Valuing Water Customer Priorities Research **Final Report**

30 Aug 22

Yorkshire Water

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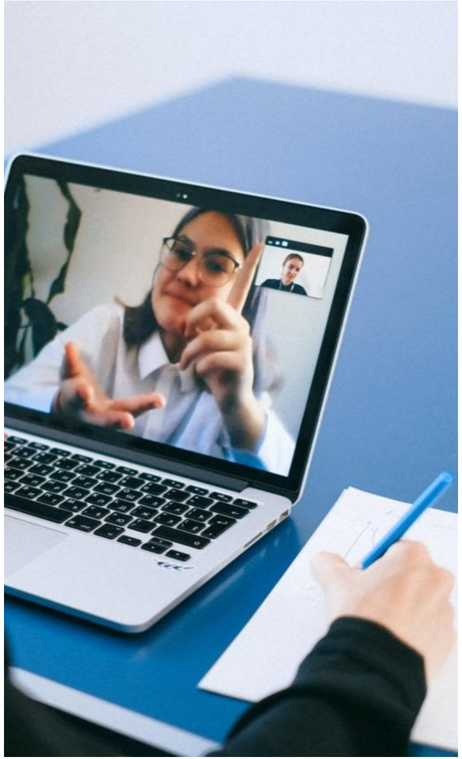
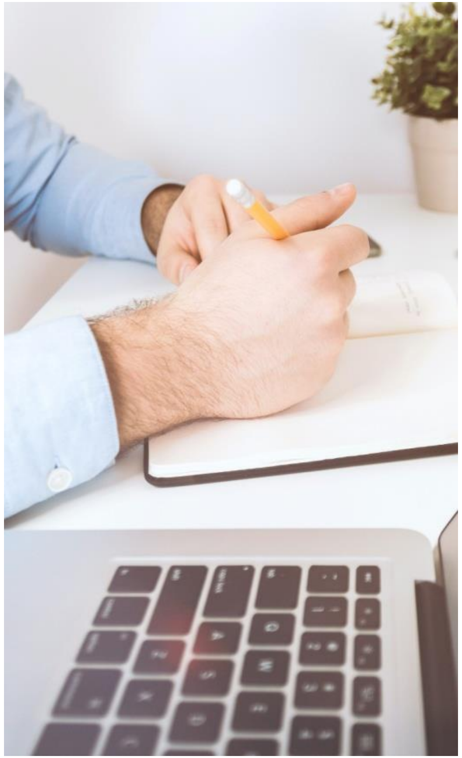
QaResearch

1. Objectives
& methodology



Contents



Overall approach

1

Initial Qualitative Research

With HH customers, NHH customers & other key stakeholders

Exploring which issues are important, perceptions of YW, expectations of big companies & determined which 20 priorities to be tested from initial 28 suggested by YW

2

Discourse Analysis

Aiming to uncover hidden meaning & add wider context to help explain why customers felt the way they do about the topics discussed

3

Quantitative Research

with both HH & NHH customers

Investigating the relative importance of 20 priorities for YW & customers’ willingness to pay (high level) & payment timing preferences.

Also customers’ current circumstances, their challenges now & in the future & their views towards YW & the value they feel they receive for the bill

4

Social media analysis

of Twitter posts to help contextualise the earlier qual & quant stages & establish if these public comments might help us understand YW customer priorities

5

Comments & complaints data analysis

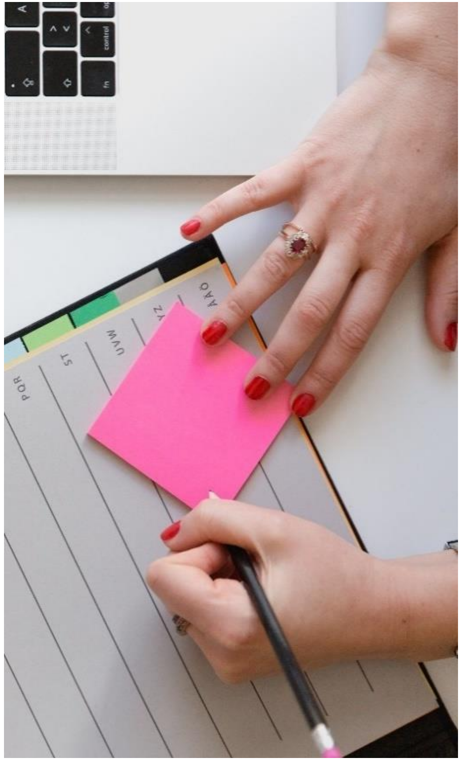
received directly by YW from bill payers (including both comments & complaints) to add further context to the survey findings

Research objectives

The key objective underpinning this research was to provide:

- A longitudinal view of customers & a baseline understanding of key issues including:
  - their changing lives;
  - their thoughts on water;
  - the water future in the context of macro challenges faced by Yorkshire Water & the nation as a whole;
  - concerns around future affordability.

- More specifically, the research was required to;
  - Explore & understand customers' views towards the challenges faced by YW
  - Determine customers' views on today's society & their expectation from companies within this
  - Understand customers priorities & what YW should be focusing on for the next 5 years
  - Validate YW's strategic direction of travel from 2025 onwards

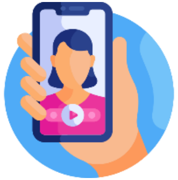


Qualitative methodology

- 4 x 3 hour **deliberative events** in Sheffield, Hull, Skipton & Leeds
- 3 x tables with 7 household customers per table at each event
- Tables split by lifestage (pre-family including future bill payers, family & post family) & social grade (ABC1 & C2DE)

- 2 x 90 minute **online focus groups** with household customers
- 1 session with future bill payers, pre-family & younger family lifestage & 1 session with older family, post family & empty nester lifestage
- Mix of location & social grade (ABC1 & C2DE) in each session

- 10 x 60 minute online or telephone **depth interviews with non-household** customers
- Mix of business size (micro / small, medium & large) – at least 2 to work in businesses where water plays a significant role in production or delivery of the service or product
- Mix of locations across Yorkshire
- All owners or senior decision makers within the business



- 23 x 30-45 minute **depth interviews with stakeholders** (see next page)
- Conducted via online zoom or telephone depth interviews

- **Discourse Analysis** was also undertaken & the results have been included in this report.

Stakeholders come from very varied perspectives

Debt charities

Environmental / nature based charities

Mental health, older age & mobility charities

Local Authorities / MPs

Service partners

- 23 qualitative depth interviews undertaken with stakeholders. Contacts provided by Yorkshire Water with interviews covering both the Impact of Covid & Priorities for Yorkshire Water going forward. This report contains feedback on Priorities which involved c20 minutes of the 45-60 minute interview
- Stakeholders used as a collective term but organisations were very varied in terms of their area of work or focus & who they represent
- Water & what Yorkshire Water does or does not do has a more direct impact on some stakeholders (e.g. Local Authorities & nature based charities) than others
- Some have a close working relationship &/or knowledge about Yorkshire Water & others were much more distant
- For those currently working in partnerships which include Yorkshire Water, the direct contacts they have were seen as positive & effective
- As stakeholders have very different agendas & experiences their answers reflected this

Quantitative methodology

- Amongst **HH customers**, 1,609 surveys were completed online via a commercial access panel provider
- An additional 51 were completed face-to-face amongst digitally disengaged customers who use the internet either *'rarely (few times in the year)'* or *'never'*

- Surveys from both approaches were combined & the following sample groups identified for analysis;
  - 1,499 surveys with **HH bill payers**
  - 110 surveys with **Future Bill Payers** (aged 18-34 with no responsibility for paying the water bill)
  - 51 surveys with **other HH customers** (aged older than 34) who had no responsibility for paying the household water bill.

- Amongst HH bill payers, quotas were set on region, age, gender & SEG to ensure that the final sample was representative of the Yorkshire Water customer base & corrective weighting applied at analysis.

- An additional sample of 304 **NHH customers** was also surveyed via an online panel
- These were defined as businesses & other organisations based in the Yorkshire Water operating area & included both public & private sector organisations
- No quotas were set on recruitment, but weighting was applied at analysis to ensure that the sample was broadly representative of the Yorkshire Water operating area based on ONS (IDBR data).

- All surveying was carried out between 6 June & the 18 July 2022.

Recruitment Summary

The sample for this study was entirely recruited using a mixed method approach by our external freelance specialist recruiters, who are well known to Qa.

A mix of localised freelance recruiters were each provided with specific areas that were split according to each of the YW sub-regions and were given a target number of recruits to find in each. Customers were sought at random in these locations, based on the demographic quotas needed.

After agreeing to take part, our internal fieldwork management team sent each respondent a confirmation invite letter confirming the date, time and location of their depth/ group. This was mainly sent via email but sometimes posted for those without internet or email access. For anyone completing a ZOOM interview or group, this document also had their relevant ZOOM link on.

We undertook a confirmation call with each respondent at least 24 hours before any qual fieldwork to:

- Confirm the respondent understood the research
- Remind them of the date, time and format
- Check they can still attend
- Confirm key profiling details to ensure they were in line with what the recruiter provided /communicated

How to read this report

Findings from all stages of the research have been brought together in this report & combined into relevant sections

- **Qualitative findings**;
    - Findings from the qualitative stage have been included to provide background & context and to explain the survey data where possible. Alongside this, a number of topics were only covered in the qualitative stages & not explored in the survey, so these have been included in full in this report.
    - Additionally, a key part of the qualitative stage was to determine which of the long-list of 28 priorities that could be tested in the survey should be included in the final list of 20 to be tested & also to establish the most appropriate & unambiguous wording for each. A comprehensive report of the outputs from this was produced & is available separately, so this analysis is not included in this report as it constituted the formative stage of the survey development.

- **Quantitative data**;
    - As the survey data for HH customers is primarily responses amongst HH bill payers, the quantitative analysis is based on these customers (as it was when the project was carried out in 2017). Findings amongst ***Future Bill Payers*** & the small number of HH customers who said they don't have any responsibility for paying their water bill, known as ***non-bill payers*** in this report, have been highlighted where these are significant, as have findings of other key sub-groups.

- To make it clear where slides discuss findings amongst customer groups other than HH customers and to highlight the ***Discourse Analysis*** the following symbols have been included of those slides;

(speech bubble icon)	Discourse (language) Analysis
S	Finding amongst stakeholders (qual only)
B	Non-household (NHH) customers

2. Customer Context:
Perceptions of & relationship with Yorkshire Water

Generally high satisfaction through low interaction & limited knowledge

Qualitative discussions show:

- **Very high levels of satisfaction**, but low levels of interactions
- **Very few given much thought** to how water gets to their homes & is then removed & treated … for majority it just works & always has
- **Not a utility most think much about** or have had any direct contact with: product good & service works
- **Felt to be relatively low bills** so perceived to be much better VFM than other utilities
- **Quick resolution & a positive experience,** with the very few who have had to contact YW; although some issues of low water pressure causing frustrations in Hull

Later in qualitative discussions:

- **Younger people more likely unaware YW is a monopoly:** in sessions some questioned why, although they have never thought about shopping around
- **Some surprise over differences in their water bill** compared to others: calculation unclear
- **Most unaware of how YW is regulated**, but pleased & reassured when find out
- **All generally happy with YW**, but from a low level of knowledge

However attitudes often changed during qualitative discussions

Seeing actual current performance against previous targets dramatically changes levels of satisfaction with YW

Initial positive perceptions

Little interaction

Low knowledge

Service works

Lower bill than gas / electricity & Council Tax

No big price rises recently

Challenges

Reactions show most know little: surprised by size & scale

More involved & complex than ever considered

Clearly thinking about long term & short term planning & investment

Don't hear much about YW: but no news seen as good news

Priorities

YW obviously have to think about a lot

Lots of aspects to deliver on

Juggle to get right

Positive that customers being asked

At this stage have a very positive view about YW

Concerns with current performance level

Focus on RAG coding

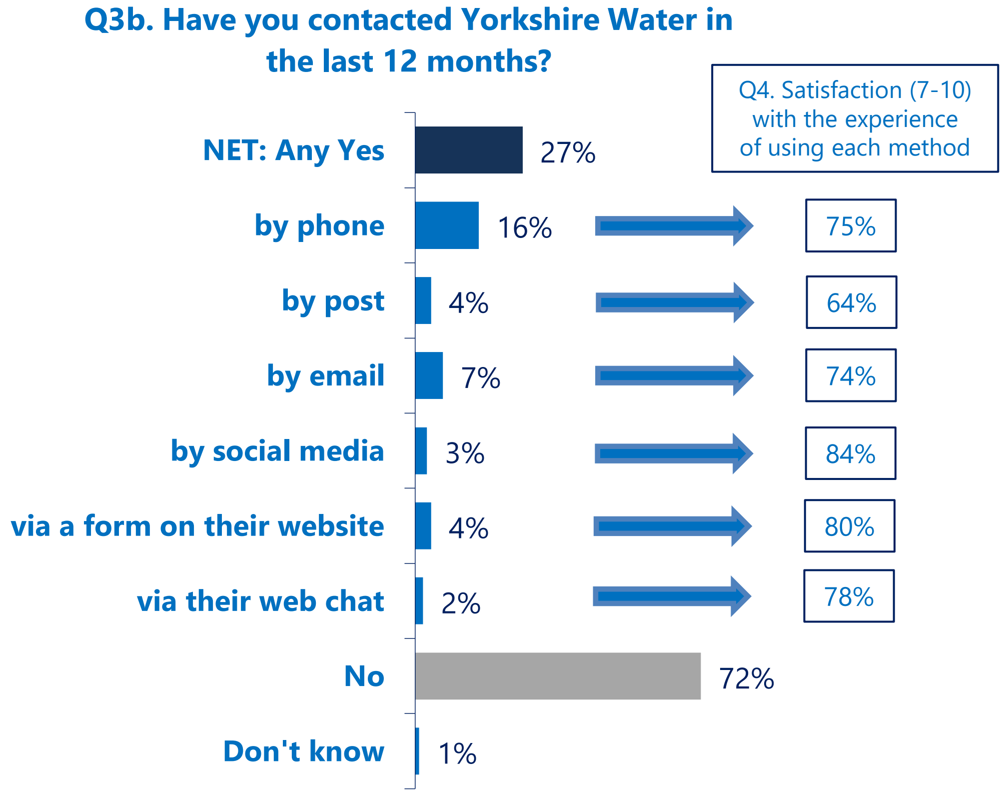
Lots of red & amber

Some key areas in red (taste, smell, safe to drink)

Explanation very technical and meaningless

Impression YW not doing well & much worse than initially thought

Relatively few HH bill payers had contacted Yorkshire Water recently

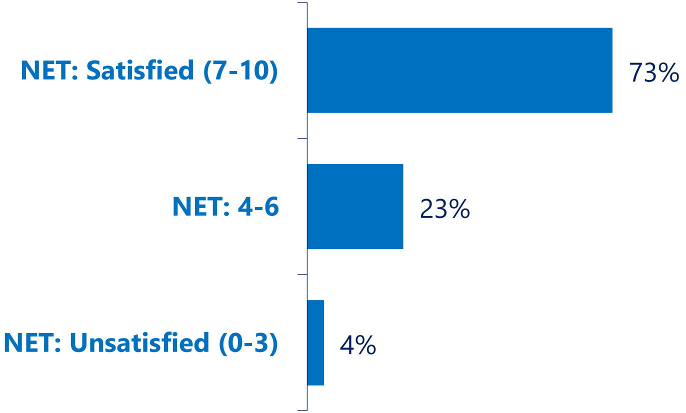


Base: All (HH) Bill Payers (1,499)

- As the qualitative identified, only limited numbers of customers had actively contacted YW over the last 12 months with just over a quarter (27%)
- This was most likely to be contact made by phone (16% of all bill payers had phoned YW in the last year) or email (7% used this method to make contact). Other methods were used less frequently, but all were used by some respondents
- Users of all methods: the majority expressed satisfaction with their experience of making contact in this way, although it's notable that some online approaches recorded higher levels of satisfaction (although not significantly higher) than more well established methods such as phone & post
- In particular, 85% of those who contacted *'by social media'* expressed satisfaction with their experience of doing so, compared with 75% using *'phone'*, 74% using *'email'* and 64% who'd used *'post'*
- Even fewer FBPs (12%) & HH non-bill payers (14%) have had any contact, as would be expected.

The majority of HH customers are satisfied with Yorkshire Water

Q2a.Taking everything into account, how satisfied are you with Yorkshire Water?



MEAN: 7.54

Base: All (HH) Bill Payers (1,499)

Reasons for satisfaction;

- 34% - *Never encountered any issues*
- 16% - *Good water quality*
- 14% - *Quality, reliability and consistency of service*
- 10% - *Good customer service*

Reasons for dissatisfaction;

- 33% - *Issues with prices and billing*
- 20% - *Poor water quality*
- 17% - *Negative comment about sewage and infrastructure*

- As highlighted here, & mirroring the views expressed in the qualitative stages, the majority (73%) of HH bill payers express satisfaction with YW overall. With many having limited interaction & not experiencing any substantial problems, there are few reasons to feel anything other than satisfied & fewer than 1-in-20 (4%) express any degree of dissatisfaction
- The proportion giving a score of 7-10 was similar amongst Future Bill Payers (70%) & non-bill payers as well (67%).

Most businesses also have limited knowledge of & interaction with YW

B

- **Water regarded as critical by all:** even those using it only for toilet or cleaning in an office or shop
  - Water tends not to be a major issue, cost or thought for most, esp smaller firms
  - Minority acknowledged that the pandemic had provided a contingency plan of working at home
- **Few had experienced a 'moment of truth'** (an interaction with YW) & very few had experienced issues
  - Smaller companies not aware of retailer name
  - General feeling that YW is an 'expert'
  - Customer service when querying a bill & red tape associated with applying for a discount had presented an issue for one business
- **Understand 'reasonable' price increases:** difficult to manage for some businesses who don't feel they can pass increased costs on to customers
- **Little evidence of change in attitude through the discussion:** as no influence of other participants & businesses very aware of challenges faced

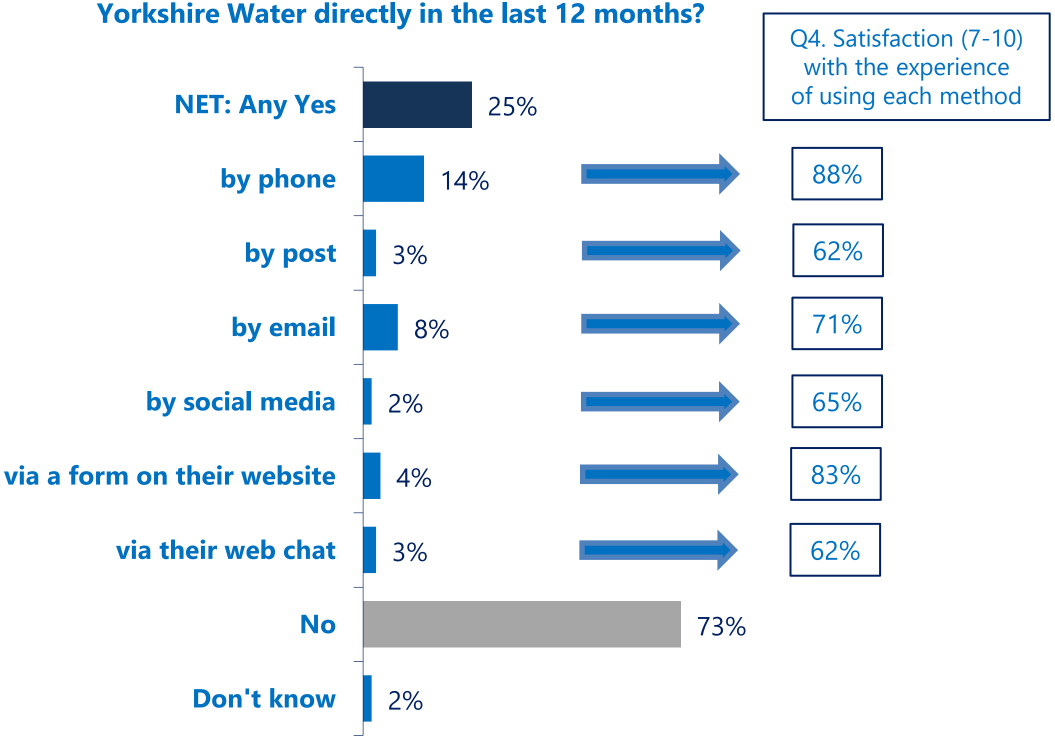
"I did get in touch with someone at one point for a discount on the bill because we are a café. A large percentage of the water coming into the café is consumed and therefore there is no waste or sewage. They sent me a form but it was convoluted and complicated and there were questions I would need a day to try and work out"
(Hospitality, Small)

"It is what it is at the moment with rising costs and everything else there isn't much we can do about it. It doesn't affect us massively so we don't feel it is really, really expensive and where else are you going to get it from?"
(Charity, Small)

Contact levels amongst NHH customers are similar to HH bill payers

B

Q3b. Have you had any reason to contact Yorkshire Water directly in the last 12 months?



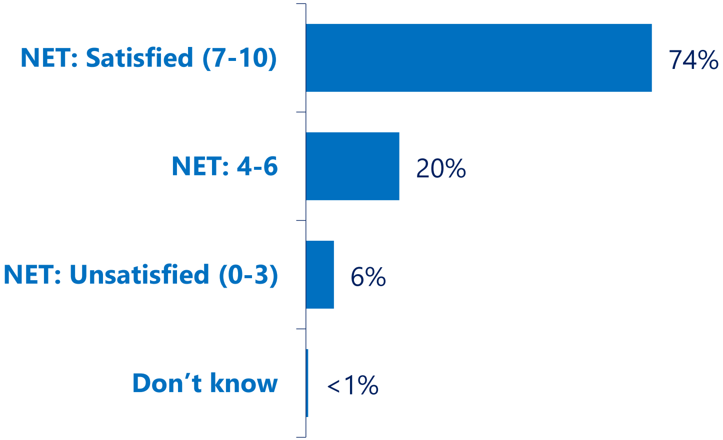
Base: All (NHH) Respondents (304)

- Similar to HH bill payers, around 1-in-4 NHH customers indicated that they had contacted YW directly in the last 12 months
- Note, that the NHH sample includes those who work from home, many of which will be billed directly by YW (not by a retailer) so a degree of contact directly with YW is unsurprising
- The methods used by NHH customers are also similar to those used by HH bill payers, with mentions highest for *'phone'* (14% who've contacted YW in the last year have used this method) & *'email'* (used to make contact by 8% of NHH customers).
- Despite this, it's worth flagging that the highest level of satisfaction was recorded for *'phone'* (88%) & that *'social media'* was rated relatively poorly (65%) when compared with satisfaction ratings amongst HH bill payers (84%).

The majority of NHH customers are satisfied with Yorkshire Water

B

Q2a.Taking everything into account, how satisfied are you with the water and sewerage services your organisation receives from Yorkshire Water?



MEAN: 7.73

Base: All (NHH) Respondents (304)

Reasons for satisfaction (amongst those satisfied);

- 19% - *Quality, reliability & consistency of service*
- *19% - Never encountered any issues*
- 15% - *Good water quality*
- 7% - *Happy with the supply*

Reasons for dissatisfaction;

- 41% (7 respondents) - *Poor water quality*
- 26% (5 respondents) - *Issues with prices & billing*
- 9% (2 respondents) - *Negative comment about sewage and infrastructure*

- Responses are very similar to those amongst HH customers, with 3/4 indicating that they are satisfied with YW – in most instances NHH customers simply had no issues with the service they receive & no need to be dissatisfied
- Only 1-in-20 expressed any degree of dissatisfaction & this was mainly driven by concerns about *‘water quality’* although some mentioned *‘issues with prices & billing’* (NB: not all these NHH customers deal with a retailer as a third do not have premise).

Stakeholders' own challenges brings them into contact with YW

Limited contact

A minority had limited knowledge of the scope of what YW does

Tend to be third sector charities whose remit is more focussed on other areas or involves more often dealing with other organisations than water

Limited appreciation of the scope of what YW has to do & comply with - so priorities selected tend to be ones which will have an immediate & direct impact on the people they represent

Practical connections

Many work in partnership or have regular dealings with a team from YW where interests align – positive about the YW staff they have contact with

This could be environmental organisations monitoring river water quality or debt charities liaising with YW to get clients onto PSR or helping them apply for social tariffs.

More aware of some aspects of YW service provision but tend to only be knowledgeable about the aspects which have a direct connection with their work

Priorities chosen heavily focussed on how YW can directly help their users/goals.

Strategic relationships

A few work very closely with YW at a strategic planning level

With very positive working relationships being forged (e.g. long term infrastructure planning; Kickstart Scheme or flood alleviation works)

Focus is well beyond each Amp

Much more likely to appreciate the challenges of prioritising activities & allocating resources across multiple challenges

Most likely to focus on longer term issues such as reducing carbon emissions & addressing now the future challenges from climate change

Language Analysis: perceptions & relationship with YW

- Both HHs & NHHs perceptions of YW are **shaped by their expectations of other utility companies**

- For other utilities the public has higher awareness, interacts with them more often & also tends to have **more negative experiences or hear negative things about them** (in part because they interact more & have higher awareness of them)
  - For example, there was a lot of discussion around poor customer service experiences

- There is a **shared public discussion** about other utilities providers – around issues like switching, getting better prices, quality of services, etc.

- The competitive landscape invariably produces more negative experiences & an ever present possibility of dissatisfaction that a better option might be available elsewhere

- **People are effectively taught to be more easily dissatisfied by competitive markets** (this is a way to stimulate competition!)

- And competitive markets also provide people with a conceptually simple way to express their dissatisfaction – if **you don't like it, you can choose an alternative**.

Language Analysis: perceptions & relationship with YW

- **This kind of shared public discussion is missing for water providers** because there is no competition or perceived competition, no comms, fewer journalistic exposés, less engagement with services, etc.

- This means that Yorkshire Water is perceived in a positive way precisely *because people are considerably less exposed to negative experiences or information about it*

- As the qual states, this means that a lot of the positivity around Yorkshire Water is a case of **it's good because it's not bad**

- But, as noted in the separate Covid Impact Research report (produced for Yorkshire Water by Qa Research in July 2022), water supply is perceived as something **stable & unchanging** in life, especially vs. other utilities & therefore has a **comforting & reassuring value**

- Unless they have a very specific reason to be concerned (e.g. an actual problem with water supply or a noticeably high bill) low information environments are generally less stressful for people because they reduce cognitive load & issues like anxiety or worry

- This is a **good in and of itself** & on balance, for most people, outweighs any negatives they may currently experience.

Language Analysis: perceptions & relationship with YW

- However, as we see in the qualitative sessions, **the more information people are exposed to** about Yorkshire Water the more this simple *'no news is good news'* attitude dissipates & they become more ambivalent
  - The less good weighs against the good

- This should be a **cause for concern moving forward if** drought conditions, contamination of clean water, sewage discharges etc. become more of a norm & Yorkshire Water & other water providers across the country come under greater media & public scrutiny

- Arguably this began to happen in August 2022 with headlines about sewage discharges into the sea & water restrictions, although this was after the qualitative research was carried out in June & July 2022

- The concern is that these issues **could create a shared public discussion** that puts more emphasis on the negatives

- The onus is then on Yorkshire Water to counter this with **more positive &/or constructive messaging** about the company & create positive messaging before negative narratives become embedded

- A particular concern for Yorkshire Water (& other water companies) is that customers don't have the same opportunities to express their dissatisfaction as they do for other utilities (i.e. for most there is no alternative).

