

Acceptability Study

Main Study Results

October 2013

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- High level findings for Acceptability
 - As a whole with and without inflation
 - Split by customer type
- Importance of activities & analysis of proposed improvements
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- Summary and Recommendations

Overview

- South Staffs Water has completed an Acceptability survey
- Involved testing:
 - A proposed plan
 - Options for further investment including the reinvestment of merger savings and a social tariff
 - The impact of a change in the sewerage bill
- Aim is to understand how acceptable the plan is to customers

Approach

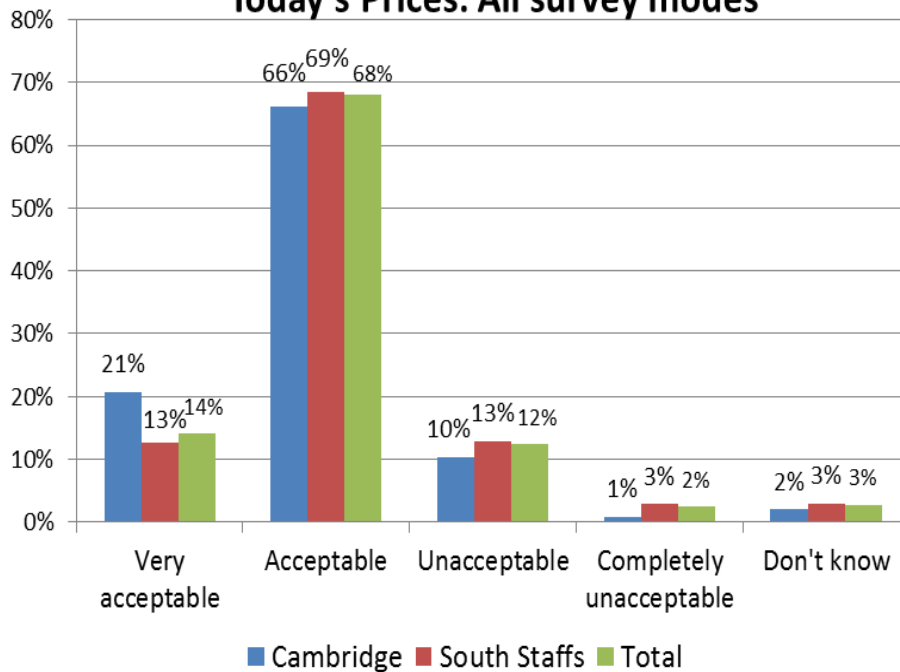
- 1044 surveys conducted with customers:
 - Mix of survey modes
 - Household - mix of CAPI (face to face) and Online
 - Business - Online
- Survey conducted with customers:
 - Household CAPI and Online
 - 841 in total - 510 CAPI and 331 online
 - 319 in Cambridge and 522 in South Staffs
 - Business Online
 - 203 in total
 - 100 in Cambridge and 103 in South Staffs
- Quotas set for each customer type - representative sample
- Overall acceptability results weighted to reflect:
 - Number of business and household customers in each region
 - Number of customers in each region

