



# Testing the Waters

2018 Qualitative Report



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# Contents

<b>1. Project Overview .....</b>	<b>5</b>
Introduction .....	5
The Interviews.....	5
Profile of Businesses .....	7
<b>2. Executive Summary.....</b>	<b>8</b>
Switching.....	10
Renegotiating.....	11
Problems, Concerns and Complaints .....	11
Further comments on changes in the water market.....	12
<b>3. Results.....</b>	<b>13</b>
Response to Market Opening.....	13
Communications.....	15
Perceived Benefits / Downsides of Change .....	19
Perceptions before Market opening.....	19
Information Sources and Reviewing Options .....	23
Switching .....	26
Renegotiating.....	31
Problems, Concerns, Complaints .....	38
Further comments on changes in the water market.....	42
<b>4. Appendix: Discussion guides.....</b>	<b>44</b>
Topic Guide: Engaged Non-active .....	44
Topic Guide: Switchers.....	48
Topic Guide: Re-negotiators.....	52
Topic Guide: Unengaged .....	56

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# 1. Project Overview

## Background

### Introduction

- <sup>1.1</sup> Following the opening of the non-household water market in April 2017, approximately 1.2 million eligible businesses, charities and public sector organisations across England have been able to choose who provides their water and sewerage retail services<sup>1</sup>. Retail services include customer service, billing and the reading of water meters<sup>2</sup>. In Wales, only non-household (NHH) customers who use 50 mega litres<sup>3</sup> a year at a business premise are eligible to access the market by choosing which company provides their retail services.
- <sup>1.2</sup> In 2018, Opinion Research Services (ORS) was commissioned by Consumer Council for Water (CCWater) to conduct the quantitative 2018 Testing the Waters survey, which tracked perceptions of the value for money and customer satisfaction with all aspects of water and sewerage services among non-household customers in England and Wales, as well exploring awareness of and engagement in the newly opened water market in England, and the existing market in Wales. ORS also conducted some additional in-depth qualitative interviews with a cross section of non-household customers who had agreed to be re-contacted in order to gain deeper understanding of their experiences of the water market.

### The Interviews

- <sup>1.3</sup> Based on responses to the Testing the Waters survey (2018), CCWater segmented respondents by the extent to which they had engaged in the market. These groups were comprised of the following:
- **‘Switchers’** – these were customers who had chosen a new retailer and switched or were in the process of switching during the Testing the Waters survey.
  - **‘Re-negotiators’** – these were customers who had renegotiated their contracts with their retailers following the opening of the market.
  - **‘Engaged’** – customers who had taken some action to find out about the market, but who had neither switched nor renegotiated.
  - **‘Unengaged’** – those who may be unaware of the market and/or who had taken no action to engage in the water market, but who had been passively transferred to a new retail service provider when the market opened in England.

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<sup>1</sup> Eligible organisations must operate from a business premises in England, not use a household water supply and must be responsible for paying their own utility bills. This excludes managed premises.

<sup>2</sup> Throughout this report the terms ‘retailer’ and ‘wholesaler’ are used. Retail service providers (‘retailers’) are able to compete for the custom of eligible business customers. They are responsible for customer service, meter reading, and billing. Wholesalers are appointed companies that own and operate the network of pipes, mains and treatment works. These companies sell water and wastewater services to retail suppliers.

<sup>3</sup> The equivalent of 50 million litres, or 50,000 cubic metres (m<sup>3</sup>)

- 1.4 Different respondent groups were likely to have had different experiences in the water market, and so separate topic guides were used to explore experiences in detail. ORS conducted 30 interviews which covered the following key themes:
  - The response to market opening
  - Experiences of retailers
  - The perceived benefits and downsides of the market changes
  - Experiences switching and renegotiating
  - Sources of information on the market
  - Problems and complaints.
- 1.5 The views expressed by participants reflect their own opinions and perceptions of their experiences. These views may or may not be supported by evidence or accurate as accounts of the facts. ORS cannot arbitrate on the correctness or otherwise of people's views when reporting them. This should be borne in mind when considering the findings.
- 1.6 Verbatim quotations are used throughout, in indented italics, for their vividness in capturing points of view. ORS reports the quotes as given and does not necessarily endorse any particular opinion.
- 1.7 It should be noted that qualitative results cannot be projected onto the overall population due to the small sample size.

## Profile of NHH's

1.8 The tables below give a demographic overview of NHH's that took part in these in-depth interviews.

### Size and status of NHH's:

Size of Organisation	Count	Status	Count
Micro (0 – 9 employees)	11	Switched	7
Small (10 – 49 employees)	6	Renegotiated	8
Medium (50 – 249 employees)	6	Engaged	8
Large (250+ employees)	7	Unengaged	7
<b>Total</b>	<b>30</b>	<b>Total</b>	<b>30</b>

### Sector:

Sector	Count
Accommodation and food services	2
Public administration and defence	2
Administrative and support services	3
Education	3
Health	4
Water supply	1
Manufacturing	4
Professional, scientific and technical	2
Information and communication	1
Wholesale/retail	2
Retail	1
Motor trades	1
Transport and storage	2
Hairdressing	1
Other	1
<b>Total</b>	<b>30</b>

### Country and number of sites:

Country	Count	Number of sites	Count
England	29	Single site	15
Wales	1	Multi-site	15
<b>Total</b>	<b>30</b>	<b>Total</b>	<b>30</b>

## 2. Executive Summary

### Summary of Main Findings

#### 2.1 Key findings of this research were that:

- Understanding of the market structure – such as the differences between retailers and wholesalers – is low
- Hearing about the changes came through a range of channels; mostly by direct contact from suppliers, but also trade magazines, radio, television, YouTube adverts, brokers and word of mouth
- For most, account transfer to the default retailer had gone smoothly, although a small minority did have problems with billing
- Initial perceptions of market opening included some apprehension over whether competition would create uncertainties in the market. Some were cynical whether the perceived benefits of increased competition and cheaper prices would actually materialise
- However, switchers identified price savings, improved customer service and a tailored contract as achieved benefits of switching
- Re-negotiators had hoped to achieve cheaper bills, but there were mixed opinions on whether the re-negotiation had an impact on satisfaction with the service received or perceptions of value for money
- The main reason given for not switching was the perceived time involved and ‘hassle’
- Those who hadn’t switched or renegotiated tended to feel renegotiating would be easier, ‘safer’ and save more time than switching
- Problems, concerns and complaints experienced by customers were mostly about billing and poor communications

#### 2.2 This section summarises the key issues raised by the 30 non-household customers that took part in this research. For more detailed information, please refer to the Results chapter.

#### Understanding of the market structure – retail and wholesale split – is low

#### 2.3 It was apparent throughout the interviews that many respondents did not fully understand or were unclear on the distinctions between retail and wholesale services, even among those who had switched or renegotiated.

#### 2.4 When asked an unprompted question about whether they had noticed any changes in water supply and sewerage service since April 2017, few engaged customers, despite having searched for information after market opening, mentioned the changes to the water market. One respondent discussed it as a ‘change in name’ and another gave an explanation of the deregulated market but wasn’t confident that they knew whether it only applied to retail or wholesale services. Less than half of the unengaged customers mentioned the opening of the market, and those who did, gave non-specific answers that there were ‘more suppliers’ or that they could ‘go elsewhere’.

#### 2.5 Re-negotiators generally discussed the market opening when asked this question, and displayed a better awareness of the structure of the market compared with other groups. However, one re-negotiator and some switchers gave more general answers such as that they had a ‘choice [in] supplier’ but later, when asked, had misperceptions about the relationship between retailers and wholesalers or indicated they believed that switching also affected wholesale supply.



### Hearing about the changes came through a range of channels

- 2.6 Most of the 24 participants who were aware of market opening, had direct contact from their suppliers via letter, though others received an email from their suppliers. However, five respondents found out via the media, either from trade magazines, the radio, news items on television, and even an advert on YouTube. A small number found out through third parties, such as a broker, and one by word of mouth.
- 2.7 Unengaged participants were asked for their opinions on what could or should be done so that organisations like theirs could be better informed of changes. Two of them suggested that this should be the wholesalers' role and two suggested advertising and media campaigns via various means, including via post, social media, email, telemarketing, television and radio. When asked to suggest organisations that have a role in making customers aware, four of the seven unengaged participants said it was a role for 'government'. Others suggested the industry itself and Ofwat.

### For most, account transfer to the default retailer had gone smoothly, although a small minority did have problems

- 2.8 In terms of the account transfer from the wholesaler to the new retailer service provider (retail exit) on market opening, most participants expressed that this had been smooth. However, one micro and two large re-negotiators flagged issues with billing since, including receiving duplicate bills or having to 'get used' to bills being in a different format than how they'd previously received them.

### Some had been apprehensive over whether competition would create uncertainties in the market

- 2.9 Two participants discussed the apprehensions they had about market opening prior to when the market opened in April 2017. Both had concerns focussed on the uncertainty that competition might introduce in the market, both in terms of whether there would be any 'hiccups' when switching retailer, and whether prices would increase to 'pay for open market competition'.

### Some were cynical whether the perceived benefits of increased competition and cheaper prices would actually materialise

- 2.10 Participants were clear that the main benefit of the change would be in cheaper prices for the consumer arising from increased competition. However, some were cynical about whether this would materialise in practice. Notably, three participants who had re-negotiated their contracts with their existing retailers clearly did not perceive their ability to re-negotiate as a benefit resulting from market opening. One re-negotiator said that there were 'probably none' when asked what the benefits were of the new market, while another acknowledged the potential for competition and lower prices 'theoretically' but didn't know whether that would 'turn into a reality', despite having 'made a small saving' from re-negotiating.
- 2.11 Despite having made a 'small discount' for the year from re-negotiation, another large re-negotiator said they hadn't noticed any benefits yet. This customer focussed on additional services they understood would arise from market reform but hadn't received yet, having hoped that greater competition would speed up the introduction of automatic meter reading by their retailer.

### Perceived downsides of market opening were billing problems as well as lack of value for money

- 2.12 When asked for any downsides arising from the change, several NHH's, representing all participant types, said that they had experienced no downsides, nor could they envisage there being any. On the other hand, one participant who had switched pointed to higher charges in waste services which they

considered to be not good value and another highlighted the fact that the changes meant that there were more employees working in the water companies whose costs would be passed to customers. Three large organisations had experienced issues or inefficiencies with their retailers' billing systems. A switcher complained about their retailer's apparent inability to understand invoicing for their various sites, resulting in some sites receiving no invoices at all and others being invoiced when they should not have been. When telephoning the retailer, they felt they are left on hold for too long and never able to speak to the same person in order to resolve these issues. A re-negotiator complained of delayed billing and another re-negotiator complained that when their retailer's new system was installed and attached to their own system, it created inaccurate bills.

- 2.13 Participants were asked if they had been offered any new or innovative services or anything that they were not receiving previously. None of the switchers or engaged said that they had been offered anything new by their retailer. However, one re-negotiator had discussions with their retailer over additional services, such as a supplier portal, water leak services, improved metering and flow metering. The participant commented that it is necessary to weigh up the costs and benefits of such services.

### Switching

- 2.14 NHH's who switched retailer did so either by individual members of staff proactively and directly sourcing alternatives or via a broker, a consultant or a procurement organisation.
- 2.15 The switchers had either not been offered any incentives by their existing retailers prior to switching; had had no contact at all with their retailers or were not aware whether they had been offered incentives to stay because they used brokers.

### Some switchers had been unaware that they could renegotiate with their original retailers

- 2.16 When asked about whether they had tried to renegotiate with their original retailer, two switchers said they were unaware they could try to negotiate specifically with their retailer, with one saying they believed they'd have to put out a tender to see if their current retailer would offer them better terms. Another had switched due to poor service and hadn't considered renegotiating with their new retailer because they were happy with the service provided. The switcher who had previously said they started receiving a higher charge than they had expected for sewerage said that they tried to renegotiate with their new retailer about this point, but that this renegotiation was not successful.

### The main reason given for not switching was the perceived time involved and 'hassle'

- 2.17 'Engaged' and 'unengaged', businesses who had been aware of the market changes ('unengaged aware') were asked why they did not switch. Time, lack of cost savings, complacency and being happy with existing suppliers were mentioned. A few participants compared the perceived 'hassle' of switching against the potentially small savings to be made.
- 2.18 When asked if they would consider switching in future, a few more engaged and 'unengaged, aware' participants said they would if the rate of saving was worth it. When respondents were asked this question in the quantitative Testing the Waters survey, they tended to give 'round numbers'. The two qualitative participants who suggested percentage savings which would encourage them to switch were no different; one participant said the saving would need to be 10% whilst another suggested 5%. One participant said that they doubted whether the likely saving would be worthwhile. However, another participant also said that they might be inclined to switch if offered the option of more regular bills than the current quarterly ones, reiterating that some organisations do recognise service benefits other than just financial savings.

- 2.19 There was a perception by some that the process of switching might be difficult, but others thought it would be straightforward based on their experience of other utilities. One engaged large organisation said that because of the OJEU (Official Journal of the European Union) legislation<sup>4</sup>, switching would take three to six-months because of how much they spend annually on water. Another called it ‘hassle’, and a third compared it to switching other utilities, saying their experience had been long-winded and that they wouldn’t ‘waste their time’ due to their ‘insignificant’ spending on water services.
- 2.20 When asked what they thought would be involved in the switching process, and how easy it would be, three unengaged participants presumed that this would be handled by the retailers concerned, whilst another suggested that a third-party would manage the switch. Most unengaged participants tended to say that they expected the process to be straightforward, especially based on the experience gained with other utilities. It is worth noting that unengaged participants tended to represent smaller organisations, which may have contributed to them thinking the process would be straightforward.

### Renegotiating

- 2.21 Just over half of NHH’s interviewed were aware that they now<sup>5</sup> had a water contract. By and large, participants were uncertain of the terms of their contract, although one switcher and one re-negotiator knew the length of their contracts and two re-negotiators were able to provide some details on the content of their contracts such as unit costs.
- 2.22 Re-negotiators generally stated that their primary objective was to reduce costs, and in the main this was achieved to a greater or lesser extent. Around half had considered switching prior to re-negotiating their contracts. However, most of these thought it was easier to stay with their current retailers. Most of the re-negotiators said that they would consider switching once their contracts were up for renewal, to control their costs. Similarly, the advantages of negotiating over switching were stated by engaged and unengaged participants as saving time and being easier and ‘safer’ staying with a known retailer.
- 2.23 Five of the eight re-negotiators said that they or their procurement department had initiated the re-negotiation, and two large organisations described the process as ‘formal’ and ‘structured’. By contrast, a few of the small and micro organisations described much less formal process; for example, that they personally called their retailers in order to renegotiate better terms.
- 2.24 If they were to renegotiate, one engaged participant commented that they would look for a number on the bill and *go from there* and another would, *go wider than just talk to our existing supplier*.
- 2.25 Engaged and unengaged participants were asked if there was anything that they wished their retailer did. Three unengaged participants would like improvements in billing (e.g. clearer and more regular) and one mentioned more proactive leak detection. Engaged participants mentioned better service, such as faster response to problems and better communication, as well as price reductions.

