

Non-domestic consumers and the Change of Supplier (CoS) process

Qualitative research findings

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Structure of presentation

- Research objectives
- Research approach
- Spontaneous views of switching
- Views on 3 aspects of CoS
 - Reliability, including any issues incurred
 - Speed
 - Efficiency and simplicity
- Other related issues
- Conclusions

Research objectives

- To explore **what characteristics non-domestic consumers would value** in a future change of supplier (CoS) process, and what specific value they attach to these
- To understand how different factors within the CoS process might influence **engagement with the market**

Discussion focussed on **three aspects of CoS:**

The reliability of the CoS and any issues arising

The speed of the CoS process

The efficiency and simplicity of CoS

Research approach

Sample:

Company size	Switching	Other variables
<ul style="list-style-type: none"> • 4 x micro • 7 x small • 4 x medium • 6 x large <p>Plus 5 x TPIs</p>	<ul style="list-style-type: none"> • 13 x switchers • 5 x past considerers • 3 x future considerers 	<ul style="list-style-type: none"> • Range of sectors • Mix of suppliers • Most electricity and gas • Some complex metering • Some high gas users

Methodology:

Telephone interviews

- With non-dom customers – approx. 30 minutes long
- Background information gathered (e.g. business details, energy use, switching history)
- Participants' experiences and views of switching and CoS briefly explored

Workshop

- Customers involved in telephone interviews, along with invited TPIs, took part
- 2.5 hours long
- 3 breakout groups - micro and small customers, medium and large customers, TPIs
- Detailed feedback gathered on the CoS process and how it could be improved

Written/phone feedback

- Alternative channels provided to small number who wished to contribute but could not attend/be accommodated in the workshop

Spontaneous views of...

Market engagement and switching

- Consumers report lack of time to engage in the market
- Tariff comparison stage perceived to be particularly time-consuming
- Some, particularly smaller customers, put off by receiving numerous unsolicited sales calls, further contributing to their lack of engagement
- Larger customers with more complex needs find ensuring an efficiently managed switch a substantial administrative burden
- Perceived lack of transparency in communications from existing suppliers around contract end dates and notice periods

CoS process

Consumers did not perceive CoS to be a separate and discrete process to the rest of the switch

Smaller customers

- More focussed on earlier stages in customer journey
- Some recent switchers considered CoS to be relatively straightforward

Larger customers

- CoS of more concern
- Objections considered to be the biggest issue

An overarching principle

'the consumer has the right to a hassle-free transfer'

"For me it's about the right to transfer. I made the decision to transfer and I want to transfer. The process should enable me to do that rather than the current obstacles that prevent you from doing that."

Medium/large
business

Medium/large
business

"I think it's all about mind set. (Suppliers) seem to have the attitude that 'it's in our interests to make the changing process as difficult as possible'...Changing this requires not just twiddling the knobs, but a complete change of attitude that in an open market free movement of customers should be allowed and, therefore, objection should be a last resort rather than a first resort."

Reliability and issues arising: Objections

Issues with objections contributed to a general feeling that the CoS process currently benefits suppliers rather than consumers, and can be open to abuse

Perception that suppliers misuse the objections process

- Objections made 'without good reason'
- Outgoing supplier not informing the customer of objection (either at all or in timely way)
- Outgoing supplier not explaining the grounds for the objection

Customer impacts of current objections process

- Objections require a high level of consumer (and in some cases TPI) involvement to resolve
- In many cases outcome is transfer failing and the business going on out of contract rates

Objections considered the single greatest impediment to the reliability of CoS, and a potential deterrent to switching

Reliability and issues arising: Other concerns

Transfer reliability


- Experience of meters not being linked together by supplier to allow simultaneous transfer
- Issues with data quality:
 - not getting agreement over changeover readings
 - incorrect meter numbers held on records

Billing reliability

- Double billing due to:
 - direct debit from their old supplier not having been cancelled or
 - objection to the transfer
- Initial under-billing and late billing (related to inconsistencies in, or disagreements over, changeover reads)
- Delays in being refunded outstanding credit balances

Other issues

- Erroneous transfers not perceived to be a major issue



These issues can have serious impacts on customers

Reliability and issues arising: Suggestions

Objections

Remove or significantly curtail the right to object

If not possible ...

