



The voice of the
smart meter rollout

consumer appetite to buy energy through a lifestyle service company

March 2018

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background, objectives & methodology

background

How we all buy and use energy in the future could be very different to today. The digitisation of the energy system with the rollout of smart meters means many new opportunities for different types of energy provider and more consumer choice.

One way we could be buying energy is as part of a package, along with other services such as home phone and broadband.

Building upon our existing insight into what people want from the smart future, we commissioned Lightspeed to speak to people about the idea of a lifestyle service company.

Lifestyle service companies concept shown to respondents:

In future, it may be possible to buy gas and electricity as part of a complete package of home services where you pay a single cost, alongside other products or services such as your mobile phone, TV or internet.

Fieldwork conducted by Lightspeed. Research in November 2017

methodology

Methodology was as follows:

- 20 minute interviews
- 1,500 respondents
- Nationally representative sample of GB adults 18+
- Fieldwork dates: 13th November- 20th November 2017
- Fieldwork conducted by Lightspeed Research LTD

fieldwork provider: Lightspeed

Lightspeed is one of the largest global online sample providers in the world

Lightspeed is part of Kantar, the insight and consultancy group of WPP, a FTSE 100 and NASDAQ-listed company and one of the world's leading communications services groups

Lightspeed's proprietary panels across 40 countries are some of the largest and most highly profiled research panels across North America, Europe, and Asia Pacific

LIGHTSPEED



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headline findings

headline findings

- Half of those surveyed find the idea of buying energy as part of a lifestyle package (via LiSCos) appealing, with a further third being indifferent to it. Only 1 in 5 found the concept unappealing
 - The main appeal of buying energy in this way is the anticipated cost saving, and ease of bill management
 - Those who are indifferent to the idea want to understand more about how it will work, and any cost implications
 - Some anticipate having 'all their eggs in one basket' will mean a lack of clarity over individual costs, and they will be unable to negotiate the best deals
- Around half would be interested in buying energy as part of a package from broadband providers or supermarkets, with other potential suppliers also being of interest. Those who find the idea appealing are more likely to be open to a range of suppliers
- Those who have a smart meter are more likely to find buying energy as part of a package appealing.
- Age also impacts on response to the concept – with those younger finding the idea more appealing. Younger people are also more open to a range of suppliers, including streaming services
- Additional benefits for buying energy as part of a package are appealing when there is a financial advantage such as cost savings, or discount vouchers

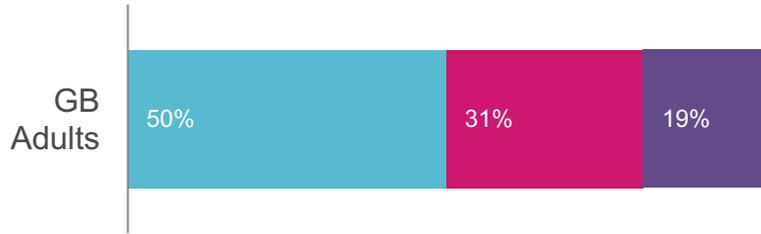


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appeal of concept

half find the idea of buying gas and electricity as part of a lifestyle package appealing, with only 1 in 5 finding it unappealing, indicating there is potential for this service

