

Appendix 1.1.J - Cognitive testing - Populus

Wessex Water

September 2018

Business plan section	Supporting document
Board vision and executive summary	
1 Engaging customers	1.1 Summary of research findings
	1.2 Communications strategy
	1.3 Customer participation and behavioural engagement strategy
2 Addressing affordability and vulnerability	
3 Delivering outcomes for customers	
4 Securing long term resilience	
5 Markets & innovation: wholesale	
6 Markets & innovation: open systems & DPC	
7 Markets & innovation: retail	
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Wessex Water

Exploring Customer Willingness to Pay

Qualitative Report

FEBRUARY 2018

Populus



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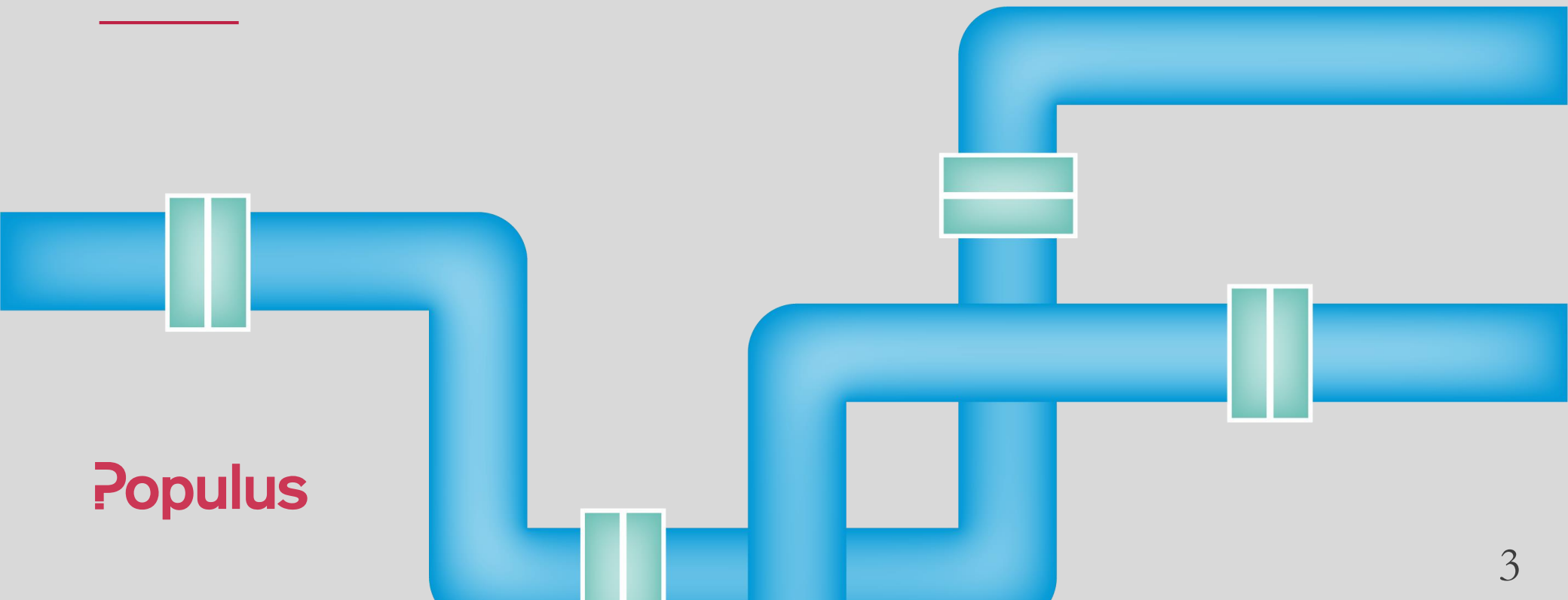
- Reflective changes to bill

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Approach & Objectives



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We conducted 30 – 45 minute face to face interviews with 23 customers in the Bath area

Approach

23 customers interviewed over 1 day in Bath were presented with 12 separate investment areas and asked to select their preferred level of investment for each (Highest, High, Medium, Low, Lowest). Realistic costs were provided for each investment level so that customers could also take these into account. Once priorities had been selected, customers were shown the final impact on their bill and asked if they would like to change their selections

Customers were asked to complete the original online Willingness to Pay survey while also explaining their choices and priorities to an interviewer

Objectives

The main objectives of these interviews was to understand why respondents select certain areas for investment.

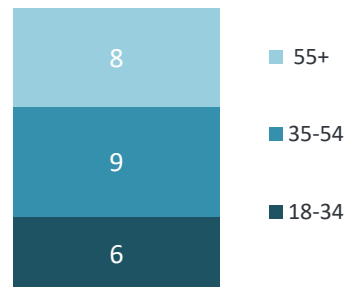
How far does the cost of each area determine how people answer?

