Business customer preferences on account credit

Insight report by Yonder Consulting
October 2024

Background, objectives, methodology

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Background and objectives

- To inform their advocacy on behalf of business customers, CCW want to understand business customers' awareness of credit held with water retailers, and in what scenarios they would expect this credit to be refunded back to them, rather than staying on their account.

- The primary purpose of this project was to ascertain business customers' preferences when it comes to credit accrued on their account with their water retailer, and what they would expect to happen in a few specific scenarios.

Methodology

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OVERVIEW

10-minute online quantitative survey with **253** businesses in England and Wales

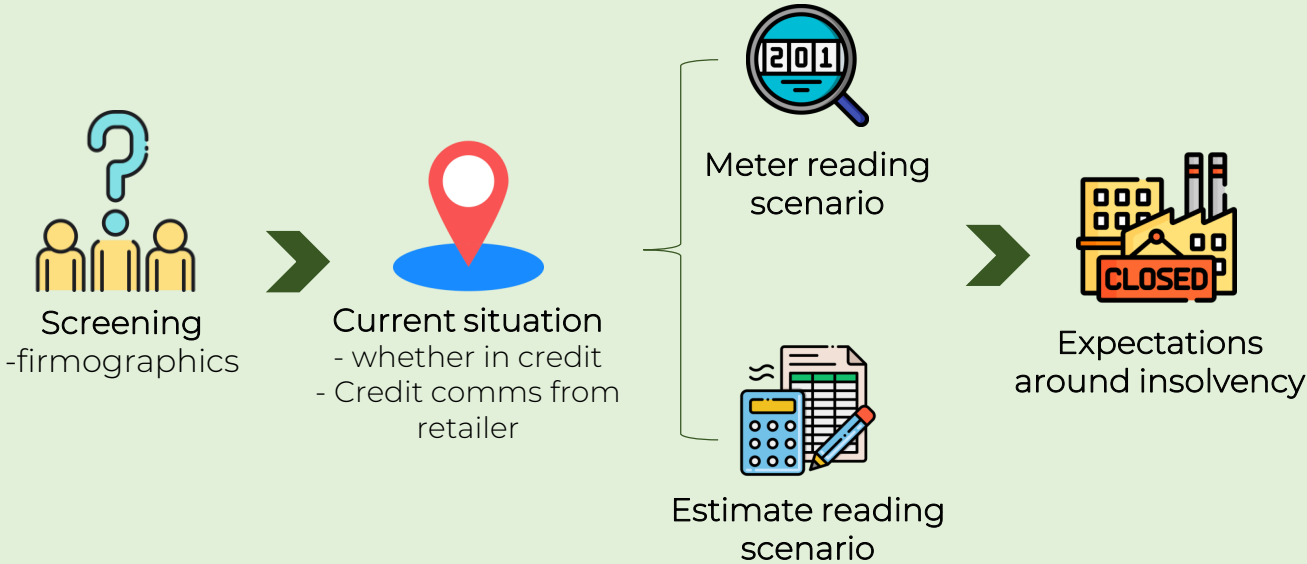Fieldwork conducted 16th – 20th September 2024

Scenario-based questionnaire

SAMPLE

Business size		MoE*
Small (1-49)	117	±9.06%
Medium (50-249)	72	±11..55%
Large (250+)	64	±12.25%
Whether has water meter		
Yes	159	±7.77%
No/Don't know	94	±10.11%
Bill payment method		
By direct debit	197	±6.98%
Via provider website	32	±17.32%
Has had credit in past 2 years		
Yes	128	±8.66%
No	125	±8.77%

QUESTIONNAIRE

Screening
-firmographics

→

Current situation
- whether in credit
- Credit comms from retailer

Meter reading scenario

Estimate reading scenario

→

Expectations around insolvency

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*Margin of error for a survey result of 50%
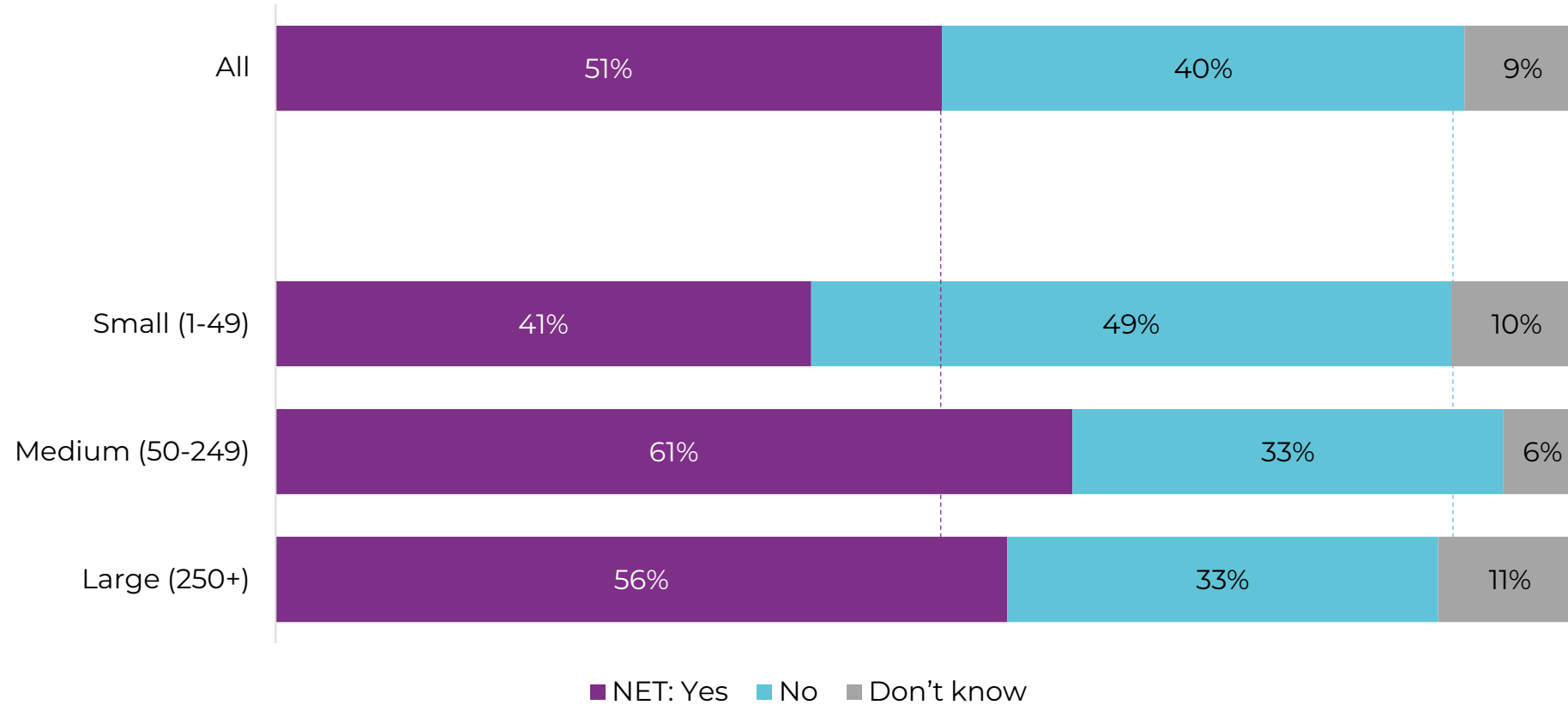
Businesses' awareness of account credit

