

Consumer Council for Water

Small and medium-sized enterprise (SME) awareness of non-household (NHH) retail water market choices

AUGUST 2017

Populus



Methodology

Consumer Council for Water (CCWater) commissioned an online omnibus survey in England to gauge small and medium-sized enterprises' (SMEs) awareness and attitudes to the change to the water market in April 2017 which enabled non-household (NHH) organisations operating out of business premises to change the company providing their water and wastewater retail services, or negotiate a better deal with their existing provider.

This study is designed to track awareness of the water market and behaviour and how this changes over time. CCWater plans to engage Populus to undertake a second wave of research in late 2017.

Populus conducted 502 online interviews with SMEs between 11-18 July 2017. The first question in the survey identified those with responsible or who have influence in their organization for paying utility bills or managing utility providers. All respondents, with or without responsibility, were asked all questions in the survey.

The statistical reliability of the data at 95% confidence level is outlined below:

Sample Size	Margin of Error for response of 50%
502	4.4% +/-

Sample

This study was conducted as an online survey with SMEs with the below proportions per business size:

Business size	Number of employees	Sample Size
Sole traders*	0	195
Micro businesses	1-9	126
Small businesses	10-49	79
Medium businesses	50-249	105
Total sample		502

***Note**

This survey methodology includes sole traders as respondents. We expect that many sole traders do not operate out of a business premise which makes them ineligible to switch their water retail service provider. Therefore, data is presented to both include and exclude sole traders.

Nonetheless, we expect sole traders to play a role within the wider business community by promoting market awareness, particularly through word of mouth.

Key Question

Are SMEs aware that it's possible to change their water and wastewater retail service provider or negotiate with their existing provider. And if so, what action have they taken or are they likely to take in the next 6 months?

Given that a lack of awareness and understanding of the retail water market offers could lead to lower levels of customer engagement, particularly amongst SMEs, some businesses might miss out on potential benefits. CCWater is seeking to ensure that consumers are being made aware of the opportunities available and the process involved in switching or negotiating with their water and wastewater retail service providers.

Evidence

Over 2 in 5 (43%) SMEs have a basic awareness that it is possible to switch their water & wastewater retail service provider, whilst 32% are aware they can contact their existing provider to negotiate a better deal. However, just 26% recognise that this relates to retail activities, showing that for many, awareness is at an uninformed level.

Among those who are aware of the specific change to the water market, SMEs are most likely to have tried to find out more about the choices their organisation has (44%). They are less likely to have switched (24%) or contacted their existing provider to negotiate a better deal (35%).

When asked what action they are most likely to take in the next 6 months, SMEs are most likely to try to find out more about the choices they have (52%) and are least likely to try to switch (30%) or attempt to negotiate a better deal (44%).

The main reason SMEs are unlikely to try and switch or negotiate a better deal is because their organisation doesn't use enough water to save any money (39%). Around a fifth (22%) are already happy with the price they pay.

Headlines

There is an opportunity to improve understanding of the water and waste water retail market amongst SMEs. Although 43% of SMEs think it is possible to switch their water service provider, when asked specifically about the recent change that enabled SMEs to switch or negotiate a better deal for their retail services, just a quarter (26%) were aware. This suggests a need for more communication and clarity about the retail market and the opportunities it provides for SMEs.

Having learnt of the change to the water market, the most likely action for SMEs is to carry out research to try to understand more about the choices this change to the water market provides for their organisation (52%). SMEs show lower intentions to switch (30%) or negotiate a better deal (44%) with their existing provider, likely due to a need to feel better informed about the market before considering whether or how to engage.

The larger the business, the more likely it is to take action, whether switching, negotiating or finding out more. Larger businesses are more likely to contact prospective service providers to find out more (35% of medium sized business vs. 21% of micro businesses), suggesting they have a greater appetite for taking advantage of the water market and find the best deal.

Most SMEs who are unlikely to switch or negotiate with their existing provider don't feel these actions are warranted as they don't use much water (39%) or are already satisfied with the price they pay (22%) suggesting they can't see how this market change might benefit them.

Are SMEs aware of the change to the
water market?

