



The Bill Shock Index

January 2021



compareclub

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 10 being positive and 1 being negative.

Methodology

The January 2021 Bill Shock Index is based on a survey of 1,500 Australians aged 18-55+ conducted via Pollfish between 21st – 26th November 2020

About Compare Club

Compare Club is one of Australia's largest and fastest growing comparison and advice services that helps Australians save money by navigating complicated and important financial decisions, as well as offering brokering and marketing services to a broad range of industries. Compare Club's panel of experts offer bespoke advice to over 1 Million customer enquiries per year on key financial decisions, including health insurance, electricity & gas bills and home loans, and Compare Club is locally owned and employs 200 passionate staff across Sydney, Melbourne, Brisbane and another 50 staff in Indonesia and the Philippines.

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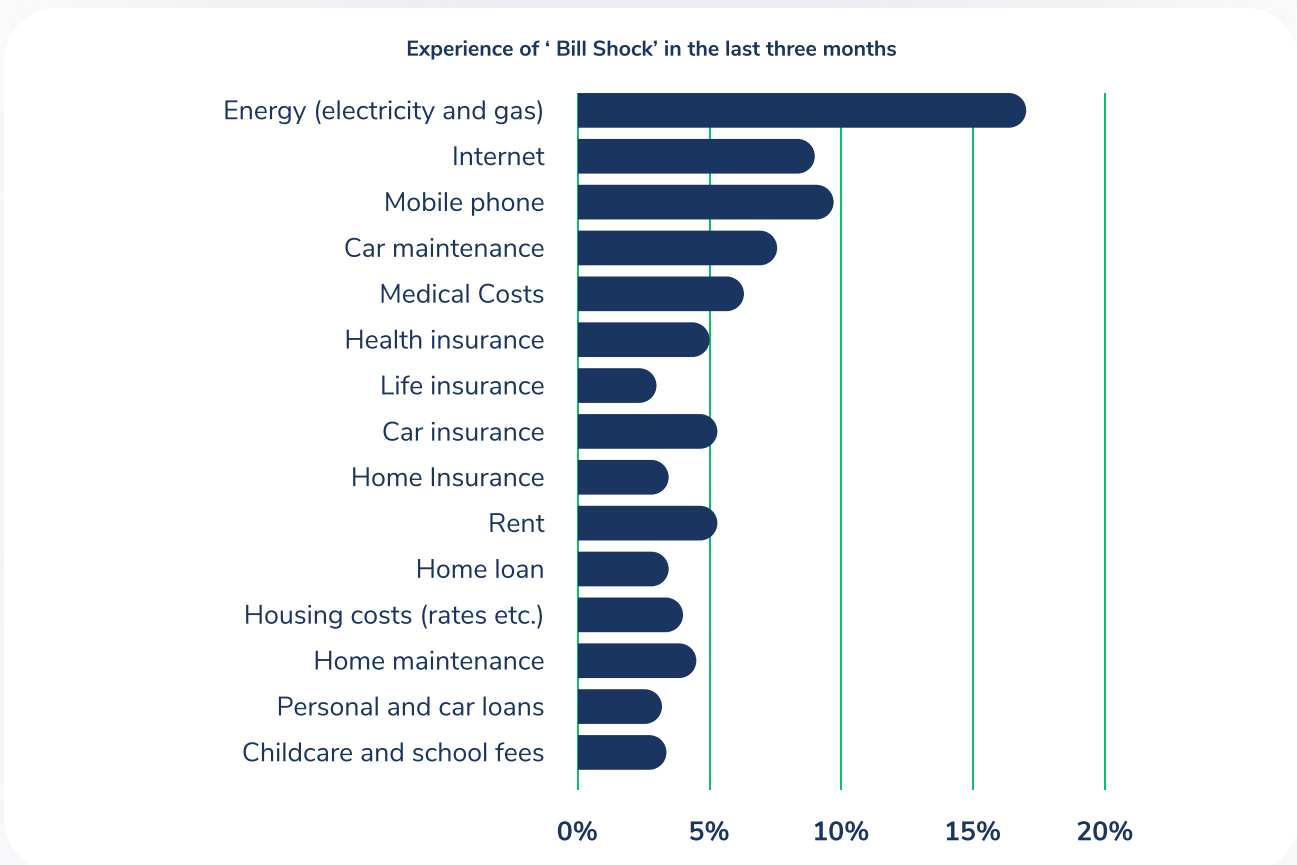
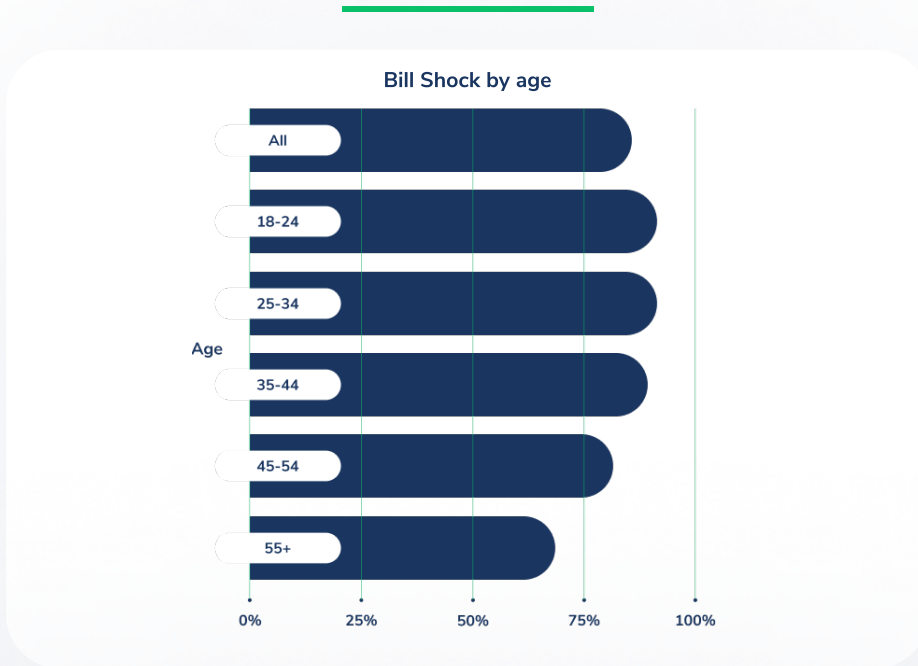
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Executive Summary