Half of businesses have been in credit in the past two years; significantly more likely among medium-sized than small

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In the last 2 years, has your account for water charges been in credit at all, with all bills up to date?
Base: all businesses (253)

| Category	NET: Yes	No	Don't know
All	51%	40%	9%
Small (1-49)	41%	49%	10%
Medium (50-249)	61%	33%	6%
Large (250+)	56%	33%	11%

■ NET: Yes ■ No ■ Don't know

More commonly, businesses had credit in the warmer months. Businesses with high turnover were more likely to have accrued credit

In the last 2 years, has your account for water charges been in credit at all, with all bills up to date?
Base: all businesses (253)

Seasonality

51%
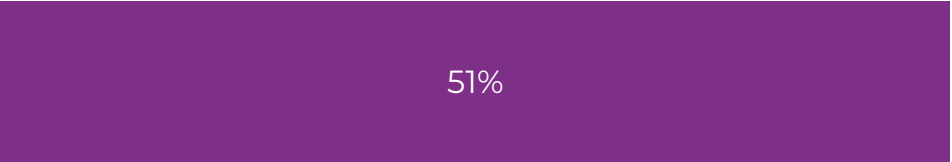
■ NET: Yes

In spring/summer
40%

In autumn/winter
32%

Subgroup differences

Those with water meter ↑
61%

Medium-sized (50-249)*
61%

Turnover £2-10m ↑
75%

Subgroup bases: Medium-sized business (72*), Those with water meter (159), Turnover £2-10m (40*)
*low base size: interpret with caution.

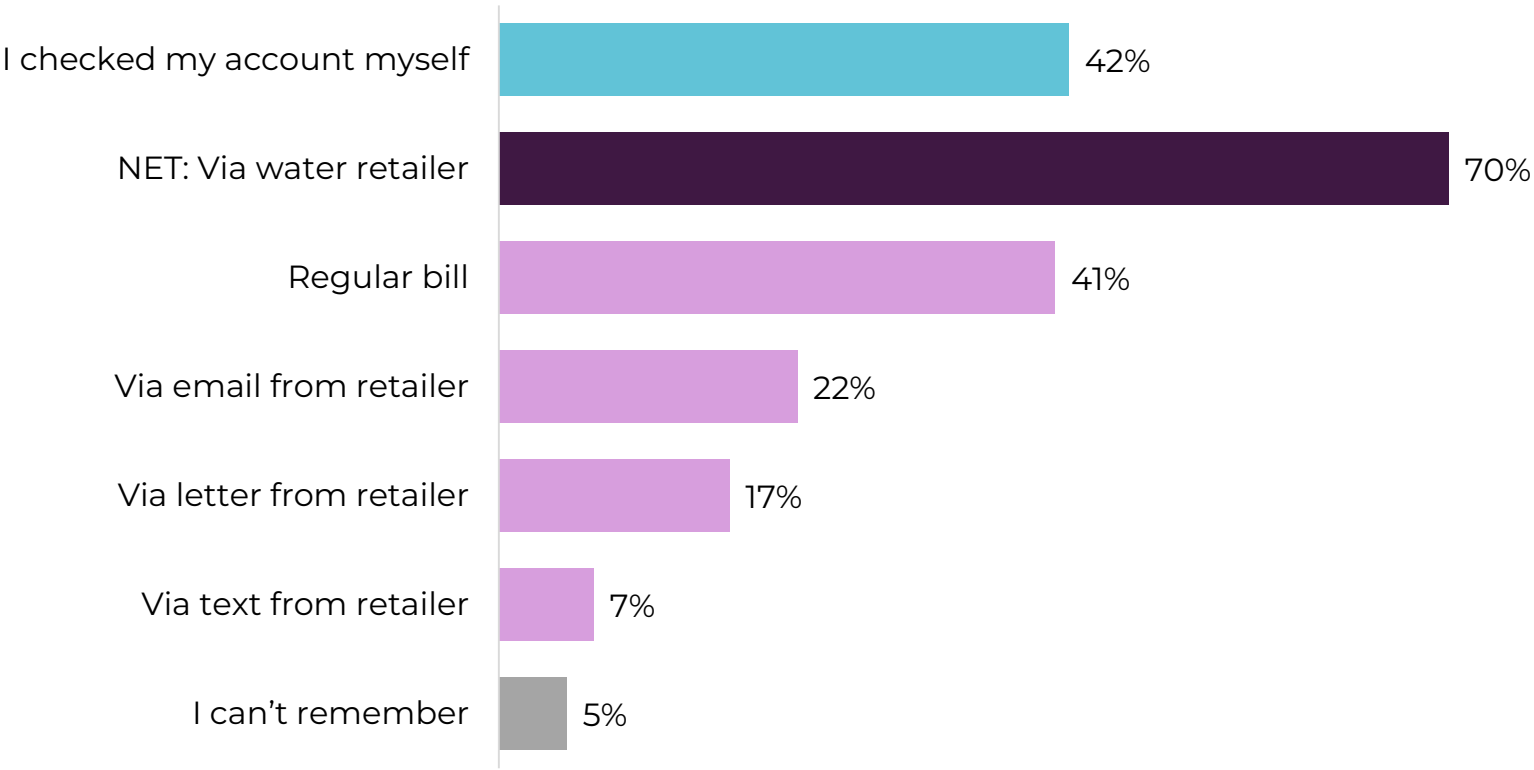*more likely than small businesses

↑ Statistically **higher** than the **total**

Most found out via their retailer that they were in credit, with 4 in 10 proactively checking their account

