

# Consumer Research Report

Annex B – ‘Smarter Tariffs – Smarter Comparisons’ project

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## Authors

This independent research report was produced for the ‘Smarter Tariffs – Smarter Comparisons’ project between July 2020 and March 2021 by davies+mckerr.

Separate reports were originally written in Microsoft PowerPoint slide pack format. They have been combined and converted into a single Microsoft Word document for publication.

The views expressed in this report are the authors’ and do not necessarily reflect those of the Department for Business, Energy & Industrial Strategy (BEIS).



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# Background to this report

This document details the findings of the research conducted by davies+mckerr throughout the Smarter Tariffs – Smarter Comparisons project. The research was conducted to provide insight consumer insight that would inform the development of the prototype tool.

This document provides additional research insights and information to supplement the primary research findings discussed in the main project report.

This document details the:

- Discovery Phase Qualitative Research methodology<sup>1</sup>
- Discovery Phase Quantitative Research methodology and findings
- Alpha Phase 1a and 1b Qualitative Research methodology and findings
- Alpha Phase 2b Qualitative Research methodology and findings

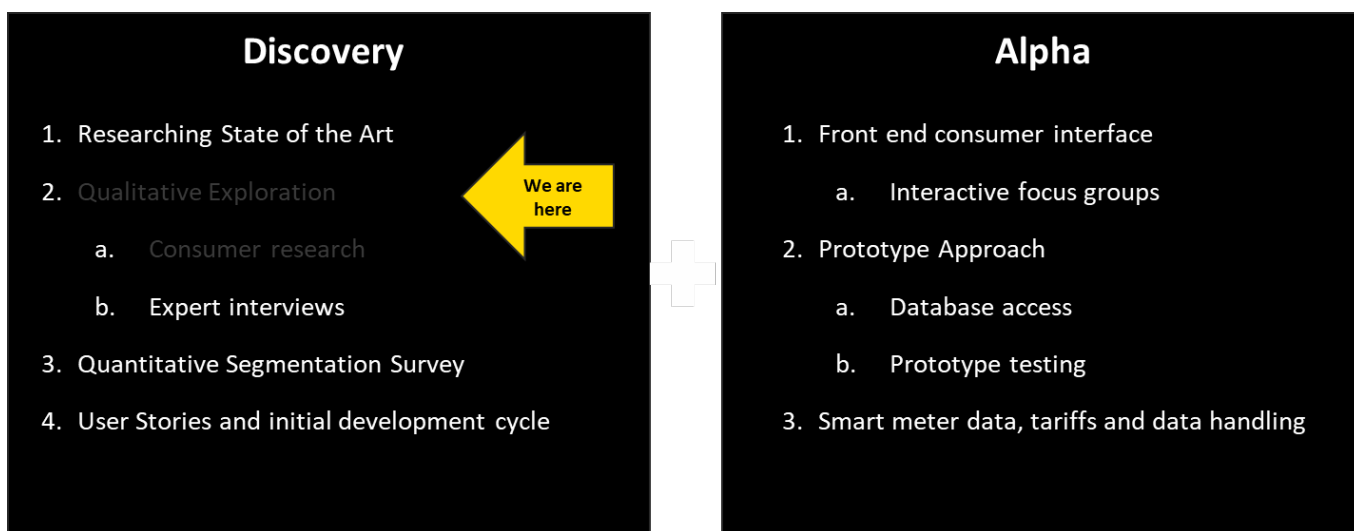
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<sup>1</sup> The findings are of this strand are discussed in detail in the main report

# Discovery Phase: Qualitative Research

*This chapter details the research objectives and methods used in the first phase of consumer research conducted in this project: the Discovery Phase Qualitative Research.*

**Figure 1 - Overview of project research plan**



## Research objectives

### Understand engagement with the energy market and how this differs by audience

- How needs / motivation varies between segments
- Understanding and awareness of smart meters
- Interest and motivation in green and renewables

### Gauge current levels of understanding and awareness of smart energy tariffs

- Explore appeal and motivation towards existing smart energy tariffs
- Triggers and barriers to adoption

### Explore how different audiences currently navigate the sector

- How do they currently compare products?
- What data is important and necessary?
- What can we learn from other, relatable categories?

### Identify goals and what consumers need to hear in order to maximise engagement

- How can it be made easier for consumers to understand smart tariffs?
- How can it be made exciting and engaging for them?

- What myths and misnomers need dispelling?

## Methodology & Sample

### Methodology detail

- 24 interviews were conducted online via Zoom from 8th – 17th June 2020
- Participants were recruited via a purposive sampling method that used a mixture of free-find methods and recruitment from networks (e.g. Hildebrand's existing customer base)
- All participants were asked to complete an online pre-task before we met, which provided us with baseline insight on the following:
  - Current engagement with and behaviours towards energy
  - Spontaneous awareness, knowledge and expectations of smart tariffs
  - Online research into existing smart tariffs to get a feel for their reaction to and understanding of these products
  - Sessions followed exploratory approach, whereby we were guided by an overall discussion flow but allowed for deep dives into themes and hypotheses as these arose
- The collected data was also used to develop an outline segmentation to aid with analysis – this was based on thematic analysis of the data and was later tested and refined in the Discovery Phase Quantitative Research

### Sample detail

#### **24 one-to-one interviews across 3 key audiences:**

1. 12 potential smart tariff customers
2. 8 existing customers of smart tariffs / highly engaged early adopters
  - 2 Free-found smart tariff customers
  - 6 Hildebrand customers
3. 4 customers from segments that face additional barriers when engaging with the market, smart tariffs and digital tools, including fuel poor and digitally excluded

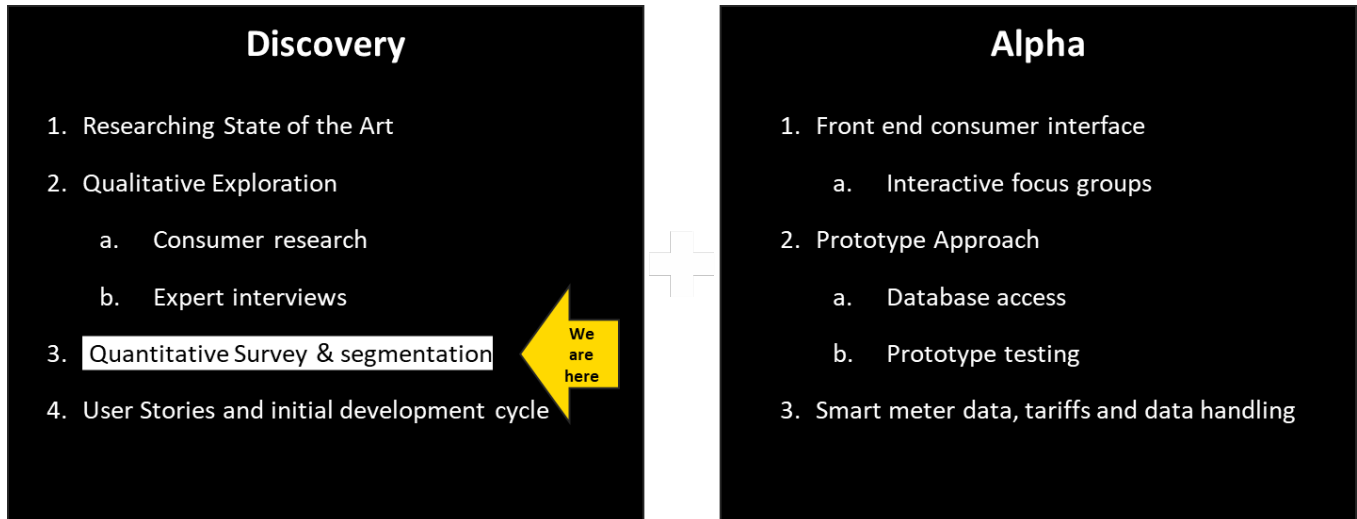
#### **Other characteristics:**

- Held across 3 geographical locations (SE, Scotland & Wales) including urban, suburban and rural locations
- Mix of life stage including pre-family, family and post-family / retired
- Mix of customers of 'Big 5' energy and smaller challengers
- Good mix of technology adoption behavior
- Mix of regular, occasional and rare energy provider switchers

# Discovery Phase: Quantitative Research

*This chapter summarises the method and findings from the Quantitative Research conducted during the Discovery Phase.*

**Figure 2 - Overview of project research plan**



## Research objectives

### Understand engagement with the energy market and how this differs by audience

- How do needs / attitudes vary in the market and what are the segments that exist?
- How do these segments differ in terms of smart meter adoption, use of Price Comparison Websites (PCWs) and interest in smart tariffs?

### Gauge current levels of understanding and awareness of smart energy tariffs

- Explore appeal and motivation towards existing smart energy tariffs
- Triggers and barriers to adoption

### Understand current usage of PCWs

- Who currently uses PCWs and how satisfied are they with the experience?
- Who does not use PCWs and why not?

### Measure interest in the concept for a new comparison tool

- How appealing does the new concept sound?
- What attracts and what could be done to increase its appeal?
- What are the potential barriers?

- Who is most attracted by the new concept

## Methodology & Sample

- Online survey via consumer panel
- Nationally representative sample of UK energy customers
- 2,004 respondents
- Fieldwork late July / early August 2020
- Significance testing was done at 95% confidence interval
- Only differences between segments that were statistically significant have been emphasised in this report
- The full dataset from the survey is published alongside this report (Annex C)

## Segmentation

- A segmentation was generated based on the outline segmentation developed in the earlier Discovery Phase Qualitative Research
- We created several questions to use in segmenting respondents. These covered:
  - Engagement with the energy market, e.g. how often they monitor energy usage and how often they have switched
  - Attitudes to energy and aspirations e.g. how important being green is and engagement with using technology to achieve household goals
  - Household income and ease of bill paying (mainly to identify fuel poor consumers)
- Respondents were asked to state the strength of their agreement or disagreement with multiple statements about their attitudes and relationships with these topics.
- Each respondent was then allocated to a single segment based on their responses.<sup>2</sup> Table 1 details the responses required for each segment.

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<sup>2</sup> Note that the segmentation method placed respondents into typologies on a best-fit basis and each was assigned to only typology. In reality, the typologies would not be mutually exclusive. Some respondents share some characteristics with those in other typologies.



**Table 1 - Segment definitions**

Segment	Definition
Energy Innovators	Track their energy data + Have latest technology + High value placed on using technology to control their house
Savvy Enthusiasts	Above average on the value of being green in their household + monitor their energy consumption data
Super Switchers	Have switched 4+ times in the last 24 months
Green Techies	Above average on the value of being green in their household + do not monitor energy data
Traditionalists	Customer of a 'big 6' provider <sup>3</sup> + low value placed on being green in their household + low value placed on using technology to control their house
Fuel Poor	Struggle to pay fuel bills + household income of below £27k pa
Informed Mainstream	Average on valuing being green in their household + average on value of using technology to control their house + feel they understand tariffs and bill
Uninformed Mainstream	Average on valuing being green in their household + average on value of using technology to control their house + do not feel they understand tariffs and bill

## Key findings

### The current energy market

#### **A divided market where the engaged who care about the environment and are savvy with technology are the key target audience**

- As the initial qualitative research suggested, energy consumers vary widely in terms of how well they feel they understand the market, how engaged they are with it and their attitude towards energy suppliers, with significant numbers at each end of the scale

<sup>3</sup> Defined as British Gas, EDF, E.ON, Npower, Scottish Power or SSE. Although SSE's retail supply business and Npower are now owned by Ovo and E.ON Energie AG respectively, a significant number of respondents still said they were supplied by those brands.

- Just as importantly, they also vary in terms of how much they care about being green and using technology to help control their home
- What people are aligned on is wanting a good deal and good customer service
- In understanding attitudes to smart meters and attitudes to smart tariffs, it is the combination of being engaged in the market and a desire to be green and use technology that is most influential
- Consumers who understand the energy market *and* are interested in their energy usage *and* adopters of smart home tech are the people most open to smart meters and smart tariffs

## Switching and smart meters

### **Switching is about saving money, so PCWs are the main tool used**

- 74% have switched at least once but only 22% have switched 4 or more times
- People switch to reduce bills - those who do not switch or have only done so occasionally are suspicious that the savings will materialise
- PCWs are the main source used when switching (by 65% of switchers) and their dominant purpose is to find the cheapest price
- Non-users of PCWs either do not think of using them or do not trust they will be useful

### **Smart meters satisfy if you want to track energy but those focused on lower bills are disappointed**

- 40% have a smart meter, rising to around half of those with smart technology (lighting, heating or security) or an electric vehicle (EV)
- Those without a smart meter divide fairly evenly between those receptive to an installation in the next six months (39%) and those not very receptive to having one in the next six months (43%), with attitudes to tech and trust in energy suppliers the key differentiators
- 35% of those who are not interested in an installation have either heard negative things and 33% said they had concerns about smart meters

## Smart tariffs

### **Low awareness but the idea provokes interest – especially among engaged, green, smart home consumers**

- At present only 1 in 5 energy consumers (20%) is aware of smart tariffs but over half (58%) are at least fairly interested in the concept and a third (33%) are very interested (rising to 56% among the engaged, green smart home consumers)
- Reducing bills is the main driver of appeal but those interested are also attracted by the idea of helping create a lower carbon, fairer and more efficient network

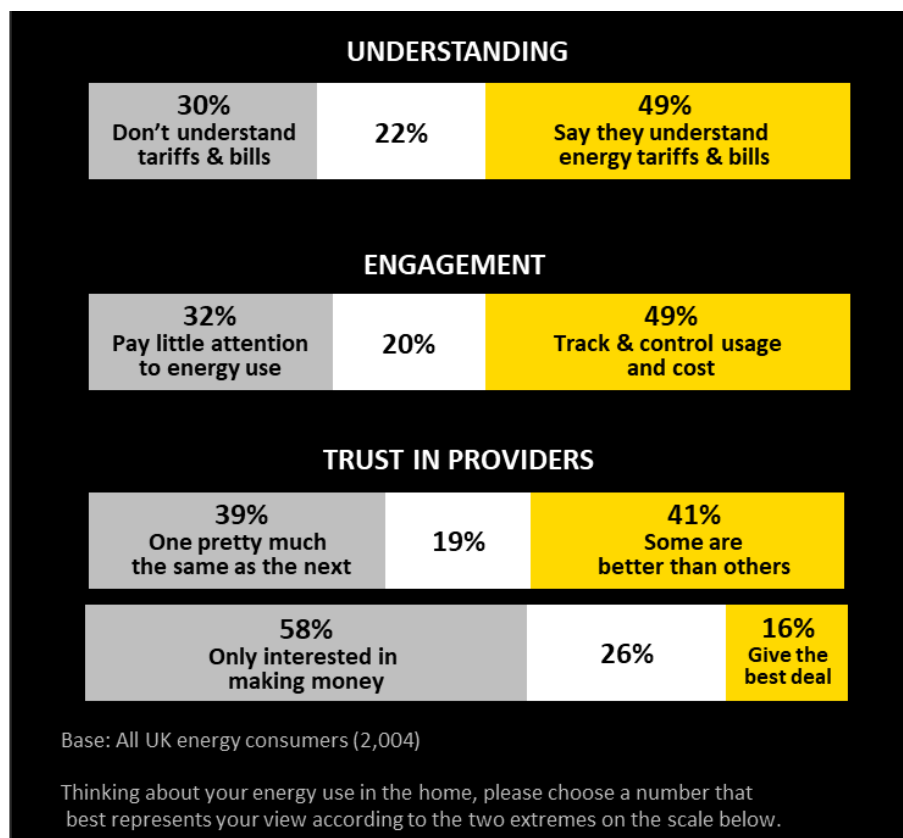
- The majority say they are willing and able to shift their usage of appliances to cheaper periods - but over half do not have appliances with timers and only a fifth are interested in buying new smart appliances
- Smart tariffs make smart meters even more attractive to those already open to the idea of getting one but on their own were not sufficient to motivate those who are currently not interested
- Smart tariffs also make existing smart meter consumers feel more positive about having one
- Those not interested are sceptical that there will be real bill savings and want freedom on when they use appliances
- The new comparison tool is of interest to over half (60%) - a third (31%) are very interested (often those very interested in smart tariffs) and many like the idea of an easy to use tool that provides more accurate and tailored comparison

## Energy consumers

### There is no single ‘energy consumer’ in the market

- As in most markets, consumers can be divided into into different segments. In particular, understanding and engagement vary widely in the energy market.
- In terms of their stated understanding of energy terms and bills, the attention they pay to usage and bills and attitudes to the energy suppliers, there are significant groups at the opposite end of the scale.
- The nearest there is to consensus is that energy companies are focused on profits, not on offering customers the best deal. Only 16% agree that ‘energy companies care about giving customers the best deal’.

**Figure 3 – Understanding of the energy market, engagement with energy consumption and spend, and trust in energy suppliers<sup>4</sup>**

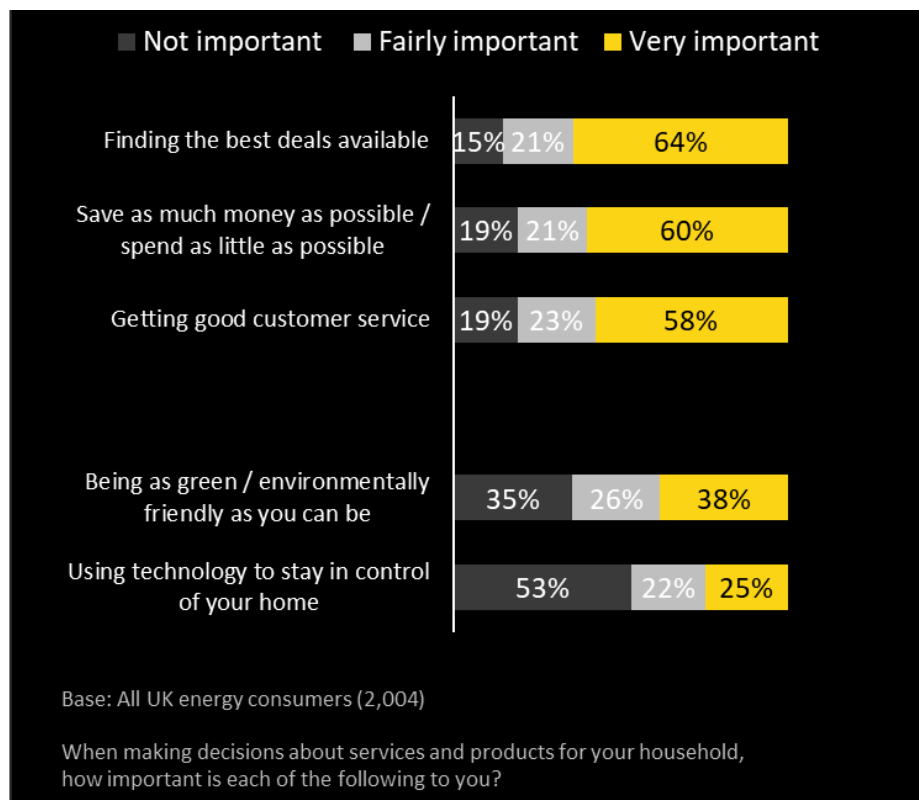


<sup>4</sup> The two statements were placed at either end of a 1-7 scale and respondents were asked to provide a score based on which one they agreed with more. Scores between 1-3 were classed as more agreement with the left-sided statement. 4 were classed as no preference for either statement. 5-7 was classed as more agreement with the right-sided statement.

**Consumers differ in their focus on green and home tech**

- Most people wants to save money, get a good deal and receive good customer service. These are common goals.
- But in terms of being green and using tech in the home, consumers differ more widely.
- Just over a third (38%) strongly care about being as green as possible while almost as many (35%) say it is not important to them.
- A quarter (25%) value being able to use technology to control their home whereas twice as many (53%) do not value that.
- We measured these last two attitudes in the survey because the initial qualitative research suggested they were pivotal in attitudes to smart tariffs. Later in this report we see they are indeed crucial in differentiating interest.

**Figure 4 – Priorities for consumers when making decisions about household products and services**



## Energy consumer typology

- The initial qualitative research suggested a typology of energy consumers based on:
  - Engagement with the energy market e.g. how often monitor energy usage and how often switched
  - Attitudes to energy and aspirations e.g. how important being green was and engagement with using technology to achieve household goals
  - Household income ease of bill paying (mainly to identify fuel poor consumers)
- Respondents were asked to state the strength of their agreement or disagreement with multiple statements about their attitudes and relationships with these topics. Each respondent was then allocated to a segment based on their responses.
- This process identified eight distinct energy consumer typologies and their prevalence in the population.
- The consumer survey confirmed that:
  1. These are clear segments within the market (though we have replaced ‘Prioritisers’ with two new categories – ‘Informed Mainstream’ and ‘Uninformed Mainstream’)
  2. They offer a useful way to understand reaction to smart tariffs and the new comparison tool
- Below we show these typologies, their profile and approximate size in the market, based on respondents answers to this survey

**Figure 5 - Energy consumer typologies identified in the qualitative research**








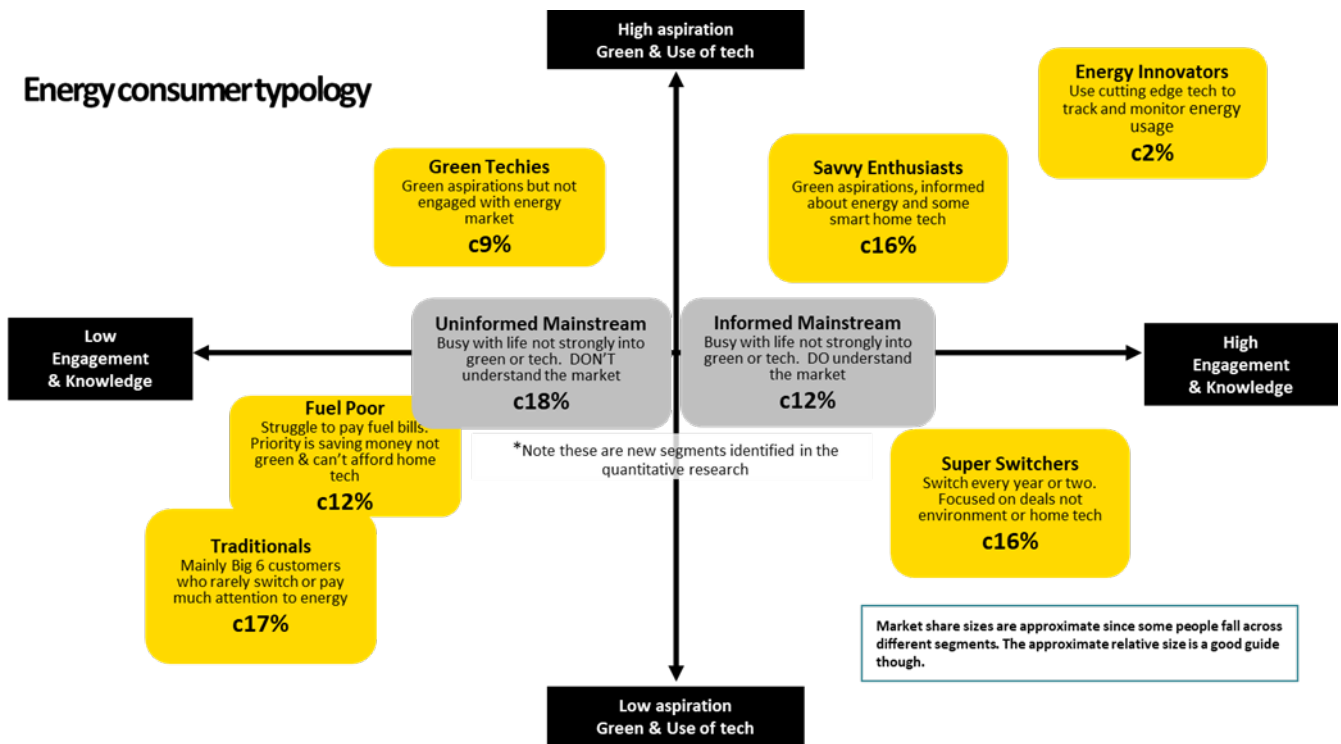
	<p><b>Energy Innovators</b></p> <p>Very engaged in energy and green tech, however suspicious of mainstream energy companies. Prefer to rely on personal experience and expertise, as well as recommendations from like-minded individuals</p>
	<p><b>Savvy Enthusiasts</b></p> <p>Engaged in energy and with aspirations to become ‘more green’ by moving towards green tech. They are limited, however, by low awareness of green / tech / energy trends and what could be possible in the long term</p>
	<p><b>Super Switchers</b></p> <p>Always in search of the best deals possible when it comes to energy. Not as engaged in green tech or becoming ‘green’, they look to make big savings and switch and try new things frequently motivated by this goal.</p>
	<p><b>Green Techies</b></p> <p>Their engagement with the energy category is low due to negative perceptions of energy companies, however they have a genuine interest in being green and in tech, which could be leveraged to build interest in the energy category in future</p>
	<p><b>Prioritisers</b></p> <p>They have little interest in the energy category as they feel they have more important things to consider, such as work, family or social life. As such, they look for simple and effective solutions that don’t take up too much of their time.</p>
	<p><b>Traditionalists</b></p> <p>They are very risk-averse and tend to stick to what they know. A hard cohort to shift, they are comfortable with their current energy set-up and have very low green energy or tech aspirations</p>
	<p><b>Vulnerable</b></p> <p>Owing to their vulnerability, they are very hard to reach and engage with. Nervous about any dealings with energy companies and often fuel / tech poor, changing behaviours among this group will be difficult</p>

Figure 6 - Energy consumer typologies identified in the quantitative research



Energy consumer typologies – summary of profiles

Figure 7 - Profile of energy consumer typologies

Energy consumer typology – profile summary

With the exception of the Fuel Poor, each segment includes a wide demographic range ie segments do not correspond neatly to one age group or lifestage. However, most segments do over-index on certain characteristics.

