

Retail Market Review Baseline Survey

Report prepared for Ofgem

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Overview and key findings

Overview

Background to the survey

In August 2013, Ofgem published its domestic Retail Market Review (RMR) proposals to promote consumer engagement in the energy market and improve competition between suppliers.¹ Aiming to make the market **simpler, clearer and fairer**, Ofgem is intervening to help consumers to access, understand and act upon information to find the best energy tariff for their needs. As part of its monitoring and evaluation strategy,² Ofgem commissioned TNS BMRB to conduct a nationally representative face to face survey of over 6,000 energy consumers in Great Britain. The aim of the survey was to contribute towards the establishment of a baseline of consumer attitudes and behaviour in the early stages of the RMR interventions.³ Ofgem intends to repeat this survey annually for a further three years before the planned RMR review of 2017 to help measure the changes that occur as the remedies take effect.

The survey investigated consumer engagement in the energy market: from reading a communication to reviewing what tariffs are available, switching tariff or changing supplier. It also collected extensive data on consumer confidence, trust and understanding of the energy market. The survey methodology and questionnaire are presented in the separate Technical Report for this survey.

The RMR context and establishing a baseline

The survey was conducted between 13th March and 5th April 2014, at a time when the full RMR reform package was not yet in place. In the months before fieldwork some individual RMR remedies had been introduced, however in Ofgem's view it is unlikely they would have impacted significantly on consumer engagement in the absence of the full package of reform. These included:

- 26th August 2013 - Introduction of the Standards of Conduct creating legally binding obligations for energy suppliers to treat customers fairly.
- 23rd October 2013 – Introduction of new rules to enhance consumer protection. For example, by banning automatic contract rollovers for domestic consumers.
- 31 December 2013 – Introduction of limit on the number of tariff choices and standardised tariff structures.

From early April 2014 new rules were introduced to make supplier communications clearer for consumers.⁴ As well as improving routine communications, suppliers will provide Personal Projections, a Tariff Comparison Rate (TCR) and Tariff Information Label (TIL) to help consumers understand their existing tariff and navigate the market. Communications must also include new prompts to engage, such as personalised information on the supplier's

¹ ['Implementation of the Domestic Standards of Conduct – decision to make licence modifications'](#), 28/06/13 and ['The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information'](#) 27/08/2013.

² ['Domestic Retail Market Review Evaluation – a proposed way forward'](#), 14/01/14.

³ This survey will form a part of Ofgem's baselining work, which will also include a review of consumer insight gathered prior to any RMR implementation and relevant monitoring data (e.g. gathered directly from energy suppliers).

⁴ The vast majority of fieldwork was carried out before these new rules around supplier communications became mandatory. However due to the phased approach some suppliers took in introducing them, some changes may have already been in place at the time of fieldwork.

cheapest available tariff. Additional rules relating to dead tariffs were also introduced at the end of June 2014⁵.

On 27th March 2014, Ofgem proposed that the new Competition and Markets Authority investigates the energy market to identify any further barriers to effective competition.⁶ We tested whether the media coverage of this announcement had any impact on consumer attitudes but found no differences in the data for interviews conducted after this date. Summary findings are presented in the technical report.

About this report

This report begins by providing an overview of the current levels of engagement in the energy market, before looking at key indicators relevant to Ofgem's aims to make the energy market simpler, clearer and fairer for energy consumers.

- Chapter 1 explores current levels of engagement including awareness of the choices available, levels of consumer action (supplier switching, changing tariff or payment method with the same supplier, comparison activity, etc), recall and response to supplier communications and consumer confidence that they are on the best deal for them. It also provides a combined analysis of levels of engagement through a consumer segmentation.
- Chapter 2 'A simpler energy market' assesses how easy consumers find it to engage in the energy market examining perceptions of the range of energy tariffs available to consumers, and the perceived ease of comparing tariffs.
- Chapter 3 'A clearer energy market' looks at consumer understanding in the energy market including engagement with supplier communications, clarity and understanding of communications and any action taken as a result of reading them. It also looks at how consumers access information as part of comparison activity and how far consumers are familiar with their own tariff and others available.
- Chapter 4 'A fairer energy market' presents consumer perceptions of fairness in the energy market by looking at satisfaction with and trust in energy suppliers. Consumer satisfaction with the process of contacting/complaining to energy suppliers is also considered here.
- Chapter 5 concludes with a summary of the measures that will be used to track levels of engagement in future years and any changes in the other RMR indicators.

Terminology

All consumers – We sampled respondents who were responsible, or jointly responsible, for the gas or electricity bills in their household. Most (77%) of respondents bought their gas and electricity from the same supplier (often as part of a dual fuel deal), whilst the remainder either had separate gas and electricity tariffs or electricity supply only. We asked some questions specifically about gas and electricity and others about all energy suppliers or tariffs. In some sections, responses to the gas and electricity questions were so similar that we have combined the results and, if there was a difference, used either an average or the most positive response given by the consumer as appropriate. We highlight where we have taken this action throughout the text.

⁵ A dead tariff is a standard variable rate tariff that is no longer available to new customers.

⁶ State Of The Market Assessment, Ofgem and OFT, 27/03/2014 <https://www.ofgem.gov.uk/ofgem-publications/86804/assessmentdocumentpublished.pdf>.

Active consumers - Some questions were only applicable if a consumer had engaged in the energy market in the last 12 months. We defined this as having switched supplier, changed tariff with your existing supplier or conducted any comparison activity.

Presentation of data

This report presents results for all consumers graphically and discusses variation by key socio-demographic groups in the text. Supporting tables showing these socio-demographic variations on key measures are provided in Annexes E to G. The social and demographic characteristics of the sample can be found in Annex B. For many results we present a net score in the chart which represents the percentage positive responses minus the percentage negative responses.

Where respondents can give multiple responses to a question, the sum of the individual responses may be greater than 100 per cent. Also the percentages in the tables do not always add to 100 per cent due to rounding, and where percentages in the text differ from the sum of percentages in the charts or tables this too will be due to rounding. Similarly, where a number of responses have been grouped together (such as agree strongly and tend to agree), or for the net scores as described above, responses may not always equal the sum of the individual responses, again due to rounding.

Key findings

What are the levels of engagement in the energy market?

Nearly nine out of ten (88%) of consumers are aware that they can switch supplier and three quarters (75%) know that they can also change tariff with their existing supplier and change their payment method.

In total, we found about 35% of consumers had been 'active' in the last year by comparing tariffs, changing their tariff with their existing supplier or switching supplier. In detail:

- 14% had switched supplier
- 16% had changed a tariff with their existing supplier (with a few doing both); and
- 9% had compared their tariff with others available from their own or other supplier but neither changed tariff nor switched supplier after doing so.

Over 3% of all consumers have changed their payment method in the last year, of which over half are now paying by monthly direct debit. Nearly half did so alongside a switch or tariff change, which leaves nearly 2% of consumers who have changed their payment method but have taken no further action to change their supply arrangements.

Six in ten (60%) of consumers have ever switched an energy supplier.⁷ The proportion of consumers who have ever changed tariff with the same supplier is much lower at 24%, with over half of this group having done so in the previous 12 months.

Why are consumers engaging?

Nearly all (91%) consumers who switched supplier or changed tariff wanted to save money, but nearly one in five of this group (18%) are not sure that they have done so either now or in

⁷ This is slightly higher than the percentage of consumers who had switched in the latest 'Customer Engagement in the Energy Market' that Ofgem commissions. We believe this is because of different question wording. The technical note highlights some key differences in the results from this and the latest tracking survey.

the long term. Some were prompted in to action by a price increase notification (PIN) (20%) or other communication, such as a bill (10%) or end of fixed term tariff notice (10%).

How are consumers engaging?

The wider evidence base shows consumers are increasingly reliant on the internet to find information about the energy market. This survey also shows a high level of reliance on online resources:

- Nearly four in ten consumers (39%), who had conducted some comparison activity in the previous 12 months, had used an online price comparison website.
- Of those who switched, 44% went through one of these sites.
- Of those who have ever switched, consumers with regular internet access are more likely than those without to report finding it easy to decide which deal to switch to.
- But over one in five (21%) phoned the supplier to make the switch.

Consumers also demonstrate engagement in the energy market by contacting their supplier for information or regarding the service they have received. In the 12 months prior to interview 10% of consumers contacted their supplier to complain and 11% made contact with an another type of enquiry (excluding a routine meter reading). A further 3% contacted another supplier.

Less than one third (29%) of consumers recall both receiving and reading in detail a bill, direct debit or pre-payment statement sent by a supplier in the last 12 months. Engagement with less routine communications, such as a price increase notification or end of fixed term letter is higher.

When consumers were asked whether they considered themselves to be on the best gas, electricity or energy deal for them (taking into account the factors that mattered to them) just over half (55%) were confident that they were.

Creating consumer segments

We used key indicators to create an index of engagement upon which to place each consumer and, from that, generate four consumer segments. By using only consumer actions to build these segments we will be able to see in future years whether the size and characteristics of each group change as potentially more consumers engage in the market.

In this baseline year, we classified 19% of consumers as **unplugged**. Typically they are aware of some of their options or may have glanced at a bill but have showed little further interest in the energy market. These consumers are more likely to be in social grade DE, aged over 65, live in social or private rented accommodation and pay their bills by pre-payment meter or payment card. They have low awareness of their spending on energy bills and negative perceptions about the hassle of switching or whether changing tariff with your existing supplier is a good way to save money.

The next segment along the scale is a large group of **on standby** consumers (38%) who tend to be aware of their options but have either never or not recently been active in the energy market. This group is quite representative of the population by age, social grade and tenure and have typical levels of internet use. They tend to be aware that they could save money by being more active but often lack the confidence to engage in the market or the belief that there are real differences in the prices energy suppliers charge.

The **tuned in** group (29%) are more engaged. They are aware of their options and some have switched supplier in the last 12 months, whilst others have undertaken some comparison activity. Although more confident in the market, they are not fully engaged on all elements of engagement. These consumers are more likely to be in non-manual occupations, to pay by direct debit and feel more confident that they know how to switch suppliers if they want to. About two thirds also think that changing tariff with an existing supplier is a good way to save money and about six in ten are confident that they are on the best energy deal for them.

At the top of the engagement index are **switched on** consumers (15%). These consumers are very likely to have either switched or changed tariff with their existing supplier in the last year as well as conducted comparison activity. They are more likely to be in social grade AB and aged 35-64 than the other segments. Nearly all are regular internet users, over eight in ten pay by direct debit and nearly two thirds are on a fixed term tariff. Nearly all of these consumers were able to give an estimate of their spend on energy bills and they are very likely to have switched products in other consumer markets (such as insurance products or telephone provider).

A simpler energy market

Consumers are more likely to think they have too much choice in the energy market (32%) than too little (14%) with nearly half (45%) of consumers think they have about the right amount of choice. Those who think there is too much choice tend to have recent experience of comparing and switching; be internet users; come from higher social grades and pay by direct debit. Those who think there is too little choice are more disadvantaged and more likely to be on prepayment meters or other prepayment schemes.

The more engaged a consumer is the more likely they are to find it easy to compare tariffs, rising from 27% of *unplugged* consumers to 52% of the *switched on* group. The most confident consumers tend to be regular internet users who are happy to search comparison and supplier websites for information. But finding it difficult to compare tariffs does not diminish correspondingly as engagement rises. Consumers in the second most engaged *tuned in* group are most likely to report finding it difficult to compare (43%). They may have tried to compare tariffs but it has not been a positive experience. Those who find it difficult report the choice and complexity of tariffs to be off-putting.

We asked 'active' consumers if they feel that it has got easier or more difficult to compare tariffs in the last year. This will be an important indicator of the impact of the RMR remedies in future years. In this baseline survey, nearly one in four consumers (23%) believe it has got easier, largely because of the increase in online information. The minority (7%) who think it has become more difficult find the information too complicated and again feel there is too much choice. The majority (63%) believe it is about the same as a year ago.

A clearer energy market

The RMR reforms aim to make it easier for consumers to understand their energy choices by requiring suppliers to provide clearer and more engaging communications. These will include information based tools designed to prompt and support engagement. Before these reforms were fully implemented this baseline survey measured consumer response to communications and how familiar consumers are with their own tariff and tariffs available from other suppliers⁸.

⁸ We asked consumers about their 'familiarity' with tariffs rather than 'understanding' following a cognitive test of the questionnaire. In this test, some otherwise engaged respondents interpreted understanding to mean whether they completely understood terminology such as kilowatt hours. As a result, they were more likely to respond that they did

Response to communications

Eighty three per cent of consumers recall receiving one or more communication from their supplier in the previous 12 months, most commonly a bill or annual summary, followed by price increase notification or end of fixed term tariff letter. Consumers who recall receiving an end of fixed term letter are most likely to have read it in detail (51%) - rather than skimming it or not reading it at all - probably in part because of the nature of the communication and also the more engaged characteristics of consumers who are on fixed term tariffs. About four in ten consumers who recalled the other types of communication read them in detail.

Of those who read a communication⁹ around three quarters (ranging from 73% for the annual summary to 77% for the end of fixed term tariff letter) found the communication clearly presented and from two thirds (67% for the annual summary) to three quarters (74% for the end of fixed term letter) found the information easy to understand. The proportion who found it difficult to understand the information in a communication ranged from 11% for an end of fixed term letter to 17% for an annual summary. Although there were no strong variations by social grade or age, consumers in Scotland were consistently more likely to report that they found their communications unclear and difficult to understand.

Not surprisingly, end of fixed term tariff letters and price increase notifications are more likely to trigger action. Forty three per cent of those who read an end of fixed term letter at least checked the details of the tariff they were on in response to the communication, as did 32% of those who received a price increase notification. But routine communications can prompt action too with nearly 34% of those who read their annual summary at least reviewing how much they are paying on their current tariff as did 30% who recall receiving a bill or statement. More advantaged consumers and those who use the internet regularly are the most likely to take action with very low rates of activity among those without regular internet access.

Following the introduction of the RMR remedies, suppliers will be obliged to show the savings a consumer could make by changing payment method and/or to another tariff from their existing supplier. Some suppliers voluntarily introduced similar messages ahead of April 2014, when it became mandatory. Among those that read their communications, between one in four (27% who read a bill) and nearly four in ten (38% who read an end of fixed term tariff letter) recall seeing such a savings message.

Of the 28% of consumers who did compare tariffs or suppliers,¹⁰ nearly half (49%) looked for more information about their current tariff or energy use, relying on online information (42% of those who searched) or recent bills or statements (29%) but nearly one in four (24%) of this group rang their supplier for more details. Among those consumers who sought information on their current tariff when making comparisons, over three-quarters (77%) reported it was easy to find the information, and nearly as many (70%) found it easy to understand the information that they found. Consumers in social grade AB were slightly more likely to report that they found the information difficult to understand than consumers in general (15% compared to 13% overall).

not understand their tariff than disengaged consumers. The term 'familiar' was more effective in capturing general awareness of the type of tariff a consumer is on.

⁹ Includes consumers who skimmed or read a communication in detail.

¹⁰ Note that some consumers reported switching or changing tariff without any comparison activity.

It is hoped improved information combined with simpler tariffs will help consumers to participate more effectively in the energy market, by enabling them to understand their own tariff better and how it compares to others available. Currently, consumers are understandably most likely to feel familiar with the features of their own tariff (43%) and slightly less so with the range available from their current supplier (40%). Consumers feel least familiar (38%) with the range of different tariffs available to them from energy suppliers in general.

A fairer energy market

The RMR remedies aim to create a fairer energy market and increase consumer trust in fair treatment by energy suppliers when they engage in the market. In August 2013, Ofgem introduced new Standards of Conduct to hold suppliers accountable for how they treat their customers. In this baseline survey we measured customer satisfaction and levels of trust in suppliers at this early stage of implementation of the Standards.¹¹

- Nearly three quarters (72%) of consumers are satisfied with the overall service received from at least one of their energy suppliers. Consumers on dual fuel deals are more satisfied (74%) than those with a separate gas or electricity supplier (67% and 71% respectively).
- Over six out of ten consumers (62%) trust at least one of their energy suppliers to treat them fairly in their dealings with them but again rates are lower for separate gas consumers (56%) than dual fuel or separate electricity consumers (both 63%).
- Similarly, 65% of consumers trust at least one of their suppliers to provide clear and helpful information with lower rates among separate gas consumers.

Older consumers, those in lower social grades and those without internet access all tend to be more trusting. Whilst not an area where RMR is likely to have a direct effect, we also asked consumers if they trusted their suppliers to charge them a fair price.¹² In total about half (51%) of consumers trust their supplier on this measure, again with a lower level of trust among consumers on separate gas tariffs (44%). Looking across the segments, consumers with the very highest level of engagement have notably lower levels of trust in their suppliers. For this baseline measure therefore, *not* trusting energy suppliers is currently a characteristic associated with being more active in comparing tariffs and checking bills whilst some of the most disengaged consumers are more trusting.

As a benchmark we asked to what extent respondents trusted or distrusted a range of providers in other markets or the public sector as well as energy suppliers *in general* to be fair in the way they deal with customers or citizens. This question also allowed us to measure how energy suppliers are viewed in general compared to trust in the consumer's current suppliers. With a 43% level of trust, energy suppliers are comparable to mobile phone providers (41%) and ahead of insurance companies (36%) but fall behind banks (52%) and water suppliers (53%).

We did ask consumers directly if they recalled seeing any information in supplier communications about the Standards of Conduct (described as their 'requirements to treat customers fairly') and one third of consumers do recall seeing this.

¹¹ Most consumers (77%) buy their gas and electricity from the same supplier, often as part of a dual-fuel deal, but the remainder have separate suppliers or electricity only. If so, we probed about satisfaction with gas and electricity suppliers separately to explore whether there were any differences.

¹² This is because the main objective of the RMR is to re-build consumers trust and engagement in the market and help them to get a better deal from energy companies. The RMR does not affect directly suppliers' price strategy, but it could be that increasing consumers' engagement in the market leads to more competition between suppliers and, although in an indirect way, lower prices.

A minority of consumers (10%) had contacted their supplier in the last 12 months with a complaint. Whilst there were only minor differences by social grade, consumers who do not access the internet regularly are much less likely to have complained (5%) than consumers in general. Although nearly four in ten (38%) were satisfied with their supplier's complaints process, half (50%) were dissatisfied. Older consumers are less likely to have complained (7%) and more likely to report being satisfied with the process when they did complain (55%). But consumers in private rented accommodation seem to have particular difficulties, with only 26% satisfied with the handling of their complaint.

Implications for evaluating the Retail Market Review

This survey has established a baseline of consumer attitudes and behaviours at an early stage of the RMR interventions. However, it is not a benchmark pre-intervention since Ofgem started to engage on RMR in 2010. Consumer attitudes and company behaviour may already be affected. Although the wider evidence base suggests consumer engagement has not improved over this period in the absence of the full package of reform. In future years, Ofgem can return to the same measures to examine whether consumers are reporting more positive attitudes towards, and engagement with the energy market, with the size of the most engaged consumer segments growing correspondingly.

As the Standards of Conduct and information remedies take effect we will be able to investigate whether there has been movement in levels of trust in energy suppliers, although given the complexity of the relationship between trust and engagement, we should be cautious in interpreting the impact.

In future we can also observe whether the gap in reported familiarity between engaged and less engaged groups is closing as the RMR communication remedies take effect and understanding becomes less dependent on recent comparison activity.

Finally, as consumers become more aware of the simpler tariff choices, we will examine whether consumers feel both more satisfied with the level of choice available to them. We will also be able to assess if a lower proportion of consumers report perceiving it difficult to compare tariffs.

