Household Consumer Perceptions of the energy market

Wave 2: January – February 2019

Contents

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Background and method

Background

- This report presents findings from a tracking survey commissioned jointly by Ofgem and Citizens Advice.
  - The Gas and Electricity Markets Authority (GEMA) is the regulator of Britain's gas and electricity markets, and its principal objective is to protect the interests of both current and future consumers. Ofgem carries out the day to day functions of GEMA.
  - Citizens Advice helps millions of people every year to find a way forward, across all sectors, whatever their problems. This informs its role as the statutory energy consumer advocate, fighting for the best outcomes for current and future consumers.

- The tracker is a representative survey of domestic energy bill-payers and provides Ofgem and Citizens Advice with ongoing measures of consumer engagement in and experiences of the energy market.

Methodology

- Data was collected using a mixed-mode survey of 3,200 domestic energy bill-payers in Great Britain (GB). Fieldwork was carried out using:
  - An online survey via a commercial online panel (n = 2,900)
  - A face-to-face in-home survey with the digitally excluded population (n = 300). Participants were considered to be digitally excluded if they did not have access to the internet or had not used the internet in the previous six months.
- All participants were responsible (solely or jointly) for the energy bills in their household or for choosing their energy supplier.
- The survey used quotas to achieve a sample representative of the Great Britain (GB) bill-payer population. Quotas were set on age, gender, social grade and region. Data were weighted to the known profile of the GB population. Quotas (other than gender) were based on census Household Reference Person (HRP)*, as a proxy for bill-payer.

* https://www.nomisweb.co.uk/datasets/st067

Fieldwork Dates

- This report shows results for the second tracking wave; with statistically significant differences in findings compared to the previous quarter indicated within.

Fieldwork	Wave 1 (‘Q4 2018’)	Wave 2 (‘Q1 2019’)
Online	24th October – 11th November	29th January – 6th February
Face-to-Face	24th October – 13th November	31st January – 17th February

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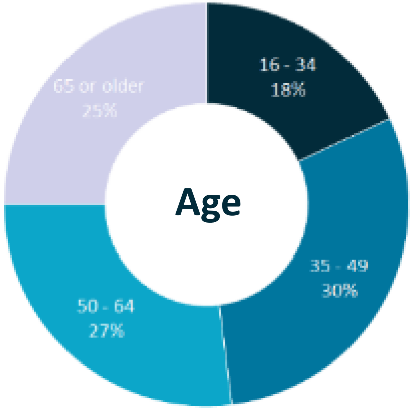
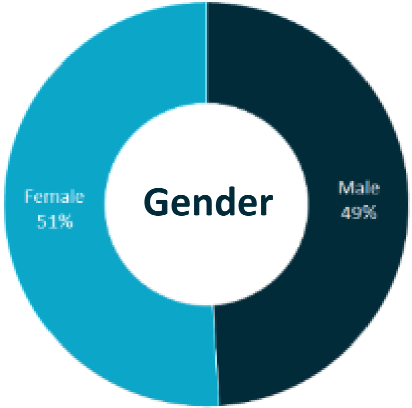
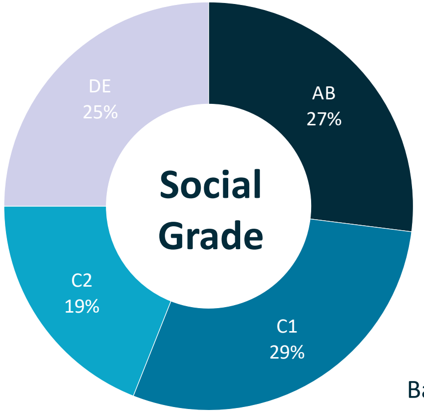
Sample profile

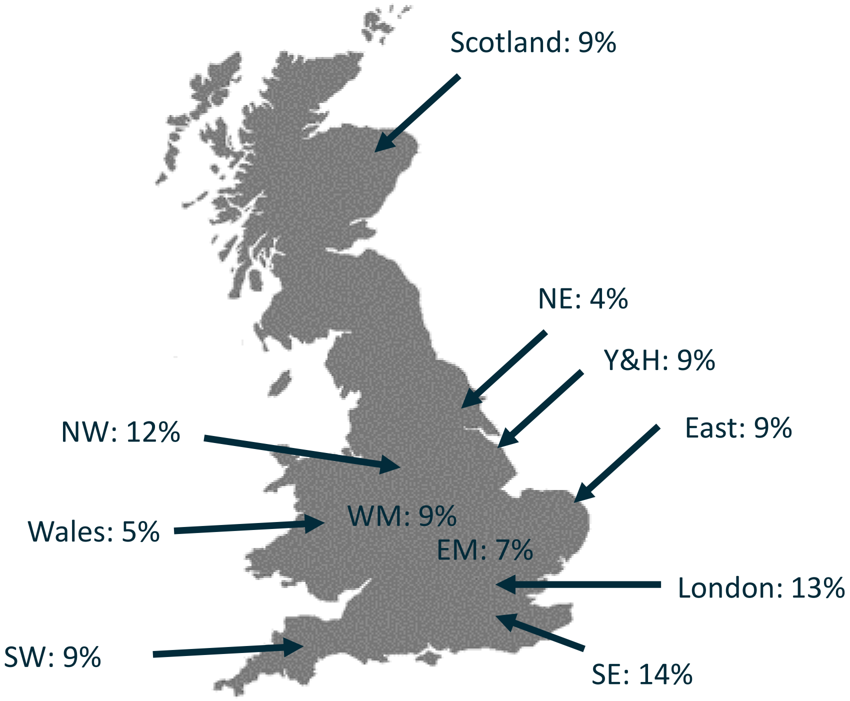
Sample profile







Region



Base: All Participants (3,200)

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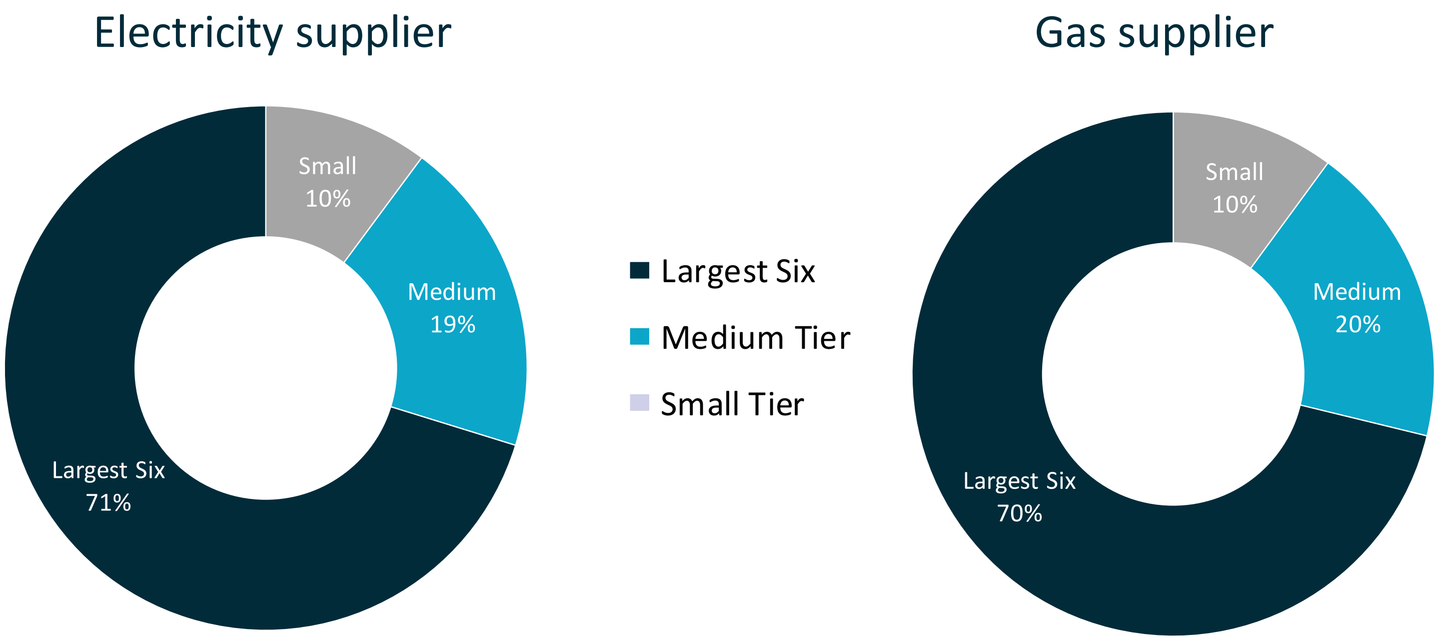
Electricity and gas suppliers – breakdown by supplier size



Please can you tell me which company you pay your electricity bill to?
Base: All with mains electricity (3,186)

Please can you tell me which company you pay your gas bill to?
Base: All with mains gas (2,840)

Contextualising the survey results: Key events in the energy market from Q4 2018 – Q1 2019

- Launch of the default tariff price cap:
  - The final decision on the design and implementation of the default tariff cap took place in November 2018. Ofgem engaged with stakeholders in December 2018. The cap came into effect in January 2019.
- Energy price increase notifications:
  - A number of suppliers issued price increase notices in the third quarter of 2018, but this activity reduced in Q4 2018.
- Suppliers exiting the market:
  - Seven suppliers exited the market between October 2018 and January 2019, six of them through a Supplier of Last Resort route. While customers have been migrated to a new supplier without loss of supply, it is possible that the experience has impacted their perceptions of the energy market.

