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# CMOC research

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# Introduction





# Background & objectives

- The Cheaper Market Offer Communication (CMOC) trial took place in summer 2018 and was designed to prompt engagement amongst the average default tariff customer.
- It tested whether alerting customers to cheaper market tariffs can increase switching rates. Three large and two mid-tier energy suppliers were selected to participate and a total of approximately 650,000 customers were involved.
- The suppliers implemented a trial design that provided evidence on the effectiveness of different versions of the CMOC compared to a control group who received no CMOC.
- This document summarises findings from qualitative research to gain a deeper insight into the customer experience of the CMOC trial.



## Specific objectives:

- 1** To understand reactions to the general concept of the letter/email and being informed of alternative suppliers.
- 2** To explore actions taken by the participant as a result of receiving the CMOC, and understand what motivated their actions (or inaction).

- 3** To understand how the actions vary according to different nuances such as the 'messenger', trial arm and communication variants, inclusion of reminders and the deals/tariffs included.

- 4** To explore any unforeseen consequences of the trial.



# 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, covering different suppliers, trial arms and actions taken.

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



Fieldwork carried out **August to October 2018.**

**67**  
**semi-structured, qualitative interviews over the phone**

**All conducted by experienced qualitative interviewers**

**Interviews lasted c.25 minutes each, carried out by telephone**

**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 research sponsor**





# Quotas & sampling

Two large suppliers and two medium suppliers provided customer contact information, including details of the action that the customer took plus the type of CMOC they received.

## Quota sampling

Quota sampling is a non-probability sampling technique where the sample interviewed has specific proportions of respondents with known characteristics (e.g. x males, x females, x who switched, x who didn't switch, x per trial arm etc.).

In this instance the approach allows for analysis by subgroup, in particular the trial arms and 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's answers to a single quota question relating to their recall of, and action arising from, the communication(s):**

- 1) Switched to a new supplier included in the letter/email (switched externally)
- 2) Switched to a new supplier not included in the letter/email (switched externally)
- 3) Switched to a new tariff with their own supplier (switched internally)
- 4) Neither – has not switched but plans to (did nothing)
- 5) Neither –has not switched and does not plan to (did nothing)

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

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# Summary & conclusions



# Summary & Conclusions

## Reactions to the CMOC

Most customers viewed the CMOC as believable and trustworthy, especially as it was branded to their supplier with an endorsement from Ofgem. However, a minority were more sceptical, initially perceiving the communication was biased or even a scam. **Those who received an email CMOC were more likely to have (minor) reservations than those who received a letter.**

The visual illustration of possible savings is the main element which grabbed attention and acted as a call to action (most effective when saving ~£100-£150).

Providing clearer detail around the contextual background on *why* certain customers were sent the letter would aid buy-in. **Those who didn't switch are less clear on why they received the CMOC than those who switched** (particularly in relation to SVTs).

Although the CMOC was generally clear in all formats, some customers were confused or suspicious about the fact that their own supplier was "promoting/recommending" other suppliers' deals, and questioned their motives. **Those who did not have a tariff from their own supplier included in the CMOC appeared more likely to be dubious/confused about the motives for the communications.**



# Summary & Conclusions

## Tariffs and alternative suppliers

**Those who had a tariff from their own supplier included in the CMOC tended to view this positively - and some who didn't have an internal tariff suggested they would have been more likely to switch if this had been included;** an internal switch is generally seen as less hassle and lower risk than an external switch, especially to a lesser known supplier.

Generally, customers were positive about being informed of tariffs from other suppliers and welcomed being offered a choice without having to 'shop around' themselves.

However, there were reservations/suspicious about the motives for listing alternative suppliers, and concerns about the suppliers themselves who were often not well known. **Customers who received a tariff from their own supplier tended to view receiving alternatives more positively and with less suspicion.**

The mention of lesser known alternative suppliers led to some reservations about switching externally. **The more digitally savvy (more likely to receive an email) were more likely to do their own research on the suppliers (and potentially other suppliers not on the CMOC).**

**Those who were customers of the large suppliers were most wary of the lesser-known alternative suppliers** and often more 'loyal', while those who were with a medium supplier were more open to the alternatives.

# Summary & Conclusions

## Emails, letters and reminders

Reactions to the CMOC channel (email versus letter) tended to fit general communications behaviours and preferences.

- Letters are often seen as holding more gravitas (and novelty) than an email, can be easily referred to, and are therefore more likely to be read and actioned (this is often, but not exclusively, the view of older and less internet savvy consumers).
- Many of those receiving an email appeared more confident online, saw emails as convenient and trustworthy, and were used to transacting and researching online.

**Letters seem to have the edge overall: several of those receiving emails said they would have been more likely to switch if they had received a letter, and several of those receiving a letter said they would have been *less* likely to switch if they had received an email.**

A few also commented that whether a letter or email is received should mirror the general communication preference with that supplier (e.g. email if paperless billing and vice-versa).

**The reminder (where there was one) was a useful and effective additional nudge which clearly had an impact and prompted some procrastinators to switch.**

# Summary & Conclusions

## The optimum trial arm

It is difficult to give a clear 'one size fits all' winner, as a range of factors are at play in influencing behaviour including: general communications behaviours, demographics, and the relationship with the current supplier and wider market (including length of tenure).

However, the research does strongly suggest the following:

- The inclusion of an **internal tariff** is likely to increase switching by both reducing suspicion about CMOC/supplier motives and providing a 'low hassle' switching option.
- There is clear evidence that the **reminder** has an impact, as people have a tendency to put CMOC aside, then life gets in the way of switching – the additional nudge can make the difference between ongoing procrastination and action.

On balance, letters may be more effective than email overall - mainly due to the fact they are more novel/official and harder to ignore. However, this is not clear cut and depends on wider communications behaviours; clearly some CMOL recipients 'live online' and prefer an email approach, partly as it facilitates easy online research of the deals/suppliers.

Tailoring the channel (email/letter) to general communications preferences is likely to be the optimum approach where this is possible.

# Conclusions

## Reaction

Surprised and shocked at the communication

Surprise at savings

Pleased with the honest approach

Believable and trustworthy message

Confusion over receiving the comms

Suspicion over supplier motives

Scepticism about (lesser known) alternative suppliers

## Perception

Appropriate to be sent by their supplier

Those aware of Ofgem were more trusting in the CMOC

Scepticism towards the switching process (time, hassle, risk, worthwhile saving)

## Impact

Greater awareness of alternative suppliers/deals

Greater awareness of savings

A nudge to research the market further

A nudge to switch

Continued procrastination

Difficulty in nudging those loyal customers & changing perceptions

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# Initial reaction to the communications





# The purpose of the letter/email

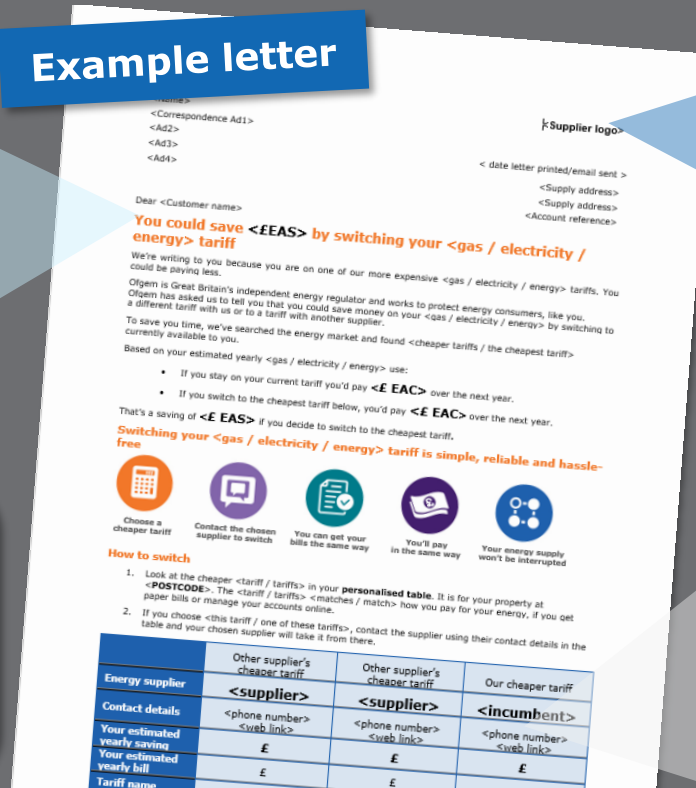
On receipt of the CMOC, almost all customers knew **straight away** what the purpose of the communication was (to inform them of cheaper tariffs they could switch too). The concept was viewed as clear and easy to understand.

