



State of the Nation

(Wave 5)

September 2022

Background, approach and summary

Research objectives and approach

The 'state of the nation' looks at customers' general views and behaviours with regards to household finances, their concerns both at a national and regional level, expectations of brands and the environment.

The research sought to answer the following objectives:

1. Customers' key concerns and what's important to them
2. Household finances and concerns around meeting bill payments
3. Changes in water usage in the home
4. Expectations of brands
5. Environmental attitudes and behaviours

Certain aspects of the survey were previously run on WaterTalk in April 2020, March, September 2021, and April 2022; responses have been tracked where comparable.

Similar to April 2022, the sample has been made more representative of our customer base by including younger customers

What we did:



A 12-minute quantitative survey with 1,287 customers



Fieldwork took place 31st August – 8th September 2022



Customers were recruited from the WaterTalk panel and from an external access panel.

Data has been weighted to be representative of the UU customer base.

Details of the sample can be found in the appendix.

What external factors were affecting consumers during fieldwork?

Inflation

THE  TIMES

COST OF LIVING

UK inflation forecast to hit 18.6% early next year

Warning of highest level in five decades

Heatwave / drought

Evening  Standard

Further water bans 'being considered across England as supplies continue to run low'

A ban on non-essential water use could be imposed this month, leaked documents reveal

War in Ukraine

theguardian

Russia-Ukraine war latest: what we know on day 205 of the invasion

Energy costs rising

The  INDEPENDENT

Energy price cap will rise to £3,549, Ofgem announces as bills predicted to soar to £6,616 in April 2023

The price cap was introduced with the intention of protecting consumers from excessive energy bills

Industrial action

 CNBC

Britain faces a summer of strikes as historic inflation and falling real wages bite

Healthcare crisis

iNews

Record-breaking ambulance waiting times could get 'significantly worse' in winter, chiefs warn

Executive summary

Executive Summary

Financial concerns remain top of mind with the ongoing cost of living crisis

- There's a significant increase in customer who are concerned / very concerned about the economy compared to April 2022
- In the North West specifically, the importance of tackling social issues, especially poverty and inequality, has increased significantly; it is a top concern for 55% this wave
- In context of the negative economic outlook, 77% of customers consider it more important to keep on top of their finance, a significant increase from April 2022

Concerns around environmental issues have slipped back, but customer behaviour is still 'pro-environment'

- While concerns around environmental issues are overtaken by financial worries, this has not changed customer behaviour; 88% mention still recycling as much as they can, all other pro-environmental behaviours are steady compared to the previous wave
- Customers also spontaneously mention that they would like UU to manage the amount of sewage released into rivers, highlighting their concern for the local environment

With discretionary income decreasing and consumer inflation rising, the outlook is bleak

- Household discretionary income has slipped back even further this wave (58% having less money), a sign that consumers are under pressure due to rising inflation
- There is growing concerns around meeting *all* household bills, including water bills where 3 out of 5 customers are extremely or very worried. The electricity / gas bill still causes the biggest concern among customers; 4 out of 5 are worried
- A third of customers report having difficulty meeting monthly bill payments, they are even less optimistic about the future where close to half (46%) foresee having difficulty in 6 months' time

Executive Summary

With customers being price sensitive, it is important for brands to highlight value in their services

- Offering reliable products and services remains a hygiene factor for brands, still regarded as the most important trait. Brands also need to be sensitive to ongoing societal issues affecting customers, and in the current economy, offering low prices remains important, increasing significantly from last wave
- Over half of customers rank 'keeping bills low' in the top 3 as an important issue for UU to tackle, this is followed by efforts to reduce leakage, which has increased significantly from last wave

Customers report less water related activities, and are not opposed to water bans

- Water related activities (such as washing hands) have decreased since April of 2022, moreover most expect time spent on these activities to decline even further in the next 6 months
- 85% of customers have heard about the hosepipe ban in other parts of the UK, and among those who are aware, close to half felt it was the right thing to do

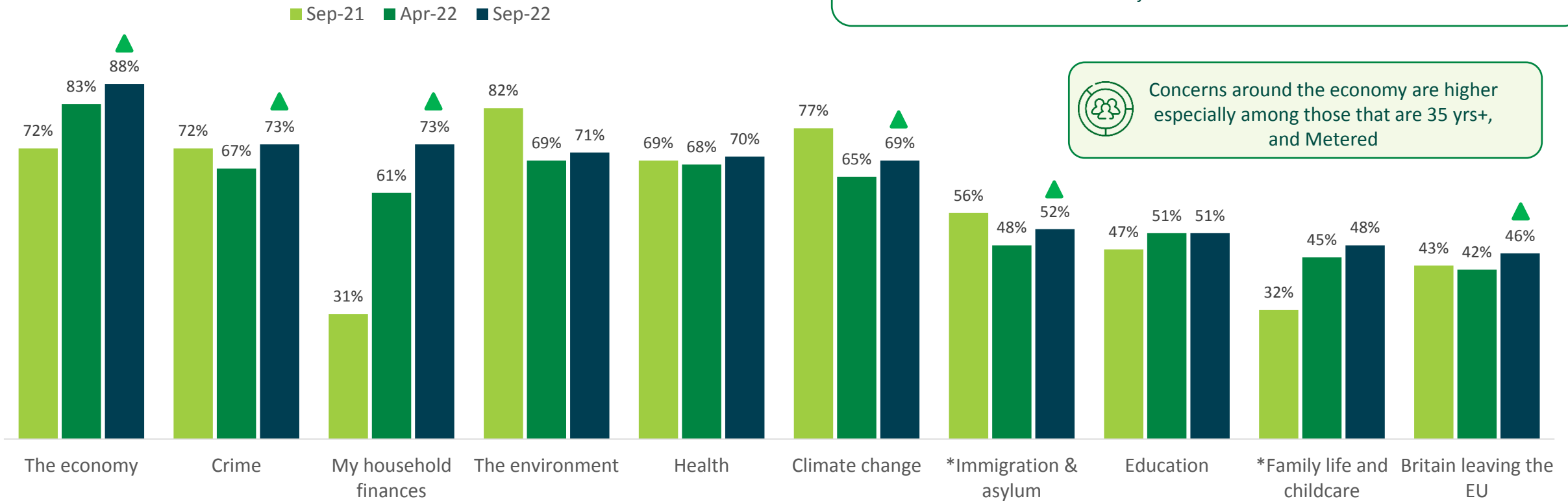
Keep customers engaged by sharing water and money saving tips and environmental efforts

- 2 out of 3 customers are interested in receiving comms around water quality and water saving tips, this provides UU with an opportunity to engage with customers by offering advice that could also ease the financial pressure consumers are currently under
- There is also strong interest from customers in knowing more about what UU is doing to tackle climate change and how to prevent pollution to the environment

Customer mindset

Concerns around the economy continue to rise amid the ongoing cost of living crisis.

Current concerns (Very / quite concerned)



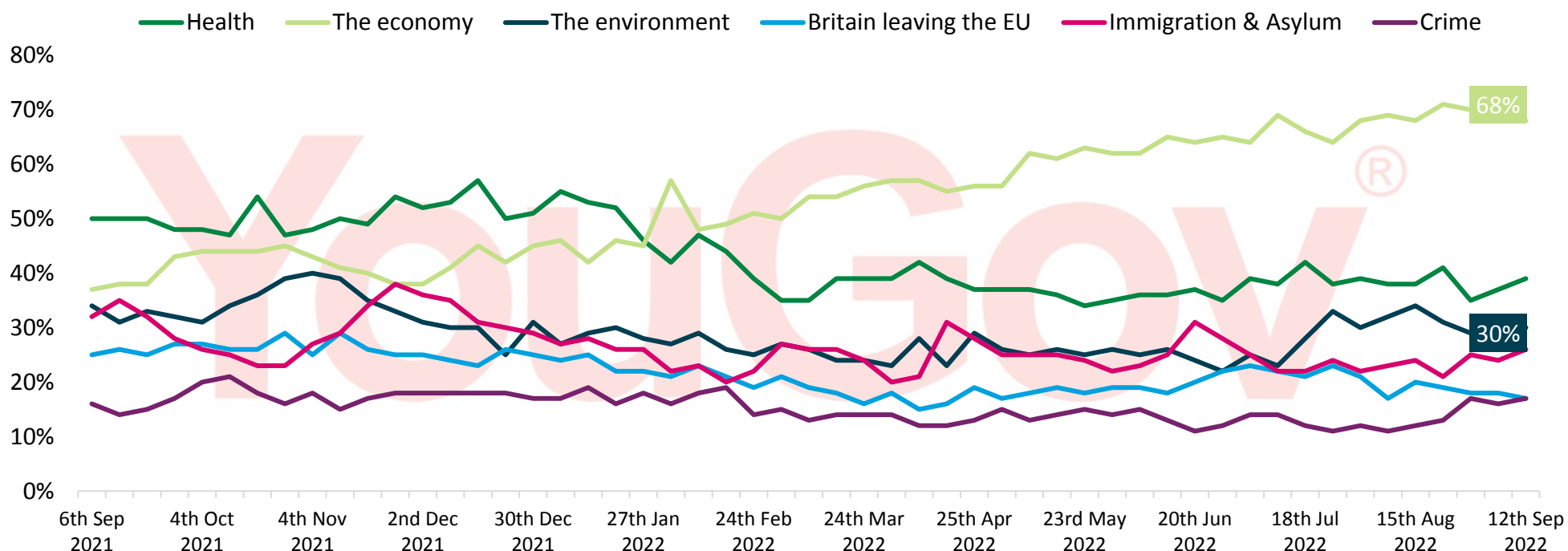
An Office for National Statistics report* found that real wages took the biggest hit on record in 2022, with wages between April-June 2022 falling by up to 3% when adjusted for inflation.



