CONSUMER ENGAGEMENT IN THE ENERGY MARKET 2017

Report on a survey of energy consumers

Research conducted on behalf of:

ofgem Making a positive difference for energy consumers

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Date: 21st September 2017

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1 Executive summary

1.1 Introduction and methods

This report presents results from the 2017 Ofgem Consumer Engagement Survey, which has been run annually since 2014. The 2017 survey aimed to continue and develop the existing tracking survey, with a focus on better understanding motivators and barriers to engagement. The research included a new attitude-based segmentation. The ultimate aim of this segmentation is to help Ofgem to stimulate and inform the development of new policies to promote consumer engagement. It will subsequently help Ofgem understand how consumers are responding to them, and to other changes in the market.

This report presents findings from the 2017 survey, and shows trends in consumer engagement in the energy market since 2014.

The research comprised a face-to-face in-home survey with a nationally representative sample of 4,001 energy consumers in Britain. Fieldwork was conducted in March/April 2017.

1.2 How is consumer engagement changing?

There has been an increase in levels of consumer engagement in the energy market since 2016: just over two fifths (41%) of consumers have engaged in the energy market in the past 12 months, a significant increase from 37% in 2015 and 2016. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

The increase is mainly because of an increase in the proportion comparing tariffs (rising from 29% in 2016 to 33% in 2017) and the proportion switching supplier (rising from 15% in 2016 to 18% in 2017).

The profile of consumers engaging with the energy market has remained broadly similar to previous years, with younger people, those in social grade ABC1 and households on higher incomes, owner occupiers and frequent internet users all more likely than average to have engaged in the energy market. While 16-34s are the most likely to switch supplier, 35-64s are the most likely to switch tariff.

Six percent of all consumers (a third of switchers) were first-time supplier switchers (who had switched supplier for the first time in the past 12 months). It is encouraging to note that some sub-groups under-represented amongst all switchers were more prevalent amongst the first-time switchers: namely 16-34s, those in rented accommodation and DEs.

Arising from its investigation into the energy market, the Competition and Markets Authority (CMA) recommended the creation of a database, created through suppliers providing Ofgem with details of domestic customers who have been on one or more default tariffs for three or more years. This database could then be used for marketing purposes by other suppliers. The proxy measure developed for the consumer survey was households who had not switched supplier or tariff for the past 4 years. Around half (48%) of consumers are classified as in the CMA database group, with membership more common amongst younger and older people (16-34s and 65+s), C2DEs, lower income households and infrequent/non-users of the internet.

1.3 Understanding consumer attitudes and motivations

To better understand motivators and barriers to engagement, GfK developed a new attitude-based segmentation which clusters energy consumers into groups which differentiate on key attitudes. These groups can then be further profiled and differences identified on factors such as behaviours in the energy market, personal attributes and demographics.

The segmentation identified six groups with differing attitudes and motivations related to the energy market, and different levels of engagement in the market. These, together with the relative sizes of the segments, are summarised below.

Happy Shoppers enjoy shopping around in all markets, motivated by finding ways to save money. They are confident, trusting, engaged with the energy market and positive about switching.

Market Sceptics have very low levels of trust in energy companies and a lack of confidence engaging with the energy market. This contrasts with their relatively high levels of engagement in other markets, and average levels of general confidence and self-efficacy.

Anxious Avoiders have very low self-efficacy and lack confidence in shopping around generally and specifically in energy: reflected in low levels of engagement across all markets. They are far less likely to spend time researching purchases or finding ways to save money.

Base: All respondents (4001)

Savvy Searchers are highly confident and engaged across all markets, and broadly positive about energy switching. However, they are sceptical about the role of PCWs, often using more than one site to compare. Ultimately, they are confident they are on the right deal.

Hassle Haters are confident in their ability to engage in the market, and broadly trusting of suppliers. They are deterred, however, by the perceived time, hassle and risks involved. They feel they are on a good deal despite their lack of engagement but might be tempted by added-value services.

Contented Conformers are broadly happy with the status quo, trusting their supplier. They are nervous of change: worried by the risks of switching, unknown suppliers and overwhelmed with choice. They are the least confident engaging with the energy market and least motivated by saving money or value-added services.

The segments are shown in order of levels of engagement with the energy market: this ranges from 63% of the Happy Shoppers and Savvy Searchers, through to 28% of Anxious Avoiders and 22% of Contented Conformers.

While each segment contains a mixture of consumers from all socio-economic groups, there are strong associations between demographics and segment membership. The Savvy Searchers, Happy Shoppers and Market Sceptics tend to have the highest household incomes, though Market Sceptics are less likely than the other two high-income segments to say they are keeping up with bills and credit commitments without difficulties. In contrast, the Contented Conformers are more likely than the other two lower-income segments to feel they are keeping up with bills and credit commitments.

1.4 Knowledge, confidence and perceptions

The survey aimed to understand the extent to which low levels of knowledge and confidence engaging with the energy market, and perceptions of the market, are key barriers to engagement with the market.

Almost all consumers are aware that they can switch supplier, switch tariff or change their payment method. Even amongst those who had never switched, seven in ten or more are aware of each of these, which implies that low levels of engagement in the energy market cannot be explained by lack of awareness.

In addition, perceptions of the amount of choice available does not appear to be a strong barrier, as those who have not engaged in the energy market are no more likely than engaged consumers to think there is either too much or not enough choice. Taken overall, half (46%) of consumers think there is the right amount of choice of energy tariffs, though there has been an increase in the proportion thinking there is too much choice in 2017 (34%, up from 29% in 2016).

In general, consumers feel confident engaging with their energy supplier, with three fifths or more saying they feel confident understanding their bills, comparing deals and choosing the best deal for their household. Levels of confidence are highest for making a complaint to their energy supplier (75% said they would feel comfortable).

Time taken to switch is also not perceived to be a strong barrier to switching. While unengaged customers are more likely to agree that switching takes too long, they actually have less realistic – and more optimistic – views of how long switching takes than those who had recently switched.

Perceptions of the switching process are generally positive amongst recent switchers: a quarter or fewer feel that switching is a hassle, worry that things will go wrong, or think it takes too long. Unsurprisingly, those who had not switched, and in particular members of the CMA database group, are the least positive about switching.

In order to further investigate barriers to engagement, for the first time in the 2017 survey all were asked to describe what they thought are the main risks associated with switching. The main risks perceived are financial, being costs going up (mentioned by 28%) and not saving as much as they thought (20%). Other potential risks (much less commonly mentioned) are double billing (14%) and being cut off (10%).

Motivations for engaging in the energy market are very similar to previous years: saving money is the strongest motivator (mentioned by 91% of those who had engaged, and 82% of those who had not). Inertia/satisfaction with their current supplier is the main reason for not engaging (33% said they are satisfied with their current supplier/tariff), though 23% felt it is too much hassle and 21% said they wouldn't save, or save enough.

1.5 Experience of switching and shopping around

The internet is, as in previous years, a key facilitator for engagement in the energy market, and for switching. Price comparison websites are most commonly used to compare the deals on offer, and most comparisons are done online: 49% of those who had engaged with the energy market found out about deals using a price comparison website, compared with 15% who rang a supplier. Half of those who switched say they did so through a third party service, mainly price comparison websites.

While use of a price comparison website is the most common form of comparison for all consumer groups, 65+s and DEs who had engaged are more likely than their counterparts to engage with a supplier direct, or by telephone. Linked to this, supplier switchers and comparers most commonly engage online (e.g. through a price comparison website), but tariff switchers are equally likely to engage by telephone as online.

Most (85%) of those who switched say they found it easy to decide who to switch to, with frequent internet users more likely to say they find it easy.

1.6 Perception of outcomes

More consumers are confident they're on the best deal than last year (56%, versus 50% in 2016, though this is similar to 55% in 2014).

The higher levels of confidence are partly driven by the increased number of switchers in 2017, almost all (83%) of whom feel they are saving money following their switch. However, consumers who had switched their tariff but stayed with the same supplier are slightly less likely to say they are saving money (79%), compared to 85% amongst supplier switchers.

Also, and as in previous years, dual fuel customers continue to be more confident in their deal than single-fuel consumers or those who have different electricity and gas suppliers: 61% of dual fuel customers say they feel confident (versus 48% electricity and 40% gas).

Customers generally trust their supplier to charge them a fair price, communicate clearly and treat them fairly, with around three in five or more consumers trusting their energy supplier on each of these dimensions. Levels of trust increased from 2014-2016 and remain stable in 2017.

Similarly, a majority are satisfied with their supplier's service (77% in 2017), and this measure has increased from 72% in 2014.

Recent tariff switchers are more likely to be satisfied with their supplier's service (85% versus 76% non-switchers), but no more trusting than customers who haven't switched.

2 Introduction and objectives

2.1 Context and report structure

Ofgem has historically run a yearly survey of GB energy consumers, to help understand consumer engagement in the energy market. Prior to 2017, the survey was largely used to help evaluate Ofgem's Retail Market Review (RMR), a package of reforms to help promote consumer engagement, by making the market simpler, clearer and fairer for consumers.

In 2016 the Competition and Markets Authority (CMA) completed its investigation into the energy market and found that weak customer response in the market was adversely affecting competition. It recommended a package of remedies which focused on increasing consumer engagement. Reflecting these recommendations, Ofgem has felt a need to understand motivators and barriers to engagement in a more nuanced way.

To this end, Ofgem commissioned GfK to continue and develop the existing tracking survey, previously run from 2014-2016 by TNS BMRB. The 2017 research also developed a new attitude-based segmentation, with the aim of grouping energy consumers into distinct attitudinal subgroups. These attitudinal groups also differentiate on key attributes such as consumer behaviours in the energy market (specifically, levels of engagement in the energy market), personal attributes (e.g. switching in other markets, internet use) and demographics. The ultimate aim of the segmentation is to help Ofgem stimulate and inform the development of new policies to promote consumer engagement. It will subsequently help Ofgem understand how consumers are responding to them and other changes in the market.

This report presents findings from the 2017 survey, and shows trends in consumer engagement in the energy market since 2014. Following this introduction chapter, the report presents:

- Chapter 3 'How is consumer engagement changing?': This chapter explores how consumer engagement in the energy market looks today, and how it has changed since tracking began in 2014. The different measures of engagement covered in this section include supplier switching, changing tariff with existing supplier, comparing suppliers and tariffs, and complaints.
- Chapter 4 'Understanding consumer attitudes and motivations': Here we introduce the new Consumer Engagement segmentation: our approach, and an in-depth look at the six consumer segments. Segments are described both in terms of the attitudinal measures that served as inputs into the segmentation itself, and in terms of their behaviours - including the various engagement measures used throughout the survey – and demographic profile.
- Chapter 5 'Knowledge, confidence and perceptions': This chapter explores other measures that can impact on consumers' propensity to engage with the energy market, including awareness that switching supplier and changing tariff are possible, perceptions of the amount of choice available, the complexity of the switching process and the risks associated with switching, and personal confidence in their own ability to engage with the market.
- Chapter 6 'Experience of switching and shopping around': This chapter looks at how consumers who have engaged with the market go about doing so, with a focus on attitudes to and use of price comparison websites (PCWs).
- Chapter 7 'Perception of outcomes': Finally, in this chapter we look at consumers' perceptions of outcomes, including their levels of confidence that they are on the best deal, their levels of trust in their supplier, and their satisfaction with the value for money and general service offered by their supplier.

2.2 Presentation of data

As outlined, this year's survey is the fourth in a series of annual tracking surveys to measure consumer engagement behaviour over time. All waves were conducted face-to-face, and in 2017 a representative sample of 4,001 energy consumers in Great Britain was achieved. Chart 1 shows the

dates and sample sizes of all waves of the survey. The sample size was reduced in 2017 to a level which allowed us to retain the desired level of statistical robustness[1] while releasing budget to spend on advanced analysis and other research.

Chart 1 Survey dates and sample sizes

Survey	Conducted	Achieved sample size	Survey carried out by:
2014	March/April '14	6,151	TNS BMRB
2015	February/March '15	5,934	TNS BMRB
2016	February/March '16	5,956	TNS BMRB
2017	March/April '17	4,001	GfK

This report is accompanied by a technical report, providing more detail on methodological aspects, including the full questionnaire and supporting tables showing 2017 results for key measures, including attitudes, actions and energy circumstances, plus comparisons to results from all previous waves (where possible). Supporting data tables, showing full subgroup variations, are also published alongside this report.

Throughout the report, analysis is conducted by key sub-groups, including the new, 2017 consumer engagement segments. Where appropriate, comparisons are made with results from all the previous waves of the survey. Trend analysis focuses on the differences between the current 2017 survey and the 2014 baseline study. Whilst the 2014 survey acts as a 'baseline' for some questions, it should be noted that some changes to the questionnaire mean that over-time comparisons should be treated with caution.

Minor changes were made to the questionnaire between the 2014-2016 surveys. More significant changes to the questionnaire were made between 2016 and 2017, with some questions removed - partly to make way for new, attitudinal measures needed to carry out the segmentation – and some amendments made to reflect Ofgem's current priorities. Where changes to the ways questions are asked have been made between waves, this may impact on the trend data and we have pointed out where this is the case throughout the report.

For many results we present combined scores across categories – for example combining very and fairly confident responses into a combined 'confident' category. Where this is the case, the combined figure may not always be the simple sum of the two separate figures – due to rounding, the combined figure may sometimes be 1% less than the sum of the two separate categories.

In many cases, results are presented as an aggregate figure across all types of consumer, despite being asked of gas and electricity consumers separately or gas, electricity and dual fuel consumers separately.

It should be remembered that the survey was conducted with a representative sample of consumers, rather than the entire population. Results are therefore subject to sampling variability – we cannot be certain that the figures obtained are exactly those we would have if all consumers had responded (the 'true' values). We can, however, predict the variation between the sample results and the true values from knowledge of the size of the samples on which the results are based and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95 percent – that is, the chances are 95 in 100 that the true value will fall within a specified range (the margin of error). As each of the four annual surveys has been conducted using a quota sample,

[1] While the sample size for the 2017 survey is smaller than those from previous years, it still provides significant analytical opportunities and the confidence interval associated with findings is around +/- 1.5 percentage points. Confidence intervals are a statistical device which allow us, using our survey results, to put upper and lower limits on what the true value is likely to be if we had interviewed the whole population rather than just a sample.

rather than a random probability sample, statistical differences are presented on an indicative basis only.

The following is used to show significant differences within the report:

- ▲▼ denote significant differences between sub-groups and the average
- ↑↓ denote changes from year to year

Where we comment on differences between segments, we either comment on whether a segment is the most or least likely segment to give an answer, or whether they are significantly different from the average of all segments.

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

The report refers to differences by social grade. Social grade is a system of demographic classification used in the United Kingdom which is maintained by the Market Research Society. Social grade is based on the occupation of the Chief Income Earner in the household[2].

All work was conducted in accordance with the ISO 9001 quality assurance standard, the ISO 20252 international standard for Market, Opinion and Social Research and in accordance with the UK Market Research Society's Code of Conduct.

2.3 Terminology

A number of important sub-groups are referred to throughout this report, and these are defined below:

Group	Notes
P12M	Abbreviation for past 12 months used in some charts and tables
All consumers	We sampled respondents who were responsible, or jointly responsible, for the gas or electricity bills in their household. Most (91%) respondents bought their gas and electricity from the same supplier (often as part of a dual fuel deal), whilst the remainder either had separate gas and electricity tariffs or electricity supply only
Engaged consumers	Those who have switched energy supplier or tariff, or have compared tariffs offered by their energy supplier or with other energy suppliers within the past 12 months
Unengaged consumers	Those who have taken none of these actions
Ever switched	Those who have ever switched energy supplier
Never switched	Those who have never switched energy supplier
Past 12 month supplier switchers	Those who have switched energy supplier in the past 12 months

[2] For more information on social grade, please refer to http: //www.mrs.org.uk/pdf/occgroups6.pdf

Group	Notes
Past 12 month tariff switchers	Those who have switched energy tariff in the past 12 months, while remaining with the same supplier
Past 12 month switchers	Those who have switched energy supplier and/or tariff in the past 12 months
Compared	Those who have compared tariffs offered by their energy supplier or with other energy suppliers within the past 12 months
CMA database group	One of the recommendations of the CMA Energy Market Investigation in 2015 was that suppliers be ordered to give Ofgem details of all customers who have been on their default tariff for more than 3 years. Details would be put on a secure database to allow rival suppliers to contact customers to offer easy-to-access deals based on their actual energy usage. For the purposes of this research, we developed a proxy measure to use at the analysis stage. Our CMA database group comprises those who had not switched supplier for the last *four* years[3], as consumers who switched three years ago may have been on a one-year fix, and hence only on a default tariff for two years

[3] The rationale behind this was to enable the inclusion of people whose last switch was to a 12 month fixed term deal. Those who had switched onto a fixed term deal 4 years ago are likely to have rolled onto a standard variable tariff at the end of that deal (likely 3 years ago) and if they had not switched again would be likely to be in the CMA database group.

3 How is consumer engagement changing?

This chapter contains:

- Overall levels of consumer engagement
- Levels of supplier and tariff switching
- Levels of comparison activity
- The CMA database group
- Complaints

There has been an increase in levels of consumer engagement in the energy market since 2016

Just over two fifths (41%) of consumers have engaged in the energy market in the past 12 months: a significant increase from 37% in the previous two years. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

The increase is mainly because of an increase in the proportion switching supplier (rising from 15% in 2016 to 18% in 2017) and comparisons (33% in 2017 from 29% in 2016).

The proportion saying they have complained remains similar to previous years at 10%.

The profile of those engaging with the energy market has remained broadly similar to previous years

Younger people, ABC1s and households on higher incomes, owner occupiers and frequent internet users are all more likely than average to have engaged in the energy market. Those who pay their bills by direct debit are also more likely than those paying by other methods to have engaged.

The increase in levels of supplier switching was mainly amongst ABC1s and higher income households. Households which have both gas and electricity supply are twice as likely as electricity only households to have switched supplier in the past 12 months.

While 16-34s are the most likely to switch supplier, 35-64s are the most likely to switch tariff. Linked to these age differences, infrequent or non-users of the internet are less likely than daily internet users to switch supplier, but they are no less likely to switch tariff.

Households which report having a smart meter are more likely to have switched supplier or tariff than those who did not report having one, though it should be noted that this group tends to be more frequent internet users and members of the most engaged segments.

The CMA database group

The CMA has announced a requirement for suppliers to provide Ofgem with details of domestic customers who have been on one or more default tariffs for three or more years. The proxy measure developed for the consumer survey was households who had not switched supplier or tariff for the past 4 years.

Around half (48%) of consumers would be included in the CMA database group, with membership more common amongst younger and older people (16-34s and 65+s), C2DEs, lower income households and infrequent/non-users of the internet.

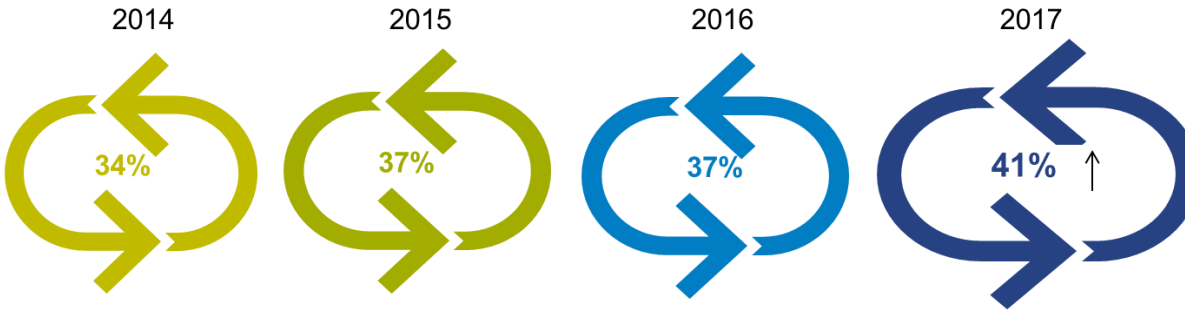
3.1 Overall levels of consumer engagement

There has been a significant increase over time in the proportion of consumers saying they had engaged in the energy market in the past 12 months. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

In 2017, over two fifths (41%) of consumers said they had engaged in the energy market in at least one of these ways, up from 37% in 2016, and continuing the upward trend from 2014.

Chart 2 Engagement in the energy market in the past 12 months

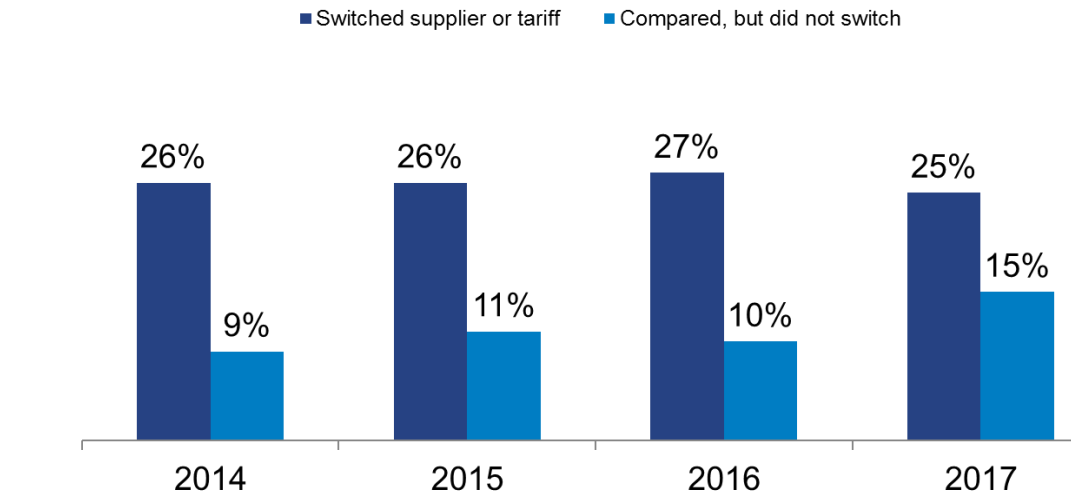
% switching supplier, changing tariff or comparing supplier / tariff in P12M



Q138/139. When did you last switch supplier? WhnSG/E. When did you last switch tariff? ChngG/E. Thinking about your supply, which if any of these have you done in the past 12 months? Base: All respondents (2017:4001; 2016: 5956; 2015: 5934; 2014: 6151)

The 41% of consumers who engaged in the energy market in the past 12 months in 2017 is made up of 15% who compared tariffs but did not switch, and 25% who switched supplier or tariff in the past 12 months. The increase in overall engagement to 41% is driven both by an increase in the rate of comparison without switching, and an increase in supplier switching.

Chart 3 Engagement in the energy market in the past 12 months



Base: all consumers (2014: 6151; 2015: 5934; 2016: 5956; 2017: 4001

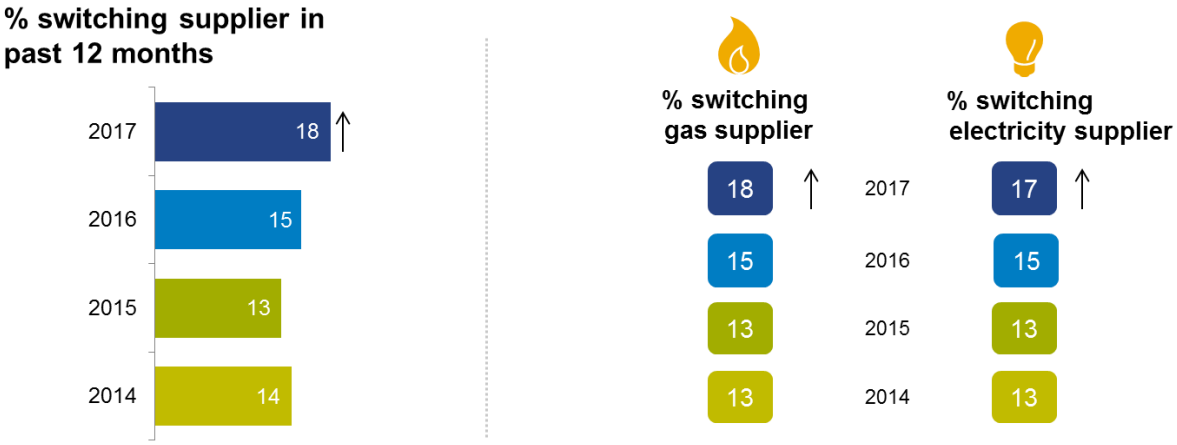
When considered together, the total number of consumers switching tariff *or* supplier has decreased since 2016. However the proportion of supplier switchers has increased (from 15% to 18%) and the proportion of tariff switchers has held steady (16% to 15%). This is because in 2017, far more

consumers switched *both* tariff *and* supplier, and so the total number switching supplier and/or tariff has decreased.

3.2 Supplier switching

The overall increase in levels of engagement is driven partly by an increase in reported levels of supplier switching.

Chart 4 Supplier switching in past 12 months



Q138/139. When did you last switch supplier? Base: All respondents (2017:4001; 2016: 5956; 2015: 5934; 2014: 6151)

The proportion reporting they had switched supplier in the past 12 months has increased to 18% in 2017: levels had been fairly stable before, varying from a low of 13% in 2015, to 15% in 2016.

These increases in levels of reported supplier switching are evident across both gas and electricity supply.

Patterns of switching remain similar over time, with younger people (under 35s), those from the ABC1 social grades, higher income families, owner-occupiers or private renters, frequent internet users, consumers who pay their energy bills by direct debit and customers who don't use one of the six large suppliers all more likely than average to say they had switched supplier in the past 12 months. While recent increases in levels of supplier switching are evident across all groups, they are most notable amongst the following:

- Social grades ABC1: supplier switching levels have increased by six percentage points since 2015, compared with a one percentage point increase amongst C2s and a three percentage point increase amongst DEs.
- Higher income households: supplier switching levels have increased by six percentage points since 2015 amongst households with an annual income of £16,000 or more, compared with a four percentage point increase amongst those in lower income households.

In addition, consumers who say they have a smart meter[4] are more likely to have switched supplier in the past 12 months (23% versus 17% who don't say they have a smart meter), though it should be

[4] We understand that there is some under-claiming of smart meter ownership in Britain: while nine per cent of consumers in the 2017 survey said they had a smart meter, the actual figure is closer to 15%.

noted that this group tends to be more likely to be frequent internet users and members of the most engaged segments[5].

There are also some significant differences between households which have both gas and electricity supply and those who have only one fuel supply. The majority (89%) of households have both gas and electricity supply. Of these, 82% had switched neither supplier. Seventeen percent of households with both gas and electricity supply had switched both suppliers, and most (96% of those who had switched both) did so for their gas and electricity suppliers at the same time. Just 1% of households with both gas and electricity supply had switched one and not the other.

There are fewer single supply households: 11% have electricity but no gas. Of these, 10% had switched in the past 12 months,[6] almost half the proportion of households with both fuels who had switched (18% of households with both fuels had switched at least one).

Six per cent of all consumers (a third of switchers) were first-time supplier switchers (who had switched supplier for the first time in the past 12 months), broadly similar to the proportion observed in previous years. The first-time supplier switcher group is of importance because they are the newcomers to the energy market, and may offer indications as to how the market may evolve in the future.