Satisfaction with supplier

Generally results are stable between the two tracking waves. The only statistically significant changes are summarised below:

Measure	Q4 2018	Q1 2019	% Difference
Satisfaction with ease of understanding bills	72%	75%	+3%
Satisfaction with ease of making contact with supplier (among those trying to contact supplier)	76%	72%	-4%
Recall of notification of a price increase (among those on an SVT*)	60%	49%	-11%
Use of a price comparison website to switch supplier (among those who have ever switched supplier)	62%	66%	+4%
Awareness of the default tariff price cap	20%	25%	+5%
Informed awareness of the price cap**	15%	19%	+4%

* SVT = Standard Variable Tariff

** Informed awareness = Had heard of the price cap and correctly identified the principal behind it

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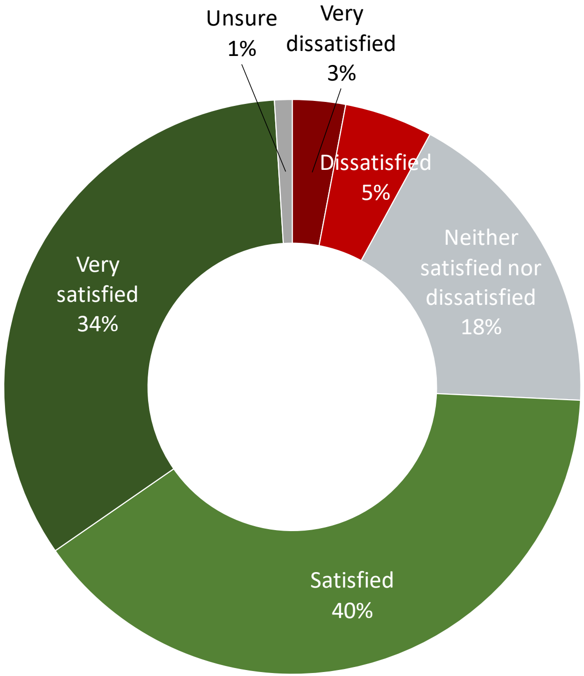
Overall satisfaction with supplier

74% are satisfied with their supplier



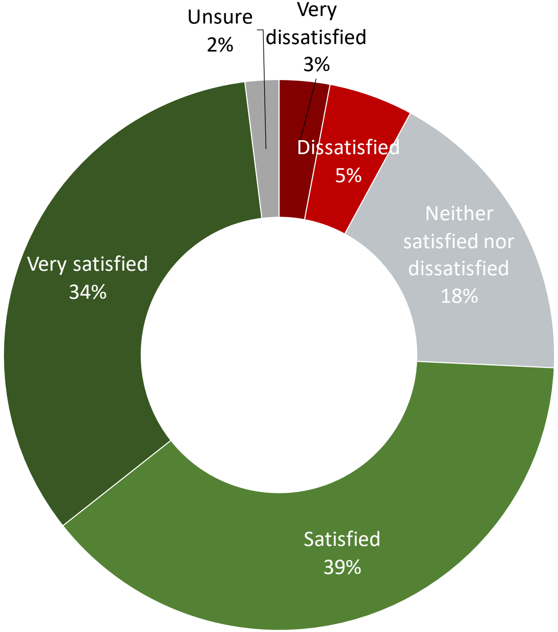
- Variations in the % who are satisfied with their supplier:
  - Tariff
    - On fixed (78% satisfied overall) vs SVT (73%)
  - Payment method
    - Pay by direct debit (77%) vs PPM* (70%) and standard credit (65%)
  - Contact with supplier in last 3 months
    - Have not contacted supplier (76%) vs contacted supplier (72%)
  - Switching history
    - Switched tariff in last 12 months (80%) vs switched supplier in last 12 months (70%)
  - Age
    - Aged 65+ (81%) vs aged 50-64 (72%), aged 35-49 (70%) and aged 16-34 (72%)

* PPM = Pre-payment meter

Overall, how satisfied or dissatisfied are you with (...) as your supplier of (gas/electricity/gas and electricity)?
Base: All Participants (3,200)

Satisfaction with customer service

73% are satisfied with customer service



- Variations in % who are satisfied with customer service
  - Payment method
    - Pay by direct debit (75%) vs standard credit (66%)
  - Digital exclusion
    - Digitally excluded (86%) vs online (72%)
  - Switching history
    - Switched tariff in last 12 months (78%) vs switched supplier in last 12 months (69%)
  - Age
    - Aged 65+ (81%) vs aged 50-64 (71%), aged 35-49 (69%) and aged 16-34 (70%)

Overall, how dissatisfied or satisfied are you with the customer service you have received from your energy supplier?

Base: All Participants (3,200)

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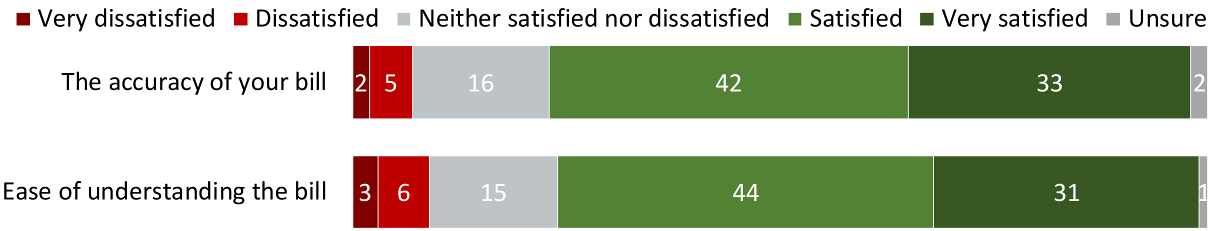
Satisfaction with bill

75% are satisfied with accuracy and ease of understanding bills



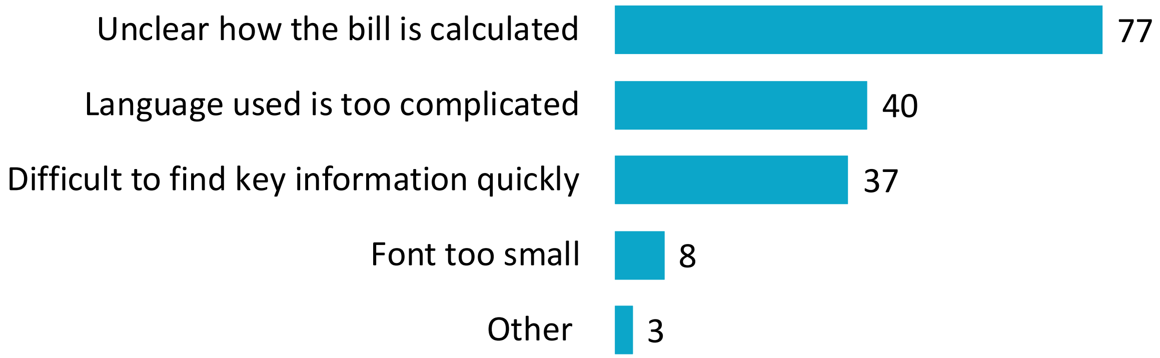
The proportion satisfied rose from 72% in Q4 2018 to 75% in Q1 2019.

- ‘% satisfied’ with ease of understanding is lower among those:
  - Dissatisfied overall with supplier (42%) vs satisfied (86%)
  - Using the Largest Six suppliers (74%) vs Medium Tier customers (81%)
  - On Standard Credit (67%) vs Direct debit (76%)
  - Unaware or don’t understand the price cap (74%) vs aware of and understand it (81%)
  - Aged 16-34 (70%) and aged 35-49 (71%) vs aged 50-64 (77%) and aged 65+ (80%)
  - C2DE (72%) vs ABC1 (77%)

Please can you tell me how dissatisfied or satisfied you are with the following aspects of your energy supplier`s bills?
Base: Those who pay for their energy with a regular direct debit or standing order or with cash/cheque/credit card/BACS/App (2,659)

Reasons for dissatisfaction with ease of understanding the bill

Clarity of calculation of bill continues to be the most common problem



Why are you very dissatisfied/dissatisfied with the ease of understanding your bill from your energy supplier? (%)
Base: Those who are dissatisfied with the ease of understanding their bill from their energy supplier (231)

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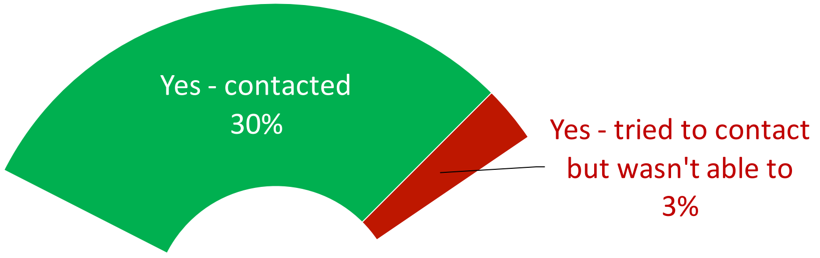
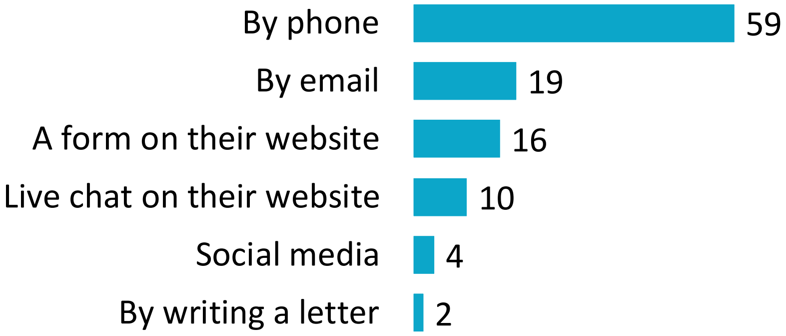
Recent contact with supplier (last 3 months)

