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## Second collective switch, reengagement and small supplier trials research

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# Contents

<b>Introduction</b>	<b>p.4</b>
<b>Initial reaction to the letters</b>	<b>p.8</b>
<b>Actions taken</b>	<b>p.16</b>
<b>Awareness and impact of the suppliers offering the deals</b>	<b>p.36</b>
<b>Awareness and impact of the price cap</b>	<b>p.43</b>
<b>Summary &amp; conclusions</b>	<b>p.46</b>
<b>Appendix</b>	<b>p.50</b>

# Research objectives



## Overarching objective

Having established from the previous collective switch and market offer trials that interventions can increase consumer engagement, Ofgem wanted to understand whether customers' reactions and use of letters differ and if there are differences in customer attitudes and switching across suppliers.

## Specific objectives:

- 1 To understand reactions to the general concept of a letter with savings provided, being informed of a specific (collective switch) deal, or being shown an (open market) example saving.
- 2 To understand if customers' perceptions of the brand of the gaining supplier influence their switching behaviours and how important it is for the decision to switch.
- 3 To explore how effective it is to offer the collective switch tariff again (re-engage).
- 4 To explore if the price cap has had any effect on switching behaviour (additional objective)



# Introduction



# Background to the research

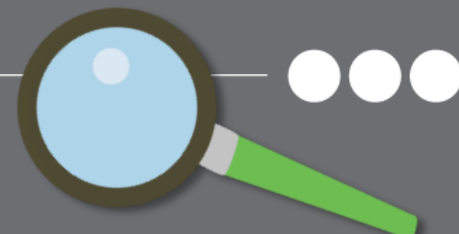


Between February and April 2018 Ofgem undertook its 'Active Choice Collective Switch' trial. The trial tested the impact on switching rates for those offered an exclusive tariff and help through a switching service compared to a 'control group' which received no information.

Participants did not need to enter their existing tariff details in order to have their projected personal savings calculated for them.

Customers who contacted the Price Comparison Website, energyhelpline (ehl), also received results of an open market tariff search, giving them a range of deals to choose from. They were signposted to web and phone routes. Switching rates for this group were over 8 times higher than in the control group\*.

# Background to the research



Given the success of this initial trial, Ofgem planned to further test different variants of the intervention in second collective switch trials.

Customers received 3 letters:

1. First contact letter (with option to opt out)
2. Savings letter (highlighting the saving and how they can switch)
3. Reminder letter\*

The Collective Switch Trial included the Collective Switch and Open Market arms. Customers in Open Market arm were offered the best deal with an unnamed supplier.

Those in the Collective Switch trial arm and Reengagement Trial were offered an exclusive deal negotiated by the service provider. Customers in the Reengagement Trial had been contacted in the previous Collective Switch trial but had not switched.

Those in the Smaller Supplier Trial were offered a deal with a less familiar supplier that only offers green tariffs.

\*to note, during the Collective Switch Trial, the Price Cap was introduced. Participants in this trial therefore received a lower saving in their reminder letter.

# 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, trials and actions taken.

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



Fieldwork carried out **December 2018 to February 2019.**

**66 interviews with second collective switch trial participants**

**Interviews lasted c.25 minutes each**

**26 interviews with small supplier trial participants**

**Participants were all made aware that the research was being conducted for Ofgem.**





## Initial reactions to the letters

What do customers recall  
about the letters and how  
did they react to them?





# Initial reaction to the letters

Across the trials and outcomes, the letters were mostly received positively (even amongst those that didn't take action).

For many, the level of savings was a pleasant surprise. There was, however, some resentment towards the incumbent supplier across all trials /outcomes. Customers felt that their supplier had been forced to do something by Ofgem that it should have already been doing.

"I just thought, I've been with you forever, why don't you switch me? Why are you charging me £220 more than you should be? Why do I have to make the effort to switch?"

**Open market, not taken any action, not switched**

"It kind of amused me...they had been told by Ofgem to let us know that we were on their higher tariff and could save money by switching to the lower tariff because they couldn't be bothered to tell us. They haven't done it off their own back - out of the goodness of their heart, put it that way."

**Collective switch, switched to a new supplier via another method**

Recall of Ofgem's involvement was mixed, but where it was recognised, the Ofgem endorsement was seen to add an air of credibility and reassurance across trials and outcomes.

"Their role in this was very positive and refreshing to see them do something that has made a real difference."

**Open market, switched via ehl**

"It made me think me about switching my utilities which I probably wouldn't have if I didn't receive that letter. I think it was because it was from Ofgem. It gave me a bit of reassurance and confidence to switch."

**Open market, switched via ehl**

***These findings largely reinforce what we have seen across similar Ofgem consumer engagement initiatives***



# Clarity and comprehension: the purpose

- The majority of customers felt that the letters were clear and easy to understand. They understood the messages about potential savings.
- Whilst some had not realised they were on a standard variable tariff, most felt the letter highlighted they were on a expensive tariff and that was why they were contacted.
- Including a tariff from another supplier on the letter was useful (especially a well-known supplier).
- Customers appreciated being able to compare deals with minimal effort.
- Attaching a deadline to the collective switch deals in the letter also urged some customers to act faster.

"Just the main bits of the text where it says you're are on a standard tariff, we have cheaper options available which could save you x amount, I think it said. So please get in touch. Clear and concise, just what it needs to be." **Open market, switched to a new supplier via another method**

"Because we are on a high tariff. It was good that we had been informed that we could switch to a different supplier and get our bills cheaper."  
**Collective switch, not taken any action, not switched**

"It didn't use complicated tariffs and break downs that are confusing, it was clear and concise and clearly laid out it didn't place any doubts, it just clearly displayed the information, easy for me to understand." **Re-engagement, switched to a new tariff via ehl**

"The first letter was from my existing company, and they made it clear what was going to happen. The following letter was clear on savings. It made clear the process to follow to go ahead. The reminder was clear. Very easy to understand, no jargon or forcing, so it was really good." **Small supplier, not taken any action, not switched**



# Clarity and comprehension: next steps (1)

- In the **Collective Switch arm and Reengagement trial**, the vast majority were clear on the options for what to do next (go to the energyhelpline website or call them).

"Very clear. There was a link to energyhelpline and a website address."

**Collective switch, switched to a new supplier via another method**

- It was also clear for the majority in the **Small Supplier trial**.

"Yes I understood what action I could take. The information for energyhelpline their phone number. There's a website."

**Small supplier, not taken any action, not switched**



# Clarity and comprehension: next steps (2)

A minority in the **Open Market arm** were less clear on what they should do after receiving the letter. The lack of a specific deal/supplier and the deadline date seemed less clear in contrast to the collective switch specifics.

Open market trial arm

"I just read the letter and it was clear that I could switch supplier but I'm not sure it was clear who to contact though."

**Open market, switched to a new supplier via another method**

"The savings were clear but they gave a deadline date and I thought we'd be tied in for another year on the standard tariff if we didn't opt for it by the date."

**Open market, switched to a new supplier via another method**

"... it's clear as far as telling me I am paying more than I needed to but it doesn't go as far as here are some alternatives. It doesn't say who I would be with from what I can read, it just says about usage etc."

**Open market, switched to a new tariff via ehl**

"A little more information about the date and clearer advice on the account you've got, if you are tied into it or on a rolling scheme and what the possible ramifications are of doing so."

**Open market, not taken any action, not switched**

Customers were less clear on who to contact and the deadline to contact energyhelpline.



Several customers would have liked more information about switching or even options of who to switch to





# Suggested improvements to the letters

Across all the trials, most people said that there was nothing that they would change or improve about the letters (even if they didn't take any action as a result). **Only a very few people suggested any improvements at all.**

Open market	Collective switch	Re-engagement	Small supplier
<ul style="list-style-type: none"><li>• <b>Switch automatically</b></li><li>• <b>Make next steps clearer</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Too many brands mentioned in letter, confusing</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Fewer letters needed.</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Confusion about switching process</b></li><li>• <b>Didn't like supplier offering the deal</b></li></ul>

"I've been with you forever, why don't you switch me? Why are you charging me 220 pounds more than you should be..."

**Open market, not taken any action, not switched**

"Don't send the letter, just change my tariff. Just send a letter saying that we have changed your tariff to this lower tariff."

**Open market, not taken any action, not switched**

"I would have made it clearer what course of action would be, and what would happen next, as it was a bit vague." **Open market, switched with current supplier**

"There's too many names in it - there's energyhelpline, (incumbent supplier), Ofgem, (service provider collective switch supplier), there's 4 names mentioned in one single letter." **Collective Switch, contacted energyhelpline but did not switch**

"... maybe not quite as frequently (*the number of times a letter is sent*), I have had an awful lot of them (letters)." **Re-engagement, not taken any action, not switched**

"The letters were fine, but the recommendation (small collective switch supplier) was not that great."