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How did you find out your account was in credit?
Base: businesses that had credit in the past 2 years (n=128)

Response	Percentage
I checked my account myself	42%
NET: Via water retailer	70%
Regular bill	41%
Via email from retailer	22%
Via letter from retailer	17%
Via text from retailer	7%
I can't remember	5%

Mostly, retailer communications were thought to be clear and understandable

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Was the information included by your water retailer clear or unclear?
Why do you say so? 🤖 *Incl. AI prompting. Base: Businesses that found out about credit via retailer (90)*

Communications about credit were thought to be clear, owing to the breakdown of how credit was accrued, the clear language used, and the type of comms

> *The information contained in the comms from the water company was clear – it set out the figures clearly and simply*
>
> Medium-sized business in the South East

> *They told me in an email and also clearly showed it in the invoice, as well as the charges for the period.*
>
> Small business in the South East

> *It seemed clear. You normally tend to believe some companies that the bills they send are right … … It had meter readings on, and it sort of tallied with what ours was.*
>
> Large business in the South East

A minority thought the communications were unclear, with concerns focusing on incorrect bill calculations, accounting for multiple meters, and poor display of information

> *It could have been clearer. Wasn't immediately obvious that my account was in credit*
>
> 🤖 *What specific information do you think could have been clearer in the communication from your water retailer?*
>
> *Should have been written higher up, near the top of the page, in communications*
>
> Large business in London

> *We have several meters, and [it] is hard to tie back to specific meters.*
>
> 🤖 *How do you think the communication could be improved to make it easier to tie back to specific meters?*
>
> *Clearly reference the meters on the bills.*
>
> Large business in Yorkshire

Actual meter reading scenario

Expectation for an automatic refund is highest for credit amounting to 6 months' usual charges based on an actual reading

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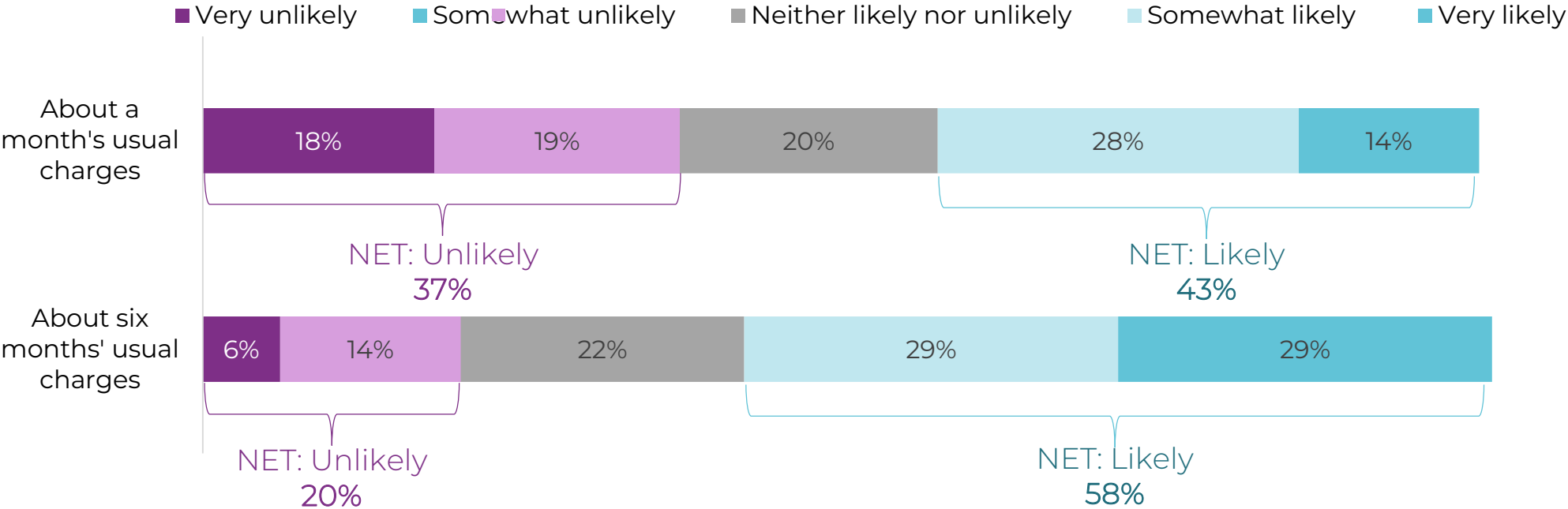Llais defnyddwyr dŵr

Imagine you have just received your monthly bill from your water retailer, based on <u>an actual meter reading</u> (as opposed to an estimate). It shows that your account is in credit.
How likely or unlikely would you be to expect this credit to be refunded to you, rather than staying on the account, if you had credit equivalent to...?
Base: all with water meter (n=159)

■ Very unlikely ■ Somewhat unlikely ■ Neither likely nor unlikely ■ Somewhat likely ■ Very likely

About a month's usual charges	18%	19%	20%	28%	14%

NET: Unlikely
37%

NET: Likely
43%

About six months' usual charges	6%	14%	22%	29%	29%

NET: Unlikely
20%

NET: Likely
58%

More than two-thirds of metered businesses would prefer to have refunds sent automatically if credit is accrued based on an actual reading

