



The Impact of Cost of Living on Climate Change Perceptions

October
2022



InSites Consulting



Background

Objectives

The Cost-of-Living Crisis has been impacting on consumers and businesses across the UK during 2022. Yorkshire Water has seen evidence of this in various research topics, and in July we saw indications that CoL might now be impacting the importance customers place on climate and sustainability, as affordability takes priority instead.

To help support future strategy around Climate Change and achieving Net Zero targets, Yorkshire Water now wish to understand:

- What are the current concerns for customers?
- How much importance do customers place on efforts to improve sustainability and 'Net Zero' goals in particular?
- Has concern for, and behaviour towards sustainability changed in the past 12 months?
- Do customers support the Water Industry's Net Zero target, and how do cost implications impact this?

Methodology



We ran a survey on the Your Water community

DATE: 10th – 17th October 2022



442 members of the community took part

Key insights & recommendations



Key insights

In the current climate, the **cost-of-living crisis is the biggest concern** for customers. This alongside other recent issues in the government and NHS are top of mind – more so than climate change.

However, **climate change is still considered important**, despite less news coverage relative to recent issues. It is one of the top issues people want to see the government address in the future.

There is still a strong belief that **government and businesses need to address climate change** and most believe they personally consider climate change in their own decision making. Many feel they do all they can, but others can't afford to do so, and some don't know where to focus.

Customer understanding around Net Zero remains limited, but there's still support for Yorkshire Water doing all they can to better protect the environment. **1 in 3 believe the 2030 target should be a top priority**, but agreement is divided on whether customers should be funding this.



Recommendations

1. **Move forward with the 2030 target with caution.** Though most want to see progress in this area, affordability is a key concern and some take issue with customer funding. Consider where sacrifices can be made on lower priority projects to help fund this initiative.
2. For those viewing climate change action as a lower priority, **education will be essential.** Demonstrate in laymen's terms what Net Zero entails, and what impact that will have on the environment, with local area specific comms.
3. Negative press around pollution will undercut and discredit work undertaken in this area. **Comms will need to be handled carefully** to emphasise the importance of this work without sounding hypocritical. Frequently sharing updates on this initiative, in addition to other positives steps taken elsewhere will help temper the view that Yorkshire Water need to do better.



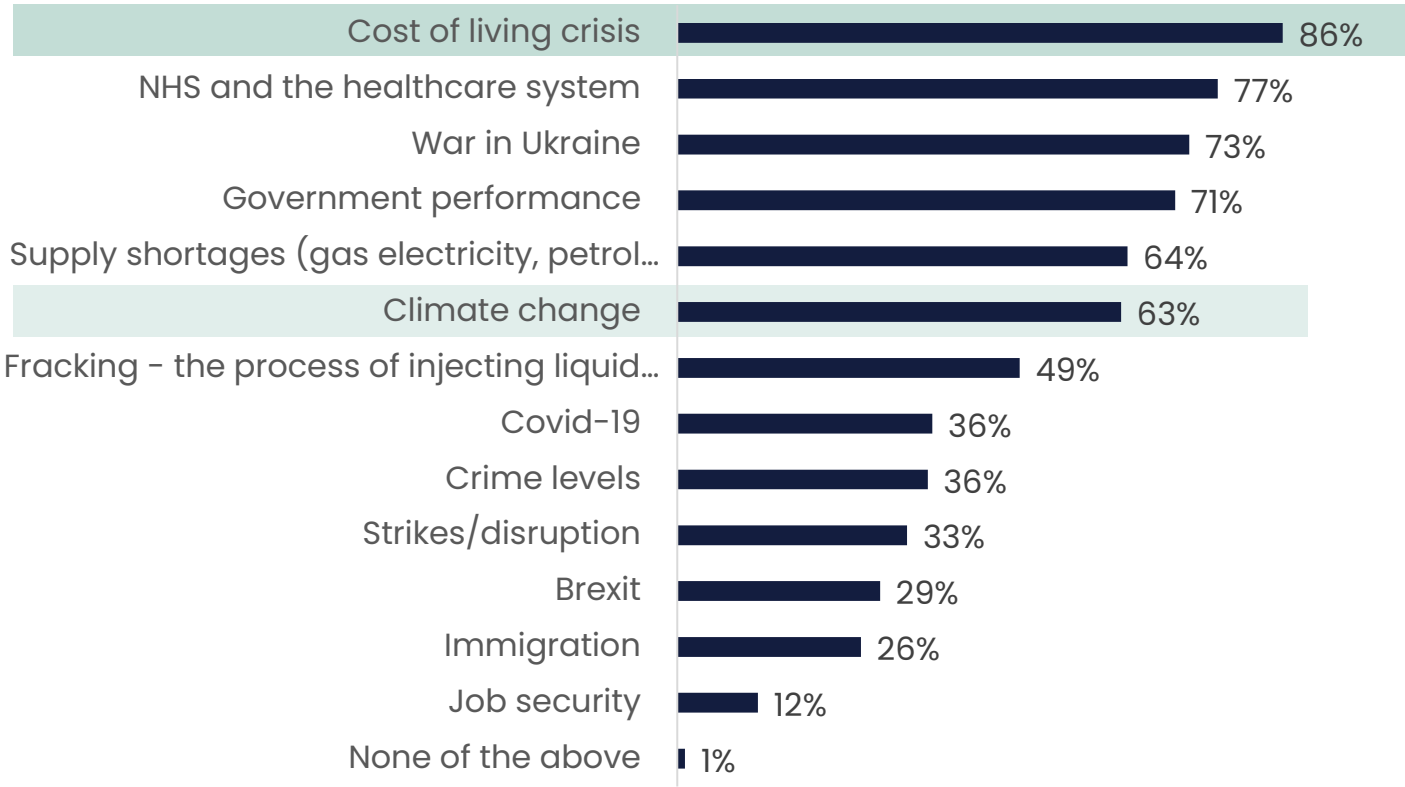
Current Concerns

There's widescale concern around a myriad of national issues, but Cost of Living is undoubtedly top of mind



