A background network diagram consisting of thin teal lines connecting various circular nodes of different sizes. The nodes are scattered across the page, with a larger, solid teal circle in the center containing the main title.

Energy Consumer Sentiment Survey Findings

Victoria

December 2016

Energy
Consumers
Australia

Energy Consumer Sentiment Survey, December 2016

Victoria

Energy Consumers 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. As the survey will be undertaken every six months, it will track changes in sentiment over time and detect trends which can inform energy market and policy development in the long term interests of consumers.

This is the second national survey. It took place between 25 August 2016 and 5 September 2016. Victoria was the first state in Australia to deregulate retail electricity prices and gas prices. Changes to the “standing offers” occur on 1 January each year.

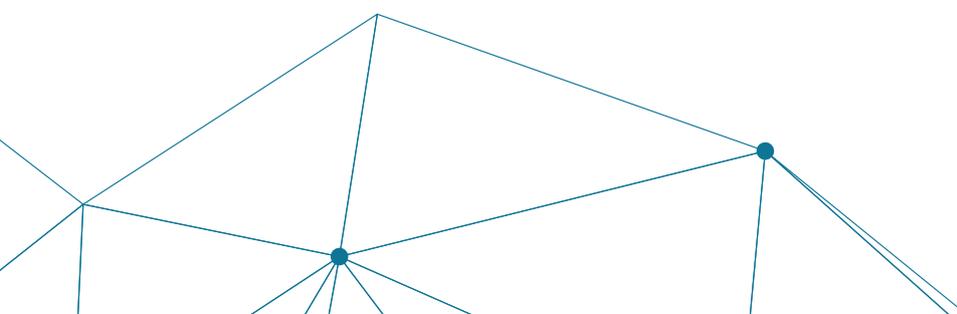
Unless otherwise indicated, comparisons of results are to the previous survey.

Consumer satisfaction in Victoria

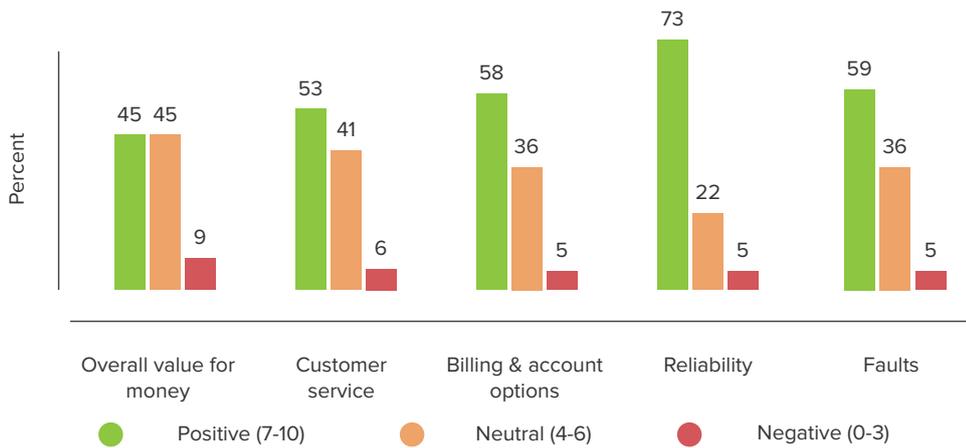
Consumers are telling us that overall they are satisfied with energy services. Households report relatively high levels of satisfaction with energy services in Victoria with 69 per cent rating services 7 out of 10 or higher (a positive rating), the second highest nationally behind the Australian Capital Territory (70 per cent).

In Victoria less than half of households (45 per cent, down 4 per cent from the previous survey) positively rate the value for money of their electricity service.

The satisfaction of households in Victoria with the reliability of electricity services is 73 per cent (up 3 per cent from the previous survey). Satisfaction with customer service is up 3 per cent, while satisfaction with billing and faults are down from the previous survey (4 per cent and 1 per cent respectively).



Electricity



How would you rate the [attribute]? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

