



OFGEM CONSUMER FIRST PANEL
YEAR 6, WAVE 4

THIRD PARTY INTERMEDIARIES
&
PRICE COMPARISON SITE
MESSAGING

MAY 2015

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1. Summary

Consumer First Panel: Wave 4 aims

- The primary aims of this wave of the Panel were to explore:
 - **Panellists' awareness and expectations of third party intermediaries (TPIs) in the energy market; and**
 - **Their awareness and understanding of the filters that price comparison websites use to screen out certain tariff results.**

Background and Methodology

- The Consumer First Panel has been a flagship project within Ofgem's Consumer First initiative for the last five years. It is a deliberative and qualitative approach that brings a group of domestic consumers together 3-4 times over the course of a year to feed into Ofgem's policy decisions. Panellists are recruited from a broad cross section of energy consumers from across Great Britain.
- These sessions - the fourth and final wave for this Panel - were attended by 64 Panellists. Fieldwork was carried out between the 3rd and 12th February 2015. Each session was a 3-hour long deliberative workshop and included a mix of presentations, discussions and activities for Panellists.

Context and attitudes towards switching in general

- Most Panellists have switched supplier or provider for a service they pay for (other than energy) at some point. Many switch insurance providers (or at least liaise with their own provider to renegotiate premiums) on a yearly basis. Several have switched telecoms, mortgage or credit card provider.
- Fewer have switched energy supplier. **Panellists' engagement with the energy market remains low.** They think that tariffs and usage information are complicated and difficult to understand. Energy supply arrangements are also rarely top of mind for Panellists. They see few triggers to switch and Panellists think there is no room for negotiation with suppliers.
- **Panellists say that switching supplier of any service is viewed as a hassle.** In sectors other than energy, it is seen as necessary because of rising prices and the prevalence of new customer deals (instead of rewarding the loyalty of existing customers). In the energy sector, although Panellists talk about prices going up (or not being reduced by enough following falling oil prices) and they think that most suppliers are similar in terms of prices and service. This view, combined with low market engagement overall, leads to Panellists having less interest in switching.
- Only a few Panellists get satisfaction from finding cheaper deals in any industry, including energy. Most wish they could trust that their existing suppliers would

offer them the cheapest possible rate for their service so that they didn't need to check or switch.

- Many Panellists that do switch are becoming increasingly savvy in their overall approach to switching. They or their partner will re-sign up with the same company as a new customer or threaten to leave a provider in order to access better deals. A few Panellists combine comprehensive research for better deals with a robust negotiating approach in order to secure value. This is not always about saving money. Sometimes it is just about getting back to what they were paying the previous year. These Panellists see this as 'playing the game' – albeit often grudgingly.

Triggers for switching

- Panellists identify four main triggers for checking that they are on the best deal or for switching suppliers in any industry including energy:
 - End of contract, renewals and price rise notifications
 - Dissatisfaction with customer service or prices
 - Recommendations from family or friends
 - Proactive contact from suppliers

Awareness of Third Party Intermediaries (TPIs)

- In any industry, when Panellists do look to check they are on the best deal or to switch they tend to either:
 - Phone the supplier/service provider directly
 - Use a price comparison website (PCW)
 - Use a combination of the two: comparing prices online before phoning a supplier to negotiate further or confirm details. This option is slightly less common in the energy industry where Panellists assume there is no room for negotiation.
- Fewer Panellists use TPIs in the energy sector compared to other industries. This is partly because fewer Panellists switch energy suppliers than other products (e.g. insurance).
- In other, non-energy industries Panellists are aware of other third parties (even if they don't choose to use them). Most Panellists know of high street chains that can help you switch mobile phone provider, or of mortgage brokers who can help them get a better deal.
- **In the energy industry, many Panellists are only aware of PCWs.** Awareness (and therefore usage) of other types of TPI (for example energy brokers or energy efficiency advice providers) is very limited. Whilst a few Panellists have used brokers in other industries, only a couple have for energy.

Pros and cons of dealing directly with suppliers

- For many Panellists, the benefits of dealing directly with suppliers are linked to the benefits of being able to talk to a human being on the phone. Panellists feel they have more control over the process of switching when not going through a 'middle man'. In other industries, talking to a person gives them more room to negotiate around price. For energy, it allows them to ask questions and gives them more confidence in their decision. Some Panellists might be interested in talking to a TPI face-to-face, but existing concerns about using a 'middle man' would remain.
- Some Panellists also think that going direct to a supplier is quicker, more transparent and cheaper, although those who prefer using PCWs say the same thing about switching sites. Most Panellists think that PCWs make money through commission and so some assume that going direct allows them to pay less.

Pros and cons of using TPis

- In any industry, Panellists think that PCWs work very well as a research tool to get a view of the whole market. They enable Panellists to get a sense of how much they should be paying for a service or product.
- In the energy industry, some Panellists think they are particularly useful in simplifying a complex market. PCWs that can display key tariff information in a transparent and accessible way are welcomed.
- Most Panellists think that PCWs in all industries make money through advertising and commission. Some do not mind this – as long as they are getting a cheaper deal, they accept that PCWs are commercial organisations. Others think that this can compromise their independence, or that it means they cannot offer consumers as cheap deals as if they went direct to the supplier. Some Panellists think that they display a bewildering amount of tariff results, and that they lack a human touch.

The Ideal TPI

- Panellists designed their ideal TPis in the energy market. They identified a series of principles on which they felt that TPis should operate:
 - Accuracy
 - Independence and transparency
 - Being customer-centric
 - Fast, simple, efficient service
 - Being accountable

- Most Panellists (including those who do not currently use TPIs) would want an ideal TPI to provide signposting to available and suitable tariffs (without being involved in the switching process) as well as full switching services. Some think that TPIs should provide more advice and guidance about what tariffs would work best for individual consumers.
- Few Panellists thought that a TPI would provide energy efficiency advice services. Most would not expect them to do so. Whilst they would be open to them offering this kind of advice, they think that TPIs only specialise in tariff comparisons and so would not seek out this type of service.

PCW messaging

- **Not many Panellists have used a PCW for switching energy supplier**, because of their lack of engagement in this sector. Although **most Panellists are aware of how they work on a high level**, they are more familiar using them to compare insurance products. Those who have not used them for energy assume the functionality is roughly the same.
- Although many are aware that PCWs generate income through advertising and commission from suppliers, this is not top of mind for them. As such, most would expect to see the same tariff results on any PCW. Only a few use multiple PCWs when investigating switching in order to compare different results.
- No Panellists have heard of Ofgem's 'Confidence Code' for price comparison websites or recognised the Code logo. When we explained to Panellists that the code is voluntary and that not all PCWs are signed up to it, many were surprised. Once they know the code exists, most Panellists feel it is confusing for some PCWs in the market to choose to follow the principles of the Confidence Code, whilst others do not.
- We explained to Panellists that many PCWs use different filters to help consumers screen out unwanted tariff options. Some of these filters relate to what tariffs any individual PCW can switch them to.
- We showed Panellists some examples of the messages that PCWs use to do this (e.g. "only show me tariffs I can switch to today"). Panellists initially accepted these messages at face value. **None had noticed them when using PCWs** but they felt that they all made sense.
- However, when they began to consider the messages in more depth they became confused and had more questions. Panellists feel that the nuance of the wording in each filter is significant, and they are not clear on which tariffs are being excluded by using these filters and why these tariffs are not available to them.

