



CONSUMER ENGAGEMENT IN THE ENERGY MARKET 2018

Report on a survey of energy consumers

Research conducted on behalf of:

ofgem Making a positive difference
for energy consumers

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1 Executive summary

1.1 Introduction and methods

This report presents results from the 2018 Ofgem Consumer Engagement Survey, which has been run annually since 2014. The 2018 survey continued and developed the existing tracking survey, with a focus on better understanding motivators and barriers to engagement. In 2017 the survey included a new attitude-based segmentation, which is used by Ofgem to stimulate and inform the development of new policies to promote consumer engagement. It will subsequently help Ofgem understand how consumers are responding to these, and to other changes in the market. The segmentation was repeated, in a slightly simpler form, in the 2018 research.

As well as the findings from 2018, this report shows trends in consumer engagement in the energy market since 2014.

The research comprised a face-to-face in-home survey with a nationally representative sample of 4,064 energy consumers in Britain. Fieldwork was conducted in April-June 2018.

1.2 How is consumer engagement changing?

The increase in levels of consumer engagement in the energy market seen in 2017 has been maintained in 2018: 41% of consumers have engaged in the energy market in the past 12 months, a significant increase from 37% in 2015 and 2016, but the same as in 2017. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

The increase in 2017 was mainly because of an increase in the proportion comparing tariffs (rising from 29% in 2016 to 32% in 2018) and the proportion switching supplier (rising from 15% in 2016 to 18% in 2017 and 2018).

The profile of consumers engaging with the energy market has remained broadly similar to previous years, with younger people, those in social grade ABC1 and households on higher incomes, owner occupiers and frequent internet users all more likely than average to have engaged in the energy market. While 16-34s are the most likely to switch supplier, 35-64s are the most likely to switch tariff.

However, most of the increases over time in levels of supplier switching have been amongst under 65s and those from the ABC1 social grades. While there have been recent increases in levels of switching amongst C2s and social renters, switching levels remain flat amongst 65+s and DE households.

Seven percent of all consumers (a third of switchers) in 2018 were first-time supplier switchers (who had switched supplier for the first time in the past 12 months). It is encouraging to note that some sub-groups under-represented amongst all switchers were more prevalent amongst the first-time switchers: namely 16-34s, those in rented accommodation and DEs.

Arising from its investigation into the energy market, in 2016 the Competition and Markets Authority (CMA) recommended a number of remedies to tackle weak customer engagement in the energy market. One of these was the creation of a database, containing details of domestic customers who have been on one or more default tariffs for three or more years, with Ofgem to oversee its administration. The proxy measure developed for the consumer survey was households who had not switched supplier or tariff for the past 4 years. Almost half (46%) of consumers are classified as in the CMA database group, with membership more common amongst younger and older people (16-34s and 65+s), C2DEs, lower income households and infrequent/non-users of the internet. These levels and profiles remain broadly unchanged over time.

A 'price cap' was brought in by Ofgem in 2017 to cap the maximum price consumers on a pre-payment meter pay for energy. This was extended to consumers on the warm home discount in February 2018 (this is known as the 'safeguard tariff'). A separate price cap is planned to be introduced covering default tariffs in the market (known as the default tariff price cap). In the 2018 survey, around half (49%) of consumers were potentially eligible to be covered by the default tariff price cap, with the proportion higher amongst under 35s, DEs, social renters and those from the Anxious Avoiders, Contented Conformers and Hassle Haters segments.

1.3 Knowledge, confidence and perceptions

The survey aimed to understand the extent to which low levels of knowledge and confidence and perceptions of the market, are key barriers to engagement with the market.

Almost all consumers are aware that they can switch supplier, switch tariff or change their payment method. Even amongst those who had never switched, three quarters or more are aware of each of these, which implies that low levels of engagement in the energy market cannot be explained by lack of awareness.

In addition, perceptions of the amount of choice available do not appear to be a strong barrier, as those who have not engaged in the energy market are no more likely than engaged consumers to think there is either too much or not enough choice. Taken overall, half (47%) of consumers think there is the right amount of choice of energy tariffs, though there was an increase in the proportion thinking there is too much choice in 2017 which was maintained in 2018 (34%, up from 29% in 2016).

In general, consumers feel confident engaging with their energy supplier, with two thirds or more saying they feel confident understanding their bills, comparing deals and choosing the best deal for their household. Levels of confidence are highest for making a complaint to their energy supplier (77% said they would feel comfortable).

Time taken to switch is also not perceived to be a strong barrier to switching. While disengaged customers are more likely to agree that switching takes too long, they actually have less realistic – and more optimistic – views of how long switching takes than those who had recently switched.

Perceptions of the switching process are generally positive amongst recent switchers: a quarter or fewer feel that switching is a hassle, worry that things will go wrong, or think it takes too long. Unsurprisingly, those who had not switched, and in particular members of the CMA database group, are the least positive about switching.

In order to further investigate barriers to engagement, from 2017 consumers were asked to describe what they thought are the main risks associated with switching. The main risks perceived are financial, being costs going up (mentioned by 26%) and not saving as much as they thought (18%). Less commonly mentioned potential risks are double billing (15%) and being cut off (11%).

Motivations for engaging in the energy market are very similar to previous years: saving money is the strongest motivator (mentioned by 87% of those who had engaged, and 75% of those who had not). Inertia/satisfaction with their current supplier is the main reason for not engaging (35% said they are satisfied with their current supplier/tariff), though 25% felt it is too much hassle and 22% said they wouldn't save, or save enough.

1.4 Experience of switching and shopping around

The internet is, as in previous years, a key facilitator for engagement in the energy market, and for switching. Price comparison websites are most commonly used to compare the deals on offer, and most comparisons are done online: 54% of those who had engaged with the energy market found out about deals using a price comparison website (up from 45% in 2017), compared with 12% who rang a supplier. Half of those who switched (46%) say they did so through a third party service, mainly price

comparison websites. However, while there has been an increase in the proportion finding out about deals through price comparison websites, fewer said they switched through a third party (46% in 2018, down from 54% in 2017).

While use of a price comparison website is the most common form of comparison for all consumer groups, 65+s and DEs who had engaged are more likely than their counterparts to engage with a supplier direct, or by telephone. Linked to this, supplier switchers and comparers most commonly engage online (e.g. through a price comparison website), but tariff switchers are equally likely to engage by telephone as online.

Most (86%) of those who switched say they found it easy to decide who to switch to, with frequent internet users more likely to say they find it easy. Fewer (63%) agreed they had sufficient control over the date they would actually be switched over.

1.5 Perception of outcomes

Just over half of consumers are confident they're on the best deal (58%), and there has been no consistent change in this figure since 2014. It is notable that half of those in the CMA database group (who had not switched at all in the past 4 years), and who are likely to be on a poor deal, still felt confident they are on the best deal for their household.

Customers generally trust their supplier to charge them a fair price, communicate clearly and treat them fairly, with around three in five or more consumers trusting their energy supplier on each of these dimensions. Levels of trust have been increasing over time and are now at an all-time high.

Similarly, a majority are satisfied with their supplier's service (76% in 2018), and this measure has increased from 72% in 2014.

1.6 A new way of looking at tariff choice

Conjoint methods were used for the first time in 2018 to give a more nuanced understanding of the importance of different tariff attributes in driving tariff choice. Prepayment meter consumers were asked separately from non-prepayment meter consumers to ensure that the packages presented to both groups were realistic.

Of the tariff attributes tested, amongst non-prepayment meter consumers, the strongest driver of preference was the amount they could save, followed by supplier type (whether they could stay with their existing supplier or switch to a large, established or new supplier). Taken together, these attributes made up more than half of total tariff preference.

Quality of service and tariff type (fixed v variable rate) each accounted for 10-15% of tariff preference with other tariff attributes (payment method, whether manage account online, exit fee) each making up less than 10% of preference.

Cost savings were also the most important driver of tariff preference for prepayment meter consumers, but supplier type was more important for them than it was for non-prepayment meter consumers – perhaps linked to perceived difficulties switching supplier for prepayment meter consumers.

Cost savings were less important drivers of choice than average, and supplier type more important than average for older consumers (65+s) and Anxious Avoiders. This implies that cost saving messages alone are unlikely to be motivating to these audiences and they may need additional messaging around tariff switching and reassurances of protections available when switching suppliers.

Aspects of current tariff (e.g. payment method, whether on fixed or variable tariff) did not impact much on tariff preference.

2 Introduction and objectives

2.1 Context and report structure

Ofgem has historically run a yearly survey of GB energy consumers, to help understand consumer engagement in the energy market. Prior to 2017, the survey was largely used to help evaluate Ofgem's Retail Market Review (RMR), a package of reforms to help promote consumer engagement, by making the market simpler, clearer and fairer for consumers.

In 2016 the Competition and Markets Authority (CMA) completed its investigation into the energy market and found that weak customer response in the market was adversely affecting competition. It recommended a package of remedies which focused on increasing consumer engagement. Reflecting these recommendations, Ofgem has a need to understand motivators and barriers to engagement in a more nuanced way.

Ofgem commissioned GfK to continue and develop the existing tracking survey, previously run from 2014-2016 by TNS BMRB. The 2017 research developed a new attitude-based segmentation, grouping energy consumers into distinct attitudinal subgroups. These attitudinal groups differentiate consumers on key attributes such as levels of engagement in the energy market, personal attributes (e.g. switching in other markets, internet use) and demographics. The aim of the segmentation is to help Ofgem stimulate and inform the development of new policies to promote consumer engagement. It will subsequently help Ofgem understand how consumers are responding to them and other changes in the market.

The segmentation identified six groups with differing attitudes and motivations related to the energy market, and different levels of engagement in the market. In the 2018 survey, rather than carry out a full replication of the segmentation, a simpler approach was taken whereby by a smaller number of 'golden questions' were used to allow a reasonable approximation of the segmentation.¹

This report presents findings from the 2018 survey, and shows trends in consumer engagement in the energy market since 2014. Following this introduction chapter, the report presents:

- Chapter 3 'How is consumer engagement changing?': This chapter explores how consumer engagement in the energy market looks today, and how it has changed since tracking began in 2014. The different measures of engagement covered in this section include supplier switching, changing tariff with existing supplier, comparing suppliers and tariffs, and complaints.
- Chapter 4 'Knowledge, confidence and perceptions': This chapter explores other measures that can impact on consumers' propensity to engage with the energy market, including awareness that switching supplier and changing tariff are possible, perceptions of the amount of choice available, the complexity of the switching process and the risks associated with switching, and personal confidence in their own ability to engage with the market.
- Chapter 5 'Experience of switching and shopping around': This chapter looks at how consumers who have engaged with the market go about doing so, with a focus on attitudes to and use of price comparison websites (PCWs).
- Chapter 6 'Perception of outcomes': In this chapter we look at consumers' perceptions of outcomes, including their levels of confidence that they are on the best deal, their levels of trust in their supplier, and their satisfaction with the value for money and general service offered by their supplier.
- Chapter 7 'A new way of looking at tariff choice': this chapter details initial findings from a conjoint analysis conducted to provide a more nuanced understanding of the importance of tariff attributes in driving consumer choice.

¹ Tests showed that the efficiency of allocation to the segments using the 'golden questions' was 78%

The 2017 report contained a chapter solely on the segmentation, describing in detail how the segmentation exercise was conducted, giving detailed descriptions of the characteristics of each of the six segments, and explaining how each segment differed in its attitudes to and behaviour within the energy market. As the segments have not changed, the 2018 report includes details of how the segments differ within each of the chapters on different elements of the market. To assist in interpreting these, the table below gives a brief outline of the nature and prevalence of each segment.

Segment name	Segment size % of population in 2018	% engaging with energy market in Past 12 Months	Segment summary
Happy Shoppers	19%	61%	They enjoy shopping around in all markets, motivated by finding ways to save money. They are confident, trusting, engaged with the energy market and positive about switching.
Savvy Searchers	13%	62%	They are highly confident and engaged across all markets, and broadly positive about energy switching. However, they are skeptical about the role of PCWs, often using more than one site to compare. Ultimately they are confident they are on the right deal.
Market Sceptics	11%	42%	They have very low levels of trust in energy companies, and a lack of confidence engaging with the energy market. This contrasts with their relatively high levels of engagement in other markets, and average levels of general confidence and self-efficacy.
Hassle Haters	21%	29%	They are confident in their ability to engage in the market, and broadly trusting of suppliers. They are deterred, however, by the perceived time, hassle and risks involved. They feel they are on a good deal despite their lack of engagement, but might be tempted by added-value services.
Anxious Avoiders	16%	34%	They have very low self-efficacy and lack confidence in shopping around generally and specifically in energy: reflected in low levels of engagement across all markets. They are far less likely to spend time researching purchases or finding ways to save money.
Contented Conformers	20%	23%	They are broadly happy with the status quo, trusting their supplier. They are nervous of change, worried by the risks of switching, unknown suppliers and overwhelmed by choice. They are the least confident engaging with the energy market and least motivated by saving money or added-value services.

Most of the segments were a very similar size to 2017, the exceptions being that in 2018 there were more Anxious Avoiders (up from 13% of the population in 2017 to 16% in 2018) and fewer Market Sceptics (down from 14% in 2017 to 11% in 2018).

2.2 Presentation of data

As outlined, this year's survey is the fifth in a series of annual tracking surveys to measure consumer engagement behaviour over time. All waves were conducted face-to-face, and in 2018 a

representative sample of 4,064 energy consumers in Great Britain was achieved. Chart 1 shows the dates and sample sizes of all waves of the survey. The sample size was reduced in 2017 to a level which allowed us to retain the desired level of statistical robustness² while releasing budget to spend on advanced analysis and other research.

Chart 1 Survey dates and sample sizes

Survey	Conducted	Achieved sample size	Survey carried out by:
2014	March/April '14	6,151	TNS BMRB
2015	February/March '15	5,934	TNS BMRB
2016	February/March '16	5,956	TNS BMRB
2017	March/April '17	4,001	GfK
2018	April-June '18	4,064	GfK

This report is accompanied by a technical report, providing more detail on methodological aspects, including the full questionnaire and supporting tables showing 2018 results for key measures, including attitudes, actions and energy circumstances, plus comparisons to results from all previous waves (where possible). Supporting data tables, showing full subgroup variations, are also published alongside this report.

Throughout the report, analysis is conducted by key sub-groups, including the consumer segments. Where appropriate, comparisons are made with results from all the previous waves of the survey. Trend analysis focuses on the differences between the 2018 survey and the 2014 baseline study. Whilst the 2014 survey acts as a 'baseline' for some questions, it should be noted that some changes to the questionnaire mean that over-time comparisons should be treated with caution.

Minor changes were made to the questionnaire between the 2014-2016 surveys. More significant changes to the questionnaire were made between 2016 and 2017, with some questions removed - partly to make way for new, attitudinal measures needed to carry out the segmentation – and some amendments made to reflect Ofgem's current priorities. Where changes to the ways questions are asked have been made between waves, this may impact on the trend data and we have pointed out where this is the case throughout the report. The questionnaire remained broadly consistent between 2017 and 2018.

For many results we present combined scores across categories – for example combining very and fairly confident responses into a combined 'confident' category. Where this is the case, the combined figure may not always be the simple sum of the two separate figures – due to rounding, the combined figure may sometimes be 1% less or more than the sum of the two separate categories.

In many cases, results are presented as an aggregate figure across all types of consumer, despite being asked of gas and electricity consumers separately or gas, electricity and dual fuel consumers separately.

It should be remembered that the survey was conducted with a representative sample of consumers, rather than the entire population. Results are therefore subject to sampling variability – we cannot be certain that the figures obtained are exactly those we would have if all consumers had responded (the 'true' values). We can, however, predict the variation between the sample results and the true values from knowledge of the size of the samples on which the results are based and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to

² While the sample size for the 2017 survey is smaller than those from previous years, it still provides significant analytical opportunities and the confidence interval associated with findings is around +/- 1.5 percentage points. Confidence intervals are a statistical device which allow us, using our survey results, to put upper and lower limits on what the true value is likely to be if we had interviewed the whole population rather than just a sample.

be 95 percent – that is, the chances are 95 in 100 that the true value will fall within a specified range (the margin of error). As each of the five annual surveys has been conducted using a quota sample, rather than a random probability sample, statistical differences are presented on an indicative basis only.

The following is used to show significant differences within the report:

- ▲▼ denote significant differences between sub-groups and the average
- ↑↓ denote changes from year to year

Where we comment on differences between segments, we either comment on whether a segment is the most or least likely segment to give an answer, or whether they are significantly different from the average of all segments.

Where respondents can give multiple responses to a question, the sum of the individual responses may be greater than 100 percent. Also, the percentages in the tables and charts may not always add to 100 percent due to rounding, and the sum of subgroup percentages discussed in the text may differ from the apparent totals in the charts due to rounding. Similarly, where a number of responses have been grouped together (such as agree strongly and tend to agree), or for the net scores as described above, responses may not always equal the sum of the individual responses, again due to rounding.

The report refers to differences by social grade. Social grade is a system of demographic classification used in the United Kingdom which is maintained by the Market Research Society. Social grade is based on the occupation of the Chief Income Earner in the household³.

All work was conducted in accordance with the ISO 9001 quality assurance standard, the ISO 20252 international standard for Market, Opinion and Social Research and in accordance with the UK Market Research Society's Code of Conduct.

2.3 Terminology

A number of important sub-groups are referred to throughout this report, and these are defined below:

Group	Notes
P12M	Abbreviation for past 12 months used in some charts and tables
All consumers	We sampled respondents who were responsible, or jointly responsible, for the gas or electricity bills in their household. Most (91%) respondents bought their gas and electricity from the same supplier (often as part of a dual fuel deal), whilst the remainder either had separate gas and electricity tariffs or electricity supply only
Engaged consumers	Those who have switched energy supplier or tariff, or have compared tariffs offered by their energy supplier or with other energy suppliers within the past 12 months
Disengaged consumers	Those who have taken none of these actions
Ever switched	Those who have ever switched energy supplier
Never switched	Those who have never switched energy supplier

³ For more information on social grade, please refer to <http://www.mrs.org.uk/pdf/occgrouops6.pdf>

Group	Notes
Past 12 month supplier switchers	Those who have switched energy supplier in the past 12 months
Past 12 month tariff switchers	Those who have switched energy tariff in the past 12 months, while remaining with the same supplier
Past 12 month switchers	Those who have switched energy supplier and/or tariff in the past 12 months
Compared	Those who have compared tariffs offered by their energy supplier or with other energy suppliers within the past 12 months
CMA database group	<p data-bbox="461 645 1390 824">One of the recommendations of the CMA Energy Market Investigation in 2015 was that suppliers be ordered to give Ofgem details of all customers who have been on their default tariff for more than 3 years. Details would be put on a secure database to allow rival suppliers to contact customers to offer easy-to-access deals based on their actual energy usage.</p> <p data-bbox="461 857 1390 1032">For the purposes of this research, we developed a proxy measure to use at the analysis stage. Our CMA database group comprises those who had not switched supplier for the last <i>four</i> years⁴, as consumers who switched three years ago may have been on a one-year fix, and hence only on a default tariff for two years</p>

⁴ The rationale behind this was to enable the inclusion of people whose last switch was to a 12 month fixed term deal. Those who had switched onto a fixed term deal 4 years ago are likely to have rolled onto a standard variable tariff at the end of that deal (likely 3 years ago) and if they had not switched again would be likely to be in the CMA database group.

