# Consumer Council for Water
# Small and medium-sized businesses' awareness of the retail water market

## Wave 2:January 2018

published February 2018

Populus *on behalf of CCWater*

# Summary

**Do small to medium enterprises (SMEs) know they can switch or negotiate with their water and wastewater retail service provider?
And if so, what action do they take?**

A lack of awareness and understanding of the retail water market could mean that businesses miss out on potential benefits. CCWater wants all businesses to be aware of the market and that they can switch and/or negotiate with their water and wastewater retail service providers.

**Evidence from online survey of 502 SMEs[1] in January 2018**

2 in 5 (38%) SMEs think it is possible to switch their water & wastewater retail service provider.

Around 1 in 3 (30%) think it is possible to negotiate for a better deal or service

→ Once it was confirmed to them that switching and negotiating has been possible since April 2017, just a quarter (25%) of SMEs say they were aware of this before taking this survey.

→ Around half of those SMEs which were already aware of the market have looked for information (47%); 31% say they have negotiated and 24% have switched[2].

→ Intention to engage with the market in the next six months increases with business size.
36% of eligible[3] SMEs intend to switch; which includes half of medium sized businesses (54%), around a third of small and micro businesses (35% and 33%). Just 15% of sole traders intend to switch.

[1]Margin of error for sample of 502:+/-4.4% for a response of 50%
[2]As a proportion of the total sample, 6% of respondents say they switched. The market operator, MOSL, keeps track of switching (https://www.mosl.co.uk/market-performance/details/14/cumulative-switching-of-service). As at 1 February 2018, MOSL reports around 4% of the total eligible supply points have switched.
[3]Where the sample is referred to as eligible, it excludes SMEs which operate mainly from home or a managed business premise (18% of the sample in January 2018)

# There remains an opportunity to improve awareness and understanding of the water retail market amongst SMEs

## SME awareness and participation is unchanged in the six months from July 2017 to January 2018

- In January 2018, 38% of SMEs (sample 502[1]) think it is possible to switch their water retail service provider (43% in July 2017) and 30% think it possible to negotiate (32% in July 2017).
- When informed that it has been possible to switch and negotiate since April 2017, a quarter of SMEs (25%) say they were aware of this (26% in July 2017).
- 47% of SMEs that were aware of the market have looked for information (44% in July 2017); 31% say they have negotiated (35% in July 2017) and 24% have switched (24% in July 2017).
- Around a third of eligible[2] SMEs intend to switch and/or negotiate in the next six months (36% and 31% respectively; 30%[3] and 31%[3] in July 2017).

## Awareness, current participation and intended engagement with the market increase with business size

Combined data from the July 2017 and January 2018 surveys (sample size 1004[4]) shows that:

- Medium (49%) and small (48%) businesses are significantly more likely to think it is possible that they can switch than micro and sole traders (37% and 36% respectively); a similar trend is seen for awareness of the possibility to negotiate
- Out of the SMEs which were already aware of the market before taking this survey, medium and small businesses are significantly more likely to have taken action to switch their water service provider than micro and sole traders (42% and 30% compared to 16% and 11% respectively). A similar trend is shown for negotiating and looking for information about the market.
- Half (50%) of medium sized businesses say they are likely to switch in the next six months, significantly higher than micro (32%) and sole traders (16%). 40% of small businesses think they are likely to switch, significantly higher than sole traders.

[1]Margin of error for sample of 502:+/-4.4% for a response of 50%,
[2]Where the sample is referred to as eligible, it excludes SMEs which operate mainly from home or a managed business premise (18% of the sample in January 2018)
[3]Both samples includes SMEs which operate from home/managed premises which may impact on data
[4]Margin of error for sample of 1004: +/-3.1% for a response of 50%

# Key

The following logos in this report refer to three main actions SMEs take with reference to the retail water market:

Switching your organisation's water service provider

Contacting your water service provider to negotiate a better deal

Finding out more about your organisation's choices

Time periods for waves 1 and 2 of this study (as referred to throughout this report) are:

Wave 1: July 2017
Wave 2: January 2018

# Unprompted Awareness –

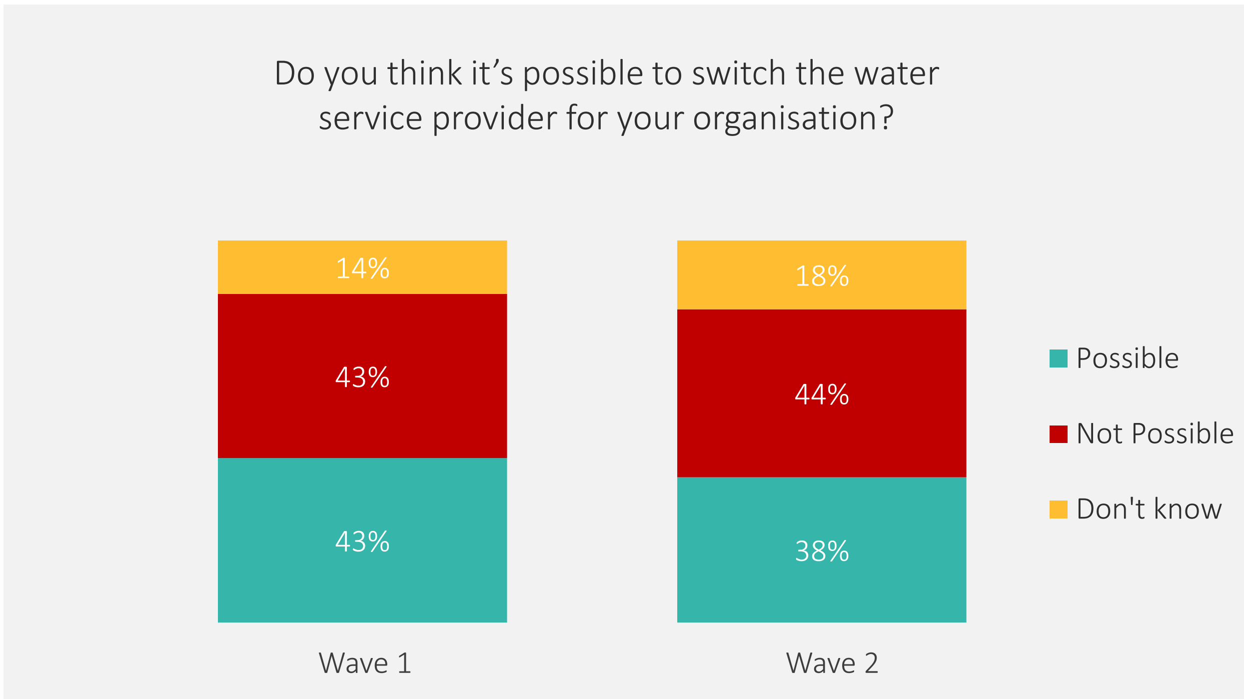
# Do SMEs think they can switch their water service provider?

Populus

CONSUMER COUNCIL FOR Water

# 2 in 5 (38%) SMEs think it is possible to switch their water service provider; this is in line with Wave 1 (July 2017) i.e. not statistically different

Change versus last wave




The figures for Waves 1 and 2 both include SMEs which are ineligible to switch.
In Wave 2 an additional response option means we can identify what proportion are ineligible (i.e. they operate from home or a managed business premise).

However, awareness in Wave 2 is little changed when ineligible SMEs are removed from the sample (41% for eligible SMEs compared to 38%).

Populus

CONSUMER COUNCIL FOR Water

Q2. Do you think it's possible or not possible to switch the following service providers for your organisation? Wave 1, All respondents n=502, wave 2 All respondents n=502

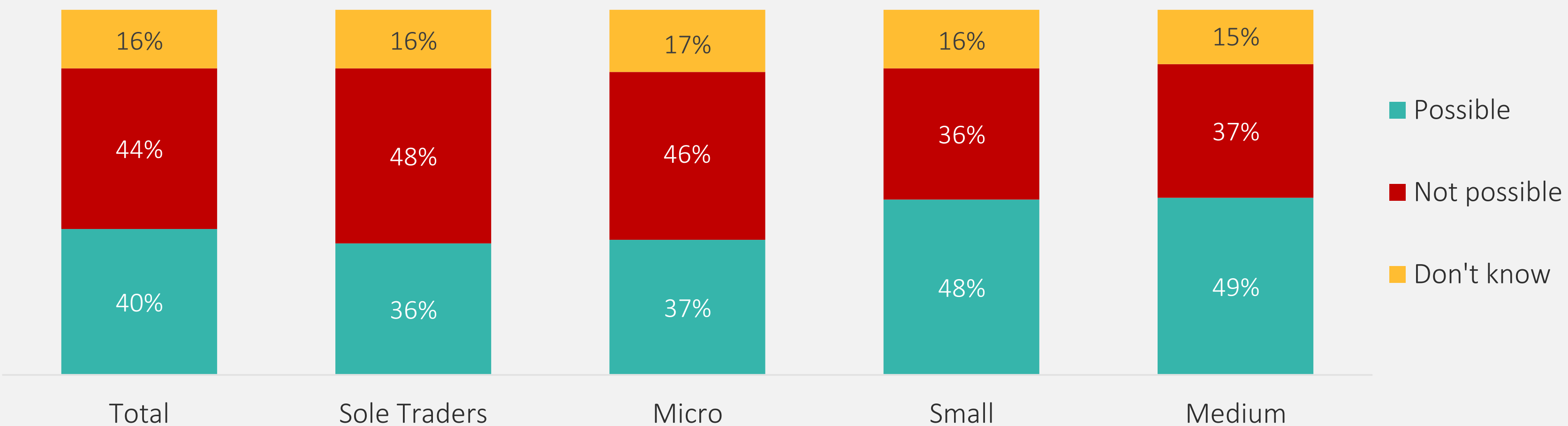
# As business size increases, so does awareness of the possibility to switch

Breakdown by business size (combined waves 1 and 2)

Do you think it's possible to switch the water service provider for your organisation?

