

Foundation Research

Qualitative Findings – Full Report

June 2017

Rachel Risely
Tel +44 (0)20 8742 2211
rachel.risely@accent-mr.com



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This presentation is based upon qualitative data and should not be considered robust, but indicative of the views of the populations targeted



Research Background

South Staffs/Cambridge Water have begun a research programme for PR19

First phase of research is to set the framework for the remainder of SSW's PR19 customer engagement programme.

This phase of foundation research scopes out customers spontaneous priorities



- Understand customer priorities for service delivery both now and over the longer term (prompted and unprompted)
- Check these against previously established priorities in PR14 work

Methodology and Sample

Qualitative methodology comprising 10 pre-tasks extended discussion groups (72), 15 in home interviews with customers in vulnerable circumstances and 6 telephone depths with larger NHH customers

Group	1	2	3	4	5	6	7	8	9	10
Type	HH	NHH	HH	HH	HH	NHH	HH	HH	HH	NHH
Number of customers	8	6	8	8	7	3	7	8	9	8
Socio Economic Group	Higher ABC1	Mix of SIC	Lower C2DE	N/A	Lower C2DE	Mix of SIC	Higher ABC1	Lower C2DE	Higher ABC1	Mix of SIC
Lifestage	Empty Nesters/ Retired		Pre-family	Future Bill Payers	Family		Pre-Family	Empty Nesters/ Retired	Family	
Location	Burton		Sutton		Tipton		Cambridge		Cambridge	

Methodology and Sample

Qualitative methodology comprising 10 pre-tasks extended discussion groups, 15 in home interviews with customers in vulnerable circumstances and 4 tel depths with larger NHH customers

Type	Total	SSW	CW
Hard to pay	3	2	1
Physical	3	2	1
Digitally disengaged	3	2	1
Age	3	1	2
Language/literacy	3	2	1

- Larger NHH customers split:
 - 2 x multi site
 - 2 x single site
 - 3 SSW and 1 CAM customer.

All fieldwork undertaken June 2017

Pre-task designed to ensure conscious response to water priorities

Four parts to pre-task

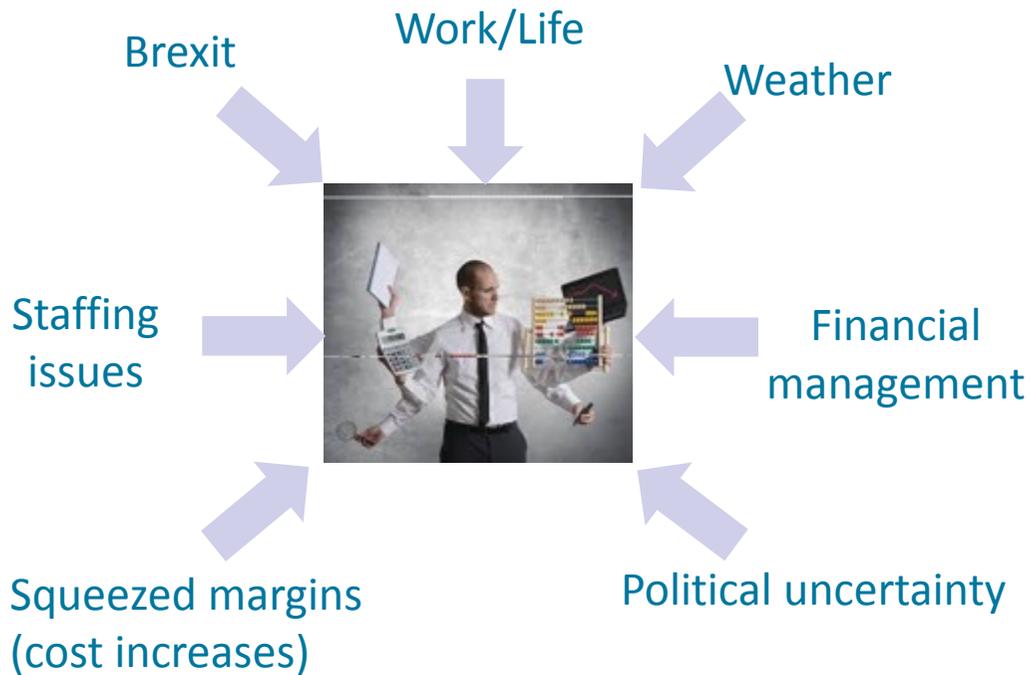
- Tell a friend about SS/Cambridge Water
- Water moments diary
- Water deprivation/discolouration exercise
- Video selfie – what should SS/Cambridge water focus on



Sample Observations

Various challenges exist for NHH customers

Majority happy not to have to think too much about water provision



We sell a lot of parts around the world and the confidence thing isn't there anymore so ...the orders are definitely dipping, definitely dropping off
Cambridge, NHH

I think it's just juggling everything including the outgoings with enough income
Burton, NHH

Some larger water dependent NHH customers have to engage with water market

All have staff dedicated to monitoring water usage and have direct dialogue with their suppliers. Their spontaneous and considered priorities are in line with other NHH customers although the monitoring of water usage is already high priority

Current Customer Priorities

- Continuous, uninterrupted supply is key
- Ability to monitor usage and detect leaks also important – smart meters and spare meters are seen as essential

