



# YOUNG AND CARBON FREE



What people think,  
feel and do

## INTRODUCTION

Wellies and waterproofs were decidedly in season over the 2019/20 winter period. Britain saw the wettest February since 1862. It was less Beast from the East and more Wet, Wet, Wet. On the other side of the world we watched Australian bush fires burn. As extreme weather becomes more common, people are linking them more to climate change and looking for solutions. Our latest instalment of our annual look at the consumer energy market delves into how these themes are working themselves out in the minds of UK consumers as we heat our homes and power our lives.

**Traditional energy providers including the Big Six continue to be top of mind amongst consumers. But their success is threatened by the changing landscape of consumerism.**

Brand culture, values and beliefs are now considered to be more important to consumers than brand familiarity and so being big no longer means being the best especially for young consumers. Entering the market at a time when support for greener policies and practices is on the rise, challenger brands have capitalised on their greener brand values using these to connect with consumers on a much deeper level than the Big Six are able to.

This has resonated the most with younger generations, whose concern for the environment has exploded since Greta Thunberg's 'School strike for the climate' and since climate emergency activist groups have caught the attention of the mainstream media. This year's report focusses on the attitudes of Millennials and Generation Z – those aged 18-34. They are a cohort that feels less empowered about energy decision making and that is less engaged with the energy sector because they are more likely to be living at home, renting with other people or simply remain with their landlord's provider. However, the wider issues at play around climate change, reducing CO2 emissions and living sustainably for the future are far more important to this cohort. The environment and housing were the third most important issues facing the country after Brexit and healthcare at the time of the recent general election.

Our research also shows that despite the importance of green issues, cost is still king. Younger people in particular tend to have less awareness of the energy market and are faced with greater financial constraints, so reluctantly cost comes before climate when choosing an energy provider. This doesn't mean that energy suppliers should ignore environmental pressures coming from young people, rather they should brace themselves for the next generation of people who when more financially stable may want to put the environment first when choosing their provider.

**Opinium conducted an online survey amongst 2,000 UK adults to explore their views and opinions on energy providers today, concerns for the future and attitudes towards renewable energy – all of these are explored further in the following report.**

We hope you find this report useful. If you would like further details on any of the research or our wider research related to the UK energy market, do get in touch with us.



## CONNECTED BRAND INDEX

It's widely known that the energy market is one with low consumer engagement, but each year we see challenger brands emerging that are slowly eating away at the Big Six's dominance. These brands are driving connection with consumers as well as having a point of difference. In particular, as younger people become more prevalent in energy decision making, distinction and connection will be more important than ever for energy companies to gain their custom. 100% renewable energy suppliers, such as Bulb and Pure Planet are already performing well on these vital factors, seeing this translate into increased customer numbers.

In this section we will explore energy brand performance on our 4 key Connected Brand Index measures:

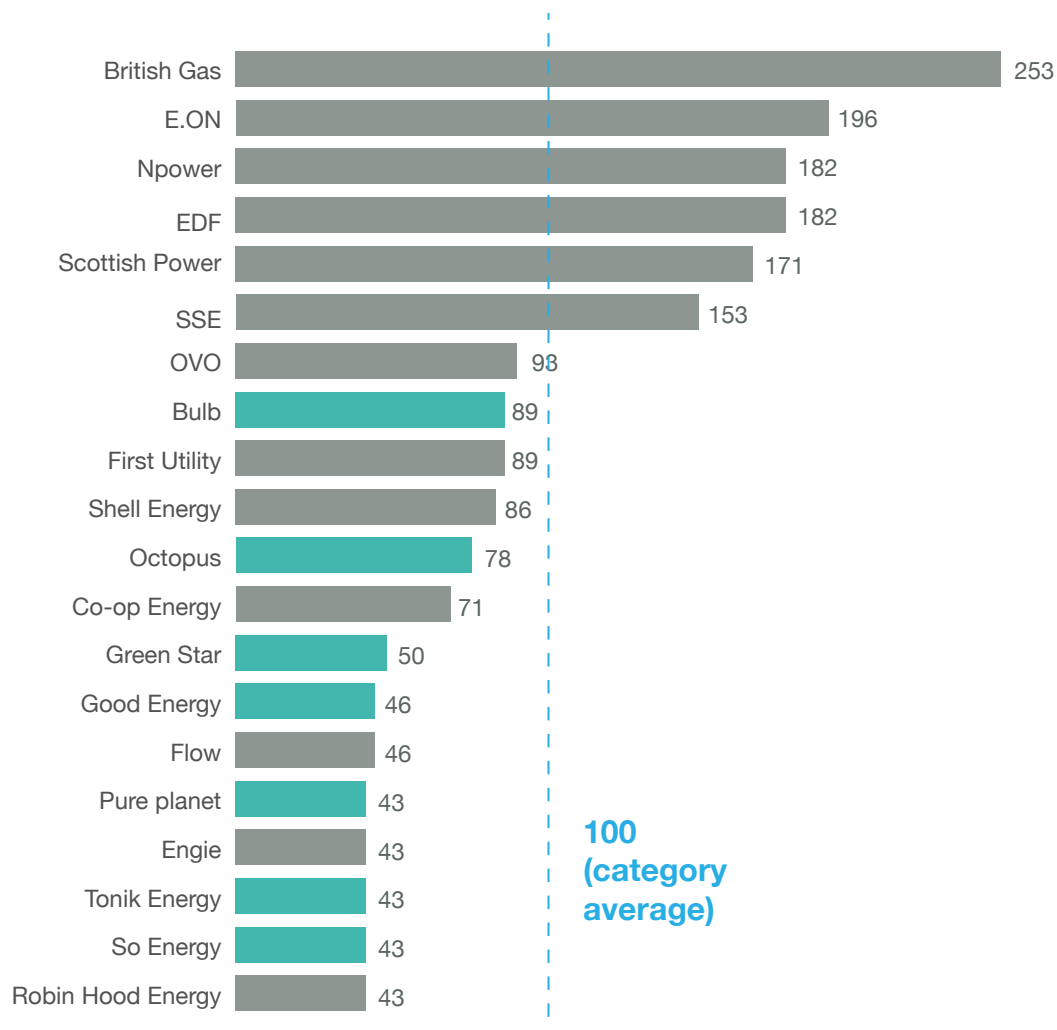
- Prominence
- Connection
- Distinction
- Dynamism