3. Customer Context:

Customers’ financial situation & attitudes towards water bill

Concerns about the *'cost of living'* exist amongst most HH customers

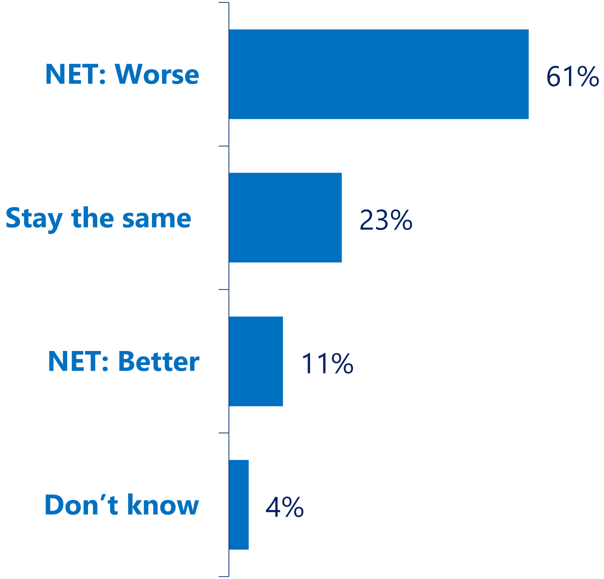
Q5. Thinking about the future, what challenges do you think you and your household may face over the next year? (UNPROMPTED)	***n***	**%**
Affording bills, food and petrol	497	33%
Rising cost of living	409	27%
General financial issues	235	16%
Don't see any challenges in the future	125	8%
Shortage of water and droughts	54	4%
Increasing needs due to age or medical conditions	51	3%
Insufficient income	31	2%
Inflation	29	2%
Climate change	21	1%
Cutting down on essential spending	17	1%
COVID-19	17	1%
Cutting down on non-essential spending	14	1%

Base: All (HH) Bill Payers (1,499)

- When asked to think about the future & the challenges they may face, without any prompting, HH bill payers readily flag up concerns about the cost of living & expect to face issues with **affordability of bills & food** over the next year.
- These issues also dominated responses amongst FBPs & non-bill paying customers, highlighting that **all customers types are concerned** about this.
- The *'cost of living crisis'* was headline news during the surveying period (6 June to 18 July 2022) so it's no surprise to see it's impact dominating responses at this question.
- This is important context when considering how customers respond to the later questions about the main priorities for YW & in those we can see that the importance of **keeping the water bill affordable** has grown in prominence since the last time this research was completed in 2017.
- Other issues are barely mentioned here, which further highlights how concerned customers are about costs & their household finances.

Majority see their financial situation worsening in the next 12 months

Q15. How do you expect the financial situation of your household to change over the next 12 months?

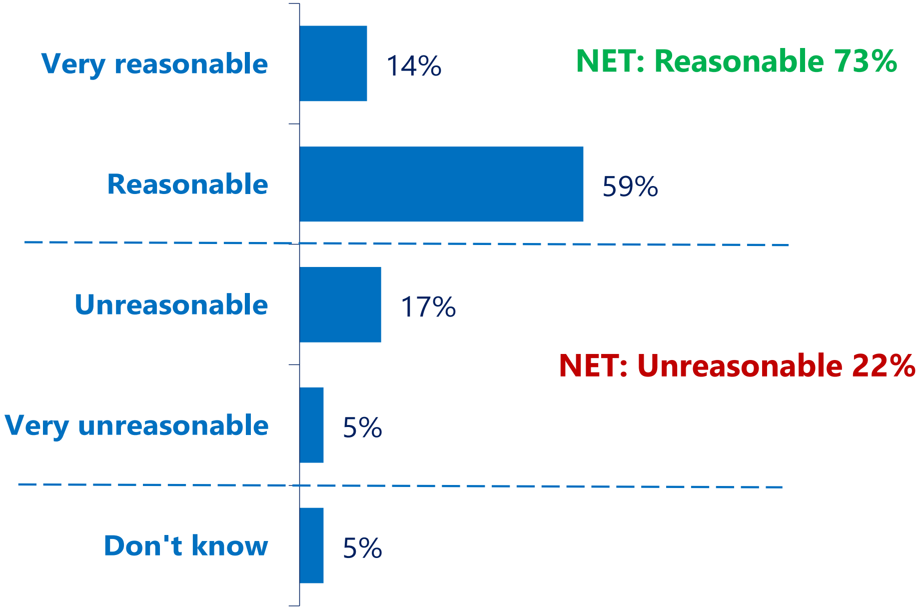


Base: All (HH) Bill Payers (1,499)

- It's no surprise, given the immediate concerns of HH customers shown on the previous slide, that the majority (61%) envisage their household finances worsening over the next 12 months. A backdrop of bleak economic news (i.e. high inflation, interest rate increases, substantial energy cost increase etc.) before & during the surveying period has clearly impacted on expectations. Given the news, it's perhaps surprising that a greater proportion of HH customers don't see a worsening situation before them.
- In contrast, 1-in-10 (11%) felt things will actually get *'better'*, but this differed significantly by age, with 26% of those aged 18-34 expecting this to be the case compared with only 9% of 35-64s & 6% of those aged 65+.
- Also worth noting is that HH bill payers who consider their current water charges to be *'unreasonable'* were significantly more likely than those who felt they were *'reasonable'* to expect their situation to get *'worse'* (74% vs. 58%). This highlights that for most of those who are already uneasy about their water bill their situation is very unlikely to improve. It also highlights that many who think their bill is reasonable will face financial pressure in the near future that may alter this perception.

Generally, water bills are seen as being *'reasonable'* by HH bill payers

Q12. I feel that the amount I am charged for my water and sewage services is….

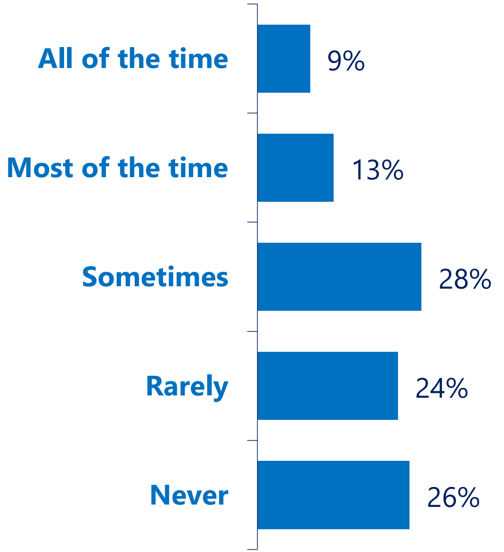


Base: All (HH) Bill Payers ((1,499)

- Views as to whether water bills are reasonable or not are mixed, with most HH bill payers giving a score in the middle of the scale (i.e. they don't consider it to be either *'very reasonable'* or *'very unreasonable'*)
- On balance, this does mean that the majority indicated that their bill was either *'very reasonable'* or *'reasonable'* (73%) suggesting that most are accepting of what they pay with no great concerns
- However, around a fifth feel that they pay either *'unreasonable'* or *'very unreasonable'* charges (22%) – this proportion is significantly higher amongst unmetered (27%) than metered (17%) respondents. Also, unsurprisingly, it's highest amongst those who are *dissatisfied* with the value for money they receive from Yorkshire Water (76%)
- Views towards how reasonable the water bill is are also linked to how much people actually pay. The proportion indicating it's *'NET: Unreasonable'* was lowest amongst those paying (on average) less than *'£20 a month'* (7%) & increases steadily as monthly bills increase to the point where 45% paying an average of *'£60 or more'* a month feel it's unreasonable

Around 1-in-5 struggle to pay their household bills *'all/most of the time'*

Q14. Thinking about your current financial situation more generally, how often, if at all, would you say you struggle to pay all your bills?

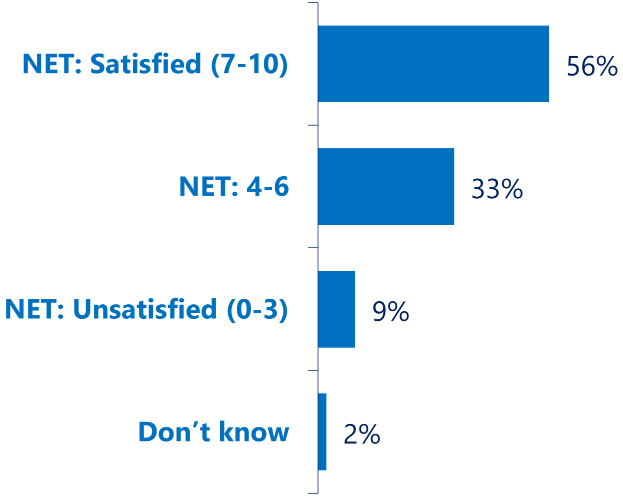


Base: All (HH) Bill Payers (1,499)

- These figures highlight that around 1-in-5 HH bill payers currently struggle to pay their bills either *'all of the time'* (9%) or *'most of the time'* (13%).
- In fact, only around a quarter said that this was *'never'* the case with similar proportions indicating that this happens either *'sometimes'* (28%) or *'rarely'* (24%).
- In essence, this means that almost three-quarters of HH bill payers struggle to some degree to cover their bills.
- Amongst some groups this is even more pronounced, such as those defined as Vulnerable where this increases to around 90%, with 44% stating that they struggle either *'all'* or *'most of the time'*.
- It seems likely that this situation will get worse as the cost of living continues to rise throughout the end of 2022 (& probably into 2023) as the energy price cap increases again & inflation continues to rise.
- This is the economic context that underlies how customers responded to the survey & how they selected the priorities for Yorkshire Water to focus on.

The majority consider that Yorkshire Water offers *'value for money'*

Q3a. How satisfied are you with the value for money you feel you get from Yorkshire Water?

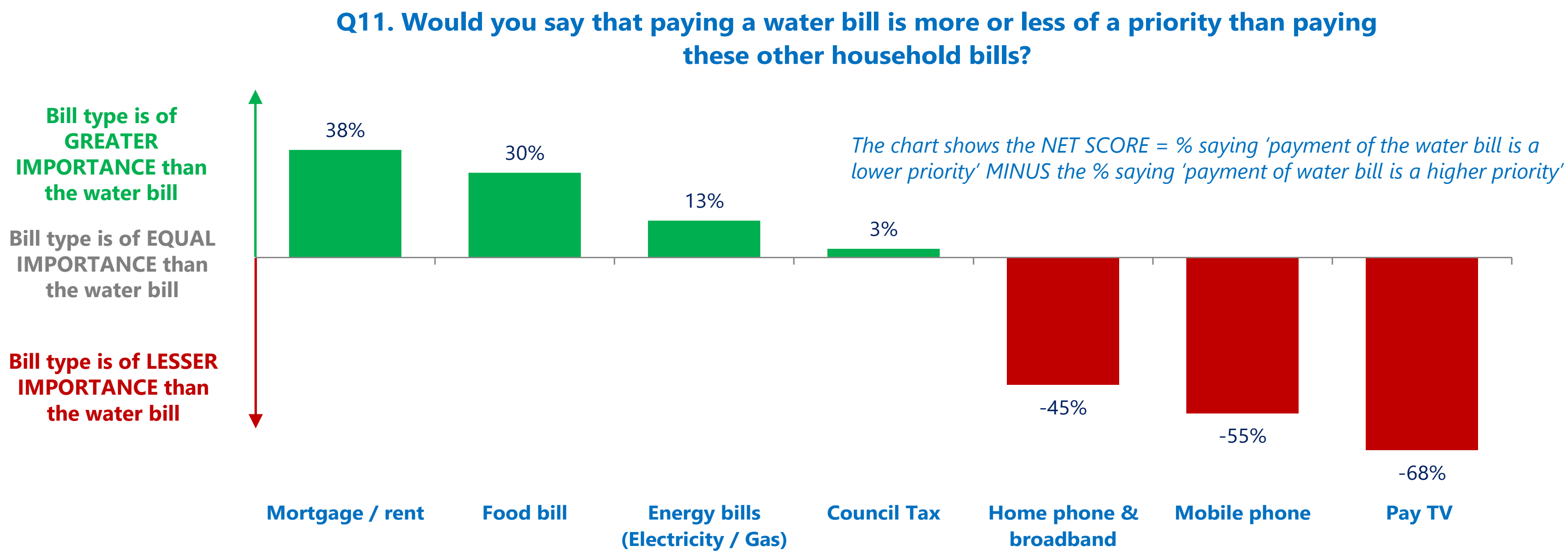


MEAN: 6.68

Base: All (HH) Bill Payers (1,499)

- Evidently, cost of living concerns haven't yet resulted in large-scale dissatisfaction with regards to HH bill payers' views towards the value for money that Yorkshire Water offers
- The majority (56%) expressed some degree of satisfaction (giving a score of 7-10 out of 10) & most of the rest gave a middle score of 4-6 (33%). Only around 1-in-10 expressed a strong degree of dissatisfaction with a score of 0-3 out of 10 (9%)
- As might be expected, this proportion is higher amongst those who view their water charges as being *'unreasonable'* (32%) but this does mean that most holding this view are not dissatisfied with the value for money they receive from Yorkshire Water
- Also, the proportion giving a score of only 0-3 is not substantially higher amongst those who see their household finances getting *'worse'* in the next 12 months (11%), suggesting that as household finances deteriorate dissatisfaction with the water bill may only increase slowly, especially when compared with other bills that are deemed to be more important such as *'mortgage/rent'* & *'energy bills'* (see the next slide)
- In turn, this may explain why the survey recorded high levels of willingness to pay for improvements, despite tough financial times ahead (in other words, most don't see bills as unreasonable or not offering value so could support an increase)

As a household bill, the water bill is of mid-level importance

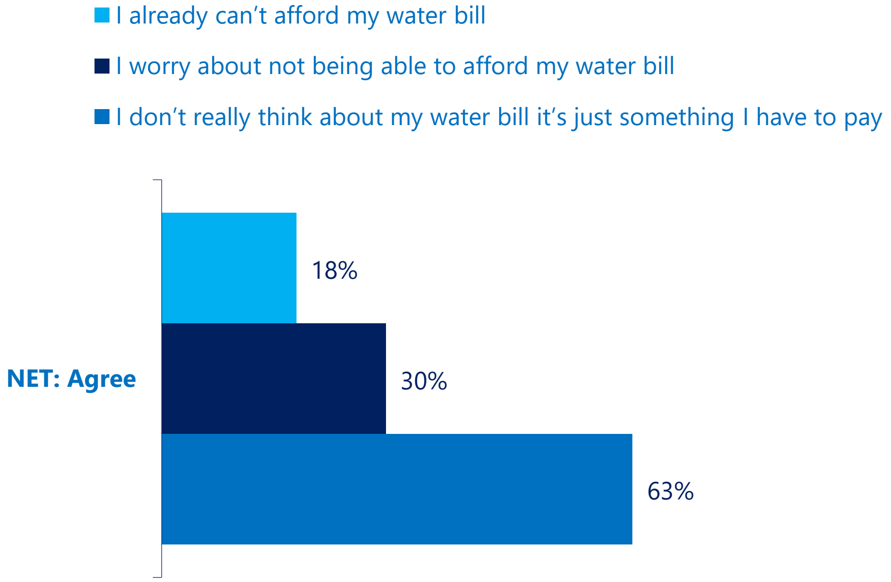


Base: All (HH) Bill Payers answering about each type of bill - excluding N/A & Don't know (variable)

- As a household bill, the water bill sits somewhere in the middle in terms of importance – it's viewed as about as important as *'Council Tax'*, but less important than paying *'mortgage/rent'* & *'energy bills'* or buying *'food'*. In contrast, home telecoms & entertainment bills are seen as substantially less important than water bills.
- This pattern of response mirrors 2017, although both *'mortgage/rent'* & *'energy bills'* have increased in relative importance.

With things expected to worsen, 1-in-5 already can't afford their bill

Q16. How strongly do you agree or disagree with each of the following statements, in terms of how well it describes your attitudes towards your water bill?



Base: All (HH) Bil payers (1,499)

- The three statements asked about here are not mutually exclusive & respondents were asked to consider each one independently of the others.
- Although responses indicate that most (63%) admit that they *'don't really think'* about paying their water bill, there are clearly challenges for some customers.
- Responses highlight that around 1-in-3 (30%) are currently *'worried about being able to afford'* their water bill & almost 1-in-5 (18%) feel that they currently *'already can't afford'* to pay it.
- Those who agreed that they *'already couldn't afford my water bill'* were actually slightly more likely to indicate that their water & sewerage charges were *'NET: Reasonable'* (52%) than they were to consider them *'NET: Unreasonable'* (41%), suggesting that most don't blame the cost of the bill for their difficulties in paying it (Note that only 13% of those who can't afford their bill said they currently get help with their bills, so most will be paying the full charges).

NHH customers will also face economic challenges over the next year

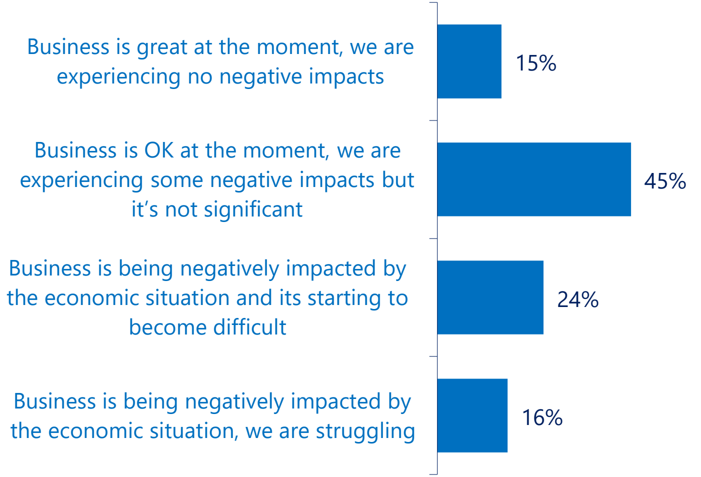
B

Q5. Thinking about the future, what challenges do you think your organisation may face over the next year? (UNPROMPTED)	*n*	%
Inflation / energy cost increases / UK economic situation	45	15%
Financial concerns (general comments)	42	14%
Cost of living	39	13%
Losing, retaining or changing customers	22	7%
Lack of rainfall or water	17	5%
Surviving as a business	8	3%
Environmental, sustainability and climate associated factors	6	2%
Competition	5	2%
Employee & staffing concerns	5	2%
Immigration	5	2%
Technology changes	4	1%
Changes in demand	4	1%
COVID-19	2	<1%
Other	22	7%
None	36	12%
Don't know	31	10%
Base: All (NHH) respondents (304)		

- Amongst NHH customers, the challenges they anticipate their organisations facing in the next year are more varied than those recorded amongst HH customers, reflecting the wide range of considerations for any commercial organisation.
- That said, financial challenges do still feature most often with 15% making a comment relating to *'inflation / energy cost increases / UK economic situation'*, 14% mentioning *'financial concerns (general comment)'* & 13% referencing the *'cost of living'*.
- This is an important reminder that NHH customers are not immune to the *'cost of living crisis'* & that their bills & costs will increase over the next year just as those of HH customers are expected to do.
- As with HH customers, this is reflected in NHH customers' views towards the priorities that Yorkshire Water should focus on as detailed later in this report, with 'keeping bills affordable' measured as a top priority.

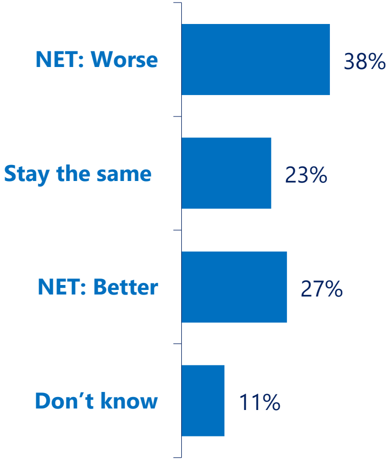
The economic situation has led to a mixed picture for NHH customers

Q15. Given the economic situation in the UK at the moment, would you mind telling us how current market conditions are in the market in which you operate?



Base: All (NHH) Respondents who gave a response (275)

Q16. How do you expect market conditions within your operating market to change over the next 12 months?



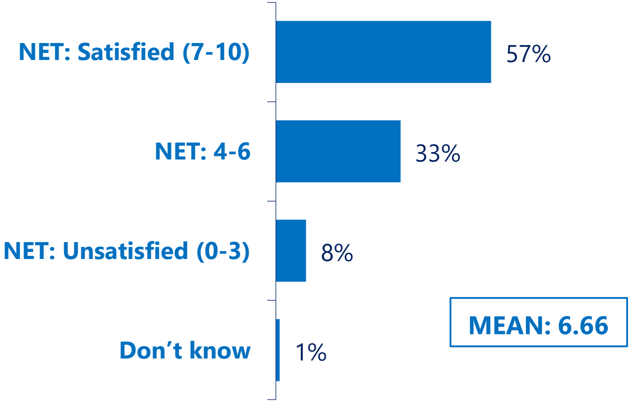
Base: All (NH) Respondents (304)

- Currently, 24% of NHH customers who gave a response admitted that, due to market conditions, business is *'starting to become difficult'* & a further 16% stated they are *'struggling'*. In line with this, 38% see conditions getting *'worse'* in the next year, although 27% expect improvement, highlighting that not all organisations anticipate tougher trading conditions.
- Evidently, as well as HH customers, the difficult economic conditions in the UK are clearly impacting on some NHH customers, although the outlook is generally more optimistic amongst NHH customers than it is amongst HH customers.

NHH customers generally feel they get value for their water charges

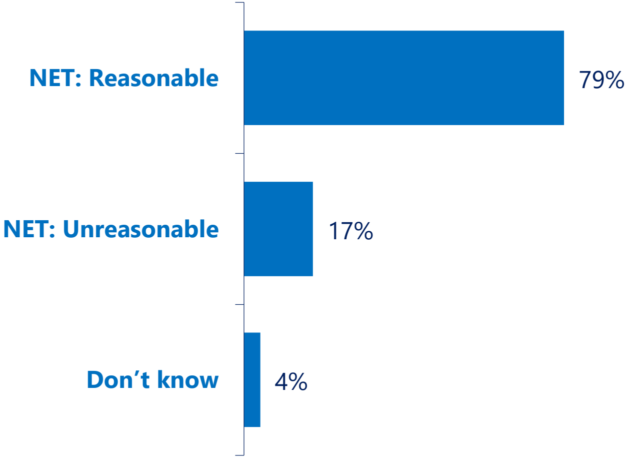
B

Q3a. How satisfied are you with the value for money you feel you get for the water and sewerage services your organisation receives?



Base: All (NHH) Respondents (304)

Q12. I feel that the amount we are charged for water and sewage services is....



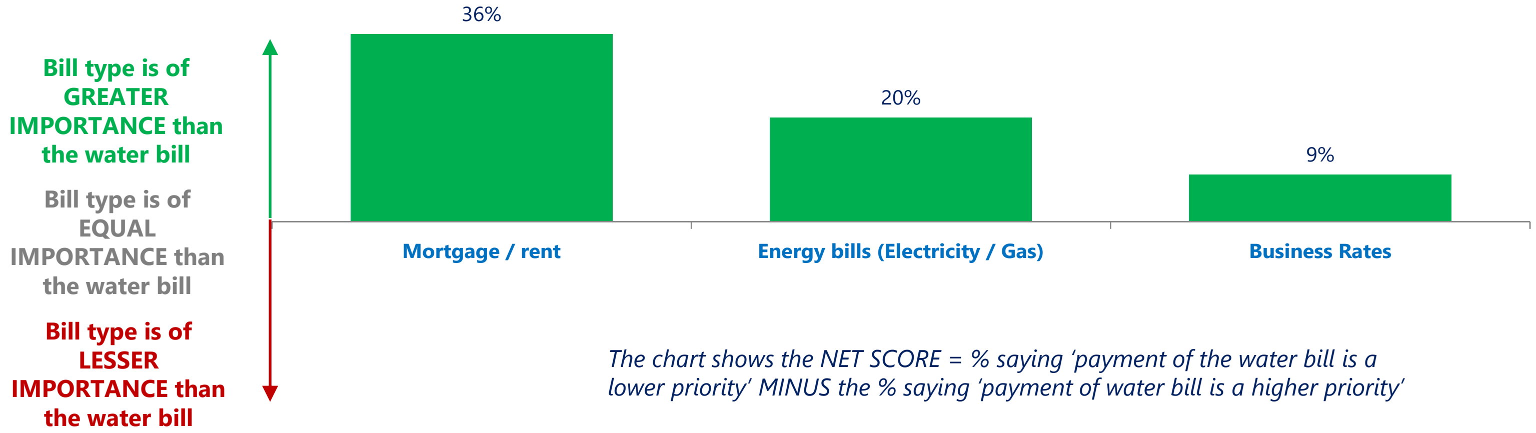
Base: All (NHH) Respondents (304)

- When assessing the value for money they get for their water charges, NHH customers hold very similar views to HH bill payers - the majority (57%) gave a score (7-10 our of 10) indicting that they get value & only 8% gave a score at the lower end of the scale suggesting they're not satisfied with this.
- Things are slightly less clear cut when assessing if charges are reasonable - it's true that the majority believe these to be either *'reasonable'* or *'very reasonable'* (79%). However, not all NHH customers feel this way, as almost a fifth (17%) indicated they were *'NET: Unreasonable'*, although most of these stated they were *'unreasonable'* (12%) rather than *'very unreasonable'* (5%).

Paying the water bill is less important than other key business expenses

B

Q11. Would you say that for your organisation paying its water bill is more or less of a priority than paying these other business expenses?



The chart shows the NET SCORE = % saying 'payment of the water bill is a lower priority' MINUS the % saying 'payment of water bill is a higher priority'

Base: All (NHH) Customers - excluding N/A & Don't know (variable)

- When asked to compare their water bill to these other key business expenses it's evident that it's deemed to be of lesser importance than *'mortgage/rent'* payments & their *'energy bill'*.
- NHH customers are a little more divided on whether their water bill is more or less important than *'Business Rates'* (& only those who pay Business Rates were asked to make this comparison), but on balance it is seen as a little less important.

Language Analysis: financial situation & attitudes toward water bill

- People view their water supply as a **relatively stable & consistently priced outgoing**, it scores well against costs that are seen to either fluctuate or are expected to increase
  - And in part because they have little to directly compare it to (e.g. no better offers from competitors)

- This consistency is **even more stark vs cost of living crisis** & the financial issues that some households & businesses are already beginning to experience

- It's important to note that while cost of living increases are a genuine phenomenon, people's anxieties are heightened regarding energy & food because **the media heavily focusses on (largely negative) stories on these issues** & this makes them more salient, front of mind concerns

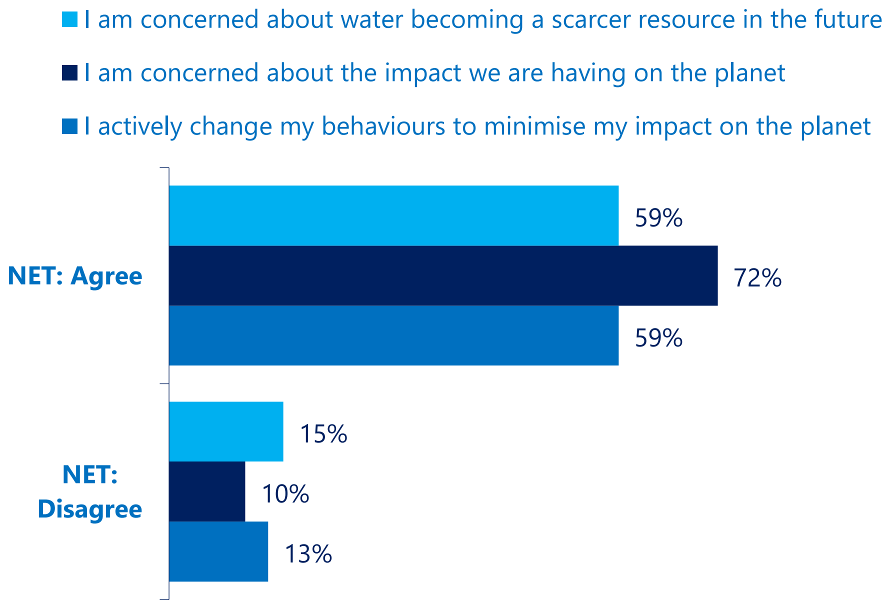
- We can see this clearly in the survey data where **water is positioned as the least important of the 'essentials'** (shelter and sustenance) when customers are asked to compare the importance of their water bill to other bills
  - For HH customers, the only bills that are less of a priority are more entertainment & leisure oriented that could, arguably, be considered as more discretionary spend.

4. Customer Context:

Attitudes towards the environment & saving water

There's an underlying concern about the future of the planet

Q1a. To what extent do you agree or disagree with the following statements?