Concerns around the economy are higher especially among those that are 35 yrs+, and Metered

The economy now stands out as a major issue facing the country, most other issues are stable or have declined since April 2022

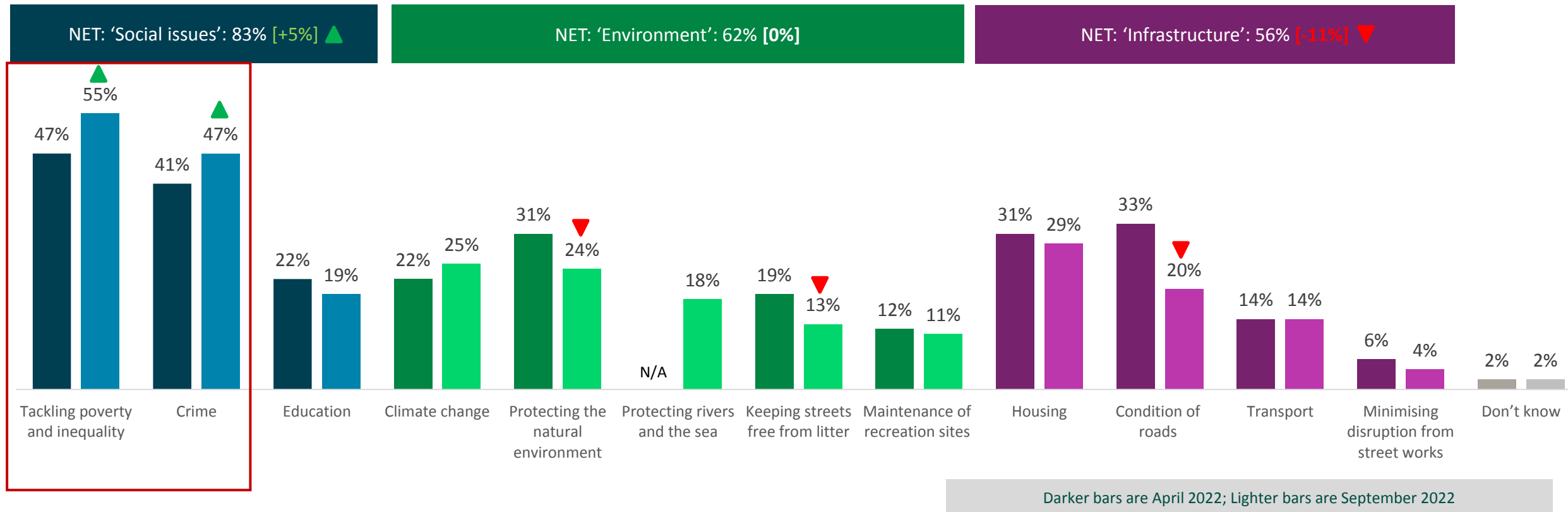
Important issues facing the country – YouGov data



Issues	Diff vs. April 2022
Economy	+12%
Health	+2%
Environment	+1%
Immigration	-2%
Leaving EU	-2%
Crime	+2%


In the North West, environmental and infrastructural concerns have also declined while social issues continue to cause the most concern

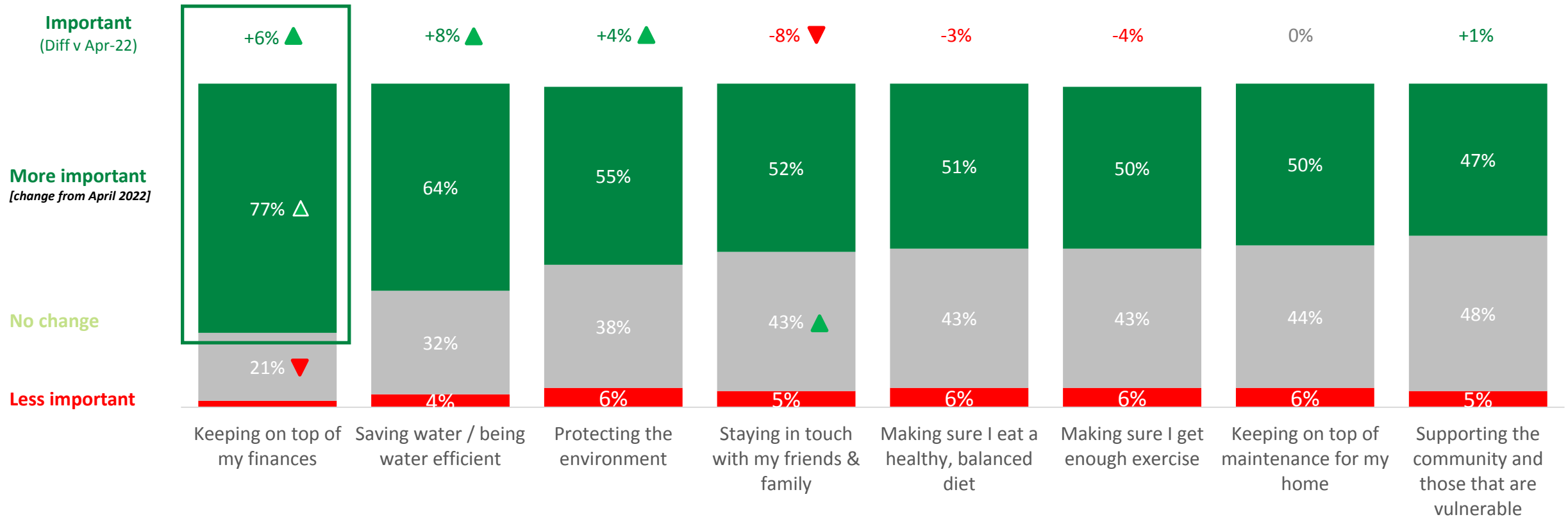
Current concerns – North West specifically



In the past 6 months, most have found it more important to keep on top of their finances, save water and protect the environment

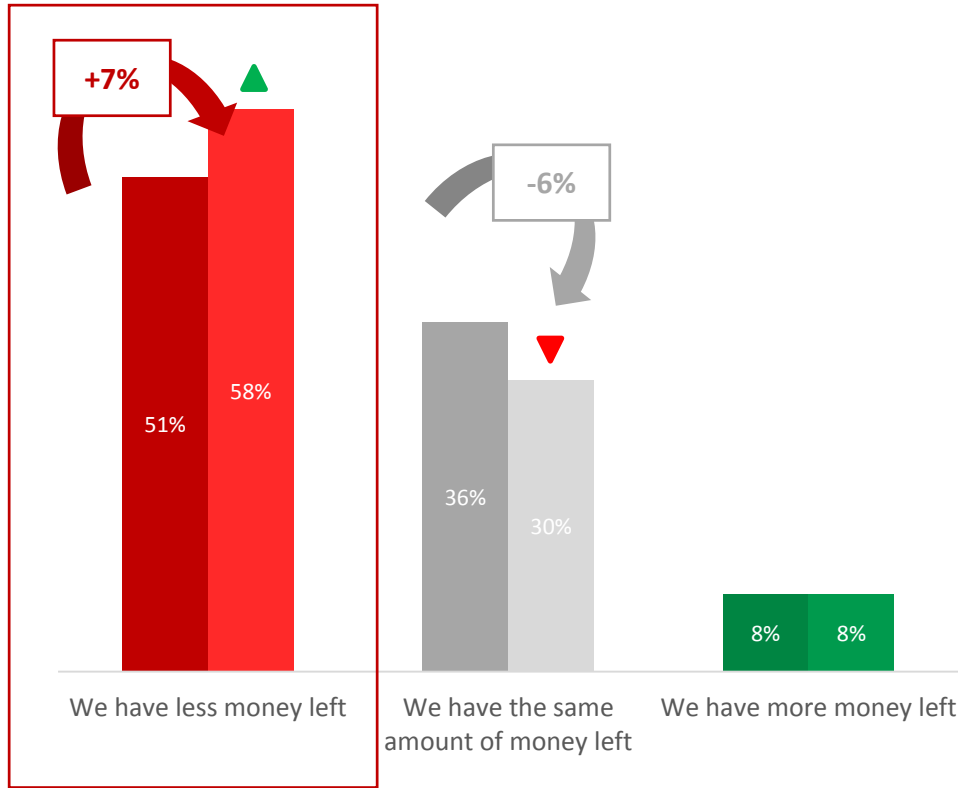
Important aspects – change in L6M

 Women were significantly more likely to agree to all aspects becoming more important