Savvy Enthusiasts	Green Techies	Super Switchers	Informed Mainstream	Uninformed Mainstream	Traditionals	Fuel Poor
<ul style="list-style-type: none"> <li>Under 35 &amp; young kids</li> <li>... or over 55 no kids</li> <li>Have smart meter</li> <li>Early Adopters</li> <li>Influencers</li> <li>Multiple smart devices</li> </ul>	<ul style="list-style-type: none"> <li>No kids</li> <li>Under 45</li> <li>Above average income</li> <li>London</li> </ul>	<ul style="list-style-type: none"> <li>Married</li> <li>Over 55</li> <li>Men</li> <li>Home owners</li> <li>3+ bedrooms</li> <li>Above average income</li> <li>Northern</li> <li>No smart meter</li> </ul>	<ul style="list-style-type: none"> <li>Demographic profile in line with overall population</li> </ul>	<ul style="list-style-type: none"> <li>Over 65s</li> <li>Home owners</li> <li>Middle income</li> </ul>	<ul style="list-style-type: none"> <li>No kids</li> <li>Late adopters</li> <li>One or no smart devices</li> </ul>	<ul style="list-style-type: none"> <li>Under 45s</li> <li>Low income</li> <li>Single households</li> <li>1 or 2 bedrooms</li> <li>Have a disability</li> <li>PPM</li> <li>One or no smart devices</li> </ul>

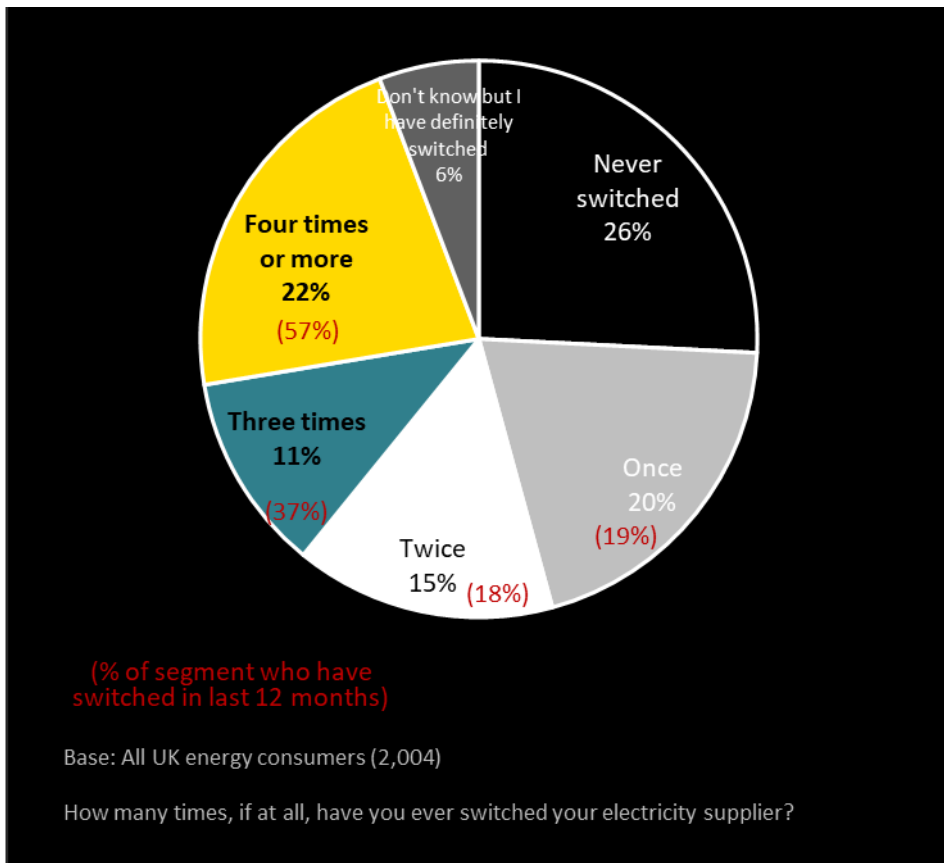
NB Energy Innovators are too small a sample for accurate profiling

## Switching Behaviour & PCW use

### A third of electricity consumers have switched 3 or more times - but a quarter have never switched

- With switching we again see a range of behaviours among energy consumers.
- A quarter of electricity customers have never switched (rising to 37% of under 35s).
- At the other end of the scale, a fifth have switched four or more times and over half of them (57%) have done so within the last 12 months. This increases to 30% of over 55s being multiple switchers and 34% of those with a household income over £75K a year.
- Smart meter consumers were a little more likely to have switched once or twice rather than be at the two extremes (41% vs 35% for all consumers).

**Figure 8 - Number of times switched electricity supplier**

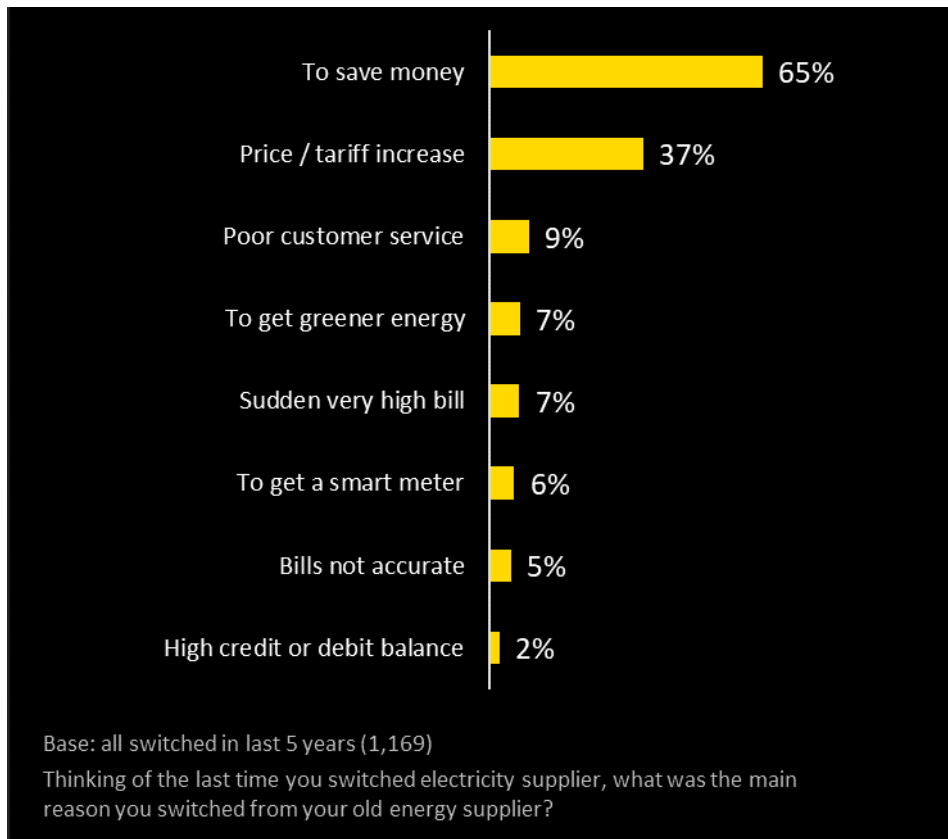




**Saving money was the dominant reason people last made a switch**

- Two-thirds (65%) say they switched to save money the last time they moved provider and most of the rest say it was prompted by a price rise.
- Poor customer service is mentioned by 9% and the desire for greener energy by 7%.
- Inaccurate bills and high account balances / deficits (both of which could be avoided with a smart meter) are only mentioned by a few as the motivation.

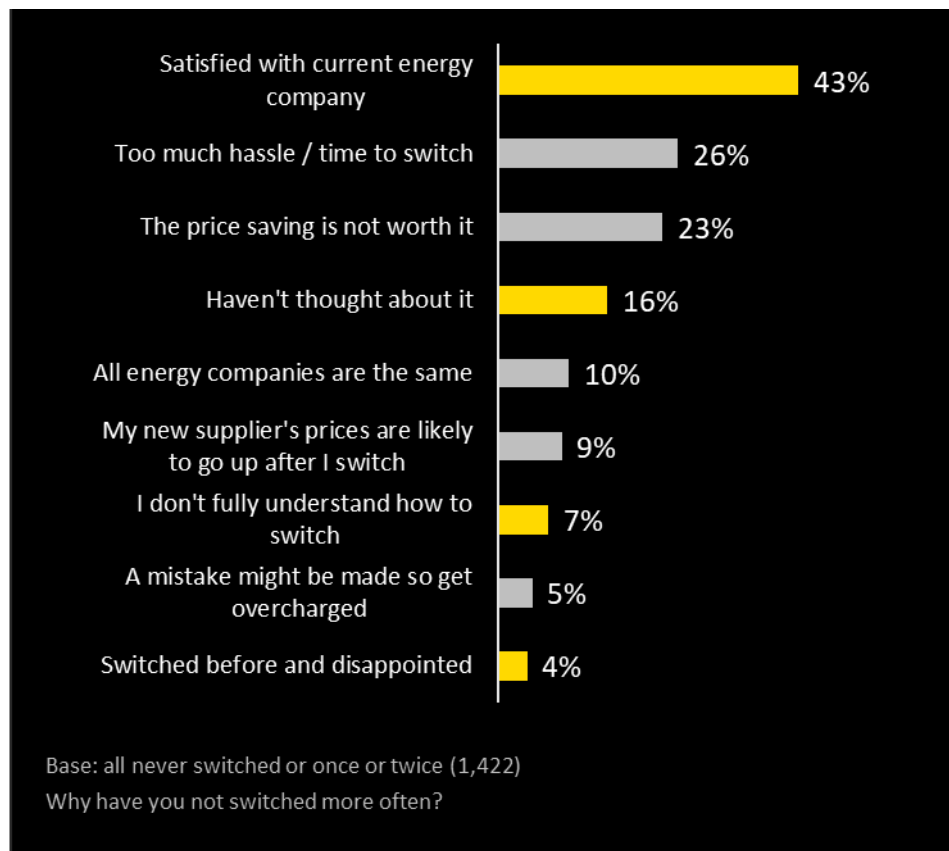
**Figure 9 - Reasons for most recent switch (maximum of 3)**



**Half of those who have rarely or never switched are suspicious of the benefits**

- Around half (52%) say they have not switched at all or more often because they doubt its benefits or see it as too much hassle. In particular they doubt the money saving is worth it or sustained.
- Most of the rest (43%) simply say they are satisfied with their current provider.
- Those who have never switched are a little more likely to say it is too much hassle but generally they give the same reasons as those who have switched once or twice.

**Figure 10 - Main reason for not switching more often**



**PCWs used by two-thirds when they switch**

- Nearly two thirds (65%) say they used a PCW the last time they switched, by far the most widely used source of information.
- Half (52%) of those who used a PCW then switched through it while the other half simply used the information.
- The second most popular source were online review websites like MSE and Which, used by 37%.
- Almost one in four (23%) used a website that automatically switches you or tells you when you can save money (62% of this group also went on to use a PCW).
- PCWs usage is pretty similar across all segments and demographics, except the Fuel Poor, where only half use them. Unsurprisingly, usage is highest among Super Switchers (76%).

**Figure 11 - Tools used when switching**

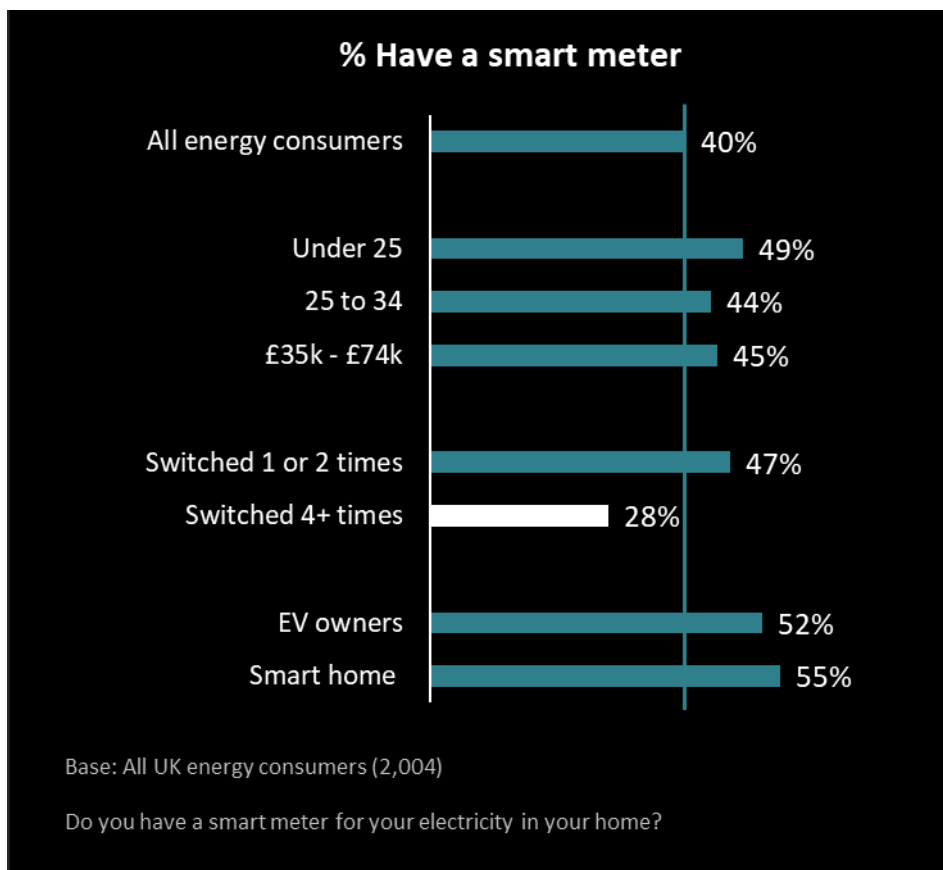


## Smart meters

### 40% have a smart meter installed

- 40% of our energy consumers have a smart meter installed. BEIS reported that as of June 2020, 39% of energy meters were smart in,, therefore we have confidence in this finding.<sup>5</sup>
- Ownership is more common among under 35s and people with above average incomes (but not very high incomes).
- Consumers with electric vehicles or smart home technology (smart plugs, lighting, heating or security) are also more likely to have a smart meter.
- ‘Super switchers’ who have switched multiple times are less likely to have a smart meter. One reason is they are more likely to believe smart meters are a barrier to switching (29% vs 17% for all without a smart meter).

**Figure 12 - Smart meter penetration**

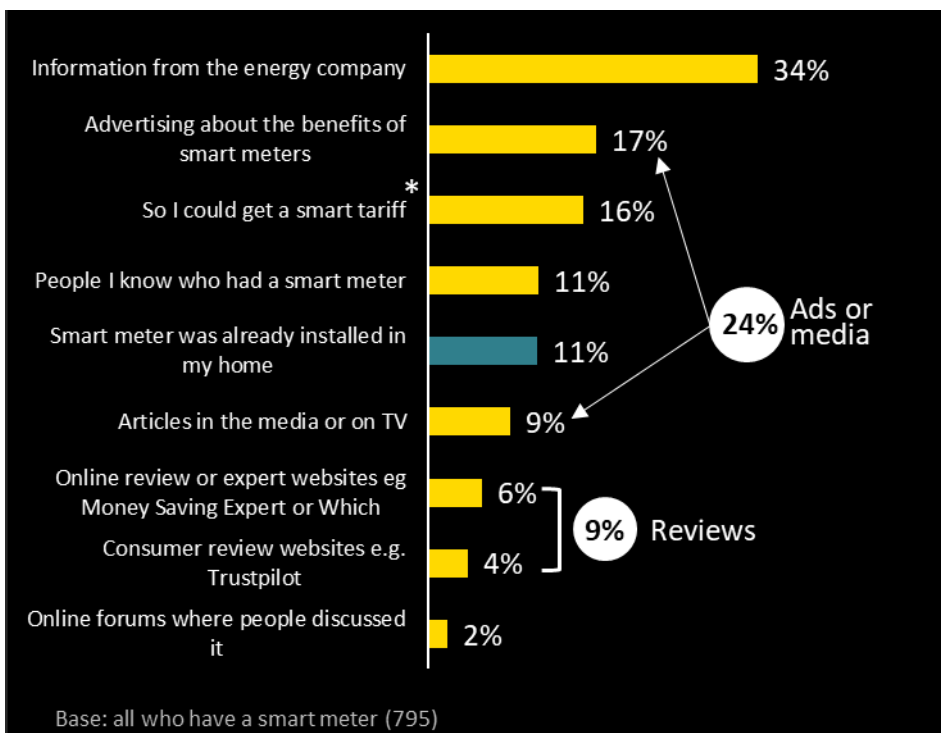


<sup>5</sup> BEIS, Official Statistics: Smart Meters in Great Britain, quarterly update June 2020

**Energy company information and ads about smart meters are most influential in adoption**

- 9 in 10 people (89%) with a smart meter chose to have it installed – 11% say it was already in their house.
- The commonest influence was information from the energy company, cited by a third (34%). Next commonest influence were ads or, to a lesser extent, articles in the media – together cited by 24%.
- 11% were led by people they knew who already had a meter and with a similar proportion saying it was online or consumer reviews that persuaded them.

**Figure 13 - Most influential source in decision to have a smart meter**

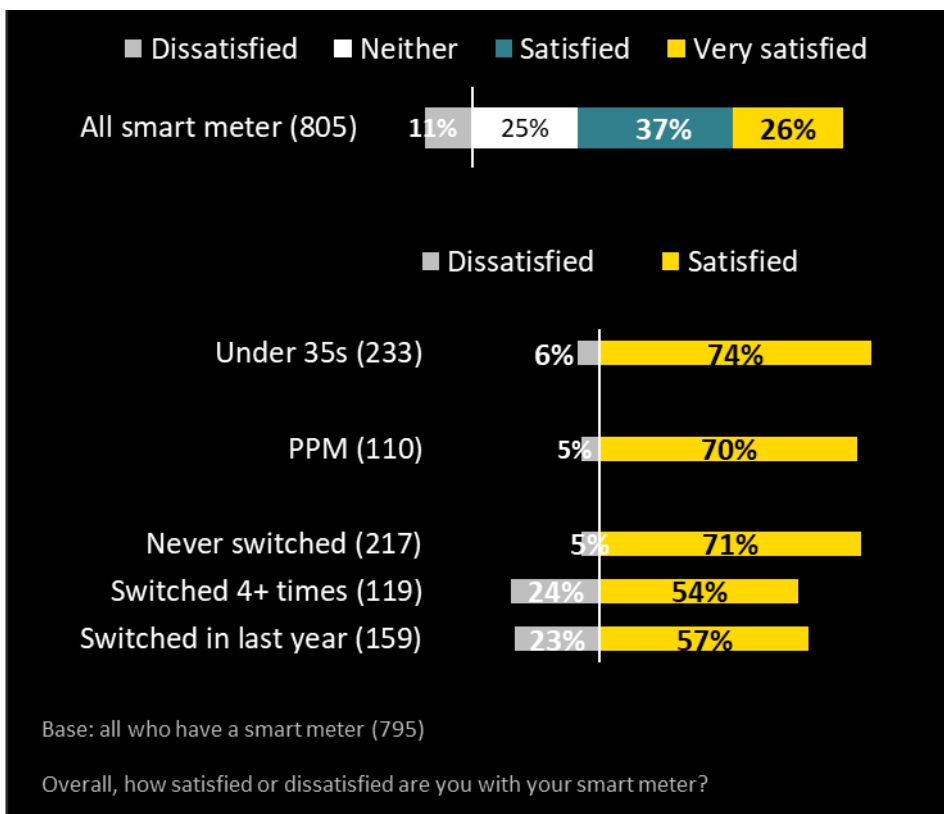


\* This question was a prompted list and 16% say they got a smart meter in order to get a smart tariff. However, later in the survey two-thirds of them said they are not sure they have heard of smart tariffs, when prompted with a full description, suggesting most were not thinking of time of use smart tariffs.

**63% say they are satisfied with their smart meter**

- A quarter of smart meter consumers (26%) are very satisfied and an additional 37% are satisfied. One in ten (11%) are dissatisfied, including 6% who are dissatisfied and 5% who are very dissatisfied.
- The most satisfied are under 35s and those with a pre-payment meter.
- Those who have never switched are much more satisfied than those who have switched multiple times or in the last year.

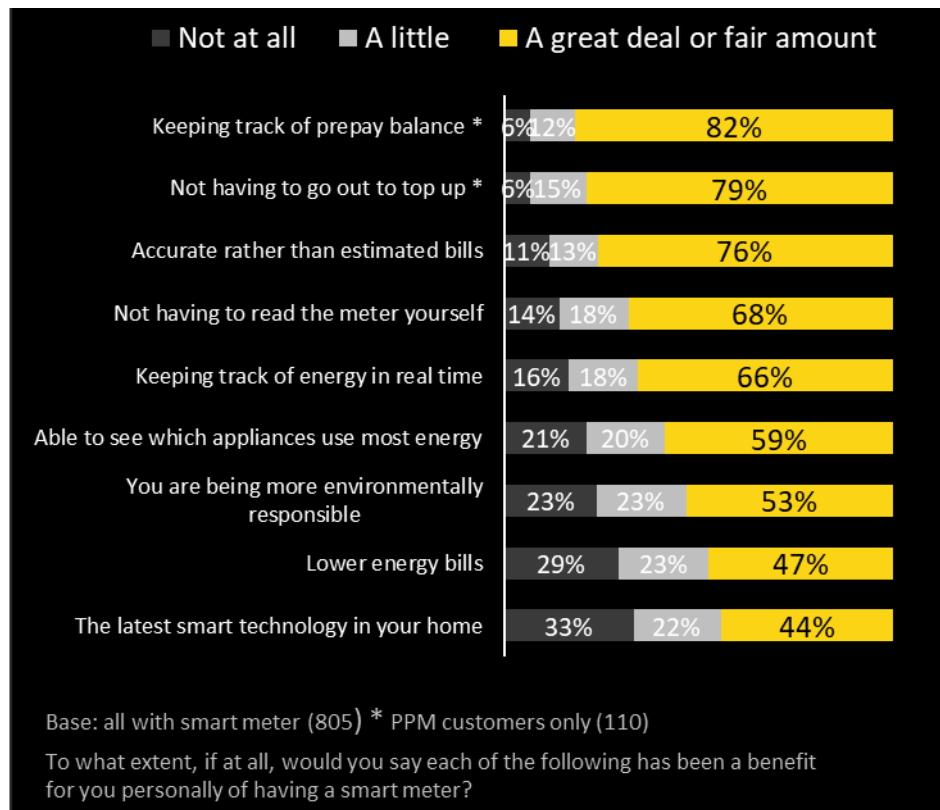
**Figure 14 - Overall satisfaction with smart meter**



**Accurate bills, no meter reading and energy tracking are felt to be benefits by at least 2 in 3**

- PPM customers are more likely to be satisfied with their smart meter and this is because 4 in 5 (82%) feel they have really benefited by being able to keep track of their balance and not having to go out to top up.
- Accurate rather than estimated bills are the most widely perceived benefit among all smart meter customers, followed by not having to read the meter and the ability to track energy usage in real time.
- Three in ten (29%) do not feel they have benefited from lower energy bills and a further 23% say they have benefited only a little.
- Similarly, 23% say they do not feel at all more environmentally responsible for having a smart meter and 23% only feel that a little.

