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National Consumer Agency

Market Research Findings:

Consumer Switching Behaviour

August 2009

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1 Introduction and Methodology

Amárach Research was commissioned in 2009 to continue 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.

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

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 May/June 2009.

The programme of market research explores a 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 general shopping and pricing,
- Consumer behaviour specifically with regard to grocery shopping and
- Trends in switching goods / service providers.

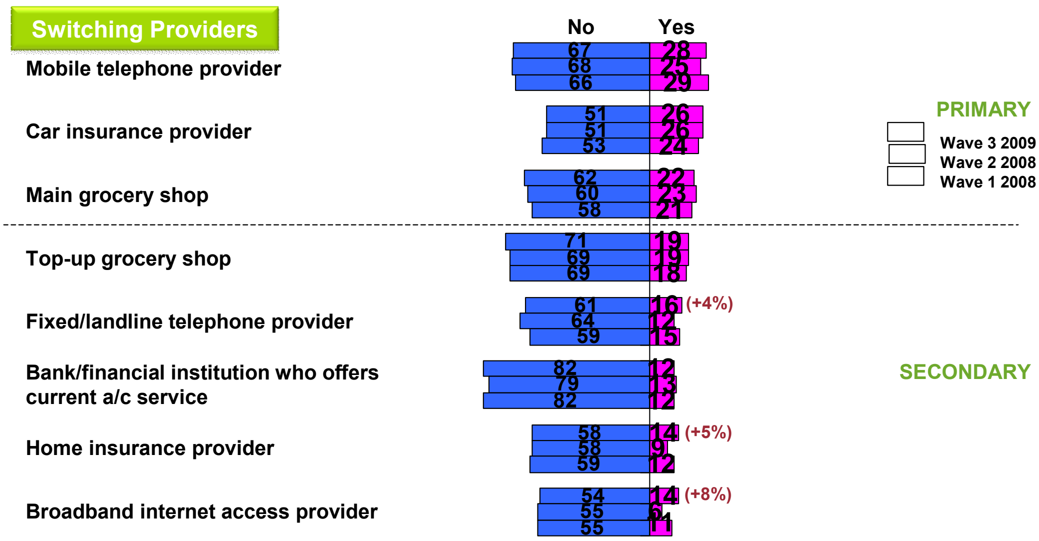
The results of the market research are compiled across four volumes. This part details the results relating to Irish consumers' experiences and attitudes towards switching across a wide range of goods and service sectors (section 2).

2 Consumer Switching Behaviour

Figures 1 and 2 illustrate the extent to which consumers have switched providers. The data is presented for a wide range of sectors and is ranked into groups, depending on the level of switching. Results of the previous waves are also shown (this is the case throughout the report, where data are available).

Figure 1 Extent of Switching Providers - I - Primary & Secondary

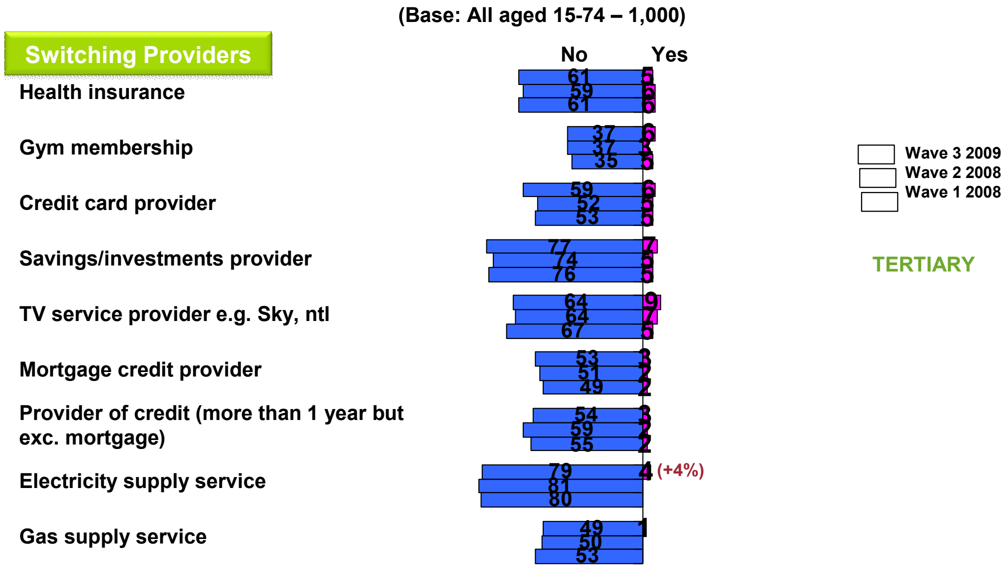
(Base: All aged 15-74 – 1,000)



