The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

Water Matters Highlights Report

2019 - 2020

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Foreword

Over the past three years our highlights report has focused on customers' views on satisfaction with value for money of water and sewerage services and fairness of charges, mainly because these had plateaued at levels that could be improved. This year, scores in these areas have increased in England[1].

This is good news for customers and reflects positively on water companies. However, they must continue to build on their performance to ensure that improvement is sustained. Furthermore, the news is less positive in Wales, where average satisfaction with value for money (water and sewerage) and perceptions of fairness of the charges have all fallen this year[2].

All companies need to consider how certain aspects of their performance can affect customers' perceptions of what they offer, and their overall integrity. Our **#TimetoChange** document outlines small steps that companies can take to drive up satisfaction. There is no quick fix and changing perceptions requires a concerted, long-term effort.

Trust and care - indicators that people are emotionally engaged with their water company - are becoming more important drivers of customers' perceptions of value for money and fairness. Companies will need to show their customers that they care if they are going to improve overall perceptions. They can do this by engaging in a meaningful way.

To help with this, we have developed a Customer Engagement (CE) score to measure the effectiveness of companies' engagement with households on a range of issues. We have used this to identify areas of concern and we would like to see companies reduce the numbers of customers with a low engagement score.

Our report provides a snapshot of views before the COVID-19 lockdown. It seems inevitable that the pandemic will push more households into vulnerable financial circumstances, leading to an increase in demand for support and help with bills. With this in mind, it is vital that water companies reach all of their customers with the information that they need to access help. We will be looking at how well they respond to the challenge.

Dr Mike Keil
CCW Head of Policy and Research

1. In England, satisfaction with value for money of water services was 76% (71% in 2018); satisfaction with value for money of sewerage services was 77% (74% in 2018); and agreement that charges are fair was 66% (62% in 2018).

2. Customers in Wales generally have better perceptions of their companies than customers in England but satisfaction with value for money for services fell this year: water services from 82% to 77% and sewerage services from 82% to 79%. Agreement that water and/or sewerage charges were fair fell from 70% to 66%. The Net Promoter Score for Welsh customers has fallen from 43 to 37.

Introduction

Our annual Water Matters research tracks the views of household water customers and the long-term trends in those views. We use this data to examine where companies need to improve their performance and what action they can take to do this. Over the past few years, we have looked at customers' views on value for money and fairness of charges and highlighted what water companies can do to improve these scores.

This time we carried out analysis to understand what underlying factors are influencing customers' perceptions of value for money and fairness. We found that feeling able to trust the company and feeling that the company cares have become more important drivers of perceptions since last year.

Companies could increase their customers' scores on value for money and fairness, if they work on maintaining or improving their customers' perceptions of care and levels of trust.

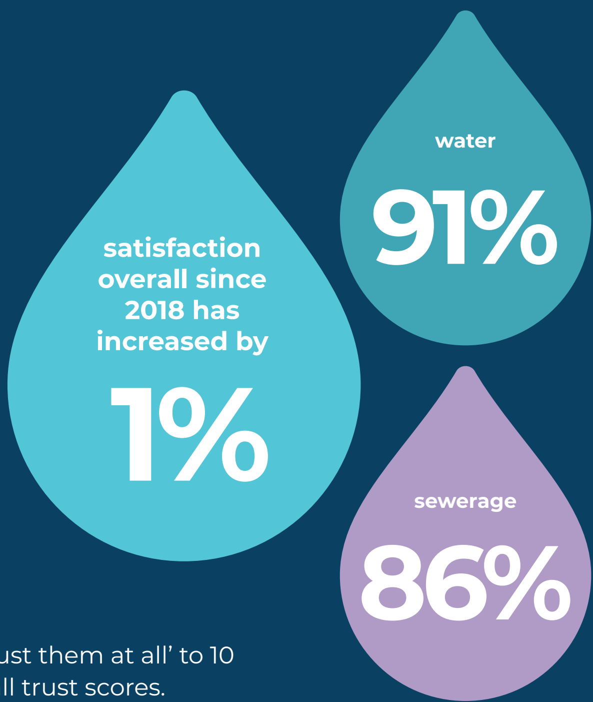
We have said in the past that water companies can improve positive perceptions of their performance by making every contact count – whether this is a complaint, a request for information or a query about services. There are a number of measures in Water Matters that relate to this type of activity. We used these to develop a Customer Engagement (CE) score so that we could understand how effective water companies have been in this area. We analysed how the CE score changed over time and how it varied across different customer groups to gain a clearer picture of where greater effort is needed.