**Small supplier, not taken any action, not switched**

"... there are details about the process that are confusing me - I'm in credit with (incumbent supplier), they owe me about £800; when does my deal with them stop and (small collective switch supplier) start?; what about the meter readings?" **Small supplier, switched to a new supplier via another method**



# Impact of the reminder

The majority recalled the reminder letter. It was usually felt to be a useful additional nudge that often tipped the balance between inaction and action. As in previous trials, the first letter primes customers to switch but they often procrastinate.

Overall themes

Acted as an additional nudge

"I think it just reminded me to make the phone call. When you're working and you're busy it's easy just to forget to do these things. It could get lost on the desk or yeah, it just reminded me to make the phone call."  
**Small supplier, switched to another tariff via ehl**

"Because I needed to do something about it, the reminder pushed me over the line to do something as it reminded me."  
**Re-engagement, switched to the tariff on the letter via ehl**

A couple on the open market trial arm had left or had already decided to leave:

"I had already switched by the time the reminder letter came through."  
**Open market, switched to a new tariff via ehl**

"Because I'd already made the decision to go and move to another provider."  
**Open market, switched to another supplier via another method**





# Re-engagement trial

Only a handful of customers actually remember being contacted last year, but the majority didn't mind the thought of being re-contacted. They realised they benefited from being told they are paying more than they should.

Re-engagement customers

## Those who recall the initiative last year

"It was the same deal but it was a different price. It was not believable, and I thought the first letter was just another company scouting for business."

**Re-engagement: switched to another tariff via ehl**

"I was quite happy where I was. The prices weren't bad where we were but then they went up. So when we got the next letter we thought we'd shop round."

**Re-engagement, switched to another tariff via ehl**

"We did receive it but we didn't act on it (*the first time they received the letter in the 1<sup>st</sup> trial*) as it was from (incumbent supplier). I don't really take that much notice of it."

**Re-engagement: switched to a new supplier via another method**

**Those who did recall previous contact were generally positive and felt that being reengaged was a useful additional nudge to combat their procrastination.**

"I think it is one of those things, as these days we have so much in our lives, a good reminder it's things that we tell ourselves we should do every year. For me it's a good thing, it's a reminder about something that needs to be done."

**Re-engagement: switched to the tariff on the letter via ehl**

"More likely to make you think that you hadn't taken any action and that you must do that. Then getting the other one made me think that yes I really need to do that. Otherwise I would not have particularly been proactive."

**Re-engagement: switched to the tariff on the letter via ehl**

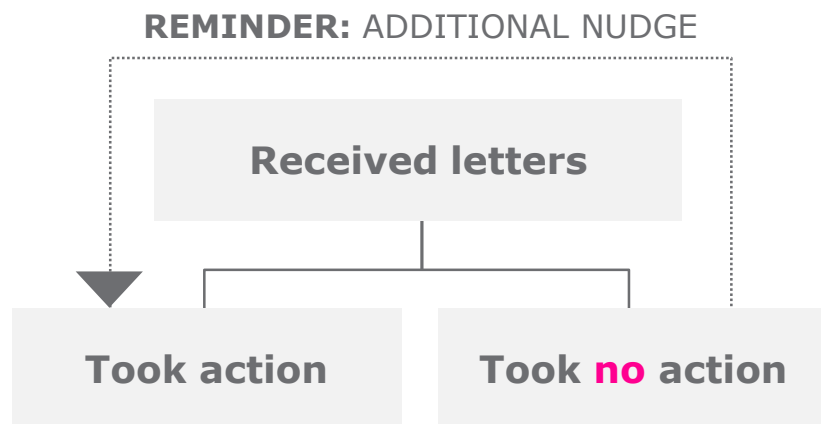


## Actions taken:

What did customers do after receiving the letter – and why?



# Decision Tree



## **Took action**

- The letters are often a timely nudge; switching is in the back of the mind. The initial letter serves as a primer.
- Laying out an easy process, combined with highlighting a good saving, motivates these customers to take action.
- Procrastinators were often nudged by the reminder.

## **Took **no** action**

- Inaction is mainly due to attitudinal factors rather than the communications themselves.
- Most of this group admit to simply procrastinating, lack of time or laziness.

In this section, we build a 'decision tree' to illustrate the different actions customers took, and why

These findings are consistent across all trials and fit with what we have seen previously.





# What were the motivations to act?

The letter provided the nudge, a significant saving provides the motivation, and laying out an easy process helped prompt action.

## The letter itself

Just seeing the letter gave some people the 'nudge' they needed to switch.

"Three letters encouraged me to do so. Ultimately I rejected the deal on the letter, but it encouraged me to look for a better deal and switch."

**Collective switch, switched to another tariff via ehl**

## The information in the letter

EHL easy for customers to switch.

"It didn't use complicated tariffs and breakdowns that are confusing, it was clear and concise and clearly laid it out... it just clearly displayed the information - easy for me to understand."

**Re-engagement, switched to a tariff on the letter via ehl**

## The saving

It was large enough for them to want to take action.

"The savings were enough to make me switch."

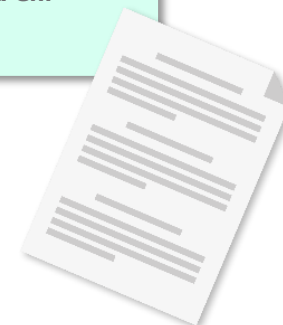
**Small supplier, switched to another tariff via ehl**

## Good timing

For some it had been on their mind anyway.

"It reminded me that I should do something about my energy. I was of the opinion I should do something about it. The letter came at the right time."

**Open market, switched to a new tariff via ehl**



Took action

# Why did some customers do nothing?

The majority of this group admit that their inactivity was simply down to procrastination, lack of time or laziness. Some still hope to switch in the future.

- Across all trials, the majority viewed the letters positively. They were also clear on what to do next, but often admit to putting the letters 'on a pile' and leaving them.
- There were some in the **collective switch** who were worried about the hassle of switching.
- A limited saving and the deadline being too near were barriers for a very small number of **Re-engagement** customers.

"I thought about it at the time but didn't act on anything and put it into the pending file to do list."  
**Open market, not taken any action, not switched**

"Chucked them in a pile and thought I will get around to that at some point."  
**Open market, not taken any action, not switched**

"It is something I plan to do when I've got time."  
**Small supplier, not taken any action, not switched**

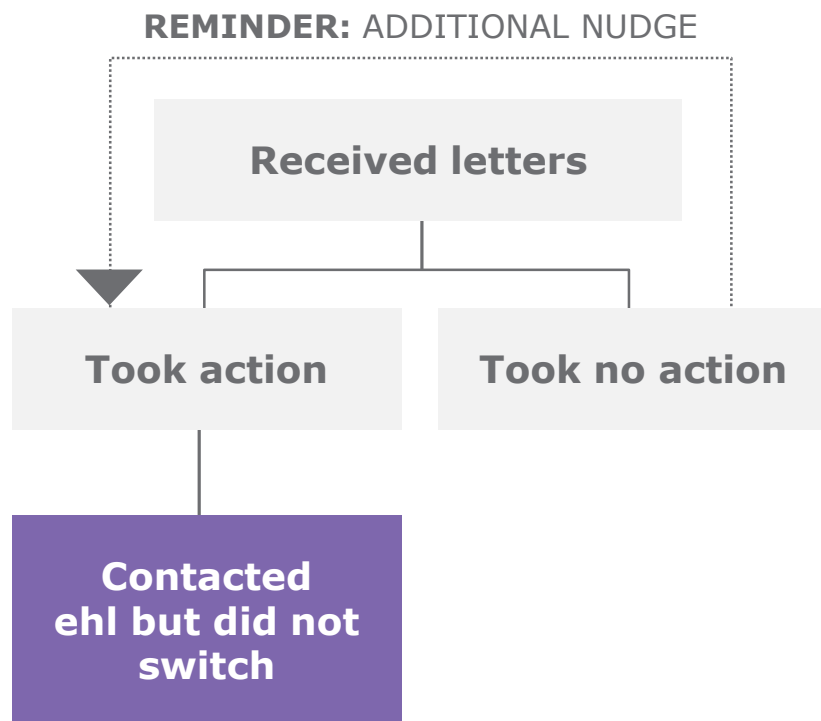
"I ignored the letters. I feared the hassle of switching providers."  
**Collective switch, not taken any action, not switched**

"I suppose I went - 'not another one!'."  
**Re-engagement, not taken any action, not switched**

"We haven't switched because it's time consuming and more hassle."  
**Re-engagement, not taken any action, not switched**

Took no action, didn't switch

# Decision Tree



## Contacted ehl but did not switch

- These customers were generally happy with the ehl process/service - but were often put off switching by concerns about suppliers. This was often due to negative supplier ratings, which feature more prominently in this intervention.
- This was the case both for **Open Market** deals and for the supplier on the **Collective Switch deal**.
- To a lesser extent limited savings seemed to be a barrier to switching, particularly when combined with concerns about suppliers. It is notable that in the **Open Market** trial arm customers often reported disappointment that savings were lower than the example tariff originally 'advertised'.







