

# Ofgem Consumer First Panel

Exploring trust and some Retail Market Review remedies  
December 2015



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# 1 Summary

The Ofgem Consumer First Panel consists of around 80 consumers who meet three times over a year to discuss their views of key energy issues and their impact on consumers across Great Britain. Since 2007, feedback from the Consumer First Panel has helped ensure the consumer voice is heard in Ofgem's policy making process.

This report summarises the findings from the first wave of the latest annual Consumer First Panel.

## 1.1 Background and objectives

In August 2013, Ofgem published its domestic Retail Market Review (RMR) proposals to promote consumer engagement in the energy market and improve competition between suppliers. Ofgem intervened in order to make the market simpler, clearer and fairer for energy consumers. Ofgem has already commissioned a quantitative evaluation survey to understand the impact of its RMR remedies. This forms a part of its RMR monitoring and evaluation framework.<sup>1</sup>

The Panel adds a qualitative perspective to this quantitative research, particularly on topics that are difficult to investigate through surveys. As such, it provides a richer understanding of the current consumer perspective on complex issues like trust in energy suppliers. It also allows for a more in-depth exploration of consumers' experiences and understanding of some of the specific information remedies introduced as part of the reforms.

The aims for this year's first Panel events were to understand:

- consumers' views of their own and other energy suppliers;
- the extent to which trust influences consumer behaviour in the energy market; and,
- awareness, understanding and use of some of the Retail Market Review information remedies introduced by Ofgem.

## 1.2 Methodology

A deliberative approach was used in order to give participants the freedom to express their views within a framework that helps build their knowledge in the area. This provides insight into why participants have certain views; it is not designed to draw representative conclusions about the wider population.

In total, 76 Panellists were recruited to broadly reflect the full range of energy consumers in Great Britain. Workshops of three hours took place between 21st July and 13th August 2015 in four different locations (Peterborough, Dumfries, Exeter and Cardiff). These allowed Panellists enough time to express their views, share and deliberate with others.

Panellists will be invited to attend a further two events during this Panel year.

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<sup>1</sup> Ofgem, [Domestic Retail Market Review Evaluation – a proposed way forward](#), January 2014

## 1.3 Key findings

### Overall views of the energy market

- The energy market was not viewed favourably by Panellists, with discussion dominated by concerns about prices and a perceived lack of competition between suppliers.
- Many were also negative about poor customer service, lack of transparency around tariffs and pricing, and difficult to understand supplier communications.
- Most had not considered switching for several years because they had not really experienced problems with their current supplier. They made assumptions about a lack of meaningful choice in the market and how difficult it is to engage.<sup>2</sup>
- However, there were aspects of the market that were viewed more positively, particularly price decreases earlier in the year. More engaged Panellists also spontaneously mentioned increased competition, and a few were aware of changes to the information given to consumers by suppliers.

### How do consumers view suppliers?

- Most Panellists were fairly neutral about their own supplier. Many said they did not think about, contact or engage with them as part of their daily lives.
- As many Panellists had not engaged with the energy market more generally, their views of suppliers other than their own were limited by a lack of direct experience.
- A strong theme was that Panellists assumed that suppliers were similar in terms of both customer service and the prices they charge.
- The six larger energy companies were generally described less favourably than smaller suppliers. Panellists assumed that smaller suppliers would have to offer something distinctive to win market share from the established suppliers. They were also not as closely associated with the longer term concerns about the energy market.
- However, most said they would stick with their larger supplier because smaller suppliers were an unknown quantity and they wanted them to have a track record of delivering

### Do consumers trust energy suppliers?

- Trust is not the most appropriate framework for understanding how Panellists' conceptualised their relationships with their energy suppliers.
- Consumer expectations of the supplier relationship were more transactional: suppliers should provide reliable energy, good customer service and accurate information about their energy use and billing.

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<sup>2</sup> Engaging with the energy market is defined broadly throughout the report as consumers taking steps to read supplier communications, understand their tariff and bills, reviewing their tariff and supplier choices, or actually switching tariff or supplier.

- Panellists who had not engaged recently with the market found it challenging to answer some of the questions about trust, even about their own supplier. They felt they did not know enough to make an assessment.
- Many gave their own supplier the benefit of the doubt, because they were broadly satisfied with the service they received rather than because they trusted them.
- Consumers having more trust in energy suppliers may be a goal for the future, but it was not the issue Panellists would prioritise in the short term. Instead, they wanted to see a better functioning market that delivers for consumers; suppliers ensuring consumers benefit from any savings; and simple, clear and relevant supplier communications.
- Improving perceptions by tackling these issues was seen by some as a good first step towards developing better relationships between consumers and energy suppliers.

### What difference have the RMR information remedies made?

Ofgem introduced the following information remedies and other changes to supplier communications as part of the RMR reforms, to help consumers engage better with the energy market (full details are available in Chapter 2 of this report):

- Cheapest Tariff Messaging
  - Tariff Comparison Rate
  - Personal Projection
  - Tariff Information Labels
  - End of Fixed Term Notice
  - Price Increase Notice
- Awareness of the specific RMR information remedies was limited and there were only a few examples of these encouraging Panellists to engage in the market.
  - On prompting, some could recall seeing the Cheapest Tariff Messaging, information about their past energy consumption, and aspects of the Tariff Information Label.
  - Less engaged consumers welcomed the Cheapest Tariff Messaging and Personal Projection in particular. However, their longer term concerns about how the market works, the challenges of engaging, and how worthwhile it was to switch meant they remained unlikely to take action
  - More engaged consumers felt they had been able to find the information they needed to make tariff comparisons and switch supplier before the RMR remedies were introduced. They said the key information had been on their bills and other supplier communications.

## 2 Introduction

In April 2015, Ofgem commissioned Ipsos MORI to conduct research with a refreshed Consumer First Panel. This report summarises the findings from the first wave of the Panel.

### 2.1 Background

Since 2007, Ofgem has run the Consumer First Panel. This year's Panel consists of around 80 everyday domestic consumers<sup>3</sup> who meet three times over a year to discuss their views of key energy issues and their impact on consumers across Great Britain. The deliberative nature of the Panel allows consumers to build their knowledge and understanding of the energy market, and to consider these issues from a personal and citizen perspective. The findings from the Consumer First Panel are used to help ensure the consumer voice is heard in Ofgem's policy making process.

In August 2013, Ofgem published its decision on domestic Retail Market Review (RMR) remedies to promote consumer engagement in the energy market and improve competition between suppliers.<sup>4</sup> Ofgem intervened in order to make the market simpler, clearer and fairer for consumers. The remedies were introduced so consumers have the information they need to understand their current circumstances, can compare tariffs and find the right one for them, and be able to trust suppliers to treat them fairly.