As with previous waves, switching providers for mobile phones continues to be top of the list of providers which consumers have switched from, with over 1 in 4 (28%) saying that they have done so, followed by car insurance providers and main grocery shop. Looking at the detailed data, not shown, 41% of 15-24 year olds have switched mobile phone provider. Also noticeable is the number of Irish consumers who have changed their broadband service provider. This has increased the most since the previous wave (14%) an increase of 8%.

Looking at Figure 2, 4% of consumers have switched their electricity supply service provider within the last 12 months.

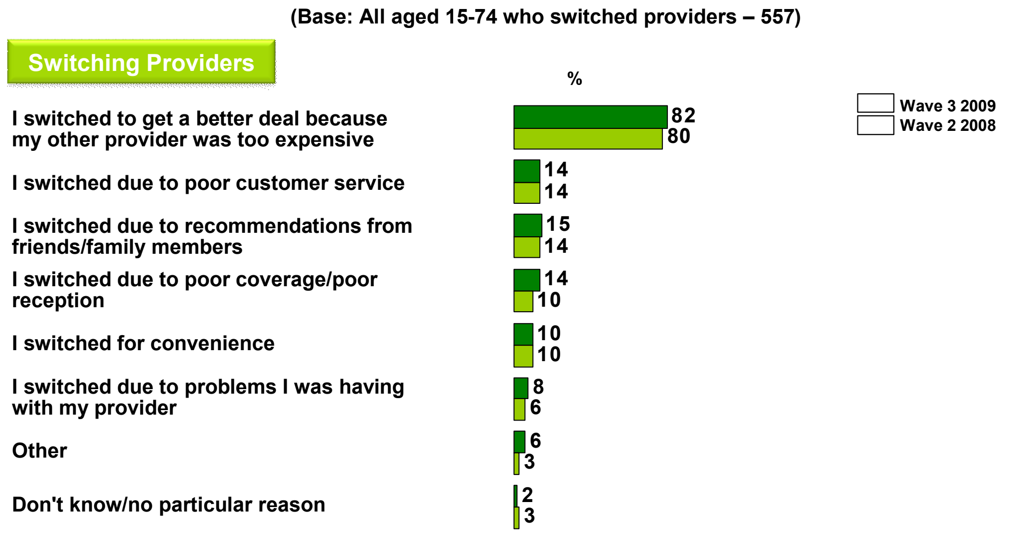
Figure 2 Extent of Switching Providers - II - Tertiary



Overall the amount of switching is on the increase, of the 17 sectors surveyed, 12 of the sectors show an increase in the numbers switching since the last wave, 3 sectors recorded a decrease and 2 are unchanged.

Figure 3 presents data relating to the reasons why consumers switch their product or service provider.

