CONSUMER COUNCIL FOR Water

CYNGOR DEFNYDDWYR Dŵr

Water Matters Highlights Report

What does the data tell us?

Report Summary

This year, we have taken a new approach to summarising the key findings of our annual tracking research, Water Matters. The data report outlines the national and company specific findings. This report examines the figures behind the headlines in more detail, covering how the water industry compares with other service sectors, with a particular focus on customers' views on fairness and value for money. We have identified opportunities for companies to take action, with a view to improving customers' perceptions of the services that they provide.

Customers' views on the various aspects of their water and sewerage services, have generally plateaued at levels where there is still room for improvement. This is especially true for customers' views on the fairness of water charges, which are at a much lower level than other areas.

Some customers also have a low perception of how the water industry compares to other utilities and service providers in terms of value for money. This is particularly disappointing as utilities are already among the lower ranking sectors for customer satisfaction when compared to other sectors such as retail, tourism and banking.

The customers who consider that water charges are unfair, or that the water industry compares badly to other utilities in terms of value for money, are generally less likely to be metered, more likely to live in housing association or council accommodation and more likely to live in a city, with a family. Companies should consider whether the customers in these circumstances need more attention to ensure their needs are met.

Customers' views on the value for money of their water and sewerage services, and their perception of fairness, are influenced by their experiences with the company. Therefore, companies should focus on improving the quality of their customers' overall experience and demonstrating where local, specific improvements have been made to their services.

The analysis shows that both value for money and fairness are driven in part by views on affordability and whether their company cares. We think that there is an opportunity for companies to do a lot more in this area, in particular through expanding and contributing to social tariffs.

Where there are signs of general dissatisfaction with water companies this can influence customers' views of fairness. Companies should consider how they can use all contact with customers to help create a positive impression.

Statistically, trust was a key underlying driver of value for money. Companies need to ensure that they are not just a 'silent provider' and find new ways of engaging with households, so that they can improve customers' overall perceptions of the services that they offer.

We hope you like the new format for the way we presented the highlights from our annual Water Matters survey. We also hope that companies respond to the challenge of improving customers' views, particularly in the areas where the results have been static at disappointingly low levels.

Dr Mike Keil
Head of Policy and Research

M.Keil

What does Water Matters tell us…

1. Introduction

CCWater represents consumers in England and Wales and, to support this, we commission the 'Water Matters' research - tracking water customers' views - every year. This gives us a snapshot of household customers' views on, and preferences for, the water and sewerage services that they receive. We also look at the trends in customer opinion, so that we can develop a longer term view of the industry. This research is an important piece of evidence that we use to identify concerns or customer detriment and push for improvements for water consumers.

In this report we highlight some of the key findings from the latest Water Matters survey. One of the main outputs is trend analysis showing how customer views have changed over the last seven years[1]. This shows that, since 2011, customers' perceptions of the water industry have remained broadly the same. Given the extensive investment which companies have made (and continue to make)[2], it could be argued that customer perceptions of services should be improving.

In general, customer perceptions of many aspects of service are positive: for example, over the last seven years satisfaction has increased with contact handling. However, there are other areas where customer views have plateaued at a level that suggests there is room for improvement, and that water companies[3] could do more to improve customers' experiences and perceptions. For example, customers' satisfaction with the value for money of water services has been flat at around 72% and we think this could, and should, be improved.

There is currently a problem of legitimacy for the water industry, and many other utilities, and perceptions of value for money of water and/or sewerage services, and views on the fairness of charges for these services, could be the root cause of this. There are 24 million households which receive water and sewerage services in England and Wales; in 2017, around 10%[4] are dissatisfied with the value for money of their services, which equates to 2.4m customers. Companies should avoid being complacent about scores that have plateaued at a level where there is still plenty of room for improvement. This is especially the case since utilities are amongst the lower ranking sectors for customer satisfaction[5], when compared to other sectors including retail, tourism, leisure, banks and building societies.

1 We decided on seven-year trends for Water Matters because this timespan captured the most comparable data, taking account of changes in questions and methodology.

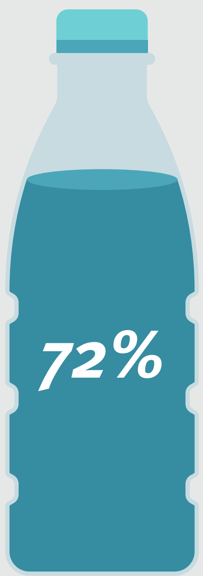
2 Price limits set by Ofwat, the industry regulator, allowed for water companies in England and Wales to invest £44 billion in services from 2015 to 2020: https://www.ofwat.gov.uk/regulated-companies/price-review/price-review-2014/final-determinations/

3 Throughout this report, we use water companies as shorthand to refer to the collective of water only and water and sewerage companies.

4 Water Matters 2017 – 10% are dissatisfied with the value for money of water services, 8% with sewerage services.

5 (2018) Institute of Customer Service, Customer Satisfaction Index

6 Key performance indicators for water and sewerage companies are satisfaction with water service, satisfaction with sewerage service, satisfaction with value for money of water, satisfaction with value for money of sewerage, water company cares about customers and trust in the water company.



Customer satisfaction with value for money has been flat at 72%

Later this year, we aim to publish further 'Insight reports' based on the data emerging from Water Matters. These reports will cover issues such as:

- How customers' views on satisfaction with services and value for money compare to the actual service level and bill data that we collect.
- Awareness of WaterSure, company specific social tariffs and priority services, and how this compares to actual take-up.
- Customer engagement, including why people who are worried about their bill are not making contact.

Perceived performance of some companies is improving. For example, 95% of Bristol Water customers expressed overall satisfaction with their water supply in 2017, compared to 89% of their customers in 2016. Anglian Water has shown improvements in performance in all six Key Performance Indicators[6]. Since 2011, customer perceptions of value for money, of both water and sewerage services, have improved by at least 10% for South West Water, Dŵr Cymru Welsh Water and Wessex Water. There is room for all of these companies to continue to improve. Companies should build on their improvements even if they are starting from a position that could be considered as strong.

