

Understanding and choosing energy deals

Latest evidence on consumer behaviour

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If you think understanding your energy bill is not the easiest thing to do, you are not the only one!

About **three in five European consumers** think that domestic electricity markets in their country are not functioning very well. This is what a recent study commissioned by the European Commission found out. It analyses EU consumers' opinions on the functioning of electricity markets in the 28 EU countries, Norway and Iceland.

Many consumers do not understand basic information in their electricity bill



Over three in ten consumers (32%) do not know how much electricity they use - neither on a monthly or yearly basis.



Nearly four in ten consumers (38%) do not know how the price of their electricity is calculated.



Four in ten consumers (42%) are not aware of the sources of electricity they use.

Significant numbers of consumers do not know much about their electricity deals. This affects the decisions they make regarding their electricity contract or in making savings.

Energy suppliers could do more to inform and guide consumers



Over one in three consumers (35%) said their electricity company does not provide them with advice on how to reduce energy consumption. A mystery shopping exercise in ten EU countries¹ revealed that only **one quarter (26%) of electricity bills** contained tips on saving energy.

Nearly one in three consumers (29%) surveyed said their electricity company did not propose them a **cheaper tariff** or a tariff that would be more in line with their preferences or consumption level.

¹ The Czech Republic, France, Germany, Italy, Lithuania, Poland, Slovenia, Spain, Sweden and the UK.



Bills are not so easy to understand



When asked in the survey, **nearly eight in ten consumers** (77%) agreed that their bills are easy to understand.



But **only four in ten mystery shoppers** (43%) **agreed** that the electricity bills were easy to understand.

Most difficulties occurred in understanding how the **billing amount was calculated**, the **switching code**² and **information about the fuel mix**.

A behavioural experiment showed that bills including **boxes** facilitating comparison and **charts** helped consumers to understand the information better. **Nearly six in ten consumers** (58%) could correctly answer how much energy they had consumed in the previous year based on a chart, compared to **four in ten respondents** (42%) who had the same data in a table with text.

The Commission's latest proposal "[Clean Energy for all Europeans](#)" and, in particular, the [revised Electricity Directive](#) contains new minimum requirements for billing and calls on EU countries to ensure consumers are informed in a clear, correct and concise way³.



It can be easier to compare offers depending on how information is presented

Common marketing practices, such as placing information behind a "pop-up" window⁴, hinder consumers' ability to understand an offer and compare it with others.



Only **four in ten consumers** (42%) correctly calculated the total cost when information was in a "pop-up".



This rises to **seven in ten** (71%) when no pop-up was used.

Standardising the offers, by placing the information in the same position across different offers, helps consumers. **Nearly eight in ten consumers** (79%) correctly identified the cheapest offer when the marketing material was standardised, compared to **less than seven in ten** (67%) when the material was not.

Consumers were also less likely to choose the cheapest deal if the price structure was more complicated: **66%** chose the cheapest deal when the price structure had just two components⁵ compared to **59%** when the price structure had three components⁶.

25% of mystery shoppers were not able to estimate the savings on an annual basis from switching to the cheapest tariff (even when using comparison tools).

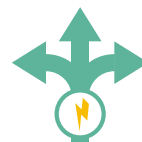
² The EAN (European Article Numbering) is a unique code that consists of 18 figures and contains full details of a given supply point. The code always remains linked to the supply point located at a given address.

³ <https://ec.europa.eu/energy/en/news/commission-proposes-new-rules-consumer-centred-clean-energy-transition>

⁴ A window that suddenly appears ("pops up") when you click on a button in order to view more details about an offer

⁵ Non-complex pricing had just two components: a unit price per kWh and a standing charge per day (€cent/day)

⁶ Tiered pricing had three components: one unit price for the first batch of energy (e.g. the first 800 kWh), another unit price for additional energy (e.g. above 800 kWh), and a standing charge per day



Consumers are not satisfied with the choice they have

In 10 EU countries⁷, **more than two in ten consumers** (22%) are not satisfied with the choice of electricity companies. In 12 EU countries⁸ **two in ten consumers** (20%) are not satisfied with the choice of tariffs.

The percentage of consumers who are not satisfied with the choice of electricity companies varies from 3% in the Netherlands to 76% in Bulgaria. For consumers who are not satisfied with the choice of tariffs, this ranges from 4% in the Netherlands to 45% in Bulgaria.



Some marketing practices pose challenges to vulnerable consumers

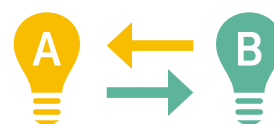
Consumers with a **lower educational background, unemployed or over 65 years of age**, performed worse than other respondents in the behavioural experiment. They were more easily confused by complex information framing and when key terms and conditions are placed behind a “pop-up” window.

Switching suppliers is sometimes easier than consumers think

In some countries, switching electricity supplier is not possible due to the low number of suppliers on the market. However, if possible, it can bring significant benefits to consumers. **Two thirds of consumers** (61%) who had tried to switch an electricity company did so because they found a better deal.

Still, many consumers do not look for a better option saying the **savings would not justify the trouble** (16% of respondents) or that **it would be too complicated** (12%).

The Commission’s latest proposal “Clean Energy for all Europeans”, and in particular the revised Electricity Directive contains improved rights on switching, for example, further restricting the fees consumers need to pay to suppliers for ending a contract.



12%
of consumers

say they did not switch
because it would be
complicated

**Only 2% of those
who switched**

in the past three years
actually found it complicated



Complaints and solving problems



One third of consumers (31%) had a problem with their electricity company in the past three years. Most problems related to **billing and pricing**.



Of those consumers who had a problem, **four in ten consumers** (40%) were not at all satisfied how their complaint had been dealt with.

Although many consumers were not satisfied with complaint handling by their electricity company, very few have contacted a third party, for example a consumer organisation, ombudsman or energy regulator.

Where consumers did not file a complaint, the main reasons were: low likelihood that a satisfactory solution would be reached (36%), too much time needed to complain (21%), too small sums involved (17%) and high difficulty of filing a complaint (13%).

⁷ Portugal, Poland, Croatia, Spain, Luxembourg, Hungary, Greece, Romania, Lithuania, Bulgaria

⁸ France, Hungary, Portugal, Latvia, Lithuania, Cyprus, Croatia, Malta, Romania, Greece, Spain, Bulgaria



For more information

You can read the full study [here](#).