- Panellists eventually realise that some filters may exclude tariffs because the PCW does not have a commercial arrangement with a particular supplier. As this is not explained on the PCW, they feel this lacks transparency – especially where it can lead to the cheapest tariff in the wider market for a consumer being excluded without them realising or understanding why.
- **Most Panellists would prefer to start with a full market view when reviewing tariff options and begin filtering from there.** They prefer the transparency this offers. They want to see tariffs that any PCW is not able to switch them to so that they can decide whether to go elsewhere in order to access the tariff. They want to understand why any tariff is not available for them to switch to (i.e. is it because they have the wrong metering arrangement for it, or is it because the PCW would not make commission through it) and what they would need to do to be able to switch to it if they wanted to.



Panellists discuss their ideal third party intermediary

2. Methodology & Research Objectives

2.1 Overview

The Consumer First Panel has been a flagship project within Ofgem's Consumer First initiative for the last five years. It is a deliberative approach that brings a broad group of domestic energy consumers together 3-4 times over the course of a year to feed into Ofgem's policy making. The Panellists are recruited so that the Panel is broadly representative of Great Britain's domestic energy consumer characteristics. See Appendix 2 for more detail around the criteria used.

One of the key advantages of a deliberative approach is that it enables ordinary domestic consumers to obtain a greater level of understanding about how energy supply and the energy markets work. As such, they can offer more considered and informed views about key issues and policy options under consideration. This qualitative approach allows us to shed light on *why* consumers hold particular views, rather than how many people hold those views. The research is intended to be illustrative rather than statistically reliable. As such, it does not allow conclusions to be drawn about the extent to which something is or is not happening.

For Wave 4 of this year's Panel, Ofgem asked Big Sofa to explore consumer understanding of and attitudes towards third party intermediaries (**TPIs**) including price comparison websites (**PCW**). We then explored messaging used by PCWs in more detail (see section 2.2).

Not all Panellists were invited to attend the fourth wave of events¹. For this wave, 64 Panellists attended deliberative workshops in the four Panel locations (Colwyn Bay, Livingston, Oxford and Sheffield) in February 2015.

Each workshop lasted 3 hours and used a range of deliberative approaches and stimulus. These included presentations from Big Sofa, paired exercises and activities requiring Panellists to work and discuss in groups. The deliberative elements of each session allowed Panellists to reflect in more depth on some of the more complex issues discussed including the nuance of price comparison website messaging.

The workshop sessions were followed by the use of an online discussion forum where Panellists were able to continue debating the main issues and give further reflections on some follow-up questions. Those who preferred to take part via post, phone or email were also able to submit their views and participate in the discussion.

¹ Panellists were told that not everyone would be invited to attend subsequent events during wave 1. The number of Panellists was reduced to reflect group dynamics and ensure maximum engagement at each session. Smaller groups allowed detailed content to be covered in more depth.

2.2 Research Objectives

For this fourth wave of the 2014/15 Panel, Ofgem asked Big Sofa to explore:

1. **Panellists' awareness and perceptions of the TPI market**, including:
 - The value consumers place on different TPI services including switching, and
 - any barriers to using TPIs for additional services like managing their energy consumption and/or, providing energy efficiency services.

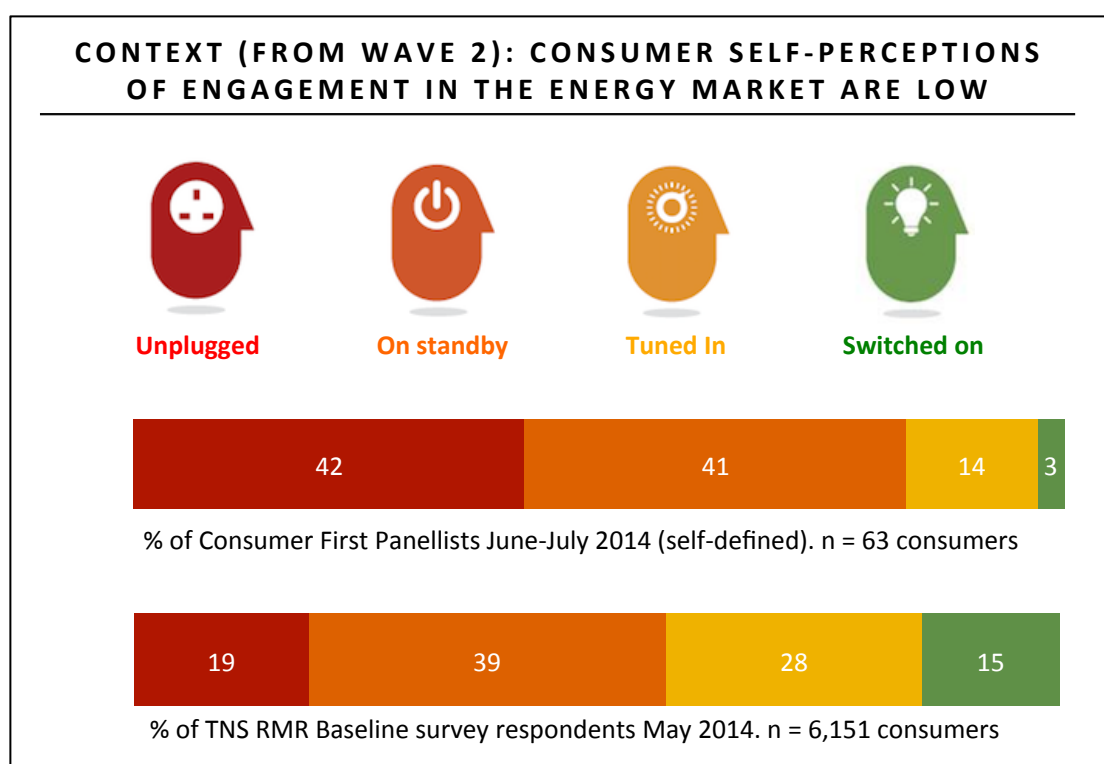
2. **Panellists' awareness and understanding of the filters price comparison websites use to screen out certain tariff results**, including:
 - What messaging/descriptions of these filters do consumers find most useful to help them understand whether they are seeing all available tariff results or only a subset.

3. Third Party Intermediaries

3.1 Consumer context: attitudes towards switching in general

Most Panellists have switched supplier or provider for a service they pay for (other than energy) at some point. Many switch insurance providers (or at least liaise with their own provider to renegotiate premiums) on a yearly basis. Several have switched (or renegotiated with) their telecoms provider in the last couple of years. A few have switched mortgage or credit card provider at some point in the past.

Fewer have switched energy supplier. In Wave 2 of this year’s Consumer First Panel, Panellists self-assessed how engaged they were with the energy market. They generally considered themselves unengaged².