## Who's top of mind?

Unsurprisingly, the Big Six feature at the top of the list in terms of prominence, highly over-indexing on this attribute. Despite British Gas losing many customers over the past year, they are still way out ahead in terms of prominence. As OVO becomes more prevalent in the market, it is closing the gap on the Big Six, and will likely over index once merged with SSE. Many of the smaller challenger brands under-index in comparison to the Big Six, but as we'll see later, there are other areas where they have a stronger performance.

### Prominence index score for each energy brand



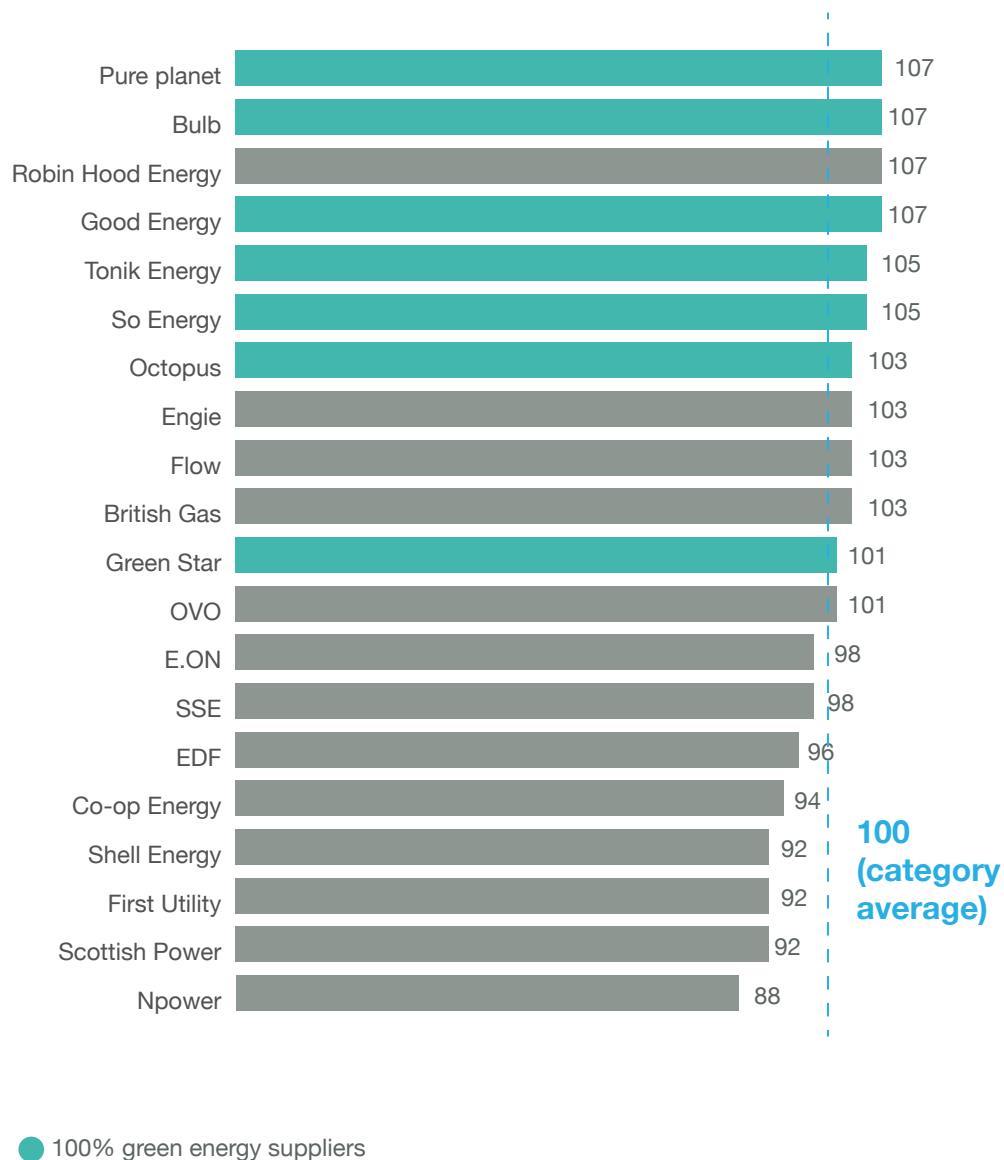
● 100% green energy suppliers

## Making a connection

Looking specifically at emotional connection, the green energy suppliers are performing most strongly, such as Bulb, Pure Planet and Good Energy, along with not-for-profit energy supplier, Robin Hood Energy.

Pure planet is focusing on messaging around 'Save Money. Save the Planet', this type of message around climate change, an emotional issue for many, is proving to be successful for them in driving connection.

