Small and medium-sized business awareness of the retail water market

Wave 4 - February 2019

Populus *on behalf of CCWater*

Key Question

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

Between July 2017 and February 2019, awareness of the introduction of water retail competition has not increased.
There continues to be an opportunity to raise awareness and educate SMEs on the change.

Evidence from the 4 online surveys conducted with 2,048** SMEs in July 2017, January 2018, August 2018 and February 2019

In February 2019, 36% of SMEs think it is possible to switch their water & wastewater retail service provider.

Just under 3 in 10 (29%) think it is possible to negotiate for a better deal or service.

Once respondents had been told about the change to the water market in April 2017, around a quarter (24%) of SMEs say they were specifically aware of this before taking this survey.

Nearly 4 in 10 (38%) of SMEs which were already aware of the change to the market have switched (44%); 32% say they have negotiated and 50% have tried to find out more.

Business size and financial turnover are predictors of likelihood to take action.

Medium sized businesses are more than twice as likely to say they have tried to switch or negotiate since the market opened compared to microbusinesses.

*Our July 2017 sample include SMEs which operate from home/managed premises which may impact on data shown throughout this report. Our subsequent surveys in January 2018, August 2018 and February 2019 identified those SMEs which operate from home / managed premises and excluded them from the analysis.
**2,048 refers to the aggregate sample size of the 4 waves conducted.

Data in summary

In line with the long term pattern, SME awareness in February 2019 is largely unchanged from previous waves.

- 36% of SMEs think it is possible to switch their water retail service provider and 29% think it possible to negotiate.
- When informed that it has been possible to switch and negotiate since April 2017, just under a quarter of SMEs (24%) say they were specifically aware of this.
- Around half of SMEs that were aware of the market have looked for information; 32% say they have negotiated and 38% have switched.
- 31% of SMEs say they are likely to switch in the next 6 months. 47% say they are likely to negotiate.

Awareness , current participation and intended engagement with the market all increase with business size and/or financial turnover. Combined data from July 2017, January 2018, August 2018 and February 2019 surveys (sample size 2,048) show that:

- Medium (45%) and small (43%) businesses are significantly more likely to think it is possible that they can switch than microbusinesses and sole traders (37% and 36% respectively); a similar trend is seen for awareness of the possibility to negotiate.
- Just under half (48%) of medium sized businesses say they are likely to switch in the next six months, significantly higher than microbusinesses (32%) and sole traders (18%). 39% of small businesses think they are likely to switch, significantly higher than sole traders.

*Our July 2017 sample include SMEs which operate from home/managed premises which may impact on data shown throughout this report. Our subsequent surveys in January 2018, August 2018 and February 2019 identified those SMEs which operate from home / managed premises and excluded them from the analysis.

Key

The following logos are used throughout this report

Behaviours

Switching your organisation's water provider

Contacting your provider to negotiate a better deal

Finding out more about your organisation's choices

Business segmentation

Sole trader

Microbusiness
2-9 employees

Small business
10-49 employees

Medium business
50-249 employees

Time periods for waves 1, 2, 3 and 4 of this study (as referred to throughout this report) are:

Wave 1 - July 2017
Wave 2 - January 2018
Wave 3 - August 2018
Wave 4 - February 2019

Unprompted Awareness –

Do SMEs think they can switch their water provider or negotiate with their current one?

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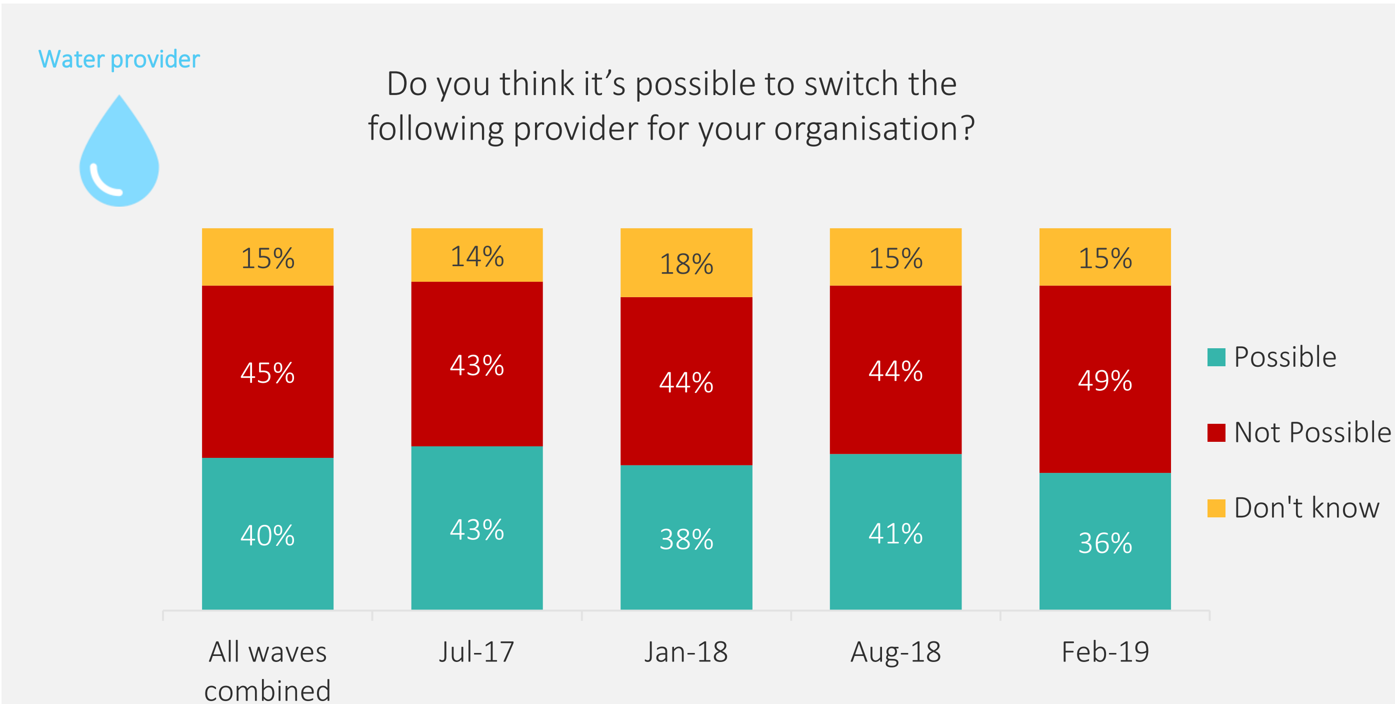
Awareness around the possibility of switching provider has fallen slightly since August 2018, coupled with growth of businesses believing that switching is **not** possible

Change across each wave



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; wave 3; All respondents n=516, wave 4, All respondents n=528. SMEs which operate from home / managed business premises identified in Jan and Aug 18 n=289

In Jan 2018, Aug 2018 and Feb 2019 businesses which are ineligible i.e. based from home or from a business managed premises were identified and have been removed from the analysis on this slide. In Wave 1 these businesses were not identified and the sample here still contains a small percentage of these.

