The voice for water consumers
Llais defnyddwyr dŵr

Testing the Waters 2022: Highlights report

January 2023

ccwater.org.uk

Contents

Foreword

Welcome to the fourth Testing the Waters research, which we carry out every 2 years to track the views of business customers in England & Wales on the water, sewerage and retail services they receive. We also gain insight into how business customers view the retail water market in England.

Our last tracking research took place over 2020 and 2021 where we focused on the pandemic and the difficulties this brought to light for many businesses. This year's research has highlighted some on-going issues from the pandemic as well as shining a light on the cost of living crisis that has already hit many businesses at an unsettling time.

Overall satisfaction levels have declined significantly for both water and sewerage compared to the previous year. Retailer service has fared better, with satisfaction levels remaining broadly the same. This said, water (88%) and sewerage (82%) services see consistently higher satisfaction scores than retailer services (70%) in England. We need significant progress to be made by retailers in order to reach our expectation of satisfaction in retailer services to exceed 85% by 2027, which will match those in Wales.

Interestingly, the research has shown that one of the most important services offered by retailers to improve satisfaction across the board is proactive customer contact. Every contact with businesses should be used to its full potential to ensure that businesses have all the information at their fingertips, including contact details, financial help and support.

Customers in Wales are significantly more likely than those in England to be satisfied with their water (92% cf 87%), sewerage (88% cf 81%) and retailer services (85% cf 66%).

In addition, there are stark differences in perceptions of value for money, care, trust and likelihood to recommend between customers in England and Wales.

The decline in perceptions of value for money in particular suggests the cost of living crisis is having an impact on satisfaction. Understandably, as businesses start to face the rising cost of energy, they also start to worry about value for money in other services, which can cause a more negative outlook.

Retailers and water companies need to engage with businesses to increase awareness of the benefits of water saving proactively to ensure they are maximising any potential savings. Although the latest price increases for water and sewerage won't become apparent until April 2023, for many it's another utility bill to add to already stretched finances.

We know that when businesses have had contact with the retailer then they are more likely to be satisfied across the board.

To sustain customer satisfaction retailers should recognise the value of clear communications and take every opportunity to 'go the extra' mile for customers, and where needed collaborate with water companies. This will ensure that business customers receive the high standard of services that they expect.

Dr Mike Keil
Senior Director of Policy, Research and Campaigning

Introduction

The biennial Testing the Waters project surveys a representative sample of businesses in England and Wales. This report provides analysis of business customers' satisfaction with various aspects of their water, sewerage and retail services in 2022.

Where applicable, comparisons between outcomes from the 2022 survey are made between the two previous surveys, conducted in 2020/21 and 2018.

In 2022, 1,825 interviews with business customers were completed with commercial businesses, charities and public sector organisations in England and Wales.

In Wales, additional interviews were completed to allow for robust data comparisons between England and Wales.

Quotas were set on business size, sector and water company region. Following completion of fieldwork, data was weighted to match the profile of businesses in each water company region.

In 2017, the water retail market in England was opened up to all businesses, charities and public sector organisations, allowing them to choose their provider for billing and customer support services. Since that point, CCW has been tracking awareness of and activity in the retail market in England – details of which are included in this report.

Context

The 2022 survey was conducted between January and July 2022. Any social and commercial restrictions that had been imposed on businesses during 2020 and 2021 in response to the Covid-19 pandemic had been removed. However, the interviewing period was concurrent with the cost of living crisis which saw significant increases in energy bills for both household and business customers, as well as significant inflationary pressures.

