Water Matters Highlights Report 2018/19

What does the data tell us?

Foreword

This year's Water Matters report shows no significant improvement on last year's figures. Important areas such as consumers' views of value for money and fairness of their water bills remain at disappointing levels. There are also signs that satisfaction is being eroded in some areas as well. In particular, satisfaction with overall water and sewerage services has fallen significantly[1].

We think companies can do better.

Even in Wales, where customers are generally more positive about their water and sewerage services, there are areas that need improvement, such as satisfaction with contact handling, and awareness of rights to a free water meter.

Last year, we highlighted how customers' views on the value for money of their water and sewerage services, and their perceptions of fairness, are influenced by their wider experiences with the company. We said that companies needed to ensure that they were not just a 'silent provider', and should find new ways of engaging with households.

Although changes in approach can take time to bear fruit, this year's figures suggest companies remain too complacent, particularly when it comes to boosting perceptions of value for money and fairness. This year we have looked at the views of neutral customers, to provide insight into what companies can do to improve how they communicate and interact with these customers so that they have a more positive perception of their company.

This is especially the case in areas of serious water stress, where there is a tendency for more customers to be neutral about how they feel about value for money of services and fairness. It could be a result of companies in these areas having to take more measures, such as compulsory metering, to tackle water resource issues.

This year's survey revealed that fewer customers are confident that their water supply will be available without restriction in the long term. We intend to drill further into this finding in future research, as understanding what lies behind this will help shape how companies can interact with their customers on this critical issue, for example, when implementing water efficiency programmes.

We share all the data from our Water Matters research with water companies so that they can further unpick why customers hold their views. It can also complement the research companies carry out with their own customers. We were pleased that six companies, Anglian, Bristol, Dŵr Cymru, Northumbrian, United Utilities and Yorkshire chose to boost their sample in this research to provide a more robust evidence base.

We are keen for our research to be widely used to help drive positive change in the water sector. It's clear from this year's results and the long-term trends that there are lots of opportunities for companies to utilise and build on this data to improve the services they provide and the perceptions their customers hold.

Dr Mike Keil
Head of Policy and Research

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What does Water Matters tell us...

[1] Across England and Wales, overall satisfaction with water services fell from 92% to 90%, while satisfaction with sewerage services fell from 88% to 85%.

1. Introduction

Every year, we look at the trends in the opinions of household customers, so that we can develop a longer-term view of the industry. Our Water Matters research[2] is an important piece of evidence that we use to identify areas of concern or customer detriment and to challenge the sector to deliver improvements for water consumers. This is part of our ongoing campaign to put pressure on water companies that perform poorly.

We are concerned to see that satisfaction with water and sewerage services has fallen significantly since last year[3], while the eight-year trend for each is flat. A wider look at trends shows that customer views have plateaued in some areas, at a level where there is room for improvement. This should concern the whole industry.

Last year's Highlights Report[4] focussed on two areas with significant room for improvement - fairness of charges and value for money. We challenged the companies to improve how they engage with their customers and make every opportunity for contact a positive experience to help improve views on these. Areas to focus on included increasing customer awareness of tariff options and the complaint making process, and providing more information on issues such as water quality or metering policies and what investment companies make in their local area.

The low level of improvement is disappointing, so we decided to look at the data on fairness and value for money again, but to focus on customers with 'neutral' views. These customers - nearly one in three in some water company areas - present an opportunity for companies to nudge their views to positive; or a risk if the company fails to identify the best way to reach these customers and and fails to take action on the issues that they are concerned about.

We also look at how confident water customers are that their water supply will be available in the longer term, without any restriction on use. This is particularly topical given the awareness of 'and interest in' climate change. The implications of our changing climate on water supplies in England and Wales are well understood. Companies will have to address the large-scale challenges in managing water in the face of a changing climate, to ensure that customers continue to have a reliable water supply that meets their needs. Some customers have already been metered through compulsory or accelerated metering schemes. Measures such as these may become more widespread.