## Example letter

The **level of saving** in bold at the top instantly catches the attention of the reader and encourages them to read on.

The **supplier logo** at the top helps to reinforce the fact that the information is important.

"I could understand what they were getting at but what I couldn't understand is why they were doing it!"  
**Large supplier 2, T1: External only/letter/no reminder, Switched Externally**



Customers appreciate that the **tariff options** are clearly displayed in a table, which is considered to be a **digestible format**.

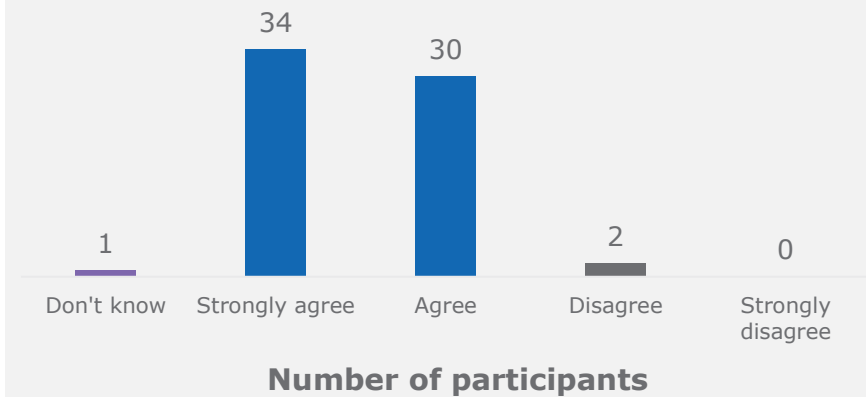
Although the purpose of the communication was (generally) clear, some didn't understand initially *why the letter/email was sent them* or the *motivations* behind it.



# Clarity of the letter/email

Overwhelmingly the clarity of the letter/email was considered good, with almost all in agreement that they were clear and easy to understand, appreciating that the communication was written in plain English.

To what extent do you agree or disagree that the letter/email was clear and easy to understand?



- Plain English
- Straightforward
- Honest
- Specific examples
- Unclear motivations?

"It couldn't have been any plainer actually... It was just the fact they were dead honest about it... They said you're on one of the highest tariffs and we think you'd be better off if you went to a cheaper one."

**Large supplier 1, T5:External only/email/no reminder, Switched Externally**

"I thought it was fairly straightforward... It gave me information on what I was using and what I could save!"

**Large supplier 1, T1:External only/letter/no reminder, Switched Internally**

"It was clear, it was concise and they gave specific examples of other tariffs."

**Large supplier 2, T4:Internal/letter/reminder, Did nothing - Plan to**

**No sub-group differences (supplier/tariff arm etc.) are noted in terms of the perceived clarity of the letter/email. The vast majority understand the information presented to them.**



# Clarity of the letter/email

Whilst the majority saw the communication as clear, small changes to the format and some additional information may have slightly aided comprehension.

## Additional explanation

- Upfront information about the motivation behind the communication.
- Greater explanation about why it was sent to them specifically.
- Additional explanation of the terminology used e.g. tariff.

"It could be put in layman terms, at least everybody knows what's going on."

**Large supplier 2, T5:External only/email/no reminder, Haven't switched – Don't plan to**

## Reordering of information

- Move the level of saving/tariff info further up the communication to catch the eye and enforce the message.

"When reading it there wasn't actually any [tariffs] until you got to the bottom. My initial perception was that they were coming out of the market."

**Large supplier 2, T1:External only/letter/no reminder, Switched Externally**

## Formatting tweaks

- Bolder statement about the savings available could be made.
- Reduction in the amount of text/shortening the letter/email.

"I think there was a lot of text in there and the green font and text was [difficult]. I am dyslexic and it should have been bolder in the table... Black and white."

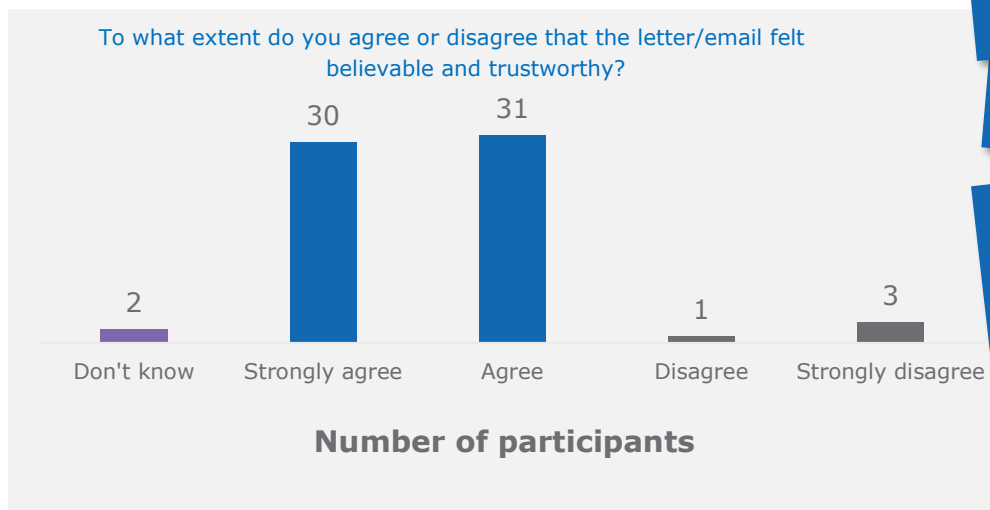
**Medium supplier 2, T3:Internal/letter/ no reminder, Switched Externally**

**Although the letter/email was generally clear, some customers were confused or suspicious about the fact that their own supplier was advising them to look elsewhere. This was particularly true for those who did not have their own supplier's tariff included.**



# Believability of the letter/email

Customers viewed the communication as believable and trustworthy, especially as it had their supplier branding on it. A minority thought that the communication was biased or potentially a scam.



**Branded from trusted supplier**

**No reason for them to lie**

**Would be negative consequences if information was falsified**

**Mention of Ofgem**

**Knew they were paying too much**

"It seemed a bit biased... If I'm honest I didn't fully believe what they had written... It seemed they had exaggerated what I would have saved."  
**Large supplier 1, T3:Internal/letter/ no reminder, Switched Internally**

"I thought the first one was a spoof, but then when it came the second time I read it more carefully and checked the companies out on the internet... That actually convinced me it was true."  
**Medium supplier 1, T5:External only/email/ no reminder, Switched Externally**

"It came from Large supplier 1, a reputable company! So obviously, I did agree with it, yes!"  
**Large supplier 1, T3:Internal/letter/ no reminder, Switched Externally**

"I believed it...I didn't think they would be able to state something that wasn't correct or they would get into trouble with Ofgem."  
**Large supplier 1, T1:External only/letter/ no reminder, Switched Externally**

Those who received an **email** CMOC were more likely to have (minor) reservations than those who received a letter.





