CLEEN
Cluster for Energy and Environment

sgem
Smart Grids and Energy Markets

SGEM WP 5

5.3.3. Functioning of the electricity markets in different countries

Functioning of the electricity market in Finland
- The customer's point of view

Report, Full Version

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vaasa | emg

CONTENTS & INSTRUCTIONS

Contents

Instructions for reading the report

It is best to read this report *with the questionnaire,* because then it is easier to form an overall picture correctly (the exact questions and answer options being clear in the reader's mind). Following the questionnaire simultaneously while reading the report is easy due to question numbers being presented in the titles of each page. The contents of the report have been divided according to certain themes to make the wholeness more logical and easy to follow.

Reading the tables: All the results have been presented graphically (charts) to make it possible to read the report very quickly. In most cases, there are also tables presented so that the exact numbers can be shown:
<u>The columns of the tables</u>: ”Frequency” tells how many respondents chose a certain option. ”Per cent” tells this as per cents (how many per cents of the whole sample chose a certain option) and ”Valid per cent” tells this as valid per cents (how many per cents of those in the sample who have answered something to this question; meaning that missing answers have been ignored).
”Cumulative per cent” tells what is the cumulative share of the answer distribution.
<u>The rows of the tables</u>: ”Valid” tells first the answer options that were given to the respondents.
”Missing” tells the number of empty answers (no answer or disqualified answer).
”Total” is the sum of Valid- and Missing-rows, so it is the total number of all the answers.

Please note!
All the percentages mentioned in this report are valid per cents unless otherwise stated.

THE RESEARCH

Objectives of the research

The aim of this research project was to analyse the functioning of the electricity market in different countries from the consumers' point of view. The study focused on the reasons behind the consumers' behaviour and the level of the consumers' activity in the selected countries.
The first stage was executed in Finland in 2010.

This study covered mainly the following topics:
- Analysis of structural issues (e.g. stage of deregulation, ease of switching supplier, savings potential, suppliers' and authorities' activity etc.)
- Customers' experiences (awareness, satisfaction, perceived benefits and problems, confidence and trust, level of customer loyalty, perceived ease of switching etc.)
- Price development (price level and development through deregulation).

Research methods

The research project consisted of several stages and methods:

1) Literature review
2) Expert interviews
3) Questionnaire study
4) Price analysis

This report focuses on the results of the questionnaire study, because that was the main part of the research. However, also information from the expert interviews will be analysed, because they had a great effect on the consumer study and also offered valuable results on their own. Additionally, it is very interesting to compare the experts' point of view with the consumers' point of view.

Additionally, some main issues of the electricity price development will also be discussed in the end of the report, because price issues are naturally extremely important part of the electricity market for the consumers.

SAMPLE

Information about the sample

The responses were collected by sending questionnaires to Finnish households. The addresses for this purpose were extracted from the population database of Finnish Population Register Centre. The addresses included in the sample were randomly extracted from the national database, selecting people that are between 18 and 75 years and who speak Finnish as their mother tongue.

The sample in this research consists of 1384 questionnaire responses. Originally 6000 questionnaires were sent in November and December 2010 (two rounds; second round was sent to those who did not reply at the first time), but 5 of the questionnaires came back due to the problems of delivering them to the right persons. Therefore, the number of successfully distributed questionnaires was 5995. Altogether 1410 questionnaires were returned by the respondents, **response rate being 23,5 %** (1410/5995). This can be considered to be relatively good response rate in such a topic as the electricity market, which is a topic that many don't understand and many are not interested in. However, 26 questionnaires were empty or insufficiently filled in and therefore disqualified. Thus **1384 questionnaires were analysed in this research**.

The following slides give a basic description of the composition of the sample. This information gives a good picture of the fact that the results of this questionnaire research do not represent the opinions of just limited type of consumers but represent broadly Finnish people; young and old, female and male as well as consumers living in different types of residential environments.

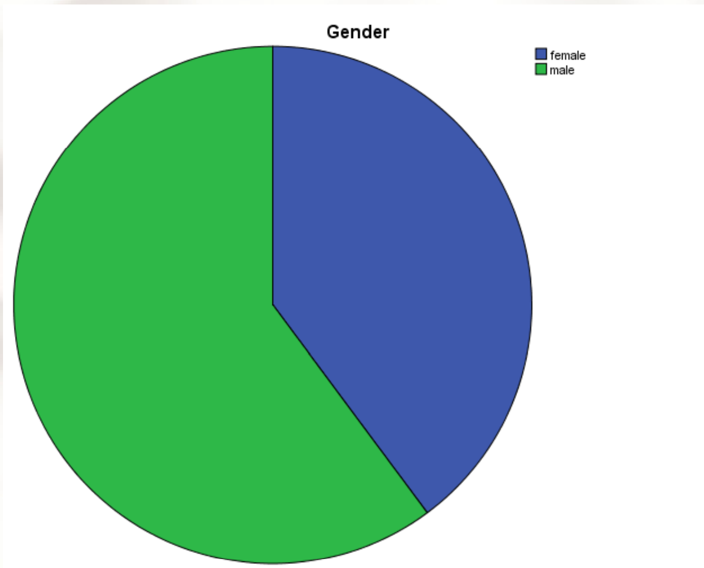
Additionally, the demographics information can be used for grouping the consumers when aiming at understanding whether some demographic information could explain certain type of attitudes or behaviour regarding the electricity market.

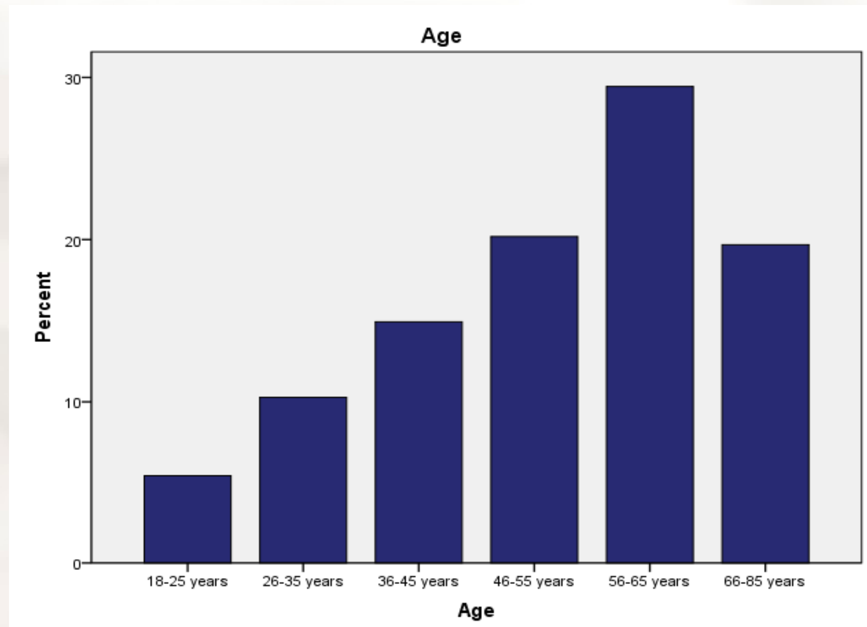
Demographic information

40 % of the respondents are females and 60 % males.

The average age of the respondents is 52 years, youngest respondent being 18 years and oldest 85 years old. The age distribution is quite mixed:

25 years or less: 6 %
26-35 years: 10 %
36-45 years: 15 %
46-55 years: 20 %
56-65 years 29 %
66 years or more 20 %

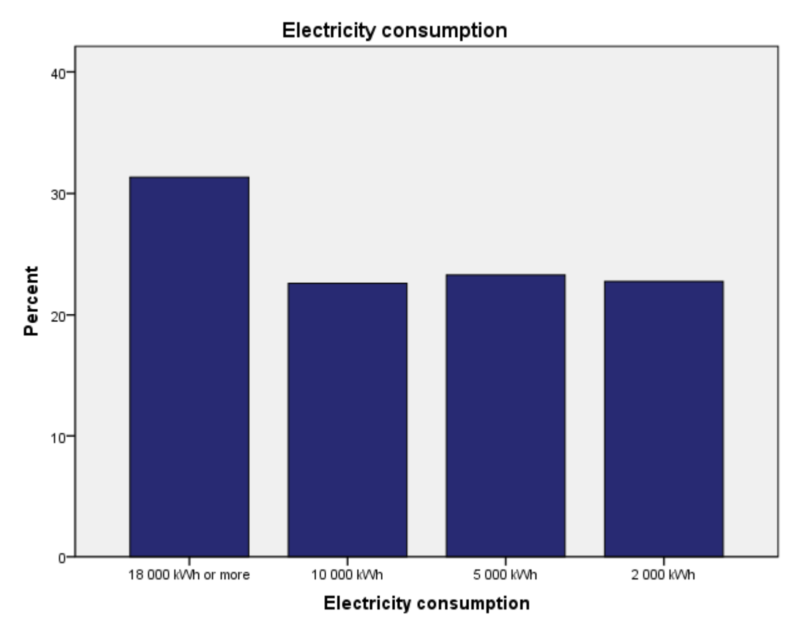




Electricity consumption

The respondents were asked to estimate their electricity consumption roughly, by putting themselves in one of the four main consumption categories that are typical for Finnish households.

31 % of the respondents have relatively large electricity consumption (a house with electric heating).

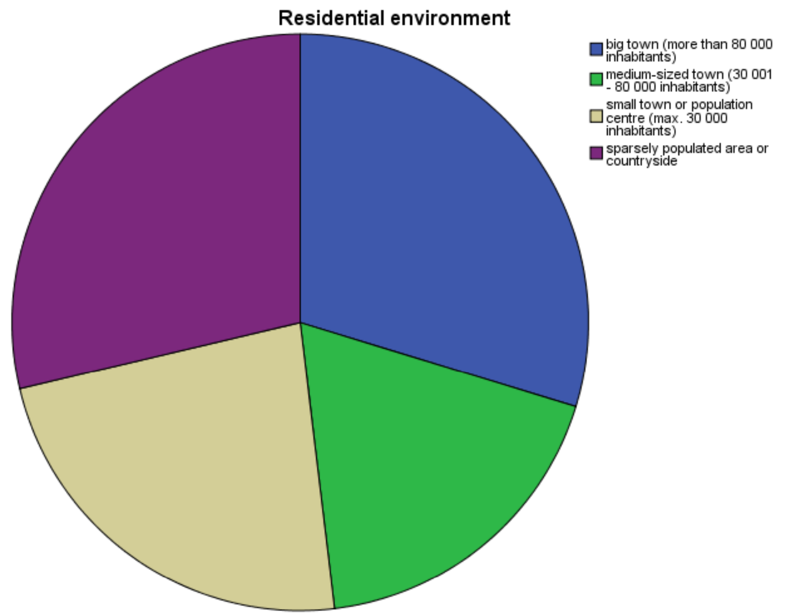


Electricity consumption

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 000 kWh or more	413	29,8	31,3	31,3
	10 000 kWh	298	21,5	22,6	53,9
	5 000 kWh	307	22,2	23,3	77,2
	2 000 kWh	300	21,7	22,8	100,0
	Total	1318	95,2	100,0	
Missing	System	66	4,8		
Total		1384	100,0		

Residential environment

The respondents represent broadly all types of residential environments: small, medium-sized and big towns as well as countryside or other sparsely populated areas.



Residential environment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	big town (more than 80 000 inhabitants)	406	29,3	29,7	29,7
	medium-sized town (30 001 - 80 000 inhabitants)	251	18,1	18,4	48,1
	small town or population centre (max. 30 000 inhabitants)	317	22,9	23,2	71,3
	sparsely populated area or countryside	392	28,3	28,7	100,0
	Total	1366	98,7	100,0	
Missing	System	18	1,3		
Total		1384	100,0		

Expert interviews

Prior to the questionnaire study, a number of energy professionals were interviewed in order to collect information and ideas to support the questionnaire study. In total 22 experts were interviewed.

The interviewees were chosen to represent a broad knowledge and experience of the electricity market.

14 of these experts represent the electricity suppliers, 5 different kinds of authorities or other organizations working on or with the industry, and 3 of them represent research or consultancy organizations.

Expert interviews

INTERVIEWEES

Matti Purasjoki, Dog Nap Consulting	Heikki Rantamäki, Pohjois-Karjalan Sähkö
Reino Huusko, E.ON Suomi / Ekosähkö	Maria Mustonen, Suomen Energiayhtiö
Antti Kivipuro, Energiamarkkinavirasto	Pertti Suuripää, Tampereen Sähkölaitos
Päivi Alaoja, Energiapolar	Arto Rajala, Työ- ja elinkeinoministeriö
Pekka Salomaa, Energiateollisuus ry	Risto Argillander, Turku Energia
Aki Koskinen, Fortum Markets	Hannu Linna, Vaasan Sähkö
Kimmo Tyni, Haminan Energia	Juha Lindholm, Vatajankosken Sähkö
Jukka Niemi, Helsingin Energia	Ilkka Salonen, Vattenfall
Valtteri Virtanen, Kilpailuvirasto	Jouko Kivioja, Vetelin Sähkölaitos
Jukka Kaakkola, Kuluttajavirasto	Nyrki Laine, Voimatori
Salla Annala, Lappeenrannan teknillinen yliopisto	Maija Ruska, VTT

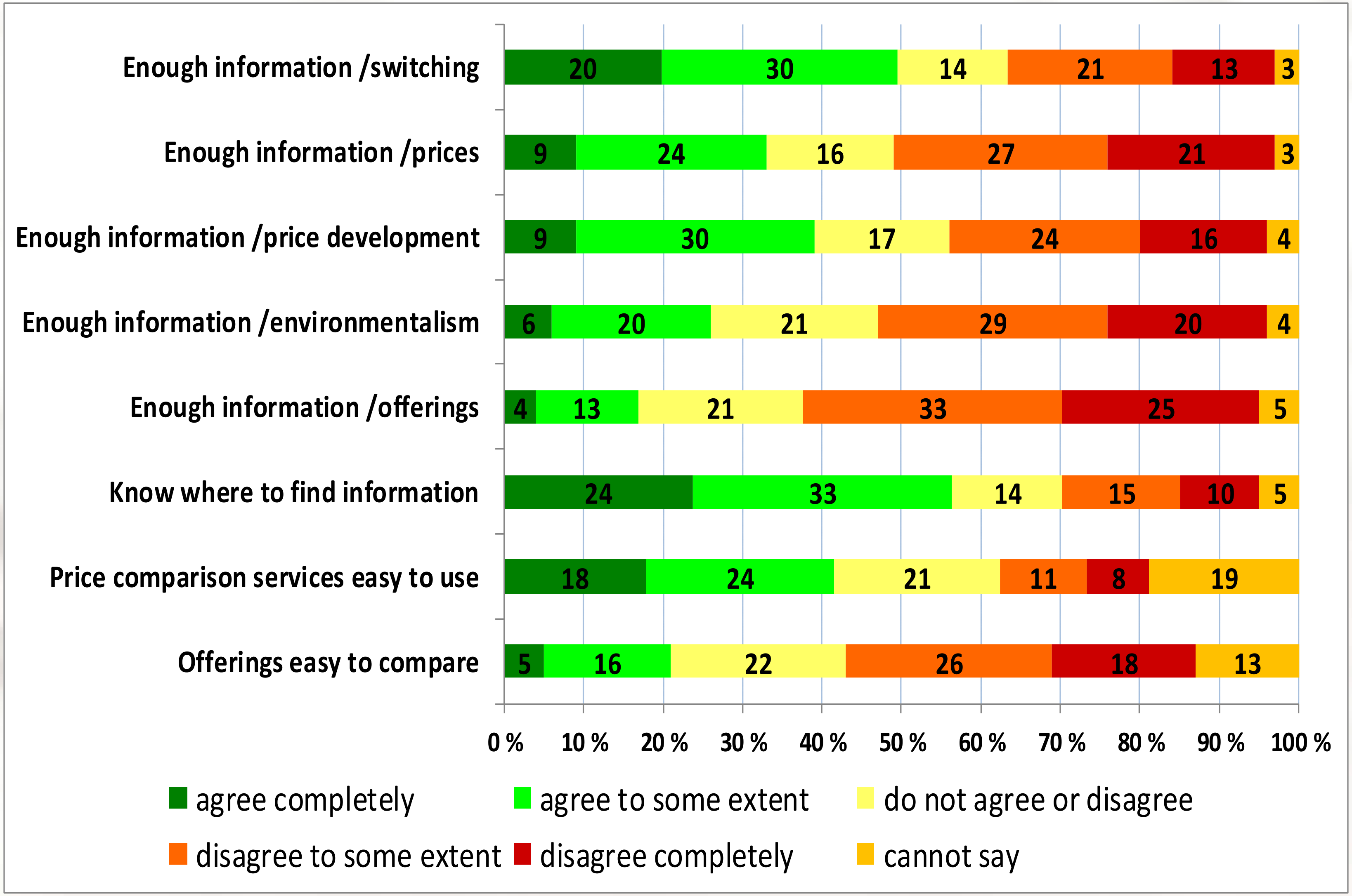
AWARENESS OF THE ELECTRICITY MARKET

Awareness of the electricity market

To be able to understand the consumers' point of view at the electricity market, one of the most important issues is to understand their perception of their awareness of the most important issues.

The respondents were given questions regarding their knowledge of the electricity prices and other offerings as well as of switching supplier.

Awareness of the electricity market Q1



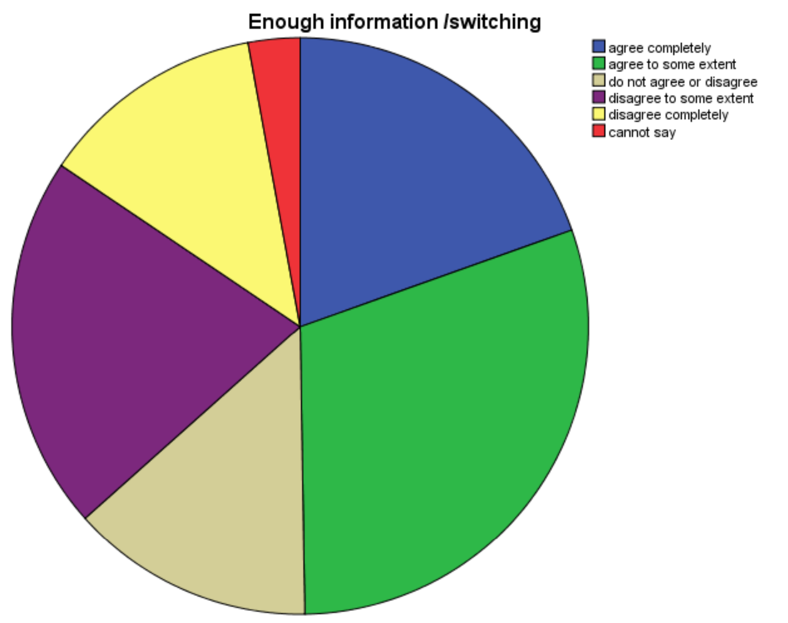
…awareness of the electricity market Q1

- switchers vs. non-switchers -

Agree	Switchers	Non-switchers
Enough information /switching	74 %	39 %
Enough information /prices	50 %	25 %
Enough information /environmentalism	36 %	22 %
Know where to find information	75 %	50 %
Price comparison services easy to use	63 %	33 %
Offerings easy to compare	32 %	16 %

Awareness of switching supplier Q1a

50 % of the respondents agree and 34 % disagree with the following statement:
"I think I have enough information of switching electricity supplier".

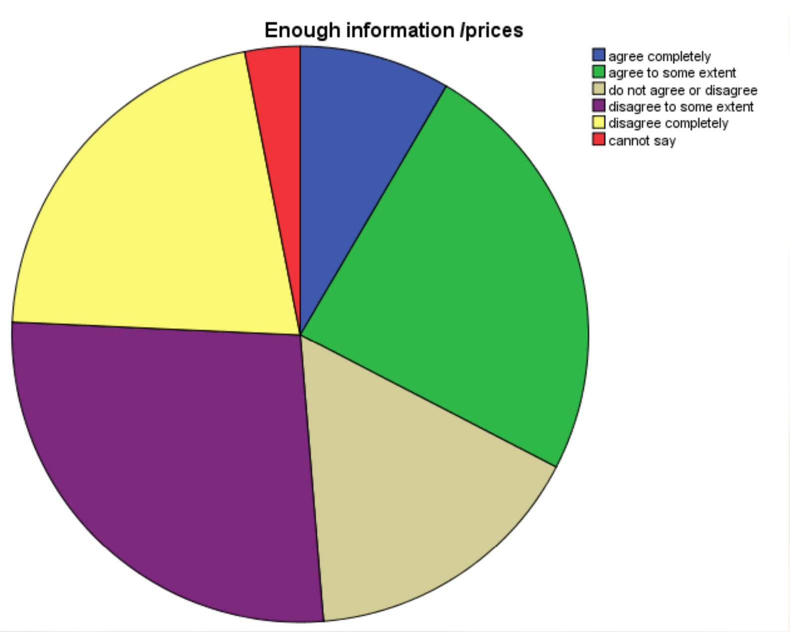


Enough information /switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	269	19,4	19,6	19,6
	agree to some extent	415	30,0	30,2	49,7
	do not agree or disagree	188	13,6	13,7	63,4
	disagree to some extent	289	20,9	21,0	84,4
	disagree completely	174	12,6	12,7	97,1
	cannot say	40	2,9	2,9	100,0
	Total	1375	99,3	100,0	
Missing	System	9	,7		
Total		1384	100,0		

Awareness of the prices Q1b

33 % of the respondents agree and 48 % disagree with the following statement: ***"I think I have enough information of the prices of different electricity suppliers".***

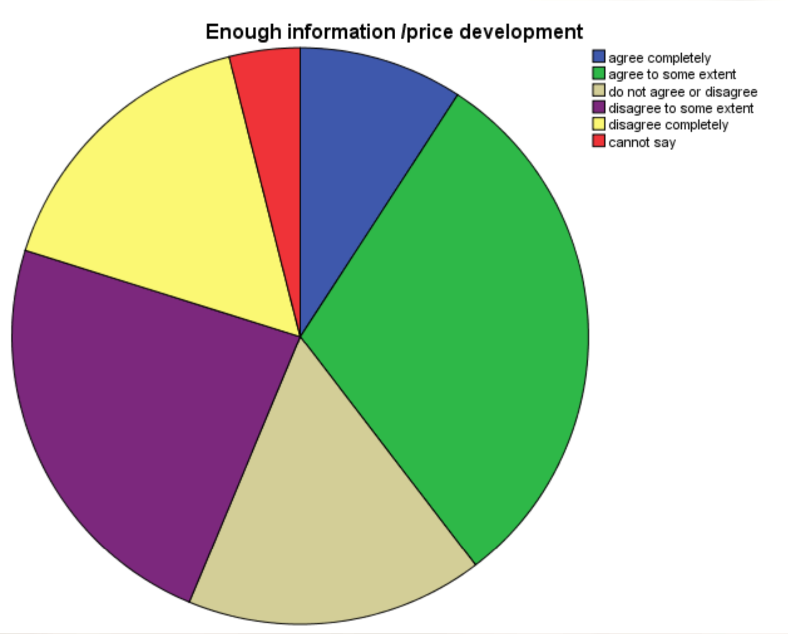


Enough information /prices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	115	8,3	8,5	8,5
	agree to some extent	328	23,7	24,1	32,6
	do not agree or disagree	219	15,8	16,1	48,7
	disagree to some extent	367	26,5	27,0	75,7
	disagree completely	288	20,8	21,2	96,9
	cannot say	42	3,0	3,1	100,0
	Total	1359	98,2	100,0	
Missing	System	25	1,8		
Total		1384	100,0		

Awareness of price development Q1c

40 % of the respondents agree and 40 % disagree with the following statement: *"I think I have enough information of how the electricity prices are expected to develop in the future".*

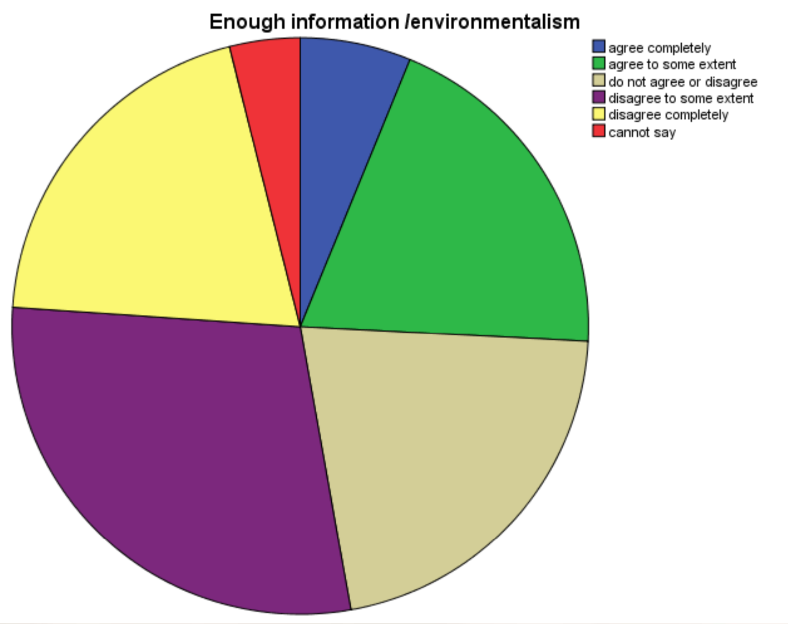


Enough information /price development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	125	9,0	9,2	9,2
	agree to some extent	413	29,8	30,4	39,6
	do not agree or disagree	227	16,4	16,7	56,3
	disagree to some extent	320	23,1	23,5	79,8
	disagree completely	220	15,9	16,2	96,0
	cannot say	54	3,9	4,0	100,0
	Total	1359	98,2	100,0	
Missing	System	25	1,8		
Total		1384	100,0		

Awareness of environmentalism Q1d

26 % of the respondents agree and 49 % disagree with the following statement: *"I think I have enough information of the origin and environmentalism of the electricity offered by different suppliers".*

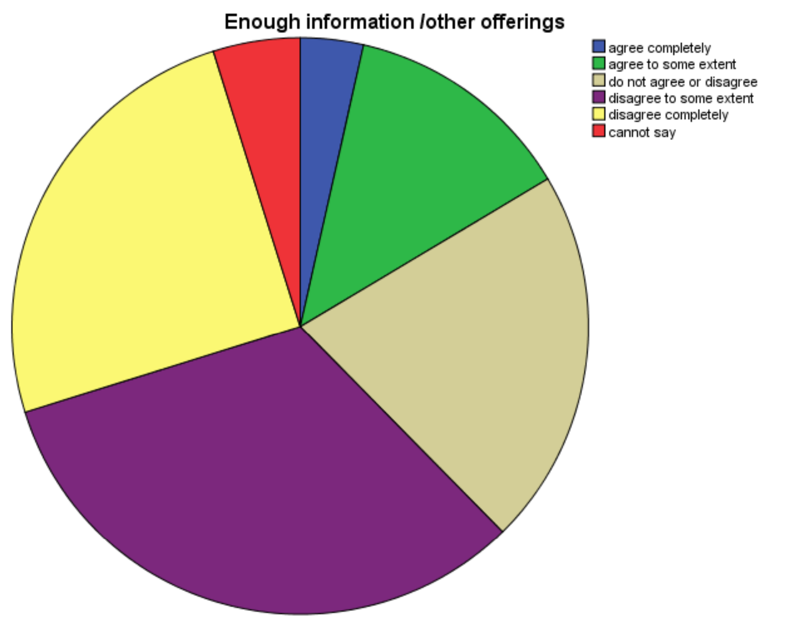


Enough information /environmentalism

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	85	6,1	6,2	6,2
	agree to some extent	268	19,4	19,6	25,8
	do not agree or disagree	292	21,1	21,4	47,2
	disagree to some extent	395	28,5	28,9	76,1
	disagree completely	273	19,7	20,0	96,0
	cannot say	54	3,9	4,0	100,0
	Total	1367	98,8	100,0	
Missing	System	17	1,2		
Total		1384	100,0		

Awareness of other offerings Q1e

16 % of the respondents agree and 58 % disagree with the following statement:
"I think I have enough information of the other offering of the electricity suppliers (e.g. different kinds of products and services)".

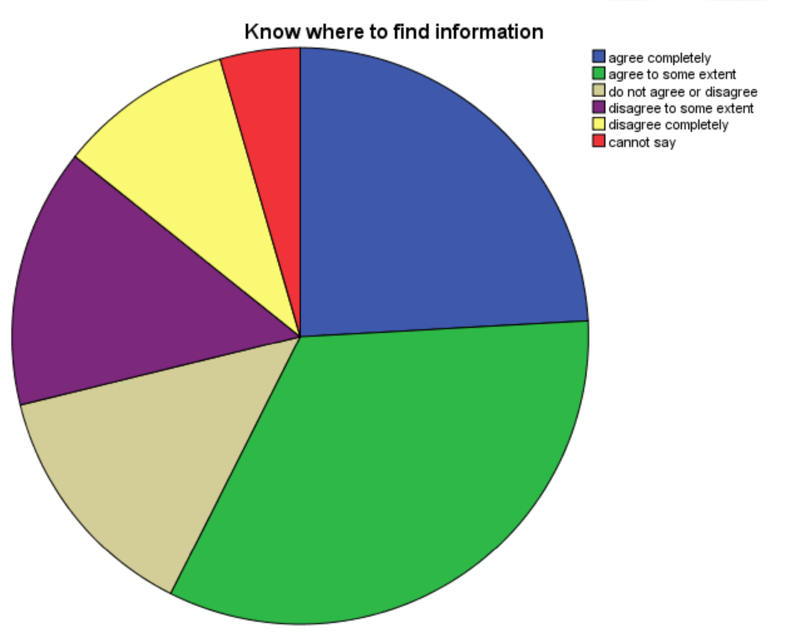


Enough information /other offerings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	47	3,4	3,5	3,5
	agree to some extent	172	12,4	12,9	16,4
	do not agree or disagree	282	20,4	21,2	37,6
	disagree to some extent	434	31,4	32,6	70,2
	disagree completely	332	24,0	24,9	95,1
	cannot say	65	4,7	4,9	100,0
	Total	1332	96,2	100,0	
Missing	System	52	3,8		
Total		1384	100,0		

Knowing where to find info Q1f

57 % of the respondents agree and 24 % disagree with the following statement: ***"I know where to find information when I need it, regarding switching electricity supplier and comparing the offering of different suppliers."***

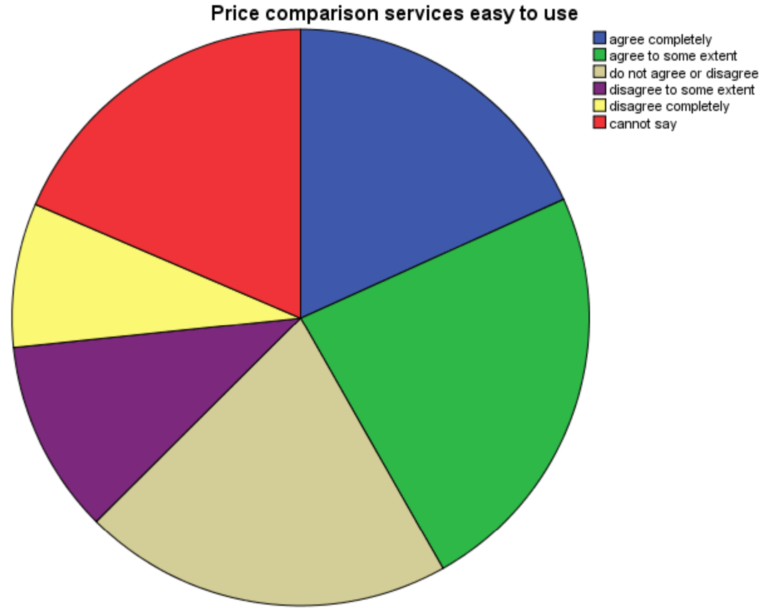


Know where to find information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	328	23,7	24,1	24,1
	agree to some extent	453	32,7	33,3	57,4
	do not agree or disagree	187	13,5	13,8	71,2
	disagree to some extent	198	14,3	14,6	85,7
	disagree completely	133	9,6	9,8	95,5
	cannot say	61	4,4	4,5	100,0
	Total	1360	98,3	100,0	
Missing	System	24	1,7		
Total		1384	100,0		

Price services easy to use Q1g

42 % of the respondents agree and 19 % disagree with the following statement: *"I think that different price comparison services, provided via Internet, are easy to use".*



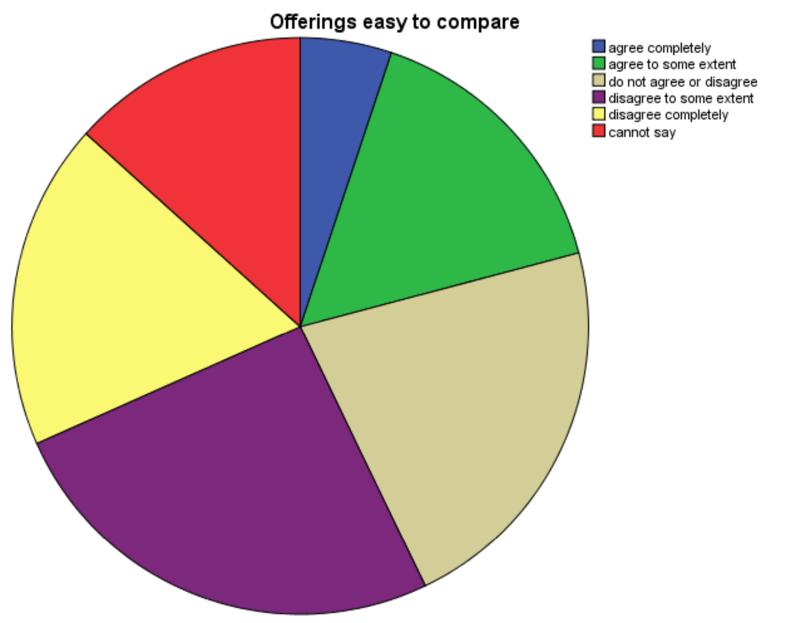
Price comparison services easy to use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	241	17,4	18,2	18,2
	agree to some extent	311	22,5	23,5	41,8
	do not agree or disagree	274	19,8	20,7	62,5
	disagree to some extent	143	10,3	10,8	73,4
	disagree completely	107	7,7	8,1	81,5
	cannot say	245	17,7	18,5	100,0
	Total	1321	95,4	100,0	
Missing	System	63	4,6		
Total		1384	100,0		

Offerings easy to compare Q1h

21 % of the respondents agree and 44 % disagree with the following statement:

"I think that it is easy to compare the product and contract alternatives offered by different electricity suppliers".



Offerings easy to compare

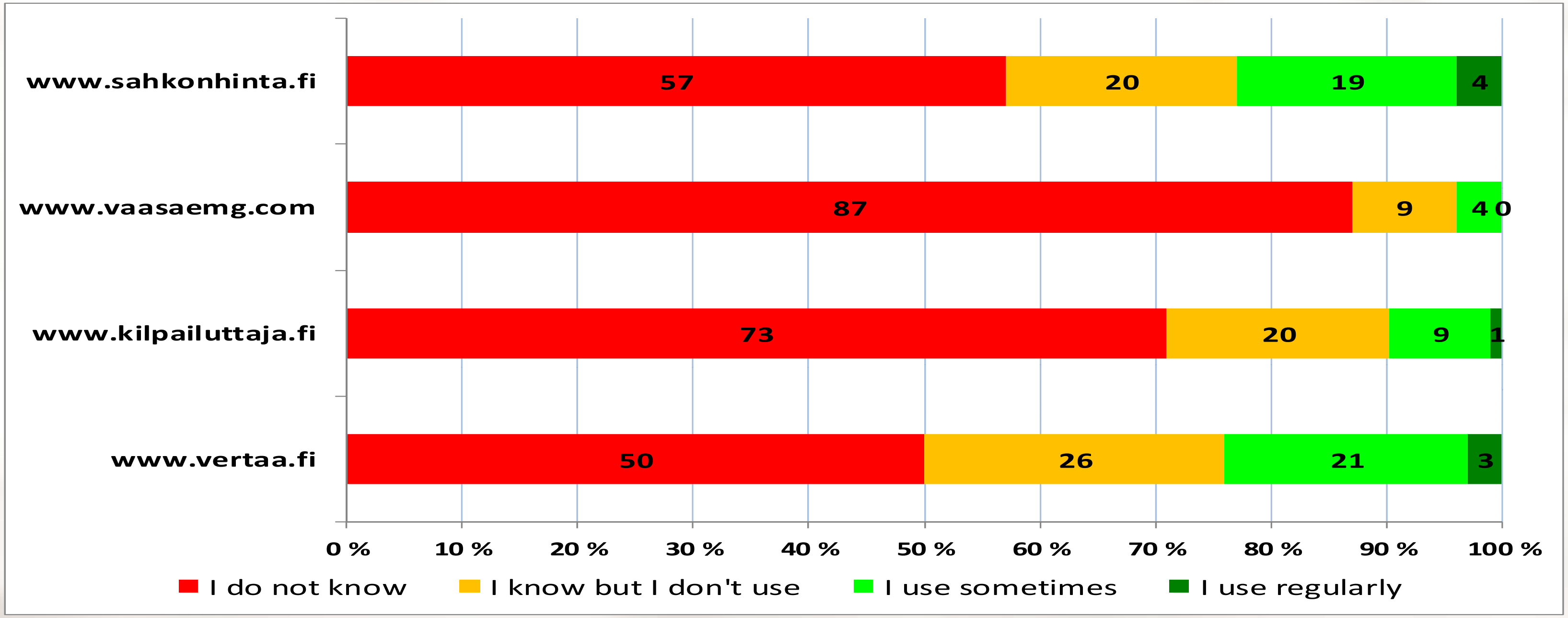
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	70	5,1	5,1	5,1
	agree to some extent	215	15,5	15,8	20,9
	do not agree or disagree	300	21,7	22,0	42,9
	disagree to some extent	348	25,1	25,5	68,4
	disagree completely	250	18,1	18,3	86,7
	cannot say	182	13,2	13,3	100,0
	Total	1365	98,6	100,0	
Missing	System	19	1,4		
Total		1384	100,0		

Knowledge of the price comparisons

Nowadays there are several price comparison services offered to consumers via Internet.

The respondents were given questions regarding to what extent they are familiar with and use these services.

Price comparison services Q2



The respondents were also able to mention some other services they use. They mentioned www.vaihtovirta.fi (14 times; this is currently same as www.kilpailuttaja.fi), www.vaihdavirtaa.net (3 times,) www.sahkonvartijat.fi (twice), www.rakentaja.fi (twice) and each of the following once: Kuluttajavirasto, Motiva, Omakotiliitto and Yrittäjäin Sähkö.

Regarding kilpailuttaja.fi and vertaa.fi, it must be noticed that it might have an impact that in these services it is possible to compare several other products/services as well and people might use it for several purposes. However, the respondents were asked to answer just based on the electricity price comparisons they do.

Influence of the comparison services

- the experts' point of view -

The experts were asked, what do they think of different kinds of non-official organizations' communication (e.g. via media) and information services they offer (e.g. via Internet), when thinking about activating the market and improving the functioning of the market.

These kinds of services are, at least:

www.vaasaemg.com

www.vaihdavirtaa.net

www.kilpailuttaja.fi

www.vaihtovirta.fi

www.vertaa.fi

…influence of the comparison services

- the experts' point of view -

The experts gave mainly positive feedback towards the unofficial organizations and the work they do, most experts considered them to be of great importance to the market and the consumers' awareness. However, the comments were mixed.

On the other hand, all the communication and services were seen good in a way that they activate the market and inform the customers. Therefore they were supported by almost all the interviewees.

However, the purely commercial services were criticized , mainly because these services only include the prices of some suppliers. Therefore they are not comprehensive, which is not always clear to the consumers and may mislead them. It was often mentioned by the interviewees that all these services should include independent information, not just information from suppliers that have paid to be included.