Specifically, this research covered some of the RMR information remedies, and other changes to supplier communications:

- Cheapest Tariff Messaging (CTM) indicates if a consumer could save money by changing from their current tariff to alternative tariffs with their current supplier.
- The Tariff Comparison Rate (TCR) provides consumers with the cost of a tariff for a typical consumer using a single number expressed in pence per kilowatt hour.
- A Personal Projection is a tailored projection of what a consumer would pay over the next 12 months on one tariff based on their current energy use.
- Tariff Information Labels (TILs) provide consumers with key tariff information in a standardised format.
- The End of Fixed Term Notice aims to ensure that the consumer has the information they need to make an appropriate tariff choice at the end of their fixed term tariff, or make an informed choice to default onto a different tariff offered by their current supplier.
- The Price Increase Notice is sent to a consumer at least 30 days before there is a price increase or a change to the terms of a consumer's tariff which is to their disadvantage.

More details about these remedies are included in Chapter 7.

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<sup>3</sup> Panel is refreshed each year to ensure Ofgem's decision-making is informed by the views of ordinary energy customers

<sup>4</sup> Ofgem, [Implementation of the Domestic Standards of Conduct – decision to make licence modifications](#), June 2013 and [The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information](#), August 2013

Ofgem has already commissioned a quantitative evaluation survey to understand the impact of its RMR remedies as part of its monitoring and evaluation framework. This framework ultimately aims to determine whether and how the RMR has contributed to improving consumer engagement.<sup>5</sup> It has also established an annual quantitative consumer engagement tracker to identify long term trends in energy consumers' views and behaviours.<sup>6</sup>

The Panel adds a qualitative perspective to this quantitative research, particularly on topics that are difficult to investigate through surveys. As such, it provides a richer understanding of the current consumer perspective on complex but important issues like trust. It also allows a more in-depth exploration of consumers' experiences and understanding of specific information remedies introduced as part of the reforms.

## 2.2 Objectives

The aims for this year's first Panel were to understand:

- consumers' views of their own and other energy suppliers;
- the extent to which trust influences consumer behaviour in the energy market; and,
- awareness, understanding and use of the Retail Market Review information remedies introduced by Ofgem.

## 2.3 Methodology and approach

A deliberative approach was used in order to give participants the freedom to express their views within a framework that helps build their knowledge in the area. This provides insight into why participants have certain views; it is not designed to draw representative conclusions about the wider population.

Workshops of three hours were conducted in four different locations (Peterborough, Dumfries, Exeter and Cardiff) to allow Panellists enough time to express their views, share and deliberate with others.

A range of techniques were used in the workshops to ensure the findings were useful to inform policy objectives:

- Individual / paired / group discussions
- Testing a selection of trust statements used in Ofgem's quantitative consumer surveys<sup>7</sup>
- Use of an 'ideas book' during individual tasks
- Segmentation task based on Panellists' views of their own engagement with the market (see Appendix A for further details)
- Mocked up bills and visual examples of the relevant RMR remedies

<sup>5</sup> Ofgem, [Retail Market Review 2015 Survey](#), September 2015

<sup>6</sup> Ofgem, [Customer Engagement with the Energy Market – Tracking Survey 2015](#), September 2015

<sup>7</sup> Three trusts statements are used in a quantitative survey carried out by TNS-BMRB to assess the impact of RMR remedies on consumer attitudes and behaviours. The fourth statement is taken from Ipsos MORI's 2015 consumer engagement tracker, this is an annual survey conducted on behalf of Ofgem.



After the workshops, participants with access to the internet were invited to join the Consumer First Panel online community. The platform allows participants from across Great Britain to interact and to carry on the conversation after the events. Participants without access to the internet were also invited to take part in post Panel discussions. They were sent the same questions as those with online access, and returned their responses using freepost envelopes.

## 2.4 Sampling and recruitment

Panellists were recruited to broadly reflect the full range of energy consumers in Great Britain. All participants recruited were solely or jointly responsible for their household's energy bills.

In addition, the following was controlled for at the recruitment stage:

- Age
- Gender
- Ethnicity
- Disability
- Tenure
- Urban/rural
- Employment status
- Social grade
- Fuel poverty
- Internet use/access
- Electricity only
- Payment type
- Meter type
- Current supplier
- Switched supplier
- Considered switching supplier
- Changed tariff with current supplier
- Considered changing tariff with current supplier

In total, 76 Panellists were recruited across four locations in Great Britain. Workshops took place between 21st July and 13th August 2015. Panellists will be invited to attend a further two events during the course of this Panel.

It is important to note that Panel research is intended to be illustrative rather than statistically reliable and, as such, does not permit conclusions to be drawn about the extent to which something is happening in the wider population.

Throughout the report, verbatim comments have been included to illustrate particular viewpoints. It is important to remember that the views expressed do not always represent the views of all participants. In general, however, verbatim comments have been included to illustrate where there was a particular strength of feeling about a topic.

## 3 General views of the energy market

At the beginning of the workshops, Panellists were asked to for their spontaneous views on several key questions to get them thinking about the energy market and frame the subsequent discussion:

- 1 What have you heard about the energy market recently?
- 2 What changes in the energy market have you heard about in the last 12 months or so?
- 3 What words or phrases you would use to describe your energy supplier?
- 4 What words or phrases would you use to describe other energy suppliers?

This chapter draws on Panellists' responses to the first two questions, alongside subsequent discussions about these topics in their groups. Chapter 4 considers Panellists' views of energy suppliers.

### 3.1 Perceptions of the energy market

Overall, the energy market was not viewed favourably by Panellists, with discussion dominated by concerns about prices and a perceived lack of competition between suppliers. Panellists argued strongly that the market did not work in favour of consumers, citing the large profits they felt were made by energy companies. There was also a perception that reductions in wholesale energy prices were not reflected in savings for consumers, whereas it was thought that any increases in cost were quickly passed on.

***“Prices have gone down for the suppliers but they are not passing this on to the customers.”***

Panellists were also worried about other issues. Previous Panels have consistently found similar concerns:

- **Poor customer service**, including specific examples of problems with billing or metering they had experienced or heard about from others. They were also concerned about more general issues like telephone centres being outsourced abroad, with a perception that this reduced standards of customer service.
- Lack of transparency around **tariffs and pricing**. The idea that the market is difficult to navigate came up repeatedly, particularly among those who had not engaged for some time. Many Panellists said they found it hard to work out whether they were on a good deal or not.
- Similarly, Panellists often said they struggled to understand **supplier communications**. Indeed, many had stopped engaging with supplier communications because of long-held frustrations about how complex and unclear they felt they were, both in terms of content and language.