# Why customers received the communication

Some customers understood that they received the CMOC because they were on a relatively expensive tariff. Others perceived that there was a legal requirement, often linking this to the fact that they are on a higher tariff. A minority were simply unsure why the communication was sent to them at all.



## Pay too much/ same tariff for years

- Their tariff is too expensive.
- It has been a long time since they last changed their supplier.
- Their bill is comparatively expensive compared to others.

## Legal requirement

- Perception of a legal requirement for energy companies to share cheaper deals with customers.
- Ofgem makes energy companies send the letters/emails out.

## Confusion?

- A policy to keep customers informed of their choices?
- No idea of why it was sent to them.
- Doesn't understand the reasoning behind the communication.

## Sent to everyone?

**Some (particularly older) customers didn't know the CMOC was tailored to them, instead thinking it was sent to everybody.**

"I just thought it was like a standard letter that everyone was sent"  
**Large supplier 2,  
T4:Internal/letter/reminder,  
Switched Internally**

"It came after a recent bill so I don't know if it was sent to everyone or just me?"  
**Large supplier 1,  
T7:Internal/email/no reminder,  
Switched Externally**

**Those who didn't switch are less likely to be clear on why they received the CMOC than those who switched.**





# Tariff awareness: Understanding of SVTs

The majority know that they are on a Standard Variable Tariff. However the understanding of what this actually means was fairly low.

## Type of tariff

Although a small number of customers knew in detail what a SVT is, a greater number had no knowledge, often stating that that they just paid their bill without thinking about it.

Not all customers who knew that they were on a SVT appreciated that this tariff can be more expensive.

**42 in total**  
were aware that they were on a standard variable tariff

**25 in total**  
were not aware that they were on a standard variable tariff

Level of understanding generally falls into the three categories below:

"I know what a variable mortgage is, I presume it's the same kind of thing?"

**Medium supplier 2, T1:External only/letter/no reminder, Haven't switched – Plan to**

**Just pay their bill and have a very limited understanding of the tariffs available**

**Understand the tariff is expensive but don't understand the technicalities**

"I thought that sometimes I pay too much money, but I wasn't sure... I was waiting until year end and then I would have called them. I don't think that I understood that the standard variable rate tariff would be more expensive."

**Medium supplier 1, T1:External only/letter/no reminder, Switched Externally**

**Have a good knowledge (but didn't necessarily act on it to make savings)**

"A standard variable tariff means a set amount that goes up and down as the provider decides. I did understand it was a more expensive tariff but I didn't want the hassle of switching to save a relatively small amount of money, so I just left it."

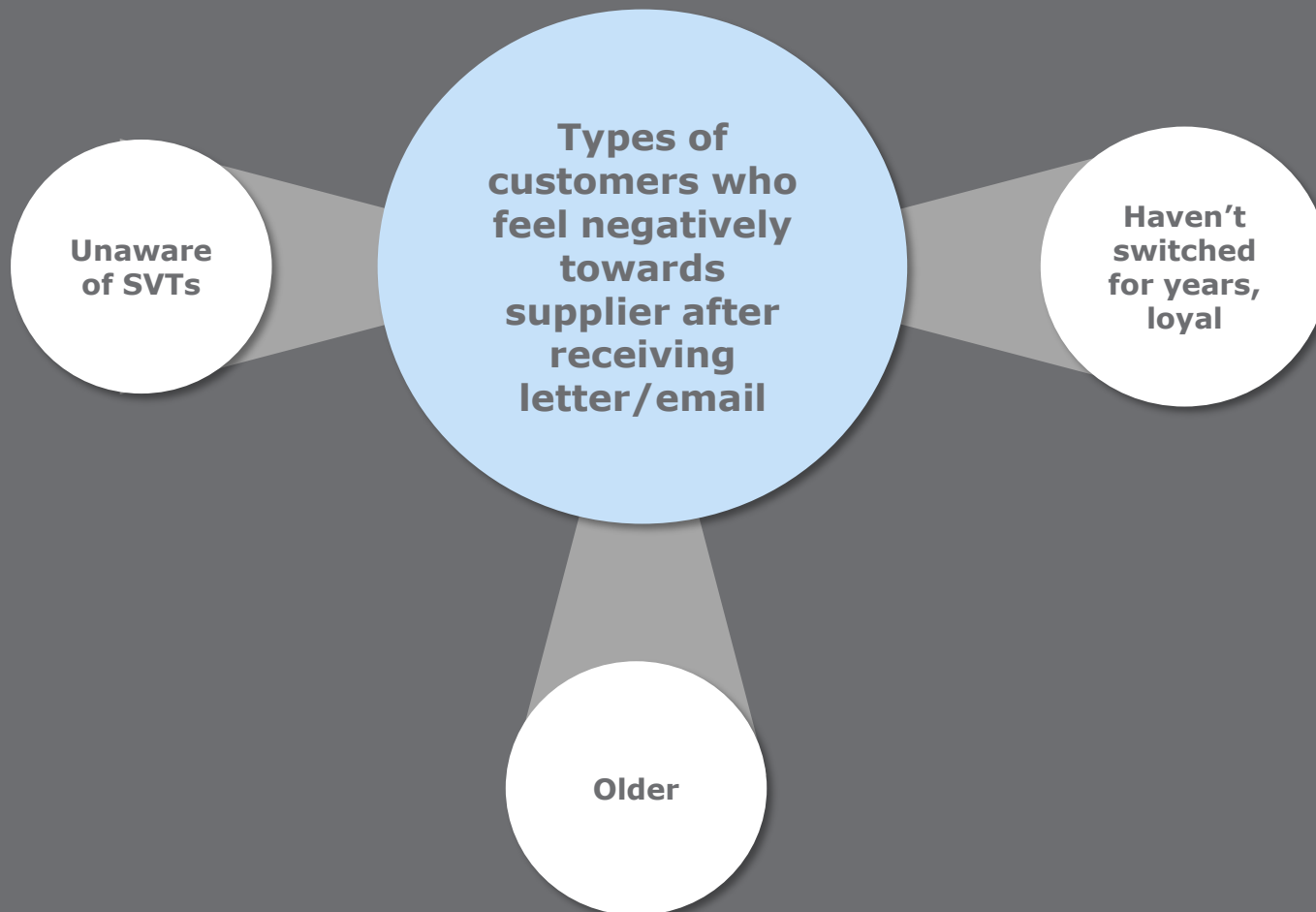
**Large supplier 1, T1:External only/letter/no reminder, Switched Internally**



# Tariff Awareness: Feelings towards the supplier

On discovering that the tariff they were on was more expensive, **some customers were angry that they were not on the cheapest tariff to begin with.**

Despite this, these customers may still have had reservations about switching.