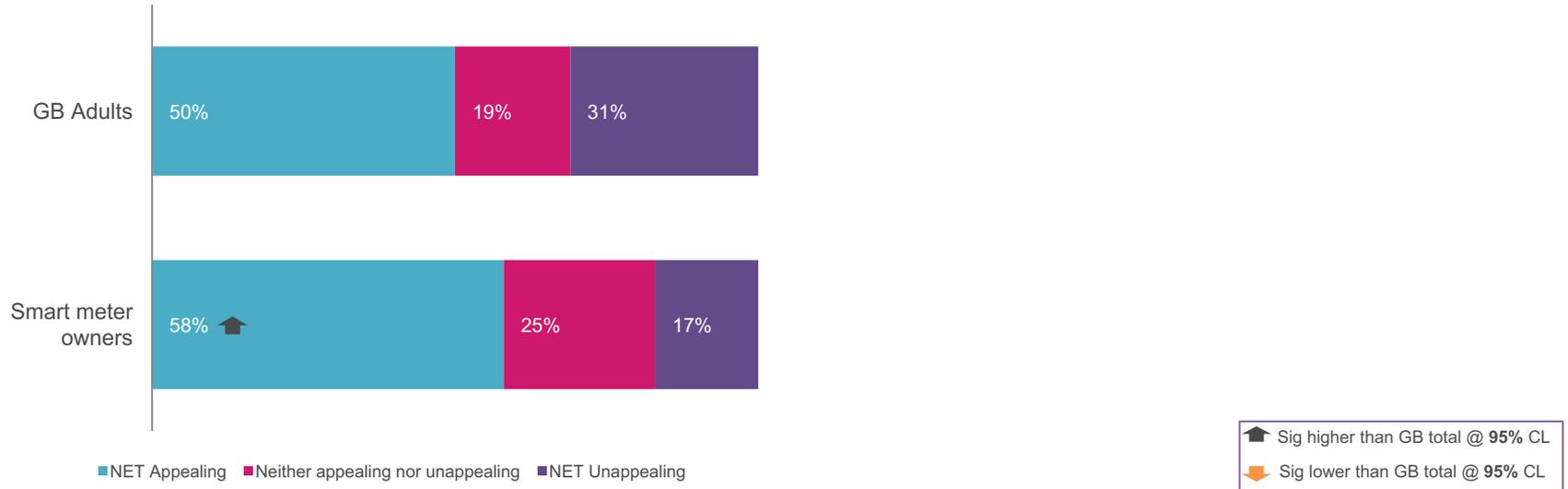
Appeal of LiSCos concept



■ NET Appealing ■ Neither appealing nor unappealing ■ NET Unappealing

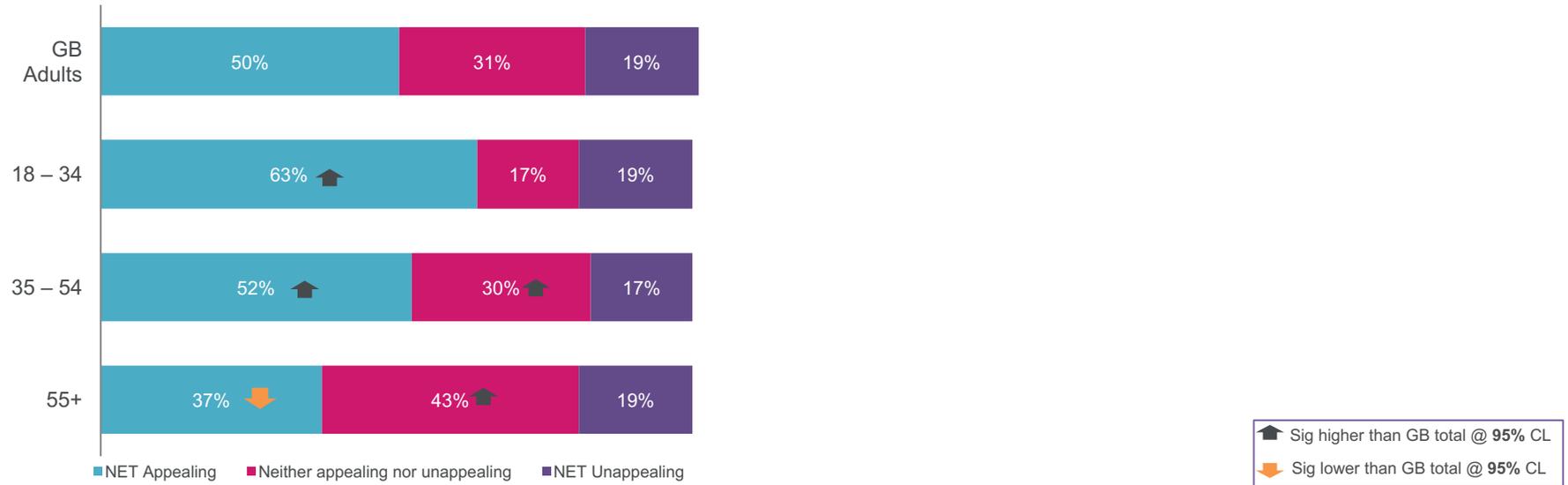
smart meter owners are more interested in LiSCos, perhaps reflecting a general openness towards new ways of managing services, including energy, within the home

Appeal of LiSCos concept: By smart meter ownership and attitudes



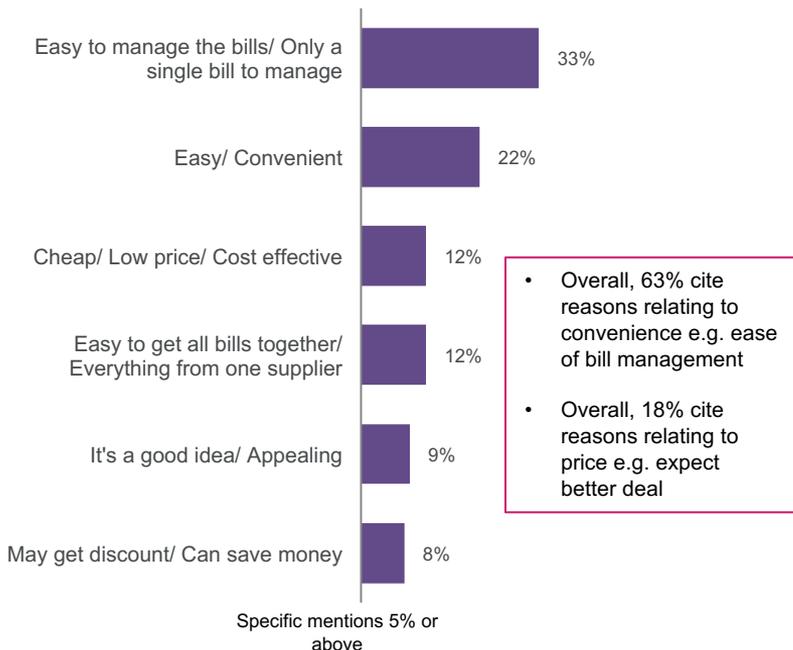
interest in LiSCos is higher amongst younger groups. Indifference is greater amongst those over 55, however those who reject the idea remains stable regardless of age

Appeal of LiSCos concept: By age



ease of bill management, convenience and possible cost saving make LiSCos appealing

Reasons for appeal of LiSCOs concept



- The main appeal is easier bill management, sending payment to one supplier rather than multiple, therefore making their lives easier
- Some expect a better deal as a result of having a single supplier, removing the need to negotiate different services separately
 - Cost saving are particularly attractive to those over 55 (17% of this age group cite this as a reason for appeal vs. 12% GB adults)
- LiSCOs are particularly appealing to those who can see both the money saving potential in conjunction with ease of bill management

“Sounds like a good idea having one payment each month.”