However, there were examples of recent changes in the market that were seen as more positive by some Panellists:

- **Price decreases** earlier in the year were seen a step in the right direction, although Panellists felt prices were still higher than they should be.

- **Increased competition** was mentioned by a few Panellists, who welcomed rising numbers of smaller suppliers entering the market. This was something they had seen covered in the media.
- There were also a number of examples of news stories about **improved energy efficiency**, both in people's homes, and in terms of energy generation.
- Linked to this, a few Panellists mentioned **alternative and renewable sources of supply**, including wind, solar and hydroelectricity. Those who were more familiar with these alternatives thought they were becoming increasingly popular.
- A small number of engaged Panellists had heard about changes in energy market regulation over last year, particularly **changes to the information given to consumers**. None were familiar with the details of what had been changed and why, but a few Panellists felt supplier communications were now easier to understand. Others said that their energy bills had "got longer", without being clear what had actually changed in terms of content. However, this indicates that there is at least some awareness that changes have been made to supplier communications.
- Others mentioned that energy had become more of a **political issue** in the run up to the 2015 general election.

It is not possible to compare directly, but these spontaneous responses suggest that Panellists overall had some positive views about the current energy market. Previous Consumer First Panels have tended, at least on the face of it, to be wholly negative. While price decreases were particularly welcomed, none of the other positive changes emerged as strong themes throughout discussions.

### 3.2 Explaining views of the energy market

Throughout the workshops, it was clear that there was a well-established scepticism about the energy market. There were a number of factors that influenced these perceptions, such as media coverage, word of mouth and past experiences. More recent personal experiences of the energy market tended to be interpreted against this wider backdrop, with any problems Panellists had encountered over the last few years reinforcing their existing views. For most, this resulted in a reluctance to make an effort to engage in the market.

Panellists pointed to concerns about how well the market works for consumers in general, and highlighted several barriers they felt made it hard for them to engage. The key issues raised were:

- **Perceptions of supplier behaviour:** Panellists assumed that suppliers prioritised shareholder interests, with many saying there was scope to lower energy bills and allow companies to still make a reasonable profit. They also argued that competition does not result in the intended benefits for consumers, such as a real choice between suppliers in terms of price and different tariff features. Suppliers were seen as 'much of a muchness', despite only a minority having checked to see what savings they could make through switching.

***"The Big Six made like huge amounts of profit... It was on the news this morning."***

- **The needs of energy consumers:** Panellists usually said that all that they needed from a supplier was reliable energy and correct billing. As few had experienced significant problems, they were

reluctant to take the time to seek an alternative supplier. Their supplier would have to perform particularly badly, for example through poor customer service or by overcharging them, before they would consider switching.

- **The challenges of engaging:** Engaging in the market in a broad sense (checking bills regularly, considering switching, or actually changing their tariff or provider) was still seen as difficult by Panellists, even if they had not tried to engage recently. Specifically, there were a number of perceived problems with the switching process, including complexities around understanding and comparing prices, the length of time it takes, and difficulties with billing during and after switching. Any savings from switching were also thought to be relatively small and short-lived because prices would soon increase. Those who had engaged recently said they were driven by a desire to save money, and tended to behave like this across other markets too.

***“It’s too complicated for me and I’m not silly, I’m not stupid. I just can’t be bothered because it’s too, you know it takes hours to work out.”***

These concerns seemed to be interconnected, with one reason reinforcing another. Most had not considered switching for several years because they had few problems with basic service, and made assumptions about a lack of meaningful choice in the market and how difficult it is to engage.

## 4 Understanding consumer segments

Ofgem's Retail Market Review 2015 Survey<sup>8</sup> included a consumer segmentation derived from a series of attitudinal and behavioural statements about engagement in the energy market. This includes questions about consumers' awareness of their options, whether they have switched or compared tariffs, and the extent to which they have read recent supplier communications. Survey respondents are scored across eight factors to create an 'index of engagement'. The resultant consumer segments are named Switched On, Tuned In, On Standby and Unplugged, from the most to least engaged.

Panellists were asked to choose from the descriptions below the segment that best reflected how they currently interacted with the energy market. These descriptions capture the key elements of how each segment typically behaves but do not include all of the details covered in the full segmentation that features in the survey.

There were two main reasons for including this exercise. The first was to allow us to gauge how well these quantitative segments work in a qualitative setting, and particularly the extent to which they map onto Panellists' self-defined levels of engagement. Secondly, we were able to broadly divide Panellists based on their self-defined level of engagement, which was useful for later discussions about the RMR remedies (see Chapter 7).

### Switched On

- I know what tariff I'm on and understand its features
- I like to be on the cheapest tariff and switch quite regularly
- I also read info my supplier sends me and take action as a result of it
- I feel confident comparing and switching in the market
- I've switched my supplier/tariff in the last 12 months

### Tuned In

- I keep an eye on the market – comparing tariffs or changing supplier now and then
- I read my bills and other info that my supplier sends me – but don't always do anything as a result
- I've thought about switching tariff supplier in the last 12 months.

### On Standby

- I compare tariffs or look at changing supplier very rarely
- I understand a bit more about my tariff
- And might have a quick look at my bills or other info
- I don't feel confident switching tariffs
- I've switched tariff/supplier

<sup>8</sup> Ofgem, [Retail Market Review 2015 Survey](#), September 2015

## Unplugged

- I haven't changed or compared tariffs or suppliers in the last few years
- I don't look at my bills or other info my supplier sends me (maybe just what I owe)
- I haven't had much contact with my supplier in the last few years
- I'm not sure what I spend on energy every year
- I hardly ever think about switching tariff or supplier

Most Panellists found it relatively straightforward to choose the group that fitted them best. They usually did this in one of two ways:

- 1** Many quickly chose a group based on the overall description. For most, this was the least engaged group (Unplugged), with these Panellists explaining that they identified with most of the descriptions in this group. Similarly, a small number of very engaged Panellists were able to quickly recognise themselves in the description of the most engaged group (Switched On).
- 2** Others selected a group on the basis of a single statement in the description. For example, many focused on the fact that they had not changed or compared tariffs for several years and opted for the least engaged group (Unplugged).

Others struggled to choose the group that best described them, especially those who felt they fell between groups. They said that there were statements across some or all of the segments that they could identify with. Similarly, there were Panellists who said most of the behaviours in a particular segment applied to them, but that some did not. For example, one Panellist thought that three of the four statements in the Switched On group applied to him, but not the fourth (switching recently) as they were on a fixed energy deal and had therefore not needed to switch in the last 12 months.