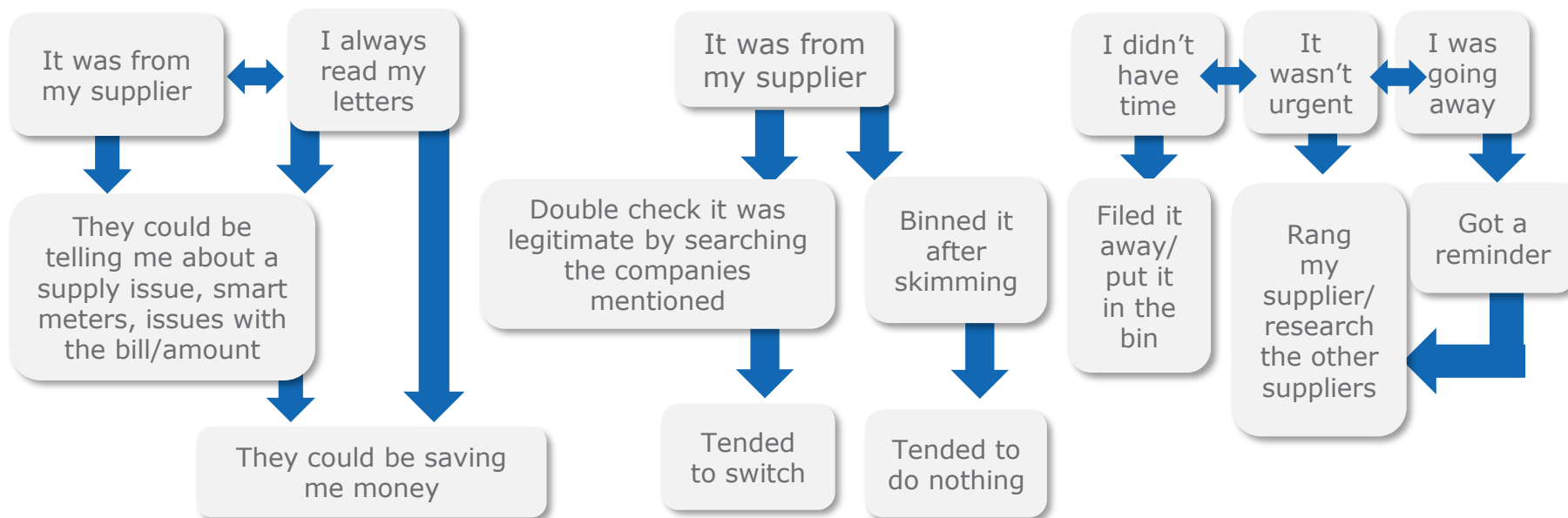


# Initial action upon receiving the communication

The majority of customers felt that as the letter had come from their supplier then the content may be relevant. They felt obliged to read the communication in full. However, many then closed the email or put the letter to one side and didn't act immediately.



## Why?





# Actions after reading

Customers reacted in a variety of different ways:

- researched the alternative suppliers,
- called their own supplier,
- spoke to family and friends,
- did nothing.

## At this point in the journey we are able to draw out some key personas:

**The successfully nudged** – Had an underlying feeling that they should switch and CMOC gave them the nudge they needed.

**In denial** – Believe they are getting a good service and are getting a reasonable deal, sceptical that they can get a better deal elsewhere.

**The hostage/market sceptic** – Reluctant to switch as they think all suppliers are as bad as each other, prices will go up after they switch, and switching process will be a nightmare.

**The resentful switcher**  
– Surprised that they're not on the best deal, CMOC causes some resentment towards the existing suppliers and they switch.

**The loyal and faithful** – Similar to those 'in denial' but specific to customers of the large suppliers. They have been with their supplier for years, admit to hating change and will only move suppliers if something very drastic happens (bill increase)

**The procrastinator** – Had an underlying feeling that they should switch, still think they should, but CMOC gets put to one side and life gets in the way so they don't actually switch.

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# Email vs. Letter







# Preference for letters or emails

**There is no clear cut preference**, the CMOC tended to fit general communications behaviours and preferences.

Letters are often generally seen as holding more gravitas (and novelty) than an email, can be easily referred to, and are therefore more likely to be read and actioned.

Many of those receiving an email appeared more internet savvy, saw emails as convenient, and were used to transacting and researching online.

**More formal**

**Easy to file/refer back to**

**Credible**

"I think with getting a letter you are actually looking at it in your hand whereas with an email you tend to scroll through and think you can't be bothered."

**Large supplier 2, T4:Internal/letter/reminder (Letter)**

"I like having it in writing where you can keep going to have a look at it if you want to."

**Large supplier 1, T4:Internal/letter/reminder (Letter)**

**Convenient**

**Check email regularly**

**Comfortable online**

"I am more likely to act on an email. I live online."

**T6:External only/email/reminder (email)**

"Everything I deal with online, so I am happy with that."

**Large supplier 1, T7:Internal/email/no reminder (email)**

**There appears to partly be a generational issue, with older consumers more likely to prefer and trust letters and distrust online/email (this also extended to billing)** . A few also commented that whether a letter or email is received should mirror the general communication preference with that supplier (e.g. email if paperless billing and vice-versa).



# Preference for letters or emails

However, letters seem to have the edge overall in terms of acting as a nudge. Several receiving emails said they would have been more likely to act if they had received a letter. Conversely, several receiving a letter said they would have been *less* likely to act if they had received an email.

"I might have spent more time looking at it... because I don't receive many letters nowadays... I might have acted more quickly."

**T5:External only/email/no reminder (received an email)**

"I get lots of emails every day, and some get missed...it goes into the junk."

**T7:Internal/email/no reminder (received an email)**



"I tend to pay more attention to letter than loads of emails... Sometimes I go on to an email and if its not worded properly I might forget what its all about... I definitely prefer letter over email. If there's lots of emails in a day you might not get chance to see it properly."

**T1:External only/letter/no reminder (received a Letter)**

"Actually getting a letter made me read it. If it had been an email then I would have deleted or discarded the email as junk."

**T2:External only/letter/reminder (received a Letter)**

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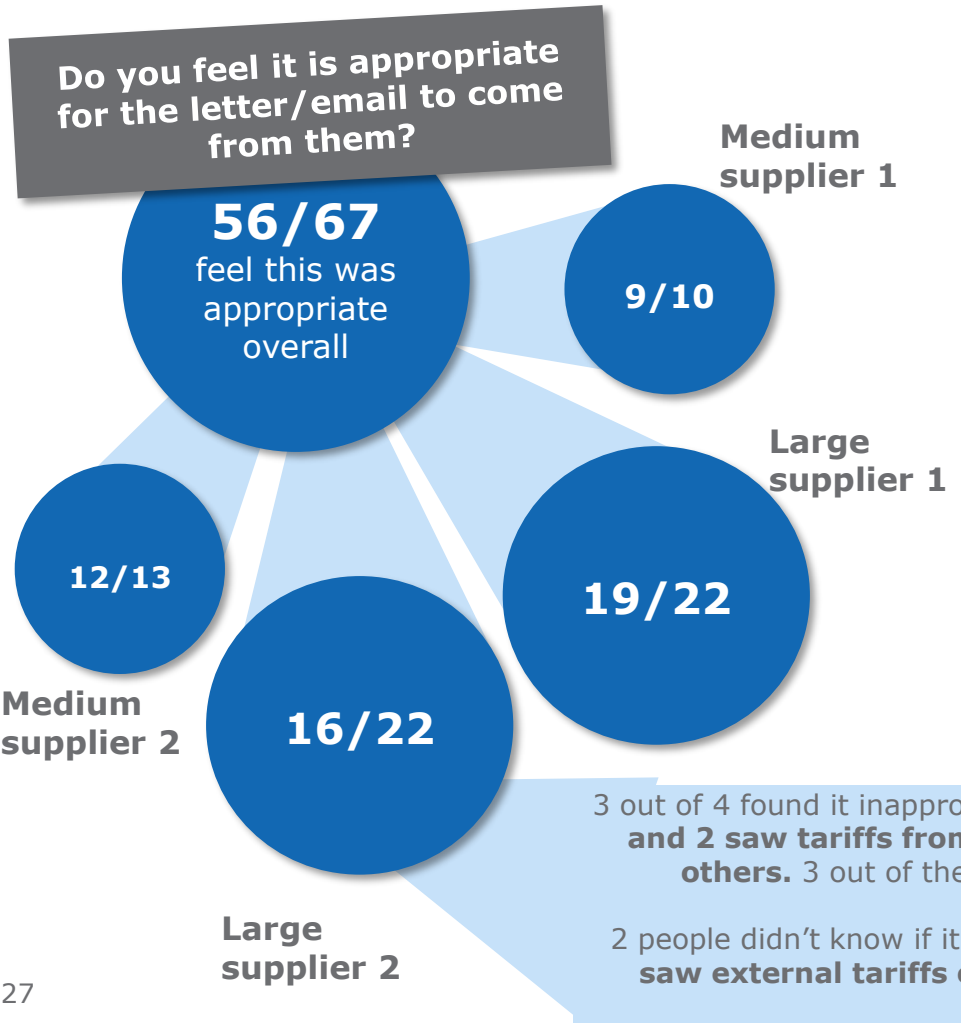
# The messenger





