

PR19 Customer Challenge Group

Meeting number: 7

Meeting Date: 7th March 2018

Paper No: 7c

Agenda No: 10

Title: Debrief of non-household customer qualitative research

Author: Alison Lee

Printing: This document does contain graphs or pictures and therefore does require you to print in colour. If you need a printout please let Nikki know.

Name of research:	Non-household (NHH) qualitative research
Purpose of research:	<p>We are undertaking an accelerated version of the main household (HH) customer research programme with NHH customers based on the segments identified and by consumption band.</p> <p>The key stages of the HH qualitative research has been tested with NHH customers:</p> <ul style="list-style-type: none"> - Current priorities - Future priorities - WRMP resilience <p>This is followed by quantitative research for WRMP and WTP.</p>
High level approach:	Accent undertook four pre-tasked workshops with non-household groups.
Audience/Representativeness:	The groups consisted of a cross section of our non-household customer segments across four locations. We estimate that 95% of our non-household customers have been represented during this research but we are aware that larger users are still outstanding.
Key research questions:	<p>To explore NHH views on what is important now and in the future</p> <p>To explore NHH views on WRMP resilience options</p>
Key findings:	<p><u>Current priorities:</u></p> <p>NHH current priorities broadly mirror HH priorities but greater environmental influence on supply/demand management.</p> <p>NHH customers have a greater interest on balancing corporate social responsibility factors, customers' needs and investment.</p> <p>NHH customers have the additional requirement of supporting local business growth.</p>

	<p><u>Future priorities:</u> NHH customers appeared to be more future focused than HH customers. In the longer term NHH customers are interested in innovation, community projects, sophisticated pricing and demand management which shows overlaps with HH customers who focus on innovation, community projects, self-sufficiency, cost based demand management, enhanced product delivery. To push boundaries further, NHH customers want to see more evidence of innovation, better water efficiency, sophisticated pricing and more demand management.</p> <p><u>WRMP resilience:</u> WRMP resilience option choices were highly consistent between HH and NHH customers. However, the approach to choosing them was slightly different. NHH customers were trying to balance CSR – cost, environment, social responsibilities whereas HH customers were mainly driven by the environmental impact.</p>
Next steps:	NHH quantitative WRMP and WTP research is in progress.
Action needed from the CCG:	This paper is for information purposes.



PR19 – NHH Research Qualitative Overview

Rob Sheldon
Tel +44 (0)20 8742 2211
Rob.Sheldon@accent-mr.com
March 2018



Accent is registered to the market, opinion and social research
International Standard ISO 20252

SEW have a comprehensive research programme to ensure the customer voice is heard throughout the PR19 Business Plan development process

Following HH segmentation, priorities and resilience research, there is a need to explore NHH needs and perspective on future priorities and resilience

- Core Objectives:
 - To explore *NHH views on what is important now and in the future*
 - To explore *NHH views on resilience options*

Methodology and sample



Methodology

- 4 extended pre-tasked workshops
- 2 ½ hours



Sample

- Spread of NHH customers within the SE Water area
- Aldershot and Eastbourne
- Ashford and Tonbridge

Range of different NHH customers in the sample

Size of water bill and degree of water dependence are biggest factors impacting on NHH engagement

Low Water Dependency



High Water Dependency

Types of low water NHH (from £100 pa)

- Consultants – business/finance
- Transport – taxi/logistics
- Entertainment - dance studio/party planners
- Distribution - lighting solutions
- Security business
- Retail – newsagent/wool/craft/gifts/jewellers/book store

Water usage = similar water usage to HH e.g.
Drinking, flushing, sanitation

Types of medium water NHH

- Construction company
- Clothing manufacturer/distributor
- Deli

Types of high water NHH (up to £6,000 pa)

- Manufacturing businesses – steel/windows
- Corporate hospitality
- Cafes
- Facilities management - nursing homes, care homes
- Landscape gardener

Water usage = critical service for the business e.g.
Manufacturing process
Cleaning chemicals process
Food preparation/hygiene process
Health and safety operations
Brand maintenance e.g. cleaning vans



VFM equation = generally very good

Lower than other utility bills for very good Wholesale service

VFM =
(Value for Money)

Wholesale service

- Invisible and functional = positive
- Good quality water
- Reliable constant supply
- Very few water restrictions
- Investment in pipes
- Speedy response times in event of cut-off (Hailsham)

