PR19 Customer Challenge Group

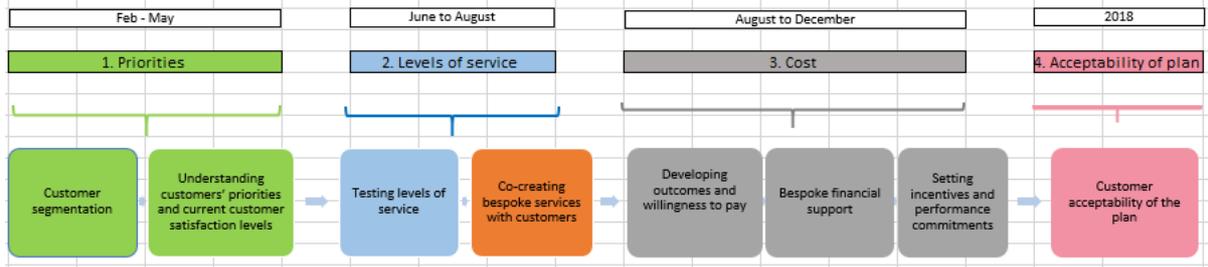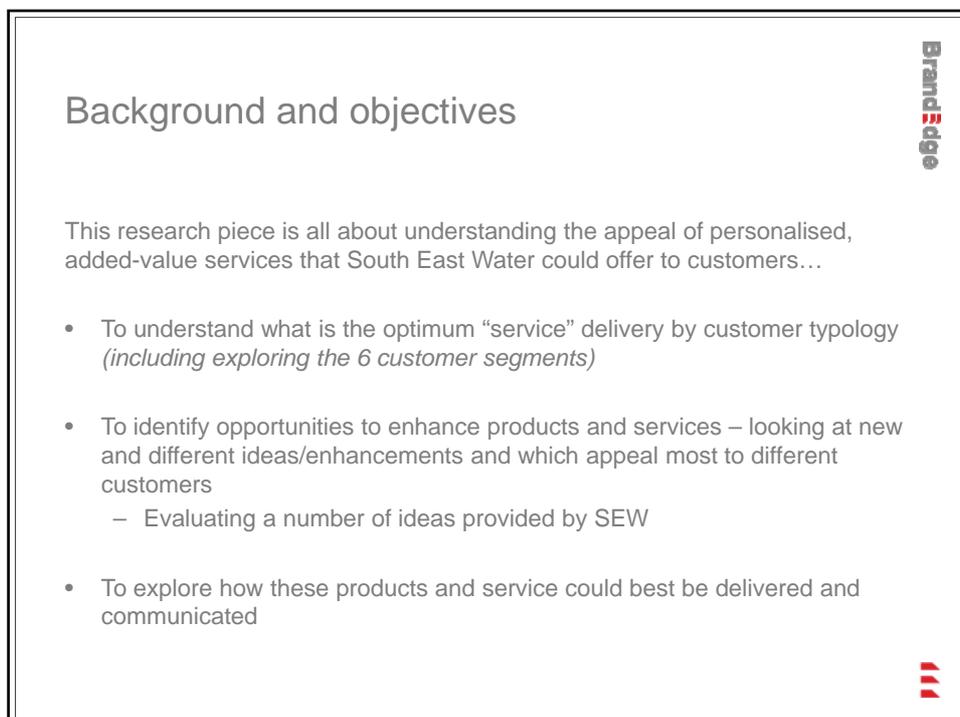|	
Meeting number:	5
Meeting Date:	10th January 2018
Paper No:	9
Agenda No:	11
Title:	PR19 customer Engagement: Bespoke services research debrief
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Printing:	This document does contain graphs or pictures and therefore does require you to print in colour. If you need a printout please let Nikki know.

