

# **Non-Domestic Consumer Research 2023 interim report**

A report for Ofgem and the Department for Energy Security and Net Zero (DESNZ) by IFF Research

**(Fieldwork conducted July 2023)  
December 2023**

## Introduction

Ofgem and DESNZ commissioned IFF Research to conduct research with non-domestic energy consumers in Great Britain. This document presents interim findings from the 2023 iteration of Ofgem's Non-Domestic Consumer Research. The aim was to build on existing evidence about non-domestic consumers' experiences of the energy market. This included exploring experiences with their energy supplier, the impact of price rises and steps businesses have taken to manage price increases.

The findings in this interim report have been used to inform Ofgem's statutory consultation and impact assessment.<sup>1</sup> This interim report explores some key areas of interest but does not cover the full breadth of the questions explored within the research. In this interim report we have reported on some of the headline significant differences across different types of business but further detail on this will be available in the full report, which will be published in early 2024.

These findings are primarily based on 1,000 quantitative telephone interviews with businesses<sup>2</sup> in Great Britain (with the survey being completed by a person with responsibility for arranging or paying the organisation's energy bills). These surveys were completed between 3<sup>rd</sup> July and 28<sup>th</sup> July 2023.

This report also draws on initial findings from qualitative research, which was designed to gather more in-depth insights around themes emerging in the quantitative survey. These findings are based on 30 interviews with businesses from across Great Britain. These interviews were completed between 29<sup>th</sup> September and 23<sup>rd</sup> October 2023.<sup>3</sup>

Some initial key headlines emerging from the research are:

- More than half of businesses in the survey (58%), said they were concerned about the impact of energy prices on their business, with 42% reporting they were very concerned.
- Almost two thirds (60%) of businesses were satisfied with the overall service they had received from their supplier with 13% saying that they were dissatisfied.
- The main reasons consumers said they were dissatisfied included the service being too expensive, poor customer service and poor communication.
- Of those that had contacted their energy supplier, 55% said that they found it easy to contact their energy supplier and 18% said they found it difficult to contact their energy supplier.
- Just over one in ten (12%) reported that they had made a complaint to their supplier.
- The main reasons for complaints were issues around billing and meter issues, such as receiving estimated bills despite having a smart meter and consumers feeling that they were

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<sup>1</sup> <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-statutory-consultation>

<sup>2</sup> We have chosen to refer to 'businesses' for the purposes of this short report. However, the sample more specifically is defined as 'non-domestic consumers', which are businesses that operate out of non-domestic premises and who have a non-domestic energy contract. This excludes businesses that operate out of a home (domestic property). A business sample was used to identify these consumers; public bodies and charities were not deliberately included.

<sup>3</sup> As analysis of qualitative fieldwork is still ongoing, findings presented in this report should be interpreted as indicative only.

overcharged, for instance consumers feeling they were charged incorrectly or received unexpected/hidden charges.

## **Background, aims and objectives**

The past few years have been a challenging time for energy consumers with changes in the energy market and wider economic pressures causing widespread concern for both domestic and non-domestic (business) consumers across Great Britain.

A number of businesses were already under pressure post-pandemic. Small and medium-sized enterprises (SMEs) are at particular risk – especially sole traders and micro businesses – as they often lack the leverage to negotiate with energy suppliers that larger businesses have. The energy price cap, a backstop protection from the Government for domestic consumers who defaulted on to their supplier's standard variable tariff, does not exist for businesses.

In September 2022 the Government announced a package of support for households, businesses, and public sector organisations facing rising energy bills in Great Britain. The Energy Bill Relief Scheme (EBRS) provided a discount on wholesale gas and electricity prices for businesses, public sector organisations and voluntary sector organisations like charities. The EBRS ran between 1 October 2022 and 31 March 2023.<sup>4</sup>

In January 2023, the Government announced the new Energy Bills Discount Scheme (EBDS) which started on 1 April 2023 and runs until 31 March 2024. This provides a discount on gas and electricity unit prices, subject to a maximum discount. However, this has meant that some organisations will have received less financial support from April 2023 compared with the previously ran EBRS scheme.

Alongside this, there have also been repeated reports about potential detriment that business customers are experiencing in the business energy supply market. Issues raised include a lack of offers to contract leading to an increase in consumers on deemed contracts, some reports of excessive security deposits where contracts are being offered and increases in standing or management charges.<sup>5</sup> There are also reports of businesses having poor experiences with their suppliers, for instance, finding it difficult to contact them and reports of unacceptable practices during debt and disconnection activities.<sup>6</sup>

The primary aim of this research has been to build on the existing evidence from Ofgem and the Department for Energy Security and Net Zero (DESNZ) based on businesses experiences in the energy market.

Although not all findings from the main project are included in this interim report, the key research questions for the whole of this research are:

- How have energy price increases impacted businesses?

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<sup>4</sup> More information on the Energy Bill Relief Scheme and eligibility can be found at <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>

<sup>5</sup> A deemed contract normally applies where a consumer moves into new business premises and doesn't agree a contract. A consumer may also be on a deemed or out-of-contract contract if the current contract ends but the supplier continues supplying energy.

<sup>6</sup> More information on these issues can be found in Ofgem's non-domestic market review: <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-policy-consultation>

- What are businesses' experiences of buying energy and/or managing energy needs, including experiences of switching, working with a Third-Party Intermediary, and the availability of different products and services in the market?
- What have businesses done in response to energy price changes (e.g. reduced energy use, taken new no/low-cost energy-saving actions, made energy efficiency improvements, etc.)? What do they plan to (/continue to) do?
- What is the experience of businesses falling behind on energy bills?
- How satisfied are businesses with the quality of service delivered by their energy supplier?
- What have the impacts of the Non-Domestic Energy Consumer Support Schemes (Energy Bill Relief Scheme and Energy Bills Relief Scheme) been on businesses and their ability to pay their energy bills?

