



national consumer agency
gníomhaireacht náisiúnta tomhaltóirí

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National Consumer Agency
Market Research Findings:
Consumer Switching Behaviour
September 2010



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1 Introduction and Methodology

In June 2010 Amárach Research continued the programme of consumer research conducted by the National Consumer Agency with a view to monitoring, analysing and recording patterns of consumer behaviour and experiences in Ireland.

The research, in common with previous surveys, was conducted by means of face-to-face interviewing with 1,000 people between the ages of 15-74. To ensure that the data is nationally representative; quotas were applied on the basis of age, gender, social class and region. Interviews were conducted over a four-week period in June 2010.

A key feature of the market research is the comparison of data collected in previous waves of market research, i.e. the benchmark survey (conducted in November/December 2007), Wave 1 Survey (August 2008), Wave 2 (November/December 2008), Wave 3 (May/June 2009), Wave 4 (November/December 2009), with the current consumer landscape. This comparison provides a valuable time-series.

The Agency's programme of market research explores a wide range of consumer behaviour and experiences in Ireland, including:

- The level of consumer empowerment, awareness of consumer rights and the propensity to complain,
- Consumer behaviour with regard to shopping and pricing,
- Household budgeting and the impact of the recession,
- Trends in switching goods / service providers.



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The results of each iteration, or wave, of research are released across a number of volumes. This report details the results relating to Irish consumers' experiences and attitudes with regard to Consumer Switching Behaviour.

PowerPoint versions of the slides in this report are available on the Agency's consumer website, www.consumerconnect.ie.

2 Consumer Switching Behaviour

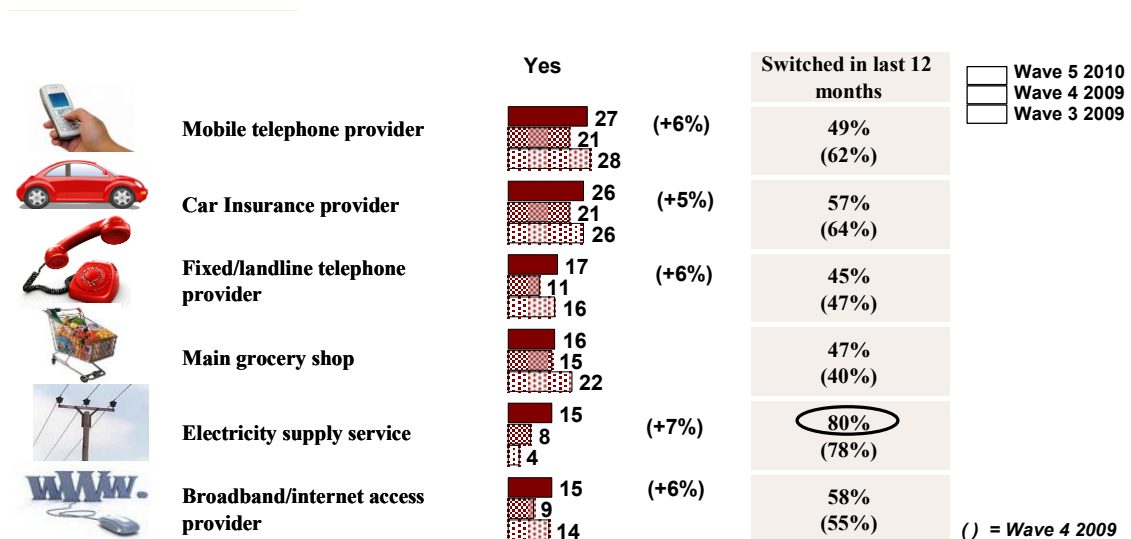
Extent of Switching Provider

Figures 1 to 3 illustrate the extent to which consumers have ever switched product or service providers. Results are presented for 17 key categories and are ranked into groups, depending on the current rate of switching. Results of the previous waves are also shown (this is the case throughout the report, where data is comparable).

In Figure 1, it can be seen that consumers were more likely to have switched mobile telephone provider and car insurance provider. The biggest increase since the last wave (November/December 2009) is the number of consumers who have switched electricity supply service provider with an increase of 7% to the current figure of 15%; of these who have switched, 4 in 5 have done so in the last 12 months.