LiSCOs appealing,
Female, 18-34

“An energy package will be good as hopefully a discount would be offered if both fuels are bought from the one supplier.”

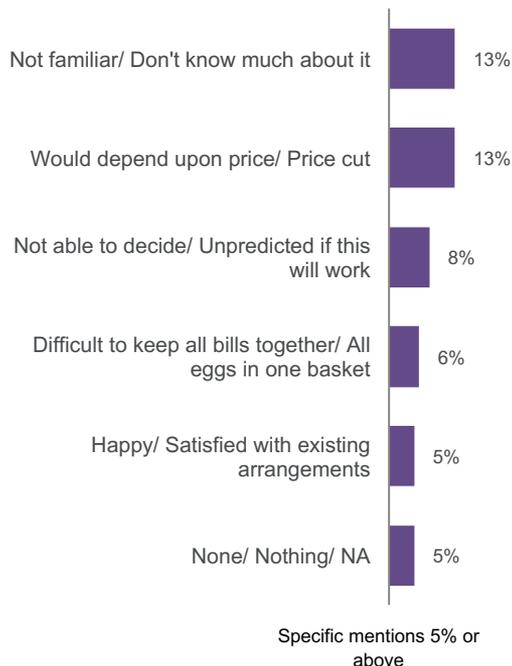
LiSCOs appealing,
Female, 35-54

“Anything that simplifies life and makes things cheaper as one package, must be good.”

LiSCOs appealing,
Female, 18-34

more information on cost or how LiSCos would work in practical terms may help move those who are indifferent to the concept

Reasons for indifference to LiSCos concept



- A lack of familiarity with LiSCos, and wider ranging implications on cost, drive peoples' indifference, with some anticipating challenges in seeing how much they're spending on individual products or services
 - Cost implications are less important to those 18 – 34 years old (4% in this age group cite it as a reason for indifference vs. 13% GB adults)
- Others see no reason to change the status quo of how they manage and pay for services in the home, although they are not rejecting the idea

"I don't understand enough to make an assumption."

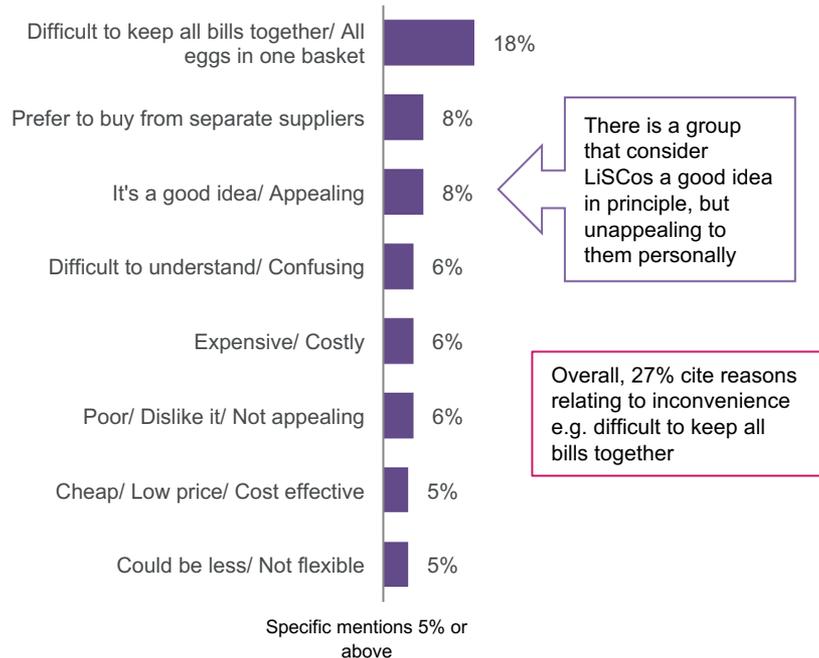
LiSCos neither appealing nor unappealing, Female, 18-34

"It depends on price mainly, and also quality of service. The idea is only appealing if it provides value. Equally it isn't unappealing because I don't know any specifics."

LiSCos neither appealing nor unappealing, Male, 18-34

those more resistant don't like the idea of having all services coming from one supplier

Reasons for finding LiSCOs concept unappealing



- Some have concerns it would lead to a lack of transparency and clarity on bills, making it more difficult to see where their money is being spent
- Others expect they would not be able to get access to the best deals, or that it would make it harder to switch supplier which may impact across other services
- Some believe convenience is not worth the increased prices that they expect to pay with a LiSCo

"Everything would be tied with one supplier, in the event of a problem with one part it could well leave me without a phone and electric."

LiSCOs unappealing,
Male, 55+

"It may be that too many services from one provider might cause problems if issues with on aspect of their service is particularly poor but you can't get out of it because of the bundle."