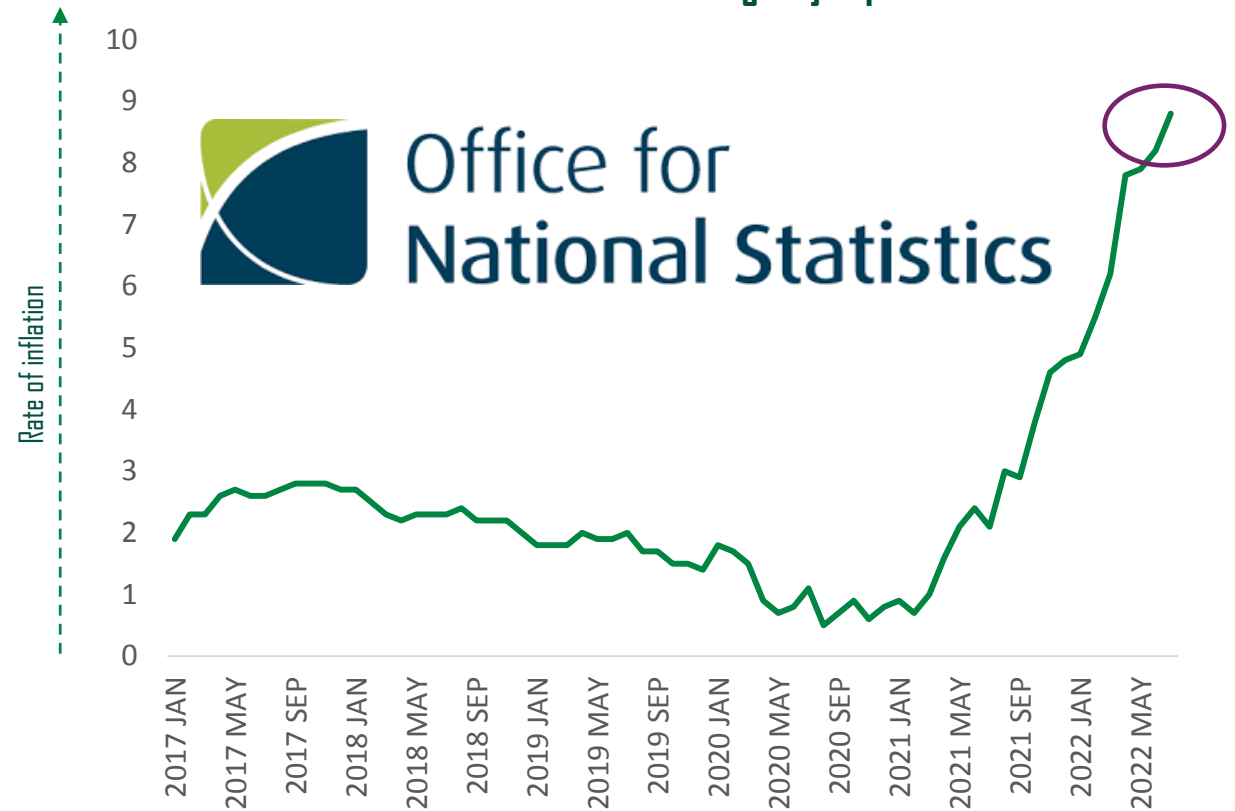
Household discretionary income keeps decreasing, with the Consumer Price Index having risen by close to 10% compared to June of last year

Household discretionary income



Darker bars are April 2022; Lighter bars are September 2022

The 'Consumer Price Index', an index of the variation in prices for a representative basket of retail goods and services, rose by 8.8% in the 12-months to June 2022. This is the largest jump in inflation since March 1982



Concerns over water bills continue to rise, however they remain lower relative to energy bills and food costs

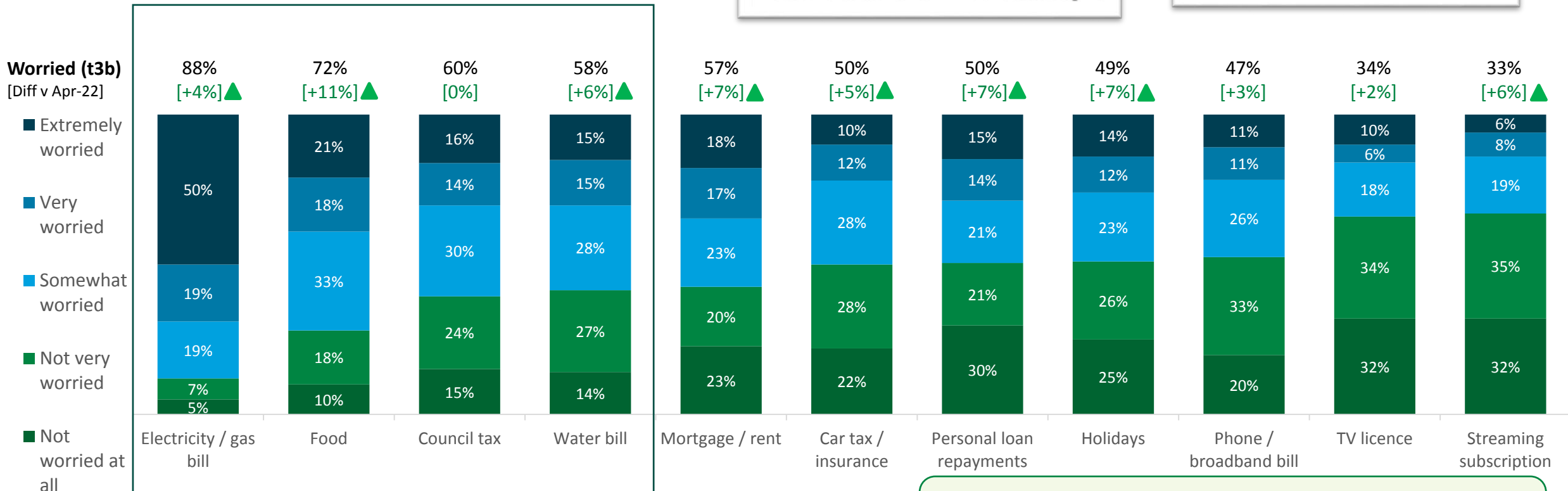
Concern about meeting household bills

theguardian

Rising energy bills put millions of UK households at risk of winter catastrophe

THE  TIMES

Get ready for 22% inflation, Goldman Sachs warns



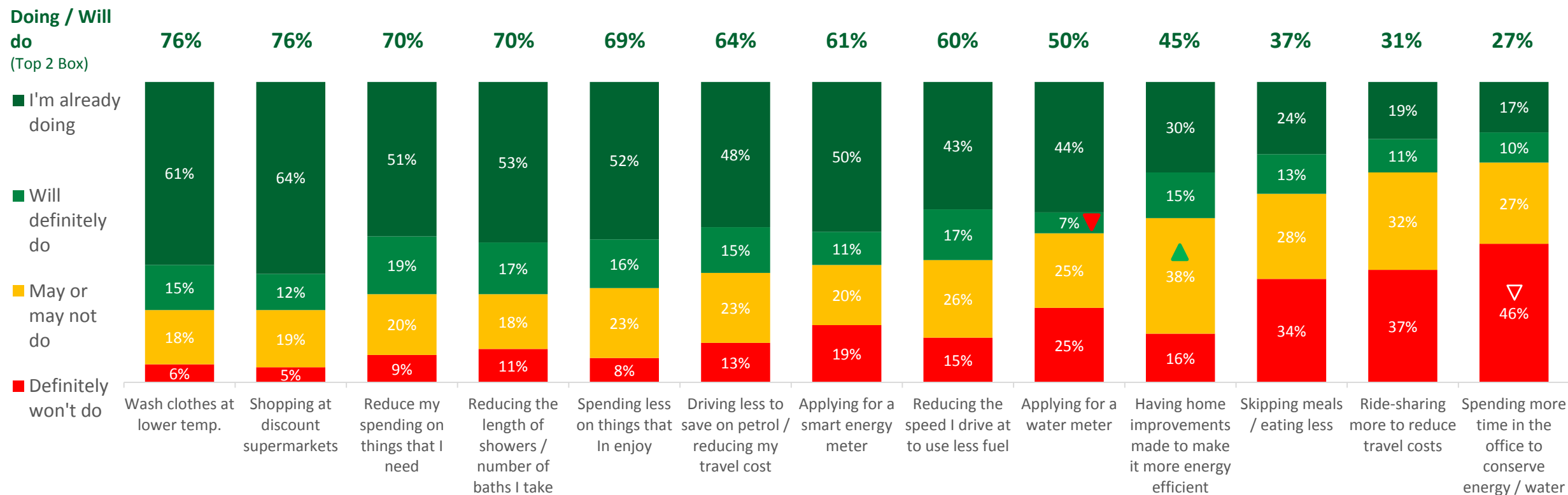
Women were significantly more likely to be concerned about meeting each household cost, while 55+ were significantly less concerned about this.