3 How is consumer engagement changing?

This chapter contains:

- Overall levels of consumer engagement
- Levels of supplier and tariff switching
- Levels of comparison activity
- The CMA database group
- Complaints

The increase in levels of consumer engagement that was seen in 2017 has been maintained

The significant increase in the proportion of consumers who have engaged in the energy market in the past 12 months seen in 2017 (up from 37% in the previous two years to 41%) has been maintained, and stands at 41% in 2018. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

The proportion saying they have complained to their supplier is also unchanged, at 10%, and has not changed significantly over all years of the survey.

As in previous years, levels of engagement differ significantly by demographic groups.

Those under 65, ABC1s (especially ABs) and households on higher incomes, owner occupiers and frequent internet users are all more likely than average to have engaged in the energy market. Those who pay their bills by direct debit are also more likely than those paying by other methods to have engaged.

Among the segments Happy Shoppers and Savvy Searchers were, as in 2017, far more likely than average to have engaged (61% and 62% respectively). Contented Conformers and Hassle Haters were at the other extreme (23% and 29% respectively).

Patterns of engagement between the segments were also little changed from 2017, other than Hassle Haters being even less likely than in previous years to have engaged (down from 33% in 2017 to 29% in 2018), though engagement levels have increased amongst Anxious Avoiders (from 28% in 2017 to 34% in 2018).

The increases in levels of switching over time have not been evenly spread across demographic groups.

Supplier switching levels have increased significantly over time amongst under 65s and ABC1s, but have remained flat amongst 65+s and households from social grades DE. However, there have been recent gains in supplier switching levels amongst those C2s and social renters, bringing their supplier switching levels in line with the average.

As in 2017, levels of supplier switching were much lower amongst 65+s. Linked to these age differences, infrequent or non-users of the internet are less likely than daily internet users to have switched either supplier or tariff.

Households which report having a smart meter are more likely to have switched supplier or tariff than those who did not report having one, though it should be noted that this group tends to be more frequent internet users and members of the most engaged segments.

As one would expect the two segments most likely to have engaged were also most likely to have switched supplier: 32% of Happy Shoppers had switched supplier, as had 34% of Savvy Searchers. But at the other end of the scale, Contented Conformers were by far the least likely to have

switched supplier (6%), followed by Anxious Avoiders and Hassle Haters (each 13%). Patterns in response were very similar to 2017.

The CMA database group and the 'Price Cap'

In 2017 the CMA announced a requirement for suppliers to provide Ofgem with details of domestic customers who have been on one or more default tariffs for three or more years. The proxy measure developed for the consumer survey was households who had not switched supplier or tariff for the past 4 years.

A little under half (46%) of consumers would be included in the CMA database group, a slight decline from 48% in 2017. As in 2017, membership is more common amongst younger and older people (16-34s and 65+s), C2DEs (especially DEs), lower income households and infrequent/non-users of the internet.

A 'price cap' was brought in by Ofgem in 2017 to cap the maximum price prepayment meter customers pay per unit of energy (and extended to consumers on the warm home discount in February 2018). This is known as the safeguard tariff. A separate price cap covering all default tariffs is planned to be introduced by end of 2018. This is known as the default tariff price cap.

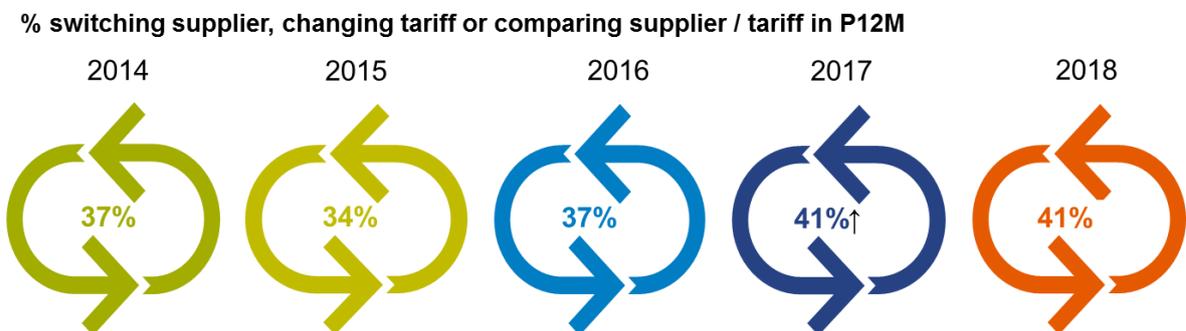
The survey found that just under half (49%) were potentially eligible to be covered by the default tariff price cap: with higher proportions of younger people (53%), DEs (64%) and social renters more likely to be potentially eligible.

In both cases, the less engaged segments (Anxious Avoiders, Contented Conformers and Hassle Haters) were all more likely to be included in the CMA database and potentially eligible to be protected by the default tariff price cap.

3.1 Overall levels of consumer engagement

The significant increase in the proportion of consumers saying they had engaged in the energy market in the past 12 months seen in 2017 has been sustained in 2018. Engagement is defined as having switched supplier, changed tariff or compared tariff with their own or other suppliers in the past 12 months.

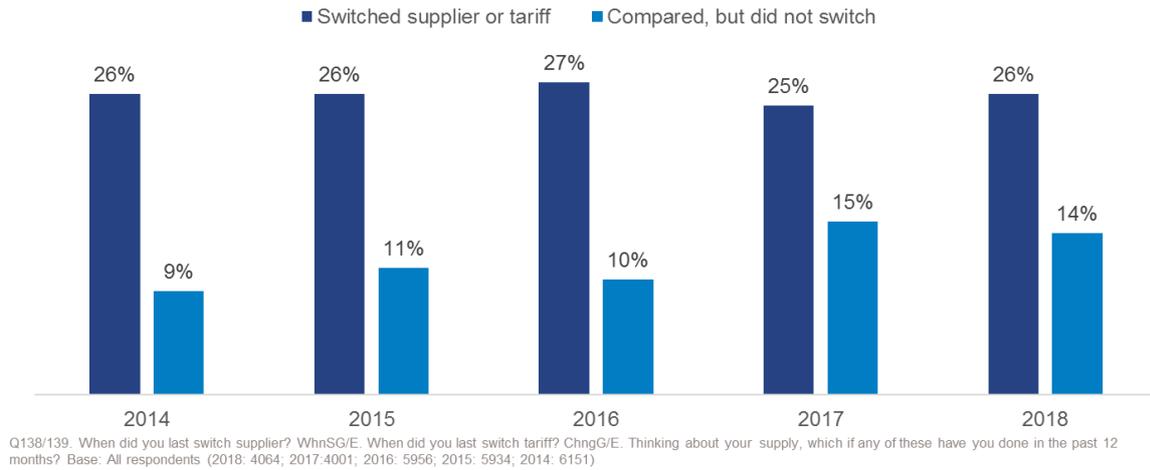
In 2018, just over two fifths (41%) of consumers said they had engaged in the energy market in at least one of these ways.



Q138/139. When did you last switch supplier? WhnSG/E. When did you last switch tariff? ChngG/E. Thinking about your supply, which if any of these have you done in the past 12 months? Base: All respondents (2018: 4064; 2017:4001; 2016: 5956; 2015: 5934; 2014: 6151)

The 41% of consumers who engaged in the energy market in the past 12 months in 2017 is made up of 14% who compared tariffs but did not switch, and 26% who switched supplier or tariff in the past 12 months. These proportions are very similar to 2017, and in particular the increase in the proportion who compared but did not switch maintained the increase seen in 2017 over previous years.

Chart 2 Engagement in the energy market in the past 12 months

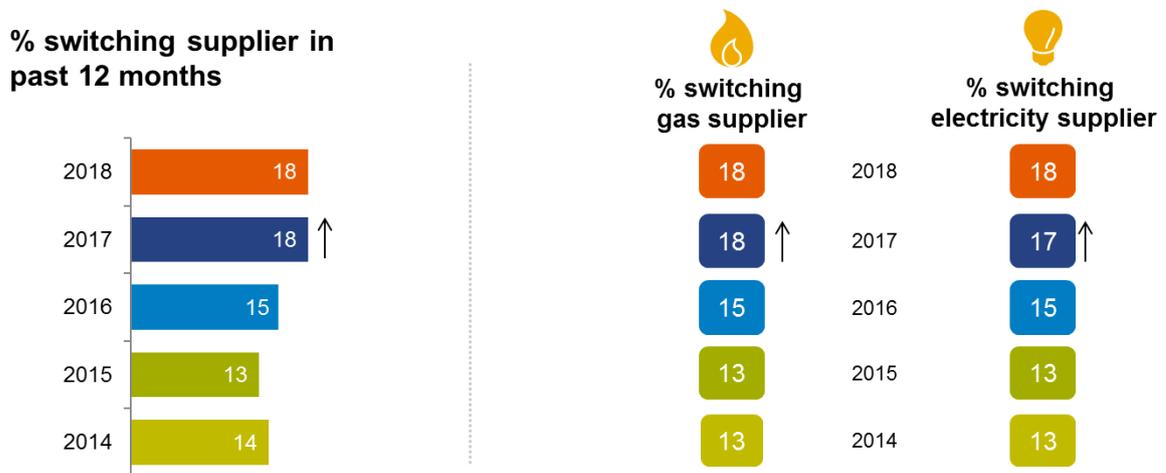


When considered together, the total number of consumers switching tariff or supplier has also remained unchanged since 2017: 18% had switched supplier in the last 12 months and 15% had switched tariff; both similar to 2017.

3.2 Supplier switching

The overall level of switching supplier was unchanged since 2017, and the same was true for the proportion who had switched electricity supplier, and the proportion who had switched gas supplier: all remained at 18%, and all remained considerably higher than they had been before 2017.

Chart 3 Supplier switching in past 12 months

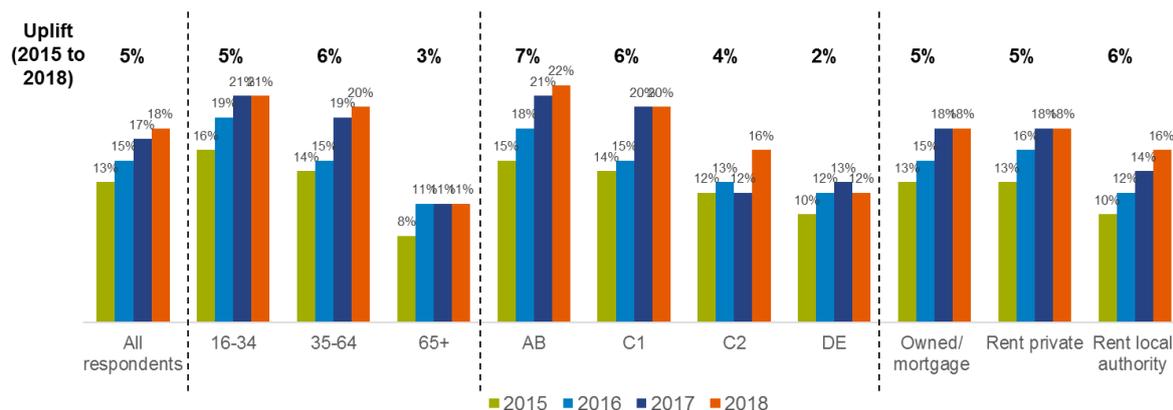


Q138/139. When did you last switch supplier? Base: All respondents (2018: 4064 2017:4001; 2016: 5956; 2015: 5934; 2014: 6151)

Patterns of switching are similar over time. Those from the ABC1 social grades, higher income families, owner-occupiers or private renters, frequent internet users, direct debit and customers who don't use one of the six large suppliers all more likely than average to say they had switched supplier in the past 12 months.

It is, however, notable that the increases in levels of supplier switching over time have not been evenly spread across all demographic groups. While supplier switching levels have increased significantly over time amongst under 65s and ABC1s, they have not increased significantly over recent years amongst 65+s or those in the DE social grades. There have, however, been increases in levels of supplier switching in 2018 amongst those in the C2 social grades, and social renters, bringing their switching levels closer to the average.

Chart 4 Supplier switching in past 12 months



Q138/139. When did you last switch supplier? Base: All respondents (2018: 4064 2017:4001; 2016: 5956; 2015: 5934; 2014: 6151) Chart shows % switching ELECTRICITY supplier in P12M

Consumers who say they have a smart meter are slightly more likely to have switched supplier in the past 12 months (22% versus 18% who say they don't have a smart meter), though it should be noted that this group tends to be more likely to be frequent internet users and members of the most engaged segments⁵.

Among the different segments Happy Shoppers (32%) and Savvy Searchers (34%) were far more likely to have switched, while Contented Conformers were far less likely than the average to have done so, at only 6%. Similar patterns were evident in 2017.

Seven percent of all consumers (a third of switchers) were first-time supplier switchers (who had switched supplier for the first time in the past 12 months), broadly similar to the proportion observed in previous years (6%). The first-time supplier switcher group is of importance because many are newcomers to the energy market, and may offer indications as to how the market may evolve in the future.

Three inter-related groups are all more likely to be over-represented in the first-time switchers group when compared with other switchers: these are 16-34s, those in rented accommodation and those from the C2DE social grades:

- 30% of first time switchers are aged 16-34, compared with 18% of other switchers
- 47% of first-time switchers are in rented accommodation (27% private rented, 20% social rented), compared with 30% of other switchers
- 38% of first-time switchers are from the C2DE social grades, compared with 31% of other switchers

Similar profile differences were evident in 2017.

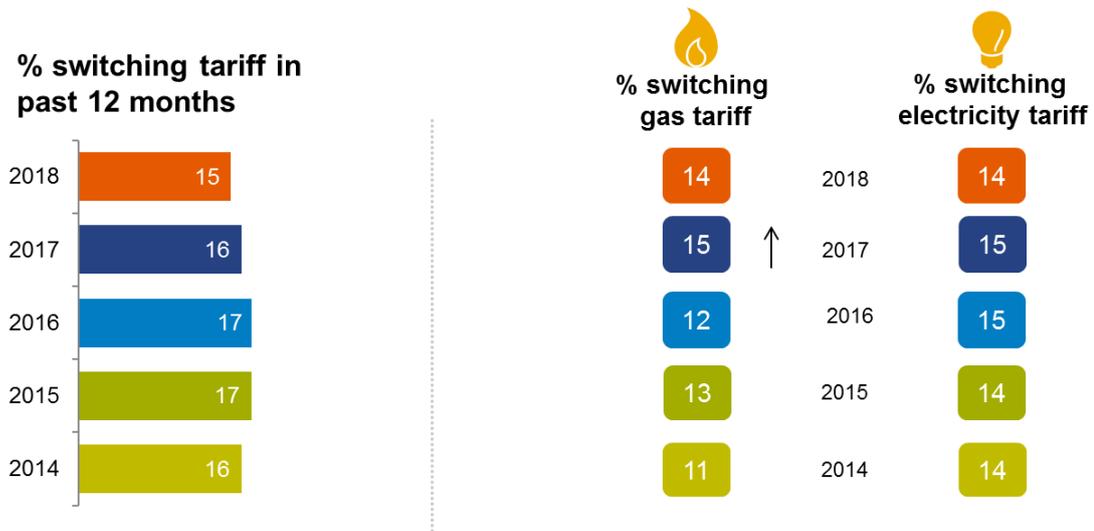
3.3 Tariff switching in the past 12 months

Tariff switching is effectively unchanged since last year: 15% said they had switched tariff in the past 12 months. Overall, levels of tariff switching have not changed significantly since 2014.

The proportions who say they had switched gas tariff, or electricity tariff, were also similar to 2017 (each 14%, similar to 15% in 2017).

⁵ We cannot say from our dataset whether people are more likely to be engaged in the energy market because they have a smart meter, or to have a smart meter because they are more engaged. Throughout this report, we comment on differences but do not imply causality.

Chart 5 Tariff switching in past 12 months



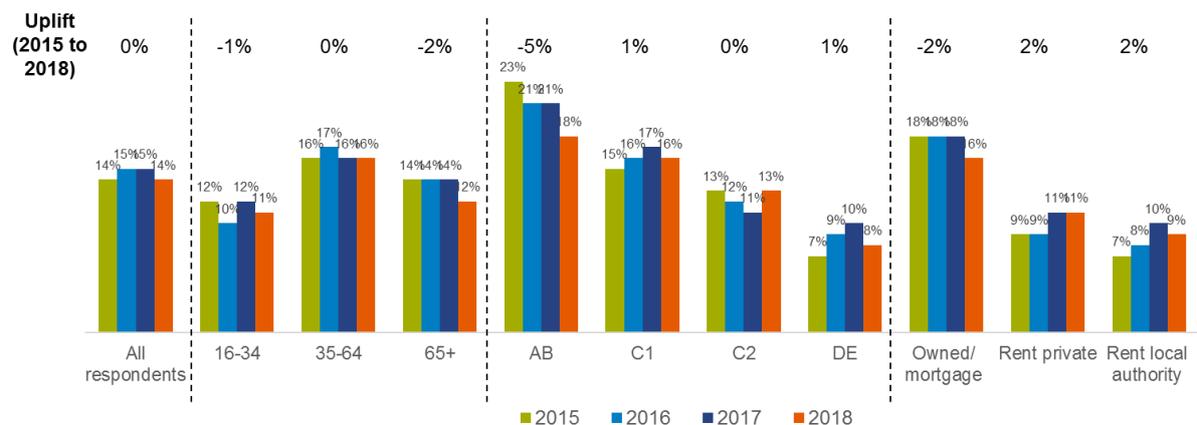
WhnSG/E. When did you last switch tariff? Base: All respondents (2018: 4064 2017:4001; 2016: 5956; 2015: 5934; 2014: 6151).