LiSCOs unappealing,
Male, 55+

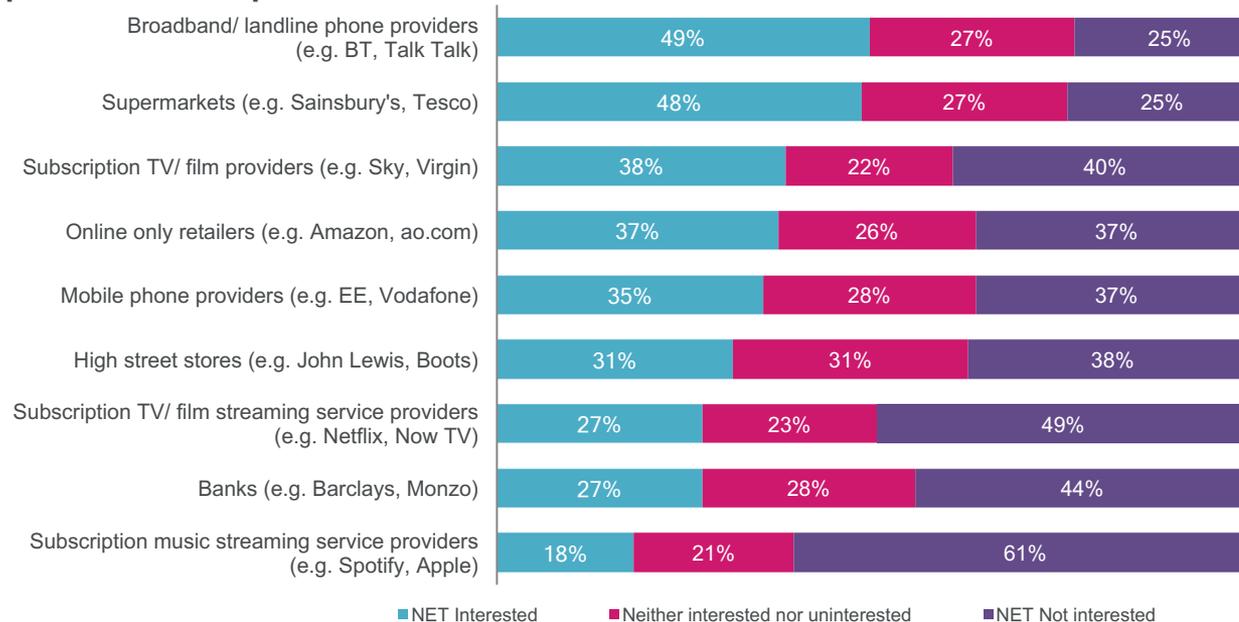


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potential suppliers

around half would be interested in purchasing energy as part of a package from broadband suppliers or supermarkets, indicating there is potential to open up the market to companies other than energy suppliers

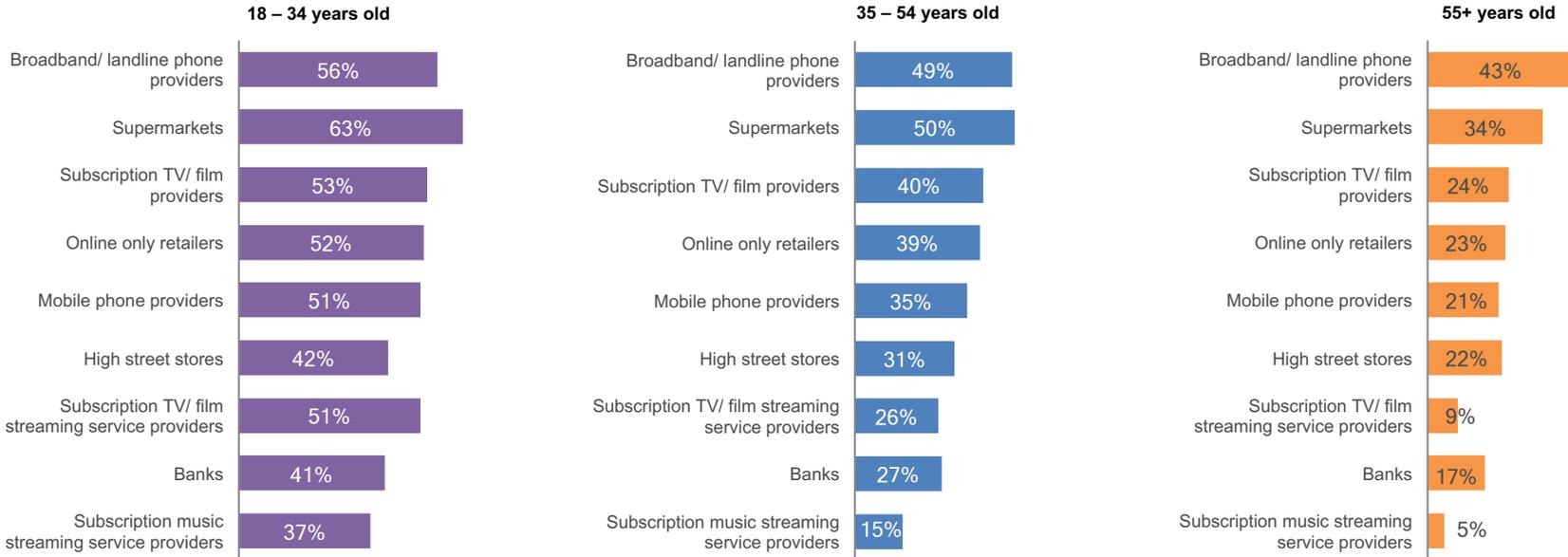
Interest in potential LiSCo providers



Broadband is the most commonly owned service in the home, and is also more likely to be purchased as part of a package, indicating familiarity may drive appeal of suppliers