30% tried to contact their supplier in last three months



Preferred contact method



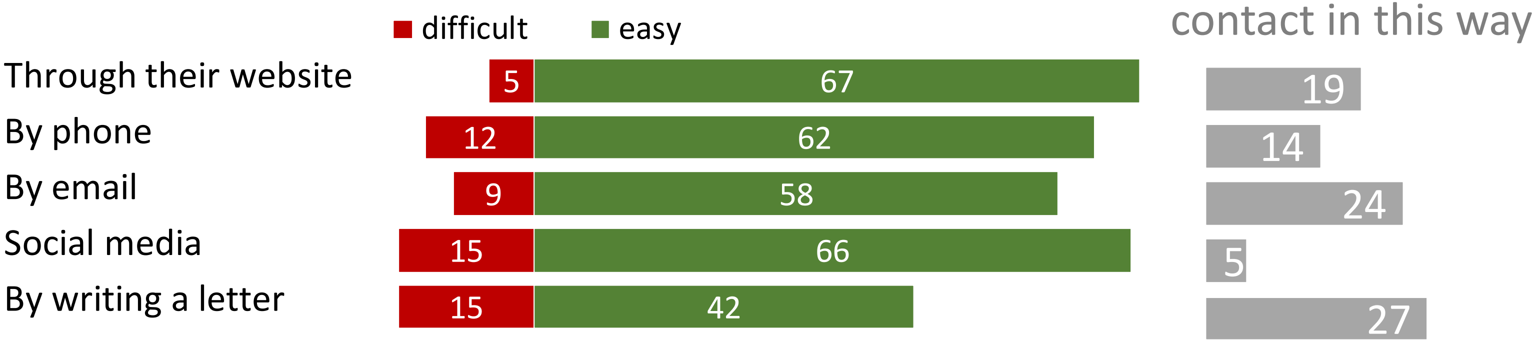
- Those most likely to contact or attempt to contact are:
  - Small Tier customers (43%) vs Largest Six suppliers (31%)
  - Dissatisfied customers (57%) vs satisfied (31%)
  - Ever switched (36%) vs never switched (24%)

Have you contacted, or tried to contact, your energy supplier within the last 3 months?
Base: All Participants (3,200)

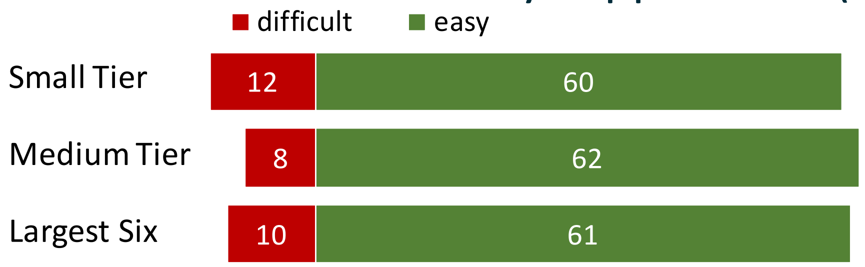
How did you (try to) make contact with your energy supplier on that last occasion? (%)
Base: All who contacted or have tried to make contact (1,068)

Ease of making last contact with supplier (among those who prefer each contact method)

Website and social media found to be the easiest contact method



Little difference in ease of contact by supplier size (any contact method)



N.B. Charts don't add to 100% as neutral and 'don't know' responses are not shown

Thinking about the last time you tried to contact your energy supplier how easy or difficult did you find it to contact them in this way? Base: All Participants (3,200)

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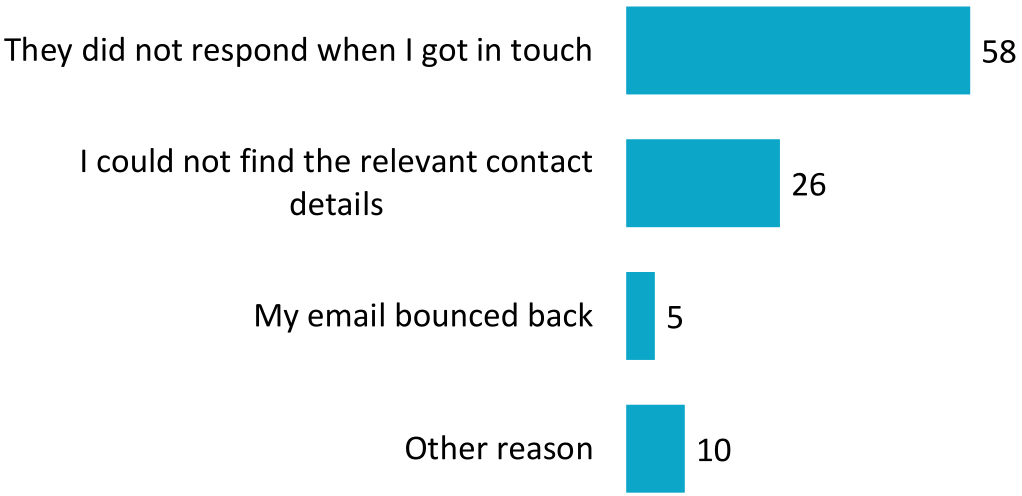
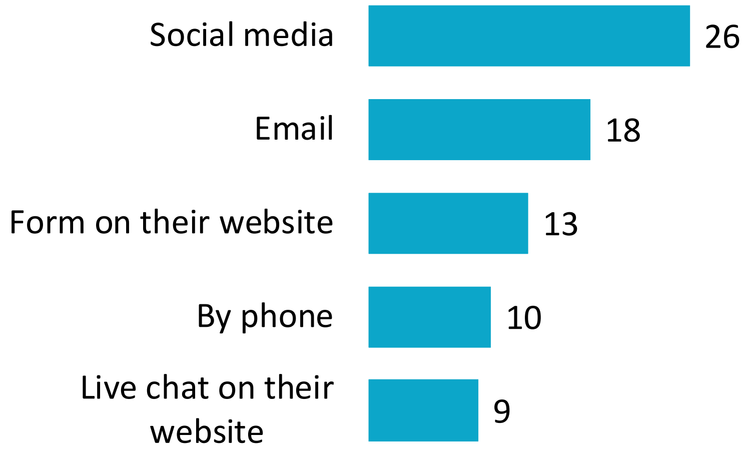
Reasons for failed contact

Reasons for failed contact (%)



Least successful contact channels

(% trying to contact but failing)



Thinking of the last time you tried to make contact with your energy supplier, why were you not able to? (%)
Base: Those who failed to contact their energy supplier (112)

Have you contacted, or tried to contact, your energy supplier within the last 3 months?
Base: All who contacted or have tried to make contact (1,068)

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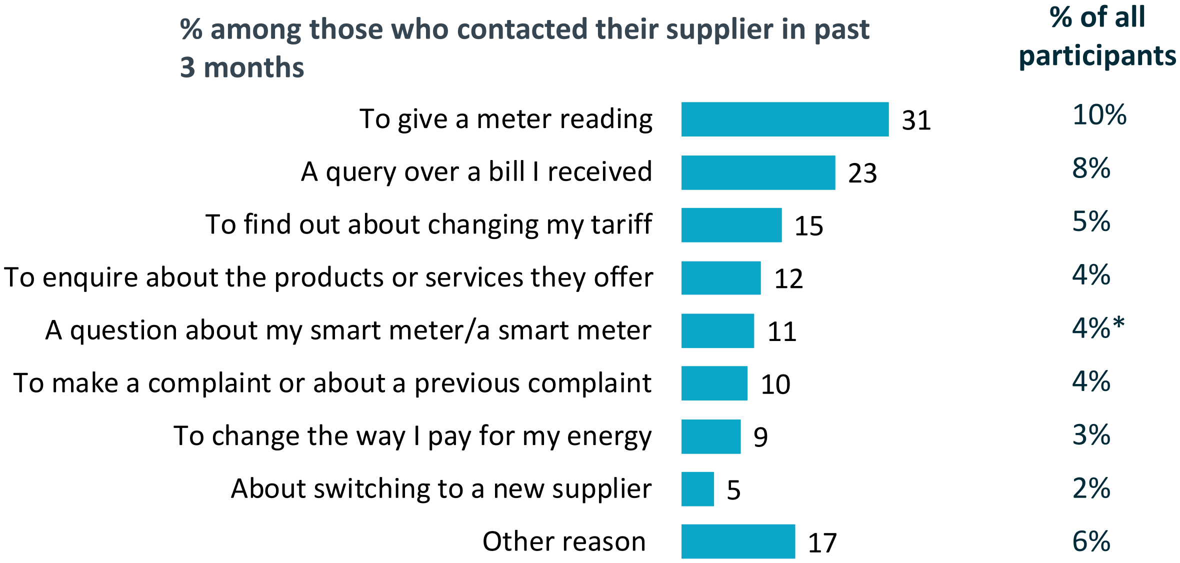
Reasons for last contacting supplier



How do reasons for contact vary?