### Sample and recruitment

The research consisted of a telephone survey of 1,000 non-domestic energy consumers followed by 30 qualitative interviews with businesses who agreed to take part in a follow-up interview after completing the survey.

The starting sample for the survey was 19,508, using a sample-to-target ratio of 20:1, which was sourced from Market Location (a provider of UK business records).

In order to balance the requirement to achieve a robust sample that was representative of the population, with the need for sufficient numbers within each subgroup to enable reliable subgroup analysis, IFF used a Probability Proportionate to Size (PPS) approach to sampling. This was a two-stage approach, whereby:

- At sector level, half the sample was drawn equally across the 9 macro-level SIC sectors<sup>7</sup>, with the remainder distributed in proportion to the population;
- This process was then repeated within sectors, so that half the sample was distributed equally by size (0-9, 10-49, 50-249,250+), and the other in proportion to the size distribution within that sector.<sup>8</sup>

A total of 2,713 contacts were made with eligible respondents. The 1,000<sup>9</sup> completed interviews therefore represent a response rate of 37% amongst eligible respondents contacted, or 5% of the total starting sample.

The findings in this report contain data that has been weighted to an estimated GB non-domestic consumer population (those businesses who have a non-domestic energy supply). This used 2022

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<sup>7</sup> Agriculture, Mining & Utilities, Manufacturing, Construction, Retail, Distribution & Transport, Transport & Storage, Hotel/Catering, Finance, Property Management / Business Services, Public Administration / Other.

<sup>8</sup> Throughout this report references to sole traders and micro businesses, small businesses, medium businesses and large businesses directly correlate to the listed employee number sizes (0-9, 10-49, 50-249,250+).

<sup>9</sup> More detail on interviews achieved against initial targets can be found in the technical report when published.

Business Population Estimates and made assumptions about eligibility based on responses within the 2022 Ofgem Non-Domestic Consumer Survey<sup>10</sup>. All differences mentioned in this report are statistically significant. For the qualitative element, all 30 respondents were recontacted and recruited according to their responses to key questions in the quantitative phase.

A breakdown of key subgroups for both quantitative and qualitative research can be found in the Annex.

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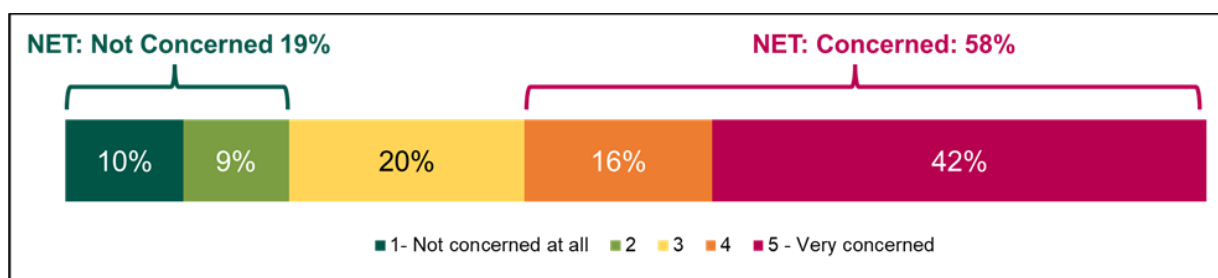
<sup>10</sup> The assumptions were taken from relevant screening questions within the 2023 survey. More detail on the weighting process can be found in the technical report when published.

## Headline findings

### How businesses feel about energy prices

Businesses were asked how concerned they were with the impact of energy prices on their business, on a scale of 1 to 5. More than half (58%) said they were concerned about the impact of energy prices on their business, with 42% reporting they were very concerned. There appeared to be a greater level of concern among large businesses (74%) when compared to the average, as well as for those in the Hotel & Catering and Manufacturing sectors (88% and 75% respectively).

**Figure 1.1 Level of concern about the impact of energy prices**



Base: All respondents (1,000)

C3. On a scale of 1 to 5, where 1 means 'not concerned at all', and 5 means 'very concerned', how concerned are you about the impact of energy prices on your business?

Businesses spontaneously mentioned their concerns about energy prices in the qualitative research. There was concern from some that their business was now unable to compete against those who have longer contracts at better rates. A few businesses also reported they had fixed-price contracts with their own customers that prevented them from increasing their prices, which meant they had to absorb the costs.

Some also said they had experienced at least a doubling in their energy bills in the last 12 months and described having to make significant adjustments to their business in response, such as reducing consumption or passing on price increases to customers. This is in line with findings from the quantitative research, where three quarters (76%) of businesses who had experienced an increase in their energy costs said they had tried to limit or reduce their use of electricity and/or gas, and almost half (48%) had increased prices for customers.