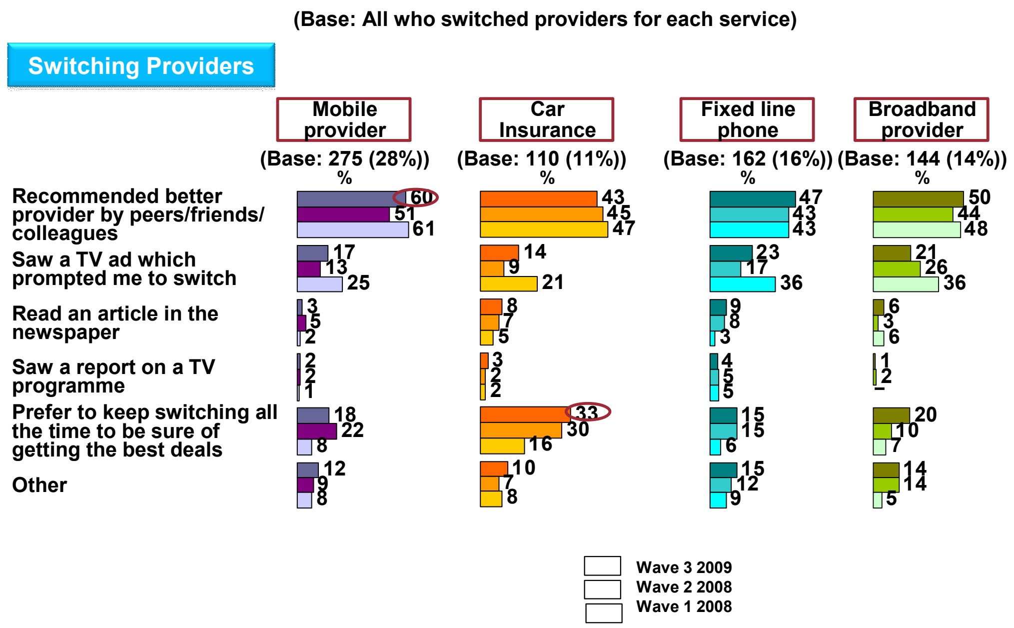
Figure 3 Reasons for Switching



To get a better deal is clearly the most influential factor in switching behaviour. Over 4 in 5 consumers cite this as their number one reason for switching.

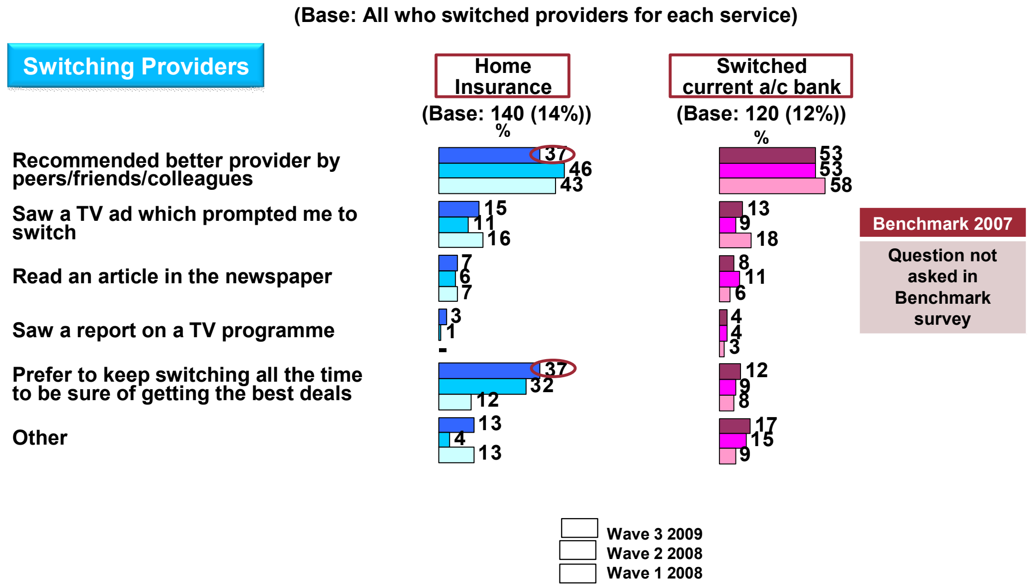
Figures 4, 5 and 6 illustrate the reasons for switching, segregated by sector.