Some chose the On Standby group even though they had switched supplier or tariff in the past year (one of the attributes of the Tuned In group). These Panellists did not feel confident navigating the market, even though they had switched. They said their switching was strongly influenced by advice from a friend, family member or their own supplier, and that they would not be comfortable taking action on their own.

A few Panellists self-identified with a group that did not seem to reflect how engaged they actually were, based on what they had said about their interaction with the market. This was particularly true for Panellists who had switched to a fixed term tariff fairly recently. Their awareness and behaviours pointed to them being in Switched On group. However, some of these Panellists chose On Standby because being on a fixed term tariff meant they did not have to engage with the market very often.

## 5 Consumer views of energy suppliers

Panellists discussed their views of their own supplier and of other energy suppliers. This enabled us to explore whether perceptions of suppliers influenced willingness to engage with the market.

### 5.1 Views of their own supplier

Most Panellists were fairly neutral about their own supplier. Many said they did not think about, contact or engage with them in the course of their daily lives unless something was going wrong. An absence of memorable experiences – positive or negative – meant they did not have strong views about their supplier either way. Instead, they stayed with their supplier because they had no reason to do otherwise. Even if they had some minor frustrations with aspects of their suppliers' service, they did not expect that any other supplier would be significantly better.

***“Standard. They provide electric – they were the supplier when I moved in.”***

Nevertheless, Panellists were slightly more upbeat about their own supplier than other suppliers. Any positive experiences of customer service were particularly important in shaping these views. Some more engaged Panellists also felt that their supplier was offering them the best tariff. While overall there were concerns about customer service and supplier communications, a few Panellists mentioned specific improvements that they had experienced, such as online portals and mobile apps, or easier to understand communications (both emails and hard copy). Often these views were contrasted with negative experiences of a supplier that they had been with previously.

Most Panellists struggled to see how their views of their own supplier would change unless something went badly wrong. They were usually broadly satisfied with the service they received and had no real expectations that it would change significantly.

### 5.2 Views of other suppliers

As many Panellists had not engaged with the energy market more generally, their views of other suppliers were limited by a lack of direct experience. Indeed, a strong theme was that Panellists' assumed that suppliers were similar in terms of both the levels of customer service and prices on offer.

***“They are all much of a muchness.”***

Their comments therefore tended to reflect broader concerns about how the energy market works, rather than commenting specifically on other suppliers. This included the issues described in Section 3.2. The exception was those who had switched from one supplier to another because of a bad experience with customer service, billing or pricing.

Overall, this meant that Panellists' views of other suppliers were more negative than views of their own.

### 5.3 Perceptions of the larger and smaller suppliers

While many Panellists did not have strong views, the six larger energy companies were generally described less favourably than smaller suppliers. Panellists assumed that smaller suppliers would have to offer something distinctive to expand their customer share. Those with more familiarity with smaller



suppliers discussed how they usually claimed to offer better value, customer service, or to use alternative energy sources. This increased choice was welcomed by some Panellists. Others did not have particularly strong views, because they thought all suppliers were the same, or because they were not interested in engaging with the market.

Despite these perceived advantages, smaller suppliers were seen as an unknown quantity by other Panellists. Most said they would stay with their larger supplier until smaller suppliers had a longer track record of success. Again, this was usually because they did not see any reason to leave, or because they had concerns about ability of smaller suppliers to provide good customer service and ongoing value for money. Those who were engaged with the market were more likely to say they had switched to a smaller supplier or would consider doing so in future.



## 6 Trust in the energy market

Ofgem assesses trust in consumers' own suppliers and in the energy market more generally through a series of questions used in its quantitative research. Certain RMR remedies, such as the Standards of Conduct, aim to ensure that consumers are treated fairly by suppliers, which should in turn help to improve trust in energy suppliers.

During the discussions, we explored how Panellists thought about trust in the energy market. The aim was to better understand what influences how consumers think about trust when it comes to the energy market, and to gather feedback on the quantitative measures currently used to measure trust.

Throughout the discussions on trust in their own supplier, other suppliers, and the energy market generally, it became clear that Panellists found it difficult to conceptualise trust when they thought about relationships with their energy supplier. This is important to bear in mind when we consider how Panellists interpreted and answered the quantitative statements. Although trust maybe a useful catch-all term used by regulators and others in the energy sector, in practice trust will mean different things to different consumers depending on context, and is not how they view their relationship with their own supplier or others.

### 6.1 Understanding how consumers see their relationship with their supplier

Panellists struggled with trust as a framework for conceptualising their relationships with their energy suppliers. They pointed out that they had to have an energy supplier because the service they provide is essential. While they could see there was choice in the market, this was not usually viewed as being meaningful because suppliers were considered to be broadly similar in their offer to consumers. This meant that the idea of trusting their supplier did not resonate with most (although there were some exceptions).

***“My view is that all energy suppliers are the same. They are like politicians, you need to choose one but you don't actually trust any of them.”***

Instead, Panellists tended to use more transactional language to describe what they expected from their relationship with their supplier. They wanted to be able to depend on their supplier to provide them with energy reliably and for a fair price, and to deliver a basic, competent level of customer service. Specific aspects of the supplier relationship were considered more or less important by different Panellists. Some emphasised price above all other factors, while others saw customer service or a supplier's green credentials as just as important – and even more important than price in a few cases.

Furthermore, Panellists' decisions about which supplier they were with did not seem to be driven by how much they trusted an individual supplier. Instead they focused on more tangible considerations like price, customer service and other supplier or tariff features. And many also said they were unlikely to change supplier unless something went wrong.

However, specific expectations of suppliers differed depending on how engaged Panellists were:

- Less engaged Panellists focused solely on reliability of supply and efficient customer service. They assumed prices were similar across suppliers.

- More engaged consumers were concerned about supply and customer service, but also wanted clear, relevant information at the right time so they were able to make decisions about the best supplier or tariff for them.

A few would like a more trusting relationship with their supplier because being able to trust businesses was something they valued generally, even if they struggled to articulate what that would look like in practice. A small number of Panellists also wanted to be able to trust suppliers because of their role in providing energy to vulnerable consumers.