### Problems, concerns and complaints were mostly about billing and poor communications

- 2.26 Communication and billing difficulties were key areas where respondents had experienced issues with retailers. Earlier in the interview, one large re-negotiator said that they valued the fact their supplier had knowledge of their business and the way they operated, but that there was disruption caused by having

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<sup>4</sup> This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published. The legislation covers organisations and projects that receive public money. Organisations such as Local Authorities, NHS Trusts, MOD, Central Government Departments and Educational Establishments are all covered by the legislation.

<sup>5</sup> Deemed contracts have been in place since 1 April 2017 for all NHH’s which were transferred to default retail service providers. NHH’s which have switched or renegotiated will be on specific contracts.

to deal with different personnel after the transfer to separate retailing. This was echoed by a large ‘switcher’ when discussing problems that they had experienced. The large switcher organisation had valued the ability to speak to a specific department familiar with their account prior to the market opening but said that they were now put through to a call centre that didn’t know their business. They also talked about the extra effort that was now required to check bills, given some early mistakes they’d experienced. A re-negotiator also mentioned ‘problematic’ billing.

- 2.27 For switchers, the length of time taken to switch, billing inefficiencies and communication problems were mentioned in relation to how their previous retailer dealt with the switch.
- 2.28 An engaged respondent suggested that a leak which hadn’t been fixed was the issue which made them consider switching, while another felt that better communication about the market opening would have helped, stating that they weren’t aware of information like the Ofwat Code of Practice, prior to the interview.
- 2.29 Interviewers explained that Ofwat has put in place a code of practice for non-household customers. There was generally low awareness about the Ofwat Customer Code of Practice, of supply point numbers on their billing, of the requirement for accurate annual billing and of cooling off periods for micro-businesses. However, the response to each of these was generally positive, with some respondents wanting more frequent and accurate bills. Three participants referred to copies of their bills during the interview and two of these were unable to find information saying that they could choose their retailer.
- 2.30 Participants were asked where they would go to complain about their water supply or find out how to switch. In the first instance most said that they would contact their retailer. A few said that if problems persisted, they would resort to an industry regulatory body or an ombudsman. Several were more likely to say they would contact Ofwat or ‘an ombudsman’ over problems to do with switching.

#### Further comments on changes in the water market

- 2.31 Participants were invited to reflect on their experiences and offer further comments about the changes in the water market.
- 2.32 Four switchers offered their comments. One complained that based on their own experience the separation of retail from wholesale had not worked in the water industry as well as it had in the gas and electricity industries. This was because of accounting problems following the market change. The participant had also been disappointed that they were not contacted by water industry retailers competing for their business and said, *it was as if they didn’t want it to happen; that’s the impression I got. For me my experience is very, very poor.*
- 2.33 Another switcher would like to see charging models that are suited to customers that are small companies. One said that dealing with their retailer after market opening had caused them great expense and time, which they believed was caused by the retailer being unable to cope due to taking on a high volume of customers. The other switcher was generally happy with the process of switching although had been surprised that their details were passed from a wholesaler to a retail organisation without their prior knowledge.
- 2.34 Re-negotiator participants were generally positive about the market changes, despite some issues experienced with billing.

## 3. Results

- 3.1 This section contains verbatim quotes from NHH's. For context, each of these is followed by relevant demographic information (size, sector, water retailer(s) and status).

### Response to Market Opening

#### Some NHH's had been aware of changes in the water sector since 2017

- 3.2 To begin the discussion, participants were asked an open, unprompted question as to whether they had noticed any changes at all to the water sector since April 2017.
- 3.3 Most of the 'engaged' participants answered that they had not seen any changes. Of those that made further comment, only two made comments which related to the opening of the market. One mentioned a marginal increase in cost; one mentioned the change in billing arrangements and one a change in name:

*The quality of water is pretty much as is, as it has been since I've been here for four years. The service that I receive from my supplier is immaculate as usual. The cost has had an ever so marginal increase over the last 12-14 months, but it's marginal.* (Large, Transportation and storage, Thames region, Engaged)

*I know it was deregulated, as I understand it. But Castle, they just bill us now don't they? As far as I know they're just the billing agent for Thames Water I assume. Or are they actually a provider? I don't know. I never see Castle Water around anywhere.* (Small, Manufacturing, Thames region, Engaged)

*Only the change in name.* (Large, Health, Thames region, Engaged)

- 3.4 Of the six 'switchers', three said they had been made aware of changes:

*People like Thames water who were a monopoly in an area could no longer be a monopoly in an area, because it had to be broken up and opened up to competitors, just like what happened with electricity and gas.* (Large, Education, Thames region, Switcher)

*I know you now have choice as to who your supplier was.* (Medium, Health, Southern region, Switcher)

*We were informed (with about 3 to 4 months' notice) that deregulation of the market had sort of come through its process, and that we were no longer obligated to choose South East Water for the supply of water and the sewerage/taking away of the water ... they were, therefore, going to concentrate on domestic supply only, and so at a certain date we would have to choose an alternative supplier of water and sewerage facilities.* (Micro, Wholesale and retail trade, Southern region, Switcher)

- 3.5 By and large re-negotiators had been more aware than any of the other groups, with seven of the eight re-negotiators being knowledgeable about the changes:

*I think they've rebranded themselves but are essentially the same outfit ... It might be Wave. W-A-V-E-I think ... I knew something had been deregulated, but kind of amounts to ... the appearance of competition, shall I say cynically.* (Micro, Transport and storage, Eastern region, Re-negotiator)

*Yes, it became known as Wave ... Well it gives you the opportunity as a buyer to choose who your retailer is ... we could also entertain the route of being our own retailer. (Large, Health, Northumbria region, Re-negotiator)*

*I think you could shop around and get a better deal through someone else. (Medium, Motor trades, Yorkshire region, Re-negotiator)*

*Well I think that the theory was that, a bit like gas and electricity, you could go to a number of different companies rather than the local previously designated company, so to that extent you could get competitive quotations. It started with business accounts and ultimately will move over to domestic. (Small, Education, Wessex region, Re-negotiator)*

*We've got Bournemouth Water, and then we've got Salford Business. It's really got confused ... Well I just understood that it's like gas and electric ... different people are competing for your business to supply you with water. (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)*

*It (name of company bills came from) didn't change, but Northumbrian Water dropped their bills by half, so it was benefiting me, yes. (Micro, Retail, Northumbria region, Re-negotiator)*

3.6 Three of the seven 'unengaged' participants were aware of the changes to the industry:

*Yes, I think they've just deregulated so there are more suppliers now. (Small, Accommodation and food, South West region, Unengaged, Aware)*

*We've had a number of letters saying we can go elsewhere; that we didn't have to stay with South West Water; they were no longer monopolising the industry. (Micro, Water supply, South West region, Unengaged, Aware)*

### There was some confusion over the meanings of 'retailer' and 'wholesaler'

3.7 Although a few participants (six of the 30) were clear about the difference between 'retailer' and 'wholesaler', others appeared to be confused over the different roles:

*It went to the retail arm. Northumbrian Water Group. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*It was the splitting of the wholesale market from the retail. So that basically consumers have the choice as to who they actually choose to have as their retail provider. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*So, a retailer would be the front end, what the customer, like myself, would generally deal with. A wholesaler is who the companies that supply water deal with. (Large, Education, Thames region, Switcher)*

*I would imagine a wholesaler is larger volume. (Medium, Health, Southern region, Switcher)*

*Well I would assume a retailer buys from a wholesaler. (Micro, Other services, Eastern region, Switcher)*

*It looks like Anglian water does our sewerage, so yeah, it must be Wave that's doing the water. (Micro, Transport and storage, Eastern region, Re-negotiator)*

## Communications

The main way in which NHH's heard about sector changes was direct from their existing wholesale water supply companies

- 3.8 Participants said that they first heard about the changes through various means: direct contact with their previous suppliers (the main source of information), the media, a third-party organisation or word of mouth:

Direct contact from the water company:

*And then we were actually approached by our current incumbent, Veolia, who provided some information upon it, and gave us a little bit of a breakdown of what's potentially out there, what we could do, cost associated for certain elements for project work.* (Large, Transportation and storage, Thames region, Engaged)

*They [Castle] wrote to us.* (Small, Manufacturing, Thames region, Engaged)

*I got an email through that said they were opening the water market and we could now switch if we wanted to.* (Micro, Other services, Eastern region, Switcher)

*They [South East Water] sent us a letter via post.* (Micro, Wholesale and retail trade, Southern region, Switcher)

*Probably when the thing came around from our previous supplier saying, 'you don't have to go with us anymore you can go with somebody else'.* (Micro, Transport and storage, Eastern region, Re-negotiator)

*The account manager at Northumbrian Water.* (Large, Health, Northumbria region, Re-negotiator)

*I believe it was Northumbrian Water Ltd. ... they were very forthcoming with information.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*It was the retailer, but near the end if you know what I'm saying. They won't dare send you letters beforehand.* (Micro, Retail, Northumbria region, Re-negotiator)

*I think I was (informed by the retailer). Maybe I got a letter.* (Medium, Motor trades, Yorkshire region, Re-negotiator)

*There was a letter in the post. It may have come from South West Water, I don't know.* (Micro, Water supply, South West region, Unengaged, Aware)

*I think my water company sent me an email.* (Small, Accommodation and food, South West region, Unengaged, Aware)

Media:

*It was publicised all over the news, YouTube 'utility market deregulating'.* (Large, Transportation and storage, Thames region, Engaged)

*I think it was in a trade magazine.* (Micro, Administrative and support services, South West region, Engaged)

*I saw it on the news long before I actually got into utilities.* (Large, Education, Thames region, Switcher)

*On the television really ... It was just off the news, that the government's opening up the competition on water now, which was brilliant. (Micro, Retail, Northumbria region, Re-negotiator)*

*I think it was from some marketing or publicity done on the radio ... or perhaps a letter that we've seen. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

Third party:

*When we tried to make the claim, we used a company to auction our gas and electric, and they mentioned that they could look at the water for us. So, I think that was the first time I was aware of it. (Medium, Manufacturing, Midlands region, Engaged)*

*Through the broker really. (Medium, Health, Southern region, Switcher)*

*My other half works at Yorkshire Water and so he mentioned it to me (Small, Administrative and support services, Yorkshire region, Engaged)*

- 3.9 One participant described the various ways in which they had become aware of the changes:

*I heard about it from many different angles, so exactly which one of them was first I have no idea ... Read about it in the press, I've obviously been approached by people trying to sell me their services. I've picked up things on the web, and obviously the trade press as well as the newspapers. (Large, Health, Thames region, Engaged)*

- 3.10 Three participants complained of a lack of communication about the change from their water suppliers:

*When it came about, I got no information from Northumbrian Water, as they were then ... so I literally went on the internet and googled it and looked on various sites including the government sites ... I got a sense from that of why they were doing it, but the actual process of how they were going to do it and what the water companies were then going to do, I never got. Even now I have had nothing from Northumbrian Water and/or Wave saying that 'it is now an open market, and this is what we're doing' ... You'd think surely, they'd write to us and say 'please stay with us', but we got absolutely nothing. (Large, Public administration and defence, Northumbria region, Switcher)*

*I don't think I ever had any correspondence, I think it was just when the latest invoice came through and it was different. I don't recall seeing anything. (Medium, Manufacturing, Midlands region, Engaged)*

*I don't think we've had anything from Yorkshire Water, that I can think we've had. (Small, Administrative and support services, Yorkshire region, Engaged)*

- 3.11 Only a few participants were able to recall when they heard about the change; all of them saying it was before the change was introduced:

*By my recollection it was three or four months prior to the change being finalised. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*Probably about March time last year. (Small, Information and communication, Wessex region, Engaged)*

*It was before it came out, yes. (Micro, Administrative and support services, South West region, Engaged)*

*Well before they came into place, whether I'm talking a year, year and half, I don't know, but it was a long time before. (Large, Manufacturing, Northumbria region, Re-negotiator)*



- 3.12 Three 're-negotiators' agreed that the change had been explained to them adequately by their existing wholesale water suppliers.

### 'Unengaged' participants gave their views on how communications could be improved

- 3.13 'Unengaged' participants were asked for their opinions on what could or should be done so that organisations like theirs could be better informed of changes. Two of them suggested that this should be the suppliers' role and two suggested advertising and media campaigns:

*I think most probably South West Water has a bigger part to play in being open and honest, and what they're giving their customers versus their competitors. (Small, Accommodation and food, South West region, Unengaged, Aware)*

*I would imagine most suppliers would have gone to customers and explained and given them links to everything, depending on the situation, for instance if the contract had just expired. And obviously going forward, re-negotiating or switching ... just providing a link to a website where someone can read through. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

*I don't know an advertising campaign possibly. (Micro, Hairdressing, Welsh Water region, Unengaged, Unaware)*

*It's marketing and advertising and making people aware through, probably media, whether that be radio or television ... then, obviously, social media is very high on the agenda for a lot people. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Unaware)*

- 3.14 When asked to suggest organisations that have a role in making customers aware, four of the seven 'unengaged' participants said it was a role for 'government'. Others suggested the industry itself and Ofwat:

*Well I expect now it's government ... they are the ones that instigated the change, aren't they? (Small, Accommodation and food, South West region, Unengaged, Aware)*

*I think it should be government. (Micro, Hairdressing, Welsh Water region, Unengaged, Unaware)*

*For something as important as water, I think it actually ought to come from the government, in some sort of regulated fashion. You don't just want a lot of information from commercial people, that you can't compare very easily. (Small, Education, Midlands region, Unengaged, Unaware)*

*I suppose someone ought to be letting us know, but who that should be I wouldn't know. I suppose the company you're with ought to make you aware that you now have the ability to change should you wish to do so. (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

*I suppose it ought to be the industry itself. (Micro, Water supply, South West region, Unengaged, Aware)*

*Every industry has like a government body, Ofwat or whatever, I think it's their responsibility to make people aware. Because obviously all the individual companies can do all of their own advertising and marketing, but it is them paying. I think that we have an obligation to make everybody aware that they now have this freedom and this opportunity to look elsewhere on the water supply now. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

- 3.15 Unengaged participants suggested their preferred channels of communications, which were various: from email, post and flyers, to social media, websites and television:

*I think social media is a powerful tool - advertising press, email, yeah, those are the main forms. Trade press as well. (Small, Accommodation and food, South West region, Unengaged, Aware)*

*Emails and then telemarketing, flyers ... but yeah, I think definitely emails primarily.* (Medium, Manufacturing, Eastern region, Unengaged, Unaware)

