Dŵr Cymru Welsh Water

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Long-Term Outcomes

Customer research: interim debrief

July 2022

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Objectives, methodology & sample

Dwr Cymru Welsh Water (DCWW) requires customer input for its Long Term Delivery Strategy.

This research must gauge customer views on DCWW's long term ambitions, as well as on the pace and sequencing of its delivery plans.

We have designed a two-stage research programme to build a comprehensive understanding of customer views. This debrief focusses on key findings from the first stage:

1. An initial in-depth exploration of customers' deliberations about long term ambitions.
   - 9 x online deliberative focus groups, and 4 x follow-up intergenerational paired depths with reconvened participants.
   - Together with DCWW we developed a set of customer-friendly stimulus material setting out DCWW's long term objectives and ambitions.

2. Followed by a quantitative phase which will provide a statistical basis for customer opinions.

Phase one: 9 x 90-minute online deliberative focus groups with future, HH, and NHH customers

Recruitment method: sample convened by FieldMouse Research. Based in Wales, Fieldmouse used regional field recruiters (including Welsh speakers) to find respondents. Fieldmouse also holds a panel which was used primarily to support the NHH recruitment.

Future customers: 2 group discussions	
Group 1: 20-25yrs students (non-bill payers & first bill payers)	• 5-6 respondents per group • Groups based primarily on age for homogeneity • Even mix of gender in each group • Spread of SEG in each group • Respondents from across Wales
Group 2: 24-30yrs working, not responsible for bill	
HH Bill payers: 5 group discussions	
Group 3: ABC1 Older (51+)	• 5-6 respondents per group • Groups based primarily on SEG and age for homogeneity • Even mix of gender in each group • Across all groups, minimum of 6 respondents in (non-financial) vulnerable household (member of household has health, disability, communication or transient vulnerability indicators • Respondents from across Wales
Group 4: ABC1 Younger (30-50)	
Group 5: C2D Older (51+)	
Group 6: C2D Younger (30-50)	
Group 7: E/Economically vulnerable	
NHH customers: 2 group discussions	
Group 8: SMEs using water as domestic	• 4-5 respondents per group • Business owners or managers responsible for utilities • Spread of business categories: retail, wholesale, leisure & hospitality, construction, business services, farming & agriculture, manufacturing etc. • Respondents from across Wales
Group 9: SMEs water-critical businesses	

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Overarching themes

1

Customers show very low appetite for significant bill increases in the context of the current cost of living crisis.

- Many feel under extreme pressure at the moment – seen to be caused by major international events (e.g. invasion of Ukraine, pandemic, Brexit). High uncertainty regarding how long this will last, and what the landscape might look like in 2025.
- However, customers are open to a gradual bill increase in the longer-term, to support necessary investment.

2

Customers are not greatly concerned about the prospect of deteriorating service.

- Limited previous experience of deteriorating service – don't necessarily know what this would look like.
- Happy with the service DCWW provides, and therefore don't feel that drastic investment is needed to improve company's service levels.
- Customers not aware of / concerned about existential threats – at least, not in the context of their water supply, and not spontaneously concerned that their water and wastewater service is under threat.
- Some "selfishness" driven by belief that Wales is relatively insulated from the worst.

3

There is growing concern over declining river quality.

- Significant concern about combined sewer overflows and declining river health, and impact on the environment.
- Some sensitivity about blaming the farming industry for declining river / water health – sometimes due to having farmers in their close circle of friends / family, but also because they see DCWW as trying to pass buck.

4

Resistance to some objectives (e.g. water outages, discoloured water, customer service) which feel like "business as usual".

- Clear split between new investment that is obviously needed / urgent vs. ongoing priorities and day-to-day issues of running a business.
- Question whether others (e.g. local government) are also responsible for tackling some of the issues (e.g. reducing sewer flooding, creating sustainable drainages), and feel they should not necessarily all fall to DCWW customers and their bills.

5

Customers also push back on some of the metrics and ambitions within DCWW's plans, where these feel inadequate (e.g. average litres used per customer), or where the targets don't feel ambitious enough (e.g. leakage, internal and external sewer flooding).

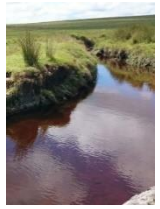
Summary of customers' views on Welsh Water's long-term plans and objectives