Three inter-related groups are all more likely to be over-represented in the first-time switchers group when compared with other switchers: these are 16-34s, those in rented accommodation and those from the DE social grade:

- 32% of first time switchers are aged 16-34, compared with 20% of other switchers
- 48% of first-time switchers are in rented accommodation (23% private rented, 23% social rented), compared with 29% of other switchers
- 25% of first-time switchers are from the DE social grade, compared with 15% of other switchers

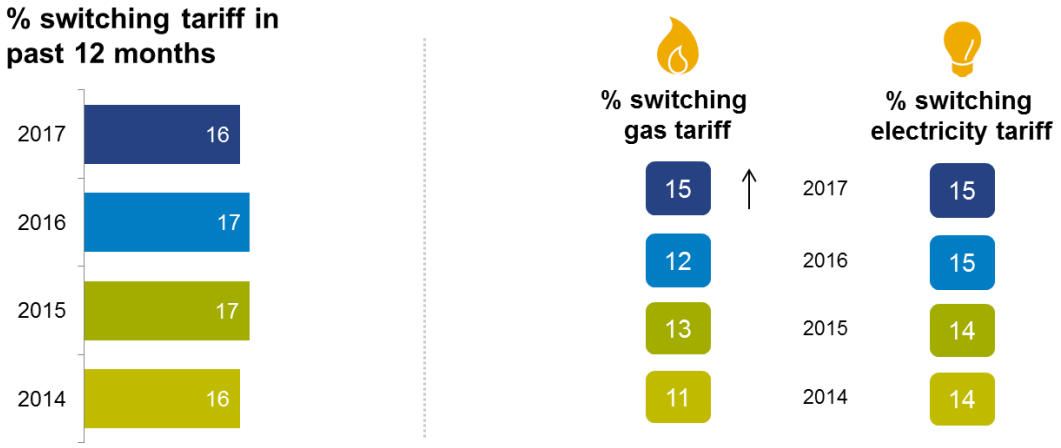
3.3 Tariff switching in the past 12 months

In contrast, tariff switching has remained stable over time: in 2017, one in eight consumers (16%) said they had switched tariff in the past 12 months.

A slight increase since 2016 in the proportion saying they have switched gas tariff in the past 12 months means that there are no differences between gas and electricity consumers in tariff switching rates in 2017 – in 2016 electricity consumers were more likely than gas consumers to say they had switched tariff.

[5] We cannot say from our dataset whether people are more likely to be engaged in the energy market because they have a smart meter, or to have a smart meter because they are more engaged. Throughout this report, we comment on differences but do not imply causality.
[6] The base size for gas only households is very small (only 24 respondents) so analysis amongst gas only households is not possible.

Chart 5 Tariff switching in past 12 months



WhnSG/E. When did you last switch tariff? Base: All respondents (2017:4001; 2016: 5956; 2015: 5934; 2014: 6151). All with gas supply: (2017:3570; 2016: 5213; 2015: 5326; 2014: 5552). All with electricity supply: (2017:3975; 2016: 5939; 2015: 5923; 2014: 6130)

As with supplier switching, patterns in tariff switching remain similar over time. While 16-34s are the most likely to switch supplier, 35-64s are the most likely to switch tariff (in 2017 17% of 35-64s had switched tariff in the past 12 months, compared with 13% of 16-34s and 15% of 65+s): this pattern has been consistent in previous years.

It should be noted, however, that a proportion of customers claim to have both switched supplier in the past 12 months and switched tariff with an existing supplier. This overlap increased between 2016 and 2017, reducing the proportion of customers who were 'tariff only' switchers: In 2016, 12% were 'tariff only' switchers, compared to 8% in 2017.

In addition, it is notable that 65+s are more likely than average to be tariff only switchers (who have switched tariff but not switched suppliers in the past 12 months): 11% of 65+s are tariff only switchers versus 8% of 35-64s and 4% of 16-34s. This finding may be linked to the fact that 65+s are considerably more risk averse than younger respondents[7].

Linked to this, while infrequent internet users are less likely than average to be supplier switchers, they are no less likely than average to be tariff switchers. This is because of the links between infrequent internet use and age: within each internet use classification (frequent, infrequent, non-users), older people are more likely than the average to be tariff switchers.

Other response patterns are similar to supplier switchers, with ABC1s, higher income households and those who pay by direct debit more likely than average to have switched tariff in the past 12 months. Households which say they have a smart meter are also more likely to have switched tariff in the past 12 months (24%, versus 15% who do not say they have a smart meter). There are no strong differences in tariff switching rates between the three GB nations, though Scottish consumers (12%) were slightly less likely than their counterparts in England (16%) or Wales (15%) to have switched tariff in the past 12 months.

3.4 Comparing tariffs

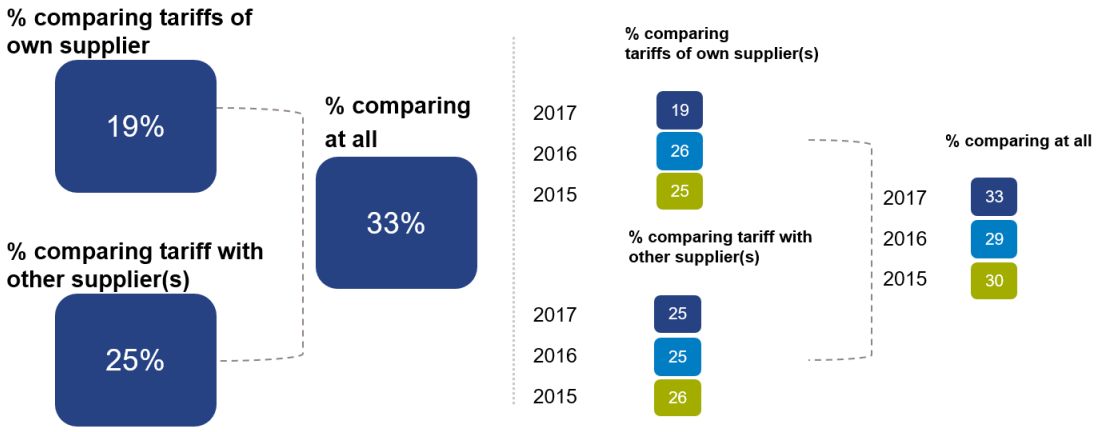
A third of all consumers (33%) in 2017 said they had compared tariffs for either gas or electricity supply over the past 12 months: this could include comparing their gas/electricity tariff with those

[7] For example, 65+s were significantly more likely than younger consumers to agree that they would rather stick with a product that they currently buy than try something they are not sure of (72% 65+s versus 60% under 65s), and that they would be wary of using an energy supplier they have never heard of (76% of 65+s versus 64% of under 65s)

offered by other suppliers, or comparing their tariff with those offered by their own supplier. This is a rise from 29% in 2016 (and 30% in 2015).

Consumers are more likely to have compared different suppliers than comparing different tariffs from their own suppliers: in 2017 a quarter (25%) of consumers said they had done so, with slightly fewer (19%) saying they had compared their tariff with those offered by their own supplier. While comparing tariffs with other suppliers had remained at similar levels to previous years, there has been a decline in the proportion saying they had compared tariff with their own supplier (falling from a quarter in 2015 and 2016 to around a fifth)[8].

Chart 6 Comparing tariffs



ChngG/E. Thinking about your gas/electricity supply, which if any of these have you done in the past 12 months? Base: All respondents (2017:4001; 2016: 5956; 2015: 5934; 2014: 6151); gas consumers: 2017: 3570; 2016: 5213; 2015: 5310; Electricity consumers: 2017: 3975; 2016: 5939; 2015: 5923

Given that most of those who compared went on to switch tariff or supplier, it is unsurprising that groups more likely to compare were similar to those who were more likely to switch: namely under 65s, ABC1s, higher income households, owner occupiers, frequent internet users and those who pay their energy bills by direct debit. Comparisons were more common amongst customers who are not with one of the six large suppliers (46% of those not with one of the six large suppliers versus 29% of those who are), though it is notable that those who are not with one of the six large suppliers are more likely to have switched supplier/tariff recently, so these differences are likely to be because they tend to be more engaged in the energy market generally. In addition, households which say they have a smart meter are more likely to have compared supplier or tariff in the past 12 months than those who do not say they have a smart meter (42% with smart meter, versus 32% who don't have a smart meter).

The group of consumers who had compared supplier and/or tariff but had not switched is of interest, as it offers some indications as to the reasons why this group may have stopped on their customer journey of engaging with the energy market. This group comprises 15% of all consumers in 2017, though this was slightly lower than in previous years[9]. Those who compared but did not switch tariff or supplier differ from switchers as follows:

- They are more likely to be in arrears on their energy bills: 5% of those who compared but did not switch are in arrears, compared with 3% of tariff/supplier switchers. While differences are small, this suggests that for some, arrears in their energy bills may prevent them from taking their actions further.
- They are less likely to be daily internet users: 82% of those who compared but did not switch are

[8] In 2015/2016 there was significantly greater overlap between consumers who compared tariffs from their own supplier and from other suppliers than seen in 2017.
[9] Comparisons with previous years should be treated with caution because of changes in the way in which the questions were asked.

daily internet users, compared with 86% of tariff/supplier switchers. This may suggest that difficulties accessing information is a barrier to taking further action for some.

3.5 The CMA database group

In 2016, the Competition and Markets Authority (CMA) published its market inquiry into the energy market. As part of the inquiry, the CMA found that there is weak competition in the domestic energy market associated with low awareness/interest in the market. Following the inquiry, the CMA announced a requirement for suppliers to provide Ofgem with details of domestic consumers who have been on one or more default tariffs for three or more years. The CMA's suggestion was that this database could then be made available to rival suppliers for the purposes of prompting these disengaged consumers to engage in the energy market. Ofgem is developing this database service and additional assisted digital support.[10]

Within the 2017 consumer survey, a proxy measure was developed to identify households likely to be included on the CMA database: this was defined as households who had not switched energy supplier or tariff in the past four years. The indicator was set at four years to account for people who may have switched on to a 12 month fixed term tariff 4 years ago, have reached the end of that fixed term, rolled over on to a standard variable tariff and remained there for the past 3 years.

Within the 2017 survey, it was found that around half (48%) of consumers would be included in the CMA database group (using the proxy measure described above). This is similar to the 51% mentioned in the CMA Market Inquiry[11] in 2016, though it should be noted that definitions differ slightly. Given the profile of recent supplier/tariff switchers as described above, it is unsurprising that the following groups were more likely to be in the CMA database group:

- younger and older people (51% of 16-34s and 54% of 65+s versus 43% of 35-64s)
- C2DE social grades (53% of C2s and 60% of DEs versus 38% of ABs and 44% of C1s)
- lower income groups (54% of those with a household income of less than £16K per annum versus 40% on higher household incomes)
- infrequent internet users (64% of infrequent users versus 64% of daily users)
- those who pay by standard credit (70%) or prepayment meters (60%) compared with 42% of those paying by direct debit
- households who say they do not have a smart meter (49%, versus 33% who say they have a smart meter)

While these groups are interlinked, it appears that infrequent internet use is a key determinant of membership of the CMA database group: across all demographic categories, infrequent internet users are the most likely to be included.

A profile of the CMA database group is included in the accompanying technical report.

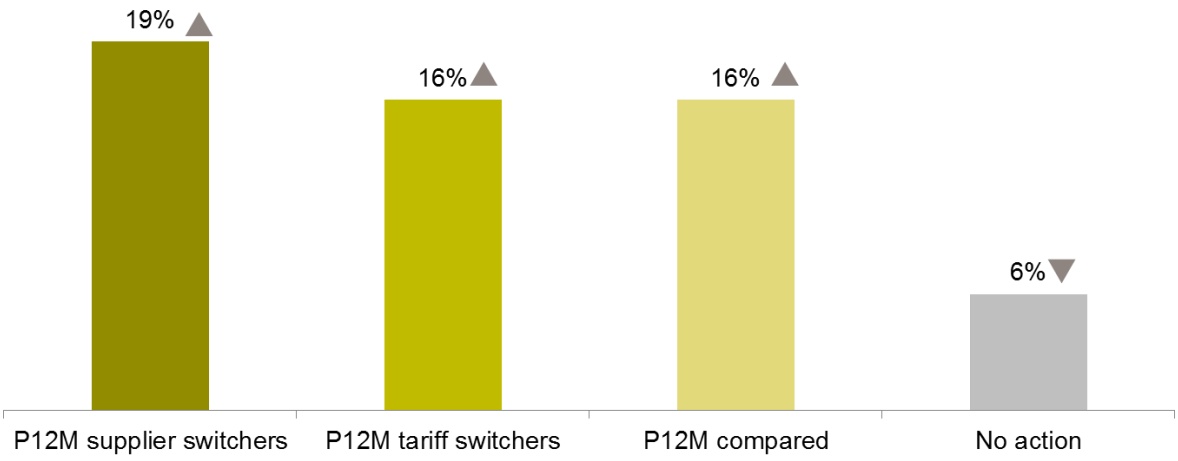
3.6 Complaints

One in ten consumers say they had contacted a current or previous energy supplier to complain in the past 12 months: this figure has remained largely unchanged over time.

As in previous years, younger consumers are more likely than average to have complained (13% of 16-34s in 2017 versus 10% of 35-64s and 9% of 65+s).

[10] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/how-switch-energy-supplier-and-shop-better-deal/ofgem-energy-customer-database-service
[11] https: //www.gov.uk/cma-cases/energy-market-investigation

Chart 7 Complaints in past 12 months



Q76. In the last 12 months, have you contacted a current or previous energy supplier to complain at all? Base: All respondents (2017:Supplier switchers 703, Tariff switchers 623, Compared 1318, No action 2367

Those who are more engaged in the energy market are also more likely to have complained, following similar patterns to previous years. Around a fifth of recent supplier switchers reported a complaint in the past 12 months (19% P12M supplier switchers), around one in six (16%) of tariff switchers or those who have compared. This compares with 6% of those who have taken no action.

4 Understanding consumer attitudes and motivations

This chapter contains:

- An introduction to the consumer segmentation
- An overview of the segments
- Segment profiles and behaviours
- Case studies from qualitative interviews with members of each segment

The segmentation identified six groups with differing attitudes and motivations related to the energy market, and different levels of engagement in the market

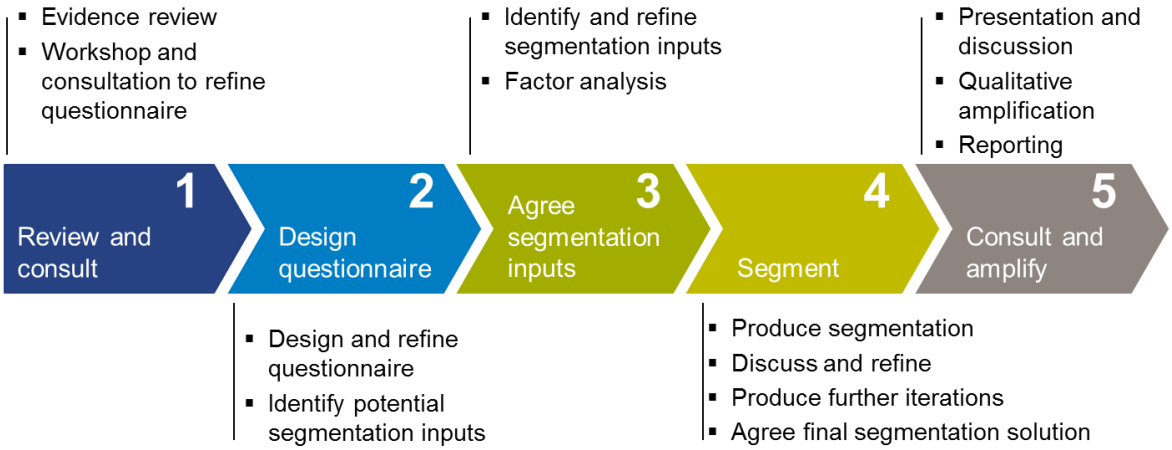
The six segments, their relative sizes and a brief description is summarised below.

Segment name	Segment size % of population	% engaging with energy market in P12M	Segment summary
Happy Shoppers	20%	63%	They enjoy shopping around in all markets, motivated by finding ways to save money. They are confident, trusting, engaged with the energy market and positive about switching.
Savvy Searchers	13%	63%	They are highly confident and engaged across all markets, and broadly positive about energy switching. However, they are skeptical about the role of PCWs, often using more than one site to compare. Ultimately they are confident they are on the right deal.
Market Sceptics	14%	40%	They have very low levels of trust in energy companies, and a lack of confidence engaging with the energy market. This contrasts with their relatively high levels of engagement in other markets, and average levels of general confidence and self-efficacy.
Hassle Haters	20%	33%	They are confident in their ability to engage in the market, and broadly trusting of suppliers. They are deterred, however, by the perceived time, hassle and risks involved. They feel they are on a good deal despite their lack of engagement, but might be tempted by added-value services.
Anxious Avoiders	13%	28%	They have very low self-efficacy and lack confidence in shopping around generally and specifically in energy: reflected in low levels of engagement across all markets. They are far less likely to spend time researching purchases or finding ways to save money.
Contented Conformers	20%	22%	They are broadly happy with the status quo, trusting their supplier. They are nervous of change, worried by the risks of switching, unknown suppliers and overwhelmed by choice. They are the least confident engaging with the energy market and least motivated by saving money or added-value services.

In order to better understand the reasons behind different levels of consumer engagement with the energy market, GfK UK worked closely with Ofgem in the development of a consumer segmentation. The segmentation aimed to provide a better understanding of the attitudes and motivations of different groups of consumers, to build a stronger picture of their behaviours and engagement levels. The segmentation aimed to identify groups in need of specific prompts to engage with the energy market: this would give Ofgem insight to inform the development of prompts as well as identifying those who may need particular assistance to enable them to get the best out of the energy market.

The analytical technique used to identify and profile the characteristics of different groups of consumers is called segmentation. Segmentation is a statistical exercise which aims to divide a population into distinct groups which have similar attitudes within segments, and different attitudes between segments. While the segmentation aimed to maximise differences in levels of engagement between segments, behaviours were not included as inputs into the segmentation. The segmentation was driven only by respondent attitudes: both more general, and specific to their attitudes towards and perceptions of the energy market.

The segmentation process is summarised below, and more detail is provided in the technical report[12].



At the questionnaire design stage, we identified a number of key questions which had the potential to produce a meaningful segmentation to answer the key objectives. We identified questions from the following sources:

- Questions which had been used on previous Ofgem surveys of consumer engagement
- Questions which had been shown to influence consumer behaviour across a range of sectors/markets in the BIS Consumer Empowerment Segmentation[13]
- New questions identified during discussions in the Ofgem stakeholder workshop (in the workshop and consultation stage)

We distilled the list of segmentation inputs following initial analysis of the survey data and later iterative runs of the segmentation. The final list of segmentation inputs is appended (Chart 37). The segmentation inputs were refined using factor analysis, which aims to identify common groups of attitudes/perceptions and form these into independent factors. GfK worked with Ofgem to examine a number of factor solutions before deciding on the final factors which were entered into the segmentation program. The final factors are shown below, and more detail is available in the appendices and technical report.

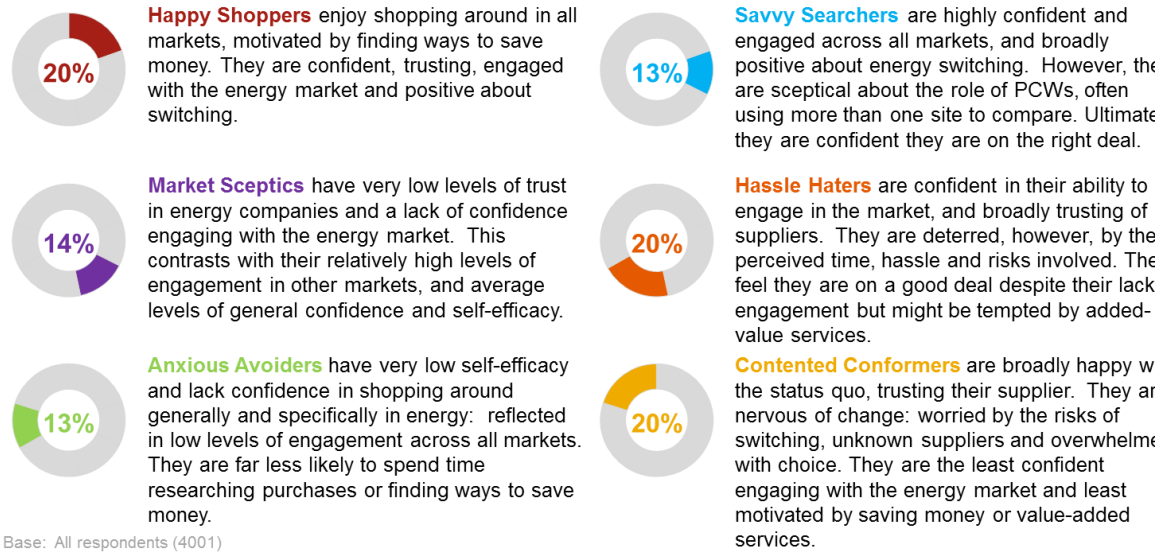
[12]https://www.ofgem.gov.uk/system/files/docs/2017/09/consumer_engagement_survey_2017_technical_report_0.pdf
[13] https: //www.gov.uk/government/uploads/system/uploads/attachment_data/file/413511/BIS-15-208-consumer-empowerment-survey.pdf

A number of segmentation solutions were derived by GfK using K-means methods, which attempt to minimise the differences within each of the segments and maximise the differences between them. Solutions were profiled and discussed with Ofgem before deciding on the preferred solution.

4.1 Overview of the segmentation

The segmentation solution selected comprises six segments: these are of similar size with no very large or very small segments. A brief description of the six segments, together with their sizes, is shown in the chart below.

Chart 8 Segment sizes and overview

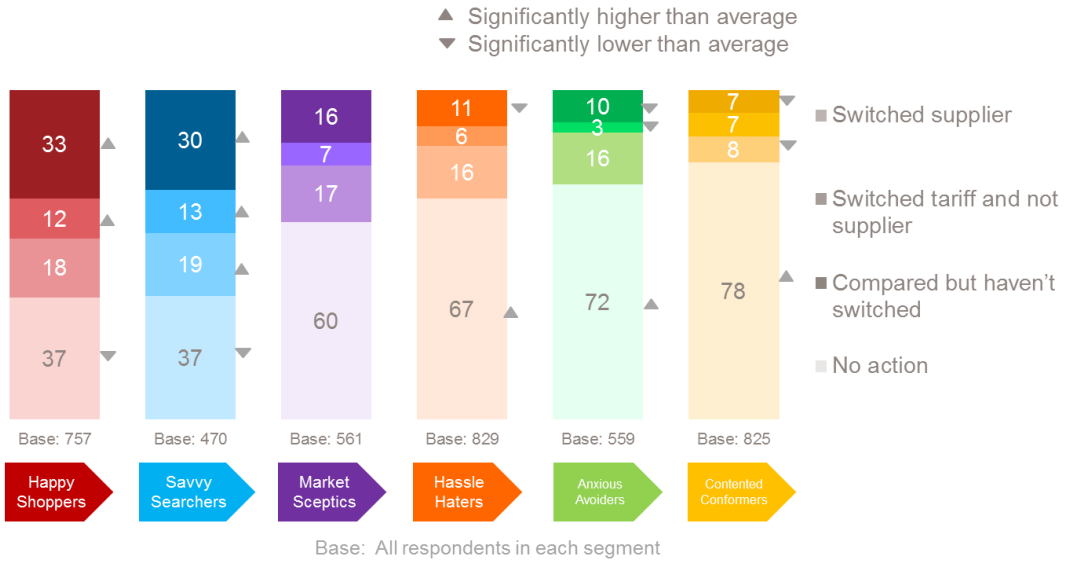


The six segments vary based on their levels of engagement in the energy market, the nature of their behaviour, and the specific barriers and enablers to involvement. It should be remembered, however, that engagement behaviours were not used as inputs into the segmentation: the segmentation was driven only by the attitudes and motivations shown above.

The largest segments sit at either end of the engagement scale: each comprises 20% of consumers. The Happy Shoppers are amongst the most likely to be engaged, and the Contented Conformers are the least engaged. The smallest segments also sit at both ends of the engagement scale: each comprises 13% of consumers, with the Savvy Searchers one of the most engaged segments, and the Anxious Avoiders one of the least engaged.

The six segments differentiate well on key indicators of engagement in the energy market. The chart below shows the most engagement action taken by each segment: ranging from supplier switching at the top of the chart to no action at all at the base of the chart. The proportion saying they had taken no action ranges from 37% amongst the Happy Shoppers and Savvy Searchers, to 78% amongst the Contented Conformers.

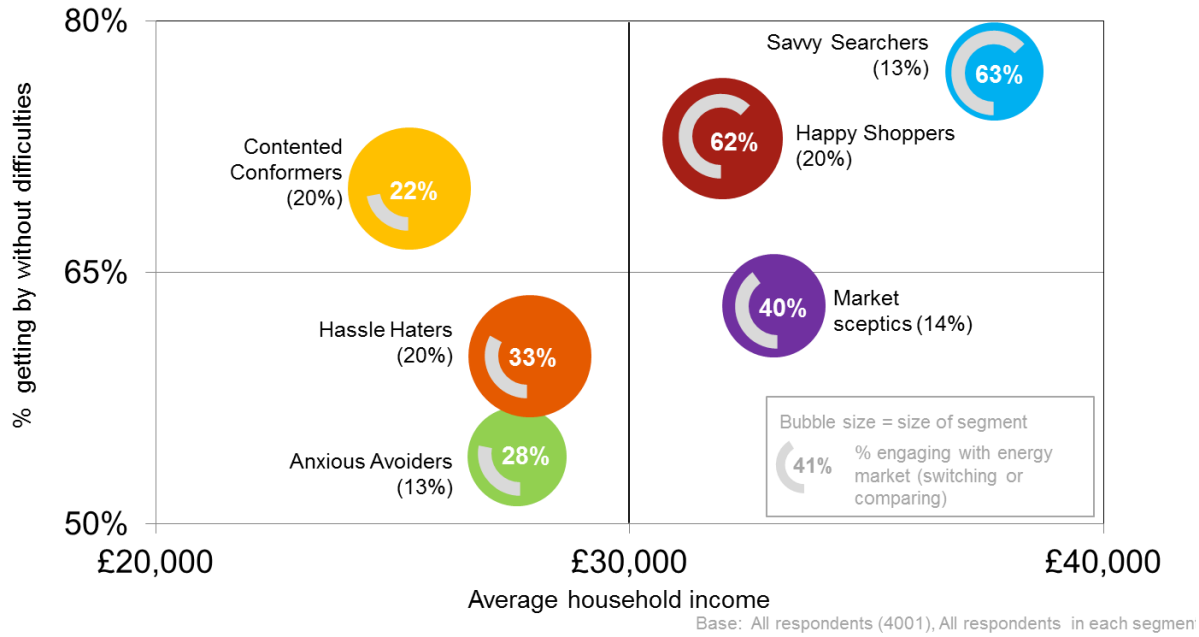
Chart 9 Segments: most action taken in energy market in past 12 months



The six segments also vary considerably based on their financial situation. The chart below shows the segments plotted against their financial situation: their average household income (amongst those who reported an income), and the proportion who said they are keeping up with their bills and credit commitments without difficulties.

The size of the bubbles in the chart shows the segment size, and the ring within the bubble indicates the proportion of the segment which has engaged with the energy market (switching supplier or tariff or comparing) in the past 12 months.

Chart 10 Segments: financial situation



The Savvy Searchers are in the most positive financial situation: they have the highest average household income and are amongst the most likely to be getting by without financial difficulties: they are one of the two segments most likely to have engaged in the energy market.