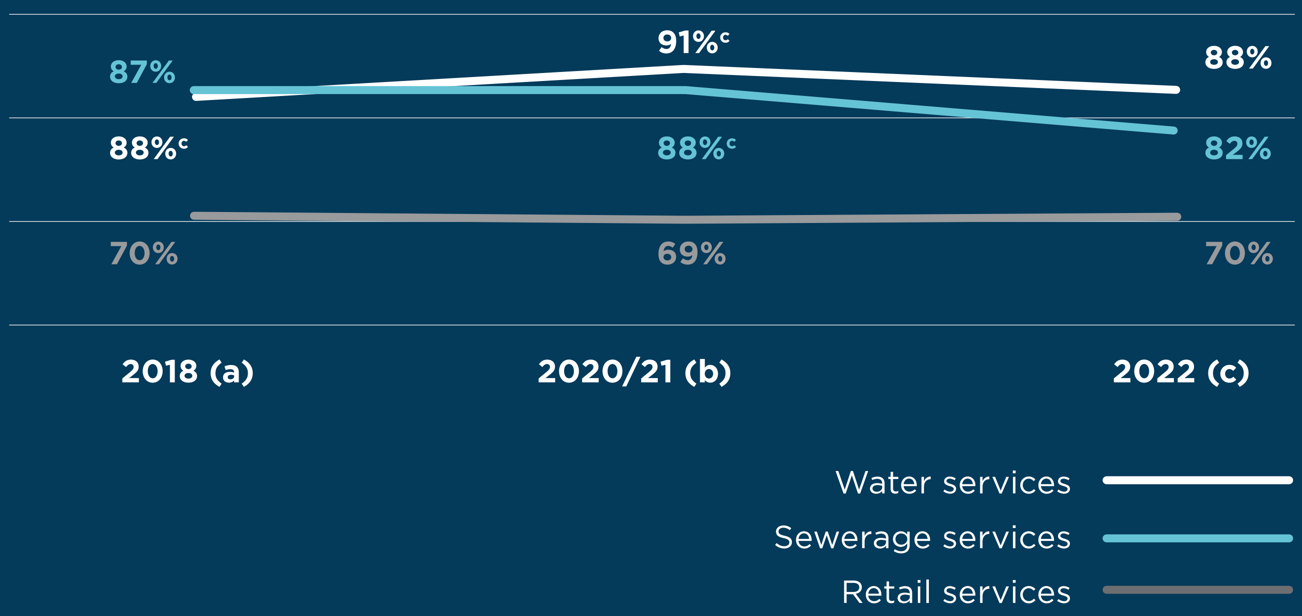
In light of these external pressures, we see that business customers are increasingly vigilant of the value for money they receive for their water, sewerage and retail services; and that satisfaction is increasingly difficult to achieve by simply meeting base expectations of consistent supply, and regular billing.

As detailed in this report, businesses that have been contacted by their retailer over the past 12 months in relation to advice and support for billing are significantly more satisfied across a number of key measures than those who have not been contacted. However, the proportion of businesses who recall having been contacted is relatively low at 8%.

Overall satisfaction

Overall satisfaction has fallen significantly for both water and sewerage services in 2022 compared to 2020/21, while satisfaction with retail services has remained stable:

Chart 2: % (net) satisfied with water, sewerage and retail services



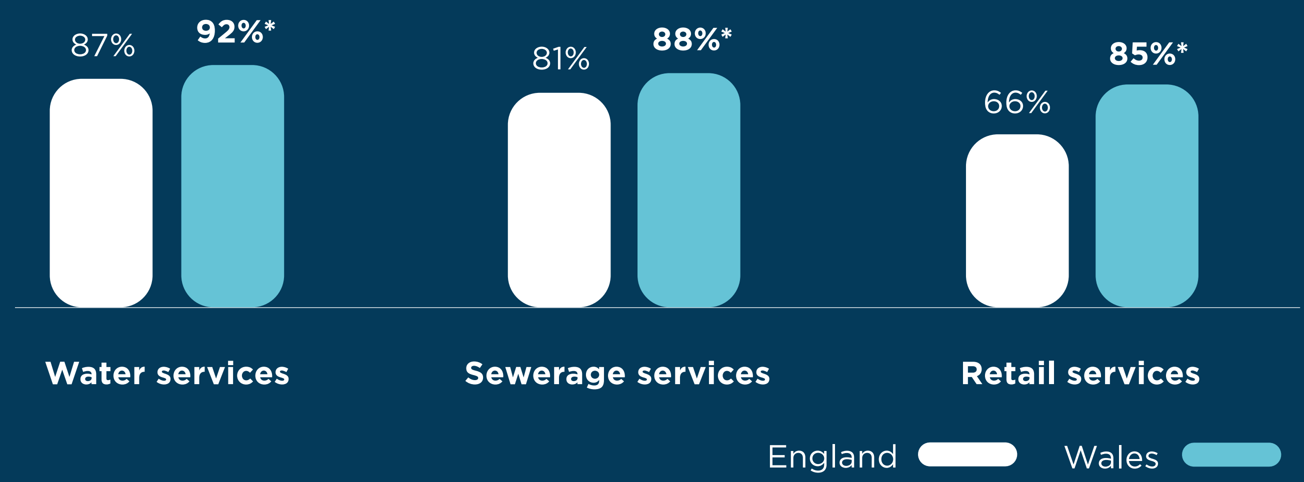
abc: denotes values significantly higher (at 95% confidence interval) than comparator figures.

Reasons for dissatisfaction ratings

Almost half (44%) of customers who are dissatisfied with their retail service cite poor customer service as a reason, over a quarter (28%) cite inaccurate billing, and just under a quarter (24%) mention service inefficiencies and issues not being resolved.

England vs Wales

Chart 3: % satisfied with water, sewerage and retail services, England vs Wales



*Significantly higher (at 95% confidence interval) than comparator figure.