Figure 1 Extent of Switching Providers – Primary

(Base: All aged 15 -74 – 1,000)



Just over one in six consumers (17%) have switched their fixed/landline telephone provider. The numbers who have switched the main grocery shop (16%) remains relatively consistent with the last wave.

As illustrated in Figure 2, those who have changed their bank/financial institution, offering a current account, has increased slightly to 13% with almost 2 in 5 having switched in the last 12 months. The numbers who have switched top-up grocery, home insurance or health insurance providers have remained consistent with the previous wave.

Figure 2 Extent of Switching Providers – Secondary

(Base: All aged 15 -74 – 1,000)

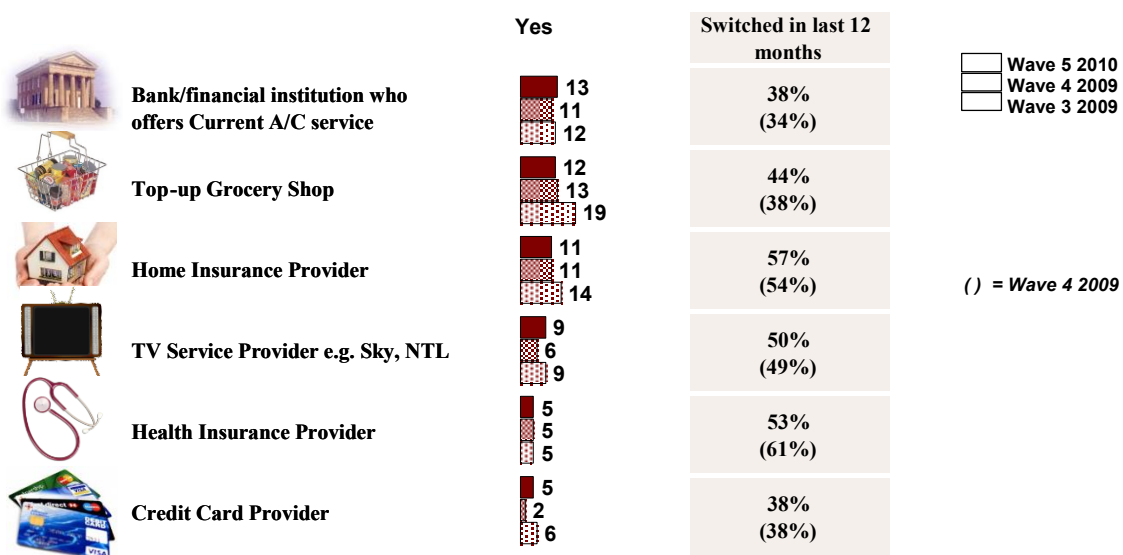
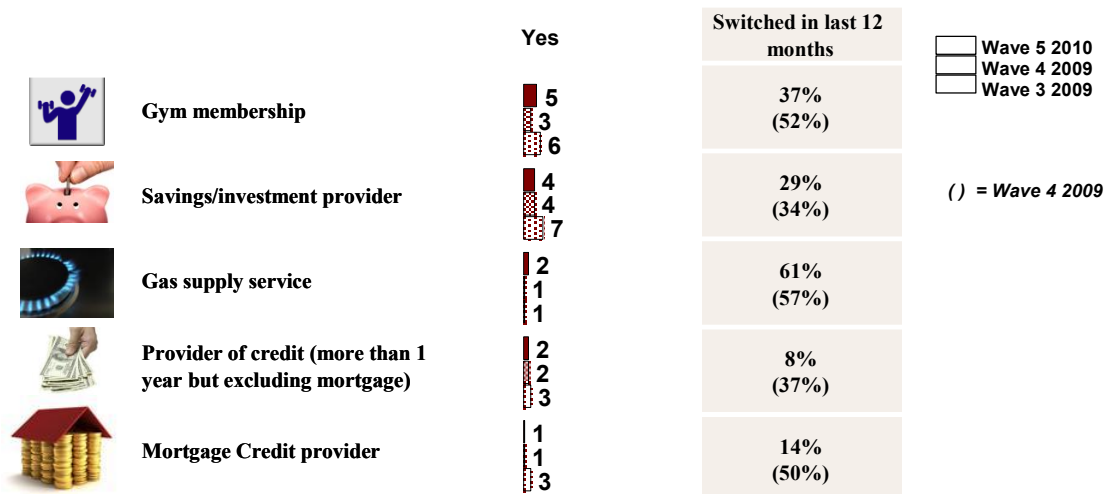


