Attitudes to Price Information

Qualitative and Quantitative Research

Research Study Conducted for

Ofgem

March 2001

Contents

Introduction and Objectives

Ofgem asked MORI to conduct qualitative and quantitative research to examine the issues surrounding the comparison of energy prices by domestic customers and the impact on the competitive market. Specifically, the objectives were:

- To explore the role of, and expectations for, price information in the domestic energy market

- To assess customer reaction to the alternative sources of information available:

  - Supplier information

  - Ofgem fact sheets

  - Ofgem's proposed Energy Cost Index (ECI)

  - Internet sites which recommend energy suppliers

- To suggest and evaluate possible improvements to the sources currently available

MORI conducted ten group discussions with domestic energy customers across the country in the period 18 December 2000 to 10 January 2001.

	Type	**Age**	**Location**
Group 1	Switchers	45+	Swiss Cottage
Group 2	Switchers	25-44	Oldham
Group 3	Switchers	25+	Leeds ("Experts")*
Group 4	Non-switchers	25-44	Swiss Cottage
Group 5	Non-switchers	45+	Oldham
Group 6	Non-switchers	30-75	Leeds (PPM & Budget plan customers)
Group 7	Switchers	25-44	Sutton Coldfield (Internet Café)
Group 8	Switchers	45+	Teddington (Internet Café)
Group 9	Non-switchers	45+	Sutton Coldfield (Internet Café)
Group 10	Non-switchers	25-44	Teddington (Internet Café)

* These had all made some sort of price comparison when switching

All groups were moderated by MORI executives from the project team and consisted of 8-9 respondents, except for those in Internet cafés which comprised

7 respondents. “Conventional” groups where shown an assortment of supplier leaflets, Ofgem factsheets and illustrative pages of ECI figures (see appendices), “Internet” groups were shown Ofgem factsheets and were asked to try out the four available energy price web sites and to comment on them. These were:

unravelit.com

uswitch.com

kura.co.uk

buy.co.uk

In addition to the groups, some key questions were placed on MORI’s Omnibus survey for January 2001. This was a representative national sample of 1,691 persons responsible for household energy bills, weighted to national population characteristics. Interviewing was conducted in-home in 194 systematically-selected sampling points using quota methods.

Where percentages do not sum to 100, this is due to computer rounding, multiple answers or the exclusion of categories such as “don’t know” and “no answer”.

Our Standard Terms and Conditions apply to this, as to all studies we carry out. We should like to point out that no publication of the findings should be made without the approval of MORI.

Summary of Key Findings and Implications

- There is still some confusion over how to compare domestic energy prices, even among switchers. Suppliers may be exacerbating this situation by presenting price comparisons in a limited and partisan fashion.

- For non-switchers, the principal issues are often generic in nature – questions about the workings of the market and the process of switching itself. Price comparison is therefore of lower priority to them.

- Ofgem's factsheets and the various Internet sites are warmly received on the whole, despite some criticism of the detail of each. Respondents see them as having the potential to empower customers and instantly improve their understanding of the market:

> *It would be nice to have this information before you have a salesman coming to your door. You would know what you're dealing with then*
>
> Teddington, Non-switcher

- Many customers feel more likely to consider switching after seeing this information, which is more wide ranging and comprehensive than anything they have seen before.

- The factsheets offer a market overview and a balance of appropriate alternative methods of comparison, but can occasionally be misinterpreted or misunderstood.

- The Internet sites make comparisons easier, but credibility and value are undermined by perceptions of varying verdicts from different sites, some usability difficulties and a need for positive Ofgem endorsement.

- Any proposal for an Energy Cost Index (ECI) is unlikely to be effective in helping customers compare prices. Customers who have already switched supplier tend to find it too vague and generalised, and even misleading. Those who have not switched tend to approve of its simplicity, but frequently do not really understand it when they attempt to use it. Customers do not envisage making purchase decisions based only on these "third party" sources of information. They are likely to use them to shortlist companies which they will then call and ask for "exact" figures.

Implications –

- It seems likely the promotion of a limited view of the energy market by suppliers to date may have distorted it heavily in favour of the incumbents, especially British Gas. It is not unexpected that suppliers would promote their own strengths, but the cumulative effect of the simple two-way comparisons that most use is to restrict customer knowledge and understanding of the market as a whole.

- As switchers become more sophisticated, so does their demand for more and better comparative information, intensifying competition with British Gas and the local Public Electricity Supplier.

- At the same time, there is still a major education task to be done to support the competitive market. Many simple generic questions and objections still need answers. Supplying price information is a secondary task in the case of many non-switchers; to do so without the basic generic information would not itself stimulate switching.

- Both factsheets and Internet sites can play a useful part in shifting the balance of power from salesagent to customer. Both are basically effective, though customers would benefit more from some improvements. The ECI on the other hand receives a cautious and sceptical welcome from switchers, and leads to some confusion on the part of non-switchers.

- The key overriding need is for customers to be informed of the existence of these information sources, and directed towards them.

- Subsidiary to this, but closely linked, is the need to build Ofgem's reputation to provide really effective endorsement for its information sources and to inform people of what information is available. If these tasks are to be done by energywatch then the reputation of that organisation will also need to be enhanced. The weakest option would be a dilution of the reputation of both organisations to support a sharing of responsibilities.

- The demand from the public for Ofgem to take a firm line with the energy industry should not be underestimated:

> *Ofgem should get behind them and say they can't mess the public around like they have been doing – because none of us know who's cheaper*
>
> Leeds, Switcher

MORI/14033

Robert Knight
Janette Henderson
Helen Sladden

Attitudes to Switching

Switchers

The initial decision to switch was primarily motivated by a belief that they would save money. Few, however, were sure when they made the decision precisely how much they would save:

> *It was very hard to do any (comparisons). They were all promising. Nothing actually tallied to usage so we couldn't get a prediction – it was just generally 'You will save probably around £50!'*
>
> Teddington, Switcher

> *They just knocked on the door and it felt like the time was right so I just went ahead and did it – they said they could same me money so . . .*
>
> Oldham, Switcher

Now opinions vary about whether they have made a real saving, and how much. Some are fiercely convinced they have, though others identify a clear tone of trying to convince themselves they made the right decision:

> *You always think you've made the right choice – or like to think you have – so you tend to make excuses for it: 'Oh well I used more electricity this year as I bought a PC!' So you justify why the bill's more expensive*
>
> Leeds, Switcher

Of course some of these "excuses" are real, and changing energy use can obscure comparisons with the past. Also complicating matters is the issue of estimated bills, which may obscure real changes in consumption in the short term.

Most decisions to switch were precipitated by visits from salesagents and it is clear they deliberately present a very limited view of the energy market. Indeed, some respondents at the time of their first switch saw the market as a simple head-to-head comparison between British Gas and their local Public Electricity Supplier, each of which was cheaper for the other's main fuel. They did not perceive the real extent of the competitive market or the number of competing players:

> *It seemed like a battle between NORWEB and British Gas, so I didn't even think of looking for anyone else*
>
> Oldham, Switcher

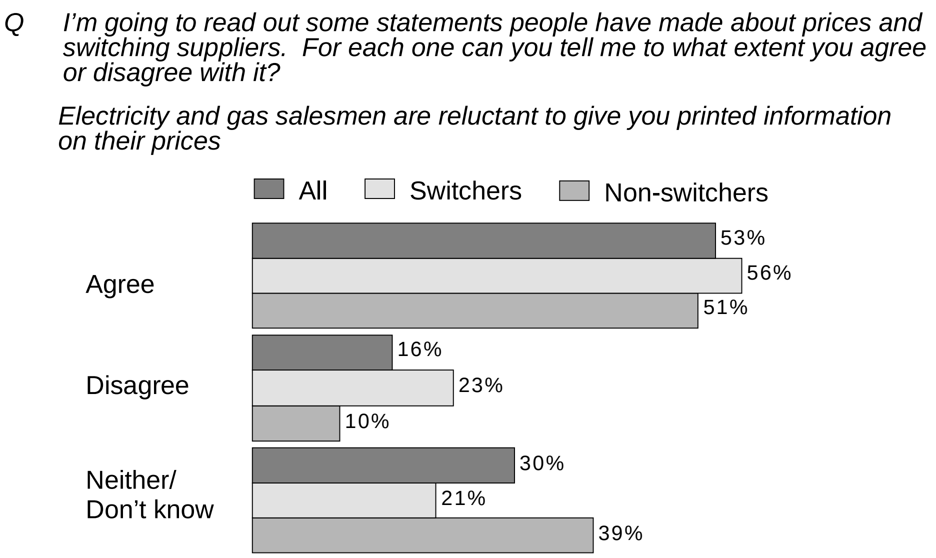
> *So confusing I didn't know how to go about comparing*
>
> Teddington, Switcher

Similarly, new entrants into the market tend to pitch their own offering against the incumbents so they always look cheaper. Neither they nor the incumbents acknowledge in their publicity or through salesagents that any other suppliers exist.

Switching decisions, particularly at first switch, are therefore made with very little information or customer effort. The efforts of some customers to make direct comparisons are occasionally frustrated by the refusal of salesagents to give them printed information on prices:

> *You'd have to compare all the supplier literature – but they never seem to want to give you that*
>
> Teddington, Switcher

Reluctance to Give Printed Information



Base: All bill payers (1,691) Source: MORI

Hence domestic energy is a market where even the participants have no real overview of which suppliers are available and what they are charging. The only message that has come across is that anyone can rightly claim to be cheaper for gas than British Gas, and cheaper for electricity than the local Public Electricity Supplier.

