



COVID-19 Customer Vulnerability

Customer Research
Insights Report
Wave 1, Q4, Dec 2020

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The background features a city skyline at sunset with a large, glowing lightbulb in the center. The lightbulb is surrounded by a network of white lines and dots, resembling a molecular or neural network. In the top left corner, there are several overlapping circles in green, blue, and orange, with a dashed white line forming a circle around them. The overall color palette is warm, with oranges, yellows, and greens.

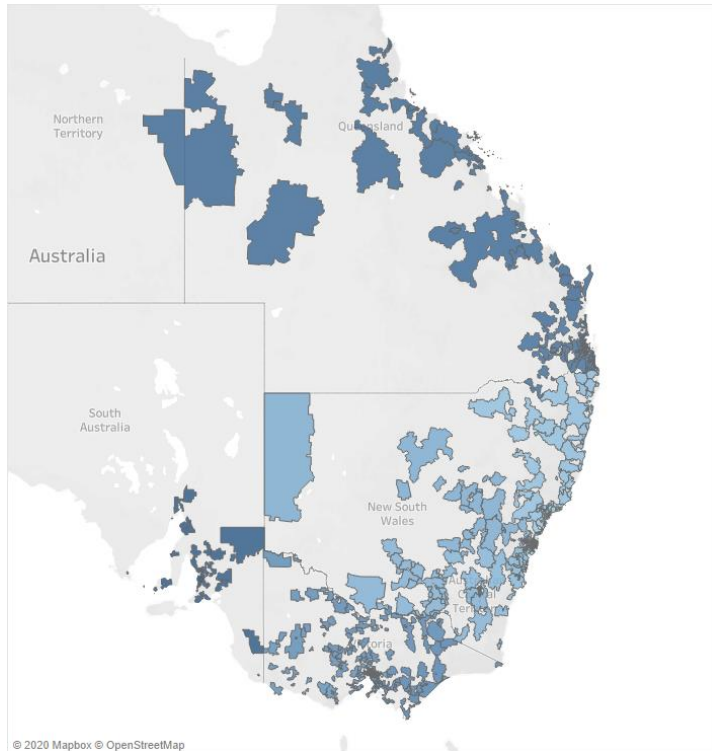
Research Overview

Our methodology and outputs

Research methodology

An online questionnaire was administered between the 23rd October – 2nd November, in order to develop an understanding of changes in customer wellbeing and to gauge their sentiment towards energy in the context of the COVID-19 pandemic.

Respondent locations



Method

- This survey used a **random sample of 3,019** respondents
- Respondents were **representative of the Australian population**, using controlled attributes across **Median age, Gender and State (VIC/NSW/QLD/SA/ACT)**
- **Respondents were qualified** to ensure they were both 'connected to electricity' and 'pay or have sight of their energy bill'
- Respondents were asked a range of **questions covering the following topics:**
 - Demographics
 - Wellbeing and outlook
 - Individual & household impacts
 - Actions taken and hardship support
 - Communication preferences
 - Energy investments

Insights *on-a-page*

6 key topline insights were uncovered in the initial analysis of the Energy Charter COVID Customer survey.

2020 has been a difficult year, but people remain optimistic

47% of people stated that 2020 has been a difficult year for them. Additionally 31% of respondents are feeling burnt out from balancing everything in their life (e.g. work, family). 43% of people however believe that their lives will be better a year from now.

Household finance stress will likely worsen as income supplements are paired back

37% of people experienced a drop in overall household income. 18% of respondents have also received JobSeeker or JobKeeper payments in the last 3 months. As these income supplements eventually reduce and cease, customers who rely on these payments for essential spending (e.g. food & rent) may fall further into hardship. It will become increasingly important to track the vulnerability of these customers in subsequent survey waves.

COVID lockdown has amplified both the priority of and spend on energy bills

37% of people stated that their energy bill spend has increased in the last 3 months, the largest proportion across all household spending items. Additionally, people indicated that energy bills were in their top 3 most important household spending items.

People intend to take conscious measures to reduce spend and manage cost


In the next 3 months, roughly a quarter (24%) of people intend to reduce spending on essential items where possible. Over half of the people either currently do or intend to undertake conscious behavioural changes such as moving appliance use to off-peak times and monitoring temperature settings for heating/cooling in order to better manage their energy.

People are clear on *what* they want to hear about and *how* from their energy providers

For people who are currently receiving or may need energy bill support, bill discounts and energy tips communicated on a monthly basis via email was the most preferred communication model.

Cost outlay is both the biggest driver for and barrier against making energy investments

The most popular energy investments that respondents are considering/intending to purchase in the next 3 months include solar panels (10%), solar hot water (9%) and battery storage systems (9%). Reducing costs was the main reason for respondents making energy investments. Similarly, the cost of investments outweighing the benefits was the biggest barrier against respondents making energy investments.



Vulnerability Analysis

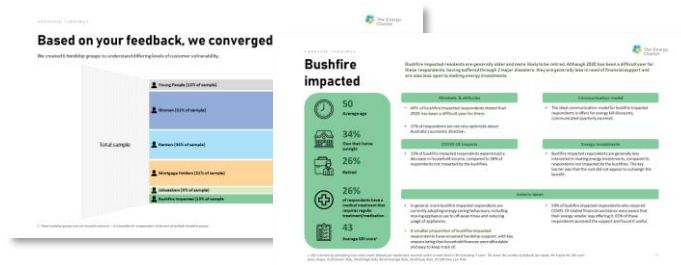
The emergence of vulnerable groups

Our focus

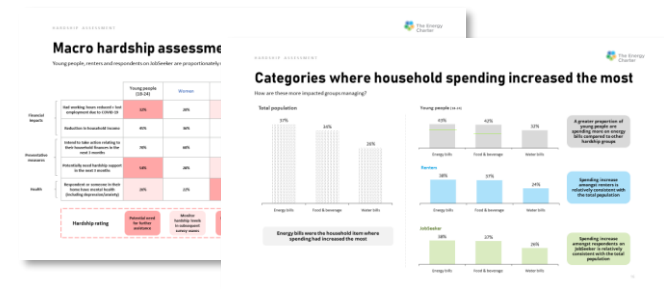
In order to *anchor* the final iteration of research and synthesis, and provide a foundation for subsequent waves, we developed a focussing question.

How might we target our synthesis around specific groups, to converge focus on the nuances of vulnerability?

