market Review – has found a number of ways energy companies need to improve so that the market works better for consumers. Implementing these major changes will be a major focus of Ofgem’s work for the next year. Listening to the views of Panellists like you is one way Ofgem has found out what improvements are needed.</p> <p>e.g. Ofgem plans to make customer communications (e.g. bills and annual statements) clearer for customers, potentially simplifying and reducing the number of tariffs so that it’s easier to compare them.</p> | <p>This was generally uncontroversial, though a few Panellists thought that it was impossible for Ofgem to fulfil this role without dealing with consumer complaints. Some also thought that Ofgem would need to have a higher profile so that people would know that they are “on their side” in order to fulfil this priority effectively.</p> <p><i>“It seems like they’re in the interest of the consumer, but consumers don’t know who they are that’s strange, if they’re the port of call shouldn’t people know who they are?”</i></p> <p>Panellists thought that Ofgem’s work around supplier communications and reducing the number of tariffs was particularly important, in light of the discussion in the previous round of workshops. Many were of the opinion that engagement with the market will remain difficult for them until there is a manageable number of tariffs, and comparisons between them are easier to make.</p> |
| <p>Consider the reactions of vulnerable customers</p> <p>e.g. Ofgem often conducts research with vulnerable customers to find out how best to support them - they may face particular problems and barriers that Ofgem would otherwise be unaware of, and this needs to feed into all Ofgem’s work.</p> | <p>Panellists had mixed reaction to this objective. Most thought that this was important, but were sceptical as to how well Ofgem fulfils its role in this area, particularly as the example presented related only to research rather than any actions Ofgem has taken in relation to these groups:</p> <p><i>“It should be a top priority. I can’t see them doing any of it at the moment with old people.”</i></p> <p><i>“You see that in the news all the time in winter about old people who can’t afford it.”</i></p> <p>The lack of visibility of Ofgem’s work in this area was taken as further evidence that it lacks power and cannot stand up to suppliers.</p> <p><i>“This is what they should be doing but is it just advice.”</i></p> <p>Meanwhile a small number questioned whether it is the place of Ofgem to do this, when vulnerable people receive support in other ways (e.g. via carers and other advocates) and as such may already have the help they need to engage with the energy market. This related to the broader perception that the market is so unnecessarily confusing that <i>all</i> energy customers need help navigating it, not just those who are vulnerable.</p> |

| Ofgem priorities and the examples presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these priorities and examples |
|---|---|
| <p>Promoting competition</p> <p>e.g. Ofgem already monitor the suppliers' activities. In future we're also likely to gather and publish more detailed information about the performance of energy companies, so that there's more transparency about how different companies are performing and so customers can use this information in making choices about different suppliers.</p> | <p>There was some confusion around what this might entail. A few thought that this should not be Ofgem's role as it should occur naturally within the market.</p> <p><i>"This is interesting 'promote competition between gas and electricity companies'. It shouldn't be Ofgem's priority, if the energy companies drove the markets. It's in their [the suppliers] best interest."</i></p> <p>Others were unsure as to how promoting competition would work in practice, or were unsure that providing more information was a means to achieving this.</p> <p>However, proposals to publish more information were generally welcomed, although, as discussed elsewhere in this report, most Panellists are unlikely to actively seek this information.</p> |
| <p>Issue licences</p> <p>e.g. Ofgem reports on the way companies meet their 'licence obligations' and takes action where necessary. For example, Ofgem is carrying out a number of investigations looking at how suppliers may have mis-sold contracts to customers. Ofgem may also investigate whether an energy company is handling customer complaints properly. Ofgem can use its legal powers to take enforcement action (this can include fining the energy companies up to 10% of companies' worldwide turnover). It can also work with industry to help stop these issues happening in the future.</p> | <p>Panellists were often surprised by this, and inquisitive about the obligations that licenses place on suppliers. Many questioned where the money from any fines would go to and why Ofgem does not use its power to fine more often or even revoke licences. Some thought that it should ensure that any fines always go back to consumers (rather than the Treasury, as commonly happens now) and that this should be heavily publicised by Ofgem:</p> <p><i>"Why haven't I read about this and why didn't I know the money was going back? Fly the flag."</i></p> <p>While some thought that it was acceptable for the Treasury to receive the fine, others thought it should always be those who have been mistreated that should be recompensed:</p> <p><i>"What do the customers get from that 10% fine? They're the ones who have been messed around – we wouldn't even know it is happening – we get no apology, no refund."</i></p> <p>A number of Panellists noted that, given how badly (in their opinion) the suppliers have treated some of their customers in recent years, if Ofgem were really acting in those customers' interests, they would be carrying out more investigations and enforcement cases.</p> <p>When Ofgem does impose fines, Panellists thought that they should publicise the fact as much as possible. Some Panellists also called for the licences and the information therein to be published as this would lead to greater transparency. However, this may be a research effect, and it is unlikely that there would be much consumer interest in examining licences in detail.</p> |

| Ofgem priorities and the examples presented to Panellists (see appendix for stimulus materials) | Panellist reactions to these priorities and examples |
|---|--|
| <p>Make sure the lights stay on</p> <p>e.g. Ofgem ensures that the ‘pipes and wires’ companies do not abuse their position by charging too high prices or providing a low quality service (e.g. lots of power cuts). Ofgem protects customers by deciding how much money these companies should receive and spend. Ofgem set these ‘price controls’ so that the companies have enough money to keep the networks working properly and there is a limit on the amount of income network companies can make through their charges.</p> <p>e.g. Increasingly Great Britain is depending on gas from abroad. Ofgem has recently finished a review looking at how secure GB gas supplies are. It is making recommendations to Government for actions that will make sure we have enough energy in the future.</p> | <p>Some were surprised by Ofgem’s remit around ‘pipes and wires’, due to a lack of awareness around how this part of the energy market works, but once the context was explained they welcomed this protection and felt it was important there is some oversight in this area.</p> <p><i>“It’s good that there are regulators for overseeing that and making sure of how much is being spent on that.”</i></p> <p>A few Panellists were very concerned about Britain’s reliance on imported energy, and were pleased that Ofgem takes an active role in this area.</p> <p>A very small number of Panellists expressed an interest in finding out more about this aspect of Ofgem’s role although again it was unclear whether they would actively seek it in practice.</p> |
| <p>Make environmental improvements</p> <p>e.g. Ofgem is working with Government (e.g. the Department of Energy and Climate Change) and the energy industry to help to cut carbon emissions. Ofgem encourages the energy industry to promote the use of low carbon energy solutions to consumers.</p> | <p>Panellists who were interested in green issues wanted more information about what Ofgem does to help GB meet sustainability targets and ensuring that more energy is sourced from renewables. They were not sure whether this objective entirely covers this area, as it seems (in the way it was worded in the research stimulus) more focussed on suppliers and their targets than overall national targets for renewable energy.</p> |

Most agreed that the list of objectives were the right ones, and found it hard to prioritise them, because they all were viewed as important.