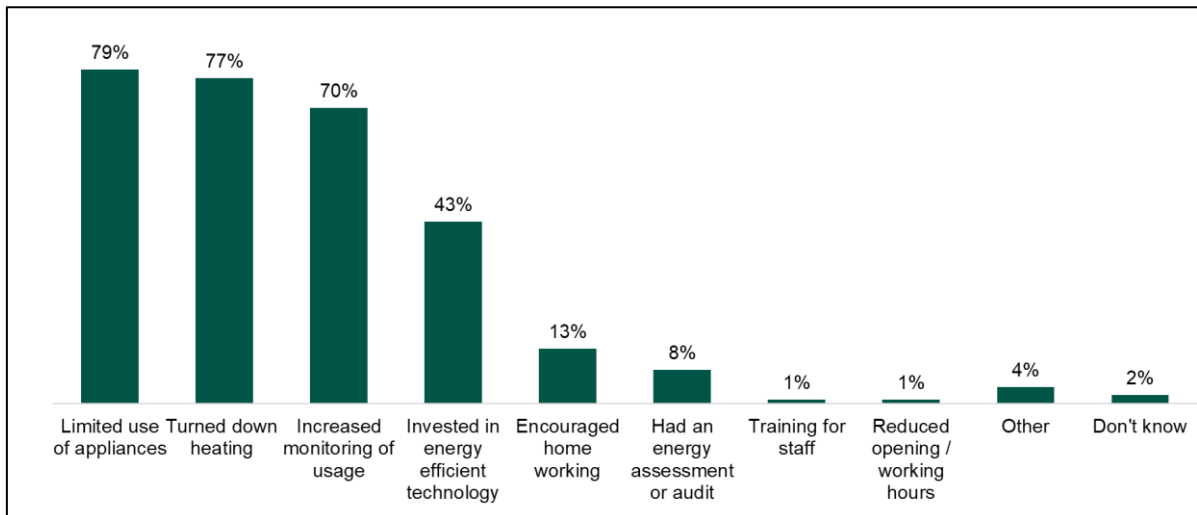
### Steps taken to manage energy costs

Businesses that had reduced their energy consumption, whether gas or electricity, were asked in what ways they had tried to limit their consumption over the last 12 months. They were most likely to limit the use of appliances (79%), followed by turning down the heating (77%) or increasing the monitoring of their energy usage (70%).

Furthermore, around two in five (43%) had invested in energy-efficient technology. Businesses who selected this option were then asked which technologies they had specifically invested in. Of businesses that had invested, LED lighting was the most popular energy efficiency technology update, with a fifth (19%) saying they'd used these to limit their electricity use in the last 12 months. This was followed by other lighting changes (14%), and 11% also mentioned updating to motion sensor lights. Heating appliances (12%) and time controls for heating (11%) came out at 24% combined. One in ten cited installing solar panels (11%) but only 5% invested in more insulation.

Of those who have limited their use of gas or electricity, just over one in ten (13%) encouraged home working as a response - medium and large-sized businesses were more likely to do so when compared to the average (21% and 26% respectively, compared to NET 13%).

**Figure 1.2 Steps taken to manage energy costs**



Base: Those who have limited their use of gas or electricity (470)

C10. In what ways, if any, have you tried to limit or reduce the amount of electricity or gas you use in the last 12 months?

### Keeping up with energy bills

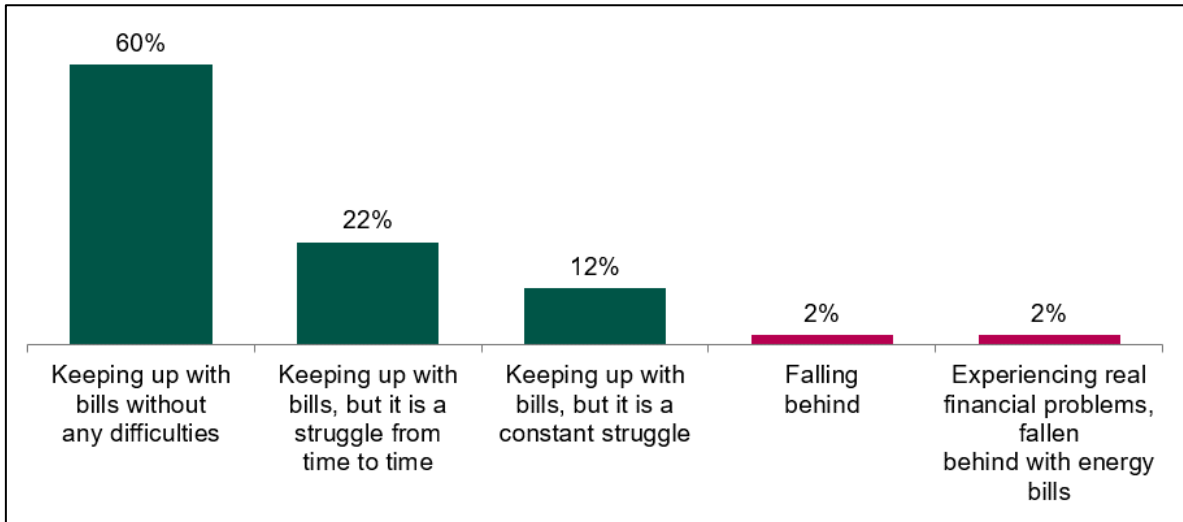
All businesses were asked to describe how they kept up with their electricity/gas bills over the past 12 months; 60% said they were 'keeping up without difficulties'. However, over one in five said that keeping up with bills was a 'struggle from time to time' (22%), and a further one in ten experienced a 'constant struggle' (12%). Few businesses said that they were either falling behind with some electricity and/or gas bills (2%) or having real financial problems and repeatedly falling behind (2%) (reference Figure 1.3 below). Insights from the qualitative research indicate that some were able to comfortably pay their energy bills despite price increases. Others say they were keeping up but have had to look at how to reduce their overheads to meet the rise in energy bills.

By business size, medium and large-sized businesses were the most likely to say that they had 'been keeping up with bills without any difficulties' (74% and 83% respectively).