Respondent profile

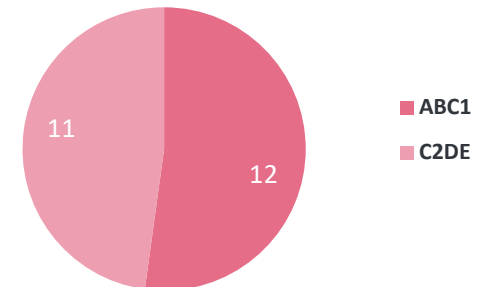
Gender



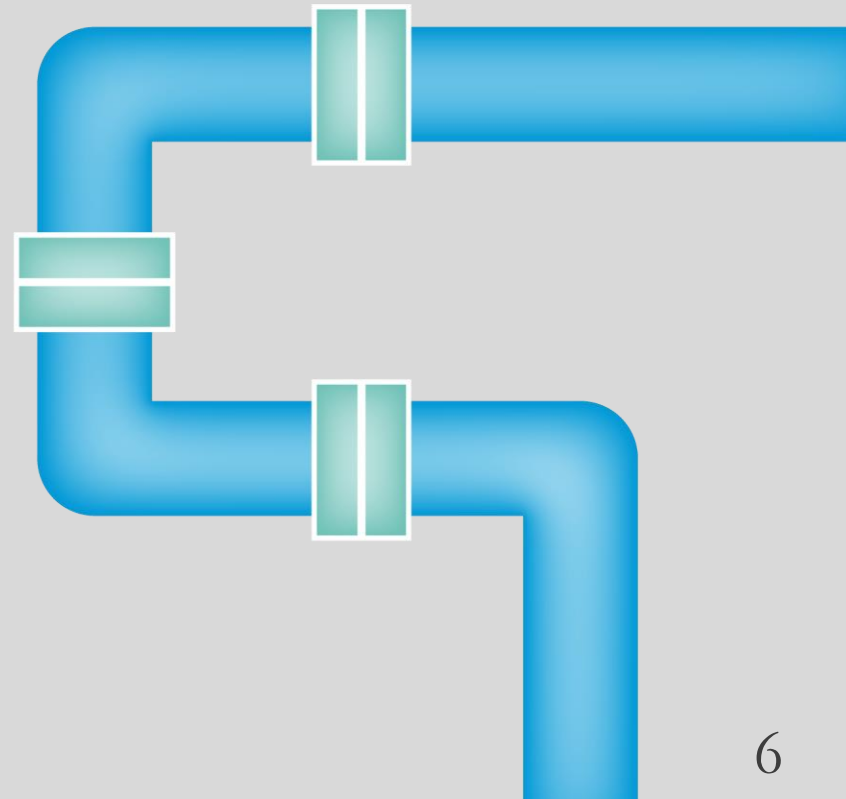
Age



Social grade



Opinions of Wessex Water



The majority of customers felt positively towards Wessex Water

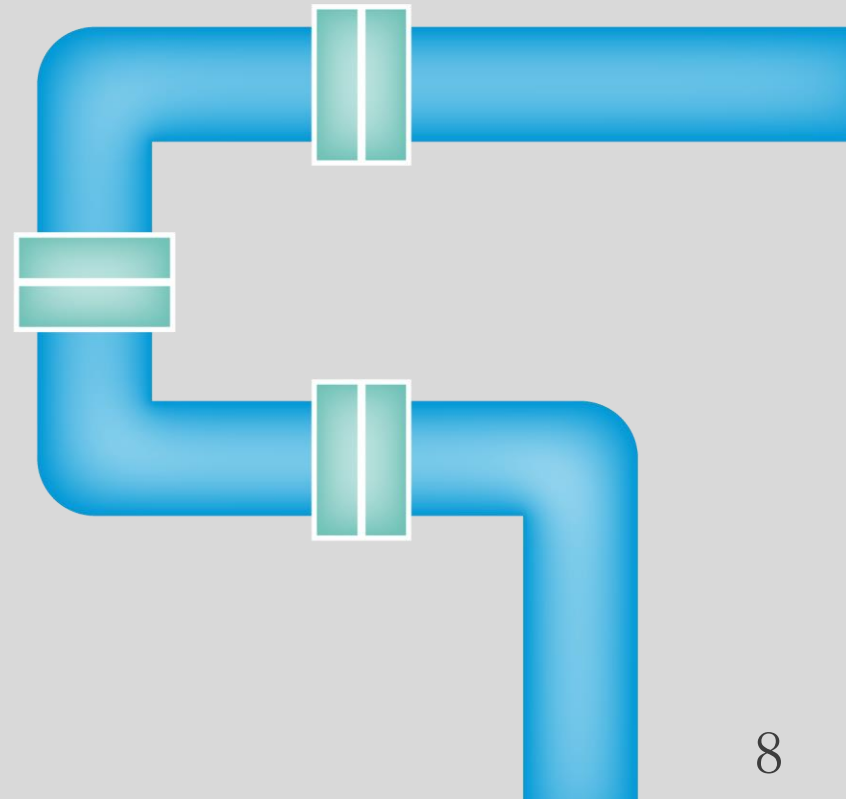
- Overall, most held positive attitudes towards Wessex Water as a brand
- The majority felt that Wessex Water generally meets their expectations and this goes some way to explaining why many of them chose to stay at “medium” importance (meaning their bill didn’t change) for a number of areas – they felt that Wessex Water already delivered in this area
- Some customers shared specific incidents (related to the management of their debt) where they felt the company had exceeded their expectations



“ WW have been good to me. After going through what I went through, they were the only people who spoke to me like a human being and they helped me. Now I’m back on my feet and I have no debt”

“ I’ve lived in the area for around 40 years and overall I’m pretty satisfied with Wessex Water, they do a reasonable job ”

Survey Considerations



Overview

- Generally consumers expect price rises from utility companies, and so are less negative about this process than perhaps is commonly thought
- However, customers did say that any communication as to **WHY** the price had increased would be greatly appreciated and would contribute to their understanding of Wessex Water as an organisation and their personal co-operation with the changes
- As such they rarely changed their selection at the end of the survey and were content with the financial changes to their bill
- Customers were happiest to spend most on Environmental Impact factors and this was the category that they felt most engaged with
- For the other categories (Saving Water, Sewer Flooding, and Reliability of Water Supply) customers tended to draw on their own experience of the event i.e. if this was something that had happened to them they invested more in it and vice versa
- **The majority of our customers chose priority areas on the basis that they were important to THEM and rarely looked at or minded the cost implications**



Environmental Impact

- Customers cared most about the environmental issues put to them in the survey
- They felt that not only was it important that these be tackled but were also very mindful of broader issues such as plastic in the ocean
- However, they did not immediately link Wessex Water with these issues and some felt that it perhaps wasn't ONLY Wessex Water that was to blame or responsible for them
- **Biodiversity** – confusion about what exactly this meant with some feeling it was more to do with the quality of their drinking water than the wellbeing of habitats and ecosystems
- **Pollution incidents** – were seen as important and some customers recalled a time when this wasn't a priority (30 years ago) and the area and the rivers were heavily polluted
- **Bathing water** – should have a level of quality, for example they expect to be able to swim without getting ill