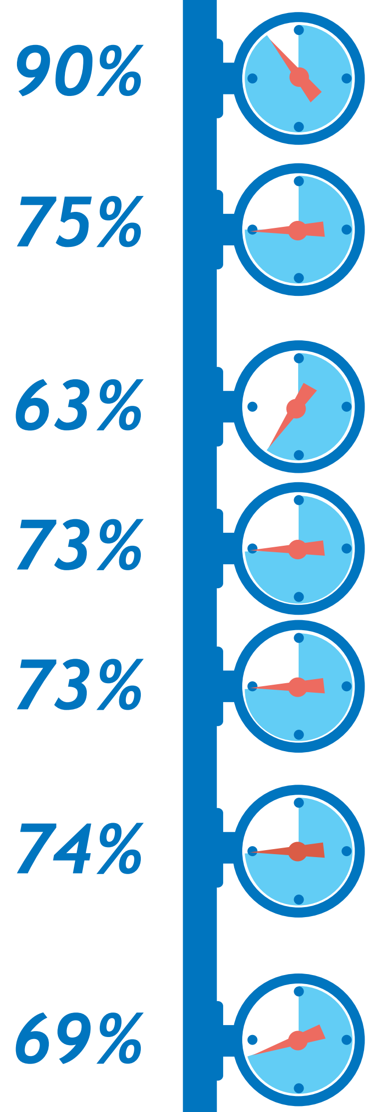
[2] www.ccwater.org.uk/research/water-matters-household-customers-views-of-their-water-and-sewerage-services-2018/

[3] Across England and Wales, overall satisfaction with water services fell significantly from 92% to 90%, while satisfaction with sewerage services fell significantly from 88% to 85%. More customers in Wales are satisfied (94% for water and 90% for sewerage). However, other results are lower and we feel there is still room for improvement.

[4] www.ccwater.org.uk/research/water-matters-household-customers-views-of-their-water-and-sewerage-services-2017/

1.1 Overview of Water Matters 2018

The data report[5] accompanying this paper sets out the key findings of this year's research, relating to household customers across England and Wales.



Satisfaction with overall water and sewerage services has fallen. ***90%*** of customers are satisfied with water services (92% in 2017). 85% of customers are satisfied with sewerage services (88% in 2017).

Satisfaction with value for money of water and sewerage services is flat over eight years. For both water (72%) and sewerage (***75%***), satisfaction is the same as in 2017.

In 2018, ***63%*** of customers perceive their charges are fair, which is a slight though not significant, increase on 2017 (61%). That is still less than two-thirds of customers, while the trend over eight years is flat.

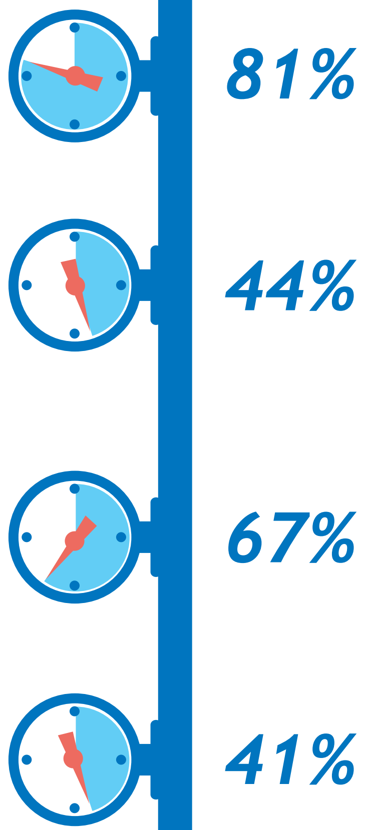
Slightly fewer customers agree that their charges are affordable this year (***73%*** compared with 74% in 2017).

73% of customers are confident that their water supply will be available in the longer term without restriction, which is a significant drop since last year (77%).

The eight-year trend in customers who say they are likely to contact their water company if they are worried about their bill is downwards. In 2017, ***74%*** would be likely to contact their supplier if they had a problem, compared to ***82%*** in 2011.

69% of customers agree that their water company cares about the services that they provide - the same as in 2017. This trend has been flat over eight years.