The inaugural Bill Shock Index revealed Australians on average are feeling slightly more positive than negative towards their bills and services, sitting at 5.31 out of 10 overall. Over 55 year-olds (6.1) indexed highest, 21% more positive than 25-44 year-olds (5.06), with 18-24 year-olds (5.22) and 45-54 year-olds (45-54), sitting around the overall average.

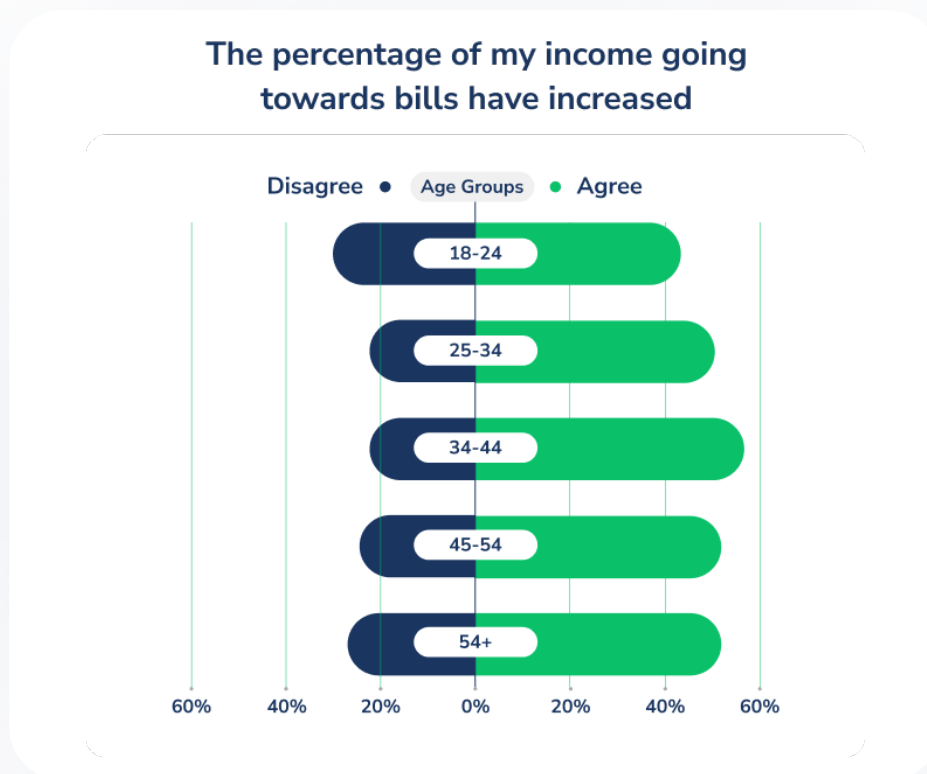


Key Findings

Themes

Rising cost of bills

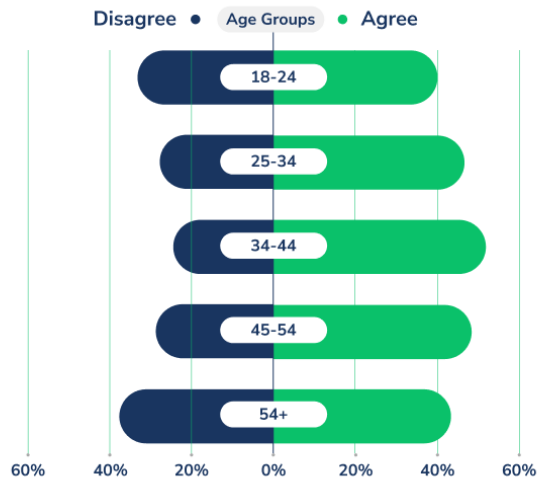
2020 has seen a significant strain on the personal finances of Australians, with unemployment figures rising and many relying on government assistance to maintain an income. Naturally, the cost of household bills has carried more weight for consumers, and in the last three months the picture hasn't been particularly bright. In fact, 85% of Australians say they have experienced "bill shock" in the past three months, with young billpayers the most heavily impacted - 92% of those aged 18-34 have experienced significantly higher bills than expected this quarter vs. 69% of over 55s.