Top line insights by vulnerable group

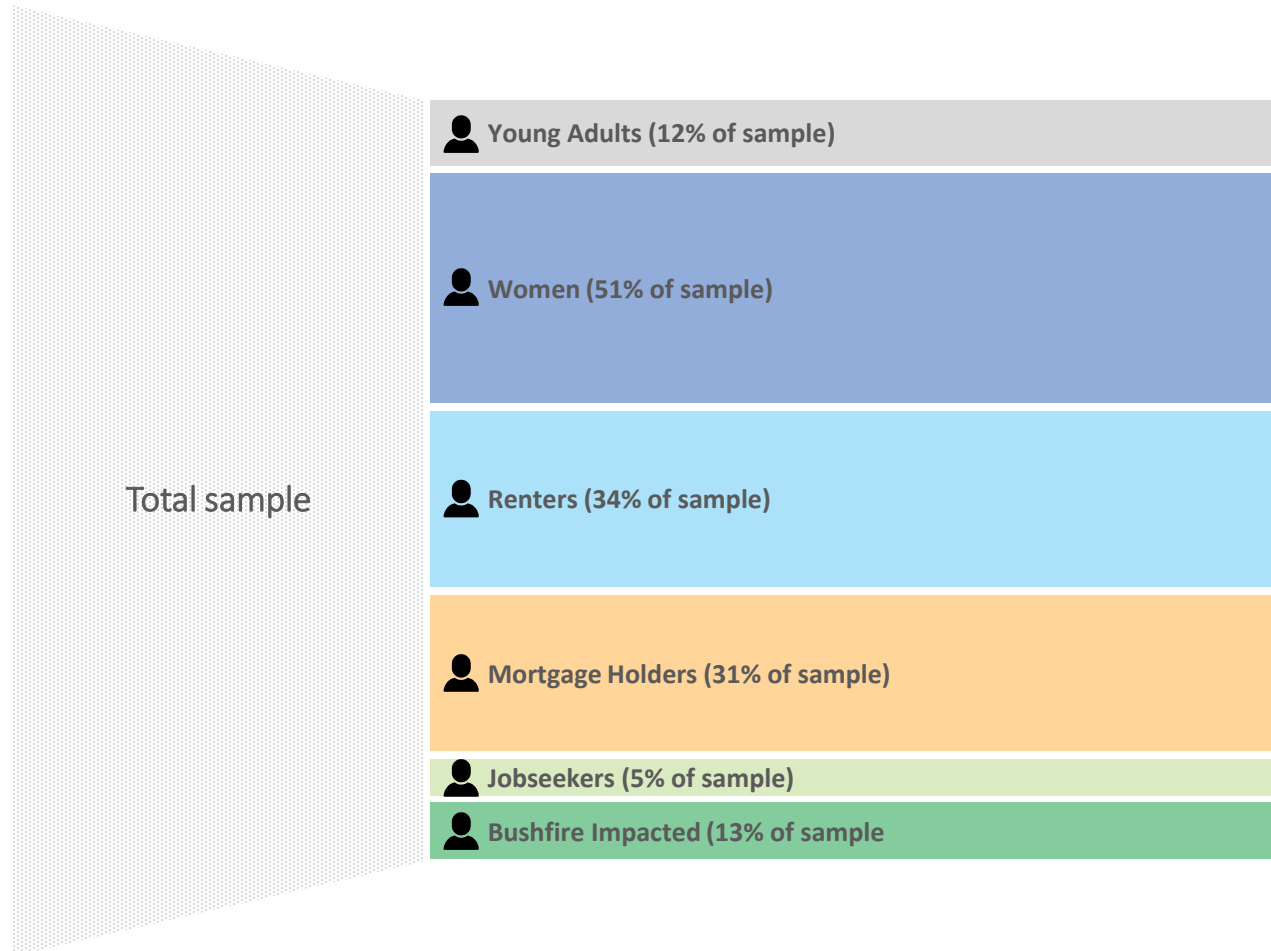


Vulnerability framework



Based on your feedback, we converged on key groups

We created 6 *hardship groups* to understand differing levels of customer vulnerability.



Excluded groups due to small sample size:

- Agriculture workers (1% of sample)
- Temporary visa holders (2% of sample)

1. These hardship groups are not mutually exclusive – it is possible for a respondent to be part of multiple hardship groups

Summary of vulnerable groups

Our 6 vulnerable groups were defined using the following criteria.

| % of respondent population ¹ | Vulnerable group | Qualifying question | Qualifying response | No. of qualified respondents |
|-----------------------------------------|----------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------|
| 12% | Young Adults (18-24) | What is your age? | 18-24 | 362 |
| 51% | Women | How do you describe your gender identity? | Woman | 1,538 |
| 34% | Renters | Which of the following best describes your home ownership situation? | Rent – intend to own a home later + Rent – never intend to own a home | 1,019 |
| 31% | Mortgage Holders | Which of the following best describes your home ownership situation? | Own – paying mortgage | 942 |
| 5% | JobSeeker | In the last 3 months, have you received any of the below supplements to your individual income? | JobSeeker | 161 |
| 13% | Bushfire Impacted | What is your postcode? | Postcodes classified as having been impacted by the 2019/20 bushfires by the Australian Taxation Office | 398 |

1. These hardship groups are not mutually exclusive – it is possible for a respondent to be part of multiple hardship groups

Young Adults (18-24)



22

Average age



58%

Renters



64%

Employed in full time, part time or casually



26%

of respondents or someone in their household has a mental illness

Majority of young people are renters and are heavily impacted financially as a result of the COVID-19 pandemic. In order to manage, they are reducing spend on essential items and changing their energy behaviours.

Mindsets & attitudes

- **61%** of young people felt that 2020 has been a **difficult year for them** compared to 46% of respondents aged 25+.
- **49%** of young people are **feeling burnt out from balancing everything in their lives**.

COVID-19 Impacts

- **8%** of young people **lost their jobs due to COVID-19**, which is nearly 3x the proportion of respondents aged 25+.
- **42%** of young people have **experienced a decrease in income** compared to 25% of respondents aged 25+.

Actions taken

- Compared to respondents aged 25+ (40%), a **smaller proportion of young people are currently adopting energy saving behaviours** (35%), however a larger proportion intend to adopt these behaviours (20% vs. 28%).
- In the next 3 months, **38% of young people intend to reduce spending on essential items**, compared to 22% of respondents aged 25+.

Communication preferences

- The preferred communication model for young people is **offers for energy bill discounts, communicated fortnightly via email**.

Energy investments

- On average, **10% of young people have made an energy investment in the last 3 months**, double that of respondents aged 25+.
- The primary driver for making an energy investment was to **reduce costs**.

- **28% of young people are not currently receiving energy bill support but may need it within the next 3 months**. This is over double the proportion of respondents aged 25+.
- The top reason (15%) for needing hardship support amongst respondents was that they were **feeling overwhelmed** and needed help staying on top of money matters due to COVID.

Women



45

Average age



32%

Own a mortgage



52%

Employed in full time, part time or casually



22%

of respondents or someone in their household has a mental illness

Female respondents appear more likely to adopt cost cutting measures and behavioural changes to safeguard their households and mitigate financial impact.