Customers' trust in water companies has increased significantly since 2011 (from 7.33 out of ten in 2011 to 7.70 in 2018)[6].



Of those who had made contact - for whatever reason - with their water company in the previous 12 months, ***81%*** are satisfied with the contact, which is an improving satisfaction trend over eight years.

44% of customers are aware of the Priority Services register, compared with 43% in 2017. The eight-year trend in awareness of WaterSure/WaterSure Wales[7] is increasing but awareness is much lower, at 12% in 2018, a significant increase from 9% in 2017.

Awareness of the free meter scheme, in unmetered households, has dropped slightly (***67%*** compared to 69% in 2017) but the eight-year trend is one of increasing awareness. However, only 26% (27% in 2017) of these customers are aware that a meter can be fitted on a trial basis, and this is a falling trend.

We ask customers whether they are likely to recommend their water company. ***41%*** customers give their company scores of 9 or 10 out of 10, compared to 42% in 2017.

5. www.ccwater.org.uk/research/water-matters-household-customers-views-of-their-water-and-sewerage-services-2018/

6. Customers rate trust on a scale from 1 to 10, where 1 is 'do not trust them at all' to 10 'completely trust them'. The figures reported are the average of all trust scores.

7. WaterSure is a system set up to provide a reduction in charges for customers on a low income and whose water is supplied by a meter.