Cost of bills

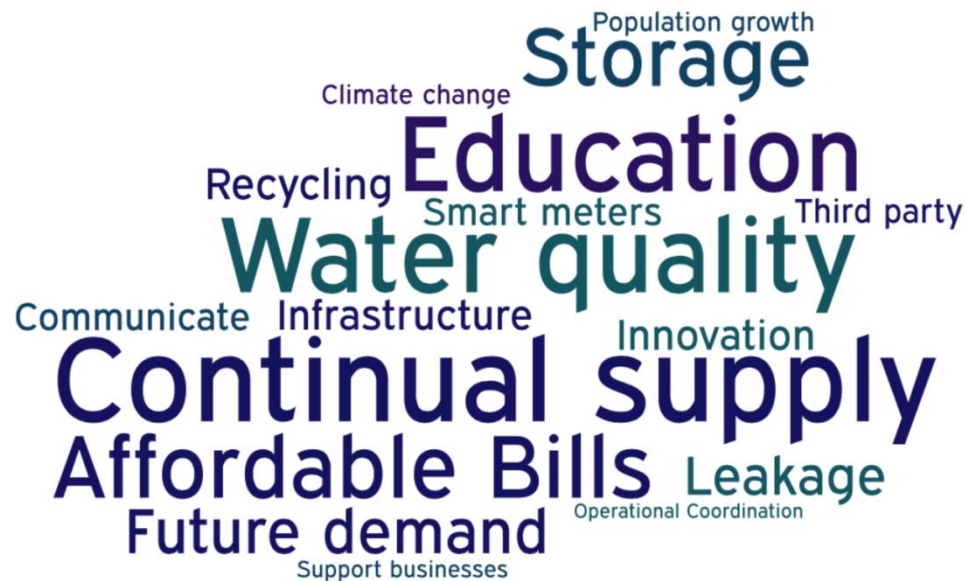
- Lower bill than other utilities
- Simpler bills than other utilities
- Cheaper than buying bottles of water

Minority of wholesale related service issues

- Low water pressure
- Speed of rectifying mains burst
- Lengthy and complicated compensation process
- Hardwater taste
- Limescale implications in appliances

NHH current priorities broadly mirror HH priorities but greater environmental focus on supply/demand management

Spontaneous priorities have four main themes – current service levels, enable greater customer control, manage future demand/supply, innovation



CSR requirements provide a backdrop to priorities

NHH understand the importance of CSR and for SEW to balance the needs of the planet against the needs of the people and profits

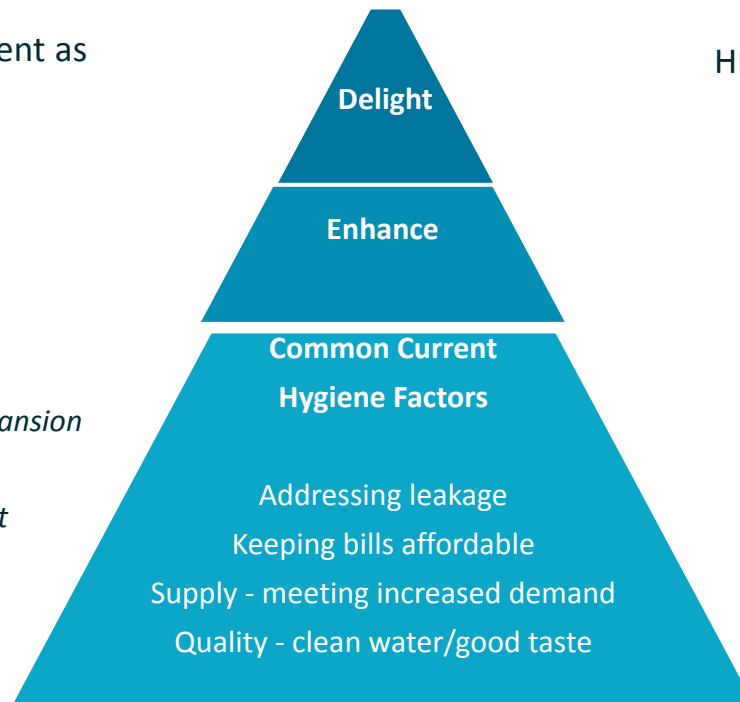


NHH current 'hygiene priorities' match HH with additional need for supporting local business growth

Current basic requirements = continual supply of quality water at an affordable price
(these are also future hygiene factors)

