Household Consumer Perceptions of the energy market

Wave 4: July 2019

Contents

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Background and method

Background

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

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

Methodology

- Data was collected using a mixed-mode survey of 3,206 domestic energy bill-payers in Great Britain (GB). Fieldwork was carried out using:
  - An Online survey via a commercial online panel (n = 2,906)
  - A Face-to-face in-home survey with the digitally excluded population (n = 300). Participants were considered to be digitally excluded if they did not have access to the internet or had not used the internet in the previous six months.
- All participants were responsible (solely or jointly) for the energy bills in their household or for choosing their energy supplier.
- The survey used quotas to achieve a sample representative of the GB bill-payer population. Quotas were set on age, gender, social grade and region. Data were weighted to the known profile of the GB population. Quotas (other than gender) were based on census Household Reference Person (HRP)*, as a proxy for bill-payer.

* Link to explanation of the Household Reference Person

Fieldwork Dates

- Fieldwork dates for each of the four waves of the survey completed are indicated below:

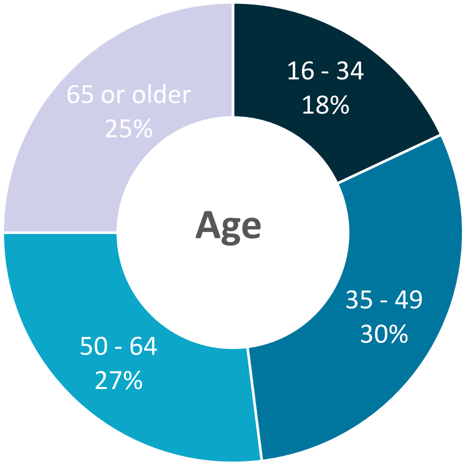
Fieldwork	Wave 1 (‘Q4 2018’)	Wave 2 (‘Q1 2019’)	Wave 3 (‘Q2 2019’)	Wave 4 (‘Q3 2019’)
Online	24th October – 11th November	29th January – 6th February	26th March - 15th April 2019	3rd July - 17th July 2019
Face-to-Face	24th October – 13th November	31st January – 17th February	1st – 16th April 2019	1st July – 23rd July 2019

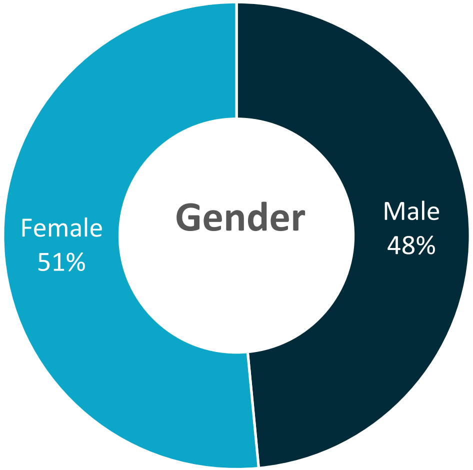
Comparisons between survey waves

- This report presents results for the fourth tracking wave (Q3 2019)
- As the survey involved sampling a selection, rather than the whole population, of energy consumers, confidence intervals apply to the results. These confidence intervals indicate, for a given sample size and a given survey result, the degree of confidence we can have that the survey result is real and not due to random chance. For the total sample on which these results are based (n=3,206), there is a confidence interval of +/-2% (i.e. a survey result of 50% could lie between 48% and 52%).
- Confidence intervals also apply when comparing results between waves. Where there are statistically significant differences in findings to previous waves (i.e. we have statistical confidence that a real change has occurred), these are indicated. Where only wave three results are shown, there are no statistically significant differences in findings from previous waves.
- All measures of statistical significance have been tested at the 95% confidence level.

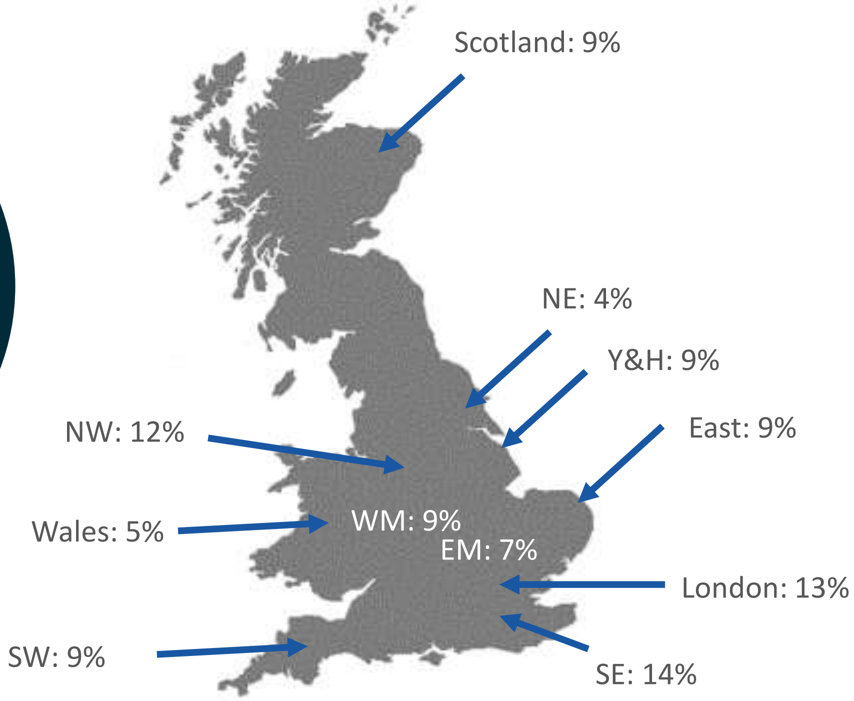
Sample profile

Sample breakdown by demographics





Region

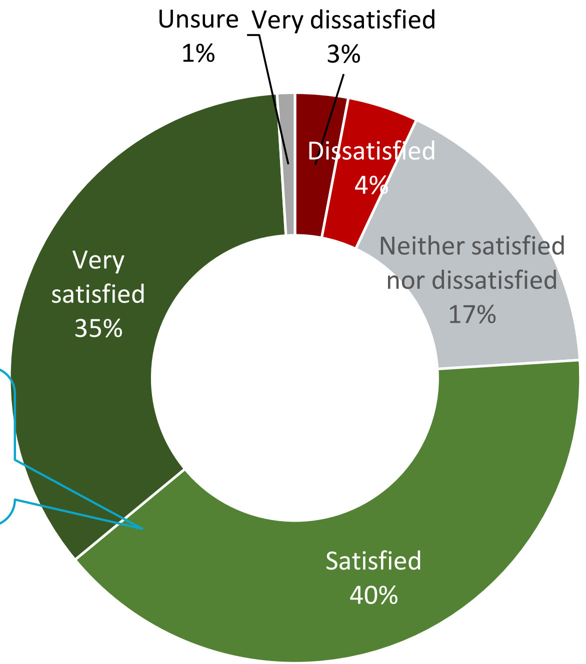


Base: All Participants (3,206)

Satisfaction with supplier

Overall satisfaction with supplier

74% are satisfied with supplier



A net of 74% are very satisfied or satisfied

- As with previous quarters, the following groups have higher satisfaction:
  - Pay by direct debit (76%) vs PPM* (68%)
  - On fixed tariff (79%) vs 71% SVT
  - Aged 65+ (82%) vs aged 16-64 (72%)
  - Medium tier (78%) vs 73% largest six
  - Haven't contacted supplier in the last 3 months (78%) vs made contact (70%)
  - Switched tariff or supplier before (76%) vs never switched (69%)

* PPM = Pre-payment meter

Overall, how satisfied or dissatisfied are you with (...) as your supplier of (gas/electricity/gas and electricity)?
Base: All Participants (3,206)

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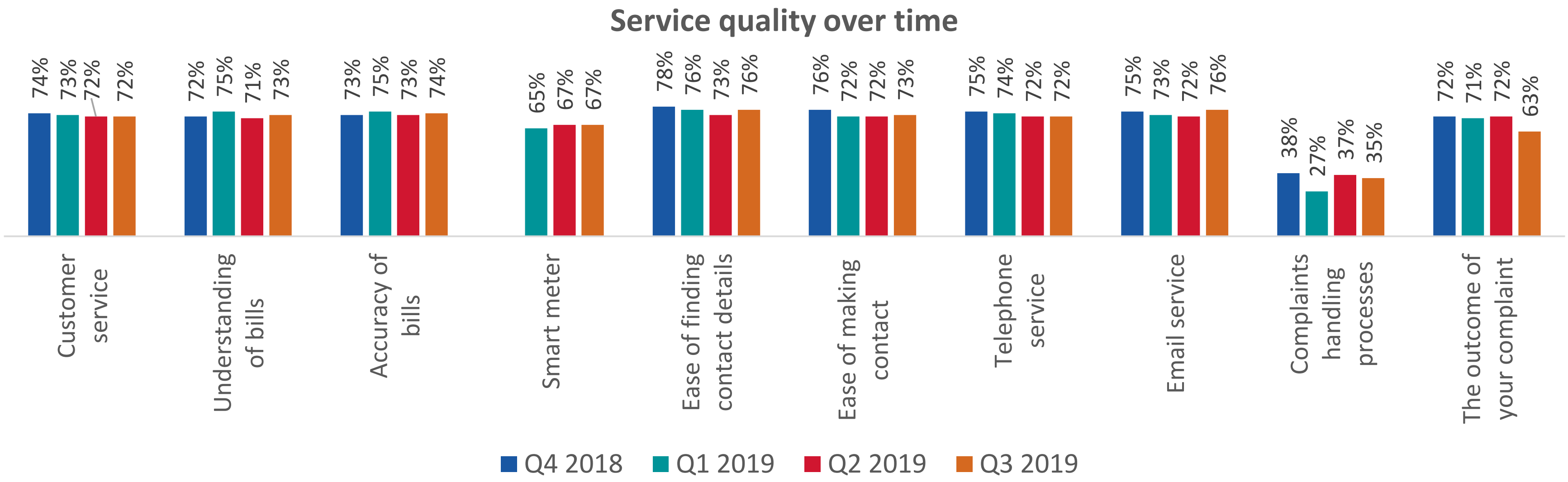
Key service quality measures over time

- Most service measures have been consistent over the past year, although ratings of the quality of telephone service have marginally declined and there is inconsistency in the quality of the complaints handling process. This quarter satisfaction with the outcomes of complaints is at a tracker low.