By sector, the groups most likely to report that they have 'been keeping up with their bills without any difficulties' were in the Transport and Storage and Finance sectors (86% and 86% respectively). Those in the Hotel and Catering sector were least likely to say the same (27%).

As set out in Figure 1.3, 39% can be defined as 'struggling' to some extent, either from 'time to time', or a 'constant struggle', all the way through to 'falling behind on their bills' or 'experiencing real financial problems'.

**Figure 1.3 Keeping up with energy bills**



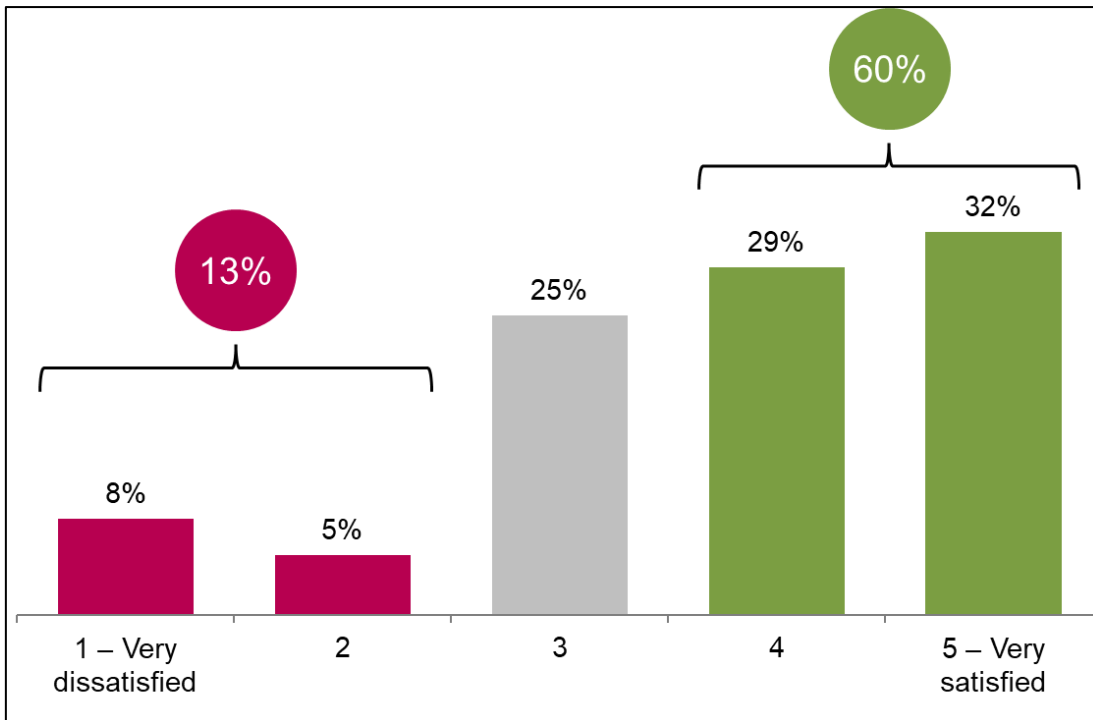
Base: All respondents (1,000)

C6. Which one of the following statements best describes how well your business has been keeping up with gas/electricity bills over the past 12 months?

**Satisfaction with supplier’s customer service**

The majority of businesses surveyed said that they were satisfied with their energy supplier. A small minority of businesses were dissatisfied, just over one in ten (13%) stating that they were on some level dissatisfied with their supplier. Businesses in the Finance sector were more likely to be dissatisfied (23% compared to 13% overall).

**Figure 1.4 Satisfaction with the overall service from energy suppliers**



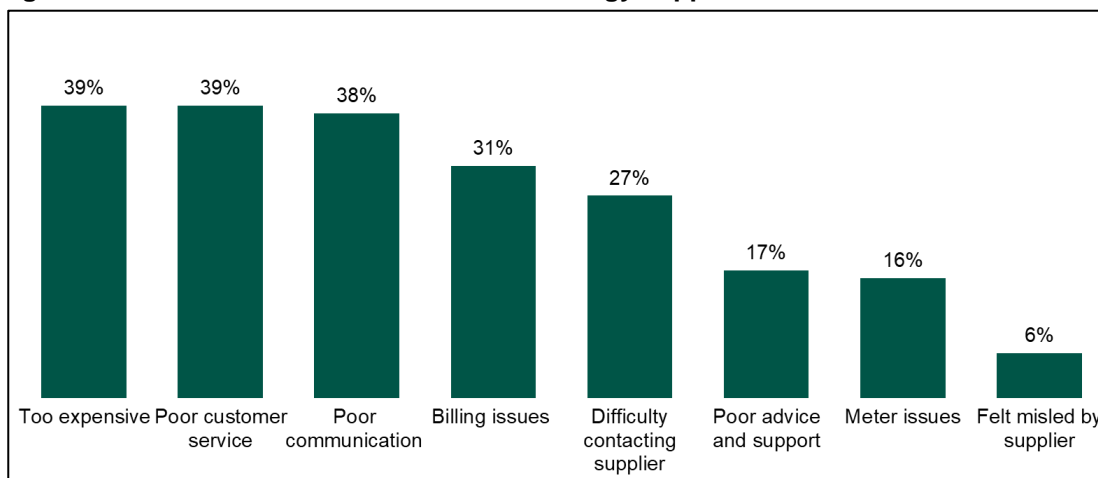
Base: Respondents where gas and/or electricity suppliers are known (841)

B11/B20/B23. On a scale of 1 to 5, where 1 means 'very dissatisfied', and 5 means 'very satisfied', how satisfied are you with the overall service that your gas/electricity/energy supplier offers?