Mindsets & attitudes

- **26% of women are optimistic about Australia's economic direction**, a smaller proportion compared to men (40%).
- **40% of women believe that their life will be better one year from now**, which is slightly lower than the proportion of men who believe the same thing (46%)

COVID-19 Impacts

- **9% of women are working more hours compared to 20% of men.**
- **24% of women have experienced a decrease in individual income**, smaller than the proportion of men who experienced a drop in their individual income (30%).

Actions taken

- **In the next 3 months, 27% of women are reducing spending on essential items where possible**, which is greater than the proportion of men who intend to do the same thing (21%).
- Compared to men (36%), **women (43%) are more likely to be currently adopting energy saving behaviours.**

Communication preferences

- The preferred communication model for women is **offers for energy bill discounts, communicated fortnightly via email.**

Energy investments

- **On average, women (3%) are less likely to have made an energy investment in the last 3 months than men (8%).** Similarly, a smaller proportion of women are considering/intend to make a purchase in the next 3 months.

- **On average, a smaller proportion of women (8%) are currently receiving hardship support compared to men (17%).** Similarly, less women may need hardship support in the next 3 months.
- The top reason (9%) for needing hardship support amongst respondents was that it was a **standard pension supplement.**

Renters



37

Average age



65%

Renters intend to own their home later



13%

Renters are unemployed



27%

of respondents or someone in their household has a mental illness

Renters are over 3 times more likely to be unemployed than non-renters. A greater reliance on income supplements highlights the susceptibility of this group to hardship.

Mindsets & attitudes

- **40% of renters are feeling burnt out from balancing everything in their life.**
- **36% of renters are worried about being able to pay their bills**, which is nearly double the proportion of non-renters (20%).

COVID-19 Impacts

- **22% of renters have received either JobKeeper or JobSeeker in the last 3 months**, compared to 16% of non-renters.
- **25% of renters have either had their hours reduced or lost their job due to COVID-19.**

Communication preferences

- The preferred communication model for renters is **offers for energy bill discounts, communicated weekly via email.**

Energy investments

- In general, a much **smaller proportion of renters own or intend to make energy investments compared to non-renters**, largely due to the fact that they are unable to make changes to their rental property.

Actions taken

- **Renters ranked current housing costs (e.g. rent, repairs & maintenance) as their most important household spending item**, above essential goods such as food and beverages.
- **32% of renters intend to reduce spending on essential items where possible in the next 3 months**, approximately 1.5x the proportion of non-renters (21%).
- **37% of renters who required COVID-19 related financial assistance** were aware that their energy retailer was offering it, much lower than non-renters who found themselves in the same situation (63%).
- **20% of renters are not currently receiving energy bill support but may need it in the next 3 months.**

Mortgage Holders



43

Average age



50%

Are couples with children



78%

Employed in full time, part time or casually



12%

of respondents or someone in their household has a mental illness

A large proportion of mortgage holders are couples with children, and balancing work/life demands has led to over a third of respondents feeling burnt out. This group is spending more time at home and working longer hours.

Mindsets & attitudes

- 30% of mortgage holders don't trust their energy provider.
- 35% of mortgage holders are feeling burnt out from balancing everything in their life.

COVID-19 Impacts

- 30% of mortgage holders experienced a decrease in individual income.
- 21% of mortgage holders are working more hours, compared to 12% of non-mortgage holders.
- 41% of mortgage holders have experienced an increase in energy bill expenditure.

Actions taken

- 37% of mortgage holders ranked current housing costs (e.g. mortgages) as their top household spending item, compared to 21% of non-mortgage holders.
- 11% of mortgage holders are considering re-mortgaging their property, and 9% are considering deferring their mortgage.

Communication preferences

- The preferred communication model for mortgage holders is **offers for energy bill discounts, communicated weekly via email.**

Energy investments

- A larger proportion of mortgage holders have already made energy investments to their home, including 28% owning solar panels.
- The biggest drivers for having made energy investments was to **save money and to make more efficient use of energy in their home.**

- 64% of mortgage holders who required COVID-19 related financial assistance were aware that their **energy retailer was offering it.** 45% of these respondents received support and found it useful.
- 14% of mortgage holders are receiving mortgage support and a further 13% may need support in the next 3 months.

JobSeeker



41

Average age



60%

Renters



48%

Unemployed



31%

of respondents or
someone in their
household has a mental
illness

Reductions in JobSeeker payments coupled with delayed economic recovery will likely impact this group significantly. Continued focus here will be a priority for subsequent research waves.

Mindsets & attitudes

- **44% of respondents on JobSeeker are worried about being able to pay their bills**, compared to respondents who are not on JobSeeker payments (25%).
- **59% of respondents on JobSeeker stated that 2020 has been a difficult year for them.**

COVID-19 Impacts

- **21% of respondents on JobSeeker lost their job due to COVID-19.**
- **54% of respondents on JobSeeker experienced a decrease in individual income**, over double the proportion of respondents not on JobSeeker payments (26%).

Communication preferences

- The preferred communication model for respondents on JobSeeker is **offers for energy bill discounts, communicated weekly via email.**

Energy investments

- On average, respondents on JobSeeker are **much less likely to invest in energy saving devices in their home** and are also less likely to purchase them in the next 3 months.

Actions taken

- **36% of respondents on JobSeeker ranked current housing costs (e.g. rent, mortgages) as their top household spending item.**
- **27% of respondents on JobSeeker intend to withdraw from savings**, compared to 18% of respondents who aren't receiving JobSeeker.
- **Respondents are more likely to adopt unconscious energy saving behaviours like wearing warmer clothing**, however are less likely to adopt conscious behaviours like monitoring temperature settings, compared to respondents not on JobSeeker.
- The top reason (18%) for needing hardship support amongst respondents was that they were **finding household bills/finances difficult to afford.**

Bushfire Impacted



50

Average age



34%

Own their home outright



26%

Retired



26%

of respondents have a medical condition that requires regular treatment/medication

Bushfire impacted respondents were generally older and more likely to be retired. Although 2020 has been a difficult year for them, they were generally less in need of financial support and less likely to make energy investments.

Mindsets & attitudes

- 49% of bushfire impacted respondents stated that 2020 has been a difficult year for them.
- 37% of respondents are not very optimistic about Australia's economic direction.

COVID-19 Impacts

- 33% of bushfire impacted respondents experienced a decrease in household income, compared to 38% of respondents not impacted by the bushfires.

Communication preferences

- The preferred communication model for bushfire impacted respondents is **offers for energy bill discounts, communicated quarterly via email.**

Energy investments

- **Bushfire impacted respondents are generally less interested in making energy investments**, compared to respondents not impacted by the bushfires. The key barrier was that the cost did not appear to outweigh the benefit.

