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Energy consumers and energy companies: a broken relationship?

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Energy consumers and energy companies

- How do consumers feel about energy companies?
- How do consumers feel about energy efficiency?
- How do consumers feel about the Green Deal?
- How can energy companies build trust with consumers?

Consumers views on energy companies are mixed

“Supplier] has been fantastic ... If I’ve had a problem with my electricity key, my card or anything they’ve dealt with it straightaway.”

Sticker, Family, C2DE

“My bills with [supplier] has gone up twice in the last few months and I’m getting fed up with it because... What we can’t understand is when we see the prices of the oil going down...”

Switcher, Post Family, C2DE

“Mine does Argos points. ... suddenly you’ve got a card and you think, ooh I’ve got some money on there”

Sticker, Family, C2DE

“... there’s no real choice. It might be between Argos or Tesco points but there’s no real price difference.”

Sticker, Post Family, C2DE,

I like the fact that they’re trying really hard to push the solar panels

Switcher, Family, C2DE

“I think there’s a lack of transparency in their pricing, their structure and in their advertising. “

Switcher, Family, ABC1

And what do the figures say?

Please tell me the extent to which you trust or distrust energy suppliers to be open and transparent in their dealings with consumers.



Opinion is divided, but on balance, consumers are more likely to distrust than trust suppliers

**And how do consumers feel
about energy efficiency**



Many consumers have installed energy efficiency measures for a number of reasons

Half (49%) of those able to make changes to their property claim to have installed energy efficiency measures in the last 10 years