Business size

There are no significant differences in satisfaction with water, sewerage or retail services by business size in the 2022 survey. However, in 2020/21 the largest businesses (250+ employees) were significantly more likely to be satisfied with all three services than the smallest businesses.

Sector spotlight

Construction businesses are significantly more likely than average to be satisfied with their retail services, while businesses in administration and support services are significantly less likely than average to be satisfied.

Neither type of business is particularly likely to have been contacted by their retailer in the past 12 months (which can significantly drive satisfaction), however, construction businesses are less likely to report having been severely impacted by Covid-19, and are more likely than average to consider their bills easy to understand and to agree they receive value for money.

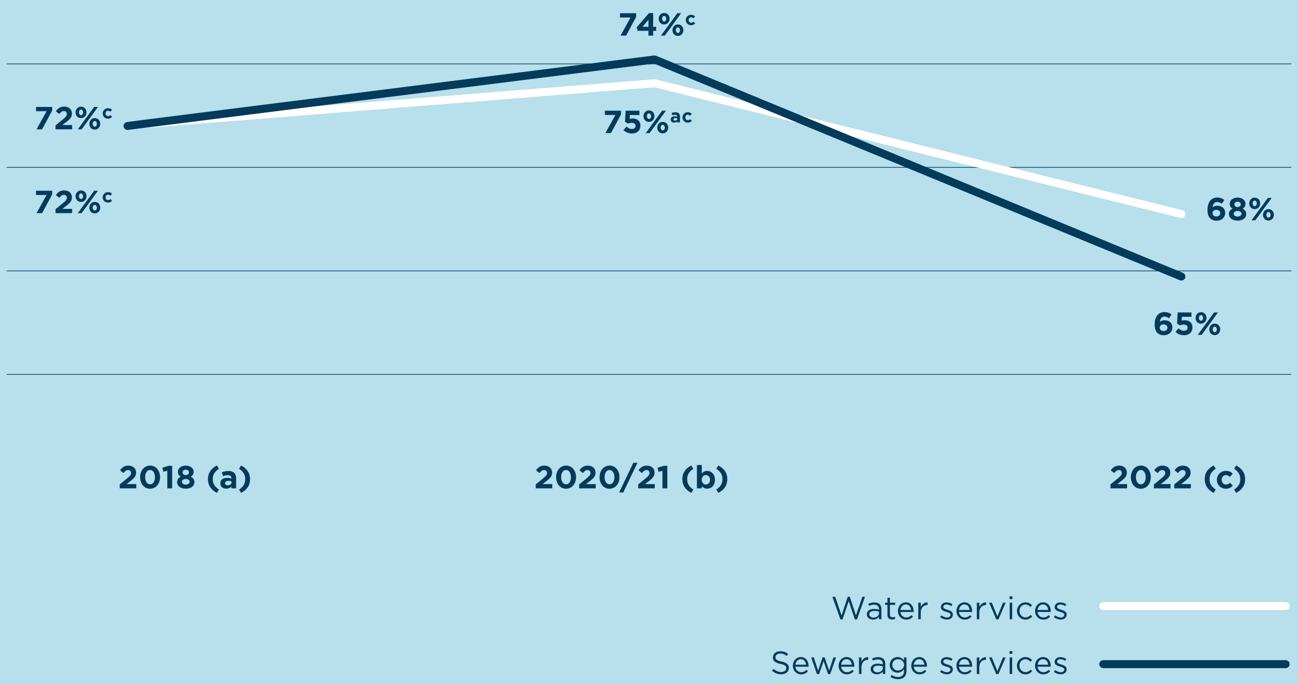
Declining perceptions of value for money

Business customers are significantly less likely to agree they receive value for money for their water and sewerage services than in 2020/21 and 2018.

For water services, 68% of all businesses surveyed are satisfied with the value for money they receive, down from 74% in 2020/21 and 72% in 2018.

For sewerage services, the difference is even more marked, with net satisfaction falling from 75% in 2020/21 and 72% in 2018 to 65% in 2022.

Chart 4: % agree they receive value for money from their water and sewerage services



abc: denotes values significantly higher (at 95% confidence interval) than comparator figures.

[1] Retailers handle complaints and enquiries, send bills for water and wastewater services, and read water meters.

England vs Wales

Businesses in Wales are significantly more likely to be satisfied with the value for money of their water services than customers in England.

This was also the case in 2020/21 and 2018. However, significant falls are observed in 2022 among customers in both England and Wales compared to previous years.

England

66% agreed they received value for money of water services in 2022

74% agreed they received value for money of water services in 2020/21

71% agreed they received value for money of water services in 2018

Wales

78% agreed they received value for money of water services in 2022

81% agreed they received value for money of water services in 2020/21

86% agreed they received value for money of water services in 2018

The impact of retailer contact...