Sole traders and micro businesses are less likely than all SMEs to think it's possible to switch water providers, whilst small and medium companies are more likely to think this

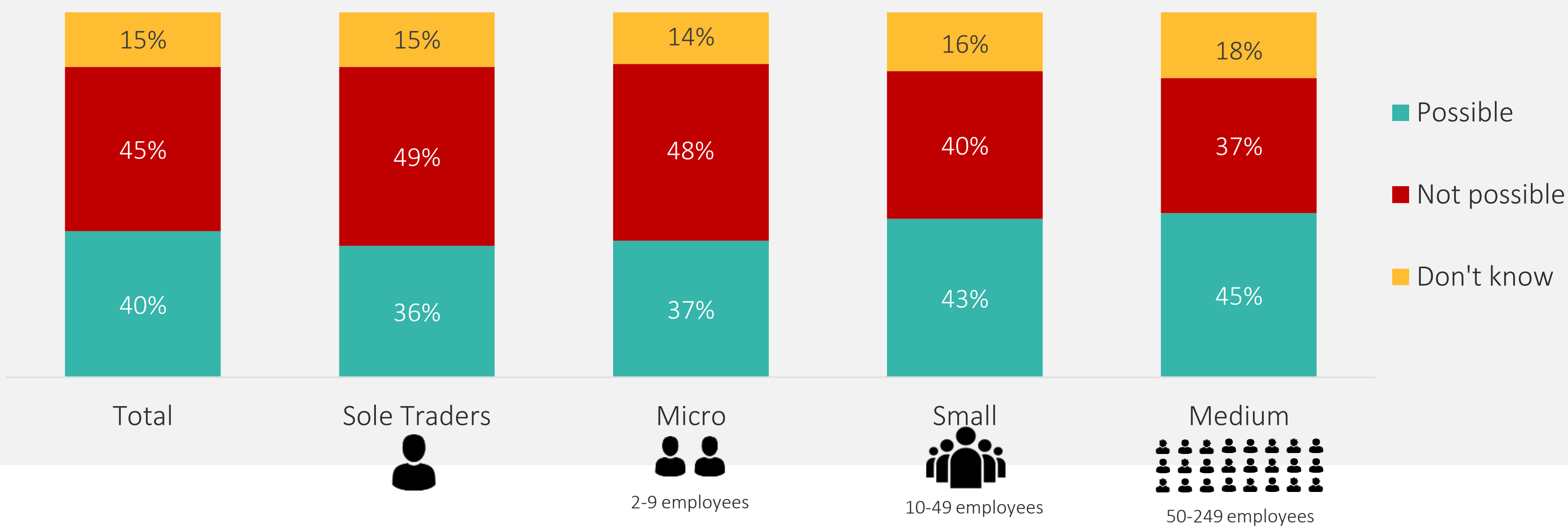
Breakdown by business size (combined waves 1, 2, 3 and 4)

Water provider

Do you think it's possible to switch the following providers for your organisation?

Sole traders and micro businesses are significantly more likely than small & medium businesses to think it's not possible to switch water providers

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

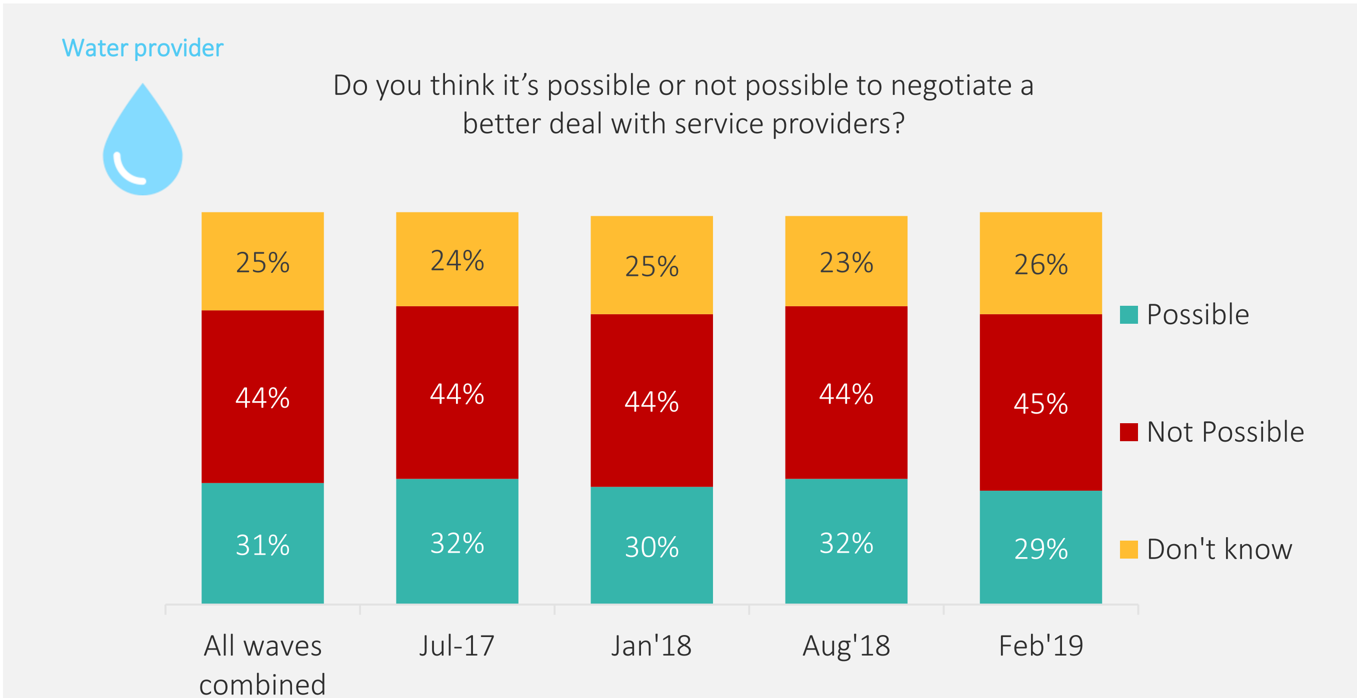


Q2. Do you think it's possible or not possible to switch the following service providers for your organisation? Waves 1, 2 and 3 All respondents n=2,048; Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413; all waves combined n=2,048; SMEs which operate from home / managed business premises identified in Jan 18, Aug 18 and Feb 19 n=289

In Jan 2018, Aug 2018 and Feb 2019 businesses which are ineligible i.e. based from home or from a business managed premises were identified and have been removed from the analysis on this slide. In Wave 1 these businesses were not identified and the sample here still contains a small percentage of these.

In February 2019 fewer than 3 in 10 SMEs think it is possible to negotiate with their water provider.