…influence of the comparison services

- the experts' point of view -

"I think this is very good. It promotes competition a lot, and on a EU level this is very exceptional type of activity. However, it is difficult for the consumer to know what is the organization that offers these services; whether it is non-profit organization or one that makes margins out of those customers that switch supplier. This should be very clear to the customers."

"The operation of some of these services is commercial, purpose-oriented and profit-seeking, and in that case the role of the service is different. It is often impossible to know how many suppliers are included in the comparisons; one supplier or hundred suppliers…"

"I am wondering whether the consumers have exact information about these sites. Perhaps there should be more active communication about these services to the customers. In total it is good that the information is being shared; it helps us and it helps the customer as well."

"It is extremely important that we have these kinds of services. These get to the media much easier than the official side."

FUNCTIONING OF THE ELECTRICITY MARKET

A well-functioning electricity market?

- the experts' point of view -

The experts were asked to define a well-functioning electricity market from the consumers' point of view. What are their essential characteristics like?

Most commonly mentioned features were:

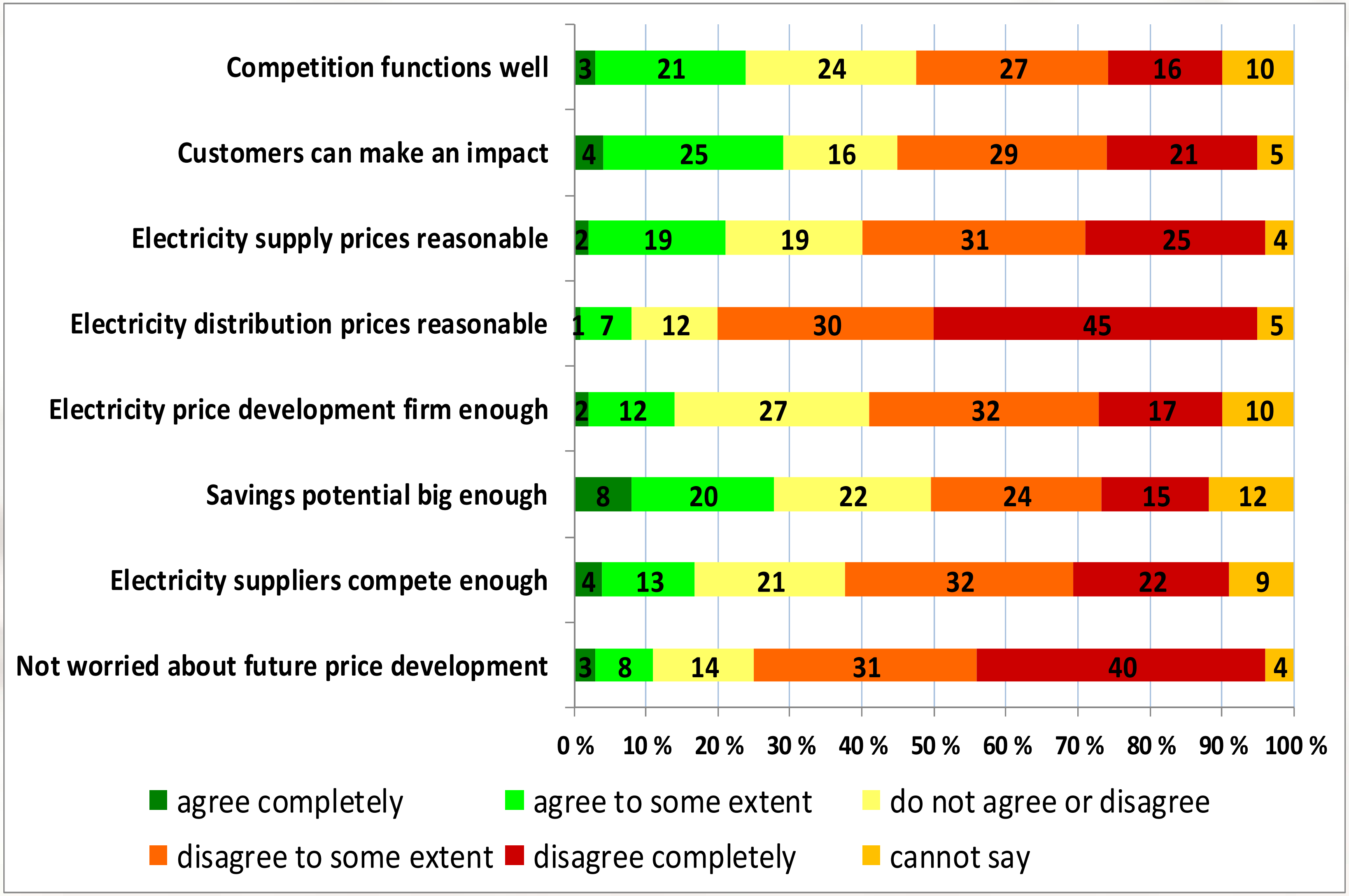
- Easiness and simplicity in everything (comparing prices, products or contracts, switching supplier)
- Transparent and reliable pricing
- Reliable supply of electricity
- Enough active suppliers
- Enough product and contract alternatives
- Good customer service quality
- Market prices reflect to the end-customer prices
- All companies have same rules and clear roles

Functioning of the electricity market

The customers were asked to evaluate the electricity market from many viewpoints: Level of competition, benefits for the customer, price level, service level etc.

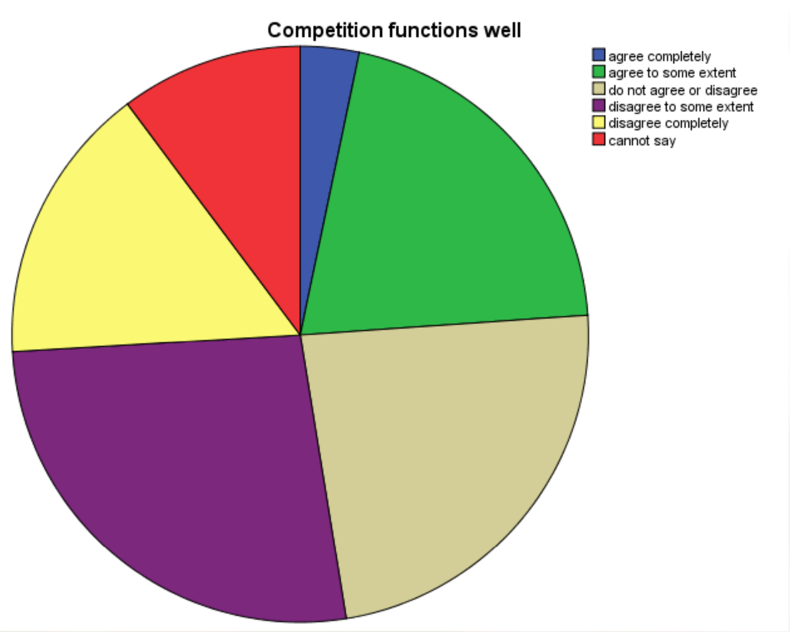
The aim was to reach an understanding of things that from the customers' point of view are well taken care of, and things where there is most space for improvement.

Functioning of the market Q3



Competition functions well Q3a

24 % of the respondents agree and 42 % disagree with the following statement: *"I think that competition at the electricity market works fine on the whole".*

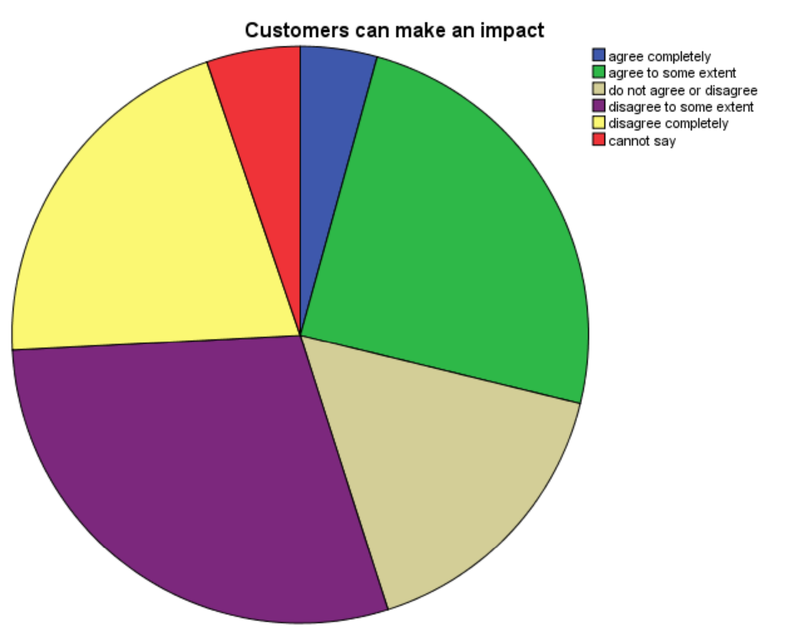


Competition functions well

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	45	3,3	3,3	3,3
	agree to some extent	282	20,4	20,6	23,9
	do not agree or disagree	322	23,3	23,5	47,4
	disagree to some extent	364	26,3	26,6	74,0
	disagree completely	215	15,5	15,7	89,8
	cannot say	140	10,1	10,2	100,0
	Total	1368	98,8	100,0	
Missing	System	16	1,2		
Total		1384	100,0		

Customers can make an impact Q3b

29 % of the respondents agree and 50 % disagree with the following statement:
"I believe that customers can influence in the competitive situation and electricity price development by their own actions.".

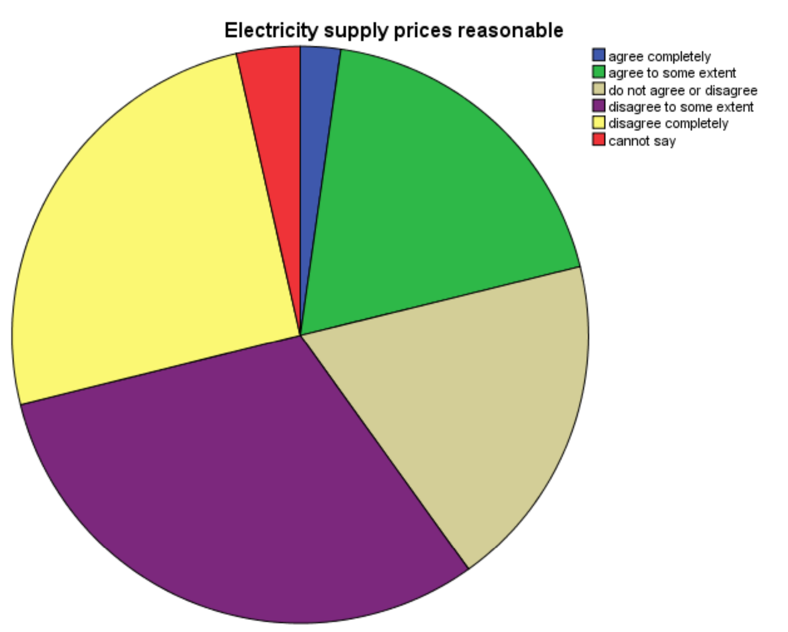


Customers can make an impact

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	59	4,3	4,3	4,3
	agree to some extent	336	24,3	24,5	28,8
	do not agree or disagree	223	16,1	16,3	45,1
	disagree to some extent	399	28,8	29,1	74,2
	disagree completely	282	20,4	20,6	94,7
	cannot say	72	5,2	5,3	100,0
	Total	1371	99,1	100,0	
Missing	System	13	,9		
Total		1384	100,0		

Electricity prices reasonable Q3c

21 % of the respondents agree and 56 % disagree with the following statement: ***"I think that the prices for <u>electric energy</u> are currently reasonable in Finland".***

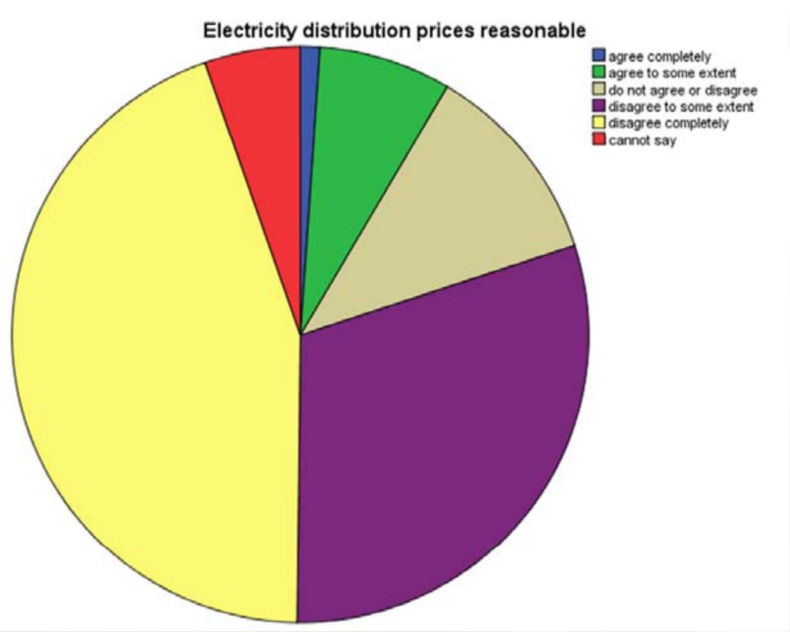


Electricity supply prices reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	31	2,2	2,3	2,3
	agree to some extent	260	18,8	18,9	21,2
	do not agree or disagree	260	18,8	18,9	40,1
	disagree to some extent	427	30,9	31,1	71,1
	disagree completely	348	25,1	25,3	96,4
	cannot say	49	3,5	3,6	100,0
	Total	1375	99,3	100,0	
Missing	System	9	,7		
Total		1384	100,0		

Distribution prices reasonable Q3d

9 % of the respondents agree
and 75 % disagree
with the following statement:
"I think that the __distribution prices for electricity__ are currently reasonable in Finland".

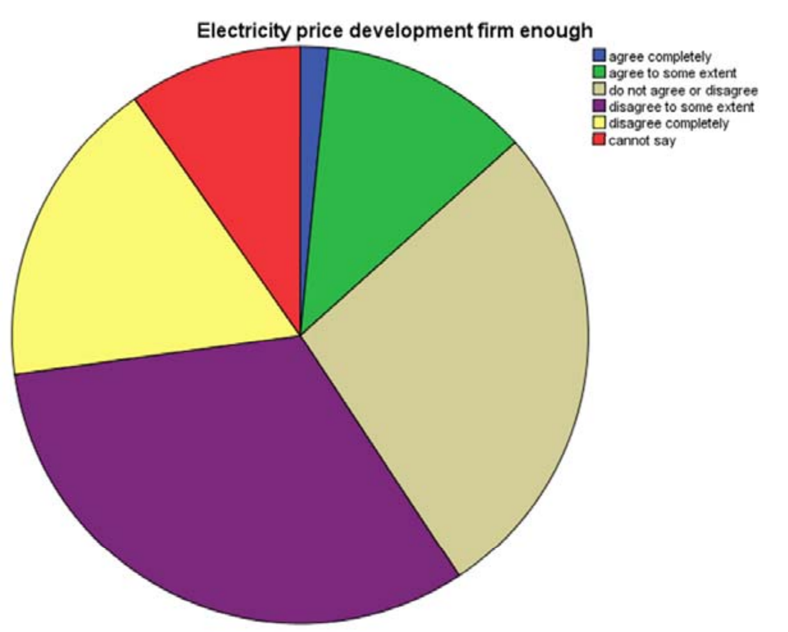


Electricity distribution prices reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	15	1,1	1,1	1,1
	agree to some extent	101	7,3	7,4	8,5
	do not agree or disagree	156	11,3	11,5	20,0
	disagree to some extent	411	29,7	30,2	50,2
	disagree completely	605	43,7	44,5	94,6
	cannot say	73	5,3	5,4	100,0
	Total	1361	98,3	100,0	
Missing	System	23	1,7		
Total		1384	100,0		

Price development stable enough Q3e

13 % of the respondents agree and 50 % disagree with the following statement: *"I think that the electricity price development is stable enough".*



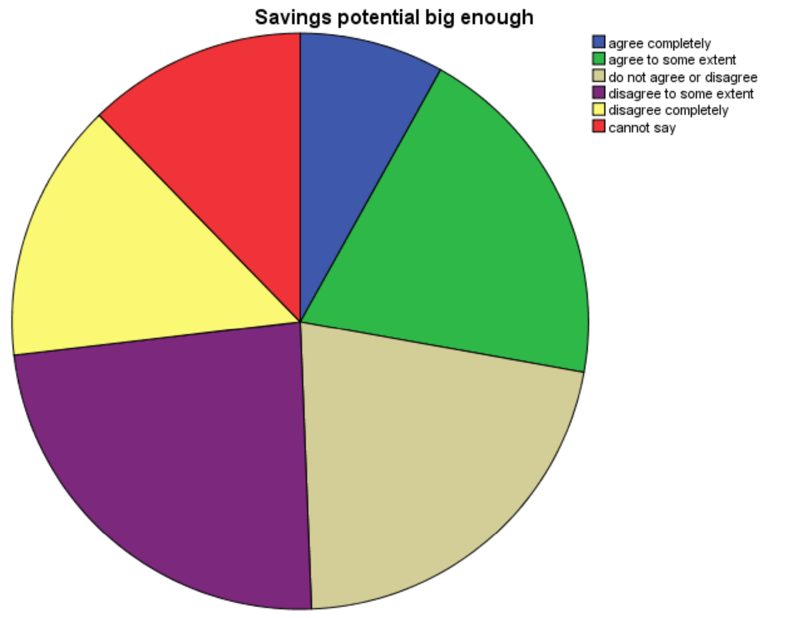
Electricity price development firm enough

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	21	1,5	1,6	1,6
	agree to some extent	159	11,5	11,8	13,4
	do not agree or disagree	367	26,5	27,3	40,7
	disagree to some extent	432	31,2	32,1	72,8
	disagree completely	234	16,9	17,4	90,3
	cannot say	131	9,5	9,7	100,0
	Total	1344	97,1	100,0	
Missing	System	40	2,9		
Total		1384	100,0		

Savings potential big enough Q3f

28 % of the respondents agree and 38 % disagree with the following statement:

"I think that the savings possibilities for switching electricity supplier is large enough compared to the effort required."

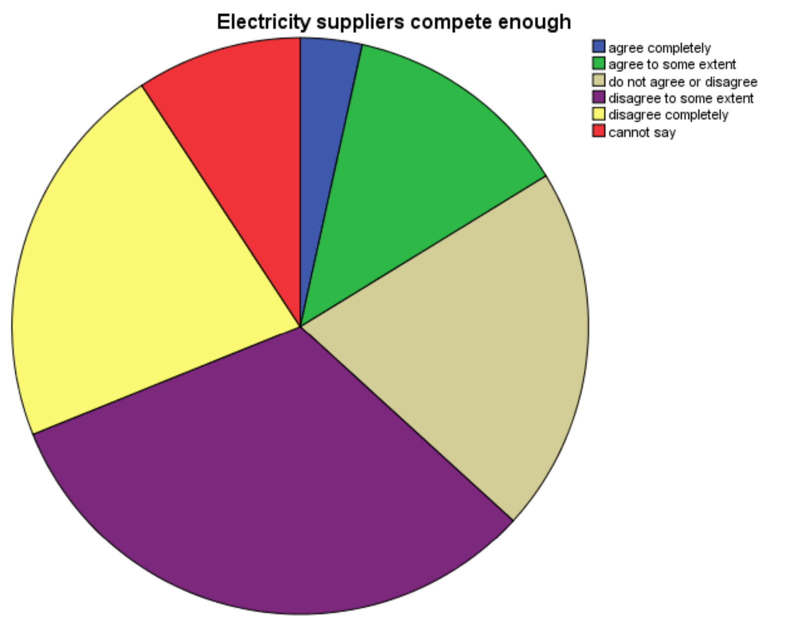


Savings potential big enough

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	110	7,9	8,1	8,1
	agree to some extent	268	19,4	19,7	27,8
	do not agree or disagree	293	21,2	21,6	49,4
	disagree to some extent	323	23,3	23,8	73,1
	disagree completely	198	14,3	14,6	87,7
	cannot say	167	12,1	12,3	100,0
	Total	1359	98,2	100,0	
Missing	System	25	1,8		
Total		1384	100,0		

Enough competition Q3g

16 % of the respondents agree and 54 % disagree with the following statement:
"I think that the electricity suppliers compete enough for the customers".

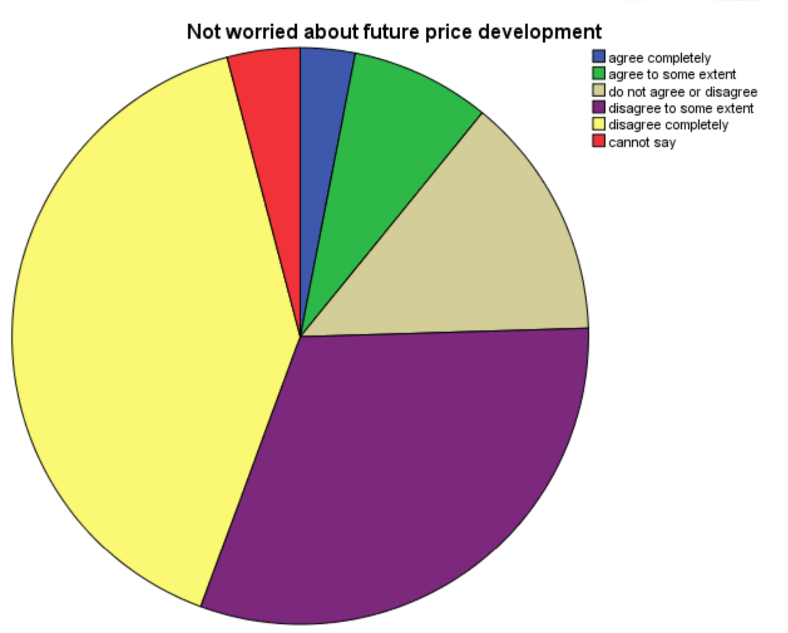


Electricity suppliers compete enough

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	47	3,4	3,5	3,5
	agree to some extent	174	12,6	12,8	16,3
	do not agree or disagree	279	20,2	20,5	36,8
	disagree to some extent	437	31,6	32,1	68,9
	disagree completely	297	21,5	21,8	90,7
	cannot say	126	9,1	9,3	100,0
	Total	1360	98,3	100,0	
Missing	System	24	1,7		
Total		1384	100,0		

Not worried about future prices Q3h

11 % of the respondents agree
and 71 % disagree
with the following statement:
*"I am not worried about
the future price development
for electricity.".*



Not worried about future price development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	42	3,0	3,1	3,1
	agree to some extent	107	7,7	7,8	10,9
	do not agree or disagree	187	13,5	13,6	24,5
	disagree to some extent	426	30,8	31,1	55,6
	disagree completely	552	39,9	40,3	95,9
	cannot say	56	4,0	4,1	100,0
	Total	1370	99,0	100,0	
Missing	System	14	1,0		
Total		1384	100,0		

Functioning of the market Q3

- switchers vs. non-switchers -

Agree	Switchers	Non-switchers
Competition functions well	30 %	21 %
Electricity distribution prices reasonable	6 %	10 %
Savings potential big enough	53 %	16 %

Grades for the electricity suppliers

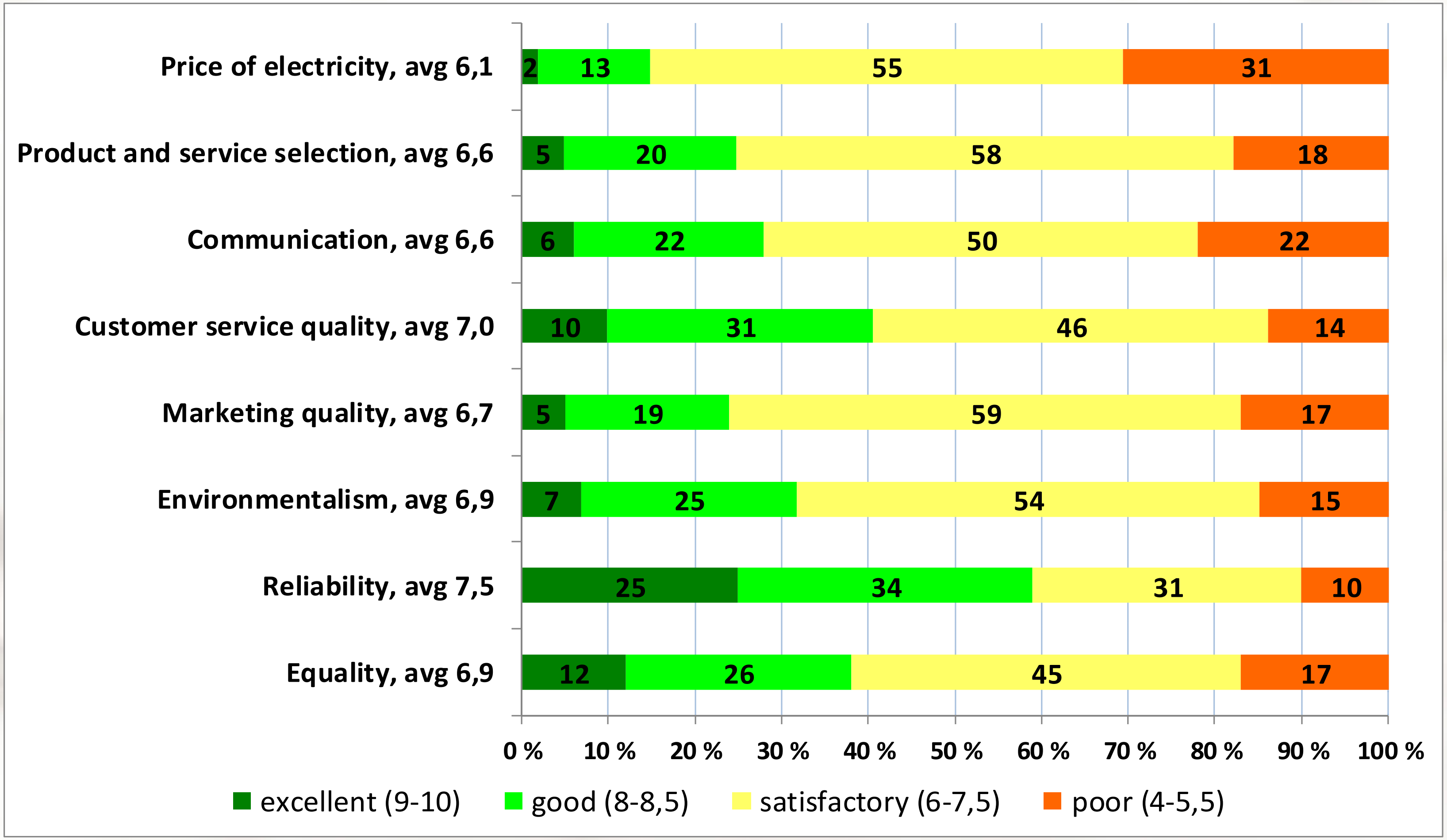
It must be noted that most of the consumers have very little experience of the electricity suppliers, due to the fact that most of them know just one or two suppliers.

Therefore, the consumers do not have enough information of the suppliers to be able to evaluate them on the whole in a reliable manner.

However, they were asked to do this anyway. The aim was to get an idea of the impression that the consumers have; through their own or their friends' experiences, through the media and through the communication by the suppliers.

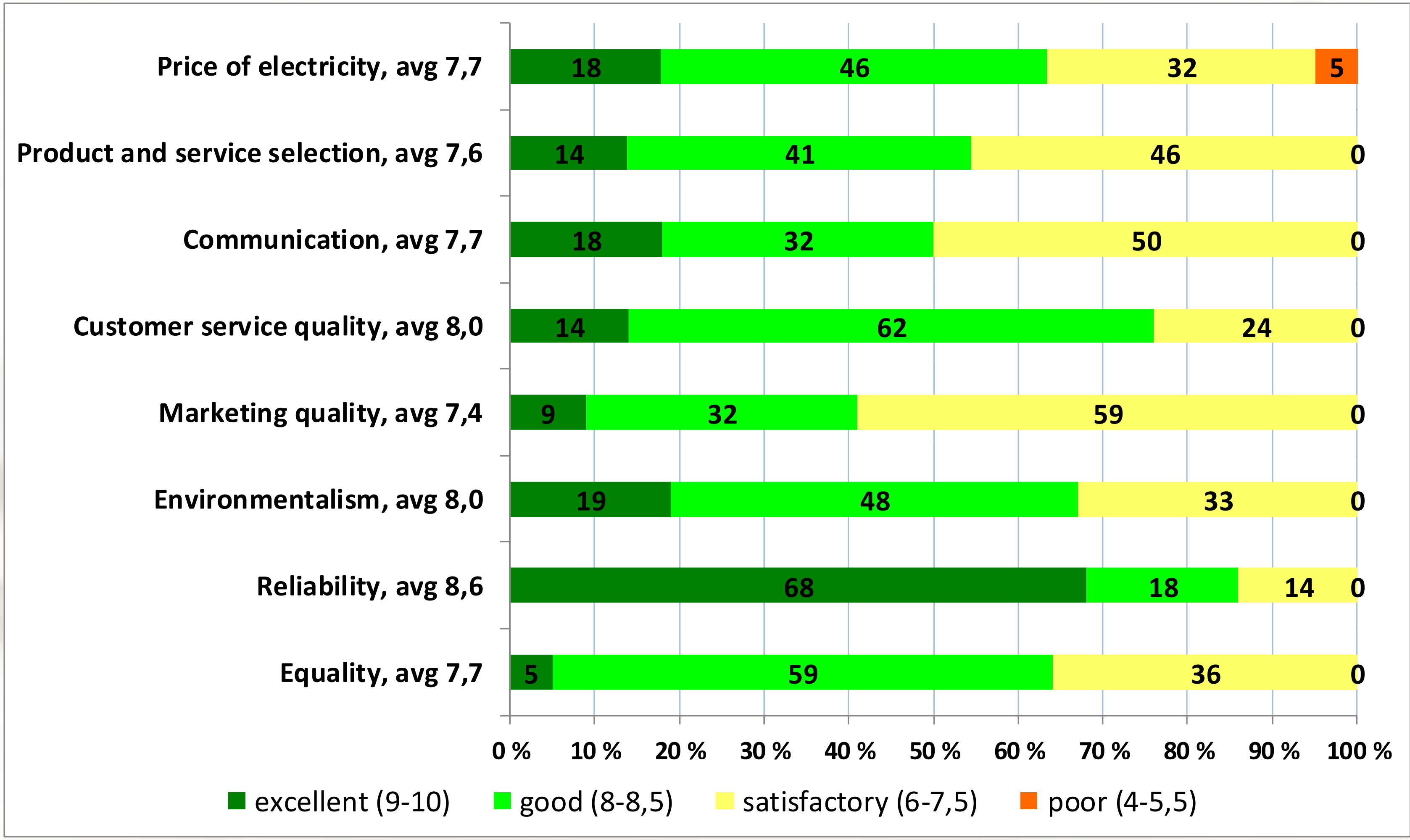
The experts were asked to do the same. They have much more comprehensive and reliable view of the electricity industry; on the other hand, most of them were suppliers themselves, and therefore cannot be considered to be fully unbiased.

Grades for the suppliers Q4



Grades for the suppliers

- the experts' point of view -



Grades for the suppliers

- experts vs. consumers -

Grade	Consumers (average)	Experts (average)
Price of electricity	6,1	7,7
Product and service selection	6,6	7,6
Communication	6,6	7,7
Customer service quality	7,0	8,0
Marketing quality	6,7	7,4
Environmentalism	6,9	8,0
Reliability	7,5	8,6
Equality	6,9	7,7

Price of electricity

The most common comment regarding prices was that the prices are high and increasing all the time. It was also often stated that the prices are very difficult to understand and be compared with each others. Other comments that were given by several respondents, were that the distribution prices are too high, the common market increases prices and that the savings potential is too small for the consumers.

"I don't understand why the long-term customer pays the highest price."

"I have never received an offer from any supplier → no competition exists."

"The rules of the Nordic electricity stock exchange are idiotic – nobody should accept them."

"The prices could be more clearly presented and easier to be found over the Internet."

"I don't understand why there are so big differences in prices."

Price of electricity

- the experts' point of view -

"The price level in Finland is still one of the cheapest in Europe ."

"Price must be good for the consumers because electricity is partly sold at a loss."

"A large majority of the suppliers do not follow the market price at all."

"There is always one fool who sells at awfully cheap price."

"It is not fair to sell below market prices; of course it is good for the consumers but it is not acceptable from the other suppliers' point of view."

Product and service selection

By far the most common comment regarding product and service selection was that the consumers have very little information regarding the selection. Other comments were miscellaneous; there are too many options, too few options, different kinds of production methods available…

"There are all sorts of packages available."

"No energy saving services."

Product and service selection

- the experts' point of view -

"There is lack of innovativeness."

"The suppliers follow each others and there has been a lot of trial."

"There is no need for very many products, it is enough to have basic products."

"Electricity is electricity. There is really no space for product development or better services."

"There is something for everybody."

"We are still at a developing country level; price is the only characteristic to differentiate suppliers – therefore, we cannot talk about service."

"There are few products or services and they are unimaginative."

"We just sell products based on metering and the products are not very innovative, such as price-cap etc."

"The suppliers have not managed to launch market priced products well."

"Is the contract made for the time being really very developed and innovative product?"

"Not enough options, this will improve with the AMR."

Communication

Lack of awareness was the fact most often mentioned by the respondents. They said that there is not enough clear information available, and also that the consumers need to be very active himself in order to find the information that nowadays exists.

"Lack of information: More communication, more marketing and more common-sense-explanations needed."

"The consumer has to try to find the cheapest price. There is no advertising and no real competition."

"When increasing the price, the supplier should also tell what the previous price was, so that the consumer would not have to search for it from old bills."

Communication

- the experts' point of view -

"There is still a lot of old culture bumbling around."

"There is enough information through media."

"The level of communication is weak, but to some extent that is caused by the lack of interest of the recipients; there is no need to put a lot of effort when there is no reaction."

"Generally the system is badly informed about, the suppliers can be blamed for some of the consumers' lack of awareness, some of it the authorities."

"Communication works ok and things have been going well."

"Legislation defines a lot of things regarding communication."

"In own area (whether local or national) the communication is being kept at top level in order to keep the current customers, therefore a lot of effort is invested in that."

"People are not interested, therefore nobody is trying to wake them up either."

Customer service quality

It seems that there are no general problems regarding customer service quality of the suppliers. Some respondents commented that the service is too slow or fussy or that there are some bad companies on the industry. However, these negative comments were rare.

"By phone - hopeless."

"Small customer, no big value in a big company."

"Nothing to complain about regarding the billing related questions."

Customer service quality

- the experts' point of view -

"This is easily being complained for, but when looking from inside, it is actually a very hard task. So many customers call to the electricity suppliers with such a negative attitude, that I really feel sorry for the customer service people under awful pressure."

"Big differences."

"Difficult to say, there are some problems every now and then when e.g. an IT system goes down, but I think on average it functions more or less ok."

"Some bad ones you can not even reach."

"For most parts this is good; there are some exceptions."

"Works quite well, things have been ok."

"Varies a lot."

Marketing quality

Most of the marketing quality related comments were related to the quite common view of the consumers that there is very little marketing at the electricity industry. There were also some comments saying that marketing is too confusing or too aggressive.

"TV-adverts are good."

"They try to commit the customers to long-term contracts."

Marketing quality

- the experts' point of view -

"I guess there happens nothing against the law really..."

"Does not really differentiate but is not bad either."

"Problems with telephone marketing."

"Traditional electricity suppliers do not really actively market themselves; there are just few companies that make advertising, when compared to e.g. telecoms industry. So there is a lot of passivity at the suppliers' side."

"A marketed euro does not bring an euro back; there is no reaction and therefore no need to put effort into this."

"It is quite a polarized market. Marketing of green products is somehow rather misleading, e.g. some hydro power marketing."

"Mainly passive, there are some issues that make one wondering, such as marketing of certain products (e.g. hydro power)."

"You can very rarely see proper marketing."

"Customers are not even able to require as much as e.g. in USA."

"It is really nothing very fancy."

Environmentalism

Regarding environmentalism, the respondents quite often commented that they have no trust for the environmental production (it is not genuine) or that there should be more renewable energy sources used.
Also, some consumers said that there is too little information available regarding environmentally produced electricity.

"Too little environmental electricity available and the price of it increases, even if the reason for increases is increased CO2 emissions elsewhere."

"Distributed production receives no support – just the nuclear power."

Environmentalism

- the experts' point of view -

"This has been invested in."

"Better than the reputation. In Finland this is available and the consumer gets what he wants."

"Good attempts; a lot of renewable is being marketed which is a good thing."

"In Finland there are not enough alternatives or at least they are not sufficiently being informed of."

"It has been discussed a lot and there is a number of products available, but it has not really been come up yet."

"This is used as a central argument, therefore it makes no sense to bluff."

"There are quite many green electricity products brought to the market."

"There is no more space for environmentalism except offering environmental products, and that has been taken care of."

"Regarding environmentalism, the companies have done a lot even before these issues have really been discussed about."

"The electricity suppliers have really not had possibilities to promote environmentalism. The share of sold green electricity has been so small that in practice it does not change anything."

Reliability

Far and away most of the consumers' comments regarding electricity suppliers' reliability concerned the quality of electricity distribution. This is another sign of the fact that the consumers really cannot understand the roles of electricity distribution companies and electricity suppliers. However, there were also some customers who mentioned that they have been suffering from the electricity cuts. Only a fraction of the reliability related comments were about the supply business.

"When we moved, our contract and price changed, even if we had a fixed contract."

"The suppliers do not tell everything about the contracts, e.g. distribution pricing."

Reliability

- the experts' point of view -

"There are some odd approaches (like hydro power), also there are some problematic suppliers."

"It is unintelligible how reliably this is working."

"Most suppliers are very reliable, but there are also some black sheep."

"Generally the suppliers are reliable and try to work for the customers' best, but there are some exceptions."

"This industry is traditionally very reliable , promises are kept and there is plenty of flexibility. However, the cheaters deserve grade 4 because they lie and do not stick to the contracts they make, and when the consumers want to quit their contract, these suppliers are not available."

"One company made some really nasty tricks. In total, majority of the suppliers are very reliable but there are few companies with misleading marketing."

…reliability

- the experts' point of view -

"Without some exceptions, in total the suppliers' operations are based on many rules, we operate according to tight processes, law and regulation."

"Systems work."

"Ok, nothing negative."

"Perhaps slow, but reliable."

"Traditionally the suppliers are trustworthy and majority (90 %) keep the promises they have given."

"The are few exceptions that ruin the reputation, but just very few."

"Very high quality, system works fine, sometimes electricity cuts in rural areas but mainly no problems."

"Good for most parts; some problems with e.g. telephone marketing."

Equality

Regarding equal treatment of the customers, the most common concern of the customers' is that different types of customers are facing different prices. Not all the customers understand and accept the price differences between a) household and commercial (large) customers, b) different types of households (e.g. a flat with 2 000 kWh/year consumption and a house with 20 000 kWh/year consumption). Additionally, some consumers commented that those "loyal" customers who do nothing, face the most expensive prices by their local supplier.

"Only when you are already about to switch supplier, <u>then</u> you receive an offer from your current supplier..."

"Electricity is being sold with high prices to old people, who don't know how to ask offers from the electricity suppliers."

"Long-term customers who have been customers for decades, receive no benefits whatsoever – except when they try to switch supplier, then they are being offered better prices."

…equality

- the experts' point of view -

"It is outrageous how some suppliers tap inertia; obligation-to-deliver-customers pay the highest price – those who trust the company pay the most, because they cannot be bothered to do anything. I think this is ethically problematic."

"There are reclamations about this every now and then."

"At very high level, but whether this is good or not, is a different thing."

"No real problems exist."