Actions taken

- In general, **more bushfire impacted respondents are currently adopting energy saving behaviours**, including moving appliance use to off-peak times and reducing usage of appliances.
- **A smaller proportion of bushfire impacted respondents have accessed hardship support**, with key reasons being that household finances were affordable and easy to keep track of.
- **54% of bushfire impacted respondents who required COVID-19 related financial assistance were aware that their energy retailer was offering it.** 65% of these respondents accessed the support and found it useful.
- The top reason (13%) for needing hardship support amongst respondents was that it was a **standard pension supplement.**



Primary Vulnerable Groups

Analysis and convergence on priority groups

Vulnerability framework overview

A framework was created in order to converge focus and track respondent vulnerability over subsequent survey waves.

In order to track respondent vulnerability, **3 sets of metrics** were utilised to understand how respondents have been impacted by COVID-19:

- **Financial impacts** – To understand the degree to which respondents’ household finances have been adversely affected.
- **Alleviating measures** – To understand the proportion of respondents taking actions to mitigate hardship.
- **Health** – To understand the proportion of respondents suffering from stress, mental health and wellbeing challenges.

| Metric grouping | Vulnerability metric | Qualifying question | Qualifying response |
|----------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Financial impacts | Had working hours reduced/lost employment due to COVID-19 | How has the COVID-19 pandemic affected your employment status? | I have had hours reduced at my current job(s) or I have lost some of my job (s) + I have lost all job(s) and am unemployed |
| | Reduction in household income | In the last 3 months, how was your household income been affected? If at all? | Decreased a little + Decreased significantly |
| Alleviating measures | Intend to take action relating to their household finances in the next 3 months | Are you considering taking any of the following actions relating to your household finances in the next 3 months | Respondent selected “Yes” to at least 1 action |
| | Potentially need hardship support in the next 3 months | Are you currently receiving support for any of the following household finance categories? | Respondent selected “No I am not, but I may need to within the next 3 months” to at least 1 household finance category |
| Health | Respondent or someone in their home have mental health (including depression/anxiety) | Do you or someone in your household have any of the following? | Medical illness (including depression/anxiety) |
| | Financial stress keeps me up at night | For each of the statements below, indicate how much or how little each statement resonates with you. | Financial stress keeps me up at night “Quite a bit like me” + “Very much like me” |
| | I am worried about being able to pay my bills | | I am worried about being able to pay my bills “Quite a bit like me” + “Very much like me” |

Vulnerability analysis by groups

Responses to the metrics from Young Adults, Renters and those on JobSeeker were proportionately higher than the total sample.

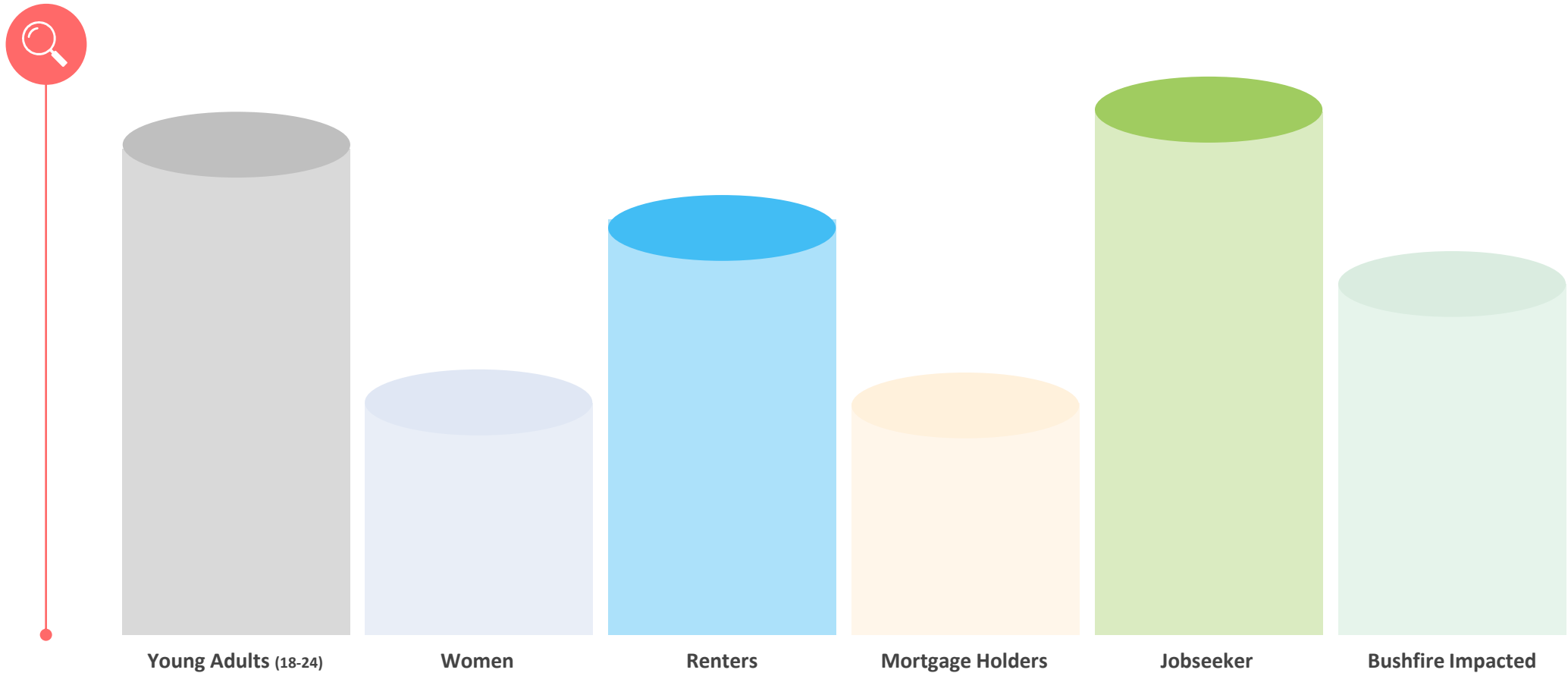
% difference compared to total sample



| | | Young Adults (18-24) | Women | Renters | Mortgage Holders | JobSeeker | Bushfire Impacted | Total sample |
|----------------------|---------------------------------------------------------------------------------------|-------------------------|-------|---------|------------------|-----------|-------------------|--------------|
| Financial impacts | Had working hours reduced + lost employment due to COVID-19 | 32% | 20% | 25% | 19% | 48% | 16% | 20% |
| | Reduction in household income | 45% | 36% | 38% | 38% | 53% | 31% | 37% |
| Alleviating measures | Intend to take action relating to their household finances in the next 3 months | 70% | 60% | 68% | 64% | 70% | 54% | 60% |
| | Potentially need hardship support in the next 3 months | 54% | 28% | 40% | 28% | 43% | 25% | 31% |
| Health | Respondent or someone in their home have mental health (including depression/anxiety) | 26% | 22% | 27% | 14% | 31% | 28% | 18% |
| | Financial stress keeps me up at night | 35% | 24% | 31% | 26% | 29% | 24% | 24% |
| | I am worried about being able to pay my bills | 40% | 27% | 36% | 25% | 44% | 28% | 26% |