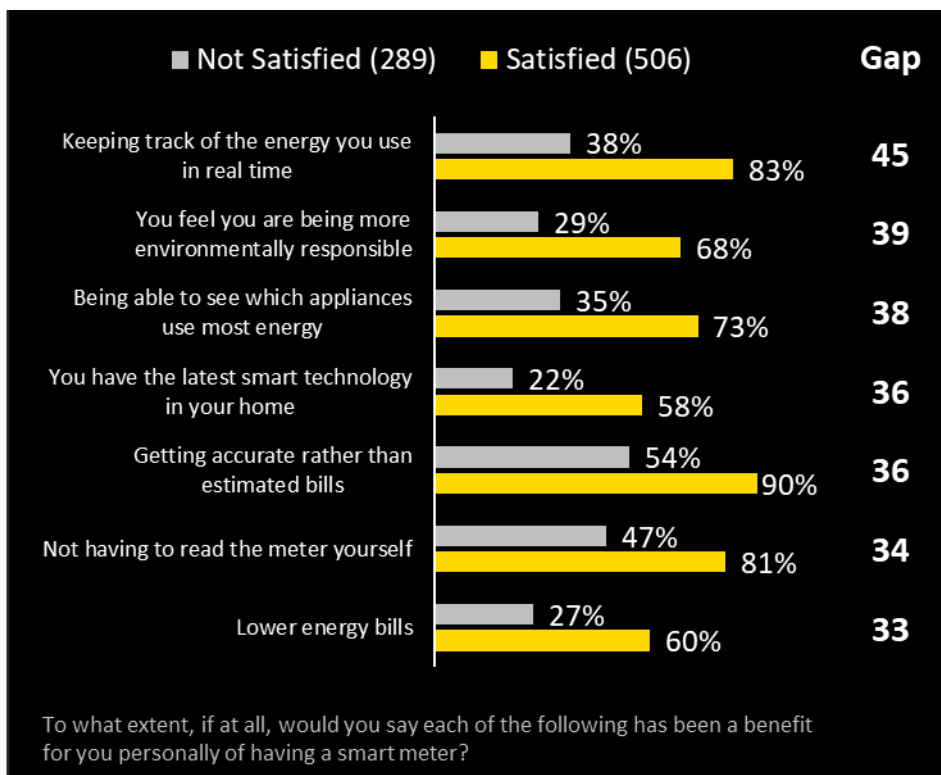
**Figure 15 - Perceiving benefits from having a smart meter**



**Using smart meters to keep track of energy usage is where the satisfied most differ from the dissatisfied**

- As you might expect, those who are ‘Satisfied’ with their smart meter are more likely to feel they have benefited in each of the listed ways than those who are not satisfied (either dissatisfied or ‘neither satisfied nor dissatisfied’).
- The gaps on each type of benefit are actually very similar as the highs and lows fall in the same places, it is just the highs are a lot higher for the satisfied.
- However, ‘keeping track of the energy you use in real time’ is where the satisfied and dissatisfied are most likely to differ on whether they think their smart meter is benefiting them.

**Figure 16 - Perceived benefits split by satisfaction with a smart meter**

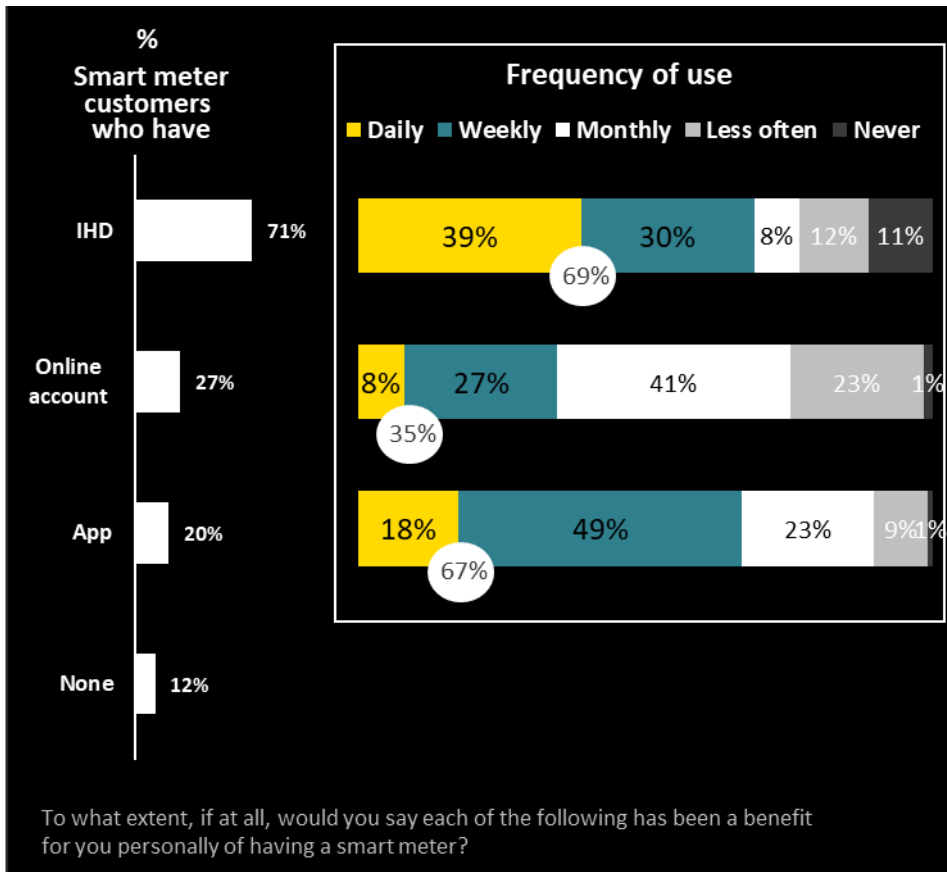




**Almost nine in ten (88%) say they have some way of monitoring energy usage, mainly an IHD**

- 71% say they have an In-Home Display (IHD) compared with just 20% who have an app with their smart meter account.
- In both cases, around two-thirds say they check their energy information at least weekly but IHD owners are far more likely to say they check daily (39% vs 18% for apps).

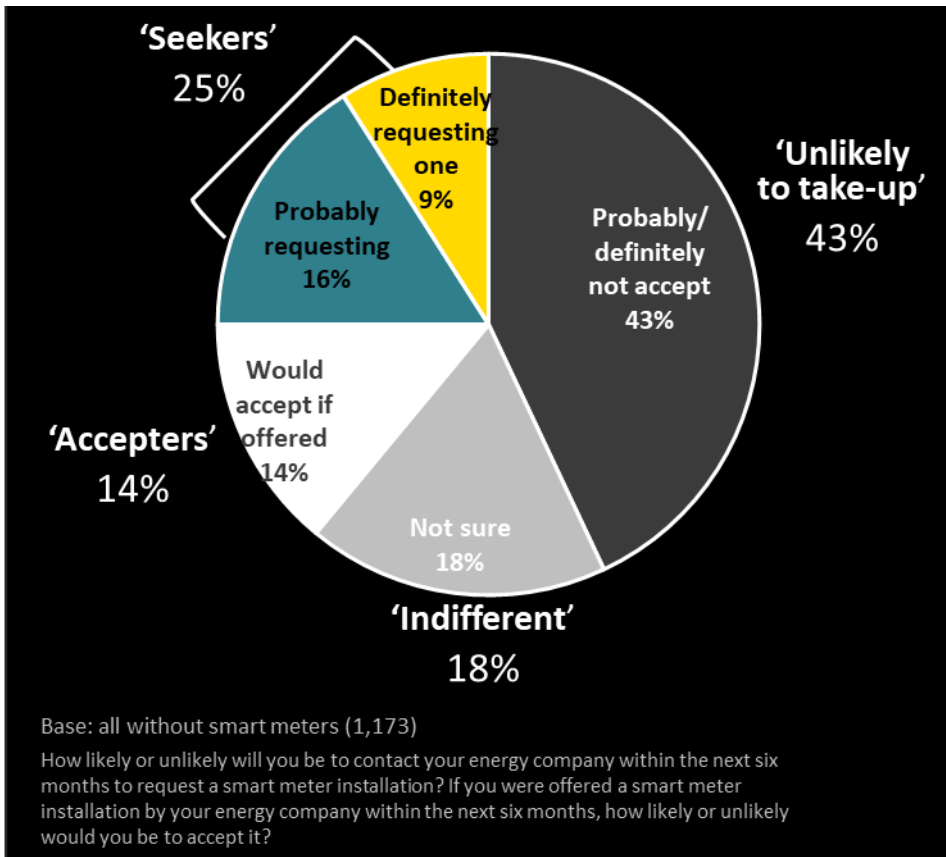
**Figure 17 - Monitoring energy use**



**43% without a smart meter said they would not accept an installation in the next six months**

- A quarter (25%) of those without a smart meter say they are likely to request one in the next six months.
- A further 14% are not planning to ask for one but would accept it if their energy company offered it to them.
- Around 2 in 5 (39%) are open to the idea of having a smart meter in the next six months Just as many though (43%) say they would not accept one if offered it in the next six months..
- This leaves around a fifth (18%) who are unsure whether they would or would not accept one.
- Seekers are more likely to be:
  - Under 35 (45% are seekers)
  - Renters (37%)
  - Have an EV /plug-in hybrid (42%)
  - Have smart home products (41%)

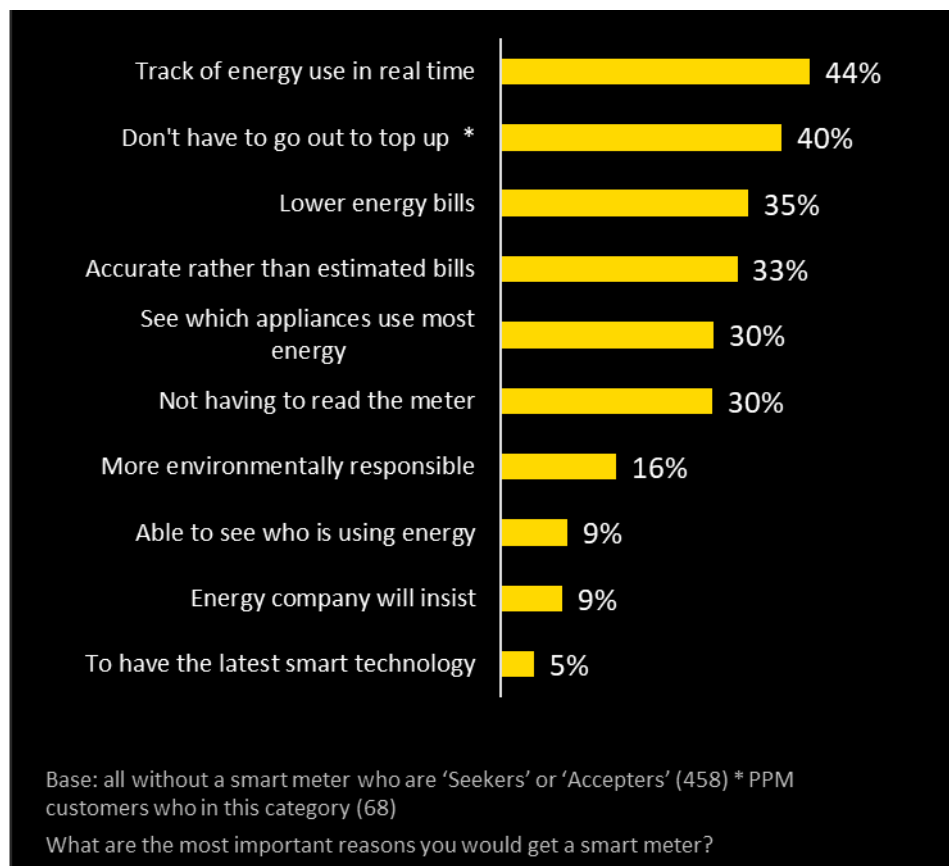
**Figure 18 - Attitudes of consumers without a smart meter**



**Tracking energy use is most common reason for wanting a smart meter**

- Just under half (44%) of those who are wanting a smart meter or would accept one if offered say it is in order to track energy use in real time. Since those with smart meters say this is a real benefit of ownership, it suggests they will be satisfied when they do have an installation
- There are then four reasons each given by about a third: lower bills (35%); accurate bills (33%); seeing which appliances use most energy (30%); and not having to read the meter (30%).
- Among PPM consumers not having to go out to top up the meter is the top reason (an area of high satisfaction among PPM customers with a smart meter), together with being able to track energy in real time.

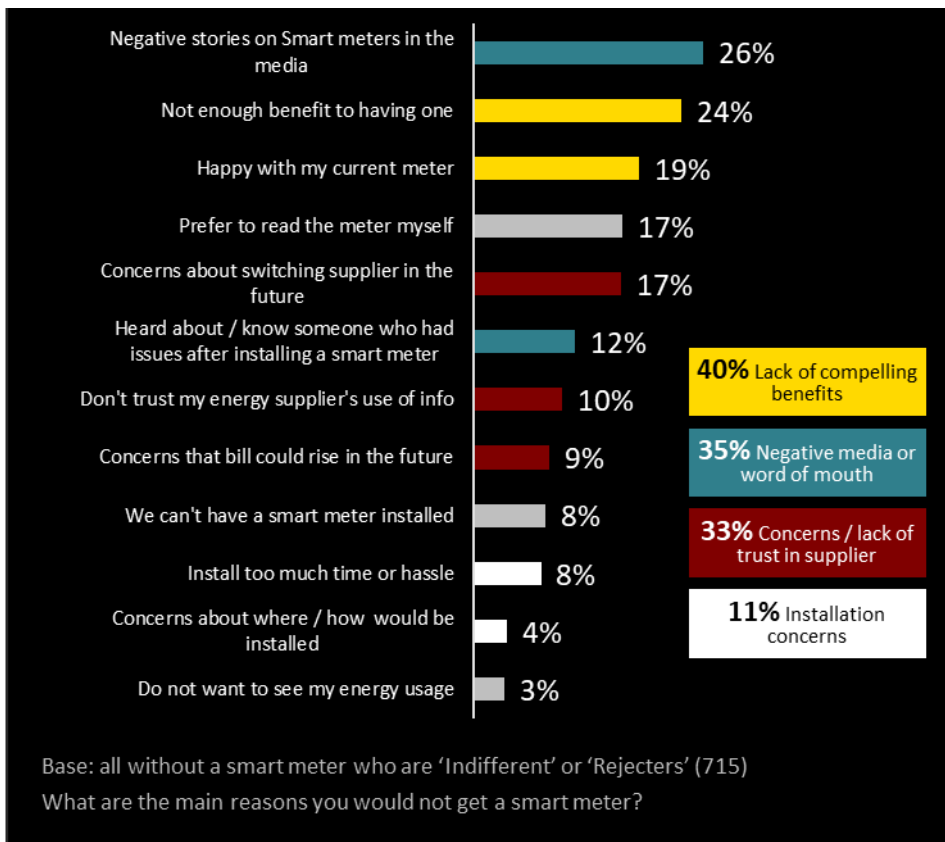
**Figure 19 - Main reason for wanting a smart meter**



**3 in 5 of those without a smart meter have either heard bad things about smart meters or have concerns about them**

- For 40% of those not interested in a smart meter, the main reason is a lack of a compelling reason to get one, compared with their current situation.
- Either they have heard negative stories via the media or from people they know (35%) or they have concerns about the implications of having a smart meter, e.g. not being able to switch or how their information will be used or how bills might rise as a result (33%).
- One in nine (11%) had a concern about the installation.

**Figure 20 - Main reason for not wanting a smart meter**



## Smart tariffs

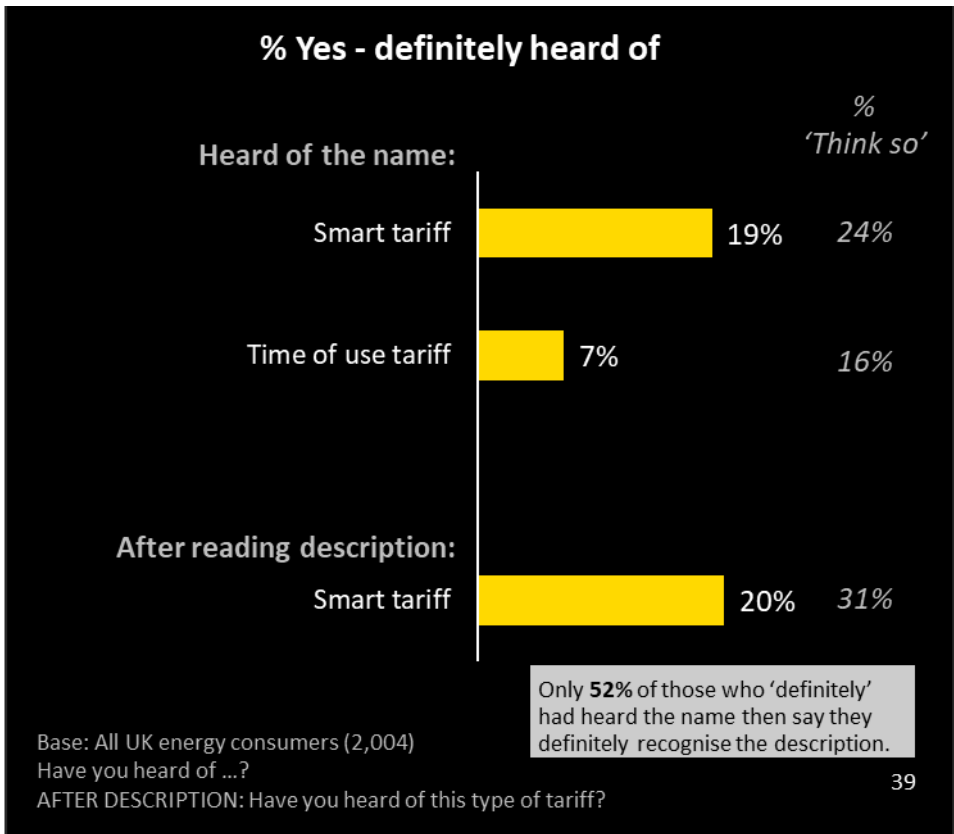
### **Description of smart tariff shown to respondents**

“A smart tariff has different rates for electricity according to what it costs the supplier to provide energy at different times of day. On a smart tariff, there are certain periods when you pay less money to use electricity because demand for electricity is lower across the country or there is more wind and solar power available. Just like peak-times for train fares, you could save money and avoid using high-carbon power if you use electrical appliances during the cheaper periods instead of high-price periods. For example, running the washing machine, tumble dryer or dishwasher, electric heating or charging an electric car.”

### **Awareness of smart tariffs is low and there is some confusion around the term**

- One in five (20%) recognise the description we provided of smart tariffs (outlined at the bottom of this page) and say they had definitely heard of them.
- When just given the name ‘smart tariff’ a similar proportion (19%) say they have definitely heard of it, but half of them then said they did not actually recognise the full description, indicating a certain amount of confusion around the term itself. This suggests the proliferation of ‘smart’ products and services is causing some confusion among consumers.
- The term ‘time of use’ tariff was even less likely to be recognised than the term smart tariff.

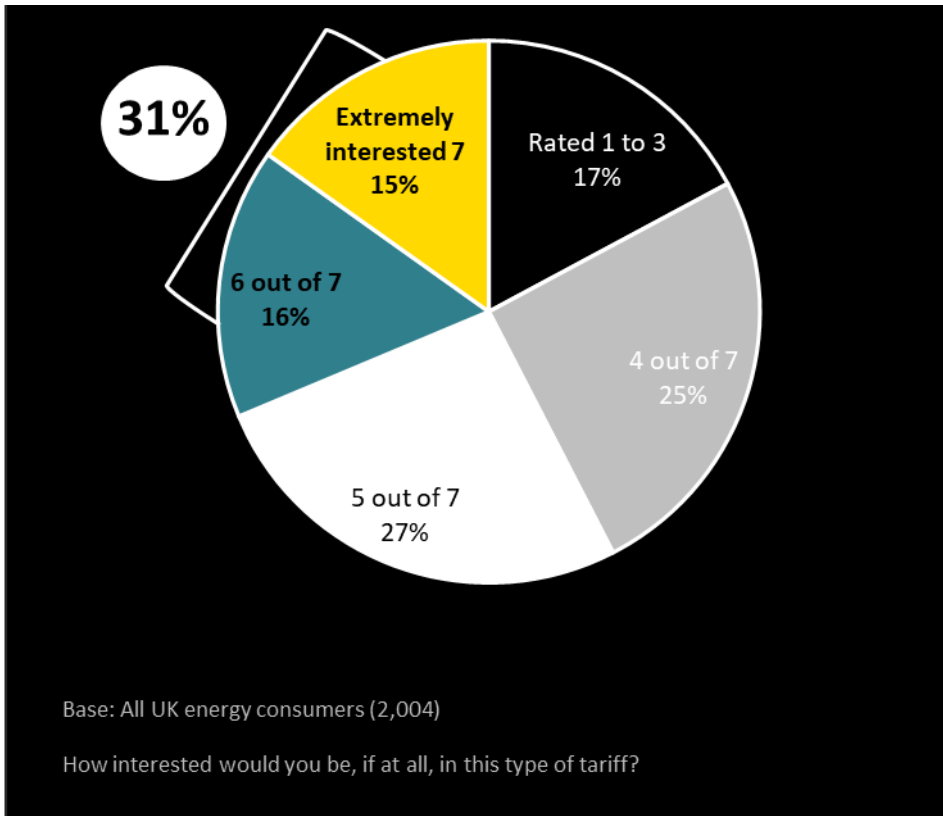
**Figure 21 - Awareness of 'smart tariffs'**



### 3 in 10 are very interested in smart tariffs

- After reading the description of smart tariffs outlined on the previous page, 31% say they are extremely or very interested (rating 6 or 7 out of 7).
- A further quarter (27%) are fairly interested, so in total just over half (58%) are on the 'interested' side of the scale.
- Only 1 in 6 (17%) show no interest at all.

**Figure 22 - Interest in smart tariffs**

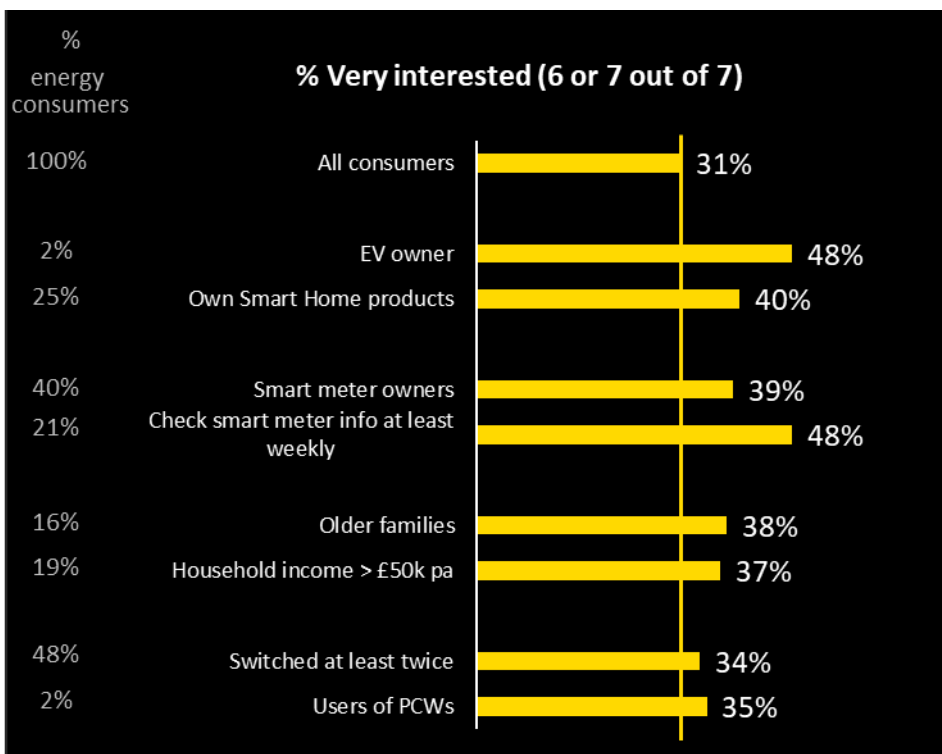




**EV, smart home products and smart meters are strongest indicators of interest in smart tariff**

- Half of EV owners (48%) are very interested in smart tariffs. They are the most interested segment in the sample but make up only 2% of energy consumers
- Those who own smart home products (smart lighting, heating or security) are also significantly more interested than the norm. They represent 25% of all consumers.
- Smart meter customers – especially those who are actively engaged with the information generated – are much more interested.
- Demographically those most interested are more likely to have teenage children at home and have a household income over £50k per year – which is more likely to be the profile of people with EVs and smart home products (but not smart meter customers).