This limited view has driven the market to date but, for previous switchers, it is rapidly becoming inadequate. As their knowledge is improving, they start to realise how little they know about the market, they may see others making bigger savings than them with different suppliers and they start to become more hungry for information - particularly independent information:

> *Shame there isn't someone independent you can go to – like for mortgages*
>
> Sutton Coldfield, Switcher

Non-switchers

Non-switchers have a range of reasons for not switching. Their contact with the competitive market has often been unpleasant eg: aggressive, pushy salesagents:

> *'Don't you want to save money?' They say*
>
> Oldham, Non-switcher

> *It's so much hassle all the time – by the time they've told you it all, then they want you to sign there and then*
>
> Teddington, Non-switcher

Against this background, the main feeling is one of confusion:

> *They all say they're cheaper. I don't understand that*
>
> Sutton Coldfield, Non-switcher

Specific reasons for not switching include:

- An imbalance between the perceived hassle and the likely benefits (believed to be small)

- Avoidance of change

> *If it ain't broke don't fix it*
>
> Teddington, Non-switcher

- Perceived risks of switching, such as continuity of supply, repairs, billings etc

> *I had enough problems changing to NTL in telecoms*
>
> Swiss Cottage, Non-switcher

- Unresolved specific questions about generic switching issues (see the section below on Information Needed to Choose Supplier)

- "wait and see" policy

> *I'd rather wait and see. Eventually they'll all bring their prices down*
>
> Sutton Coldfield, Non-switcher

- Concern that any savings will not last

> *When I first signed up with cable it was really cheap and my bill has crept up and up*
>
> Swiss Cottage, Non-switcher

Part of their overall ignorance is a lack of any believable comparative price information. Non-switchers perceive little difference between the different suppliers' prices:

> *Negligible*
>
> Oldham, Non-switcher

> *A packet of cigarettes, that's all*
>
> Sutton Coldfield, Non-switcher

However some do perceive a difference between the older incumbents and the newcomers, with some understanding that the latter are probably cheaper.

It is possible that more and better information might help to overcome many of the barriers to switching such as apathy, anxiety and ignorance. Some non-switchers acknowledge this:

> *If the information was clear and not stuffed in my face . . . if I could work out how to do it, I'd change suppliers*
>
> Swiss Cottage, Non-switcher

Information Needed to Choose Supplier

Discussion of the features that discriminate between companies immediately founders because for many non-switchers, and some switchers, the first questions they ask are basic, generic questions about how the market works, eg

- who fixes it when things go wrong?
- who owns/controls what in the industry?
- how many companies are there I can buy from and what are their names?
- is it cheaper at different times of the day?
- what is involved in the switching process?
- what happens about my boiler service contract?

These point to a continuing need for information to educate consumers. Price information is actually secondary to this for non-switchers, however, it is generally acknowledged to be fundamental to the decision to select a **particular** supplier – if it is not cheaper there is no interest at all.

The nature of this price benefit needs to evolve as customers become more experienced and sophisticated. At the first switch, it may have been enough to be cheaper than the Public Electricity Supplier or British Gas. At subsequent switches, it becomes important to demonstrate general price competitiveness – perhaps cheapest of all? The emergence of customers with a better market overview seems likely to intensify competition (and possibly drive suppliers towards even more tariffs that are specifically targeted at certain groups of customers and offers).

Other information needed to choose between suppliers includes:

- Company reputation

With someone like Seeboard, a big company, you'd be more reassured

Teddington, Non-switcher

(London Electricity and British Gas) are the original companies from our parents' age. I would be nervous about using someone else

Swiss Cottage, Switcher

Familiarity with most suppliers, other than the incumbents, is very low.

- Customer service, including ease of contact, efficient systems, attitude, backup and emergency service

> *For example, Npower's telephone service is excellent*
>
> Teddington, Switcher

> *You want the right person coming out if there's a problem*
>
> Sutton Coldfield, Switcher

- Any complications of switching eg need for a new meter:

> *I want to know I can get out of it as easily as I get into it*
>
> Teddington, Switcher

- Continuity/reliability of supply

- Payment flexibility eg methods, dates for direct debits

- Incentives – these really only appeal to a small minority eg one respondent chose PowerGen because it gave a donation to Age Concern. Most are generally sceptical:

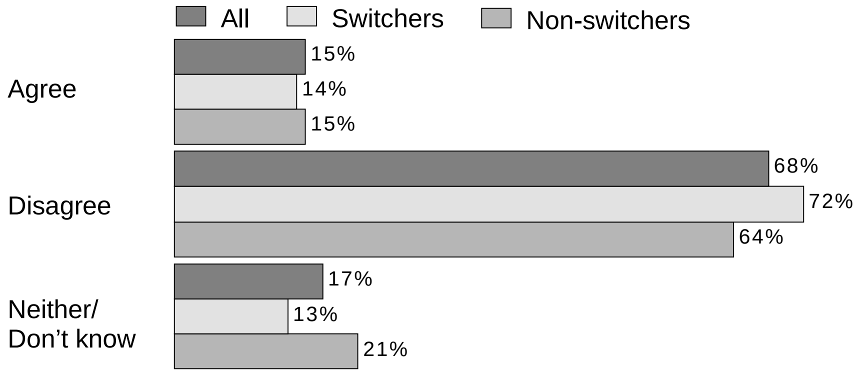
> *You always feel something like that has got to be paid for somehow*
>
> Teddington, Switcher

The Omnibus results confirm the limited appeal of incentives such as Air Miles and supermarket points. It seems likely these incentives exist to appeal to specific groups of customers rather than the mass market:

Value of Incentives

*Q	I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

Additional incentives like Air Miles or supermarket points are important when deciding which company to switch to



Base: All bill payers (1,691)	Source: MORI

Knowledge of Price Information

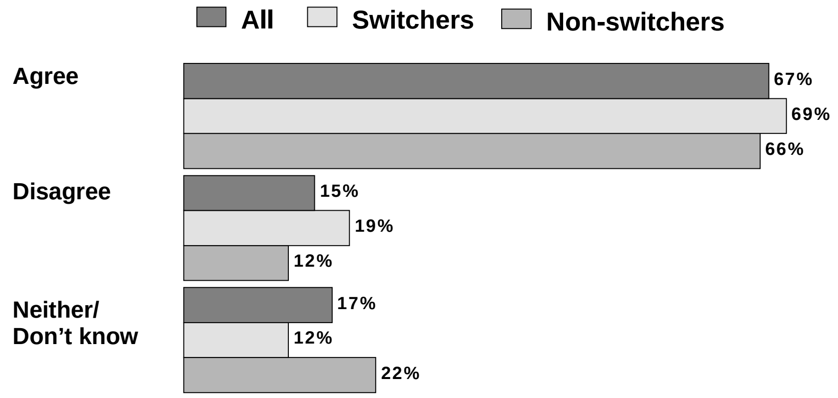
Given the priority accorded to price in the criteria suggested for choosing supplier, respondents were pressed to describe how they might find out who is cheapest and what figures they would be looking at and comparing.

The prevailing situation is one of confusion – the Omnibus survey shows this applies a to majority of both switchers and non-switchers:

Price Information is Confusing

Q I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?

It is very confusing working out how much you would have to pay with a new supplier



Base: All bill payers (1,691)

Source: MORI

Most people expect to have to compile their own comparisons from the information suppliers give them.

You've got to work it out for yourself

Oldham, Switcher

A quote from each one to measure them out

Sutton Coldfield, Non-switcher

Some non-switchers (perhaps naively) expect the information from each supplier to be directly comparable:

A unit of electricity is like a pint of beer in all pubs

Swiss Cottage, Non-switcher

Even some switchers, who believe they have mastered the concept of unit rates and standing charges, believe at first this is all they need to compare companies.

However, others, notably among the switchers, realise it is not always a simple matter to make comparisons.

You've got to be careful to compare like with like

Sutton Coldfield, Switcher

On discussion, many switchers, including those formerly confident with unit rates, realise that variations in standing charges, dual fuel discounts and two-tier rates can obscure comparisons. Very few are capable of coping with the full complexity of it.

In practice, most switched for the first time on the basis of relatively vague claims about annual savings in pounds, rather than by studying unit rates or calculating total bills. It is likely they would require more or different information if switching again, but their past behaviour may be a useful guide to that of non-switchers.

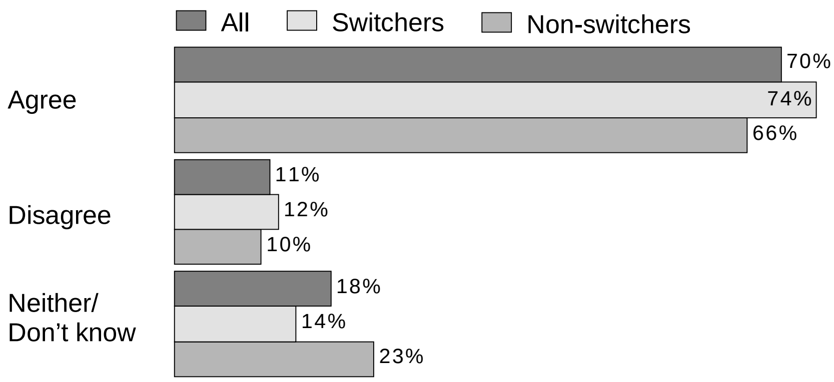
There is virtually no knowledge of any comprehensive sources of competitive price data, though some intuitively feel it must be available on the Internet. When pressed on how they would use the Internet to find such information, their first thoughts are to try known suppliers web sites, then to try a search engine. Interestingly their suggested search terms: "electricity prices, gas prices, electricity and gas prices" are unlikely to be helpful with most search engines (see below).

The omnibus questions give a conflicting story on the desired level of detail required in the figures. Most people say they want unit prices and standing charges in order to work out exact price comparisons. However, most also agree that it would be enough to see a simple "official" list showing broadly which companies are cheapest on average:

Type of Price Information Required - Unit Prices

Q I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?

I always like to see unit prices and standing charges so I can work out exact price comparisons myself

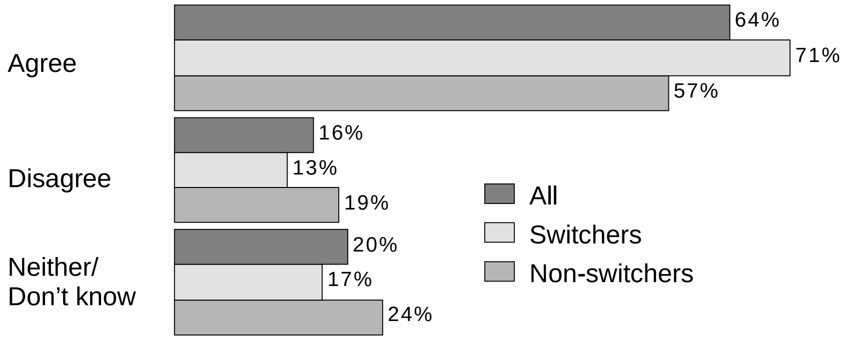


Base: All bill payers (1,691) Source: MORI

Type of Price Information Required - Broad Comparisons

Q I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?

