

Professor Stephen Littlechild

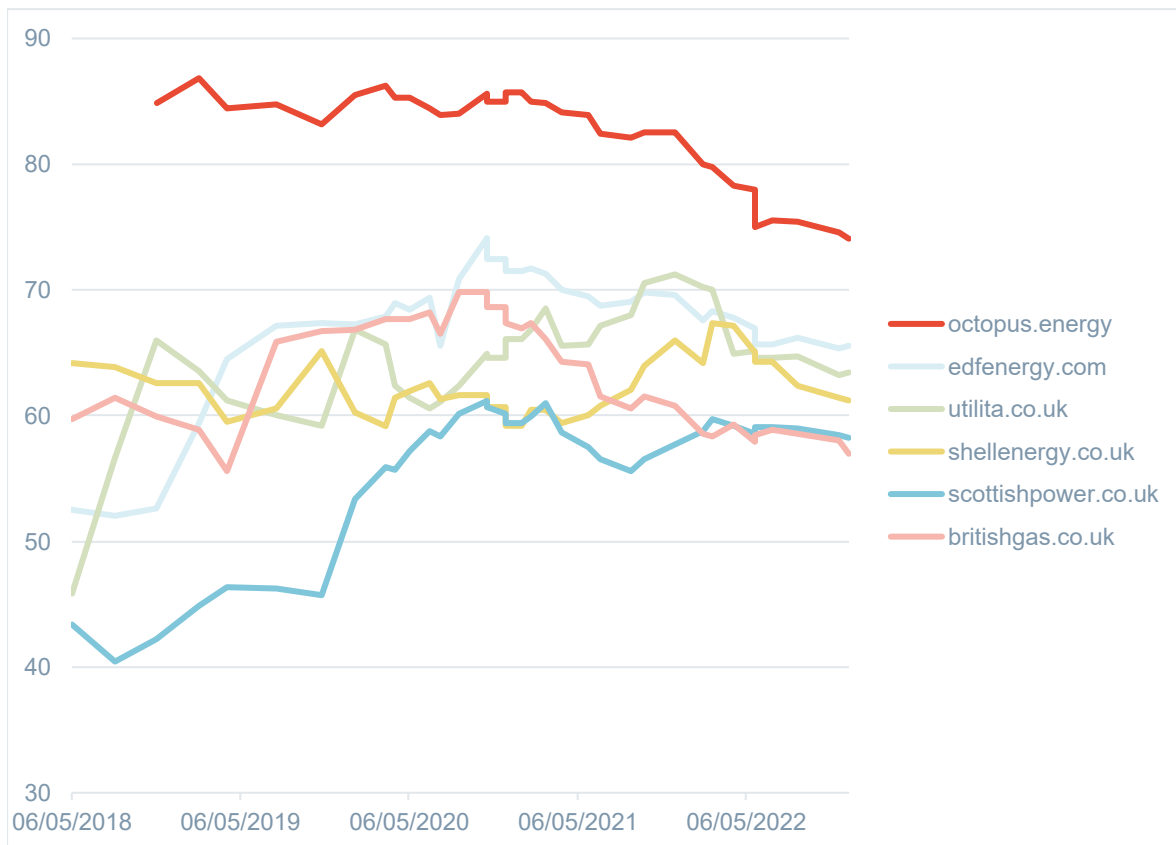
Professor Stephen Littlechild, former Director General of Electricity Supply (1989-98) and now Associate of the Energy Policy Research Group at the University of Cambridge, describes how suppliers' positions in the Overall Customer Satisfaction (OCS) League have evolved over the longer term.

Energy suppliers have always been characterised by differences in quality of service provided to customers as well as, until recently, very different prices. Recently, many suppliers have gone bust and Ofgem is cracking down on some remaining suppliers. Will this affect the quality of service provided by suppliers?

The Overall Customer Satisfaction (OCS) score is an average of four different measures of customer satisfaction, as reflected in Ofgem complaints scores, the ratings of Which? magazine and Citizens Advice, and the views of customers themselves on Trustpilot.

Figure 1 shows the evolution of OCS scores for six established and presumably well financed suppliers, over the last four and a half years. For the five most 'traditional' suppliers, the main features have been generally improving quality of service from early 2018 to late 2020, with narrowing range (scores initially ranging from about 40 to 65, later ranging from about 60 to low 70s). Over the last couple of years there has been a slight decline in scores (perhaps initially reflecting the stresses of COVID-19) and a further narrowing of the range (from high 50s to 65). Of these five traditional suppliers, EDF and Utilita have emerged at the top (around 65).

Figure 1: OCS scores for six major suppliers



Source: Professor Stephen Littlechild

Shell Energy is now mid-range, while Scottish Power and British Gas, despite some earlier improvements, offer the lowest rated customer service (scoring in the high 50s).