(Among those who contacted their supplier):

- 41% without a smart meter contacted to give a meter reading
- 24% with a smart meter asked a question about it
- 33% who switched tariff in last 12 months contacted to find out about changing tariff

* Contact relating to smart meters will include all forms of contact (e.g. installations, ongoing use, changing smart meter etc)

Thinking of the last time you (made/tried to make) contact with your energy supplier, what was it about? (%)

Base: Those who contacted / tried to contact their energy supplier (1,068)

Satisfaction with contact

About three in four satisfied with ease of contacting supplier

The proportion satisfied dropped from 76% in Q4 2018 to 72% in Q1 2019. The most significant declines were for:

- **Aged 65+ (Q4 2018 87% vs Q1 2019 79%)**
- **Direct debit customers (Q4 2018 79% vs Q1 2019 74%)**

Groups more satisfied with ease of making contact are:

- Satisfied overall with supplier (84%) vs dissatisfied overall (29%)
- Pay by direct debit (74%) vs standard credit (63%) and PPM (65%)
- Switchers (79%) vs non switchers (68%)
- Have smart meter (75%) vs no smart meter (67%)
- Aged 65+ (79%) vs aged 16-34 (67%) and aged 35-49 (69%)

Groups more satisfied with finding contact details are

- Satisfied overall with supplier (86%) vs dissatisfied overall (35%)
- Have a smart meter (78%) vs no smart meter (72%)
- Aged 65+ (86%) vs aged 16-34 (73%), aged 35-49 (71%) and aged 50-64 (75%)

Please can you tell me how dissatisfied or satisfied you were with the following…?
Base: Those who contacted or tried to contact their energy supplier (1,068)

N.B. Charts don't add to 100% as neutral and 'don't know' responses are not shown

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Complaints

Complaints to suppliers

10% of those contacting their supplier in the past 3 months did so to make or follow up a complaint

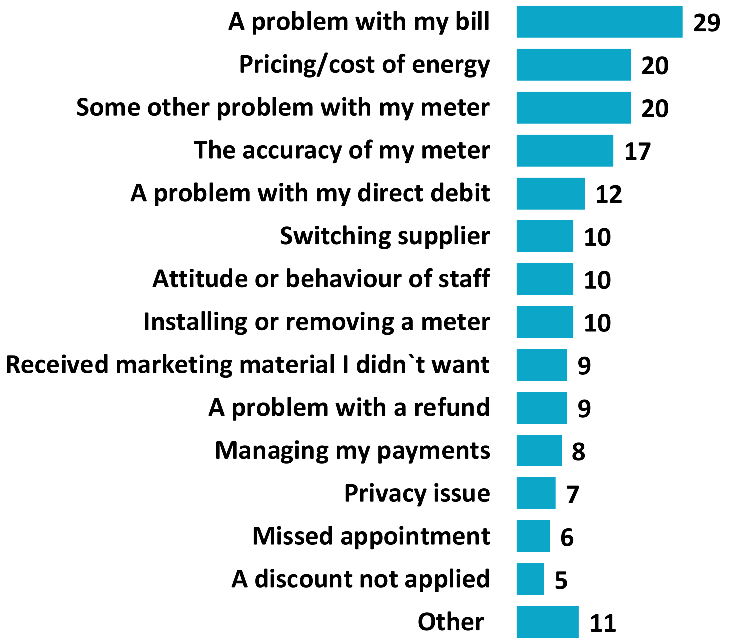
- This equates to 4% of all consumers

The groups more likely to have complained:

- Dissatisfied overall with their supplier (29%) vs satisfied (7%) or neutral (12%)
- Have a smart meter (13%) vs no smart meter (9%)

Base: Those who contacted or tried to contact their energy supplier (1,068)

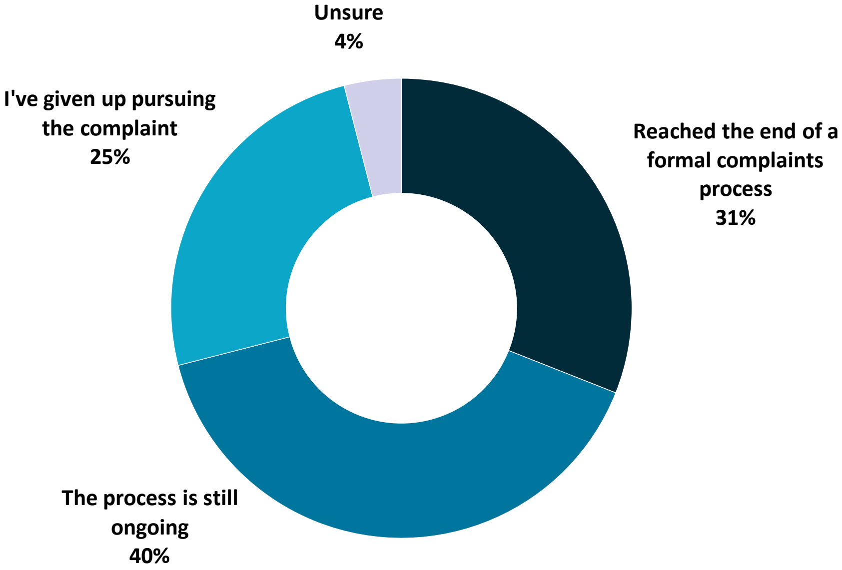
Reason for complaints (%)



Base: Those who contacted their energy supplier to make a complaint (112)

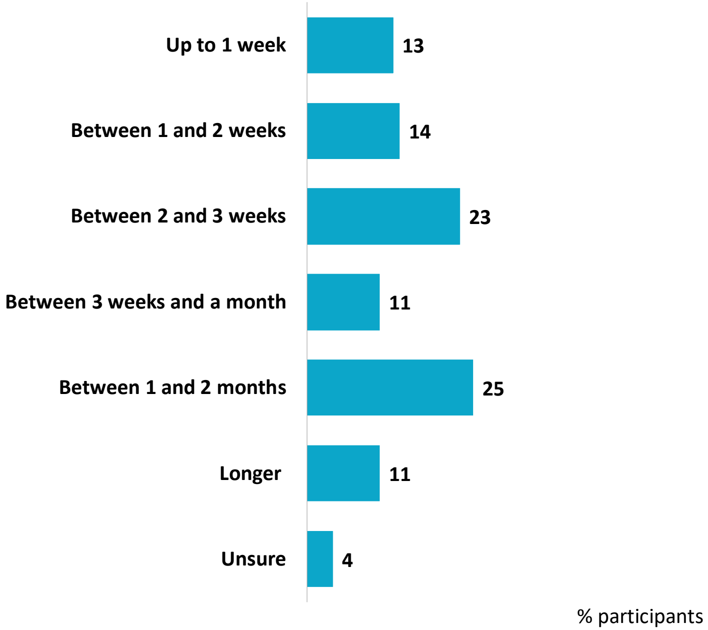
Stage of complaint and time taken to process (Past 3 months)

31% of complaints have been completed



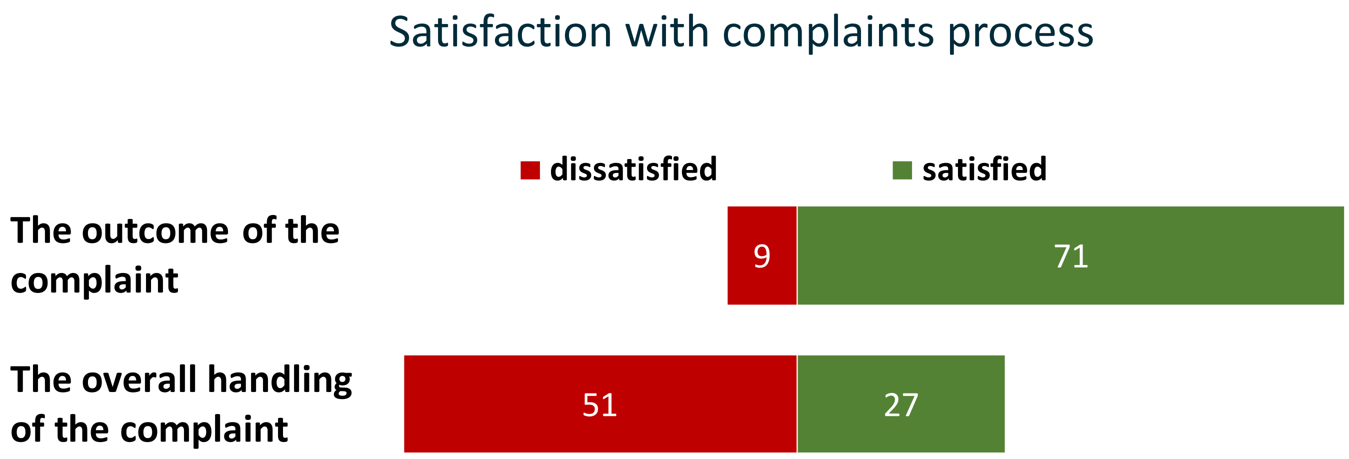
What stage are you at with the complaint process?
Base: Those who contacted their energy supplier to make a complaint (112)

36% of complaints have been live for more than a month



Roughly, how long did the complaint process take from beginning to end?
Base: Those who knew the stage of their complaint process (108)

Satisfaction with the complaint process



N.B. Charts don't add to 100% as neutral
and 'don't know' responses are not shown

Please can you tell me how satisfied or dissatisfied you are with the following aspects of your complaint.
Base: Those who contacted their energy supplier to make a complaint (112); Outcome reached (35)