Bases: Customer service (all Participants); understanding of bill and accuracy of bill (those who pay for their energy with a regular direct debit or standing order); smart meter (those with a smart meter); ease of finding contact details and ease of making contact (those who contacted or tried to contact their supplier); telephone service (those who contacted or tried to contact their supplier by phone); email service (those who contacted or tried to contact their supplier by email); complaints handling process (those who contacted or tried to contact their supplier about a complaint); outcome of the complaint (those who have reached the end of a complaints process)

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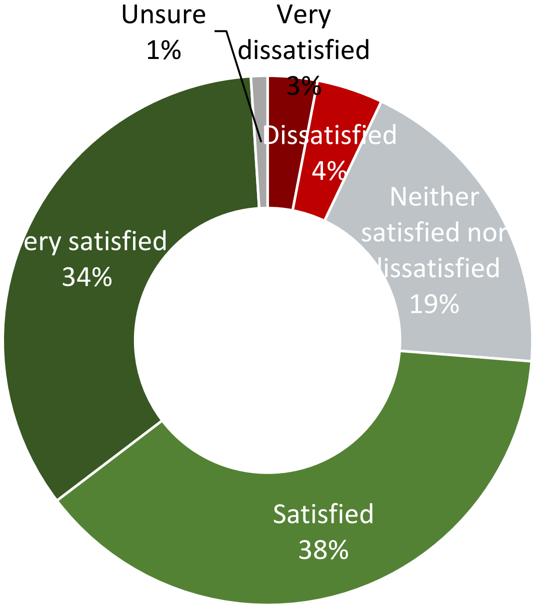
Satisfaction with customer service

72% are satisfied with customer service



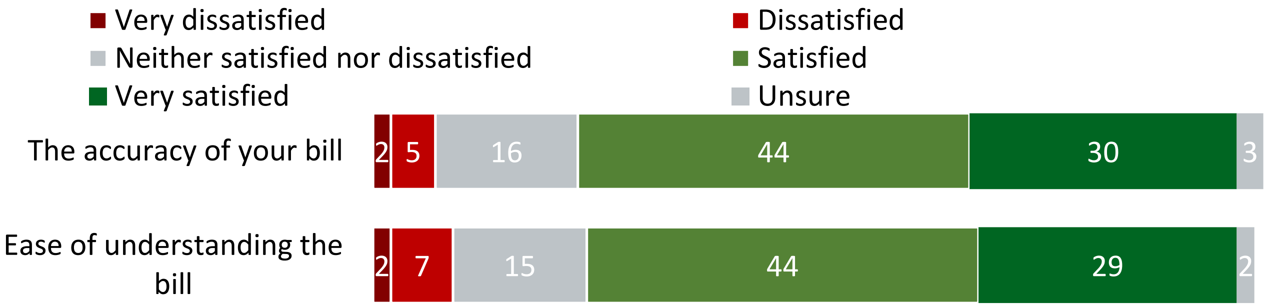
- There is higher satisfaction among:
  - Direct debit (75%) vs standard credit (64%) and PPM (65%)
  - The digitally excluded (85%) vs online (71%)
  - Those on a fixed tariff (77% vs 68% among those on an SVT)
  - Aged 65+ (81%) vs aged 16-64 (70%)
  - People who don't have a disability (74%) vs people who do (70%)
- Of these groups, the following have most consistently shown higher satisfaction
  - Aged 65+ (all 4 quarters)
  - Pay by direct debit (Q1, Q2, Q3 2019)

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

Base: All Participants (3,206)

Satisfaction with bill is steady

Over 70% are satisfied with accuracy and ease of understanding bills



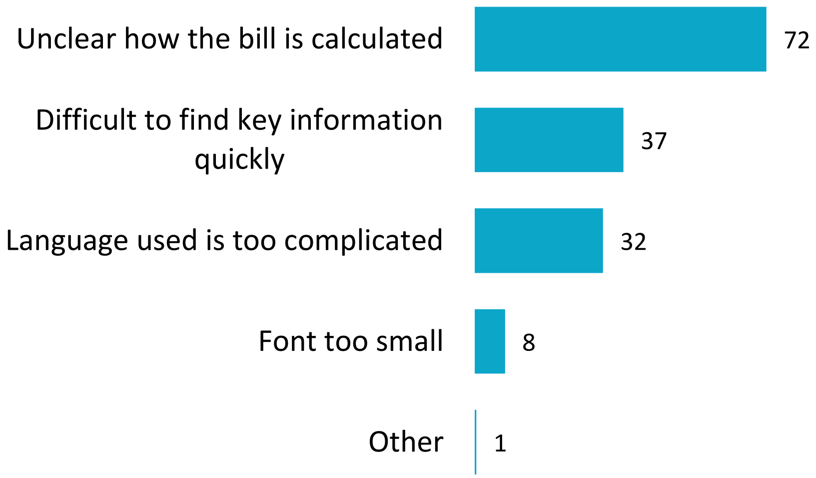
- '% satisfied' with ease of understanding is lower among those:
  - Dissatisfied overall with supplier (40%) vs satisfied (84%)
  - Customers of Largest Six (72%) vs Medium Tier (79%)
  - With a smart meter (77%) vs no smart meter (71%)
  - With a disability (66%) vs no disability (76%)

- The following groups have lower satisfaction over all or most of the tracking:
  - Dissatisfied overall with supplier (all 4 quarters)
  - Customer of Largest Six suppliers (Q1, Q2, Q3 2019)

Please can you tell me how dissatisfied or satisfied you are with the following aspects of your energy supplier`s bills?
Base: Those who pay for their energy with a regular direct debit or standing order or with cash/cheque/credit card/BACS/App (2,678)

Reasons for dissatisfaction with ease of understanding the bill

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



- Some groups have more problems than others in understanding the bill:
  - Difficult to find key information quickly
    - SVT (52%) vs fixed tariff (33%)
    - ABC1 (42%) vs C2DE (30%)
  - Language used is too complicated
    - Those who have switched tariff in last 12 months (52%) vs those who have not switched tariff (29%)

Why are you very dissatisfied/dissatisfied with the ease of understanding your bill from your energy supplier? (%)
Base: Those who are dissatisfied with the ease of understanding their bill from their energy supplier (252)

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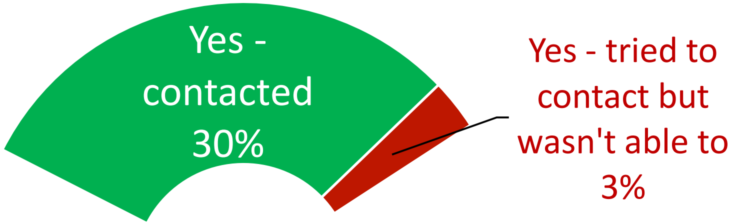
Recent contact with supplier (last 3 months)

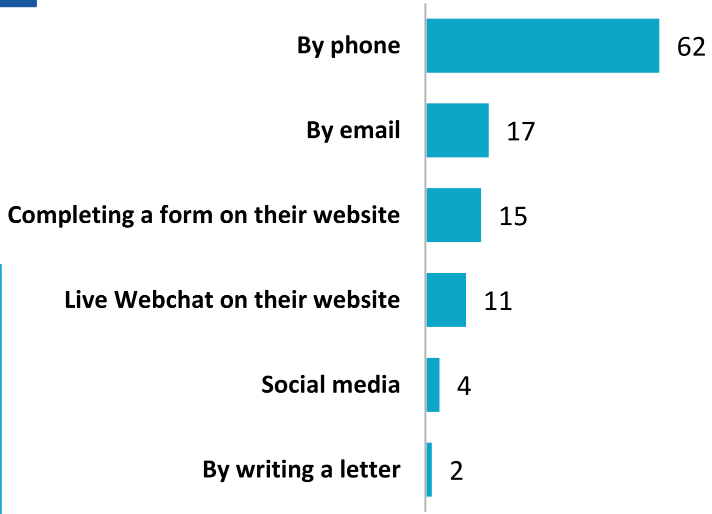
30% tried to contact their supplier in last three months