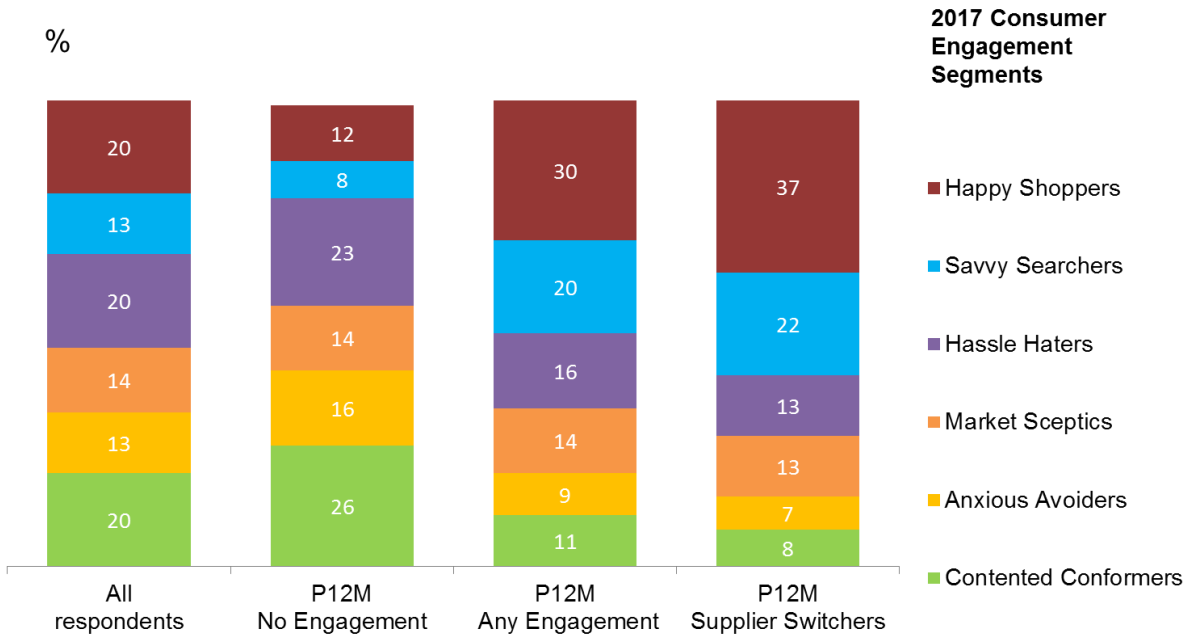
The Happy Shoppers also appear to be in a more positive financial situation than average, and have similarly high levels of engagement to the Savvy Searchers.

While the Market Sceptics have a similar household income to the Happy Shoppers, they are considerably less likely than the Happy Shoppers to be getting by financially without difficulties. Their levels of engagement in the energy market are around the average.

Three segments have below average household income. The Hassle Haters and Anxious Avoiders are both less likely than average to say they are getting by without financial difficulties, and their levels of engagement are also low (33% and 28% respectively). However, the lowest reported levels of engagement are amongst the Contented Conformers: while they have the lowest average household incomes, they are actually slightly more likely than average to say they are getting by without financial difficulties.

It is also of interest to see the segment profile of different engagement groups.

Chart 11 Segment profile of engagement groups

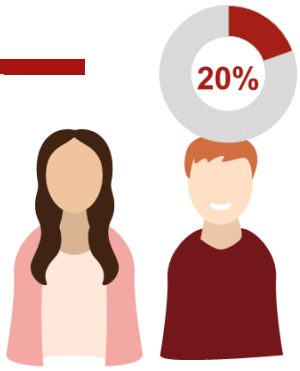


Base: All respondents (4001), All P12M no engagement (2443) All P12M any engagement (1558), All P12M supplier switchers (670)

While the six segments are of similar size amongst the total population, there are clear patterns of segment membership within the different engagement groups, with proportionately more Happy Shoppers and Savvy Searchers in the group who had switched supplier in the past 12 months, and proportionately more Hassle Haters, Contented Conformers and Anxious Avoiders in the group who had not engaged in the energy market at all in the past 12 months. While the proportion of Market Sceptics remained fairly constant across all engagement groups (13%-14% in each), the greatest differences were in the proportions of Contented Conformers (more than 3 times less common amongst supplier switchers than in the no engagement group) and the Happy Shoppers (who were more than three times more common).

The six segments are each profiled against the segmentation inputs in the accompanying technical report. Below we summarise each segment, and chapters which follow comment on how the segments differ in terms of their attitudes, behaviours and demographic profiles. Each segment description is followed by a graphic summarising their profile and behaviours, and case studies from the depth interviews which describe two segment members in a little more detail. All names in the case studies have been changed.

Happy Shoppers



> We love shopping around! We're always looking to save money wherever we can, in the energy market, and in other markets too.
>
> We think switching in the energy market is great. It's not hard and it doesn't take that long – especially if you do it online. We're confident comparing and choosing a good deal.
>
> Price comparison websites are great for switching: they are unbiased and we use them to help us find the best deal.
>
> We're a bit younger, doing okay financially and have kids at home.

Their attitudes

Happy Shoppers hold very positive views on shopping around in general, and specifically of energy market switching. They are the least likely of all segments to see any downsides or risks; fewer than one in ten say that switching is a hassle they don't have time for, that it takes too long or to worry that things will go wrong if they switch.

Of all the segments they are by far the most positive about price comparison websites: 68% think they are clear and 54% think they are unbiased.

They have a strong focus on money saving in all aspects of their life, being the most likely to agree they are always looking for ways that they can save money (90%), and to always check bank or building society statements (92%).

Their energy market behaviours

Almost half (45%) of Happy Shoppers have switched supplier or tariff in the past 12 months. For most, cost or money saving is the key motivator to doing so, and they are the most likely to have used a PCW when they last switched.

They are the segment most strongly engaged with their current supplier. Three-fifths say they are familiar with the features of their energy tariff and nine in ten are satisfied with their current supplier: they have the highest levels of supplier satisfaction of all the segments. They are also more likely than other segments to say they have read any communications from their energy supplier; just over half (52%) said they have done so.

They are the most likely to be on a fixed term tariff (63%) and least likely to be on a standard variable tariff (27%), and just over three-quarters pay for energy by direct debit, higher than average.

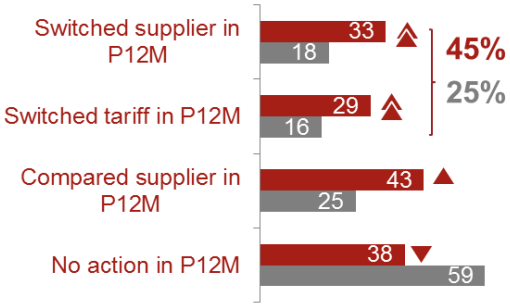
Their demographic profile

One of the younger segments, the Happy Shoppers are the most likely to have children. Their average annual income is slightly higher than average, at around £32,000, and almost three quarters say they are keeping up with their bills or credit commitments without difficulty, higher than average. They are also more likely than average to be owner-occupiers and come from C1 households. However, they have lower incomes and are less likely to be AB households than Savvy Searchers.

Amongst the heaviest internet users (86% are online daily), over half (55%) of Happy Shoppers switched at least one other service (e.g. insurance, current account) in the past 12 months: the second most likely segment to have done so after the Savvy Searchers.

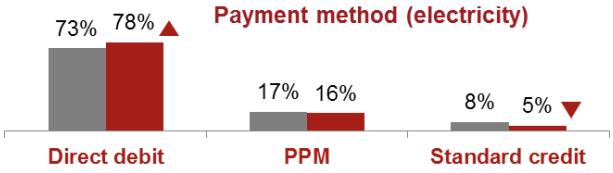
Happy Shoppers

Energy market attitudes and behaviours



Costs/saving prime motivator to compare/switch
All segments: 86%

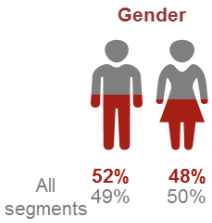
Satisfied with current supplier
All segments: 77%



Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

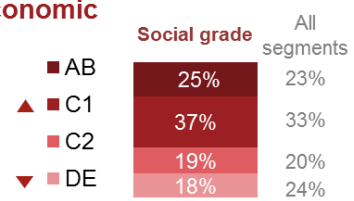


Age	Happy Shoppers	All segments
16-34	21%	19%
35-44	21%	18%
45-54	21%	19%
55-64	13%	16%
65+	23%	28%

37%

Presence of children
(All segments: 30%)

Economic

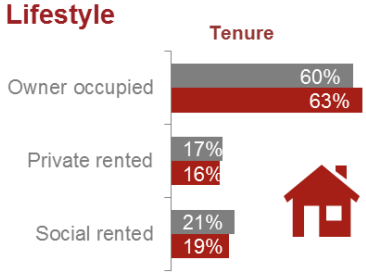


Household income	Happy Shoppers	All segments
<£16K	19%	21%
£16-£35K	30%	26%
£35-£60K	16%	14%
£60+K	10%	9%

73%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle



Use internet daily
(All segments: 75%)

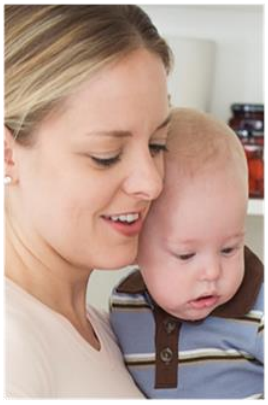
Switched any other services in P12M
(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Happy Shoppers (757) / All respondents (4001)

Ellie, Happy Shopper

"I think it's quite easy because they just pretty much do it all for you once you've given them your details. I found it quite easy...The comparison websites just do it all for you really."



- Age 35
- South East
- PA, two small children

Life circumstances

Ellie moved into the terraced house she shares with her husband and two small children a year and a half ago. They are renovating the house, and their youngest child is less than a year old so life is busy. Ellie is about to return to work part time. She and her husband use smartphones, a laptop and a tablet. Her husband is the 'techie' in the family, and has recently obtained a smart thermostat from their energy supplier.

"With our TV I recently phoned up to negotiate some discounts because I thought we were being charged too much...just realising that it was a ridiculous amount and we haven't even got the full package. So I phoned up and just sort of explained ...and they were pretty quick to start offering alternatives and we got some good deals for a year I think"

My approach to shopping around

Any spare cash goes into their house renovations, so it's important for Ellie and her husband to save money where they can, but finding the time to shop around is difficult. This means they need to prioritise which bills to review, and make use of PCWs, although they are conscious of some drawbacks to this. They regularly review their household budget to look for bills that they can reduce.

My feelings about the energy sector

Ellie switched to a new supplier recently, when her tariff came to an end. She used a PCW and chose the lowest priced supplier, which was not one of the six largest suppliers, and not a supplier that she had heard of previously. She is not brand loyal and feels that energy suppliers are profit oriented and guilty of charging excessively high prices.

"I tend to assume that the smaller companies, they probably have a slightly better customer service...because they want to gain customers so they're going to be putting more focus on their customer service and looking after their customers. Whereas, the big ones, they probably don't need to so much because they've got so many customers already."

My views on switching

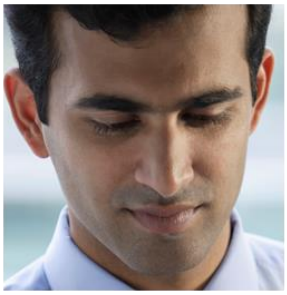
"I haven't done it (switching) loads, but generally it's pretty plain sailing whenever I've done it in the past."

She finds the idea of switching energy supplier quite a dull and boring activity compared with shopping around in other markets. When she switched recently, she used a PCW to save time and effort. Switching in this way was quick and effortless. She felt pretty confident about her decision to switch. Despite this, she feels sceptical about the impartiality of PCWs. This risk is worthwhile, however, because they set out the required information simply, and enable her to save time.

"I guess the energy market feels like a bit of a minefield sometimes. It includes a lot of detail that I don't really understand I guess, and so the (PCW) that I used for the recent change was very good because it said: 'if you want this, then this is the best deal for you', 'if you're more interested in this then this is the best deal'. So it made it quite easy to choose."

Ash, Happy Shopper

"…at the end of the day if you're prepared to look around, there's so much stuff out there and I'm not massively an IT bod by any means… but it's out there, everything is out there. As long as you…do a bit of due diligence, you can get a decent deal, there's no need for you to pay stupid prices."



- Age 39
- West Midlands
- Teacher, living alone

Life circumstances

Ash is a teacher. He is single and lives alone in a house that he bought three years ago. He is comfortable using technology and has a smartphone, tablet, two laptops and Apple TV. He uses the internet for shopping, banking (uses a banking app) and utilities (paperless accounts). He has been with his current supplier since moving into his house; his current tariff ends soon.

My approach to shopping around

He is motivated and confident in his ability to shop around and find the best deal. That said, he will only commit so long to this activity; he knows that spending longer could result in a better deal but he has other more important things to do. Price is important but as part of a larger package – he likes to check reviews for customer service, so will not necessarily go with the cheapest provider but the one that has the best price AND good service. He uses PCWs to shop around and also speaks directly to companies to double check the information on PCWs. When shopping for products and services online, he looks out for free returns polices and service agreements without early redemption fees - he likes to have a 'get out clause'. He feels in control of his choices and spending.

"The overall package is what we're looking for…price is an issue but it's got to be in the context of the bigger picture, you've got to get a good service."

My feelings about the energy sector

He is aware of the Big Six energy suppliers and feels that while he will get the best deal when he reviews his options, he will still be overcharged – he does not feel that the prices are fair. He puts this overcharging down to a lack of competition within the sector and likens energy suppliers to 'sharks'. He is however happy with his current supplier and feels they have kept him well informed.

"Well, the six big providers all do the same thing and that's what you always hear on the news. And not that you believe everything in the news these days…but is there enough competition out there? And then, looking at USwitch and if all of them are putting their prices up, it's a bit like OPEC, it's the same thing, artificially inflating the prices and we know they are."

My views on switching

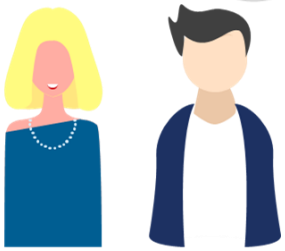
He is not daunted by switching. He has used USwich to compare energy suppliers and found this website user-friendly. He is happy to use this and other PCWs but will always consider any price saving alongside customer reviews in order to make an informed decision. He mentions that sometimes PCWs request information such as 'total chargeable amount' which differs from the unit prices provided in his energy supplier's bill – he feels that this aspect of PCWs could be improved.

"Definitely look, why not? There's no harm in [using a PCW]. If you've got a wifi connection at home, it's free."

"I liked the fact that there isn't a penalty for leaving at any time. That was one thing that attracted me to [his current supplier]. The other thing they were saying that if there was a change in the market, there's a provider that was giving you a better offer or whatever or even if they had a better tariff, that they would inform you. And so when I first had them, in the first year, I think I got three or four emails saying 'this [alternative deal] is out there', 'that's out there'."

4.2 Savvy Searchers

> We're doing pretty well in life: we are confident doing most things, feel pretty good about ourselves and are getting on well financially too. You'll always find us on the internet.
>
> We're pretty active across all markets, and we're the second most active switchers in the energy market.
>
> However, we sometimes think that things aren't made easy: it can be difficult to compare tariffs, and we take a realistic view of price comparison websites (like they aren't always unbiased).
>
> Maybe because of this, we tend to check more than one site…just to be sure. But in the end, we're confident we've got the best deal.



Their attitudes

Like the Happy Shoppers, the Savvy Searchers hold very positive views on shopping around in general, and are the most likely of all segments to agree that they don't mind spending several hours searching for a major purchase (83%, versus 71% average). They have high levels of self-efficacy, and feel confident engaging with the energy market.

However, their views are more moderate than the Happy Shoppers: amongst switchers they are less likely than the Happy Shoppers to say they find it easy to decide which deal to switch to (84% Savvy Searchers versus 94% Happy Shoppers, and similar to the average of 81%). They are also less likely than the Happy Shoppers to say they feel confident engaging with the energy market (83% Savvy Searchers versus 91% Happy Shoppers) though still much more confident than the average (64%).

In particular, the Savvy Searchers hold more sceptical views of price comparison websites, being the least likely to feel they are unbiased (5%, versus 28% average) or clear (18%, versus 36% average).

Their energy market behaviours

Over two fifths (43%) of the Savvy Searchers had switched supplier or tariff in the past 12 months: similar switching levels to the Happy Shoppers. Their main motivation for switching was, like others, cost/saving money.

Perhaps because of their more sceptical views of price comparison websites, they tend to shop around more broadly than other segments, visiting the most PCWs when shopping around (72% who used a price comparison site used two or more, versus 59% on average), and also comparing within their own supplier (32%) and other suppliers (45%). They tend to engage proactively with the energy market: through intermediaries (70%) rather than direct with suppliers (39%), and most commonly online (70%, only 19% engaged by telephone and 8% face-to-face).

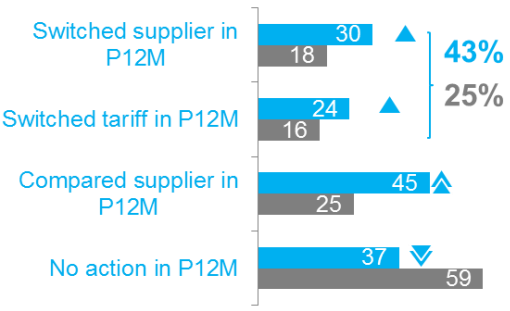
They are similarly strongly engaged with their energy account: 62% say they are familiar with the features of their energy tariff (50% average), and read supplier communications (61%, versus 42% average), and they are also more likely to be satisfied with their current supplier (83%, versus 77% average). The majority (87%) pay their energy bills by direct debit, and 59% are on a fixed tariff (48% average).

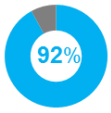
Their demographic profile

One of the older segments, the Savvy Searchers have the highest annual household income, and most (77%) are keeping up with their bills and credit commitments without difficulty. They are also the most likely to be a member of an AB household (35%), and to be owner occupiers (73%). Despite their older age profile, they are heavy internet users (91% daily), and they are the most likely to have switched any other services (e.g. insurance, current account) in the past 12 months (60%).

Savvy Searchers

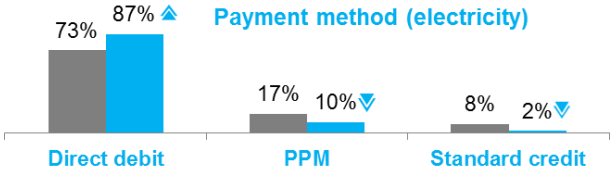
Energy market attitudes and behaviours





Costs/saving prime motivator to compare/switch
All segments: 86%

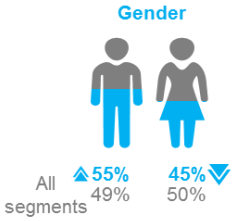
Satisfied with current supplier
All segments: 77%



Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

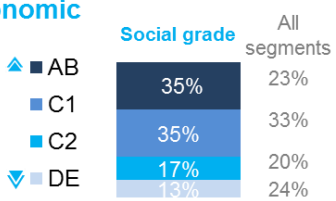


Age	Savvy Searchers	All segments
16-34	15%	20%
35-44	19%	18%
45-54	25%	19%
55-64	19%	16%
65+	22%	27%

30%

Presence of children
(All segments: 30%)

Economic

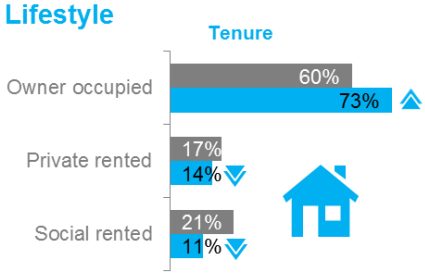


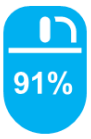
Household income	Savvy Searchers	All segments
<£16K	15%	21%
£16-£35K	26%	26%
£35-£60K	19%	14%
£60+K	15%	9%

77%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle





Use internet daily
(All segments: 75%)

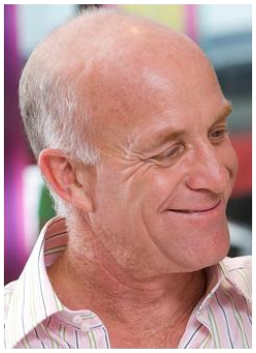
Switched any other services in P12M
(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Savvy Searchers (470) / All respondents (4001)

Mike, Savvy Searcher

"I must be the worst nightmare for the companies because I am not loyal to any of them!"



- Age 67
- North East
- Retired bookkeeper

Life circumstances

Mike is semi-retired and lives with his wife. His two daughters have left home, and he now has 4 grandchildren. He loves music and plays in a couple of local bands. He has lived in his current home for over 20 years. He has a smartphone and a tablet, and uses this for updating his band's website, shopping, and banking.

My approach to shopping around

" (After comparing prices using multiple PCWs) I will go back to look at the company more. I usually type in the company name; so if it was (provider) then I would go in to their own site because I might get it cheaper direct than even using the comparison site. I am a real diva that way. As I say I must be their worst nightmare."

Mike makes sure he shops around in detail before making any kind of purchase. He makes use of multiple PCWs to check prices. He has recently bought travel insurance for a holiday he will take next month, and although they will hold his deal for a month, he has continued to review the price and has discovered that it has reduced as time has gone on, so he will hold off buying for now, to wait for the lowest price.

My feelings about the energy sector

Mike reviews the market carefully and aims to fix to a low price. When his fixed deal is about to come to an end he looks across the market for a new fixed deal. He recognises that this is a 'gamble', but prefers to know what he is likely to be paying. He is happy with his current provider. Having chosen the cheapest fix on the market, the supplier he was with went bankrupt, but the deal was honoured by another supplier, and he is happy with his deal and the service from his new supplier.

"I will look and think there is a shortage of energy coming in so that means the prices are probably going to go up . Even if it is by a few percent. So if I fix it now at least I am covering myself, for maybe two years. I very rarely go to three; I only went to three for this one because it seemed like a good deal and actually it was. But I normally don't go for more than two if I can help it."

"I like wheeling and dealing anyway; I used to work in the market; I used to be a market trader when I lived in Essex so I was always doing deals and getting bargains so it is second nature to me. I am lucky in that way, whereas my daughter, I don't think she has switched ever and I have been trying to get onto her; I say I will do it for you. She says "I can't be bothered" and I know a lot of people just can't be bothered which is stupid [laughs]."

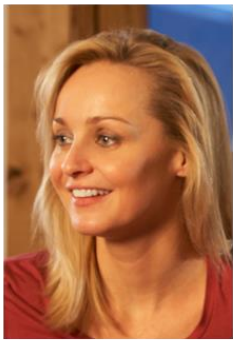
My views on switching

Mike always uses a PCW to review prices in the energy market, as he does in other markets. He is aware that PCWs sometimes receive a commission, and for this reason Mike prefers to use a few PCWs to ensure that he is seeing all of the best deals. This is time consuming, but worthwhile. Although Mike is confident with making a comparison, he thinks that this process probably involves a couple of days' work, in order to review company websites and various PCWs. He is aware of the Tariff Comparison Rate (TCR) as a comparison metric, and uses this to find the best rate.

"It is just a matter of fact really (shopping around) it is just a part of life… I couldn't not do it if you see what I mean.

Tracy, Savvy Searcher

"Look I can do it (shopping around). If I can do it anyone else can do it…It's part of life. You've got to do it. If you can find the easy way of doing it, do it. You don't have to make it hard for yourself…My Mum doesn't like doing the house insurance so I'll do that one for her."



- Age 40
- North East
- Secretary in family business

Life circumstances

Tracy lives in a household of 9, including her husband, their five children and the partners of their two eldest children. She works with her husband in his business, and also part-time as a cook in her local school. She and her family make use of a wide range of technology, including smartphones, tablets, laptops and smart TVs. Tracy does as much as she can online, including banking and paying bills.

"They (prospective provider) got in touch with me about changing my Internet and landline. They offered us quite a good deal, so I phoned (incumbent provider) up and said I was cancelling the Internet and landline and they beat it, so I ended up staying with (incumbent). "

My approach to shopping around

Tracy needs to keep bills under control, as she has a large household. She enjoys shopping around for the best deals, in fact she describes this as a 'thrill', and particularly loves to get a good deal on the family holiday. She actively reviews her purchases regularly, and feels that she is probably on the best available deal for most things. She makes use of PCWs, and always looks out for discount codes via email. She also receives weekly emails about money saving deals.

My feelings about the energy sector

Tracy pre-pays for her gas and electricity, and her supplier is not one of the six largest suppliers. She moved to them 5 years ago in order to get a smart meter, and to access 'friendly credit', meaning they would not risk losing their connection over the weekend. She moved to pre-pay a few years ago to try to limit her children's usage – they were liable to keep the heating on all day whist she was at work. She is very happy with her provider. As well as providing the credit facility she needs, they recently informed her of an error that they had made, and immediately credited her meter to compensate.

"Well we didn't know we were paying more until we got a letter through saying we'd been on the wrong charge or whatever for so long and they re-credited the meter back, both of them. I thought that was quite nice of them."

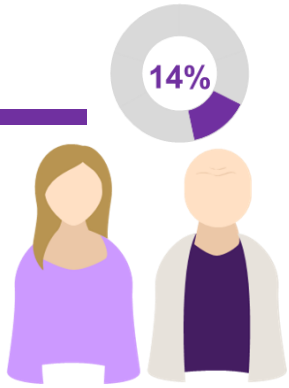
"I think they could have done more for the pre-paid customers, because a lot of the pre-paid customers are struggling financially, so if they put that pre-paid on the same tariff as what you would be on if you didn't have pre-paid. They are still getting their money. In fact they are getting their money quicker aren't they because you are paying for it there and then."

My views on switching

Tracy feels quite happy with the deal that she is on at the moment, although she knows that she could save money if she were to move from pre-payment to receiving a bill. She would prefer not to do this until her children have left home. Until then, she will continue to check deals but feels that she is unlikely to make much of a saving.

"To actually look properly (would take up a lot of time). Say (a PCW) says there are two or three providers that are going to be a better deal for you; well yes I would have to sit down and look through all of them. I would have to sit down and look at them and see which one was going to be the best. I probably would change to one of them."

4.3 Market Sceptics



> Hmm, we're really not sure about the energy companies: we just don't trust them. And it's just so difficult to compare the deals available.
>
> Our current supplier isn't much better: we're not satisfied with the service and they aren't giving us good value for money. We're not confident we're on the best deal for us right now.
>
> We're not as keen on switching as the HS and SS: we might give it a go and have in the past. Don't get us wrong: other markets are okay and we're happy switching elsewhere.
>
> We're on okay incomes, but aren't keeping up that well day to day – kids are expensive! - and we can be behind on our energy bills too.
>
> This could be because our bills are higher than average as we're sticking with a variable tariff or might be on a PPM.

This segment is considerably less likely to be engaged in the energy market than the Happy Shoppers and Savvy Searchers, but their levels of engagement are around the average (40% have engaged at all, and 23% have switched supplier or tariff in the past 12 months).

The segment appears to have participated in the energy market in the past (65% have ever switched), but appear to have been dissatisfied with the outcome: either through poor experience or because they did not save as much as they had hoped.

Their attitudes

Perhaps linked to poor previous experiences, the Market Sceptics are characterised by very low levels of trust in their energy supplier: less than one in ten trusts their energy supplier to treat them fairly or provide clear information, and only 2% trust their supplier to charge a fair price. This compares with well over half of other segments saying they trust their energy supplier.