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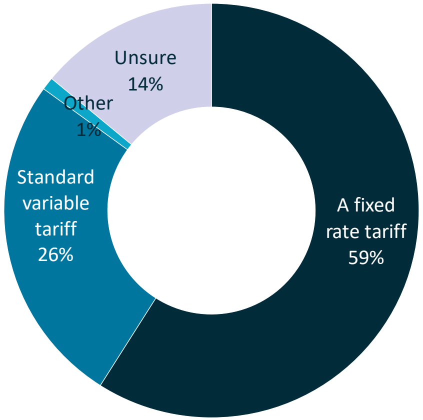
Tariff understanding and information provision

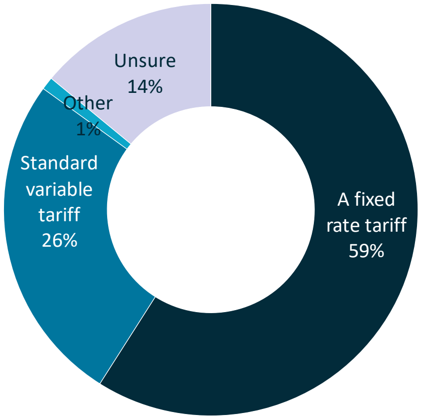
Tariff type

For each fuel, 86% know what tariff type they are on

Gas



Electricity



Those who are unsure are most likely to be:

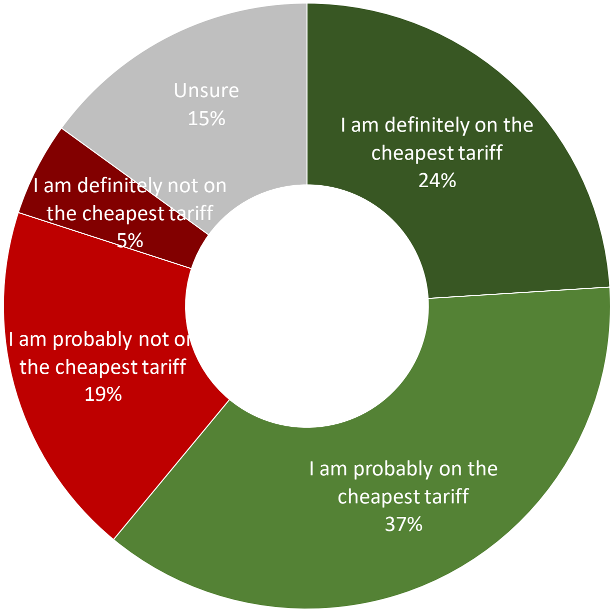
- Unaware or don't understand the price cap
- Consumers using a PPM
- Not contacted in last 3 months
- Never switched
- Aged 35+
- Digitally excluded

% who are unsure what their tariff is	Group	Gas	Electricity
Price cap	Unaware of price cap	16%	16%
	Aware of price ca[	6%	5%
Age	Aged 16-34	9%	9%
	Aged 35+	45%	46%
Payment Method	Pay by direct Debit	10%	9%
	Pay by PPM	30%	32%
	Pay by standard credit	16%	16%
Supplier Contact	Contacted in P3M	10%	11%
	No contact in P3M	16%	15%
Switched suppliers	Ever switched	11%	11%
	Never switched	21%	21%
Online/Offline	Online	12%	13%
	Digitally Excluded	28%	29%

What kind of gas / electricity tariff are you on?
Base: Gas (2,731), Electricity (3,075)

Cheapness of tariff

61% believe they are on their supplier's cheapest tariff



To what extent do you feel you are on the cheapest tariffs offered by your energy supplier?
Base: All Participants (3,200)

- The smaller the provider the more likely consumers are to feel they're on the cheapest tariff:
  - Small Tier (76%)
  - Medium Tier (71%)
  - Largest Six suppliers (56%)
- Consumers more likely to believe they're on the cheapest tariff:
  - Dual fuel (62%)
  - Fixed tariff (76%)
  - ABC1 (65%)
  - Online consumers (62%)
  - Consumers who have switched (71%)

Information received in last six months, including tariffs

Information received

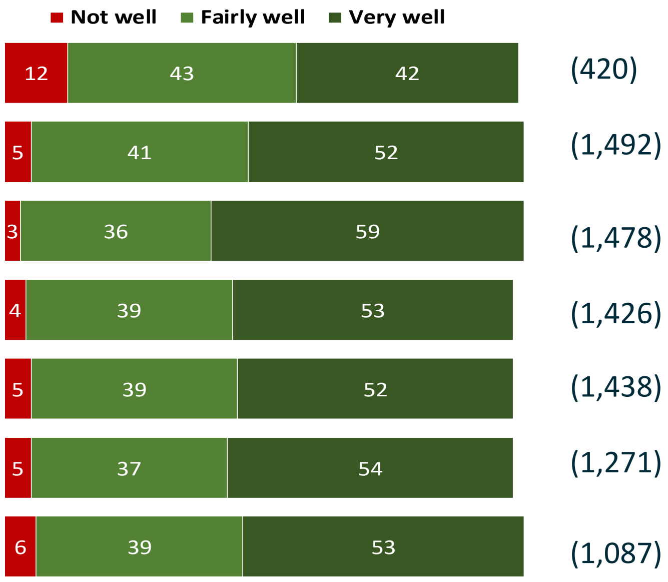
Proportion saying recall receiving

- Notification of a price increase 49%
- The choice of energy tariffs they offer 47%
- What to do in an emergency (e.g. gas leak or faulty meter) 46%
- How to make a complaint 45%
- What to do if you want to change your energy tariff 42%
- What to do if you need assistance with paying your energy bills 40%
- What information you need to compare energy prices 34%

The proportion who recall receiving notification of a price increase dropped from 60% in Q4 2018 to 49% in Q1 2019

Do you recall if your energy supplier has given you information about any of the following in the last six months? Base: All participants (3,200), apart from 'Notification of price increase': All on SVT (866)

How well information met needs



How well did the information you received meet your needs? Bases: those receiving information (individual bases are in brackets)

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Switching

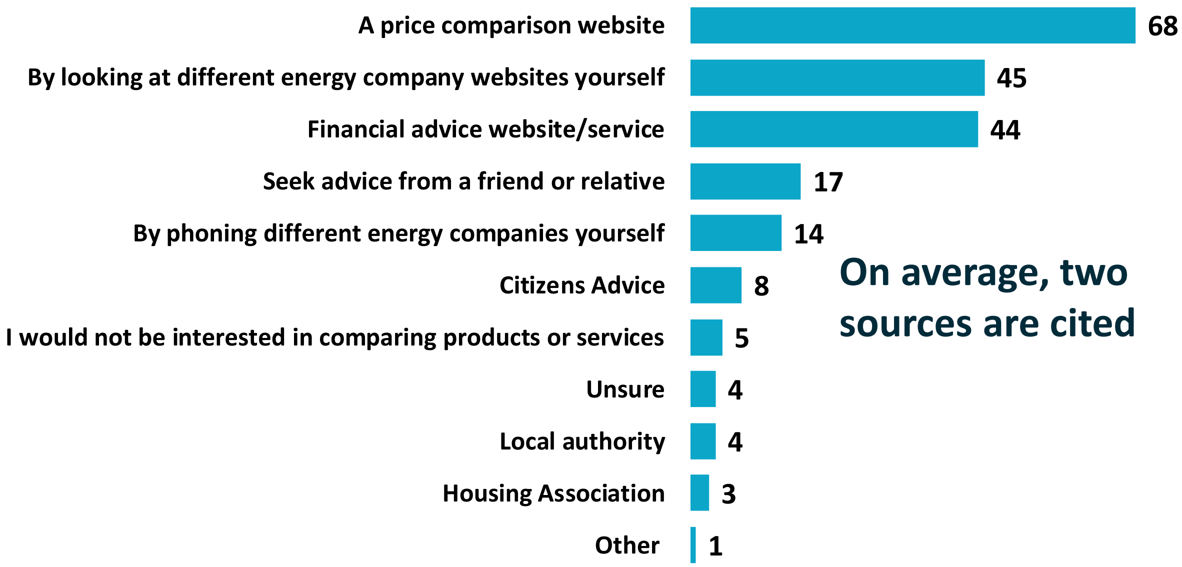
Information that would be used to compare suppliers

Over two thirds (**68%**) would use a price comparison website (PCW) to compare suppliers

Consumers more likely to use a PCW are:

- Customers of Medium (78%) and Small Tier suppliers (76%)
- On a fixed tariff (74%)
- Ever switched supplier (78%)
- Aware of and understand the price cap (76%)
- Pay by direct debit (72%)
- ABC1 social grade (73%)
- Aged 35-64 (74%) vs aged 16-34 (63%) and aged 65+ (58%)
- No disability (71%) vs have a disability (60%)

Sources used to compare suppliers (%)

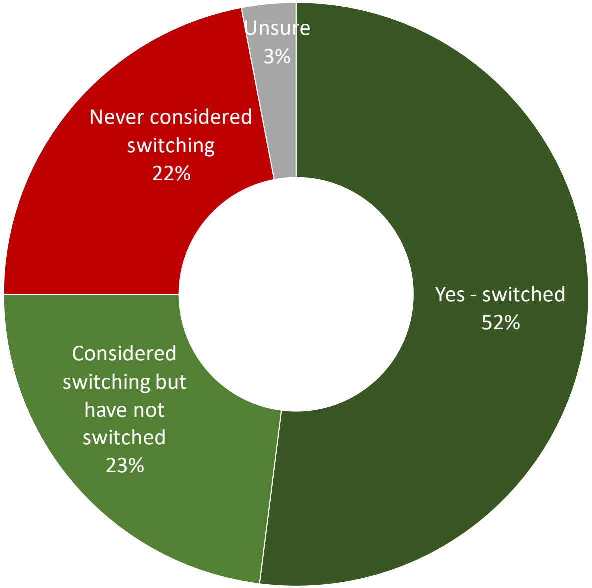


On average, two sources are cited

Where would you go to find information that would allow you to compare the products and services offered by different companies? (%)
Base: All Participants (3,200)