It would be enough for me if there was simply an official list showing broadly which companies are cheapest on average for people like me - I don't need to work out exact amounts



Base: All bill payers (1,691) Source: MORI

This may simply reflect that respondents feel they **should** be given the full unit rates data, but actually a relative list is sufficient for them. It may also reflect a need for both types of data to be used together – general data to compile a shortlist, then exact data to select a single company. The qualitative findings support this theory of a two-stage process.

Reaction to Current Information Sources

Supplier Information

Respondents were shown a variety of supplier leaflets. Most, but not all, have seen these kinds of leaflets before. The detail of the information in them is similar to that given by salesagents – mostly two-way comparisons with incumbent suppliers, eg British Gas on the local Public Electricity Supplier, and no acknowledgement that there are other suppliers in the market:

> *They don't tell you about any other companies that could supply you*
>
> Oldham, Non-switcher

> *It's selective, presumably. They've decided which they will list as comparisons*
>
> Swiss Cottage, Non-switcher

> *It's not telling you which is the cheapest place to go and buy your electricity from*
>
> Oldham, Non-switcher

Some leaflets are criticised as too simplistic; others are unnecessarily complex, particularly in detail of their own tariffs eg Amerada. There are also sceptical comments about small print, dates and vague claims:

> *It's that magical 'up to' again isn't it*
>
> Oldham, Non-switcher

> *Look at the small print. BG prices are from March whereas Npower is October – there's seven months difference there!*
>
> Oldham, Switcher

> *It's too confusing for me. The unit is kilowatt hours, but these tables are too confusing*
>
> Oldham, Switcher

Customers found the Southern Electric leaflets (shown only at Swiss Cottage) are particularly misleading. Respondents completely misunderstood them, believing them to show comparisons with other companies. In fact they show Southern Electric prices in different regions.

The overall message communicated by all leaflets is:

We can save you money

Oldham, Non-switcher

But most respondents agree that they contain insufficient information by which to make a decision on whether or not to switch. That which they do give is only generalised and not applicable to individual customers. Worst of all, it does not include comparisons. Switchers, in particular, reject them as useful information sources, as they are much clearer about the need for wider information:

This kind of leaflet is what I based my first change on. I would like much more information now

Oldham, Switcher

Relatively straightforward to understand, but I don't trust them

Leeds, Switcher

Ofgem Factsheets

Overall Reaction

Overall, the factsheets receive a cautiously enthusiastic reaction from all groups. Evidence of their perceived value was the fact that in almost all groups respondents wanted to take them home at the end (despite the fact they were a month out of date when the groups were conducted).

Their appeal is simple – they offer illumination of a marketplace that was formerly the subject of confusion. Respondents feel empowered by the new knowledge given to them and this makes them feel more confident when they next meet a salesagent.

The two key pieces of information communicated immediately are:

- how many and which suppliers are active in their area
- savings are bigger than they expected in most cases

Both of these facts are motivating and could stimulate more switching behaviour. The savings shown frequently disprove the spontaneous (low) expectations about the scale of savings that are possible, particularly with dual fuel.

Those most enthusiastic are the people most interested in switching (or switching again). Conversely, the least enthusiastic are those least likely to switch. To some, the factsheets communicate a greater complexity than they thought existed, and some unwelcome details such as the fact that prices vary by area, and the small print:

> *When you read the small print it's all ifs and buts and possibles*
>
> Oldham, Switcher

> *It's like a GCSE exam!*
>
> Oldham, Non-switcher

> *I pick this up and I'm not interested*
>
> Sutton Coldfield, Non-switcher

The overall view is positive on balance, despite these reactions. However, for almost everyone, this is the first time they have seen it and they have no idea where they could obtain it from. (Suggestions for the best ways to distribute such a leaflet are limited to past experience with similar leaflets ie. post offices, libraries, supermarkets etc.)

Those that would use it, expect to do so to obtain an initial impression, a shortlist of suppliers, but many will still expect to call some suppliers to check the figures:

> *There's still the caveat of checking with the company first*
>
> Oldham, Non-switcher

Ease of use/Comprehension

Though some people are slow to comprehend it (particularly non-switchers), almost all are eventually able to work out their cheapest supplier from the front page.

Problems experienced with comprehension include:

- a small minority try to compare horizontally between columns on page 1
- the ranges of savings for some companies eg Amerada are not explained on the electricity and dual fuel factsheets
- the footnotes confuse some people eg. British Gas' prompt pay discounts
- small/medium/large groups do not always fit everyone's usage to their satisfaction
- in the instructions, step 1 on 'how much electricity do you use?', apparently conflicts with real usage groups for some customers. For example house composition may be defined as a large user at step 1 whereas actual consumption costs indicate that the customer is actually a small user
- comparison with British Gas and local Public Electricity Supplier is difficult for some switchers who are already supplied by another company, and feel it invalidates the comparison. Other switchers are happy it gives just a general idea and general guidance

"Calculating Your Bill" Table

This is frequently the point at which many people, especially non-switchers, are lost. A majority, when pressed, claim they **could** obtain their annual consumption figures and therefore use the table to work out total costs. However, few believe they **would** actually do so – they would be more likely to check the front page figures with suppliers:

> *I would use this if I was extremely bored. I mean really, really, really bored*
>
> Leeds, Switcher

> *We're all busy with our lives, families etc. There's too much to take in there*
>
> Swiss Cottage, Non-switcher

> *I'd ask them to do it for me. I wouldn't sit there and do that*
>
> Oldham, Switcher

Notwithstanding a negative reaction to the table (particularly in the dual fuel leaflet) there is some support for including it rather than leaving it out:

> *I like it when I am credited with the desire to do it. So even if I didn't do it I know I* **could**
>
> Teddington, Switcher

For many people the table on page 1 would be enough to meet their decision making needs:

> *That on the front would be enough for me. My electricity bill is higher than those but the higher you get the higher the savings so I would assume which was cheapest*
>
> Teddington, Non-switcher

Criticisms

The design and style is disliked by some, particularly in Teddington and Swiss Cottage:

> *It looks immediately like a tax form. It immediately alienates me*
>
> Teddington, Switcher

> *They have a wonderful DHSS feel about them*
>
> Teddington, Switcher

> *The colour is reminiscent of the old gas board*
>
> Swiss Cottage, Non-switcher

The layout of the figures and the font sizes were criticised at some other groups as well, but comments were not consistent.

There are concerns at the term **potential** savings. This introduces doubt:

> *It says* **potential** *savings. That's not necessarily how much you're going to save*
>
> Teddington, Non-switcher

The note on the need for an update every two months alarms some respondents and communicates an additional unpleasant detail about the market:

> *Are they saying it's going to swap about every two months?*
>
> Teddington, Switcher

I think it's quite unnerving to see this 'if more than two months old get a new copy' because it makes you think, if it's changing all the time . . .

Teddington, Switcher

How often would these prices fluctuate?

Sutton Coldfield, Non-switcher

Finally, the dual fuel sheet assumes a certain balance of electricity and gas usage. Added to the other assumptions built in, this makes it too approximate for some:

I use lots and lots of gas but hardly any electricity. I'd want the prices to compare

Oldham, Switcher

Improvements Suggested

- It is important to show clearly which offers are based on Internet-only accounts.

- Some non-switchers would like to see the inclusion of factual information on the structure of the market, how to switch and frequently-asked questions.

- Information on the suppliers – who they are.

- Service rating information is mentioned by a few people.

- Information on incentives available is also mentioned by just a few.

- On “Calculating Your Bill” there is a suggestion of showing a worked example.

- Formatting the tables better so columns and rows are better defined and easier to follow.

- Some suggestion for producing separate forms for each of the different payment methods, to avoid confusion comparing across columns.

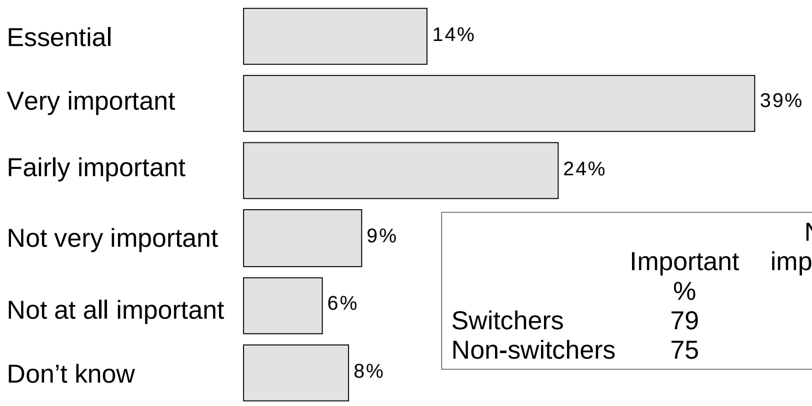
- A telephone number to deal impartially with enquiries is requested – this should be Freephone and (ideally) run by Ofgem. There is some confusion over whether the Consumers’ Council/energywatch number is performing this function or not.

Energy Cost Index

In general terms, there is strong support in the omnibus survey for requiring suppliers to publish some kind of average figure to signify how expensive they are overall. This is probably a gut reaction to the confusion over relative prices and is more representative of a general desire for anything that will clarify the comparisons. It contrasts strongly with detailed reactions to the examples of an ECI, as put to respondents in the focus groups:

Overall Acceptance of Index Concept

Q How important do you think it is for gas and electricity suppliers to be required to show their overall prices as an average figure, even if it won't apply exactly to every individual customer?



	Important	Not important
	%	%
Switchers	79	15
Non-switchers	75	15

Base: All bill payers (1,691) Source: MORI

On the face of it (when asked a simple closed question), there is very little difference between the views of switchers and non-switchers on this question.