Businesses that said they were dissatisfied with their energy supplier were asked why this was the case. These customers typically cited their supplier being 'too expensive' (39%), having 'poor customer service' (39%), or 'poor communication' (38%) as their reason for dissatisfaction.

**Figure 1.5 Reasons for dissatisfaction with energy supplier**



Base: Respondents who were dissatisfied with their supplier (106)

B12/B21/B24. Can you tell me a bit more about why you are dissatisfied with your supplier? [MULTICODE]

The qualitative research showed customer service was a key determinant of both satisfaction and dissatisfaction with supplier. Being responsive when resolving issues was a commonly mentioned reason for high levels of satisfaction. Costs, particularly the perception that a supplier was offering fair prices, were another factor. However, costs were also cited as a key reason for complaints, such as respondents who felt that their supplier was applying an incorrect tariff and overcharging their business. Other reasons for dissatisfaction mentioned included businesses feeling that it was hard to get in contact with their supplier and that the switching process took longer than expected.

### How easy or difficult business consumers found it to contact their supplier

Businesses were asked how easy or difficult it had been for them to contact their supplier in the last 12 months. Over half of businesses who had tried to contact their supplier (55%)<sup>11</sup> said that it was easy to make contact, with a third (33%) saying that it was very easy. Overall, 18% of those who had tried to contact their supplier said that it had been difficult to contact them in the last 12 months, with 11% saying that it was 'very difficult'.

Over a quarter of consumers who were having difficulty keeping up with bills and had tried to contact their supplier said that it was difficult to contact their supplier (26%). Among respondents who were keeping up with bills without difficulty, this fell to 12%. Businesses who had the greatest concern about energy price rises were also more likely compared to the average to find it difficult to contact their supplier (21%).

Businesses who had a smart meter installed were significantly more likely to say that it was easy to contact their supplier compared to those without a smart meter (61% with a smart meter compared to 49% without).

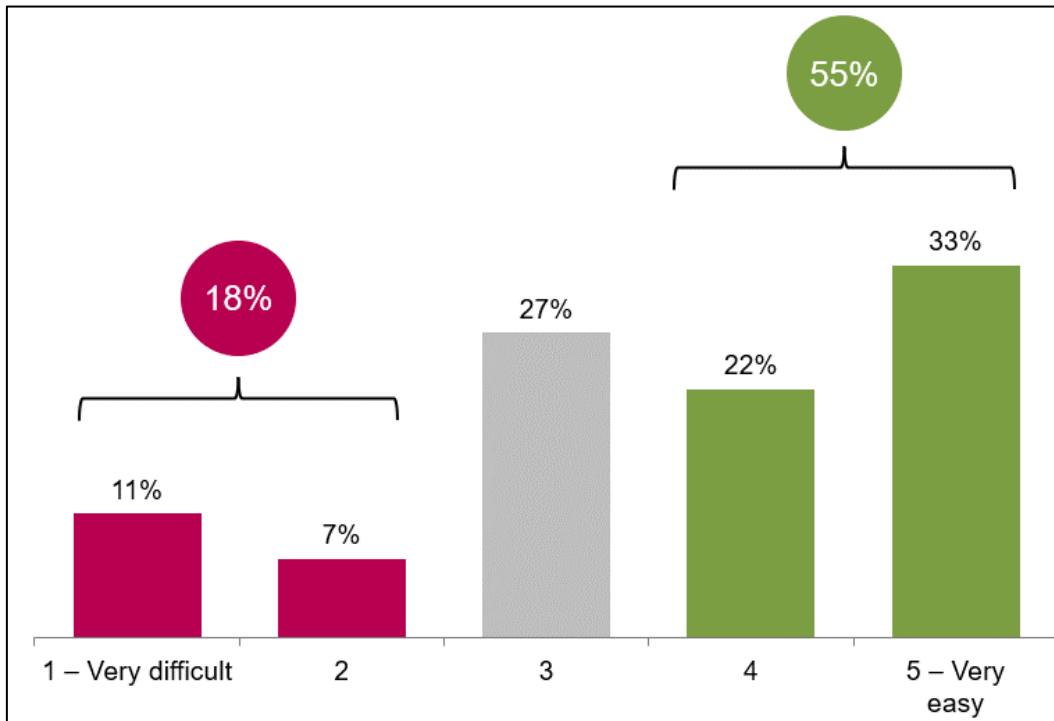
The qualitative research told a more nuanced narrative, with many businesses mentioning they had difficulty contacting their suppliers. Irrespective of the ease or difficulty of making contact, participants often mentioned suppliers not having relevant or useful answers when they were able to get through.

<sup>11</sup> For the purposes of analysis, in this section the sample has been rebased to exclude those who answered that they had not tried to contact their energy supplier, don't know, or refused to answer. This leaves a subsample of businesses who claim they have had contact with their supplier.

Reference to the use of chatbots or getting lost in switchboards as well as not being able to speak to a 'human being' left some businesses frustrated with the supplier contact process.

Nevertheless, some businesses found it easy to make contact and had a positive customer experience, with assistance being provided quickly and clear answers being given.

**Figure 1.6 Ease of contact with energy supplier**



Base: Respondents where gas and/or electricity suppliers are known and they had tried to contact their supplier in the past 12 months (639)

B10/B19/B22\_rebased. On a scale of 1 to 5, where 1 means 'very difficult', and 5 means 'very easy', thinking about the last time your business tried to contact your supplier in the last 12 months, how easy or difficult did you find it to contact them? NB data excludes responses 'I have not tried to contact my supplier', 'Don't know' and 'Refused'.