NHH cite infrastructure development as current hygiene priorities

HH focus mainly on the factors quality/supply/price



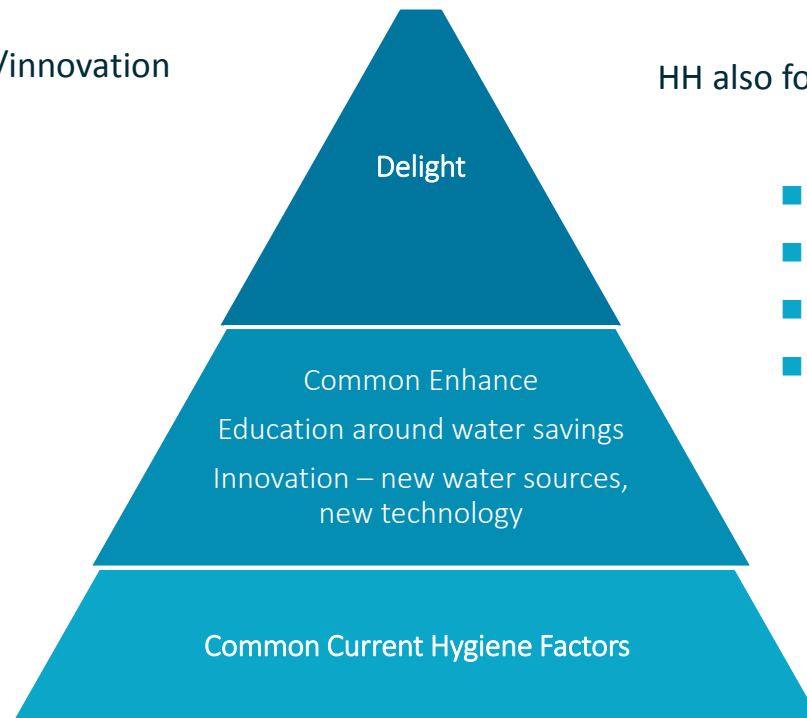
- *Support local business growth and expansion (inc environmental/CSR obligations)*
- *Infrastructure investment – pipes/plant*
- *Security of infrastructure/product e.g. terrorism*
- *Smart metering*

NHH current 'enhancing priorities' focus on education and innovation – as do HH

No real delights identified from customers until they are focusing on the future world

NHH focus on education/innovation

HH also focus on evolution of product/payment



- *Smart metering*
- *Water softening products*
- *Water neutral schemes*
- *Environmental focus*

Future priorities for both HH and NHH focus on SE Water pushing beyond fulfilment of the basic needs

NHH focus on innovation, community projects, sophisticated pricing and demand management

Tiered water pricing e.g. essential/non-essential
Recycling of grey water

HH focus on innovation, community projects, self-sufficiency, £ based demand management, enhanced product delivery

Tailored product to your door e.g. softer, flavoured water, health benefits, two grades of water
Promoting/installing products for self sufficient houses
Rewards and credits for efficient water usage



Common hygiene factors are true for future world for NHH

Common hygiene factors are true for future world for HH

NHH are already mindful of need for business resilience

Some water saving solutions in place/being considered

Examples:

- Waterless cleaning products – deal with chemical spillages
- Pressure washers that use less water – for car washing
- Low volume sprinklers – for lawns/greens
- Grey water recycling – using run off water for car washing
- Timers on sink taps - cloakrooms
- Semi/air flush toilets - offices

Whilst NHH understand the need for resilience, there is no experience of water restrictions and the risk of stand pipes is seen as minimal

Most feel they could still manage their business with these restrictions but water dependent business would struggle

“We’re overpopulated, and if we’re running out of what we’ve got you know 10 years ago when we were less populated in the area, it’s going to run out quicker, so we have a very dry spring, summer it’ll cause problems”

Tonbridge

“I think you can see that patterns are changing and although we get a lot of rain it’s different.”