As with supplier switching, patterns in tariff switching remain similar over time, with 35-64s the most likely age group to have switched tariff (in 2018 17% of 35-64s had switched tariff in the past 12 months, compared with 12% of 16-34s and 14% of 65+s). Happy Shoppers (26%) and Savvy Searchers (22%) were again the segments most likely to have switched tariff.

It should be noted, however, that a proportion of customers claim to have both switched supplier in the past 12 months and switched tariff with an existing supplier. This overlap increased between 2016 and 2017, reducing the proportion of customers who were 'tariff only' switchers and this trend continued in 2018: In 2016, 12% were 'tariff only' switchers, compared with 8% in 2017, and just 7% in 2018.

Other response patterns are similar to supplier switchers, with ABs, higher income households and those who pay by direct debit more likely than their counterparts to have switched tariff in the past 12 months. It is notable, however, that there have been declines over time in levels of tariff switching amongst groups more likely to have switched supplier: in particular ABs owner occupiers.

Chart 6 Tariff switching in past 12 months



WhnSG/E. When did you last switch tariff? Base: All respondents (2018: 4064 2017:4001; 2016: 5956; 2015: 5934; 2014: 6151) Chart shows % switching ELECTRICITY tariff in P12M

Households which say they have a smart meter are also more likely to have switched tariff in the past 12 months (20%, versus 14% who do not say they have a smart meter), though this gap has shrunk somewhat since 2017, when the comparable figures were 24% and 14%. In 2017 Scottish consumers were slightly less likely than their counterparts in England or Wales to have switched tariff in the past

12 months, but in 2018 even this difference had disappeared, with tariff switching levels in the three countries very similar (14% in Scotland, 15% in England and 15% in Wales).

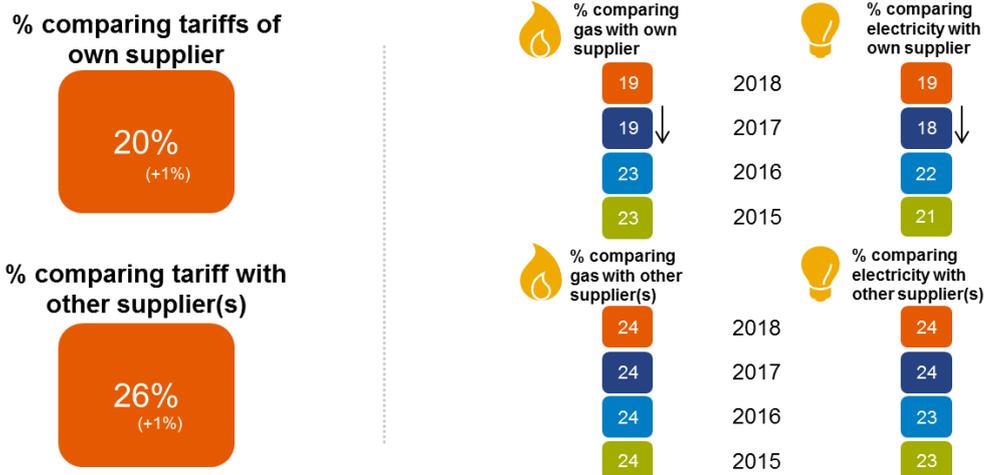
3.4 Comparing tariffs

A third of all consumers (32%) in 2018 said they had compared tariffs for either gas or electricity supply over the past 12 months: this could include comparing their gas/electricity tariff with those offered by other suppliers, or comparing their tariff with those offered by their own supplier. This is a (statistically insignificant) drop from 33% in 2017, and as the 2015 and 2016 figures were 30% and 29% respectively, there has been no consistent change since 2015.

Consumers are more likely to have compared different suppliers than compared different tariffs from their own suppliers: in 2018 a quarter (26%) of consumers said they had done so, with slightly fewer (20%) saying they had compared their tariff with those offered by their own supplier. Neither figure was significantly different from 2017. However, while comparing tariffs with other suppliers had remained at similar levels across all four years, there has been a decline in the proportion saying they had compared tariffs with their own supplier (falling from a quarter in 2015 and 2016 to around a fifth in 2017 and 2018)⁶.

Chart 7 Comparing tariffs

One quarter of all consumers have **compared their tariff** with those offered by *other* suppliers, and fifth with those of their own supplier.



ChngG/E. Thinking about your gas/electricity supply, which if any of these have you done in the past 12 months? Base: All respondents (2018: 4062; 2017: 4001; 2016: 5956; 2015: 5934; 2014: 6151); gas consumers: 2018: 3676; 2017: 3570; 2016: 5213; 2015: 5310; Electricity consumers: 2018: 4062; 2017: 3975; 2016: 5939; 2015: 5923

Given that most of those who compared went on to switch tariff or supplier, it is unsurprising that groups more likely to compare were similar to those who were more likely to switch: namely under 65s, ABC1s (especially ABs), higher income households, owner occupiers, frequent internet users and those who pay their energy bills by direct debit. Comparisons were more common amongst customers who are not with one of the six large suppliers (45% of those not with one of the six large suppliers versus 27% of those who are), though it is notable that those who are not with one of the six large suppliers are also more likely to have switched supplier/tariff recently. These differences are likely to be because they tend to be more engaged in the energy market generally. In addition, households which say they have a smart meter are more likely to have compared supplier or tariff in the past 12 months than those who do not say they have a smart meter (38% with smart meter, versus 31% who don't have a smart meter). Happy Shoppers (50%) and Savvy Searchers (53%) were again the segments most likely to have compared tariffs.

⁶ In 2015/2016 there was significantly greater overlap between consumers who compared tariffs from their own supplier and from other suppliers than seen in 2017 or 2018.

3.5 The CMA database group

In 2016, the Competition and Markets Authority (CMA) published its market inquiry into the energy market. As part of the inquiry, the CMA found that there is weak competition in the domestic energy market associated with low awareness/interest in the market. Following the inquiry, the CMA announced a requirement for suppliers to provide Ofgem with details of domestic consumers who have been on one or more default tariffs for three or more years. The CMA's suggestion was that this database could then be made available to rival suppliers for the purposes of prompting these disengaged consumers to engage in the energy market.

Within the 2017 and 2018 consumer surveys, a proxy measure was used to identify households likely to be included on the CMA database: this was defined as households who had not switched energy supplier or tariff in the past four years. The indicator was set at four years to account for people who may have switched on to a 12 month fixed term tariff 4 years ago, have reached the end of that fixed term, rolled over on to a standard variable tariff and remained there for the past 3 years.

Within the 2018 survey, it was found that just under half (46%) of consumers would be included in the CMA database group (using the proxy measure described above). This is similar to the figure from 2017 (48%) and though both these differ slightly from the 51% mentioned in the CMA Market Inquiry⁷ in 2016, it should be noted that the definitions differ slightly between this survey and the Inquiry. Given the profile of recent supplier/tariff switchers as described above, it is unsurprising that the following groups were more likely to be in the CMA database group:

- younger and older people (50% of 16-34s and 54% of 65+s versus 40% of 35-64s)
- C2DE social grades (47% of C2s and 59% of DEs versus 35% of ABs and 43% of C1s)
- lower income groups (50% of those with a household income of less than £16K per annum versus 39% of those on higher household incomes)
- non/infrequent internet users (71% of non-users, 57% of infrequent users versus 41% of daily users)
- those who pay by standard credit (68%) or prepayment meters (57%) rather than those paying by direct debit (42%)
- households who say they do not have a smart meter (47%, versus 40% who say they have a smart meter)
- Contented Conformers (59%), Hassle Haters (58%), and Anxious Avoiders (54%)

In almost all of these comparisons the differences were similar or slightly larger than in 2017.

While these groups are interlinked, it appears that infrequent internet use (or non-use) is a key determinant of membership of the CMA database group: across all demographic categories, infrequent internet users are the most likely to be included.

A profile of the CMA database group is included in the accompanying technical report.

3.6 Price cap eligibility

In 2017 Ofgem introduced the 'safeguard tariff' or 'price cap' which limits the amount of money that energy suppliers can charge customers for a unit of energy. The 'price cap' was initially introduced to cover customers with domestic prepayment meters and was extended to those receiving a warm home discount in February 2018. A separate price cap is planned to be introduced at the end of 2018 covering default tariffs.

⁷ <https://www.gov.uk/cma-cases/energy-market-investigation>

In 2018, around half (49%) of consumers were potentially eligible to be covered by the default tariff price cap: that is, they were identified as such by saying they thought they were on a variable (not fixed) tariff, or they didn't know which tariff they were on⁸.

Younger consumers (53% of under 35s), DEs (64%), lower income households (58% of those earning under £16K per annum) and social renters (64%) were all more likely to be potentially eligible to be covered by the default tariff price cap. In addition, those paying by standard credit (71%) or a prepayment meter (77%) were also more likely to be potentially eligible.

Amongst segments, given the profile discussed above, it is unsurprising to note that Anxious Avoiders (62%) were the most likely to be potentially eligible to be covered by the price cap, and Savvy Searchers (38%) and Happy Shoppers (33%) were the least likely.

3.7 Complaints

One in ten consumers say they had contacted a current or previous energy supplier to complain in the past 12 months: this figure is exactly the same as last year and has remained largely unchanged over time.

As in previous years, older consumers are slightly less likely than younger ones to have complained (12% of 16-34s and 11% of 35-64s compared with 9% of 65+s).

Chart 8 Complaints in past 12 months



Q76. In the last 12 months, have you contacted a current or previous energy supplier to complain at all? Base: All respondents (2018: 4064; 2017: 4001; 2016: 5956; 2015: 5934; 2014: 6151);

Q81. Excluding any comment about their prices, do you believe you have had cause to complain to an energy supplier in the last year, but have not done so? Base: All respondents (4064); NotCm. Why did you not make a complaint at that time? Base: All who had cause to complain but didn't (116)

Those who are more engaged in the energy market are also more likely to have complained, following similar patterns to previous years. A little under a fifth of recent supplier switchers reported a complaint in the past 12 months (17% P12M supplier switchers), around one in six (15%) of tariff switchers or those who have compared. This compares with 7% of those who have taken no action.

Linked to this, people who are with a medium or small supplier are also more likely to say they have complained (13% versus 9% of those who are with one of the six large suppliers). We cannot tell from the data whether these consumers were describing complaints to their current or previous suppliers,

⁸ The default tariff price cap will cover tariffs that suppliers' roll customers onto once their fixed term tariff ends, their contract ends or if they have never actively chosen a tariff. Default tariffs are usually standard variable tariffs. As consumers are often unsure if they are on the default tariff offered by their supplier, we have used being on a standard variable tariff to proxy eligibility for this price cap.

and whether they had switched away from one of the six large suppliers to a smaller supplier before or after complaining.

Market Skeptics were twice as likely as any other segment to have complained: 25% said they had done so in 2018.

4 Knowledge, confidence and perceptions

This chapter contains:

- Levels of knowledge of actions that consumers can take to engage in the energy market
- Perceptions of the amount of choice available
- Confidence in their ability to engage
- Perceptions of the switching process, including the time taken and associated risks of switching
- Motivations and prompts for engaging, and reasons for not engaging

Failure to engage in the energy market cannot be explained by lack of awareness

Almost all consumers are aware that they can switch supplier, switch tariff or change their payment method. Even amongst those who had never switched, three quarters or more are aware of each of these.

Overall, it does not appear that the perception of the amount of choice is a strong barrier to engaging in the energy market

Half of consumers think there is the right amount of choice of energy tariffs, but a third (34%) think there is too much choice (exactly the same as in 2017). Those who have not engaged in the energy market are no more likely to think there is too much or not enough choice.

Perceptions of price comparison websites have become more positive compared with 2017

There have been increases in proportions agreeing that price comparison websites are clear and unbiased, though there has also been a smaller increase in the proportion agreeing that price comparison websites have all the same energy deals on them.

These changes appear to be because more consumers in 2018 felt able to express opinions about price comparison websites.

As in 2017, most customers say they are confident dealing with their energy supplier

Consumers generally feel confident engaging with their energy supplier: understanding their bills, comparing deals and choosing the best deal for their households. Levels of confidence are highest (and have slightly increased) for making a complaint to their energy supplier.

Those who had not engaged in the energy market were less likely to feel confident comparing and choosing deals, but were equally likely to feel confident understanding bills or complaining.

The vast majority of switchers thought that switching was easy, and most felt in sufficient control of when the switch would take place. Few felt that switching was a hassle, it would be difficult to work out whether they would save, or worried that the switch would go wrong.

Unsurprisingly, those who had not switched, and in particular members of the CMA database group, were the least positive about switching.

There has been a further increase in the proportion of consumers thinking that comparing tariffs is easy.

Time taken to switch is not a strong barrier to switching: while disengaged customers were more likely to agree that switching takes too long, they actually had less realistic – and more optimistic – views of how long switching takes than those who had recently switched. Patterns were similar in 2017.

The main risks associated with switching are costs going up and not saving as much as expected, though fewer thought these were risks in 2018 than in 2017

Other potential risks (which were less commonly mentioned) were double billing and being cut off. Recent supplier switchers were less likely to perceive risks associated with switching.

As in previous years, saving money was the strongest motivator for engaging in the energy market. Inertia/satisfaction with their current supplier was the main reason for not engaging.

For the first time in 2018, there was an increase in the proportion of engaged consumers saying they had engaged to avoid future price rises.

As in 2017, communications from suppliers were the main prompts to engagement, though word of mouth, the media and money saving websites were also mentioned. A minority had received a personal recommendation (e.g. from a friend or family member).

Key facts

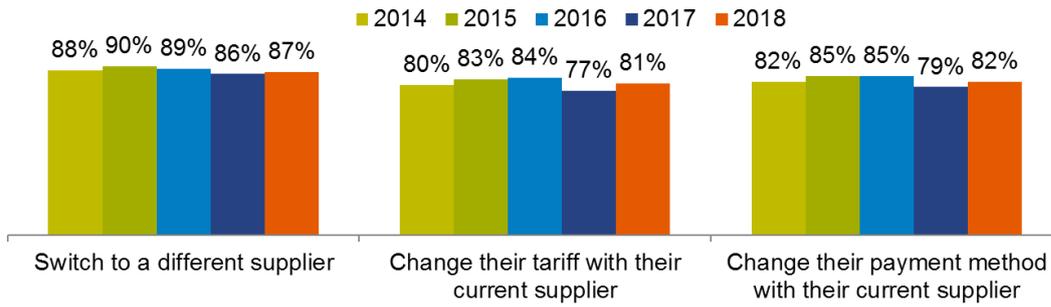
- 47% think there is about the right amount of choice of tariffs available, 34% think there is too much choice, and only 7% that there is too little choice
- 68% feel confident understanding their energy bill, 64% confident choosing the best energy deal for their household, and 60% confident comparing energy deals. Confidence in complaining was higher (77% feel confident)
- 66% of consumers mentioned any risks associated with switching
- 87% of those who engaged in the energy market said this was to save money. This is a drop from 91% in each of the four previous years, but within this there has been an increase (from 14% to 18%) in the proportion saying they switched to avoid a future price rise. Among those who had not switched in the last 12 months, 75% said that if they did switch it would be to save money.
- 33% of those who had not engaged in the energy market said it was because they are satisfied with their existing supplier, and 15% because they feel it is too much hassle. This latter figure is down from 23% in 2017

4.1 Knowledge – Do consumers know they can engage?

In 2017 there was a small drop in the proportion aware that they can change supplier, change tariff with the same supplier, and/or change method of payment with the same supplier, and the 2017 report suggested this may be the result of a change in the question wording⁹. The 2018 question matched that of 2017, and awareness of all three actions rose to similar levels to those seen in 2016 and before. Because the change of question is likely to depress levels of awareness, we can probably regard the five-year trend as basically flat for all three of these actions.

⁹ In previous years, a 'none of these' option was not presented to respondents, whereas in 2017 this option was visible to respondents on the interviewer's screen. Because of this, significant changes over time are not shown in the chart

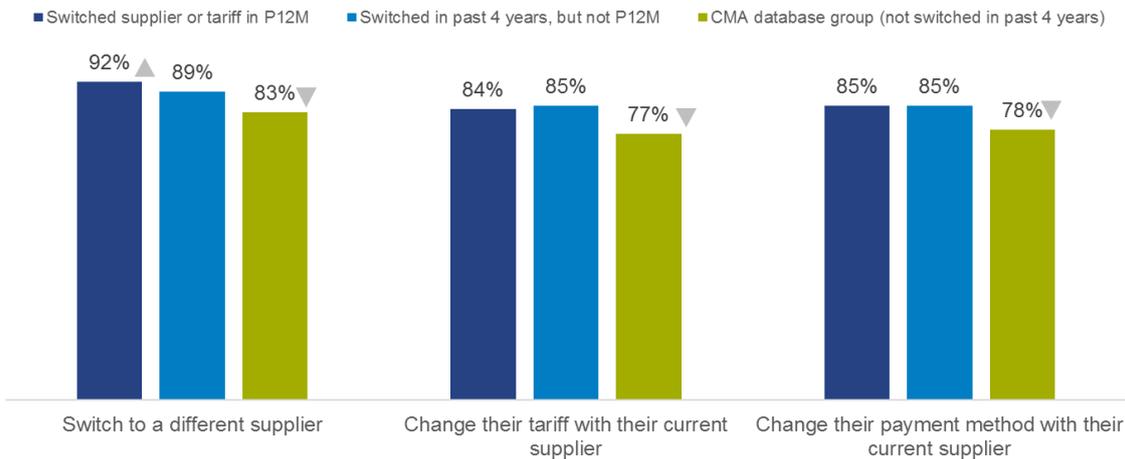
Chart 9 Awareness of actions that energy consumers can take



Q14 Which of the following do you think it is possible for energy customers to do? Base: 2014 6151, 2015 5934, 2016 5958, 2017, 4001, 2018 4064

There was a correlation with social class: ABs have the highest awareness of all three possible types of switching (only 3% were not aware of any), and DEs have the lowest (7% were not aware of any). Similar patterns were evident in 2017, though levels of awareness amongst DEs have increased (from 16% not aware of any in 2017 to 7% in 2018).

