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Collective Switch Trial: Qualitative research Final report

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1 Project background, method & sample overview

Background (1)

Lack of consumer engagement in the retail energy market is a well documented issue and one that Ofgem is working hard to tackle.

Ofgem has been trialling ways to prompt these disengaged customers to engage in the market. These have included direct marketing from rival suppliers, 'best offer' and 'cheaper market offers' letters, and prompting customers to use a digital deal-checker to find a better deal.

The Opt-in Collective Switch is a further trial in this series.

By presenting customers with a cheaper energy tariff, facilitated by a consumer partner (energyhelpline), the offer should provide additional 'hand holding' and reassurance. By offering customers a single cheaper tariff, the offer also had the benefit of being simple.

The trial involved 55,000 customers from a large energy supplier 'Supplier A'. These customers were identified as being on an Standard variable tariff (SVT) for 3 or more years, as well as fulfilling other eligibility criteria (e.g. Dual fuel customers or electricity only household, Standard meter or Economy 7 meter) and ineligibility criteria (Section 11 customers: have opted out of receiving marketing; Customers who have non-standard meters that are not Economy 7; Customers who have a prepayment meter; Customers who get Warm Home Discount; Customers who have a level of debt that would exclude them from being able to switch; customers with Smart meters).

The Ofgem logo is displayed on a white rectangular background with a grid pattern. The logo itself consists of the word "ofgem" in a lowercase, orange, sans-serif font. The background of the slide features a blue sky with white clouds and black power lines running diagonally from the top right towards the center.

Background (2) - Trial logistics



The logistics of the trial included 3 communications

1) An initial 'opt out' letter, not including a deal but explaining that Ofgem appointed energyhelpline will negotiate an energy deal for similar customers, and to tell their current supplier (Supplier A) within 7 days if they did not wish their data be shared with energyhelpline. This letter was branded as either Supplier A or Ofgem depending on trial arm.

2) The exclusive offer, which included a personalised saving with an alternative, large supplier (Supplier B). This letter also outlined how consumers could switch using energyhelpline, providing relevant online and telephone details. This letter was sent by energyhelpline, with either Supplier A or Ofgem branding (depending on trial arm) alongside energyhelpline branding.

3) The reminder letter, which was then sent as a further prompt to switch. This letter was sent by energyhelpline, with either Supplier A or Ofgem branding (depending on trial arm) alongside.

Most participants recall at least 2 letters being sent. However, consumers are not completely clear which two letters they recall. Some may refer to letters 1 and 2, whilst others may refer to letters 2 and 3. Not all could clearly distinguish between the different letters, but do recall multiple letters being sent.



Research objectives

Overarching objective

To understand *why* customers involved in the Collective Switch trial did or didn't take action.



Specific objectives:

- 1 Understand reactions and perceptions of communications received by customers during the trial
- 2 Understand reactions and perceptions of senders and how this affected reactions
- 3 Explore *how* actions were taken i.e. through energyhelpline, supplier or other
- 4 Understand what action customers took and *why*.

Methodology

A semi-structured qualitative interview approach was adopted, in order to understand customer actions and reactions to the communications.

Topic guide developed by DJS Research in partnership with Ofgem.

Quotas agreed with Ofgem, to ensure a mix of customers were included, although time constraints meant that quotas needed to be flexible.

Quotas based on information provided in the sample and then checked with recruitment screeners.



Fieldwork carried out during **May & June 2018.**

46
semi-structured, qualitative interviews.

Interviews lasted c.30 minutes each.

All conducted by experienced qualitative interviewers.

All participants were read a data protection statement on how personal information is used before the interview.

Participants were all made aware that Ofgem was the sponsor.



Quotas & sampling (1)

Quota targets were agreed with Ofgem, and Supplier A supplied contacts for a random cohort of trial participants which indicated which of the top level quotas (i.e. switched internally/externally/didn't switch) they fell into. DJS Research then confirmed the quotas through screening questions.

Quota sampling

Quota sampling is a non-probability sampling technique whereby the sample we interview has specific proportions of respondents with respect to known characteristics (e.g. x males, x females, x who switched, x who didn't switch).

In this instance the approach allows for analysis by subgroup, in particular those who did and didn't take different types of action as a result of the trial.

It was not intended as a means of making the overall sample 'representative' of the population of trial participants.

Screening

Core quotas were determined on the basis of respondent answers to a single quota question relating to recall of and action arising from the communication(s):

- 1) Recall of the communication.
- 2) Whether they accessed the deal on the letter or other.
- 3) Switching actions undertaken.

We also endeavoured to ensure a spread of customer demographics (e.g. gender, age, location).

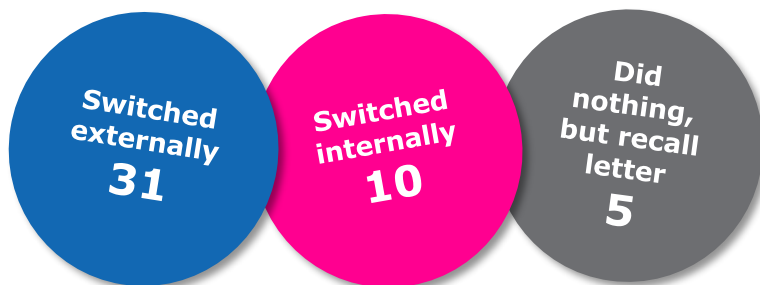


Quotas & sampling (2)

An overview of the interviews achieved by action and trial arm

1. Switched to Supplier B using energyhelpline
2. Switched to another supplier (not on the letter) using energyhelpline
3. Switched to a new supplier via another method
4. Switched to a new tariff with your current supplier
5. Neither – I haven't switched but I plan to switch tariff with my current supplier
6. Neither – I haven't switched but I plan to via another method
7. Neither – I haven't switched and don't plan to

Ofgem arm	Supplier A arm
7	9
1	3
7	4
4	6
0	1
0	2
0	2



Other quota targets not shown due to no coverage:

- Neither – I haven't switched but I plan to switch to Supplier B using energyhelpline
- Neither – I haven't switched but I plan to switch to another deal using energyhelpline



Quotas & sampling (3)

Age

35-44: 5

45-54: 9

55-64: 8

65+: 24

Area

North East: 5

North West: 8

East Midlands: 2

East of England: 2

Yorkshire & the Humber: 6

West Midlands: 3

South East: 8

South West: 3

London: 2

Wales: 3

Scotland: 4

Gender

Male: 23

Female: 23



All are sole/joint bill payers

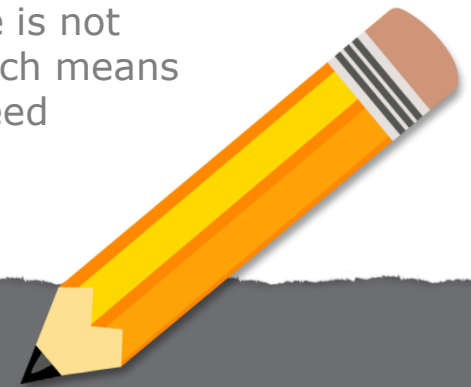
A note on sampling and data



This was **qualitative** research with an emphasis on **understanding** rather than **measuring**.