Safe and high quality drinking water		A reliable water supply in the short-term and the long-term		Protecting and improving the environment		Providing great customer experience	
Preventing deteriorating water quality in catchment areas		**Reducing number and duration of water supply outages**		**Protecting critical treatment work and pumping stations**		**Providing great service for customers**	
Moderate support for objective	Uncertainty about target – customers want more info	Support for objective	Uncertainty about target – customers want more info	Support for objective	Support for target	Support for objective	Uncertainty about target – customers want more info
Replacing lead pipes in customers' properties		**Preventing, detecting and repairing leaks**		**Sustainable urban drainage**			
Strong support for objective	Low support for target – not ambitious enough	Support for objective	Low support for target – not ambitious enough	Support for objective	Uncertainty about target – customers want more info		
Reduce incidents of discoloured water		**Reducing customer usage**		**Reduce incidents of sewer flooding inside customers' homes**			
Low support for objective	Low support for target – not important to improve	Support for objective	Uncertainty about target – customers want more info	Support for objective	Low support for target – not ambitious enough		
		Reducing risk of major disruption		**Reduce incidents of sewer flooding in the environment**			
		Strong support for objective	Support for target	Support for objective	Low support for target – not ambitious enough		

Safe and high-quality drinking water

Photo by mrjn Photography on Unsplash

Preventing catchment deterioration speaks to existing concerns about declining quality of natural resources. Lead pipe replacement is seen as a priority for public health.



Prevent deteriorating water quality in catchment areas

Priority #2 in Phase 1 research

Moderate support for objective

Uncertainty about target – customers want more info

- ✓ **Moderate support for preventing deterioration of water quality in catchments.**
  - ✓ Concept of catchments is broadly understood, and protecting their water quality feels important.
  - ✓ Importance of collaboration to spread out responsibility is emphasised.
- ? **But uncertainty regarding the target and ambition**.
  - ? Unclear how DCWW came up with the target of 5 (from 23).
  - ? And questions about what 'at risk' means, and how risk is defined and measured.
- ? **Questions about practical implications and impact of investment**.
  - ? Not seen as a plan that provides real touchpoints for customers (more about internal company workings).
  - ? And questions about where the investment would go, and why bills need to increase.

"It is very important because you're talking about the possibility of the water supply being contaminated."
(NHH customer, domestic water use)

Replacing lead pipes in customers' properties

Priority #3 in Phase 1 research

Strong support for objective

Low support for target – not ambitious enough

- ✓ Reference to lead impacting children's / babies' health sparks emotive responses.
- ✓ Prompts altruism and willingness to accept investment in this, even if not directly benefitting all customers.
- × **However, target feels unambitious**.
  - × Belief that DCWW need to act now, move more quickly, and try to eliminate lead pipes completely within the next 25 years.
- ? **Some confusion about the practicalities** of implementing this objective.
  - ? e.g. how properties will be identified and retrofitted.
- × Minority view (mainly from customers who have replaced their lead pipes) that householders should pay for the replacement themselves.

"I'd probably put that as more important because obviously lead traces in drinking water do come with health issues. People are never going to do that themselves and get their own water pipes replaced."
(HH customer, C2D older)

Reducing incidents of discoloured water feels a lower priority than other investment areas.

Reduce incidents of discoloured water

Priority #4 in Phase 1 research

Low support for objective

Low support for target – not important to improve

- ✕ **Low support for the objective when customers realise it is mainly a cosmetic issue, with no health implications.**
- ✕ **Not an urgent priority for investment –** there are other more important issues.
- ✕ **Also, low support for target** – current average figure already feels quite low.
- ✕ **Surprised that DCWW performs poorly in this area,** compared to other water companies.
  - ✕ Contradicts their own experiences.
  - ✕ But still this information does not change views regarding importance of investment in this area.

"It's an inconvenience but they do fix it quickly, I don't know if this where the main investment should be."
(Future customer, student)