Chart 10 Awareness of actions by engagement



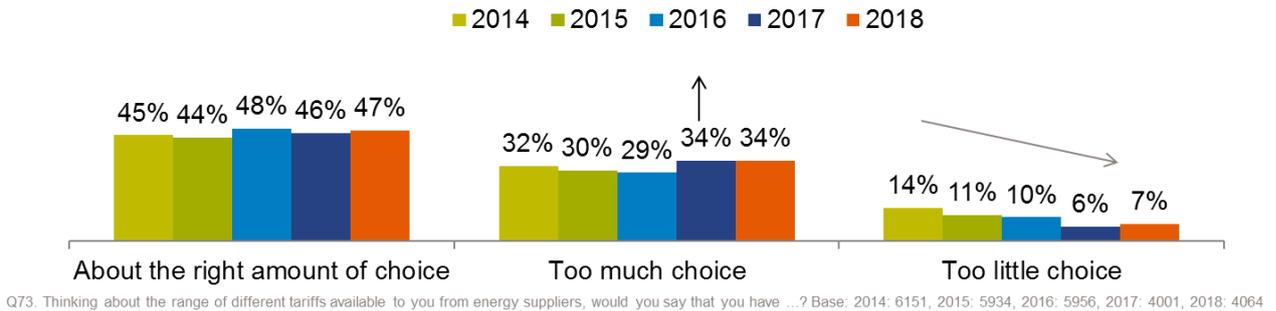
Q14 Which of the following do you think it is possible for energy customers to do? Base: 2018 Switched supplier or tariff in P12M 955, Switched in past 4 years but not P12M 1134, CMA database group 1975

Even among those who are less engaged (e.g. those in the CMA database group who have not switched supplier or tariff in the past 4 years), three quarters or more were aware of each action, and levels of awareness have increased since 2018. For example, the proportion of those in the CMA database group aware that you can switch supplier has increased by four percentage points from 79% in 2017 to 83% in 2018. The data therefore continues to emphasise the fact that failure to engage in the energy market cannot be solely explained by lack of awareness.

4.2 Perceptions of amount of choice available to consumers

There has been no significant change over the five years for which the survey has been running in the proportion who think they have the right amount of choice of energy tariffs: around half (47%) thought this in 2018. However, a third think there is too much choice in the market (34% similar to 2017), and seven percent think there is too little choice (again similar to 2017).

Chart 11 Perception of amount of choice available to consumers



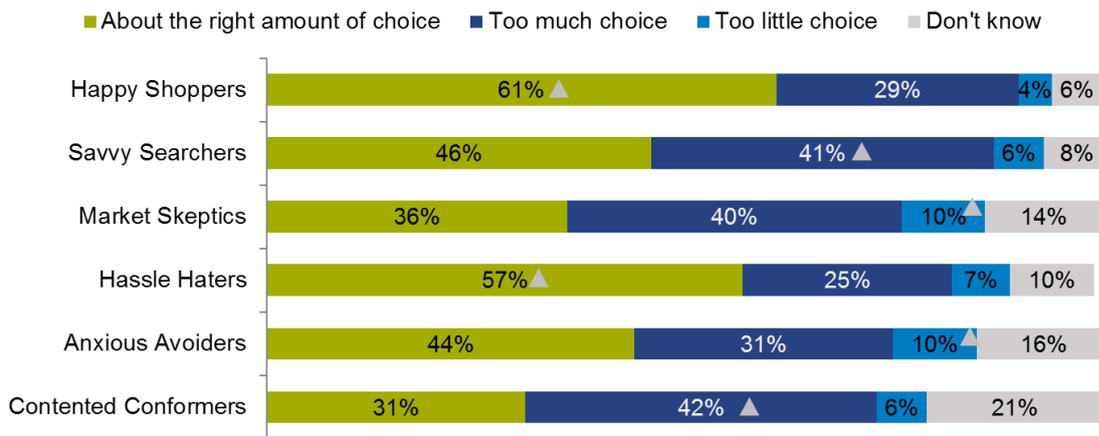
As in 2017, 16-34s (57%) and C1s (50%) were the most likely to think they have the right amount of choice of tariffs.

Overall, it does not appear that the perception that there is not enough or too much choice is a strong barrier to engagement. Disengaged consumers were no more likely than engaged consumers to think that there is too much or too little choice: instead they are more likely to feel unable to express an opinion on the amount of choice available (17% of disengaged consumers said don't know/refused, compared with 12% on average and only 5% of engaged consumers – mirroring patterns seen in 2017). Amongst disengaged consumers who expressed an opinion, perceptions were similar to engaged consumers. For example, 52% of past 12 month switchers expressing an opinion think there is the right amount of choice, compared with 43% of those who have not engaged in the energy market at all.

It is also of interest to note that, once don't know/refused answers are removed, consumers on prepayment meters did not respond in a very different way to those paying by direct debit or standard credit. While it may be hypothesised that a perceived lack of choice of tariffs available to prepayment customers may be a barrier to engagement, this does not appear to be a strong factor: 7% of prepayment meter consumers giving an answer said they feel there is too little choice available, and the comparative figure amongst direct debit consumers is 8%.

There are, however, several clear differences in perceptions between the segments: again interpretation of these is complicated by different proportions unable to express an opinion. For all segments, the most common perception is that there is about the right amount of choice. However, Contented Conformers and Savvy Searchers are more likely than the average to say there is too much choice, while Happy Shoppers and Hassle Haters are more likely to say there is about the right amount of choice. However, while Hassle Haters are characterised by the view that switching is too much hassle, it does not appear that an overload of choice is perceived to be an issue, which implies that their views of hassle are instead linked to perceptions of the process of switching. Patterns were very similar in 2017.

Chart 12 Perception of amount of choice available to consumers by segment

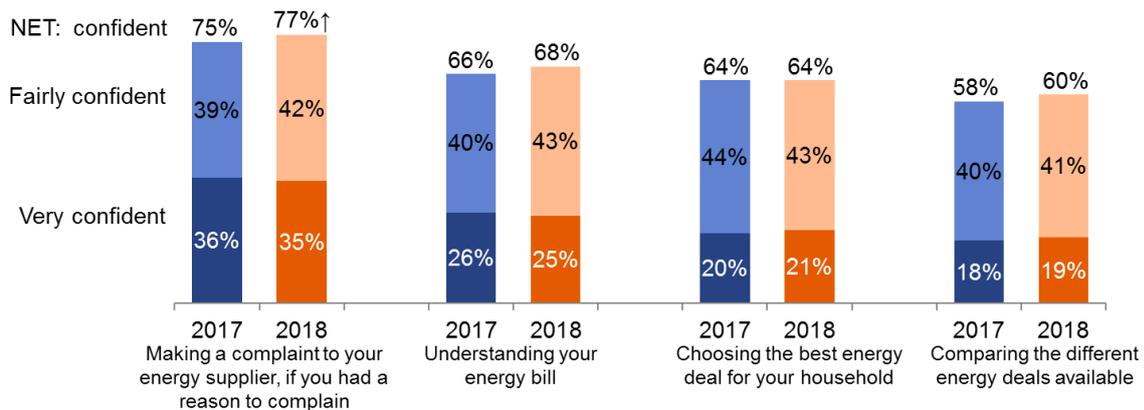


Q73. Thinking about the range of different tariffs available to you from energy suppliers, would you say that you have ...? Base: 2018 Happy Shoppers 753, Savvy Searchers 479, Market Skeptics 439, Hassle Haters 894, Anxious Avoiders 679, Contented Conformers 820

4.3 Customer confidence in their ability to engage

The majority of consumers said they feel confident engaging with their energy supplier, although the level of confidence varied considerably between different types of engagement.

Chart 13 Confidence in consumer actions



Conf2. How confident or unconfident do you feel about doing these things related to energy suppliers? Base All respondents 2017: 4001, 2018: 4064

Around three quarters said they feel confident making a complaint to their energy supplier if they needed to, and this included 35% who feel very confident: levels of confidence in complaining have increased significantly since 2017.

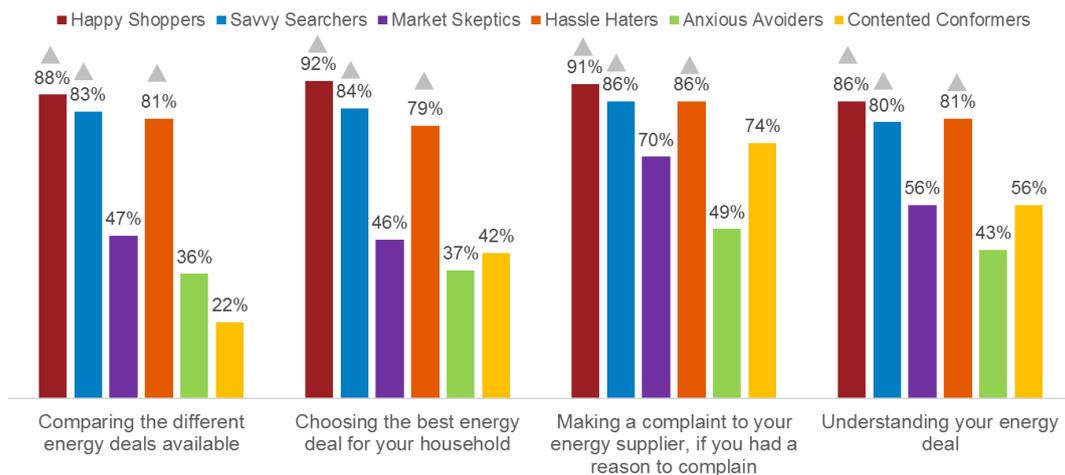
Confidence is lower about understanding their energy bills, and choosing the best energy deal (each around two thirds), and slightly lower still about comparing the different energy deals available, where 60% said they feel confident, though the proportion saying they feel comfortable comparing has increased slightly since 2017.

Confidence in making a complaint was stable across all demographic groups, but as in 2017 older people were less likely to say they feel confident about comparing deals and choosing the best deal: among 65+s only 47% said they feel confident comparing deals (compared with 60% on average) and 57% choosing the best deal (compared with 64% on average). Confidence understanding energy bills varied mainly by social class, with a clear progression from 71% feeling confident amongst ABs to 64% amongst DEs (though this latter figure has increased somewhat from 59% in 2017).

There were also, understandably, clear differences by level of engagement, with those who have never switched and those who haven't engaged in the energy market in the past 12 months less likely to feel confident comparing deals and choosing the best deal for their household.

There were also large differences between the segments: this is unsurprising given that confidence was one of the inputs to the segmentation. Nearly nine in ten Happy Shoppers, and four in five of Hassle Haters and Savvy Searchers said they feel confident comparing deals, compared with only one in five Contented Conformers and one in three Anxious Avoiders. The pattern was the same across all of the actions investigated: with Happy Shoppers, Savvy Searchers and Hassle Haters the most likely to say they feel confident, and Anxious Avoiders and Contented Conformers the least likely.

Chart 14 Confidence in consumer actions by segment



Conf2. How confident or unconfident do you feel about doing these things related to energy suppliers? Base: 2018 Happy Shoppers 753, Savvy Searchers 479, Market Skeptics 439, Hassle Haters 894, Anxious Avoiders 679, Contented Conformers 820

4.4 Perceptions of the switching process

A further element of confidence engaging with the energy market is the extent to which it is felt to be easy to compare tariffs for electricity or gas.

There has been a significant rise over recent years in the proportion of consumers saying they thought comparing tariffs was easy: from 43% in 2016 to 47% in 2017 and 51% in 2018. Those who have switched supplier in the past 12 months were much more likely to say they find it easy to compare tariffs (60%, up from 55% in 2017). Younger people were also more likely to say they find comparing tariffs easy: 61% of 16-34 year-olds said this, and this has also increased from 54% in 2017.

Again, perceptions of the switching process was one of the segmentation inputs, but it is still of interest to note the extent to which it differentiates amongst the segments. There were some very large differences: from the 74% of Happy Shoppers and 64% of Hassle Haters who found it easy, to as few as 32% of Anxious Avoiders and 28% of Contented Conformers who did so. Patterns in response were very similar in 2017.

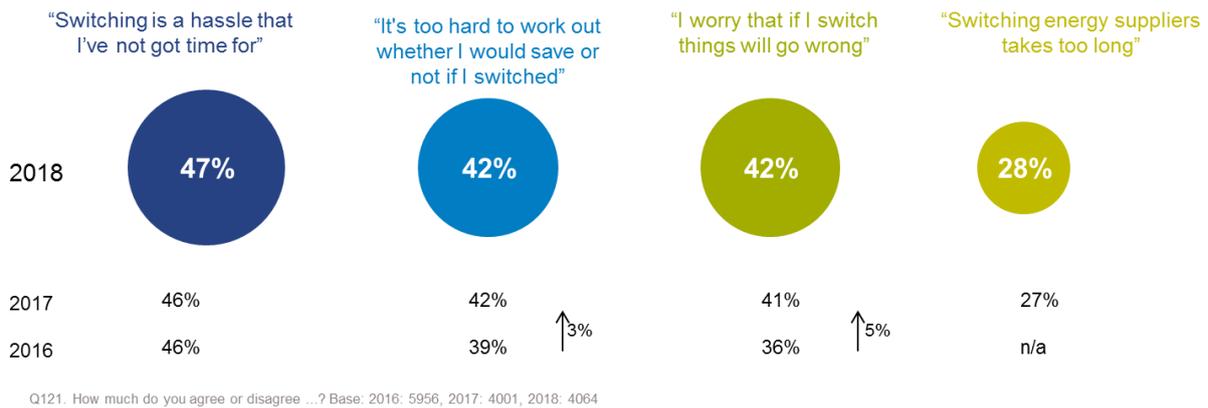
All respondents were presented with a number of statements about the switching process and asked how much they agree or disagree with each. Opinions were fairly divided.

Around half agreed that "Switching is a hassle that I've not got time for" (47% versus 36% disagreeing), and that "It's too hard to work out whether I would save or not if I switched" (42% agreed versus 38% disagreed), but for the statement "I worry that if I switch things will go wrong" exactly equal proportions agreed and disagreed (42%). All proportions were similar in 2017.

The one statement that had more people disagreeing than agreeing was “Switching energy suppliers takes too long”, where 42% disagreed and only 28% agreed).

Taken overall, perceptions are less positive amongst those who have not engaged in the energy market in the past 12 months, and associated demographic groups: C2DEs and low income households, non-internet users and the lowest engagement segments (in particular Hassle Haters and Contented Conformers).

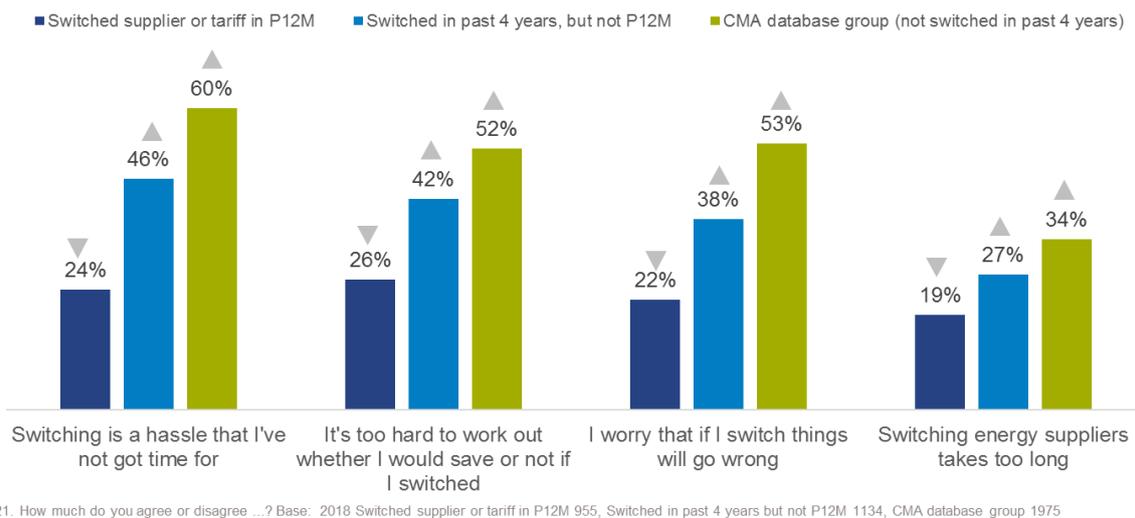
Chart 15 Perceptions of the switching process



Taken overall, perceptions are less positive amongst those who have not engaged in the energy market in the past 12 months, and associated demographic groups: C2DEs and low income households, non-internet users and the lowest engagement segments (in particular Hassle Haters and Contented Conformers).

Chart 18 shows perceptions of the switching process amongst those who have switched supplier or tariff in different time periods: in the past 12 months, in the past 1-4 years, and 4 or more years ago (the CMA database group).

Chart 16 Perceptions of the switching process



Given that those who had engaged in the energy market recently tend to feel more positive about the process of switching, it is unsurprising that those who are furthest away from switching (the CMA database group) tend to have the least positive perceptions. They are the most likely to think that switching is a hassle they don't have time for, to worry that if they switch things will go wrong, and that it's too hard to work out whether they would save or not if they switched. On most measures, the CMA

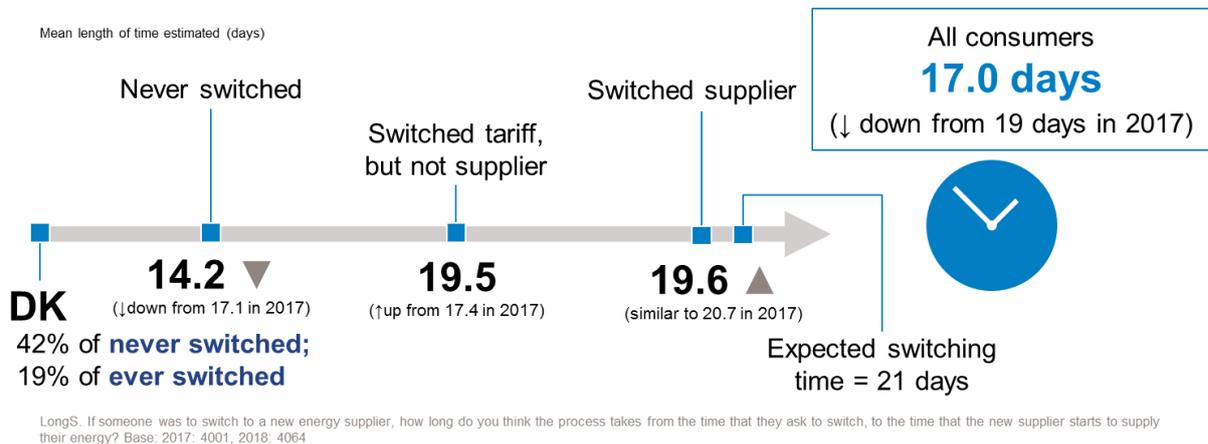
database group was more than twice as likely to agree as recent switchers: and gaps have increased since 2017.