Micro businesses are significantly more likely than sole traders to think it's possible to switch water service providers

Small and medium businesses are significantly more likely than sole traders & micro businesses to think it's possible to switch water service providers




Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? Waves 1 and 2 All respondents n=1,004; Sole traders n=396, Micro businesses n=252, Small businesses n=156, Medium businesses n=200

*Both samples include SMEs which operate from home/managed premises which may impact on data

# Unprompted Awareness –

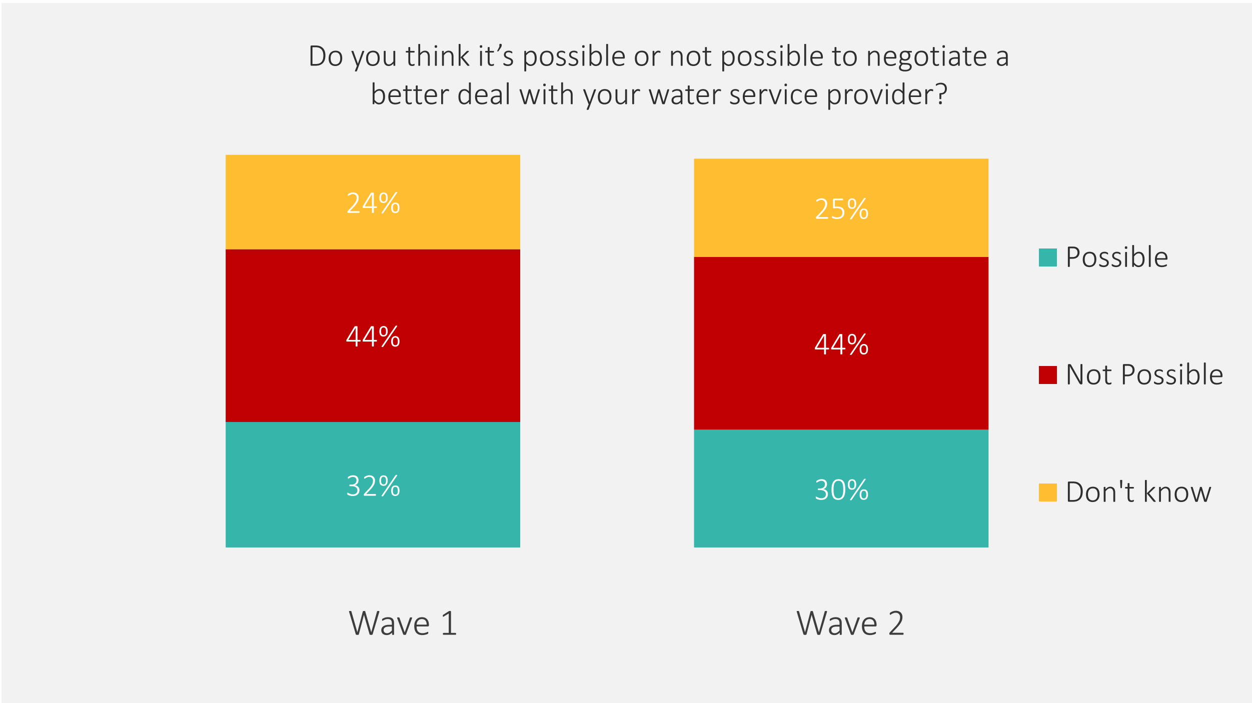
# Do SMEs think they can negotiate a better deal with their existing water service provider?

Populus

CONSUMER COUNCIL FOR Water

# Fewer than 1 in 3 SMEs think it is possible to negotiate with their water service provider. This is little changed from July 2018 (Wave 1)

Change versus last wave




The proportion of SMEs that think it's possible to negotiate with their water service provider increases when those which are ineligible for the market (i.e. they operate mainly from home or a business premise) are excluded (36%).

Populus

CONSUMER COUNCIL FOR Water

Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? Wave 1, All respondents n=502, wave 2 All respondents n=502, Excl. those operating from home / managed business premises n=412

# Small and medium businesses are most likely to think it's possible to negotiate with their water service provider, whilst sole traders are least likely

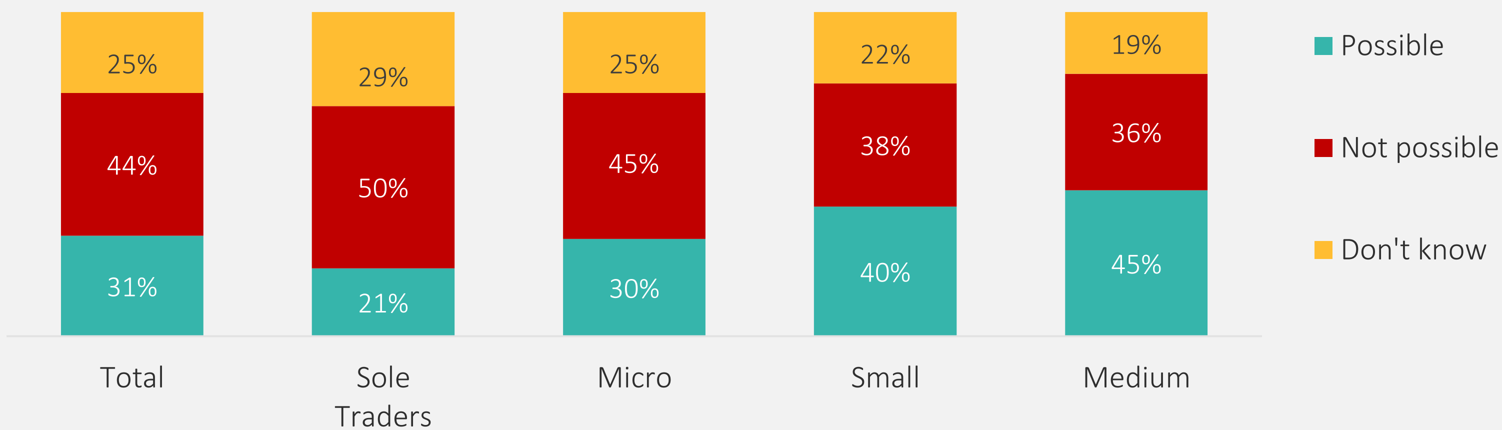
Breakdown by business size, Waves 1 and 2 combined

Do you think it's possible or not possible to negotiate a better deal with your water service provider?

SMEs located in London (45%) are significantly more likely than all SMEs (31%) to be aware it's possible to negotiate with their water service provider

Micro businesses are significantly more likely than sole traders to think it's possible to negotiate with their water service provider

Small and medium businesses are significantly more likely than sole traders & micro businesses to think it's possible to negotiate with their water service provider