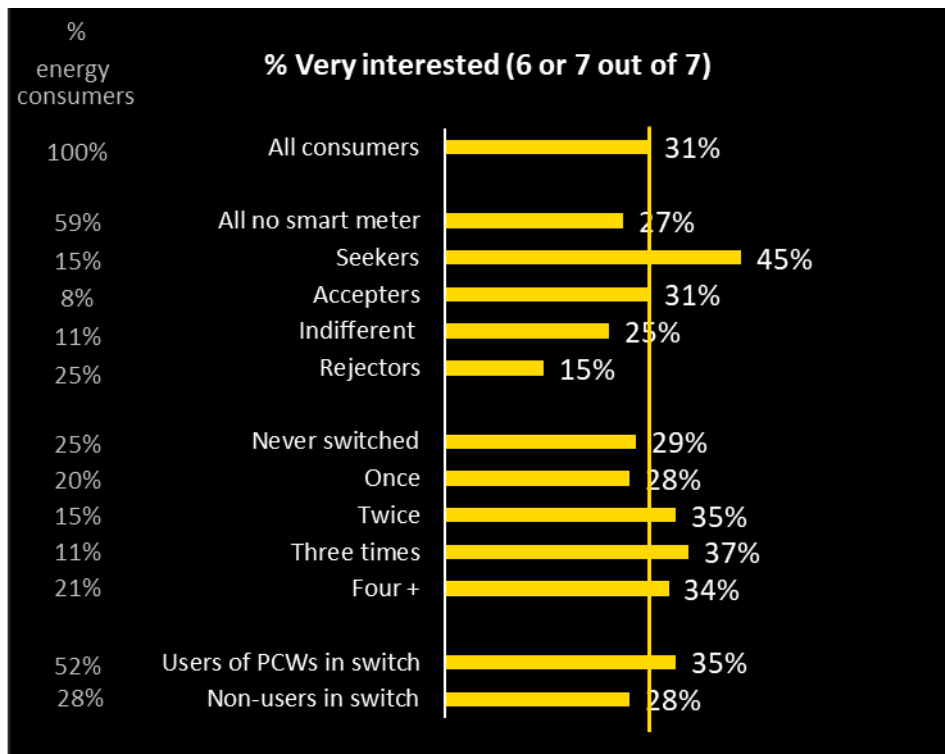
**Figure 23 - Profile of those most interested in smart tariffs**



**Interest in smart meters also indicator of smart tariff appeal**

- Interest in smart tariffs among those without a smart meter varies significantly with attitude towards having one.
- 45% of those who are likely to seek a smart meter in the next six months are also very interested in smart tariffs. Those who would accept one if offered it are around the average level of consumer interest. Those unsure about smart meters and those unlikely to accept an installation in the next six months are much less interested.
- Consumers who have switched at least a couple of times are more interested in smart tariffs than those who have never switched or only once. But serial switchers are not more interested than those who have switched 2 or 3 times.
- Users of PCWs in their last switch are more interested than those who did not (who used online reviews and personal recommendations).

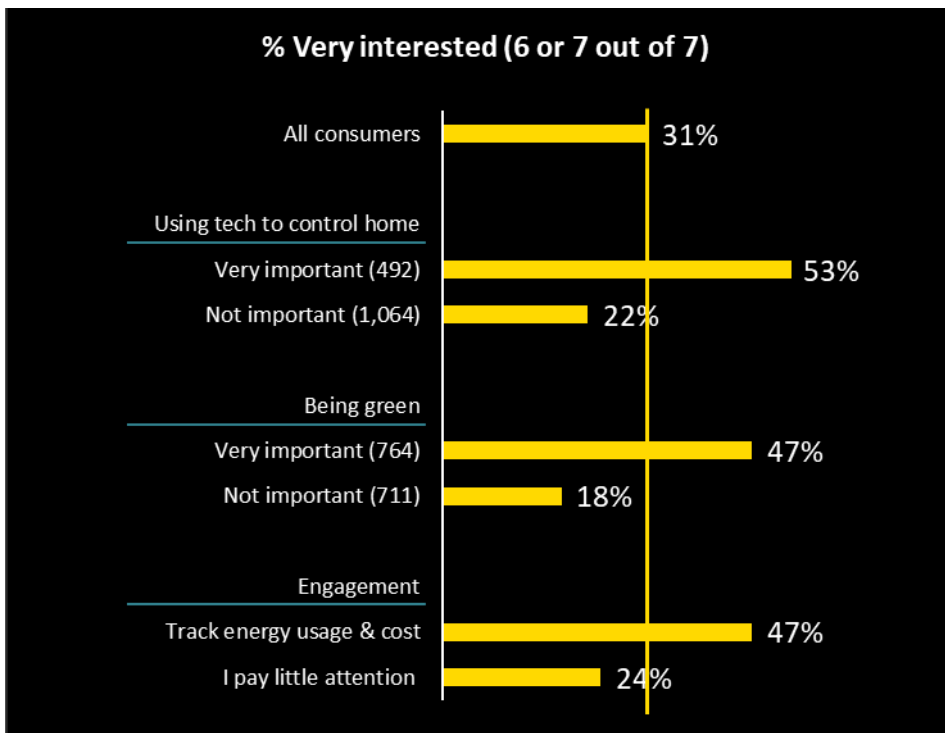
**Figure 24 - Energy-related profile of those most interested in smart tariffs**



**Use of tech in the home & the environment are the key attitudinal discriminators**

- As the qualitative research suggested, interest in using technology in the home and the desire to be green were important attitudinal discriminators.
- Those who like to use tech to control the home are far more interested in smart tariffs
- People who value being as green as possible are also far more likely to be interested in smart tariffs.
- There is a large degree of cross-over between these two groups as well (67% of those who like to use tech in the home also like to be green).
- The final key discriminator of interest is engagement with energy. Those who like to pay attention to their bill and usage are twice as interested in smart tariffs as those who pay little attention.

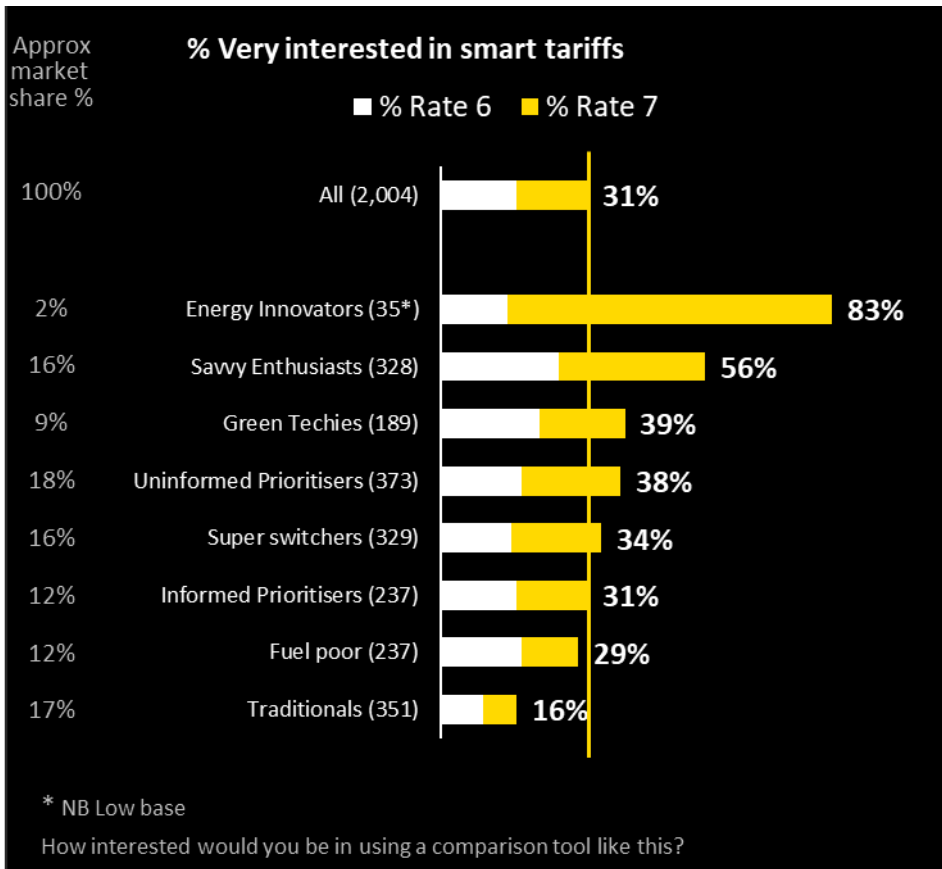
**Figure 25 - Attitudes of those most interested in smart tariffs**



**Savvy Enthusiasts are the segment (besides Energy Innovators) most interested in smart tariffs**

- The highest level of interest in smart tariffs is among Energy Innovators where 83% are very interested. But this is a small proportion of energy consumers – around 2%.
- Savvy Enthusiasts are also far more interested than the norm. Over half (56%) are very interested and this segment represents c.16% of all energy consumers.

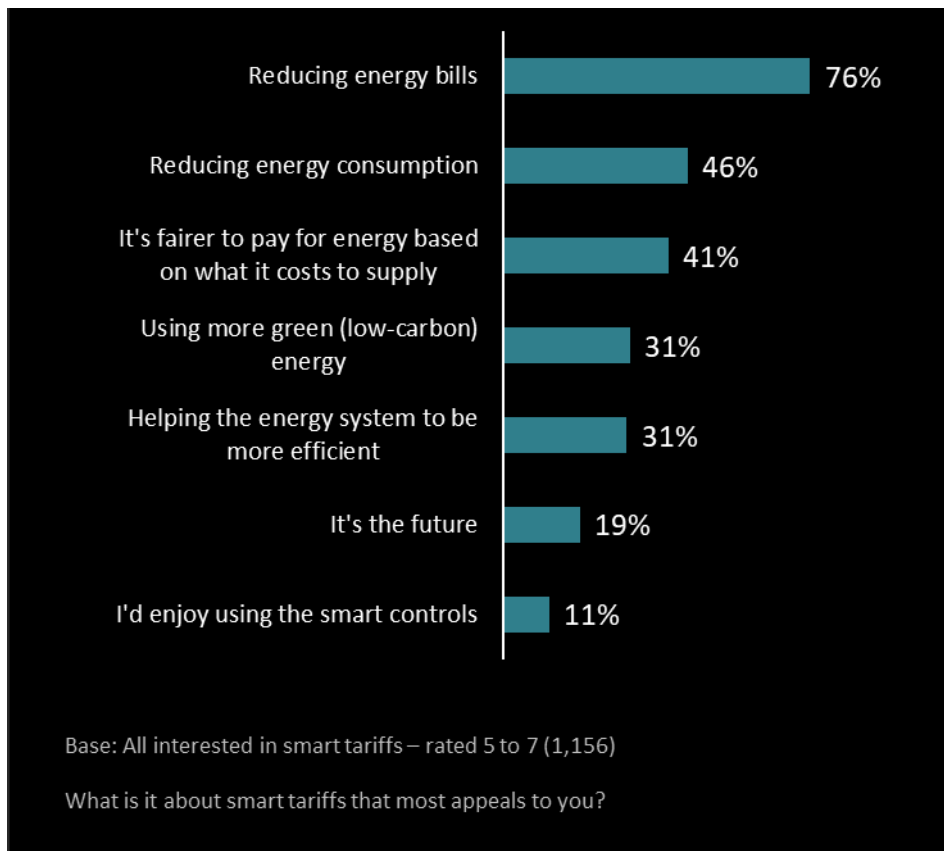
**Figure 26 - Consumer typologies most interested in smart tariffs**



**Reducing energy bills is by far the number one driver of the appeal of smart tariffs**

- Just over three quarters (76%) say that ‘reducing energy bills’ is what most appeals to them about smart tariffs.
- Less than half as many (31%) cite using more green energy or making the UK energy system more efficient, although we know from smart meter research that these messages often have more emotional appeal to consumers.
- Using more green energy and helping the network are also more likely to be mentioned by those most interested in smart tariffs, although reduced bills is still by far the number one benefit.

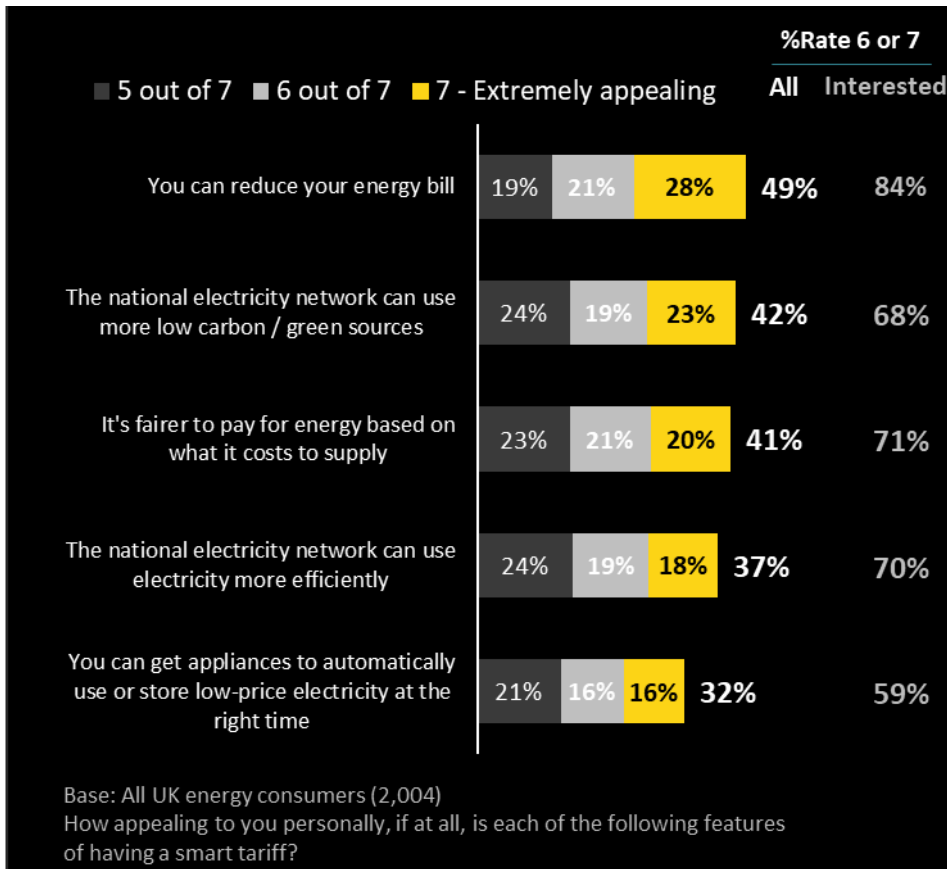
**Figure 27 – Why smart tariffs are appealing**



### Low carbon & fair usage are appealing benefits, especially to those interested in smart tariffs

- Among energy consumers as a whole and those who are strongly interested in smart tariffs the number one source of appeal is reducing energy bills.
- But a greener and more efficient energy network is strongly appealing as well – to 7 in 10 (70%) of those who are very interested in smart tariffs.

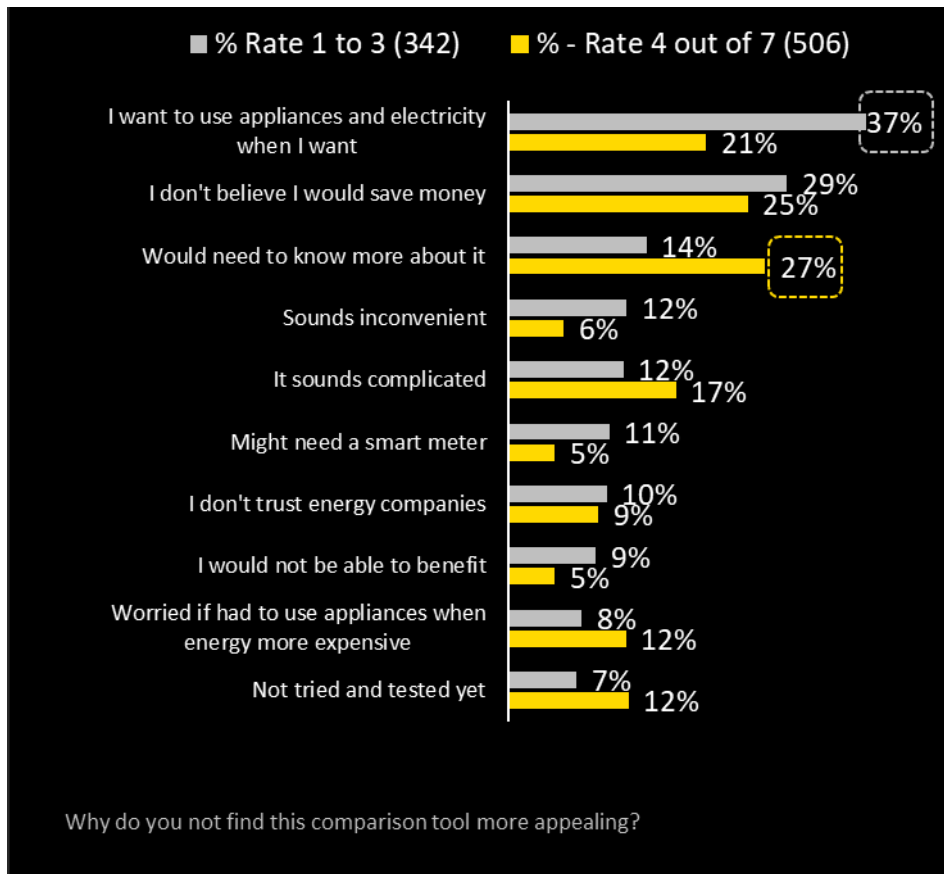
**Figure 28 - Drivers of smart tariff appeal**



**Scepticism about making real money savings undermines the appeal of smart tariffs**

- The chart opposite shows the barriers both for those who are neutral about smart tariffs (rate their appeal as 4 out of 7) and those who are uninterested (rate their appeal as 1 to 3).
- Those who find the idea unappealing cite the main reasons as wanting freedom to use appliances when they want and scepticism about saving money (and the belief they will save money is the number one motivator for those who are interested).
- Those who are currently neutral also are sceptical about the money saving but also simply want to know more.
- Additional information would also need to need to address secondary concerns about sounding complicated and proving the benefits.

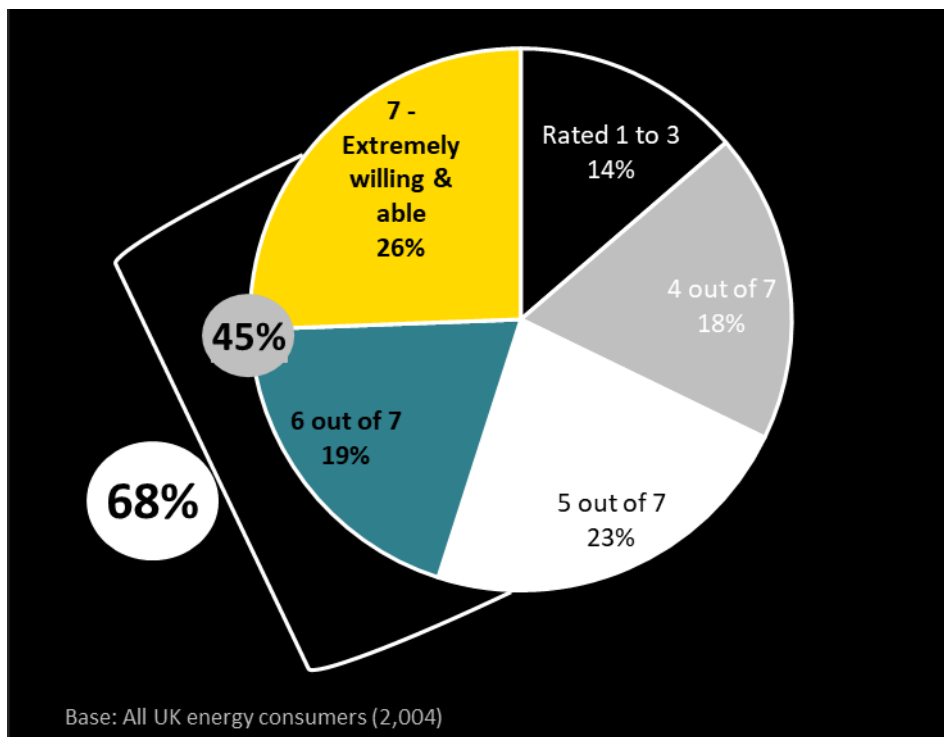
**Figure 29 - Why smart tariffs do not appeal**



### The majority say they would and could be flexible about when they use appliances

- Over two in three (68%) say they are willing and able and willing to be flexible about when they use appliances.
- This includes 45% who are very willing and able to shift when they use their appliances to outside peak periods.
- Only 14% feel strongly they could not or do not want to use appliances outside of peak periods while another 18% are non-committal on the issue.

**Figure 30 - Ability & willingness to be flexible about when appliances are used**

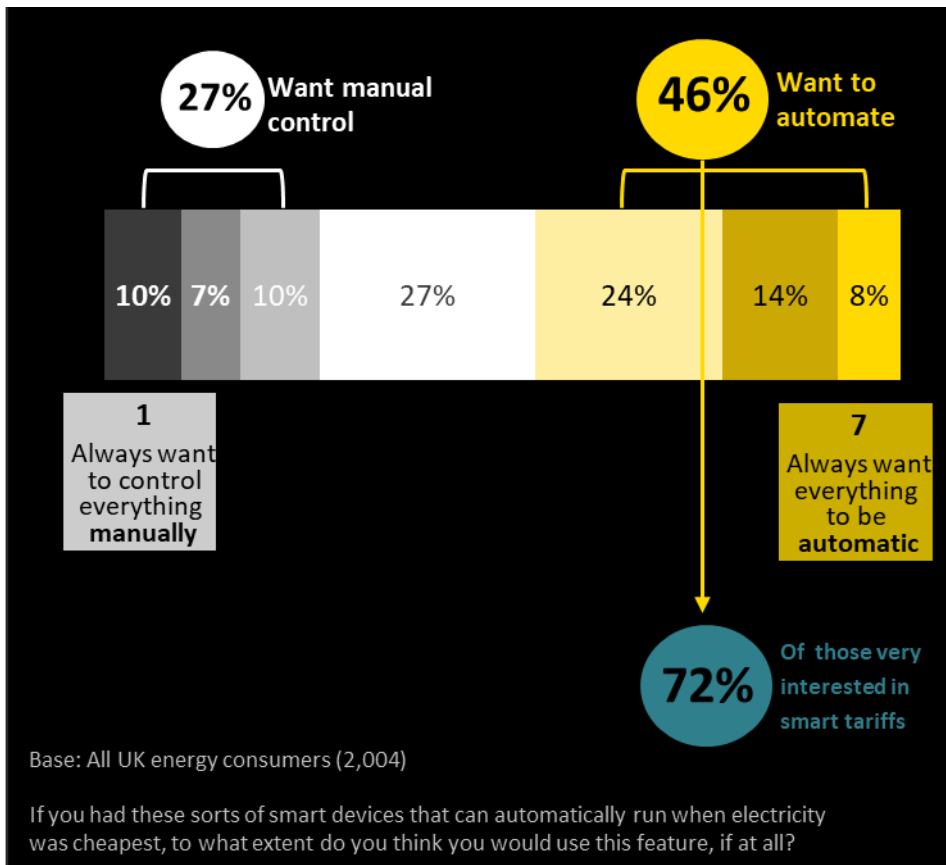




**Only around a quarter are inflexible and wedded to manual control of their appliances**

- Just under half the consumers lean towards wanting to automate appliances to run at the cheapest time whereas 27% prefer keeping manual control.
- This leaves a quarter in the middle who are split between the two options.
- Among those very interested in smart tariffs 72% say they want to automate and just 11% are inclined to manual control.

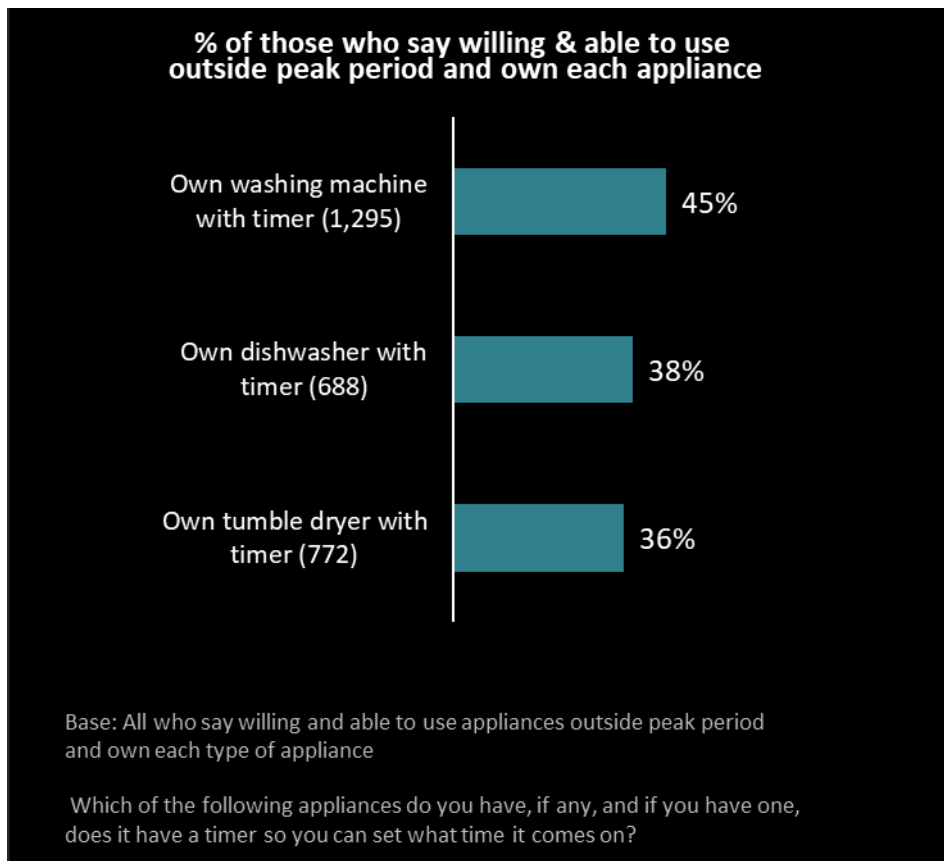
**Figure 31 - Attitudes towards automation**



**However, the majority of relevant appliances do not have timers**

- Consumers may be over-estimating their ability to be flexible and time shift their use of appliances, given the proportion who currently have appliances without timers.
- Less than half of those who say they are willing and able to use appliances outside peak periods currently have devices which have timers.
- While there are other ways of using each device without a timer to take advantage of cheaper periods, it makes the process more challenging (e.g. setting personal reminders).