- Those most likely to attempt to contact are:
  - Small Tier (38%) and Medium Tier customers (33%) vs Largest Six customers (28%)
  - Dissatisfied customers (49%) vs satisfied (28%)
  - Have ever switched supplier (33%) vs those who have not (25%)
  - Aged 16-34 (39%) vs aged 35+ (28%)
  - Those with a smart meter (33%) vs those who do not (28%)
  - People who have a disability (36%) vs those who don't (28%)
  - Those with internet access (32%) vs those offline (16%)

Have you contacted, or tried to contact, your energy supplier within the last 3 months?
Base: All Participants (3,206)

Contact method

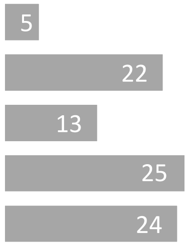


How did you (try to) make contact with your energy supplier on that last occasion? (%)
Base: All who contacted or have tried to make contact in the last 3 months (1,052)

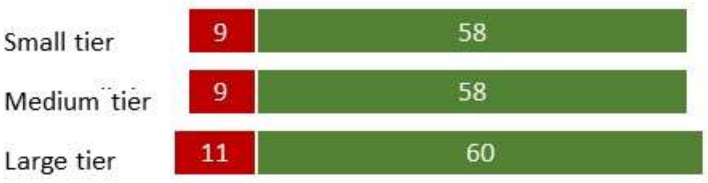
Ease of making last contact with supplier (among those who prefer each contact method)

Social media found to be the easiest contact method

Have not tried to contact in this way



In contrast to Q2 2019, there are no differences by supplier size

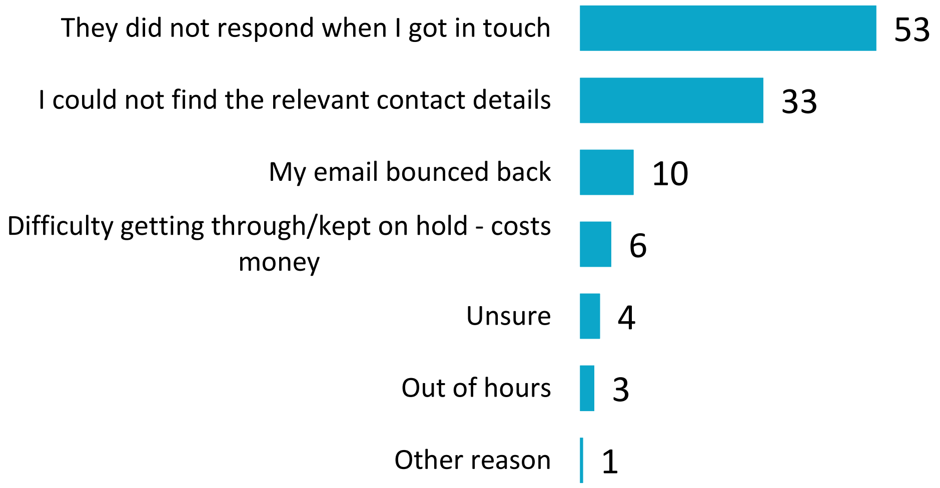


N.B. Neutral and 'Don't know' responses are not shown

Thinking about the last time you tried to contact your energy supplier how easy or difficult did you find it to contact them in this way? Base: All Participants (3,206)

Reasons for failed contact

Reasons for failed contact



Thinking of the last time you tried to make contact with your energy supplier, why were you not able to? (%)
Base: Those who failed to contact their energy supplier (86)

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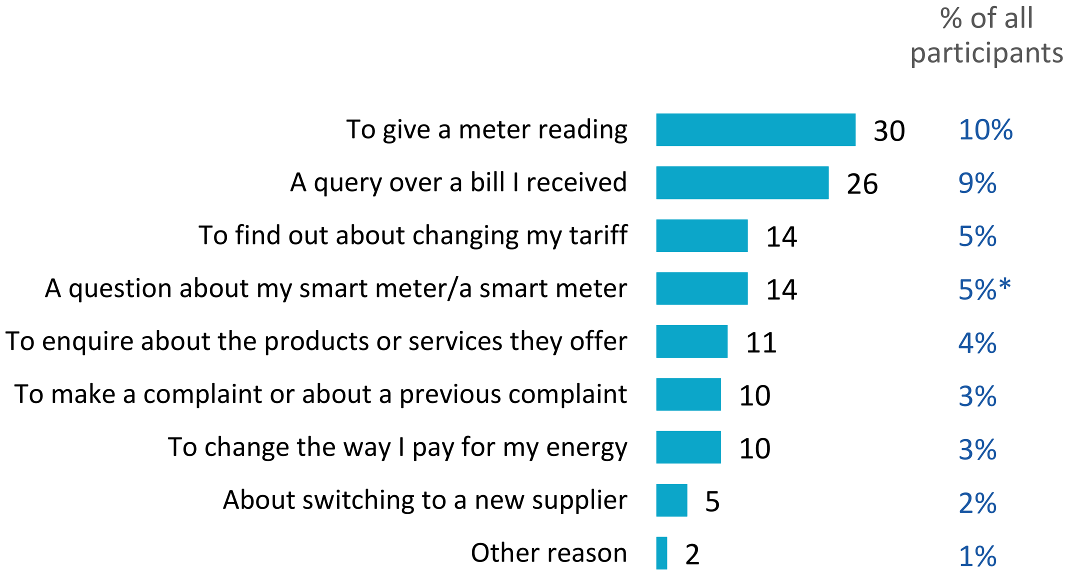
Reasons for last contacting supplier



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

- Differences by subgroup who contacted their supplier are:
  - 38% without a Smart Meter gave a meter reading
  - 26% with a Smart Meter asked a question about it
  - 26% who switched tariff in last 12 months made contact to find out about changing tariff
  - 9% of those with a Small Tier supplier got in contact about switching to a new supplier

Thinking of the last time you (made/tried to make) contact with your energy supplier, what was it about? (%)
Base: Those who contacted / tried to contact their energy supplier (1,052)

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Complaints

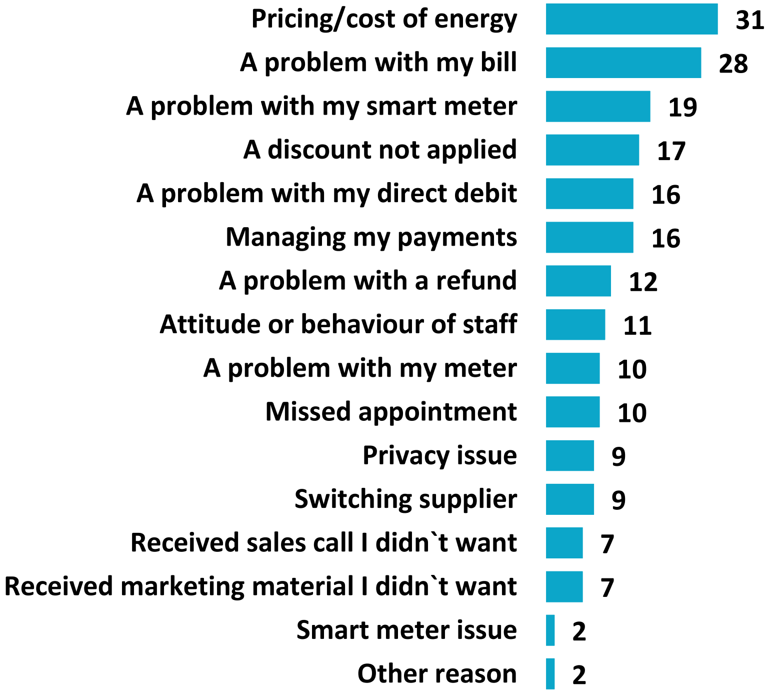
Complaints to suppliers

10% of recent contacts with suppliers related to a complaint

- This equates to 3% of all consumers complaining the last time they contacted their supplier
- The groups more likely to have complained are:
  - Dissatisfied overall with their supplier (31%) vs satisfied (6%) or neutral (9%)
  - Those using standard credit (17%) vs those using direct debit (8%)
  - Those with smart meter (12%) vs those without (8%)
  - Younger consumers (13% aged 16-49; 6% aged 50+)
- The proportion complaining about a discount not being applied rose from 5% in Q1 and Q2 2019 to 17% in Q3

Base: Those who contacted or tried to contact their energy supplier (1,052)