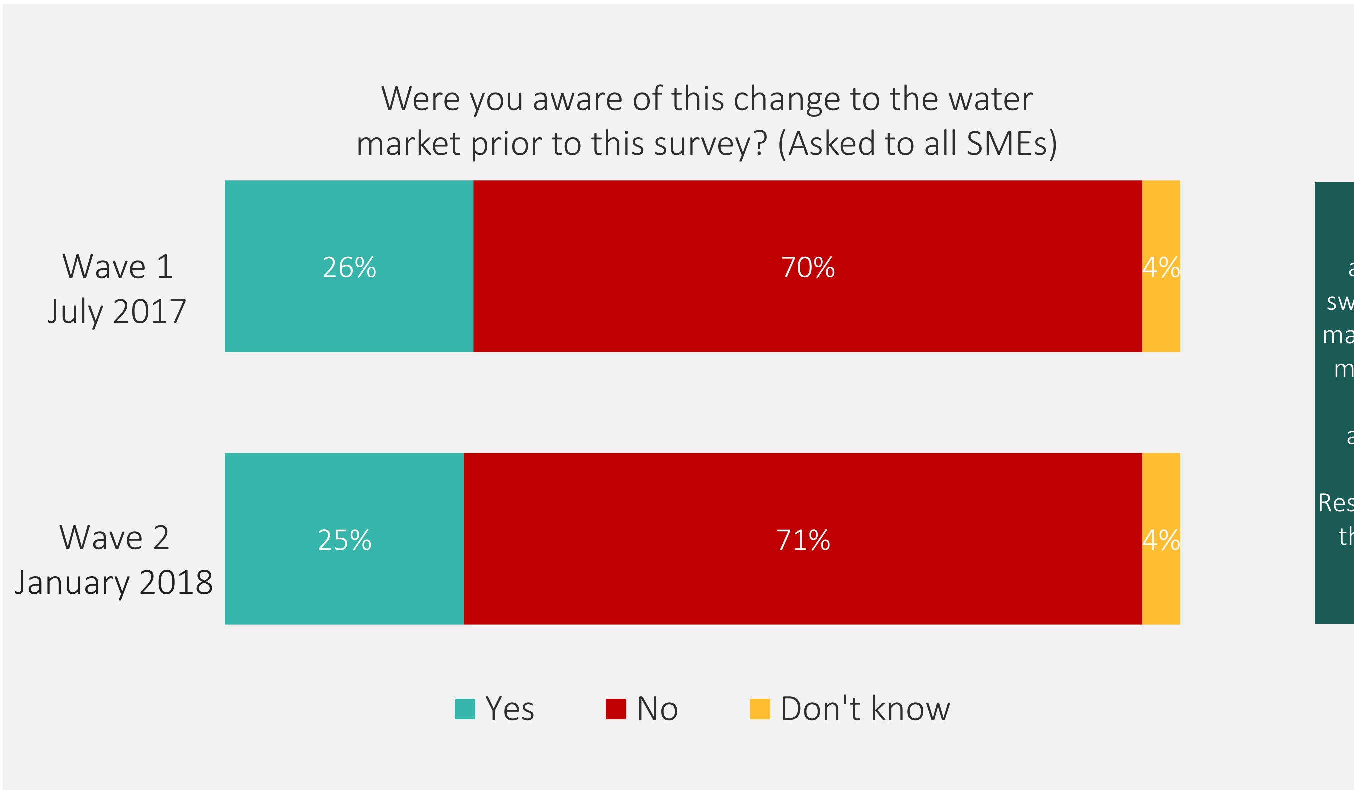

*Both samples includes SMEs which operate from home/managed premises which may impact on data

Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? All respondents n=1,004; Sole traders n=396, micro businesses n=252; small businesses n=156; medium businesses n=200

# Prompted Awareness–

# Are SMEs aware of the change to the water market?

# Prompted awareness of the retail water market is little changed from July 2017 (Wave 1)



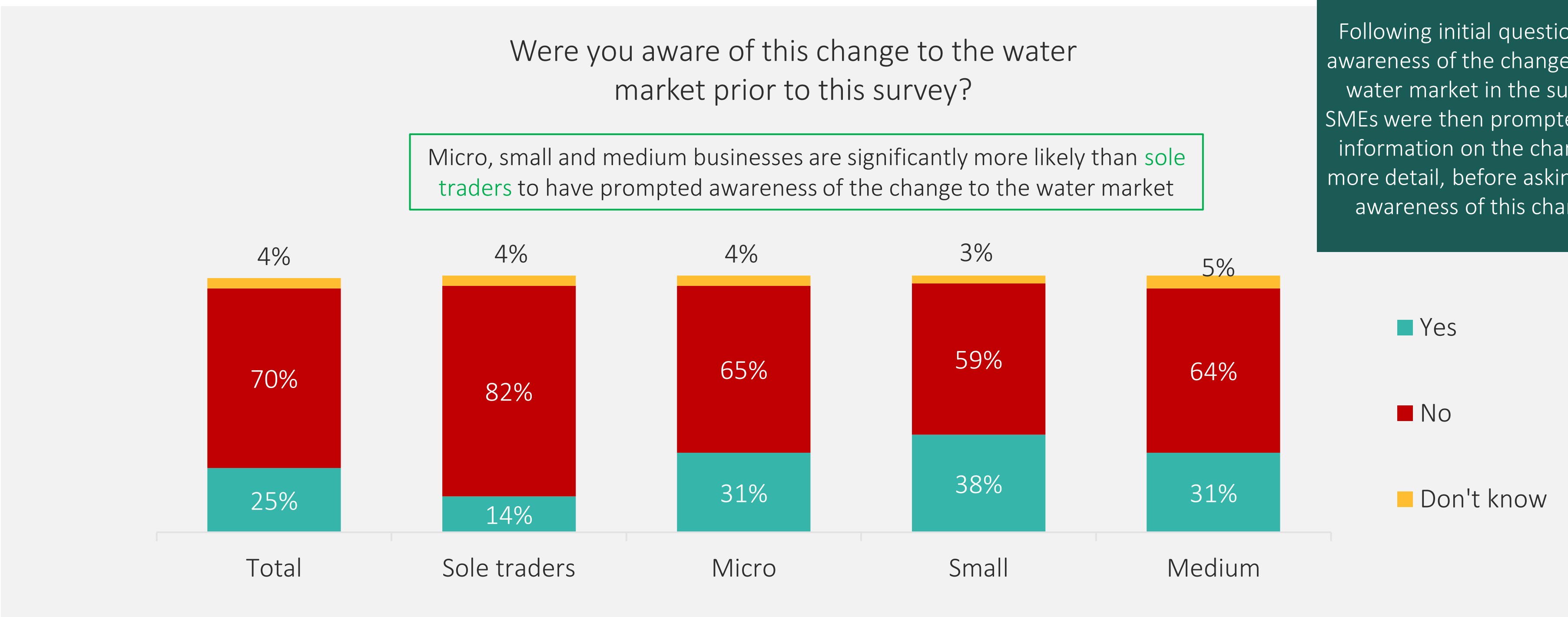

Following initial questions on awareness of the possibility to switch or renegotiate in the water market, SMEs were prompted with more specific information on the change, before asking their awareness of this change once more.
Respondent awareness when asked this more detailed question was lower, 25% (Wave 2).

*Both samples include SMEs which operate from home/managed premises which may impact on data

Q2. Do you think it's possible or not possible to switch the following service providers for your organisation? Wave 1, All respondents n=502, wave 2 All respondents n=502

# Sole traders are least likely to know that the retail water market is ‘open’ – awareness increases with business size

Breakdown by business size, Waves 1 and 2 combined




Following initial questions on awareness of the change to the water market in the survey, SMEs were then prompted with information on the change in more detail, before asking their awareness of this change.

*The combined sample of waves 1 and 2 includes a proportion of SMEs which operate out of someone's home or managed premises which will not be eligible to enter the market

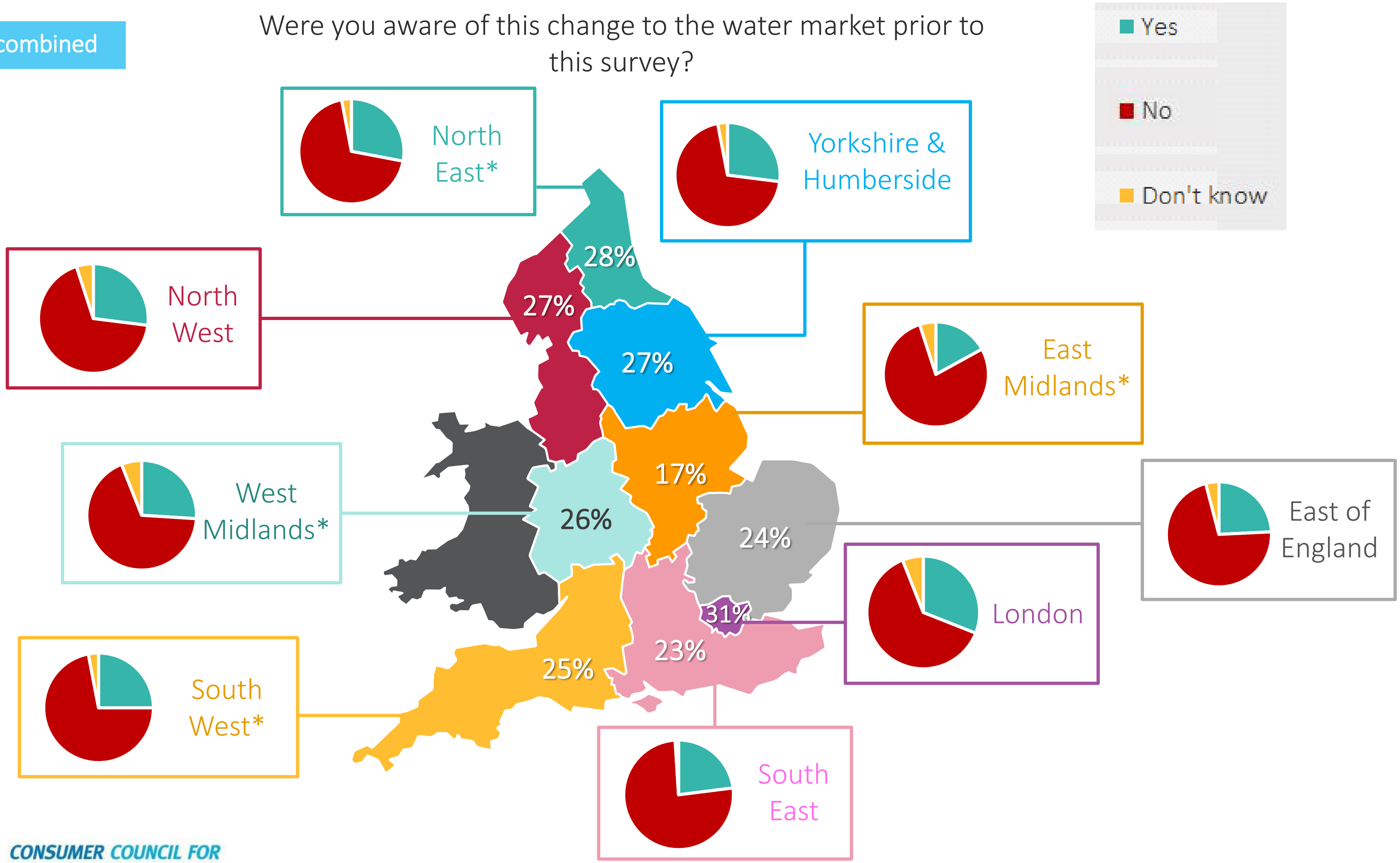
Q4. Since April 2017, all businesses, charity and public sector organisations in England (operating from business premises) have been able to change the company providing their water and waste water retail services (as they are able to with energy), or negotiate a better deal with their existing service provider (e.g. move to a better price or bespoke service).Retail services include billing, meter reading and handling customer service queries, but do not include the physical supply of water or removal of sewage. Were you aware of this change to the water market prior to this survey?