Incidence of switching energy supplier

Half (52%) have ever switched supplier



Have you ever switched or considered switching energy supplier?
Base: All Participants (3,200)

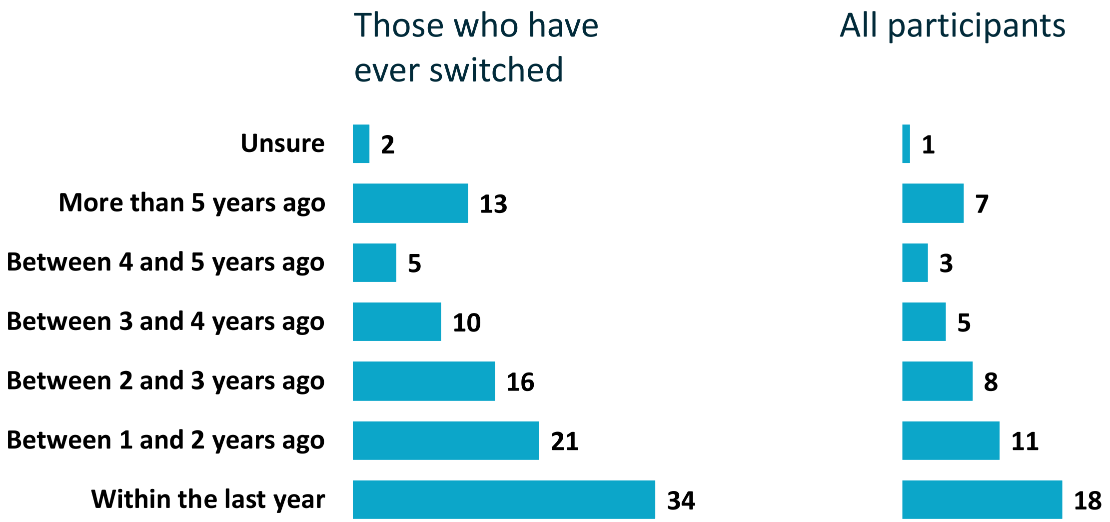
The proportion who have ever switched is lowest among:

- C2DE social grade (47%)
- Aged 16-34 (40%)
- Customers of the Six Largest suppliers (40%)
- Digitally excluded (25%)
- Unaware or don’t understand the price cap (48%)

Last occasion switched supplier

34% of those who have ***ever*** switched supplier did so in the last year

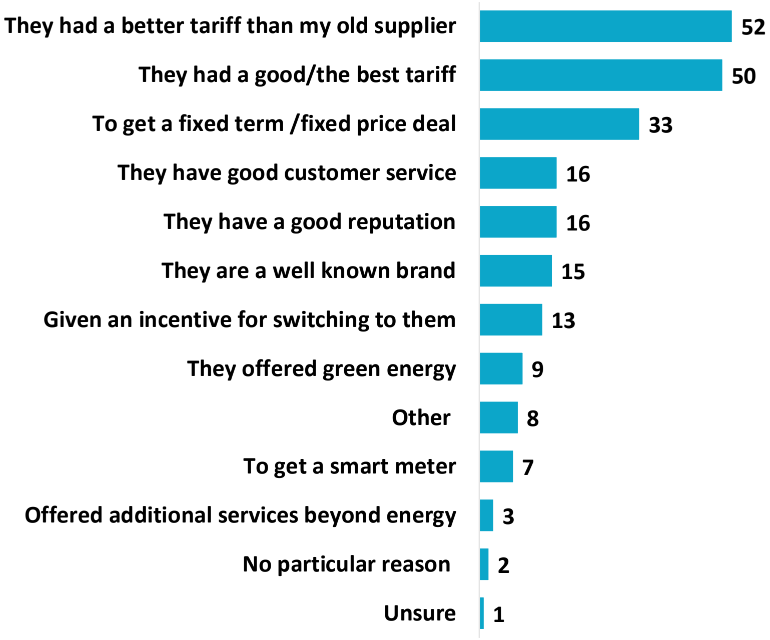
This equates to 18% of all consumers stating they switched in the last year



When was the last time you switched energy supplier? (%)
Base: Those who have ever switched (1,666); all Participants (3,200)

Reasons for choosing supplier

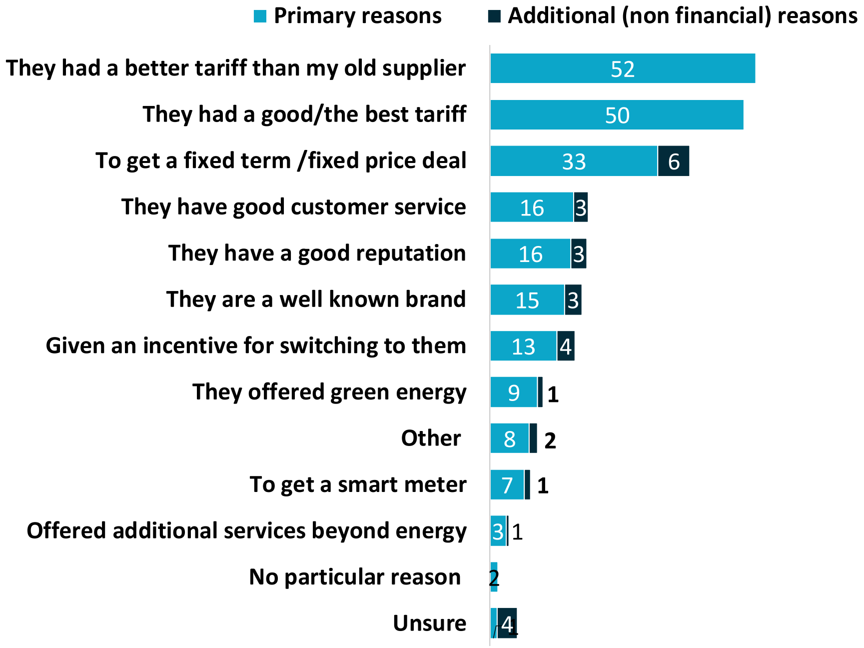
The key reasons for selecting a supplier are cost related



Once you had made the decision to switch to another energy supplier, what were the main reasons you chose the company you went with?

Base: Those who have ever switched (1,666)

Even when prompting with non-cost reasons, service, reputation, incentives and green tariffs are secondary considerations



Were there any other reasons for selecting them apart from the tariff?

Base: Those who have ever switched (1,666). Dark blue shows those who only selected financial reasons when first asked (721)

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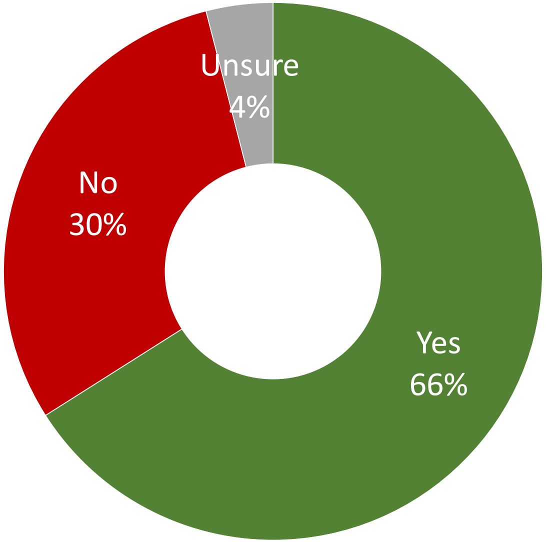
Use of Price Comparison Websites

66% who switched used a Price Comparison Website. Up from **62%** in Q4 2018



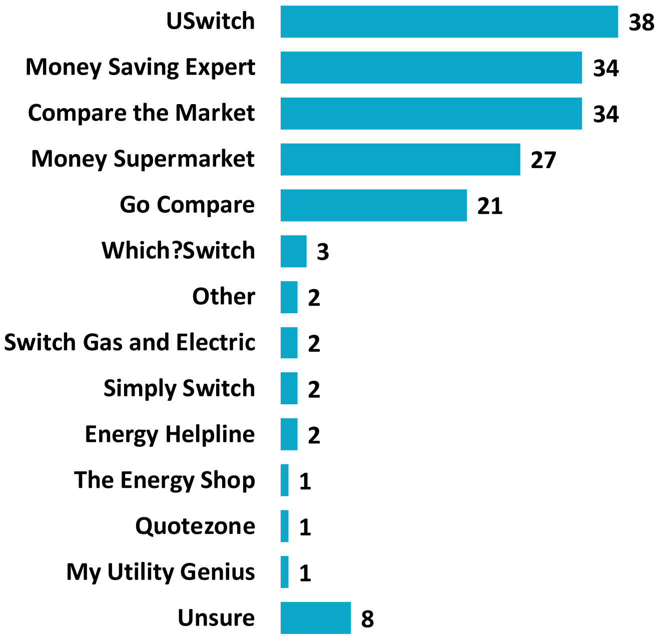
Did you use a price comparison website to help you switch energy supplier?
Base: Those who have ever switched supplier (1,666)