The average CE score is disappointingly low and reflects the fact that the proportion of customers with low, medium or high engagement is generally around a third each. Companies' individual customer profiles will vary and there is more work that they can do to identify how to improve their customers' CE scores.

Overview of Water Matters 2019

The data report[3] accompanying this highlights report sets out the key findings relating to household customers across England and Wales.

- Satisfaction with overall water and sewerage services has increased by 1% since 2018, to 91% and 86% respectively.
- Satisfaction with value for money of water and sewerage services has increased over nine years. Across England and Wales, value for money of water increased from 72% to 76% in 2019 and value for money of sewerage increased from 75% to 77%.
- 66% of customers perceived their charges to be fair, which was a significant increase on 2018 (63%) but the nine-year trend is flat.
- Significantly more customers agreed that their charges were affordable - 78% in 2019, up from 73% in 2018. The nine-year trend in customers who agreed that their charges were affordable is increasing.
- 74% of customers were confident that their water supply will be available in the longer term without restriction, which was a slight increase on 2018 (73%).
- 69% of customers agreed that their water company cares about the services that they provide – the same as in 2017 and 2018. This trend has been flat over nine years.
- Customers' trust in water companies has fallen very marginally since 2018 (7.69 in 2019 compared to 7.70). However, it is still an upward trend since 2011 (7.33)[4].
- Over nine years, the number of customers who would be likely to contact their supplier if they were worried about paying their bill has been decreasing. However, there has been no change since 2018 (74%).
- Of those who had – for whatever reason - made contact with their water company in the previous 12 months, 79% were satisfied with the contact. This is lower than in 2018 (81%) but still an upwards trend over nine years.
- Awareness of the Priority Services register fell from 44% in 2018 to 42%, and the six-year trend is decreasing – down from 48% in 2014. However, average awareness of WaterSure/WaterSure Wales[5] has increased over nine years, from 7% to 10% in 2019.