“ Bio diversity means getting it clean to me and having perfect water... I drink a lot of it at home”

“ I do care about the environment, I thought about my kids and my grandchildren”

“ I’ve not thought about Wessex Water being involved in this way before”

“ Other to clear it up” people are responsible for this as well its not just Wessex Water’s responsibility



Saving Water

- Saving Water was the area that customers most naturally associated with Wessex Water and saw as their prerogative to encourage
- A number of customers explained that they take steps themselves to save water and saw it as partly their responsibility too
- The subject of water meters came up spontaneously with those who had one, with customers weighing up the benefits and disadvantages of having one
- However, some were unclear about whether getting a water meter was the right option for their household
- Customers understood that pipes need to be maintained and replaced and saw this as more of an unavoidable step than a problem in itself
- Water leakage was viewed as something that happens rarely and so was not a major concern for most

“I know that Wessex Water would look after that (water leakage)”

“I think about this (saving water) more now that I’m living by myself so I don’t put the dishwasher on as much”

“Its not too bad when they tell you its going to happen because it’s a planned repair but it has much more impact when it just suddenly happens”

“I’m really confused as to whether us having a meter would make it better or worse”



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Sewer Flooding

- Customers felt that the two scenarios presented to them (flooding in home or near your home) were very unlikely to happen
- A few pointed out that this could be because of the geography of the region (i.e. many of them live at the top of hills)
- Therefore customers thought of their own experience in this category when thinking about how important it was for Wessex Water to invest, and felt that those who had experienced this likely to prioritise this then those who have not
- However, they felt that out of the two scenarios they would be more concerned about flooding in home than near their property and pointed to factors such as health risks in their reasoning

“It doesn’t effect me, I live on top of a hill, so it would be a big factor for me”

“I don’t think it happens that often and in my experience they do get on with it and fix it”

(On why they marked medium): “It sounds awful but its probably because its something that’s never affected me”



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Reliability of Water Supply

- Overall, customers felt that this was an area where Wessex Water currently performs well
- They also said that unexpected interruptions are very rare and because of their infrequency this was not a high priority
- However, this is not to say they don't think the issue is important but that they feel Wessex Water's current solution / is acceptable and so doesn't warrant too much more investment
- Customers felt that whenever there was planned interruptions they were informed in good time and so able to make other arrangements if necessary
- Ultimately they felt that planned interruptions were an inconvenience for them, but admitted that they understood occasionally they had to happen

“I've had it before so I know its not off for long and you get 48 hours notice ”

“It's medium to me because if you've got no water you can always just go to the supermarket and buy water, it's only going to be 3-5 hours”



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Changes to the bill on reflection

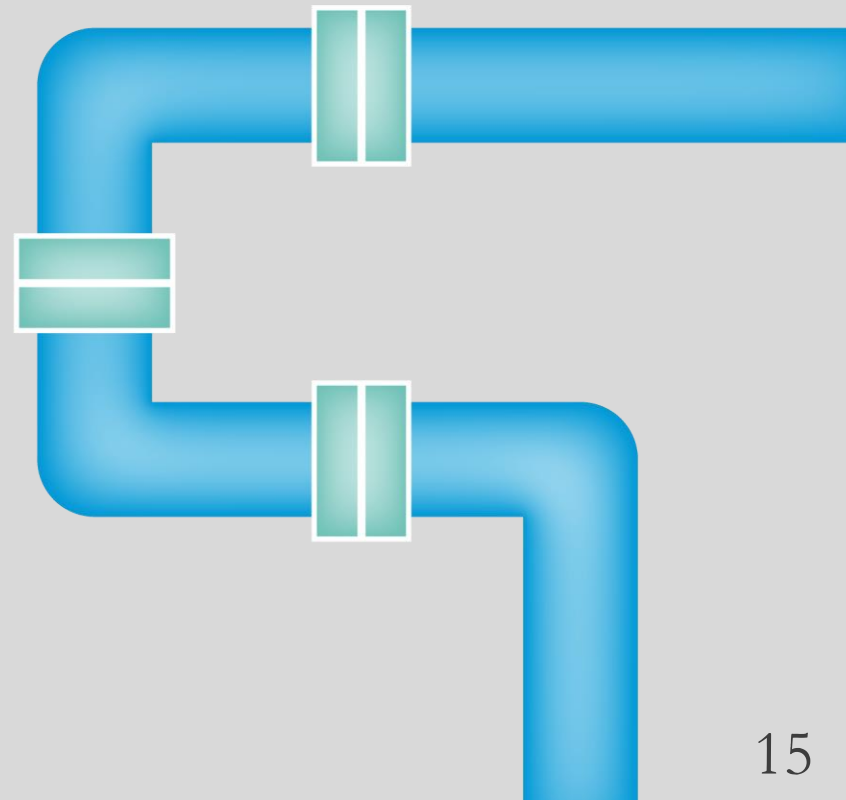
- The majority of our customers did **NOT** chose to change any areas or investment to their bill when prompted at the end of the survey
- As previously mentioned, the majority of customers chose priority areas on the basis of either their personal interest or experience of an issue rather than thinking about the financial implications to their bill
- Any change under £50 annually (approximately) was seen as acceptable by most
- And changes around the £20 mark were seen as unsubstantial by most
- However, some suggested that they might be willing to pay more than £50 IF given a thorough explanation as to what Wessex Water needed the money for



“It’s £20 a year, I think if you break it down to days or weeks its not that much it’s a few pence a day”

“I wasn’t worried about the money till the end to be honest, if I’m paying over £600 and you’re telling me its going to cost me an extra £5 or £10 I’m not worried ”

Conclusions



Conclusions

1. Customers chose priority areas on the basis of either their personal interest or experience of an issue rather than thinking about the financial implications to their bill
2. On the whole our customers were thoroughly satisfied with Wessex Water's behaviour as a supplier and at several times during the survey marked factors as "medium" (i.e. requiring no change) due to this fact
3. Customers expect increases in their water bill and so are less negative than perhaps commonly thought
4. The acceptability of price rises increased when customers are given clear and thorough explanations as to why the changes need to happen and how it will benefit them personally and / or their community
5. The environment is a key area with customers and they feel that Wessex Water should play its role in protecting it, however, they also feel that responsibility lies elsewhere i.e. with themselves and with other organisations