# EHL provided an easy route to comparing deals and good experience

In the **Open Market and Collective Switch** trial arms there was a mix of people who either called energyhelpline or went direct to the website. Both routes were generally viewed as easy and positive.

## Those who rang ehl:

"They answered the phone and they were really good... they probably thought I was nuts that I didn't carry on."

**Collective switch, contacted ehl but did not switch**

## One customer was unable to go through with the switch as the system was down:

"Their letters and their information were very clear but the system was down at the time and when I called I didn't have the time to go through it with them."

**Open market, contacted ehl but did not switch**

## Those who went to the ehl website

"Helpful... There was enough information and it was clear how to find the tariff."

**Open market, contacted ehl but did not switch**

"It just said, all you need to do is go to [www.save.energyhelpline](http://www.save.energyhelpline) on the letter. I looked at it for advice."

**Collective switch, contacted ehl but did not switch**

"... you had to go there to put in your details and get the savings, from there you can go to the companies to see if it was true, see what they were and have time to think about it."

**Collective switch, contacted ehl but did not switch**

Contacted ehl but did not switch



# Supplier ratings caused concern

Customers were often put off switching by concerns about suppliers, often due to poor supplier ratings. This was the case both for **Open Market** deals and for the **Collective Switch** deal.

Contacted ehl but did not switch



"There were much smaller numbers, the largest ones were from companies I didn't know of and larger companies weren't worth switching for."

**Open market, contacted ehl but did not switch**



**The reviews of some suppliers were off-putting**

"I didn't switch was because when I looked at the alternatives offered and I looked at the reviews, they were all dismal. The letter did not mention to look at the reviews of each supplier, that's something I would naturally do."

**Open market, contacted ehl but did not switch**

"I looked up (collective switch supplier) but there were bad customer service ratings on various websites, that put me off a bit. It made me less likely to switch if they've got bad press."

**Collective switch, contacted ehl but did not switch**

"Yes, whenever you read the newspaper (collective switch supplier) and (supplier) rank quite low in assessments. That is why they certainly didn't tempt me to switch."

**Collective switch, contacted ehl but did not switch**

# Limited/lower savings were a factor

To a lesser extent limited savings (or lower savings) were a barrier to switching, particularly in the **Open Market trial arm**.



**The saving wasn't much better than what they pay already.**

"I felt a little disappointed that there wasn't a significant saving that could only have come from switching supplier. It was a little bit lower, but not significantly lower, so it wasn't worth the hassle of switching."

**Collective switch, contacted ehl but did not switch**

**The example saving in the letter was no longer available for several customers on the Open Market trial arm. This may be due to the introduction of the Price Cap during the trial.**

"When I did go on there the level of saving on the website was less than stated in the letter."

**Open market, contacted ehl but did not switch**

"It prompted me to look, but what was suggested wasn't actually available."

**Open market, contacted ehl but did not switch**



**In the Small Supplier trial, a couple went to ehl but went no further - this seemed to be more a case of limited time and procrastination than issues with ehl or the deals.**

"The letter said I could make savings, but when I checked it the deal was no longer available."

**Open market, contacted ehl but did not switch**

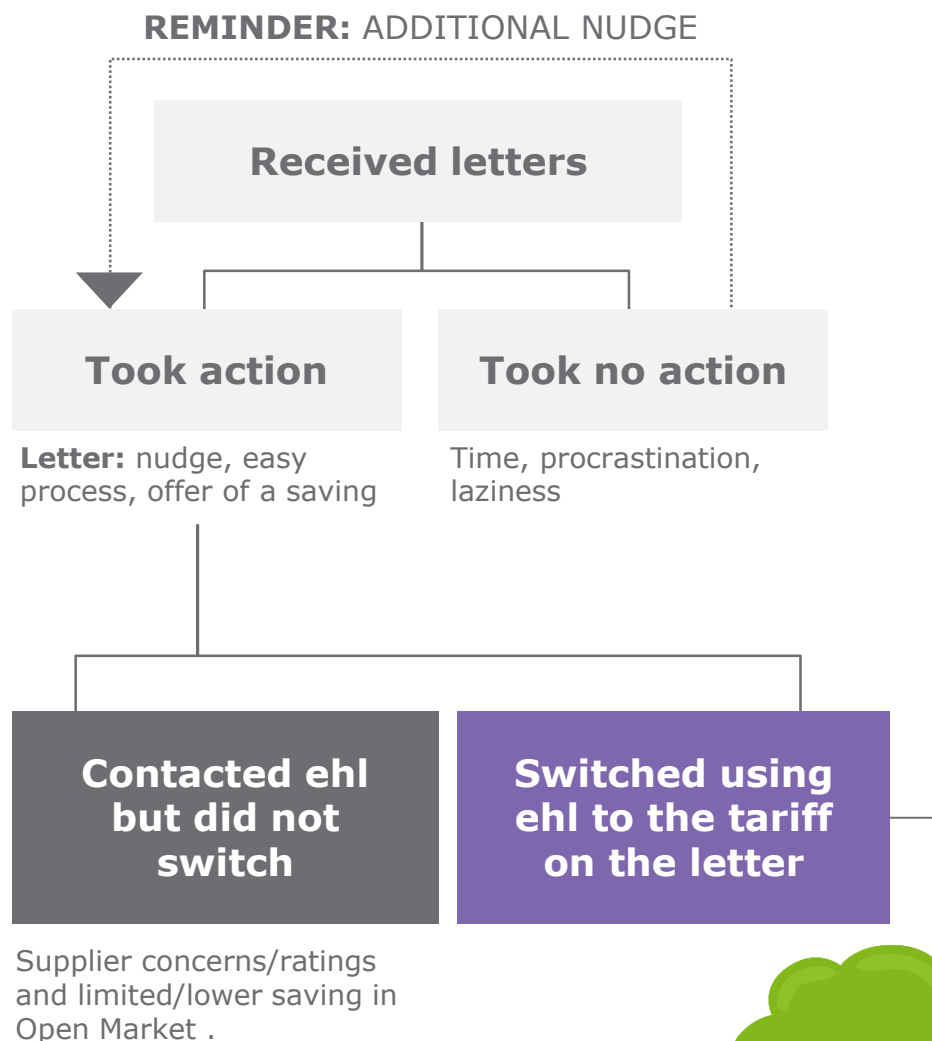
"It looked good, but I didn't have time to look at it detail properly."

**Small supplier trial, contacted ehl but did not switch**

Contacted ehl but did not switch



# Decision Tree



## Switched using ehl to the tariff on the letter

- These customers seem to have gone for the easiest option and simply 'did what the letter said' by calling ehl or going to the website.
- They were generally guided by what ehl suggested and tended to be very positive about the process.
- Customers were pleased with the helpful customer service they received. The Ofgem endorsement and advice from ehl provided additional reassurance for some, particularly in the **Small Supplier trial**.





# There was a real mix of people who acted immediately and those that procrastinated but ultimately acted

This was the case across the three trials that included a specific tariff (Collective Switch deals). The reminder helped to prompt some.

"It was very clear, it directed me to the website and I took it from there."

**Small supplier,  
switched to the tariff on the letter via ehl**

"I left it and didn't contact them for a while. Then a week or so later I remembered the (collective switch supplier) on the letter and went to the website and rang them directly. They gave me a savings quote that was different to what was said in the letter."

**Re-engagement,  
switched to the tariff on the letter via ehl**

There was a fairly even mix of people who said they used the website versus those who called ehl. Although many may have used the website to check the legitimacy of ehl and the deal before calling.

"Because they sent the letter advising me to do the switch and I phoned them just to talk it through."

**Collective switch,  
switched to the tariff on the letter via ehl**

"We just went on the website and entered our details. We read the details, followed them and it was quite simple."