*I think it would have to be online. I think radio advertising is good in a lot of businesses and letters to businesses ... could they write to people to make them aware and point them in the right direction of where they could go to find out more information?* (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)

*Television I thought would be the most effective or radio.* (Micro, Hairdressing, Welsh Water region, Unengaged, Unaware)

*Personally, I quite like to get something through the post because ... you either read it, or you bin it. But you have to do something with it. It's a lot easier to ignore emails or phone calls. You can look at it in your own time, can't you?* (Small, Education, Midlands region, Unengaged, Unaware)

*I think post, because I look at the post every day and then I disregard what I think is pointless and I keep what I think is relevant because, there is a lot of mail that comes in that is generalised and not specific to our business, that I do look at every day. Whereas the rest of it, I get emails sent to me and if I think it's of no concern, I don't even open it.* (Micro, Water supply, South West region, Unengaged, Aware)

For most businesses interviewed, the initial transfer of billing to the default retailer had been smooth

- 3.16 When asked whether the transfer of billing to the default retailer had been smooth, 'engaged' participants agreed that there had been no problems in the transfer, as did three of the eight 're-negotiators'. However, one micro and two large 're-negotiators' cited problems with billing, and issues caused by personnel changes:

*In all honesty, I think it was a fairly seamless change. I haven't seen much disruption across my whole estate. I haven't seen any quality depreciation within the water itself. The service levels I've been receiving are the same today, if not better, than they were four years ago. I would absolutely consider switching an account when my contract has lapsed.* (Large, Transportation and storage, Thames region, Engaged)

*There have been some teething problems, and my understanding is that they are industry wide, really around the billing and the systems that have to be used between obviously Northumbrian Water Ltd and Northumbrian Water Group, or basically the wholesale and retail arm. So yeah, there have been some teething problems, but I think we are getting to a point now where we are at the end of them, I would say, hopefully.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*The only thing was that some of the personnel changed, so it was just re-acquainting ourselves with some of them ... it was just the new format in terms of the billing and the setup, and the length of time it took to resolve the issues was I think the most frustrating for us. But overall, we were satisfied and dissatisfied, so it's a strange one. But we still wanted to use Wave because we felt that in terms of knowing our business, they did, and the way that we operated. We got there in the end, but it took longer than they envisaged, and certainly longer than we thought it would.* (Large, Health, Northumbria region, Re-negotiator)

*Well I've got my water still, but the billing isn't very good ... Because I had bills from both Salford Business, and Bournemouth Water company. And then they were saying that they are the same*

*people. But I'm getting billed in different ways. I started to query this in May, and I still haven't had a response - it hasn't been sorted out (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)*

## Perceived Benefits / Downsides of Change

### Perceptions before Market opening

- 3.17 When asked about their feelings prior to the opening of the market, some aware respondents felt uncertain about how this would affect their bills, or apprehension about the risk of potential 'hiccups' verses the potential savings:

*Well I felt uncomfortable with it, obviously I knew they would never turn the water off, but I had visions of bills and invoices spiking and them saying they have to raise the bills to pay for open market competition and I'm thinking no they should go the other way, if you want an open market you should then reduce your costs to be competitive in that open market. (Large, Public administration and defence, Northumbria region, Switcher)*

*We were just coming into the beginning of our holiday season, so one of the reasons I stuck with the previous supplier was I thought it's not the time to start introducing uncertainty. Because my experience of changing supplier is normally there are usually some hiccups. I think the volume of water we use, it's high compared to domestic usage, but it's quite small compared to a factory or something like that. I don't think it's really a huge... saving 0.1p per unit isn't really going to make a huge amount of difference to us. (Micro, Transport & storage, Eastern region, Re-negotiator)*

### For all sizes of business, cheaper prices were suggested to be the main benefit

- 3.18 The majority of participants were clear that the main benefit of the change would be in cheaper prices for the consumer arising from increased competition. High quality services were also mentioned by some as an expected benefit:

*It's an open competition, so you can compare and compete - same as we did with our electric and gas. It went out for an open market tender, so we always got the best price and the highest quality. You would hope that the water market would have done the same. (Large, Public administration and defence, Northumbria region, Switcher)*

*I was told how much I would save - I think it worked out to about £7 a month. Which doesn't sound like a lot but to a small charity with only one employee, it makes quite a difference. (Micro, Other services, Eastern region, Switcher)*

*Probably having several suppliers - the pricing can be more geared toward the customer saving. (Small, Information and communication, Wessex region, Engaged)*

*The only benefit really, because it is the same water being supplied from the same pipes, would be the actual price, whether we get it cheaper or not. (Medium, Accommodation and food services, North West region, Engaged)*

*Well in theory if people have a genuine choice and the volume warrants it, they might be able to save a lot, but as with a lot of these things, if you're a small volume user the savings aren't really that great. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*We now have choice, and we have the ability to go out and tender, which is always going to be a good thing whether you've changed supplier or not .... I don't think there's a lot in it, in the sense that I suppose the amount of potential saving you can make from this deregulation, I don't think there's a lot there, but at least we do have choice. I think that's the primary gain. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*Oh, 100% (satisfied now) ... over the moon ... Cheaper prices all the way round - competition, so better for us the consumer. (Micro, Retail, Northumbria region, Re-negotiator)*

*Obviously, price I would imagine. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

*For people with greater usage than us it gives them the flexibility, so they can then source something that is cheaper, if it's a big expense to our business they can look to cut their costs. Because it's such a small expense for our business it's just not worth bothering with. (Micro, Water supply, South West region, Unengaged, Aware)*

- 3.19 Whilst agreeing that lower costs would be a benefit, some participants were cynical over whether these would actually arise as a result of the change:

*I assume the different utility companies will be competing against each other, so the price should go down. But history has proved that's not quite right. (Small, Manufacturing, Thames region, Engaged)*

*I can't see anything (benefits) as of yet. The big talk ... is that water companies are going to move to Automatic Meter Reading. That will be great because I think that will help reduce costs, but how soon that's going to happen I'm not sure. Prior to the market opening the idea of AMR on water meters was very, very far down the line, whereas I think now, with it becoming more competitive, it has made it a bigger issue. (Large, Health, Northumbria region, Re-negotiator)*

*Hopefully you might get a little more competition and theoretically lower prices. Whether or not that really turns into reality, I don't know. I mean certainly we got a tariff agreed at that stage which represented a small saving on what we'd been doing up until that point, so from our point of view that was a move in the right direction. (Small, Education, Wessex region, Re-negotiator)*

*Probably none. (Medium, Motor trades, Yorkshire region, Re-negotiator)*

*Within the water market sector ... it seemed like it was a deregulation for the sake of deregulation, and improvements for commodity cost were not really there. It was almost the same as normal. The only thing that might have changed was the heading of a bill, or a slight uplift or delift in cost but we're talking pennies by cubic meter. (Large, Transportation and storage, Thames region, Engaged)*

*I am sceptical about the benefits. (Large, Health, Thames region, Engaged)*

- 3.20 Moreover, one participant was confused about how the market works; that is, how cost savings could be made and passed to the customer if the infrastructure remained the same:

*I think that the changes need to take place on the infrastructure. I can't see being able to buy the water from someone else when you are relying on the same infrastructure driving that change. (Large, Health, Thames region, Engaged)*

## Downsides' of the change: less value for money and billing inefficiencies

3.21 When asked for any downsides arising from the change, several, representing all participant types, said that they had experienced no downsides, or that they could not envisage there being any.

3.22 On the other hand, one participant pointed to a lack of good value and another believed that the changes meant that there were more people working in the water companies and that the extra staff costs were being passed on to customers via their bills:

*Value for money - I suppose the water supply is better, but for the waste they charge an awful lot more for it, and I don't think that's particularly good value where we are concerned. (Micro, Other services, Eastern region, Switcher)*

*It generated a whole raft of jobs that people now undertake. That all needs to be paid for out of the same pot of money. So, people will be marketing; other people will be hunting around for better deals, and all those jobs that weren't being done previously are now being done and all those people need paying and it all comes out the water bills, ultimately. (Large, Health, Thames region, Engaged)*

3.23 One participant, who had switched, was, very vocal in their disappointment with their chosen retailer, awarding their current retailer a score of 'three out of ten' and criticising them for inefficiencies in their billing system. Other participants echoed their concerns:

*Every single time I have to query it ... sites we don't have they are charging us for ... Sites we do have they are just not billing us, I keep asking for invoices and I'm just not getting them ... And when you ring up you never speak to the same person. You're always on hold for 15 to 20 minutes trying to get through to someone ... The accounts invoicing, and credit control side is, pardon the pun, falling down the drain, well and truly. It really is a major, major issue. (Large, Public administration and defence, Northumbria region, Switcher)*

3.24 Others who had renegotiated also had problems with their retailers:

*Delay in billing has been a primary problem. (Large, Manufacturing, Northumbria region, Re-negotiators)*

*Quite dissatisfied. The billing platform has changed, and it was a mess. I think the new system that they had installed ... when it was attached to our system, it threw up all sorts of weird and wonderful bills. (Large, Health, Northumbria region, Re-negotiators)*

*The only downside would be if the company you're dealing with starts demonstrating poor service, or billing errors ... which I've come across in other things, but not water so far ... at that point you'd try and exit your contract and go somewhere else. (Small, Education, Wessex region, Re-negotiators)*

3.25 One participant felt that better communications from the wholesale water companies to the customers would have helped:

*Well if it had been explained what had happened it would have been a bit better ... it was a bit disappointing how they did it. (Medium, Manufacturing, Midlands region, Engaged)*

3.26 One participant suggested a potential downside could be a situation where the change actually resulted in reduced competition:

*There is the potential, I suppose, of driving margin out to an extent where people can't compete. You could essentially go back to a shrunken market again .... That would actually defeat the object*

*of it really. But I think that time will tell with that.* (Large, Manufacturing, Northumbria region, Re-negotiators)

### No new or innovative services offered

- 3.27 Participants were asked if they had been offered any new or innovative services or anything that they were not receiving previously. None of the ‘switchers’ or ‘engaged’ said that they had been offered anything new by their retailer. However, one ‘re-negotiator’ had discussions with their retailer over additional services but was cautious over the cost implications of these for their business:

*I think the added value side of things is probably where the greater gain is going to be, rather than the price ... there's more to play with there ... in order to get a perceived advantage over somebody else. So yeah, we have had discussions ... so, for example, using supplier portals, so that we could actually have visibility all during the month of what consumptions are, whereas at the present time we don't have that. Things like water leak services. There were things for improved metering, flow metering, but again you've got to look at the cost versus the benefit of things like this.* (Large, Manufacturing, Northumbria region, Re-negotiator)

## Case Study: Barriers to market engagement Engaged, Non-active large business

### Large transportation organisation in the Thames water region

This customer is billed by Veolia. They are satisfied with overall quality of service and value for money even though there was a marginal increase in costs following the opening of the market. They were made aware of the changes by their supplier and through the media. Following discussions with Veolia and a broker, they decided against going to tender as they felt they would be unlikely to gain significant savings. They are also tied into a water contract and would have had to have a justifiable reason for breaking that contract. Added to this, they are a private company subject to public purchasing procedures via OJEU legislation. For them, tendering is a laborious process which could take six months. As a result, they felt that for the marginal cost savings that might be involved it was not worth the effort. However, they had not sought any alternative quotations and will be re-tendering in 2020 when their current contract lapses with the main aim of reducing costs. They believe the advantages of switching over renegotiating is that ‘*you always get a better costing model*’ because suppliers are keen to get into a large transport organisation, without necessarily understanding the complexities involved. However, the existing retailer has all the required security arrangements necessary for their organisation in place which is a hurdle to overcome for a new provider.

The participant said that the deregulation in the water industry had not been the same as for other utilities where there had been ‘*huge competition*’ in the marketplace over a number of years until markets had ‘*settled down*’. In the water industry improvements in commodity costs had not resulted and it seemed that it was ‘*deregulation for deregulation sake*’ and ‘*business as usual*’. They had not been approached by any other companies, either trying to win their business or offering additional or innovative services.

## Information Sources and Reviewing Options

- 3.28 Participants were asked to explain the process of reviewing their options and the information used to make the decision.

### ‘Engagers’ typically spent little or no time researching the market

- 3.29 Most ‘engagers’ said they spent little or no time on deciding to stay with their existing suppliers. Reasons given for this were being happy with the service and a lack of potential to make cost savings by switching. One of them had used a brokerage company; one had used an auction consultant and one had searched online. Another said they were waiting a while to make their decision:

*We put the water out for auction and the savings were very little, so we decided to stick. An hour or so, not long (was spent on the decision) (Medium, Manufacturing, Midlands region, Engaged)*

*Just had a quick look online basically to see what the differences were and that was it really (Small, Information and communication, Wessex region, Engaged)*

*The water usage is so low, and the water bill is so low it just doesn’t come up on our radar. It’s not a thing we would worry about ... I just kept my eyes out. We had people coming in with different bids, but, of course, when they come and say they can do a better price, they don’t even know the price I’m paying. So, I think, ‘well how do you know you can better it?’ (Small, Manufacturing, Thames region, Engaged)*

*Well, I approached my current incumbent ... And the conversation I had with them I also had with ... a brokerage company, and they kind of supported what my current incumbent was saying. Because I had had two different very similar stories from two different horses’ mouths, I kind of took it as not being worth the time. (Large, Transportation and storage, Thames region, Engaged)*

### Switchers and Re-negotiators used various methods to source information about the water market

- 3.30 Two ‘switcher’ organisations sourced information for themselves online and another used an energy consultant:

*Basically, I googled commercial water supplies and several names came up ... I picked the first couple, gave them a call and I quite liked the sound and the reaction I got from South East Water Choice and chose them. I didn’t use comparison websites ... We were bombarded quite frequently and have been since with people offering us the facility of searching for new water companies, but I have always been anti cold calling, so I decided to do the research myself. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*I know he (energy consultant) approached five different companies and four came back and then he gave us the three best ones, not just on value but also service as well ... Our finance director with our finance controller made a decision from there ... For us it’s quite easy all we have to do is give them the information and they do the hard work. (Large, Education, Thames region, Switcher)*

- 3.31 A fourth ‘switcher’ organisation decided to go back to a previous supplier without finding out any information about the competition:

*I mean I think my predecessor had tried to contact them on several occasions before I started, then I took over and gave up in the end and then contacted Affinity and asked them how I could sort of go about reverting back to them, and they said they would deal with it for me. From that*

*call it was about four to six weeks, something like that.* (Micro, Administrative and support services, Thames region, Switcher)

- 3.32 Another 'switcher' said that they had used a price comparison site but gave no comment about how useful it was or how easy to use:

*I can't remember now. It was one that we used prior to the water opening up. Something like 'Make it Cheaper'.* (Micro, Other services, Eastern region, Switcher)