1. Consumer engagement in the energy market

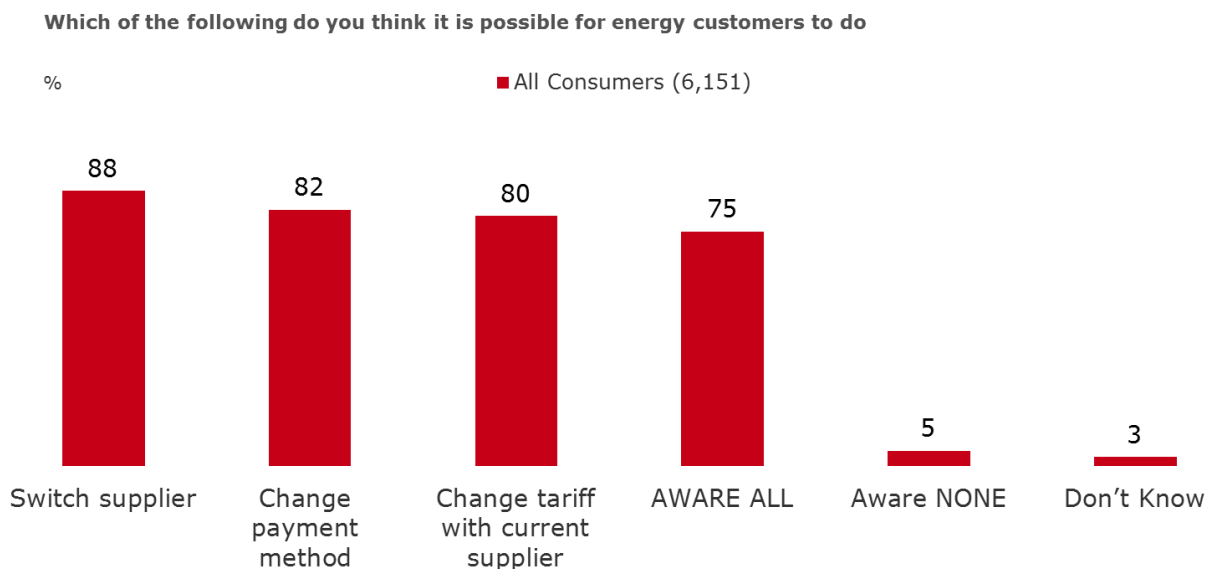
Ofgem’s Retail Market Review (RMR) monitoring and evaluation strategy ultimately aims to determine whether and how far the RMR has contributed to improving consumer engagement. As the basis for this evaluation, this survey collected detailed indicators of engagement in the energy market. These included whether consumers are *aware* of their choices, how they *act* upon them and how they are *accessing* and *assessing* information to guide their decisions. This chapter presents

- Consumer awareness of the choices available in the energy market (1.1).
- Levels of consumer action, including: supplier switching, changing tariff or payment method with the same supplier, comparison activity and other contact with suppliers (1.2).
- Consumer access to information, including recall and response to supplier communications (1.3).
- Consumer confidence that they are on the best deal for them (1.4)
- A combined analysis of levels of engagement through a consumer segmentation (1.5).

1.1. Consumer awareness

Nearly nine out of ten consumers (88%) know that energy customers can switch to a different supplier. Slightly fewer are aware that customers can change tariff with an existing supplier (80%) or change payment method (82%). Three out of four consumers (75%) are aware of all three of these options.¹³ Of concern is both the 5% who do not think any of these options are available to energy customers and 3% who could not answer the question (Figure 1.1).

Figure 1.1 Consumer awareness of possible engagement activities



¹³ This represents 72% of consumers who answered 'all of these options' to the question and 3% who responded that they were aware of each of the individual components of switching supplier, changing payment method or changing tariff with their current supplier.

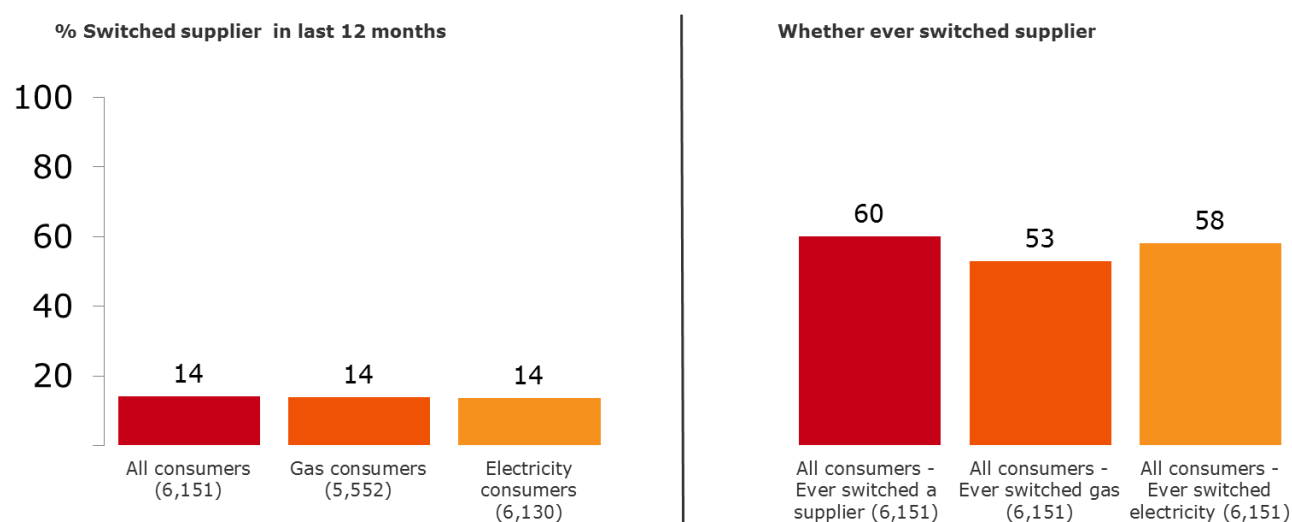
A lower proportion of those in social grade DE are aware that you can switch (80%) as are those who have never switched (82%). Members of the DE social grade are also least likely to know that you can change tariff with your existing supplier (70%) or change payment method (73%). Older customers (aged 65+) have high levels of awareness of their right to switch supplier (87%) but are less aware that they can change tariff with their own supplier (75%).

1.2. Consumer action

1.2.1. Switching supplier

Fourteen per cent of consumers switched energy supplier in the 12 months prior to their interview in March 2014. This period includes the spike in switching that occurred in November and December 2013.¹⁴ There was no variation in the levels of switching gas and electricity supplier. Over the longer term, 60% of consumers had ever switched supplier.¹⁵ A slightly higher proportion have ever switched electricity supplier (58%) than gas supplier (53%) although this may reflect time spent in homes with only an electricity supply (Figure 1.2).

Figure 1.2 Whether switched supplier in the last 12 months and ever



Younger consumers (aged under 35) and those in social grade AB are more likely to have switched in the past year (both 17%) than those aged 65 or older or in social grade DE (both 10%). The lowest rates of switching are among the one in five (20%) of consumers without regular access to the internet¹⁶ - only 8% of whom had switched in the last 12 months. This group tends to be both the eldest and most disadvantaged of consumers.

Consumers now on a fixed term tariff¹⁷ are most likely to have switched in the last 12 months (19%). Fifty one per cent of social grade AB consumers are on a fixed term tariff for at least one type of energy compared to 30% of those in social grade DE. Older customers are also

¹⁴ State Of The Market Assessment, Ofgem and OFT, 27/03/2014, p10

<https://www.ofgem.gov.uk/ofgem-publications/86804/assessmentdocumentpublished.pdf>

¹⁵ This is slightly higher than the percentage of consumers who had switched in the latest Customer Engagement in the Energy Market that Ofgem commissioned. We believe this is because of different question wording. The Technical Report that supports this report highlights some key differences in the results from this and the latest tracking survey.

¹⁶ Defined as those who do not use the internet at least once a week.

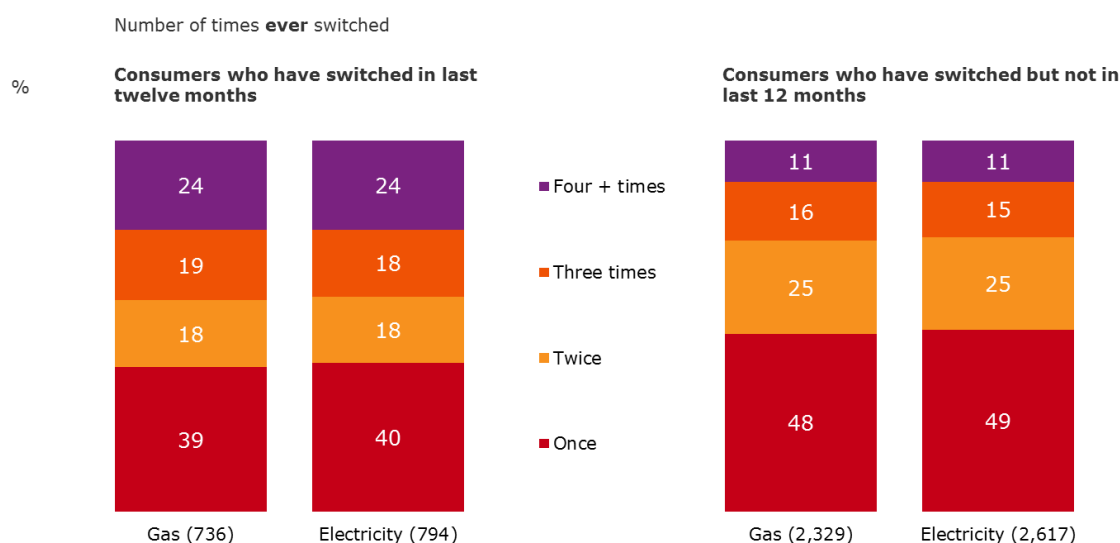
¹⁷ The question explained that "a fixed term tariff is a tariff that has a definite end date" before asking if the consumer was on a fixed term tariff.

slightly more likely to report being on a fixed term tariff (47% of those aged 65+) than those aged 35-64 (42%) or under 35 (33%).

1.2.2. Past switching behaviour

We asked all consumers, regardless of whether they only currently had an electricity supply, whether they had ever switched gas or electricity supplier. As well as the 14% of consumers who switched in the last 12 months, 7% last switched supplier between one and two years ago and 20% last switched between two and five years ago. If consumers have ever switched it is typically once or twice, although there is a minority (14%) who have changed either gas or electricity supplier four or more times. Nearly one in four (24%) of those who switched in the last year belong to this 'frequent switcher' group compared to one in ten (11%) of those who have ever switched, but not in the last 12 months (Figure 1.3).

Figure 1.3 Number of times switched supplier



1.2.3. Tariff changing

We know that in recent years increasing proportions of consumers have changed tariff with their existing supplier,¹⁸ potentially achieving a better deal without having to switch. In the year prior to the survey a similar proportion of consumers switched tariff with their existing supplier (16%) as switched supplier (14%).¹⁹ Changing tariff was more common among electricity suppliers (14% of consumers) than gas (11% of gas customers) and again more prevalent among advantaged groups. A much lower proportion of consumers had ever changed tariff with an existing supplier (24%) than switched supplier (60%). Twenty one per cent of consumers had ever changed electricity tariff and 16% their gas tariff (Figure 1.4).²⁰

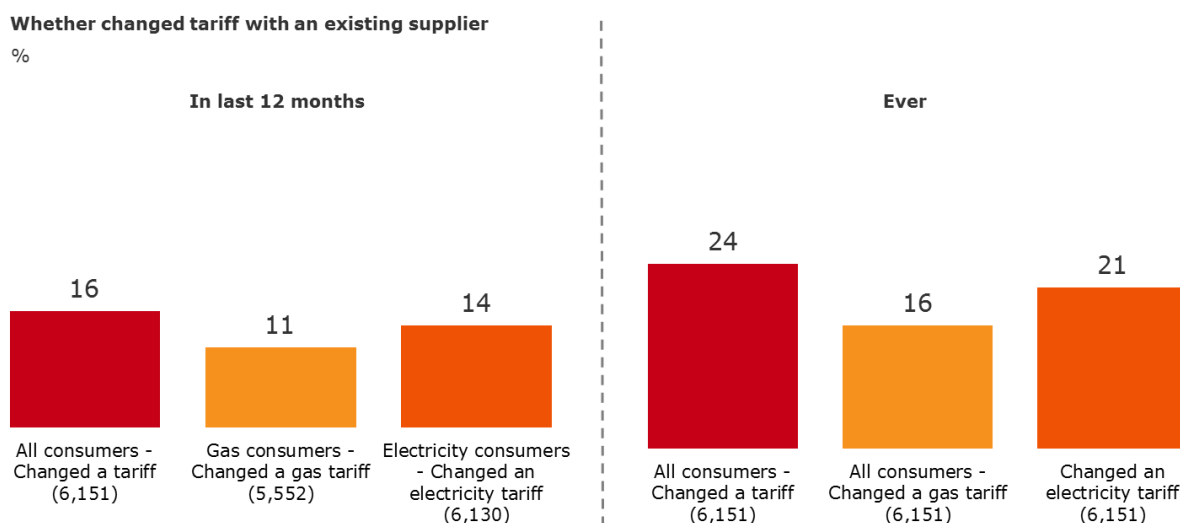
¹⁸ State Of The Market Assessment, Ofgem and OFT, 27/03/2014, p9,11

<https://www.ofgem.gov.uk/ofgem-publications/86804/assessmentdocumentpublished.pdf>.

¹⁹ There is a small overlap between these groups. Four per cent of consumers had both changed tariff and switched supplier in the last 12 months.

²⁰ We asked all consumers if they had ever changed their gas tariff even if they had only electricity supply in their current home.

Figure 1.4 Whether changed tariff in last 12 months or ever



1.2.4. Changing payment method

In the year before the survey, over 3%²¹ of consumers have changed the way they paid for their energy, with over half of those who made a change now paying by monthly direct debit. Nearly half of these consumers have also switched supplier or changed tariff, leaving about 2% of all consumers who, whilst not actively engaging in their tariff changes, have changed their payment method.

1.2.5. Comparing tariffs without changing tariff or switching supplier

As well as consumers who had switched supplier or changed tariffs with their existing supplier, a further 9% of consumers had conducted some comparison activity (either with their own or across suppliers) but not made any changes.

Of those who had not switched supplier in the last year, one in five (20%) had compared either their gas or electricity tariff they were on with other suppliers' and 17% had compared a tariff they were on with others offered by their current supplier. In total, one in four consumers (25%) who had not made any changes to their supplier or tariff had at least conducted some comparison activity in the previous year.

Taken together, we found about 35% of consumers had been 'active' in the last year by comparing tariffs, changing their tariff with their existing supplier or switching supplier.

²¹ This is lower than the topline frequency for the question in the survey. This is because although 5% of consumers answered that they had changed their payment method, nearly one third of this group were found to have stayed on the same payment method. This could be a misinterpretation of the question to include, for example, changed the account from which the bills are paid and further clarification will be used in future years.

1.2.6. Motivations for comparing, switching or changing tariff

We asked consumers to estimate the minimum amount of money they would need to save per year to encourage them to switch supplier using whatever time period was intuitive to the consumer, whether weekly, monthly or annually. We present the results for the 65% of consumers who gave a figure. Among the active consumers (who had switched supplier, changed tariff or conducted comparison activity in the last year) the average (median) minimum amount that would encourage them to switch is £200 per year. The figure is higher, at £240, among non-active consumers (Table 1.1). The median for all consumers (who were able to give an answer) was also £240 per year. These averages are higher than those estimated from the Ipsos MORI Consumer Engagement tracking survey as shown in the Technical Report. However, in this survey the question was asked of all consumers, not just those who had never switched. Estimates are therefore not directly comparable.

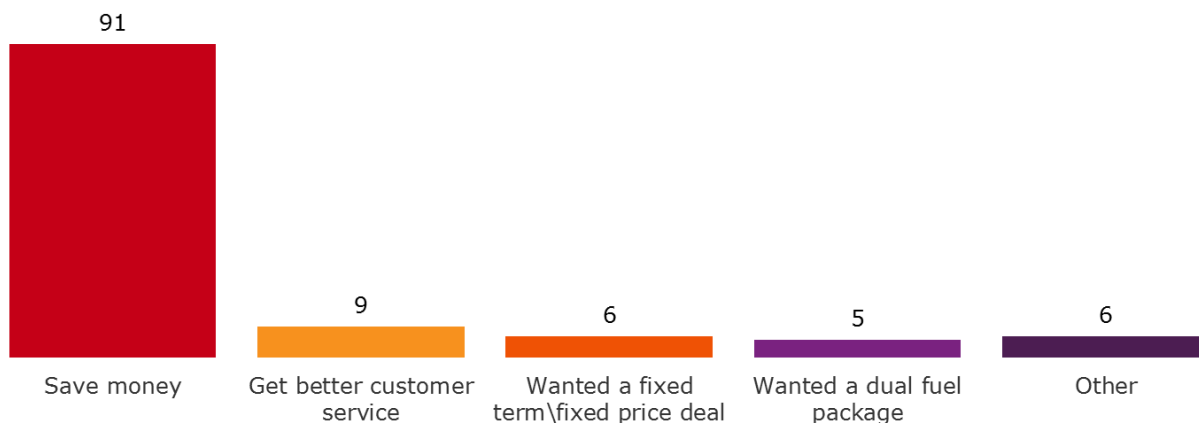
Table 1.1 Minimum saving required to encourage consumers to switch supplier by consumer type

	Active consumers	Non-active consumers
	<i>Percentage</i>	
£1 to £50	8	7
£51 to £100	14	11
£101 to £200	31	26
£201 to £400	32	36
£401+	15	20
<i>Median</i>	<i>£200</i>	<i>£240</i>
<i>Unweighted base (all who provided an estimate)</i>	<i>1,537</i>	<i>2,386</i>

Of those who actively compared, switched or changed tariff in the previous 12 months, nearly all (91%) wanted to save money, but 9% wanted better customer service; 6% were seeking a fixed term tariff and 5% wanted a dual fuel deal (Figure 1.5).

Figure 1.5 Consumers' motivation for switching, changing tariff or comparing

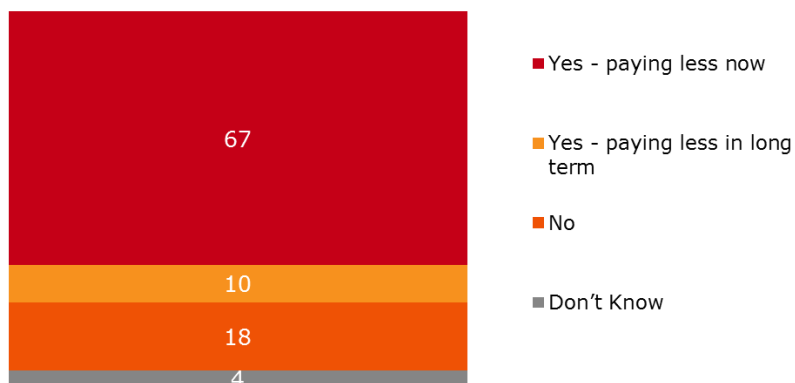
Main things consumers wanted to achieve the last time they switched or compared
 % All who switched supplier, changed tariff or compared (2,000)



Of those who switched suppliers or changed tariff *with the intention of saving money*, 67% feel that they are already paying less for their energy and 10% believe they will save money in the long term. However, nearly one in five (18%) of this group do not believe they are saving money after all, either now or in the future. Consumers in this group who are now on a fixed term tariff are more likely to feel that they are, or will be saving money (83%) than those who have changed to other tariff types (68%).