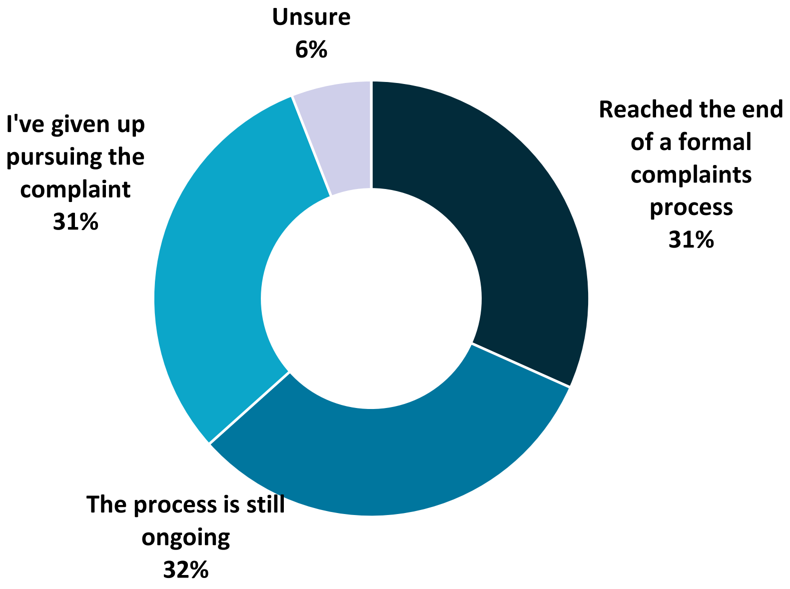
Reason for complaints (%)



Base: Those who contacted their energy supplier to make a complaint (102)

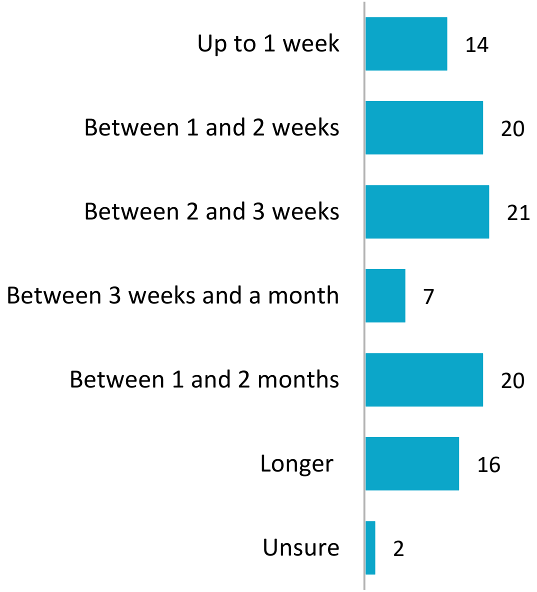
Stage of complaint and time taken to process (among those complaining in past 3 months)

31% of complaints have been completed



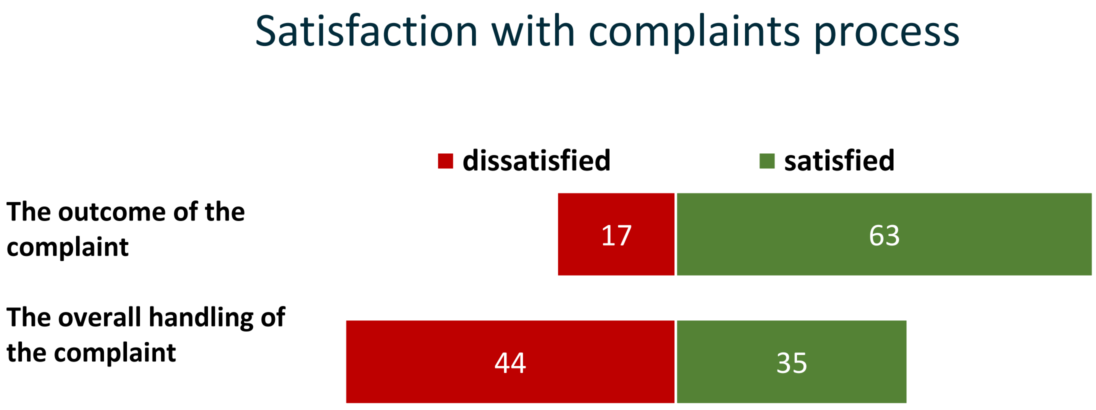
What stage are you at with the complaint process?
Base: Those who contacted their energy supplier to make a complaint (102)

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



Roughly, how long did the complaint process take from beginning to end?
Base: Those who knew the stage of their complaint process (96)

Satisfaction with the complaint process



N.B. Neutral and 'Don't know' responses are not shown

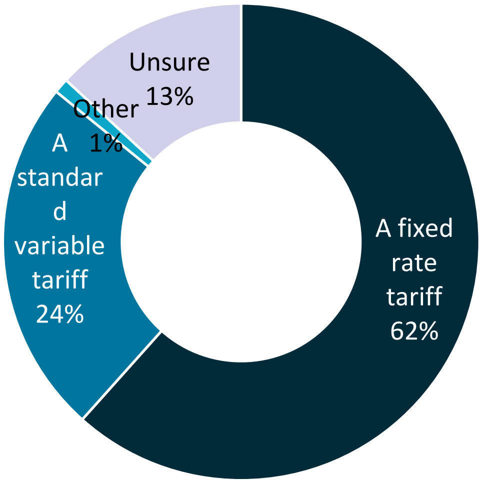
Please can you tell me how satisfied or dissatisfied you are with the following aspects of your complaint.
Base: Those who contacted their energy supplier to make a complaint (102); Outcome reached (33)

Tariffs and information provision

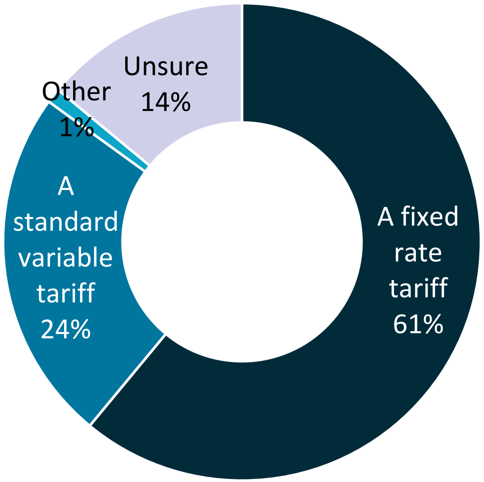
Tariff type

For Gas and for Electricity, 85% know what tariff type they are on

Gas



Electricity



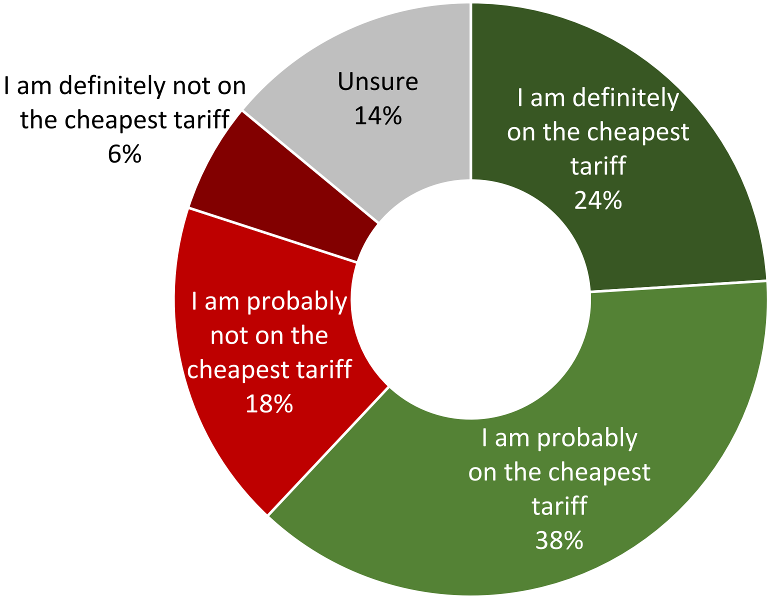
Those who are unsure are most likely to be:

- Unaware or don't understand the price cap
- Aged 50-64
- PPM
- Never switched
- Digitally excluded
- Have a disability

What kind of gas / electricity tariff are you on?
Base: Gas (2,731), Electricity (3,053)

Cheapness of tariff

62% believe they are on their supplier's cheapest tariff



To what extent do you feel you are on the cheapest tariffs offered by your energy supplier?
Base: All Participants (3,206)

Customers of small and medium suppliers more likely to believe they're on the cheapest tariff:

- Small Tier (75%)
- Medium Tier (77%)
- Largest Six suppliers (55%)

- Consumers who more likely to believe they're on the cheapest tariff are:
  - Those who switched supplier or tariff in last 12 months (80%)
  - On a fixed tariff (75%)
  - Aware of the price cap (75%)
  - Satisfied with their supplier (69%)
  - Pay by Direct Debit (67%)
  - Aged 65+ (67%)
  - Dual fuel customers (63%)
  - Online consumers (60%)

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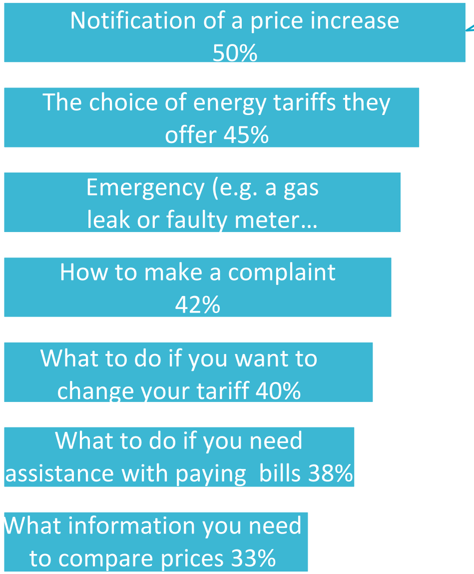
Fewer recall receiving information from their supplier on a number of issues