Change across each wave



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; wave 3; All respondents n=516, wave 4, All respondents n=528. SMEs which operate from home / managed business premises identified in Jan and Aug 18 n=289

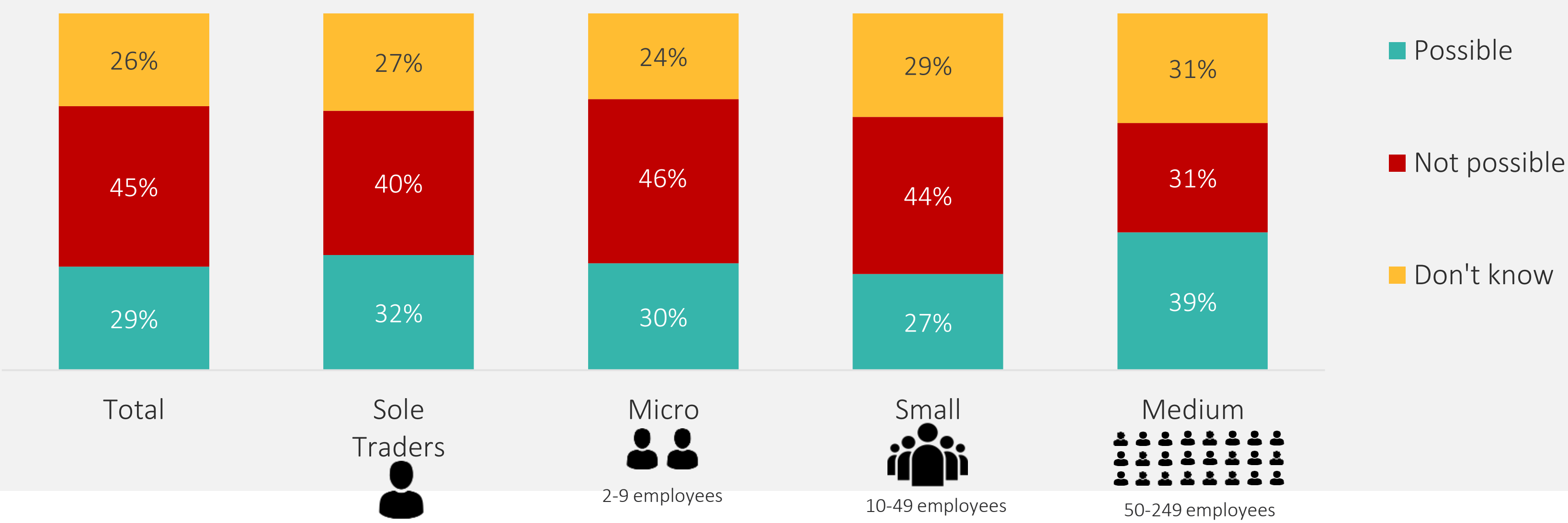
Medium-sized businesses are most likely to say it is possible to negotiate with their water provider, whilst small businesses are least likely to think this

Breakdown by business size, Waves 1, 2, 3 and 4 combined

Water provider

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

Medium-sized businesses are significantly more likely than small businesses and sole traders to think it's possible to negotiate with their water provider



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, 2, 3 and 4: All respondents n=2,048; Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413; all waves combined n=2,048; SMEs which operate from home / managed business premises identified in Jan 18, Aug 18 and Feb 19 n=289

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Prompted Awareness–

Are SMEs aware of the change to the water market?

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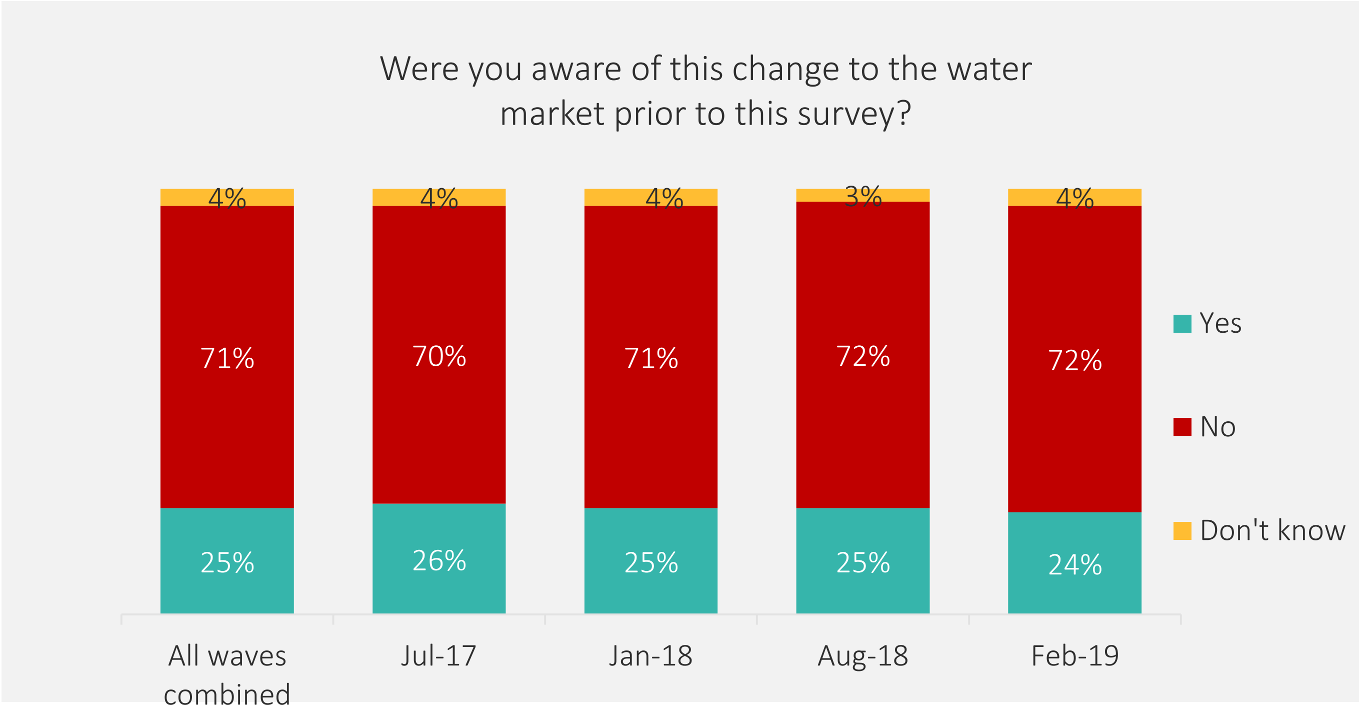
Prompted awareness of the opening of the retail water market in April 2017 is almost unchanged across the four waves