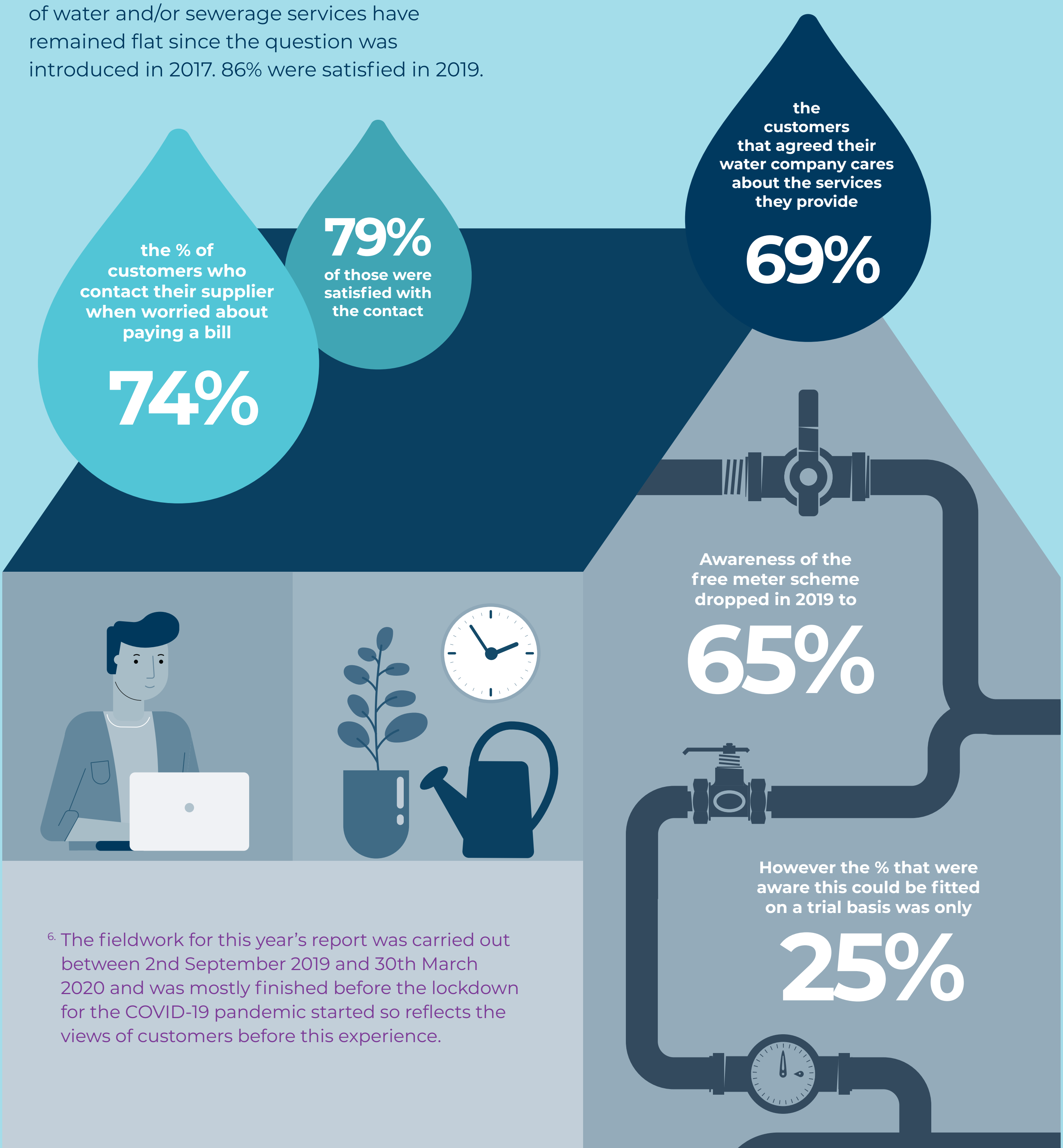


3. Water Matters data report

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

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

- Awareness of the free meter scheme, in unmetered households, has dropped slightly (65% compared to 67% in 2018) but the nine-year trend is one of increasing awareness. However, only 25% (26% in 2018) of these customers were aware that a meter can be fitted on a trial basis. This is a falling trend within customers who remain unmetered.
- Overall satisfaction with customer services decreased significantly to 79% - down from 83% in 2018.
- Customers' views on their overall experience of water and/or sewerage services have remained flat since the question was introduced in 2017. 86% were satisfied in 2019.
- Customers were asked for the first time about their ability to collect bottled water if their household water supply was disrupted - 80% said that they would be able to do this. 9% said that others would be able to collect water for them and the same percentage said that they would not be able to collect water[6].
- 41% of customers were very likely to recommend their water and/or sewerage company in 2019 – the same as the previous year.



[6] The fieldwork for this year's report was carried out between 2nd September 2019 and 30th March 2020 and was mostly finished before the lockdown for the COVID-19 pandemic started so reflects the views of customers before this experience.

What is driving perceptions of value for money and fairness?

Last year, we analysed our Water Matters data to identify the key factors driving customer perceptions of value for money and fairness.

In general, it seems that if companies want to improve their customers' perceptions, they will need to show care and empathy - as well as providing an excellent water and sewerage service. If customers feel that they trust their water company, and that it cares about them, they are more likely to think that their water and sewerage services are good value for money and that charges are fair.

The key to this is good engagement.

Table 1: Top five drivers of value for money and fairness in order

	2018	2019
Value for money of water services	- overall satisfaction with water - agree water company cares - trust water company - have water meter - taste and smell of water	- trust water company - agree water company cares - trust energy company - overall satisfaction with water - hardness/softness
Value for money of sewerage services	- overall satisfaction with sewerage - overall satisfaction with water - agree water company cares - water meter - council services good value for money	- overall satisfaction sewerage - agree water company cares - trust water company - trust energy company - overall satisfaction with water services
Fairness of charges	- overall satisfaction with water - trust water company - agree water company cares	- agree water company cares - trust water company - overall satisfaction with water

What does engagement look like?

