

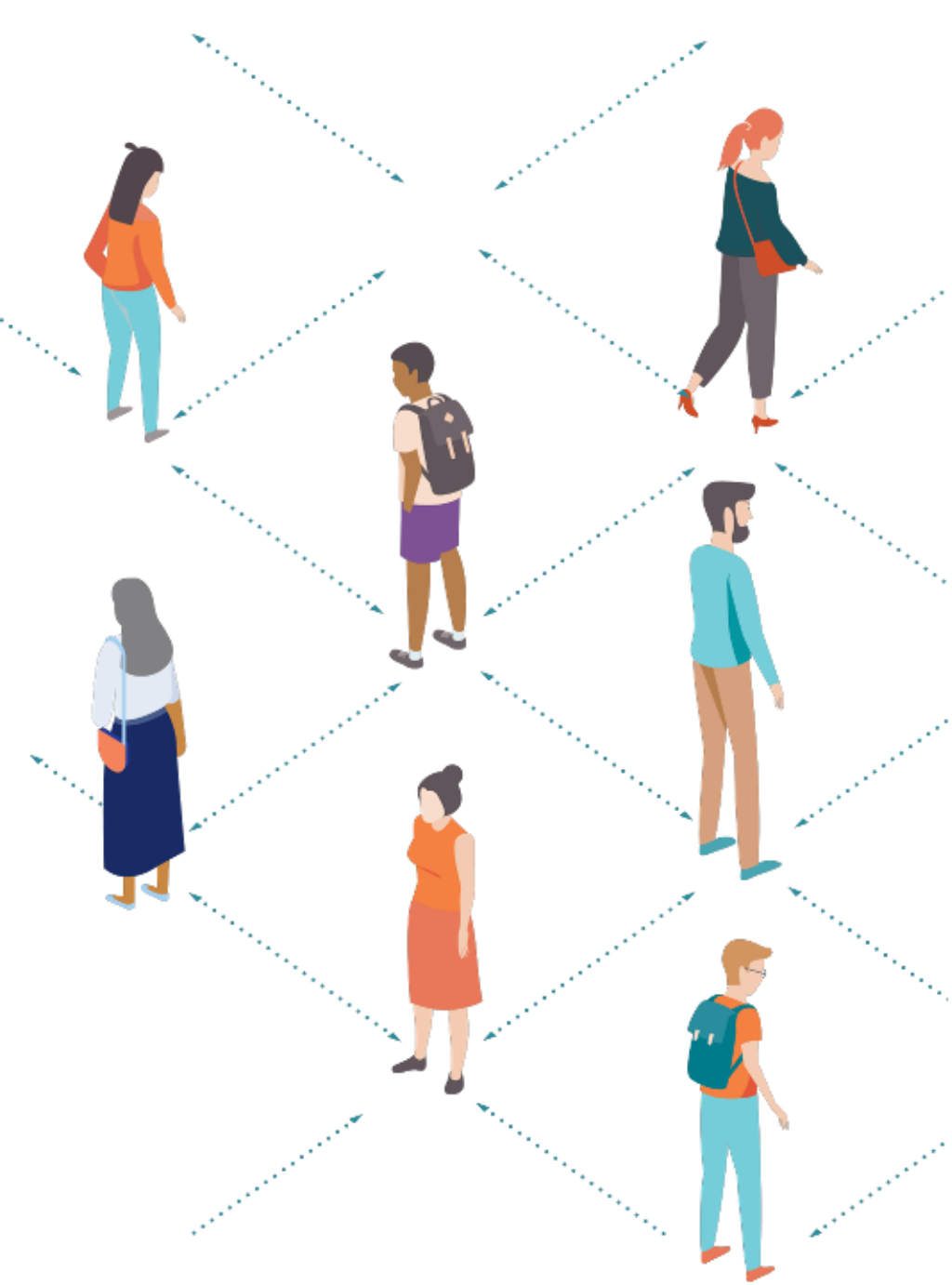


Consumer  
Policy Research  
Centre

# COVID-19 and Consumers: from crisis to recovery

Victorian Energy  
Insights  
June 2020





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# Executive Summary

From the 2<sup>nd</sup> to 25<sup>th</sup> June 2020, Roy Morgan conducted n=626 interviews with Victorians on behalf of the CPRC, asking a series of questions about their experiences as energy consumers. With the ongoing COVID-19 crisis, finances have been stretched for many and the research identifies how Victorians are reacting to the current situation with a focus on their perceptions and dealings with energy providers.

In June, Victorian consumers generally expressed relatively high regard for their energy providers in terms of their reliability, with 67% giving them a rating of 7 to 10 (out of 10). Ratings were slightly lower in terms of competency (59% giving high ratings) and just over half gave high ratings on honesty (51%).

There were 21% of Victorians who reported being concerned about their ability to pay their energy bills. Nevertheless, only 17% overall had attempted to find a better energy deal in the previous 3 months. Three quarters of Victorians had not taken any action to find a better energy deal. The main reasons for this included they considered they were already on the best deal for their situation (39%) or they thought it was too hard or not worth the trouble (22%).

When asked whether they had contacted their energy provider in the previous 4 weeks, 11% of Victorians said they had done so. Those interactions generated actions by energy providers 86% of the time. The most common provider action was to offer a plan that better suited the consumers' needs (18%). While consumers likely appreciated being put on the best plan for their situation, when asked what could improve their overall experience as a consumer, many reported they would like to be put in the best plan for their situation by default, rather than have to contact their energy provider to negotiate it. Several consumers also mentioned (among other concerns) wanting clearer bills and plans, which are easier to understand and compare; as well as cheaper prices and better solar / green energy deals.

Among those Victorians who did not contact their energy providers in the previous 4 weeks, most admitted not having thought of or considered it (83%), although others also mentioned not thinking it was worth the effort (8%) or having other priorities at the time or too much going on (6%).

Victorians who did compare different energy plans in trying to find a better deal (17%) found it easy just over half the time (52%), with 31% finding it very easy. However, 23% also reported finding the comparison process difficult, with 11% finding it very difficult. Switching plans seemed to present a similar level of difficulty, with 47% of Victorians finding it easy (31% very easy) and only 1% finding it very difficult.

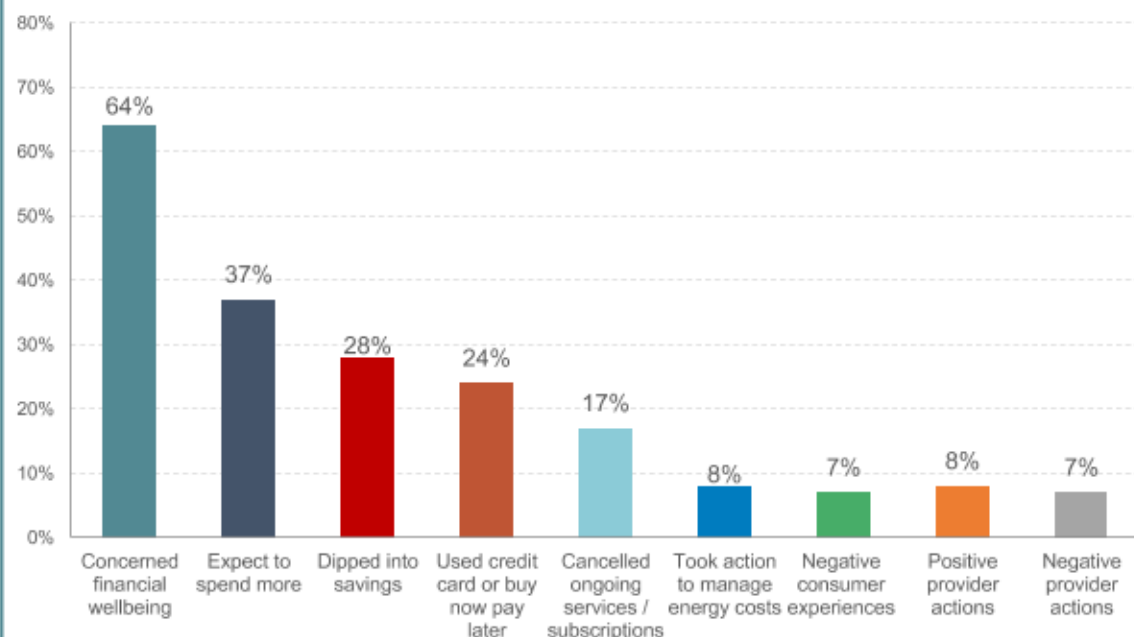
When asked how the overall energy experience could be improved, many Victorians would like cheaper energy. Victorians would also appreciate easier to understand energy bills and plans. Responses also indicated it is not easy to compare between providers when each provider has a different way of charging and of displaying the information.