SSW/CW Current Performance

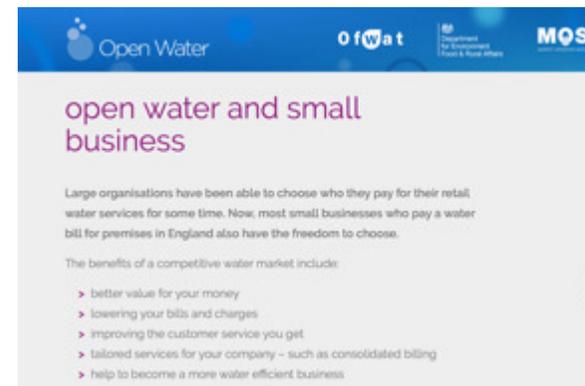
- SSW/CW delivering well with no reported issues
- Would like to see roll out of smart meters as standard
- Leakage needs to be addressed

SSW/CW delivering good customer service with some examples of swift responses and proactive contact

Deregulation has had a limited impact so far

Currently hard to see benefits in switching even for the larger water dependent NHH

- For smaller NHH little attention paid to water & water is lowest utility cost
- Larger, water dependent NHH more engaged, but little benefit seen in switching retailer
- Easier to stay put
 - No issues or complaints
 - No concerns re high cost
 - One bill/online
 - Unsure of advantage to switch
- Separation of retail and wholesale feels confusing so easier not to engage



“When I was Googling and looking around Cambridge were about the second anyway so theoretically there’s no point changing. There’s no point”
Cambridge NHH

Not all customers (HH or NHH) have the same attitude to water

Different attitudes to water affect behaviour (with qualitative bias towards “water blind”)

Cost conscious

- Aware of what they are using
- Thoughtful about water usage
- Mainly metered
- Driven by cost
- Higher among water dependent NHH

Water conscious

- Aware of what they are using
- Thoughtful about water usage
- Mix of metered/unmetered
- Driven by non-cost factors
 - Environment
 - Dislike waste

Water blind

- Unaware of what they are using
- Never thought about water
- Driven by cost and non-cost factors
- Cost = Managing financially, lowest utility cost
- Non-Cost = Good product, no complaints, good service

Already using water saving strategies e.g. shower timer, not leaving tap running.

No water saving strategies in place



Future bill payers are tech-savvy and demanding

Online access to real-time information is a hygiene factor for this generation



- Heavy reliance on technology for instant access and control
- Expectation of 'push' as well as 'pull' information: tell me what it is that I need to know
- Place onus on providers to ensure customer does not waste money
- Reduction of wastage often focused on keenness to avoid unnecessary costs to self
- Environmental awareness often in context of future effect on own wallet and quality of life
- Very limited understanding of water provision

Demand high service levels and proactive approach

Expect highly effective functionality to manage usage rather than just the existence of technology for access to account and payment

Customers in vulnerable circumstances

Not all customers in vulnerable circumstances are the same. SSW/CW need a flexible and personal approach to support to support a range of different needs

- Skin disorders
- Dyslexia/dyspraxia
- Some physical disability
- Age
- English = 2nd Language

Mildly vulnerable situations and often single vulnerability

Practical support required from SSW/CW such as large print bills, Braille communications, bills in alternative languages etc

Extreme vulnerable situations and often multiple vulnerabilities. Can be households with more than one member in vulnerable circumstances

Customers in extreme vulnerable situations are just about managing day to day. Support may need to be offered as part of a wider support package with other agencies (CAB, disability support groups, NHS, food banks etc)

