

Discover your edge

Monday, 20 January 2014

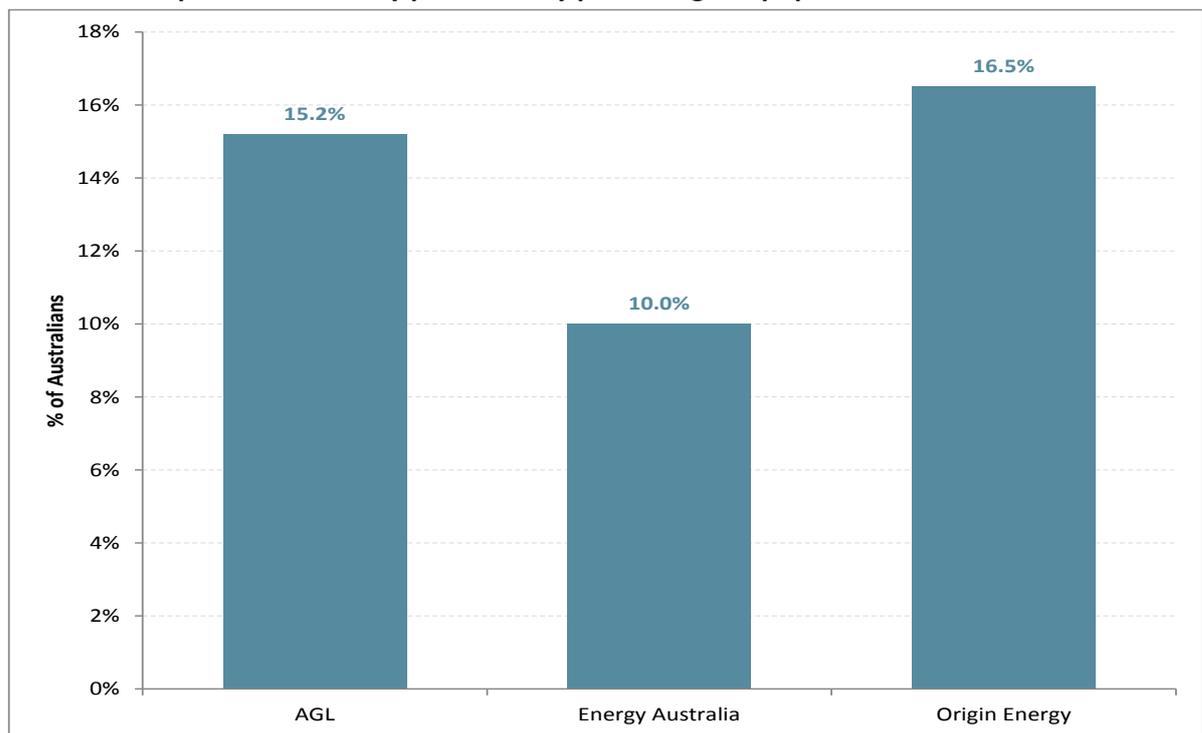
Rising electricity costs enough to give anyone a shock

To paraphrase Benjamin Franklin, nothing is certain except death, taxes — and ever-increasing electricity costs. Yet while 99% of Aussies live in a household connected to electricity, and pay more money every year for the privilege, over a fifth of them don't know which company is their provider. Utilities may not be a topic that causes Australian passions to run high, but the cost of living is — and when electricity bills keep going up, perhaps it's time to take notice.

Among Australians who know the name of their providers, a pattern soon emerges: Eastern seaboard-based Origin Energy, AGL and EnergyAustralia dominate the Australian market for electricity retail.

Origin Energy is the leader for electricity, with 16.5% of Australians living in Origin-powered households, followed by AGL (15.2%) and EnergyAustralia (10.0%).

Australia's top three electricity providers by percentage of population



Source: Roy Morgan Single Source (Australia), October 2012-September 2013 (n = 19,585). **Base:** Australians 14+