However, after discussing trust at length (including answering the trust statements discussed previously) most Panellists remained unsure that trust worked as a way to describe the relationship they wanted with their supplier. Even so, the discussions highlighted several important aspects of how consumers think about energy suppliers:

- **Some gave their own supplier 'the benefit of the doubt':** they answered the questions about trust in their own supplier less negatively because they have not had any issues with their current or a recent supplier. This did not mean that they felt they 'trusted' their supplier, but rather that they were broadly satisfied with the service they received.
- **Many trusted their supplier's basic competence but not motivations:** both engaged and disengaged Panellists tended to think their supplier was capable of providing reasonable customer service and reliable supply, and charging for this accordingly. But they did not 'trust' suppliers' motivations. Specifically, they believed priority was given to generating profits for shareholders rather than looking after consumers.
- **Some examples of trust:** a small number of Panellists said they trusted their supplier, for the following reasons:
  - They were generally trusting people, and had no reason not to trust their supplier based on past performance.
  - They had been provided with clear, useful information about their tariff, use, and billing, allowing them to make informed choices about tariff options.
  - Feeling that they could trust a smaller supplier after switching, because smaller suppliers were not seen as being part of the wider problems these Panellists associated with the energy market.

## 6.2 Key findings on trust statements

Panellists were asked to answer a series of statement questions about trust, before explaining their reasoning. The main purpose of this exercise was to help inform interpretation of existing quantitative survey findings, so that current views and any future changes in perceptions can be understood better.

Panellists worked individually, answering each of the questions on the scale below, and then discussed their thoughts with other Panellists.

*Completely trust*  
*Tend to trust*  
*Neither trust nor distrust*  
*Tend to distrust*  
*Completely distrust*

The key findings from this exercise were as follows:

- Panellists who had not engaged with the market found it challenging to answer some of the questions, even about their own supplier. They felt they did not know enough to make an assessment.

***“I don’t have a lot to do with them really, I know nothing about them.”***

- Most chose options towards the middle of the response scale, suggesting that views were not strong either way. Panellists who answered at either end of the scale often had a specific good or bad experience with a supplier that had influenced their response. For example, where Panellists had had issues with billing from their current or a past supplier, they tended to answer more negatively for the statement ‘being treated fairly in your dealings with suppliers’.
- There was more negativity around the questions exploring price and provision of information. This was grounded in concerns about how the market functions and the challenges of engaging.
- The most engaged Panellists answered more positively, as they tended to know about changes in the market to make it easier for consumers to understand their current and alternative tariff options.

### 6.2.1 To treat you fairly in their dealings with you (own supplier)

**Statement:** *To what extent do you trust your energy supplier to treat you fairly in their dealings with you?*

**How Panellists answered:** Most Panellists opted for ‘tend to trust’.

Panellists found it difficult to assess whether they were treated fairly or not, with many preferring to assume that they were treated fairly in the absence of any evidence or experience to the contrary. This question was therefore interpreted in different ways, but was often understood as being about suppliers providing accurate, reliable and timely information, especially in relation to tariff prices and features. However, some Panellists factored in other experiences with their supplier – such as supply and payment problems – where they had direct experience of these.

***“My energy supplier informed me that I was not on their cheapest rate and advised me what their best offer was.”***

The process they went through in dealing with an issue was important in informing views, as was the final outcome. Those who answered ‘tend to distrust’ or ‘distrust completely’, had usually had a problem like their supplier overcharging or a failure to transfer credit when switching between suppliers.

***“There was an issue over payments; they were adamant that I needed to have a direct debit, and I refused, and they backed down on it, agreed that I could pay them through their website. I felt that was fair.”***

Some also considered other features of the service they received, such as different payment and account management provisions as well as new technology such as smart meters.

Overall this suggests Panellists were reflecting on how satisfied they were with the service they have received from their supplier, rather than whether they trust their supplier to treat them fairly. Most assumed they were being treated fairly unless they had an experience to suggest otherwise.

***“I hope I wouldn’t be treated unfairly or discriminated against; as a company, their main interest is in profit margins and the bottom line, not me as an individual.”***

### 6.2.2 To provide clear and helpful information (own supplier)

**Statement:** *To what extent do you trust your supplier to provide clear and helpful information?*

**How Panellists answered:** They were slightly more negative than for the previous statement, selecting answers around the middle of the response scale.

This statement was typically interpreted in the context of wider views about how easy it is to understand energy prices and navigate the market, rather than simply based on the information they have received from their supplier.

Most Panellists were negative about the information they received from their supplier, saying that they did not understand how the prices were calculated. Others described being unsure how to make comparisons with other suppliers, even if they had not attempted this for many years (if at all).

***“I frequently get conflicting and confusing information, from different departments of the same supplier. This is neither clear nor helpful.”***

Panellists’ responses were also informed by a belief that suppliers were not doing enough to ensure that customers are on the best tariff. They revisited their negative views about the market, calling for suppliers to do more to simplify tariffs and more clearly explain how bills are calculated – indeed some felt that suppliers deliberately make pricing information unclear so that their prices appear better than competitors.

***“They could charge you anything for whatever and you’ve no idea what they’re charging you.”***

In general, the small number of more engaged Panellists answered positively. For them the statement was seen in the context of improvements to supplier communications they had seen. They pointed to receiving notifications about changes to tariff prices and contractual terms as reasons to trust their supplier in this regard.

***“It used to be you’d have to try and dig it out for yourself, which is quite difficult and complicated but now it’s just clear, easy and yeah, so I trust them completely.”***

### 6.2.3 To charge you a fair price (own supplier)

**Statement:** *To what extent do you trust your supplier to charge you a fair price?*

**How Panellists answered:** The overall response was generally ‘tend to trust’, but many struggled to answer because they did not know how to decide what a ‘fair price’ would be.

When thinking about ‘fair price’, some Panellists considered whether or not they thought the price they were charged was similar to other consumers. Many believed it was, as they assumed all consumers are broadly charged the same. However, this tended to be an assumption as most had not checked by comparing prices across tariffs and suppliers.

The other main interpretation of this question focused on whether participants felt the prices they paid reflected the real costs to energy suppliers, with reasonable profits. While Panellists acknowledged that they did not have all the facts, many assumed on this basis that the price they paid was not fair because of the large profits they perceived energy companies made.

***“We are not charged what is fair, but what the market can stand.”***

Those who answered positively did so believing their supplier would want to be competitive in the market and attract new customers; but again, they tended not to be certain whether the price they paid was fair or not.

***“I trust them to be competitive and to be sort of competing with each other to offer a good price but I just don’t know if that’s a fair price, I can’t judge that.”***

### 6.2.4 To be open and transparent with you (all suppliers)

**Statement:** *To what extent do you trust suppliers to be open and transparent in their dealings with you?*

**How Panellists answered:** Overall, responses were fairly negative, with most Panellists choosing answers at the middle or lower end of the scale.

