



## There is little loyalty to electricity suppliers as attitudes towards energy providers change in the competitive landscape of energy supply in Australia

Connection Research

Sydney, 28 October 2010

A major new consumer study shows that residential electricity consumers have little loyalty to their suppliers. The report, Residential Energy Management in Australia 2010, was released by Connection Research and based on a survey of over 2700 households. The survey results shows that most consumers are prepared to jump ship for a reduced price on energy or more flexible billing options.

“Energy costs are rising much faster than inflation. Australia has lost its position as a low cost supplier of residential electricity and now has some of the highest rates in the developed world,” says Cassandra Phillips, Sustainability Portfolio Manager and co-author of the report. “And prices are likely to go higher still. At the same time there is a lack of awareness about flexible billing and usage options, which creates an opportunity for suppliers.”

The survey uncovered information about consumer attitudes and behaviour of interest to utilities, the government and consumer advocacy groups. Nine out of ten respondents rate information about pricing options to be an important factor in changing their energy supplier, which creates an enormous opportunity for suppliers to compete by improving their pricing models for electricity to the consumer.

In recent years a new energy market has emerged in Australia, through the introduction of national competition policies for the supply of electricity. The reform process and market deregulation have increased the complexity of the industry and market structures, and changed the role of many industry participants as well as greatly affecting the relationship between the residential consumer and electricity retailer. Producers, generators, retailers and users now all require a far greater degree of expertise to maximise the potential benefits of competition. Consumers in most states now have a choice of retailer. Utilities now have to provide a better service to their clients for fear of losing them in a competitive market. The winners should be the consumers – but often they are not.

The survey also found that consumers also have a low level of knowledge about suppliers' electricity optimisation programs. Only 8.5% of respondents have any knowledge of the schemes introduced by their supplier to effectively manage electricity consumption in the home, indicating that although the utility market is investing in education and awareness campaigns the message is not getting through.

Australian governments have invested heavily in developing new initiatives and incentives to educate the Australian public on how to reduce their energy consumption, power bills and carbon pollution. After the recent federal election energy efficiency is back on the agenda, and governments are looking at developing campaigns that encourage Australians to do their best to reduce the consumption of energy in the home. Consumers on the other hand are looking at all of the stakeholders for answers on why their electricity bills continue to rise.

“Consumers have told us that more information about pricing options, a lower overall price on energy and a greater knowledge of what appliances use most power are imperative to changing their energy supplier,” says Ms Phillips. “Consumers are quite prepared to change supplier if these critical issues are addressed in the competitive market of residential energy supply.”

"We have taken the data collected and cross tabulated the information by energy retailer to provide us with detailed data sets on the relationship between the consumer and the supply market. We know that the combination of a better pricing model coupled with the knowledge of how the home uses electricity are real drivers for Australian consumers in this competitive market," she says.

"This highlights the significant gap between what consumers know about the competitive landscape of energy supply and what they are doing in terms of energy usage in their home. The retail energy market is in need of a shake up when it comes to the real value of their customers."

For more information about the Residential Energy Management in Australia report contact Cassandra Phillips on +61 2 9467 9833

[www.connectionresearch.com.au](http://www.connectionresearch.com.au)

Connection Research is an Australian market research and analysis company with a focus on corporate and consumer usage of sustainable and digital technologies. Its primary methodology is demand-side research, surveying consumers of technology about usage patterns, attitudes and plans. It operates across four practice areas: Green IT, Carbon and Compliance, Building Industry and Trades, and Community Sustainability.

#### **Contacts**

Cassandra Phillips on  
+61 2 9467 9833  
mailto: [cassandrap@connectionresearch.com.au](mailto:cassandrap@connectionresearch.com.au)