

The role of online reviews for UK energy suppliers: the case of Trustpilot

Introduction

Traditionally, energy suppliers in the UK are evaluated for their service to customers using structured large-scale customer surveys. These are organised at regular intervals by organisations such as *Which?*¹, Citizens Advice or price comparison websites such as Uswitch. Ofgem² also publishes a number of service indicators which are based on complaints data for each supplier and a customer satisfaction survey. Results from such evaluations are often used by customers to compare suppliers, and by Ofgem to monitor the level of service offered across the industry and check suppliers' compliance (e.g., with handling complaints).

With the rise of online consumer reviews, energy suppliers are faced with new ways that customers can evaluate them. Customers increasingly use online review channels to share experiences about products and services. They also tend to trust other customer reviews, sometimes more than expert reviews [1, 2]. A consumer survey commissioned by the Competition & Markets Authority (CMA) in 2015 showed that more than half of UK adults use online reviews and those that use them show high confidence in them when making purchasing decisions [3].

Online reviews can be particularly helpful in consumer decisions about products or services that they have no previous experience with [3, 1]. They can also increase market competition, as companies compete for quality of products or services and reviews can support customer switching or enhance customer loyalty [3, 2]. The importance of online reviews for UK businesses was also apparent in the results of the survey conducted by Ignyte as part of their Reputation Report 2021, where 84% of respondents indicated that "online reviews are important to the financial and reputation state of their business" [4]. On the downside, online review channels have been criticised in terms of their transparency and the level of misleading or invalid information in what they publish. In Ignyte's survey 39% of managers said "their business has been affected by fake reviews in the last year" [4]. Concerns over manipulation of reviews and particularly the impact of fake reviews have led CMA to publish a set of guidelines for review sites and businesses [3, 5]. Most recently, CMA initiated an investigation into major review sites to assess what measures they are taking to tackle fake or misleading reviews [6].

Trustpilot

Trustpilot is a Danish online review platform which launched in the UK in 2014 and has since become very popular reaching 13.8 million reviews in the UK in 2020 [7]. Trustpilot promotes an open approach to reviews, which means they allow any customer to provide a review about any aspect of a product or service by any company at any time, as long as they follow Trustpilot's Guidelines for Reviewers [8]. The platform's business model is based on offering basic services for free and premium services that are paid for. The vast majority of companies active on Trustpilot use the free version which allows them to create a profile, collect customer reviews and respond to reviews. Additional paid-for services include automated invitations to customers for reviews and advanced consumer insights.

In their Trustpilot reviews, customers are asked to rate companies from 1 to 5 stars (corresponding to ratings of Bad, Poor, Average, Great and Excellent). Trustpilot then uses these customer scores to calculate an overall rating, the TrustScore. Each company's TrustScore is calculated as a time-weighted

¹ UK's consumer association

² UK's electricity and gas retail markets regulator

average with more recent reviews weighing more than old ones. TrustScore's calculation also takes into account the frequency of reviews (more frequent reviews make a more stable TrustScore) and the number of reviews (adding in a Bayesian Average for companies with fewer reviews in order to get a more balanced TrustScore) [9]. TrustScores are recalculated each time a new customer review is added. This results in higher TrustScores for companies that invite and receive reviews consistently and regularly [9].

There have been cases where Trustpilot's trustworthiness has been put in question due to issues with companies deceiving Trustpilot's scores with fake positive reviews or by removing negative ones [10]. To address this, Trustpilot has taken steps towards improving its legitimacy with customers and businesses. In 2021 the company released its first Transparency report detailing all the measures taken to minimise fake reviews on their platform. Some of the measures include: an automated fraud detection software, inviting reviewers & businesses to flag suspicious reviews, and a team of Fraud Analysts whose role is to detect and validate fake reviews [7]. Trustpilot reported removing ~2.2 million fake reviews in 2020, which represented ~6% of the total [7, 10]. In addition to this, since August 2020 Trustpilot encourages businesses to use automated review invitations (rather than selective invitations) and has also banned the use review incentives [11]. Ultimately, the problem with fake or manipulated reviews may not cease to exist, and Trustpilot's success will depend on how well they handle it.