"There is some pulling there; e.g. when the customer switches supplier and the old supplier receives the information from the distribution company, they send a "please consider once more" - letter."

"Suppliers that have different prices to different areas, are naturally not impartial."

"This has clearly improved, no problems regarding prioritization of the local customers."

"The most bothersome is the fact that new customers easily get better terms than the old ones, but the problem is not that huge."

"Some new protectionism exists, some suppliers are about to withdraw into their shells again now when the prices are high."

Price level in Finland

- the experts' point of view -

The experts were asked, what do they think of the price level and stability in Finland.

A very common view among the interviewees was that the price development in Finland is extremely stable from the consumers' point of view, perhaps even too stable, due to the fact that the prices can not react quickly to the market prices. Also, most of the experts consider prices being in a low or at least reasonable level. However, there was some criticism as well:

- **There are still some price peaks**
- **Differences between suppliers are sometimes too big**
- **Prices increase all the time**
- **Too little competition in prices**
- **Prices do not always reflect the market prices**
- **Requirements of informing customers makes it difficult to change prices**

…price level in Finland

- the experts' point of view -

"I think it is even too stable. Very often the prices are below market prices for long periods. The procedure for changing prices is way too slow and way too expensive, and the consumers are the ones suffering from this. Because it is so expensive, the suppliers do not want to make changes very often. Therefore, some backup margin is included in e.g. the obligation-to-deliver-prices, so that there won't be a constant need to change prices. For most parts the stability of prices is not necessarily even a benefit for the consumer, instead the consumer should make a fixed contract in case he wants stability."

"The extremes are too far away from each others, from the consumer's point of view. The credibility is suffering from the fact that there are cheap and expensive suppliers, and suppliers in between. Volatility is too high and the competition is not based on the market price changes. Different suppliers have different ways to operate, so the consumer does not know where the price differences are based on."

"The price level in Finland is quite stable. It is worrisome that generally offered electricity products do not follow the market price. Well functioning electricity market means that the price of electricity should be based on the market conditions, but for some reason electricity is sold below market price. This leads to the fact that the electricity market is not working properly."

Savings potential

- the experts' point of view -

The experts were asked, whether they feel that the savings potential is big enough for the consumers, making it worth to switch an electricity supplier.

A common view among the interviewees was that the savings potential is highly dependent on the timing, on the electricity consumption level of the customer as well as on the supplier the customers are now with. Therefore, it is very difficult to give one answer to this question. However, common comments were:

- **Customers with small consumption can not usually save much**
- **Savings might be small, but they *should* be small, otherwise the market would not be functioning well**
- **Switching is easy, so it is worth doing despite of small savings**
- **Some customers expect unrealistic savings**
- **Customers are much more price conscious when it comes to many other products or services**

…savings potential

- the experts' point of view -

"Depends on the market situation. The customers do not necessarily pay attention to even large percentual discounts due to the fact that the absolute numbers as such, are so small. However, at the electricity market the essential thing is that the benefit is continuous. The customers argue that competitive tendering does not bring as much benefit at the electricity market than at other markets."

"Apparently not, that is how I see that. I feel that the savings potential is so small that the consumers simply won't be bothered, because there are more reasons for not switching."

Amount of competition

- the experts' point of view -

The experts were asked, whether they think that there is enough competition between the suppliers at the electricity market – and if not, what should be done about it.

Interviewees had mixed opinions about the level of competition. Most of them stated that at least there are enough suppliers and offers the consumers can choose from.

However, there is clearly space for improvement in the activity of the electricity suppliers and the amount & quality of communication and marketing made by them.

…amount of competition

- the experts' point of view -

A common viewpoint among the interviewees was that nothing should be done to activate the electricity market.

The argument behind this was often that the competition should be genuine (the customers should be more active and therefore boost the competition, the suppliers should compete actively and therefore force the other suppliers to do the same), it is not something that should be artificially created by regulation or rules set by authorities.

However, it was mentioned that market entrance should be made easy enough for the new suppliers, and that it is always good to improve the level of the activity and awareness of the customers. Other issues that were mentioned, were removing the dual billing system and moving to the AMR.

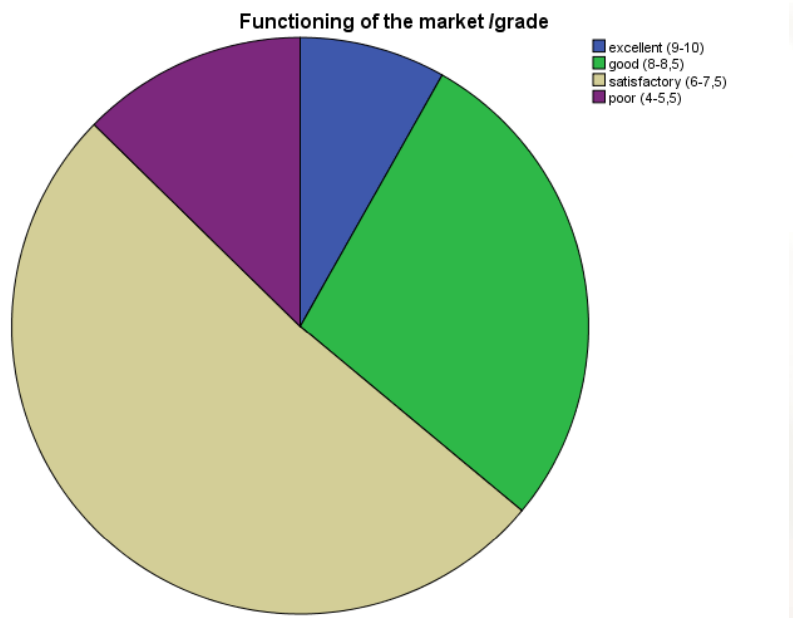
…amount of competition

- the experts' point of view -

"Well, at the moment there is a reasonable amount. In Finland there are a lot of suppliers that offer electricity to consumers, but out of these suppliers a majority is not interested in getting new customers. There are reasons for that. But there are now some new entrants as well who rather aggressively try to get new customers. For some parts the competition has been very tight but for some parts it has been very passive. Still some inflexibility exists regarding how often the consumers may switch; I think the meter reading charges are still used if you switch more than once a year. Entering the market has to be free; that will take care of the sufficient amount of offerings."

Grade: Functioning of the market Q5

The consumers were asked to give a grade (4-10) to the functioning of the Finnish electricity market on the whole. The average of the responses was 7,0.



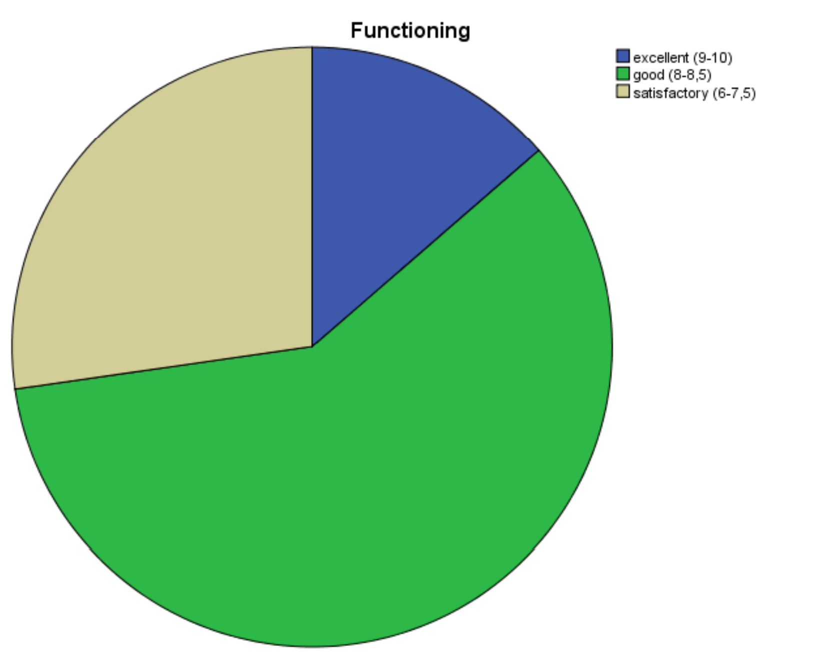
Functioning of the market /grade

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	excellent (9-10)	108	7,8	8,2	8,2
	good (8-8,5)	367	26,5	27,8	36,0
	satisfactory (6-7,5)	676	48,8	51,3	87,3
	poor (4-5,5)	167	12,1	12,7	100,0
	Total	1318	95,2	100,0	
Missing	System	66	4,8		
Total		1384	100,0		

Grade: Functioning of the market

- the experts' point of view -

The experts were also asked to give a grade (4-10) to the functioning of the Finnish electricity market on the whole.
The average of the responses was 8,0.



Functioning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	excellent (9-10)	3	13,6	13,6	13,6
	good (8-8,5)	13	59,1	59,1	72,7
	satisfactory (6-7,5)	6	27,3	27,3	100,0
	Total	22	100,0	100,0	

Grade: Functioning of the market Q5

- experts vs. consumers -

Grade	Consumers	Experts
Average	7,0	8,0
Excellent (9-10)	8 %	14 %
Good (8-8,5)	28 %	59 %
Satisfactory (6-7,5)	51 %	27 %
Poor (4-5,5)	13 %	0 %

The following slides give examples of the grounds given by the consumers and experts for the grades they gave.
The comments are divided according to the given grades (excellent, good, satisfactory, poor).

Functioning: Excellent – Reasoning?

Consumers:

+ Reliability (no electricity cuts), switching is possible, switching is easy.

"I have not seen any unworkability without a valid explanation."

Experts:

+ One of the cheapest price levels in Europe, enough alternatives, basic issues functioning well

- Level of service varies between different suppliers

"Looking at the supply business' results, they are often negative. Therefore, the prices seem to be good and one of the cheapest in Europe. However, there are differences in the service level between the suppliers."

"There are alternatives and basic issues work fine."

Functioning: Good – Reasoning?

Consumers:

+ Reliability (no electricity cuts), competition exists, switching supplier works fine.

- A lot of electricity cuts, distribution business being a monopoly.

"There are rarely any problems with the electricity distribution. However, the suppliers are quite faceless to the consumers, so are the products."

"In towns the quality of electricity is good. Electricity can be bought from many enough suppliers, and there is also greenness available (at least apparently)."

"I guess the market is quite reliable when it comes to the distribution of electricity. What I don't understand are the prices. Why pulling them on a European level, although the prices could be kept national."

…functioning: Good – Reasoning?

Experts:

+ A lot of different contract types and suppliers available, price comparison services available and easy to use, switching works well in practice, price level low, suppliers are reliable.

- Two bills after switching, customers' low awareness level, suppliers too passive, few aggressive & unreliable suppliers.

"It is still not easy enough for the consumers to understand and they do not have enough information regarding how to switch, what is related and how the electricity bill is divided."

"The traditional suppliers are mainly reliable and their operation is transparent. The grade gets worse because of a couple of companies that make the consumers less confident. Also, the easiness is not a certainty on all cases, e.g. the distribution companies might slow things down."

"From the consumer's point of view, it is a positive thing that the prices are very low. Negative thing is that the price signal does not get through to the end customer prices, and some suppliers are extremely passive."

CLEEN

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Functioning: Satisfactory – Reasoning?

Consumers:

+ No electricity cuts, competition exists.

- Prices high and/or increasing constantly, difficult to find information and/or to make comparisons, distribution business being a monopoly, too many electricity cuts, too little real competition, high distribution prices, common market increases prices, collusion between suppliers, too little environmental friendly production.

"Price increases regardless of the apparent competition, whatever the reason. What they are really competing for, is who is soaking the customers the most."

"It depends on the consumers whether the market functions or not."

"Division between supply and distribution is confusing."

"Competition for the price of electricity supply is quite insignificant – and distribution of electricity cannot be switched to another supplier."

…functioning: Satisfactory – Reasoning?

Consumers:

"No matter whether it is rainy, dry or windy year or some other reason to increase prices – The prices constantly increase!"

"Electricity market is very distant to an ordinary consumer."

"Electricity price is quite ok but the distribution prices are senseless, therefore it is not worth to switch supplier."

"Distribution should be under competition or at least it should be regulated more tightly (according to the costs)."

"The electricity suppliers do not really compete for the customers. Nobody has tried to sell me electricity for ten years and nobody has tried to tempt me to be a customer!."

"Energy self sufficiency should be achieved in Finland."

"Market is prone to gouging and speculation. I am afraid that all the distribution charges are not going to where they should be going; to the maintenance of the network."

…functioning: Satisfactory – Reasoning?

Experts:

\+ Switching has been made easy, actors mostly follow the rules.

\- Customers' low awareness & interest level, passive market, possibility to switch only partly, space for improvement in technical side and services, wholesale market does not work.

"I don't know whether the situation depends on the industry itself or is it because electricity as such is as interesting as a load of rubble, but it is not very lively if that could be said."

"The market does not work. The wholesale market has a great impact on the supply side and wholesale market are so heavily directed."

"Switching has been made relatively easy to the customer, it is enough that the customer contacts one supplier. Also there are some price comparison services available. Nowadays even time limits have been set to regulate how long a switch can take, so it should not take long. On the other hand, I am not aware whether this is supervised at all. If some problems arise, it might be that the customer has to contact several companies, but basically this should work well at least with majority of the companies."

Functioning: Poor – Reasoning?

Consumers:

- No real competition, lack of information, difficult to make comparisons, prices are high and increasing, distribution business being a monopoly, collusion between suppliers, common market increases prices, lack of customer orientation.

"The distribution prices destroy the genuine competition."

"Electricity as a product should be fixed and same price for everyone / have to buy!"

"They increase prices and give the directors awfully high salaries and pensions!"

"Affordable small suppliers only sell to their own area. The share of supply and the price differences are in practice too small."

"The electricity market does not really work. The Nordic electricity stock exchange defines 95 % of the prices and there are really no exceptions. There is no real competition."

"The price is defined according to the most expensive production method, distributed small production is not possible, you cannot refuse from nuclear power even if you want to buy green electricity (you cannot influence in the distribution part) etc."

Suppliers weakening the competition?

- the experts' point of view -

The experts were asked whether the electricity suppliers do something that weaken the functioning of the electricity market from the consumers' point of view, e.g. something that reduces or harms the competition.

Most commonly mentioned issues were:

- **Misleading & aggressive marketing, especially by phone**
- **Sending contracts to the customers who just wanted an offer**
- **Selling electricity below market prices**
- **No respect for the set time limits for switching**
- **Distribution companies favor the local supplier**

It must be stated that these problems are not common; they relate to a very small number of suppliers or distribution companies. However, there was a deep concern about these problems, due to the fact that a couple of unethical companies can ruin the reputation of the whole industry.

…suppliers weakening the competition?

- the experts' point of view -

"Pricing below spot prices (e.g. municipal suppliers do this), because then the obligation-to-deliver-prices can be a lot cheaper than the market prices, which skews the competition. Ultimately, this is not for the customers' benefit either."

"The suppliers do nothing, therefore it is all extremely passive. There have also been discussions about misleading telephone marketing campaigns where the supplier claims that a contract has been made even if the customer does not think so. This is short-sighted operation. As a structural problem I see the fact that the suppliers are not at all interested in the market."

"Certain suppliers almost purposefully mislead the customers, they do not keep their promises and they cause problems to the customers. Generally, selling below market prices (yes, it sounds good from the consumers' point of view) does not necessarily improve the competition because many suppliers opt out altogether, since they do not want to operate below market prices."

"Very aggressive telephone selling and misreading whether the contract has been made or not. This is extremely suspicious and weakens the electricity suppliers' image and the functioning of the market. No matter what all sorts of rules there are, all the companies do not follow the percentages and time limits set for them."

Misleading marketing? Q8

The consumers were asked whether they have seen inappropriate or misleading marketing or selling of electricity. As many as 12 % stated that they have.

Regarding the perceived misleading marketing, the comments were very diverse.
Most commonly mentioned issues were:

- False environmentalism
- False price promises
- Incorrect or outdated price comparisons
- Overall costs are not mentioned (including distribution)
- Aggressive / inappropriate telephone marketing

…misleading marketing? Q8

"I don't remember what the company was that promised 5 % below any electricity supplier's price… but then the price increases rapidly."

"I have heard rumours that even if clean energy is advertised, it is still the same electricity than everything else."

"They promise to sell electricity with a cheap price, but after a while the price is increased."

"There are areas in Finland where you cannot use the supplier of your choice → not everybody sell outside their own area."

"The customers are tempted by cheap prices, which then increase and are high after the fixed contract time has ended."

"They try to give us a picture that there could selectively be different kinds of electricity coming from one and the same cable – that is impossible."

"The price offered is not necessarily cheaper after all, when e.g. distribution prices are taken into account as well."

"Green electricity? A complete lie. Nobody could separate the electricity coming through the cables."

"Price has been increased after the contract has been made, even if the price was supposed to be fixed."

"Inappropriate telephone offerings."

Authorities or other organizations influencing in the competition?

- the experts' point of view -

The experts were asked whether the authorities and other organizations, operating at the electricity industry, do something that is weakening the functioning of the electricity market, e.g. something that harms the competition. The interviewees were also asked to evaluate, what have these organizations done well.

EMV, ET, TEM, Competition Authority and Consumer Authority were mentioned as examples of these kinds of organizations.

…authorities or other organizations influencing in the competition?

- the experts' point of view -

The interviewees shared almost unanimously the opinion that for most parts these organizations do not harm the electricity market in any way by their actions and the rules set by them, just the opposite: These organizations do a lot of work in order to protect the consumers and to make sure that all the companies at this industry have the same obligations. Especially EMV received a lot of positive feedback.

Some issues that were often mentioned as examples of "something good", were:

- Public price comparisons help the consumers
- Common rules for all the suppliers make the game fair
- Neglects are interfered in
- Activity in communication and public discussions

…authorities or other organizations influencing in the competition?

- the experts' point of view -

However, certain issues were criticized:

- **The regulations regarding price changes are too strict and make the price changes too slow and expensive *(this was mentioned very often)***
- **The regulations regarding the electricity bills are too strict and make the bills impossible to be understood by the consumers *(also mentioned by many interviewees)***
- **Obligation to make the suppliers' offer prices public is not seen as a good thing by everybody**
- **In some cases the authorities should interfere more aggressively in unethical operations of certain companies**
- **Sometimes the authorities try too heavily to control the market**

…authorities or other organizations influencing in the competition?

- the experts' point of view -

"Not necessarily anything that weakens the competition, but one thing that influences in the pricing and therefore also competition, is the obligation to inform the customers personally one month prior to the price change. This bothers the dynamics of the market and hinders the suppliers from decreasing the price, because they know that it needs soon to be increased again. It does not help if the authorities say that price can be decreased for free, because it has to be increased again and that is so expensive."

"The authorities' operation is exemplary in Finland. Communication and development of the industry; e.g. EMV has specified the rules, they have a good approach. ET has been successful in harmonizing the industry. Also ethical issues are improved and neglects are being interfered in."

"These organizations take care of the consumer getting fair service and market working better from the consumer's point of view. They take care of the game staying fair and they have also to some extent informed the consumers about competitive tendering."

Public price information

- the experts' point of view -

The experts were asked how do they see the obligation for the electricity suppliers to inform their offer prices publicly (www.sahkonhinta.fi) to influence in the market (competition, prices, consumers' awareness etc).

Comments of the interviewees were very mixed, and both pros and cons were mentioned for this service. In general it was agreed that this service has increased the awareness of the consumers and made it significantly easier for them to compare prices of different suppliers. However, several critical aspects were also brought up.

…public price information

- the experts' point of view -

The following things were repeatedly mentioned:

- Influenced greatly in the customers' awareness level
- Good: Independent price information offered to the consumers
- Puts the focus too much on price
- Weakens the competition due to the fact that the suppliers can easily compare each others' prices → more uniform prices
- No other industries face these kind of obligations, neither should the electricity industry
- The information should be reliable → correct price information to the system
- This service should be marketed more actively to the consumers
- Comparisons are easy to do
- Activates the market

…public price information

- the experts' point of view -

"I think this is really good. It definitely promotes the competition and is very exceptional type of action on EU level. Excellent thing and for sure makes things easier for the consumers."

"It has influenced to some extent but not significantly. Due to the passivity very rare consumer knows about the existence of this site, which is why it does not really increase competition. It should be advertised more actively."

"Excellent service with a great impact on the competition."

"I believe that as a whole it has been a good thing. Of course when this is a service maintained by the authority, it can be trusted and I guess the existence of this site is relatively well known. However, it might make the competition somewhat stiff in a sense that the suppliers can compare each others' prices effectively, which puts the prices closer to each others."

"It has definitely increased the consumers' awareness but it could be questioned, why this kind of service is needed. There could also be a similar comparison service for coffee, informing where the coffee is cheapest. I don't understand why electricity has been made this kind of phenomenon."

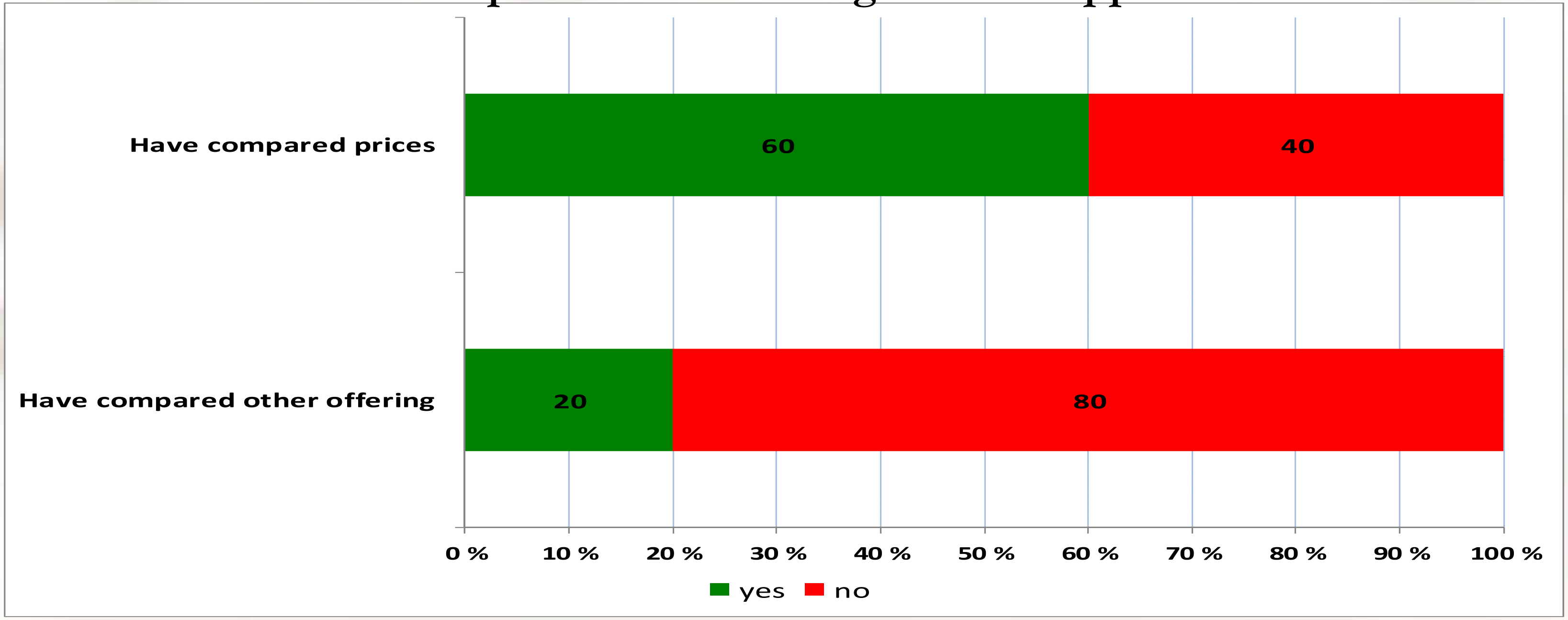
COMPARING AND SWITCHING ELECTRICITY SUPPLIERS

Comparing prices/offerings Q6

The respondents were asked whether they have compared prices or other offerings of different electricity suppliers in the past 5 years (2006 →). The results are shown in the graph below.

- switchers vs. non-switchers -

94 % of the switchers and 46 % of non-switchers have compared prices of different suppliers. 29 % of switchers and 15 % of non-switchers have compared other offerings of the suppliers.

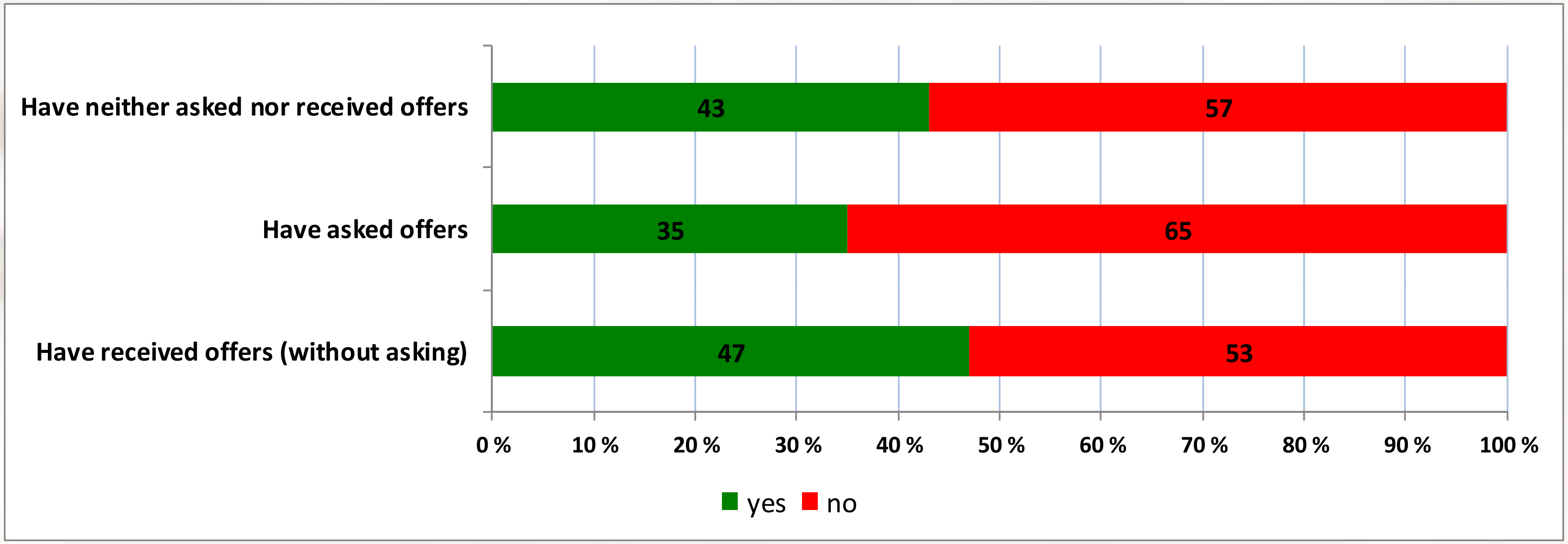


Asking/receiving offers Q7

The respondents were asked whether they have asked or received (without asking) offers from one or several electricity suppliers during the past 5 years (2006 →). The results are shown in the graph below.

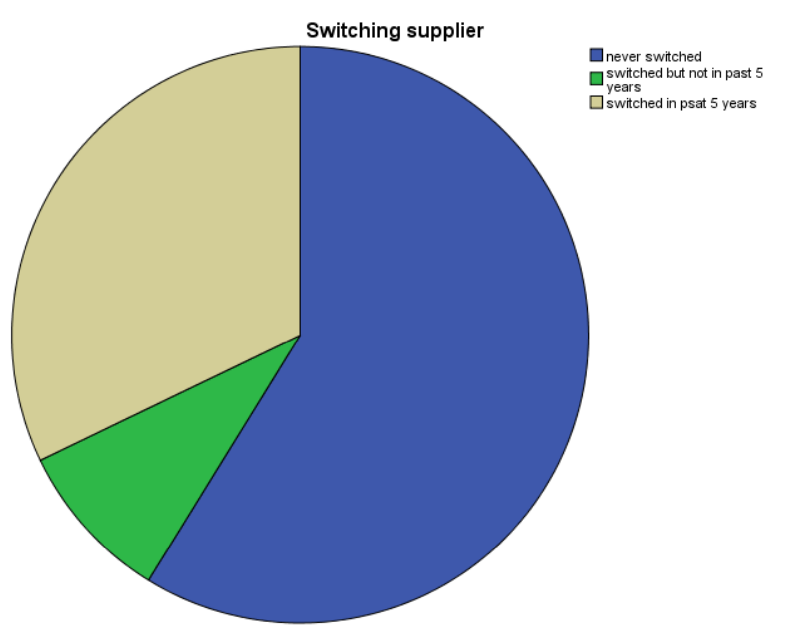
- switchers vs. non-switchers -

64 % of switchers have asked and similar 64 % received offers, whereas the percentages are 22 % and 39 % for the non-switchers. 57 % of the switchers have neither asked nor received offers, this percentage being 10 % for the switchers.



Switching supplier Q9

The respondents were asked whether they have ever switched their electricity supplier. As many as 59 % of the respondents have never switched supplier. 32 % of the respondents have switched supplier in the past 5 years, and 9 % earlier than that.



Switching supplier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	never switched	787	56,9	58,8	58,8
	switched but not in past 5 years	121	8,7	9,0	67,9
	switched in psat 5 years	430	31,1	32,1	100,0
	Total	1338	96,7	100,0	
Missing	System	46	3,3		
Total		1384	100,0		

"Correct" switching level

- the experts' point of view -

The experts were asked, what would they consider being a "correct" switching level, when thinking about well functioning electricity market. The answers varied greatly, from 8 to 30 %. Quite typical answer was around 10 – 15 %.

However, very many of the interviewees refused to state a percentage, because it is not a correct way, or at least the best way, to measure the functioning of the market.

<u>Comments</u>

- When customers are more active, the suppliers get active as well → real competition
- Better ways to evaluate the functioning of the market: how many consumers have asked offers, what is the price level
- Customers don't switch because they already have a good supplier
- The margins stay high when the switching rate is as low as 4 % → 10 % would make the suppliers more efficient

"…correct" switching level

- the experts' point of view -

"Somewhere around 20 %, because then we could say that something is happening at the market. At the moment when the switching activity is below 10 %, we must say that it is rather static situation."

"I guess something like 15 % would be good, 15-20 %, because that would keep the suppliers awake. So that if someone had a high price, the customers would escape – that would most likely influence in the price level."

"When the electricity market works optimally and the price differences are small, then the differences can be found from the services, products and product features. It is wrong to measure the functioning of the market based on the switching levels. When the offering gets similar, then the customers naturally have no more reasons to switch supplier. Therefore, a really well functioning market means that the customer does not have to switch supplier. "

"Approximately 30 % would be good. Then there would be real price competition and the customer would benefit more.. "

"The switching activity is rather irrelevant, we should mainly talk about how many asks offers and compares prices and actively follow the prices. "

Switching levels in Finland

- the experts' point of view -

The experts were asked, why the switching rate has been so low (around 4 %) in Finland in the past, and why they think that the switching rate increased in 2009, being around 8 %).

Low switching rate

- General passivity (both customers and suppliers)
- Low interest product
- Customers' low awareness
- Customers' loyalty towards the local supplier
- All active customers have not switched
- Not enough communication & marketing

Increasing switching rate

- More marketing, communication, publicity
- Lower market prices → low offer prices → increased savings potential
- General recession

…switching levels in Finland

- the experts' point of view -

"One reason is that only half of electricity can be switched to a new supplier; I have heard a lot of comments regarding why to bother since just part of the bill can be influenced in. In 2008 the high price level activated the consumers to switch. In 2009 the price was very low and there were a lot of cheap offers available – it was a good opportunity for switching. Also the general recession had an impact; people tried to save from electricity."

"Central reason for the low percentages has been the consumers' low level of awareness, this system has not reached them before. Also the suppliers have been too passive. Now the improved communication and EMV's price information have had an impact. Also price increases influence and activate people."

"The product is not interesting enough. The reasons for the increased percentages might be suppliers' activity as well as the price volatility."

SWITCHERS

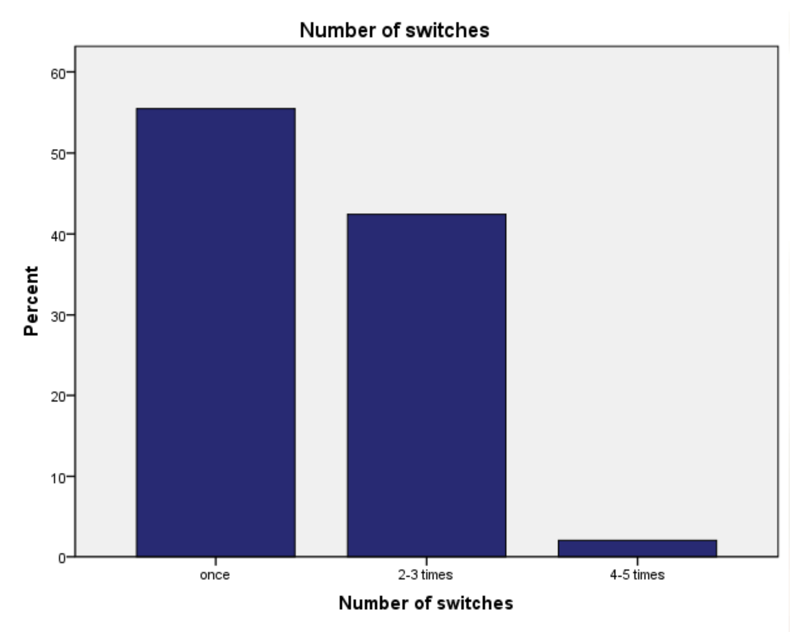
Experiences of switching

Those respondents who have switched their electricity supplier in the past five years, were asked questions regarding their experiences, including

- How many times have they switched
- Why have they switched
- How did the switching process go
- Are they happy with their decision to switch

Number of switches Q10

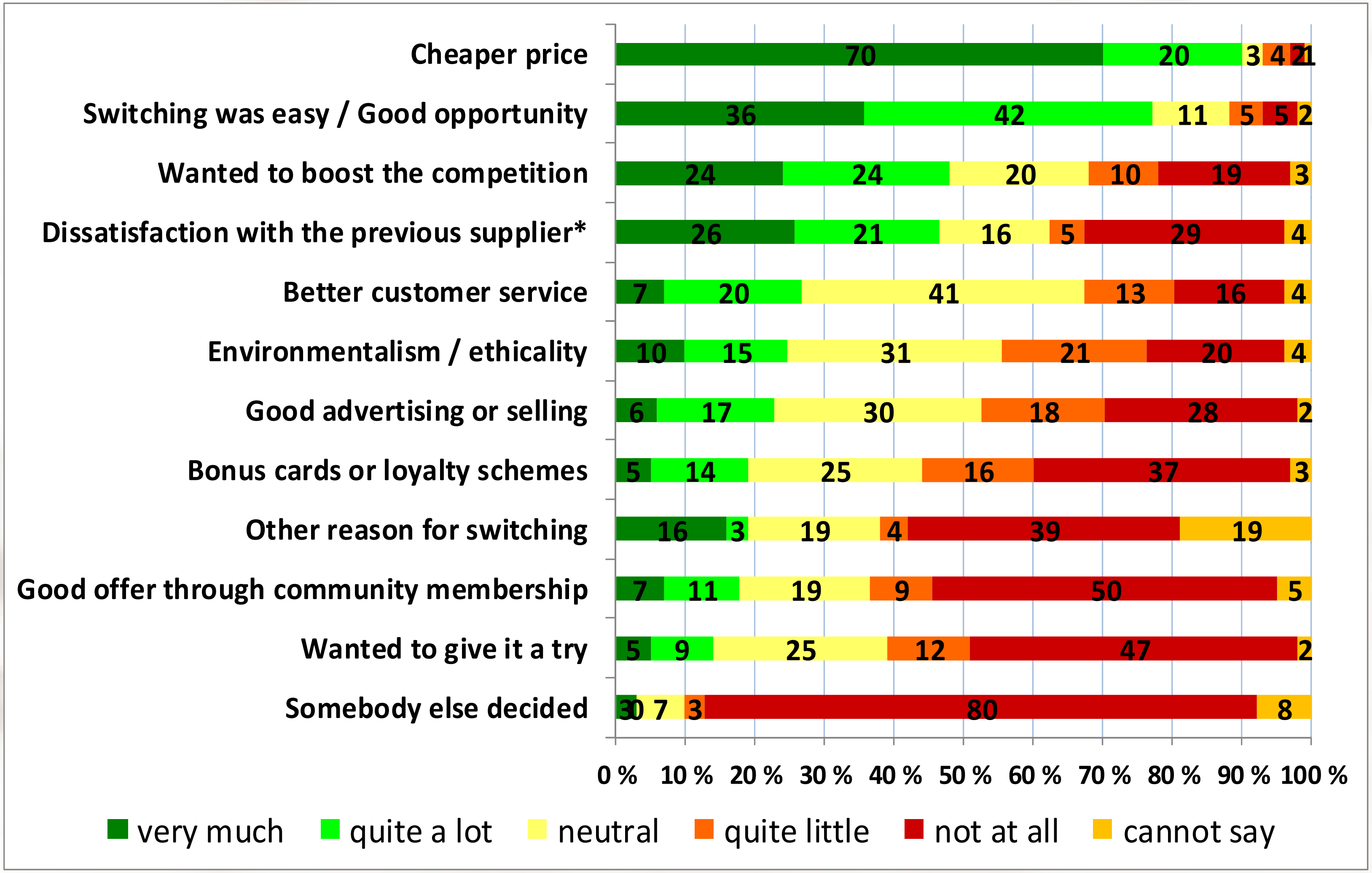
Of those respondents who have switched in the past 5 years, 56 % have switched only once. As many as 42 % have switched 2-3 times. 2 % of the switchers have switched 4-5 times and none of them more frequently.



Number of switches

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once	238	55,3	55,5	55,5
	2-3 times	182	42,3	42,4	97,9
	4-5 times	9	2,1	2,1	100,0
	Total	429	99,8	100,0	
Missing	System	1	,2		
Total		430	100,0		

Reasons for switching Q11

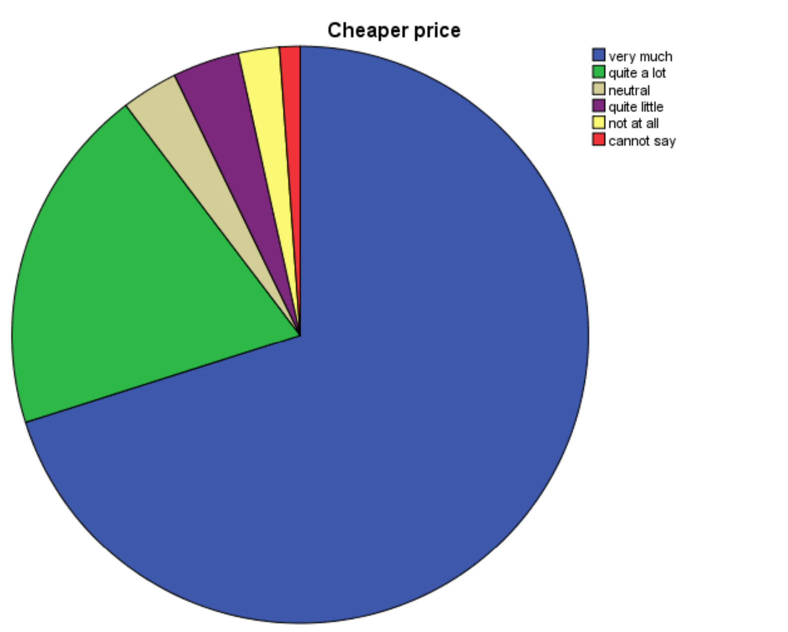


** Please notice that most often the reason for dissatisfaction was "expensive price". Other type of dissatisfaction exists but is rather rare.*

Cheaper price Q11a

90 % of the respondents stated that cheaper price influenced very much or quite a lot in their decision to switch supplier.