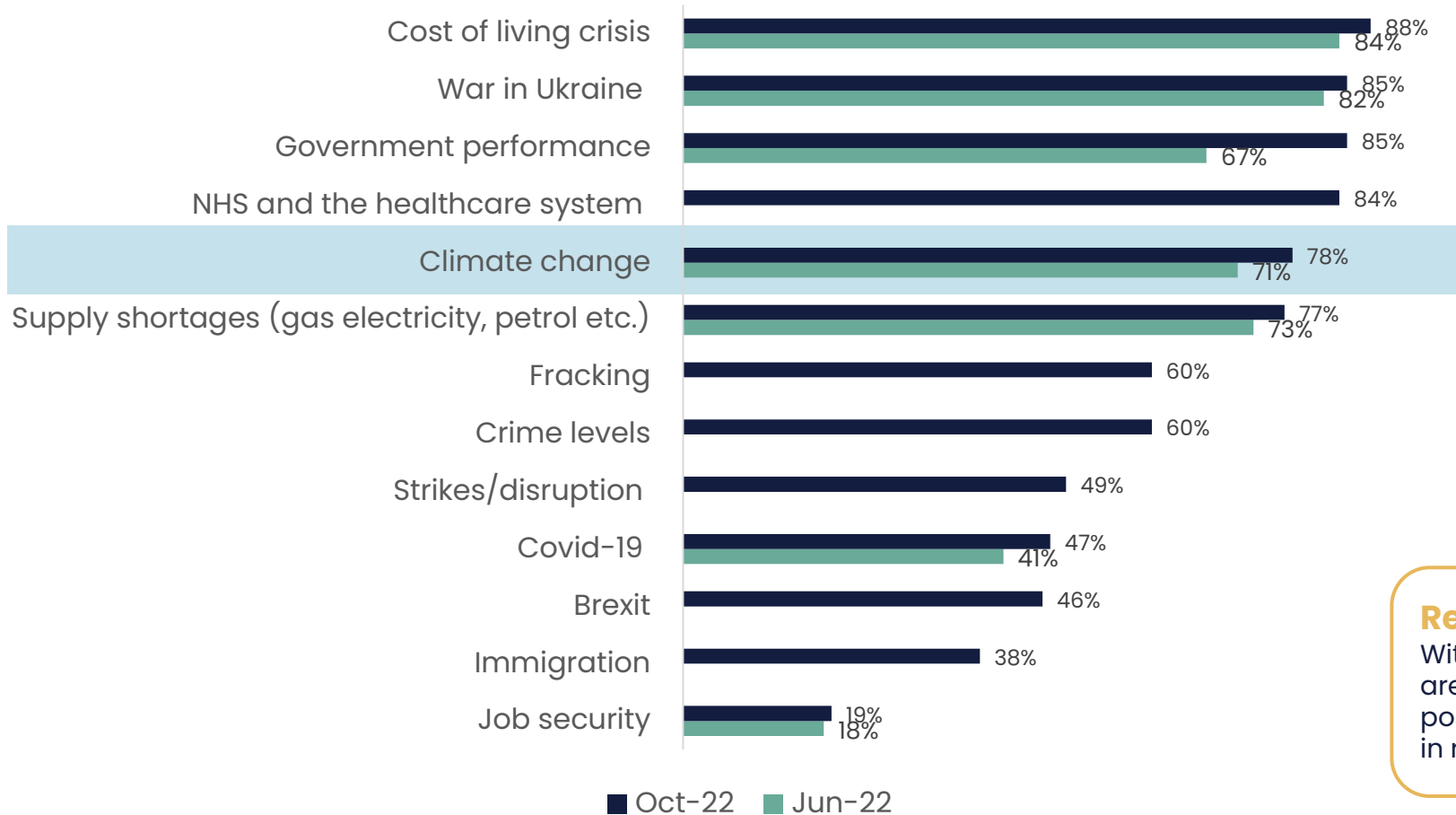
It's a troubling time for customers, with CoL hitting right after a challenging period during the Covid pandemic

% Concerned



While future government performance worries have escalated, climate change concerns remain stable

Thinking about the future, % feel more worried about...



■ Oct-22 ■ Jun-22

Change in views on climate change (past year)



34%

Bigger priority



62%

No change



3% Less of a priority

Sig higher:
Not financially
vulnerable

Sig higher:
Financially
vulnerable

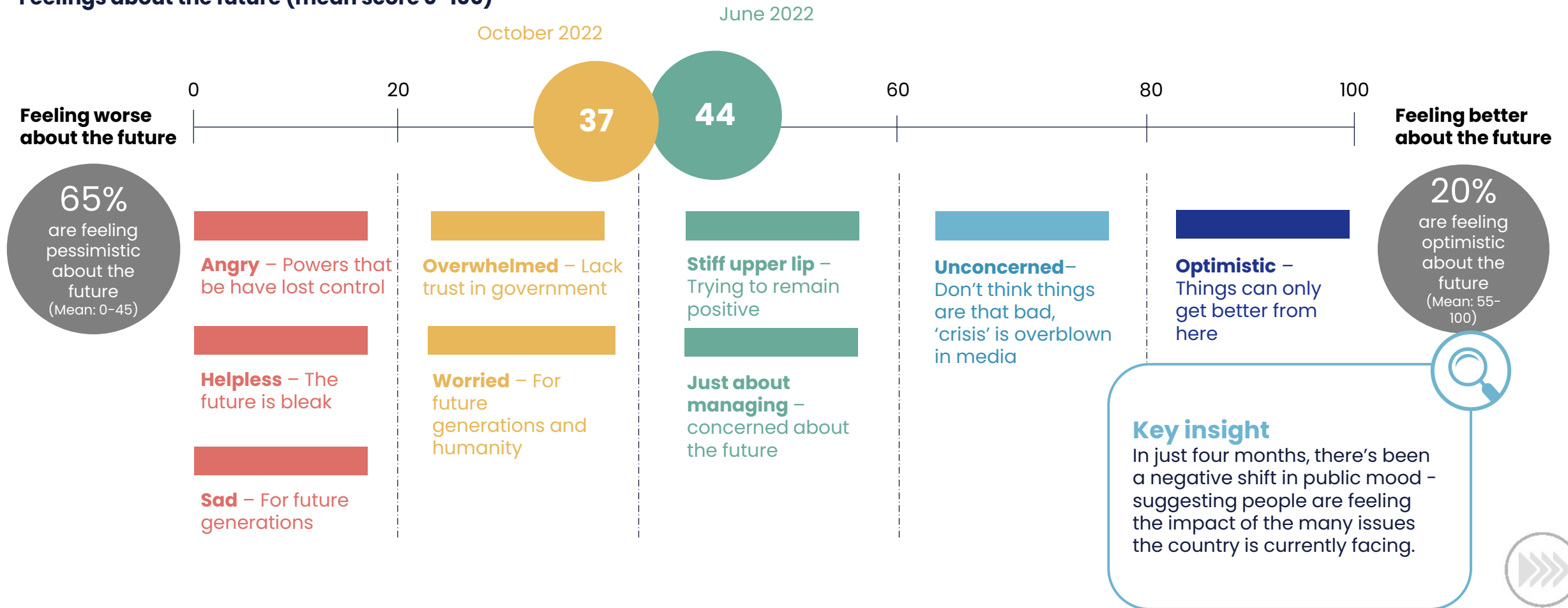
Recommendation

With less concern over the current cost of living; those who are 'not financially vulnerable' may be in a more privileged position to focus on climate change, and their own actions in relation to it. But this is not the case for the majority.