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How would you prefer this refund to be handled?
Base: all metered businesses likely to expect a refund in actual reading scenario (n=108)

Sent to my account automatically — 69%

Granted upon my request — 24%

Don't know — 6%

Subgroup differences

Granted upon my request
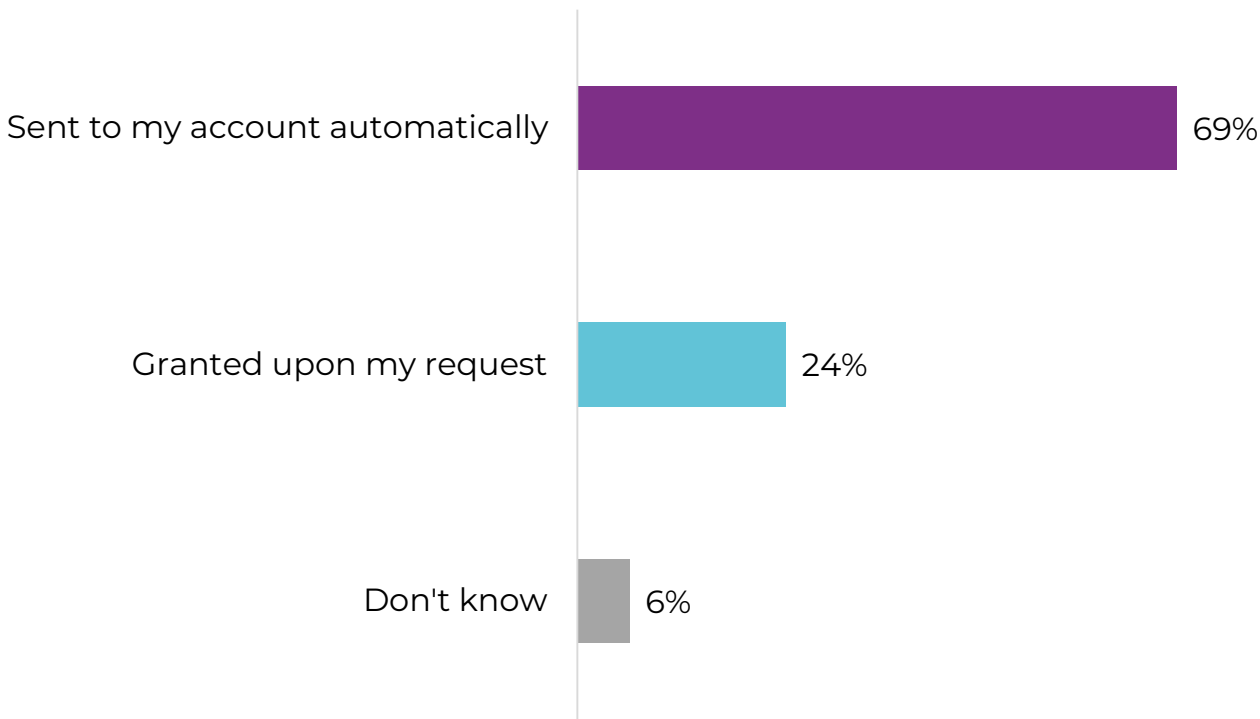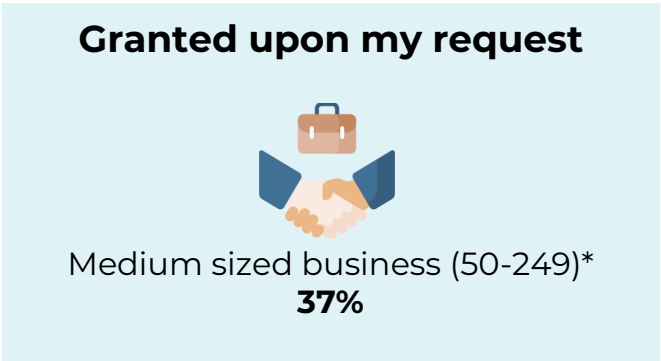
Medium sized business (50-249)*
37%

*more likely than small businesses

Businesses cited errors, rising prices and the credit being a smaller amount as situations where they wouldn't expect an auto-refund based on an actual reading

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In your experience, are you aware of any situation(s) where you would not expect an automatic refund?
Base: all metered businesses likely to expect a refund in actual reading scenario (n=75)

Due to billing errors or system issues

❝ *If there was an obvious billing error*

Large-sized business in the East Midlands

❝ *May have some unexpected system problem*

Large-sized business in the East Midlands

Due to rate changes or increased costs

❝ *If increases are predicted*

Small-sized business in Yorkshire

❝ *If there was reason to expect a rise in cost in the near future*

Large-sized business in London

For smaller amounts

❝ *If it was a small amount*

Medium-sized business in Yorkshire

❝ *If the credit amount is very little and doesn't hold much monetary value*

Small-sized business in London

There are some business owners who distrust water companies giving an automatic/any refund

❝ *Most as they tend to like to hold onto your money. Blood out of a stone.*

Large-sized business in the South East

❝ *In a lot of cases with utility providers you have to chase for a refund and they find a way not to refund it all*