- 3.33 'Re-negotiators' used various ways of finding the information they needed: online researching, including using web comparison sites; contacting suppliers directly; contacting Ofwat and using their internal procurement department. Several mentioned that information was easy to access:

*Did research ourselves.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*Well I just spoke to the various suppliers and found out what their prices were ... I just phoned them myself ... I got a few quotes and then I chose the one that was the most competitive.* (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)

*Fairly easy, I mean we have a procurement department and they are used to doing this sort of thing.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*We put it on a web comparison site, and we had a lot of calls from, like do you know, the gas and electric people - they're taking on water accounts now for businesses. They looked at the market and we got a comparison, we sent that in to Northumbrian Water. They matched it and beat it ... Dead easy (to use price comparison sites) ... I think it was about 15 (quotes) at the time (from price comparison site).* (Micro, Retail, Northumbria region, Re-negotiator)

*Websites, yeah, I did all that ... Yep, quite easy.* (Medium, Motor trades, Yorkshire region, Re-negotiator)

*Not price comparison sites, we looked at Ofwat, and we looked at the published wholesale prices and things like that. We did that background.* (Large, Manufacturing, Northumbria region, Re-negotiator)

- 3.34 This last 're-negotiator' went on to highlight difficulties that they experienced when trying to access detailed information over cost breakdowns:

*That was quite difficult ... in future we would be very specific about how we wanted the offer returned ... the level of detail that we wanted to be able to see in terms of price and the breakdown, and we initially didn't get that. We just got not one price, but a consolidated price, whereas we wanted to see a price they charged for the metering, we wanted to see the unit charge, we wanted to see the margin ... We want to see it all.* (Large, Manufacturing, Northumbria region, Re-negotiator)

- 3.35 One of the 're-negotiators' was wary of using comparison sites for fear of subsequently attracting unsolicited marketing approaches, which they had learnt from past experiences:

*Anything to do with comparison sites for businesses or charities, next thing you know you've got an agent on your back, and you can't get rid of them. I actually prefer to do the legwork myself now, rather than have to field constant phone calls from these people, some of whom report to be from the companies, but aren't, if you see what I mean ... when you dig down you suddenly find that, no, they're an agent, not the company themselves. So, I've got a bit wary about that ... I prefer to just go around four or five of the suppliers, get them to give me a quote, and then go*



*back round again and see if we can do any better, you know. (Small, Education, Wessex region, Re-negotiator)*

- 3.36 When asked how they would go about switching their retailer, ‘unengaged’ participants said they would directly approach other retailers or search online, including using comparison websites or that someone else in their business would see to it:

*We would have a look for other supplies and get quotes off them and compare with current prices, like with most things. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

*Probably comparison websites I would imagine (Micro, Hairdressing, Welsh Water region, Unengaged, Aware)*

*I’d probably research it online. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*We have a buyer within the factory that does all our buying, so he does all of our utilities and everything as well ... he’d probably look into the pricing and phone around a few places and get some prices (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

*Somebody else in the business would look into it ... I’m not sure how they do it. (Small, Education, Midlands region, Unengaged, Unaware)*

- 3.37 ‘Unengaged’ participants were asked if they were aware of price comparison websites. Most of them said that they would presume that they existed. None of the participants had heard of ‘Open Water’.

- 3.38 ‘Unengaged’ participants were also asked if they were aware of brokers or utility consultants and whether they would consider using them to research the water market. All were aware that utility brokers are available and three of the seven ‘unengaged’ participants thought it likely that they would use brokers should they research the market in future:

*I know the utility market is full of them (brokers). Because it’s been deregulated it would just be one thing I would expect for them to be out there now ... generally they’re very good and very helpful ... I think if I came across somebody now I would actively talk to them about it, because they know all the information, rather than me researching it myself. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*I personally don’t but people within the business probably do yeah ... probability of using a broker? Fairly high I think yeah. (Small, Education, Midlands region, Unengaged, Unaware)*

- 3.39 Two participants would not use a broker, however. Both had previous experience of using them and one thought the water industry did not warrant a broker and the other that brokers were too costly:

*Because I think there aren’t that many choices and I think it doesn’t warrant using a third party. If I can’t sort it myself there is no point in changing. (Micro, Water supply, South West region, Unengaged, Aware)*

*No because we got stung, and it cost us a lot of money, so we tend not to use them ... we’ve got someone here whose job it is to make sure we save money so that’s what he does. (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

## Case Study: Customer inactivity Unengaged micro business

### A micro sized accounting firm in the Midlands water region

This participant didn't see water as important to the running of their business, only using it for 'teas, coffees, washing up and toilets'. They didn't know how much they usually spent on water but were aware they were with Severn Trent. Although they had heard about deregulation in the water industry, they were unsure of how they had heard. Although as a matter of principle they believed that they should be always looking to reduce costs, they had not considered switching retailer. They attributed this to inertia on their part and being unused to having choice when it came to water utilities. When the next bill arrives, they might well go online and research the alternatives.

They had not heard Open Water but have used brokers for other utilities so might well consider using one for water. They do not believe they have a contract with their retailer; were not aware that they could re-negotiate but will be looking into this with the aim of saving about 10% or switching if another retailer could offer this. They would prefer to negotiate, however, to avoid 'hassle'. For any complaints they would go to the retailer or to Ofwat (unknown to the participant prior to interview). They did not know about the Customer Protection Code of Practice. The participant believed that the market change would result in customers getting a fair price.

## Switching

### Organisations interviewed who switched, had either sourced information themselves to do this or used third-party organisations

- 3.40 Organisations who switched retailer did so either by individual members of staff proactively and directly sourcing alternatives (three organisations) or via a broker (one organisation), a consultant (one organisation) or a procurement organisation (one organisation):

*Basically, we go through the North East Procurement organisation. (Large, Public administration and defence, Northumbria region, Switcher)*

*We have an energy and utilities consultant who we went to, and then we were having problems with Castle, and went out to tender. (Large, Education, Thames region, Switcher)*

*We have a broker. (Medium, Health, Southern region, Switcher)*

*I had a quick scan of the marketplace; I found Southeast Water Choice. I spoke to them and one other company. I decided to go with Southeast Water Choice. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*We just went straight back to Affinity [after having switched to Castle] to be honest. (Micro, Administrative and support services, Thames region, Switcher)*

- 3.41 The 'Switchers' interviewed had either not been offered any incentives by their existing retailers prior to switching, had had no contact at all with their retailers or were not aware whether they had been offered incentives to stay because they used brokers.

- 3.42 When asked about whether they had tried to renegotiate with their original retailer, two ‘switchers’ said they were unaware they could try to negotiate specifically with their retailer, with one saying they believed they had to put out a tender in order to see if their current retailer would offer them better terms. Another had switched due to poor service and hadn’t considered renegotiating with their new retailer because they were happy with the service provided. One switcher had tried to renegotiate with their new retailer after receiving a higher charge than they had expected for sewerage, but this renegotiation was not successful.

*I did try, I rang them, because the water side is fine. If I give you an example, I use in a month something like £0.52 worth of water, the waste they charge us £6.50 for, which is ridiculous because I am still only one person. I did ring up and query about that because I am only one person, but they said that is just the price that Everflow charge. (Micro, Other services, Eastern region, Switcher)*

- 3.43 Two ‘Switchers’ offered their experiences of the switching process. Both of them had some difficulties:

*To be fair, the company that I was dealing with, it was effectively one phone call and then just checking the emails and their correspondence came through in the following weeks. The only thing was when I realised I had been automatically enrolled by my existing supplier into a separate company, I had to deal with that as a separate issue. That wasn’t because of the company I was trying to use it was because of the company I was finishing using. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*[The switching process took] weeks. I mean I think my predecessor had tried to contact them on several occasions before I started, then I took over and gave up in the end and contacted Affinity and asked them how I could go about reverting back to them, and they said they would deal with it for me. From that call it was about four to six weeks, something like that. (Micro, Administrative and support services, Thames region, Switcher)*

- 3.44 By contrast, the one switcher who used a broker was not able to give any details on how long the switch took or the process that was involved. Instead they said that ‘*the broker did all of that for us*’, including informing them they could switch, organising the switch itself and dealing with the content of the new contract. They also said that they had experienced no problems and they ‘*wouldn’t have known*’ they’d switched.

### Price savings, customer service and a tailored contract were identified as achieved benefits of switching

- 3.45 One switcher said that the benefit for them was in customer service and in more efficient billing which had in turn saved them in staff time and expense, while another only mentioned cost savings they had achieved. While less concerned about making savings, a third switcher expressed that they were concerned about keeping costs from rising and obtaining a contract length which met their needs:

*Perceptions are they are much better at customer service ... we just seemed to get random bills for random amounts with different rates and everything. It was just ridiculous. This is just much more organised, and it is better value because we’re not chasing bills every month and trying to get things corrected and having to process credit notes and new invoices. So, the amount of time we are spending on site to do our part is a lot less. (Large, Education, Thames region, Switcher)*

*Well the bills are a bit cheaper but that’s about it. When I made enquiries, I was told how much I would save. I think it worked out to about £7 a month, which doesn’t sound like a lot but to a small charity with only one employee, it makes quite a difference. (Micro, Other services, Eastern region, Switcher)*

*As far as I was concerned to the business side I wasn't looking for a massive saving, because as I saw we have a very low usage, so as long as the price wasn't climbing considerably and as long as I wasn't overly committing to a long-term contract. The other concern I had at the time was that we didn't know if we would be continuing the lease of this particular premises. I only needed a relatively short-term agreement. I think it was only 12 months initially anyway, and this company was happy to keep pretty much the same costing, and in fact it was slightly lower, they seemed competent and up to speed and they only wanted a one-year contract commitment, which for me fitted the criteria that I needed at that point to change. (Micro, Wholesale and retail trade, Southern region, Switcher)*

### Reasons for not switching were mainly a perceived lack of cost savings and lack of time

- 3.46 'Engaged' and 'unengaged, aware' businesses were asked why they did not switch. Time, lack of cost savings, complacency and being happy with existing suppliers were mentioned:

*If the savings were bigger we would have swapped. My dealings with all water companies and gas and electric companies - if you switch it can cause extra work. So, I needed to have a decent saving not to cause me headaches. (Medium, Manufacturing, Midlands region, Engaged)*

*I'm just happy with what I've got. (Micro, Administrative and support services, South West region, Engaged)*

*So just not had time for it really. (Small, Administrative and support services, Yorkshire region, Engaged)*

*Just have not had the time to look at it. (Small, Accommodation and food, South West region, Unengaged, Aware)*

*No, we haven't (looked into possibility of switching) ... A) Probably because we forgot that it was deregulated and that we could actually go somewhere. And B) that as water supply you never had a choice so I think we just accepted the price. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*The hassle, with it being such a small expense (£20 a quarter), just doesn't seem worth it. (Micro, Water supply, South West region, Unengaged, Aware)*

- 3.47 However, one participant explained how they are tied into a contract for their water supply, which began prior to deregulation. Their intention is to switch when the time is right, but the process is by no means simple because it involves a lengthy process of retendering:

*I'm tied into a contract until 2020. With the deregulation of the market, doesn't mean you automatically get a breach of contract entitlement. We would still have had to find a justifiable reason to breach contract first and foremost. Then you have to take into account the tendering process it will have to go through. Now we are a publicly owned business for the council, but we are privately owned, so the purchasing criteria that we have to go through still falls onto OJEU legislation. To do that is a timely lengthy process, we're talking up to three months of publicised tender documentation, and then the process of drafting, analysing, presenting, and then submitting the actual tender findings. That could take up to six-months through an OJEU course. For us it was whether it was worth the amount of people's time that would be involved in that process and the work going into it, for what we were hearing was going to be a very marginal reduction in cost ... Absolutely, come next year I will be re-tendering the commodity in its entirety. (Large, Transportation and storage, Thames region, Engaged)*

- 3.48 When asked if they would consider switching in future, a few more ‘engaged’ and ‘unengaged, aware’ participants said they would if the rate of saving was worth it. One participant said the saving would need to be 10% whilst another suggested 5%. One participant said that they doubted whether the likely saving would be worthwhile:

*I don't know if saving a couple of quid would be worth switching.* (Small, Administrative and support services, Yorkshire region, Engaged)

*(Would depend on) price and service.* (Small, Accommodation and food, South West region, Unengaged, Aware)

*Potentially, I think as a business you should always be looking at your costs... When the next bill comes in...* (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)

- 3.49 A participant also said that they might be inclined to switch if offered the option of more regular bills than the current quarterly ones:

*If we were billed on a more regular basis that would help to identify any leaks.* (Small, Administrative and support services, Yorkshire region, Engaged)

There was a perception by some that the process of switching might be difficult, but others thought it would be straightforward based on their experience of other utilities

- 3.50 ‘Engaged’ participants were divided in their expectations of the process of switching. Half felt it would be difficult and half were rather less negative:

*It is laborious and painful. At the end of the day it's about half a million pounds worth of spend annually for me, but the process I have to go through is a three to six-month process ... I think it's more my organisation's process as opposed to what the market has to offer, or the market process for supplying.* (Large, Transportation and storage, Thames region, Engaged)

*It wouldn't be worth all of the hassle.* (Micro, Administrative and support services, South West region, Engaged)

*Well if it's anything like the other utilities, the electric and gas, it'll be a pain in the backside, because it's just long winded, isn't it ...? I don't know if water companies would get to that stage where they keep phoning you ... And that really annoys me, but I wouldn't bother even looking. I wouldn't waste my time ... our spending is so insignificant.* (Small, Manufacturing, Thames region, Engaged)

*I would expect it to work in the same way it works with gas and electricity.* (Large, Health, Thames region, Engaged)

*Possibly just exchange of details and then a meter reading at some point.* (Small, Administrative and support services, Yorkshire region, Engaged)

*Well, obviously, banking changes of direct debit etc. Usual for any utility supplier I guess.* (Small, Information and communication, Wessex region, Engaged)

- 3.51 When asked what they thought would be involved in the switching process, and how easy it would be three ‘unengaged’ participants presumed that this would be handled by the retailers concerned, whilst another suggested that a third-party would manage the switch. Most of them said that they thought the process would be relatively straightforward, especially based on the experience gained with other utilities:

*Most probably a company would do it for you, after getting some initial quotes. (Small, Accommodation and food, South West region, Unengaged, Aware)*

*Obviously, the supplier providing the service is going to change on that end and then obviously payment will be different and switching over. I'm assuming there would be a grace period in between where one company would take over from another providing the service ... In other sectors it seems fairly straightforward. I would assume, ... that water would be the same. (Medium, Publicadministration and defence, Midlands region, Unengaged, Unaware)*

*I would hope that they (retailer) would handle it all on our behalf, so you would agree with them and they would sort it all out, very much like the utilities do now. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*I would like to think that it would be fairly straightforward, and we wouldn't have to do too much at all ... Yeah, with other utilities yes. You just tell them you're changing, and it all changes. (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

*It should be reasonably straightforward I imagine based on past experiences (with other utilities). (Micro, Hairdressing, Welsh Water region, Unengaged, Unaware)*

<sup>3.52</sup> One participant, however, pointed out the difficulties in comparing prices to justify switching retailers:

*I think it's always problematic, because again the way the bills are expressed it's difficult to find out when the end point is, and sometimes you're paying for things in advance or things in arrears and it's quite hard to quantify. I think they just need to make it simpler, make it more understandable. (Small, Education, Midlands region, Unengaged, Unaware)*

## Case Study: Successfully switching and attempting to further renegotiate - Switcher

### A micro sized charity in the Eastern water region

Prior to their switch from Wave to Everflow, this participant felt that they were not receiving good value for money and were being put on a higher tariff. Following the switch bills were overall cheaper by about £7 a month even though the charge for sewerage services had increased. They tried to renegotiate the cost of sewerage services with the new retailer but were informed that the charge could not be reduced. The participant was not sure who informed them of industry changes in the first place but thought they had received an email from a comparison site called 'Make It Cheaper' that they had previously used. They found all their information about alternative retailers online but believed that only Everflow and 'Anglian' (Wave) were operating in their area. They signed a new contract via email with Everflow and said that the switching itself was easy, taking only two or three weeks. They would do the same again in future.