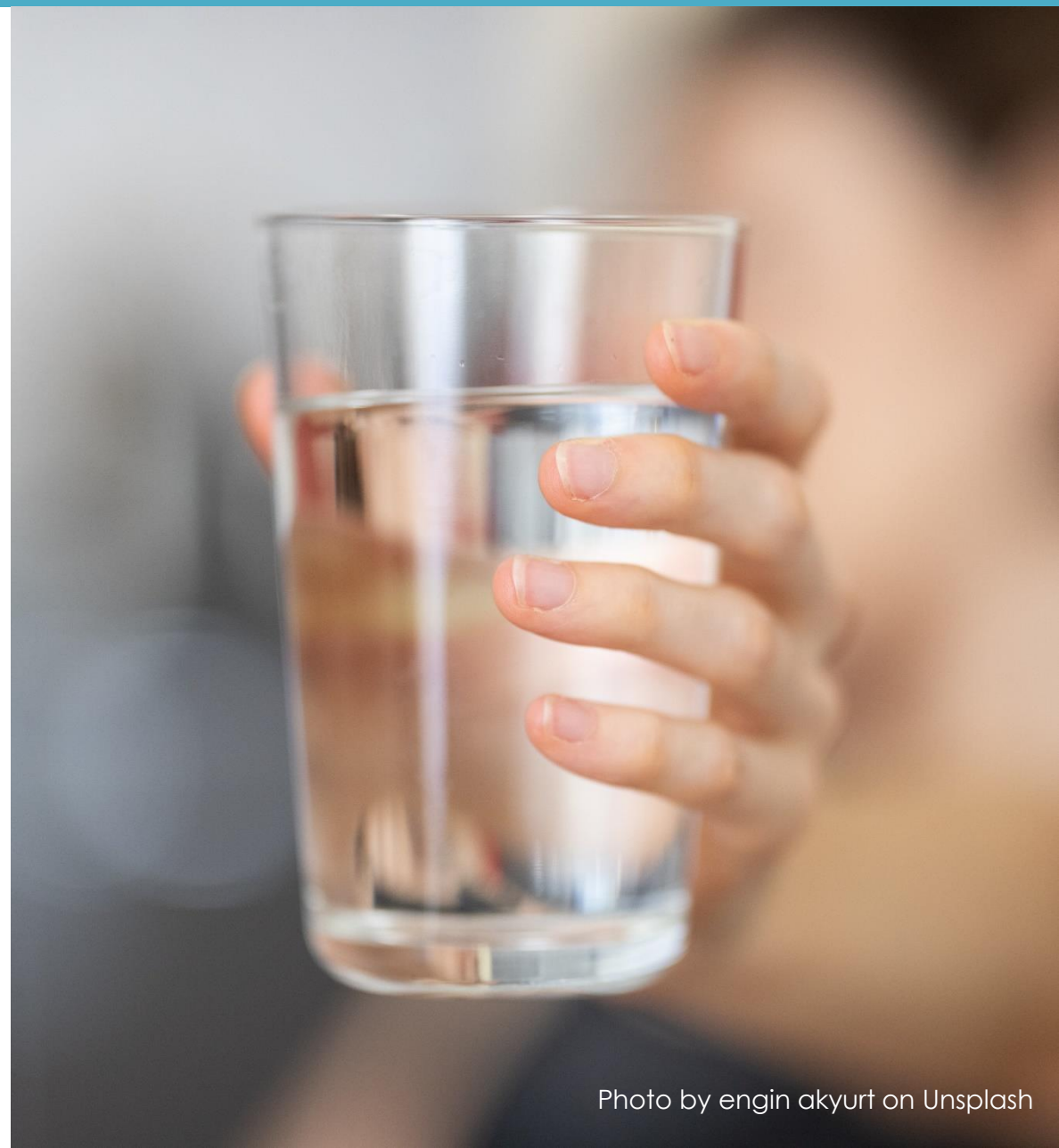


Photo by engin akyurt on Unsplash

A reliable water supply in the short-term and the long-term

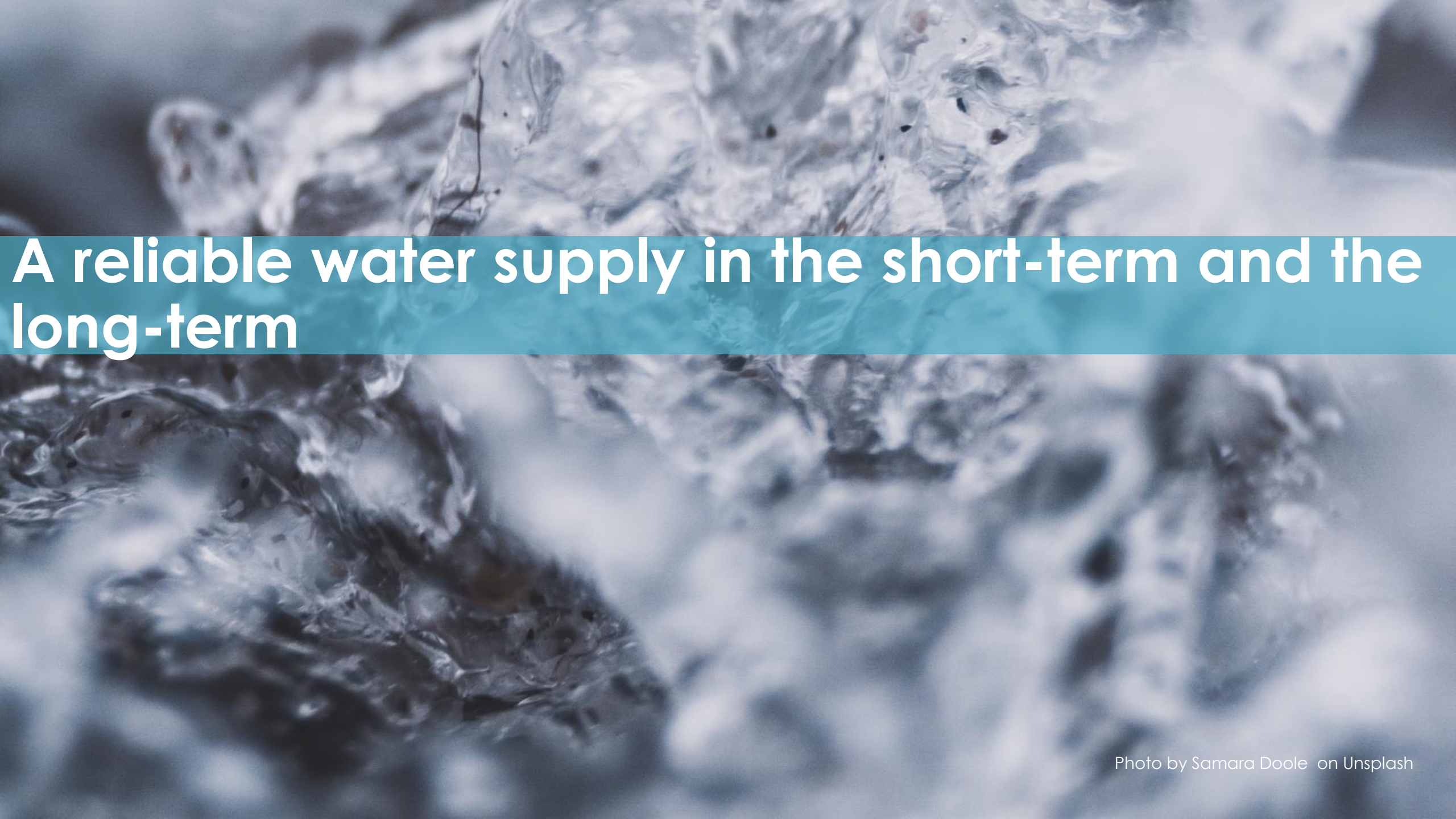


Photo by Samara Doole on Unsplash

Reducing supply outages feels like BAU (if outages are not major). Current leakage levels feel shocking – from the information provided, customers want these to be eliminated completely.

Reducing number and duration of water supply outages

Priority #1 in Phase 1 research

Support for objective

Uncertainty about target – customers want more info

- ✓ **Support for overarching objective but it feels central to DCWW's business as usual activities.**
  - × And not seen to merit any additional investment as a result.
- × **Major outages (i.e. over a couple of hours) are seen as a problem.**
  - × While shorter outages are seen as less important, and a lower investment priority as such.
- × **View that DCWW are not performing badly in this area.**
  - × Average of 16 minutes does not sound too high, and reducing it to two minutes not seen as a priority.
- ? Views are potentially linked to confusion regarding average outage figures and where these come from, as well as lack of personal experiences.

"It is a really important objective but when you understand how many minutes it is when you compare it to the other issues, I don't really think it's a major problem."
(HH customer, C2D younger)

Preventing, detecting, and repairing leaks

Support for objective

Low support for target – not ambitious enough

- ✓ **Support for the overarching objective is high as information on current leakage shocks.**
  - ✓ Seen as an important issue that will worsen over time, if not properly addressed.
- × **Low support for specific ambition of reducing to 10%.**
  - × Does not feel ambitious enough as a target, particularly from the moral dimension of letting a valuable resource go to waste.
- ? **Low / no understanding of sustainable economic levels of leakage.**
  - ? Low awareness of the costs and disruption that would be involved in efforts to eliminate leakage completely.

"Very important, water is so precious. I'm surprised by the figure being at 20%, even 10% seems like a lot to lose."