Name of research:	Bespoke services research
Purpose of research:	Please see page 2 graphic to highlight where this fits into the research programme. To understand if customers would like us to provide a bespoke/differentiated service. To identify what services appeal most to each of the segments so we can then offer a more tailored service – attempting to think beyond an average customer. Current BAU data gives insight but unable to get this granularity of detail per customer segment.
High level approach:	Customer focus groups led by Brand Edge. Customers are asked to consider the service provided by their water company and how this compares to other companies.
Audience/Representativeness:	A similar demographic to our customer base (using census data) and ensuring our six attitudinal segments are represented.
Key research questions:	Would customers like a water company to provide bespoke services? Are there any 'bespoke' services that customers want?
Key findings:	This research has provided us with a number of suggestions for how we can engage further, many of which we had already considered but this research has encouraged us to develop the ideas further. This research has highlighted that there is an opportunity for us to engage further with customers to ensure they are more aware of the services we already do provide.
Next steps:	We are planning an internal workshop to develop the ideas that have come out of this research.
Action needed from the CCG:	This paper is for information and comment on how we could incorporate the findings into our service.

Bespoke services research highlighted in orange:

Feb - May	June to August	August to December	2018
1. Priorities	2. Levels of service	3. Cost	4. Acceptability of plan

| Customer segmentation | Understanding customers' priorities and current customer satisfaction levels | Testing levels of service | Co-creating bespoke services with customers | Developing outcomes and willingness to pay | Bespoke financial support | Setting incentives and performance commitments | Customer acceptability of the plan |

south east water

Bespoke service research

Summary of big findings
January 2018

Background and objectives

This research piece is all about understanding the appeal of personalised, added-value services that South East Water could offer to customers…

- To understand what is the optimum "service" delivery by customer typology *(including exploring the 6 customer segments)*

- To identify opportunities to enhance products and services – looking at new and different ideas/enhancements and which appeal most to different customers
  – Evaluating a number of ideas provided by SEW

- To explore how these products and service could best be delivered and communicated

Research - sample details

- 8 groups in total conducted in Maidstone (4 groups), Tunbridge Wells (2 groups) and Lamberhurst (2 groups)

- 6 customer segments…
  - *2 x Global thinkers/Mindful optimists combined*
  - *2 x Not On My Radar*
  - *1 x In The Dark*
  - *1 x Me, Myself and I*
  - *1 x Keeping It Simple*
  - *1 x "Vulnerable" service users*

- All recruited to the agreed definition/recruitment criteria of the segment

- Fieldwork conducted between 15/8/17 and 21/9/17

Methodology

Groups facilitated though a structured Discussion guide that covered…

- *Base service and bespoke service – expectations & exploration*

- *Stretching the notion of "service" within water*

- *Potential for personalised services and further idea exploration*

- *Customer and community – ideas categorised*

- *Final "Give me one thing" exercise*

We also asked Customers to complete a pre-task…

Methodology… Pre-task

1. Personalised services
Tell us about those services that have felt like they have been created just for you… so good that you wanted to tell other people about them

2. Water you way
What could your water company do/offer that you would either appreciate or could make your life easier?

3. Personification
Imagine you could choose a character from TV or film to work for a water company in different capacities? Who would you choose and please tell us why they'd make a great employee

4. Customer vs. Community
What are the 5 things a brilliant water supplier could do for you and do for your community?

5. Who would do water well?
If you could choose a brand you don't associate with water to supply your water, who would it be and why?
What would make them better than current water providers?

Context setting

- Customers have pretty ambivalent and/or entrenched views

- Little cut through of initiatives and communication

- Other utilities *(where switching is possible)* more front of mind and water, *(to a degree)* not helped by general perception that it's pretty good VFM

- There's a real "service" vacuum in water – very light touch relationship other than in failure scenarios *(and for obvious reasons these are "acute")*

- Language of the category – utility/commodity etc quietly reinforces detachment

- So very little proactively happening to force reappraisal or drive perceptions

- When probed – customers sense that any activity driven by an OFWAT edict rather than an organisational focus on consumer need

"Base" level hopes *(not expectations)*

Good "base" service

- *a constant supply of water that's clear, healthy and palatable*
- *at a price that's fair & affordable*
- *efficient and speedy resolution of issues*
- *simple and effective communication with empathy (understanding circumstances) built in*
- *all from a responsible corporate citizen*

Just beyond "base"

