

south east water

Bespoke service development
Research debrief
Summary

January 2018



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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 through 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 your 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?



The service landscape in water supply



Customer views are generally so entrenched that more provocation is needed in communication

- There are some deeply engrained “views” around water supply driven by language like “utility” and these are difficult to change.
- Though valuable to a few, much of what you do is invisible to the many and increasing the perceived relevance (and value) of services isn’t an easy task
- Any amount of added-value service will not be optimised unless communication and content around it is made engaging
- So a degree of disruption and dynamism is required that needs to be rooted more in a customer perspective than the OFWAT one



So, for example, being “responsible” is a plus but doesn’t in itself drive reappraisal

- Only the utterly cynical would question that value of doing “good” things
- But even for some of the Global Thinkers and Mindful Optimists this is seen to be part of a **CSR duty**, and it doesn’t necessarily create greater brand traction
- As such, by itself it doesn’t have the ability to galvanise interest or provoke reappraisal



Base versus “bespoke”

- We explored expectations around “base” levels of service and “bespoke” and to consider whether householders were happy with what we describe as “base level service”
- In customers’ eyes (*largely irrespective of demograph or segment*), “base” =
 - *a constant supply of water that’s clear, healthy and palatable*
 - *at a price that’s fair and affordable*
 - *efficient and speedy resolution of issues*
 - *simple and effective communication with empathy (understanding circumstances) built in*
 - *all from a responsible corporate citizen*



Service provision in water

- Expectations of service raised generally... but customers find it difficult to imagine added value and enhanced services in water
- Seems to be less about their interest in the subject matter (groups all very engaged) than the fact they've been ***conditioned to have low expectations of what's perceived as a commodity/utility***
- So we used a range of approaches and techniques to try to get people to be a little more expansive and ambitious in their thinking



Customers view on “Base+”

- There were certain enhancement ideas that came from customers you could reasonably be called “base+”
- Not that game changing and unlikely to provoke a huge change in attitudes or a groundswell of advocacy, but nonetheless seen by customers as being “beyond base”
 - *proactive communication*
 - *taking ownership of issues*
 - *having one point of contact*
 - *follow up calls following resolution*
 - *some form of compensation for failures*
 - *recognition of them as customer (and name checks)*



But beyond base and base+, there are great opportunities to build engagement and advocacy through added value services/service delivery

(And customers would pay for some of these services – where utilities are playing catch up, it's hard to charge but where there's genuine value add there's an acceptance that they come at a price)



Ideas generated by the groups...



“Better” - citizen versus community...

For me

- Clear and simple messaging/easy to read bills (1 bill, not 2) & online bill access
- Better positioning of/more convenient stop cocks
- Free water butts & grey water harvesting
- Smart meters... a device to track your water usage so you can adjust it if necessary
- Pre payment options



“Better” - citizen versus community...

For me

- Water softening products (“have changed shower head 3 times since living in Tunbridge Wells)
- Having a “mentor” (mainly the “vulnerable”). One point of contact for all
- More products to assist with water and money saving (and TV ads showing)
- Monthly breakdown of water usage by time of day (and ideally by usage occasion)
- Vouchers to reward loyalty
- Work with other companies (British Gas) to lower bills for boilers etc



“Better” - citizen versus community...

For me

- Regular free maintenance of meters to ensure no overcharging
- Water bills reduced for vulnerable people
- Automatic reductions in bills for burst mains & service failures
- Provision of specific needs eg “My little cat likes cold fresh water, what can be done about that?”
- “English speaking staff” on the end of the phone



“Better” - citizen versus community...

For me

- Give us some explanation about the cost of water and how much different applications use on average – how much is a shower, a washing machine or dishwasher?
- Loyalty scheme for customers who have been long term and reliable in paying their bills
- Choice to opt out of junk and sales letters
- Water quality *“I would like to know what elements they add to the water supply and why”. And also the potential impact this has on my health”*



“Better” - citizen versus community...

For my community

- Monthly newsletters to keep us informed about what’s going on and events
- Support water sports in all forms... swimming vouchers, fishing permits
- Interesting and fun events for educating about water conservation/water saving workshops
- Sponsorship of local environmental projects (beyond water)
- Getting to the kids in school but making it interesting/engaging (*references to water utility materials used in schools being very old and tired*)



“Better” - citizen versus community...