### Supplier complaints

Businesses were asked whether they had made a complaint to their gas or electricity supplier in the last 6 months. Just over one in ten reported that they had made a complaint (12%). Over half of those who said they were dissatisfied with their energy supplier had made a complaint in the last 6 months (54%).

Medium-sized businesses were less likely, compared to the average, to have made a complaint in the last six months, with only 7% of this group doing so. Small-sized businesses were the group most likely to have made a complaint (17%, significantly higher than medium and large-sized businesses at 7% and 8%, respectively).

When we segment customers in ways other than size, several groups were more likely to have made complaints. This includes around a fifth of those with the highest concerns about price rises (18%), those who use alternative heating methods (21%), and those who have never switched suppliers (21%). Just under a quarter of consumers within the Hotel & Catering industry had made a complaint (23%).

In the quantitative survey, businesses who had made a complaint were asked an open question about what had led them to do so. These open questions were then coded into groups to understand the most pertinent issues. The issue that most frequently came up was billing, with just under a quarter

(23%) of those who had complained citing this as a reason to make a complaint. The other main issues that were raised were overcharging (19%), meter issues (19%), being too expensive (15%), poor communication (16%) and poor customer service (9%). Overall, base sizes among this group are too low to explore by subgroups and there were no notable differences by business size.

The qualitative interviews shed more light on the reasons for making a complaint, where billing issues were also mentioned. This included receiving estimated bills despite having a smart meter, suppliers chasing for overdue payments that the businesses claimed they did not recognise and being placed on the wrong tariff. Other common issues included overcharging, meter issues (for example, feeling as though they were being forced to install a smart meter), energy costs being too expensive, and poor communication (for example, struggling to speak to the person who could make the relevant changes to their contract).

Of those that had made a complaint, 35% reported they had their complaint resolved by their supplier, but similar proportions, 36%, said that their complaint was unresolved and 30% said that it was still in progress.

Qualitative interviews revealed that a number of businesses were dissatisfied with the resolution of their complaints. Businesses said that either the issue they complained about was still ongoing, or that the process through which a resolution was achieved required excessive levels of effort on their part.

### **Use of brokers and clarity of charges**

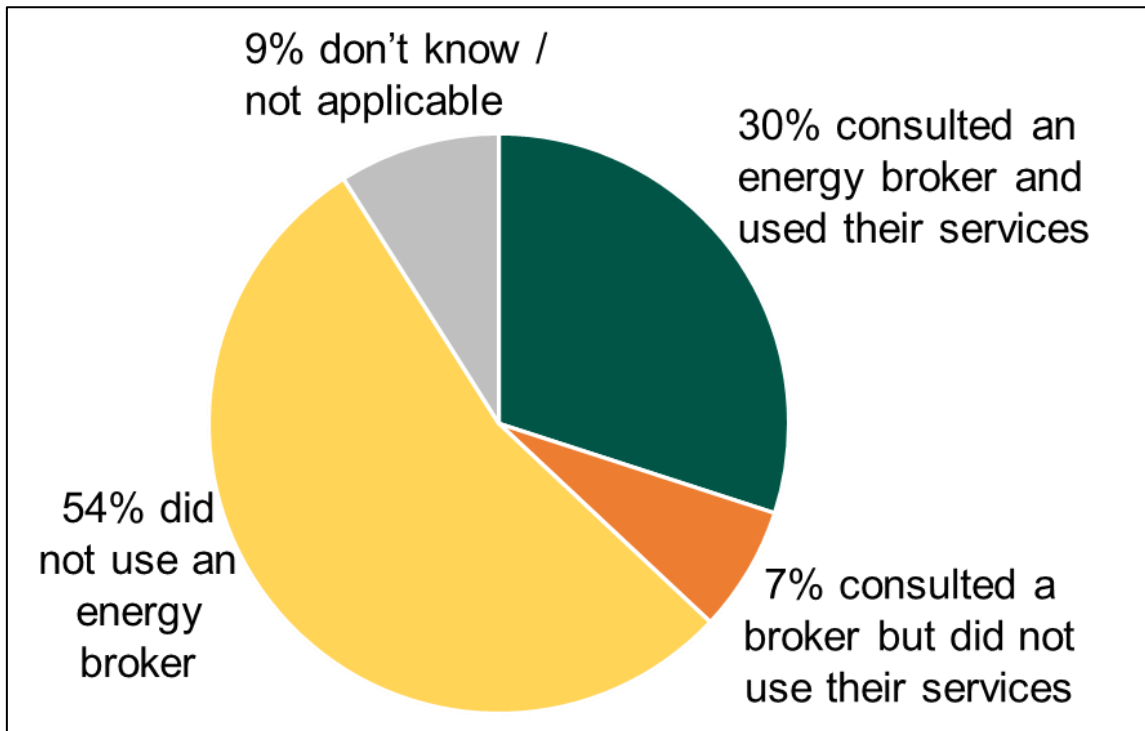
All businesses were asked whether, when choosing their current contract, they consulted an energy broker.<sup>12</sup> Three in ten (30%) reported that they consulted an energy broker and used their services, while a further 7% reported that they consulted a broker but did not end up using their services. The remaining either did not consult an energy broker (54%), or it was not applicable (2%), or they did not know (7%).

Sole trader and micro-sized businesses were less likely, compared to all other business sizes, to report that they consulted an energy broker and used their services (28%, compared to 50% of small businesses, 53% of medium sized businesses and 56% of large businesses. Businesses in the Hotel & Catering and Manufacturing sectors were more likely compared to the average to have consulted an energy broker and used their services (44% and 43%, compared to 30% on average).

