

Consumer plan comparison and switching

Appendix A Format for written submissions

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Question	Comment
<p>Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?</p>	<p>Comparing Apples with Apples is the biggest challenge when making any sort of comparison. The market and retailers appear to deliberately complicate the process of comparing and when people don't understand something, they don't purchase. In our opinion many retailers operate with a mindset of pro-active confusion in the market to benefit themselves, not the consumer.</p> <p>The primary challenge for any form of comparison service to succeed is to ensure that there is a level of consistency in the market around how prices and deals are presented. The simplest example being with or without GST.</p> <p>The barriers for consumers include the flexing of legal threats and incomplete datasets being available to consumers who look to compare.</p> <p>Providers 'pick and choose' when and how they wish to work with comparison sites and often opt 'not to feature' on sites that are both supported by the Electricity Authority, like PowerSwitch and just refuse to share info with sites like ours at Power Compare even when there is no cost to appear.</p> <p>Providers should be legislated to share pricing details.</p>
<p>Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?</p>	<p>Transparency and consistency are the most important factors in giving consumers the opportunity to be able to compare. As I have stated above – apples with apples.</p> <p>A standard format of template for data to be provided to comparison businesses and consumers so that there are less 'traps' to fall into when comparing and switching.</p>

	<p>This approach will provide a consistency in terminology, pricing structure and allow for comparatively easy comparisons to be undertaken.</p> <p>A procurement process around the Authority's funding of Powerswitch is essential. Doing the same things leads to the same results. We believe that the current Powerswitch model leads to 'double dipping' in receiving funding and also charging for customers that a company acquires through the channel. The removal of switching fees for any funded model would surely encourage providers to partner more closely and offer better deals via any funded channel as they would not be paying again for these customers.</p>
<p>Q3. Do you consider it is important for the Authority to fund and support a comparison and switching website or websites? Why?</p>	<p>Support from the Authority is essential as without being legislated or pressured in some way to cooperate we have seen that the providers will simply not engage, dictate their own ways in the market and create confusion meaning the result is that the consumer comes last.</p> <p>It's the Authority's duty to encourage, back and support the consumers right to being fully informed –supporting, funding and legislating providers to participate and provide information to a comparison tool is one avenue to partly achieve this.</p> <p>In our time operating Power Compare we have always been at the mercy of providers who can refuse to provide data, threaten us with legal challenges and pull commercial partnerships meaning that we cannot afford to operate the site for consumers. A non funded website(s) is held to ransom by the very parties we are trying to encourage to reduce rates and provide better rates or deals for consumers.</p>
<p>Q4. What do you think are the most important features a comparison and switching website should have to make it the most accessible and</p>	<p>Simplicity and Completeness.</p> <p>A site that is too complicated and/or does not feature and include all options and retailers is</p>

<p>effective for users?</p>	<p>not fit for purpose. Retailers should not have an option to not feature or refuse to participate. Plans featured on the site(s) should be available to any consumer who visits the retailers website directly.</p> <p>The explosion of bundled plans is a trend that is not going away and these need to feature in any comparison service.</p> <p>Simple language, easy to use, filters that suit 2024 household climate to make decision making simpler.</p> <p>It is also important that any site is suitable for retailers. It needs to be simple to provide data and update data on a regular basis.</p>
<p>Q5. What problems, if any, do you see with current comparison and switching websites?</p>	<p>The opposite of the previous question. Current sites are more often than not incomplete and complicated.</p> <p>Inconsistency in how pricing information is provided and presented due to providers picking and choosing who they work with and how.</p> <p>Commercially driven results being presented to consumers (i.e. providers who pay the most rather than providers who offer the best value to the consumer)</p> <p>No legislation or best practices required resulting in misleading information and communications to drive traffic and leads to particular providers.</p> <p>Lack of clarity when presenting bundle value/options.</p> <p>Promotion of a single option through legislation – e.g. Powerswitch appearing on retailer bills and sites. Which does not always present the best deals, or all providers, for consumers leading to another chance for an incomplete comparison and decision being made.</p>

<p>Q6. What else should we consider when assessing the relative advantages and disadvantages of the five website-related options?</p>	<p>Unless the retailers are legislated or pressured to work with the comparison websites then it will be a struggle to make the financials work when it comes to operating and maintaining an accurate and effective comparison website without some form of funding.</p> <p>We don't believe that competitive businesses can be trusted to operate and run the site on their own, they will always look to benefit the retailer only. The function needs to sit external to the retailer who do not have this skill set or unison as a market. We've seen this process working alongside the Commerce Commission with the mobile comparison journey on mobilecompare.co.nz .</p> <p>A version of option 4 or option 5 stand out as the best options in our opinion and it is important to consider why spend money on creating new when there are reputable platforms existing that will do the job and already have the user base and expertise to be maximized with relevant funding .</p>
<p>Q7. Of the website-related options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?</p>	<p>The reality is that currently switching is confusing – this is where the website(s) need to help and not hinder.</p> <p>Option 4 - externally supported site(s) will allow for a lot more flexibility on being consumer focused and educating the consumer. At present there is not enough of an issue to require accreditation of current comparison sites. The number of consumer's using them is not enough, first we need to bring more consumers to the sites, increase the amount of noise and conversation around the subject before attempting to regulate or accredit.</p> <p>Talking specifically of our own experience at NZ Compare, where we have been boot-strapped throughout our entire journey, we are incredibly confident that we could make a lot more noise and start a lot more conversations with the levels of funding that have previously been invested in this area.</p>

