Consumer Tracker Survey 2017

citizens advice scotland

Consumer Futures Unit

Consumer Futures Unit publication series: 2017/18 – 06

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INTRODUCTION

The Consumer Futures Unit (CFU) puts consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. Part of Citizens Advice Scotland, we research and gather evidence, which we use to improve outcomes for consumers.

This report presents some of the insights arising from the CFU's inaugural consumer tracker survey. Further detail and analysis can be found in the full research report, which was produced for the CFU by the researchers, Progressive Partnership. The methodology used to carry out this survey is explained in detail in the associated research report.

Covering the energy, post and water sectors, we intend to carry out an annual tracker survey to measure consumer trends over time. This will help identify issues of concern and measure progress in key policy areas. This unique data source will provide insight into they ways in which factors such as age, location, and deprivation affect consumers across the industries, and will enrich the evidence base we use to guide our policy and advocacy work.

There are issues that uniquely, or more prominently, affect Scottish consumers. This, combined with the fact that experience of these issues varies within Scotland, means that national surveys often do not provide a sufficient Scottish sample to allow analysis to be carried out at the required level of detail. The CFU consumer tracker survey will be a valuable source of data, ensuring that we are better placed to represent Scottish consumers in the regulated markets of energy, post and water. Our hope is that it will also be useful to our business, regulatory, government and third sector stakeholders.

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DEMOGRAPHICS

People in rural areas…

- Use **less** mains gas; more unregulated fuels
- Are **less likely** to use a prepayment meter
- Are **more likely** to say bills are unaffordable
- Are **more likely** to be happy with their energy supplier
- Send letters **more frequently**
- Have **better knowledge** of water supply and charging

Younger people…

- Use electricity **more** for heating
- Are **more likely** to say switching is too difficult
- Are **less likely** to use price comparison sites
- Are **more likely** to send parcels
- Are **less likely** to use Royal Mail to send parcels
- Are **more likely** to support paying more for water to support those less well off

People with a long term health problem or disability are…

- **More likely** to use a prepayment meter
- **More likely** to say bills are unaffordable
- **More likely** to have switched energy supplier
- **More likely** to support paying more for water to support those less well off

People who live in deprived areas are…

- **More likely** to use a prepayment meter
- **Half as likely** to have switched supplier
- **Less likely** to change tariff
- **More likely** to use the post office to send letters
- **More aware** of information /advice about water supplies

Older people…

- Are **more likely** to pay by direct debit
- Are **more likely** to change tariff
- Send letters **more frequently**
- Have **better knowledge** of water supply and charging

CONSUMER ISSUES

Awareness of information

- There may be **low awareness** that people who rent their homes can change energy supplier
- Many consumers **do not know** who supplies water and charges for it, or on what basis

Competition

- Younger people are **more likely** to want to choose who supplies water to their home
- Prepayment meter users **more likely** to say their energy supplier is the only one available
- **75%** normally use Royal Mail to send parcels

Complaints/problems

- **Around half** who have a postal services problem do not think it is worthwhile to complain
- **13%** of those who switched energy supplier did so as they were dissatisfied with the service
- **Less than a quarter** of consumers know what the Scottish Water Customer Charter is for

ENERGY

Competition

80% OF RESPONDENTS USE ONE OF THE BIG SIX ENERGY SUPPLIERS FOR THEIR HEATING FUEL

80% supplied by 'Big 6'	**48%** say they are offered a good price
	45% would recommend their supplier
14% supplied by other utility company	**66%** say they are offered a good price
	60% would recommend their supplier

The big six energy companies retain a large portion of the Scottish market, with our survey finding just three supplying nearly two thirds of our respondents – a higher rate than seen in GB-wide data published by Ofgem. Although only 14% of our respondents use a non-Big 6 utility company, those who do were more likely to say their supplier offered a good price and to say they would recommend their supplier.

Choice

16% SAY SUPPLIER IS ONLY OPTION

Full online sample	Respondents who say no choice of supplier
15% use a pre-payment meter	**21%** use pre-payment meters
20% use electric heating	**38%** use electric heating
34% rent	**43%** rent

Surprisingly, 16% of respondents, covering rural and urban areas, said that their supplier was the only option. People who gave this response were more likely to use electric heating, and more likely to rent their home, suggesting the possibility that a significant number of respondents may think that as tenants they are unable to choose their energy supplier. Of course, for the small number of respondents who use communal heating there will be no choice of supplier, and for some consumers in rural areas using off grid fuels such as LPG there may be no meaningful choice of supplier.

Switching

22% SWITCHED IN THE LAST YEAR

2x THOSE PAYING BY DIRECT DEBIT ARE TWICE AS LIKELY TO SWITCH THAN THOSE PAYING BY QUARTERLY BILL

2x NON-BIG 6 CUSTOMERS TWICE AS LIKELY TO SWITCH THAN BIG 6 CUSTOMERS 37% VS 19%

Have you switched energy supplier in the last year?

Results by age (%)

	Age							
	16-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Yes	18	25	23	22	21	23	14	14
No	80	75	76	76	79	77	86	86
Don't know	3	1	<1	1	1	1	0	0

The youngest and oldest age groups are least likely to switch.