Change across each wave



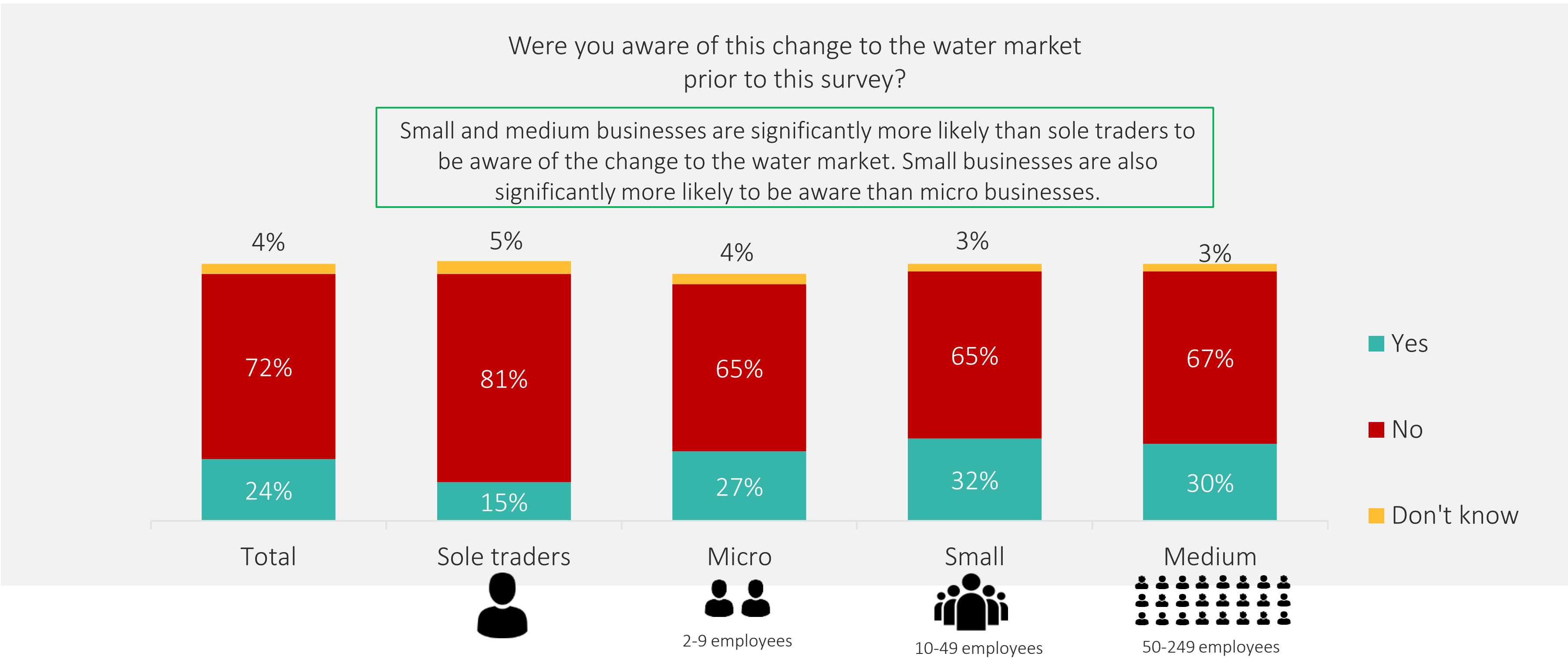
Following initial questions about the possibility of switching or negotiating with their current provider, SMEs were then prompted with information on the change in more detail, before asking their awareness of this change.

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?

Waves 1, 2, 3 and 4: All respondents n=2,048; Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413; all waves combined n=2,048; SMEs which operate from home / managed business premises identified in Jan 18, Aug 18 and Feb 19 n=289

Sole traders are least likely to know that the retail water market is 'open', with awareness peaking among small businesses

Breakdown by business size, Waves 1, 2, 3 and 4 combined



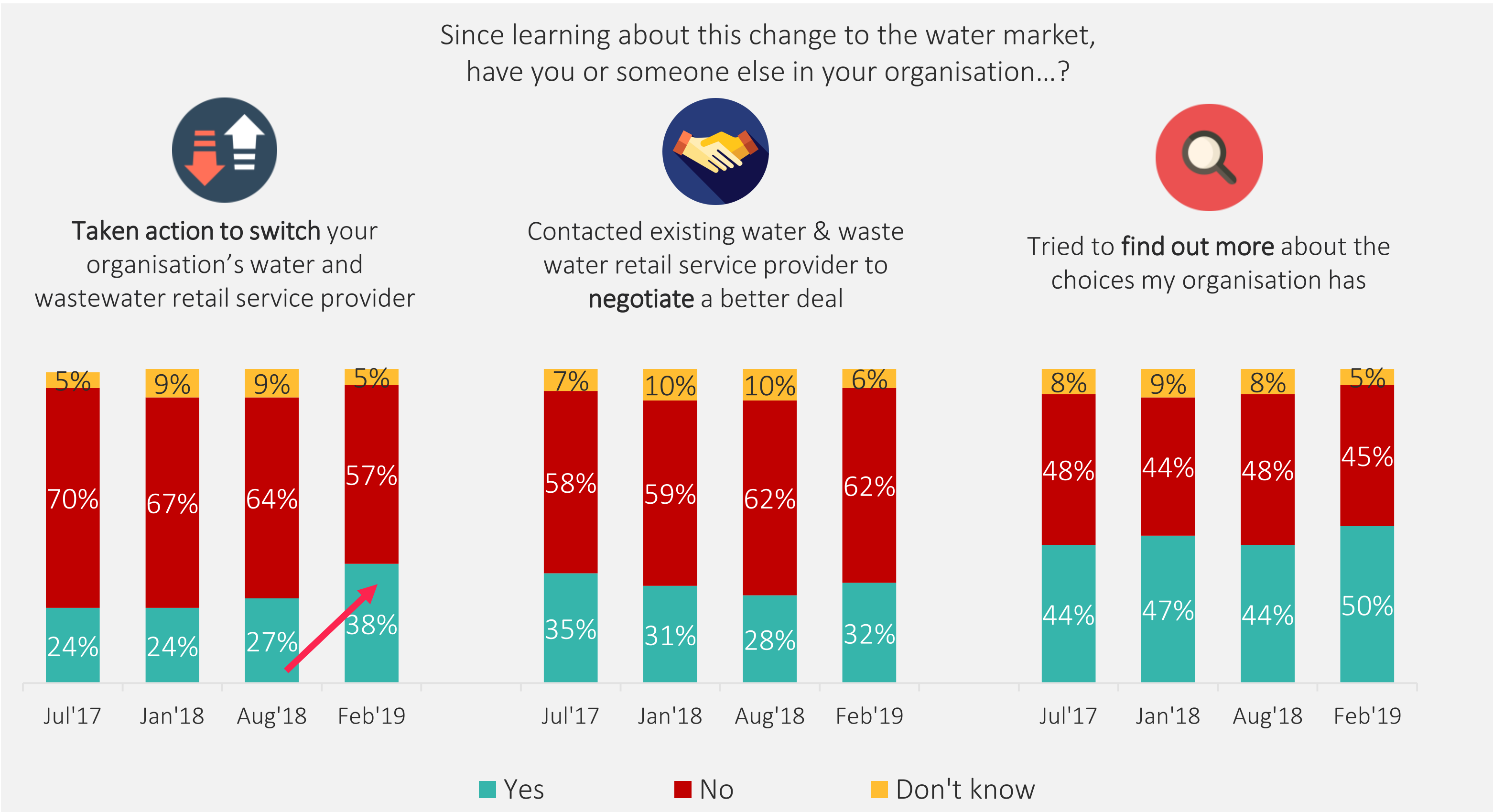
Q4. Since April 2017, all businesses, charity and public sector organisations in England (operating from business premises) have been able to change the company providing their water and waste water retail services (as they are able to with energy), or negotiate a better deal with their existing service 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?