People are increasingly finding it difficult to remain positive, with more feeling overwhelmed and worried

Feelings about the future (mean score 0-100)



When considering their feelings toward the future, few spontaneously reference climate change

"I do not see how I am going to be able to live with the cost of everything going up at an alarming rate. The future is very bleak."

*"Terrible government decisions. The complete lack of compassion and understanding this government has. No forward planning, no real commitment to tackling **climate change**. **Brexit** and the damage it has done. The **destruction of the NHS**. Massive divisions between the rich and poor which are getting wider..."*

Angry, helpless & sad

*"**Struggling with money and pension**, can't see any possibility of increasing income to match rising costs even though I try to be very frugal."*

*"There are so many things, most importantly **climate change**. Closer to home, the **cost-of-living crisis** is causing misery for so many with no solution in sight."*

Overwhelmed & worried

"We just manage so I am concerned how things will change in future and if we will no longer be able to manage."

*"I try and always be positive and a glass half full type of person however, with everything that is going on and a totally inept situation with government **I feel a bit lost really, money is tight, and we are going into what could be a difficult winter.**"*

Stiff upper lip & Just about managing

"I do not think things are as bad as the media make out. Things are going up in price, but I am positive."

"I am more a glass half full person and I hope that this is just a blip and surely things can't get any worse. Also, I look at the people from Ukraine and realise how lucky we are not to be in their position."

Unconcerned

Key insight

Climate change isn't the driver of increasing anxiety about the future. However, for some it's part of the wider context that makes them view the future with even more trepidation.

"Financially secure and healthy."

"Good work prospects and hopefully buy a self-sufficient house."

Optimistic



However, when considered in isolation, climate change is still very much on customers' minds

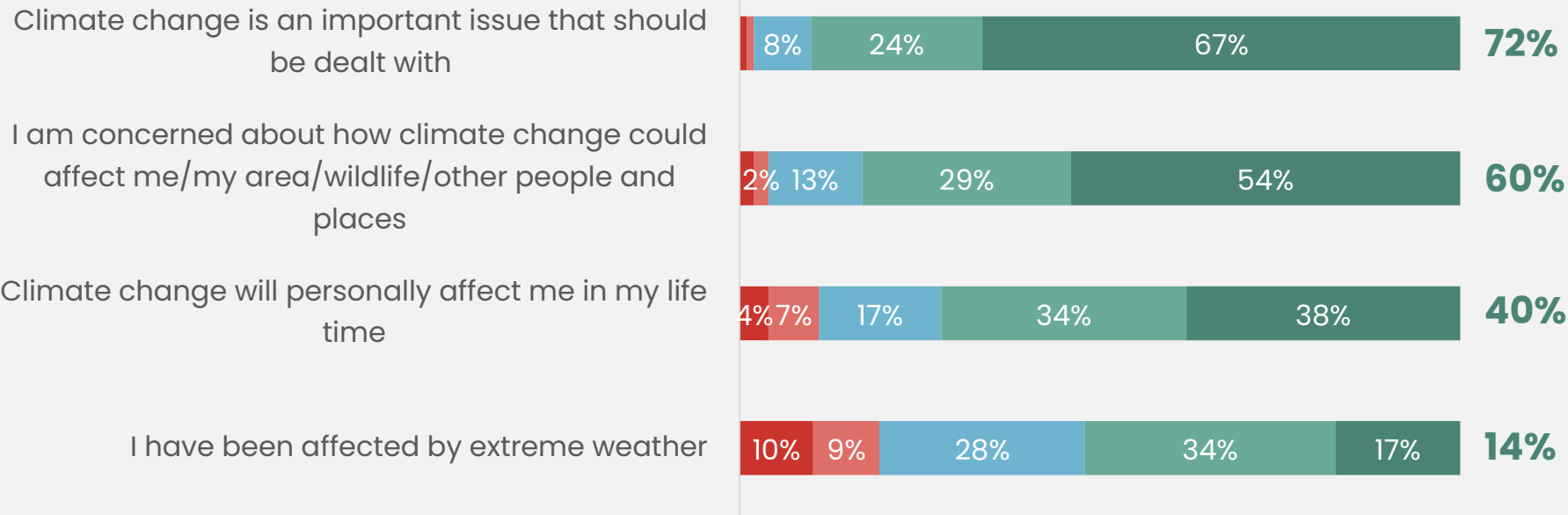


82%

Say climate change is important to them (50% very important, 32% somewhat important)

% agree vs disagree

Climate change
Sept 2022 (top box)



■ Don't agree ■ Don't really agree ■ Neutral ■ Somewhat agree ■ Fully agree

Key insight

Relative to new crises/issues heavily featured in the press at present, climate change isn't as great a concern for people at the moment. However, fundamentally it is still considered a key issue that must be addressed and therefore is still considered important.

