Non-Household SME Customer Insight Report 2020

BMG Report

Prepared for: The Water Services Regulation Authority **(Ofwat) & CCW**

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1. Overview

1.1 Ofwat

Ofwat is the economic regulator of the water and wastewater sectors in England and Wales. Ofwat works with a broad range of stakeholders including the UK Government, the Welsh Assembly Government, water companies, consumer organisations and other regulators.

1.2 CCW

CCW is the statutory consumer organisation which represents the interests of water and sewerage customers (including non-household customers) in England and Wales.[1] CCW has two main roles:

1. Ensures that customers get the advice and support they need when they have complaints or enquiries about their water and/or sewerage service provider.
2. Helps to develop water industry policy and secures the best outcomes for all water consumers – present and future.

1.3 The water business retail market

The business retail market for water is a competitive market that opened in April 2017.[2] It allows business customers to choose who supplies the 'downstream' services (billing, customer service and meter reading) related to their water and sewerage services and operates in a way comparable to other open utility markets such as telecoms, electricity and gas. Retailers buy wholesale services (the physical supply of water and removal of wastewater), and compete for customers on services such as billing, water meter reading and customer services. There are approximately 1.2 million eligible business customers in England and Wales.

By introducing retail competition, the overall aim was to give customers choice and more competitive price and service offerings, including more choice with respect to billing and tariff options. The opening of the market means that (like many other utility markets) eligible organisations will be free to either switch retail suppliers or negotiate a better deal with their existing supplier. Eligible business customers also have the option to become their own retailer and 'self-supply' their own sites with retail services.

[1] For further details see www.ccwater.org.uk.
[2] For more information on the competitive market, please visit: www.ofwat.gov.uk/regulated-companies/markets/business-retail-market/open-for-business/

1.4 Objectives

In October 2019, Ofwat and CCW commissioned BMG Research to conduct research in order to gain insight into experiences and behaviours of small to medium-sized enterprises (SME) as they relate to the business retail market for water. The research was delivered in conjunction with quantitative research into the experiences of customers in the non-household market[3] and qualitative research with Third Party Intermediaries (TPIs).[4]

The research objectives for the qualitative research with SMEs were as follows:

- Engage with SMEs from a range of sectors and sizes to allow meaningful comparison;
- To understand where and why SMEs become engaged with the business retail market or disengaged;
- To understand SME experiences, perceptions and knowledge about the business retail market;
- To obtain a view of SME customer outcomes, positive and negative.

More specifically, for switchers or re-negotiators:

- To gain insight into the journey experienced by these customers in their interactions with the market;
- To understand what they might want, need or expect from the market;
- To gain insight into what drove and drives their interest in switching or re-negotiating and the extent to which their expectations are being met.

For those who have not switched or re-negotiated:

- If and how they have engaged with the market;
- What they might want, need or expect from the market;
- The extent to which they are interested in switching or re-negotiating and what affects their interest;
- What might need to be different to encourage fuller engagement or enable these customers to reap benefits from the market.

The research outputs will feed into two key areas:

1. An evidence base for future policy development and delivery, helping Ofwat and other industry participants (e.g. the market operator (MOSL) and CCW) to judge where further action may be needed to enable the business retail market to deliver improved outcomes for customers.

[3] The quantitative survey of eligible business customers in England, and Wales including microbusinesses, SMEs and large customers. The quantitative report can be accessed here: Non-Household Customer Insight Survey BMG Final Report 2020. This report will occasionally cross-reference findings from the quantitative phase where relevant.
[4] A total of 28 in-depth interviews were conducted with Third Party Intermediaries. This report will occasionally cross-reference findings from this element of the research where relevant. The report can be accessed here: Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020.

2. The results will contribute towards Ofwat's third annual 'State of the Market' report, which will review the market for the year 2019/20

1.5 Methodology

The research followed a qualitative approach. A total of 56 in-depth interviews were conducted with SMEs in February and March 2020.[5] All participants had previously taken the quantitative survey and opted-in to being re-contacted for further research.[6]

Interviews typically lasted between 15 and 35 minutes in length and were conducted via telephone. To qualify participants had to be an eligible business customer SME, where SME is defined as a business with between 10 and 249 employees. To ensure a broad range of perspectives, efforts were made to ensure that participants were included from a broad range of organisations including by business size, sector, number of sites, and water region.

Based on the responses to the Non-household Customer Insight Survey, customers were segmented by the extent to which they had engaged with the market in the previous 12 months. The seven groups were as follows:

- **Switchers** – these customers had chosen a new retailer and had switched prior to participating in the non-household customer insight survey;
- **Re-negotiators** – these customers had chosen to re-negotiate the deal they previously had and remain with their retailer;
- **Tried but couldn't** – these customers had been engaged with the market and had tried to switch retailer or re-negotiate their contract but found they couldn't;
- **Considering or considered but decided not to** – these customers had engaged with the market and were considering whether to switch retailer or re-negotiate or had looked into it and had decided not to go ahead;
- **Planning to consider** – these customers were aware of the possibility of switching or re-negotiating and were planning to look into their options;
- **Not considered** – these customers were aware of the changes in the market but had not considered the possibility of switching or re-negotiating and did not plan to do so;
- **Unaware** – these customers were unaware of the changes to the market prior to participating in the non-household customer insight survey.

Within the switchers and re-negotiators category, a total of 12 interviews were conducted among those who had the support of a TPI to help them switch or re-negotiate. This included four additional interviews with participants in this category over and above those that fell out naturally in the main sample.

A breakdown of the interviewed sample across various characteristics is provided below.

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[5] Readers should note that all interviews were completed by 5th March, prior to the implementation of wide-ranging measures by the UK government in respect of the Covid-19 pandemic.

[6] Readers should note that participants will have inevitably have been "primed" to some degree due to their prior participation in the quantitative survey. It is possible, for example, that levels of knowledge and awareness about some aspects of the market may have been heightened slightly after completing the survey questions.

Category by size of sample	Small (10-49 employees)	Medium (50-249 employees)	Total
Switchers & Re-negotiators	18	9	27
Switchers	13	7	20
Re-negotiators	5	2	7
Switched or re-negotiators using a TPI[7]	*8*	*4*	*12*
Considering, considered, & Planning to consider	**11**	**7**	**18**
Considering or considered but decided not to	6	3	9
Tried but couldn't	1	0	1
Planning to consider	4	4	8
Not considered & unaware	**6**	**5**	**11**
Not considered	4	3	7
Unaware	2	2	4
Total	**35**	**21**	**56**

Public / Private / Voluntary	Interviews conducted
Private sector	39
Public sector	8
Voluntary/non-profit	9
Total	**56**

[7] Sub-set and not additional.

Multi/Single sites	Interviews conducted
Single	27
Multi	29
Total	**56**

Sector	Interviews conducted
A - Agriculture, forestry and fishing	2
B, D, E - Mining, quarrying and utilities	1
C - Manufacturing	8
F - Construction	6
G - Wholesale/retail/motor trades	9
I - Accommodation and food services	5
J - Information and communication	2
K, L - Financial and insurance, real estate	1
M - Professional, scientific and technical	2
N - Business administration and support services	1
O - Public administration and defence	1
P - Education	4
Q - Health	6
R, S - Arts, entertainment, recreation and other services	8
Total	**56**

Interviews were semi-structured and followed 'discussion guides' designed by the research team.[8] Given that different respondent groups were likely to have had different experiences in the water market, three separate discussion guides were created, each of which had specific sections and questions tailored to specific audience types:

1. Switchers & Re-negotiators
2. Tried but couldn't, Considering or considered but decided not to, & Planning to consider
3. Not considering & Unaware

The report is structured around the following headings which closely mirrors the main themes covered in the discussion guides:

- **Awareness and understanding of the market:** The extent to which participants across the various categories understand the business retail market for water, particularly concerning the opening of the market in April 2017.
- **Searching and comparing:** Participants' experiences of searching and comparing the market, including how they went about comparing retailers. This includes those who were contacted directly by a TPI or retailer.
- **Barriers to engaging with the market:** Identifying the main barriers preventing participants from engaging in the market.
- **Motivations for switching or re-negotiating:** What led to participants switching and re-negotiating, and what factors, if any, participants yet to engage fully with the market see as potential benefits of doing so.
- **During the process:** How switchers and re-negotiators found the process of switching, including among those who used the services of a TPI.
- **Evaluation of experience of switching / re-negotiating:** Reflecting on their experiences, the extent to which participants who had switched or re-negotiated felt their expectations had been met.
- **Evaluation of experience with TPIs:** How participants evaluated their experiences of using a TPI to support them whilst switching or re-negotiating, as well as participants' experiences more broadly of being contacted by TPIs.
- **Contact with providers:** The extent to which participants said they had contacted their retailer and, if so, their experiences as to the outcomes they experienced.

Readers should note that the semi-structured interviews rely on the use of open-ended questions, which means at times the discussion diverged from the areas included in the discussion guides. This was encouraged as it provided the interviewer the opportunity to explore emerging issues that might not necessarily have been anticipated during the discussion guide design phase.

To give additional context and present the research findings in the words of interview participants, indicative verbatim quotations are provided throughout the report. All verbatim quotations are accompanied by their category, their size, and their sector.

[8] Ofwat and CCW provided input when creating the discussion guides during the research design phase. The full discussion guides are included in the appendix to this report.

1.6 Analysis

Each interview was audio-recorded and transcribed in full. Analysis followed a grounded theory approach which reported against the key areas of interest that have emerged 'organically' through the research, as follows.[9] Responses to questions asked in the groups were analysed using a thematic framework using the interview transcripts. The key themes and topics arising from the interviews were identified through the topic guide and an initial review using a thematic grid. Researchers analysed each row (representing the responses of an individual participant) by extracting relevant data from the interview and drawing out themes and conclusions (see grid illustration below).

Participant ID	How would you describe the service you offer your customers?	What is your experience of working with retailers in the business retail water market?
Participant A	Summary of response from Participant A. *"Verbatim quotation where relevant".*	Summary of response from Participant A. *"Verbatim quotation where relevant".*
Participant B	Summary of response from Participant B. *"Verbatim quotation where relevant".*	Summary of response from Participant B. *"Verbatim quotation where relevant".*

1.7 The interpretation of qualitative research and data

Quite reasonably, participants are likely to hold views that are based on their own experience of, and needs from, the market, which may not always be complete or which concern a particular understanding of the mechanics and facts of some parts of the market and not others. It should therefore be remembered that in-depth interview participants may hold views that are based on limited overall knowledge or incomplete information. It is the moderator's role to explore and report participants' perceptions, not necessarily to correct any misunderstandings or fill in any knowledge gaps. That said, at certain stages of the interviews, if it became clear that participants did not have a full understanding about relevant contextual information, some clarifications were provided.[10]

When interpreting the qualitative research findings, it is important to note that they are not based on quantitative statistical evidence. Thus, unlike the findings outlined from the quantitative research, findings cannot be taken as representative of the views and experiences of SMEs more broadly.

However, whilst findings cannot be seen to be representative of wider populations, there is often quite remarkable homogeneity in the views and opinions expressed by participants during in-depth interviews. Differences will always emerge, but the findings can be viewed as indicative of opinions that will likely exist

[9] More information on a grounded theory approach to analysis can be accessed at: https://www.researchgate.net/publication/287400872_Qualitative_Research_Method_Grounded_Theory

[10] Wherever possible, this was done so that perceptions could be garnered organically without priming, before further clarifications were provided to allow additional topics to be explored without difficulty.

more widely. Whilst findings are not based on quantitative statistical evidence, they do go some way in terms of helping us understand how experiences influence the views and opinions of the SME audience.

It should also be borne in mind that, generally speaking, positive views tend to be more submerged and are therefore less likely to be raised by participants during in-depth interviews, whilst any negative views are more likely to be voiced. This report should be read with these notes of caution in mind.

2. Key findings

Key findings of this research were that:

- General levels of knowledge about the market or alternative offers were fairly low across the board, even among those who had actively switched or re-negotiated, with many examples of switchers who had essentially "externally actuated" a switch using a TPI with little interest or involvement in the process.
- Those who had switched or re-negotiated generally expressed satisfaction that they had got a better deal in terms of price and/or improved billing and/or customer service, and that the process of switching or re-negotiation had been relatively smooth and fast.
- Two overarching routes of market engagement can be identified from the responses:
    - **The "self-actuated route":** Participants who had actively taken the decision to switch or re-negotiate themselves. This was usually triggered by either poor customer service or billing issues. For more "self-actuated" participants, it was clear that "push" factors had encouraged them to explore alternatives, the most notable being related to problems related to billing.
    - **The "externally actuated route":** Participants who had been prompted or encouraged to switch or re-negotiate, usually after being contacted by a retailer or a TPI. The prospect of a better price from other retailers - a "jump" factor - was more frequently cited as a key motivation for participants who we might see as taking the "externally actuated" route.
- TPIs are an important route to engagement and a better deal for many SMEs, and can facilitate switching. Furthermore, many participants who were assisted in the switching process by a TPI had used the services of the same TPI for assistance with other utilities, usually gas or electricity.
- For those that have not switched or re-negotiated, four main barriers impeding SMEs from engaging with the business retail market for water can be identified: a belief that the savings available would be marginal; low levels of knowledge and interest in the water market; lack of time; and being "trapped" by outstanding billing issues.
- The vast majority of participants who had switched or re-negotiated said the process of switching was easy, uneventful, and went ahead without issues. For those who used TPIs, the vast majority said they enjoyed the "hands off" experience.
- The vast majority of those interviewed said that they had found cold calling from TPIs to be a frequent occurrence. However, most participants said they received a much greater number of cold calls with respect to electricity and gas than they did for other utilities.

3. Executive summary

Awareness and understanding of the market

- General levels of knowledge were fairly low across the board, even among those who had "self-actuated" switched or re-negotiated, with many examples of switchers who had essentially "externally actuated" switched using a TPI with little interest or involvement in the process.
- In addition to knowledge being low across the board, most participants felt that they had a greater understanding of other utility markets relative to water. Highlighting the extent to which some participants were unengaged, a few participants even struggled to remember the name of retailers(s) supplying water to their organisation.
- For many participants, utility spending and management was typically one responsibility held in conjunction with various others. This was particularly the case for participants working in smaller organisations.
- Generally, participants were broadly aware of changes brought about by de-regulation. Many simply referred to the market now being similar to gas and electricity, whilst others provided greater levels of detail.