Waves 1, 2, 3 and 4: All respondents n=2,048; Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413; all waves combined n=2,048; SMEs which operate from home / managed business premises identified in Jan 18, Aug 18 and Feb 19 n=289

What are SMEs that were aware of the market likely to have done?

There has been a notable increase in SMEs claiming to have taken action to switch (+11%). Uplifts can also be seen for information searching (+6%) and negotiating (+4%).

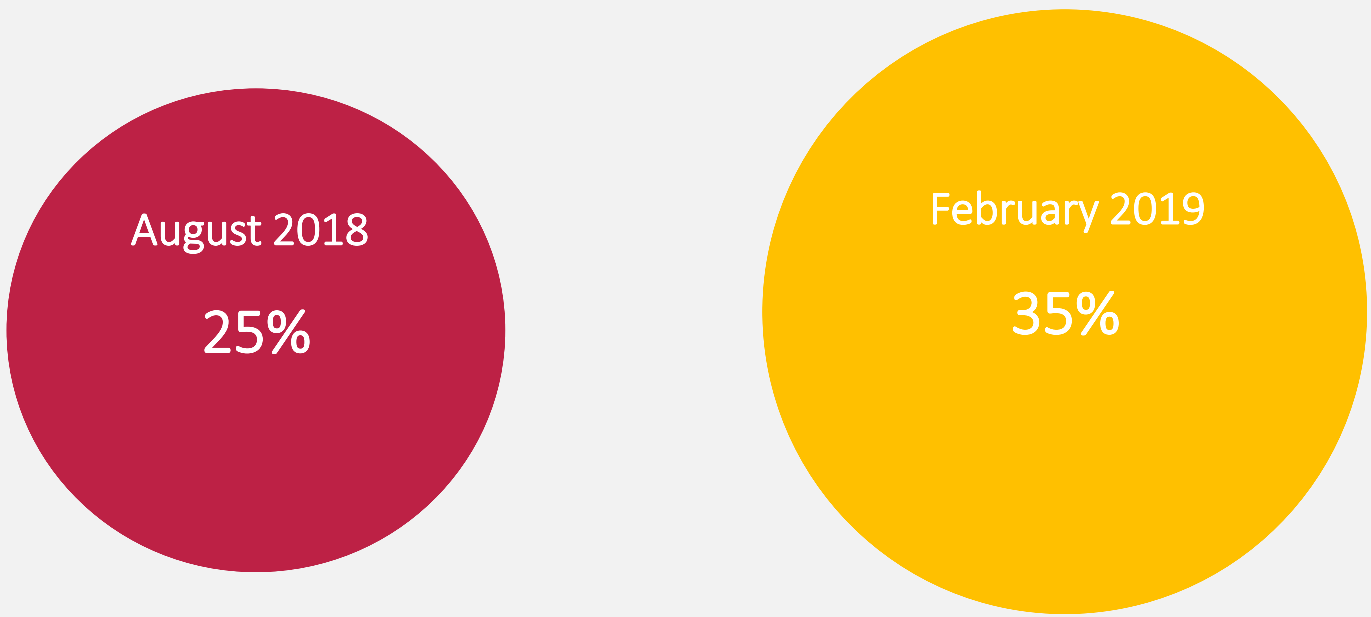
Change across each wave



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, wave 3 n=130; wave 4 n=100

Between August 2018 and February 2019, among those aware of the switch the net figure of people trying to find out more about choices **and** taking action rose from 25% to 35%

Since learning about this change to the water market, have you or someone else in your organisation…tried to find out more about the choices your organisation has **and** took action to switch…? (NET figure)



1. 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=116, wave 3 n=130, wave 4 n=100

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

Waves 1, 2, 3 and 4 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	15%	20%	31%	46%
Contacted existing water & wastewater retail service provider to negotiate a better deal	13%	22%	36%	57%
Tried to find out more about the choices my organisation has	32%	35%	52%	66%
		2-9 employees	10-49 employees	50-249 employees

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=117, Micro businesses n=144, Small businesses n=103, Medium businesses n=122

What action are SMEs likely to take in the next six months?

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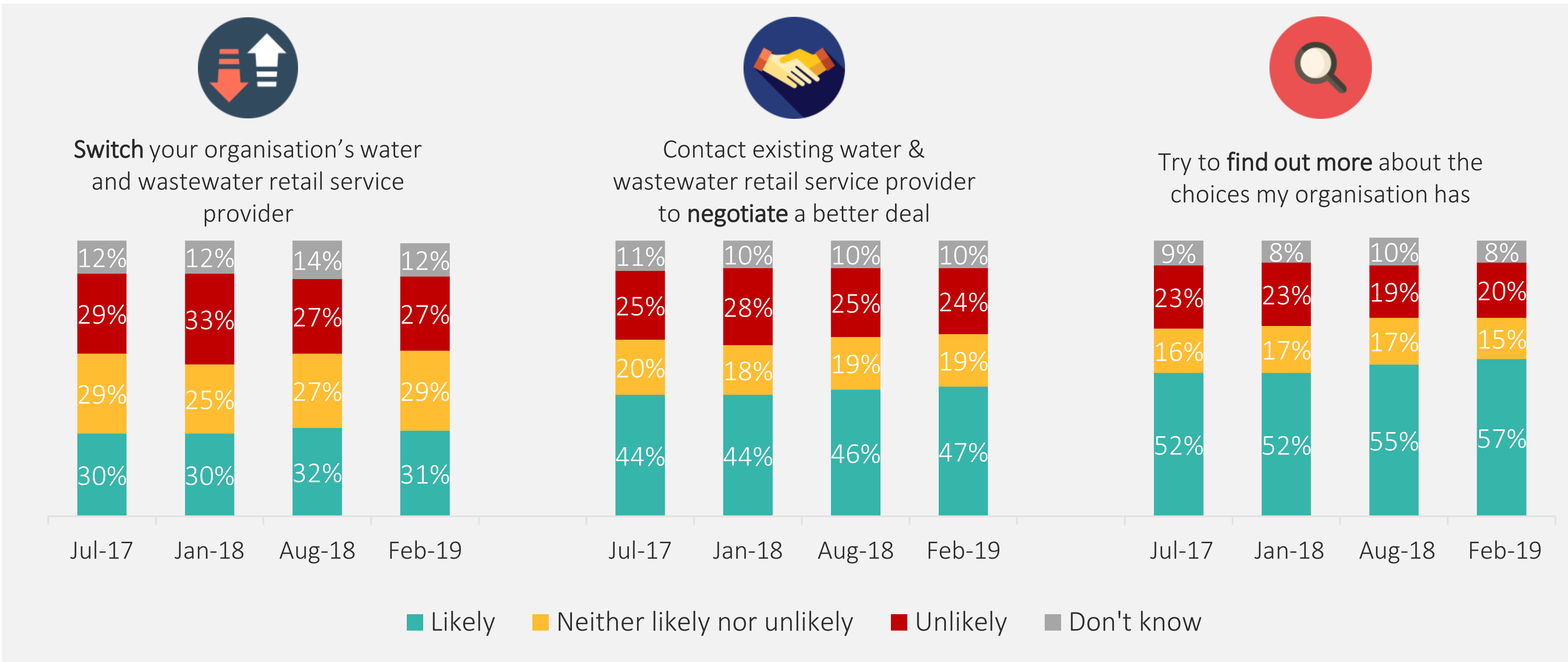
Likelihood to act following the change to the water market has not increased significantly over the last year and a half