Trustpilot's current use in the UK retail energy supply sector

In the UK, the retail energy supply sector is arguably one of the most active on Trustpilot, more so than three other major sectors: supermarkets, banks and mobile phone providers [12]. Currently Trustpilot holds reviews for 290 energy supplier domains, with 77 of them having 25+ reviews in the last 12 months and regularly asking for more reviews. Many companies allow and claim more than one domain, which explains why the number of domains is higher than the number of active energy suppliers. Research from [12] shows that almost a year earlier, in June 2020, there were 66 energy supplier domains with 25+ reviews in the last 12 months, an almost 16% increase in domains in a year. Results from [12] on the 66 energy supplier domains also indicate the level of activity within the sector. In June 2020 100% of domains were claimed, 73% of domains were inviting reviews, 92% of domains responded to reviews and 79% were subscribing to Trustpilot's services. Levels of activity in terms of number of reviews appeared to be higher among small³ and medium sized suppliers, who also recorded better TrustScores. However, incumbents like British Gas are also active on Trustpilot and are increasingly inviting and responding to reviews.

Having a high TrustScore is currently one of the key motivations for energy suppliers that are active on Trustpilot [12]. This is critical for new entrants that want to attract new customers but also for established players that want to retain customers or replace lost ones. It is typical for small suppliers like M&S Energy, that currently have a TrustScore of 4.9, to showcase their TrustScore on their own website for marketing purposes. For many suppliers, it is important that TrustScores are similar to ratings from *Which?* or Citizens Advice surveys, so as to reflect the same level of performance or customer service [12]. As an example of this, Engie in 2018 had a high score on Citizens Advice energy survey but mixed reviews on Trustpilot. This led them take action and actively invite reviews to improve their TrustScore, leading to a current rating of 4.0. Customer reviews can also give valuable insights into specific customer concerns or identify issues that would otherwise not have been captured in traditional surveys. Finally, energy suppliers have reported using online reviews to give feedback and motivate teams internally [12].

From a regulator's perspective, Ofgem doesn't currently use Trustpilot data or make any reference to it on their website. Ofgem's consumer advice on "switching energy supplier and shopping for a better deal" only includes information on Ofgem's accredited price comparison websites and Citizens Advice.

³ Energy suppliers' size by number of accounts, large = 3+ million, medium = 300K-3 million, small = 150-300K

Ofgem also encourages customers to directly complain to their supplier, or use the Energy Ombudsman⁴, but make no reference to online review channels such as Trustpilot for providing feedback. In terms of their own presence on Trustpilot, Ofgem currently has two domains, one unclaimed with 66 reviews and a score of 1.3 and one domain claimed as recently as last month with 15 reviews and a score 2.1. The majority of negative reviews include complaints about Ofgem's handling of transferring customers after their supplier ceased operation. Nonetheless, Ofgem has given no responses to reviews so far.

How can the use of Trustpilot evolve?

The UK retail energy supply sector has proven to be very active on Trustpilot with increasing levels of engagement between suppliers and customers. Research from [12] shows that, as of June 2020, there were 23,000 – 28,112 reviews submitted in a 12-month period. Despite limited research on the impact of online reviews in customer decisions with regards to energy suppliers, wider studies on the impact of online customer reviews show that they are an important source of information for consumers and can influence purchase decisions [13, 14]. In addition, consumers that are actively engaged in sharing their customer experiences online are most likely to base their choices on information gathered online from other customer opinions [15]. When choosing an energy supplier, research has shown that price is not the only consideration, with many customers considering factors like quality of service before they switch [16, 17]. This demonstrates that online review channels such as Trustpilot, where customers share their experience on service quality, cannot be ignored by the energy industry, especially as more and more customers start to engage online.

The use of Trustpilot reviews by the retail energy industry can be expanded in a few different ways.