“It seems to cover the all the right areas in theory, but in practice it’s a different thing.”

‘Protecting customers’ and ‘protecting those who are more vulnerable’ were mentioned by some as most important. In some areas, concerns surrounding the future supply of energy were high on the agenda, as Panellists were concerned that Britain is too reliant on imported energy. In London, some Panellists were sceptical about the effectiveness of the work programme but generally agreed that that these were the right things for Ofgem to be focussing on.

Ofgem’s role now and in the future

The lack of trust in the energy market in evidence in both sets of workshops as well as the perception that consumers are being treated unfairly meant that Panellists wanted an independent body to work harder in their interests. Most (possibly as a result of Panel membership) thought that this body should be Ofgem, and they questioned the need for multiple organisations (e.g. Consumer Focus and the Energy Ombudsman) working in this area, which they believed adds to the confusion in the market. However, many pointed out that Ofgem does not have a high enough public profile. There were numerous calls for Ofgem to publicise their own successes, and keep the public better informed about their work programme.

While this may be a research effect, some Panellists argued strongly that knowing more about how Ofgem is working in their interests would help to increase their confidence in the energy market (i.e. supplier practices), although this would have to go hand in hand with the stronger enforcement action that they called for. While only Engaged consumers would be interested in hearing more about the details of how Ofgem regulates, Disengaged consumers may be more inclined to trust the energy market if they regularly hear (through the media) that Ofgem is taking action on their behalf.

For Panellists, a successful Ofgem would, in the short term, mean that suppliers were kept in check through stringent enforcement action, including fines and revoked licenses. Consumers would need to be well informed as to how Ofgem’s work benefits them. For some, there would need to be evidence that suppliers are setting ‘fair’ prices as a result of action that Ofgem has taken e.g. they would need to see Ofgem require falls in wholesale energy prices to be ‘passed on’ to consumers quickly.

“I think people would be happy [with Ofgem’s performance] if they thought the prices were fair.”

However, looking at Panellists priorities for the energy market across the two waves of Panel workshops, and their views on Ofgem’s role, it seems that, for them, in the longer term, a successful Ofgem would lead to a market in which there were fewer tariffs, a more easily navigable market (fewer tariffs is a necessary part of this) and energy that is seen to be affordable, especially for vulnerable customers. If these pre-requisites were in place, then, in the future, there may be less need for Ofgem to be seen to be taking enforcement against suppliers. As one Panellist put it *“If Ofgem were successful it would not be needed.”* Thus while Panellists called for a more visible Ofgem now, this was in the context of their current lack of trust in the energy market and perception that prices are unfair. In the future Ofgem could become less visible but only if the market and prices are perceived to be fair and understandable.

Ofgem's website

Section 7: Ofgem's website

This section discusses Panellist expectations of Ofgem's website and reactions to whether the website should be a gateway to trusted sources of information or should aim to contain all the information in one site as a "one-stop shop". It subsequently describes how the Ofgem website could potentially be repositioned to better meet the needs of consumers as outlined throughout this report.

7.1 Where are we now and future potential?

As noted in section 3, many consumers do not actively seek out information about the energy market online, preferring to get their information from trusted sources such as friends and family or (where trusted) their own supplier. Few Panellists had used energy price comparison services, and many were sceptical about their effectiveness. Given this, awareness of the Ofgem website and what it might contain was limited, as many felt they had no reason to visit it. The few who had visited did so either as a result of Panel membership (i.e. they had joined the Panel so were curious to find out more about Ofgem), or as a last resort when attempting to make a complaint about a supplier. Some recognised that the website would also be used by the industry (energy companies etc) and therefore wondered to what extent it was, or should be, customer-facing.

When discussing what they *expected* to find on Ofgem's website, the fact that Panellists had just discussed the organisation's remit is likely to have affected views to some extent. They described a relatively standard corporate website with information including a mission statement, aims and work streams, information on corporate social responsibility, information on Key Performance Indicators and successes and FAQs. However, if this was the only information available on the website, it was clear that most consumers would have no reason to visit it, except in error, for example, when looking for the appropriate way to escalate a complaint about a supplier.

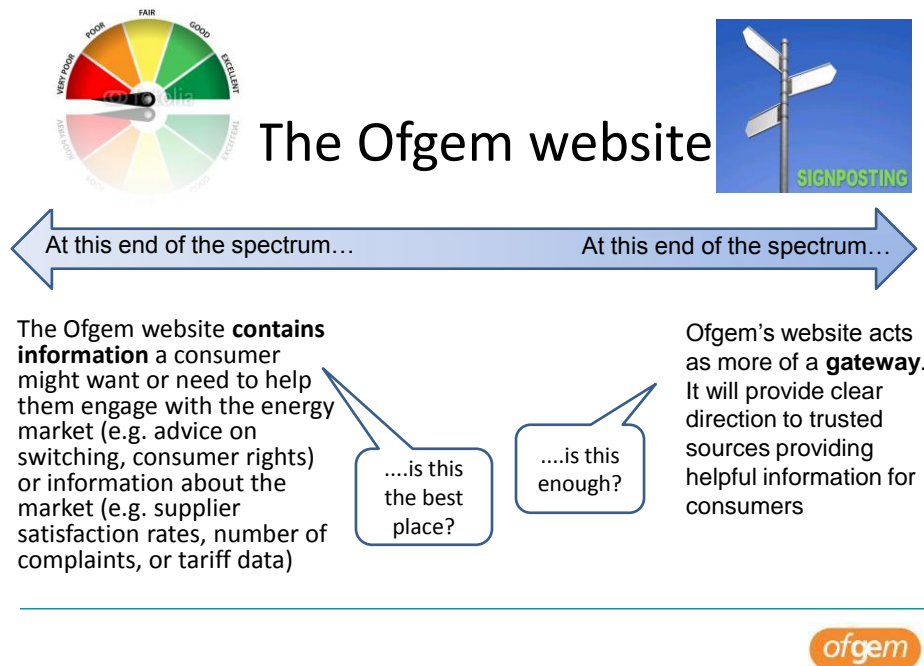
Consumers are unlikely to see the Ofgem website as a port of call for their energy information needs unless:

- Ofgem positions itself as the consumer advocate for energy, and
- Consumers are told they can find clear and easily intelligible information on the website that they are interested in (i.e. information about prices, suppliers and complaints) and it appears high up on search engine results.