*"I find it all very confusing. My address shows multiple tariffs but when I sign up they change it saying my house can only get one tariff and it's always the most expensive."*  
Female, 25-34, Melbourne, part-time worker, private renter."

# Victorian energy key findings from core survey

## Summary of results

Victorian energy key findings  
(core survey)



In June 2020, 64% of Victorians expressed being concerned about the impact of COVID19 on their financial wellbeing (19% were very concerned and 45% were somewhat concerned), with over a third (37%) expecting to be spending more on electricity 3 months from now.

To help manage their household expenses, Victorians resorted to several different actions, including dipping into their savings (28%), using credit cards or buy now pay later schemes (24%) and closing / cancelling ongoing services or subscriptions (17%).

Thinking of their energy bills specifically, only 8% of Victorians took some kind of action in the previous 4 weeks. Taking into account the low incidence, asking providers for payment assistance (3%) was the most common action (not shown). When asked about negative experiences with energy providers (7% overall), the most common complaint was long wait times on the phone / live chat or email (3% - not shown)

A similar proportion of Victorian consumers had positive (8%) and negative (7%) experiences with their energy providers. The most common positive provider action was providing helpful information at 5% (not shown) and the most common negative provider action was increasing the cost of service at 5% (not shown).

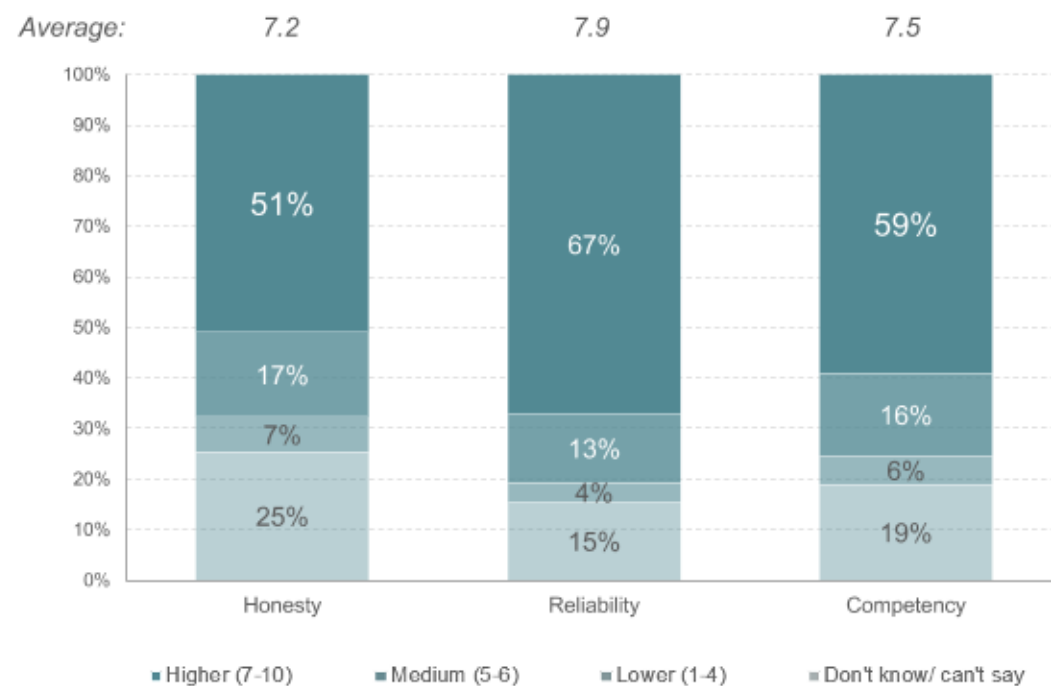
Source: Q3. How concerned are you about the impact of COVID19 on your own financial wellbeing? / Q6. Compared to today, how is your spending on the following essential expenses likely to change 3 months from now? / Q9. In the past month, have you taken any of the following actions to manage your household expenses? / Q10a. Thinking of your energy bills, have you attempted any of the following in the last 4 weeks? / Q10b. Thinking about any interactions with your energy provider in the last 4 weeks, which if any of the following have you experienced? / Q10c. Which, if any, of the following actions have any of your energy providers (electricity, gas) taken in the last 4 weeks?  
Base: Victorians aged 18+ (n= 626)



# Perceptions of Energy Providers

# Perceptions of energy providers

Perceptions of energy providers



## Summary of results

In June, Victorian consumers in general expressed a high regard for their energy providers in terms of their reliability, with competency, then honesty rated slightly lower.

For reliability, 67% of Victorians gave high scores of 7 to 10 out of 10 (average of 7.9) and only 4% gave low scores (1-4 out of 10).

Overall, Victorians tended to consider their energy providers to be competent, with 59% giving them high scores of 7 to 10 out of 10 (average of 7.5) and only 6% giving low scores (1-4 out of 10).

When it came to honesty, Victorians were less positive with just over half giving higher scores (51%) and 7% giving lower scores. While their average score was not much lower than the other two measures at 7.2, a quarter of respondents were unable to give a rating, indicating uncertainty on this important measure.

*"I would like to have clear information and honest comparison charts."*

*Female, 50-64, Melbourne, full-time worker, private renter."*

# Perceptions of energy providers - Honesty

## Summary of results

Regarding Victorians' perception of honesty in their energy providers, when looking at different groups of people, the most trusting were homeowners with mortgages, with 59% higher scores (8% above average) and 7% lower scores.

Young people (18-34) had the lowest level of higher scores at 40%, as well as the highest proportion of undecided / non-raters, at 33%. They also had the lowest average score of 6.8.

The average scores were quite similar to the overall across all subgroups.

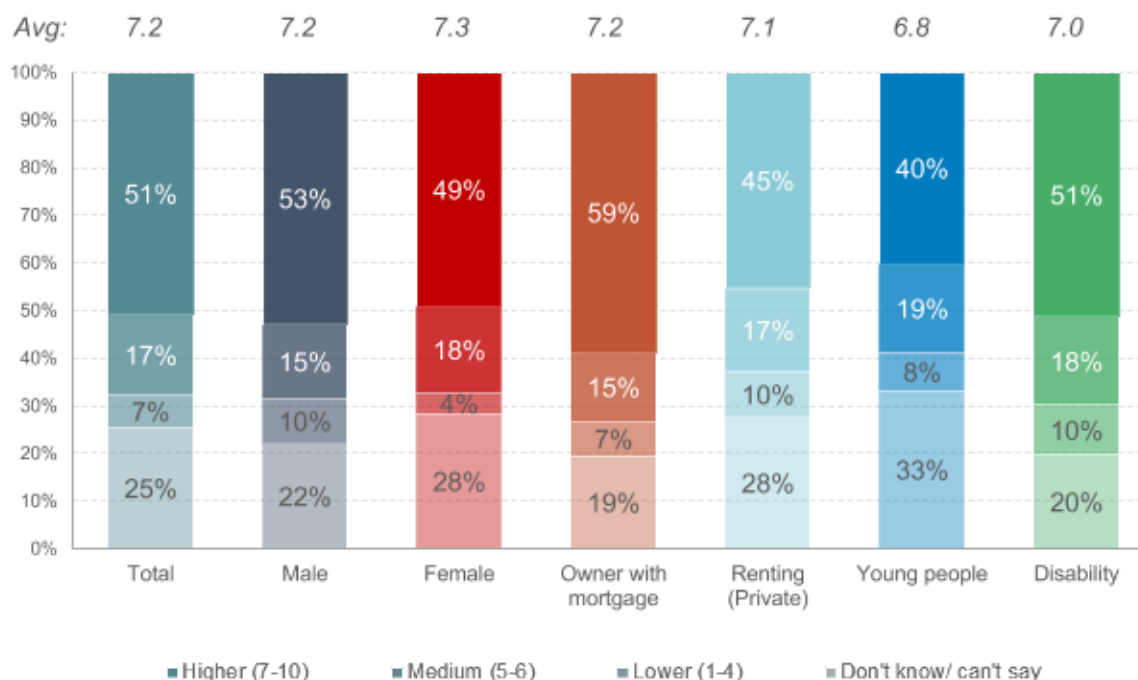
*"They could highlight important things in words, like 'your concession will drop off after a year', instead of just putting it in the fine print."*

Female, 35-49, regional Victoria, jobseeker, owner with a mortgage."