**Small supplier,  
switched to the tariff on the letter via ehl**

"I'd never heard of them and they stated that they had the deal with (collective switch supplier) and they would do all the paperwork for me and it all went very smoothly really."

**Collective switch, switched to the tariff on the letter via ehl**


"It was the reminder letter that made me do something. I went to the energyhelpline website."

**Re-engagement,  
switched to the tariff on the letter via ehl**


# Switching using ehl to the tariff on the letter felt like the easiest, lowest hassle option

Comments across the trials suggest they tended to simply do 'what the letter said' to make life easy.

Switched using ehl to the tariff on the letter



On the whole, information was clear and easy to understand and there was minimal hassle for the customer.



Customers were pleased with the helpful customer service they received; speaking to advisors provided additional reassurance for some, particularly in the Small Supplier trial.

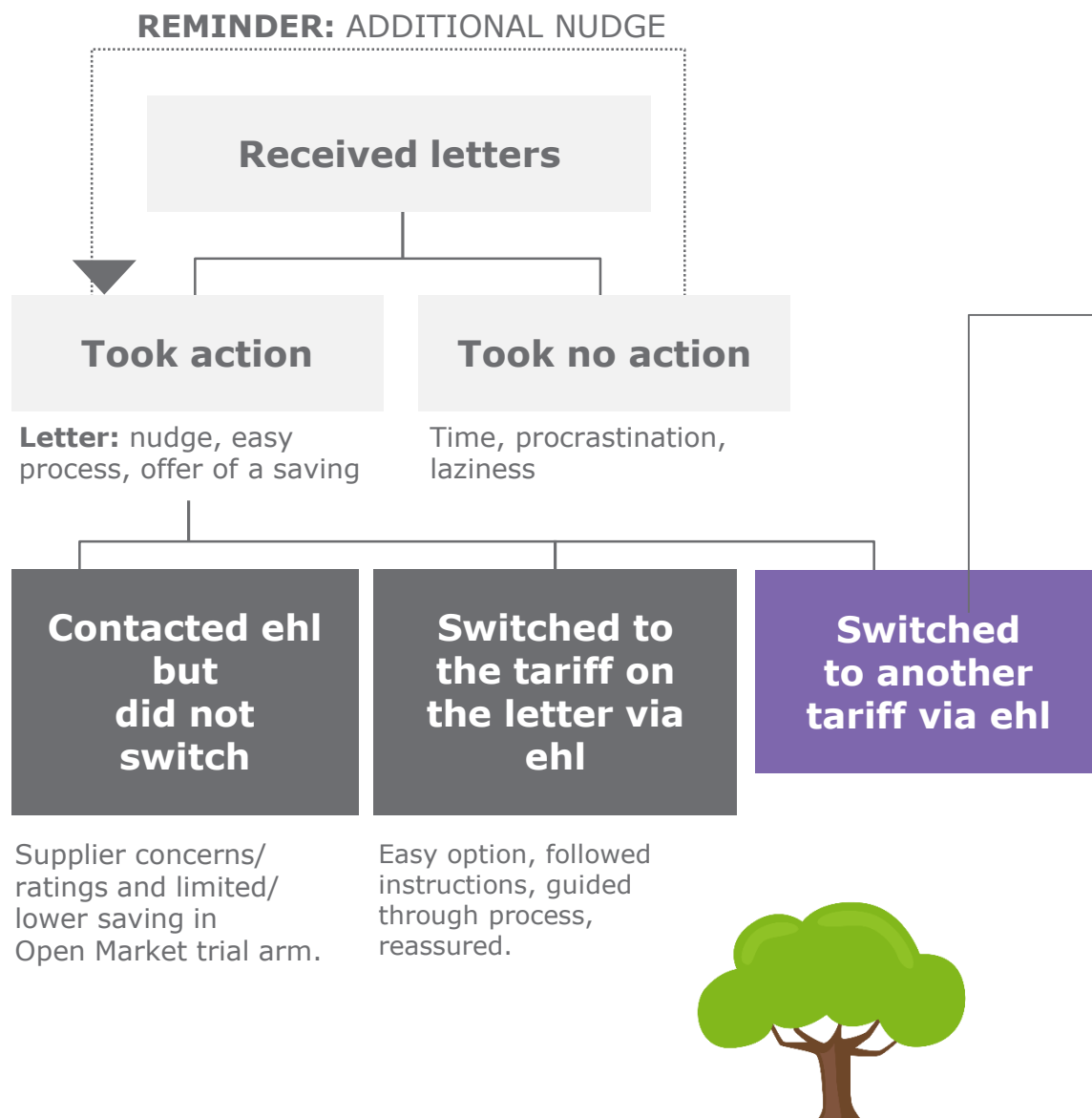
"Because that is what Ofgem told us to do. It was easiest to call to start with, then once we'd done the telephone call, (collective switch supplier) sent literature and paperwork, and then we went onto the internet to get more information."  
**Collective switch, switched to a tariff on the letter**

"I think if I had just gone searching and found an energy company that I didn't recognise I might have been a bit more reluctant, but because I got that information through the energyhelpline, I felt more confident to go ahead with it." **Small supplier trial, switched to a tariff on the letter**

"I hadn't heard of them, but because I'd had the other letters from Ofgem and energyhelpline I was reassured and fairly comfortable."  
**Small supplier trial, switched to a tariff on the letter**



# Decision Tree



## Switched using ehl to another tariff

- These customers tended to call ehl to seek a better deal (sometimes after looking at the website), check the letter was genuine and seek further advice and reassurance. Ringing was also seen as less effort than going on the website.
- Again these customers tended to be looking for an easy process and some advice - and felt that they got it. They tended to be very complimentary about ehl.



# Those switching to a new tariff tended to make contact by phone

This was the case for the majority of this group (although several had also looked at the website first).

## Reasons they prefer a phone call...

- Ringing and speaking to a person allowed the customer to ask about other offers and get the best deal
- It makes them feel more secure and comfortable with the offer if it is explained to them
- It required less effort from them in terms of filling out information online

"It's easier to talk to somebody... I always go by telephone if I can because its much less time than filling all the questions online."

**Small supplier, switched to a new tariff via ehl**

"She explained the initiative and she explained what the letters were for... I didn't see any mileage using other comparison sites and when I was on the phone... she said she would do all the ground work."

**Open market, switched to a new tariff via ehl**

"I looked at the options, I read it and thought it made sense. Then I rang the number, they gave me further explanations, then I made my choice."

**Re-engagement, switched to a new tariff via ehl**

"I asked for verbal confirmation that I would still be able take part in, clinched it for me."

**Re-engagement, switched to a new tariff via ehl**


*For the most part, they were guided through the process by an advisor who simply found them the best deal.*



# Those in the Open Market trial arm also wanted the work done for them


This group did not tend to act immediately. Of the customers we spoke to, when they did act, it was a fairly even split of website usage versus contact via the telephone\*. Both routes were felt to be easy.

Switched using ehl  
(OPEN MARKET)



Customers felt that the work was done for them.

"Energyhelpline did the work for me, which was good."  
**Open market, switched to a new tariff via ehl**