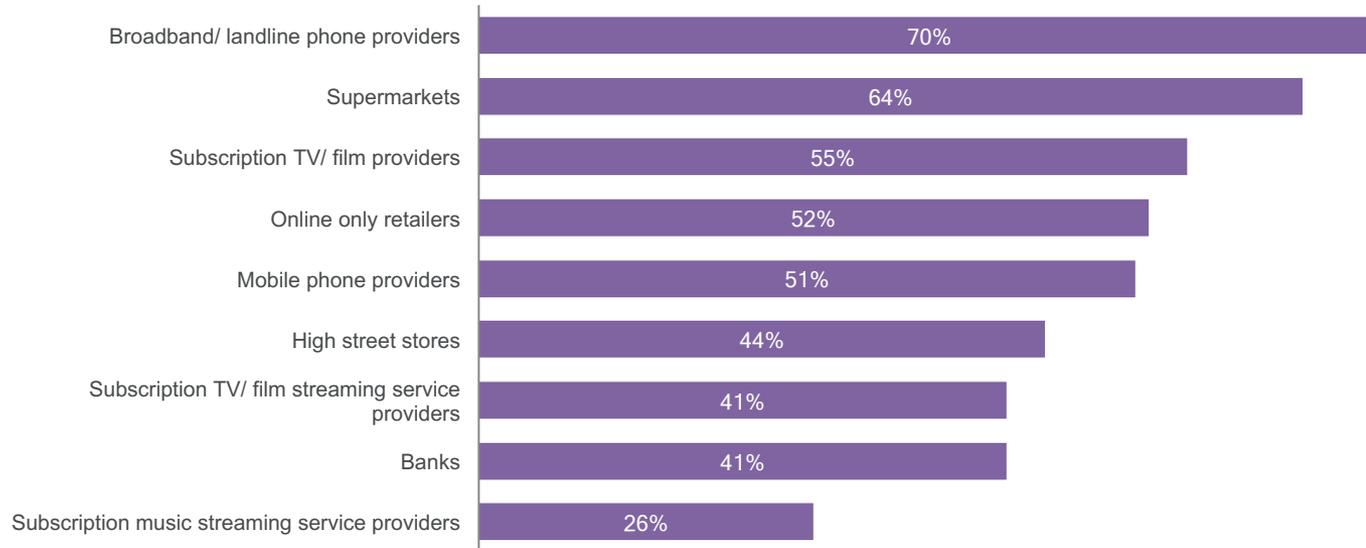
younger people are more open to a range of suppliers for this service

Interest in potential LiSCo providers (NET interested): By age



perhaps unsurprisingly, those that find the idea of buying energy as part of a package appealing are more open to a range of potential suppliers