However, the inclusion of some structured questions does mean that we can provide *some* indicative measurement. This needs to be interpreted carefully:

1. Any figures provided are not statistically robust, and do not constitute a representative customer view.
2. It should also be remembered that as well as not having sufficient numbers to provide statistically robust data, the sample is not necessarily 'representative'. The *quota sampling* approach means that we specifically selected participants that fitted agreed criteria (as outlined on P8 and P9).



2

Key findings & learnings



Key findings & learnings (1)

Consumer reactions to this trial are generally very positive, even more so than two other 'cheaper market offers' trial that DJS assessed for Ofgem. Many understand Ofgem to be the energy market regulator, and perceive the organisation positively

A number of factors stand out as particularly effective in this trial:

- The clear Ofgem endorsement across the trial engendered trust and credibility, and positioning energyhelpline as an independent partner means that this trust and reassurance often extended to energyhelpline, the switching process and the deal(s) on offer.
- Having their supplier as the messenger alongside an endorsement from Ofgem led to a feeling of resentment amongst a minority of customers ('they are being forced to do it, why didn't they do it without being forced?'); this appears to have increased the impetus to switch in some cases.
- The feeling of a tailored deal and easy process of switching through a trusted partner (energyhelpline) have also played key roles in driving consumers to switch.
- This has been further enhanced for some customers by the ability to discuss deals with a person at energyhelpline by telephone; this seems to have provided additional reassurance, for example, about alternative deals from lesser known suppliers.

Key findings & learnings (2)

A key factor setting this trial apart from previous trials is the inclusion of a reminder letter. Although many consumers struggled to clearly differentiate between the different letters retrospectively, there is a clear indication that follow-up/reminders had the largest impact on those still procrastinating after initial letter(s) – we have seen such procrastination as a barrier to switching in other trials.

Consumer feedback paints a picture of the initial communications 'priming' consumers to think seriously about switching (but not necessarily to take action). The follow-up letter(s) then often gave them the nudge they needed to actually act.

In addition, although the fact there was a time limit on the deal does not appear to be a primary motivator (many could not recall this), comments suggest that it may also have helped reduce procrastination in some instances.

More generally the communications themselves were widely deemed to be very clear (and believable) in terms of their purpose and the possible next steps.

Of course, the level of the potential saving was a key motivator for many participants. Those who switched tended to be surprised and even shocked at what they could save through the deal.

This is in the context of very patchy prior understanding of SVTs and their cost implications - the communications seemed to have provided some with more clarity on this.

Key findings & learnings (3)



One caveat on the findings is that Supplier A appears to have sent price increase notifications to some customers around the same time as the trial; this could have influenced switching behaviour.

Only a handful of consumers mentioned this so it is difficult to assess the scale and impact of this factor, but it did appear, on occasion, to motivate switching behaviour for that small number.

Some consumers reported that the trial helped highlight the ease of switching, increased the likelihood of future switching and even increased the likelihood of comparing prices for other products, services and utilities.

3

Consumer background & understanding of the trial





Contextual background: tariff awareness

Less than half were aware they were on an SVT, with a minority unaware they could save *any* money. Many were unaware that SVTs are relatively expensive.

Type of tariff

- Less than half were aware that they were on an SVT prior to the interview
- A minority 'had a feeling' they knew which tariff they were on, with others recalling it was mentioned on the trial communications – neither of which were sure top of mind which tariff they were on
- Regardless of SVT awareness, perceptions of whether customers were on a relatively expensive tariff were mixed

18 in total
were aware that they were on a standard variable tariff

Most of those 18
were not aware that they were on the most expensive tariff

I knew I was on just a standard tariff rate. I was aware it was a more expensive tariff, but I wasn't really conscious of how much more expensive. It's one of these things about balancing cost with the cost to keep changing and doing the research; is it just easier to keep where you are or better to spend time and effort trying to save money chasing around?

I lost track of it really, not sure what tariff I was on. I had lost track of whether I was on the best deal and not got round to it.

No. I let it run on, but assumed I was on a good tariff. I'd been on it years.

No, I thought that I was on a reasonable deal, I don't bother with names as long as I have money taken out of my bank account every month, and I get my supply of gas and electric.

Yes I knew I was on a Standard Tariff, but I didn't know it was more expensive.



Contextual background: switching behaviour

Many have not looked into switching for many years, with inertia and the perceived difficulty/hassle of switching the main reasons for this behaviour.

Pre-trial switching behaviour

- Many have not looked into switching for a number of years
- A knock on the door/direct communication, or a house move motivated a handful to last look at switching
- Inertia is the main reason many have not switched, with the perceived hassle of switching off-putting

26 in total
had looked into switching before the trial

But only a handful
had looked into switching within the past 2 years

The guy knocked on my door and talked his way into my living room and convinced me they were cheaper and within three weeks they'd jacked their prices up. This is in black and white for 12 months, I know they can't stitch me up.

Because we thought it would be too difficult. We always thought that stopping or cancelling your old supplier would be harder than getting your new one. That's why we hadn't switched.

Well I was made redundant about 10-15 years ago, and that triggered me to see what I could do about saving, until I got myself another job.

It was 18 years ago.