Figure 4 Reason for Switching Providers - I



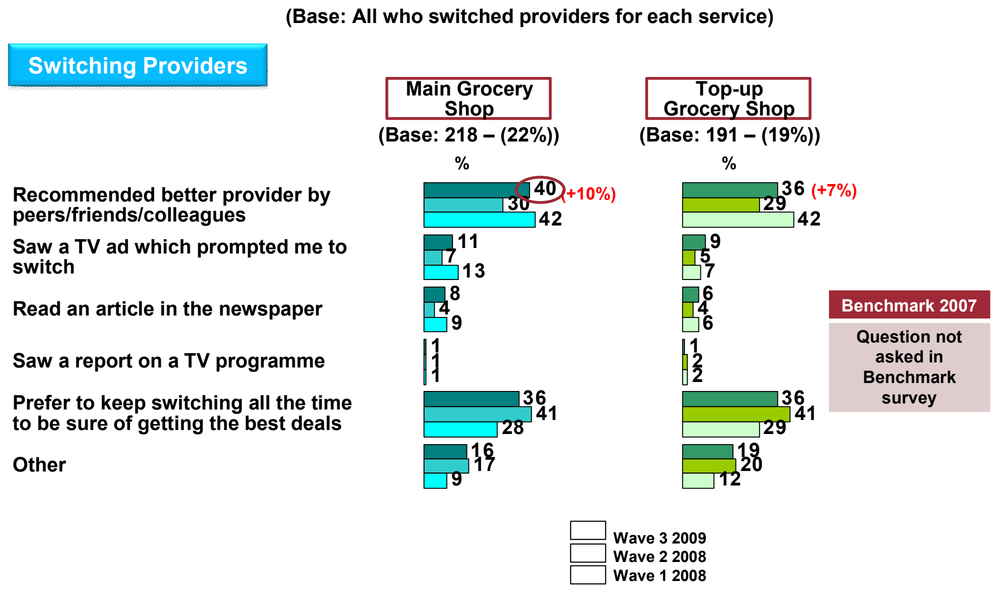
As with all previous waves, recommendations by friends/colleagues continues to be the key driver of switching for all services, but particularly for mobile phones (3 in 5). 1 in 3 prefer to keep switching car insurance providers all the time in order to ensure that they're getting the best deals.

Figure 5 Reason for Switching Providers - II



Just over 1 in 2 who have switched the bank in which they have their current account, did so based on recommendations from family/friends. Recommendations from family/friends and preferring to keep switching all the time in order to ensure the best deal are equally as influential when deciding to switch home insurance providers.

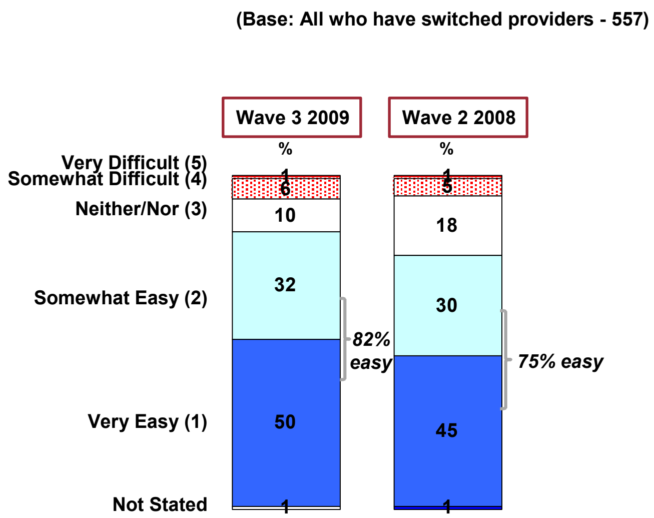
Figure 6 Reason for Switching Providers - III



As a slight change from the previous wave, recommendations from friends/family about a better provider is now more influential than preferring to keep switching all the time to be sure of getting the best deals when it comes to choosing a main grocery shop provider. Both are equally important for top-up grocery shop.