Companies have to engage with consumers as part of their operational and long-term planning processes, such as water resources management plans, business plans and drought plans. This may involve them engaging with thousands - sometimes hundreds of thousands - of people on specific topics. While the industry has increased this type of engagement in recent years, we would not expect this to boost awareness of all the services and help that water companies can offer. Companies will also engage with consumers as part of day-to-day business, tackling operational, billing and bill management issues. For example, consumers might ask for help or more information, make a complaint or sign up for a specific service. Each of these contact points is an opportunity for the water company to foster positive customer perceptions. To make the most of these opportunities, companies need to develop well-designed strategies to promote the services that they provide. Frontline staff also need to be able to offer, or signpost to, appropriate assistance when people make contact for whatever reason.

There are a number of questions in Water Matters that ask customers about their awareness of service options and their inclination to contact their company about day-to-day business. These measures are:

- Likelihood of contacting their water company if they are worried about paying their bill
- Awareness and/or subscription to additional help/services
- Awareness and/or subscription to Watersure/Watersure Wales/Welsh Water Assist and other special tariffs
- Awareness of their right to revert for free/meter for free
- Whether they made contact with water/sewerage company

Using Principal Components Analysis[7], we combined these five individual measures together into a single 'Customer Engagement', or CE, score. This ranged from 0 to 10, with a score of 0 - 3 being low engagement (not willing to contact and unaware of services); 4 – 6 being moderate engagement; and 7 – 10 being high engagement. We then looked at how this score varied against a number of factors, which we set out next.

[7] The Principal Components Analysis methodology assumes that the five measures are all measures of a latent theme of 'engagement' and combines these together into a single score.

Customer engagement over time

Over the last six years, customer engagement on day-to-day issues has been falling in England. In Wales, the CE trend has remained largely flat.

We also looked at individual companies' CE scores. Table 2 sets out the scores for the water and sewerage companies, with Table 3 setting out those for the water only companies..