For my community

- Taking the lead in getting utilities to work together for our benefit (roadworks etc)
- Encouraging other utilities to combine efforts and assets with you (eg make power/electricity out of moving water around)
- Employ local staff and develop local talent
- Where does our water come from – which reservoir? They could have an open day
- Get customers, to prepay, for what they use, so there is no water bill. It would be beneficial, to those that struggle, that are on benefits



Response to some specific “service” ideas *(nominally “ranked” from highest to lowest appeal)*



1. Smart meter/app/gadget

- “Smart” tools are a bit of a silver bullet really since they overcome so many objections to changing behaviour
- But it’s not about having “gadgets” for the sake of being seen to be technologically advanced or “cool”
- It’s about giving people an ability to track, monitor and change usage patterns (*and thereby save water, and also, by implication, money*)
- So, this is really fertile territory but it needs a little more than just the “smart” angle (*it needs to be made relevant and engaging – more thoughts later*)



2. Specific people/team to deal with in the event of an issue

- A big thought, particularly if combined with PSR (aligns with the idea of having a mentor that some people mentioned in context of the “vulnerable”)
- People are tired of big, faceless companies, the “computer says no” inflexibility and lack of empathy
- (Foreign) call centres with no connection to the people they serve are another embodiment
- Being visible has huge potential to differentiate, being local gives you a head start in championing this idea and having people who take ownership throughout a process and relationship is of massive value to people – it directly challenges entrenched perceptions of “utilities”



3. Water pressure solutions

- Of huge interest to customers who have this problem, but of marginal interest to those that don't
- For people who suffer, it's really restrictive... can impact massively on their lives... when/how they wash etc
- And there's no doubt that solving the problem for sufferers would create huge WOM and advocacy... there's a deep-seated acceptance that "that's just the way things are" – a context that means SEW could gain huge goodwill for addressing
- And in principle it shouldn't be that difficult to spot the households SEW can help – just about everyone we talked to for whom the issue resonated, lived at the top of a hill/end of the line
- And this is one idea that customers would definitely pay for



4. Advizzo trial

- The idea of clear and engaging water reports so that Customers can compare their usage is really powerful
- Comparisons could range from their historical usage patterns (nice to know) to averages from other households or regions (begins to drive more emotional engagement and interest)
- So, ongoing engagement will be about making it relevant... so, for example, reference points in similar typologies etc – people want to know what someone like them uses so they have a context to judge their consumption against...
- Or something to help them get the kids out of the shower with!



5. Tariffs for essential/premium use

- This is a big winner as some uses are seen to be ignorant, indulgent and/or unnecessary... car, garden, hot tub
- It's important to say that cost per se isn't that big an issue in that water is seen to be good value for money – but there is a sense that usage patterns should be reflected in tariffs
- The notion of higher tariffs for non-essential uses and discounts for using responsibly is very appealing (and positions you as an advocate of fairness)
- Interesting debate in here re the pricing structures... incentives/rewards versus punitive penalties (Aviva safe driver approach is a decent benchmark)
- But the enthusiasm for the idea was tempered by real scepticism re how it would be monitored *“How would they know what I was using the water for”*



6. Water softeners

- The appeal of this depends on individual knowledge, perspective re whether hard water is a good or a bad thing and whether individuals are concerned about the outcomes (furred pipes etc)
- But making kit available to people should they want it, is a real plus
- So tactical and well targeted content would be a positive
- People don't necessarily expect them free (so again one of the services that can easily be monetised) – a company that offers them at all is seen in a positive light... seen to be in touch with needs and aware of their (or their product's) "fallibilities"
- So offering a discount against RRP and delivery/fitting services would really drive engagement



7. Text alerts

- This depends what you're alerting them to... appealing in "real time" context (*keeping informed re service recovery and alerting to unforeseen issues/consumption peaks etc*) For example, could an alert suggest there maybe a leak due to unexpected over usage?
- But a real split camp in terms of views of the technology itself as texts are rally personal and some see as intrusive (even when they've opted in!)
- So this has to be an effective way of meeting an evident need and solving consumer problems (usage peaks/over usage etc)
- ***There's a bigger opportunity in championing the notion of "contact preferences" – this has a big impact on perceptions of a service driven company and one that understands that different customers have different needs***



8. “In your area”

- Customers like the idea of this – but see it as part of a “base” service – pretty functional and not at all game changing or capable of driving real word of mouth
- Customers typically, are only using the website in extreme circumstances so it’s quite isolated
- So whilst it’s a solid part of the customer service offering it doesn’t have the “amplifier” effect that some of the other ideas do

To really catch peoples’ imagination it would have to break out of the website environment and have greater vitality eg an app on phone