- The biggest increases in use of PCWs* are among:
  - Small tier customers (+7 pps*)
  - Customers aged 50+ (+6 pps)
  - Social grade D/E (+8 pps)
  - Without smart meter (+6 pps)
  - Customers without a disability (+5pps)
- Use of PCWs is lower among:
  - Largest Six suppliers (62%)
  - Those with smart meter (60%)
  - Social grade C2DE (56%)
  - Aged 65+ (55%)
  - Have a disability (55%)
  - Electricity and gas from different suppliers (50%)
  - Using a PPM (41%)
  - The digitally excluded (8%)

* PCW = Price Comparison Website, pps = percentage points

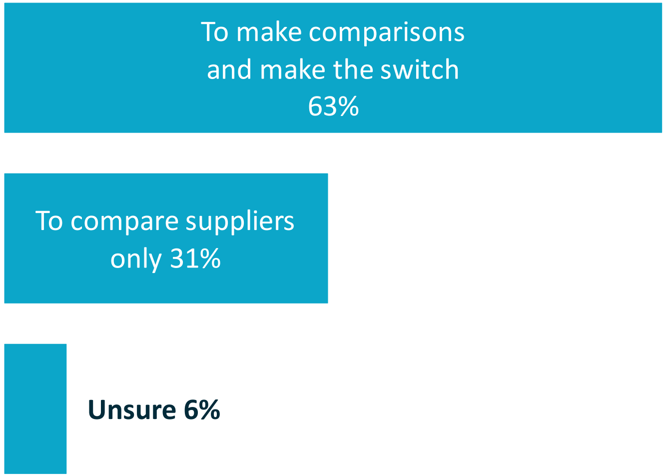
Price Comparison Websites (PCWs) used

1.7 sites are used on average



Which price comparison websites did you use? (%)
Base: All who used price comparison website (1,102)

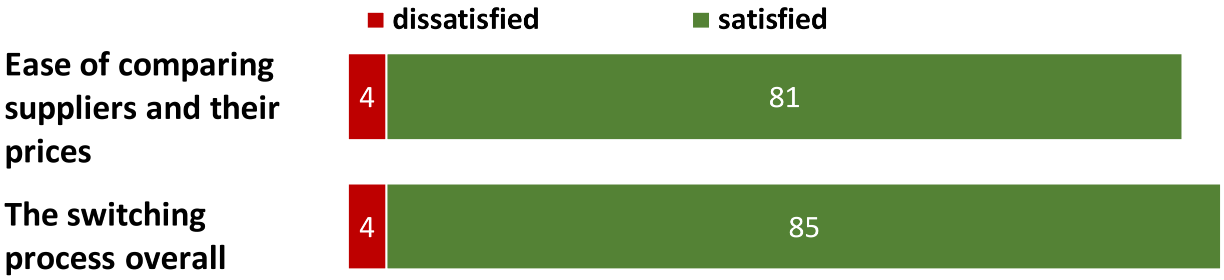
63% of those using PCWs used them to make the switch



Did you use the price comparison website only to compare suppliers or did you also use it to make the switch?
Base: Those who used a price comparison website to help them switch energy supplier (1,102)

Satisfaction with switching experience

High satisfaction high with switching process (over 80%)



N.B. Bars don't add to 100% as neutral and 'don't know' responses are not shown

More who used a PCW are satisfied with the process

	Satisfied with ease of comparing suppliers and prices		Satisfied with the switching process overall
Did not use PCW	63%		77%
Used PCW only to compare suppliers	88%		87%
Used PCW to complete switch	93%		91%

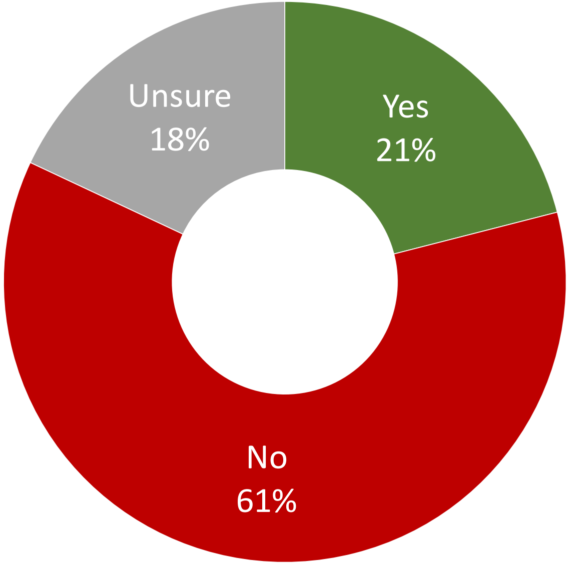
Please can you tell me how dissatisfied or satisfied you were with the following aspects of your switch to another supplier?

Base: Those who switched their energy supplier (1,666), Did not use PCW (495), Used PCW only to compare suppliers (342), Used PCW to complete switch (699)

Accent

Consumers currently considering switching

21% are thinking of switching supplier



Are you currently considering changing your energy supplier?
Base: All Participants (3,200)

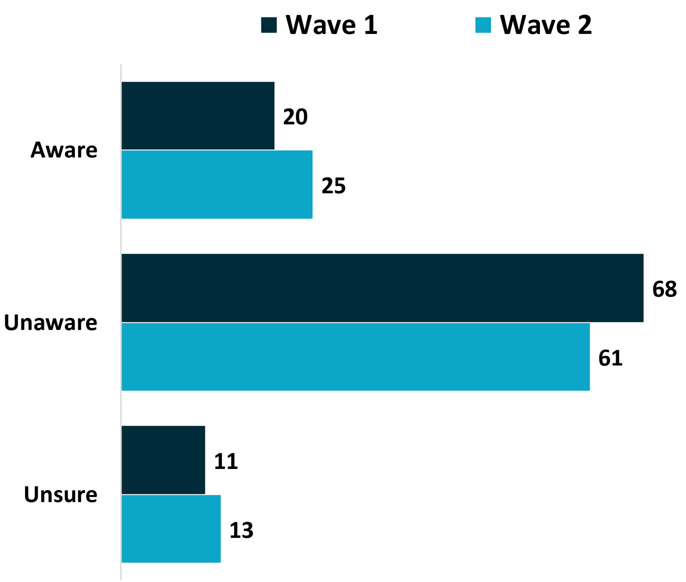
- The proportion considering switching is highest among:
  - Dissatisfied customers (65%)
  - Aged 16-34 (30%) or 35-49 (25%)
  - Small Tier customers (27%)
  - ABC1 social grade (23%)
  - Those with a disability (24%)
  - Online (22%) vs digitally excluded (6%)
  - Aware of and understand the price cap (24%)
- Little difference by whether switched before (22% switched v 19% never switched)

Accent

The energy price cap

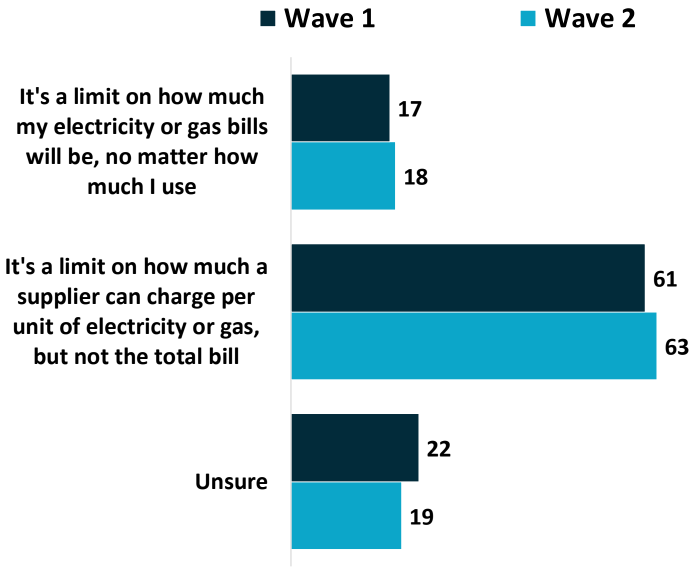
Awareness of the price cap

Awareness of Default Tariff Cap is up from 20% in Q4 2018 to 25% in Q1 2019



Before today, had you heard about a new energy price cap known as a `Default Tariff Cap'? (%) Base: All Participants (Q4 2018: 3,300; Q1 2019: 3,200)

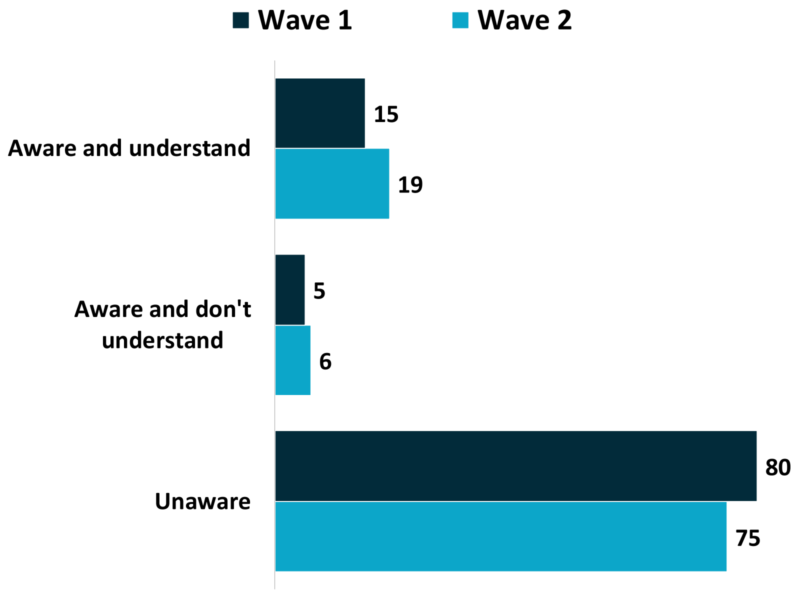
But understanding of the principle of the cap is similar over time