All respondents: n=1,004, Total excl. those operating from home / managed business premises n=914 Sole traders n=396, Micro businesses n=252, Small businesses n=156, Medium businesses n=200

# SMEs located in London are more likely to be aware of the change to the water market than those in other regions

Waves 1 and 2 combined

Were you aware of this change to the water market prior to this survey?




Populus

CONSUMER COUNCIL FOR Water

Q4. Were you aware of this change to the water market prior to this survey? All respondents: North East n=64**, North West n=115, Yorkshire & Humberside n=105, West Midlands n=82**, East Midlands n=87**, East of England n=115*, London n=170, South East n=171, South West n=95**

**Caution: Base size below 100

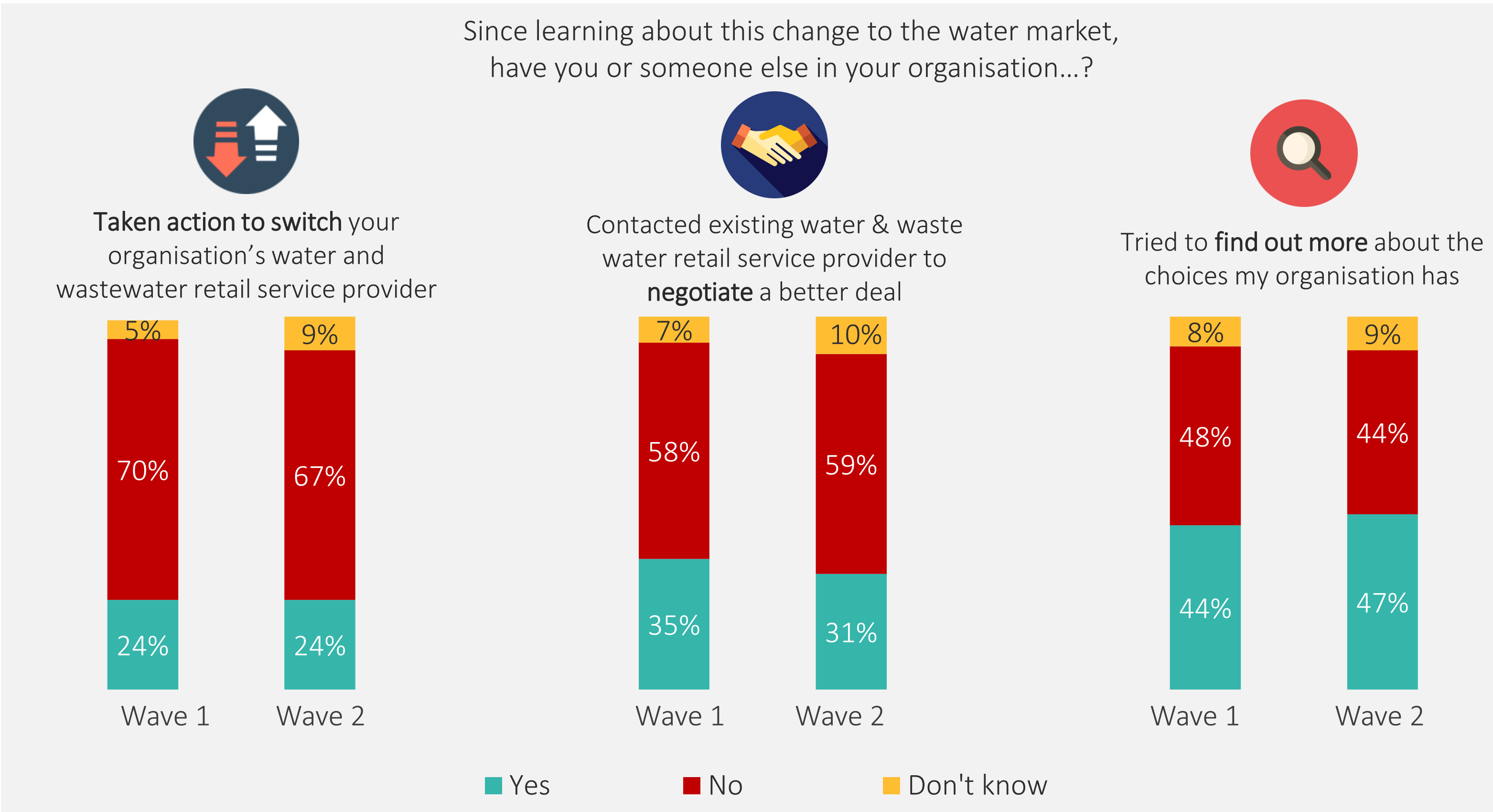
# What actions are SMEs which already knew about the market most likely to have taken?

Populus

CONSUMER COUNCIL FOR Water

# SMEs aware of the market before this survey are more likely to have looked for information (47%) than to have negotiated (31%) or switched (24%). Changes since Wave 1 are not significant

Change versus last wave




Wave 2 data shows that those SMEs that are eligible for the water market are more likely to switch, negotiate or find out more about the choices their organisation has compared to organisations that are ineligible.

Q5. Since learning about this change to the water market, have you or someone else in your organisation...? Wave 1 All respondents aware of change to the water market n=132, wave 2 n=124

*Samples include SMEs which operate from home/managed premises which may impact on data

# Medium sized companies are more likely to act than sole traders, micro and small businesses

Waves 1 and 2 combined

Since learning about this change to the water market, have you or someone else in your organisation…?

| | Sole traders** | Micro** | Small** | Medium** |
|---|---|---|---|---|
| Switched your organisation's water and wastewater retail service provider | 11% | 16% | 30% | 42% |
| Contacted existing water & wastewater retail service provider to negotiate a better deal | 14% | 23% | 35% | 61% |
| Tried to find out more about the choices my organisation has | 28% | 36% | 52% | 66% |

Populus

CONSUMER COUNCIL FOR Water

Q5. Since learning about this change to the water market, have you or someone else in your organisation…? All respondents aware of the change: Sole traders n=57** Micro businesses n=77**, Small businesses n=60**, Medium businesses n=62**

**Caution: Low base size

*Our July 2017 (Wave 1) sample includes SMEs which operate from home/managed premises which may impact on data