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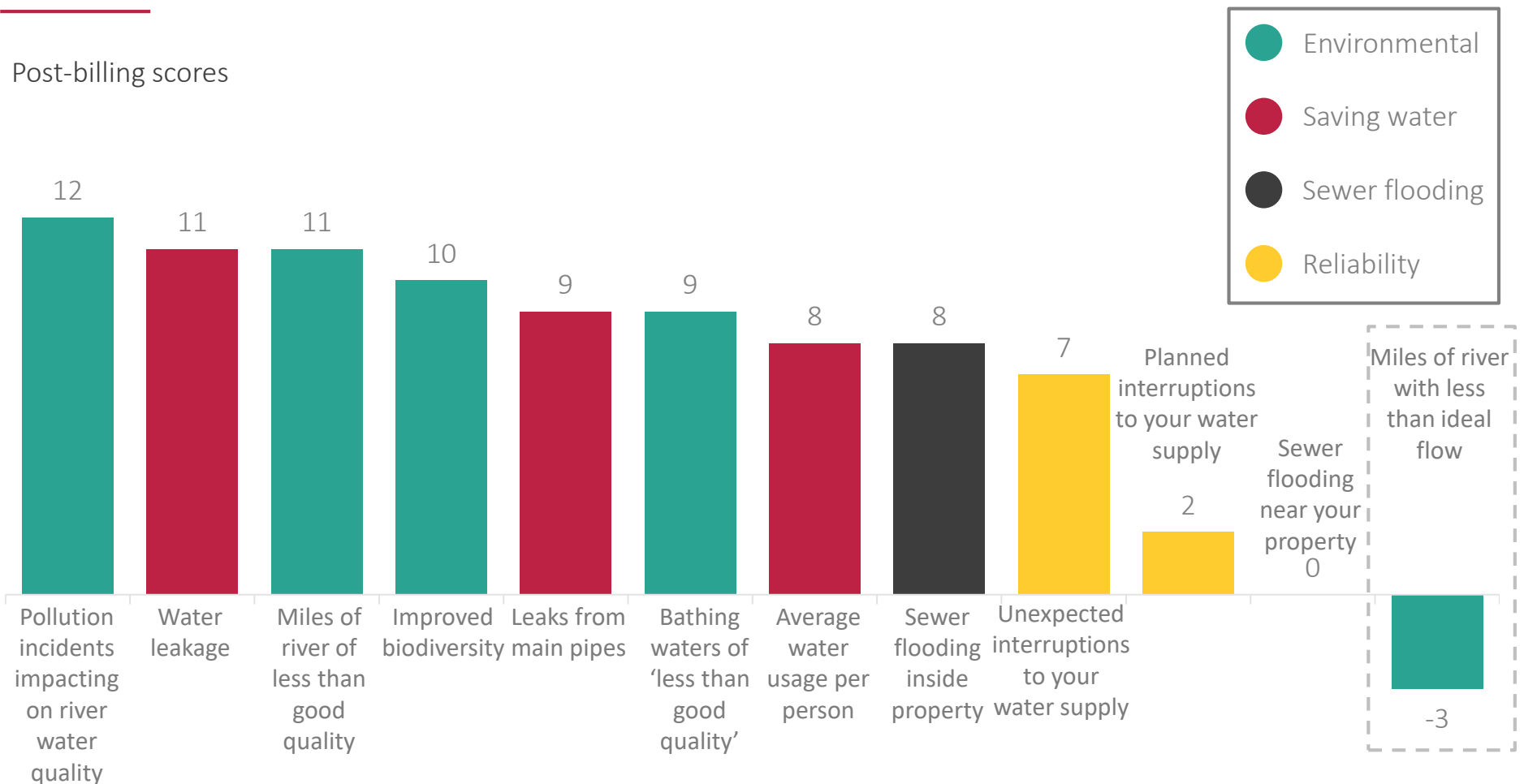
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Appendix

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Attributes concerning the environment and saving water were selected most often by participants

Post-billing scores



NET: scores

Number of people who rate as highest/high minus number who rate as lowest/low

Survey design (1)

Respondents were first introduced to the purpose of the exercise:



We'd like to understand how you think Wessex Water should be investing in the services it provides. For each area of service we'll ask you to select your preferred option and we'll show you the impact this would have on your bill.

The investment areas covered will be:

- Reliability of your water supply
- Saving water
- Environmental impact
- Sewer flooding

When you have made your choices we'll show you the impact on your annual bill from 2020.

Please select >> to continue

Survey design (2)

Customers were presented with each of the attributes and given information about the levels of investment associated with 'Lowest', 'Low', 'Medium', 'High' and 'Highest'. For example:

For each area of service please tell us what you think Wessex Water's level of investment should be.

You can choose from five levels of investment. You can see the impact your decision will have by hovering your cursor over each option.

Your choices will increase/decrease your annual bill by: £ 0.00

Investment decisions relating to:

Sewer flooding

Sewer flooding near your property

Flooding from the sewer gets close to people's properties or gets into their gardens. Currently 3,700 properties (0.63% of total) in the Wessex Water area are affected by this in any year. That's out of a total of 1,200,000 wastewater properties.