6 % of the respondents said this influenced quite little or not at all.



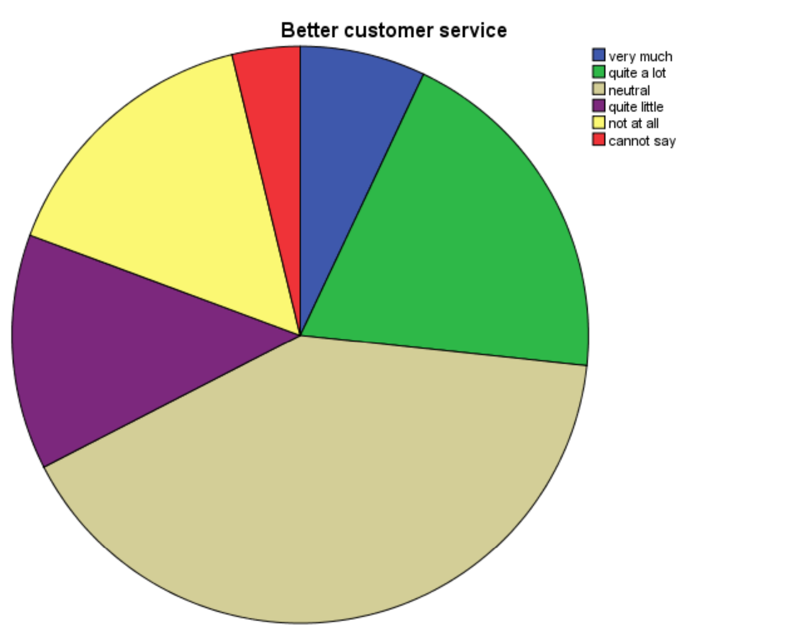
Cheaper price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	244	56,7	70,1	70,1
	quite a lot	68	15,8	19,5	89,7
	neutral	11	2,6	3,2	92,8
	quite little	13	3,0	3,7	96,6
	not at all	8	1,9	2,3	98,9
	cannot say	4	,9	1,1	100,0
	Total	348	80,9	100,0	
Missing	System	82	19,1		
Total		430	100,0		

Better customer service Q11b

27 % of the respondents stated that better customer service influenced very much or quite a lot in their decision to switch supplier.

29 % of the respondents said this influenced quite little or not at all.



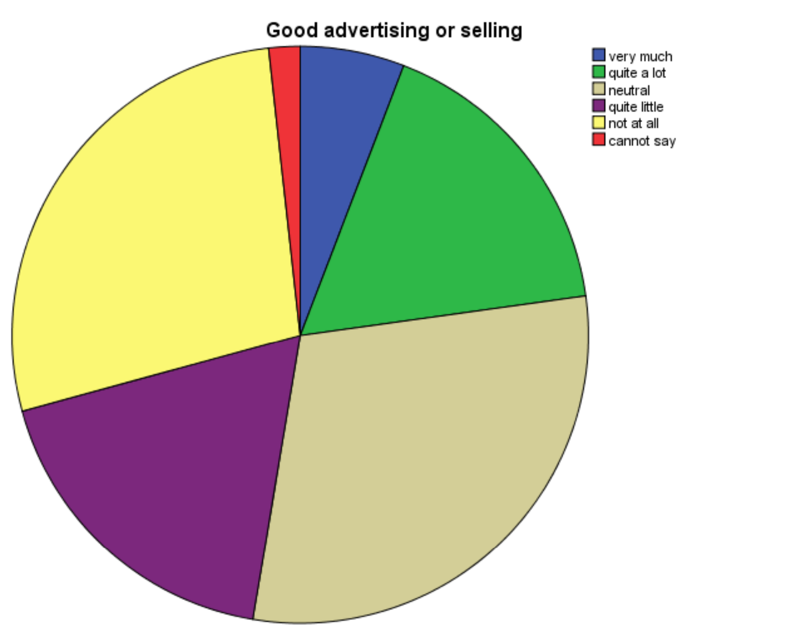
Better customer service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	24	5,6	7,0	7,0
	quite a lot	67	15,6	19,6	26,7
	neutral	139	32,3	40,8	67,4
	quite little	45	10,5	13,2	80,6
	not at all	53	12,3	15,5	96,2
	cannot say	13	3,0	3,8	100,0
	Total	341	79,3	100,0	
Missing	System	89	20,7		
Total		430	100,0		

Good advertising or sales Q11c

23 % of the respondents stated that good advertising or selling that made them interested, influenced very much or quite a lot in their decision to switch supplier.

46 % of the respondents said this influenced quite little or not at all.



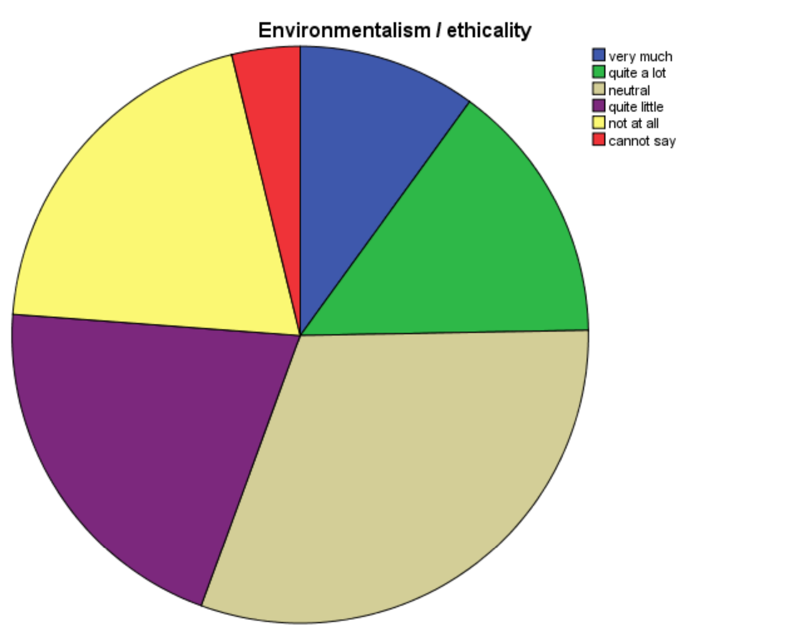
Good advertising or selling

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	20	4,7	5,8	5,8
	quite a lot	58	13,5	17,0	22,8
	neutral	102	23,7	29,8	52,6
	quite little	62	14,4	18,1	70,8
	not at all	94	21,9	27,5	98,2
	cannot say	6	1,4	1,8	100,0
	Total	342	79,5	100,0	
Missing	System	88	20,5		
Total		430	100,0		

Environmentalism or ethicality Q11d

25 % of the respondents stated that environmentalism / ethicality (e.g. green electricity) influenced very much or quite a lot in their decision to switch supplier.

41 % of the respondents said this influenced quite little or not at all.



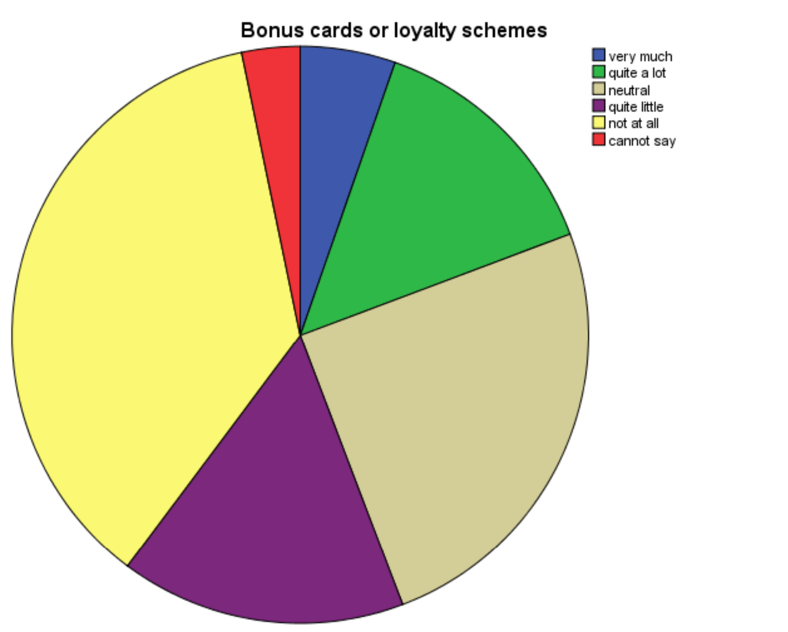
Environmentalism / ethicality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	34	7,9	10,0	10,0
	quite a lot	50	11,6	14,7	24,7
	neutral	105	24,4	30,9	55,6
	quite little	70	16,3	20,6	76,2
	not at all	68	15,8	20,0	96,2
	cannot say	13	3,0	3,8	100,0
	Total	340	79,1	100,0	
Missing	System	90	20,9		
Total		430	100,0		

Bonus cards or loyalty schemes Q11e

19 % of the respondents stated that bonus cards or loyalty schemes influenced very much or quite a lot in their decision to switch supplier.

53 % of the respondents said this influenced quite little or not at all.



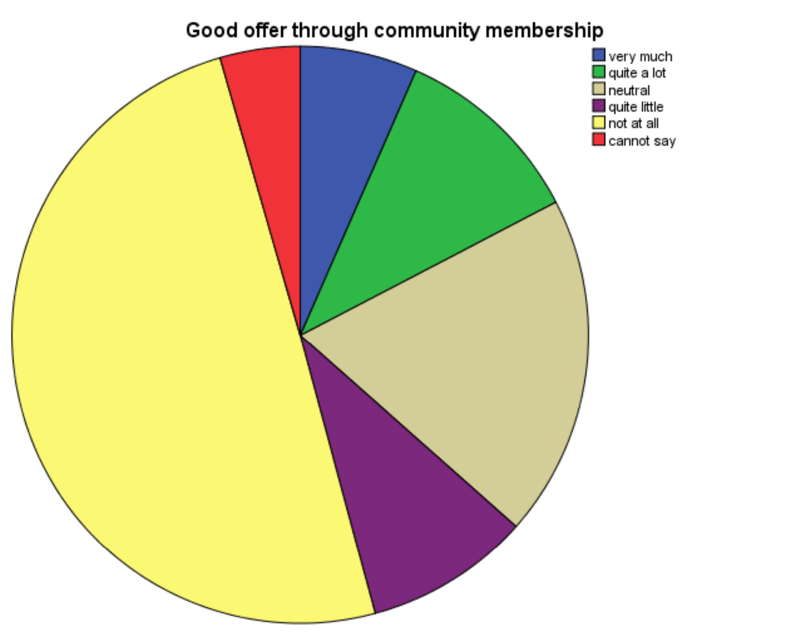
Bonus cards or loyalty schemes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	18	4,2	5,3	5,3
	quite a lot	47	10,9	13,9	19,3
	neutral	84	19,5	24,9	44,2
	quite little	54	12,6	16,0	60,2
	not at all	123	28,6	36,5	96,7
	cannot say	11	2,6	3,3	100,0
	Total	337	78,4	100,0	
Missing	System	93	21,6		
Total		430	100,0		

Good offer through membership Q11f

17 % of the respondents stated that a good offer, that they received through some community they are member of, influenced very much or quite a lot in their decision to switch supplier.

59 % of the respondents said this influenced quite little or not at all.



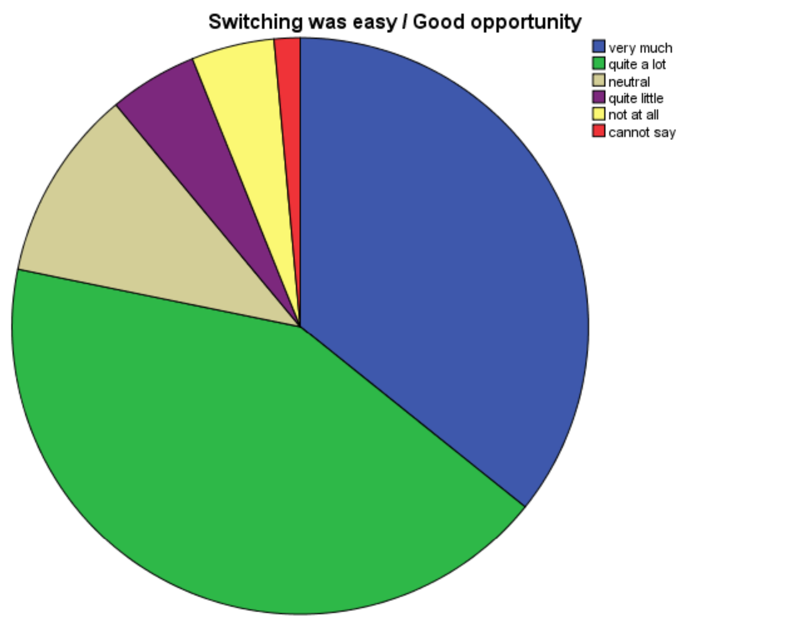
Good offer through community membership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	22	5,1	6,6	6,6
	quite a lot	36	8,4	10,8	17,4
	neutral	64	14,9	19,2	36,5
	quite little	31	7,2	9,3	45,8
	not at all	166	38,6	49,7	95,5
	cannot say	15	3,5	4,5	100,0
	Total	334	77,7	100,0	
Missing	System	96	22,3		
Total		430	100,0		

Ease of switching Q11g

78 % of the respondents stated that switching being so easy, or they facing a good opportunity, influenced very much or quite a lot in their decision to switch supplier.

6 % of the respondents said this influenced quite little or not at all.



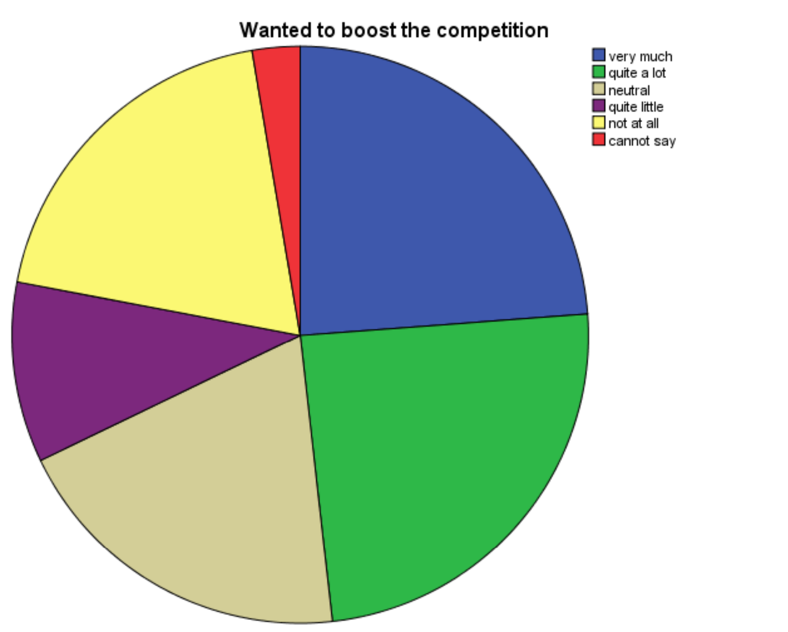
Switching was easy / Good opportunity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	123	28,6	35,8	35,8
	quite a lot	146	34,0	42,4	78,2
	neutral	37	8,6	10,8	89,0
	quite little	17	4,0	4,9	93,9
	not at all	16	3,7	4,7	98,5
	cannot say	5	1,2	1,5	100,0
	Total	344	80,0	100,0	
Missing	System	86	20,0		
Total		430	100,0		

Boosting the competition Q11h

48 % of the respondents stated that their willingness to boost the competition out of principle, influenced very much or quite a lot in their decision to switch supplier.

29 % of the respondents said this influenced quite little or not at all.



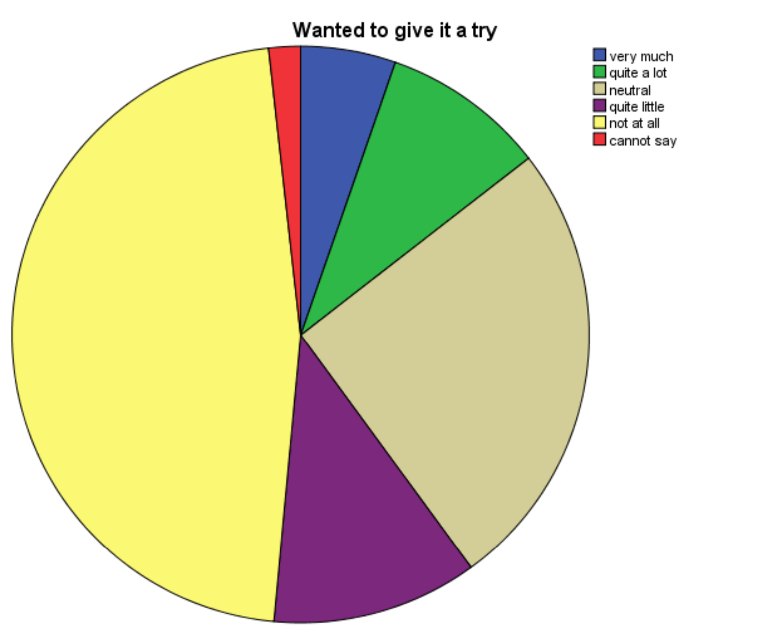
Wanted to boost the competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	80	18,6	23,8	23,8
	quite a lot	82	19,1	24,4	48,2
	neutral	66	15,3	19,6	67,9
	quite little	34	7,9	10,1	78,0
	not at all	65	15,1	19,3	97,3
	cannot say	9	2,1	2,7	100,0
	Total	336	78,1	100,0	
Missing	System	94	21,9		
Total		430	100,0		

Giving it a try Q11i

15 % of the respondents stated that just a willingness to try switching supplier influenced very much or quite a lot in their decision to switch supplier.

58 % of the respondents said this influenced quite little or not at all.



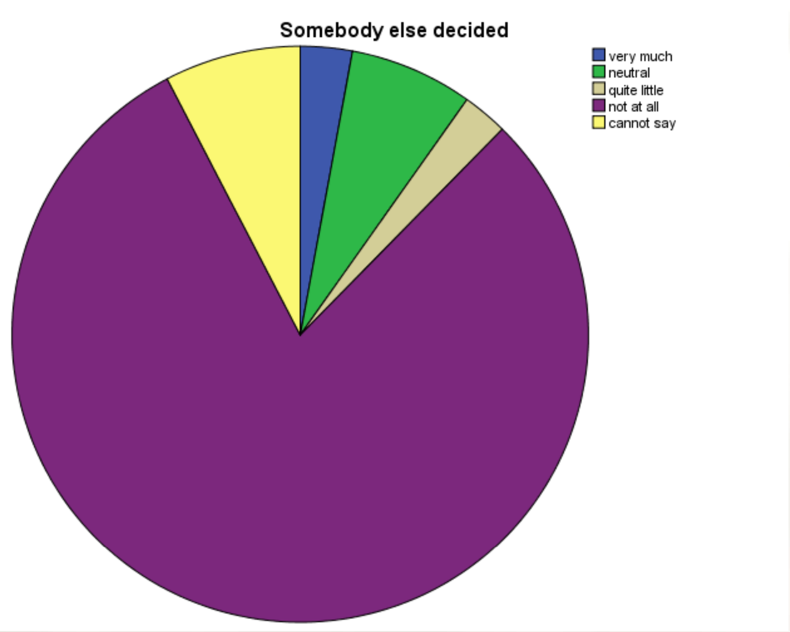
Wanted to give it a try

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	18	4,2	5,3	5,3
	quite a lot	31	7,2	9,2	14,5
	neutral	86	20,0	25,4	39,9
	quite little	39	9,1	11,5	51,5
	not at all	158	36,7	46,7	98,2
	cannot say	6	1,4	1,8	100,0
	Total	338	78,6	100,0	
Missing	System	92	21,4		
Total		430	100,0		

Somebody else's decision Q11j

10 % of the respondents stated that the fact that they could not decide about switching themselves (e.g. housing corporation or a lessor decided) influenced very much or quite a lot in their decision to switch supplier.

83 % of the respondents said this influenced quite little or not at all.



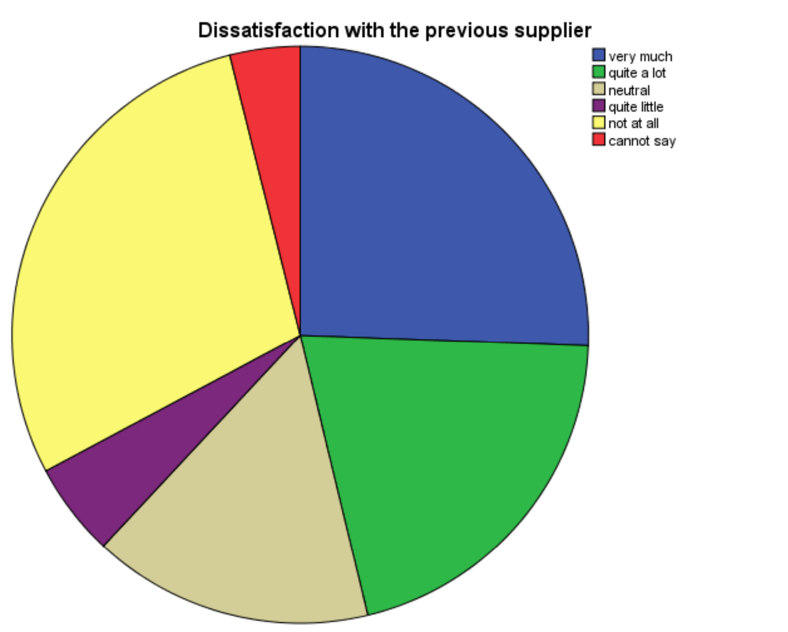
Somebody else decided

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	8	1,9	2,9	2,9
	neutral	19	4,4	6,9	9,8
	quite little	7	1,6	2,5	12,4
	not at all	220	51,2	80,0	92,4
	cannot say	21	4,9	7,6	100,0
	Total	275	64,0	100,0	
Missing	System	155	36,0		
Total		430	100,0		

Dissatisfaction with supplier Q11k

46 % of the respondents stated that dissatisfaction with their previous supplier influenced very much or quite a lot in their decision to switch supplier.

34 % of the respondents said this influenced quite little or not at all.



Dissatisfaction with the previous supplier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	78	18,1	25,6	25,6
	quite a lot	63	14,7	20,7	46,2
	neutral	48	11,2	15,7	62,0
	quite little	16	3,7	5,2	67,2
	not at all	88	20,5	28,9	96,1
	cannot say	12	2,8	3,9	100,0
	Total	305	70,9	100,0	
Missing	System	125	29,1		
Total		430	100,0		

It must be noted that there are 29 % of "missing" answers here. It can be assumed that for these respondents who left the question empty, there was no dissatisfaction for their previous supplier. Therefore, dissatisfaction is not as common reason to switch supplier than it seems.

…dissatisfaction with supplier Q11k

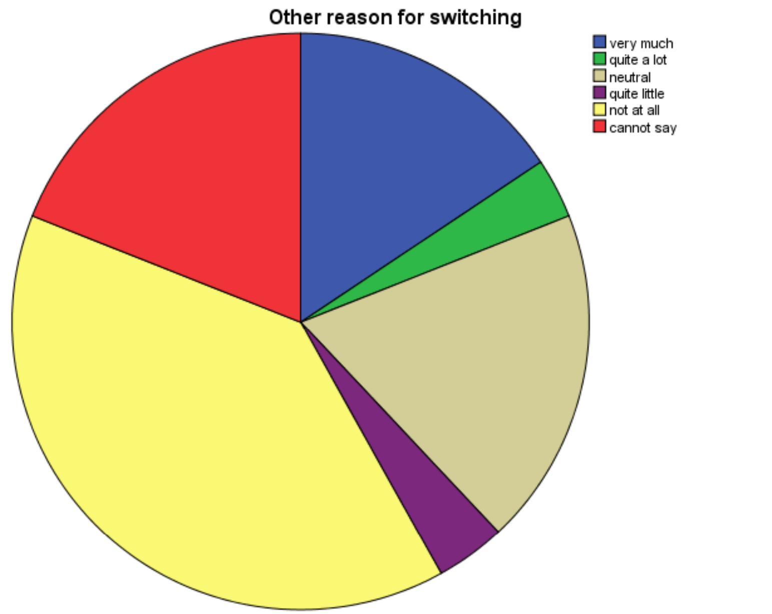
When looking at the most common reasons for switchers to be dissatisfied with their previous electricity supplier, by far the most common reason (75 %) was the electricity price. Other type of dissatisfaction also exists but is rather rare.

Some other reasons that were mentioned by more than just a couple of respondents, were billing problems, too big bonuses for the directors or bad customer service.

Other reason Q11l

19 % of the respondents stated that some other reason (than the ones already mentioned) influenced very much or quite a lot in their decision to switch supplier.

43 % of the respondents said this influenced quite little or not at all.



Other reason for switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	28	6,5	15,6	15,6
	quite a lot	6	1,4	3,4	19,0
	neutral	34	7,9	19,0	38,0
	quite little	7	1,6	3,9	41,9
	not at all	70	16,3	39,1	81,0
	cannot say	34	7,9	19,0	100,0
	Total	179	41,6	100,0	
Missing	System	251	58,4		
Total		430	100,0		

It must be noted that there are as many as 58 % of "missing" answers here. It can be assumed that for these respondents who left the question empty, there were no other reasons for switching. Therefore, these "other reasons" are not even close to that common in reality.

…other reason Q11l

The other reasons for the respondents to switch electricity supplier, were often related to their desire to switch back to their previous supplier (which often was their local supplier).

Main reasons behind this desire seem to be willingness to support the local company, or respondents wanting to get rid off two separate bills.

Also, some respondents stated “moving to different house/town” to be a reason to switch electricity supplier. However, as the consumers only need to switch the distribution company when moving (in case moving to different area), it is not clear what these respondents meant by their answer - perhaps this reflects unawareness more than anything else.

Main reason for switching Q12

For most consumers, there is not just one reason for switching electricity supplier. It is often a combination of many things that have an impact on their decision.

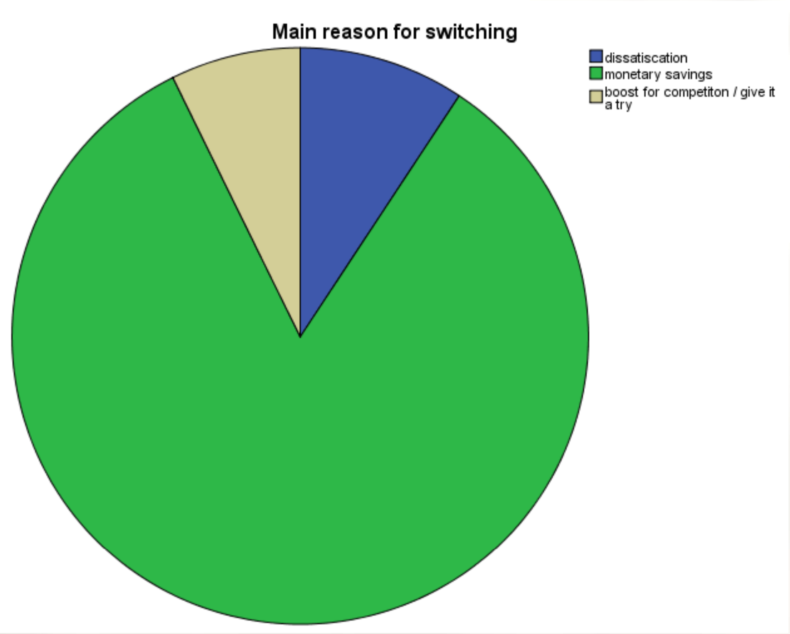
In many previous researches it has been found that three most common reason categories for switching supplier are:

- *Willingness to save money*
- *Willingness to boost the competition or just give supplier switching a try in practice*
- *Dissatisfaction with the previous supplier.*

The respondents were asked to choose, which one of these reason categories would they consider to have influenced MOST to their decision to switch supplier.

Main reason for switching Q12

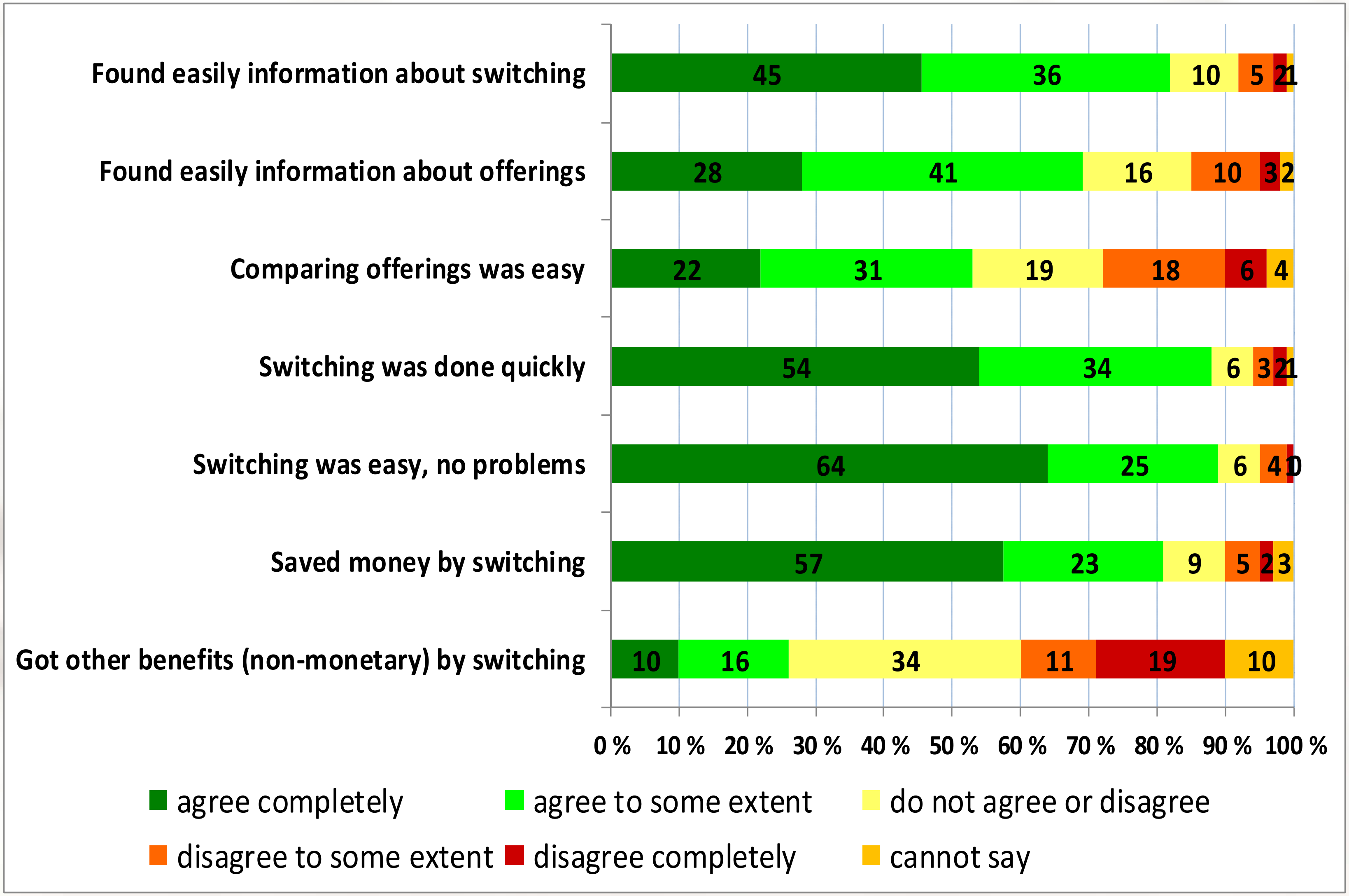
When the respondents had to choose one of these three main reasons to switch supplier, as many as 83 % of them chose monetary savings. 9 % chose dissatisfaction with the previous supplier and 7 % their willingness to boost the competition or just give switching a try.



Main reason for switching

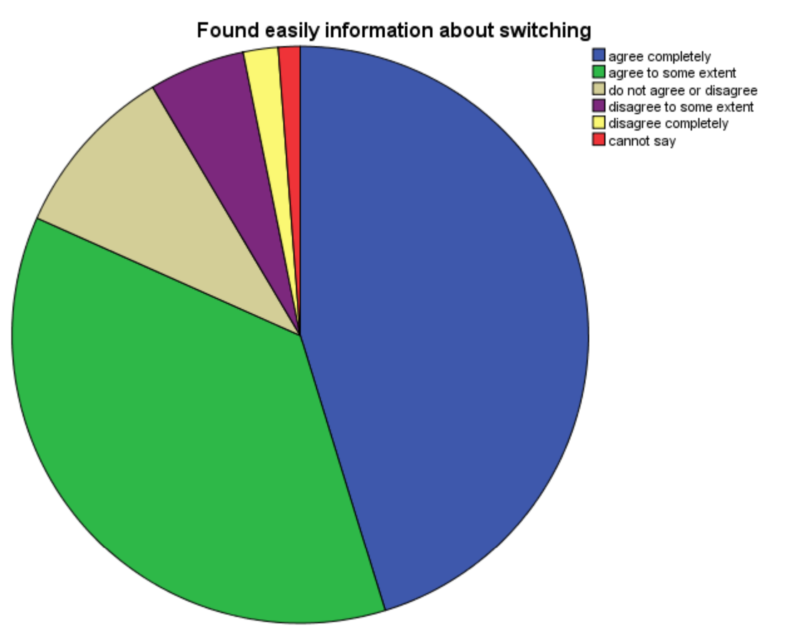
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	dissatiscation	37	8,6	9,3	9,3
	monetary savings	332	77,2	83,4	92,7
	boost for competiton / give it a try	29	6,7	7,3	100,0
	Total	398	92,6	100,0	
Missing	System	32	7,4		
Total		430	100,0		

Switching ease Q13



Found information /switching Q13a

82 % of the respondents agree and 7 % disagree with the following statement: *"I received/found easily information about switching supplier".*

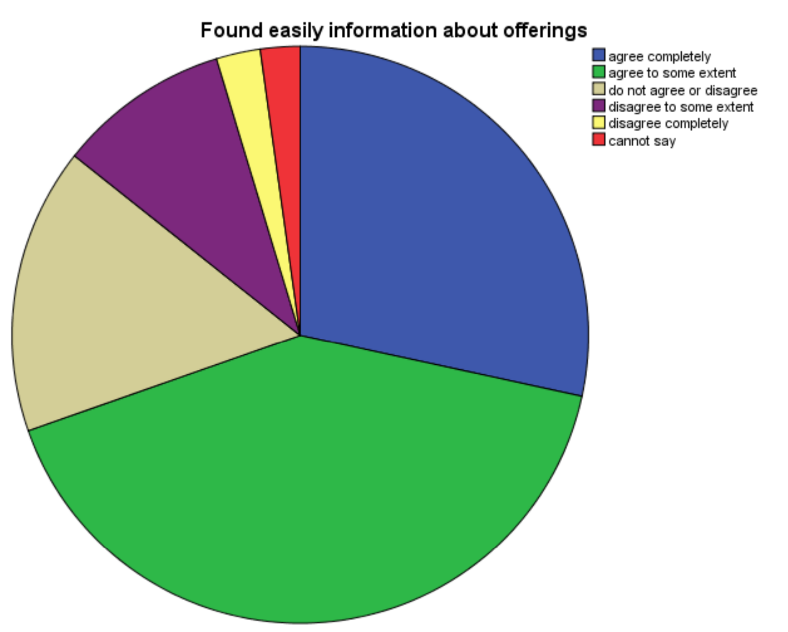


Found easily information about switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	185	43,0	45,2	45,2
	agree to some extent	149	34,7	36,4	81,7
	do not agree or disagree	40	9,3	9,8	91,4
	disagree to some extent	22	5,1	5,4	96,8
	disagree completely	8	1,9	2,0	98,8
	cannot say	5	1,2	1,2	100,0
	Total	409	95,1	100,0	
Missing	System	21	4,9		
Total		430	100,0		

Found information /offerings Q13b

70 % of the respondents agree and 12 % disagree with the following statement: ***"I received/found easily information about different electricity suppliers' prices and offerings".***

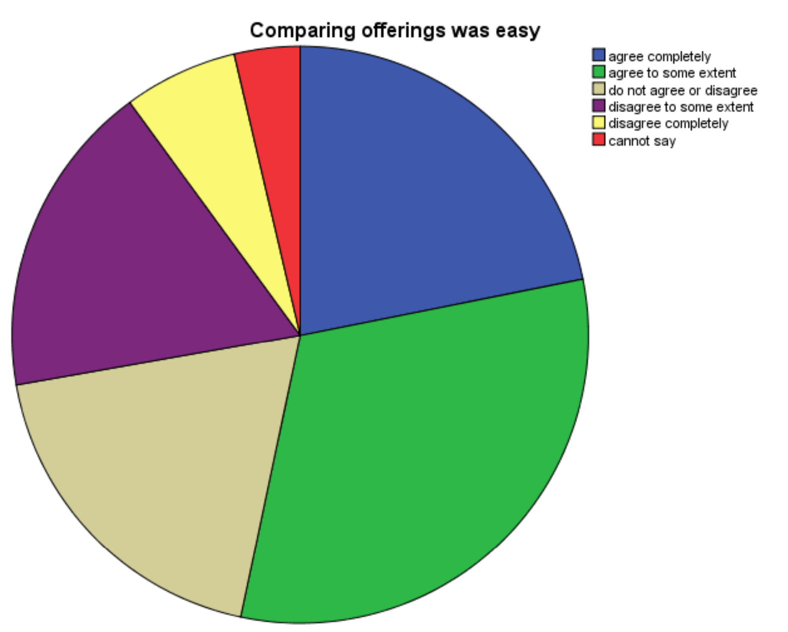


Found easily information about offerings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	115	26,7	28,4	28,4
	agree to some extent	167	38,8	41,2	69,6
	do not agree or disagree	65	15,1	16,0	85,7
	disagree to some extent	39	9,1	9,6	95,3
	disagree completely	10	2,3	2,5	97,8
	cannot say	9	2,1	2,2	100,0
	Total	405	94,2	100,0	
Missing	System	25	5,8		
Total		430	100,0		

Ease of comparing Q13c

53 % of the respondents agree and 24 % disagree with the following statement:
"I think it was easy to compare different electricity suppliers' offers to each others".

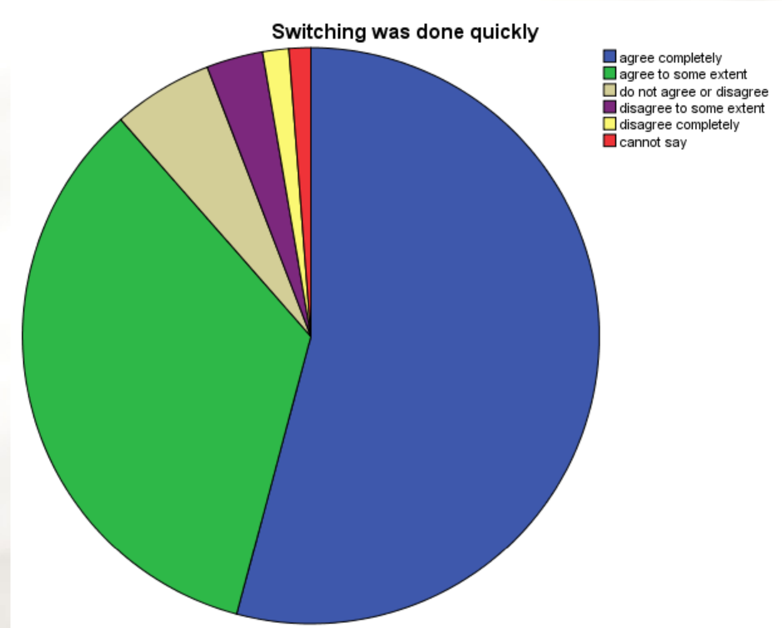


Comparing offerings was easy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	89	20,7	21,9	21,9
	agree to some extent	128	29,8	31,4	53,3
	do not agree or disagree	77	17,9	18,9	72,2
	disagree to some extent	72	16,7	17,7	89,9
	disagree completely	26	6,0	6,4	96,3
	cannot say	15	3,5	3,7	100,0
	Total	407	94,7	100,0	
Missing	System	23	5,3		
Total		430	100,0		

Switching being quick Q13d

89 % of the respondents agree and 5 % disagree with the following statement: *"Switching supplier was done in a quick timetable"*.