Figure 1.6 Whether consumers feel they are paying less after switching supplier or changing tariff

Whether consumers who switched supplier or changed tariff in the last 12 months with the aim of saving money feel that they are paying less than if they had not switched
 %



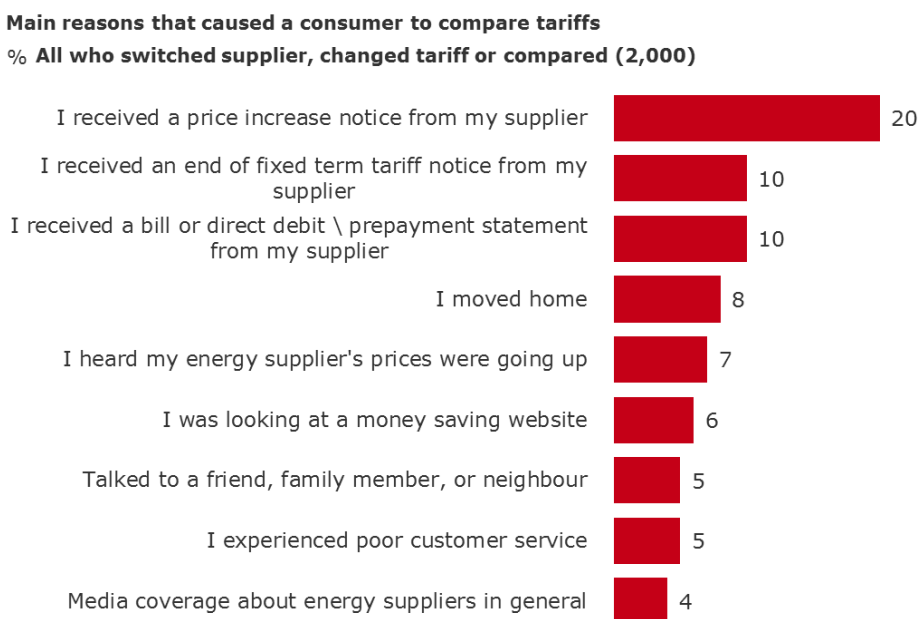
All who switched supplier or changed tariff in the last 12 months with the aim of saving money (1,352)

1.2.7. Triggers of comparison activity

We asked active consumers what had triggered their decision to compare the tariff they were on with others available. Two in ten consumers (20%) who had made a comparison did so after receiving a price increase notification²² and one in ten took action after receiving an end of fixed term tariff notice. But even checking routine bills or statements can have a similar effect with one in ten customers (10%) reporting that receiving a bill triggered their action.

Consumers are also likely to take time to review their options after moving house (8%) or because they have heard that their energy supplier's prices are increasing (either from the media or directly from their supplier) (7%) or because of media coverage about energy suppliers in general (4%). In terms of pull factors towards new tariffs or suppliers, 6% of these consumers reported making the comparison after looking at a money saving website. Three per cent saw an advert on television and 1% saw an advert in a newspaper (not shown).

Figure 1.7 Reasons for comparing supplier or tariff in the last 12 months

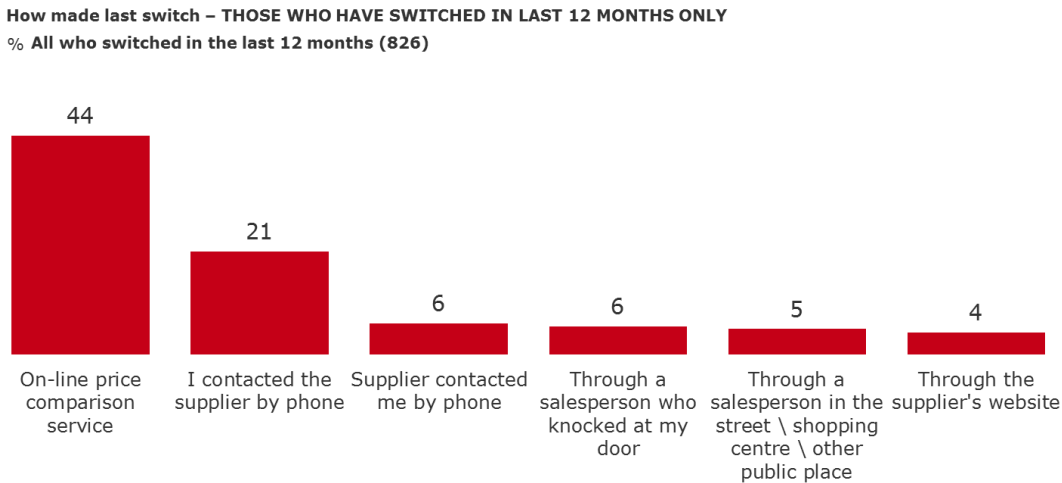


²² A price increase notification is required if there are any changes to the consumer's tariff which may disadvantage them, such as the removal of discounts. In late 2013 and early 2014 energy suppliers sent more of these communications than usual to customers as a result of suppliers making changes to their tariffs to implement aspects of the RMR.

1.2.8. How are consumers switching?

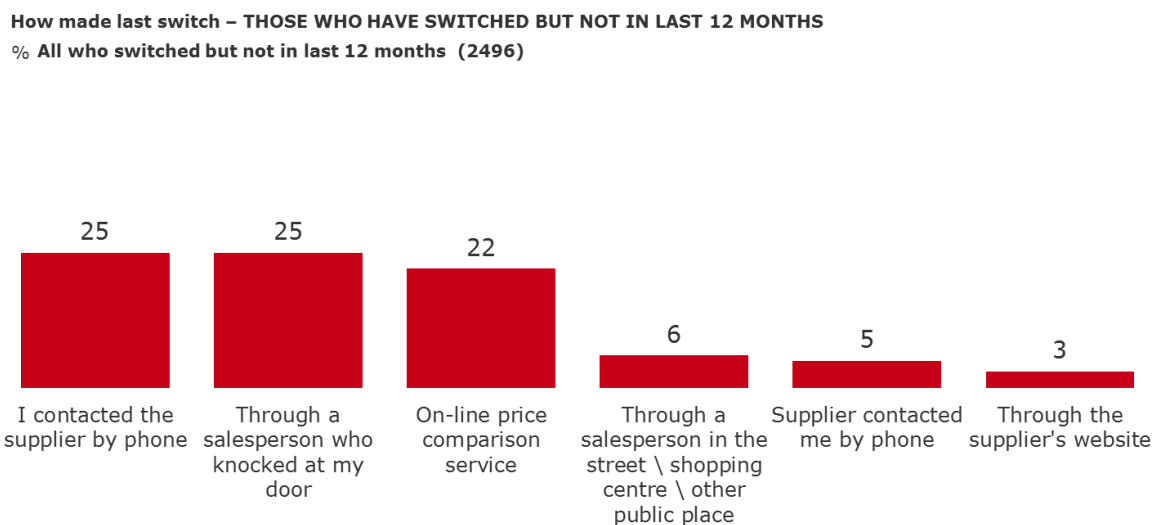
We asked those who have ever switched supplier to recall how they made their last switch. Of those who had switched in the last 12 months, 44% used an online price comparison service and 21% contacted their new supplier by phone. Six per cent reported switching after speaking to a door to door salesperson (Figure 1.8).

Figure 1.8 Method of switching when last switched – last 12 months



Of those who switched but not in the last 12 months, one in four contacted a supplier by phone. The same proportion said that their last experience of switching was through a door to door salesman. Most of these consumers switched some years ago before the phasing out of this approach by the larger suppliers (Figure 1.9).

Figure 1.9 Method of switching when last switched – switched more than 12 months ago



Similar to this, the two most common methods of finding out about deals offered (among consumers who had been active in the last 12 months) were to use an online price comparison service (39%), or to ring their existing supplier (13%). Around one in ten looked at the website of their supplier (11%) or the websites of other suppliers (9%). Five per cent rang other suppliers. Advertising was not particularly influential. Three per cent of consumers found out about deals from a written communication from their supplier, and 3% reported seeing an advert (Figure 1.10).

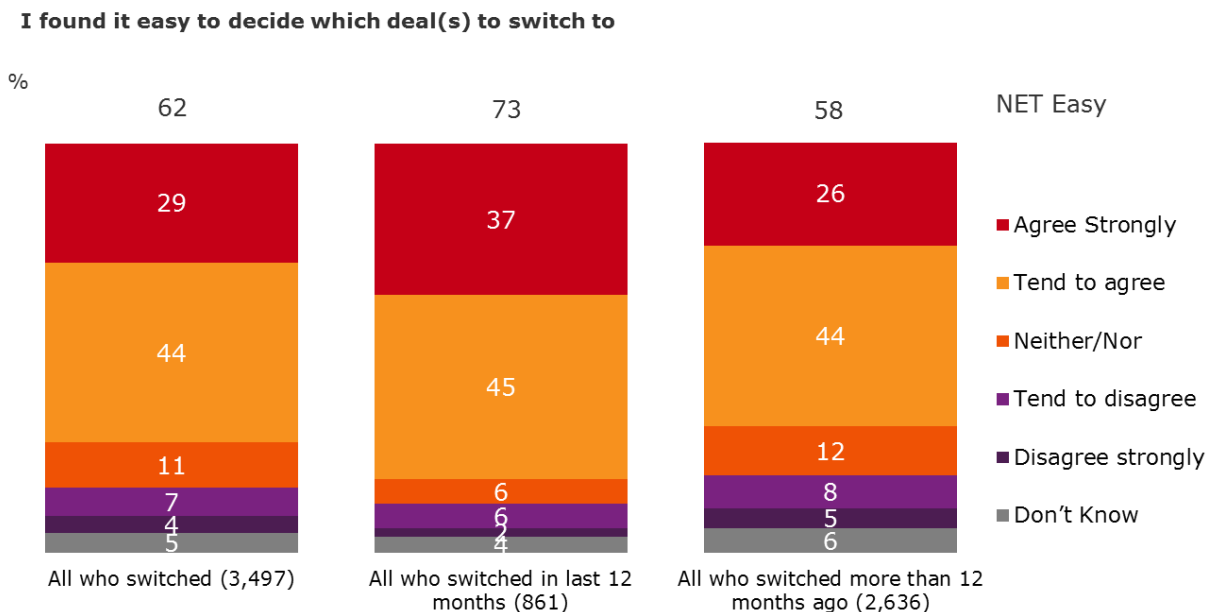
Figure 1.10 Where consumers found out about deals – last 12 months

How found out about the deals offered when last compared or switched
 % All who switched supplier, changed tariff or compared (2,000)



Almost three in four consumers (73%) who had ever switched found it easy to decide which deal to switch to. This was slightly lower for older consumers (70% of those aged 65 or older) than young consumers (76% of under 35s). As you would expect, consumers with regular internet access were more likely to *agree strongly* it was easy to decide which deal to switch to (30%) than consumers without regular internet access (25%). Looking at how long since the last switch, consumers who switched in the last 12 months are more likely to agree that they found it easy to decide (82%) than those who switched more than 12 months ago (70%) and less likely to say they found it difficult (9% compared to 13%) (Figure 1.11).

Figure 1.11 Whether consumers found it easy to decide which deal to switch to



1.2.9. Contacting suppliers

As a different indicator of engagement, we asked if a consumer had contacted a current or previous energy supplier in the previous 12 months (other than to give a routine meter reading) whether to complain or for another reason.

One in ten consumers had made contact with their energy supplier to complain. Consistent with other consumer satisfaction surveys, older consumers (65 years or over) were less likely to complain (7%), compared to under 35s (12%) but there were no notable differences by social grade. Regular internet users (with access to a convenient channel for contact) were more likely to have complained (11%) than those who did not use the internet regularly (5%). The tables in Annex A show variation in complaint by supplier. Setting aside complaints, and contact about routine meter readings, 11% of consumers had contacted their supplier in the last 12 months with an enquiry and 3% had contacted another energy supplier. Additionally, 3% were contacted by their supplier and 1% were contacted by another supplier (Table 1.2).

Table 1.2 Consumer interaction with suppliers (excluding complaints)

Interaction with supplier (excluding meter readings and complaints)	
	<i>Percentage</i>
Yes – I contacted my current or previous energy supplier	11
Yes – I contacted another energy supplier	3
Yes – my current or previous energy supplier contacted me	3
Yes – another energy supplier contacted me	1
No	84
Total - Consumer made contact with supplier	12
Total – Supplier made contact with consumer	4
Total – Any interaction with current/previous supplier	13
Total – Any interaction with another supplier	4
<i>Unweighted base (all consumers)</i>	<i>6,151</i>

1.3. Consumer access to information

1.3.1. Recall and engagement with supplier communications

Lack of clear information has been identified in Ofgem’s RMR as a barrier to consumer engagement in the energy market.²³ As part of the RMR remedies being implemented, the industry is now required to provide new information in their communications such as Cheapest Tariff Messaging, Tariff Information Label, the Tariff Comparison Rate and Personal Projection. Whilst these were not mandatory until April 2014, some suppliers had introduced Cheapest Tariff Messaging prior to the survey.

As a baseline measure of engagement with communications, we asked consumers if they recalled receiving a bill/direct debit or pre-payment statement, annual summary or review, price increase notification (PIN) letter or end of fixed term tariff letter in the last 12 months, (whether by post or electronically). We then explored the extent to which they had read the contents of that communication and acted upon the information. More details on consumer response to communications are given in Chapter 3.

In total, 83% of consumers recall receiving one or more communication from their energy supplier in the previous 12 months. Of those that recall a bill, direct debit or pre-payment statement, 42% read it in detail (rather than skimming it or not reading it at all). This represents nearly three in ten (29%) of all energy consumers actively reading their last bill, direct debit or pre-payment statement (Table 1.3). Rates of both recall of receiving this communication and actively reading the information are lowest among the youngest customers with only 23% of under 35s recalling reading a bill or statement in detail compared to 35% of those aged 65 or over. Over half (55%) of consumers recall receiving an annual summary and, among these, again 42% read it in detail.

²³ State Of The Market Assessment, Ofgem and OFT, 27/03/2014, p22
<https://www.ofgem.gov.uk/ofgem-publications/86804/assessmentdocumentpublished.pdf>.

Whether a consumer had received a PIN or end of fixed term letter depends on the tariff they were on. Nearly half (48%) of consumers recalled receiving a Price Increase Notification²⁴ and again, 42% of these reported reading it in detail.

These very similar levels of engagement with these communications are largely driven by the same group of respondents who are more engaged with the energy market. Those that read one communication in detail tend to read them all.

A much smaller proportion of consumers received end of fixed term letters (20%). Those on a fixed term tariff at the time of interview were most likely to have received an end of fixed term letter in the last year (33%) indicating that they are more likely to have chosen this form of tariff again. Engagement with this communication was slightly higher with 51% reading it in detail although this could both reflect the type of communication and the higher levels of engagement among consumers on fixed term tariffs (Table 1.3).

Table 1.3 Recall and engagement with communications from suppliers

	Bill or direct debit/ prepayment statement	Annual summary	Price increase notification letter	End of fixed term tariff notice
<i>Percentage</i>				
Recall receiving this communication in the last 12 months	69	55	48	20
<i>Unweighted base (all consumers)</i>	<i>6151</i>	<i>6151</i>	<i>6151</i>	<i>6151</i>
Of which...				
<i>Percentage</i>				
Read it in detail	42	42	42	51
Glanced over it or skim read it	48	48	47	40
Only saw what it was, but did not read it	10	10	10	8
Don't know	0	0	1	1
<i>Unweighted base=those who recall receiving communication</i>	<i>4,100</i>	<i>3,286</i>	<i>2,851</i>	<i>1,140</i>

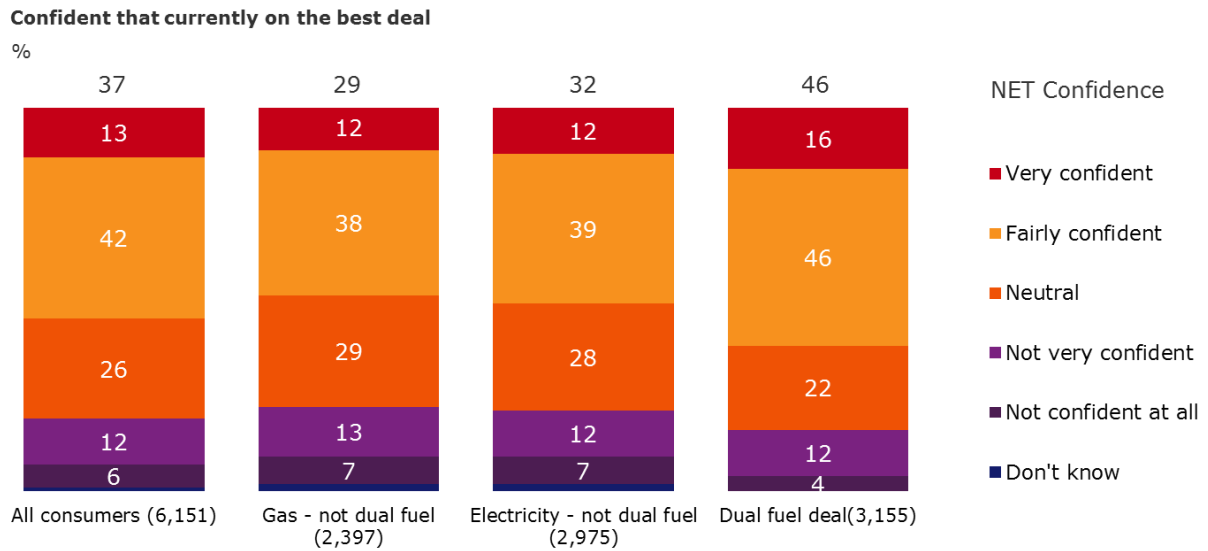
1.4. Consumer confidence that they are on the best deal for them

We asked consumers to consider the factors that mattered most to them when choosing an energy supplier or tariff. Not surprisingly 82% considered tariff price to be important, followed by 28% valuing customer service and 9% the reputation of the supplier. Consumers over 65 and those in Social Grade DE were less likely to mention tariff price (74% and 77% respectively) – but as a result of higher levels of 'don't know' rather than preferences for other factors.

²⁴ A price increase notification is required if there are any changes to the consumer's tariff which may disadvantage them, such as the removal of discounts. In late 2013 and early 2014 energy suppliers sent more of these communications than usual to customers as a result of suppliers making changes to their tariffs to implement aspects of the RMR.

We then asked consumers whether, taking into account the factors that mattered to them, they considered they were on the best gas, electricity or energy deal for them. Consumers who have the same supplier for both their gas and electricity were most likely to be confident that they were on the best deal for them (62%) compared to only 49% of separate gas and 51% of separate electricity consumers.