- Water dependent disabilities
- Depression
- Financial chaos
- Dementia



Perceptions of SSW/CW

Positive perceptions of SSW/CW across customer type

Sense of efficient and reliable without being overly corporate

Specifics

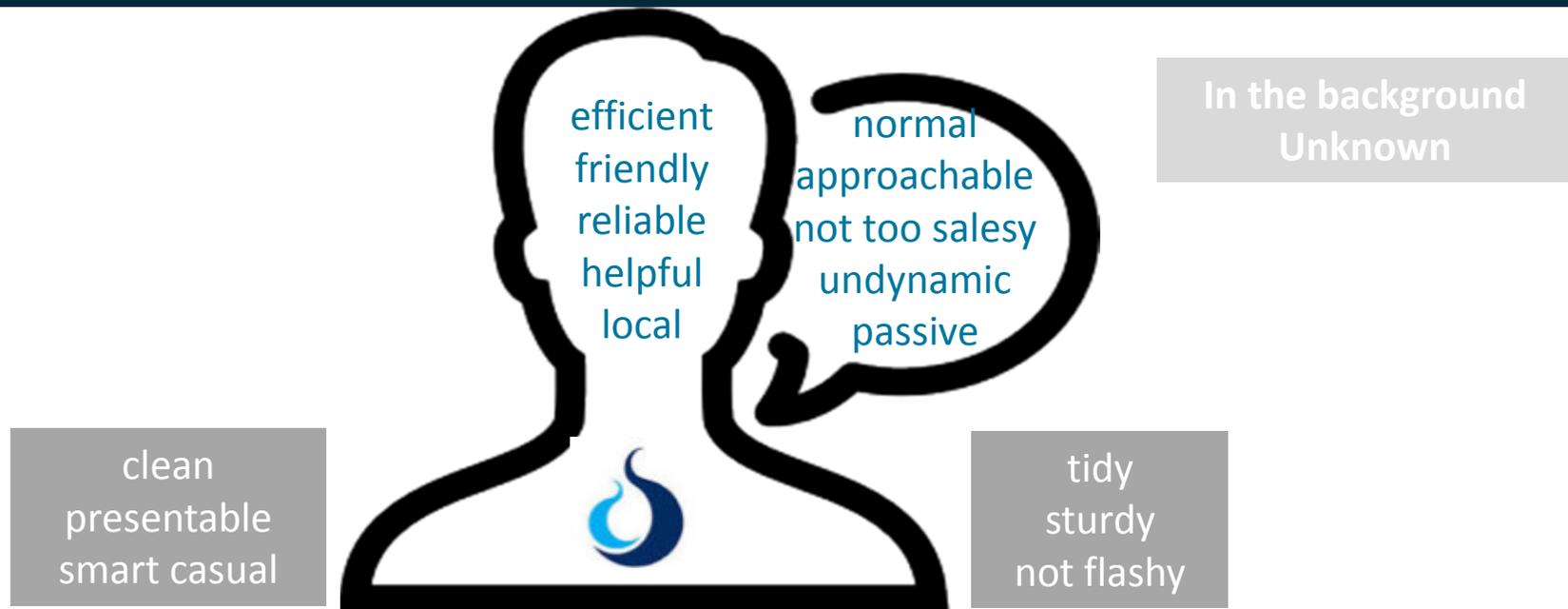
- Accurate bills
- Easy moving house process
- Checked back to ensure problem resolution
- Proactively changed payment when usage changed
- Very helpful with new house build
- Quick to answer the phone
- Cheaper than other providers

“Brilliant. Genuinely. I'm not just saying that for the camera. Every time I've rung them they're really good. Compared to other utility companies who've been a little bit awkward, they've just been really easy.”
Cambridge, ABC1, pre-family

Compared favourably with other utilities for customer service, accurate bills and value for money. All would recommend SSW/CW to others

Brand personification focuses on reliability and ease of access

Spontaneous personification based on current experience and perceptions, though not always easy to define – consistent across HH and NHH customers



From limited customer knowledge and experience some very positive brand perceptions to build upon – keen to see increased presence

Testimonials reflect positive experiences of SSW/CW

So thankful for @SouthStaffsWater, don't know what I'd do without a pint of water and a shower of a morning! Keep the clean water coming 😊!

TESTIMONIAL
Hi there, I was concerned last yr, when I ran the tap there was coloured gritty residue in bottom of glass/kettle every time I filled it. I telephoned the local water co. and they came straight out to test the water and take samples away. They came back to me very quickly with the results and said it was OK. I had to run water for an hour and they reimbursed me for water that was run off! I was relieved it was dealt with quickly and efficiently - they kept up their advertising promises!

I'm with South Staffs Water and have always found them very helpful if I have phoned. I have not have not had any problems with the company or the water supply.

u a little bit about South Staffs water

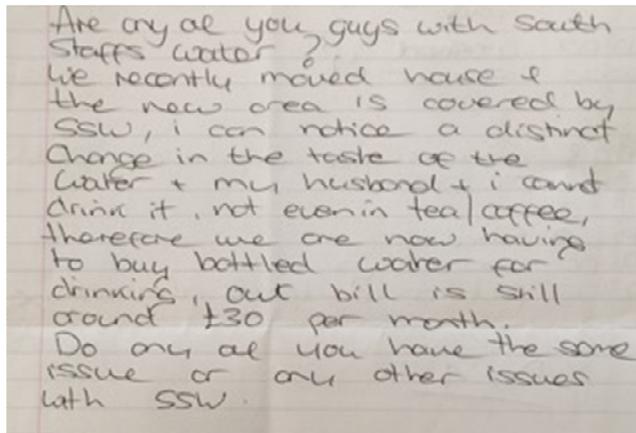
I think they are a great local company who supply our water. They are easy to deal with if you ever have a problem with billing, their call centre is quick and easy to use. However, I do not like the marketing mail I get from them trying to sell me insurance for my pipes. It mostly goes straight in the bin.

Positive perceptions often based in context of other utilities (including mobile phone, broadband providers and banks)

Minority of negative stories relating to product and service

Product Related

- Few stories relating to water quality
- Hard water – concerns about limescale build-up in system and overall quality
- Different taste to previous suppliers



Service Related

- Few stories where SSW/CW are less efficient or helpful
- Unable to switch back from meter
- No proactive adjustment of account
- Delays in getting through to customer service

Last year I moved house and my direct debits weren't right and they hadn't contacted me so I was out by £90 and I had to figure that out and I thought well why wasn't I contacted about that? Family ABC1, Cambridge

General acceptance that service issues are rare and tastes vary, though some requests from younger for more information on the nature of chemicals used to treat water

4 Water Moments

Water moments exercise raises consciousness of the value of water and own attitudes to usage

Moves some from a point of apathy to higher awareness and appreciation



Recognition of emotional rather than purely functional benefits drives the desire to protect and preserve the supply for future generations