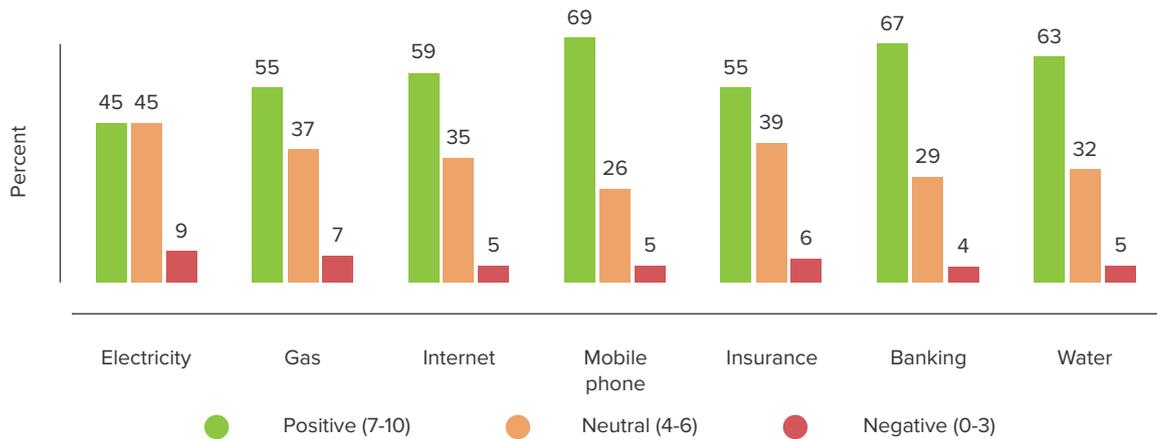
Victorian households are more satisfied with their gas services than electricity services across all measures. Satisfaction with the value for money of gas services is down 3 per cent, and satisfaction with reliability is also down (5 per cent). Satisfaction with customer service and billing both rose (up 3 per cent and 5 per cent respectively).

Gas



How would you rate the [attribute]? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

When compared with the value for money of a range of other services, households in Victoria are telling us that the value for money of electricity services is significantly less than for their mobile phone, banking, water, internet and insurance services. The value for money of gas services is on par with insurance and ranks behind all other services except electricity.



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'

Recommending retailers to others

More than half of households (57 per cent) in Victoria are likely to recommend their current electricity retailer to a friend or colleague (a positive ranking of 7 or more), the highest proportion nationally and largely unchanged from the previous survey. A higher proportion of households (64 per cent) are likely to rank their current gas retailer positively, which is also largely unchanged and second only to households in Western Australia.

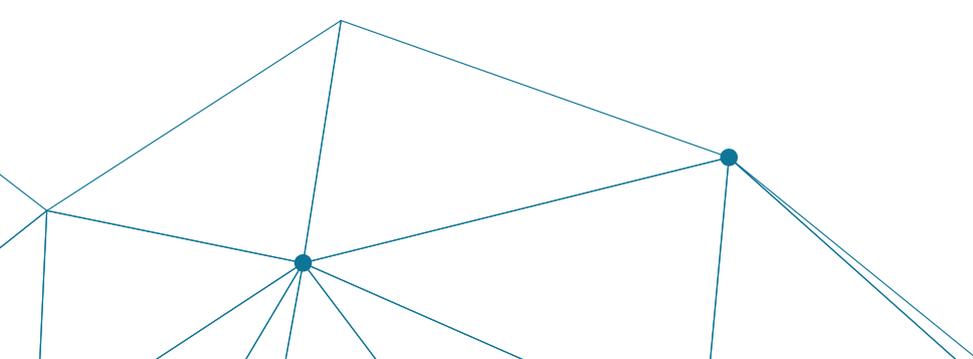
Competition

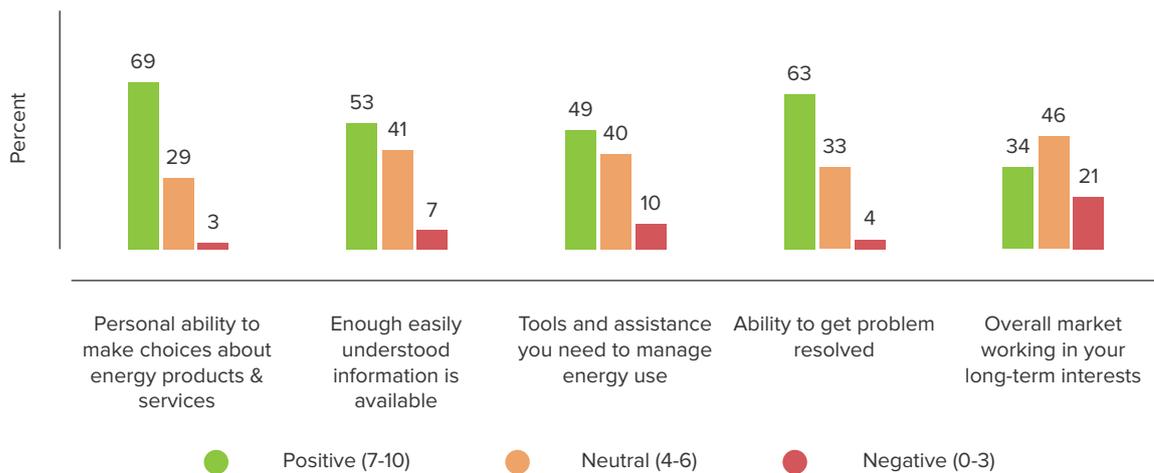
Consumer satisfaction with the level of competition varies significantly between states and territories with the differences aligning with the nature of their retail markets. In Victoria more than half of households are positive about the level of competition in the energy market (56 per cent, up 4 per cent from the previous survey). This is the highest proportion nationally. Victorian households also reported the lowest level of dissatisfaction with competition in the energy market (8 per cent, largely unchanged from the previous survey).