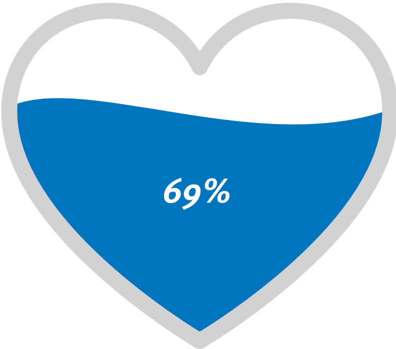
When companies take active steps to address concerns that customers have, this can improve customer perceptions. In this report, we wanted to look at the data behind the headline figures. In particular, we wanted to find the drivers behind trends to help reveal where the opportunities are for water companies to improve experiences and perceptions.

This report considers how the water industry compares with other service sectors, with a particular focus on customers' views on fairness. Our aim is to help companies to understand how they can progress their performance.

1.1 Overview of Water Matters key findings

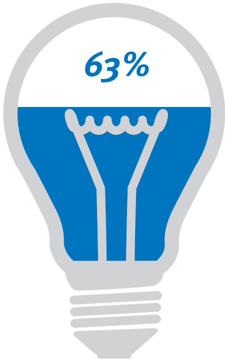
The data report accompanying this paper sets out the key findings of this year's research, relating to customers across England and Wales:

Satisfaction with overall water and sewerage services in 2017 is high at 92% while 88% customers are satisfied with sewerage services. Satisfaction with both services is a flat trend over the last seven years.



69% customers believe that water companies care about their services

In 2017, 69% customers believe that water companies care about the services they provide and this trend has been flat over seven years. This compares to 63% of customers who believe that their energy companies care.



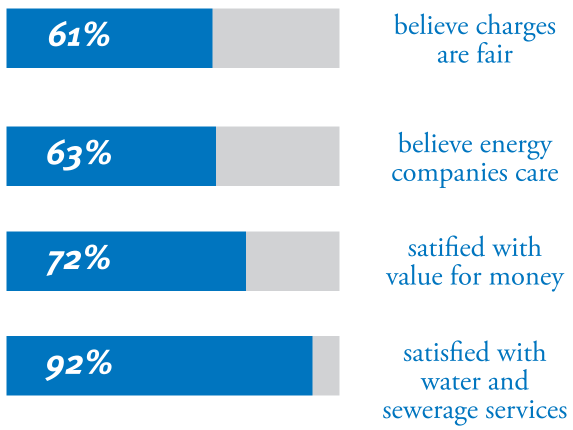
63% customers believe that energy companies care about their services

Customers' trust in water companies has increased since 2011 (from 7.33 out of ten in 2011 to 7.67 in 2017) and remains ahead of energy companies (7.24 in 2017).

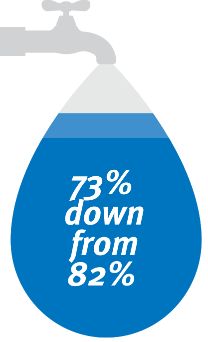
Satisfaction with value for money of water services in 2017 is at 72% and this has been flat over seven years. Satisfaction with value for money of sewerage services is at 75% and has improved over the same time frame.

In 2017, 61% of customers perceive their charges are fair. However, a greater number, 74%, feel that their charges are affordable.

Customer Satisfaction

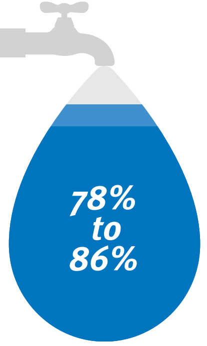


There is a downward seven-year trend in customers who say they are likely to contact their water company if worried about their bill. In 2017, 73% would be likely to contact their supplier if they had a problem, compared to 82% in 2011.



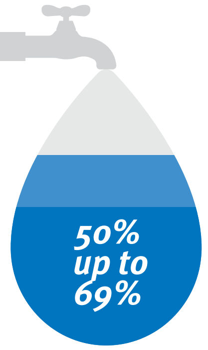
Of the 18% of customers who have contacted their supplier for any reason in 2017, 82% say they are satisfied.

Satisfaction with various aspects of contact handling (ease of contact, quality of information, knowledge/ professionalism, contact resolution and how well the customer was kept informed) is between 78% and 86% and the seven-year trend has increased across all elements.



The seven-year trend in awareness of priority services register is increasing but awareness remains low at 42%. The seven-year trend in awareness of WaterSure/ WaterSure Wales is flat and there has been a significant fall in awareness (from 9% to 6%) since 2016.

Amongst customers from unmetered households, awareness of the industry-wide free meter scheme has increased from 50% to 69% over the last seven years. However, only 27% of customers in unmetered households are aware that a meter can be fitted on a trial basis[7].



77% of customers are confident that their water supply with be available in the longer term without restrictions.

Customers were asked whether they were likely to recommend their water company (giving them scores of 9 or 10 out of 10). 42% customers are likely to recommend their water company, which is a statistically significant increase on 39% in 2016.