Customers who report having been contacted by their retail provider[1] are significantly more likely to agree they receive value for money than those who have not been contacted (81% cf 67%).

This difference demonstrates the positive impact that proactive retailer contact can have on perceptions of all water and sewerage services.

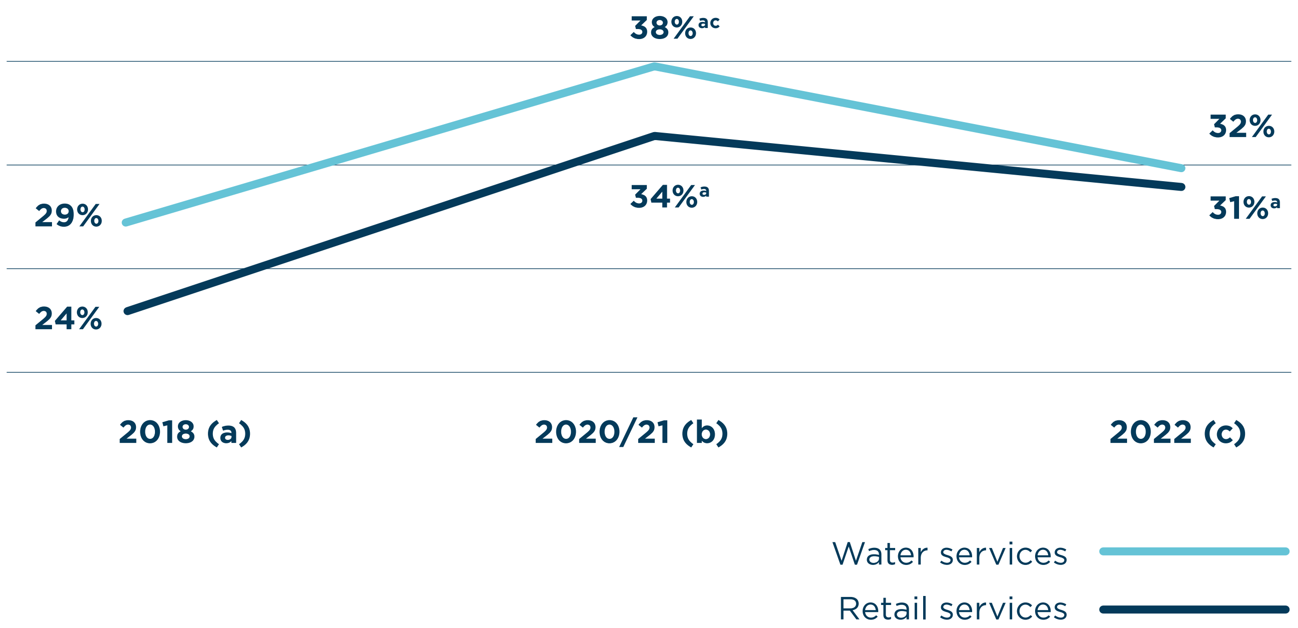
Business size

Businesses with between 1 and 10 employees are significantly more likely to be satisfied with the value for money they receive for water services than those with 250+ employees (70% cf 63%).

Trust and customer care

Across the past three waves of Testing the Waters, **trust** in water and retail providers peaked in 2020/21 during the Covid-19 pandemic. In 2022, there is no significant difference between water and retail services:

Chart 5: % who trust (ratings of 9-10 out of 10) their water and retail providers



As with value for money and satisfaction, businesses who report having been contacted by their retail provider with advice or support in relation to billing are significantly more likely to trust their water and retail providers than those who don't recall any contact.

Businesses in Wales are significantly more likely to trust their water and retail providers than customers in England (29% cf 42%). This was also the case in 2020/21 and 2018, however in 2022, ratings of trust have fallen significantly among businesses in both countries.

abc: denotes values significantly higher (at 95% confidence interval) than comparator figures.

Compared to 2020/21, the proportion of businesses who agree (either strongly or slightly) that their water and retail providers care about the service they give to customers has fallen significantly.

46%
agree their water provider cares about the service it gives to customers

42%
agree their retail provider cares about the service it gives to customers

For water providers, net agreement that their provider cares about the service they give to customers has fallen significantly compared to both 2020/21 (52%) and 2018 (53%).

Businesses in Wales are significantly more likely to agree their water provider cares than businesses in England (62% cf 42%) – a finding consistent with previous iterations of the survey.

Among businesses that disagree their water provider cares about the service provided to customers, the main reason focuses on poor customer service (27%) and inaccurate bills/wrongful charges (20%) – both areas that retail providers would typically be responsible for. This confusion is further highlighted by the fact that a quarter of businesses are unable to name their retail provider, or incorrectly name their water/sewerage provider.