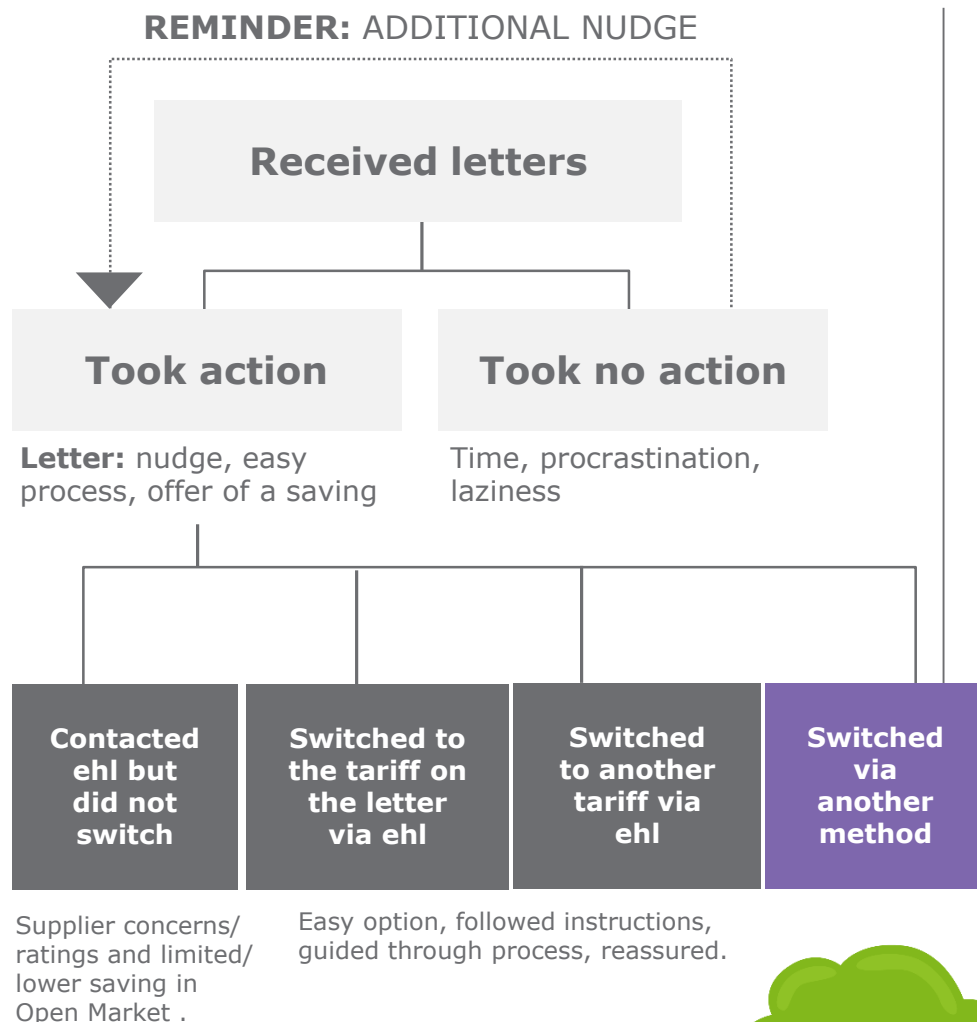


Those who spoke to an advisor were complimentary about their professionalism.

"I believed it was a thoroughly professional approach by energyhelpline and thought I should take advantage of it."  
**Open market, switched to a new tariff via ehl**

They were very good and it saves me doing it...they know what they're doing, so I listened to their advice."  
**Open market, switched to a new tariff via ehl**

# Decision Tree



## Switched via another method

- This group tended to visit PCWs they had used before.
- Those in the **Collective Switch trial arm** were more likely to try ehl as well as alternatives, with several reporting more/better deals on other PCWs. For a minority, the saving on ehl was not as good as originally shown. A couple of customers in the other trials went direct to the Collective Switch supplier to 'cut out the middleman'.
- Those in the **Open Market** were more likely to go directly to their preferred PCW than those in the Collective Switch, possibly as a lack of a specific 'deal' provided less impetus to use ehl.
- As we have seen in other trials, there is an underlying feeling that this cohort of customers were more keen to 'take control' and do their own research rather than just 'going with the flow'.





# This group tended to revert to familiar PCWs they had used before

Those in the **Open Market** were more likely to go directly to their preferred PCW, probably as a lack of a specific 'deal' provided less impetus to use ehl. Those in the **Collective Switch** were more likely to try ehl as well as alternatives.

Switched via another method

"Ease of use, that's basically it - I am already in it - I've used it before." **Open market, switched via another method**

"I have used (another PCW) for car and house insurance, and they're quick and easy." **Open market, switched via another method**

"I noticed the offer was a little bit less, so I looked to see if other companies offered tariffs that offered better savings." **Collective switch, switched via another method**

**Went to familiar price comparison website.**

**Looked at ehl, price comparisons and alternative suppliers .**

A couple of customers in the Collective Switch had missed the (collective switch supplier) deal deadline which contributed to them using an alternative PCW as they could not take up the specific deal offered.

"I missed the deadline for the (collective switch supplier) deal, I probably would've taken that. I looked at two or three comparison websites and went with the cheapest, most trustworthy deal that I could find." **Collective switch, switched via another method**





# Some found better deals on other PCWs, or by going to suppliers directly

A handful of customers in the **Open Market** felt that more deals were available on other PCWs. A couple in the other trials went direct to the Collective Switch supplier to 'cut out the middleman'.

Switched via another method

Other PCWs have more/better deals than ehl.



Went direct for better saving or to cut out the middle man.

"I got a cheaper deal from a provider not listed. It was a case of just getting a wider data source or wider list of suppliers."

**Open market, switched via another method**

"I used (PCW) instead of energyhelpline because they gave me 10s of options to look at, unlike energyhelpline that only offered me 1 option."

**Open market, switched via another method**

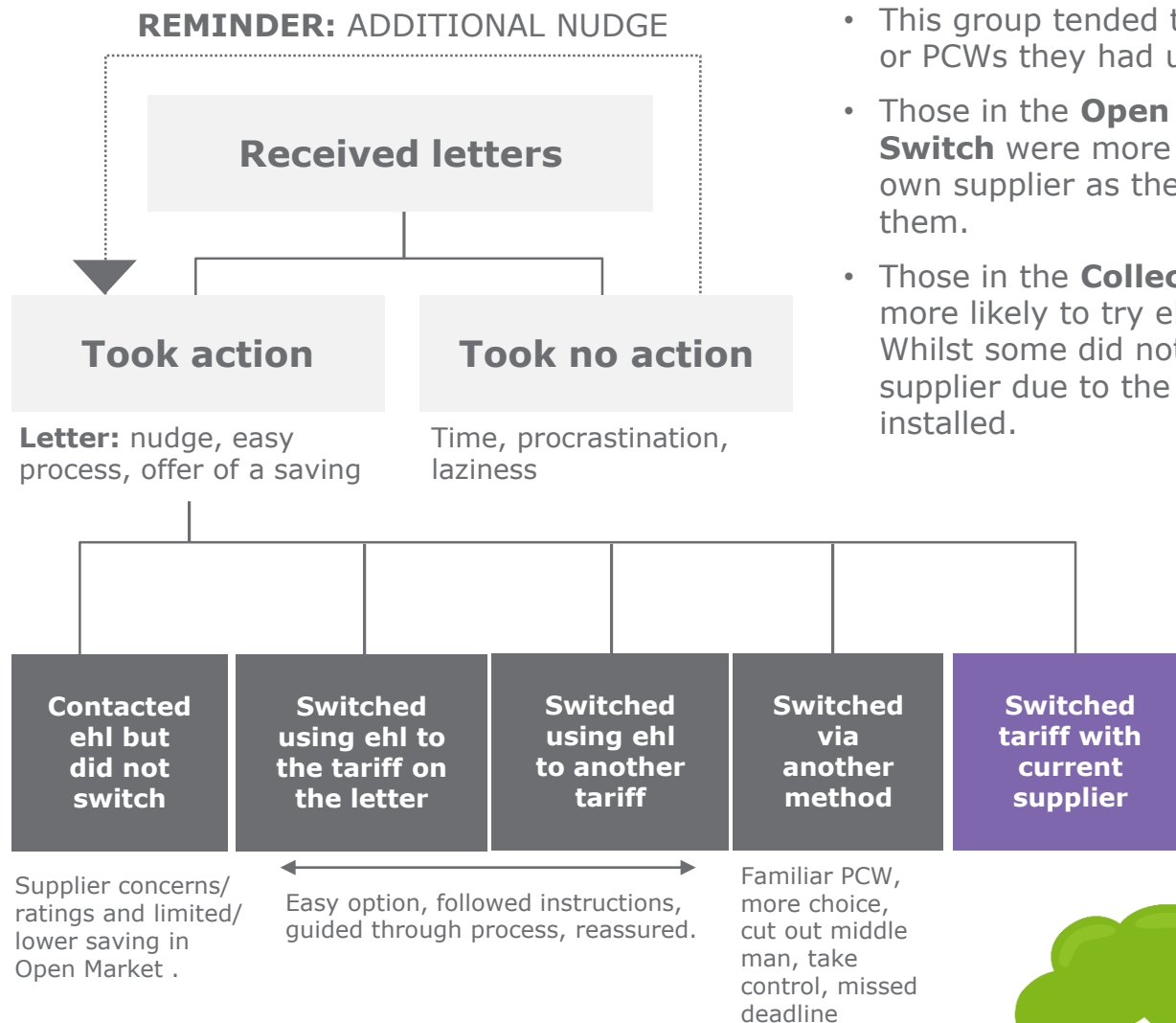
"I didn't call the number they gave me, but I called (collective switch supplier) from their website and (collective switch supplier) gave me a different price which was cheaper and it was £70 or £80 lower than the one in the letter."

**Re-engagement, switched via another method**

"I went online to check if the company existed and its background...then decided to go ahead...There are too many middlemen so decided to contact (collective switch small supplier) direct."