Water discolouration prompts a fairly emotional response

Strong negative emotion associated with discoloured water; fills many with disgust

May use discoloured water

Would not use discoloured water



Mostly unsure if discoloured water is safe to use and largely unwilling to accept it

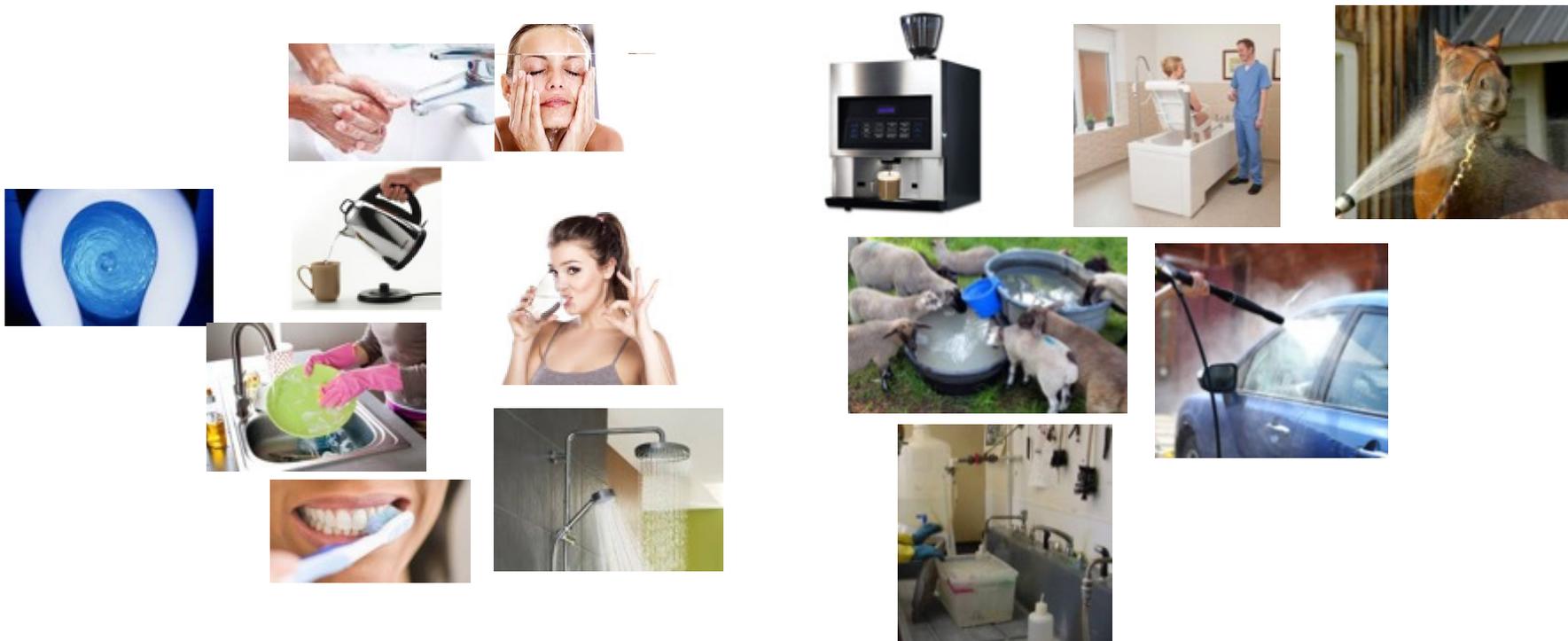
Water pressure is not considered to be a major problem for households

Low water pressure seen as inconvenient and annoying: affecting quality of experience



No strong reactions as no long-term affected in sample and some confusion over cross-over between SSW/CW responsibilities and internal system

Emotional effects of short-term water loss focus on hygiene for households and financial considerations for NHH customers



Even short-term water deprivation has potentially serious implications for high dependency NHH

Water moments observations

Simply reflecting on own water usage seemingly prompted small behavioural changes for some

Waste conscious

- Shared households (pre-family) if responsible for bills
- Metered customers
- 'War mentality' – no waste
- Aware that water is a precious resource
- Exercise reinforced current attitude and behaviour

Waste oblivious

- Tended to be future bill payers and some pre-family
- Not as high as other bills, so less need to monitor
- Often use bottled water for convenience
- Sense of easily renewable resource
- Some claim behavioural change as a result of exercise but others claim unlikely to restrict their usage for any reason

Exercise helped to raise awareness of own usage and potential to reduce wastage: could think about using a similar exercise as part of app development

Some evidence of anticipated behavioural change from final postcard exercise

Based on raised awareness of SSW/CW challenges as well as own usage from Water moments exercise

Examples of potential change (NHH)

- I'm going to investigate whether we have water butts for outside maintenance
- I will try and appreciate my water supply more and use it sparingly
- We will just keep doing what we are doing and being careful

