



# The Bill Shock Index

March 2021



# About

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The Bill Shock Index is a quarterly analysis of Australians' relationship with their bills, a barometer of how different demographics are feeling about their finances, the value they are getting from their services and insights into the triggers and motivations for re-evaluating their personal finance choices.

### How is the Index calculated?

The Bill Shock Index is measured by asking respondents to rate their attitudes, experiences and expectations about their bills and services on a scale of 1 to 10 across 20 key measures, with ten being positive and one being negative.




### Methodology

The March 2021 Bill Shock Index is based on a survey of 1,500 Australians aged 18-55+ conducted via Pollfish between 12th - 18th February 2021.

### About Compare Club

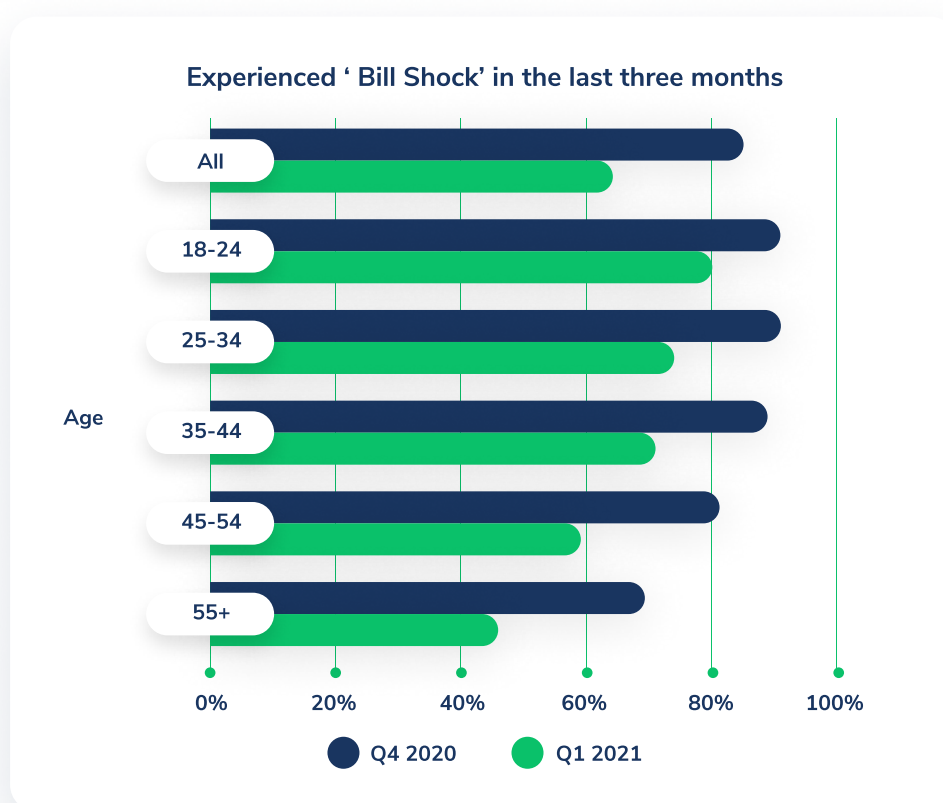
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## Executive Summary

The latest Bill Shock Index shows an overall increase in Australians' positive sentiment towards their bills over the past three months. There was an 18 per cent drop in Australians needing to make sacrifices to meet the cost of their bills (down to 35 per cent) and a 23 per cent drop in the cost of bills impacting savings (down to 45 per cent). Encouragingly, only 64 per cent of Australians felt they had experienced "bill shock" in the past three months, compared to 85 per cent last quarter.



While under half the population (47 per cent) felt that the percentage of their income going towards bills had increased – 5 per cent less than last quarter – consumers are still spending roughly the same percentage of their income on bills across all age groups. Overall, many Aussies have used the start of 2021 to dedicate more time to assess their finances, and with that, they are also considering comparing and switching service subscriptions this quarter.