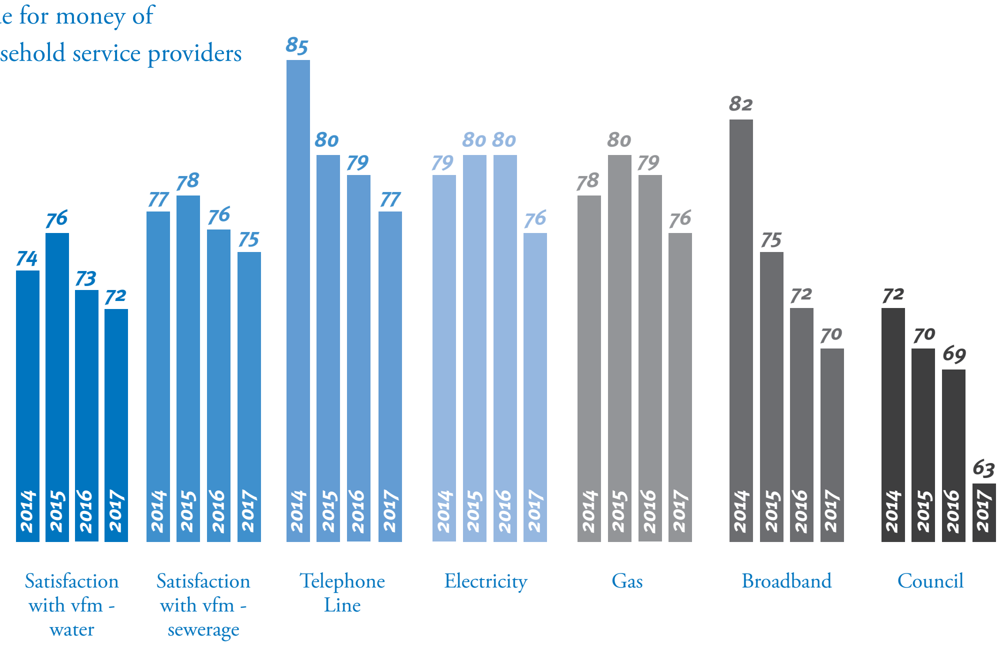
7 Awareness is measured only in water company areas where the free meter trial scheme has not been discontinued due to universal metering programmes.

2 Customer satisfaction with the value for money of other sectors

In Water Matters, we ask respondents how the water industry compares to a small number of other sectors, such as council services, telecommunications and energy. These sectors are the most similar to water and sewerage and easiest for customers to make comparisons with. We also asked customers why they value the service provided by these sectors in the way that they do.

We compare customer perceptions in Figure 1. Many customers are more satisfied with the value for money of the services provided by other household utility and service providers. Out of these service providers, only council services and latterly, broadband, are rated lower value for money than water and sewerage services.

Figure 1: Satisfaction with value for money of household service providers



Although some companies are improving, there is always a risk of complacency. All companies should strive to continue to improve their customers' perceptions of value for money, not least because utilities are among the worst performing businesses in the Customer Satisfaction Index, as reported by the Institute of Customer Service.

We wanted to look further at customers' perceptions. To do this, we aggregated Water Matters data over four years to get a robust sample size[8] to help us understand some of the subtleties of the data. This enabled us to consider in more detail the demographics, attitudes and reasons that people gave for rating value for money in other sectors more highly. A table setting out the reliability of the sample sizes for all information in this report is in the Appendix.

8 In this report we look at customers' views of the value for money provided by the water industry in comparison to other sectors and also their views on the fairness of charges. Unless otherwise noted, we have aggregated four Water Matters data sets from 2014 to 2017 to create large sample sizes for the analysis of reasons and drivers for views. We have also examined trends from 2014 onwards. Sample sizes and statistical reliability is outlined in Appendix A.

2.1 Who is most likely to rate the value for money of other household services more highly than water and sewerage services?

Generally, the types of customers who rate other household services as better value for money than water and sewerage are more likely to have the following demographics, in comparison with customers who think that water services are better:

- Less likely to be metered
- Working age, typically between 34 and 59 years old
- More likely to live in housing association or council accommodation, less likely to be owner occupiers
- More likely to be families with children.

In addition, these customers are:

- Slightly more likely to be in manual/ routine occupations
- Less likely to live in a rural location and more likely to live in an urban area.

The data suggests that if water companies want to improve customer perceptions of the value for money of their services, these customer segments could have the most potential for improvement. Individual water companies should know their customers well enough to be able to identify whether there are alternative, more appropriate customer groups to target for improvements.

However, as this is not the whole picture, we looked further at how experiences and attitudes are typically linked to views on comparative value for money.

2.2 What experiences and attitudes are linked to rating other household services more highly?

We looked at the experiences and attitudes of customers who rate the value for money of other household services more highly than water, aggregated over four years of data. We found they are:

- Significantly more likely to feel that water charges are unfair
- Less likely to be satisfied with water and sewerage services
- More likely to have made contact or complained in the last 12 months
- Less likely to trust their company and believe their water company cares
- Less likely to feel their bill is clear
- Less inclined to contact their company if worried about paying the bill
- Twice as likely to say they had a reason to complain but did not
- And twice as likely to have found that contact took more effort than expected.

This shows that customers' views on the value for money of their water and sewerage services, and how these compare to other household services, are influenced by their experiences of bill clarity, contact handling and of service delivery. In fact, the last two bullet points in the list above relate to questions that have not been asked in the Water Matters survey for a couple of years and so it is significant that these aspects are coming through as attitudes relating to lower value for money.

Attitudes towards fairness, trust in companies and perceptions of care are also linked to these views on comparative value for money.

Customers' attitudes underpin their rationale for rating other utilities as better value for money than water or sewerage services. Hence, we also considered customers' reasons for rating other services more highly than the water and sewerage sector.

2.3 Why do customers rate other sectors more highly?

We examined the aggregate four-year data on the reasons that people gave for rating other sectors more highly in terms of value for money. In the questionnaire, responses were coded according to a list of options and we grouped these into four main categories. From this comparison, price and competition emerge as the main reasons for customers to rate value for money in other sectors more highly.

There is little that companies can do directly to affect views on competition, and although prices are ultimately set by Ofwat (the economic regulator) it could be perceived by customers that these are not truly competitive prices. However, companies do have a range of options to make pricing decisions more palatable to customers - for example, by subsidising social tariff schemes to help customers who struggle to pay; by pacing investment so that bills do not fluctuate each year and customers find them easy to budget for; and by 'giving back' a proportion of higher than expected profits to customers by way of extra investment in services or a one-off bill reduction.

Figure 2: Reasons why customers rate other services better value for money than water and/or sewerage industry

Competition
able to switch/not a monopoly; water and/or sewerage too expensive/ have monopoly/charge what they like; no choice of water company/ no negotiation/ cannot change company & more/better choice

Information
lack of contact/lack of information/don't know much/don't think about water company/bills just appear; more transparent/ know what I'm getting & good communication/ information/bill every month

Price
cheaper/better value & good/better deal/get it free/ package suits me

Service
good service/better customer service/staff helpful/quick to sort problems; no complaints/ problems/satisfied & poor service/ issues (i.e. meter problems, drains blocked, flooding, broken pipes, cut water supply.