<u>Levels of investment</u>					<u>Your choice</u>
Lowest	Low	Medium	High	Highest	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
					<div style="border: 1px solid black; padding: 5px;">Sewage near to 3,330 properties per year (↑ +£5.03)</div>

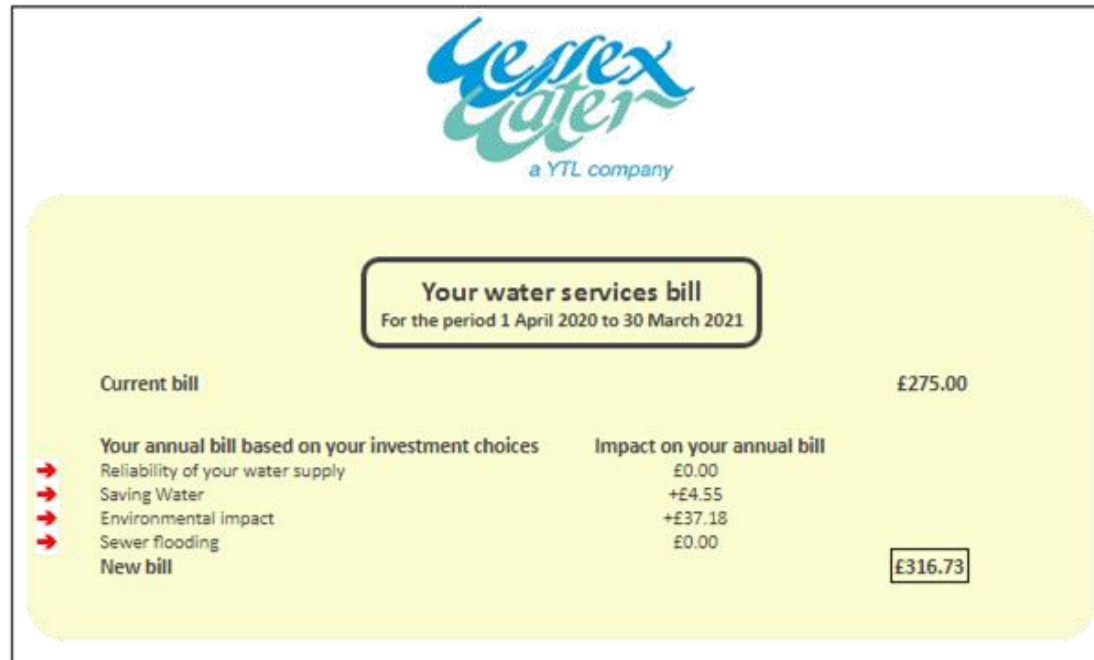
Survey design (3)

After rating all attributes, customers were shown the impact of their choices on their water bill and told that they could adjust their choices if preferred:

Having seen the impact of your choices on your bill, if there are any areas that you would now like to change, please click on the 'Edit' arrow → next to them and make any adjustments by moving the sliders which appear.

You may edit as many categories as you like.

Once you are happy with your entire bill, please click on the '>>' button at the bottom of your screen.



The screenshot displays the 'Essex Water' logo at the top, identifying it as a YTL company. Below the logo, a yellow box contains the following information:

Your water services bill
For the period 1 April 2020 to 30 March 2021

Current bill		£275.00
Your annual bill based on your investment choices	Impact on your annual bill	
→ Reliability of your water supply	£0.00	
→ Saving Water	+£4.55	
→ Environmental impact	+£37.18	
→ Sewer flooding	£0.00	
New bill		£316.73

Attribute wording (1)



The full wording of each attribute is set out below:

Environmental impact

Improved biodiversity	Wessex Water works with land owners to improve both the quality of the water in rivers (e.g. reducing levels of fertilizer running off land into rivers when it rains) and variety of plants and animals. Currently, 70% of Wessex Water land has been assessed for its biodiversity value and condition.
Bathing waters of 'less than good' quality	The cleanliness and quality of coastal bathing water and beaches in your area is classified according to the European Bathing Water Directive. Currently, 4% of bathing waters in the Wessex Water region are classified as 'less than good'.
Pollution incidents impacting on river water quality	Occasionally dilute sewage can discharge into rivers and beaches which may impact water quality. These spills can occur when the sewerage system is blocked or there are pipe bursts. Also spills from overflows can happen when the system is overloaded due to heavy rainfall. There are currently 70 such spills per year.
Miles of river of 'less than good' quality	Some stretches of rivers are classified as 'less than good quality', this means that animal and plant life is affected (e.g. some species may be missing) and there may be some pollution or murky water. Currently, around 600 miles of river out of a total of 2,429 miles in the Wessex Water area (25% of total) is classified as 'less than good'.
Miles of river with less than ideal flow	The flow rates of rivers within in the Wessex Water area depend on the amount of water taken from the environment to supply customers. A river with 'low flow' may have had some water taken from it to supply customers – it may be less suitable for activities such as fishing, and there may be some damage to habitats for plants and wildlife. Currently, there are 17 miles of river with less than ideal flow, out of a total of 2429 miles of river in the Wessex Water area.

Attribute wording (2)



The full wording of each attribute is set out below:

Reliability of your water supply

Unexpected interruptions to your water supply

Sometimes your water supply can be interrupted unexpectedly. This means that you may have no water for a period of time or your supply may be intermittent. This could be due to burst pipes which can happen at any time. 90% interruptions last less than 12 hours. Currently, the number of properties affected by unexpected interruptions of three hours or more in any year is around 9,000 out of a total 590,000 water supply properties in the Wessex Water area (1.5%)

Planned interruptions to your water supply

The water supply at your property can be interrupted due to planned maintenance, in which case you would be given at least 48 hours' notice. All of these interruptions last less than 12 hours. Currently the number of properties affected by this in any year is around 15,000 out of a total 590,000 water supply properties in the Wessex Water area (2.5%).

Sewer flooding

Sewer flooding inside property

Flooding from the sewer gets inside properties, causing damage to property. When this happens, substantial clean up and repair of flooring and walls may be needed. Currently the number of properties affected by this in any year is 180 out of a total 1,200,000 properties (0.03%) for which Wessex Water provides a sewerage service

Sewer flooding near your property

Flooding from the sewer gets close to people's properties or gets into their gardens. Currently 3,700 properties (0.63% of total) in the Wessex Water area are affected by this in any year. That's out of a total of 1,200,000 wastewater properties

Attribute wording (3)



The full wording of each attribute is set out below:

Saving water

Leaks from mains pipes

Occasionally water mains burst causing a visible leak. Where these are reported to them by customers, Wessex Water aims to get them fixed promptly. Wessex Water measures its performance by showing the percentage of mains leaks that they respond to by fixing them within a day of their happening. Currently, 90% of reported mains leaks are fixed within a day.