(HH customer, ABC1 older)

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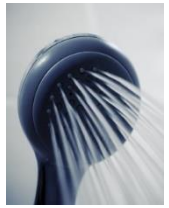
Supporting customers to reduce usage is seen as important. Reducing risk of major disruption receives high levels of support, as it feels like a relevant and real issue.



Reducing customer usage

Support for objective

Uncertainty about target – customers want more info

- ✓ **Support for the overall objective,** which speaks to customers' instinctive need to *'do their bit'*, and empowers them to take action.
- ? **Questions about what this means in practical terms and how this objective will be achieved.**
- ? **And uncertainty about the specific ambition of reducing av. usage to 110 litres per day.**
  - ? And the extent this is the best way of measuring usage.
- ✗ **View that efforts of reducing usage shouldn't be focused only on customers.**
  - ✗ Smart meters and water recycling can also play a role in this.
- ✗ A few question spending money on ad campaigns, and their effectiveness.

"I think education is always good. We all have to live with ourselves and do what we can and if we're educated we can do what we can."
(HH customer, C2D older)

Reducing risk of major disruption

Strong support for objective

Support for target

- ✓ **High support for the objective** as seen as vital issue that can and should be resolved quickly.
  - ✓ Recognised as a major risk, which feels very real and present given photos shared in sessions / recent memories.
- ✓ **Broadly supportive of the specific ambition.**
  - ✓ Although it is seen as vague in terms of figures / specific details.
- ? **Questions regarding responsibility, reason for bill increases, and the extent this counts as business as usual.**

"It's quite a vague objective. I understand what they're saying but again there's no timeframe… It's quite an ambiguous objective."
(NHH customer, domestic water use)

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Protecting and improving the environment

Photo by Angela Benito on Unsplash

Customers consider the plan to protect critical treatment works as realistic and important. Creating more urban green spaces feels like 'a nice to have' that would mainly benefit urban areas.