**Small supplier, switched via another method**

# Decision Tree



## Switched tariff with current supplier (internally)

- This group tended to go to their current supplier or PCWs they had used before.
- Those in the **Open Market and Collective Switch** were more likely to go directly to their own supplier as they felt more comfortable with them.
- Those in the **Collective Switch** were more likely to try ehl as well as alternatives. Whilst some did not want to switch to another supplier due to the smart meter they have installed.



# Main reasons for switching internally

This cohort appear more likely to have suspicions about the letter and to want to have checked its authenticity. As a result, they tended to simply call up their supplier and then proceed to 'negotiate'.

Switched tariff with current supplier

A number of comments across trials suggest this group are more comfortable with well known suppliers and/or sticking with what they know.

"Would rather stay with someone I have a comfort zone with, like one of the major suppliers...I know what I'm getting with (incumbent supplier). It affected how I acted."  
**Small supplier, switched internally**

"I called (incumbent supplier) straight away and I used the amount that was on the second letter as a negotiating tool. (Incumbent supplier) offered a similar deal."  
**Open market, switched internally**

The majority switched without researching or looking at alternatives, although one (Collective Switch) checked the deals on energyhelpline and were put off by bad supplier reviews.

"I just called (incumbent supplier) to enquire further about it."  
**Open market, switched internally**

"I was already a customer and I have no complaints - I checked the reviews about the other companies and in the end I decided to stick with (incumbent supplier)."  
**Collective switch, switched internally**

A couple of customers in the Open Market and Collective Switch highlighted issues relating to smart meters which, for now, have made them reluctant to switch supplier.

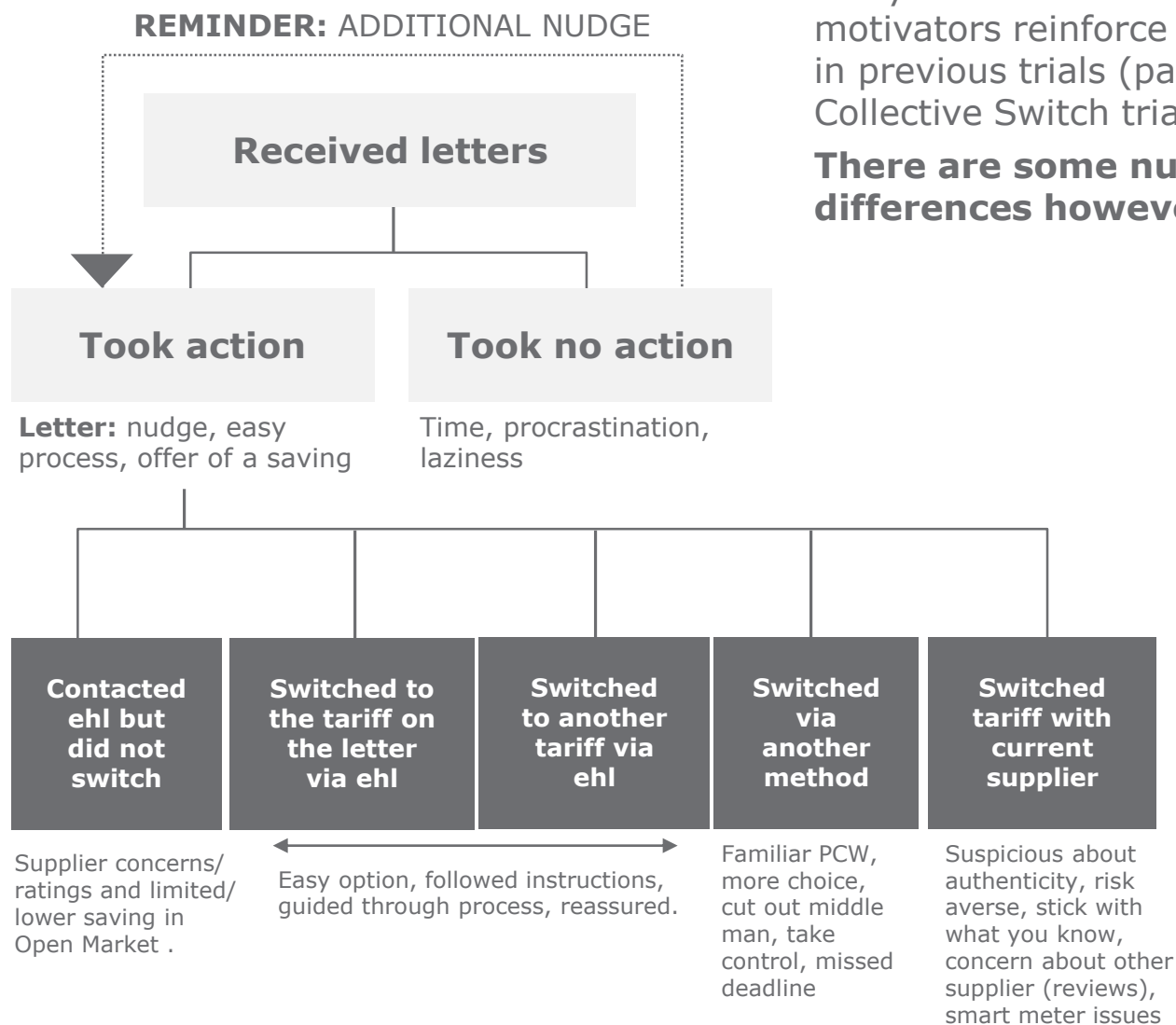
"I did not switch as I am waiting for the installation of a smart meter first and I will switch after. I have no reservations about switching, as it's become more prevalent now, and everyone does it."  
**Open market, switched internally**

"Because they were my existing provider and had just put in the smart meter, so it was convenient. If they hadn't offered a discount, I would've looked elsewhere."  
**Collective switch, switched internally**





# In Summary...



Many of these factors, barriers and motivators reinforce what we have seen in previous trials (particularly the first Collective Switch trial).

**There are some nuances and differences however.**

- Impact of customer attitudes towards suppliers and supplier ratings
- Indication that some customers were disappointed by changing/lower savings (potentially due to the introduction of the default tariff price cap)
- Different reactions to a specific (Collective Switch) 'deal' versus an example of what they might save (Open Market).





## Awareness & impact of the suppliers offering the deals

We have seen supplier perceptions/ratings feature more prominently in this trial, but what impact did perceptions of the suppliers offering the collective switch deals have?



# Perceptions of large suppliers

The use of well-known suppliers on the collective switch and re-engagement trials was reassuring for many (especially those that took the deal) - but mixed feelings about their reputations was also a barrier for a significant minority of others.

Generally those that did take up the collective switch deals felt reassured that the deal they were offered came from a large, well known supplier

"I had heard of (collective switch supplier) before which was positive." **Collective switch, switched to a tariff on the letter via ehl**

"I am probably more likely to go with a big company that I know although there are good small companies out there." **Re-engagement, switched to a tariff on the letter via ehl**

Conversely, those that didn't take up the deal (either because they took another route or didn't switch) often did so because of concerns about the collective switch supplier's reputation

"I have heard bad reports about (collective switch supplier) so it made me question it." **Collective switch, not taken any action, not switched**

"I thought (collective switch supplier) don't have a good reputation and I thought there's not much point." **Collective switch, contacted ehl but did not switch**

Supplier ratings appear to have played a role in this whatever the eventual outcome.

"I looked up (collective switch supplier) but there were bad customer service ratings on various websites, that put me off a bit. It made me less likely to switch if they've got bad press." **Collective switch, contacted ehl but did not switch**

"I saw those on the comparison site but ended up sticking with one of the big five. I read reviews of the smaller companies and there were lots of negative reviews about the standard of customer service." **Collective switch, switched to a new tariff via another method**



# Perceptions of small suppliers (1)

Across outcomes there are customers who appear open to the idea of switching to a smaller supplier in principle. They identified a number of key benefits of going to a smaller supplier over a larger one.

## Perceived benefits of small suppliers:



Lower overheads, leading to cheaper prices.



Better deals as small suppliers try to break into the market.



Power all comes from the same place, regardless of the supplier used.



Small suppliers are still subject to the same regulation as larger suppliers.



Potential for better or more personal customer service with a smaller supplier.

For those who *did* express concern about switching to a small supplier, this was generally due the supplier being 'unknown', raising questions around the security of the deal. There was also some concern that the deals may be too good to be true. These customers were generally less likely to feel that the letter was believable and trustworthy, and were less likely to switch to the deal offered in the letter.