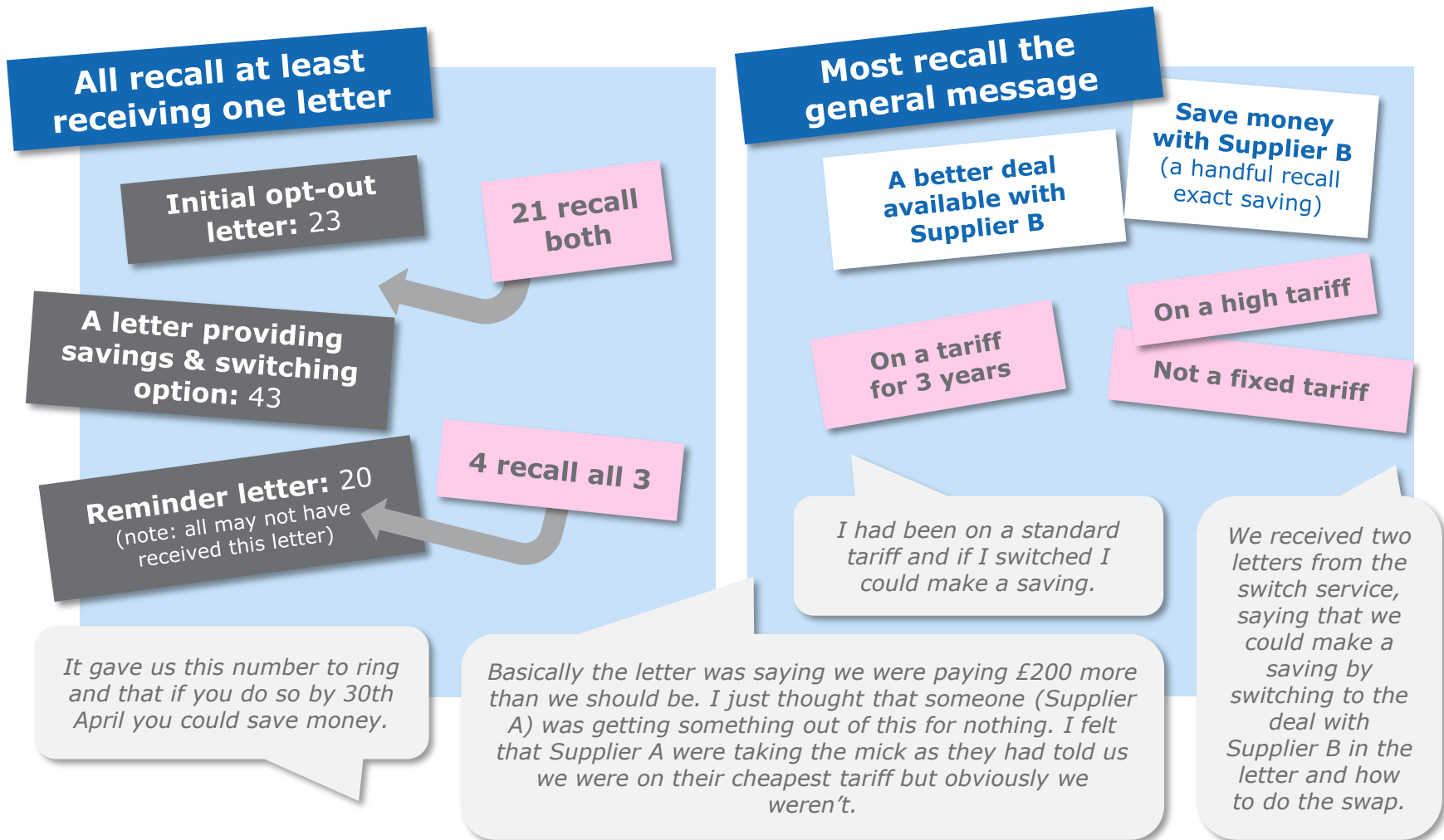
I just let things roll, I thought I was on a good tariff, expected to be.

Although many state that they do not have any concerns over switching, there is uncertainty about whether they would actually save money or gain anything from switching suppliers and whether the benefit is worth the hassle



Recall of the trial letters

Almost all recall the second letter. Top of mind, most understand the message of the letters, along with the organisations mentioned.





Recall of the senders

Correct recall of the letter sender was higher for the Ofgem branded trial arm. Recall of energyhelpline is much lower than others mentioned on the letters.

Sender	Supplier arm (27)		Ofgem arm (19)	
	Recall as sender	Recall being mentioned on letter	Recall as sender	Recall being mentioned on letter
Ofgem	3	9	17	1
Supplier A	13	2		1
energyhelpline	5	5		2
Supplier B	1	15		7
Can't remember	5		1	

Note: although 20 in total switched using energyhelpline, not all recall energyhelpline from top of mind

I can't remember who the letter was from. Probably it was Ofgem, that name seems to ring a bell but I don't know in what capacity it was for.

6 can't recall which organisations were mentioned on the letter

1 (in the supplier arm) only recalls it as a "government initiative"

13 in total only recall 1 organisation mentioned on the letter



Recall of the message

The intention of the letters appears to be well understood, with most having a broad understanding of why they were selected (usually as a result of the explanation in the letter rather than prior knowledge).

Intention of the letters

Consumers generally understood the intention of the letters, with many explaining that they were sent to encourage people to switch, to help them save money and to help raise awareness of other options on the market.

To encourage switching

To help people save money

To raise awareness of other options

Lots of people stay loyal to one company. But really, energy bills are a big part of your outgoings, so the idea behind this was letting us know we could be getting something cheaper and that it's easy to do it, to change.

Why them?

Where consumers have relatively good understanding of why they were selected this is mainly based on the explanation in the letter(s) rather than prior knowledge. However, a good number are still unsure whether and/or why they were selected specifically.

With Supplier A for a number of years/3+ years

Paying too much

A good number are unsure why they received the letter

I was told I was identified as a customer who had not switched in a number of years.

I have no idea why I received the letter, I hadn't a clue what tariff I was on. I had 2 letters from Supplier A saying that I was on the cheapest tariff, but I was on the lowest tariff for variable rate, and not on their overall cheapest tariff. I never looked into this, the schemes that you are on, they have so many tariffs.

Because I've got my electric and gas on separate accounts (with current supplier). I'm not on the cheapest tariff that's out there, I'm just on a standard tariff for both.

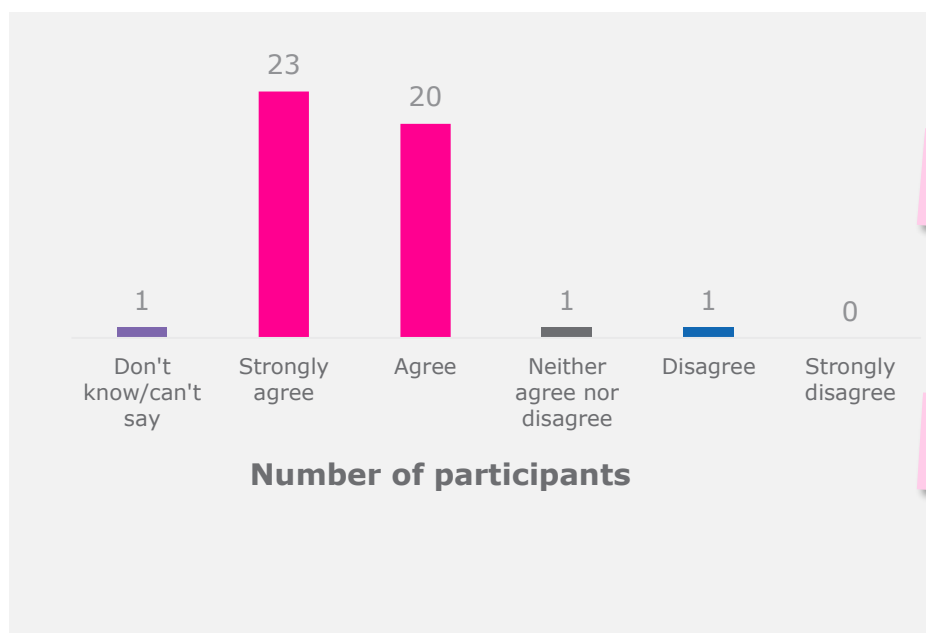


4 Perceptions of communications



Clarity of the letters

Overwhelmingly the clarity of the letters is considered good, with almost all in agreement that the letters were clear and easy to understand.