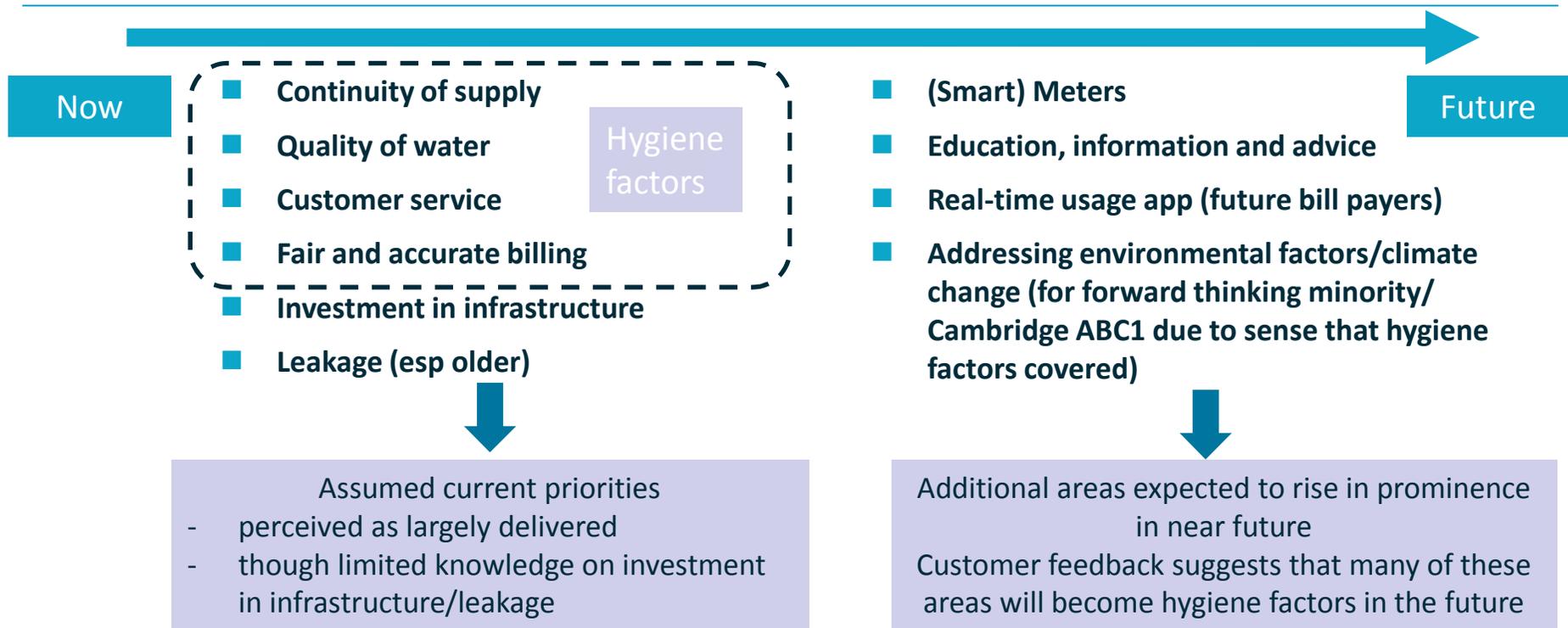
Examples of potential change (HH)

- Although I don't think my attitude will change due to this meeting, I now have a better understanding of the business and their problems and concerns
- I won't take it for granted so much and try to use less
- I think I will try and put in a meter and continue to advocate careful usage
- I am now aware of how much water we use as a family and how we can save it



5 Priorities and Challenges

Fairly consistent set of spontaneous priorities across HH/NHH and SSW/CW



Key to reassure customers that future priorities will be established with hygiene factors in mind

Spontaneous Priorities: Continuity of Supply

Short term
Hygiene Factor

No issues with current water supply, but spontaneous expectation on SSW/CW to ensure consistent water provision

- **When prompted** with information: most surprised by boreholes: more effort required to access water than expected
 - Raises questions and concerns:
 - Why not more from surface water sources?
 - Number of boreholes seems small: How far does the water travel?
 - Could it run out? What is being done to ensure collection of rainwater?
- Volume of water delivered by SSW/CW felt high in comparison to number of households: raised concerns about wastage
 - Requests for more help to reduce wastage in the home – **education, advice, tools and incentives**
- Some spontaneous concerns about water bio-security

Information provided illustrates to customers that the task for SSW/CW to maintain supply is more complex than initially assumed

Spontaneous Priorities: Quality of Water

Short term
Hygiene Factor

Primary concern is to maintain current quality and ensure consistency

- Taste/softness can be compared to quality from previous area of residence
 - Sometimes favourably, sometimes less so
- Questions raised (esp among younger customers) on what is added to water and why
 - Requests for more information from SSW
 - Some interest in home testing kits
- Occasional issues with taste and appearance feel unexplained
- Hard water a problem for some NHHes due to limescale damage
 - Mostly accepted by households, though ideal would be softer

Sometimes when it gets really hot, the first few glasses are very cloudy. ...you pour it out and it gradually clears...but it's only if it's a really hot day. Empty Nesters/Retired C2DE Cambridge

Potential opportunity to provide more information on water quality and the benefits of treatment

Spontaneous Priorities: Customer Service

Short term
Hygiene Factor

Customer service priorities focus on maintaining the status quo and ensuring consistency

- Ease of telephone access and speed of problem resolution are hygiene factors
- Some 'delight' scenarios of unexpected compensation; proactive chasing of problem resolution
- Current great customer service experience tends to negate the need for **online access and account management**
 - MyAccount Online and app access is a hygiene factor among Future Bill Payers
 - For others, should be offered as an addition to current options, with no pressure to use
- Future Bill Payers also expect proactive information to help reduce costs