As outlined in Section 5, for those who were least trusting of the market, a link from Ofgem's website to a single regulated price comparison service might go some way towards reassuring them that they should be able to find their best tariff. However, a few wanted *more* help in navigating the market and thought that the Ofgem website should either incorporate a price comparison service or provide information on who is "best" in the market in another form. Some suggested it could actively guide consumers towards the most appropriate tariffs for them via the use of pen portraits for example (i.e. examples of different 'typical' households and what tariff would be best for them).

7.2 Ofgem website: 'one-stop shop' or gateway to trusted sources?

Panellists were asked to comment on a proposed spectrum in relation to the Ofgem website. At one end, the Ofgem website would contain information a consumer might want or need to help them engage with the energy market. At the other end of the spectrum, Ofgem's website would act as a gateway, providing clear direction to trusted sources that provide information for consumers (as in the illustration below).



The government is currently aiming to reduce the duplication of information on publicly funded websites. Therefore, moving to the left side of the spectrum where the website contains a large amount of information might mean that this information may have to be removed from some other publicly funded websites. This was explained to Panellists as they debated the two approaches. Opinion was split as to which was the optimal approach, with many opting for "somewhere in the middle".

Passive and Reactive Panellists tended to opt for the 'bank' approach where all of the information is in one place. There was a general preference among these consumers for ease of engagement with the market. They currently lack trust and find it very difficult to navigate and as a result want to be guided by a trusted independent organisation. As they are unhappy with the perceived amount of work involved in engaging with the market they want more of this work to be done for them, either by suppliers (as noted in section 3) or an independent organisation such as Ofgem.

These Panellists noted that this 'bank' approach is the most efficient for the consumer; it is simply quicker to access all of the information you need in one place rather than follow several links. They were not sure of the benefit of the site taking a signposting approach as it would be possible to search for this information without going through the Ofgem website.

"A gateway is a glorified Google and I'd rather just use Google."

Some Panellists reported frustration when having to follow long trails through different websites to find information. For some this was due to a lack of trust in “the internet” and a general lack of confidence in navigating it. Others’ lack of trust was particular to the energy market. As such, many reported they would be more likely to trust information about the energy market if they read it on the Ofgem website, as they seemed confident in Ofgem’s independence and energy expertise. They presumed that it has access to up to date market information that may not be available to other organisations or price comparison websites. The most sceptical participants did not agree that links to ‘trusted sources’ would have the same effect, even if Ofgem provided links to them

“All the information should be on the Ofgem website because they are the people that deal with energy.”

For those who are most confused by the energy market, this approach was favoured because they thought that there is currently too much information available, and it should be Ofgem’s role to simplify it.

Having all of this information accessible in one place would make things easier to manage for consumers, which Panellists felt should always be Ofgem’s primary role. A few also mentioned the frustration of broken links and the perception that if Ofgem’s site relied heavily on linking to external sites these would be more prevalent than if all the information was contained within Ofgem’s domain.

On the other hand, those with more trust and energy literacy (i.e. Engaged Panellists) were confident that links to trusted sources would be just as effective in helping them source information as having it all available on Ofgem’s website.

“You can’t put all the information in one page, so in my mind it doesn’t matter whether you have it on their website or elsewhere.”

Panellists more accustomed to engaging with the market and familiar with the internet thought that it would be appropriate for the Ofgem website to contain basic information about the market, with links to approved price comparison websites, where tariff information already exists. A more consumer focussed Ofgem website would make little difference to Engaged consumers as they do not need much help with market engagement. Similarly it would make little difference to those who are currently Disengaged. Panellists who fall into this category noted that they would never seek out information on the energy market, and as such it is irrelevant to them who it is published by. As noted in the section 3 these Panellists would need significant reassurance before engaging with the market, and in any case, are most likely to want to get their information from other sources. In particular, they are more likely to turn to friends and family or a face-to-face service where their questions can be answered immediately and in person and where they felt they could be better guided through their options.

7.3 The ideal consumer focussed Ofgem website?

Taking into account Panellists’ views on the information they need in navigating the path to engagement along with their views on what they expect from the Ofgem website, Table 3 overleaf represents how it might best meet their current information needs.

Table 3: The ideal consumer focussed Ofgem website

| Value to consumers | Information | Reason for inclusion |
|--|----------------------------------|---|
| <p>Useful</p> <p>Things that would help consumers engage with the market, and potentially to navigate the path to engagement described in section 3</p> | Signposting | <p>Given that many assume that Ofgem is the place to go with energy complaints, and assuming that this will not become part of Ofgem’s role, Panellists felt it would be helpful if the website clearly signposted them to the organisations that can help them.</p> <p>Panellists also called for a single price comparison service linked to Ofgem’s website that would simplify the task of reviewing their energy options, or a list of sites which have agreed to a stringent code of conduct similar to the Confidence Code tested earlier in the workshops.</p> |
| | Pen Portraits | In both waves of the Panel to date, Panellists noted that it would be useful to know what tariffs are the most appropriate for their type of family or household. Pen portraits (text descriptions) of households with clear and understandable information about the most suitable tariffs would help those who are most confused by the market to sort through their options. |
| | Switching Guide | This would go some way towards addressing the fear (described in section 3) that needs to be overcome before changing tariffs. It would need to be written in plain language, and set out clearly how long it takes to switch supplier, the processes in place to ensure the customer is not worse off (e.g. through double-billing, or through later price rises) and how to resolve any complications during the process. |
| | Tariff/Supplier performance data | This information could help some Engaged consumers in choosing their tariff. It is unlikely to be useful for or sought after by most given the complexity of the market, and the fact that, for most consumers, price is the most important (and sometimes only) piece of information they feel the need to take into account. Ideally it would appear alongside price comparison data in order to be most useful. |
| <p>Interesting</p> <p>Most will not seek out this information, but might find it interesting and reassuring</p> | Successes | <p>As noted in the previous chapter, information on Ofgem’s current actions and impact were seen as key to improving trust in it as an effective regulator.</p> <p><i>“We want to see successes, catching companies doing illegal things, fines imposed, meeting targets, bringing down prices for vulnerable customers”</i></p> <p>While some Panellists argued strongly that this information is essential and important for Ofgem to provide on their website, this is likely to be a research effect, as they had just discussed Ofgem’s role. This kind of information would be sought out on the Ofgem website only by the most engaged. If seeking to reach a wider audience it would be better disseminated through the media with the goal of building trust in the market on a wider scale.</p> |

| Value to consumers | Information | Reason for inclusion |
|--|-----------------------|--|
| Hygiene Types of information that are generally expected to already appear there | Market data | A very small number of Panellists said that they would like to know more about the market make-up such as names of suppliers, market share, profits etc. This is something they would expect to be able to find, but that they are unlikely to actively seek. |
| | Corporate Information | Panellists thought that this information would be present on Ofgem's website as a matter of course. Many professed interest in who works for Ofgem, how it is funded and who it is accountable to, but would be unlikely to seek out this information. |
| | Licenses | When discussing Ofgem's remit, a few Panellists noted that they would like to know what is contained in licences i.e. what rules the suppliers are supposed to abide by, and that it is important that this is available on the Ofgem website in an accessible form, so that interested consumers can find out what rules their suppliers must abide by. Again, they would be unlikely to seek out this information. |

However, given that none of the Panellists had sought out any information through Ofgem's website in their daily lives, it is likely that consumers would currently only end up on the website if all other avenues for information or complaints had failed. Therefore if Ofgem was to make its website much more consumer focussed, it would need to be heavily publicised in order to drive traffic to the site. As outlined above, while the Government is looking to streamline online information, most Panellists felt it would be better to have this information from a trusted, independent source with a detailed knowledge of the sector (i.e. Ofgem).