*"Companies are not honest and don't always offer the best plan for the consumer."*

Female, 35-49, Melbourne, part-time employee, owner with a mortgage."

Perceptions of energy providers by subgroup - Honesty

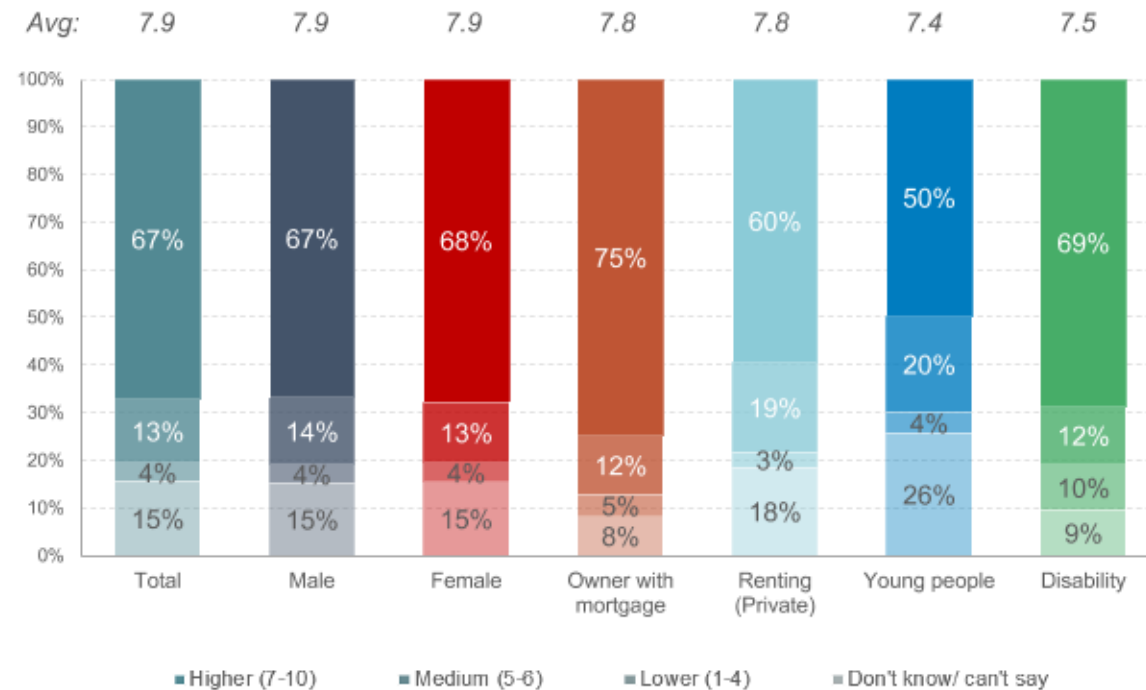


Source: QEM1. Using a scale from 1 to 10, where 1 is not at all and 10 is extremely, how would you rate your energy provider in terms of? Honesty.

Base: Victorians aged 18+ (n= 626), Male (n=283), Female (n=342), Owner with mortgage (n=214), Renting (private) (n=142), Young people (n=152), Disability (n=98).

# Perceptions of energy providers - Reliability

Perceptions of energy providers by subgroup - Reliability



## Summary of results

When looking at the reliability of their energy providers, there was considerable variation in the opinions of different groups within the Victorian population.

Homeowners with mortgages were the most likely to report higher scores at 75%, 8% above the overall (67%) and 15% over the level of private renters (60%). They also only registered 5% of low scores and had the lowest level of undecided / non-raters at 8%, indicating certainty in their opinions of their energy providers' reliability.

Younger people (18-34) had the lowest level of higher scores at 50%, 17% lower than overall (67%). There were 4% of scores in the lower range and 26% undecided / non-raters. Their average score for reliability was the lowest across the groups at 7.4 (half a point lower than the overall 7.9).

*"It would be great to get the best offer without having to ask for it."  
Female, 35-49, Melbourne, no income, private renter."*

Source: QEM1. Using a scale from 1 to 10, where 1 is not at all and 10 is extremely, how would you rate your energy provider in terms of? Reliability.

Base: Victorians aged 18+ (n= 626), Male (n=283), Female (n=342), Owner with mortgage (n=214), Renting (private) (n=142), Young people (n=152), Disability (n=98).



# Perceptions of energy providers - Competency

## Summary of results

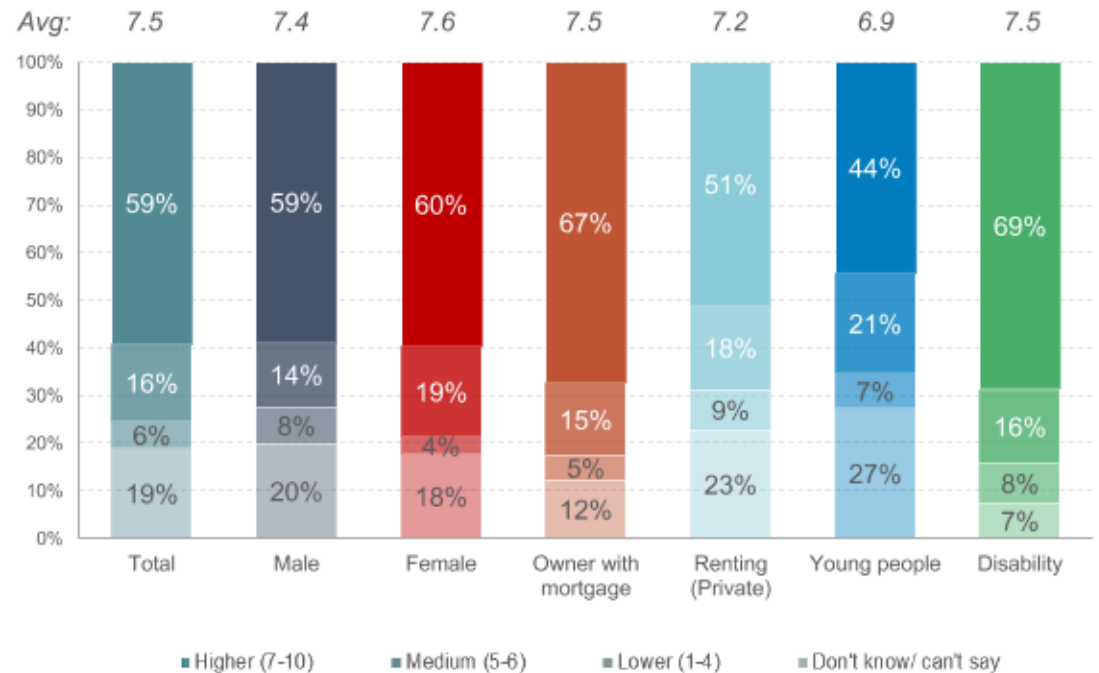
When asked about competency of their energy providers, there was considerable variation in Victorians' opinions. Homeowners with mortgages and people with disability gave much higher ratings, with 67% and 69% giving higher scores respectively, compared to 59% overall. They also had lower levels of low ratings (1-4) at 5% and 8%, as well as undecided / non-raters, at 12% and 7% respectively. Their average scores were equal to the overall at 7.5.

Conversely, private renters and younger people rated their energy providers lower than average Victorians. Just over half of private renters gave higher scores (51%) while only 44% of younger people gave higher scores. While neither group had a high proportion of low scores (1-4) at 9% and 7%, both had a considerable proportion of undecided / non-raters, at 23% and 27% respectively. Their average scores were also slightly lower than the Victorian overall average of 7.5, with private renters at 7.2 and younger people at 6.9.