Information received

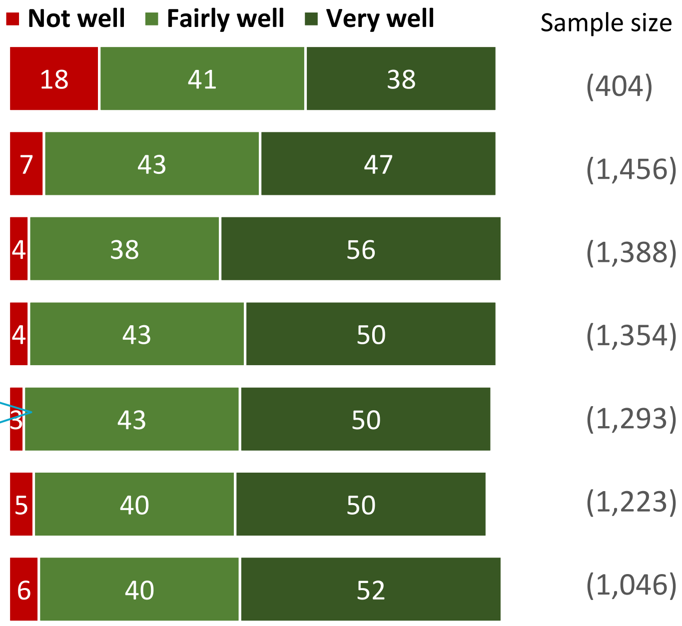
Proportion saying recall receiving



Down from 65% in Q2 2019

Do you recall if your energy supplier has given you information about any of the following in the last six months? Base: All participants (3,206), apart from 'Notification of price increase': All on SVT (805)

How well information met needs



The proportion saying the information on how to change energy tariff was useful increased from 90% in Q2 2019 to 93% in Q3 2019

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

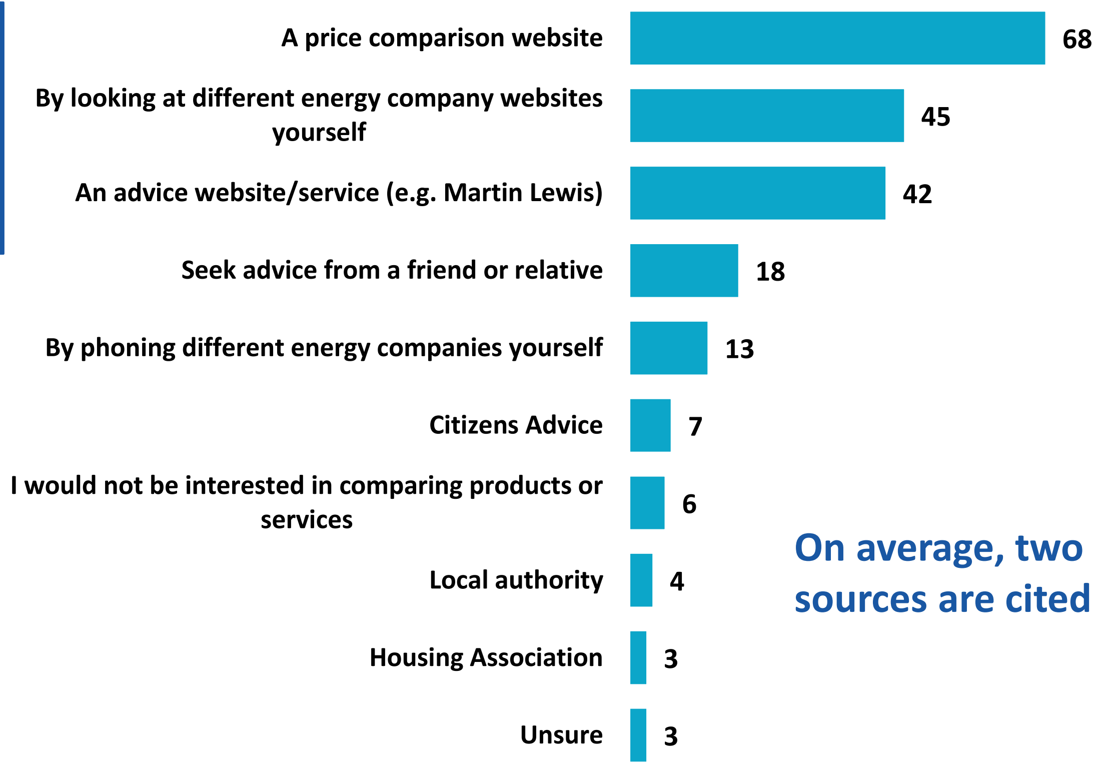
Switching

Information that would be used to compare suppliers

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

Consumers more likely to use a PCW are:

- Customers of Medium (75%) or Small (80%) Tier suppliers
- Ever switched supplier (78%)
- ABC1 social grade (74%)
- Aged 35-64 (73%)
- On a fixed tariff (73%)
- Pay by direct debit (72%)
- No disability (71%) vs have a disability (60%)



On average, two sources are cited

Where would you go to find information that would allow you to compare the products and services offered by different companies? (%)
Base: All Participants (3,206)

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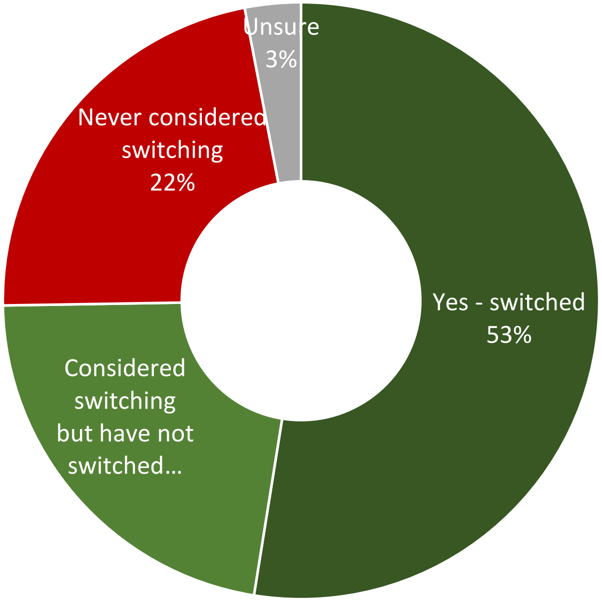
Incidence of switching energy supplier

Half (**53%**) have ever switched supplier



The proportion who have ever switched is lowest among:

- The digitally excluded (26%)
- Paying by standard credit (31%) or PPM (36%)
- Aged 16-34 (39%)
- Customers of the largest six suppliers (39%)
- Social grade C2DE (45%)
- Unaware or don't understand the price cap (51%)

Have you ever switched or considered switching energy supplier?
Base: All Participants (3,206)

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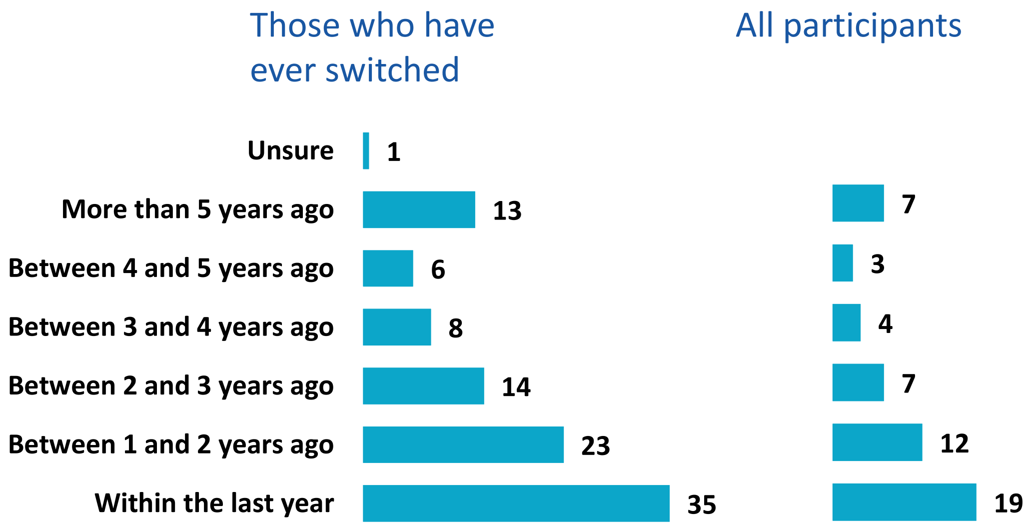
Last occasion switched supplier