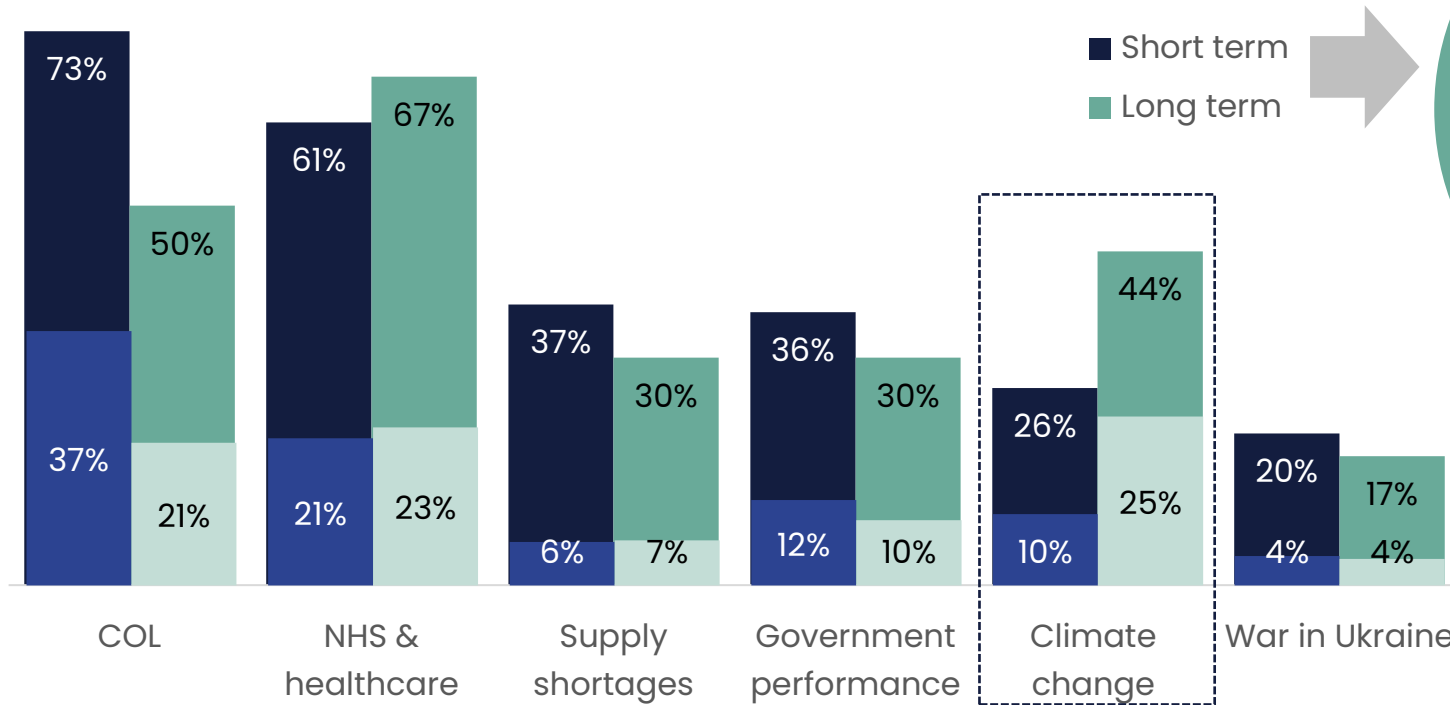


In the short-term, people need to see the COL addressed, but going forward climate change will be a top priority

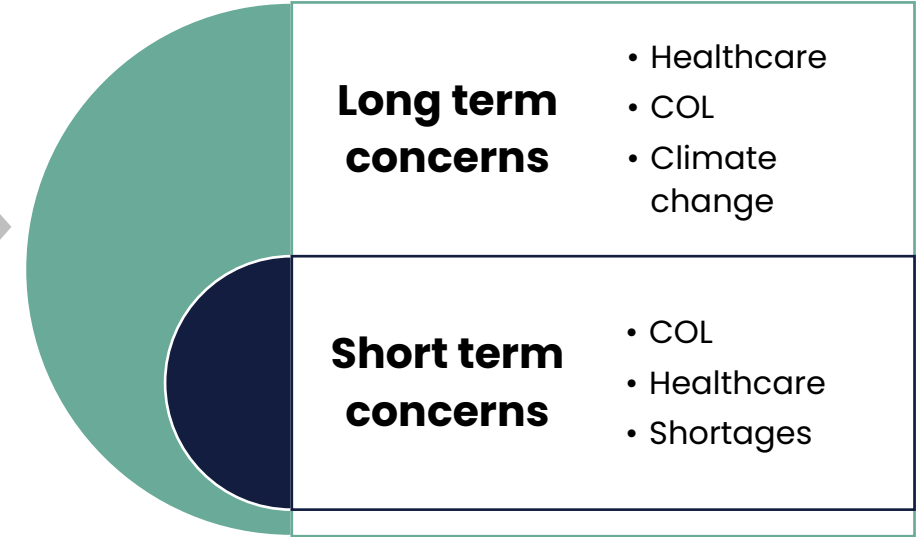
% ranking as a top priority in the short term & longer term

Top: % selecting as top 3 priority

Bottom: % selecting as number 1 priority



Climate change most often ranked #1 priority for future concerns



Watch out!

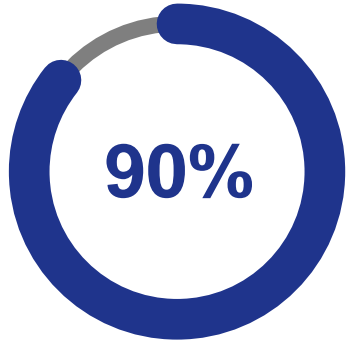
If climate change does indeed become a top priority for customers going forward, increasing news coverage around environmental issues e.g., storm overflow pollution could undermine your Net Zero work (and any brand affinity garnered from it).

In addition to targeting resourcing toward tackling issues such as this, Yorkshire Water need to ensure the hard work and efforts to improve in these areas are being seen and heard amongst customers.

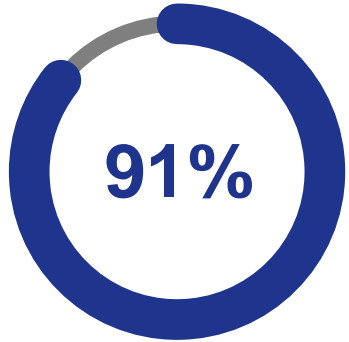
Taking action

There's pressure on both government and businesses alike to take the lead when it comes to sustainability

% agree



Brands/companies have a responsibility to take care of the planet.



Governments have a responsibility to prepare for and adapt to climate change and should take the lead in safeguarding and promoting sustainability.

“

“The situation is getting worse all the time and then the government think it is ok to allow fracking and remove green levies! They have no idea what they are doing and cannot be bothered with long term projects.”

”

“

“This has been talked about and agreed as a concern for decades and we are getting to the point of no return and NO ONE in any position of power is bothered to DO anything. It's all just talk, whilst all around nature is suffering, and we are part of nature so we, along with wildlife suffer and it is WRONG and unnecessary.”