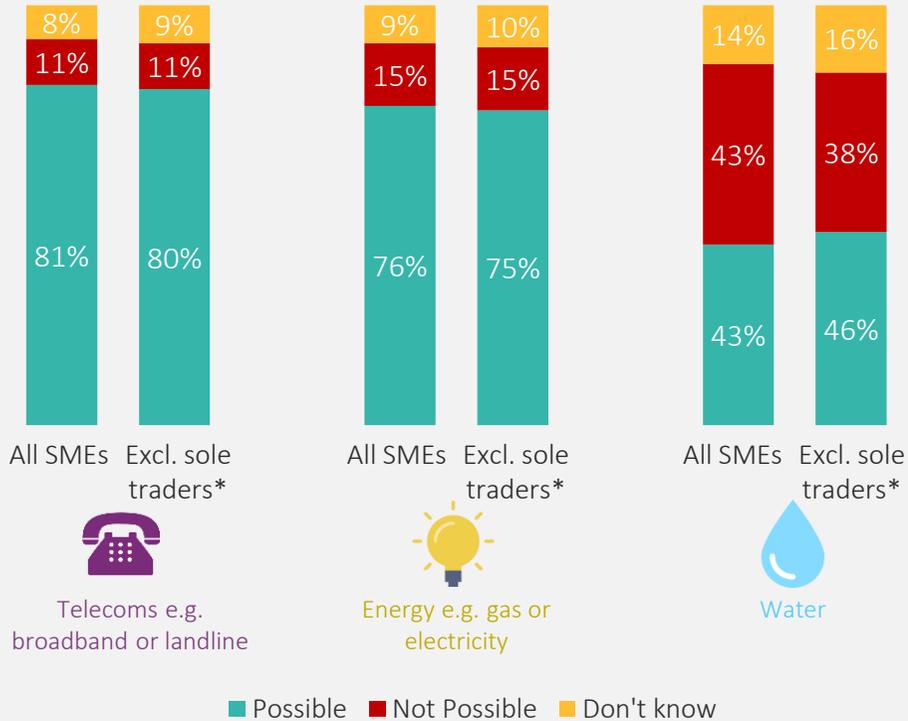
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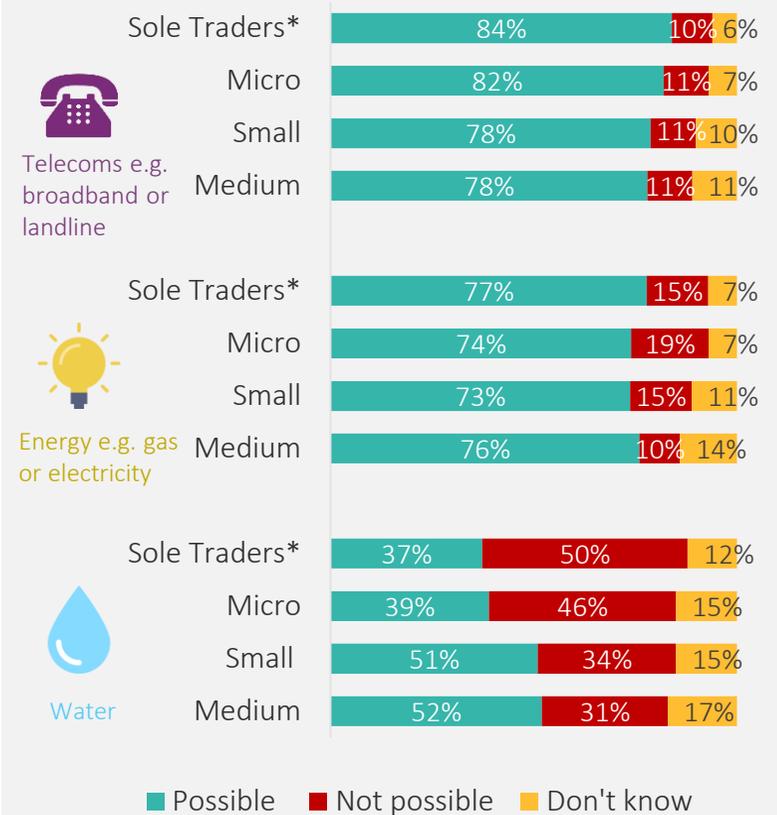
Around 2 in 5 (43%) SMEs think it's possible to switch their water service provider. They are more likely to think that it's possible to switch their telecoms provider (81%) and their energy provider (76%). The belief that it's possible to switch water provider tends to increase with business size.

Do you think it's possible to switch the following providers for your organisation?

Do you think it's possible to switch the following?



Breakdown by size of business



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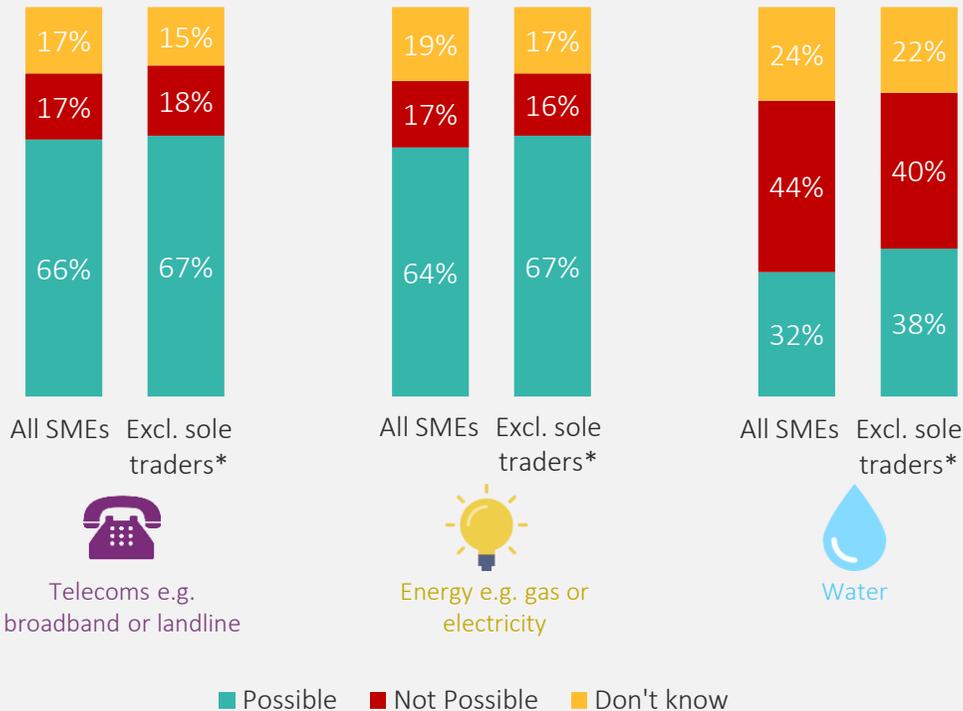
Q2. Do you think it's possible or not possible to switch the following service providers for your organisation? All respondents n=502, Excl. sole traders n=307, sole traders n=195, micro businesses n=126, small businesses n=79, medium businesses n=102

*Note that sole traders may not have their own business premises which may impact data

