

OCS Update

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This research is independently provided to Cornwall Insight by Professor Stephen Littlechild and all enquiries should be sent to slittlechild@tanworth.mercianet.co.uk. This will now be a regular feature in Energy Spectrum, every few months.

The CMA 2016 found that many customers could save money by moving to a cheaper supplier and did not understand why they did not do so. It attributed this to “weak customer response” and recommended that Ofgem experiment with different ways to prod customers into action.

However, there seems to be increasing evidence that customers may have reasons for remaining with their existing supplier. For example, some new suppliers are risky: Cornwall Insight *found* that four out of the 10 cheapest suppliers later went bust or left the market. Other suppliers may not provide good quality of service. Yet other suppliers are new and simply unknown to most customers. For these and other reasons, simply prodding customers to move to lower price suppliers may not be in their interests. Indeed, it might make them worse off.

Over time, the better suppliers will build reputations, and customers will be more likely to move to them, or indeed to stay with them despite apparently lower prices offered elsewhere. But how long will this take? Most UK supermarkets have been in business for over a century. Can we wait that long?

To better familiarise customers with what seemed to be the better suppliers, I proposed the *calculation of an Overall Customer Satisfaction (OCS) score*. This score – expressed as a number out of 100 – is calculated as the average of four quite different sets of ratings of energy suppliers:

- A customer complaints rating based on the complaints reported each quarter by Ofgem, giving a 50% weighting to the number of complaints per 100,000 customers and 25% weightings to the proportions of complaints resolved within 24 hours and 3 months.
- The rating revised each year by the Consumers’ Association Which? magazine.
- The rating revised each quarter by Citizens Advice.
- The TrustScore assigned by customers recording their views in real time on the consumer site Trustpilot.

The OCS score does not measure one single aspect of performance. It is intended to be an indication of an energy supplier’s ability to provide customer satisfaction across a wide range of metrics and to be a good supplier according to various different criteria.

Membership of the OCS “league” is in principle open to any supplier. However, to get an OCS score a supplier must be rated by all four constituent organisations. This is not an issue for Trustpilot, which reports TrustScores for all suppliers. Nor, nowadays, for Ofgem, which reports complaints figures for almost all suppliers (that is, for over 40 suppliers, although it does not generally give separate data for the different brands that some suppliers maintain). The latest Citizens Advice ratings for Q420 covered 35 suppliers. But the latest Which? magazine reported scores for only 22 suppliers – broadly

Figure 1: OCS league table

Supplier	OCS Score 1 Apr 2021
Division 1	
outfoxthemarket	84.9
octopus.energy	84.2
avroenergy	82.9
so.energy	77.5
Division 2	
utilitywarehouse	73.1
E	73.1
pureplanet	72.3
edfenergy	70.1
Division 3	
utilitypoint	66.2
utilita	65.6
ovoenergy	65.3
bulb	64.6
britishgas	64.3
sse	62.6
ecotricity	62.0
Division 4	
boostpower	59.7
shellenergy	59.4
scottishpower	58.7
eon	57.2

Source: Professor Stephen Littlechild

speaking, the largest suppliers most likely to show up in the customer sampling procedures used.

This means that, in practice, larger suppliers are more likely to be in the OCS league, very new suppliers are unlikely to be. This is not necessarily a bad thing: it means that, in order to appear in the OCS league, a supplier needs to have convinced a significant number of customers to move to it – and/or to stay with it! At present, 19 suppliers are rated by all four organisations and therefore appear in the latest OCS league.