Conclusions

Section 8: Conclusions

This round of Panel workshops have identified insights both for understanding Ofgem's role and activities and for developing a detailed understanding of the key issues affecting consumer engagement in the energy market. The findings also identify the reassurances consumers want and how these can play a pivotal role in building trust and mitigating apathy among consumers.

Lack of trust in the market is a key barrier to consumer engagement and in many cases outweighs the potential for financial gain. Past experience and testimonials from friends, family and other energy consumers are important in shaping expectations of the key players in the market. This includes consumer perceptions of individual suppliers, as well as independent price comparison services.

The **need for a more widely publicised 'consumer-focussed' and independent voice in the market** is clear. Panellists believe 'someone like Ofgem' – who is perceived as having 'powers to transform' and energy expertise – should play this role thus providing the reassurance needed to prompt engagement. The fact this view was often raised spontaneously reveals some consumer appetite for Ofgem to do more than it is currently perceived to be doing.

The widely held view that navigating the marketplace will be a 'hassle' continues to be a major concern among Panellists, creating a barrier which prevents them from taking the time and effort to review their options. But, it is not the only barrier and discussions around what could prompt engagement revealed several other barriers that need addressing. These include:

- Limited understanding, and interest in, energy related information
- Lack of confidence in price comparison services
- Concerns surrounding the switching process (e.g. double-billing, unsustainable savings, time-intensive)
- Lack of ability and confidence in choosing the most suitable tariff

Given the impact of limited understanding, confidence and awareness relating to the energy market on the consumer's ability to feel confident in choosing the most suitable tariff (many give up before they even get to this stage) consumers felt the following steps were needed, namely:

Reliable, credible independent sources of information

Information supplied by an independent price comparison service (online, telephone, or postal) or a public service body (e.g. CAB) is considered more credible and trustworthy than supplier sources. It was felt that Ofgem as the independent regulator, with its perceived access to market information would potentially be the most trusted source. Having a reliable source of information, independent from supplier influence, is seen to be particularly important at the start of the consumer's path to engagement (before they begin narrowing down options). This is because it is the point where trustworthy information can help overcome consumer concerns.

Reassurance about price comparison services

Consumer confidence in the trustworthiness of information is vital to prompt consumers to move to the final stage of engagement (i.e. switch). How information is delivered is equally important. A standardised, mandatory and/or widely publicised code of practice similar to the Consumer Focus Confidence Code would help to reassure people about the recommendations being made by PCSs. The idea of a single regulated price comparison site which can provide people with a full market tariff comparison is seen to be the optimal solution.

Evidence that the switching process has been improved

The perception that the switching process will be laborious and could leave people worse off is one of the key barriers to engagement. Yet many are open to the idea *in principle* if they would be guaranteed a saving. Clearly demonstrating how the process works (e.g. 'How to switch' guide) and that measures are being introduced to improve it (e.g. addressing the length of switching process) would therefore have the potential to improve engagement.

Evidence of Ofgem's impact

Given the lack of trust in the market, combined with the belief that suppliers should be working harder in the interests of consumers, Panellists want reassurance that Ofgem is doing something to transform the market. At present, Panellists want Ofgem to have a more visible role in terms of taking enforcement action to improve supplier practices as well as a greater emphasis on consumer-focussed activities.

Ofgem's website

Panellists reasoned that as the regulator Ofgem will have unparalleled access to information of use and interest to some consumers. After discussing the market and their information needs, Panellists felt Ofgem's website should provide supplier performance and market data as well as incorporating a price comparison service. Panellists felt Ofgem's website could provide them with quicker access to trusted information. Based on their Panel experience they expected such a site would include simplified language and data would be independently verified. They felt this would have the potential to increase consumer engagement in the market. However, even if these steps were taken it's unlikely that Disengaged consumers would look for this information, unless other reassurances could be made (e.g. significant savings can be made).

Summary

Difficulty navigating the market, combined with a lack of consumer trust, appears to present the most significant barriers to market engagement. There is interest in proposals discussed during the workshops, for example a mandatory consumer confidence code or having a single price comparison site are steps in the right direction to increasing engagement. To overcome the scepticism and lack of trust among consumers in energy related information Panellists felt there is scope to expand Ofgem's role to a consumer-focussed one. Put simply, consumers associate the brand Of[xxx] (Ofgem, Ofcom, Ofwat, Ofsted etc.) with independence. Also, as a regulator they expect Ofgem to have unparalleled access to information which is reliable and trustworthy. As such they believe Ofgem is well placed to provide consumers with the information they need to ensure they are getting the best value from their energy suppliers.

Appendices

Appendices

Sample breakdown

| Gender | Achieved |
|--------------------------|-----------------|
| Male | 48 |
| Female | 48 |
| Total | 96 |
| Age | |
| 18-24 | 10 |
| 25-44 | 42 |
| 45-64 | 29 |
| 65+ | 15 |
| Total | 96 |
| Ethnicity | |
| White British | 76 |
| White Other | 4 |
| Black or Minority Ethnic | 16 |
| Total | 96 |
| SEG | |
| AB | 22 |
| C1 | 31 |
| C2 | 15 |
| DE | 28 |
| Total | 96 |
| Rural vs. Urban | |
| Urban | 66 |
| Rural | 33 |
| Total | 96 |
| Electricity Only | |
| Electricity Only | 12 |
| Electricity and gas | 84 |
| Total | 96 |
| Tenure | |
| Owner Occupied | 52 |
| Social Rented | 28 |
| Private Rented | 16 |
| Total | 96 |
| Fuel Poverty | |

| | |
|--|-----------|
| Yes | 28 |
| No | 68 |
| Total | 96 |
| Employment status | |
| Employed | 60 |
| Unemployed | 9 |
| Student | 4 |
| Retired | 16 |
| Other | 7 |
| Total | 96 |
| Long-term condition or disability | |
| Yes | 19 |
| No | 77 |
| Total | 96 |
| Payment type | |
| Prepayment | 17 |
| Quarterly payment on receipt of bill (standard credit) | 34 |
| Direct debit | 43 |
| Payment card / book | 2 |
| Total | 96 |
| Family status | |
| Married / cohabitating with dependent children | 29 |
| Married / cohabitating with no dependent children | 16 |
| Lone parent with dependent children | 9 |
| Living alone | 32 |
| Unrelated adults | 10 |
| Total | 96 |

Discussion guide

Ofgem Consumer First Panel

Workshop 2 – Exploring what information (and where it should be) might encourage consumers to review their energy options.