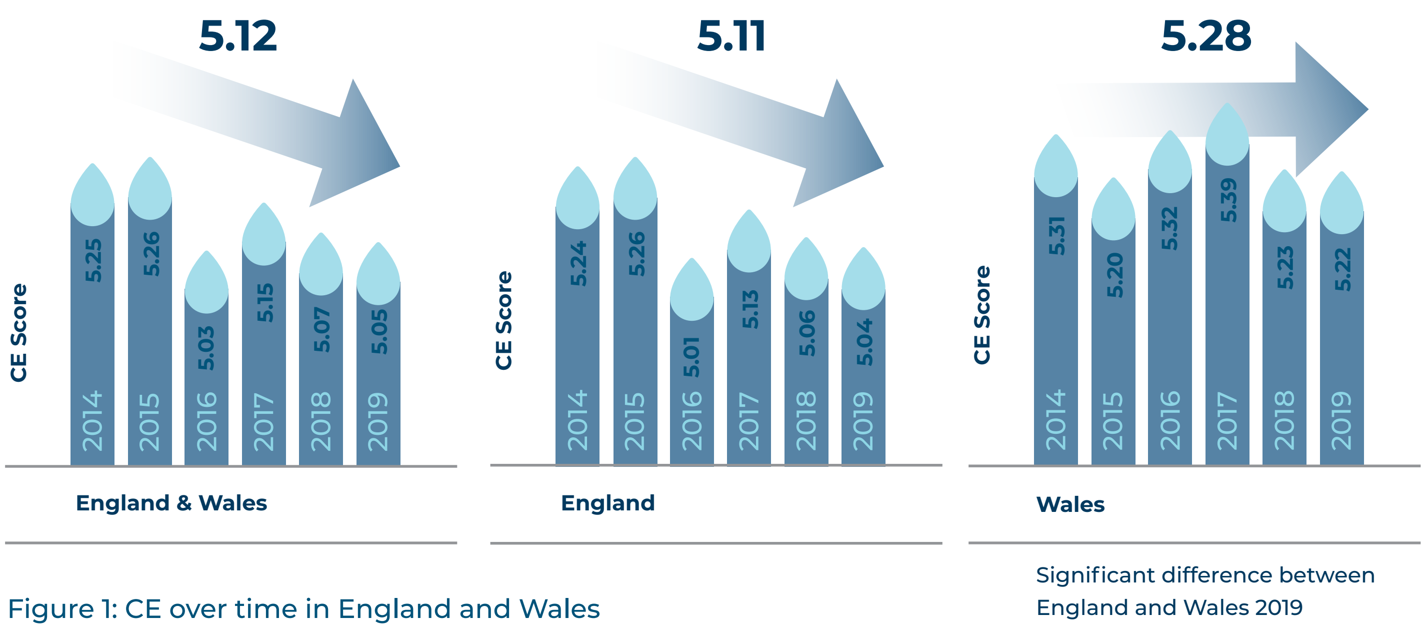


Figure 1: CE over time in England and Wales

Table 2: Water and sewerage company CE scores

WaSC	MEAN	2014	2015	2106	2017	2018	2019	Trend
Anglian	5.35	5.57	5.75	5.26	5.23	5.42	5.06	no trend
Dŵr Cymru	5.29	5.35	5.20	5.34	5.40	5.23	5.22	no trend
Hafren Dyfrdwy	5.20					5.17	5.22	N/A
Northumbrian	4.91	4.82	5.16	5.00	4.78	4.90	4.86	no trend
Severn Trent	5.15	5.17	5.32	5.12	5.34	4.70	5.29	no trend
South West	5.74	6.27	6.23	5.40	6.03	5.54	5.32	▼
Southern	5.05	5.28	5.40	4.68	5.05	5.17	4.90	no trend
Thames	4.74	4.76	4.71	4.81	4.59	5.09	4.52	no trend
United Utilities	5.16	5.46	5.27	4.90	5.23	4.96	5.23	no trend
Wessex	5.30	5.48	5.57	5.22	5.08	5.27	5.30	no trend
Yorkshire	5.18	5.27	5.26	5.16	5.20	5.25	5.02	▼

Table 3: Water only company CE scores

WaSC	MEAN	2014	2015	2106	2017	2018	2019	Trend
Bournemouth	5.29	4.90	5.84	5.05	5.12	5.67	5.22	no trend
Bristol	5.32	5.51	5.58	5.33	5.28	5.44	4.97	▼
Cambridge	5.31	5.34	5.48	5.25	4.94	5.40	5.46	no trend
Essex & Suffolk	5.35	5.20	5.46	5.15	5.28	5.37	5.58	no trend
Affinity South East	5.27	5.63	5.61	5.35	5.47	4.69	5.08	▼
Hartlepool	5.41	5.04	5.35	5.30	5.23	5.77	5.63	▲
Portsmouth	5.34	5.25	5.37	5.26	5.58	5.27	5.29	no trend
South East	5.16	5.80	4.98	5.15	5.08	5.09	5.00	▼
South Staffs	5.15	5.24	5.50	4.91	5.32	5.03	5.02	▼
SES	4.94	5.22	4.81	4.64	5.32	4.53	5.12	no trend
Affinity East	5.46	5.38	5.43	5.47	5.36	5.58	5.51	▲
Affinity Central	4.83	4.86	4.91	4.57	5.17	4.59	4.92	no trend

Table 2 and 3 reflect the complexities of companies' individual engagement profiles. The relationship between engagement and satisfaction is not straightforward. Engagement is likely to be driven by different things at an individual company level, such as the extent of metering and perceptions of charges. For example, South West Water customers have the lowest satisfaction with value for money of water and sewerage services. In spite, or perhaps because, of this the company has the highest level of engagement with their customers on the measures in the CE score, although this is a downward trend over five years. Other water companies, with generally higher levels of satisfaction, have lower CE scores.

Companies should consider the Water Matters data in the light of these engagement scores, with a view to better understanding the relationship between satisfaction and engagement. For example, Affinity Water may want to consider why Affinity Water East's trend is moving upwards, when the trends for its Central and South East regions are flat and declining respectively. We would expect to see CE scores increase if companies get their communications right.

We looked further into the CE scores to identify what companies might need to do to reach customers that currently have low levels of engagement.

[8] The CE analysis was based on 33, 725 interviews since 2014. Data from 2011 to 2013 was excluded from this analysis because of the change in recording of some of the questions included in the CE score.

