

A network diagram with teal lines and dots on a light grey background, forming a complex web of connections. A large teal circle is centered on the page, containing the title and date.

Energy Consumer Sentiment Survey Findings

July 2016

Energy
Consumers
Australia

Energy Consumer Sentiment Survey, July 2016

Energy Consumer Australia tracks consumer and small business sentiment to inform energy market and policy development.

Background

The Energy Consumer Sentiment Survey is a long term project for Energy Consumers Australia. It is designed to provide information on household and small business consumer sentiment with a focus on three key areas of satisfaction, confidence and activity. This is the first ever national survey and will be undertaken every six months. The survey will track changes in sentiment over time and detect patterns which can inform energy market and policy development in the long term interests of consumers.

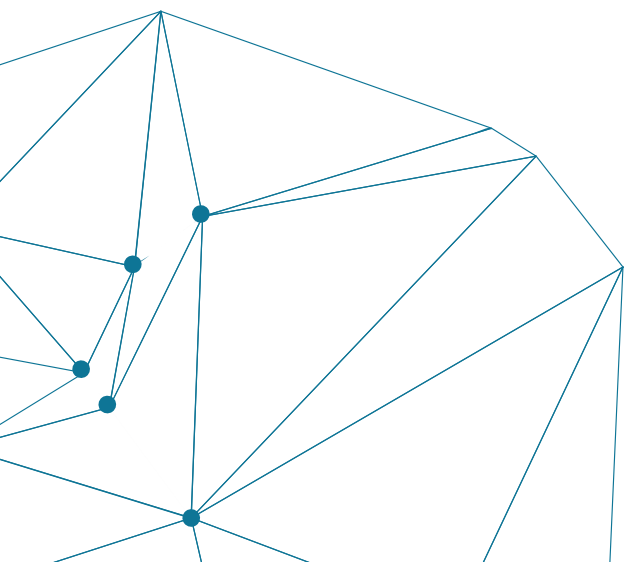
Consumer satisfaction

Consumers are telling us that overall they are satisfied with energy services. Households report relatively high levels of satisfaction with energy services, with those rating services 7 out of 10 or higher (a positive rating) ranging from 64 per cent in Tasmania to a high of 73 per cent in Western Australia. Small businesses are less satisfied overall with energy services (61 per cent) than are households.