They see the energy market as complex because of the range of options available and the difficulty of understanding usage and tariff information.

² Ofgem / Big Sofa, [Consumer First Panel Wave 2 report: Consumer engagement & trust in the energy market; RMR reforms](#), October 2014. Engagement levels appear lower than the TNS-BMRB results, partly because of the different methods used to obtain them and the differing sample sizes. TNS-BMRB conducted a large quantitative survey that allocated segments to consumers based on their responses to a variety of questions. At the deliberative events, Panellists were asked to choose the segment that they felt best represented their behaviour. The nature of these allocated vs. self-assigned results means the surveys are therefore not directly comparable.

“It’s confusing with the day rates and night rates and so on. You can’t be bothered to work it all out”

“It seems too complicated to put in your details. If you do direct debit you are not sure what you use”

Their energy supply arrangements are rarely top of mind for them. Very few Panellists have much (if any) contact with their supplier other than receiving and paying bills. There are fewer direct triggers for switching or checking that they are on the best deal than in other industries (see section 3.2).

In order to understand how consumer behaviour in the energy sector compares to other industries, we talked about switching in general before focusing on energy. Nearly all Panellists view switching provider or supplier of any service as a hassle. They see it as something that is often necessary but that they wish they didn’t have to do. The main driver of switching across all sectors is rising prices. Panellists feel that companies in general do not reward consumer loyalty and are frustrated by the cost of services or products going up year on year without any apparent reason for it. This frustration is particularly prevalent in the insurance industry, where Panellists see their premiums go up (often by substantial amounts) every year even when they haven’t made a claim. Many Panellists switch provider aiming to simply go back to what they were paying the previous year rather than aiming to get a cheaper deal overall.

New customer deals are another source of frustration and a prompt for switching. Some Panellists talked about having to close their account and then open a new one with their existing provider (especially in telecoms) in order to access the best deals. Others find it frustrating that their loyalty isn’t rewarded. They feel that as long term customers they ought to be offered a good deal straight away. If they are not, they switch in order to access new customer deals with other suppliers.

Many Panellists are becoming increasingly savvy in their approach to switching or renegotiating deals. A few talked about changing the name on their account on a yearly basis in order for them or their partner to appear to be a new customer. Several think that threatening to leave companies is the best route to cheaper prices:

“If you phone up and tell them you’re going to leave they put you through to someone else and then they’ll always do you a deal. I do it every year now!”

Some get a sense of satisfaction from ‘playing the game’ or ‘out-witting’ companies to access cheaper deals. Others find it tedious or frustrating. Some Panellists completely refuse to engage – either through lack of interest or a perception that it would require too much effort – and admit that they are probably paying more than they could for services as a result.

3.2 Switching / market engagement triggers

Several factors trigger Panellists to check that they are getting the best deal with their provider of any service (including energy) or prompt them to actively investigate switching. These are:

1. Renewals, price rises and end of contract notifications

Nearly all Panellists receive yearly renewal notices for the majority of their insurance arrangements (e.g. home and motor), or recall other providers telling them they are increasing their direct debit. For many Panellists the size of the increase (or the cost of the premium in relation to the previous year) is the biggest trigger for them to consider their options. Awareness of these notifications is more mixed when it comes to energy supply. Panellists on fixed term tariffs receive letters from their suppliers telling them when they are about to reach the end of the tariff and letting them know what tariff they'll be automatically switched to. Other Panellists on standard tariffs think they see very little from their suppliers in the way of notifications more broadly.

2. Dissatisfaction with current service or price

Where Panellists have received very poor customer service from a supplier or provider, they are more likely to look at switching for non-price driven reasons (but may still look to save money as a result). A few Panellists don't engage with price rise notifications but do reach a point where they feel they are paying too much for a service. This is often a subjective judgement or a result of advertising.

3. Family and friend recommendations

Where a Panellist knows someone that has found a much cheaper deal, some Panellists are likely to look to secure the same (or a similar) deal themselves as a result. They will often follow the same method to secure the deal as the friend or family member.

4. Proactive contact from suppliers

Several Panellists recall switching energy supplier as a result of door-to-door sales several years ago. Despite being prompted to switch, these Panellists often feel that they made a poor decision under pressure from the salesperson. Other Panellists have been phoned by energy suppliers offering them better deals. A couple referenced occasions where the supplier phoning them agreed that they couldn't provide a cheaper tariff, but still tried to convince them to switch to a more expensive tariff.

3.3 Awareness of Third Party Intermediaries (TPIs)

TPIs can offer advice or products to assist with a range of functions including switching supplier and energy management. We explained to Panellists that these organisations include switching websites, energy brokers and energy efficiency advice services.

Because most Panellists have switched a service provider or supplier at some point, most also have a preferred method for investigating their options that they follow regardless of the industry (i.e. they would look to switch insurer in a similar way to how they would switch telecoms provider). Although fewer Panellists have switched energy supplier, their method generally remains the same when they have.

When Panellists do look to check that they are on the best deal or to switch suppliers in any industry, nearly all follow one of three possible avenues:

- Phoning the supplier directly
- Using a price comparison website (PCW)
- A combination of the two: using a price comparison site to check prices then phoning a supplier to try to negotiate further or because they prefer confirming arrangements with another human being.

The latter option is less common in the energy industry as most Panellists assume there is no room to negotiate with suppliers around the cost of energy tariffs.

Awareness of other types of TPI, apart from PCWs, is limited. Very few Panellists think about actively using third parties (e.g. brokers) to switch services. Although they know PCWs are commercial organisations, they don't necessarily think of them as third parties. They see price comparison websites as exactly that – tools for helping them check and compare prices. Whilst many Panellists do also expect to be able to switch through a PCW, they rarely expect any other advice or guidance from them (e.g. around reducing energy usage). They think that the expertise of PCWs lies purely in their ability to compare prices.