When it says about the digital web services and channels and that, what about them who, like the pensioners who haven't got access to the web and who haven't got online accounts, .
Family, C2DE, Tipton

While account management technology is expected in future, customers need reassurance of multi-channels and that existing service standards will not be reduced as a result

Expected Customer Service: Response Rates

Short term
Hygiene Factor

In addition to instant access by telephone, acceptable response rates are fairly consistent across groups

- Emails about billing queries etc: acknowledgement within hours expected, reply 1 day (-2 if complex), but only used for non-urgent issues: follow-up phone call appreciated by some but not necessary if process explained
- House move: one call only (online fine with instant confirmation, but usually prefer telephone) and actioned within days with email/mail confirmation
- Low water pressure: depends on issue, but days not weeks and proactive phone/text updates makes great service
- Leaks: current rates acceptable: same day if urgent, 3-5 days just acceptable for non-urgent if traffic closures etc required: proactive phone/text updates makes great service
- Issues with stop-tap: within 24 hours following call with email/text updates (expected)
- Some interest in option for live chat (esp younger) – saves talking to somebody and easier if at work

Expected response rates usually based on experience of other (non-utility) companies with no utility companies offered as best in class and generally more confidence/trust in SSW/CW

Spontaneous Priorities: Fair and Accurate billing

Short term
Hygiene Factor

Current bills seen as fair and few problems encountered

- Current water bills generally value for money across the board and lower than other utilities
- Various requests for clearer breakdown to show usage vs waste etc
- Some **metering** evangelists across groups: significant cost savings and principle of fairness: 'pay for what you use'
- Some families concerned that meter installation could mean higher bills
- Spontaneous requests for **smart meter technology** with real-time usage information (via **app** for younger)
 - Ability to link usage to cost and change behaviour accordingly
 - Assumed would remove need to read meters

I think what has surprised me ... I've lived in larger house shares and smaller ones, and you just tell them how many people live in your house and your bill always seems to be right.
Cambridge, ABC1 Pre-family,

Future requirements focus on opportunity for more control over spend via technology, information and education

Spontaneous Priorities: Investment in Infrastructure

Short term
Enhancing Factor

Often **moved up** in Customer Priorities once presented with SSW activity: specifically linked to leakage and climate change

- Customers spontaneously request investment in new technology to ensure **long term resilience**
- Alongside ongoing maintenance of network
- **Prompted** pipe km replacement feels relatively low, though difficult to assess without more information
 - Also some recognition of cost and disruption
- Need for investment further exacerbated by prompted **climate change** challenge (raised spontaneously by minority) and concerns about **population growth**

I feel like it's more to do with getting stung ...they will charge you for something that's gone wrong because they didn't plan.
Future Bill Payers, Sutton

Clear expectations for SSW to commit to significant infrastructure investment

Spontaneous Priorities: Leakage

Short term
Enhancing Factor

Unprompted requirement to reduce leakage mainly from those with experience of leakages in the street or home

- Strongly linked by customers to investment in infrastructure
- **Prompted** extent of **SSW leakage repairs** sometimes a surprise: raising concerns about wastage and impact on overall costs
 - Some frustration that water in the system is lost before it gets homes and businesses
 - Potentially affecting continuity of supply
- Current response times acceptable in context of expected investment in preventative measures
 - Though partly depends on how much water is being lost

The response depends how much water they're losing a year for me. If it's not a lot then responding that quickly isn't that important but if it's losing as much water as we use in a year then clearly it's really urgent.. Family, ABC1, Cambridge

On prompting with information customers see prevention of leakage as a high priority in light of future demands on supply

Spontaneous Longer Term Priorities: Education, Information and Advice

Appetite to reduce usage but need support from SSW/CW

- Water saving advice in the form of 'top tips' appreciated by all
 - More so if linked to own bill/usage
- Looking for advice and device support:
 - Neighbour comparisons
 - Bill equated to actual usage: bath = x litres @ £x
 - Devices to monitor or reduce usage: access to shower timers, sensors etc
 - Real-time information via app (mainly younger) or smart meter
 - NHH less easy to reduce usage but information still useful
 - Information and devices to aid water efficiency in new builds and refurbishments (with incentives) for all
- **Prompted** Information on process of collecting, storing and distributing water new news for some (esp younger)
 - Increased perceived value of resource and highlights need for education

Across groups improved information and educating current and future generations felt crucial to protecting future supply without substantially increasing bills

Some prompted areas for consideration caused customers to rethink priorities

In some cases 'new' issues moved higher up the list than those raised before prompting

- | Social | Environmental | Financial |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">■ Planning for population growth *■ Assisting vulnerable customers* | <ul style="list-style-type: none">■ Climate Change*■ Protecting and enhancing the natural environment | <ul style="list-style-type: none">■ Ensuring financial stability*■ Ensuring affordability of bills v ensuring long-term resilience of assets to meet demand■ Increasing energy costs |
- * Prompted areas which most often challenged spontaneous priorities, (esp. around customer service and billing) and either moved into top 5 or higher up in overall list