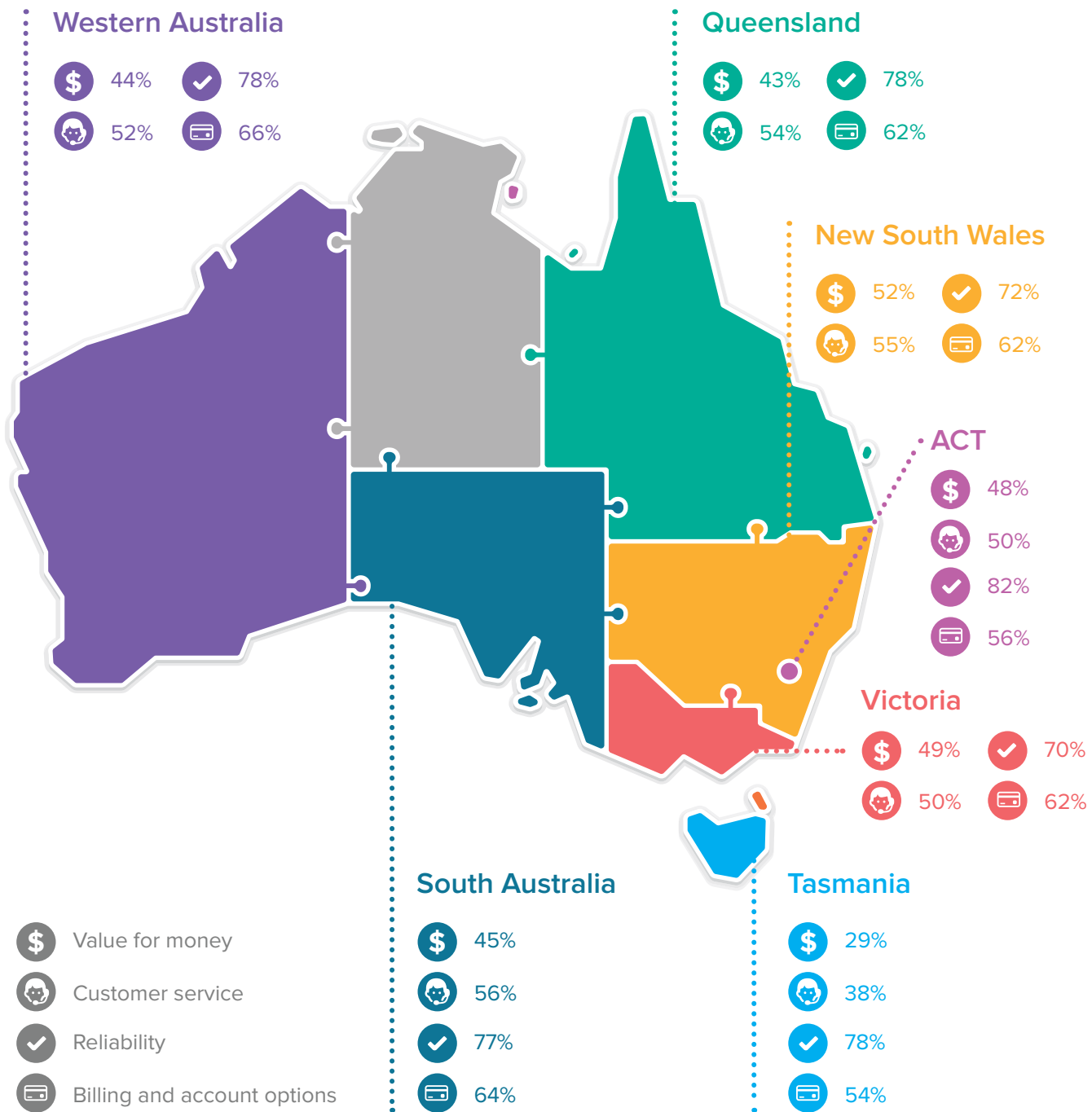
Value for money

Consumers are telling us that they are least satisfied with the value for money of electricity services. At the same time satisfaction with the reliability of electricity services is particularly high among household consumers, although it is lower for small businesses.

By comparison with electricity services, consumers are relatively more satisfied with the value for money of their gas services, with the exception of the ACT. The proportion of households positively rating the value for money of their gas services ranged from 43 per cent in the ACT to 66 per cent in Western Australia, and was 59 per cent among small business consumers.

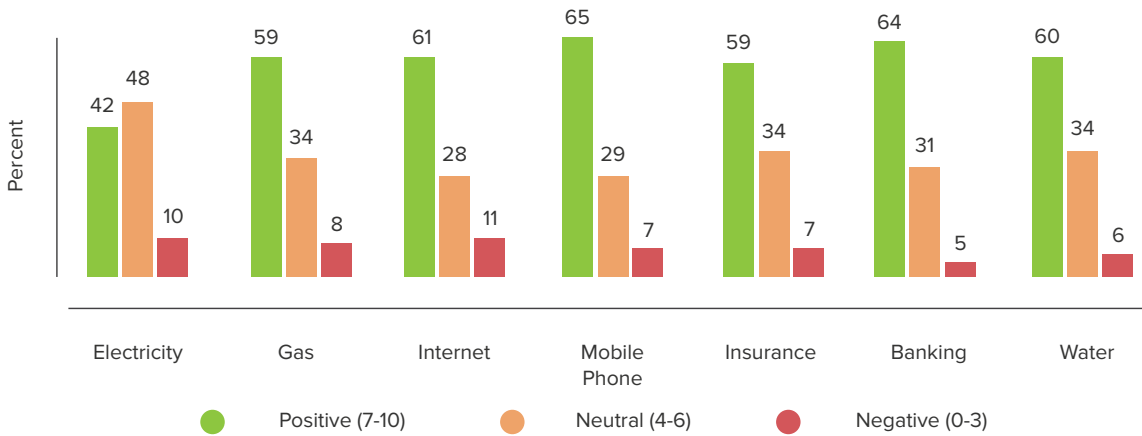


Levels of positive consumer sentiment towards key indicators



- Value for money
- Customer service
- Reliability
- Billing and account options

When compared with the value for money of a range of other services, consumers are telling us that the value for money of electricity services (and gas services) is significantly less than for their banking, water, mobile phone, insurance and internet services.