FINAL 070312

Objectives for the second Panel are:

1. Refresh understanding of overall attitudes towards the energy market to compare and contrast with previous Panels.
2. Identify/explore what information people want, need or think should be made publicly available about different energy suppliers
 - a. To prompt and support people in switching tariff/ supplier to find the right tariff for them
 - b. To put pressure on energy suppliers to work harder in the interests of their customers
3. Identify/explore the best places for people to access this information, and explore
 - a. What will reassure people that they can trust this information? E.g. role of a 'confidence code'.
 - b. Ofgem's role in facilitating the above.
4. Establish understanding of Ofgem and examine whether its current and future remit and work programme is in line with consumer expectation and need
5. Discuss role of Ofgem's website for consumer (e.g. in informing people about Ofgem's work, and sign-posting them to useful information and support services).

| Timing | Exercises / activities | Comments |
|--------|---|----------|
| 15 min | <u>Introduction:</u> <i>AIM: Re-introduce the Ofgem Consumer First Panel; explain the purpose of this session and how it links to previous session</i> | |
| 15 min | <u>Section 1: Views of energy related issues since the previous session</u> <i>AIM: to understand current attitudes towards energy related issues and explore any attitudinal change since previous session</i> | |
| 45 min | <u>Section 2: Exploring consumer information needs and best place / channel for this information</u> <i>Objective 1: to understand what information consumers might want and need to prompt them to think about switching, or to help them switch</i> <i>Objective 2: what information would put pressure on energy suppliers to work harder in the interests of their customers</i> | |
| 15 min | <u>Break</u> | |
| 40 min | <u>Section 4: Consumer confidence in information</u> <i>AIM: to understand current level of trust in energy related information and identify measures that would boost confidence.</i> | |
| 25 min | <u>Section 5: Review of Ofgem's remit and activity</u> <i>AIM: to understand Panellist views of Ofgem; understand consumer expectations of Ofgem and whether Ofgem meets these.</i> | |
| 20 min | <u>Section 6: Ofgem's website</u> | |

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| <p>5 min</p> | <p><i>AIM: understand what Panellists expect to be on Ofgem's website.</i></p> <p><u>Section 7: Close</u></p> <p><i>AIM: to bring the discussion to a close and allow participants to comment on what they've done in the session.</i></p> | |
| <p>17.45-18.15</p> <p>18.15-18.30</p> | <p><u>Arrival and Registration</u></p> <p><u>PLENARY Re-introduce the Panel</u></p> <p>Lead moderator to welcome, introduce the team and clients (as applicable), housekeeping.</p> <p><i>Use stimulus 1-5 to feedback summary of findings from first session explaining how used.</i></p> <p><i>Use stimulus 6 to introduce brief exercise: Ask Panellists to call-out anything they have heard about the energy market / energy related issues since the first Panel (late Oct/early Nov). Where they heard it from? Has it made any difference to them?</i></p> <p><i>Lead moderator explains Panellists will continue this discussion on tables.</i></p> | |
| <p>18.30-18.40</p> | <p><u>BREAKOUT Section 1: Views of energy related issues</u></p> <p>Introductions around the table: First name, household composition and how long lived there.</p> <p>Please explain in more detail what (if any) things have you heard about the energy market / energy related issues since the first event (late Oct/early Nov)?</p> <p><i>Use flipchart to record responses</i></p> <p>NB: PRIORITY IS TOP-OF-MIND RESPONSE ONLY USE PROBES WHEN NECESSARY</p> <ul style="list-style-type: none"> • Changes to retail prices • Sustainability / environmental issues • Changes to consumer energy behaviour (e.g. switching / usage) • Changes to consumer energy goods available (e.g. • New / alternative energy sources • Changes to new homes being built • Risks to energy supply • Risks to consumer <p>TAKE EACH RESPONSE IN TURN AND ASK:</p> <p>Where did you hear that/get that information? E.g. online, media, word-of mouth, supplier. How do you usually find out about what is going on in the energy market? Are some sources more reliable than others? Which ones? Why?</p> <p>Did it make any difference to you? Did you do anything differently because of what you heard? PROBE: attitudinal e.g. thinking of switching / behavioural e.g. switched or reduced usage</p> | |
| <p>18.40-19.25</p> | <p><u>Section 2: Exploring consumer information needs and best place for this information</u></p> <p>We've talked about some issues you've heard about in the past</p> | |

