

Thursday, 25 January 2018

Satisfaction with electricity providers declining

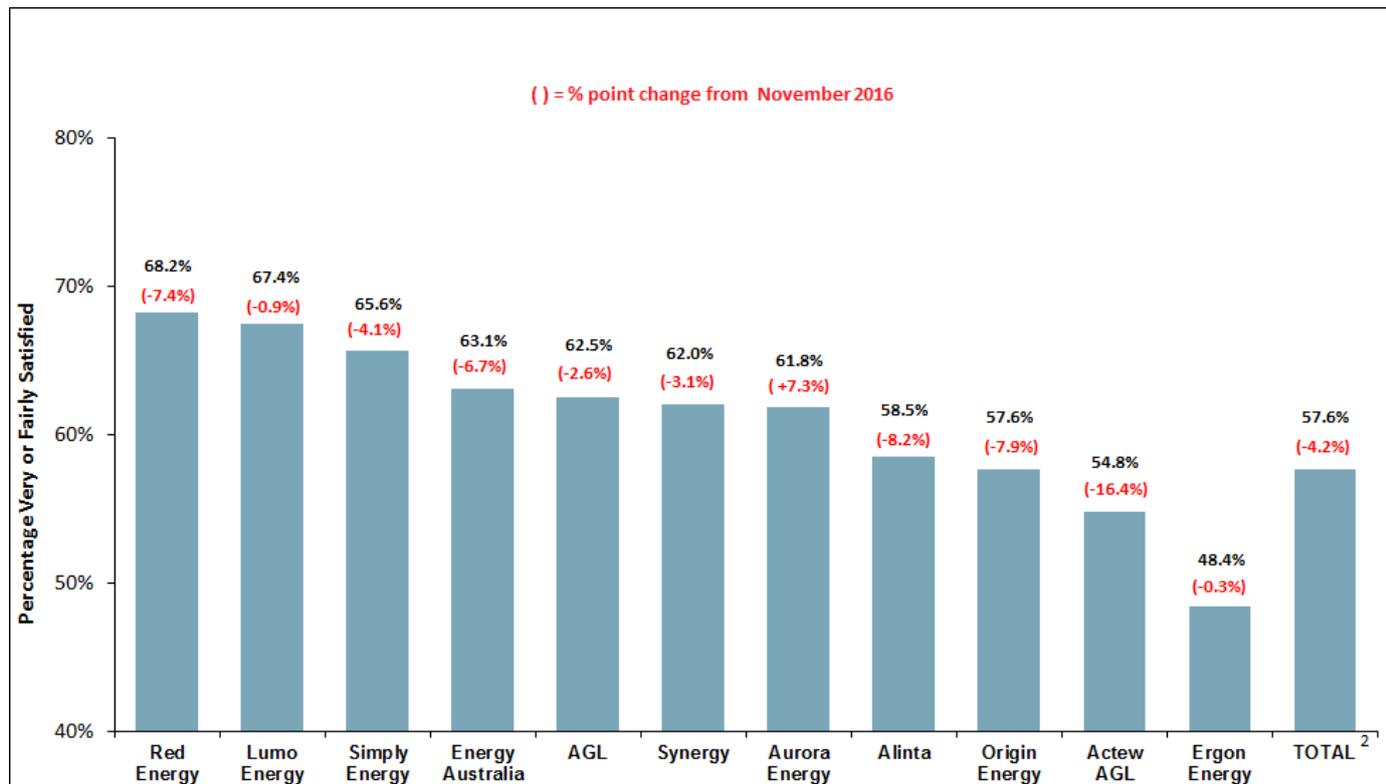
New results from Roy Morgan show that customer satisfaction with electricity providers in the 12 months to November 2017 was only 57.6%, down from 61.8% in the 12 months to November 2016. This low satisfaction level appears to be increasing the number of customers that are considering switching over the next 12 months to approximately 1.2 million households at the end of 2017, up from around one million in early 2017.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including over 15,000 electricity customers.

Red Energy retains satisfaction lead

Red Energy with a satisfaction rating of 68.2% remains in top position among the largest providers, narrowly ahead of Lumo Energy (67.4%) and Simply Energy (65.6%). There is a wide range of satisfaction levels across the major players, with Ergon Energy on only 48.4% being currently the lowest performer.

Electricity Provider Satisfaction - 11 Largest¹



1. Based on customer numbers. 2. Includes brands not shown. **Source:** Roy Morgan Single Source (Australia). 12 months to November 2016, n= 14,240; 12 months to November 2017, n= 15,025 **Base:** Australians 14+ with electricity connected.