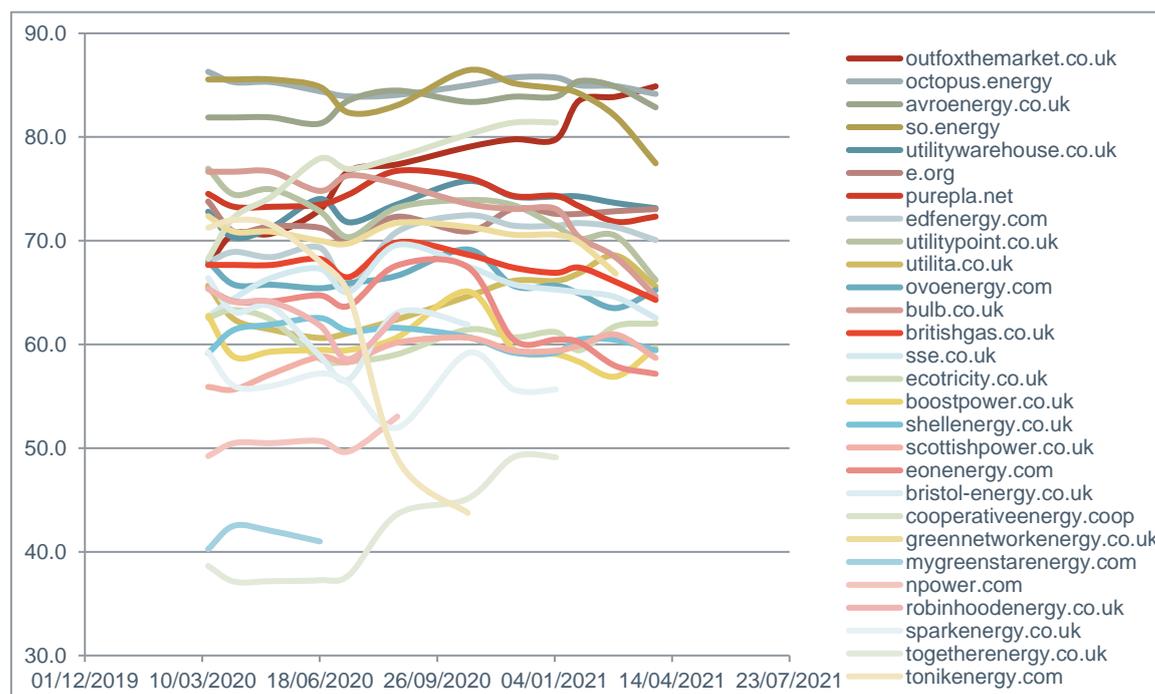
I have calculated the OCS score as far back as May 2018, and approximately monthly in the last year or so. Figure 1 shows the OCS league as on 1 April 2021, grouping the suppliers into four Divisions using natural breaks.

Figure 2 shows the evolution of the league over the last year, from March 2020 to April 2021. During that period 9 suppliers have fallen out of the league, plus another two not shown that were there only in the first month. Most of the departed suppliers, like Engie, Bristol, Robin Hood, Green Star and nPower, were taken over, and some like Green Network Energy and Tonik went via the Supplier of Last Resort procedure. Some, such as Together Energy, are still in the market, but did not have enough customers to keep a Which? rating. Significantly, the suppliers that had the lowest scores either improved their scores or left the market.

What do Figures 1 and 2 show? The latest changes reflect the latest (31 March 2021) ratings from Citizens Advice. These are rather severe: 17 suppliers were marked lower than before, only 4 marked higher.

During this last year, Octopus and Avro have been top of Division 1, maintaining the very highest all-round customer satisfaction scores, in the low 80s. But Outfoxthemarket has been steadily improving, was promoted from Division 2 a few months ago and has now just inched ahead of those other two suppliers. So Energy had previously vied for top spot but has recently fallen off the pace.

Figure 2: OCS score changes – December 2019 to April 2021



Source: Professor Stephen Littlechild

In Division 2, Utility Warehouse, E and PurePlanet have exhibited consistently good performance in the low 70s. EDF is the best-performing former Large supplier and has stayed with them for the last six months or so.

Seven suppliers are clustered around the mid-60s in Division 3. In order, they are Utility Point, down from Division 2 a year ago; Utilita and OVO Energy who have been in this Division for a while; Bulb

surprisingly down from the top of Division 2 a year ago, and before that at one time top of Division 1; British Gas, SSE and Ecotricity, for some time in this Division.

Finally, in Division 4 are those suppliers scoring in the upper 50s: Boost, Shell and Scottish Power, and finally E.On which has seen better days.

To be in the OCS league at all indicates that a supplier has attracted or kept a significant number of customers, but to be around the bottom of the league indicates that other suppliers are widely perceived as offering greater customer satisfaction. Customers considering a new supplier might better look higher up the table. But will the better suppliers maintain their performance? Watch this space at the end of May, on publication of the latest Ofgem complaint figures.