Retail Energy Market Tracker

March 2019

uSwitch

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

uSwitch grading:

C+

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

Criteria weighted equally, giving a score of 58% (-1pp from Oct 2018)

> "Levels of consumer engagement with the market have reduced slightly overall between October 2018 and January 2019."

Data taken at the beginning of 2019, just after the introduction of the default tariff price cap, shows some initial pricing convergence between fixed and standard plans compared to October 2018. The overall uSwitch grading for how well the market is serving the interests of consumers has dropped very marginally over the same period, by one percentage point, although it is too early to establish if this is an initial reaction to recent regulatory interventions. This picture should grow clearer in future reports.

Overall, levels of consumer engagement with the market reduced slightly between October 2018 and January 2019. There is also the possibility of a widening gap emerging between those who choose their own tariff (who have engaged in some way slightly more this quarter) and households who are on SVTs or don't know what tariff they're on (who have engaged slightly less).

There was a small decline in consumers' positive experiences of dealing with suppliers – possibly affected by the number of suppliers going bust in the last year. Confidence in the process and benefits of switching in January 2019 was also slightly lower than in October 2018 – which may reflect the impact of price rises in 2018 or anticipation that the energy price cap would negate the need to switch.

Our next Retail Energy Market Tracker will continue to monitor trends, including whether consumer attitudes or intent have been influenced by the £117 increase to the price cap announced in February, which takes effect on 1 April.

The retail energy market at a glance

↓7% **Average Big Six SVT**
From £1,221 (Oct '18) to £1,137 (Jan '19)*

↓0.9% **Number of tariffs**
From 213 (Oct '18) to 211 (Jan '19)*

↓3% **Average cost of all tariffs**
From £1,154 (Oct '18) to £1,121 (Jan '19)*

↑5% **Cost of cheapest tariff**
From £921 (Oct '18) to £968 (Jan '19)*

↓7% **Cost of most expensive tariff**
From £1,483 (Oct '18) to £1,386 (Jan '19)*

↓7% **Number of suppliers in the market**
From 69 (Oct' 18) to 64 (Jan '19)
Five suppliers exited the market between 1 Nov '18 and 31 Jan '19

↑5% **Switching rate**
363,417 (Jan '18) compared to 382,665 (Jan '19)
Source: Energy-UK monthly electricity switching figures. Includes domestic and non-domestic customers switching to a new supplier

* Source: uSwitch.com as at 24 Jan 2019
** Research on 2,009 UK energy bill customers conducted by Opinium between 21-28 January 2019, weighted to be nationally representative

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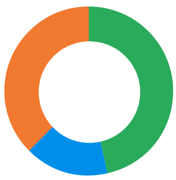
Consumer attitudes*



High engagement:
46% (-3pp Oct '18-Jan '19)

Medium engagement:
16% (+3pp Oct '18-Jan '19)

None:
37% (-1pp Oct '18-Jan '19)

Consumer engagement with energy bills continued to be reasonably high: three fifths (63%) of customers engaged with their bills in some way during the last year, a 1pp increase since October 2018. The number who did not engage at all dropped slightly, from 38% to 37%.

73%
of those on a tariff they chose themselves engaged in some way in the 12 months to Jan '19 (+4pp since Oct'18 tracker)

SVT
48%
of those on an SVT or who didn't know their tariff type did not engage at all in year to Jan '19 (+3pp since Oct' 18 tracker)

High action:
36% (-2pp Oct '18-Jan '19)

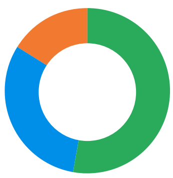
Medium action:
27% (+1pp Oct '18-Jan '19)

None:
37% (+1pp Oct '18-Jan '19)

Consumer action broadly mirrored engagement levels. 63% of households took some action in the past 12 months linked to the amount they pay for energy, a marginal 1pp decrease since October 2018. In 36% of cases, this action involved switching supplier or tariff.

75%
of those on a tariff they chose themselves took some action in the 12 months to Jan '19 (-1pp from Oct' 18)

SVT
50%
of people on SVTs or who didn't know their tariff type took some action in the year to Jan '19 (-2pp from Oct' 18)



Positive:
53% (-2pp Oct '18-Jan '19)

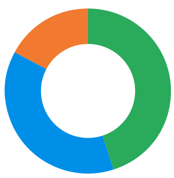
Neutral:
31% (+2pp Oct '18-Jan '19)

Negative:
16% (+1pp Oct '18-Jan '19)

Experience of suppliers: considering a range of interactions and factors, including customer service, communication, trust and overall satisfaction, more than half (53%) of consumers feel positive about their energy supplier, a slight drop of 2pp compared to October 2018. 16% of consumers feel negative, a rise of 1pp.

64%
of energy customers had a positive account management experience, meaning it remains the highest scoring area of satisfaction

34%
of energy customers feel negatively about incentives and rewards offered, meaning it remains the highest area of dissatisfaction



Confident:
45% (-2pp Oct '18-Jan '19)

Neutral:
38% (+2pp Oct '18-Jan '19)

Not confident:
17% (no change)

Confidence in switching: there has been a slight decline in overall consumer confidence in a range of factors linked to the process and benefits of switching, from 47% to 45% in the three months from October 2018 to January 2019.

60%
of energy customers are confident that there are plenty of suppliers to choose from (-5pp since Oct '18)

37%
of consumers are confident they will find a cheaper deal by switching (-3pp since Oct '18)

For further information please contact
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* Research was conducted by Opinium between 21st - 28th January 2019, among 2,009 energy bill payers in the UK. Results have been weighted to be nationally representative. Please contact us for further details on specific methodology.