Potential to raise customer awareness of some of these challenges while providing reassurance that hygiene factors will be maintained

Prompted Priorities and Challenges - Social

■ Planning for population growth

Maybe actually the public really need to know how much they use water because eventually we will run out.
Family, ABC1, Cambridge



- Real priority where towns/cities are expanding
- Linked to continuity of supply
- Expect new builds to be designed with wastage reduction in mind
- Assume a bigger problem in urban areas so 20% a surprise

■ Assisting vulnerable customers

That's gone up high in my list.
I'm ashamed of myself that I didn't think of it. Pre-family, C2DE, Cambridge,



- Across customer segments, accepted need for SSW/CW, if not top of mind
- Demand expected to increase
- Some questions around fairness: genuine need vs unwilling to pay

Customers perceive action and education on wastage (managing demand) as having potential to alleviate some of the effects of population growth

Prompted Priorities and Challenges - Environmental

■ Climate Change



- Still some ignorance around heavy rainfall = abundant supply across groups
- Lack of recent events so not top of mind
- Linked to continuity of supply
- Younger customers concerned will pay in future if not addressed now

■ Protecting and enhancing the natural environment



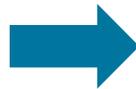
- Can be lower on list when weighed against other priorities
- Initiatives fairly meaningless – need to understand benefits
- Households expect farmers/industry to take responsibility for own environmental impact

Environment is crucial in this modern world we live in now. With industry like it is and some of the crap it chucks out, looking after the environment ...is very important. NHH, Cambridge

General sense that climate change could have a significant impact on supply and customers expect SSW/CW to look into the long-term implications

Prompted Priorities and Challenges - Financial

■ Ensuring financial stability



- Customers reassured that SSW/CW undergoes stress tests and has to demonstrate financial robustness
- NHH just expect SSW/CW to be doing this

■ Ensuring affordability of bills v ensuring long-term resilience of assets to meet demand



- General acceptance that part of bill goes towards ensuring long-term supply
- Some question how decisions are made and level of investment in technology

■ Increasing energy costs



- Assumed variable & factored into above, as other businesses
- Investment in technology expected to reduce energy consumption

Customers see SSW/CW financial health as key to continuity of supply and service in the future

Customer Expectations on Innovation

Saving water at home/work

- More devices available via SSW/CW:
 - Water butts for rainwater
 - Ways of diverting waste water for use in garden etc
 - Sensors/timed taps and showers
- Built-in systems for new builds/refurbishments

Monitoring usage

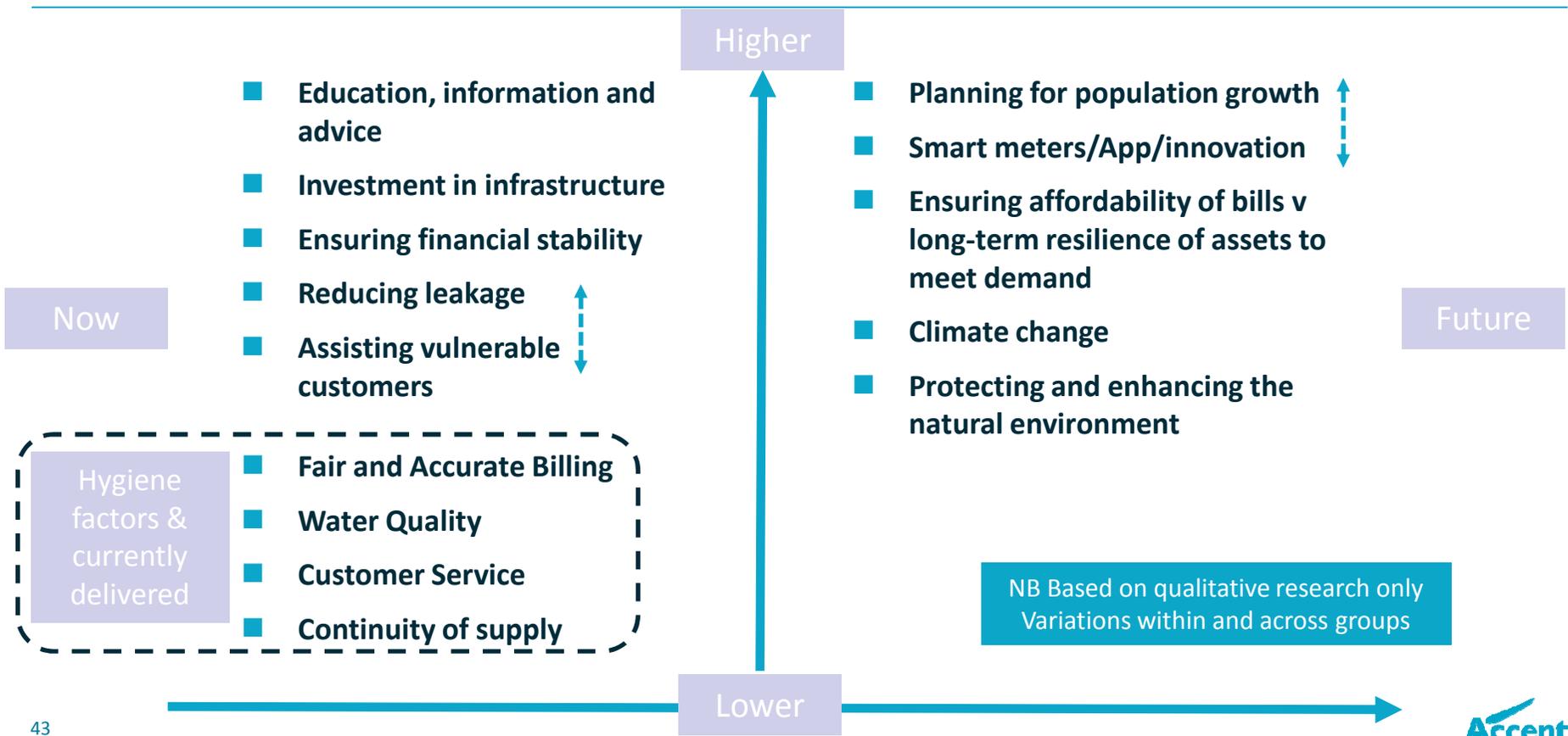
- Smart meters
- Intelligent bills
- App
- Timers