Interest in potential LiSCo providers (NET interested): LiSCOs is appealing



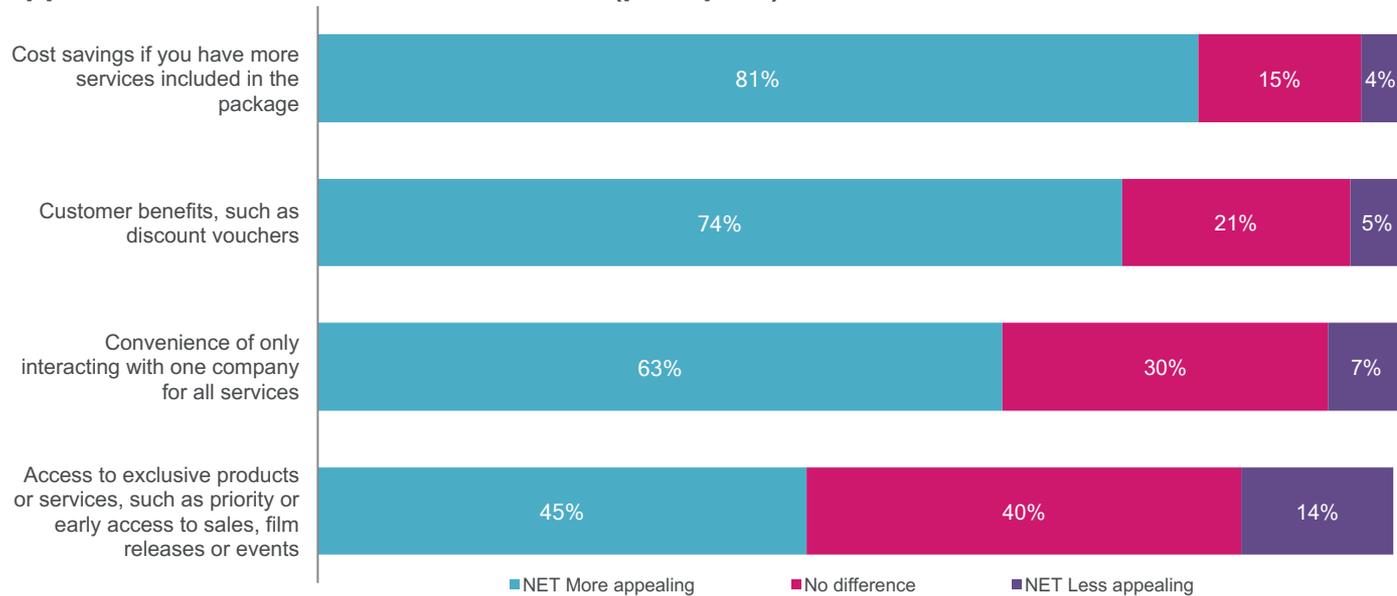


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additional benefits

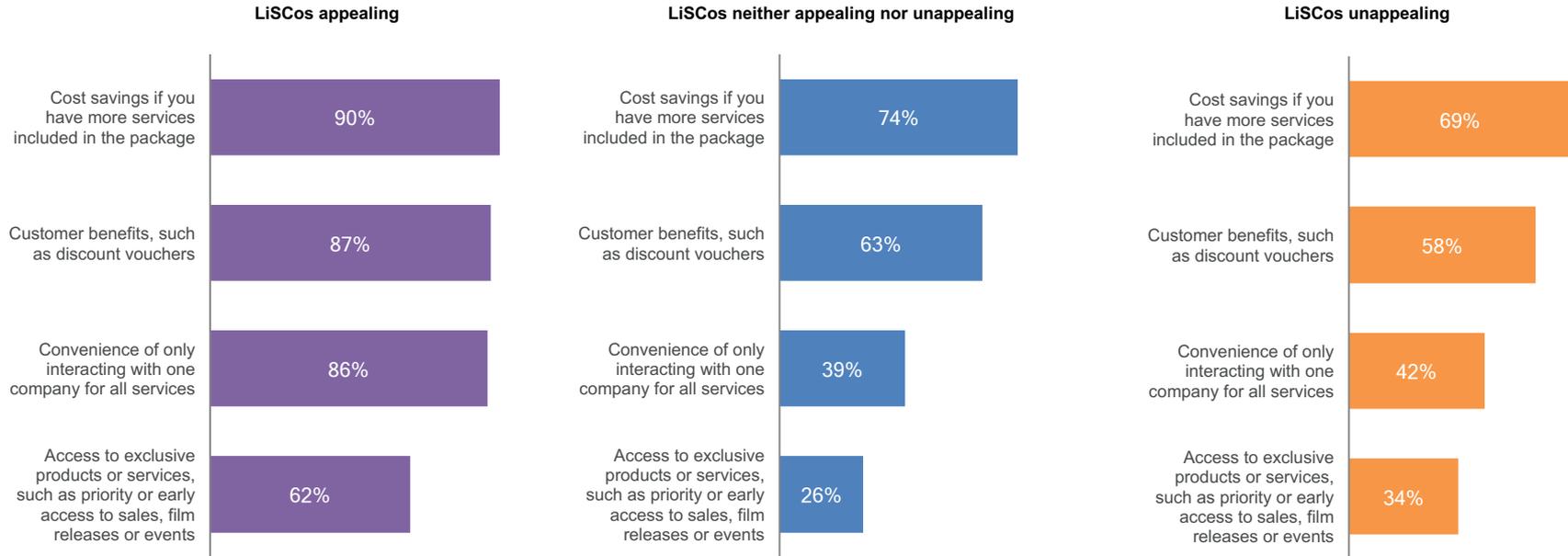
financial considerations remain a key driver, with cost saving and discount vouchers most likely to increase appeal of buying energy alongside other services

Appeal of additional benefits of LiSCos (prompted)



additional benefits may help increase appeal amongst those less interested in LiSCos, particularly those with a financial benefit such as cost savings or discount vouchers

Appeal of potential additional benefits (prompted): By appeal of LiSCos



cost savings could make LiSCos more appealing

What would increase appeal (spontaneous): By appeal of LiSCos

“Making it cheaper and better value.”

LiSCos appealing, Female, 18-34

“A guarantee that I am getting the very best value for money on all services provided.”

LiSCos neither appealing nor unappealing, Male, 55+

“Nothing would. When things go wrong, don't want all eggs in one basket.”

LiSCos unappealing, Female, 35-54

“Discount for each service provided.”

LiSCos appealing, Female, 55+

“If existing customers were always placed on any new deal available to new customers. And if it was easy to switch to another company for a better deal.”

LiSCos neither appealing nor unappealing, Male, 55+,

“Finding out the cost each services itemised so you can work out if it is saving you money.”

LiSCos unappealing, Female, 18-34



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summary

conclusion

- The idea of buying energy as part of a lifestyle service package appears to have good potential; half find it appealing with only 1 in 5 finding it unappealing
 - It may be possible to increase appeal amongst those who are indifferent by providing more information on what the potential cost savings are
 - There will likely remain a group who prefer not to have multiple services from one supplier, but again highlighting cost benefits may help engage these people
- Consumers are open to buying energy as part of a package from a range of suppliers, indicating potential for new players to enter the energy market
- Interestingly, those more engaged with smart meters are more likely to find LiSCos appealing. This may reflect a general openness to changes in energy management within the home, pointing to an exciting future enabled by smart meters

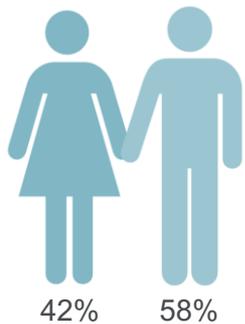


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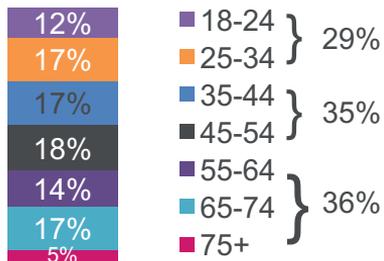
appendix