When discussed in detail, however, with an example in front of them, there emerge big differences between switchers and non-switchers. Switchers are most cautious about accepting the figures and some are openly sceptical about its value to customers and even its validity. Objections focus on the vagueness of the average figure and its inapplicability to individual customers:

> *What's an average? I can't work out what savings I'm getting*
>
> Swiss Cottage, Switcher

> *It's meaningless*
>
> Oldham, Switcher

> *Dangerous, using that sort of average*
>
> Oldham, Switcher

> *The average is no use to anyone. There is no average, you can't work it out from that*
>
> Leeds, Switcher

The expression of the cost as 'pence per day' is also widely criticised:

> *I don't understand cost per day – what does it mean to you?*
>
> Swiss Cottage, Switcher

While some completely misunderstand it and think p/day stands for 'pound per day'!

Non-switchers, on the other hand, are attracted by the apparent simplicity of it, particularly in contrast to the factsheets:

> *I think I'd be a bit lazy and prefer this*
>
> Swiss Cottage, Non-switcher

> *It takes a lot of the confusion out*
>
> Oldham, Switcher

> *It would be great if they put the whole lot like this!*
>
> Swiss Cottage, Non-switcher

Some of these supporters were, however, put off by the explanation of how the averages were calculated:

> *I don't trust the front page now*
>
> Swiss Cottage, Non-switcher

The dual fuel ECI is seen as particularly problematic (for the same reasons as the dual fuel factsheet) because it assumes a certain balance between electricity and gas usage:

> *Some people may use only a small amount of gas, or of electricity. So that is less of a reflection of the time figure*
>
> Oldham, Non-switcher

> *When it's grouped together, you start getting suspicious they're hiding something*
>
> Oldham, Non-switcher

One of the main impacts of the ECI examples shown, is to emphasise the relative costs of different payment methods with one company.

> *PPMs should not be paying more, they're paying for it before they use it and we pay afterwards. They're people like OAPs, who don't want to get into debt*
>
> Leeds, Switcher

> *It tells you that you can make a bigger saving just going direct debit and not changing your company*
>
> Oldham, Non-switcher

There was also surprise as to how expensive Economy 7 is compared to other standard tariffs.

There is some general understanding of, and sympathy with, the need for a standard yardstick to use on advertising material. The small minority that understand it best acknowledge it can never be more than a general guide. They also understand companies may wish to manipulate their tariffs to improve their overall average. An analogy is made with APR rates in financial advertising or EC fuel consumption figures for cars:

> *I think it's quite a good guide. Like the EC fuel consumption figures, for certain cars it can either inflate or deflate the consumption figure. In other words, there is a range of distortion. It's an overall guide, a starting point, though you will have to dig deeper as well*
>
> Swiss Cottage, Switcher

> *As long as you realise the figure is just there as a quick guide and a quick comparison*
>
> Oldham, Non-switcher

> *It's like the APR on financial ads*
>
> Swiss Cottage, Non-switcher

> *It's another way of isolating some companies I suppose. You might go from 20 down to 5*
>
> Oldham, Switcher

As with the factsheets, respondents would want to check the figures with the supplier first, before committing themselves:

> *I certainly wouldn't make a decision to change my supplier purely on the basis of the average figure*
>
> Oldham, Non-switcher

> *It's a sliding scale – the average figure first, then if that interested me I'd want more information to go into it in more detail*
>
> Oldham, Non-switcher

> *I'd still have to ring them all up*
>
> Oldham, Switcher

Internet Web Sites

In the non-Internet groups, the Internet is frequently mentioned spontaneously as a possible source of comparative information. However, none could suggest workable and practical strategies for finding suitable web sites; most would rely on search engines, but did not really know what they were looking for.

None is aware of the example sites, though one respondent claimed to know of another similar site. Several, however, are familiar with financial web sites that help with the selection of mortgages, so the concept is not new.

The overall reaction to the web sites *en masse* is very positive. Both switchers and non-switchers see this as an ideal way to cut through the complexity. Many prefer them to the factsheets, though some want both to be available.

Four specific reservations set a limit on the enthusiasm of the reception the web sites attract:

- varying recommendations of suppliers undermine their credibility (a little);
- some usability difficulties alienate less capable Internet users;
- Ofgem endorsement needs to be prominent;
- how would they find them?

Varying Recommendations of Suppliers

Some respondents claim they were given a different recommended supplier and offer from each web site. It is possible they may have been confused by the varying methods of displaying the data Others (notably non-switchers) see much more consistency in recommendations, though even they are sometimes confused by the suggestion of cheaper offers from their current supplier.

When recommendations vary, despite the same information being input, this gives rise to some doubts:

> *If all three of them provide a completely different result then they mutually undermine each other's credibility. I can't trust them now*
>
> Teddington, Switcher

> *They don't appear to all list all of the options – they don't consider all of them*
>
> Teddington, Switcher

Although this makes them a little unsure, overall enthusiasm is not diminished much. Some brush away the concern about how many companies are included in the calculation:

> *It must be quite a few – they come out with 15-20 suppliers*
>
> Teddington, Non-switcher

Ofgem Endorsement

Only a few people notice Ofgem is mentioned on two of the sites. This is instantly reassuring as it is perceived as an endorsement, despite imprecise and vague knowledge of Ofgem itself:

> *Two of them had the backing of Ofgem – if you know what Ofgem was, you would think that was quite . . . (nods approvingly)*
>
> Teddington, Switcher

> *I like unravelit.com because they're the company commissioned by Off . . . gem the regulator. It sounds much more kosher to me*
>
> Teddington, Switcher

This perception is held despite the fact that at this time Ofgem had not publicly announced that the sites met their specifications.

Most do not notice the mentions of Ofgem and this gives rise to questions and concerns:

> *Are they suppliers trying to sell you energy?*
>
> Sutton Coldfield, Non-switcher

> *Are they allied to major companies?*
>
> Sutton Coldfield, Switcher

> *Anybody can do this, can't they?*
>
> Sutton Coldfield, Switcher

There is a demand for a standard to reassure people of independence:

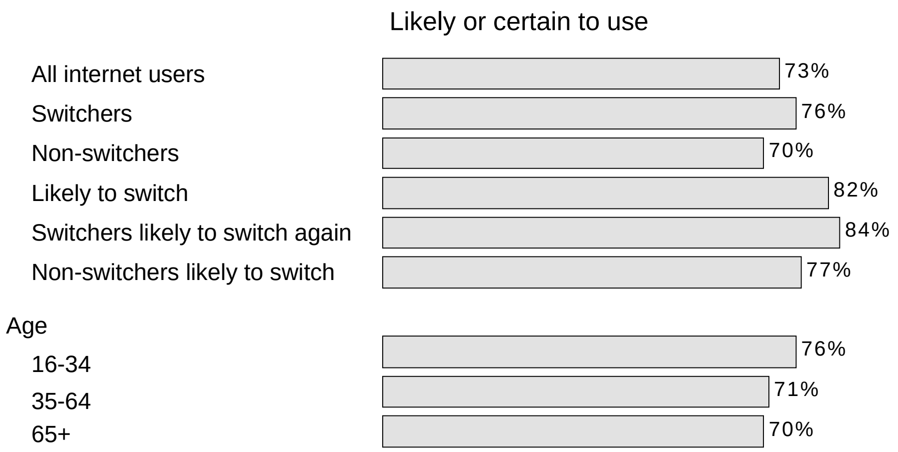
> *You need the backing of a body. If it was obvious on all the sites you'd feel better about searching them*
>
> Teddington, Switcher

Likelihood of use

Three-quarters of Internet users claim they would use these web sites - assuming they could easily find them. This rises to over 80% for those who are likely to switch (again) in the future:

Likelihood of Using Web Sites

Q Assuming you could easily find them, how likely would you be to use these web sites for information if you were considering switching (again)?

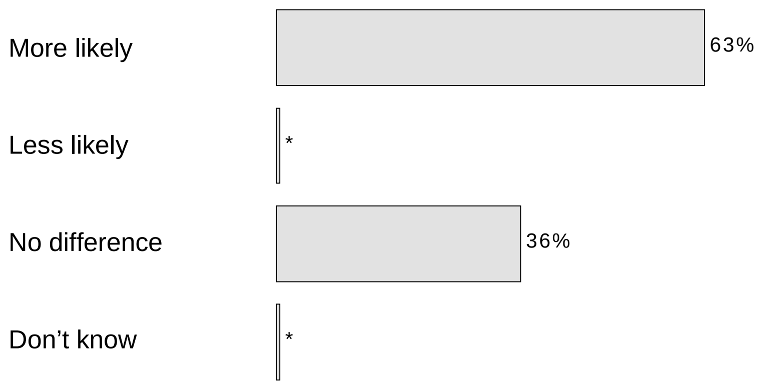


Base: All bill payers using internet (550) Source: MORI

Clear endorsement of Ofgem is likely to increase the probability that a particular site would be used:

Effect of Ofgem Endorsement

Q And if one of the web sites was approved by Ofgem, would this make you more or less likely to use it, or would it make no difference?



Base: All bill payers using internet (550) Source: MORI

Suggested Improvements

- more reassurance by Ofgem endorsement;
- more information on the suppliers and their unit rates (respondents often did not notice this was available);
- a full list of the suppliers included in the calculations;

- the facility to set their recommendation against a known benchmark eg British Gas;

- direct links to suppliers' sites;

- 'phone number for enquiries;

- not relying on switching on-line:

> *I wouldn't want to sign up on the web site. I certainly wouldn't put my credit card in*
>
> Sutton Coldfield, Non-switcher

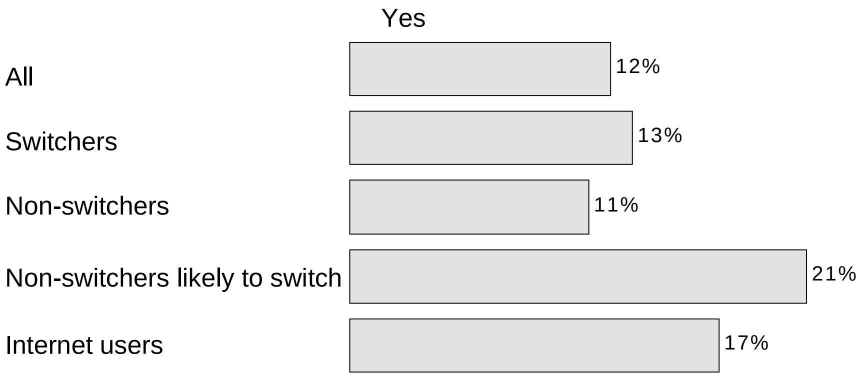
- most importantly – **communicate the sites' existence to customers:**

> *They should be telling you the web sites exist*
>
> Teddington, Switcher

In the omnibus survey, 12% overall claim to be aware of the existence of the web sites. This rises to 21% of non-switchers who are likely to switch and 17% of Internet users. It seems likely these proportions are exaggerated because many people are familiar with the concept (eg in personal finance) and perhaps **assume** they know of these sites, when in fact they do not:

Awareness of Existence of Web Sites

Q There are several web sites on the internet that allow you to type in your expenditure on gas and electricity and they will work out which company is cheapest for you. They are paid a commission by the suppliers for each person who switches through the site. Were you aware these web sites exist?



