

Article No. 8409

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Friday, 15 May 2020

Utility companies have a significant consumer distrust problem

As part of its extensive, continuous measurement of consumer trust and distrust in Australia, Roy Morgan tracks 44 brands in the Utilities sector: gas, electricity and water providers.

The latest March 2020 results show the amount of distrust felt towards Utilities brands as a group significantly outweighs the trust they generate, resulting in the industry falling deep into Net Distrust territory — ranked 22nd of 25 industry sectors. This finding will undoubtedly concern many in the sector, particularly with federal and state energy watchdogs monitoring providers more closely than ever, given the number of customers now experiencing financial hardship.

There are exceptions among the 44 brands being tracked: Red Energy, Aurora and Simply Energy are all trusted brands, while Alinta Energy has a neutral score. But some of Australia's biggest energy brands are its most distrusted.

Roy Morgan releases its trust and distrust findings under the title The Risk Report. The firm's CEO, Michele Levine, explains why:

"Distrust has a very real, measurable effect on a company's bottom-line. It directly triggers customer churn, a higher cost of doing business, and a falling share price. Brands that don't know the scale of their consumer distrust are ignoring a very important risk factor — hence the title.

"It's clear from our research that consumer trust and distrust have quite different drivers. In the case of Utilities brands, the single biggest element in trust is good personal experience, including being able to speak to someone who can quickly resolve any problems that arise. But the biggest drivers of distrust are perceived dishonest or unethical business practices. That's why building on existing trust does nothing to address the corrosive effects of distrust."

Opportunity awaits brands able to respond

Statutory body the Australian Energy Regulator has put energy retailers on notice that economic changes resulting from the COVID-19 pandemic require major changes in procedure, including no disconnections for those in financial stress and no referrals of unpaid accounts to collection agencies until at least the end of July. AER Chair, Clare Savage said in a statement, "People enter into a contract when they sign up with an energy retailer. But businesses also have a deal, a social contract, with the community in which they operate. At a time like this, it is vital they remember their broader social obligations."

Roy Morgan CEO Ms. Levine says Utilities brands' response represents an opportunity to address existing distrust and work towards a Net Trust position:

"Consumers are very watchful of how companies, including Utilities, are reacting during this crisis. What they experience and observe feeds directly into their feelings of trust and distrust. By closely monitoring these scores, brands can see the effects of their actions and messaging. Brands with high distrust scores have a real opportunity to address that distrust risk by ensuring their consumers are cared for."

To request an interview with Michele Levine or find out more about this data, contact:

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Roy Morgan makes its Risk Monitor data available in a variety of formats, from snapshot overviews to detailed tracking of individual brands and their competitors. To learn more call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

To see the full range of Risk publications and products including the [Risk Report 2020](#), visit the [Roy Morgan Online Store](#).

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About Roy Morgan

Roy Morgan is the source of the most comprehensive data on Australians' behaviour and attitudes, surveying 1,000 people in a continuous cycle that has been running for two decades. The company has more than 75 years' experience collecting objective, independent information.