Searching and comparing

- Two overarching routes of market engagement can be identified from the responses:
    1. **The "self-actuated route":** Participants who had actively taken the decision to switch or re-negotiate themselves. This was often but not always triggered by either poor customer service or billing issues (i.e. "push" factors).
    2. **The "externally actuated route":** Participants who had been prompted or encouraged to switch or re-negotiate, usually after being contacted by a retailer or a TPI. In these instances, their engagement with the market was typically limited, with most of the process being handled by the retailer or the TPI and with little direct involvement of the participant aside from signing necessary paperwork and giving the go-ahead.
- As the description suggests, most participants taking the "externally actuated route" reported doing little or no research into retailers themselves. Instead, the switching or re-negotiation process was usually initiated by the TPI or an individual retailer, in most cases via telephone.
- For those that did research themselves, searching and comparing was usually done via the internet, usually by looking at retailers' offers on their own websites or by using price comparison websites. Similarly, for those who were yet to directly do any research themselves, the internet was the most common place people said they would look for information.
- For participants who used the services of a TPI, most reported being presented with a single recommendation, with a few reporting that the TPI presented them with a few options to choose from.
- Many participants who were assisted in the switching process by a TPI had used the services of the same TPI for assistance with other utilities, usually gas or electricity. That being said, despite the

existing commercial relationships, few participants in this category had initiated the process themselves.

- "Self-actuated" participants who had used price comparison or tendering services themselves tended to find the process of comparing offers relatively simple, with only small numbers reporting problems.

Barriers to engaging with the market

- For those who had not switched or re-negotiated, four main barriers preventing SMEs from engaging with the business retail market for water can be identified:

  1. **A belief that the savings available would be marginal:** A number of participants who had considered or were considering switching, as well as some of those who had switched or re-negotiated, said their experiences suggested that the savings on offer were limited. Importantly, sometimes the perception that there were few available alternatives was based on "gut instinct"; a notion that, because the wholesale price was unlikely to change given "it is all coming from the same place", there was therefore limited scope for savings.
  2. **Low levels of knowledge and interest in the water market:** Many participants - principally those who were yet to fully engage with the market - displayed low levels of knowledge about the changes to the business retail market for water.
  3. **Lack of time:** For many participants, switching water suppliers was simply not a priority, especially if there was an underlying suspicion that the savings on offer would be limited.
  4. **Being "trapped" by outstanding billing issues:** A couple of participants indicated that, whilst they would like to change supplier, the current outstanding issues they had around billing made them feel they were unable to switch until the issues were resolved.

Motivations for switching / re-negotiating

- The prospect of better prices from other retailers, a common "jump" factor, was a key motivation in encouraging participants to engage with the market, or at least to consider doing so. Indeed, price considerations were more frequently cited as the main factor for participants who we might place in the "externally actuated" category.
- For more "self-actuated" participants, it was clear that "push" factors had encouraged them to explore alternatives. The most obvious were those related to accurate data and billing. Billing problems identified by participants mirrored those identified in the TPI research and included: overreliance on estimated data leading to inaccuracies; bills being overly complex leading to confusion and overcharging; participants being billed at irregular times or failing to receive bills when they were expected; and long periods passing before issues around billing were eventually addressed.
- A related motivation for some respondents was the desire to consolidate utility bills to simplify the billing process. A few participants, for example, had consolidated water and wastewater suppliers after having been contacted directly by a retailer previously only supplying one of these services.

- Some participants said their interest in switching suppliers was prompted by poor customer service, with most issues stemming from issues with billing. Some complained that it was often difficult to get issues addressed, with lengthy periods between lodging complaints or enquiries and hearing back from their retailer.

During the process: Contact and engagement

- The vast majority of participants who had switched or re-negotiated said the process of switching was easy, uneventful, and went ahead without issues.
- For those who used TPIs, the vast majority said they enjoyed the "hands off" experience. Indeed, most could only provide limited feedback on the switching process itself, because the TPI they had worked with largely took care of the whole process.
- Most participants who had used a TPI said they recalled signing a letter of authority, although some struggled to remember much about the process. Others said this was something they had already signed for other utilities so this was not required.

Evaluation of experience of switching / re-negotiating

- Asked to reflect on their overall experience, the vast majority of participants said they were satisfied with the process of switching or re-negotiating, saying their expectations had been met in terms of price savings, or billing and/or customer service issues being resolved.
- A small number did experience unexpected problems typically related to billing. A few others cited their frustration at being presented with unexpected up-front charges, something participants felt was unreasonable.
- Some participants did suggest that they would have liked to have known more from their TPI or retailer about the other services available such as billing support, water efficiency services, and support with identifying and addressing leakages. However, most others said they weren't really interested in additional services or said that they would be unlikely to be interested, indicating they were simply focused on price.

Experiences with TPIs

- The vast majority of those interviewed said that they had found cold calling from TPIs to be a frequent occurrence. It was clear that this was a source of frustration for many participants, particularly those who said that long outstanding contract terms meant they were unable to consider their services even if they had wanted to.
- Most participants said they received a much greater number of cold calls with respect to electricity and gas than they did other utilities, including water. That said, many only revealed this when prompted, suggesting that - irrespective of the utility in question - participants tended to think about cold calls in one broader utility category.
- However, the vast majority of participants who had used TPIs were positive about the experience and said they would definitely consider using a TPI again in the future. This was typically because TPIs had simplified the process and had provided customers with a seamless and effortless experience.

Contact with providers

- Excluding those who had switched retailers because of billing or customer services issues, most of those who had not yet engaged in the market said they had not or could not recall contacting their retailer(s) in the past 12 months. Highlighting a wider point, less contact with retailers tended to mean greater satisfaction as it was indicative of experiencing fewer issues.
- Since lack of contact appeared to correlate with fewer issues and therefore less propensity to look into switching, it is unsurprising that most participants who had not yet engaged in the market were typically satisfied with their current retailer. That said, participants were passively satisfied with few signs of what one might call strong "brand loyalty".

4. Research findings

4.1 Awareness and understanding of the market

Low levels of knowledge were evident in every category

Unsurprisingly, awareness of the market was highest amongst those who had actively engaged with the market, followed by those who had considered or were considering switching or re-negotiating. An important point to stress, however, is that general levels of knowledge of the market and alternative offers were fairly low across the board, even among those who had actively switched or re-negotiated. There may be a temptation to conclude that switchers and re-negotiators are "savvy" consumers who are continuously monitoring their water bills and looking for better deals. This simply wasn't the case – with many examples of switchers who had essentially "externally actuated" switching after being contacted by their retailer or a TPI and had given them the go-ahead, often with little involvement thereafter.

No not as far as I was aware of. I don't know if they're like the electric people and everybody else now where you can't be locked in so much and other people can vie for your business, but that seems standard across all utilities, but other than that I don't know anything else.

(Re-negotiated, Small, Wholesale/retail/motor trades)

I just thought [until contacted by TPI], that's the way it's always been, and water is water, no matter who you get it from. I just stuck with where I was.

(Switched, Small, Arts, entertainment, recreation and other services)

Understanding of the water market was generally low relative to other utility markets

In addition to awareness being low across the board, most participants felt that they had a greater understanding of other utility markets relative to water – including some of those who had switched or re-negotiated in the previous 12 months.

In all fairness, it's not one that I know that much about. I know more about gas and electric than I do water.

(Switched, Small, Education)

No, I don't know much about it. I don't know whether it works like the gas, electric, where you can shop around or whether it's regional. I've no idea.

(Planning to consider, Small, Accommodation and food services)

It's much less. It's probably experiences of changing utility suppliers for electricity and gas and using websites such as Uswitch to compare prices.

(Unaware, Small, Public administration and defence)

Managing utilities, was typically a minor task in conjunction with a variety of other responsibilities, particularly for those working in smaller organisations

In this context, it was important to consider that, for many participants, whilst they were the main individual in the business with oversight of water and other utility spending and management, this was typically one same responsibility in conjunction with various other responsibilities. This was particularly the case for participants working in smaller organisations.

> *No. We don't have a person who would be responsible, it would be just me or the Finance Director who would deal with any contract.*
>
> (Planning to consider, Small, Manufacturing)

> *It would be an additional job. Some of it falls to me. My position is property manager, so I tend to look after the fabric of the building and utilities, really. It would be part of my remit.*
>
> (Considered or considering, Small, Health)

> *It's mine, in addition to everything else. I'm the office manager here. I deal with all of the invoices, accounts, HR.*
>
> (Switched, Small, Arts, entertainment, recreation and other services)

It was evident that for more participants in the medium-sized category, the management of utilities was more of a core responsibility, which in turn tended to result in higher levels of knowledge and engagement.

> *Yes. We have a procurement manager who deals with the contracts. They're monitored locally by the facilities managers in the centres.*
>
> (Planning to consider, Medium, Health)

> *Water all sits with the estates team, including the day to day management.*
>
> (Switched, Medium, Education)

Participants generally felt their water spend was relatively low, though most struggled to give a rough percentage share as a proportion of their overall operating costs

In the context where their oversight of water and wastewater supply was often something of a side-role for many participants, particularly for those working in smaller organisations, it is unsurprising that many struggled to recall specific details of their water spend or their contractual terms, using terms such as “I think”, “I suppose”, and “probably”. This highlights that the business retail market for water is not something the businesses may often be thinking about and that levels of awareness can often be low.

> *I suppose it is. I wouldn't know what the percentage was but each site is on a meter. In the summer months, with the high usage at both the restaurants and the holiday apartments, that does take on quite significant values.*
>
> (Switched, Small, Accommodation and food service)
>
> *No, they're minimal really. It's something like £20 or £30 a month, which is a lot less than business rates. It's not a great deal.*
>
> (Switched, Small, Wholesale/retail/motor trades)
>
> *Noticeable, but not hugely significant, I wouldn't think, no.*
>
> (Considered or considering, Small, Health)

Others, typically SMEs which were larger in size or those with higher spends due to the nature of their work, showed greater levels of awareness.

> *The water is about £10,000 a month. It's not a huge cost per se, but obviously one of the things that I was explaining to your colleague is that we have maximum water demand because we're on that type of tariff.*
>
> (Considered or considering, Medium, Mining, quarrying and utilities)
>
> *Yes [water is a significant cost], our utility bill is second only to PAYE, I have a vested interest in making sure I get the most out of our utilities.*
>
> (Considered or considering, Medium, Accommodation and food services)
>
> *It probably would have been a two year contract something like that. I didn't agree this one personally myself, it was my colleague but normally it's a couple of years.*
>
> (Switched, Small, Manufacturing)
>
> *I know it's initially for a year, but it's now a rolling contract.*
>
> (Switched, Medium, Manufacturing)

Participants did tend to be aware of the general changes to the market

Participants were asked about their understanding of the water market, particularly in relation to the opening of the market. Generally, participants were aware of the changes which had taken place. Many simply referred to the market now being similar to gas and electricity, whilst others provided greater levels of detail. Unsurprisingly, awareness tended to be greater among those who had switched and re-negotiated, although this was not necessarily the case when a participant had used the services of a TPI.

I was familiar with the open water which became, I believe, available, was it about April 2017?

(Switched, Medium, Manufacturing)

I know it was de-regulated. It changed in that it went from [], and it went, as the other utilities, there were other companies that could start to bid to be your water supplier. I was aware that it changed in that respect.

(Switched, Small, Arts, entertainment, recreation and other services)

Up until a couple of years ago the water companies did their thing, that was who the water company was and you couldn't change, whereas now you can and that's very new to us. Gas and electric companies, we've been swapping around for years getting the best price.

(Switched, Small, Education)

Unsurprisingly, awareness – and more particularly knowledge - of the change was much lower among those in the not considering, unaware and the plan to consider and considered categories.[11] However, as discussed, this lack of awareness was by no means exclusively displayed among these groups, with many switchers and re-negotiators displaying uncertainty.

I'm not an expert in water retail, to be really honest. Probably, I should do a little bit of research and, also, yes, I'm happy to find new deals and maybe if I can find someone to help me or to guide me through that whole process, that would be brilliant.

(Not Considering, Medium, Health)

Didn't know at all [about changes to water market], to be honest.

(Unaware, Medium, Health)

Not that well, no [understanding of water market].

(Not Considering, Small, Arts, entertainment, recreation and other services)

Most were aware of their contractual periods

Turning more specifically to awareness of their contractual arrangements, most participants had an understanding of their contractual terms.

Yes, they combined all of the water services into one, so water usage, wastage and sewage etc., so it's just one bill, a consolidated water bill, which we pay monthly. The initial contract was a year's contract, but I think it's just rolling now.

(Re-negotiated, Small, Wholesale/retail/motor trades)

It's a rolling contract. It's not a fixed period. They only do one price. I have enquired.

(Considered or considering, Small, Professional, scientific and technical)

[11] This is partly by design, given that the unaware category were specifically recruited because of their lack of awareness of the market. It is worth noting that some participants in these categories also likely displayed greater levels of knowledge because they had participated in the survey. We can therefore assume that their levels of awareness would have been even lower prior to engaging with the survey.

However, a notable minority displayed much less knowledge. This was particularly the case for, but by no means limited to, those in the not considering or unaware categories. This highlights the challenge in encouraging more SMEs to engage in the market.

Well, actually, I don't have an answer for that question, I don't know.

(Not Considering, Medium, Health)

No idea [as to contractual length].

(Unaware, Small, Wholesale/retail/motor trades)

I think it's 12 months but I can't remember.

(Switched, Small, Wholesale/retail/motor trades)

Highlighting the extent to which some participants were unengaged, a few participants even struggled to remember the name of retailers(s) supplying water to their organisation.[12]

Honestly, not really [whether could name current retailer]. It's just a local water company.

(Unaware, Medium, Health)

Personally, I don't know [who current water retailer is]. I'm sure it is … Can't remember, sorry.

(Unaware, Small, Wholesale/retail/motor trades)

No. It was [-], it then changed to a private provider. We were informed, it's not the sort of thing I hold in my head.

(Planning to consider, Medium, Health)

Well, we had two. For the water, we were with [-] and for the sewage we were with-, what was the name? Hang on. I can't remember now. Oh, hang on. I cannot remember.

(Switched, Small, Construction)

4.2 Searching and comparing

There were two main routes to engaging with the market

Participants were asked about how they had started the process of switching or re-negotiating suppliers. Examining responses, it is clear that there were two principal routes of engaging with the market. For short-hand, we have described this as the "self-actuated route" and "externally actuated route". We feel these short-hand descriptions accurately characterise the type of engagement for the vast majority of participants who switched and re-negotiated:

1. **The "self-actuated route":** Participants who had actively taken the decision to switch or re-negotiate themselves. This was usually triggered by either poor customer service or billing issues (i.e. "push" factors), although for some this was simply a desire to see if cheaper alternatives were available (i.e. "jump" factors)

[12] This was occasionally because the supplier had recently changed name.

At the time, I had two or three sales pamphlets come through, or options to change... so I just looked on the internet to see what there was locally... I think they knew what I was paying with [] and [] before it was combined, and they offered to undercut that payment.

(Switched, Small, Wholesale/retail/motor trades)

We look around for the best price, so we'll automatically do that with the water. We couldn't do that a couple of years ago. I contact people myself and I use brokers, and then I come up with whatever the best price is.