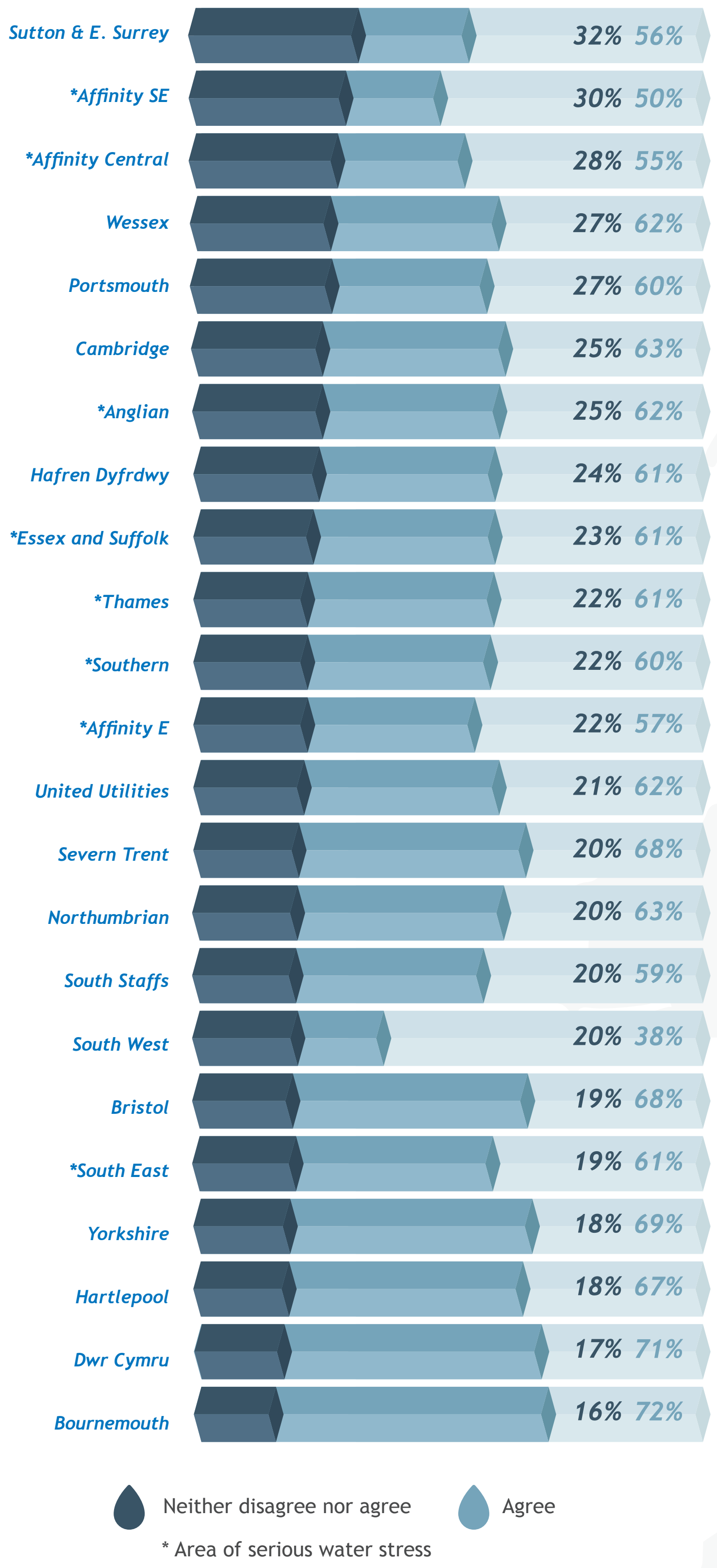


Figure 1: Agreement that water or sewerage charges are fair

2. Fairness of Charges

Perceptions of fairness have generally plateaued at around 63% across England and Wales[8] and are at a much lower level than for other issues we ask about . Within this year's figures, 21% of customers remain neutral, forming no view on the fairness of charges. This presents an opportunity for water companies to positively shape their views[9].

The numbers of those who actively agree or disagree that charges are fair could change either way, depending on how well companies engage with their customers. If companies are proactive, they can shape how their customers see them with engaging and transparent communications about their services. If not, customers' views may be influenced by wider events in the media.

Figure 1 sets out what proportion of customers consider that water charges are fair by water company, in comparison with the proportion of customers that have said that charges are neither fair nor unfair.

This shows that for some water companies, with as many as 30% of customers feeling neutral about fairness, there is significant potential for improvement in perceptions.

The type of customers who feel neutral about fairness, is broad. The following are significantly more likely to be neutral:

30-74 year olds compared to the over-75s – a broad cross-section.

Owner occupiers and council tenants, compared to housing association tenants.

Customers who are dissatisfied with their sewerage service.

Customers who either want to know more about WaterSure[10] or who don't need the information compared to those who have heard about WaterSure.

Customers in England compared to customers in Wales.

Most of the companies from areas of serious water stress[11], typically in the south of England, tend to have more neutral customers than other companies. These companies have faced water resource management challenges that more companies are likely to face in the future, as the population continues to grow and the impact of climate change increases.

This raises questions about what is influencing customers' views in these water company areas and how they are shaped by the action that those water companies are taking.

Overall, however, there is little to distinguish a typically neutral customer from other customers, which suggests that companies need to interact more effectively with customers across the board. To support this, they could research neutral customers to find out what it would take to nudge them to a positive viewpoint, and use this to inform and target communications.

8. The eight-year rolling average for England and Wales is 62%. However, the figures are rising slowly in Wales alone and the eight-year rolling average is around 65%.

9. By way of comparison, satisfaction with contact is 81% across England and Wales, and overall satisfaction with water and sewerage services is 90% and 85% respectively.

10. WaterSure is a system set up to provide a reduction in charges for customers on a low income and whose water is supplied by a meter.

11. An area of serious water stress is defined as an area where current or future household demand is a high proportion of the current or future effective rainfall available to meet that demand.