Agreement that switching is a hassle I've not got time for was particularly high amongst those who do not use the internet at all (61%) and, linked to this, those who have never switched supplier (58%), suggesting both attitudinal and practical barriers to switching for some. Worrying that something might go wrong if they switch may also be a deterrent, and agreement with this statement is particularly high amongst those who have never switched (52%) and those who have not engaged in the energy market at all in the past 12 months (50%). All these differences are consistent with results in 2017.

Turning to whether perceptions of the time taken to switch may be a barrier to engagement, customers who had switched supplier or tariff in the past 12 months were less likely than disengaged consumers or those who had only compared to say that switching takes too long (18% of switchers agreed versus 31% of non-switchers). However, it should be noted that disengaged consumers were much more likely than those who had engaged to say that they could not express an opinion (38% did not, compared with 13% of switchers). Given their lower levels of consideration of the issue, this suggests that perceptions of the time taken to switch may not be a strong barrier to engagement.

To explore this further, all consumers were asked how long they think it takes to switch supplier, from the time they ask to switch to the time the new supplier starts to supply their energy. The average time that it was thought to take to switch was 17 days – lower than the actual average switching time in practice of 21 days. While those who had switched supplier recently gave more accurate and realistic assessments, (just under 20 days, similar to 2017), those who had never switched tended to think that the process takes less time (an average of 14 days, down from 17 days when the question was first asked in 2017). Given that never-switchers tend to think that switching takes less time than it actually does, we feel that the actual time taken to switch does not appear to be a barrier to engagement for them.

Chart 17 Perception of length of switching process



However, it should be noted that those who have never switched were far more likely than switchers to say they didn't know how long it would take (42% and 19% respectively). Linked, to this, lower engagement groups were also less likely to be able to answer: 40% of Anxious Avoiders, 36% of Contented Conformers and 30% of Hassle Haters said they do not know how long it takes.

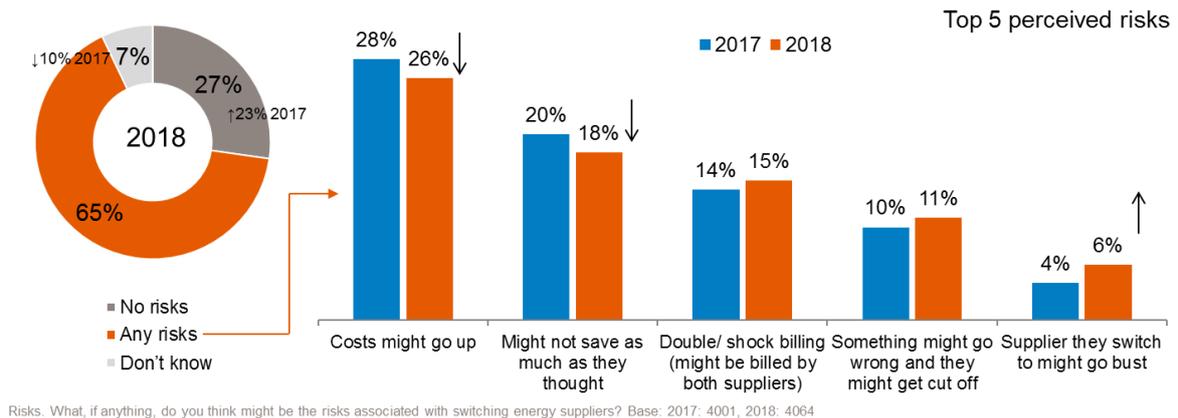
4.5 Perceptions of the risks associated with switching

A new area investigated in the survey in 2017 was the perception of risks associated with switching, to see whether perceived risks could be a barrier to switching: and these questions were replicated in 2018 to understand changes over time. All were asked to say in their own words what they feel might be the risks associated with switching supplier. When prompted to think specifically about risks, around two thirds (65%) were able to name any risks at all.

By far the most commonly mentioned risk is that costs might go up: one in four (26%) said this, and 18% said that there is a risk that they might not save as much as they thought. Both of these were down significantly since 2017.

Other potential risks identified by one in ten or more were the possibility of double billing (15%) and of being cut off (11%). Only 6% spontaneously worried that the new supplier might go bust, and other risks were mentioned by 3% or fewer.

Chart 18 Top five perceived risks of switching energy supplier



As in 2017, concern that costs might go up is particularly high among Contented Conformers (35%), Market Sceptics (28%) and Hassle Haters (27%).

Those who have switched suppliers in the past 12 months were less likely than average to say that there are any risks associated with switching (58% versus 65% on average): they were less likely to mention each of the risks listed above, though 21% of them mentioned the risk that costs might go up and 13% that they may not save as much as they thought. Once again, these results are consistent with 2017.

Those who had never switched were not significantly more likely than the average to name risks associated with switching, though they were more likely to say they didn't feel able to comment (11% said this), rather than thinking there are no risks at all (26%). However, it is notable that among those who have never switched the proportion thinking there are no risks has risen markedly since 2017 (up from 19% to 26%).

The perception of risk is linked to levels of engagement, with more engaged groups less likely to perceive risks associated with switching: 39% of Happy Shoppers thought there would be no risks, and 32% of Savvy Searchers¹⁰. In contrast, and consistent with their segment profile, the Contented Conformers were more likely than average to mention most of the main risks: 35% thought there would be a risk that costs might go up (versus 26% average) and 24% that they might not save as much as they thought (versus 18% average).

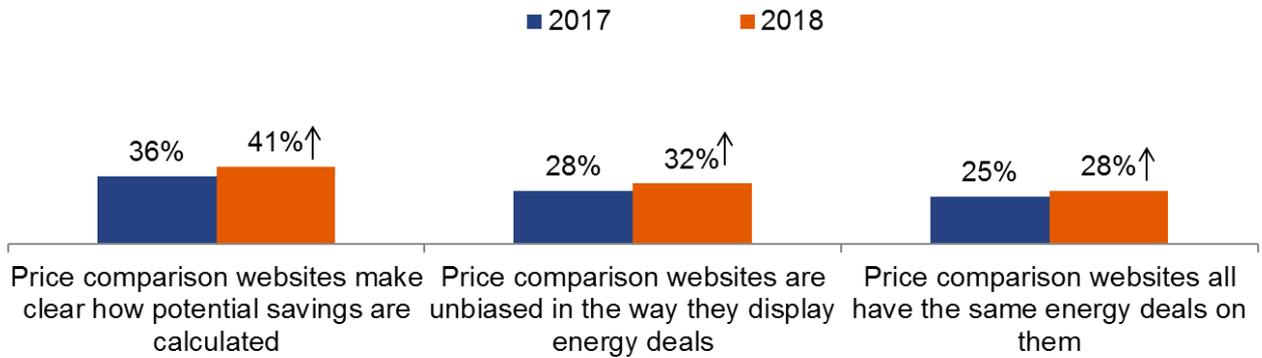
4.6 Perceptions of price comparison websites

All consumers, regardless of whether they had used a price comparison website or not, were read three statements about the sites and asked the extent to which they agree or disagree with each.

¹⁰ The difference in the proportions thinking there are no risks between the Happy Shoppers and Savvy Searchers clearly shows the differences between the two segments. While the Happy Shoppers are very positive and optimistic about the switching process, the Savvy Searchers have a more pragmatic and questioning view.

Two in five agree that price comparison websites make clear how potential savings are calculated, a third agree that price comparison websites are unbiased in the way they display energy deals, and just over a quarter agree that they have all the same energy deals on them. All three perceptions have become more positive than in 2017.

Chart 19 Perceptions of price comparison websites



PCWSt: To what extent do you agree or disagree with these things about price comparison websites? Base: 2018 4064, 2017 4001

A large proportion of consumers did not feel able to express an opinion on these issues - around two in five either said don't know, or gave a neutral (neither agree nor disagree) response - this was down on 2017, suggesting that as more people become aware of price comparison websites views of them become more positive.

As in 2017 older respondents (aged 65+), lower income households and non-internet users are all less likely to agree with each of the statements about price comparison websites. To some extent, these lower levels of agreement are linked to high proportions in these groups not expressing an opinion (saying neither agree nor disagree or don't know/prefer not to answer): for example, 55% of 65+s and 69% of non-internet users did not express an opinion when asked to comment on the statement 'Price comparison websites have all the same deals on them' (compared with only 36% of 16-34s and 37% of frequent internet users).

However, even when those who were unable to express an opinion are excluded, differences are still evident, indicating that perceptions of price comparison websites are less positive amongst these groups.

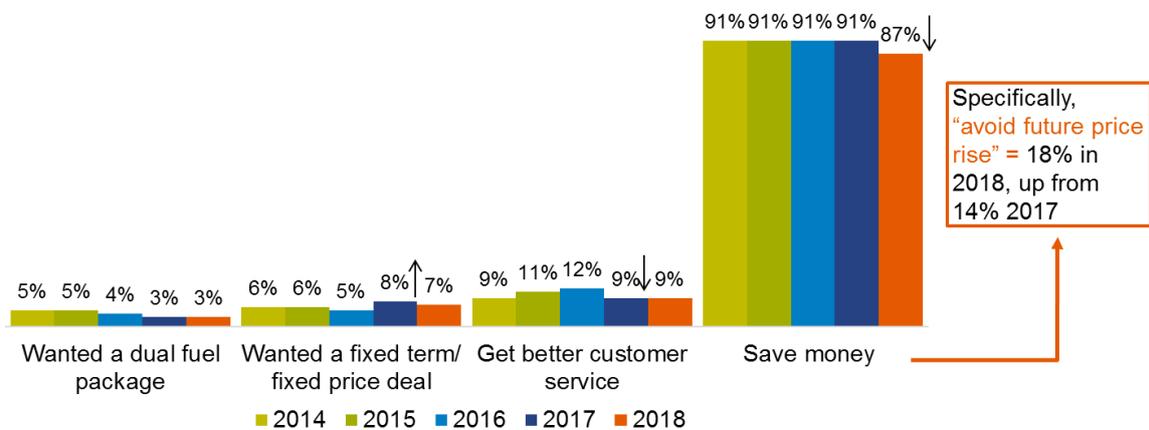
Perceptions of price comparison websites are strongly linked to engagement with the energy market and experience of their use. Those who had ever switched supplier, or who had engaged in the energy market at all in the past 12 months are more likely than their counterparts to express an opinion on price comparison websites, and amongst those who did express an opinion they are more positive about the sites. As in 2017 First time switchers who expressed an opinion were particularly likely to agree that price comparison websites are unbiased and make clear how potential savings are calculated (60% and 50% respectively).

4.7 Motivations and prompts for engaging in the energy market

All who had engaged in the energy market in the past 12 months (switching supplier or tariff, or comparing), were asked to say in their own words what their priorities were. As in previous years, the most common priority for engaging is to save money, either immediately or by avoiding future price rises, although the proportion saying this declined in 2018 to 87%. Within this, the proportion saying they had engaged to avoid future price rises increased from 14% in 2017, to 18% in 2018.

The next most common reasons for engaging were a desire to get better customer service (9%), a fixed term/price deal (7%) or a green tariff (6%). Three per cent said they engaged because they wanted a dual fuel package. Responses are consistent with previous years, though the proportion saying they engaged to get a fixed term/price deal has increased slightly since 2016, and the proportion wanting better customer service has declined slightly.

Chart 20 Priorities for engaging in the energy market

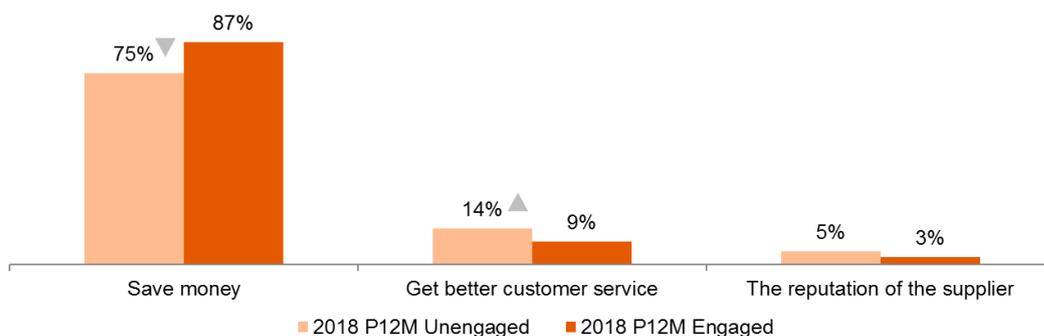


Q160. Thinking of the last time you engaged, what were your priorities? Base: Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months (2014:2000, 2015:2034, 2016:2112, 2017: 1558, 2018)

Those who had *not* engaged in the market at all in the last 12 months were asked a parallel question, to imagine that they might be switching supplier or tariff, and asked what their priorities would be in selecting a new deal. For those not engaged, the main priority remained saving money/costs, though at a lower level than for engaged consumers: 75% of disengaged consumers said their priority would be to save money (versus 87% of engaged consumers).

Similar to engaged consumers, getting better customer service was the next most commonly mentioned priority (by 14% - slightly higher than for engaged consumers), and supplier reputation was mentioned by 5% of disengaged consumers (versus 3% of engaged consumers).

Chart 21 Motivations for engagement



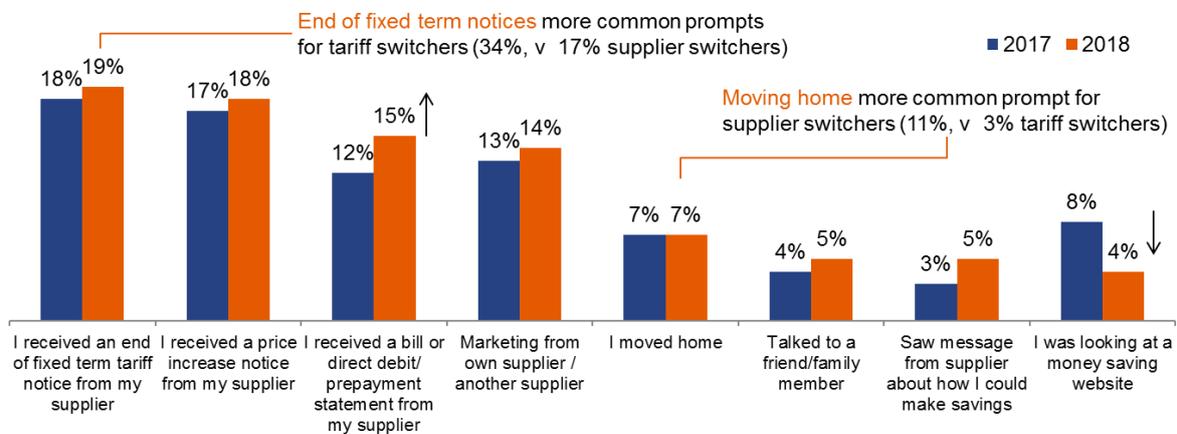
Q122. If you were to switch supplier or tariff, what would be your priorities when choosing a new deal? Base : NOT Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months: 2018: 2547 ; Q160. Thinking of the last time you compared supplier or tariff, what were your priorities? Base: Switched supplier / Compared supplier or tariff P12M: 2018: 1558

The most engaged segments (Happy Shoppers, Savvy Searchers, and to a lesser extent Market Sceptics) are all more likely than average to say that saving money is or would be a priority for them. Hassle Haters, Savvy Searchers and Market Sceptics were all more likely to say that getting better customer service is/would be a priority (13%, 12% and 11% respectively, with the other three segments all on 8% or less).

With price such an overwhelming priority, it is unsurprising that there are few significant differences in the proportions giving this reason by demographic group or levels of engagement.

Those who had engaged in the energy market (comparing or switching supplier or tariff) were asked what had prompted them to do so, and “push” factors tended to be stronger than “pull” ones¹¹. Most common prompts to engagement were supplier communications in some form, including end of fixed term notices (19% in 2018), price increase notice (18%), a bill or statement (15%, up slightly from 12% in 2017), or supplier marketing (14%).

Chart 22 Prompts to engagement



Q161. And thinking about the last time you engaged, what were the main reasons that caused you to do that? Base: Switched gas or electricity supplier or tariff, or compared suppliers or tariffs in the past 12 months: 2017: 1558, 2018: 1517

Those who had changed tariff in the past 12 months were more likely to say they were prompted to do so by an end of fixed term tariff notice (34%). The most common prompt for supplier switchers is the price increase notice (mentioned by 17%), though they were also the most likely to have been prompted to engage by moving house (11%, versus 3% of tariff switchers). Those who compared but did not switch were more likely than switchers to have been prompted to engage by supplier marketing (20% versus 11% of supplier switchers and 8% of tariff switchers).

All consumers were also asked whether anyone – other than representatives of energy companies – had made any recommendations to them in the past 12 months: either to change supplier, recommending a particular supplier, or warning them away from a particular supplier. The vast majority (83%) said they had not received any recommendations, with levels of recommendation very similar to 2017. Also, generic recommendations were much more common than supplier-specific ones: 10% said someone had recommended them to switch supplier, but only 6% had had a particular supplier recommended and 4% had been warned off a particular supplier.

¹¹ The question was asked in a different format prior to 2017, so comparisons over time are not possible

Chart 23 Levels of recommendation



Recom. Apart from salespeople working for energy companies, has anyone made any of these recommendations to you in the last 12 months? Base: 2018: 4064

However, there are marked differences in levels of recommendations between engaged and disengaged consumers, which suggests that for some, recommendation may play a part in the decision to switch. While 17% of all consumers had received a recommendation of some kind, this rose to 28% amongst those who have switched supplier in the past 12 months, but only 10% of those who had taken no action said they had received any recommendations.

First-time switchers were particularly likely to say they had received any recommendations: 9% had been recommended to a particular supplier or deal (versus 6% average) and 25% had been recommended to switch more generally (versus 10% average).

Looking overall at prompts to engaging in the energy market, those who had had contact with energy suppliers in the following ways were all more likely to have switched supplier in the past 12 months:

- Those who had complained (30% had switched, versus 17% who had not complained)
- Those who had read any communications from their own supplier in the past 12 months (22% had switched versus 15% who had not read any)

In addition, those who received recommendations from family/friends were more likely to have switched supplier (31% had switched versus 16% who had not received recommendations).

These results show that broader engagement in the energy market may serve as a prompt to future switching.