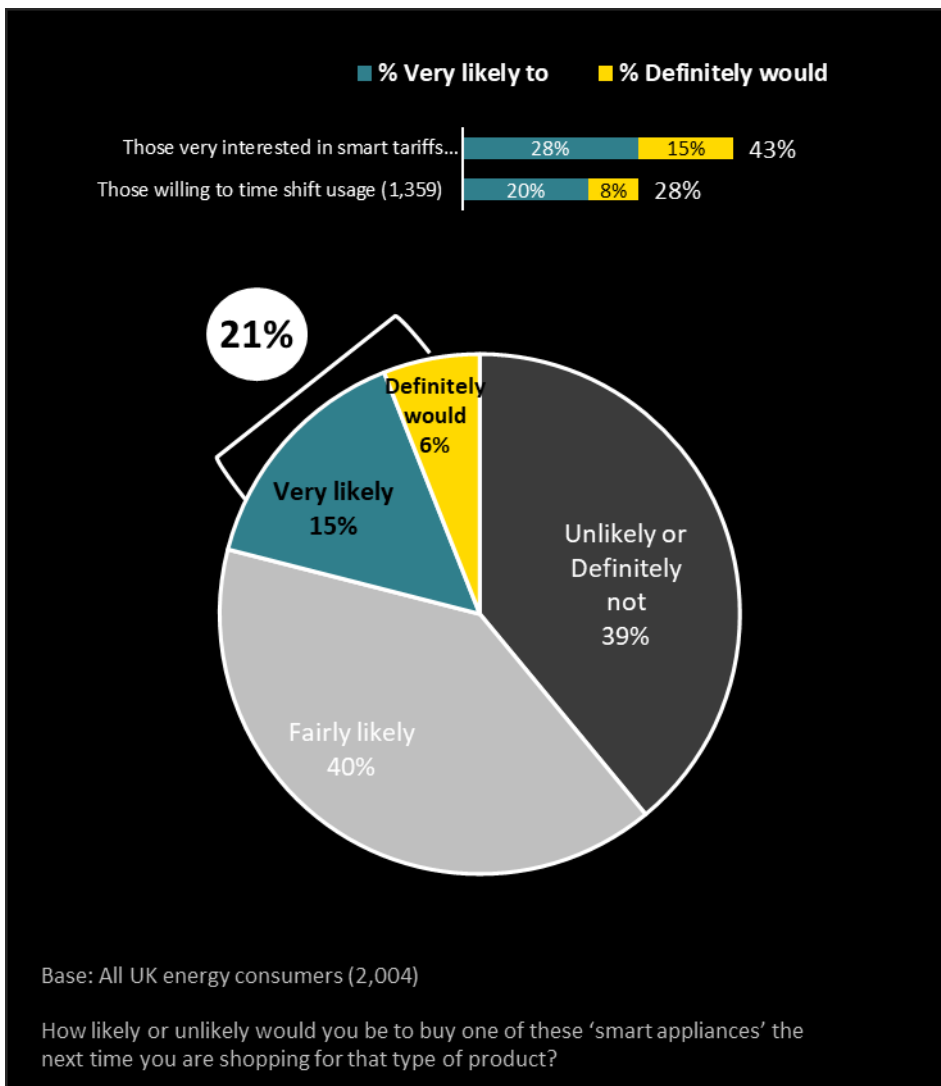
**Figure 32 - Ownership of appliances with timers**



**Only 1 in 5 say smart tariffs make them very likely to buy a smart appliance**

- Given that the majority of energy consumers do not currently have appliances with timers then smart appliances could be significant in enabling people to time shift when they run their devices.
- Only 1 in 5 (21%) are currently very motivated by smart tariffs to buy smart appliances although this is twice as high among those most interested in adopting a smart tariff (43%). However, interest is not much higher among those who say they would be willing to time shift their consumption.
- This is almost certainly a new concept though to most consumers, so the majority will need more information and interest might then rise.

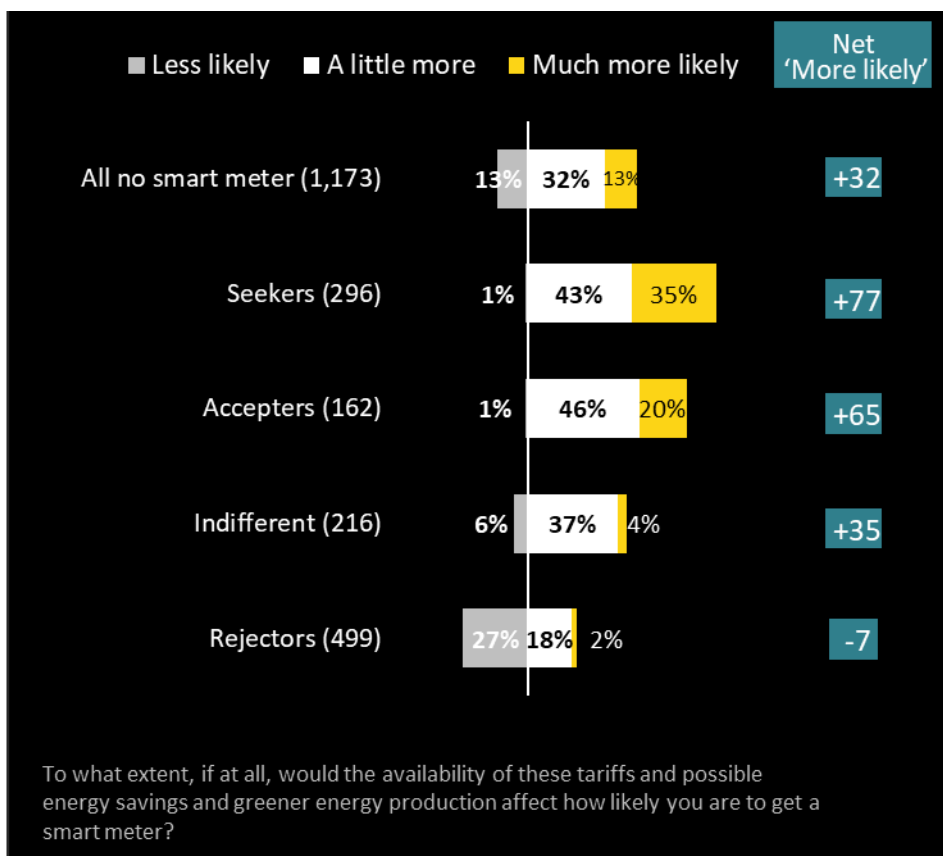
**Figure 33 - Likelihood to buy a smart appliance**



**Smart tariffs add motivation for those already interested in smart meters**

- Nearly half of respondents (45%) say smart tariffs make them more likely to get a smart meter (mainly people already interested in them) and 13% say smart tariffs make them less likely to get one (mainly those who already do not want one).
- The positive impact is among those already open to the idea of a smart meter. 78% of ‘Seekers’ (those actively seeking a smart meter) and 66% of ‘Accepters’ (those who would accept a smart meter if offered one) say smart tariffs makes them more likely to get one.
- 37% of those who are currently ‘Indifferent’ are slightly more motivated.
- Those who currently do not want smart meters are not encouraged to change their attitude by smart tariffs.

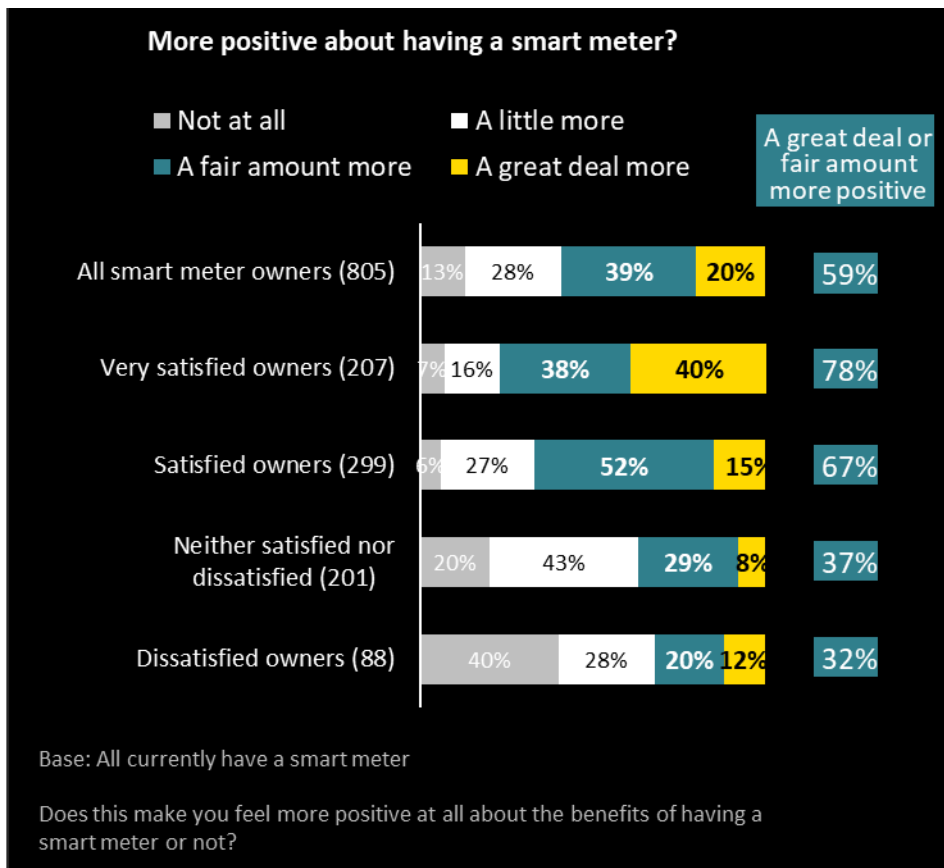
**Figure 34 - Impact of smart tariffs on likelihood to get a smart meter**



**Smart tariffs also make current smart meter customers more positive about having one**

- 87% of current smart meter customers say the idea of being able to benefit from smart tariffs makes them at least a little more positive about having a smart meter.
- 59% say it makes them a ‘great deal’ or ‘fair amount’ more positive.
- Those already most satisfied with their smart meter are more likely to say it makes them even more positive, but a third of those currently dissatisfied with their smart meter say it makes them a ‘fair amount’ or a ‘great deal’ more positive.

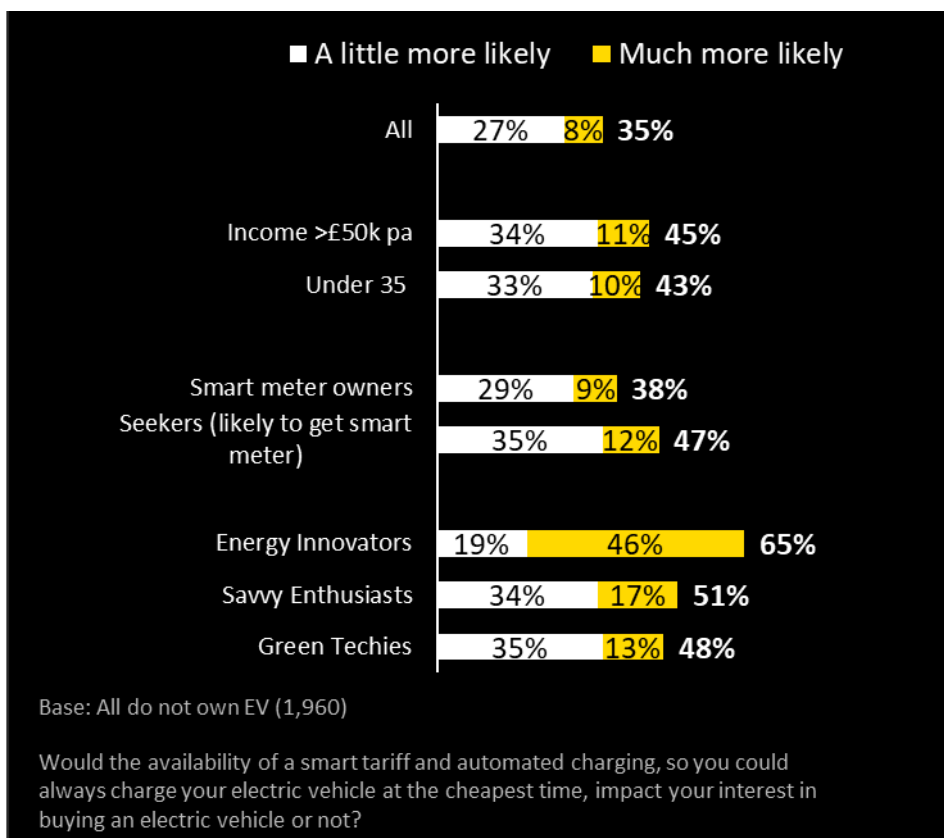
**Figure 35 - Impact of smart tariff availability on satisfaction with a smart meter**



**A third say smart tariffs would make them more likely to buy an EV**

- Over a third (35%) say smart tariffs and automated charging would make them more likely to buy an electric vehicle.
- Most of this group say it makes them just ‘a little more likely’ (27%) with only 8% saying it makes them much more likely.
- Those most likely to say they are motivated to buy an EV are the same groups most likely to be interested in smart tariffs – smart meter customers or those looking to get one, savvy enthusiasts and green techies and those with above average household incomes.
- In addition though, this is particularly motivating to under 35s, who otherwise were not markedly more interested in smart tariffs.

**Figure 36 - Impact of smart tariffs on likelihood to buy an electric vehicle**



# Reaction to new comparison tool

## Outlining the new tool

- We wanted to understand reaction to the broad concept of the new comparison tool.
- At this stage we showed a general description of the tool, shown below.

### **Description of new tool used in the survey**

“Finally, on energy we want to describe a new way of comparing different energy tariffs and see what you think of it.

You could use this new comparison tool online or via an app. To help the tool get you the best offer, you would have to input the following information:

- Number of people in your household and their ages
- The type of home you live in (flat/house)
- The number of bedrooms
- Some of the electrical appliances in your household
- Allow access to your energy usage data for the last 12 months (you do not have to input this yourself, the tool would access this from your current energy supplier with your permission). This would mean you do not need to look at past bills, or work out your usual consumption and can enable more accurate cost-comparisons.

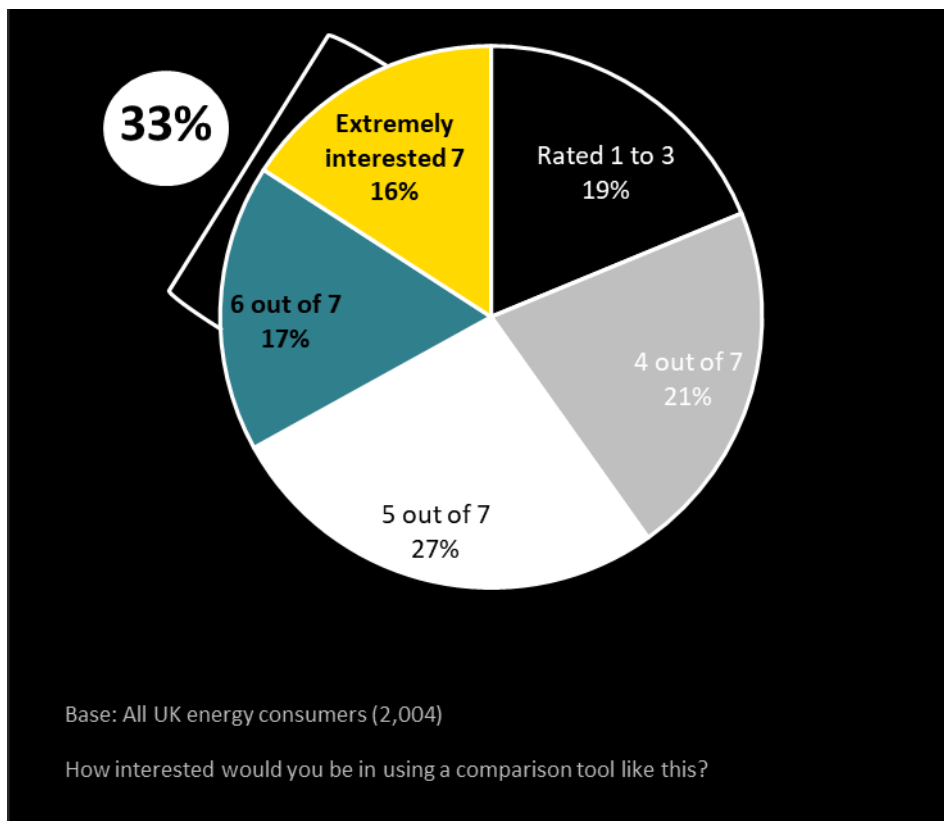
The tool would then tell you the best tariffs available for you from all the energy companies – including smart tariffs for the first time - and you could sort them by the factors which are most important to you – e.g. price or how green each tariff is or other factors, for example customer service ranking, can you control proportion of energy via renewables, etc.”

## Findings

### 3 in 5 interested are interested in the new comparison tool – and a third are very interested

- 33% of all energy consumers say they are very interested in the comparison tool, rating 6 or 7 out of 7. A further quarter (27%) are at least fairly interested, rating 5 out of 7
- Only a fifth (19%) show very low interest in the concept (rating 1 to 3).

**Figure 37 - Interest in the new comparison tool**

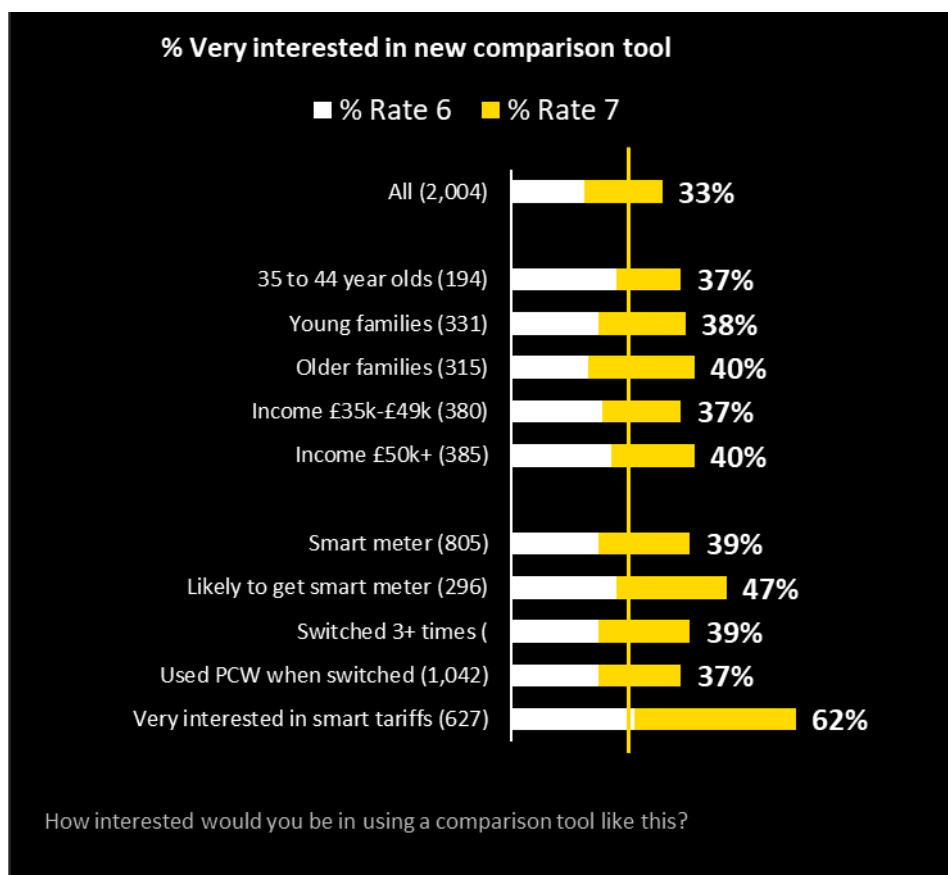




**Segments more interested in smart tariffs are also more interested in the new tool**

- 62% of those very interested in smart tariffs are also very interested in the new comparison tool. Given the high correlation it is not surprising that the segments who stood out for higher interest in smart tariffs are also the same ones strongly interested in the new tool.
- 35- to 44-year-olds – especially those in families – and those with above average household incomes have above average interest.
- Smart meter customers (especially those actively using the info) and those interested in getting a smart meter are also more interested.
- Multiple switchers and those who used a PCW in their last switch are also more likely to be very interested.

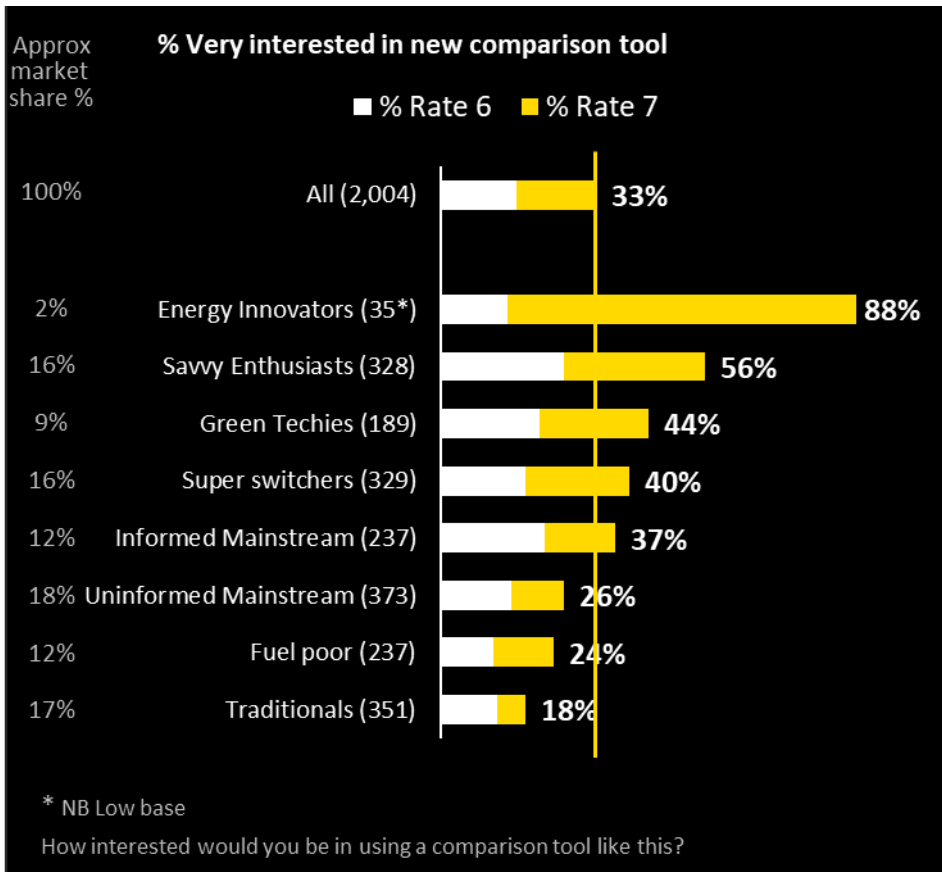
**Figure 38 - Interest in the new comparison tool amongst different consumers**



**The green and tech motivated segments are most interested**

- Once again, we see Savvy Enthusiasts showing most interest out of the larger segments in the market, i.e. the people who are both engaged with their energy usage and who have green goals and like to use technology in the home.
- Green Techies also have an above average level of interest as do Super Switchers (who are already much more likely to be PCW users).