With energy bills causing the greatest concern, many customers are considering implementing changes to reduce their energy usage

Behaviour change to save money



Women wash/will wash clothes at a lower temperature, while 55+ will/ have reduced the length of showers they take and will / have applied for a smart water meter significantly more



Difficulty in meeting monthly bill payments, including water bills has risen from 6 months ago. Customers are also expecting difficulty with future bill payments.



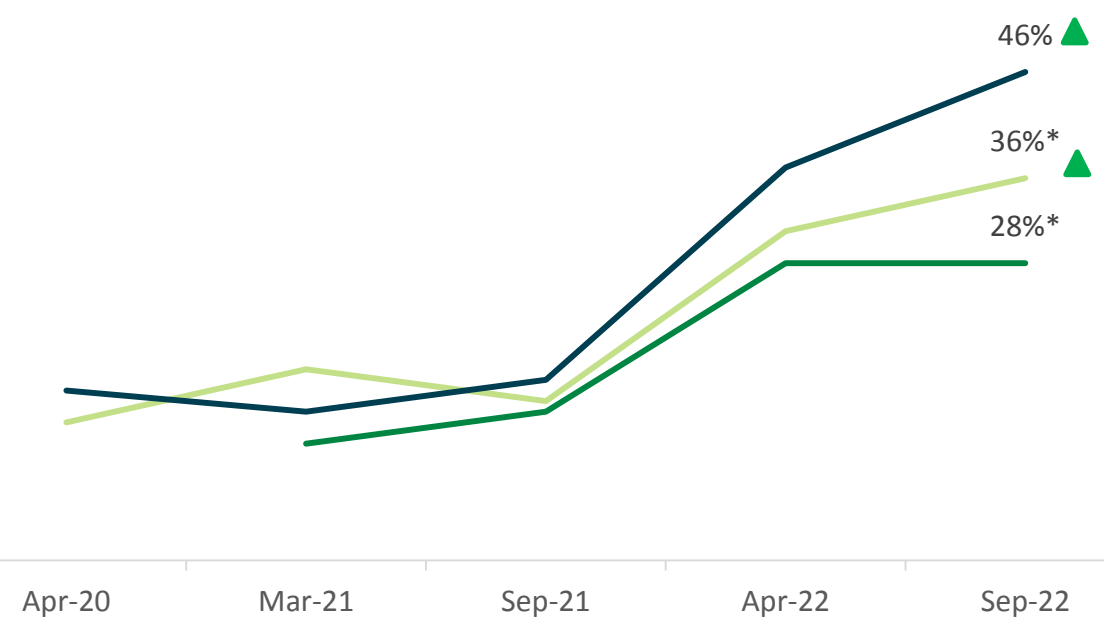
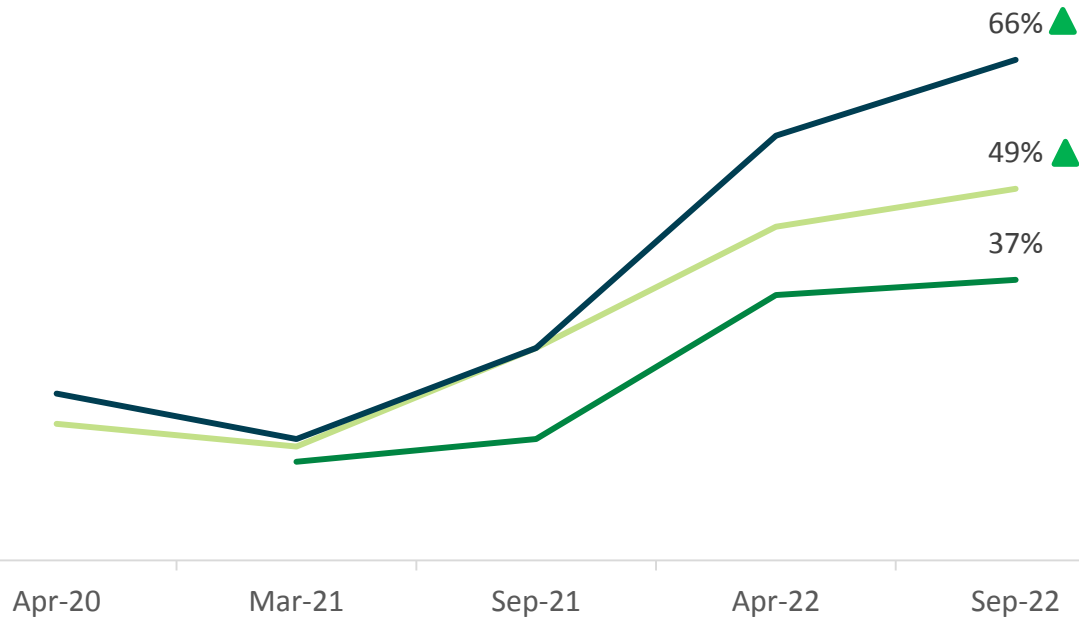
Difficulty with meeting monthly bill payments (general)



Difficulty with meeting monthly bill payments (water)

— 6 months ago — Now — In 6 months' time

— 6 months ago — Now — In 6 months' time



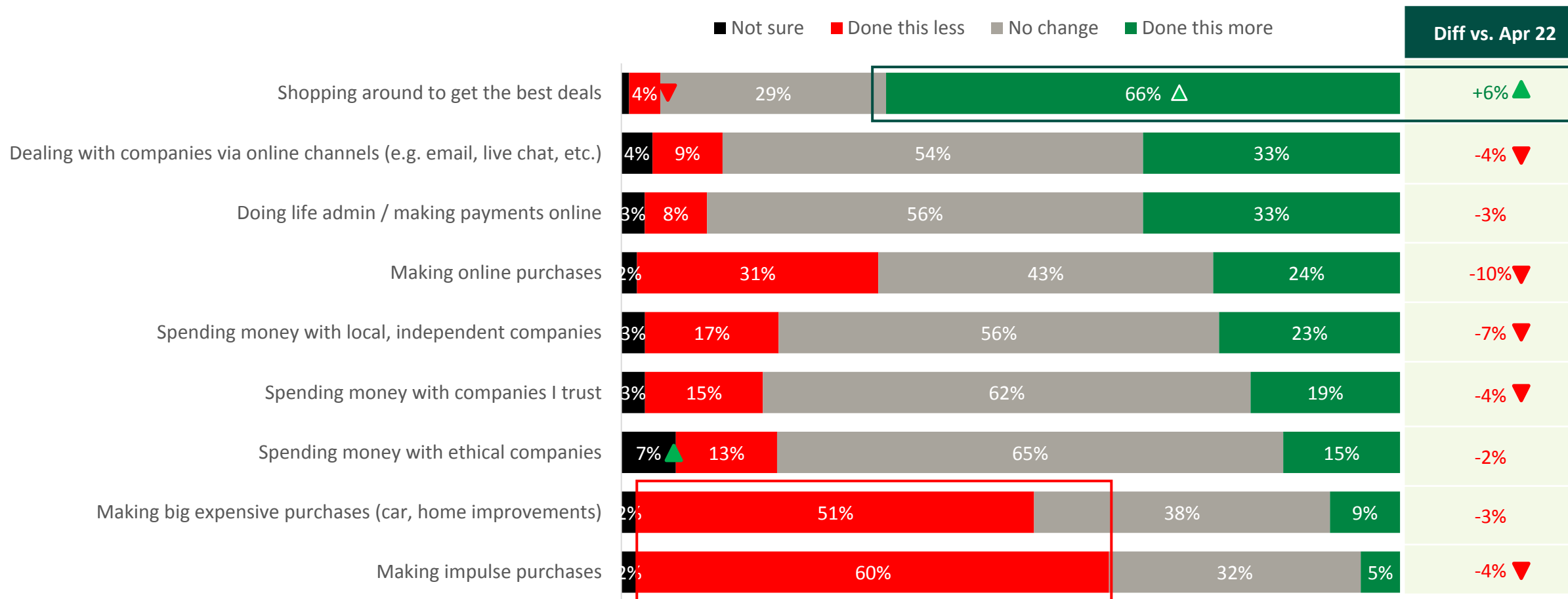
***Wave-on-wave differences driven by younger sample in April 2022**



Those who are younger than 54, living with children, in employment, and unmetered are currently finding it more difficult meeting monthly household bill payments; general & water

In the past 6 months, customers have been shopping more for deals, while all other types of purchases have seen a decline

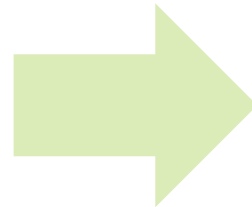
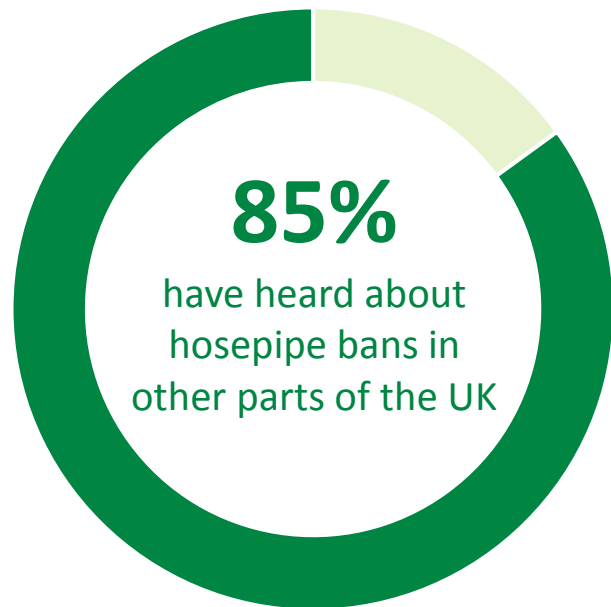
Changes in shopping behaviour vs. 6 months ago