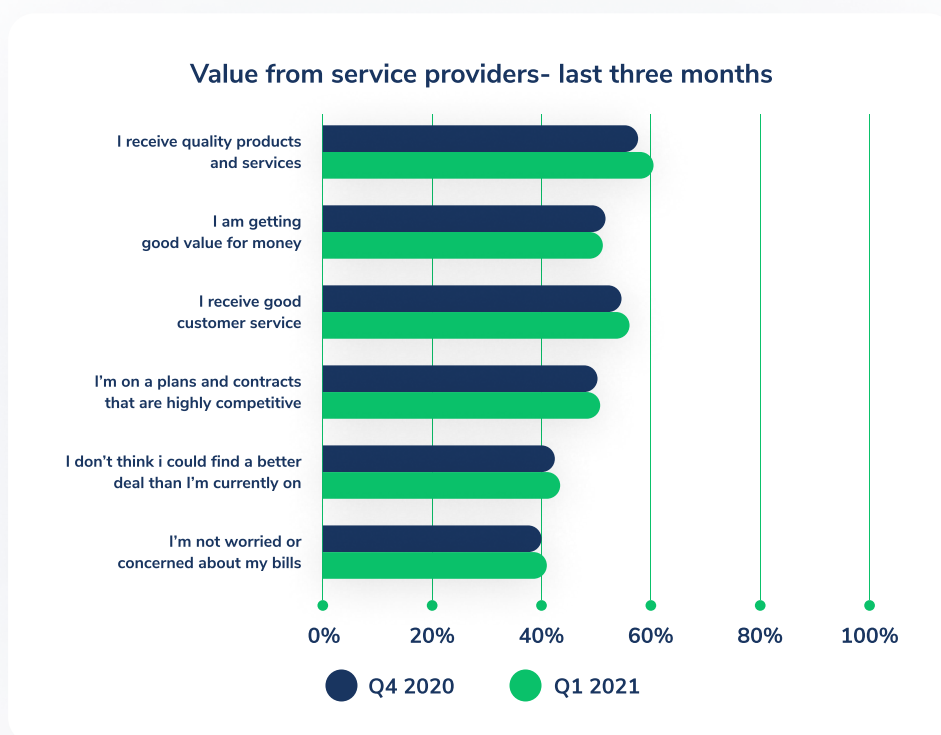
# Key Findings

## Themes

### How do people feel about different household bills?

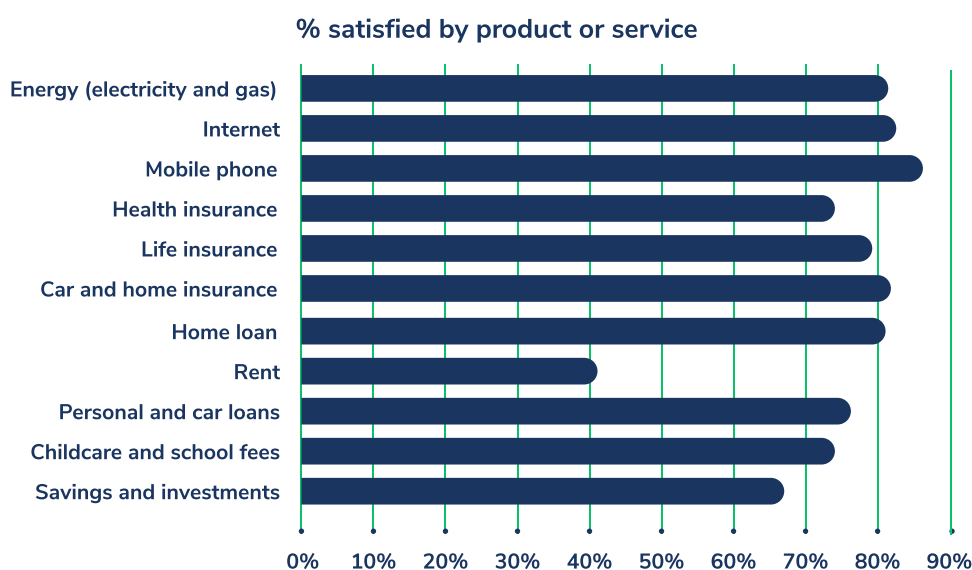
Overall this quarter, Australians feel positive about their different household bills, with 61 per cent saying they receive quality products and services.