*"Customer service representatives have little technical knowledge, so not particularly helpful – with a different person you get a different answer."*

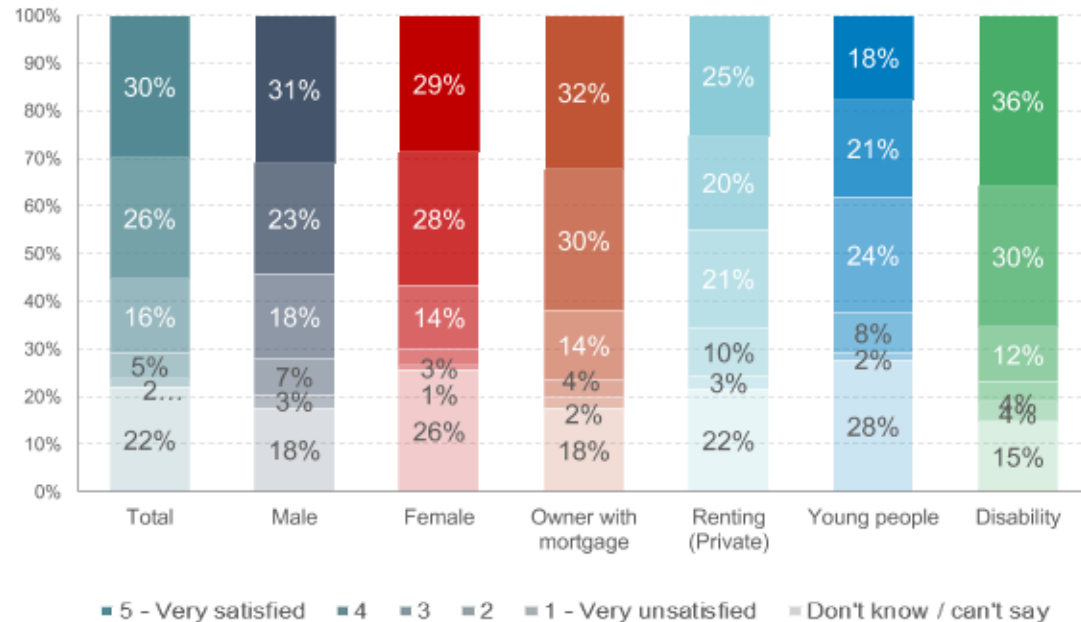
*Female, 50-64, Melbourne, full-time employee, self-employed/own business."*

Perceptions of energy providers by subgroup - Competency



# Satisfaction with energy provider

Satisfaction with energy provider by subgroup



## Summary of results

Just over half of Victorians were satisfied with their energy providers, registering 56% in the top 2 boxes of the 5-point scale. About 1 in 3 were very satisfied (scoring 5 out of 5) and only 2% were very unsatisfied.

Younger people tended to report lower satisfaction than older, with 39% of (18-34) in the top 2 box, compared to 68% of those 65 and older (not shown). Victorian renters were also less satisfied (45%) than mortgage holders (62%).

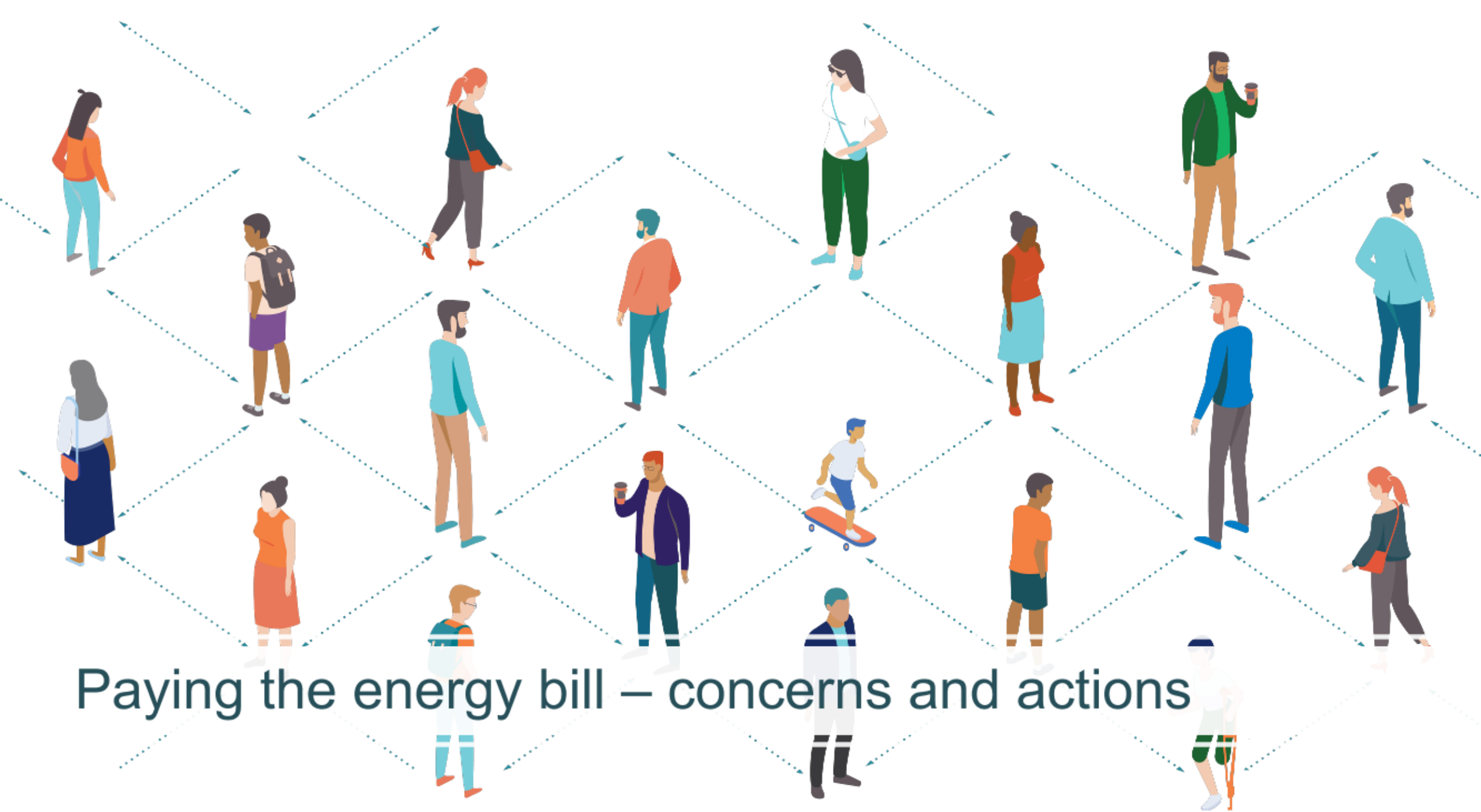
Satisfaction was similar by gender, with females only slightly more satisfied than males (57% to 54%). Regional residents were slightly more satisfied at 60% than metro at 54% (not shown). People with disability had a higher than average satisfaction level at 66%.

*"I'm happy with my energy provider because they provide a user friendly app with daily usage data."*

Female, 35-49, Melbourne, part-time employee, owner with a mortgage."

*"The service charges are quite expensive and the fees keep going up. They should make it fairer and cheaper for everyone."*

Male, 50-64, Melbourne, part-time employee, govt housing."



Paying the energy bill – concerns and actions

# Concern about ability to pay energy bill

## Summary of results

There were varying levels of concern about the ability to pay for energy bills in Victoria during June, with 21% reporting concern. This figure was mainly driven by those who were 'somewhat concerned' (17%), as those who were 'very concerned' (4%) were still in the minority. This was true for most subgroups.

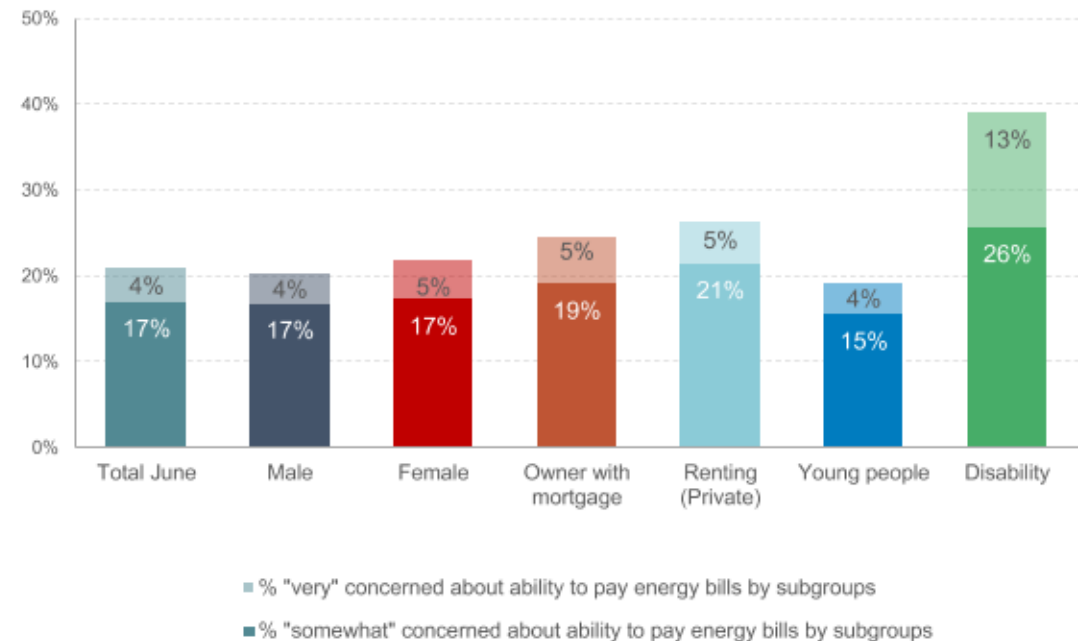
Victorians with disability were among the most concerned at 39%. Both private renters and homeowners with mortgages had above average levels of concern, with 26% and 24% respectively, compared to overall Victorians at 21%.