Lifestyle & water usage

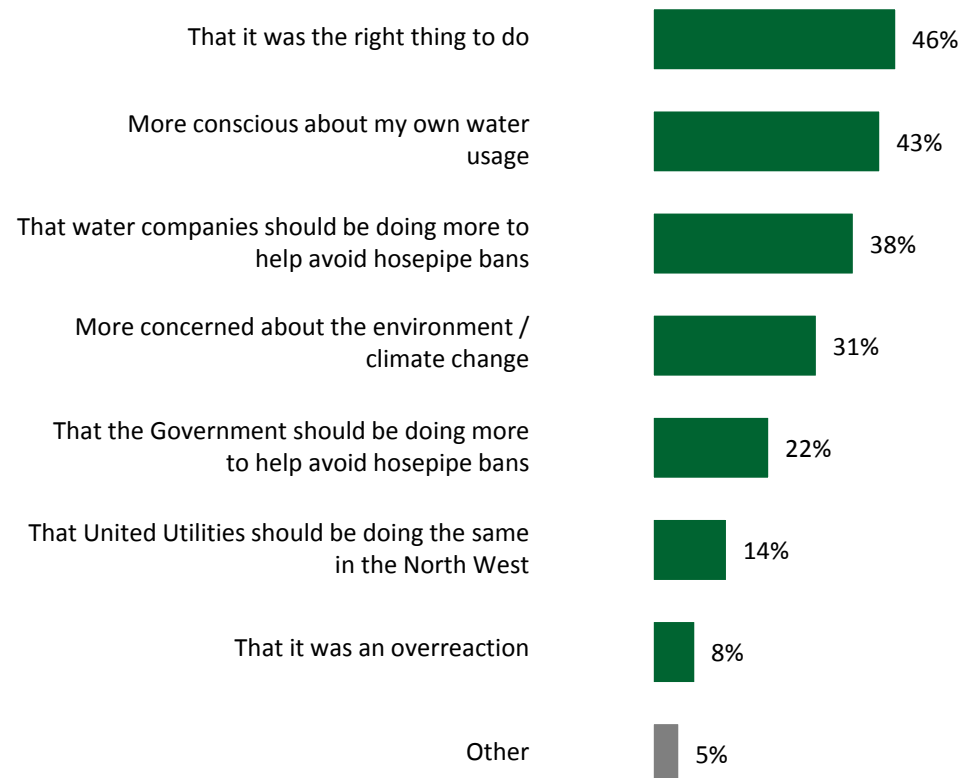
Awareness of hosepipe bans in other areas of the UK is high, with close to half believing it's 'the right thing to do' and encouraged them to be more water-conscious

Hosepipe bans – Exposure and feelings towards



 Women, 55 yrs+ and metered customers are more aware of hosepipe bans in other parts of the UK. 55 yrs+, those *not* living with children and metered are more in agreement that it is 'the right thing to do'.

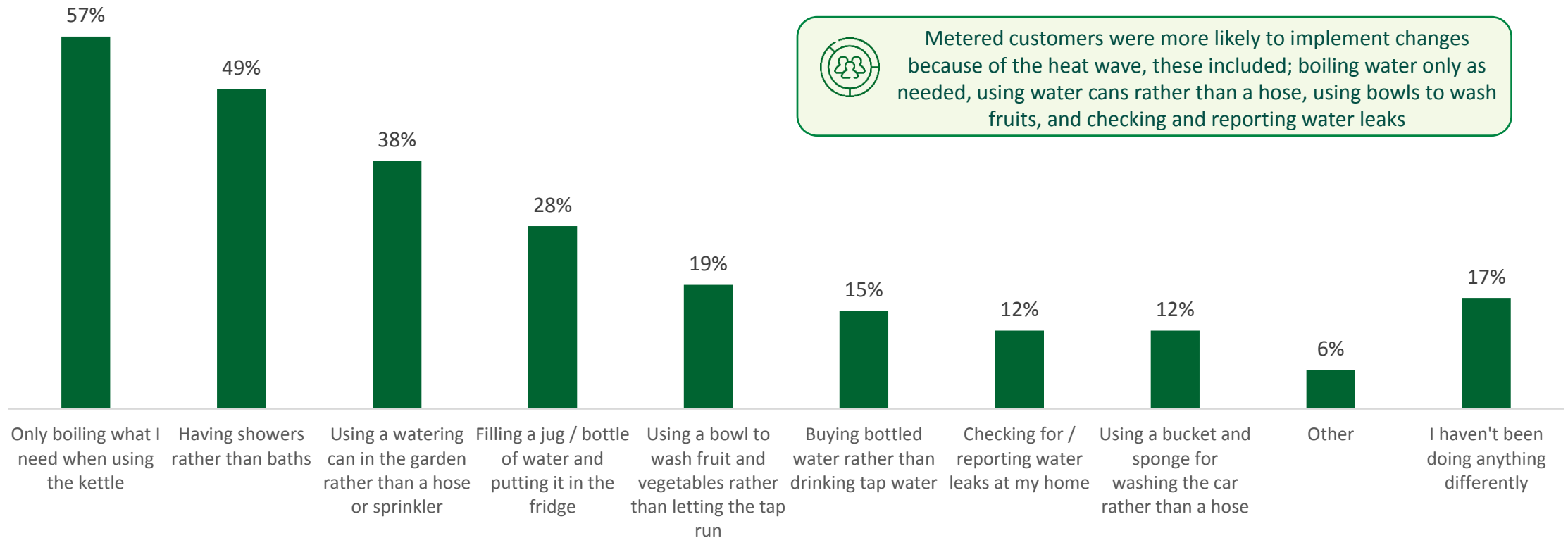
Hearing about the hosepipe bans made me feel...




Q30 - Have you heard anything about hosepipe bans being introduced by water companies in other parts of the UK?
 Q31 - How did hearing about hosepipe bans being introduced in other parts of the UK make you feel?
 Base: September 2022 (n= 1,287)
 Source: State of the Nation (September 2022)

There were some behavioural changes in response to the heat wave this summer, mainly boiling water only as needed and substituting baths with showers

Heat wave – changed behaviors



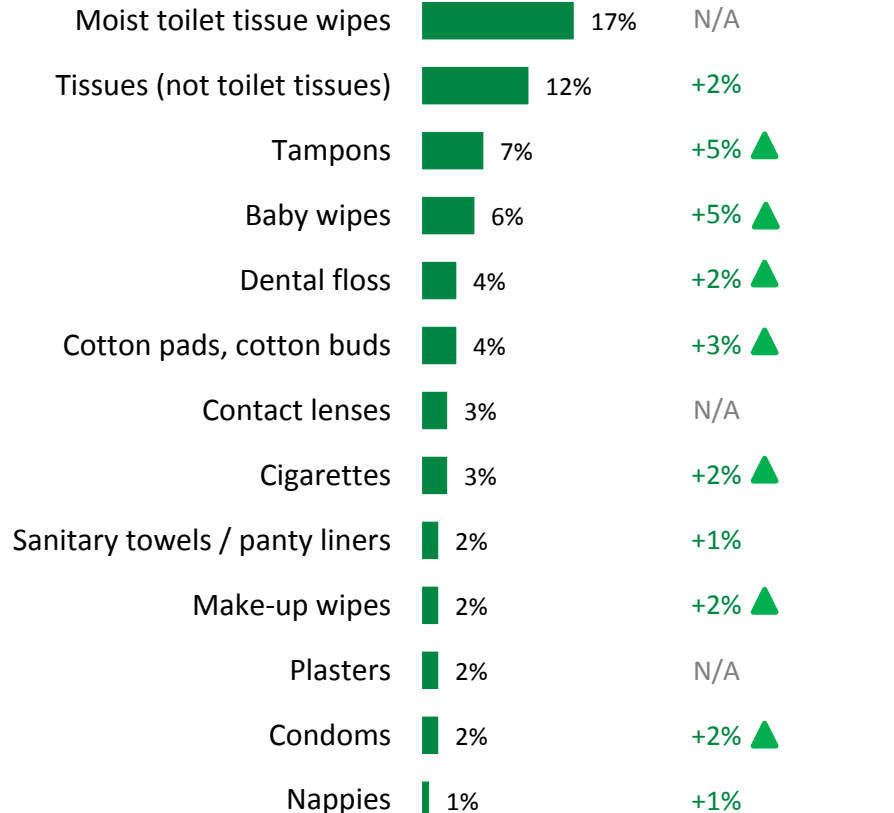
 Metered customers were more likely to implement changes because of the heat wave, these included; boiling water only as needed, using water cans rather than a hose, using bowls to wash fruits, and checking and reporting water leaks

Q29. Have you been doing anything differently to conserve water in response to the heat?
 Base: September 2022 (n= 1,287)
 Source: State of the Nation (September 2022)

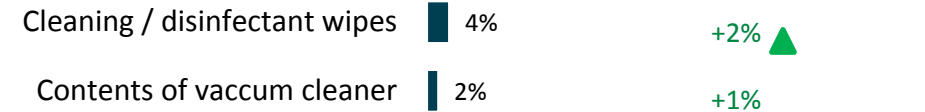
Moist toilet tissues wipes, tissues and hair are the most common items disposed down the toilet.