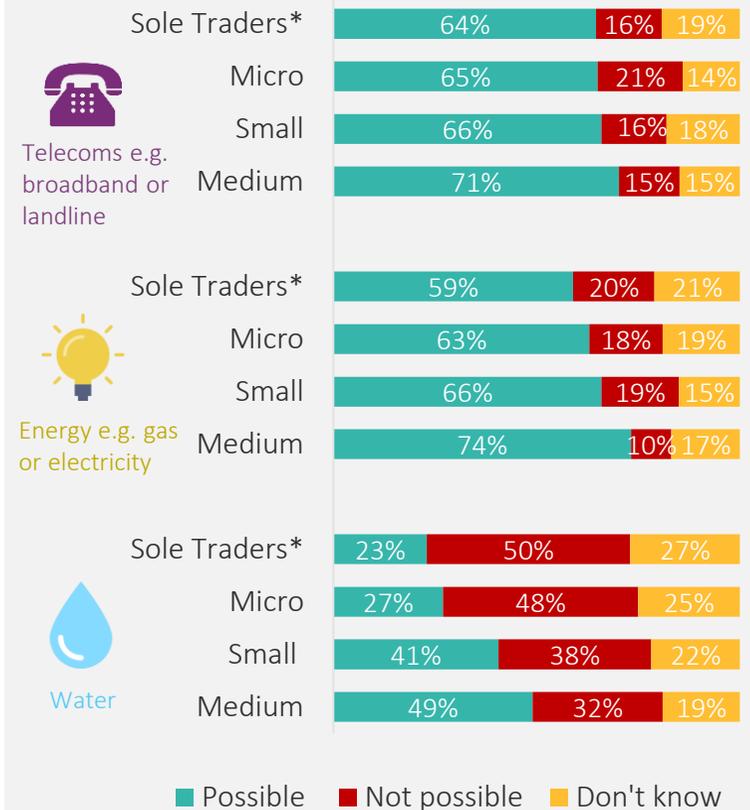
Almost a third (32%) of SMEs think it's possible to negotiate a better deal with their water provider, lower than for the telecoms (66%) and energy market (64%). The belief that it's possible to negotiate a better deal becomes higher as business size increases.

Do you think it's possible or not possible to negotiate a better deal with service providers?

Do you think it's possible or not possible to negotiate with service providers?



Breakdown by size of business



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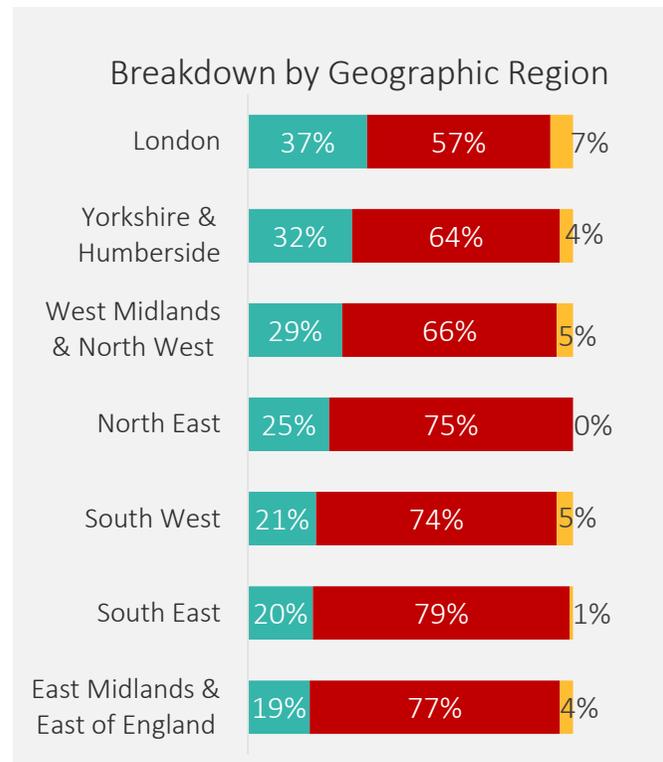
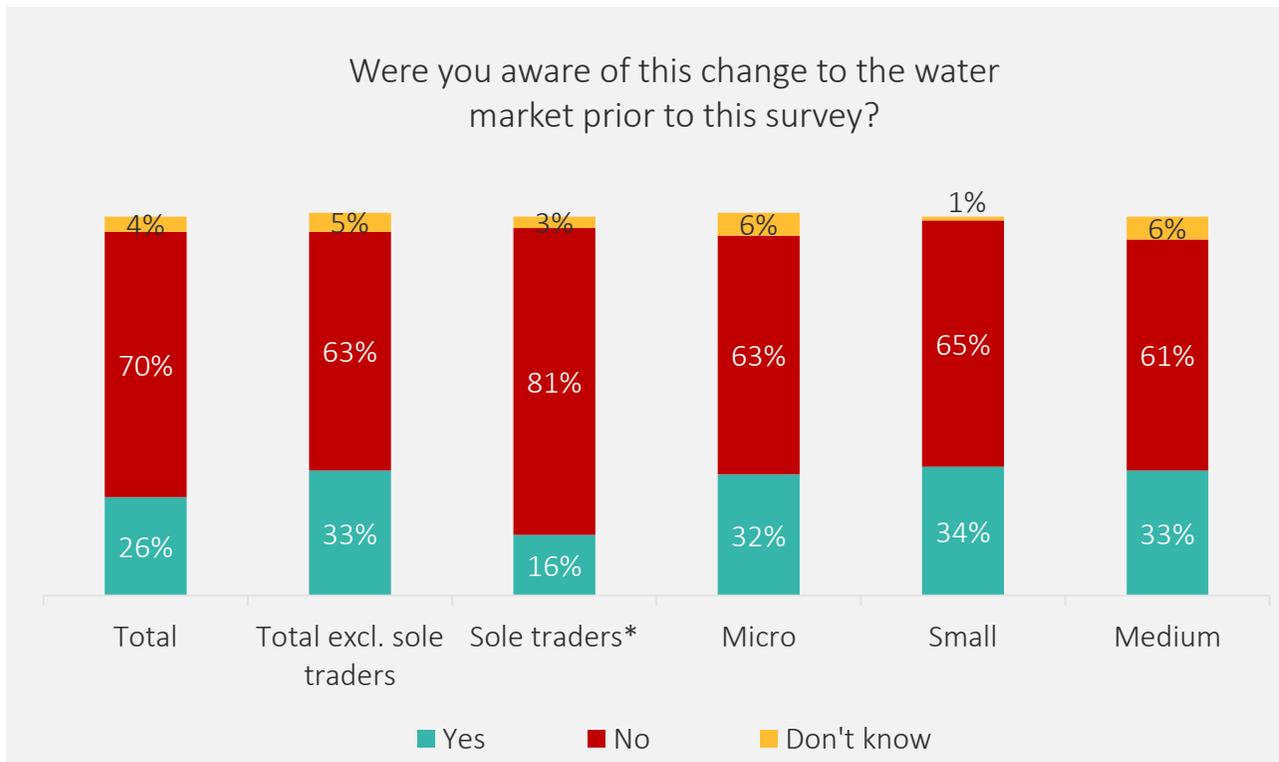
Populus