### Emotional connection index score for each energy brand

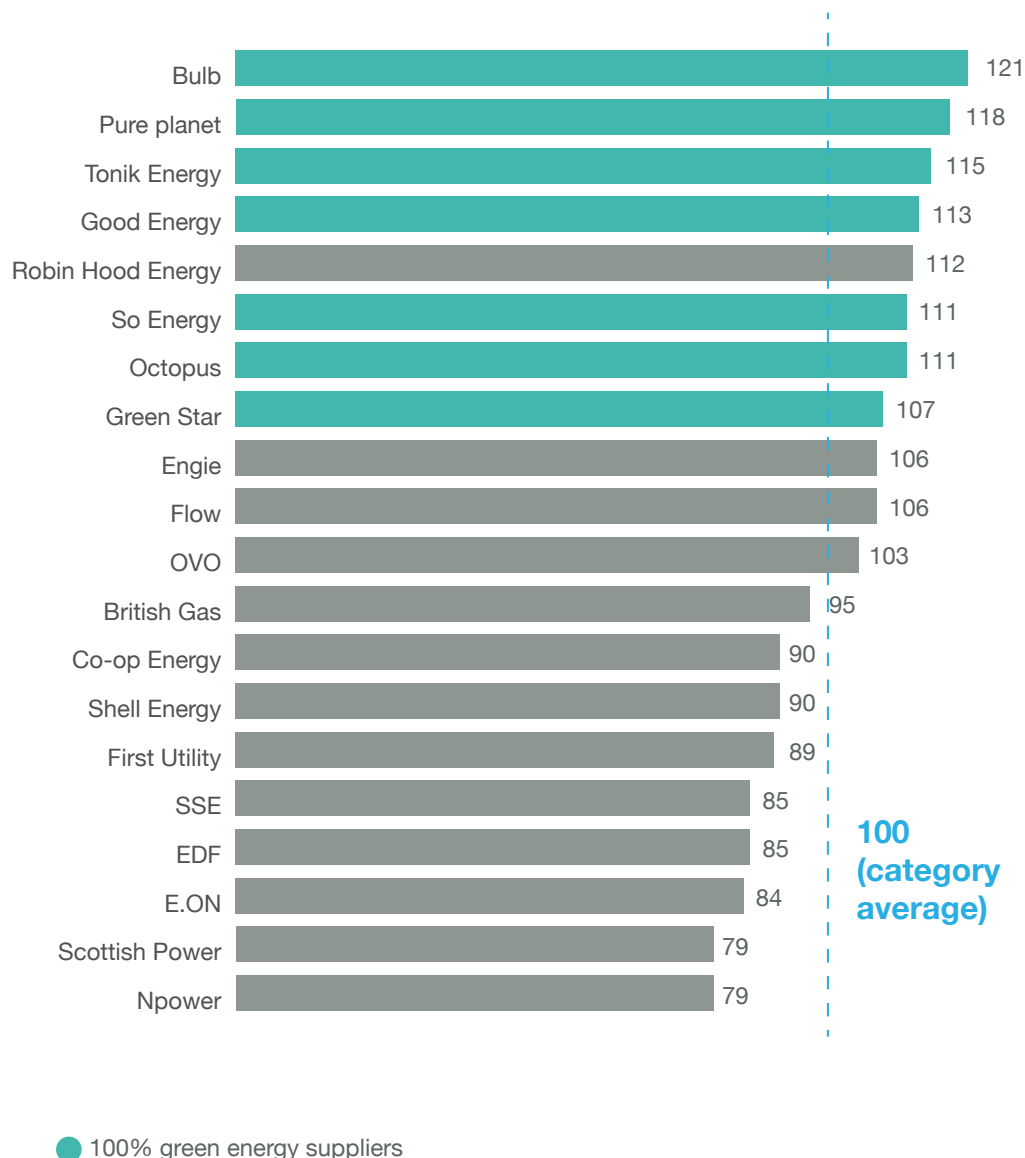


## Standing out in the crowd

Green energy supplier Bulb tops the list in terms of being distinct and different from other energy suppliers, as do various other green energy suppliers: Pure Planet, Tonik Energy, Good Energy.

Focusing in on Bulb, they have recently started national advertising and their pink-themed, funny and memorable ads seem to have done the trick in making them stand out. This is something other energy suppliers can learn from in terms of ensuring their advertising campaigns stand out from the crowd.