Items disposed of down toilet, sink or drain in last 6 months

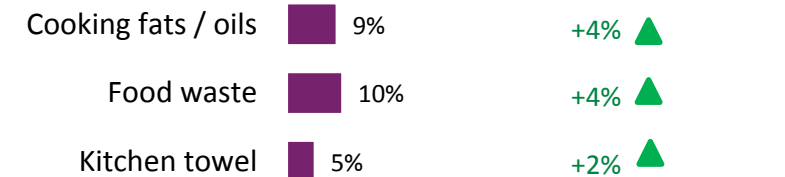
Hygiene / Personal care



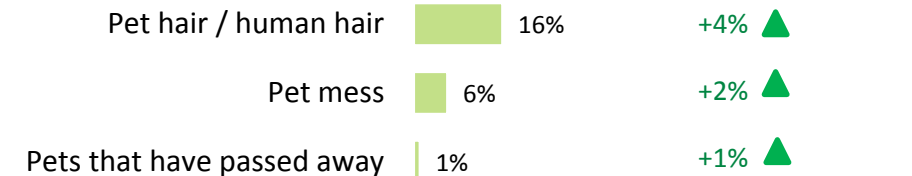
Cleaning



Kitchen



Pet



49% haven't disposed of any of the above via toilet, sink or drain in the last 6 months

Over half report blockages as the key consequence of disposing of products down in the toilet.

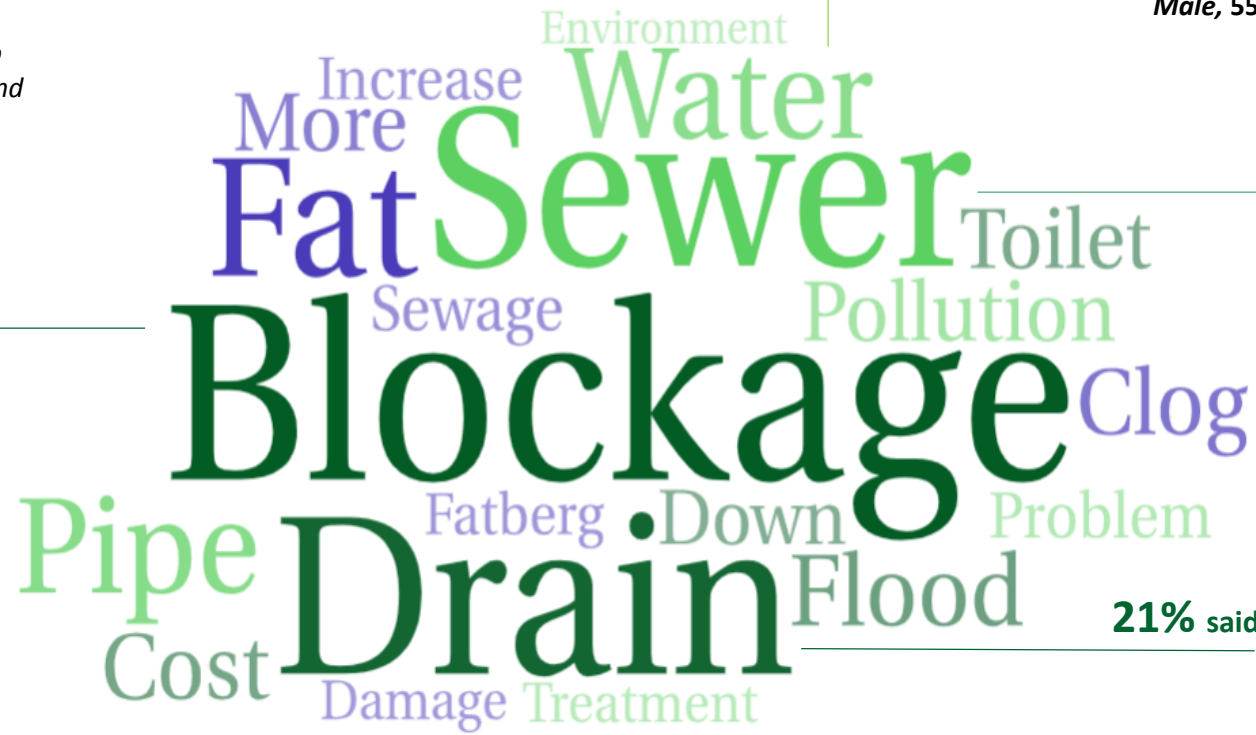
Consequences of disposing products down toilet, sink or drain (themes from open-ends)

“ They cause blockages that lead to flooding. It also jams up pumps and cost thousands to rectify.
Male, 55+

51% said

4% said

“ They cause blockages in pipes which then can cause sewerage overflows which can lead to nasty smells in streets and could potentially cause stoppage to clean water flows.
Male, 35-54



5% said

“

I think my local water company would dispose the waste into the sea and onto beaches.
Male, 55+

5% said

“

Drain blockages cannot be processed by the sewerage systems, meaning they're let into the waterways and seas without treatment.
Female, 55+

