

\$6K SAVE AND SWITCH CHALLENGE

Boost your bank balance and say bye bye to mediocre providers

- Aussies three times more likely to haggle on whitegoods than major ongoing expense like mortgage, despite opportunity for long term savings
- Woman less likely to review household bills and switch compared to men - from credit cards to home loans, to energy and car insurance
- Satisfaction low - 80% of Australian households unhappy with their mortgage, more than half unhappy with energy and credit card provider
- Hagglng comes with success - Mozo research finds if you push for a discount on household bills, three out of four times you'll get one.

Sunday 12 April 2020: New research from Mozo has found that more than half of Australians don't bother reviewing their bills or asking for a better deal on some of their biggest household expenses, despite potential annual savings of up to \$6k on offer for those prepared to push for a better deal. With many families feeling the stretch as the economic effects of Covid19 take hold, now is the perfect time to sit down with your household bills and make ongoing savings.

The comparison site found Australians are three times as likely to haggle with retailers on whitegoods than a major household expense like a mortgage. Mozo analysis found home loan haggling could save around 13 times the typical discount from haggling on home appliances over the course of a year¹. Unlike a one off discount, pushing for a better deal across major household savings could see you continue to pocket savings for years to come.

"Mozo research has found that as a nation, we're hesitant to switch providers, even if we're dissatisfied with the service we're receiving. Half of Australians are unhappy with their credit card and energy provider and 80% are unsatisfied with their home loan provider. Despite this, half of Australians never review and switch their energy, credit card or mortgage provider," says Kirsty Lamont, Mozo Director.

¹ Based on a 20% discount on a \$1k whitegood equating to \$200, compared to a savings on \$2728 per year from a 400k 80% LVR OO P&I loan when a borrower switches from the average rate on the market currently (3.45%) and (2.39%) the average rate.

“There’s no doubt that getting out your bills and comparing providers can be a bit of a chore, but this time in isolation is the perfect opportunity to tackle tasks that have been put off for too long. The majority of households are satisfied to settle for an okay deal because they think it’s too time consuming or uncomfortable to negotiate with their providers, yet research from Mozo has found haggling carries a high possibility of success. If you push for a discount, three out of four times you’ll get one.”²

Mozo research shows Australians are least prepared to compare and switch on their credit card, with one fifth of respondents admitting they never shop around and compare. This comes at a time when credit card rewards have plummeted severely as banks try to protect profit margins. In the past few months NAB has removed Qantas Rewards and Platinum Card, ANZ has slashed 75,000 bonus Velocity points and Jetstar’s rewards program has halved its rewards return - requiring you to spend \$20,000 to earn \$100 credit.

As the biggest expense for many households, it goes without saying that mortgage haggling stand to gain the biggest returns. However, Lamont says don’t discount other household expenses, as haggling in these areas could also be rewarded with sizable annual savings.

“Switching to a more competitive energy provider could see you pocketing as much as \$600 in savings a year, while knocking out an outstanding credit card balance and moving debt that won’t budge to a balance transfer card gives you the opportunity to save \$695, compared to sticking with the average credit card.”

According to Mozo, males were more prepared to flex their negotiating muscle, haggling more than females when it came to energy, car insurance, credit cards, savings accounts and mortgages.

The analysis found haggling aged between 65+ to be the most active when it came to shopping around for energy and car insurance, while those aged 25-38 were most likely to review their credit card value. Those in the age brackets 39-50 and 51-64 were most likely to compare and switch on their mortgage.

Residents in New South Wales came out as the country’s top haggling, flexing their review and switch muscles more frequently than any other state.

² Nationally representative survey of 3,693 Australians aged 18 years and above conducted by IPSOS in April 2018. Respondents were asked if they haggled on their home loan, energy, car and home insurance products and if successful, how much they saved.

SWITCH & SAVE

Annual Savings



Credit card \$695



Energy \$600



Home loan \$2728



Car insurance \$1230



Home & contents insurance \$1123

Source: Mozo.com.au

Mozo's tips for driving down household bills:

- **Do your research:** Comparison sites like Mozo allow you to get the inside scoop on what competitors are offering. Ensure you can quote these offers at the negotiating table and tell the provider they'll have to beat the best offer to get your business.
- **Don't accept the first offer:** Often a provider comes back with a discount straight off the bat - don't accept this and ask if that's really the best they can do.
- **Be prepared to bundle:** Be prepared to move other products over to your provider if this is going to strengthen your negotiating hand.
- **Don't limit yourself to haggling on rates:** Fee waivers, rewards points and cashback may be some of the things you can also ask your provider for.
- **Prepare to bluff:** Tell your provider you're willing to walk away so they know you're serious about getting the best deal.

Ends

Notes on data - Nationally representative Mozo research conducted by Researchify asked 1023 respondents about satisfaction and switching habits for energy, car insurance, credit cards, savings accounts and every day accounts from 12 to 28 of January 2020. Average energy prices in the competitive Australian energy markets are from the 2019 Mozo Experts Choice Energy Awards data set. Energy usage calculations were increased to reflect current Covid-19 home isolation habits and are based on two adults and two children using the family home as their place of work for eight hours, five days a week. Appliances were calculated on the following use; desktop computers 8 hours a day for two people, 2 laptops being fully charged three times a day, TV on for four hours, stereo on for eight hours, kettle being boiled eight times a day, microwave being used four times for 2 minutes and four iphones being fully charged. Original estimates for energy costs for each appliance are from Ergon Energy. Average household energy bill based on AER benchmarks for each state or territory that has a contestable market, for a 4 person household with no swimming pool. Cost calculation excludes any conditional discounts. Where a state has multiple distributors we averaged the cost of all plans for each distributor then averaged those figures. These calculations were averaged to arrive at a national estimate. Car insurance savings figures have been taken from 10,000 customer scenarios with quotes from 36 insurers. The cheapest and most expensive quotes were compared to calculate the maximum amount of savings customers could gain.

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