Retail Energy Market Tracker

Wave 5 - December 2019

uSwitch

The retail energy market - delivering a better deal for consumers?

uSwitch grading:

B-

Source: uSwitch data**
Consumer engagement, action, experience of suppliers, and confidence in switching

Criteria weighted equally, giving a score of 60% (+1pp from August 2019)

> "Greater interaction with the market appears to correlate with increased consumer satisfaction and improved experiences."

The fifth wave of the Retail Energy Market Tracker shows an improvement in consumers' experiences with the energy market. The reduction in the level of the SVT price cap from 1 October appears to have had a minimal effect on year-on-year switching volumes, and 2019 remains on course to be a record year for energy switching.

'High action' (i.e. switching supplier or tariff) increased by four percentage points between July and October - driven predominantly by switches within the same supplier. During the same period, consumers reporting a positive experience of interacting with energy suppliers improved by three percentage points, and confidence in the process and benefits of switching improved by two percentage points.

Most cost metrics fell during this quarter, aside from the price of the very cheapest tariff. Over the course of 2019, uSwitch has observed record switching levels driven by the increase to the level of the price cap in April, followed by strong competition for customers throughout the autumn, which have pushed annual switching totals towards a record total. The increases in 'high action' and significant improvement in consumer attitudes recorded in this wave of data suggest that people who have taken action on their energy bills feel more positive about the market in general.

As highlighted in the previous wave of uSwitch research, new approaches to engaging consumers are required to remove the pre-price cap status quo of price dictating consumer attitudes towards the market. This trend continues to be observed in the fifth wave of data, where greater interaction with the market appears to correlate with increased consumer satisfaction and experiences.

Retail energy market at a glance

↓6% **Average cost of Big Six SVT**

SVT price cap reduced by £75 from £1,254 to £1,179 (1 October 2019 - 31 March 2020)*

↓6% **Number of tariffs**

From 220 in July 2019 to 207 in October 2019*

↓3% **Average cost of all tariffs**

From £1,127 in July 2019 to £1090 in October 2019*

↑2% **Cost of cheapest tariff**

From £846 in July 2019 to £864 in October 2019*

↓5% **Cost of most expensive tariff**

From £1,564 in July 2019 to £1,492 in October 2019

↔0% **Suppliers actively marketing tariffs**

Unchanged at 68 in July 2019 and October 2019

↓1% **Switches**

626,284 (October 2019) compared to 633,238 (October 2018)

Source: Energy UK monthly electricity switching figures. Includes domestic and SME customers switching to a new supplier.

* Source: uSwitch data, correct as at 24 October 2019

** Research on 5,001 energy bill payers conducted by Opinium between 18-29 October 2019, weighted to be nationally representative

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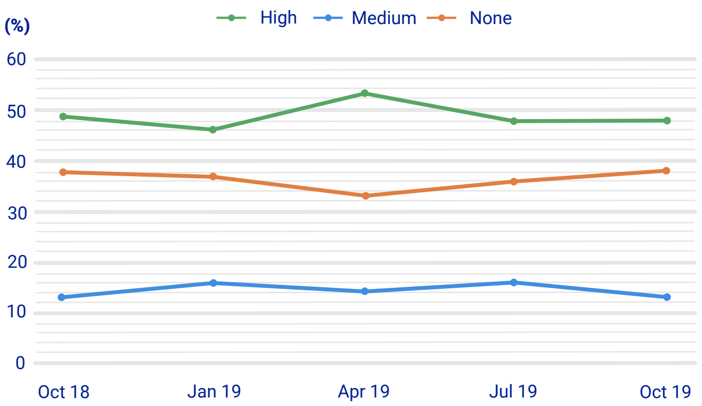
Consumer attitudes*