### Distinctiveness index score for each energy brand

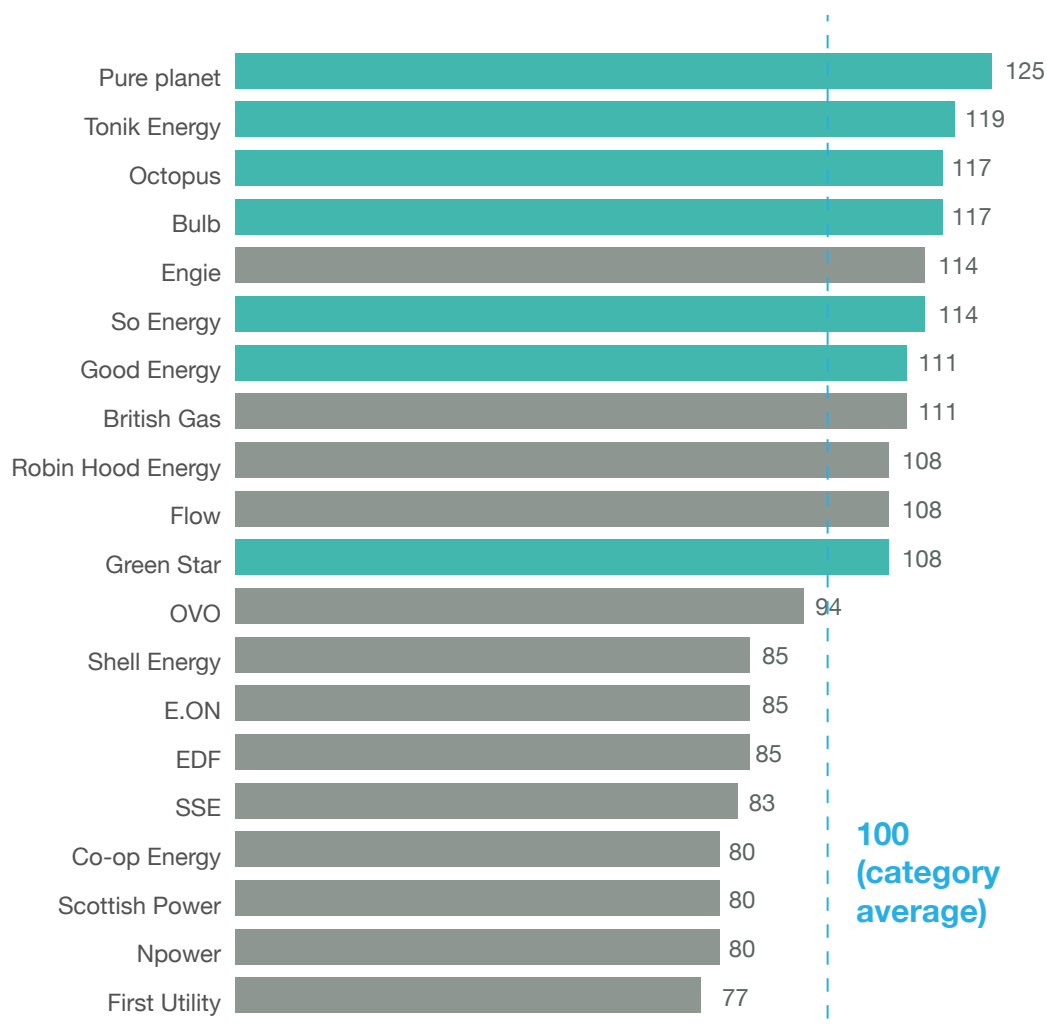


## Creating a buzz

Dynamism refers to how much a brand is being talked about and how current consumers feel they are. Again, the challenger brands, particularly those who provide 100% renewable energy perform the best. Pure Planet are at the top of this list, followed by Tonik Energy. Tonik Energy adopt a tone of voice of actively challenging the Big Six regarding their high prices and unsustainable energy sources, this could be generating buzz around the brand.

If energy suppliers want to gain interest and custom from the energy decision makers of the future then dynamism is only set to become more vital.

### Dynamism index score for each energy brand



● 100% green energy suppliers

## Energy Decision Makers of the Future

As Millennials and Generation Z, the 18-34 year old cohort, become more engaged energy consumers they are only set to become more discerning when it comes to choosing suppliers, so attracting and satisfying this group of consumers is key.

Green energy suppliers are a lot more prominent amongst 18-34s, especially So Energy (+21) and Pure Planet (+21). Pure Planet and So Energy focus on saving money and saving the planet in their messaging which could be the particular appeal for this younger age group, who are known to be more concerned about the environment but also tend to be more strapped for cash than older generations.

Bulb is the energy brand that 18-34s have the most connection with (index score of 106), and it also tops the list for distinction. The 'feel-good' factor of doing something that is good for the environment is a particular draw for Bulb customers. Certainly giving other providers, who are not offering 100% renewable energy, something to think about for the future.

**“Makes me feel good that my energy is environmentally friendly”**

Bulb Customer, 26

**“Makes me think about green energy and the future of energy provision”**

Bulb Customer, 34

Bulb are one of the leading challenger brands, and their particular popularity amongst 18-34s, as well as other age groups, sets them in good stead to become the next to challenge the Big Six.

## OVO TAKEOVER OF SSE

**The news of Ovo taking over SSE has been received well by the public, with little damage to the reputation of either brand**

Ovo has seen a good overall performance on the brand index, so how might their takeover of SSE impact these scores? We asked consumers just that and found that a quarter (26%) feel more positively about Ovo energy following the news that they are taking over energy giant SSE, with this rising to two fifths (39%) of those aged 18-34. Similarly, a fifth (22%) feel more positively about SSE and a similar number (21%) feel more positively about the energy market as a whole, following the news of the takeover.

Only 7% feel more negatively about Ovo and just 10% feel more negatively about SSE following the news of the takeover, suggesting that it hasn't done any significant damage to the reputation of the brands.

There is some scepticism around the potential impact of the takeover on tariffs. Just over a quarter (27%) expect that costs will be higher when Ovo takes over the brand, but two fifths (38%) believe it will be cheaper or there will be no change in cost.

Furthermore, the additional cost could be justified if there's an increase in quality. A fifth (19%) expect that the takeover will make the quality of service received better, with this rising to 28% amongst 18-34s.

Some respondents commented on the takeover having a positive impact on cost and ethics.

**“Ovo have good prices hopefully SSE customers may benefit”**

**“shows SSE might be thinking more about green energy”**

**“Ovo might be a fairer than SSE”**

## Ovo are in a strong position to take over SSE

While SSE are considered a more prominent brand than Ovo (over indexing at 153 compared to Ovo who under index at 93), Ovo are scoring higher on other key metrics including distinction (Ovo 103, SSE 85) and dynamism (Ovo 94, SSE 83).

This indicates that when the public think of providers, SSE are more top of mind than Ovo but that Ovo are perceived to be setting industry trends and generating more 'buzz' in the energy market.

Overall, SSE's already strong reputation combined with Ovo's challenger mentality, sets Ovo in good position for the takeover.



## RENEWABLES / GREEN ENERGY

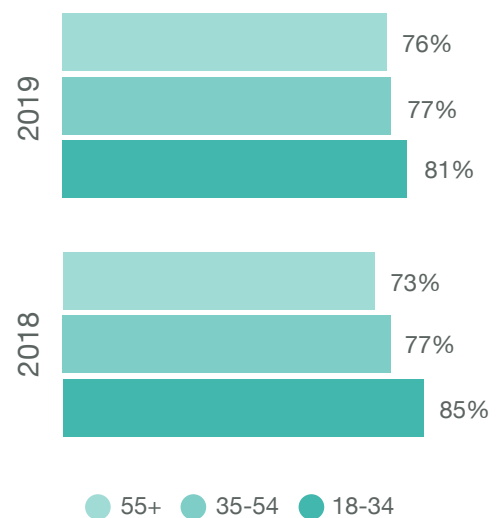
### 18 – 34 year olds are still the biggest supporters of renewables

As in previous years, when asked about the importance of renewable energy for the future, younger ages view renewables as more important in comparison to older generations, however this generation gap seems to be closing slightly.