Q3. Do you think it's possible or not possible to negotiate a better deal with the following existing service providers for your organisation? ? All respondents n=502, Excl. sole traders n=307, sole traders n=195, micro businesses n=126, small businesses n=79, medium businesses n=102

*Note that sole traders may not have their own business premises which may impact data

When asked if aware of the specific changes to the water market, over a quarter (26%) SMEs said they were aware that the market opened up in April 2017 and that they could now switch or negotiate their retail water services.

Awareness of change to the water market among SMEs



*Note that sole traders may not have their own business premises which may impact data

Q4. Since April 2017, all businesses, charity and public sector organisations in England (operating from business premises) have been able to change the company providing their water and waste water retail services (as they are able to with energy), or negotiate a better deal with their existing service provider (e.g. move to a better price or bespoke service). Retail services include billing, meter reading and handling customer service queries, but do not include the physical supply of water or removal of sewage. Were you aware of this change to the water market prior to this survey?

All respondents: n=502, Sole traders n=195, Micro businesses n=126, Small businesses n=79**, Medium businesses n=102, East Midlands & East of England n=104, South East n=80**, South West n=43**, North East n=32**, West Midlands & North West n=106, Yorkshire & Humberside n=47**, London n=90**. **Caution: Low base size

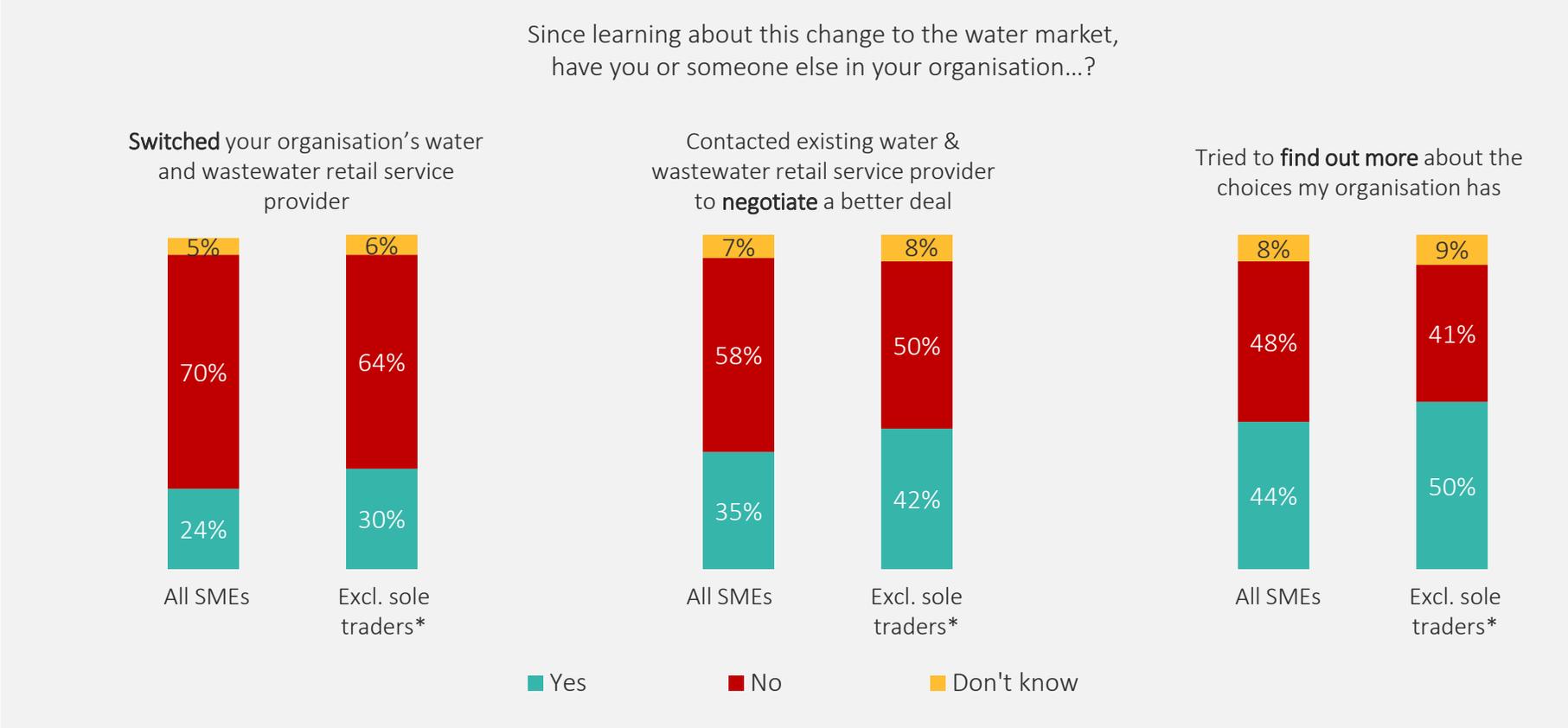
What action have SMEs taken if they already knew about the change to the water market?