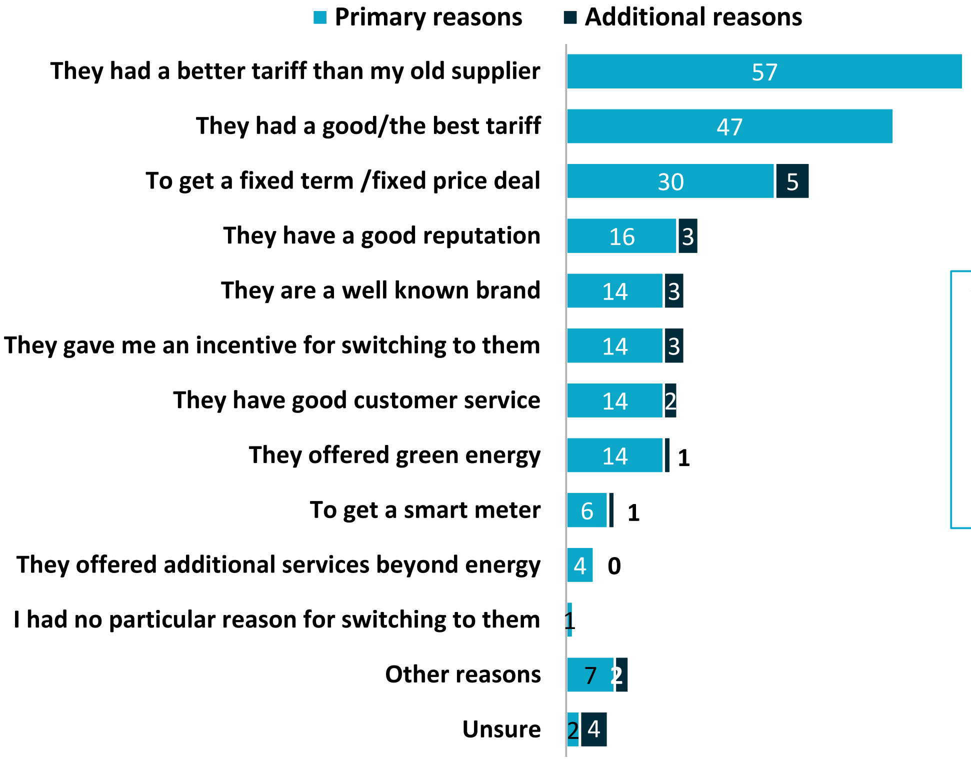
35% of those who have ***ever*** switched supplier did so in the last year

This equates to 19% of all consumers switching in the last year



When was the last time you switched energy supplier? (%)
Base: Those who have ever switched (1,695); all Participants (3,206)

Reasons for choosing supplier



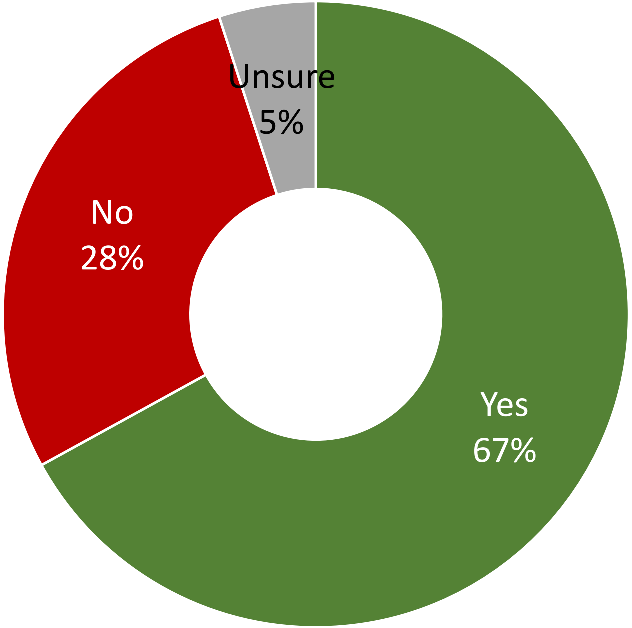
The key reasons for selecting a supplier are cost related.

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

Once you had made the decision to switch to another energy supplier, what were the main reasons you chose the company you went with?
Were there any other reasons for selecting them apart from the tariff?
Base: Those who have ever switched (1,695)

Use of Price Comparison Websites

67% who switched used a Price Comparison Website



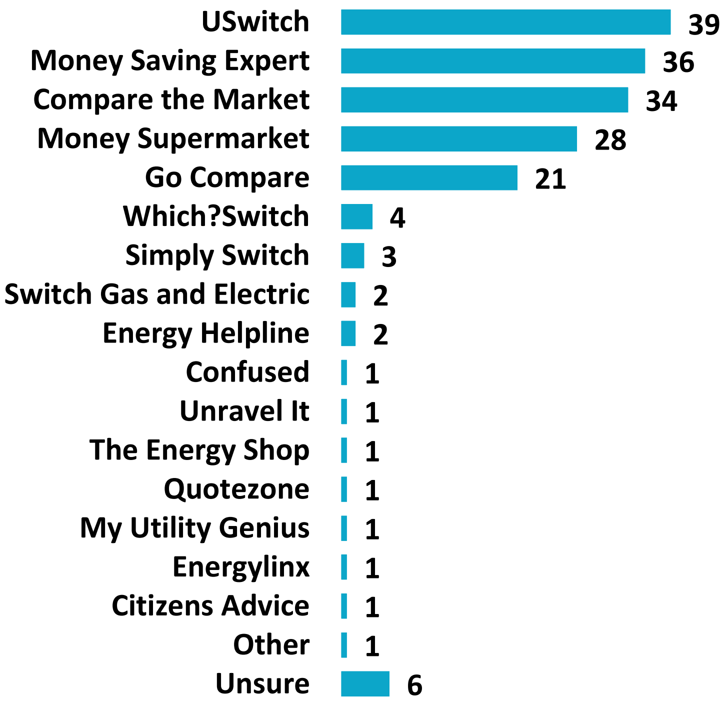
The proportion using PCWs is lowest for:

- The digitally excluded (8%)
- PPM (43%) and standard credit (50%)
- Aged 65+ (55%)
- Social grade C2DE (57%)
- Have a disability (59%)
- Largest Six suppliers (63%)
- Those with Smart Meter (64%)
- On an SVT (65%)

Did you use a price comparison website to help you switch energy supplier?
Base: Those who have ever switched supplier (1,695)

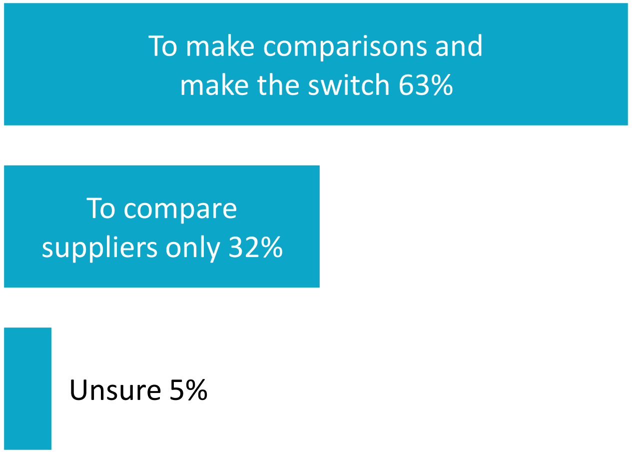
* PCW = Price Comparison Website

Price Comparison Websites (PCWs) used



Which price comparison websites did you use? (%)
Base: All who used price comparison website (1,129)

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



Did you use the price comparison website only to compare suppliers or did you also use it to make the switch?
Base: Those who used a price comparison website to help them switch energy supplier (1,129)

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Satisfaction with switching experience

High satisfaction with switching process (approximately 85%)

N.B. Neutral and 'Don't know' responses are not shown

Satisfaction with switching is higher for those who used a PCW

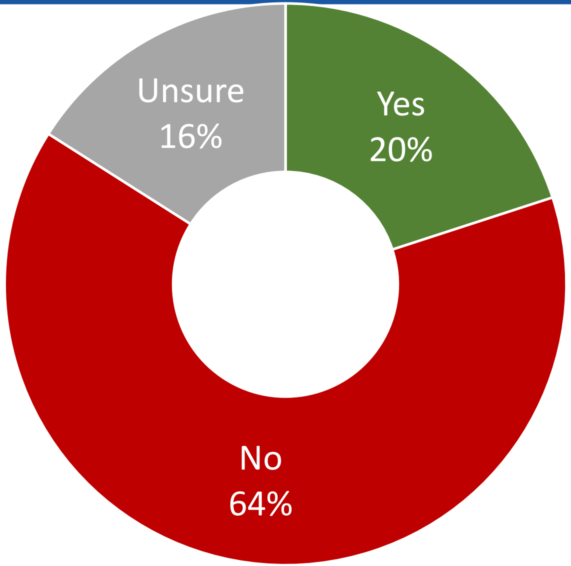
	Satisfied with ease of comparing suppliers and prices	Satisfied with the switching process overall
Did not use PCW	63%	77%
Used PCW only to compare suppliers	89%	89%
Used PCW to complete switch	93%	92%

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

Base: Those who switched their energy supplier (1,695), Did not use PCW (476), Used PCW only to compare suppliers (359), Used PCW to complete switch (711)