# Perception of supplier sending letter/email

Generally, customers felt that it was appropriate for the letter/email to come from their supplier. However there was some confusion about why a supplier may want to communicate cheaper options, with some suspicions over suppliers 'promoting' deals.



Getting a letter/email from the supplier made some customers more likely to read it as they understood it was important and credible.

**This is more apparent amongst customers who had a tariff from their own supplier included.**



Older customers were more likely to think that it was inappropriate for the letter/email to come from their supplier.

3 out of 4 found it inappropriate. **2 saw external tariffs only and 2 saw tariffs from their own provider as well as others.** 3 out of the 4 switched to a new supplier.

2 people didn't know if it was appropriate or not, **they both saw external tariffs only** – 1 switched internally 1 did nothing.



# Trust in the messenger?

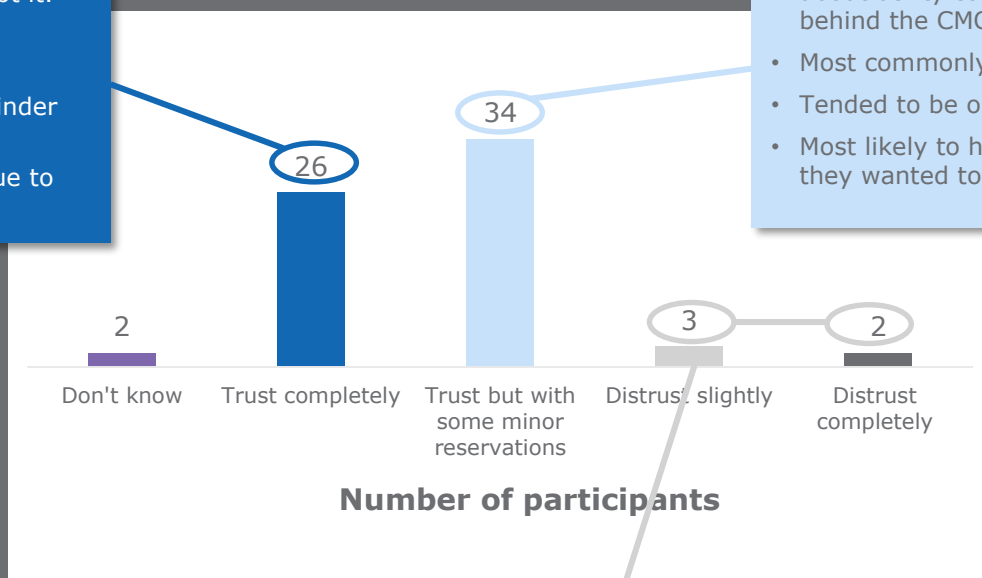
The majority trusted their supplier to provide information on better energy deals. However, some had minor reservations about utility companies overall and the motives behind the communication.

## Assured customers

- Generally trusted the CMOC as there was no need to doubt it.
- Tended to be younger.
- Most commonly T7:Internal/email/no reminder trial arm.
- Likely to have switched due to the CMOC.

## Cautious researchers

- Reservations stemmed from general scepticisms about utility companies or the question of motive behind the CMOC.
- Most commonly Large supplier 1 customers.
- Tended to be older.
- Most likely to have not switched yet – they wanted to do their research first!



Number of participants

## Cynical switchers

- Distrustful of large companies generally. Would have liked to be informed of cheaper deals earlier.
- Tended to be long-term customers of Large supplier 1 or Large supplier 2.
- Despite mistrust in the messenger, 4/5 of these customers switched eventually, often feeling betrayed by their old supplier.



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# The tariffs





# The inclusion of the level of saving

The majority thought that including the level of saving on the CMOC was a powerful hook to grab their attention. The level of saving was large enough to spark their interest. Several spontaneously mentioned that they would not have been as interested if the saving was lower.

## The cut-off?

The saving reported in the communication was often around 25% of the total energy bill, which was seen as enough to spark interest. **Around £100 - £150** tends to make the switch worthwhile.

Those who **felt their bill was low anyway** already felt that it was affordable, and **savings were not enough to spark interest**. However, some of these customers felt that they would get round to switching eventually.



"It sparked my interest, I was surprised on the savings!"  
**Medium supplier 1, T1:External only/letter/no reminder, Switched Internally**

"Maybe coming up £40 saving, I'm thinking is it going to be a hassle to switch direct debit? I would probably do more research if it was a larger amount."  
**Large supplier 1, T4:Internal only/letter/reminder, Did Nothing**

**Although most thought that the level of saving was enough to spark interest, a few did not wish to switch as they did not believe the longevity of savings.**



## The inclusion of a tariff from their own supplier

Those that saw a tariff from their own supplier tended to view this positively. Some who didn't have see this said that they might have been more likely to switch if it had been included.

### Customers were (generally) pleased to see what their own supplier was offering:

- Including a tariff made the letter/ email more believable as there wasn't as much confusion/suspicion about why it was sent out and the motives.
- Customers were less likely to think that the communication was sent to everyone.
- Customers of the two large suppliers in particular would have looked for a tariff from their own supplier anyway. This was often as these were loyal customers, having been with their supplier a long time.

**In a few cases, having a tariff from their own supplier on the letter or email may have encouraged them to switch:**



"If I could have changed to another tariff with them and saved money I would, if there had been a tariff from them on the letter, it would make me believe the letter..."

**Large supplier 2, T5:External only/email/no reminder, Haven't switched – don't plan to**

"I would probably have acted if Large supplier 2 had included their own tariff... I wouldn't have had to really do anything..."

**Large supplier 2, T2:External only/letter/reminder, Haven't switched – don't plan to**



Some perceived switching internally as less hassle than going to a different supplier, even if the saving was smaller.



# Views on receiving alternative tariffs from other (external) suppliers

Generally, customers were positive about being informed of tariffs from other suppliers and welcomed a choice without having to 'shop around' themselves. However, some had reservations about the motives for listing alternative suppliers, and the suppliers themselves.



Does the research for them and stops them having to go online and look themselves.



Offers a good range of alternatives to make comparisons.



Providing tariffs from their own supplier alongside others helps customers make an easy, informed choice on whether to switch internally or externally.



Raises questions about motives – why is my supplier advertising competitors?



Suppliers listed may be small or not offer the same level of service as others. Comparisons should be made with a 'like for like' competitor.