Levels of engagement across the customer base

We examined the trend in the CE measure over six years . Over this time, around a third of customers had low, medium and high levels of awareness, as shown in Figure 1.

Key to figure 2:

LOW CE A score of 0 – 3 means that customers have little awareness of service options designed to meet differing customer needs, and they are less inclined to contact their company if worried about their bill.

MEDIUM CE A score of 4 – 6 means that customers have medium awareness and are more inclined to contact their company.

HIGH CE A score of 7 – 10 means that customers have high awareness and are most inclined to contact their company.

Nearly two-thirds of those with a low engagement score say they would be unlikely to contact their company if they were worried about paying their water bill - significantly less likely than all other customers.

This is an important issue for the water industry to tackle. If customers are not inclined to engage with companies on pressing matters like their ability to pay bills, they may be much less likely to engage on more long-term issues, such as water efficiency or the responsible use of drains and sewers.

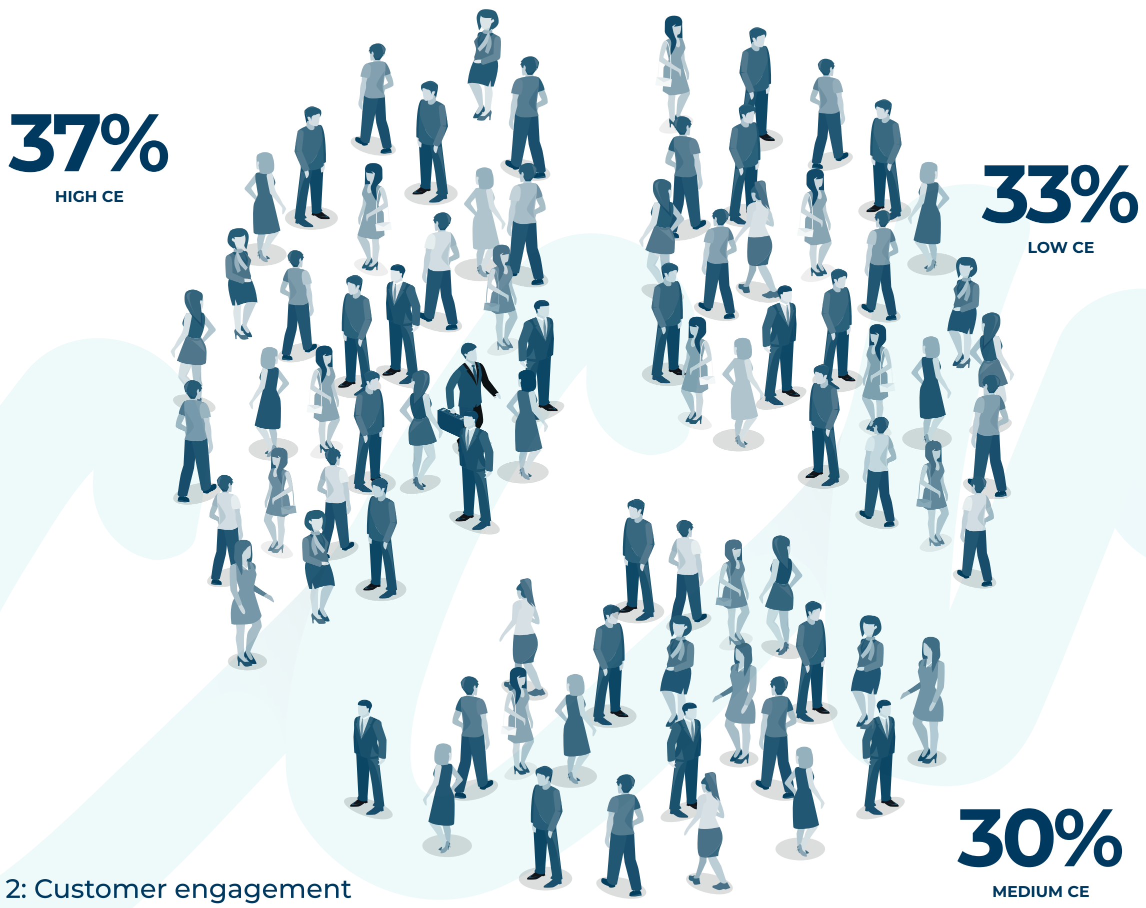
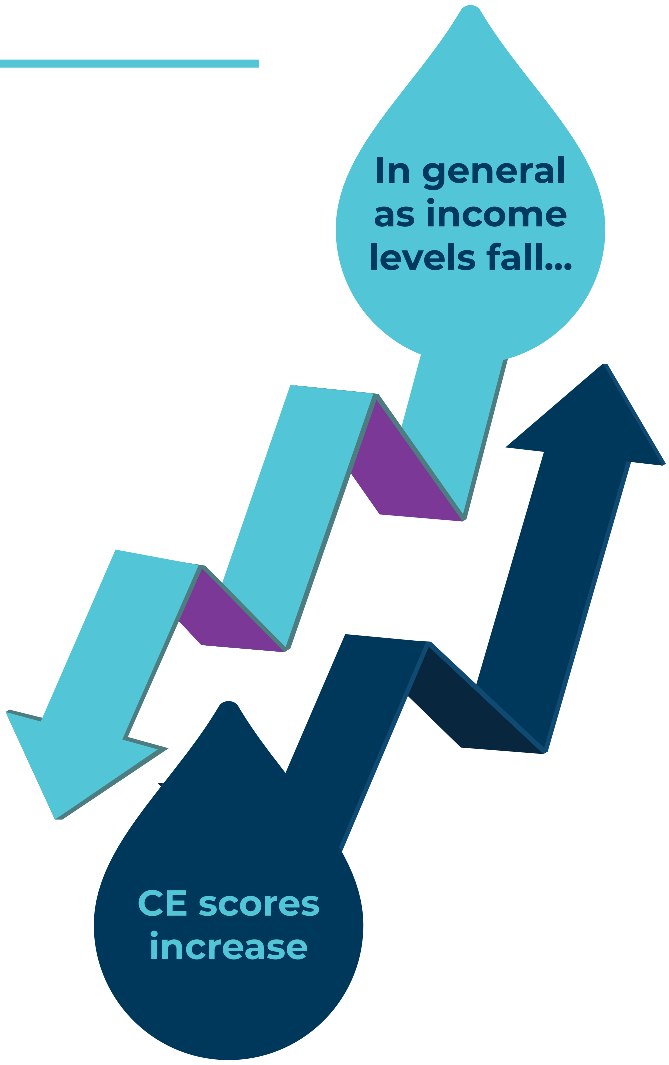