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Since learning about the change to the water market, of those aware of the change, nearly half (44%) of SMEs have tried to find out more about the choices their organisation has. A quarter (24%) of those aware of the change say they have already switched their water and wastewater retail service provider.

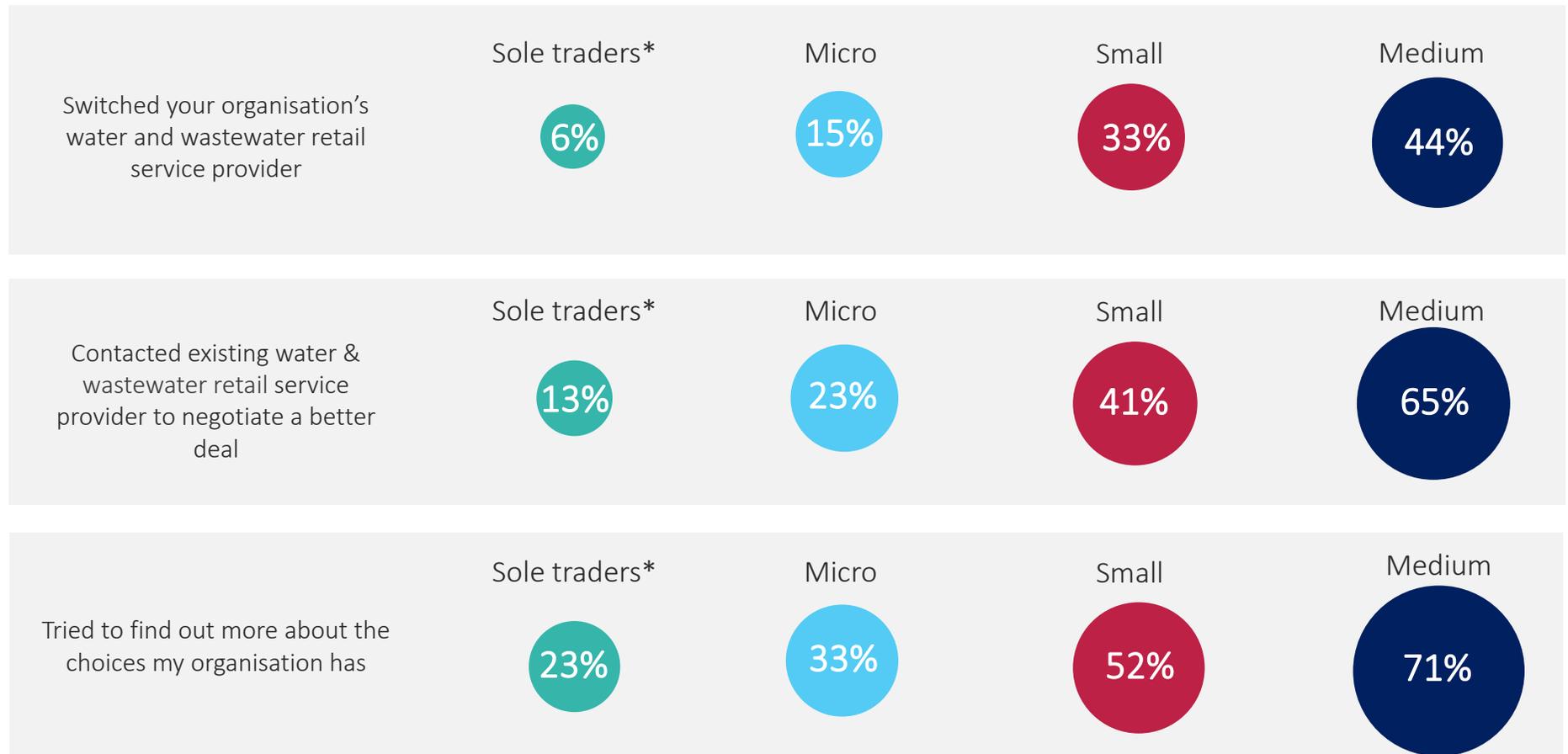
Action taken since learnt about the change to the water market
(Asked to all those said they were aware of the change to the water market at Q4)



*Note that sole traders may not have their own business premises which may impact data

The larger the organisation, the more likely they are to have taken action since learning about the change to the water market. Over 7 in 10 medium sized businesses have tried to find out more about the choices their organisation has.

Action taken since learning about the change to the water market



What action are SMEs likely to take having learnt of this change to the water market?