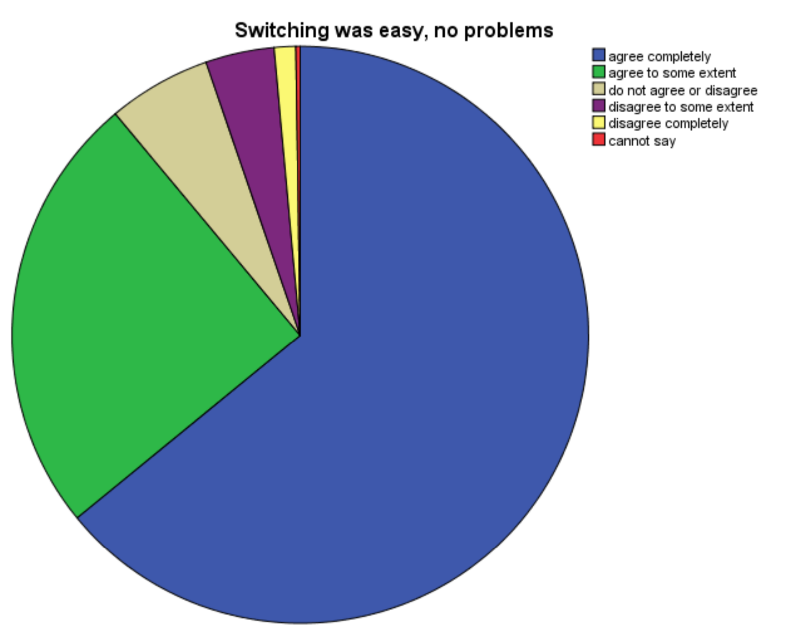


Switching was done quickly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	222	51,6	54,1	54,1
	agree to some extent	141	32,8	34,4	88,5
	do not agree or disagree	23	5,3	5,6	94,1
	disagree to some extent	13	3,0	3,2	97,3
	disagree completely	6	1,4	1,5	98,8
	cannot say	5	1,2	1,2	100,0
	Total	410	95,3	100,0	
Missing	System	20	4,7		
Total		430	100,0		

Switching being easy Q13e

89 % of the respondents agree and 5 % disagree with the following statement:
"Switching supplier was easy and there were no problems".

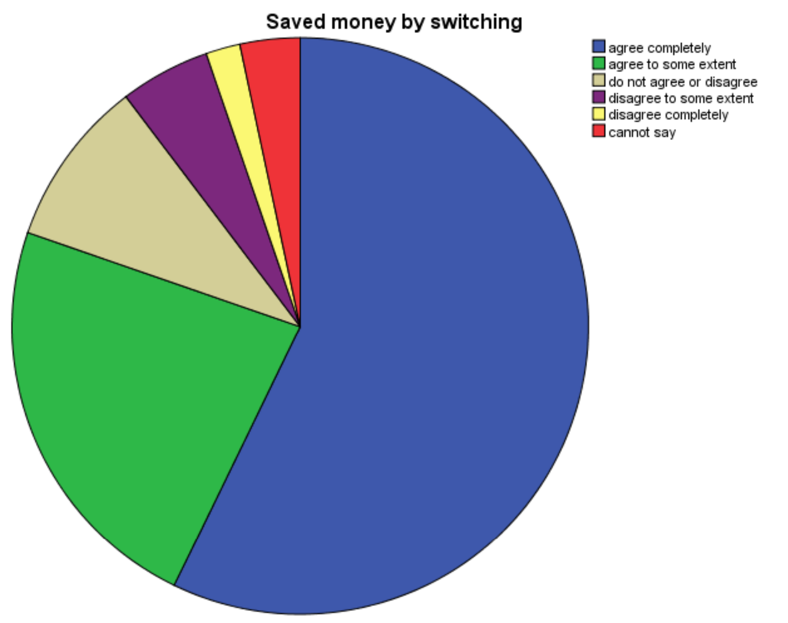


Switching was easy, no problems

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	266	61,9	64,1	64,1
	agree to some extent	103	24,0	24,8	88,9
	do not agree or disagree	24	5,6	5,8	94,7
	disagree to some extent	16	3,7	3,9	98,6
	disagree completely	5	1,2	1,2	99,8
	cannot say	1	,2	,2	100,0
	Total	415	96,5	100,0	
Missing	System	15	3,5		
Total		430	100,0		

Saving money by switching Q13f

80 % of the respondents agree and 7 % disagree with the following statement: *"I saved money by switching electricity supplier".*

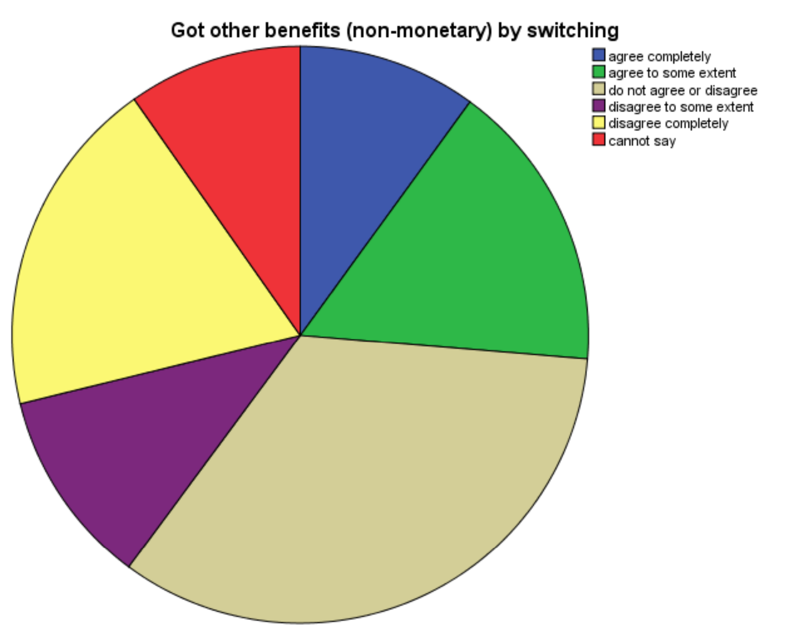


Saved money by switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	238	55,3	57,2	57,2
	agree to some extent	96	22,3	23,1	80,3
	do not agree or disagree	39	9,1	9,4	89,7
	disagree to some extent	21	4,9	5,0	94,7
	disagree completely	8	1,9	1,9	96,6
	cannot say	14	3,3	3,4	100,0
	Total	416	96,7	100,0	
Missing	System	14	3,3		
Total		430	100,0		

Receiving other benefits Q13g

26 % of the respondents agree and 30 % disagree with the following statement: *"I received other (than monetary) benefits by switching electricity supplier, such as better customer service, more environmental electricity or better products/services".*



Got other benefits (non-monetary) by switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	agree completely	40	9,3	10,0	10,0
	agree to some extent	65	15,1	16,3	26,3
	do not agree or disagree	135	31,4	33,8	60,2
	disagree to some extent	44	10,2	11,0	71,2
	disagree completely	76	17,7	19,0	90,2
	cannot say	39	9,1	9,8	100,0
	Total	399	92,8	100,0	
Missing	System	31	7,2		
Total		430	100,0		

These figures might seem small, but it must be noticed that most customers do not even seek for other benefits than monetary savings by switching supplier.

Switching /other good experiences

Those respondents that stated other things they experienced being positive in their switching, were often actually related to the end result more than to the process as such. Most of these consumers commented on the benefit they received: usually cheaper price or more environmental energy, sometimes also receiving just one bill (apparently those who switched back to their local supplier).

However, some respondents also commented on issues relating to the actual switching process; ease of switching or ease of comparing prices.

Switching /other bad experiences

Approximately 20 % of the switchers mentioned some bad experiences in switching.

The most common unpleasant experience was going to the two-bill system. The other frequently mentioned issues were:

- Respondent felt he received misleading information
- There were some problems with the distribution company
- Too much effort required
- Respondent had to commit himself to a fixed contract
- Respondent felt unsure whether he received all necessary and correct information
- There were some costs related to switching
- Receiving offers took a lot of time
- New supplier has increased prices after the switch
- Billing problems
- New supplier is still not good enough

Ease of switching

- the experts' point of view -

The experts were asked, whether they consider switching to be easy enough for the consumers – when taking into account ease of finding information, making comparisons, making the switch, the time required, the effort required…

A very common view among the interviewees was that switching as such is easy enough in Finland (everything will be done for the consumer; he only needs to make the first initiative). There is a lot of information available.

However, it was recognized that the consumers still have a lot of problems in understanding how the market works and how to compare prices, and there is space for improvement regarding these issues.

…ease of switching

- the experts' point of view -

Some common comments:

- **Most of the information is on the Web. Customers who do not have computers or Internet, or who don't know how to use the services available, are in much worse situation.**
- **In some cases switching is even *too* easy, because customers don't always even realize they have switched supplier (they did not necessarily mean to)**
- **The switching has been made so easy for the customers that it is not possible to make it any easier**
- **Also the customers should have some responsibility; if they don't bother to be active and find things out, the suppliers and/or authorities should not be blamed for that**

…ease of switching

- the experts' point of view -

"I think it is, because all the customer has to do is to find out the prices, services and contract types via web or phone. After that just to contact the new supplier, who will take care of everything else. This can not be made any easier for the consumer, because he does not even have to terminate his current contract. As a process this is so easy that it is just up to the consumer whether he bothers to do his share."

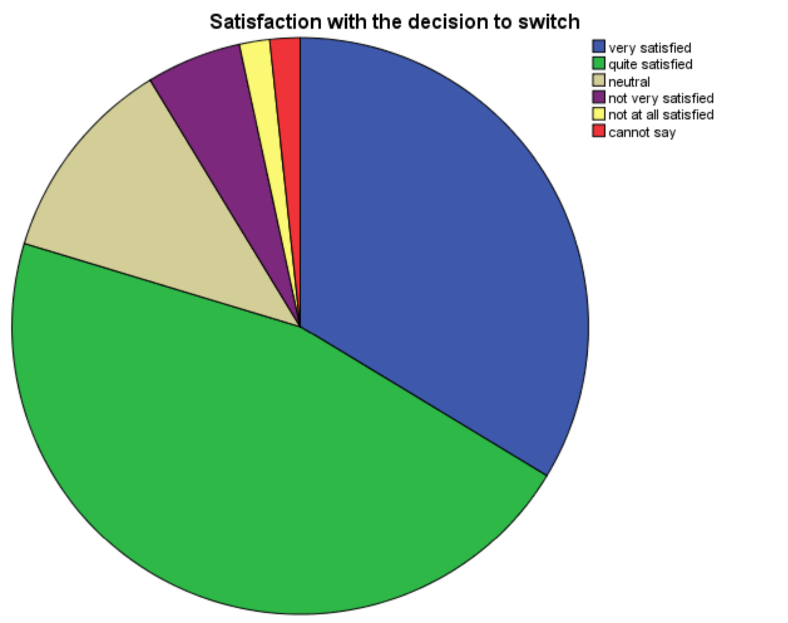
"It should be easy enough. The consumer has to be active himself also, and we cannot make kind of everything ready. If the consumer is not interested in finding out things and to switch to a cheaper supplier, he may blame himself. We cannot start patronizing; the consumer also has to have some responsibility. If there is a will and interest, then switching should be easy enough."

"It is not possible to make switching any easier than it already is. The suppliers also compete for ease of switching, so everything is tried to be done by the supplier on behalf of the customer. Also the price comparisons and direct links offered by the authorities, make things exceptionally easy for the consumer. However, media often maintains the image of switching being difficult, even if the practical experiences do not support this."

"It is extremely easy. Just one phone call and things start to happen. It is very easy and perhaps even too easy, because sometimes there are misreadings whether the contract has been made or not."

Satisfaction for switching Q14

In total 80 % of the switchers are happy with their decision to switch electricity supplier. Only 7 % of them are dissatisfied with their decision.



Satisfaction with the decision to switch

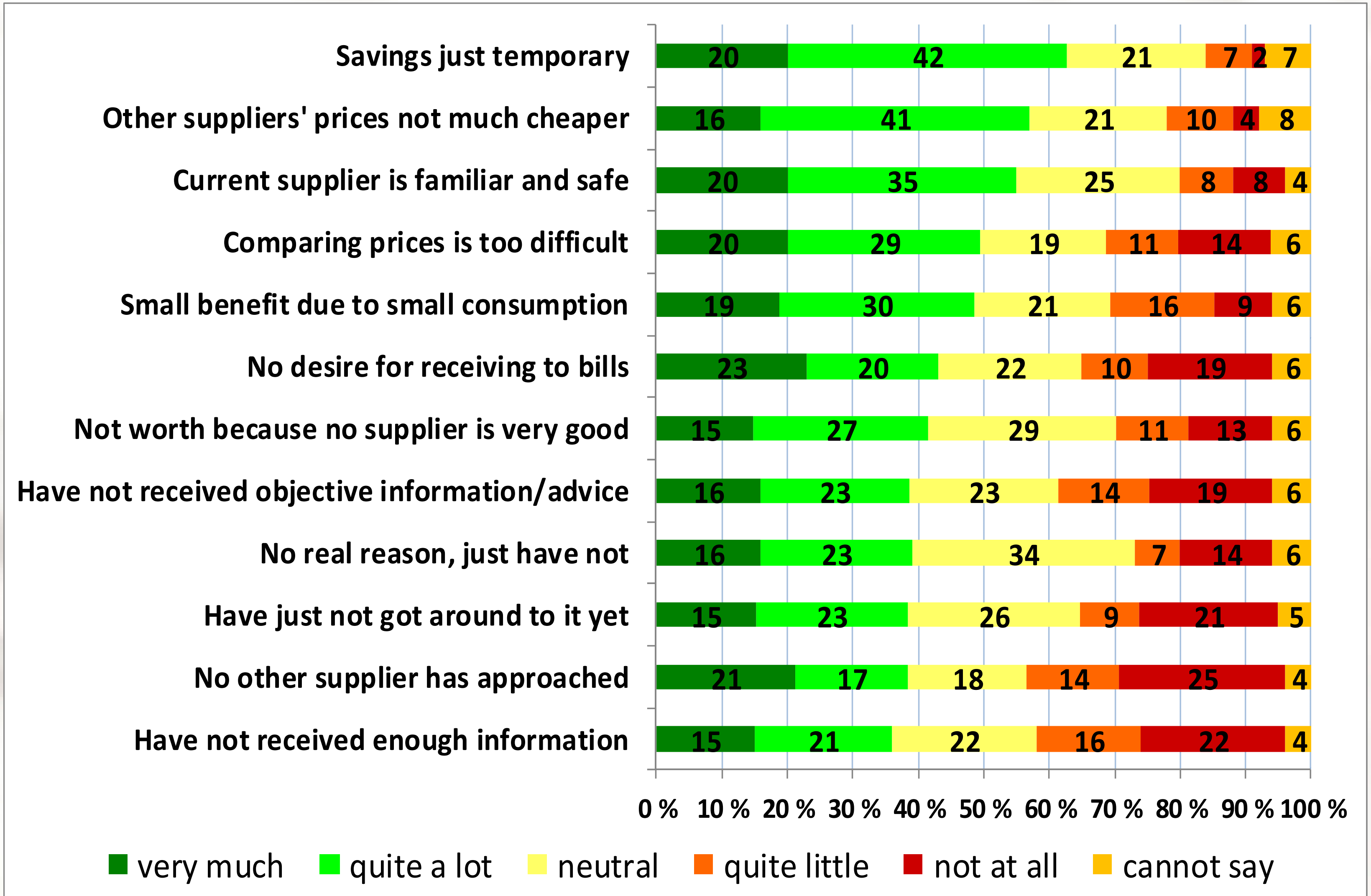
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very satisfied	139	32,3	33,7	33,7
	quite satisfied	190	44,2	46,0	79,7
	neutral	48	11,2	11,6	91,3
	not very satisfied	22	5,1	5,3	96,6
	not at all satisfied	7	1,6	1,7	98,3
	cannot say	7	1,6	1,7	100,0
	Total	413	96,0	100,0	
Missing	System	17	4,0		
Total		430	100,0		

NON-SWITCHERS

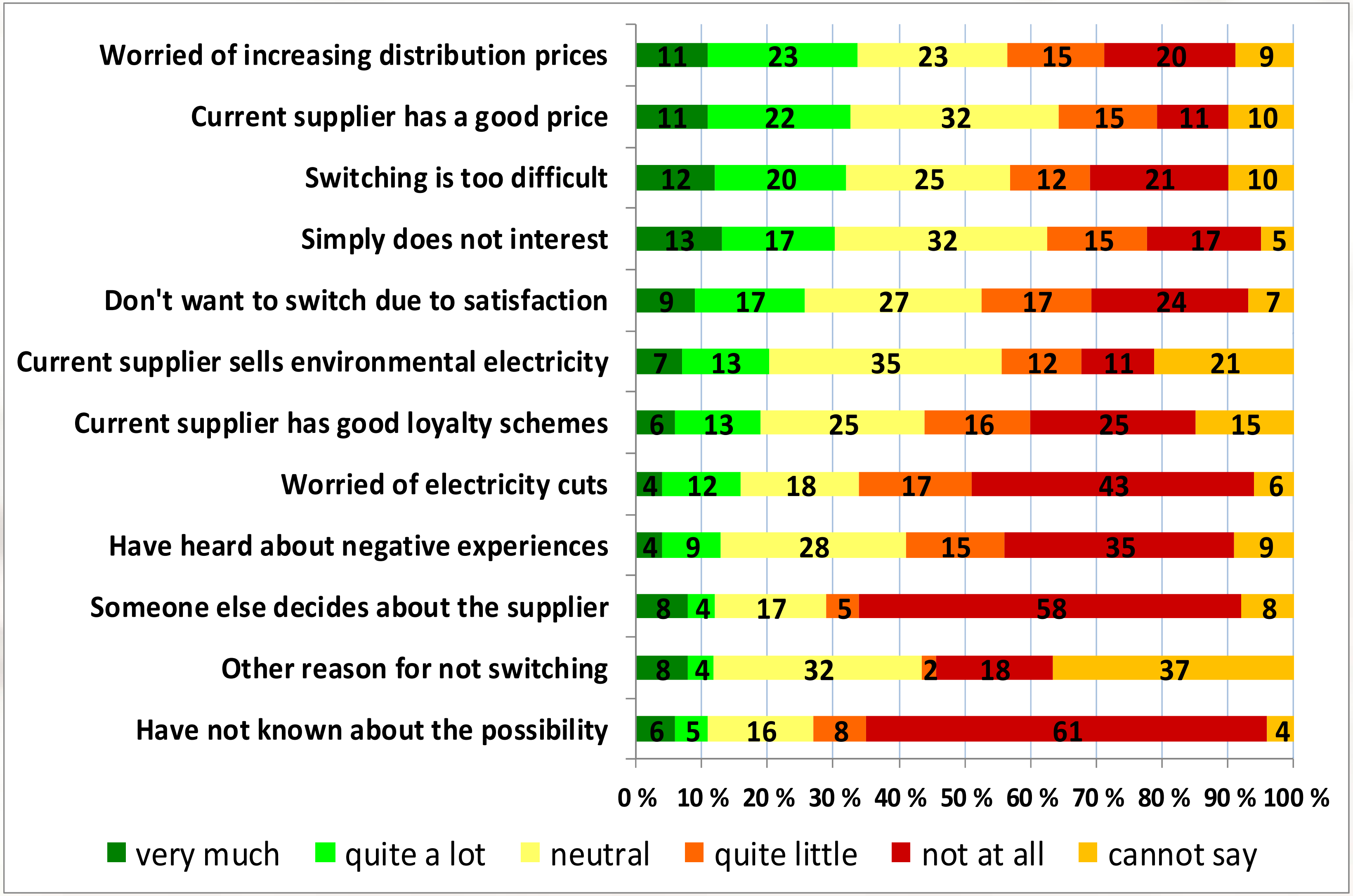
Experiences of non-switching

Those respondents who have never switched their electricity supplier or at least have not done it in the past five years, were asked questions regarding their reasons for staying passive.

Reasons for not switching Q15



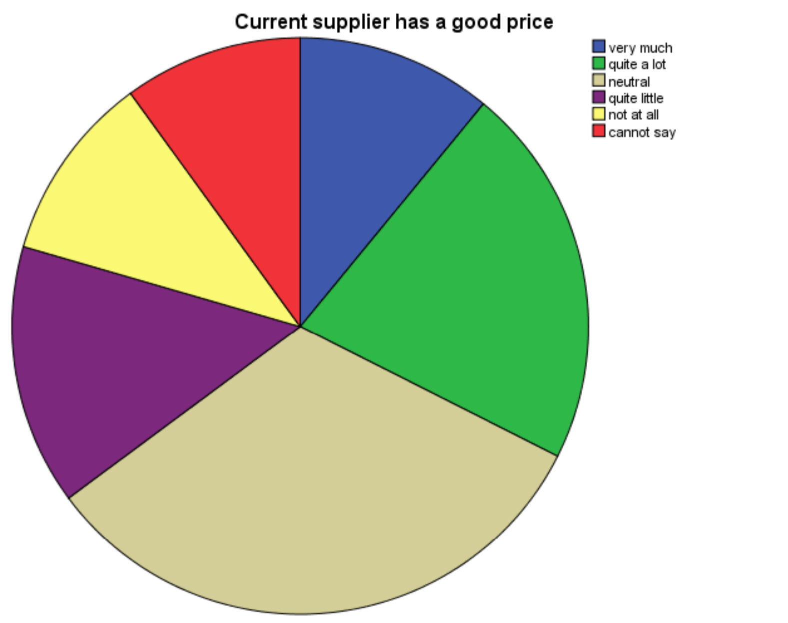
Reasons for not switching Q15



Good price currently Q15a

32 % of the respondents stated that the fact that their current electricity supplier has a good price has influenced very much or quite a lot in their decision not to switch supplier.

25 % of the respondents said this has influenced quite little or not at all.



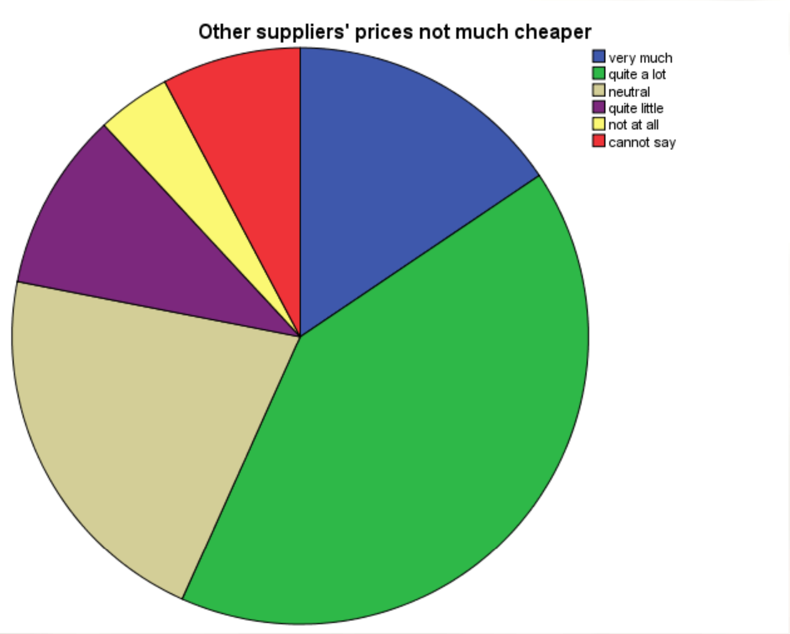
Current supplier has a good price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	93	10,2	11,0	11,0
	quite a lot	182	20,0	21,5	32,4
	neutral	275	30,3	32,4	64,9
	quite little	124	13,7	14,6	79,5
	not at all	89	9,8	10,5	90,0
	cannot say	85	9,4	10,0	100,0
	Total	848	93,4	100,0	
Missing	System	60	6,6		
Total		908	100,0		

Other suppliers not cheaper Q15b

57 % of the respondents stated that their belief that other electricity suppliers' prices are not significantly cheaper, has influenced very much or quite a lot in their decision not to switch supplier.

14 % of the respondents said this has influenced quite little or not at all.



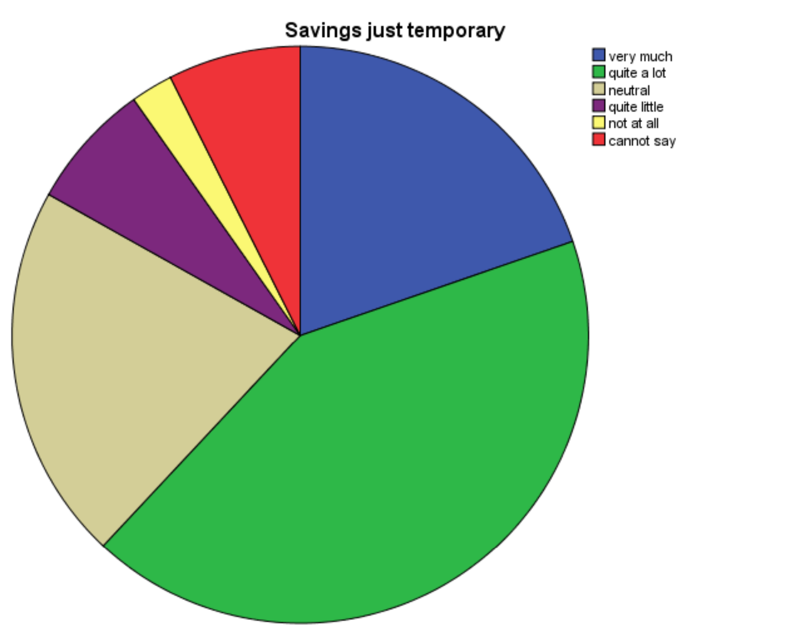
Other suppliers' prices not much cheaper

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	132	14,5	15,6	15,6
	quite a lot	349	38,4	41,2	56,7
	neutral	181	19,9	21,3	78,1
	quite little	85	9,4	10,0	88,1
	not at all	35	3,9	4,1	92,2
	cannot say	66	7,3	7,8	100,0
	Total	848	93,4	100,0	
Missing	System	60	6,6		
Total		908	100,0		

Savings just temporary Q15c

62 % of the respondents stated that their belief that possible money savings are just temporary, has influenced very much or quite a lot in their decision not to switch supplier.

10 % of the respondents said this has influenced quite little or not at all.



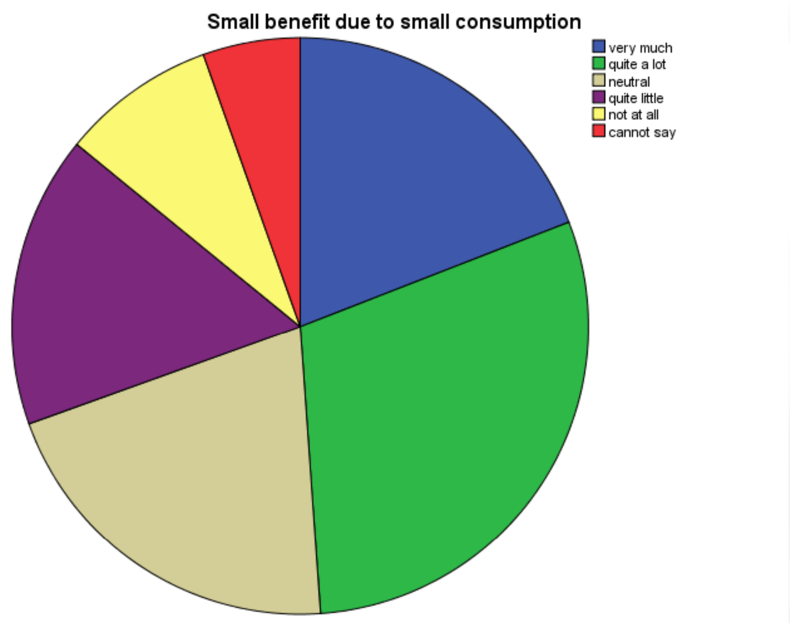
Savings just temporary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	167	18,4	19,7	19,7
	quite a lot	358	39,4	42,3	62,0
	neutral	179	19,7	21,1	83,1
	quite little	60	6,6	7,1	90,2
	not at all	20	2,2	2,4	92,6
	cannot say	63	6,9	7,4	100,0
	Total	847	93,3	100,0	
Missing	System	61	6,7		
Total		908	100,0		

Small consumption Q15d

49 % of the respondents stated that their belief that financial significance of switching supplier is small for them due to the fact that their electricity consumption is so small, has influenced very much or quite a lot in their decision not to switch supplier.

25 % of the respondents said this has influenced quite little or not at all.



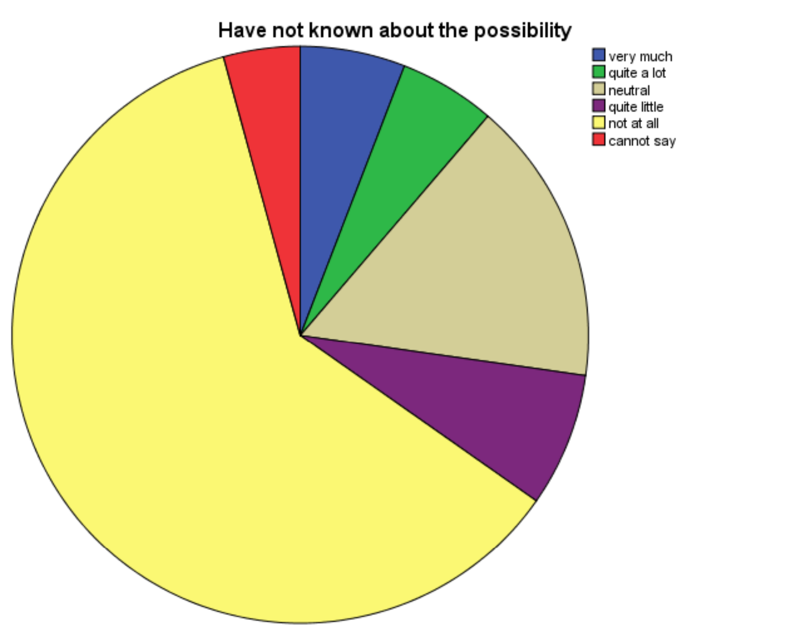
Small benefit due to small consumption

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	161	17,7	19,1	19,1
	quite a lot	251	27,6	29,8	48,9
	neutral	174	19,2	20,6	69,5
	quite little	138	15,2	16,4	85,9
	not at all	73	8,0	8,7	94,5
	cannot say	46	5,1	5,5	100,0
	Total	843	92,8	100,0	
Missing	System	65	7,2		
Total		908	100,0		

Not knowing Q15e

11 % of the respondents stated that the fact that they have not even known that they can switch supplier, has influenced very much or quite a lot in their decision not to switch supplier.

69 % of the respondents said this has influenced quite little or not at all.



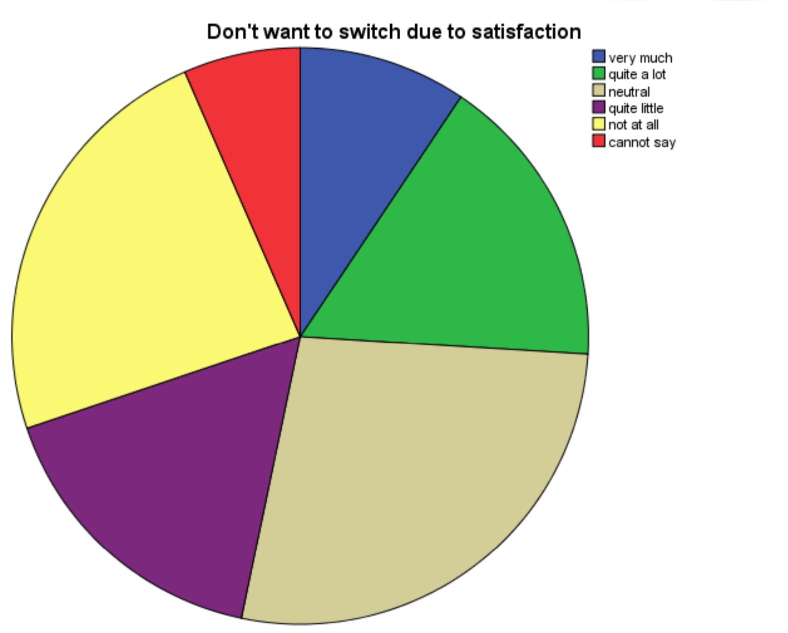
Have not known about the possibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	48	5,3	5,9	5,9
	quite a lot	44	4,8	5,4	11,3
	neutral	130	14,3	16,0	27,2
	quite little	61	6,7	7,5	34,7
	not at all	497	54,7	61,0	95,7
	cannot say	35	3,9	4,3	100,0
	Total	815	89,8	100,0	
Missing	System	93	10,2		
Total		908	100,0		

Satisfaction with supplier Q15f

26 % of the respondents stated that the fact that they are satisfied with their current supplier and would not switch even if they received a better offer from another supplier, has influenced very much or quite a lot in their decision not to switch supplier.

40 % of the respondents said this has influenced quite little or not at all.



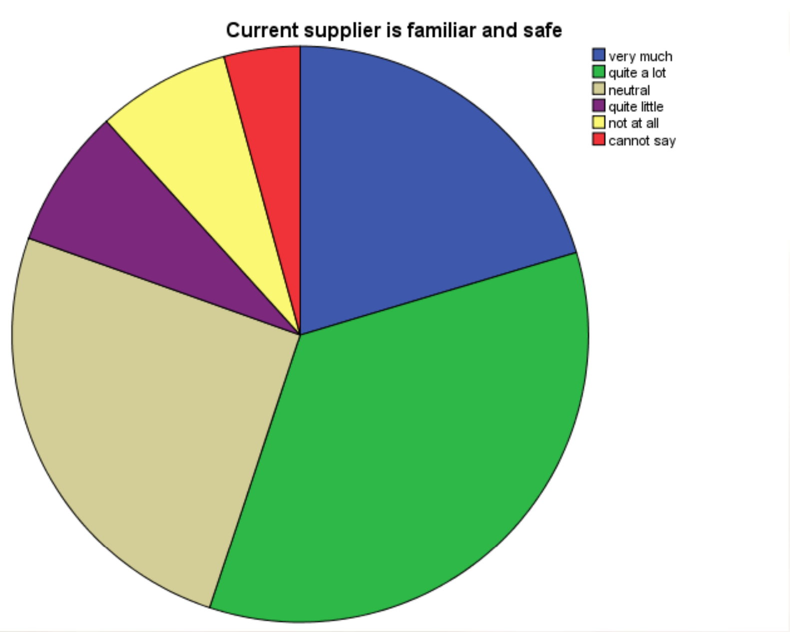
Don't want to switch due to satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	79	8,7	9,4	9,4
	quite a lot	139	15,3	16,6	26,0
	neutral	229	25,2	27,3	53,3
	quite little	139	15,3	16,6	69,8
	not at all	198	21,8	23,6	93,4
	cannot say	55	6,1	6,6	100,0
	Total	839	92,4	100,0	
Missing	System	69	7,6		
Total		908	100,0		

Supplier being familiar & safe Q15g

55 % of the respondents stated that they feel that their current supplier is familiar and safe for them, and this has influenced very much or quite a lot in their decision not to switch supplier.

15 % of the respondents said this has influenced quite little or not at all.



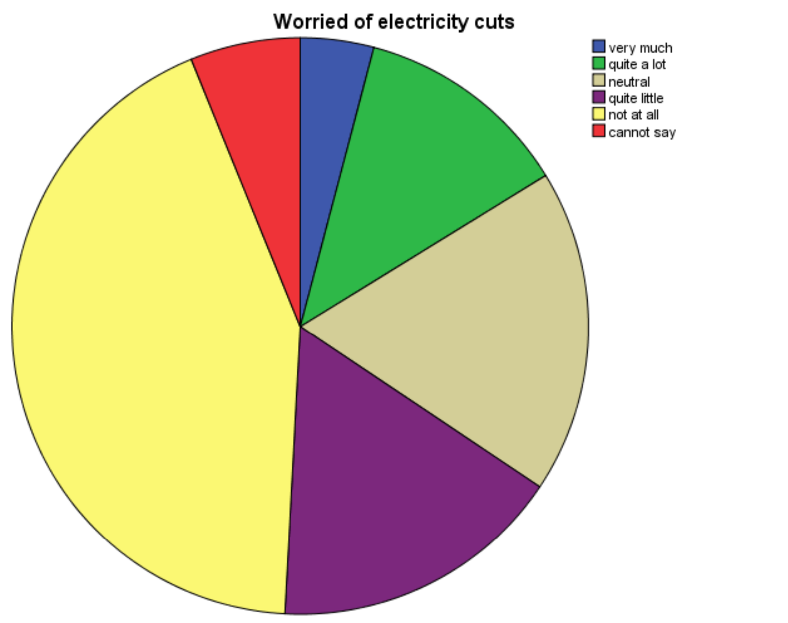
Current supplier is familiar and safe

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	172	18,9	20,4	20,4
	quite a lot	293	32,3	34,7	55,1
	neutral	214	23,6	25,4	80,5
	quite little	66	7,3	7,8	88,3
	not at all	63	6,9	7,5	95,7
	cannot say	36	4,0	4,3	100,0
	Total	844	93,0	100,0	
Missing	System	64	7,0		
Total		908	100,0		

Worrying for the electricity cuts Q15h

16 % of the respondents stated that they are afraid that switching supplier would cause electricity cuts or influence in fixing them, and this has influenced very much or quite a lot in their decision not to switch supplier.

60 % of the respondents said this has influenced quite little or not at all.



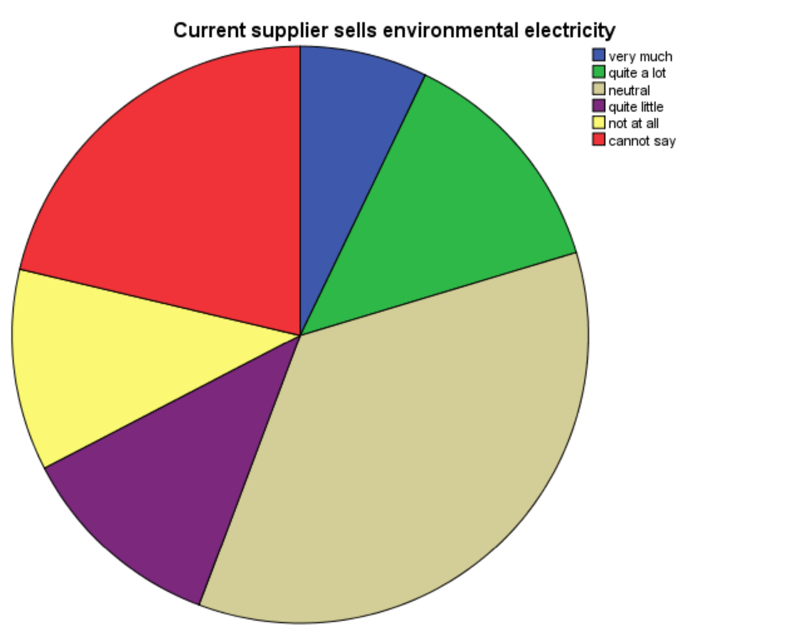
Worried of electricity cuts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	34	3,7	4,1	4,1
	quite a lot	100	11,0	12,1	16,2
	neutral	150	16,5	18,2	34,4
	quite little	136	15,0	16,5	50,8
	not at all	355	39,1	43,0	93,8
	cannot say	51	5,6	6,2	100,0
	Total	826	91,0	100,0	
Missing	System	82	9,0		
Total		908	100,0		

Supplier being pro-environmental Q15i

20 % of the respondents stated that their current supplier sells environmental electricity, and this has influenced very much or quite a lot in their decision not to switch supplier.