Only a quarter (26%) say they feel confident that they are on the best energy deal for them (versus 56% average), although their levels of confidence engaging with the energy market are similar to other segments. This may indicate that their low levels of confidence stem from a distrust of their energy supplier, rather than low levels of personal confidence or self-efficacy. They are also not averse to switching in other sectors (e.g. car insurance, current account): 53% had done so in the past 12 months (versus 48% average).

Their energy market behaviours

A fifth (20%) of the Market Sceptics pay for energy through a prepayment meter, the highest of all segments. They are also the most likely to have been in arrears with their energy bills (7%), and to have tried but failed to switch in the past 12 months (5%), with debt/arrears most commonly mentioned as the reason for the failed switch.

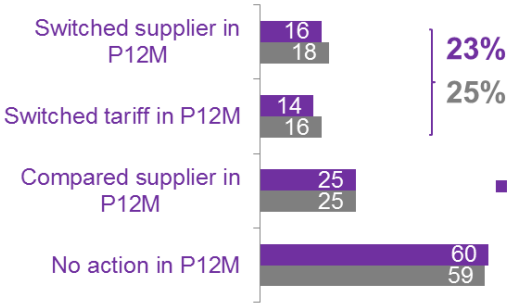
The Market Sceptics are particularly dissatisfied with their energy supplier. They are the least likely to be satisfied with the overall service (50%) or value for money provided by their supplier (27%, versus 64% average), and over a fifth (21%) had complained – the most likely of all the segments by some margin. Otherwise, they are fairly disengaged with their energy supplier: 38% say they are familiar with the features of their energy tariff, and 35% read any read supplier communications.

Their demographic profile

Though they have average levels of income, they are less likely to say they are keeping up with bills and credit commitments without difficulty (63%).

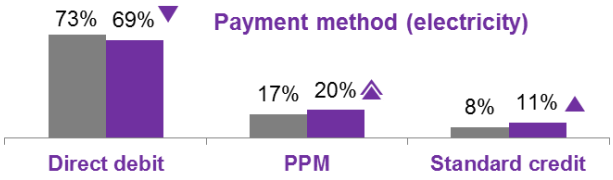
Market Sceptics

Energy market attitudes and behaviours



Costs/saving prime motivator to compare/switch
All segments: 86%

Satisfied with current supplier
All segments: 77% ▼



Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

Gender

All segments: 49% | 54% ▲ | 46% ▼ 50%

Age

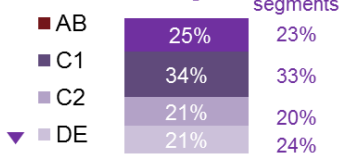
Age	Market Sceptics	All segments
16-34	21%	19%
35-44	20%	18%
45-54	21%	19%
55-64	17%	16%
65+	21%	28%

32%

Presence of children
(All segments: 30%)

Economic

Social grade



Household income

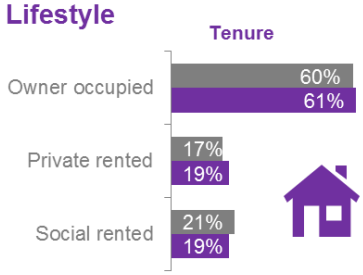
Household income	Market Sceptics	All segments
<£16K	17%	21%
£16-£35K	25%	26%
£35-£60K	15%	14%
£60+K	11%	9%

63%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle

Tenure



Use internet daily ▲
(All segments: 75%)

Switched any other services in P12M ▲
(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Market Sceptics (561) / All respondents (4001)

Annie, Market Sceptic

"They [energy suppliers] need to stop making false promises for a start. All their tariffs and deals, they are all very confusing… I don't really understand the whole usage thing and your average household and things like that. So it doesn't feel very straightforward."

- Age 49
- East Midlands
- Training Manager

Life circumstances

Lives with her husband and two children, and enjoys baking, walking and music. She has lived in her current house for 4 years. Annie is very active online, engaging in many ways: social media, shopping, banking, emails, work diary, home diary, photos. She uses an iPad, smartphone, PC and laptop. She has been with her energy supplier for four years and switched to her current one year fixed tariff 3 months ago.

My approach to shopping around

In most markets, Annie is focused on researching the market before making a purchase or switching. This applies to the purchase of products and services such as insurance cover, broadband etc. She pays attention to advertised deals, looks at review sites and uses two or three PCWs. She feels confident and well informed by the time she makes a purchase. She is sceptical about PCWs as they each recommend a different 'best buy' option, so she always checks directly with the product/service provider before making her final choice. She thinks switching services has become more straightforward in recent years.

"Once I have narrowed my search down I will go onto those company's websites directly. I won't follow the lead from the comparison website because I don't want any indication that that is where I came from so that if there is a commission, that won't happen. I will clear my search history and then I will go to that website."

My feelings about the energy sector

Annie does not trust energy companies because of her own negative experiences of signing up for a new deal which didn't provide the savings she expected. She describes the sector as "corrupt". In particular, she feels that energy companies charge too much. She feels that, in the energy sector, it's inevitable that customers will be overcharged.

" [Energy market] customers will never get a good deal. They will always come second [to shareholders] and that is wrong…. I feel that they are overcharging me, …despite whatever tariff or bargain I'm on at any particular time. Fundamentally the bottom line is, it is too much."

"Gas and electric is a little bit different because the billing information is really confusing and if you are not financially minded or mathematically minded it would be quite hard…it is getting better but I do feel that when you do look at some of these bills it is really hard to understand what they are talking about."

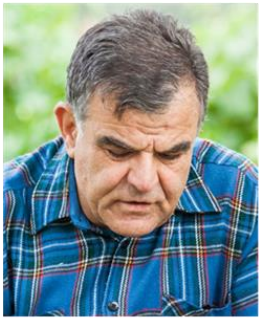
My views on switching

Annie switched energy suppliers three months ago on the basis of a PCW stating that she could save money. But the first statement she received showed she would be paying more per month, so she cancelled and returned to her old supplier within her cooling off period. Despite feeling frustrated by the experience, she knows she will continue to use PCWs when her tariff ends.

"You put [the monthly payment] into the price comparison site and it says you will save on average £395 and then you go down the comparisons, it says with this one you will save £400, with this one you will save £200… So they've obviously done a calculation in the background but you can't see what that is going to equate to in your monthly direct debit at that point…. Then [the new supplier bill] comes through and it says…you are going to save nothing, actually it is going to cost you £15-£20/month more… I've spent all that time on the comparison sites for no reason!"

Jim, Market Sceptic

"*I said I'd never go back to [old supplier]... I wouldn't use them ever again*…I just thought to myself if this company was happy to rip me off for the twenty years previous, then I am absolutely not interested in doing business with them whatsoever…The only reason discounts and everything came in was because of deregulation…They are all out to make as much money as they possibly can."



- Age 58
- East Midlands
- PT Shop assistant

Life circumstances

Lives with partner, has 3 grown up children (6 grandchildren).
Some health issues have made finding work difficult.
He has lived in his current house for over 30 years.
Jim is active in selling things on Ebay – but very cautious about security.
He has been with his energy supplier for around 12 years and is now on a 4 year fixed term. His son works for an energy provider and Jim uses him for advice.

"Price is number one. Service is secondary, because at the end of the day how many times are you going to be phoning up complaining that your electric's off?"

My approach to shopping around

Jim is open to shopping around, and price is the key motivator, although poor service can be a precipitator. However, he has no regular process of reviewing prices.

My feelings about the energy sector

Jim feels very aggrieved towards his old supplier, as he feels that he was given a poor deal prior to deregulation of the energy market. After his wife saw an ad in a magazine, he switched to his current supplier 12 years ago, for a better deal and improved customer service. He has been with this supplier ever since. Although Jim knows he could get a better price elsewhere, he is worried about switching, and the risk doesn't seem worthwhile.

"I've heard some real horror stories about these comparison websites…where when you click on [one of them]…. and it brings up all these tariffs. Apparently the first page you get is not necessarily the best deal that is on the market."

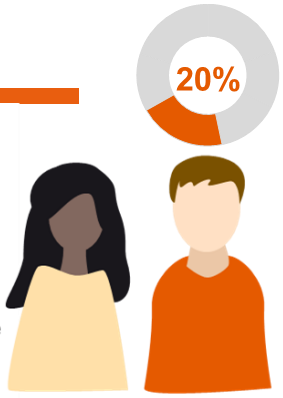
My views on switching

Jim has a fairly cynical view of the price offers made by energy suppliers encouraging people to switch. However, he is concerned about a big price increase when the fixed term deal he is on comes to an end. He plans to switch supplier and this will be to reduce the impact of a bill increase, rather than to reduce bills. Despite concerns about PCWs, Jim will still use them to make comparisons. He finds the process of comparing tariffs complex and difficult.

"[Martin Lewis] *…say[s] it's hassle free and what you do is that you contact the new provider who comes along and does everything. It's all done for you. There is little that you have to do and everything is smooth and plain sailing. What he doesn't tell you about is the little glitches that occur along the way…*"

"They (energy suppliers) are all the same. They'll all turn around and tell you that they're going to do this and that. They say 'we'll save you £80 a month' or '£80 a year' when you sign up to it, but then…, 'as you've been with us for three months we've been able to assess your usage and your usage is' … What happens is that January, Feb and march you're getting it for £35. Then you get a form (saying) we've been able to assess your usage and your usage is x, y and z. Of course there is a bit of discrepancy. You're now paying £90. Do me a favour!"

4.4 Hassle Haters



"What's stopping us shopping around for better energy deals? It's hard to say: we'd feel confident if we wanted to do it, and we trust suppliers to be fair with us.

In the end, it just seems like too much hassle. It seems that it would take too long, it would be hard to work out if we would save or not - it doesn't seem worth the risk. It's the same with a lot of products and services – we don't switch around much.

At the moment we're pretty confident that we're on the best deal, and we're satisfied enough with our supplier: they provide good value. But some of those value-added services might tempt us…

Though our incomes are only a bit below average, we're having some difficulties keeping up with bills, and we're more likely than some others to have been in arrears on our energy bills."

Their attitudes

Their levels of self-efficacy, engagement in shopping around and confidence engaging in the energy market are very similar to the average. However, it appears that Hassle Haters' lower levels of engagement in the energy market are linked to negative perceptions of the switching process, thinking that switching takes too long (45% versus 27% average), and is a hassle they don't have time for (60% versus 46% average). They worry things would go wrong (59%) and find it too hard to work out whether or not they would save (53%).

They also tend to think there would be risks associated with switching (70% thought there would be any risks): in particular costs rising, not saving as much as they thought and things going wrong like getting cut off or new suppliers going bust.

However, the Hassle Haters are amongst the most open to suppliers offering extra rewards (64%, versus 38% average), and to say that they would be happy to pay extra for good customer service (56%, versus 27% average).

Their energy market behaviours

The Hassle Haters' levels of switching are lower than the average, though not as low as the Anxious Avoiders and Contented Conformers. One in six (17%) of them had switched supplier and/or tariff in the past 12 months, and the same proportion had compared.

Their levels of satisfaction with their current supplier are fairly high (83%, versus 77% average), and 58% say they are familiar with the features of their current energy tariff (higher than 50% average, though not as high as the Happy Shoppers and Savvy Searchers). However, these levels of engagement are not followed through with engagement with supplier communications, as only 40% had read any supplier communications in the past 12 months.

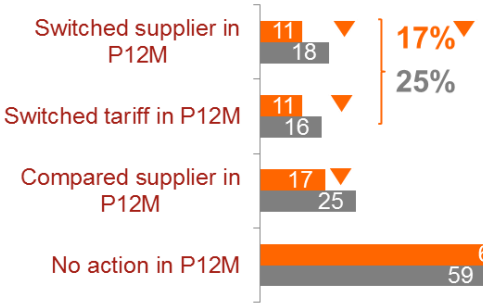
Their demographic profile

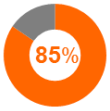
Tending to be a younger segment, almost a quarter (22%) of the Hassle Haters live in private rented accommodation, and they are the least likely segment to be owner occupiers. This segment also contains the highest proportion of ethnic minorities (16% versus 10% on average).

Their income is slightly below average and they are less likely than other segments to say they are keeping up with bills and credit commitments without difficulty (60%, versus 66% average). For a younger segment, the Hassle Haters' levels of daily internet use is low (74% use daily), and this may be linked to their lower than average levels of switching of other services (e.g. car insurance, current account).

Hassle Haters

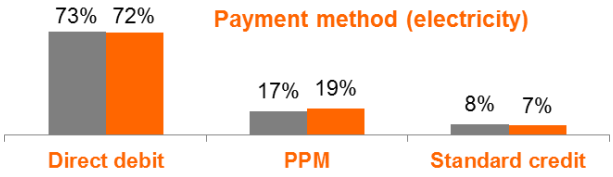
Energy market attitudes and behaviours





Costs/saving prime motivator to compare/switch
All segments: 86%

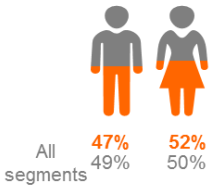
Satisfied with current supplier
All segments: 77%

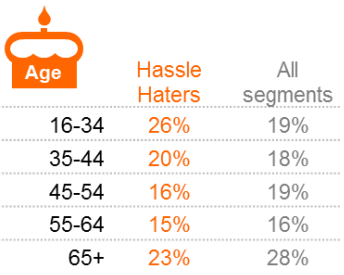


Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

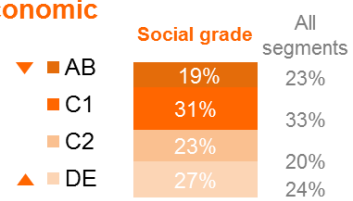


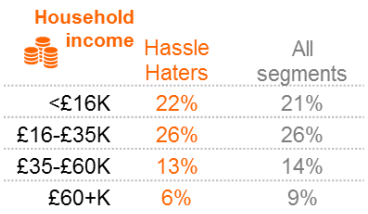


31%

Presence of children
(All segments: 30%)

Economic

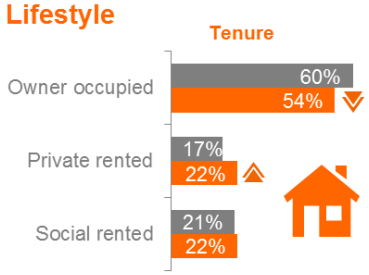




60%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle



Use internet daily

(All segments: 75%)

Switched any other services in P12M

(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Hassle Haters (829) / All respondents (4001)

Michelle, Hassle Hater

"There are those types of people aren't there, we perhaps all have one of those types of people as a friend. They sort of take it to the nth degree, you know, literally [carefully researching] everything. And sometimes, you know what, I can't be bothered!"

- Age 42
- East Midlands
- Bank worker, no children

Life circumstances

Michelle has lived in her flat with her partner for the past ten years. She loves shopping online, and also uses her tablet and smartphone for social media and watching films. She only has electricity in her flat, and has been with the same supplier for about ten years.

"If the price was ok I would have stuck with them. But it's one of those things isn't it with insurance. I think they tend to not really value their existing customers….I know that's lazy. But you know, that's what I would do normally. If the price was there or thereabouts and I was ok with paying, I would leave it…."

"Yeah again there's a little bit of apathy I am afraid with me. I've been with (TV provider) for a long time. And we have a broadband and TV package and all, everything with it, really. And they keep putting the price up all the time. It just seems to be going up and up and up. And broadband obviously is part of that. Do I watch any of the channels? Probably not. Do I really need it? Probably not. I could live without it."

My approach to shopping around

Michelle knows that she is paying over the odds for certain services, and thinks that she could get money off if she tried, but lacks the impetus to make a change. She can feel a little overwhelmed by the options available when renewing a service, but does eventually feel more confident after doing some online research. The difficulty comes in getting the motivation together to look into it. When shopping around, additional extras or add-ons are an incentive for Michelle, and in terms of price, she is more concerned with getting a 'good enough' deal than getting the best possible deal, as findings the best deal would take a lot more effort.

My feelings about the energy sector

Michelle switched to her current provider around 8 years ago whilst out shopping, and received £50 worth of retail vouchers for doing so. She remembers that the tariff she was offered was cheaper than her previous supplier, but can't now recall the level of saving she made. Her new supplier seemed pretty knowledgeable about the type of storage heating she has in her flat. She likes her supplier's app, and find her bills clear and easy to understand.

"I suppose I don't really do it on how much I use. I do it on how much I pay. And I know I pay over the odds. And that's, it's a conscious thing to do that because I would rather be in a credit balance rather than a debit…. And I think I pay something like £85 a month, which it doesn't need to be that much. It probably only needs to be about £50 a month. So I think at Christmas I've got about £300 back off them."

"At this moment in time it probably just seems like a big faff to have to do it because where do you start?... If I could reduce my bill …I could find that out from my existing provider. And then I guess you would need that information to do a comparison with another company…"

My views on switching

Although Michelle expects that switching would be easy, even easier than it was when she last switched 8 years ago, she is happy with her current supplier and doesn't envisage that she will change any time soon. She sees switching as an 'annoyance' – something that she would prefer not to have to deal with. If she did this it would be to save money. She is happy with the amount that she is paying monthly, and doesn't feel motivated to make a change, especially as its unlikely that there is much difference between providers. If she were to change, she feels that she would probably understand the various deals, and a PCW would be her first port of call, though she would also like to talk to someone from a supplier as part of the process.

"Probably just laziness in all honesty…If it ain't broken don't fix it! (laughs)... Unless something major happened then probably I would still be with them [current supplier] in a year from now."

Brian, Hassle Hater

"If it ain't broke why fix it? You know what I mean?"

- Age 66
- West Midlands
- Retired milkman, no children

Life circumstances

Brian has recently moved into a new council flat with his wife. They have internet access on their laptop and use it for sending emails to the council about repairs, or to do Google searches, but prefer to avoid shopping or banking due to the security risks.

"I'm confident but once you talk to them (energy supplier) you lose your confidence because they don't seem to be doing nothing about it. That's when you lose your confidence."

"You go to one (energy supplier helpline), I'll put you on hold and then the stupid music comes on. You know what I mean. It just don't work for me, you know what I mean."

My approach to shopping around

He uses his computer to look around for deals, and says that if he were looking for a new car, for example, this would be his first port of call. He tends to prefer to use the phone to find out more and likes to talk to a 'human being'. In general, Brian prefers to keep things on an even keel, and hasn't changed provider for anything major recently.

My feelings about the energy sector

When moving to a new property, Brian and his wife decided that they would prefer to stick with their supplier from their previous property. They were happy with this supplier in their previous flat, and liked prepaying for their gas and electricity. Changing the supplier to their new property, and converting from a smart meter to prepayment meter for electricity, has proven difficult, and Brian feels unhappy with the customer service he has received. This has made Brian disillusioned with the supplier he has been loyal to for 20 years.

"They gave me three dates to come and change the electric box to put a key box in. It's been months since I've tried to change, and they're still doing nothing about it. I phoned (existing provider) up they say we're trying to get some information off of (new provider) but they won't send it. And I phone up (new provider) and they say oh we've sent them everything."

"…They try to blind you with science. See where I'm coming from? With their prices. You know. I can't work out how much I'm going to use."

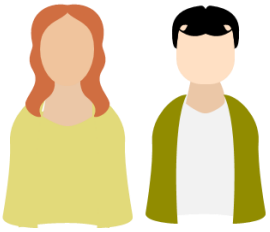
My views on switching

Customer service is important to Brian, and although he tends to prefer to keep things as they are, his bad experience with his provider has led Brian to consider switching. He finds it very frustrating to have to provide the same details repeatedly to his current and prospective provider. He has recently used a PCW to compare tariffs, after seeing an ad on TV. He has found this difficult, and feels that he would prefer not to switch, had he not been driven to do so.

"It's just ridiculous to try and switch. Honest, some people say 'oh it's that easy.' You do it on the computer. It don't work out like that for me. Honestly, it don't."

4.5 Anxious Avoiders

> We're not good at making decisions or negotiating deals. We don't really shop around for anything – energy or otherwise. We don't think it's worth spending the time searching around for good deals or finding ways to save money.
>
> Confidence when it comes to energy suppliers is pretty low: we don't feel that confident choosing the best deal, understanding or bills or complaining. We don't particularly trust suppliers either.
>
> We're not online that much, and we don't know much about price comparison websites either.
>
> We've been on this standard tariff for ages, and will keep feeding this prepayment meter we have.
>
> Life can be a bit of a struggle - we're on lower incomes, getting behind with bills and living in social housing.



Their attitudes

When it comes to big purchasing decisions, the Anxious Avoiders have particularly low levels of self-efficacy: they are considerably less likely than other segments to agree that they are able to follow through with purchasing decision once they have made up their mind to do something (51%), and also to agree that as soon as they see a problem or challenge they start looking for possible solutions (38%): 90% or more of other segments agreed.

Their levels of engagement with shopping around in general are low, as only 33% agreed they usually continue to search for an item until it reaches their expectations (78% average). Although they tend to be on lower incomes, only 42% of the Anxious Avoiders agree they always look for ways to save money and 45% always check bank or building society statements (versus 80%+ of other segments).

These lower levels of engagement with shopping around are seen in low engagement with innovation (e.g. being amongst the first to try new products or services, being wary of using a supplier they don't know), or information (e.g. whether there is too much choice or clarity of information provided to them). Their answers tended to be neutral or don't know, rather than giving negative responses.

Their energy market behaviours

The Anxious Avoiders' levels of confidence engaging with the energy market are low (e.g. comparing tariffs, understanding bills, making a complaint: two in five or less said they feel confident), as is the proportion believing they are on the best deal for their energy supply (36% versus 56% average).

Perhaps because of this, levels of engagement with the energy market are low: 12% had switched tariff or supplier in the past 12 months (versus 25% average), and 13% had compared suppliers/tariffs.

The minority who had engaged in the energy market tended to react to supplier communications. While the most common reason they gave for engaging was to save money, they were more likely than other segments to say that they were motivated by incentives (e.g. insulation or boiler maintenance, mentioned by 14% versus 2% average) or bundling with other services (e.g. telephone, broadband, mentioned by 4% versus 1% average). They are the least likely to pay by direct debit (68%), and most likely to be on a variable tariff (47%).

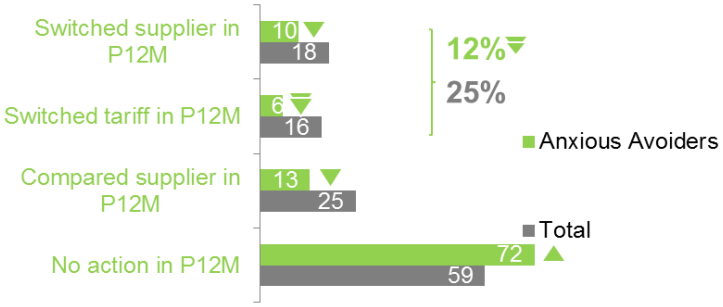
Their demographic profile

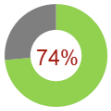
One of the older segments, the Anxious Avoiders are the most likely to be from the DE social grade (32%), and to live in social housing (27%). Their average income is also the lowest of the segments, and they are least likely to say that they were keeping up with bills and credit commitments without

difficulty (54%). Linked to their demographic profile, it is unsurprising that they are the least likely to be daily internet users (59%).

Anxious Avoiders

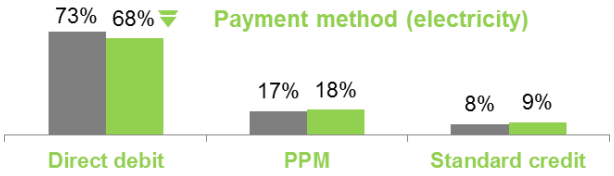
Energy market attitudes and behaviours





Costs/saving prime motivator to compare/switch
All segments: 86%

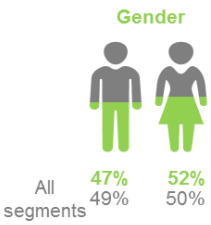
Satisfied with current supplier
All segments: 77%



Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

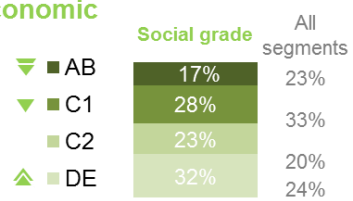


Age	Anxious Avoiders	All segments
16-34	21%	19%
35-44	17%	18%
45-54	18%	19%
55-64	11% ▼	16%
65+	33% ▲	28%

25%

Presence of children
(All segments: 30%)

Economic

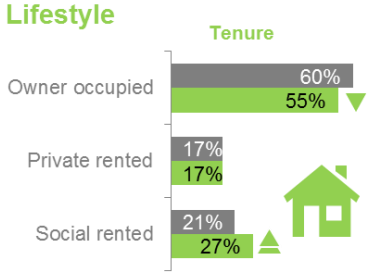


Household income	Anxious Avoiders	All segments
<£16K	25% ▲	21%
£16-£35K	25%	26%
£35-£60K	8% ▼	14%
£60+K	9%	9%

54%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle



Use internet daily
(All segments: 75%)

Switched any other services in P12M
(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Anxious Avoiders (559) / All respondents (4001)

Albert, Anxious Avoider

"…You hear so many horror stories about people swapping gas and electricity… I've heard that many people that have changed suppliers, and they've had nothing but trouble."

- Age 71
- E Midlands
- Retired maintenance engineer, no children

Life circumstances

Retired for 12 years, Albert is active in the garden but had a triple heart bypass 3 years ago. He lives with wife in a house they bought new 3.5 years ago. He describes himself as not a "technology person" but uses the web for holidays, share tracking and has recently taken up online banking .

"…the cost of the energy bills, especially now we've moved to this house, has dropped dramatically. I mean, I don't know what I pay; I think it's very low.."

"I don't tend to drift off of, you know, go to Fred Bloggs Insurance, you know. I go to a company that's been around a bit…If something goes wrong, the big companies are going to pay out…, for the sake of saving a few bob, you might not get that service with a smaller company or a company that you've never heard of."

My approach to shopping around

Albert has started to shop around more than in the past, as he hears more and more about other people doing this. He is mainly looking for a safe option rather than for the best possible deal. A well-known brand helps him to feel reassured, and he will choose the top 4 or so brands and make a comparison between them. Albert has never considered using a PCW. Technology helps him to feel in control of his purchasing decisions:

"…especially on the computer. It's better than on the phone because I can sit there and look at it. And you haven't pressed any buttons to do anything. I can sit there and kind of write them all down and what they give you and what they don't give you. And I can make a judgement that way..".

My feelings about the energy sector

Albert has a sense that there isn't much difference between the prices charged by different energy suppliers – *"…it's probably a little bit of a cartel."* However, he doesn't think that suppliers in the energy sector are less trustworthy than in other sectors, and prices aren't seen as excessive.

"I'll just wait for them to send it through. I don't really kind of change suppliers…For the bit that I am going to save I can't really be bothered, to be honest."

My views on switching

Albert has been with his current supplier for 20+ years. He is reasonably happy with his current deal, but is also concerned about potential problems with switching. He feels that something is likely to go wrong, and that he would prefer to avoid switching for this reason. Albert has had a previous bad experience with being overcharged for electricity, which resulted in him being out of pocket, and having to provide multiple meter readings. This has led to a desire to maintain things when they work.