Water leakage

Water can leak from Wessex Water's extensive network of pipes. Wessex Water can proactively detect and repair leaks, and replace or refurbish sections of pipework to reduce the extent of leakage. Currently 21% of the water that is treated by Wessex Water gets lost due to leakage.

Average water usage per person

Wessex Water can reduce the amount of water used per person each day by investing in fitting more meters and providing water efficiency devices and advice. Reducing the average water usage will help safeguard our water resources in the future and leave more water in the environment. Currently, the average person in the Wessex Water supply area uses 131 litres per day.

Attribute scoring (1)



Environmental impact	Lowest	Low	Medium	High	Highest
Improved biodiversity	60% of land has a plan to conserve or enhance biodiversity -£0.02	65% of land has a plan to conserve or enhance biodiversity -£0.01	70% of land has a plan to conserve or enhance biodiversity £0	80% of land has a plan to conserve or enhance biodiversity +£0.15	95% of land has a plan to conserve or enhance biodiversity +£0.31
Bathing waters of 'less than good' quality	12% of bathing waters classified as less than good -£0.25	10% of bathing waters classified as less than good -£0.13	8% of bathing waters classified as less than good £0	3% of bathing waters classified as less than good +£3.80	0% of bathing waters classified as less than good +£13.95
Pollution incidents impacting on river water quality	88 spills per year -£0.09	79 spills per year -£0.05	70 spills per year £0	63 spills per year +£0.59	53 spills per year +£2.35
Miles of river of 'less than good' quality	990 river miles classified as less than good (41%) -£1.89	795 river miles classified as less than good (33%) -£0.95	600 river miles classified as less than good (25%) £0	369 river miles classified as less than good (15%) +£15.22	0 river miles classified as less than good +£30.48
Miles of river with less than ideal flow	31 miles of river with less than ideal flow -£0.50	24 miles of river classified as less than good -£0.25	17 miles of river classified as less than good £0	1 mile of river classified as less than good +£15.18	0 miles of river classified as less than good +£18.83

Attribute scoring (2)



Reliability of your water supply	Lowest	Low	Medium	High	Highest
Unexpected interruptions to your water supply	11,500 properties affected for 3 hours or more (1.9%) -£0.10	10,250 properties affected for 3 hours or more (1.7%) -£0.05	9,000 properties affected for 3 hours or more (1.5%) £0	6,000 properties affected for 3 hours or more (1%) +£0.60	3,500 properties affected for 3 hours or more (0.6%) +£2.41
Planned interruptions to your water supply	19,000 properties affected by planned interruptions (3.2%) -£0.10	17,000 properties affected by planned interruptions (2.9%) -£0.05	15,000 properties affected by planned interruptions (2.5%) £0	9,000 properties affected by planned interruptions (1.5%) +£1.10	3,000 properties affected by planned interruptions (0.5%) +£3.26
Sewer flooding	Lowest	Low	Medium	High	Highest
Sewer flooding inside property	198 properties per year affected by sewer flooding -£1.32	189 properties per year affected by sewer flooding -£0.66	180 properties per year affected by sewer flooding £0	162 properties per year affected by sewer flooding +£2.45	135 properties per year affected by sewer flooding +£6.15
Sewer flooding near your property	Sewage near to 4,070 properties per year -£2.72	Sewage near to 3,885 properties per year -£1.36	Sewage near to 3,700 properties per year £0	Sewage near to 3,330 properties per year +£5.03	Sewage near to 2,780 properties per year +£12.62

Attribute scoring (3)



Saving water	Lowest	Low	Medium	High	Highest
Leaks from mains pipes	66% of mains leaks fixed within a day -£0.10	78% of mains leaks fixed within a day -£0.05	90% of mains leaks fixed within a day £0	95% of mains leaks fixed within a day +£2.01	99% of mains leaks fixed within a day +£5.11
Water leakage	24% of water lost due to leakage -£0.99	23.5% of water lost due to leakage -£0.50	23% of water lost due to leakage £0	22% of water lost due to leakage +£1.84	21% of water lost due to leakage +£7.08
Average water usage per person	134 litres per person per day -£0.55	132.5 litres per person per day -£0.28	131 litres per person per day £0	128 litres per person per day +£2.54	124 litres per person per day +£6.11