Level of saving clear

Clearly laid out message

Good, clear headings

Written in plain English

All on one side of paper; short

The format was very simple, the terminology was understandable, the layout very clear.

The headings at the top, it was clear to read and understand. It was worded quite well. Simple.

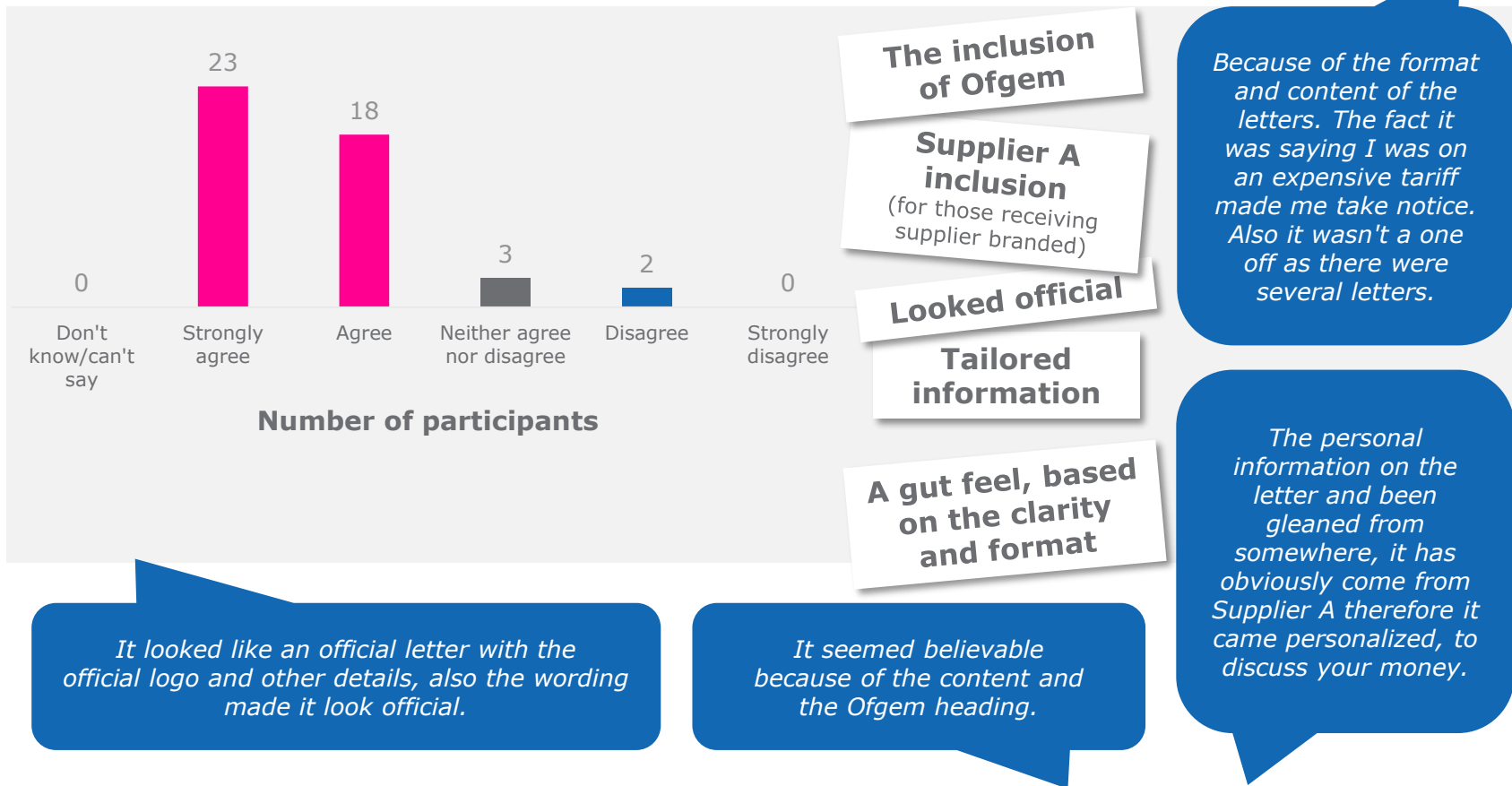
It was in plain, good English, understandable no fancy words. Got to the point, and said what it had to say.

It was well laid out and there was no gobbledygook. It was straight forward and there was nothing on the letter to confuse you.



Believability of the letters

As with the perceived clarity, the overwhelming majority see the letters as believable. The inclusion of Ofgem in particular, along with Supplier A - and also the tailored information provided and the general look and feel - make the letters feel bona fide.





Communication of actions

The letters clearly communicated what action could be taken, and using what methods.



For almost all, the letters clearly communicated that consumers could switch to a new supplier to save money

I understood it, it was clear about switching providers, rather than just tariff.



For most, the letters clearly communicated how action could be taken through telephone or online

It gave me an online option and a telephone number for energyhelpline to start the whole process.



Very few had any suggested improvements to the letters themselves

There was nothing I didn't like about the letter, I liked that they were telling me that I was paying too much money.

The energyhelpline connection

Although many can recall what action can be taken, and by which methods (phone, website), the multiple brands mentioned and connection between organisations caused some confusion for a minority.

A handful were a little unsure on energyhelpline's role

Some confusion around contacting Ofgem

Lasting recall (post-trial) of organisational roles is low

I can't remember if it said I should get in touch with Supplier B, Ofgem or the energyhelpline.

I thought Ofgem was the one who switched you over. I've never done it before so I'm a bit in the dark.

I can't remember who I was supposed to contact, no... I can't off hand.

For a minority, more clarity is desired on the roles of each organisation involved

It could have been put a bit clearer Ofgem is such and such and energyhelpline is this and this is why we're getting in touch with you and maybe just said why because you may be paying too much for your bills.

These findings should also be viewed in context: the interviews may have taken place some time after the letters were received, and these issues may have been clearer when customers had the letter in front of them.

"They gave some information across, but the link between the helpline and Ofgem could have been made slightly clearer I think."

ofgem



**energy
helpline**

the energy switching site



The reminder letter

The reminder appears to have been an effective additional nudge which was effective in prompting some procrastinators into action.



- A welcome reminder during busy lives
- A key trigger to encourage switching behaviour
- Re-emphasises the message, an additional nudge for those who had put previous letter to one side

20 in total recall
receiving a
reminder letter

Of those 20, **15** feel
a reminder letter
is more likely to
make them switch

Busy lives, you put things to one side, so reminders are good.

For me, it kicked me into doing it, it was just a reinforcement.

It was the trigger I needed. If I had just received the first one I would have switched eventually, but not as quickly as I did when I got the reminder. I liked the reminder letter as it's the trigger you need to take action.



Group/Collective switching concept

Only a small minority of consumers made any connection with a collective switch in the letter (perhaps unsurprisingly*), so this does not seem to have been a real motivator; understanding of the collective switching concept is patchy, but the broad idea appears to be viewed positively by consumers (once we explained it to them).

A **few consumers had taken note that it was a group switching activity**, as mentioned on the letter.

