

Chart of the Week

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*“A major change in the ‘Big Six’ positions saw Bulb move ahead of npower by dual fuel accounts.”*

## Challenger suppliers: started from the bottom, now we here

The publication of our *Domestic Market Share Survey* for Q1 2020 (referred to as Q120 with a reporting date of 31 January 2020) shows a shake up of the rankings that is unprecedented in the survey to date. The completed merger of OVO Energy and SSE, and organic growth from Bulb have seen the names of challenger brands sit among the largest suppliers in the domestic energy market.

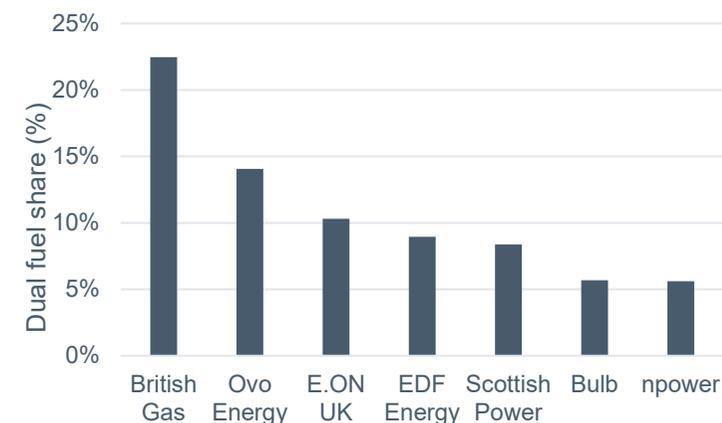
Figure 1 shows that OVO Energy rose to second in the rankings, holding 14.1% dual fuel share after taking on 5.6mn SSE accounts in January, tripling its customer base. OVO Energy is now 3.8pp ahead of E.ON UK which fell to third place, despite recording record organic growth individually in Q120.

The second major change in the “Big Six” positions saw Bulb move ahead of npower by dual fuel accounts, ranking 6<sup>th</sup> and 7<sup>th</sup> respectively by this metric (however, npower holds its sixth place position by domestic energy accounts, as it has more single fuel customers). Bulb has recorded a net gain of more than 200,000 dual fuel accounts over the last year through organic growth, although it recently acquired 9,000 customers from GnERGY through the supplier of last resort process.

However, these positions aren’t expected to endure when the E.ON UK and npower profiles merge. Collectively, the two suppliers held 15.9% dual fuel share at 31 January 2020, which would put E.ON UK back into second position under the current customer base. E.ON UK’s agreement with Octopus Group’s Kraken Technologies will see npower’s domestic and SME customers migrate to the customer platform,

E.ONnext, during Spring 2020, followed by E.ON UK customers in 2021. The partnership is expected to improve efficiency and provide a combined EBIT of at least £100mn by 2022.

**Figure 1: Dual fuel market share at 31 January 2020**



Source: Cornwall Insight

The next quarterly *Domestic Market Share Survey*, to be published in June 2020 and covering the three months ending 30 April 2020, is expected to capture more recent mergers, alongside some of the initial impacts of COVID-19 on the domestic supply market. Some suppliers that have previously grown through face-to-face sales may be reassessing their routes to market, while others will be facing greater challenges in maintaining cash flow during this difficult period.