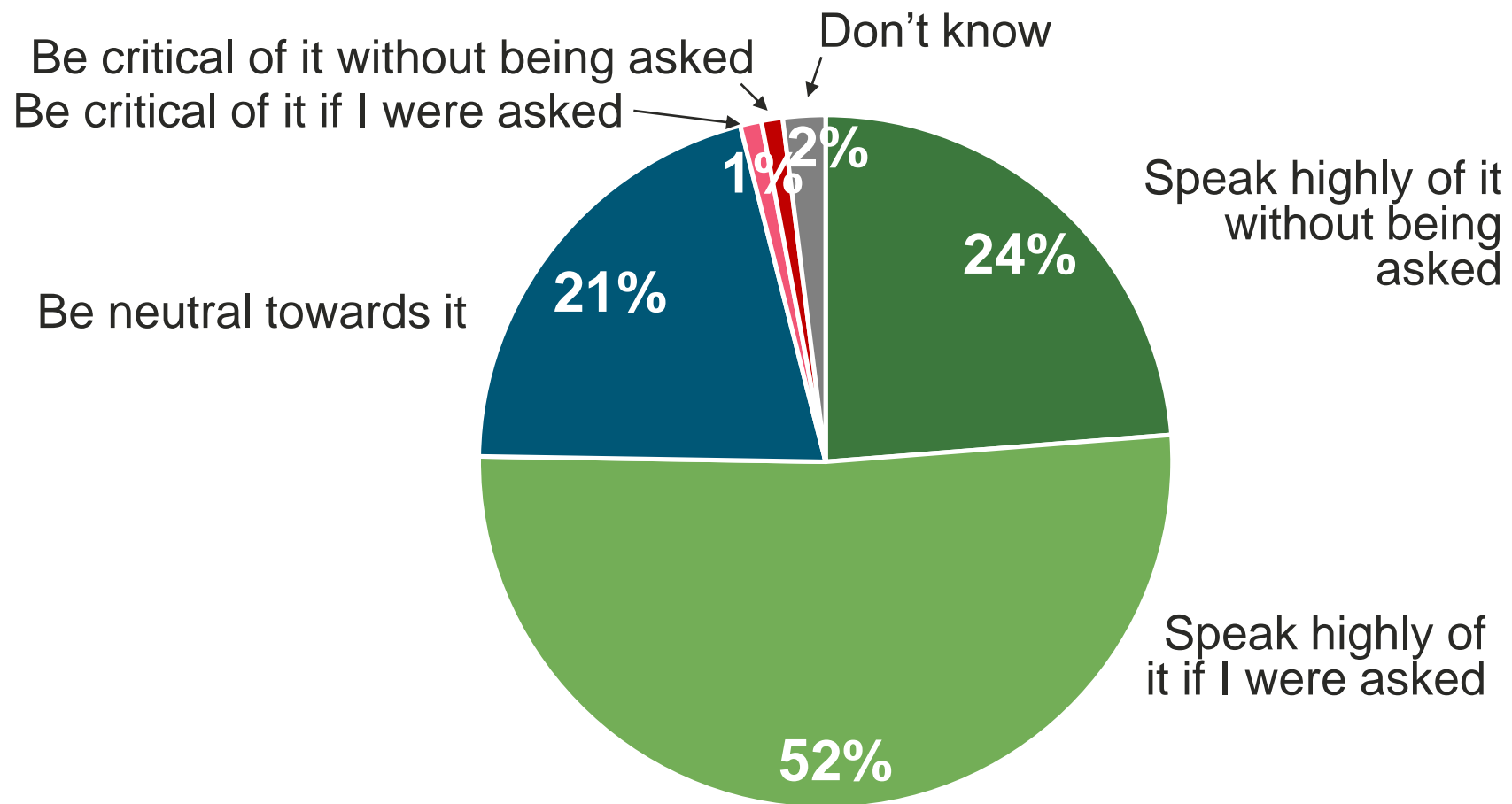


Motivations for undertaking energy efficiency measures include:



CERT customers will act as advocates

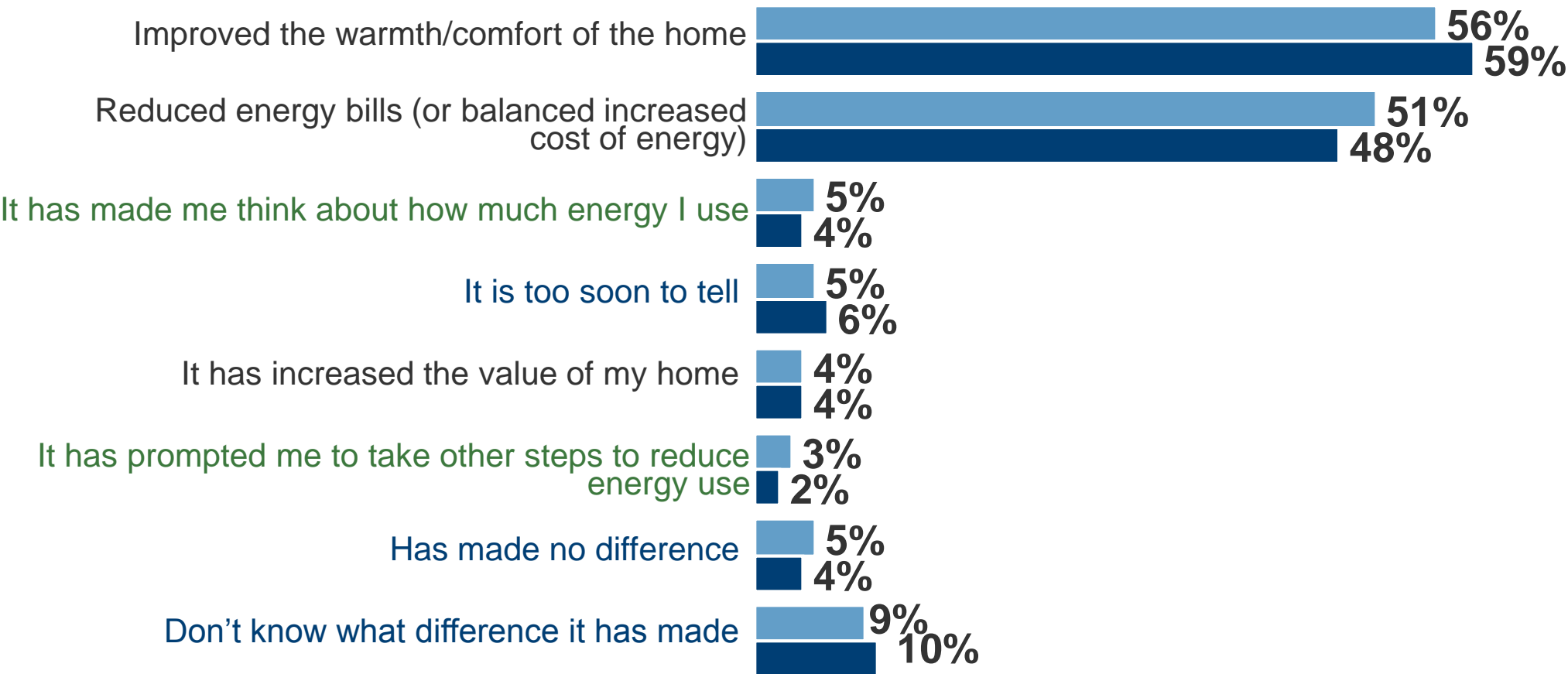
How would you speak about the difference that these measures have made to your home to other people?



Impact of CERT measures

What difference, if any, has ... installed in your home made?