"You've got to change all your standing orders and all your direct debits. It just sounds like a lot of trouble to save a few bob, you know. I don't know how much I'd save...It's like everything really. You look at the car insurance, and they're all within ten pounds of each other. So you're going to all this trouble to probably save ten pounds over a year."

"From the people that I know have changed… it just doesn't seem to have gone right. They get trouble with their bills. That's the big thing I think. The bills go adrift… They came up here about two or three weeks ago putting smart meters in for, I don't know who it was. They're trying to get it standardised. But you change your supplier and your smart meter doesn't work. So you've got all that aggro."

Caroline, Anxious Avoider

"We've never had any problems with them [energy provider]…it's something you don't really think about. It's like it's a direct debit, your electricity works but you don't have to think about it."

- Age 28
- South Yorkshire
- Teacher, no children

Life circumstances

Caroline and her partner have owned their own flat for a year, having previously rented a flat together. They like to go on active holidays involving hiking and climbing. Caroline uses a laptop and smartphone, especially for social media and streaming TV.

My approach to shopping around

In general, Caroline tends to find shopping around boring, annoying, and a bit of a chore. She also sometimes finds that she doesn't feel very confident about making the right choice, and tends to be indecisive when it comes to selecting the right deal. She feels that she and her partner put a lot of effort into finding the right mortgage when they bought their flat, and now that they have arranged this, they won't think about it again until they need to.

"Especially like, I don't know, something like home insurance. I wouldn't feel that confident about it, because, I don't know, there's loads of different things. There's different components to it…It's not that I can't understand it. It's just that it feels like a bit of an effort. And when you're busy in your life it's like I could be doing something else."

"At the beginning I think it was mentioned, 'oh maybe we should check our tariff'. But not really since then…at the moment I don't feel that we are paying excessively. I feel like our bills are quite manageable so it's fine…"

My feelings about the energy sector

In Caroline's previous flat, the landlord paid all of the bills, so she has only become responsible for arranging a supplier in the past year. She isn't sure of the name of her supplier, or whether or not she is on a fixed term deal. Although she thinks she may be able to save some money by switching, she thinks it probably wouldn't be very much. She feels that the energy market is less risky than other markets, as there is likely to be more regulation.

"Because it's like an essential thing … I don't know if there's any sort of laws governing it or regulations but I feel like there would be more regulations going in gas and electricity than something like broadband…. It's not like they're trying to sell you any extras. Whereas phones it's like 'oh you can have a better tariff' or 'you can have an upgrade' … they're always trying to sell you stuff. Whereas gas and electricity, they can't really do that."

My views on switching

"Because it's one of those things that if it works you just don't think about it. So like the electricity works and like I said it's a direct debit. So you just know that it comes out every month and unless it like went up dramatically, which I don't think it has, then we would obviously think about it. But the fact that it hasn't gone up really dramatically, you don't really think about it. It just happens automatically."

Caroline knows that she may not be on the best deal for her gas and electricity, but she hasn't felt motivated to find out more. She feels that it would be complicated to work out what the best deal is. She thinks that she would notice if her bills went up, and that this might motivate her to switch, but unless this happens, she thinks its unlikely that she will switch. Although she isn't sure of the deal that she is on at the moment, she doesn't think that she would be able to save much by switching. She says that she would use a PCW for switching, though she tends to find them confusing.

"It's not really something that I think about that much. Like I said, (energy) bills are just one of those things where unless it's majorly out of control with how much it is then it's just like you don't think about it. I feel like I have more important things to think about.

4.6 Contented Conformers

> "Honestly, why fix it if it's not broken?
>
> Our current energy supplier is fine: we trust them well enough, they give us good enough value for money. Maybe we could be on a better deal, but….
>
> We're pretty nervous about change – worried about the risks of switching and using unknown suppliers. And switching seems like such a hassle.
>
> We don't feel at all confident comparing or choosing and the choice is overwhelming! We're not on the internet much, so don't know much about those price comparison websites.
>
> We've switched in the past, have found something we're happy with and we're sticking with it. Yes, that's with one of the bigger providers, but it's fine with us.
>
> We're older, and while we're on the lowest incomes we're getting on fine with our bills."

Their attitudes

While their levels of self-efficacy and views on shopping around in general are similar to or slightly higher than the average, the Contented Conformers have the lowest levels of confidence engaging with the energy market. Only 37% feel confident choosing the best energy deal for their household (64% average), and 23% feel confident comparing the different deals available (58% average), and they are the least likely to think it's easy to compare different energy tariffs (24%).

This segment appears to be generally content with their current arrangements: they have high levels of trust in their energy supplier (to provide clear/helpful information, to treat them fairly, to charge them a fair price), and 85% say they are satisfied with the service they receive. However, their views on the switching process are particularly negative: 71% feel that switching is a hassle they don't have time for; 66% feel it's too hard to work out whether they would save or not if they switched; and 64% worry if they switch things will go wrong. They are also the most likely to feel that there is too much choice in the range of tariffs available (43%).

These concerns about switching are borne out in their views about new suppliers - over four fifths (83%) said they would be wary of using an energy supplier they have never heard of and 84% would rather stick with a product they currently buy than try something they are not sure of, the most likely of all segments to agree with these statements.

Their energy market behaviours

The Contented Conformers are the least likely of all of the segments to have switched supplier in the past 12 months (7%), and their levels of tariff switching were also very low (9%). Almost four fifths (78%) had not engaged in the energy market at all in the past 12 months. Most (69%) pay for their energy by direct debit, they are the most likely to pay using standard credit (12%).

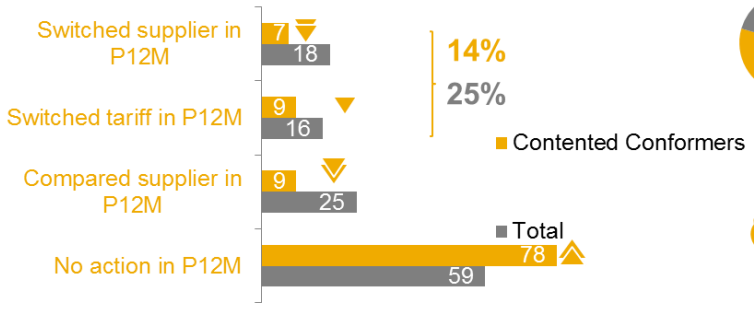
Their demographic profile

The oldest segment, the Contented Conformers has a female bias (56% female), and is the most likely to report any disability/ long-term limiting illness (21%). They are on one of the lowest average household incomes but 70% say they are keeping up with bills and credit commitments.

Levels of daily internet usage are low (62%, only the Anxious Avoiders are lower) and, perhaps linked to this, levels of switching of other services are also low (40%).

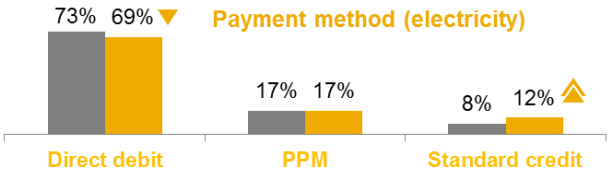
Contented Conformers

Energy market attitudes and behaviours



Costs/saving prime motivator to compare/switch
All segments: 86%

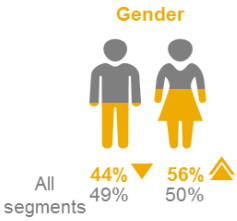
Satisfied with current supplier
All segments: 77%



Read any communications from supplier
All segments: 42%

Demographic Profile

Personal

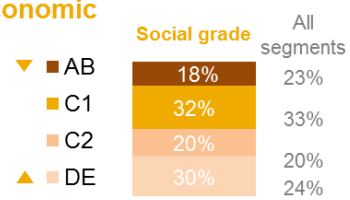


Age	Contented Conformers	All segments
16-34	13%	19%
35-44	11%	18%
45-54	14%	19%
55-64	18%	16%
65+	44%	28%

23%

Presence of children
(All segments: 30%)

Economic

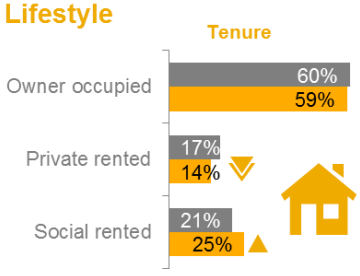


Household income	Contented Conformers	All segments
<£16K	27%	21%
£16-£35K	23%	26%
£35-£60K	11%	14%
£60+K	5%	9%

70%

Keeping up with bills / credit commitments
without difficulty
(All segments : 66%)

Lifestyle



Use internet daily
(All segments: 75%)

Switched any other services in P12M
(All segments: 48%)

▲▼ Significantly higher or lower than average
▲▼ Highest or lowest segment

Base: All Contended Conformers (825) / All respondents (4001)

Susan, Contented Conformer

"Oh it's much easier…we used to have a certain type of water heater that was really expensive. Our electric bills were astronomical. This was years ago. And we had young kids and the economics thing was quite bad then. The mortgage rates had gone high. So we went on the slot meter. And we just changed to a key meter. And we're happy that way. We put £10 on every week and that sees us…I really don't want any more direct debits coming out of our account."

- Age 63
- South East
- Retired, lives with her husband

Life circumstances

Susan and her husband have lived in the same house for 40 years. Their daughters live very nearby, and Susan finds herself busy helping with her 5 grandchildren. She doesn't have a computer, and when she wants to make a major purchase, she and her daughter sit down together to research it using her daughter's laptop. Susan's brother-in-law gave her his old smartphone, and she uses this for making calls and checking the news and weather. She never uses it for shopping or banking, as she is very worried about security.

"We don't go out and buy just anything. We do our research. It's a lot of money. So you have to be a bit more cautious nowadays…I think it was on TV, on one of these Watchdog programs. This guy was saying how companies can put in their own reviews. So that slightly worried me a bit because I do rely on customer reviews."

My approach to shopping around

Susan finds shopping for a major purchase very stressful, because of the level of risk involved. In the past, Susan's daughter was left badly out of pocket after a major purchase went wrong, and Susan is very wary of having a similar experience. She is concerned about making a poor choice, and for this reason spends a lot of time and effort on shopping around. In doing this she is mainly seeking reassurance, rather than the best price. She will always choose a well-known brand, as she wants to feel assured that she will receive good customer service if something were to go wrong.

My feelings about the energy sector

Susan has been with the same energy supplier for 40 years, and although she is slightly unhappy with some elements of customer service, she feels reassured by the familiarity of the brand. She is also happy that her current tariff guarantees that her bill will not increase. Although she thinks she probably could get a better deal, she thinks that she would then need to switch regularly to get the best possible deal.

"I don't understand it to be honest with you. This is the trouble. I do not understand it…It would be very difficult for me because I am not figure orientated at all. I wouldn't know so many therms costs this much, you know. I wouldn't understand it. It needs to be really clear cut that this would be a lot cheaper for you…I'd be anxious because it's going into the unknown, you don't know the company you're dealing with do you, really."

My views on switching

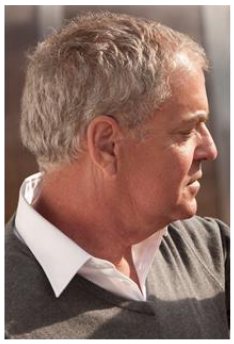
Susan feels very unconfident about her ability to understand alternative deals, and although she feels a pressure to switch, she is very worried about her ability to make the right choice. She is also very fearful of any unexpected increase in her bills, and of dealing with an unfamiliar supplier. For these reasons, switching feels very risky, and something that's not for her. She feels that once she had switched, she would need to put in a lot of effort to continually look for the best deal, and she does not feel confident that she could do this.

"People on TV keep saying you should change your supplier. Well for the short term I reckon it would be cheaper just to change. Obviously it would be cheaper bills. But as I say, I don't know for how long. It would involve a lot more switching every now and again, every six months or so I suppose."

"I've heard horror stories about changing your supplier, you know. I mean my daughter, she has had quite a few misfortunes with her stuff. She changed her supplier. I can't remember it was about a year or so ago. And she had a horrendous deal. She was getting bills sent to her, you know, and everything else. And so I just don't want the hassle to be honest with you…So you hear all these stories again and yeah, it makes you worry. And you think to yourself - I can't be doing with that."

Alan, Contented Conformer

"I'm in the happy position where I can be lazy about it…They've never cut me off. They've never messed up my bills. They've got me onto an early smart meter…I do think we're being a bit exploited. Our laziness is being exploited."



- Age 56
- South East
- Not working, lives alone

Life circumstances

Alan lives in social housing, and hasn't worked since he was affected by a spinal injury in his late teens. He lives alone although his mum lives locally. He uses his laptop to download music and films, and also uses a smartphone. Although he browses online he still has some reservations about paying for things online because of security concerns, so he only pays online some of the time.

My approach to shopping around

Alan hasn't changed provider for any major service in the last year, and although he reviewed his broadband deal a few months ago, he decided to stick with his current provider. He prefers to stick with a major provider, as they would be likely to have plenty of reviews available online. He finds online reviews reassuring, as they would tell him about any major issues to be aware of with the product or service. His main worries are about experiencing a poor speed that would affect his ability to download films or music. Alan finds PCWs useful, but is very aware of the drawbacks. To overcome these issues, he uses multiple PCWs, and double checks using a Google search.

"Well, if it had been a smaller company, they don't have such a large customer base, so I would have to look up online to double check what has been said of them on the internet. Generally I try to go to big well established firms…I just feel more confident doing that."

My feelings about the energy sector

Alan has always been with the same energy supplier, and receives paper bills. He prefers to stick with a larger supplier as he assumes they will give him the lowest prices, and better customer service. He thinks that energy suppliers are out to make as much money as they can from their customers. Although he thinks he may be overpaying, he would prefer not to switch, and suspects that he would not save a great deal by switching. Alan uses a smart meter to check energy usage, and has made changes to his routines to reduce his bills to a very low level.

"My brother had a tremendous amount of problems (with switching). My mother had tremendous amount of problems. She moved suppliers. I think it could possibly be an enormous headache. I'm just thinking it could turn into a pain. You know you're not being billed accurately. I don't know if you could lose your supplier or not but it is in the background you could lose your supply."

My views on switching

Although Alan thinks he could save some money, he has quite a few worries about switching. He feels that there would be a lot of effort involved in switching, as it would be difficult to calculate which deal is the best. He is also wary, as some members of his family have had bad experiences with switching in the past. He also has a worry in the back of his mind that he could lose his energy supply if things were to go wrong.

"I think you'd have to be able to compare the amount of money you spend on the kilowatt hours or the therms of gas or whatever they're called. So yes, there would be some maths involved I would have thought."

"I think I'm overpaying but I can't really be bothered to go through all the figures really because I'm not that good at maths. I think it's because it doesn't really hurt my pocket too much. I'm lazy in that direction."

5 Knowledge, confidence and perceptions

This chapter contains:

- Levels of knowledge of actions that consumers can take to engage in the energy market
- Perceptions of the amount of choice available
- Confidence in their ability to engage
- Perceptions of the switching process, including the time taken and associated risks of switching
- Motivations and prompts for engaging, and reasons for not engaging

Failure to engage in the energy market cannot be explained by lack of awareness

Almost all consumers are aware that they can switch supplier, switch tariff or change their payment method. Even amongst those who had never switched, seven in ten or more are aware of each of these.

Overall, it does not appear that perceptions of the amount of choice is a strong barrier to engaging in the energy market

Half of consumers think there is the right amount of choice of energy tariffs, though there has been an increase in the proportion thinking there is too much choice in 2017. Those who have not engaged in the energy market are no more likely to think there is too much or not enough choice.

Most customers say they are confident dealing with their energy supplier

Consumers generally feel confident engaging with their energy supplier: understanding their bills, comparing deals and choosing the best deal for their households. Levels of confidence are highest for making a complaint to their energy supplier.

Those who had not engaged in the energy market were less likely to feel confident comparing and choosing deals, but were equally likely to feel confident understanding bills or complaining.

Switchers in general found switching quick, easy and hassle free, and found it easy to work out whether they would save or not.

Unsurprisingly, those who had not switched, and in particular members of the CMA database group, were the least positive about switching.

There has been an increase in the proportion of consumers thinking that comparing tariffs is easy.

Time taken to switch is not a strong barrier to switching: while unengaged customers were more likely to agree that switching takes too long, they actually had less realistic – and more optimistic – views of how long switching takes than those who had recently switched.

The main risks associated with switching are costs going up and not saving as much as expected.

Other potential risks (which were much less commonly mentioned) were double billing and being cut off. Recent supplier switchers were less likely to perceive risks associated with switching.

As in previous years, saving money was the strongest motivator for engaging in the energy market. Inertia/satisfaction with their current supplier was the main reason for not engaging.

Communications from suppliers are the main prompts to engagement, though word of mouth, the media and money saving websites were also mentioned. A minority had received a personal recommendation (e.g. from a friend or family member).

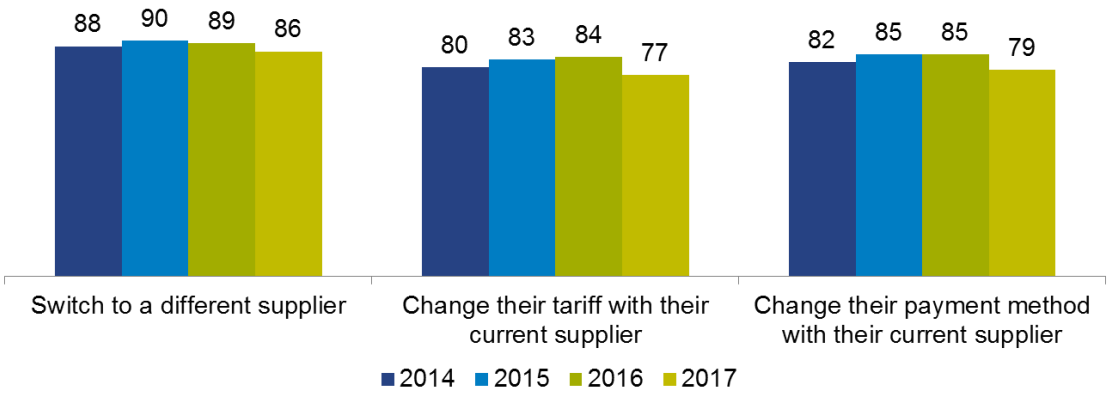
Key facts

- 46% think there is about the right amount of choice of tariffs available, 34% think there is too much choice, and only 6% that there is too little choice
- 66% feel confident understanding their energy bill, 64% confident choosing the best energy deal for their household, and 58% confident comparing energy deals. Confidence in complaining was higher (75% feel confident)
- 47% of consumers think it is easy to compare tariffs
- 67% of consumers mentioned any risks associated with switching
- 91% of those who engaged in the energy market said this was to save money, 82% of those who hadn't engaged said they would do so to save money.
- 52% of those who engaged in the energy market said they were prompted to do so by supplier communications, and 16% by word of mouth (including 8% by money saving websites)
- 33% of those who had not engaged in the energy market said it was because they are satisfied with their existing supplier, and 23% because they feel it is too much hassle

5.1 Knowledge – Do consumers know they can engage?

There has been a small drop in the proportion aware that they can change supplier, change tariff with the same supplier, and/or change method of payment with the same supplier – but it is likely that this drop is the result of a change in the question wording[14].

Chart 12 Awareness of actions that energy consumers can take



NB: question wording changed in 2017 which is likely to have affected awareness

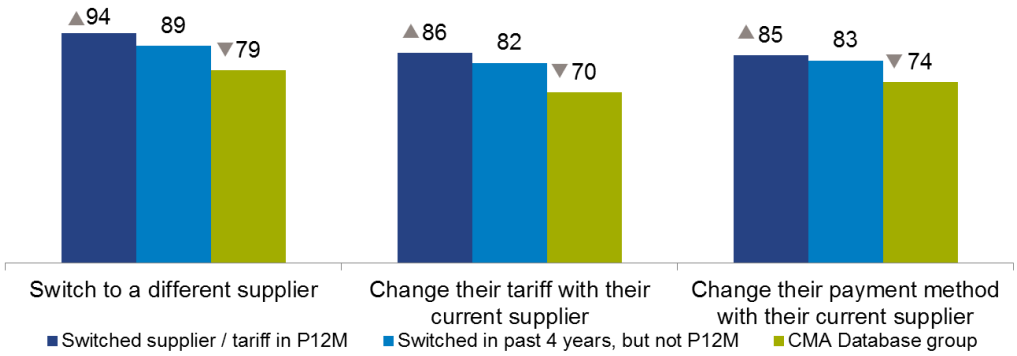
Q14. Which of the following do you think it is possible for energy customers to do? Base: 2014: 6151, 2015: 5934, 2016: 5956, 2017: 4001,

The overall trend across four waves was flat for all three options, with awareness of each option very high. Nearly nine in ten (86%) said they know consumers can switch supplier, and around eight in ten that they can change tariff (77%) or payment method (79%) with their current supplier.

There was a clear correlation with social class, with ABs having the highest awareness of all three possible types of switching (only 4% were not aware of any), and DEs having the lowest (16% were not aware of any).

[14] In previous years, a 'none of these' option was not presented to respondents, whereas in 2017 this option was visible to respondents on the interviewer's screen. Because of this, significant changes over time are not shown in the chart

Chart 13 Awareness of actions by engagement



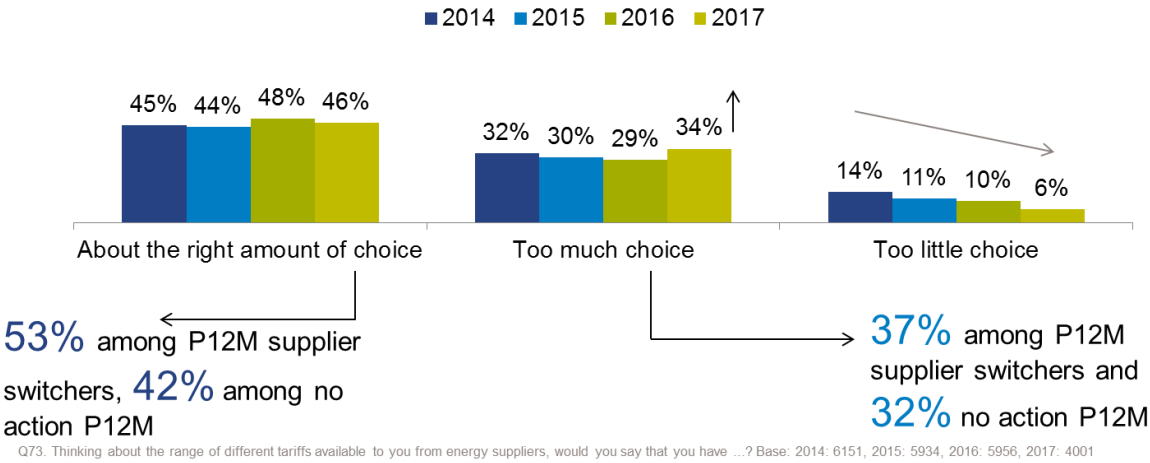
Q14. Which of the following do you think it is possible for energy customers to do? Base: Total sample: 4001; Switched supplier / tariff P12M: 1016; Switched in past 4 years, but not P12M: 1063; CMA database group: 1921;

Even among those who have not switched, seven in ten or more were aware of each of the actions, with only 17% unaware of any or didn't know – failure to engage in the market cannot therefore be solely explained in terms of lack of awareness.

5.2 Perceptions of amount of choice available to consumers

There has been no change over the four years for which the survey has been running in the proportion who think they have the right amount of choice of energy tariffs: around half (46%) thought this in 2017. There has, however, been a consistent fall over time in the proportion thinking there is not enough choice of tariffs – falling from 14% in 2014 to 6% in 2017. However, there has been an increase in the proportion thinking there is **too much** choice: rising from 29% in 2016 to 34% in 2017. These differences may be linked to changes in the numbers of tariffs available to consumers[15].

Chart 14 Perception of amount of choice available to consumers



Q73. Thinking about the range of different tariffs available to you from energy suppliers, would you say that you have ...? Base: 2014: 6151, 2015: 5934, 2016: 5956, 2017: 4001

[15] In June 2016, the restriction on the number of tariffs for any one supplier was removed, following a CMA recommendation. Between June 2016 and June 2017 the total number of core tariff choices in the market increased from around 90 to around 120 in the direct debit segment, while it remained more stable at around 30 in the prepayment (PPM) segment. The increase is mostly explained by the entry of new suppliers. On average there are currently around 2-3 tariffs per supplier compared to around 4-10 in 2012, pre-implementation of the restrictions. The number of suppliers has risen steadily from 24 in June 2014, to 44 in June 2016, to 54 in March 2017 (the time of the survey).

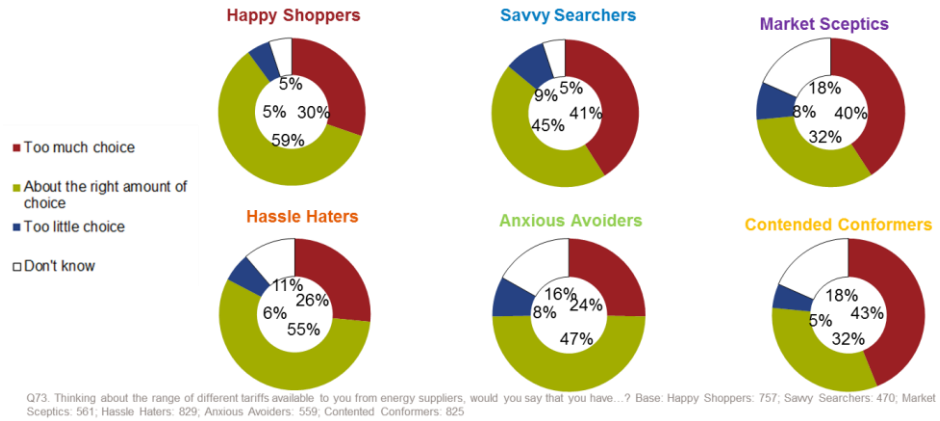
Those aged 16-34 (53%) and C1s (50%) were the most likely to think they have the right amount of choice of tariffs. In contrast, ABs (38%) and over 35s (35%) were the most likely to think they have too much choice, though the most common response amongst both groups was that they have the right amount of choice.

Overall, it does not appear that the perception that there is not enough or too much choice is a strong barrier to engagement. Those who have not engaged in the market were no more likely than the engaged to think that there is too much or too little choice: instead they are more likely to feel unable to express an opinion on the amount of choice available (21% of the unengaged said don't know/refused, compared with 12% on average and only 6% of the engaged). Amongst unengaged consumers who expressed an opinion, perceptions were very similar to engaged consumers. For example, 56% of past 12 month switchers expressing an opinion think there is the right amount of choice, compared with 53% of those who have not engaged in the energy market at all.

It is also of interest to note that, once don't know/refused answers are removed, consumers on prepayment meters did not tend to respond in a different way to those paying by direct debit or standard credit. While it may be hypothesised that a perceived lack of choice of tariffs available to prepayment customers may be a barrier to engagement, this does not appear to be a strong factor: 7% of prepayment meter consumers giving an answer said they feel there is too little choice available, and the comparative figure amongst direct debit consumers is 6%.

There are also several clear differences in perceptions between the segments: again interpretation of these is complicated by different proportions unable to express an opinion. For all segments, the most common perception is that there is about the right amount of choice. However, Contented Conformers, Savvy Searchers and Market Sceptics are all more likely than the average to say there is too much choice, while Happy Shoppers and Hassle Haters are more likely to say there is about the right amount of choice. However, while Hassle Haters are characterised by the view that switching is too much hassle, it does not appear that an overload of choice is perceived to be an issue, which implies that their views of hassle are instead linked to perceptions of the process of switching.