If companies want to improve customers' perceptions, they will also need to increase customer awareness and explain clearly what action they are taking to address customers' concerns about price.

Companies could also take a more proactive role in improving services and information about the choices that customers have, as these are factors underlying customer opinion.

Companies should treat all customers well but they need to consider whether the types of customers identified here need more than what is currently offered. They could improve overall perceptions of the value for money of the water industry if they focus on those customers and:

- Improve the routes for customers to contact them so that customers feel it is easy and less effort.
- Address the reasons why customers find the complaint making process unsatisfactory. Evidence from Water Matters in 2015 suggests that where customers felt they had reason to complain, but didn't, this was largely due to previous poor experiences of contact or complaining, and a feeling that the company couldn't or wouldn't help[9].

9. This was based on a sample of 276

Percentage of customers who gave the following reasons...

2.4 Casting the net wider – what is driving perceptions that other sectors are better value for money?

Having looked at customers' perceptions of value for money in relation to these areas - demographics, attitudes and reasons – we wanted to understand what shapes customers' views that other sectors offer better value for money. To do this, we carried out key driver analysis, which identifies which variables are most influential in customers' responses (based on the demographics, attitudes and reasons).

Where customers rate other household services as better value for money than their water company, the most influential drivers behind this view are, in order of importance:

- Water charges are unfair
- Customers do not trust their water/sewerage company
- Water and sewerage charges are not affordable
- More likely to have no children in the household
- Customers do not agree that their water company cares
- Age – younger age groups are more likely to rate other sectors more highly
- Had reason to complain but did not.

It seems likely that dissatisfaction with price and lack of competition could be shaped by a poor perception of fairness, which affects how customers view the different industries.

In some ways, this is unsurprising since views on fairness are an indicator of the overall customer experience and how customers perceive various aspects of water and sewerage company service 'in the round'. The concept of fairness incorporates perceptions of value for money, price, customers' experiences and engagement, as well as notions about how the industry operates alongside how individual companies operate. Perhaps because of this the proportion of customers who perceive that charges are fair (61%) is also much lower than the proportion who are satisfied with the value for money of water services (72%) or sewerage services (75%).

Even companies that have improved their customers' perceptions of the value for money of their services have relatively much lower scores for fairness. For example, in 2017, customers' perceptions of the value for money of Dŵr Cymru Welsh Water's sewerage services improved from 81% to 84%. However, at the same time, the number of customers who consider that charges are fair dropped from 70% to 64%.

We decided to unpick the issue of fairness to further understand how companies can improve what they offer to customers; and to help identify the broader issues that might underpin customers' choices.

7 This was based on a sample of 276.

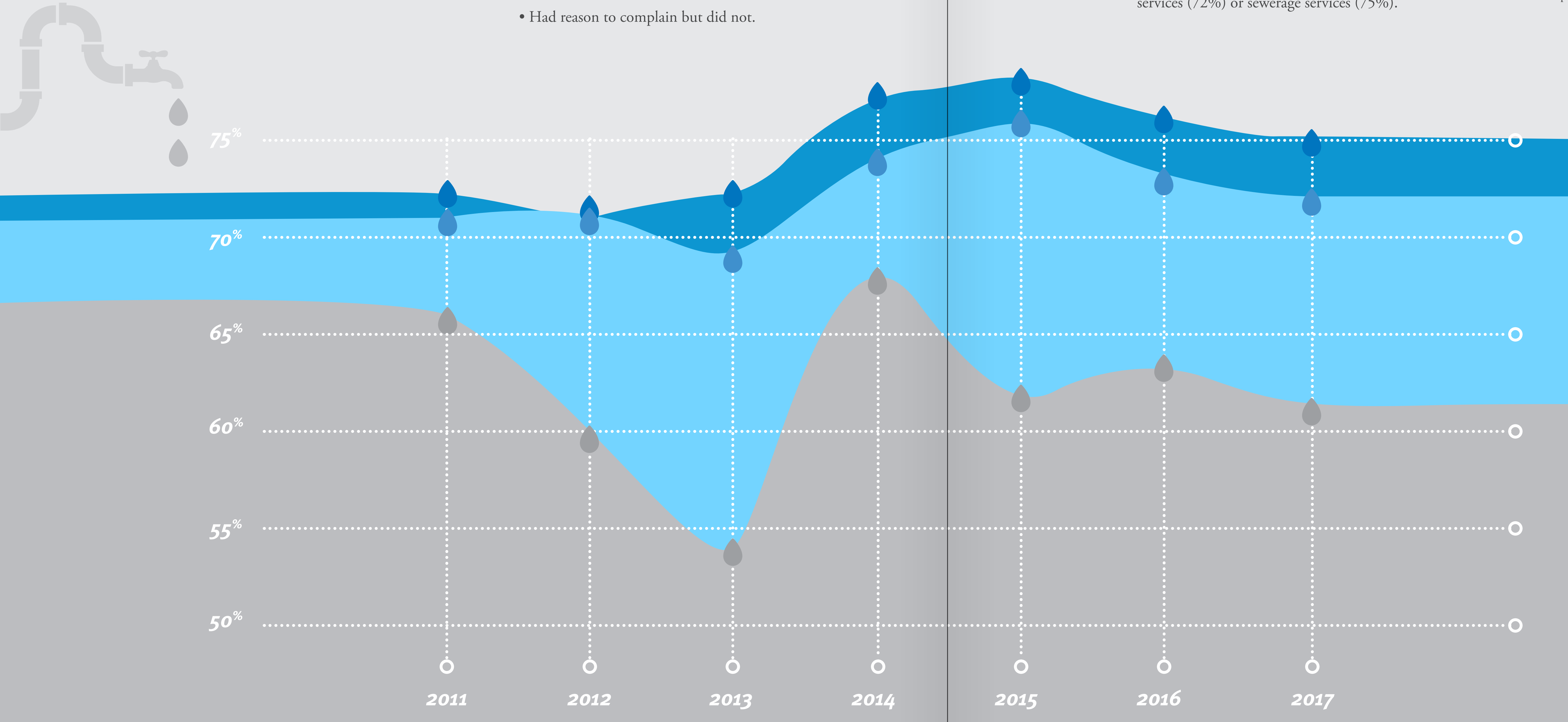


Figure 3: Comparison between fairness and satisfaction with value for money for customers in England and Wales over seven years

Key to figure 3.

