

Protecting consumers, promoting value and safeguarding the future



Consultation on Customer priorities

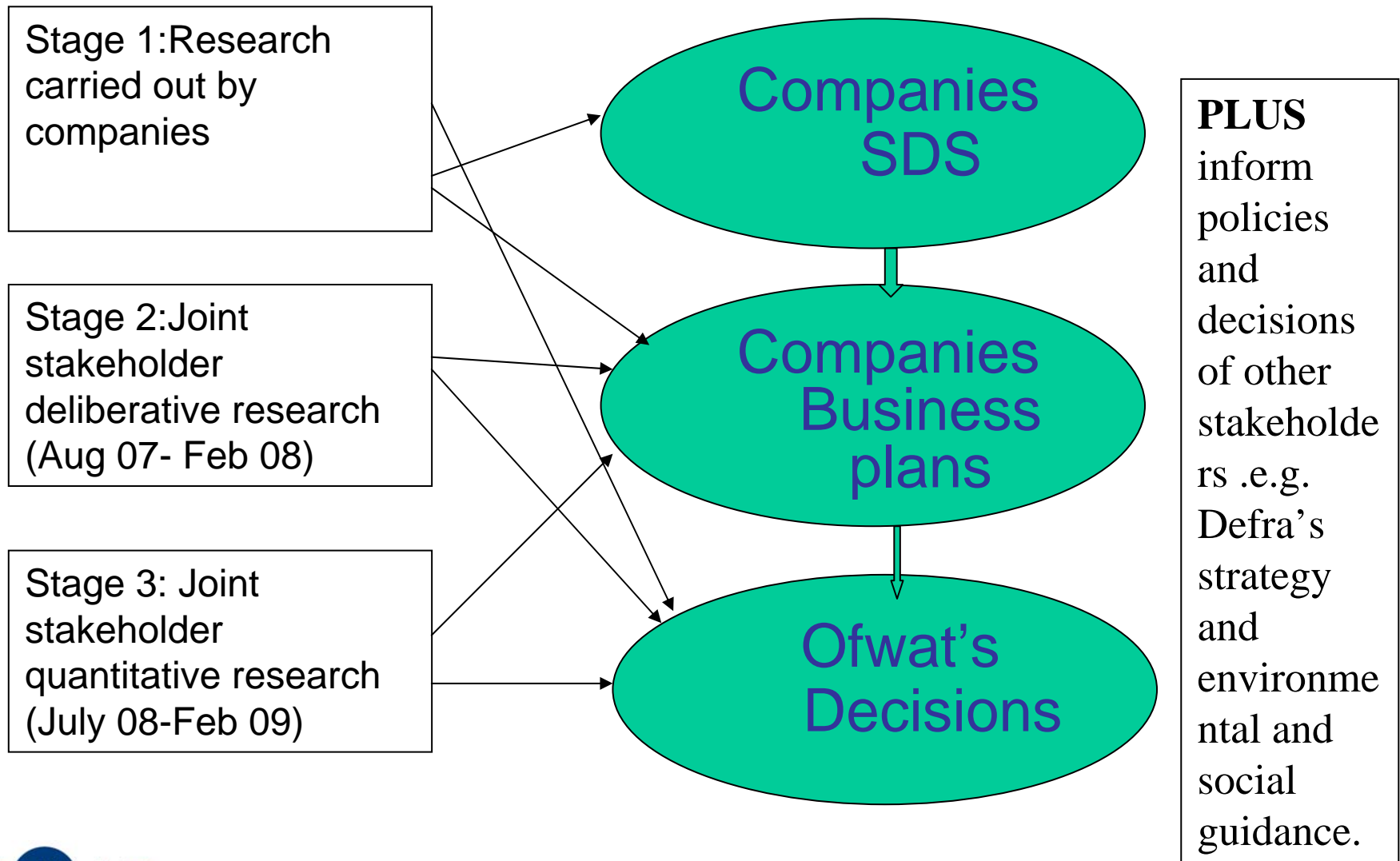
Ciwem –Ofwat Conference
Andrew Dunn
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The right outcome for consumers

- Ofwat's PR09 approach will:
 - 'reflect a clear focus on best value for consumers and the environment over the long term'.
- Therefore we expect:
 - Each company to put forward a consumer focused and consumer supported strategy; and
 - Companies business plans to demonstrate how these reflect consumers' preferences and the steps they have taken to understand consumers' and other stakeholders' views.

How will consumer research feed into the PR09 process?



Stage 1: Research by companies

- Companies will be expected to show how they have involved consumers to inform their strategy and their work on CBA.
- Companies have worked in their quadripartite groups with CCWater, EA and DWI to develop their consumer research.
- To date:
 - Range of different research projects undertaken by companies. These vary from small qualitative research projects to large scale quantitative.
 - Considerable variation in terms of methodologies used, scope and range of issues explored by each company.



Stage 2: Joint Deliberative Research- Business Objective

- Business objective:
 - explore and understand consumers' expectations and priorities in respect of the water and sewerage services for the period 2010 to 2015 in particular, but also in the longer term context; and
 - how these views are affected by increased knowledge of the issues.

Stage 2: Joint Deliberative Research-Specific Research Objectives

- Specific research objectives:
 - Explore how consumers' views are placed within a wider social and economic context;
 - Explore consumers' views and needs and their priorities for achievement of programmes of work in respect of the water industry;
 - To explore the extent of consumers' willingness to pay for the delivery of programmes of work in the context of the inter-relationship between water issues and on the basis of obligations that the Water Industry must deliver; and
 - To explore consumers' views on information.

Stage 2: Joint Deliberative Research- Approach & Sampling

- Approach (Deliberative research)
 - Initial groups (40 consisting of 8 respondents)
 - Self guided deliberation
 - Deliberative Workshops (20 consisting of 16 respondents-
2 groups combined)
- Sample (WaSC and national level results)
 - Bill payers and non-bill payers
 - Rural/urban
 - Metered and unmetered
 - SEG E

Stage 2 Joint Deliberative Research- Timetable

- Fieldwork - 22nd Oct-Dec 07
- Initial results - 17 Jan 08
- 1st draft report - Early Feb 08
- Finalise report - Early Mar 08
- Publish report - March 08

Stage 3: Joint Stakeholder Quantitative Research-Proposal

- Develop with joint stakeholder group.
- Regional and national results.
- Quantitative research based on DBP proposals.
- Explore:
 - acceptability and affordability of the companies proposals; and
 - Issues arising from joint deliberative research
- Timetable: July 08- Feb 09.

Companies' consumer service strategy

- Companies' business plans should demonstrate how their long and short term strategy reflects the views of consumers.
- Companies should clearly set out how they have used the results of surveys on consumers' preferences to inform their cost benefits analysis (CBA).
- Companies will be expected to demonstrate that their strategy reflects consumers views and priorities with evidence gained from a variety of means including:
 - Consumer research
 - Complaints data
 - Consultation with key bodies such as CCWater, EA, DWI, English Nature.

PR09 outcome and communication with consumers

- Low awareness among consumers of:
 - What the industry delivers; and
 - what it is that their bill pays for in terms of investment and service:

“ I’d be happy to pay a bit more if I understood where the money was going and it was not just going to shareholders”

“never any good press on maintenance”

Stage 2 research-
Workshops

“Companies don’t sell themselves”

- Whatever the outcome of the price review communication with consumers will need to be improved to ensure they understand what it is that they are paying for.