4.8 Reasons for not engaging in the energy market

The energy market is one with a high degree of inertia, and one example of this comes from those who have either compared supplier or tariff but not switched, or have not compared at all. When asked to say in their own words why they had not engaged or switched, the most common response was that they feel that their existing supplier or tariff is satisfactory (mentioned by 35% in 2018, similar to the 33% saying this in 2017)¹². A quarter (25%) said they had not engaged because they felt it is too

¹² This question was not asked prior to 2017, so no tracking data are available
 The specific responses included in each category described are as follows:
 'Existing supplier is satisfactory' includes the single code 'Existing supplier/tariff is satisfactory'

much hassle – this includes 15% who made a general comment about it being too much hassle, 7% who think it is too complicated, 3% who said they had already set up their direct debit, and 2% who thought it was difficult to find information or compare tariffs. All of these reasons were similar to those given in 2017.

Other responses given were also consistent with 2017, indicating no significant changes in barriers to engagement. A quarter were reasons to do with price (22%), mainly mentioned by people thinking they wouldn't save enough to make it worthwhile, or confident they are already on the best deal for them.

Mentions of satisfaction with current tariff were common amongst all demographic groups, though 65+s were more likely than other ages to say this (40% versus 33% of under 65s). There were no particular reasons for not engaging in the energy market which were more commonly given by younger people.

Households who had not engaged who are on a variable tariff were less likely than their counterparts on fixed tariffs to say they had not engaged because they are satisfied with their current supplier or tariff (30% on variable tariff versus 38% on fixed tariff) but instead more likely to say this was because of hassle (27% variable tariff versus 22% on fixed term).

Consumers in the CMA database group gave similar responses to the group of non-engaged consumers who would not be on the CMA database (i.e. disengaged but have switched supplier or tariff 1-4 years ago).

'Too much hassle' includes mentions of 'Too much hassle/ effort', 'Too complicated', 'Difficult to find information (include information about own tariffs/ bills/ usage/ other suppliers)', 'Don't understand/ difficult to compare tariffs', 'Previous negative experience of switching' and 'Payment/ direct debit all set up',

'Price' includes mentions of 'Didn't think I'd save enough to make it worthwhile changing' and 'Confident I'm on the best deal for me'

'Quality' includes mentions of 'Good service from existing supplier (including customer service, reliable supply etc)' and 'Get accurate/ useful/ informative/ clear bills on time'

'Features' includes mentions of 'Customer loyalty scheme (e.g. perks, reward points, vouchers, cashback', 'Range of other products e.g. Boiler maintenance/ home care service/ emergency repair' and 'Energy bundled in with other services (e.g. telephone, credit card)'

'Supplier credentials' include mentions of 'Good reputation - existing supplier', 'Green credentials - existing supplier' and 'Ethical credentials - existing supplier'

5 Experience of switching and shopping around

This chapter contains:

- Methods used to compare/shop around
- How the switch was made
- How easy or difficult it was to decide which deal to switch to

As in previous years, price comparison websites were most commonly used to compare the deals on offer, and their use had increased since 2017, and most comparisons were done online

While consumers aged 65+ and DEs who had engaged most commonly did so through a price comparison website, they were more likely than their counterparts to engage with a supplier direct, or by telephone.

Linked to this, supplier switchers and comparers most commonly engage online (e.g. through a price comparison website), but tariff switchers were equally likely to engage by telephone as online.

Half of those who switched said they did so through a third party service, and a third by approaching the supplier

While use of price comparison websites to compare deals has increased, fewer than in 2017 said they actually switched through a third party service, with more saying they approached the supplier direct.

One in ten of those who switched had help to do so, mainly from immediate family and friends outside their household, though a minority had help from public sector or third sector organisations.

Most found it easy to decide who to switch to, with frequent internet users more likely to find it easy

Overall, the switching experience was positive for many. However, experiences were less positive amongst less engaged segments (e.g. Anxious Avoiders): this may be somewhat concerning given how difficult it is to encourage them to interact with the energy market at all.

Key facts

- 54% of those who had engaged with the energy market found out about deals using a price comparison website, (up from 45% in 2017) 12% rang their supplier and less than one in ten looked at their supplier's (9%) or competitors' (5%) websites
- Taken overall, 59% of those who engaged did so through an intermediary and 41% through a supplier source
- 42% of those who switched supplier or tariff in the past 12 months did so through a third party service (e.g. a price comparison website), down from 50% in 2017 and the high of 56% in 2016
- Conversely, the proportion switching direct with the supplier increased from 33% in 2017 to 38% in 2018
- 11% of P12M switchers received any help in switching
- 83% of P12M switchers said they found it easy to decide which deal to switch to; only 10% disagreed
- Fewer (63%) of P12M switchers said they felt they had sufficient control over the date they would actually be switched over

5.1 Methods of shopping around/comparing deals

Those who had either switched tariff or supplier, or had compared the deals available, were asked how they found out about the deals on offer. Just over half (54%) said they found out using a price comparison website, with the other half spread across a wide range of answers, including ringing the supplier (12%), looking at the supplier's website (9%) or looking at competitors' websites (5%). After several years of broadly similar results, 2018 saw a big increase in the proportion using a price comparison website, rising 45% in 2017 to 54% in 2018.

Responses were classified into categories based on whether respondents had found out about the deals offered through a supplier or intermediary, and the channel used.

Intermediaries (e.g. price comparison websites, automated switching services, recommendations from others) were the most common source of information about deals, mentioned by three fifths (59%) of those who switched or compared: the same proportion as in 2017. Although individual supplier sources were mentioned by fewer, when taken together 41% said they had found out from a supplier source (e.g. call, website, contact with a salesperson, written communication or marketing material): again this is similar to 2017.

Patterns in response are very similar to 2017:

- Those aged 65+ who had engaged in the market were more likely than their younger counterparts to have engaged with a supplier (49% versus 37% of 18-34s), and younger respondents were more likely to have engaged through an intermediary (62% versus 44% 65+s).
- There was a clear gradient by social grade, with 69% of ABs who had engaged going through an intermediary, falling to 46% of DEs. In contrast, 49% of DEs had engaged with a supplier (versus 40% of ABs).
- There is also, as on many questions, a clear correlation with internet usage. Among frequent (daily) internet users who had engaged in the energy market, 64% found out about deals through an intermediary, compared with 36% of less regular users and only 10% of non-users of the internet. These results are unsurprising given the importance of price comparison websites in this activity.
- Amongst the segments who had engaged with the energy market, Savvy Searchers (69%) Happy Shoppers (64%) and Market Sceptics (62%) are the most likely to have engaged with an intermediary, and Anxious Avoiders (59%) and Contented Conformers (54%) are the most likely to have engaged with a supplier.

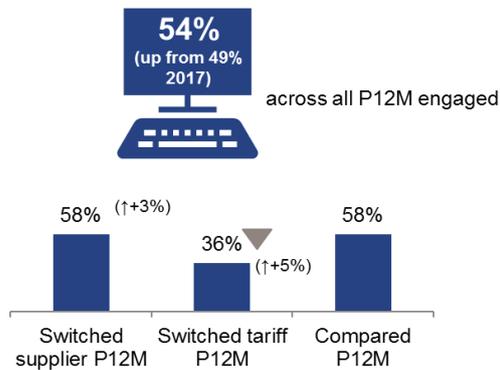
Turning to channels used to find out about deals, the most common was online - used by 65% of those who had engaged: mirroring the increase in proportions using price comparison sites mentioned above. A fifth (21%) found out by telephone, 14% face-to-face and 8% through other methods (e.g. viewing TV ads, written marketing materials).

Linked to levels of internet use, and reflecting findings above, there are clear patterns in channel use by age and social grade, with younger people (68% under 65s versus 55% 65+s) and ABC1s (71%, versus 54% C2DEs) more likely to have found out about deals online. While online was still the most common channel for 65+s and DEs, they are more likely than their younger and ABC1 counterparts to have found out about deals by telephone (27% of 65+s and 21% of DEs) or face-to-face (25% of DEs). All of these differences are, however, smaller than in 2017, suggesting that the overall increase in use of online for engagement in the energy market has been mainly driven by an increase among the over 65s and among DEs.

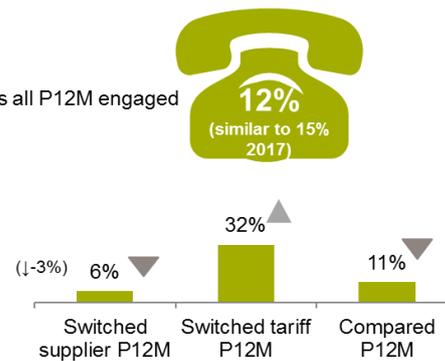
Looking in a little more detail at methods by which consumers found out about deals, price comparison websites were most commonly mentioned (by 54%, up from 49% in 2017), while 12% rang their supplier (down from 15% in 2017). Engagement by telephone was much more common amongst those who switched tariff (but not supplier), while supplier switchers were much more likely to have compared using a price comparison website.

Chart 24 Method of comparison

I used an online/ website price comparison service



I rang my supplier



Q165. And when you last Compared supplier or tariff, how did you find out about the deals offered? Base: Switched supplier: 670; Switched tariff :287; Compared supplier or tariff: 601

Similarly, those who compared but did not switch were much more likely to have done so using comparison sites (58%) than by ringing their own supplier (11%) or other suppliers (4%).

Of those who used price comparison websites, there was an increase since 2017 in the proportion who used only one (from 37% to 44%) and a decrease in the proportion using three or more sites (from 27% to 17%). Overall, the average number of price comparison websites used was 1.72, down from 1.96 in 2017. Given that advice is that people should not rely on a single comparison site to find the best deal it is on the one hand encouraging that the majority of those who looked online used more than one comparison site, but the increase in the proportion using only one may be a cause for concern. As in 2017, less experienced first-time switchers were more likely than other switchers to use only one site (60% versus 41% of other switchers)¹³.

Anxious Avoiders (51%) and Hassle Haters (47%) who compared supplier or tariff said they used only one price comparison site. In contrast and reflecting their segment profile, Savvy Searchers shopped around more broadly: 26% used three or more sites.

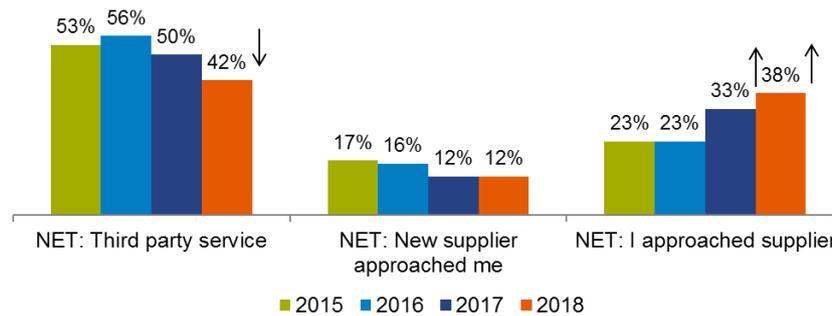
5.2 How the switch was made

Those who had switched either supplier or tariff in the past 12 months were asked how they made the switch. Despite the increase in use of price comparison websites to find out about deals, there was a marked increase over previous years in the proportion who say they switched direct with the supplier, from 23% in 2016 to 33% in 2018. In 2017 this change was partly attributed to a change in the way in which the question was asked ¹⁴, the proportion increased further in 2018 to 38%, suggesting that this is a real trend.

¹³ The survey also included questions about perceptions of price comparison websites. These are included in section 4.6 of this report

¹⁴ The question wording itself has not changed, but the 2017 questionnaire included an interviewer instruction making clear that we were not interested in ways the respondent sought information, and only interested in the way the actual switch itself was made. This is probably why there has been a drop since 2016 in the proportion saying they used a PCW (which they may have used only to search for the best deal) and a marked increase in the proportion saying they used the supplier website (which is where they are more likely to have made the switch itself).

Chart 25 Method of switching over time



Q156. Thinking of the last time you engaged how did you switch? Base : Switched gas or electricity supplier or tariff in past 12 months: 2015: 733; 2016: 860; 2017: 670; 2018: 955

The most common switching method remained through a third party service, but the proportion switching through a third party has fallen from 50% in 2017 to 42% in 2018, only slightly ahead of the proportion who contacted the new supplier. In addition, and one in eight (12%) said that the supplier approached them.

Perhaps unsurprisingly, 65+s, DEs and infrequent or non-internet users were less likely to have compared and/or switched through a price comparison website. Instead, these groups were more likely to have compared and/or switched by telephone.

One in ten (11%) of those who switched supplier or tariff in the past 12 months said they did so with some help from someone outside their household. Those who had switched supplier were more likely to have received help than those who merely switched tariff (13% of supplier switchers, 7% of tariff switchers). Most of the help given came from immediate family and friends outside their household (e.g. parents, children) though 2% of switchers did so with help from public sector or third sector organisations.

As in 2017, those in the oldest age group who switched were the most likely to have received help from outside the household (15%) with children the most common source of help (11%). Linked to this, non-internet users who switched were more likely to have had help to do so (32% had help, compared with 9% of daily internet users) and again children were the most common source of help (19%).

A similar proportion (14%) of 16-34 switchers received help but for these, parents/grandparents were the most common source (4%). In line with their younger age profile, first-time switchers were also more likely to have had help (16%), in particular from parents and friends/neighbours. These patterns were also very similar in 2017.

Amongst segments, those which tend to lower levels of internet usage were more likely to have had help to switch: including the Anxious Avoiders (27%) and Hassle Haters (17%). In contrast, only 3% of Market Sceptics, 7% of Happy Shoppers and 9% of Savvy Searchers who had switched received help.

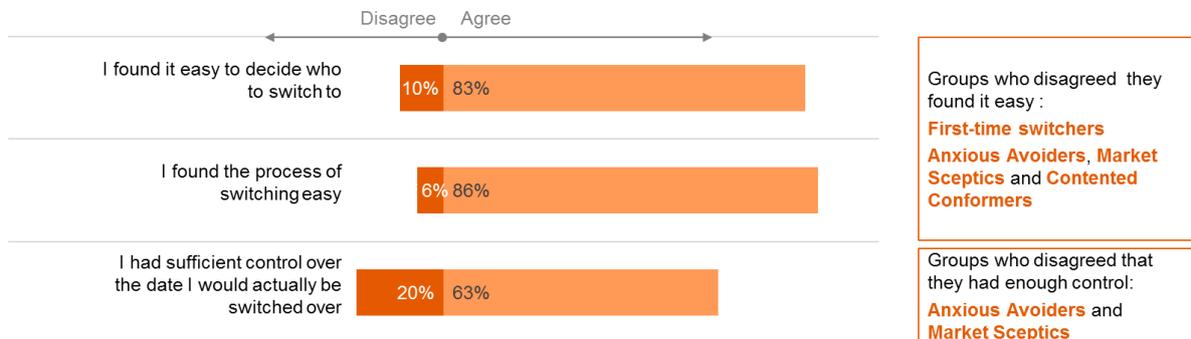
5.3 Perceptions of ease and control

Those who switched supplier or tariff tended to find it easy to do so – 83% agreed that they “found it easy to decide which deal to switch to”, and only 10% disagreed. In addition, most of those who had switched said they found the process of switching easy (86%), and only 6% disagreed. Other than minor fluctuations there have been no real changes in these proportions over the last four years.

First-time switchers and the less engaged segments were less likely to find these aspects of the switching process easy, for example 13% of first-time switchers disagreed that they found it easy to decide which deal to switch to, as did around 37% of Anxious Avoiders, 17% of Contented Conformers

and 14% of Market Sceptics. In addition, levels of disagreement that the process was easy were as high as 16% amongst Anxious Avoiders, 12% amongst Market Sceptics and 10% amongst Contented Conformers (v 5% or less amongst other segments).

Chart 26 Perceptions of switching process



Q157. Thinking of the last time you engaged how much do you agree or disagree 'I found it easy to decide which deal to switch to?' / 'I found the process of switching easy' / 'The last time I switched supplier, I had sufficient control over the date I would actually be switched over' Base : Switched gas or electricity supplier or tariff in past 12 months: 2018: 955

A new statement was added in 2018 to understand perceptions of control of the switching process. While switchers were less likely to feel they had control over their switching date than they were to say they found the process easy, almost two thirds (63%) agreed that they had sufficient control over the date they would actually be switched over. However, a fifth (20%) disagreed, and this was higher amongst the Anxious Avoiders (28%) and Market Sceptics (27%) segments.

Overall, then, it appears that the switching experience was positive for many. However, the fact that experiences were less positive amongst less engaged segments may be somewhat concerning. Given how difficult it appears to be to encourage them to engage in the process, it is important that these more anxious and skeptical segments have positive experiences to encourage their continued engagement.

6 Perception of outcomes

This chapter contains:

- Consumer confidence in being on a good deal
- Whether switchers are saving money
- Supplier trust
- Supplier satisfaction

Most customers, especially switchers, feel they are on a good deal for their household and most of those who switched in the last 12 months think they saved money by doing so.

Confidence about being on the best deal was at a similar level to 2017 (58%).

Consumers who had switched their tariff, but stayed with the same supplier were slightly less likely to say they were saving money, compared to supplier switchers.

However, it is notable that half of those who had not engaged in the energy market at all in the past four years, who are likely to be on a poor deal, still felt confident they are on the best deal for them.

Consumers' levels of trust in their energy supplier are generally high and have been rising over time, with 2018 levels at an all-time high.

Trust in suppliers to treat consumers fairly or provide clear/helpful information now stands at around three quarters; and two thirds say they trust their supplier to charge a fair price.

Most customers are satisfied with their supplier

Similarly, a majority are satisfied with their supplier's service, and this measure has increased since 2014. Recent switchers are more satisfied with their supplier, but no more likely to be satisfied than customers who haven't switched.