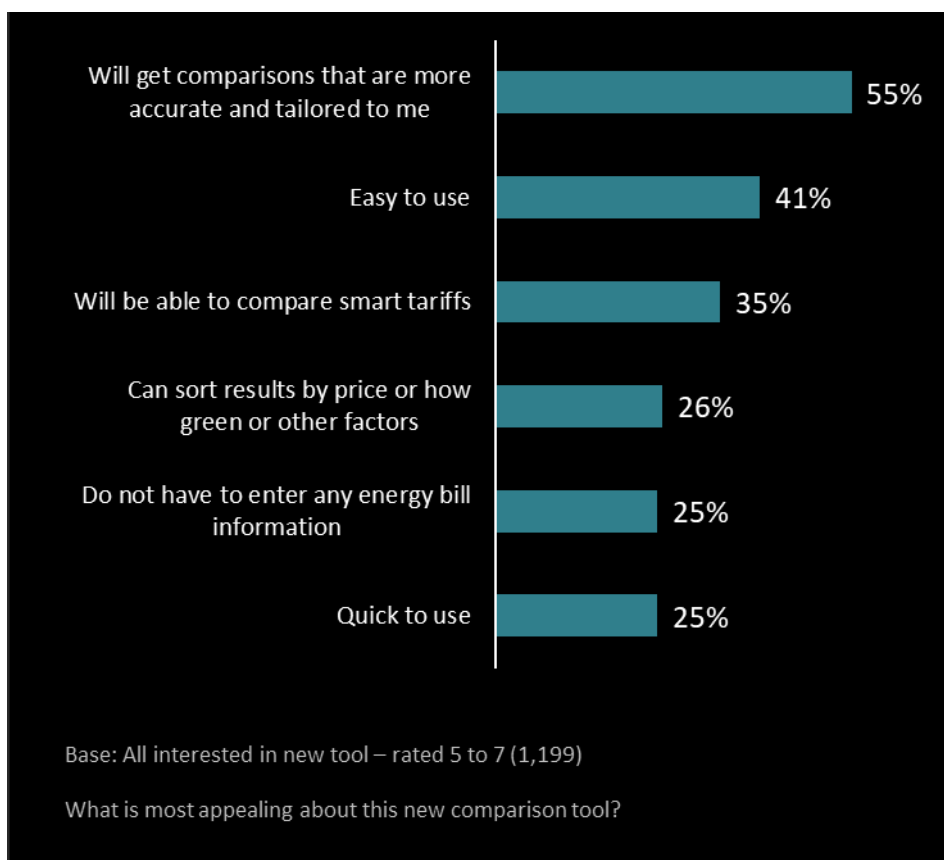
**Figure 39 - Interest in the new comparison tool by segment**



**More accurate & relevant quotes most appealing benefit**

- When presented with a list of possible benefits, those interested in the new tool are most likely to say being able to get more accurate and tailored comparisons is the most appealing element.
- ‘Ease of use’ is next most motivating.
- These top two reasons show that the idea of a ‘better’ PCW is actually the most eye catching element of the concept.
- The ability to compare smart tariffs is third but only picked by 35% as the most appealing element. However, as we saw earlier, for most people smart tariffs, while appealing, is a new concept to them.

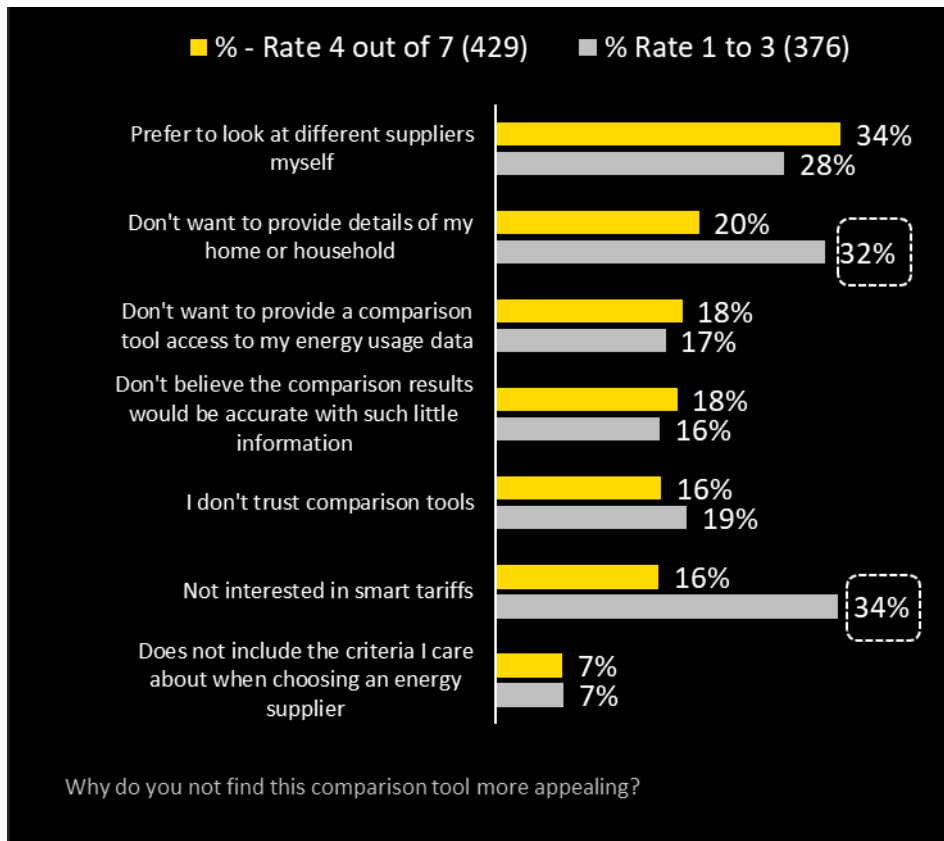
**Figure 40 - Why the new tool appeals**



**Barriers to interest in the tool are concern about data and lack of interest in smart tariffs**

- Those not attracted by the tool (rating their interest as between 1 and 3 out of 7) say they are not interested in smart tariffs or do not want to provide any household information.
- Concerns about providing information is also a barrier for those who are uncertain about the new tool (rating their interest as 4 out of 7). The number one reason though they are not more attracted is they say they prefer to look at different suppliers themselves (although half used a PCW the last time they switched).

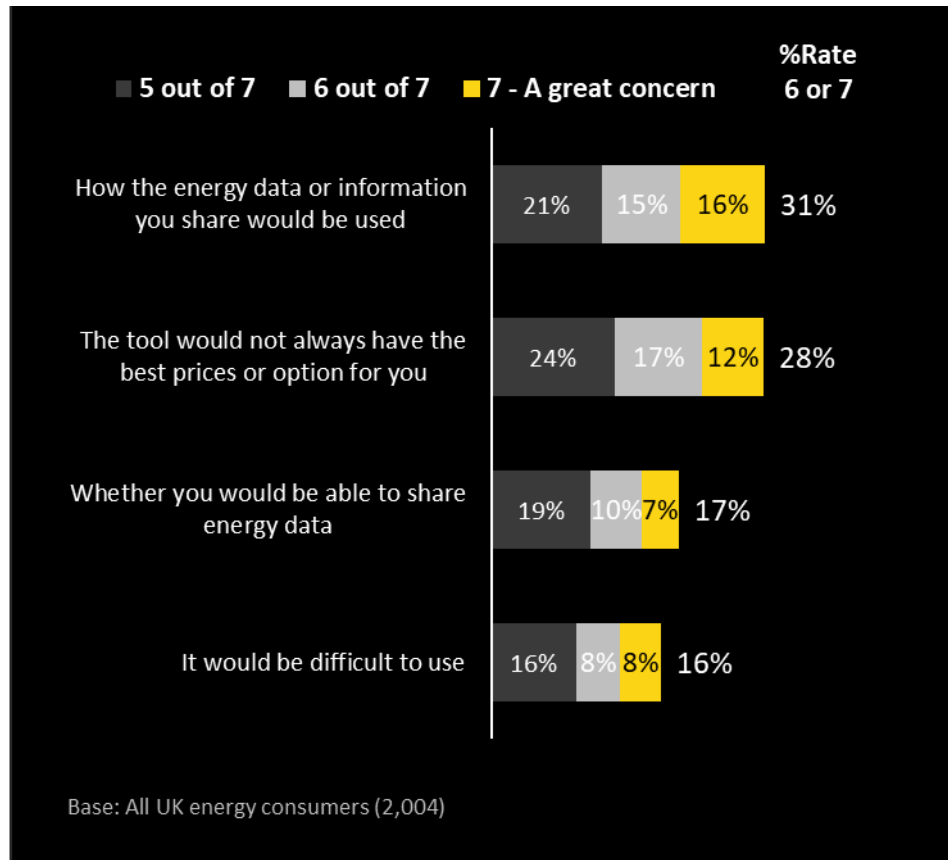
**Figure 41 - Why the new tool does not appeal**



**Use of personal data and having the best prices are the main concerns**

- 3 in 10 (31%) are significantly concerned about how their data will be used (44% among those saying they are not interested in the tool) and that they think the tool might not have the best prices for them.
- Less than a fifth are really concerned about being able to share their energy data or the tool being difficult to use.

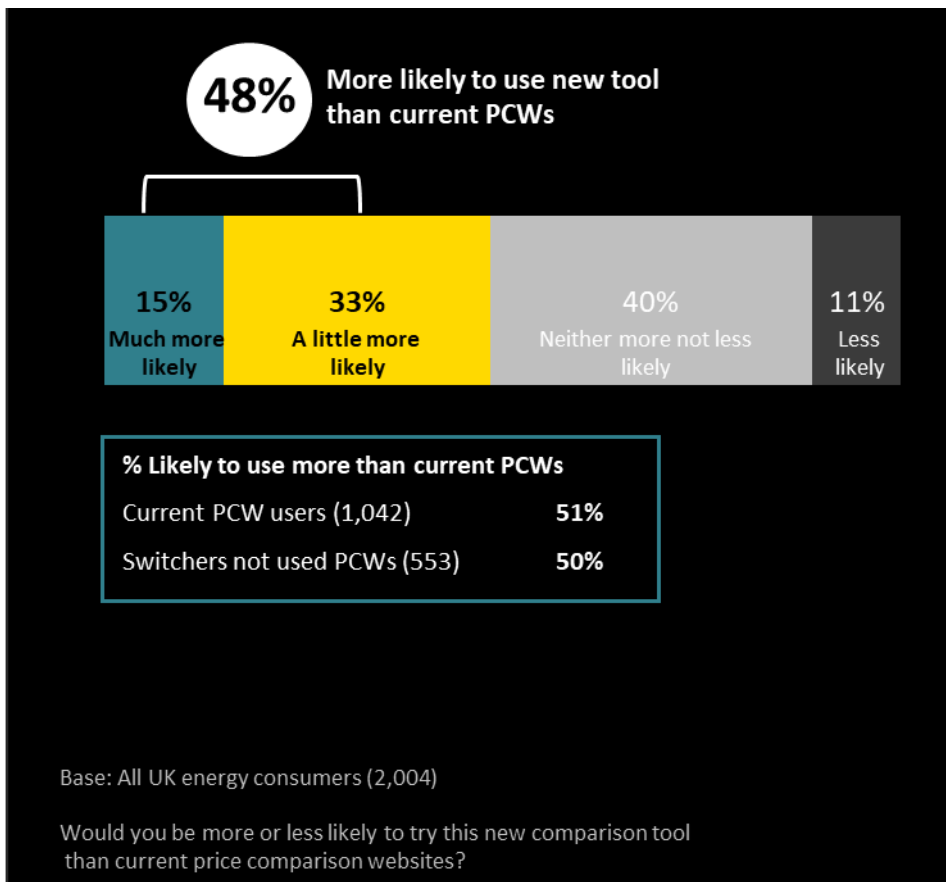
**Figure 42 - Concerns about the new comparison tool**



**Half say they would be more likely to use it than current tools**

- 48% say they are more likely to use this new tool than existing PCWs, although only 15% say ‘much more likely’.
- Among consumers who used a PCW when they last switched and those who did not, around half say they find this new comparison tool more appealing. So the new tool is reaching out to those not currently using PCWs.
- Only 11% say they are less likely to use the new tool than current sites.

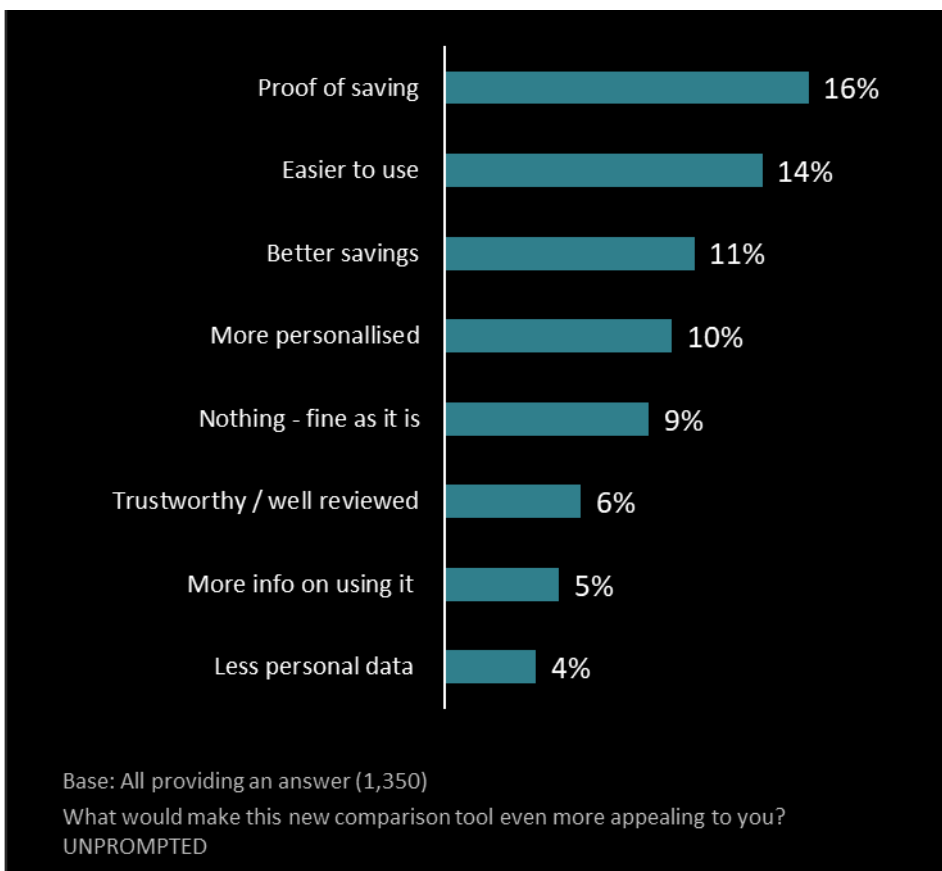
**Figure 43 - Likelihood to use the new tool compared to current tools**



**People highlight a range of possible improvements**

- No one theme dominates when people are asked how the new comparison tool could become even more appealing.
- Proving the savings or ensuring even larger savings were two of the three most popular suggestions.
- Making the tool easy to use and more personalised were the other ideas mentioned by 14% and 10% respectively.
- Whether people were very interested in the concept or only fairly interested the suggestions were broadly similar.

**Figure 44 - What would make the tool more appealing**



## Summary of findings

- In the short-term, the key target audience for smart tariffs is likely to be the same energy consumers who are happy with their smart meter or are still enthusiastic about having a smart meter installed.
- They are the ‘Savvy Enthusiasts’ who feel they understand the market, engage with their energy usage and have the broader goals to be a green household. They also like to use tech to help achieve their goals.
- Critically, these people are motivated by more than just reducing their energy bills and gain satisfaction by monitoring and managing energy usage, and feeling they are making the world a greener place and the energy network fairer and more efficient.
- ‘Green techies’ are also potentially interested in smart tariffs because of environmental / technology benefits but are currently not motivated by energy. Smart tariffs could be the link between their household aspirations and engaging more with energy usage.
- Smart tariffs and the new comparison tool potentially have a wider appeal than these segments, because of the promise of reduced bills and the prospect of an easy-to-use tool that delivers more personalised options.
- However, unless significant savings are apparent there is a danger that consumers who are just interested in the money could become disillusioned.

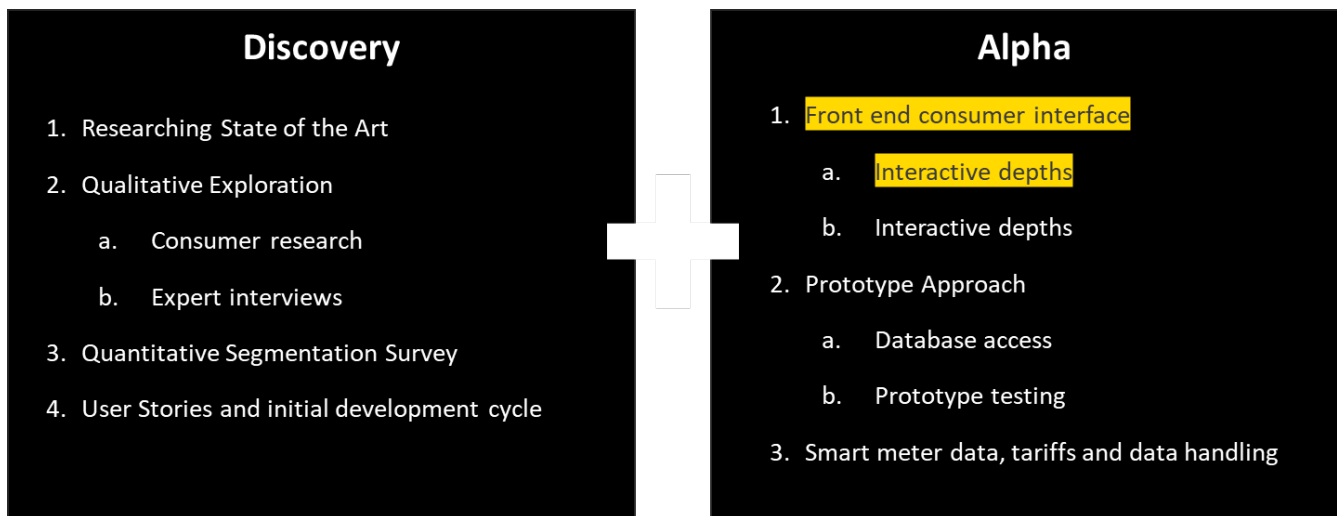


# Alpha Phase: 1a (Savvy Enthusiasts)

## Qualitative Research

*This chapter summarises findings from the first phase of qualitative consumer research during the Alpha phase. It was conducted with the Savvy Enthusiasts segment identified in the earlier Discovery Phase research.*

**Figure 45 - Overview of project research plan**



## Methodology & Sample

- 10 one-to-one interviews with ‘Savvy Enthusiasts’ – a priority consumer segment identified in the Discovery Phase research, representing around 16% of the market
- Interviews conducted over Zoom and lasting between 45 and 60 minutes in November 2020
- Focus of the interviews was for participants to experience the work-in-progress (WIP) prototype and guide the moderator through their experience
- Prototype was comprised of interactive ‘live’ first half followed by ‘static’ results pages for users to comment on
- All recruited from Hildebrand customer lists and screened for attitudes/characteristics using statements developed based on the Discovery Phase quantitative research
- Mix of age, gender and location throughout the sample
- Mix of tech savviness (within appropriate ‘Savvy Enthusiast’ boundaries)

## Headline findings

### **Prototype has genuine potential**

- Overall, positive response from all participants across the sample
- At this early-stage participants were left with sense that this will be the future of comparison tools, aimed at new, more complex Smart Tariffs
- Stand-out features tended to be those that felt new / different to current PCWs:
  - Using real smart meter data to get accurate quotes, recommendations that are tailored to individual needs
  - Charts that allow detailed projection of tariff performance
  - Chat functionality felt intuitive and different to other PCWs
  - Backend has potential to organise what could otherwise be complex tariffs in a way that is simple and clean

### **However, even savvy enthusiasts require more support than the tool currently offers**

- Savvy Enthusiasts understand their personal energy consumption and are familiar with the market but are less familiar with the concept of Smart Tariffs
- In addition to the new tool being quite innovative for a PCW, there was often confusion around certain terms, language and descriptors
- Whilst labelling and signposting will come later in development, it's worth mentioning that even simple terms such as 'Smart Tariff' require explanation
- As the tool is so new, participants often looked for guidance or descriptors for less familiar features such as 'flexible payment' or 'EV compatible'

## Detailed findings

### Even Savvy Enthusiasts need ‘Smart Tariff’ spelled out for them

- Even though most of our Savvy Enthusiasts were on a time of use tariff, overall they were not aware of the name generally used for their type of tariff
- Most knew how time of use tariffs work and their benefits, but not that they are called ‘Smart Tariffs’
- Given this, the Intro or Landing page of the tool could benefit from short text explaining what Smart Tariffs are, and what the tool is designed to provide

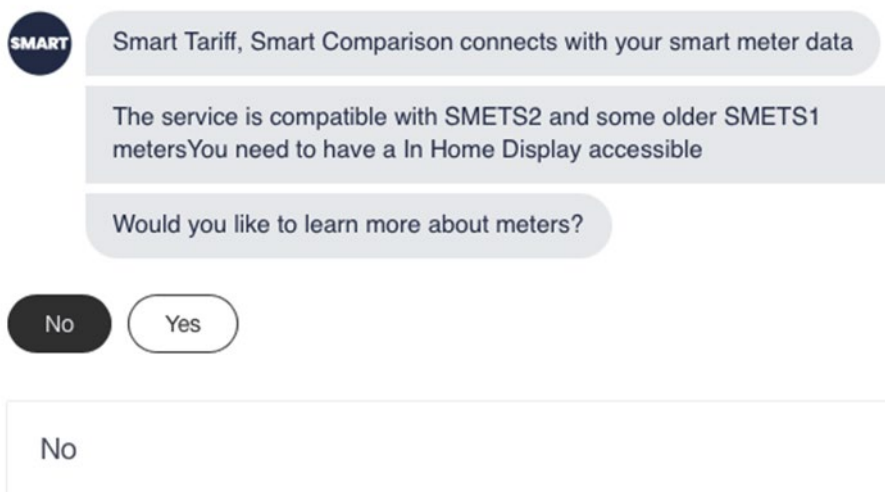
### Landing page currently lacks some direction

- Text stating ‘get a quote in 30 seconds’ not enough - currently does not say what that entails or what the steps are
- Most do not understand Smart Tariffs are based around electric supply, and therefore question why no information is provided about what they are being quoted for

### Chat layout seen as innovative compared to PCWs’

- Most are generally familiar with using chat boxes and quite happy to use them
- Issues with chat bots only tend to arise when people need help but can’t speak to a ‘real person’ at the other end
- Overall it was felt to be different to other PCWs in a positive way, feeling more intuitive and modern than a basic questionnaire
- Only a few respondents said they would prefer a more ‘traditional’ layout

**Figure 46 - Example of chat box layout used in STSC (November 2020)**



Areas for development / refinement of the intro page and chat layout:

- The 'Get Started' button was mostly missed; people look around the screen to figure out how to start
  - Could benefit from being bigger or more descriptive (e.g. "start your quote by entering your postcode")
- Currently not easy to work out how to 'go back' in the chat box
- It is confusing that the chat says creating a password is optional but then asks for one anyway later
- Initial 3 results helpful - but you then have to click on one of them to see the full 32, which is confusing
  - Most expected to see more detail on that particular tariff when they click on it

### **EUI number was hard to find for those who didn't have a sticker**

- Even among our Savvy Enthusiast audience, the ease of finding their In-Home Display's (IHD) EUI number (the unique identification number needed to use the tool) varied dependent on the IHD they had and the format the EUI was provided in
- Finding the EUI through the IHD software proved difficult – much easier in physical sticker format, especially as helpful images were provided
- Need to provide more information to walk people through the IHD journey – this is a potentially big barrier to use
- All participants recommended some extra 'clues' to help them input the number, e.g. number of digits, starting letter, 'look for a number with dashes'

### **Savvy Enthusiasts had few data protection concerns**

- Most were relatively tech-savvy and used to sharing data in return for a benefit, so not phased by data sharing within this tool
- Things like postcode, name and email address were expected
- Some expected more and questioned accuracy of results when questions about other things like smart tech ownership were not asked upfront
- When they did ask about security however, they had more detailed questions about what happens to their data

Potential areas for development on information around data security:

- Telling people how their EUI number is used
- Explaining why they are being asked for their email and what it will be used for
- Leaving account creation for later in the process – or giving explanation beyond 'for security'
- More reassurance on password creation (e.g. criteria, reconfirmation)

- Providing terms and conditions (T&Cs) and a ‘confirm T&Cs’ option before continuing to results
- Currently, boxes at bottom of chat explaining data security are easily missed

**Results layout familiar and filtering toggles stand out**

- Toggles were really helpful, capturing the 3 priorities people filter on generally – most said they would use these, though could be more helpful to have them upfront
- Filter options were helpful, though many asked why these did not come sooner - could filter out unwanted information from the start (e.g. EV tariffs for people without EVs)
- More tech savvy users asked about having ‘advanced filters’ here to get more granularity in their findings (e.g. kWh, peak times)

Potential areas for development on results page:

- What is the consumer star rating based on and where does it come from?
- Smart rating was not always understood (e.g. how exactly did they get to this number?)
- Are the tariffs shown only for electricity?
- Are the savings showing £ and carbon savings?
- What does Carbon 5 tonnes mean in ‘consumer’ language?
- Flexible payment icon not well understood
- EV and Solar icons not understood – for example, is it that these tariffs are specifically for these or compatible with these?

