29/1/14 → ERM → NECF Consultation (Teleconference) 10:05 am
Fiona Ty; Myself

→ Standing offer contracts → this is fundamentally contrary to the basic principles of NECF. Those who stay on SOC through inaction will continue to do so. Creating a market of offers of non-competing offers is not creating competitive offers, just adding to confusion by implying ~~these~~ SOC's are 'safer' and more competitive when neither is true. SOC's have played a role as 'training wheels' in the transition to FRC. It's time to get rid of them. Further problems will occur for retailers in implementation - websites will become confusing.

The sentences are contradictory → statement that 'customers can access SOC from retailers' conflicts with 'retailers are not obligated to offer SOC' - the first statement will be a defacto requirement upon all retailers to offer SOC's. This will make communication initiatives less effective as a false sense of security will be taken by customers - SOC are safe so they don't need worry about the other stuff.

→ Removal of opportunity for churn (eg exit fees, price changes) results in the loss being built in as increased prices.

etting price change windows

→ ~~1st~~ 2nd tier retailers want to break down customer stickiness, 1st tier retailers want customers to remain sticky, and best way to do this is to limit the events that raise awareness of customers of change or competition.

Note: ⇒ Bill inserts are less effective than messages on bills which are also known to be less effective.

SMS may be reasonably effective but could be costly.

⇒ Bill reform — every change is costly — everyone thinks one thing or another is important. Very little to be gained by removing anything.

AGL Paper – s.49

- Will customers be better off on market or standing offer?
clear winner.