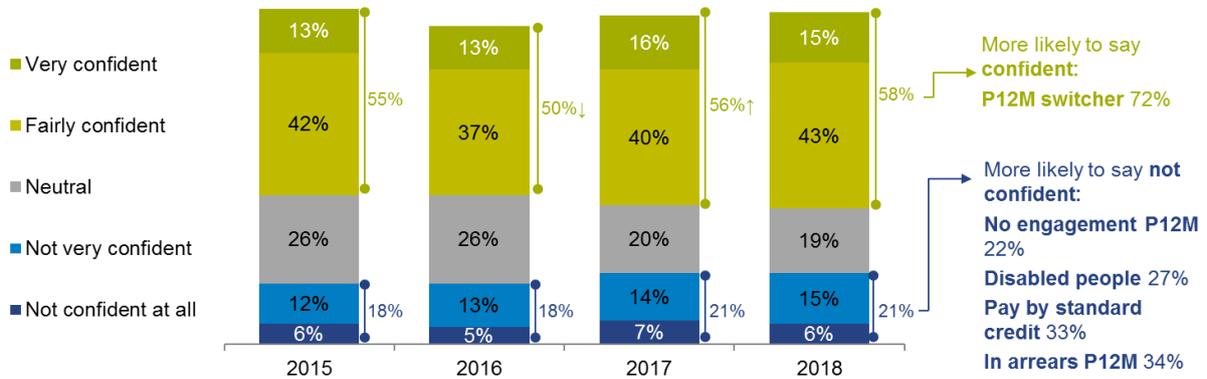
Key facts

- 58% of all consumers are confident they are on the best deal for their household
- 81% of those who had switched supplier in the past 12 months think they are already paying less for their energy, or would in the future, compared to 74% of tariff switchers
- 73% trust suppliers to treat consumers fairly and 73% trust suppliers to provide clear/helpful information. 65% trust their supplier to charge a fair price. All these figures are significantly higher than in 2017
- 76% are satisfied with the overall service they receive from their supplier

6.1 Consumer confidence in their deal

Three fifths (58%) of all consumers said they feel confident they are on the best energy deal for their household in 2018, maintaining the increase seen in 2017 (56%) over a low of 50% in 2016.

Chart 27 Confidence they are on the best energy deal for their household



Q123_Q124_Q125. DERIVED VARIABLE: Confident on best deal for them (as % of all responses) Base: All respondents 2018: 4064; 2017 4410; 2016 5956; 2014 6151

As might be expected, more engaged groups are more likely to feel confident they are on the best deal: 72% of those who have switched supplier or tariff in the past 12 months feel confident, falling sharply to 55% of those who switched 1-4 years ago and 49% of those who are in the CMA database group (who switched 4 or more years ago, or never switched). While less likely to feel confident, it is still notable that a half of those in the CMA database group, who are likely to be on a poor deal, felt confident that they are on the best deal for them.

Conversely, those who had not engaged were more likely to say they are not confident they are on the best deal, as were disabled people, and people who pay by standard credit or have had arrears on their energy bills in the past 12 months.

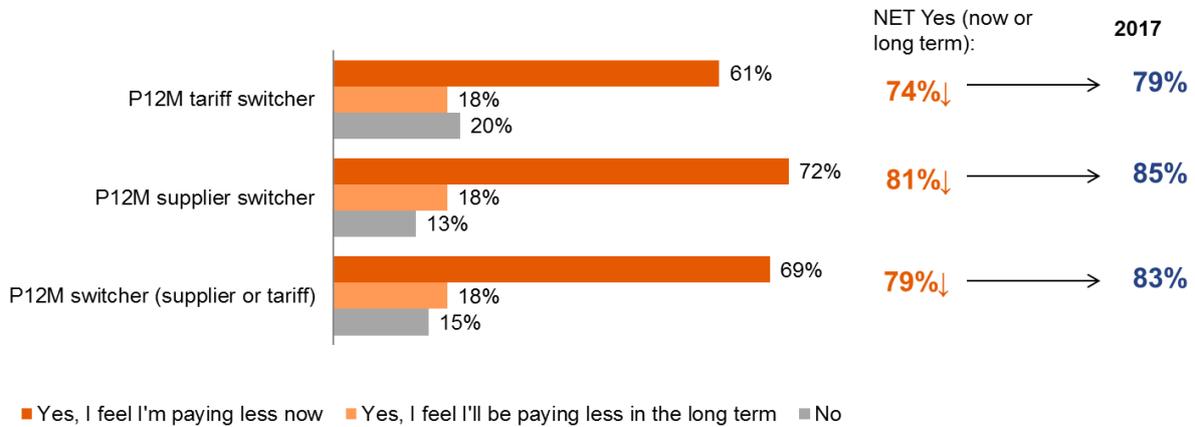
Further linked to levels of engagement, as in 2017 there are large differences in perception between segments, with the more engaged segments the most likely to be confident they are on the best deal: 80% of Happy Shoppers and 68% of Savvy Searchers, compared with 48% of Contented Conformers and 39% of Anxious Avoiders. Hassle Haters also scored highly for confidence (68%), though we cannot tell if this is a genuine reason for avoiding engagement, or something more akin to self-justification. It is notable that Market Sceptics are the least likely to feel confident that they are on the best deal (28%), which may be linked to their low levels of trust in their energy supplier.

Looking more specifically at whether people feel they are on the best deal, all who had switched supplier or tariff in the past 12 months were asked if they feel they are paying less now, or would be paying less in the long term. Almost all felt that this was the case, with only 15% feeling that they had not saved or would not save money by having switched (unchanged from 2017 when 12% felt they had not/would not save).

Of those who have switched supplier or tariff in the last year seven in ten (69%) thought they were already paying less for their energy, and a further 18% said that while they were not already paying less, they would be in the future. While the fact that 79% felt they would save money should be seen as a positive finding, it does represent a continuing drop from the 86% who said this in 2016, and the 83% who said so in 2017). It is also worth noting that since 2017 there has been a change in the balance of perceptions, with fewer thinking they are already saving money (77% in 2017, 69% in 2018), and more thinking they will save money in the future (6% in 2017, 18% in 2018).

Supplier switchers in the past 12 months (81%) were more likely to think they have saved/would save than tariff switchers (74%).

Chart 28 Views on whether paying less following switching supplier or tariff engagement



Q166. To the best of your knowledge, do you feel that you are now paying less than you would have if you had not <answer from Dumm1>? Base: 2018: switched supplier or tariff P12M: 955; switched supplier P12M: 685; switched tariff P12M: 270

In addition first-time switchers were less likely to think that they have saved/would save (76% versus 84% who had switched before) though this may be linked to lack of experience of the outcomes of switching. Similar patterns were seen in 2017.

When asked how much they felt they had saved/would save on their energy bill per year, around a quarter (23%) of switchers felt unable to give an answer¹⁵. Amongst those who gave an estimate, the mean was high at £485. The mean for supplier switchers was higher, at £499, than for tariff switchers, at £439, so as well as supplier switchers being more likely to feel they would make a saving, they also felt they would save more.

First-time switchers tended to estimate higher levels of savings, with a mean estimate of £520, compared with previous switchers (£439).

6.2 Trust in own energy supplier

Consumer trust in their energy supplier is a positive outcome and consumer trust is generally high and has continued to rise over time.

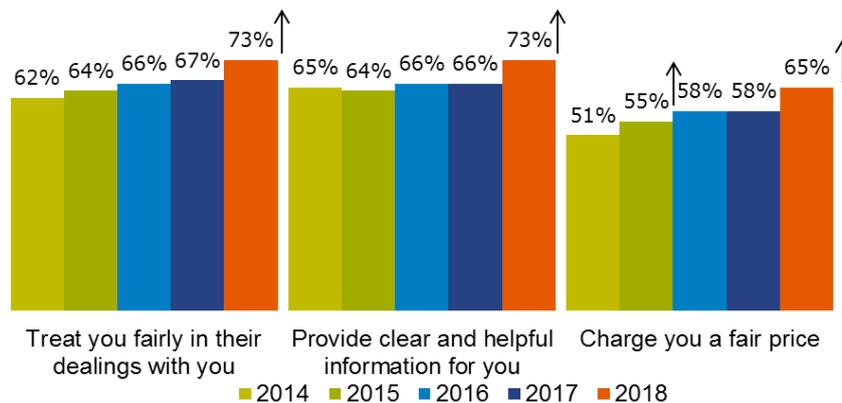
Nearly three in four say they trust their energy provider to treat them fairly, to provide clear and helpful information (both 73%): this continues an upward trend in each of these measures over time.

The biggest increase in levels of trust relates to consumer trust in their supplier to charge them a fair price, with the proportion saying they trust their supplier increasing from 51% in 2014 to 58% in 2016 and 2017, before rising substantially again to 65% this year¹⁶. Levels of trust in their supplier to treat them fairly and to provide clear and helpful information also rose significantly in 2018.

¹⁵ In reading these results, it should be noted that saving estimates are based on respondent reports, rather than actual savings. A very wide range of savings was given, with 84 respondents reporting savings of £1,000 or more, and it is very likely that some estimates of savings are over-estimates, based on expectations rather than on actual experience.

¹⁶ It should be noted that fieldwork was completed before many of the largest six suppliers announced price rises (starting in April/May 2018)

Chart 29 Trust in consumers' energy supplier



Increase since 2017 is across all sub-groups (demographic, segment, tariff type, engagement levels)

Q60 / Q64 / Q68. To what extent do you trust or distrust your supplier to ...? Base: 2014: 6151; 2015: 5934; 2016: 5956; 2017: 4001; 2018: 4064

For all three questions, and as in previous years, levels of trust were higher amongst 65+s and those who are on a fixed rate energy deal. There are no differences in levels of trust based on energy supplier (one of the six large suppliers versus other supplier). Furthermore, those who had not engaged in the energy market are no more or less likely than engaged customers to trust their energy supplier, perhaps indicating that trust in a provider may be a reason for inertia (for non-switchers) as well as an outcome of switching (for switchers). However, recent tariff switchers were more likely than other groups to say they trust their energy supplier to treat them fairly and to provide clear information, though they were no more likely to trust them to charge a fair price. This suggests that they had made an active choice to stay with their supplier because they trust them. On the other hand, those who had compared tariffs but then not gone on to switch had lower levels of trust on all three items. Some of these will be people who haven't yet switched but are still intending to, but others may be people deterred from switching by mistrust of their supplier.

There are some notable differences in levels of trust in their energy supplier, which were very similar to patterns shown in 2017, as follows:

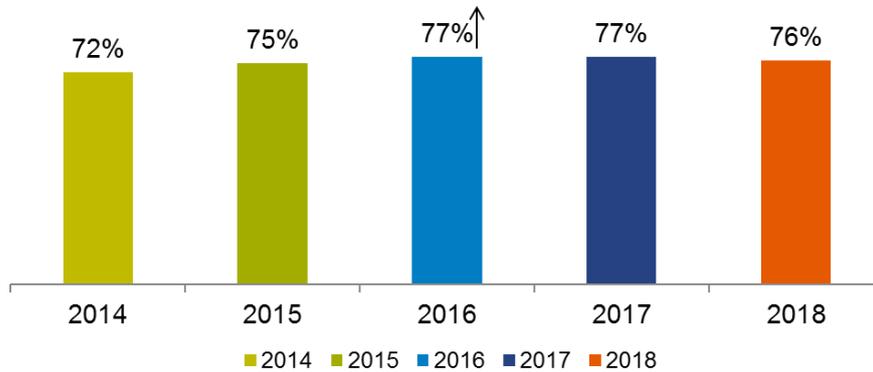
- Older people (65+) are more likely to say they trust their energy supplier on each of the three dimensions shown above. For example, 76% of 65+s trust their energy supplier to treat them fairly, versus 68% of under 65s
- There are no differences in levels of trust by social grade when considering whether their energy supplier treats them fairly or provides clear information, but AB households are less likely than others to trust their supplier to charge them a fair price (55% ABs compared with 68% of other households)

6.3 Satisfaction

As with trust, levels of satisfaction with the overall service consumers receive from their energy supplier has risen significantly since 2014, with increases observed in 2016 maintained in 2017 and 2018. Three quarters (76%) of consumers in 2018 say they are satisfied with the overall service they receive from their current energy supplier, with 23% very satisfied.

Chart 30 Satisfaction with supplier over time

% Very satisfied or satisfied



Q95/63/67. How satisfied or dissatisfied are you with the overall service you receive from your current energy supplier? Base: 2014: 6151; 2015: 5934; 2016: 5956; 2017: 4001; 2018: 4064

As is the case for measures of trust, and as in previous years, levels of satisfaction were higher amongst the over 65s (81% were satisfied), consumers who are on a fixed term tariff (81% versus 72% on a standard variable tariff) or who pay by direct debit (81% versus 76% who pay by prepayment meter or standard credit).

In line with the comment above on levels of trust, satisfaction was lowest among those who had compared tariffs without switching (70% compared with the overall average of 76%), but there were no significant differences in satisfaction between switchers and those who had not engaged at all.

In line with their segment and engagement profile and results in 2017, Happy Shoppers had by far the highest levels of satisfaction with the service they receive from their current energy supplier (90%) and Market Sceptics by far the lowest (45%).

7 A new way at looking at tariff choice

This chapter contains:

- A summary of the conjoint methods used to provide a more nuanced understanding of consumer priorities when engaging with the energy market
- Which tariff attributes drive overall preferences and tariff choice
- How this varies by key demographic, behavioural and tariff-based sub-groups

Of the tariff attributes tested (see Chart 31), amongst non-prepayment meter consumers the strongest driver of tariff preference was cost saving, followed by supplier type.

33% of tariff preference was driven by the amount of cost saving, while 20% of tariff preference came from choice of supplier (whether stay with current supplier, or switch to a large, established or new supplier).

Quality of service (Trustpilot rating) and tariff type (variable v fixed and length of fixed term) each accounted for around 10-15% of tariff preference. Other attributes (payment method, whether manage account online, exit fee) each accounted for less than 10% of tariff preference.

Cost savings were less important drivers of preference for older consumers and Anxious Avoiders, and supplier type is relatively more important.

While less likely than average to be an important driver of preference for these sub-groups, cost saving was still the most important driver. Supplier choice was relatively more important than average for them, with strong preferences expressed for staying with their existing supplier or switching to one of the six largest suppliers.

Cost saving was a strong driver of preference for those who have switched supplier in the past 12 months.

Aspects of current tariff (e.g. whether currently paying by standard credit or direct debit) did not impact much on tariff preference.

Cost savings were also the most important driver of tariff preference for consumers paying through prepayment meters.

However, supplier type was more important for consumers using prepayment meters compared to those who don't, which may be linked to perceived difficulties switching suppliers if paying through a prepayment meter.

While asking energy consumers directly about their priorities when engaging with the energy market provides an overview of their reasoning, the vast majority say they engage to save money and few give other reasons. This trend has changed little over time, which means that we do not have a nuanced view of what drives tariff preferences and what might ultimately drive switching behaviour.

In addition, Ofgem wanted to understand what levels of saving would be required to encourage switching, and whether there are any associated 'tipping points'.

7.1 About conjoint analysis

In order to answer these research questions, the 2018 interview contained a conjoint task, which aimed to understand the relative impact of a number of tariff attributes in driving preference (and thereafter, driving switching behaviour). Before completing the conjoint task, respondents were informed in detail about the different tariff attributes, and were asked to 'trade off' a number of tariffs appropriate to their circumstances.

The key tariff attributes and the levels within each attribute were agreed by GfK and Ofgem. Because of potential difficulties associated with switching from paying for energy from prepayment meters to other methods (because there may be a need for a meter to be changed), a different conjoint task was used for respondents who pay for energy through prepayment meters only. This also meant that the tariff packages presented to both groups were more realistic.

The tariff attributes and levels included in the conjoint task (for non-prepayment meter consumers) are shown below.

Chart 31 Conjoint attributes and levels (non- prepayment meter consumers only)

Attribute	Values						
Supplier	Stick with your current supplier	Move to supplier from Group A	Move to supplier from Group B	Move to supplier from Group C	<ul style="list-style-type: none"> Group A: British Gas, EDF, EON, nPower, Scottish Power, and SSE Group B: Cooperative Energy, Ovo, First Utility, Utility Warehouse and Utilita Group C: Flow energy, Bulb energy, Tonik, Avro and Economy Energy 		
Savings	5%	10%	15%	20%	25%	30%	<ul style="list-style-type: none"> Calculated based on actual bill Shown as a % and £ reduction
Quality of service (out of 5 stars)	1 star	3 stars	5 stars	<ul style="list-style-type: none"> Introduced as a Trustpilot star rating 			
Payment method	Direct Debit	Pay on receipt of bills					
Online management	Online management	Receive paper bills					
Whether fixed or variable rate	Variable rate	1 year fixed rate	2 year fixed rate	3 year fixed rate			
Exit fee	No exit fee	£30 per fuel exit fee	<ul style="list-style-type: none"> Exit fees not shown if variable rate tariff shown 				

For more details about the attributes selected (and reasons for selecting those attributes) please see the accompanying technical report.

The attributes and levels tested amongst prepayment meter consumers were similar, but the only payment method offered was prepayment meter.

Consumers were asked to answer questions in the conjoint task based on how they paid for their fuel (PPM v non-PPM) and whether they had a dual fuel deal or not (as consumers who have dual fuel deals find it more difficult to disentangle the relative costs of gas and electricity from each other). Where possible, consumers were asked about non-PPM fuels (e.g. if they paid for one fuel through PPM and the other fuel through non-PPM, they were asked about the non-PPM fuel).

As part of the conjoint process, all consumers were shown a number of tariff packages and asked which they preferred. A screen-shot of the screen which respondents saw is given below. Each consumer was asked to go through this process seven times, though in total 1,400 combinations of tariffs was shown to consumers.

Chart 32 Example conjoint screen as completed by consumers (non- prepayment meter consumers screen shown)

Which ONE of these would you prefer?

	A	B	C	D
Supplier	Move to one of the suppliers from Group B	Move to one of the suppliers from Group C	Move to one of the suppliers from Group A	Stick with your current supplier
Savings	£52 \ 20%	£78 \ 30%	£39 \ 15%	£26 \ 10%
Quality of service	3 stars	3 stars	1 star	5 stars
Payment Method	Pay on receipt of bills	Direct Debit	Pay on receipt of bills	Direct Debit
Online management	Receive paper bills	Online account management, no paper bills	Receive paper bills	Online account management, no paper bills
Whether fixed or variable rate	2 year fixed rate	3 year fixed rate	1 year fixed rate	Variable rate
Exit fee	£30 per fuel to leave this plan early	No fee to leave this plan early	£30 per fuel to leave this plan early	No fee to leave this plan early

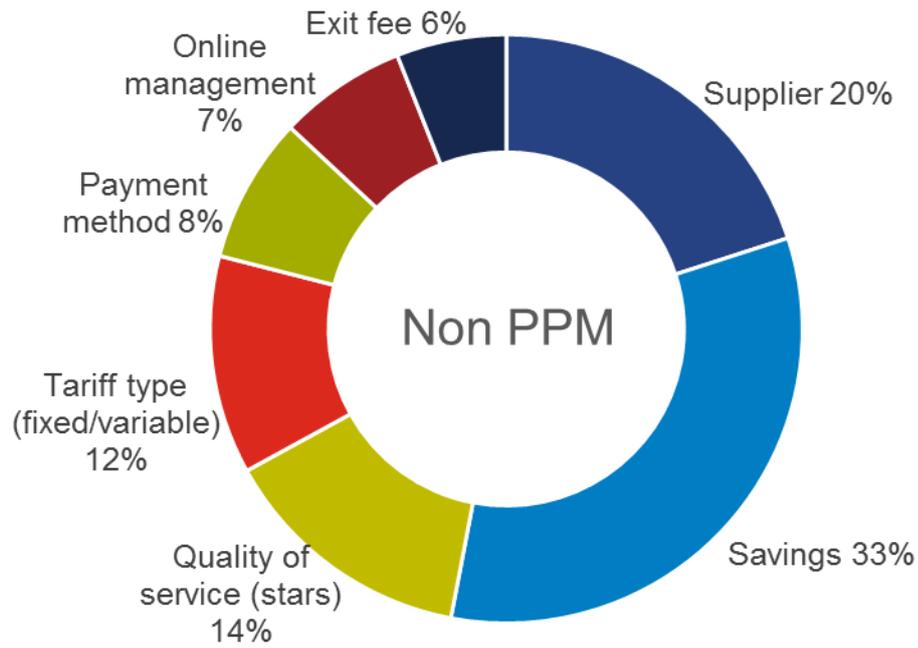
At each screen, after choosing their preference, respondents were asked if they would switch to their preferred tariff if it was available. Because of the need to look in detail at the tariff comparisons, respondents were asked to complete this section of the questionnaire on the interviewer laptop by themselves, though the interviewer talked the respondent through how they should complete the first screen, and was on hand to provide assistance if needed.