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<sup>12</sup> The following description was provided, if required 'An energy broker is a company that will find the best possible energy deals for business customers'.

**Figure 1.7 Use of Energy Brokers**



Base: All respondents (1,000)

B26. When choosing your current gas or electricity contract or tariff did you consult an energy broker? NB figures not comparable to previous research due to changes in question wording and answer codes

The qualitative research showed that the prospect of getting a better price for their energy bills was an important factor for engagement with energy brokers. As mentioned in interviews, this became more pertinent when energy prices increased. Some businesses also found brokers useful because of their expertise on the energy market, especially on different contract types, saving businesses time in finding this information themselves. Some also felt engaging with a broker could demonstrate to their own customers that they were getting the best energy deals, and any price rises they administered consequently were justified.

Businesses often had positive experiences with brokers, but knowledge of broker charges varied considerably. For example, some were aware of charges as they had to pay a one-off fee, whereas others thought that brokers were paid in commission by their energy supplier. They believed that they were not charged, or that charges were built into the unit rate they paid their energy supplier.

In the quantitative research, of those who used a broker, fewer than 1 in 10 (7%) said that they were charged, while more than three-quarters (77%) said they were not charged. Nearly one in six did not know whether they were charged by their broker (14%), and a handful said they were 'not aware that the broker applied charges for their services' (3%).

There were significant differences by business size for those who said they were charged by their broker. Large businesses were significantly more likely compared to the average, as well as all other business sizes, to be aware that they were charged (60%, compared to 21% for medium-sized, 15% for small, and only 5% for sole traders and micro-sized businesses).

### **Perceptions of consumer choice in the energy market**

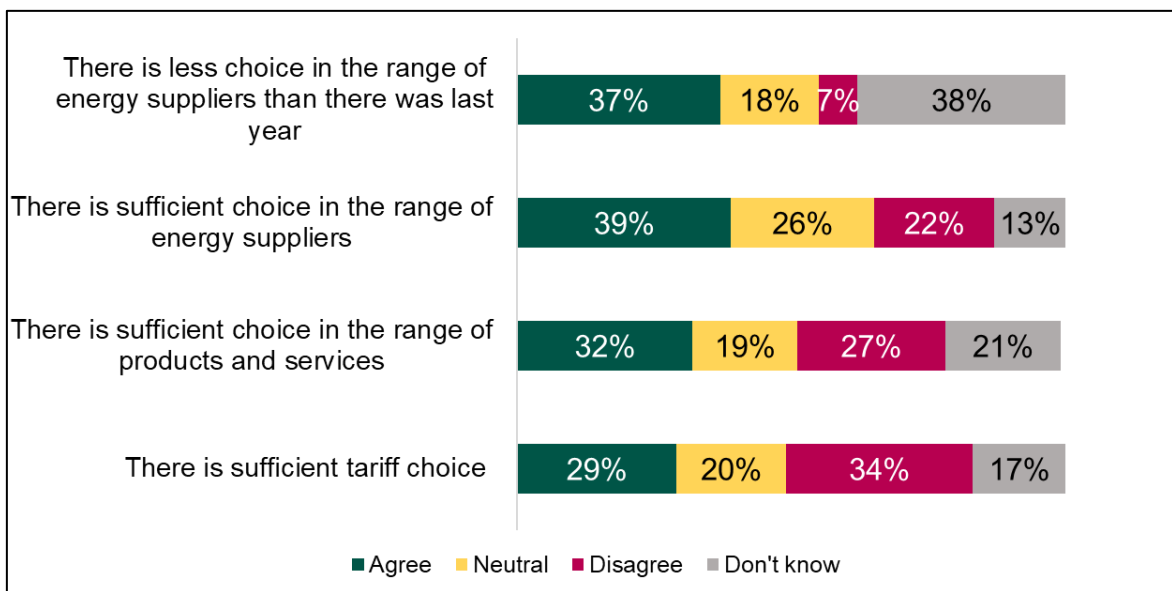
Businesses were presented with a number of statements relating to choice in the energy market and asked the extent to which they agreed or disagreed with each. The results present a mixed picture

but, overarchingly, businesses were more likely to have agreed there was sufficient choice of energy suppliers in the market but more likely to have disagreed that there was sufficient choice of tariff.

Nearly two in five (39%) agreed that there is a sufficient choice in the range of energy suppliers. However, just over one in five (22%) also disagreed with this statement. Lower levels of businesses agreed that there is sufficient tariff choice (29%) and 32% agreed there is a sufficient choice in the range of products and services. However, 37% agreed that there is less choice in the range of energy suppliers when compared to last year. It should also be noted that there were high levels of 'don't know' to the same statement (38%).

Large businesses were more likely to have agreed that there is sufficient choice in the range of energy suppliers (50%), and in the range of products and services in the energy market for businesses (48%). Businesses within the Agriculture, mining and utilities sector were more likely to have agreed, when compared to the average, that there was sufficient choice of energy suppliers and products and services.