Wessex Water

Populus Proposal – Exploring Customer Willingness to Pay

JANUARY 2018

Populus



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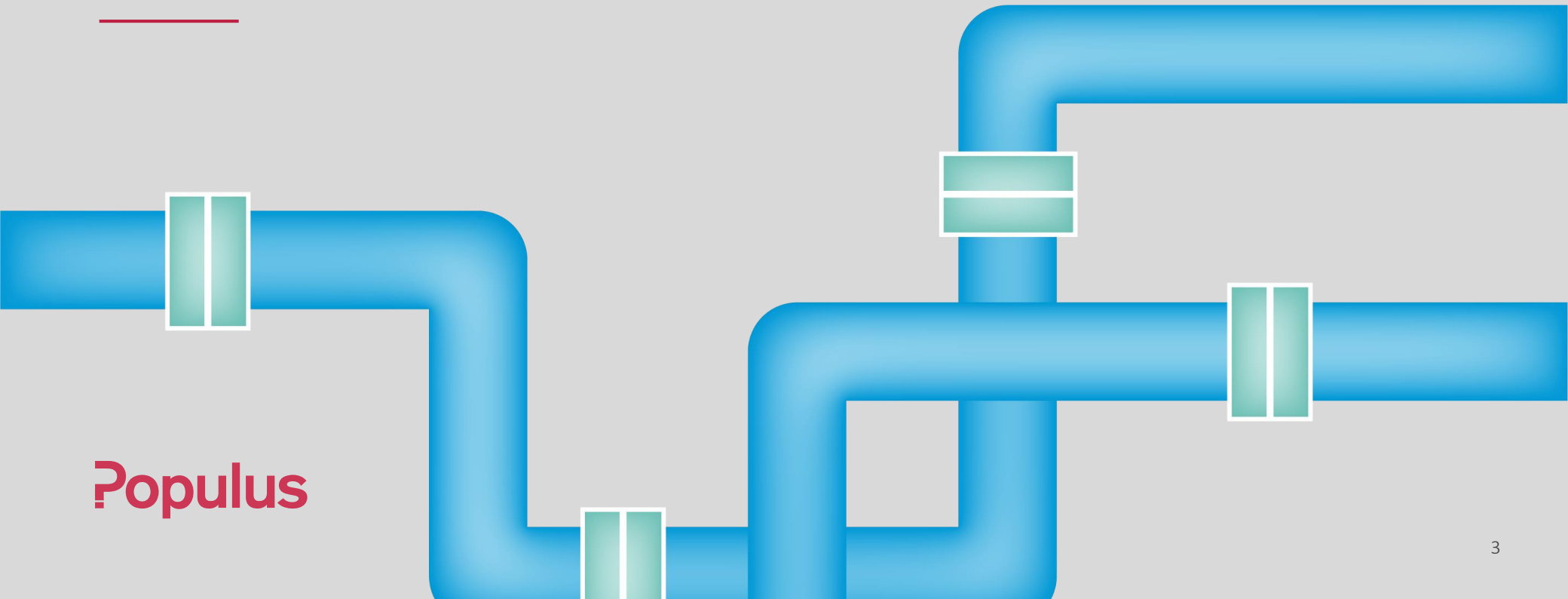
1 Background & Objectives

2 Approach

3 Timings and Investment

Background & Objectives

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Background & Objectives

Background



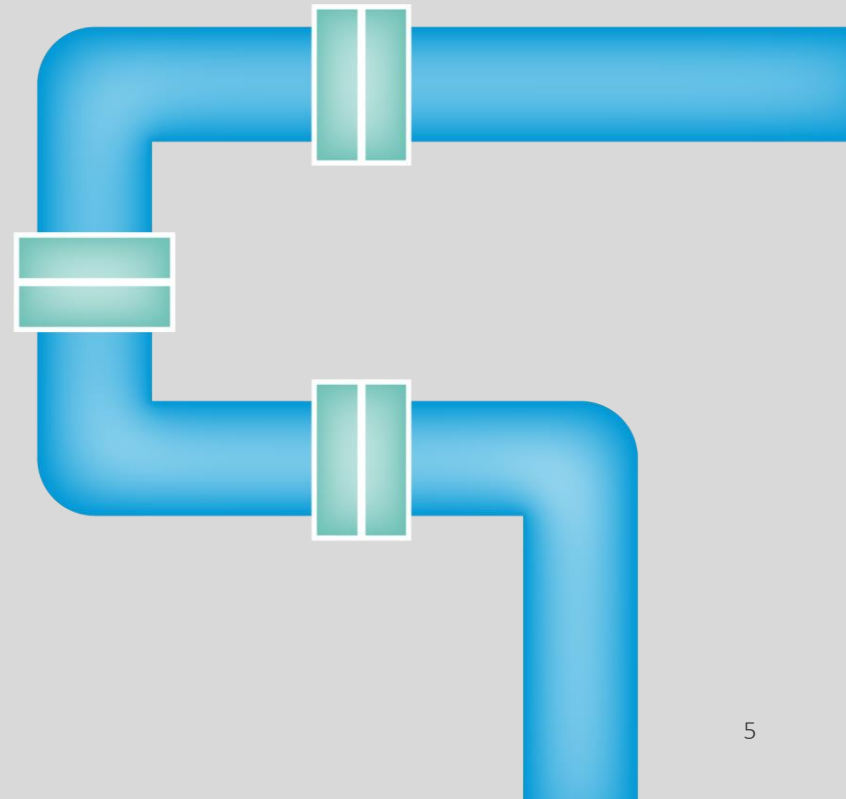
1. Populus recently undertook a Willingness to Pay survey for Wessex Water to quantify customer priorities for investment areas and willingness to pay for these improvements
1. Respondents were presented with 12 separate investment areas and asked to select their preferred level of investment for each (Highest, High, Medium, Low, Lowest). Realistic costs were provided for each investment level so that customers could also take these into account. Once priorities had been selected, participants were shown the final impact on their bill and asked if they would like to change their selections
2. Findings showed that customers were most willing to pay for improvements to 'Biodiversity' and 'Reducing pollution incidents'. These attributes also required the lowest level of additional investment (less than a pound a year to make at least some positive change)
3. 'Fixing water leakage' and 'Miles of river with less than good quality' were the highest priorities when looking at the average investment willing to pay for each attribute
4. Wessex Water is now keen to further explore the results qualitatively to understand the impact that cost has on customer decisions. For example, whether attributes such as 'Improved biodiversity' are appealing because they are true priority areas or because they require the least investment to make improvements