2.1 Satisfaction with value for money of services

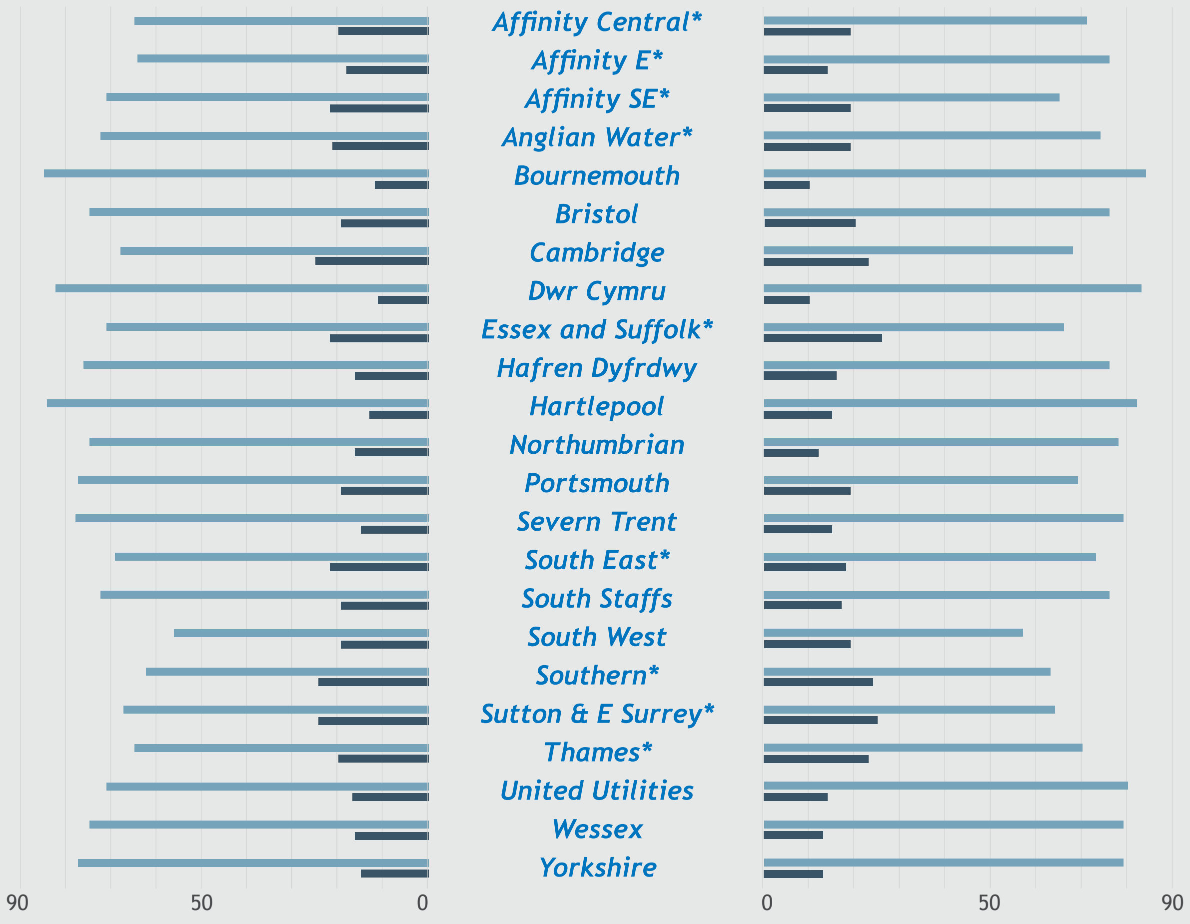
Last year, we highlighted how customers' views on fairness of water charges relate to their views on satisfaction with value for money of water and sewerage services. This year, across England and Wales, customers' satisfaction with the value for money of water services and value for money of sewerage services both remain flat at 72% and 75%, respectively.

The demographics of customers who have neutral views on value for money are more diverse than those who are neutral about fairness. As with the data on fairness of charges, it is difficult to distinguish customers who are neutral about value for money of services from other customers. This suggests that there is still a need to improve communications and interactions with a broad range of customers. Companies need to communicate the value of both what they do, and any actions that they want customers to take, in a way that is meaningful to customers.

Similar to fairness of charges, it seems that most of the companies from areas of serious water stress are likely to have more customers who are neutral about the value for money of water and sewerage services. Again, this raises questions about whether the activities of companies actively managing tougher water resource situations have affected the views of customers in their areas.

Figure 2: Satisfaction with value for money of water services

Figure 3: Satisfaction with value for money of sewerage services



* Area of serious water stress

Satisfied with value for money

Neither satisfied nor dissatisfied

However, there are some points of difference that shed light on how customers who are neutral about value for money of services differ from customers who are neutral about fairness.

Customers who are neutral on value for money of water services are more likely to be dissatisfied with company contact and customer service that they receive. Neutrality on value for money is more closely related to services and experiences than it is for fairness. To shift people from a neutral to satisfied view for value for money, companies need to get services right - especially customer services and contact handling.