Base: All (HH) Bill Payers (1,499)

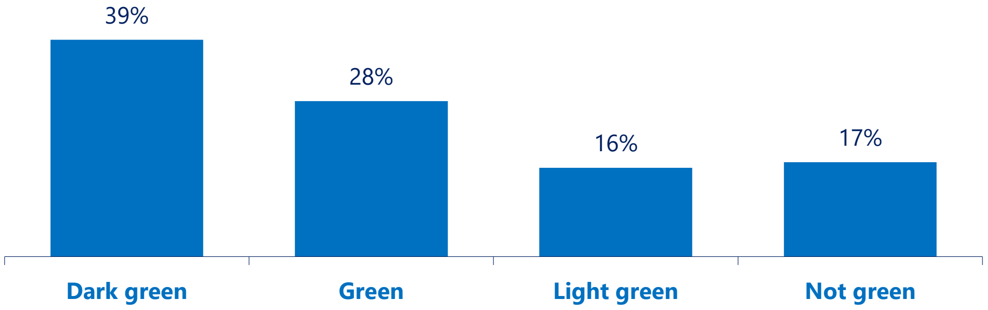
- A series of statements were included in the survey to measure respondents' views towards the environment & adopting *'green'* behaviours as well as their views towards water as a resource and their use of it
- This chart shows responses to three statements focussing on attitudes towards the environment.
- The evidence here is that the majority of HH bill payers *'NET: Agree'* that they are *'…concerned about the impact we are having on the planet'* (79%) and the majority even claim they *'…actively change my behaviour to minimise my impact…'* (59%).
- In line with this, there's also concern about *'…water becoming a scarcer resource in future'* (59%)
- This is important context as we'd expect that these views will have fed into the choices made by respondents when they are asked to pick the main priorities for Yorkshire Water to focus on.
- Interestingly, while Future Bill Payers are more likely than HH bill payers to agree that they're *'…concerned about the impact we are having on the planet'* (86%), they are no more likely to say they *'…actively change my behaviour to minimise my impact…'* (58%).

Most, but not all, HH bill payers hold *'green'* views to some degree

- To help understand the views of HH bill payers & in particular to understand motivations for choosing the most important priorities for Yorkshire Water to focus on we can use responses to the 3 attitudinal statements about their environmental impact shown on the previous slide to create an attitudinal segmentation of customers based on how *'green'* they claim to be.
- Respondents have been divided into 4 segments based on their levels of agreement with these 3 statements (see the green box below for detail on how this was done) & the chart below shows the relative size of each segment.
- It's important to stress when it comes to the statement *'I actively change my behaviours to minimise my impact on the planet'* no attempt was made to measure what respondents actually do to minimise their impact, they just claim to behave differently.

- The majority of HH bill payers appear in the *'Dark green'* or *'Green'* segments (reflecting high levels of agreement on the previous slide), but almost 1-in-5 are recorded as being *'Not green'*, so these views are clearly not universally held.

Q1a. Green segmentation



Base: All (HH) Bill Payers (Dark green: 589, Green: 431, Light green: 234, Not green: 245)

Note on allocation;

- Agreement with all three statements places someone in the **'Dark green'** segment
- Agreement with 2 of the 3 would be **'Green'**
- Agreement with 1 of the 3 would be **'Light Green'**
- Someone who disagrees with them all would be classified as **'Not green'.**

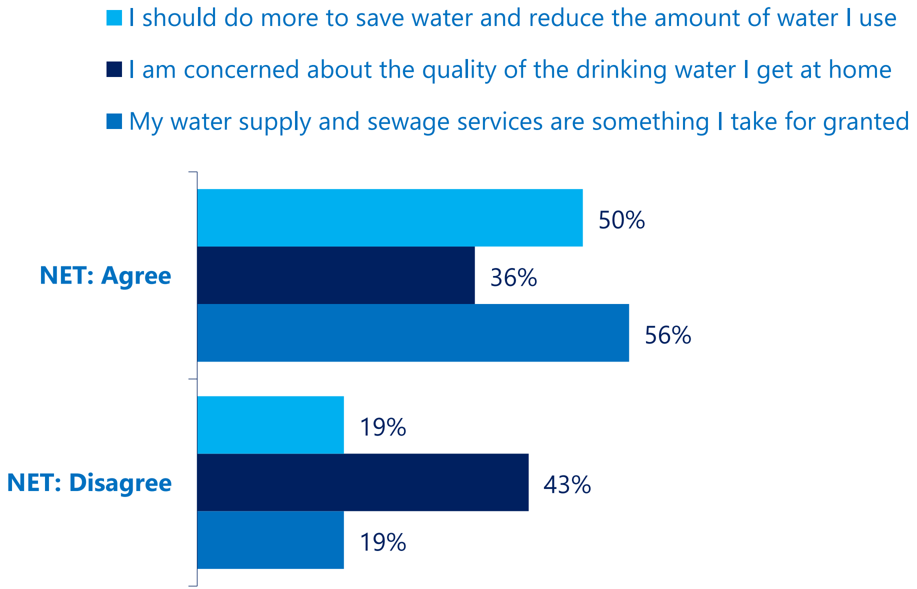
Response to other questions confirms differences between the segments

	Green Segmentation			
	Dark green	***Green***	***Light green***	***Not green***
Q1a - Agreement that 'I try to control how much water I use'				
NET: Agree	93%	80%	66%	50%
NET: Disagree	2%	6%	12%	19%
Q1b - Reasons for controlling amount of water used				
I am doing my bit for the environment	28%	21%	17%	4%
I am trying to save money/minimise my spend on water	16%	25%	48%	62%
A mixture of doing my bit for the environment and reducing my spend on water	56%	54%	34%	23%
Q7 - Proportion choosing selected priorities for Yorkshire Water to focus on				
Ensuring that land owned by Yorkshire Water is conserved or enhanced to improve quality of the water it collects and reduce flooding	38%	30%	29%	17%
Reduce and offset carbon emissions to achieve a 'net zero' position by 2030	35%	24%	15%	8%
Treating waste water to a high standard to ensure good quality water in Yorkshire's rivers and beaches	60%	52%	47%	38%
Base: All (HH) Bill Payers (Dark green: 589, Green: 431, Light green: 234, Not green: 245)				

- This table shows response to some key questions amongst the 4 different green segments.
- It confirms differences between them, with those classified as *'Dark green'* the most likely to agree that they *'try to control how much water I use'* & those who are *'Not green'* least likely.
- Amongst those who control their use, *'Dark green'* respondents were the most likely to say this is driven by environmental concerns.
- Additionally, *'Dark green'* HH bill payers were the most likely to select (when given a choice at Q7) priorities for Yorkshire Water to focus on that relate to the environment, including land conservation, *'net zero'* & protecting rivers & beaches from sewage discharges.

The majority admit they take water / waste water services for granted

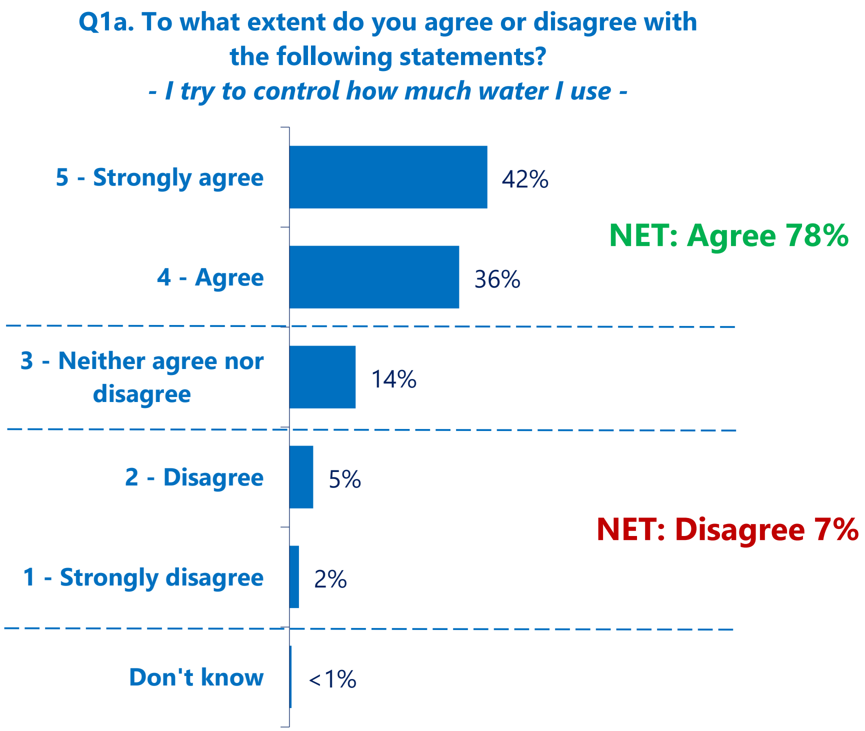
Q1a. To what extent do you agree or disagree with the following statements?



Base: All (HH) Bill Payers (1,499)

- This chart shows levels of agreement with 3 statements relating to water use, drinking water quality & attitudes towards supply.
- It demonstrates, as the qualitative stages also highlighted, that many HH bill payers admit that they take their water supply & sewage service *'for granted'* (56%) – a view also held by Future Bill Payers (64%) & non-bill payers (53%).
- It also highlights that on balance, they are more likely to *'NET: Disagree'* than *'NET: Agree'* that they are *'… concerned about the quality of the drinking water I get at home'* (43% vs. 36%) which may explain, at least in part, why many take their supply for granted.
- Although half of HH bill payers accept that they *'… should do more to save water and reduce the amount of water I use'* (50%) this is clearly not a universally held view & there's more scope to build recognition of the need for this amongst this group – younger HH bill payers are the most likely to *'NET: Agree'* with this (71% amongst those aged 18-34 vs. 34% amongst 65+) as are Future Bill Payers (73%) highlighting that the importance of this is more widely understood by younger customers.

Just over ¾ of HH bill payers claim to try & control their water use

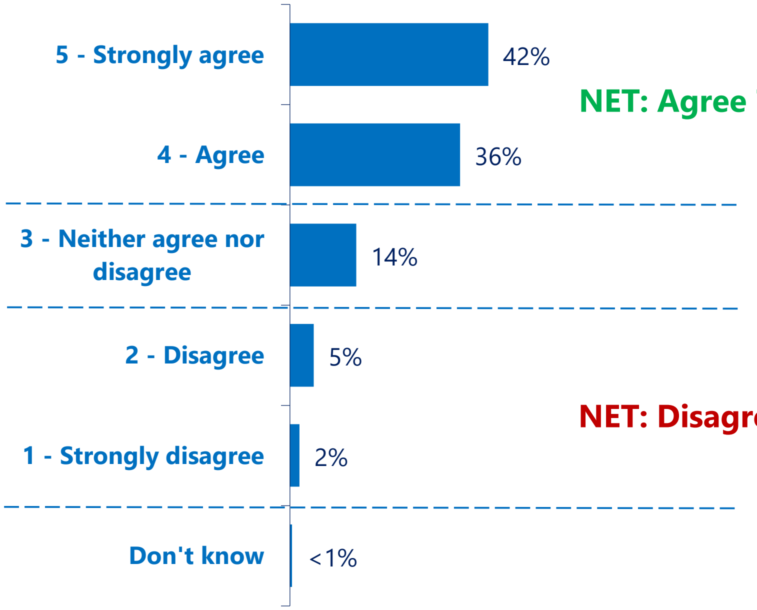


Base: All (HH) Bill Payers (1,499)

- This statement relates to customers claimed behaviour in relation to controlling their water use – respondents weren't asked to explain how they do this, only whether they agree that they do. Evidently, the majority of HH bill payers feel that they do actively try to control their water use with 78% agreeing that this is the case – within this the largest proportion said that they *'Strongly agree'* (42%) that they act in this way.
- Few (7%) admit that this is not the case & *'NET: Disagree'* with this statement. Those disagreeing are more likely to be un-metered (11%) compared to metered households (11%) – with 84% of metered agreeing compared to 72% of un-metered.
- Of course, we don't know how much effort customers actually put into limiting their water use or how successful they are at doing so, but response to this statement does at least highlight that the majority recognise the need to do so.
- Notably, the proportion that *'NET: Agree'* is lower amongst Future Bill Payers (57%) & non-bill paying customers (59%), perhaps suggesting that actively paying a bill focusses customers' minds on this issue as it place a financial incentive on limiting use.

A mix of environmental/financial reasons drive limiting water use

Q1a. To what extent do you agree or disagree with the following statements?
- I try to control how much water I use -



NET: Agree 78%

NET: Disagree 7%

Base: All (HH) Bill Payers (1,499)

Reasons for controlling water use;

- When prompted to explain why they control their water use, broadly equal proportions stated they were *'trying to save money/minimise my spend on water'* (25%) & that they were *'doing my bit for the environment'* (23%).
- Most, however, felt it was a mix of both (51%).

Main influences on decision to control use;

- Overwhelmingly, the majority felt their decision was based on their *'own beliefs'* (81%).
- 1-in-5 did admit that they had been influenced by *'media articles'* (20%) something that consumers aren't always willing to able to identify.
- *'Friends & family'* also have an impact (12%).

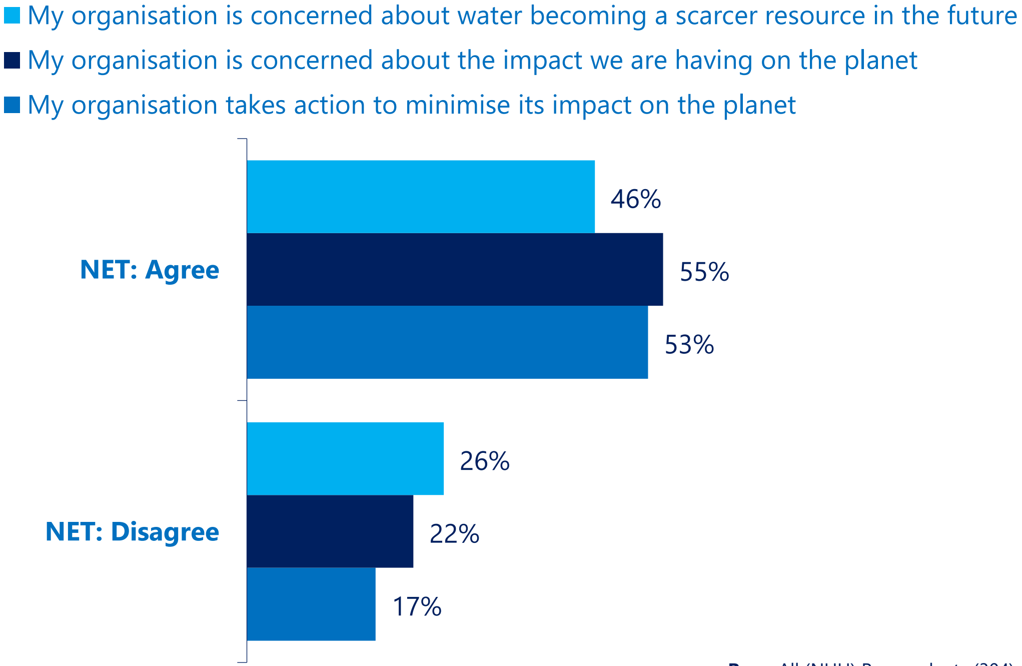
Reason for not controlling water use;

- These respondents admitted they had *'never given it much thought'* (15%) or it wasn't a *'priority'* (11%) or felt it wasn't necessary as *'water is used minimally by my home or family'* (19%).

Most NHH customers are concerned about their impact on the planet

B

Q1c. To what extent do you agree or disagree with the following statements?



Base: All (NHH) Respondents (304)

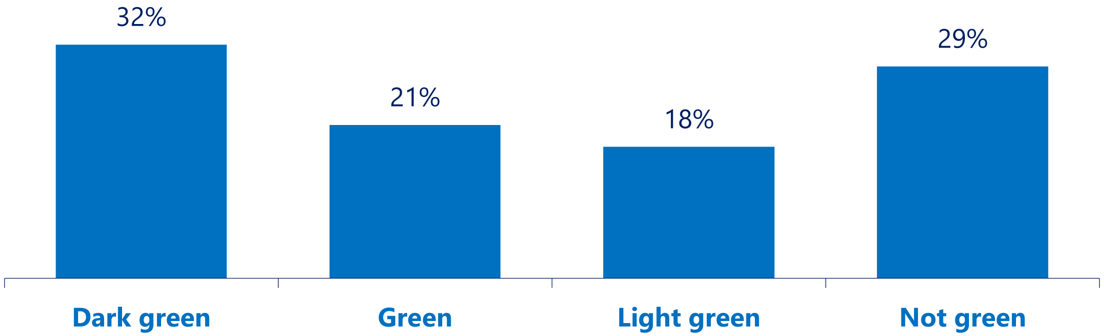
- NHH customers tend to exhibit slightly lower levels of agreement with these three statements than their HH counterparts.
- However, the majority do *'NET: Agree'* that their organisation *'…is concerned about the impact we are having on the planet'* (55%) and that it *'…takes action to minimise its impact on the planet'* (53%).
- Unlike with HH bill payers, the majority do not express concern about *'…water becoming a scarcer resource in the future'* as only 46% *'NET: Agree'* that this is the case and around 1-in-4 actively *'NET: Disagree'* with this statement (26%).

The green segmentation is more polarised amongst NHH customers

B

- The green segmentation applied to HH bill payers (as detailed on slide 37) can also be applied to NHH customers & the result of this analysis is shown below. Again, respondents are divided into 4 segments based on their levels of agreement with the 3 statements on the previous slide (see the green box below for detail on how this was done).
- Amongst NHH customers, a more polarised spread is evident with broadly equal proportions in the *'Dark green'* (32%) & *'Not green'* (29%) segments & the remainder split evenly between the two middle segments.
- These differences reflect the lower levels of agreement with these 3 statements (see the previous slide) amongst NHH customers & highlight that organisations hold more varied views towards environmental considerations & the actions they take to protect the planet than HH customers. This may mean that when selecting the priorities for YW to focus on, even if selecting similar ones to HH customers, they may slightly have different motivations for doing so.

Q1a. Green segmentation



Base: All (NHH) Respondents (Dark green: 113, Green: 63, Light green: 68, Not green: 60)

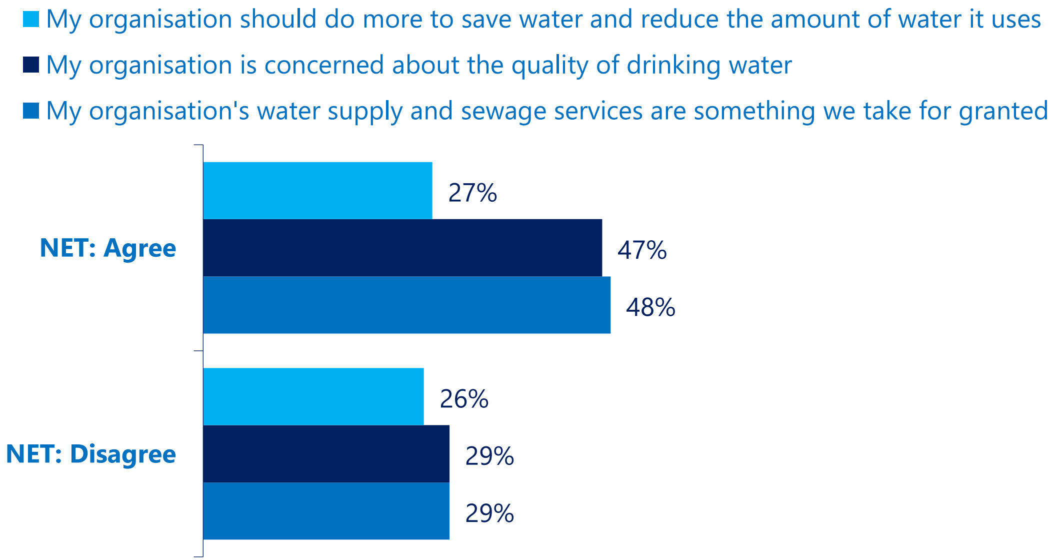
Note on allocation;

- Agreement with all three statements places someone in the **'Dark green'** segment
- Agreement with 2 of the 3 would be **'Green'**
- Agreement with 1 of the 3 would be **'Light Green'**
- Someone who disagrees with them all would be classified as **'Not green'.**

Mixed views as to whether organisations should do more to reduce use

B

Q1c. To what extent do you agree or disagree with the following statements?



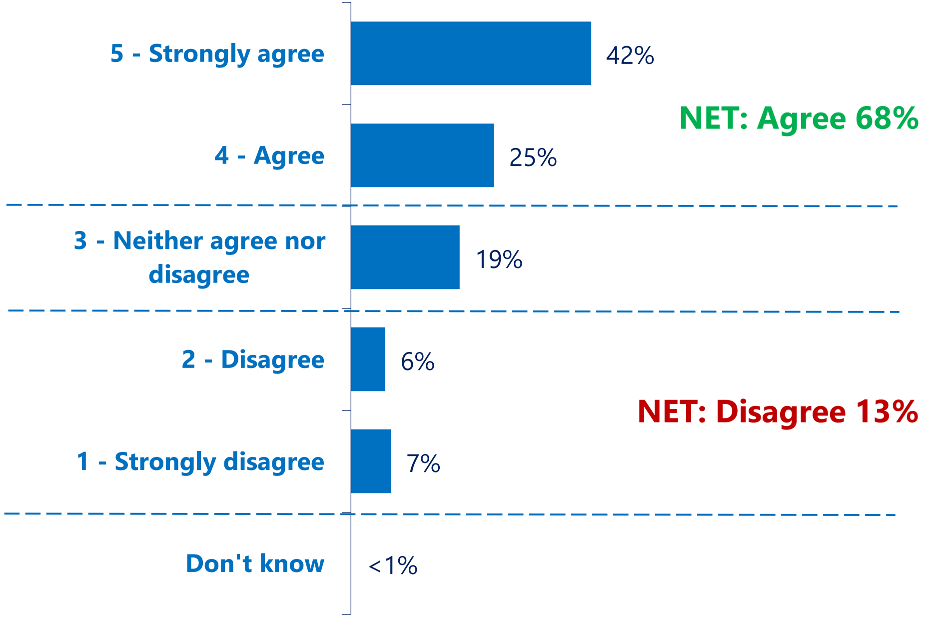
Base: All (NHH) Respondents (304)

- When compared to HH bill payers there are differences in the way NHH customers respond.
- In particular, there's more concern amongst NHH customers about the *'…quality of drinking water'* - 47% *'NET: Agree'* that their organisation is concerned about this, compared with 36% of HH bill payers expressing concern.
- NHH customers are also more polarised in their views towards whether their organisation *'…should do more to save water and reduce the amount of water is uses'* with 27% indicating that they *'NET: Agree'* and 26% that they *'NET: Disagree'*.
- Although they are more likely to *'NET: Agree'* than *'NET: Disagree'* that *'my organisation's water supply and sewage services are something we take for granted'*, this does mean that more than 1-in-4 NHH customers do not agree with this statement highlighting that many recognise the importance of the service they receive (note that for around a quarter of NHH customers water is integral to their business and critical to their operations).

Just over 2/3 of NHH customers claim to try & control their water use

B

Q1a. To what extent do you agree or disagree with the following statements?
- My organisation tries to control how much water it uses -



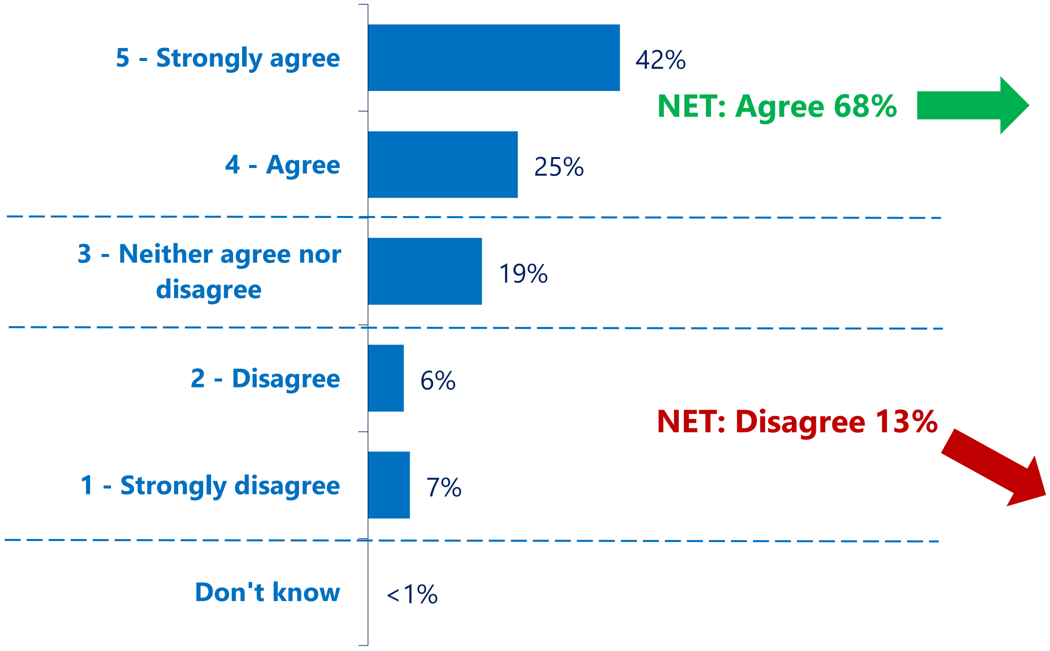
Base: All (NHH) Respondents (304)

- As with HH customers, the majority of NHH customers feel that they do actively try to control their water use with 68% agreeing that this is the case – within this 42% *'Strongly agree'* (an identical proportion to that recorded amongst HH bill payers).
- Notably, this proportion is highest amongst sole traders (80%) (suggesting that they are either better able or more willing to limit their use than larger organisations) & amongst those classified as *'Dark green'* (94%) (suggesting these organisations do take action to minimise their impact on the planet, just as they claimed they do).
- Only around 1-in-10 (13%) said they *'NET: Disagree'* and 7% felt they *'Strongly disagree'* that their organisation does this.
- Again, as with HH customers, we don't know how much effort these organisations put into limiting their water use or how successful they are at doing so, but response to this statements does at least highlight that the majority recognise the need to limit their use.

Organisations can easily identify their reasons for controlling their use

B

Q1a. To what extent do you agree or disagree with the following statements?
- My organisation tries to control how much water it uses -



Base: All (NHH) Respondents (304)

Reasons for controlling water use;

- When prompted with a list of reasons why they control their water use, these organisations could readily say why this is the case.
- In particular, it's to *'reduce water costs'* (70%) & almost half also indicated they did this to *'reduce other associated costs (e.g. energy)'* (48%).
- These organisations also said they act in this way to generally *'reduce our environmental impact'* (63%), but a third specifically mentioned a desire to *'reduce carbon emissions by cutting energy costs of water treatment and the creation of less wastewater'* (31%).
- Around a third also said they reduce water use *'to support resilience to water scarcity'* (30%).

Reason for not controlling water use;

- Mostly, these respondents talked about how *'water is used minimally by the company'* (33%) or that it's *'only for staff use, so its hard to control'* (18%) or just *'not of any economic concern'* (16%).

Language Analysis: attitudes towards the environment & saving water

- When it comes to attitudes towards the environment it is not surprising to see that the majority of people are concerned about the impact they have on the planet – this has become commonplace in the UK to acknowledge that climate change & the environment are a serious issue

- The question for many is: what exactly can I do about it? The fact that people's behaviours don't quite match their environmental concerns is telling

- Part of the reason for this is **absence of shared norms around minimising personal environmental impact** – shared norms create a sense of common cause
  - In the discussions, people tend to use diminutive language to describe their behaviours, e.g. 'doing my bit' – a tacit way of saying I don't feel like it makes much of a difference, but I feel a duty to do something

- This is partly because **people's environmental behaviours are private** – they are not visible to the public – & therefore are not subject to the judgement of others (no feelings of pride or shame)
  - This is a key way that social norms are maintained – the concern of being judged by others in the community

- This also means that people tend to default to new behaviours that are not too much of an inconvenience to their existing routines.

Language Analysis: customer priorities

- As we can see from the data, water is not perceived to be as urgent an environmental concern – in part due to factors like low day-to-day salience, living in a wet part of the UK, low awareness of how water supply works, etc.

- But it's interesting to see that general beliefs & attitudes around sustainability have affected people's behaviours to some degree around water use in as much as there is some motivation to minimise water use

- For NHH customers, their differing views can be explained by the greater priorities around finances that frame people's attitudes
  - People tend to have differing attitudes towards issues at work vs at home – there is less room for 'softer issues' & 'nice to haves' because organisational goals take precedence.

5. Customer Priorities:

Expectations from big companies

Many don't think much about big business behaviour: just looking for good value & service

NOT IMPORTANT

None of the factors deemed unimportant

Customers more likely make judgements based on things **they see or experience** unless bad things are shown in the media i.e. ethical considerations such as slave labour, staff treatment (P&O Ferries), etc.