For retail providers, net agreement that their provider cares about the service they give to customers has fallen significantly compared to 2020/21 (51%), but is not significantly different to 2018 (45%).

Lack of contact and communication, as well as (perceived) poor service can have a significant impact on perceptions:

> "Basically it's lack of contact – I contacted them previously regarding the bills – we had one bill that jumped in price wildly and it seemed like the automated reading transponder had gone faulty – but it took about six calls just to get a response, and a minimum of six weeks for someone to take action. I got to the point where we threatened to stop the direct debit and then it was sorted."
>
> **England, 51–250 employees, Arts and Entertainment**

Customer care: the value of contact and responsiveness, case studies

The two case studies on the right highlight the difference that positive contact outcomes can have on perceptions of service and satisfaction across businesses with a similar profile:

Business one: construction business, based in England, with between 50 and 250 employees. Water bill of between £1,000 and £1,999

The customer is fairly satisfied with value for money of their water service, and rates overall satisfaction with water, sewerage and retail services as very satisfied.

The customer has implemented water saving actions, and is aware of the retail market.

They agree that their retailer cares about the service they give to customers, and recall proactive contact:

"They [retailer] have helped us with everything we wanted to do and never made anything difficult."

"If we ask for support in terms of extensions and open demand they are fairly supportive on that."

Business two: construction business, based in England, with between 50 and 250 employees. Water bill of more than £5,000

The customer is fairly satisfied with value for money of their water service, and rates overall satisfaction with water, sewerage and retail services as neither satisfied nor dissatisfied.

The customer has implemented water saving actions, and is aware of the retail market.

They disagree that their retailer cares about the service they give to customers, and don't recall proactive contact:

"We have tried several times – about 3 or 4 times over a period of a couple of years – to get a new meter installed as you can't read the meter as the glass is damaged, but we just get stone-walled and have given up. We have tried emailing and calling and you can't get through."

Awareness of the retail market (England)

Through the opening of the retail market, businesses are now free to shop around for the best deal for them – allowing them to either switch provider or renegotiate their contract with their existing retail provider.

56%
aware of the retail market in England in 2022

In 2018 we carried out the first TTW research since the market opened. At this time, 43% of eligible businesses were aware of their ability to switch or renegotiate. This then increased significantly to 54% in 2020/21, and in 2022 stands at 56%.

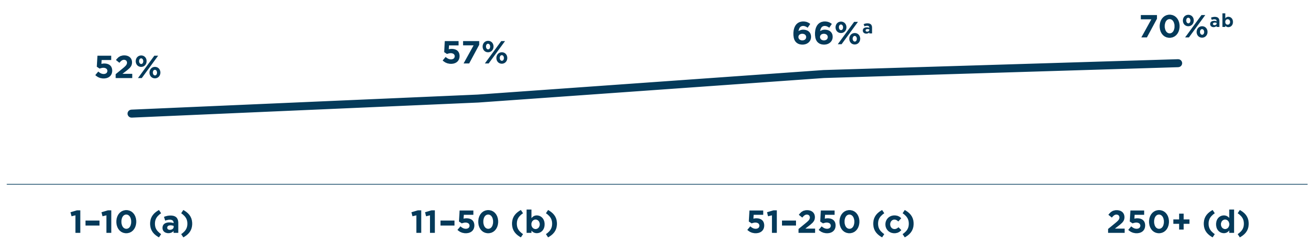
Among those aware of the retail market in 2022, 19% have switched their retail provider, and 8% have renegotiated their contract.

For those who have switched, 31% say they have since received better service and 63% better value for money.

Of those who have renegotiated, 22% say they have since received better customer service, and 73% better value for money.

Although businesses who have switched or renegotiated report a net benefit overall, not all businesses are aware of the market in the same way:

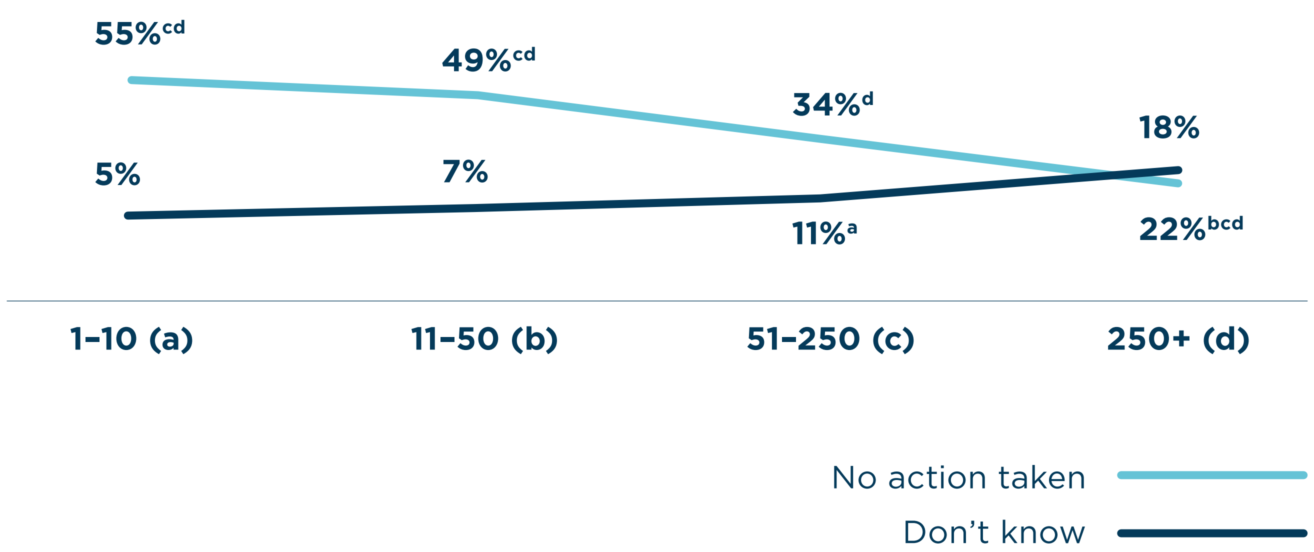
Chart 6: awareness of the retail market in England by business size (number of employees)



Smaller businesses are, on average, less likely to be aware of the retail market than larger businesses.

Additionally, larger businesses are more likely to have taken action than smaller businesses – although in larger businesses there is a greater chance that they don't know whether any action has been taken, or not:

Chart 7: action taken[2] by business size among businesses in England



abcd: denotes values significantly higher (at 95% confidence interval) than comparator figures.

[2]Action taken refers to those who have switched supplier, renegotiated with an existing supplier, or have researched the market to better understand their options.

Promoting the benefits of the retail market

Those who are aware of the retail market are significantly more likely to be satisfied with both their water provider and their retail provider than those who are unaware.

Between businesses who are and aren't aware of the retail market, there is no significant difference in the % saving on bills they would need to see to prompt them to consider switching – with a quarter of each audience saying they would be prompted to switch for a saving between 1 and 10%. Among those aware of the retail market, 14% say they would need to see a saving of over 20% to consider switching, compared to 12% of those unaware of the market.

Among businesses that are aware of the retail market but have not yet taken any action, almost a quarter say they haven't done anything because they haven't had or got the time.

25%

are unable to (correctly) name their retail provider

Despite increased awareness of the retail market since the 2018 survey, a significant minority of businesses remain unsure about who their retail provider is and what role they play in the water retail market. Among businesses who have been contacted by their retailer in the past 12 months offering advice and support in relation to billing, 70% are aware of the retail market and the ability to switch retailer, and of those 63% have taken some action in the form of switching, renegotiating or researching their options.

There is also a significant difference in correct recall of retailer by business size, with those with the fewest employees (1–10) being particularly unlikely to be able to name their retailer (37% either don't know or name their water company), while those with the most employees are particularly likely to be able to name their retailer (88%).

While businesses who are aware of (and act on) the retail market are likely to receive benefits in relation to value for money and/or better service, retailers (and water companies) are also likely to benefit from increased levels of satisfaction from those customers.

Water saving activity

Across all businesses, 39% have engaged in some form of water saving activity. This is significantly lower than in 2020/21 (46%), but significantly higher than in 2018 (28%).

When comparing water saving activity to 2020/21 it should be noted that in a number of cases businesses would have been using less water as a result of increased home working and less in-person interaction due to Covid-19 restrictions being in place.

Among the businesses that have taken no action, 49% say there is nothing they can do to reduce the amount of water they use, and 16% say their bills are low so don't feel the need to do anything to reduce their usage. And, although only a small percentage, 4% say they have received no advice or information about reducing the amount of water they use from their retailer.

