

Digital Comparison Tools Market Study:

Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002, the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's

interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

Title*	Mrs
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Forename	Carol
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Surname*	Seaton
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Email*	[✕]
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What is your role / profession*	Head of Quality and compliance
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Are you representing yourself or an organisation?*	An organisation <i>(please delete as appropriate)</i>
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If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*	Yes / No <i>(please delete as appropriate)</i>
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If you are representing an organisation:

(a) What is the organisation's name?*	Fundraising Innovations Limited trading as both Energyhelpline and Moneyhelpline
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(b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*
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Price comparison website (DCT) Energy, telecoms, life insurance.

Theme 1: Consumers' perceptions, use and experience of DCTs

We will analyse consumers' awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers' behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers' expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers' overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

When consumers use DCTs will differ by product. Energy might be driven by advertising campaigns, reports in the media, or word of mouth. Maybe people think about this more in winter when they're spending more on energy and this prompts them to look for a better deal. Insurance products will probably be renewal driven due to the length of contracts. Why consumers use DCTs is often price driven. Can I get the same thing and pay less for it? It may be that someone has had a bad experience and looking to see what else is available (service driven), or it may be a new uptake of something not used before and a PCW is a good place to see what's available. If consumers didn't trust DCTs then they wouldn't use them, and from the evidence previously gathered it is clear that consumers do trust the sites they use. Why would you ask one supplier what they have to offer and trust they have the best deal when you can compare similar deals across a range of suppliers?

2. How do consumers choose which and how many DCTs to use?

Consumers have an array of sites available to them and have many ways of finding one to use. Choosing a site could be related to advertising, a recommendation from others, or use of a search engine. The other question is much more difficult to answer; it depends on a person's outlook regarding 'how much time do I want to spend searching?'. The site a person decides to use and how many they choose to look at could also depend on whether they want a freebie that comes from using a particular site. For example, I need to renew my car insurance and don't have the time or inclination to spend hours in front of my laptop as my job is computer related; I might look at 2 sites and find the most suitable deal. Others may be fixated on collecting something and will only use one site in order to get their freebie. If I like spending time researching the best possible deal I may look at various DCTs and specific supplier sites to find the best deal for me.

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

We feel that consumers expect DCTs to provide an opportunity to make savings on the products, or services they are comparing. They expect to be able to review a range of offers quicker and easier than going directly to several service providers. They also expect the information provided by a DCT to be more reliable than that from an individual service provider because as an intermediary they expect an impartial perspective.

We don't believe consumers expect to see full market coverage and welcome the CMA's recommendations to move away from Whole of Market (WOM) requirements in energy which undoubtedly lead to less competition and innovation in energy DCTs.

Consumers know that DCTs derive their income from the service providers they list. However, they do expect results presentation to be in price or service order (depending on search options available) and don't expect commission payments to impact this.

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

Some consumers may have had a poor switching experience; that is more likely to do with the suppliers rather than the company operating the site. Many consumers use DCTs in order to make an informed decision about something they need and which can be complicated to look into otherwise.

As more and more consumers use DCTs it is clearly evident that they benefit from using them. They save time, offer a variety of products, make it simpler to compare those products side by side, and overall make it simpler to choose from a complex array of pricing structures.

Differing sites have different ways of providing information so it's down to individual consumers as to what works for them; as long as information is not misleading and presented in a clear manner for customers to make an informed decision based on what is available on the site.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

5. What factors influence suppliers' use and choice of DCTs and why?

This information is best gained from suppliers; our point of view is that the factors are probably:

- Amount of sales which will be generated.
- Price per customer acquisition.
- Level of service provided by DCT (reliability, good reputation and quality of service).
- Technical capabilities of the site.

6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

As more and more consumers use DCTs they provide a platform for suppliers to present their products to a wider audience. DCTs help present their products in the same place as more established brands and can help gain them market entry without having to have large operations of their own.

Using a DCT to enter the market is usually the cheapest means to build a new business. This has been shown in energy with companies like First Utility and Extra Energy, building their customer base almost exclusively using DCTs.

This is going to be cheaper than TV, or Radio advertising to build a brand, or employing many call centre and/or Face to Face agents to contact potential customers through outbound marketing activities and more effective than Direct Marketing.

7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

DCTs have encouraged competition between suppliers as more consumers are using them and want the best priced product/better deals. This can drive prices down and help consumers get the same product at a more favourable cost and has also pushed forward better customer service; with so many other providers offering the same thing at similar prices companies need to stand out in other ways. If you want to gain more customers it makes sense to have a better range of products to entice different types of buyer; showing these products in a number of different places means you reach a wider audience.

8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

We are unaware of any barriers.

9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

We believe that the increasing use of DCTS has led to a positive impact on customer service from suppliers across the board. In order to rank well on search filters other than price, suppliers have invested more in their customer services processes.

In some markets, such as energy some DCTS conduct customer services on behalf of suppliers with regard to the switching process. Feedback from both customers and suppliers is positive about the role intermediaries can play in resolving switching issues.

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

Competition varies by product and the regulations surrounding them. Overall we feel that there is robust competition across DCTS. Protecting consumers' data should be standard across all DCTs as we should all be working in line with DPA requirements.

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

We are unaware of competition between DCTs being held back by any of the factors listed in the question.

The biggest factor influencing how effectively a DCT can compete is its marketing budget.

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

We are unaware that there are barriers to competition between DCTs.

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

The Consumer Contract Regulations from June 2014 are not enforced in a standard way across DCTs.
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For example, “cancellation forms” are not made available by all DCTs and where they are available they are not in a consistent form.
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The interpretation of what a “durable media” is differs by category of goods/service sold and from DCT to DCT.
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This is especially the case when DCTs offer both online and telephony services.

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

See response above.

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?
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We do not believe there are significant problems here that would require change or remedy.
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In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

Use of AI technologies and “robots” in supporting the customer journey through DCTs services.

Other comments and further contact

Do you have any other comments you would like to add?

None.

Would you be willing for us to contact you to discuss your response?*

Yes

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

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7th floor
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WC1B 4AD**