Figure 1.12 Consumer confidence that they are on the best deal for them



1.5. Segmenting consumers by their engagement

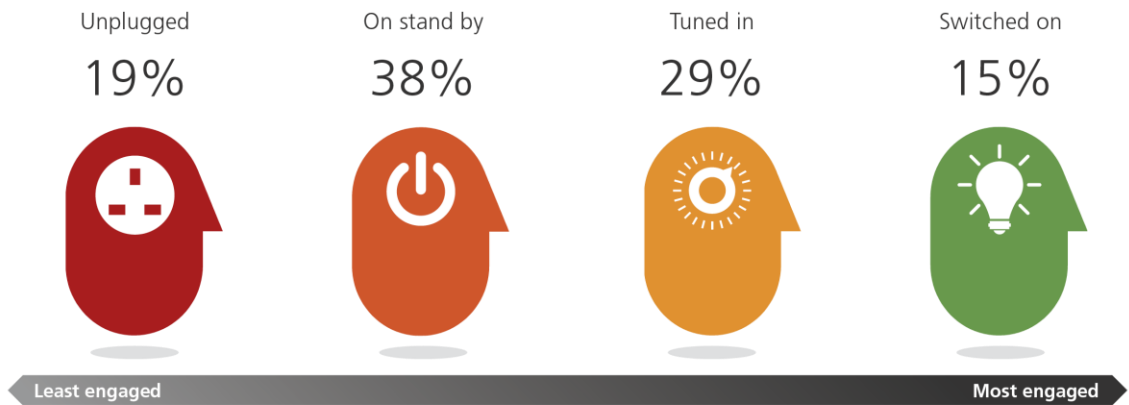
To better understand energy consumers we created an 'index of engagement' in the energy market giving consumers scores for their awareness and activity on each of the factors described in this chapter (Table 1.4). A respondent could theoretically score from zero points - if they have no awareness of their options, have never switched or compared tariff and do not read any communications - up to 70 points if they are fully aware of their options and engaged on every measure. In practice, most consumers scored between 10 and 35 points, with only about 4% of consumers scoring 50 points or more. Based on analysis of the distribution of consumers along the index, we divided consumers into four segments summarised in Figure 1.13 and described in detail in Figures 1.14 to 1.17. As part of its evaluation and monitoring strategy Ofgem wishes to track how this segmentation changes over time.

Table 1.4 Factors used to create the index of engagement

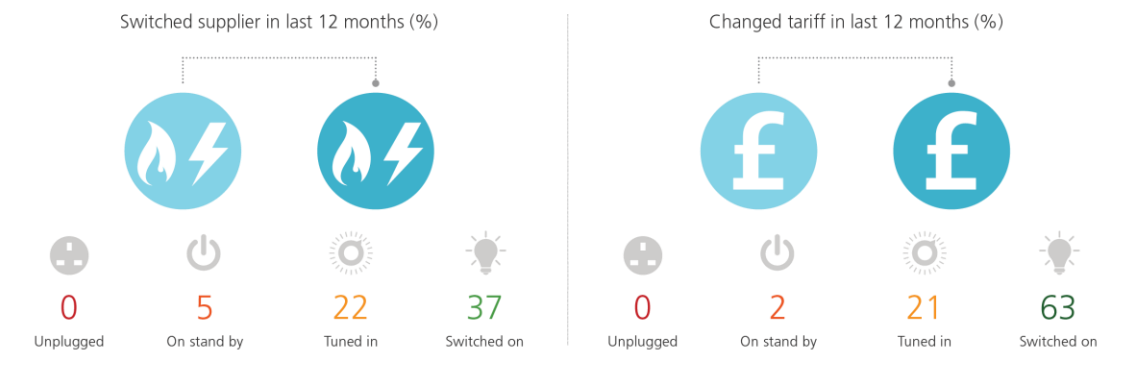
Factor	Points allocated
Awareness that it is possible for energy consumers to...	
Switch to a different supplier	0 - aware of no options
Change their tariff with their current supplier	5 - aware of one or two options
Change their payment method with their current supplier	10 - aware of all options
Switching supplier	
	0 - not switched supplier in last 5 years 5 - switched a supplier between 1 and 5 years ago 10 - switched a supplier in the last 12 months
Changing tariff with existing supplier	
	0 - never changed tariff with an existing supplier 5 - changed tariff with an existing supplier but not in the last 12 months 10 - changed tariff with an existing supplier in the last 12 months
Compared tariff with those offered by other suppliers, or with any others available with existing supplier in last 12 months	
	0 - not made any comparisons 10 - made any comparisons
Contacted a current or previous energy supplier in the last 12 months ...	
To complain	0 - did not make any contact with current or previous supplier in the last 12 months
For something other than a complaint or routine meter reading	10 - made contact with current or previous supplier in last 12 months for any reason (other than a routine meter reading)
Contacted another energy supplier in last 12 months	
	0 - did not contact another energy supplier in the last 12 months 10 - contacted another energy supplier in last 12 months
Amount of detail consumer read the following communications received in last 12 months	
Annual Summary	0 - read no communications
Bill or direct debit/ prepayment statement	5 - glanced over/skim read at least one communication
Price increase notice	10 - read at least one communication in detail
End of fixed term letter	

Figure 1.13 Energy Consumer Segmentation Summary

Ofgem retail market review
Segment characteristics



Engagement with the energy market



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The 'unplugged' consumer

Nineteen per cent of consumers scored 10 or fewer points on the index. Typically they are aware that you can switch supplier and may have glanced at a bill but otherwise are highly disengaged in the energy market. None of this group have ever switched supplier or changed tariff. Neither have they conducted any comparison activity in the last year. They are also more likely than other segments to trust their energy supplier to treat them fairly or charge them a fair price (See Chapter 4). These consumers are more likely to be in social grade DE (40%), be over 65 (34%) and live in social (26%) or private (25%) rented accommodation. Slightly more than half (53%) of these consumers pay their bills by direct debit, whilst over one in four (26%) are on prepayment meters. Less than two thirds (62%) are regular internet users. When asked about their energy costs, one in four (24%) could not estimate how much they spent on gas and electricity each year (Figure 1.14). Attitudes were not included in the creation of the segments. However, there are some noticeable results when analysing attitudes to the energy market by segments. Six in ten (59%) *unplugged* consumers reported that switching is a hassle that they do not have time for; nearly half (46%) agree that 'there is no real difference between suppliers in the prices they charge' and in line with this only one in five (21%) check now and again to see if it is worth switching supplier or tariff. Less than half (45%) agreed that switching tariff with your existing supplier is a good way to save money or are confident that they are on the best energy deal for them (also 45%).

The 'on standby' consumer

A large group (38%) of consumers scored over 10 but no more than 20 points. One in twenty (5%) have switched supplier in the last 12 months and one in fifty (2%) have changed tariff but have shown no other engagement in the energy market. Those who haven't switched or changed tariff are aware of their options but almost none have conducted any comparison activity (either with their own or other suppliers) in the last year. This group is quite representative of the population by age, social grade and tenure. Around three quarters (74%) use the internet regularly and 67% of them pay by direct debit. However, being less likely to have engaged in the market recently, only 35% are on fixed term tariffs compared to 42% of all consumers (Figure 1.15). Despite this, *on standby* consumers are as likely to agree that they 'are happy with my supplier and see no need to switch' as more engaged groups (69% agree compared to 68% of *switched on* consumers). However, these groups may be basing their responses on very different levels of awareness. This group seems to both lack the confidence to engage in the energy market - with one in five (21%) not feeling 'reasonably confident' that they know enough to switch suppliers - and lack faith that it will be worth seeking a better deal - with half (50%) believing 'there is no real difference in the prices that that energy suppliers charge'. About half (52%) were confident that they were on the best energy deal for them.

The 'tuned in' consumer

Moving up the index, 29% of consumers scored over 20 but no more than 35 points. One in five of these consumers have switched in the last 12 months (21%) and a similar proportion have changed tariff with their existing supplier (21%). Those who haven't made any changes are aware of their options and are likely to have conducted some comparison activity. Whilst this group are quite representative of the population by age, they are more likely to be from non-manual social grades (with 63% in social grades ABC1 compared to 56% of all consumers) and be regular internet users (85%). Half (50%) are on a fixed term tariff deal and three quarters (79%) pay by direct debit (Figure 1.16). Almost half (47%) check now and again to see if it is worth switching supplier or tariff. Three in four (76%) are reasonably confident that

they know enough about how to switch suppliers, and 63% agree that changing tariff with their existing supplier is a good way to save money. Six in ten (61%) are confident that they were on the best energy deal for them although still a relative large proportion (43%) remain sceptical that there is no real difference in the price energy suppliers charge.


The 'switched on' consumer

Only 15% of consumers scored more than 35 points on the index. These consumers are fully aware of their options and most of them (around 8 out of 10) have checked their tariff against others available from their own or other suppliers with only one third (33%) believing there are no real differences in the suppliers in the prices they charge. Over one third (37%) have switched in the last year and nearly two thirds (63%) have changed their tariff with their existing supplier. Nearly nine out of ten (88%) of this group have ever switched. Nearly one in three (31%) are from social grades AB compared to 24% of all consumers and 13% from social grades DE (compared to 25% of all consumers). Consumers aged 35-64 are over-represented (62% compared to 52% overall) and this group has the smallest proportion of those aged 65 or older (22% compared to 30% overall). These consumers are highly likely to be on the internet regularly (93%), over eight out of ten (86%) pay by direct debit and nearly two thirds (62%) are on a fixed term tariff. When asked about their spending on home energy, 95% of these consumers were able to give an estimate (Figure 1.17). *Switched on* consumers are most likely to have switched products in another market such as bank account or car insurance and seven in ten (70%) are confident they are on the best energy deal for them. *Switched on* consumers are least likely to trust energy suppliers in general (33%) compared to nearly half (48%) of *unplugged* consumers.

Figure 1.14 Characteristics of unplugged consumers

Ofgem retail market review
Segment characteristics



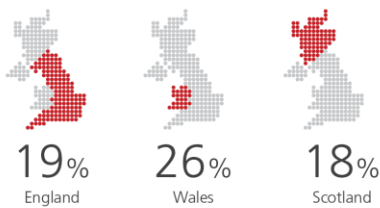


Unplugged

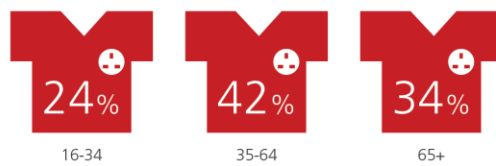
19%

These customers show low understanding of the energy market. Many do not recall receiving communications in the last 12 months. They do not differentiate between suppliers and have low confidence in negotiating the market. This group has not changed or compared tariff in the last year and many have never switched supplier or changed tariff. They are more likely to trust energy suppliers than other consumers.

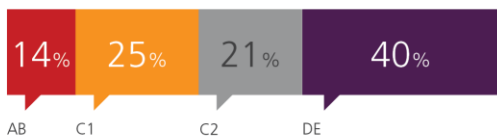
% of consumers in each country that are Unplugged



Age



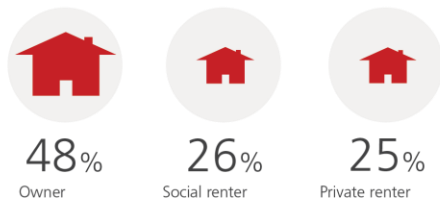
Social Grade



Type of meter / tariff



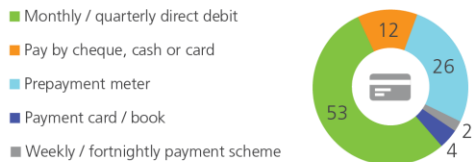
Housing Tenure



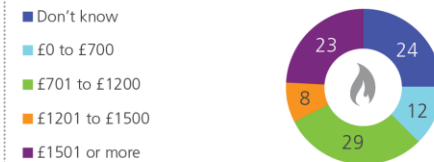
Internet regular user



Payment method %



Annual spend on home energy %




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Figure 1.15 Characteristics of on standby consumers

Ofgem retail market review

Segment characteristics

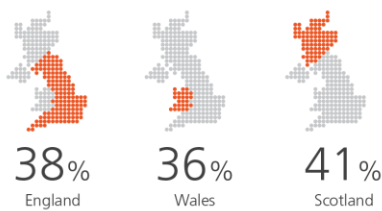




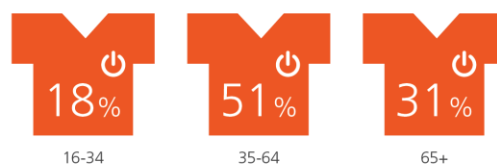
On standby
38%

These customers show higher levels of understanding than Unplugged customers, but this does not translate into regular engagement with the energy market. Very few have compared, changed, or switched in the last 12 months. They also do not differentiate between suppliers and are likely to have switched only once or twice, two-five years ago.

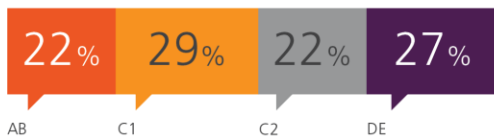
% of consumers in each country that are On standby



Age



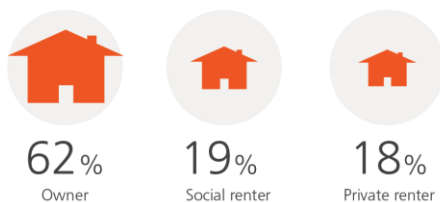
Social Grade



Type of meter / tariff



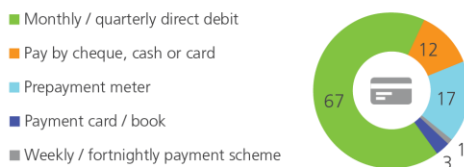
Housing Tenure



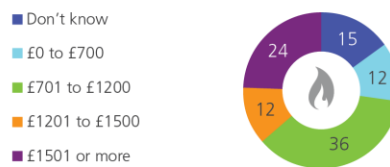
Internet regular user



Payment method %



Annual spend on home energy %



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Figure 1.16 Characteristics of *tuned in* consumers

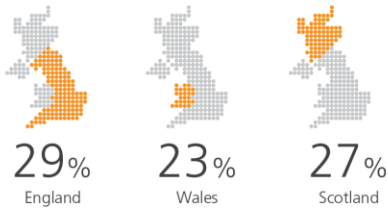
Ofgem retail market review
Segment characteristics



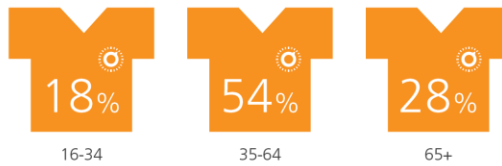
Tuned in
29%

These customers show similar levels of understanding to On standby customers, but are more confident about engaging in the energy market. They are likely to read communications in detail. They conduct some comparison activity and are likely to have switched in the last year. However they lag behind Switched on consumers in comparison, changing tariff and switching activity.

% of consumers in each country that are Tuned in



Age



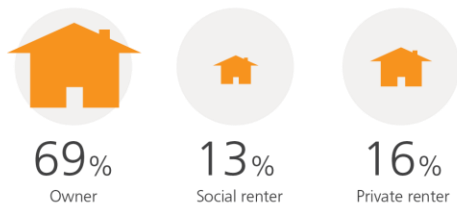
Social Grade



Type of meter / tariff



Housing Tenure



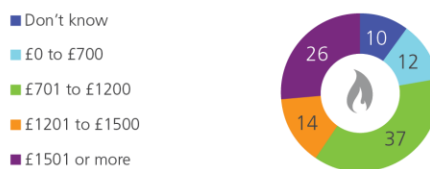
Internet regular user



Payment method %



Annual spend on home energy %



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Figure 1.17 Characteristics of switched on consumers

Ofgem retail market review

Segment characteristics



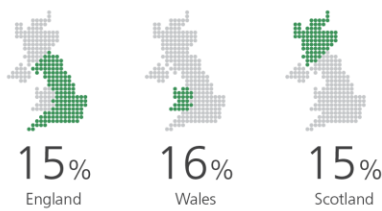


Switched on

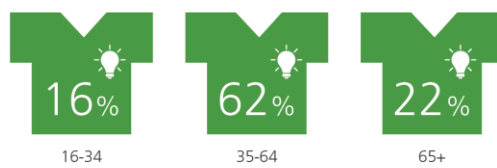
15%

These customers are highly knowledgeable about the energy market. They are likely to read all communications in detail and to take action as a result. They are confident and have switched multiple times. They compare tariffs often, are less satisfied with energy suppliers than other customers, and are less trusting of energy suppliers to treat them fairly.

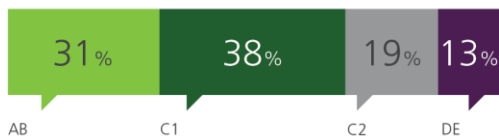
% of consumers in each country that are Switched on



Age



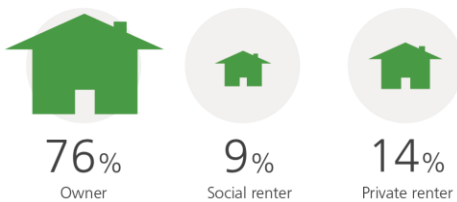
Social Grade



Type of meter / tariff



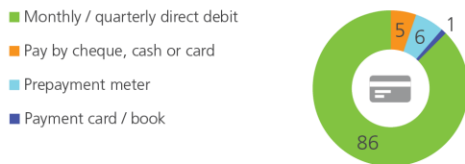
Housing Tenure



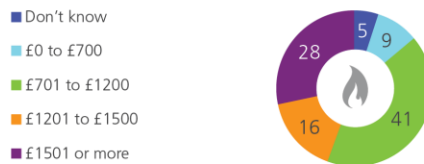
Internet regular user



Payment method %



Annual spend on home energy %



TNS BMRB

2. A simpler energy market

Ofgem's Retail Market Review found that multiple tariffs with inconsistent structures are off-putting to many consumers, act as a barrier to consumer choice, and may lead to poor switching decisions. Ofgem is seeking to increase the number of consumers who are able to effectively engage in the market by introducing measures to help people find it easier, less confusing and less time consuming to compare tariffs. On 31 December 2013, Ofgem limited the number of tariffs suppliers can offer and standardised tariff structures.²⁵ Our baseline survey was conducted after this change but before requirements for Cheapest Tariff Messaging, Tariff Information Labels, Personal Projections and Tariff Comparison Rates on supplier communications took effect from April 2014.²⁶ It is likely that at the time of fieldwork only those more engaged consumers who had compared tariffs recently would have had exposure to these new tariff structures and choices.

This chapter presents:

- Consumer perceptions of the range of energy tariffs available to them (2.1)
- Consumers' perceived ease of comparing tariffs (2.2)
- Reasons why consumers believe it is easy or difficult to compare tariffs (2.2.1)
- Perceived trends in ease of tariff comparison (2.3)
- Reasons why consumers believe it is getting easier or more difficult to compare (2.3.1)

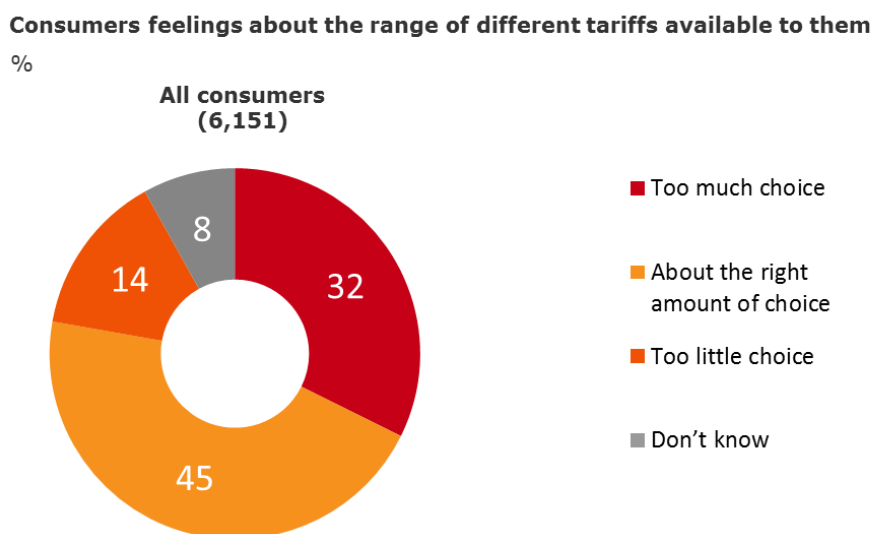
2.1. Choice in the market

Nearly half (45%) of consumers feel that they have about the right amount of choice of energy tariffs available to them. Consumers are more likely to think that they have too much choice (32%) than too little (14%) but a relatively higher proportion (8%) were unable to answer the question (Figure 2.1).

