

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% (+2pp from January 2019)**

“Increases in consumer engagement and action to reduce their bills suggest that bill-payers’ experiences of the retail energy market depend largely on how they choose to respond to price changes.”

Data taken in April 2019, just after significant increases to the energy price cap and Standard Variable Tariffs took effect, shows divergence between the cost of standard plans and the cheapest deals available. Many SVTs have been increased (by 10% or more) to the price cap level, whereas cheaper fixed and variable plans have responded more quickly to lower wholesale prices.

The overall uSwitch grading of the retail energy market improved marginally during this quarter. The most recent data snapshot highlights a significant increase in households thinking about and taking action to reduce their energy bills in the 12 months to April 2019. Compared to the results of the January 2019 snapshot, there was a 7pp increase in consumers searching for ways to reduce their bill - particularly among those on

standard variable deals - and a 2pp rise in customers switching to cheaper tariffs.

These increases indicate that consumer behaviour remains very much driven by price movements, suggesting that bill-payers’ experiences of the retail energy market depend largely on how they choose to respond to price changes.

There was a marginal increase in consumers’ positive experiences of dealing with their supplier. Confidence in the process and benefits of switching remains in line with previous quarters, although there have been notable increases in consumers feeling they will be able to find a cheaper deal and better customer services, markedly so among 18-34 year-olds who may be reacting to significant price rises for the first time.

Retail energy market at a glance

↑10% **Average Big Six SVT**

From £1,137 in Jan’ 2019 to £1,254 in April 2019*

↑7.5% **Number of tariffs**

From 211 in Jan’ 2019 to 227 in April 2019*

↑1% **Average cost of all tariffs**

From £1,121 in Jan’ 2019 to £1,132 in April 2019*

↓9% **Cost of cheapest tariff**

From £968 in Jan’ 2019 to £880 in April 2019*

↑13% **Cost of most expensive tariff**

From £1,386 in Jan’ 2019 to £1,564 in April 2019*

↓1.5% **Suppliers in the market**

From 64 in Jan’ 2019 to 63 in April 2019

↑34% **Switches**

498,197 (April 2018) compared to 668,371 (April 2019)

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

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

** Research on 2,006 energy bill payers conducted by Opinium between 15-22 April 2019, weighted to be nationally representative

Consumer attitudes*



High engagement:

53% (+7pp Jan - Apr '19)

Medium engagement:

14% (-2pp Jan - Apr '19)

None:

33% (-4pp Jan - Apr '19)

Engagement (consideration of energy bills over the past 12 months)

Key drivers of growth in high engagement:



36%

visited a price comparison website (+5pp from Jan' 19)



36%

visited their supplier's website to look at available products or ways to reduce their bill (+6pp from Jan' 19)

Consumer profiles:



75%

of those on a tariff they chose themselves engaged in some way in the 12 months to April 2019 (+2pp from Jan' 19)



60%

of those on an SVT or who didn't know their tariff type engaged in some way (+8pp from Jan' 19)



High action:

38% (+2pp Jan - Apr '19)

Medium action:

29% (+2pp Jan - Apr '19)

None:

32% (-5pp Jan - Apr '19)

Action (to reduce energy bills over the past 12 months)

Key drivers of growth in high action:



21%

switched supplier (+2pp from Jan' 19)

18%

switched tariff within their supplier (+1pp from Jan' 19)

Consumer profiles:



80%

of those on a tariff they chose themselves took some action in the 12 months to April 2019 (+5pp from Jan' 19)



58%

of those on an SVT or who didn't know their tariff type took some action in 12 months to April 2019 (+8pp from Jan' 19), most significantly moving to paperless bills or changing their payment method



Positive:

54% (+1pp Jan - Apr '19)

Neutral:

30% (-1pp Jan - Apr '19)

Negative:

16% (no change)

Experience of suppliers (including customer service, communication, trust, and overall satisfaction)



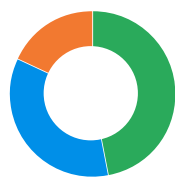
65%

of energy customers had a positive account management experience, meaning it remains the highest scoring area of satisfaction (+1pp from Jan' 19)



35%

of energy customers feel negatively towards incentives and rewards, meaning it remains the highest area of dissatisfaction (+1pp from Jan' 19)



Confident:

47% (+2pp Jan - Apr '19)

Neutral:

35% (-3pp Jan - Apr '19)

Not confident:

18% ((+1pp Jan - Apr '19)

Confidence in the process and benefits of switching

Notable shifts in consumer confidence



40%

are confident they could find a cheaper deal by switching (+3pp from Jan' 19), especially 18-34 year olds (+15pp to 56%)



30%

are confident they could get better customer service by switching (+5pp from Jan' 19), especially 18-34 year olds (+14pp to 48%)

For further information please contact

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* Research was conducted by Opinium between 15-22 April 2019, among 2,006 energy bill payers in the UK. Results have been weighted to be nationally representative. Please contact us for further details on specific methodology.