

February 2018

Summary analysis of Essential Research polling for ‘Who knew Australians were still so co-operative?’ white paper

A follow up to The Australia Institute’s 2012 examination of the co-operative sector.

Next

Level

Research

NEXT LEVEL RESEARCH

| www.nextlevelresearch.com.au

Table of Contents

Australia is more co-operative than ever	2
A note about the data	2
A growing co-operative membership	2
Who knew younger Australians could be so financially co-operative?	2
CMEs are providing a broad range of essential services	2
However, public awareness of the CME model remains a significant challenge	3
Ongoing, but diminishing, distrust in the for-profit model as driver of CME appeal	3
However, CME growth is still constrained, partly by consumer inertia	3

Australia is more co-operative than ever

A note about the data

- The 2017 data provided in this document examines survey data provided by Essential Research, with the underlying survey having collected responses online from 1,032 Australian adults between 5 October and 8 October.
- The 2012 data cited below has been sourced from The Australia Institute's 2012 research paper ['Who knew Australians were so co-operative?'](#).

A growing co-operative membership

- More Australians than ever before are now members of one or more Co-operative and Mutual Enterprises (CMEs). In 2012 The Australia Institute found that 79% of Australian adults were members of one or more CMEs, while the 2017 survey data shows that this figure has risen to 85%.
- Underlying this moderate percentage increase is a far greater increase in actual CME membership between 2012 and 2017. The combination of population growth in Australia and increased market share captured by CMEs has led to there being an extra 2.35 million members of Australian CMEs over this timeframe (source: survey data applied to ABS estimates of resident adult population in June 2012 and June 2017).

Who knew younger Australians could be so financially co-operative?

- Despite the 2017 data showing that older Australians are more aware of the CME model, membership levels by age group are fairly even at 83% to 86%.
- The 2017 survey data also indicates that Australians aged 18 – 34 are showing a greater than expected affinity for financial services offered by CMEs. 25% of this age group belong to a customer owned bank (vs 23% of all respondents) and 66% use a member owned super fund (vs 56% of all respondents).
- Further, a surprising 15% of those aged 18 - 34 belonged to five or more CMEs. This indicates a core of the Gen Y age group are drawn to CME offerings and the associated values.
- This above data suggests that the financial CMEs, the customer owned banking institutions in particular, have been successfully focused on Gen Y member acquisition.

CMEs are providing a broad range of essential services

- Almost half (47%) of those surveyed in 2017 belonged to two or more CMEs.
- The 2017 Essential Research data shows that CMEs provide:
 - Motoring services to 6 in 10 Australians
 - Superannuation services to over half of Australians
 - Banking services to almost 1 in 4 Australian adults

However, public awareness of the CME model remains a significant challenge

- Despite the vast and expanding membership of CMEs in Australia, there remains the same awareness challenge facing the CME industry as identified by The Australia Institute in 2012. In 2017, 88% of surveyed Australians either indicated that they were not a member of a CME (78%) or didn't know if they were (10%).
- The 2017 results show that awareness numbers were higher when the respondents were asked whether they had heard of either co-operatives or mutuals, with 47% confirming they had heard of at least one or both brands. However, this awareness figure has slightly fallen from 50% in 2012.
- In 2012 the 18-34 cohort was the least familiar with CMEs, whereas in 2017 the 35-54 age group was the least aware of this entity type. This surprising increase in awareness amongst younger Australians suggests that the CME industry has improved its outreach amongst a typically hard to reach demographic.
- The data further shows a surprising gender divide when it comes to awareness of the CME model. In 2017, despite a fairly equal membership split by gender, the survey responses showed that while just over half of men were aware of CMEs only 40% of women reported the same.
- In a further twist, the question 'Are you currently a member of a co-operative or mutually owned business (mutual)?', showed that in 2017 the 18-34 age group were by far the most likely to indicate that they were CME members (24% vs 12% overall).

Ongoing, but diminishing, distrust in the for-profit model as driver of CME appeal

- As in 2012, the latest survey also shows the widespread belief is still in place that corporations are too focused on profits at the expense of their customers.
 - Only 5% of those surveyed disagreed with the notion that corporate executives are overpaid, with 50% strongly agreeing.
 - 47% strongly agree with the sentiment that corporations are too driven by profit, with only 7% disagreeing.
 - Older Australians are the least likely to trust the for-profit model.
- However, some of the distrust has eased since 2012 as memories of the GFC fade and younger Australians have not experienced a recession.
 - For example, 90% of respondents to the 2012 survey agreed that 'Corporations are too driven by profit', versus 82% in 2017.

However, CME growth is still constrained, partly by consumer inertia

- There is a range of positive news for the CME sector in this review of their current situation and growth over the past five years. However, there are a number of qualifications to bear in mind at the same time:
 - Five years on, consumer inertia is still a challenge for the sector. Despite the ongoing public distrust in the for-profit model, consumers are not switching en masse to the CME alternative.
 - As noted above, a lack of awareness of the CME model remains a key issue for the CME industry. This branding challenge is arguably restraining consumer switching.
 - Lastly, despite a considerable proportion of consumers belonging to multiple CMEs, more than half (52%) still belong to only one or no CME.