With satisfaction declining by 4.2% points across the total market over the last year, it is not surprising that declines in satisfaction were seen across nearly all the major players with the exception of Aurora Energy which improved by 7.3% points. Both of the largest players

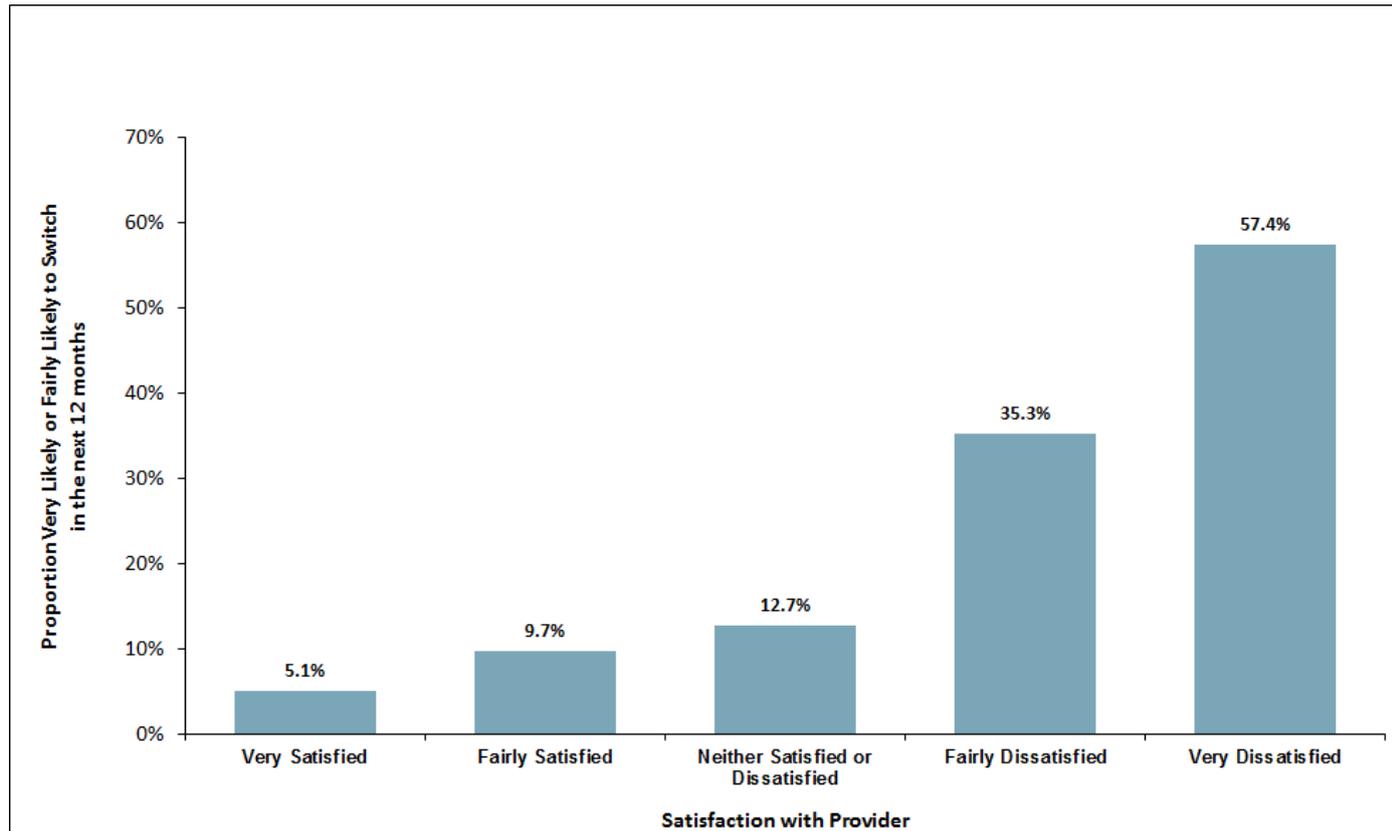
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showed a drop in satisfaction, with Origin down 7.9% points (to 57.6%) and AGL down 2.6% points (to 62.5%).

Satisfaction level with electricity provider impacts switching intentions

The following chart shows that the level of satisfaction across the five point scale has a direct impact on switching intentions. For example, more than half (57.4%) of the customers who are 'very dissatisfied' with their electricity provider say that they are either 'very likely' or 'fairly likely' to switch companies in the next 12 months. Even more than a third (35.3%) of those who are 'fairly dissatisfied' say they are likely to switch in the next 12 months.

Likelihood Of Switching Electricity Provider In The Next 12 Months By Level Of Satisfaction



Source: Roy Morgan Single Source (Australia). 3 months to November 2017, n= 3,836 **Base:** Australians 14+ with electricity connected.

Those customers who are 'very satisfied' have a very low intention to switch at only 5.1%, which is well below the current industry average of 12.2%. Even those who are only 'fairly satisfied' have a below average intention (9.7%) to switch providers in the next 12 months.

Norman Morris, Industry Communications Director, Roy Morgan, says:

"The decline in satisfaction with electricity providers over the last year, down to only 57.6% is of major concern because it is well below the level of 73.5% when this survey began in 2009. It is likely that the most recent decline is a result of the continual negative news regarding energy shortages, blackouts, reliability, price increases and general lack of confidence in the long term direction the government is taking to tackle these issues.

"It is important to note that although most of the major electricity providers are operating in a similar negative environment, the fact that there are major differences in satisfaction show that there are lessons to be learnt by examining what the better performers are doing right.

"The decline in satisfaction appears to be increasing the switching intentions and so undermining customer loyalty and trust in the major providers".

For comments or more information about Roy Morgan's electricity data, please contact:

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Related research findings

View the [Customer Satisfaction – Electricity Providers Report](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