²⁵ The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information published 27/08/2013.

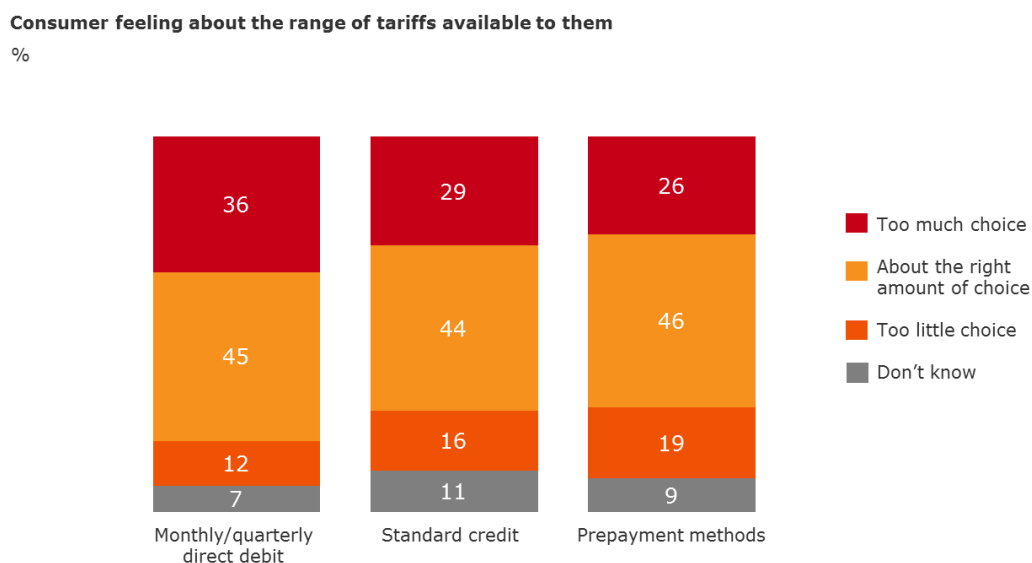
²⁶ Additional rules related to dead tariffs were effective from June 2014.

Figure 2.1 Consumer perceptions of the range of different tariffs available to them



Those with the greatest access and advantage in the energy market are most likely to feel there is too much choice, ranging from 34% of regular internet users, to 36% of those on a fixed term tariff and 37% of those in social grade AB. Conversely those who feel they have too little choice are more likely to be in social grade DE (19%) or to live in social or private rented accommodation (16% and 19% respectively). This is likely, in part, to reflect the tariff choices that are available to these groups. Over one in three (36%) of social grade DE consumers have a pre-payment meter in their home whilst 90% of those in social grade AB pay at least one energy bill by direct debit. Figure 2.2 shows how views on tariff choices vary by payment method.

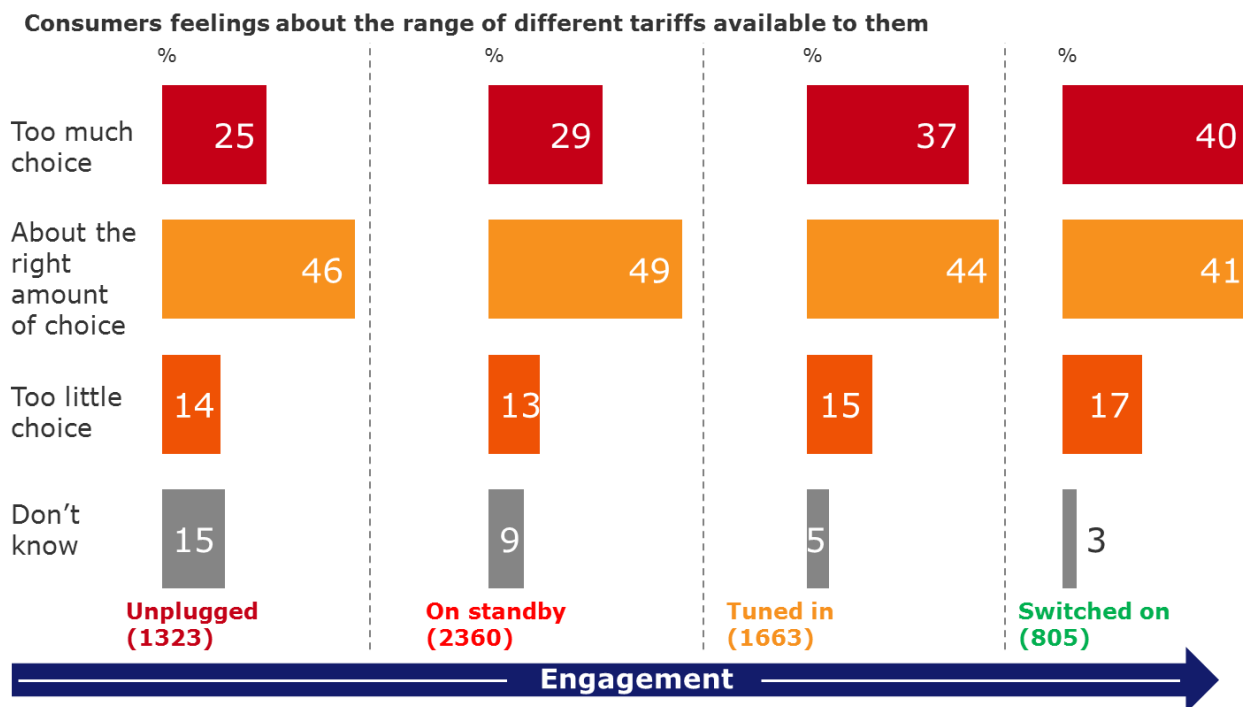
Figure 2.2 Consumer perceptions of the range of different tariffs available to them by payment method²⁷



²⁷ Prepayment methods include prepayment meters (PPMs), payment cards, weekly or fortnightly payment schemes or Fuel Direct.

Some of these factors are reflected when we consider responses across the different engagement segments. Four out of ten (40%) of the *switched on* segment think there is too much choice compared to only 25% of *unplugged* consumers.

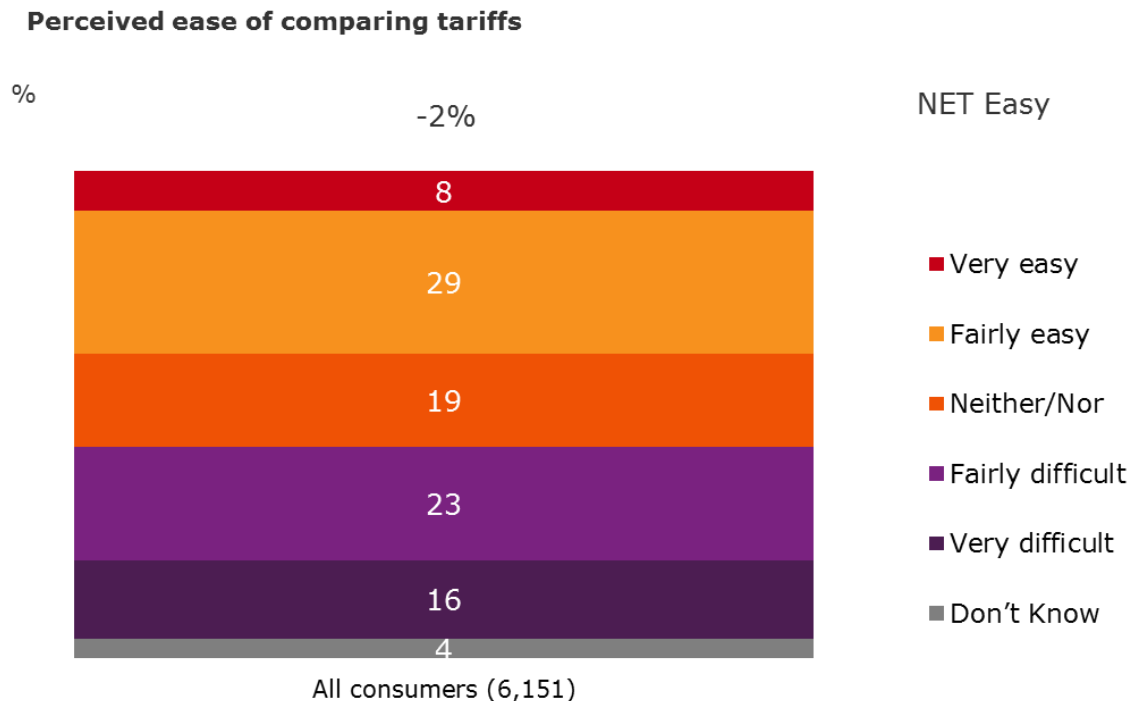
Figure 2.3 Consumer perceptions of the range of different tariffs available to them by segment



2.2. Ease of comparing tariffs

Overall, consumers are as likely to believe that it is *very* or *fairly* easy to compare tariffs (37%) as they are to believe it is difficult (39%).

Figure 2.4 Perceived ease of comparing tariffs

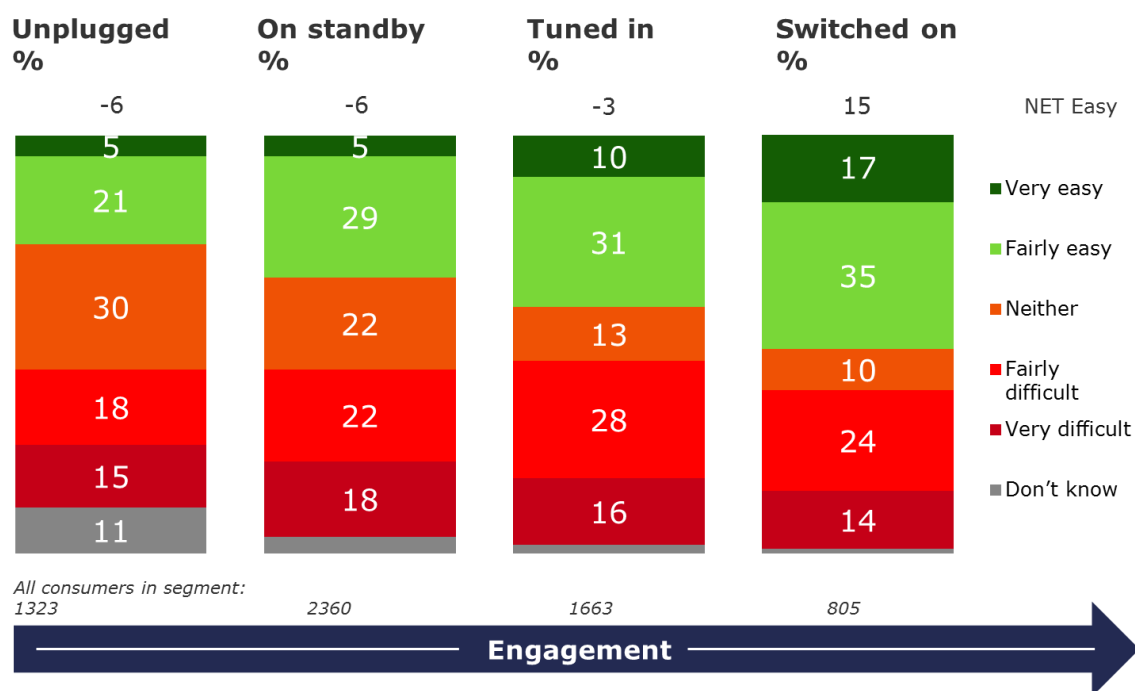


Perceptions are most positive among the young and, connected to age, regular internet users. Fifty one per cent of consumers under 35 believe it is easy, as do 42% of regular internet users. Confidence is lowest among the older groups, with only 24% of those aged 65+ believing it is easy to compare, and among those without regular internet access (22% believing it is easy).

The most engaged *switched on* and *tuned in* consumers are more likely to perceive comparison to be easy (52% and 41%), whereas *on standby* or *unplugged* consumers are less likely to believe it is easy (35% and 27%). The disengaged *unplugged* consumers are most likely to have no strong opinion on tariff comparison with 30% reporting it is 'neither easy nor difficult' and a further 11% feeling unable to answer the question (Figure 2.5).

The picture of who believes it is difficult is more mixed. The moderately engaged *tuned in* group are most likely to believe it is *very or quite difficult* to compare (43%). They may have experience of some comparison activity in the last 12 months but it has not necessarily been a positive one. Similarly 40% of the *on standby* group, who are aware of their options but have little engagement, believe it is difficult to compare. But across all of the segments between 14 and 18% of consumers say that they find it *very difficult* to compare.

Figure 2.5 Perceived ease of comparing tariffs across the segments



2.2.1. Why do consumers think it is easy or difficult to compare?

Consumers who believe it is easy to compare cite the fact that there is *more information available on the internet from comparison websites* (65%); or from *suppliers* (28%) and they believe *the information from suppliers is clearer these days* (19%).

However consumers who believe comparison is difficult are primarily concerned that *tariff information from suppliers is too complicated* (41%) and that there are *too many tariffs to choose from* (34%). These respondents also mentioned that *tariffs are all structured differently* (27%), that *there are too many suppliers* (15%), and that *you cannot trust the information that is available* (14%) (Table 2.1).

Table 2.1 Reasons why consumers believe it is easy or difficult to compare tariffs (categories chosen by more than 2% of consumers)

Reasons	
	<i>Percentage</i>
Consumers who believe it is easy to compare	
There is more information available on the internet from price comparison websites	65
There is more information available on the internet from suppliers	28
The information from suppliers is clearer these days	19
Unweighted base (all who believe it is easy to compare tariffs)	<i>2,230</i>
Consumers who believe it is difficult to compare	
The information about tariffs from suppliers is too complicated	41
There are too many tariffs to choose from	34
The tariffs are all structured differently	27
There are too many suppliers	15
You can't trust the information that's available/ it is misleading	14
Unweighted base (all who believe it is difficult to compare tariffs)	<i>2,352</i>

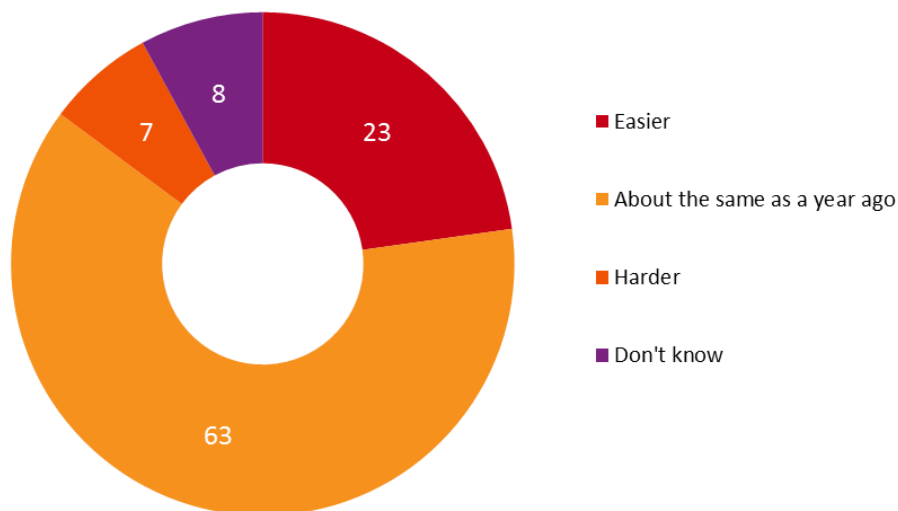
2.3. Perceived trends in ease of tariff comparison

We asked 'active' consumers (who had conducted any comparison, tariff changing or switching activity in the last 12 months) whether they think it is easier or harder to compare tariffs than a year ago. In future years this will be an important indicator of the impact of the RMR measures. Nearly two thirds (63%) believe it is about as easy or as difficult to compare as it was a year ago. Twenty three per cent think it has become easier and 7% believe it is now harder. The under 35s are the most likely to believe comparison is getting easier (27%) and those without regular internet access are least likely (15%).

Figure 2.6 Consumer perceptions of whether it is easier or harder to compare tariffs than a year ago

Whether consumers think it is easier or harder to compare tariffs than a year ago

%



All who have switched supplier, changed tariff, compared tariffs with other suppliers, or compared tariffs with their own supplier in the last year (1953)

Among respondents who now find it easier, the most common reasons given are '*the internet/online information*' (26%) and *there are more websites* (21%). These respondents also think *information is clearer / more transparent* (11%), *more information is available* (10%) and mentioned the *standardised/reduced amount of tariffs* (9%).

However, the main concerns of those who, having engaged in the market in the last year, think it has become more difficult are that it *is too complicated / difficult to understand* (32%) and *that there is too much choice/competition* (23%). They also believe that there is *too much information* (9%) and that it is *impossible to compare* (8%).

Table 2.2 Reasons why consumers believe it is getting easier to compare tariffs

Reasons	
	<i>Percentage</i>
Internet/online information	26
More websites	21
Clearer/more transparent information	11
More information available	10
Standardised/reduced amount of tariffs	9
News/media advertising/coverage/publicity	6
Government/legislation/Ofgem involvement	5
Suppliers have been made to make things easier	4
Other reasons	13
<i>Unweighted base (consumers who believe it is getting easier to compare tariffs)</i>	<i>451</i>

Multicoded response

Table 2.3 Reasons why consumers believe it is getting more difficult to compare tariffs

Reasons	
	<i>Percentage</i>
Too complicated/difficult to understand	32
Too much choice/competition	23
Too much information	9
Impossible to compare	8
Standardised/reduced amount of tariffs	2
Other reasons	29
<i>Unweighted base (consumers who believe it is getting more difficult to compare tariffs)</i>	<i>139</i>

Multicoded response

3. A clearer energy market

The RMR reforms aim to make it easier for consumers to understand their energy choices by requiring suppliers to provide clearer and more engaging communications that includes information based tools designed to prompt and support engagement. These include the Tariff Comparison Rate (TCR), Personal Projections the Tariff Information Label (TIL). The TCR will provide consumers with the cost of a tariff for a typical consumer using a single unit rate. This aims to help consumers see at a glance which tariffs may be cheaper for an average consumer. Personal Projections will provide tailored projection of what a consumer would pay under one tariff based on their current energy use. Suppliers are required to use a standardised method of projecting the cost, so consumers can compare like-for-like when comparing tariffs offered by different suppliers. The TIL will provide consumers with key facts about their own tariff (such as unit rate, standing charge, discounts and surcharges) in a standardised format. This will help consumers understand features of their energy tariff and help them compare it with others available in the market. Cheapest tariff messaging will also indicate if a consumer could save money by changing tariff or payment method with their existing supplier.

To set a baseline against which to measure the impact of these remedies in the future, we asked consumers how they engage with supplier communications and how familiar they are with the features of their current tariff and alternatives available.