Objectives

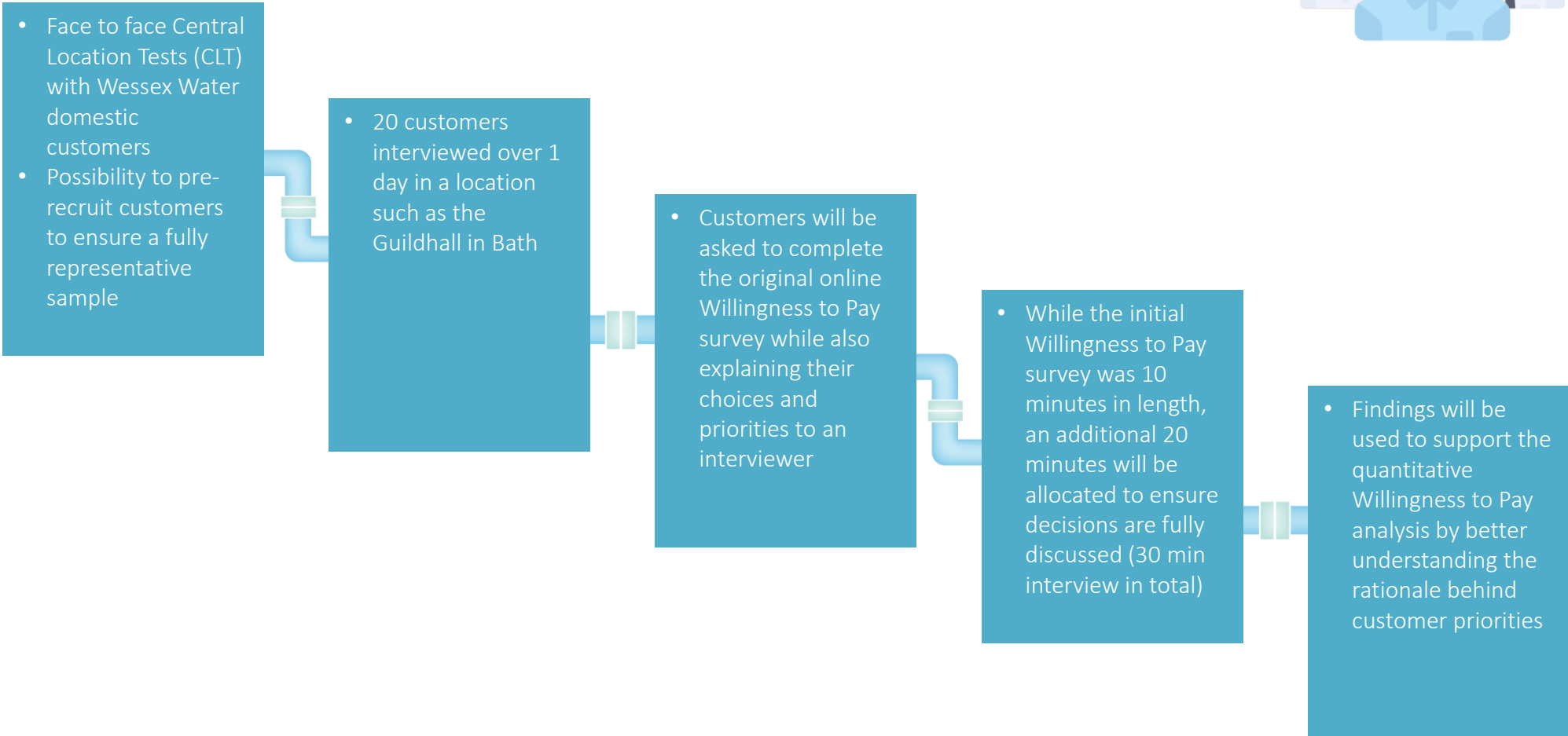


1. Provide more depth to the Willingness to Pay findings by understanding that is driving customers make the decisions they do within the trade-off survey
2. Support Wessex Water to make more informed decisions around investment areas to prioritise

Approach



Overview of Approach



Central Location Tests



20 customers will be recruited to take part in a Central Location Test and incentivised £10 for their time



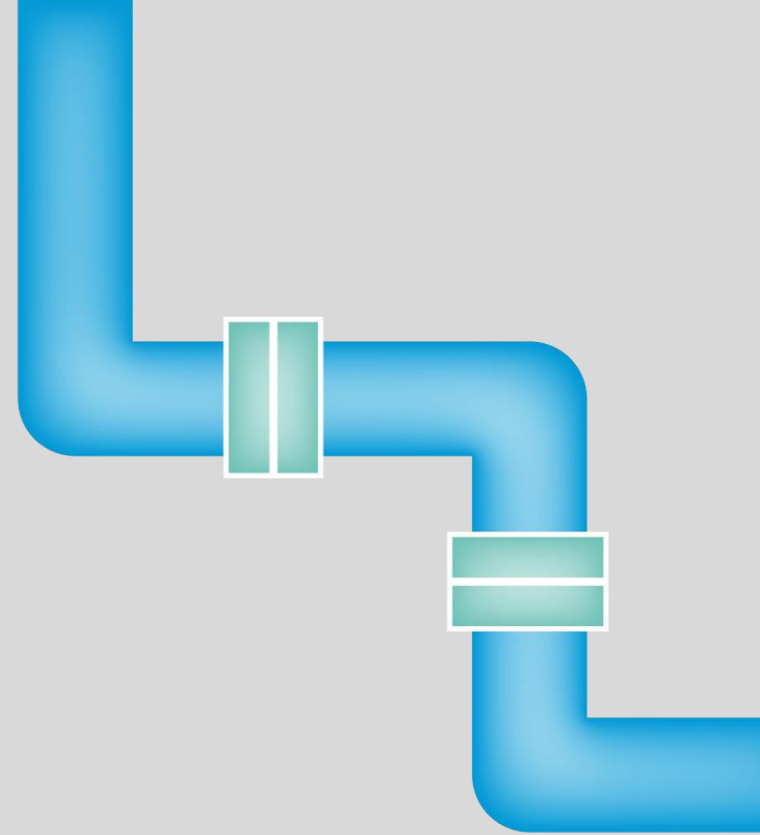
Customers will be asked to complete the Willingness to Pay survey in the same way that they would if answering at home

The original Willingness to Pay survey script will be used to ensure comparability



Survey responses will be reviewed in partnership with an interviewer to understand why customer make the decisions that they do

Timings and Investment



Timelines

Below are our proposed timings for this project. We understand the need for timely delivery of analysis before the end of November – we will work with Wessex Water to ensure that we deliver topline analysis ahead of a full report to help with this.

Month	January		February				March		
w/c	22	29	5	12	19	26	5	12	19
Potential kick-off call/meeting	█								
Discussion guide design	█	█							
Fieldwork			█						
Reporting				█	█				
Report delivered						█			
Follow-ups							█		

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