This question focuses on trust in suppliers generally to be open and transparent (rather than their own supplier), and this was reflected in Panellists’ interpretations. Most gave answers based on their more negative views of the energy market as a whole – and particularly general openness and transparency about prices – rather than their experiences of their own supplier.

Many said they were unclear how prices are calculated, but argued that the way prices change when the oil price fluctuates makes them concerned that they are not being worked out fairly by suppliers. Others went further, and said they suspected dishonesty on the part of suppliers.

***“The market is highly suspect, they’re price fixing.”***

Panellists were concerned that, in order to attract new customers, suppliers were not open and transparent about the prices they would charge longer term. Some felt this is to be expected from a private business, but this also meant they did not trust suppliers.

***“Own supplier will not always offer cheapest deal immediately. New supplier may not be completely be honest with hidden charges or inflation of prices”***

A few Panellists were aware of recent changes and therefore more positive about openness and transparency. However, some in this more engaged group were critical because they felt suppliers had to be told to become more open and would not have done so otherwise.

### 6.3 How can suppliers gain trust?

Scepticism about how the energy market works, the perceived challenges around engaging, and the view that energy suppliers are broadly the same are key factors underpinning inertia in the energy market. All of these were important as Panellists explained their responses to the trust statements.

Confident Panellists who were used to navigating the market pointed out that only a few pieces of easily accessible information were needed to carry out a tariff comparison. They were also more aware of recent changes in the market. This meant they were more positive in response to the questions, even if some of them struggled with the idea of trusting suppliers.

Greater trust in energy suppliers was not the issue Panellists would prioritise in the short term. Barriers to engaging with the market and developing more positive relationships with their suppliers would need to be tackled first:

- **A better functioning market that delivers for consumers:** Because they viewed energy as an essential utility, Panellists wanted to see their interests prioritised over shareholders. They placed particular emphasis on energy prices reflecting the costs to suppliers, allowing for a reasonable level of profit (verified independently). Panellists expected that further price reductions were possible.

***“They would need to give full market information and change their price accordingly.”***

- **Suppliers ensuring consumers benefit from any savings:** Panellists would like suppliers to be more proactive in ensuring consumers are made aware of better tariffs, with some wanting their supplier to move them onto a cheaper tariff automatically, and others suggesting they should inform customers of better tariffs offered across the market.

***“They can gain my trust by informing or educating me how to save energy in order to reduce my bill.”***

- **Simple and accessible supplier communications:** Panellists wanted action to reduce the perceived complexity in the market, with requests for information on bills to be made simpler and clearer and better communications of offers and savings. Most were unfamiliar with the RMR information remedies (this will be discussed in Chapter 7).



# 7 Exploring some Retail Market Review information remedies

A key priority for Ofgem since 2010 has been its Retail Market Review (RMR). The outcome of the review was a series of measures designed to ensure the market is simpler, clearer and fairer for consumers. The overall aims are that consumers should understand their current energy tariff, be equipped to make informed decisions about alternative options, and treated fairly when they interact with energy suppliers.

As part of the RMR remedies being implemented, in March 2014 Ofgem introduced obligations on suppliers requiring them to provide clearer and simpler communications, including bills, annual summaries, price increase notification letters, and end of fixed term notices. Different consumers will have different needs and preferences when it comes to information, and there was no expectation that individual consumers would use any or all of these RMR remedies.

However, it is important to monitor awareness and use to help understand the effectiveness of the changes. This wave of Panel builds on the ongoing RMR evaluation survey<sup>9</sup> by exploring qualitatively whether consumers had noticed these changes and the extent to which they were being used to help consumers engage in the market.

Panellists with similar levels of engagement were grouped together to help the conversation flow. These groups were based on how Panellists self-defined against Ofgem's consumer segmentation (discussed in Chapter 3).

## 7.1 Testing awareness, understanding and use of the RMR remedies

Panellists were presented with details of some of the key RMR remedies, namely:

- Cheapest Tariff Messaging
- Tariff Comparison Rate
- Personal Projection
- Tariff Information Label

As Chapter 3 outlined, the most engaged consumers were aware that some changes had been made to supplier communications, but struggled when asked for specifics. Mostly, they described a perception that bills were longer and included more information. A few mentioned better breakdowns of costs and use, and gave examples of suppliers informing their customers that alternative tariffs were available.

However, most Panellists had no spontaneous knowledge of the RMR remedies. These had only been in place for just over a year at the time of the Panel workshops. Panellists would only have received a few supplier communications featuring these remedies. Previous research suggests that many consumers do not read supplier communications in detail, if at all.<sup>10</sup> It is therefore likely that many Panellists had not yet come across or noticed the changes to their bills and annual summaries.

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<sup>9</sup>Ofgem, [Retail Market Review 2015 Survey](#), September 2015

<sup>10</sup>Ofgem, [Prompting engagement with and retention of written customer communications](#), October 2012

After allowing Panellists to discuss their spontaneous awareness, mocked up bills<sup>11</sup> containing examples of each of these remedies were used as a visual stimulus to prompt discussion. The section below discusses how far each one had been noticed; whether it has been used by those who had seen it; how Panellists' viewed the purpose of each; and what difference they thought the information might make to them in future.

### 7.1.1 Cheapest Tariff Messaging

*A personalised message provided on regular supplier communications such as bills and annual summaries, Cheapest Tariff Messaging (CTM) indicates if a consumer could save money by changing from their current tariff to alternative tariffs with their current supplier.*

**Awareness:** Of the four RMR remedies tested, the CTM was the most familiar to Panellists, even if only a minority recognised the actual term. Panellists in all of the more engaged groups had heard about suppliers doing more to ensure that consumers were made aware of the alternative tariffs they provided. This had usually been seen in media coverage or heard through word of mouth, but a few were aware through specific supplier contact or regular supplier communications.

After being shown a mocked-up example of the CTM, there was further recognition. A number of Panellists could remember noticing the 'Could You Pay Less?' message. Panellists saw this as very positive, and made the intention of the CTM clear. However, awareness remained low amongst those who did not check their bills regularly or only received pre-payment meter statements.

**Understanding:** Most Panellists were positive that suppliers were informing customers about potentially cheaper tariffs. They liked the fact they have the potential to save money without having to make the effort to switch supplier themselves.

***"If someone says to you... we are going to save you this much money for the next year if you change... then I will be happy and I am going to stay with that company because they are genuine and I am saving money."***

However, Panellists were also disappointed that suppliers had needed to be mandated to add this message to their bills. There was a general belief that suppliers should automatically move their customers to a better tariff if one is available. For many, these concerns reinforced their negative view about the energy market. There were also some frustrations for those on fixed term contracts, because they would be told about a better deal which they thought they could not switch to unless they paid a contract cancellation fee.