Medium-sized business in London

1201

Estimated meter reading scenario

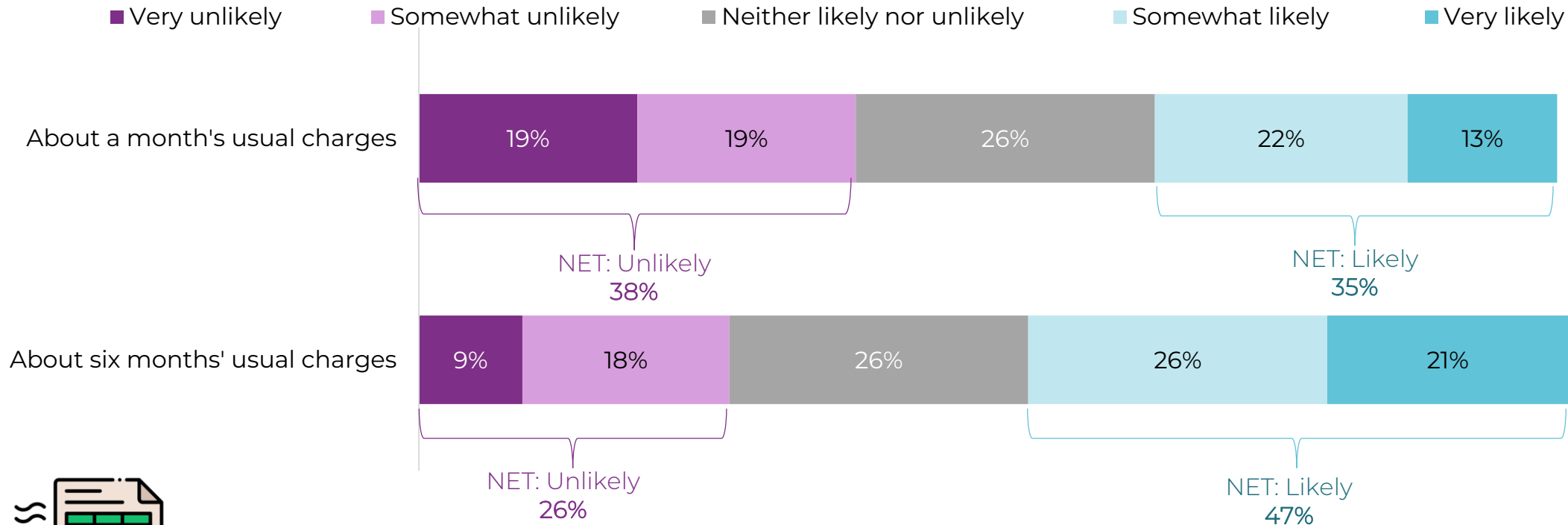# The amount of credit was the key factor in whether a refund would be expected based on an estimate reading

In this scenario, your meter has not been read for a few months, so your water bill is based on your estimated usage (as opposed to an actual reading). It shows that your account is in credit.

How likely or unlikely would you be to expect this credit to be refunded to you, rather than staying on the account, if you had credit equivalent to...
Base: all with water meter (n=159)

■ Very unlikely ■ Somewhat unlikely ■ Neither likely nor unlikely ■ Somewhat likely ■ Very likely

About a month's usual charges

| 19% | 19% | 26% | 22% | 13% |

NET: Unlikely 38%
NET: Likely 35%

About six months' usual charges

| 9% | 18% | 26% | 26% | 21% |

NET: Unlikely 26%
NET: Likely 47%

Where an estimate reading showed that credit accrued was around six months' usual charges, medium-sized businesses were more likely to expect a refund
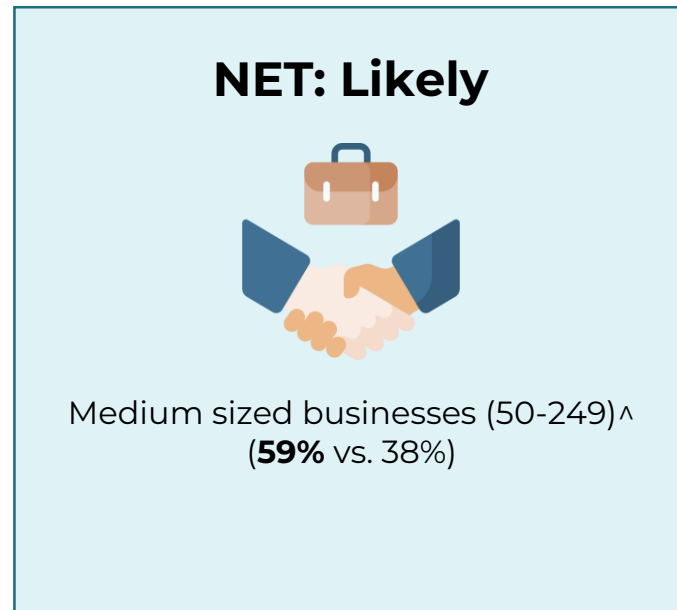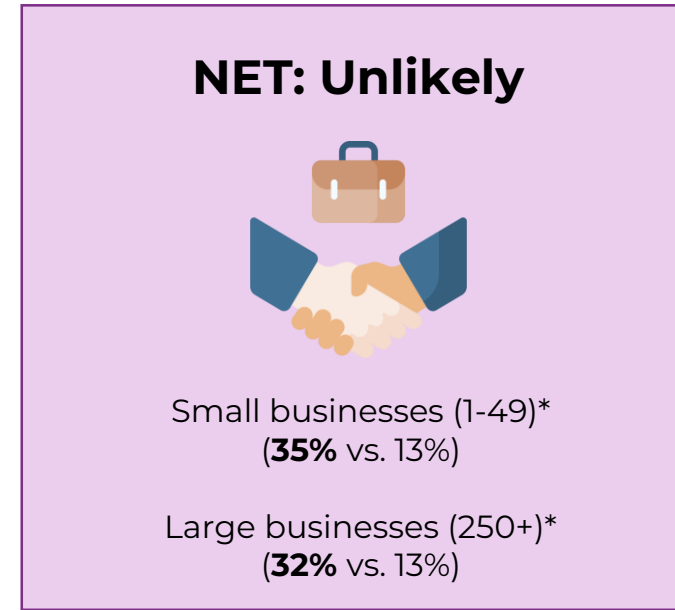
How likely or unlikely would you be to expect this credit to be refunded to you, rather than staying on the account, if you had credit equivalent to about six months' usual charges?

Base: all with water meter (n=159)

Subgroup differences

NET: Likely

Medium sized businesses (50-249)^
(**59%** vs. 38%)

^more likely than small businesses

NET: Unlikely

Small businesses (1-49)*
(**35%** vs. 13%)

Large businesses (250+)*
(**32%** vs. 13%)

*more likely than medium-sized businesses

Subgroup bases: Small businesses (65*), Medium-sized business (56*), Large businesses (38*). *Low base size: interpret with caution.
No other subgroups were significantly different, either within group or vs. total.

