AEMC

INFORMATION

# Fact sheet: Research on consumer engagement

**We have undertaken research to develop a consumer engagement blueprint designed to inform and empower consumers in choosing energy offers that suit their needs. The research explored existing knowledge, drivers and barriers to changing energy plans, and consumers' information needs and preferences.**

## Why did we undertake this research?

Competition is delivering discounts and other benefits to NSW electricity and gas consumers and many are taking advantage of the choices they have. However, consumers want better information and support to help them choose an energy plan that suits their needs. The purpose of the research was to identify the information needs of consumers and the tools they require to compare offers. While the research was undertaken in NSW the findings are relevant to other states and territories.

## Our methodology

We undertook extensive research to inform the blueprint including:

- a review of the relevant literature;
- a consumer focus group in Sydney and two four-hour deliberative forums in Parramatta and Wagga Wagga;
- a survey of 1,200 small consumers across NSW conducted via telephone interviewing and online surveys – respondents were aged 18 and over and were the main or joint decision maker when it came to choosing the household's energy retailer; and
- 20 in-depth interviews with community organisations representing different segments of the community (e.g. those living in regional areas, people on low incomes, older consumers, people with a disability, those from a non-English speaking background, Indigenous Australians and small businesses).

We engaged Newgate Research to undertake much of this research, which is set out in full in a report available on our website.

## Our findings

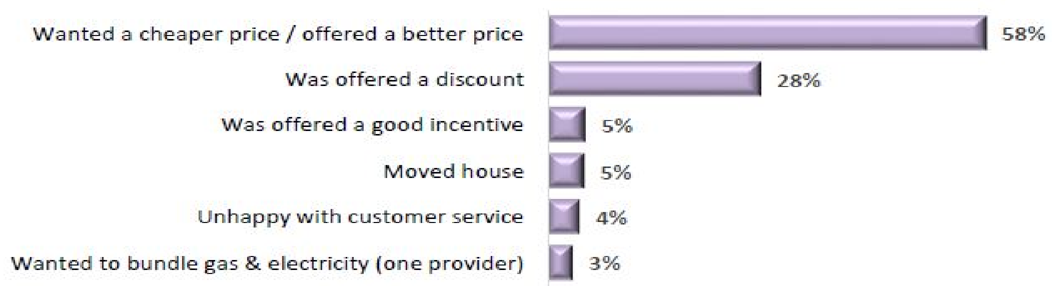
### Key finding 1

Despite strong awareness that consumers can choose an energy retailer and plan, most have minimal knowledge of what their options are and how to go about finding credible information.

### Key finding 2

Saving money is by far the strongest driver for changing energy retailer.

The following chart sets out the top six reasons given by respondents to the survey for changing their energy plan the last time they switched.

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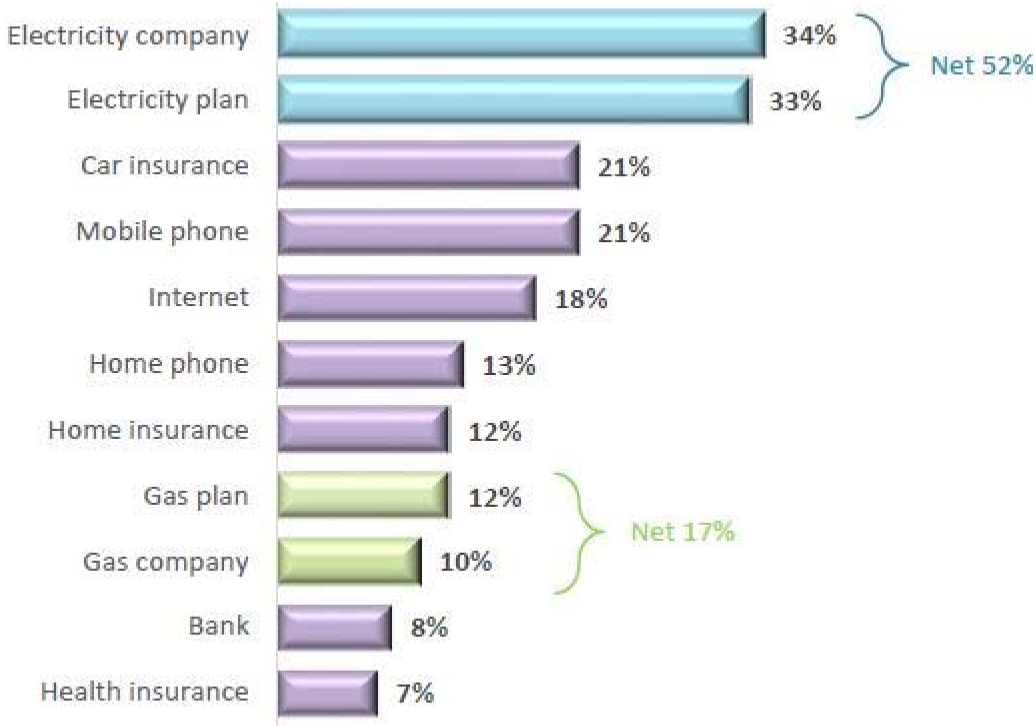
Over half of respondents to the survey had changed their energy plan in the last two years.