Similarly, some pre-payment meter customers were less enthusiastic about this remedy. They considered themselves to be excluded from potential savings because they do not receive regular bills and none could recall seeing an annual summary. They wanted the CTM to be communicated through a leaflet provided to them when they add credit to their payment card or key.

**Use:** A small number of more engaged Panellists had used the CTM to switch tariff with their existing supplier.

<sup>11</sup> Source: Ofgem



In general, the CTM was not a prompt for Panellists to look beyond their own supplier. Instead, this was seen as a good way to save money without the perceived hassle of switching supplier.

***“Yes, I do recognise that and I used it to change tariff with my supplier.”***

Despite the fact that it was the most recognised and easily understood remedy, the message did not always prompt engagement. Some Panellists felt that the potential savings would not be worthwhile or acknowledged that they were not interested in engaging in the first place.

***“I think I might have noticed that, but then again it (the saving) might not have been enough to make a decision.”***

### 7.1.2 Tariff Comparison Rate

*The Tariff Comparison Rate (TCR) provides consumers with the cost of a tariff for a typical consumer using a single number expressed in pence per kilowatt hour. This aims to help consumers see at a glance which tariffs may be cheaper for an average consumer.*

**Awareness:** There was no spontaneous awareness of the TCR across any of the segmented groups. When it was described with an example only a few said they recognised it.

***“I wouldn’t have a clue, if I had a bill I would not know what that (TCR) meant. It’s just because you have just explained it...”***

Panellists said they would be unlikely to read further if they saw the term on their bill. Indeed, some felt that changing the name to something more descriptive that helped explain the benefits might encourage consumers to engage with the information contained in the TCR. Others thought people may still be put off because they would not see the relevance for them of knowing the costs for a typical consumer.

**Understanding:** Without further explanation, very few Panellists realised that the TCR’s intended use was to help consumers see whether or not an alternative tariff option may be better for them. When it was likened to an APR, some initially felt it could be useful as a simple comparator between tariffs. However, they usually changed their minds when they noticed that the TCR is calculated based on the use of a *typical* consumer. Most thought it would be of limited value to them as they did not think of their energy use as ‘typical’.<sup>12</sup>

***“Define typical? Because I might not be typical.”***

By contrast, some more engaged consumers saw the value in providing consumers with a tool to help them compare tariffs. Indeed despite sharing reservations about how it is calculated, most thought it was useful tool for quickly generating results through further research (for example, comparing TCR rates using a price comparison website).

<sup>12</sup> While the criticism of the TCR calculation appeared genuine, it is worth noting that some of this could be caused by a research effect. We have seen that in a research setting, people are more likely to find fault with information presented to them if they are not familiar with the overall context.

***“I suppose it is quite good because it is telling you that can compare, find out how you are doing in that respect.”***

**Use:** There was one example of the TCR being used by a Panellist. They had seen the information on a supplier communication and used it to compare alternative options in the market using an online price comparison tool. They switched to the tariff which had the lowest TCR.

A few engaged consumers said that they thought it may not lead to the best outcome for consumers. They argued that actual consumption data would result in a more accurate comparison of different tariffs tailored to their circumstances.

Overall, very few said they would use the TCR in the future. Engaged consumers believed that the information to get a real comparison already existed. This was easy to collect and would lead to tariff options tailored to their personal circumstances.

Less engaged Panellists also said they were unlikely to use the TCR. This was despite the fact that it is intended to offer a way to compare tariffs, one of the barriers to engagement they had described earlier in their discussions. Some said that this was because the TCR did not capture their attention, and even after exploring the detail they were unconvinced of its value. However, their reluctance was mostly because they did not think engaging with the energy market was worthwhile.

### 7.1.3 Personal Projection

*A Personal Projection is a tailored projection of what a consumer would pay over the next 12 months on one tariff based on their current energy use. Suppliers are required to use a standardised method of projecting the cost, so consumers can compare like-for-like when comparing tariffs offered by different suppliers.*

**Awareness:** There was no spontaneous awareness of the Personal Projection itself, and only a few Panellists thought they had seen an estimated future consumption presented as a monetary value.

However, after explanation, most could recall seeing consumption information on supplier communications and/or through accessing their online account. Even those who could not recall seeing a specific projection based on their consumption assumed it was the types of information their supplier provided on their bill.

**Understanding:** The intended use of the Personal Projection was not clear to most Panellists. Many assumed the estimated future expenditure was to help with budgeting, and thought it could be useful for this purpose – and indeed this was one of the ways consumers were expected to use this information. However, there were some concerns that it may not be accurate enough for budgeting, because Panellists expected their consumption to vary significantly from year to year.

Only a few engaged Panellists – who had used online or telephone comparison services – were aware that estimated future use could be used to find alternative tariff options.

***“My last bill gives me my projected usage for the next 12 months... if I’d bother myself to do so I would then go and see whether over the next 12 months I could get it cheaper elsewhere.”***

Amongst most Panellists, there was more certainty about how historical consumption could be useful. Engaged consumers described using this information to search comparison sites for better deals, and a number of less engaged assumed use information would be needed if they did decide to explore switching.

***“That is one of the most useful things... I’m seeing what I’m using this quarter and for the same quarter last year, I’m also seeing what they think it’s going to cost me compared with last year.”***

**Use:** The information contained in the Personal Projection had acted as a prompt to engage in the market for a very small number of Panellists. They typically contacted their existing supplier to switch to a better deal.

***“I saw that (the Personal Projection) so I rang them up, my supplier, and told them that I would like to go on the next tariff, at a fixed rate.”***

#### 7.1.4 Tariff Information Label

*Tariff Information Labels (TILs) provide consumers with key tariff information in a standardised format. The consistent format aims to help consumers compare tariffs with others available in the market.*

**Awareness:** There was no spontaneous awareness of the Tariff Information Label. However, after introducing a mocked-up example, many Panellists recognised its components such as the unit rate, standing charge, and tariff name and features. They said they thought they had seen information similar to TILs on their bill or through accessing their online account. Awareness was particularly low among PPM customers because they said they only received a statement of account once a year showing how much they had spent.

**Understanding:** Some Panellists were positive about having all the information they needed in one place.

***“I suppose it lists everything that you are paying, what the unit rate is, yes, everything is on there, so it is a good tick list I suppose.”***

As a result, some engaged consumers thought that information contained in the TIL would prove useful when it came to switching. However, others among this group were less convinced, saying that if the TIL did not exist they would still be able to seek out the information needed to switch.