Chart 15 Perception of amount of choice available to consumers by segment

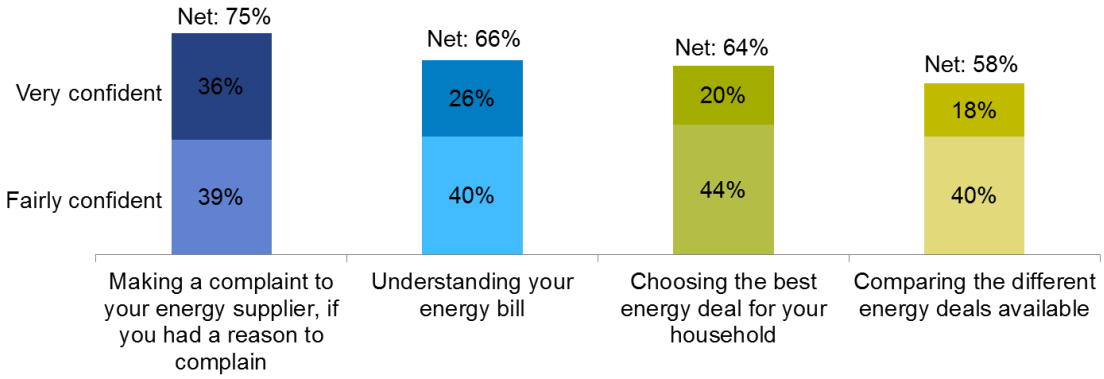


Q73. Thinking about the range of different tariffs available to you from energy suppliers, would you say that you have…? Base: Happy Shoppers: 757; Savvy Searchers: 470; Market Sceptics: 561; Hassle Haters: 829; Anxious Avoiders: 559; Contented Conformers: 825

5.3 Customer confidence in their ability to engage

The majority of consumers said they feel confident engaging with their energy supplier, although the level of confidence varied considerably between different types of engagement.

Chart 16 Confidence in consumer actions



Conf2. How confident or unconfident do you feel about doing these things related to energy suppliers? Base: 4001

Around three quarters said they feel confident making a complaint to their energy supplier if they needed to, and this included 36% who feel very confident[16].

Confidence is lower about understanding their energy bills, and choosing the best energy deal (each around two in three), and slightly lower still about comparing the different energy deals available, where 58% said they feel confident.

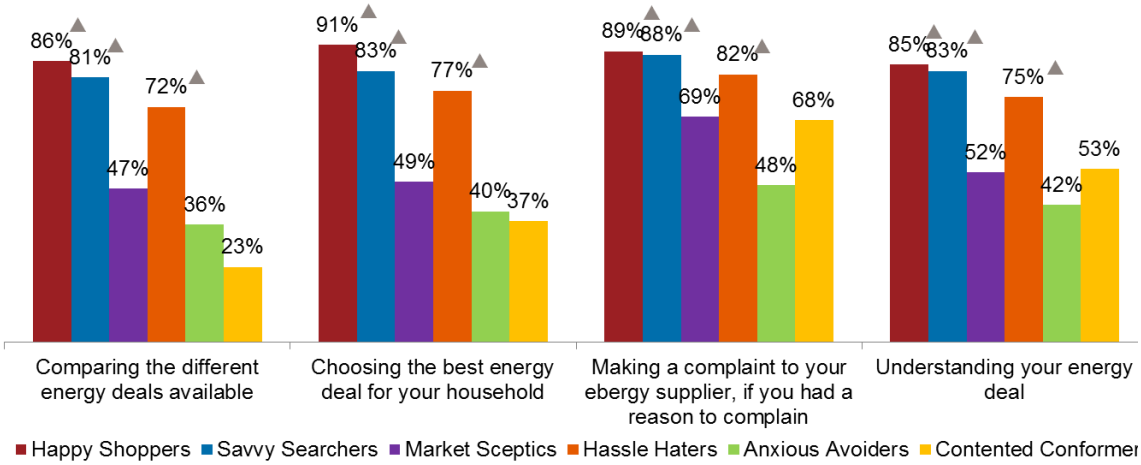
Confidence in making a complaint was stable across all demographic groups, but older people were less likely to say they feel confident about comparing deals and choosing the best deal: among 65+s only 46% said they feel confident comparing deals (versus 58% on average) and 58% choosing the best deal (versus 64% on average). Confidence understanding energy bills varied mainly by social class, with a clear progression from 72% feeling confident amongst ABs to 59% amongst DEs.

There were also, understandably, clear differences by level of engagement, with those who have never switched and those who haven't engaged in the energy market in the past 12 months less likely to feel confident comparing deals and choosing the best deal for their household.

There were also large differences between the segments: this is unsurprising given that confidence was one of the inputs to the segmentation. Around four fifths of Happy Shoppers and Savvy Searchers said they feel confident comparing deals, compared with only one in four Contented Conformers and one in three Anxious Avoiders. The pattern was the same across all of the actions investigated: with Happy Shoppers, Savvy Searchers and Hassle Haters the most likely to say they feel confident, and Anxious Avoiders and Contented Conformers the least likely.

[16] This question was not asked in previous years, so no tracking data are available.

Chart 17 Confidence in consumer actions by segment



Conf2. How confident or unconfident do you feel about doing these things related to energy suppliers? Base: Happy Shoppers: 757; Savvy Searchers: 470; Market sceptics: 561; Hassle Haters: 829; Anxious Avoiders: 559; Contented Conformers: 825

5.4 Perceptions of the switching process

A further element of confidence engaging with the energy market is the extent to which it is felt to be easy to compare tariffs for electricity or gas.

Around half of consumers (47%) said they see comparing tariffs as easy – this has increased significantly since 2016 (43%). Those who have switched supplier in the past 12 months were much more likely to say they find it easy (55%), and this figure is unchanged since 2016. Younger people were also more likely to say they find comparing tariffs easy: 54% of 16-34 year-olds said this, though this proportion has fallen from 58% in 2016.

Again, perceptions of the switching process was one of the segmentation inputs, but it is still of interest to note the extent to which it differentiates amongst the segments. There were some very large differences: from the 77% of Happy Shoppers and 58% of Hassle Haters who found it easy, to as few as 28% of Anxious Avoiders and 24% of Contented Conformers who did so.

All respondents were presented with a number of statements about the switching process and asked how much they agree or disagree with each. Opinions are fairly divided.

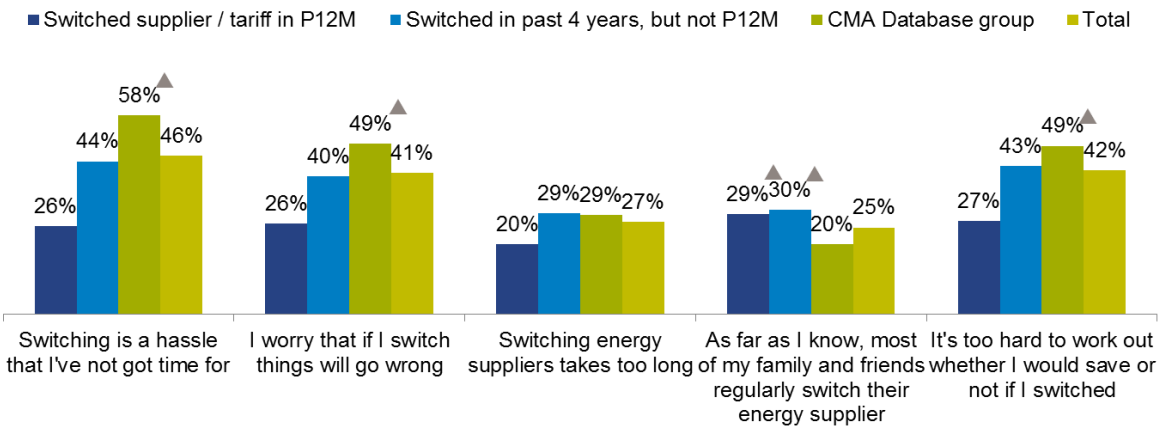
Around half agreed that “Switching is a hassle that I’ve not got time for” (46% versus 37% disagreeing), and that “It's too hard to work out whether I would save or not if I switched” (42% agreed versus 37% disagreed), but for the statement “I worry that if I switch things will go wrong” approximately equal proportions agreed and disagreed (41% agreed, 42% disagreed).

On the other hand, more disagreed than agreed that “Switching energy suppliers takes too long” (41% disagreed versus 27% agreed). Switching was not strongly perceived as the norm, as while a quarter agreed “As far as I know, most of my family and friends regularly switch their energy supplier”, a third disagreed.

Taken overall, perceptions are less positive amongst those who have not engaged in the energy market in the past 12 months, and associated demographic groups: C2DEs and low income households, non-internet users and the lowest engagement segments (in particular Hassle Haters and Contented Conformers).

Chart 18 shows perceptions of the switching process amongst those who have switched supplier or tariff in different time periods: in the past 12 months, in the past 1-4 years, and 4 or more years ago (the CMA database group).

Chart 18 Perceptions of the switching process



Q121. How much do you agree or disagree..? Base: Total sample: 4001; Switched supplier / tariff P12M: 1016; Switched in past 4 years, but not P12M: 1063; CMA database group: 1921;

Given that those who had engaged in the energy market recently tend to feel more positive about the process of switching, it is unsurprising that those who are furthest away from switching (the CMA database group) tend to have the least positive perceptions. They are the most likely to think that switching is a hassle they don't have time for, to worry that if they switch things will go wrong, and that it's too hard to work out whether they would save or not if they switched. On all these measures, the CMA database group was almost twice as likely to agree as recent switchers.

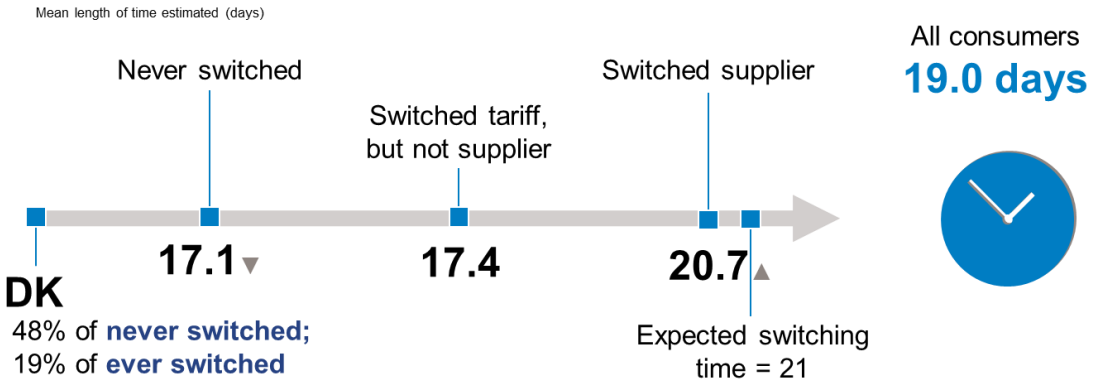
Agreement that switching is a hassle I've not got time for was particularly high amongst those who do not use the internet at all (58%) and, linked to this, those who have never switched supplier (58%), suggesting both attitudinal and practical barriers to switching for some. Worrying that something might go wrong if they switch may also be a deterrent, and agreement with this statement is particularly high amongst those who have never switched (49%) and those who have not engaged in the energy market at all in the past 12 months (48%).

Turning to whether perceptions of the time taken to switch may be a barrier to engagement, customers who had switched supplier or tariff in the past 12 months were less likely than unengaged consumers or those who had only compared to say that switching takes too long (20% of switchers agreed versus 29% of others). However, it should be noted that unengaged consumers were much more likely than those who had engaged to say that they could not express an opinion (40% did not, compared with 17% of switchers). Given their lower levels of consideration of the issue, this suggests that perceptions of the time taken to switch may not be a strong barrier to engagement.

To explore this further, all consumers were asked how long they think it takes to switch supplier, from the time they ask to switch to the time the new supplier starts to supply their energy. Most respondents had a realistic view of how long it would take to switch supplier: in practice the average switching time is 21 days, and the mean average estimate given by respondents was 19 days[17]. Those who have ever switched supplier were understandably closer, with a mean estimate of 20 days, and those who had switched in the past 12 months gave a mean answer of close to 21 days.

[17] It should be noted that this mean average estimate includes some outliers, with 14 people thinking switching takes 100+ days, including 2 people who think it takes 364 days to switch

Chart 19 Perception of length of switching process



LongS. If someone was to switch to a new energy supplier, how long do you think the process takes from the time that they ask to switch, to the time that the new supplier starts to supply their energy? Base: 4001; never switched: 1433; switched tariff : 287; switched supplier: 670

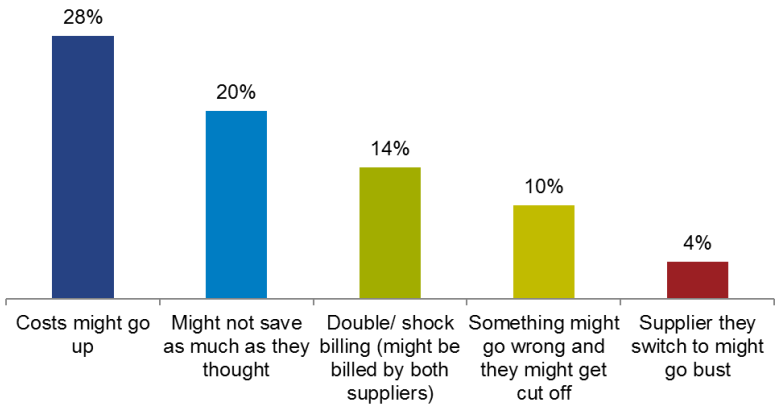
Once again, it does not appear that the perception that it takes too long is a strong barrier, as those who have never switched tended to think that switching takes less, rather than more, time. However, it should be noted that those who have never switched were far more likely than switchers to say they didn't know how long it would take (48% and 19% respectively). Linked, to this, lower engagement groups were also less likely to be able to answer: 49% of Anxious Avoiders, 41% of Hassle Haters and 37% of Contented Conformers said they do not know how long it takes.

5.5 Perceptions of the risks associated with switching

A new area investigated in the survey in 2017 was the perceptions of the risks associated with switching, to see whether perceived risks could be a barrier to switching. All were asked to say in their own words what they feel might be the risks associated with switching supplier. By far the most commonly mentioned risk is that costs might go up: almost three in ten (28%) said this, and 20% said that there is a risk that they might not save as much as they thought.

Other potential risks identified by one in ten or more are the possibility of double billing (14%) and of being cut off (10%). Only 4% spontaneously worried that the new supplier might go bust, and other risks were mentioned by 3% or fewer.

Chart 20 Top five perceived risks of switching energy supplier

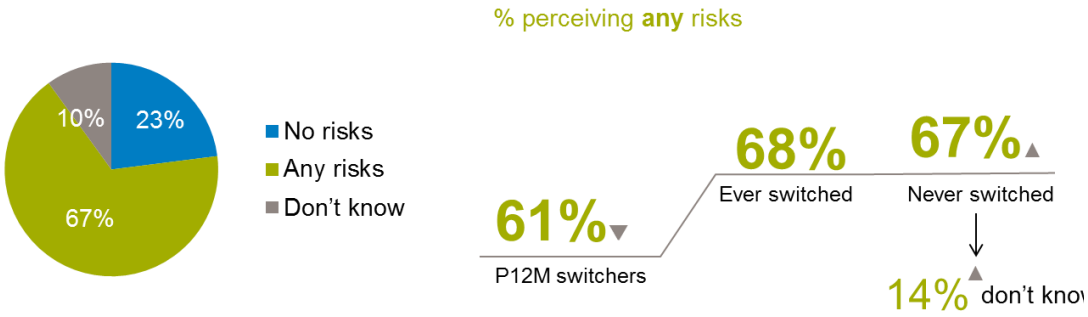


Risks. What, if anything, do you think might be the risks associated with switching energy suppliers? Base: 4001

Concern that costs might go up is particularly high among Contented Conformers (37%), Market Sceptics (31%) and Hassle Haters (29%).

Overall, 67% mentioned any risks associated with switching - though it should be noted that they were specifically prompted to consider risks. A quarter (23%) said there are no risks associated with switching, and a further 10% did not feel able to comment.

Chart 21 Perception of risks associated with switching



Risks. What, if anything, do you think might be the risks associated with switching energy suppliers? Base: 4001; never switched: 1433; ever switched: 2422; P12M switchers : 670

Those who have switched suppliers in the past 12 months were less likely than average to say that there are any risks associated with switching (61% versus 67% on average): they were less likely to mention each of the risks listed above, though 22% of them mentioned the risk that costs might go up and 15% that they may not save as much as they thought.

Those who had never switched were not considerably more likely than the average to name risks associated with switching, though they were also more likely to say they didn't feel able to comment (14% said this), rather than thinking there are no risks at all (19%).

The perception of risk is also linked to levels of engagement, with higher engagement groups less likely to perceive risks associated with switching: 39% of Happy Shoppers thought there would be no risks, and 26% of Savvy Searchers[18]. In contrast, the Contented Conformers were more likely than average to mention most of the main risks: 37% thought there would be a risk that costs might go up (versus 28% average) and 24% that they might not save as much as they thought (versus 20% average).

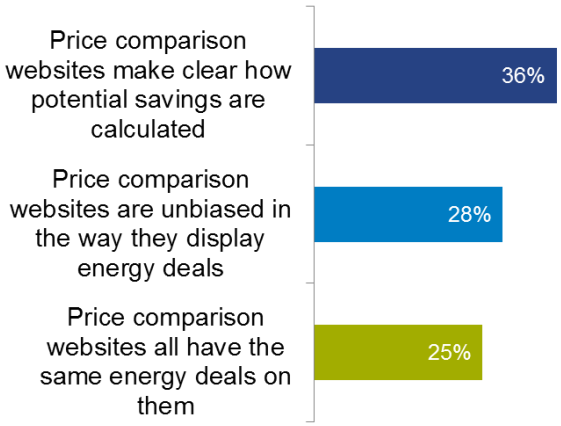
5.6 Perceptions of price comparison websites

All consumers, regardless of whether they had used a price comparison website or not, were read three statements about the sites and asked the extent to which they agree or disagree with each.

Just over a third agree that price comparison websites make clear how potential savings are calculated, around a quarter agree that price comparison websites are unbiased in the way they display energy deals, and a similar proportion agree that they have all the same energy deals on them. However, it is notable that a large proportion of consumers did not feel able to express an opinion on these issues, as just under half either said don't know, or gave a neutral (neither agree nor disagree) response.

[18] The difference in the proportions thinking there are no risks between the Happy Shoppers and Savvy Searchers clearly shows the differences between the two segments. While the Happy Shoppers are very positive and optimistic about the switching process, the Savvy Searchers have a more pragmatic and questioning view.

Chart 22 Perceptions of price comparison websites



PCWSt. To what extent do you agree or disagree with these things about price comparison websites? Base: 4001; P12M comparers: 601; 65+: 1126

Older respondents (aged 65+), DEs, lower income households and light/non-internet users are all less likely to agree with each of the statements about price comparison websites. To some extent, these lower levels of agreement are linked to high proportions in these groups not expressing an opinion (saying neither agree nor disagree or don't know/prefer not to answer): for example, 62% of 65+s and 60% of DEs did not express an opinion when asked to comment on the statement 'Price comparison websites have all the same deals on them' (compared with only 40% of 16-34s and 43% of ABs).

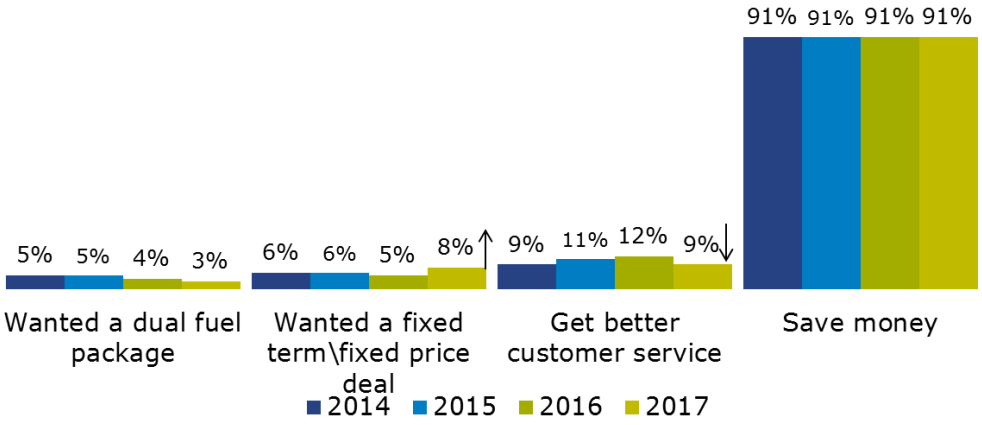
However, even when those who were unable to express an opinion are excluded, differences are still evident, indicating that perceptions of price comparison websites are less positive amongst these groups.

Perceptions of price comparison websites is also strongly linked to engagement with the energy market and experience of their use. Those who had ever switched supplier, or who had engaged in the energy market at all in the past 12 months are more likely than their counterparts to express an opinion on price comparison websites, and amongst those who did express an opinion they are more positive about the sites. First time switchers who expressed an opinion were particularly likely to agree that price comparison websites are unbiased and make clear how potential savings are calculated (60% and 77% respectively).

5.7 Motivations and prompts for engaging in the energy market

All who had engaged in the energy market in the past 12 months (switching supplier or tariff, or comparing), were asked to say in their own words what their priorities were. As in previous years, the most common priority for engaging is to save money (mentioned by 91% in 2017), followed some way behind by a desire to get better customer service (9%), a fixed term/price deal (8%) or a dual fuel package (3%). Responses are consistent with previous years, though the proportion saying they engaged to get a fixed term/price deal has increased slightly since 2016, and the proportion wanting better customer service has declined slightly[19].

Chart 23 Priorities for engaging in the energy market



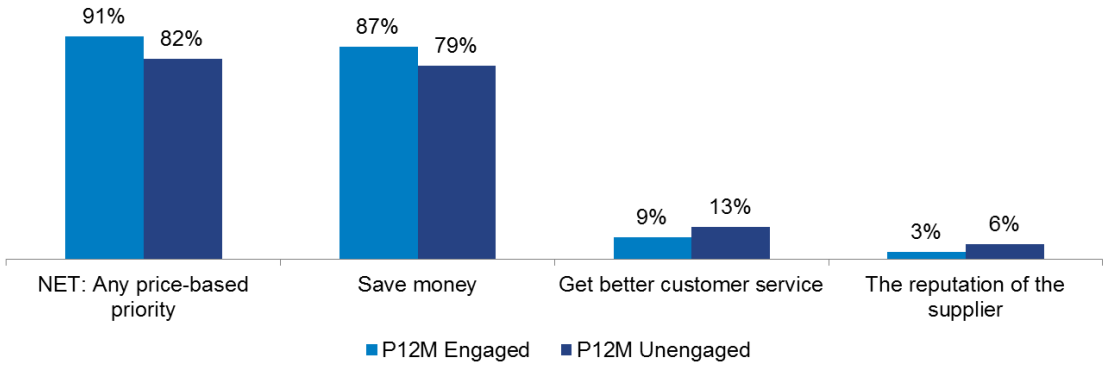
Q160. Thinking of the last time you <answer from Dumm1> , what were your priorities? Base: Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months (2014:2000, 2015:2034, 2016:2112, 2017: 1558)

Those who had *not* engaged in the market at all in the last 12 months were asked a parallel question, to imagine that they might be switching supplier or tariff, and asked what their priorities would be in selecting a new deal. For those not engaged, the main priority remained saving money/costs, though at a lower level than for engaged consumers: 82% of unengaged consumers said their priority was to save money (versus 91% of engaged consumers).

Similar to engaged consumers, getting better customer service was the next most commonly mentioned priority (by 13% - slightly higher than for engaged consumers), and supplier reputation was mentioned by 6% of unengaged consumers (versus 3% of engaged consumers).

[19] It is difficult to unpick in a quantitative survey what consumers mean by 'saving money' – e.g. whether it is to reduce monthly bills now, to avoid an imminent increase in bills (as a result of a price increase or end of a fixed term deal) or to avoid anticipated future increases. From the qualitative research, it is clear that many consumers focus purely on their monthly (weekly/ quarterly) payment and not a longer-term view.
There was one example from the qualitative research in which a consumer compared deals in detail, aiming to find a fixed rate that would provide the lowest prices on average over a period of two or three years. He was aware that this represented a gamble, as he could not guarantee that rates would not fall, but this was worthwhile to avoid price rises.
However, most examples were of those who had been attracted to a new deal because of the lower monthly payment offered, calculated from anticipated usage based on household size or similar metrics. Typically their bills were then readjusted after the switch, to reflect their actual energy usage, meaning that payments returned to previous levels or even increased. These experiences usually led to a lack of trust in the accuracy of billing projections provided by suppliers or PCWs, and undermined confidence in the market overall.

Chart 24 Motivations for engagement



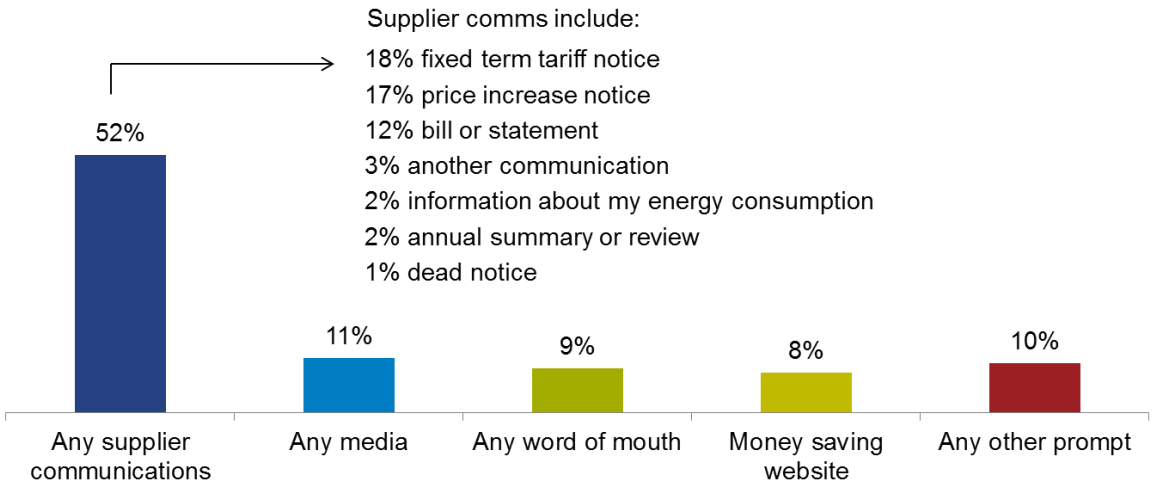
Q122. If you were to switch supplier or tariff, what would be your priorities when choosing a new deal? Base : NOT Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months: 2443; Q160. Thinking of the last time you compared supplier or tariff , what were your priorities? Base: Switched supplier / Compared supplier or tariff P12M: 1558

Among both engaged and unengaged consumers, the most engaged segments (Happy Shoppers, Savvy Searchers, and to a lesser extent Market Sceptics) are all more likely than average to say that saving money is or would be a priority for them. Hassle Haters are the most likely segment to say that getting better customer service is/would be a priority (e.g. 17% amongst engaged Hassle Haters). This supports other findings where Hassle Haters are the most likely segment to agree that they would be happy to pay more for better customer service (56% of Hassle Haters agree versus 27% average).

