



The Price Cap

WHAT IS THE PRICE CAP?

Around 12 million households are currently on poor value default deals, paying as much as £300 more than those on the cheapest tariffs. Many of these households have never switched or have not done so for many years.

The government has introduced the Domestic Gas and Electricity (Tariff Cap) Bill before Parliament which proposed a new statutory role for Ofgem, as the energy regulator, to deliver a price cap for all consumers on default tariffs, including standard variable tariffs.

Ofgem is already protecting over 5 million households from being overcharged after extending the prepayment meter safeguard tariff to almost 1 million more vulnerable consumers last month. Ofgem is also working to make switching easier, quicker and more reliable to help more people save money, particularly those on the worst deals, and last month launched the first-ever “simplified” collective switch.

The current safeguard tariff protects both Prepayment and Warm Home Discount customers. Suppliers can charge less than the set level of the safeguard tariff, but not more. The cap does not limit the total cost of a bill. That’s because the amount customers pay also depends on how much gas or electricity they’ve used.

SO HOW WILL THE PRICE CAP AFFECT EVERYONE?

None of us disagree with the idea of protecting customers on poor value deals, especially when those customers are deemed vulnerable. And the price cap will go some way to achieving this, however, it may make those sticky customers that bit stickier.

A sticky customer is one that never switches, that stays with the incumbent energy provider when they take on a property. If you think about it, nothing gets a customer onto a comparison site quite like a large bill.

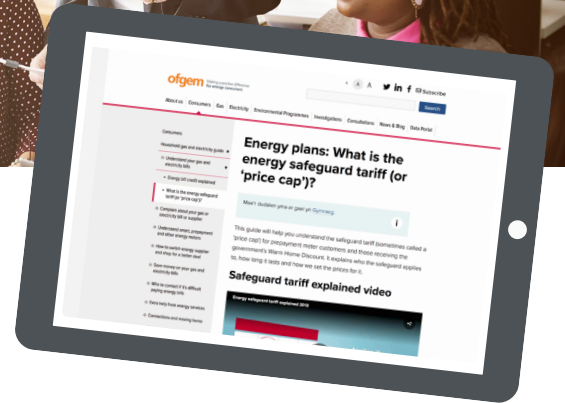
Suppliers should therefore do all they can to promote their best deals to these customers, by seeking to gain new customers who wouldn’t traditionally visit price comparison sites and retain their existing customers proactively.

In the age of a plethora of suppliers in the market place, price is only part of the equation. Supplier USPs such as digital, not for profit, customer centric, can add some serious value to its selling proposition.





How does DDC OS help suppliers with sales and retentions?



Active sales _____

- Plan and manage an outbound sales campaign
 - Agree and work towards sales targets
 - Mobilise a registrations team to work on Ofgem's collective switching initiative
 - Manage registrations exceptions through efficient front and back office processing

Proactive retentions _____

- Plan and manage an outbound retentions campaign
 - Target 'at risk' accounts approaching the end of fixed term deals
 - Prioritise profitable customers
 - Push best value deals
- Analyse customer feedback and complaints to target weak processes and achieve a customer focussed service offering
 - Improve customer satisfaction
 - Make processes more efficient
 - Make processes customer centric, providing outbound expectation setting