If they had cause to complain they would telephone Everflow. They did not know about the Customer Protection Code of Practice. Their only complaint is the high charge for sewerage in light of their low usage as a small charity with one employee and where 'every penny counts'.

## Renegotiating

Around half of NHH's in this sample were aware they were on a contract (either bespoke or by default); most had no idea of the contract terms

3.53 When asked if they currently had a written contract for the supply of water, four of the six 'switchers', three of the eight 'engaged', seven of the eight 're-negotiators' and three of the seven 'unengaged' participants said they had. This suggests that the 're-negotiator' participants were better informed than participants in the other groups. The other participants were unsure or did not know whether they had a written contract.

3.54 By and large, participants were uncertain of the terms of their contracts although some knew the length of them. However, two 're-negotiators' were able to provide some detail:

*It's for a year, and we've got quite a small discount, I can't remember how much it is. But it would be based on the overall consumption over a year. We don't get any discount for paying early because we have to pay it within, like, 14 days. (Large, Health, Northumbria region, Re-negotiator)*

*The water was fixed at 1.0752 cubic pounds per cubic meter ... I've got a loyalty discount of twenty quid, and a sewerage rate of 1.7701, and that represented a saving on what we were paying before. I think there's a fixed charge in there somewhere. (Small, Education, Wessex region, Re-negotiator)*

3.55 'Switchers' were asked if they had tried to re-negotiate their current contracts. Only two of them commented. One tried to negotiate a lower charge and the other was aware they could re-negotiate:

*I did try ... the waste they charge us £6.50 ... I did ring up and query that because I am only one person, but they said that is just the price that Everflow charge. (Micro, Other services, Eastern region, Switcher)*

*I know we can renegotiate as it is now an open market and put it out to tender to that open market. (Large, Public administration and defence, Northumbria region, Switcher)*

3.56 'Engaged' participants were asked if they were aware that they could re-negotiate their current contracts and five of the eight said that they were aware. One was unaware but then said, *I shall probably have a look into that and see what we can do. (Medium, Manufacturing, Midlands region, Engaged)*

The re-negotiation process is undertaken formally through tendering and procurement teams in larger organisations, but less formally in small operations

3.57 Five of the eight 're-negotiators' said that they or their procurement department had initiated the re-negotiation and briefly described the processes undertaken. None of the renegotiators had used brokers in the process:

*We initiated it through the tender process. We have a policy really, that if it's over a certain value and there's a potential to tender, then we tender ... The procurement department did the negotiation and it was very quick and easy and structured. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*It would have been initiated by both our procurement team, and NEPO (North East Procurement Organisation) ... It was fairly formal. Well the procurement team had various meetings with Wave and tried to negotiate a good deal, and I think we got a slight discount on overall consumption in a year. (Large, Health, Northumbria region, Re-negotiator)*

*What happened was we put it onto the ... Comparison (site) and then we put it to our company, Northumbrian Water. They said, 'well look we'll go £2 cheaper than them'. (Micro, Retail, Northumbria region, Re-negotiator)*

*We just had a chap who was a local guy in Bournemouth Water and I had two or three (phone) conversations with him and we just went over it and he checked out our water usage and the like, and, you know, we worked our way through it ... I think we ended up with version two of whatever he was suggesting, which was slightly better than version one, but I can't quite remember the details of that now. (Small, Education, Wessex region, Re-negotiator)*

*It's only a very small business, so it was just me ... I just spoke to one person and found out what their rates were. That was the only sort of process in it. (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)*

3.58 If they were to renegotiate, one 'engaged' participant commented that they would look for a number on the bill and *go from there* and another would, *go wider than just talk to our existing supplier*.

3.59 When 'engaged' and 'unengaged' participants were asked if there was anything they wished their retailer did, only four made comments. Three would like improvements in billing and one mentioned more proactive leak detection.

*Probably just more regular billing, and access to the meter readings on a more regular basis. It helps us manage it better. (Small, Administrative and support services, Yorkshire region, Engaged)*

*Other than sort their accounts department out, then no probably not at the moment. (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

*No, just clearer billing. (Small, Education, Midlands region, Unengaged, Unaware)*

*Leak detection, and just being a little bit more proactive really with helping us on how to reduce it. (Small, Accommodation and food, South West region, Unengaged, Aware)*

3.60 'Engaged' participants were also asked what they would seek from the retailers when renegotiating. Better service and price reductions were mentioned:

*From my point of view, it's around service levels, so when it goes wrong how quickly they can rectify it, and how quickly they can mitigate it if they can't solve immediately. Cost is always going to be a huge contributing factor ... And water quality. Obviously, they are not the holding group for the water supply, and they don't own the reservoirs, and half of the infrastructure that is supplying to my estate isn't owned by these guys anyway, so all they can do is report on the good the bad and the ugly. (Large, Transportation and storage, Thames region, Engaged)*

*Good service, good communication, responding to queries and problems. That's all I'm after really. (Medium, Manufacturing, Midlands region, Engaged)*

*Any price reduction on anything is worth looking at. (Micro, Administrative and support services, South West region, Engaged)*

*At the moment, it's pricing [would look for about a 5% saving]. (Large, Health, Thames region, Engaged)*

3.61 When asked if they were aware that they could re-negotiate the terms of their contract, only one of the seven 'unengaged' participants said they had been aware. These participants were then asked how they would go about re-negotiating. Most of the ones who responded said they would gather comparative cost information from online sources or other suppliers whilst others would go direct to their retailer:



*Well, obviously, pricing, so we would find the general industry pricing and then compare it with that, and then obviously their quality of the water and compare that with other suppliers. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

*Probably go in the internet, have a look around, maybe go to Wave's website and have a look. (Medium, Manufacturing, Eastern region, Unengaged, Unaware)*

*I'd probably research the market first (online) and go to our provider and say, 'this is what we can get, what are you going to do about it, because we'd prefer to stay with you if we can' ... I think if [someone else offered] more than 10% I'd probably move. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*Well I suppose just contact the company itself, and express that you want the price reviewed ... (would ask for) lower price of about 10 to 15%. (Micro, Hairdressing, Welsh Water region, Unengaged, Unaware)*

- 3.62 One of the 'unengaged' participants would seek out information on leak detection:

*Just their policy on leak detection. And how they would help us manage that. (Small, Accommodation and food, South West region, Unengaged, Aware)*

### Re-negotiators had hoped to achieve cheaper bills

- 3.63 Re-negotiators were asked to say why they had decided to renegotiate their current contracts in order to identify the changes or benefits wanted. They were also asked to outline the outcome of their negotiations. The main aim was for lower costs and in the main these were achieved, to a greater or lesser extent:

*Water tends to go up year on year, so we weren't hoping to receive a discount, but we were hoping to negate some of the rise ... We got the price that we renegotiated, and I think that's probably about it. We haven't looked to pursue any of the other things that were offered, the added benefits. I think we just took it that, at least for the first year, it would be just the case of the retail arms getting bedded in, and us maintaining the price where we had agreed it. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*(They said) 'We'll beat all of them by £2 a month for you'. At one time I was paying £63 a month for water, for the shop and the flat upstairs. Now, it's lucky if I'm only paying £23 a month. (Micro, Retail, Northumbria region, Re-negotiator)*

*Not quite sure in terms of the discounts because we haven't got the end of the first year, that's just coming up, so we won't know for another while (but says that service has improved) (Large, Health, Northumbria region, Re-negotiator)*

*They were all offering me the same, so I just stayed with who I was with. (Medium, Motor trades, Yorkshire region, Re-negotiator)*

*The usual way I go about this is see what the current people are offering, which is usually pathetic compared to what they've done. They usually try and whack it up. And then you start from there, get a few comparisons and sometimes you end up staying with the same supplier because then you go back and say, 'somebody else has offered this', they magically match it or better it, don't they? Funny that ... It was just a reduction in price ... it wasn't massive - it did save us a few percentage points, but to be honest I really can't remember ... it was in the region of 10% saving ... something like that (Small, Education, Wessex region, Re-negotiator)*

*Just when the changes were coming through, that's when I did it ... Oh, just the pricing really, just the rates for the water ... No specific reduction, just what they were offering ... It wasn't much to be honest, wasn't much difference. (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)*

### The re-negotiation process did not result in NHH's changing their behaviour in relation to their water consumption

- 3.64 Participants were asked to say whether the outcome of their re-negotiations had resulted in them taking further steps to reduce their water consumption. All of them said that their behaviour had not changed as they feel they are already doing as much as they can to control consumption and continue to monitor or manage their water use as before:

*This hasn't prompted anything, but in general we make an effort to go around and, like last winter, we fixed all the leaky taps on site ... We tend to try and minimise the usage through just natural wastage like pipe leaks, leaking taps, that sort of thing. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*We do try to save a lot of water, but we use what we need to use. (Micro, Retail, Northumbria region, Re-negotiator)*

*No, it's terribly difficult, on the basis that I keep an eye on the meter, but when you're hiring out to people, you've got very little control. Some people that you hire are pretty frugal. But you get some that are just, 'we're not paying for it, whoosh', water going everywhere. Tell you what, if you get 20 kids using a toilet block, by god, do they go through some water. (Small, Education, Wessex region, Re-negotiator)*

### There were mixed opinions on whether the re-negotiation had an impact on satisfaction with the service received or perceptions of value for money

- 3.65 When asked whether the negotiation had an impact on their satisfaction with the service they receive and their perceptions of value for money, two of the eight 're-negotiators' said the re-negotiation had made no difference to their views. One had received the price they renegotiated but this had not involved a discounted price. They had not pursued any of the benefits offered by their retailer and were waiting for the retail arms to get 'bedded in' before doing so. The other 're-negotiator' had received only a marginal benefit in terms of pricing.
- 3.66 However, three of them made more positive comments:

*Over the moon ... No, everything is what I've expected of them ... Absolutely wonderful. (Micro, Retail, Northumbria region, Re-negotiator)*

*Yep, very good ... I think it's very reasonable (opinion on value for money) (Medium, Motor trades, Yorkshire region, Re-negotiator)*

*Well I always think it's a good thing if we're not actually paying more. We're all about trying to contain our costs, because as a charity that's always our problem ... but at least if I can spend no more than I did last year, that's not a bad thing in my book. Against the backdrop of prices generally edging up all the time, anyway. (Small, Education, Wessex region, Re-negotiator)*

### About half of the ‘re-negotiators’ considered switching prior to re-negotiating their contracts

- 3.67 Some of the re-negotiators gave the idea of switching some consideration and one of them actively sought other options by going to tender (and was disappointed by the response). However, most admitted that it was easier to stay with their current retailers:

*Absolutely, we went to tender. We had a poor uptake. ... We took the view that the market was too new for them to almost want to tackle us. We took the view that really it might be in a few years' time that we start to see other providers potentially saying, 'we can do that'. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*Yes, if I had the chance, we were going to change supplier like we do with gas and electric. We compared the market at the time, as soon as it got deregulated. Northumbrian Water came back to us and gave us a price we couldn't refuse, and that was nearly quarter (£63 to £23). (Micro, Retail, Northumbria region, Re-negotiator)*

*Well yes, I did ... I think another (retailer) did actually ... provide some sort of written (quotation), which, as I recall, wasn't quite as good as the one we ended up with ... I did take a little bit the lazy way out, in the sense that I realised that I could go to others, and I could have got quotes, but on the basis that the people dealing with it were offering me a deal which was locked in for three years, and was cheaper than what I was paying, I just thought, 'well we'll grab that thank you very much', and move on. We are a small charity, none of us are employees, we're all unpaid volunteers. There is a limited amount of time that we can throw at these things. (Small, Education, Wessex region, Re-negotiator)*

*It was a low risk option to stay with who we were with. I'm making possibly a big assumption that our current supplier would be sort of relatively competitive with everyone else. Like I say I know the volumes that we use we aren't going to be reaching any sort of massive discount levels. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*It was mooted at one point, but I think we decided to stick with them ... there are still some discussions going on behind the scenes about potentially becoming the retailer ourselves, but again that would be done centrally through our central procurement, which is called NEPO. So, I'm not sure currently there would be an appetite to change. (would probably take that route in future than switching to another retailer) (Large, Health, Northumbria region, Re-negotiator)*

*No ... well I didn't know that we could I suppose. But I was quite happy with Wessex water. (Micro, Professional, scientific and technical, Wessex region, Re-negotiator)*

- 3.68 Only four participants mentioned that they knew the length of their contracts with their water supply retailers. Two of them had three-year contracts (a ‘re-negotiator’ and an ‘unengaged’) and two said they had one-year contracts (two ‘re-negotiators’).