The price of power

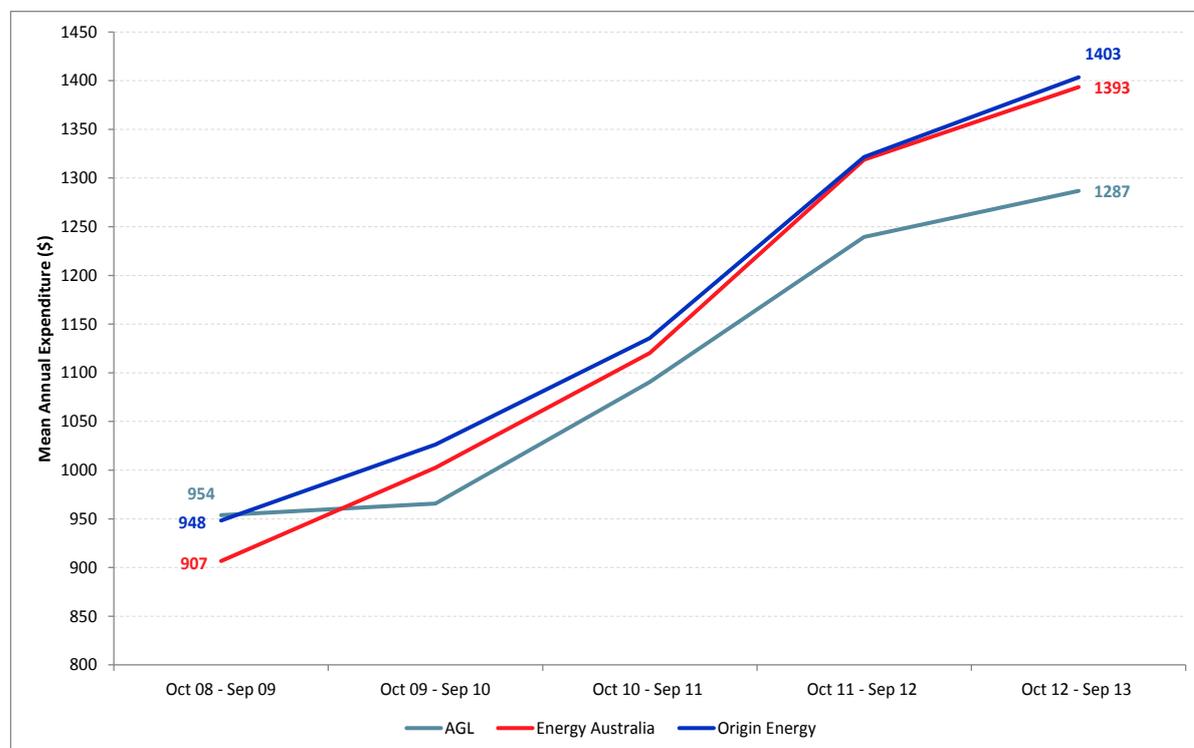
When asked why they chose their current electricity provider, cost is the main reason cited by people in households connected to AGL, Origin and EnergyAustralia. A quarter of those in AGL-

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connected households, 24% of those connected to Origin, and 23% of those with electricity provided by EnergyAustralia nominate a 'cheaper or better deal' as their reason.

A comparison of how much Origin, AGL and EnergyAustralia customers are shelling out annually on their electricity expenses now and in 2009 reveals the dramatic extent to which electricity costs have increased. Whether they're living alone or part of a large family is immaterial: expenditure has risen across the board.

How electricity costs have risen since 2009



Source: Roy Morgan Single Source (Australia), October 2012-September 2013 (n = 19,585). **Base:** Australians 14+

Australians living in households powered by EnergyAustralia saw their electricity expenses increase the most: from an average cost of \$907 p.a in the 12 months to September 2009, their annual electricity expenditure has risen by \$486 (or 54%). On average, Origin customers are paying almost 50% more than they were five years ago and AGL customers just over a third.

Yet when asked whether they'd be likely to switch providers if they could, a far higher proportion of Origin, AGL and EnergyAustralia customers said they'd be unlikely to switch than those who said they'd be likely. A case of better the devil you know, perhaps?

Geoffrey Smith, General Manager — Consumer Products, Roy Morgan Research, says:

"In those states where deregulation has taken effect, the utilities market is increasingly competitive. AGL, Origin Energy and EnergyAustralia are presently the country's leading energy providers, but would be unwise to rest on their laurels while up-and-coming contenders such as Lumo, Dodo and Australian Power & Gas are working hard to build their own customer bases."

“True, a large portion of customers are reluctant to switch suppliers despite skyrocketing electricity costs (possibly due to the perceived inconvenience or the belief that providers are all the same) — but many others are open to better offers.

“In order to maintain and attract customers, energy providers need a thorough understanding of who exactly their clients are: how they think, their living conditions and what factors might influence their decision to switch energy provider.

“Roy Morgan Research’s ground-breaking profiling tool [Helix Personas](#) can help them home in on customers present and potential. No less than 64% of [New Australians](#), for instance, agree with the statement ‘I’ll go out of my way in search of a bargain’ (33% above the national average) so might be convinced to switch providers if they became aware of a cheaper deal. Young and well-educated, this group tend to be recent immigrants working towards financial security.

“Meanwhile, the trendy, upwardly mobile [New School Cool](#) segment is 15% more likely than the average Aussie to be feeling financially stable at the moment, so probably isn’t too concerned about electricity costs. However, they’re very environmentally conscious, so could possibly be swayed by a company with sound green policies.”

For comments or more information please contact:

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Related research reports

View our extensive range of [Utilities Profiles](#), including [Switching Electricity Intenders](#), [Electricity Provider Satisfaction](#), [Gas Spend profiles](#), [Gas User profiles](#) and more. These profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

[Learn more about Roy Morgan’s Utilities research.](#)

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

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
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2