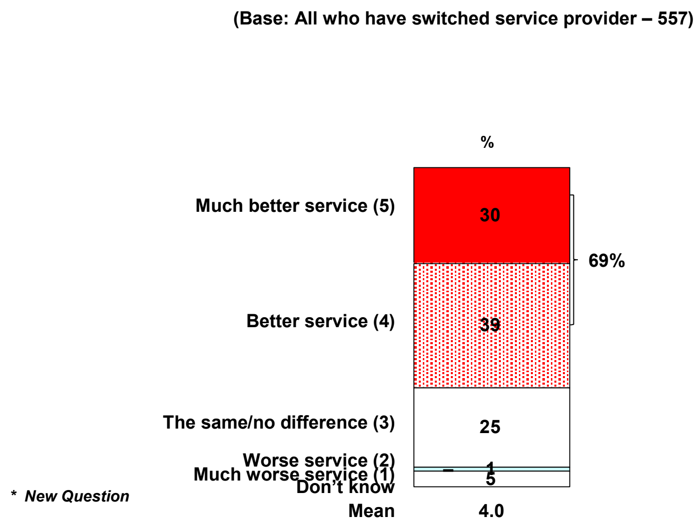
Figure 7 assesses how easy or difficult the switching process was. Over 4 in 5 consumers who had switched providers considered it to be an easy process. This is a 7% increase on the previous wave.

Figure 7 Experience of the Switching Process



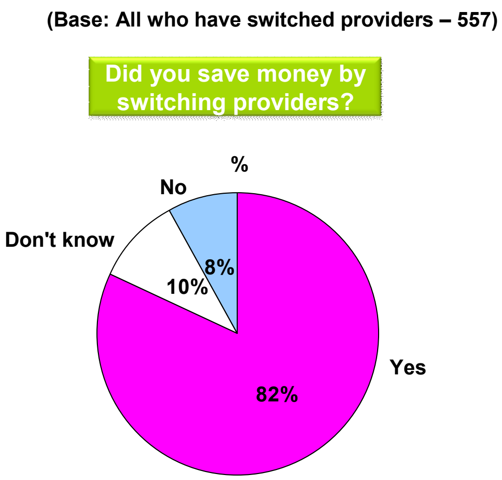
Over 2 in 3 consumers who have switched service provider believe that they are receiving a better service with their new provider (Figure 8). Note that this is a new question in this wave.

Figure 8 Service with New Provider



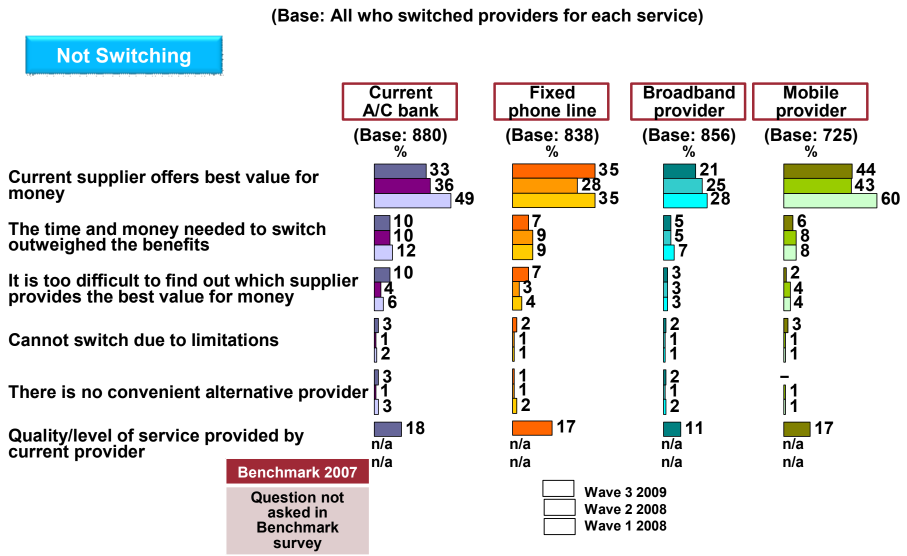
As with those who found the switching process to be easy, over 4 in 5 (82%) believe that they have saved money due to switching providers (Figure 9). Consumers in the ABC1 grouping are slightly more inclined than those in the C2DE group to say so (86% versus 80%).