demographics

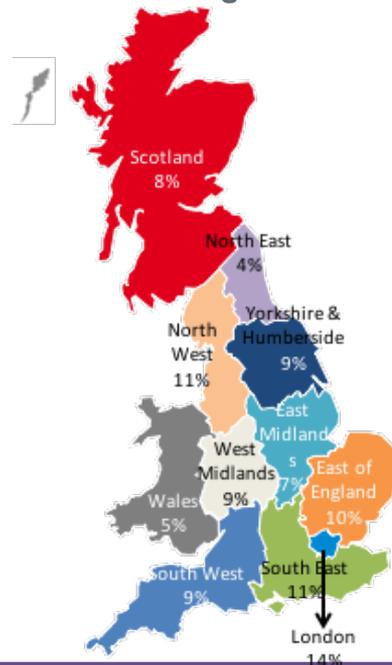
Gender



Age

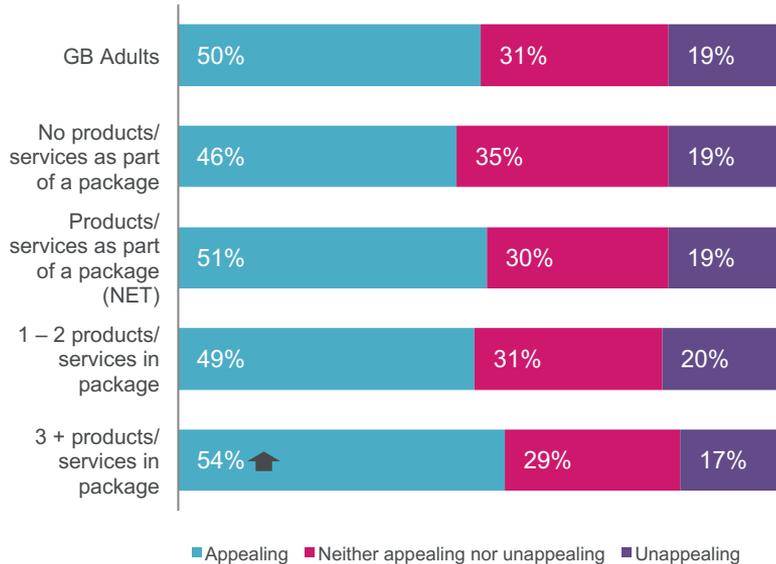


Nation & Region



LiSCos' appeal is higher for people with more products/ services in a package

Appeal of LiSCos concept: By those who purchase products/ services as part of a package

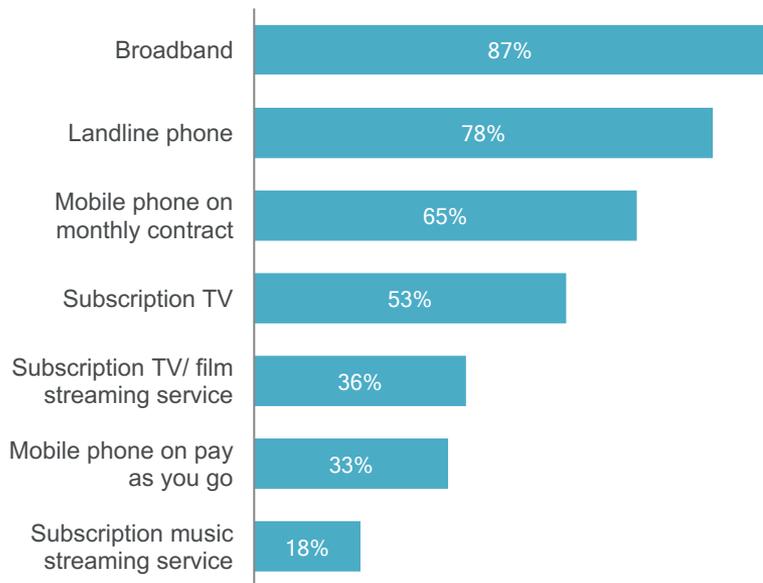


Those who buy more products/ services as part of a package are more likely to find buying energy as part of a package appealing, potentially because they are more familiar with the convenience of aggregated bills and dealing with fewer suppliers

Sig higher than GB total @ 95% CL

broadband and landline phones are the most popular services that people have at home

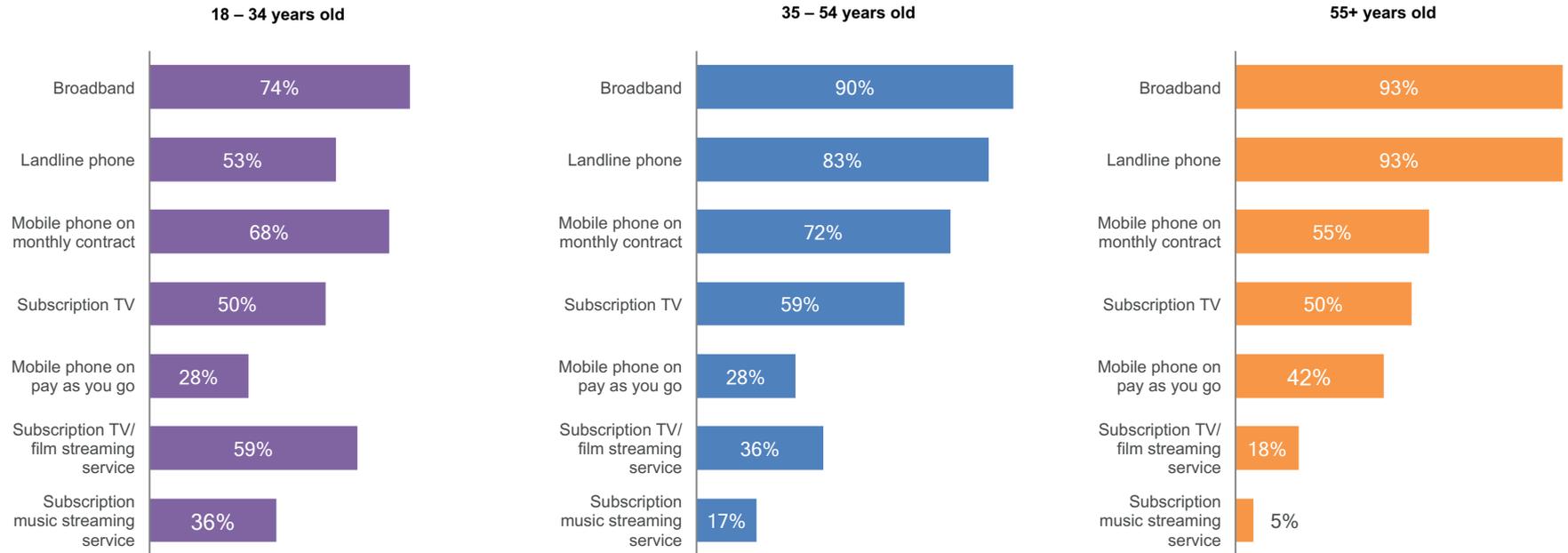
Products or services owned or available at home