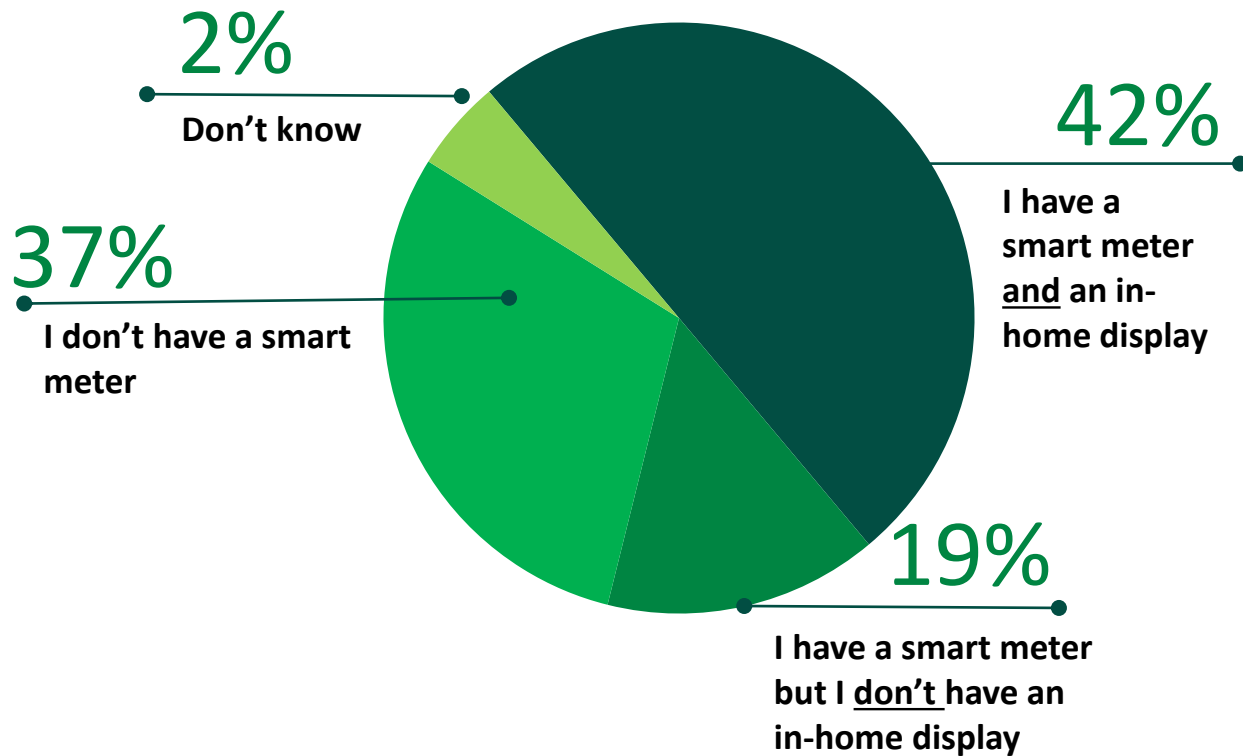
21% said

“

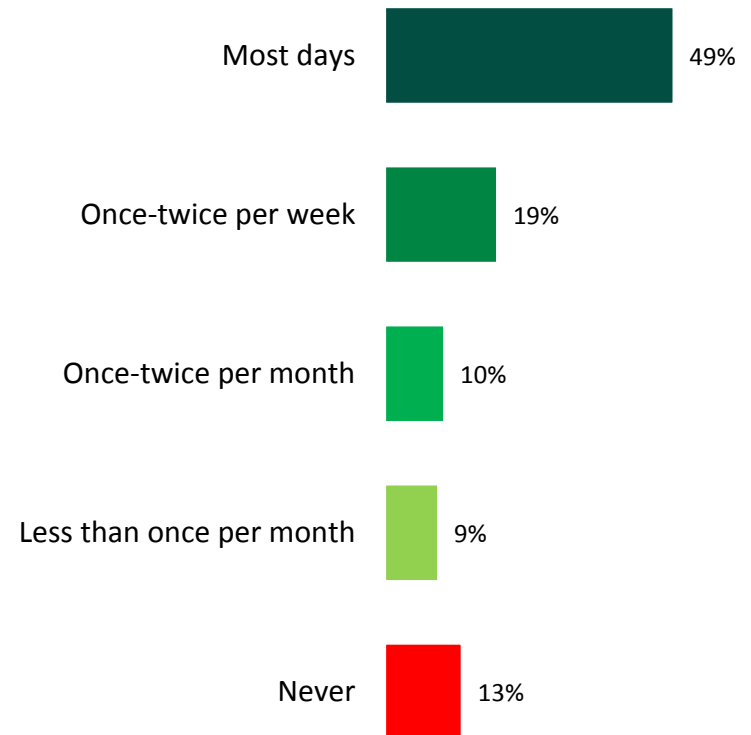
The drainage system will become blocked or damaged which could cause flooding.
Female, 55+

42% a smart energy meter with an in-home display, half of whom look at their energy usage on 'most days'

Smart meter usage



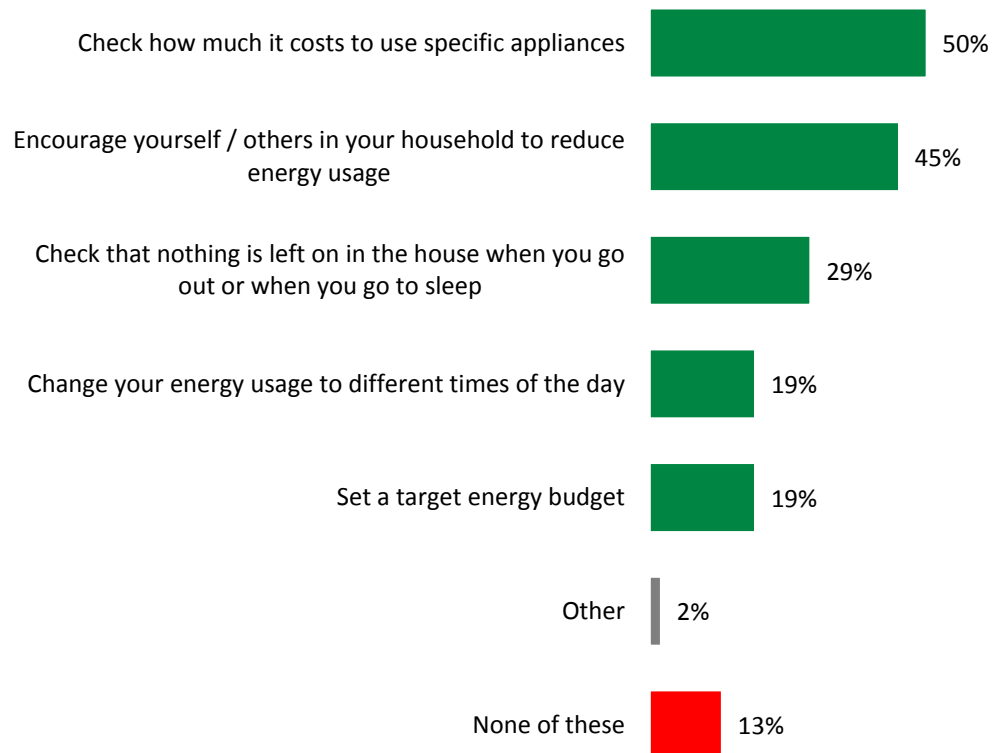
Of those 42% who have an in-home display - how often do you look at energy-usage information?



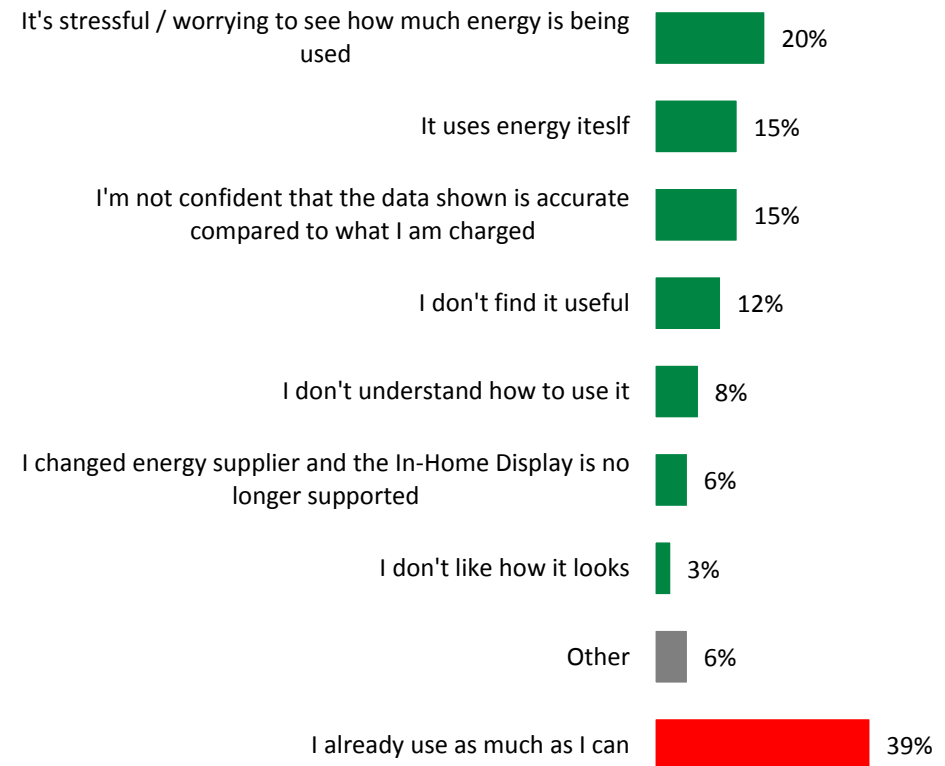
Most have used the in-home display to check how much it costs use specific appliances. The stress of knowing how much energy is being used prevents more frequent use.

Smart Meter - Home Display Uses

What have you used your In-Home Display to do?



What prevents you using you In-Home Display more often?



Q34: What have you used your In-Home Display to do?

Q35: What, if anything, prevents you from using your In-Home Display more often?

Base: All those who look at information on their In-Home Display (n=477) and all those who have an In-Home Display (n=548)

Source: State of the Nation (September 2022)

Customer needs

With customers being a lot more price sensitive, it's increasingly important that brands offer low prices – showing care for the environment is also a rising requirement from brands.