# What action are SMEs likely to take having now learnt about the water market?

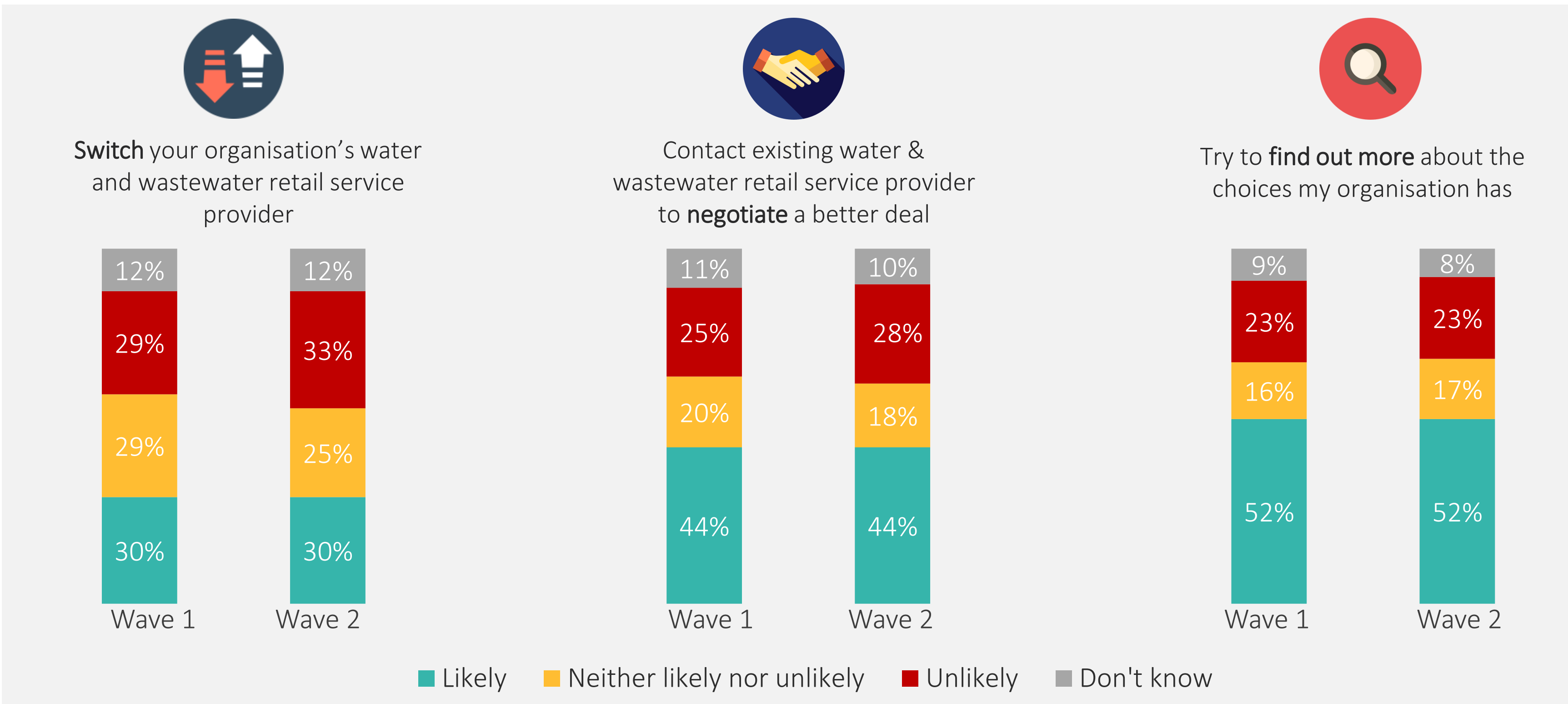
Populus

CONSUMER COUNCIL FOR Water

# Likelihood to act is in line with July 2017 (Wave 1)

Change versus last wave

How likely or unlikely is your organisation to do each of the following in the next 6 months?




*Both samples (Wave 1 and Wave 2) include SMEs which operate from home/managed premises which may impact on data

Q6. Following this change to the water market, how likely or unlikely is your organisation to do each of the following in the next 6 months? Wave 1 All respondents n=502, wave 2 All respondents n=502

# Medium sized businesses are more likely than smaller organisations to take action in relation to their water service provider in the next 6 months, with 7 in 10 (69%) stating they will try to find out more about the choices their organisation has

Waves 1 and 2 combined

Likelihood your organisation will do each of the following in the next 6 months

| | Sole traders | Micro | Small | Medium |
|---|---|---|---|---|
| Switch your organisation's water and wastewater retail service provider | 16% | 32% | 40% | 50% |
| Contact existing water & wastewater retail service provider to negotiate a better deal | 27% | 44% | 60% | 66% |
| Try to find out more about the choices my organisation has | 38% | 52% | 65% | 69% |

Micro and small businesses are significantly more likely than sole traders to switch, negotiate or find out more about the choices their organisation has.

Medium businesses are significantly more likely than sole traders & micro businesses.

*Both samples (Wave 1 and Wave 2) include SMEs which operate from home/managed premises which may impact on data

Populus

CONSUMER COUNCIL FOR Water

Q6. Following this change to the water market, how likely or unlikely is your organisation to do each of the following in the next 6 months? Sole traders n=396, Micro businesses n=252, Small businesses n=156, Medium businesses n=200

# What channels will SMEs use to find out more about the water market?

Populus

CONSUMER COUNCIL FOR Water

# Sole traders are most likely to search the internet to find out more, whereas medium businesses would contact a prospective provider, utility broker or business colleague

Waves 1 and 2 combined

Where would you go to find out more about this change to the water market or the choices your organisation has?

| Business Size | Internet search | Existing service provider | Prospective service provider | Utility broker or consultant | National media | Business colleague | Regulator | Consumer body | Trade body |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | **67%** | **37%** | **23%** | **16%** | **10%** | **9%** | **3%** | **2%** | **1%** |
| Sole traders | 72% | 31% | 16% | 8% | 8% | 3% | 3% | 2% | 1% |
| Micro businesses | 69% | 41% | 21% | 15% | 11% | 8% | 3% | 2% | 1% |
| Small businesses | 61% | 41% | 26% | 21% | 11% | 11% | 2% | 3% | 2% |
| Medium businesses | 60% | 43% | 37% | 31% | 14% | 19% | 2% | 1% | 1% |

Sole traders are significantly more likely to **search the internet** than small or medium businesses. Micro are significantly more likely to than medium businesses.

Micro, small and medium businesses are significantly more likely than sole traders to **contact their existing provider**.

Small businesses are significantly more likely than sole traders to **contact a prospective service provider**. Medium businesses are significantly more likely than sole traders, micro and small.

Micro and small businesses are significantly more likely than sole traders **to contact a utility broker /consultant**. Medium businesses are significantly more likely than sole traders, micro and small.

Medium sized companies are significantly more likely than sole traders to **contact national media**.

Micro and small businesses are significantly more likely than sole traders **to speak to a business colleague.** Medium businesses are significantly more likely than sole traders, micro and small.

Populus

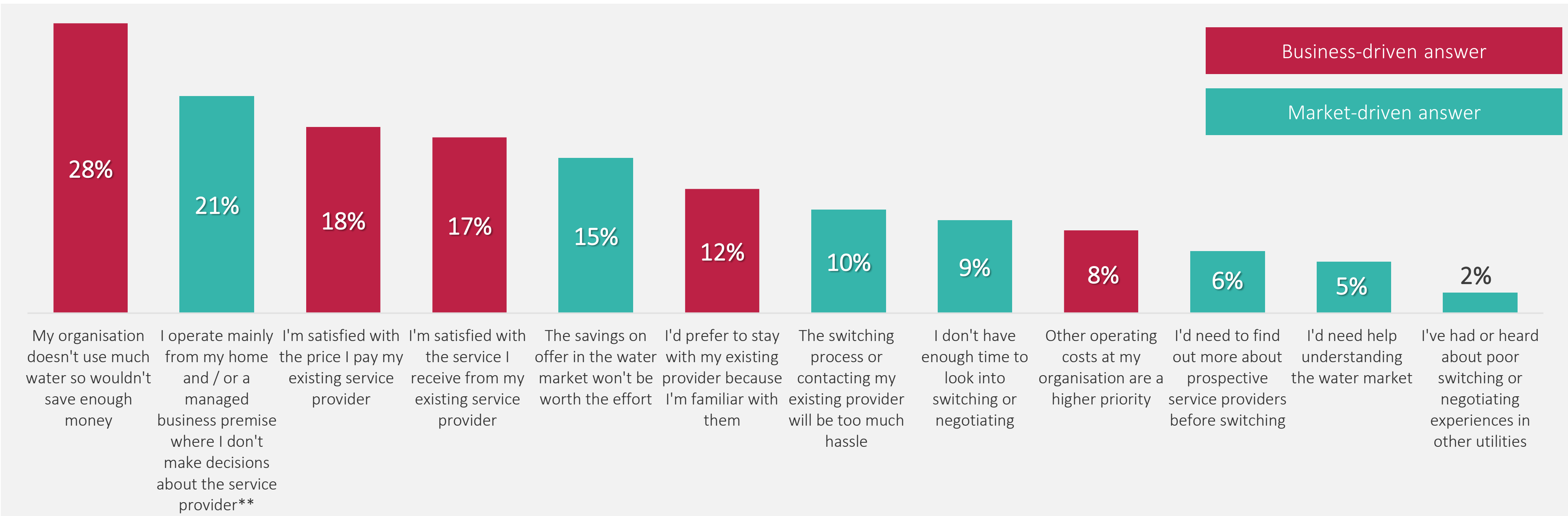
CONSUMER COUNCIL FOR Water

Q8. Where would you or someone else in your organisation go to find out more about this change to the water market or the choices your organisation has? Waves 1 and 2 All respondents n=1,004; Sole traders n=396, Micro businesses n=252, Small businesses n=156, Medium businesses n=200