■ Cavity wall insulation ■ Loft/top-up insulation



Source: Ipsos MORI

Challenge of identifying cost savings

- Rising energy prices and very cold winter make it difficult to assess reduction in bills
- Many believe increases have been capped by CERT measures
- Some have maintained stable bills
- Pre-payment customers are most likely to notice impact

“Although the unit cost of gas and electricity are going up, I’ve been able to hold onto the same direct debit amount for the last two years. ”

Non-priority Group, Aged 45-69, Customer,
Sydenham

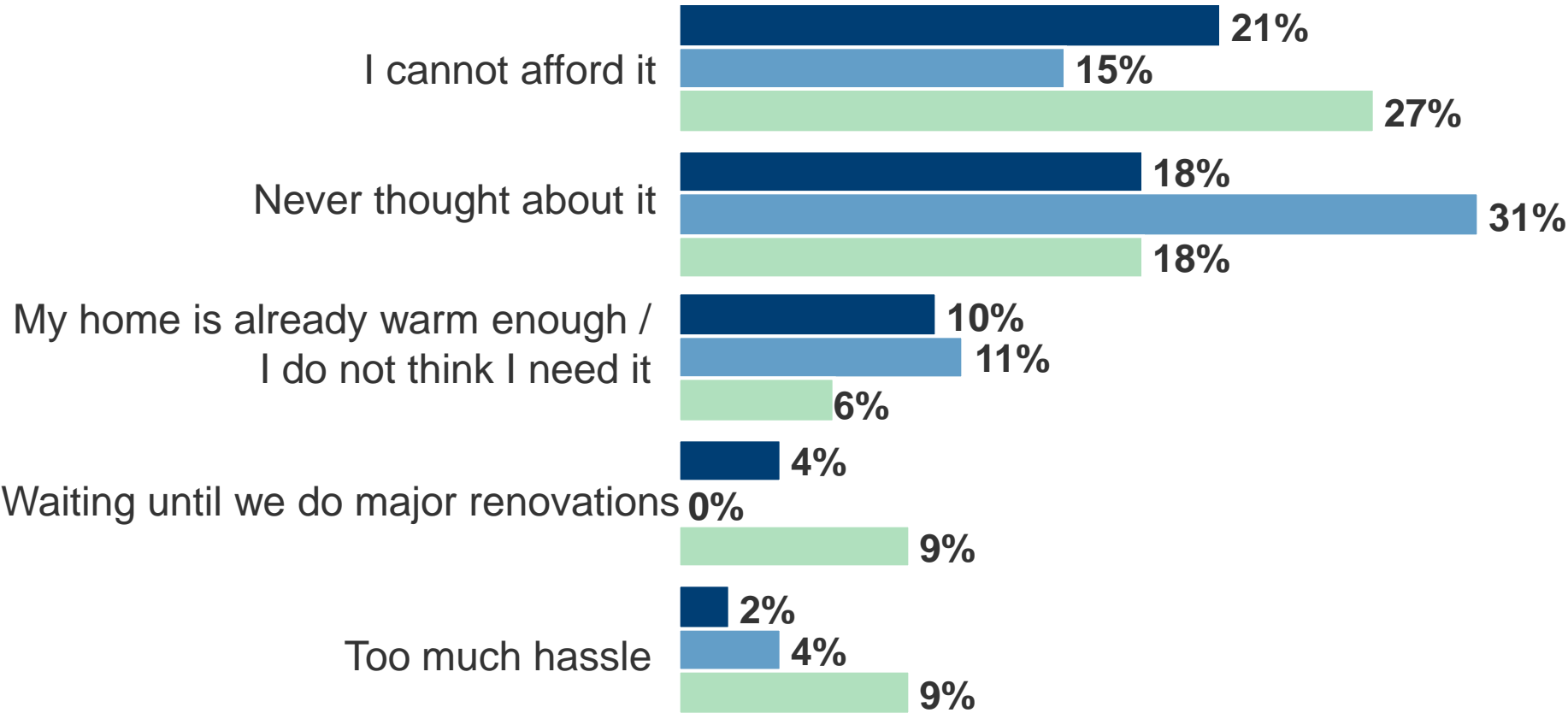
“The bills are cheaper. They definitely came down. I put money in every week, with me card. Normally I used to put about 30 odd, 40 pound odd a week, and now I just put in twenty. ”

Priority Group, benefit-recipient, Customer,
North Shields

Consumer barriers to take-up

Q What would you say are the main reasons you have not installed ... insulation to date?

Cavity wall insulation Solid wall insulation Loft/top-up insulation



Base: GB adults aged 16+ who have not installed cavity wall insulation (278), solid wall insulation (418), loft/top-up insulation (129) interviewed between 14th and 24th January 2011

And what do the public think of the Green Deal?



Public attitudes to the Green Deal

Have they heard of it?

- No reported figures showing awareness, DECC is tracking this, and we will see how this changes over the next 6 months

What do they think?