Despite being based on an estimation, automatic refunds are still the preference for most

How would you prefer this refund to be handled?
Base: all metered businesses likely to expect a refund (n=88)

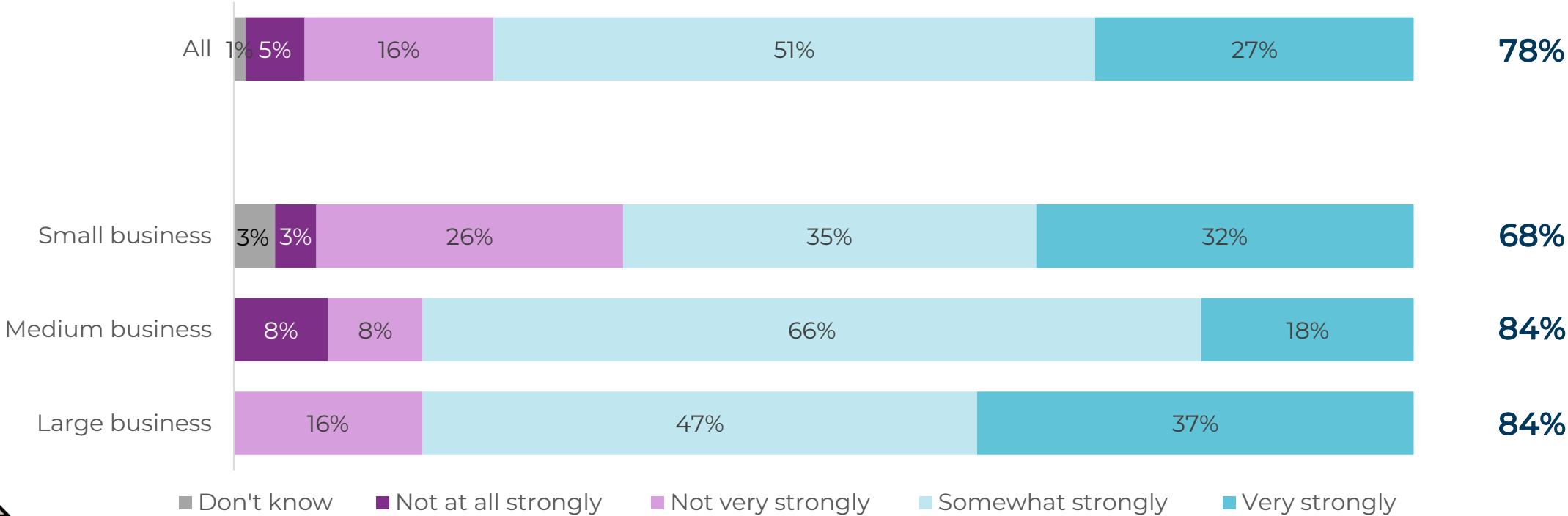| Category	Percentage
Sent to my account automatically	66%
Granted upon my request	33%
Don't know	1%
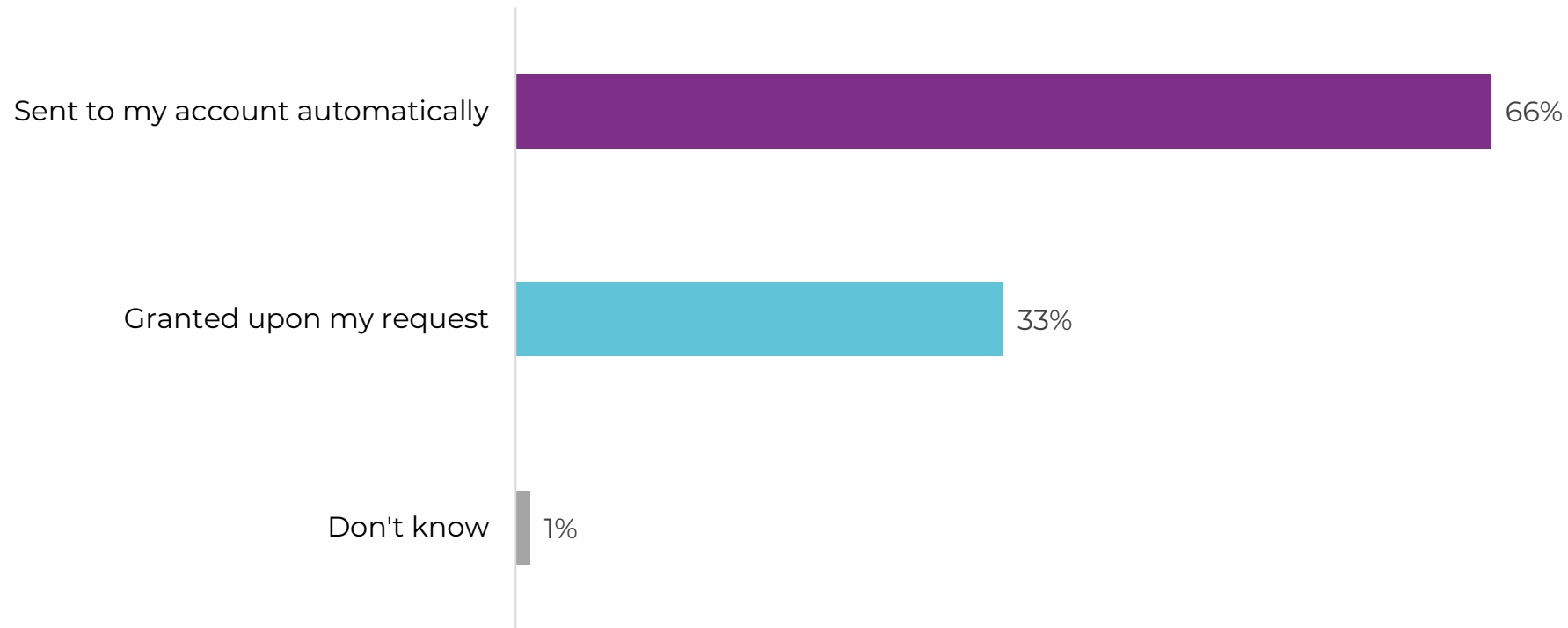
Most still feel strongly about receiving a refund even if it means an increased bill next time, particularly medium and large businesses

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In the event that a refund is made on an estimated meter reading there is a chance that you will be billed for comparatively more next time the meter is read, to make up for this.