**Figure 1.8 Perceptions of consumer choice in the energy market**



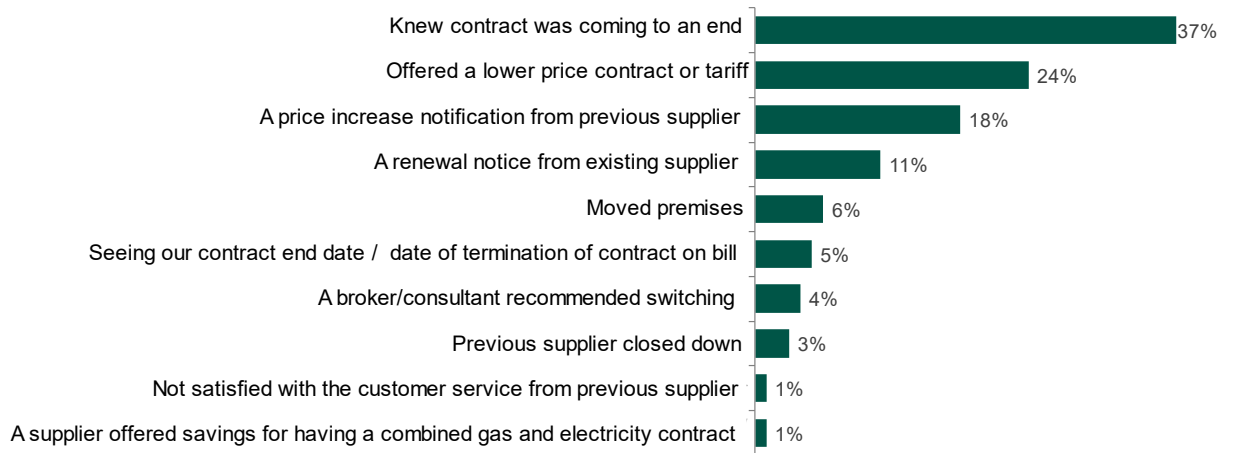
Base: All respondents (1,000)

E8. To what extent do you agree or disagree with each the following statement about the energy market for businesses such as yours? There is...

### Switching contracts

All businesses were asked when they last switched their supplier or contract. Around a quarter (26%) of businesses had switched suppliers in the last 12 months. Businesses switched for a variety of reasons, with the 'previous contract coming to an end' (37%) being most common, followed by 'being offered a lower price contract or tariff' (24%), and 'receiving a price increase notification from their previous supplier' (18%).

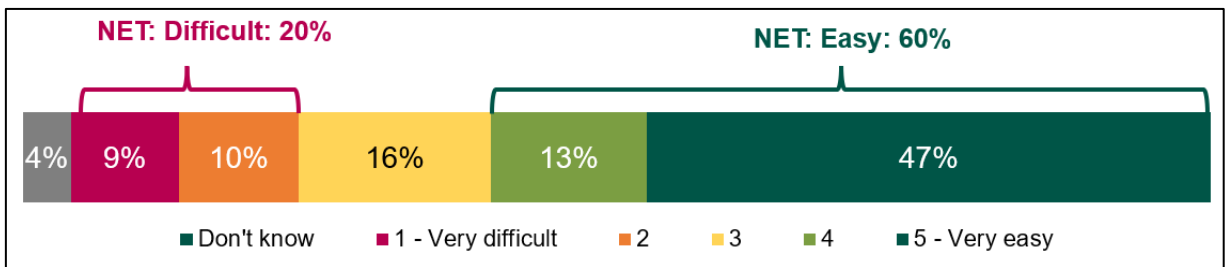
**Figure 1.9 Prompts to switch supplier in the past 12 months**



Base: Respondents who switched their energy supplier in the past 12 months (321)  
 E2. What prompted you to switch gas or electricity supplier or contract in the last 12 months?

While the majority of businesses found the process of switching easy or very easy (NET easy 60%), one in five (20%) reported finding it difficult or very difficult.

**Figure 1.10 Ease of the switching process**



Base: Respondents who switched their energy supplier in the past 12 months (321)  
 E3. On a scale of 1 to 5, where 1 is 'very difficult' and 5 is very easy, how easy did you find the switching process?

### Next steps

The main report for this piece of research to be published in 2024, will further outline the quantitative and qualitative findings in increased depth.

## Annex: Breakdown of completed interviews

The tables below present how completed interviews for quantitative and qualitative research break down in terms of key sub-groups.

**Table 1.1 Completed interviews by size and sector (Quantitative research)**

Size	n	Sector	n
0-9 employees (Sole Trader and Micro)	537	Agriculture, Mining & Utilities	62
10-49 employees (Small)	181	Manufacturing	108
50-249 employees (Medium)	177	Construction	111
250+ employees (Large)	105	Retail, Distribution & Transport	138
<b>Total</b>	<b>1000</b>	Transport & Storage	66
		Hotel/Catering	70
		Finance	59
		Property Management / Business Services	172
		Public Administration / Other	214
		<b>Total</b>	<b>1000</b>

**Table 1.2 Completed interviews by quotas (Qualitative research)**

Quota group	Completed interviews
<b>Size</b>	
Sole trader / micro (0-9 employees)	14
Small (10-49 employees)	7
Medium (50-249 employees)	5
Large (250+ employees)	4
<b>Sector</b>	
Agriculture/Mining/Energy	3
Manufacturing	4
Construction	3
Retail/Distribution	4
Transport & Storage	3
Hotel/Catering	4
Finance	2
Property/Management/ Business Services	3
Public Admin/Other	4
<b>Struggle with bills last 12 months</b>	
Struggle with bills last 12 months - Yes	16
<b>Energy Bill Relief Scheme (EBRS)/Energy Bill Discount Scheme (EBDS)</b>	
Had EBRS	9
Had EBDS	4
<b>Energy efficient approach</b>	
Already using or planning to use energy efficient approach	29
<b>Barriers</b>	

At least one barrier	25
<b>Complaints</b>	
Complained to supplier last 12 months	5
<b>Broker usage</b>	
Consulted a broker	21
<b>Total</b>	<b>30</b>