(Switched, Small, Education)

2. **The "externally actuated route":** Participants who had been prompted or encouraged to switch or re-negotiate, usually after being contacted by a retailer or a TPI. In these instances, their engagement with the market was typically limited, with most of the process being handled by the retailer or the TPI and with little direct involvement of the participant aside from signing necessary paperwork and giving the go-ahead. Typically, participants falling in this category tended to "jump", as opposed to being "pushed" due to dissatisfaction with their current retailer.

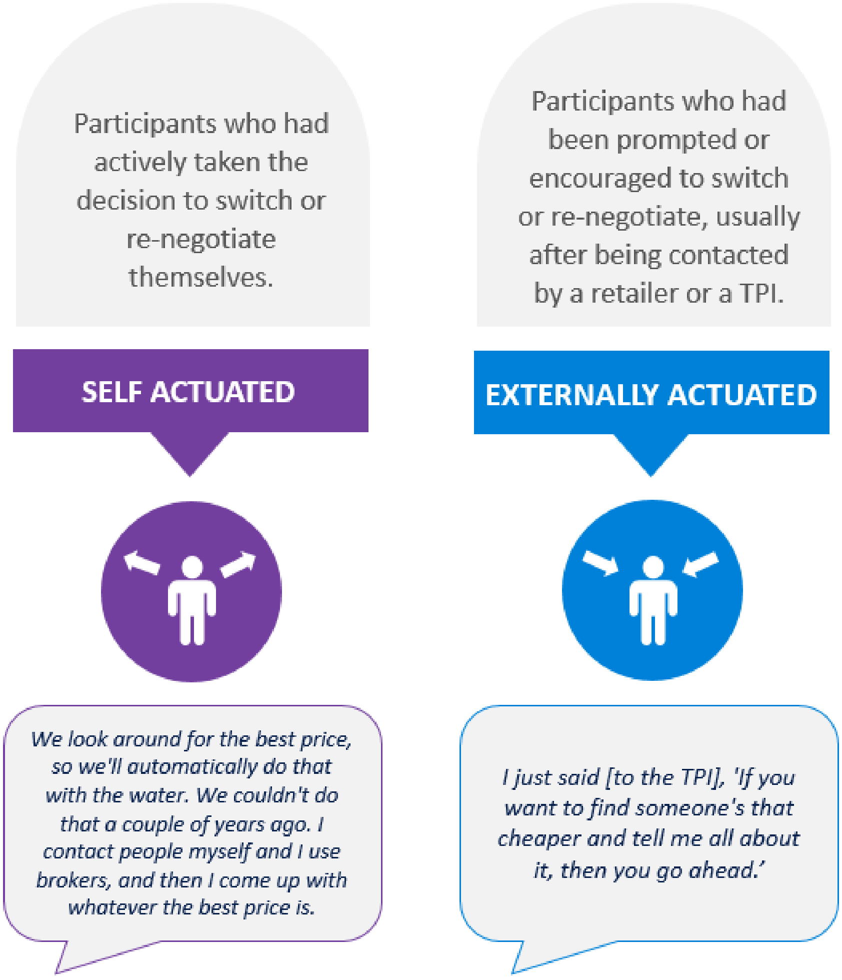
No, they went and looked, and they searched and they said, 'Well, that is the cheapest on your area, blah, blah, blah.

(Switched, Small, Construction)

I just said [to the TPI], 'If you want to find someone that's cheaper and tell me all about it, then you go ahead.'

(Switched, Small, Arts, entertainment, recreation and other services)

Figure 1: "Self-actuated" and "Externally actuated" routes to engagement



Case Study – Switcher (Passive)

A small not-for-profit in the arts and entertainment and arts sector decided to switch after being contacted by a TPI. After taking a number of cold calls from brokers in the past, the participant described how on one occasion they decided to listen to see what was on offer:

> *I just thought, that's the way it's always been, and water is water, no matter who you get it from. I just stuck with where I was. You get so many people phoning you up, trying to get you to change all of your utilities, that eventually, you just think, well I better listen to what these ones have to say.*

The participant described how looking after their utilities was part of their role, although this was a small responsibility in the context of their wider position:

> *It's part of my role, just a small part.*

The participant described how they were attracted to the prospect of potential savings, something which was encouraged given their not-for-profit status.

> *The reason that I changed was because it was going to be saving where I work money, and because we're a charity, I feel that I can't say, well, I don't want to do that. Being old-fashioned, I stayed with [previous retailer] for a long time. I hadn't actively gone out to change.*

The participant explained that they took a fairly passive role in arranging the process and did not do any research of their own into other offers that might have been available.

> *I just said, 'If you want to find someone's that cheaper and tell me all about it, then you go ahead'.*

The participant felt the process had gone smoothly, but explained that was partly because of the relaxed role they had assumed throughout the process.

> *Yes, only because I wasn't very demanding and I wasn't saying, show me this and check that. I just let them find something cheaper and said, yes, that's fine. Then, it was simple enough to change.*

Reflecting on the process, the participant explained that, whilst it was early days, they felt they had seen an impact on their bills and reported no other issues.

> *Yes, I think so. It's only been going for a few months. As far as I can see, it's working out like they said it would.*

Case Study – Switcher (Active)

A pub chain operating over a number of separate sites and with relatively high consumption sought to simplify and reduce administration processes through consolidation. This required switching several sites over on to a different retailer. The desire to switch became apparent after experiencing several billing issues with a retailer who supplied several of the sites:

> *There was missing payments, there was payments on there that weren't ours. They took direct debits twice, they never took any meter readings. 3 of the sites had broken meters and it took them over a year to fix the meters … It was just a complete mess from start to finish and I think it was mainly the takeover because they didn't tell you properly what was happening.*

The participant explained that they had actively looked for alternative deals, before being approached by a TPI they had been dealing with for their gas and electricity:

> *I started looking and then the broker for our gas and electric said, 'I've got somebody who will do the water.' I said, 'Oh, fine.' I sent him all the information over.*

After investigating the market, the TPI recommended a single retailer:

> *They just said that they'd been using this company and they'd been good, and all the rest of it. I took their word on my gas and electric, so I just believe what they said.*

However, due to the number of sites, the process had taken a long time to organise due to different contract periods. However, after some of the switches had gone through, the participant started to experience numerous billing issues, causing them to be reluctant for other bills to go through. The main problem was the complexity of the bills, and an inability to dispute individual bills:

> *I don't want to move the others [sites where switch had not yet gone through] to [new retailer] because I don't think their billing system is any good. First of all, they put it all on one bill, so if you've got a dispute you can't dispute each individual bill. You have to dispute the whole bill, so then if you did have a major problem, they could cut all of your sites off and not just one.*
>
> *They need to be on separate bills, you can print the bills off yourself to go online and print them off but they need to make it more clear. The surface water drainage charges too … if there's any other service charges. They need to make that more clear and the standing charge for the water and then the standing charge on sewerage. They make it very complicated.*

The participant said that their experience had been very negative, causing them to become much more active in the process, seeking someone to assist with metering, and doing their own internet research to try and find other potential suppliers.

> *No, I left it with the broker, but [after having a poor experience] I am doing research at the moment for the others … Just going on the internet [to search for offers].*
>
> *I'm trying to talk to somebody who hasn't even got a clue what a meter is or how the consumption works, or how the sewerage charges work. It's really frustrating.*

Participants rarely initiated contact with retailers or TPIs themselves

As the description suggests, most participants taking an "externally actuated route" suggested they did little or no research into available retailers themselves. Instead, the switching or re-negotiation process was usually initiated by the TPI or an individual retailer, in most cases via telephone.

I think it was probably a phone call. It was probably the people that organise our other utilities that said, did you know that we could get your water costs down?

(Switched, Small, Arts, entertainment, recreation and other services)

They came to us [their current retailer], yes. We were with them, and they approached us to take both, and they offered us a good deal. I don't know if I can get any cheaper.

(Re-negotiated, Small, Wholesale/retail/motor trades)

Yes, we had a call from [Broker name]. They take no commission, they like to help charities. Our water was up for renewal so we let them get in touch with them to get us a better deal.

(Re-negotiated, Small, Arts, entertainment, recreation and other services)

By contrast, a small number of participants, who despite working with a TPI or being in direct contact with a retailer, took a more "self-actuated" role in the process and were more engaged, sometimes initiating first-contact. These participants were usually less motivated by price considerations, but rather had experienced issues with billing or customer service.

I think it might have been about six months ago, from memory. The reason why, was that I got in with a consultant and the first thing we did was electricity, then we did gas, then we eventually came around to routinely wanting to look at water. Also, tying-in with that, our accounts department were very frustrated with the last supplier.

(Switched, Medium, Manufacturing)

For those that did their own research, "Google" and price comparison websites were popular

For those who did research themselves, searching and comparing was usually done via the internet, usually by looking at retailers' offers on their own websites or by using price comparison websites. This was also the case for those who had considered switching or re-negotiating and had actively researched the market themselves. A couple of participants also said they contacted retailers directly or used more formal procurement framework arrangements.

It was a mixture of both. We're speaking to our existing suppliers and we were approached by others and ultimately, we went out like I say on a framework through the energy consortium.

(Switched, Medium, Education)

I found some information. I really looked on the Trustpilot site to see if there was any bad feedback, bad customer service. Before I move to a company, I'll always look to see what kind of feedback they get.

(Considered or considering, Small, Wholesale/retail/motor trades)

I believe it was my colleague. She probably went on to one of the switching websites, they came up and emailed. They tend to keep an eye on when the contract is running out and get in touch with a new price.

(Switched, Small, Manufacturing)

No, just a bit of research. There didn't seem to be any hidden extra sells or bolt-on, it just looked as though it was a straight supply change. Our water costs compared to everything else in this business is quite small, only just above domestic usage really, so I wanted to make sure that it was someone I could negotiate with if we did start car valeting, because then we would use a lot of water ...When I looked, I think there were only about 3 or 4 on Google. There weren't that many.

(Re-negotiated, Small, Wholesale/retail/motor trades)

For those who were yet to directly do any research themselves - usually those in the not considering, unaware, or the planning to consider group - the internet was the most common place people said they would look for information. However, most were vague on the specifics, saying they would probably use a search engine to look for more information. Whilst some participants said they would look to use a price comparison website, hardly any named a specific website or comparison service.

I'd Google it, I guess.

(Planning to consider, Small, Manufacturing)

If it was me, I'd go on to the Internet and do a search and just see what I could find, depending on what information that returned would influence whether I pursued that or whether I gave it up as a lost cause.

(Not Considering, Medium, Information and communication)

I don't know. We might use one of the compare sites on the Internet.

(Planning to consider, Medium, Health)

TPIs tended to provide participants with one recommended option

For participants who used the services of a TPI, most reported being presented with a single recommendation.

No, they just said that they'd been using this company and they'd been good, and all the rest of it. I took their word on my gas and electric, so I just believe what they said. I won't be moving my others to this company.

(Switched, Small, Professional, scientific and technical)

I think they just recommended one.

(Switched, Small, Arts, entertainment, recreation and other services)

Meanwhile, a few participants said that the TPI presented them with a few options to choose from.

Yes, they gave us three, of which at the time [preferred retailer] seemed the best in terms of cost.

(Switched, Medium, Manufacturing)

A number of participants used a broker with which they had a previous commercial relationship, usually because they had provided services for their other utilities

Many participants who were assisted in the switching process by a TPI had used the services of the same TPI for assistance with other utilities, usually gas or electricity. That being said, despite the existing commercial relationships, few participants in this category had initiated the process themselves in relation to switching or re-negotiating their water supplier. Rather, the TPIs had specifically got into contact with them to explain the services they could provide with respect to water, or mentioned it in passing whilst discussing other matters.[13]

> *No, we were using a broker that looked at the electricity and gas and we switched electricity but they didn't switch gas. And when we done that the broker said to me, 'We do water as well' so I said, 'Look at the water', the problem was that he then said to me he'd never done one before for water but he did get his act together fairly quickly and came up with this quote for [retailer recommended].*
>
> (Switched, Small, Accommodation and food services)

> *Let's say it was probably by the broker, but the broker we used which is spread reduction analyst we were already using them for another purpose as well.*
>
> (Switched, Medium, Manufacturing)

Those participants who had searched the market themselves had mixed experiences

Some participants said they had found comparing like-with-like prices difficult, especially those trying to consolidate bills across multiple sites. However, "self-actuated" participants who had used price comparison or tendering services themselves tended to find the process of comparing offers relatively simple, with only small numbers reporting problems.

> *We couldn't get a sensible solution out of anybody… They didn't answer emails, didn't answer phone calls. In the end, we went for the one company that we got a sensible price. The prices are all much of a muchness, but it was decent billing.*
>
> (Switched, Small, Financial and insurance, real estate)

Others who had support from a TPI tended to say the process was simple because all of the comparing was done for them, something which was seen as particularly helpful.

> *Yes, only because I wasn't very demanding and I wasn't saying, show me this and check that. I just let them find something cheaper and said, yes, that's fine.*
>
> (Switched, Small, Arts, entertainment, recreation and other services)

> *It was really easy. I didn't have anything to do, I only had a piece of paper to sign and that was all I needed to do.*
>
> (Switched, Small, Construction)

[13] Our research exploring the views and experiences of TPIs working in the business retail market showed that cross-selling by contacting existing clients in other utilities was a common route for new business for many TPIs. For full discussion, see page 17 of the report available here: [Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020](#).

4.3 Barriers to engaging with the market

During the interviews, participants who had not yet gone ahead with switching or re-negotiating were asked why they had not yet engaged with the market. Analysing responses, four main barriers can be identified:

1. A belief that the savings available would be marginal
2. Low levels of knowledge and interest in the water market
3. Lack of time
4. Being "trapped" by outstanding billing issues

Figure 2: Barriers to engaging with the market

Each of the identified barriers are discussed in more detail below.

Various participants suggested that the market would likely only offer limited savings

A number of participants who had considered or were considering switching, as well as some of those who had switched or re-negotiated, said their experiences suggested that the savings on offer were limited.[14]

> *They were just saying that they could save me quite a bit of money by switching contracts. They were trying to make me believe that, by switching contracts, I could save quite a bit of money. If it was a big saving, yes. If it was such a big saving, I would switch, but we're talking a few pounds a month. For me to change all the banking and everything to potentially save not that much, it just wasn't worth it.*

[14] This was also a common perception among participants in the TPI research based on their interactions with prospective and current clients. For full discussion see page 34 of Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020.

(Considered or considering, Small, Wholesale/retail/motor trades)

I'm not criticising the guy who came to see us [TPI], he was very helpful, but our divisional accounts looked into it in detail and it was very marginal for us to be able to work out whether it was going to be a cost-saving or not.

(Switched, Medium, Manufacturing)

No. I was just getting an idea. If the comparison had come out vastly different, I would have done more research. It was about the same, so it seemed like we were on a good price.

(Considered or considering, Small, Professional, scientific and technical)

Even among those who had not switched or re-negotiated, many also felt that savings were negligible. For some, however, this was not particularly concerning, adopting a "saving is a saving" attitude. This attitude was particularly the case among participants who had to invest very little time into the process after being contacted directly by a retailer or a TPI. For these participants, any savings that could be made tended to be seen as something of a bonus, given they had to invest very little time into the process.