- Satisfaction with vfm - Sewerage
- Satisfaction with vfm - Water
- Agrees that charges are fair

3. Fairness

Customers' perceptions of fairness have been flat over the last seven years and significantly lower than customers' views in several other areas of water and sewerage services. However, fairness can be complex to understand. For example, charges may be affordable but customers may not see them as fair.

In 2017, approximately nine out of ten respondents are satisfied with their water and sewerage services, a broadly flat trend over seven years, but at the same time only 61% of customers across England and Wales agree that their water and/or sewerage charges are fair (61% in England and 64% in Wales).

As with the data on customers who rate the value for money of other sectors more highly, we examined this further by looking at aggregate Water Matters data over four years. This enabled us to get a robust sample size so we could consider the following questions:

- Who is most likely to think their water charges are unfair?
- How do views on fairness relate to attitudes in other areas?
- Why are they likely to think that charges are unfair?

3.1 Who is most likely to think their water charges are unfair?

Generally, the types of customers who think their charges unfair are more likely to have the following demographics, in comparison with customers who rated their charges as fair:

- Less likely to be metered*
- Typically working age*
- More likely to be in families with children*
- More likely to live in housing association or council accommodation*
- A greater ethnic mix.

Unsurprisingly, as value for money is, essentially, an aspect of fairness, some of these groups (denoted above by *) reflect the demographics of customers who rate other household services as better value for money. Again, while companies should provide good services to all customers, these customer segments could have the most potential for improvement.

3.2 What experiences and attitudes are linked to views that charges are unfair?

Direct experience of service is also a key influence on whether customers think charges are unfair. We identified the attitudes and experiences of these customers to find out what is shaping views on 'unfairness'. The comparison suggests that customers who think charges are unfair are significantly less likely to be satisfied with contact, value for money and affordability – as set out in figure 4:

Figure 4: Comparison of the views of customers in England and Wales who think that charges are unfair compared to those who rate charges as fair

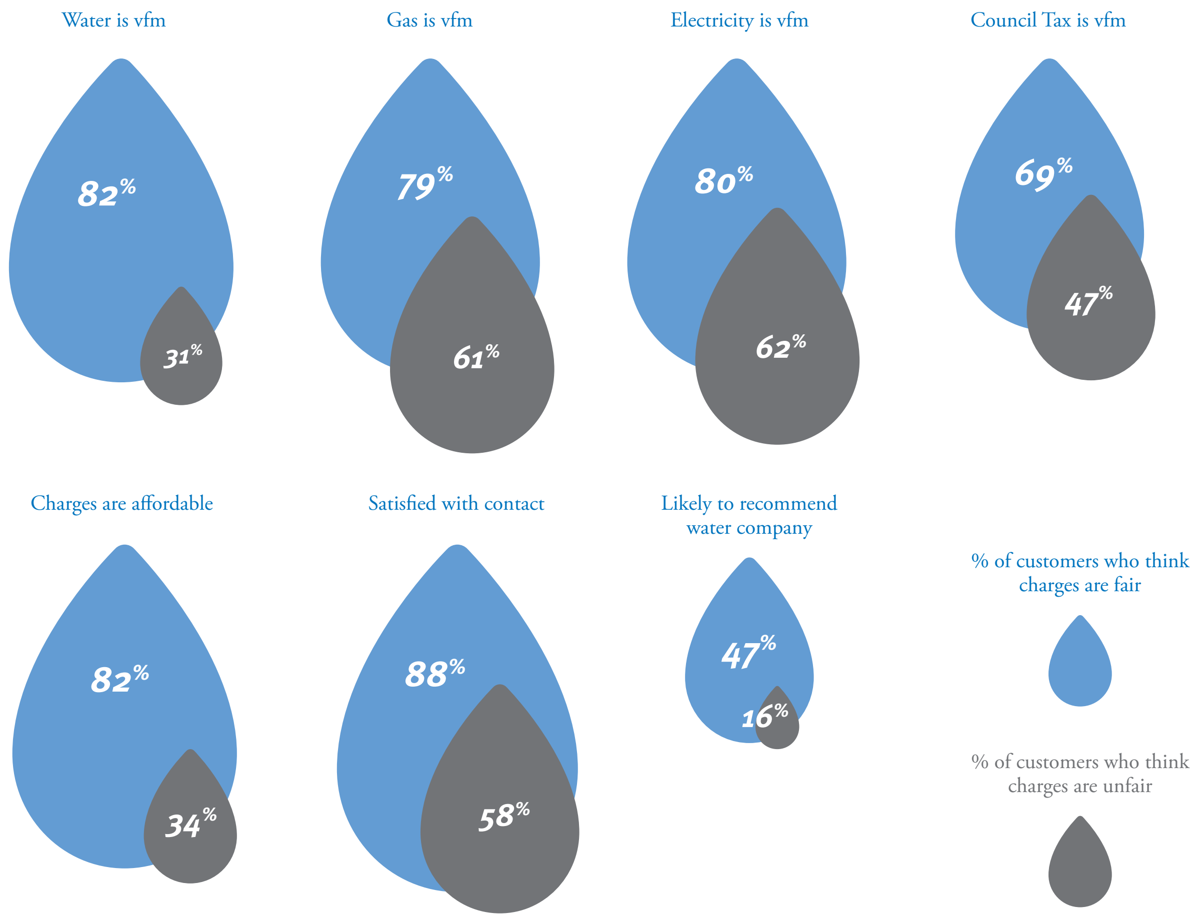


Figure 4 also shows, perhaps unsurprisingly, that views on fairness are linked to views on whether customers would recommend their own water company as a supplier for water services.