Base: All bill payers (1,691) Source: MORI

Finding the Web Sites

Few Internet users have a clear idea how they would locate the web sites that have price calculations. Three-quarters would use a search engine, but could only guess at what they would enter into it – probably "electricity and gas" or "utility prices".

Methods of Finding Web Sites

Q How would you go about finding one of these web sites?

	All	Switchers	Non-switchers
	%	%	%
Search engine	74	74	74
Ask Ofgem	3	4	2
Ask people I know	3	2	3
Ask Consumers Association	2	2	1
I know where to find them already	1	2	*
No idea/Don't know	18	16	20

Base: All bill payers using internet (550) Source: MORI

In fact searches on the main search engines, using these terms, are unlikely to locate the few sites. The site kura.co.uk can be found using Google, but the first such site that emerges is one called ukenergy.co.uk – not one of those tested. Ofgem's own web site (with its factsheets downloadable as pdf files) can also be difficult to locate through search engines. The outputs are overwhelmed by North American sites, suppliers' own sites and various sites linked to the Electricity Association.

Only 3% (4% of switchers) would ask Ofgem for guidance on finding the sites. As a footnote to this, when pressed, few respondents know how they could obtain Ofgem's phone number. They suggest Yellow Pages or Directory Enquiries.

Issues Surrounding “Disadvantaged” Customers

A single group discussion was conducted in Leeds with a mix of prepayment meter (PPM) and budget card customers. All were from social class E (state supported) and hence could be described as “disadvantaged”. It was anticipated that they would have a quite different perspective to the other respondents.

A salient feature of the respondents is their tendency to think and budget **weekly**, so monthly and especially quarterly and annual figures have little meaning for them. This influences much of their thinking about the various information sources.

Of all the non-switchers, these are probably the least interested in switching. They are broadly aware that the likely savings are poor.

> *You don’t save much unless you’re in business and use a lot of gas*
>
> Leeds, Disadvantaged

But they are also concerned about the switching process, the possibility of having to change their payment method (they do not want to lose their meter) and about how effectively their meter will be maintained in future:

> *Anything might happen, and who do we call out? The Gas Board, but under a different name*
>
> Leeds, Disadvantaged

> *As far as I’m concerned, you get your gas from the gas board and your electricity from the electric. I can’t see how the electric can give you as good a scheme with gas, as what the gas board can. I think they should stick to their own actually*
>
> Leeds, Disadvantaged

There are also indications that PPM customers are actively rejected by salesagents:

> *As soon as you tell them you’ve got a token meter, they don’t want to know*
>
> Leeds, Disadvantaged

This may be linked to the fact that PPM customers mostly would like to keep their PPM meter if they were to switch. Generic concerns about switching are focused on the details of meter maintenance. In comparing prices, they have little understanding of unit prices.

The supplier leaflets are rejected because they exclude details of their own payment methods. They also focus on annual savings, which are not particularly relevant to the needs of this group of customers.

The Ofgem factsheets are felt to be too complicated (particularly the Calculating Your Bill page) and, again, focused on **annual** savings, though at least they do give specific PPM figures. The savings, however, are felt to be "pathetic". This causes some resentment:

> *It's unjust, unfair that DD and everyone else has bigger savings*
>
> Leeds, Disadvantaged

> *Our money is just as good as anyone else's, we probably use the same amount as them*
>
> Leeds, Disadvantaged

> *It's like we're second-class citizens, they don't bother with us*
>
> Leeds, Disadvantaged

This feeling of injustice is compounded when they realise dual fuel rates do not apply to PPMs.

Budget card rates are not explicitly shown on the factsheets either, but the respondents who pay by this method did not mention this spontaneously. This probably reflects their very low interest in the whole switching process.

On the other hand, these respondents are more enthusiastic about the ECI, though they do not, at first, realise the figures relate to pence per day. When this is explained they are favourable to it - in fact it is their preferred terminology. In particular, they like the simple comparison between PPM costs and other payment methods. It is clear, however, that their understanding of the figures and their origin is very poor; and consequently one would have to be concerned about misinterpretation of the ECI figures by such customers.

Awareness of Information Sources

Propensity to use the different information sources is likely to depend as much on awareness of them, as on their relative reliability or credibility.

Most know of supplier leaflets, and have seen one at some point, though these are most frequently the leaflets that arrive with bills from existing suppliers (mainly incumbents). As we have seen overleaf, salesagents are often reluctant to leave written information, so distribution is not as widespread as it could be.

Only one respondent has definitely seen any of the factsheets – a single table was reproduced in a weekend newspaper article. Only one or two others know they exist. Expectations for how they might be distributed are somewhat naïve.

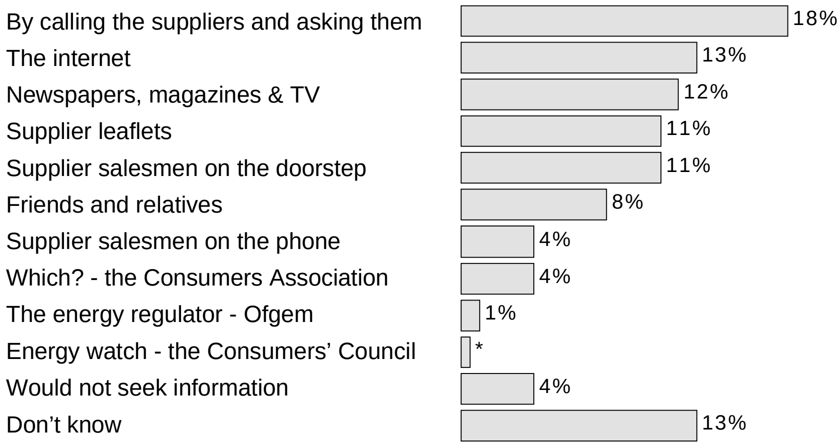
- Some expect to be sent them in a mass mailing
- Some expect them to arrive with bills (but others are quick to say this is unlikely)
- There are suggestions of looking in libraries and supermarkets
- Very few suggest contacting Ofgem, but these have poor idea how to do so. They suggest Yellow Pages or contacting directory enquiries

Awareness of the Internet sites is also very poor – only a small minority know (or strongly suspect) they exist and there are no really workable strategies for locating them.

Hence, when asked in the omnibus how they would seek information on prices, spontaneous replies focus on using the suppliers themselves as a source – by calling them, using their leaflets or their salesagents. Only one percent mention Ofgem and less than one percent energywatch.

Information Sources Likely to be used - Spontaneous

Q If you were to switch either supplier (again), from which sources, if any, would you seek information on the prices charged by different suppliers?

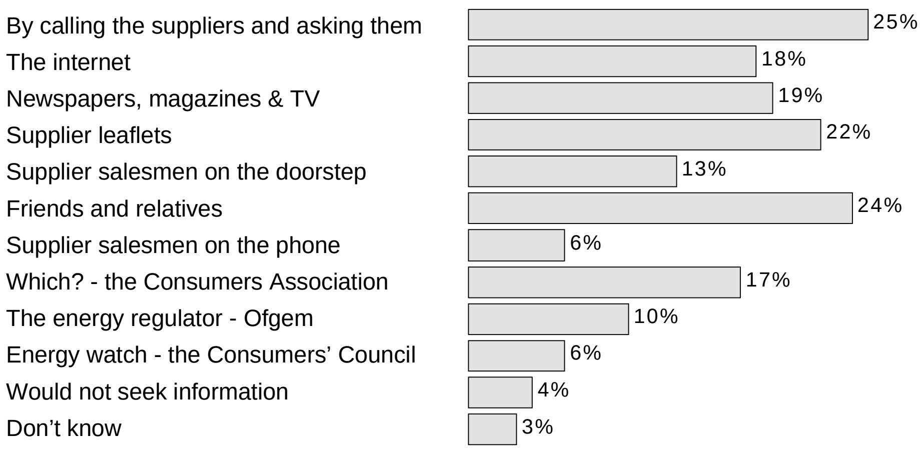


Base: All bill payers (1,691) Source: MORI

When prompted with a list of possible sources, the suppliers still emerge as the main source, but almost a quarter would rely on friends and relatives. Mentions of the Consumers' Association are also considerably higher (17%) when they are reminded of its existence. Prompted mentions of Ofgem rise to 10%, but those of energywatch to only 6%. As noted earlier, there is a sizeable proportion (almost one in five) who would rely on "the Internet"; though, as we have seen, they probably have little chance of finding the appropriate web sites.

Information Sources Likely to be used - Prompted

Q If you were to switch either supplier (again), from which of these sources, if any, would you seek information on the prices charged by different suppliers?



Base: All bill payers (1,691) Source: MORI

Preferences for Information – Solutions

In many cases, respondents are somewhat reluctant to give a definite preference for factsheets over the Internet sites or vice versa. Both are such major advances over what they previously thought available. Generally, a common preference is for **both** to be available, as they both have distinct benefits:

The Internet web sites do the calculations for you (personally and) systematically, but give a relatively poor overview of the market because they do not necessarily show data for all companies. They are also irrelevant to people who have no Internet access (or ability):

I actually found the factsheet easier to use than the web site

Teddington, Switcher

On the other hand, the factsheets give a single document overview and are appropriate to most people. They do, however, require a little more work to understand and use.

It's nice to see it all in front of you

Teddington, Non-switcher

Internet users would like the factsheet itself to be available on the Internet (none know it is). This is an ideal solution for them, assuming they know where to find it, and that they can use pdf files.

