

RESPONSE TO STRATEGIC REVIEW OF THE MICROBUSINESS RETAIL MARKET AND THE SUPPLY OF ENERGY

The British Independent Retailers Association (Bira) is a national membership association representing 4,000+ independent retail businesses throughout the UK. Our membership is very diverse, ranging from small hardware shops to independent department stores. Bira campaigns for its membership and the retail sector in general to ensure that retailers have a 'level playing field' for business.

Annex 1: Call for inputs

Question 1

Do you agree that our theories of harm (see earlier in this document and Annex 2) represent the most significant and impactful areas of consumer detriment?

Bira response:

Your theories of harm are very relevant to the independent retailer. We believe that there is a lack of transparency and readily available information for the business owner. Furthermore, if the information is accessed, then there is unnecessary complexity making it hard for people to make an informed decision

Question 2

Are there any other key areas of consumer harm that should form the focus of our review?

Bira response

We believe you have covered the main areas of concern. If we were to prioritise it would be in the areas of awareness, transparency and removal of onerous contracts (especially from brokers)

Question 3

Do you think awareness raising materials/initiatives would be of significant benefit to microbusinesses? What key information should any new materials focus on and how would they best be delivered to microbusinesses?

Bira response

Yes we believe that awareness is one of the key issues. Retailers are high users of energy because consumers tend not to visit dark, cold shops. Energy is a major cost and we need to make small retailers aware of their options and rights. There are many associations that could be used to deliver centrally produced communications, as well providing information of the websites. We also believe that the onus should be placed on the energy providers to send up to date tariff information with the bills sent to consumers. Finally, we believe that better use could be made of the comparison sites

Question 4

Our evaluation of the CMA's price transparency remedy (published alongside this document) has identified a number of issues at this stage of the customer journey. What do you see as the most impactful issues hindering microbusinesses attempting to effectively browse the market in search of an improved deal/service offering? Please provide quantitative and/or qualitative evidence demonstrating why you believe these issues to be most impactful.

Bira response

We believe that awareness continues to be a major issue. Within a small retail business the owner is salesman, stock controller, HR, tax expert etc. As a result, the focus of the owner will on immediate issues where impact is greatest – in terms of costs, business rates are a good example. In short, time is a problem and so the owner needs the information to be presented in a more readily available format.

As an association we have a partnership with an energy provider (a broker) but the take up is low. This may be because of the quality of the broker, but I think it reflects an apathy and lack of understanding towards the cost of energy in business from many small retailers.

Time and 'fire fighting' are a problem. Awareness is the other and maybe we could use the extensive consumer advertising on TV, aimed at reducing energy consumption, to communicate the same message for business

Finally, insisting on the suppliers to making the business customer journey easy to navigate would be very welcome

Question 5

What do you see as the key issues microbusinesses face when they come to enter into a new contract for their energy supply? Please provide quantitative and/or qualitative evidence demonstrating the extent and impact of the consumer harm caused by these issues in the form of both financial and non-financial detriment

Bira response

We do not have any quantitative information. Qualitatively we hear that the terms of the contract are not immediately clear with a lot in the 'small print', such as onerous cancellation terms. This means that even if a business took the trouble to change, it would encounter significant barriers from the existing supplier.

Question 6

Do you have evidence demonstrating the extent and impact of malpractice by brokers dealing with microbusinesses? We are seeking both qualitative and quantitative evidence demonstrating consumer harm in the form of both financial and non-financial detriment

Bira response

We do not have specific examples, but we have been told anecdotally that brokers use onerous contracts with small windows for cancellation, the contract being automatically renewed if the cancellation window is missed

Question 7

Can you provide evidence demonstrating the extent and impact of any consumer detriment caused by providers approaches to dialogue with consumers about debt management issues? We are seeking both qualitative and quantitative evidence demonstrating consumer harm in the form of both financial and non-financial detriment.

Bira response

We do not have evidence to comment on this

Question 8

Are you aware of microbusinesses facing significant and impactful issues when they come to exit a contract with their provider?

Bira response

As previously mentioned we are aware of anecdotal evidence suggesting that contracts are automatically renewed if the cancellation window is missed, with the onus being on the consumer to cancel and not reminded by the supplier

Question 9

Please provide evidence of the extent and impact of consumer detriment caused by the issues you have commented on in response to the above question. We are seeking both qualitative and quantitative evidence demonstrating consumer harm in the form of both financial and non-financial detriment

Bira response

We do not have any quantitative evidence. In reality the cost is an inefficient business spending more than it needs to. Whilst this may not be the main reason for business failure, it certainly contributes