



Media Release

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Cutting Household Expenses

What Gets Dropped First – New Research!

Introduction

While Australians seem pragmatic when it comes to cutting expenditure, they are more likely to stop investing in their savings and investment plans and life insurance than their mobile phone and car/home insurance.

NobleOak just received the results from a comprehensive research study they commissioned and was conducted in December 2016 by an independent research firm (Pureprofile Pty Ltd), asking over 1,000 Australian adults to prioritise expenses they would cut back on if they lost some or all of their income or financial support for an extended period of time.

Findings

The Pureprofile survey asked adult participants aged between 30 and 60 to order the expenses they are more likely to cut back on first, down to those they are least likely to cut back on last. This question required the respondents to prioritise expenditure they would cut and expenditure they would maintain.

The results are below.



Table 1 - Research Question

If you lost some or all of your income or financial support for an extended period of time, in which order would you cut back your expenses?

	Score*	Overall Rank
Holidays	10487	1
Entertainment costs	10484	2
Health & Beauty expenses	9427	3
Savings/Investment plans	7580	4
Life Insurance (Including Death/Life cover, TPD, or Trauma cover)	7070	5
Education costs	6966	6
Income Protection Insurance	6831	7
Transport expenses	6691	8
Mobile phone useage	6531	9
Grocery costs	5776	10
Car/Home insurance premium	5371	11
Gas/electricity bills	4820	12
Mortgage/rent payments	3512	13

Total Respondents 1006

*Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

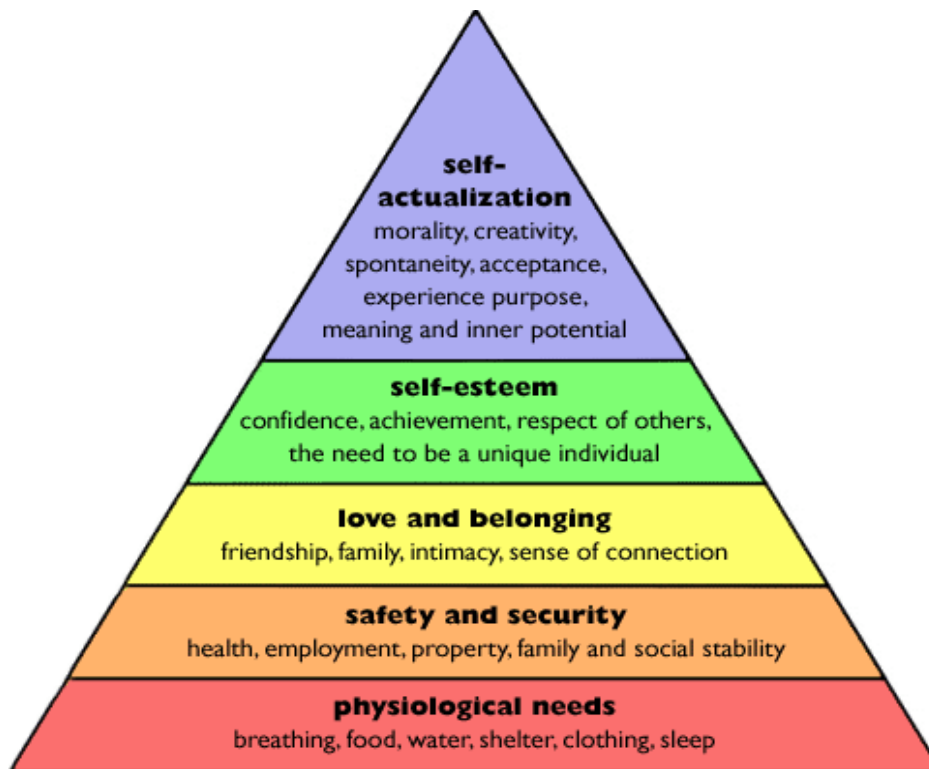
Mobile Phone - Now a “Need”?

While holidays and entertainment expenditure are the first to go, mobile phones appear to have become an important need, as they are so integrated into our lives, with respondents willing to cut back on transport, life insurance, and education investment before cutting mobile phone costs.

Theory still holds true

Many of us have studied Maslow’s Hierarchy of Needs at school. This theory appears as relevant today is it did when developed in the 1940s, with *physiological* needs such as shelter (mortgage or rent payments) , food (grocery costs), and warmth (gas and electricity) being the last expenses to cut back on, if income or financial support is lost for an extended period of time.

Maslow's Hierarchy of Needs



"A Theory of Human Motivation" – Psychological Review – 1943.

NobleOak's CEO, Anthony R Brown said:

"These results reinforce that the life insurance industry still has work to do to outline the true value it provides customers. While the emotional implications of a family tragedy or major illness are often devastating, many of us don't contemplate the lasting financial implications to our families. It is this reason that Australians are more likely to cut back on Life insurance premiums, than car or home insurance premiums, or even mobile phones."

"With Australia's GDP shrinking in the September 2016 quarter, it's natural Australians will think more about belt tightening, so the results of this survey are timely. If Australians do cut down on their expenditure in 2017, it appears the travel industry will be the first to suffer."



APPENDICES

About NobleOak

NobleOak Life Limited (NobleOak), is one of Australia’s most established life insurers, and has been in the Australian market for over 138 years. NobleOak is an independent insurer providing Life cover, TPD, Trauma, Income Protection and Business Expenses insurance.

NobleOak keeps costs low by avoiding mass marketing and large upfront commission payments to third parties. They are able to pass savings back to their customers and clients through reduced premiums, supported by outstanding personal service.

NobleOak has a client satisfaction rating of 98.5% (April 2016 client survey) and is the winner of the “2016 Direct Life Insurance Overall Excellence Award” issued by Strategic Insight and the 2016 Canstar 5 Star Awards for “Life” and “Income Protection “ cover.



Media Contacts

- Fiona Vella**
Chief Business Officer
(612) 9299 7852
0421 132 526
- Kiran Gill**
Executive Assistant – Chief Executive Officer
(612) 8198 1629
- Anthony Brown**
Chief Executive Officer
(612) 9299 7852