The chapter presents:

- Consumer understanding and response to information remedies (3.1).
- Clarity of communications (3.2).
- Understanding of communications (3.3).
- Action taken because of communications (3.4).
- Recall of savings messages (3.5)
- Access to information as part of comparison activity (3.6)
- Familiarity with the range and features of tariffs (3.7).

3.1. Consumer understanding and response to supplier communications

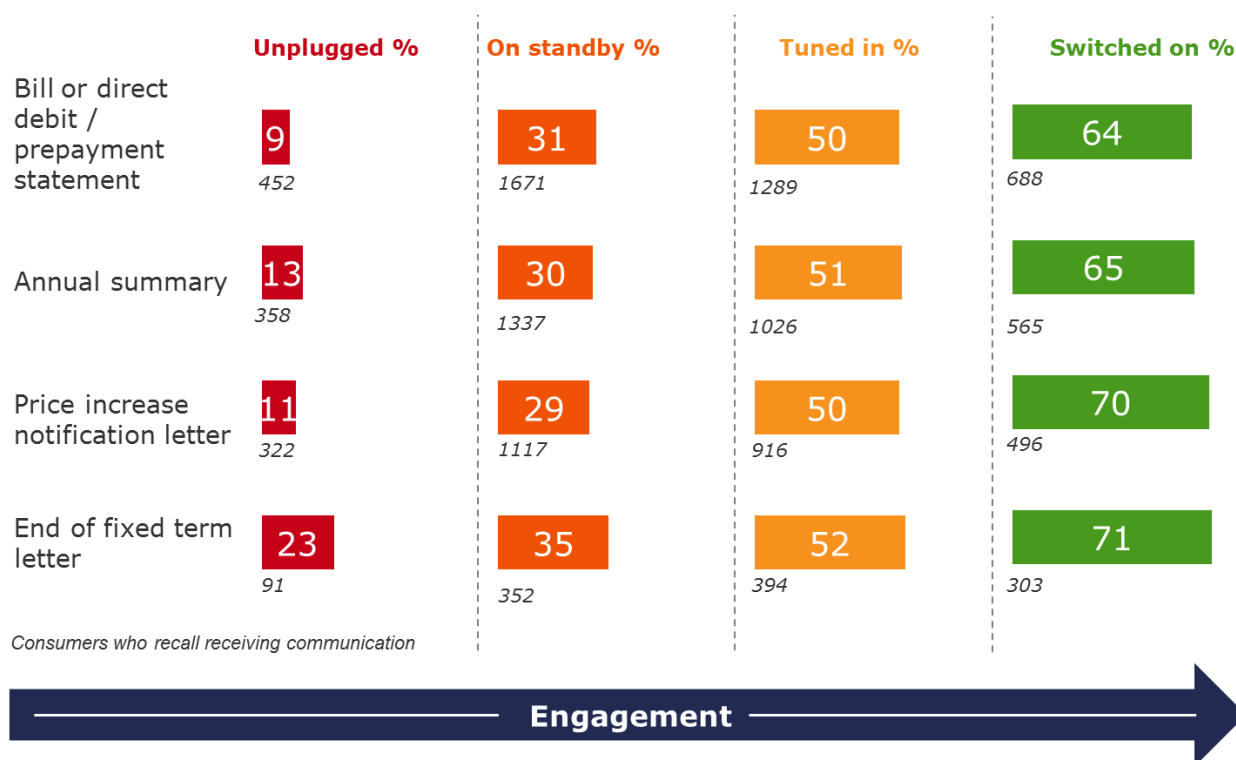
In Chapter 1, we discussed consumer recall of receiving and reading communications as an indicator of engagement in the energy market. In total, 83% of consumers recall receiving one or more communications from their energy supplier in the previous 12 months. Consumers are most likely to recall receiving a bill or statement (69%) in the last year; followed by an annual summary (55%); a price increase notification (PIN) (48%) and end of fixed term letter (20%) (Chapter 1: Table 1.3).

Of those that recall a bill, direct debit or pre-payment statement, 42% read it in detail (rather than skimming it or not reading it at all) compared to 51% of those recalling an end of fixed term tariff letter. Older consumers, more advantaged social groups and those who use the internet regularly are more likely to both recall and engage with supplier communications.

Unsurprisingly (as it forms part of the build of the engagement index) overall level of engagement is highly associated with whether you read a communication. For example, only

9% of the *unplugged* segment who recall receiving a bill or statement read it in detail compared to 64% of *switched on* consumers (Figure 3.1).

Figure 3.1 Proportion of the segments that 'read in detail' a particular piece of the most recently received correspondence



3.2. Clarity of communications

We asked all consumers who at least skim-read their communication to evaluate how clearly the information was presented. For the more routine communications, around three out of four consumers found their bill/statement (75%) or annual summary (73%) *very* or *quite* clearly presented. Consumers in Scotland were more likely to find these communications presented *quite* or *very* unclearly (16% for the annual summary and 19% for bills or statements compared to 12% among all consumers).²⁸

Price increase notifications (PINs) are issued when there is a price increase or if there is a change to the terms of a customer's tariff which may be to the customer's disadvantage, such as a removal of a discount. With the requirement to simplify tariffs in early 2014, more consumers will have received a PIN than in a normal year. Of those that at least skimmed a PIN, again over three out of four (76%) found the information clearly presented although those in social grade AB were slightly more likely to find the PIN clear (77%) than those in social grade DE (70%). Consumers in Scotland were again more likely to find the information unclear (22%) than all consumers (12%).

²⁸ We explored this regional difference further. Whilst critical of communications, Scottish consumers had the same level of satisfaction with their supplier as consumers on the whole (73%).

End of fixed term tariff letters will only apply to customers who have already chosen this type of tariff. These notices are sent to remind consumers that their current fixed term tariff is ending and highlight the next steps. A similar proportion who read their letter found it to be clear (77%) but there were no significant differences by social or demographic group among these already engaged consumers. Although a small group, consumers in Scotland receiving an end of fixed term letter were more likely to report finding it unclear (17% compared to 9% among all consumers).

3.3. Understanding of communications

Next we asked consumers (who at least skimmed their communication) how easy or difficult they found it to understand the information in the communication. The proportion of consumers finding it *very* or *quite* easy to understand their communication ranged from 67% of those who checked their annual summary to 74% who checked their end of fixed term letter (Figure 3.2).

The proportion who found communications difficult to understand ranged from 11% of those who read an end of fixed term letter to 17% of those checking an annual summary. Consumers in Scotland were again more likely to report difficulty. Those without internet access had more difficulty with some communications (such as bills or statements - with 21% reporting difficulty compared to 16% overall) as did consumers in lower social grades, but this did not hold for the end of fixed term tariff letter.

3.4. Action taken because of communications

The end of fixed term letter was the most likely to result in consumers taking some action. Forty-three per cent of consumers who read an end of fixed term tariff letter at least checked the features of the tariff they were on; 34% looked into switching tariffs with their current supplier and 23% looked into switching to a different supplier. Comparison activity was also quite high after reading a PIN with 32% of consumers reviewing their tariff; 19% looking into changing tariff with their existing supplier and 17% looking into switching supplier. Although routine communications are less likely to trigger action, still nearly 34% of consumers who read their annual summary reviewed their tariff as did 30% of those who read a bill.

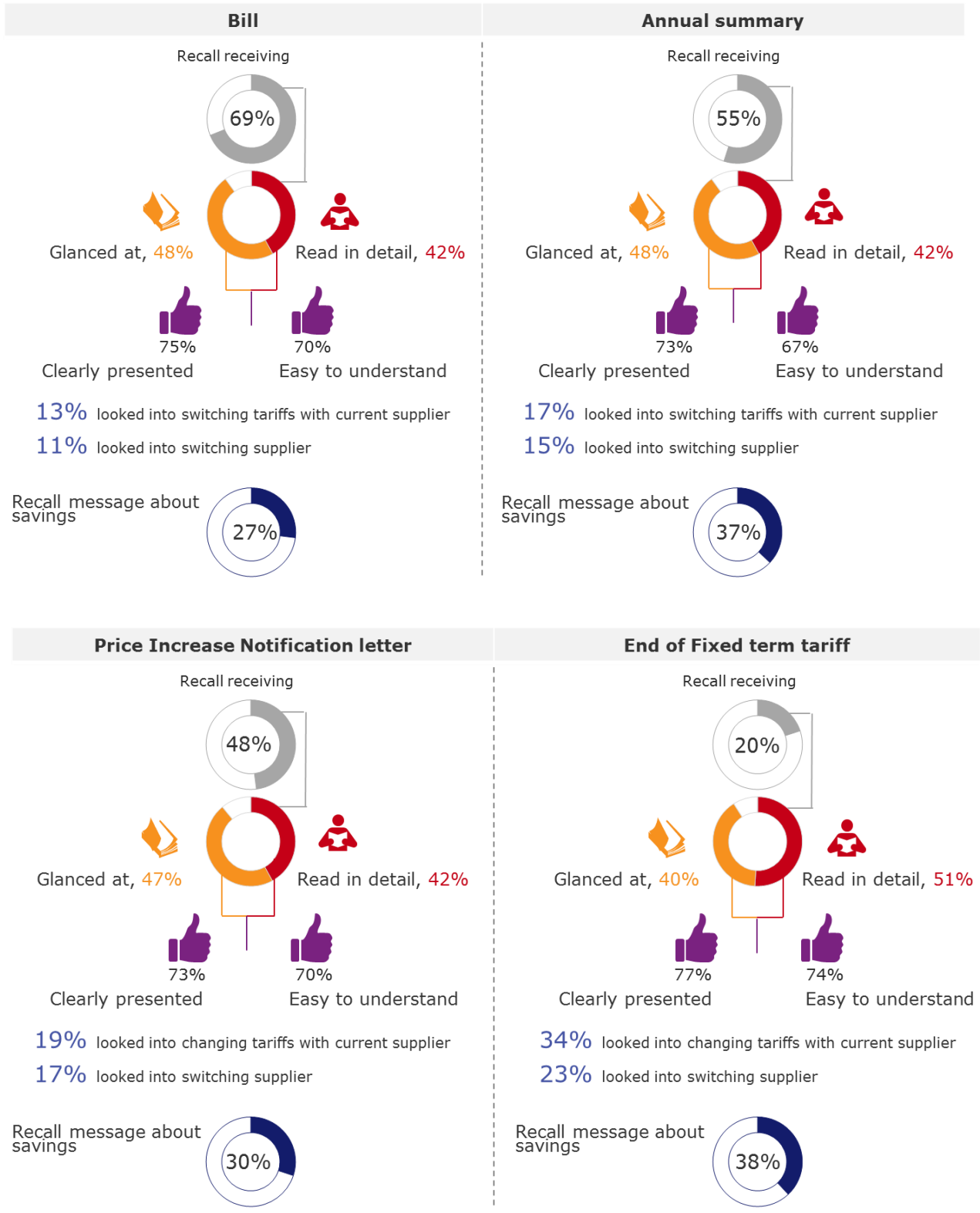
Across all four types of communication, consumers aged between 35 and 54 were the most likely to have taken some action. For example, 27% of 35-64 year olds considered switching supplier after reading an end of fixed term tariff letter compared to 16% of the over 65s. Similarly, whilst 41% of those in social grade AB looked to change tariff with their existing supplier, just 22% of those in social grade DE took the same action. The lowest response to communication is among those with no regular internet access, reflecting the older and more disadvantaged profile of this group. For example, in response to reading a PIN only 5% of this group looked into switching supplier compared to 17% of all consumers.

3.5. Recall of savings messages

Following the introduction of the RMR remedies, suppliers will be obliged to show the savings a consumer could make by changing their tariff with their existing supplier. Several suppliers started introducing versions of this messaging ahead of April 2014. As shown in Figure 3.2 overleaf, recall of this type of message among those that read their communications ranged from 27% among those reading a bill or statement to 38% among those who read an end of fixed term tariff letter.

As well as the graphical summaries here, we present the full breakdown of engagement with communications by type of communication and key socio-demographic groups in Annex F to this report.

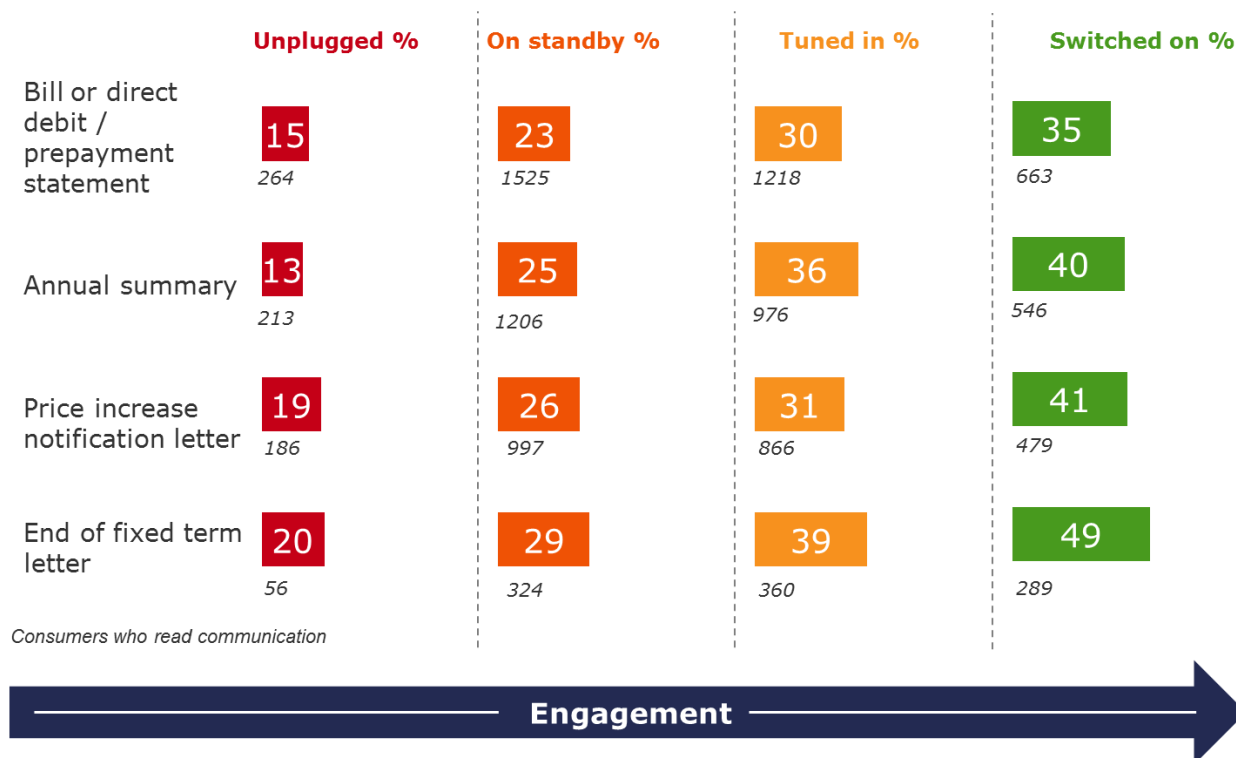
Figure 3.2 Response to communications



3.5.1. Variation by segments

Even among those who read communications, engaged consumers are more likely to spot and recall savings information. For example, about one in eight (13%) of the *unplugged* segment recalled seeing such a message on the annual summary compared to four in ten (40%) of the *switched on* segment (Figure 3.3).

Figure 3.3 Recall of seeing a message on the last received letter about the possibility of saving money by changing tariff or switching payment method



3.6. Access to information as part of comparison activity

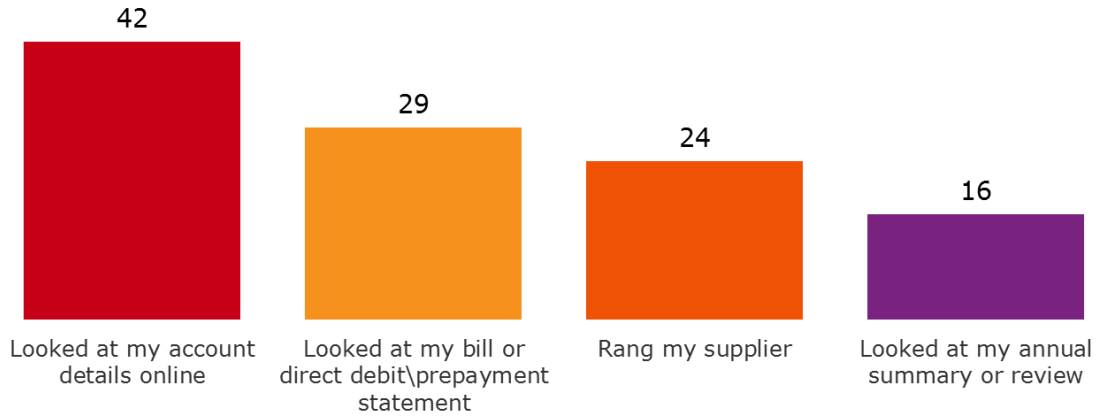
Ofgem wants consumers to find it easier to access and assess information about their current tariff and energy use to make well informed comparison and switching decisions. Information based tools such as the Tariff Information Label are intended to allow consumers access to key information at a glance. As mentioned above, these tools were not fully in place at the time of this survey and so the following presents a baseline for future years.

When in the process of comparing suppliers or tariffs in the last 12 months, six in ten consumers who had compared looked for more information about either their existing tariff or current energy use. About three in ten (28%) found out about both tariff and energy use, 24% just found out about their tariff, and 7% just investigated their energy use. Consumers who sought out this information were most likely to look at their online account (42%); review a bill or statement (29%) or contact their supplier by phone (24%). Sixteen per cent of these consumers looked at their annual summary (Figure 3.4).

Figure 3.4 Where found out about current tariff and energy use

How found out more about existing tariff or energy use

% All who looked for information about existing tariff or energy use (1,153)

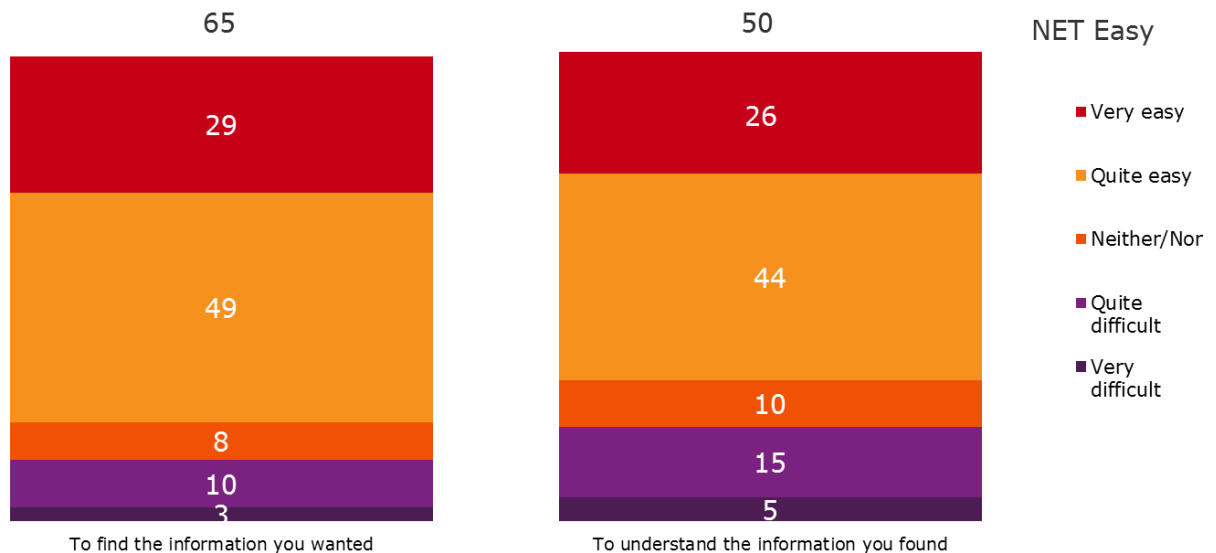


Of the 49% who looked for tariff or energy use information, the majority found it *quite* or *very* easy, to find the information that they wanted (78%) and to understand the information they found (70%). However, 13% of this group found it *quite* or *very* difficult to find the information and 20% found it difficult to understand the information they found (Figure 3.5).