Minority would prefer to do their own research and take control.

Customers of the 2 large suppliers would have preferred to see another large supplier alternative included. Customers of the 2 medium suppliers were generally happier with the options given from smaller and lesser known suppliers.

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**The alternative  
suppliers**







# Reaction to alternative suppliers

Customers who received external tariffs reacted in different ways...

## Initial thoughts



### Scepticism

"I'm unfamiliar with these suppliers, even though the deals seem good..."

### Surprise

"Oh, who are these suppliers?"

### Confusion

"I don't understand, why would my supplier tell me others are cheaper?"

### Shock

"I could get a better deal elsewhere, but I thought I had a good deal?!"





# Recall of alternative suppliers

Many could remember seeing alternative suppliers although when asked they often **struggled to remember who these suppliers were.**

## The main reasons for this included:

- General **lack of recall**
- **Lack of awareness of the company**
- Some had **thrown the letter away.**
- Some remembered the companies being small, rather than a more recognisable brand.



"There were two mentioned. I can't remember who. They were two smaller companies."  
**T1:External only/letter/no reminder, switched internally, Medium supplier 1**

"I didn't recognise them. No idea..."  
**T7:Internal/email/no reminder, switched internally, Medium supplier 2**

# Thoughts on the alternative suppliers

The mention of less well known suppliers led some customers to question the communication.

## Needed more information

The majority were happy to see alternative suppliers in the communication but often hadn't heard of them before

## Created some scepticism

Some were uncertain of the suppliers and doubted the deals they were offering

## Impacted perceptions: made some more suspicious of the communication

When they found out the suppliers tended to be smaller and less established, some customers queried the legitimacy of the deal and began to feel suspicious of the comms

"...that's what put me off them, because I hadn't heard of them. I phoned one of them, I was prepared to go with them... but then they said to me that I would have to get in contact with (my supplier). They're a big company that's probably why I stayed with them."

**T4:Internal/letter/reminder, switched externally, Large supplier 1**

"...I wasn't familiar with and so if I'm not familiar with something that kind of makes me cautious."

**T4:Internal/letter/reminder, Did nothing, Large supplier 2**

"I have always taken them (large supplier) I find them to be very bonafide in their dealings, so when they recommended (alternative supplier) I trusted them..."

**T5:External only/email/no reminder, Switched externally, Large supplier 1**



# Impact on their reactions

The mention of alternative suppliers caused customers to react in various ways.

Least confident, more cautious, digitally disenfranchised

More confident and digitally savvy

## Unfamiliar & uncertain

The **unfamiliarity of the suppliers worries some customers**, particularly the elderly or those less digitally savvy. This is especially true in cases where it is difficult to find out more about who the suppliers are.

Many (particularly with longer tariff tenure) feel **comfortable with their current supplier** and fear changing to another.

## Curious but wary

Some were **curious about the alternative suppliers** and went ahead and researched them.

Upon **discovering they were smaller/less established companies**, and because they are **less confident in the switching process** and **cautious of change** customers then contacted (usually rang) their **current supplier to see if they could help/offer them a better deal**.

The more **technically-savvy tended to search the alternative suppliers and spend time looking into the deal offers**.

**They focused on websites but also looked at reviews/ price comparison** information.

If satisfied with the offer they switched to the alternative supplier, feeling pleased they had seen cheaper options.

## considered + controlled

These customers were curious about the alternative suppliers and **researched some of them online, looking at their websites and reviews**.

In addition to this they also looked on **price comparison websites and spoke to other customers about switching**.

After more **detailed research they felt confident switching** to the deal they felt was 'perfect' for them. This was **often a supplier they'd found by themselves**

More likely to be *letter* trial arm

More likely to be *email* trial arm

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# The impact of the reminder





# The reminder: reactions & impacts

The reminder was a useful and effective additional nudge which led some procrastinators to switch.

## Some had acted on the first communication:

These customers didn't mind receiving the reminder despite the fact that they had already acted

"I acted on the first one and was happy so didn't worry about the second one."

**T6:External only/email/reminder, switched externally, Large supplier 2**

## Prompted some to refer back to the communication:

These customers skimmed the first letter/email or put it somewhere to refer to later so the reminder 'gave them a nudge' to find the original letter/email

"It prompted me to look at it again... it affected me positively I think, it's good to be given a reminder."

**T2:External only/letter/reminder, switched externally, Large supplier 2**

## Prompted some to take action:

These people had thought about switching but the reminder caused them to act

"As a result of the reminder I phoned my supplier..."

**T7:Internal/email/no reminder, did nothing, Medium supplier 2**

## Prompted some to switch:

These customers did not act on the first communication, but the reminder served as the nudge that was to push them to switch

"I wouldn't have taken as much notice as I did, I took it off the second not the first."

**T5:External only/email/no reminder, Switched externally, Medium supplier 1**

It should be noted that some people weren't sure if they had received a reminder or not.



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# Actions, Motivations and Barriers





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# Motivations that drove switching



# Motivations that drove switching

For those who switched, the CMOC was, as a minimum, a useful nudge - and more than that for those who weren't already considering a switch.

**Most were not considering switching before receiving the communication**

"Letter played 100% in encouraging the change of supplier.

I would have probably been lazy and let everything just roll over."

**T1:External only/letter/no reminder, switched internally, Large supplier 1**

"I wasn't planning on switching it was the letter that prompted me to do it."

**T6:External only/email/reminder, switched externally, Large supplier 2**

"The letter prompted me to switch and I would not have done so without the letter... The fact that OFGEM made (supplier) send the letters and include legitimate deals was very important to me. I believed it entirely so I didn't need to go on a price comparison site."

**T1:External only/letter/no reminder, switched externally, Large supplier 1**

"The letter was a trigger. I knew I was going to be making a saving as well, with family moving out. I was almost halving my bill through decreased usage and the new tariff. I wasn't too happy with (supplier) price increases before, so I was considering a switch... ."

**T2:External only/letter/reminder, switched externally, Large supplier 2**

**For others it was more of 'nudge'**

"I would have eventually switched supplier but the letter made me switch there and then."

**T1:External only/letter/no reminder, switched externally, Medium supplier 1**

"It was the nudge that I needed."

**T7:Internal/email/no reminder, switched externally, Large supplier 2**

# Motivations that drove switching: saving

The main motivation to switch was to save money....



## Seeing the saving on the comms

Although some people suspected they could be saving money, seeing the potential saving in the communication acted as the prompt to consider switching.

The majority of these customers received a letter, suggesting that regardless of whether they saw an internal tariff or external tariffs, seeing the level of saving mattered most.

"I was going to start looking anyway but once the letter came I could see that they were nowhere near these others deals and I thought it's time to move."

**T4:Internal/letter/reminder, switched externally, Large supplier 1**

"I think it is just seeing the amount I could be saving per month. The savings they highlighted to me were quite substantial. I am a single mum and the savings were quite a lot each month... The letter was the only reason I switched, if I had not received the letter, I wouldn't have switched until a later date."

**T5:External only/email/no reminder, switched externally, Large supplier 2**

## The level of saving

Those who saw an internal tariff without a reminder were shocked by the level of potential saving and surprised to be shown this by their own supplier.

"It was a cheaper deal and better deal...it was a reminder more than anything to go ahead and switch to a new tariff."

**T7:Internal/email/no reminder, switched externally, Large supplier 1**

"(supplier) was telling me that I could be £180 better off... I was not considering changing before this letter."

**T3:Internal/letter/ no reminder, switched externally, Large supplier 2**



# Motivations that drove switching: saving

Others were just pleased that *any* saving could be made. Several stated that they were concerned about rising energy prices, so decided to switch sooner rather than later to take advantage of a fixed tariff.