Eastbourne

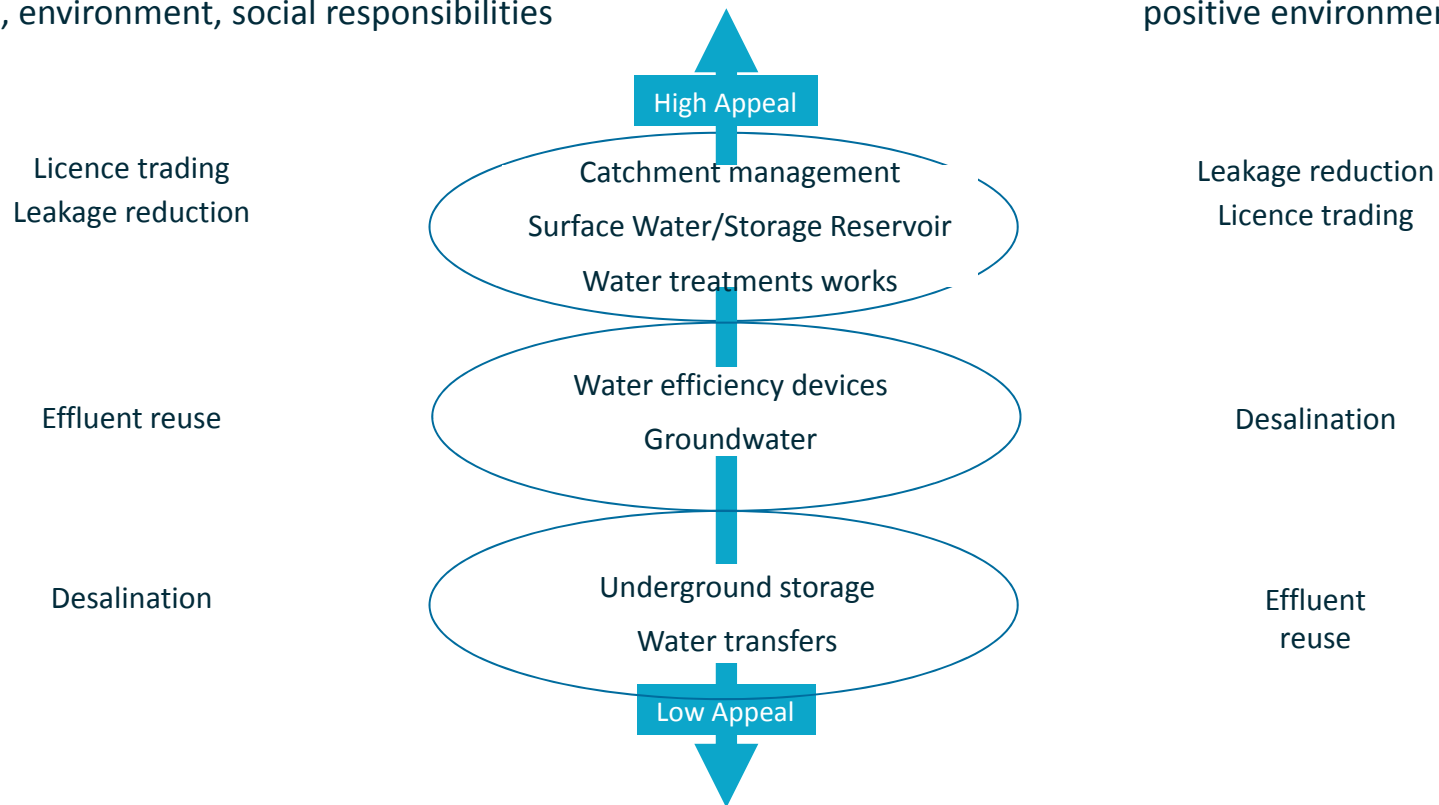
“But the weather’s changing as well so we need to capture it in different ways.”

Ashford

Response to resilience options displays high consistency with HH views

NHH favour resilience solutions that balance CSR – cost, environment, social responsibilities

HH favour options with most positive environmental impact



Overall research findings

- Range of SE Water NHH customers with *varied water dependency*
- *Multiple challenges* identified with financial concerns meaning NHH seem *more price sensitive than HH*
- That said, *VFM equation is very good* – very good service fulfilment, minimal issues for relatively low utilities bill
- NHH *spontaneous priorities* match SE Water priorities well with strong focus on *maintaining current service levels, manage future supply/demands, enable greater customer control and obligation to innovate*
- *Future core priorities* are in line with HH but have stronger spotlight on *sustainable infrastructure to support business expansion and growth*
- To *push boundaries* further, NHH customers want to see more *evidence of innovation, better water efficiency, sophisticated pricing and more demand management*
- CSR is top of mind for businesses. Resilience is understood and solutions are explored within framework of environmental impact, social needs and cost
- *Catchment Management and Surface water/storage reservoirs* were felt to be most effective solutions
- Investment in licence trading, leakage reduction and water treatment works were seen as critical ‘Business as Usual’ solutions that should form part of the core resilience programme

The Accent logo features a white stylized pencil or brushstroke above the word "Accent" in a bold, white, sans-serif font, all set against a solid blue background.

Accent is registered to the market, opinion and social research
International Standard ISO 20252