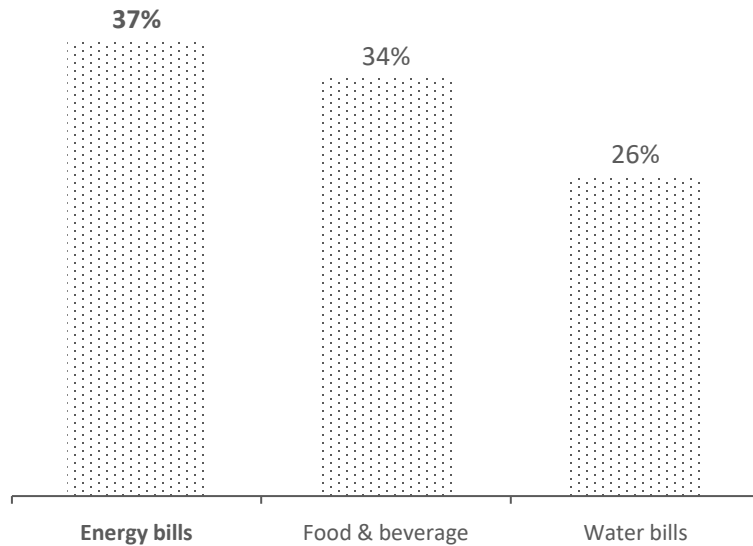
Three interrelated groups emerge as a primary focus

Young people, Renters and Jobseekers currently appear most susceptible to vulnerability. We've taken a closer look at how they're managing.



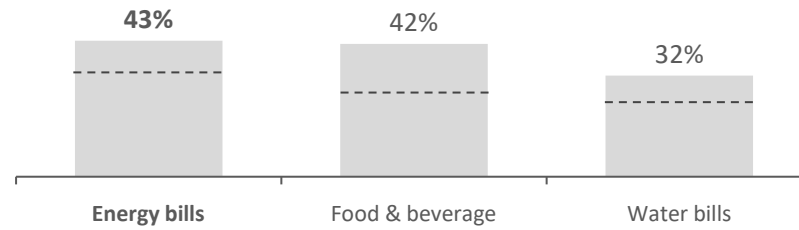
Categories where household spending increased the most

Total sample



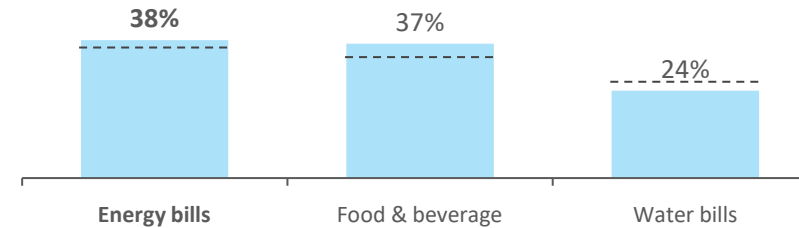
Energy bills were the household item where spending had increased the most.

Young Adults (18-24)



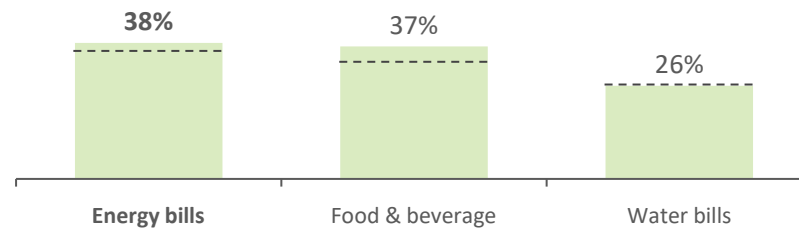
The proportion of young people who reported an increase in energy bill spending is greater than other groups.

Renters



Spending increase amongst renters is relatively consistent with the total population.

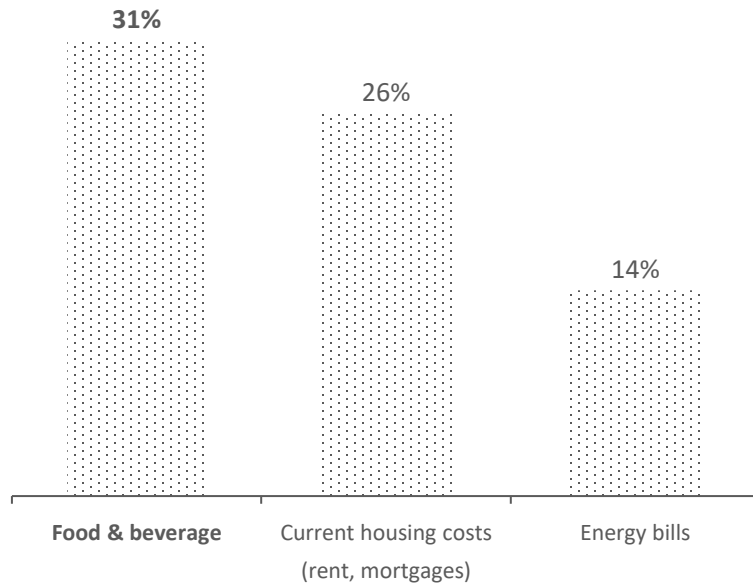
JobSeeker



Spending increase amongst respondents on JobSeeker is relatively consistent with the total population.

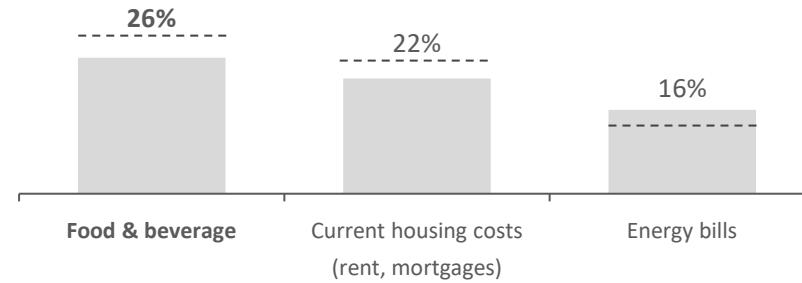
Top 3 most important household spending categories

Total sample



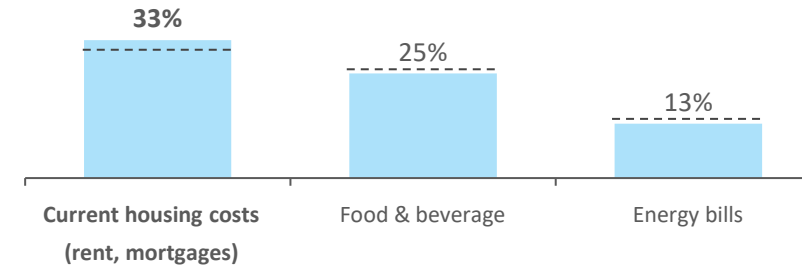
Food & beverage was the most important household spending category across all respondents.