Overall Acceptability Results

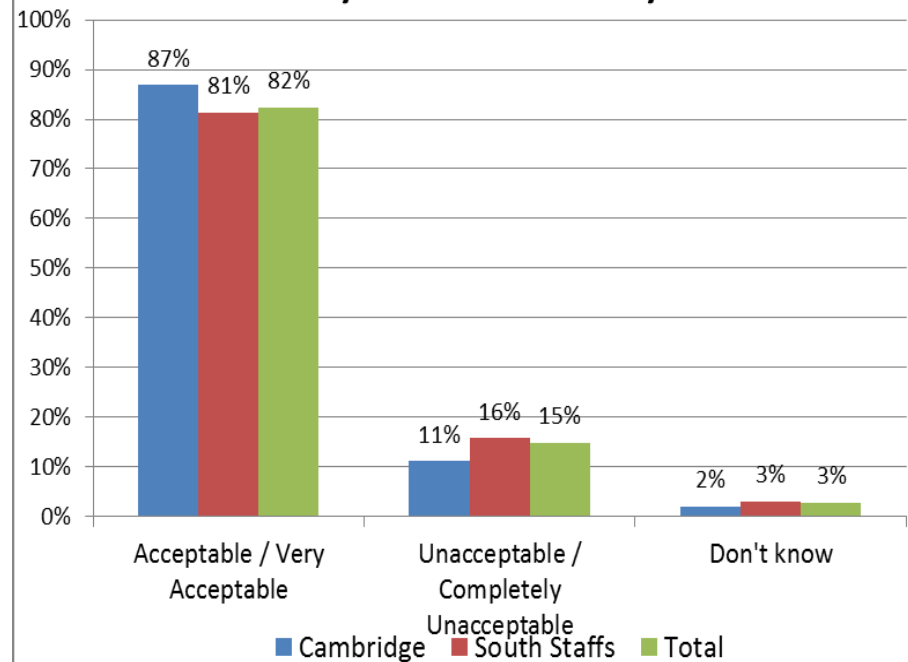
Key findings

Acceptability of the plan shown in today's (real) prices

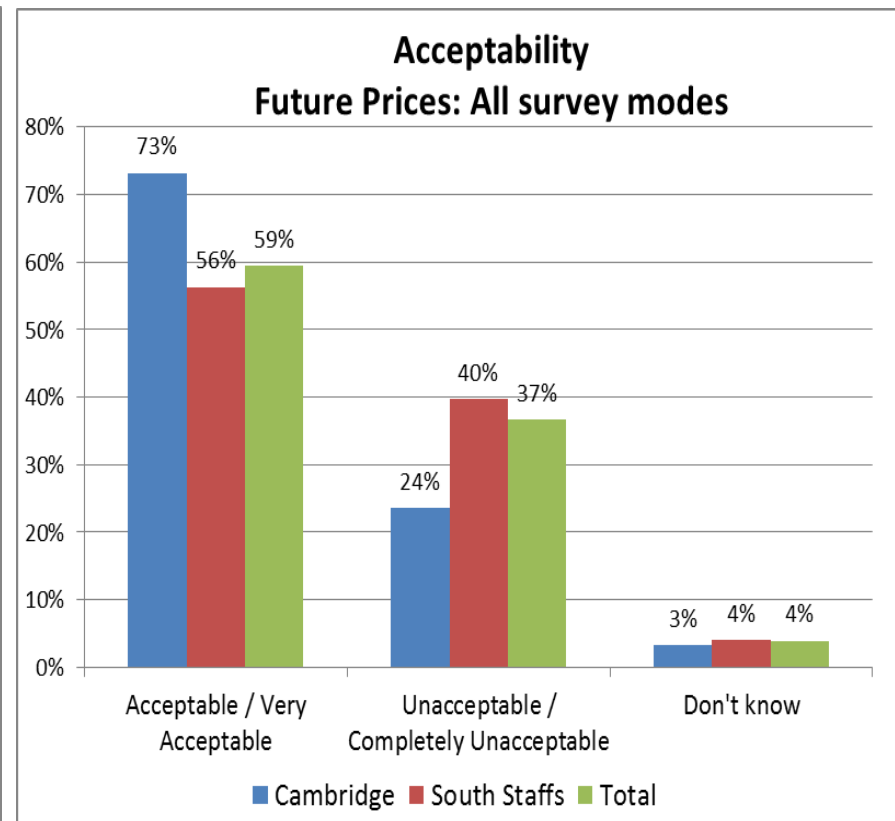
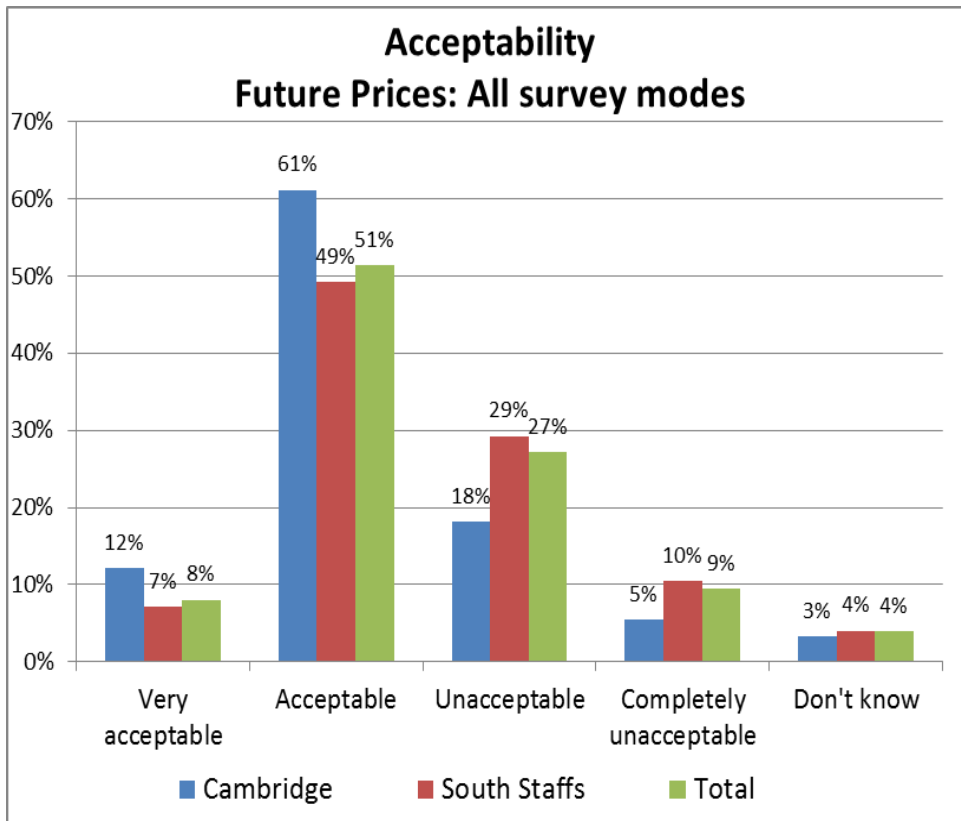
Acceptability
Today's Prices: All survey modes