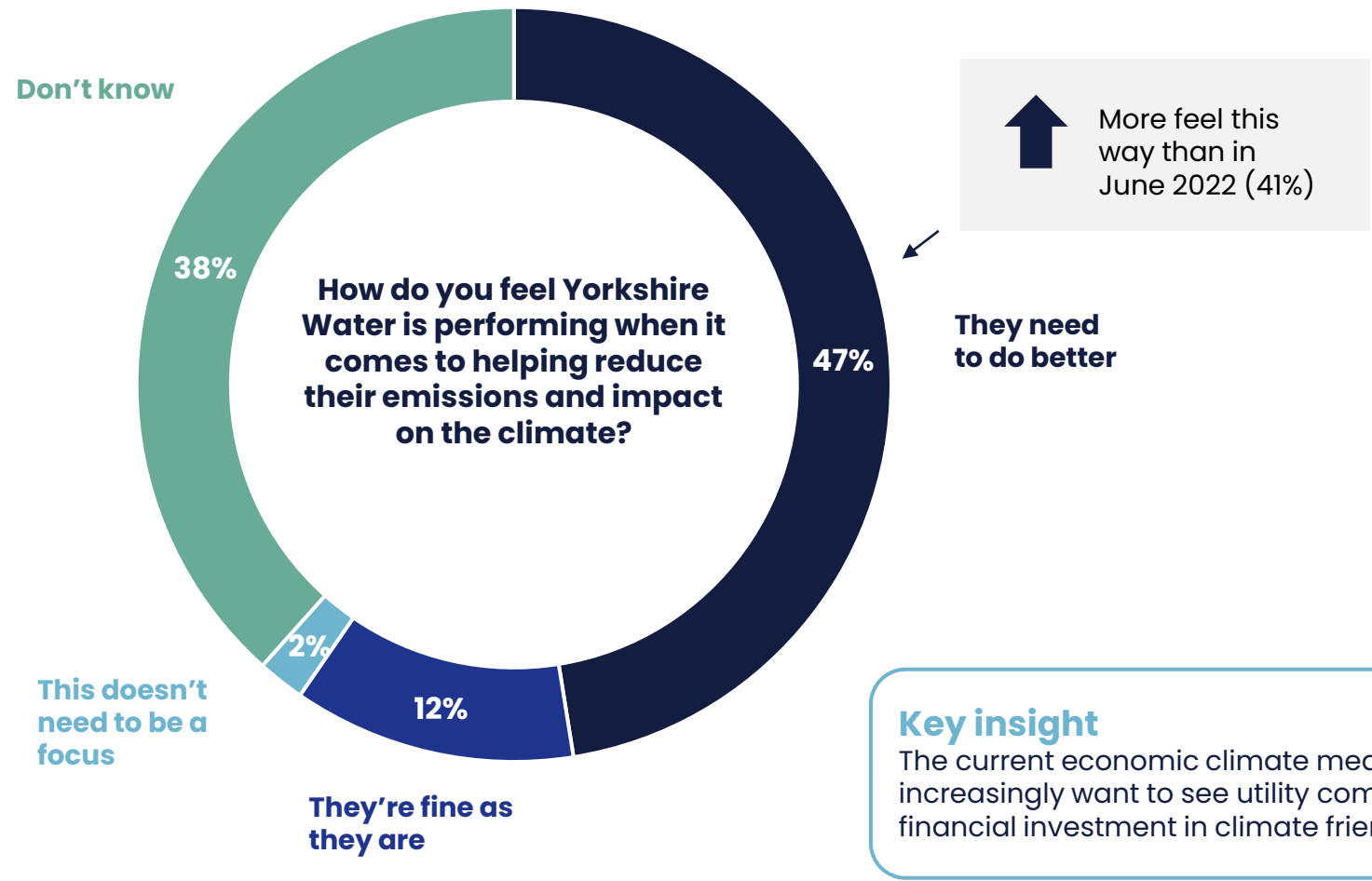
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Key insight

Distrust/lack of faith in government in this area will likely go hand in hand with a distrust toward big companies. Meaning Yorkshire Water will have to work harder than ever to convince customers of your positive intentions.



And most believe Yorkshire Water could still do better on climate change (or don't feel qualified to say)



“I think you make enough profit to invest.”

“Just don't make a profit for a year or two and inwardly invest.”

“Cut shareholder profits, climate change means we are all in the same lifeboat. Money and riches are nothing if the world is trashed.”

Key insight
The current economic climate means people may increasingly want to see utility companies increase financial investment in climate friendly practices.

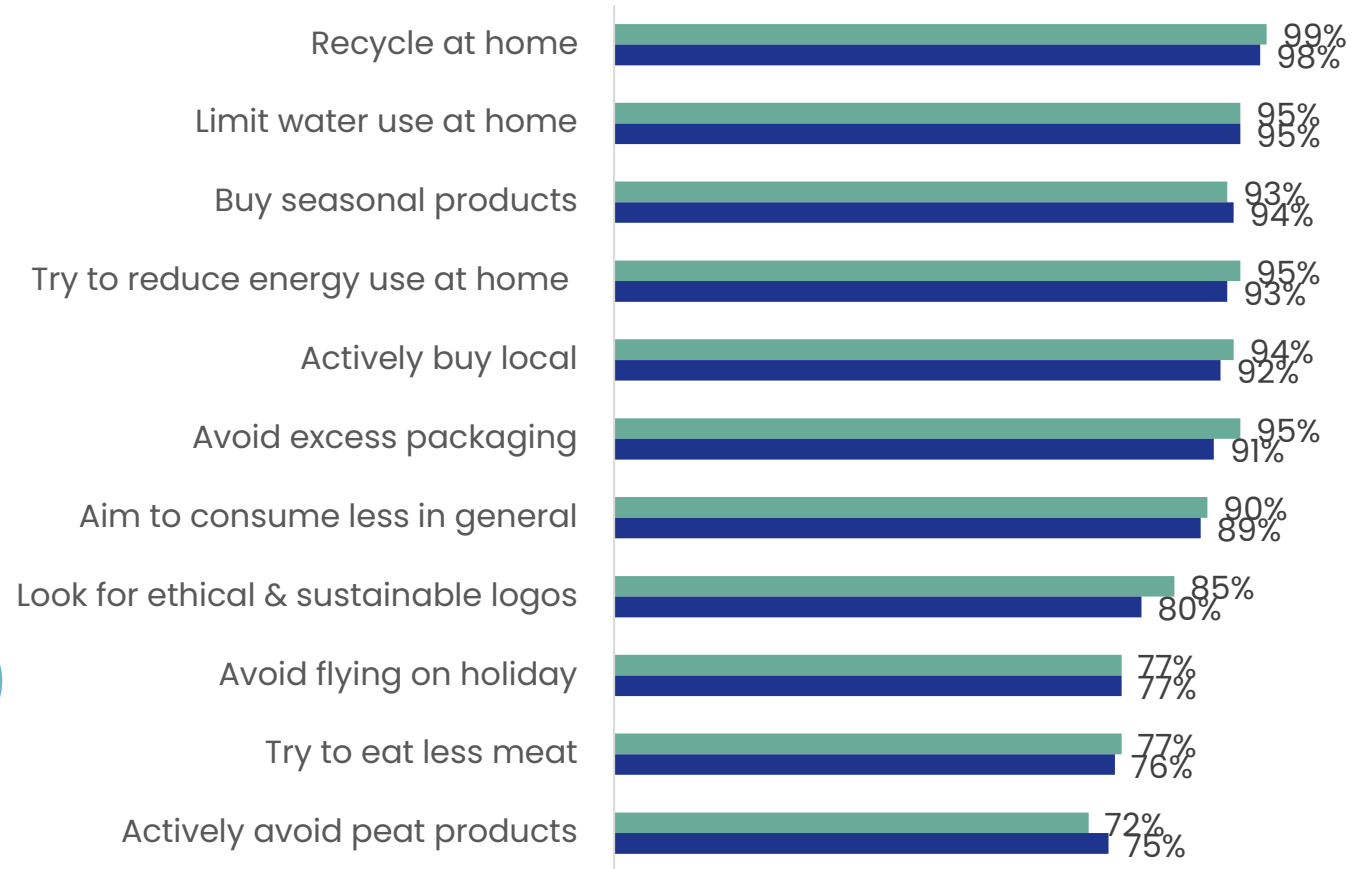
Most feel they consider the environment in their own decision making, but behaviour doesn't always reflect this