# Of those that are unlikely to take action in the next 6 months, 1 in 5 (21%) say they are not in a market eligible premises. 1 in 4 (28%) don't think their organisation uses enough water to save money

Waves 1 and 2 combined

Why are you unlikely to switch provider or negotiate with your organisation's existing provider?
(Asked to those that said they were unlikely to switch provider or negotiate with existing provider at Q7)




**Response included in the survey in wave 2 only

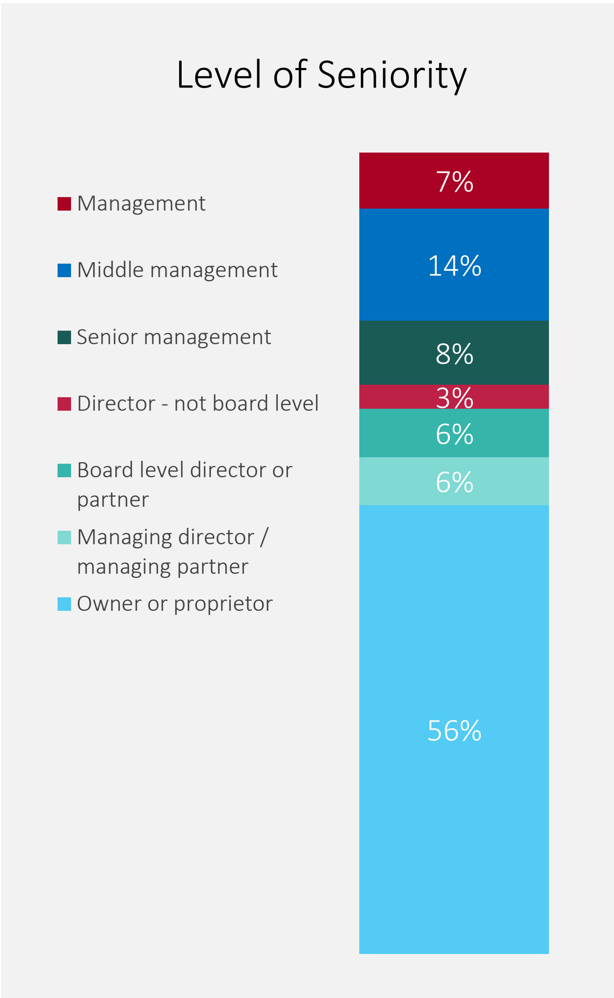
*Both samples (Wave 1 and Wave 2) include SMEs which operate from home/managed premises which may impact on data

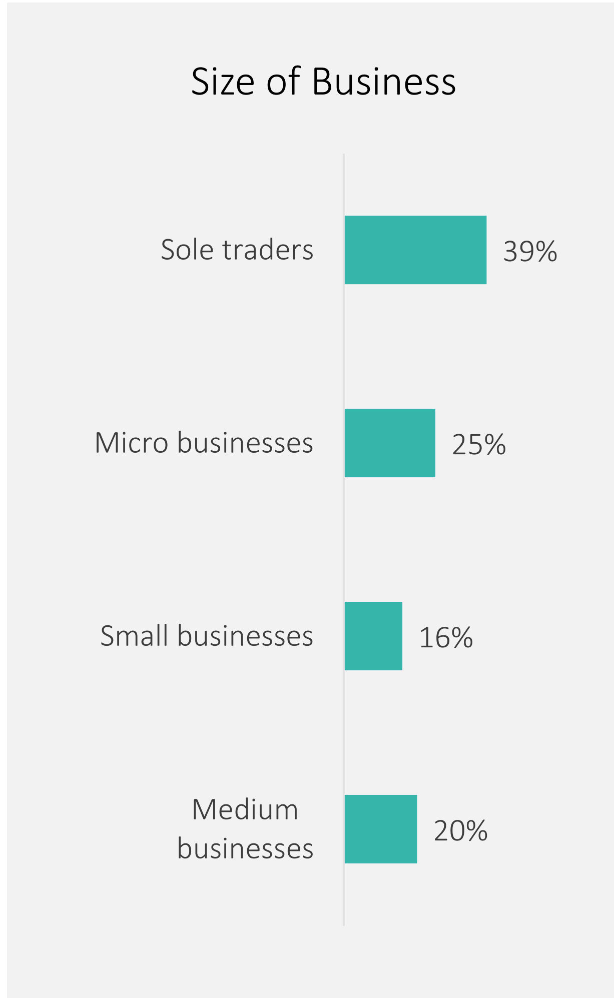
Populus

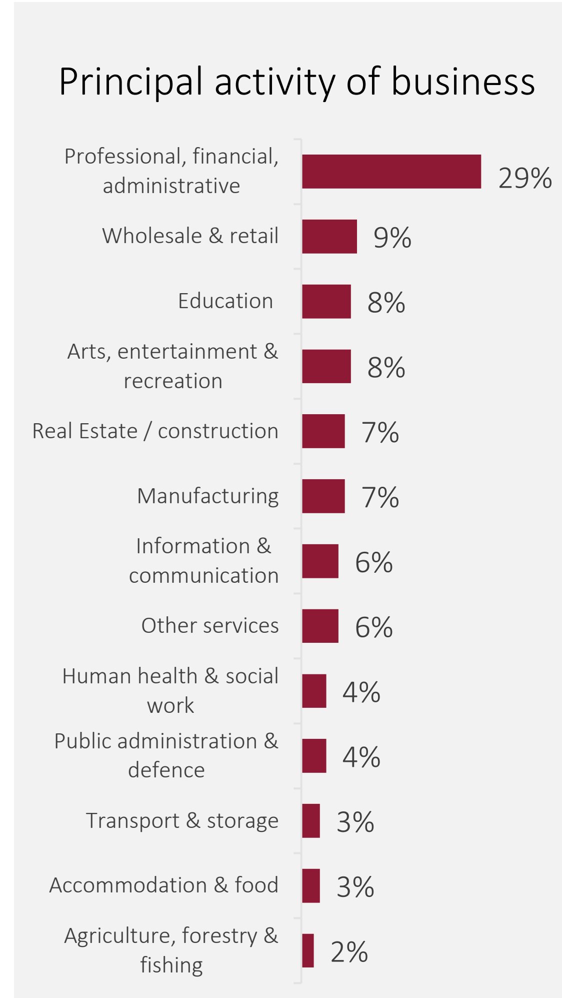
CONSUMER COUNCIL FOR Water

Q7. You said you or someone else at your organisation are unlikely to switch your organisation's water and wastewater retail service provider and / or contact your existing water and wastewater retail service provider to negotiate a better deal for your organisation. Which of the following best describes your reason for this? All unlikely to switch provider or negotiate with existing provider n=168

# Who took part in the survey? (Waves 1 and 2 combined)




Populus

CONSUMER COUNCIL FOR Water

*Proportion of business size not eligible for the change to the water market.
NB. Question to establish those eligible for the water market was only asked in wave 2.

# Appendix

# Methodology

Consumer Council for Water (CCWater) commissioned an online omnibus survey in England to gauge small and medium-sized enterprises' (SMEs) awareness and attitudes to the change to the water retail market in England. The market opened in April 2017, and enabled non-household (NHH) organisations operating out of business premises to change the company providing their water and wastewater retail services, or negotiate a better deal with their existing provider.

This study is designed to track awareness of the water market and behaviour and how this changes over time. CCWater has conducted two waves of the study so far:
Wave 1 conducted: 11-18 July 2017
Wave 2 conducted: 19-22 January 2018

Populus conducted 502 online interviews with SMEs for each wave. The first question in the survey identified those responsible for or who have influence in their organization for paying utility bills or managing utility providers. All respondents, with or without responsibility, were asked all questions in the survey.