Change across each wave

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



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, wave 3 All respondents n=516; Wave 4 all respondents n=528

The larger the organisation, the more likely they are to take action in the next 6 months having learnt of the change to the water market

Waves 1, 2, 3 and 4 combined

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

	Sole traders	Micro (2-9 employees)	Small (10-49 employees)	Medium (50-249 employees)
Switch your organisation's water and wastewater retail service provider	18%	32%	39%	48%
Contact existing water & wastewater retail service provider to negotiate a better deal	30%	47%	57%	62%
Try to find out more about the choices my organisation has	41%	56%	63%	68%

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.

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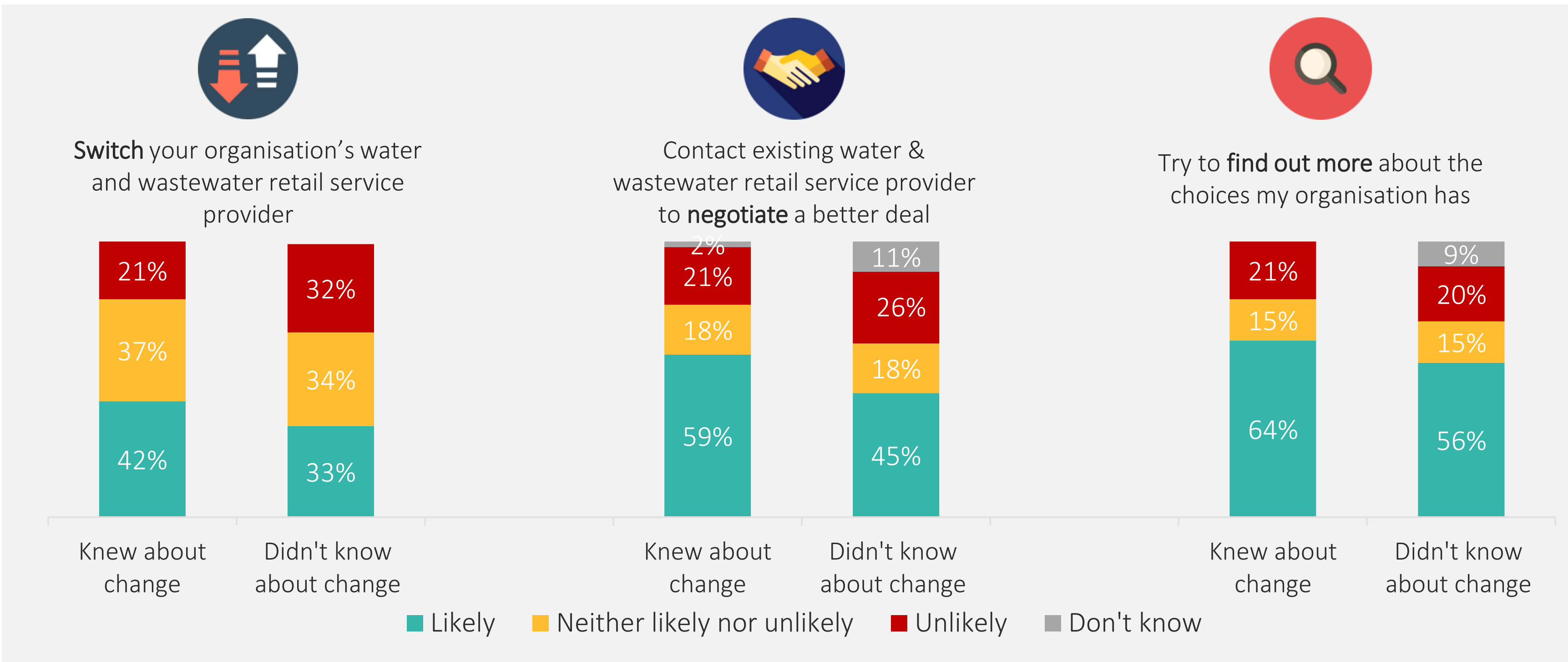
Q6. Following this change to the water market, how likely or unlikely is your organisation to do each of the following in the next 6 months?
Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413;

Businesses that were previously aware of the market are more likely to take action in the next 6 months and **significantly** more likely to contact their provider to try and negotiate a better deal

Wave 4

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



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? Knew about change N=100, didn't know about change N=401, DK=27

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Why are some SMEs unlikely to switch or renegotiate?