The increasing interest in renewables is being fuelled by news of the climate crisis as well as the UK's race to switch to 100% renewables by 2050.

As only 26% of 18 – 24 year olds are solely responsible for energy bills, (of which 82% think renewables are important) it is likely that as these younger generations become responsible for energy bills 100% renewable energy suppliers will grow in popularity. Potentially, suppliers who do not offer strong green energy options will lose out.

#### How important is 100% renewable energy?

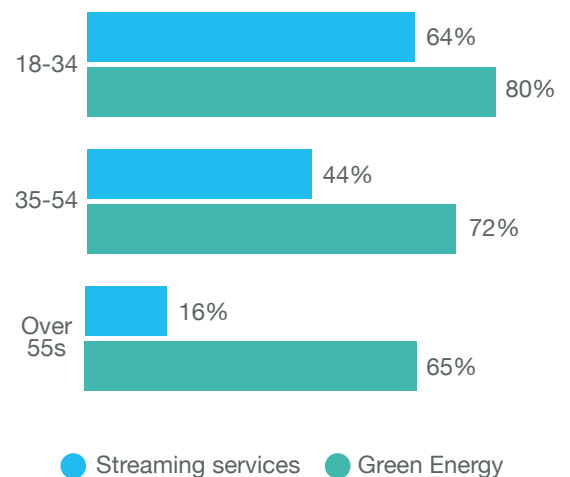


### Green energy is more appealing than a Netflix subscription

When asked about additional bundled features that could be added to their energy tariff, Brits would rather pay more for 100% renewable energy (72% found appealing), than streaming services like Netflix / Spotify (39% found appealing). Energy isn't really seen as a service that should have entertainment bundled in.

However, when asking 18 – 34 years olds two thirds (64%) said adding a Netflix / Spotify subscription to their tariff was appealing, so it could be an option for some providers to offer. Despite this, 80% of younger people would still find 100% renewable energy more appealing.

#### How appealing is a green energy tariff vs. streaming services as additions to energy tariff?



## SWITCHING

In 2019 a number of new energy providers entered the market but simultaneously several have gone bust making the energy market more competitive than ever. With so much choice, consumers are becoming more restless with their providers. Young people in particular were more likely to switch in 2019 compared to the last 6 years of our research and they are the group most likely to switch again this year. They also have a unique path to switching meaning that providers will need to think differently about how they convert and retain young customers in 2020.

### 2019: Record year for young people switching

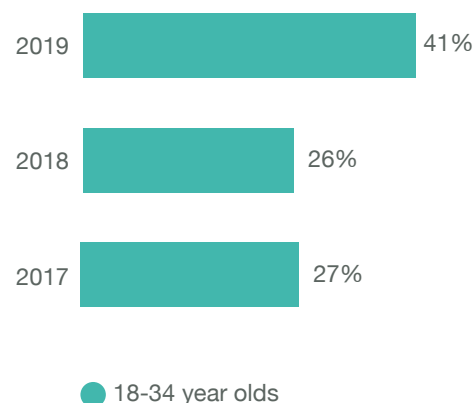
In 2017, 30% of people switched their energy supplier with this dropping to 24% in 2018 and rising again to a third (33%) in 2019. While broadly speaking, the likelihood of switching suppliers hasn't significantly changed, 2019 showed a record high for youngsters choosing to switch their energy supplier.

In 2017, one in four (27%) 18-34s reported switching their gas or electricity supplier, with this rising to two in five (41%) in 2019. This could be explained by low levels of customer satisfaction amongst young people (18-34s) compared to older generations.

**Energy suppliers will need to think about how they retain their new young cohort as there is a good chance they could switch again.**

A quarter (26%) of 18-34-year olds are considered as 'serial switchers' those that switched last year and plan to do so again in 2020, making them the second most likely age group to fall into this segment.

% of 18-34 year olds who switched suppliers



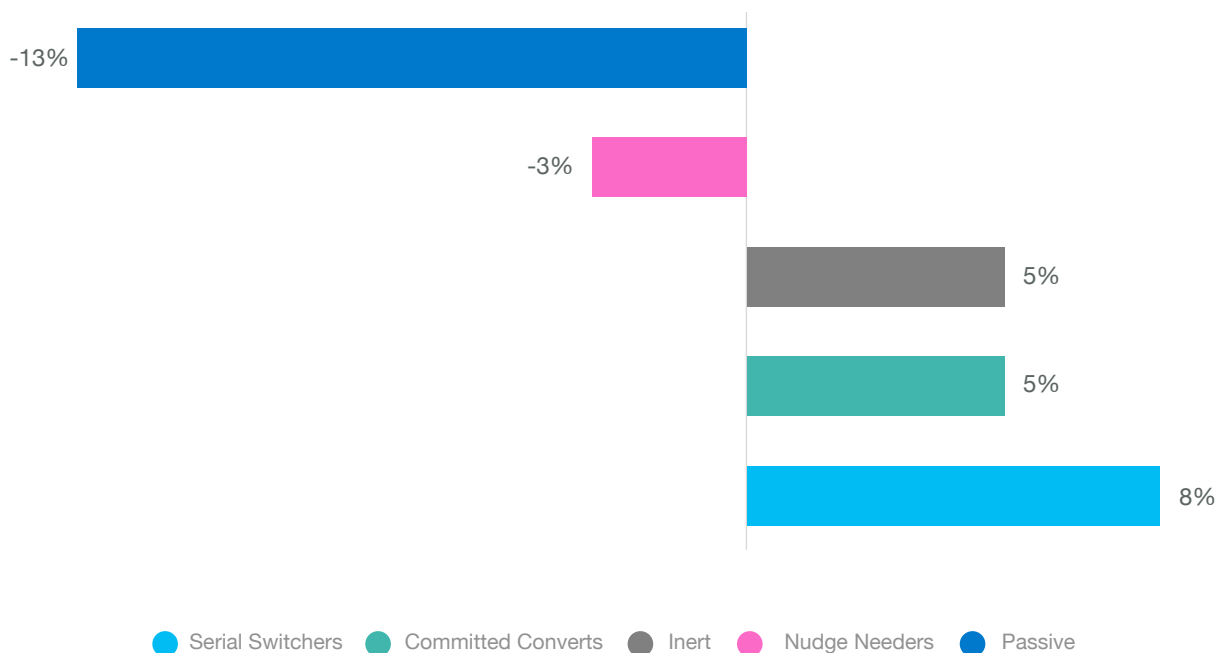
## Cost comes before climate for young people