Protecting critical treatment works and pumping stations

Priority #6 in Phase 1 research

Support for objective | **Support for target**

- ✓ **Overall objective feels attainable, and DCWW should focus on achieving it.**
  - ✓ Seen as important issue that needs to be sorted out, particularly if affecting environment.
- ✓ **The specific target feels ambitious enough.**
  - ✓ As it includes the mention of achieving "100%"protection.
- ✓ **Willingness to accept bill increases for this plan, given the risks involved for the environment.**
- ? **Questions about how works are identified as "critical".**
  - ? Including how DCWW came up with 75% being protected, and how protection is defined in this context.

"Very important especially with climate change. If a big treatment works is taken down and the water is poisoned it would be catastrophic."
(Future customer, student)

Sustainable urban drainage

Support for objective | **Uncertainty about target – customers want more info**

- ✓ **Objective can help tackle drainage issues and improve appearance of local areas.**
  - ✓ Familiarity with similar local initiatives can drive positivity.
- ✕ **But resistance towards spending more on this plan**.
  - ✕ Seen as a 'nice to have', and not as important as other issues.
- ? **Ambition** (completing 5 schemes) **feels relatively vague**.
  - ? Questions about how DCWW came up with this figure, and which areas will be prioritised.
  - ? Potential for a contentious divide between rural and urban customers – belief that it would just benefit cities at expense of rural citizens.
- ? **And questions about responsibility for this issue:** DCWW's responsibility or the local council's?

"I think this is something that a lot of companies could be doing together and it shouldn't be down to just Welsh Water in doing this."
(HH customer, C2D younger)

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Both external and internal sewer flooding are seen as important issues that need to be prioritised, with appetite for more ambitious targets.

Reduce occasions of sewer flooding inside customers' homes

Support for objective

Low support for target – not ambitious enough

- ✓ **Important to address the issue as it sounds horrendous** and should never happen to anyone.
  - ✓ Those with (indirect) personal experiences are v. likely to support.
- ✕ **But specific target (going from 201 to 120 incidents) could be more ambitious.**
  - ✕ Based on information provided, customers want issue to be eliminated completely, as it feels unacceptable.
- ? **There is some awareness that DCWW can only do so much.**
  - ? And that customers themselves will always play a crucial role.

"I would of thought that sewer flooding inside a home would need taking to zero because that's one of the worst things that could happen to you."
(NHH customer, critical water use)

Reduce incidents of sewer flooding in the environment

Support for objective

Low support for target – not ambitious enough

- ✓ **Overall objective feels very important due to its environmental impact.**
- ? **But view that this should not be all on DCWW to resolve.**
  - ? And that other organisations (e.g. planners, local government) should also have a role in this.
- ✕ **Specific target (going from 3,700 to 2,800 occurrences) feels arbitrary and low.**
  - ✕ Based on information provided, customers want more ambition – e.g. halving number of events per year.
  - ✕ Queries about how target was identified – customers want more detailed information about how DCWW came up with it.

"A problem which will only get worse. I can't imagine anything worse. They have to act on it."
(HH customer, C2D older)

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Providing great customer experience