**Figure 47 - Highlighted areas for development on results page (November 2020)**

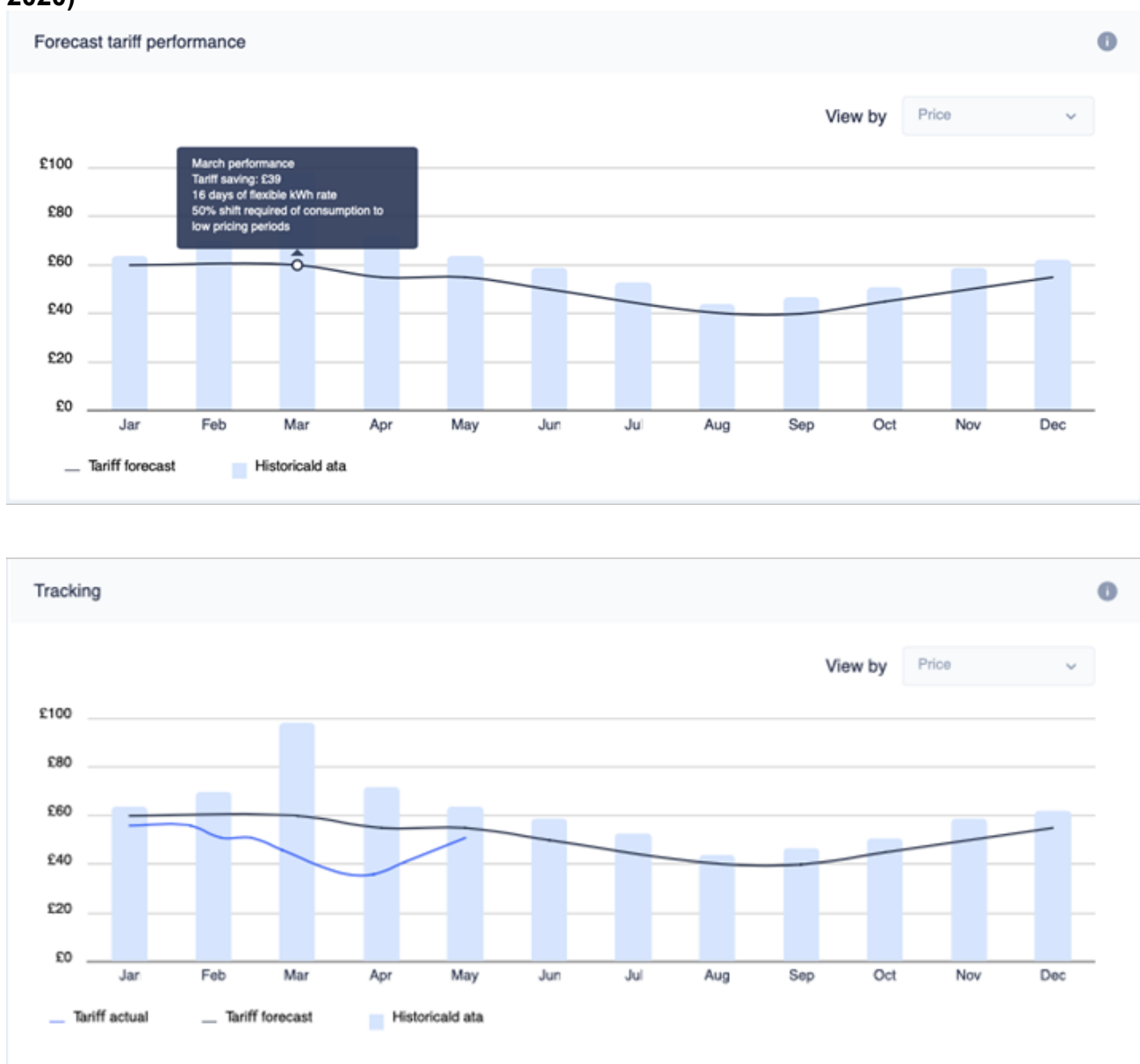
*Note that false tariff data was used in this consumer testing – estimated savings are not real*

Supplier	Rating	Tariff	Cost	Savings	Features
 		supergreenOctopus	£727 Annual £60 Monthly	£200 Annual Carbon 5 tonnes	Payment:  Flexible EV:  Yes Solar:  Yes
 		Vari-Fair	£727 Annual £60 Monthly	£200 Annual Carbon 5 tonnes	Payment:  Flexible EV:  Yes Solar:  Yes
 		Standard	£727 Annual £60 Monthly	£200 Annual Carbon 5 tonnes	Payment:  Flexible EV:  Yes Solar:  Yes
 		supergreenOctopus	£727 Annual £60 Monthly	£200 Annual Carbon 5 tonnes	Payment:  Flexible EV:  Yes Solar:  Yes
 		Vari-Fair	£727 Annual £60 Monthly	£200 Annual Carbon 5 tonnes	Payment:  Flexible EV:  Yes Solar:  Yes

**Graphs were also the stand-out additional feature for many**

- Forecasting costs on a new tariff against current/historical usage innovative and compelling
- Even those who normally do not engage with graphs saw the benefits in this - though might need more help interpreting the chart
- Option to comeback and compare real usage on new data against projected also liked by more engaged and/or price driven, who said they would create an account to do this
- More tech savvy users intrigued to know what more could be done with this – e.g. access to more advanced settings / breakdowns, comparison across providers

**Figure 48 - Example STSC graphs forecasting energy costs with different tariffs (November 2020)**



## Preferred features reflected need for something new

- Features that came out as preferred consistently among users were those that you cannot get on ‘traditional’ comparison sites
- Easy behaviour change tips to lower costs / consumption stood-out – not seen as intrusive or overwhelming if kept ‘simple and realistic’
- As above, choosing whether you own low carbon tech already is key to getting most accurate results in the eyes of these consumers, many wondered why they were not asked about these sooner
- Calculating running costs or projecting usage with new low carbon tech seen as crucial to encourage adoption
- Features allowing customers to revisit or compare quotes / usage seen as interesting but not for everyone
- Customer service-related features and providing links to ‘more information’ were either not as compelling or seen as hygiene

### Figure 49 - Results of preferred features sorting exercise

*Green shows highly desired features; yellow shows features desired by some*

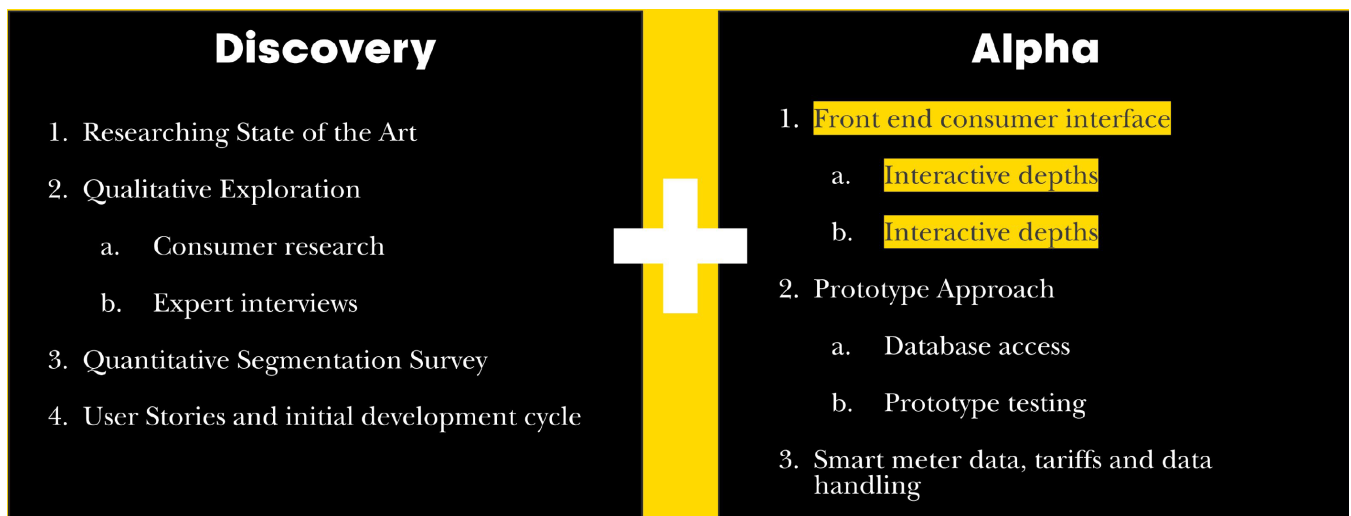
1. I'd like to be able to save my results in order to come back at a later time and check to see how accurate they are
2. I'd like to be able to calculate the running costs of technology I'm planning on buying in future (e.g. Electric Vehicle)
3. I'd like to balance a good deal with good customer service so I know I'll get support when I need it
4. I'd like to know if a better smart tariff becomes available so I can decide if it's worth paying exit fees in switching
5. I'd like to understand the impact of being green on tariffs so I know if and by how much the cost may increase
6. I'd like to see the customer service ratings so I can decide if I can trust a supplier to help when I need support
7. I'd like to see links for online reviews of providers so I can do my own research and feel confident about my choice
8. I'd like to compare what I'm paying today to alternatives so I can see how much I'd save
9. I'd like to see my real time consumption to see if I can adjust behaviours to save money
10. I'd like to inspect the details of a tariff rather than just see price so I can see how accurate the tariff really is
11. I'd like to understand in context what something means so I don't have to navigate away to understand it
12. I'd like to be able to read energy terms in more detail so I can educate myself on what they mean
13. I'd like to be able to choose if I own or want to own Low Carbon Tech so I can get the most appropriate tariff
14. I'd like to be presented with a simple change I can make, so I can lower my costs and be more environmental



# Alpha Phase 1b (Fuel Poor) Qualitative Research

*This chapter summarises findings from the second phase of qualitative consumer research during the Alpha phase. It was conducted with the Fuel Poor segment identified in the earlier Discovery Phase research.*

**Figure 50 - Overview of project research plan**



## Methodology & Sample

- 10 one-to-one interviews with ‘Fuel Poor customers’ – a priority consumer segment identified in the Discovery Phase research
- Interviews conducted over Zoom and lasting between 45 and 60 minutes in November 2020
- Focus of the interviews was for participants to experience the work-in-progress (WIP) prototype and guide the moderator through their experience
- Prototype was comprised of interactive ‘live’ first half followed by ‘static’ results pages for users to comment on
- All recruited from ‘free-find’ sources and screened based on income (low income) and self-reported ability to pay bills
- All had smart meters installed – no quota on SMETS1 or SMETS2
- Mix of age, gender and location throughout the sample



## Context

### Most stay with their energy company for years

- Many lacked confidence in benefits of switching and preferred to stick with ‘what they know’
- Have an overall need for simplicity and stability as are juggling life, work and other bills when money is tight
- Knowing that a set amount will come out of the bank every month was often more important than making a small saving

### We were able to split ‘Fuel Poor’ participants into 2 general typologies based on their engagement with energy and energy spend:

- **Energy disengaged:**
  - Tend to keep their smart meter display in a draw and don’t pay attention to it
  - Primary benefit of smart meter is to avoid having to go to the shop to top-up or give a meter reading every month
  - Daunted and nervous about engaging in the market or with energy use
  - Don’t understand their usage or how they can impact their bills – though they did show interest in the tool and its benefits (e.g. saving money), they were generally less likely to want to engage with a tool like STSC
  - Given low engagement, will be more difficult to target – they need a lot of handholding and may need help of third parties to engage (e.g. Citizens’ Advice or local support)
- **Energy engaged:**
  - More in-tune with their usage, always looking for a money-saving deal or option
  - Keep on top of bills and credit and use their smart meter to help do this (e.g. they know what the cost of energy-consuming behaviours are)
  - For them, the primary benefit of their smart meter is keeping track of usage to stay on top of bills and avoid debt
  - Most likely to engage with the comparison tool amongst this segment
  - Whilst driven by savings, they also want certainty:
    - The challenge will be convincing them to disrupt their energy routine
    - They often have a simple plan which broadly fits within affordable parameters – the idea of change potentially adds complication to an already busy life, i.e. another ball to juggle
    - Shifting away from their current routine has to be worthwhile

### Current engagement in the energy market and likelihood to change

- They 'shop around' but rarely switch unless there is a significant, tangible benefit
- This benefit is often a referral fee, points for free energy or other money-saving freebies – often combined with a word-of-mouth recommendation
- Overall though, they are familiar with different companies and tariffs, so recommendations are key

**They would like help to reduce consumption – but they already live frugally**

- They are already doing a lot to save money, so they need evidence of what savings will be from a change and what behavioural changes will make a true difference
- Whilst they are reluctant to make big changes, they are open to the idea of changing some of their daily behaviours if the trade-off is worth it

**Overall, what they need from the tool is?**

- A way of seeing real financial savings – visual illustration of what savings look like
- Advice on how to achieve these savings
- Reliable reviews / recommendations
- Simplicity rather than something that requires constant engagement – they don't want or need another ball to juggle

## Reaction to the prototype

### No participants had heard of smart tariffs

- When explained, a few mentioned Economy 7 but no one was aware of any of the newer ones
- However, interest was high, particularly among the energy-engaged who saw potential benefits
- The idea of making small behavioural changes to save money aligned with their needs, as long as the savings were noticeable and worth it

### As with the Savvy Enthusiasts, the STSC tool has potential

- Overall, a positive response from all participants across the sample
- Tool stands out for its simplicity and accuracy in giving personalised results
- It encouraged the less engaged by helping overcoming fears about misunderstanding or making the wrong choices
- Stand-out features included:
  - A straightforward and innovative chat function
  - Use of a few simple questions upfront – results are shown quickly
  - Accuracy and personalisation helped people feel they were making a more informed choice
  - Potential in the charts to help people understand tariff performance and the ways in which they can make savings

### The charts forecasting and comparing costs with different tariffs stood out

- Most intrigued about how the charts work and what they could do with them
- Energy-engaged are already 'forecasting' and changing some usage with the help of data from their smart meter – so real potential for the chart to support them
- Would be useful if they could see the chart broken down by days or weeks (in addition to months) – this is currently how they view and track their spend with their smart meters
- Some struggled to understand the charts, but with explanation or a more 'visual' format, there may be the potential to engage those who are generally unengaged

**Figure 2 - Example STSC graphs forecasting energy costs with different tariffs (November 2020)**



**Preferred features reflected desire to see tangible savings and feel confident in the future:**

- Being able to visualise the impact of small behaviour changes on spend
- Ensuring decent customer service in case there is a problem with debt in the future
- Understanding different terminology and context to help them feel more confident
- Reassurance around data handling, e.g. re-selling or passing on of data

### Figure 3 - Results of preferred features sorting exercise

Green shows highly desired features; yellow shows features desired by some

1. I'd like to use this service without having a smart meter, so I don't feel pushed into using something I don't want
2. I'd like to know that savings will materialize so I know it's worth the effort of switching
3. I'd like to balance a good deal with good customer service so I know I'll get support when I need it
4. I'd like to know if a better smart tariff becomes available so I can decide if it's worth paying exit fees in switching
5. I'd like to know more about what a smart tariff is so I can decide if it's for me
6. I'd like to know how realistic it is to change appliance usage so I can save money without buying smart timers
7. I'd like to understand the impact of being green on tariffs so I know if and by how much the cost may increase
8. I'd like to see the customer service ratings so I can decide if I can trust a supplier to help when I need support
9. I'd like to see links for online reviews of providers so I can do my own research and feel confident about my choice
10. I'd like to compare what I'm paying today to alternatives so I can see how much I'd save
11. I'd like to understand how you are using my data so I know it's safe and won't be sold or reused in some way
12. I'd like to see my short and long terms savings so I can understand the impact of changing my behaviour
13. I'd like to understand in context what something means so I don't have to navigate away to understand it
14. I'd like to be able to read energy terms in more detail so I can educate myself on what they mean
15. I'd like to be able to choose if I own or want to own Low Carbon Tech so I can get the most appropriate tariff

### Areas for development

#### These consumers may require more guidance and support than the tool currently offers

- Less likely to be aware of and already understand smart tariffs
- These customers (including where they had smart meters already) were less likely to understand terminology associated with smart meters (e.g. In-Home Display)
- They found it more difficult finding their In-Home Display's (IHD) EUI number (the unique identification number need to use the tool)
- Less likely to understand the most cutting-edge features of the STSC tool and energy tariffs, such as EV/Solar compatibility, flexible payment schedules, carbon savings and the smart rating feature (despite the description given)

#### Other areas for development were around data security and information provision

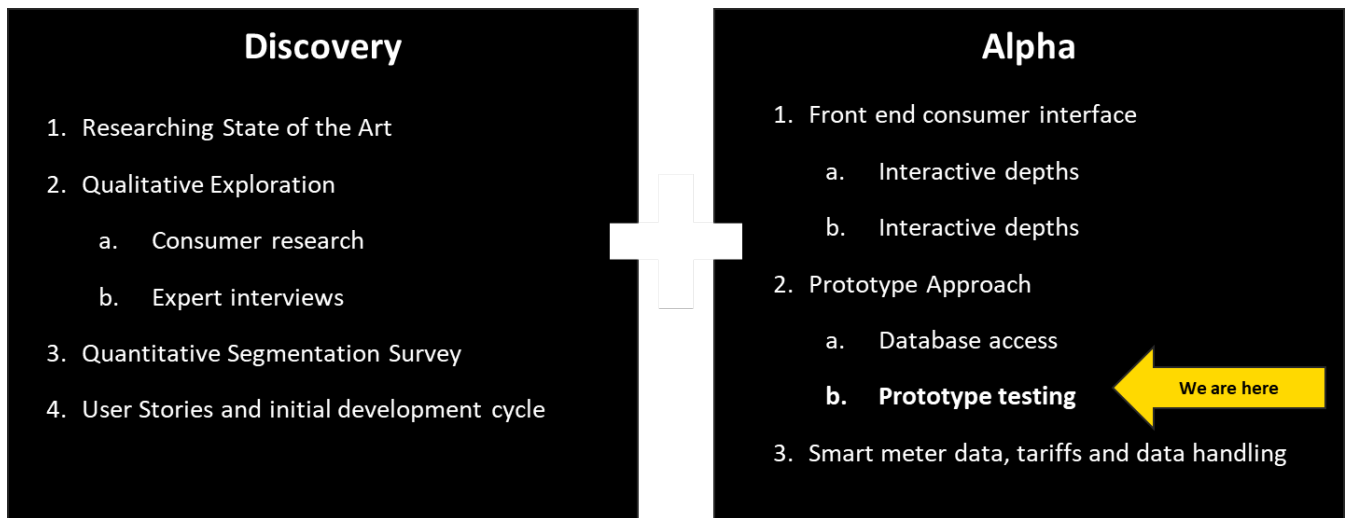
- Many spontaneously mentioned not wanting to create an account so early on – they wanted to see results before committing to giving a name and email address
- More security reassurances were needed for this segment – some wondered whether they would be bombarded with sales calls or emails after giving their data
- Be cautious with presenting too much information in the results – a few felt overwhelmed by features that were 'not for them', e.g. features specific to EV and solar users

# Alpha Phase 2b Qualitative Research

This report summarises the findings of research phase Alpha 2b, a deep dive into the working prototype tool.

## Where we are in the process

Figure 51 - Overview of project research plan



## Methodology & Sample

### Method

- 8 x 1-hour triads (3 x participants per session) in March 2021
- All participants were asked to visit the Smart Comparison Website (<https://smarteriffsmartcomparison.org/home>) to input their information and sign-up for the tool ahead of the session but not to open their results until the actual session
- Discussion Flow:
  - Energy engagement & potential to be flexible with energy use
  - First impressions of the tool, experience submitting smart meter data & expectations for the results
  - Log-in and view results. Initial time to explore before prompted conversation around key topics (e.g. comprehension of data / tariffs)
  - What they would do next
  - Potential refinements & future development opportunities

## Sample

- Mix of age and lifestage, from 25 – 65+ and from pre-family to empty nesters
- All had a SMETS2 smart meter
- All solely or jointly responsible for decisions regarding energy suppliers in their homes
- All solely or jointly responsible for paying energy bills and dealing with related admin
- All paid by credit and direct debit (pre-payment covered in previous research phases)
- A spread of engagement levels with the energy market, but exclude Energy Innovator, Savvy Enthusiast & Fuel Poor segments as these were covered in previous research

**Figure 52 - Triad break-down by participant characteristics**

<b>Group 1: Post Family</b> Less Engaged London/SE	<b>Group 2: Young Family</b> More Engaged London/SE	<b>Group 3: Older Family</b> Less Engaged Scotland	<b>Group 4: Pre Family</b> More Engaged Scotland
<b>Group 5: Post Family</b> More Engaged Birmingham	<b>Group 6: Young Family</b> Less Engaged Birmingham	<b>Group 7: Older Family</b> More Engaged Mix	<b>Group 8: Pre Family</b> Less Engaged Mix

## General response to the tool

### Participants saw real benefits in the tool

- Enables deeper engagement with their energy use and market
- Increases decision-making confidence – removes guesswork by providing quotes based on actual use
- Helps monitor performance beyond switching/renewal time by providing a simple platform to look at home energy use and tariff progress
- Brings transparency to a low-trust category with the potential to build confidence

### Provides an engaging window into personal energy use

- The first time most people have seen their energy data represented in this way
- Most people are at least initially curious to see whether the data they see matches their perceived behaviour
- Being presented with their own data draws (most) people in - because it is personal to them they are keen to investigate further
- Even if not data literate / data interested, the use and presentation of personal energy information helps validate their decisions

### As expected, interest differs across segments

<p><b>Informed Mainstream:</b></p> <p>Open to spending time engaging in both their usage and the tool.</p> <p>Willing to be flexible where possible.</p> <p>Similar outlook to Savvy Enthusiasts.</p>	<p><b>Green Techies:</b></p> <p>Digital and data savvy.</p> <p>Open to new tariffs (and brands) that are beyond the big six.</p> <p>Willing to be flexible if environmental / financial gain</p>	<p><b>Super Switchers:</b></p> <p>Financially focused.</p> <p>Data acts as 'proof' that informs good decisions.</p> <p>More interested in macro savings than usage detail</p>	<p><b>Uninformed Mainstream:</b></p> <p>Most interest in savings / good deals.</p> <p>Lack time &amp; desire to spend time in category.</p> <p>Want tool to make recommendations and share data headlines.</p>	<p><b>Traditionals:</b></p> <p>High levels of confusion stem from low levels of category engagement and digital savviness.</p> <p>Prefer their 'normal' ways of navigating the sector</p>
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### Segments also broadly divide into two groups:

- **Data driven:** excited to engage with their data and spend time finding a tariff perfectly tailored to their needs
  - Savvy Enthusiasts, Informed Mainstream and Green Techies
- **Finance focussed:** seeking savings and good deals rather than deeper engagement with their energy use / the category
  - Fuel poor, Super Switchers and Uninformed Mainstream.