Consumers currently considering switching

20% currently thinking of switching supplier



- The proportion considering switching is highest for:
  - Dissatisfied customers (63%)
  - On a mixed tariff (39%)
  - Aged 16-34 (27%)
  - Customers of Small Tier suppliers (24%)
  - ABC1 (23%)
  - Online (22%) vs digitally excluded (5%)
- Little difference by whether switched before (22% switched v 19% never switched)

Are you currently considering changing your energy supplier?
Base: All Participants (3,206)

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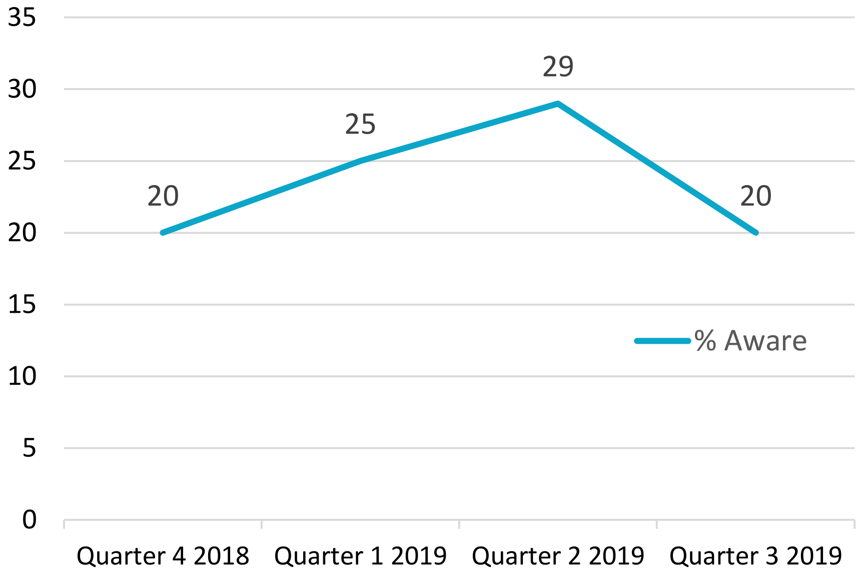
The energy price cap

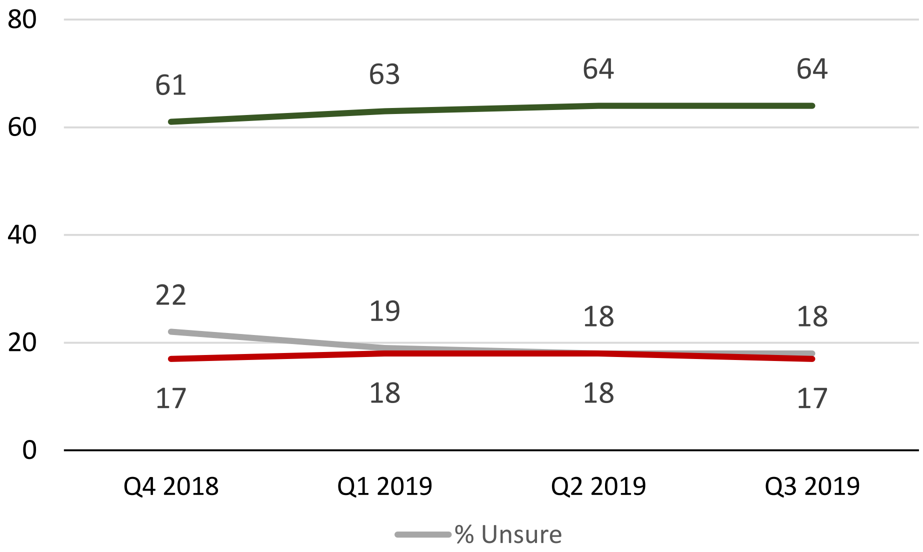
Awareness of the price cap

7 months since its introduction, awareness of the Default Tariff Cap has dropped; from a high of **29%** in Q2 2019 to **20%** in Q3 2019

But understanding of the principle of the cap has remained similar compared to the previous two quarters



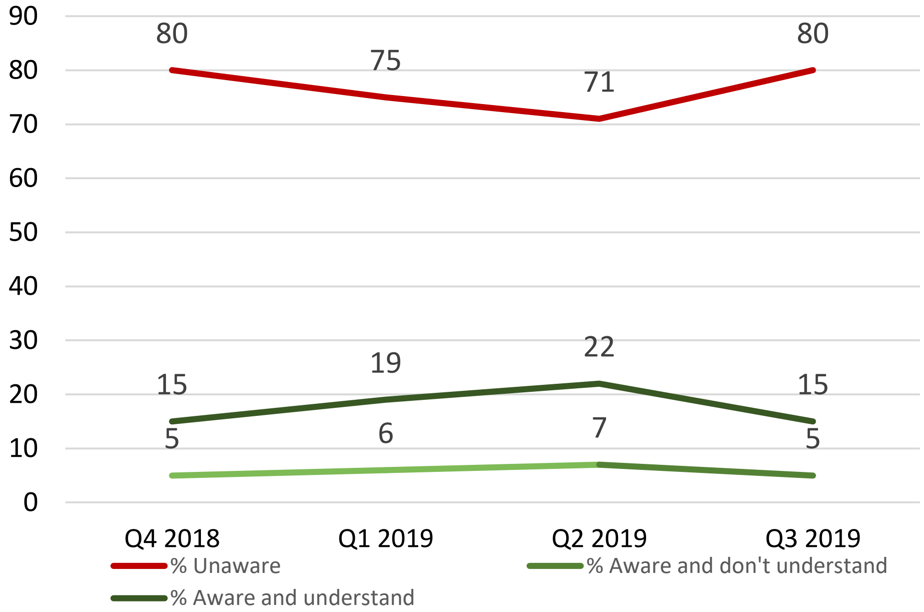
Before today, had you heard about a new energy price cap known as a `Default Tariff Cap'? (%) Base: All Participants (Q1 2019: 3,200; Q2 2019: 3,236; Q3 2019: 3,206)



Which of the following do you think best describes what an energy price cap is? (%) Base: All Participants (Q1 2019: 3,200; Q2 2019: 3,236; Q3 2019: 3,206)

Informed awareness of the cap has fallen back to baseline levels

22% had heard of the cap in Q2 2019 and understood it. This has dropped to **15%** in Q3 2019



- Higher awareness among the following consumers:
  - Ever switched tariff (20%)
  - Contacted supplier in last 3 months (19%)
  - ABC1 (18%)
  - Online consumers (16%) vs digitally excluded (6%)

Before today, had you heard about a new energy price cap known as a `Default Tariff Cap'? / Which of the following do you think best describes what an energy price cap is? (%) Base: All Participants (Q1 2019: 3,200; Q2 2019: 3,236; Q3 2019: 3,206)

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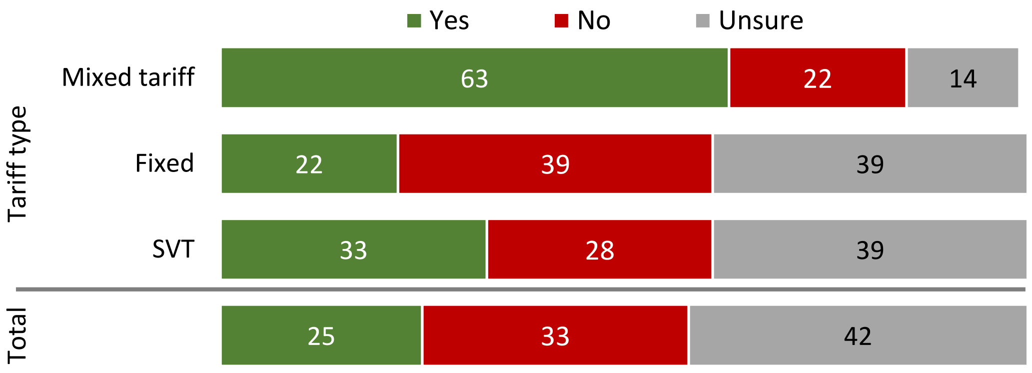
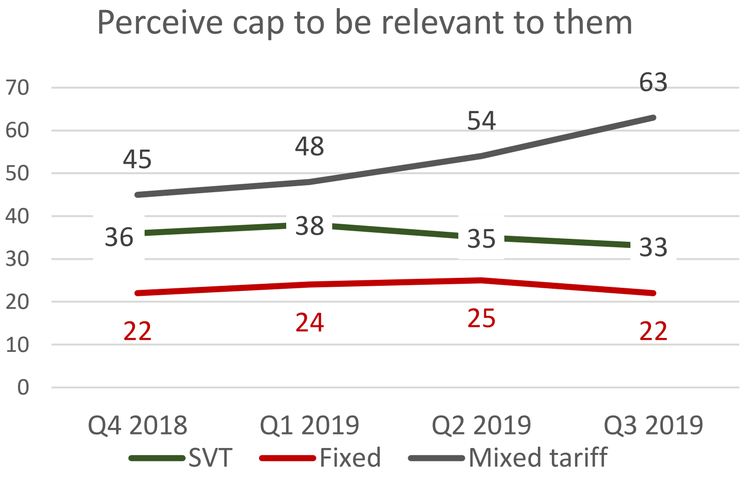
Perceived relevance of cap