Then there is the amazing Octopus Energy, simply a cut above other suppliers, scoring no less than about 85 for the first couple of years. Although its score has declined to 75 in the last couple of years, possibly reflecting the stresses of significant growth, it still scores 10 clear points above any other major supplier. Compared to this demonstrated achievement, the scores of the other major suppliers do seem a little mediocre.

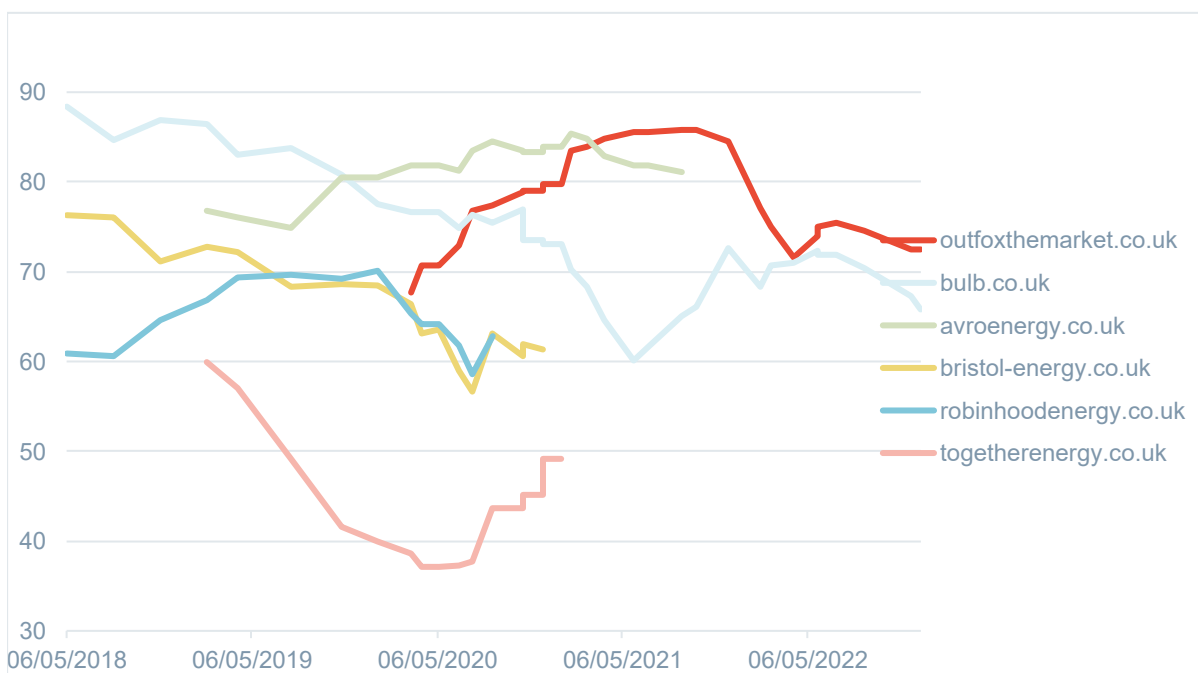
Figure 2 contrasts the scores of six smaller suppliers, five of which have fallen by the wayside. Together Energy soon became problematic and its OCS score plummeted from 60 to below 40, recovering slightly but not up to 50. Bristol Energy and Robin Hood Energy were sponsored by local authorities: the former started particularly well with a score around 75, and for a year or so they scored around 70. But by the time they left the market their scores had fallen to 60 – admittedly, matching the scores of Scottish Power and British Gas today, but approximating the lowest rather than highest customer scores in the market.

In contrast, consider the other three smaller suppliers. Avro was scoring between 75 and 85, and generally improving, throughout its two-year life. Bulb Energy started out scoring nearly 90. Admittedly it declined steadily and fell to 60 in early 2021 but it recovered to around 70 in early 2022. Although declining to 65 now, that score still ranks with the best of the established suppliers excluding Octopus Energy, and it will be interesting to see what Octopus Energy can do for it.

Finally, consider OutfoxtheMarket, presently the subject of Ofgem’s attention to its financial backing. Its OCS score rose from just under 70 in early 2020 to the mid-80s in early 2021 and for the last year or so has been firmly above 70. It is now comparable to Octopus Energy, indeed.

So the relationship between financial funding and quality of customer service is mixed. Most of the established major suppliers provide customer service that is consistent but not outstanding. Some of the entrants provided poor service and/or could not sustain good service. But other entrants, notably Octopus Energy but also Avro, Bulb Energy (initially) and now OutfoxtheMarket, have provided significantly above average customer service. Their contributions have gone beyond challenging the incumbents on price: they have shown how to provide better service for customers too. It would be unfortunate if the Default Tariff Cap restrictions, and tightening the screws on financial backing, prevented new suppliers from providing such improvements in customer service.

Figure 2: OCS scores for six new entrant suppliers



Source: Professor Stephen Littlechild