Figure 2: Customer engagement

Which customers are less engaged?

We looked at the average CE score across a number of measures to gain a sense of customer engagement. In general, the following customer types are less likely to be engaged:

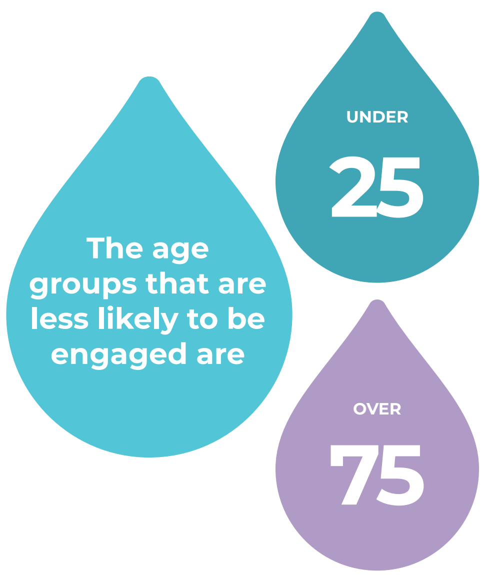
- Single-person households or in groups of adults (for example students/shared housing etc).
- Customers from Asian, mixed ethnic and black-Caribbean backgrounds compared with other customers.
- Those aged under 25 and over 75.
- Those in a household where no-one has a disability.
- Customers with no internet access.
- Unmetered customers compared to metered customers. Within metered customers, the compulsorily metered are less likely to be engaged.
- Owner-occupiers and private renters.



Customers who are single parent families, on low income or unemployed, or who live in council or housing association accommodation tend to be more engaged. In general, the average CE score increases as income levels fall.