Figure 3 shows the categories with the lowest switching rates of those surveyed. The number of consumers who have switched gas supply service provider has shown a slight increase, an area with the establishment of more competition in the market place that could see higher switching rates in the future.

Figure 3 Extent of Switching Providers – Tertiary

(Base: All aged 15 -74 – 1,000)



Overall the amount of switching is on the increase since the previous wave. Of the 17 sectors surveyed, switching increased in 11 categories, 1 sector recorded a decrease and 5 are unchanged. The decrease was recorded for the Top-up Grocery Shop category with a difference of 1% from the previous wave.

Across all the sectors surveyed a total of 56% of consumers have switched at least one provider, an increase of 8% on wave 4. This is a return to comparable levels seen in wave 3, 56%, and wave 2, 54%. The reduction of 8% between waves 3 and 4 may have been the result of seasonal factors in the run up to Christmas 2009.

Savings due to Switching

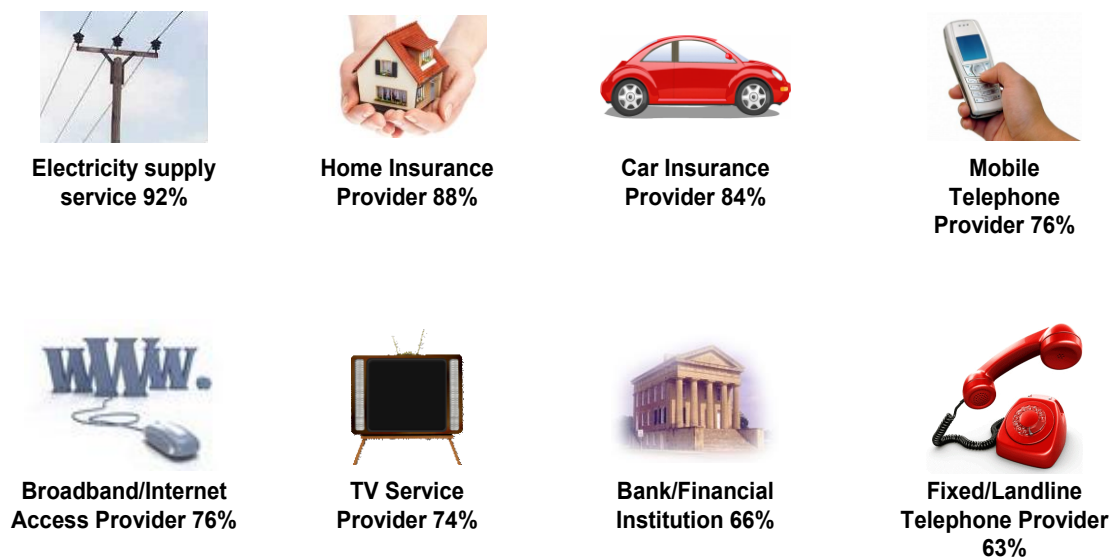
Of those who switched electricity supply service provider in the past 12 months, 92% reported that they saved money by doing so. In relation to those who switched home and car insurance in the past 12 months, 88% and 84% respectively, saved money. 3 in

4 consumers who switched mobile phone provider, broadband provider and TV service provider indicated that they saved money by switching.

Overall, across all categories, (excluding main and top up grocery shop which are examined in more detail in a separate report on grocery shopping¹) 83% of consumers, who had switched service providers in the last twelve months, said they had saved money as a result.