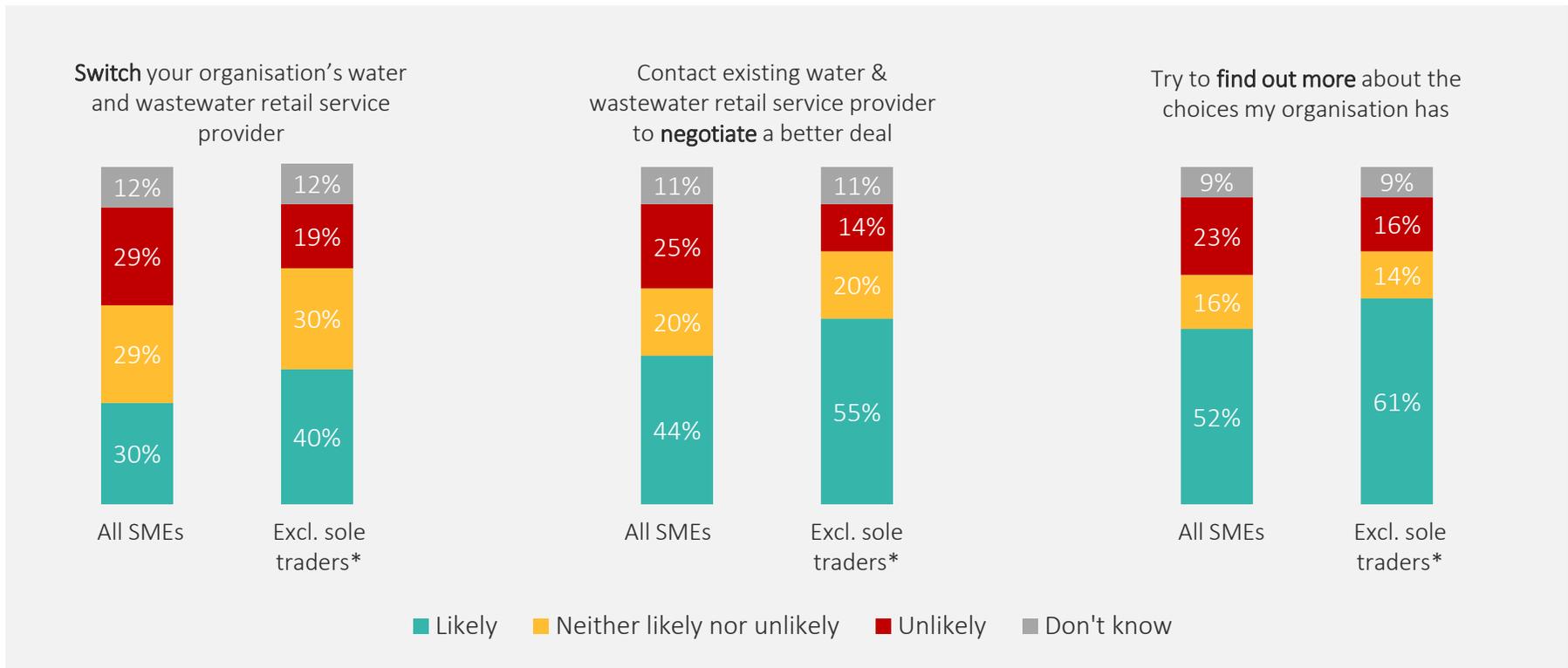
Populus



In the next 6 months, 52% of SMEs are likely to try to find out more about the choices their organisation has. They are less likely to anticipate switching their organisation's water provider (30%) or negotiating a better deal with their existing provider (44%).

Action likely to take in the next 6 months

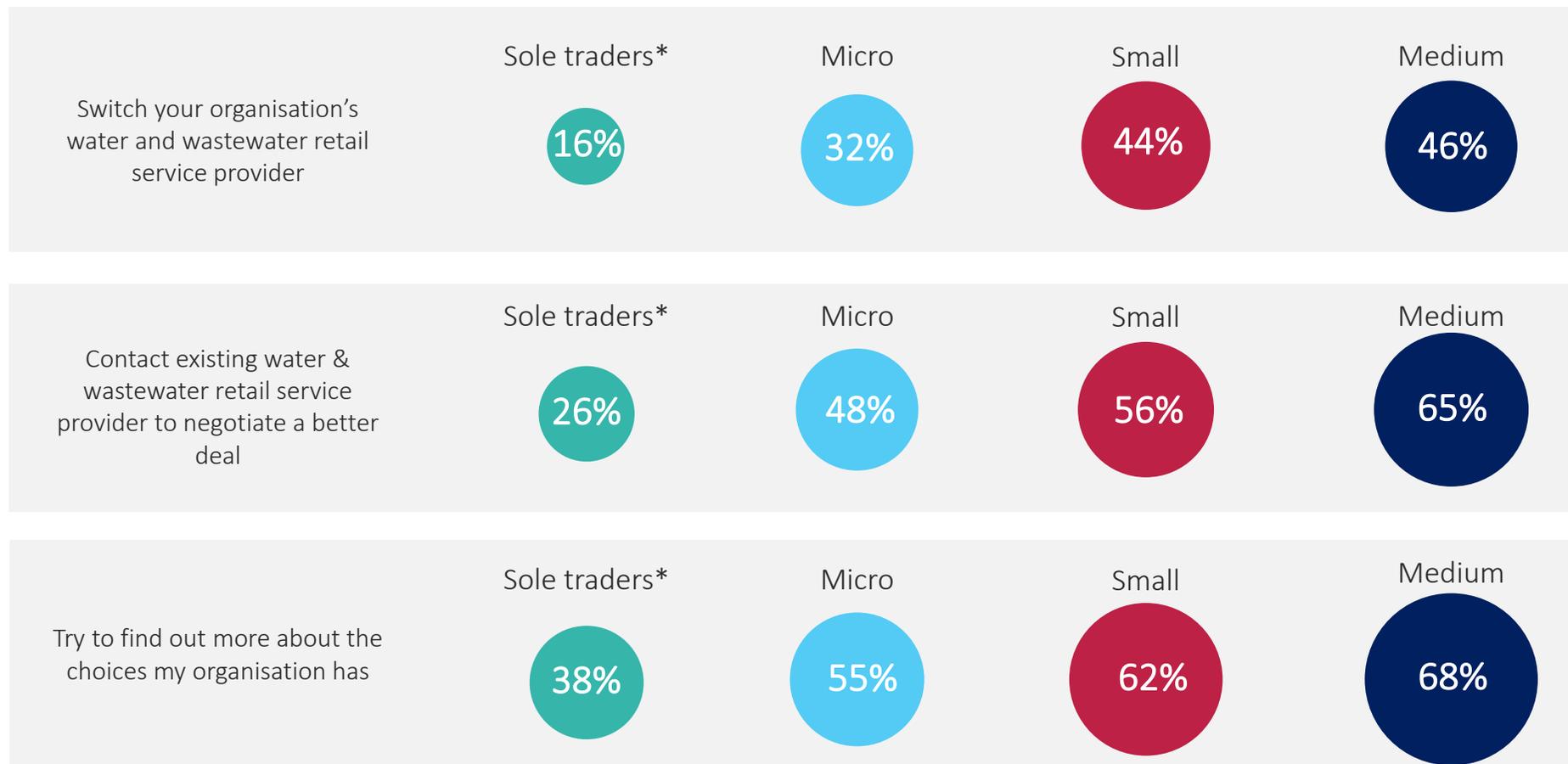
SMEs with water and wastewater retail providers located in London and the North East are significantly more likely to say they are likely to switch in the next 6 months than those in East Midlands & East of England, South East and South West.