Figure 9 Whether Saved Money Due to Switching



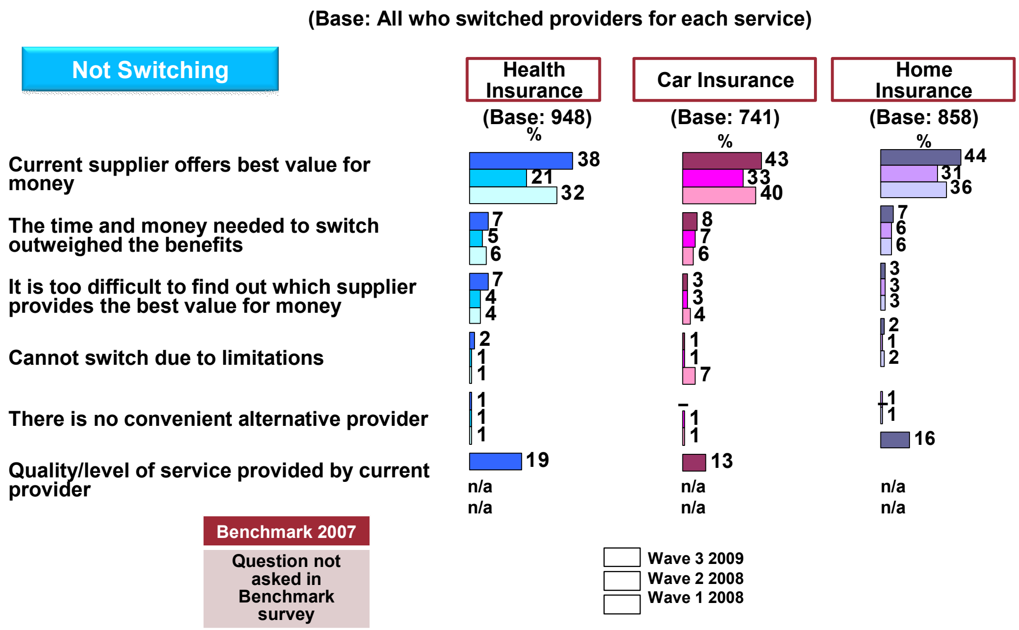
The reasons for not switching are shown in Figures 10, 11 and 12 across a number of sectors for each of the four surveys to date.