NICE TO HAVE

Green credentials & actions

Ethics & standards of behaviour

Financial support

Charitable actions

How staff are treated & CSR

ESSENTIAL

Honesty

Good customer satisfaction

Basic business functions (investing for the future)

At the very least not make things worse – e.g. environment, pollution

The factors tested tended to be grouped together into broad themes

ESSENTIAL

Honesty included what were seen as very similar attributes of good open communications, transparency & respect

Good customer satisfaction included customer service; although for many this just needs to be good as a minimum rather than excellent or best in class, responsiveness, reliability, trust & providing value for money … all these provide real customer satisfaction in action & a positive reputation (derived from the whole interaction with and experience of that business)

Basic business functions: investing for the future seen as a given for any successful business

At the very least not make things worse e.g. protect the environment even if not enhance it, not cause pollution & try to make a positive difference

NICE TO HAVE

Green credentials & actions – not want big business not to play their part but providing value for money in current cost of living crisis seen by many as more important (i.e. keeping bills down even if it means putting some green aspects on hold). Some older lifestage & ABC1 generally more likely to see this as more important: possibly have more disposable income to pay for it. Some see more as lip service than making a real tangible difference. Being carbon neutral is a good target but many doubt this will realistically happen by 2030

Ethics & standards of behaviour – ethics, how treat staff, trust to behave properly & responsibly & being community minded in principle all seen as very important & difficult to say you don't want but most accept in reality they still shop & use businesses which they know might be less good at this (or even poor) but have cheaper goods & services

Financial support for customers struggling financially – caused confusion, not see this as a role of big business

Charitable actions – would still use a business regardless of their CSR. Largely unaware of what actual differences many big businesses make in the region they operate in & not actively seeking this information. There is some cynicism that much of this is done as a tax break or PR – so substance doubted

Small & independent businesses reflected desired positive behaviours: not most big corporations

Most struggled to give examples of big corporations who really act in the positive way they want businesses to behave – as they don't tend to think in this way when buying goods and services.

Poor based on recent news stories – excess profits but no reduction in prices for consumers.
Large bonuses to CEO seen as wrong in current crisis

Based on recent news stories rather than direct experiences

Undercutting smaller retailers.
Avoiding paying all UK tax.
Treat staff poorly
BUT still used on a regular basis so attitudes & opinions often different to actions

Most gas & electricity providers cited as poor – due to large price hikes. Frustration with bills more than businesses per se

Most unsure how YW compares. Generally a hidden company but no news stories may be good news.
Communications good when a planned interruption but few aware of other comms campaigns to change behaviours or what difference YW makes in Yorkshire. Seen as generally more reactive than proactive

(older life-stages) high quality customer service – positive established reputation that they deliver on

Customers had plenty of clear communication about bills now & in the future - explaining changes.
Seen as proactive

Poor behaviour → **Positive behaviour**

Language Analysis: expectations from big companies

- When it comes to big companies people are inclined to prioritise behaviour that benefits them as customers as this is the normal relationship they have with them

- Good customer satisfaction & honesty cover these issues broadly

- More ethical issues that are about how a company behaves more generally are therefore naturally secondary issues

- However, as there is more scrutiny on how companies behave beyond their more transactional relationships, these ethical issues are not something people overlook

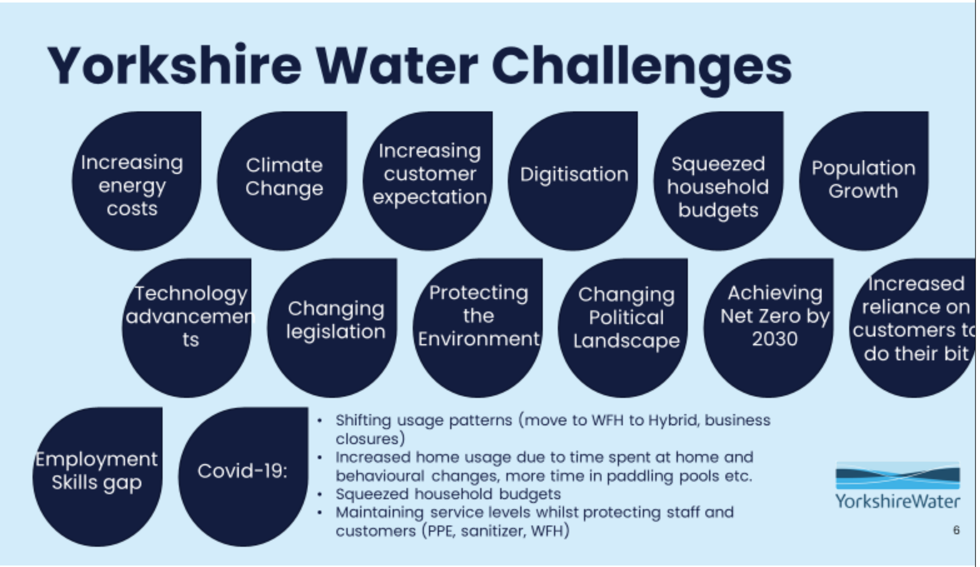
Language Analysis: expectations from big companies

- But this also means that there are issues:
  - A lot of scepticism about the higher purposes of companies, especially around environmental issues or other 'doing good', tax benefits of charity etc. - & issues around the trade-off – e.g. who carries the burden, the company or the customer
  - Underlying sense of distrust – that they're only in it for some financial benefit to themselves
  - Unsure of how to assess a company on these issues – outside of what the media prints about them
  - Concern that they don't do what they say they will do – promises broken, whittles away trust
  - Some conscious of layers of corporate governance that are opaque & don't match the public front
- A desire for fairness in their language – especially in respect to perceptions of profit, senior exec pay, dividends etc. – sense that big profits don't always equal good service
- This is tempered by scepticism – a sense that things are weighted against people & it will be difficult to redress that imbalance
- Some guilt over complicity, e.g. critical of Amazon, but we all buy from them
- Taught to think 'self first' – throughout the sessions we hear people excuse their choices for being 'selfish'

6. Customer Priorities:

Understanding challenges faced by Yorkshire Water

In qual sessions customers presented with background information about Yorkshire Water and list of 28 possible priority areas to discuss, group and rank



Prevent interruptions to the supply of water (e.g. planned works, burst pipes, leaks and outages) that cause problems ranging from low pressure to no water

Providing good and constant water pressure

Providing water that tastes and smells good, and is not discoloured

Providing water that is safe to drink

Preventing leaks from Yorkshire Waters pipe network

Preventing the likelihood of restrictions on water use incl. hosepipe bans in a drought, restricting non-essential use for businesses

Treating waste water sludge for energy production / fertiliser rather than put in landfill

Preventing homes and businesses from being affected by sewer flooding

Preventing gardens and public spaces from being affected by sewer flooding

Treating waste water to a high standard to ensure bathing beach waters remain safe to swim in

Treating waste water to high standard to ensure river waters and the plants and animals that rely on good quality river water are not negatively impacted

Preventing accidental pollution of rivers or streams (e.g. sewage leaks) from Yorkshire Waters sewage pipes)

Providing a level of customer service which customers expect e.g. queries resolved quickly

Limiting the disruption caused by our water network and treatment facilities (e.g. minimising odour, flies, noise, traffic)

Ensure that land owned by Yorkshire Water is conserved, restored or enhanced to improve plant and animal life biodiversity

Providing public access to our land, reservoirs and rivers for recreational use (e.g. walks, cycling, watersports)

Ensuring there is enough water to meet demand now, and in the future

Providing appropriate sewer capacity and pumping capabilities to cope with flood events

Providing financial help and support to those who are struggling to pay their water bill

Providing support to those in vulnerable circumstances (e.g. disabilities, medical conditions, difficulty communicating etc.)

Supporting customers to reduce their water use

Helping to prevent blockages and pollution through a communication programme which educates customers on the impact of incorrect disposal of wipes and fats

Reducing the use of sewerage outflows. Outflows are designed to help prevent local flooding and treatment works flooding by discharging excess untreated wastewater directly into nearby streams or rivers during heavy rainfall

Reduce and offset carbon emissions to achieve a 'net zero' position by 2030

Work in partnership with other organisations (e.g. EA, City Councils) on common goals such as flooding to pool resources, funding and better outcomes for customers

Repairing pipes that are prone to leakage

Reducing the number of sewer collapses which cause an impact on service to customers or the environment

Improving the level of service customers experience whether they contact us or not. This is an Ofwat survey for all 17 companies in the water industry, YW always aim to be in the top half of companies for customer experience and satisfaction

Little existing knowledge made it very difficult to pick top priority challenges

In the qualitative sessions most were surprised about what it takes to provide drinking water & treat wastewater every day when presented with an overview about YW, the scale of its operations & the issues it has to consider & address: most just never gave it much thought

Very much a hidden service taken for granted & rarely thought about unless a problem (which was felt to be very rare).

List of challenges presented viewed as very internally focussed rather than customer centric therefore from a customer perspective top challenges to prioritise are ones that have an obvious & direct impact on them.

Challenges which should take top priority over next few years

Aspects which they can easily comprehend as a problem which needs to be addressed & will impact on everyone: e.g. **population growth**

Current issues in media which they recognise & expect to impact them or others they know: e.g. **squeezed household budgets**

Challenges which any business is expected to address

These are seen as important but areas expected to address as part of running any business – so not unique to YW nor really a challenge – just something YW expected to get on with:

Good customer service - less clear what increasing customer expectations relates to. Service businesses expected to keep doing this
Protecting the environment - not expect YW to make things worse but surprisingly very few mention CSOs / river water quality so low awareness of issues being caused
Technological advancements - any business expected to reinvest & adopt new tech
Climate change – societal issue to tackle so unsure what YW can do per se but maybe a challenge to ensure future supply in hot summers. YW as any business has a role, along with government & the general population.

Little knowledge also made it difficult to know which challenges were top priorities

Mix opinions about how important as a priority

Any business expected to adapt to new tech so **digitisation** expected. Many younger & family lifestages discussed Apps & smart tech they have with other utility providers – then question what YW might offer. Some worry older customers may struggle with any shift to digital.

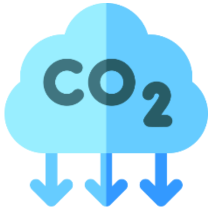
Increased reliance on customers to do their bit – question raised was to do what? some surprised people by now don't know what to do to not waste water but others feel more education, communications & awareness of water saving devices is still needed.

Employment skills gap – not always understood but when it was this is a challenge for all businesses. However, given size of YW expected to resolve challenges via own apprenticeship schemes (suggestion very popular especially amongst C2DE in urban areas)

Challenges which can wait to be resolved

Although most accept green / eco challenges need addressing other big businesses perceived to have more of an impact & therefore role to play.

Achieving net zero by 2030 – general feeling it should not be forgotten but cost of living crisis has become more of the focus in the immediate short term so most appear happy to delay a little – especially if actions result in higher bills.



Not seen as area YW should be concerned with

Changing legislation – not a challenge seen as being important for customers per se. Any business has to adapt if laws change

Changing political landscape – customers very unclear why this meant or why it would be an issue for YW. When explained further seen as above – will just have to get on with it and adapt as required.

Both seen as very internal challenges rather than ones relevant to customers.

Covid-19 – relevance of this being a challenge for YW not understood.

All businesses found challenges familiar

B

- **General consensus with households on challenges faced by YW**

- **Challenges familiar to all businesses:** particularly environmental, cost of living, squeezed household budgets, Covid-19, etc.
  - All widely accepted, so more difficult to draw out those that are less important
  - When prompted, businesses in agreement with households over those that should be a fundamental business function (customer service, technology, skills gaps) can wait (achieving Net-Zero) & those that aren't YW's responsibility (changing legislation, political landscape, etc.)

- **Current cost of living crisis very important for all:** YW must remember that this also means squeezed business budgets too

- **Climate & environment rated more highly by businesses:** being negligent in that way could impact on trust & businesses felt YW needed to take responsibility (as do all businesses)

"We hear about cost of living and automatically assume it is about households, as a business we are suffering with the same problems in terms of increased costs. I have increased costs and I have to absorb them somehow – I can't increase costs. Yorkshire Water is in a position where we have no choice, they have a monopoly in Yorkshire, and with that comes a responsibility to do their utmost to maintain quality but keep the costs at the lowest possible level" (Hospitality, Small)

Language Analysis: understanding challenges facing YW

- Intuitively, water seen as an abundant 'natural resource', especially in a traditional wet part of the UK like Yorkshire – so difficult for people to grasp how much takes place to deliver clean water to people's homes & businesses (and take waste water away again)

- As we've seen, people have been taught to **think 'self first',** so issues that are likely to have a noticeable impact on themselves as households/businesses/individuals are more likely to be prioritised

- **Population growth**: this is often perceived as **a challenge for limited resources** - for example, many respondents mention new housing developments as putting strain on infrastructure (roads, parking, school spaces, etc.) – so it raises the thought '*will there be enough water*?'
  - The British public have been taught to think of population growth as a strain on resources primarily through the spectre of immigration

- **Cost of living:** this remains a growing concern that is **directly impacting many people's quality of life** - experiencing increased energy bills & food prices & expect this to be an ongoing issue for some time
  - **Alarmist media attention on this issue heightens fears** as large financial figures that many households may never experience are used to create attention-grabbing headlines.

- Those who placed more of a priority on pro-active responses to **climate change/environmental** issues tended to **frame it in terms of its economic contribution** - as a long-term investment that will be worthwhile financially
  - But most don't tend to see it in these terms – tends to be perceived as a hit on short-term resources
  - And in times of economic crisis the short-term often wins out.

7. Customer priorities:
Customer preferences

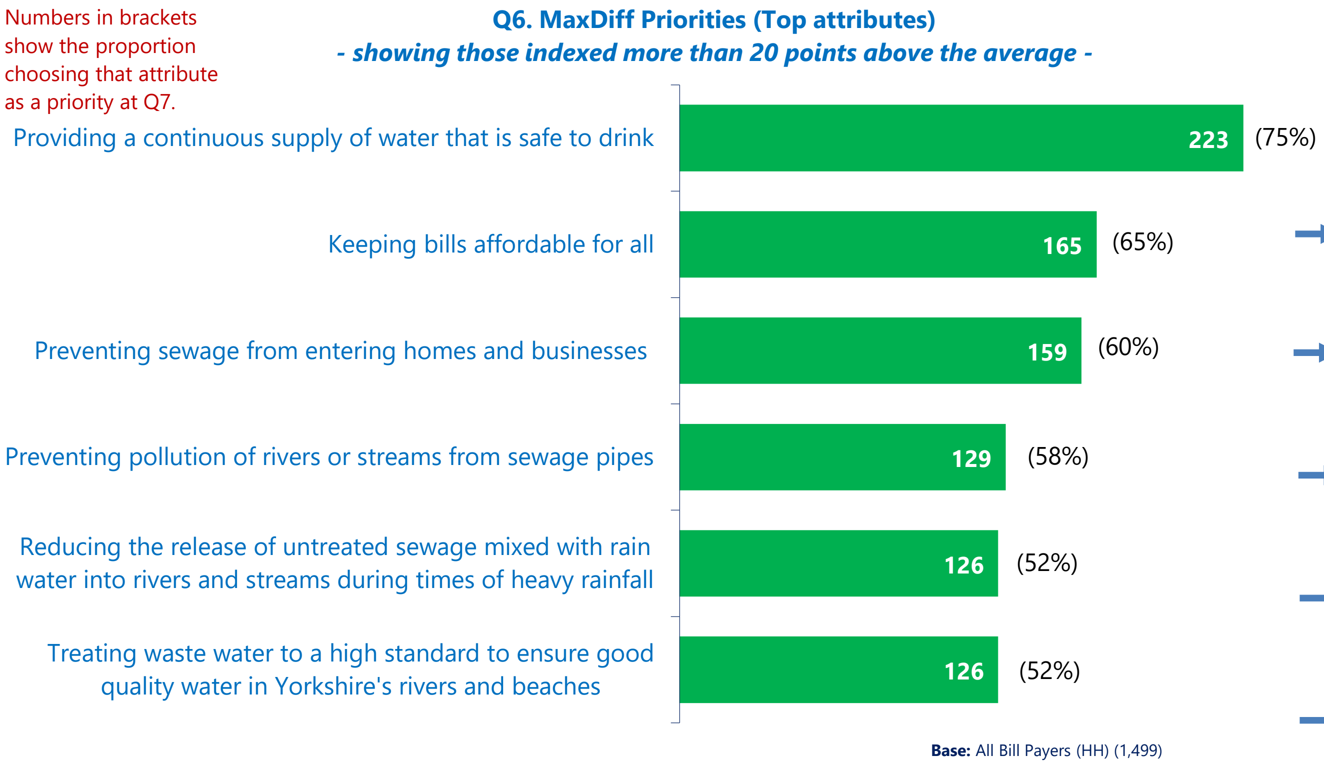
Establishing customer priorities for Yorkshire Water …

To determine what customers considered to be the most important priorities for YW to focus on "to ensure they can deliver water & sewage services now & in the future" the following approach was used;

- A total of 28 priorities were tested in the initial qualitative stages to establish a shortlist of 20 that should be tested in the quantitative survey
- The qualitative stage was also used to refine & agree the wording of the final shortlist of 20 statements so they would be understood by survey respondents & to ensure any ambiguity, jargon or overly technical terms were removed.
- In the survey, an **Anchored MaxDiff** approach was used to establish customer priorities. Every respondent was asked to consider 15 separate screens each showing 4 of the 20 priorities & asked to select the one they felt should be the **HIGHEST PRIORITY** for Yorkshire Water & the one that should be the **LOWEST PRIORITY**.
- The following slides explore the final priorities as determined by the MaxDiff analysis, with explanatory comments from the qualitative stage.
- In the MaxDiff analysis, each attribute is indexed against the average – technically anything above 100 is a high priority & anything below 100 is a low priority. To aid interpretation, the following charts identify priorities based on being 20 or more points above or below the average (or near the average & within this range).

This chart shows the top priorities amongst HH bill payers

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.



Safe drinking water was also the top priority in 2017

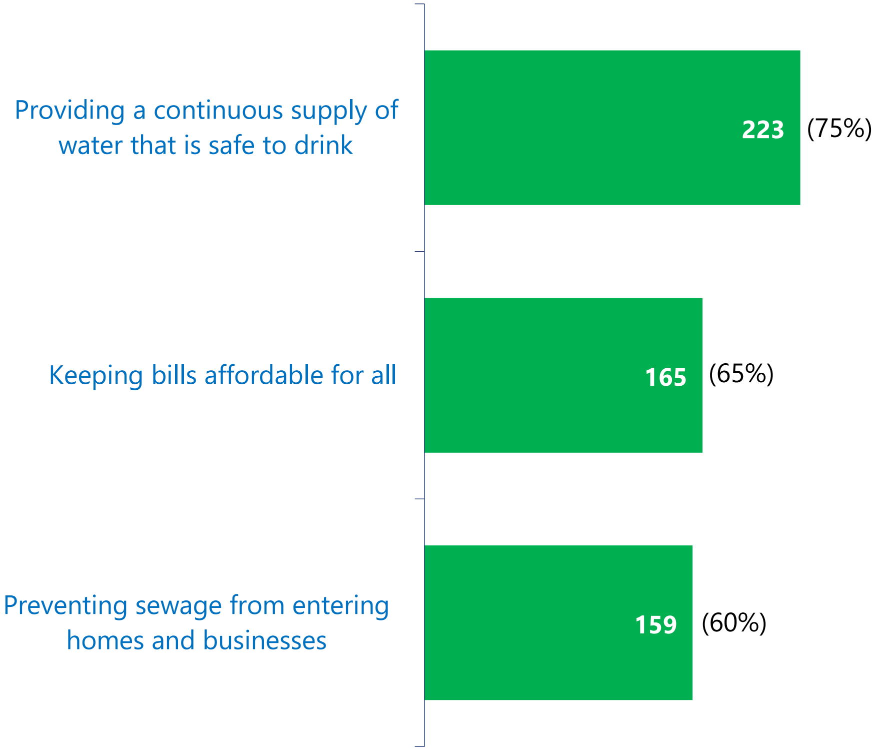
Given COL concerns, no surprise to see affordability feature strongly

This is a similar level of priority to that recorded in 2017

3 priorities specifically relating to water quality in rivers. streams and the sea were tested in 2022, compared with one in 2017 (that related to sea water quality only)

It's clear that water quality in the environment is a high priority to HH customers as all 3 feature in the top priorities

Analysis from the qualitative stages explains customer choices

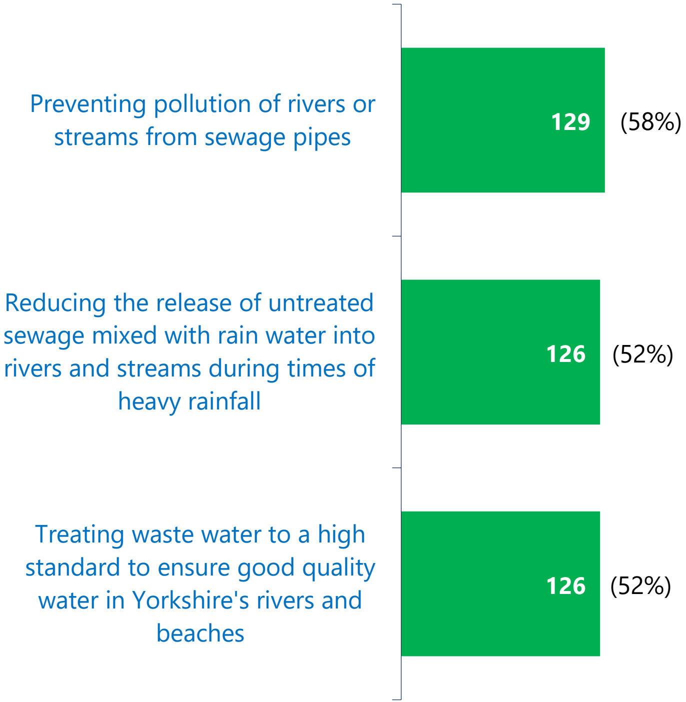


- A basic expectation, but also an essential to deliver
- Critical as related to health, safety & well-being
- Easy to understand & has a direct impact on individuals – so easy to select as a key priority
- Still important for those not choosing – but just expect this to be right with laws & regulations to ensure it is

- Although water bill is recognised as lower than other utility bills, recent increases in gas, electricity, petrol & food impacts how other bills are viewed
- Water bill may be affordable, but many feeling the squeeze on household budgets from elsewhere
- Cost of living spontaneously raised early on in discussions … very much top of mind at the moment

- Very emotive topic – easy to visualise impacts so even if not experienced directly, customers can imagine how awful if affected, so it's hard not to see as high priority
- However, generally expect YW to do this as a core function with a desire for YW to be proactive rather than reactive

Analysis from the qualitative stages explains customer choices



- The words pollution & sewage are extremely emotive – especially when juxtaposed against rivers & streams (which are expected to be clean / healthy)
- Seen as disgusting & raises questions why this happens – there is an expectation that Yorkshire Water would not be environmentally nasty & so should sort out any problems it is creating or causing

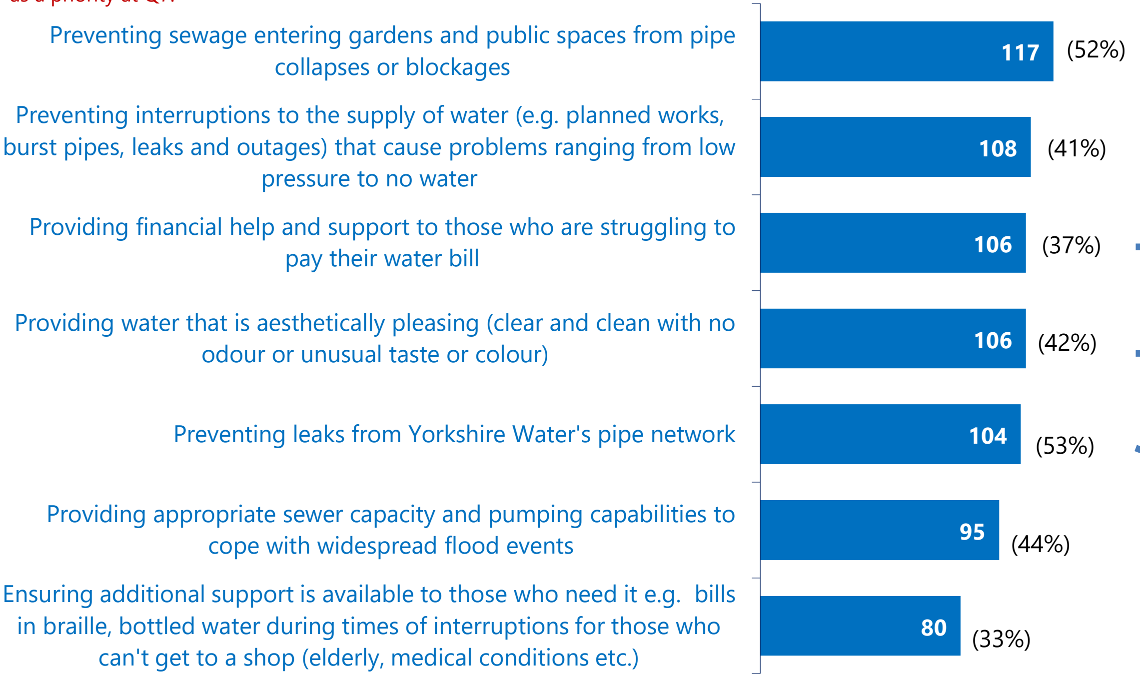
- Visceral & easy to visualise … disgusting
- YW is not expected to do this - although most largely unaware of CSOs, those who know the scale demanded action & when others become aware they are shocked … as this impacts on people & nature
- Reinvestment in infrastructure is expected as part of the normal water bill but still important to do.

- Important to do as people & wildlife immerse themselves in the water at rivers and beaches
- But also a basic expectation that Yorkshire Water won’t deliberately pollute
- No desire for a reduction in quality of treated water but most generally unaware of any current problems.

These are priorities of average importance to HH bill payers

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.

Q6. MaxDiff Priorities (Middle attributes)
- showing those indexed within +/- 20 points of the average -



Base: All Bill Payers (HH) (1,499)

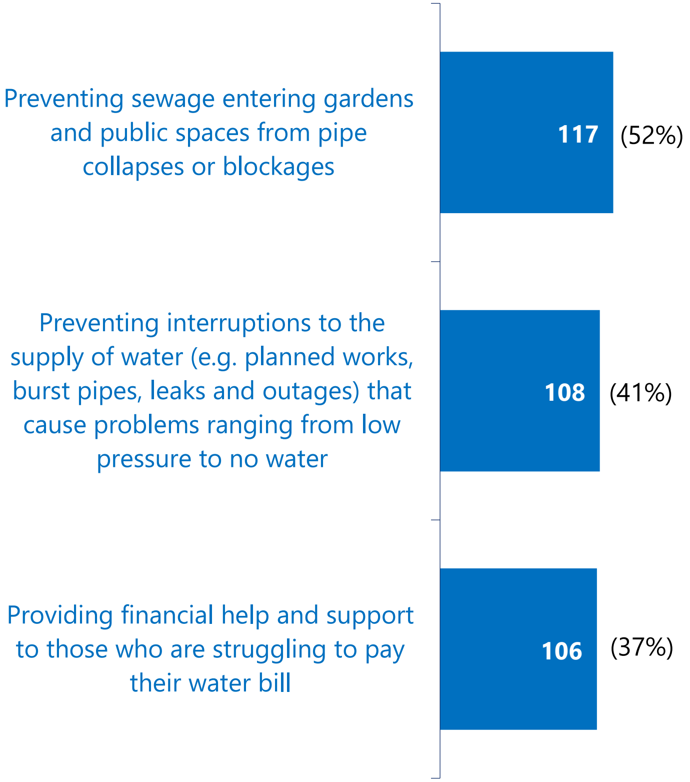
- Although still important, preventing sewage entering these spaces is a lower priority than preventing it entering homes & businesses (which is the 3rd most important priority amongst HH customers)

- Although affordability features highly, support for those who are struggling is not a particularly high priority

- This is a lower priority than was the case in 2017 (when it was 3rd)

- This was a higher priority for HH customers in 2017.