Despite younger age groups being most in support of greener energy, they're least likely to switch for this reason. The cost of their energy plan is the main reason young people consider switching (58%) with the reputation of the provider being the second most important (24%) and with requirements for green energy initiatives being the third most important (22%). While this means that for now young people are likely to switch to the cheapest provider in the market, this shouldn't mean that energy providers should ignore their calls for greener energy, rather they should be preparing themselves for when this generation can afford to switch for environmental reasons alone.

## Restlessness on the rise

It's not just young people who are becoming restless with their energy provider. Since the influx of challenger brands entering the market, consumers have never had so much choice. The number of people known as 'passive' switchers, those that didn't switch in 2019 and are indifferent about the prospect of switching in 2020, has started to decrease, meanwhile, serial switchers are on the rise increasing by 7% from 2018.

### Change in switching activity 2018 - 2019



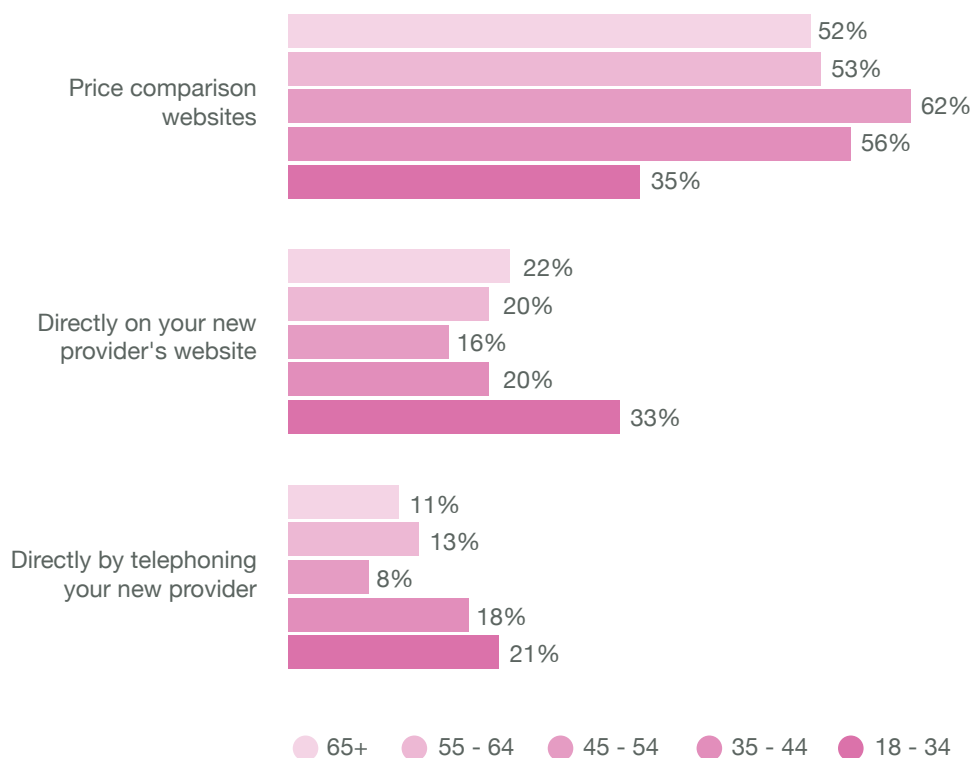
## Referral schemes will attract young customers

Price comparison websites continued to be the most popular channel for people to switch suppliers in 2019. However, the path to switching for younger people is considerably different. While 18-34s are also likely to switch via a price comparison website, they're equally as likely to go direct to their provider's website, whereas older age groups are much less likely to do this.

This could be explained by the fact that young people (18-34 year olds) are most likely to be influenced by recommendations from friends or family when choosing an energy supplier (20% reporting this compared to 13% of the general population) and so are better equipped to go directly to a new provider's website.

Energy suppliers should take advantage of young people's trust in their friends and family by encouraging them to switch through friend or family referral schemes, as has been seen by the likes of Bulb.