*Note that sole traders may not have their own business premises which may impact data

Medium sized businesses are more likely than smaller organisations to take action in relation to their water provider in the next 6 months with over 2 in 3 (68%) stating they will try to find out more about the choices their organisation has.

Action likely to take in the next 6 months

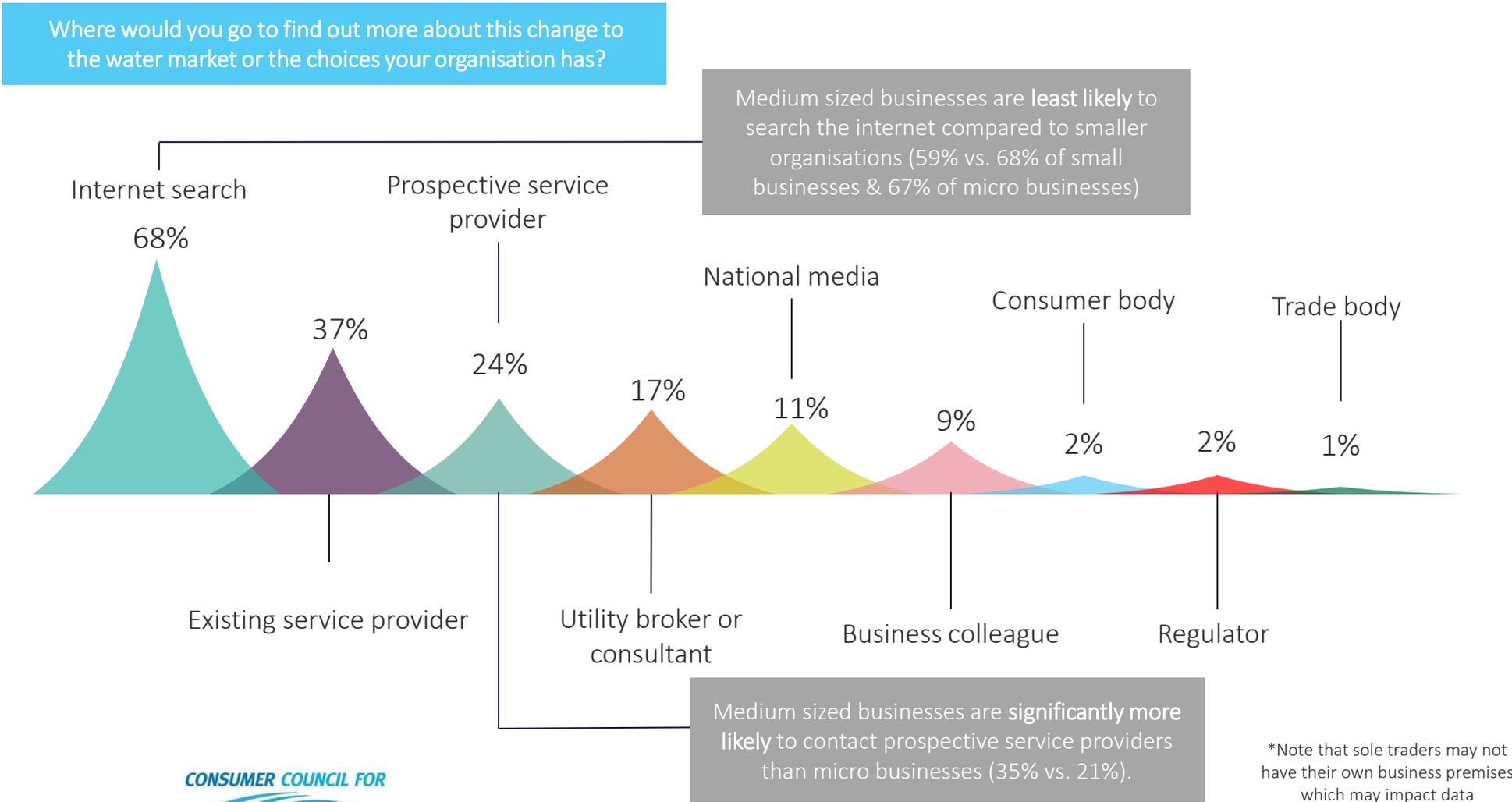


How will SMEs try to find out more about the change to the water market?