We know that perceptions of value for money of water services may be affected by bill levels and household circumstances. There is also a difference in relation to metering status. Those who are metered without choice - either through moving into a house which already had a meter, or through a compulsory metering scheme in an area of serious water stress, are significantly more likely to feel neutral about their satisfaction with value for money for water charges than people who opt to have a meter.

Companies will need to look into this further but a lack of choice over being metered affects views on neutrality with value for money as customers who have no choice are more likely to be neutral than meter optants. This may be especially true in the drier south and south-eastern parts of England where compulsory metering schemes have been necessary.

Companies seeking to compulsorily meter in the future will need to give thought to how to implement the changes alongside delivering effective information. It's not an easy transition for customers to make as their choice to be metered is taken away from them - and some customers end up paying more. But if the company has established a meaningful dialogue with customers beforehand, explaining their services and the bigger picture of water resources into the future, then this could help to bring customers along with them.

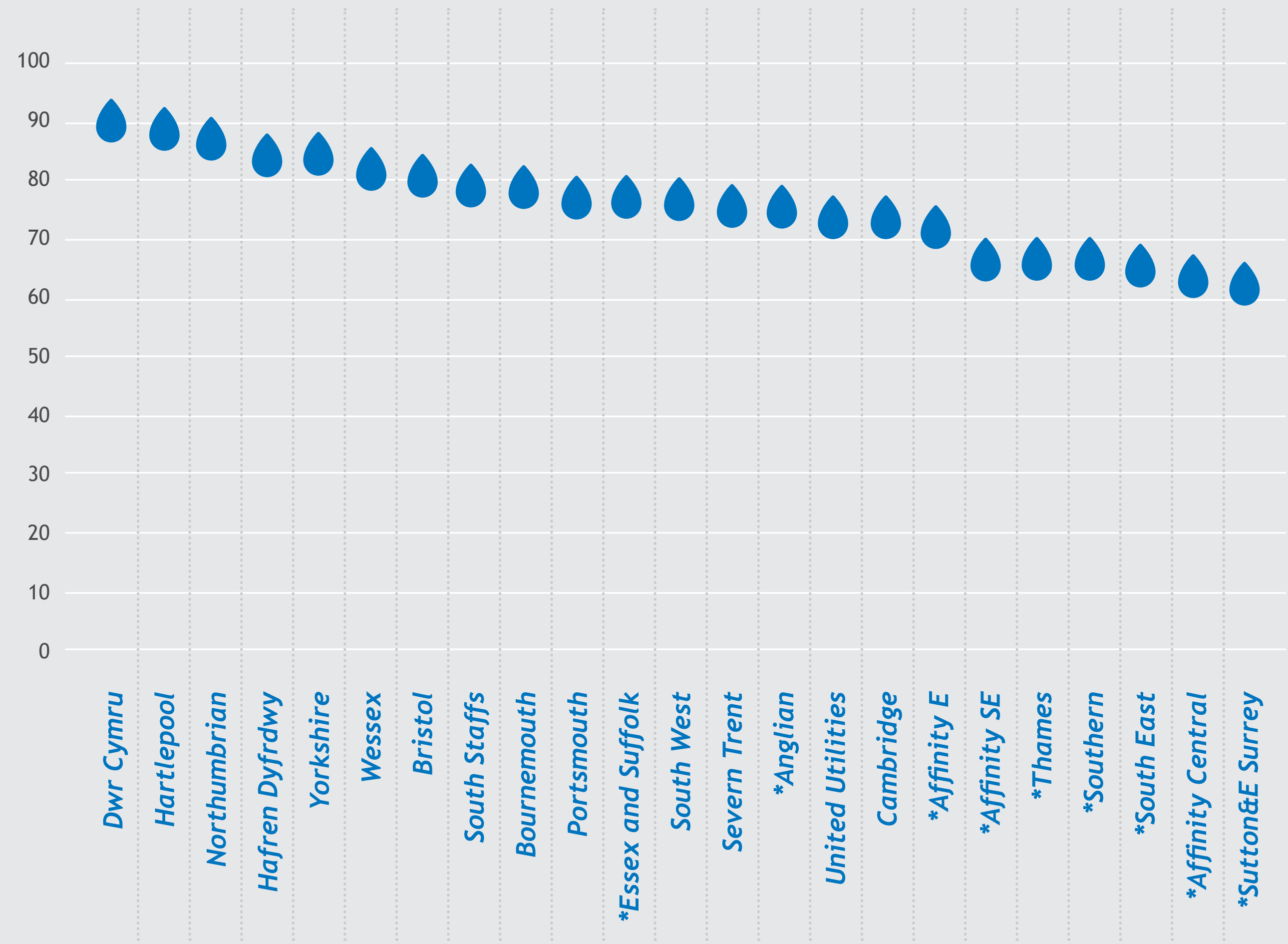
2.2 Long-term management of water resources

