

Oct 2005 | **Energy Offer Website
Communications Review**

**ENERGY RETAILER'S USE OF
WEBSITES FOR COMMUNICATION
ABOUT PRICING AND MARKET OFFERS**

Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000, Australia
Telephone 61 3 9651 0222
Facsimile 61 3 9651 3688
reception@esc.vic.gov.au
www.esc.vic.gov.au

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1 INTRODUCTION

1.1 Background

All Victorians are now able to choose their electricity and gas retailer. The Essential Services Commission ('the Commission') has the responsibility to ensure that customers benefit from competition. The Commission has highlighted price information as being particularly important in enhancing customer decision making in the competitive energy market.

In late 2004, the Victorian Parliament brought into effect the *Energy Legislation (Amendment) Act*, which placed an obligation on 'specified' retailers to publish on their internet site tariffs and terms and conditions for offers made to small retail consumers. Brandstorm Marketing was engaged to provide recommendations for a Guideline to be developed by the Commission to implement this obligation. This included undertaking a limited sample of market offer information available on the nine energy retailers' websites in May 2005, to provide an independent review and analysis to the Commission. The report was intended to be exploratory in nature, providing a 'snap shot' view of retailers website communications on market offers. The research was conducted at a time when there was no obligation on retailers to provide market offer information on the internet.

A further website analysis report was prepared as an extension of the website section in the *Report on Recommendations Regarding the Obligation to Publish Tariffs and Terms and Conditions* completed for the Commission. A summary of the findings from the website analysis report is presented below.

1.2 Objectives

The objectives of the Brandstorm research were:

- To review market offer information on nine energy retailers' websites.
- To conduct a comparative analysis of the information presented.

1.3 Methodology

Brandstorm Marketing used desktop research to investigate the retailers' websites in relation to market offers and pricing information. Each retailer's website was reviewed for ease of use and the extent of information available. In addition to the desktop research, five independent test energy customers ('test customers'), with no background in the energy industry, were selected to undertake the process of sourcing information to switch energy suppliers.

The websites were reviewed and analysed by comparing the different approaches of the retailers to providing market offer information over the internet. The following categories of information were considered in investigating the website of each of the energy retailers: price information; exit fees and other charges; and customer service features.

2 COMPARATIVE ANALYSIS OF MARKET OFFER INFORMATION ON RETAILERS' WEBSITES

2.1 Accessibility of Market Offer Information

Overall, the test customers found that accessing market offer information from the energy retailers' websites was not an easy process and it was time consuming. The process of gathering market offer information from all of the nine websites took, on average, more than five hours per test customer. However, it is considered unlikely that many customers would investigate all nine retailer's websites.

The majority of the content on the websites of the 'new entrant retailers'¹ was focussed on communicating marketing messages. Thus, from the perspective of sourcing information about market offers, they were easier to navigate and find information on market offers than the local retailers.

Table 1: Accessibility of Information on Market Offers on Retailers' Websites

Energy Retailer	Switching Terminology	Located on Home Page	Number of Clicks to Market Offer Information	Average Time Test Customers Spent Investigating Offers on the Website
Origin Energy	Choosing my energy retailer Apply for an energy offer	No - sitting under 'Home'	3	20 minutes
TXU	Quote & Connect	No – sitting under 'Home'	4	35 minutes
AGL	Request an energy offer	Yes	4	20 minutes
Country Energy	Energy quote	Yes	2	15 minutes
Victoria Electricity	Switch (including symbol)	Yes	1	20 minutes
Powerdirect	Make the change	Yes	1	15 minutes
Red Energy	Switch to Red	Yes	1	6 minutes
Momentum Energy	Switch now and save	Yes	2	10 minutes
Energy Australia	Switch on our latest offers, save on your energy bill	Not obvious	5	30 minutes

¹ Those that entered the market with no customers, as opposed to those retailers who entered the market by purchasing a retail energy business that were privatised by the State Government of the day ('local retailers').

2.2 Market Offer Information Available

At the time of this review (May 2005), there was no obligation on retailers requiring price or other market offer information available via the internet.

2.2.1 Price Information

Test customers found it difficult to identify price information on most retailers' websites and to compare the available information, in the absence of a standard means of presentation. A couple of retailers displayed their tariffs, but most would only provide them over the phone or if the customer applied for a market contract online. At the time of this review, only one retailer had an online quoting and market offer tool, through which prices could be accessed over the internet, once the details for an application had been provided. The customer is then able to decide whether to proceed with the application.

2.2.2 Exit Fees and Other Charges

Most sites did not display exit fees and other charges; those that did either provided only general information or the details were only available in the full terms and conditions.

2.2.3 Customer Service Features

A strength of all retailers' sites was the extensive and helpful customer service information available, which included safety tips, energy efficiency advice, and advice about choosing an energy supplier.

2.3 Test Customers Experiences in Obtaining Quotes

Retailers used a variety of terms for switching, ranging from 'make the change'; 'request an energy offer'; 'switch'; 'energy quote'; to 'quote & connect', which test customers found confusing.

The process of obtaining a quote varied greatly. Many of the websites gave the impression that the customer had to sign up online before any market offer information would be sent to them and, in some cases, this was the retailer's practice.

Test customers found that only a few retailers provided an online quoting facility and only TXU provided an online market offer and contract in real time. While this facility was advanced (compared to competitors), test customers considered it required too much personal information for a simple quote and was time consuming to complete.

Test customers considered that the online forms that were available were generally easy to fill out but overall took too long to complete. Most retailers used 'jargon' in the online request, perhaps assuming that customers would understand what was meant and know where to look for this information on the bill. Examples of this include using the terms 'peak' and 'off-peak' without explanation and asking for 'supply point details'. While it is acknowledged that there is a degree of inherent complexity in energy pricing, test customers considered retailers could do more to provide a clear and user-friendly online request. For example,

providing 'help information' to explain these terms and where the information is likely to be on the bill.

Only two retailers (AGL and Powerdirect) mailed quotes via information supplied on their website without requiring a telephone call prior to the customer, although test customers experiences were that these took up to two weeks to arrive.

Those retailers who did not supply a quote or offer online directed the customer to telephone them. Test customer experiences were that some retailers would not send quotes in hard copy when requested and only supplied the information over the phone. Test customers found it difficult to obtain complete information over the phone, given the complexity of energy pricing and the common use of industry jargon. Some retailers requested in-depth personal information such as a copy of a current bill, date of birth and driver's licence, which test customers found intrusive and felt was not warranted for a simple quote.

2.3.1 Overall Positive Aspects

- Comprehensive question and answer section covering many common queries.
- Useful customer service information was displayed on most retailers' websites.
- The new entrants' websites had a clear focus on appealing to 'new' customers, and made the available information on market offers easily accessible.
- Five retailers required no more than two click throughs on their websites to access information on competitive offers.
- Most retailers referred to the switching process on the home page of their websites.
- One retailer had an online quoting facility in real time.

2.3.2 Overall Negative Aspects

- Insufficient price information was available.
- Some sites required too many click throughs to obtain information on competitive offers.
- The time consuming nature of completing existing online quoting system.
- Processing period for a quote to be mailed to the customer was too long.
- Fees and other charges were either absent or not clearly presented.
- The incentives to switch were not clearly communicated.
- Too much jargon was used on the application forms.
- There was an inconsistency of responses by retailers to the test customers.