Key insight

We've seen very little change when it comes to behaviours linked to sustainability – this is however understandable, given most feel they're already doing their bit, and feel as though there's not much more they could do.

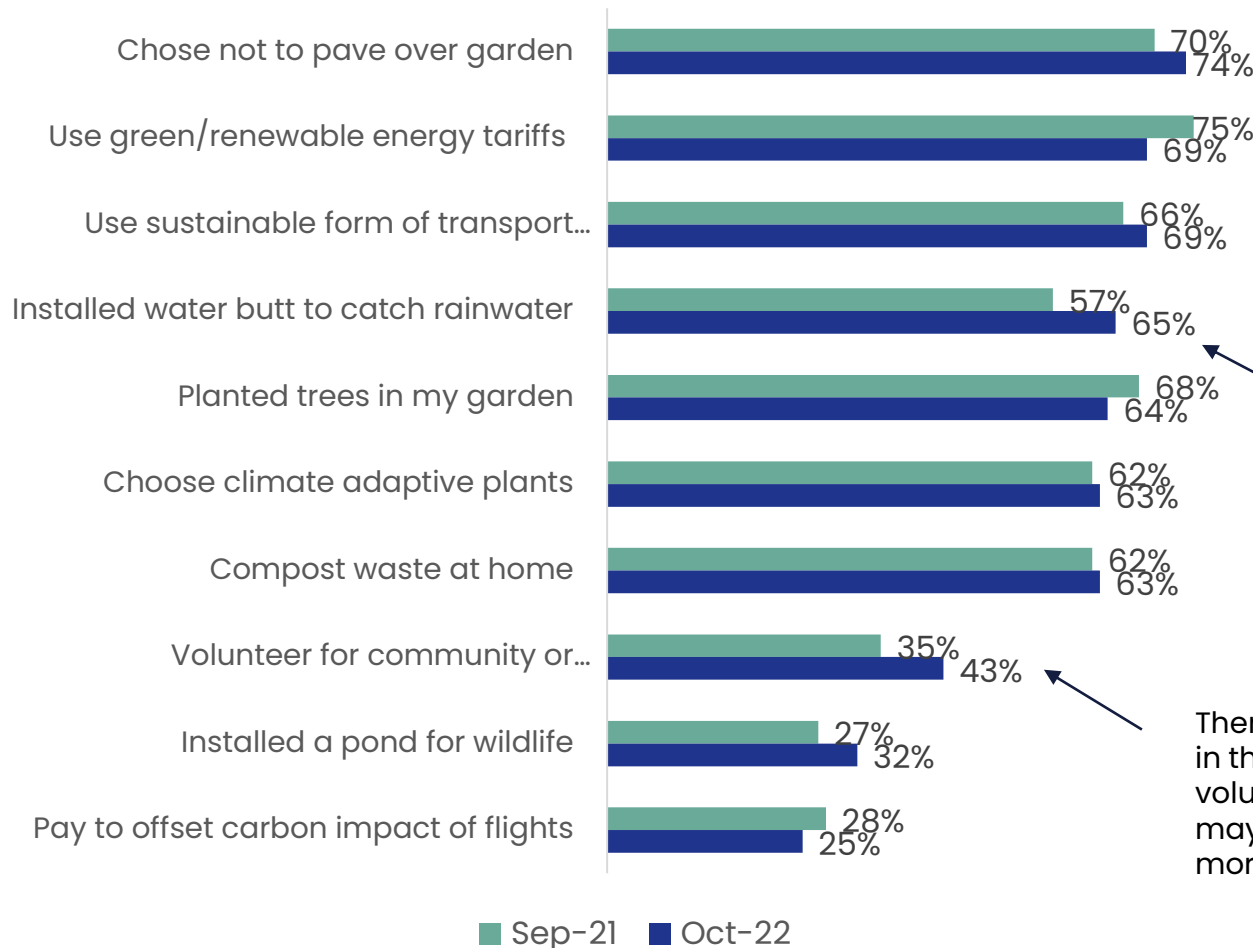
Which of the following do you do yourself/in your household? [Highest scoring behaviours] (Net: Always-occasionally do)



■ Sep-21 ■ Oct-22

Some changes in behaviour in the past year may suggest eco-awareness is growing alongside financial constraints

Which of the following do you do yourself/in your household? [Lowest scoring behaviours]
(Net: Always-occasionally do)



A slightly smaller proportion are using a green/renewable energy tariff. There could be a few reasons for this:

- It could reflect prioritising more affordable tariffs, regardless of whether it's 'green'.
- It could reflect that some 'green' tariffs have gone under in the past year.
- With the rising cost of 'green tariffs', more may have become alerted to the fact that a green tariff isn't 100% green as it still relies on the national grid.

A significant increase in water butts may reflect both increasing environmental awareness and a more economical way to water the garden.

There's been a significant uplift in the proportion of people volunteering, suggesting some may be starting to donate more time to this cause.

Key insight

Although speculative, such changes in behaviour may offer a glimpse into the relationship between environmental behaviours and financial constraints. A more difficult economic environment will help encourage environmental behaviours that also offer cost savings (e.g., water butts, driving less etc.). It could also prompt people to give more time but less money to green initiatives, reflecting how it's still a priority.

Cost is a key barrier, limiting sustainable behaviours

Barriers to becoming more sustainable

I'm already doing everything I can	33%
Not sure where to focus/what will have most impact	27%
I can't afford to make any changes	27%
I'm not sure what actions I can take	15%
I don't have the knowledge	12%
Something else (please tell us what)	10%
I don't have the time	6%
I don't think it's my responsibility/don't want to	2%

← Higher amongst those
'Not financially
vulnerable'.

← Higher amongst those
who are 'Financially
vulnerable' and don't
have a water meter.