Figure 4 Whether or not Saved Money due to Switching Provider

(Base: All who have switched providers in the past 12 months)



Reasons for Switching Product or Service provider

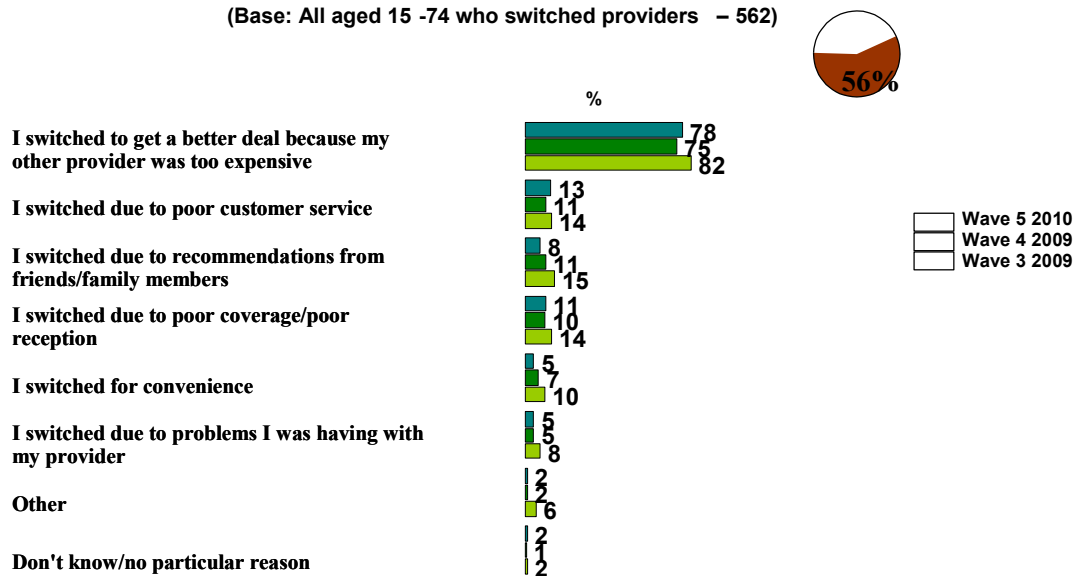
Figure 5 presents data relating to the reasons why consumers switch their product or service provider. To get a better deal continues to be the most influential factor in switching behaviour with 78% of consumers citing this as their number one reason for changing product or service provider. There has been a decrease in numbers switching due to recommendations from family and friends and for convenience. The numbers

¹ Details available from http://www.nca.ie/eng/Research_Zone/price-surveys/NCA-Market-Research-Findings-Grocery-Aug2010.ppt

who switched due to convenience has halved since wave 3 (May/June 2009), down from 10% to 5%.

Figure 5 Reason for Switching Providers

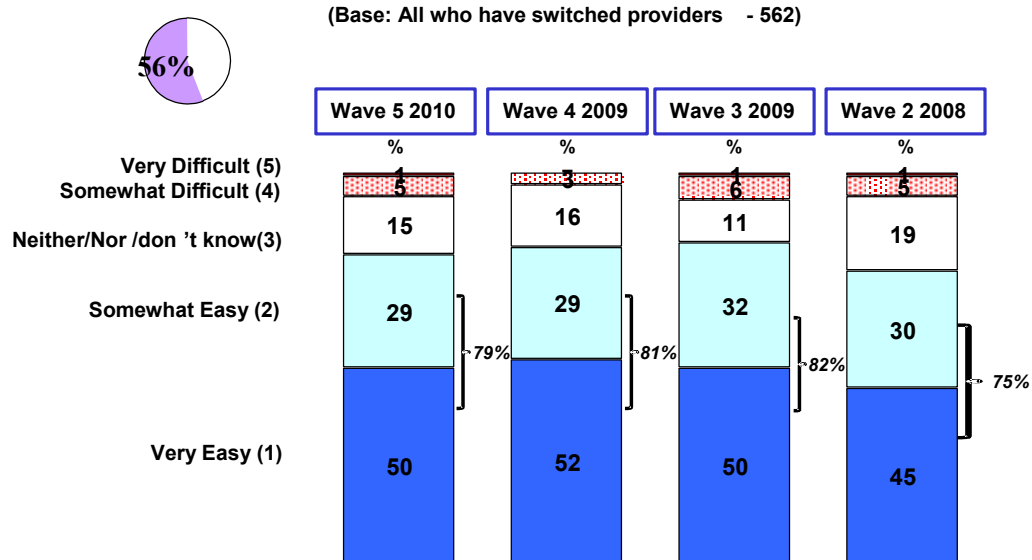
(Base: All aged 15 -74 who switched providers – 562)