The level of concern about the ability to pay energy bills in Victoria (21%) is lower than May's result of 31%, when 8% were very concerned and 23% somewhat concerned (not shown).

*"The price is too high. Our bills are higher working from home and my partner lost work because of COVID19. Energy providers should be passing on rate cuts to consumers this year."*

*Female, 35-49, Melbourne, full-time employee, private renter."*

Concern about ability to pay energy bills

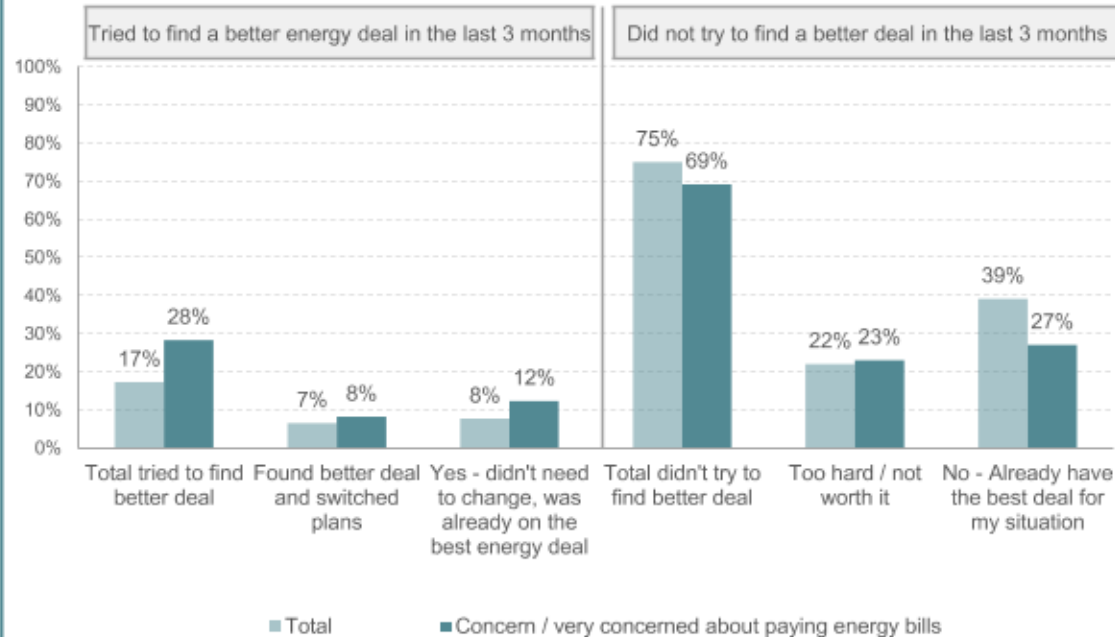


Source: QEM6. How concerned are you about your current ability to pay for your energy bill(s)?

Base: Victorians aged 18+ (n= 626), Male (n=283), Female (n=342), Owner with mortgage (n=214), Renting (private) (n=142), Young people (n=152), Disability (n=98).

# Actions to find better deal overall and for those concerned about energy bill

Consumer actions vs concerned about energy bills



## Summary of results

When asked if they had tried to find a better energy deal in the past three months (since March), three quarters of Victorians had not done so for a variety of reasons. Of those, 69% had also reported being very or somewhat concerned about their ability to pay for the energy bill.

Overall, 17% of Victorians had tried to find a better energy deal in the previous 3 months during June, however 28% of those concerned about their energy bills had tried to find a better deal. Less than 10% of Victorian energy consumers actually switched their plans in June (7%).

A relatively high proportion of Victorians (22%) considered it too hard or not worth it to try to find a better deal, with a similar proportion of those concerned (23%) feeling the same.

*"It's so hard to compare different providers and then change. It's time consuming and not comparing apples with apples."*

Female, 35-49, Melbourne, full-time employee, owner with a mortgage."

*"We should be told what the best deal is. That would make it easier to switch."*

Male, 25-34, Regional Victoria, full-time employee, private renter."

# Actions to find better energy deal - by subgroup

## Summary of results

Different groups of Victorians did not differ greatly from each other in taking action (17%) or not taking action (75%) to find a better energy deal.

Victorians living with disability were more likely to try to find a better energy deal at 22%, higher than the overall at 17%.

When finding better deals and actually making the switch, homeowners with a mortgage were the most active at 12% compared to 7% overall. They switched at more than twice the rate of private renters (5%).

A relatively high proportion of those with disability (24%) considered it too hard or not worth it to try to find a better deal.

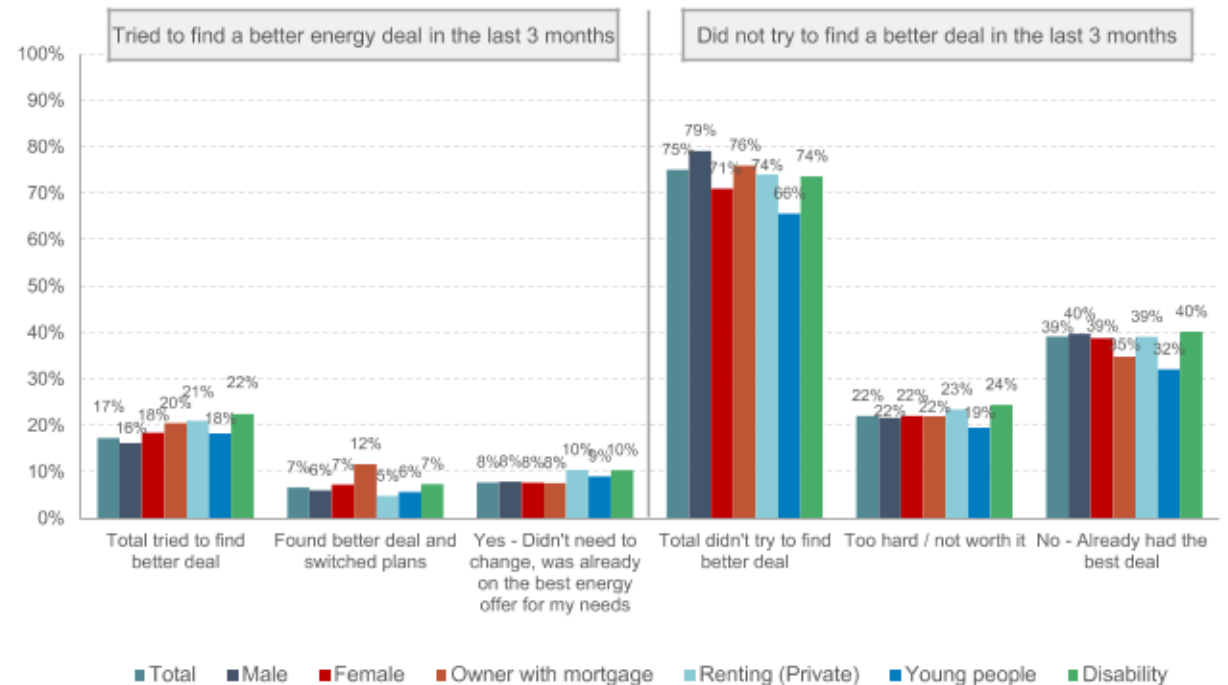
*"Where I live, there is only one gas supplier; as such, there's no competition."*

Male, 65+, Regional Victoria, govt support, owner outright."