The statistical reliability of the data at 95% confidence level is outlined below:

| Sample Size | Margin of Error for response of 50% |
|---|---|
| 502 | 4.4% +/- |
| 1,004 | 3.1% +/- |

## Wave 2 Sample

This study was conducted as an online survey with SMEs with the below proportions per business size:

| Business size | Number of employees | Sample Size |
|---|---|---|
| Sole traders* | 0 | 195 |
| Micro businesses | 1-9 | 126 |
| Small businesses | 10-49 | 79 |
| Medium businesses | 50-249 | 105 |
| **Total sample** | | **502** |

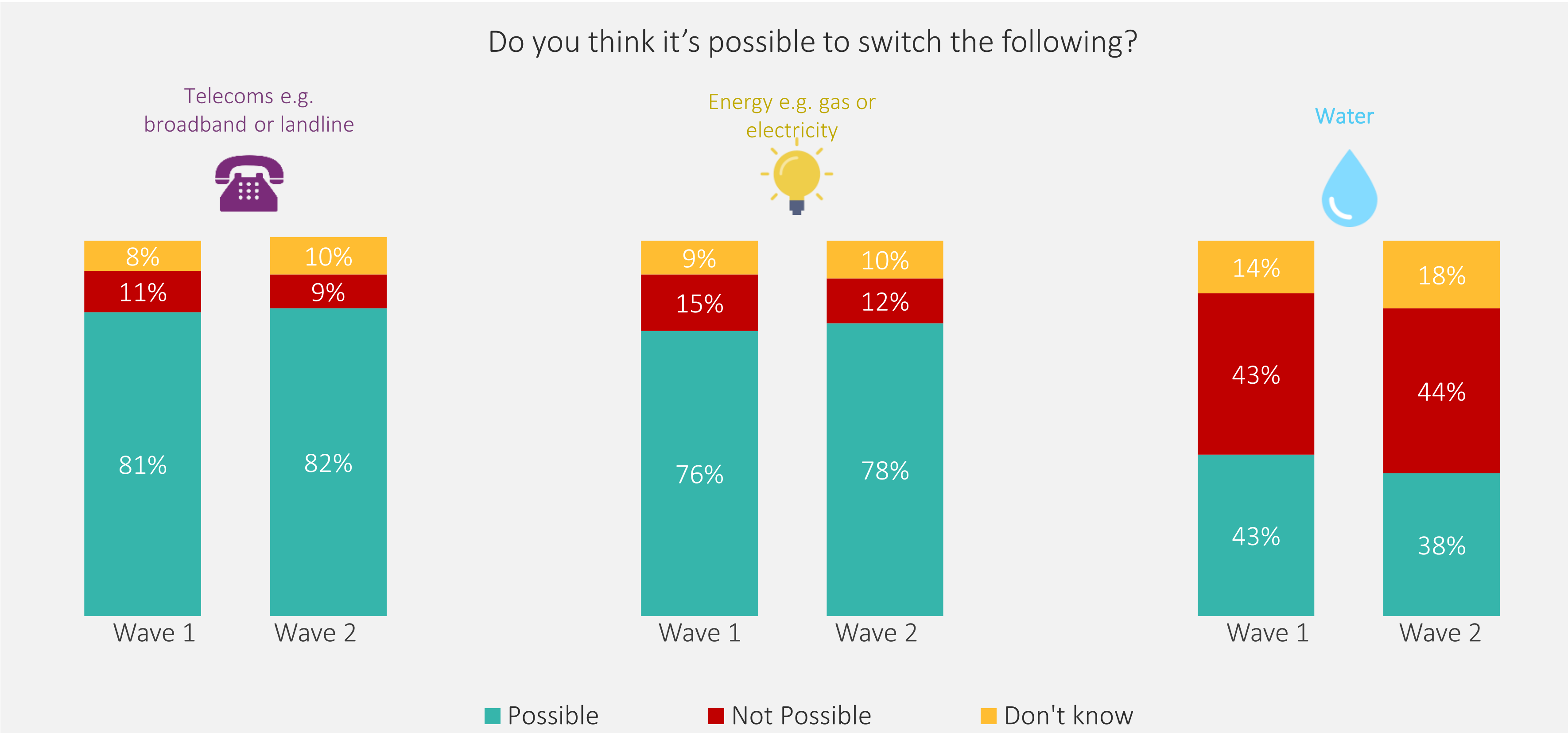
*Note in the second wave of this survey, the first question was changed to more specifically identify respondents who were not eligible to switch their retail service provider because they either operated from home or out of managed business premises. Data is presented both with and without this group of SMEs for reference.

Populus

CONSUMER COUNCIL FOR Water

# 2 in 5 (38%) SMEs believe it is possible to switch their water service provider; this is in line with Wave 1 (July 2017) i.e. not statistically different

Change versus last wave

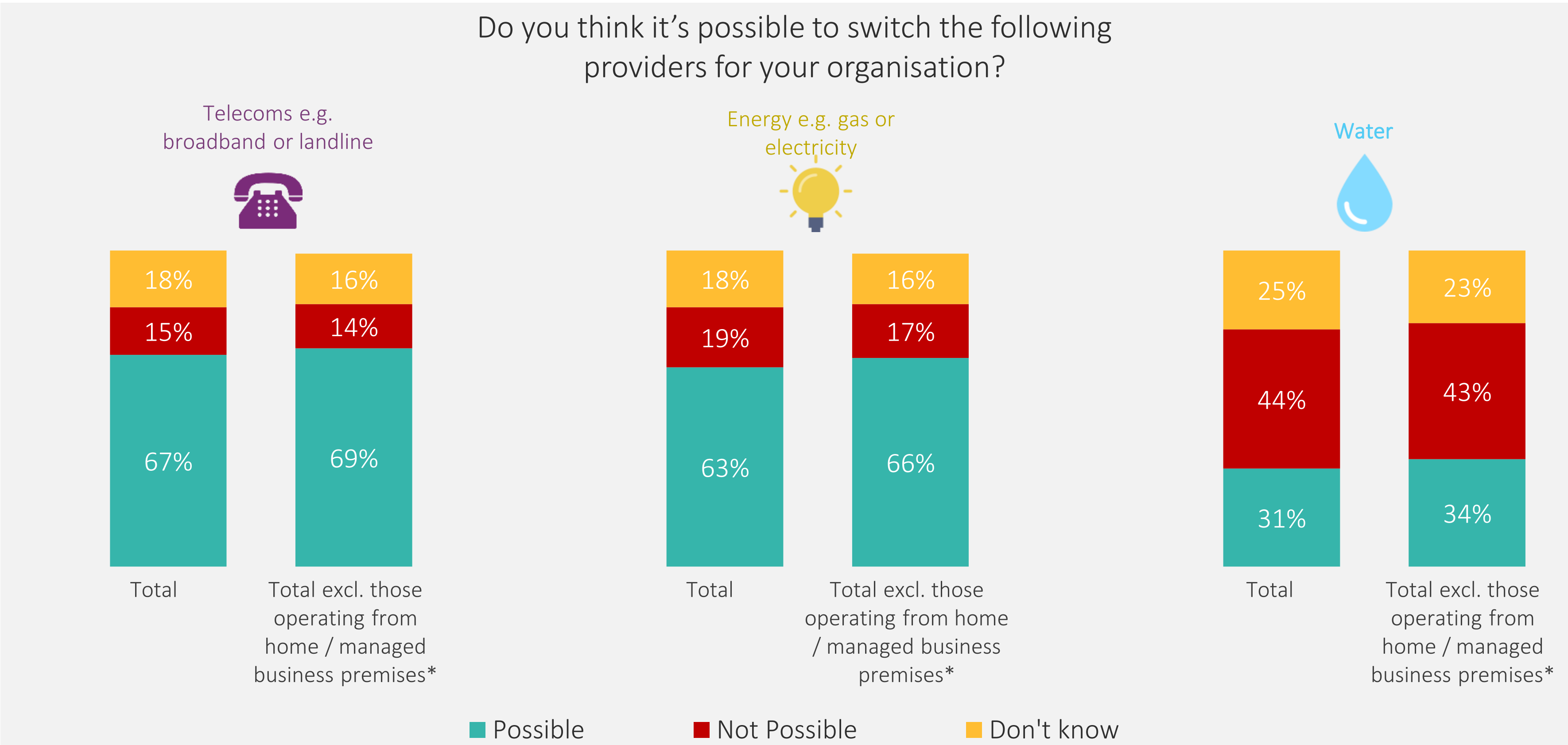



*Both samples (Wave 1 and Wave 2) include SMEs which operate from home/managed premises which may impact on data

Q2. Do you think it's possible or not possible to switch the following service providers for your organisation? Wave 1, All respondents n=502, wave 2 All respondents n=502

# Awareness of the possibility to switch providers increases when SMEs that operate mainly from home or business premises are excluded, although not significantly

Wave 2




*Operating from a home or managed premises means a business is ineligible to switch water service provider