Young Adults (18-24)



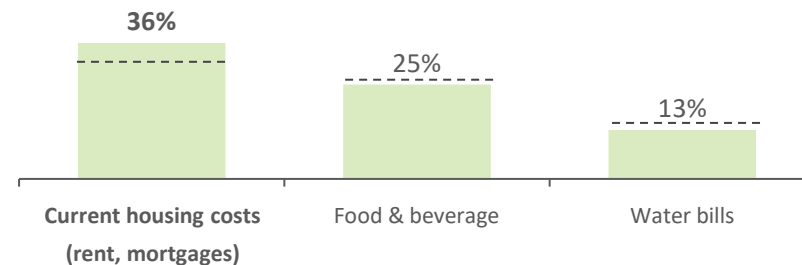
Young adults also indicated that food & beverage was their most important household spending category.

Renters



Renters prioritised current housing costs over essential goods (e.g. food & beverage).

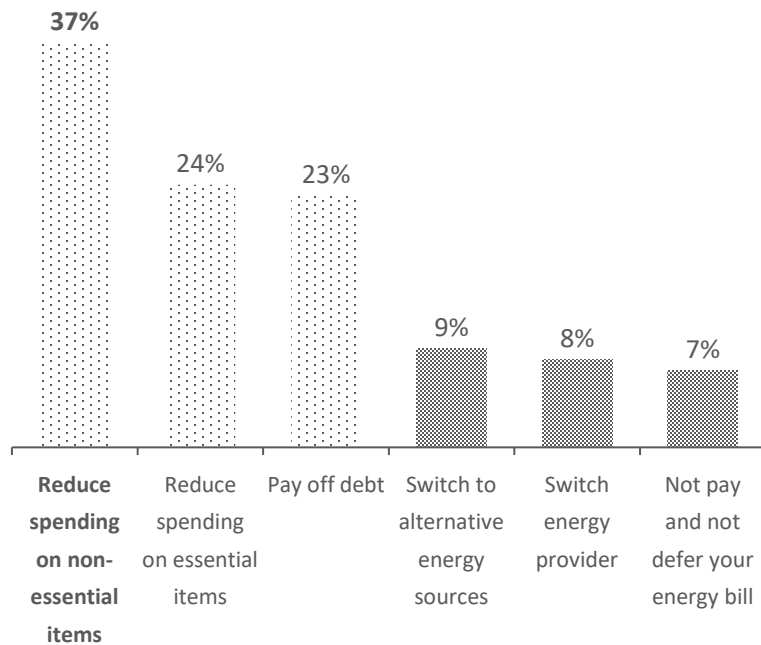
JobSeeker



Respondents on JobSeeker prioritised current housing costs over essential goods (e.g. food & beverage).

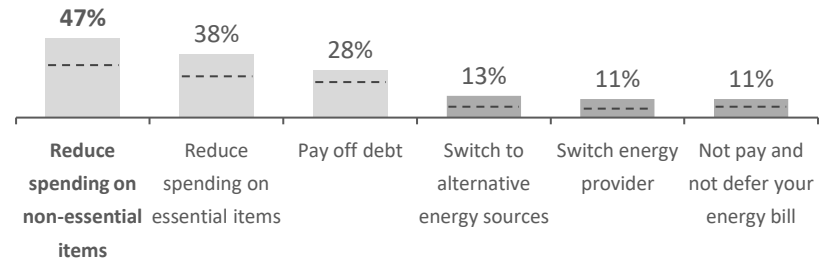
Consumer intentions/actions

Total sample



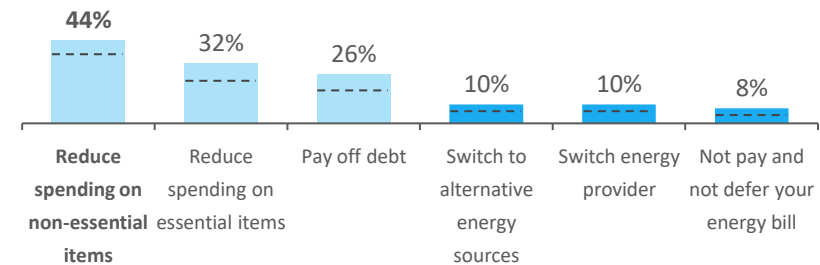
24% of total respondents intend to reduce spending on essential items in order to manage their household finances.

Young Adults (18-24)



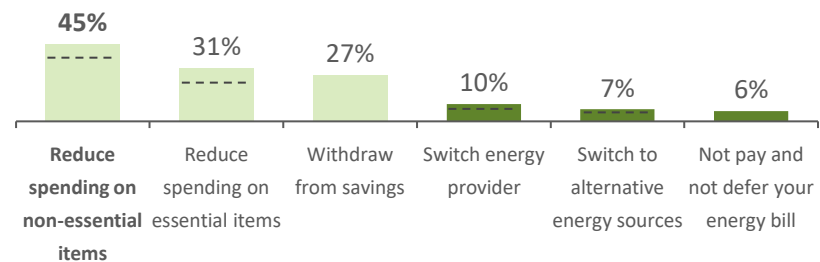
A greater proportion of young adults are taking conscious action, including energy related actions.

Renters



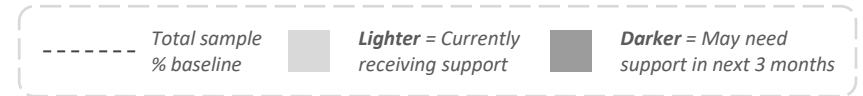
Compared to the total sample, more renters intend to take action to manage their household finances.

JobSeeker

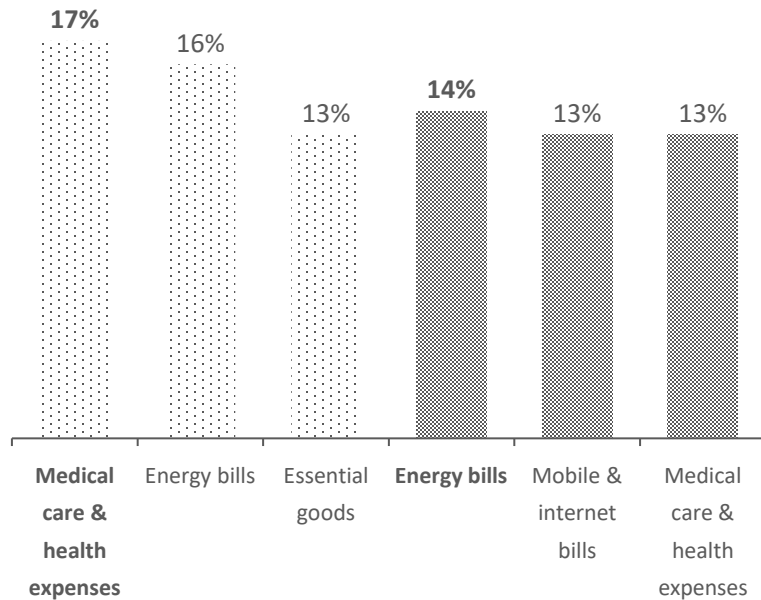


More respondents on JobSeeker intend to withdraw from savings instead of pay off debt like other groups.