## There was a saving to be made

To some customers *any* saving they could make was a bonus.

"There was going to be a small saving, so when you're retired and on a fixed tariff every little thing helps..."

**T7:Internal/email/no reminder, switched internally, Large supplier 1**

"To save money as a direct result of the letter. Not previously considering switching."

**T1:External only/letter/no reminder, switched externally, Medium supplier 2**

## The suggestion that prices will rise in the future

Those who saw external tariffs seemed more aware of the competition between suppliers and therefore sensed greater urgency to switch sooner rather than later.

"Well, energy bills seem to be heading one way and the tariff I switched to was cheaper than the tariff I was on and it was fixed for a certain amount of time."

**T1:External only/letter/no reminder, switched internally, Large supplier 1**





# Motivations that drove switching: dissatisfaction

Customer of one of the large suppliers involved in the trial were most likely to switch due to feeling unhappy or disgruntled with their supplier.

This was due to prices rising before they received the CMOC or what these customers perceived to be lack of support for those that had remained loyal.

## Other factors affecting switching: the mention of Ofgem

Those who switched were more likely to have been influenced by Ofgem being mentioned in the CMOC, especially those who switched externally. They felt this added more credibility to the communications and provided a reassuring endorsement.

"It gave it a credibility which it might not otherwise of had."  
**T5:External only/email/no reminder, switched externally, Medium supplier 1**

"Made me feel like it is something I should look into. Clearly if the government is concerned about me paying high energy costs, then I should be concerned about it too. It made it more believable. I trusted it more."

**T3:Internal/letter/ no reminder, switched externally, Large supplier 2**



## Other factors affecting switching: the press

Around a quarter of customers had read or heard something in the press or on television about the energy market or switching in general. This seemed to make them more primed to switch having read about pricing – either caps on energy prices, standard tariffs and/or more people using price comparison sites.

“There's been a lot in the press about people being on standard tariffs and not being offered a better deal by their company.”

**T8:Internal/email/reminder, switched internally, Large supplier 2**

“Generally it is on the Radio and TV... nagging us about switching, which has been the main influence on my considering switching and looking around.”

**T3:Internal/letter/ no reminder, switched externally, Medium supplier 2**





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**Switched  
internally**





# Motivations for switching internally

Those who changed tariffs with their own supplier were often taking the perceived 'low hassle' option, and often appeared loyal either due to satisfaction, or general cynicism about the energy market ('better the devil you know').



Too much hassle to switch to another supplier

I'm happy with my current supplier

Until they fail to meet my expectations I'll stay with them

I have a smart meter with that supplier (so I don't think I can switch).



# Motivations for switching internally: loyal customers

Just over half of customers said they had a good relationship with their supplier, with several suggesting they stay with their supplier out of loyalty.

## I'm happy with my current supplier

Over a quarter of those who chose to switch internally mentioned that they were 'happy' or 'satisfied' with their current supplier.

"I have been happy with the service we got, a smart meter, emailed every month with account usage and average usage – happy with information."

**T3:Internal/letter/ no reminder, switched internally, Medium supplier 2**

## Unless suppliers fail to meet expectations/there is a problem – I'll stay with them

Over a quarter of those also felt that until there was a problem with their supplier (e.g. not being able to get hold of them, or an incorrect bill) then they would stay with them.

"Well, we've never had any issues with them, they've got a good website and everything ran smoothly with them."

**T1:External only/letter/no reminder, switched internally, Large supplier 2**



# Motivations for switching internally: hassle avoidance

Many customer still think switching is a hassle and feel it is easier for them to stay with their current supplier. A handful of customers felt staying with their current supplier was more beneficial to them as they may have been on a smart meter and didn't want to swap this.

## I have a smart meter with my supplier

Smart meters were highlighted by some as a practical reason why sticking with the current supplier was a low hassle option.

## Generally, I don't think it is worth the hassle

Customers felt that changing would take a lot of time and if they've not had any problems they wouldn't cause themselves further stress by switching.

"Because of the two meters that you can only get with Medium supplier 1."

**T1:External only/letter/no reminder, switched internally, Medium supplier 1**

"I can keep using the smart meter... I thought the smart meter would help rather than switching"

**T5:External only/email/no reminder, switched internally, Medium supplier 1**

"It would be less hassle than switching."

**T2:External only/letter/reminder, switched internally, Large supplier 1**

"Well, I suppose it was convenience on my behalf."

**T4:Internal/letter/reminder, switched internally, Large supplier 2**



# Motivations for switching internally: Large suppliers

Customers of the large suppliers seemed keener to switch internally rather than move to a different supplier. Some mentioned being offered better deals once they contacted them regarding switching.

**Comfort in being with a 'well-known' supplier**

Customers tend to like the familiarity they have to their current supplier especially when they have never had any problems with them.

"I looked at the two (suppliers) there, that I must admit I've never heard of .... did look at one of the comparison sites which I found quite confusing and I sort of decided to stay where I was comfortable."

**T8: Internal only/email/reminder, switched internally, Large supplier 2**

**Deemed too much of a hassle**

If the saving is not particularly substantial it is seen as easier to stay with their current supplier.

"Because I've been with (supplier) many years, I've got no problem with them and checking what they had given me with different companies, I wasn't really all that impressed, you weren't really saving that much - I suppose it was convenience on my behalf."

**T4:Internal/letter/reminder, switched internally, Large supplier 2**

These customers tended to trust, or trusted their supplier completely. They were 55 or over and received a letter. Half are unlikely to switch and are likely not to search for other deals in future.

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**Switched to  
a supplier  
on the CMOC**







# Motivations for switching to a supplier on the CMOC

Whilst around half did research into the alternative suppliers to check who they were (most had not heard of the alternative suppliers mentioned), the other half automatically switched to the best deal in the communication.





# Motivations for switching to a supplier on the CMOC: researched the supplier

The main reasons for researching was an initial wariness about the suppliers mentioned in the comms (this was especially true if the customer was with a large supplier) and to check the saving was as good as the communication stated.



“I did a little bit of research and looked at their website and reviews, and that was enough to make me feel confident. I actually went and contacted the companies in the letter and to check out the tariffs, and they were all available. I suppose just to make sure the information on there was accurate. To be honest I had never heard of any of them, I have switched to one of them, I have no opinion of any of them.”

**T5:External only/email/no reminder, switched externally, Large supplier 2**

“I was slightly wary of (supplier) because I had never heard of them before and when I spoke to my supplier, they had never heard of them before.”

**T5:External only/email/no reminder, switched externally, Large supplier 1**

**Those who received an email appear more likely to have researched suppliers, perhaps reflecting the online behaviours highlighted earlier.**



## Motivations for switching to a supplier on the CMOC: automatically switched

Those who automatically switched tended to have faith and trust in the communication because it came from their supplier, the savings were so great that they switched immediately or they were already aware of the supplier and so felt confident switching.

"I didn't look elsewhere. No price comparison. It's down to price. I thought I had heard of [anonymised supplier].


When I phoned [anonymised supplier], it was easy to use. The whole process of what I had to do was very limited, which was good. Everything I could do off my phone, meter readings and checking on the account on a monthly basis. The only thing was that there was no smart meter. A couple of months down the line, I'll get over that."

**T7:Internal/email/no reminder, switched externally, Large supplier 2**

"Comparison on the letter, I thought there was no need to go anywhere else because everything was on this letter. It made my life easier. No it didn't bother me that I hadn't heard of the supplier before."