Green Deal is only of relevance where clear need for insulation:

Those finding it difficult
to heat their home

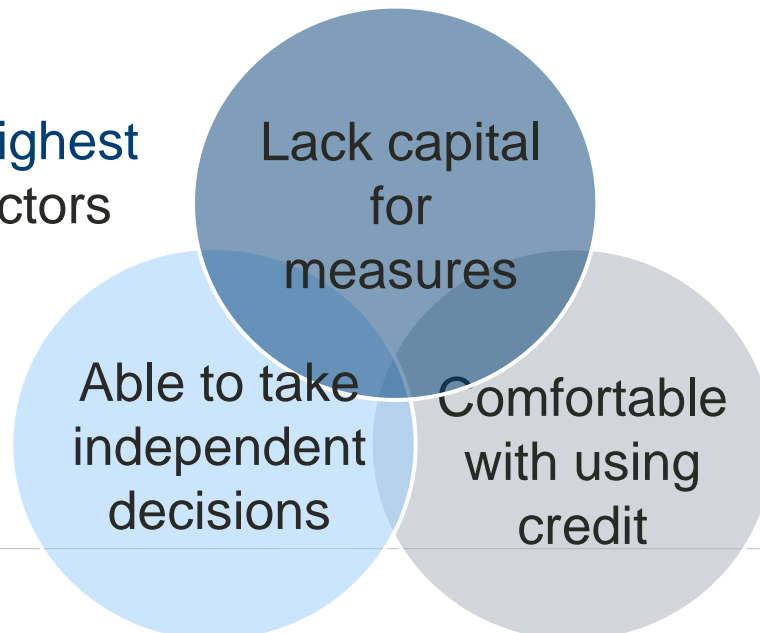
or

Wanted to reduce
energy wastage

or

Offset expected
increases in fuel costs

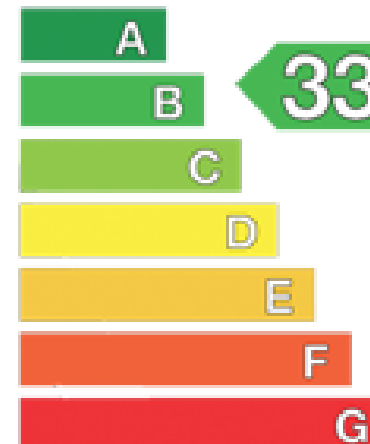
Interest is then **highest**
when different factors
converge:



The finance made consumers cautious

Some consumers struggled to comprehend aspects of the finance mechanism including:

- The repayment stays with the property via the energy bill
 - Many consumers, including older people, viewed it as **personal debt** which they were averse to
- The repayment charge would be offset by energy savings
- That future occupants would also benefit from savings
 - Seen as a potential barrier to resale (although minority felt the measures would enhance the value)



Is there a way out?

The novelty of the scheme prompted consumers to ask for flexibility around the terms and conditions

- Pay off the sum early (principally to avoid any concerns about selling a property with Green Deal finance in place)
- Part-finance measures; to reduce the amount of capital involved
- Pay a lump sum, to help realise the full benefits of the measures sooner
- The finance mechanism needs to be introduced and endorsed by a trusted source to become normalised



Consumer caution in terms of the finance mechanism coupled with mixed feelings around the energy companies could make a somewhat challenging environment to engage customers

What can energy companies do to build trust with consumers?



Ways in which the energy companies might build trust

- Suppliers to use standardised language
- Greater transparency in pricing
- Positive engagement with consumers to help them find the best deal

“I think when you’ve used a massive amount one year and they can see that’s what you do and how you use it, they should give you some advice on which tariff would be better for you. Like Vodafone do with the phone, I think that would be ideal.”

Sticker, Pre-Family, ABC1, Manchester "

“With the prices I find it very bamboozling because they’ll say, oh you can go on this tariff and the first so many kajoules are this price per one and then it goes to this price, but if you use more than that then it drops to this price. And you’re like, how on earth am I going to work this out.”

Sticker, Family, C2DE,
Northampton

Examples of how to build trust

Providing clear information on tariff key fact sheets

- Greater transparency as key pieces of information (such as what happens at the end of the term) cannot be hidden from consumers
- Improved understanding of the meaning of a tariff as it clearly sets out the constituent parts of a tariff
- Improved comparability across different tariffs

Being clear on the role of government in supporting and overseeing the Green Deal

- Consumers need to understand why energy companies are trying to help them save the very commodity they sell to them

“I knew if the council was in the scheme there wasn’t going to be any hidden charges.”

Non-priority Group, Customer, North Shields

“Tell people how this fits with Government aims, targets. Tell us what we’re contributing towards”

Homeowner, Harrow



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