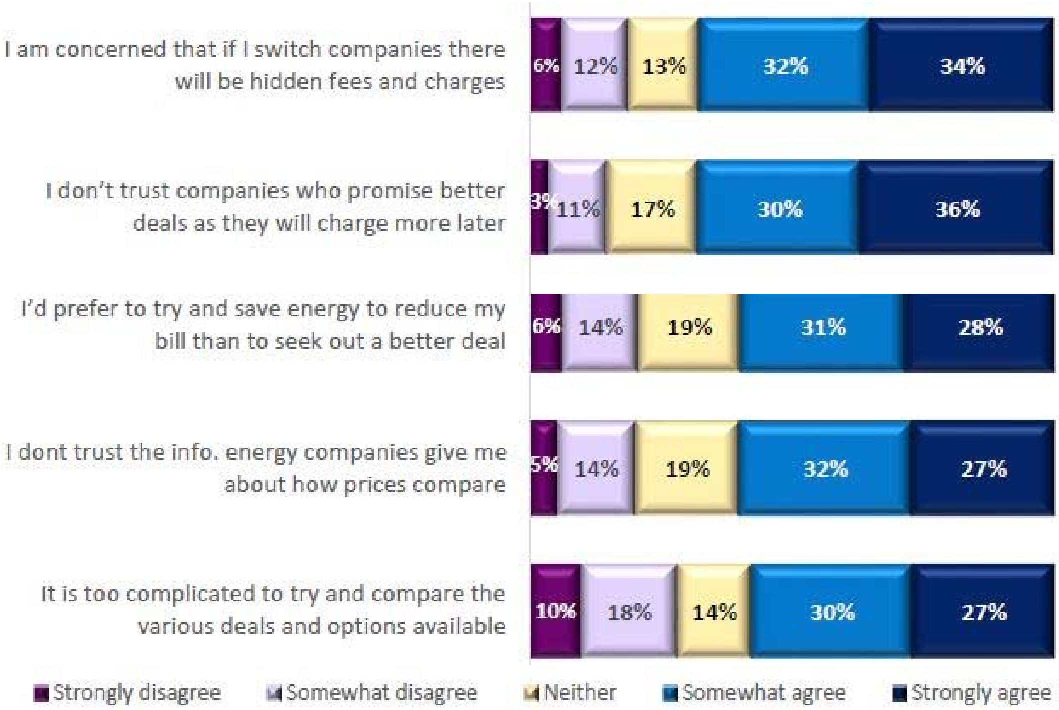
**Key finding 3**
Over 50 per cent of respondents said they had changed their electricity retailer or plan in the last two years. The main trigger for considering changing plans is proactive approaches by retailers. By comparison, one in five consumers had changed their car insurance provider or mobile phone provider (21%).

The following chart sets out the proportion of respondents to the survey that had changed their arrangements for a number of other products and services in the last two years.




**Key finding 4**
Consumers' intention to change their energy retailer or plan in the near future is reduced by a lack of perceived incentive to do so and lack of trust of retailers.