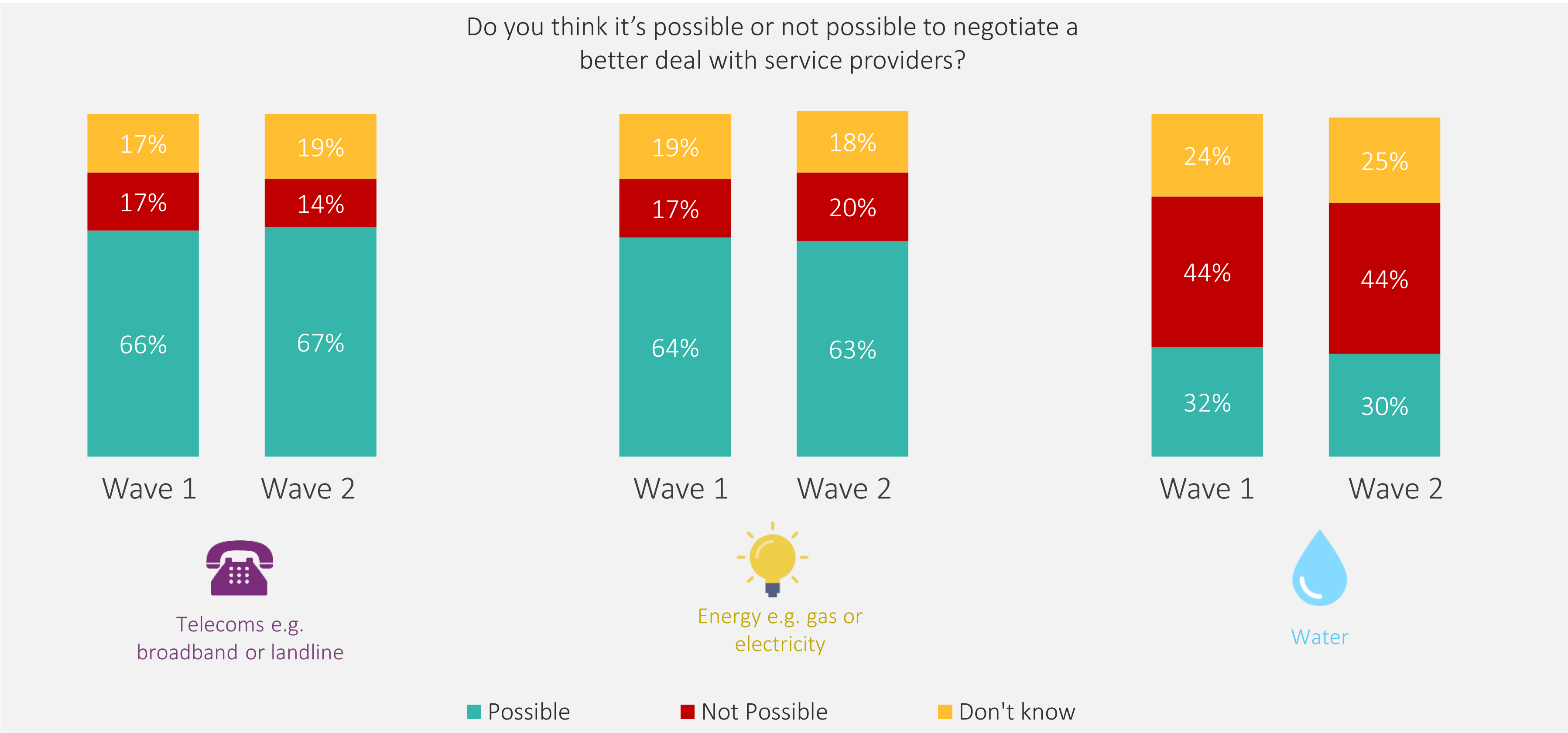
Populus

CONSUMER COUNCIL FOR Water

Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? All respondents n=502, Excl. those operating from home / managed business premises n=412

# Fewer than 1 in 3 SMEs think it is possible to negotiate with their water service provider. This is little changed from July 2017 (Wave 1)

Change versus last wave

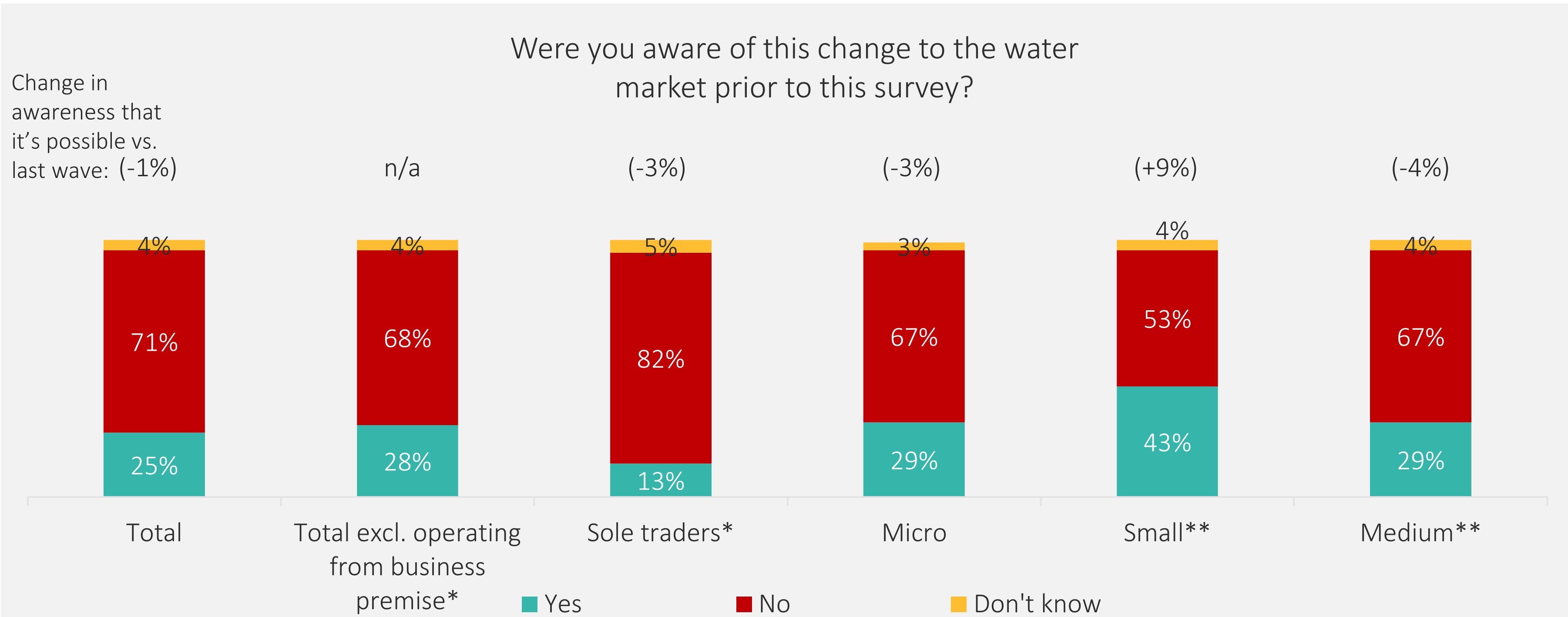



*Both samples include SMEs which operate from home/managed premises which may impact on data

Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? Wave 1, All respondents n=502, wave 2 All respondents n=502

# Small businesses are more likely to be aware of the change to the water market than last wave

Awareness of change to the water market among SMEs
Breakdown by business size
Change versus last wave




*Note 18% of the Wave 2 sample includes SMEs that operate mainly from home or a business premise which may impact data

CONSUMER COUNCIL FOR Water

Populus

Q4. Since April 2017, all businesses, charity and public sector organisations in England (operating from business premises) have been able to change the company providing their water and waste water retail services (as they are able to with energy), or negotiate a better deal with their existing service provider (e.g. move to a better price or bespoke service).Retail services include billing, meter reading and handling customer service queries, but do not include the physical supply of water or removal of sewage. Were you aware of this change to the water market prior to this survey?

All respondents: n=502, Total excl. those operating from home / managed business premises (412) Sole traders n=201, Micro businesses n=126, Small businesses n=77**, Medium businesses n=98 **Caution: Base size below 100

# Medium sized businesses are more likely than smaller organisations to take action in relation to their water service provider in the next 6 months with 7 in 10 (70%) stating they will try to find out more about the choices their organisation has

Action likely to take in the next 6 months
Change versus last wave

| | Sole traders | Micro | Small | Medium |
|---|---|---|---|---|
| Switch your organisation's water and wastewater retail service provider | 15% (-1%) | 33% (-1%) | 35% (-9%) | 54% (+8%) |
| Contact existing water & wastewater retail service provider to negotiate a better deal | 27% (-1%) | 41% (-7%) | 64% (+10%) | 67% (+2%) |
| Try to find out more about the choices my organisation has | 38% (0%) | 50% (-5%) | 68% (+6%) | 70% (+2%) |

*Note 18% of the sample includes SMEs that operate mainly from home or a business premise which may impact data.

Q6. Following this change to the water market, how likely or unlikely is your organisation to do each of the following in the next 6 months? Sole traders n=201, Micro businesses n=126, Small businesses n=77**, Medium businesses n=98**,

**Caution: Low base size

Consumer Council for Water
1st Floor, Victoria Square House, Victoria Square, Birmingham, B2 4AJ
Visit our website: www.ccwater.org.uk
Follow us @WaterWatchdog

Contact: Evan Joanette (evan.joanette@ccwater.org.uk)