Degree of Ease/Difficulty of the Switching Process

Figure 6, below, assesses how easy or difficult the switching process was. It can be seen that nearly 4 in 5 consumers (79%) who had switched providers considered it to be an easy process, consistent with previous waves of market research.

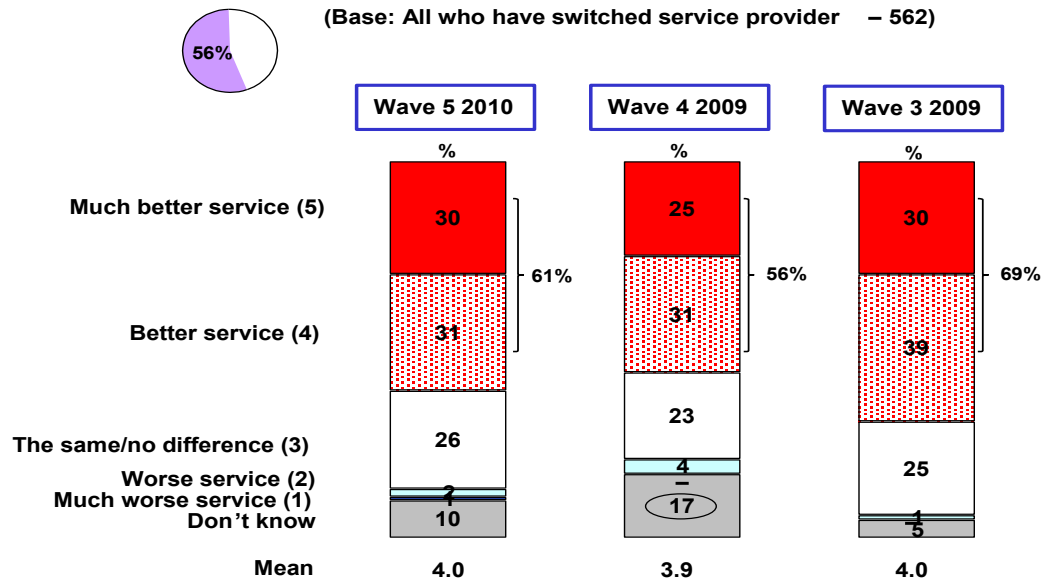
Figure 6 Experience of the Switching Process



Service Rating of New Provider

From Figure 7, it can be seen that just over 3 in 5 (61%) consumers who have switched service provider feel that they are receiving a better service - an increase of 5% from the previous wave. A further 26% of consumers who have switched reported that they are receiving the same level of service.