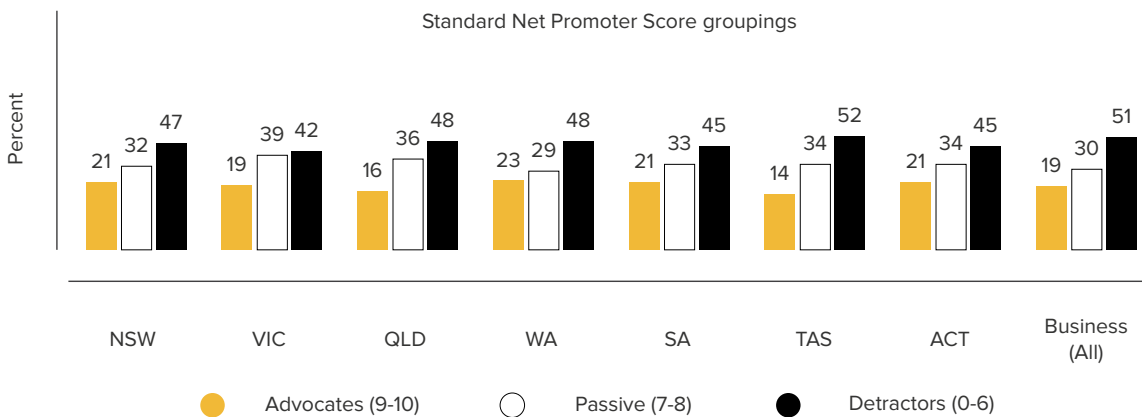


How would you rate the overall value for money of the products and services provided by your service provider in the following areas, in the past 6 months? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

Net Promoter Scores

Consumers are unlikely to recommend their current electricity retailer to a friend or colleague, as measured by the Net Promoter Scores (NPS) (the difference between advocates and detractors). The NPS for households ranged from -23 to -38 across jurisdictions (-32 for small business). There is a strong correlation between the NPS and value for money, where consumers who said that they would recommend their electricity provider to others, also positively rated the value for money.

Consumers report generally higher NPS scores for their gas service than for their electricity service, ranging from +10 to -21 across jurisdictions (-10 for small business).

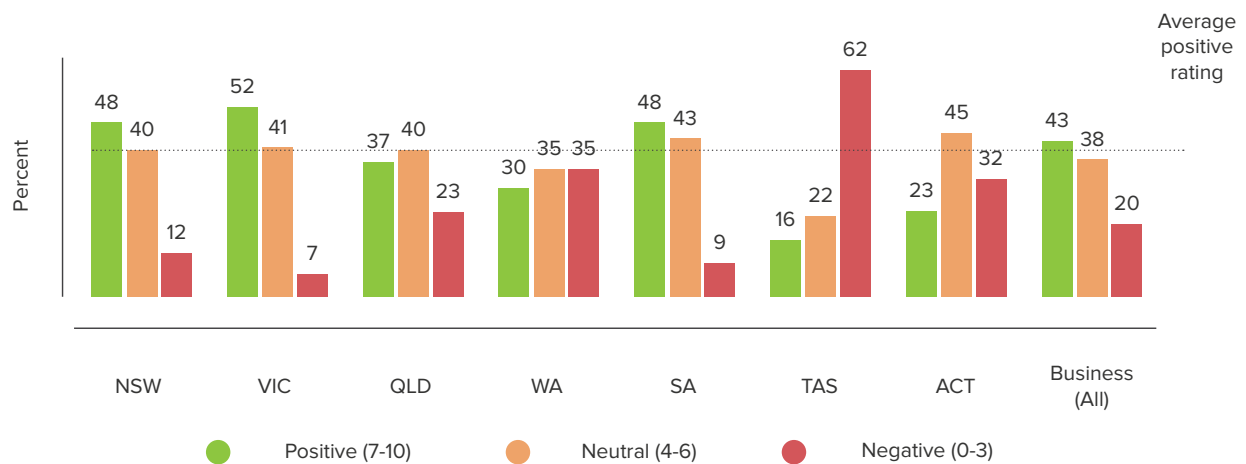


How likely is it that you would recommend your current electricity retailer to a friend or colleague? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