Which of the following do you think best describes what an energy price cap is? (%) Base: All Participants (Q4 2018: 3,300; Q1 2019: 3,200)

Informed awareness of the cap has risen

15% had heard of the cap in Q4 2018 and understood it. This rose to **19%** in Q1 2019



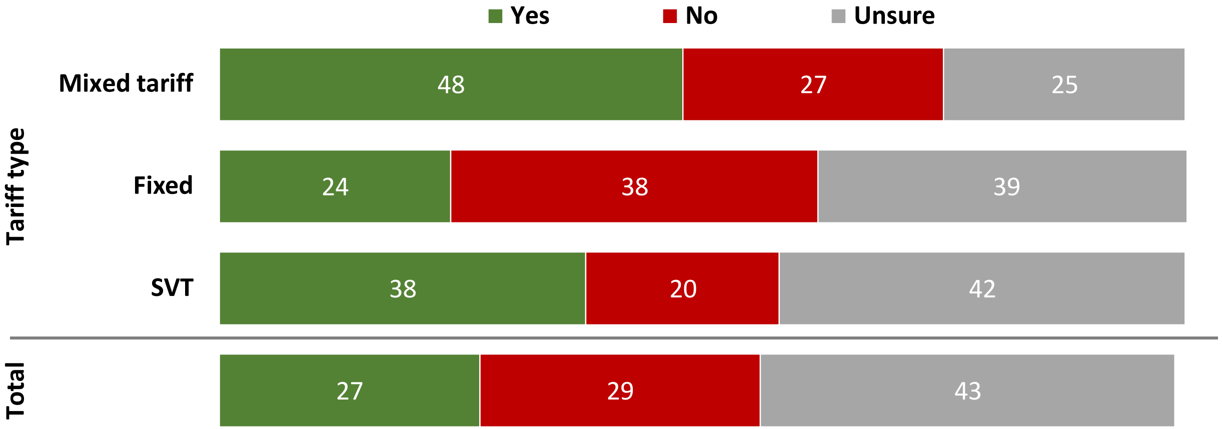
Before today, had you heard about a new energy price cap known as a `Default Tariff Cap'? / Which of the following do you think best describes what an energy price cap is? (%) Base: All Participants (Q4 2018: 3,300; Q1 2019: 3,200)

- Greater increases in informed awareness among:
  - Age 50+ (+6 pps)
  - Fixed tariffs (+7 pps)
  - Customers who have contacted supplier about switching (+14 pps)
- Higher awareness among following customers:
  - With Small Tier suppliers (26%)
  - Ever switched supplier (25%)
  - On a fixed tariff (24%)
  - Contacted supplier in last 3 months (23%)
  - Aged 65+ (23%)
  - ABC1 (23%)
  - Paying by direct debit (21%)
  - Consumers living in England (20%)
  - Online consumers (20%)

Perceived relevance of cap

27% feel the cap could apply to them (**48%** for those on a mixed tariff)

No changes from previous wave



Deemed most applicable by:

- Younger consumers: Aged 16-34 (38%) and 35-49 (32%)
- Never switched supplier (34%)
- Aware of and understand the price cap (35%)

Knowing this, do you think that the default tariff price cap will apply to your energy bills? (%)

Base: All Participants (3,200), Mixed Tariff (40), Fixed (1767), SVT (718)

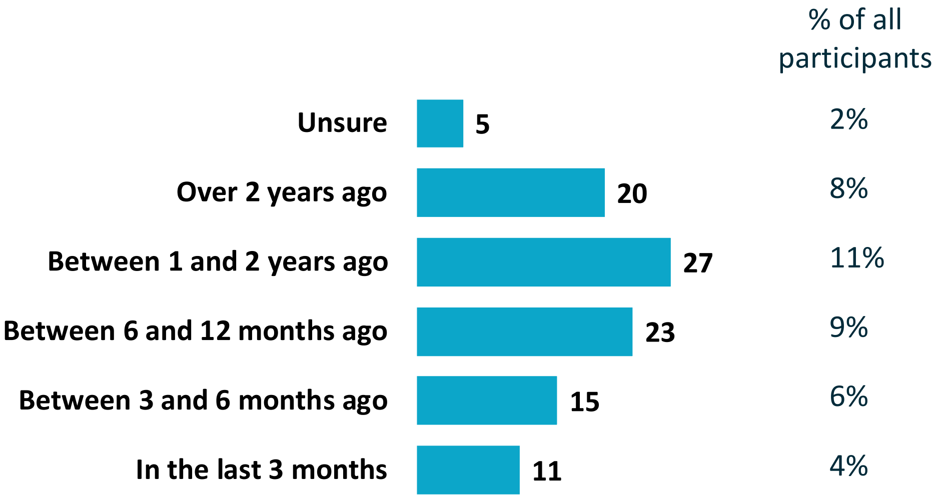
Smart meters

Smart meter use

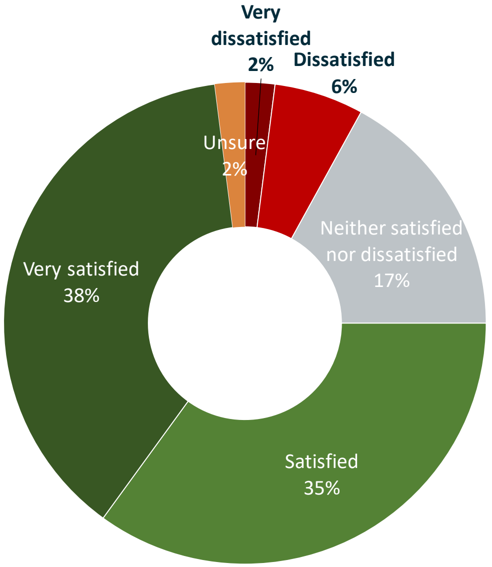
40% stated they have a smart meter (8% electricity only, 2% gas only, 30% both)

Just under three quarters are satisfied with the installation process

48% were installed in last 12 months:



Do you have a smart meter? / When did you have your smart meter installed? (%)
Base: All Participants (3,200) / All with smart meter (1,278)

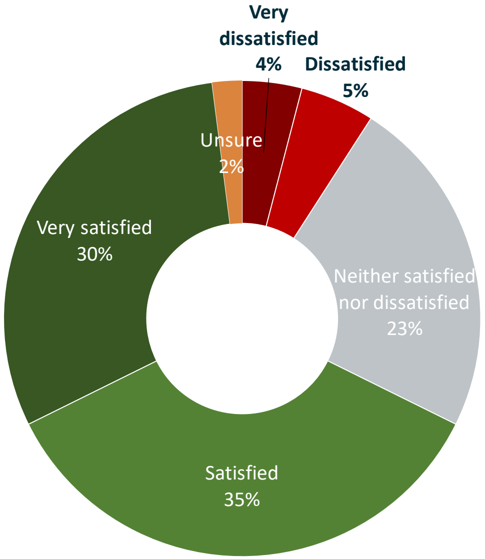


How dissatisfied or satisfied were you with the process you went through to have a smart meter installed? Base: All with smart meter installed in last 6 months (321)

Accent

Satisfaction with smart meter

65% are satisfied with their smart meter



- Higher satisfaction among:
  - The digitally excluded (81%)
  - Satisfied with supplier overall (76%)
  - Those with pre-payment meters (68% satisfied including 39% very satisfied)
  - Customers of the Largest Six suppliers (67%)

Overall, how satisfied or dissatisfied are you with your smart meter?
Base: All with a smart meter (1,277)

Annexes

Abbreviations/terms used in this report

Suppliers:

- Largest Six suppliers = British Gas, EDF, E.On, nPower, SSE and Scottish Power
- Medium Tier suppliers = Bulb, Co-operative Energy, First Utility, Green Star, Octopus Energy, Ovo, Utilita, Utility Warehouse
- Small Tier suppliers = all other suppliers

Tariffs / Payment:

- Fixed = Consumer is on a fixed tariff for their electricity and gas
- SVT = Consumer is on a Standard Variable Tariff for their electricity and gas
- Mixed tariff = on different types of tariff for gas and electricity
- Dual Fuel = Consumer uses the same supplier for electricity and gas
- PPM = Pre-payment Meter

Demographics:

- SEG = Socio-Economic grade
- ABC1 = Consumers falling into the top three socio-economic bands
- C2DE = Consumers falling into the bottom three socio-economic bands
- Online = Survey sample sourced from an online consumer panel
- Digitally excluded = Sample sourced from face-to-face in-home interviews. All selected on the basis they have no or limited access to the internet

Other:

- PCW = Price Comparison Website
- PPS = Percentage points

Sample profile: unweighted vs weighted

Demographic characteristic		Unweighted	Weighted
Gender	Male	49%	49%
	Female	51%	51%
Age	16-34	18%	18%
	35-49	29%	30%
	50-64	25%	27%
	65+	29%	25%
Social grade	AB	27%	27%
	C1	29%	29%
	C2	19%	19%
	DE	25%	25%

Demographic characteristic		Unweighted	Weighted
Region	East	9%	9%
	East Midlands	8%	7%
	London	12%	13%
	North East	5%	4%
	North West	11%	12%
	Scotland	10%	9%
	South East	13%	14%
	South West	9%	9%
	Wales	5%	5%
	West Midlands	9%	9%
	Yorkshire & Humber	9%	9%

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