Infrastructure and operations

- More resilient materials for pipes
- Increased harvesting of rainwater
- Alternative energy sources
- Explore option of different grades of water for different uses

Across groups and priority areas customers expect SSW/CW to harness and provide access to new technology and other forms of innovation

Summary of Overall Priorities Across Segments

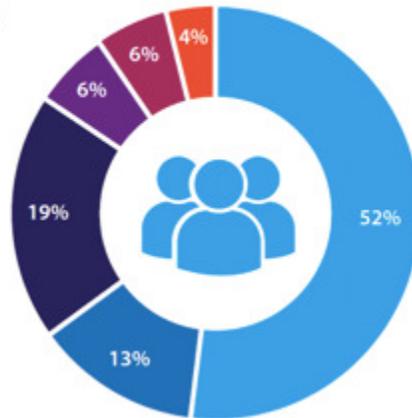


Information on how customers' money is used is well received

In light of discussions around priorities and challenges customers generally consider water bill good value for money

How we use the money billed from customers

- Water production, treatment and pumping, Network repairs and operations
- Customer services, meter reading, billing and payment collection
- Capital investment in assets
- Financing costs
- Investor returns
- Tax



- Unsure how to assess level of investment, but overall balance seems to make sense
- Relatively low investor returns a surprise and appreciated
- Among lowest bills in UK reassuring in context of no provider choice

It's nice to know there's not a big chunk that's going to some fat cat somewhere.
Family, ABC1, Cambridge

Potential opportunity for SSW/CW to highlight some of these points more clearly in customer communication

6 Summary

While own attitude to water varies, customers are largely unaware of the extent of SSW/CW activity

- Customers are split between those who are aware of wasting water, those looking to control costs and those oblivious to their water usage
- Water moments exercise raised awareness, heightened perceived value of water and could prompt behavioural change for some
- In the context of fairly limited knowledge and not much direct contact, spontaneous perceptions of SSW/CW were positive, with some appetite for more information and increased presence
- There was a consistency across the supply areas and customer type (age, lifestage and social grade)
- Unprompted customer priorities focus on continuity and quality of supply and service, affordability and reduction of wastage
- Younger customers in particular want SSW/CW to help them manage their own usage (and costs) via smart technology, devices and real-time information
- Longer term, there is an expectation for increased investment in technology, improved education and measures to address future demand

Challenge is to ensure current customer perceptions of high customer service standards and affordability are not compromised

Prompted information from SSW/CW encouraged customers to reassess priorities to some extent

- The process required to collect treat and deliver water is more complex and the demand (current and future) higher than most imagined
- This places even more emphasis for customers on the need to reduce wastage via education, technology and investment in infrastructure
- And prompts some concerns about whether enough is being done to ensure an affordable continuous supply for future generations
- Customers expect innovation from SSW/CW to help reduce wastage, monitor usage and ensure resilience of the network in the face of population growth, climate change and energy challenges
- While current bills are seen as value for money and SSW/CW is perceived as financially responsible, customers are keen to ensure that current plans incorporate the need to ensure future affordability for them in an economically uncertain future

Customers are looking for investment and innovation to ensure resilience while maintaining customer service standards and affordability

Comparison with PR14 insight

Direct comparison difficult due to difference methodologies employed (PR14 prompted/informed/unconsidered cf PR19 unprompted/uninformed/considered)

■ PR14 priorities/WTP – prompted customer response

- Leakage
- Hardness of tap water
- **Disruption to roads**
- Discounts (social tariffs)
- Risk of environmental pollution
- Interruptions to supply (NHH only)

■ PR14 ODIs

- Excellent water quality
- Secure & reliable supplies
- Excellent customer experience
- Operation that are environmentally sustainable
- Fair customer bills **and investor returns**

■ What's new (not mentioned in PR14 but important to customers in PR19):

- Education (current and future customers), information & advice – “helping customers to become more responsible water consumers”
- Innovation/smart metres/apps
- Planning for:
 - population growth
 - climate change

Not mentioned during this PR19 work during unprompted or prompted discussions

All priorities/ODIs from PR14 are now considered “hygiene factors”. Customers now expecting more from SSW/CW in terms of education, future planning and innovation