*"Would love to go to a better energy provider but according to iSelect, we are on the best plan!"*

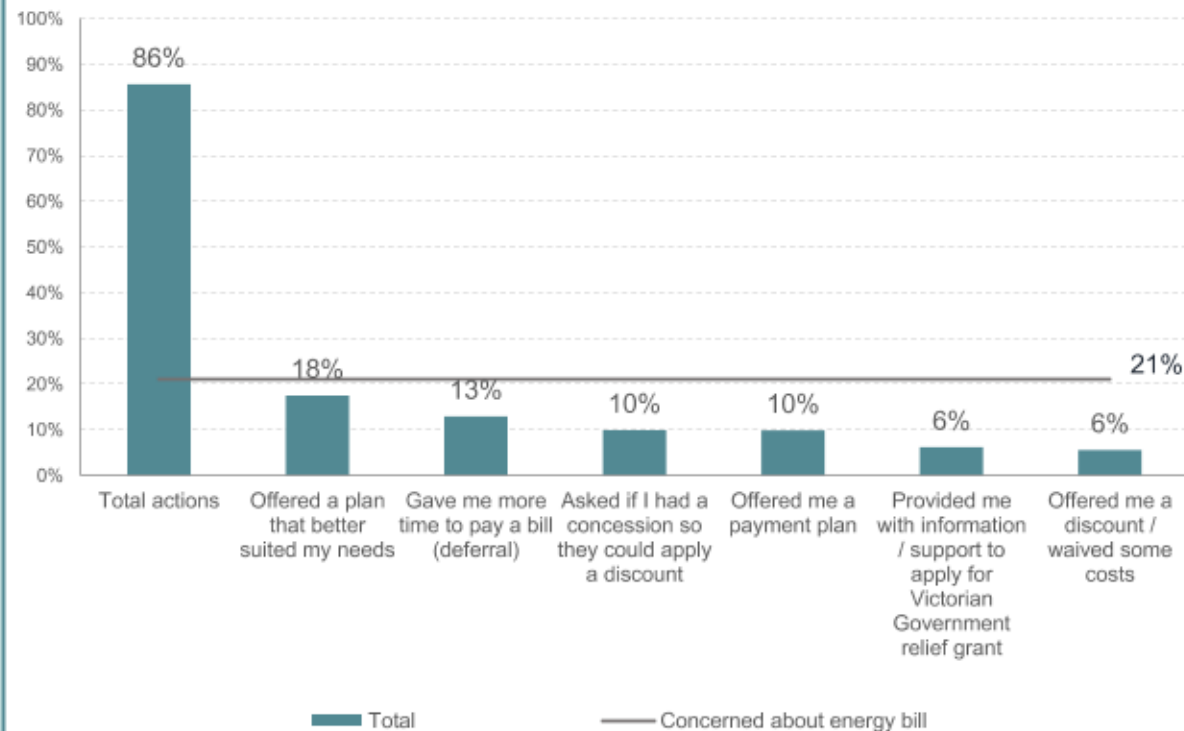
Female, 50-64, Melbourne, self-employed / own business, owner outright."

## Consumer actions by subgroup



# Provider actions as a result of customer contact

Provider actions as a result of customer contact



## Summary of results

During June 2020, although 21% of Victorians reported concern about their ability to pay for their energy bills, only 11% of Victorians had contacted their energy provider (for any reason) in the previous 4 weeks. Of those contacts, 86% resulted in some type of action from the energy providers.

The most common action was to offer a plan that better suited the customer's needs (18%). Among other actions, some providers offered deferrals (13%), concession discounts (10%), payment plans (10%), provided information so that the customer could apply for the Victorian Government relief grant (6%) or waived certain costs (6%). There were 8% pending or unresolved cases.

*"Energy providers should not wait until we call them but just give us the better deal when it becomes available."*

Female, 65+, Melbourne, superannuation, owner outright."

*"I like my service provider and the option of a discount for paying in advance."*

Female, 35-49, Melbourne, part-time employee, owner with a mortgage."

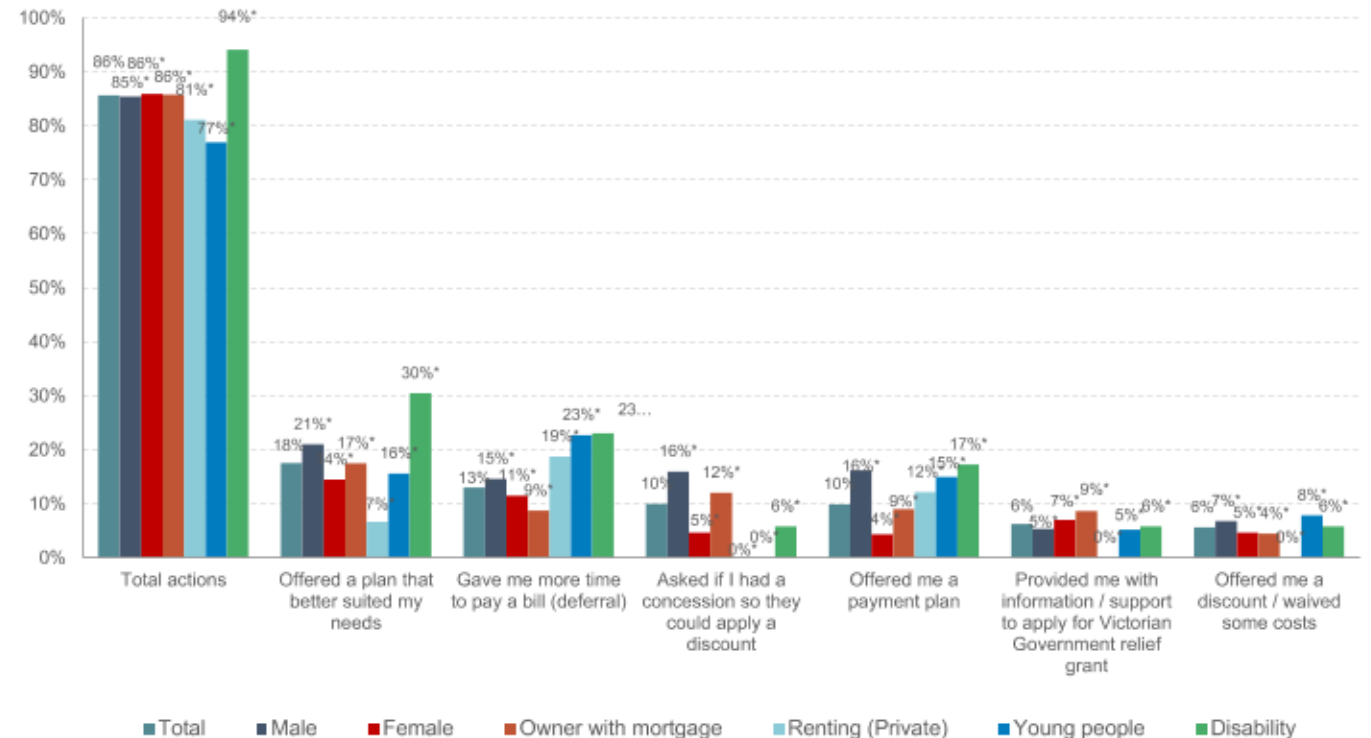
# Provider actions as a result of customer contact - by subgroup

## Summary of results

Energy providers seemed more responsive to the requests of people with disability, with contacts for this group more likely to result in action (94% of the time – 8 percentage points above average for Victoria). Provider response was considerably above average for offering a plan that better suited their needs (30% compared to 18%), offering deferrals (23% compared to 13%) and offering a payment plan (17% compared to 10%). Other provider actions had at least the same or similar level to the Victorian average, with the exception of requesting a concession to apply a discount (6% compared to 10%).

Conversely, younger people seemed to receive less provider actions as a result of contacts, with actions for 77% (vs 86% average for Victoria). This could be driven by their lack of concessions (0%), as in most other areas, results were similar to the overall average.