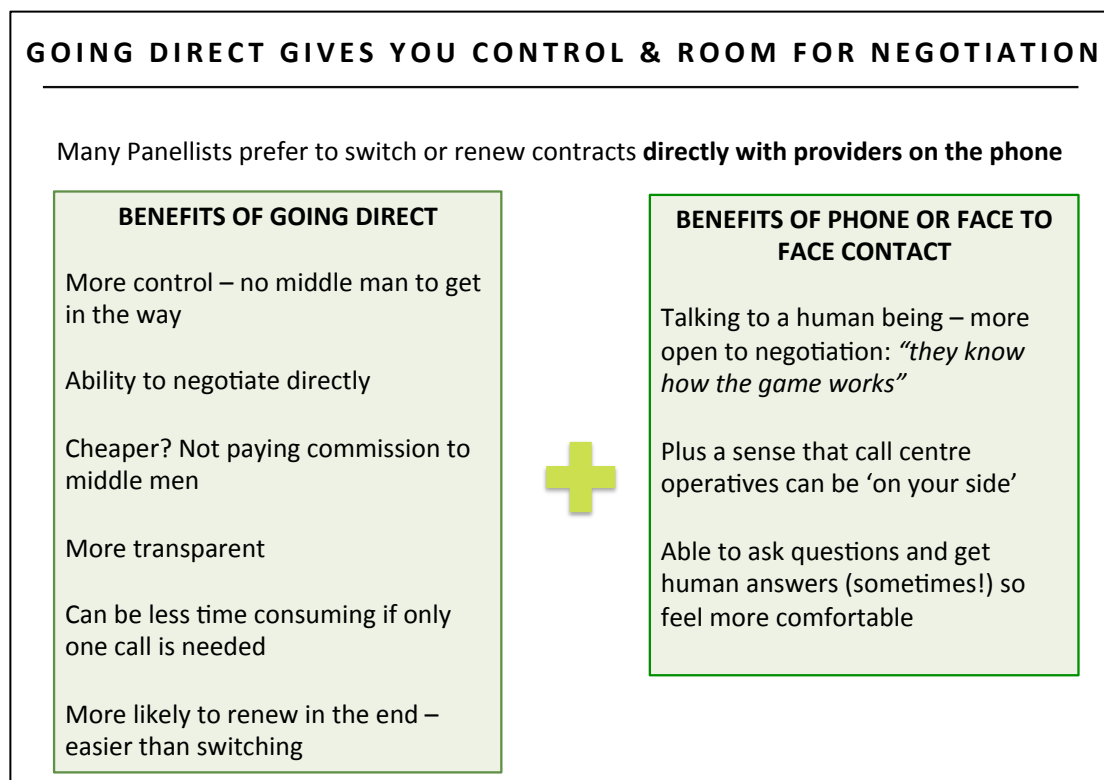
A few Panellists are aware of brokers who can help them get better deals. A handful have used insurance or mortgage brokers to help them find deals. Generally usage and awareness of them is very limited, especially in the energy sector. Only a couple of Panellists had used energy brokers. One Panellist used a broker from a price comparison website who had contacted them after they had given their phone number on the site. Another used one after a recommendation from a friend. A couple of Panellists couldn't remember how they had heard about them.

Some Panellists who have used brokers in other industries wouldn't think to use one for their energy needs. They either are not aware of any or wouldn't necessarily see the value that they could offer in a sector where negotiation around prices isn't possible and so brokers would not be able to access preferential rates. Overall, most Panellists are not aware that brokers exist in the energy market.

3.4 Pros and cons of dealing directly with service providers in general

When dealing direct with suppliers of any service (including energy) to renegotiate or to switch, nearly all Panellists use the phone. For many, the perceived benefits of

going direct are closely linked to the benefits of dealing with another human being on the phone:



For many Panellists, going direct is preferable because it allows them to cut out the middle man to get better value. They largely associate going direct with phone conversations (few use email or post to deal with suppliers), and so many Panellists also associate it with an ability to talk to another human being (as opposed to the mainly online use of TPIs through price comparison websites).

Several of these benefits are reduced in the energy industry where there is perceived to be no room for negotiation with suppliers. The energy equivalent for Panellists is switching to a cheaper tariff with the same supplier. Panellists see this as involving less hassle than switching to a new supplier.

Given the perceived complexity of the energy market and the difficulties Panellists have in understanding usage and unit prices, many Panellists value the ability to ask questions to another human being on the phone even more highly in the energy sector. On the other hand, several Panellists find dealing with call centres highly frustrating. They have had difficulty getting through to someone who can help them and their perception is that conversations with call centre operatives can be ‘scripted’ rather than open to their queries. This negates the advantage of dealing with another person for some Panellists.

Panellists feel that going direct to suppliers in the energy and insurance sectors enables them to ‘cut out the middle man’. Panellists are aware that PCWs and

suppliers in all markets have commission arrangements³ and think that going direct should allow them to save money as a result. Panellists who have both gone direct and used PCWs have found that this is not always borne out in reality. However, some perceive that because of the difficulty in predicting exact usage, it would not always be easy to tell whether money has been saved on energy tariffs.

Some Panellists also feel that going direct to a supplier (for energy and other industries) can be more transparent. It can help them understand exactly what they are getting for their money and what the terms of the deal are. However, some Panellists who advocate the use of PCWs make the same argument. They think that going direct will leave you with lots of information about a tariff or service to process, where a PCW will offer key tariff information alongside a search result.

3.5 Benefits and limitations of using TPIs

For most Panellists, PCWs are the extent of their knowledge of TPIs. They see a variety of pros and cons in using them. These are often a result of their experiences in other industries, as many Panellists have never tried to use one to compare energy tariffs.

BENEFITS AND LIMITATIONS OF PCW s	
<ul style="list-style-type: none"> ✓ Great as a research tool to get a sense of how much you should be paying ✓ Offer a view of the whole market – saves time ✓ Easy to use and can use them in your own time (e.g. evenings and weekends) ✓ Use of screenshots enables you to ‘prove’ better value exists and record important info 	<ul style="list-style-type: none"> ✗ Lack of human touch and ability to negotiate ✗ Hidden costs beyond initial results ✗ Can’t ask questions or discuss best options ✗ Can be a bewildering amount of results ✗ Not great for consumers with limited confidence on the internet

Most Panellists only have a very high-level understanding of how PCWs work. They see the process of using one as similar across most industries:

“It’s similar, it’s still a bit of a rigmarole isn’t it – you have to put in all of this information and then you look at all the results and the different charges”

³ Although a few Panellists note that as they often spend more money on energy than (for example) insurance each year, the amount of commission involved may be more.

Some Panellists who report using PCWs think they are particularly helpful in the energy market given the perceived volume of tariffs on offer across suppliers. Although Panellists were aware that the number of tariffs on the market should be reduced as a result of Ofgem's Retail Market Review⁴, some who have used PCWs still feel to the ability to compare across a wide range of tariffs is their main benefit. Even Panellists who have not used PCWs expect that this would be the benefit of using one as well. However, other Panellists feel that the number of tariffs available through a PCW is bewildering:

'I did look on the internet but it was too complicated. There were just too many prices'

The majority who have used these sites only look at the first page of results, whilst some find the breadth of options displayed confusing.

Some Panellists also feel that the way that PCWs display information can be particularly useful when comparing tariffs (for energy or telecoms) or product information (for insurance). In the energy sector, many people find tariff features complex. Panellists find it helpful where PCWs provide potential cost savings alongside key tariff features and information (e.g. contract lengths) in an accessible way. However most Panellists think all PCWs are relatively similar in how they work and the information they present – none are able to single out an individual site that they think is particularly good at comparing energy tariffs.

As noted in section 3.4, Panellists are aware that suppliers often have commission arrangements with PCWs in the energy sector. Although they are still not top of mind for most Panellists, some have doubts about the independence of the service as a result. A few Panellists think PCWs should be truly independent (e.g. run by the Government or Ofgem). Several use multiple PCWs when comparing tariffs to check whether there are any differences. Other Panellists are largely unconcerned by suppliers paying PCWs for commission or advertising. They think that as long as they are still able to switch to a cheaper tariff it doesn't particularly matter and accept that the PCW needs to make money.

"They're a company and they've got to survive haven't they?"