23 % of the respondents said this has influenced quite little or not at all.



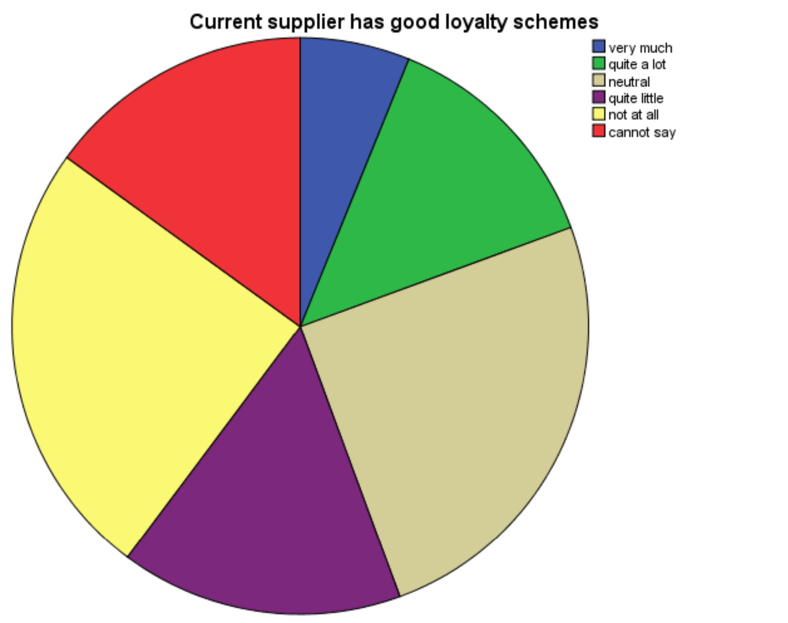
Current supplier sells environmental electricity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	60	6,6	7,1	7,1
	quite a lot	111	12,2	13,2	20,4
	neutral	297	32,7	35,4	55,7
	quite little	98	10,8	11,7	67,4
	not at all	95	10,5	11,3	78,7
	cannot say	179	19,7	21,3	100,0
	Total	840	92,5	100,0	
Missing	System	68	7,5		
Total		908	100,0		

Good loyalty schemes Q15j

19 % of the respondents stated that their current supplier has good loyalty or bonus schemes, which has influenced very much or quite a lot in their decision to switch supplier.

41 % of the respondents said this has influenced quite little or not at all.



Current supplier has good loyalty schemes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	52	5,7	6,2	6,2
	quite a lot	112	12,3	13,3	19,4
	neutral	211	23,2	25,0	44,4
	quite little	134	14,8	15,9	60,2
	not at all	209	23,0	24,7	85,0
	cannot say	127	14,0	15,0	100,0
	Total	845	93,1	100,0	
Missing	System	63	6,9		
Total		908	100,0		

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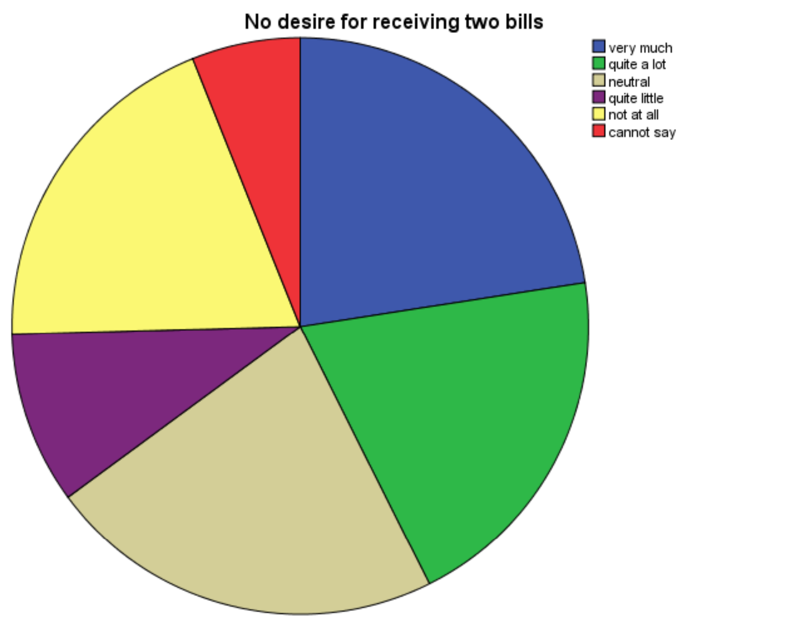
No desire for two bills Q15k

43 % of the respondents stated that the fact that they would not like to receive two electricity bills (one for electric energy and one for distribution) has influenced very much or quite a lot in their decision not to switch supplier.

29 % of the respondents said this has influenced quite little or not at all.



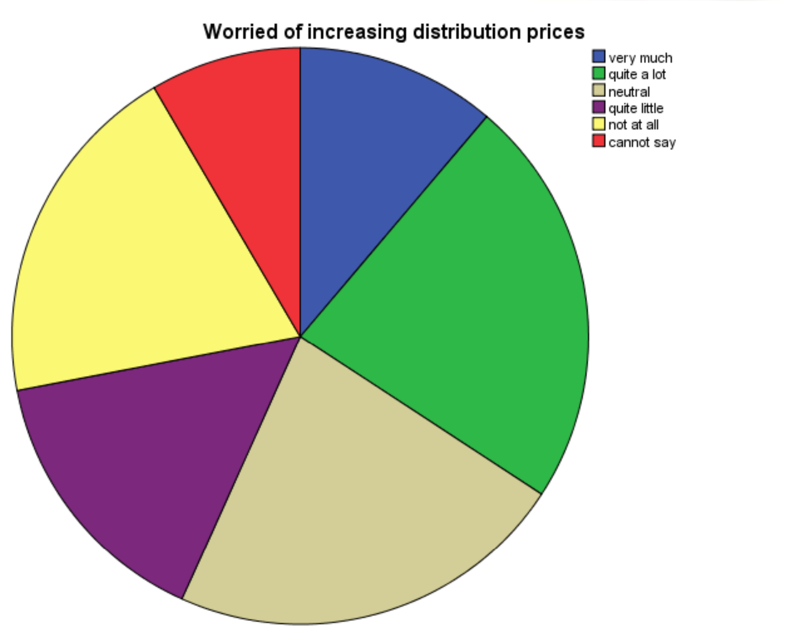
No desire for receiving two bills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	189	20,8	22,6	22,6
	quite a lot	168	18,5	20,0	42,6
	neutral	187	20,6	22,3	64,9
	quite little	81	8,9	9,7	74,6
	not at all	162	17,8	19,3	93,9
	cannot say	51	5,6	6,1	100,0
	Total	838	92,3	100,0	
Missing	System	70	7,7		
Total		908	100,0		

Worrying for distribution prices Q151

34 % of the respondents stated that they are afraid that the distribution prices will increase if they switch supplier, which has influenced very much or quite a lot in their decision not to switch supplier.

35 % of the respondents said this has influenced quite little or not at all.



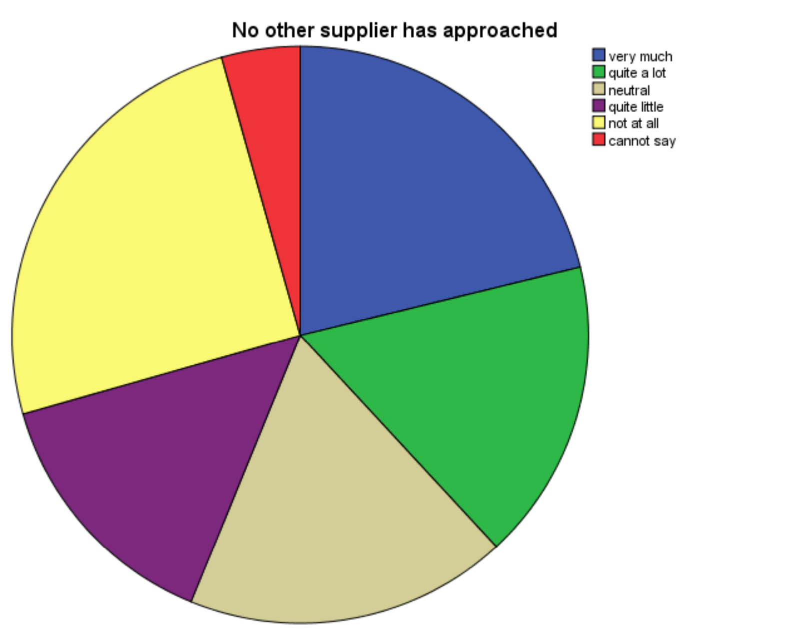
Worried of increasing distribution prices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	94	10,4	11,2	11,2
	quite a lot	193	21,3	23,0	34,2
	neutral	189	20,8	22,5	56,7
	quite little	128	14,1	15,3	72,0
	not at all	164	18,1	19,5	91,5
	cannot say	71	7,8	8,5	100,0
	Total	839	92,4	100,0	
Missing	System	69	7,6		
Total		908	100,0		

No other offers Q15m

38 % of the respondents stated that they have not been approached by any other supplier with an offer, which has influenced very much or quite a lot in their decision not to switch supplier.

39 % of the respondents said this has influenced quite little or not at all.



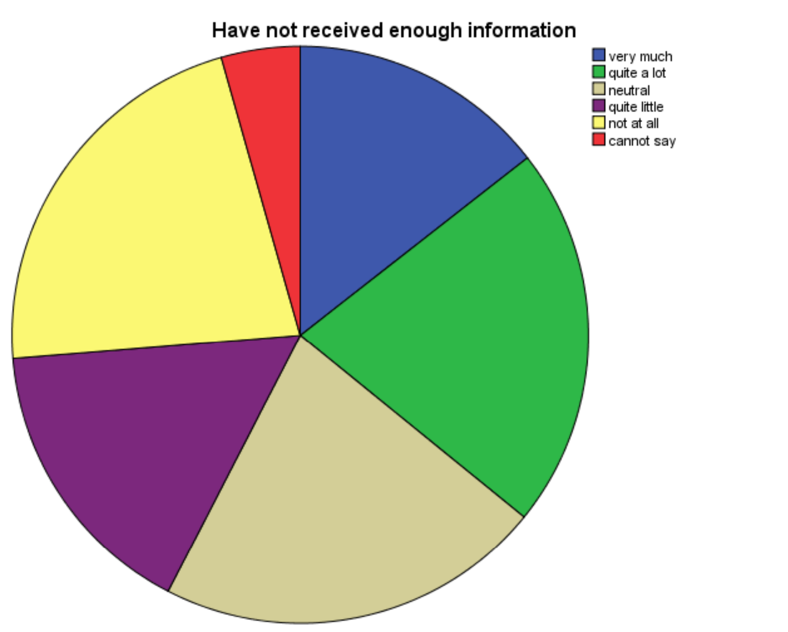
No other supplier has approached

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	178	19,6	21,2	21,2
	quite a lot	142	15,6	16,9	38,1
	neutral	152	16,7	18,1	56,2
	quite little	121	13,3	14,4	70,6
	not at all	210	23,1	25,0	95,6
	cannot say	37	4,1	4,4	100,0
	Total	840	92,5	100,0	
Missing	System	68	7,5		
Total		908	100,0		

No information about switching Q15n

36 % of the respondents stated that they have not received enough clear information about switching, which has influenced very much or quite a lot in their decision not to switch supplier.

38 % of the respondents said this has influenced quite little or not at all.



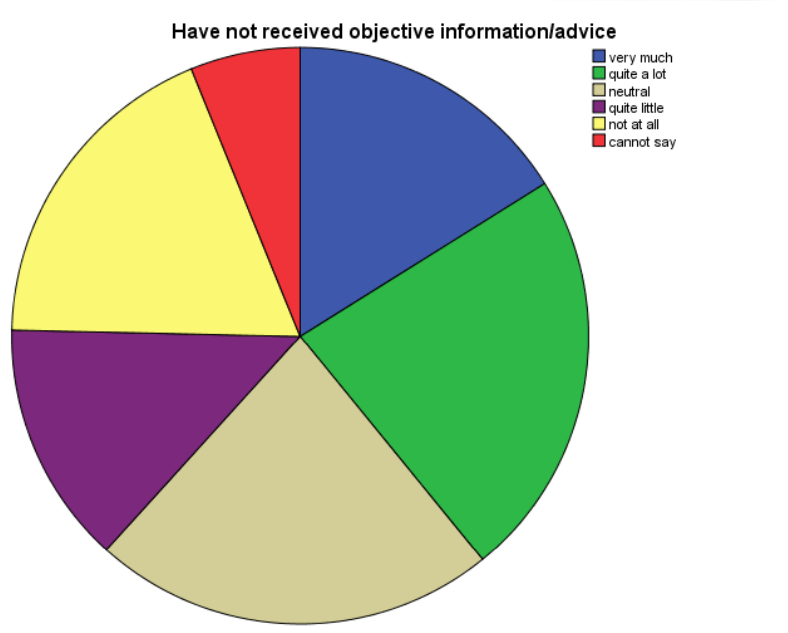
Have not received enough information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	121	13,3	14,5	14,5
	quite a lot	179	19,7	21,4	35,8
	neutral	182	20,0	21,7	57,6
	quite little	135	14,9	16,1	73,7
	not at all	183	20,2	21,9	95,6
	cannot say	37	4,1	4,4	100,0
	Total	837	92,2	100,0	
Missing	System	71	7,8		
Total		908	100,0		

No advice for switching Q15o

39 % of the respondents stated that they feel they have not received enough honest, objective guidance or information (e.g. from the authorities) about switching supplier, which has influenced very much or quite a lot in their decision not to switch supplier.

32 % of the respondents said this has influenced quite little or not at all.



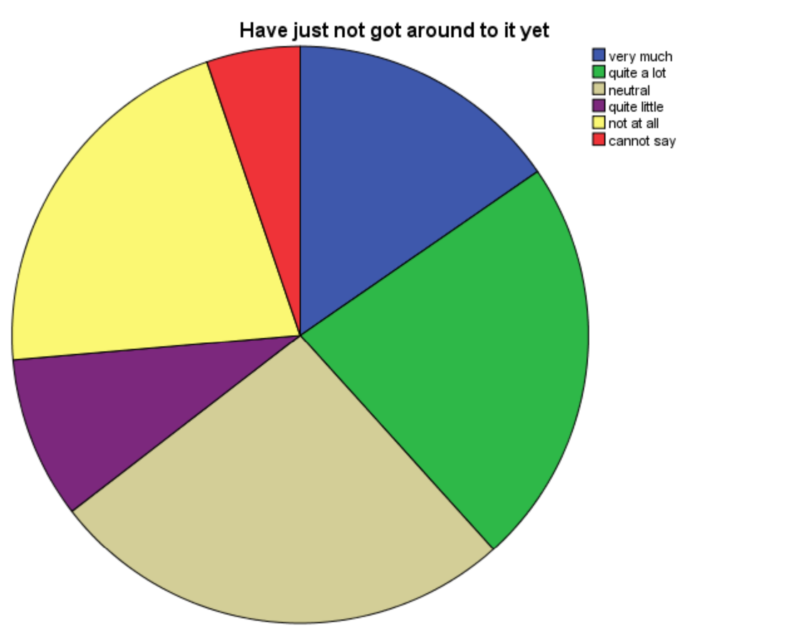
Have not received objective information/advice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	136	15,0	16,1	16,1
	quite a lot	194	21,4	23,0	39,1
	neutral	191	21,0	22,6	61,7
	quite little	115	12,7	13,6	75,4
	not at all	156	17,2	18,5	93,8
	cannot say	52	5,7	6,2	100,0
	Total	844	93,0	100,0	
Missing	System	64	7,0		
Total		908	100,0		

Not getting around to it Q15p

38 % of the respondents stated that they just have not got around to asking offers or switching supplier yet, which has influenced very much or quite a lot in their decision not to switch supplier.

30 % of the respondents said this has influenced quite little or not at all.



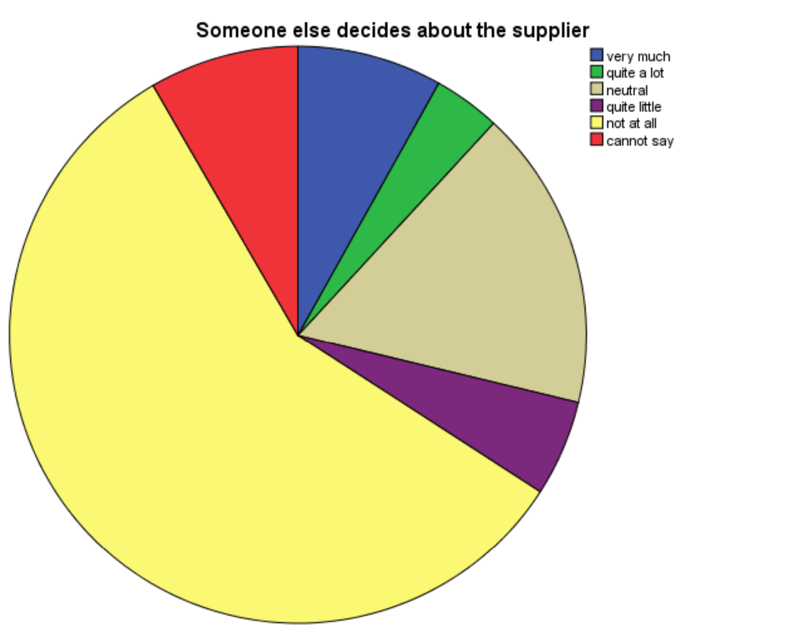
Have just not got around to it yet

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	129	14,2	15,4	15,4
	quite a lot	192	21,1	22,9	38,3
	neutral	220	24,2	26,3	64,6
	quite little	76	8,4	9,1	73,6
	not at all	177	19,5	21,1	94,7
	cannot say	44	4,8	5,3	100,0
	Total	838	92,3	100,0	
Missing	System	70	7,7		
Total		908	100,0		

Not being able to decide Q15q

12 % of the respondents stated that the fact that they cannot decide about switching supplier themselves (e.g. housing corporation or a lessor decides) has influenced very much or quite a lot in their decision not to switch supplier.

63 % of the respondents said this has influenced quite little or not at all.



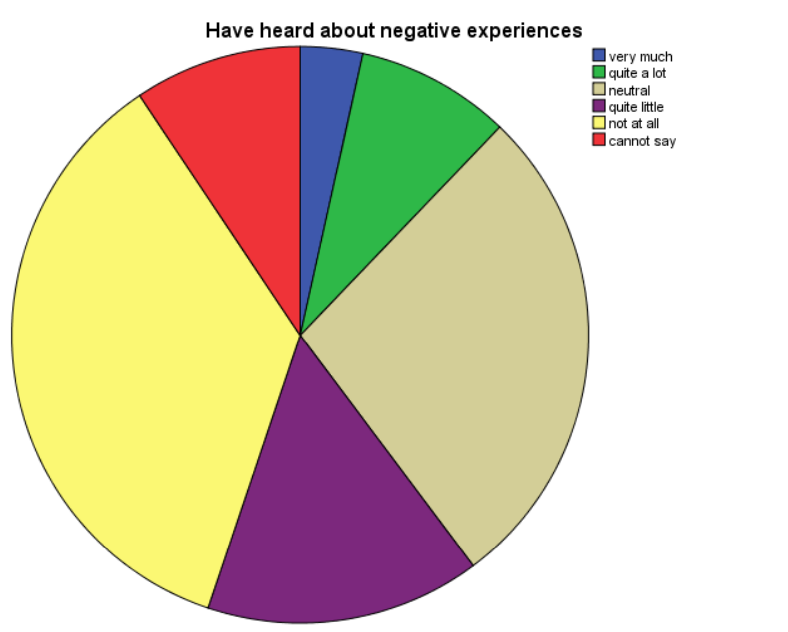
Someone else decides about the supplier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	65	7,2	8,1	8,1
	quite a lot	30	3,3	3,8	11,9
	neutral	135	14,9	16,9	28,8
	quite little	43	4,7	5,4	34,1
	not at all	460	50,7	57,5	91,6
	cannot say	67	7,4	8,4	100,0
	Total	800	88,1	100,0	
Missing	System	108	11,9		
Total		908	100,0		

Negative experiences Q15r

12 % of the respondents stated that they have heard negative experiences of switching electricity supplier, and this has influenced very much or quite a lot in their decision not to switch supplier.

51 % of the respondents said this has influenced quite little or not at all.



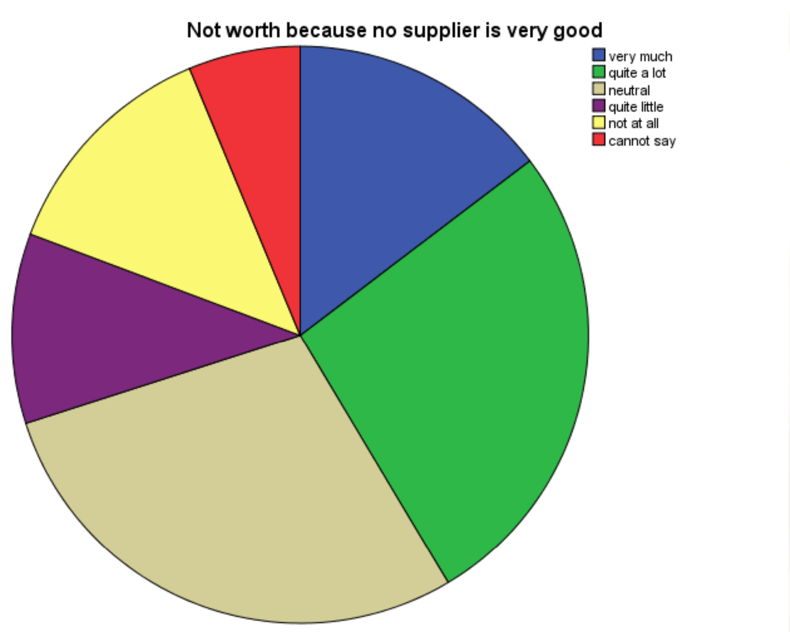
Have heard about negative experiences

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	29	3,2	3,5	3,5
	quite a lot	72	7,9	8,7	12,2
	neutral	229	25,2	27,6	39,8
	quite little	128	14,1	15,4	55,2
	not at all	294	32,4	35,4	90,6
	cannot say	78	8,6	9,4	100,0
	Total	830	91,4	100,0	
Missing	System	78	8,6		
Total		908	100,0		

No supplier is very good Q15s

41 % of the respondents stated that their belief that no supplier is very good and therefore switching does not change anything, has influenced very much or quite a lot in their decision not to switch supplier.

24 % of the respondents said this has influenced quite little or not at all.



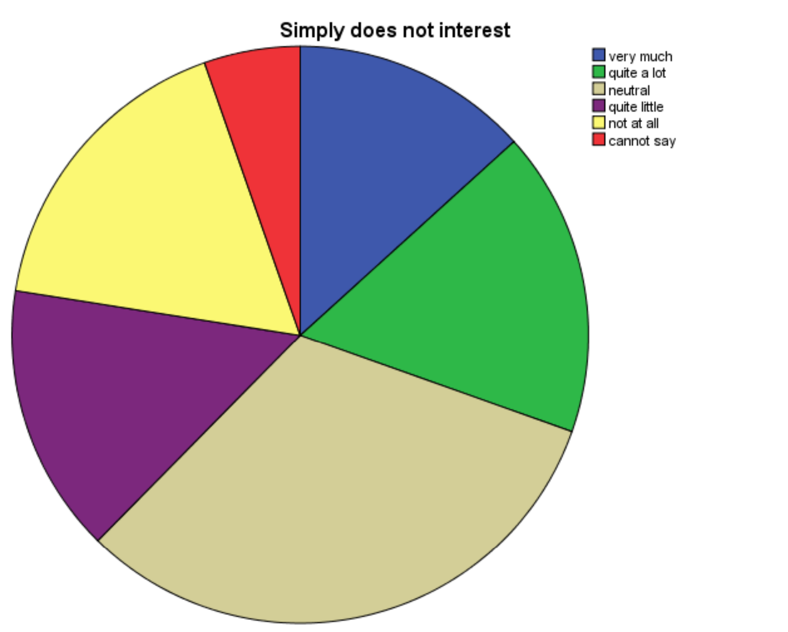
Not worth because no supplier is very good

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	124	13,7	14,7	14,7
	quite a lot	226	24,9	26,7	41,4
	neutral	242	26,7	28,6	70,1
	quite little	90	9,9	10,7	80,7
	not at all	110	12,1	13,0	93,7
	cannot say	53	5,8	6,3	100,0
	Total	845	93,1	100,0	
Missing	System	63	6,9		
Total		908	100,0		

Simply not interested Q15t

30 % of the respondents stated that they simply are just not interested in switching, which has influenced very much or quite a lot in their decision not to switch supplier.

32 % of the respondents said this has influenced quite little or not at all.



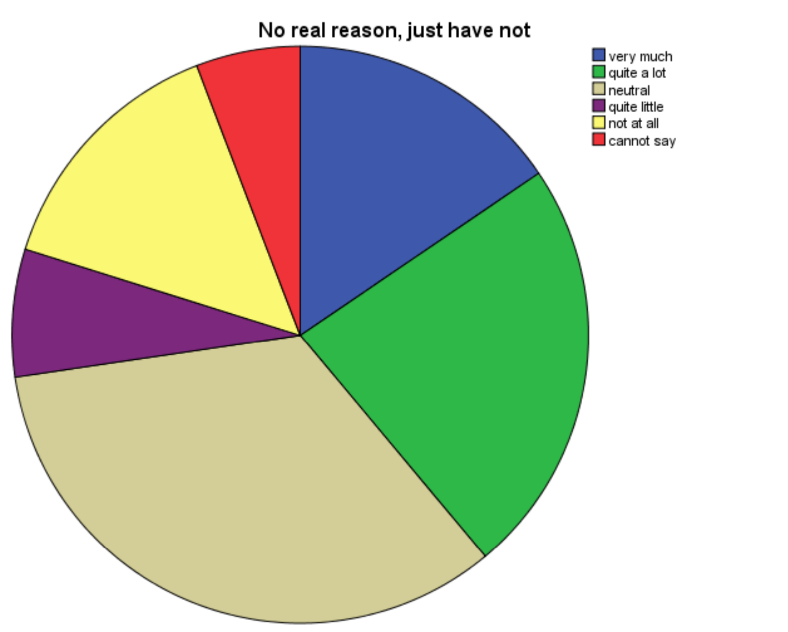
Simply does not interest

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	111	12,2	13,3	13,3
	quite a lot	143	15,7	17,1	30,4
	neutral	267	29,4	32,0	62,4
	quite little	126	13,9	15,1	77,5
	not at all	143	15,7	17,1	94,6
	cannot say	45	5,0	5,4	100,0
	Total	835	92,0	100,0	
Missing	System	73	8,0		
Total		908	100,0		

No real reason Q15u

39 % of the respondents stated that they have no real reason for not switching supplier (they just have not), which has influenced very much or quite a lot in their decision not to switch supplier.

22 % of the respondents said this has influenced quite little or not at all.



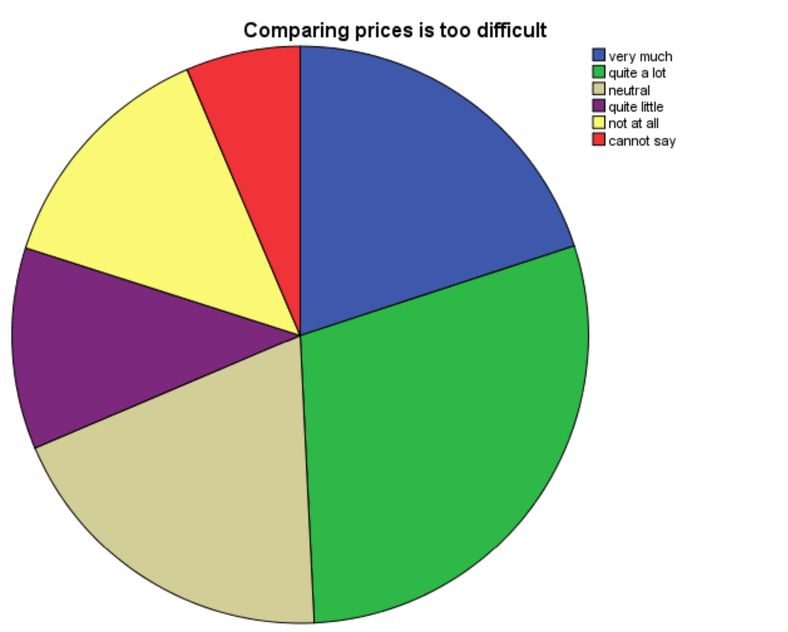
No real reason, just have not

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	130	14,3	15,5	15,5
	quite a lot	196	21,6	23,4	38,9
	neutral	283	31,2	33,8	72,7
	quite little	60	6,6	7,2	79,8
	not at all	120	13,2	14,3	94,2
	cannot say	49	5,4	5,8	100,0
	Total	838	92,3	100,0	
Missing	System	70	7,7		
Total		908	100,0		

Comparing prices troublesome Q15v

49 % of the respondents stated that they feel that comparing different electricity suppliers' prices is too troublesome, which has influenced very much or quite a lot in their decision not to switch supplier.

25 % of the respondents said this has influenced quite little or not at all.



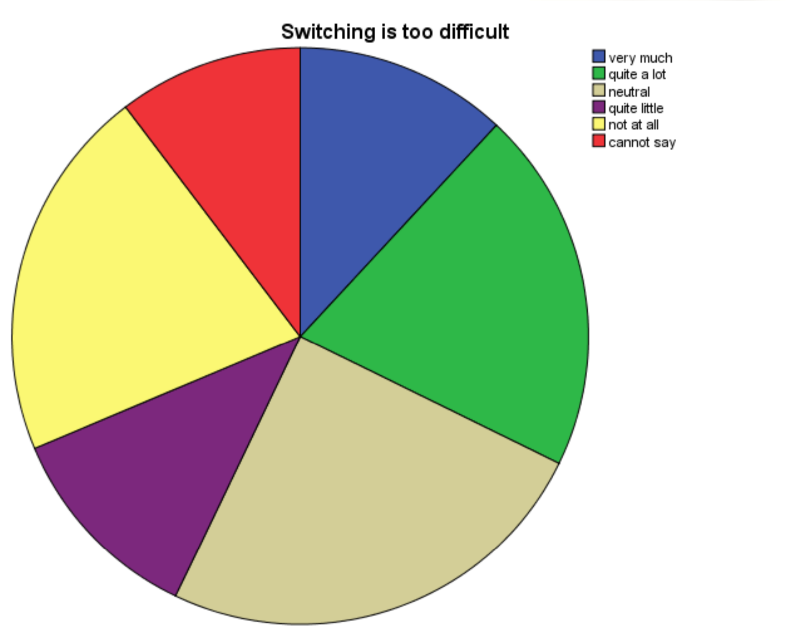
Comparing prices is too difficult

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	168	18,5	20,0	20,0
	quite a lot	246	27,1	29,3	49,2
	neutral	163	18,0	19,4	68,6
	quite little	95	10,5	11,3	79,9
	not at all	115	12,7	13,7	93,6
	cannot say	54	5,9	6,4	100,0
	Total	841	92,6	100,0	
Missing	System	67	7,4		
Total		908	100,0		

Switching too troublesome Q15x

32 % of the respondents stated that for some other reason (than those already mentioned) switching supplier seems too difficult, which has influenced very much or quite a lot in their decision not to switch supplier.

33 % of the respondents said this has influenced quite little or not at all.



Switching is too difficult

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	92	10,1	11,9	11,9
	quite a lot	157	17,3	20,3	32,3
	neutral	192	21,1	24,9	57,1
	quite little	89	9,8	11,5	68,7
	not at all	162	17,8	21,0	89,6
	cannot say	80	8,8	10,4	100,0
	Total	772	85,0	100,0	
Missing	System	136	15,0		
Total		908	100,0		

Switching too troublesome Q15x

The respondents were asked for what other reason (than those already mentioned) switching supplier seems too difficult for them.

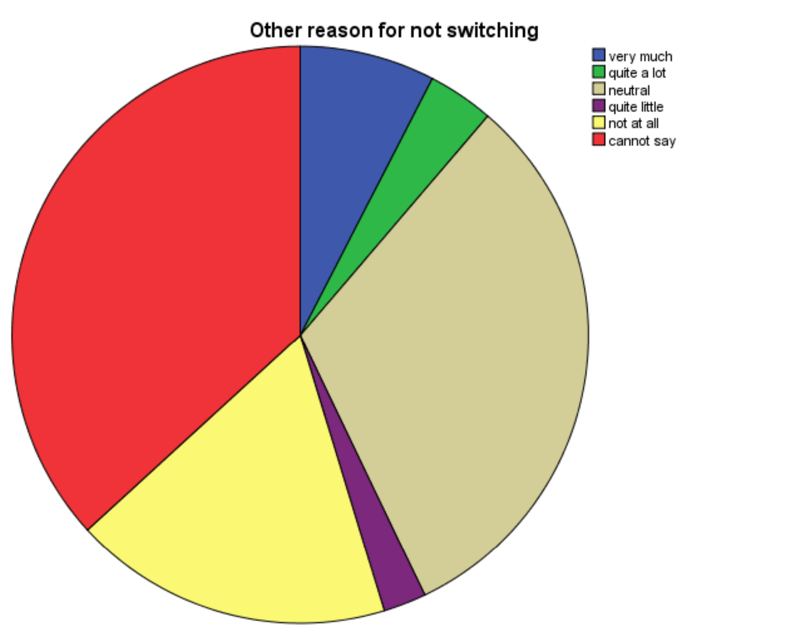
It seems that the consumers are mainly worried about some unknown problems – they are afraid that "everything does not go as it should, in the end". Also, they are worried about a lot of bureaucracy and/or about receiving two bills after switching.

Some of them also mention that they do not have enough knowledge and therefore it seems a safer option to do nothing (to stay with the company that is familiar).

Other reason for not switching Q15y

11 % of the respondents stated that there was some other reason (than those already mentioned) that has influenced very much or quite a lot in their decision not to switch supplier.

20 % of the respondents said this has influenced quite little or not at all.



Other reason for not switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very much	41	4,5	7,6	7,6
	quite a lot	20	2,2	3,7	11,3
	neutral	171	18,8	31,6	42,9
	quite little	13	1,4	2,4	45,3
	not at all	97	10,7	17,9	63,2
	cannot say	199	21,9	36,8	100,0
	Total	541	59,6	100,0	
Missing	System	367	40,4		
Total		908	100,0		

It must be noted that there are as many as 40 % of "missing" answers here. It can be assumed that for these respondents who left the question empty, there were no other reasons for not switching. Therefore, these "other reasons" are not even close to that common in reality.

Other reason for not switching Q15y

The respondents were asked what other issues (than those already mentioned) have influenced in them not having switched supplier.

The respondents mentioned the following issues:

- Distribution prices are not under competition

- **Fixed contract does not allow switching**
- **Willingness to support the local supplier**

Main reason for not switching Q16

For most consumers, there is not just one reason for not switching electricity supplier. This is even more true for non-switching than it is for switching. It is often a very complex combination of many things that have an impact on the non-switchers' decision. Often, it is not even a conscious decision.

Based on several studies in the past, the reasons for not switching electricity supplier, can be roughly divided into three main categories of reasons, which have been presented on the next slide.

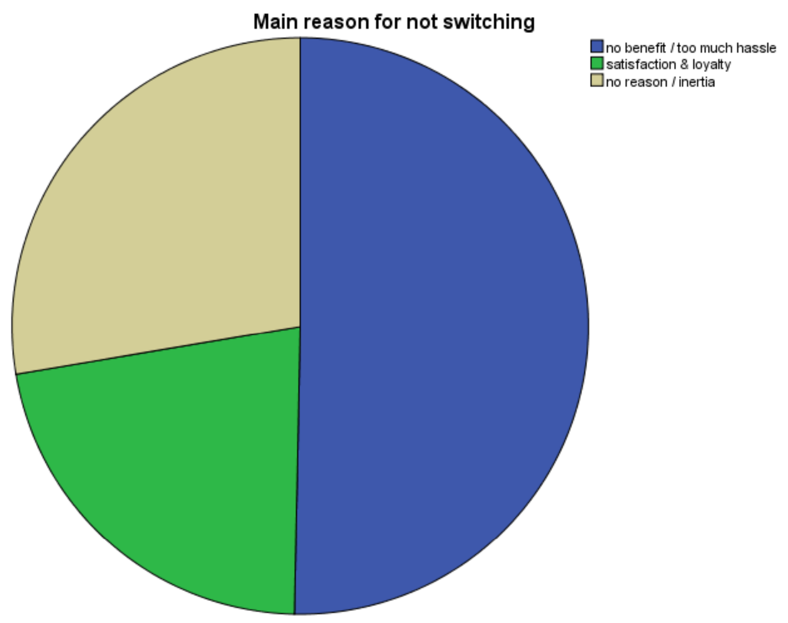
…main reason for not switching Q16

***Loyalty:** The customer is satisfied with his current supplier and he wants to stay as a loyal customer for the time being. He does not want to switch supplier, even if he received a better offer from another supplier.*

- ***Rejection:** The customer has nothing against switching supplier, but he thinks it is worthless or too troublesome (e.g. difficult to find information, make comparisons or switch supplier, or the savings potential is too small).*
- ***Inertia:** The customer just has not got around to switch supplier, without any specific reason (e.g. he has not even thought about it, has not known it is possible for him to switch, he is not interested in the topic or just has not bothered to do anything).*

…main reason for not switching Q16

When the respondents had to choose one of these three main reasons to not to switch supplier, 50 % of them chose that there is not enough benefit compared to the hassle. 28 % chose inertia as a main reason and 22 % their satisfaction with and loyalty for their current electricity supplier.



Main reason for not switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no benefit / too much hassle	393	43,3	50,3	50,3
	satisfaction & loyalty	172	18,9	22,0	72,3
	no reason / inertia	216	23,8	27,7	100,0
	Total	781	86,0	100,0	
Missing	System	127	14,0		
Total		908	100,0		

…main reason for not switching Q16

- experts vs. consumers -

Also the experts were asked to estimate, how big a share of the consumers belong to the groups of rejection, loyalty or inertia being their main reason not to switch supplier.
In the table below the answers by the experts and the consumers themselves are compared with each others.

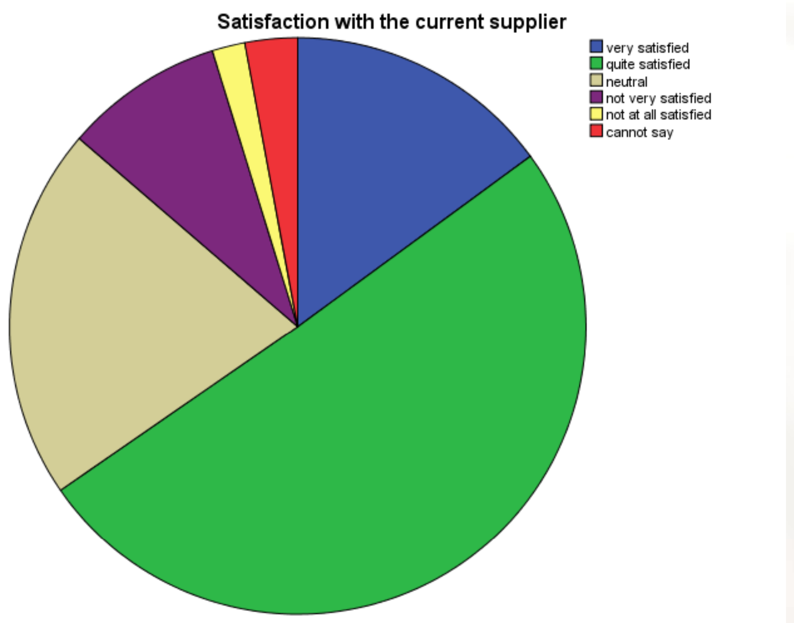
It is interesting to see that all the experts assume rejection (too small benefit, too much trouble) to be much less significant reason for the consumers' passivity than the consumers evaluate themselves. The estimated share of loyalty and inertia are closer to the reality.