However, **most were unaware that it was a collective switch**.

Although some had heard the term on TV/in media, **very few displayed awareness** of collective switching even once we explained the concept to them.

Regardless of awareness, collective switching is seen to be a positive activity, welcomed by consumers

A reassurance that others are in a similar position

Saves the 'groundwork' for the consumer

Helps negotiate better deals

I've also seen things on group switches on TV. If you can save more, then why not?

It gives you more reassurance that there is a whole category of people joining you on the switch. It was targeted to a particular sub group of Supplier A customers.

I wasn't aware it was a collective /group switch. I think it's brilliant because if people acted on it they'd all save the money wouldn't they? That's the prime reason they're doing something is to save money.

*the letters mentioned negotiating a deal for 50k customers but did not go into detail about collective switching concept or refer to collective switching

5

Perceptions of the messenger(s)





Ofgem's involvement

Ofgem, as an organisation, was generally known and broadly understood by the trial participants. A clear Ofgem endorsement across both trial arms appears to have been very effective in instilling trust and credibility (in the letter, the deal[s] and energyhelpline).

Ofgem's role, both in the trial and as an energy regulator is generally understood by consumers

19 in the Ofgem arm

20 recall Ofgem as the sender

Importantly, Ofgem are as an organisation working to get a better deal for consumers



Reputable

Official

Trusted

Impartial

They were trying for the consumer to get them a better deal, their role was clear. I probably wouldn't have bothered, if it had been from another energy company. Ofgem has a certain gravitas. They are part of the government.

The fact that Ofgem was encouraging it made the letter I received more plausible; knowing they were involved in the background gave you more confidence in what you received. If it had just been "we can help you with your bills" and Ofgem wasn't mentioned at all you'd just put it to one side and forget about it.



Supplier A's involvement

There are signs that some customers in the Supplier trial arm questioned the company's motives, and this led to resentment for a minority which may have increased the likelihood of switching. This effect was amplified by the Ofgem endorsement on the letters which led to a feeling that the supplier was forced to offer the deal rather than doing so proactively.

Supplier A's involvement is treated with some suspicion by consumers

The inclusion of Ofgem in the letter makes consumers feel that Supplier A were obliged to send the letters

27 in the supplier arm

13 recall Supplier A as the sender

This creates some anger towards Supplier A, possibly encouraging consumers to search for other suppliers

However, elements of loyalty due to service do remain with some Supplier A customers, which partly explains internal switching behaviour

Before I got the letter, my initial reaction to all this government talk to finding a cheaper deal was to stay put. I was just becoming happy with Supplier A and I felt confident that they were doing a good job, with billing, meter reading etc. I was quite happy to stick with them until I got that letter, that's what spurred me to switch. I did not want to help assist Supplier A to help Supplier B make even more money.

I suppose I was bit annoyed that they kept me on a higher deal. It came across that they had to do it. I suppose it is not in their interest to send letters like this, they make more money if they keep people on higher deals. I probably felt a bit worse towards them.

Strange, I would have thought Supplier A wants every customer possible. In my view they were saying that maybe I ought to leave them to find a cheaper deal, they talked about 50,000 customers. Then I thought that's like throwing me out with the rubbish. They probably thought they were trying to help but I couldn't see it that way.

- Supplier forced into it?
- Why not proactive in offering deal?
- Frustration, anger
- Increased propensity to switch?



energyhelpline's involvement

There was fairly low prior awareness of energyhelpline, but the endorsement of Ofgem (and word 'partner') really helped to instil confidence in energyhelpline; energyhelpline is seen as an neutral and impartial partner.

There is generally low awareness of energyhelpline as an organisation

The inclusion of Ofgem establishes the partnership which, in turn, instils confidence

5 others also recall energyhelpline being mentioned

5 recall energyhelpline as the sender

energyhelpline are seen as a neutral / impartial organisation



Low awareness

In partnership

Neutral party

I just thought Ofgem had employed these to tell people about changing.

I would not have expected it to be Supplier A, they wouldn't recommend a competitor, I would expect a neutral like energyhelpline, they're looking at all options.

I didn't know who they were beforehand. I went onto the energyhelpline website. I just took it as a good thing, I suppose relating it to the government, a sort of national policy matter.

It says they are in partnership with Ofgem. I picked it up that it mentioned Ofgem, I could see that was the way it was working, so I didn't really question it.



6

Perceptions of offers



Perception of Supplier B

There is a general understanding as to why Supplier B's tariff was mentioned in the letter, although a small proportion (particularly in the Supplier A trial arm) do treat the offer with some initial caution

Very few have any real reservations about Supplier B

Supplier B are a reputable company

One of the 'Big 6'

Supplier B have negotiated a better deal for consumers

Supplier B is one of the big six, that is why I went with them or instead of the new companies I was offered.

22 in total recall Supplier B being mentioned on the letter

Those receiving supplier branded letters are slightly more dubious about the connection with Supplier B

Dubious, suspicious. They are meant to be offering anything and they have the Supplier B one, they were pushing the Supplier B deal, limited offer, fixed price on fuel for the next 12 months.

Some, especially in the supplier arm, treat the initial deal with caution

Another one of the 'Big 6'

Why was Supplier B being 'pushed'?

What else is out there?

Customer service concerns



Perception of the offer

Being personally addressed, including usage and saving information and only being sent to select customers all helped make the deal feel tailored. However, not all felt that the deal felt individually tailored, with others not recalling there was an offer on the letter at all.

31 in total feel that the offer felt **tailored**

Personally addressed

Usage information

Potential savings

Sent to select customers

12 in total did not feel that the offer felt **tailored**

Tailored to a sub-group of 50,000 customers, not individually

Many could be paying too much for energy

To be honest, I thought it was just saying that I was paying too much. I didn't realise at the time they were offering me a deal.

A small number overlooked the key messages, only reading that they could save money. Therefore, the specific deal was overlooked



Level of saving

On the whole, the level of saving caused much surprise amongst consumers, with many previously unaware of the actual amount they could save, even if they were aware they could save something. A handful treated the saving with caution, questioning the believability of it.

The **level of saving is seen to be good**, with many **customers in shock at the level of saving** available



Most customers knew they were being overcharged, but not by how much

Not all were surprised by the saving due to an underlying feeling they had been paying too much

A small number of switchers questioned the credibility of the saving

I was surprised by the saving to be made because I was surprised that 'Supplier A' would be charging me that much.

I remembered thinking that it was a lot more than people had to pay, so I don't think it was a great surprise.

The level of saving was definitely high but it was not believable. It stated that you could save £266 pounds, but I never believed it was credible.



Time limit of offer

Around half recall there being a time limit on the offer, however, very few recall the specific time. Around half were unaware of a specific time limit on the offer.

Around **half recall a time limit on the offer**, although the exact date is recalled less.



21 in total do recall a time limit on the offer

2 of 5 who did not switch recall a time limit

The last one (letter) said you had until the 30th April to switch.