Acceptability
Today's Prices: All survey modes

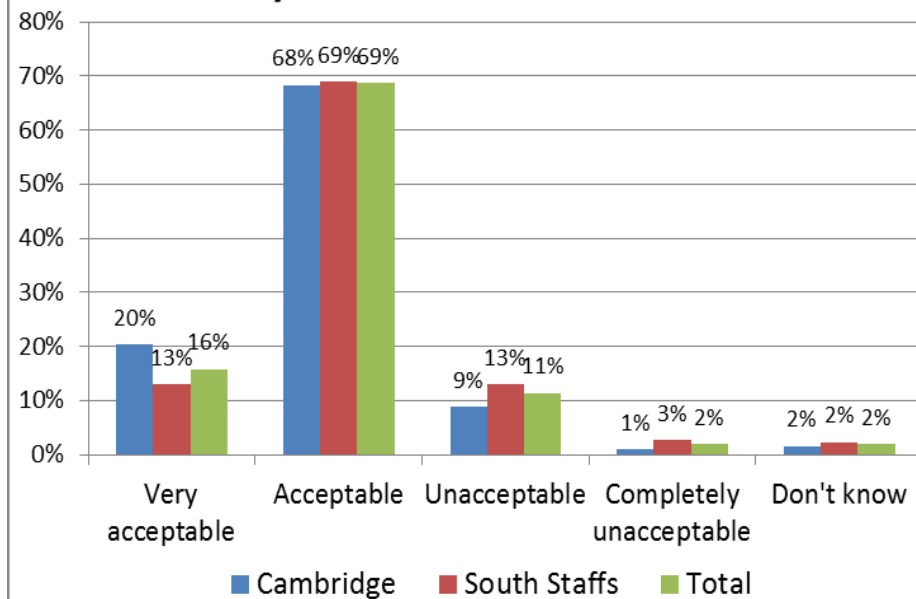


Acceptability of the plan shown in future (nominal) prices

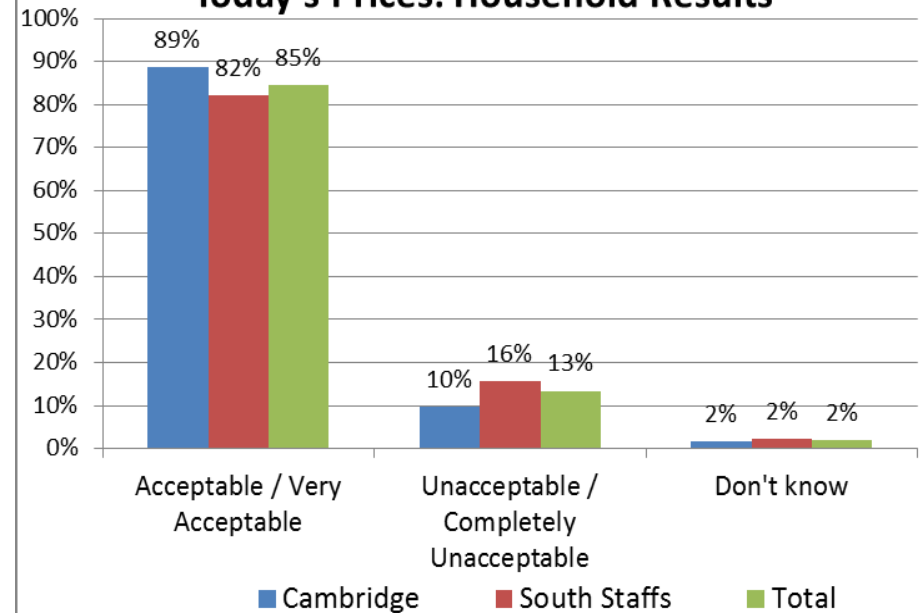


Household results (CAPI and Online Combined) shows slightly higher acceptability than the overall results