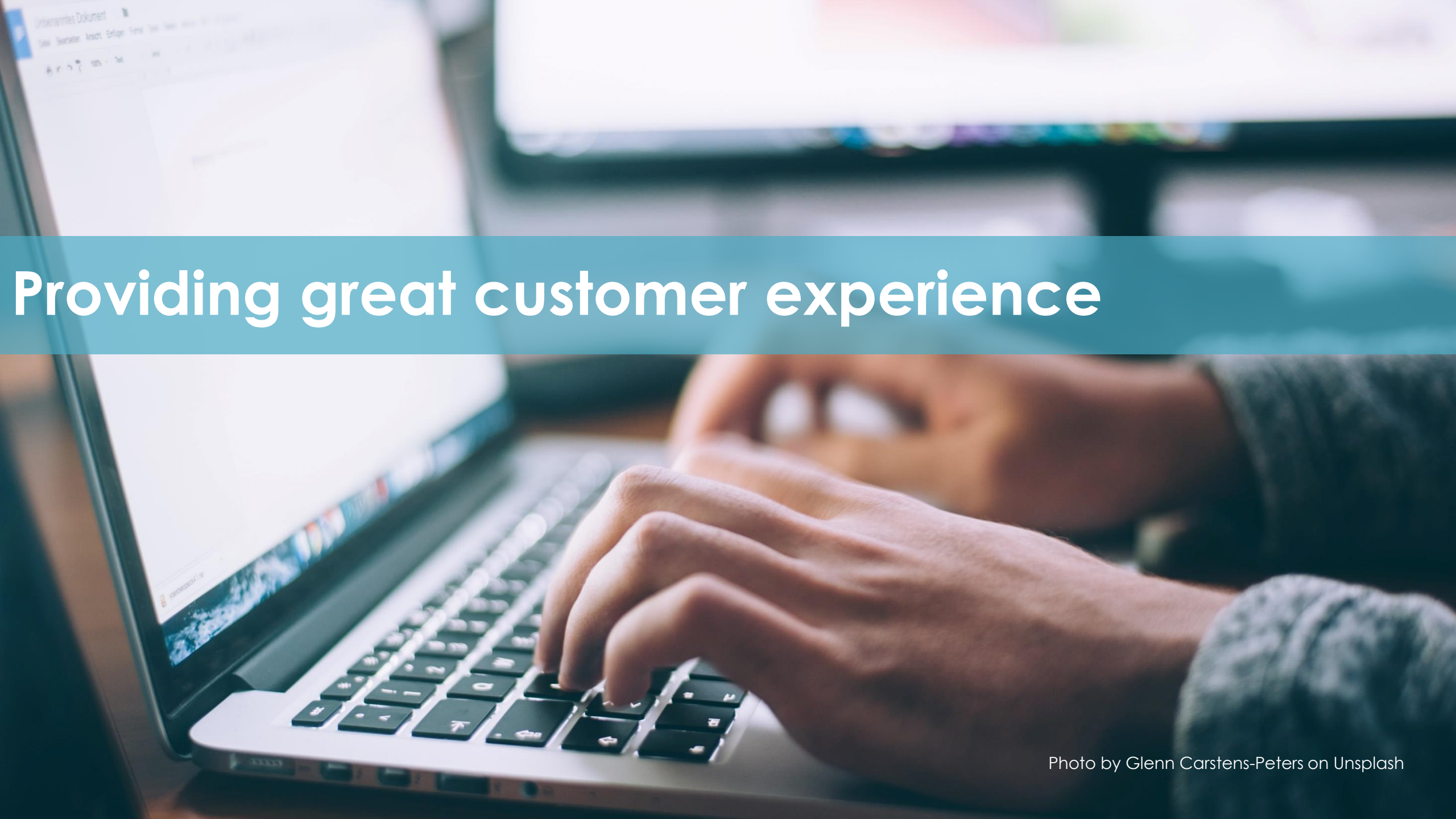
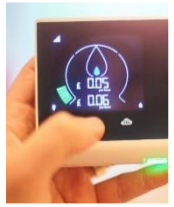


Photo by Glenn Carstens-Peters on Unsplash

Although customers generally support the idea of great customer service, they feel this is part of DCWW's everyday operations and should not require additional investment.



Providing great service for customers

Support for objective

Uncertainty about target – customers want more info

- ✓ **Broad support for the overarching objective but feels much less of a priority.**
  - × As it is seen as an existing customer expectation.
  - × And BAU for DCWW, who are already considered good on this.
- ? **Relative support for the specific ambition.**
  - ? View that it is important to invest in technology, but that this has been already factored in DCWW's plans.
- ? Some concern about impact of digitalisation and innovation for those who are less able digitally (mainly from HH customers).
- ✓ **Greater support levels from businesses.**
  - ✓ As it aligns with their own business priorities for digitalisation.

"We wouldn't accept much of a bill increase if people are already happy with it. Also, constant changes could be difficult to keep up with for older/less tech based people."
(HH customer, ABC1 younger)

Photo by Austin Distel on Unsplash

Views on intergenerational fairness

Photo by John Moeses Bauan on Unsplash

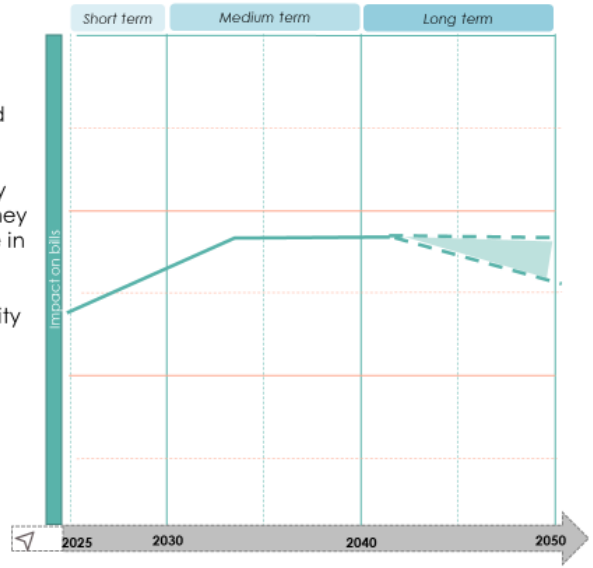
We tested three scenarios to understand attitudes regarding intergenerational fairness.