There are some aspects of service which have a bigger effect on how customers perceive fairness. Over the last four years those who think charges are unfair are:

- More likely to have made contact with the company within the previous 12 months (22% compared to 14% of customers who think charges are fair)
- Especially to make a complaint (11% compared to 3%)
- Are more likely to be dissatisfied with that contact (42% compared to 12%)

3.3 Why are customers more likely to think that their charges are unfair?

With these differences in demographics, attitudes and experiences in mind, we then looked further at reasons customers gave for thinking that charges are unfair. We wanted to understand the main reasons for customer views, so we can identify what companies could do to shift their customers' perceptions. We also wanted to identify what additional issues, over and above the perceptions of value for money, might affect a perception of fairness and help to identify what broader changes companies need to make to their services.

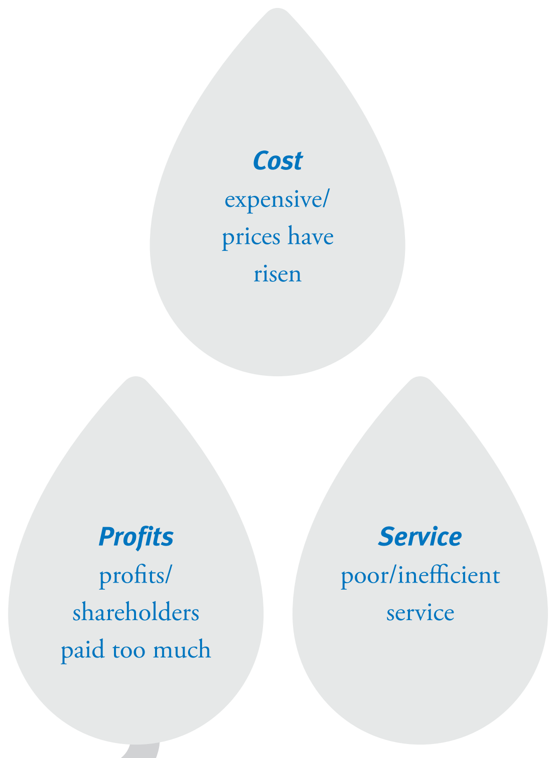
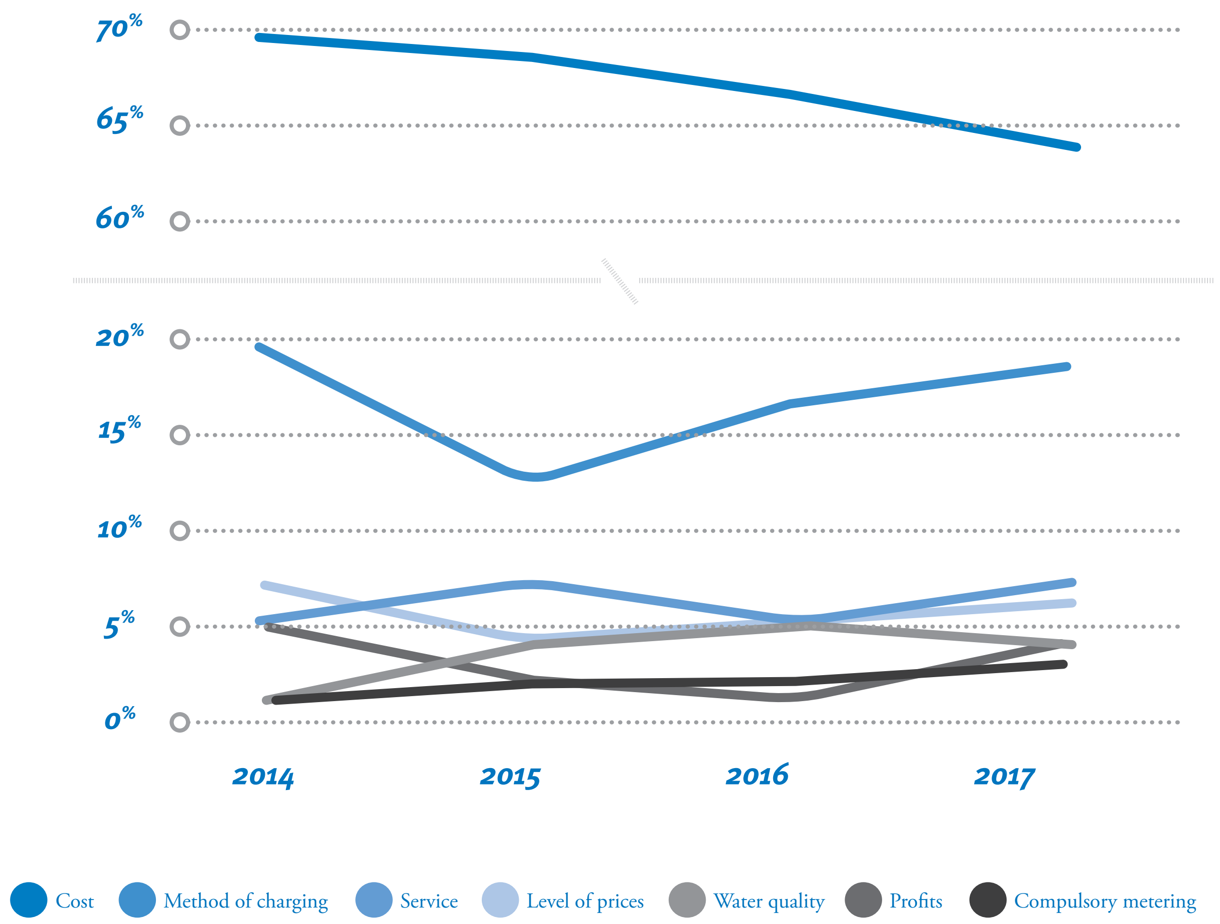


Figure 5: Reasons given for charges being unfair



Looking at Figure 5, the most common reason given for charges being perceived as unfair is price. In 2017, 62% of respondents identified that charges being expensive or prices having risen was a reason why they perceived charges were unfair. The second most common reason is related to the method of charging. In 2017, 19% customers feel that rateable value charges are unfair and that charging should depend on the size of the household.