Hidden costs are a particular frustration for Panellists using PCWs in other industries (where a comparison might look at base prices without taking into account additional features needed on a product). Panellists largely feel this is less of a problem in the energy industry where there are fewer hidden costs attached to tariffs.

A few Panellists look to harness the benefits of both PCWs and going direct with suppliers. They use PCWs to check what the cheapest tariff for them should be then

⁴ Panellists discussed this during wave 2 of this year's Panel. Ofgem / Big Sofa, [Consumer First Panel Wave 2 report: Consumer engagement & trust in the energy market; RMR reforms](#), October 2014.

phone that supplier directly to see if they can save even more (by avoiding commission) or to make sure that they have got the details right before signing up.

3.6 The Ideal TPI

We asked Panellists to design their ideal TPI in the energy market. Many Panellists continued to associate TPIs with price comparison sites throughout. They identified a series of principles on which any TPI should operate:

Principle	What it looks like
<i>Accuracy</i>	Price comparisons and potential savings should be as accurate as possible. The more information a consumer provides about their usage and household set-up, the more accurate these results should be.
<i>Independence & transparency</i>	Most Panellists have no issue in principle with TPIs making money through advertising or commission from suppliers. However, they do think that these commercial arrangements should not bias or influence the results they present in any way. Some Panellists think that if TPIs are to be commercial organisations, all suppliers should pay them the same amount to avoid bias. They should also be transparent about how they make money. Others would prefer TPIs (especially when they refer to PCWs) to be Government-run or not for profit to ensure independence.
<i>Customer- centric</i>	Panellists have a sense that currently, PCWs are set up to ‘sell’ particular tariffs to consumers rather than guide them to the best tariff for them. They think TPIs should be geared towards helping consumers make informed decisions about the tariff that would work best for them. They should provide key information about tariff features and contract details in a clear and transparent way to help consumers.
<i>Free to use, fast, simple, efficient service</i>	Consumers should be able to engage with TPIs for free and in ways that best suit them. While many Panellists are happy for them to operate mainly online (like a PCW), they should also be able to speak to a human being (either on the phone or face to face) quickly and easily. Some Panellists would like TPIs to be available to talk face to face in neutral locations (e.g. public libraries) where space is cheap or free to rent. They think that high street locations increase overheads, which would lead to

	consumers getting worse deals.
<i>Accountable and regulated</i>	TPIs should be accountable for any poor advice they give or for misleading a consumer (whether deliberately or accidentally) about how much they could save by switching tariffs. Panellists think TPIs should be operated or regulated by Ofgem or the Government more generally. Most Panellists rarely think about regulation and want to trust that a TPI is behaving in a trustworthy way.

Data security

Few Panellists have concerns about how their data is used by TPIs. Most accept that they will need to provide reasonably detailed usage or household data in order to generate more accurate results, and are comfortable with this. Some do note that PCWs can make it hard for them to know whether they are opting into or out of being contacted for marketing purposes again in the future. Many Panellists would prefer to have to opt in so that the default is to not share their contact details.

Other services

Currently, most Panellists associate the role of TPIs in the energy sector (as with other sectors) with switching and tariff comparisons. For Panellists, PCWs are experts at comparing prices not managing energy usage and spend. As such, very few Panellists associate them with energy efficiency advice. Although they would be open to TPIs providing this, they would be unlikely to actively seek it out from them at the moment.

Panellists considered the services that an ideal TPI could provide. Most see two key functions for a TPI:

- **Signposting:** helping customers to do their research on tariffs and then letting them contact suppliers directly to switch themselves.
- **Full switching service:** doing everything needed to transfer a customer to a new tariff or supplier.

Panellists want to have choice over how much the TPI gets involved in the switching process. Different Panellists prefer different approaches. Some (often more knowledgeable or engaged) Panellists would prefer the TPI to just offer the signposting function. Many (often less knowledgeable or engaged) Panellists would like them to take control and support the entire switching process.

Several Panellists also suggested a third function that they do not think exists at the moment:

- **Advice and guidance:** helping consumers understand what tariffs, billing or metering arrangements would work best for their usage and household set-ups.

4. Price Comparison Website messaging

4.1 Background

Many price comparison websites use a range of filters to enable consumers to screen out some tariff results so that consumers only see the results that they want. Some of these filters are very functional (e.g. viewing tariffs by different payment types). However, other filters relate to what tariffs a consumer can or cannot switch to on a particular site. Ofgem has concerns about how clear these messages are, and whether consumers understand what the filter means for their results.

We asked Panellists to review some of the messages that PCWs use to enable consumers to filter their tariff results, and we explored their understanding of what they thought the messages meant.

As noted in section 3.3, few Panellists have investigated switching energy supplier in the first place and even fewer have used a PCW. Although they may use them for other services, they think that all PCWs are very similar and they tend to choose which one to use based on past experience, advertising and internet search engine results. Most Panellists are only aware of how PCWs work on a very high level:

“You go on, you put your usage in and then they show you what the cheapest tariffs for you are”

Although many Panellists know that PCWs are commercial organisations and so are vaguely aware that they are funded through a combination of advertising and commission from suppliers, this is not top of mind for most people. Most Panelists assume that if they entered the same information about their energy usage and preferred billing arrangements on any site, they would see the same range of results and tariffs. These Panellists use (or would expect to use) only one PCW when looking to compare tariff options. Only a few more savvy Panellists expect that different PCWs may provide different tariff results and so use more than one when investigating different options.

4.2 The Confidence Code

Ofgem’s Confidence Code is a code of practice that governs independent price comparison sites. It is a voluntary code. Sites that sign up to it have to follow some key principles around how they operate their service to retain their accreditation. These key principles cover:

- Their independence
- How they present information to consumers
- How they calculate tariff costs and potential savings
- How they display tariff results

No Panellists had heard of the Confidence Code and none recognised the Code's logo when we showed it to them⁵.

We showed Panellists some brief information about the code⁶. We then explained that as the Code is voluntary, many PCWs are not signed up to it and so do not need to abide by the key principles it describes.

Many Panellists were slightly surprised by this. Although in the course of discussions, they felt that the principles within the Code were important; most had never really thought about whether PCWs are accredited or how monitoring or regulation might work. Some people assumed that all energy related PCWs are already regulated by Ofgem. Others assumed that no PCW is regulated as they are not energy suppliers and many provide price comparisons across several other industries.