Analysis from the qualitative stages explains customer choices

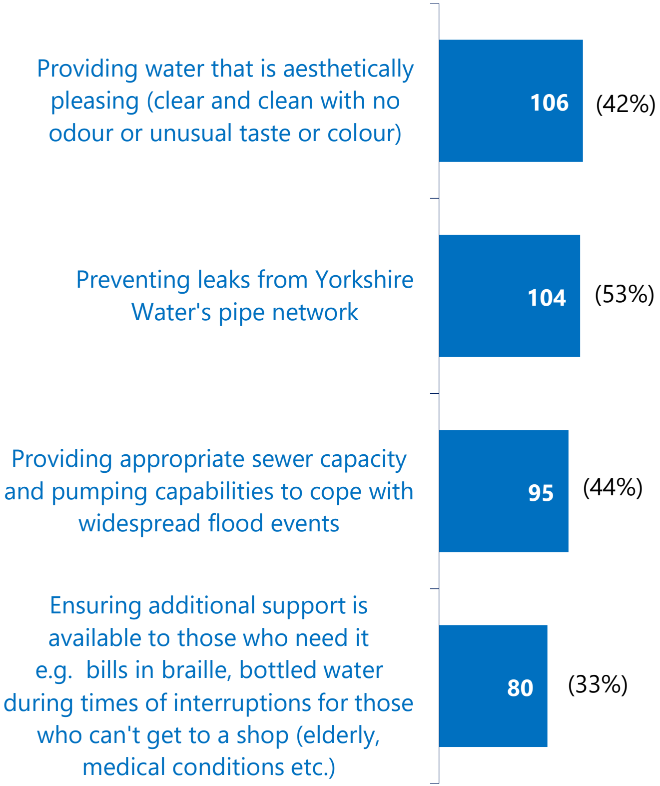


- Less emotive than internal sewer flooding but still recognised as unpleasant, even if few have any direct experience of this
- But, as few have experienced this the risk is deemed to be low
- Qualitatively few willing to not have sewerage issues as a high priority but the quantitative survey forced a choice.

- Investments in engineering & infrastructure are important but also expected as part of what Yorkshire Water do … therefore planned works are often seen as a positive
- As few have experienced problems or have had plenty of advanced notice of a planned interruption not as critical as some of the other aspects tested
- When have time to think about this it is also seen as a long-term way to reduce bills by being efficient & reducing costs through leakage.

- Very mixed & strongly expressed opinions but views were split
- Depends if view recipients as ‘deserving’ (i.e. struggling through no fault of their own e.g. disabilities, medical)
- Or ‘undeserving’ (i.e. making poor lifestyle choices or feckless)
- Some also see ‘benefit payments’ as a role for government not YW & question why other customers (i.e. themselves) should pay to provide ‘charitable’ support.

Analysis from the qualitative stages explains customer choices



- A basic expectation from YW (part of the day job) & expect there are legal requirements to guarantee this
- So although important, seen as something which YW have to deliver on, hence easy to select other aspects as being more important – as expect they will get this anyway.

- Leaks seen as wasting money, so preventing seen as a way to reduce costs & ultimately customers' bills
- Not aware of scale of issue: hiding size of the challenge
- Important but again a basic expectation from YW (part of the day job) so tend to select other more discretionary attributes ahead of this one.

- Most unaware of the challenge or problems - YW expected to provide & reinvest in required infrastructure
- Many surprised to be asked about what priority this should have as there is an expectation that YW will invest in fixing problems but there is a desire for the company to be proactive rather than reactive.

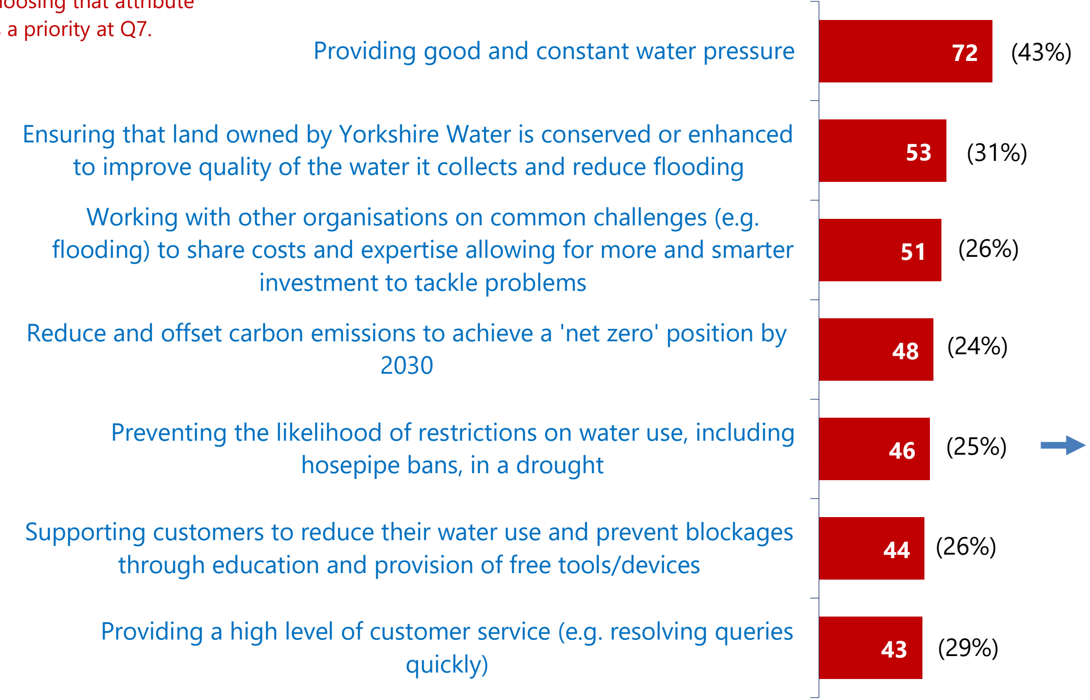
- Important but expected from all customer facing organisation
- Other aspects selected as a higher priority as impacts more people directly & YW expected to do this anyway

Priorities of below average importance amongst HH bill payers

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.

Q6. MaxDiff Priorities (Bottom attributes)

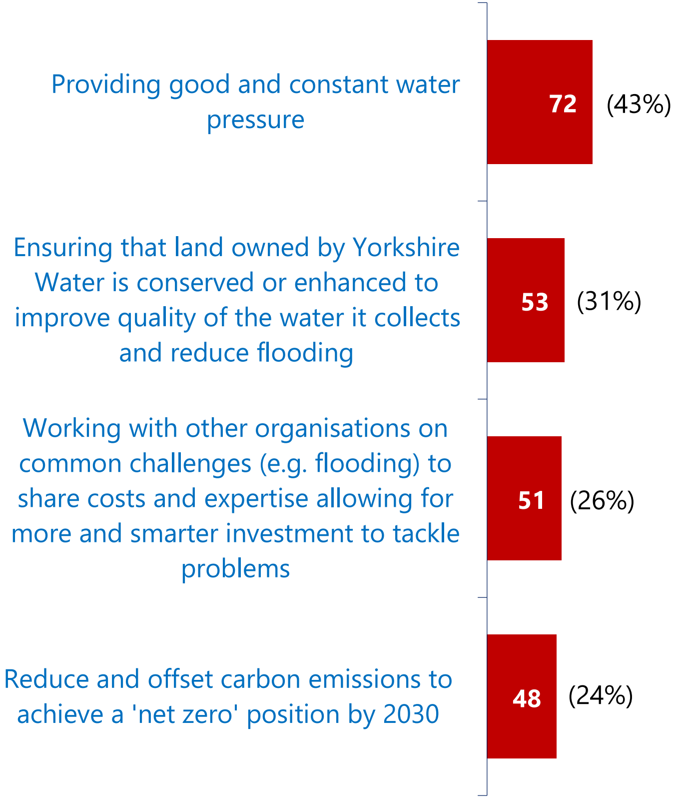
- showing those indexed more than 20 points below the average -



NB: The surveying was carried out before the hosepipe ban was announced in Aug 22

Base: All Bill Payers (HH) (1,499)

Analysis from the qualitative stages explains customer choices



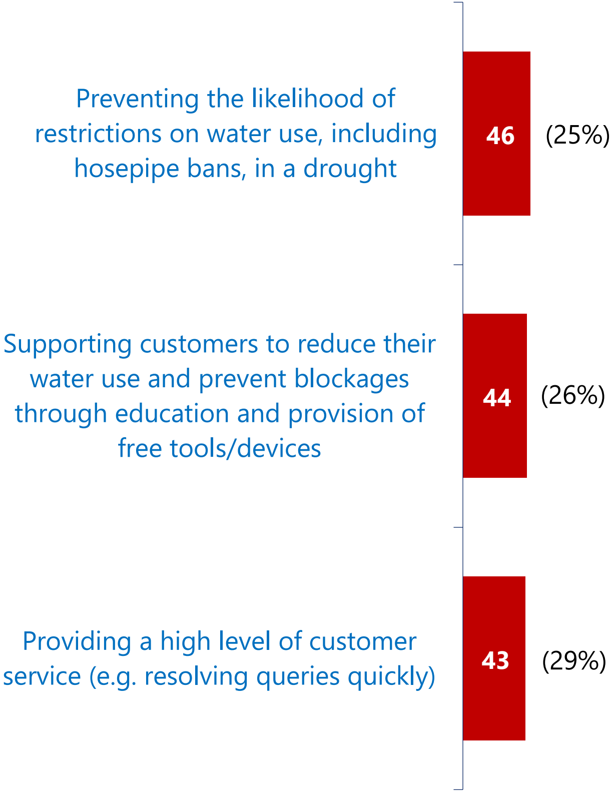
- Many believe they have experienced this as an issue but only as a rare & temporary problem
- Although no desire for reduction in service, things seen as working OK & not a major problem – current provision is seen as OK
- Other aspects asked about much more important to fix or improve.

- Few aware that Yorkshire Water owns lots of land or what extra could or should be done to enhance or conserve
- YW expected to provide quality water & not make flooding worse
- As it's difficult to comprehend the issue or problem & current provision is deemed OK - it is easy to place as a lower priority

- Not really aware of what YW does already, but idea of sharing costs & solving joint challenges seen as a sensible approach
- If beneficial then YW expected to get on & do this
- Not a vote to do less of this – it is just easier to select attributes which have a more direct & tangible impact on themselves

- Although important for many, less of a priority in light of immediate cost of living crisis … some worry that actions will increase customer bills
- No desire to store up future problems but impact of YW alone in this area is seen as minimal
- As have to be achieved by 2050 due to legislation most happy to wait & some doubt net zero can be achieved within 8 yrs anyway

Analysis from the qualitative stages explains customer choices



- Only older life-stages had experience of a long-lasting hosepipe ban – easy to place it down list of priorities if don't expect the event to happen or if only perceived to happen rarely
- People perceive Yorkshire has lots of water so not expect any shortages (note the qual research was completed in May 22)

- Very mixed views depending if believe more communications & education will work, resolve problems being caused & ultimately save all customers money
- Less of a priority if feel everyone should already know about saving water but some refuse to act 'properly' (so more education not seen as likely to work on the willfully ignorant)
- Some call instead for penalty fines for those causing the problems

- No tolerance of poor customer service but few have had any direct interaction with Yorkshire Water and expect customer service to be good
- No desire for reduction in provision but perceived to be working OK as is, so less of a priority to change or improve in comparison to other aspects shown.

There are only a few differences between sub-groups, as noted below

SUB-GROUP ANALYSIS

- Amongst HH bill payers, ***'Providing financial help & support to those who are struggling to pay their water bill'*** declines in importance as bill payers get older;
  - aged 18-34 it's the 4th priority (index of 136)
  - aged 35-64 it's the 8th priority (index of 112)
  - aged 65+ it's the 12th priority (index of 77)
- This priority is also more important to those identified as being Vulnerable compared with those who are not;
  - 4th priority (index of 139) vs. Non-Vulnerable it's the 12th priority (index of 84)
- Although '***Keeping bills affordable for all'*** is a top 3 priority for both, affordability is slightly more important to Vulnerable bill payers;
  - 2nd priority (index of 179) vs. Non-Vulnerable 3rd priority (index of 157)
- Also, both these priorities are marginally more important to Unmetered rather than Metered Bill Payers who scored higher for both providing financial help (index of 123 vs. 90) & affordability (index of 173 vs. 158).

FUTURE BILL PAYERS

- Generally, the hierarchy of the 20 priorities amongst Future Bill Payers is comparable to that amongst Bill Payers.
- FBPs top priority is ***'Providing a continuous supply of water that is safe to drink'*** (index of 233), followed by ***'Keeping bills affordable for all'*** (index of 176) & in fact the top 6 priorities for HH bill payers feature in the list of the top 7 for FBPs.
- The one key difference (& the reason why the top 6 isn't identical) is that amongst FBPs '***Providing financial help & support to those who are struggling to pay their water bill'*** is deemed to be a higher priority than amongst bill payers & is the 5th most important priority amongst this group (index of 131) compared with being the 9th most important amongst bill payers (index of 106).
- One other area of difference is that FBPs place more importance on Yorkshire Water working to ' ' which is their 12th highest priority (although it's still indexed below average at 91) compared with being only the 17th most important amongst all bill payers (indexed at 48).

Many attributes were HIGH priority (without bill impact knowledge)**, but broad themes emerged**

Quality of drinking water

All put providing water that is safe to drink & taste, look & smell as being a very high priority.

A basic expectation from YW but also an essential to deliver on.

Critical as related to health, safety & well-being.

Keeping bills low

Although not listed as a specific attribute, conversations around current cost of living crisis & why some attributes were only nice to haves (see overleaf) show this to be a key priority.

Providing value for money & avoiding large bill hikes a recurring theme to deliver on.

Supporting customers who are in vulnerable circumstances

When explained the types of customers these are – those through no fault of their own e.g. disabilities, medical conditions are expected to receive additional help.

Causes an emotional response – so respondents found it difficult to place anywhere else.

Investment in infrastructure

Lots of specific attributes grouped together as engineering issues – e.g. reducing leaks & sewer issues, ensuring can meet future demand.

Important but difficult for customers to prioritise specific ones over others.

For many this is a crucial foundation & starting point which will have knock-on impact on many problems shown in specific attributes (e.g. helping nature & environment).

Prioritise this & many feel other attributes will be solved as a consequence (e.g. good river & beach water quality, no hosepipe bans).

Also seen as a long term way to reduce bills by being efficient & reducing costs.

Sewer flooding

Very emotive – can image how awful if affected therefore hard not to have as a high priority.

Worse the closer it is to or in home.

CSOs – when understood seen as nasty & raises questions why this happens – although largely unaware those who know the scale are shocked & awareness changes views of the priority to sort out.

Fix problems (v similar to 'investment in infrastructure)

Many surprised to be asked about what priority they would place on resolving leaks, reducing disruptions, tacking sewer problems, investing to meet future demand, avoiding negatively impacting on nature & wildlife etc.

Generally expect YW to do all of these as core functions. Desire for YW to be proactive rather than reactive.

Successfully manage the 'day job'

High priorities seen as the bare minimum expected from a water company.

Looking after the network to ensure no problems with providing a safe water supply and then taking away and treating waste water so it does not create a problem. Whilst keeping bills as low as possible.

Most feel this is the current situation.

MEDIUM priorities (important but can wait) **some mixed views & can change with more understanding**

If current provision deemed ok
No desire for reduction in provision as seen as working ok as is. Majority perceive **customer service** to be ok – although very limited contact. No demand for YW to be best in class but need to be good. Limited awareness of any issues with **nature** or **quality of river & bathing water**. Generally if unaware of current problems easy to view situation as ok as is.

When factor is perceived to result in higher bills
Although important aspects such as **being net zero by 2030** less of a priority in light of cost of living crisis & worries over increasing future water bills. No desire to store up future problems but impact of YW alone in this area is seen as minimal. As has to be achieved by 2050 due to legislation most happy to wait & delay activities if these result in bill increases now.

Financial support for customers who are struggling
Really split opinions once understand it is other customers who are paying for any cross-subsidy. Some see as very important & needed, others see 'benefit payments' as a role for government not YW. A controversial topic & either a charitable or 'political' response depending on wider views – but shows importance of clearly understanding any descriptor.

If the activity can or is likely to reduce bills increasing
Initially **working in partnership** is a nice to have – implications for general customers not really comprehended. When appreciate this may mean YW spending less or speeding up what is achieved – Priority is not partnership working per se but the benefit of keeping bills low, once this is recognised views change to make it a sensible higher priority.

Spending money on changing behaviours
Very mixed views depending if believe more **communications and education** will work, resolve problems being caused & ultimately save all customers money. Less of a priority if feel everyone should know about saving water but some refuse to act 'properly' & when see current levels of leakage from unrepaired pipes (why bother).

Whether likely to directly enjoy impacts
Very mixed views regarding **recreational access to land**, improving **river & bathing water quality** & **improving biodiversity**. Not against but if unlikely to use then less of a priority & vice versa if of interest or likely to use.

LOW priorities (in comparison to other attributes) but some views changed with better understanding

If perceive there is a problem (or not)

Many attributes are hidden from view so not always appreciate there may be a challenge or a problem to address. Others can become less of a priority when see performance targets (already ahead on net zero targets, low numbers of households affected by what YW classifies as low water pressure)

Low comprehension

Some attributes quite technical and new information for customers to digest so not easy to understand such as **CSOs**, **partnership working** and **treating sludge** so when reviewing a long list easy to place down the priority order. When understand attribute may result in YW saving money or generating income and the belief this will mean bills stay low then seen as sensible to make action more of a priority – to achieve key goal of keeping bills low.

If have limited experience of it being a major issue

Only older lifestages had experience of a long lasting **hosepipe bans** – easy to place it down list of priorities if don't expect the event to happen or if only perceived to happen rarely (**accidental pollution** – by nature of the descriptor expected to be infrequent). Few mentioned spontaneously mentioned **sewerage outflows** into rivers and on Yorkshire's seaside.

Priorities similar; also supply interruptions & environment

B

- **Strong similarities to views of households:**
  - Quality & safety of drinking water is essential
  - Keeping bills low, but for households & business customers. Current priorities linked to this inferred a domestic customer focus
  - Sewer flooding, regarded as potentially devastating to businesses (& homes)
  - Where businesses had experienced or knew of (either professionally or personally) an incident, then this increased it's priority due to this first hand experience
- **High importance on preventing interruptions to water supply:**
  - Assumed to be an existing area of heavy investment due to not experiencing problems; but should continue if infrastructure requires it
  - Note also made that investment in some areas will help others i.e. reduce leaks = meeting future demand
- **Environmental focus again ranked highly**
  - Being responsible & ethical regarded as important even though this had a lower impact on businesses themselves

"High up the agenda - you want to know that the water you are drinking is safe to drink." (Healthcare, Medium)

"This depends on how old the infrastructure is and what repairs have been carried out to protect equipment or supply systems. If it is old it is a high priority but it's a difficult one to answer. Interruptions do cause big problems for businesses." (Charity, Small)

"Everybody needs to do their bit in terms of protecting the environment and reducing emissions. Every business has a corporate responsibility." (Healthcare, Medium)

Consistency in medium and low priorities

B

- **High degree of similarity between households & businesses**
  - Views sometimes changed when had more information
  - Often due to current provision being effective already; areas others should take responsibility for e.g. support for those struggling to pay bills; or basic business functions such as customer service

- **'Resilience' not regarded as a word expected to feature as a 'given'**
  - A familiar & understood term by most
  - Businesses do view YW as resilient though led to questions e.g. do they work with other water authorities should a particular area be short?
  - Responsibility regarded to be a more positive word to use by some

"Water companies have been trying to do that [educate customers] for years and years and nothing changes. If I was them I would give up, it doesn't work."
(Hospitality, Small)

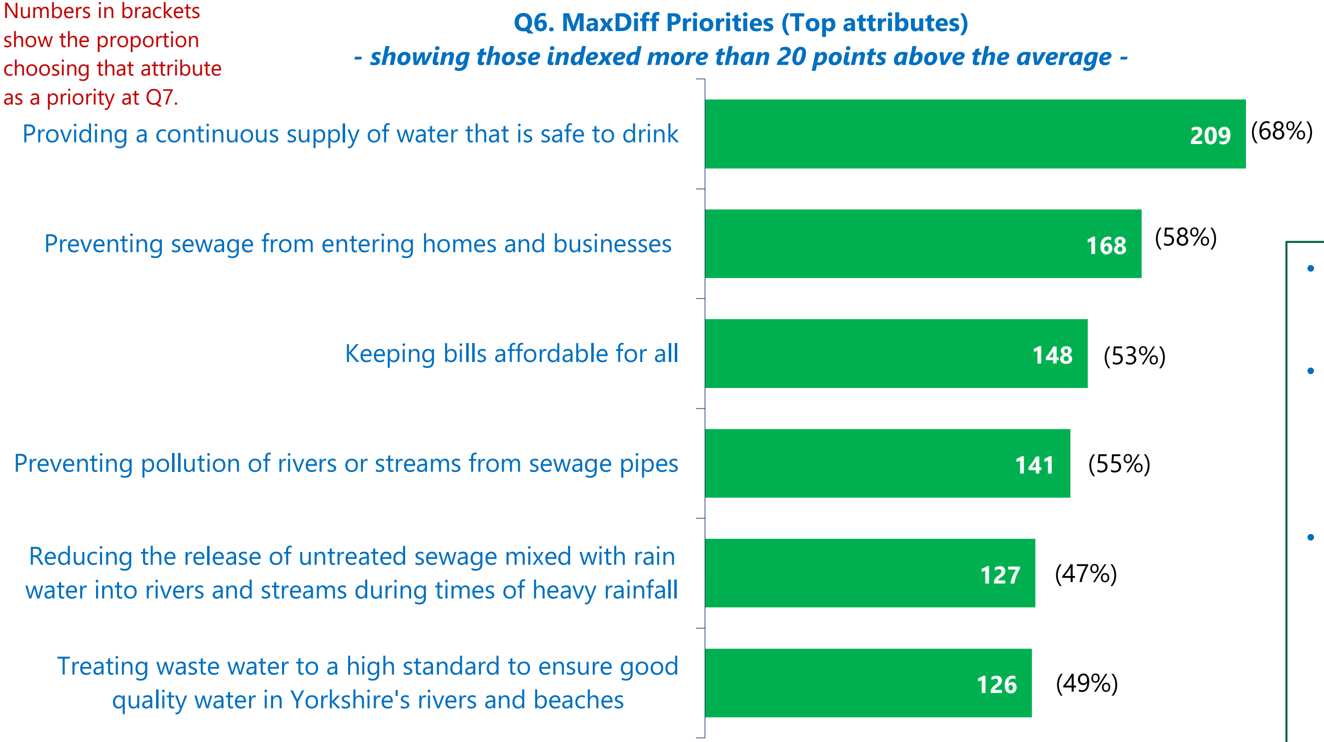
"If I had to sacrifice that over making sure we were preventing sewage leaks then sorry but the dog won't get walked around the reservoir."
(Construction, Medium)

"Everything covered enables you to be resilient and provide a particular service responsibly. I'm not sure it is a great word, I prefer responsibility. Having that environmental and social responsibility is important in the long-term."
(Hospitality, Small)

This chart shows the top priorities amongst NHH customers

B

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.



Base: All Respondents (NHH) (304)

- This is the same top 6 as was recorded amongst HH bill payers - the top priority for both is the same
- However, for NHH more importance is placed on *'Preventing sewage from entering homes & businesses'* – its' 2nd highest priority for NHH (this was 3rd for HH).
- NHH customers also place slightly more importance than HH bill payers on *'Preventing pollution of rivers or streams from sewage pipes'*; for both it's the 4th most important priority but indexed higher for NHH (141) than HH (129).

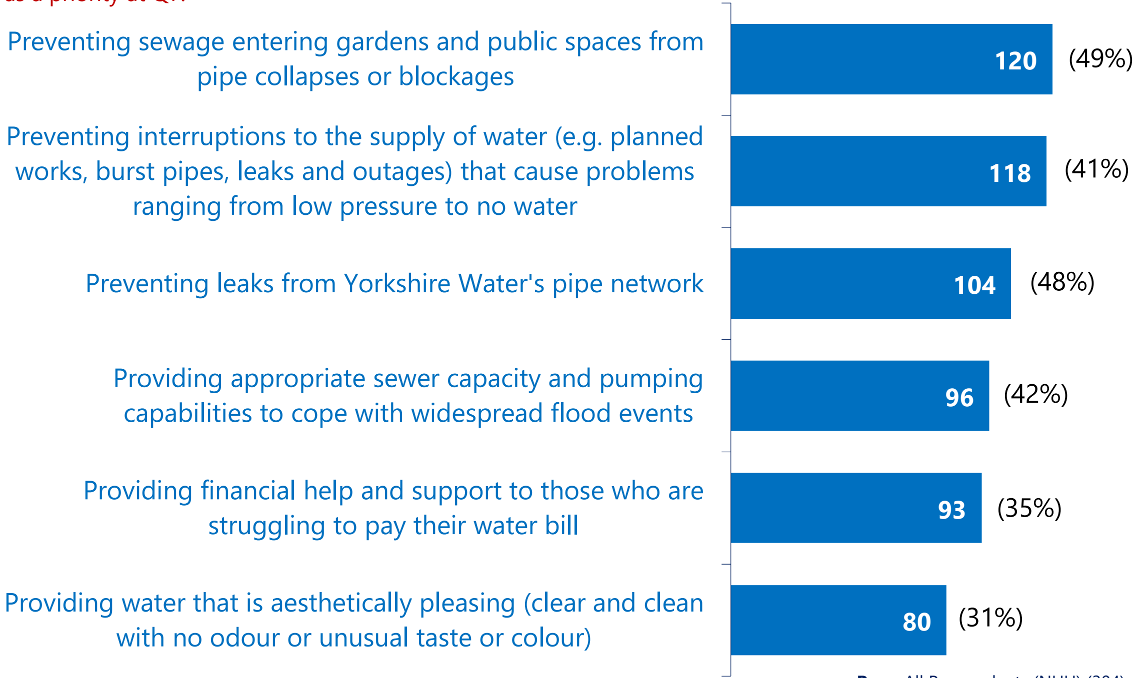
Priorities of average importance for NHH customers are shown here

B

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.

Q6. MaxDiff Priorities (Middle attributes)

- showing those indexed within +/- 20 points of the average -



Base: All Respondents (NHH) (304)

- These midpoint priorities are similar to those amongst HH bill payers, with only a couple of clear differences
- NHH customers place a little more importance than HH bill payers on *'Preventing interruptions to the supply of water…'* (index of 118 vs. 108 among HH bill payers)
- In contrast they place slightly less importance on *'Providing water that is aesthetically pleasing…'* (index of 80 vs. 106 among HH bill payers)

These are priorities of below average importance for NHH customers

B

Numbers in brackets show the proportion choosing that attribute as a priority at Q7.

Q6. MaxDiff Priorities (Bottom attributes)

- showing those indexed more than 20 points below the average -

Base: All Respondents (NHH) (304)

- The lowest priorities amongst NHH customers are the same as those amongst HH bill payers, with a high level of comparability, both in terms of the hierarchy and the indexing against the average

Priorities tend to be grouped & themed

- **Key priorities selected very much depend on who they represent**
  - Those with a wildlife / nature focus selecting attributes which improve the environment or help address climate change
  - Those working with vulnerable customers selecting extra support & keeping bills low for those who are financially struggling

- **Rather than commenting on attributes individually they tend to be grouped & themed**
  - Much less about each of the 28 priorities shown & more about themes (e.g. additional support during cost of living crisis or addressing climate change)
  - Focus is on achieving broad objectives rather than specific tactical actions

- **Interested in additionality**
  - Tend to select aspects which are seen as going beyond 'the day job'
  - Prefer priorities which are pro-active rather than reactive
  - Prioritising some aspects seen as having a positive impact on others (e.g. infrastructure improvements to increase capacity and reduce leakages will all impact on the need to abstract water, CSO, sewerage incidents & environmental water quality)
  - Partnership working seen as sensible to get more done more quickly

"If you go back to basics, providing water that is safe to drink, that's got to be a fundamental purpose of a water company & hanging on that are some of the others, constant water pressure, preventing leaks and repairing leaks, taste, smell, and color, you know, all of those things, hang on it. That's their day job. You deal with wastewater in an appropriate fashion, it doesn't need to be a specific objective"

"I would like to see Yorkshire Water putting more into partnerships and potentially making more money available for environmental works … I recognise people need help and support, you know, & people with disabilities need even more so I would not be able to drop one off that list"

Reoccurring top priorities to focus on

S

Partnership working

For many stakeholders they recognise partnership working is currently good but that it needs to continue & become even more effective

Desire for even more effective partnership working with Local Authorities, house builders, citizens, community groups & charities and Yorkshire Water

A key priority suggested by **all** stakeholders

Recognise many issues indicated in the list of priorities presented need collaboration to solve

Recognise more can be achieved & quicker by working together

Desire to seek opportunities for partnerships to address joint challenges

Tackling / addressing challenges from climate change

A top priority for those in strategic planning roles & wildlife charities

Solutions needed now to address challenges which will be faced – beyond the next 5 years

Covers infrastructure investment, green engineering, education, as well as achieving net zero & partnership working which in themselves will help improve some of the attributes tested around leakages, sewerage & water quality

Being more ambitious

Going beyond core functions

Looking for YW to instigate tangible positive change via proactive activity

Take & be seen to be taking a lead on key issues

Keeping bills low

Although not listed as a specific attribute, conversations with charities involved in debt management, those who look after vulnerable customers & LAs all focussed on increasing financial challenges for more people in the region

Supporting & assisting customers in various ways seen by the stakeholders mentioned above as important

Merged specific attributes tested into a single theme - financial support for those struggling to pay their bills & providing support to those in vulnerable circumstances – joined together into broad theme of YW providing additional help & support

Viewed as an immediate need

Investment in infrastructure

Lots of specific attributes grouped together as engineering issues – e.g. reducing leaks & sewer issues, ensuring can meet future demand.