Independently police objections with heavy penalties for misuse

Remove right to object over debt

Stricter obligations over informing customers of objections and reasons behind them

Other suggestions

To avoid inaccurate/disputed readings...

All parties (including consumers and TPIs) given access to online portal which draws on accurate consumption information from smart meters

To support customers with complex metering needs...

Industry should commit to enabling aggregation of meter points for transfer

And to support accurate billing...

Suppliers should do more to resolve any changeover billing issues promptly

The speed of the CoS process

The speed of CoS did not spontaneously emerge as an issue for either non-domestic consumers or TPIs

Majority of customers are on fixed term contracts and sign a new contract months in advance of their contract end

- For these customers:
 - Switching timelines were not a pertinent issue
 - Most did not associate 3 week timeline with their experience
 - Most could not initially see a reason to make CoS faster

Upon further consideration, participants suggested a shorter timeframe could have advantages for customers in the following circumstances:

Customers on out of contract (or deemed) rates

- Faster switch beneficial if customer wants to move off these rates quickly, or avoid paying them altogether

Customers who wish to negotiate contract as close to transfer date as possible

- One attendee suggested that better contract pricing (due to lower risk premiums) is available closer to the transfer date

Non-domestic consumers expected that a 48 hour CoS window should be feasible (for either electricity or gas) once smart metering has been rolled out

The speed of the CoS process: interplay with objections?

In line with their concern for reliability, customers debated the perceived risks and benefits of a shorter transfer window, particularly related to the objections process:

- Spontaneous concern among some that a shorter time frame could reduce the opportunity to resolve objections

Upon further consideration...

- Participants considered that a shorter transfer process could also offer potential benefits:
 - reducing the opportunity to object
 - requiring suppliers to object earlier in the process

Important for customers that any improvements to speed should not be at the expense of reliability and should not reduce the opportunity to resolve issues such as objections

The simplicity and efficiency of the CoS

Both objections and issues around aggregation were considered to have a bearing on the perceived simplicity and efficiency of the CoS. Other factors identified included:

The perceived lack of uniformity in the process:

Standardise the process so it is easier for consumers to understand and manage

Insufficient communications provided by suppliers to keep consumers informed of progress of transfer:

New suppliers should provide better communication throughout the CoS process

Other related issues

Participants raised a number of issues that relate more to their general engagement with the market. The general consensus was that these issues were as or more important than CoS issue

Contract
termination
process

Reports of:

- Lack of transparency about contract end and notice period dates
- Suppliers not acknowledging receipt of customers' termination notice
- Existing supplier claiming that no notice to terminate their contract had been received

Out of
contract
rates

Seen to unduly penalise consumers if a transfer, for whatever reason, does not successfully go through on the expected date

Other related issues: Suggestions

Contract termination process

End automatic rollovers and move to opt-in renewal

Increased transparency about contract end dates and notice periods, e.g. on bills

Shortened termination notice period and customers informed further in advance of the notice period (so that they have more time to review the market)

Suppliers to make every effort that the customer receives notification of this notice period, e.g. email and post

Warnings to customers prior being placed on out of contract (or deemed) rates

Suppliers to confirm receipt of the customer's termination notice

Out of contract rates

Out of contract rates to be made subject to regulatory controls

New contracts

Guarantee that verbally agreed contracts be complied with

Streamline and simplify contract documentation

Conclusions

- CoS was **comparatively less significant to micro and small business consumers** who tended to be more concerned with earlier stages in the consumer journey. CoS was **important for medium and large business consumers** and the main issue for this group was objections
- Non-domestic consumers felt that the future CoS process needed to be governed by an overarching principle that **‘the customer has a right to a hassle-free transfer’**
- **Consensus that the current level of objections, and perceived misuse of the objections process, needed to be addressed as a priority.** Other suggested improvements included better aggregation of multiple meter and/or site transfers, more timely billing and faster resolution of billing issues
- Increasing the **speed of CoS was less of a priority** given the circumstances most customers found themselves in while switching. However, non-domestic consumers suggested that for some customers, **a faster switch could have benefits**
- Non-domestic consumers expected that a **48 hour transfer** could and should be possible. Any improvements to speed **should not be at the expense of reliability** and should not reduce the opportunity to resolve issues such as objections
- **Standardising the contract termination and CoS process, as well as more proactive communication** from the new supplier were felt to be desirable