One in four Australians are spending between 21% and 30% of their income on bills each month, with the 18-35yos reporting spending over 40% of their income on bills.

"Bill shock" was most commonly associated with energy bills, where over 40% of respondents said electricity and gas bills in October were between \$100 and \$200. Mobile phone bills were the cheapest, with just under half (45%) paying less than \$50 per month – and all other bills sitting in the \$50-\$200 range.

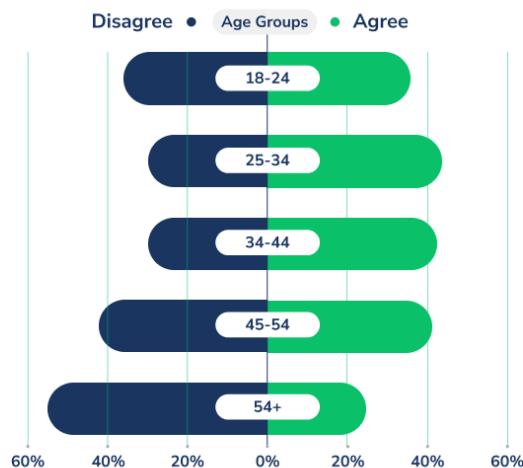
The rising cost of bills have made it harder for me and my family to save



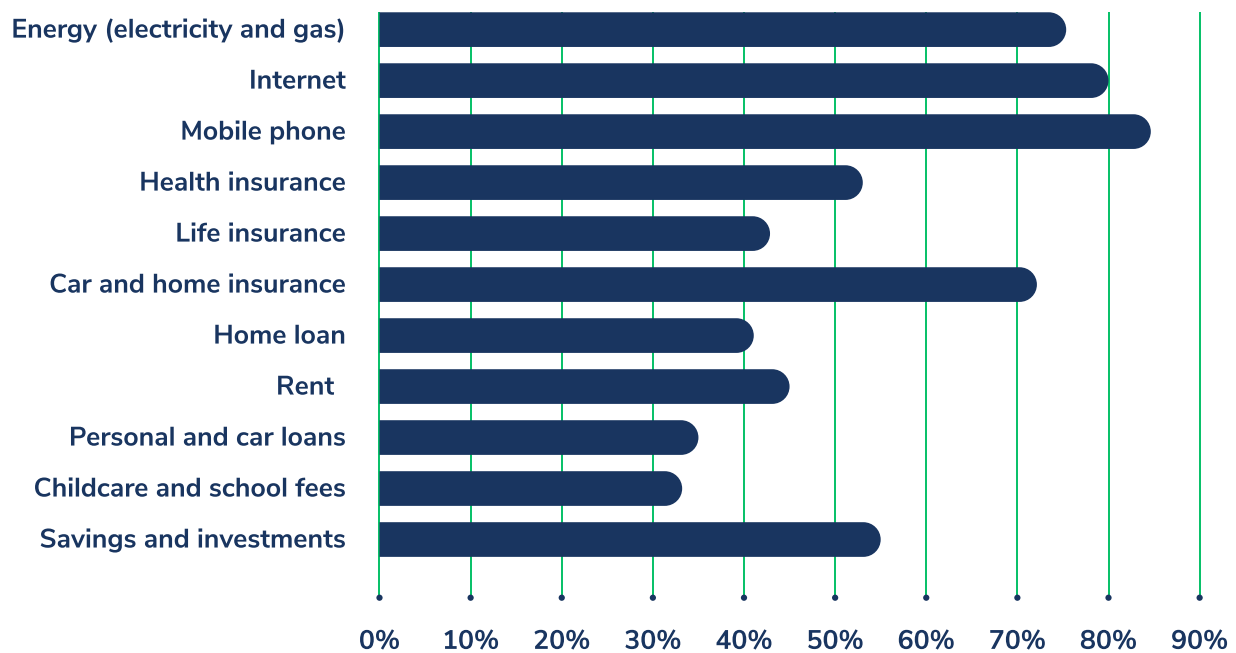
Feelings towards personal finance

While Australians are on average feeling slightly more positive than negative towards their bills and services, the results still indicate a general concern about money and household bills across all demographics. While this is to be expected as Australia grapples with a recession, consumers were interestingly much less likely to indicate they were thinking about reassessing their plans and services as a solution.