Acceptability
Today's Prices: Household Results

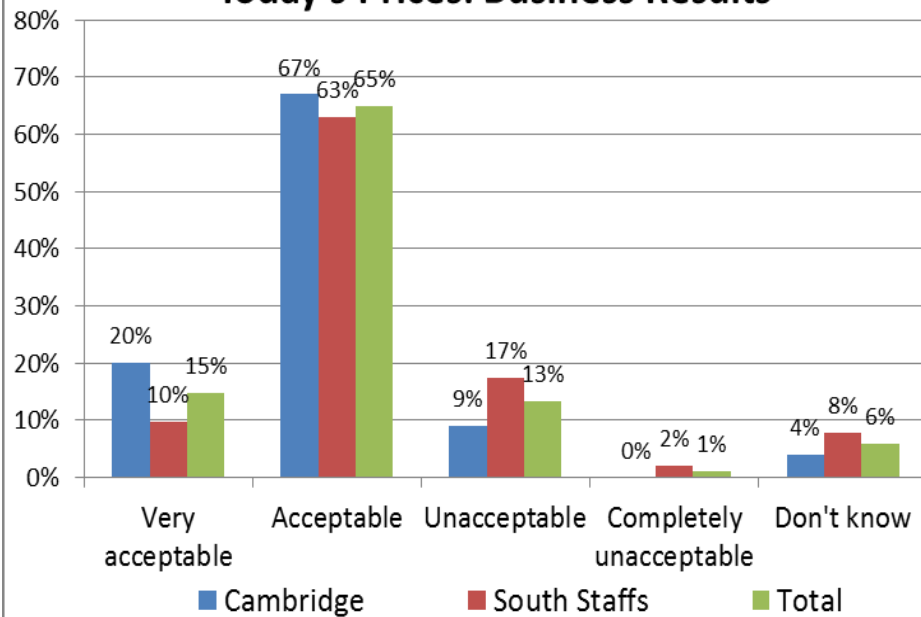


Acceptability
Today's Prices: Household Results

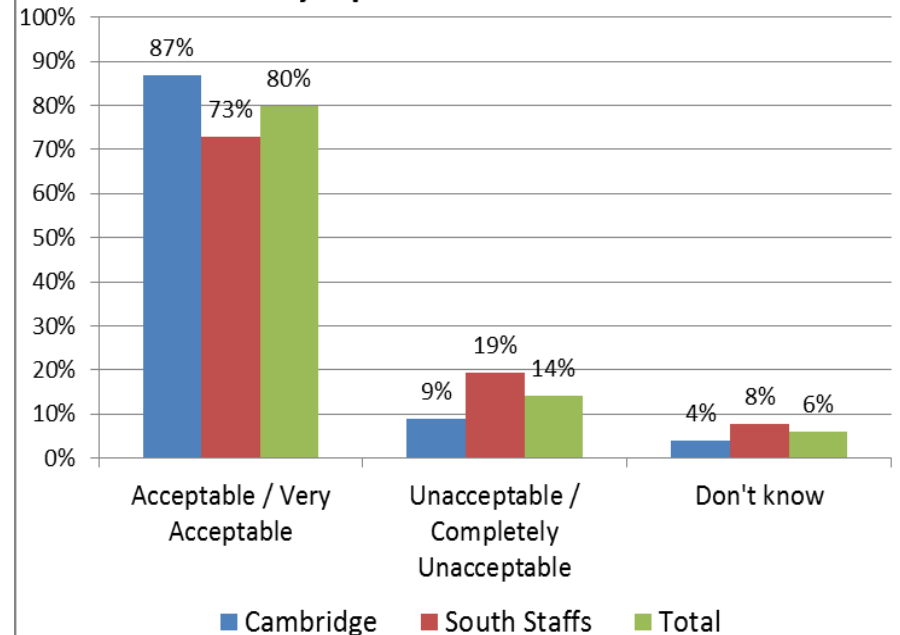


Business results show more 'don't knows' compared to households which impacts on acceptability