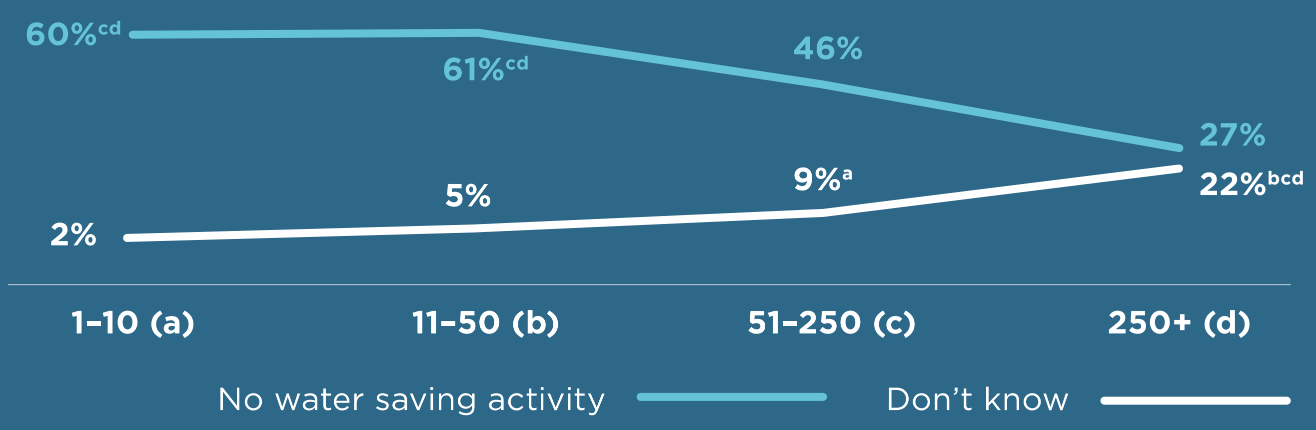
Of the businesses to have taken action, just over a quarter (27%) have made employees aware of the need to reduce water consumption, and/or installed Hippo/Save A Flush devices in toilet cisterns (26%).

In addition, 3% of those who have taken action have undertaken water audits and 11% have changed business processes to use less water.

Across the different groups of businesses by size there are a number of marked differences in relation to action taken. In particular, smaller businesses (by number of employees) are less likely to have taken any water saving action than larger businesses. However, among larger businesses, there is a higher likelihood of a knowledge gap around any water saving activities or initiatives (with almost a quarter of the largest businesses not knowing whether any actions have been taken).

The largest businesses (+250 employees) are most likely to have taken multiple water saving actions, and are the only group (5%) where water audits have been conducted.

Chart 8: no water saving activity by business size (number of employees)



abcd: denotes values significantly higher (at 95% confidence interval) than comparator figures.

39%
have implemented at least one water saving activity

Customer contact

The proportion of businesses that have contacted their retailer in 2022 is unchanged from 2020/21.

Contact volumes to retailers in 2022 are in-line with 2020/21, with 21% contacting their retailer with an enquiry and/or complaint (unchanged from 2020/21).

Businesses in England are significantly more likely to have contacted their retailer with an enquiry than businesses in Wales (19% vs 8%), and/or a complaint (8% vs 2%).

Although contacts should go through retail providers, 10% say they have contacted their water supplier with an enquiry or complaint (up from 7% in 2020/21), and 5% say they have contacted their sewerage supplier (up from 3% in 2020/21).

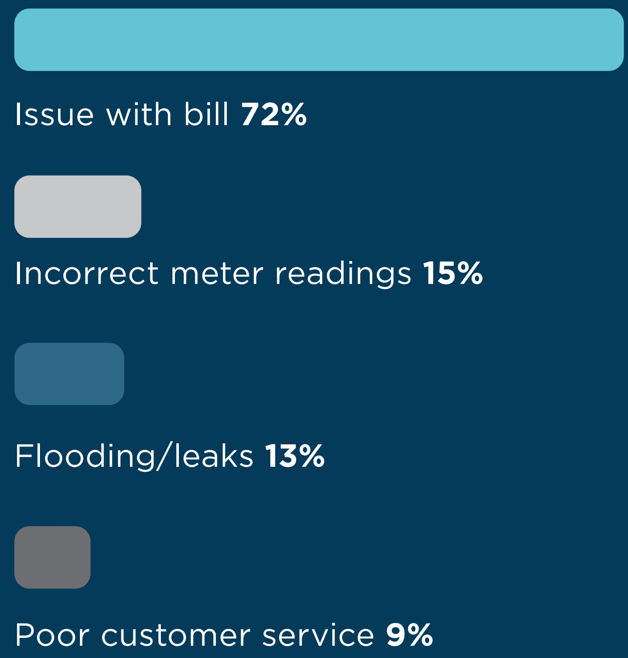
Of those who contacted a retailer to make a complaint, almost three-quarters (72%) were doing so because of a billing issue (wrong amounts, overcharging etc), and of those making an enquiry, 74% were also doing so in relation to billing.

Of those who made a contact to their retail provider, 53% were satisfied with the outcome, and a third (33%) were dissatisfied – with no significant difference to 2020/21 observed (56% satisfied, 31% dissatisfied).