Provider actions by subgroup



*“Energy providers should listen to their customers.”*

**Male, 50-64, Regional Victoria, govt support.”**

- Asterisk (xx%\*): Base n<50, results are indicative only

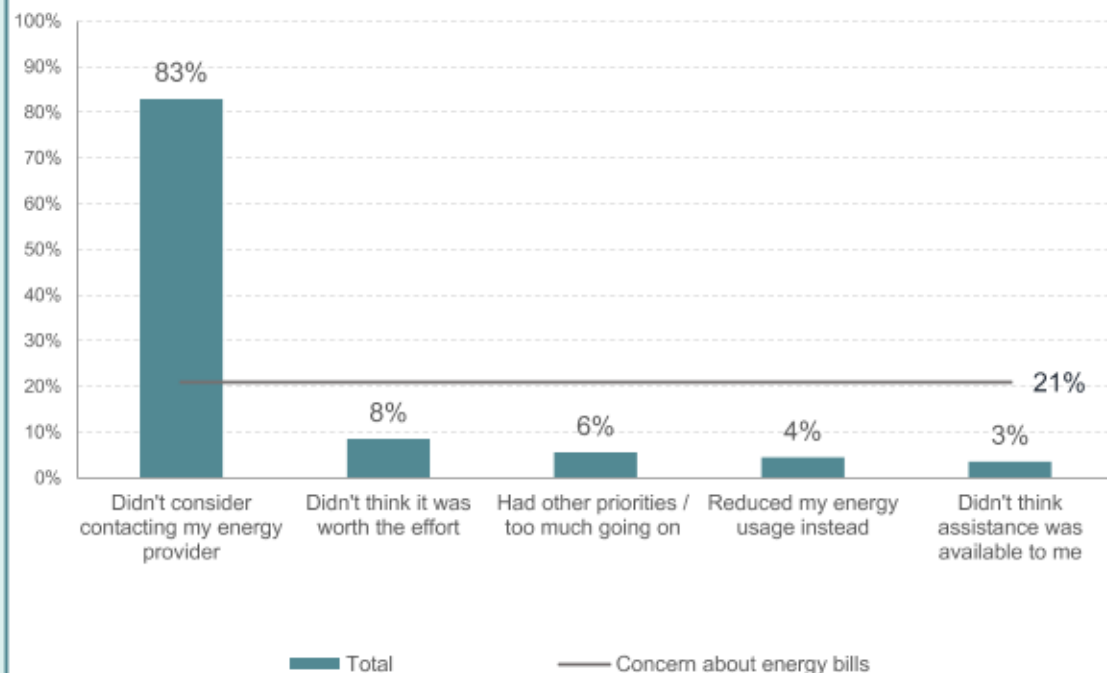
Source: QEM3. What did the energy provider do as a direct result of your contact with them?

Base: Those who contacted energy providers in last 4 weeks (n=76), Male (n=34), Female (n=42), Owner with mortgage (n=32), Renting (private) (n=15), Young people (n=16), Disability (n=17).



# Reasons for not contacting energy provider

Reasons for not contacting energy provider



## Summary of results

In June, when asked if they had contacted their energy provider in the last 4 weeks, 89% of Victorians said “no”. When asked about the reasons for this, the majority had not even considered contacting their energy provider (83%), even though many were concerned about their ability to pay the energy bills (21%).

At much lower proportions, there were reasons such as not thinking it was worth the effort (8%), having other priorities (6%), thinking it was preferable to reduce energy usage instead (4%) and not thinking assistance was available to them (3%).

*“I’m happy with my current arrangement.”*

**Female, 35-49, Melbourne, full-time employee, owner with a mortgage.”**

*“My housemate usually deals with the energy company.”*

**Male, 25-34, Melbourne, full-time employee, private renter.”**

# Reasons for not contacting energy provider - by subgroup

## Summary of results

In June, people with disability, private renters and younger people were the least likely to contact their energy providers, with 83%, 92% and 92% respectively reporting they had not done so in the last 4 weeks (not shown).

People with disability were more likely to have other priorities (11% compared to the 6% Victorian average) or chose to reduce their energy usage instead (11% compared to 4%).

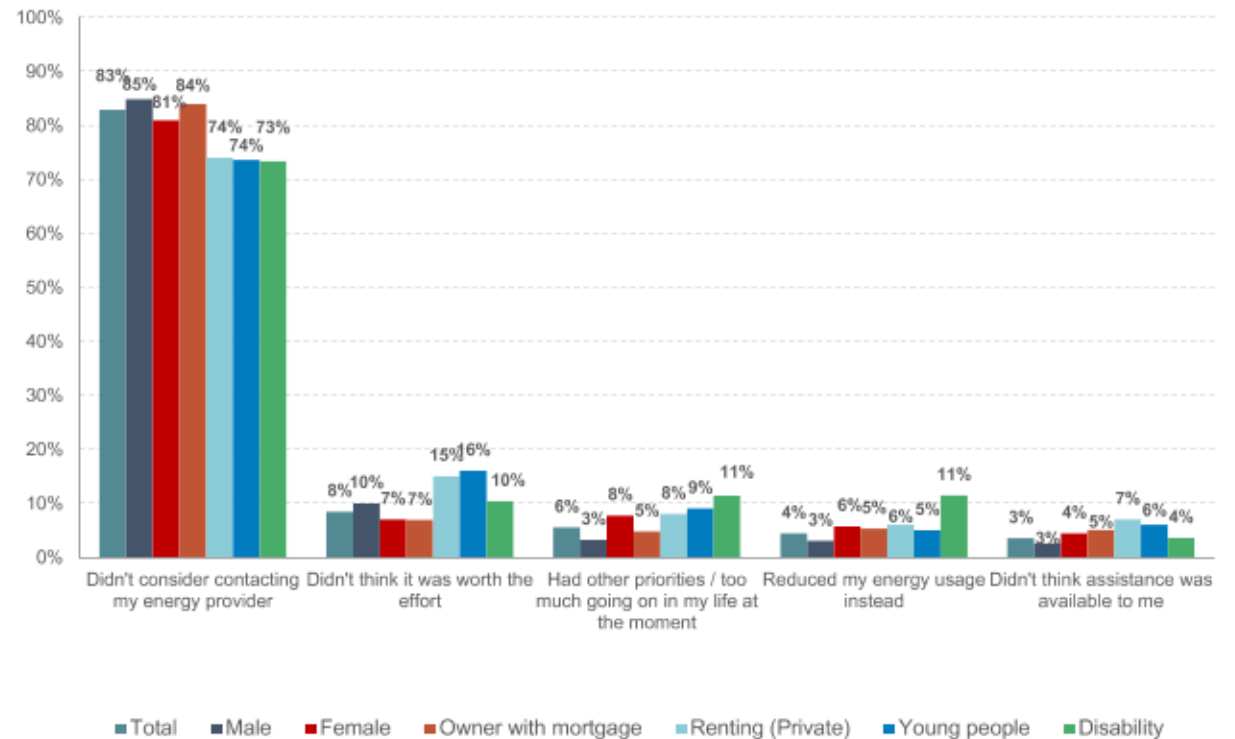
Private renters and younger people were more likely to say they didn't think it was worth the effort (15% and 16%, compared to the 8% Victorian average) or they didn't think assistance would be available to them (7% and 6%, compared to 3%).

Males (85%) and homeowners with a mortgage (84%) were the only groups slightly above average (83%) in 'not considering contacting their energy provider' as the main reason for not contacting them in the last 4 weeks in June.

*"I don't believe I could get a better deal. I use a sustainable provider."*

*Female, 35-49, Melbourne, part-time employee, owner with a mortgage."*

Reasons for not contacting energy provider by subgroup



Source: QEM4. What stopped you from contacting your energy provider?

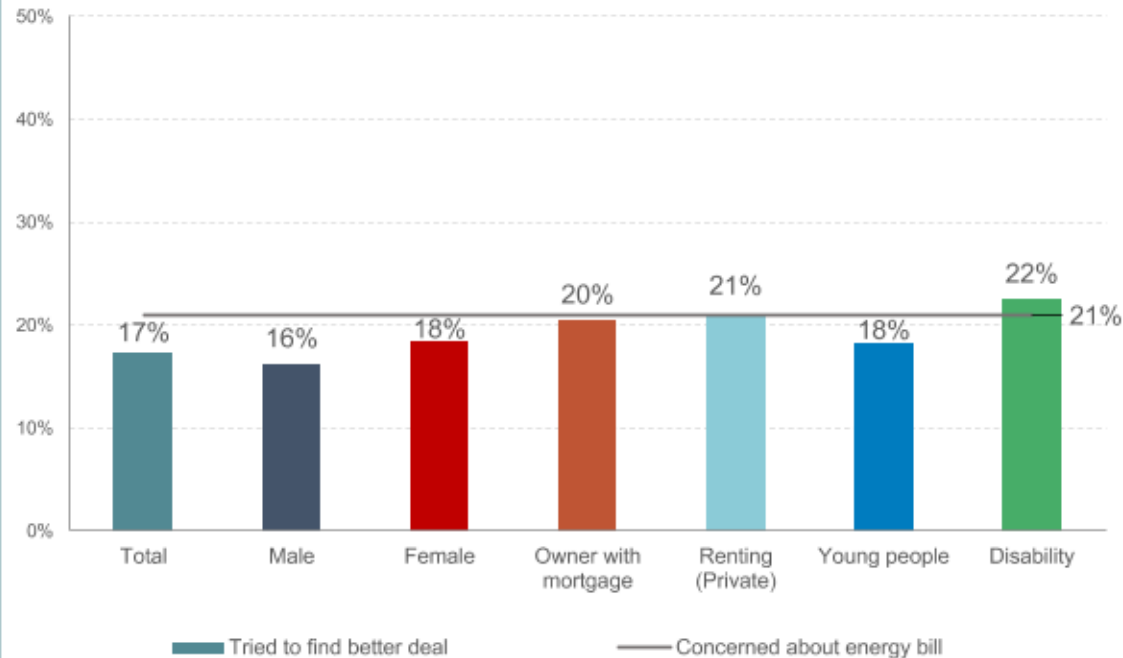
Base: Those who did not contact energy providers in last 4 weeks (n=550), Male (n=249), Female (n=300), Owner with mortgage (n=182), Renting (private) (n=127), Young people (n=136), Disability (n=81).