I've felt anxiety and stress about the cost of bills



More than a third of Australians reported feeling stress and anxiety about their bills in the last three months, peaking at over 40% of 25-54 year olds.



Specifically, the most common emotions among consumers were:

- Satisfaction that they have saved money with competitive deals
- Concern about the cost of bills impacting the ability to maintain their lifestyle
- Confidence that they are in control of their bills and have a good understanding of their services
- Stress and anxiety about rising costs and ability to pay for bills

Conversely, consumers were least likely to have felt:

- Worried that a service provider was are ripping me off
- Motivated to change service provider and find a better deal
- Surprised by direct debit costs I wasn't expecting
- Confusion about the complexity of services and options available to me

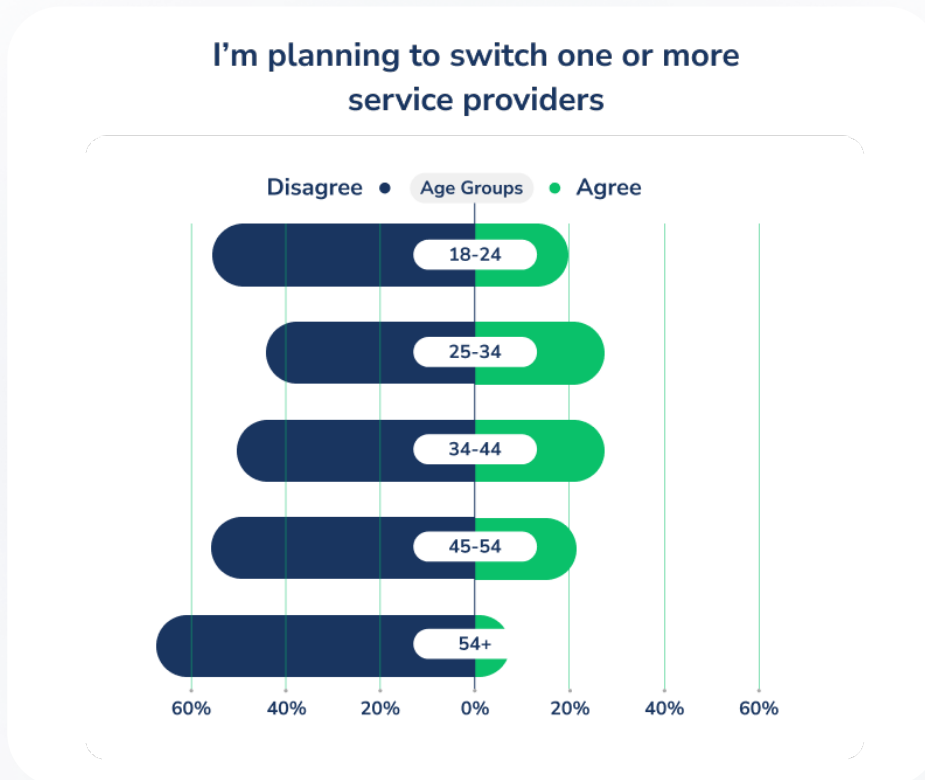
When it comes to specific services, lower cost everyday use items such as gas, electricity, mobile, internet generated more satisfaction with consumers, whereas bigger ticket items such as school and childcare fees, and personal and home loans were identified as less satisfactory which could indicate they are more of a “grudge purchase”.

Considering switching or 'too hard basket'?

Consumers regarded some services as more complicated than others, with health insurance, home loans, life insurance and home insurance considered the least complex, while consumers interestingly struggled more with mobile phone, gas and internet.

When it comes to switching services, in the past three months nearly 60% of Australians have signed up or switched one of their service providers with mobile (11%) internet (10%) and energy (8%) the most common.

20% haven't even considered switching, with life insurance (3%) and personal and car loans (2%) some of the least likely services to be compared and changed in the last three months. The over 55 age group were also far less likely to switch (38%) than the younger cohort of 25-44 year-olds (64%).



Summary

Overall, the data shows that concern for bills is much more prevalent in the 25-44 age group, with those falling into the lower and upper age brackets not subject to the same weight of bigger life decisions that directly affect their finances. As a result, there is a tendency for younger billpayers and those over 55 years-old to become more complacent about their bills and 'set and forget' their services rather than regular looking for better value.

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