# Perceptions of small suppliers (2)

There appeared to be some concerns specifically with the small Collective Switch supplier and also with the deal itself (particularly those that took no action),

## Concerns with the small supplier...

- General concerns about small / unknown suppliers.
- A couple were unsure of using a firm based outside of the UK and how this would impact the way issues were dealt with, especially with the uncertainty surrounding Brexit.
- A few customers in the small supplier trial decided not to switch to the deal in the letter as they wrongly thought that the supplier only offered online accounts. This made them wary of switching as they either did not like going online, or thought this would reduce the level of customer service offered.

## Other concerns / reasons not specific to the trial ...

- Level of saving not sufficient to spark interest.
- Happy with / loyal to current supplier.
- Haven't got round to it
- Easier to switch internally

**Despite most being comfortable with the idea of small suppliers in general, for relatively unknown suppliers, customers generally feel the saving needs to be significant to make the 'risk' of the switch worthwhile.** However, only two customers spontaneously mentioned smaller energy companies going out of business as a risk factor until prompted.





# The impact of offering a 'green' tariff

Around half of customers had some understanding that the deal offered with the small supplier was a green tariff. However, understanding of this had very little impact (either positive or negative) on whether these customers switched to the deal offered in the letter.

Small Supplier Collective Switch

When understood, green tariffs were usually seen as a 'nice to have', especially by those who tend to always think about the environment in their daily activities. However, where customers did switch, the level of saving offered remained the primary driver.

"That [a green tariff] would be something that would actually persuade me to go with them. If they were slightly cheaper than the dearer one then I would think 'yeah I'll go with Green'."

**Small supplier, not taken any action, not switched**

Until prompted, some customers did not notice that the deal was a green tariff. There was also some confusion about the meaning of green tariffs, as the term was not explained in the letter.

"I didn't seem to be more advantaged than just staying as I am. I have no idea what it [a green tariff] is – they didn't explain what the green tariff is!"

**Small supplier, not taken any action, not switched**

A minority of respondents did not trust that energy could be green or felt that green tariffs were a gimmick that would not encourage them to switch to a new supplier. However, these doubts do not influence switching behaviour.

"It means it's probably coming from renewable or a nuclear station so I'm not bothered it was a green tariff – I think green is a bit of a gimmick... It was the price that made me switch."

**Small supplier, switched to a tariff on the letter via ehl**





# Impact of suppliers in the press (1)

When prompted about anything they may have seen or read about small or lesser known energy suppliers recently, a minority of customers in the Small Supplier recalled seeing reports of supplier failure in the press.

## Specific concerns?

- Some specific concerns with the deal on the letter due to news of suppliers going bust. Specific concerns about the safety of credit balances and the hassle of having to switch again.
- Therefore, those who saw information about small suppliers in the press were more likely to view small suppliers negatively, and were **less likely to switch to the deal offered in the letter.**

## In the news...

**SWITCHED ON** Six small energy firms have gone bust this year – are they safe to sign up to?

Small is beautiful no more as energy suppliers crash

Energy industry is "in crisis" after EIGHTH supplier goes bust in a year

"I am a bit wary of less well known suppliers... For the reasons that came out in the news, I feel they are unable to sustain their business."  
**Small Supplier, not taken any action, not switched**

"They were saying that some of the smaller energy groups that tens of thousands of people have signed up to are going bust, basically. One woman had £500 that she paid that she was in credit so it's a lot of worry!"  
**Small Supplier, not taken any action, not switched.**



# Impact of suppliers in the press (2)

Concerns regarding press coverage of small suppliers were mentioned across all the trials (although reports had sometimes been seen after the event). Whilst in the majority of cases this does not seem to impact switching behaviour, a significant minority of customers did feel it influenced how they acted.

Knowledge of small suppliers going out of business may make customers reluctant to move away from larger suppliers.

"Since receiving the letters we read a newspaper article that said that people have switched to smaller energy suppliers which have since closed down. It affected how I reacted as it vindicated our choice to remain with a larger company even though the price may not be as favourable."

**Collective switch, contacted ehl but did not switch**

"I know that recently several of the smaller and lesser known companies have gone into liquidation or closed. I only chose a company that I know the name of."

**Open market, switched to a new supplier via another method**

This knowledge does not always impact behaviour amongst less risk averse consumers.

"The supplier I switched to was a smaller or lesser known one. There was something in the press about them going out of business... The fact I've switched doesn't worry me, because even if my supplier goes bust, another energy company will pick it up... It's low risk."

**Collective Switch, contacted ehl but did not switch**

There were other stories in the press about larger suppliers that may have influenced decisions.

"I read the letter saying I was being ripped off by one of the biggest energy companies in the country, whilst on the news the same day various energy companies are paying their directors 20 million a year!"

**Small supplier, switched to another tariff via ehl**





## Awareness & impact of the price cap

In the reminder, the savings in the Collective Switch and Open Market arms were updated to show savings against (incumbent supplier's) new price-capped tariffs coming in from Jan 2019. What impact did this have?

## In reminder letters, the savings in the Collective Switch and Open Market arms were updated to show savings against the incumbent supplier's new price-capped tariffs introduced in early 2019.

Although recall/understanding of the price cap is hazy, there are definite signs that savings were often lower. This appears to have had some impact on behaviour (either reducing likelihood of switching or encouraging customers to explore other deals/PCWs) depending on the level of saving.

**Unprompted response:** Do you remember anything in the reminder letter that was different from the previous letters?

"The offer was lower. We had already decided not to switch but that reinforced it."

**Collective switch, contacted ehl but didn't switch**

"It was a lower price between the original letter and when I went to switch. The potential saving had dropped."

**Open market, switched to a new tariff via ehl**

"It announced that it was a reminder letter and I noticed that the offer was slightly different."

**Collective switch, switched to another tariff via ehl**

**Unprompted response:** Do you remember anything in the reminder letter about a cap on energy prices?

"Yes, but I didn't understand it properly. It doesn't necessarily mean you'll pay less, it just means it won't go up more than a certain amount."

**Collective switch, contacted ehl but didn't switch**

"Yes it just said that as from Jan 4th there will be a cap on prices. They did say that I would be making savings."

**Open market, switched to a new tariff via ehl**

**Prompted response:** Do you recall a difference between the savings offered in the first letter and the savings offered in the reminder letter?

"The savings went down between letters. The savings were less in the reminder letter than in the initial letter."

**Collective switch, not taken any action, not switched**

"Yes I do recall. I can't remember how much but they did, but it was probably lower."

**Open market, switched to a new tariff via ehl**

"I had a vague feeling that it was less than I thought it was going to be in the first initiative. It didn't surprise me."

**Open market, switched to a new tariff via ehl**

"Yes, but I don't remember the details."

**Open market, switched to a new tariff via ehl**



# Impact of the price cap in the press

A minority of customers spontaneously mentioned reading information on the price cap in the press.

Overall themes

"The recent hike in the cap that's just come out recently, price cap has been raised, it's going to cost some families £170 a year I believe."

**Re-engagement, switched to a new supplier via another method**

"The capping of energy prices won't help customers as the capping is being increased and the price increase in energy is being passed onto customers."

**Open market, contacted ehl but did not switch**

"I knew that there was going to be a cap on standard prices."

**Open market, switched to a new supplier via another method**

"Social media, more about energy prices increases and caps. General awareness, it has made me more likely to check regularly for energy prices."