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| <p>few months. Have any of them made you think about switching?</p> <p>Moderator to explain that we are interested in understanding how consumers can be encouraged to think about whether they are on the right kind of energy deal and with the best supplier for them, and be supported to switch tariff or supplier if that's right for them.</p> <p>MODERATOR NOTE: OFGEM IS INTERESTED IN HEARING ABOUT HOW THEY CAN PROTECT THE INTERESTS OF ALL ENERGY CONSUMERS, INCLUDING VULNERABLE CONSUMERS. RATHER THAN INCLUDING A SECTION ON HOW TO MEET THE NEEDS OF VULNERABLE INDIVIDUAL(S), MODERATORS SHOULD PROBE THROUGHOUT MAKING USE OF THE FOLLOWING DEFINITIONS AS A GUIDE:</p> <p>PEOPLE WITH POOR LEVELS OF LITERACY AND NUMERACY LOW INCOME FAMILIES – INCLUDING LONE PARENT FAMILIES PEOPLE WITHOUT EASY ACCESS TO THE INTERNET / LACK CONFIDENCE IN USING THE INTERNET THE 'FRAIL ELDERLY' PEOPLE WITH DISABILITIES PEOPLE FOR WHO ENGLISH IS NOT THEIR FIRST LANGUAGE</p> <p><i>Draw on a flipchart – imagine this is today, and this dot over here is the day in the future on which you switch energy suppliers. What I want to do now is first agree what things you will need to find out in the process, and then discuss what information you need at each point.</i></p> <p>BRAINSTORM KEY POINTS ONTO A TIMELINE: if not mentioned probe,</p> <ul style="list-style-type: none"> • <i>finding out what switching is and whether you can do it,</i> • <i>finding out whether it will be worthwhile,</i> • <i>finding out about what switching entails,</i> • <i>finding out the best way to shop around,</i> • <i>finding out which supplier/tariff to switch to</i> • <i>finding out how to switch supplier/ tariff</i> <p>Talking through each part of the time line in turn</p> <p>What kind of information would you want or need? What would convince you to move towards the next step? PROBE: financial saving / discount, ease of switching process, tariff data (e.g. prices and terms and conditions), information on renewable technologies , guide on “how-to” switch, number of people switching , <i>personal energy data, supplier switching process (e.g. exit fees / terms and conditions i.e. amount of time to switch)what else?</i></p> <p>MODERATOR USE VULNERABLE GROUP DEFINITIONS AT TOP OF SECTION 2 AND NOT TERM VULNERABLE: Ask if specific groups need something different?</p> <p><i>Imagine the specific example that a customer has had a poor experience with their existing energy supplier, he/she is thinking of switching to a different supplier but doesn't want to go to another one that is 'just as bad'</i></p> <p><i>What would you do in this situation? What information might be useful in this situation? What kind of information would you want?</i> PROBE: financial saving / discount, ease of switching process, tariff</p> | |
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| <p>data (e.g. prices and terms and conditions), what else? Do vulnerable customers need something different?</p> <p>What kind of information about the performance of energy suppliers would be useful for consumers to know more about? PROBE: customer satisfaction and complaint rates, tariff data (e.g. prices and terms and conditions).</p> <p><i>Moderator to note on flipchart type of information called for.</i></p> <p>Would it be useful or not to have this kind of information? Why? What difference (if any) would it make for consumers? Would it make a difference to you personally? Would knowing this information encourage you to review your energy options?</p> <p>Who would you expect to collect this information? Why? Probe: trust, access to information, public awareness etc</p> <p>Are some places more trustworthy than others? Which ones? Why do you say that?</p> <p>Why that one(s)? Where should it be? What difference (if any) would that have on your level of trust in the information?</p> <p>Thinking more generally about what other information exists about suppliers. Can you think of any <u>information</u> that could be made publicly available that would put pressure on suppliers to work harder in the interests of consumers?</p> <p>What kind of information would improve your trust in the energy industry and energy suppliers? PROBE: naming and shaming supplier poor practice, supplier performance rating, customer satisfaction, complaints information, market share, how far suppliers adhere to Ofgem's rules, what else?</p> <p>Would this information help you make a decision on whether to switch supplier or tariff?</p> <p>We have talked about what information you need at each stage in the switching process, and also about other information you might need/want about energy suppliers.</p> <p>Where would you expect to find this information?</p> <p><i>NOTE Talk through each part of timeline in turn and also talk about more general information.</i></p> <p><i>PROBE:</i> suppliers, media, price comparison sites, Ofgem, Consumer Focus, Citizens Advice, others?</p> <p>Are some places more trustworthy than others? Which ones? Why do you say that?</p> <p>Who do you think should be responsible for providing this type of information? <i>PROBE:</i> Suppliers, media, Ofgem, Consumer Focus, Citizens Advice, other organisations?</p> <p>Why that one(s)? Where should it be? What difference (if any) would that have on your level of trust in the information? Do vulnerable customers need something different?</p> <p>What format is most helpful? PROBE: comparison charts, reports etc</p> <p>Which are you most likely to come across? Why? Does this influence where the information should be?</p> <p>We will return to this after the break...</p> | |
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| <p>19.30- 19.45</p> | <p>BREAK AND ASK PANELLISTS TO RETURN TO BREAKOUT TABLES</p> | |
| <p>19.45- 20.25</p> | <p><u>BREAKOUT Section 4: Detailed discussion of consumer confidence in information (15 min)</u></p> <p><i>We've discussed places where you might expect to find energy related information that might help you choose tariff / supplier. I'd like us to think now about a specific place where you might expect to find this information - price comparison services...</i></p> <p>NOTE TO MODERATOR: THROUGHOUT THIS SECTION, ENSURE YOU PULL OUT ANY DIFFERENCES BETWEEN ENERGY PRICE COMPARISON AND OTHER PRICE COMPARISON SERVICES</p> <p>When I say price comparison service what things come to mind? NB: COVER SPONTANEOUS VIEWS BEFORE PROBING Probe on what is good / bad about price comparison services.</p> <p>Have you ever made use of a price comparison service? Which one? How long ago?</p> <p>Are all price comparison services the same? IF NOT: how do they differ? PROBE: function, usability, level of trust, barrier to use, breadth and depth of information.</p> <p>What words or phrases would you use to describe them? Are some more appealing than others? How?</p> <p>Moderator note: where people mention energy price comparison sites: How did you find about the service? What took you there? PROBE: trust, recommendation? What were you looking for? Did you find what were you looking for? IF YES: What information was particularly helpful? What difference did it make?</p> <ul style="list-style-type: none"> ▪ Would you recommend price comparison services to a friend of family member? Why? PROBE: encourage you to look into energy options / compare tariffs / switch tariff / supplier? ▪ Can you describe how the ideal price comparison service would work? Why is that important for you? What should be the key features / characteristics? PROBE: independence, impartiality, comprehensive / clarity of information (ask Panellists to provide examples of website / telephone / face-to-face services which do this). ▪ Are price comparison service improvements necessary? PROBE: regulation, code of conduct, increased transparency i.e. specify sponsor, fully independent of sponsor. What else? What difference would it make? ▪ Which organisations should be responsible for this? Why those ones? IF NOT MENTIONED: Ofgem's role? <p><i>Moderator note: Panellists will largely discuss online comparison site. Check if Panellists have used telephony service to get comparison information. IF YES: use prompts above again to understand similarities/differences.</i></p> <p><u>PLENARY</u></p> <p>We've talked a little about how far you can trust information, and what kinds of organisations are most trustworthy for presenting you with different kinds of information. We'd now like to spend some time looking at a 'code' that might help customers have confidence in the information they get through an online or phone based price comparison service. This could be like a 'kite mark' for online price</p> | |