Key insight

For those who believe they're doing all they can/who don't know where to start - could Yorkshire Water offer checklists for sustainable actions surrounding water use as guidance?

In particular guidance around actions that won't cost anything or could even save money, will be especially helpful in the current climate.

Those selecting 'Something else' as a barrier to sustainability often reference **location/accommodation** as a key issue i.e., a lack of outdoor space, rented accommodation, poor EV infrastructure, poor local recycling etc.

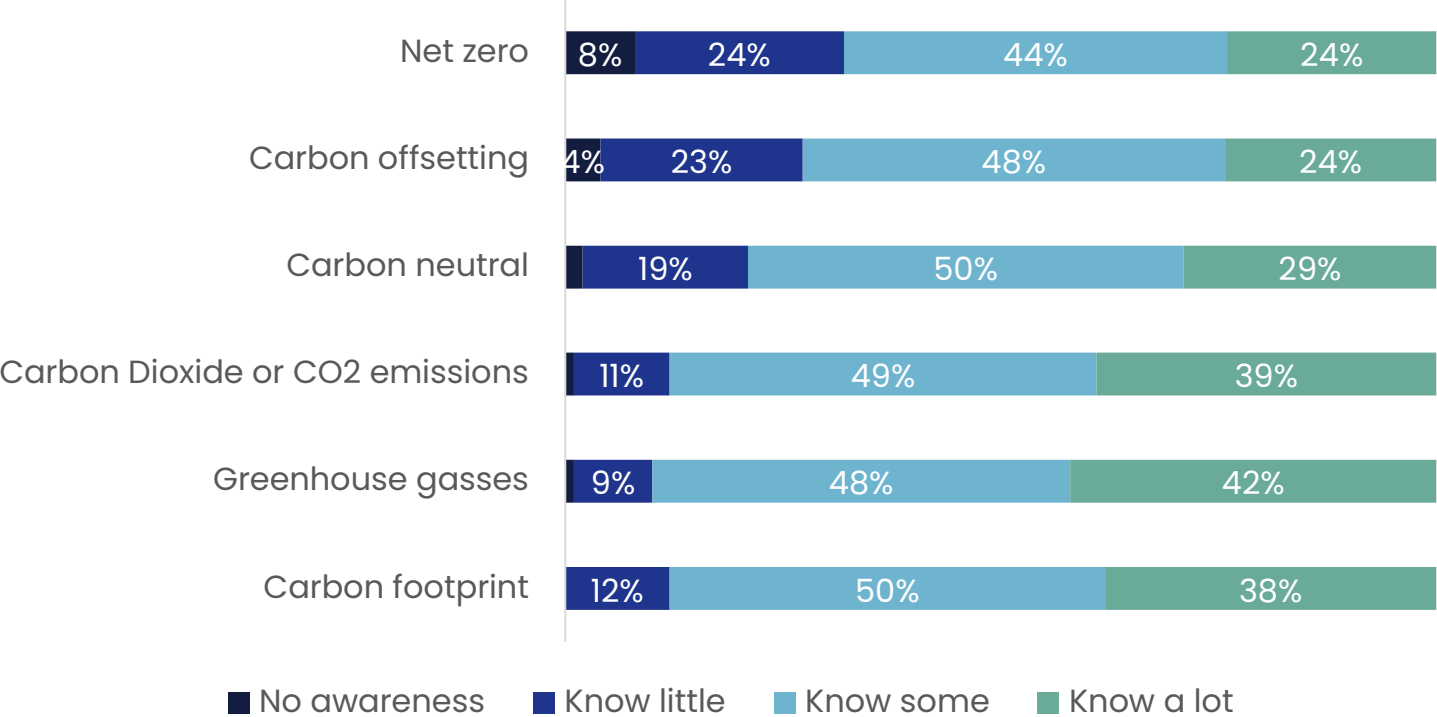
Other's feel unable to make certain changes due to **disabilities**.

For some it's a belief that their actions would be a **drop in the ocean**, feeling emphasis should be on government/business. A small number in contrast, simply don't believe climate change is as big a problem as it's made out to be.

Net Zero

People know of Net Zero and roughly what it means, but not the specifics of what it entails

Awareness and understanding of phrases



Compared to last year, there's been a very slight increase in knowledge across most terms

Recommendation

It's important Yorkshire Water share (in laymen's terms) some of the key ways in which they will achieve Net Zero when communicating the target, to help customers better understand the cost.

“

“I think we should all be doing everything we can to save / look after our planet: whether an individual, household, business, or government. All decisions should be made with improving the environment in mind.”

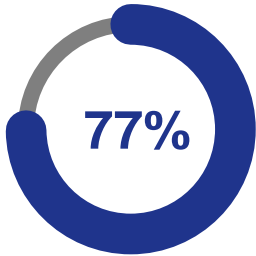
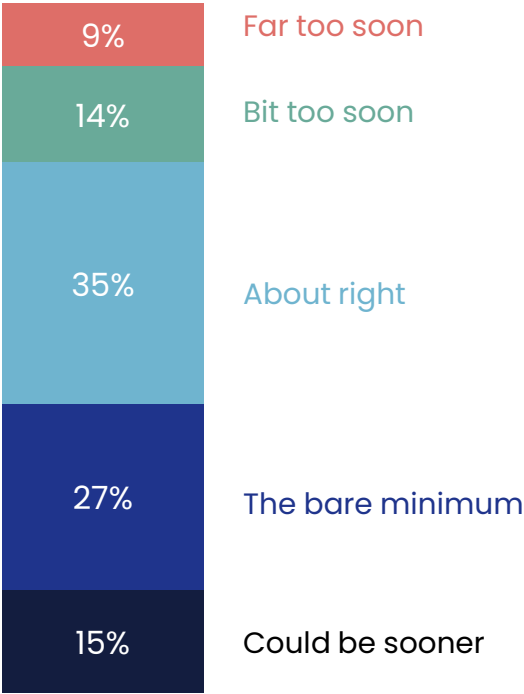
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Most support the water industry setting a more ambitious target of 2030 even if costs will be passed on

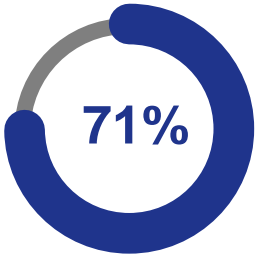
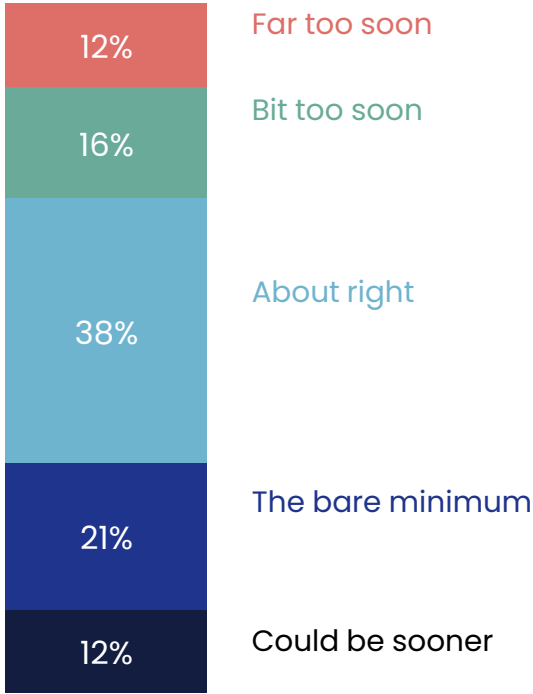


The water industry’s 2030 Net Zero target is...