Meanwhile, a small number of participants who indicated customer service was a greater priority said that the fact that savings were likely to be made by reducing spending on customer service and client support made them slightly wary of switching to a cheaper supplier purely on the basis of price.

It's a tiny cost-benefit for a lot of faff, and the potential for the service not to be as good. It was a company that was a made-up company, so I have no judgment of their ethical standing or whether they'd reinvest in infrastructure.

(Considered or considering, Small, Professional, scientific and technical)

Whilst still a barrier that requires addressing, it is important to note that sometimes the perception that there were few available alternatives was based on "gut instinct", rather than concrete knowledge. Such attitudes were particularly evident among those who were planning to consider, not considering, or unaware. Many felt that there were few alternatives simply because of the downstream nature of the de-regulated market. In other words, there was an idea that because the wholesale price was unlikely to change given "it is all coming from the same place", there was therefore limited scope for savings. This was often an assumption based on a hunch or gut instinct, rather than necessarily having conducted research into the offers available.

I wouldn't say that there would be much difference.

(Planning to consider, Small, Manufacturing)

My first impression would be I don't see how it can, I know that they're trying to introduce competition and they think that competition will reduce costs, but if all you're adding is another layer of people at the front end.

(Not Considering, Medium, Construction)

I haven't done the water because I can't be bothered. It's not worth it for the sake of what is probably only a few hundred pounds a year.

(Not considered, Small, Wholesale/retail/motor trades)

You say to them, 'Is the price of the water going to change? 'Well, no because this is the price we retail whatever your margins are.'

(Planning to consider, Small, Wholesale/retail/motor trades)

Some of those who were yet to engage with the market said that they believed there could be potential savings. However, this was typically a mere speculative guess, with most unsure. Indeed, many participants often caveated their interest in engaging with the market as being contingent on the extent to which savings would be available. For these participants, lack of interest and time tended to be more of a factor in preventing them from engaging with the market.

Probably try and re-negotiate but it really depends on how much. If it's very little savings, then we wouldn't really bother changing. If it's a significant amount, we would change or go back and talk.

(Not Considering, Medium, Construction)

I should do it. I think there probably will be cheaper out there, I just haven't done it.

(Planning to consider, Medium, Agriculture, forestry and fishing)

Lack of interest and knowledge was also a barrier

As discussed in section 4.1, many participants - principally those who were yet to fully engage with the market - displayed low levels of knowledge about the changes to the business retail market for water. Clearly, low levels of awareness about the ability to switch water retailers or re-negotiate with one's current retailer or lack of interest and knowledge in their own water contracts more generally is likely to act as a significant barrier to market engagement.

If you were to say to me today that we'd halve our water bill, that might be something that would make me start thinking about it more urgently. I can't imagine that would be the case.

(Planning to consider, Medium, Health)

I assume it is knowledge of it…. [before the survey] I wouldn't have thought about changing water.

(Considered or considering, Small, Accommodation and food services)

I don't know about enough but I know enough that I don't want to do it.

(Not considered, Small, Wholesale/retail/motor trades)

It is worth noting that lack of engagement or interest appeared to be a little less of an issue for larger SMEs, as their levels of awareness tended to be higher (see discussion in section 4.1), and their job roles tended to place greater emphasis on managing water and other utilities.

Many said that their lack of engagement was simply down to a lack of time

Perhaps the most frequently cited reason for not engaging with the market was a lack of time. In other words, for many participants, switching water suppliers was simply not a priority, especially if there was an underlying suspicion that the savings on offer would be limited. This was most evident with respect to those in the ‘not considering’ and ‘unaware’ categories, particularly those who indicated that their role looking after utilities at their organisation was a fairly minor responsibility (more common among smaller SMEs).

> *It takes a lot of time to do that sort of thing, then I wouldn't be interested, because for the savings, it's hardly worth it.*
>
> (Not Considering, Small, Arts, entertainment, recreation and other services)

> *I'd say time consideration. It can be a lot of hassle going backwards and forwards with companies.*
>
> (Unaware, Medium, Health)

> *It's not worth the hassle of doing. I'd rather just get on with my business.*
>
> (Not considered, Small, Wholesale/retail/motor trades)

This highlights the key role that TPIs play in facilitating market activity. TPIs can alleviate businesses of the time investment required to consider their options, even if the reality is that the process can be quite simple. This ensures that many SMEs engage with the market that would not have done otherwise. That said, their role in the market will be limited by their capacity, and certain TPIs may not deal with certain businesses, such as smaller business on single sites, as doing so is often less commercially attractive.

A few participants said they felt “trapped” by outstanding billing issues that were essentially keeping them tied to their current retailers

Whilst this was by no means a common experience, a couple of participants indicated that, whilst they would like to change supplier, the current outstanding issues they had around billing made them feel they were unable to switch until the issues were resolved. This has the effect whereby problems around billing, more often than not one of the main drivers for wanting to switch supplier (see discussion in section 4.4 below), were also occasionally acting as a barrier in preventing people switching. One participant, for example, described how they had significant issues in terms of getting in touch with their retailer, with little continuity in terms of the customer service agents they were dealing with. This left them feeling that they were unable to switch because too many issues were still to be resolved.

> *I've still got so many outstanding issues. I don't think I would have the ability to transfer anything over. We've got so many issues with our water supplier, if I was to transfer over, these would need to be concluded … Re-negotiation would only happen if I could have the confidence in my current supplier to satisfy my business needs, of which I've got neither.*
>
> (Considered or considering, Medium, Accommodation and food services)

Case Study – Considering

A rural holiday resort said they were currently considering switching supplier after experiencing problems with their current supplier. Issues included the failure to replace a meter and their retailer continuing to be unable to alter their maximum demand.

> *We had a meter which has been down now for over a year. We've got multiple meters because we've got multiple buildings and she couldn't get to the bottom of it or they wouldn't come out and replace it.*

> *We had to shut it [a swimming pool] down for health and safety reasons. She got onto them and explained this because she was worried about our maximum demand of water … That went ahead, she filled the form in to do this and explained it'd only be for a few days, but they kept charging the maximum demand for a few months.*

The participant explained that, based on their understanding of the market, they felt it was unlikely that significant savings could be made:

> *Your water is still provided from [wholesaler] or [wholesaler], whoever it is, but it's only what you can get through the billing. You can't buy cubic metres of water at certain prices. That's how I understand it … With water, the feedback I've been getting, you might save a bit, but not a lot. They can only really change it on the billing side, not so much how much you get for your cubic metre of water.*

The participant explained that they had started to research alternatives, and were at the early stages of engaging with TPIs. The participant explained that they would have found looking for alternatives much more difficult if they had not, at the same time, been looking at changing their gas and electricity supplier:

> *The only reason why is because I've had people trying to sell me gas and electricity and I've asked questions or they've said, 'What about your water?' Then, it's all forthcoming. If I wasn't looking at changing gas and electricity, I wouldn't have heard about that you can change your water retailer.*

In addition to trying to get the best deal on price, the participant explained that they were also exploring getting the TPI to support them with water efficiency:

> *They've [different TPIs] done various presentations for me, why I should do a partnership with them going forward, about four or five have done that. It's me deciding whether to have a company that does all the procurement for us, gets the best deals, especially with renewable energy because we want to all go renewable. Then, should I have that same company surveying, looking at how we can reduce our kilowatts or consumption or how we can generate it or keep that as a separate company as well?*

The participant explained that they were hoping to make a decision soon.

> *If we're going to change, it'll be between now and October. April to October, something will change. I'm not sure whether we're built into any contract with [current supplier], which I need to look at.*

Case Study – Not considering

A participant working at a small vehicle trading firm said they were not interested in engaging with the market:

> *They've been here since forever and I'm quite happy to stick with them.*

The participant said they had never had experienced any problems with their current retailer:

> *Yes, quite satisfied. They've always been good. I've never had problems with them. The service has been there, supply has always been there.*

Whilst the business had been contacted on various occasions by retailers and TPIs, the participant explained that they had little interest in what they had to offer.

> *Different people phone up and say they can do electric and they now deal with water as well and I say no thank you, I'll stay where I am with water ... You can change and chop about all you like. It doesn't interest me.*

Whilst the participant did show some awareness about changes to the water market, it was clear they simply were not interested in finding out more.

> *I don't know about enough but I know enough that I don't want to do it.*

Part of the reason they were reluctant to consider switching was due to a negative experience when trying to change their electricity supplier:

> *I wouldn't even think about trying to change water because it's hard work when I try to change electric.*

Additionally, the participant felt that the savings would likely be minimal, and therefore simply were not worth the time and effort:

> *I haven't done the water because I can't be bothered. It's not worth it for the sake of a few hundred pounds a year … I don't want the time and effort of doing it with them. If I was spending thousands of pounds a year, it'd be different but I'm not. My water bill is £400 to £500 a year. If I saved half of it, it's not worth the hassle of doing. I'd rather just get on with my business.*

The participant reflected positively about a recent interaction that they had with their retailer:

> *Yes, I contacted them within the last year. I had a stopcock that wasn't working outside, couldn't turn it off properly. They came and replaced it very quickly. Made it good around it. It was good.*

4.4 Motivations for switching / re-negotiating

Price and bill consolidation were also motivators, but this tended to be for more passive switchers and re-negotiators

Before exploring the research findings in more detail, it is first worth outlining existing broader customer conversion literature which divides motivations into "push" factors and factors encouraging consumers to "jump". Those who jump do so because they have typically encountered another offer which they perceive to be better value for the money or better aligned to their needs. Meanwhile, those who are "pushed" are customers who have had negative experiences which cause them to look for alternatives that they may not have encountered before.[15]

The prospect of better prices from other retailers, a common "jump" factor, was a key motivation in encouraging participants to engage with the market, or at least to consider doing so. Indeed, price considerations were more frequently cited as the main factor for participants who we might place in the "externally actuated" category. Participants in this category were less likely to have experienced issues around billing or customer service, at least to the extent that this had not become overly disruptive. In turn, there were much fewer "push" factors at play, so the appeal of cost savings tended to feature much more prominently.

> *I wasn't looking for anything. They [TPI] said, 'Look. If you stay with [retailer name], this is how much it will cost. If you go with this lot, this is how much it will cost'. Because I work for a charity, I can't choose to pay more for anything. When it's the same, it's just water coming out of your tap and sewage going down your pipe.*
>
> (Switched, Small, Arts, entertainment, recreation and other services)

> *I just kept on thinking there's got to be a better deal and I hadn't changed. When we were with [previous wholesaler] and all of a sudden it got split and went public, I can't remember, there was a change a couple of years ago, I looked at it and there was really nothing in it. I just thought, 'I've got a bit of time in the summer, I can check,' and it was worth it by a couple of hundred.*
>
> (Switched, Medium, Education)

> *It's just the savings, because I don't think they'd be able to supply a better service. They're not offering me a better service. Water comes into the building, like electricity. It's purely the price.*
>
> (Considered or considering, Small, Wholesale/retail/motor trades)

This was also the case for less engaged participants in the planning to consider, not considering, and unaware categories when thinking hypothetically about the potential benefits. Again, most participants in these categories had not encountered serious issues with their current supplier, so were less likely to be "pushed" into making a change, so price tended to be key.

> *An incentive to switch would always be good. Lower tariffs.*
>
> (Planning to consider, Small, Wholesale/retail/motor trades)

> *Probably just as cheap as possible, I would have thought, and regular invoicing would be lovely.*

[15] For further discussion of "jumped" or "pushed" motivations for switching suppliers, see Sant R. (1997) 'Did he jump or was he pushed?' Marketing News. Vol 31. No. 10.

(Planning to consider, Small, Manufacturing)

If it's cheaper, yes. I do, if there's a price differential. If there's no price difference, it doesn't make any difference, does it?

(Unaware, Small, Wholesale/retail/motor trades)

Meanwhile, for participants more concerned with billing or customer service, price also featured in their consideration, but often less prominently - usually playing more of a secondary role. Some participants, for example, said they would be willing to pay slightly more if they knew they could get a good service and that issues they had experienced would be resolved.

Yes, I mean, things that would influence me, I mean, predominantly it's got to be at a price that's similar to what we're paying, that's always going to be the bottom line, however, if there was someone that was fractionally a little bit more expensive but gave you a dedicated contact, for example, that would be appealing.

(Not Considering, Medium, Information and communication)

So, the real issue is whether we get a better service. If somebody was saying they would halve our water bill or halve our electricity then obviously we'd take it seriously, but they're never actually quoting significant changes in your prices, they're all quoting a slightly smaller price.

(Switched, Small, Accommodation and food services)

Issues around billing tended to be a much more prominent driver for “self-actuated” participants

For more “self-actuated” participants, it was clear that “push” factors had encouraged them to explore alternatives. The most obvious were those related to accurate data and billing. Billing problems identified by participants mirrored those identified in the TPI research and included overreliance on estimated data leading to inaccuracies; bills being overly complex leading to confusion and overcharging; participants being billed at irregular times or failing to receive bills when they were expected; and long periods passing before issues around billing were addressed.[16]

Rubbish billing. They estimated everything. They estimated what you might use and billed for what they thought you might use, it made it impossible for us to send a bill to a tenant … they didn't bill on what you'd used, they billed on what they thought you were going to use in the future. Then they adjusted it afterwards, so you couldn't understand what they'd done. You couldn't work it out. You couldn't check that they were charging you correctly and they were charging in advance.

(Switched, Small, Financial and insurance, real estate)

Because [retailer name] never got any of the bills right. There was missing payments, there was payments on there that weren't ours. They took direct debits twice, they never took any meter readings … It was just a complete mess from start to finish and I think it was mainly the takeover because they didn't tell you properly what was happening.

(Switched, Small, Professional, scientific and technical)

[16] For further discussion from the perspective of TPIs, see pages 26-28 of the TPI research here: Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020.

Customer service was poor...Mainly billing issues. Incorrect billing and demand for payment after 14 days. They'd send letters out straight away, it's not possible to pay them in 14 days, not practical for a college.

(Switched, Medium, Education)

They kept on sending three or four bills. We paid one of them, but they would send another one that would refresh it, and then you'd end up with loads of credit notes or trying to sort it out. And that was going on for ages. Eventually, we got that sorted. The biggest issue at the moment is not being able to see the water meters so we can monitor our usage and control good behaviour with our staff, to make sure they're not taking too much water.

(Considered or considering, Medium, Mining, quarrying and utilities)

A related motivation for some respondents was the desire to consolidate utility bills to simplify the billing process. A few participants, for example, had consolidated water and wastewater suppliers after having been contacted directly by a retailer previously only supplying one of these services. Other participants working at organisations with multiple sites described their desire had been to consolidate their bills over these sites, usually with the overriding aim of simplifying the billing and associated administration processes.

Just to consolidate it all into one bill and we also had a small credit for doing that as well.