Figure 3.5 Ease of finding information/understanding information

How easy or difficult was it...

% All who looked for information about existing tariff or energy use (1,153)



Young consumers (aged under 35) were more likely to have found it easy to find the information that they wanted (85%) and slightly more likely to have understood it (73%). But, in contrast to switching behaviour, ability to find and understand the information was not clearly associated with social grade: this was already a group who were motivated to seek out information. In fact, consumers in social grade AB were slightly more likely than others to report that they had difficulty finding the information (15% compared to 13% of all consumers) and understanding what they found (23% compared to 19% of all consumers). This could reflect either their expectations of what they want to understand or preparedness to admit in a survey interview that they found it difficult.

3.7. Familiarity with the range and features of tariffs

We asked consumers how familiar they are with

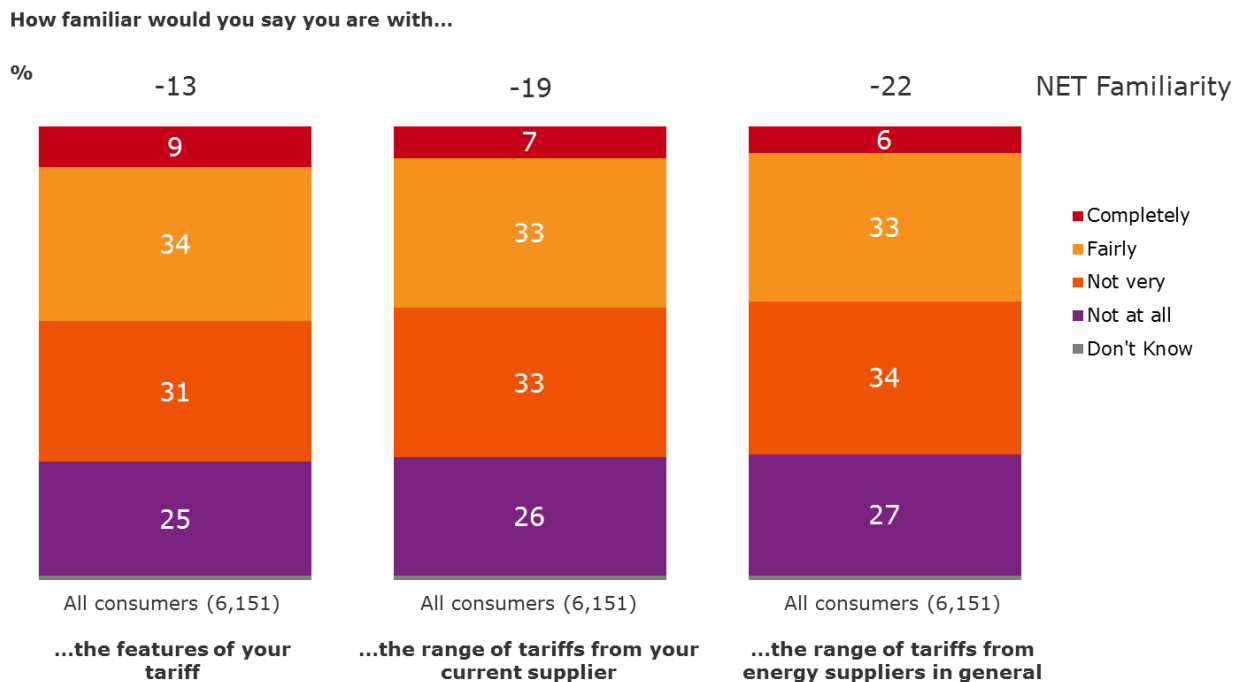
- the features of their own current gas and electricity tariff;
- the range of tariffs available from their current gas and/or electricity supplier; and
- the range of tariffs available from energy suppliers in general.

Although asked about each fuel separately, very few respondents gave a different answer for one tariff than the other. We therefore present a single 'familiarity' result and in the very small number of cases where the respondent did give a different answer, we use the most positive rating.

When asking about familiarity with your own tariff, we explained that this includes the rate you pay and any discounts, standing charges that apply, exit fees or benefits that you receive. Just over four in ten consumers (43%) feel *completely* or *fairly* familiar with these features, but one in four (25%) feel that they are *not at all* familiar. Thinking about what else is available from their current energy supplier, a slightly smaller proportion (40%) are familiar with the range of different tariffs available from their own supplier and a similar proportion (38%) feel familiar with the range that is available from energy suppliers in general.

Strikingly, over one in four consumers feel that they are *not at all* familiar with the range of tariffs available either from either their own supplier (26%) or energy suppliers in general (27%). (Figure 3.6)

Figure 3.6 Consumer familiarity with range of tariffs from suppliers in general and from own supplier, and familiarity with the features of their own tariff



Confidence is lowest among more disadvantaged social groups. Only one third of those in social grade DE feel familiar with the features of their own tariff (34%), the range available to them from their current supplier (33%) or energy suppliers in general (32%).

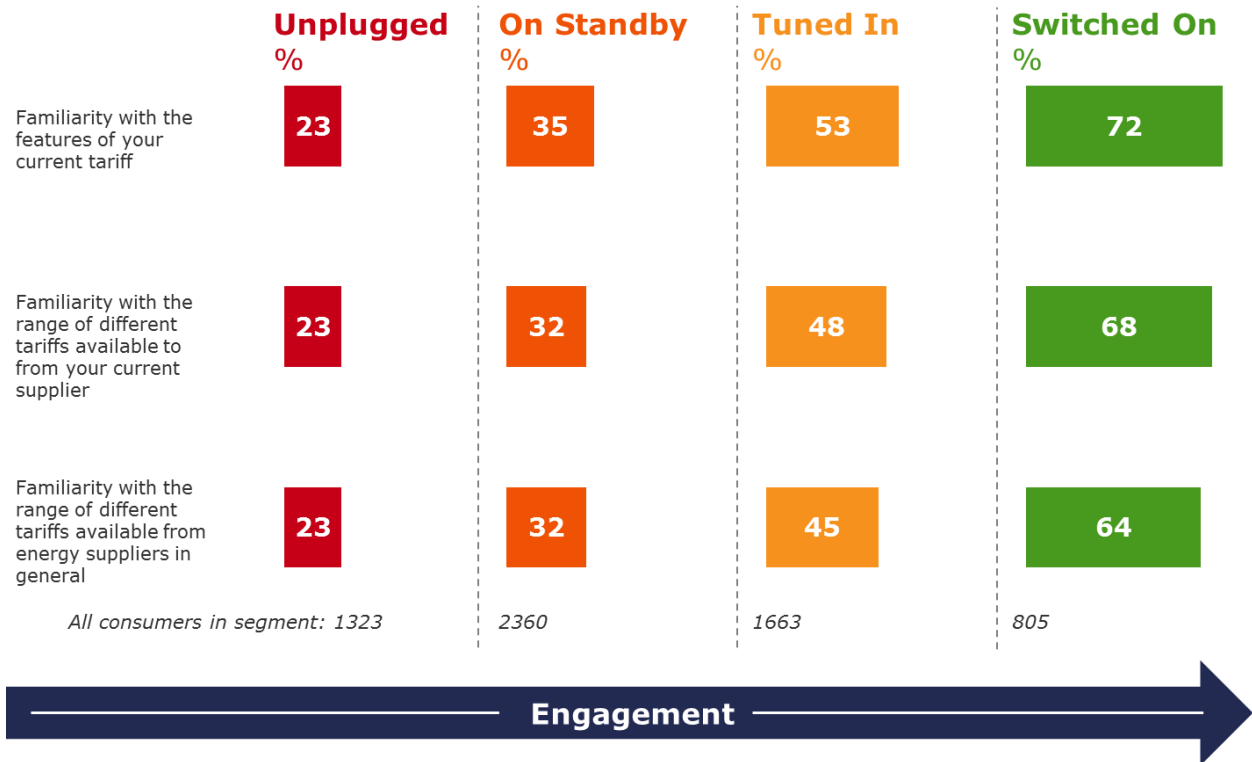
Consumers with a fixed term tariff (who are often the most engaged consumers) have the highest levels of familiarity with 54% feeling familiar with the features of their own tariff, 50% the range available from their current supplier and 48% from suppliers in general.

Although there are no observable differences in familiarity with your own or other tariffs available from your current supplier by age, older consumers (aged 65+) were less likely than younger age groups to feel familiar with the range of tariffs available from suppliers in general (32%).

3.7.1. Variation by segments

Less than one quarter (23%) of *unplugged* consumers feel familiar with the features of their own tariff compared to nearly three quarters (72%) of *switched on* consumers. Whilst more engaged consumers report slightly less confidence in their familiarity with the range of tariffs available from their own or other suppliers than understanding of their current tariff, *unplugged* consumers have equally low rates of familiarity for all three measures.

Figure 3.8 Percentage familiar with the features of their own or range of tariffs available by segment



4. A fairer energy market

The RMR aims to create a fairer energy market that consumers are more willing to trust and engage in. On 26 August 2013, Ofgem introduced new Standards of Conduct to hold suppliers accountable in for the treatment of their customers. It covers all aspects of a suppliers' service and activities that impacts on consumers, including supplier communications. Service must be consistent, helpful and fair. As well as enforcement by the regulator, Ofgem is looking to consumers to become more aware of and more assertive about the standards they can expect from suppliers.

This chapter presents

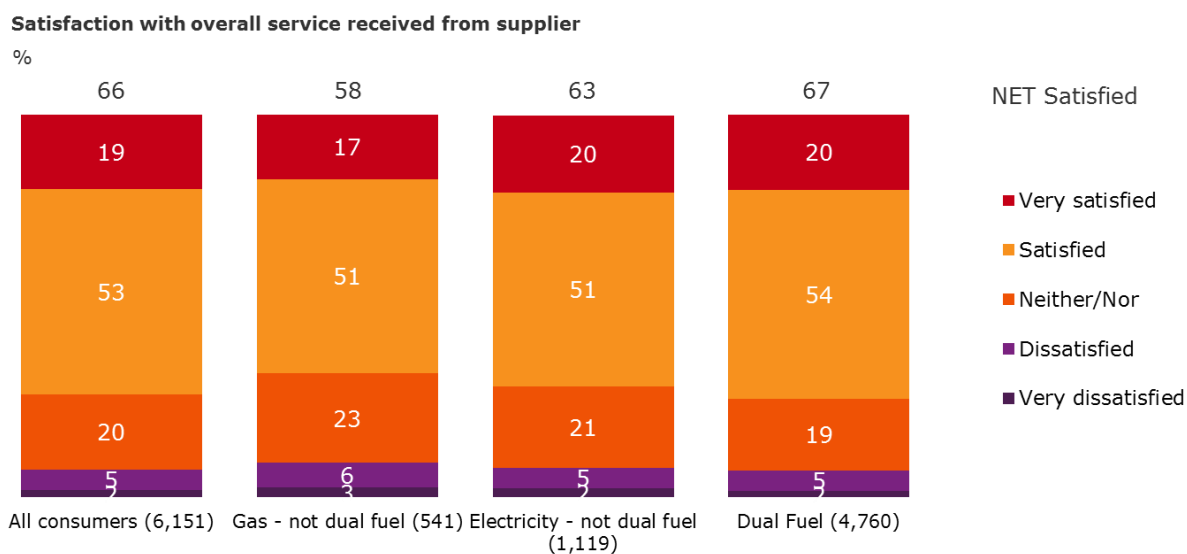
- Consumer satisfaction with energy suppliers (4.1).
- Consumer trust in own energy supplier (4.2).
- Analysis using consumer segments (4.3).
- Consumer trust in energy suppliers in general vs other markets (4.4).
- Consumer satisfaction with the process of contacting/complaining to energy suppliers (4.5).

4.1. Satisfaction with energy suppliers

Three quarters of consumers (77%) buy their gas and electricity from the same supplier as part of a dual-fuel deal. The remainder have different suppliers or just electricity supply in their home. In this section we report separately for these groups as there are notable differences in satisfaction. Overall, nearly three quarters (72%) of consumers are *satisfied* or *very satisfied* with the service they receive from at least one of their energy suppliers.²⁹ Consumers on dual-fuel deals with the same supplier are more satisfied (74%) than those who have separate gas (67%) and electricity (71%) suppliers.

²⁹ If a consumer has separate gas and electricity supplier and has given different responses, we have used the most positive response for this statistic.

Figure 4.1 Satisfaction with the service received from energy suppliers



Consumers aged 65 or older are the most likely to report being satisfied rising to 83% of those on dual fuel deals. There is little difference in satisfaction between people in different social grades.

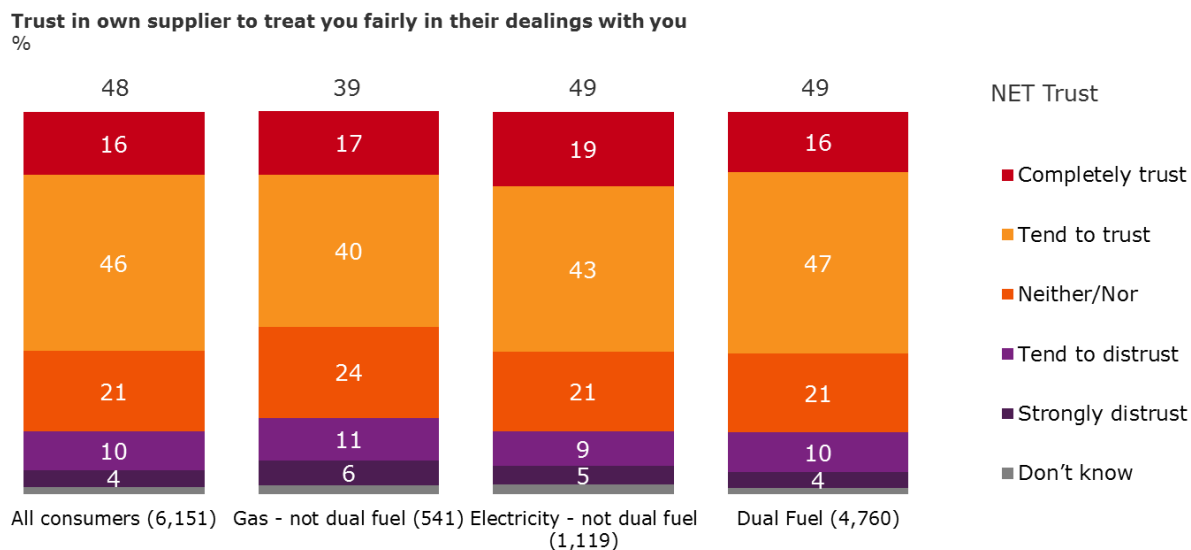
4.2. Trust in own energy supplier

4.2.1. Trust in own energy supplier to treat you fairly in their dealings with you

Over six out of ten (62%) consumers *completely* or *tend to* trust at least one of their current energy suppliers to treat them fairly in their dealings with them.³⁰ Customers with a separate gas tariff are less likely (56%) to trust their gas supplier to treat them fairly than customers on separate electricity (63%) or dual-fuel (63%) tariffs (Figure 4.2).

³⁰ Note that the 2014 Consumer Engagement Survey conducted by Ipsos MORI on behalf of Ofgem found 28% of consumers trusted *energy suppliers in general* to be *open and transparent* in their dealings with customers. Both who consumers are evaluating and the criteria they have been given to evaluate are therefore different. For further discussion see the accompanying Technical Report.

Figure 4.2 Whether trust own energy supplier to treat you fairly in their dealings with you?

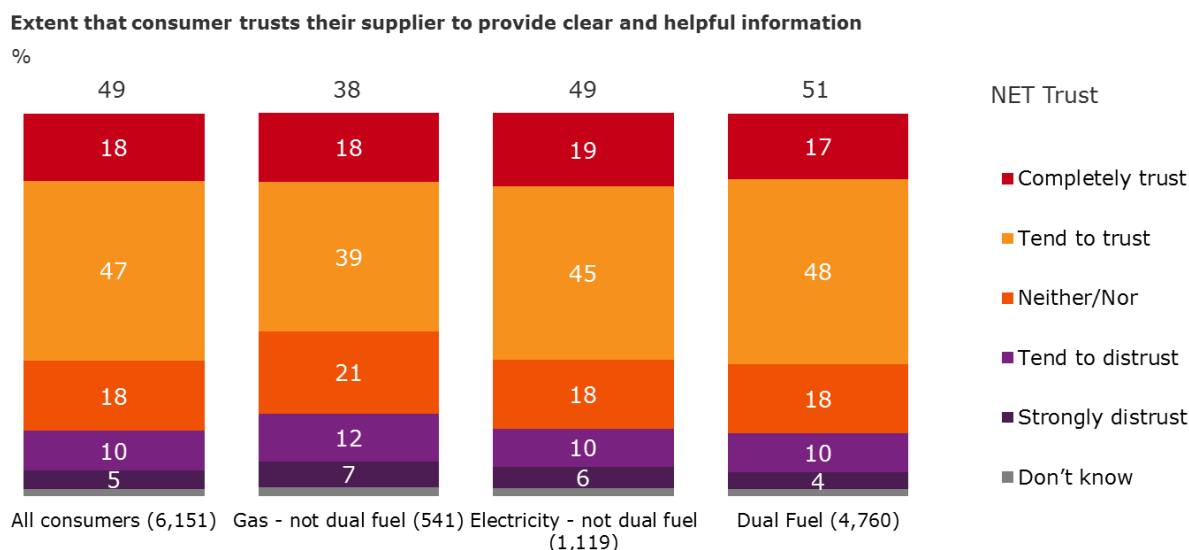


Trust is highest among consumers who do not use the internet regularly, with 75% of dual fuel consumers in this category trusting their supplier compared to 60% of regular internet users. Trust is lowest (48%) among consumers aged 35-64 who are on a separate gas tariff. Those in social grade DE (70% of dual fuel customers) are more trusting than those in social grade AB (57%), a trend which is consistent across tariff types.

4.2.2. Trust in own energy supplier to provide clear and helpful information

Overall, nearly two thirds (65%) of consumers trust at least one of their energy suppliers to provide clear and helpful information. Consumers with a separate gas tariff are less likely (57%) to trust their gas supplier than those on separate electricity (64%) or dual-fuel (65%) tariffs (Figure 4.3).

Figure 4.3 Whether trust own energy supplier to provide clear and helpful information



Over 65s on dual-fuel tariffs are the most trusting of their energy supplier to provide them with clear and helpful information (71%), compared to consumers under 35 (63%), and between 35 and 64 (62%).

Trust is lowest among 35 to 64 year olds on a separate gas tariff (48%) compared to 57% among under 35s and 71% among over 65s. Similarly only 57% of 35 to 64 year olds on separate electricity tariffs trust their supplier compared to 61% of under 35s and 76% of over 65s.

For those on dual-fuel tariffs, those in social grade DE are again more trusting (69%) than those in social grade AB (63%) with similar differences for those on separate tariffs.