7.2 Which tariff attributes drive overall preferences

The main outputs from the conjoint analysis take the form of ‘utilities’. These describe the relative importance of each element of the tariff package in driving preference for that package. Utilities do not describe the percentages of consumers choosing any option or expressing any preference, but instead describe the proportion of total preference driven by that attribute.

The chart below shows the utilities for non-prepayment meter consumers, that is the relative importance of each attribute in driving tariff preference.

Chart 33 Utilities amongst non-prepayment meter consumers



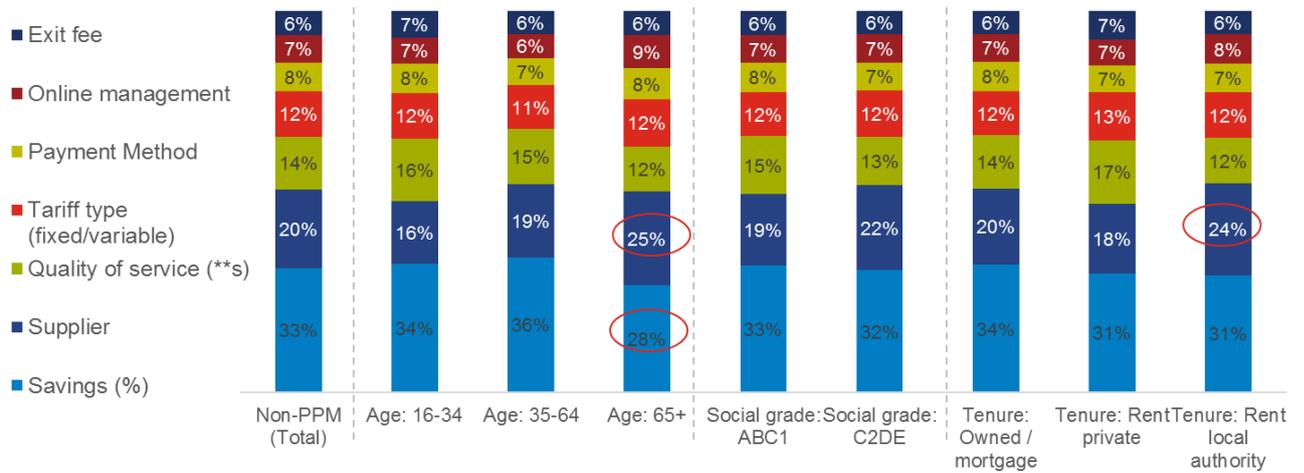
Output from conjoint analysis. Base: non-PPM consumers (3,038). %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

The main driver of tariff preference for non-prepayment meter consumers is the amount of savings they would make (shown as an annual saving and percentage saving from their current bill), which accounts for 33% of tariff preference. Supplier type (whether can stay with current supplier, switch to a large, established or new supplier) accounts for 20% of tariff preference, followed by quality of service (Trustpilot star rating, 14% of preference) and tariff type (whether variable or fixed tariff and length of fixed term, 12% of tariff preference). Other tariff attributes account for less than 10% of tariff preference.

It is of interest to see how the relative importance of each attribute in driving tariff preference varies by key sub-groups. The chart below shows utilities within key demographic sub-groups. The circles on the chart highlight notable differences, though these should not be taken as denoting significance (as significance testing is not appropriate on conjoint analysis estimates¹⁷).

¹⁷ While the underlying data in the conjoint analysis is based on survey data, the utility estimates are modelled using sophisticated algorithms (including hierarchical bayes). Because it is not possible to make estimates of the error arising from the modelling, so significance testing is not appropriate.

Chart 34 Demographic breakdown of utilities amongst non-prepayment meter consumers



Output from conjoint analysis. Base: non-PPM consumers (3,038) Sub-group bases vary – none below 300. %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

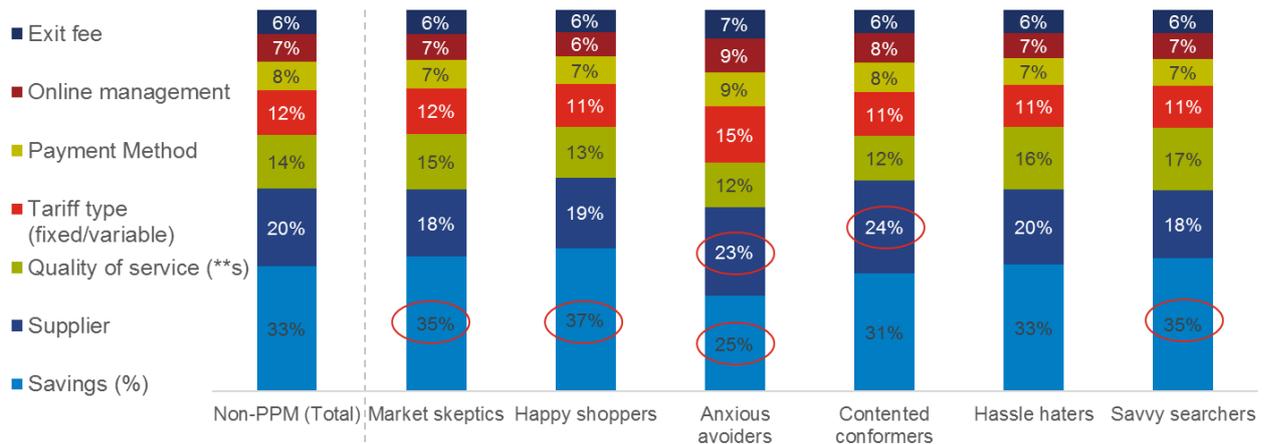
Savings are a less important element of tariff preference for non-PPM consumers aged 65+: they account for only 28% of tariff preference compared with 33% on average. Instead, older PPM consumers' tariff preferences are more likely than average to be driven by choice of supplier (accounting for 25% of tariff preference, compared with 20% on average).

Preferences did not vary much between the younger age groups (16-34s, 35-64s), or by social grade, with savings were the strongest driver for all sub-groups. It was also noted that supplier type was a stronger driver of preference for local authority renters than the average (24%), and that service rating was a stronger driver of preference for private renters than the average (17%).

Linked to these demographic differences, it is perhaps unsurprising to note that savings were less likely to drive tariff preferences for segments which tended to be older (Anxious Avoiders, Contented Conformers) and were much more likely to driver preferences for segments which were more likely to engage in the energy market and shop around (Happy Shoppers, Savvy Searchers). Savings were also a strong driver of preferences for the Market skeptics segment, though their levels of energy market engagement were lower.

Supplier type was a stronger than average driver of preference for the Anxious Avoiders and Contented Conformers, who expressed a preference for staying with their current supplier.

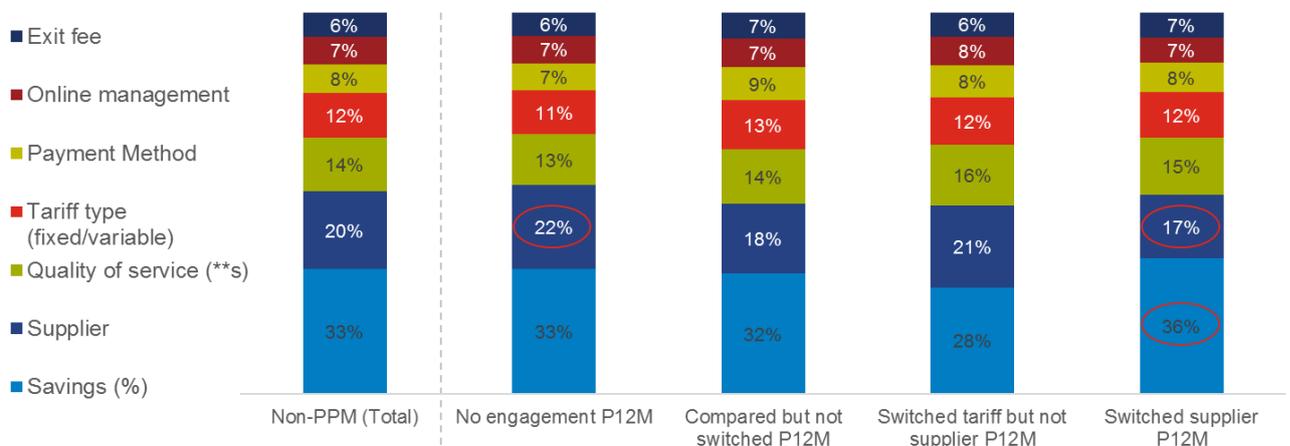
Chart 35 Segment breakdown of utilities amongst non-prepayment meter consumers



Output from conjoint analysis. Base: non-PPM consumers (3,038) Sub-group bases vary – none below 300. %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

Linked to this, as expected, savings were a stronger driver of preference for those who had switched supplier in the past 12 months (making up 36% of preference), and supplier type was less likely than average to drive preference (17%). Supplier type (with a preference for staying with their existing supplier) was a stronger than average driver of tariff choice for consumers who had not engaged in the energy market at all in the past 12 months, or who had switched tariff with the same supplier.

Chart 36 Energy market engagement breakdown of utilities amongst non-prepayment meter consumers



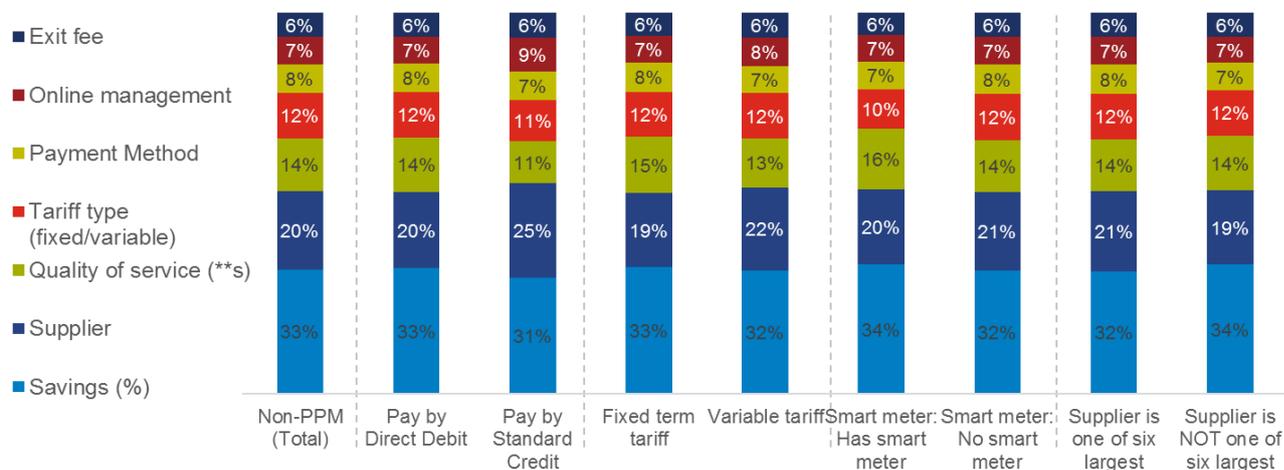
Output from conjoint analysis. Base: non-PPM consumers (3,038) Sub-group bases vary – none below 300. %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

The chart below shows whether utilities varied by current tariff type. We looked to see whether there were strong differences in preferences based on current tariff, but there did not appear to be any strong differences:

- payment method was not a stronger driver of preference for those paying using each different methods, and while there were slight preferences expressed for staying with their current payment method, this did not impact very strongly on overall tariff preference.
- tariff type (fixed v variable) did not more strongly drive tariff preference for those on fixed or variable tariffs

- supplier type did not more strongly drive tariff preference for those who are currently with one of the six largest suppliers v not

Chart 37 Tariff type breakdown of utilities amongst non-prepayment meter consumers



Output from conjoint analysis. Base: non-PPM consumers (3,038) Sub-group bases vary – none below 300. %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

Taken together, these results suggest that highlighting cost savings is the best way to encourage engagement in the market, as cost savings are the strongest driver of preference for all sub-groups. However, for some groups, such as older consumers and those in the Anxious Avoiders segment, cost savings are a less strong driver, and messages around cost savings are less likely to encourage engagement. For them, supplier type is more important (with a preference for staying with their current supplier), suggesting that encouraging tariff switching, or messaging to reassure them about safeguards in the consumer market, may be helpful.

7.3 How do prepayment meter consumers differ?

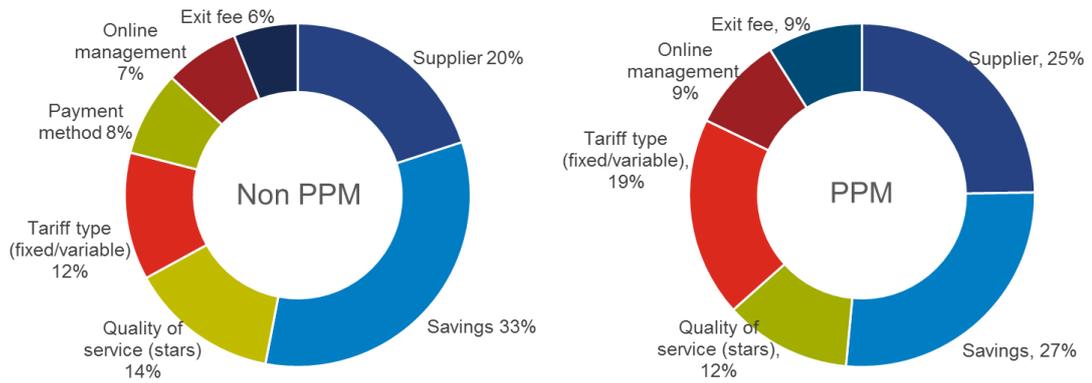
Results above show utilities amongst non-prepayment meter consumers. Consumers only paying for energy through prepayment meters also completed the conjoint section, though as already noted, they were not offered the option of different payment methods.

As the chart below shows, results were similar to those observed for non-prepayment consumers. Savings and supplier type were the strongest drivers of preference, though savings were less important for prepayment consumers, and supplier type more important, with a strong preference for sticking with current supplier (perhaps because of perceived difficulties switching supplier if paying through a prepayment meter). Tariff type also drove preferences more strongly (19% for prepayment meter consumers, 12% for non-prepayment meter consumers).

Because payment method was not included in the analysis for prepayment meter consumers, the utilities for payment method were distributed across other attributes.

The chart below compares utilities for non-prepayment meter and prepayment meter consumers.

Chart 38 Tariff type breakdown of utilities amongst non-prepayment meter consumers



Output from conjoint analysis. Base: non-PPM consumers (3,038), PPM consumers (557). %s on chart show relative importance of each attribute in driving tariff choice – not %s of consumers

Differences in utilities by key sub-groups within prepayment meter consumers were similar, with cost savings being relatively less important and supplier type being relatively more important for 65+s, Anxious Avoiders, non-engaged consumers and recent tariff switchers within the prepayment consumer group.

8 Closing remarks

It is very positive to note that the increase in levels of consumer engagement seen in 2017 has been maintained. Levels of engagement are the highest yet seen in the tracking, with 41% of consumers saying they have engaged in the market at all (compared or switched tariff or supplier).

However, the data also show that there has been little change in engagement levels amongst some of the more vulnerable groups – engagement levels are particularly flat amongst those aged 65+ or from social grades DE; and linked to this engagement levels have not increased amongst light or non-users of the internet. Given that much engagement in the market is now online (with price comparison websites the most common reported mechanism for comparing tariffs and/or switching), care will need to be taken to ensure that vulnerable and digitally excluded groups are not disadvantaged by the mechanisms of the energy market.

As in previous years, a lack of confidence comparing and choosing deals may be a key barrier to engagement in the market, and levels of confidence engaging with the energy market have not increased recently. While there have been recent improvements in the proportion saying they feel that comparing tariffs is easy, levels remained flat amongst 65+s and DEs.

A further notable trend is that members of lower engagement groups who have participated in the market by comparing or switching tended to report less positive experiences. They were less likely to say they found the process easy (comparing or switching), or that they had sufficient control over their switching date. Given how difficult it appears to be to encourage them to interact with the energy market at all, it is important that they have positive experiences to encourage their continued engagement

For the first time, the conjoint analysis has provided a more nuanced insight into consumer priorities when choosing which tariffs they prefer. Cost savings on energy bills are the main priority for the majority of consumers, and they are a particularly strong priority for recent supplier switchers and more engaged segments. However, while cost is still the most common priority for older consumers (65+), choice of supplier is also important, with a preference for sticking with their current supplier. This resonates with other findings which suggest that older consumers tend to be more risk averse, and less open to using new/unknown suppliers. Therefore, messages about cost savings may not be as effective at encouraging their engagement, and encouraging tariff switching or messaging to reassure older consumers about safeguards in the consumer market may be more helpful.

The 2018 Consumer Survey recreated the consumer segmentation which was developed in 2017 and has been used by Ofgem in the design and evaluation of consumer interventions recently. It is positive to report that the consumer segments are stable and replicable, and their reported actions, attitudes and experiences are very similar to those reported by their counterparts in 2017. The Happy Shopper and Savvy Searcher segments remain the most likely to be engaged in the energy market, and the Contented Conformers and Hassle Haters were the least likely to be engaged.