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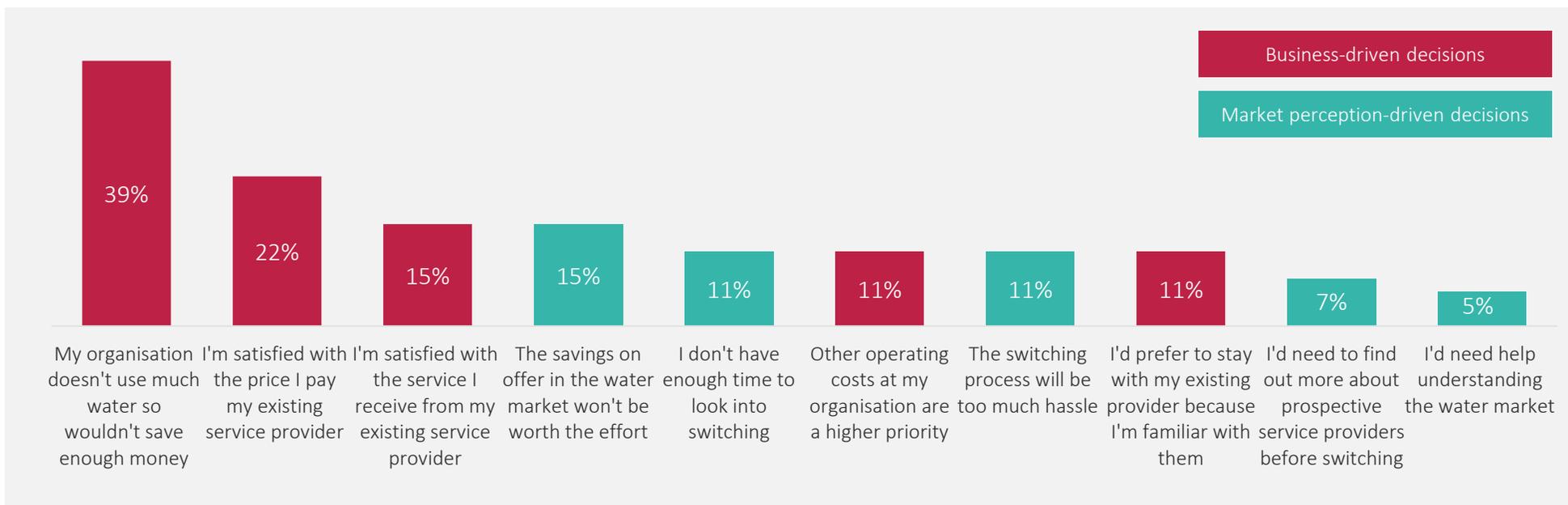
Over two thirds (68%) of SMEs would search the internet to find out more about the change to the water market or the choices their organisation has. Almost 2 in 5 (37%) would contact their existing service provider.



Of those who are unlikely to take action in the next 6 months, 2 in 5 (39%) feel their organisation doesn't use enough water to save money. Around a quarter (22%) are satisfied with the price they pay their existing service provider.

Why are you unlikely to switch provider or negotiate with your organisation's existing provider?
(Asked to those who said they were unlikely to switch provider or negotiate with existing provider at Q7)

There are no significant differences between business size groups.

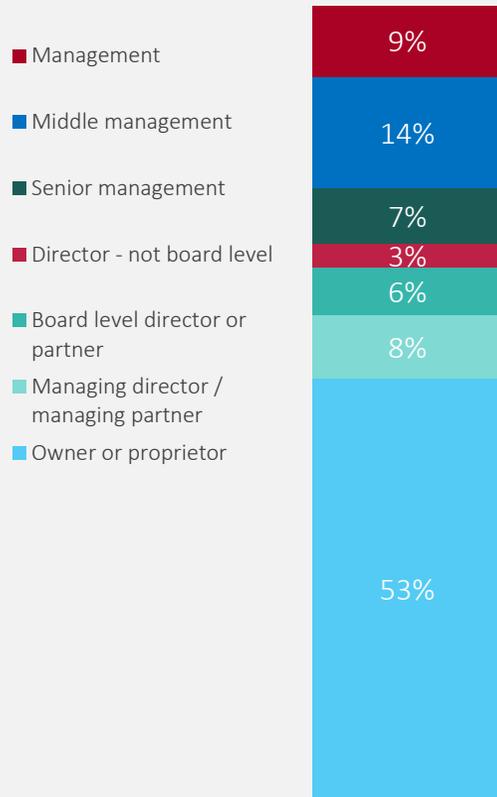


*Note that sole traders may not have their own business premises which may impact data

**The reasons for being unlikely to switch or negotiate with an existing water and wastewater provider remain the same when sole traders are excluded.

Who took part in the survey?

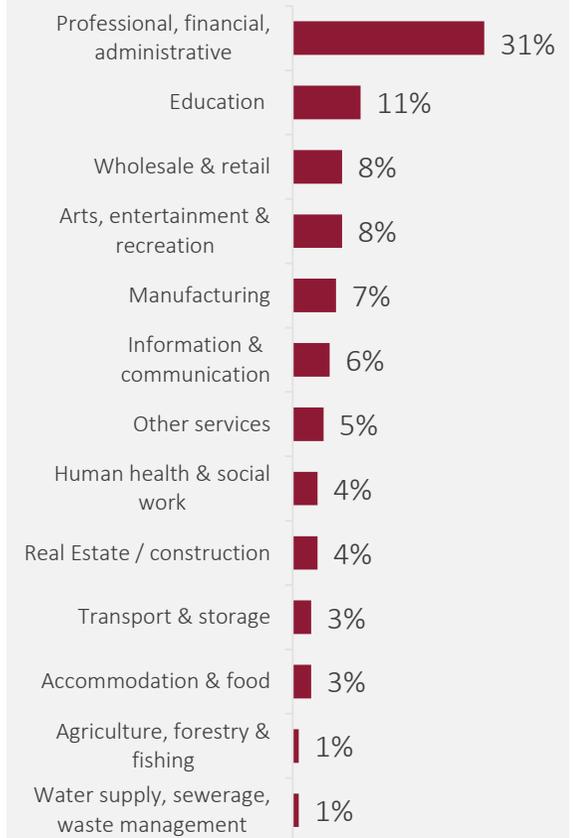
Level of Seniority



Size of Business



Principal activity of business



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