Consumer actions/intentions: *vulnerability support*

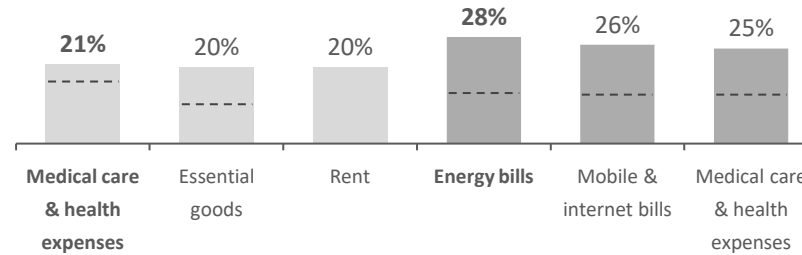


Total sample



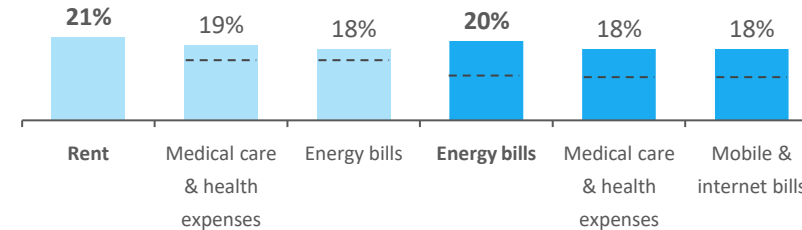
Across the household spending categories where respondents may need support in the next 3 months, energy bills were the most popular.

Young Adults (18-24)



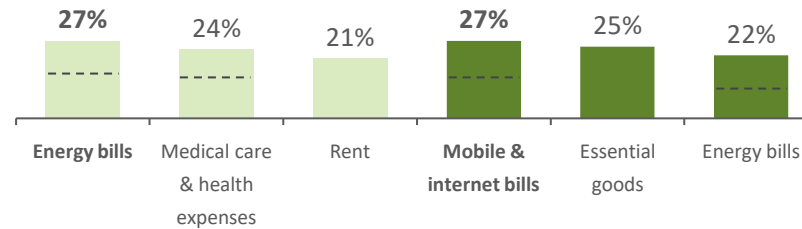
The proportion of young adults that may need energy bill support is double that of the total sample.

Renters



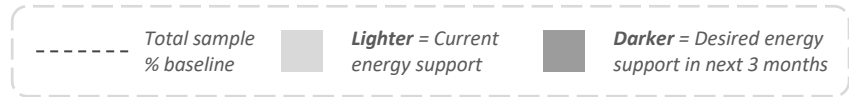
Renters also indicated needing most support energy bills over the next 3 months.

JobSeeker

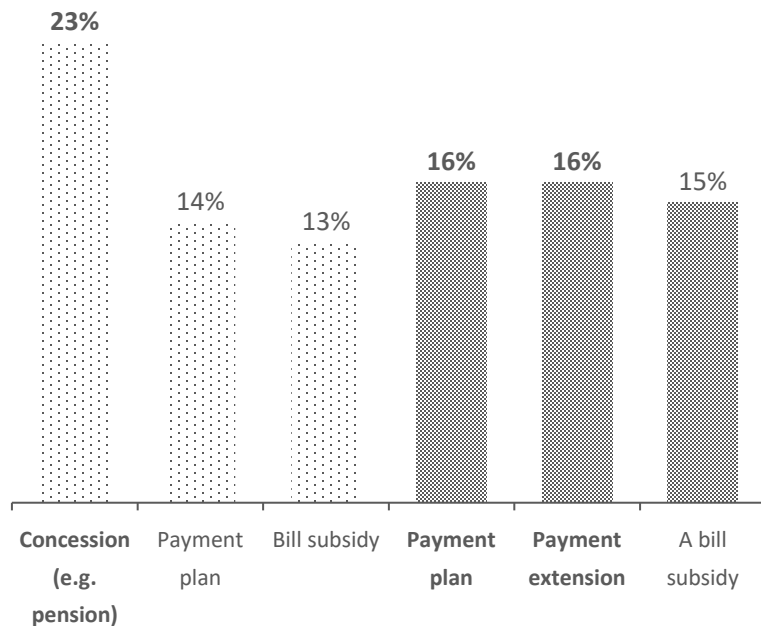


The proportion of respondents currently receiving energy bill support was the highest amongst all groups.

Consumer actions/intentions: *Energy bill support*

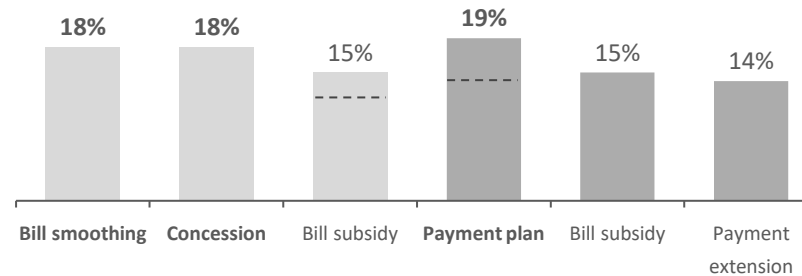


Total sample



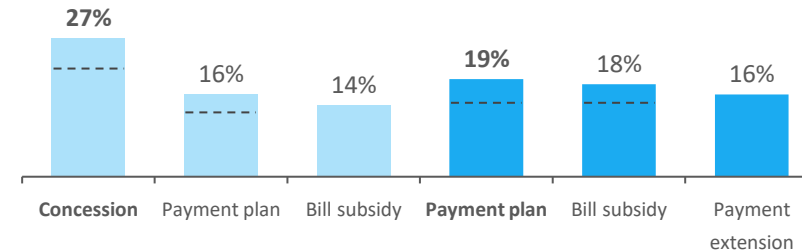
The most common form of energy bill support that respondents are currently receiving is concessions. Payment plans and extensions received most interest.

Young Adults (18-24)



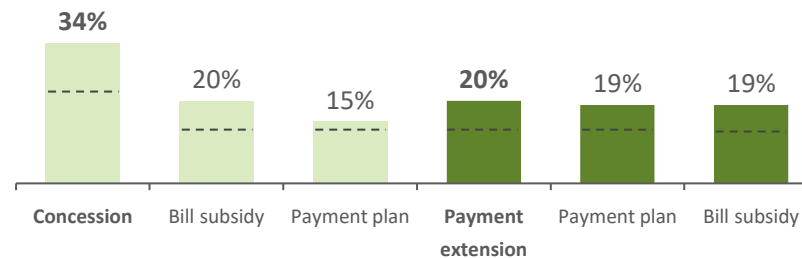
Compared to the total population, less young adults are currently receiving support, but more may need support.