Energy offers – comparing and switching

# Trying to find a better energy deal

## Tried to find a better energy deal



## Summary of results

Overall, 17% of Victorians reported in June that they had tried to find a better energy deal over the past 3 months.

Certain groups of Victorians were more likely to try to find a better deal, such as people with disability at 22%; as well as private renters (21%) and homeowners with a mortgage (20%).

The proportion of Victorians trying to find a better deal was often lower than the proportion reporting concern over their ability to pay for their energy bills. As seen earlier in the report, this was often due to consumers thinking it was all too hard (22%) or considering they are already on the best deal (36%), but mostly because they did not think of or consider it (83%).

*"If I swap, I need to pay the sign up costs at the new company and I have to pay the outstanding balance of the current company."*

**Male, 25-34, Regional Victoria, jobseeker, private renter."**

*"I waited for 20 minutes, then was put through to someone else and then told they had technical difficulties. They could have offered to call back."*

**Female, 35-49, Melbourne, full-time employee, owner with a mortgage."**

Source: QEM7. Have you tried to find a better energy deal (for your electricity and / or gas) over the past 3 months (that is, since March)?

Base: Victorians aged 18+ (n= 626), Male (n=283), Female (n=342), Owner with mortgage (n=214), Renting (private) (n=142), Young people (n=152), Disability (n=98).

# Ways to find a better energy deal

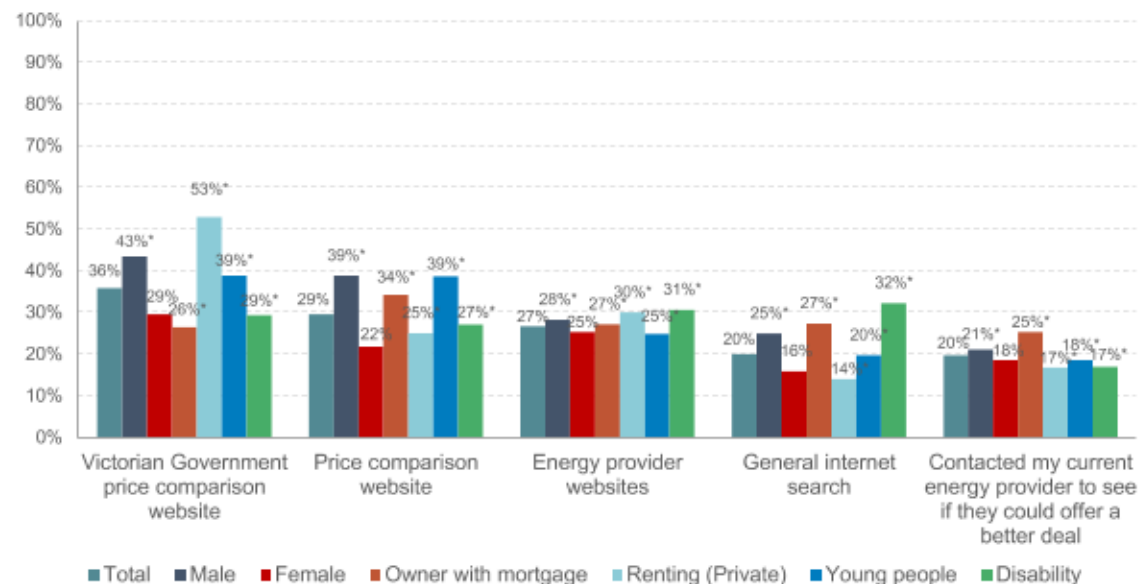
## Summary of results

Victorians who had tried to find a better energy deal in the previous 3 months during June (17%) used a variety of ways in which to do it. The most common was the Victorian Government's price comparison website (36%). This was particularly popular with private renters (53%), as well as males (43%) and younger people (39%).

Price comparison websites in general were also a common way Victorians tried to find a better energy deal (29% overall). While it was still used well above average by males and younger people (both at 39%), only a quarter of private renters used this avenue.

Energy provider websites were used by 27% of Victorians searching for a better deal, with little variance between subgroups. General internet searches and contacting their current provider about a better deal were used by 20%. Other methods (not shown) were following up on communications received from energy providers (16%) and speaking to friends and family (15%). No one mentioned speaking with financial advisers as a way of finding (or to help find) a better energy deal.

Ways to find a better energy deal by subgroup



- Asterisk (xx%\*): Base n<50, results are indicative only

*"It's annoying to have to switch energy providers every couple of years in order to find the best deal. They sign you up to a really good deal that only lasts about a year or two. Most aren't very transparent about this so you do get a big shock down the line when your usage stays the same but your bill doubles or triples in price."*

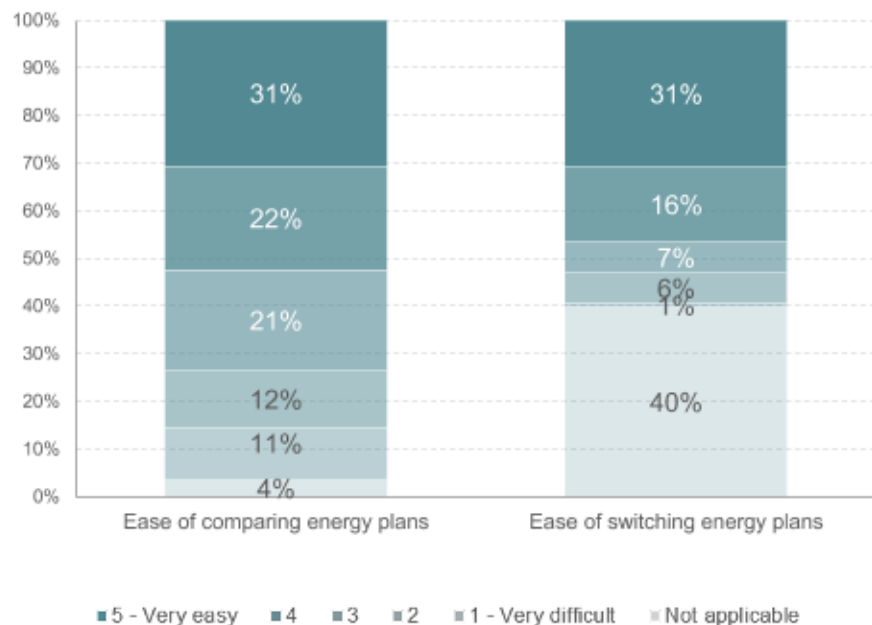
**Female, 18-24, Melbourne, private renter."**

Source: QEM8. How did you go about finding a better energy deal?

Base: Those who switched energy plan/provider or tried to find better energy deal (n=114), Male (n=47), Female (n=67), Owner with mortgage (n=49), Renting (private) (n=30), Young people (n=30), Disability (n=25).

# Ease of comparing and switching plans

Ease of comparing and switching plans



## Summary of results

Victorians who had taken action to find a better energy deal were asked about the ease of comparing energy plans. More than half (53%) found it easy, with 31% finding it very easy. Still, there were 23% Victorians who found the process difficult (11% very difficult), reflected in many comments from respondents.

Those same Victorians were asked about the ease of switching plans. Although slightly lower than the ease of comparison, still almost half of respondents (47%) found it easy (31% very easy) and only 1% finding the process very difficult.

Several of those who tried to find a better plan did not end up switching, accounting for most not applicable answers (40%).

*"I have swapped providers quite a lot to get the best deal. Most of them are similar to deal with. My big problem is how difficult it is to reach them on the phone. Very long wait times if you cannot resolve issues online and have to speak to a customer service person."*

**Female, 50-64, Melbourne, full-time employee, owner with a mortgage."**