Acceptability
Today's Prices: Business Results



Acceptability
Today's prices: Business Results

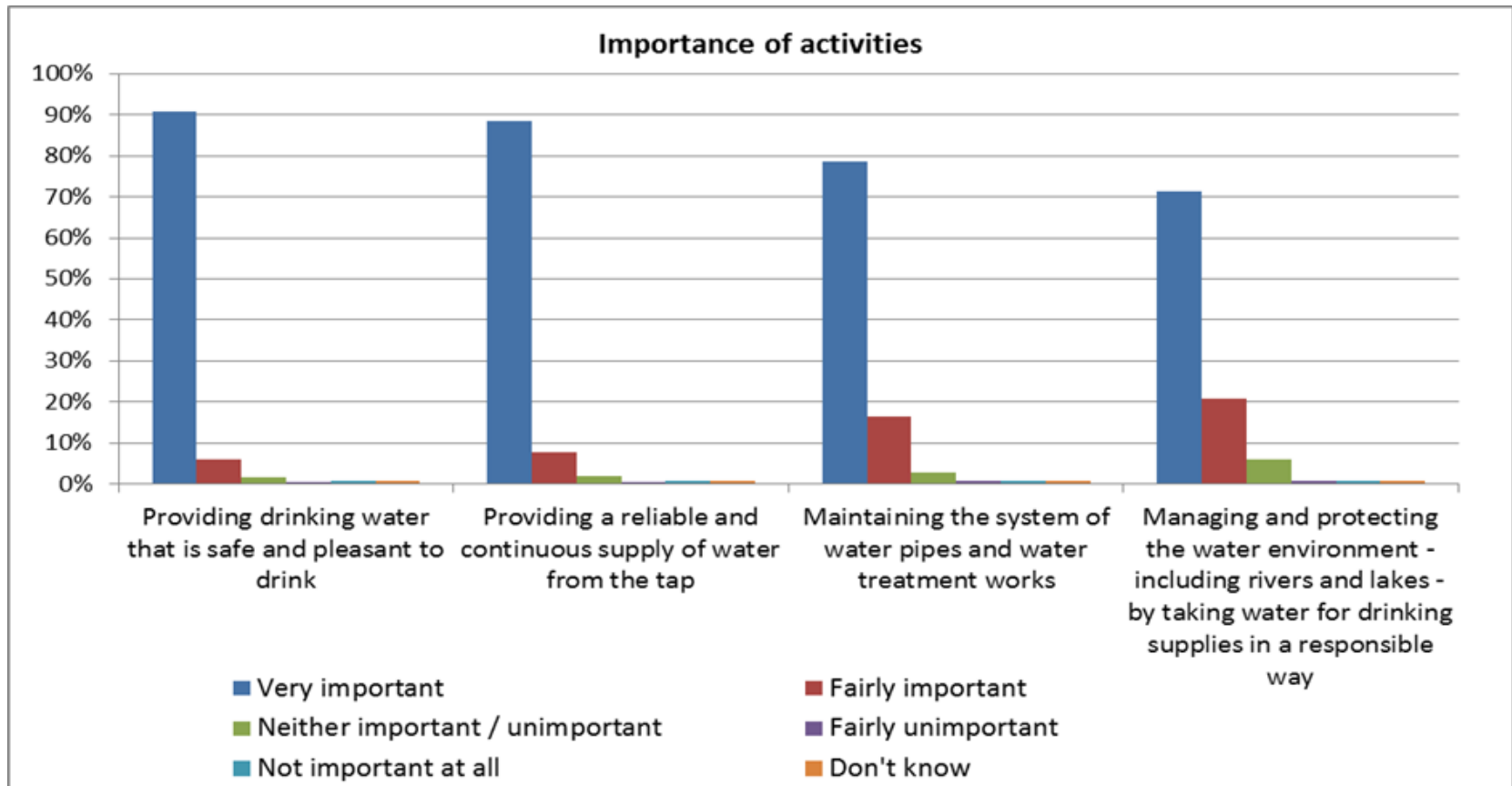


Summary of high level findings

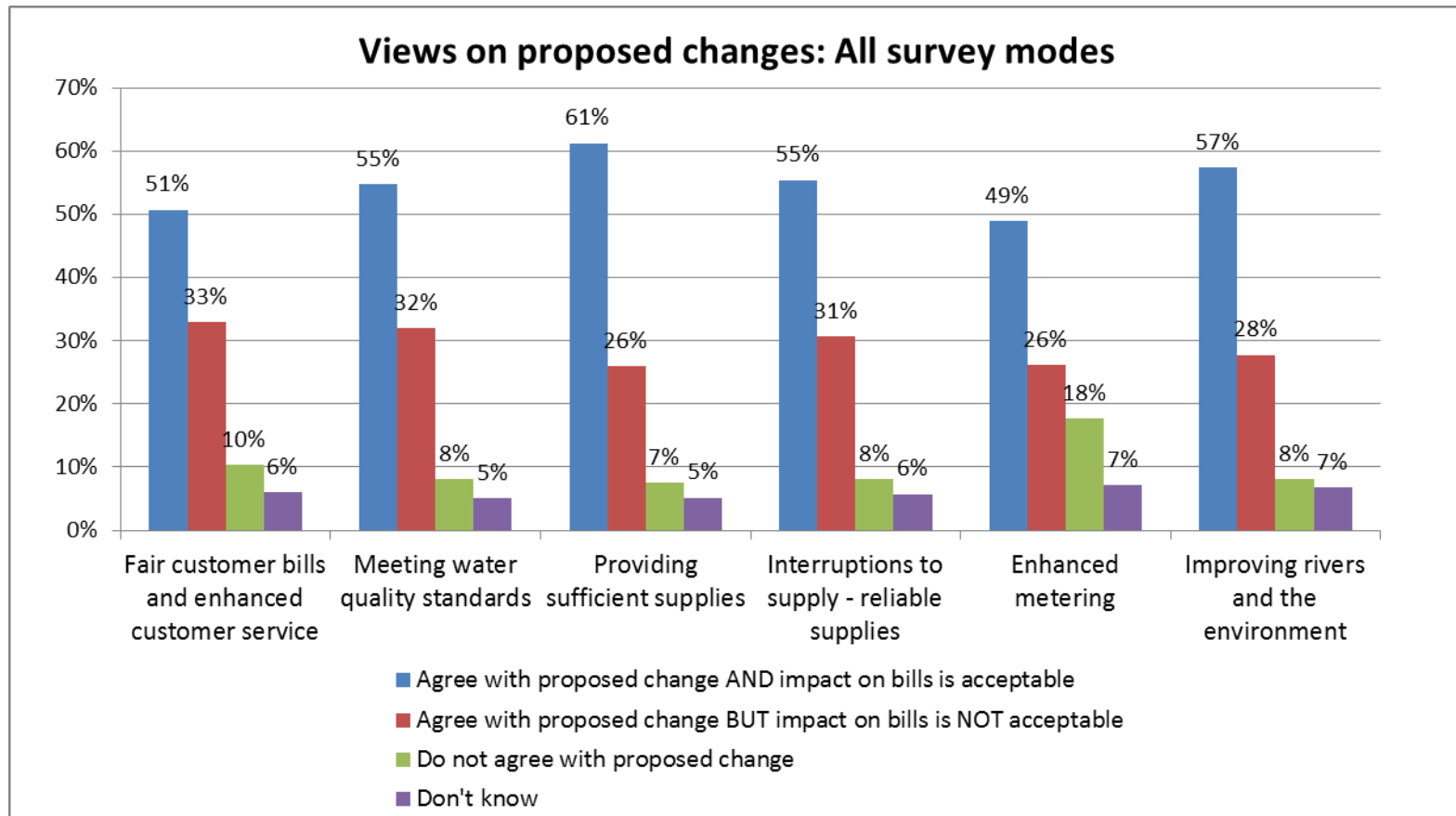
- Significant difference in the results between today's and future prices
- Recommend using results for today's prices based on:
 - Academic/Peer review advice
 - H.M. Treasury Green Book
 - Real income forecasts
- Results provide reassurance that the plan put forward is acceptable to a large percentage of customers