Figure 10 Reason for Not Switching - I



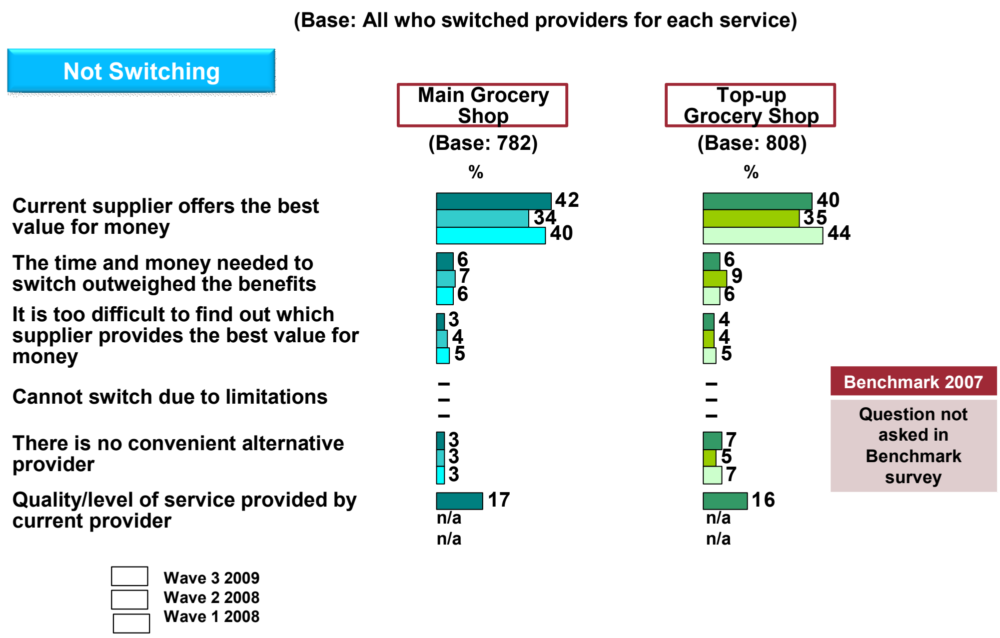
Across all the sectors shown above, the main reason for not switching continues to be due to consumers believing that they are getting the best value for money from their current provider.

Figure 11 Reason for Not Switching - II



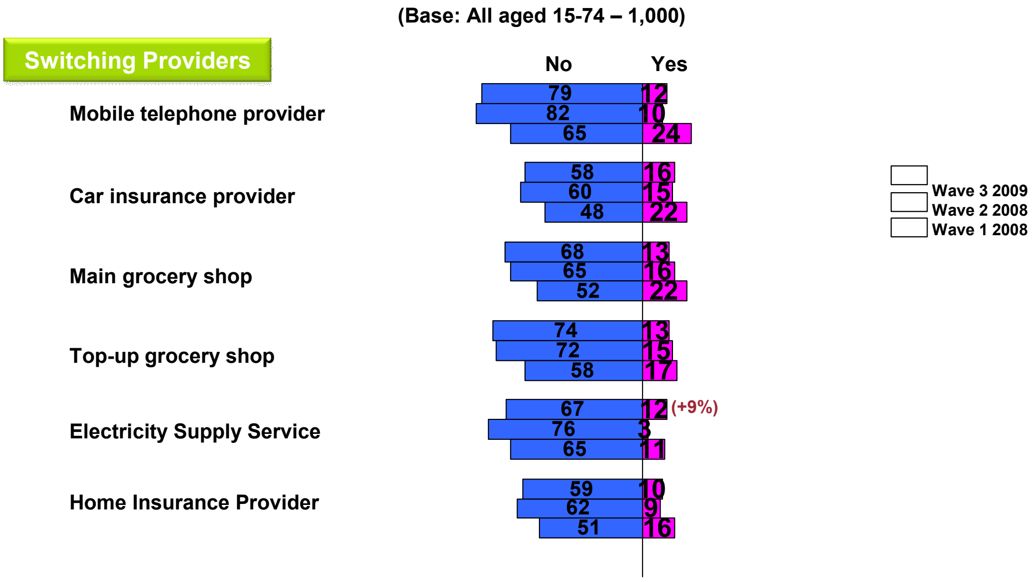
This is also the case for the sectors in Figure 11 and 12.

Figure 12 Reason for Not Switching - III



Figures 13, 14 and 15 relate to the likelihood of consumers switching in future. As with previous waves, switching providers for car insurance, main and top-up grocery shops remain at the top of the list for future likelihood of switching.

Figure 13 Future Likelihood of Switching Providers - Primary



However, the most notable difference since the previous wave is the number of consumers who intend switching their electricity supply service provider within the next year (12%). Those aged 45+ are more inclined to say that they will do so (17%).