Reason	Consumers (average)	Experts (average)	Experts (variation)
Rejection	50 %	20 %	5 – 35 %
Loyalty	22 %	38 %	10 – 60 %
Inertia	28 %	42 %	10 – 80 %

SWITCHING & LOYALTY

Satisfaction with the supplier Q17

In total 65 % of the respondents are somewhat satisfied with their current electricity supplier.
11 % are not satisfied.



Satisfaction with the current supplier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very satisfied	203	14,7	14,9	14,9
	quite satisfied	685	49,5	50,4	65,4
	neutral	284	20,5	20,9	86,3
	not very satisfied	121	8,7	8,9	95,2
	not at all satisfied	25	1,8	1,8	97,1
	cannot say	40	2,9	2,9	100,0
	Total	1358	98,1	100,0	
Missing	System	26	1,9		
Total		1384	100,0		

- switchers vs. non-switchers –

It seems that the switchers are slightly more satisfied with their electricity supplier than the non-switchers. 22 % of switchers stated to be “very satisfied” with their supplier, whereas this percentage was 11 % for the non-switchers.

Satisfied customers Q18

Almost one third of the satisfied respondents stated their current supplier's good price as their reason for satisfaction.

Also these comments were given by a significant proportion of the respondents:

- Reliable delivery of electricity
- Everything has worked ok, no problems
- Locality of the supplier (support to local companies and/or easiness to deal with)
- Environmentalism
- Good customer service
- Good billing system
- Good communication
- Familiarity & safety
- Reliability

…satisfied customers Q18

"A possibility to choose from different kinds of products, good Internet service, big and stable company."

"Good price, monthly billing, environmental electricity, funny customer magazine."

"I have had nothing to complain about. They have a good web based service for following the consumption."

"All their electricity production comes from renewable sources. On the other hand, electricity is expensive, but everyone can influence in how much to use it. Also, electricity SHOULD be expensive – people should pay for their polluting."

"It is nearby; I can contact them anytime. We understand each others (speaking the same dialect)."

Dissatisfied customers Q18

Almost half of the dissatisfied respondents stated their current supplier's <u>high electricity price</u> as their reason for dissatisfaction.

All the other comments were mentioned by only a fraction of these respondents. However, some issues that were stated by several respondents, were:

- **Bad billing system**
- **Bad customer service**
- **High distribution prices**
- **False promises**
- **Frequent price increases**

…dissatisfied customers Q18

"The electricity bill is just getting bigger and bigger, even if I use just a little electricity. And what is the distribution price all about; doesn't my current electricity supplier have their own electricity, I mean where they distribute it from and why they make the consumers pay for that?"

"Simply trying to read the bill is hopeless. The bills are pure Hebrew to an ordinary man."

"A long-term customer does not get any benefits unless specifically asking for them."

"The only contact channel is their web site. They do not respond even to email requests."

"I don't think the price is eventually cheaper. I now receive two bills and I cannot calculate or compare them with my old bill. The whole switch makes me angry. I will never again promise anything like this over the phone."

"They do not respond to contact requests. Long queuing over the phone. Very detailed electricity bills. Marketing and pricing being unclear."

Uncertain ones Q18

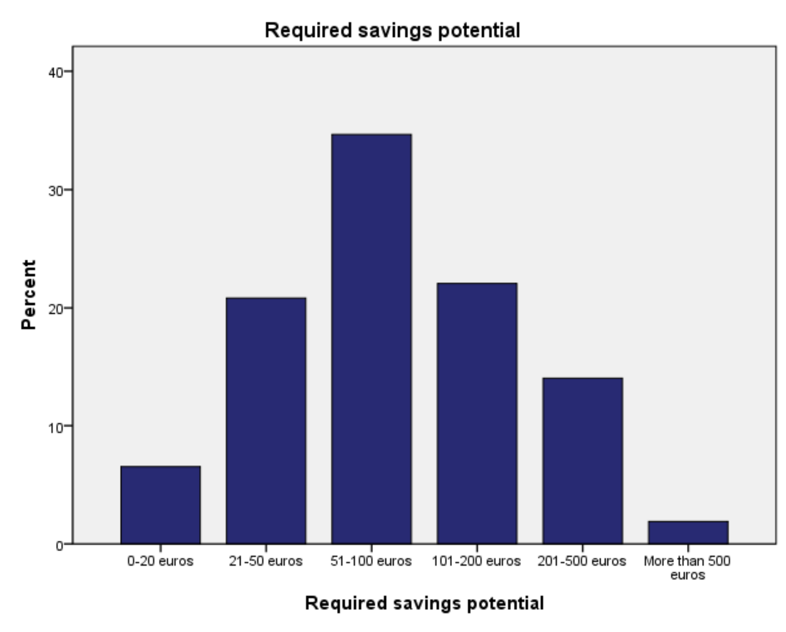
For those respondents, who stated that they feel "neutral" about their satisfaction towards their current supplier, or they could not say, the grounds were miscellaneous.

However, the biggest reasons for their uncertainty were a perception of their current supplier having high electricity prices, or the fact that the respondents did not yet have a lot of experience of their current supplier and therefore were not able to judge yet.

Several respondents also mentioned the following issues:
They have no problems with the current supplier, their price is ok, the distribution price is high, their supplier is familiar and safe, and they don't think the other suppliers would be any better.

Required savings potential Q19

The majority (62 %) of the respondents would require savings of 100 €/year or less in order to switch supplier. In total 15 % of the respondents stated that they would NOT switch electricity supplier because of financial savings.



Required savings potential

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-20 euros	69	5,9	6,5	6,5
	21-50 euros	220	18,9	20,8	27,4
	51-100 euros	366	31,4	34,7	62,0
	101-200 euros	233	20,0	22,1	84,1
	201-500 euros	148	12,7	14,0	98,1
	More than 500 euros	20	1,7	1,9	100,0
	Total	1056	90,7	100,0	
Missing	System	108	9,3		
Total		1164	100,0		

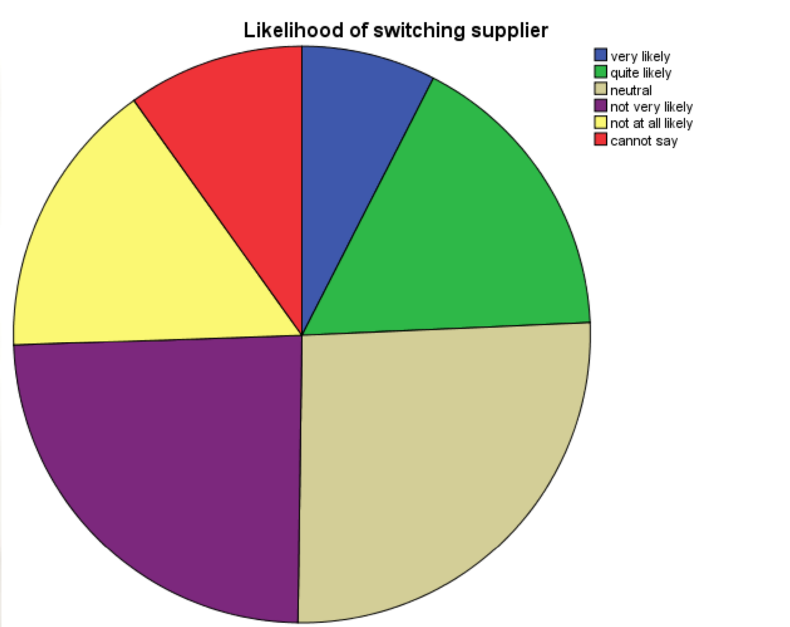
…required savings potential Q19

For obvious reasons, the required savings potential varies depending on the amount of electricity consumption of the respondent's household. Below this is presented as averages.

Electricity consumption of the respondents household	Required savings potential (average)
2 000 kWh/year	103 €/year
5 000 kWh/year	111 €/year
10 000 kWh/year	164 €/year
18 000 kWh/year	192 €/year
All respondents	153 €/year

Switching intentions Q20

24 % of the respondents feel that they are likely to switch their electricity supplier in the near future. 40 % are not likely. A significant proportion of the respondents (36 %) had a neutral position or they could not say about their intentions.



Likelihood of switching supplier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very likely	102	7,4	7,5	7,5
	quite likely	227	16,4	16,8	24,3
	neutral	351	25,4	25,9	50,2
	not very likely	328	23,7	24,2	74,4
	not at all likely	212	15,3	15,7	90,1
	cannot say	134	9,7	9,9	100,0
	Total	1354	97,8	100,0	
Missing	System	30	2,2		
Total		1384	100,0		

…switching intentions Q20

- switchers vs. non-switchers -

Likelihood to switch supplier in the near future	Switchers	Non-switchers
very likely	16 %	4 %
quite likely	27 %	12 %
neutral	24 %	27 %
not very likely	15 %	29 %
not at all likely	9 %	19 %
cannot say	9 %	10 %

Likely switchers Q21

By far the major reason for likely switching is the price. As many as ¾ of all the comments concerned the electricity price. These respondents expected to save money by switching and as soon as they get evidence of that, they are willing to switch.

Other most common issues were willingness to check the situation as soon as the respondent's fixed contract comes to an end, to rethink the situation when about to move house or town, or to search for a more environmental friendly option. Also, several respondents mentioned their willingness to boost the competition.

…likely switchers Q21

"Before this questionnaire I did not even know that there are plenty of options for buying electricity."

"If I would just get enough written and clear information about electricity prices from several suppliers, in order to be able to compare them."

"My current supplier is famous for their strange billing mess!"

"If I will find a suitable offer, I might as well switch, because it is so easy."

Likely non-switchers Q21

The most common reason for the respondents to feel that they are not likely to switch supplier, was their perception that the benefit would be too small, due to their small consumption level or the small price differences between the suppliers. This was stated by ¼ of these respondents.

Other most common issues were:

- Satisfaction with the current supplier
- Current supplier having a good price
- No real reason to switch
- Comparing prices and switching supplier is too troublesome
- Respondent has a fixed contract and he can't switch
- Low level of interest, just cannot be bothered
- Willingness to support the local supplier

…likely non-switchers Q21

"The benefit is minimal, electricity distribution price will increase."

"If a save a bit in a year, it is possible that the new supplier's price level will increase as well. I also think there might be more electricity cuts. I cannot be bothered to switch supplier every now and then, based on where the price is cheapest."

"Time consuming; comparing prices, reading all the contract terms etc."

"It would just become more expensive, because then we should pay the distribution price to another company. Both companies would charge a bit extra, therefore it is easier to pay just to one company."

"Because this supplier is the local one, it also benefits my municipality."

"We nowadays use a reasonably sized local "our own" electricity supplier. The service point is nearby in our own town. We have had no problems, and due to the locality, help has always been quick and relevant."

"I consume little and nowadays just electricity that has been produced by renewable sources. I do not want to use electricity produced by nuclear power or other non-renewable sources. The reasons are ethical and moral."

Uncertain ones Q21

For those respondents, who stated that they feel "neutral" about their switching likelihood, or they could not say, the grounds were miscellaneous. However, the biggest reason for their uncertainty was <u>not knowing where electricity prices are going</u> in future and how will their current supplier react to that.

Other often stated reasons for uncertainty were:

- Financial benefit too small
- Comparing prices or switching supplier too troublesome
- A fixed contract, re-thinking after the end of that
- The respondent is not interested or does not get around to it
- Switching is not worth doing, due to the high distribution prices
- Current supplier seems to have a good price
- No possibility for the respondent to decide

…uncertain ones Q21

"If nobody will offer me a simple calculation, I don't believe I bothered to do it myself either."

"If I could get reliable information that won't constantly change."

"Price development is the same for all the suppliers. Distribution, that cannot be switched to another company, takes more than half of the energy bill, also the increasing electricity taxes efficiently take away most of the apparent benefit received in the supply price.."

"Today's affordable supplier might be to most expensive one of tomorrow!"

"I don't think I will switch, because electricity distribution part cannot be switched, therefore monetary benefit is small. My current supplier does not any more offer cheap electricity to new customers, so there is a risk that I would not even find cheap options. Many don't even seem to be interested in new customers, because their business is too profitable and they do not need new customers. Buying green electricity does not increase the production of it in reality, it just seems to be available for image reasons."

…uncertain ones Q21

"I have no idea who would take care of the faults and give advice in case there are some problems, now I just call to the local company."

"I should go through some price comparisons. If another supplier can sell me electricity with a significantly lower price, I am ready to switch. The price is the only criteria."

"If there would just be a person that gave proper reliable advice and the price would stay in what is promised."

"I have no time. I cannot be bothered to keep watch on electricity, telephone, insurances, magazine prices, all sorts of tickets to the stores etc. I am bored. I am busy enough already. What ever the company is, I hope that they would take care of me and ensure the best benefits for me as a regular customer. The benefits should not be given just to the new customers."

AWARENESS OF SWITCHING RELATED ISSUES

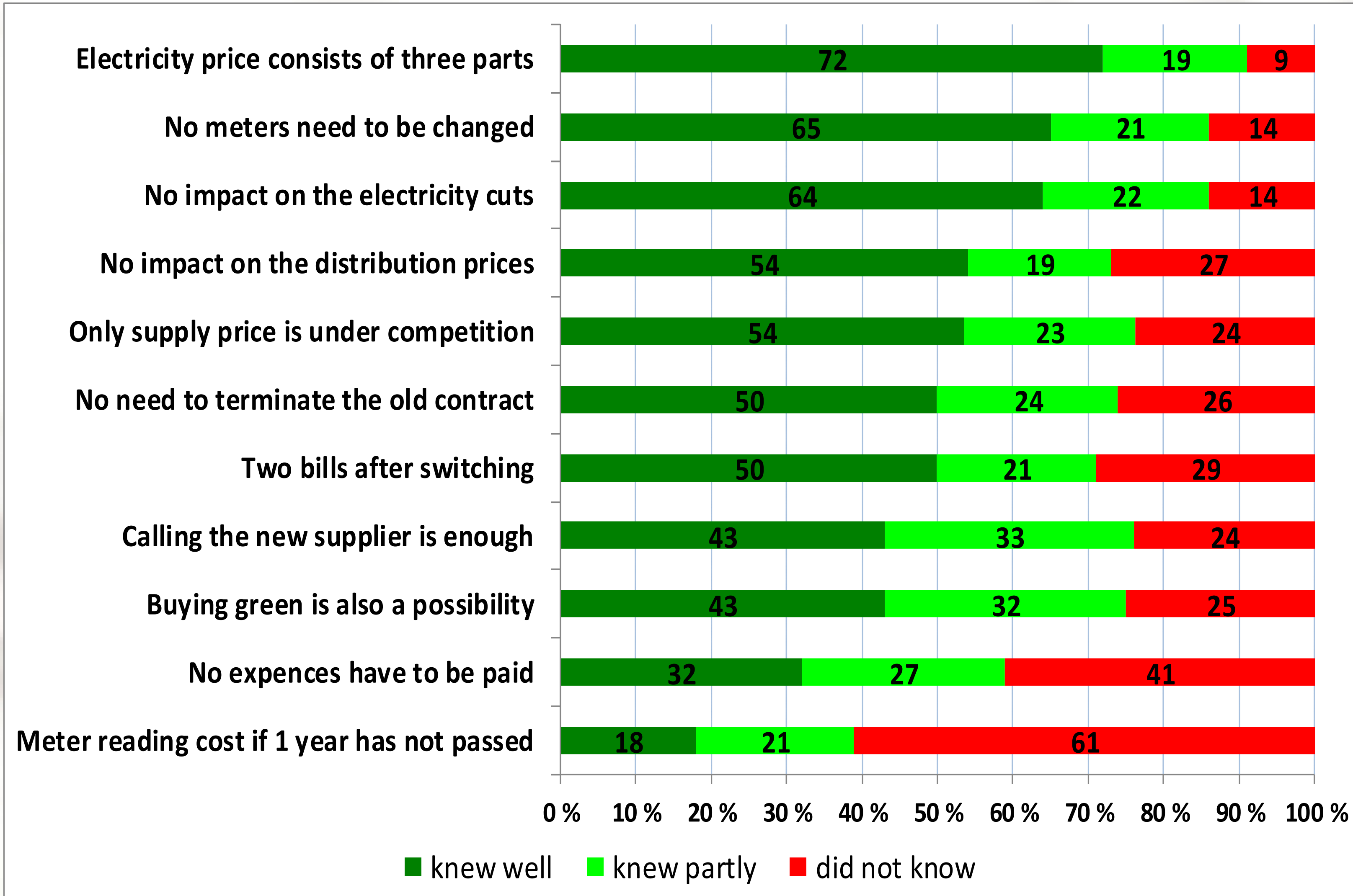
Awareness regarding switching

It is extremely important that people know the most critical issues regarding switching issues, such as that switching should not influence in the quality of electricity they get or the distribution prices they pay, and that the switching is free of charge for them.

However, they should also understand the downsides, such as the fact that they can only influence in part of their electricity bill and that after switching they will in most cases end up with two separate electricity wills.

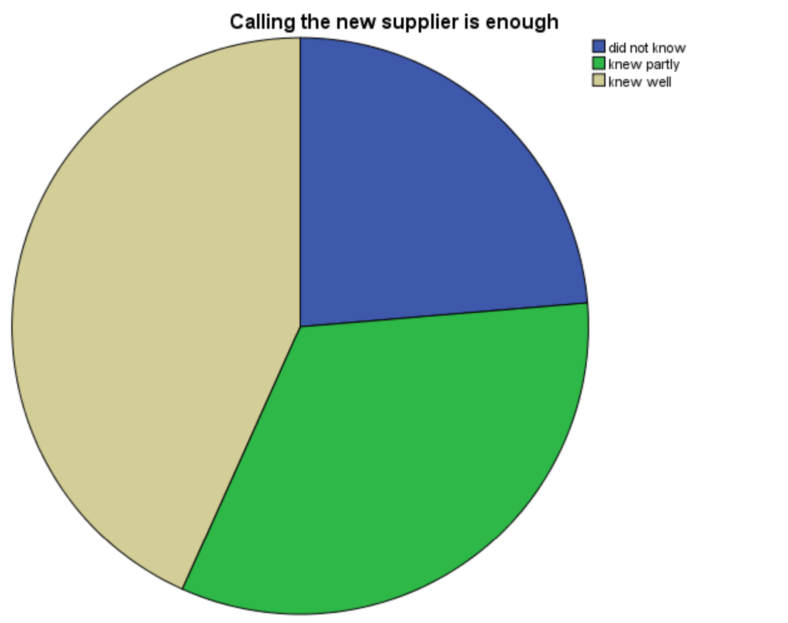
If the consumers are not aware of the pros and cons at the electricity market, they will always have doubts about switching, and they will never use their chances to gain benefits at the electricity market.

Awareness regarding switching Q22



Calling the new supplier enough Q22a

43 % of the respondents knew well, 33 % partly, and 24 % did not know, that in order to switch electricity supplier, all they have to do is to call to a new supplier or fill in a simple form over the Internet.

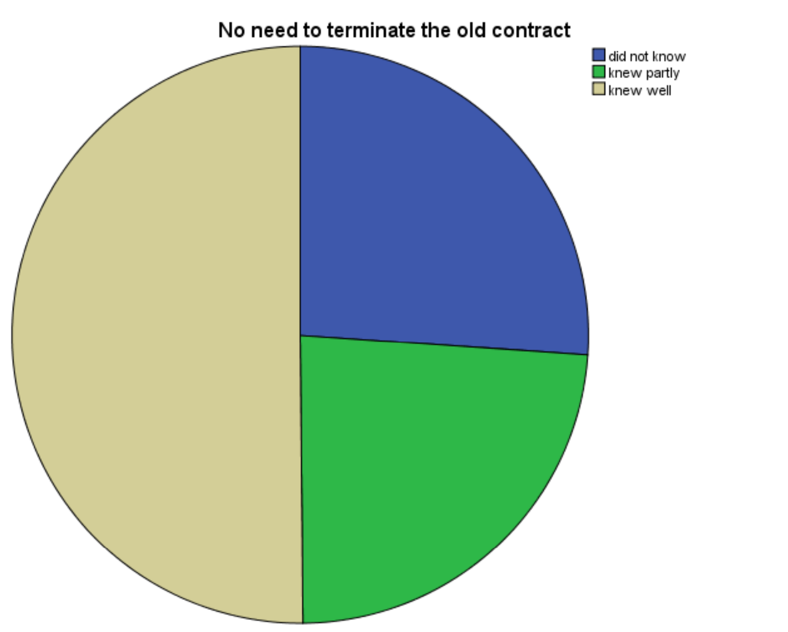


Calling the new supplier is enough

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	319	23,0	23,7	23,7
	knew partly	445	32,2	33,0	56,7
	knew well	583	42,1	43,3	100,0
	Total	1347	97,3	100,0	
Missing	System	37	2,7		
Total		1384	100,0		

No need for terminating Q22b

50 % of the respondents knew well, 24 % partly, and 26 % did not know, that when switching supplier, they do not have to terminate their old electricity contract, because the new supplier will do it for them.

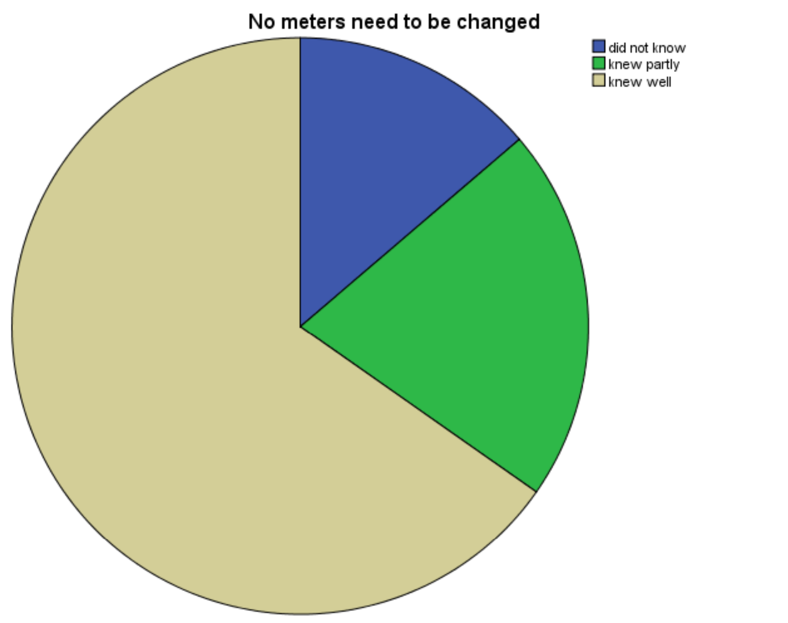


No need to terminate the old contract

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	347	25,1	26,1	26,1
	knew partly	316	22,8	23,8	49,8
	knew well	667	48,2	50,2	100,0
	Total	1330	96,1	100,0	
Missing	System	54	3,9		
Total		1384	100,0		

No equipment changes Q22c

65 % of the respondents knew well, 21 % partly, and 14 % did not know, that if they switch their electricity supplier, there is no need to change any electricity meters or other equipment, because everything works as before.

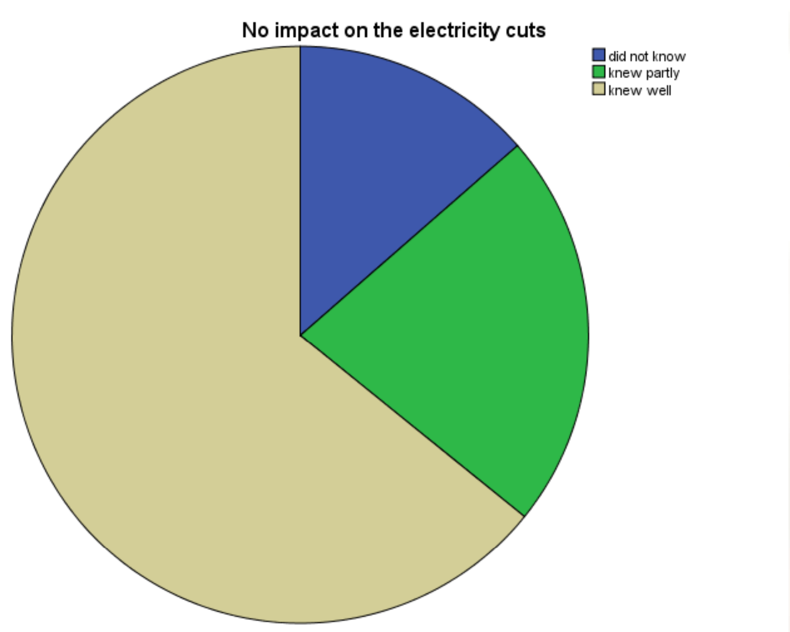


No meters need to be changed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	185	13,4	13,8	13,8
	knew partly	282	20,4	21,0	34,7
	knew well	878	63,4	65,3	100,0
	Total	1345	97,2	100,0	
Missing	System	39	2,8		
Total		1384	100,0		

No electricity cuts Q22d

64 % of the respondents knew well, 22 % partly, and 14 % did not know, that switching electricity supplier does not influence in the number of electricity cuts their household faces, neither does it influence in the fixing timetables in case of an electricity cut.

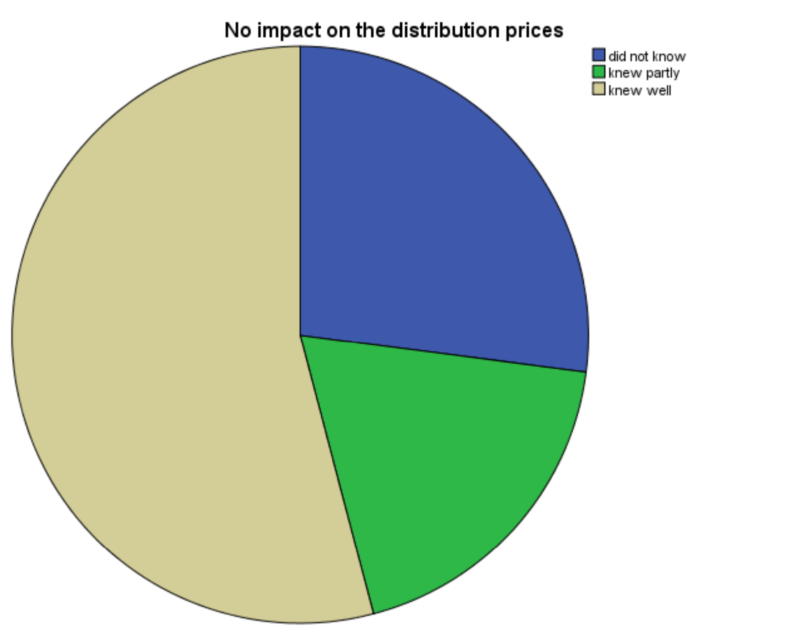


No impact on the electricity cuts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	181	13,1	13,6	13,6
	knew partly	296	21,4	22,2	35,8
	knew well	855	61,8	64,2	100,0
	Total	1332	96,2	100,0	
Missing	System	52	3,8		
Total		1384	100,0		

Distribution prices won't change Q22e

54 % of the respondents knew well, 19 % partly, and 27 % did not know, that switching electricity supplier does not have an impact on the level of distribution prices they pay.

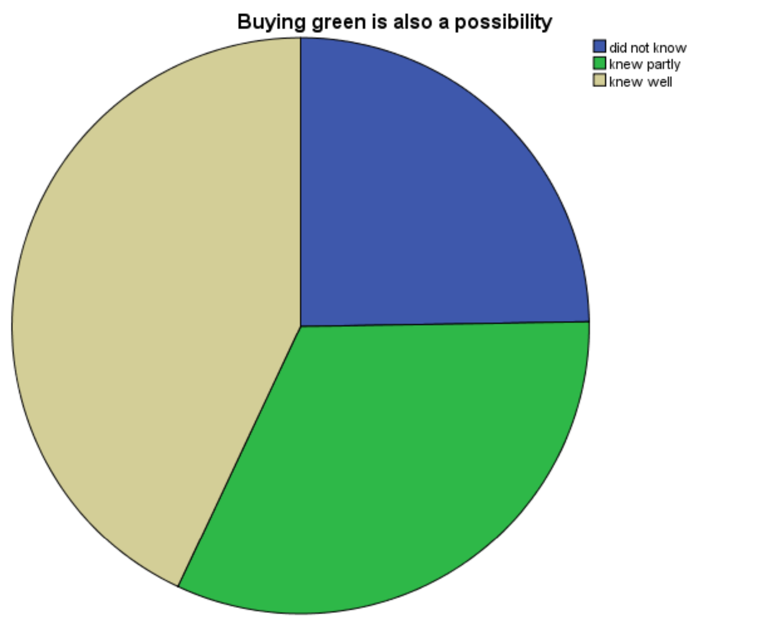


No impact on the distribution prices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	360	26,0	27,0	27,0
	knew partly	251	18,1	18,9	45,9
	knew well	720	52,0	54,1	100,0
	Total	1331	96,2	100,0	
Missing	System	53	3,8		
Total		1384	100,0		

Green electricity available Q22f

43 % of the respondents knew well, 32 % partly, and 25 % did not know, that they can also buy green (environmentally friendly) electricity from a number of suppliers.

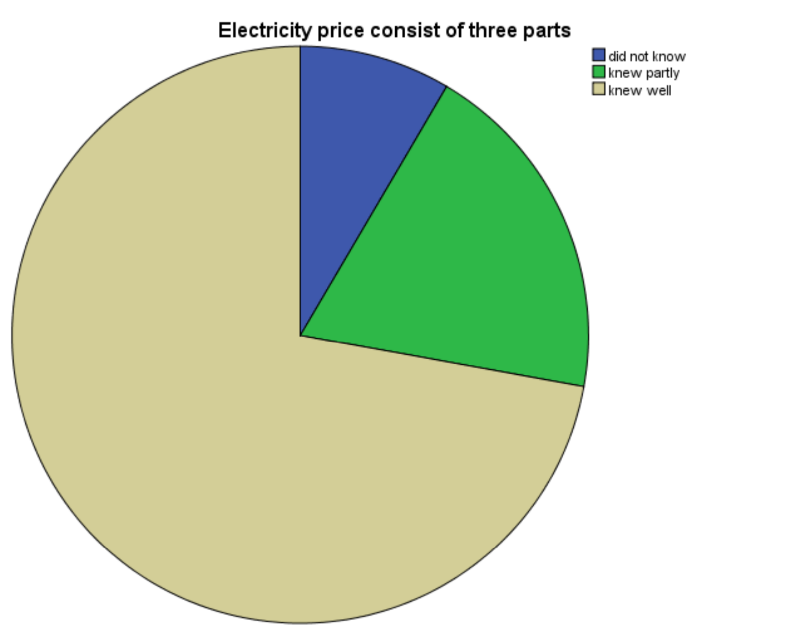


Buying green is also a possibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	329	23,8	24,7	24,7
	knew partly	429	31,0	32,3	57,0
	knew well	572	41,3	43,0	100,0
	Total	1330	96,1	100,0	
Missing	System	54	3,9		
Total		1384	100,0		

The parts of electricity bills Q22g

72 % of the respondents knew well, 19 % partly, and 9 % did not know, that the price of electricity consists of three parts: electric energy, distribution of electricity and taxes.

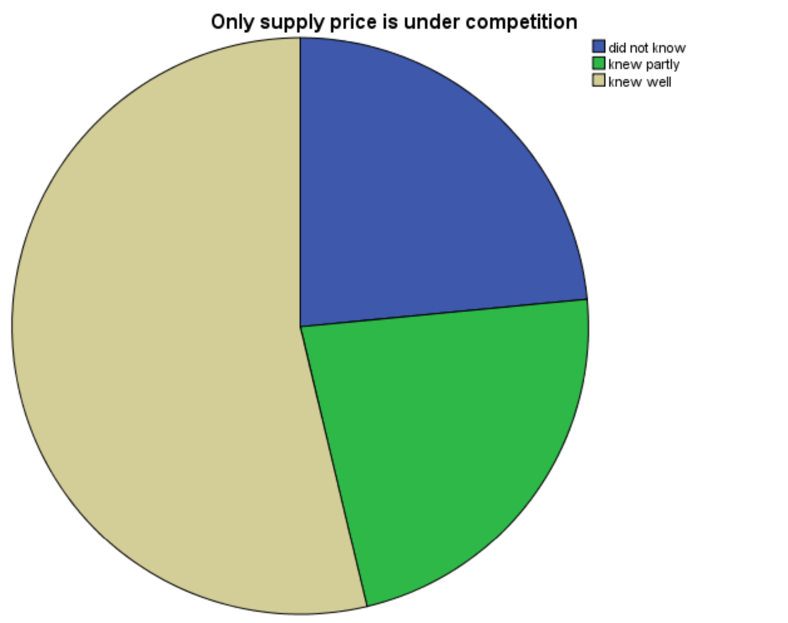


Electricity price consist of three parts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	113	8,2	8,5	8,5
	knew partly	258	18,6	19,4	27,9
	knew well	961	69,4	72,1	100,0
	Total	1332	96,2	100,0	
Missing	System	52	3,8		
Total		1384	100,0		

Competition for supply only Q22h

54 % of the respondents knew well, 23 % partly, and 24 % did not know, that they can only ask offers for approximately half of their electricity bill (the supply part).

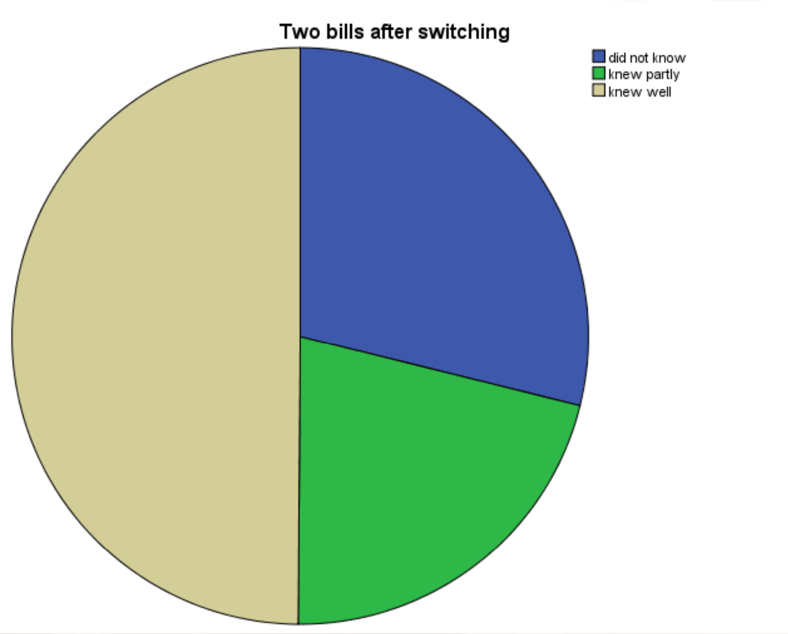


Only supply price is under competition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	312	22,5	23,5	23,5
	knew partly	303	21,9	22,8	46,3
	knew well	714	51,6	53,7	100,0
	Total	1329	96,0	100,0	
Missing	System	55	4,0		
Total		1384	100,0		

Receiving two bills Q22i

50 % of the respondents knew well, 21 % partly, and 29 % did not know, that after switching supplier they would (in most cases) receive two electricity bills (distribution bill and supply bill) instead of one.

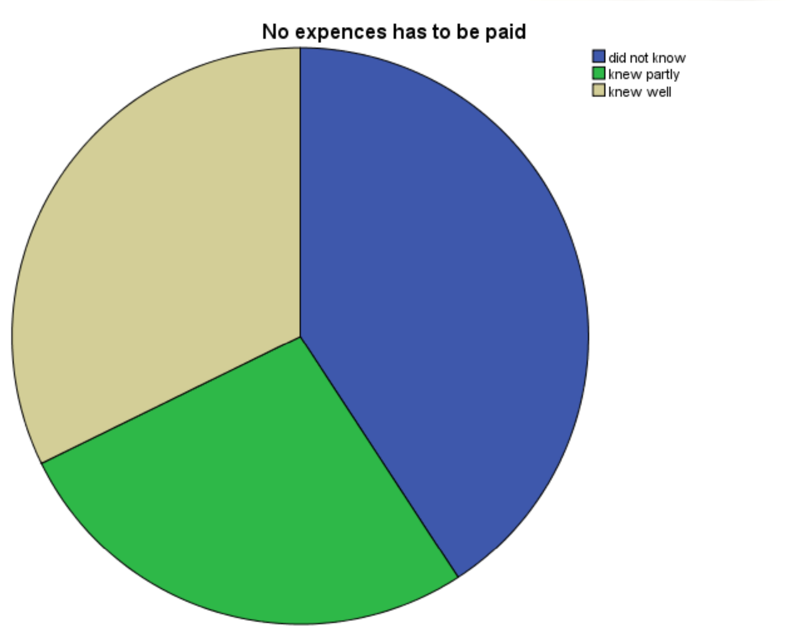


Two bills after switching

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	387	28,0	28,9	28,9
	knew partly	285	20,6	21,3	50,1
	knew well	669	48,3	49,9	100,0
	Total	1341	96,9	100,0	
Missing	System	43	3,1		
Total		1384	100,0		

No charges for switching Q22j

32 % of the respondents knew well, 27 % partly, and 41 % did not know, that they would not need to pay any charges for switching electricity supplier – assuming that they have not switched electricity supplier before or that at least a year has passed since their last switch.

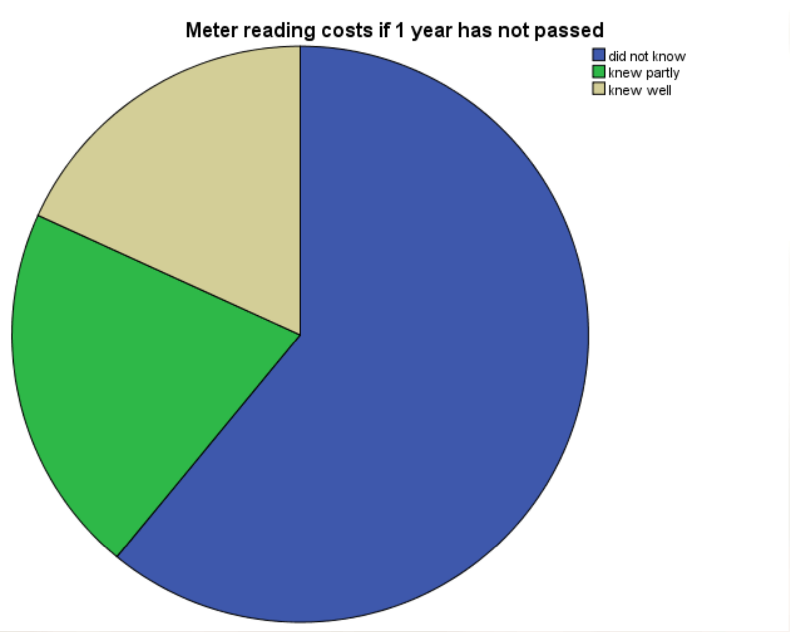


No expences has to be paid

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	541	39,1	40,8	40,8
	knew partly	358	25,9	27,0	67,7
	knew well	428	30,9	32,3	100,0
	Total	1327	95,9	100,0	
Missing	System	57	4,1		
Total		1384	100,0		

Possible meter reading cost Q22k

18 % of the respondents knew well, 21 % partly, and 61 % did not know, that in case they switch their electricity supplier more frequently than once a year, they may have to pay for the extra meter reading cost.