The proportion of respondents that agreed to certain statements about changing their energy plan is set out in the chart below.



76% of respondents to the survey said they would change their energy plan if they knew they could save money.

**Key finding 5**
Despite the finding that half of respondents in the survey said that they were unlikely to change their energy retailer or plan in the next 12 months, more people would be interested in switching if they knew they could save money.

The proportion of respondents to the survey that would change their retailer or plan if they knew they could save money is shown in the chart below.


**Key finding 6**
The majority of participants were keen to see an independent credible source of information that would allow them to compare offers.

The following chart sets out the proportion of respondents to the survey that rated certain information as useful when looking for an energy plan.


**Key finding 7**
Segmentation analysis of the results of the survey identified six consumer segments:

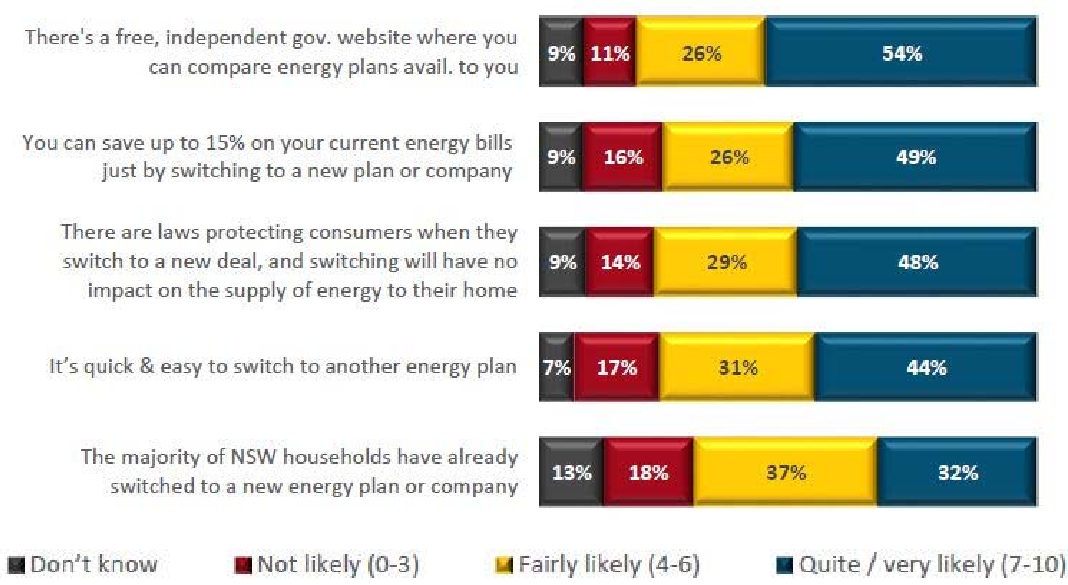
- Confident switchers – Confident that they know the options available, likely to have switched, be currently looking for a better deal or intend to switch.
- Cautious switchers – Fairly interested in switching but lack confidence and need reassurance about consumer protection.
- Sceptics – Confident that they know the options and concerned about prices but unlikely to switch. They lack trust and find it too complicated to compare offers.
- Show me the savings – Fairly confident and concerned about prices but unlikely to switch. Can be swayed if they can save money. Looking for credible information.
- Leave me alone - Very low interest and confidence and highly unlikely to switch despite moderate concern about prices.
- The stickers – Highly confident with moderate interest and concern but extremely unlikely to switch. Happy with current provider.

The proportion of respondents to the survey in each segment is set out in the chart below.

80% of respondents to the survey said that they would be more likely to seek out a better energy deal if there was a free independent government website where they could compare plans.

**Key finding 8**
A public information campaign designed to encourage consumers to consider changing their plan was supported.

The chart below shows the proportion of respondents to the survey that said they would be more likely to seek out a better energy deal after hearing each of the statements.




**Key finding 9**
The research shows that attitudes and opinions are fairly widespread and are not driven by demographics, thus the same key messages can be used across the community.

However, some methods of communicating these messages may be more effective for some demographics. For example, face-to-face information from financial counsellors may be a more effective way of communicating with consumers with low incomes.

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