Competition

Consumer satisfaction with the level of competition varies significantly between jurisdictions, with the differences aligning with the nature of their retail markets.

In those states where prices are deregulated consumers were much more likely to be satisfied with the level of competition in energy markets i.e. Victoria, South Australian and New South Wales. In these states around half of consumers were satisfied with the level of competition (slightly less for small businesses at 45 per cent). Consumers in these states are also relatively likely to say the market is working in their interests and/or that it could provide value for money in the long term. Consumers in Tasmania are least satisfied with the current level of competition and the least likely to say that the market is working in their interests or that they expect better value for money in the long term.

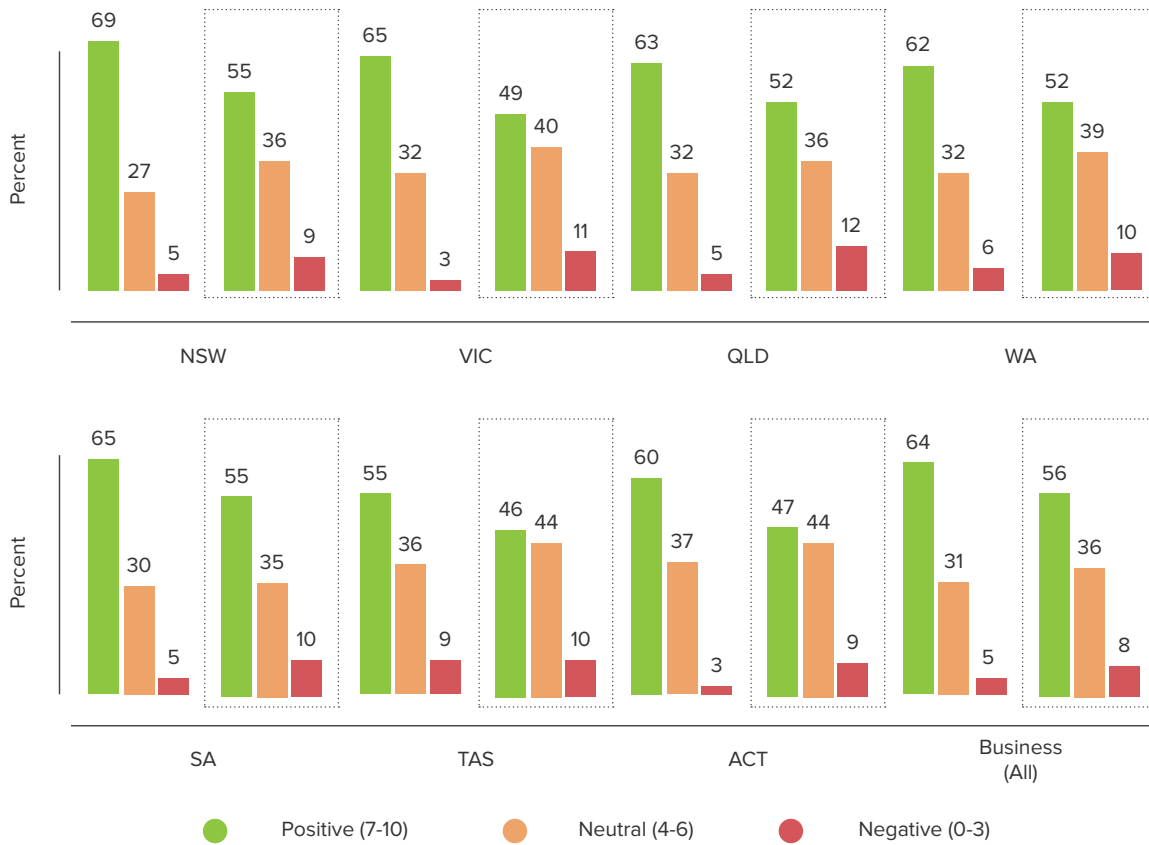


*How satisfied are you with the level of competition in the energy market in your area?
0-10 scale, 0 = 'not at all satisfied', 10 = 'very satisfied'*