Use of a combined customer satisfaction metric: There is already a fragmented landscape in terms of available evaluation metrics on suppliers' performance that customers can consult when comparing suppliers. These metrics are based on different survey data, use different methodologies and also measure different aspects of customer satisfaction. TrustScore is an additional metric based on customer review data on Trustpilot. [17] has therefore proposed the creation of an Overall Customer Satisfaction (OCS) score which combines four metrics: Ofgem's complaints score, Consumer Association's (*Which?*) customer score, Citizens Advice supplier ratings and TrustScores. [17] argues that such a metric can provide a more comprehensive picture of supplier performance and therefore support consumers in making more informed choices when switching. In terms of how OCS scores can be used, [17] has proposed the use of a League Table where suppliers with higher OCS scores are at the top. Although the potential success of such a metric is questionable and it is unclear who would update or adopt the OCS score, this work highlights the importance of having clear evaluation metrics for suppliers that also take into account online reviews.

Analysing negative reviews to improve quality of service: Achieving and maintaining a high TrustScore has already proven to be an important driver for energy suppliers. Trustpilot reviews can also become an important means in better understanding customer issues. Trustpilot allows customers to leave reviews about anything. This can give insights into parts of the customer experience that suppliers wouldn't otherwise get feedback on. This may include feedback on: the sign-up or switching process, concerns about smart meters, handling of service interaction and communications [12]. This is particularly important for negative feedback, which suppliers can use to better understand customers' concerns and reasons for complaints, and act on those to improve their quality of service [15]. Suppliers that are more actively using insights from consumer reviews to improve their service have a better chance to win back dissatisfied customers [15, 12]. However, it is important to note that consistently monitoring reviews and responding to them can be expensive and not always a cost-effective option for engaging with customers, particularly for larger players [12].

⁴ An Ofgem approved free service for independent handling of customer complaints

Regulator's potential use of reviews: Ofgem is currently not using Trustpilot review data, and CMA are primarily concerned with handling issues of fake or misleading reviews. Ofgem states that its duty as a market regulator is "to protect the interests of existing and future consumers" [18]. Therefore, there is a question on whether Ofgem could make more use of online reviews to understand wider consumer issues and address them. Trustpilot customer reviews and responses to reviews can arguably give a good reflection of the level and quality of engagement between energy suppliers and their customers. Suppliers that actively invite reviews and then monitor and respond to negative comments show higher sensitivity to customer issues and therefore potentially a better quality of service [12]. The way that suppliers choose to respond to customer reviews and handle that communication can also be indicative of their quality of customer service. In a recent case with small electricity-only supplier Symbio Energy, Trustpilot issued a formal warning to the business over its way of responding to negative reviews [19]. Symbio Energy had been receiving several negative reviews over a few months and the supplier's response was reported by customers as "threatening" and "aggressive". The supplier also claimed that that many of the reviews were fake and an act of "cyber trolling" [19]. Since the warning, Trustpilot has added a message on Symbio Energy's profile page to alert customers that the company "has been publishing public replies that are in breach of guidelines" [20]. However, despite Trustpilot's action, Ofgem has stayed uninvolved saying that they "do not normally comment on the specifics of any such engagement" [19]. Cases like this raise a question about whether such behaviour to customers from energy suppliers should be monitored and acted on by Ofgem using more formal courses of action.

Conclusion

Online review channels have become increasingly popular, as part of a new electronic word-of-mouth communication that is highly influential for consumer choices [1]. This has not left the retail energy supply industry unaffected. Customers are posting thousands of reviews each year about their energy supplier on Trustpilot, one of the most widely used open review platforms in the UK. Trustpilot's open approach to reviews makes it easy for customers to leave a review about any aspect of their experience. Increasing concerns over the risk of fake or misleading reviews, mean that the platform continuously strives for its legitimacy and has recently published its first Transparency report detailing all the actions they take to tackle fake reviews.

We have discussed the current activities by energy suppliers on Trustpilot which are mainly focused on inviting customer reviews as a way to reach an acceptable TrustScore. Many suppliers also monitor and respond to reviews and we have explored the value of analysing negative reviews to gain a better understanding of customer concerns. We have also discussed how TrustScores could be used in conjunction with more traditional evaluation metrics to give a more comprehensive customer satisfaction score, as proposed by [17]. Finally, although online review channels are a key topic for CMA, Ofgem appears to be much less involved. We examined how Ofgem as a regulator could be using Trustpilot review data through an example of an energy supplier displaying inappropriate engagement with customers on Trustpilot.

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