Unsurprisingly, there are some similar themes to the reasons given for valuing other sectors more highly. For example, whether they are commenting on rateable value charging or metering, customers appear to be responding to a lack of choice or awareness of choices. From the four-year aggregate data, 57% of customers who think charges are unfair are unmetered. Customers who pay rateable value charges might not be aware of the meter option, or may be aware but unable to take the option up. They may, therefore, feel trapped by a lack of choice. This is an area that companies could further explore.

Figure 5 also identifies the following as affecting views on fairness:

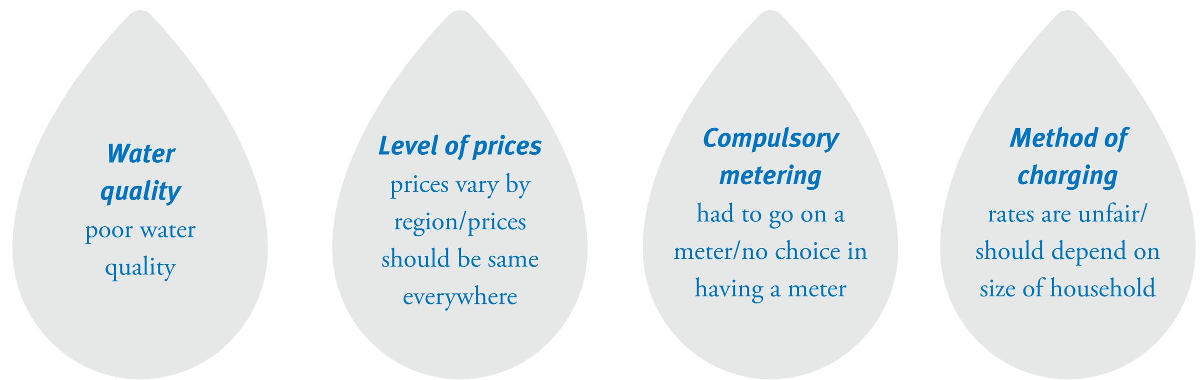
- Profits
- Water quality
- Compulsory metering.

We have considered how companies might address these issues with a view to helping to improve customers' perceptions of fairness.

Profits

The corporate behaviour of some companies, especially when accompanied by severe service failure, can damage customers' trust in the water sector and lead them to challenge the level of profits that companies make. If companies are clear about the services that they provide, and the specific local improvements that they make to their network and the services that they offer, this could help to reduce dissatisfaction in this area.

As noted previously, companies could also consider sharing the benefits with customers if they perform better than expected. Back in Water Matters 2013, respondents were asked what their preference would be should companies perform better than expected and make more profit. Half of customers (50%) wanted companies to spend more on improving services that customers thought were important, on top of spending already planned. Around two fifths (42%) wanted companies to provide more financial help to customers on low incomes who genuinely struggle to pay bills. Around a third (32%) wanted companies to provide a one-off bill reduction for all customers. Companies should consider how their approach to profits affects customers' perceptions, including conducting more research if necessary.



Water Quality

Each year in Water Matters, we ask customers how satisfied they are with elements of their water supply service and their responses, for all but one, show a broadly flat trend over seven years[10].

Although customers have high levels of satisfaction with most elements of their water supply service, there is room to improve performance in several areas. In particular, some customers seem to have an issue with the hardness/softness of their water supply that goes beyond the taste and smell of the water (since customers are asked to rank this separately and rank it more highly). This suggests that companies could improve perceptions if they considered how to address the effects of having hard or soft water. This could include providing clear information about why the water is soft or hard and what steps customers can take to avoid side effects, such as furring of appliances in hard water areas. It could even involve research to find out what customers living in hard water areas expect their water company to do to manage the effects of hard water, and how to inform customers about the best ways they can manage it themselves.

10 Customers' views on all aspects were flat with one exception. Over the same period, customers show increasing satisfaction with the colour and appearance of tap water.

Compulsory metering

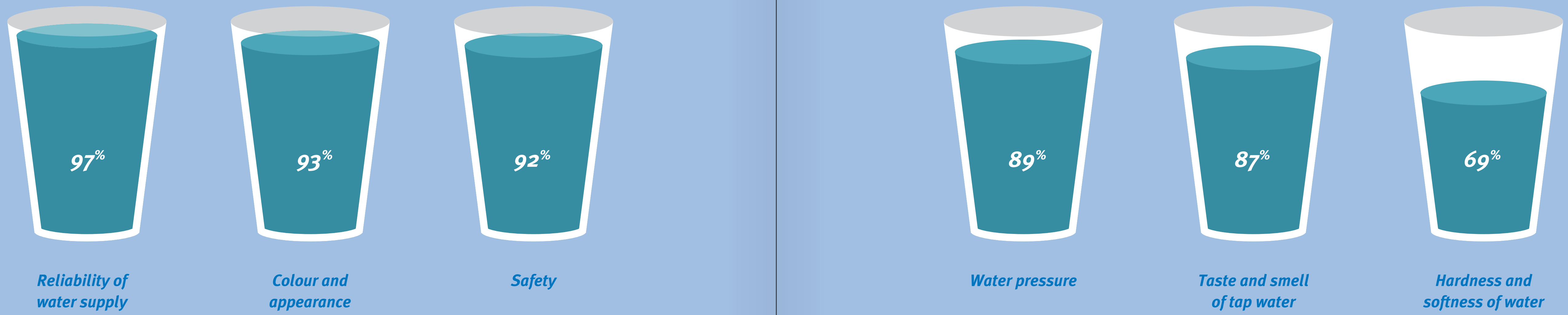
Customers who are compulsory metered may also feel aggrieved at the lack of choice. It is noticeable that the only increasing trend in the reasons why charges are unfair relates to compulsory metering/ customers having no choice about being metered. The percentage of customers who give this as a reason is small, at 4% in 2017, but as more metering is planned, this may become a bigger factor in views on unfairness.