Scenario 1

TIMEFRAME: Investment will be implemented sooner rather than later.

BILLS: Bills will be higher by around 10-20% by 2030 (not accounting for inflation), but then they will stabilise, and will remain steady or decline in the long-term.

IMPACT: Things that are likely to affect reliability of the service will be dealt with sooner. Investment will focus on dealing with the impacts of extreme weather and climate change. This approach would also enable Welsh Water to do more now to help the environment.

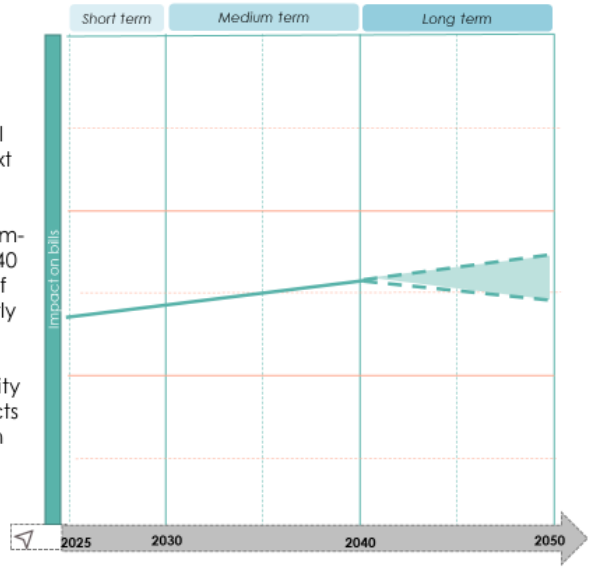


Scenario 2

TIMEFRAME: Investment will be more gradual and spread out relatively evenly over the next 25 years.

BILLS: Bills will increase steadily over the medium-term (by around 5-10% every 5 years) until 2040 (not accounting for inflation). It is uncertain if they will continue to increase or reduce slightly beyond that.

IMPACT: There could be a decrease in reliability in the short- to medium-term (e.g. from impacts of extreme weather) and slower progress on environmental improvements.

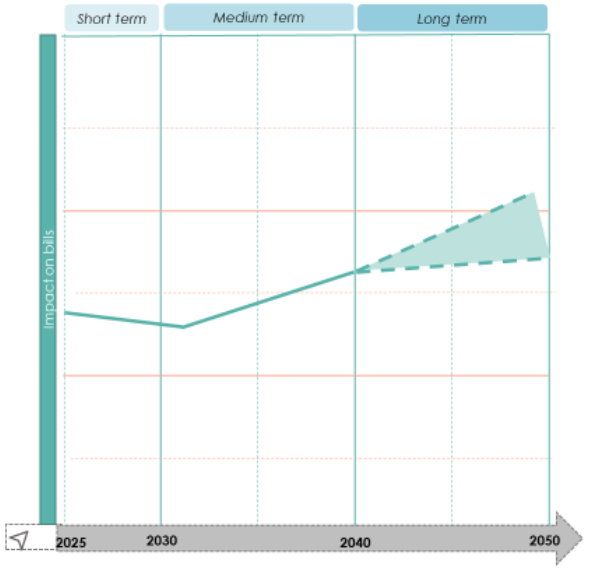


Scenario 3

TIMEFRAME: Investments will be (as far as possible) delayed to the medium and longer term.

BILLS: Bills may decline slightly in the short-term, but in the medium term they are likely to have to rise significantly – but by how much is uncertain. They are likely to remain higher in the longer-term.

IMPACT: There is likely to be a decrease in reliability in the short- to medium-term (e.g. from the impacts of extreme weather) and some environmental improvements would be delayed to the medium or longer-term.



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There is a conflict between societal and individual perspectives, especially in context of cost of living crisis.

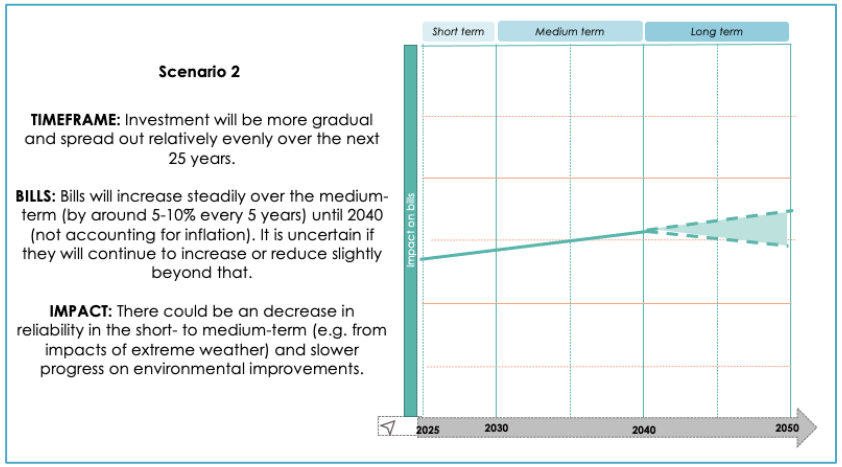
Greater concern about rising costs than service deterioration. Gradual investment is preferred, without any strong differences between generations.