22 in total do not recall a time limit on the offer

I thought it was for me to take up whenever I wanted to, I didn't know there was a time limit.

6 in total recall the 30th April

One or two others recall the end of April

A minority confused the length of contract with a supplier (typically 12 months) as the length the offer would be available for



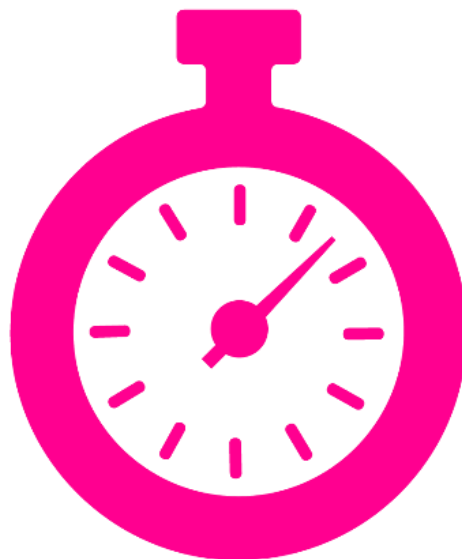
Time limit of offer

The fact there was a time limit does not appear to be a primary motivator (or at least not consciously), but comments suggest that it may have helped reduce procrastination in some instances.

As it was time limited, it would have given me the push to switch. If it had an open deadline, I probably wouldn't have bothered.

It was clear but quite short and only two to three weeks to take action but in a way, that was a good thing.

Two to three weeks, it was long enough to think about it and to take or not take action.



There was a date to take up the offer, but as I did it immediately, I don't remember what it was.

I didn't realise there was a time limit. I think I was thinking more gosh, we're wasting money, why are we not switching?

I hadn't realised that there was a time limit so I thought we could change at any time we can. I didn't realise to use energyhelpline there was a deadline. We got on with it fairly promptly and used their website.



Other offers

Most consumers welcome being informed about alternative offers and value the choice, but known companies are still generally preferred over lesser-known companies

Most consumers generally welcome further choice, and appreciate being offered alternatives

Choice Something to check against Helpful

Of the 13 who contacted energyhelpline, 9 recalled being offered other deals

Customer services ratings are of some value

Many do value customers service ratings, although a minority doubt their credibility.

I value customer ratings, it's a reflection of how the company will treat you or the deal you'll get and I used them for the company I chose because it was a company I hadn't heard of. I read the reviews and that influenced my decision.

There are so many false and manufactured ones on the internet.

Known companies are preferred

Although a number do still consider lesser-known suppliers, known suppliers are typically the go-to companies

I recognised [altenative large supplier] and Supplier B and there was just one other company she mentioned, I just thought I'd want to go with the one that I knew.

7

Actions, barriers & motivations





Role of advice & support

Many had some form of discussion with family members. Others discussed it with energyhelpline, with a minority having the discussion with their supplier. Comments suggest that the ability to talk to a person at energyhelpline provided additional reassurance for some (e.g. mitigating concerns around lesser-known suppliers).

Very few required any real advice/support on the tariff in the letters

Most discussed it with family members

Those in contact with energyhelpline by phone also discussed it with them when they called

Others had a discussion with Supplier A





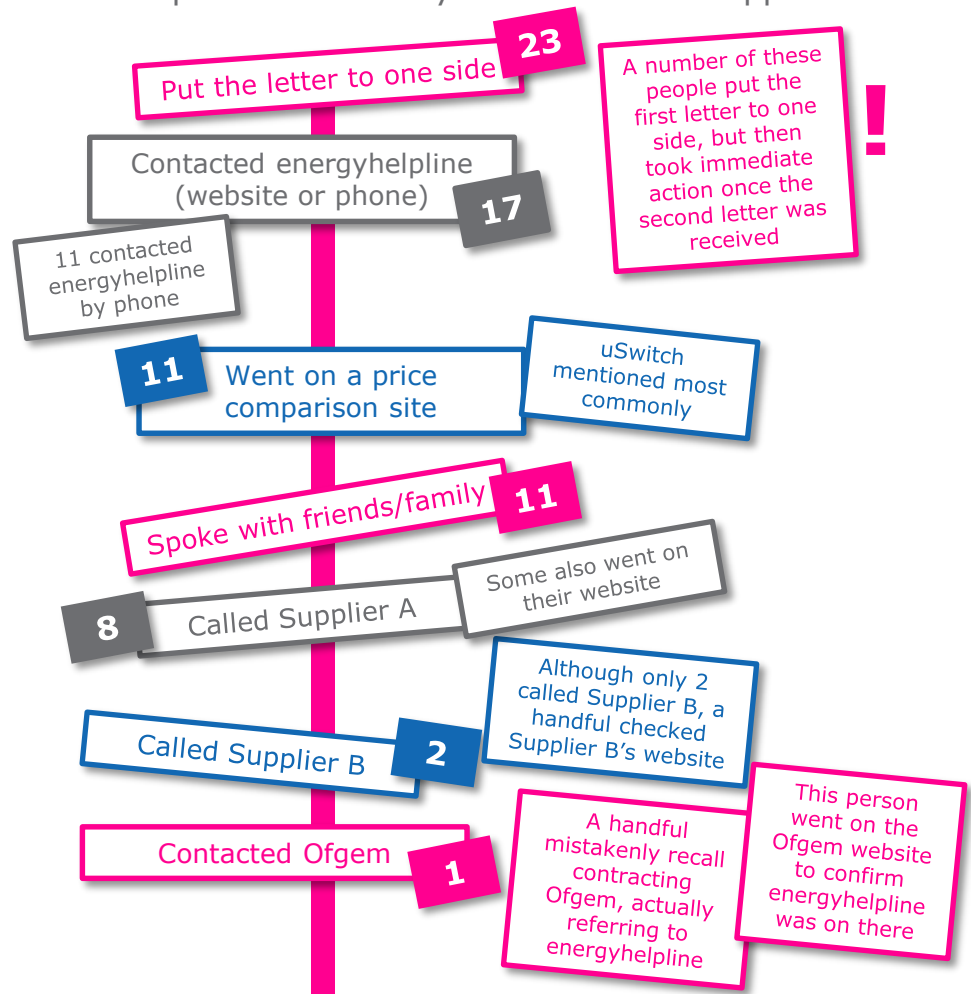
Actions taken

For half, the first letter (that they recall)* was initially put to one side due to busy lives. Once the second letter** was received, many took immediate action. Over one third contacted energyhelpline, most commonly by phone. Almost one quarter went on a comparison site. Very few contacted Supplier B directly.

Although **half put the letter(s) to one side, a proportion then went on to take further action**

Over one third contacted energyhelpline, with 11 contracting a price comparison website (usually uSwitch)

For many, being aware that **Ofgem** was involved **instilled confidence in the letter**



*in reality this may be the second letter in many cases
*in reality, often the third (reminder) letter



Actions taken

Comments suggest that often the first/second letter 'planted a seed', acting as a primer that got consumers thinking; follow-up letter(s) then prompted action, reinforcing the effectiveness of multiple/reminder communications.