Figure 14 Future Likelihood of Switching Providers - Secondary

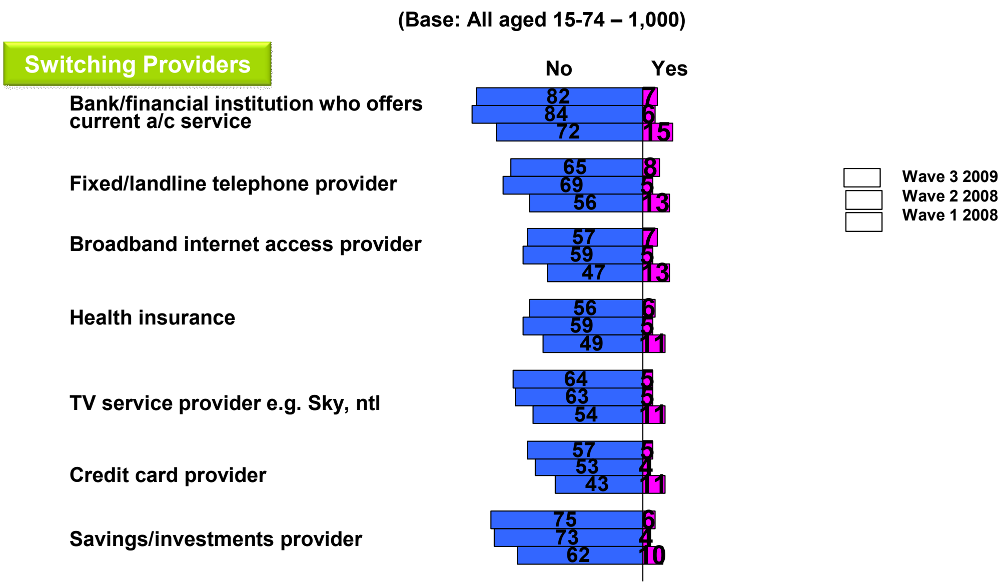
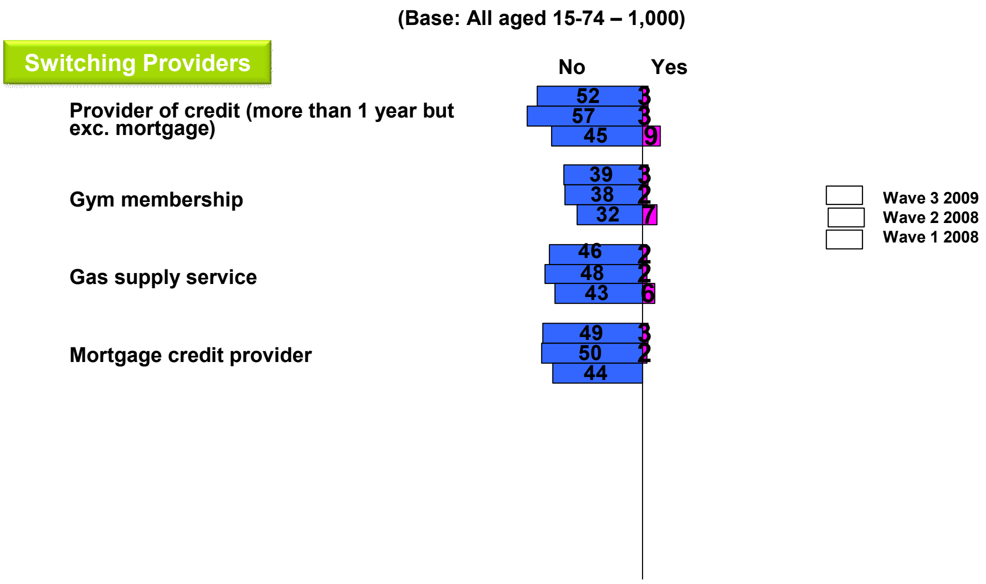


Figure 15 Future Likelihood of Switching Providers - Tertiary



It can be seen from Figure 15 that very few consumers are considering switching credit provider (either medium term or mortgage), gym membership or gas supplier.