Retail Energy Market Tracker

Wave 4 - August 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 59% (-1pp from April 2019)**

> "Metrics of consumer behaviour and experiences suggest that price regulation has had a minimal impact thus far."

Four waves of Retail Energy Market Tracker data are now available. Early analysis suggests that since market intervention began on 1 January this year, consumer behaviour is still mostly dictated by price movements and switching has held up. The retail energy market continues to work reasonably well for those currently choosing to engage with the market. This is borne out by the switching surge witnessed in March and April 2019, following the raising of the price cap by £117 on average.

However, the metrics of consumer behaviour and experiences which uSwitch has been monitoring since October 2018 have so far remained stable when averaged across all customer groups - suggesting that price regulation has had minimal impact thus far.

Data taken at the end of July 2019 showed a decline in the rate of engagement and action by domestic customers to reduce their energy bills, compared to the sizable increases witnessed in the April 2019 data.

In spite of the year-on-year switching increases for July reported by Energy UK - driven predominantly by a large number of fixed deals coming to an end in that period - there were no significant price rises occurring during the last quarter. This may have contributed to a drop of five percentage points in consumers comparing energy tariffs in the current wave of data, and would appear to reinforce the picture that engaged consumers continue to interact with the market regularly, whereas other energy customers may only be prompted to consider their bills in the wake of large price increases.

The next data set will shed light on how energy customers have responded to the lowering of the price cap, as announced on 7 August. What is clear is that the pre-price cap status quo still exists, with price being the dominant factor determining consumer behaviour. There is a clear need for regulators and the industry to build new approaches and engage consumers in a different way.

The retail energy market at a glance

↔0% **Average Big Six SVT**
Unchanged at £1,254, priced at the level of the SVT cap (1 April - 30 Sept 2019)*

↓3% **Number of tariffs**
From 227 in April 2019 to 220 in July 2019*

↓0.4% **Average cost of all tariffs**
From £1,132 in April 2019 to £1,127 in July 2019*

↓4% **Cost of cheapest tariff**
From £880 in April 2019 to £846 in July 2019*

↔0% **Cost of most expensive tariff**
Unchanged at £1,564 in April 2019 and July 2019*

↑3% **Suppliers actively marketing tariffs**
From 66 in April 2019 to 68 in July 2019*

↑10% **Switches**
477,106 (July 2018) compared to 526,170 (July 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 July 2019
**Research on 2,002 energy bill payers conducted by Opinium between 22-30 July 2019, weighted to be nationally representative

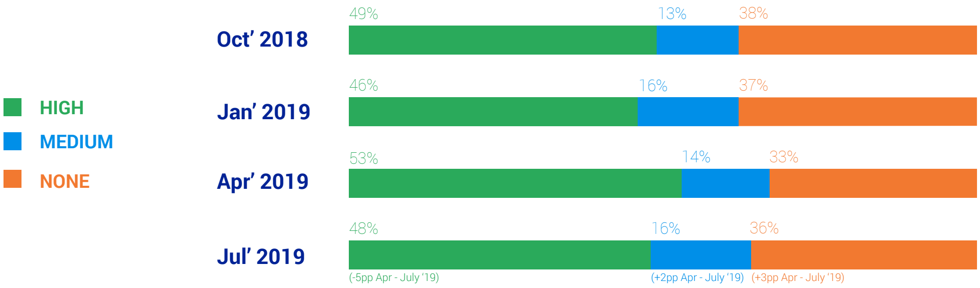
Retail Energy Market Tracker

Wave 4 - August 2019

uSwitch

Consumer attitudes*

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



Key drivers of fall in high engagement:

23%

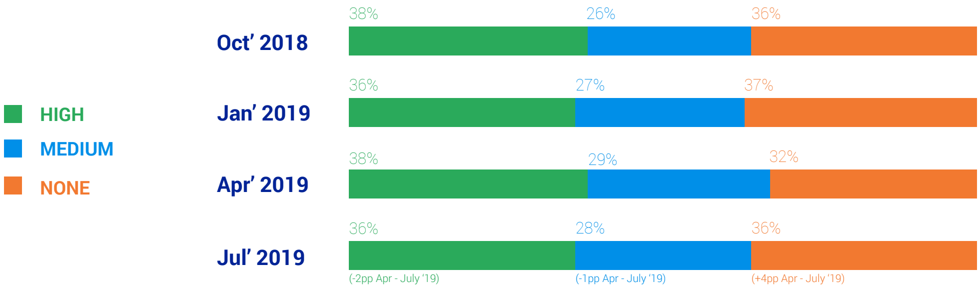
visited their supplier's website to look at available products or ways to reduce their bill (-13pp from Apr '19)

31%

visited a price comparison website (-5pp from Apr '19)

*Some percentages do not total 100% due to rounding

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



Key drivers of decline in high action:

19%

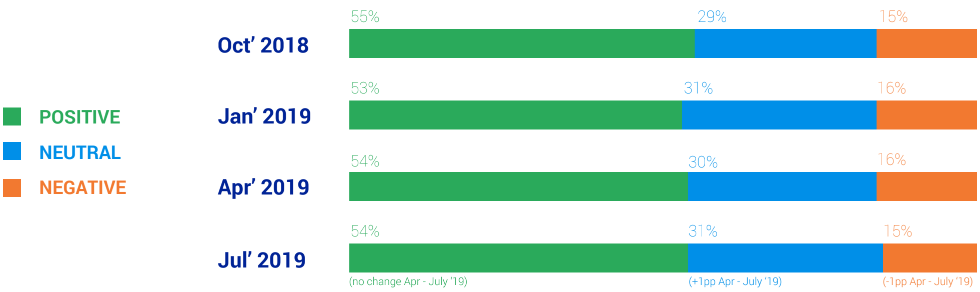
switched supplier (-2pp from Apr '19)

18%

switched tariff within their supplier (no change from Apr '19)

*Some percentages do not total 100% due to rounding

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



Key drivers of changes in consumer experiences:

27%

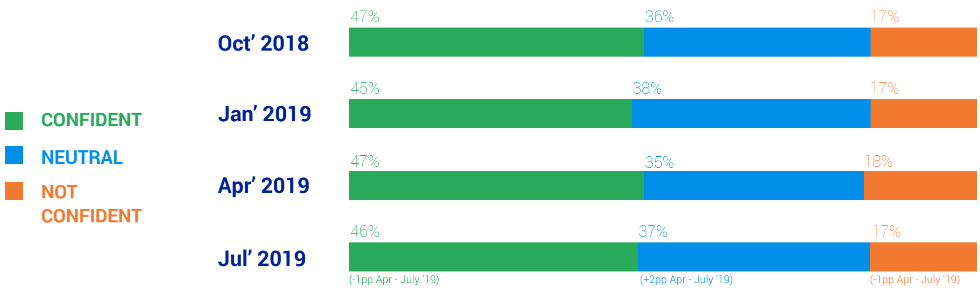
feel neutral about ease of account management (+4pp Apr - Jul '19)

27%

feel neutral about accuracy of bills (+2pp Apr - Jul '19)

*Some percentages do not total 100% due to rounding

Confidence (in the process and benefits of switching)



Notable shifts in consumer confidence:

39%

are confident they could find a cheaper deal by switching (-1pp Apr - July '19). 18-34 year olds' confidence that they could find a cheaper deal remained at 56% (no change from Apr '19), whereas their confidence in other areas dropped back to pre-April levels

*Some percentages do not total 100% due to rounding

i

For further information please contact

richard.neudegg@uswitch.com or imogen.buxton@uswitch.com

* Research was conducted by Opinium between 22-30 July 2019, among 2,002 energy bill payers in the UK. Results have been weighted to be nationally representative. Please contact us for further details on specific methodology.