Meter reading costs if 1 year has not passed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	did not know	811	58,6	61,0	61,0
	knew partly	277	20,0	20,8	81,8
	knew well	242	17,5	18,2	100,0
	Total	1330	96,1	100,0	
Missing	System	54	3,9		
Total		1384	100,0		

Awareness regarding switching Q22

- switchers vs. non-switchers -

Knew well	Switchers	Non-switchers
Calling the new supplier is enough	71 %	31 %
No need to terminate the old contract	82 %	36 %
No meters need to be changed	90 %	55 %
No impact on the electricity cuts	84 %	56 %
No impact on the distribution prices	83 %	41 %
Buying green is also a possibility	59 %	37 %
Electricity price consists of three parts	86 %	67 %
Only supply price is under competition	77 %	44 %
Two bills after switching	84 %	35 %
No expenses have to be paid	54 %	22 %
Meter reading costs if 1 year has not passed	30 %	13 %

OTHER COMMENTS

Other comments Q23

In the end, the respondents had a chance to give comments freely on what ever issues they had in mind regarding the electricity market. In total 16 % of the respondents gave some additional comments.

The most common topics mentioned were:

- Distribution prices should also be under competition
- Prices are high and increasing all the time
- Comparing prices and switching is difficult
- Distribution prices are high
- More environmentalism wanted
- Environmentalism is not genuine

The following slides will give some selected examples of the answers written by the respondents.

…other comments Q23

"The electricity prices should not be compared to the prices in the rest of the Europe. We are in a cold and dark Northern area and we need more electricity."

"I would like to have a web service whereby the price comparison also takes into account different kinds of seasonal electricity (day / night, winter daytime / other times…) and the price differences of these, based on the consumption."

"The differences between fixed charges of different companies make price comparisons more difficult."

"Cheap energy secures the domestic employment and welfare. The current development, aiming at maximization of the profits, will lead to destruction, also regarding electricity. The parameters used for electricity pricing are always ones that increase prices. No matter what the conditions are. This is funny market economy operation."

"These are completely unknown issues to me, I have never even thought about these before ."

"I have always thought that switching supplier means a lot of bureaucracy and phone calls. It would be nice if these things would be communicated more. It might lessen peoples' prejudices towards asking offers and switching supplier."

…other comments Q23

"Too little information has been given about these issues. Everybody does not have e.g. Internet connection to be able to find out about things."

"Why the price of the night time electricity has increased significantly more than the other electricity. Those who chose night time electricity as their heating method in the nineties, have been cheated or at least they are victims of stop-go pricing!"

"If you consume less, the distribution price will increase. The companies always take care of their receivables."

"How can it be justified that even in the Nordic electricity pool the prices are defined based on the most expensive production component? Why Finland is by force taken to the circle of more expensive electricity – we already have a harder climate (winter)."

"After asking about switching electricity supplier from some of my friends, I noticed that the electricity marketing is completely "in its infancy"; many people make the switch but nobody knows anything about it!"

"Regarding distribution services, the customer has been run out (delayed in purpose with different types of excuses), if the customer has chosen to buy his electricity from another supplier."

…other comments Q23

*"You have to pay the fixed price even if you would not consume any electricity at all.
If there were no fixed charges the motivation would be better to save energy – or maybe that is not even the target?"*

"Electricity belongs to basic living, therefore it should not be allowed to play with the price of it and cause problems to the underprivileged ones."

"Electricity distribution pricing is unconvincing and it is probably used for collecting oversized profits."

*"Electricity nowadays is a basic need for both households and companies. It was a mistake to give it to the stock exchange companies. By increasing the amount of domestic production and returning electricity supply to the state ownership we would improve our purchasing power and therefore our competitiveness.
We are way too much dependent on the Russian nuclear power and the hydro power of the other Nordic countries.
More hydro and nuclear power immediately!"*

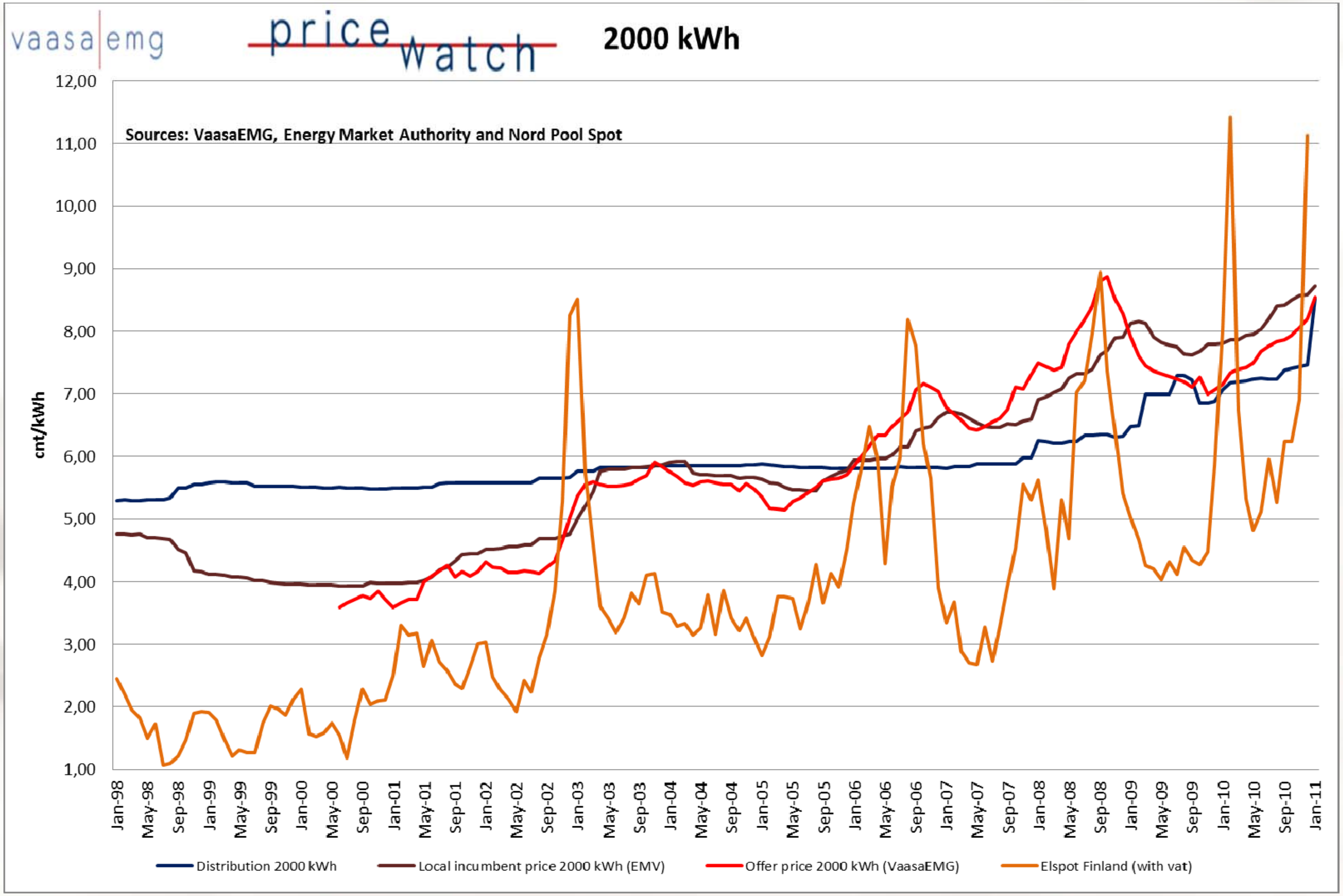
"An ordinary consumer needs clarity and easiness for comparisons (price, green electricity etc.). There should be more responsible marketing and genuine "listening to the customer", which seems to be completely forgotten."

PRICE ANALYSIS 2001-2010

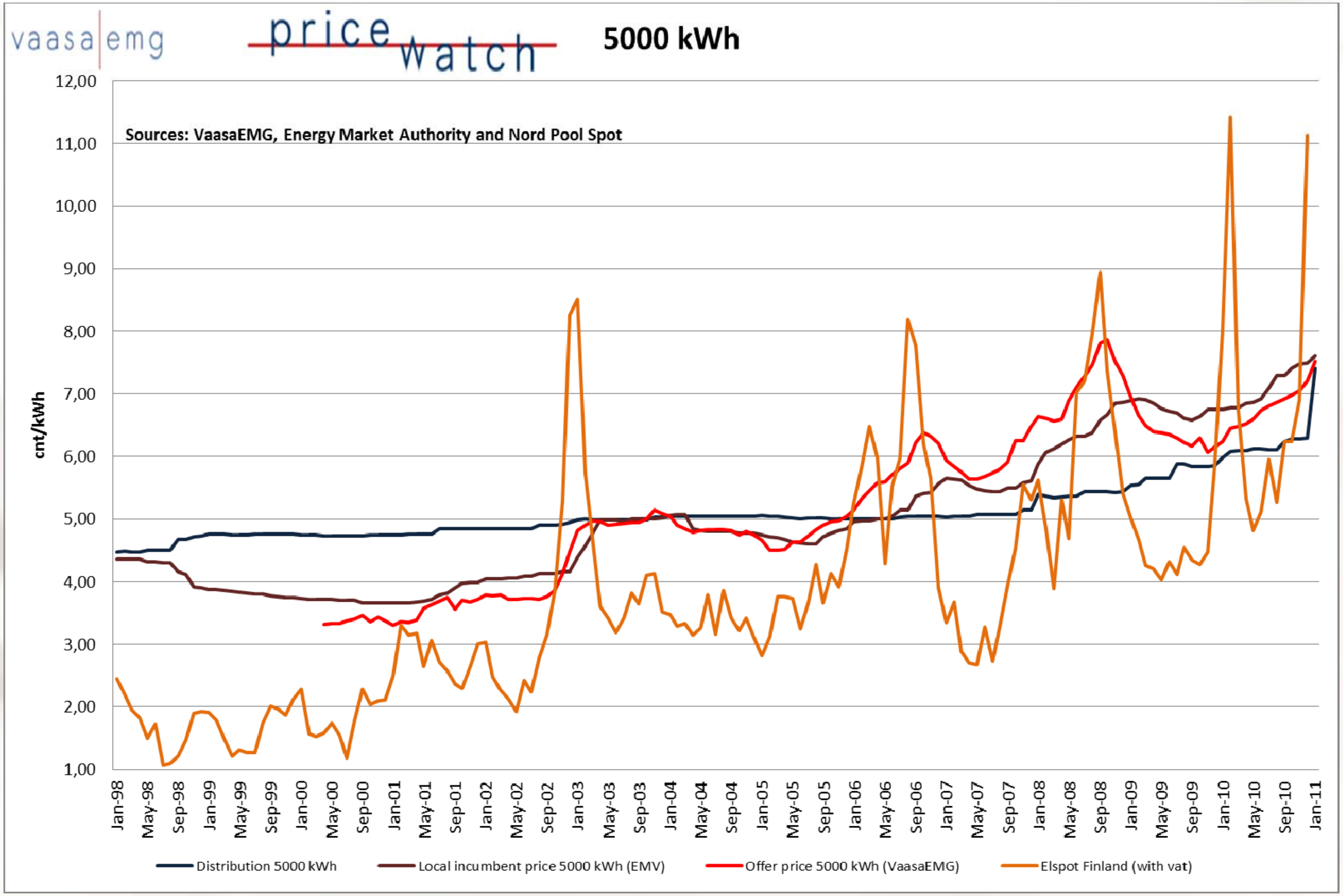
Price analysis

- In the price analysis section the prices were analyzed from January 1998 (distribution, local incumbent and Elspot Finland prices) and from June 2000 (offer prices).
- The following typical household consumption categories were used as a basis of the analysis: 2 000 kWh/year, 5 000 kWh/year and 18 000 kWh/year.
- Price information was collected through Energy Market Authority (distribution and local incumbent prices), Nord Pool Spot (Elspot Finland) and VaasaEMG/University of Vaasa (offer prices).

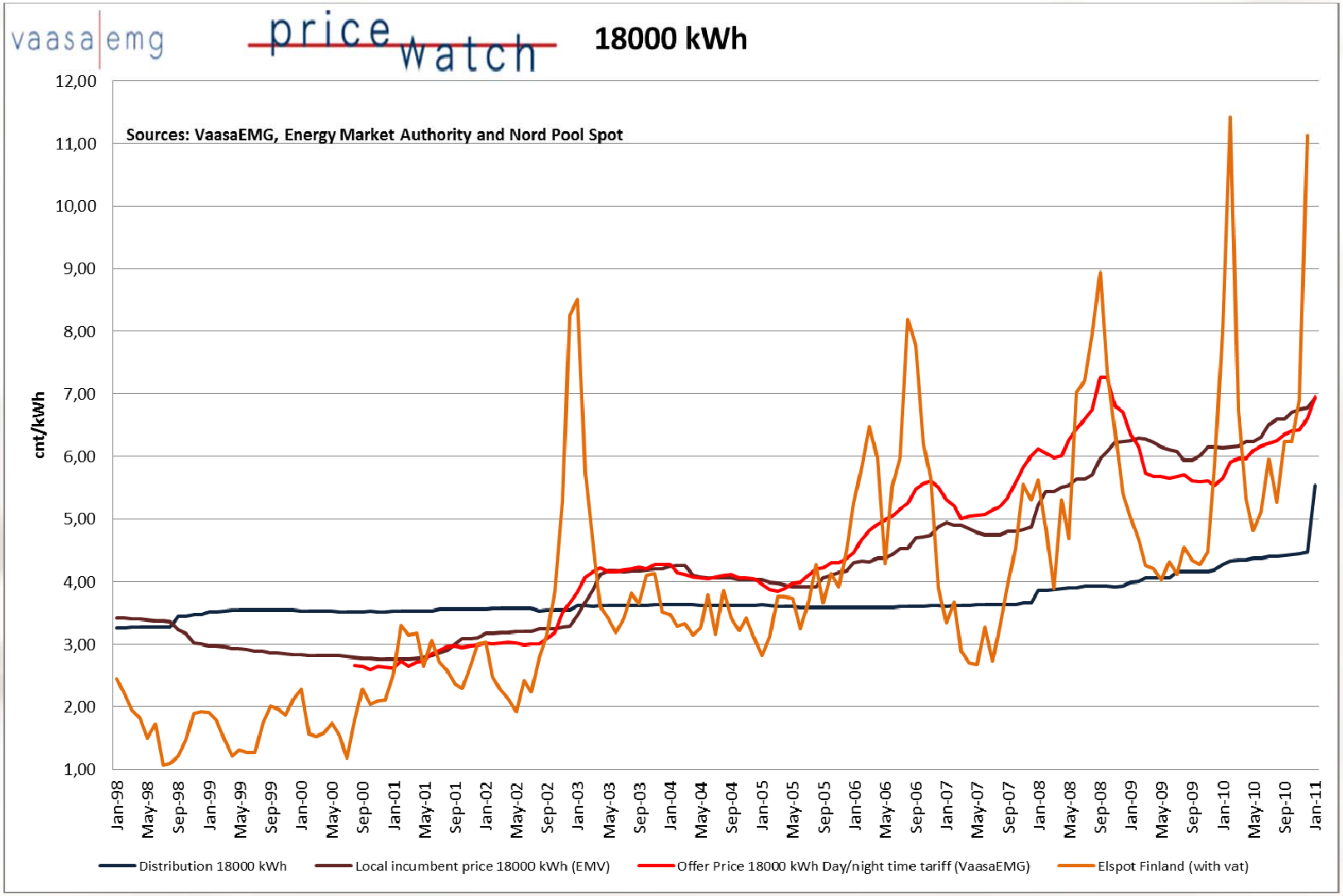
General trends 2000 kWh



General trends 5000 kWh



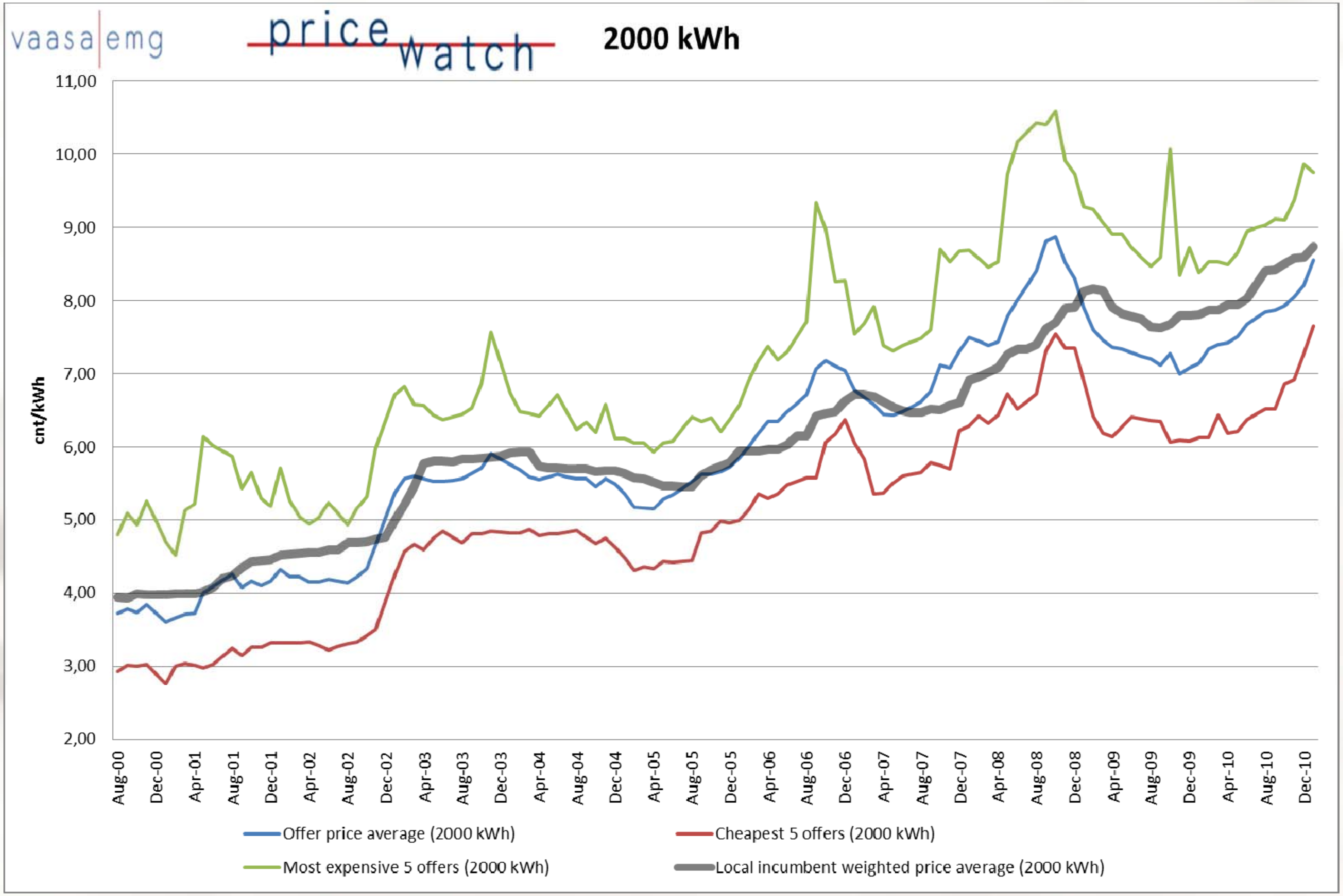
General trends 18000 kWh



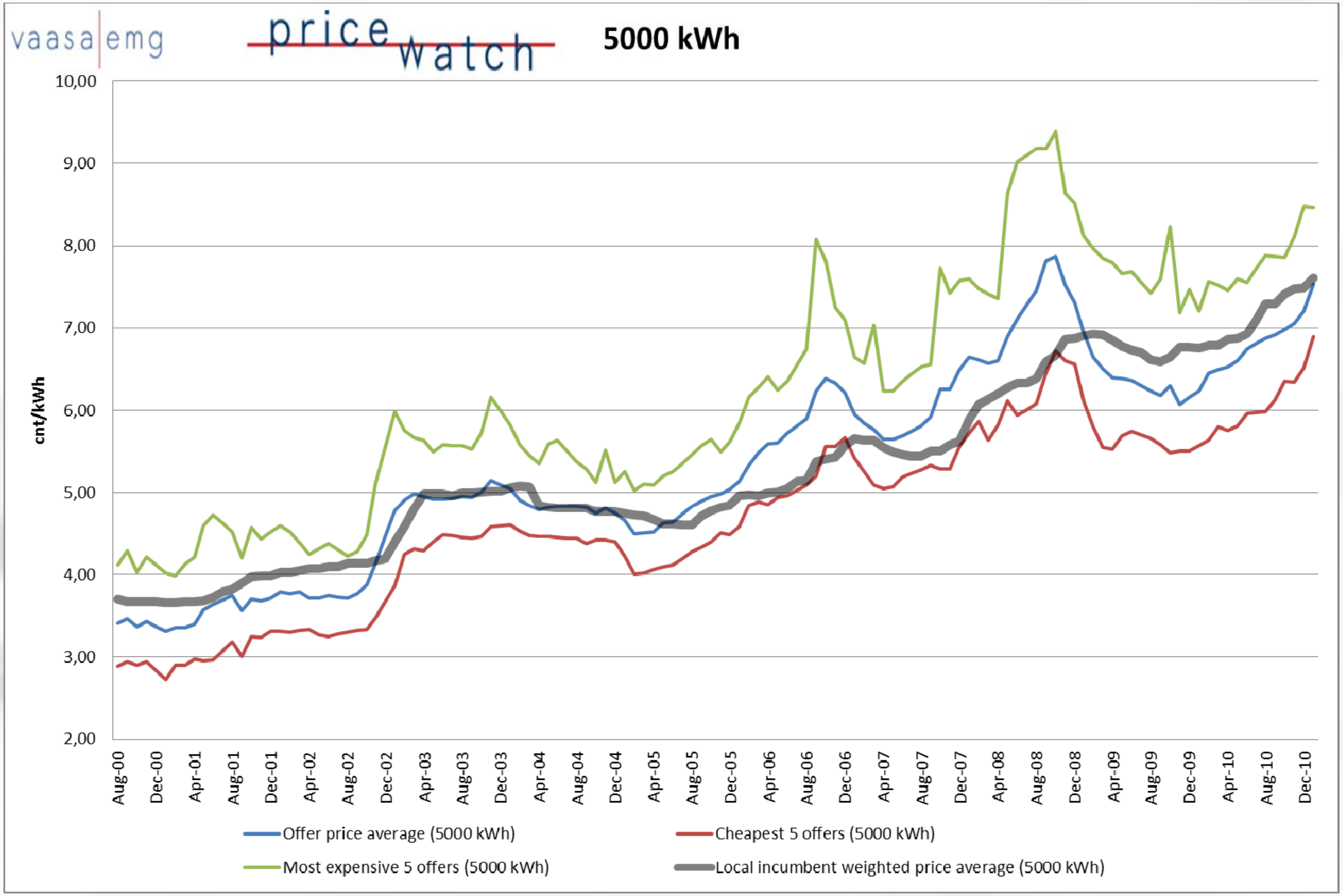
General trends

- Since deregulation (September 1998) local incumbent prices have risen on average 93 %.
- Since January 2001 the local incumbent prices have increased on average 126 % and the offer prices 144 %.
- Price increase has been highest for the households with electric heating. These customers already pay/consume most electricity.
- Price trends have become more volatile during the last 5 years and follow market prices more closely (especially offer prices, due to the possibility for more flexible pricing than with the local incumbent prices). This development is likely to continue in the future.

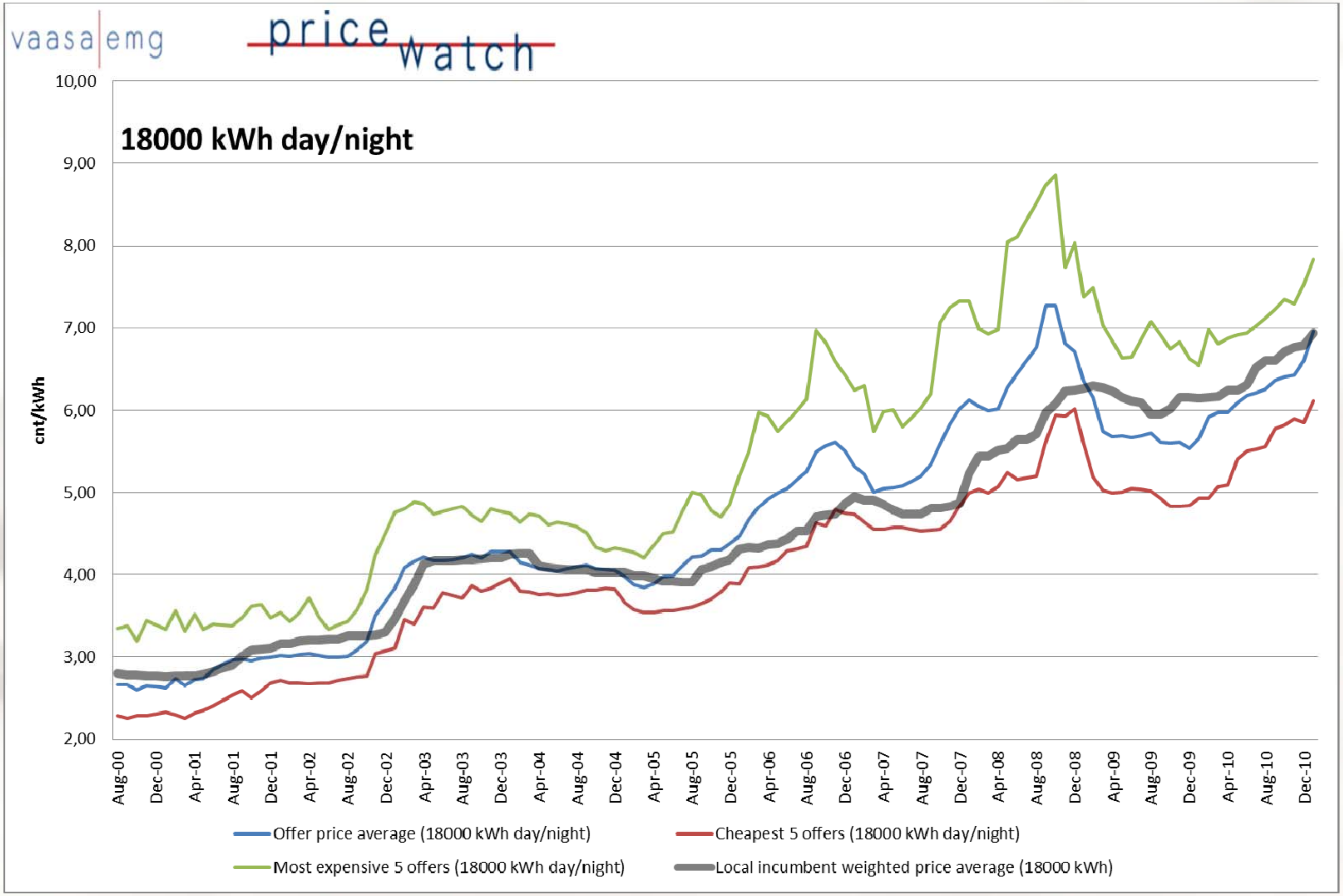
Price differences 2000 kWh



Price differences 5000 kWh



Price differences 18000 kWh

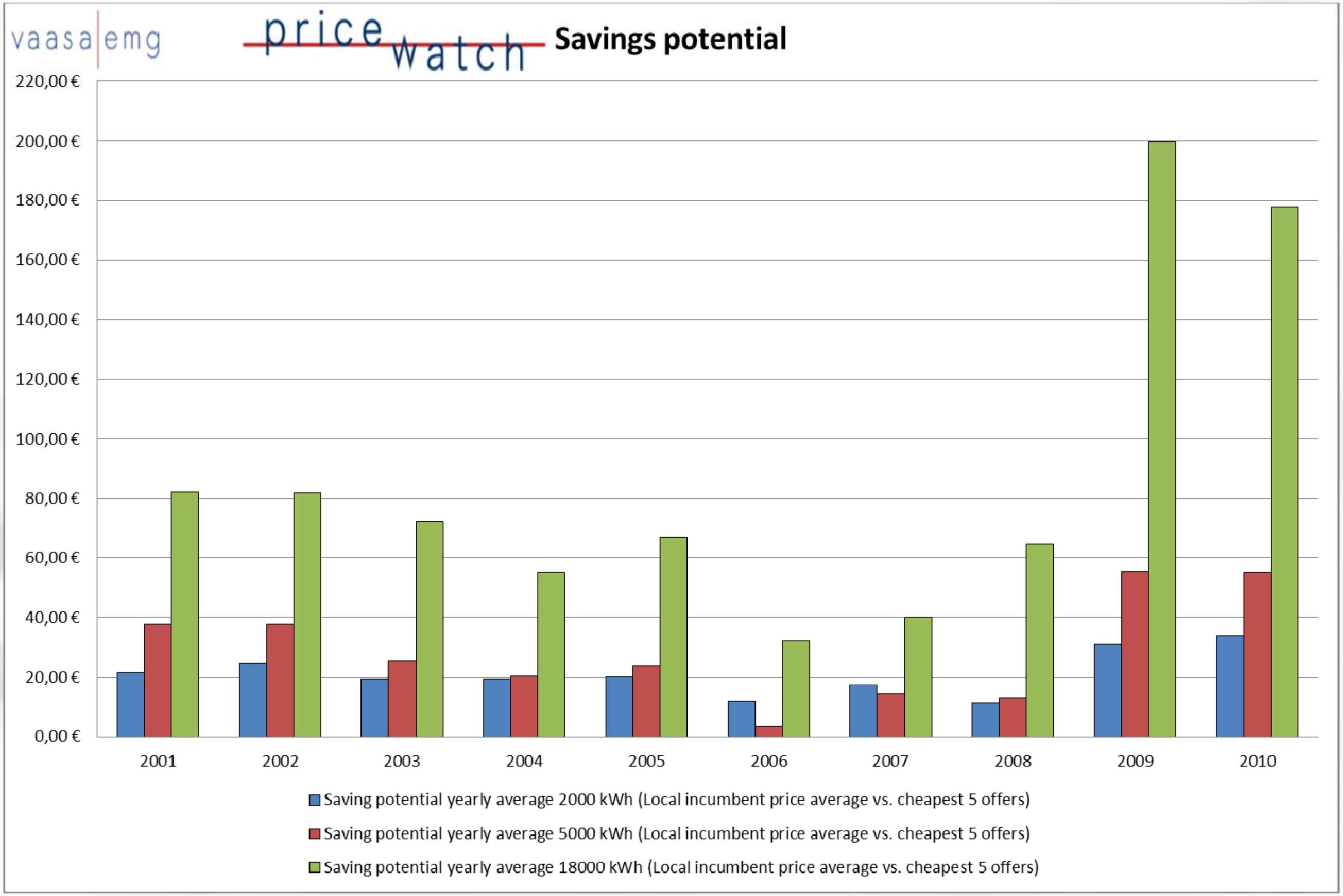


vaasa emg
University of Vaasa, Finland www.vaasaemg.com

Price differences

- Price differences between the most expensive and cheapest suppliers have varied greatly over the years, but they have always been significant.
- Despite some temporary fluctuations all prices follow each others to a great extent (all follow a similar pattern upwards).

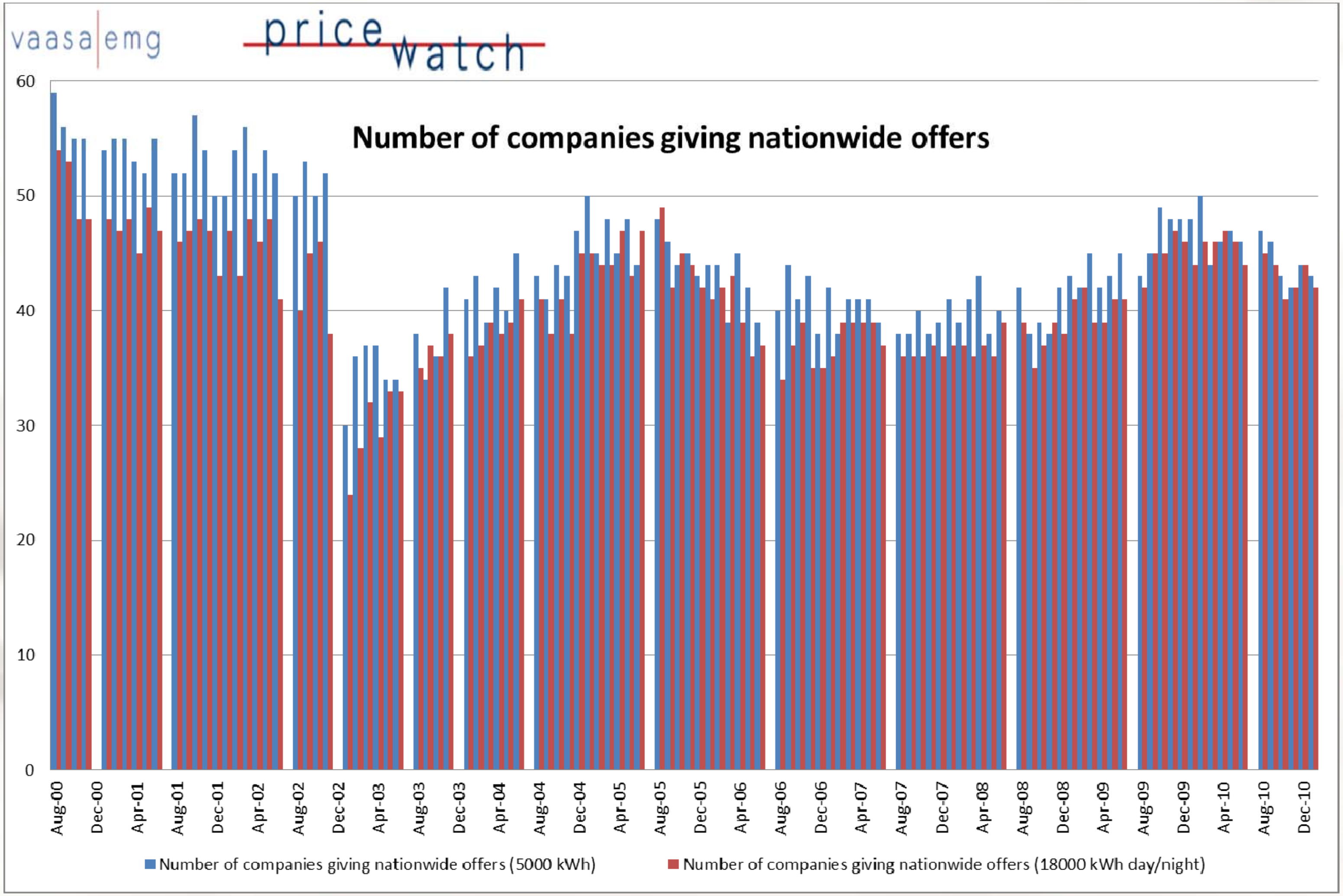
Consumers' savings potential



Consumers' savings potential

- Only on few occasions (December 2006 and 2008) switching electricity supplier has not been beneficial to consumers (customers' savings potential has been almost non-existent at those points).
- However, most of the consumers' require more (even unrealistic) savings than normally available.
- Since deregulation the savings potential has been highest in 2009-2010. This is explained mainly by the market price plunge during 2009 and stirred competition caused by a few new entrants to the Finnish retail market.

Number of suppliers giving offers



Number of suppliers giving offers

- Over the years the number of companies giving nationwide offers has varied greatly.
- In August 2000 there were almost 60 suppliers which consumers could choose from.
- After the first major price spike the number declined rapidly to around only 25-30 suppliers.
- Number of suppliers giving nationwide offers is affected mainly by current market price levels: when the prices are high and no affordable electricity is easily obtainable, the number decrease – and vice versa.
- Over the years the trend has swayed back and forth but most of the times there have been approximately 40 suppliers giving offers to all consumers.

SUMMARY

Awareness of the consumers

- A great lack of knowledge exists among the consumers.
  - A continuous need for basic information:
    How to switch supplier, what it means,
    how to compare prices etc.
  - This information is available already,
    but mainly for consumers who make the effort to find it.
- However, the suppliers, authorities etc. are not the ones carrying all the responsibility of the consumers' awareness – also the consumers need to be active.
- Many consumers are simply not interested in electricity issues, and it is very difficult to make them interested.

Functioning of the electricity market

- Easiness and simplicity for the customers, transparency, reliability, active communication and marketing, comprehensive selection of products and services, high quality customer service, enough suppliers to choose from… These things make the well-functioning electricity market.
- Customers are most happy with reliability of the electricity suppliers, but they often mean distribution business (quality of electricity).
- From the customers' point of view, most space for improvement is with pricing. They are especially dissatisfied with the distribution prices as well as they are worried of the future price development of electricity.

- **Consumers need to be informed more about how the electricity market work and the price level in Finland.**
- **Especially there seems to be a great need to inform the customers more about distribution prices and green electricity (justification, regulation), because they do not seem to understand these concepts.**
- **Information can be delivered by authorities but also by the suppliers and distribution companies themselves.**
- **It seems that all dissatisfaction by the consumers is not justified, but this is how they see things.**
- **Improved communication, more active marketing and clear information can influence in the consumers' opinions.**

Consumers' activity

- In the past 5 years, 60 % of the consumers have compared the prices of different electricity suppliers. 57 % have asked or received offers, and 32 % have switched their supplier.
- It must be noted that these percentages are overestimated; the active customers were more likely to respond to the survey.
- Those who have switched, were motivated mainly by a possibility to save money, by the ease of switching and by a desire to boost the competition.
- Monetary savings is the main reason to switch for 83 % of the consumers.
- Switching is technically easy and well handled by the suppliers. The challenge is in finding the information, making the comparisons and understanding the market.
- 80 % of the switchers are happy with their decision.

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Cluster for Energy and Environment

sgem
Smart Grids and Energy Markets

Consumers' passivity

- It is very common that the consumers think that switching supplier does not really bring them significant benefits compared to the effort required.
- Sometimes the consumers expect unrealistic savings.
- The consumers also feel a lot of uncertainty regarding switching, price level development etc.
- It seems to be rare that the consumers would have any problems with their electricity supplier, however, satisfaction & loyalty are not very strong either.
- Rejection (too much hassle, too small benefit) is the main reason for 50 % of the consumers not to switch supplier. Inertia also plays a significant role.
- How to make these consumers interested? This is a huge challenge for the marketing.

Consumers’ satisfaction

- In total 65 % of the consumers are to some extent satisfied with their current electricity supplier. However, this means that as many as 35 % do *not* themselves as satisfied with their supplier.
- Only 15 % of the consumers state to be ”very satisfied” with their supplier.
- The major reasons for satisfaction is good price, reliability (no electricity cuts → actually belong to distribution business) or the fact that there has never been any major problems with the supplier.
- Most common reasons for dissatisfaction are suppliers’ high prices and bad billing system.

Consumers' switching intentions

- In total 24 % of the consumers feel that they are likely to switch supplier in the near future. However, intentions are never the same as the real action. Additionally, only 8 % of the consumers stated that they are *very* likely to switch.
- Likely switchers are searching a financially better deal.
- Non-likely switchers do not believe in the benefits.
- Uncertain customers felt they know too little about the prices.

Critical unawareness

- Especially the non-switchers lack a lot of information that is crucial in order to understand the electricity market and gain benefits as a consumer.
- The consumers need to be constantly informed especially about the following issues

1) Switching does not cost them anything
2) Switching does not influence in their distribution prices
3) Switching does not influence in the quality of electricity they get
4) Switching is easy and does not involve a lot of bureaucracy
5) The consumer does not have to terminate his current contract.

Prices & offers

- Since deregulation the local incumbent prices as well as offer prices have more than doubled.
- Price increase has been highest for the households with electric heating.
- Price trends have become more volatile over the years. The also follow the market prices more closely.
- The consumers have enough to choose from (40+ suppliers give offers to the whole country).
- The savings potential exists for the consumers most of the times – however, it is not large enough for many consumers.

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