Importance of activities & analysis of proposed improvements

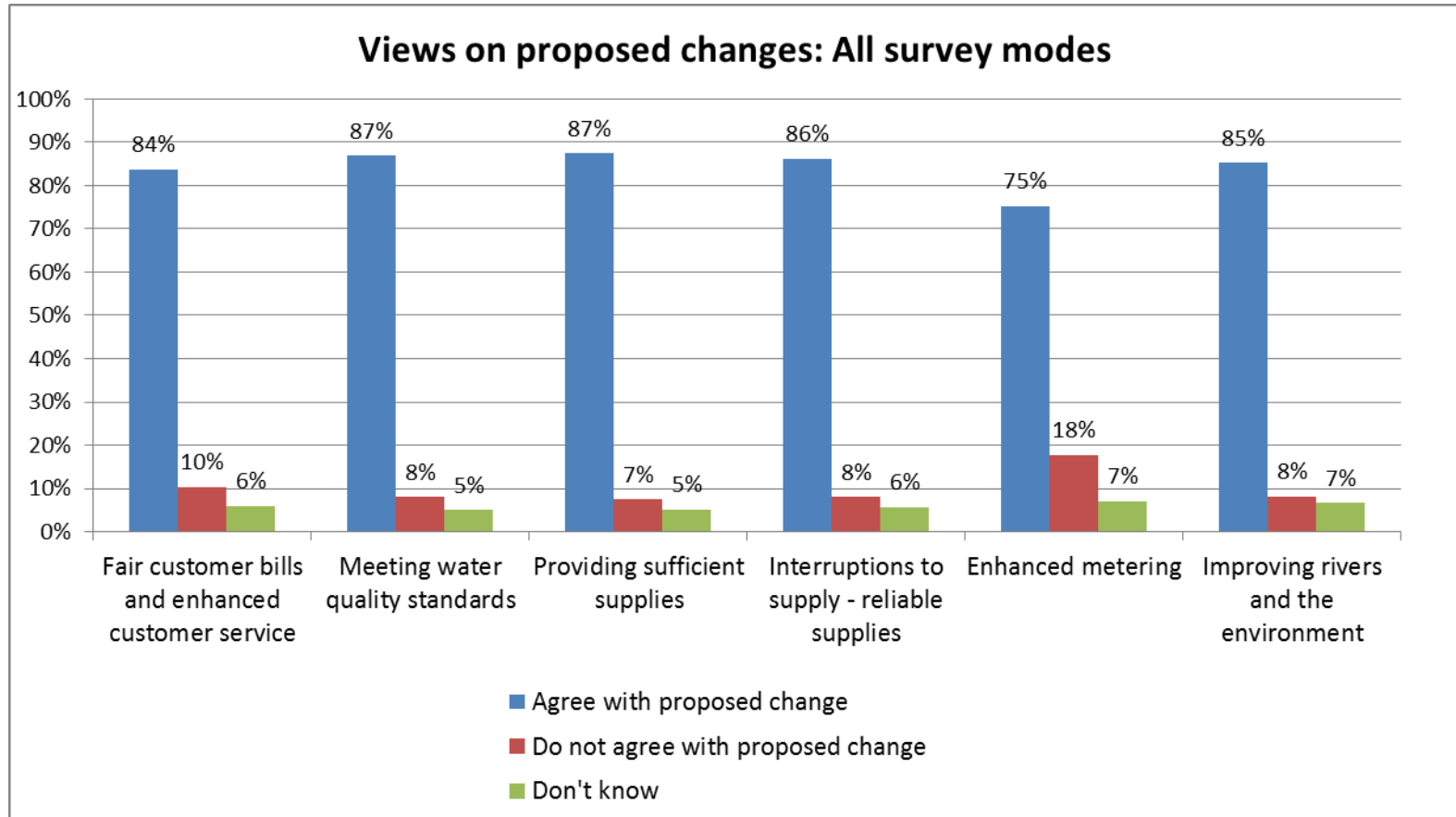
Importance of key activities



Customers supportive of proposed changes, but many keen to see improvements delivered at lower cost