Support the water industry setting a more ambitious target than the UK government target of 2050

Now that you know about potential need to pass on costs, how do you feel about the 2030 target?



Support the water industry setting a more ambitious target than the UK government target of 2050

Recommendation

Bear in mind this is a judgement call, made without the specifics on costs/detail on how these costs will fit alongside other price increases for additional works planned. Once customers have the full detail on total impact on their bill, perceptions may change.



However, though customers accept the work is necessary (despite the cost) – not all are happy about it

It isn't the consumers responsibility...

"The consumer should not be made to pay for past mistakes made by a company."

"Achieving Net Zero isn't a nice to have. It is essential! I actually think government should be helping with the cost though, rather than the general public."

"It's always the poor customer who has to absorb the cost of YW targets, and if the customer does not pay the increase you threaten them with reducing services, it's a no win situation for the customer once again."

The CoL is too great for additional expenditures...

"Surely at a time when people are choosing between food and heat, it won't be good if you start announcing rises."

"Seriously why expect customers to keep paying extra when they are struggling. This makes me feel utilities need to be brought back to public ownership then profits and general taxation can fund modernisation and infrastructure rather than give shareholders dividends."

"People can't afford ever increasing bills/charges and the funding should be maintained through making cost efficiencies."

Alternative funding should be identified...

"I hate the basic assumption that to achieve this is going to cost something. Think out of the box when implementing solutions."

"The move towards achieving carbon neutrality should have long been embedded in your policy and practice because you are responsible for one of the world's most precious resources."

"Instead of paying massive dividends to shareholders use the money to help the environment. NO-ONE should profit from the provision of water!"

Leaks take priority

Though Net Zero is a priority, many are preoccupied by leaks – there's a sense that investing money in Net Zero is pointless until leaks are tackled, as this is considered a massive source of waste.

"Addressing the many water leaks and pollution first will be cost-effective in the near term, paving the way for concentrating on Net Zero in the longer term. Don't try to save money while there is a hole in the purse!"

Reasons for thinking 2030 is...

Too soon

"It's a great ambition but I think it should be done in a timescale that allows the current help and services to be maintained. For example, I do not see how failing to repair leaks would be helpful in achieving Net Zero."

About right

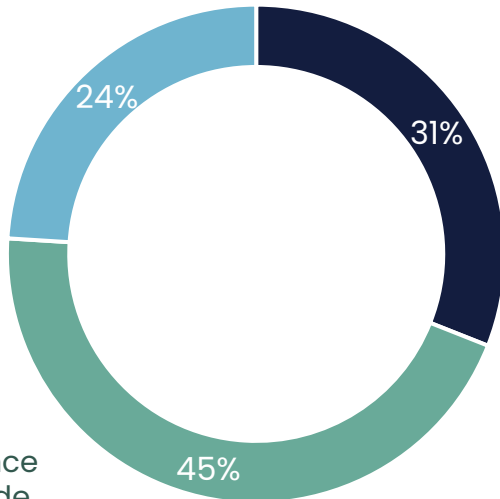
"There is no reason why this can't be achieved. Net Zero discussion has been around a long time and companies should be well on their way to planning and executing against this. Utility companies should be a resource for the country and not for profit – all extra profits should be reinvested in sewage control and Net Zero goals."

Not soon enough

"We have to do this, and we have to pay for it. I think it is important to have those who can afford to pay cover more of the costs and have mechanisms for those who are struggling to get some support. It would not be acceptable to reduce funding for reducing pollution or reducing leakage as those should be core to the business anyway."

On balance, there's support to move ahead with the target, but treat cost rises with caution – just 1 in 3 see it as a priority over more immediate challenges

Net Zero is not a priority at the moment, companies and the Government should focus on easing more immediate challenges, such as the cost-of-living crisis.



Net Zero is a top priority, companies and the Government must invest now to achieve the 2050 target despite other challenges, such as the cost-of-living crisis.

Net Zero is important, companies and the Government should balance investment in this alongside other challenges, such as the cost-of-living crisis.

Key insight

For the moment, priority in comms is the Cost-of-Living crisis. Periodically mention that Yorkshire Water are still moving towards the 2030 target to reassure those who consider it a top priority.

If/when introducing cost increases, ensure these are clearly explained alongside how else the business is investing so it's clear it's not just customers that are paying for this.

“It won't go away just because we have other priorities. It must be acted on.”**”**

“Whilst net zero and carbon offsetting is very important, so is the cost-of-living crisis, which is more important to people right now. There has to be a balanced approach to both these problems now and in the future.”**”**

“People are going hungry and cold so the priorities change, the government needs to look at helping our people.”**”**



About your community

With over 2,000 members, Your Water is an online research resource giving you easy access to consumers

The community offers a wide range of conventional and innovative research techniques and approaches.

Our aim is to approach every project with fresh thinking and apply methodologies that we truly believe will get you tangible, actionable results.

Any questions?

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Sample Profile (n=442)

GENDER



Male: **36%**



Female: **63%**

AGE



18 - 34 years: **5%**



35 - 44 years: **10%**



45 - 54 years: **20%**



55 - 64 years: **29%**



Over 65: **36%**

HOUSEHOLD SIZE



1 person household: **28%**



2 person household: **46%**



3 person household: **16%**



4 person household: **6%**



5 or more person household: **4%**

SEG



ABC1: **67%**



C2DE: **33%**

AREA OF YORKSHIRE



South Yorkshire: **20%**



West Yorkshire: **52%**



East Riding of Yorkshire: **12%**



North Yorkshire: **16%**

WATER METER



Have water meter: **67%**



Don't have a water meter: **31%**

VULNERABILITY



Vulnerable customer: **38%**



Non-vulnerable customer: **62%**