



## **Why can Third Party Intermediaries secure better prices than consumers?**

As a business owner, you will already know that, when you buy in bulk, the end product tends to be a lot cheaper than if you buy it individually. Leveraging economies of scale is a key aspect of how Third Party Intermediaries (TPIs) are able to save your business money.

When the energy market deregulated back in 2001, end users were free to choose which suppliers they went with and TPIs started emerging to help consumers decipher the complexed energy market with the variety of different deals and tariffs available, helping them to find the cheapest one.

As the number of TPIs grew, unethical practices in how they pitched their prices emerged amongst a small number of unscrupulous operators, which suppliers quickly found out. As a result, there was a backlash resulting in energy suppliers becoming much more diligent in ensuring the TPIs they work with can be trusted to carry on working as a middle-man between them and the consumer openly and honestly. You may be wondering why this has turned into a bit of a history lesson, but it all leads on to why TPIs can secure your business a cheaper deal than you may be able to acquire on your own.

There are three core reasons:

### **1) Relationships**

When the market started to become oversaturated with TPIs, suppliers stripped back how many of them they were willing to work with. Reputable TPIs, who worked ethically and transparently, sourcing prices through suppliers and working with them to ensure full customer satisfaction remained and relationships were forged.

By building and nurturing these relationships, TPIs and suppliers could then work together to their mutual benefit. By offering competitive prices, a TPI can provide the best possible service to its clients and suppliers. In return, by being highlighted as the cheapest result when a comparison has been performed, suppliers have the opportunity to gain new clients or retain business they may have otherwise lost if they had only relied on renewal letters.

The relationship also gives TPIs unrivalled knowledge when it comes to predicting price trends and being able to advise clients on the state of the energy market.

### **2) Economies of scale**

The more you buy the cheaper it is, that's the principle of economies of scale, and the same is true for energy. Working with suppliers, TPIs are able to secure cheaper prices on the vast values of energy they negotiate for on behalf of their clients.

The more clients a TPI has, the lower their prices can be, due to the principle of economies of scale. Approaching a supplier yourself, you are only applying for lower price as a single unit. As a customer of a TPI you have the backing of other business to secure a better deal.

### **3) Time**

TPIs possess the time, manpower and knowledge required to negotiate cheaper prices on your behalf. One of the major reasons why a business neglect switching their energy supplier is because of the costs in terms of man hours it requires to research and negotiate these processes.

For many businesses, it is often unfortunately easier to allow your energy contract to roll-over than it is for your staff to trawl the market for a cheaper deal. Contacting your current supplier, getting a price, contacting another supplier, negotiating, going back to your current supplier all adds up, pulling staff from their primary roles.

It's time-consuming and can be frustrating, something which a busy business-owner does not want worry about when they have a whole business to run. This is where the

TPI stands out as an indispensable tool that business can use to save them both time and money.

By building relationships and negotiating the best prices, a TPI will have instant access to the tariffs and deals currently available without having to go through the rigmarole of calling and confirming prices.

Even if you are a large business user, and your contract has to be sent out to tender, the likelihood is prices and offers will be received and negotiated faster by a TPI than it would be by anyone for whom energy procurement wasn't their primary job or top priority.

Securing great prices for our clients **IS** a major priority. We have worked hard to secure great relationships with all the major energy suppliers and, with newer entrants including securing some exclusive relationships unique to us. To date we have achieved savings for our clients of over **£600,000**, it's safe to say we have carved respect within the industry in a relatively short time span.

Our specialist energy procurement team have years of experience in the industry and are ready and waiting to work with you.

If you are interested in switching or renewing your business energy contracts today or just looking for some advice call us on **01933 448622** for a **FREE BUSINESS ENERGY HEALTHCHECK** or email [sales@skenergy.co.uk](mailto:sales@skenergy.co.uk)  
[www.skenergy.co.uk](http://www.skenergy.co.uk)