Figure 7 Service Receiving with New Provider

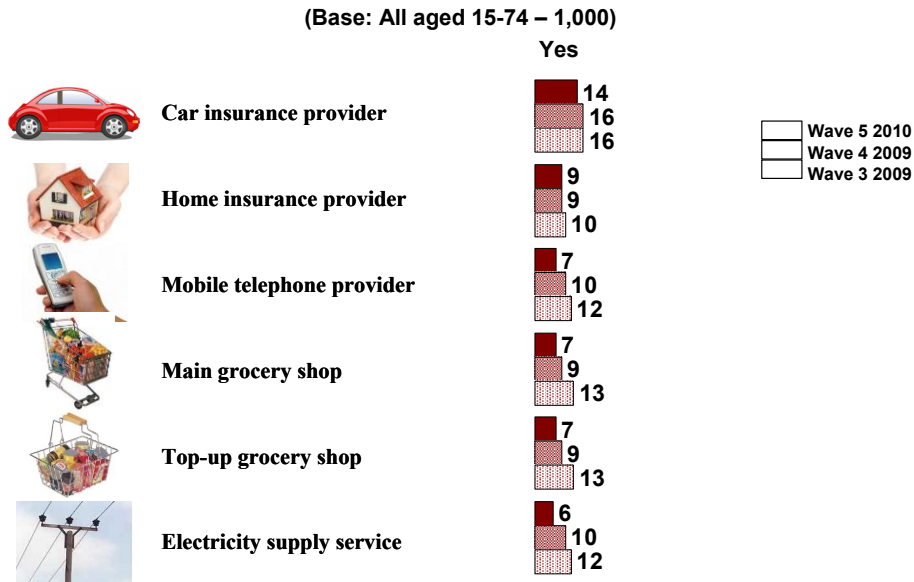


Future Likelihood of Switching Providers

Figures 8, 9 and 10 examine the future likelihood of consumers switching providers (the future time period is limited to 12 months). In general, across the majority of sectors, the longer-term trend is toward a smaller number of consumers stating that they will switch product / service provider in future. Also, across all categories, 76% of those who are likely to switch provider within the next 12 months are likely to do so in order to get a better deal as they feel their current provider is too expensive.

Examining Figure 8, as with previous waves of research, the likelihood of consumers switching insurance providers for both car and home insurance are highest at 14% and 9% respectively. The likelihood of people switching for mobile phone provider, main grocery shop, top-up grocery shop and electricity supply services in the next 12 months has decreased from the previous waves of research.

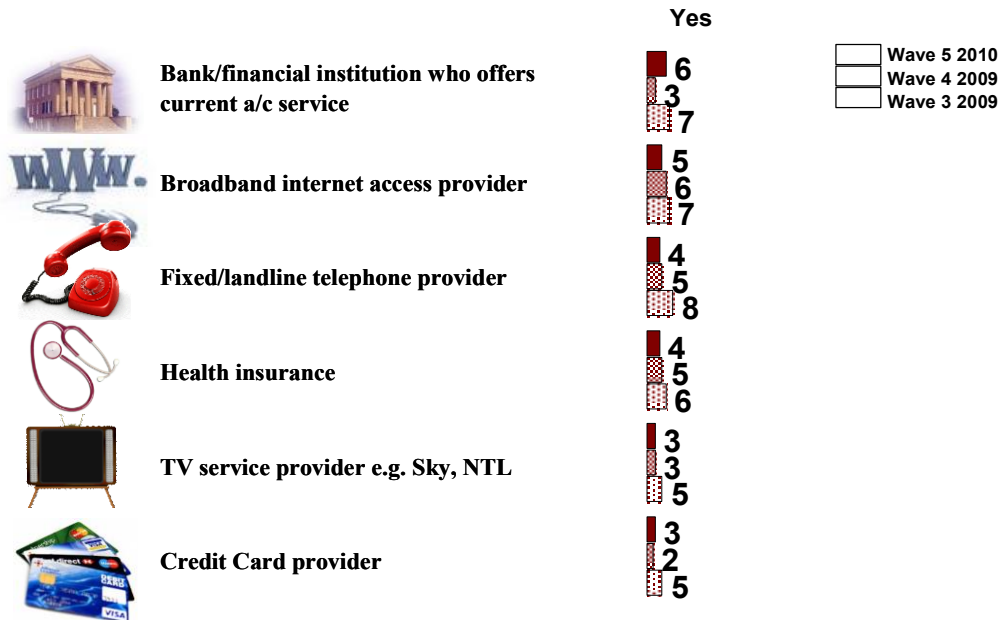
Figure 8 Future Likelihood of Switching Providers – Primary



Referring to Figure 9, the number of consumers likely to switch Bank/financial institutions who offer current account services has increased from the previous wave from 3% to 6%.

Figure 9 Future Likelihood of Switching Providers – Secondary

(Base: All aged 15 -74 – 1,000)



For the categories shown in Figure 10, the numbers are relatively consistent with the previous wave of research.

Figure 10 Future Likelihood of Switching Providers – Tertiary

(Base: All aged 15-74 – 1,000)