Consumer confidence

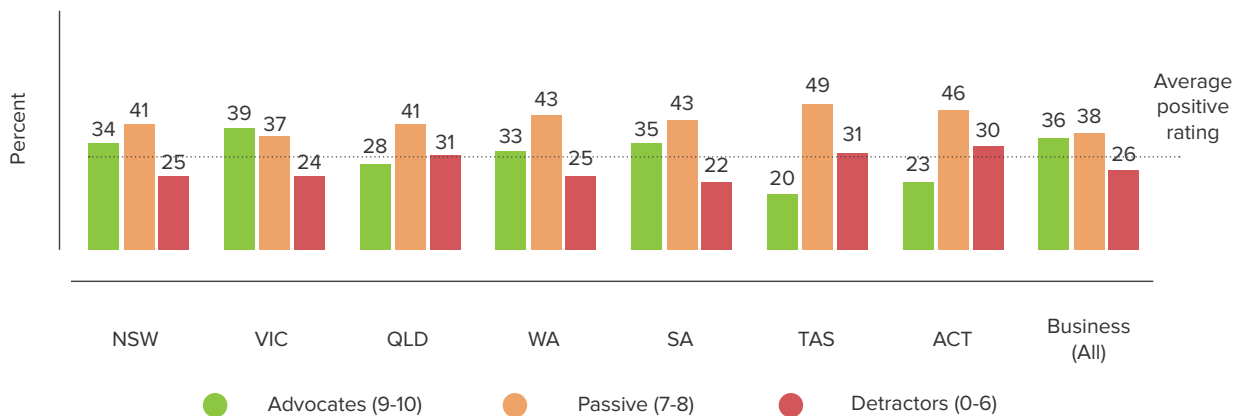
Consumers tell us that they are confident in their own abilities to choose the energy products and services that are right for them. However, they are less confident that information is available to help them make good decisions. When tested by qualitative research consumers expressed a low level of awareness and a lack of trust in information tools such as comparison websites.



How confident do you feel in your ability to make choices about energy products?
0-10 scale, 0 = 'not at all confident', 10 = 'very confident'

How confident do you feel that there is enough easily understood information available for you to make decisions about energy products and services?
0-10 scale, 0 = 'not at all confident', 10 = 'very confident'

Consumers are not confident that the energy market is working in their interests.



How confident do you feel that the overall market is working in your interests? By 'market' we mean the energy industry and energy regulators. 0-10 scale, 0 = 'not at all confident', 10 = 'very confident'

Further, consumers do not expect the outcomes from the energy market to improve in the future. When asked whether they are confident the energy market will provide better value for money outcomes for them in 5 years-time, few consumers gave a positive rating. Consumers reporting positive ratings range from 14 per cent for households in Tasmania, to 29 per cent for households in Victoria, and 24 per cent for small business consumers.