People with 3+ products/ services are most likely to have landline, broadband and subscription TV/ film as part of a package

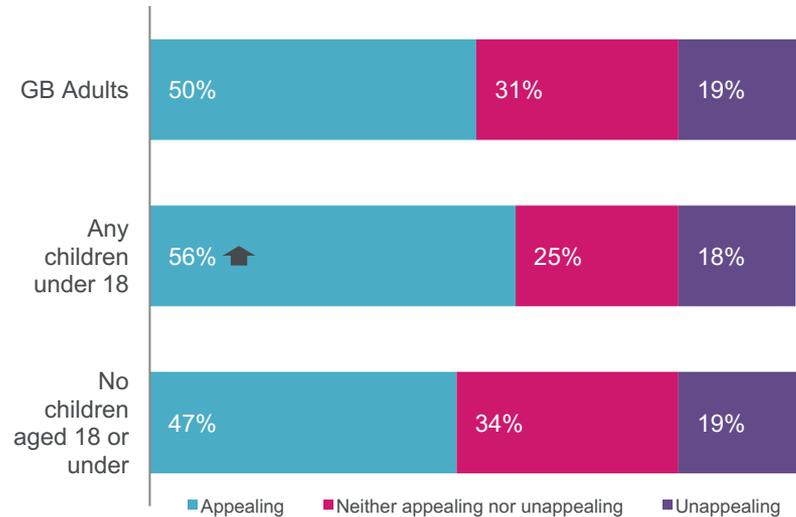
young people's consumption of services within the home differs from those older, with streaming services being more popular with this age group

Products or services owned or available at home



households with children under 18 find the concept more appealing than those without children

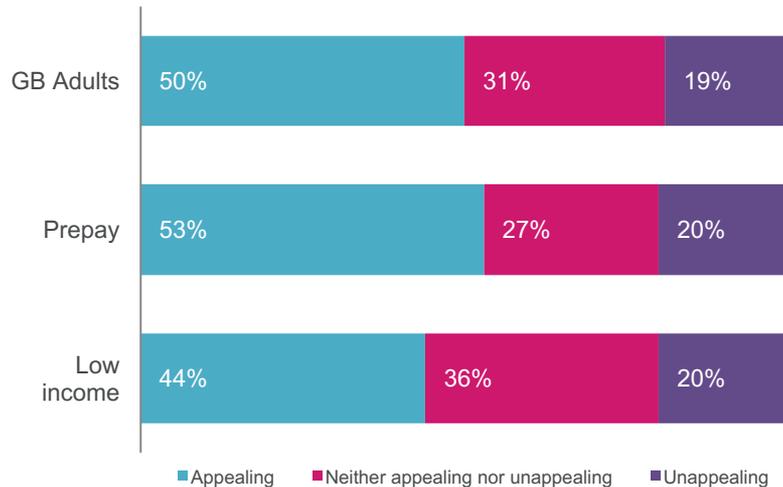
Appeal of LiSCos concept: By presence of children in the home



↑ Sig higher than GB total @ 95% CL

being on prepay or low income also does not change the appeal of the LiSCos

Appeal of LiSCOs concept: Those with additional barriers



No significant differences to GB total

cost savings could make LiSCos more appealing: additional quotations

What would increase appeal (spontaneous): By appeal of LiSCos

“Being offered vouchers at requested retailers every month whilst being part of such a package.”

LiSCos appealing, Male, 18-34

“Percentage discount for each additional service.”

LiSCos appealing, Female, 35-54

“Significant cost savings. An easy ability to switch. No worthless benefits such as vouchers, events.”

LiSCos neither appealing nor unappealing, Male, 55+

“Just easier to be in contact with one provider, less hassle.”

LiSCos appealing, Female, 18-34

“Reduced costs would be my biggest appeal, customer loyalty schemes to make it better for you to stay rather than change provider.”

LiSCos appealing, Female, 35-54

“To be able to actually see documented real savings in comparison to [what] I had left.”

LiSCos neither appealing nor unappealing, Male, 55+

“Rewards high street vouchers, discounts, rewards for family/friend referral.”

LiSCos unappealing, Male, 18-34

“Only one bill.”

LiSCos unappealing, Male, 35-54

“offers for ancillary things like smart home devices- lighting or security.”

LiSCos neither appealing nor unappealing, Male, 55+



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thank you