***“I’m fairly certain that we switched probably about two and a half years ago, and at that point we had enough information, so I didn’t think a lot of this.”***

The less engaged, who were less likely to recall seeing any of the information contained in the TIL, did not

see it as an aid to switching. Instead, they more often saw this as a useful summary of their energy tariff to keep on record in case they ever needed it, for example if they had a problem and had to contact their supplier. Instead they focused on the different pieces of information contained within the TIL, with most feeling that it was too complicated and confusing. They highlighted a number of energy related terms that needed further explanation:

- What is a standing charge, and how is it calculated?
- Why does it differ between suppliers?
- What is a kWh, how is it calculated, and how does this translate into actual use?
- What is a unit rate and does this differ between suppliers?

**Use:** There were a few examples of engaged Panellists using the components of the TIL to navigate the market. They used the information to input into a price comparison website, with some having switched supplier as a result. However, those who had used it said that the introduction of the TIL had not in itself made comparing tariffs any easier, as they felt this was already straightforward.

In terms of less engaged consumers, some felt the TIL could prove useful if they were considering switching and/or making comparisons. However, overall most Panellists said they would be unlikely to use the TIL for its intended use because of their more general unwillingness to engage with the energy market.

***“My immediate reaction would be there are some things that are quite good about it.”***

## 7.2 The RMR information remedies and consumer engagement

More engaged consumers were usually aware of one or more of the four RMR remedies explored in the Panel. But the tools themselves were not seen as particularly helpful by this group. They already felt they had access to the information they needed to compare tariffs, and were comfortable doing so. While the details contained in the remedies may be useful to them if they come across them, they said their behaviour in terms of engaging with the market is unlikely to change significantly.

By comparison, less engaged consumers were not usually aware of any of the remedies, because they did not understand the details of their tariff or read supplier communications. While a few were positive about using the more easily understood remedies (e.g. the CTM and the personal projection) to help them compare tariffs and potentially switch, most said they remained unlikely to engage with the market. They continued to point to the barriers they identified earlier in their discussions that they said put them off engaging energy market, including a sense that suppliers were similar in their offer, concerns about prices, and perceived problems with the switching process (these are described in more detail in earlier chapters):

- **The way the market works:** Panellists were generally pleased that suppliers were providing additional relevant information to consumers, and this helped to . However, the fact that these changes had been mandated by the regulator often reaffirmed their assumption that suppliers were not acting in the best interest of consumers. The remedies were therefore seen as helpful, but not addressing their real concerns about how the market functions.

- **The needs of energy consumers:** Many Panellists had not experienced problems with their energy supplier and were therefore reluctant to make the effort to engage unless there was a good reason to do so (beyond making a small financial saving). For these Panellists, none of the remedies challenged this perception, or made them feel it was more worthwhile to engage.
- **The challenges of engaging:** The details contained in the specific RMR information remedies discussed helped address some of the barriers to engagement identified by Panellists, particularly around the complexities of understanding and comparing prices. However, several important perceived barriers remained, including the length of time switching takes, difficulties with billing, and an assumption that any savings would be relatively small and short-lived.

Overall, Panellists acknowledged that some of the remedies contained useful information that might help them switch to a better deal, either with their current supplier or another supplier. However, scepticism about the market remained for many less engaged Panellists. This meant that they said they were unlikely to engage, even after considering some RMR information remedies in detail.

### 7.3 Changes to other supplier communications

Suppliers are obliged to notify customers when they are coming to the end of their fixed term tariff through an 'End of Fixed Term Notice'. They also have to tell consumers when price increases will take place and what this will mean for their bills. These reforms are designed to act as prompts, reminding consumers that they can take action to avoid any increases that a price rise or end of fixed term tariff may bring.

The RMR evaluation survey includes questions about these reforms, and they were therefore discussed with Panellists to help with interpreting survey findings. This involved exploring awareness of the changes and understanding of the wording used in these communications, and the reported impact on consumer behaviour.

#### 7.3.1 End of Fixed Term Notice

*Sent to a consumer 42-49 days before the end of their fixed term contract, the End of Fixed Term Notice aims to ensure that the consumer has the information they need to make an appropriate tariff choice at the end of their fixed term tariff, or make an informed choice to default onto a different tariff offered by their current supplier.*

Almost all understood that end of fixed term meant that they were approaching the end of a fixed term contract they had signed up to. Panellists who had been on had fixed term contracts could recall receiving letters informing them that their deal was coming to an end, and were generally positive about alternative tariff options being included in the notification.

Most assumed that they would be switched to a standard tariff if they took no action, although not all were clear about what would happen. Some less engaged Panellists thought they should be automatically moved on to the cheapest deal when their contract ends. More engaged Panellists said they used it as a prompt to look for a new deal. Indeed, this group were more likely to be on fixed term contract in the first place.

***“I’ve had one of those letters before... your deal is coming to an end and what would you like to do.”***

Panellists were positive about the timing of the notification, whether they had received one or not. This was thought to allow sufficient time to compare deals with other suppliers. However, because of the perceived challenges around switching, some less engaged Panellists said they would be unlikely to take action (and they were not usually on fixed term contracts because of their lack of engagement with the market).

***“I think I got a long letter about a year ago to tell me my tariff was coming to the end, it is just whether you can be bothered to go to the competition to switch energy supplier.”***

### 7.3.2 Price Increase Notification Letter

*The Price Increase Notice is sent to a consumer at least 30 days before there is a price increase or a change to the terms of a consumer’s tariff which is to their disadvantage. It aims to inform the consumer of any disadvantageous changes to their tariff, how it will affect them and the steps they can take to manage the change.*

There was good familiarity with and understanding of Price Increase Notification letters. Most Panellists recalled receiving a letter telling them about a price increase, or had at least heard about price increases through the media.

Most said that the letter itself did not usually prompt them to take action because they assumed that all suppliers would end up charging similar prices. This meant that they did not feel it was worthwhile making the effort to switch. Indeed, Panellists described how when one supplier raised prices, the others all followed quickly. They saw this behaviour as further evidence that the energy market does not work in the interests of consumers.

A small number of more engaged Panellists said they had explored their tariff options after receiving a Price Increase Notification Letter. However, most engaged Panellists tended to be on fixed term contracts, meaning that the End of Fixed Term Notice was more relevant in terms of encouraging them to switch (as their fixed tariffs meant they had not received the Price Increase Notification Letter).

Some Panellists – mainly PPM customers – were unable to recall receiving a letter about their tariff increasing and complained about unexpected increases in their energy costs.



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