9. Fast track water delivery

- Appeals in principle but clear recognition that it would be impossible to provide every customer with it, hence there would be a need to somehow prioritise... eg Vulnerable customers
- But the idea of paying for it splits the camp – some see it as the wealthy lording it over people in need
- So both the people who pay for preferential treatment and the company that offers the service come out of it looking pretty out of touch and elitist – the “win” for those who can afford to pay would more than likely be outweighed by the backlash from those who can’t
- Offering preferential treatment to those who NEED it is a much bigger win than selling it to people WHO CAN AFFORD it
- So much bigger potential for extending this idea within the context of PSR



10. Customer self serve (with discount?)

- An easyJet style, stripped back service with minimal interaction (at a discounted price) would appeal to certain segments eg Keeping it Simple
- However, the reality is that many see this as the service that's currently offered... because water is so “back of mind” is the and for most the nature of supply and interaction with the supplier is basic
- And this could create some negativity amongst people who want added value (this could reinforce negativity around a typical utility providing only a service)
- So this idea would need careful targeting, positioning and communicating



Observations that emerged from the groups



Priority Services Register

- It's a really powerful platform for so many people and in every group we see people who love the idea, would benefit from it but have no knowledge of it
 - And crucially it works for the wider community ie being seen to do the right thing
- It's important not to see it as something about age, illness or infirmity and many of the people who are most interested are either in need of it because of transient issues or childcare issues
- Whilst PSR is an industry wide initiative it feels like SEW could be a champion of it and innovator within it.
- And there's also scope to breathe life and relevance into the PSR by connecting it to a broader "stakeholder" context – friends and family, CAB, NHS, Housing Associations – which in themselves represent great ways of amplifying the brand and its content



Encouraging responsible usage

- Very little knowledge exists here and what's possible, realistic or responsible changes by family make up and circumstance
- Making a range of hints and tips available or showcasing some “people like me” driven case studies is really powerful
- Making it engaging is also a big win – real interest in building content around comparisons with “people like me” (*versus contrived and meaningless “averages” that bear no relation to the real world of most customers and pretty unengaging and recessive content that does little to force reappraisal or build affinity*)
- Loved the notion of gamification in this context – campaigns where family competes against family etc as a way of bringing usage and potential savings to life and creating stickiness and longevity to comms



Community engagement

- Local visibility and being part of a community is a big opportunity to differentiate from other utilities
- Interesting dimensions to what you are/could here... from opening up Bewl Water to community use to pop up experiences and community based event
- And a lot of the stuff you're doing in schools etc is going unnoticed and probably requires some amplification beyond current channels... things like aligning to scholarships and sponsorships would help amplify the message and build community engagement



Innovative discounting and incentives

- Could be much more flexibility in matching discounts/incentives to household type and need
 - eg discounts on your most used services (like the 5 most used numbers on BT) are seen as being really interesting and reflect a degree of “personalisation” that’s easy to understand and highly relevant
 - Tariffs related to family circumstance (kids caps etc) or Economy 7 type tariffs
- The “gestures” idea was woven through peoples’ responses again...demonstrating an understanding of what matters in their life and rewarding people for their “loyalty” with out of category content that generates disproportionate engagement and goodwill



Aggregating the themes



4 big “C themes” ...

We have a framework to evaluate ideas around added-value services...

- Creating **context** – providing reference points can help turn transactional users into engaged consumers
- Giving customers **control** – the ability to track and change their own behaviour
- Celebrating **choice** – empowerment counters the biggest barrier/negativity (lack of choice) to engagement in the category
- Being **committed** – demonstrating you’re on their side, true to your word and accountable



Context, Control, Choice & Commitment

- **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 this “thought” can replace “thoughtlessness” and care can replace carefree and careless
- **Choice:** 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 customer centric is about being visible, accessible, being pro-actively accountable and offering price promise & service guarantees



Differences by segment



“Global Thinkers/Mindful Optimists”

- Definitely more thoughtful and most likely to be engaged through more community focused service enhancements
- But their “world view” doesn’t mean they are immune to thinking utilities are inept so service improvement and efficiency at a more personal level are important too
- Would like to see more of a future looking dimension and think about things like planning for population growth
- Most likely audience to be thinking about how utilities could be working together for the greater good (combining wind farms and reservoirs/generating electricity through the redistribution of water etc)
- Also thinking about those less well off than themselves so influenced by services that improve things for the vulnerable and want discounts for pre-payment on the part of the less well off etc



“Not On My Radar”