Among non-Internet users, switchers prefer the factsheets to the ECI, but many non-switchers see the ECI as equally useful. Some non-switchers (and especially PPM customers) prefer the ECI as the factsheets contain too many figures.

In most cases, respondents expect to use the various sources to put together a shortlist of suppliers, but then to call them and check the figures with them **before** making a purchase decision:

I'd want to see what the exact savings for me could be

Oldham, Non-switcher

I wouldn't want to do it, put the details in, be told this is the company you should be with, go with that company, then get a different set of figures – I'd feel I've been lied to

Oldham, Switcher

You need a next stage – I certainly wouldn't put my credit card number in (the web site)

Sutton Coldfield, Non-switcher

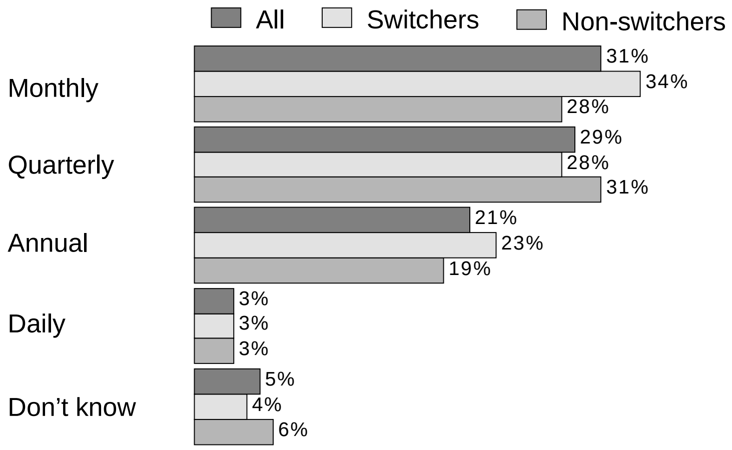
It (the web site) gives you an idea what companies you might want to speak to

Teddington, Non-switcher

In terms of the details of price or savings information preferred, the omnibus survey shows a spontaneous preference for monthly or quarterly information, probably based on the logic that this is their normal billing frequency:

Most Meaningful Statements of Savings

Q *If you were shown the possible savings you could make by switching to different suppliers, would it be more meaningful to you to see the savings shown as daily, monthly, quarterly or annually?*



Base: All bill payers (1,691) Source: MORI

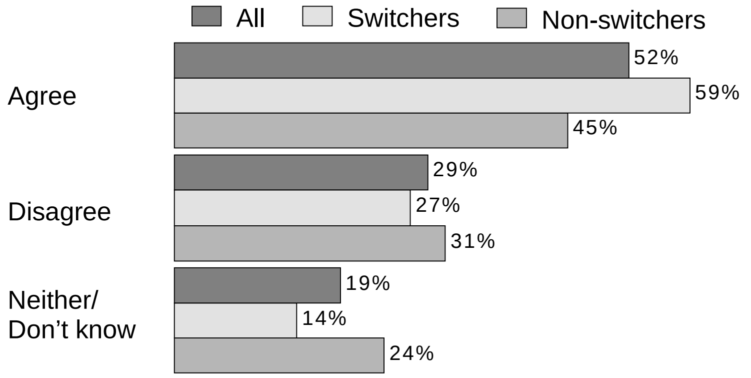
In the groups, however, it is clear that annual figures are sufficiently meaningful for most people – the main exception is PPM and Budget Card customers who prefer weekly information.

The potentially motivating influence of the comprehensive price information contained in the factsheets and the Internet sites is evident from the qualitative research. To underline the potential stimulating effect on the market as a whole, a majority agree in the omnibus study that better information on prices would make them more likely to switch supplier:

Effect of Better Price Information

Q I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?

If I had better information on the different prices charged I would be more likely to switch supplier (again)



Base: All bill payers (1,691) Source: MORI

Non-switchers, preoccupied with generic concerns about the market and the switching process, are most likely to disagree.

Other Issues

Ofgem's Reputation

A key element of the appeal of the factsheets and the Internet sites is their independence from suppliers and (where noticed) their endorsement by a respected body:

> *They're not trying to sell you anything. It's a sheet from a regulator to guide you. More like a Which? report*
>
> Oldham, Non-switcher

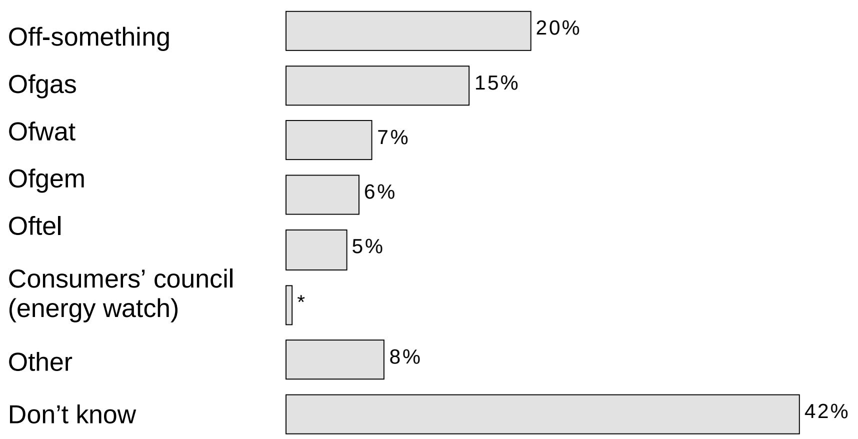
> *They're (the web sites are) not biased, they're just telling you what's best for you*
>
> Teddington, Non-switcher

> *I have no reason to distrust this because it's from a regulator*
>
> Swiss Cottage, Non-switcher

Ofgem's name is, however, poorly known and carries weight only by generic association with other regulators such as Ofgas, Ofwat or Oftel. To many people, the specific name Ofgem means nothing at all:

Awareness of Ofgem

Q *Can you tell me, what is the name of the organisation responsible for regulating the gas and electricity industries?*



Base: All bill payers (1,691) Source: MORI

While only 6% are able to name Ofgem spontaneously, 42% do not know the regulator's name at all. When prompted with the name Ofgem, awareness rises to 40% - still a minority, even of switchers (44%). Only 13% feel they know anything at all about Ofgem:

Familiarity with Ofgem

Q How well do you feel you know this organisation?

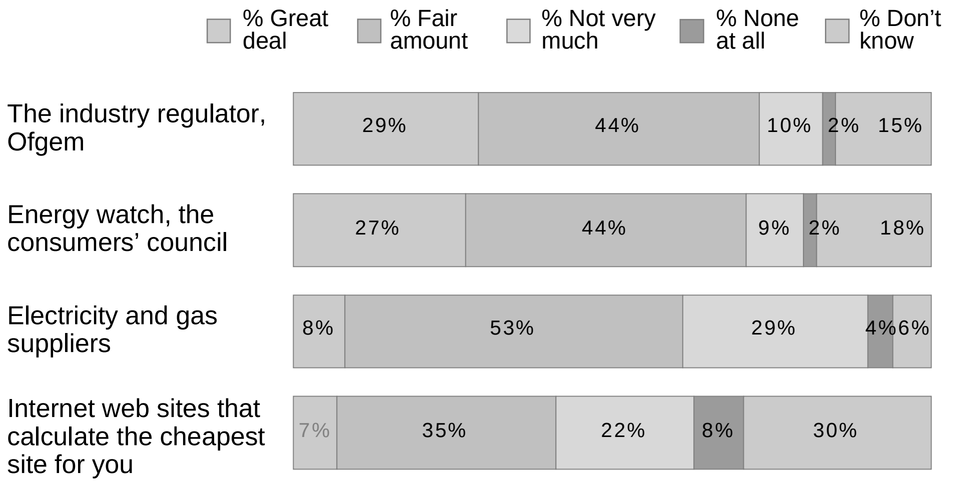
	All	Switchers	Non-switchers
	%	%	%
Know it very well	0	1	0
Know it fairly well	3	4	1
Know just a little about it	10	11	9
Heard of it but know nothing about it	27	28	26
Heard of it	40	44	36
Never heard of it	60	56	64

Base: All bill payers (1,691) Source: MORI

Despite this poor specific familiarity, Ofgem carries some credibility (for the reasons discussed above) and attracts most confidence as a source of price information, just ahead of energywatch and some way ahead of the energy suppliers themselves. More than half, however, do have a lukewarm "fair amount of confidence" in the suppliers, perhaps reflecting a feeling that they could not "get away with" giving genuinely incorrect information. The web sites attract least confidence (despite high intentions of using them), emphasising the need for their endorsement by Ofgem:

Confidence in Price Information Sources

Q How much confidence would you have in price information you received from?



Base: All bill payers (1,691)

Source: MORI

Annual Consumption Data on Bills

There is overwhelming approval for this concept since it is realised it can facilitate the 'shopping around' process:

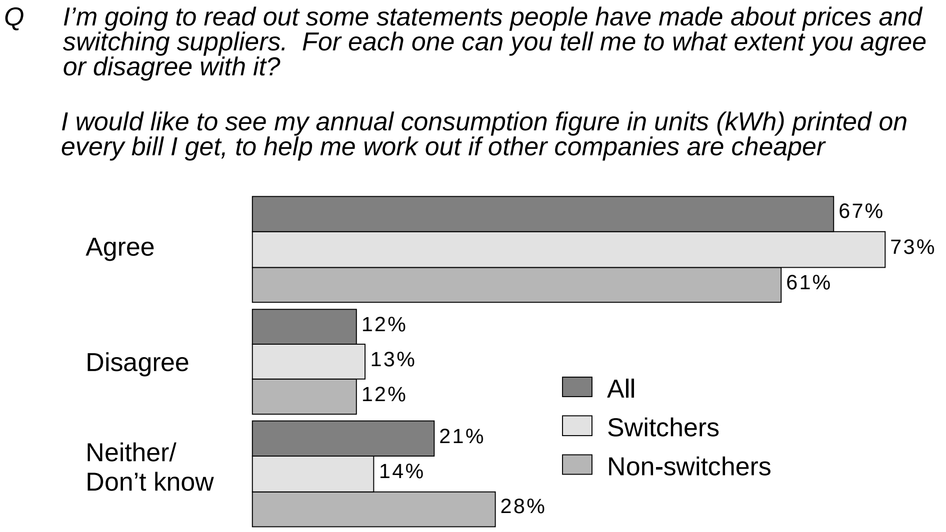
> *Then if you do want to change over you could just ring another company*
>
> Oldham, Switcher

In fact, most who would know how to use this data also know how to find it, so it is likely to make little difference to switching, other than by making it more convenient.