Green / grey solutions part of the equation for water management & sewerage

For many this is a crucial foundation & starting point which will have knock-on impact on many problems shown in specific attributes (e.g. helping nature & environment).

Recognise this requires a long-term strategy plan but with the need to start now

If not prioritised & started now, costs in long term for customers and the environment will be higher

Reoccurring top priorities to focus on

Partnership working

"Partnership, I think it falls flat if it's done in isolation, I think things needs to be done as a collaboration between all the other sectors"

"Partnership working, that's critical because when you look at water, if Yorkshire Water did their bit, but then the Environment Agency and the council's & maybe drainage boards, or the landowners didn't do anything, the benefits are only going to be so far & limited. That almost is the precursor that's needed before you get into some of the detail"

Investment in infrastructure

"I think it needs to be designed in the context of actually making some real societal & major infrastructure changes. That's a multiple investment plan. So that might be four or five amps that you've got to continue to be committed on this"

"Our system is Victorian & it's not coping. I'd like to see some super sewer schemes like in London"

"From a Rivers Trust point of view, we need to get the treatment of wastewater to a high standard because it's a mess, we shouldn't be pumping raw sewage into our rivers for the number of hours that we are in this day & age"

Tackling / addressing challenges from climate change

"It's the actions you take now & making a long-term change. It is actually easier to look at the short-term challenges & solve those & keep forgetting about the long-term challenges but if you plan well for climate change, it will make you more resilient to responding to other short-term challenges, in my opinion. Even if government loses sight of it which it regularly does because we have [politically] such a short-term system, addressing climate change should be a major priority. I think population growth again with my long-term planning head on, these ones are higher for me"

"It's an issue for us because the natural environment is reacting to climate change & a lot of the work we do will be impacted on by climate change. So flooding, we're likely to get more severe rainfall events, it also might lead to more drought conditions, that's also going to impact on us. So a lot of the work we're doing is to help people become more resilient to climate change"

"So one of the big ones for us as a city is climate change … the efficiency of the infrastructure and preventing leaks is going to become more & more critical as water potentially becomes more and more scarce"

Reoccurring top priorities to focus on

Keeping bills low

"In the current climate, with all other utilities going up, I think the there is no doubt a pressure to minimize those increases [water bills]"

"A priority should be, particularly in the current climate, supporting customers that are struggling to pay bills"

"With the cost of living crisis being as acute as it is, the more urgent need probably is to keep bills as they are or as low as they can be. Not minimising the environmental need, but I think, in the sort of short term that would need to be a priority"

Being more ambitious

"Some of them they just need to do as an organisation because they are a statutory function, whereas some are more in the leadership space particularly on the climate side of it … some of those where you can work in partnership, think strategically and effectively have a bigger change. I think that's where the focus should really be, rather than just doing the bare minimum"

"More in the environmental space. I think some of these things that are corporate or statutory are Yorkshire Water's reason for being, you do that or you go out of business, so it is not something that I would want to amplify any more really … going beyond your core responsibilities, & something that you can actually achieve some change with"

"[SUDs] if Yorkshire Water say yes, we can take on the responsibility to adopt & therefore I think we'd see the number of SUDs increased dramatically across the across the region"

Many recognise challenge of keeping bills low but still make investments to tackle issues

Conundrum recognised – a need for more investment to pay for change but difficult to raise customer bills in current economic climate

Keeping bills low

- Cost of living crisis immediate priority for debt charities and those who work with people in vulnerable circumstances
- All seeing a massive increase in demand for help
- Now seeing those who before were 'just about managing'
- Expect things to get worse in short term as gas, electricity, food, petrol and inflation all goes up
- Although water bill is much lower than gas or electricity any increase in living costs is hard for many to afford
- Can recognise keeping bills the same means less money in real terms given high inflation

A few 'politicians' & environmentalists asked why investments in network not coming from profits or reductions in shareholder dividends or senior pay & bonuses?

Vs

Need to address environmental challenges

- Preparing for more volatile weather patterns
- Increase flood risk & supply challenges
- Net zero – actions needed now to reach future targets
- Reduce water abstraction (environmental charities) by reducing leakage
- Reduce sewerage problems (LAs & environmental charities) by investing in infrastructure

Need to improve infrastructure

- Population increases = greater demands on system
- Network old & needs reinvestment
- Reduce sewerage problems (LAs & environmental charities) by investing in infrastructure
- Costly, long-term commitments but need addressing now
- All go beyond 1 or 2 Amps
- Costs only increase if wait

Hard to see anything as irrelevant but some less of a priority

S

- **Customer service important & expected** but having a comparative measure of being in top half of all water companies often deemed irrelevant (a very internal measure)

- **Preventing likelihood of hosepipe bans seen as a rare occurrence** in exceptional circumstances so resources, staff & funding better focussed on other issues

- **Supporting customers to reduce their water usage seen as only a very small part** of what is really needed for those who know the level of leakages & need to invest more in infrastructure

- Although critical to be providing clean water to drink, providing good & constant water pressure, taking away & treating waste water properly & re-investing in the network to keep doing this is **seen as a core function.** Rather than a priority it is simply expected to be done & done well

- Few suggest additional priorities – as shown a list of 28. However, a couple of stakeholders (a 'politician' & an 'environmental charity') suggested the need for YW to be **more transparent** in how well or badly they are doing especially in terms of volume of leakages & the frequency of CSOs

"I'm afraid to say that overall, there isn't a lot there they could afford to drop & put on the backburner"

"As a customer, I would expect high level of service to my satisfaction. I'm not that interested whether you're number one with Ofwat, or number 17"

"Is it not odd, you look at some of these & you think, shouldn't (you) be doing that anyway. Providing water that is safe to drink. If you're not providing water safe to drink, there's a serious problem"

"Providing water that is safe to drink, that's got to be a fundamental purpose of a water company &, hanging on that, are some of the others such as dealing with leaks, constant water pressure, preventing leaks & repairing leaks, taste, smell, & colour, you know, all of those things, hang on it. Then there's another theme around dealing appropriately with waste"

8. Customer priorities:

Social media posts & complaints data

Language Analysis: customer preferences for YW

- As well as relating to key concerns of safety, affordability & health, the three highest ranked priorities also tend to be the simplest
  - Less internal mental deliberation often drives more positive responses, especially for issues related to survival
- It's also interesting to note that three of the top seven are related to environmental concerns & that environmental concerns become a higher priority when the concept of 'pollution' is invoked
  - Tapping into underlying perceptions of nature as 'pure' and vulnerable as well as powerful evoke responses
  - Pollution concepts are motivating when they threaten 'pure' or vulnerable categories
- Many of the lower priorities are more organisation-focussed & are seen as not directly affecting customers themselves
  - More abstract, difficult to relate to without contextual information

Exploring what matters to customers through secondary data sources

The survey was designed to measure what customers consider to be the most important priorities for YW to concentrate on using a choice-based approach (MaxDiff). Aside from this, other data sources could provide additional insight to help determine what truly matters to customers, so two separate secondary data sources were analysed & the findings are detailed in this section. The main purpose of this analysis was to explore what types of services & activities that YW carries out generate social media posts & direct contact & then to evaluate how this aligns with the hierarchy of priorities established via the MaxDiff.

The data sources used for this were as follows;

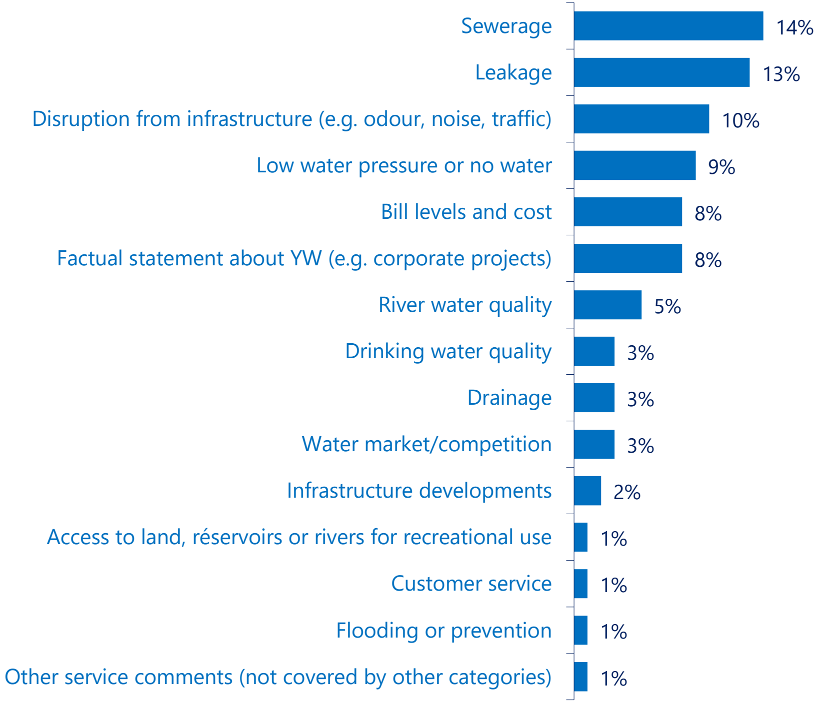
- ***Social Media Data*** – the data analysed is from Jan to April 22 & is based on posts from Twitter gathered by a third party social media analysis company & provided to Qa by YW. Analysis is only based on posts made by individuals & other sources (such as press releases, corporate posts etc.) have been excluded. The analysis explores the content of posts & the sentiment of them, both of which were established through the manual coding of individual posts.

- ***Customer Contact & Complaints Data*** – this data is from Jan 20 to May 22 & covers contacts & complaints received directly by YW from HH customers covering both clean & waste water. Building on the initial categorisation carried out by YW, the content of each contact has been re-classified to align with the 20 priorities tested in the survey (as far as possible).

A range of subjects included in Tweets, with sewerage & leakage mentioned most

Theme of the content of Tweets made by individuals

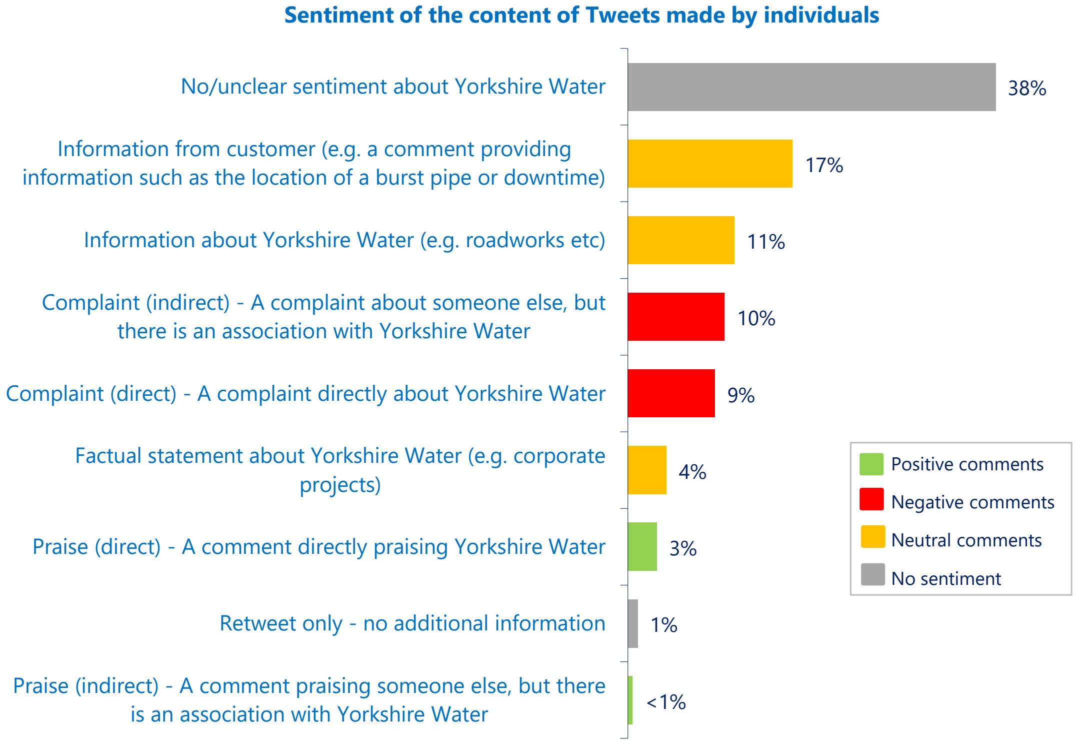
- Showing all specific subjects mentioned in 1% or more of Tweets -



Base: Tweets made by individuals Jan-Apr 2022 that reference Yorkshire Water (1,413)

- The content of Tweets identified as being made by individuals was manually coded into themes based on the broad topic each one referenced & these themes are shown here
- A wide range of subjects are covered by the Tweets, but the real question here is whether the list of topics diverges from the hierarchy of priorities identified by the MaxDiff enough to suggest that some topics may be of more importance to HH customers that the MaxDiff analysis indicates
- Hence, it's notable that *'Disruption from infrastructure…'* which wasn't a priority tested in 2022 (but it was in 2017) features highly, as do comments about *'Low water or no water'*
- Both of these relate to the direct impact on HH customers of YW's service and emphasise that priorities are likely to be increased in importance to customers if they are effected by them directly through the actions of YW

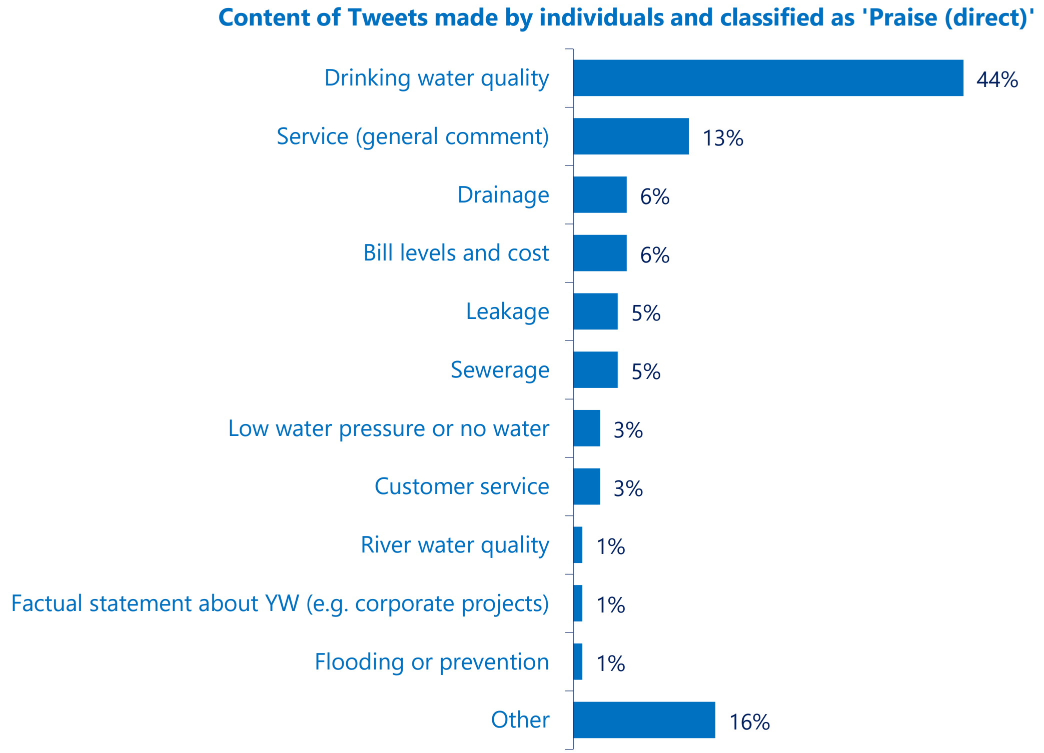
Most Tweets have a neutral tone & don't include praise or complaints



Base: Tweets made by individuals Jan-Apr 2022 that reference Yorkshire Water (1,413)

- The content of each Tweet was coded based on the general sentiment of its content to determine if the publisher was voicing praise for YW, making a complaint or just providing more neutral information, such as an observation or facts
- Most of the Tweets looked at were neutral in their content
- Around 1-in-5 included a complaint either directly about YW or more indirectly (e.g. about the service it provides)
- A small number of Tweets (3%) directly praised YW
- It seems that some HH customers are happy to engage in general discussion about YW's service, regardless of whether they have had a good or bad recent experience

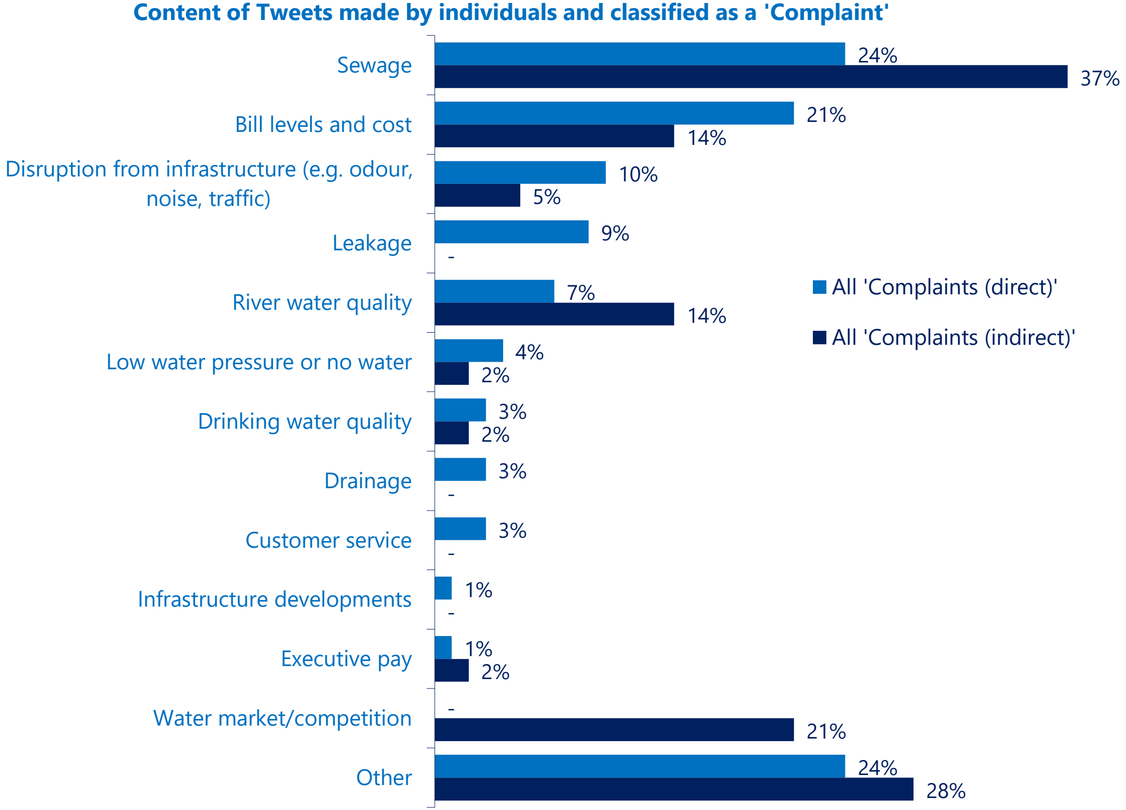
Most Tweets that praise Yorkshire Water relate to drinking water



Base: Tweets made by individuals Jan-Apr 2022 classified as giving 'Praise (direct)' (80)

- This chart shows some detail of the content of Tweets that were classified as being *'Praise (direct)'* for YW
- Praise was most often given for the quality of drinking water e.g.
  - *"Being forced to drink Thames water all your life & then being teased with delicious Yorkshire water like 3 times a year is so painful!"*
  - *"As soon as you get to the Midlands & then further south the taste of tap water is horrible. Yorkshire water in comparison is wonderful."*
- The importance of drinking water to customers is very clear with *'Providing a continuous supply of water that is safe to drink'* rated as the top priority in the MaxDiff & these comments reinforce this & highlight that some customers recognise & appreciate its quality enough to tell others

Tweets including complaints are most likely to relate to 'sewerage'

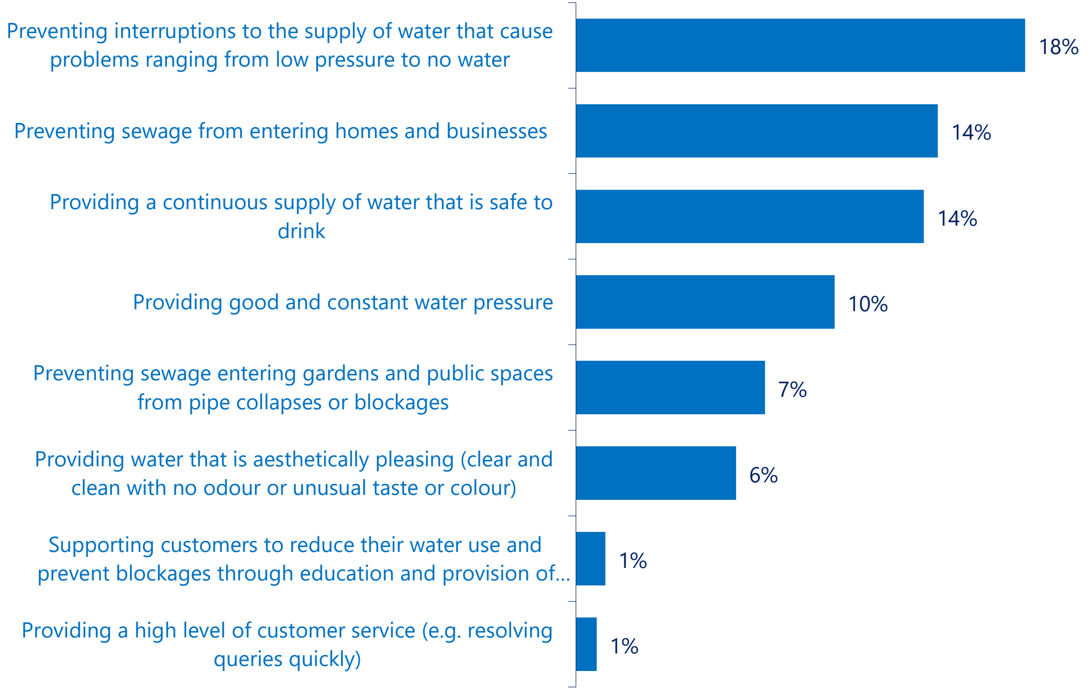


Base: Tweets made by individuals Jan-Apr 2022 classified as being a 'Complaint (direct)' (234) or '(indirect) (43)

- This chart shows some detail of the content of Tweets that were classified as being a *'Complaint'* either made directly about YW or indirectly in relation to the service it provides
- A range of issues are referenced in these types of Tweets, but sewerage does generate complaints such as these;
  - *"@YorkshireWater Stop discharging untreated sewage in[to] water."*
  - *"There's clearly been a sewage dump into my local river, Meanwood beck, recently @YorkshireWater shame on you!!"*
- Sewage treatment & preventing discharges into the environment (e.g. rivers, the sea) are important priorities for customers & these comments underline this & highlight how not meeting expectations can motivate some to publicly voice their disapproval

Contacts received directly by Yorkshire Water align with priorities

Priority area of HH customer contact (Jan 2020 to May 22)
- Showing all priorities with 1% or more -

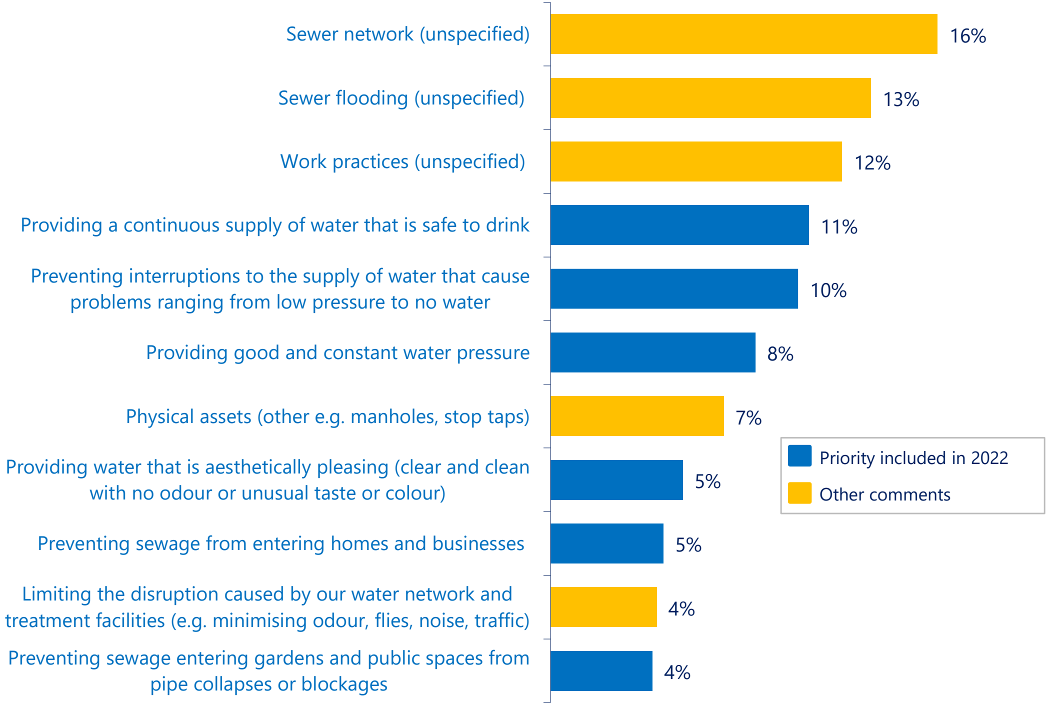


Base: All initial HH customer contacts to the Customer Management Centre relating to clean and waste water Jan 20 to May 22 (323,080)

- In theory, we'd expect to see those priorities identified as important to HH customers in the MaxDiff analysis featuring at the top of this list on the basis that their importance is likely to generate a direct contact
- We see this with *'Providing a continuous supply of water that is safe to drink'* and *'Preventing sewage from entering homes & businesses'* which are 2 of the top 3 most important priorities in the MaxDiff
- Perhaps more surprising is that *'Preventing interruptions to the supply of water…'* & *'Providing good & constant water pressure'* generate a higher level of contact than might be expected given that these priorities are of only average importance
- This suggests that preventing interruptions & low pressure may be of slightly more importance to HH customers than the MaxDiff analysis suggests, particularly if they experience problems with either.