With price such an overwhelming priority, it is unsurprising that there are few significant differences in the proportions giving this reason by demographic group or levels of engagement. The priority to get better customer service was more commonly mentioned by 35-64s (both engaged and unengaged), ABC1s and higher income groups.

Those who had engaged in the energy market (comparing or switching supplier or tariff) were asked what had prompted them to do so, and "push" factors tended to be stronger than "pull" ones[20]. Over half (52%) said they were prompted to engage by supplier communications in some form, including: end of fixed term notice (mentioned by 18%), price increase notice (17%), or a bill or statement (12%).

Chart 25 Prompts to engagement



Q161. And thinking about the last time you (answer from Dumm1), what were the main reasons that caused you to do that? Base: Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months: 1558

Other prompts to engagement included:

[20] The question was asked in a different format in previous years, so comparisons over time are not possible

- media (mentioned by 11%), which includes 4% from TV advertising or programmes, and 4% from general media coverage
- word of mouth (mentioned by 9%), which includes 4% who were prompted by a friend/family member, and 4% who generally heard that supplier prices are going up)
- looking at a money saving website (mentioned by 8%)
- other prompts (mentioned by 10%), which includes 7% who moved home and 4% who experienced poor customer service.

Those who had changed tariff in the past 12 months were more likely to say they were prompted to do so by an end of fixed term tariff notice (36%). The most common prompt for supplier switchers is the price increase notice (mentioned by 17%), though they were also the most likely to have been prompted to engage by moving house (11%, versus 7% average). Those who compared but did not switch were more likely than switchers to have been prompted to engage by supplier marketing (15% versus 11% supplier or tariff switchers).

All consumers were also asked whether anyone – other than representatives of energy companies – had made any recommendations to them in the past 12 months: either to change supplier, recommending a particular supplier, or warning them away from a particular supplier. The vast majority (83%) said they had not received any recommendations, and generic recommendations were much more common than supplier-specific ones: 9% said someone had recommended them to switch supplier, but only 6% had had a particular supplier recommended and 3% had been warned off a particular supplier.

Chart 26 Levels of recommendation

Recom. Apart from salespeople working for energy companies, has anyone made any of these recommendations to you in the last 12 months? Base: 4001; switched supplier : 670; switched tariff: 287; no action: 2443

However there are marked differences in recommendations between engaged and unengaged consumers, which suggests that for some, recommendation may play a part in the decision to switch. While 17% of all consumers had received a recommendation of some kind, this rose to 26% amongst those who have switched supplier in the past 12 months, but only 11% of those who had taken no action said they had received any recommendations.

First-time switchers were particularly likely to say they had received any recommendations: 9% had been recommended to a particular supplier or deal (versus 6% average) and 22% had been recommended to switch more generally (versus 9% average).

C2s (12%), and those on the lowest incomes (12% of those on less than £16K per annum), were most likely to have had recommendations to switch suppliers.

Looking overall at prompts to engaging in the energy market, those who had had contact with energy suppliers in the following ways were all more likely to have switched supplier in the past 12 months:

- Those who had complained (33% had switched, versus 16% who had not complained)
- Those who had been contacted by another energy supplier (24% had switched versus 17% who had not been contacted)
- Those who had read any communications from their own supplier in the past 12 months (21% had switched versus 16% who had not read any

In addition, those who received recommendations from family/friends were more likely to have switched supplier (28% had switched versus 16% who had not received recommendations).

These results show that broader engagement in the energy market may serve as a prompt to future switching.

5.8 Reasons for not engaging in the energy market

The energy market is one with a high degree of inertia, and one example of this comes from those who have either compared supplier or tariff but not switched, or have not compared at all. When asked to say in their own words why they had not engaged or switched, the most common response was that they feel that their existing supplier or tariff is satisfactory (mentioned by 33%)[21]. A quarter (23%) said they had not engaged because they felt it is too much hassle – this includes 14% who made a general comment about it being too much hassle, 6% who think it is too complex, 3% who said they had already set up their direct debit, and 2% who thought it was difficult to find information or compare tariffs.

Close behind this were reasons to do with price (21%), mainly accounted for by people thinking they wouldn't save enough to be worthwhile, or confident they are already on the best deal for them.

Mentions of satisfaction with current tariff were common amongst all demographic groups, though 65+s were more likely than other ages to say this (38% versus 31% of under 65s). There were no particular reasons for not engaging in the energy market which were more commonly given by younger people.

Households who had not engaged who are on a variable tariff were less likely than their counterparts on fixed tariffs to say they had not engaged because they are satisfied with their current supplier or tariff (31% on variable tariff versus 38% on fixed tariff) but instead more likely to say this was because of hassle (25% variable tariff versus 20% on fixed term).

Consumers in the CMA database group gave very similar responses to the group of non-engaged consumers who would not be on the CMA database (i.e. unengaged but have switched supplier or tariff 1-4 years ago).

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[21] This question was not asked in previous years, so no tracking data are available
The specific responses included in each category described are as follows:
'**Existing supplier is satisfactory**' includes the single code 'Existing supplier/tariff is satisfactory'
'**Too much hassle**' includes mentions of 'Too much hassle/ effort', 'Too complicated', 'Difficult to find information (include information about own tariffs/ bills/ usage/ other suppliers)', 'Don't understand/ difficult to compare tariffs', 'Previous negative experience of switching' and 'Payment/ direct debit all set up',
'**Price**' includes mentions of 'Didn't think I'd save enough to make it worthwhile changing' and 'Confident I'm on the best deal for me'
'**Quality**' includes mentions of 'Good service from existing supplier (including customer service, reliable supply etc)' and 'Get accurate/ useful/ informative/ clear bills on time'
'**Features**' includes mentions of 'Customer loyalty scheme (e.g. perks, reward points, vouchers, cashback', 'Range of other products e.g. Boiler maintenance/ home care service/ emergency repair' and 'Energy bundled in with other services (e.g. telephone, credit card)'
'**Supplier credentials'** include mentions of 'Good reputation - existing supplier', 'Green credentials - existing supplier' and 'Ethical credentials - existing supplier'

For most of the segments, the most common reasons mentioned for not engaging in the energy market were similar. For all segments, the following appeared in the top five reasons given:

- Existing supplier/tariff is satisfactory
- Didn't think I'd save enough to make it worthwhile
- Confident I'm on the best deal

The top five reasons given by each segment are shown in Chart 27. These have been colour coded to more easily enable comparisons across the segments.

Top five reasons for not engaging in the energy market by segment

Happy Shoppers (426)	
Existing supplier/ tariff is satisfactory	45%
Didn't think I'd save enough to make it worthwhile changing	11%
Not interested	10%
Confident I'm on the best deal for me	10%
Good service from existing supplier (including customer service, reliable supply etc)	9%

Savvy Searchers (278)	
Existing supplier/ tariff is satisfactory	36%
Confident I'm on the best deal for me	14%
Didn't think I'd save enough to make it worthwhile changing	12%
Too much hassle/ effort	10%
Good service from existing supplier (including customer service, reliable supply etc)	9%

Market sceptics (439)	
Too much hassle/ effort	25%
Existing supplier/ tariff is satisfactory	21%
Didn't think I'd save enough to make it worthwhile changing	13%
Too complicated	10%
Not interested	8%

Hassle Haters (691)	
Existing supplier/ tariff is satisfactory	35%
Didn't think I'd save enough to make it worthwhile changing	14%
Good service from existing supplier (including customer service, reliable supply etc)	13%
Confident I'm on the best deal for me	12%
Too much hassle/ effort	10%

Anxious avoiders (493)	
Existing supplier/ tariff is satisfactory	28%
Didn't think I'd save enough to make it worthwhile changing	13%
Not interested	11%
Confident I'm on the best deal for me	11%
Too much hassle/ effort	11%

Contented Conformers (717)	
Existing supplier/ tariff is satisfactory	35%
Too much hassle/ effort	20%
Not interested	13%
Good service from existing supplier (including customer service, reliable supply etc)	11%
Didn't think I'd save enough to make it worthwhile changing	10%

Base: all who have either compared supplier or tariff but not switched, or have not compared at all

Some of the key differences by segment are described below[22]:

- Happy Shoppers who had not engaged in the energy market were the most likely to say they hadn't engaged because their existing supplier or tariff is satisfactory (45% versus 33% average)
- While satisfaction with their existing supplier/tariff is the most common reason given by Savvy Searchers who had not engaged in the energy market, they were the most likely to say this is because they are confident that they are on the best deal for them (14% versus 9% average)
- Market Sceptics were the least likely to say that they had not engaged because they are satisfied (21%), though this was still their second most common reason. Instead their reasons centred on it being too much hassle (25%), and thinking it's too complicated (10%). They were also the most likely to say they had not engaged because they are in debt to their supplier (3% versus 1% average)
- Hassle Haters were the most likely to say they haven't engaged because they are confident they are on the best deal (12%) or satisfied with the service from their supplier (13%). The proportion of Hassle Haters who had not engaged in the energy market who said this is because it is too much hassle is similar to the average (10%), though responses given elsewhere in the interview suggest that perceptions of how much hassle it would be are a strong barrier to engagement for them

[22] It should be noted that we would not expect a perfect match between the reasons given by segment members and their profile, as described in the segmentation. This is because here we are asking people for a simple top of mind response in a single question as to why they have not done something, which also inevitably leads to a degree of post-rationalisation. The segmentation process instead deduced differences in motivations and behaviours from answers to a wide range of questions.

- The top five reasons for not engaging given by Anxious Avoiders are broadly similar to the average. However, they were more likely than other segments to give some less common answers: because they are on a customer loyalty scheme (3%), use other services (e.g. boiler service) (3%) or have energy bundled with other services (4%) - all mentioned by 1% or fewer of other segments.
- Perceptions of the effort required was the second most common response given by Contented Conformers (20%). They are also more likely than average to feel that there is no difference between suppliers (8% versus 6% average), that switching is too complicated (9% versus 6% average) or that it's too difficult to compare suppliers or tariffs (4% versus 2% average).

6 Experience of switching and shopping around

This chapter contains:

- Methods used to compare/shop around
- How the switch was made
- How easy or difficult it was to decide which deal to switch to

As in previous years, price comparison websites were most commonly used to compare the deals on offer, and most comparisons were done online

While consumers aged 65+ and DEs who had engaged most commonly did so through a price comparison website, they were more likely than their counterparts to engage with a supplier direct, or by telephone.

Linked to this, supplier switchers and comparers most commonly engage online (e.g. through a price comparison website), but tariff switchers were equally likely to engage by telephone as online.

Half of those who switched said they did so through a third party service, and a third by approaching the supplier

One in ten of those who switched had help to do so, mainly from immediate family and friends outside their household, though a minority had help from public sector or third sector organisations.

Most found it easy to decide who to switch to, with frequent internet users more likely to find it easy

Key facts

- 49% of those who had engaged with the energy market found out about deals using a price comparison website, 15% rang a supplier and less than one in ten looked at their supplier's (8%) or competitors' (7%) websites
- Taken overall, 59% of those who engaged did so through an intermediary and 44% through a supplier source
- 50% of those who switched supplier or tariff in the past 12 months did so through a third party service (e.g. a price comparison website)
- 10% of P12M switchers received any help in switching
- 85% of P12M switchers said they found it easy to decide which deal to switch to; only 8% disagreed

6.1 Methods of shopping around/comparing deals

Those who had either switched tariff or supplier, or had compared the deals available, were asked how they found out about the deals on offer. Just under half (45%) said they found out using a price comparison website, with the other half spread across a wide range of answers, including ringing the supplier (15%), looking at the supplier's website (8%) or looking at competitors' websites (7%). Responses were broadly similar when the question was asked in previous years.

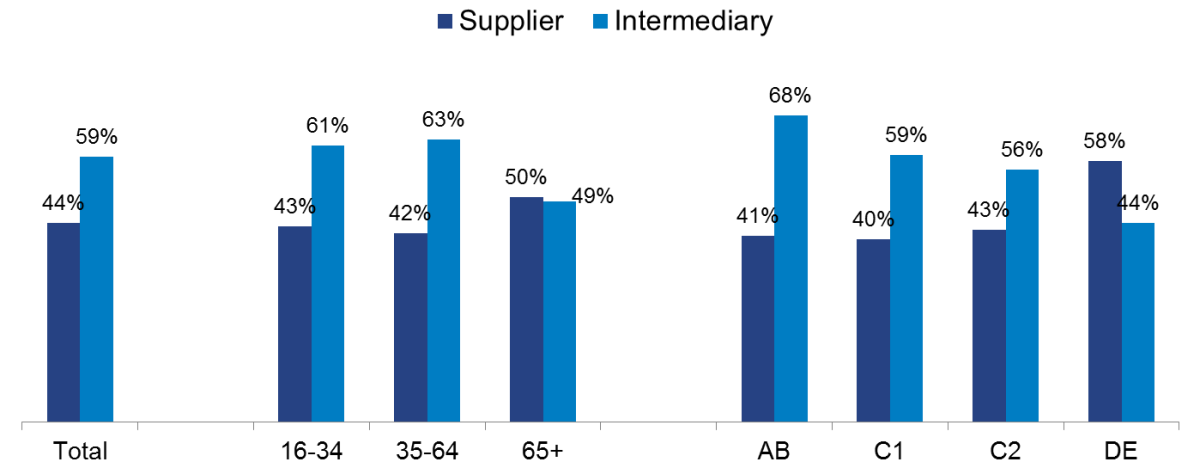
Responses were classified into categories based on whether respondents had found out about the deals offered through a supplier or intermediary, and the channel used.

Intermediaries (e.g. price comparison websites, automated switching services, recommendations from others) were the most common source of information about deals, mentioned by three fifths (59%) of those who switched or compared. Although individual supplier sources were mentioned by fewer,

when taken together 44% said they had found out from a supplier source (e.g. call, website, contact with a salesperson, written communication or marketing material).

Those aged 65+ who had engaged in the market were more likely than their younger counterparts to have engaged with a supplier (50% versus 42% of under 65s), and younger respondents were more likely to have engaged through an intermediary (62% versus 49% 65+s). Similarly, there was a clear gradient by social grade, with 68% of ABs who had engaged going through an intermediary, falling to 44% of DEs. In contrast, 58% of DEs had engaged with a supplier (versus 41% of ABs).

Chart 27 Where found out about deals: engagement with supplier or intermediary



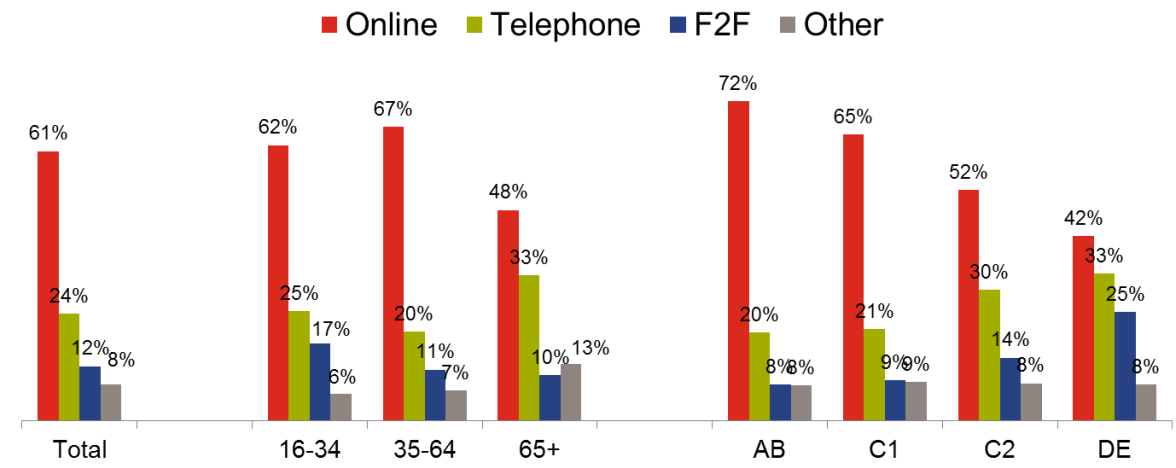
Q165. And when you last <answer from Dumm1>, how did you find out about the deals offered?Base: Any action P12M: 155816-34: 317; 35-64: 849; 65+;: 384; AB: 397; C1: 498; C2: 27(DE:393

There is also, as on many questions, a clear correlation with internet usage. Among frequent (daily) internet users who had engaged in the energy market, 62% found out about deals through an intermediary, compared with 40% of less regular internet users or non-users. These results are unsurprising given the importance of price comparison websites in this activity.

Amongst the segments who had engaged with the energy market, Savvy Searchers (70%) and Happy Shoppers (66%) are the most likely to have engaged with an intermediary, and Anxious Avoiders (60%) and Contented Conformers (57%) are the most likely to have engaged with a supplier.

Turning to channels used to find out about deals, the most common was online - used by 61% of those who had engaged. A quarter (24%) found out by telephone, 12% face-to-face and 8% through other methods (e.g. viewing TV ads, written marketing materials).

Chart 28 Where found out about deals: channels used

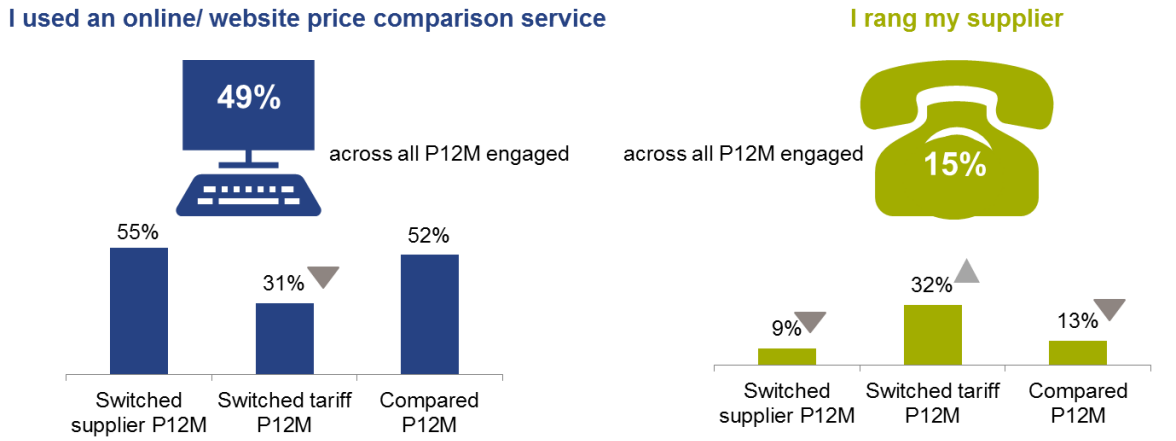


Q165. And when you last <answer from Dumm1>, how did you find out about the deals offered?Base: Any action P12M: 155816-34: 317; 35-64: 849; 65+,: 384; AB: 397; C1: 498; C2: 270; DE:393

Linked to levels of internet use, there are clear patterns in channel use by age and social grade, with younger people (65% under 65s versus 48% 65+s) and ABC1s (68%, versus 47% C2DEs) more likely to have found out about deals online. While online was still the most common channel for 65+s and DEs, they are more likely than their younger and ABC1 counterparts to have found out about deals by telephone (33% of 65+s and 33% of DEs) or face-to-face (25% of DEs).

Looking in a little more detail at methods by which consumers found out about deals, price comparison websites were most commonly mentioned (by 49%), while 15% rang their supplier. Engagement by telephone was more common amongst those who switched tariff (but not supplier), while supplier switchers were much more likely to have compared using a price comparison website.

Chart 29 Method of comparison



Q165. And when you last Compared supplier or tariff, how did you find out about the deals offered? Base: Switched supplier: 670; Switched tariff :287; Compared supplier or tariff: 601

Similarly, those who compared but did not switch were much more likely to have done so using comparison sites (52%) than by ringing their own supplier (13%) or other suppliers (5%).

Of those who used price comparison websites, the distribution was fairly evenly split between using one site (37%), two sites (34%) or three or more sites (27%). Given that advice is that people should not rely on a single comparison site to find the best deal it is encouraging that the majority of those who looked online used more than one comparison site. However it is notable that less experienced

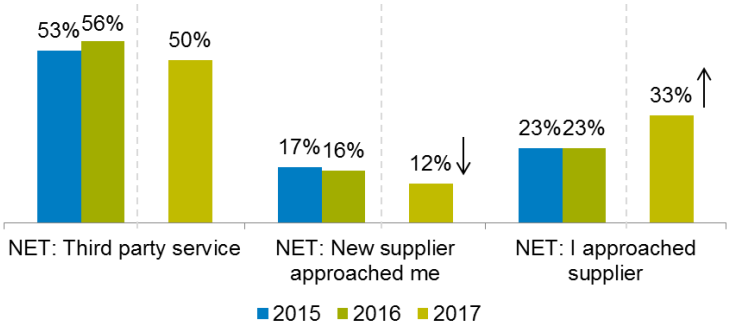
first-time switchers were more likely than other switchers to use only one site (53% versus 38% of other switchers)[23].

Happy Shoppers (46%) and Contented Conformers (51%) who compared supplier or tariff said they used only one price comparison site. In contrast, Savvy Searchers shopped around more broadly: 43% used two sites and 29% used three or more.

6.2 How the switch was made

Those who had switched either supplier or tariff in the past 12 months were asked how they made the switch. There has been a marked increase in the proportion who say they contacted the new supplier, but this may be the result of the way the question was asked[24].

Chart 30 Method of switching over time



Q156. Thinking of the last time you <answer from Dumm1> how did you switch? Base : Switched gas or electricity supplier or tariff in past 12 months: 2015: 733; 2016: 860; 2017: 67

The most common switching method was through a third party service (50%), with a third saying they approached the supplier, and one in eight (12%) that the supplier approached them.

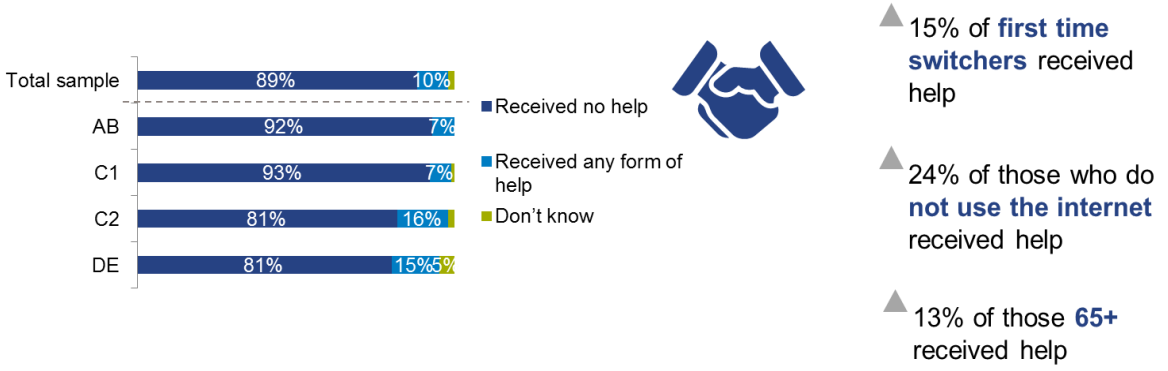
Perhaps unsurprisingly, 65+s, DEs and infrequent or non-internet users were less likely to have compared and/or switched through a price comparison website. Instead, these groups were more likely to have compared and/or switched by telephone.

One in ten of those who switched supplier or tariff in the past 12 months did so with some help from someone outside their household. There was no difference in this proportion between supplier and tariff switchers. Most of the help given came from immediate family and friends outside their household (e.g. parents, children) though 1% of switchers did so with help from public sector or third sector organisations.

[23] The survey also included questions about perceptions of price comparison websites. These are included in section 5.6 of this report

[24] The question wording itself has not changed, but the 2017 questionnaire included an interviewer instruction making clear that we were not interested in ways the respondent sought information, and only interested in the way the actual switch itself was made. This is probably why there has been a drop since 2016 in the proportion saying they used a PCW (which they may have used only to search for the best deal) and a marked increase in the proportion saying they used the supplier website (which is where they are more likely to have made the switch itself).

Chart 31 Help in switching



HelpS. Did anyone who doesn't live with you go through or help you through the switching process on your behalf? If so, who? Base: F123 Switched gas or electricity supplier or tariff in past 12 months (957) AB: 252; C1: 318; C2: 149; DE: 238; First time switchers: 249; no internet use: 65; 65+: 233

Those in the oldest age group who switched were the most likely to have received help from outside the household (13%) with children the most common source of help (7%). Linked to this, non-internet users who switched were more likely to have had help to do so – 24% had help, compared with 8% of daily internet users, and children were (14%) the most common source of help.

A similar proportion (12%) of 16-34 switchers received help but for these, parents/grandparents were the most common source (4%). In line with their younger age profile, first-time switchers were also more likely to have had help (15%), in particular from parents and friends/neighbours.

Amongst segments, those which tend to lower levels of internet usage were more likely to have had help to switch: including the Anxious Avoiders (18%) and Contented Conformers (15%). In contrast, only 7% of Happy Shoppers or Savvy Searchers who had switched received help.

6.3 How easy or difficult is it to decide which deal to switch to?

Those who switched supplier or tariff tended to find it easy to do so – 85% agreed that they "found it easy to decide which deal to switch to", and only 8% disagreed. There has been a small increase in the proportion agreeing since 2015 (when 83% agreed) but the 2014 figure was 86%, so effectively there has been no real change over the last three years.

It appears that the internet has a role to play in making the switching decision easy as among internet users (whether frequent or infrequent) 85% agreed that they found the decision easy, but only 70% of non-internet users did so. Some caution should be attached to these figures because there were few non-users who had switched, though this fact itself strengthens the point about the role of internet in switching.

7 Perception of outcomes

This chapter contains:

- Consumer confidence in being on a good deal
- Whether switchers are saving money
- Supplier trust
- Supplier satisfaction

Most customers, especially switchers, feel they are on a good deal for their household and most of those who switched in the last 12 months think they saved money by doing so.

More consumers are confident they're on the best deal than last year (but this level is similar to 2014). This is partly driven by the increased number of switchers in 2017, almost all of whom feel they are saving money following their switch.

However consumers who had switched their tariff, but stayed with the same supplier were slightly less likely to say they were saving money, compared to supplier switchers.

Also, dual fuel customers continue to be more confident in their deal than single-fuel consumers or those who have different electricity and gas suppliers.

Consumers' levels of trust in their energy supplier are generally high and have been rising over time, with improvements seen in 2016 maintained in 2017.

Trust in suppliers to treat consumers fairly or provide clear/helpful information now stands at around two thirds; three fifths say they trust their supplier to charge a fair price.

Most customers are satisfied with their supplier

Similarly, a majority are satisfied with their supplier's service, and this measure has increased since 2014. Recent switchers are more satisfied with their supplier, but no more trusting than customers who haven't switched.

Single fuel customers (e.g. those with electricity only, or with separate electricity and gas suppliers) are generally less likely to feel confident, satisfied or feel they get good value for money.