Consumer confidence in Victoria

Consumers tell us that they are confident in their own abilities to choose the energy products and services that are right for them. Victorian households are the most confident nationally in their ability to make choices about energy products and services compared with households in other states and territories. Consumer confidence in their abilities to make choices rose 4 per cent compared with the previous survey to 69 per cent. Consumers are less confident that the information is available to assist them make good decisions.





How would you rate the [attribute]? 0-10 scale, 0 = 'very poor', 10 = 'excellent'

Households in Victoria are not confident that the market is working in their interests (only 34 per cent of households, down 5 per cent on the previous survey). The proportion of households that are confident that the energy market would provide better value in the future was 19 per cent, down 10 per cent. At the same time 48 per cent of households in Victoria are confident that reliability will improve in the next 5 years (down 9 per cent) and 46 per cent of households (down 8 per cent) are confident that technological advances will enable them to manage energy costs in the future.

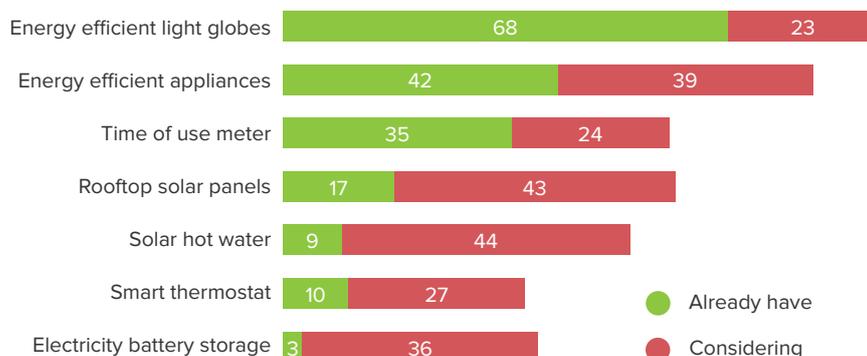


Consumer activity in Victoria

Uptake of energy management technologies

Consumers are looking to energy management technologies to manage their electricity costs. A significant majority of households in Victoria have invested in energy efficient lighting, while less than half have invested in energy efficient appliances. Almost two-thirds of households in Victoria say they have either purchased solar panels or intend to do so in the next 5 years. More than one third of households say they are considering purchasing electricity battery storage.

While almost all households in Victoria have a smart meter, only around one-third of respondents to the survey were aware that they had a "time of use meter". We will consider how this question could be addressed in future surveys.



Do you already have, or are you considering purchasing or using any of the following technologies to manage the cost of electricity in your household?

Have you looked into switching energy companies or energy plans in the last 3 years?

27% YES and I switched

33% YES and I didn't switch

40% NO and I didn't look into it

Switching energy providers or plans

Victorian households are the most likely of all states and territories to say they have considered switching energy providers in the past three years (60 per cent), with 27 per cent (up 3 per cent) deciding to switch – the highest switching rate nationally.

The main reasons identified for considering switching are dissatisfaction with value for money of the current deal (42 per cent), or that the consumer found a better deal (28 per cent), both unchanged from the previous survey.

Of those households who looked at their options, only 4 per cent are less satisfied, while 50 per cent are more satisfied (up 9 per cent) with their final decision – much higher than the percentage which actually switched. This suggests a fairly strong relationship between households that investigated their options and satisfaction levels.

When this was tested in qualitative research, many consumers told us that while they may not have switched, this is because their existing retailer encouraged them to stay (e.g. by matching the competitor's offer).

For those who did not consider switching, many are satisfied with the deal they are currently on (34 per cent, up 7 per cent). There is also a significant proportion who felt the barriers are too high (28 per cent, up 3 per cent). Only 6 per cent of Victorian households stated that the reason they didn't switch is because there are no other alternatives, or that it made no difference (down 7 per cent from the previous survey).

Energy Consumers Australia

What's next?

Energy Consumers Australia will next report on energy consumer sentiment in June 2017.

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

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