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| | <p>comparison sites and phone price comparison services.</p> <p><i>Use stimulus 11-15 present 'Consumer Focus Confidence Code: a voluntary code of practice for online / telephone domestic price comparisons'.</i></p> <p><i>Moderators explain table discussion of the consumer confidence code</i></p> <p><u>ON BREAK-OUT TABLES</u></p> <p>What immediately came to mind when the Consumer Focus Confidence Code was explained? Why? Did it make sense? Are there other things you want to know about the code?</p> <p>Please explain what it was telling you? What things really stood out? Why? Why is that important? NB: COVER SPONTANEOUS VIEWS BEFORE PROBING on requirements 1-9</p> <p><i>Moderator note: Confidence code requirements are:</i></p> <ol style="list-style-type: none"> 1: independence and impartiality 2: tariffs and price comparisons 3: control and management 4: payment methods 5: results and filters 6: quality of service and energy efficiency 7: accuracy and updating tariffs 8: annual audit 9: complaint handling <p>How would you expect the code to work in practice? PROBE: voluntary/ mandatory? How should it work to help ensure the interests of consumers are protected? NOTE TO MODERATOR: IF SAY OFGEM SHOULD 'POLICE' THE CODE ASK WHY THEY ARE BEST PLACED. PROBE FOR ROLE OF CONSUMER FOCUS WHO ARE THE CONSUMER ADVOCATE WHO LOBBY ON CUSTOMER BEHALF ACROSS POST/MOBILE PHONE/ELECTRICITY ETC</p> <p>What difference (if any) would having a 'code' across the energy market? Why do you say that? Is there anything missing from the code that would help ensure consumers are protected?</p> <p>Would a 'code' encourage you take any action about your energy supply? PROBE: look into energy options / compare tariff / switch tariff / supplier. Why?</p> <p>Would it increase your confidence in the energy market? What else would it take? Using a flipchart explore what role for suppliers, consumer representative organisations, Ofgem.</p> | |
| <p>20.25-20.50</p> | <p><u>Section 5: Review of Ofgem's remit and activity</u></p> <p><i>We've spoken about how information presented in different places and by different organisations might make a positive difference for the consumer. Well now I'd like us to think about one organisation in particular...Ofgem.</i></p> <p>Describe in your own words what you think Ofgem's role is? What do you base this understanding on? What do you expect of Ofgem? How well does it do these things? What makes you think that?</p> | |

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| | <p>Based on what we've just discussed and your understanding of Ofgem what would you expect to be its main priorities / area of focus? NB: COVER SPONTANEOUS VIEWS BEFORE PROBING ON FOLLOWING</p> <ul style="list-style-type: none"> • Protecting the interests of gas and electricity customers, both now and in the future – e.g. by promoting quality and value for customers, and making sure customers are treated fairly • Making sure energy companies consider the needs of vulnerable customers (e.g. frail elderly people, disabled people, people on low incomes, etc). • Promoting competition between gas and electricity companies • Setting rules that energy suppliers have to meet. These are called 'license obligations' • Making sure the energy networks work and 'the lights stay on'. Ofgem help make sure enough money is invested to run and develop these networks. Ofgem regulate (or control) how much network companies spend and what they spend it on. • Help energy companies make environmental improvements. <p><i>Moderator to flipchart responses and ask:</i></p> <p>Are these the right priorities? Are some more important than others? What should Ofgem be doing more / less of? Why? What else should it be doing? Why?</p> <p><i>Moderator split table into three groups and distribute briefing sheets (stimulus 16 and 17). Explain sheets give an overview of Ofgem's key objectives and how these will be delivered. Allow groups five minutes to review.</i></p> <p>Is anything unclear? Do you broadly understand what this is telling you? Does anything surprise you? What do you think about these activities? Do you think they will make a difference? Why? IF YES: Who for?</p> <p>What would a successful / unsuccessful Ofgem look like? What would it mean for the energy customer? How would you judge? PROBE: better deal, quality service, fairness, easier to navigate market, confidence in market etc</p> | |
| <p>20.50-21.10</p> | <p><u>Section 6: Ofgem's website</u></p> <p><i>For the last part of the session we are going to talk about Ofgem's website.</i></p> <p>Have you ever been to Ofgem's website? Why?</p> <p>If you went there, what would you expect to find? What would you want to see? Why? What things are essential / nice-to-have? IFSAY EVERYTHING THEN ASK TO PRIORITISE (EVERY PAGE COSTS MONEY TO PREPARE AND KEEP UPDATED – WHICH ONES WOULD YOU REALLY USE?)</p> <p>What information would help to assure you that Ofgem is working in the interests of customers? PROBE: tariff data, switching rates,</p> | |

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| | <p>customer satisfaction and complaints, supplier data. What else? IF STRUGGLING – REMIND THEM OF THE PREVIOUS SESSIONS WITH SCENARIOS.</p> <p><i>We've talked a bit about what you might expect from the Ofgem website; now I'd like us to consider how it could work in the future.</i></p> <p><i>Use stimulus 18 to ensure visually impaired can play a full part in this exercise.</i></p> <p><i>Explain at one end of the spectrum...</i></p> <p><i>The Ofgem website contains information a consumer might want or need to help them engage with the energy market (e.g. advice on switching, consumer rights) or information about the market (e.g. supplier satisfaction rates, number of complaints, or tariff data)</i></p> <p><i>...at the other end of the spectrum.</i></p> <p><i>Ofgem's website acts as more of a gateway. It will provide clear direction to trusted sources providing helpful information for consumers</i></p> <p>Does anything in particular stand out for you about these two possible approaches? Why? What are the advantages of this? What are the disadvantages?</p> <p>Why? Flipchart advantages/ disadvantages</p> <p>Which approach do you prefer? Why? What impact would this approach have on your likelihood to switch tariff / supplier?</p> <p><i>Moderator explain that the Government is trying to reduce the number of publicly funded / Government websites and online resources so that there is less duplication (which can be both confusing for people and wasteful in terms of resources). As a result, if Ofgem's website were to contain lots of consumer information about the energy market this would mean others (e.g. Citizen's Advice) would not.</i></p> <p>ASK ALL: Given what we've discussed this evening about information you might want / need to resolve a problem / query / issue but also remembering that information cannot be contained everywhere, which approach do you prefer now? Why do you say that? Test for consensus.</p> | |
| <p>21.10-21.15</p> | <p><u>Section 6: Close PLENARY</u></p> <p>Bring discussion to close – final comments/points participants would like to make.</p> <p>Thanks Panellists and give provisional date (or month) of next workshop (likely to be early summer – June), and let them know that we'll be in touch.</p> <p>Remind them next time we'll probably be talking about something different but will definitely be about gas or electricity or both.</p> <p>Remind them of how important the research is (previous waves of the Panel have directly influenced Ofgem's decision making) and that we will be informing them of the key findings of this workshop at or before the next event.</p> <p>Incentives handed out</p> <p>Thanks and close</p> | |

Workshop stimulus

Ofgem Consumer First Panel

Session 2



Welcome back to the Ofgem
Consumer First Panel.
Thank you for your on-going
commitment!



Quick re-cap: what is the Ofgem Consumer First Panel?



- It is 100 people (Panellists) from different backgrounds across GB, who meet to think about and discuss energy issues
- Being part of the Panel will help Ofgem to better understand the views of consumers like you
- We are really pleased to see you again and we look forward to hearing your views

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Findings from the first workshop: you told us that....

- You would like to see simpler tariffs and clearer and easier to understand information from energy suppliers
- You also want suppliers to use standardised and easily understood language
- You would like suppliers to improve the design and layout of their customer communications



These findings are informing Ofgem's continuing work around supplier communications and tariff simplification to make it easier for energy customers to get a better deal.