This suggests that some of those customers who may be more in need of support are actually more engaged. This is a good sign but it is not possible to say whether the higher level of engagement is due to companies being successful at targeting customers who are most likely to need help, or that those who need help are more likely to contact the company to find out what is available.

There are, however, some significant gaps.



Where do companies need to improve engagement?

Black-Caribbean, Asian and other minority ethnic groups

Black-African customers have higher than average engagement. However, it is significantly lower for other minority ethnic customer groups, such as black-Caribbeans, Asians or people of mixed ethnic background. Companies need to do more to understand how to get key messages across to these customers and how to ensure that those messages are received and acted upon as they should be.

In particular, when developing communications that increase awareness and engagement around services options, companies should consider that not everyone speaks English as a first language. Alternatively, they may want to consider how to increase engagement through trusted community members or other local channels.

The young and the old

On average, people in mid-life are more likely to be engaged with their water companies. Those aged under 24 and over 75 have the lowest levels of engagement. The less engaged may be older people, living alone, or they may be younger groups of students or adults in shared housing. Companies should consider what implications this has for their information campaigns and how they can better reach these demographics.

Internet access

Lack of access to the Internet correlates with a low engagement score. Around 12% of adults in England and Wales have no access to the Internet[9]. As there are roughly 24.5m households in England and Wales[10] this equates to 2.9m households. Although this figure is reducing, this is not a new problem so companies should already be addressing the fact that these customers are at a disadvantage.

Compulsorily metered

Customers who are compulsorily metered tend to be less engaged than other metered customers. We do not know whether they were less engaged before they were metered or whether they ‘switched off’ when they were metered without choice. This is something that companies need to address as part of their compulsory metering schemes. One of the aims of these schemes is to encourage customers to pay more attention to their water use and water efficiency. However, these customers may miss communications about water-saving activities like home water audits and water-saving gadgets. They may also miss other helpful messaging and advice such as information about social tariffs.

Owner-occupiers and private renters

Owner-occupiers may seem to be less vulnerable, especially if they have higher incomes, but companies still need to connect with them. Individual circumstances can change over time. These customers will need to know what they can do if they find themselves in a vulnerable position, or start caring for someone who needs extra help, at some point in the future. They also need to be engaged with in relation to future plans and service provision as well as water saving. For similar reasons, companies should also target private renters.

9. Ofcom (2020) Adults’ Media Use and Attitudes report 2020
10. ONS (2019) Households by type of household and family, regions of England and UK constituent countries

Conclusion

Although customers' perceptions of the value for money of water and sewerage services have become more positive, the evidence shows that engagement on the measures that form the CE score is falling over time.

It is not clear whether it is companies or customers who are more proactive about taking the first steps to engage on certain issues. However, companies need to make sure that they act to maintain and build on current levels of engagement. In particular, they can do more to meet the needs of the following groups of customers:

- Black-Caribbean, Asian and other minority ethnic communities.
- The under 24s and over 75s.
- Customers who lack access to the Internet.
- Customers who have been compulsorily metered.
- Owner-occupiers and private renters.

Companies need to look at what they can do to meet the specific needs of these groups.

In general, a low engagement score could make customers vulnerable. Whether or not those customers actually need WaterSure or any other specific support now, the potential is there for them to need it in the future. Our analysis suggests that if these customers were to become 'vulnerable' due to a change in circumstances, they may not contact their water company for help or advice with bills or services.

It is up to companies to find ways of winning these customers over - to build a relationship.

They should already be communicating about their service options and raising awareness of schemes and issues like saving water. As part of this, they should be considering how to engage with those customers who are less inclined to look at information. To be effective, they need to make every contact count and respond to queries and requests with effective, accessible information – seeing every touch point or interaction as an opportunity to engage.

They can also make a positive contribution to their local community by improving the social, environmental and economic impacts of their operations, for example by having a community presence if they are doing work in an area. Customers' views and perceptions of value for money and fairness of charges may improve if they perceive that companies care and their levels of trust increase.

We will track progress on this issue. In particular, it will be interesting to revisit these figures next year, to assess whether there has been any change in views as a result of the COVID-19 pandemic. For example, we expect to see more customers reaching out to ask for assistance and being aware of this, given that the situation has had a financial impact on many households.

The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

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