How strongly do you still feel a refund of the (estimated) credit should be made with the understanding you may pay a relatively larger bill next time the meter is read?
Base: all metered businesses likely to expect a refund (n=88)

NET: Strongly

Category	Don't know	Not at all strongly	Not very strongly	Somewhat strongly	Very strongly	NET
All	1%	5%	16%	51%	27%	**78%**
Small business	3%	3%	26%	35%	32%	**68%**
Medium business		8%	8%	66%	18%	**84%**
Large business			16%	47%	37%	**84%**

■ Don't know ■ Not at all strongly ■ Not very strongly ■ Somewhat strongly ■ Very strongly

Subgroup bases: Small businesses (65*), Medium-sized business (56*), Large businesses (38*). *Low base size: interpret with caution.
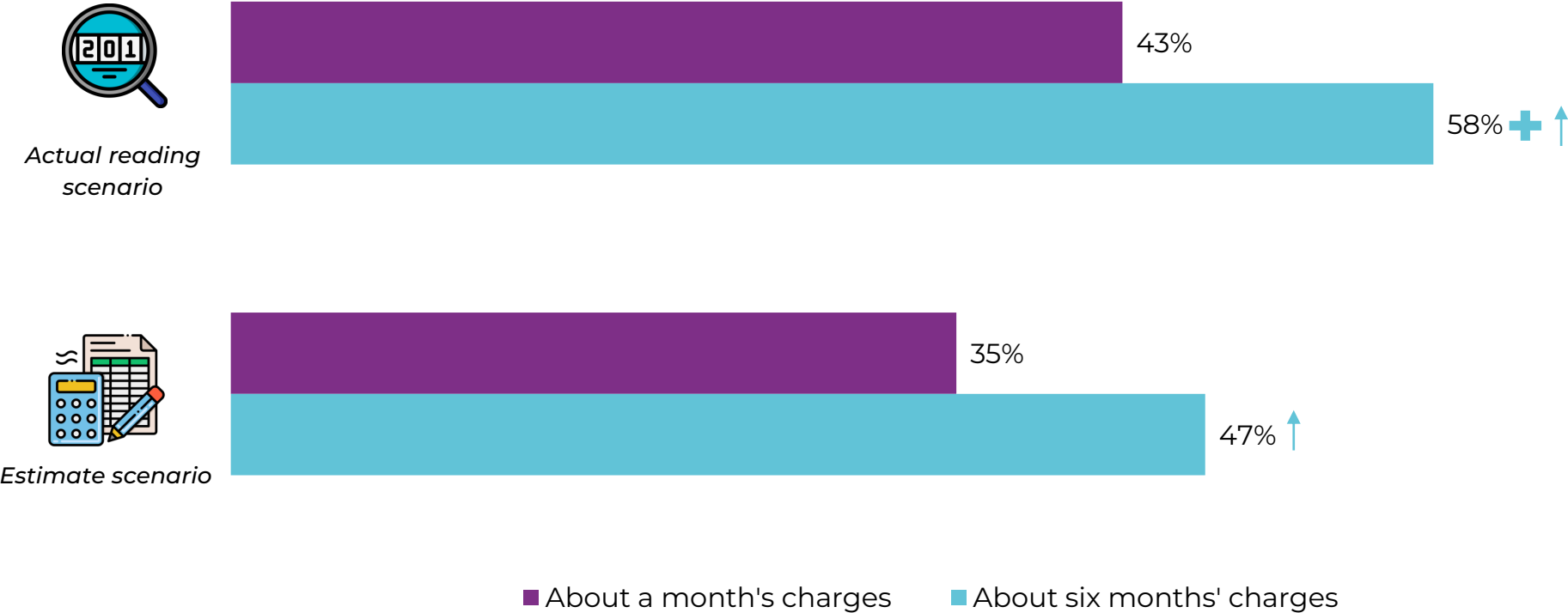
Comparisons

Businesses whose bills are based on actual readings are more likely to expect a refund than those whose bills are based on an estimate

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NET: Likely to expect a refund if bill shows credit has been accrued
Base: all metered businesses (n=159)

Actual reading scenario
- About a month's charges: 43%
- About six months' charges: 58% ✚ ↑

Estimate scenario
- About a month's charges: 35%
- About six months' charges: 47% ↑