- *proactive communication*
- *taking ownership of issues*
- *providing one point of contact*
- *follow up call checks following resolution*
- *some form of compensation for failures*
- *recognition of them as an individual customer (and name checks)*
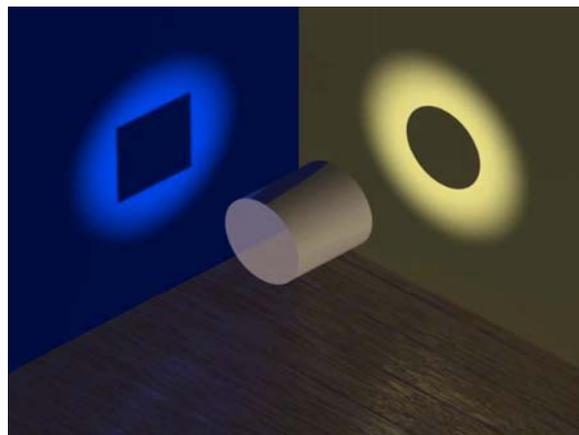
But there's huge scope for enhancement and real interest in services beyond "base" if we choose to look at things differently… *through a householder lens not the OFWAT agenda*

Ranking of potential initiatives (prompted)

- *Smart meter/app* – powerful since it overcomes so many of the objections to changing behaviour. But must be function over form

- *"My" team* – the idea of people fronting up, being visible and demonstrating capability is key. Also one point of contact

- *Water pressure solutions* – whilst not relevant to all, a real game changer for those who currently suffer in silence

- *Advizzo trial* – making consumption data more accessible/comparable and engaging is a big win

- *Variable tariffs* – liked in principle but people struggle to see how it could be monitored + debate around incentive vs punitive measures

Ranking of potential initiatives (prompted)

- *Water softeners* – split camp as people undecided whether it's a good or bad thing. Discounted devices reflect well on SEW

- *Text alerts* – depends on the situation. Much bigger, and more consumer centric idea in championing contact preferences

- *In Your Area* – OK but pretty recessive and never going to be a game changer (information not inspiration)

- *Fast track bottled water* – great as part of PSR, but pretty allergic reaction to wealthier being able to buy preference

- *Customer self serve* – stripped back service OK for some but would need decent discount attached and language really confusing

Respondent generated "stretch" ideas

1. Clear, simple billing

2. Affordable/free water saving and recycling devices

3. Mentors for the vulnerable

4. "Gestures" in recognition of impact in failure scenarios

5. Local/English speakers and development of local talent

6. Support water sports in the region (related to use of reservoirs etc)

7. Coordinate "all-utility" activities (environment/roadworks etc)

8. Make kids programmes more about engagement than education

Areas of untapped potential

- *Priority Services Register* – an absolute winner that's being held back by lack of visibility and flat/corporate language

- *Community engagement* – opportunity to energise and stretch the definition (eg opening up resources for public enjoyment etc)… this is an area that positively differentiates from other utilities

- *Responsible usage* – more people want to do the right things than are currently doing them, but have no context for their usage

- *Innovative discounting and incentive schemes* – yet again we saw huge potential in shifting the focus from OFWAT compliance agenda to a consumer lifestyle one to create more relevance and engagement

Aggregating up the unmet needs…4 Cs

- *Context*: is providing reference points in terms of volumes/costs and the needs of householders in different circumstances – what's "normal" for a household like mine and what are (real) people like me doing to save water/money?

- *Control*: empowerment encourages consideration and through empowerment, "thought" can replace "thoughtlessness" and care can replace carefree and careless

- *Choice*: addresses the biggest customer negative and can be delivered in any number of ways – product or service but the crucial element is to dial up the fact that the customer does have real choices around service delivery

- *Commitment*: being seen to be customer centric is about being visible, accessible, being pro-actively accountable and offering price promises & service guarantees

Summary

- Service delivery in other sectors raises expectations. Customers believe improvements in water is driven by OFWAT not in response to consumer demand or the organisation's **commitment**

- Real opportunity for engagement, activation and monetisation beyond "Base" and "Base+"

- Anything that gives customers more **context** for decisions and **control** over their usage is a big win. Similarly, anything that celebrates **choice** has a disproportionately large impact

- You can't please all the people all the time – segmentation evident more around circumstance than attitude in this context. Asking customers their contact preferences and demonstrating understanding of their personal circumstances a big win and PSR is an unpolished gem in this context

- Service innovation can't be separated from communication of it – a need to be more visible, innovative and disruptive in terms of customer engagement and language