### Most ‘re-negotiators’ would consider switching water retailers in the future

- 3.69 Most of the re-negotiators said that they would consider switching once their contracts were up for renewal, to control their costs. Only one of these potential switchers stated any concerns about the switching process and that was around billing, in the light of problems they had already experienced with their water retailer. Another participant echoed this by saying they would be unlikely to seek to switch owing to the ‘aggro’ experienced already in getting their billing right:

*I think if I had more time to look at it, I would probably have a look around next time and see what's involved ... it'd be a lower cost per unit basically, because we don't get any other services from the provider. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*We will be re-tendering next year (when market is more prepared) ... I think our main concern going into the next process would be around the billing.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*Oh definitely ... every year we're going to check around the market.* (Micro, Retail, Northumbria region, Re-negotiator)

*I think we would, when the deal comes to an end, look fresh at what was on offer. I wouldn't go on to any sort of default contract, or without making some sort of investigation into what was available, and what tariffs were available.* (Small, Education, Wessex region, Re-negotiator)

*When we are due up for renegotiation we would look again.* (Large, Health, Wessex region, Re-negotiator)

*Well because of all the aggro I've had I probably wouldn't.* (Large, Professional, scientific and technical activities, Wessex region, Re-negotiator)

*No, well, I would look at it, but I'm quite happy with who I'm with (no concerns over switching process)* (Medium, Motor trades, Yorkshire region, Re-negotiator)

### The advantages of renegotiating outweighed the advantages of switching for most of these NHH's

- 3.70 The advantages of negotiating over switching were stated by 'unengaged' participants (five of the seven) and engaged participants (five of the eight) as saving time and being easier and 'safer' staying with a known retailer:

*It does make it easier if you stay with the same company ... the switch process isn't always smooth. We switch the gas and electric fairly regular. There is always some issue, in terms of invoicing the wrong company or an issue with the direct debit and just creates me work that I really don't need to have.* (Medium, Manufacturing, Midlands region, Engaged)

*Well, obviously, pros (of switching) would be saving money. Cons would be the time do it that's all.* (Small, Information and communication, Wessex region, Engaged)

*I'd imagine the pros are it's easier. No changing over, no sort of meter readings to exchange between suppliers. Cons, I can't really think that there would be any really. If we could get a cheaper price we would stick with the same supplier, that's always better for us really.* (Small, Administrative and support services, Yorkshire region, Engaged)

*(Cons are) just time, that's all. My time, for doing it.* (Small, Manufacturing, Thames region, Engaged)

*Should be a smoother process.* (Large, Health, Thames region, Engaged)

*Sometimes the devil you know might be better than the devil you don't. So, you do know who you're working with if you stay where you are.* (Medium, Manufacturing, Eastern region, Unengaged, Unaware)

*Just security of having the same supplier ... if there's a leak they help us manage that. Another company might not have that same policy.* (Small, Accommodation and food, South West region, Unengaged, Aware)

*Obviously with re-negotiating you have the familiarity of working with that customer and they won't want to lose that, so you are more likely to be able to haggle a bit. With switching you're*

*not entirely sure what the new supply is going to be like, if there's going to be a difference, and if there is a difference how much of an impact that will have. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

*If you renegotiate, obviously you haven't got the hassle of switching, and changeover. For easiness it would be better to do that if it was possible. (Micro, Professional, scientific and technical activities, Midlands region, Unengaged, Aware)*

*Well, it (re-negotiating) should be less complicated and less chance of crossover bills. (Micro, Hairdressing, Welsh Water region, Unengaged Unaware)*

- 3.71 One participant explained the pros and cons of switching. On the plus side, a more advantageous costing model is likely to be offered but on the other, moving to a new supplier for a complex organisation, like an airport, presents all kinds of challenges for the new retailer, including, for example, acquiring site knowledge and security clearance:

*In my experience you always get a better costing model when moving across because they don't know the ins and out of your business and, therefore, are keener to get into an organisation such as an airport like this. However, the cons of moving over to another operative is they don't know our site. Now the nature of working on the site is that you have get fully 'Airside Pass'-ed up, because you are doing works in international ground. That in itself is an 8 to 12-week process - takes time and is laborious ... it's additional cost because they need to be escorted everywhere they go. It's two-fold, yes you would make savings, and perhaps a better supply chain elsewhere. I'm sure there are better than Veolia because they can't be the best ... however, they have all the right accreditations, the right passes and extremely complex site knowledge, so with those in there that's almost value in itself. (Large, Transportation and storage, Thames region, Engaged)*

## Case Study: Using competitors' quotes in renegotiation Micro-sized Renegotiator

*A micro sized convenience store on an unmetered supply in the Northumbria water region*

This customer became aware of the market opening via the media and was very much in favour of introducing competition to reduce consumer costs. Following the market change he said he was unaware that there was a new retailer dealing with his billing and had little understanding of the wholesale/retail split in responsibilities. He put his details on comparison sites following the changes and received calls and emails from 'comparison companies' with quotes. He took these to 'Northumbrian Water' who agreed to beat the estimates by an additional £2 a month. The participant's estimates on the size of the total saving changed during the interview from a half, to a quarter and to about a third – from £63 to £23 a month. Using the comparison sites was 'dead easy'; he will check the market yearly from now on and would definitely consider switching to maintain low costs. He believes he currently has a one-year contract but thinks he could switch 'any time'.

The participant is highly satisfied with Northumbrian Water but if there was a problem with supply, would go to an Ombudsman. For a problem with switching they would go to their supplier first and then to an Ombudsman. He had heard of Ofwat when it was mentioned during interview: 'it's on the bill' but had not heard of the Customer Protection Code of Practice.

## Problems, Concerns, Complaints

A few participants, only, complained about communication, supply and billing difficulties since transfer

- 3.72 Two of the six ‘switchers’ and six of the eight ‘re-negotiators’ interviewed said they had experienced no particular problems since having switched or renegotiated:

*Water supply is fine, billing not an issue, they come through on time, regularly, and they are clear and concise. (Large, Education, Thames region, Switcher)*

*Billing has been fine there’s been no issues with that. They’ve not had to vary the amount we pay each month anyway, and we see the invoice come through every six months as anticipated. As for the supply of our water ... we’ve had a couple interruptions but if you go onto the main utility supplier you get the information that there’s an outage or a burst water main somewhere, or if you go on social media everybody will tell you that there’s water coming out of the road somewhere. It kind of sorts itself out, so I haven’t had to refer back to my actual billing company as such for any problems with the water as of yet. (Micro, Wholesale and retail trade, Southern region, Switcher)*

- 3.73 However, a ‘switcher’ participant complained about communications problems with their current retailer, and the fact that their admittedly complicated bills are often wrong:

*Going back to what we had with Northumbrian Water ... I had a specific department of contact and I would ring up and say that we had an issue, and somebody there knew what I was talking about ... that was an exceptionally good standard. I ring up now and I get put through to a call centre that could be anywhere in the world, and they have no idea what I’m talking about, and I could ring up 10 minutes later about a follow up query and have to repeat the whole process all over again because I have an entirely different person ... I am really struggling with them, if they could only get their invoices right we would be halfway there. I accept sometimes there will be mistake on them ... but I have never had an invoice that has been right since the market went open and that was a long time ago ... I have to go through that with a toothcomb and I shouldn’t have to. (Large, Public administration and defence, Northumbria region, Switcher)*

- 3.74 Switchers were asked what could have made their experience of switching easier. Two participants cited problems with how their previous retailer (Castle Water) dealt with the switch: the length of time taken to switch, billing inefficiencies and communication problems were mentioned:

*It’s more the way in which Castle transferred it over to SES. It took a long, long time ... They just didn’t have any coordination. They couldn’t find any information. They were sending us random bills - we’d get a bill for half a month and then a couple months later we’d get a bill for another month and half, and they wouldn’t even come in sequence. (Large, Education, Thames region, Switcher)*

*Being able to get hold of them [Castle Water]. (Micro, Administrative and support services, Thames region, Switcher)*

- 3.75 Some respondents talked about their experience of issues either during or after market opening. An ‘engager’ complained that since being transferred to a retailer a leak had not been fixed and felt that better communication would have helped them better understand the changes to the market. A ‘re-negotiator’ also complained about billing issues in the first few months after April 2017:

*There was a leak and they never sorted it out. That's why I initially considered switching. (Medium, Manufacturing, Midlands region, Engaged)*

*Billing has been slightly problematic, certainly in the first few months. My understanding is that it wasn't down to the retail arm, it was down to the wholesale arm ... I would probably say they have worked their way through that now. (Large, Manufacturing, Northumbria region, Re-negotiator)*

*It perhaps needed to be communicated better, what was available. Certainly, the Ofwat information you've just told me, I wasn't aware of that. (Medium, Manufacturing, Midlands region, Engaged)*

### For most, the retailer would be the first point of contact for any complaints, particularly about water quality

3.76 Participants were asked where they would go to complain about their water supply or switching. In the first instance most said that they would contact their retailer. A few said that if problems persisted, they would resort to an industry regulatory body or an ombudsman. Several were more likely to say they would contact Ofwat or 'an ombudsman' over problems to do with switching:

*Probably back to the supplier ... I imagine there's a government department you can complain to. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*Northumbrian Water ... are a brilliant company ... they've got professional staff. If you got a problem, the problems get resolved ... You go to your energy company first, your supplier, and if you didn't get a reasonable explanation off them, or they couldn't do something, then you'd take it further to the ombudsman. (Micro, Retail, Northumbria region, Re-negotiator)*

*We have got an account manager at Wave, and that would be our first point of contact, with them. And if after say a month we weren't happy, we would challenge what was happening, and then they would escalate it to one of their managers. (Large, Health, Northumbria region, Re-negotiator)*

*Well I'd start with the company itself ... whatever those concerns were ... if they weren't addressed satisfactorily, and you ended up in a deadlock, I presume there's a sort of ombudsman ... I would probably just google it and see what came up ... usually somewhere on bills, it says ... 'We have a complaints procedure; if you fail to agree we've got a grievances procedure; if you fail to sort it out you can ultimately go to X, Y and Z'. (Small, Education, Wessex region, Re-negotiator)*

*Initially back to them ... There'll be the water regulatory body after that, whoever that might be, I don't know off the top of my head. (Large, Health, Wessex region, Re-negotiator)*

*I'd look at my bill I think and find out who I should phone. (Large, Professional, scientific and technical activities, Wessex region, Re-negotiator)*

*I'd complain direct to United Utilities if I had any issues. But if we got stonewalled there we'd go to an ombudsman. (Medium, Accommodation and food services, North West region, Engaged)*

*I would probably look online to find if there was some ombudsman; if there was a body of people that I could complain to. (Micro, Water supply, South West region, Unengaged, Aware)*

## Well under half of NHH's interviewed had heard of the Ofwat Customer Protection Code of Practice

- 3.77 Participants were asked whether they had heard of the Ofwat Customer Code of Practice. Half the 'switcher', 'engaged' and 're-negotiator' participants and all of the 'unengaged' participants said that they had not heard of it before. When asked to comment on what they thought would be included in the Code of Practice, participants mentioned quality and reliability of supply; protection over high cost increases; contractual arrangements; liabilities and dispute resolution:

*I would say the quality, and standard of the service, and that the actual supply is maintained or improved now that it has gone to open market. There is greater competition and flexibility for the customer; the customer in some respects has a say in what they want, as opposed to being told what they can have. So instead of Northumbrian Water saying to me you can have water for 31 sites at that price, I can turn around and say I have 31 sites and I want water, give me the price. And then I can compare one with the other. Whereas before, to put it mildly, it was a monopoly market. (Large, Public administration and defence, Northumbria region, Switcher)*

*Most probably guarantee of supply I would have thought. And protection over additional costs and possibly price changes without people knowing and also contract renewal .... as a commercial customer I'm not entitled to a constant supply if I don't fulfil my side of the bargain, but I am if I do. So, the chances are that's written into that contract as well. (Small, Manufacturing, Thames region, Switcher)*

*I'd imagine it would cover standards things, like liabilities, also safeguarding against massive price hikes. (Large, Transportation and storage, Thames region, Engaged)*

*I'm guessing it's quality service at the right price. (Small, Information and communication, Wessex region, Engaged)*

*Well I assume that if the utility companies weren't doing their job, Ofwat would sort that out for me, but hopefully I would get it all sorted out before it got to that stage. A last resort really. I'd hope utility providers sort their act out and get it all sorted first. (Small, Manufacturing, Thames region, Engaged)*

*Oh Ofwat, it's on the bill ... It'll just be something to protect us ... against companies just trying to take advantage. (Micro, Retail, Northumbria region, Re-negotiator)*

*I should imagine it's sort of treating your customers fairly ... I've seen these codes written down by various companies. They cover a whole range of ways that they theoretically are going to keep you interested and front of their minds. The proof of the pudding is always in the eating though isn't it? (Small, Education, Wessex region, Re-negotiator)*

*I would assume that if there were any issues, it would be that the customers would be able to claim back ... reimbursement. (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)*

- 3.78 Participants were generally positive about the Ofwat Code of Practice:

*I would imagine that for the smaller consumers these sorts of changes are definitely good ... I am aware from speaking to other businesses that are smaller, we've mentioned about the changes to the water regulations and they were absolutely clueless and hadn't heard about it at all. (Large, Manufacturing, Northumbria region, Re-negotiator)*



## Over half of participants had not been aware of the Supply Point Number and information about retailer choice

- 3.79 Participants were asked if they were aware of the Supply Point Number on their bills as well as the statement on the front of the bill informing customers that they can choose their retailer. Over half of all participants said that they had not been aware of this information on their bills. Three participants referred to their bills during their interviews and two failed to see any information about retailer choice on there, whilst another participant also referred to their bill and found the message easily:

*It's always handy to know what your obligations are and what their obligations to you are. Certainly, if you were coming to the end of your contract or there was period of your contract that you're allowed to renew it's handy to be reminded of that, so you just don't carry on regardless. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*Good idea mind, to be fair, to be on the front of the bill. (Small, Manufacturing, Thames region, Engaged)*

*On the front of the bill ... nothing on this bill, this is dated the 25th July. This is a United Utilities bill through Water Plus .... I do not see it anywhere, on this bill, on the six pages I've got. (Medium, Accommodation and food services, North West region, Engaged)*

*Now, that's got nothing on this bill, whatsoever, nothing at all. It's got my account number, date, site address, 'thank you for paying your site instalment ... to manage this easier go on the website and set up your direct debit...' They're just all talking about payments, they're not talking about that you can go anywhere else. (Micro, Retail, Northumbria region, Re-negotiator)*

*Yeah, Water Your Choice, it's got it on there in green. (Small, Education, Wessex region, Re-negotiator)*

## NHH's responded positively to having an accurate meter reading at least once a year although some would prefer this more frequently

- 3.80 Participants were asked if they were aware that they would receive accurate bills at least once a year. There was a slightly higher level of awareness of this aspect of the code of protection, and participants agreed that this was a good idea. However, several said they would prefer this to be more regular than yearly:

*Yes, it is also good, and I wasn't aware that they were obligated to make sure the meter was read at least once a year because obviously I know my water usage in this business regardless of whether it's summer or winter is going to be constant ... However, I wouldn't necessarily know if I had an underground leak ... wasting water. Then it would be handy to know by a massive bill rise that I had a problem somewhere, and that would give me an opportunity to investigate. (Micro, Wholesale and retail trade, Southern region, Switcher)*

*No, I don't know if it is yet. Well yeah, I think that's probably a good idea. (Micro, Transport and storage, Eastern region, Re-negotiator)*

*Oh, well yeah, one a month, definitely, for us. Yes, absolutely (a good thing) (Large, Manufacturing, Northumbria region, Re-negotiator)*