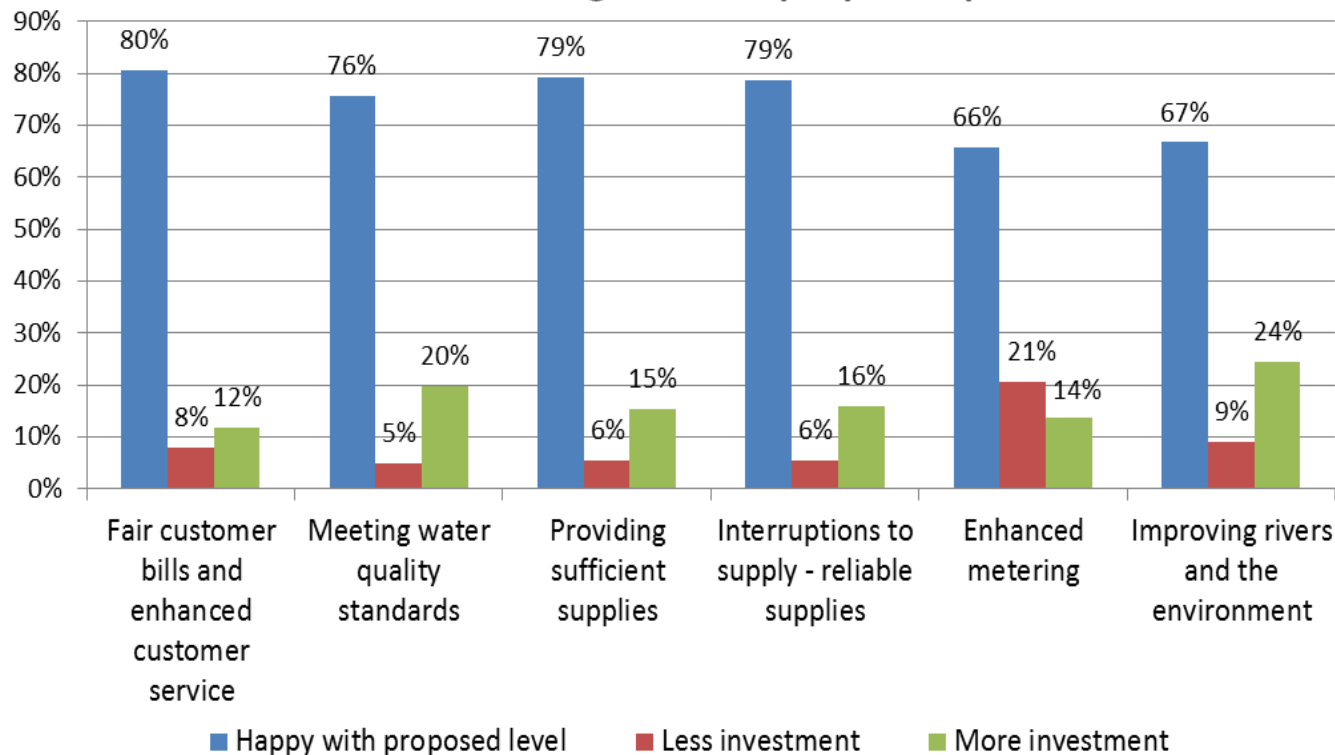


Grouping into 'agree' and 'do not agree' with proposed changes shows widespread support for the changes. Enhanced metering has the least support



Customers asked how the Plan could be improved

Views on changes to the proposed plan



Supports view that overall customers happy with current service

Area to consider less investment is metering

Areas to consider more investment are water quality and environment

Summary of service views

- Customers support the individual elements of the plan to similar levels
- Enhanced metering has the lowest support
- Many customers would like to see the improvements with a lower impact on bills
- Consider:
 - Less investment in metering
 - More investment in water quality and environment