**The data driven are most excited by the tool for numerous reasons:**

- Like the prominence of the chart and data / over the tariffs
- Serves lots of information which appeals to consumer segments looking for detail rather than headlines
- Requires engagement with energy usage and the energy market to understand terminology / tariffs (and they already are)
- The tool works best if time is spent with the tool to find the right tariff for your needs
- To get the most out of smart tariffs, there is a need to be open to being flexible with energy use, which was generally found in the most engaged typologies

**The finance focused want the tool to do more leg work for them:**

- Excited about the end of guessing which tariff will offer greatest savings – will be able to use actual data and get accurate results
- They make decisions on the headline annual saving and don't feel they need detail beyond that
- Younger / busy participants less likely to change behaviour and don't have time to work through data to find the perfect tariff
- Would like a dashboard that will allow them to quickly view key headline information at a glance
- Happy to provide the tool with more data so it can make recommendations / improve the assumptions made (e.g. household composition, in-home tech)
- The tool felt 'dry' - gamification / comparison with other users' data suggested as a way of increasing engagement

**Traditionalists may be hard to reach**

- Recap:
  - Mainly 'Big 6' energy customers who rarely switch or pay much attention to energy
- A hard cohort to shift as they avoid risk and are very comfortable with their current set-up
- Needs:
  - Feel in control
  - Energy company / tariff they feel comfortable with
  - Digital simplicity
  - Hand-holding
- Potential of the tool is limited by low energy engagement + digital confidence in this segment

- This segment is the least enthusiastic about the tool
- Prefer phone / familiar websites for energy needs
- Generally struggled with basic navigation of the site
- Found it very difficult to find and upload their In-Home Display's (IHD) EUI number (the unique identification number needed to use the tool)
- Lack the tech savviness to engage with many of the features and often needed to be led around the tool

### 5 S's for future consideration

- **Solutions:** How to reduce / flex energy use in real, practical terms. Whether suggesting tech to purchase or examples of energy loads or behaviours that could be shifted
- **Suggestions:** Potential to foreground the suggested tariffs – it currently takes second place to the data and charts
- **Sign-posting:** There is a lot of information for people to take-in - clear signposting could help ensure ease of use and help less savvy people navigate the site quickly
- **Simplicity:** Busy families / less energy engaged want headlines, simplicity and clarity
- **Selection:** Offer an onward journey when you select a tariff to ensure that people can easily find the tariff they have chosen when they leave the tool

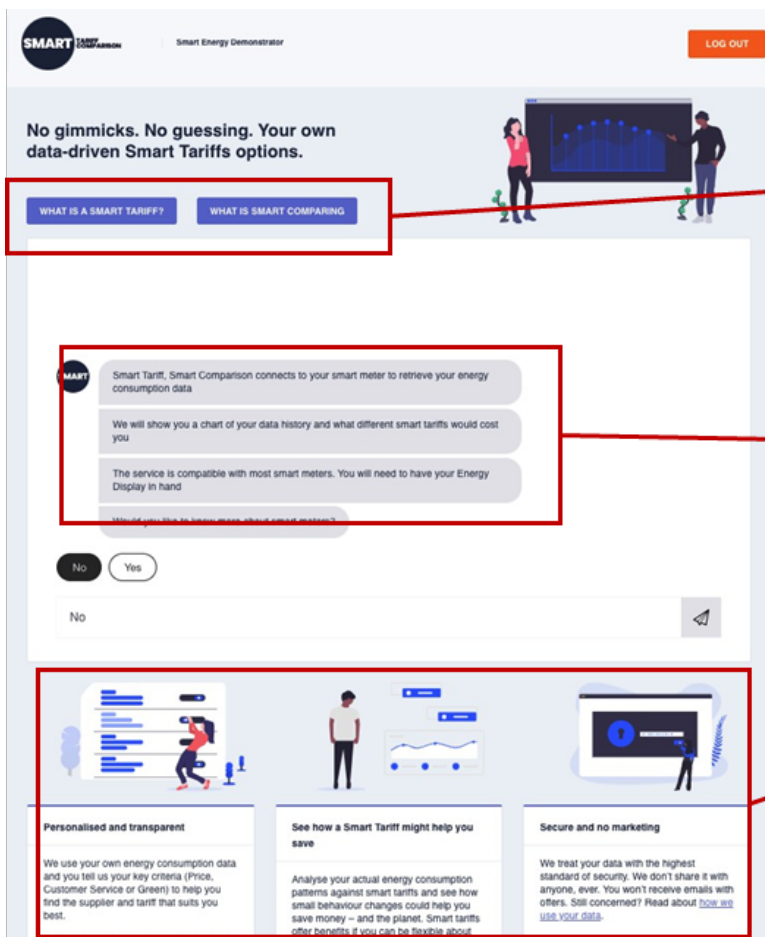
### Currently available savings on smart tariffs may be a real motivational barrier

- An important potential barrier to usage of the tool is that the comparisons using the included tariffs suggests that savings for large levels of behaviour change (e.g. shifting 30% of usage to off-peak periods) are small
- Without a step-change in this, there will likely be a limit to the amount of engagement with the tool across all typologies
- Put simply, participants felt it was not worth the effort of shifting energy usage to make an annual saving in the tens of pounds

# Registration & Sign-up

## First impressions can fall a little flat

- Colour palate and graphics felt to lack energy and vibrancy - don't match the excitement that many people feel about the tool
- For less engaged, can feel like a low-energy start - confirming their perception that comparing energy tariffs will be a chore
- Some commented on the lack of a landing page - straight down to business, which felt a little unusual



No one clicked on info boxes...felt this info could sit in the intro / landing page

Information and introductions currently sit in the chat box – most have a desire to lift that as copy under the main title

Most didn't explore the bottom of the page, but on prompting were pleased that information was available if required

## Many struggled to get started

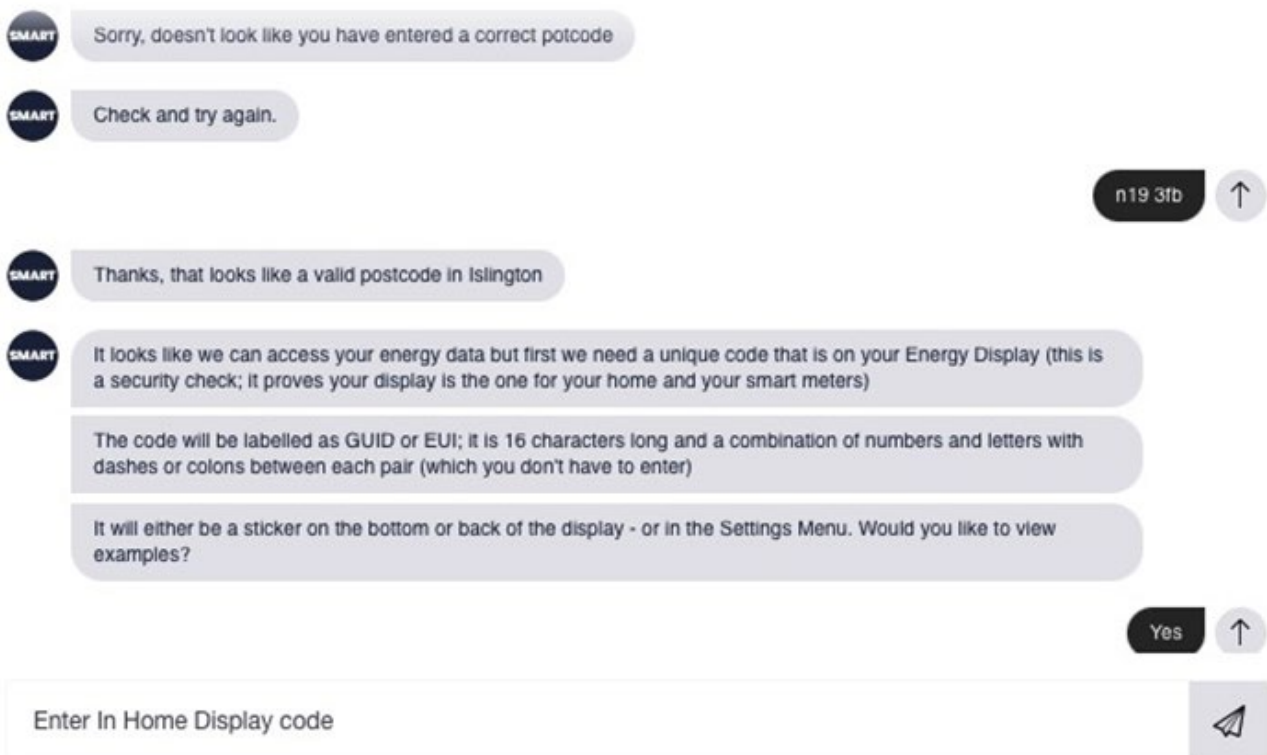
- There was some initial confusion about what to do first
- The chat box function works well (supporting previous rounds of research) but it is not immediately obvious that users need to engage with it
- Needs sign-posting or instruction to “start your smart comparison journey here” to direct users to the right place

- Large amount of white space does not help – dead space that pushes the text box below the fold on many screens

**Chat box copy could be condensed / sharpened**

- While broadly easy to follow, many users commented that they were served a lot of information
- It can feel like less of a conversation and more of an information download
- Some of the information feels extraneous and could be sharpened
- While the overall process doesn’t take long, the amount of text served after each answer can be off-putting and overwhelming
- Despite this many finance focused users would be happy to provide more information at this stage if it helped tailor their results

**Figure 53 - Example of chat box used in prototype (March 2021)**



**Entering smart meter information continues to be a stumbling block**

- Many were able to follow the instructions to find their smart meter information and successfully submit it
- However, older & less energy engaged users struggled
- Confusion between In-Home Display (IHD) and actual smart meter – especially as many found GUID (the unique ID code for the IHD) on their meter
- Pictures provided were only helpful to those who have same or similar meters to ones shown

- Some had smart meters that were currently incompatible (which is a known issue<sup>6</sup>)
- Those who are less engaged with their energy use are less likely to search for the code. They were generally less aware of and interested in the benefits that entering the code could deliver (they were also those who were less likely to use an energy bill to enter similar information on a PCW)
- If you enter information incorrectly you have to refresh and start the process again, which would be a major barrier

### **Delay between setting up account & results isn't a big issue for most**

- After providing information and setting-up an account, most segments are happy to wait for a notification that their data is ready
  - Note: email notifications were not working during this project so we were not able to test this
- Pre & Young Families in the Uninformed Mainstream segment were least likely to return to the site - they set aside a window to complete the switching task and may not have time later on
- Waiting for results sets an expectation that the results are going to be worth it - risk of disappointment is greater if there is an error or results aren't found, because people have had to wait for them

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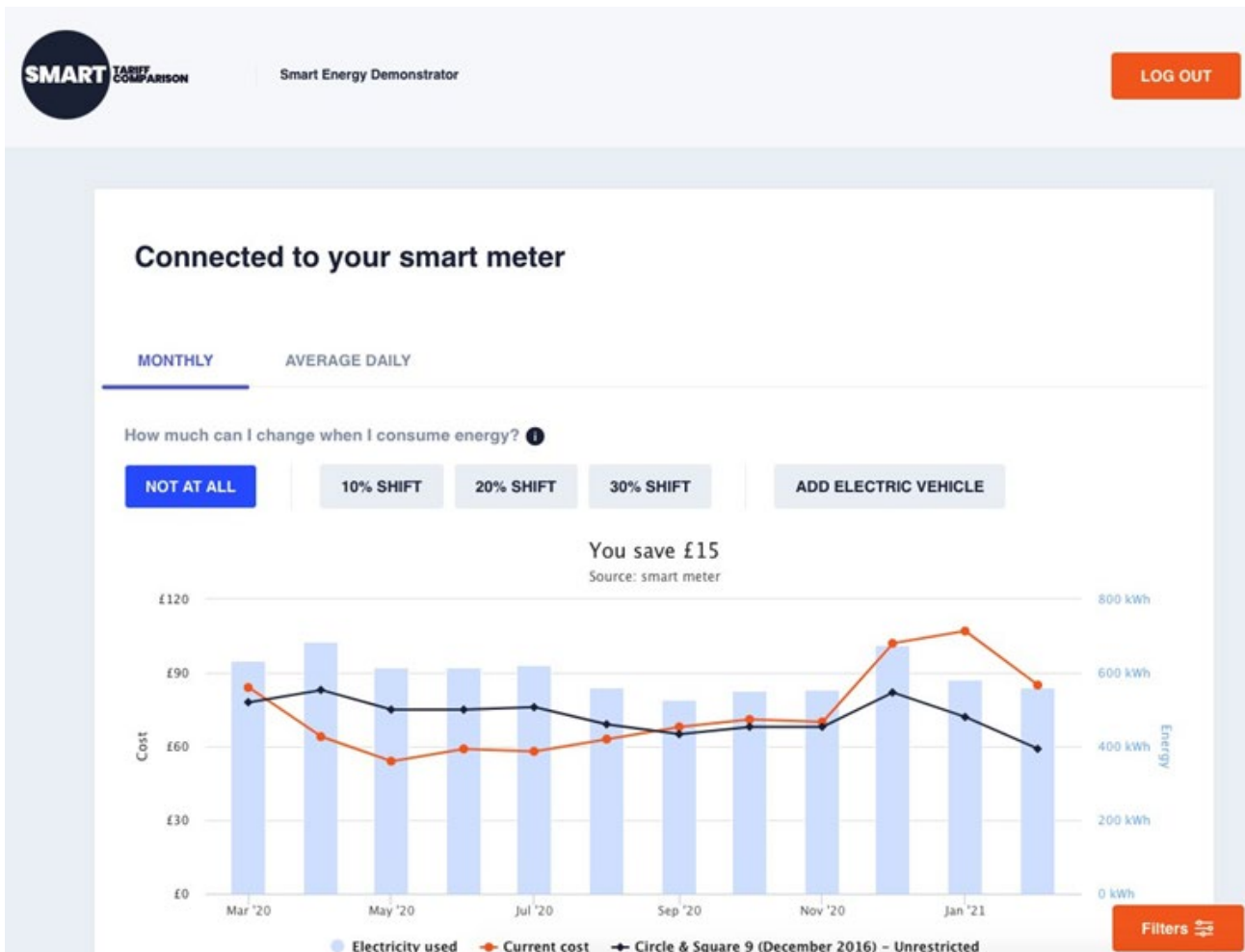
<sup>6</sup> Some SMETS1 meters have not yet been enrolled into the DCC system. Enrolment of these meters is currently underway and once complete, these consumers would be able to use a tool like this. For more information, see: <https://www.smartdcc.co.uk/our-smart-network/current-programmes/smets1-enrolment-and-adoption/>.

# Results page

## Initial prominence of the chart is potentially off-putting

- Initial view of results page feels quite ‘cold’
- Lots of visible data – little sign-posting or information about what users are seeing
- Tariffs are currently all below the fold - users expect to see tariffs first when they enter a tariff comparison site
- A particular issue for the finance focused who want simplicity and to quickly and easily see the tariffs that are recommended for them
- Some also said they would like to see just the key headlines relevant to their usage instead (e.g. ‘your peak usage times are between 6pm-9pm’)

Figure 54 - Initial results page (March 2021)



### Easy to understand chart, but help needed elsewhere

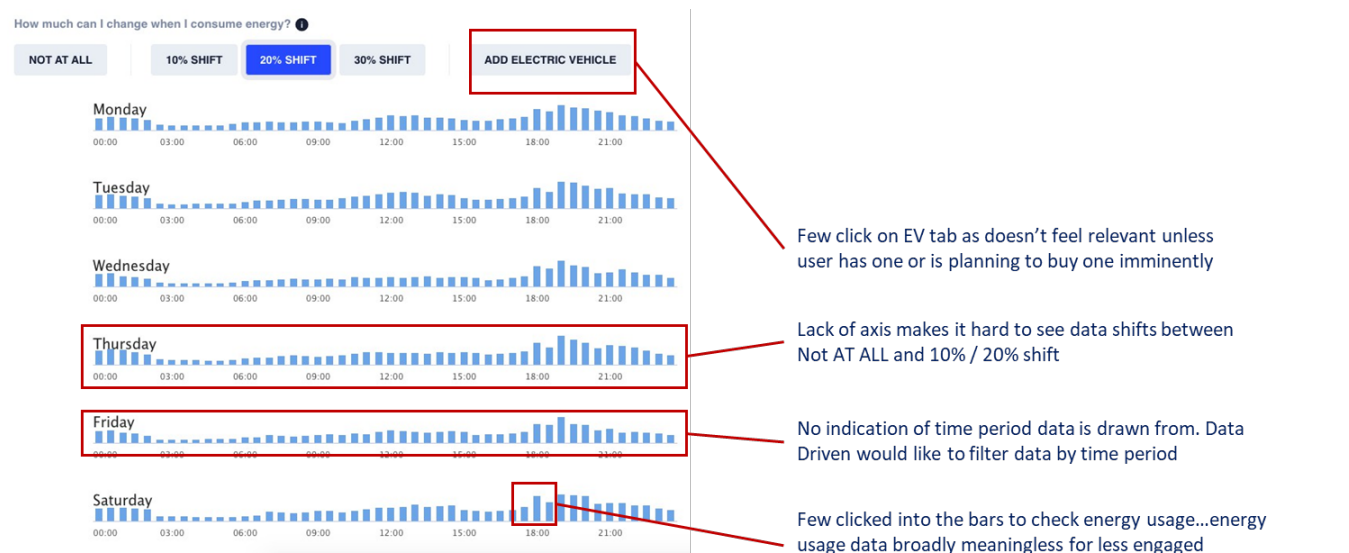
Figure 55 - Initial results page with specific comments marked



### 'Daily Data' is very interesting, but tricky to decipher

- Lots of interest (across typologies) in the 'daily data' feature – this suggests to the financially focused that the tool understand them, and they would like to see comparisons 'people like them'
- No savings amount features on the page, which is a key missing detail for them

Figure 56 - 'Daily data' results page with specific comments marked

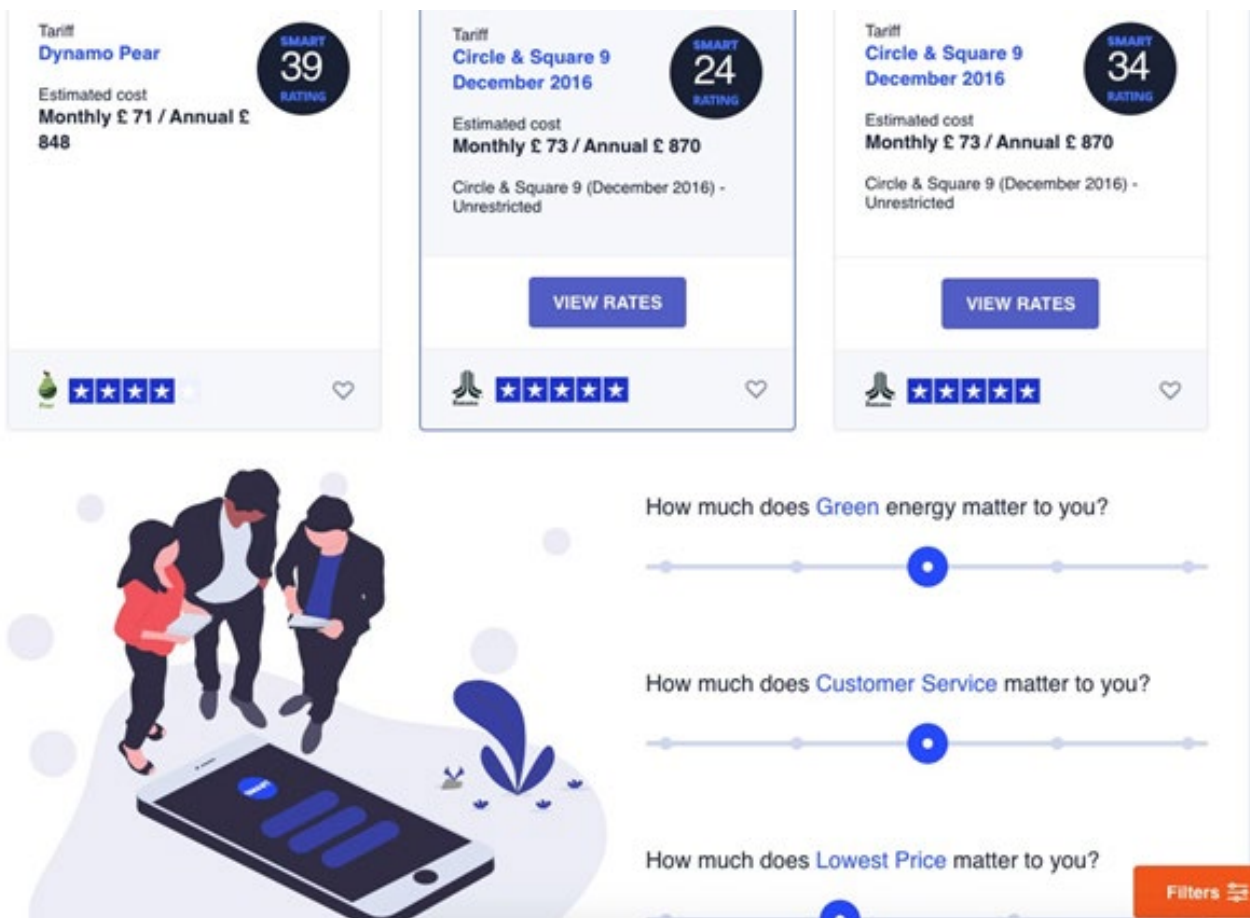




**Information below the charts is of most interest to finance focused typologies**

- This is the information that the finance focused typologies are looking for
- Serving recommendations provides simple way of directing users to the best tariffs
- However:
  - Unclear that these are recommendations
  - Unclear why they have been recommended
  - Finance focused users would like a ‘people like you’ recommendation to help them choose
- Results currently provide little information ‘at a glance’, raising questions like: ‘are these tariffs fixed or variable’, ‘are they for electric, gas or both’, ‘are there exit fees?’
- As found in previous rounds of research, the sliders work well and could be more prominent / come earlier on the page
- ‘Smart Rating’ and ‘Star Rating’ could enable users to find appropriate tariffs, but as found previously, their meaning is unclear at present

**Figure 57 - Capture of page below initial results and charts**

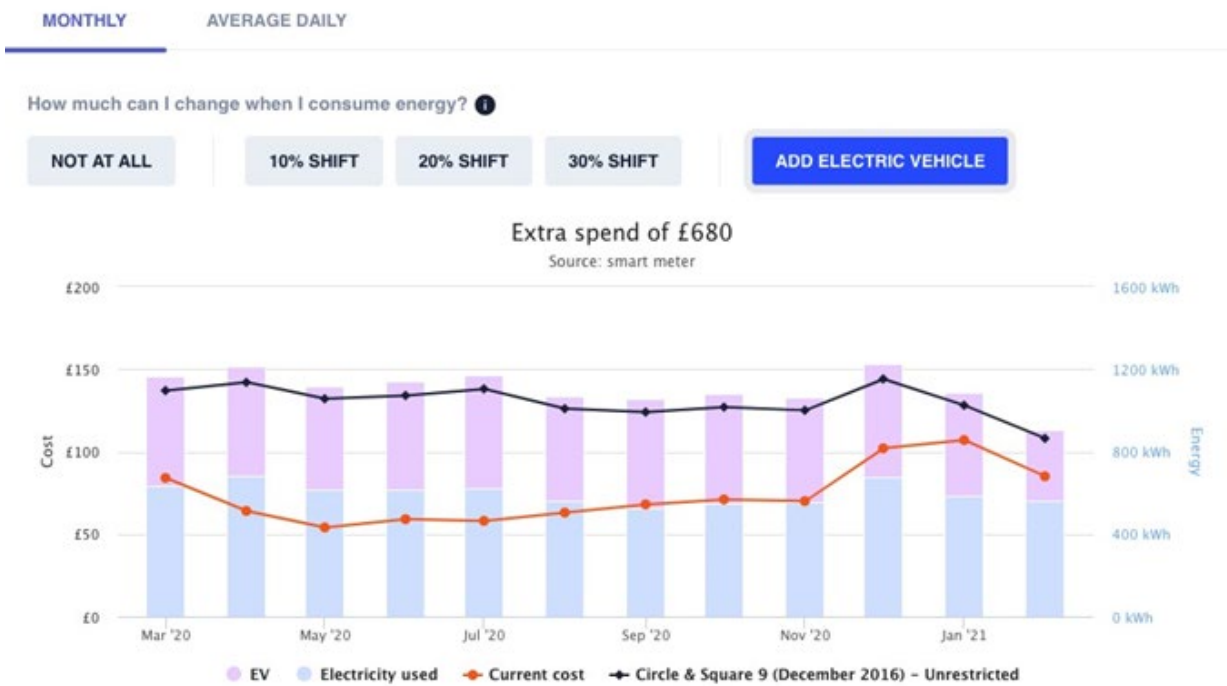




**At present the EV tab makes EVs look like they load cost on your energy bill**

- Many of the participants were not seriously looking at EVs currently
- A key barrier is perception of cost
- Currently interpret that EVs add extra spend to your bill, but don't do the mental arithmetic to understand that this spend replaces spend on petrol
- Currently this is of limited use to all but current EV owners

**Figure 58 - 'Add electric vehicle' feature**



# Onward Journey

## **Key next step is to provide a journey to find and get the selected tariff**

- Users want to be able to simply and easily find the tariff they have selected
- Worry that due to complexity of tariff names and confusing provider sites, they won't be able to easily find the exact tariff they have selected
- Ideally want to have a link to the tariff – as often found on existing PCWs
- Also do not want to have to input their information again on a provider's website

## **Some interest in learning about ways they can reduce / shift their consumption**

- Potential to be served links and information that can help them manage their energy – and so they can maximise the tariffs
- Would like to learn more about solar panels, home batteries and other technologies, and be taken to reputable and sources they can trust

## **Data Driven would revisit tool to monitor their energy use / check tariff performance**

- Hard to predict whether consumers will engage with the tool on an on-going basis at this stage
- Data Driven typologies most likely to engage beyond renewal / switching time – more limited appetite with less engaged Finance Focused typologies
- Little spontaneous mention of checking back on 'favourited' or 'saved' tariffs over time
- However, some more engaged users indicated they may do this if the tool had proved its usefulness

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This publication is available from: <https://www.gov.uk/government/publications/smart-meter-enabled-tariffs-comparison-project-smarter-tariffs-smarter-comparisons>

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