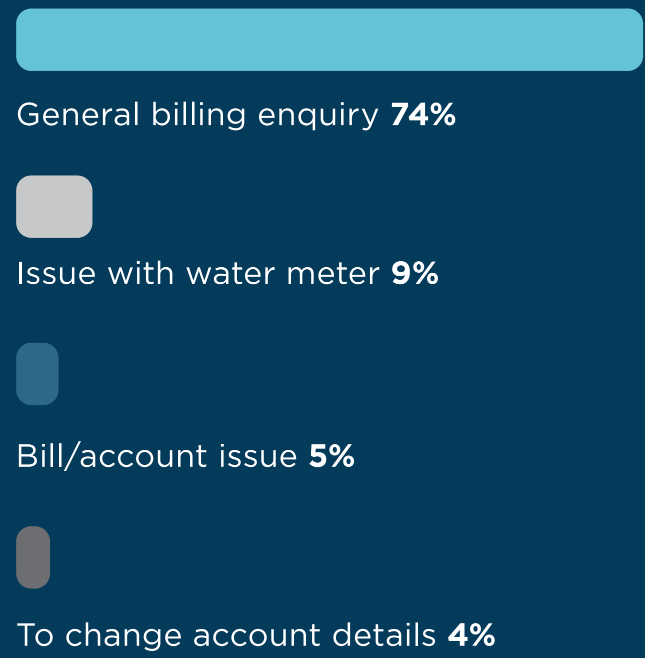
Businesses with more than 250 employees are significantly more likely to have contacted their retailer than businesses of all other sizes (34% contacted with an enquiry or complaint); suggesting that increased knowledge of the retail market and / or awareness of their retail provider could be a factor in increased contacts.

> "They [retailer] do not care. Customer service is just not up to standard. Waiting for 20 to 30 minutes. Hit and miss getting someone on phone, and whether actually polite. They always want you to do online chat rather than phone."
>
> **England, 1–10 employees, Real Estate Activities**

Retail services: reasons for complaint (%)



Retail services: reasons for enquiry (%)



24%

contacted their retailer with an enquiry or complaint

Conclusions

Although overall satisfaction with water and sewerage services have deteriorated since 2020/21, the majority of customers remain satisfied with their service and supply, and satisfaction with retail providers remains stable.

Against the backdrop of increased operational costs and bills, many business customers would greatly benefit from improved communication by retailers. This also increases overall satisfaction in all key areas.

Among those who recall contact, overall satisfaction, perceptions of value for money, trust and care for customers are all significantly higher than those who have not been contacted.

While over half of businesses are now aware of the retail market in England, active engagement remains relatively low, with many feeling they lack the time and resource to research and find out more about the market. However, when businesses do become actively engaged, the majority find that they receive better service and/or value for money than they did previously.

Currently, the largest businesses are most likely to be engaged in the market, and be aware of who their retailer is, while the smallest businesses are less likely to be engaged overall.

Across all businesses in England and Wales, just 8% report having been contacted by their retailer in the previous 12 months offering advice and support in relation to billing.

This difference in perception highlights the value that (relevant) and proactive contact can have on business customers of all types.

As businesses move away from a focus on Covid-19 towards new and emerging economic challenges, it is likely to be more important than ever to clearly demonstrate to customers that they are receiving value for money from their water, sewerage and retail services.

Perceptions of value for money are higher among businesses who have been contacted, those who have engaged in water saving activity and businesses (in England) who have greater awareness of the retail market.

These enhanced perceptions among more engaged businesses point towards the need for retailers to engage proactively with customers at every given opportunity. While the proportion of customers who have contacted their retail provider with an enquiry or complaint has increased since 2020/21, satisfaction with the outcome of the contact(s) has not changed significantly.

Issues related to billing continue to be the main reason for businesses to make contact, and when they do make contact, the expectation is that the process will be as simple and straightforward as possible.

Next steps

Retailers need to do more to sustain and improve satisfaction

With the cost of living crisis businesses are becoming more sensitive to value for money. Retailers need to meet this challenge by proactively contacting customers to make them aware of the support that is available.

Retailers need to tailor their proactive communication to businesses accordingly to ensure messaging is clear and customer friendly. CCW will work with retailers to achieve this through good practice and our communications tool kit.

Saving water and climate change

Retailers and water/sewerage providers need to collaborate to increase the awareness of consumption to highlight the benefits of water saving both from a financial and wider societal perspective.

CCW will continue to promote the importance of water efficiency to all customers.

Tackling key area of dissatisfaction

Businesses expect to receive an accurate bill. But too many are still having to contact their retailer about billing issues, which is also reflected in our annual business customer complaints report for 2021/22.

We will work with retailers to share best practice at our Business Forum and also work with water companies where the problems may be wider.

The voice for water consumers
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research

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