Complaints received are harder to match to the 20 priorities

Priority area of HH customer complaints since January 2020
- Showing all with 4% or more -



Base: All HH customer complaints to the Customer Management Centre relating to clean and waste water Jan 20 to May 22 (32,409)

- Again, in theory, we'd expect to see those priorities that have been identified as important to HH customers in the MaxDiff analysis featuring at the top of this list
- However, classifying complaints data to align with the priorities proved to be challenging & it's not possible to match many complaints with a priority with any degree of confidence (hence the yellow bars)
- What is noticeable from this data (like the contact data on the previous chart) is that both *'Preventing interruptions to the supply of water…'* & *'Providing good and constant water pressure'* do generate a relatively high level of complaints, despite being average or below average priorities based on the MaxDiff
- Again, this suggests that these aspects of service may be of more importance to HH customers, especially if they are impacted by them sufficiently much to actively make a complaint

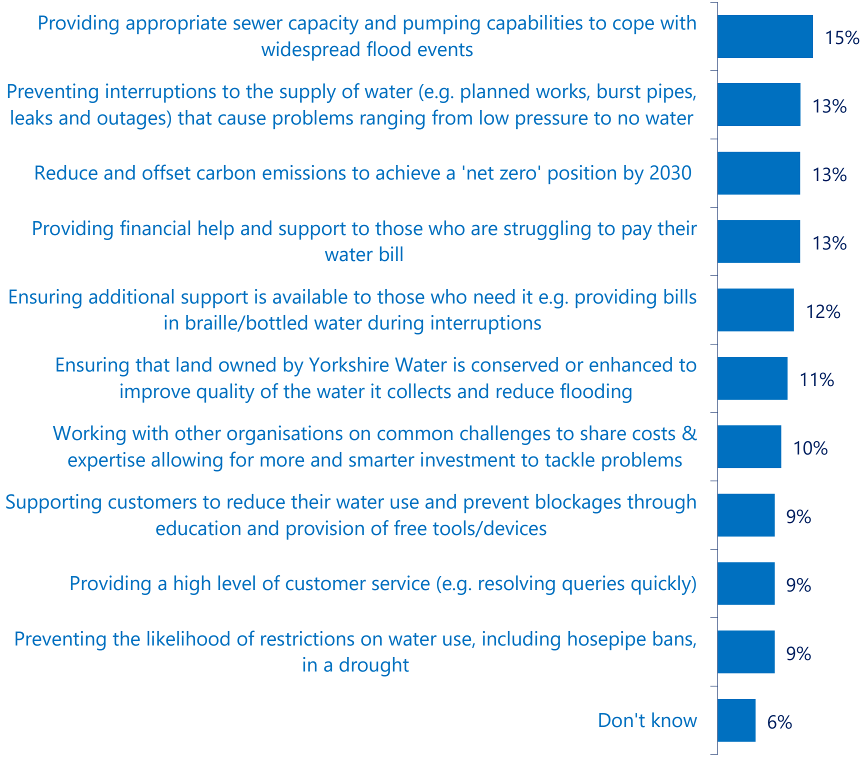
9. Willingness to Pay More
for Yorkshire Water

Mixed views on willingness to pay more in the qualitative sessions

- **Only briefly touched upon** & in principle rather than testing potential amounts
- **Clear that the cost of living crisis is at the forefront of many minds** – especially C2DE where the impacts are already biting
- **Water bill is seen as low** compared to other utilities & Council Tax but cost of living is seen in the round
- **Generally seen as very low for what customers get** when the cost of individual water bill discussed & worked out per day or per week
- **Split in those willing & unwilling to pay** even a small amount more in order to pay for more actions & positive impacts. Often based around personal interests (e.g. if more environmentally focussed so improving river or beach water quality see value in doing more on this as benefits users & nature / wildlife or attitudes towards charity (e.g. paying a £1-2 more to help those struggling) rather than lifestage or social grade
- **Some more open to pay a bit more now** if knowing any small rise will effectively tackle issues resulting in future savings due to better infrastructure, less wastage & therefore less costs. Thought process is that paying a bit more now to reduce leaks & improve infrastructure will end up resulting in bills not going up in the future as costly problems are resolved
- **For some, willingness to pay more** will depend on knowing shareholders & levels of senior renumeration / bonuses are also taking a hit, along with re-investment from profits. Not something they are currently seeing from their gas or electricity providers!

Customers least likely to pay for the lowest priorities for Yorkshire Water

Q8. Which of the areas, if any, below would you be willing to pay more to see Yorkshire Water make improvements?
- Showing the bottom 10 priorities would be willing to pay more for -



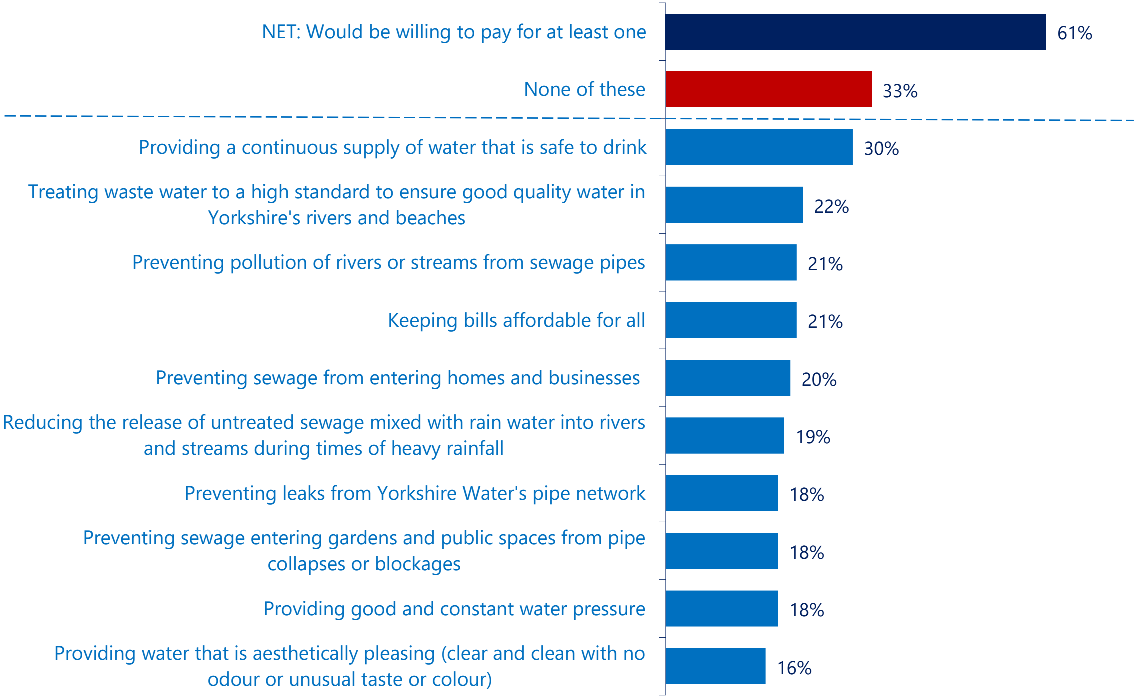
Base: All (HH) Bill Payers (1,499)

- Those priorities that customers would be least likely to pay for are generally the ones recorded as being of the lowest importance for Yorkshire Water to focus on
- As noted earlier in this report, the qualitative research highlighted that many of these are considered to be things that Yorkshire Water should be providing already
- Consequently, HH bill payers are less inclined to want to pay more for their delivery.

6 out of 10 claimed they'd pay for an improvement to at least one priority

Q8. Which of the areas, if any, below would you be willing to pay more to see Yorkshire Water make improvements?

- Showing the top 10 priorities would be willing to pay more for -



Base: All (HH) Bill Payers (1,499)

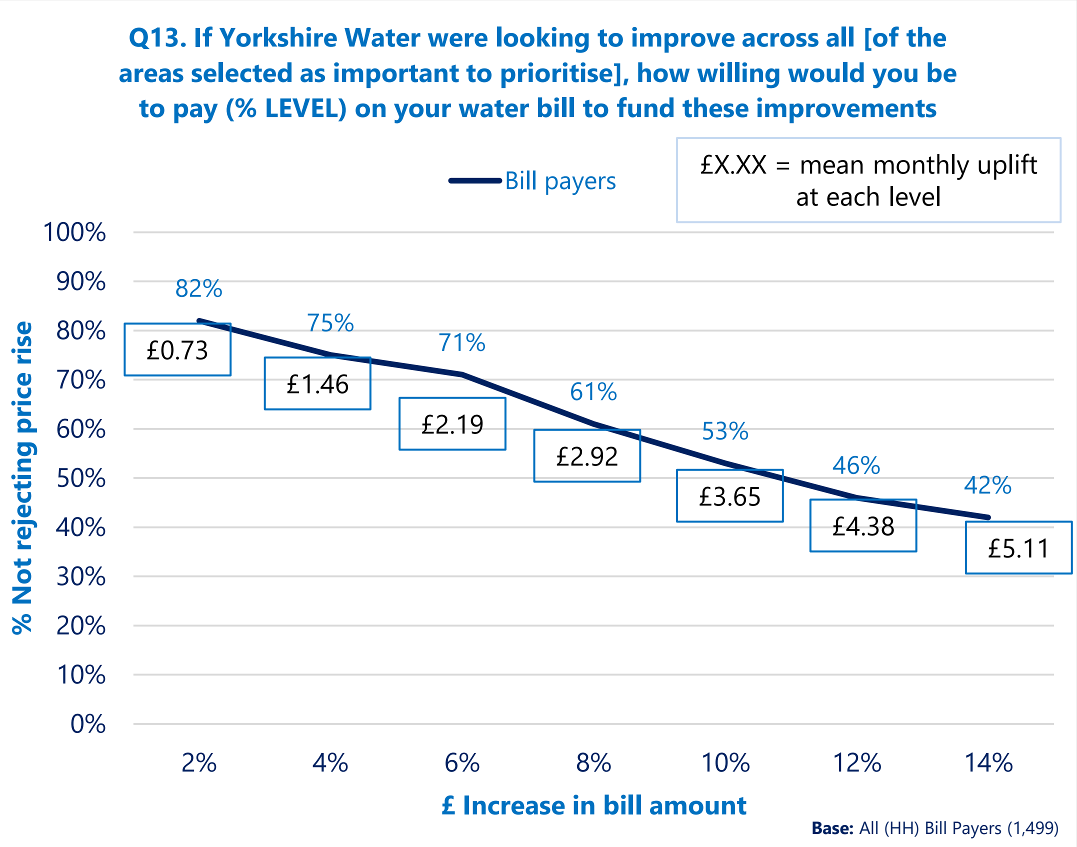
- In total, 61% would be willing to pay to fund at least one of these priorities
- On average HH bill payers chose 3.4 of these 20 priorities when asked which they'd be willing to pay more for to see improvement
- No single one dominated selection & the hierarchy broadly aligns with that established via MaxDiff
- There's obviously a paradox in the fact that 21% said they'd be willing to pay more to *'keep bills affordable'* but other insight (especially from the qualitative) suggests that this is likely to be people who are happy to take a longer-term view about investment & can see the benefit of funding investment now to maintain affordable bills in future

Estimating customers' willingness to pay for improvement

Questions were included to gather indicative data to determine the degree to which customers would be willing to pay to fund improvement in those priorities that they considered to be the most important for Yorkshire Water to focus on. This was done using a technique called **Gabor-Granger** as follows;

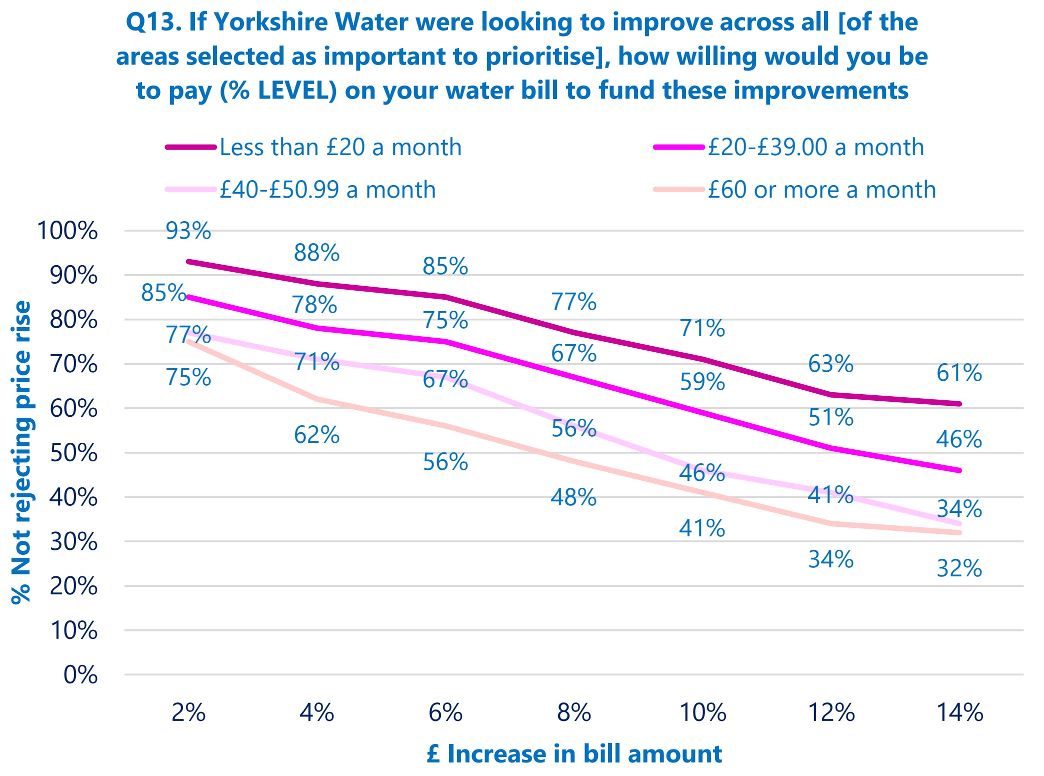
- At Q7, respondents were shown all 20 priorities and asked to choose those that they felt it was essential for Yorkshire Water to prioritise.
- Survey questions were also included to establish each respondent's actual water bill, based on a combination of their payment frequency (e.g. weekly/monthly/quarterly/ biannually/annually) and the amount they pay each time.
- For each respondent, different levels of additional charges were then calculated based on their own water bill. These levels corresponded to an additional 2%/4%/6%/8%/10%/12%/14% for each respondent.
- Then the priorities they had chosen at Q7 were shown to respondents again and they were asked whether they would pay an additional charge equivalent to 6% more on their current bill to help fund these improvements.
- Using the Gabor-Granger method, respondents were then presented with different levels of additional charge depending on their acceptance or not of the initial 6%. Using a systematic approach to presenting the different levels we can establish levels of acceptance of each amongst customers and this is shown on the following slides.

Customers are prepared to pay to see improvements that they support



- It's important to note that each respondent only considered whether they'd pay to see improvements in priorities they'd chosen as being important for YW to focus on (i.e. those that mattered to them)
- Therefore, arguably, these figures represent the best case scenario as they weren't asked to fund things they don't consider important
- Earlier in the survey (at Q8) 61% said they'd be wiling to pay for improvement in at least one of the 20 priorities when given a choice. The data on the left highlight that when presented with actual figures showing how much their bill might increase (& when asked about priorities that they themselves have identified as important) 82% would support a 2% increase to fund improvement and 75% would support a 4% increase
- 42% would support an increase of 14% on their water bill - based on the bill figures provided by respondents in the survey this equates to an average uplift of £5.11 a month on bills.

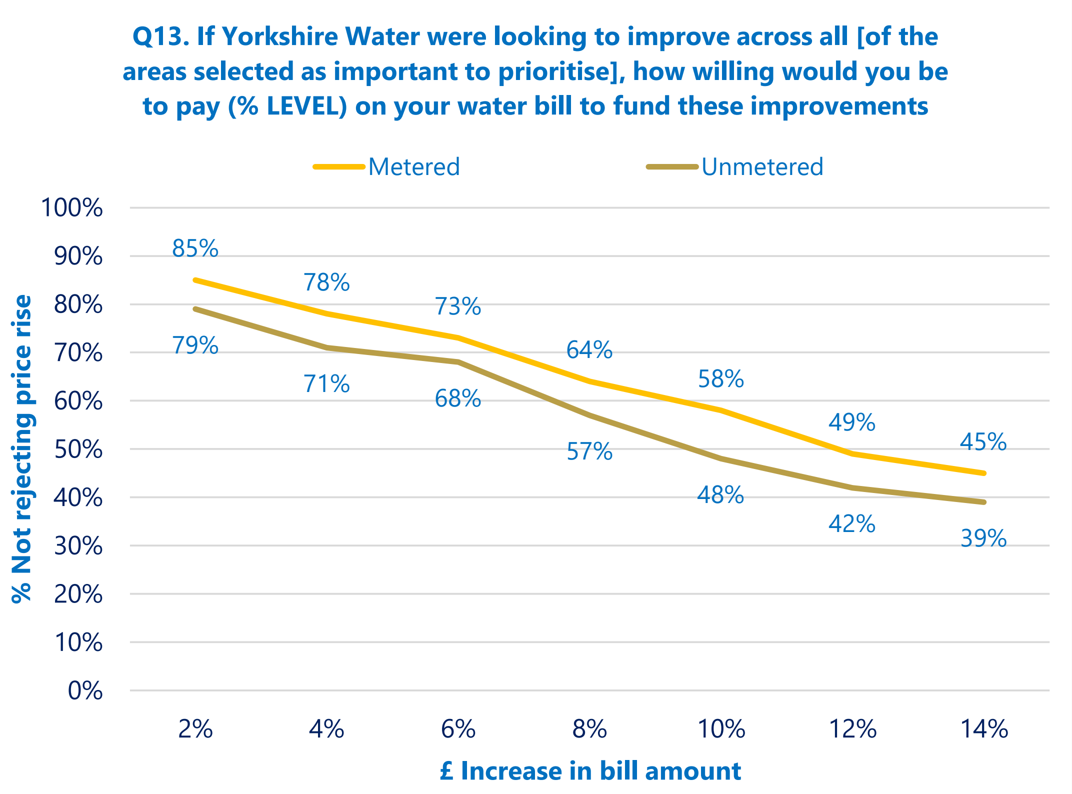
Those paying lower bills are more accepting of increases



Base: All (HH) Bill Payers (<£20: 198, £20-£39.99: 506, £40-£50.99: 301, £60+: 139)

- It's possible to breakdown response to the Gabor-Granger exercise by those paying a different bill amount each month & this is shown on the slide to the left. This data is only based on those who gave a figure for how much they pay each month & anyone who went through the exercise using an average bill amount (as a proxy for their actual bill) has been excluded
- Additionally, all bill amounts have been standardised to a monthly amount, regardless of the payment frequency respondents use
- Splitting responses this way highlights that the less someone pays each month the more likely they are to accept each level of increase
- This is perhaps not surprising, as those with lower bills would pay a lower amount at each level in real terms, which may be more manageable. That said, it's important to remember that the impact of any increase in bills is relative to each bill payer's circumstances no matter how big or small it is

Metered customers are more willing to pay than unmetered ones

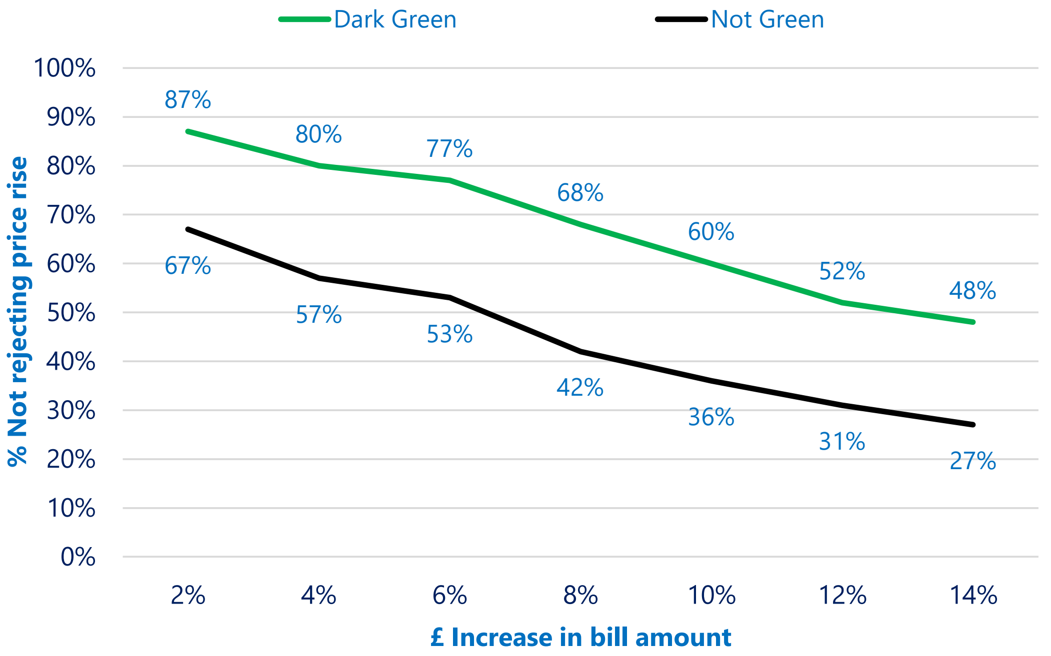


Base: All (HH) Bill Payers (Metered: 765, Unmetered: 645)

- Here we can see how willingness to pay differs between those living in metered & unmetered properties
- We understand that on average metered properties have lower bills than unmetered ones, so the fact that metered customers are slightly more willing to pay at each level is as expected
- In other words, it aligns with the findings on the previous slide which highlight that the lower someone's bill is the more willing they are to pay at each level

Willingness to pay is seemingly linked to green attitudes

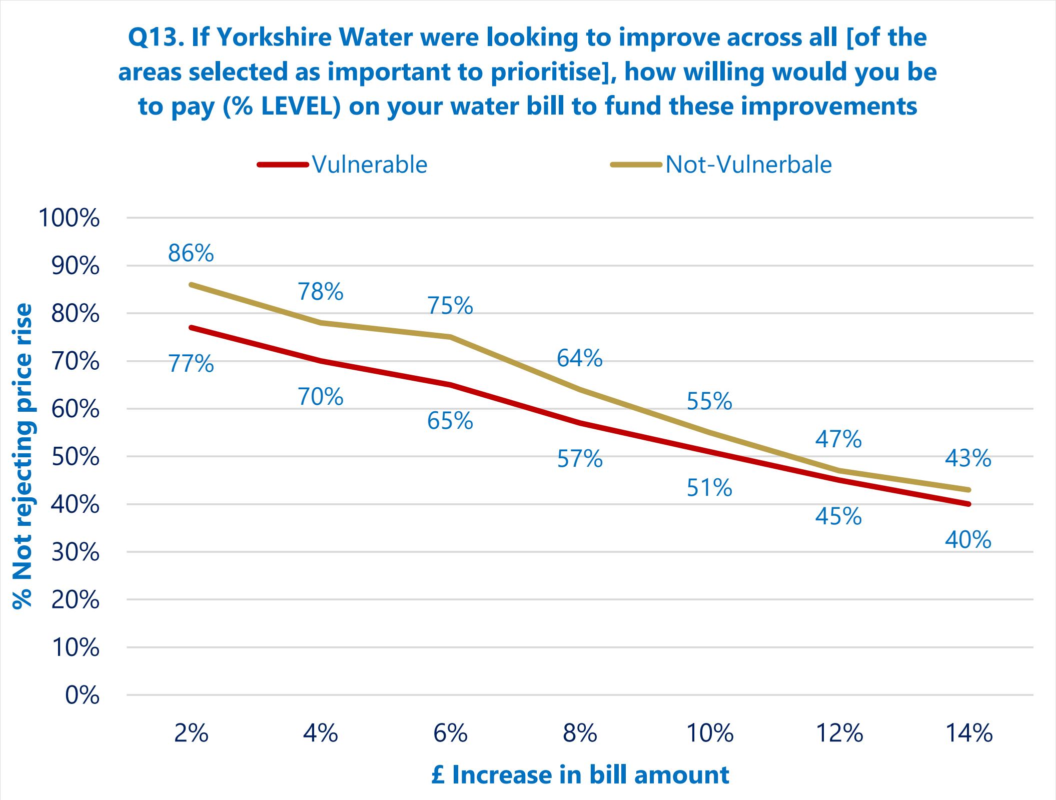
Q13. If Yorkshire Water were looking to improve across all [of the areas selected as important to prioritise], how willing would you be to pay (% LEVEL) on your water bill to fund these improvements



Base: All (HH) Bill Payers (Deep Green: 589, Not Green: 245)

- This chart shows response amongst HH bill payers at the extreme ends of the Green Segmentation (as this is where the biggest contrast is evident) and *'Dark green'* bill payers were consistently more willing to pay to fund improvements than *'Not green'* ones
- Note, that *'Dark green'* were more likely than *'Not green'* bill payers to select environmental priorities as important at Q7 & thus to consider funding these at this question
- Notably, *'Not green'* bill payers were significantly more likely than *'Dark green'* ones to *'never'* struggle to pay all their bills (32% vs. 21%) & less likely to agree that they *'worry about being able to afford my water bill'* (23% vs. 35%) suggesting they may be more able to pay if they wished & that not wanting to is driven by their attitudes
- Supporting this, *'Not green'* bill payers were significantly more likely than *'Dark green'* to say that they'd want future customers to pay for improvements to service (35% vs 15%)

Vulnerable Bill Payers are only marginally less willing to pay



Base: All (HH) Bill Payers (Vulnerable:578, Not-vulnerable: 921)

- This chart shows response amongst bill payers classified as either *'Vulnerable'* or *'Not-vulnerable'* based on their responses to a range of questions about their circumstances
- As was the case in 2017, *'Vulnerable'* bill payers are less willing to pay to see improvements in those priorities that they deem to be important for Yorkshire Water to focus on
- However, it's still the case that at least half of *'Vulnerable'* bill payers would pay up to 10% more on their bill specifically to fund priorities that they deem to be important
- Note that *'Vulnerable'* bill payers indicated in the survey that they tend to pay a slightly higher bill than *'Not-Vulnerable'* ones (£40.33 a month vs. £34.91 a month on average) & this may explain their reluctance to pay more – they are less likely to be metered which may explain this to some degree as we understand that bills for unmetered properties tend to be higher than metered ones on average

Major concerns over price rise; though accepting if benefits clear

B

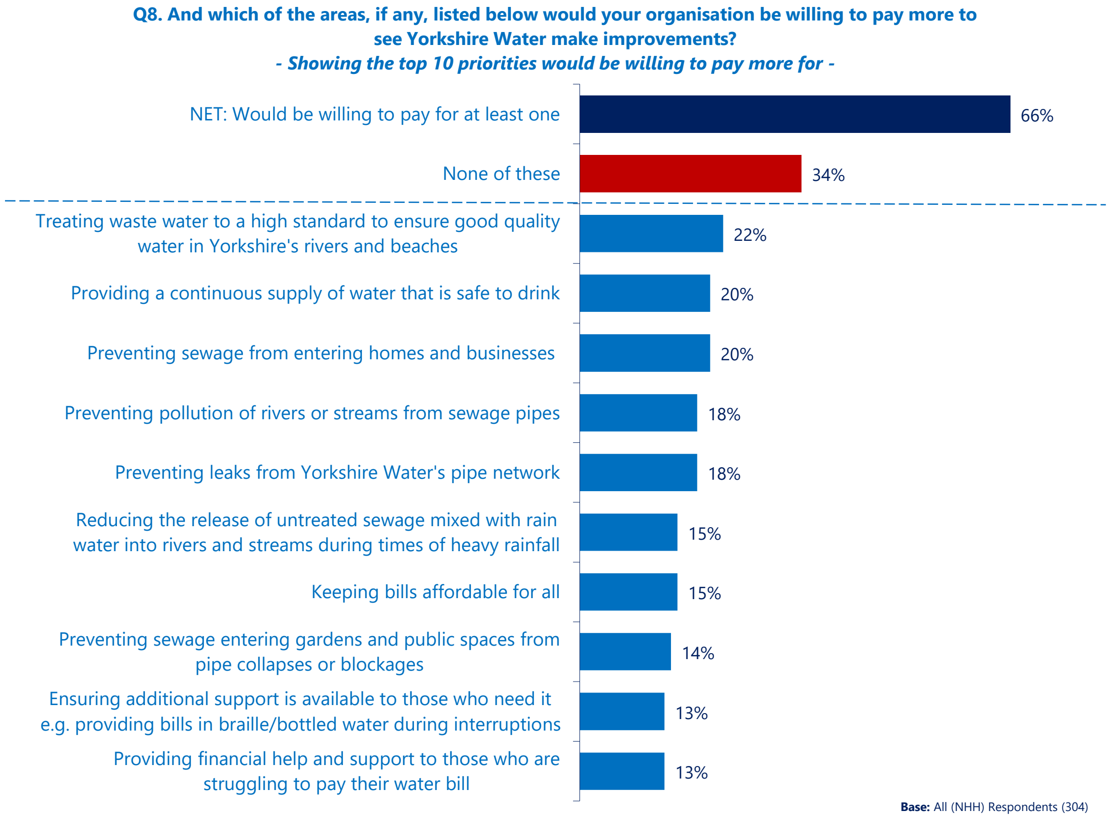
- **Current bills seen as good value compared to other utilities**
  - Also relatively stable unit cost
  - Increasing energy & input / supply costs are a worry for all
- **Business customers worried about their increasing costs**
  - Even though water not the biggest contributor, it is a concern
  - They feel they can't all pass all these costs on to their customers
- **'Willing' is the wrong word, but 'accepting' of having to pay more if priorities right**
  - Transparency needed over what else is being done to negate putting prices up. YW need to show they realise the difficult situation most of their business customers (esp. smaller) are experiencing at the moment
  - Clear communications are important
- **Need to be mindful that even a small % increase for high water users could be particularly unfeasible**

"If I knew that the money was going to go to the areas that I was concerned about then of course I would. If dividends went up I'd be upset."
(Hospitality, Small)

"It I thought things were getting done and I could see it I wouldn't mind. It's when you think nothing is happening you begrudge it. I've got to think about my situation though, I need to keep all my bills down for now as retail has its own challenges."
(Retail, Micro)

2/3 of NHH customers identified priorities they'd fund improvements in

B

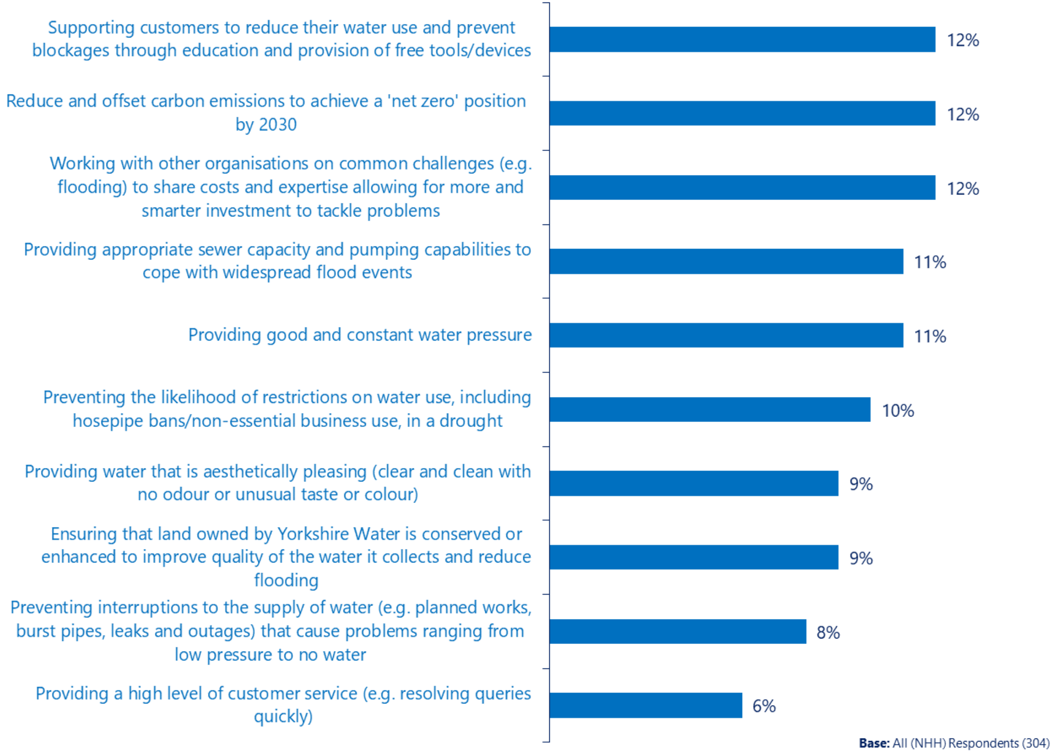


- At this question NHH customers are able to select any of the 20 priorities that they would be willing to pay more to fund improvement in & two-thirds (66%) did select at least one
- Most (52%) selected between 1 & 5 of the priorities and on average they selected 2.7 that they'd be willing to fund to see improvement (this is a slightly lower average than that recorded amongst HH bill payers at 3.4).
- None of the 20 priorities dominated in terms of selection, although those priorities relating to ensuring the delivery & maintenance of good quality water (both drinking water & water bodies within the wider environment) & effective management of sewage appear at the top of this list, rather than priorities relating more to customer service, affordability or other types of Yorkshire Water operations.