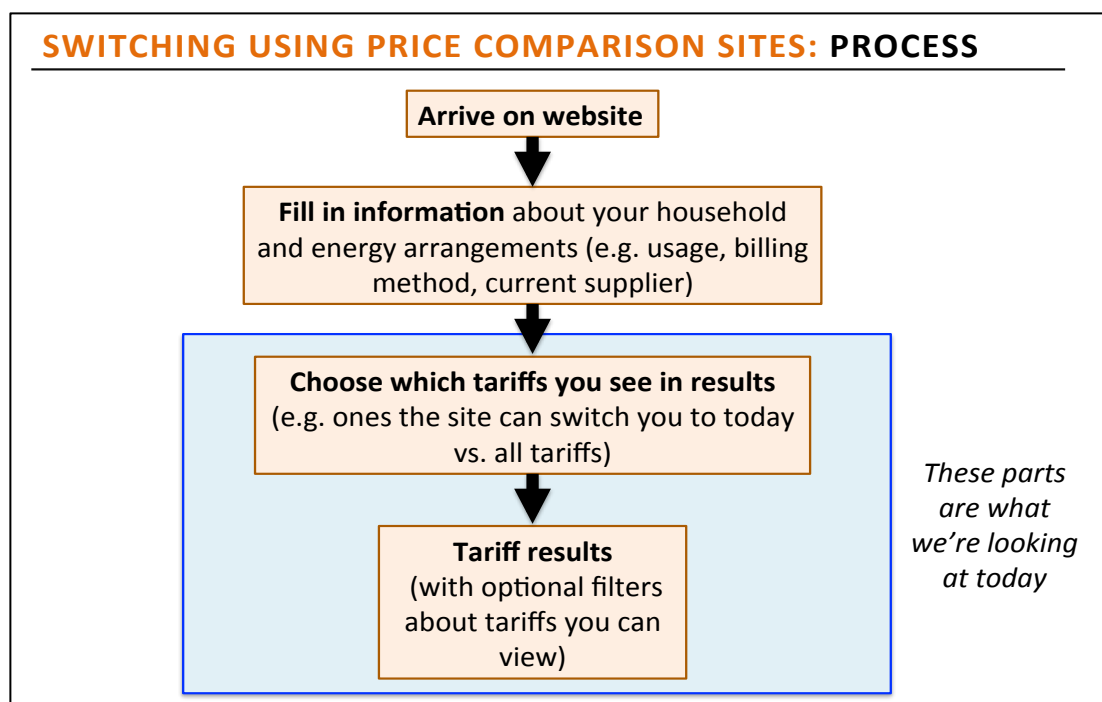
Either way, Panellists felt that it was more confusing to have a market in which some PCWs agree to a set of principles and others are not. They do not have a particular preference around whether the PCW market should or shouldn't be regulated. As their engagement levels are low and they initially think that these sites work fine, they generally don't feel there is a pressing need one way or the other. They simply expect PCWs to behave reasonably in the same way they expect any business to operate.

4.3 Initial reactions to filter messaging

Although many Panellists were vaguely familiar with it already, we showed all Panellists how the process of how using a PCW works:

⁵ <https://www.ofgem.gov.uk/information-consumers/domestic-consumers/switching-your-energy-supplier/confidence-code>

⁶ See Appendix 1



This allowed us to frame exactly what part of the process we wanted Panellists to consider. We then showed Panellists some examples of wording used to filter tariff results, including:

- 1) **“All available tariffs”**; or
- 2) **A selection of tariffs:**
 - “All tariffs we can switch you to”
 - “Tariffs we can switch you to today”
 - “Only tariffs I can switch to”

Very few Panellists that have used PCWs in the past have noticed this wording. Even those that have used a PCW had not considered what the implications of these filters might be for their search results. Although Panellists were viewing these messages out of context (i.e. as static screenshots on handouts rather than in the course of using and navigating a PCW), initially they didn’t notice these messages on the screenshots and largely accepted them when we asked them to specifically look at them. Panellists think they understand what these messages and filters are saying at first and are comfortable with what the messages mean. It is only when considering these messages in more depth than they usually would that Panellists begin to form different views.

4.4 Considered reactions to filter messaging

The more that Panellists consider the messages used by PCWs to filter results, the more confused they become and the more questions they have. They initially thought that different wording used by different PCWs all had roughly the same meaning and made sense in displaying what tariffs they can switch to. On further

consideration, they began to feel that there were subtle but important differences in what the wording means and what the implication is for which tariffs they would see in their results. For example:

PCW wording	Initial Panellist reaction	Considered Panellist reaction
<i>Only show tariffs I can switch to today</i>	Stating the obvious – surely you can switch to all tariffs today?	<p><i>“Why do it today? What about tomorrow? What happens if I do it then?”</i></p> <p>Are they trying to put pressure on me to decide by adding in the today?</p> <p><i>““You can switch to today’ means they don’t show you everything – it’s misleading”</i></p> <p>Do they make more money out of me switching today?</p>
<i>Only show tariffs I can switch to</i>	<p>Sounds fine - “Why would they show me anything I couldn’t switch to?”</p> <p>“If you’re going on the website with the sole purpose of looking for a better deal, is there any point in them showing you a tariff that you can’t switch to?”</p>	<p><i>“What tariffs can’t I switch to?”</i></p> <p>There’s no ‘we’ in here – who’s doing the switching? Do I have to do everything myself or can they help?</p>
<i>All tariffs we can switch you to</i>	Accepted with little thought – sounds similar to the other wordings.	<p>What about the ‘we’: “I’m reading that as about what they can do. Are there some that they can’t switch me to?”</p> <p>Perception that these might be tariffs that another PCW <i>could</i> switch you to.</p> <p><i>“It doesn’t sound independent – it sounds like ‘these are the only tariffs we deal with”</i></p>

Crucially, **Panellists are not immediately clear on which tariffs are being excluded by using these filters and why.**

Key to this for many Panellists is whether cheaper tariffs are excluded. Where more expensive tariffs are excluded and so they are able to access tariffs that will save them money either way, many Panellists have less of a problem in practice with more obscure messaging (although they may still want sites to be more transparent in principle). But where PCWs may be excluding relevant, cheaper tariff results because of filters that they haven't properly understood, Panellists are more concerned.

Once they begin to consider that they may not see all tariffs, they identify three reasons why this might happen:

- Because their meter or payment arrangements make them ineligible for some tariffs
- Because not all tariffs can be switched to online
- Because PCWs may not have commercial or commission arrangements in place with all suppliers.

After discussion, most Panellists suspect that the latter may be true – that some tariffs are not available when using these filters purely because the PCW has no arrangement with the supplier or would make no money from the transaction. Panellists feel that this makes the tariff results that PCWs do and don't display very opaque. They note that if tariffs are excluded for this reason, there may be nothing stopping from switching to that tariff using a different PCW or channel.

Some have an issue with these relationships on principle and reach the conclusion that if any PCW has this kind of relationship with a supplier then they may bias the search results that they show on the website more broadly. Most just want more transparency about why some tariffs might be excluded from their results and the reasons behind this so that they can make an informed decision on whether to use that site and supplier.

4.5 How messaging and filters should work

Generally, Panellists want to see all tariffs in the market when they use a PCW, although some people note that filtering is a key part of the service that PCWs offer.