Results by region (%)

	Yes	No	Don't know
Central Scotland	18	80	1
Glasgow	23	76	1
Highlands and Islands	12	88	0
Lothian	23	77	0
Mid Scotland and Fife	28	72	0
North East Scotland	21	78	1
South Scotland	23	75	2
West Scotland	24	75	0

By switching their energy supplier consumers can often save on their energy bill. However the level of supplier switching varies across the country, with the Highlands and Islands showing the lowest switching rate of all regions. This may be linked to higher prevalence of off grid heating fuels and a significant number of restricted electricity meters. Switching also varies with age, with the youngest and oldest age groups being least likely to have switched.

Prepayment meters (ppm)

Profile of those who use ppms

22% OF THOSE WITH A LONG TERM HEALTH PROBLEM OR DISABILITY HAVE A PPM, COMPARED TO 12% OF THOSE WHO DON'T

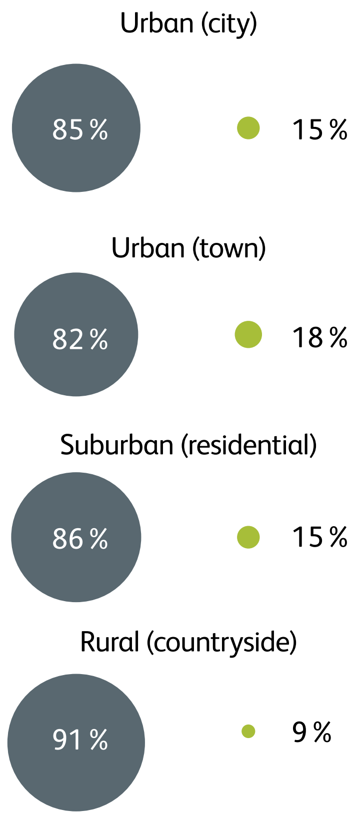
2x ALMOST TWICE AS LIKELY TO SAY BILLS UNAFFORDABLE COMPARED TO THOSE PAYING BY DIRECT DEBIT 19% VS 10%

22% MORE LIKELY TO SAY THAT THEY HAVE NO CHOICE OF SUPPLIER

80% OF PPM USERS RENT THEIR PROPERTY, AND 48% OF THOSE IN SOCIAL HOUSING HAVE A PPM

PPM usage by location

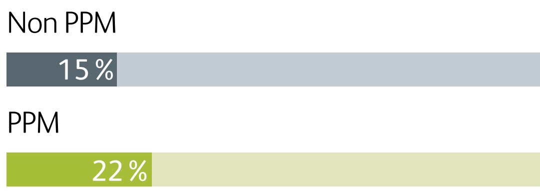
Non PPM PPM



More urban/suburban than rural PPM users.

PPM usage and supplier options

"My supplier is the only option"



PPM users more likely to say that they have no choice of supplier.

Our survey found that consumers on prepayment meters (PPMs) are almost twice as likely to say their energy bills are unaffordable and to have a disability or long term heath problem. These consumers have historically had to pay higher prices for their energy. However there are encouraging signs that this may be changing, with the CMA introducing a price cap for PPM tariffs, which will run until the end of the roll out of smart meters, which will allow consumers with PPMs to switch supplier more easily.

Affordability

12% SAY THEIR ENERGY COSTS ARE UNAFFORDABLE

These respondents are more likely to be:

RESPONDENTS WITH A HEALTH PROBLEM OR DISABILITY
(16% SAID THIS vs 11% OF THOSE WITHOUT)

THOSE LIVING IN A RURAL AREA (17% vs 11%)

CUSTOMERS USING PRE-PAYMENT METERS
(19% vs 10% OF THOSE PAYING BY DIRECT DEBIT)

12% is a significantly lower proportion than the fuel poverty rate for Scotland. However it is possible that some respondents say they can afford their energy costs because they under heat their home – these consumers would be considered to be fuel poor. With the Scottish Government currently considering how fuel poverty should be defined, the CFU will be carrying out research to explore how fuel poor consumers can be supported, which we will feed in to the anticipated consultation on a proposed new definition of fuel poverty for Scotland.

Electric heating

21% USE ELECTRIC HEATING

Electric heating use by other factors.

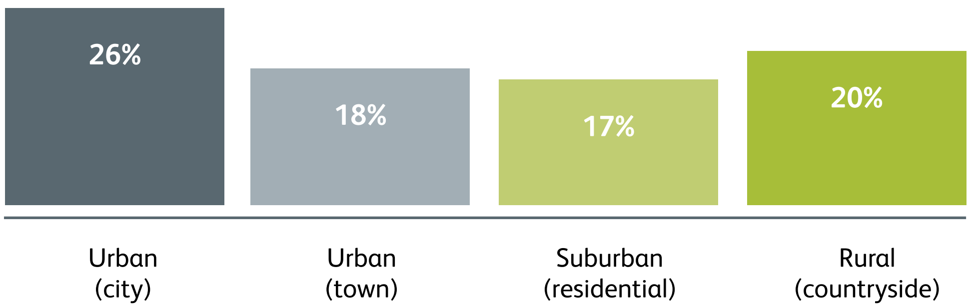
18% OF THOSE WITH ELECTRIC HEATING HAVE SWITCHED SUPPLIER COMPARED TO 24% OF MAINS GAS USERS

20% OF THOSE USING ELECTRIC HEATING SAY IT IS UNAFFORDABLE, COMPARED TO 10% OF THOSE WHO USE MAINS GAS

29% OF ELECTRIC HEATING USERS SAY THEY HAVE NO CHOICE OF SUPPLIER, COMPARED TO 10% OF THOSE USING MAINS GAS.