In particular, the vast majority of Australians (just over 80 per cent) were satisfied with their low-cost daily use products such as phone, internet and energy. “Grudge purchases”, including home and car insurance, were less well-received, while rent was perhaps unsurprisingly, the most disliked household bill by a significant margin.



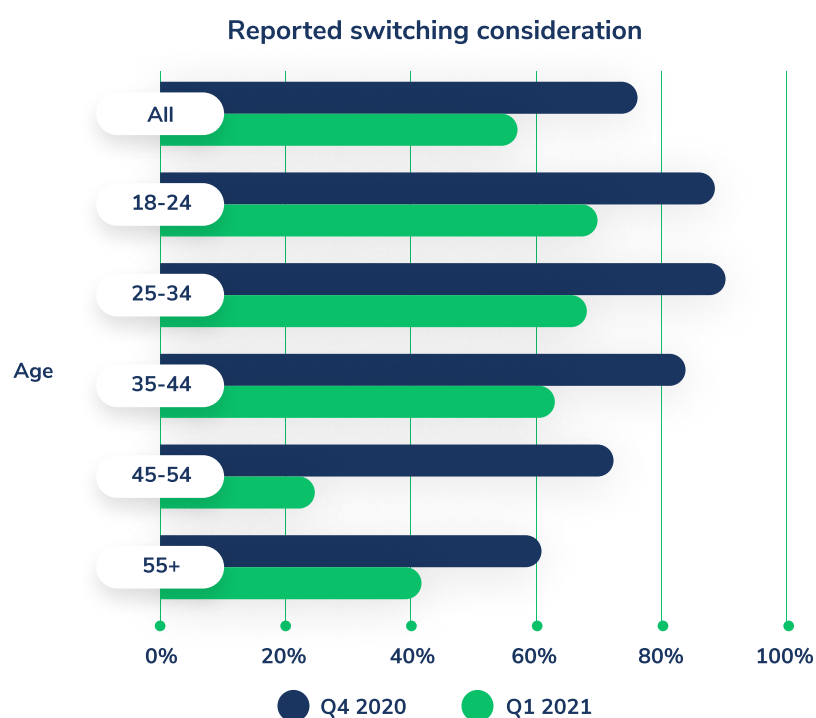
When it came to how Aussies anticipated their household bills might change this quarter, there was a significant variance between categories. Electricity was the category that saw the greatest shift, with over 40 per cent of consumers predicting an increase in their electricity bill during the first three months of 2021 – perhaps not surprising given it was the bill people feared the greatest but were also most likely to tackle. Almost one-third of Australians are also foreseeing increased bills across health, car and home insurance over the next quarter.