25% feel the cap could apply to them (**63%** for those on a mixed tariff)



Perceived relevance has continued to increase for those on a mixed tariff. Relevance has slightly decreased over the past two months for those on an SVT



Knowing this, do you think that the default tariff price cap will apply to your energy bills? (%)
Base: All Participants (3,206), Mixed Tariff (40), Fixed (1800), SVT (662)

Smart meters

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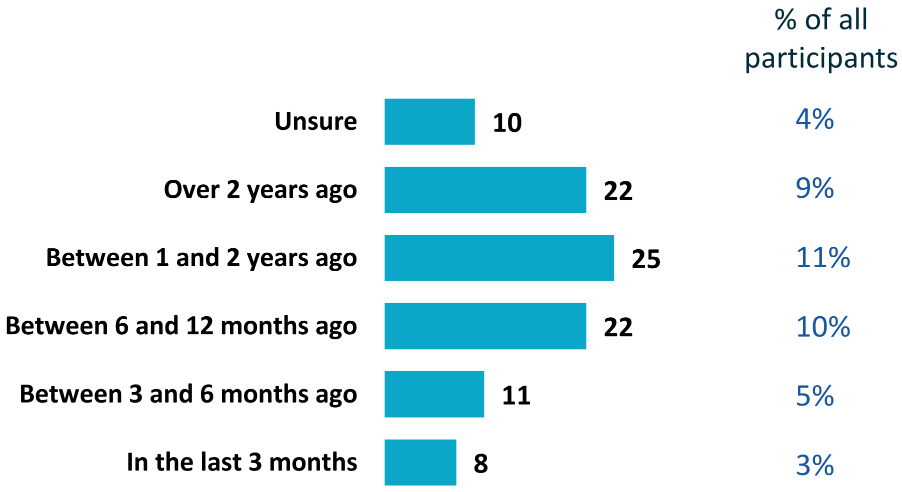
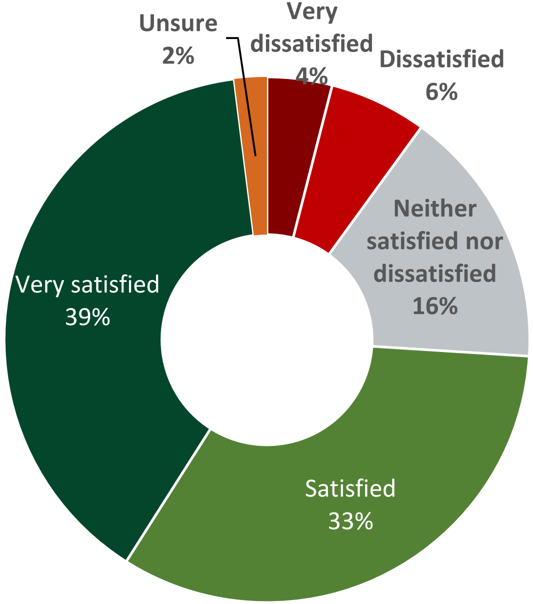
Smart meter use

42% have a Smart Meter

Nearly three quarters are satisfied with the installation process

41% installed in last 12 months:





Of the two meters described below, which is the most similar to the one in your home? / When did you have your smart meter installed? (%)
Base: All Participants (3,206) / All with smart meter (1,348)

How dissatisfied or satisfied were you with the process you went through to have a smart meter installed? Base: All with smart meter installed in last 6 months (254)

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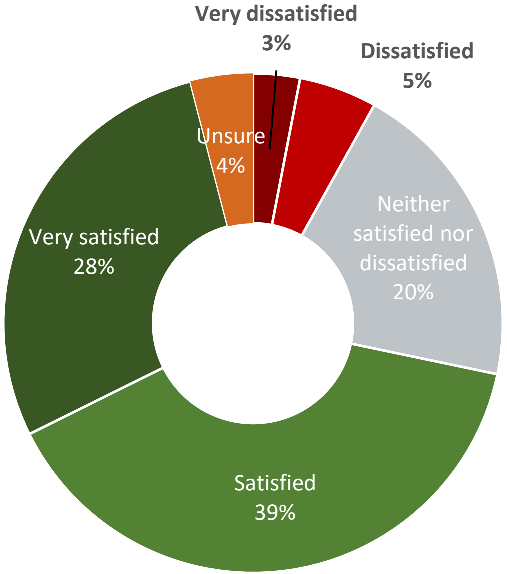
Satisfaction with smart meter

67% are satisfied with their smart meter

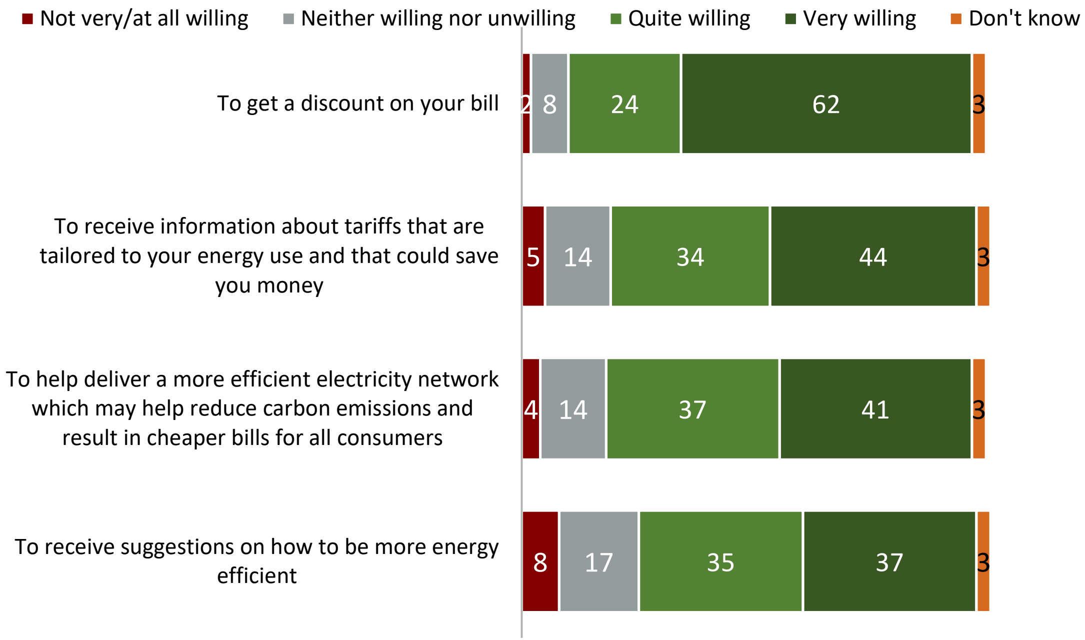


- Satisfaction is higher among:
  - The digitally excluded (86%)
  - Those aged 16-24 (82%)

Overall, how satisfied or dissatisfied are you with your smart meter?
Base: All with a smart meter (1,348)

Willingness to share smart meter data

Consumers with smart meters are willing to share their smart meter data with their supplier for a number of reasons, particularly if it means a bill discount



- Willingness to share smart meter data is high across most types of smart meter user.
- Willingness is higher among SEG ABC1:
  - 65% *very likely* for bill discount
  - 49% for tailored tariffs
  - 41% for energy efficiency suggestions
  - 44% to deliver more efficient network

How willing would you be to share this data with your supplier for each of the following purposes? Base: All with a smart meter (1,348)

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Annexes

Abbreviations/terms used in this report

Suppliers:

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

Tariffs / Payment:

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

Demographics:

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

Other:

- PCW = Price Comparison Website
- PPS = Percentage points

Measuring smart meter use

- Use of smart meters was measured by asking participants to indicate which of the following best described the energy meters they have in their home.
- The question was asked separately of gas and electricity. The order of the meter descriptions was randomised across the survey sample.
- Those selecting the description for Meter A (the titles remained static) for either gas or electricity were deemed to have a smart meter.

Meter A	Meter B
Monitors energy use	Monitors energy use
Automatically sends readings of how much energy has been used in your home to your supplier	You or someone else in your household personally send readings of how much energy has been used in your home to your supplier OR someone from your supplier visits your home to take meter readings
Shows how much energy has been used in pounds and pence on a display or an app or online account	<u>Does not</u> show how much energy has been used in pounds and pence on a display or an app or online account
Has been installed in the last 5 years	Has been installed more than 5 years ago
SHOW IF HAVE A PRE-PAYMENT METER Allow those who pre-pay for energy to top up via their mobile or online	SHOW IF HAVE A PRE-PAYMENT METER Those who pre-pay for energy must top up at a pay point, post office or other shop

Sample profile: unweighted vs weighted

Demographic characteristics	Unweighted	Weighted
Gender		
Male	45%	48%
Female	55%	51%
Age		
16-34	18%	18%
35-49	29%	30%
50-64	25%	27%
65+	28%	25%
Social Grade		
AB	28%	28%
C1	29%	28%
C2	17%	19%
DE	25%	25%

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

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