- Tend to be younger and more unthinking than uninterested and definitely a sense that more relevant service platforms and more dynamic and disruptive communication could stir them from their apathy (complexity and formality of communication disengages but being listened to and having their needs anticipated have disproportionately positive impact)
- Can be engaged around ethics and environmental issues if communicated appropriately
 - Few knew what “dolphin friendly” tuna was but all became interested upon explanation
- Also a tendency to want stuff in return for loyalty and in the event of disruption (a degree of wanting utilities to be held to account)



“Me, Myself and I”

- Most likely to see water as the ultimate utility (a plentiful natural resource) so less responsive to “controlling” measures. Cynicism means they hate things like Ts&Cs and asterisks
- One of the most disengaged and cynical segments and probably harder to win over with “soft” service innovations or enhancements
- Often comes down to quite a rational and transactional evaluation – so out for what they can get, but in the event of getting it, views can be turned around
- Fixed pricing, easyJet style stripped back service at lower cost and money back in the event of problems (pro-actively offered not onus on them to claim)



“In The Dark”

- Very disengaged and attitudes underpinned by a sense take custom for granted because of the monopoly situation and absence of choice
- In this context visibility and accountability matter – people on the ground, staff fronting up to problems, showing a sense of purpose and having broad shoulders etc
- Plus anything that tackles the perception that there’s no choice and that they have no control over things
- Context is also particularly important for this group in terms of enabling them to at least consider their usage and consumption



“Keeping It Simple”

- As you’d expect, this is the segment that’s probably nearest to being happy with a “base” level of service being delivered well and without fuss
- The easyJet/no frills model appeals and they’d rather have less communication than more.
- Fixed pricing and stripped back content works for them (and interestingly would be seen to be quite refreshingly different)
- They can definitely be made happier through simpler service platforms, less frequent and more purposeful communication, transparent and ideally fixed pricing



More obvious differences between Customers



What were the discriminating dimensions?

- Differences (in terms of response to added value services) between our 6 segments are nuances only
- We did see some differences between groups but those differences tended to be defined by geography, circumstance, life stage or lifestyle more than the attitudinal segment they were in



Village/rural versus town/urban

- Geographical issues are hugely defining... there's a marked difference in the way your services are evaluated and consumed/valued in rural areas versus urban
- Rural dwellers are fairly resilient and pragmatic given frequent electricity supply failures and dodgy phone signals but they have quite different needs when it comes to the use of channels and in recovery/maintenance situations...
- In channel terms, they are very attuned to visibility (they know you sub-contract a lot of stuff because they see the vans) and much more into F2F/community based engagement through rural centres of gravity like the pub and Village Hall
- The sort of services they value relate to resilience so developing a “rural recovery plan” and rural response teams would have a really powerful impact – at the moment they feel a bit like the poor relations/victims in terms of what they get in service terms from utilities



Life stage and family status

- Very important discriminator
- Pre-family tend to have a pretty easy going outlook and maybe more attuned to tech based ways of monitoring and controlling usage
- Early family are definitely more acutely aware of the value of water and fall into classification for extra help, if not necessarily seeing themselves as vulnerable
- There's an amazing breadth and depth of family "types"... 9 kids but only 7 at home, 5 grand kids live with me at home etc family life offers up a real opportunity for engagement around tracking and adapting usage
- For non-family there tends to be lower usage and a real opportunity to look at tariff structures that reflect changing usage patterns



The “vulnerable”

- They are clearly customers who are less confident and capable in many instances so they're naturally cautious. They want clear and simple info and need to know exactly where they stand (who owns pipes etc). Making time to explain and reassure things has huge value
- Tone of voice is also very important (can easily extrapolate big problems from small issues) so empathy/reassurance within communication is crucial
- People and personality matter most of all (they hate automation in the main) and they like pro-activity (not justice seekers so unlikely to chase you for things but you offering has a massively positive effect)
- Community and support networks (locally and farther afield) are really important – the communication might not always be with this person and recognising this is of value



Summary

- Service delivery in other sectors raises expectations & water companies struggle to engage emotionally as sense that as customers have no choice, and that these businesses aren't really customer-centric (reinforced by imagery/language around commodity product and utility providers)
- Opportunity to offer added-value and personally relevant services, to go beyond "Base" and "Base+" and build real engagement through industry leading thinking and behaviour that has real value to the consumer
- Offering choice and empowering customers has the ability to raise positive perceptions of SEW (and so positively impact on WTP) whilst with some other added value services eg water pressure regulators, customers would be prepared to pay for
- Segmentation by attitude offers some opportunities but there are other dimensions that have greater impact
- Service innovation can't be separated from communication of it – a need to be more visible, innovative and disruptive in terms of customer engagement