Key facts

- 56% of all consumers are confident they are on the best deal for their household
- 85% of those who had switched supplier in the past 12 months think they are already paying less for their energy, or would in the future, compared to 79% of tariff switchers
- 67% trust suppliers to treat consumers fairly and 66% trust suppliers to provide clear/helpful information. 58% trust their supplier to charge a fair price
- 77% are satisfied with the overall service they receive from their supplier

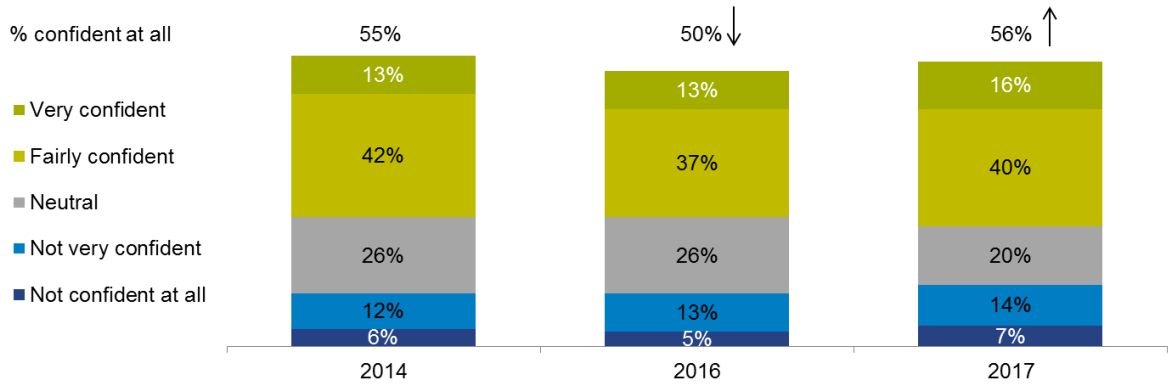
7.1 Consumer confidence in their deal

The 2016 survey saw a drop in the proportion of all consumers who think they are on the best energy deal for their household – from 55% in 2014 to 50% in 2016[25]. However, 2017 saw a return to the higher 2014 levels, with 56% now confident they are on the best deal. Within this, the proportion saying they feel very confident they are on the best deal has reached the highest recorded level, at 16%. These increases may be linked to the earlier finding that switching levels are higher in 2017,

[25] The question was not asked in 2015

and (as will be discussed) switchers are more likely than non-switchers to feel confident they are on the best deal.

Chart 32 Confidence they are on the best energy deal for their household

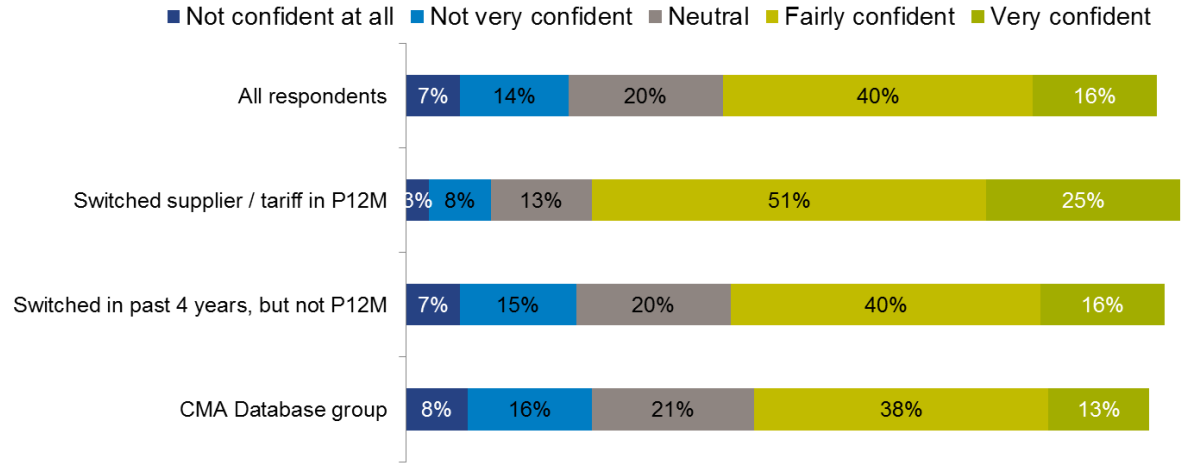


Q123_Q124_Q125. DERIVED VARIABLE: Confident on best deal for them (as % of all responses) Base: All respondents 2017 4410 2016 5956 2014 6151

As in previous years, there are very pronounced differences between dual fuel and single fuel consumers, with dual fuel consumers (61%) much more likely to feel confident they are on the best deal than consumers who have separate suppliers for their electricity and gas (48% electricity, 40% gas).

As might be expected, more engaged groups are more likely to feel confident they are on the best deal: 76% of those who have switched supplier or tariff in the past 12 months feel confident, falling sharply to 56% of those who switched 1-4 years ago and 51% of those who are in the CMA database group (who switched 4 or more years ago, or never switched).

Chart 33 Confidence they are on the best energy deal for their household



Q123_Q124_Q125. DERIVED VARIABLE: Confident on best deal for them (as % of all responses) Base: 4410

Linked to this, consumers who say they have a smart meter are more likely to say they feel confident (65%, versus 56% of those who don't say they have a smart meter).

Further linked to levels of engagement, there are large differences in perception between segments, with the more engaged segments the most likely to be confident they are on the best deal: 78% of Happy Shoppers and 70% of Savvy Searchers, compared with 48% of Contented Conformers and 36% of Anxious Avoiders. It is notable that Market Sceptics are the least likely to feel confident that they are on the best deal (26%), which may be linked to their low levels of trust in their energy

supplier. We considered whether these differences in levels of confidence are because of differences in levels of engagement in the energy market, or because of the views of each segment: our analysis shows that differences in levels of confidence are more likely to be linked to segment membership than levels of engagement.

The levels of confidence in being on the best deal for their household also highlight two conundrums and challenges for future market engagement. At one end of the spectrum are those who have not switched for many years and hence are extremely unlikely to be on a good deal, yet are confident that they are; at the other end are those who have switched recently, but despite that are not confident that they are on the best deal for them.

Those who are confident they are on the best deal for their household, despite being in the CMA database group (i.e. having not switched supplier/tariff for 4+ years)

While this group is amongst the most likely to potentially benefit from marketing approaches from providers using the CMA database, they may be more resistant to taking action as a result because they feel confident that they are on the best deal. This group comprises 24% of all consumers and 51% of the CMA database group but is more likely to be present amongst those:

- 65+s (31% versus 22% of under 65s)
- Social grades C2DE (30% versus 20% ABC1s)
- Customers paying by standard credit (29%) or prepayment meters (27%) versus 23% of direct debit customers

This group was also more prevalent amongst the Hassle Haters (40%) and Contented Conformers (33%) segments, compared with 9% of Market Sceptics, 17% of Happy Shoppers and 18% of Savvy Searchers. The strong representation of Hassle Haters and Contented Conformers in this group is reflective of their general levels of disengagement with the energy market, and more passive trust in their energy supplier[26].

Those who have switched supplier or tariff in the past 12 months but are not confident they are on the best deal

These consumers may be dissatisfied with the outcome of their engagement in the energy market and hence there is a risk that they will not engage again in the future. This group comprises 6% of all consumers and 25% of all switchers, and is more likely to be present amongst:

- Higher social grades: the proportion varies from 9% amongst ABs to 4% amongst DEs (though this reflects the fact that DEs were less likely to switch at all)

[26] There were some examples in the qualitative research of those who were aware that they are not on the best possible tariff, and yet remained satisfied with their supplier and their deal. This arose from two main factors. The first factor was the sense that their current tariff and supplier were 'good enough' to meet their needs, despite some drawbacks. This included one consumer who was financially pressurised, and knew she could access a cheaper tariff, but felt restricted by her desire to pre-pay and the credit facility she found very useful. Another example was a consumer who assumed that he would be on a reasonable deal as he is with one of the six large suppliers. A familiar brand is reassuring to some people, even if they are aware that cheaper deals are available with lesser known suppliers.
The second factor was fear of switching, or of the perceived hassle involved in switching tariff or supplier. Fears expressed included losing connection, and incorrect or high bills following a switch. It also includes those who lack self-efficacy, fearing that the comparisons are beyond their skills. Hassle was mentioned in a variety of scenarios. Some focused on the mental effort of comparing tariffs. This included those who did not lack self-efficacy, but who lacked time or other resources to compare tariffs, or felt that making comparisons in the energy sector is very difficult. Other elements of hassle include practical requirements such as changing billing and direct debit arrangements. Inertia also led people to cite hassle as a barrier - 'hassle' described a lack of motivation to engage at all, without a clear sense of which element might involve hassle. It was also used as a way to express or explain wider fears about loss of control or lack of self-efficacy, which participants found more difficult to express. In combination, these two factors led some participants to say that they were satisfied, although they knew that they were not on the best deal.

- Customers on a fixed term tariff (8%, versus 5% on a standard variable tariff)
- First time switchers (29%) were more likely to be in this group than those who have switched previously (22%), suggesting lack of confidence in the outcome of their switch

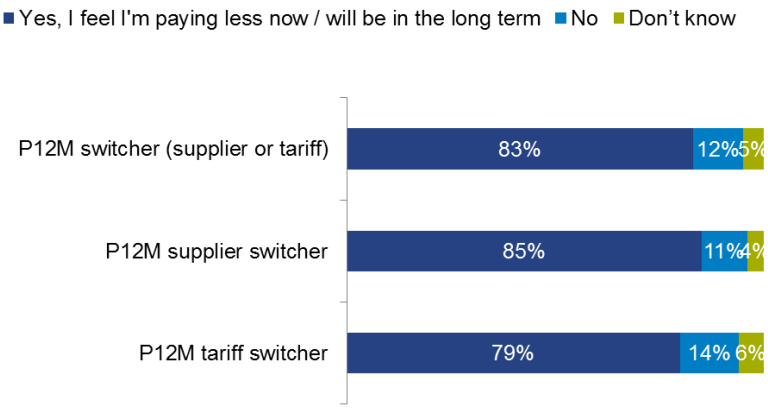
This group was also more prevalent amongst Market Sceptics (11%) and Savvy Searchers (10%), compared with only 5% of Happy Shoppers. The two segments which are most common in this group will typically have very different underlying motivations for feeling they are not on the best deal. In the case of Market Sceptics, it may reflect their distrust in the sector and belief that all suppliers are equally poor and the market is purposively opaque (hence there may be no 'good' deal for them); with Savvy Searchers it is more likely to reflect their informed opinion about the complexity of the market - it may not necessarily mean that they feel they are on a 'bad' deal, only that it is difficult to know if they are on the 'best' deal.

Looking more specifically at whether people feel they are on the best deal, all who had switched supplier or tariff in the past 12 months were asked if they feel they are paying less now, or would be paying less in the long term. Almost all felt that this was the case, with only 12% feeling that they had not saved or would not save money by having switched.

Of those who have switched supplier or tariff in the last year almost four fifths (77%) thought they were already paying less for their energy, and a further 6% said that while they were not already paying less, they would be in the future. While the fact that 83% felt they would save money should be seen as a positive finding, it does represent a slight drop from the 86% who said this in 2016 (though not as low as the 77% in 2015).

Supplier switchers in the past 12 months (85%) were more likely to think they have saved/would save than tariff switchers (79%).

Chart 34 Views on whether paying less following switching supplier or tariff engagement



Q166. To the best of your knowledge, do you feel that you are now paying less than you would have if you had not <answer from Dumm1>?Base: 2017: switched supplier or tariff P12M: 957; switched supplier P12M: 670; switched tariff P12M: 287; BA supplier switchers: 167; 2016: 1242

In addition first-time switchers were less confident that they have saved/would save (81% versus 87% who had switched before) though this may be linked to lack of experience of the outcomes of switching.

When asked how much they felt they had saved/would save on their energy bill per year, around a quarter (24%) of switchers felt unable to give an answer[27]. Amongst those who gave an estimate, the

[27] In reading these results, it should be noted that saving estimates are based on respondent reports, rather than actual savings. A very wide range of savings was given, with 94 respondents reporting savings of £1,000 or more, and it is very likely that some estimates of savings are over-estimates, based on expectations rather than on actual experience.

mean was high at £538. The estimates of savings given by supplier and tariff switchers were similar, so while supplier switchers were more likely to feel they would make a saving, the amount they felt they would save was no higher.

First-time switchers tended to estimate higher levels of savings, with a mean estimate of £691, compared with previous switchers (£473).

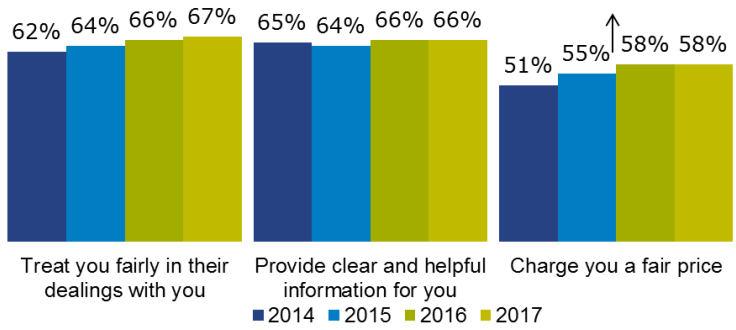
7.2 Trust in own energy supplier

Consumer trust in their energy supplier is a positive outcome and consumer trust is generally high and has been rising over time.

Over two thirds say they trust their energy provider to treat them fairly and a similar proportion trust their energy provider to provide clear and helpful information: both of these measures have shown gradual increases over time.

The biggest increase in levels of trust relates to consumer trust in their supplier to charge them a fair price, with the proportion saying they trust their supplier increasing from 51% in 2014 to 58% in 2016 and remaining at the higher level in 2017.

Chart 35 Trust in consumers' energy supplier



Q60 / Q64 / Q68. Trust in your supplier to charge you a fair price Base: 2014: 6151; 2015: 5934; 2016: 5956; 2017: 4410

For all three questions, and as in previous years, levels of trust were higher amongst 65+s, and those who are on a fixed rate energy deal. There are no differences in levels of trust based on energy supplier (one of the six large suppliers versus other supplier). Furthermore, those who had not engaged are no more or less likely than engaged customers to trust their energy supplier, perhaps indicating that trust in a provider may be a reason for inertia (for non-switchers) as well as an outcome of switching (for switchers). However, recent tariff switchers were somewhat more likely than other groups to say they trust their energy supplier, suggesting that they had made an active choice to stay with their supplier because they trust them.

There are some notable differences in levels of trust in their energy supplier, as follows:

- Older people (65+) are more likely to say they trust their energy supplier on each of the three dimensions shown above. For example, 74% of 65+s trust their energy supplier to treat them fairly, versus 64% of under 65s
- Linked to age, households on lower income are also more likely to say they trust their energy supplier on each dimension (e.g. 64% of those on an annual household income of less than £16K per annum trust their energy supplier to charge them a fair price, versus 57% of those on higher incomes)
- There are no differences in levels of trust by social grade when considering whether their energy supplier treats them fairly or provides clear information, but C2DE households are more likely than

ABC1s to trust their supplier to charge them a fair price (61% C2DEs versus 56% ABC1s)

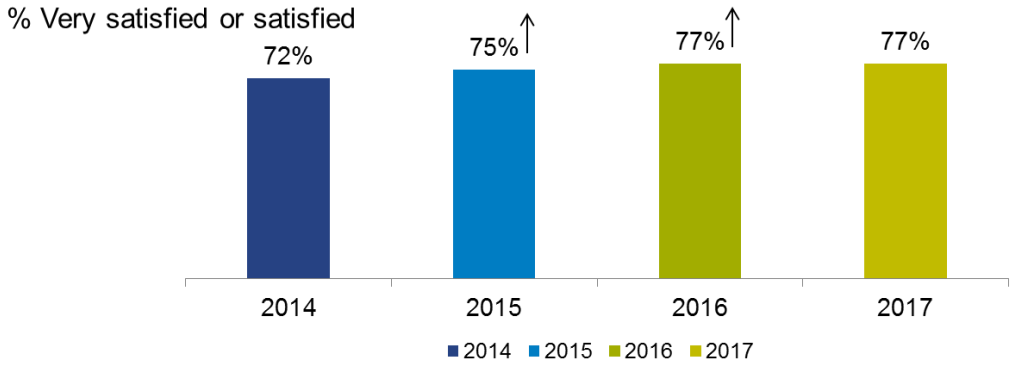
- Dual fuel consumers are more likely to trust their supplier to charge them a fair price than those with separate suppliers, but the differences are far smaller than the question on value for money discussed in section 3.2.3.

Consumers who said they had a smart meter are also more likely than those who didn't say they had a smart meter to say they trust their energy supplier on all three of the trust dimensions.

7.3 Satisfaction

As with trust, levels of satisfaction with the overall service consumers receive from their energy supplier has risen significantly since 2014, with increases observed in 2016 maintained in 2017. Three quarters (77%) of consumers say they are satisfied with the overall service they receive from their current energy supplier, with 22% very satisfied.

Chart 36 Satisfaction with supplier over time



Q67. How satisfied or dissatisfied are you with the overall service you receive from your current energy supplier? Base: 2014: 6151; 2015: 5934; 2016: 5956; 2017: 4410

As is the case for measures of trust, and as in previous years, levels of satisfaction were higher amongst the over 65s (81% were satisfied), consumers who are on a fixed term tariff (81% versus 75% on a standard variable tariff) or who pay by direct debit (78% versus 73% who pay by prepayment meter or standard credit).

In addition, as in previous years, those with dual fuel supply (79%) were more likely to be satisfied than those with single gas (72%) and electricity (74%) suppliers.

Satisfaction was also linked to recent switching behaviour, though those who have switched tariff (and not supplier) in the past 12 months were most likely to say they are satisfied (85%, versus 79% of supplier switchers and 76% of those who have not engaged in the energy market at all). In addition, consumers who said they have a smart meter were more likely to say they are satisfied (88% versus 76% who did not say they had a smart meter).

In line with their segment and engagement profile, Happy Shoppers had by far the highest levels of satisfaction with the service they receive from their current energy supplier (91%) and Market Sceptics by far the lowest (50%).

8 Final summary

While the overall picture is very similar to that of previous years, there have been some positive changes in levels of consumer engagement in the energy market, and additional insights which may suggest potential future interventions.

Firstly, the overall increase in levels of consumer engagement is encouraging, particularly given the increase in levels of supplier switching. There have also been positive increases over time in the proportions saying they trust their energy supplier to treat them fairly and to charge them a fair price, and increased levels of satisfaction with the service provided by energy suppliers.

The profile of engaged consumers is very similar to previous years: namely 35-64s, ABC1s, higher income households and frequent internet users. However it is also encouraging to note that younger people and DEs are strongly represented in the group of first-time switchers, suggesting potential for these groups to remain engaged in the market in the future.

Consumers who do engage in the energy market perceive their outcomes most positively, with the highest levels of confidence that they are on a good deal, of trust in their energy supplier, and satisfaction with the service their supplier provides. Perhaps because of positive experiences and attitudes, they are also more likely to feel confident navigating the energy market and are likely to continue to do so, with access to the online tools to facilitate future engagement.

The main motivations for engaging in the energy market are universal: primarily to save on costs, though a small minority (particularly in the Hassle Haters segment) are also motivated by added-value services or rewards, or improved customer service.

Conversely, the group of consumers unengaged with the energy market, who are more likely to be from vulnerable groups and on less advantageous tariffs, are more sceptical of the benefits of engagement – or are so distant from engaging that they are unable to express opinions about it. The main reasons for not engaging centre on inertia or satisfaction with their current situation, even if they are likely to be missing out on potential financial savings.

However, the research has suggested some barriers to engaging with the energy market which could be highlighted for future research and/or policy development. These include:

- Perceptions that switching can have associated risks (two in three consumers perceive that there are risks associated with switching), though the main risks are generally financial and relate to savings which might not materialise or costs going up, rather than billing issues or service interruption. There is also the perception that switching to new, unknown suppliers may be risky, and an underlying (and not diminishing) concern that things could go wrong if consumers switch
- Some consumers remain daunted by the amount of choice of tariffs and suppliers available to them, and this proportion increased in 2017. In addition, a minority of consumers do not feel confident comparing deals or choosing the best energy deal for their household. These perceptions appear to be key barriers to engagement amongst the Anxious Avoiders and Contented Conformers segments.
- While most consumers trust energy suppliers, for a minority, low levels of trust appear to be a significant barrier to engagement (especially in the Market Sceptics segment). Where this mis-trust comes from previous poor experience (or hearing of others' poor experiences), additional efforts will be needed to encourage these customers to engage again and messages solely about price savings are unlikely to be effective here.

The new consumer segmentation provides a summary of consumer groups, their motivations and barriers to engagement, and indicates some potential 'hooks' to encourage them to engage.

9 Appendix

In the tables that follow, significant differences are marked as follows:

- ▲▼ denote significant differences between sub-groups and the average
- ↑↓ denote significant differences over time

Chart 37 Segmentation inputs: factors

Factor	Includes
Market confidence	Conf2: How confident feel: • Choosing the best energy deal for your household • Comparing the different energy deals available • Understanding your energy bill • Making a complaint to your energy supplier, if you had a reason to complain q145 How easy or difficult do you believe it is to compare different tariffs for electricity or gas?
Trust in suppliers	Q60/64/68 To what extent do you trust or distrust your electricity/gas/energy supplier to: • Treat you fairly in their dealings with you • Charge you a fair price for your gas • Provide clear and helpful information for you Q123/Q124/Q125 How confident are you that you currently have the best electricity/gas/energy deal for you?
Switching attitudes	Q121: How much do you agree or disagree: • Switching is a hassle that I've not got time for • Switching energy suppliers takes too long • I worry that if I switch things will go wrong • It's too hard to work out whether I would save or not if I switched
Engaged shoppers	Empow: How much do you agree or disagree: • I usually continue to search for an item until it reaches my expectations • As soon as I see a problem or challenge I start looking for possible solutions • When shopping for a major purchase, I don't mind spending several hours looking for it • I am able to follow through with things once I've made up my mind to do something • I always like to look for ways that I can save money, even if it is only a little • I always check bank or building society statements when I get them, including online

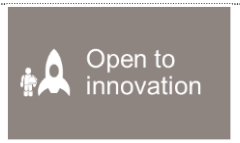
Factor	Includes
	Pcwst: How much do you agree or disagree: • Price comparison websites are unbiased in the way they display energy deals • Price comparison websites make clear how potential savings are calculated • Price comparison websites all have the same energy deals on them
	How much do you agree or disagree: • Empow I am usually among the first to try a new product when it appears on the market • Empow I would rather stick with a product that I currently buy than try something I'm not sure of • spatt1 I would be wary of using an energy supplier I have never heard of • q121 As far as I know, most of my family and friends regularly switch their energy supplier
	spattL How much do you agree or disagree: • If I was going to change energy supplier, I would look for a supplier who offered me extra rewards • I would be happy to pay slightly more for my energy if my supplier offered me better customer service
	How much do you agree or disagree: • When looking for new products and services, I often find the amount of information overwhelming • I can't possibly know everything before making a decision q73 Thinking about the range of different tariffs available to you from energy suppliers, would you say that you have…? Too much choice / About the right amount of choice / Too little choice

Chart 38 Segments profiled against segmentation inputs

(2017 only)	Total	Happy Shoppers	Savvy Searchers	Market Sceptics	Hassle Haters	Anxious Avoiders	Contented Conformers
Base	**4001**	**757**	**470**	**561**	**829**	**559**	**825**
MARKET CONFIDENCE (% feel confident)							
Choosing the best energy deal for your household	64%	91%▲	83%▲	49%▼	77%▲	40%▼	37%▼
Comparing the different energy deals available	58%	86%▲	81%▲	47%▼	72%▲	36%▼	23%▼
Understanding your energy bill	66%	85%▲	83%▲	52%▼	75%▲	42%▼	53%▼
Making a complaint to your energy supplier, if you had a reason to complain	75%	89%▲	88%▲	69%▼	82%▲	48%▼	68%▼
% Think it's easy to compare different tariffs for electricity or gas	47%	77%▲	49%▲	37%▼	58%▲	28%▼	24%▼
TRUST IN SUPPLIER (% trust)							
Treat you fairly in their dealings with you	67%	87%▲	70%	8%▼	81%▲	58%▼	80%▲
Charge you a fair price for your energy	58%	75%▲	59%	2%▼	72%▲	55%	69%▲
Provide clear and helpful information for you	66%	87%▲	68%	8%▼	80%▲	55%▼	80%▲
% confident are you that you currently have the best deal	56%	78%▲	70%▲	26%▼	70%▲	36%▼	48%▼
SWITCHING ATTITUDES (% agree)							
Switching is a hassle that I've not got time for	46%	7%▼	25%▼	60%▲	60%▲	49%	71%▲
Switching energy suppliers takes too long	27%	3%▼	19%▼	33%▲	45%▲	31%▲	30%
I worry that if I switch things will go wrong	41%	7%▼	22%▼	48%▲	59%▲	41%	64%▲
It's too hard to work out whether I would save or not if I switched	42%	9%▼	25%▼	54%▲	53%▲	41%	66%▲
ENGAGED SHOPPING (% agree)							
I usually continue to search for an item until it reaches my expectations	78%	88%▲	88%▲	84%▲	89%▲	33%▼	77%
As soon as I see a problem or challenge I start looking for possible solutions	85%	94%▲	93%▲	90%▲	91%▲	38%▼	90%▲
When shopping for a major purchase, I don't mind spending several hours looking for it	71%	78%▲	83%▲	77%▲	81%▲	30%▼	68%
I am able to follow through with things once I've made up my mind to do something	89%	97%▲	94%▲	94%▲	90%	51%▼	96%▲
I always like to look for ways that I can save money, even if it is only a little	80%	90%▲	85%▲	82%	89%▲	42%▼	79%
I always check bank or building society statements when I get them, including online	83%	92%▲	86%▲	86%	85%▲	45%▼	92%▲

(2017 only)	Total	Happy Shoppers	Savvy Searchers	Market Sceptics	Hassle Haters	Anxious Avoiders	Contented Conformers
Base	**4001**	**757**	**470**	**561**	**829**	**559**	**825**
PCW ATTITUDES (% agree)							
Price comparison websites are unbiased in the way they display energy deals	28%	54%▲	5%▼	25%	39%▲	21%▼	15%▼
Price comparison websites make clear how potential savings are calculated	36%	68%▲	18%▼	32%▼	48%▲	26%▼	14%▼
Price comparison websites all have the same energy deals on them	25%	42%▲	4%▼	26%	33%▲	21%▼	16%▼
OPEN TO INNOVATION(% agree)							
I am usually among the first to try a new product when it appears on the market	27%	22%▼	26%	24%	55%▲	26%	9%▼
I would be wary of using an energy supplier I have never heard of	67%	62%▼	61%▼	65%	76%▲	48%▼	83%▲
I would rather stick with a product that I currently buy than try something I'm not sure of	63%	56%▼	43%▼	63%	71%▲	48%▼	84%▲
As far as I know, most of my family and friends regularly switch their energy supplier	25%	33%▲	20%▼	18%▼	36%▲	27%	15%▼
ADDED VALUE SERVICES (% agree)							
If I was going to change energy supplier, I would look for a supplier who offered me extra rewards	38%	37%	31%▼	37%	64%▲	26%▼	27%▼
I would be happy to pay slightly more for my energy if my supplier offered me better customer service	27%	17%▼	27%	21%▼	56%▲	22%▼	12%▼
ADEQUATE INFORMATION (% agree)							
When looking for new products and services, I often find the amount of information overwhelming	61%	51%▼	51%▼	64%	73%▲	48%▼	72%▲
Range of tariffs available - too much choice	34%	30%▼	41%▲	40%▲	26%▼	24%▼	43%▲
I can't possibly know everything before making a decision	77%	84%▲	78%	77%	81%▲	50%▼	83%▲