The issue of long-term water resources, and how they are managed, is becoming more high profile and it is unlikely this will fade away as the pressures of a growing population and climate change increase. The data shows that customers are more neutral about value for money of services and fairness in areas of serious water stress, which suggests that introducing a more stringent water resource management programme could affect customers' views.

Since 2016, we have asked customers how confident they are that water will be available in the long-term without restriction. Water customers' views on this question will have been shaped by a number of factors, such as the level of their understanding of water resource or wider climate change issues. They may also have experienced or seen media stories about water supply disruption caused by 2018's severe cold weather and sudden thaw, or media stories about a potential hosepipe ban.

Figure 4: Confidence that, in the longer term, water supplies will be available without restriction

*Area of serious water stress



The proportion of customers who are confident in the long-term availability of supplies has fallen significantly from 78% in 2016 to 73% in 2018. Generally speaking, customers of companies in areas of serious water stress have less confidence about long-term supplies, which is to be expected. But what do these figures really mean?

We considered what level of customers' confidence in their water supply would be the ideal. The answer isn't clear-cut without fully understanding why customers say that they have the confidence that they do.

A lower confidence in the availability of supplies could reflect a better understanding of the pressures on water resources – arguably, this may not be a bad thing for a water company in an area of serious water stress, which wants to increase awareness of resource issues and change behaviour around water use. Low confidence must be connected to the bigger picture of a changing climate and the impact of personal water use to be turned into a positive, and customers must understand how seriously their companies are taking this, and trust them to do this. The connection between confidence in longer-term water supplies and personal water use also needs to be better understood.

Alternatively, lower confidence could reflect a lack of understanding, due to poor information and communication on the part of the water company, or through low general awareness of the issues.

Experience of other services also plays a part. Water Matters data shows that a lack of confidence in the availability of water in the longer term is linked to dissatisfaction with water, sewerage, contact and services overall. This suggests that confidence is undermined if the company is perceived to be delivering poor service in other areas. These customers may find it difficult to think that companies can do their day job, let alone be trusted with protecting future supplies.

Finally, high confidence may reflect a good understanding that the company is taking the situation seriously and managing the situation well.

Companies need to give thought to how they should engage with customers to increase their understanding of company water supply management activities. They need to take customers on a journey with them and instil confidence that they are taking water resource problems seriously. To do this, they will need to understand the motivations of all of their customers, especially those who are yet to form a view. Our 2017 report, Water Saving: helping customers see the bigger picture[12] looks into how companies can communicate their messages more effectively.

We will be looking further at these figures next year. Companies should also look into these issues to understand their customers' views given their unique company circumstances. Understanding what sits behind customers' views on the confidence of long-term water resources is the key to effective communication, working with customers, and successful implementation of programmes, such as compulsory metering.

12. www.ccwater.org.uk/research/saving-water-helping-customers-see-the-bigger-picture/

3. Conclusion

We are still concerned that customers' perceptions of value for money and fairness of bills have plateaued at an unacceptably low level. We published key driver analysis in last year's Highlights report that gave insight to help the industry address these issues. This year, we have looked more closely at customers with neutral views on these measures, as they present an opportunity for companies to improve overall perceptions.