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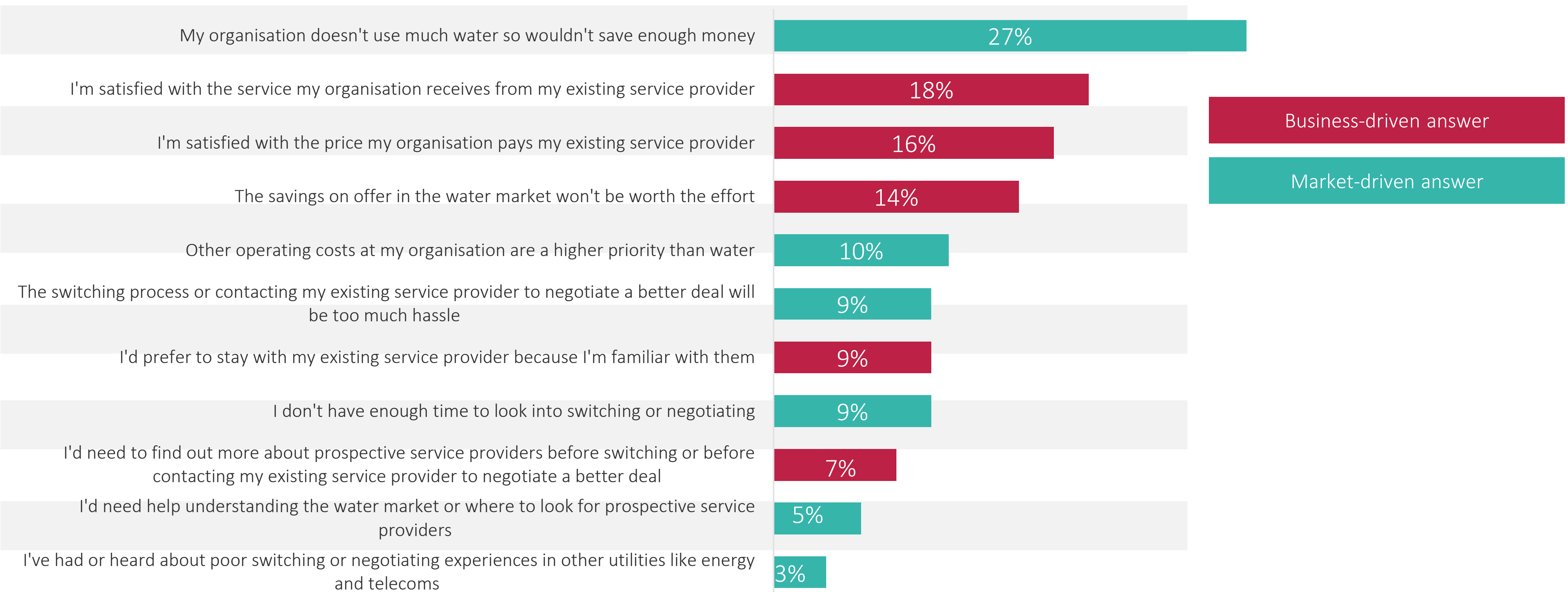
1 in 4 (27%) don't think their organisation uses enough water to save money – just under 1 in 5 (18%) are satisfied with their existing service provider

Waves 1, 2, 3 & 4 combined

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



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=631

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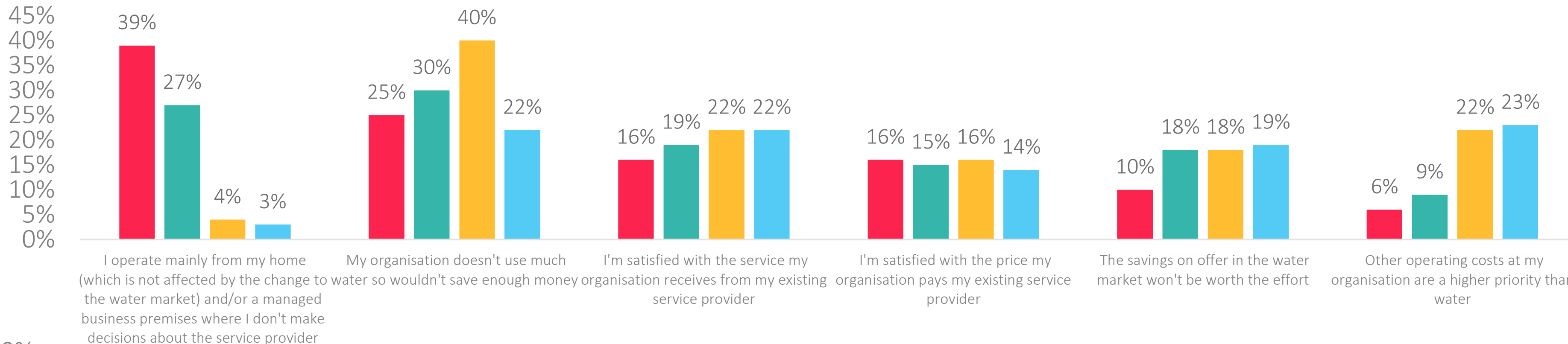
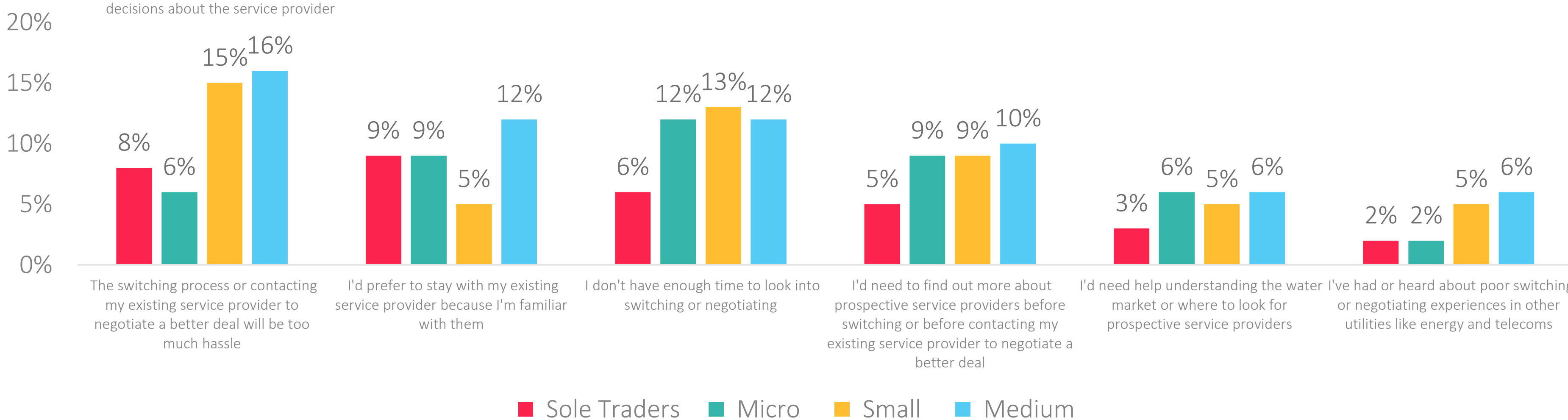
Reasons for being unlikely to switch differ significantly based on size of business, with other priorities ranking higher for larger businesses

Waves 1, 2, 3 & 4 combined

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





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=631

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What channels will SMEs use to find out more?

SMEs are most likely to search the internet to find out more, regardless of business size. The larger the business, the more likely they are to find information from utility broker or business colleague.

Waves 1, 2, 3 and 4 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	**71%**	**37%**	**24%**	**16%**	**9%**	**9%**	**2%**	**2%**	**1%**
Sole traders	74%	32%	19%	9%	7%	3%	3%	2%	1%
Micro businesses	74%	39%	22%	16%	9%	9%	3%	2%	1%
Small businesses	67%	40%	27%	20%	9%	10%	2%	2%	1%
Medium businesses	62%	41%	34%	28%	13%	19%	1%	0%	1%

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

Sole traders are significantly less likely to **contact their existing service provider**.

Medium businesses are significantly more likely than sole traders to **contact a prospective service provider**.

Sole traders are significantly less likely to **contact a utility broker /consultant**.

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

Sole traders are significantly less likely to **speak to a business colleague.** Medium businesses are significantly more likely than sole traders and micro businesses.