Some non-switchers (particularly the disadvantaged group) can see no value in having it – they are unable or unwilling to use it.

Overall the omnibus shows two-thirds of bill payers (73% of switchers) support this concept:

Annual Consumption Printed on Bill



Base: All bill payers (1,691) Source: MORI

Telephone Helpline

The need for a helpline to support the factsheets and the Internet sites is mentioned spontaneously. However, there is an implicit assumption that it would be run by Ofgem and would be a freephone number. Respondents stipulate also that the operators should be well trained:

> *As long as they know their stuff*
>
> Swiss Cottage, Non-switcher
>
> *Might be a good thing if you could test the figures, check the credibility of one of the companies*
>
> Oldham, Non-switcher

However, respondents are less keen if there is any question of paying for the call, especially if it is premium rate:

> *That could wipe out some of your potential saving*
>
> Swiss Cottage, Switcher
>
> *It would be even worse if you had to pay for the call*
>
> Oldham, Non-switcher

Though if it were run by an independent company this could also be acceptable; the issue is the cost. There are also concerns about computerised answering systems and music:

It's when you have to listen to Greensleeves . . .

Swiss Cottage, Non-switcher

Many see no value in it as a concept and point out the limitations:

You could do (an enquiry) a few times on the web – you couldn't do that with a person

Oldham, Switcher

Appendices

Technical Details for Omnibus

Statistical Reliability

Definition of Social Grades

Topic guide Conventional Groups

Topic guide Internet Groups

Material Used

Technical Details for Omnibus

Sample Design

There are 641 parliamentary constituencies in Great Britain. From these, we selected 210 to be used as the main sampling points on the Omnibus. These were chosen to be representative of the whole country by region, class, voting patterns and other variables. Within each constituency, one local government ward was chosen which is representative of the whole constituency.

Within each point, ten respondents were interviewed. Respondents were selected by means of a 10-cell quota with which the interviewer has been provided. The quotas used are:

Sex:	(Male, Female)
Household Tenure:	(Owner occupied, Council/HAT, Other)
Age:	(15-24, 25-44, 45+)
Working status:	(Full-time, part time/not working)

These quotas were devised by an analysis of the 1991 Census. In each area, quotas represent the makeup of that area. Overall, quotas ensure that the demographic profile of the sample matches the actual profile of the country. The sample is thus representative of all adults in Great Britain aged 15+. The total sample set was 10 x 210 sample points = 2,100.

Fieldwork

Fieldwork was carried out by MORI/Field & Tab on MORI's Omnibus using CAPI. All interviews were conducted in the home, with only one interview per household. No incentives were offered to respondents.

Weighting and Data Processing

Data entry and analysis were carried out by an approved and quality assured data-processing company. The data were weighted using target rim weights for social class, standard region, unemployment within region, cars in household, and age within sex. This was to adjust for any discrepancies in the coverage of individual sampling points and to ensure representatives.

Statistical Reliability

The sample tolerances that apply to the percentage results in this report are given in the table below. This table shows the possible variation that might be anticipated because a sample, rather than the entire population, was interviewed. As indicated, sampling tolerances vary with the size of the sample and the size of the percentage results.

Approximate sampling tolerances applicable to percentages at or near these levels			
	10% or 90%	**30% or 70%**	**50%**
	±	±	±
1,691	1	2	2
			Source: MORI

For example, on a question where 50% of the people in a weighted sample of 1,691 respond with a particular answer, the chances are 95 in 100 that this result would not vary more than 2 percentage points, plus or minus, from a complete coverage of the entire population using the same procedures.

Tolerances are also involved in the comparison of results from different parts of the sample. A difference, in other words, must be of at least a certain size to be considered statistically significant. The following table is a guide to the sampling tolerances applicable to comparisons.

Differences required for significant at or near these percentages					
			10% or 90%	**30% or 70%**	**50%**
Base: 1,691			±	±	±
399	and	350	4	6	6
16-34 year olds	and	65+ year olds			
					Source: MORI

Definition of Social Grades

This appendix contains a brief list of social class definitions as used by the Institute of Practitioners in Advertising. These groups are standard on all surveys carried out by Market & Opinion Research International Limited.

Social Grades			
	Social Class	**Occupation of Chief Income Earner**	**Percentage of Population**
A	Upper Middle Class	Higher managerial, administrative or professional	2.9
B	Middle Class	Intermediate managerial, administrative or professional	18.9
C1	Lower Middle Class	Supervisor or clerical and junior managerial, administrative or professional	27.0
C2	Skilled Working Class	Skilled manual workers	22.6
D	Working Class	Semi and unskilled manual workers	16.9
E	Those at the lowest levels of subsistence	State pensioners, etc, with no other earnings	11.7

Topic Guide Conventional Groups

Introduce themselves - Names and occupations.

This evening I want to talk about switching electricity and gas suppliers and then about how you get information on different suppliers' prices.

SWITCHERS
Which are your current suppliers of electricity and gas? When did you switch? Why? Any switched more than once? How did you find the experience of switching? How much money have you saved? Did you have a clear idea how much you were expecting to save? How were you approached, or did you approach them?

Did you compare different company offers? How many? How did you get information? How much difference is there between the different companies and their offers? Did you obtain details of prices so you could compare between companies? How easy or difficult was it to get the information in the first place then to compare prices/companies? Specifics of any problems encountered.

NON-SWITCHERS
Are you aware you can switch your electricity or gas supplier? What have you heard about this? From what sources? Discussed switching with salesmen on the doorstep or on the phone? Initial impressions? How much difference do you think there is between the different companies and their offers? Did you actively consider switching either gas or electricity supplier? Why did you not do so?

IF YES: Did you compare different company offers? How did you get information? Did you obtain details of prices so you could compare between companies? How easy or difficult was it to get the information in the first place then to compare prices/companies? Specifics of any problems encountered.

Requirements for Information

I want you to think hypothetically about what you would need to know in order to make the decision to change your electricity or gas supplier (again). I want to list all of the things it is useful to know then we'll pick out the most important of them. What do you need to know about a potential supplier before you will switch to them? Anything else? RECORD ALL ITEMS MENTIONED ON FLIP CHART

IF INCENTIVES NOT MENTIONED: What about any free gifts or incentives suppliers might offer? Should these be added to the list?

Which is most important of these?

Thinking about prices, how do you expect to find out which is the cheapest supplier? How would you judge it? What kind of information do you need on price? Can you describe how it should look? What figures exactly do you need to see?

How important is the other information we have discussed? Which do you feel you **must** have to decide to switch to a company?

Practical Exercises

Now I want to show you some different ways in which price information may be given to you and find out how useful each is as a guide and any comments you may have. This is where you might need to think about your own annual expenditure on electricity and gas (and your exact consumption in kilowatt hours, if you know it).CHECK WHO HAS CONSUMPTION INFO AND IF NOT WHY NOT

1. Supplier leaflet

HAND OUT SUPPLIER LEAFLET

Have you seen a leaflet like this before from any of the suppliers? What does it tell you? What is its message? What, if anything, do the figures contained in it tell you? What, if anything, do they **not** tell you?

Do you think the figures are correct? Do you think the figures apply to you and your situation? IF NOT Why not? Could you work out how they apply to you from this information?

What else could there be on it to make it more useful to you?

If you had only this leaflet for information, what decision would you make regarding switching to this company? Why?

2. Ofgem Fact Sheets

ROTATE ORDER OF ELECTRICITY AND GAS FACTSHEETS. HAND OUT FIRST.

These are fact sheets produced by Ofgem. What can you tell me about Ofgem? Who is Ofgem? EXPLAIN OFGEM's IDENTITY IF NECESSARY

These sheets are intended to give guidance on the different prices being charged by all the suppliers who are supplying to your area. Please have a look at the first page of the factsheet and see if you can work out which company would be cheapest for you.

ALLOW TIME FOR EXERCISE, THEN GO ROUND AND ASK:

Could you do it? IF NOT: Why not? How easy or difficult was it? What was the result? Can you explain how you worked that out? Any difficulties? Was there any other information you needed that wasn't there? How could it have been made easier for you?

Now turn over to where it says "Calculating your bill". Have a look at this table of numbers – don't actually try and work it out, you would need a calculator! – and tell me if you would be confident or not to work out how much you would have to pay with any one of those suppliers. Could you do it? What difficulties do you think you would face? How could this be made easier?

Given this leaflet, would you compare prices using the first table or the second one? Why do you say that? What advantages and disadvantages does each have?

REPEAT EXERCISE FOR OTHER FACTSHEET (ELECTRICITY/GAS)

Most companies now charge different prices if you buy **both** electricity and gas from them so there is a separate factsheet for this.

HAND OUT DUAL FUEL FACTSHEET

Can you try the same thing with this one – work out which company is cheapest for you using the table on the front page. Then have a look at the "Calculating your bill" tables and see if you think you could manage to use this to work out your bill exactly.

Any comments on the dual fuel factsheet?

Overall assessment of Factsheets

What did you think of the three factsheets? What, if any, are the particular advantages of them over, say, the kinds of information you can get from the suppliers themselves? Now let's summarise the main difficulties you had with them and any improvements you would like to see.

Would you use them yourself? Why/why not? Which part or parts of them? What information, if any, was missing from them that you would have needed to make a decision? How trustworthy and accurate do you believe the information is?

3. Energy Cost Index

It is possible that Ofgem will require each supplier to use in their advertising an **average** price expressed as a cost per day, per year or whatever for a domestic user with a medium-sized electricity or gas bill who pays by a certain method. This is called an Energy Cost Index. So the costs for two companies might compare like this:

SHOW FIRST ECI SHEET (EITHER ELECTRICITY OR GAS – NOT BOTH)

Looking at this, which company would be cheapest for you? If you saw these figures in an advertisement what would you believe they meant? Do you feel you need to know how it is worked out to be able to understand it? What do you think of expressing it as pence per day? What about the fact that this is for a "medium user"?