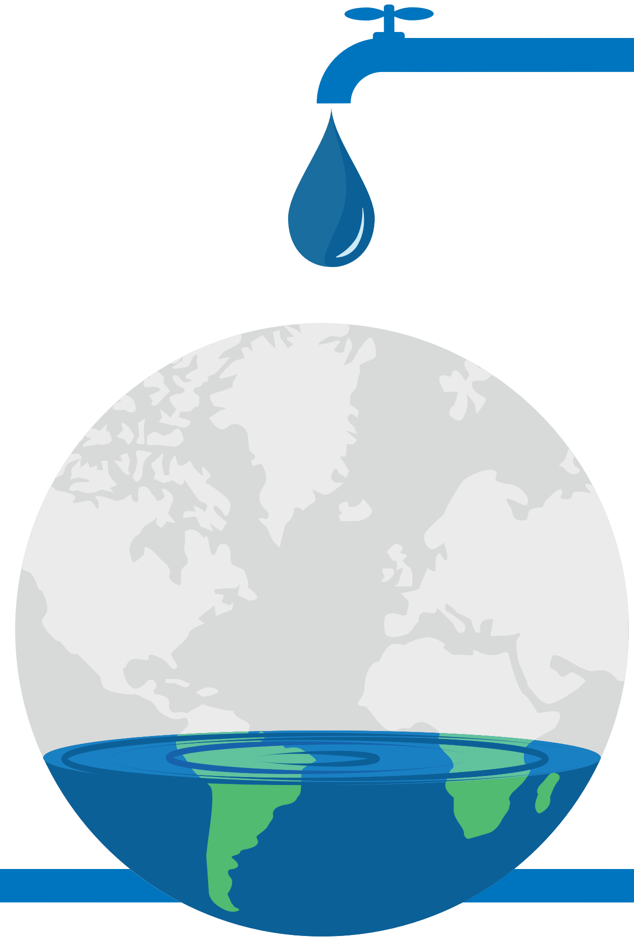
We believe there is a large gap in customer engagement represented by the neutral customers. Neutral customers can present either an opportunity or a risk, and water companies need to understand what is driving their neutrality if they are to avoid these customers slipping into actively negative views. The customer engagement gap can be closed by effective, meaningful communications that connect with customers to inform them about their services and what their company provides.

Customers who are neutral on fairness and those who are neutral on value for money of services are hard to distinguish from the wider customer base. At a general level, this suggests that companies have a lot more work to do to reach many of their customers, in a meaningful, transparent manner that will help to shape customers' perceptions in a positive way.

Companies experiencing serious water stress have more work to do on these issues as they tend to have more customers who are neutral about the fairness of charges and value for money of water and sewerage services. These companies may want to look at whether this is connected to the measures that they have introduced to tackle tougher water resource management issues.

Introducing tougher measures to manage water resources may have an effect on overall satisfaction with value for money. The data shows that the lack of choice over metering affects the views of customers who are neutral about value for money.

In addition, customers who are neutral about value for money are also more likely to be affected by their views on, or direct experience of, customer service from their companies.



Customers in areas of serious water stress are also less confident about the likelihood of water being available in the long term. Companies need to understand what influences customers' views in this area if they are to communicate meaningfully and work with customers to develop effective programmes to tackle water resources problems, including compulsory metering.

Customer opinions are filtered through both personal experience and what they have seen in the wider media. Similarly, their views will also be shaped by how they use and pay for water and whether they are careful about water use. Companies will need to unpick all these different influences if they want to engage with customers as effectively as possible, so that they can meet their information needs and engage with them fully over the relevant issues.

Companies have put a lot of time, effort and investment into engaging with customers so that they can use customers' views to shape their PR19 business plans. We'd like to see the same amount of effort going into finding more effective ways of understanding and communicating with customers as part of business as usual. This should help to improve how well customers engage with information from water companies about their services and the bigger picture about water resources.

This is what we mean when we talk about companies engaging with their customers - it's not just about researching their views, but equally it's about developing effective and persuasive communications. Companies who achieve this are likely to see an increase in positive views of the fairness of charges and value for money of services.

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