**T1:External only/letter/no reminder, switched externally, Medium supplier 1**

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**Switched to  
another supplier**



# Motivations for switching to another supplier

The main motivations for switching to an alternative supplier NOT on the comms centred on:

- Not trusting/knowing the suppliers mentioned in the CMOC (or the 'recommendation' of their supplier).
- Feeling the suppliers mentioned in the CMOC were not right/ tailored to them.
- Wanting to 'take control' of the process.

The majority of those switching to an alternative supplier not on the comms:

- **Feel confident** about their **decision to switch** to an alternative supplier.
- Feel they are **able to follow through with things once they've made their mind up** to do something.
- **Regularly check their** bank and building society **statements** when they get them, including online statements.

At least half felt that the communication had a big role in making them switch suggesting these people needed a 'nudge' to action.



## Motivations for switching to another supplier: not trusting/knowing the alternative suppliers on the CMOC

These customers also appeared cynical/suspicious about alternative suppliers being 'recommended' by their current supplier, and wanted to take control themselves.

"I didn't trust them, I thought that they might have a financial interest in those companies but I didn't check."

**T6: External only/email/reminder, switched externally, Large supplier 2**

"I wanted to look for myself and felt that the firms in the email were associated with my supplier one way or another..."

**T7: Internal/email/no reminder, Switched externally, Medium supplier 2**

"They say in January the prices are going up, you could have told me that in December, so the big ones, I don't feel they've got customers best interests at heart."

**T2: External only/letter/reminder, switched externally, Large supplier 2**

Those not trusting the suppliers mentioned in the communications tended to receive an email and be a customer of a large supplier.





# Motivations for switching to another supplier: deal/tariff not right for me

Some customers felt that the deals mentioned in the communication were not ideal for them or there would be deals out there better suited to them.

"I think it was the tariff they were offering, I knew there would be other deals available on comparison sites, I found [anonymised supplier] and I looked at their website and customer reviews."

**T3:Internal/letter/ no reminder, switched externally, Medium supplier 2**

"No I didn't like them. They weren't good for me at all."

**T4:Internal/letter/reminder, switched externally, Large supplier 1**

Those who felt the tariff was not tailored to them tended to receive an email and be a customer of the large suppliers. One customer was put off switching to an alternative supplier because they wanted the customer to help facilitate the switch.

"What put me off was the fact that when I phoned them up and they wanted me to do some of the spade work...I'd heard and read in the papers that you can just switch, just phone them up and they can take over everything but this company said I'd have to get in touch with my own supplier... I thought I don't want to do all that..."

**T4:Internal/letter/reminder, switched externally, Large supplier 1**

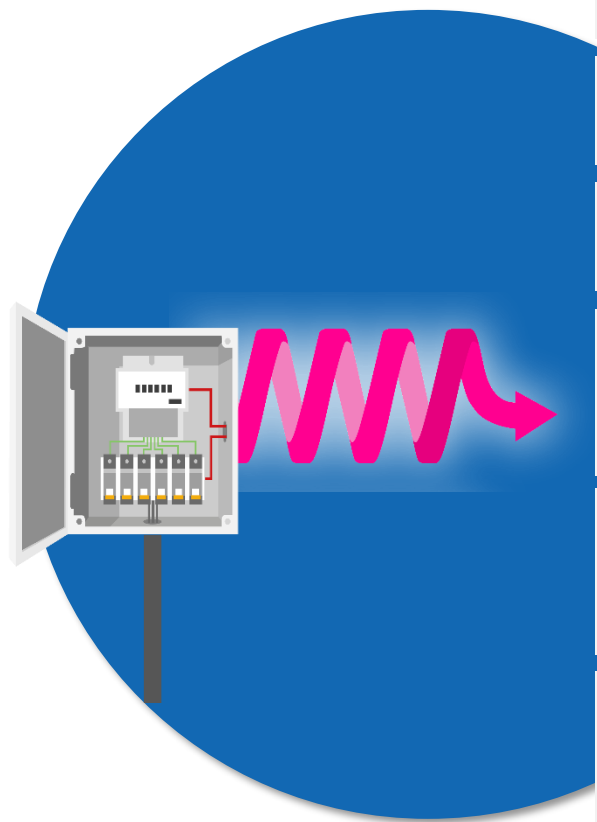
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# Barriers to switching



# Key barriers to switching



Lack of time – I've been busy

Too much hassle – It's a lot of effort

Bad timing – I wouldn't switch at this time of year

Loyalty to their own supplier –  
I am happy with my supplier

Perceived risk of switching to a lesser known  
supplier – I've never heard of them

The saving isn't sufficient enough to drive  
action – I can put it off a bit longer

The deals just aren't right for me –  
They don't suit my needs





# Key barriers to switching: time

Many were too busy to look into switching, felt the process would take too much time and effort or were not ready or prepared to switch at the time of year.



## Lack of time

- Mainly younger, male customers who intend to switch in future.
- They would like to research and spend time looking over different deal, but just haven't had time.

## Too much hassle

- Customers assume it will involve long phone calls, to both their current supplier and a new supplier.
- They might have to shop around and they doubt that they will get the best deal even then.
- Those who think it will be a hassle are more likely to be over 45 years old.

## Bad timing

- Customers may already intend to switch but not at the moment due to personal circumstances.
- It is something they will consider doing in the future.



# Key barriers to switching: the supplier

The suppliers mentioned in the communication can create a barrier. Some customers are happy with their current supplier and actively don't want to leave them, whilst others (particularly those who saw external tariffs on their communications) were uncertain about switching to different suppliers.

## Loyalty to their own supplier

- Customers have often been with their supplier a number of years, have never had any problems, don't like the thought of changing and believe their supplier is doing the best they can for them.
- These customers are most likely to be over 45 and receive the communication via the post.

## View switching as a risk

- Usually older customers, these people are easily influenced by friends and family.
- They lack the knowledge of the market to make a confident decision and so don't make one at all.
- They are unlikely to search and compare energy deals in the future.



# Key barriers to switching: the deals

Limited savings (below the tipping point of ~£100) and restrictions on the deals offered (e.g. no paper billing) were also a barrier in some instances.

## Saving is not sufficient enough

- Customers who had been shown external tariffs were more likely to feel this way.
- Savings tended to be less than £100 and so didn't warrant the 'hassle' involved in switching.

## The deals aren't right for me

- Customers who had been shown external tariffs and felt they weren't right for them.
- Customers mention issues such as wanting to continue receiving a paper bill and paying more for that.
- It was felt to be easier to stay on the current tariff.







# Did nothing: but plan to switch

These customers generally feel they should look at switching, but have faced some of the barriers mentioned earlier.

## Customers who did nothing but plan to

### Bad timing – I wouldn't switch at this time of year

- Over half are under 44 years old
- Three quarters of these customers received an email
- The majority are male
- More than half received a CMOC including external tariffs only
- Only 2 could fully recall and explain the reminder email

## Barriers to switching now



No time



Bad timing



Hassle



Saving not sufficient enough for me to take action right away



# Did nothing: Don't plan to switch

This is largely due to being happy with their current supplier/tariff or the belief that suppliers are 'much of muchness'.

## Customers who did nothing

- **Mix of letter and email trial arms**
- **More than half are over 45 with several over 65**
- **They are more likely to be female**
- **None of these customers are with Large supplier 1** (those were more likely to plan to switch)
- **They are most likely to have received a communication with internal tariffs included**

**The majority completely trust their supplier to treat them fairly**

**They had a limited understanding of the tariffs available**

**They made a conscious decision not to switch and over half would be unlikely to do so in the future.**

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