This is about making the switch to a water meter as painless as possible, especially for customers who are going to pay more as a result. Some water companies with compulsory metering schemes have phased in the metered charges, where there is an increase in the customer's bill and accompanied this with water efficiency advice and support. Other companies have provided a period of adjustment, where rateable value bills were provided alongside metered bills, so that customers who were concerned about the impacts of metering would have a period of time to adjust to the new scheme and implement water efficiency measures.

Companies considering or taking forward meter schemes will have to engage their customers with the reasons why they are installing meters, providing clear and accessible information about the wider benefits. They will have to take account of customers' views and make a strong case for compulsory metering across the company's area. They should also be conscious that their leakage reduction activities will be scrutinised, and will need to explain these activities clearly to customers.

Figure 6. Customer satisfaction with elements of water supply

This is a rolling seven year average, from the Water Matters data.



3.4 Casting the net wider – what is driving perceptions that charges are unfair overall?

We also looked at the deeper issues beneath perceptions of fairness. Key driver analysis[11] revealed that, statistically, the top driver of customers' perceptions of fairness, was whether water charges are considered good value for money or not. Second on the list, however, was the issue of whether water and sewerage charges are perceived as affordable.

We have already discussed what steps companies can take to increase customers' perception on value for money. We will now consider what companies can do to influence the other factors that are driving customers' perceptions of fairness.

If companies focus on addressing the concerns of lower income groups about affordability of charges, then this may improve their perceptions of fairness. For example, when looking at the attitudes of those who have taken up WaterSure or WaterSure Wales, we found that these customers are more likely (72%) to think that their charges are fair than the general customer base (61%); and that 76% of them agree or strongly agree that their water service is good value for money[12].

However, other issues may affect how respondents in higher income groups view fairness. For example, affordability may be something that is rated on a personal/household level ('is it affordable to me'), whereas fairness of water bills could be a more general consideration ('are bills fair to everyone'), and also extend to views on the wider 'system' (method of charging).

After value for money and affordability, the next drivers for 'unfairness' are:

- being unlikely to recommend the water company
- dissatisfaction with the water company
- do not believe that the water company cares
- unlikely to make contact if worried about paying the bill
- made contact in the last 12 months.

These all point to deep discontent with service and supplier, which can spill over into disengagement (as shown by, for example, customers not making contact about bill payment). Companies need to consider how to address this if they wish to improve the general perceptions of fairness.

11 This time we used demographics, attitudes and reasons linked to perceived unfairness of charges.
12 Based on aggregate data as described in section 2 and 3 of this report.

Conclusions

Using data from this year's Water Matters and additional four-year aggregate data from past surveys, we've unpacked customers' views to find out what is statistically driving perceptions that other industries are better value for money than water, and the underlying notions that water charges are unfair.

The Water Matters results show that perceptions of value for money and fairness have, on average across the industry, remained stubbornly static at disappointing levels for at least the last seven years.

We think that companies could, and should, do more to improve these results, including targeting specific customers who may benefit most from any changes that companies make.

Our analysis shows there is a relationship between perceptions of value for money and fairness. This means that action taken to improve either one is likely to have a positive impact on the other. This is understandable when you consider that they share some of the key underlying drivers. Both value for money and fairness are shaped, in part, by views on affordability and whether the company cares.

We think there is more action companies can take on affordability. For example we would like to see an expansion of the support offered by companies through social tariffs. We'd also like to see companies making a bigger financial contribution towards social tariffs – if they did so then this would also help demonstrate in a practical way that they care.

Companies could consider how to make their pricing decisions more palatable to customers and they should explain their approach, including what tariff options are available, to their customers.

Customer experience matters, as it informs views on both value for money and fairness. Views on value for money are especially sensitive to poor contact experiences which take customers more effort than expected, lead to complaints or worse, a feeling that it's not even worth complaining.

Companies could focus on identifying why their customers do not engage with them and, especially, their complaints process, and take action to improve the customer experience of contact with the company.

(...cont)

Customers' perceptions of value for money are also affected by their views on how much they trust their water company. Our analysis reveals there is some discontent about the water companies position as monopolies, in terms of the price they pay and whether they are getting a good deal. We think that building trust with their customers should be a key area of attention for water companies.

- Companies could be clear about any specific, local improvements that they make to the network or services that they offer.

- They could also consider how their approach to profits affects customers' perceptions, and consider sharing the benefits with customers if they perform better than expected.

If a company wants to address how customers perceive fairness, they have to do more to address their underlying feelings of dissatisfaction with their water companies. For example each contact, regardless of reason or how it was made, is an opportunity to not only influence, but possibly change the attitude of a customer by providing a positive experience. The evidence in Water Matters suggests the following:

- Companies could improve the information that they provide about the hardness or softness of water and how this can be managed.

- They could also provide clear information about metering options and policies, as well as making it clear what action they are taking to manage their water supply networks, such as reducing leakage.

If companies are serious about continuing to improve customers' overall perceptions, they have to be more than a silent provider, and find new ways of engaging with households. Companies must show customers that water and sewerage services are more than just a bill which has to be paid, what they get for their money and how companies are planning to deliver top-notch services to meet the increasing pressures of population growth and the effects of climate change, both now and into the future.

Appendix A - Sample sizes and statistical reliability

The table below shows the statistical reliability of the data around fairness and value for money.

	Sample size 2014-2017 (unweighted)	Results at 10% or 90% ±	Results at 30% or 70% ±	Results at 50% ±
Customers who think charges are unfair	3486	1	1.52	1.66
Customers who think charges are fair	13432	0.51	0.77	0.85
Customers who think other sectors are better value for money	5251	0.81	1.24	1.35
Customers who think that the water sector is better value for money	7076	0.7	1.07	1.17
Customers who think that the water sector is better or equal value for money.	16840	0.45	0.69	0.76