(Switched, Small, Education)

Yes. I didn't want to have 2 bills coming in, I just wanted my water in one place. That was the whole purpose, as I was learning to do all the stuff that you need to do, paperwork-wise, for a business.

(Switched, Small, Arts, entertainment, recreation and other services)

It's much easier to have one invoice instead of two, because like this, you've got only one supplier and I prefer that way, anyway.

(Switched, Medium, Manufacturing)

Whilst there were varying responses across sizes, given they tended to be more engaged, larger-sized SMEs tended to be more likely to take an active interest in their bills, as higher spends meant that they were perhaps more likely to scrutinize them for errors. Smaller SMEs, particularly those in the passive 'externally actuated' category, tended to be more priced focused.

Others cited issues around customer service

Some participants said their interest in switching suppliers was prompted by poor customer service, with most issues stemming from issues with billing. Some complained that it was often difficult to get issues addressed, with lengthy periods between lodging complaints or enquiries and hearing back from their retailer, in addition to inconsistent points of contact causing further delays and unnecessary repetition of issues.[17]

I wanted to be able to phone, email, contact an organisation who would have a vested interest in the business that I support and work with me, and always have a log of the issues. What I get with [retailer

[17] These were also issues identified within the TPI research. See discussion on section page 28 of the TPI report here: [Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020](#).

name], I can log a complaint or an enquiry, phone up two days later and speak to a different person on a helpline. There's no continuity. You are forever searching for the information to be found.

(Switched, Small, Construction)

It's trying to get a hold of someone to get the bills, because not all companies provide online accounts, and not all companies have individuals that you can speak to, so you have to go through customer support. That can be a timely process which can be extremely frustrating.

(Re-negotiated, Small, Construction)

Exactly and usually after about half an hour waiting, I would lose my patience and put my phone down. And as I say when you email them, they say they'll reply in three days and they never did.

(Switched, Small, Accommodation and food services)

4.5 During the process: Contact and Engagement

Most participants did not experience problems during their switch or re-negotiation

The vast majority of participants who had switched or re-negotiated said the process of switching was easy, uneventful, and went ahead without issues. Most said the process took anywhere between a few days or a couple of weeks to go through. For those for whom the process took longer, this was usually simply because they had to wait for their contract to expire.

Once we'd settled on them [the retailer'], it was fine.

(Switched, Small, Financial and insurance, real estate)

I spoke to them [the retailer directly] and we agreed a price and it just changed, nice and easy.

(Re-negotiated, Small, Wholesale/retail/motor trades)

I think, there was a bit of time with me waiting to get in the zone to be able to do it, but once we started, I think it was all 24, or 48 hours.

(Switched, Medium, Manufacturing)

We still had two months on the contract so obviously we had to run that time, but the actual contract came through fairly fast.

(Switched, Small, Accommodation and food services)

A few participants had experienced issues to differing degrees post switch or re-negotiation, though it is important to stress this was a small minority.

It was easy yes, it was fine, there was no major drama. The only thing is they set up an online account but at the moment I can't get in the website for love nor money. Not that I really need to, I mean it's convenient to look at stuff, I obviously have to have everything for paperwork reasons so I get it in paper form anyway so it's no real big loss, but if they sort it out then it would be a lot better, definitely.

(Re-negotiated, Small, Wholesale/retail/motor trades)

The actual process was fine and no interruption of service, just like I said about being billed for water from the old company.

(Re-negotiated, Small, Arts, entertainment, recreation and other services)

For those who used TPIs, the vast majority said they enjoyed the "hands off" experience

Of those who reported using the service of a TPI, most could only provide limited feedback on the switching process itself, because the TPI they had worked with largely took care of everything. This included liaising with retailers, ascertaining quotes, and organising the relevant paperwork, with a few participants going on to receive additional account management support and other related consultancy services. Most, therefore, said they felt they were kept informed during the process, but this was usually more because they were typically content for the broker to push on and only get in touch at key points during the process.

Yes, as I say something we needed to do and the brokers were galvanised to do it, in that sense I think it's a good exercise … Appointing the broker was dead straight, he just sent us a document which we signed and emailed back. Appointing him was no problem.

(Switched, Small, Accommodation and food services)

It was really easy, because they said, once I got the documentation to sign it, 'You don't need to do anything else.' So, I didn't. I sent it back to them and that was it.

(Switched, Medium, Manufacturing)

They [TPI] handled all of it and made it very easy, yes.

(Switched, Small, Wholesale/retail/motor trades)

Yes, only because I wasn't very demanding and I wasn't saying, show me this and check that. I just let them find something cheaper and said, yes, that's fine. Then, it was simple enough to change.

(Switched, Small, Arts, entertainment, recreation and other services)

More generally, other participants who had gone through with the process themselves and without the assistance or support of a TPI also tended to find the process straightforward. Often, participants did not seek extra information on the deals the broker was offering and trusted brokers in their recommendations and their ability to make decisions.

Once we'd settled on them [the retailer], it was fine.

(Switched, Small, Financial and insurance, real estate)

Very helpful [the price comparison website]. I could be conned, who knows, but at the time it worked for me.

(Switched, Medium, Education)

Most said they believed they had signed a letter of authority and a contract, but recollections about the process were often sparse

Most participants who had used a TPI said they recalled signing a letter of authority, although some struggled to remember much about the process. Others said they had already signed a letter of authority for other utilities so this was not required.

Yes, I think so. I know when I used to handle it and previously when I used a different broker … I always used to have to sign a letter of authority with them and I'm pretty sure my boss did with these people as well.

(Switched, Small, Wholesale/retail/motor trades)

We'd already signed it, because they'd already done the other utilities for us.

(Switched, Medium, Manufacturing)

Yes, we would have formally contracted a new agreement with them, yes.

(Switched, Medium, Manufacturing)

4.6 Evaluation of experience of switching / re-negotiating

Most participants reflected positively on their experience of switching and re-negotiating

Asked to reflect on their overall experience, the vast majority of participants who had switched or re-negotiated said they were satisfied with the process of switching or re-negotiating, saying their expectations had been met in terms of price savings, or billing and/or customer service issues being resolved.

It's good. It is good. The deregulation helps … Like I say, just due to the fact that the deregulation was last year, it's still very young to say what the bigger long-term picture is. In the short term, it has been very useful and very good, making things a lot easier.

(Re-negotiated, Small, Construction)

Yes, the telephone service with [their new retailer] is actually very good, you might have to wait a minute or 2 but no more than that ... It's a much more efficient company, I presume it's much smaller and it provides a better service.

(Switched, Small, Accommodation and food services)

No, just the bill's come down, which is amazing, because we're only a little company.

(Switched, Small, Manufacturing)

It seems a lot simpler than what we were doing. We were getting quarterly or half-yearly bills, and now it's smoothed out, just direct debits. We're paying less than we were. That's fine for us.

(Re-negotiated, Small, Wholesale/retail/motor trades)

Moreover, the vast majority said they would consider switching or re-negotiating in the future.

Yes, I'd probably try and get some further information first though. We might be better placed now that we've gone through the exercise once anyway.

(Switched, Medium, Education)

I think I would, yes. If I was not happy, if they weren't providing the service as I would expect at the prices that I expect, then yes, I would be more than happy to pick up the phone and speak to somebody about changing.

(Switched, Small, Wholesale/retail/motor trades)

Yes, as a public body, we are tasked to make sure that we get value for money. It is something that I do have to consider regularly. I have to say, these companies do make my life a lot easier.

(Switched, Small, Arts, entertainment, recreation and other services)

A small number had experienced problems since switching or re-negotiating

A small number did experience unexpected problems typically related to billing.

The process was straightforward enough, the only thing I don't think was quite clear enough was what we'd be seeing in terms of changes to our billing format.

(Switched, Medium, Education)

With the old account, they had a website you could get in and look at the account summary. There's something wrong with their front end or website, but I'm surviving without it so I'm not really worried, I dare say someone else will complain and hopefully they'll rectify it.

(Switched, Medium, Manufacturing)

A few others cited their frustration at being presented with unexpected up-front charges, something participants felt was unreasonable.

With [previous retailer] you could stagger the direct debits throughout the month but with this company they just take £1,500 straight out of your bank for all the sites because what they're doing is they're billing you in advance but you haven't even used the water yet. I'm sending the meter readings in but they billed me in March for April/May.

(Switched, Small, Professional, scientific and technical)

I didn't like it because they wanted 2 months payment up front, but I was so desperate to get away from [previous retailer]

(Switched, Small, Accommodation and food services)

Yes, we switched to another company and their bills are even worse because now they're billing us in advance for water I haven't even used yet.

(Switched, Small, Professional, scientific and technical)

Whilst this was raised by a fairly small minority, some participants did say they were interested in additional services

Some participants who had made use of a TPI had already made use of additional services beyond switching and/or re-negotiating. This was usually because the issues they had experienced with their previous retailers, meaning services such as account management and billing support were some of the primary motivations encouraging them to engage with the market.

Meanwhile, whilst this was an observation made by only a small number of participants, some did suggest that they would have liked to have known more from their TPI or retailer about the other services available such as billing support, water efficiency services, and support with identifying and addressing any leakages. It is also perhaps fair to say that, whilst there were mixed responses across size categories, larger SMEs (i.e. those in the medium-size category and/or over multiple sites) tended to be more likely to be looking for these additional services.

I gathered that there are certain things that haven't really been drilled into, like, eliminating waste and efficiency schemes and stuff like that. There are some added value services that are available that I've not really been made aware of ... They [TPI] concentrated heavily on price and administrative simplicity, but didn't think about other aspects, like, how the supplier is tapped into, the environment, and also, minimising on waste. That's an improvement opportunity for next time, definitely.

(Switched, Medium, Manufacturing)

Yes, it would be the billing [the area which they would have liked to know more about the additional services available]. Perhaps I'm naïve, but I believe when you're dealing with a huge organisation, and water is not like electricity or gas, you can actually visualise it, you know it's coming into the factory, you know it's going out. It's so annoying when you've told them meter readings which they're welcome to come in and read if they want to, but then nothing seems to happen.

(Switched, Medium, Manufacturing)

Yes, and that's why I first started engaging with when I started here. This holiday park has been around for decades, we have a sand-based ground source, which will absorb any water. We don't get ground signs of any leaks but we consume water even when the park is closed. That's an aspect I was looking at ... to analyse and engage with a company who could come into here, and identify any leaks or ways we could improve.

(Considered or considering, Medium, Accommodation and food services)

However, many said they weren't really interested in additional services or said that they would be unlikely to be interested, instead indicating they were simply focused on price.

Not really [whether interested in additional services], mainly just the price. It would be about how much it will cost us at the end of the day.

(Switched, Small, Arts, entertainment, recreation and other services)

Not really [whether interested in additional services]*, if I'm honest.*

(Planning to consider, Small, Wholesale/retail/motor trades)

No [whether interested in additional services]*, just the saving.*

(Planning to consider, Small, Arts, entertainment, recreation and other services)

Some said that participation in the survey had prompted them to investigate the market in more detail

Whilst most participants said their interest in the market had not changed, a few participants who were yet to engage fully with the market at the time of completing the survey said that their participation had made them more likely to engage with the market.

I'm intrigued, I want to find out more about it.

(Unaware, Small, Public administration and defence)

Yes [have become more interested since the survey]. We know we can change supplier now, so we will be looking into it. Benchmarking. Probably go to the broker company we use, otherwise just looking up the bill, contacting water companies and saying, 'Can you beat this?'

(Not Considering, Medium, Construction)

Increased. I was looking before, but not as intensely. It was mainly electric, gas. Water is potentially moving that way, not there yet, I showed more interest. That's more questions about water with various brokers I've spoken to regarding the electric, 'Do you do it?' Some do and some don't.

(Considered or considering, Medium, Accommodation and food services)

4.7 Experiences with TPIs

Most participants, irrespective of whether they had actively engaged with the market, said they were regularly contacted by TPIs via "cold calls"

The vast majority of those interviewed said that they had found cold calling to be a frequent occurrence. It was clear that this was a source of frustration for many participants, particularly those who said that long outstanding contract terms meant they were unable to consider their services even if they had wanted to.[18]

Yes, and it's very counterproductive. So, we're in contract, there's nothing we can do. I probably get about 5 calls a day from people trying to do it. It's more electricity, to be honest with you, but yes, there are some people talking about water, as well, to the point where we'd need to register with TPS, because it is really bad.

(Switched, Medium, Manufacturing)

I'm consulted by brokers almost on a daily basis. They [cold calls from TPIs] drive me nuts.

(Switched, Small, Wholesale/retail/motor trades)

Many said cold calls from TPIs were less frequent for water in comparison to other utilities

It is important to note that most participants said they received a much greater number of cold calls with respect to electricity and gas than they did other utilities including water. That said, many only revealed this when prompted, suggesting that - irrespective of the utility in question - participants tended to think about cold calls in one broader utility category. This highlights that it is quite possible that impressions of TPIs working in the business retail market for water will often be formed, fairly or unfairly, partly by experiences of TPIs more generally.

For utilities, yes, we do. … For the water, yes, it was the first time.

(Switched, Small, Construction)

[18] Cold calling was also identified as an issue by some participating in the TPI research. For more detail. See section 4.5 of the TPI report here: [Non-Household Customer Insight: Third Party Intermediaries Interviews BMG Final Report 2020](#).

I don't know. About 20 times a day. That's no exaggeration. Perhaps five to six times a day, maybe. Someone trying to sell me gas or electricity. Usually electricity. Never water, really. That's the only time I've ever had one ring up for water.

(Switched, Small, Wholesale/retail/motor trades)

Most said they would use TPIs again if looking to switch suppliers in the future

Reflecting on their experiences, the vast majority of participants were positive and said they would definitely consider using a TPI again in the future. As discussed on page 43 above, this was typically because they had simplified the process and had provided them with a seamless and effortless experience.

That my involvement was minimal [what was positive about the process]. It was good to let them take care of it, it went through quite smooth.

(Switched, Medium, Education)

We're paying them a commission for brokering it for us, therefore it's their task. I mean, we will do if necessary, but our safe is only about three or four weeks. I'm sure they will be aware that we haven't had an effluent bill for one of our sites, and I'm pretty sure they'll be chasing that up for us as well.

(Switched, Medium, Manufacturing)

4.8 Contact with providers

Most of those who had not yet engaged in the market said they had not, or could not recall, contacting their retailer(s) in the past 12 months

Excluding those who had switched retailers because of billing or customer services issues, most of those who had not yet engaged in the market said they had not, or could not, recall contacting their retailer(s) in the past 12 months. This highlights a wider point. Less contact with retailers tended to mean greater satisfaction as it was indicative of experiencing fewer issues. This would suggest that, unless something changed leading to dissatisfaction, few were likely to become “self-actuated” switchers or re-negotiators.

No, because like I say, [their current retailer] have been very good. I've not really needed to contact them about anything.