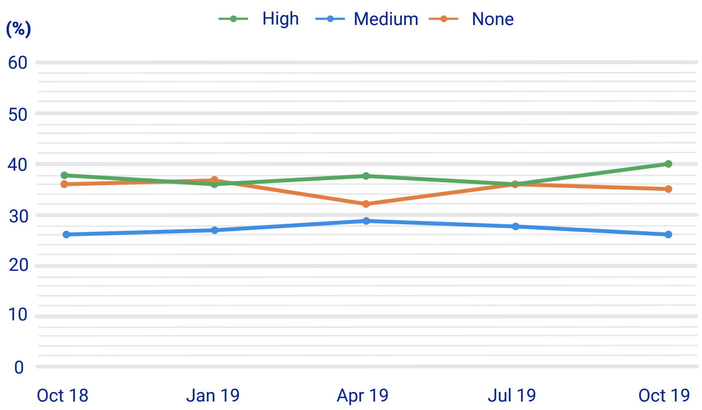
Engagement

(consideration of energy bills over the past 12 months)

Key drivers of move from medium to low engagement:

22%
of respondents discussed their energy bill with their partner, family or friends (-3pp from July 19). Women (23% / -5pp) continue to discuss bills more than men (21% / -2pp)

17%
of people aged 18-34 checked their eligibility for discount schemes e.g. Warm Home Discount (-2pp from July 19)



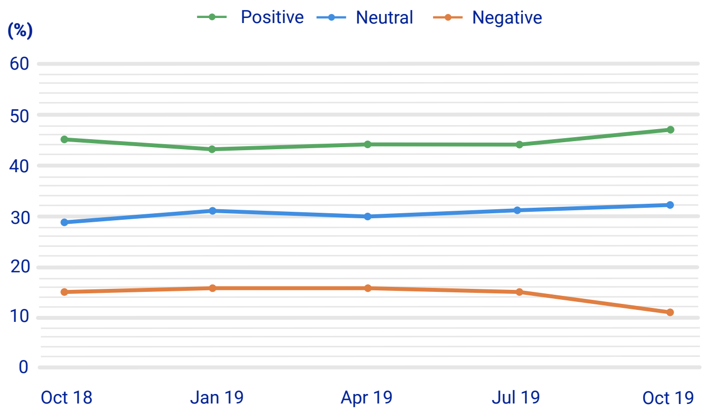
Action

(to reduce energy bills over the past 12 months)

Key drivers of rise in high action:

21%
switched tariff within their supplier (+3pp from July 19)

20%
switched supplier (+1pp from July 19)



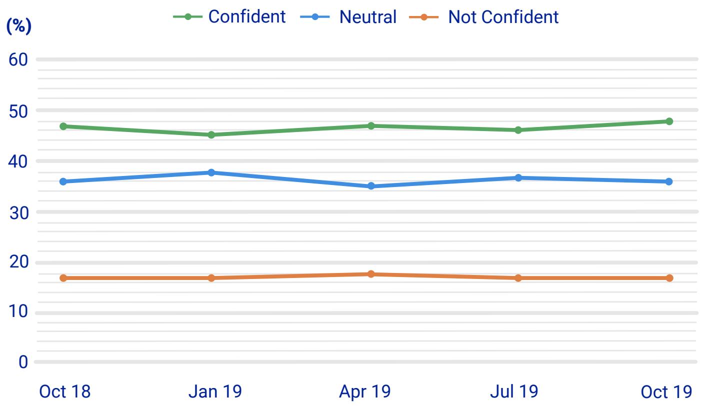
Experience of suppliers

(including customer service, communication, trust, and overall satisfaction)

Key drivers of changes in consumer experiences:

68%
feel positive about ease of account management (+6pp from July 19)

53%
feel positive about value for money (+3pp from July 19)



Confidence

(in the process and benefits of switching)

Notable shifts in consumer confidence:

59%
are confident they would find it easy to compare energy deals on the market (+4pp from July 19)

54%
of 35-54 year olds are confident that they would be able to understand how the tariffs they are offered differ from their current tariff (+5pp from July 19)

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*Research on 5,001 energy bill payers was conducted by Opinium between 18-29 October 2019. Results have been weighted to be nationally representative. Please contact us for further details on specific methodology.