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What will happen this evening?

This evening we will discuss what information would encourage consumers to engage with the energy market in order to get a better deal.

- **Discussions on:**
 - information consumers want/need about suppliers, and where this information should be.
 - steps that might help to improve consumer confidence in the energy market
 - reactions to proposals for Ofgem's role, remit and website
- **Mix of:**
 - Table discussions / group work
 - Information giving / presentations and feedback sessions



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So, to get us started...

What have you heard about the energy market or energy related issues since we last met?



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Consumer Focus Confidence Code



Consumer Focus Confidence Code: a voluntary code of practice for price comparison services

It sets out requirements that an energy price comparison service must meet in order to be accredited or 'approved' by Consumer Focus. The code is designed to give customers reassurance about their switching choices. Price comparison services must comply with nine requirements:

1. Independence and impartiality

- The price comparison service must be independent of any energy supplier
- Advice must be impartial (e.g. suppliers cannot influence the presentation of information by giving the comparison service a payment or 'commission')
- When a consumer searches by price, results must be presented only in order of price
- A price comparison service must clearly state each energy supplier who it receives commission or payment from



2. Tariffs and price comparisons

- The price comparison service must include all currently available domestic tariffs in price comparisons (for all payment types, for all suppliers of gas, electricity and dual fuel)
- The price comparison service does not have to show
 - social tariffs (i.e. tariffs only available customers in certain social or financial situations, e.g. those receiving benefits)
 - tariffs only available in specified regions if the consumer does not live there, or
 - tariffs the supplier requests them to remove (if this happens they must notify Consumer Focus)
- Non-cash offers (e.g. supermarket points) should be presented separately from price

3. Control and management

- The price comparison service must be managed and controlled, and use its own tariff database and price comparison calculator



4. Payment methods

- A price comparison service must provide consumers with an explanation of payment methods:
 - E.g. by cash/cheque, monthly and quarterly direct debit, pre-payment meter

5. Results and filters (presenting tariff comparisons)

- A price comparison service must list a minimum of ten of the cheapest tariffs available in the region where the consumer lives, on one page
- A price comparison service may provide search filters so that consumers may refine their search, for example, by selecting different types of tariffs or an energy supplier's service rating
- The price comparison service must let consumers view a list of all of their price comparison results

6. Quality of service and energy efficiency

- A price comparison service may give ratings to suppliers' performance so consumers can consider quality of service if they want (this has to be impartial and approved by Consumer Focus)
- A price comparison service must give energy efficiency advice, or direct consumers to other relevant energy efficiency information (e.g. link to the Energy Saving Trust)



7. Accuracy and updating tariffs

- Prices and price comparisons must be accurate, up to date, and state when they were last updated
- A price comparison service must display details of the consumer's current tariff

8. Annual audit

- A price comparison service will undergo an annual audit (or detailed check) carried out by Consumer Focus. The cost of each audit will be met by the price comparison service

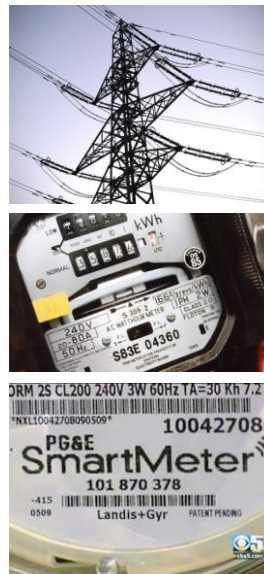
9. Complaint handling

- A price comparison service must have a consumer complaint and enquiry procedure
- A price comparison service must respond to any complaint or enquiry within seven working days



Ofgem exists to....

- **Protect the interests of gas and electricity customers**, both now and in the future – e.g. by promoting quality and value for customers, and making sure customers are treated fairly
- Make sure energy companies **consider the needs of vulnerable customers** (e.g. frail elderly people, disabled people, people on low incomes, etc)
- **Promote competition** between gas and electricity companies
- **Issue licences** which include rules that energy suppliers have to meet. These are called 'license obligations' (all energy companies must have a licence to operate in GB)
- Make sure the energy networks work and **'the lights stay on'**. We help make sure enough money is invested to run and develop these networks. We regulate (or control) how much network companies spend and what they spend it on.
- Help energy companies **make environmental improvements**



Making sure the energy market is working for all consumers. Ofgem's current project - the Retail Market Review - has found a number of ways energy companies need to improve so that the market works better for consumers. Implementing these major changes will be a major focus of Ofgem's work for the next year. Listening to the views of Panellists like you is one way Ofgem has found out what improvements are needed.

Ofgem plans to make customer communications (e.g. bills and annual statements) clearer for customers, potentially simplifying and reducing the number of tariffs so that it's easier to compare them.

Ofgem often conducts research with vulnerable customers to find out how best to support them - they may face particular problems and barriers that Ofgem would otherwise be unaware of, and this needs to feed into all Ofgem's work.

Ofgem already monitor the suppliers' activities. In future we're also likely to gather and publish more detailed information about the performance of energy companies, so that there's more transparency about how different companies are performing and so customers can use this information in making choices about different suppliers.

Unlike choosing your energy provider, you cannot choose which company brings energy to your home (the 'pipes and wires' companies). Ofgem ensures that they do not abuse their position by charging too high prices or providing a low quality service (e.g. lots of power cuts). Ofgem protects customers by deciding how much money these companies should receive and spend. Ofgem set these 'price controls' so that the companies have enough money to keep the networks working properly and there is a limit on the amount of income network companies can make through their charges.

Ofgem is working with Government (e.g. the Department of Energy and Climate Change) and the energy industry to help to cut carbon emissions. Ofgem encourages the energy industry to promote the use of low carbon energy solutions to consumers.

Ofgem reports on the way companies meet their 'licence obligations' and takes action where necessary. For example, Ofgem is carrying out a number of investigations looking at how suppliers may have mis-sold contracts to customers. Ofgem may also investigate whether an energy company is handling customer complaints properly. Ofgem can use its legal powers to take enforcement action (this can include fining the energy companies up to 10% of companies worldwide turnover). It can also work with industry to help stop these issues happening in the future.

Increasingly Great Britain is depending on gas from abroad. Ofgem has recently finished a review looking at how secure GB gas supplies are. It is making recommendations to Government for actions that will make sure we have enough energy in the future.



The Ofgem website



At this end of the spectrum...

At this end of the spectrum...

The Ofgem website **contains information** a consumer might want or need to help them engage with the energy market (e.g. advice on switching, consumer rights) or information about the market (e.g. supplier satisfaction rates, number of complaints, or tariff data)

...is this the best place?

...is this enough?

Ofgem's website acts as more of a **gateway**. It will provide clear direction to trusted sources providing helpful information for consumers