**Collective Switch, switched to another supplier via another method**



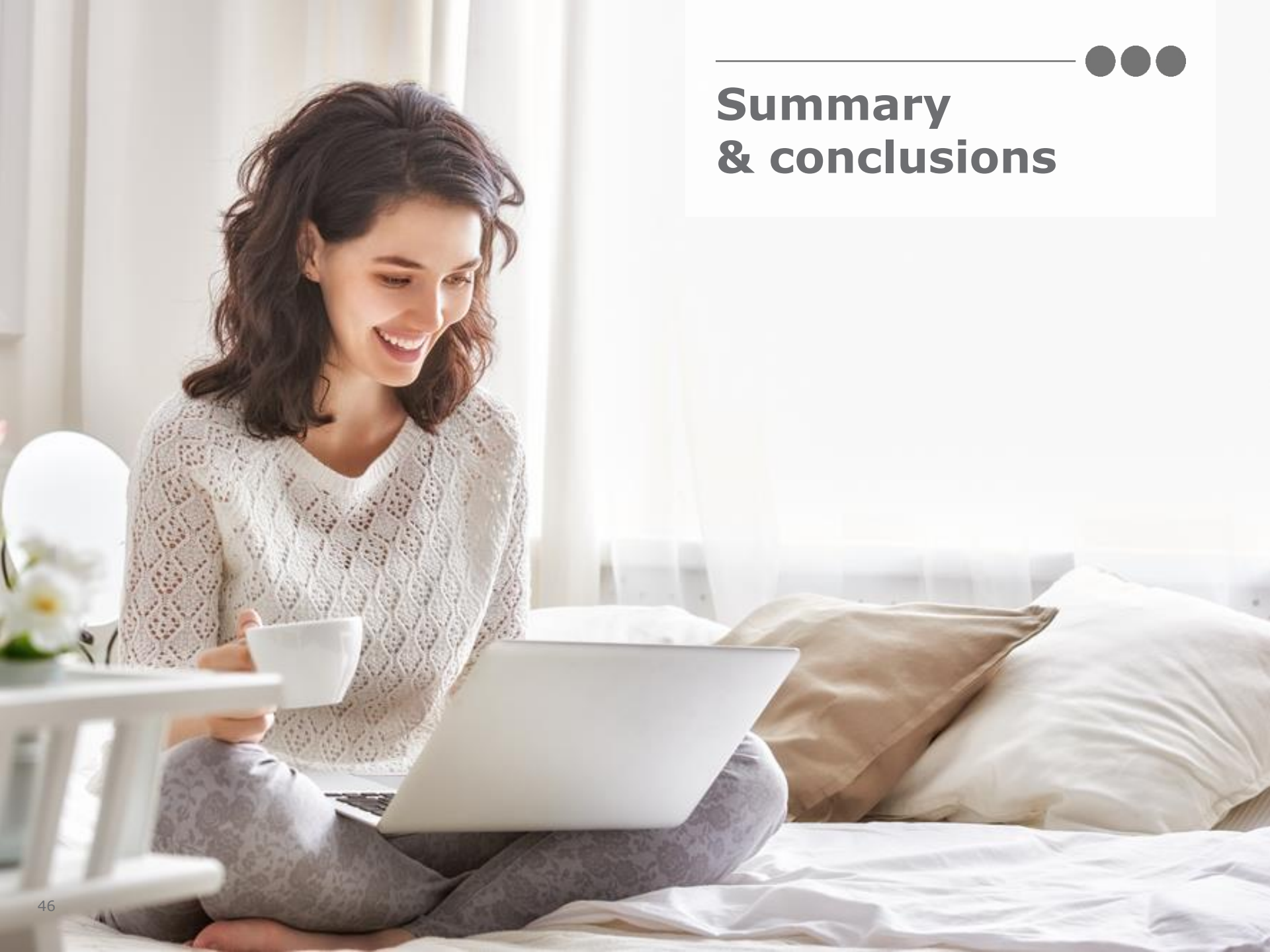
"In the press, simply that the cap wasn't going to be as good a deal as originally thought."

**Collective switch, contacted ehl but did not switch**



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## Summary & conclusions



# Summary & conclusions

**Many of the key findings in these trials reinforce what we saw in the previous Collective Switch trial\*:**

- The vast majority of recipients were positive about the communications. Very few improvements were suggested.
- Savings were the key driver to act for those that took action. They were encouraged to do so by the clear and easy process in the letters.
- Inaction is mainly due to attitudinal factors, rather than the communications themselves. Most of this group admit to procrastination, lack of time or laziness.
- Those who just want to take the easiest route simply follow instructions, contact ehl and take the suggested deal.
- Those more risk averse contact their existing supplier or take control by doing their own research and comparisons.
- Ofgem being involved in the trials helped build trust and credibility.
- There was a sense of resentment towards the incumbent supplier where it was the messenger amongst a few customers. However, this appears to have increased the impetus to switch in some cases.
- Customers who used the ehl website were generally very positive. They often said that the work was all done for them.
- Being able to talk about deals over the telephone with an ehl employee seems to have provided additional customer reassurance (for example, where deals less well known suppliers were shown).



# Summary & conclusions

New insights and nuances (1)

## Some differences have emerged in this trial:

- Customers were generally happy with the ehl process/service. Their main barriers to switching were the deals or wider concerns about suppliers in general. This may be because of press coverage about small energy suppliers having financial difficulty. These concerns seem to have had some impact on the Small Supplier trial.
- These concerns also hold true for some in the **Collective Switch Trial**. Large, more well known suppliers provide more confidence/reassurance.
- There is evidence that some customers (especially in the **Open Market arm**) were disappointed to find smaller savings than they were originally quoted (possibly a result of the Price Cap).
- **Open Market arm** participants were more likely to go directly to their preferred price comparison site after receiving the letter. The lack of a specific 'deal' may have provided less impetus to go via ehl.
- A minority in the **Open Market arm** were also less clear on what they should do after receiving the letter. The lack of a specific deal/supplier and the deadline date for deal seemed less clear in contrast to the **Collective Switch** deals.



# Summary & conclusions

## New insights and nuances (2)

- Those in the **Collective Switch trial arm** were generally happy (and surprised) to receive an 'exclusive' deal with a named supplier and a time limit on the deal. It made the process of switching feel easier as some of the research had already been done. Many took the ehl route as it seemed the easiest option.
- Those in the **Open Market trial arm** understood the overall aim of the letter. Some were slightly confused as to what they should do next. The example saving they were given required them to do further research and required effort. Some suggested it would have been better to be automatically switched rather than simply informed about savings.
- As with the previous Collective Switch trial, these trials included a third reminder letter. There is a clear indication that the reminders had a impact on those still procrastinating after the initial letter.
- Although the majority of those in the **Re-engagement trial** failed to remember being contacted previously, most liked the idea of being given an additional prompt and some switched because of this.

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# Appendix







# Quotas & sampling

Suppliers provided customer contact information, including the type of information they received details and the action that the customer took.

## 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 etc.).

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

- 1) Switched to a tariff via energyhelpline
- 2) Switched to the tariff on the letter via energyhelpline
- 3) Switched to a new supplier via another method
- 4) Switched to a new tariff with their existing/incumbent supplier
- 5) Contacted energyhelpline but did not switch
- 6) Not taken any action, not switched

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



# Quota achieved:

## Second collective switch

### Completes achieved by trial & outcome...

	Collective switch (pre-price cap)	Open market	Re-engagement	Small supplier
<b>Switched tariff via energyhelpline</b>		<b>8</b>		
Switched to the tariff on the letter via energyhelpline	2		8	5
<b>Switched to another tariff via energyhelpline</b>	<b>2</b>		<b>4</b>	<b>5</b>
Switched to a new supplier via another method	3	8	3	3
<b>Switched to new tariff with current/incumbent supplier</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>2</b>
Contacted energyhelpline but did not switch	5	3	0	2
<b>Not taken any action, not switched</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>8</b>
Affected by consumption data error*	2	2		

\* A small number of customers received a projected saving in the original Savings letter that was not accurate because their supplier mixed up their day and night electricity consumption used for calculating the saving. When we spoke to them, these customers did not notice/recall the error.



# Quota achieved:

## Second collective switch

### Completes achieved by trial & outcome...

Collective switch	Open market	Re-engagement (pre-price cap)	Small supplier (pre-price cap)
<p>These customers were offered an exclusive deal from one of two suppliers. They were guided to switch via energyhelpline and received 3 letters:</p> <ol style="list-style-type: none"><li>1. Initial contact letter</li><li>2. Savings letter</li><li>3. Reminder letter</li></ol> <p>Note: There was a different saving in the reminder as the price cap was introduced – the price cap was mentioned and explained in the reminder letter*.</p>	<p>These customers were offered a 'best deal' (no named supplier just indicative). They were guided to switch via energyhelpline and received 3 letters:</p> <ol style="list-style-type: none"><li>1. Initial contact letter</li><li>2. Savings letter</li><li>3. Reminder letter</li></ol> <p>Note: There was a different saving in the reminder as the price cap was introduced – the price cap was mentioned and explained in the reminder letter*.</p>	<p>These customers were offered an exclusive deal from one of two suppliers. They were guided to switch via energyhelpline and received 3 letters:</p> <ol style="list-style-type: none"><li>1. Initial contact letter</li><li>2. Savings letter</li><li>3. Reminder letter</li></ol> <p>Note: These customers were contacted for the previous collective switch trial so were being re-engaged. There was no mention of the price cap for these customers.</p>	<p>These customers were offered an exclusive deal from a smaller supplier. They were guided to switch via energyhelpline and received 3 letters:</p> <ol style="list-style-type: none"><li>1. Initial contact letter</li><li>2. Savings letter</li><li>3. Reminder letter</li></ol> <p>Note: There was no mention of the price cap for these customers.</p>