Renters



Compared to the total population, more renters are currently receiving energy bill support.

JobSeeker

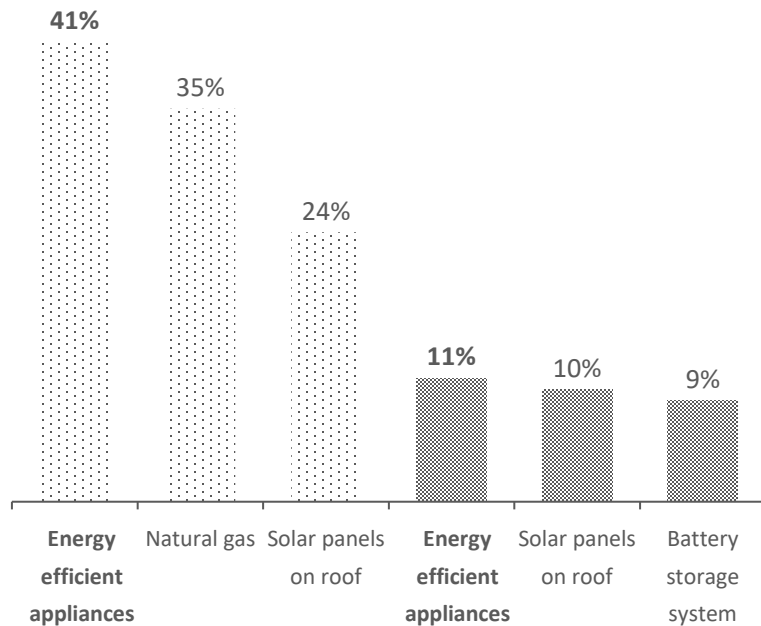


The largest proportion of respondents currently receiving energy bill support was those on JobSeeker payments.

Consumer actions/intentions: *Energy investments*

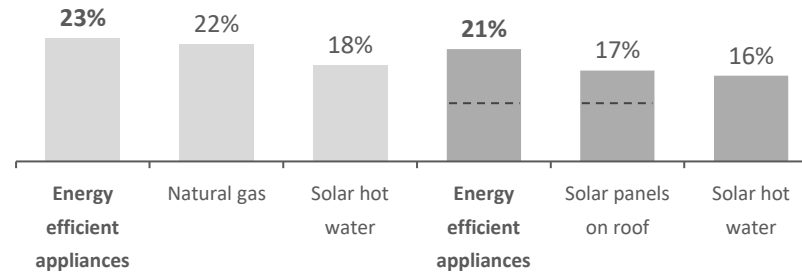


Total sample



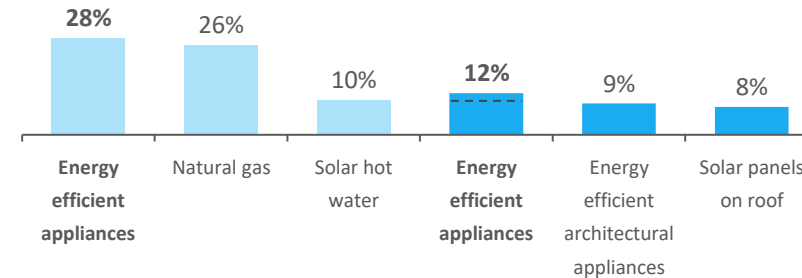
Hardship groups are less likely to already have made an energy investment in their home compared to the total population.

Young Adults (18-24)



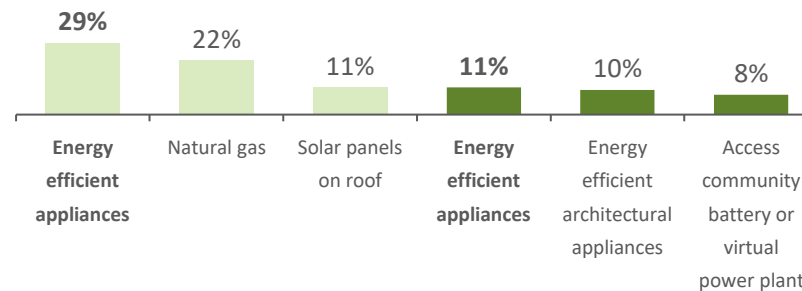
Demand for energy efficient appliances amongst young adults is the highest across all hardship groups.

Renters



Renters are less likely to make energy investments due to their tenancy agreements.

JobSeeker



Compared to other hardship groups, respondents are more likely to already have made an energy investment but less likely to make one in the next 3 months.

Vulnerability rating

Young people, renters and respondents on JobSeeker may need further assistance to reduce the impacts incurred due to COVID-19.

| Vulnerability group | Overall vulnerability assessment - Wave 1 | Rating |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Young Adults (18-24) | Young adults are one of the most vulnerable groups. Job and income loss is driving young adults to adopt preventative measures like reducing spend on essential goods in order to better manage their household finances. Young adults are also twice as likely to require energy bill support compared to the total population. It will be important to continue tracking vulnerability in young adults as delayed economic recovery may continue to worsen their level of hardship. | Potential need for further assistance |
| Women | Compared to other vulnerable groups, as well as the total population, women were not disproportionately impacted by COVID-19. Additionally, women appear to be more cautious about the future and, as a result, are more likely to take action to safeguard themselves from further hardship. | Monitor vulnerability levels in subsequent survey waves |
| Renters | Renters are another comparatively vulnerable group. Tenant protection from eviction and rent increases is anticipated to end early 2021, meaning respondents with financial constraints are at greater risk of being evicted. Renters in need of financial assistance were also less aware of available support from their energy retailer, and also highlighted energy bills as the household item they needed assistance with the most. | Potential need for further assistance |
| Mortgage holders | Mortgage holders were not comparatively in greater levels of vulnerability. With that being said, half of all mortgage holders have families and prolonged economic downturn may continue to negatively impact their household finances. It should also be noted that 11% of mortgage holders are considering re-mortgaging their home, and 9% are considering deferring their mortgage. | Monitor vulnerability levels in subsequent survey waves |
| JobSeeker | 60% of respondents on JobSeeker are renting and 48% are unemployed. Over half of all respondents experienced a household income reduction as well, leading to this group suffering the most financially. As the coronavirus supplement lowers and ceases in March, respondents may be significantly and adversely impact. | Potential need for further assistance |
| Bushfire impacted | Respondents impacted by the bushfires are generally older and more likely to be supported by pensions and own outright. Bushfire recovery has however slowed down due to the COVID-19 pandemic, potentially delaying damage recovery. Respondents in this hardship group or someone in their household are also more likely to have a medical condition that requires regular treatment/medication. | Monitor vulnerability levels in subsequent survey waves |



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