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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, 2, 3 and 4 All respondents n=2,048; Sole traders n=786, Micro businesses n=527, Small businesses n=322, Medium businesses n=413;

Methodology

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 four waves of the study:
Wave 1: 11-18 July 2017
Wave 2: 19-22 January 2018
Wave 3: 10-27 August 2018
Wave 4: 14-19 February 2019

Populus conducted around 500 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% +/-
1,520	2.5% +/-
2,048	2.0% +/-

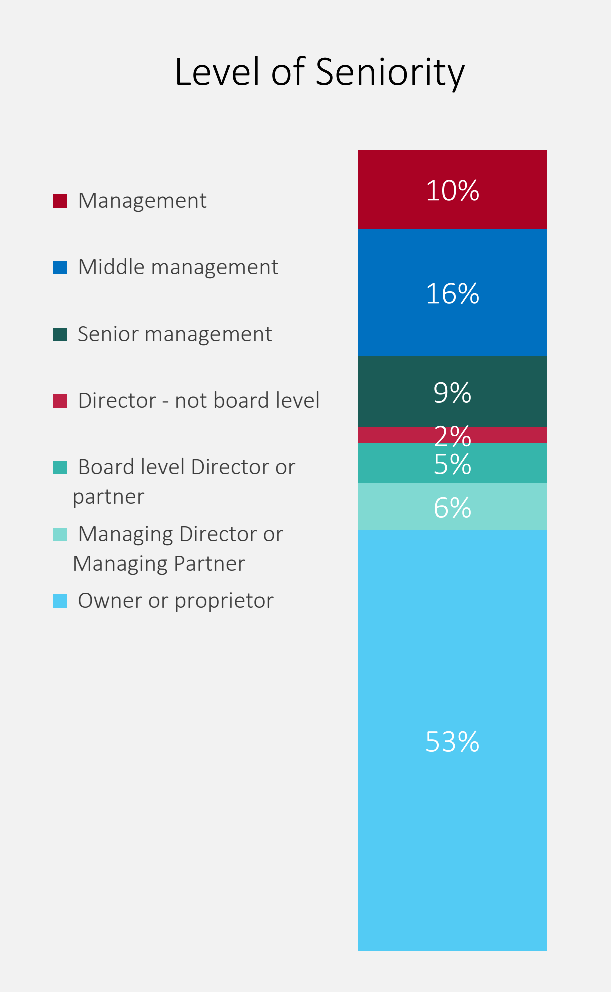
Wave 4 Sample

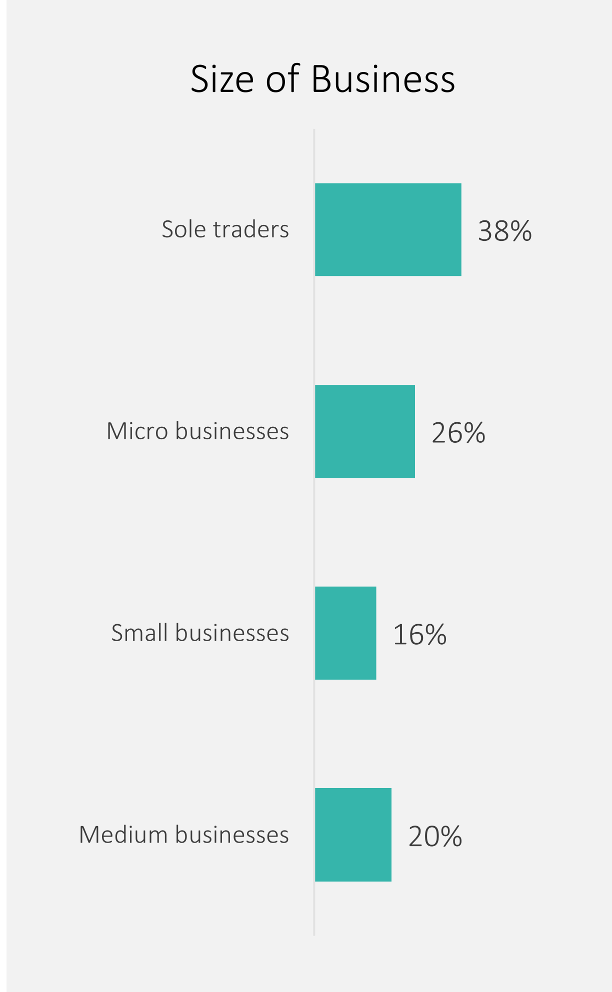
This study was conducted as an online survey with SMEs with the below proportions per business size:

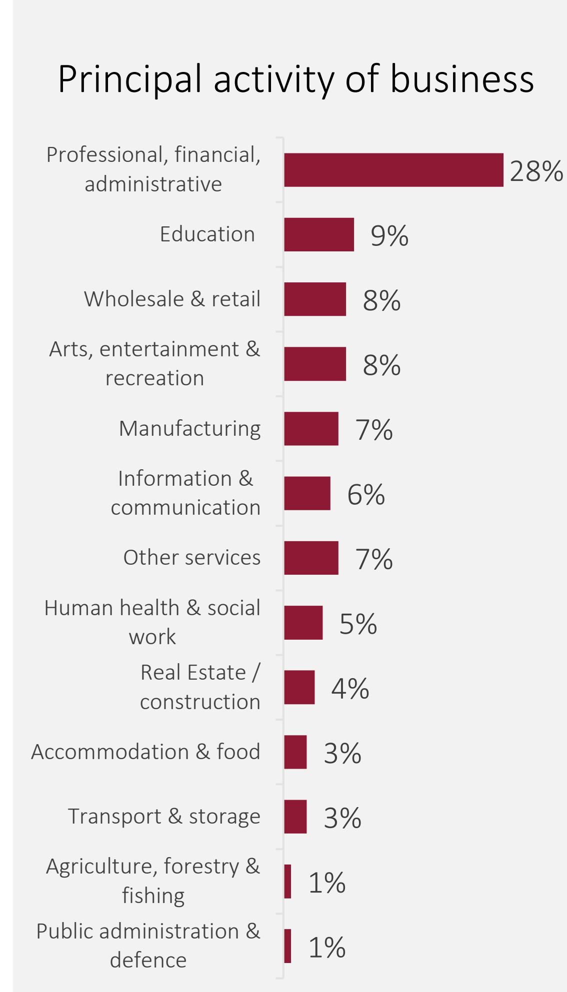
Business size	Number of employees	Sample Size
Sole traders	0	186
Micro businesses	1-9	145
Small businesses	10-49	86
Medium businesses	50-249	111
Total sample		**528**

Retail market eligibility: In the second wave of this survey, the first question was changed to identify respondents who were not eligible to switch their retail service provider because they operated from home or out of managed business premises. All data collected after the first wave is presented without this group of ineligible SMEs.

Who took part in the survey? (Waves 1, 2, 3 and 4 combined)







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

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