### Route to switching

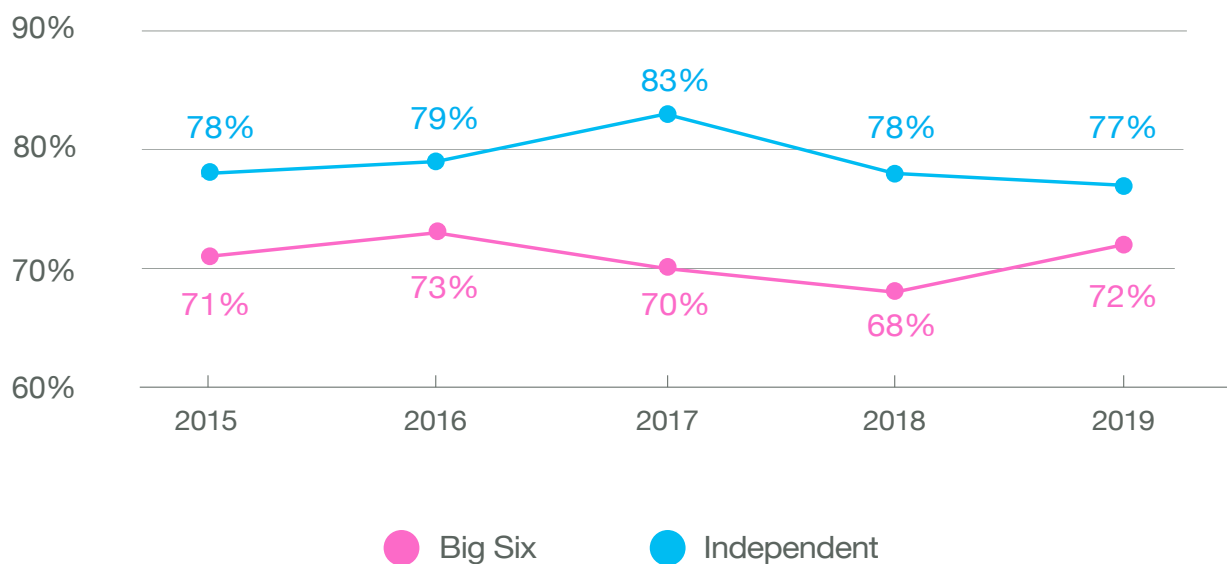


## SATISFACTION

### Big Six bounce back on customer satisfaction, but challenger brands continue to take the lead

Following the lowest year for customer satisfaction in 2018, the Big Six have made a comeback in 2019 reaching their second highest score for customer satisfaction (72%). However, challenger brands continue to be market leaders in customer satisfaction.

#### Customer satisfaction

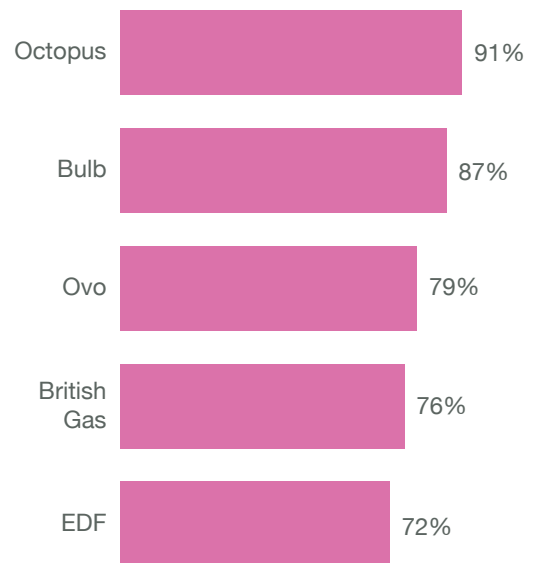


This year Octopus Energy scores the highest with almost all (91%) of their customers reporting that they're satisfied with the general performance of their energy supplier. In fact, the top three brands that customers are most satisfied with are all challenger brands including Octopus, Bulb and Ovo, with traditional brands British Gas and EDF falling close behind.

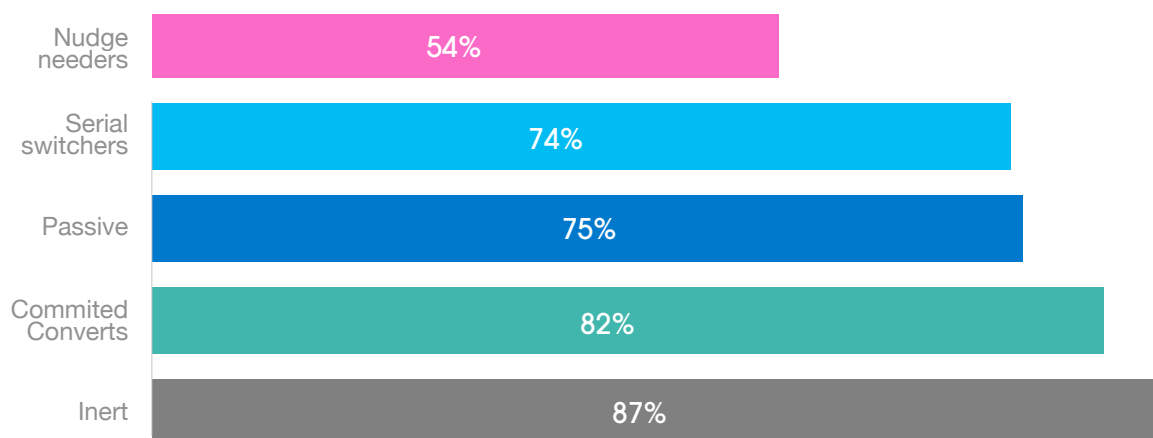
**The wide majority (82%) of committed converts, those that switched supplier last year and intend to stay with their new supplier in 2020, report that they are satisfied with their provider.**

Interestingly, 20% of committed converts are Bulb customers, further demonstrating the high levels of customer satisfaction that challenger brands are bringing to the market.

#### % satisfied with their provider



#### Satisfaction by segment



As in previous years, inert customers, those that haven't switched energy suppliers in the last few years and don't intend to in the future, continue to show some of the highest levels of satisfaction with their providers. They are receiving a good enough service for a cost that they consider reasonable and aren't being given cause to look elsewhere. The majority of inert customers are with one of the Big Six providers, 23% are with British Gas, 15% with Eon and 11% with SSE.































**In an ever more competitive landscape, this brings some good news for the Big Six and their chances of retaining existing customers.**

In contrast, nudge needers have low levels of satisfaction and are looking for any reason to jump ship to another provider for better levels of service and cheaper tariffs. There are potentially rich pickings to be had by convincing these customers to switch. Making it as easy to do so is key for this group.