BENEFITS OF SEEING ALL TARIFFS IN THE MARKET	BENEFITS OF A FILTERED MARKET VIEW
More transparent and fair	Too many tariff results can be

<p>No sense of 'missing out' on deals that might be better / cheaper</p>	<p>bewildering</p> <p>Narrowing tariff results is part of why people use a PCW</p>
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Either way, transparency is key for most Panellists when using PCWs. They want to feel confident that they will be seeing tariff results that help them make an informed decision based on the range of tariffs that would work best for them – rather than just the range of tariffs that any given PCW can offer. More consumer-centric and helpful filters would be welcomed (e.g. 'show me the most suitable tariffs for me'). In practical terms, Panellists want to:

1. have any tariffs that they can't switch to on that PCW still be shown but 'greyed out' or marked up in some way (although some Panellists would still prefer not to see these at all).
2. see an explanation of why they can't switch to any given tariff or what they would need to change about their arrangements in order to switch to it.
 - E.g. "we don't have an arrangement with this supplier, but you can contact them directly to access this tariff"
3. see all suppliers that the PCW has an arrangement with – and to understand how that relationship influence search results (i.e. whether PCWs promote some tariffs over other, cheaper options).



Panellists talking about TPI messaging

5. Conclusion

- Panellists see switching as a hassle across all industries. Many switch insurance providers more because there tend to be yearly triggers for checking the market and they understand insurance products better than energy.
- Not many Panellists have switched energy supplier in the last few years. Engagement with the energy market is low and there are fewer triggers to begin the switching process.
- When looking to switch supplier or provider of any service (including energy), Panellists will either phone suppliers direct or use a PCW. Some use a combination of the two.
- All Panellists know about PCWs. Many have used one or more themselves when looking to switch other products or services. Fewer have used one to switch energy supplier because fewer have switched supplier at all.
- PCWs are perceived to be good for offering a birds-eye view of the whole market in any industry. Panellists who use them also think they save time (by presenting all options in one place rather than having to phone around) and may lead to accessing cheaper deals.
- Other Panellists prefer to deal directly with a human being on the phone or in person. Going direct gives them a sense of 'cutting out the middle man' which they think gives them more control over their purchase and should lead to a cheaper overall price as they don't have to pay commission. In other industries they also negotiate on price to get a better deal. Most Panellists think this is not possible in the energy industry.
- Awareness of other types of TPIs is slightly higher in other industries. Many Panellists are aware of mortgage brokers or high street shops that can help you switch telecoms provider. Overall usage of these services tends to be low.
- Awareness of other types of TPIs in the energy industry is very low. Only a couple of Panellists have ever used an energy broker and most would not think to use one even if they do know that they exist.
- Panellists associate TPIs with price comparisons and switching. Few associate them with advice or guidance as they do not think this is where their expertise lies. This is true for energy and other industries.
- However, although Panellists wouldn't currently look for or expect advice from a TPI, in the energy industry Panellists would be open to guidance about what tariff, payment method/frequency and meter would be best for their needs. They do not associate TPIs with energy efficiency advice.

- Few Panellists who have used PCWs spend much time thinking about the filters that they offer. Filters which involve only seeing tariffs that a PCW can switch you to (or similar wordings) are generally initially accepted.
- However as Panellists consider these filters in more detail they become increasingly confused about why a PCW would not be able to switch a consumer to certain tariffs. Although they initially wonder if it is because the consumer's metering or payment arrangements don't fit some tariffs, they end up thinking that it must be for commercial reasons.
- Most Panellists have no problem in principle with PCWs being commercial organisations that make money through advertising and commission from suppliers. However, they do think that these commercial arrangements should not bias or influence the results they present in any way. Some Panellists think that if TPIs are to be commercial organisations, all suppliers should pay them the same amount (through a levy or commission) to avoid bias. They should also be transparent about how they make money and any commercial arrangements they do have with some suppliers. A few Panellists would prefer TPIs to be completely independent through being Government run or not for profit.
- As such, most Panellists would prefer to see all tariffs available on the market and be able to filter results from there. They would also like PCWs to make it clear why any given tariff is unavailable for them, and how they could switch to it if they wanted to.

Appendices

Appendix 1: information shown to Panellists about the Confidence Code

THE CONFIDENCE CODE



THE CONFIDENCE CODE

Ofgem's confidence code is a code of practice that governs independent price comparison sites.

It is a voluntary code.

But sites that sign up to it have to follow some key principles around how they operate their service to retain their accreditation.

e.g. around:

- Their independence
- How they present information to consumers
- How they calculate tariff costs and potential savings
- How they display tariff results

Appendix 2: price comparison site messaging

FILTERING TARIFFS

When choosing what results you want to see or viewing the results, price comparison sites can show you:

1) All available tariffs (for the meter and payment type you have selected); or

2) A selection of tariffs:

- “all tariffs we can switch you to”
- “tariffs we can switch you to today”
- “only tariffs I can switch to”


They can ask you to select which tariffs you want to see in different ways – e.g. using tick boxes, drop-down menus etc.

TARIFF FILTER EXAMPLES

Would you like to see plans we can switch you to today?


YES NO

• Choose 'Yes' to see plans that we can switch you to for free today. Choose 'No' to see all plans including those we can't help you switch to.



Only show Tariffs I can switch to today.

Electricity

Only show tariffs I can switch to 

Want to switch?
Tick this box to see tariffs that you can switch to for free with us. Untick this box to see all tariffs including those that you can't switch to with us

I want to compare

All tariffs we can switch you to
 All tariffs we can switch you to
 All available tariffs

