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## **SWITCHING BUSINESS ENERGY PROVIDER HARDER THAN MOVING MORTGAGE, SAY SMES**

*Running a profitable business is challenging enough, but a third of SMEs (35%)<sup>[1]</sup> are missing out on cheaper energy bills because they find the business energy market so baffling, warns [uSwitchforbusiness.com](http://uSwitchforbusiness.com), the independent business energy broker:*

- **Hard slog: small businesses find switching energy suppliers as hard as or even harder than switching their business bank account (65%), mortgage provider (62%) business phone provider (70%) or broadband provider (71%)<sup>[2]</sup>**
- **Baffling: 40% of SMEs see the business energy market as more confusing than the household energy market - 37% view it as more complicated<sup>[3]</sup>**
- **A quarter (24%) of small businesses don't think the energy market is competitive enough and one in five (19%) doesn't like the way the big suppliers dominate<sup>[4]</sup>**
- **Stuck in a rut: 90% of SMEs did not switch in 2010 and a third (33%) have never switched business energy suppliers<sup>[5]</sup>**
- **Not enough: less than 15% of SME owners believe that Ofgem has done enough to make the energy market work fairly and efficiently for small businesses<sup>[6]</sup>.**

Small businesses are being let down by Britain's baffling business energy market, warns new research from [uSwitchforbusiness.com](http://uSwitchforbusiness.com), the independent business energy brokerage. As a result, competition is stagnating with a third of businesses (33%) having never switched energy suppliers and with just one in ten (10%) switching last year<sup>[5]</sup>. A minefield of rolling contracts, credit scoring and termination rules means that SMEs struggle to see the wood for the trees when it comes to sourcing the best energy deal.

Incredibly, SMEs have been left so confused by the lack of transparency in the energy market that the majority consider switching their energy supplier to be just as difficult – or even more difficult - as transferring their business bank account (65%), changing broadband provider

(71%), business phone provider (70%) or even their mortgage provider (62%)<sup>[2]</sup>. This is indicative of the many barriers faced by small businesses in the energy market.

When it comes to choice, a quarter of businesses (24%) don't feel the market is competitive enough<sup>[4]</sup> while 35% say that SMEs don't switch because it is too confusing<sup>[1]</sup>. Many also believe that the business energy market lags behind the domestic model, with one third (31%) of SMEs stating that the business energy market is more of a minefield than the domestic energy market<sup>[3]</sup>. Four in ten (40%) say it is more confusing and 37% say it is more complicated<sup>[3]</sup>.

Despite these issues, less than 15% of small business owners believe that Ofgem has done enough to make the business energy market work better for SMES<sup>[6]</sup>. Unsurprisingly, they would like to see more providers entering the market to create more competition - one in five (19%) don't like the way that big suppliers dominate<sup>[4]</sup>.

SMEs have constructive views on what could be done to reform the market. 43% think that businesses should be free to switch to a new supplier at any point after their contract has ended while almost a quarter (22%) think that rolling contracts should be banned to prevent entrapment on an uncompetitive deal<sup>[7]</sup>.

**James Constant, Director of [uSwitchforbusiness.com](http://uSwitchforbusiness.com), says:** "Small businesses are the poor relations of the energy market – while every effort is being made to give households encouragement and support, businesses are being left to fend for themselves. As a result they face an absolute minefield, which is why so few are venturing into the market.

"Any steps taken by Ofgem to give SMEs a level playing field would certainly be welcome, but in the meantime we would urge business owners to take control. Yes, they are unfairly penalised by a lack of transparency in the business energy market, but by understanding their contractual situation and when and how they need to act, SMEs can prevent continual rollover onto an energy plan with uncompetitive terms. With so many small businesses struggling to make ends meet in the current environment, ensuring that they are on the right energy deal with the right supplier to meet their needs could result in real cost savings."

**Phil McCabe, Senior Policy Adviser at the Forum of Private Business, says:**

"Shopping around for the best deal is always advisable, but the barriers created by rolling contracts and other impediments can make it difficult for small businesses to successfully switch energy providers. Ofgem should address these issues as a priority. However, in the meantime

there is no need for small business owners to suffer in silence. There is help, support and guidance out there. They should use it.”

For more information visit [www.uswitchforbusiness.com](http://www.uswitchforbusiness.com) or call 0800 051 5343

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**Notes to editors:**

Research was conducted in May 2011 on behalf of uSwitchforBusiness.com by Onepoll amongst 1,003 small business owners or key decision makers within SMEs.

1. In response to: 'Why don't small businesses switch energy suppliers?', 34.6% answered 'They find the process too confusing'
2. In response to: 'As a small business, how does switching energy suppliers compare with switching the following?', 70.2% said it was more difficult or about the same as switching business phone provider, 70.9% said it was more difficult or about the same as switching business broadband provider, 65% said it was more difficult or about the same as switching business bank account and 62% said it was more difficult or about the same as switching business mortgage/ finance/ loan provider
3. In response to: 'How does the small business energy market compare with the household energy market?', 40.2% responded 'more confusing' and 36.7% responded 'more complicated' and 31.2% responded 'more of a minefield';
4. In response to: 'What don't you like about the business energy market', 23.50% said 'its not competitive enough' and 19.3% said 'big suppliers dominate the market too much'
5. In response to: 'Have you ever switched energy suppliers', 33.10% said 'never' – 9.5% said yes, within the last year.
6. In response to: 'Has Ofgem, the industry regulator, done enough to make the energy market work fairly and efficiently for small businesses?'
7. In response to: 'Which of the following do you agree with?' 43.10% said 'Once a contract has ended businesses should be free to switch to a new supplier at any point until they sign a new contract' and 22.10% said 'The practice of rolling contracts over and allowing businesses to be tied in to a new contract after their existing contract ends should be banned'.

**About us**

uSwitchforBusiness.com is a free, independent energy brokerage service focused on helping business customers get the best gas and electricity contracts. It also provides a range of additional products and services, including insurance and communications, which are tailored specifically for customers who own, run or hold responsibility for procurement in a business.

uSwitchforBusiness.com is the sister site of uSwitch.com, the free, impartial, online and telephone-based comparison and switching service which has been helping consumers to save money for over 10 years. uSwitchforBusiness.com was launched in November 2008 in response to requests from business customers wishing to benefit from the same impartial and independent support when buying energy.

uSwitchforBusiness.com offers a dedicated contact-centre manned by a team of business energy specialists, as well as a freepost 'Send us your bill' service, whereby businesses can post their latest energy bills with their telephone number to FREEPOST USWITCHFORBUSINESS, to get a free call back from a dedicated business specialist. Customers can also call 0800 051 5343 or email [brokerteam@uswitchforbusiness.com](mailto:brokerteam@uswitchforbusiness.com).

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