## FEELINGS TOWARDS CURRENT PROVIDERS

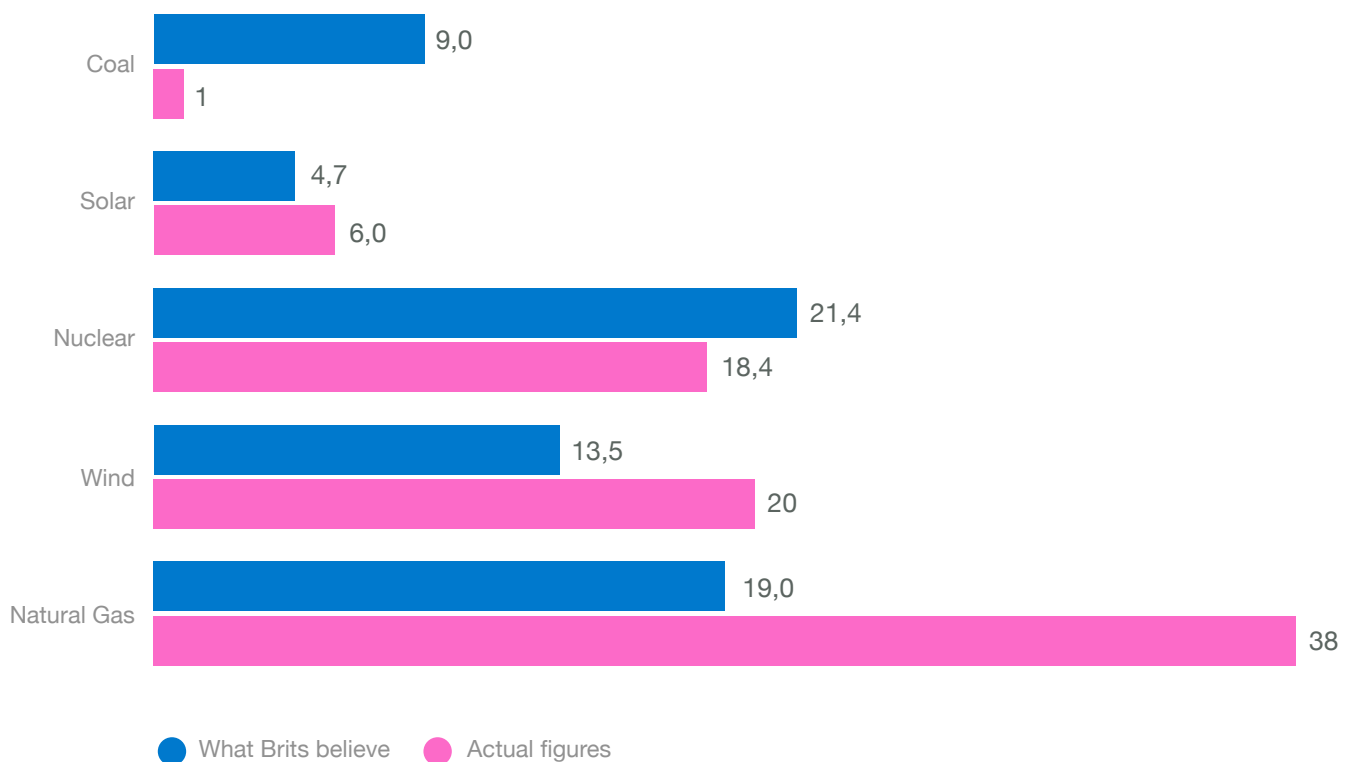
We asked consumers how they feel about their current energy providers in the form of emojis – the top 5 emojis for a selection of providers are shown below. Octopus and Bulb's high satisfaction scores are reflected in their high scores on the happiness and hug emojis; Ovo also scores highly on the happiness emoji, however they also score highly on the money emoji, potentially linked to high prices and how they are becoming a larger provider, or it might be because they offer good energy deals.

	 32%	 11%	 11%	 11%	 8%
	 34%	 13%	 12%	 8%	 8%
	 23%	 9%	 8%	 8%	 6%
	 19%	 11%	 9%	 7%	 7%
	 15%	 9%	 8%	 7%	 6%

## ENERGY SOURCES

The UK population isn't very aware of where their energy is coming from

### UK Energy Sources: What Brits believe vs. actual figures



Brits thought the majority (21.4%) of UK energy came from Nuclear power, in fact only 13.6%<sup>1</sup> was from Nuclear energy. The largest producer of energy at the end of 2019 was Natural Gas where 38%<sup>2</sup> of our energy was generated, UK Brits believed only 19% of our energy was from Natural Gas. Brits believe 9% of UK energy is supplied from coal, however at the end of 2019 less than 1%<sup>3</sup> of energy to the national grid was from coal.<sup>4</sup> At the end of December 2019, a record 38.9%<sup>5</sup> of energy came from renewable sources equal to the amount from Natural Gas (38%) which was the largest individual energy source.

<sup>1</sup> Analysis: UK renewables generate more electricity than fossil fuels for first time, Carbon Brief (2019)

<sup>2,3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853580/Press\\_Notice\\_Q3\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853580/Press_Notice_Q3_2019.pdf)

<sup>4</sup> Analysis: UK renewables generate more electricity than fossil fuels for first time, Carbon Brief (2019)

Brits believed that the largest proportion of renewable energy came from wave technology (15.6%), whereas the largest proportion of renewable energy actually came from wind (20%; offshore & onshore) in the last quarter of 2019, followed by bioenergy 12%, solar 6% and hydro 1.4%.

## We generate almost all our renewables within the UK and its waters

Brits believe only half (49.6%) of renewable energy provided to our national grid is from the UK, whereas around 90% of our renewable energy is from within the UK and its waters, though this figure fluctuates depending on the weather<sup>6</sup>.



<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853598/Renewables\\_Q3\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853598/Renewables_Q3_2019.pdf)

<sup>6</sup> "Electricity production and availability from the public supply system" Department for Business, Energy & Industrial Strategy January 2020 (Data from January 1995 – 2019)



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## About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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