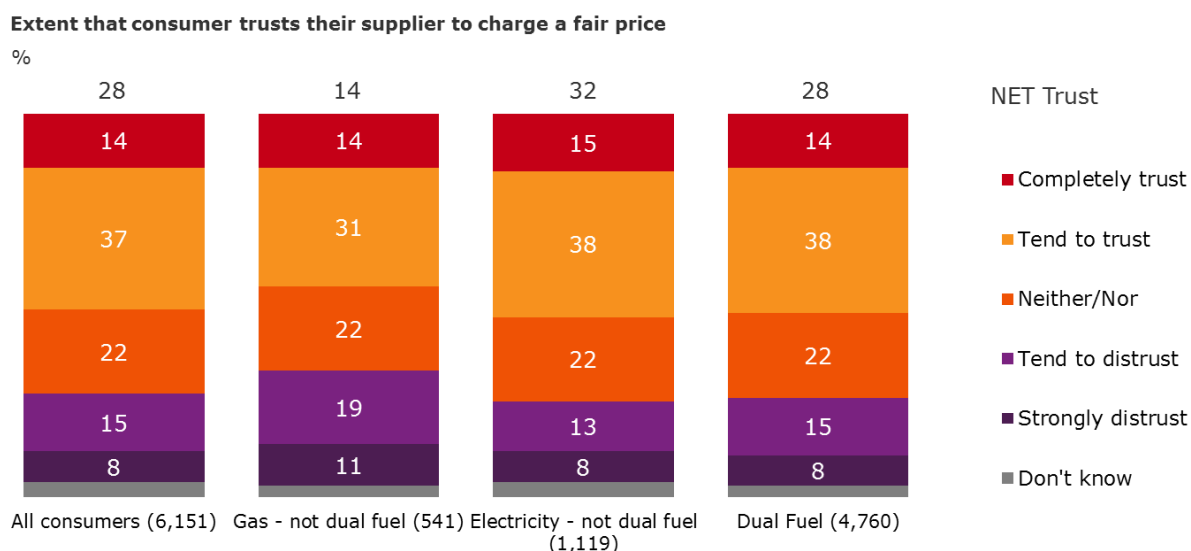
Consumers who do not use the internet regularly have the highest levels of trust in the information provided by suppliers compared to regular internet users. Trust is as high as 78% among non-internet users on separate electricity tariffs compared to 59% of regular internet users, with similar differences among separate gas consumers (73% compared to 51%) and dual fuel customers (75% compared to 63%).

4.2.3 Trust in own energy supplier to charge a fair price

The RMR rules have no direct bearing on the prices that energy suppliers charge their customers. Therefore the following question was not asked as a direct measure of success for the RMR reforms. However, in designing the survey Ofgem recognised that this is an important attitudinal trait which may have a bearing on consumers' willingness to engage in the energy market that we should track over time.

In total, about half (51%) of consumers trust at least one energy supplier to charge them a fair price. However, this again obscures the differences by type of tariff. Trust in a fair price is lower among consumers on separate gas tariffs (45%) (Figure 4.4).

Figure 4.4 Whether consumers trust energy suppliers to charge a fair price

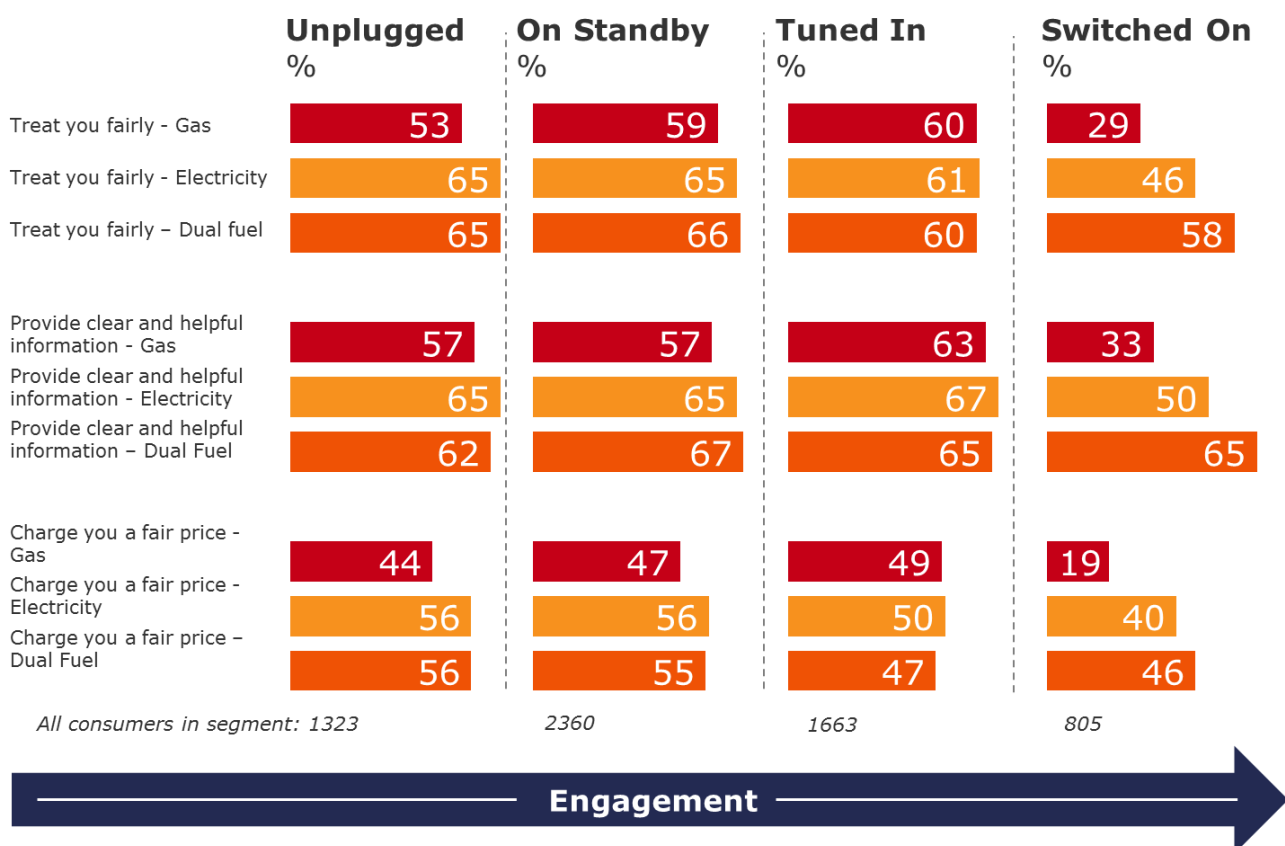


As with the other trust measures, over 65s on dual-fuel tariffs most trust suppliers to charge them a fair price (63%) as do consumers without regular internet access (66%). Those between 35 and 65 and who use the internet regularly trust the least (46% and 48% respectively). Social grade is also an important factor, with 60% of those in social grade DE trusting their dual-fuel supplier to charge them a fair price, compared with 46% of those in social grade AB.

4.3. Trust in own supplier across the consumer segments

Consumers with the highest level of engagement have the lowest levels of trust in their energy suppliers. This is particularly prominent amongst consumers on separate gas and electricity tariffs. For example, just 29% of the *switched on* segment who are on separate gas tariffs trust their gas supplier to treat them fairly, compared to 56% of the whole sample (Figure 4.5).

Figure 4.5 To what extent do you trust or distrust your gas/electricity/energy supplier to ...?



4.3.1 Standards of Conduct communications from energy suppliers

Going forward suppliers will be required to inform their customers about what actions they have taken to treat their consumers fairly, and what service/treatment their customers can expect from them. We asked consumers if they recalled receiving any communication from their energy supplier(s) about their 'requirements to treat customers fairly' as we did not expect consumers to be familiar with the term 'Standards of Conduct'. In total, one third of consumers recall receiving a letter or leaflet on this subject. Consumers in social grade DE are less likely to recall receiving this information (26%) than those in social grade AB (39%).

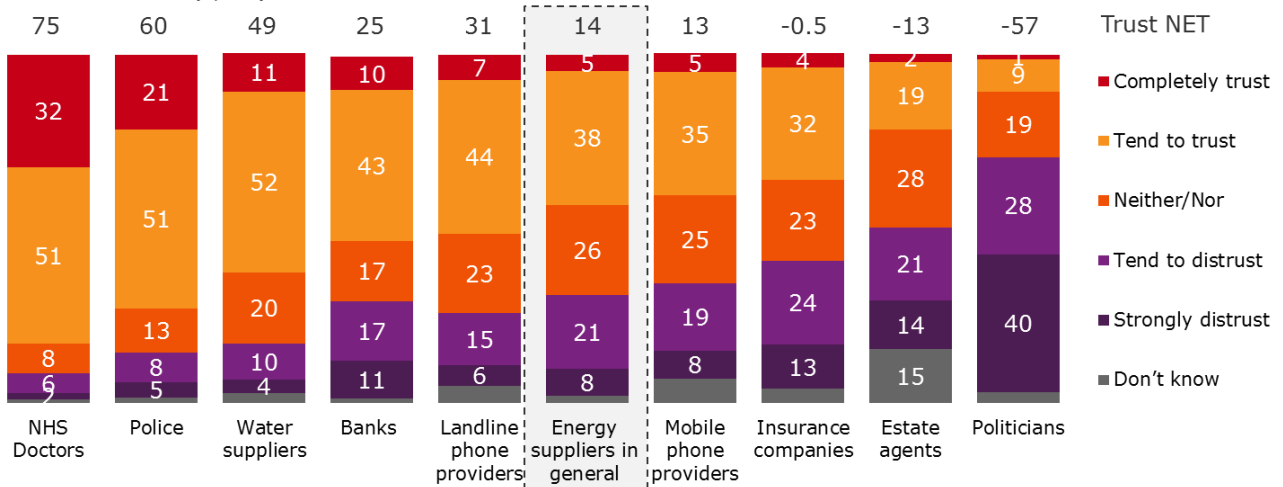
4.4. Trust in energy suppliers in general vs other markets

We asked consumers to consider how much they trust energy suppliers in general to be fair in the way they deal with customers compared to service providers in other markets or the public sector. In total 43% of consumers trust energy suppliers in general on this measure, considerably lower than the 62% who trust their own supplier to treat them fairly.³¹ This is comparable to trust in mobile phone providers (41%), above that of insurance companies (36%) but falls behind other service companies such as water suppliers (63%), banks (53%) and landline phone providers (52%).

Figure 4.6 Extent to which consumers trust or distrust the following to be fair in the way they deal with customers or citizens?

Please tell me the extent to which you trust or distrust the following to be fair in the way they deal with customers or citizens?

% All Customers (6,151)



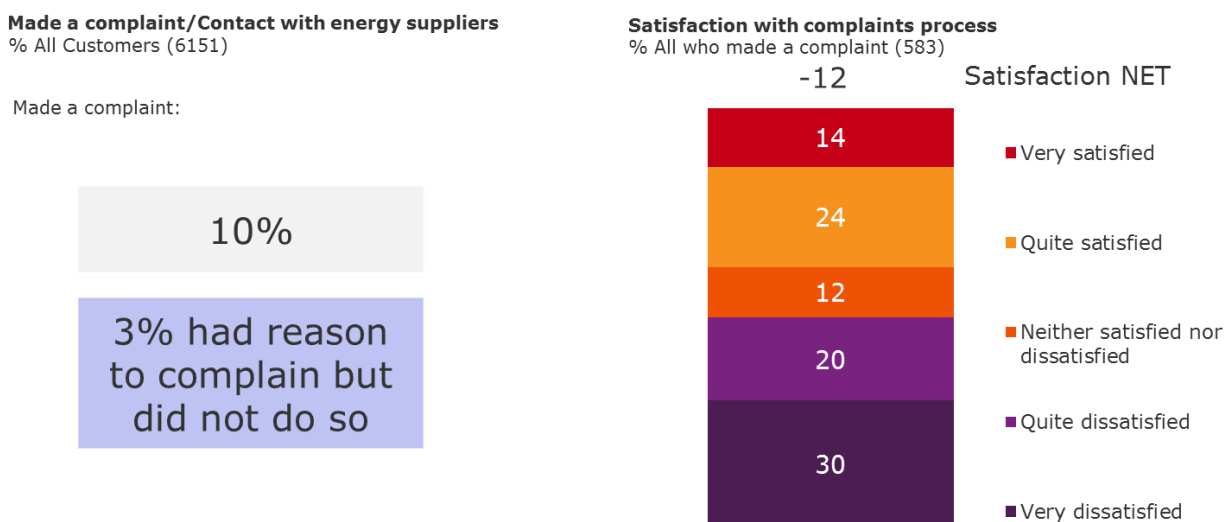
Generally trust varies by age and social grade for all types of services in the same way as for energy suppliers. The only exception is for mobile phone providers. The under 35s, with a greater familiarity with phone providers, are more likely to trust these companies (51%) compared to 38% of all those over 35.

³¹ This is still higher than the 28% of consumers in the 2014 Consumer Engagement Survey conducted by Ipsos MORI on behalf of Ofgem who trusted energy suppliers in general to be open and transparent in their dealings with customers. However as noted before, with different criteria being evaluated we should not make direct comparisons. For further discussion see the accompanying Technical Report.

4.5. Satisfaction with complaints and contact

In total, 10% of consumers contacted their current or previous energy supplier in the last 12 months with a complaint and a further 3% of consumers felt they had reason to complain but did not contact their energy supplier. Consumers in Wales were less likely to complain (7%) as were those over 65 (7%). Whilst there were only minor differences by social grade, only 5% of consumers who do not regularly access the internet made a complaint compared to 11% of those who go online regularly. Nearly four in ten (38%) of consumers were satisfied with their supplier's complaints process³² but half were dissatisfied and 30% very dissatisfied (Figure 4.7).

Figure 4.7 Levels of complaints and satisfaction with the complaints process



Despite higher levels of satisfaction and trust in energy suppliers generally, consumers in social grade DE are slightly more likely to be dissatisfied with the complaints process (53%) compared to those in social grade AB (47%). As well as being less likely to complain, those without regular internet access are also more likely to report being satisfied with the process (47%). Similarly consumers aged 65 or older were most likely to be satisfied with the process (55%). Tenure also appeared to be a factor influencing satisfaction. Only 26% of complainants in private rented accommodation were satisfied with the complaints process.

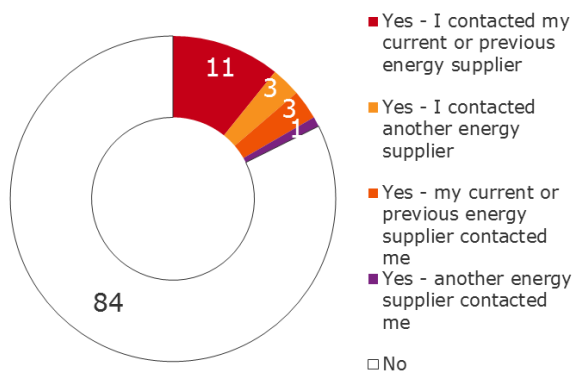
³² Where a consumer had complained more than once we asked about the most recent occasion.

Apart from complaints, 11% of consumers got in touch with their energy supplier in the previous 12 months with a query other than a routine meter reading. Again those without regular internet access were least likely to get in touch (5%). A further seven per cent of consumers contacted another energy supplier or were contacted by an energy supplier. In these cases, three quarters (75%) of consumers were satisfied with the response.

Figure 4.8 How satisfied or dissatisfied overall were you with the way the supplier dealt with you?

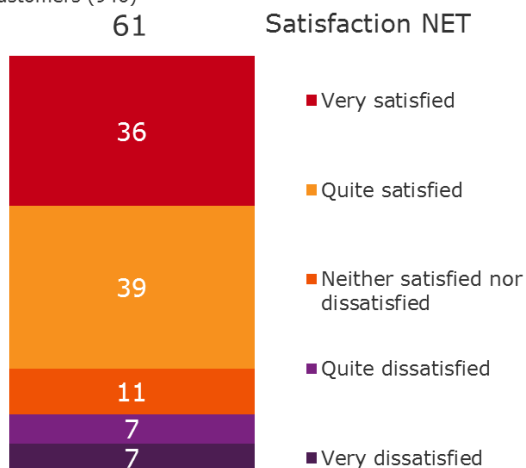
Whether had any interaction with supplier in last 12 months (excluding complaints and routine meter readings)

% All Customers (6151)



Satisfaction with how supplier dealt with them

% All Customers (946)



5. Future measurement

5.1. Tracking the levels of engagement

This survey has established a descriptive baseline of consumer attitudes and behaviours at an early stage of the RMR implementation. However, it is not a benchmark pre-intervention since Ofgem started to engage on RMR in 2010. Consumer attitudes and company behaviour may already be affected. In future years, Ofgem can return to the same measures to examine whether consumers are reporting more positive attitudes to, and engagement with, the energy market.

As a tool to gauge this change we can use the same index to reconstruct the segments of engagement. If Ofgem is moving towards its ultimate goal of greater engagement we can expect to see the size of the *tuned in* and *switched on* segments growing whilst the more disengaged segments shrink in size. At the same time it will be important to examine whether the characteristics of these groups change. As more people become engaged in the energy market, those left behind may be the most vulnerable or disadvantaged: particularly those on prepayment schemes and consumers who do not use the internet regularly.

5.2. Tracking the RMR objectives

Simplifying tariff choices

A further measure of increased engagement will be a rise in the proportion of consumers who have an opinion about the level of choice available to them in the energy market – be that positive or negative – rather than feeling unable to answer the question at all. The proportion feeling they have too much choice may also fall as consumers encounter the simpler tariff structures.

Whilst more engaged consumers are more likely to say they find it easy to compare tariffs, the most telling indicator of future change in consumer attitudes could be the proportion reporting it is difficult or very difficult. Strikingly, although ranging from highly active consumers to the most disengaged we found the perception that it is very difficult to compare tariffs ranged only from 14% to 18% across the consumer segments. Some may be reporting a perception that it is difficult, but others are likely to be reporting on recent comparison activity that has proven to be time consuming or complex. If tariff comparison does become easier it might be the responses of the most engaged consumers that change first; informed by their new experience. The perceptions of those who have not tried to compare will depend more on the levers to encourage them to engage at all, as well as other factors likely to influence their perceptions such as word of mouth experiences.

Improving understanding

We know that consumers with the highest levels of engagement, particularly if they have conducted comparison activity in the last year, generally report the highest levels of familiarity with their own and other tariffs from their own supplier. In this baseline year consumers are also very unlikely to report different levels of familiarity with the offer from their own and other suppliers.

The RMR communication remedies aim to improve understanding, even among those who are not actively comparing. The Tariff Information Label and Cheapest Tariff Messaging should raise awareness and understanding of the features of your own tariff and others available from your current supplier and the Tariff Comparison Rate aims to provide a tool for initial

comparison across suppliers. In future we can observe whether the gap in reported familiarity between engaged and less engaged groups is closing as understanding becomes less dependent on comparison activity and whether there are any emerging differences between the reports for each of the three measures.

Building trust

At the moment, more engaged consumers tend to trust their own or other energy suppliers the least. More trusting consumers tend to come from more disadvantaged backgrounds and/or show lower interest in the energy market. As the Standards of Conduct and information remedies take effect we will be able to investigate whether there has been movement in the three key RMR trust indicators of:

- Trust in their own energy supplier
- Trust in energy suppliers in general
- Satisfaction with overall service received from their own energy supplier, and satisfaction with contacts /complaints handling

However, given the complexity of the relationship between trust and engagement we should be cautious in investigating the consequences of any increases in trust for consumer engagement.