■ About a month's charges   ■ About six months' charges

↑ Statistically **higher** than the **other timeframe**
✚ Statistically **higher** than **the alternative scenario**
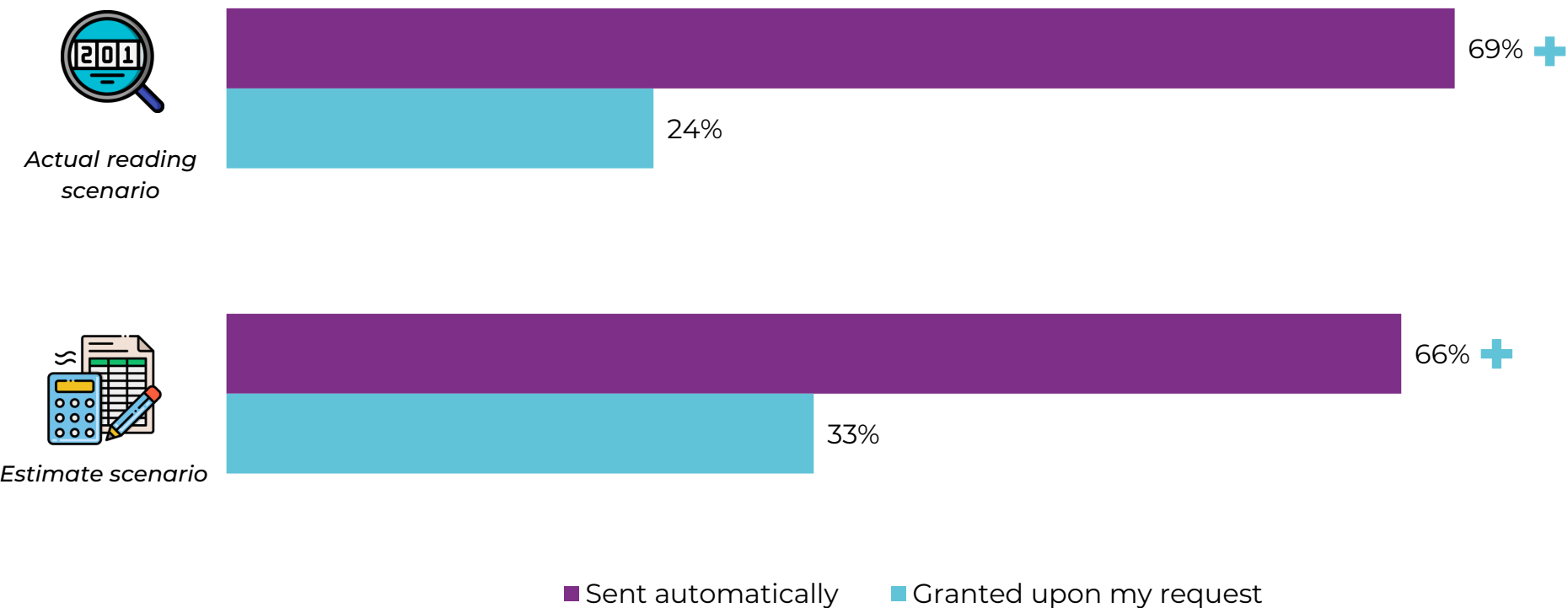
Expectations around automation were similar for credit accrued based on both actual and estimate readings

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How would you prefer this refund to be handled?
Base: all metered businesses likely to expect a refund based on actual reading (n=108) and based on estimate (n=88).

Actual reading scenario
- 69% +
- 24%

Estimate scenario
- 66% +
- 33%

■ Sent automatically ■ Granted upon my request

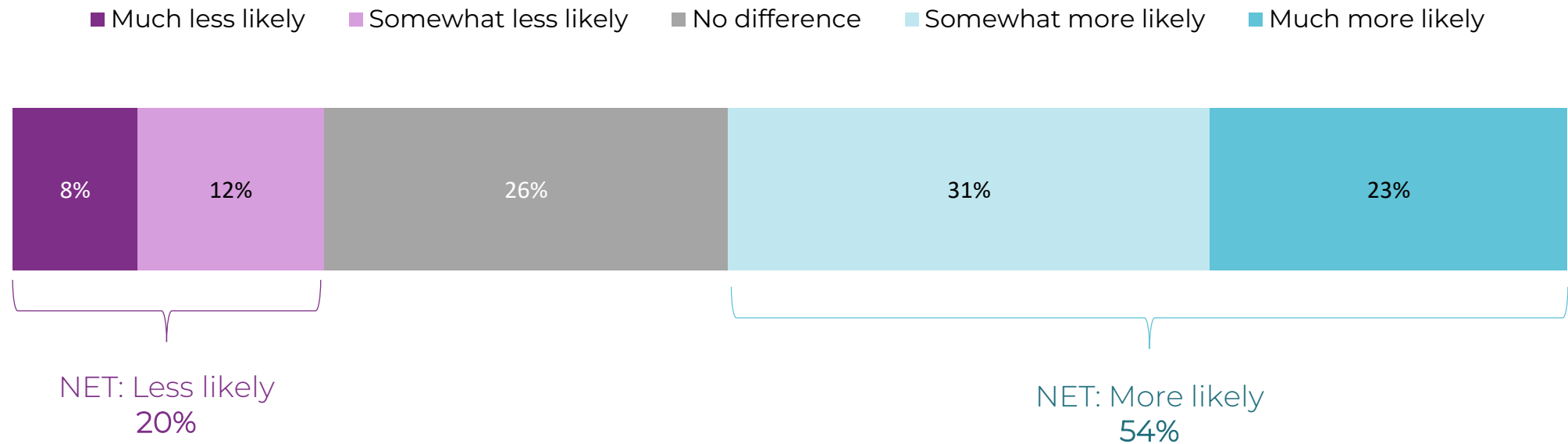+ Statistically **higher** than the alternative approach within scenario

Insolvency expectations

Over half were more likely to expect a refund for credit were a UK retailer to become insolvent in future

When a business becomes insolvent, any credit they hold of their customers is at risk of being lost. So far, no UK water retailer has become insolvent, but there is no guarantee this will never happen. Would this happening to a UK water retailer make you more or less likely to expect a refund for credit?

Base: all businesses (253)

- Much less likely
- Somewhat less likely
- No difference
- Somewhat more likely
- Much more likely

| 8% | 12% | 26% | 31% | 23% |

NET: Less likely
20%

NET: More likely
54%

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Those that expected refunds in either scenario said their position would strengthen if a water retailer became insolvent

Base: those that expected refund in estimate scenario (88)

NET: More likely to expect a refund

Those that expected a refund in the actual scenario
67% vs. 54% ↑

Those that expected a refund in the estimated scenario
70% vs. 54% ↑

Turnover of £100-500k ↑
77% vs. 54%

"Much more likely"...

Those that pay bill through provider's website
53% vs. 23% ↑

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Summary

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Summary

Businesses were generally positive about how their credit accruals are communicated to them, considering the letters/emails to be clear and understandable.

When asked when they would not expect an auto-refund, some businesses' distrust of water companies and their processes came through with some citing that they wouldn't ever expect one, though in a small sample size.

Where refunds were equivalent to around six months' charges, the picture was clearer, with 58% reporting they were likely to expect a refund based on an actual meter reading, and 47% based on an estimate reading.

There was no clear picture around refunds akin to about a month's charges, with similar proportions saying it would make them more/less likely to expect a refund in the actual reading scenario, and slightly more (38% vs. 35% likely) reporting they were unlikely to do so in the estimate scenario.

In the event of a UK water retailer becoming insolvent, over half (54%) of businesses said they'd be more likely to expect a refund as a result.

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