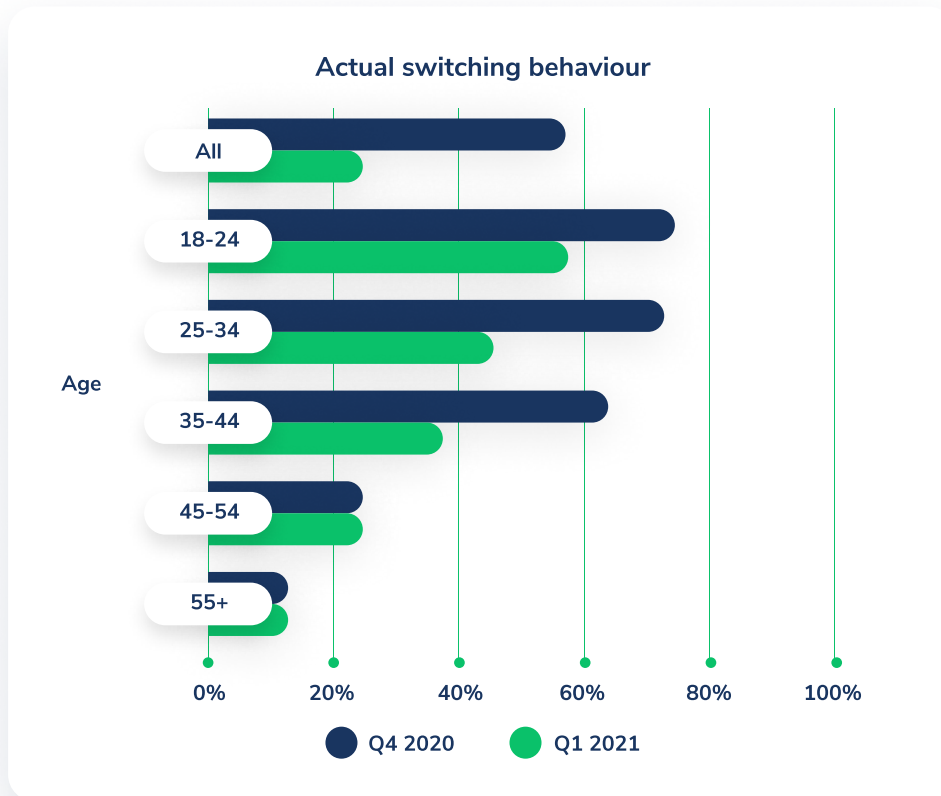


## What about switching?

This quarter's Bill Shock Index reveals that overall switching consideration is down – from 79 per cent last quarter to 58 per cent during the past three months. Switching consideration varied considerably between age brackets, however – a pattern we observed last quarter. Seventy per cent of 18-34 year-olds, for example, were considered switching services, while this figure has declined to just 41 per cent in the over 55 category.



Indeed, over 55s remain the least likely to cancel or switch services. They are around half as likely as younger demographics to have changed service provider (12 per cent) or to have signed up for a new service (17 per cent) in the previous quarter, with less than one in five (19 per cent) considering switching in the next three months.



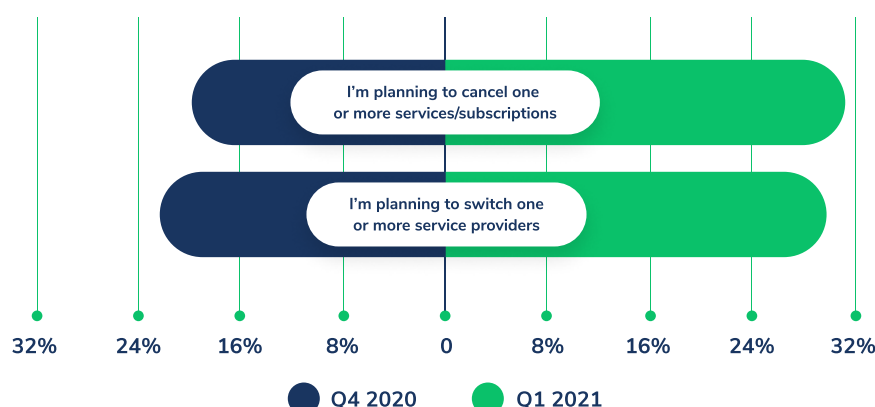
While older Aussies are more likely to feel thrifty, their reluctance to switch services over two quarters indicates that this group could be missing out on better value. For young people, however, it's a different situation, with the majority feeling confused and overwhelmed about private health insurance policies and the tax implications.

Overall, while a quarter of Australians signed up to a new service in the last three months (up 4 per cent), the same number cancelled a service (up 5 per cent). Respondents were almost twice as likely to switch for financial reasons – either because they saw a better offer or because the cost of their services increased.

Intended switching over the next quarter:

- There has been a 9 per cent rise in Aussies planning to switch one or more service providers, up to almost a third of bill payers (31 per cent)
- There's been an 11 per cent increase in Aussies planning to cancel one or more service subscriptions (32 per cent)