	<p>The entire comparison journey is similar to all purchase journeys. Awareness, Consideration, Conversion. We need more people knowing about the alternatives, then we can explain how easy it can be.</p>
<p>Q8. What other types of website-related options, if any, should we consider to support comparison and switching and why?</p>	<p>None – A website with excellent mobile browser functionality will fully suffice.</p>
<p>Q9. Are there other types of technology in addition to, or alternative to, websites that we should consider?</p>	<p>No – see above</p>
<p>Q10. What are your views on how retailers providing 'best plan' information could work? For example, how should they assess the 'best plan' and present/target information to consumers, and how often? What do you think of the Australian 'automated-switch' idea?</p>	<p>If a retailer's 'best plan' is still more expensive than the 'worst plan' of another retailer then is it really a 'better plan'?</p> <p>Retailers will always present the best plan for the retailer. To get the best plan for a consumer - the consumer needs to act. They need to select filters/journey that suit their household. If left with the retailer and based only on a metric like price per kWh then it needs to be made clear that while it is that retailer's 'best plan' it is potentially not the best plan for that consumer.</p> <p>12-month recommendation is too long. This could lead to a consumer overpaying for 11 months. It should be done at a minimum of every 6 months in line with seasonal change.</p> <p>Elements of the Australian idea are good. We believe a prominent "best plan notice" is a good idea. Directing the consumer to even switch plans with their current provider via any supported website would also expose that consumer to plans provided by other retailers making them even more aware of their choices. This would be preferential to an automated switch within the same provider, who could, for example simply create a new plan just a few cents cheaper to fulfil their obligations</p>
<p>Q11. In what form do you think the community advisers service would function best? For example, what agencies might we</p>	<p>WINZ and any beneficiary service should be using a comparison site in cases where the</p>

<p>collaborate with? What are the best approaches?</p>	<p>client/tenant is not managing bills or suffering energy hardship. Why keep a tenant who is struggling to pay with the same retailer if there is a cheaper one that they could be using? This approach would save govt/tax payers money, educate and empower the tenant.</p> <p>Organizations like Libraries, Digital Seniors and Age Concern would all be good collaborations to help a target demographic</p> <p>At NZ Compare we already work with retirement villages, communities to educate and assist with decision making.</p>
<p>Q12. What conditions or supports would enable community advisers to be best able to help consumers? What barriers need to be removed to achieve this?</p>	<p>If the website(s) were fit for purpose, simple, complete and comprehensive there would be little extra assistance required.</p>
<p>Q13. What else should we consider when assessing the relative advantages and disadvantages of the three consumer choice support options?</p>	<p>Any consumer choice support would need to be consumer focused, not retailer focused.</p> <p>Benefits need to be easily seen and tangible.</p>
<p>Q14. Of the consumer choice support options, which do you think would best remove barriers to comparing and switching (eg, perceptions that switching is time consuming, complex, and confusing)?</p>	<p>Option A – Retailers switching to their ‘best plan’ is the simplest to reduce barriers, however it also has the least impact. It retains market share, promotes loyalty and does not necessarily result on the consumer being switched to the overall best plan.</p> <p>Option C has by far the biggest impact if delivered successfully – ‘teach a man to fish’ – it will drive habits across other costs as well, e.g. insurance, cell phone and broadband</p>
<p>Q15. What other types of consumer choice support options, if any, should we consider to support comparison and switching and why?</p>	<p>Targeted activity around top 10% highest bills by retailer.</p> <p>Re-investigate a version of the ‘win-back’ approach whereby retailers effectively price compete with each other to drive down the overall price a consumer pays.</p>
<p>Q16. What are your thoughts on ruling out these options? If you disagree, why should they still be considered?</p>	<p>Agree with the decisions</p>

<p>Q17. What are your views on the criteria we've proposed to assess options. Do you think some criteria should be weighted more than others as they are more important?</p>	<p>Operating cost and consumer benefits should be weighted with increased importance. There is no point building a beautiful site that functions well if it is not used.</p>
<p>Q18. Are there other criteria you think are important to help decide on the best options?</p>	<p>No</p>
<p>Q19. What's your opinion on the Authority's proposed 'four-pronged' approach to supporting consumer comparison and switching? What alternative approach might you support?</p>	<p>Agreed, it creates options and savings for the consumer wanting to stay with their retailer whilst ensuring that the consumer looking to switch is supported. It ensures that retailers continue to look after all customers, not just focus on acquiring new customers. The only alternative/improvement would be ensuring that the 'best plan' from the current provider is presented alongside an emphasis that this may not be the best OVERALL plan, and simply the best from that particular provider.</p>
<p>Q20. What thoughts do you have on our current assessment of the options against the proposed criteria in Appendix D and their scores? How might your assessment differ?</p>	<p>Agree with the assessment that Option 4 is the best option, however we can see a strong argument for more than one website being funded. Therefore, increasing competition between the comparison websites ensuring the Authority and consumers get the best return for their investment. A regular procurement process can then ensure that the website(s) delivering the best cost per switch and number of switchers can receive the lion share of any investment and ongoing funding.</p> <p>The most established comparison website countries are those such as the UK where multiple comparison sites compete with each other raising the overall awareness of comparison as an option.</p> <p>A rising tide raises all ships and the more conversations that are taking place around comparison as a whole the better.</p>
<p>Q21. Are there any other issues concerning supporting consumers to compare and switch that you would like to comment on, whether raised in this paper or not?</p>	<p>We are enthused by the consideration that the Authority is now giving to the task of reviewing their strategy for consumer plan comparison and switching. The limited return</p>

	<p>on investment in the form of switching numbers and bill reduction that the Authority has seen since contributing financially to the funding of the Powerswitch website since 2010 should be a concern and the commitment to an open procurement process for any comparison website for July 2025 and beyond is very welcome.</p>
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