I thought about it considerably and then I got the second letter and acted on it. I did think maybe it was a scam but it turned out not to be...I thought about it and then I got the second letter which convinced me it was a good idea.



I didn't know about the opting out option, I chucked them to one side but it did enter my head that I could save some money and then when I got a holiday, I had a look on the website to try and switch it over so I could save some money.

Well the first letter just prompted a sort of just trying to get my head around what was actually being expressed in the letters and the fact it said it was going to contact me later meant I thought "ok, I won't have a look and dismiss it, but I'll wait and see what comes through later and make decisions on what the next letter or correspondence came through looked like". Once the next one came through and gave me opportunities to make savings I thought I'd give the phone call and try and see what they could do really.



Drivers of the actions taken

A combination of busy lives and a tendency towards procrastination, alongside wanting to confirm authenticity of the deals, caused many to delay their actions. However, trust in Ofgem, an underlying feeling they should switch and the simplicity of energyhelpline helped motivate action.

For those who **put the letter to one side/spoke with friends or family:**

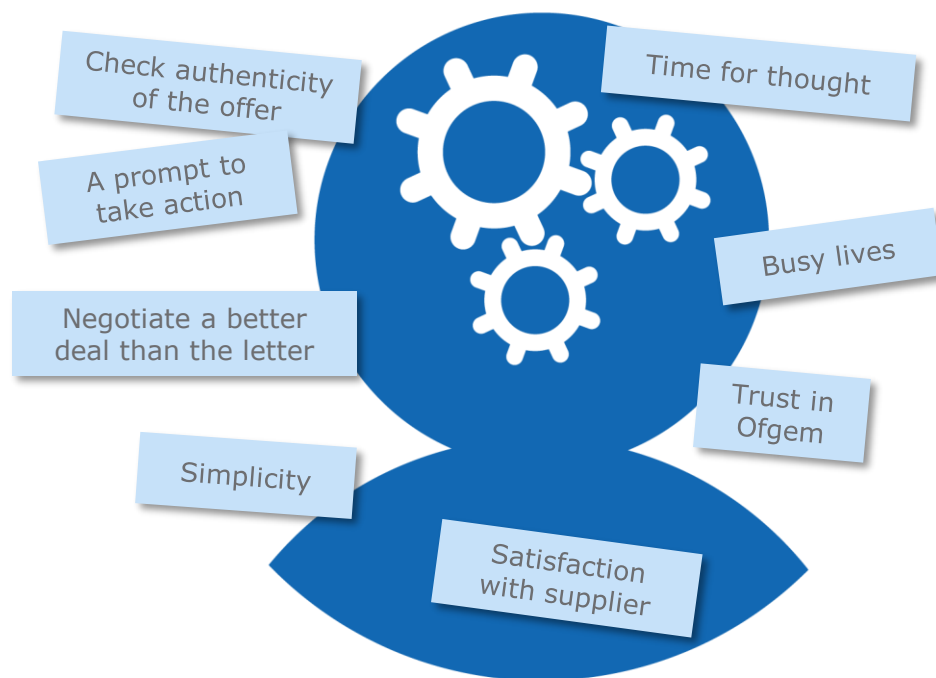
- Busy lives got in the way
- They wanted time to think
- To check the authenticity of the deal

For those who **contacted energyhelpline:**

- They trusted Ofgem and by association, energyhelpline
- Were already considering switching
- Found it to be a easy and simple option

For those who **contacted Supplier A, Supplier B or price comparison sites:**

- They wanted control, and potentially to negotiate a better deal
- Felt better deals may be available
- Were satisfied with current service levels
- Were already considering switching



Where consumers had already considered changing supplier, the letters acted as a timely prompt





Barriers to switching

Although few have any real concerns over switching, the perceived length and involvement of the process along with the perceived lack of benefit are prevailing concerns for some consumers.

It's complicated and takes too long?

There is a perception amongst some that the switching process can be involved, and take a while.

Just that it might've been more expensive, it's a hassle or it could be very complicated.

They're all the same, I won't gain anything?

There is also a perception that there is little to be gained from switching, with prices likely to increase at some point

I've often wondered if it would actually save me any money.

Overwhelmingly, few have any real *concerns* over switching



Barriers to switching

For those that didn't switch, lack of time, limited savings and negative perceptions of Supplier B were barriers leading to procrastination or sticking.

Lack of time

Busy lives cause delays with the switching process, with a couple of people still likely to switch at some point

Just time. Life is busy. It's definitely on my agenda, but I've just not got round to it yet.

I am just sorting it out now. I am now not happy with the current deal with Supplier A. I might go to Supplier B if it was the right deal or whatever comes up as the best deal - as long as it's a company I've heard of.

Satisfaction with Supplier A

Others are currently satisfied with Supplier A

I'm on a capped tariff with Supplier A and I'd like to keep with it.

This participant switched tariff shortly before the trial

Perceptions of Supplier B/the offer

Others did not feel the saving was large enough, and had negative perceptions of Supplier B

It wasn't enough - £30 a year. I would not go with Supplier B, their customer service is shocking, contacting them takes a long time. The effort of changing was not worth the level of saving, if it had been £100 I would have looked at it again, not necessarily with Supplier B but I would have looked around. I'm happy on my current deal with Supplier A.



Motivations to switch

Cost is the single biggest motive for switching behaviour. There is also an increase in underlying perception, through word of mouth/media, that switching is important. The trial was the nudge these consumers needed.

For a good number of participants, the letters reaffirm the importance of switching, spurring many to look at new offers available

An underlying feeling they should switch is driven by the **cost saving available**, with **word of mouth** around the importance of switching (e.g. in the press/online) also driving many to at least consider taking action

The trial itself appears to play a **big role** in nudging consumers from feeling they should switch to actually taking action



Cost



Word of mouth/
perceived importance



Ofgem/letters

Although for most the letters was a realisation that they needed to look around, a select proportion were considering switching before receiving the letters and the letters appear to have been the 'nudge' that they needed



Understanding actions taken – Supplier B deal

Supplier B's deal through energyhelpline provided a simple and reliable switching option and a known supplier.

Supplier B deal

16 switched to the Supplier B deal

For many, the deal from Supplier B provided a **simple, fair and reliable** option to switch.



- Simplicity
- A fair deal/saving
- Trust in Ofgem
- Familiar company/'Big 6'

Supplier B is a well respected company and it saved me a few quid. I thought about it and then I got the second letter which convinced me it was a good idea.

Their [energyhelpline's] website is good and easy to use, and clear and it tells you everything you need to know. Supplier A's website is not like that.

The deal was great - but I am a bit dubious of going to companies I know nothing about. That's why I dug around to find out a bit more about Supplier B.