### Anticipated cancellations and switching behaviour - next three months



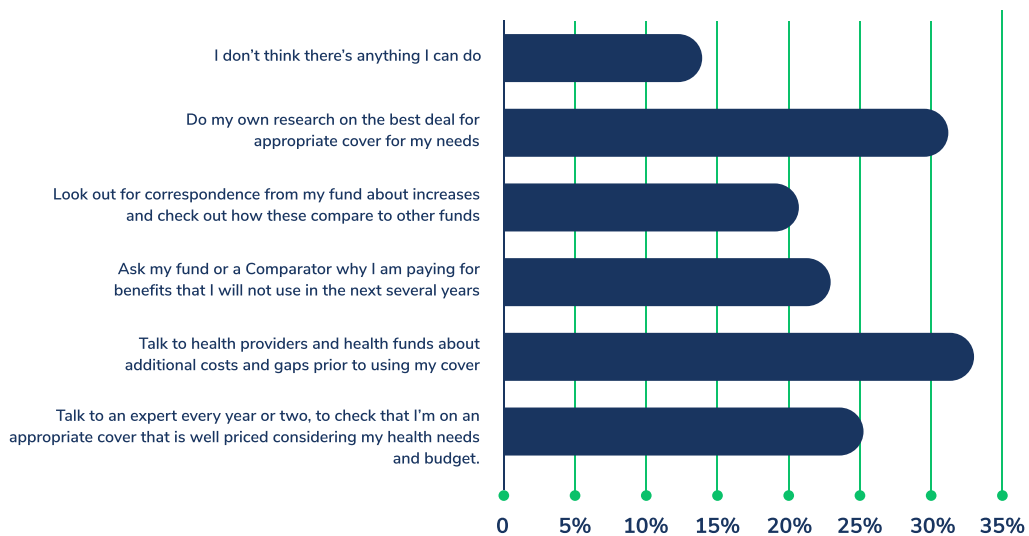
## Health Insurance – it's that time of year

While a reduction in 'bill shock' this quarter indicates a positive shift in consumer sentiment, Aussies are also scared about what may lie around the corner. In fact, more than two in three expect bills will increase and be harder to afford over the coming three months (up 10 per cent).

One of the main reasons for this uncertainty is the lack of awareness around the Private Health Insurance rate rise. Forty per cent of Australians didn't realise there would be a rate rise on April 1st. Overall, however, most people have a plan to tackle their health insurance-related 'bill shock' – though this varies between age groups. While younger people prefer to approach their provider directly, those in the older age groups would rather do their own research.

When it comes to selecting a health insurance fund, Australians ranked brand trust as the most important factor, with more than half (53 per cent) rating it highly on their priority list. This was followed closely by choosing a fund with the lowest co-payment or out-of-pocket expense (52 per cent), while flexibility on how extras are used was the third most important factor (48 per cent).

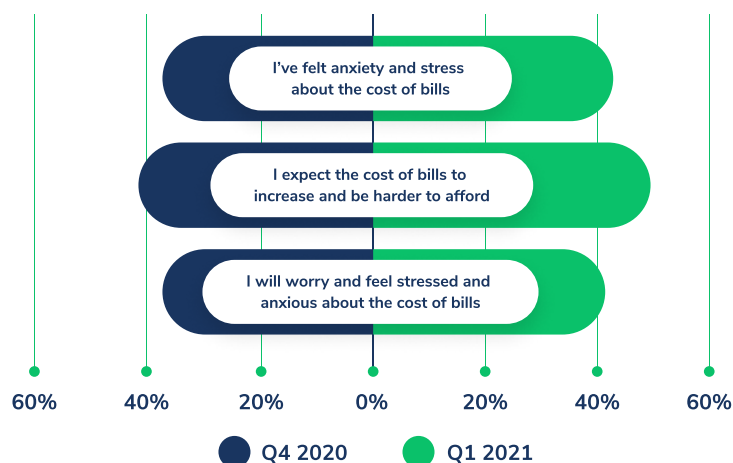
### Actions I can take to reduce PHI 'Bill Shock'



## Summary

On a macro level, the overall increase in Australians' positive sentiment towards their bills this quarter is no doubt due in part to the savings many people have accumulated during the COVID-19 pandemic. With fewer entertainment expenses, no international holidays and minimal commuting costs, many Aussies are less likely to stress about being able to cover their household bills – and indeed are less stressed by the COVID-19-affected economy overall. Conversely, the group whose finances were decimated by COVID-19 was already established six months ago, and has had little impact on figures this quarter.

### Bill Stress, anxiety and affordability



As we emerge from the pandemic into a more COVID-normal life, consumers will naturally have more avenues to spend rather than save money, whether it is a long-awaited holiday, wedding or even more dining out. As such, it will be important for Aussies re-adjust to their saving patterns and manage their finances closely to avoid a false sense of security.



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