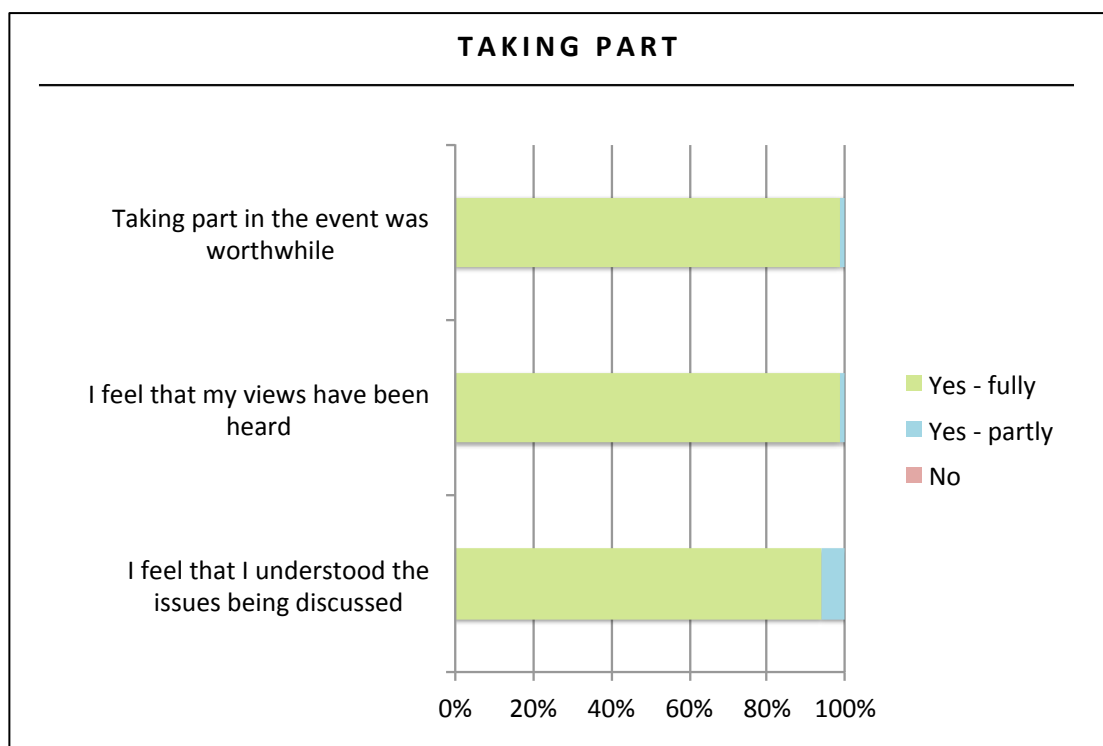
Appendix 3: Panellist feedback

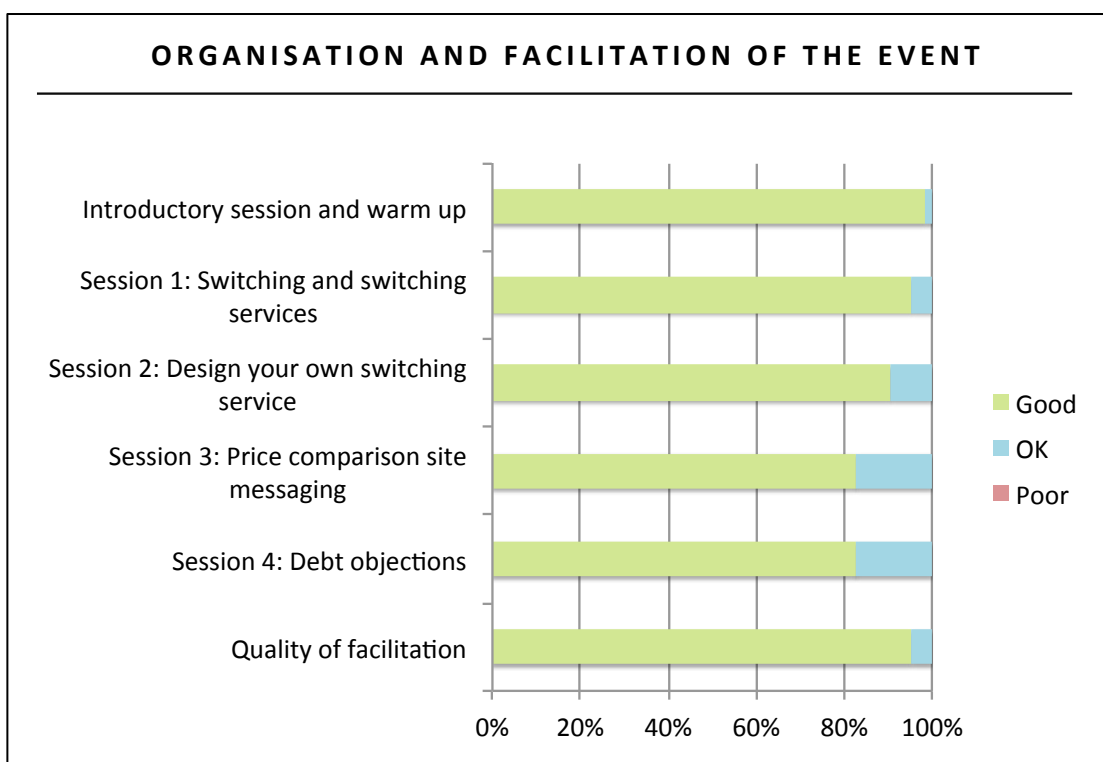
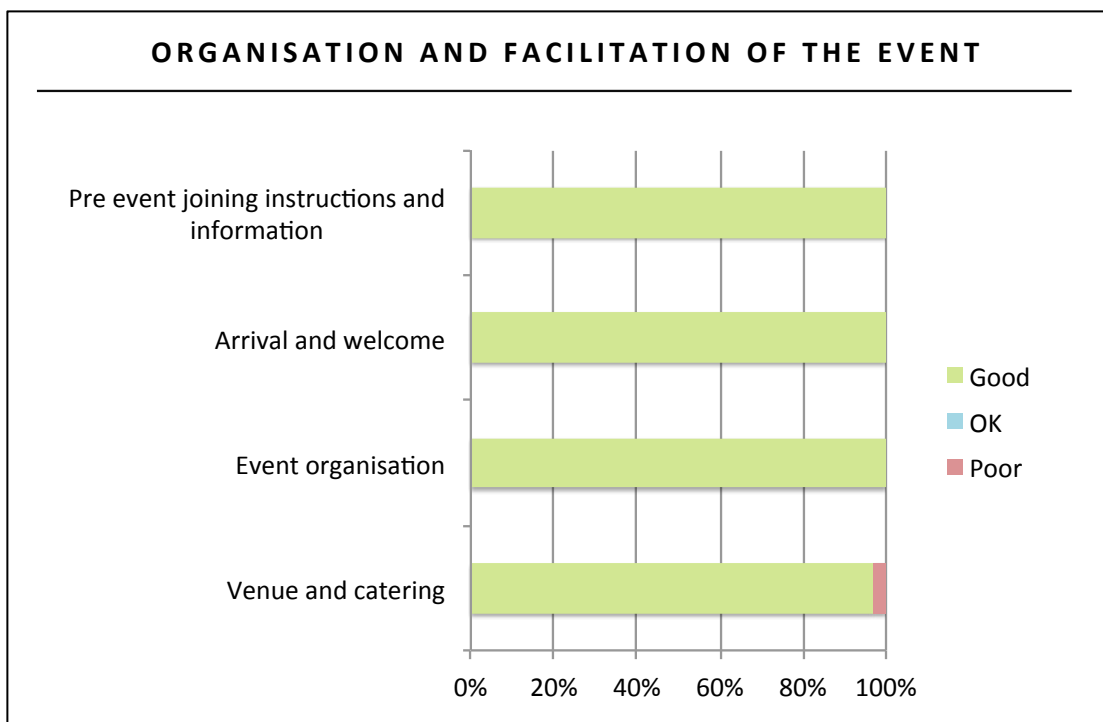
Continuing the discussion

After the end of each session, we pulled together the key messages from each to share with Panellists and invited further reflections. We set up an on-line forum for those who were happy to contribute this way. Those without Internet access (or who preferred to be contacted by post) received the feedback via post. They were given a stamped addressed envelope so they could return their comments to us. We received responses from 12 Panellists in total, so just under a fifth of the Panel engaged with us after the workshop sessions. The comments they made have been incorporated into this report.

Taking part in the Panel

Panellists were very positive about their experience of taking part in the Panel. The graphs below are based on the responses of 64 people.





Appendix 4: Panel recruitment criteria

Demographics	Energy consumer characteristics
Age	Current supplier
Gender	Off gas grid
Ethnicity	Mix of payment type
Disability	Fuel poverty
Housing tenure	Level of engagement with the energy market
Employment	
Family Status	
Low internet use / access	
Socio-economic group	
Urban / rural	