Drivers of acceptability

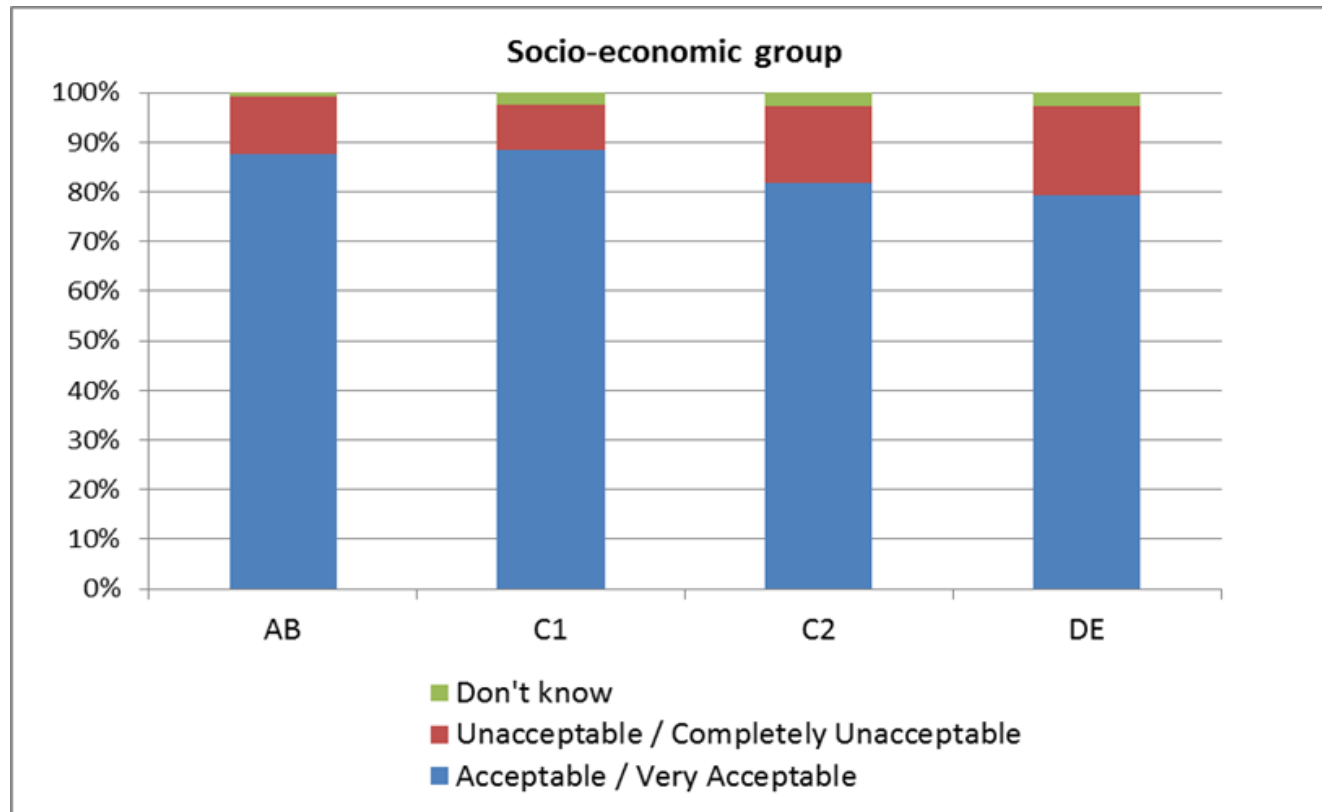
Impact on Acceptability

Drivers of acceptability: Statistical tests

- Undertaken to confirm visual results
- Applied rank correlation / Spearman correlation test to assess the degree of relationship

Test	Correlated?
Acceptability Vs Region	Yes
Acceptability Vs SEG	Yes
Acceptability Vs Gender	No
Acceptability Vs Age	No
Acceptability Vs Meter	No

Drivers of acceptability: Socio-economic group (a proxy for income) and shows lower acceptability amongst lower groups - C2 and DE



Other findings

Other findings

- **Impact of investing the merger savings:**
 - Investing the merger savings has a small impact of 8% on acceptability.
 - Customers generally prefer the merger savings to be passed on as lower bills rather than reinvested. If reinvested they would prefer investment in supply pipes over helping vulnerable customers.
- **Introducing a social tariff:**
 - 6 in 10 customers agree with a social tariff but only 25% of customers agree with a social tariff and the impact on bills.
 - Introducing a social tariff has an overall impact of 31% reduction on acceptability.

Other findings

- **Impact of changes to the sewerage bill:**
 - Households - An increase of £5 begins to impact on acceptability reducing acceptability by 9%.
 - Business findings: Difference more marked but a smaller sample and results more sensitive to sample size. A bill increase of 4% has a large impact reducing acceptability by 24% from the 2% level.
- **Bill profile:**
 - Customers have mixed views on the bill profile but a steady increase is generally preferred.

Summary

Conclusions

- Results suggest the proposed plan is acceptable to the majority of customers
- The findings show a large difference when the plan is shown in today's and future prices
 - Results based on today's prices should be preferred (82% acceptable/very acceptable)
- Socio-economic group affects acceptability but the impact is small
- Customers would prefer the merger savings to be passed on in the form of lower bills instead of being reinvested
- A social tariff has a large impact on acceptability
- Changes to sewerage bills in the ranges proposed in consultations do not impact on acceptability of the proposed water bill
- Customers have mixed views on the bill profile but a steady increase is generally preferred

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