Every one of the 20 priorities was selected by some NHH customers

B

Q8. And which of the areas, if any, listed below would your organisation be willing to pay more to see Yorkshire Water make improvements?
- Showing the bottom 10 priorities would be willing to pay more for -

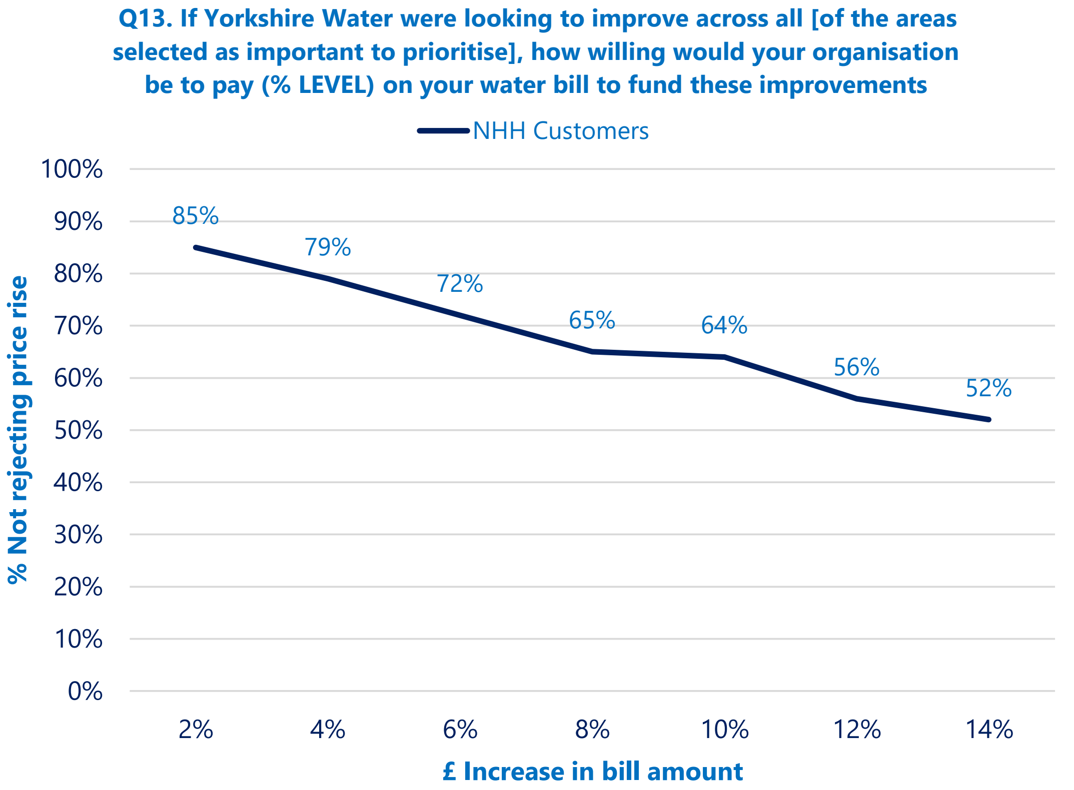


Base: All (NHH) Respondents (304)

- All of the 20 priorities were selected by at least 6% of NHH customers, so there's some degree of willingness to pay to fund improvement in all of them
- It's perhaps surprising that *'Preventing interruptions to the supply of water…'* doesn't appear higher up this list as the qualitative research identified that this is a key priority for NHH customers.
- However, that work also highlighted how interruptions were not seen as a problem and they were considered to be something that Yorkshire Water already manages well to minimise their occurrence. Therefore, it seems likely that many NHH customers don't consider this to be something requiring additional funding

There's clear support amongst NHH customers for funding improvements

B



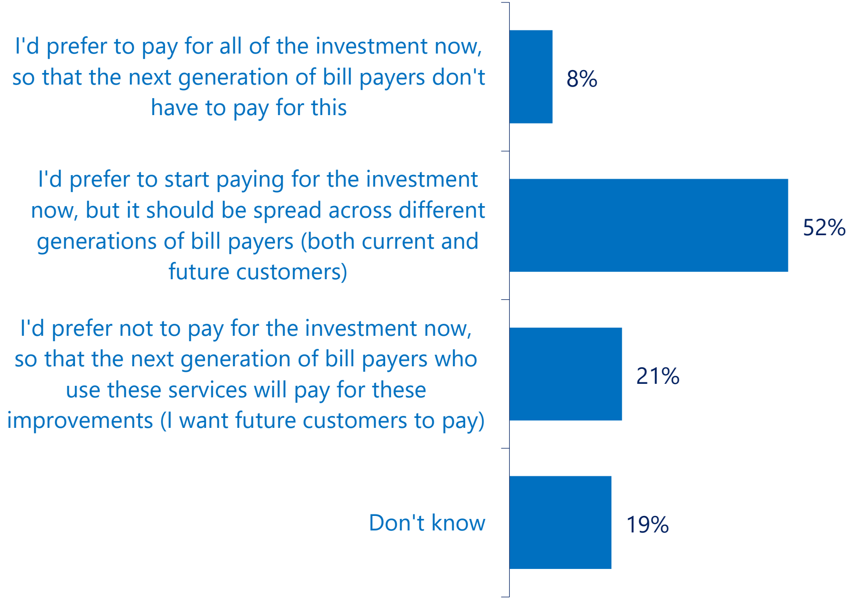
Base: All (NHH) respondnnts who could state their organistion's actual bill amount (213)

- In the Gabor-Granger exercise NHH customers were asked to consider different additional charges on their water bill that they might be asked to pay to fund improvements
- Responses to Q8 identified that 66% of NHH customers would, in principle, be willing to pay to fund improvement in at least 1 of the 20 priorities
- When we actually present figures in £/p to NHH customers in the Gabor-Granger exercise we see a greater willingness to pay with 85% indicating they would pay an addition of 2% on their water charge
- As the amounts they are asked to consider paying increase, the level of acceptance of each price level decreases (as we would expect). However, it remains the case that the majority of NHH customers do not reject paying an increase equivalent to 14% of their water charges to fund improvements in things that they've identified as important

10. Bill Profiling
for future investment

It's preferable for both current & future customers to fund investment

Q18. Should a bill increase be needed in the future to allow for additional investment to make improvements to Yorkshire Water's service, which of the following would describe your prefernce for when this should happen?



Base: All (HH) Bill Payers (1,499)

- Opinion here isn't overwhelmingly in favour of any one of these options and it's important to note that around 1-in-5 said *'don't know'* to this question suggesting they require more detail (e.g. how much they'd pay) to make a decision
- However, it's also the case that the majority of bill payers would like to see additional investment spread across multiple generations (52%)
- Notably, amongst others, there was a greater preference for future customers to fund investment (21%) rather than for the full burden of this to be covered now by existing customers (8%)

Preference is influenced by views towards value currently received

SUB-GROUP ANALYSIS

- HH bill payers who are *'dissatisfied'* with the value for money they receive from YW actually expressed a preference for future generations to pay (42%) rather than any other option. Also, those who felt current charges were *'unreasonable'* had an equal preference for both current & future customers to pay (35%) & for future generations to pay (35%). Evidently, there's likely to be more resistance to paying for investment now amongst those who are concerned about the what they currently get for their money.
- Unmetered customers are more likely than metered to prefer that future generations pay (24% vs. 19%) but amongst both groups their main preference is for both current & future customers to pay (48% & 56% respectively)
- Amongst all age groups, the main preference is for both current & future customers to pay, but there was significantly more support for paying for all of the investment now amongst those aged 18-34 (14%) than those aged 35-64 (8%) or 65+ (4%)
- Although both Vulnerable & Not-vulnerable bill payers were most likely to prefer that both current & future customers pay (43% & 59% respectively), Vulnerable ones were significantly more likely to prefer that future generations pay (25% vs. 18%)

FUTURE BILL PAYERS

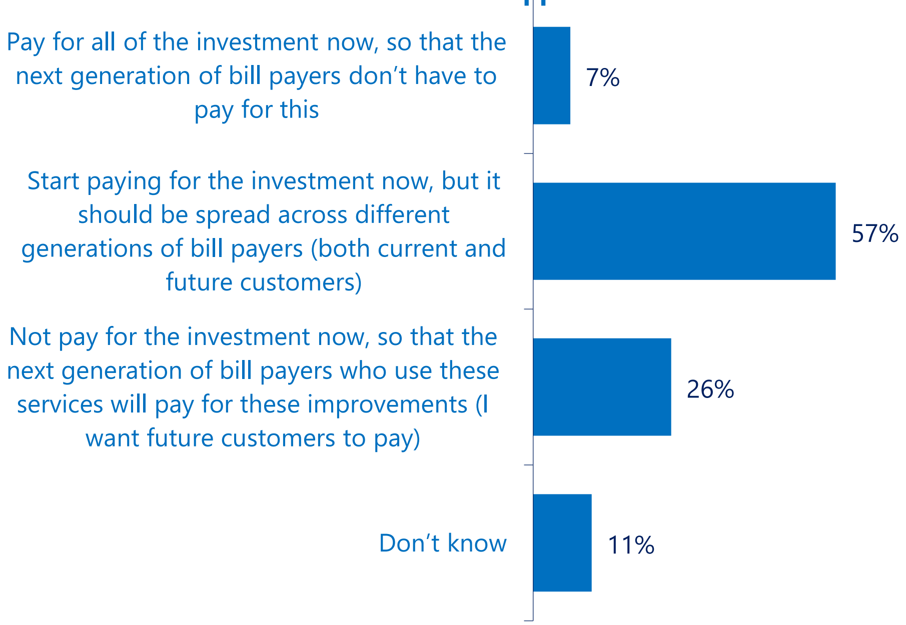
- This group exhibited similar preferences to HH bill payers and the majority would prefer that both current and future customers pay (55%)
- Broadly equal proportions would prefer paying for all of the investment now (11%) and for future generations to pay (15%) and it's therefore notable that moving responsibility on to future generations isn't completely rejected by Future Bill Payers.

NON-BILL PAYERS

- The small number of HH customers who have no responsibility for paying their household water bill (& aren't Future Bill Payers) struggled to offer a preference with 45% saying that they *'don't know'*
- Amongst those that did, they too would prefer that both current & future customers pay (41%)
- 4% felt that customers should pay for all investment now & 10% that future generations should pay

NHH customers have similar preferences to HH customers

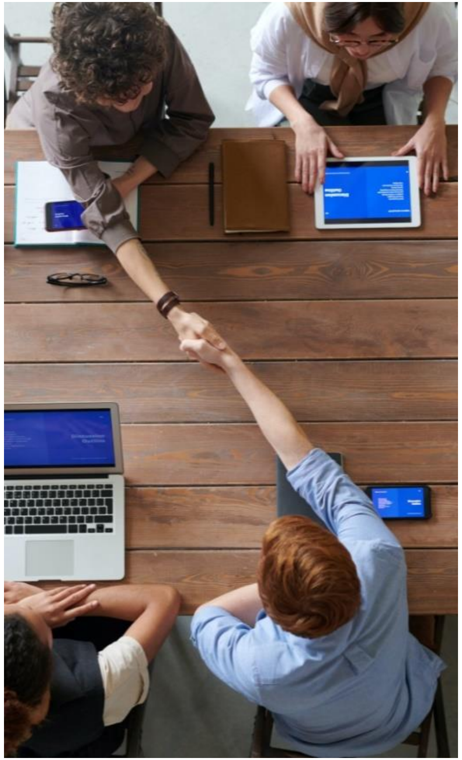
Q14. Should Yorkshire Water need to increase its wholesale charges…in the future to allow for additional investment…, which of the following would describe your preference for when this should happen?



Base: All (NHH) Respondents (304)

- A similar pattern of response to this question is evident amongst both HH bill payers & NHH customers, although NHH customers are a little more certain about what they'd like to happen with fewer (11%) answering *'don't know'*
- Preference is for both current & future customers to pay (57%), then future customers paying (26%)
- There's very limited appetite to *'pay for all of the investment now…'* (7%) - this figure does increase to 14% amongst those who said that water plays *'a significant role'* in the production or delivery of their organisation's service &/or product but even amongst this group preference is for current & future customers to pay (55%)
- Differences exist based on the Green Segmentation with those classified as *'Not green'* significantly more likely to say that future customers should pay (37%) than the other groups, although despite this they were still most likely to prefer that current & future customers to pay (47%),

11. Key Conclusions & recommendations



Key Conclusions (1 of 4)

- This research provides a comprehensive assessment of the views of Yorkshire Water's customers & stakeholders. It identifies the main priorities that they'd like to see the company focus on, alongside detailed explanation of why these things matter so much & why others are felt to be of less importance. In addition, the research provides indicative figures regarding the proportion of customers that would be willing to pay to fund improvements & how much they would consider paying, as well as a range of contextual information to explain customer views & expectations.

- There's a clear expectation that the service provided by Yorkshire Water will work reliably without customers having to think too much about it. Generally, customers have (and would prefer) a passive relationship with the company, a relationship driven in some way by the non-competitive nature of the water market and the impact this has on tempering expectations in contrast to gas and electric providers where competition raises expectations.

- Yorkshire Water is perceived in a more positive way compared to other utilities (gas & electric) which operate in a competitive environment precisely because people are (or have been until very recently) considerably less exposed to negative experiences or information about its performance. From the qualitative research and discourse analysis we can see that as customers find out about Yorkshire Water and its current performance levels against targets, along with any negative press about the company, their attitudes can change.

- Overall, Yorkshire Water's service is considered to work well in the background as customers would like. Satisfaction levels are high and most customers have limited (or no) experience of any service issues, along with a low level of interaction with the company. Moreover, those who have had to contact Yorkshire Water tend to have received a quick resolution to their enquiry and have been satisfied with their contact experience.

Key Conclusions (2 of 4)

- When selecting the most important priorities for Yorkshire Water to focus on, 2 of the top 4 identified in the MaxDiff exercise relate to *'preventing…'* adverse things from happening (in this case sewage entering homes and businesses and pollution of rivers and streams), thereby reinforcing the importance to customers of a service that operates reliably in the background. While, ongoing maintenance is expected, issues perceived as avoidable problems will change the relationship from passive to becoming opinionated and critical. This is evidenced by the type of comments made when customers contact Yorkshire Water directly to complain or make negative social media comments, which are often driven by issues caused when operations infringe on their lives and don't work smoothly in the background. It's a high priority for customers that Yorkshire Water prevents this from happening.

- Most households focus on short-term challenges which have an immediate impact on themselves, with the cost-of-living crisis at the forefront of many minds and an expectation that this will get worse over the next 12 months. This appears to be having a big influence on priorities with *'keeping bills affordable for all'* being second in the ranked list.

- Although the majority of customers currently feel their water bills are reasonable, a third worry about not being able to pay their water bill – does this indicate a possible increase in the numbers of customers who will be seeking financial help from Yorkshire Water in the near future?

- There is an underlying concern amongst customers about water becoming scarcer and the impact we all have on the planet. However, there is also a high degree of complacency with a majority admitting that they take water and sewerage services for granted. This highlights the challenges in getting customers to first recognise and then change their behaviours when it comes to water usage.

Key Conclusions (3 of 4)

- The research highlights that customers consider that the highest priority for Yorkshire Water remains *'providing a continuous supply of water that is safe to drink'*, just as it was when this research was carried out in 2017. Additionally, once again, customers see the importance of Yorkshire Water *'preventing sewage entering homes & businesses'*.

- From a customer perspective the top aspects to prioritise are ones that have an obvious & direct impact on them (e.g. *drinking water quality, bill affordability*) and/or are tangible or ones which generate a visceral emotional reaction (e.g. *anything related to sewerage*) - people tend to think 'self first' so are inclined to prioritise aspects that benefit them above aspects which are seen as much more organisation-focussed or seen as not affecting customers directly.

- Customers also place a high level of importance on Yorkshire Water protecting water quality & water bodies in the wider environment. Specifically, '*preventing pollution from sewage pipes*', '*reducing the release of untreated sewage mixed with rainwater*' & '*ensuring water is treated to a high standard to protect rivers & beaches*' are all priorities identified as being of above average importance to both HH & NHH customers.

- The obvious importance attached to the environment by customers may seem at odds with the importance of the specific priority '*reduce and off-set carbon emissions to achieve a net zero position by 2030*' which is low down on the list of priorities. However, this isn't because as an environmental improvement it isn't considered to be important, but more that many doubted this specific goal can be achieved in the timeframe, while others questioned the limited impact of Yorkshire Water doing this if other larger polluters do not.

Key Conclusions (4 of 4)

- The list of priorities is not the same as a willingness to pay more to improve these. There are many aspects which are deemed important to deliver on but which customers expect Yorkshire Water to do as part of the basic service (including investing in engineering & infrastructure to prevent problems).

- Some aspects are considered a low risk of happening (e.g. *low water pressure*) or sufficiently good enough already (e.g. *customer service*) or something which is part of the 'day job' (e.g. *preventing leaks from Yorkshire Water's pipe network*) and as such are expected to be done anyway, which places them further down the list of priorities.

- There's a balance required to keep bills affordable whilst also investing in engineering and infrastructure to prevent issues such as sewage causing problems and also because investing in these areas is recognised by customers as a long-term way to reduce bills, bringing efficiencies & reducing costs in the long run. Most customers recognise the need to spread the cost of this type of investment across generations and even with the current cost-of-living crisis there's little support for pushing this costs solely onto future generations.

Recommendations (1 of 2)

- In the current financial climate of uncertainty and concern the focus on keeping the water bill affordable has grown in prominence, yet ongoing and increased investment especially in infrastructure to prevent problems is expected as part of the normal water bill. Despite this difficult balance, Yorkshire Water is expected to deliver on both and for this to be discernible to customers.

- Yorkshire Water is expected to do the 'right thing' in terms of protecting the environment and this is focussed heavily on reducing sewage pollution and preventing problems through sufficient infrastructure investment. There's additional scrutiny on this at present, so progress is likely to be expected by customers.

- If Yorkshire Water experiences challenges which become newsworthy (e.g. drought conditions, contamination of clean water, sewage discharges, publicity over executive renumeration) this is likely to impact on its ability to operate quietly in the background as customers would like and in turn this may require a proactive approach to counter this with more positive &/or constructive messaging about the company before negative narratives become embedded.

- The research suggests that plans should be put in place to provide greater support and assistance to the increasing numbers of customers who expect to struggle to pay their household bills. However, expect a strong reaction if the burden to pay for this falls on other customers rather than coming from profits.

Recommendations (2 of 2)

- Getting customers to change their water usage behaviours will require a change in shared norms, which itself needs education and communication. Many customers are concerned about the environment but already feel they are doing their bit. They do not know what else they can do. Any change in customer behaviour needs to be easy to adopt and not cause much, if any, inconvenience to their existing routines. It is easier for household customers to accept change if they see this as a partnership with Yorkshire Water, industry and agriculture also doing their part (hence the negative impact when they see leakage figures).

Appendix:
survey sample profile

HH bill payers sample profile: *weighted and unweighted profile*

	HH bill payers customer profile	Weighted bill payer completes		Unweighted bill payer completes	
	%	n	%	n	%
Gender		*n*	%	*n*	%
Female	49%	733	49%	791	53%
Male	51%	763	51%	706	47%
Age					
18-34	18%	270	18%	408	27%
35-44	17%	255	17%	245	16%
45-54	20%	300	20%	222	15%
55-64	17%	255	17%	268	18%
65+	28%	418	28%	356	24%
SEG					
ABC1	48%	704	47%	834	56%
C2DE	52%	763	51%	633	42%
Base: All (HH) bill payers		**1,499**		**1,499**	

HH bill payers sample profile: *weighted and unweighted profile*

Region & Local Authority	Weighted		Unweighted	
	n	%	n	%
North	***238***	***16%***	***220***	***15%***
Craven	30	2%	26	2%
Hambleton	29	2%	25	2%
Harrogate	78	5%	72	5%
Richmondshire	24	2%	22	1%
Ryedale	5	0%	5	0%
Selby	12	1%	11	1%
Scarborough	19	1%	18	1%
York	40	3%	41	3%
South	***401***	***27%***	***323***	***22%***
Barnsley	31	2%	23	2%
Chesterfield	16	1%	12	1%
Doncaster	207	14%	166	11%
Rotherham	45	3%	36	2%
Sheffield	102	7%	86	6%
East	***178***	***12%***	***232***	***16%***
East Riding of Yorkshire	73	5%	99	7%
Hull	106	7%	133	9%
West	***669***	***45%***	***712***	***48%***
Bradford	277	18%	307	20%
Calderdale	55	4%	55	4%
Kirklees	150	10%	156	10%
Leeds	144	10%	150	10%
Wakefield	44	3%	44	3%
Don't know	*12*	*1%*	*12*	*1%*

Base: All (HH) bill payers (1,499)

Key Characteristics	Weighted		Unweighted	
	n	%	n	%
Customer Vulnerability				
Vulnerable Customer	605	40%	578	39%
Non Vulnerable Customer	894	60%	921	61%
Water Meter				
Yes	766	51%	765	51%
No	662	44%	645	43%
Disability in household				
NET: Yes	387	26%	353	24%
No	1071	71%	1105	74%
Ethnicity				
NET: Asian/Asian British	58	4%	73	5%
NET: Black/African/Caribbean/Black British	14	1%	19	1%
NET: Mixed/Multiple ethnic groups	23	2%	26	2%
NET: Other ethnic group	3	0%	4	<1%
NET: White	1390	93%	1365	91%
Children in household				
Yes	392	26%	421	28%
No	1094	73%	1063	71%

Base: All (HH) bill payers (1,499) - ***'Don't know' and 'Prefer not to say' not shown***

NHH customers sample profile: *weighted & unweighted*

B

SIC	Weighted		Unweighted	
	n	%	*n*	%
A - Agriculture, Forestry and Fishing	5	2%	1	0%
B - Mining and Quarrying	-	-	-	-
C - Manufacturing	23	8%	33	11%
D - Electricity, Gas, Steam and Air Conditioning Supply	2	1%	9	3%
E - Water Supply; Sewerage, Waste Management and Remediation Activities	2	0%	8	3%
F - Construction	28	9%	17	6%
G - Wholesale, Retail Trade, Repair of Motor Vehicles and Motorcycles	56	19%	60	20%
H - Transportation and Storage	17	5%	5	2%
I - Accommodation and Food Service Activities	19	6%	8	3%
J - Information and Communication	18	6%	14	5%
K - Financial and Insurance Activities	7	2%	32	11%
L - Real Estate Activities	13	4%	6	2%
M - Professional, Scientific and Technical Activities	47	15%	19	6%
N - Administrative and Support Service Activities	26	9%	14	5%
O - Public Administration and Defence; Compulsory Social Security	1	0%	3	1%
P - Education	6	2%	17	6%
Q - Human Health and Social Work Activities	14	5%	25	8%
R - Arts, Entertainment and Recreation	7	2%	15	5%
S - Other Service Activities	14	5%	18	6%
Base: All (NHH)customers (304)				

NHH customers sample profile: *weighted & unweighted*

B

Key characteristics	Weighted		Unweighted	
	n	%	*n*	%
Size				
Micro (1 to 9)	243	80%	*266*	*89%*
Small (10 to 49)	26	9%	*28*	*9%*
Medium-sized (50 to 249)	17	6%	*5*	*2%*
Large (250+)	18	6%	*1*	*<1%*
Type. of Premises				
Net - Not home based	**140**	**46%**	**217**	**71%**
Office (not serviced)	43	14%	58	19%
Serviced office	34	11%	66	22%
Retail unit (e.g. shop, restaurant etc.)	27	9%	37	12%
Industrial unit	17	6%	34	11%
Manufacturing unit	12	4%	32	11%
Warehouse/storage	10	3%	30	10%
Lab or research facility	3	1%	8	3%
Undeveloped site/land	6	2%	5	2%
Home-based	**176**	**58%**	**105**	**35%**
Net - Something else	1	<1%	5	2%
- School	1	<1%	3	1%
- Hospital	0	<1%	2	1%
Don't know	4	1%	6	2%
Base: All (NHH) customers (304)				

NHH Customers – importance of water to operations

B

Q1a. On a scale of 1 to 10, how critical would you say water is to the running of your business? Where 10 is extremely critical, 1 is not at all critical.	***n***	**%**
Net - 0-3 (Not critical)	132	43%
Net - 4-6 (Neither)	71	23%
Net - 7-10 (Critical)	99	33%
Don't know	2	1%
Q1b. Does water play a significant role in the production or delivery of the service and/or product provided by your business (e.g. food manufacturing, farming, hair dressers, coffee shop/restaurant or use in customer services)?	***n***	**%**
Water plays a significant role in the production or delivery of the organisation's service and/or product	73	24%
No, water does not play a significant role in the production or delivery of the organisation's service and/or product	231	76%
Base: All (NHH) respondents (304)		

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