(Not Considering, Small, Arts, entertainment, recreation and other services)

No [had not contact with retailer]. Never had any issues.

(Considered or considering, Small, Professional, scientific and technical)

No, not at all. We haven't really had any issues or anything.

(Planning to consider, Small, Manufacturing)

Those that did contact retailer(s) did so for reasons related to billing, metering, or leakage and drainage issues. For most, the issues they had experienced had not been majorly disruptive.

Only asking for an invoice. Other than that, no.

(Planning to consider, Medium, Health)

Yes, I've done an online complaint about their billing service. They did say they would try and get the meter readers to read the sub-meter as well, but that's not happened so I've been overcharged yet again, but next time I get their invoice I'll sort it out and get a credit on to my account.

(Planning to consider, Medium, Agriculture, forestry and fishing)

Whilst they had not yet switched, those who had experienced more significant issues were typically those considering switching or who had considered doing so in the past

However, one or two participants had experienced greater issues. These tended to be participants who were slightly more engaged in the market than those who were actively considering switching to a new provider or had considered doing so over the previous 12 months.

I am contacting my supplier at least once every 72 hours. I am onto the water supplier either trying to deal with an issue which is ongoing, or to ask for information with a new issue.

(Considered or considering, Medium, Accommodation and food services)

Just keep on telling them that the meters aren't working. They're not really replying or whatever … The thing is, when you ring them up, they're very, very nice. They're very nice people, they say all the right things, but nothing's happening … There's nobody out there that's shouting, 'If you are having these issues, we'll sort it out for you.'

(Considered or considering, Medium, Mining, quarrying and utilities)

Most participants who had not yet engaged in the market said they were relatively satisfied with their current retailer

Since lack of contact appeared to correlate with fewer issues and therefore less propensity to look into switching, it is unsurprising that most participants who had not yet engaged in the market were typically satisfied with their current retailer. However, it is important to stress that most participants were passively satisfied with few signs of what one might call strong "brand loyalty". This was particularly the case among those in the unaware, not considering and planning to consider categories, many of whom clearly gave little thought or consideration to their water supplier and were simply content at not having any ongoing issues.

Yes, fine. Obviously, we owed them more money because it wasn't reading correctly and therefore the bills were underestimated. They came to replace the meter, realised the old one hadn't been reading correctly and worked back and found we owed them some money. They just agreed payment terms with us, they didn't demand it all at once.

(Not Considering, Small, Arts, entertainment, recreation and other services)

Yes. Don't have any problems with them [current retailer].

(Planning to consider, Medium, Manufacturing)

5. Appendix: Discussion Guides

5.1 Switchers & Re-negotiators

Introduction and briefing (5 minutes)

- **Introductions:**
    - Moderator to introduce themselves and BMG Research (introduce as 'on behalf' of Ofwat and CCW.
    - You recently completed a survey for Ofwat and CCW and agreed to take part in further research about the water market. Would you still be happy to take part? *[if unavailable, schedule another appointment].*
    - Thank them for agreeing to take part in the discussion.
    - Emphasise the importance of the research. You are one of a select group of individuals or organisations identified to take part and we really value your time and input in this project.
    - This is a great opportunity to have your views heard and an opportunity to help Ofwat to identify and, where relevant, address any issues in the sector.

- **[IF NECESSARY]**
  Ofwat is the economic regulator of the water sector in England and Wales.

- **[IF NECESSARY]**
  CCW is an organisation which represents the interests of consumers, including organisations, in the water industry.

- **Overview of the research:** We are conducting a research project on behalf of Ofwat and CCW which seeks to understand more about the business retail market from the perspective of small and medium-sized enterprises (SMEs) – how they have experienced the water business retail market and companies. This will include understanding more about your views and experiences with respect to the water retail market, including your experiences of the journey of switching / re-negotiating and interactions with the market and companies. The interview will also explore what drove your interest in switching / re-negotiating, your needs and expectations and whether these were met.

- **No requirement of knowledge:** Please note that we do not expect you to have or require you to have any detailed knowledge about the business retail market. If you are unsure of anything at any point just let me know.

- **Length:** The interview should take approximately 30 minutes to complete.

- **Confidentiality:** All information you provide will be treated confidentially. We will not identify any individuals or disclose the personal details of those who take part. I am independent - do not work for Ofwat or CCW. Your responses will be treated in the strictest confidence as observed by standards determined by the Market Research Society.

- Views stated are not attributable to individuals and the more open and honest you can be the better.
- Quotes from the discussions may be used in the research report as a way of bringing the findings to life. Individuals or organisation names, including other organisations outside your own, will not be identified in any publicly released reporting. This is in line with the Market Research Society Code of Conduct.
- There are no right or wrong answers: it's just your views or opinions that count.

Recording: We would like to audio-record the discussion for the purposes of accurately capturing all the information you share with us. The audio will be used for analysis purposes only and will not be shared with anyone outside of BMG Research.

Provide an opportunity for participant to ask any questions.

Seek permission to audio-record. Switch microphone on. Once switched on, confirm that the audio-recorder is on for the benefit of the tape.

Prior to interview

- Prior to the interview, interviewer to check SME size (number of employees), water region, sector and confirm status.

Background (3-5 minutes)

- ASK ALL: Can I just check, when we previously contacted you, you stated you had switched or re-negotiated water providers in the last 12 months, is this correct?
    - If necessary, prompt: Can I clarify, had you not switched or re-negotiated.

Moderator to take note of <u>whether participant meets the recruitment criteria</u>.

If participant does not meet key criteria (i.e. has not switched/re-negotiated), thank and close as appropriate. Or, ideally, swap topic guides where relevant.

- **Can you start by telling me a little more about your business?**

    Interviewer to explore spontaneous responses. If necessary, prompt on:

    - Tell me about what your business does? How many employees do you have? How many customers do you have? Are you multi or single-site?
    - How important or unimportant is water to your business?

- How are your utilities managed? Are there dedicated personnel who manage utilities or is it somebody's 'job' in addition to their principal role? *(Explore any differences between larger and smaller companies, or possibly more industrial sectors).*
- Would you say your water bill accounts for a significant or noticeable portion of your organisation's costs? Do you use ancillary services such as surface water run-off, return to sewer allowances etc.?
- Who is your current water or wastewater retailer? **If switched:** who did you switch from?
- How long ago did you **switch / re-negotiate?**
- Do you know what kind of contract you have switched to and/or how long the contract lasts for?

Knowledge and Perceptions of Market (5-7 minutes)

- **ASK ALL: What, if anything, do you know about how the business retail market for water and wastewater services works?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - How do you feel about the option to change and choose your retailer for water or water waste?
  - Have you experienced or observed any benefits or drawbacks of an open market* in regards to your business? Or in the overall market?
  - In comparison to other utility retail markets how would you describe your awareness of the water business retail market?

  **NOTE: If respondent questions 'open market', provide the following description: In April 2017, non-household customers in England became eligible to choose their retailer for water and wastewater services.*

Early stages of Switching / Re-negotiating (8-10 minutes)

- **ASK ALL: What were your reasons for switching / re-negotiating?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Interviewer here to identify/probe if they were 'pushed' or 'jumped'.
    - 'Pushed' – a bad experience/s and services from their previous retailer influenced decision to switch. Highly unlikely to return to previous retailer.
    - 'Jumped' – Switched/re-negotiated for better / alternative deal. This tends to be more positive reasons.
  - Were you looking to switch from your existing retailer? Or did you see better alternative deals?

- **ASK ALL: How did you begin searching the market, were you contacted directly by a retailer / broker / Third Party Intermediary (TPI)**? Or did you run a tendering or formal procurement process?**
  - Thinking back to before you switched or re-negotiated, did you have any expectations about what being able to choose retailer might give you? Were your expectations informed by what other businesses might be doing / any marketing material / TPIs?
  - Were you aware of any of the possible retailers in the market that you might choose from?
  - How long had you considered switching or re-negotiating before you took action to switch or re-negotiate?

  ***NOTE: If respondent queries what a TPI is, provide this statement: "These are organisations and individuals that offer paid-for advice and information which may help you buy water for your business and broker a deal with a water retailer."*

- **When considering a new offer, either by yourself or prompted by contact with a new retailer or broker, were you looking for any particular factors / benefits / services?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - ***In this section, explore the theme of whether 'jumped' versus 'pushed' in more detail.***
  - Were these more price related? E.g. lower tariff, incentives / cashback offers (likely 'jumped').
  - Were these more customer service related? E.g. better customer service experience (likely 'pushed'), spending less time on sorting out bills, being able to consolidate bills
  - Were you more interested in new or additional services? E.g. water efficiency services or advice, help with reducing leakage, enhanced metering services? (likely 'jumped')
  - Or just looking for the option of change?
  - Did you contact your own retailer? Or did your previous retailer try to contact you and/or offer you a better deal? What would you say your priority was in considering moving provider or getting a better deal? What prompted you or 'sealed the deal' for you? *(Identifying whether they were pushed or whether they jumped).*
  - **IF THEY WERE CONTACTED DIRECTLY**: How were you contacted?
  - **IF THEY RAN A TENDERING OR FORMAL PROCUREMENT PROCESS**: Could you tell me a bit more about the tendering exercise you ran**?**

- **<u>IF CONTACTED DIRECTLY</u> BY RETAILER/TPI/BROKER: Initially, how did you feel about being contacted? What were your views about the retailers/TPI/broker?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - Tell me more about the broker/consultant you used?
  - How did you come into contact with them? Were you contacted by or did you use a broker you already use, or have used, for other utilities such as gas or electricity?

- If it was a new broker, did they provide / have they provided any reassurances, such as about the Code of Conduct?
- Did you sign / had you already signed a Letter of Authority? How did you find that process?
- Were they aware of the type of business, and the sector in which you operate? Were there any particular benefits or services they focused on for you to consider their services?

- **IF THEY WEREN'T CONTACTED DIRECTLY BY RETAILER/TPI/BROKER: Initially, how did you begin to examine switching or re-negotiating with your retailer?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Did you contact or research different retailers and compare? Approximately how many?

- **SWITCHERS ONLY: Were you also open to re-negotiating a better deal with your previous retailer or were you keen to switch?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - **If keen to switch –** was this because they were 'pushed'? Did previous experiences close the door to re-negotiating, or is reasoning more about perceptions of better alternatives?
  - **If they had contacted their previous retailer –** what did they offer, why did they decide to switch instead?

- **RE-NEGOTIATORS ONLY: Were you also open to switching providers or were you keen to stay with your existing retailer?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - If keen to stay with existing retailer - why? E.g. did they offer incentives or benefits for staying? Or other factors?

Searching and comparing (5-7 minutes)

- **ASK ALL: Did you research or try to research the market or compare different retailers when thinking about switching or re-negotiating?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - **If yes:** how did you go about this?
  - What sources did you use or try to use? What type of information did you use or were you trying to use?
  - Did you use internet sources to research, for example the 'Open Water' website?

- **How easy or difficult did you find it to research the market or compare offers or different retailers?**
  - If easy: why was this?
  - If difficult: why was this? What in your view could be done to make this easier?

- **Could you tell me more about the experience of comparing retailers or offers?**
  - **IF PRICE COMPARISON TOOL OR WEBSITE USED:** Can you tell me a little more about the price comparison website you used / are using? How did you find the process of shopping around, finding offers or comparing retailers? Were there aspects that were particularly easy, or particularly difficult?
  - **IF CUSTOMER HAS MORE THAN ONE PREMISES:** Does the fact you have more than one premises have or had an impact on the type of information you've been looking for or your ability to compare offers?
  - Having switched or moved to a new deal with your existing provider, do you feel you've made an informed choice?

During the process: Contact and engagement (5-7 minutes)

- **ASK ALL: Could you tell me about the switching / re-negotiation process itself? How easy or difficult was the process?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - **IF USED RETAILER/TPI/BROKER**: When you began the process of switching or re-negotiating how was your experience of customer service?
  - How did they stay in contact? How did they provide quotes and information? Did they provide you with all the information you wanted/needed?
  - Can you tell me more about any administrative processes or procedures you went through? Were these easy or difficult?
  - Did you sign or use a Letter of Authority (LoA), so the broker or TPI could act on your behalf? How was this experience?
  - Were you kept informed throughout the process?
  - Overall, how long did the process of switching take?
  - **IF THEY CHANGED THEMSELVES:** Did you receive any information or guidance from your new or old retailer? Overall, how long did the process of switching take?

Evaluation of Experience Switching / Re-negotiating (5-7 minutes)

- **ASK ALL: Overall, how would you describe your experience of switching or re-negotiating?**

Interviewer to explore spontaneous responses. If necessary, prompt on:

- What did you actually get from the switch or re-negotiation? Lower prices, better customer services, bill consolidation or a new service such as water efficiency services or advice?
- **If the respondent took up some form of water efficiency or leakage reduction service:** have these made a difference to your water consumption or your water bills? Can you tell me more about how easy or difficult it was to enable these services - such as taking better or more regular meter readings, or the need to install specialist meter reading equipment?
- **If the respondent was able to consolidate bills:** were these across water and wastewater services / across multiple sites?
- Reflecting on your experiences, would you say your experience of switching or re-negotiating with your retailer has been positive or negative?
- What has been the impact of switching or re-negotiating for your business?

- **ASK ALL: Were your expectations met upon switching or re-negotiating? If there were any benefits or incentives, were these as you were expecting? (Not met/ yet to be met / exceeded).**
  - **ASK IF EXPECTATIONS WERE NOT MET ON SWITCHING:** Why were your expectations not met?
  - Were your expectations not met because the kinds of benefits you were expecting were simply not delivered, or because they were not delivered to the extent you were expecting (e.g. your bill was lower but not by as much as expected)?
  - **ASK IF EXPECTATIONS NOT YET MET:** When do you think the benefits you expected might be delivered or materialise?
  - **ASK IF EXPECTATIONS WERE EXCEEDED:** How do you feel your expectations of switching or re-negotiating have been exceeded? In what ways?

- **IF USED A TPI: Overall, how was your experience specifically using a TPI?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Are there areas of where TPI activity or conduct deserves praise, or areas where there is room for improvement?
  - Are you still in contact with the TPI now? How long has this correspondence lasted (i.e. was there ongoing assistance)?

- **ASK ALL:**
  - What was one thing about the process of switching / re-negotiating that went well?

- If you could change one thing about the process of switching / re-negotiating, what would it be?
- Would you consider switching / re-negotiating again in the future?

Contact with provider (3-5 minutes)

- **ASK ALL: Apart from switching or re-negotiating, have you contacted your existing and/or previous retailer with any requests or about any issues in the last 12 months?**
- **If yes**: what was your most recent contact about?
- Did your retailer, in dealing or attempting to deal with your request or issue, redirect or try to redirect you to another company or organisation? Did this help or hinder?
- Overall, how satisfied were you with the contact you had with your retailer or other companies you may have been directed to regarding your request or issue?