Customers feel they are in the thick of the cost of living crisis.

- Uncertainties of Ukraine, Brexit and post pandemic effects mean that customers think this could go on a long time.
- Reality of bills never going down / being always on the rise means they don't think there will be any financial relief, even if causes for increases diminish.
- Belief that businesses with a profit motive will take advantage of the situation (petrol and energy sectors mentioned). DCWW's not for profit status is spontaneously mentioned – and latent trust that bill rises will be necessary and not profit driven.

Ability to have a 'selfish' and a societal view.

- Scenario 2 is seen as the fairest overall, as bill increases and impact will be spread out.
- But need more reassurance that the right investments are being prioritised to minimise problems down the track (e.g. leak reduction and protecting treatment works etc.).
- In terms of time frames:
  - Short-term is seen as months, stretching to a couple of years.
  - Long-term is 10-15 years, and anything more is treated with scepticism: a sense that it will never happen (implications for contextualising the plans / language).



2% annual rise over 5 years (£500-£550) feels acceptable.

- And comes across as less alarming than the scenarios, with some interpreting this increase as scenario 2.

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Younger people initially want bills to kept low, while older customers feel that investment should happen earlier to protect the environment and benefit younger generations.

Ultimately, preference for gradual investment (scenario 2) as it feels 'fairest' for society in the context of the cost of living crisis and need to protect the environment from growing challenges.

Younger customers

- Future / younger customers (in their 20s) initially favour seeing bills kept low (scenario 3) – they would be better placed to manage bill rises later in life.
  - Belief that low earners would benefit from immediate relief in current climate (not imagining things will be so different in 2025).
  - And while some recognition that letting the service deteriorate might be counterproductive, they are far less nervous of service failures than bill rises.
- Scenario 2 is seen as the fairest for society – as steady increases favour / disadvantage no one.
  - Also how they normally experience bills (apart from the recent massive energy price hikes).
- Some think that if scenario 1 had been about investment for e.g. police or NHS where service is seen to be very precarious/inadequate they would consider it.

Older customers

- Older (40s/50s) customers are perhaps more concerned about the younger generation than younger people themselves.
  - Scenario 1 '*creates a perfect storm for younger generations*'.
  - But better for the environment and sustainability generally, and should be positioned as such.
  - Sense that if the threats of climate change are as near term as scenario 1 implies, then it might be '*a bitter but necessary pill*' (but they don't assume they are this imminent).
  - Scenario 3 should be avoided as the bill line shoots up rather like bills are doing today.
- A year ago they would have gone for scenario1 but now are opting for scenario 2 as it feels 'most equitable' for all.
  - This potentially motivated more by doing right by the environment and all generations, than concerns about service deterioration (don't seem to be aware of the link between these two).

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QUOTES FROM QUANT.

- **Lead Pipes**
- "I'd probably put that as more important (than A) just because obviously lead traces in drinking water do come with health issues. People probably are never going to do that themselves and get their own water pipes replaced, so it probably would be on Welsh Water". Group 5, C2D, Older (51+)
- "I agree completely. It's more important because it is a health risk. It's one of those health risks that creeps up, you don't know it until it's too late". Group 5, C2D, Older (51+)
- "Don't leave it and leave it and leave it. Because depending on how much water people actually drink it could be a ticking timebomb". Group 5, C2D, Older (51+)
- "If you consider 2.4 per 1,000 split into 3.1 million (homes), that's a considerable amount of concern regarding people's health in the long-term (due to the impacts of lead on the body)". Group 6, C2DE, younger (30-50)
- "I would say you want to start as quickly as possible don't you, surely that's a health risk and you've got to make a risk assessment I suppose on people's health and wellbeing." Group 7
- **Water Quality:**
- "I would think that lead pipes would be more potentially harmful to customers than discoloured water." E/Economically vulnerable
- "I think it's a good objective and I think if they prioritise areas with the highest incidents of discolouration or poor water, that's probably the best way to achieve it I think". Group 7
- "I would say invest gradually, only because I don't see it as a massive ambition. Because it's only going from 2.4 contacts to 1.0." Group 5, C2D, older (51+)
- I thought 2.4 per 1,000 a year was actually quite low. But obviously if it's comparing to industry standard and other water companies then I'd imagine you'd want to be in line with everyone else". Group 5, C2D, older (51+)