SHOW SECOND ECI SHEET (EITHER ELECTRICITY OR GAS)

In fact the first figures you had were for the average of all the different tariffs the company offers, the average of the figures on this sheet. If you look at just the standard tariff figures and compare the two companies again do you come to the same conclusion about which is cheapest? What does this second sheet suggest, if anything, about the average figures I first showed you?

REPEAT EXERCISE FOR DUAL FUEL ECI FIGURES

Can you see a real benefit to you in all companies being required to show their prices in a standardised way like this? What are the disadvantages of it? Does it need to give more information than just the average price per day?

Summary

Now you have seen three basic kinds of information on the prices being charged by different companies which, if any of them, would you use? Why do you say that?

Leaving aside anything that is available right now, if you could tell the Energy Regulator exactly what you need to decide between the prices of different companies:

- What price information do you really need?
- From whom? The suppliers or the Regulator (or someone else?)
- Do you need an exact price (which means you need to know your exact consumption) or are more generalised example comparisons enough for you?
- In what form specifically would you like the information? PROMPT WITH THREE OPTIONS

1. Annual prices or annual savings for typical customers at different example consumption levels or
2. the basic unit costs so you can do all the calculations yourself and work it out **exactly** or
3. a general indication of which company is cheapest **on average** by the use of a simple cost index?

- What other information, if any, do you really need apart from prices? Eg incentives, terms and conditions?
- How useful would it be to you if you annual consumption figure in kilowatt hours was printed on your bill?
- How would pricing information best be communicated to you? Leaflets? Would you know how to get hold of them? How much effort would you go to in order to get them?

- What about the internet? Would you like detailed information to be available on the internet? Has anyone used any of the energy price web sites that are available on the internet? Reactions? Better or worse than what we have seen tonight?

- What about a telephone helpline? How useful would it be to be able to talk to someone, assuming you still had to give them your total spent per year or your total consumption before they could help you? What would be the advantages and disadvantages of this? How important would be **who** provided this service?

Finally, what, if anything, did you find out tonight that you didn't know before? How has this discussion affected your likelihood of switching your electricity supplier?

THANK AND CLOSE

Topic Guide Internet Groups

Introduce themselves - Names and occupations.

This evening I want to talk about switching electricity and gas suppliers and then about how you get information on different suppliers' prices. A little later we'll have a look at some web sites on the internet.

SWITCHERS
Which are your current suppliers of electricity and gas? When did you switch? Why? Any switched more than once? How did you find the experience of switching? How much money have you saved? Did you have a clear idea how much you were expecting to save? How were you approached, or did you approach them?

Did you compare different company offers? How many? How did you get information? How much difference is there between the different companies and their offers? Did you obtain details of prices so you could compare between companies? How easy or difficult was it to get the information in the first place then to compare prices/companies? Specifics of any problems encountered.

NON-SWITCHERS
Are you aware you can switch your electricity or gas supplier? What have you heard about this? From what sources? Discussed switching with salesmen on the doorstep or on the phone? Initial impressions? How much difference do you think there is between the different companies and their offers? Did you actively consider switching either gas or electricity supplier? Why did you not do so?

IF YES: Did you compare different company offers? How did you get information? Did you obtain details of prices so you could compare between companies? How easy or difficult was it to get the information in the first place then to compare prices/companies? Specifics of any problems encountered.

Requirements for Information

I want you to think hypothetically about what you would need to know in order to make the decision to change your electricity or gas supplier (again). I want to list all of the things it is useful to know then we'll pick out the most important of them. What do you need to know about a potential supplier before you will switch to them? Anything else? RECORD ALL ITEMS MENTIONED ON FLIP CHART

IF INCENTIVES NOT MENTIONED: What about any free gifts or incentives suppliers might offer? Should these be added to the list?

Which is most important of these?

Thinking about prices, how do you expect to find out which is the cheapest supplier? How would you judge it? What kind of information do you need on price? Can you describe how it should look? What figures exactly do you need to see?

How important is the other information we have discussed? Which do you feel you **must** have to decide to switch to a company?

Practical Exercises

Now I want to show you some different ways in which price information may be given to you and find out how useful each is as a guide and any comments you may have. This is where you might need to think about your own annual expenditure on electricity and gas (and your exact consumption in kilowatt hours, if you know it).CHECK WHO HAS CONSUMPTION INFO AND IF NOT WHY NOT

A. Ofgem Fact Sheets

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These sheets are intended to give guidance on the different prices being charged by all the suppliers who are supplying to your area. Please have a look at the first page of the factsheet and see if you can work out which company would be cheapest for you.

ALLOW TIME FOR EXERCISE, THEN GO ROUND AND ASK:

Could you do it? IF NOT: Why not? How easy or difficult was it? What was the result? Can you explain how you worked that out? How easy or difficult was it to see the savings you would make? Any difficulties? Was there any other information you needed that wasn't there? How could it have been made easier for you?

Now turn over to where it says "Calculating your bill". Have a look at this table of numbers – don't actually try and work it out, you would need a calculator! – and tell me if you would be confident or not to work out how much you would have to pay with any one of those suppliers. Could you do it? What difficulties do you think you would face? How could this be made easier?

Given this leaflet, would you compare prices using the first table or the second one? Why do you say that? What advantages and disadvantages does each have?

REPEAT EXERCISE FOR OTHER FACTSHEET (ELECTRICITY/GAS)

Most companies now charge different prices if you buy **both** electricity and gas from them so there is a separate factsheet for this.

HAND OUT DUAL FUEL FACTSHEET

Can you try the same thing with this one – work out which company is cheapest for you using the table on the front page. Then have a look at the "Calculating your bill" tables and see if you think you could manage to use this to work out your bill exactly.

Any comments on the dual fuel factsheet?

Overall assessment of Factsheets

What did you think of the three factsheets? What, if any, are the particular advantages of them over, say, the kinds of information you can get from the suppliers themselves? Now let's summarise the main difficulties you had with them and any improvements you would like to see.

Would you use them yourself? Why/why not? Which part or parts of them? What information, if any, was missing from them that you would have needed to make a decision? How trustworthy and accurate do you believe the information is?

B. Internet Methods

Now I'd like to look at some other methods of comparing energy prices and working out which is the best company for you. I'd like you to visit some web sites that allow you to type in your own expenditure or consumption figures and which then work it out for you.

Has anyone visited any web sites before that do this? How did you find them?

1. uswitch.com

Go to uswitch.com and follow the instructions as if you were trying to decide which company you should switch to. It's up to you if you want to look up both electricity and gas or just one of them. If you have consumption figures as well as expenditure figures try the calculation with both to see if it varies.

Read any small print you feel you need and follow any links to other sites if that will help you make a decision. When you have decided who you would go for note down the details (the company you would choose and the savings) and just sit back and wait until everyone has finished.

GO ROUND GROUP

Who did you choose? Why – what were the advantages to you? Was your decision based only on price? How trustworthy do you believe is the information they use to do these calculations? Do you feel you would want to check the outcome by some other method? How? ENCOURAGE THEM TO CROSS CHECK AGAINST FACT SHEETS

2. unravelit.com

Now please try the same thing with unravelit.com, follow the instructions as if you were trying to decide which company you should switch to. Read any small print you feel you need and follow any links to other sites if that will help you make a decision. Again, when you have decided who you would go for note down the details and just sit back and wait until everyone has finished.

GO ROUND GROUP AGAIN

Who did you choose? Why? Was it the same answer as the first one? What differences were there? Again, how trustworthy do you believe is the information they use to do these calculations? Do you feel you would want to check the outcome by some other method? How?

3. buy.co.uk

Now try buy.co.uk and do the same thing. Note down the outcome again.

GO ROUND GROUP AGAIN

What was your choice? Why? Was it the same as before? What differences were there? Again, how trustworthy do you believe is the information used in these calculations?

4. kura.co.uk

And finally let's try kura.co.uk and do the same enquiry, noting down the outcome.

GO ROUND GROUP AGAIN

What was your choice? Why? Was it the same as before? What differences were there? Again, how trustworthy do you believe is the information used in these calculations?

Overall, how does this internet-based method compare with the Ofgem factsheets we saw earlier? How easy or difficult is it to calculate the savings? What are the advantages and disadvantages of these internet sites? How much difference was there between them? IF DIFFERENT: What did this suggest to you about them? How much trust would you have in their recommendations? How credible are they as sources of information? Do you believe they are officially approved in any way? Is it important for them to be? Why? Who would be appropriate to approve them? What other information, if any, (other than what you have seen here) do you think you would need to make a final decision on which company to switch to

Summary

Now you have seen several basic sources of information on the prices being charged by different companies which, if any of them, would you use? Why do you say that?

Leaving aside anything that is available right now, if you could tell the Energy Regulator exactly what you need to decide between the prices of different companies:

- What price information do you really need?
- From whom? The suppliers or the Regulator (or someone else?)
- Do you need an exact price (which means you need to know your exact consumption or expenditure) or are more generalised example comparisons enough for you?
- In what form specifically would you like the information? PROMPT WITH THREE OPTIONS

1. Annual prices or annual savings for typical customers at different example consumption levels or
2. the basic unit costs so you can do all the calculations yourself and work it out **exactly** or
3. a calculation (eg on a web site) that uses your annual expenditure or consumption figures to show your savings with different companies (in this case you don't see the figures used in the calculation)

- What other information, if any, do you really need apart from prices? Eg incentives, terms and conditions?
- How useful would it be to you if you annual consumption figure in kilowatt hours was printed on your bill?
- How would pricing information best be communicated to you? Leaflets or on the internet? IF LEAFLETS: How would you get such leaflets? How much effort would you go to in order to get them?

How useful would it be if one or more of the sites we have seen today were officially approved by Ofgem? Why?

- What about a telephone helpline? How useful would it be to be able to talk to someone, assuming you still had to give them your total spent per year or your total consumption before they could help you? What would be the advantages and disadvantages of this? How important would be **who** provided this service?

Finally, what, if anything, did you find out tonight that you didn't know before? How has this discussion affected your likelihood of switching your electricity supplier?

THANK AND CLOSE

For these appendices see the document

http://www.ofgem.gov.uk/docs2001/21mori_appendices.pdf