ELECTRIC HEATING IS LEAST COMMON IN SUBURBAN AREAS

Electric heating by location
% using electric heating

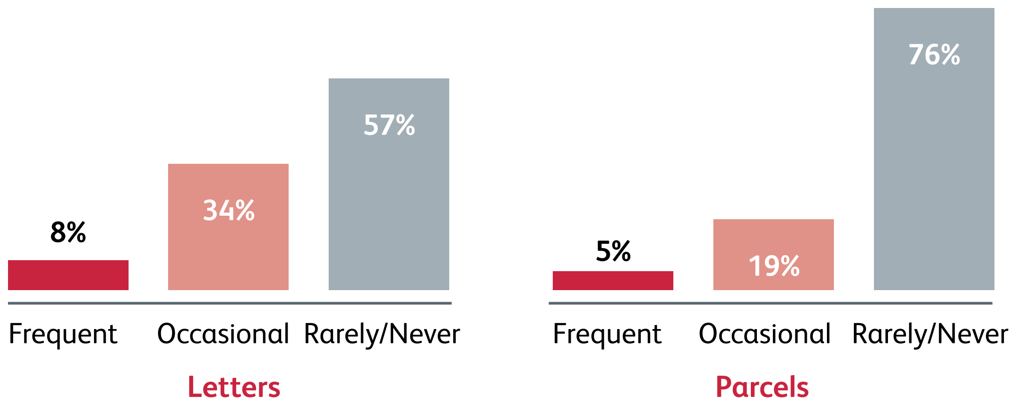


Electric heating is far more common in Scotland than in England and Wales, and is associated with significantly higher levels of fuel poverty compared to mains gas. The CFU will be conducting research in 2017 to look at tariff advice for those with electric heating systems, with a particular focus on those on restricted meters, who can find that it is more difficult to switch to another supplier.

POST

Use of postal services

Frequency of sending letters and parcels



It is well established that letter volumes have been declining by around 4% each year, and while parcel volumes have been increasing, this has been driven by online shopping. This means that the vast majority of that volume has been parcels **received** by consumers, so these results show relatively low frequency of consumers **sending** parcels.

Problems/complaints

HAD A PROBLEM WITH POSTAL SERVICES IN THE LAST YEAR.
51% OF THEM DID NOT COMPLAIN

16% of consumers said they had experienced problems with postal services in the last 12 months, most commonly related to lost items. However less than half actually complained, normally because they didn't think it was worthwhile to do so. This highlights the relatively low amounts that consumers spend on postal services, and the fact that when higher value items are being sent to consumers the retailer will normally take responsibility for any lost items. It is concerning however that 41% of those who complained were not satisfied by the result. This suggests that complaint procedures in the postal industry could be improved.

WATER

Awareness of billing

1/3 DID NOT KNOW WHO SUPPLIES WATER; 1/3 DID NOT KNOW WHAT CHARGES ARE BASED ON; 1/3 THINK THAT WATER CHARGES ARE NOT DUE IF USER IS IN RECEIPT OF 100% REDUCTION IN COUNCIL TAX

The survey found significant lack of awareness of important aspects of water and sewerage provision, suggesting that more needs to be done to raise consumers' awareness of Scottish Water, how charges are calculated, and when discounts do and don't apply. There is a risk that lack of awareness can lead consumers into debt for water charges. The CFU is working with frontline agencies, local authorities and the DWP to improve consumer awareness of ongoing liability to pay.

Support awareness

23% LESS THAN A QUARTER OF RESPONDENTS KNOW WHAT SCOTTISH WATER'S CUSTOMER CHARTER IS

The survey found a low level of awareness of Scottish Water's Customer Charter, meaning the majority of consumers do not know that they can claim compensation when services are not delivered as they should be. This suggests that as a minimum, Scottish Water needs to do more to make people aware of their rights to payments where standards of services have not been met. Additionally, consideration should be given by Scottish Water to making all payments automatic.

Higher costs to support less well-off / infrastructure investment

40% SUPPORT HIGHER COSTS TO SUPPORT THOSE LESS WELL OFF; MORE THAN 60% SUPPORT HIGHER CHARGES TO MAKE VARIOUS IMPROVEMENTS TO THE WATER SYSTEM

The results suggest that consumers are more willing to pay extra to support improvements to water and sewerage infrastructure than to support households that are less well-off and struggle to afford water and sewerage charges. With regard to the former, consumers prioritise reducing leakage and improving resilience of water and wastewater assets, something decision makers could take into account when prioritising spending.

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