For most, Supplier B specifically was not a motivating factor. Whilst larger, well known suppliers are generally preferred, Supplier B specifically had little emotive impact on consumer behaviour



Understanding actions taken – other energyhelpline deal

A small minority chose another deal through energyhelpline, which was predominantly driven by cost, and notably, discussions with energyhelpline staff.

energyhelpline deal

4 switched to another deal using energyhelpline

Trust

Simplicity

Cost

For a small minority, they were **offered a better deal** when they called energyhelpline



Because when I called them, they told me they had found me a cheaper deal with [alternative small supplier]. That's why I went with them.

When I called energyhelpline to find out about the deal with Supplier B they asked me who was on the letter and I said Supplier B. Then they asked me wait a few minutes and came back with the [alternative small supplier] offer which was much cheaper so I went with that. I wasn't worried that I never heard of them [alternative small supplier] before, the most important thing for me is saving money. The [alternative small supplier] deal was about a £400.00 saving, over double the amount of the deal offered by Supplier B.

The letter was believable. energyhelpline seemed very efficient on the phone, they said that they would send letters about the meter reading, which was good. I probably wouldn't have thought about changing if it had not been for the letters. I thought that I was on a reasonable deal with Supplier A. I wanted to take up the offer in the letter but was offered a better deal, cheaper again by energyhelpline. I wasn't considering switching before the letters. energyhelpline were influential.



Use of energyhelpline

Although very few were aware of energyhelpline before the trial, the link with Ofgem and simplicity of the process encouraged people to use energyhelpline - 17 in total will use them in future.

Very little awareness of energyhelpline before the trial

The attraction of energyhelpline

For those who used energyhelpline, the connection with Ofgem and simplicity were the main reasons why energyhelpline was used

'Chosen' by Ofgem

Simple

The attraction of other methods

For those using other methods, many simply prefer approaching suppliers direct, or prefer trusted sites they've used previously

Prefer going direct

Prefer known sites such as uSwitch or Martin Lewis

For the 38 who will search and compare in the future

17 will use energyhelpline as they now have trust and confidence in the process

11 will use comparison sites

1 will contact the supplier directly

6 will use a combination of methods



Understanding actions taken – other method

For those who switched via other methods, this was primarily driven by a combination of a desire to be in control (e.g. do their own research) and perhaps more importantly, familiarity (certainly in terms of name) with other price comparison sites. Other factors (not widespread) included negative perceptions of Supplier B and not wanting to wait for the trial offer.

Other deal

11 switched to another deal using a different method

Take control and/or use a known price comparison site

Trust

Negative perception of Supplier B

Cost

Do own research on wider market and deals

A small proportion of consumer took an alternative approach, using sites such as uSwitch, Martin Lewis or through the council, which appears to be mainly **driven by trust and familiarity.**



One or two had a **negative perception of Supplier B**, or felt a better deal might be out there, so opted to search around for other offers.

One or two had **switched via another method rather than waiting for the personalised deal**

I went on a comparison site using [Consumer champion's] web page - They have something called the Cheap Energy Club which provides different comparisons. I didn't look on the energyhelpline website as I just assumed it was a telephone service and I prefer going online.

I don't believe in price comparison sites. I never use them as I like to do my own research.

We decided to go on the [price comparison service] website as I've seen the name around and that's the first one I thought of. Because we decided not to wait for them to get in touch again (the second letter) we did it ourselves.



Understanding actions taken – Switching internally

We see a relatively equal split between trial arm for those who switched internally, with motives for switching internally coming down to cost, simplicity and trust .

Cost

A small proportion approached Supplier A and were offered a better deal than that on the letter

Basically how much money it would save me. That was the most important thing. If Supplier A couldn't offer me a lower price, I would have changed supplier.

Because I don't understand the tariffs anyway. Supplier A were offering me a cheaper price, so that's why I did it. I thought next time I go to the bank, I will look at my direct debit and see if they have done what they said they would do for me.

Simplicity

For many, it is simply easier to stay with the same supplier if few problems have been experienced

Supplier A were cheaper, not a great deal, but cheaper, but then you didn't have the hassle of the change over and the potential issues that that might have caused.

I went to Supplier A and changed tariff, that was easy.

Trust

Others have no reason to change. They value their relationship with Supplier A and don't feel it to be important to change at this moment

I changed my tariff as I preferred to stay with Supplier A rather than move. I had switched many years ago and I found it to be a waste of time. Supplier A were really helpful and they put me on a better tariff.

A broader motive for switching internally is fear of the unknown. A minority had had previous bad experience of switching, with others not trusting new suppliers, especially unknown ones

1 of 10 had switched internally before receiving the letter



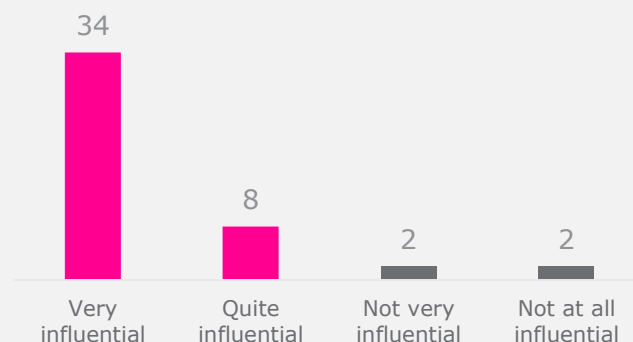
Influence of the trial

Overwhelmingly, the trial was very influential in encouraging those who switched, with most probably not taking action without the letter

The level of saving outlined in the trial is the element which influences most action. Ofgem's endorsement appears to greatly influence behaviour, also engendering trust in energyhelpline (and the deals).

For a number of those who switched, the letters (and importantly, the reminder) were a timely nudge as they were already considering switching.

The simplicity of switching, as outlined in the letter, also helps influence behaviour.



18 of 19 in the Ofgem trial arm found the letter 'very influential', compared with 16 of 27 in the Supplier A trial

The inclusion of Ofgem

The fact the letter was Ofgem, and it had the monetary value, that's the two things which had any influence on us.

The saving

I was already thinking of switching but had not got round to it and when the first letter came I decided to look for myself and by the second letter we had already started the process of switching.

Simplicity of switching

Multiple 'nudges'

The letters have helped to maybe talk to other people that have switched and that maybe it's an easy thing to do.



Longer term impact of the trial

The trial can be seen to have helped highlight the ease of switching, increasing the likelihood of future switching and even increasing the likelihood of comparing prices for other products, services and utilities.

For most, the **trial has helped to provide confidence and reassurance** around the switching process.

For many, it **acted as a reminder to take action**, speeding up the process.

For almost all, it has simply highlighted the topic in their mind, **providing food for thought**.

Confidence

Reassurance

Reminder

Helpful

Clarity

Simplicity

It lifted concerns about other things. It's made me look at house insurance, I've changed those as well.

35 of 46 are left likely to consider switching tariff/supplier in the future, with 19 'very likely'

I think most people like me are basically lazy when it comes to things like that and you just drift along, so I think I would just go with the flow. It would need something like what's happened to us this time to give us a nudge.

If you have any questions or would like to hear more, contact...

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