Consumer activity

Uptake of energy management technologies

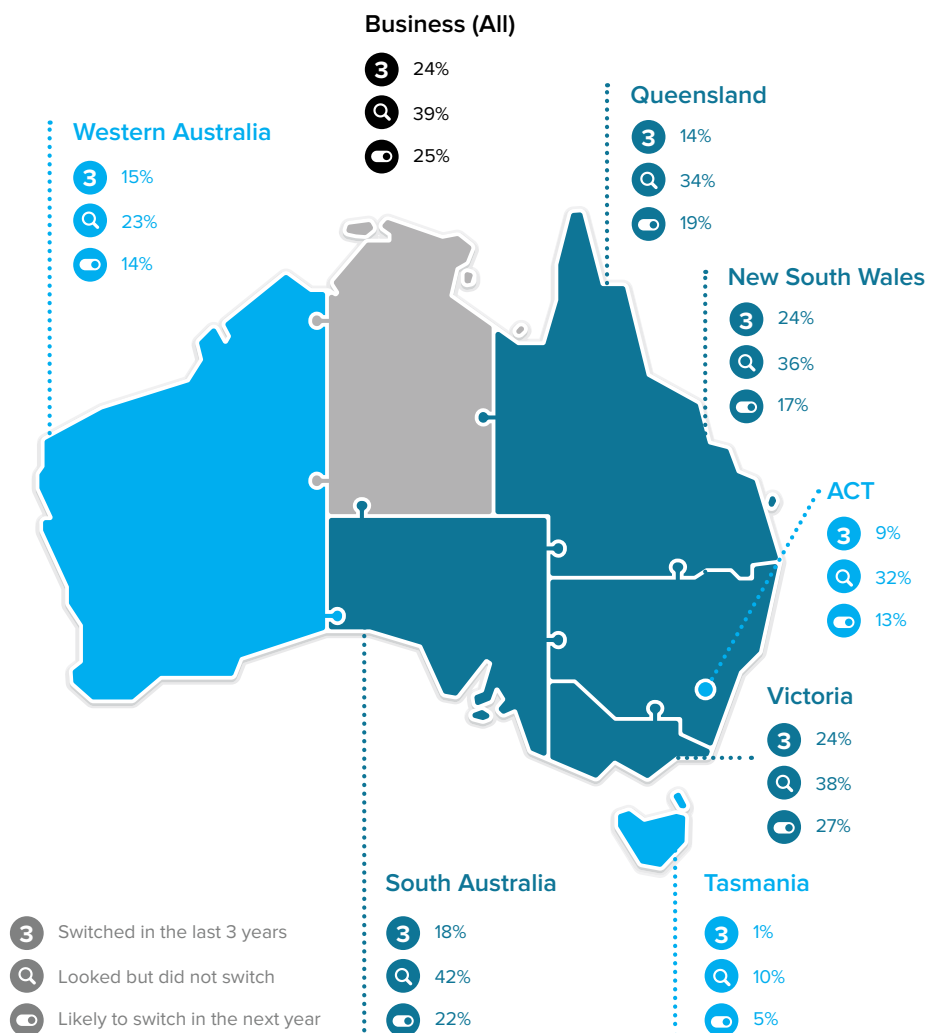
Consumers are looking to energy management technologies to manage their electricity costs. Most households and small businesses have invested in energy efficient lighting (between 64 – 80 per cent of households, 65 per cent of small businesses). Slightly less consumers have invested in energy efficient appliances (between 45 - 61 per cent of households, 47 per cent of small businesses).

Households have made significant investment in rooftop solar panels and solar hot water systems to manage their electricity costs, with the highest reported rates of uptake in Queensland, South Australia and Western Australia. The survey results suggest that the proportion of households with rooftop solar and solar hot water systems could double in most jurisdictions in the next 5 years. While the numbers of small businesses that have invested in solar technologies is small, a significant proportion (48 per cent) expect to invest in this technology in the future.

Switching energy providers or plans

In markets which have been found to be effectively competitive, 60 per cent of households (and 65 per cent of small businesses) considered switching energy providers or plans in the last three years. Of those consumers that considered switching, around one third of consumers actually switched.

Where consumers have not considered switching in the last 3 years, the most common reason given is that they are satisfied with their current deal. A high number of consumers also cite barriers such as information or time constraints or that they don't feel there are real alternatives.



Energy Consumers Australia

What's next?

Energy Consumers Australia will next report on energy consumer sentiment in late 2016.

The survey data, together with a detailed final report (and questionnaire) are available from the ECA website www.energyconsumersaustralia.com.au

ECA contact

Lynne Gallagher,
Director, Research,
Energy Consumers Australia

lynne.gallagher@energyconsumersaustralia.com.au @

02 9220 5500 ☎