Wrap Up (2 minutes)

- Moderator to check for any final closing comments
- Repeat assurances regarding confidentiality
- Thank and close

5.2 Considering, considered, & planning to consider

Introduction and briefing (5 minutes)

- **Introductions:**
  - Moderator to introduce themselves and BMG Research (introduce as 'on behalf' of Ofwat and CCW)
  - You recently completed a survey for Ofwat and CCW and agreed to take part in further research about the water market. Would you still be happy to take part? *[if unavailable, schedule another appointment]*
  - Thank them for agreeing to take part in the discussion
  - Emphasise the importance of the research. You are one of a select group of individuals or organisations identified to take part and we really value your time and input in this project.
  - This is a great opportunity to have your views heard and an opportunity to help Ofwat to identify and where relevant address any issues in the sector.

- **[IF NECESSARY]**
  Ofwat is the economic regulator of the water sector in England and Wales

- **[IF NECESSARY]**
  CCW is an organisation which represents the interests of consumers, including organisations, in the water industry

- **Overview of the research:** We are conducting a research project on behalf of Ofwat and CCW which seeks to understand more about the business retail market from the perspective of small and medium-sized enterprises (SMEs) – how they have experienced the water business retail market. This will include understanding more about your views and experiences with respect to the water retail market. If you have tried to switch providers previously, we would like to know more about your experience and insight into barriers and challenges and what may need to be different. Or, if you are considering or plan to consider switching or re-negotiating with your water provider in the future, the interview will cover what you might want, need or expect from the market, as well as your current understanding as to how the market operates.

- **No requirement of knowledge:** Please note that we do not expect you to have or require you to have any detailed knowledge about the business retail market. If you are unsure of anything at any point just let me know.

- **Length:** The interview should take approximately 30 minutes to complete.

- **Confidentiality:** All information you provide will be treated confidentially. We will not identify any individuals or disclose the personal details of those who take part. I am independent: I do not work for Ofwat or CCW. Your responses will be treated in the strictest confidence as observed by standards determined by the Market Research Society.

  - Views stated are not attributable to individuals and the more open and honest you can be the better.
  - Quotes from the discussions may be used in the research report as a way of bringing the findings to life. Individuals or organisation names, including other organisations outside your own, will not be identified in any publicly released reporting. This is in line with the Market Research Society Code of Conduct.
  - There are no right or wrong answers: it's just your views or opinions that count.

Recording: We would like to audio-record the discussion for the purposes of accurately capturing all the information you share with us. The audio will be used for analysis purposes only and will not be shared with anyone outside of BMG Research.

Provide an opportunity for participant to ask any questions.

Seek permission to audio-record. Switch microphone on. Once switched on, confirm that the audio-recorder is on for the benefit of the tape.

Prior to interview

- Prior to the interview, interviewer to check SME size (number of employees), water region, sector and confirm status.

Background (5-7 minutes)

- **ASK ALL:** Can I just check , when we previously contacted you, you stated you had either tried switching or re-negotiating with providers but couldn't, are considering or have already considered switching or re-negotiating, or are planning to consider switching or re-negotiating in the next 12 months, is this correct?
  - If necessary, prompt: if they don't clarify, ask if they had tried but could not / are considering / have considered or plan to consider switching / re-negotiating.
  - Can you tell me a little about your experience / your plans?

Moderator to take note of <u>whether participant meets the recruitment criteria</u>.

If participant does not meet key criteria thank and close as appropriate. Or, ideally, swap topic guides where relevant.

- **Can you start by telling me a little more about your business?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Tell me about what your business does? How many employees do you have? How many customers do you have? Are you multi or single-site?
  - How important or unimportant is water to your business?
  - How are your utilities managed? Are there dedicated personnel who manage utilities or is it somebody's 'job' in addition to their principal role? *(Explore any differences between larger and smaller companies, or possibly more industrial sectors).*
  - Would you say your water bill accounts for a significant or noticeable portion of your organisation's costs? Do you use ancillary services such as surface water run-off, return to sewer allowances etc.?

Reflections of Retailer (5 minutes)

- **ASK ALL: Can you tell me more about your current retailer?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Who is your current water or wastewater retailer? How long have you been with them?
  - Do you know what kind of contract you are on and how long the contract lasts for?

- How satisfied or dissatisfied are you with your overall service? What does your service include?
- If necessary, prompt: how do you feel about: price, customer service, online account management, water efficiency services, leakage control services, metering services?

Knowledge and Perceptions of Market (5-7 minutes)

- **ASK ALL: What, if anything, do you know about how the business retail market for water and wastewater services works?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Were you aware that you can now choose your retailer for water or wastewater services?
  - Since the survey, has your interest in the business retail market increased or stayed the same?
  - Have you experienced or observed any benefits or drawbacks of an open market* in regards to your business? Or in the overall market?
  - Do you think there any benefits or drawbacks from switching or re-negotiating with your existing retailer? *(Explore if they are more inclined to switch or re-negotiate).*
  - In comparison to other utility retail markets how would you describe your awareness of the water business retail market?

  **NOTE: If respondent questions 'open market' state: In April 2017, non-household customers in England became eligible to choose their retailer for water and wastewater services.*

Understanding those who tried to switch or re-negotiate but couldn't switch / re-negotiate (15 minutes)

- **ASK THOSE WHO TRIED BUT COULDN'T: Can you tell me a little more about your experience of trying to switch or re-negotiate?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - *Interviewer here to identify/probe if their motivations for trying to switch or re-negotiate were more 'pushed' or 'jumped'.*
    - *'Pushed' – a bad experience/s and services from their previous retailer influenced decision to switch. Highly unlikely to return to previous retailer.*
    - *'Jumped' – Switched/re-negotiated for better / alternative deal. This tends to be more positive reasons.*
  - Were you looking to switch from your existing retailer? Or did you see better alternative deals?

- **ASK THOSE WHO TRIED BUT COULDN'T: How did you begin searching the market? Were you contacted directly by a retailer, broker or Third Party Intermediary (TPI)? Or did you run a**

tendering or formal procurement process? Or, did you start to look around to see what was available?

Interviewer to explore spontaneous responses. If necessary, prompt on:

- Thinking back to before you tried to switch or re-negotiate, did you have any expectations about what being able to choose retailer might give you? Were your expectations informed by other what other businesses might be doing / any marketing material / TPIs?
- Were you aware of any of the possible retailers in the market that you might choose from?
- How long had you considered switching or re-negotiating before you tried to switch or re-negotiate?

***NOTE: If respondent queries what a TPI is, provide this statement: "these are organisations and individuals that offer paid-for advice and information which may help you buy water for your business and broker a deal with a water retailer".*

- **ASK THOSE WHO TRIED BUT COULDN'T: When considering a new offer, either by yourself or prompted by contact with a new retailer or broker, were you looking or are you looking for any particular factors / benefits/services?**

  Interview to explore spontaneous responses. If necessary, prompt on:

- (In this section, explore the theme of whether 'jumped' versus 'pushed' more in detail)
- Were these more price related? E.g. lower tariff, incentives / cashback offers (likely 'jumped')
- Were these more customer service related? E.g. better customer service experience (likely 'pushed'), spending less time on sorting out bills, being able to consolidate bills
- Were you more interested in new or additional services? E.g. water efficiency services or advice, help with reducing leakages, enhanced metering services (likely 'jumped')
- Or just looking for the option of change?
- Did you contact your own retailer? Or did your retailer try to contact you and/or offer you a better deal?
- What would you say your priority was in considering moving provider or getting a better deal? What prompted you or 'sealed the deal' for you? (Identifying if they were 'pushed' or 'jumped' overall).

- **ASK THOSE WHO TRIED BUT COULDN'T: Did you research or try to research the market or compare different retailers when thinking about trying to switch or re-negotiate?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

- If yes:

- How did you go about this? What sources did you use or try to use? What types of information did you use or were you trying to use?
- Did you use internet sources to research, for example the 'Open Water' website? Or a price comparison tool or website?
- How did you find it to research the market or compare offers or different retailers?
- If easy – why was this?
- If difficult – why was this? What in your view could be done to make this easier?

- **ASK THOSE WHO TRIED BUT COULDN'T: Could you tell me more about the experiences of comparing retailers or offers?**
  - **IF PRICE COMPARISON TOOL OR WEBSITE USED**: Can you tell me a little more about the price comparison website you used / are using? How did you find the process of shopping around, finding offers or comparing retailers? Were there aspects that were particularly easy, or particularly difficult?
  - **IF CUSTOMER HAS MORE THAN ONE PREMISES**: Does the fact you have more than one premises have or had an impact on the type of information you've been looking for or your ability to compare offers?
  - **IF TPI/BROKER WAS USED:** Tell me more about the broker/consultant you used or plan on using? How did you come into contact with them? If you knew/know them already, why did you stick with them? If it was a new broker, did they provide / have they provided any reassurances, such as about the Code of Conduct? Did you sign / have you already signed a Letter of Authority? How did you find that process?
  - **IF THEY RAN A TENDERING PROCESS / OR PLAN TO:** Could you tell me a bit more about the tendering exercise?

- **ASK THOSE WHO TRIED BUT COULDN'T: Can you explain to me why you were unable to proceed switching or re-negotiating retailers?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - At what point in the process did you become aware you would be unable to switch or re-negotiate?
  - **IF CUSTOMER DISSATISFIED WITH RETAILER / TPI:** Did your retailer/TPI explore options to enable you to switch or re-negotiate?
  - Could you tell me a bit more about the issues you faced when trying to resolve the issue? Are these resolved?
  - How satisfied or dissatisfied were you with the process of trying to resolve the problem?
  - What would have improved this process?

- **ASK THOSE WHO TRIED BUT COULDN'T: How do you now feel about switching/re-negotiating and what the market might offer you?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
    - What are your views on TPIs if you used one?
    - Would you consider attempting to switch or re-negotiate again in the future?
    - Any closing comments on the market to provide in the future and how it can build on what it currently does?

Understanding those who are considering / have considered but decided not to switch or re-negotiate (15 minutes)

- **ASK THOSE WHO ARE CONSIDERING / HAVE CONSIDERED: Why are you now considering / why did you consider switching /re-negotiating with your water retailer?**
  Interviewer to explore spontaneous responses. If necessary, prompt on whilst considering the two categories:
    - Have you begun / did you begin to look for particular services or offers or were you approached / have you been approached by a broker or retailer offering a better deal?
    - Did you have any ideas/expectations about what the market may offer you?
    - Were you aware of any of the possible retailers in the market that you might choose from?
- **ASK THOSE WHO ARE CONSIDERING / HAVE CONSIDERED: When considering a new offer, either by yourself or prompted by contact with a new retailer or broker, were you looking / are you looking for any particular factors, benefits or services?**
  Interviewer to explore spontaneous responses. If necessary, prompt on whilst considering the two categories:
  - (In this section, explore the theme of whether 'jumping' versus 'pushed' more in detail)
  - Were these more price related? E.g. lower tariff, incentives / cashback offers (likely 'jumped')
  - Were these more customer service related? E.g. better customer service experience (likely 'pushed'), spending less time on sorting out bills, being able to consolidate bills
  - Were you more interested in new or additional services? E.g. water efficiency services or advice, help with reducing leakages, enhanced metering services (likely 'jumped')
  - Or just looking for the option of change?
  - Did you contact your own retailer? Or did your retailer try to contact you and/or offer you a better deal?
  - Is there anything that has stopped you from going ahead and switching retailers or re-negotiating so far? Any barriers or challenges?

- **ASK THOSE CONSIDERING / HAVE CONSIDERED BUT DECIDED NOT TO: What kind of information did you use / are you using to help you make a decision about switching or re-negotiating?** ***Interviewer to explore spontaneous responses. If necessary, prompt on:***
    - How did you initially look into switching or re-negotiating retailers? / How are you initially looking into switching or re-negotiating retailers?
    - Are you doing so yourself? Did you use, or are you using, or were approached by a broker/TPI? Or did you use / are you using a tendering or procurement process?
    - Did you try to re-negotiate with your existing retailer too? / Will you try and re-negotiate with your existing retailer as well?
    - **ASK IF THEY COMPARED OR ARE COMPARING DIFFERENT RETAILERS THEMSELVES:** How did you go about this? / How are you going about this?
    - What sources and information did you use? / What sources and information are you considering using?
    - Did you use internet sources to research, for example the 'Open Water' website?
    - **ASK THOSE THAT HAVE CONSIDERED ALREADY:** How did you find it to research the market or compare offers or different retailers?
    - If easy – why was this?
    - If difficult – why was this? What in your view could be done to make this easier?
    - **IF PRICE COMPARISON WEBSITE USED / CONSIDERING BEING USED:** Can you tell me a little more about the price comparison website you used / are considering using?
    - How did you find the process of shopping around, finding offers or comparing retailers? Were there aspects that were particularly easy, or particularly difficult?
    - **IF CUSTOMER HAS MORE THAN ONE PREMISES:** Does the fact you have more than one premises have or had an impact on the type of information you've looked for or been looking for and your ability to compare offers?
    - **IF TPI/BROKER/ WAS USED OR CONSIDERING BEING USED:** Tell me more about the broker/consultant you used or plan on using? How did you come into contact with them? If you knew/know them already, why did you stick with them? If it was a new broker, did they provide / have they provided any reassurances, such as about the Code of Conduct? Did you sign / have you already signed a Letter of Authority? How did you find that process?
    - **IF THEY RAN A TENDERING PROCESS / OR PLAN TO:** Could you tell me a bit more about the tendering exercise?

- **ASK THOSE CONSIDERING / HAVE CONSIDERED BUT DECIDED NOT TO: Overall, are you satisfied or dissatisfied with the information that has been available (or so far available) to you?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Did the information you accessed enable you to make a choice / so far has the information been helpful or unhelpful?
  - Is there any information you do / or did not have access to that you believe would further help?

- **ASK THOSE WHO HAVE CONSIDERED BUT DECIDED NOT TO: Overall, why did you not go ahead with switching / re-negotiating with retailers?**
  - How satisfied or dissatisfied are you with your current retailer and your current deal since considering but not switching or re-negotiating?
  - *Interviewer to explore if they are 'hanging on', if they are dissatisfied but decided not to switch - do they believe alternative retailers will be better or worse? Are they close to being pushed and what do they think of pull factors?*
  - Would you consider switching or re-negotiating again in the future?

Understanding those who plan to consider (15 minutes)

- **ASK THOSE WHO PLAN TO CONSIDER: Can you tell me a little bit more as to why you are planning to consider switching or re-negotiating in the business water market?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - *Interviewer to identify here if those who plan to consider are on the verge of being pushed, or looking to jump.*
    - *'Pushed' – a bad experience/s and services from their current retailer*
    - *'Jumped' – looking to switch/re-negotiate for better / alternative deal. This tends to be for more positive reasons.*
  - Are there specific benefits or services making you now consider switching or re-negotiating?
  - Would these be price related? E.g. lower tariffs, incentives / cashback offers?
  - Would these be customer service related? E.g. better customer service experience, dissatisfied with a previous service, being able to consolidate bills?
  - Would you be more interested in new or additional services? E.g. water efficiency services or advice, help with reducing leakage, enhanced metering services?
  - Or would you just look for the option of change?