*Yeah, that's fine. They should read the meter. I think we get billed twice a year on the water meters on our domestic properties, so they should at least read them yeah. Get accurate bill at least. (Micro, Retail, Northumbria region, Re-negotiator)*

*We weren't very happy with that, but we re-negotiated, and we have at least two per year ... We were having one, but not always, but we've got some sites that are particularly high users. We felt that wasn't a good enough level of service.* (Large, Health, Northumbria region, Re-negotiator)

*Yeah, well I think they're doing it twice a year, I mean both/all the bills we've had so far are genuine meter readings, not estimates. If for whatever reason I got an estimated bill I would immediately go and read the meter and give them one, because I don't like estimated readings ... There's no point underpaying, and there's certainly no point in overpaying.* (Small, Education, Wessex region, Re-negotiator)

*Yeah, I was aware that the meters are read ... I think we have a reading every six months ... putting that definitely in place is good.* (Medium, Public administration and defence, Midlands region, Unengaged, Unaware)

### There was low awareness of the cooling off period for micro businesses<sup>6</sup>

- 3.81 When asked if they were aware of the cooling off period for micro-businesses, no micro-businesses in this research said that they were aware, although one said that they 'imagined there must be' such protections. Generally, most participants said they had been unaware but felt that it was a good idea:

*Yeah, absolutely ... you should have a cooling off period, just in case you haven't understood what you've done.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*Yes, it's nice, in case you've made a complete foul up of the calculations and need to go back.* (Small, Education, Wessex region, Re-negotiator)

### Further comments on changes in the water market

- 3.82 Participants were invited to reflect on their experiences and offer further comments about the changes in the water market.
- 3.83 Four 'switchers' offered their comments. One complained that the separation of retail from wholesale had not worked in the water industry as well as it had in the gas and electricity industries, because of accounting errors and lack of retailer interest in competing for their custom. Another would like to see charging models that are suited to small companies. One said that dealing with their retailer after market opening had caused them great expense and time, which they believed was caused by the retailer being unable to cope due to taking on a high volume of customers. The other 'switcher' was generally happy with the process of switching although had been surprised that their details were passed from a wholesaler to a retail organisation without their prior knowledge:

*I base this purely on my experience with Northumbrian Water. You should have left it alone. Northumbrian Water have not come out of this with any good credence from me. They separated their retail side from their wholesale side and they merged their wholesale side with Anglian water and it just kept on going wrong the whole time. They couldn't get anything right and their accounting system went completely out of touch with reality ... Gas and electric went to the open market and it worked ... it's still working. The water side just didn't happen. It didn't go the way it should have gone ... I expected, when it was coming up to the market opening, to be inundated with information from water companies saying, 'we can do this', I got absolutely nothing. It was*

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<sup>6</sup> Under Ofwat's Code of Practice for the non-household retail market, micro businesses are given a period of 7 days before their switch goes ahead and, in most cases, can cancel cost-free within this period.

*as if they didn't want it to happen. That's the impression I got. For me my experience is very, very poor.* (Large, Public administration and defence, Northumbria region, Switcher)

*Well the switchover itself was very easy. The bills have gone down. The only bugbear I have is the charges for waste. I think if they brought another tariff in that benefits smaller companies, or charities, that would be a lot better because, as a small charity, every penny counts.* (Micro, Other services, Eastern region, Switcher)

*I think the idea was good, I think it was not fully thought out with regards to making customers have to change from their current supplier ... We would have been happy to stay with Thames until we were ready to do a full tender process. And making sure the companies that would be taking on the business were able to cope with the number of customers they were going to have, and dealt with the volume, because Castle obviously couldn't deal with the volume of business they got. The cost to us of dealing with just that Castle issue was many thousands of pounds, just of internal staff costs, because obviously you've got staff dealing with it for 10 hours a week for six months. It's a lot of time and a lot of money.* (Large, Education, Thames region, Switcher)

*The impact to us was relatively small ... we were given enough information in a reasonable timescale and if I had wanted to investigate it further I'm sure there wouldn't have been any holding back of any information. I was surprised that the company I was with originally who decided not to carry on in this particular market then sent our details to a third party I wasn't aware of ... Apart from that, the process was in all intents and purposes relatively straightforward.* (Micro, Wholesale and retail trade, Southern region, Switcher)

3.84 'Re-negotiator' participants were generally positive about the market changes although for a few, billing was problematic:

*I think it's good for the market, but probably longer-term, rather than short-term.* (Large, Manufacturing, Northumbria region, Re-negotiator)

*I think the government has done the best thing since sliced bread. Why can't we shop around? ... Why could we not do this earlier for our water?* (Micro, Retail, Northumbria region, Re-negotiator)

*I think it has been a generally good experience ... just to go from two suppliers to one ... I prefer this, all one bill, water and sewerage on the whole lot, actual readings, actual bill, I know where I am. So, from that point of view, I prefer the current arrangement.* (Small, Education, Wessex region, Re-negotiator)

*Well it's been a bit of an eye opener in terms of the general database changes, and also the billing system which is linked to the main database. That didn't run as smoothly as I think a lot of the water companies anticipated.* (Large, Health, Northumbria region, Re-negotiator)

*It hasn't really affected the supply at all. It's just been the same. It's just been confusion over the bills, that's all.* (Large, Professional, scientific and technical activities, Wessex region, Re-negotiator).

# 4. Appendix: Discussion guides

## Topic Guide: Engaged Non-active

### Context

Interviewer briefly explores the respondents:

- organisation's use of water,
- awareness of who provides their water and waste water services (and trade effluent if applicable),
- their general views on their water supply and waste water service (and trade effluent if applicable),
- the importance of these services to the running of their business,
- levels of satisfaction with the service they receive, if dissatisfied, why and what impact does it have on their business,
- perceptions of value for money

Interviewer briefly explores if they have noticed any changes in the service since 1<sup>st</sup> April 2017 and whether these are changes for the better or worse.

**If necessary**, Interviewer to prompt for water (e.g. pressure, quality), waste water, trade effluent (if relevant), billing and customer service

### Response to Market Opening

Interviewer will explore participants' understanding of the changes to the water sector since April 2017 (**initially without prompting**)

Interviewer explores when and how participants heard about the changes

when did they first find out that changes were being planned? Where from? e.g. previous water company, their new water retailer, media coverage, trade bodies etc.

how else have they found out about the changes/where from?

if not mentioned:

when and how did they find out that their account was being transferred to a new water retailer? how did they feel about this?

was this explained clearly to them?

did the transfer go smoothly? if not, what happened?

how did they feel about the change?

**Interviewer explores**

their expectations/hopes and fears (pre-conceived ideas) of what the change might have meant for their organisation when they first found out about the changes.

to what extent have these been realised? e.g. if they were expecting certain benefits, to what extent have these been delivered? If they were expecting issues, did they experience any?

**Perceived Benefits/Downsides of Changes**

Interviewer invites participants to think about possible benefits and downsides of the changes

focusing on benefits: Interviewer invites participants to suggest possible benefits

focusing on downsides: Interviewer invites participants to suggest possible downsides

Interviewer explores if participants have noticed retailers offering new and/or innovative services, or anything else that was not available before the market was opened up; if so, what have they noticed and how do they feel about this?

**Information sources and reviewing options**

Interviewer invites participants to describe what steps they/their organisation took in terms of thinking about/exploring their options once they were aware of the changes and that they could choose to switch to a different water retailer

**unprompted initially then as appropriate**

how long did they spend on this, how far did they go and what was the outcome – e.g. got one or more competitive quotes?

considered options internally e.g. discussed with colleagues; what was the outcome?

carried out own research e.g. visiting websites etc – which ones; what did this reveal?

contacted one or more water retailers – which ones; what did this reveal?

used a broker/consultant – which ones; what did this reveal?

used a price comparison website – which ones; what did this reveal?

How easy was it to find the information needed to arrive at a decision; if it was difficult, why was this?

if participants got as far as trying to get competitive quotes: how easy was it to compare retailers? If difficult, why was this?

possible prompts/probes (use as necessary)

Prices weren't clear

Information wasn't consistent/was hard to compare (different formats/content)

they all seemed to be offering more or less the same things

Didn't know what to compare (lack of familiarity with the market)

Retailer failed to respond to query / not interested in me as a customer

Information not available via preferred communication channel

Information too fragmented/in different places makes retailer comparisons too difficult

## Switching

Why have they decided not to switch? What are the barriers/reasons for not switching?

How likely are they to switch water retailer in the future? Why is this?

If they are likely to consider switching in the future, what would be the reasons for doing so?

Interviewer prompts as necessary

price savings

better billing

better customer service

reduced water use

What could be done to address their concerns/or current barriers so that they would consider switching in the future? If price is mentioned, how much of a saving would they want to consider switching?

Interviewer explores expectations of the switching process

what might be involved?

- how easy/difficult might it be? why do they feel this way? Is their view affected by experiences of switching in other sectors? How? How could this best be overcome?

## Re-negotiating

Interviewer explores reactions to the idea of re-negotiating the terms of their contract with their current retail supplier as an alternative to switching

were they aware they could do this?

reactions to this idea pros and cons

are they aware whether or not they currently have a contract? If yes, what are the main points it covers e.g. tariff details, T&Cs, length of contract, exit conditions, etc.?

If they wanted to, how would they go about renegotiating? What, if any, information do they feel they might need as a starting point for this?

are there things they would like their current retail supplier to do that they don't do?

if they were to think about negotiating with their current retailer,

- what might they ask for?
- what would make things easier for them or benefit the business?
- If price is mentioned, how much of a saving would they want to negotiate to stay with their current retailer and
- how much of a saving would they want to consider switching?

what are the pros and cons of re-negotiating vs. switching?

when/why would they either re-negotiate/switch –

what might prompt them into action?

Interviewer to prompt as necessary – in response to a bill/price

increase/approach from another retailer – as part of business/financial planning (e.g. if looking to reduce overheads)

## Problems/concerns/complaints

### Interviewer explores

have they had any problems/concerns/complaints about their water service since they were transferred to their current retailer in April? If yes:

Interviewer explores nature of this and any impact on the business, who they contacted about it, how it was handled, what the outcome was and how they felt about this

for those who have not experienced any issues: where they think they would go if they had any concerns or complaints about their water services, for example, low water pressure, discoloured water, billing issues etc.

where they think they would go if they had any concerns or complaints about switching whether participants are aware of any protection measures that have been put in place

Interviewer explains that Ofwat has put in place a customer protection code of practice

what might this include/cover?

Interviewer gives some examples of what it includes and explores reactions

- water bills must include the supply point number and a statement on the front of the bill informing customers that they can choose their retailer
- retailers must issue at least one accurate bill each year; (i.e. meter must be read at least once a year)
- additional protection is provided for micro-businesses e.g. a cooling off period of at least 7 days

### Summing up

If time permits: Interviewer invites each participant to sum up their reactions to the changes to the water market and how likely they are to consider switching or renegotiating the terms of their deal in the future

## Topic Guide: Engaged Non-active

### Context

#### Interviewer explores/confirms

- main uses of water within their organisation
- whether their supply is metered/unmetered
- the importance of their water supply and waste water service (and trade effluent if applicable) to the running of their business

#### Interviewer explores

- name(s) of company/ies that sent them their bill for water, waste water and trade effluent **prior to 1<sup>st</sup> April 2017**<sup>7</sup>; satisfaction with the services provided by this company/these companies including perceptions of VFM
- name(s) of company/ies that their account for water, waste water and trade effluent was **transferred to on 1<sup>st</sup> April 2017**<sup>7</sup>; satisfaction with the services provided by this company/these companies including perceptions of VFM
- name(s) of company/ies that **they have chosen to switch to since then**; satisfaction with the services provided by this company/these companies including perceptions of VFM

### Response to Market Opening

Interviewer explains we are going to talk about their reasons for, and experience of, switching in a moment but just before we do that we want to briefly explore participant's understanding of the changes to the water sector since April

- participant encouraged to talk through the changes that have been introduced initially without prompting
- if not mentioned, Interviewer prompts for understanding of the difference between a water wholesaler and a water retailer

#### Interviewer explores when and how participants heard about the changes

- when did they first find out that changes were being planned? Where from? e.g. previous water company, their new water retailer, media coverage, trade bodies etc.
- how else have they found out about the changes/where from?
- if not mentioned:
  - when and how did they find out that their account was being transferred to a new water retailer? how did they feel about this?
  - was this explained clearly to them?
  - did the transfer go smoothly? if not, what happened?
  - how did they feel about the change?

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<sup>7</sup> NB Some organisations may have decided to switch to a different water retailer to the one the incumbent water company was proposing to transfer them to – in this case ask about the name of the water retailer that the incumbent was proposing to transfer them to but skip the follow-up question about satisfaction.



## Perceived Benefits/Downsides of Changes

Interviewer invites participants to think generally about possible benefits and downsides of the changes

focusing on benefits: Interviewer invites participants to suggest possible benefits

focusing on downsides: Interviewer invites participants to suggest possible downsides

Interviewer explores if participants have noticed retailers generally offering new and/or innovative services or anything else that was not available before the market was opened up; if so, what have they noticed and how do they feel about this?

## Switching

Did they proactively decide to look into switching, or were they approached by another supplier or another third party (e.g. broker)?

Did their previous supplier offer them any form of incentive to stay with them? If yes: what was this and why did they decide to consider switching instead of accepting it?

Why have they decided to switch?

Interviewer probes for all the reasons for switching; if necessary, Interviewer refers back to discussion of the perceived benefits to see which ones influenced the decision

Interviewer asks participant to summarise the main differences/benefits their current water retailer offers compared to their previous retailer

Interviewer probes for the single biggest factor behind the decision to switch

where price is a factor, Interviewer probes to get an idea of the expected savings; did they expect to achieve savings through a direct price cut or through water efficiency (if so how), or both?

if not mentioned, did they bundle their water with any other utility? If yes, how appealing was that and why? If no, was it an option with their new retailer and if yes, why didn't they do it?

Interviewer explores to what extent the expected benefits of switching have been realised? E.g. are they on new tariffs, or getting an innovative service, or using water more efficiently as a result of a service offered by their new retailer

if they were expecting certain benefits, to what extent have these been delivered? Why is this?

If benefits have not yet been realised: Interviewer explores when they expect this to happen? Have they agreed a timeframe with their retailer?

has switching prompted the business to change their behaviour e.g. taking steps to reduce water usage

has switching had any impact on how satisfied they are with the service they receive? What about in terms of their perceptions of VFM?