- **ASK THOSE WHO PLAN TO CONSIDER: Is there a reason that, up until this point, you had not yet started looking at switching or re-negotiating with your retailer?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - Is water a priority? Is anything holding you back? I.e. concerns about the process of switching, or you've heard about experiences with other utilities or water providers in the past that have given you pause for thought?

- Do you have any preference towards switching providers or re-negotiating with your existing provider? Can you tell me more about this?

- **ASK THOSE WHO PLAN TO CONSIDER: Can you tell me more as to where you plan to get information about switching or re-negotiating?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Do you feel you are already in an informed position to start shopping around or comparing offers or retailers for when you start considering?
  - What kind of information would you look for to help you make an informed decision about switching or re-negotiating?
  - What would make it more likely for you to consider switching or re-negotiating sooner rather than later?
  - How do you plan to switch or re-negotiate retailers? Will you compare yourself, or use a TPI or broker? Or use a tendering or formal procurement process?
  - Or, if you already use a TPI for other utility services, would you consider using them?

Contact with provider (3-5 minutes)

- **ASK ALL – Apart from switching or re-negotiating, have you contacted your existing and/or previous retailer with any requests or about any issues in the last 12 months?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - If yes – what was your most recent contact about?
  - Did your retailer, in dealing or attempting to deal with your request or issue, redirect or try to redirect you to another company or organisation? Did this help or hinder?
  - Overall, how satisfied were you with the contact you had with your retailer or other companies you may have been directed to regarding your request or issue?

Wrap Up (2 minutes)

- Moderator to check for any final closing comments
- Repeat assurances regarding confidentiality
- Thank and close

5.3 Not considering & unaware

Introduction and briefing (5 minutes)

- **Introductions:**
  - Moderator to introduce themselves and BMG Research (introduce as 'on behalf' of Ofwat and CCW.
  - You recently completed a survey for Ofwat and CCW and agreed to take part in further research about the water market. Would you still be happy to take part? *[if unavailable, schedule another appointment]*
  - Thank them for agreeing to take part in the discussion
  - Emphasise the importance of the research. You are one of a select group of individuals or organisations identified to take part and we really value your time and input in this project.
  - This is a great opportunity to have your views heard and an opportunity to help Ofwat to identify and where relevant address any issues in the sector.

- **[IF NECESSARY]**
  Ofwat is the economic regulator of the water sector in England and Wales.

- **[IF NECESSARY]**
  The CCW is an organisation which represents the interests of consumers, including organisations, in the water industry.

- **Overview of the research:** We are conducting a research project on behalf of Ofwat and CCW which seeks to understand more about the business retail market from the perspective of small and medium-sized enterprises (SMEs) – how they have experienced the water business retail market and companies. This includes your views on the market, what you expect and might need, or want. This includes gaining insight as to your views towards the prospect of switching / re-negotiating.

- **No requirement of knowledge:** Please note that we do not expect you to have or require you to have any detailed knowledge about the business retail market. If you are unsure of anything at any point just let me know.

- **Length:** The interview should take approximately 30 minutes to complete.

- **Confidentiality:** All information you provide will be treated confidentially. We will not identify any individuals or disclose the personal details of those who take part. I am independent: I do not work for Ofwat or CCW. Your responses will be treated in the strictest confidence as observed by standards determined by the Market Research Society.

  - Views stated are not attributable to individuals and the more open and honest you can be the better.

- Quotes from the discussions may be used in the research report as a way of bringing the findings to life. Individuals or organisation names, including other organisations outside your own, will not be identified in any publicly released reporting. This is in line with the Market Research Society Code of Conduct.
- There are no right or wrong answers: it's just your views or opinions that count.

Recording: We would like to audio-record the discussion for the purposes of accurately capturing all the information you share with us. The audio will be used for analysis purposes only and will not be shared with anyone outside of BMG Research.

Provide an opportunity for participant to ask any questions.

Seek permission to audio-record. Switch microphone on. Once switched on, confirm that the audio-recorder is on for the benefit of the tape.

Prior to interview

- Prior to the interview, interviewer to check SME size (number of employees), water region, sector and confirm status.

Background (3-5 minutes)

- **ASK ALL:** Can I just check, when we previously contacted you, you stated you had not considered / were unaware of switching water providers, is this correct?
  - If necessary, prompt: Can I clarify, had you not considered or were you unaware?

Moderator to take note of whether participant meets the recruitment criteria.

If participant does not meet key criteria (i.e. not considered/unaware), thank and close as appropriate. Or, ideally, swap topic guides to where relevant.

- **ASK ALL: Can you start by telling me a little more about your business?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Tell me about what your business does? How many employees do you have? How many customers do you have? Are you multi or single-site?
  - How important or unimportant is water to your business?
  - How are your utilities managed? Are there dedicated personnel who manage utilities or is it somebody's 'job' in addition to their principal role? (Explore any differences between larger and smaller companies, or possibly more industrial sectors).
  - Would you say your water bill accounts for a significant or noticeable portion of your organisation's costs? Do you use ancillary services such as surface water run-off, return to sewer allowance etc.?

Reflections of current retailer (5 minutes)

- **ASK ALL: Can you tell me more about your current retailer?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - If you know who supplies your water and wastewater retail services: what do you know about them? How long have you been with them?
  - How satisfied or dissatisfied are you with your overall price and service? What does your service include?
  - Do you know what kind of contract you are on or how long it has to run?
  - If necessary, prompt: how do you feel about: price, customer service, online account management, water efficiency services, leakage control services, metering services?

Knowledge and Perceptions of Market (5-7 minutes)

- **ASK ALL: What, if anything, do you know about how the business retail market for water and wastewater services works?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - How do you understand the current water market for businesses?
  - Were you aware that you can now choose your retailer for water or wastewater services?
  - How do you feel about the option to choose your water or wastewater retailer?
  - Have you seen anything in the press or online about the market as a whole or about individual retailers?
  - Have you experienced or observed any benefits or drawbacks of an open market* where you are free to choose your water or wastewater retailer? Or in the overall market?

  **NOTE: If respondent questions 'open market', provide the following description: In April 2017, non-household customers in England became eligible to choose their retailer for water and wastewater services.*

Understanding those not considering (10 minutes)

ASK NOT CONSIDERED:

- **Why have you not considered switching or re-negotiating so far?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - Are you happy with your existing retailer? Is water a priority for you, for example in comparison to your other utility bills?
  - Have you felt that you do not know enough about the market or alternative offers available to really consider switching or re-negotiating?
  - Have you switched other utilities? Has your experience in other markets impacted your consideration of the water retail market?

- **Has the idea of switching or re-negotiating your water and/or wastewater retailer got more appealing or more unappealing to you? Do you plan to do so in the future?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - What factors could be appealing or unappealing?
  - Could any particular factors / benefits / services encourage you to engage with the market? For example, if alternative retailers were offering benefits such as price savings including lower tariffs, incentives/cashback offers. Or better customer services, account management, water efficiency services, consolidated billing etc.
  - What factors could be unappealing? For example, difficulty finding out about the market or alternative offers, bad experience in other utilities, concerns about possible difficulties or worse service with a new retailer, concerns about the switching process going wrong?
  - Or would you just look for the option of change?

- **ASK IF INTERESTED IN SWITCHING OR RE-NEGOTIATING IN THE FUTURE: How would you like to find out more information about the market or possible offers?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Would you prefer to find information yourself, or would you prefer to use brokers or Third Party Intermediaries (**TPIs) such as comparison websites? Or run a tendering or formal procurement process?
  - Do you already use a TPI for other utility services? Have you considered asking them to look at getting you a better deal in the water business retail market?
  - How easy or difficult do you feel it would be to find the information you needed to make a decision?

  ***NOTE: If respondent queries what a TPI is, provide this statement: "These are organisations and individuals that offer paid-for advice and information which may help you buy water for your business and broker a deal with a water retailer"*

- **ASK IF CUTOMER IS STRONGLY AGAINST THE IDEA OF SWITCHING / RE-NEGOTIATING AND HAVE NO PLANS TO DO SO: Can you describe to me why you do not plan to consider switching or re-negotiating retailers?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Are there any particular reasons you have no plans to do so? E.g. not a priority, satisfaction with current retailer? Or are they not interested?

- **IF PARTICIPANT HASN'T THOUGHT ABOUT IT OR IS AMBIVALENT: How do you feel about negotiating a better deal with your existing retailer, or switching entirely?**

Interviewer to explore spontaneous responses. If necessary, prompt on:

- If you were to switch or re-negotiate, what sources of information would you look for to help you make a decision about switching or re-negotiating?
- What kind of services and/or benefits would you like to investigate?
- How easy or hard do you think it might be to make a choice or decision about switching or re-negotiating?
- **If multi-premises:** Does having multiple premises affect how easy or difficult it is to make a decision?
- How easy or hard do you think the switching/re-negotiating process would be?
- Do you think there would be any difficulties based on your experience of other utility retailers?

Understanding those who are unaware (10 minutes)

- **Since the survey, has your interest in the business retail market increased or stayed the same?**
  - Do you know where to find information about the business retail market?
  - In comparison to other utility retail markets how would you describe your awareness of the water business retail market?
  - If you are more aware of other markets, why do you think this is? Are there any specific utilities you know more about?
  - Do you think there any benefits or drawbacks of an open market* with regards to your business? How, if at all, do they imagine an open market and being able to choose their retailer may benefit their business?
  - Have you been contacted previously by a TPI or broker to ask about switching or re-negotiating your water and wastewater retail services?

  **NOTE: If respondent questions 'open market' state: In April 2017, non-household customers in England became eligible to choose their retailer for water and wastewater services.*

- **ASK NOT AWARE: Since our initial survey, has the idea of switching or re-negotiating got more appealing or more unappealing to you?**

  Interviewer to explore spontaneous responses. If necessary, prompt on:

  - Thinking of your needs and expectations, are there any areas which you now are considering investigating further independently, or with other retailers or TPIs? (e.g. price / customer service?)
  - Could any particular factors / benefits / services encourage you to engage with the market? For example, price savings – e.g. lower tariffs, incentives/cashback offers, better

customer services, account management, water efficiency services, consolidated billing etc.

- **ASK NOT AWARE: As you stated you were unaware of the changes to the business retail market. Is this something you would have wanted more information on, or is not of interest?**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - If yes, what sources of information?
  - If you were to make the decision to switch or re-negotiate with your retailer, is there any more information you would like to access to, or are you satisfied with what you know?
  - If a retailer / TPI / broker were to phone you and make enquiries about switching providers, would you have any specific questions for them?
  - Would you consider asking a TPI you currently work with, in another area, or have worked with, to explore switching or re-negotiating in the water retail market?

- **ASK IF THEY ARE STRONGLY AGAINST THE IDEA OF SWITCHING / RE-NEGOTIATING:**
  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - Are there any particular reasons you have no plans to do so? E.g. not a priority, satisfaction with current retailer? Or are they not interested?

- **ASK IF THEY ARE POSSIBLY INTERESTED IN LOOKING INTO SWITCHING / RE-NEGOTIATING AT SOME POINT IN THE FUTURE:**

  Interviewer to explore spontaneous responses. If necessary, prompt on:
  - Do you think switching or re-negotiating could benefit your business? Do you think you have enough information available to you to make an informed decision?
  - Do you prefer the idea of switching to another provider or getting a better deal with your existing provider? Why do you say that?

Contact with provider (3-5 minutes)

- **ASK ALL – Have you contacted your retailer with any requests or about any issues in the last 12 months?**
- **If yes:** what was your most recent contact about?
- Did your retailer, in dealing or attempting to deal with your request or issue, redirect or try to redirect you to another company or organisation? Did this help or hinder?
- Overall, how satisfied were you with the contact you had with your retailer or other companies you may have been directed to regarding your request or issue?

Wrap Up (2 minutes)

- Moderator to check for any final closing comments
- Repeat assurances regarding confidentiality
- Thank and close

6. Appendix: Statement of Terms

Set out below are BMG Research's standard terms and conditions. These shall be considered to be in place unless:

a) Our client sets out their own Terms and Conditions at proposal stage, and our submission of a proposal is considered to be acceptance of these or,

b) We sign a contract prepared by the client which sets out the Terms and Conditions under which work will be undertaken.

Use and Transfer of Personal Data

The acceptance of this proposal will be taken as the client's authorisation to sub-contract the stated services to the named providers as outlined in this proposal.

Where the Client is Data Controller the Client shall ensure that legal grounds are established for collecting and processing the personal data for research purposes.

The Client shall comply at all times with BMG Research's data transmission protocol, or agree an alternative secure method of transmission compatible with the Client's capabilities.

Should any new Personal Data be collected and shared with the Client as part of the services provided (and for which BMG Research is joint Data Controller) the Client shall not use this Personal Data for purposes other than for which consent from the Data Subject has been provided.

Compliance with International Standards

BMG complies with the International Standard for Quality Management Systems requirements (ISO 9001:2015) and the International Standard for Market, opinion and social research service requirements (ISO 20252:2012) and The International Standard for Information Security Management (ISO 27001:2013).

Freedom of Information

BMG is willing to support the client in responding to all Freedom of Information requests. However, we regard all information about individuals as personally sensitive and should not be disclosed. We also regard our methodology and all other aspects of this tender that are used to evaluate its merit as commercially sensitive. This is a competitive tender and is judged against a set of criteria to evaluate the way we have interpreted the specification and the approach we have put forward to meeting the objectives. If this was placed into the public domain and therefore open to our competitors it could put us at a material disadvantage in any future tendering process. Therefore, such commercially sensitive information should not be disclosed, without permission, for a period of at least one year after the award of the tender.

Ethical practice

BMG promotes ethical practice in research: We conduct our work responsibly and in light of the legal and moral codes of society.

We have a responsibility to maintain high scientific standards in the methods employed in the collection and dissemination of data, in the impartial assessment and dissemination of findings and in the maintenance of standards commensurate with professional integrity.

We recognise we have a duty of care to all those undertaking and participating in research and strive to protect subjects from undue harm arising as a consequence of their participation in research. This requires that subjects' participation should be as fully informed as possible and no group should be disadvantaged by routinely being excluded from consideration. All adequate steps shall be taken by both agency and client to ensure that the identity of each respondent participating in the research is protected.

Your acceptance of this proposal will be taken as agreement to abide by good practice in social research ethics.

Termination of contract

If commissioned based on the content of this proposal, the agency considers this to be your acceptance of our stated terms and conditions. Once commissioned, the agency reserves the right to levy a termination charge should the contract be cancelled by the client. All prices quoted are valid for ninety days from the date of this document. Included in the price quoted is a technical report detailing the methodology as delivered. This documentation would be made available to the client on request unless already detailed as part of the specified outputs.