## Re-negotiating

Interviewer checks whether they are aware if they currently have a written contract? If yes, what are the main points it covers e.g. tariff details, T&Cs, length of contract, exit conditions, etc.?

when their account was first transferred did they receive a contract to sign? If not, were they aware that they were on a 'deemed contract' ? **(if necessary: a deemed contract is where you start using a service from a supplier before signing a contract with a supplier).**

Interviewer checks if participants are aware that they can attempt to re-negotiate the terms of their contract with their current supplier as an alternative to switching

Interviewer explores if they attempted to re-negotiate a better deal with their previous water retailer

if yes: what were they hoping to achieve (e.g. lower tariff, improved service etc)? What were they offered? Why didn't they stay with their previous supplier? Under what conditions would they have stayed?

if not: why was this? Interviewer to explore if participant was aware that they could have tried to do this

## Information sources and reviewing options

***NB some of the following points may have been covered earlier in the discussion.***

Interviewer invites participants to describe what steps they/their organisation took in terms of thinking about/exploring their options once they were aware of the changes and that they could choose to switch to a different water retailer

unprompted initially then as appropriate

discussed with work colleagues – who was involved, what was the outcome?

carried out own research e.g. visiting websites etc. – which ones; what did this reveal?

Interviewer to prompt for the following if not mentioned: Open Water; Ofwat, Consumer Council for Water

contacted one or more water retailers – which ones; what did this reveal?

used a broker/consultant – which ones; what did this reveal?

used a price comparison website – which ones; what did this reveal?

consumer body/trade association – which ones; what did this reveal?

How easy was it to find the information needed to arrive at a decision; if it was difficult, why was this?

How many competitive quotes did they get?

how easy was it to compare retailers? If difficult, why was this?

possible prompts/probes (use as necessary)

Prices weren't clear

Information wasn't consistent/was hard to compare

they all seemed to be offering more or less the same things

Didn't know what to compare (lack of familiarity with the market)

Retailer failed to respond to query / not interested in me as a customer

Information not available via preferred communication channel

### Interviewer explores experiences of the switching process

once they had decided which retailer they were going to switch to, what did the process of switching involve? How did they undertake the switch (e.g. direct with the retailer, via their website, via a price comparison website,, using a broker/consultant)

how long did it take from start to finish?

what information did they need to provide?

how easy/difficult was it? If difficult, what was difficult e.g. details not all transferred correctly?

could anything have been done to make it more straightforward?

would they consider switching again and why/why not?

### Problems/concerns/complaints

Interviewer explores

have they had any problems/concerns/complaints about their water service including billing/meter readings since they switched to their current retailer? If yes:

Interviewer explores nature of this, how it impacted on their business, who they contacted about it, how it was handled, what the outcome was and how they felt about this

for those who have not experienced any issues: where they think they would go if they had any concerns or complaints about their water services, for example, low water pressure, discoloured water, billing issues etc.

where they think they would go if they had any concerns or complaints about switching whether participants are aware of any protection measures that have been put in place

Interviewer explains that Ofwat has put in place a customer protection code of practice

what might this include/cover?

Interviewer gives some examples of what it includes and explores reactions

water bills must include the supply point number and a statement on the front of the bill informing customers that they can choose their retailer

retailers must issue at least one accurate bill each year; (i.e. meter must be read at least once a year)

additional protection is provided for micro-businesses e.g. a cooling off period of at least 7 days

### Summing up

If time permits: Interviewer invites each participant to sum up their reactions to the changes to the water market and their experiences of switching

## Topic Guide: Engaged Non-active

### Context

#### Interviewer explores

- main uses of water within their organisation
- whether their supply is metered/unmetered
- the importance of their water supply and waste water service (and trade effluent if applicable) to the running of their business

#### Interviewer explores

- name(s) of company/ies that sent them their bill for water, waste water and trade effluent **prior to 1<sup>st</sup> April 2017**; satisfaction with the services provided by this company/these companies including perceptions of VFM
- name(s) of company/ies that their account for water, waste water and trade effluent was **transferred to on 1<sup>st</sup> April 2017**; satisfaction with the services provided by this company/these companies including perceptions of VFM

### Response to Market Opening

Interviewer explains we are going to talk about their reasons for, and experience of, re-negotiating the terms of their contract in a moment but just before we do that we want to briefly explore participant's understanding of the changes to the water sector since April

participant encouraged to talk through the changes that have been introduced initially without prompting

if not mentioned, Interviewer prompts for understanding of the difference between a water wholesaler and a water retailer and having the freedom to switch retailer

#### Interviewer explores when and how participants heard about the changes

when did they first find out that changes were being planned? Where from? e.g. previous water company, their new water retailer, media coverage, trade bodies etc.

how else have they found out about the changes/where from?

if not mentioned:

- when and how did they find out that their account was being transferred to a new water retailer? how did they feel about this?
- was this explained clearly to them?
- did the transfer go smoothly? if not, what happened?
- how did they feel about the change?

### Perceived Benefits/Downsides of Changes

Interviewer invites participants to think generally about possible benefits and downsides of the market changes

focusing on benefits: Interviewer invites participants to suggest possible benefits

focusing on downsides: Interviewer invites participants to suggest possible downsides

Interviewer explores if participants have noticed retailers generally offering new and/or innovative services, or anything else that was not available before the market was opened up; if so, what have they noticed and how do they feel about this?

## Re-negotiating their contract

Interviewer checks if they are aware whether or not they currently have a written contract? If yes,

what are the main points it covers e.g. tariff details, T&Cs, length of contract, exit conditions, etc.?

at what point were they aware they had a written contract – before or after they started re-negotiations?

Did they set out to re-negotiate the terms of their contract or was it initiated by their supplier or a third party e.g. a broker

If they decided: Why did they decide to try and re-negotiate the terms of their current contract?

Interviewer probes for

what prompted the re-negotiation e.g. receipt of a bill, an offer from another retailer?

the aspect(s) of their contract they were hoping to change (from what to what)

the benefits they expected; if price/savings mentioned, what level of savings were they hoping to achieve? How did they hope to achieve them (e.g. straight price cut, advice on how to reduce water use –)

how they went about it

what their water retailer's response was – did they have a renegotiation process to follow or was it fairly ad hoc?

what the outcome of the re-negotiation was (including any new services/innovations included in their new contract), how long the whole process took, how easy it was and how they felt about it

If initiated by their supplier/broker: was this initiated entirely by the supplier/broker or in response to something (e.g. them saying they intended switching, a service issues etc.)? How did the negotiation go

- how they went about it
- what the outcome of the re-negotiation was (including any new services/innovations included in their new contract) and how they felt about it

Interviewer explores to what extent the expected benefits of this re-negotiation have been realised?

- if they were expecting certain benefits, to what extent have these been delivered? Why is this?
- If benefits have not yet been realised: Interviewer explores when they expect this to happen? Have they agreed a timeframe with their retailer?
- has the re-negotiation prompted the business to change their behaviour e.g. taking steps to reduce water usage
- has the re-negotiation had any impact on how satisfied they are with the service they receive? What about in terms of their perceptions of VFM?

If not already covered, Interviewer explores if prior to trying to re-negotiate their contract, they considered switching to a different water retailer:

if yes: what steps did they take, how far did they get (e.g. did they get competitive quotes), why didn't they switch?

if no: why was this? Interviewer to probe for reasons for not looking at options/barriers to switching, including experiences of switching other services

How likely are they to consider switching water retailer in the future

what might trigger them to do this? why might they now consider switching as opposed to trying to re-negotiate again?

if they have any concerns over switching, how could these be addressed?

#### Information sources and reviewing options

##### ***NB some of the following points may have been covered earlier in the discussion.***

Interviewer invites participants to describe what steps they/their organisation took in terms of thinking about/exploring their options once they were aware of the changes and that they either try and re-negotiate with their current water retailer or switch to a different water retailer

unprompted initially then as appropriate

discussed with work colleagues – who was involved, what was the outcome?

carried out own research e.g. visiting websites etc – which ones; what did this reveal?

Interviewer to prompt for the following if not mentioned: Open Water; Ofwat, Consumer Council for Water

contacted one or more water retailers – which ones; what did this reveal?

used a broker/consultant – which ones; what did this reveal?

used a price comparison website – which ones; what did this reveal?

consumer body/trade association – which ones; what did this reveal?

How easy was it to find the information needed to arrive at a decision; if it was difficult, why was this?

Did they get competitive quotes? If so, how many?

how easy was it to compare retailers? If difficult, why was this?

possible prompts/probes (use as necessary)

Prices weren't clear

Information wasn't consistent/was hard to compare

they all seemed to be offering more or less the same things

Didn't know what to compare (lack of familiarity with the market)

Retailer failed to respond to query / not interested in me as a customer

Information not available via preferred communication channel

## Problems/concerns/complaints

### Interviewer explores

have they had any problems/concerns/complaints about their water service including billing since they were transferred to their current retailer? If yes:

Interviewer explores nature of this, how it impacted upon their business, who they contacted about it, how it was handled, what the outcome was and how they felt about this

for those who have not experienced any issues: where they think they would go if they had any concerns or complaints about their water/sewerage services, for example, low water pressure, discoloured water, billing issues etc.

where they think they would go if they had any concerns or complaints about switching whether participants are aware of any protection measures that have been put in place

### Interviewer explains that Ofwat has put in place a customer protection code of practice

what might this include/cover?

Interviewer gives some examples of what it includes and explores reactions

water bills must include the supply point number and a statement on the front of the bill informing customers that they can choose their retailer

retailers must issue at least one accurate bill each year

additional protection is provided for micro-businesses e.g. a cooling off period of at least 7 days

## Summing up

If time permits: Interviewer invites each participant to sum up their reactions to the changes to the water market and their experiences of re-negotiating

## Topic Guide: Engaged Non-active

### Context

Interviewer briefly explores their organisation's use of water, awareness of who provides their water and waste water services (and trade effluent if applicable), their general views on their water supply and waste water service (and trade effluent if applicable), the importance of these services to the running of their business, levels of satisfaction with the service they receive, if dissatisfied, why and what impact does it have on their business, perceptions of value for money

Interviewer briefly explores if they have noticed any changes in the service since 1<sup>st</sup> April and whether these are changes for the better or worse. If necessary, Interviewer to prompt for water (e.g. pressure, quality), waste water, trade effluent (if relevant), billing and customer service

### Levels of awareness

Interviewer will explore what, if anything, participants have heard about changes to the water sector since April

Interviewer will start off by asking those who were **aware** they can now switch their provider prior to the survey to hold back at first and will explore what, if anything, those who were **unaware** have heard about the changes prior to recruitment; this will include whether the organisation that sends them their bills has changed

Interviewer will then invite those participants who are aware that they can now switch provider to outline to the other participants what they understand to be the changes that have been introduced including whether the organisation that sends them their bills has changed. Interviewer does not prompt at this stage but listens out for any reference to understanding of the difference between wholesalers/retailers etc. Also any reference to re-negotiation

Interviewer will prompt in terms of how/where these participants found out about the changes

For those aware that their account has been transferred, Interviewer explores whether this went smoothly or if they encountered any issues; if so, what were these and how were they resolved?

Interviewer will avoid prompting at this stage other than to clarify what participants are saying and how much they know/understand about the changes

### Response to Market Opening

for those participants who were aware they could switch Interviewer checks if this corresponds to their understanding of the changes and notes any areas of confusion/partial understanding etc.

for those participants who were not aware they could switch, how do they feel about what they have found out



## Switching

For those who were unaware they could switch:

- are they interested in the idea of switching?
- what are the triggers/reasons for switching?
- what are the barriers/reasons for not switching?

For those who were aware but haven't switched:

- why haven't they considered switching? What are the barriers/reasons for not switching?
- Interviewer to probe to establish if they are reluctant to switch for other things (energy, insurance, telecoms) or if there is something specific about water which makes them less likely to switch – if so, what is it about water?

What would be most likely to prompt them to consider switching in the future?

If they were to consider switching, how would they go about it

- unprompted at first to explore expectations/top of mind thoughts
- how would they go about finding different suppliers and what they were offering?
- are they aware of any websites or other resources that provide this information? Any awareness of price comparison websites? Any awareness of the Open Water website?
- are they aware of third party organisations such as brokers or consultants who can recommend which water retailers they could consider? Have they (or others within their organisation) experience of using these types of organisations for other services, such as energy? What have their experiences been? How likely would they be to use them for their water? Why is this?

Interviewer explores expectations of the switching process

- what might be involved?
- how easy/difficult might it be? why do they feel this way? Is their view affected by experiences of switching in other sectors? How? How could this best be overcome?

## Re-negotiating

Interviewer explores reactions to the idea of re-negotiating the terms of their contract or a better price with their current retail supplier as an alternative to switching

- are they aware whether or not they currently have a contract? If yes, what are the main points it covers e.g. tariff details, T&Cs, length of contract, exit conditions, etc.?
- are there things they would like their current retail supplier to do that they don't do?
- are they aware that with the changes to the water market, customers can try to re-negotiate the terms of their contract including the price and the service as an alternative to switching? How do they feel about this?
- how might they go about trying to do this? What, if any, information do they feel they might need as a starting point if they were to think about negotiating with their current retailer, what might they ask for? what would make things easier for them or benefit the business? If price is mentioned, how much of a saving would they want to negotiate to stay with their current supplier, and how much of a saving would they want to consider switching?
- what are the pros and cons of re-negotiating vs. switching?

### Perceived Benefits/Downsides of Changes

Interviewer invites participants to think about possible benefits and downsides of the changes

focusing on benefits: Interviewer invites participants to suggest possible benefits

focusing on downsides: Interviewer invites participants to suggest possible downsides

### Communications

Interviewer invites participants to suggest what could/should be done so that organisations like their own are much better informed of the changes and how these affect them

unprompted responses explored first

Interviewer asks for suggestions for which types of organisations have a role to play and prompts as necessary

their current water retailer

their previous water provider

Defra, Ofwat, Consumer Council for Water

third parties such as brokers

trade and professional bodies

Interviewer explores the channels of communication that are likely to be most effective e.g. direct mail, email, articles in trade press, tele-marketing, social media

### Problems/concerns/complaints

Interviewer explores

where they think they would go if they had any concerns or complaints about their water services, for example, low water pressure, discoloured water, billing issues etc.

where they think they would go if they had any concerns or complaints about switching

whether participants are aware of any protection measures that have been put in place

Interviewer explains that Ofwat has put in place a customer protection code of practice

what might this include/cover?

Interviewer gives some examples of what it includes and explores reactions

water bills must include the supply point number and a statement on the front of the bill informing customers that they can choose their retailer

retailers must issue at least one accurate bill each year (i.e. meter must be read at least once a year)

additional protection is provided for micro-businesses e.g. a cooling off period of at least 7 days

### Summing up

If time permits: Interviewer invites each participant to sum up their reactions to the changes to the water market and how likely they are to consider switching or renegotiating the terms of their deal in the future

***This project has been completed in compliance with ISO20252***

CONSUMER COUNCIL FOR

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Visit our website: [www.ccwater.org.uk](http://www.ccwater.org.uk)

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