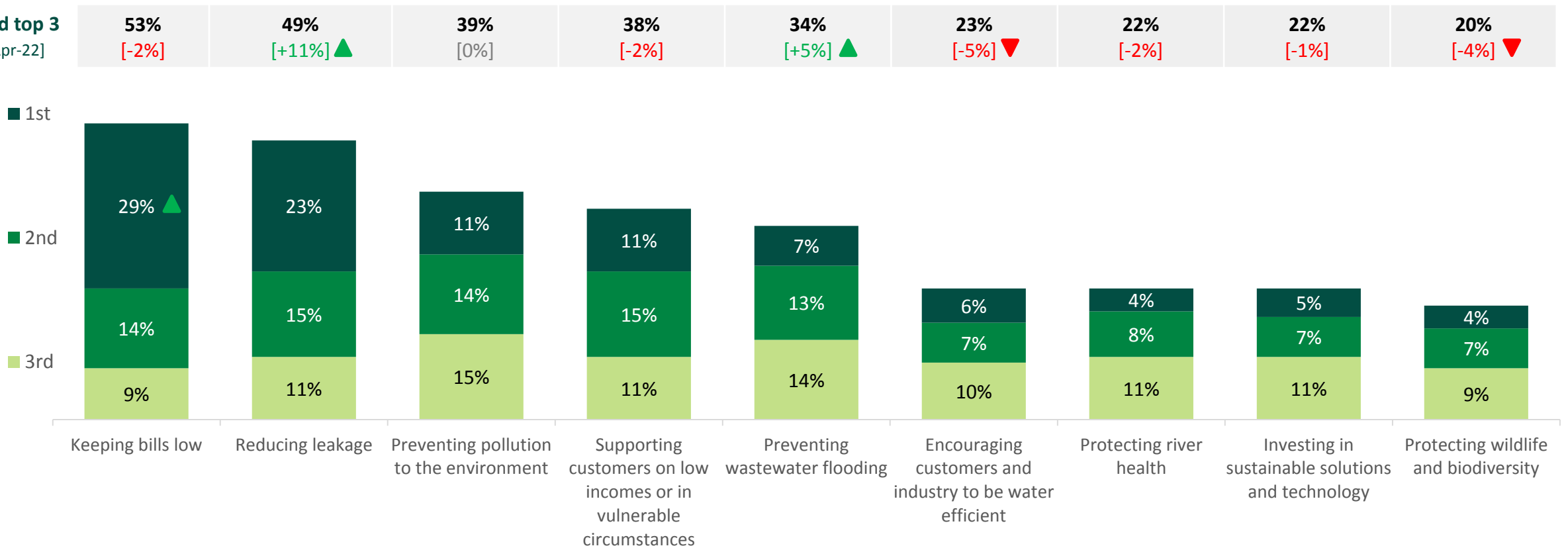
Important traits in brands

Important traits in brands (Rated as 'Very Important')	March 2021	September 2021	April 2022	September 2022	Diff vs. Apr-22
They have reliable products and services	69%	72%	63%*	65%	+2%
They are trustworthy	71%	71%	66%*	62% ▼	-4% ▼
They care about their customers	63%	62%	58%	57%	-1%
They are straightforward to deal with	63%	60%	56%	55%	-1%
They communicate to customers with empathy and talk to me like a human	56%	56%	51%	52%	+1%
They provide the option to speak to a real person, not just online options	60%	58%	50%*	52%	+2%
They offer low prices	38%	30% ▼	45%	51% ▲	+6% ▲
They are open and transparent	60%	58%	50%*	49%	-1%
They deliver a seamless and easy online experience	47%	46%	44%	43%	-1%
They treat me as an individual	51% ▲	43%	41%	41%	0%
They care about the environment	47%	44%	35%* ▼	41%	+6% ▲
They are responsible and ethical	48%	44%	37%*	39%	+2%
They know what they stand for	40%	37%	34%	35%	+1%
They are innovative	22%	15%	18%	19%	+1%

Keeping bills low is perceived as a top priority for UU, reducing leakage is a secondary but has increased in importance from last wave

Important issues for UU to be tackling

Ranked top 3
[Diff v Apr-22]



Customers spontaneously mention that they would like UU to manage the amount of sewage released into rivers, fix leakage quicker and reduce water bills

Additional requests of UU (themes from open-ended responses)

Reduce the amount of sewage being released into rivers and seas (c.35%)	Improve efficiency, mainly through fixing leaks quicker (c.25%)	Reduce water bills for customers or offer financial support (c15%)	Increased engagement within the local community (c.10%)
<p>“ Stop the discharge of sewage off the North-West Coast and into rivers. Male, 55+</p>	<p>“ Much more action needed on fixing leaks – It’s pointless asking me to flush & shower less when so much water is being wasted by leaks/bursts. Female, 55+</p>	<p>“ Doing more to help others, and not just the ‘vulnerable’ people as everyone needs help due to the cost of living - Water Bills should be reduced. Female, 55+</p>	<p>“ More information on what is happening locally, such as any works, or what you are doing in the local community, or how reservoirs work etc. This will help me educate my children if I know. Female, 18-34</p>
<p>“ Significantly reducing the amount of sewage you dump into waters. This is both shocking and totally unacceptable. It gives UU an extremely bad public image, a big water company disinterested in maintaining high environmental standards and happy to pay fines instead. Male, 35-54</p>	<p>“ Protection of the natural environment and the sustainability of water supplies are essential. UU should continue to strive for improved efficiency, sustainability, and reducing water loss and pollution. Male, 35-54</p>	<p>“ Reducing bills given the huge profits they are making. Male, 55+</p>	<p>“ Getting out there in the community and giving talks to local groups on the latest developments and important local issues. Male, 55+</p>
<p>“ You can stop tipping sewage into our waterways. Female, 55+</p>	<p>“ Fixing leaks, keeping reservoir levels healthy. Male, 35-54</p>	<p>“ Reduce customers bills using the money paid to senior board members. Female, 35-54</p>	<p>“ Educating children from primary age to understand the impact of their behaviours on the environment they live in. Female, 55+</p>

Customers expect brands to use technology to make their services more seamless. Efficiency and in person interactions are also found to be innovative

Brand innovation (open-ended responses)



Successful harnessing of technology makes the experience more efficient and enjoyable across numerous fields.



Customer service that prioritises efficiency and in-person interactions is enjoyed



Innovations in the automotive industry shows that customers are open to change

“

I always use my Amazon Echo to make calls which then comes out of my calls allowance for Vodafone. These features are great, I know I don't have to have a charged phone to make or receive calls ..

Male, 35-54

“

I currently deal with a company who I messaged on Instagram and they got back to me straight away. I didn't have to go through mountains of security questions and was asked questions which made me feel like a person.

Female, 18-34

“

Nissan Motor Company released the Nissan Leaf as one of the first fully electric cars despite a serious lack of supporting infrastructure. It was innovative and risky but it paved the way for mass EV ownership. Even your survey doesn't take the existence of BEV into account and thinks we all drive petrol cars.

Male, 55+

“

My car was in for service and required a job doing, a video link was sent to me so I could see exactly what was required and make an immediate decision.

Male, 55+

“

Amazon seem to have 24/7 online chat support which is very useful. It's highly irritating when I remember I need to contact a company and their phone lines closed 5 minutes ago.

Female, 35-54

“

Amazon changing to electric delivery vans, a good step forward

Male, 55+

“

The Freewheel wheelchair attachment designed to allow wheelchairs to access uneven terrain, opening up more options for wheelchair users and increasing their independence. I bought one and now I can access the local countryside including the reservoirs and canal towpaths!

Female, 35-54

“

I recently received an online grocery order from the Co-op in under 20 minutes, which was a lot faster and more seamless an experience than I was expecting

Male, 35-54

“

Toyota have redesigned their cars using modern technology making them safer and cause less damage to the environment. I have consistently bought Toyota cars for more than twenty years now and not been disappointed.

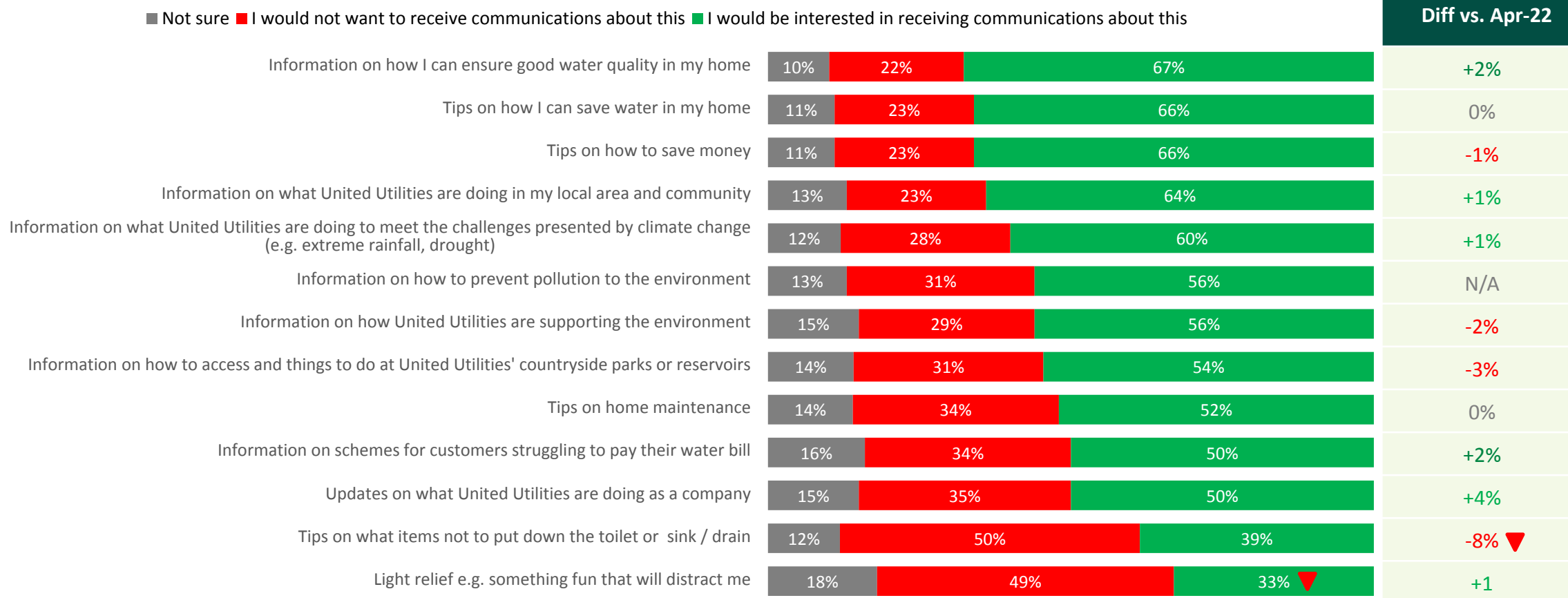
Male, 55+

Sharing tips on how to ensure good quality water and providing water saving tips, would be good ways to engage with customers

Interest in receiving comms from UU



Information on how to ensure good quality water is significant among 55 yrs+, metered customers, and panelists. While women and those with a garden or balcony, are significantly more likely to be receptive to water saving tips

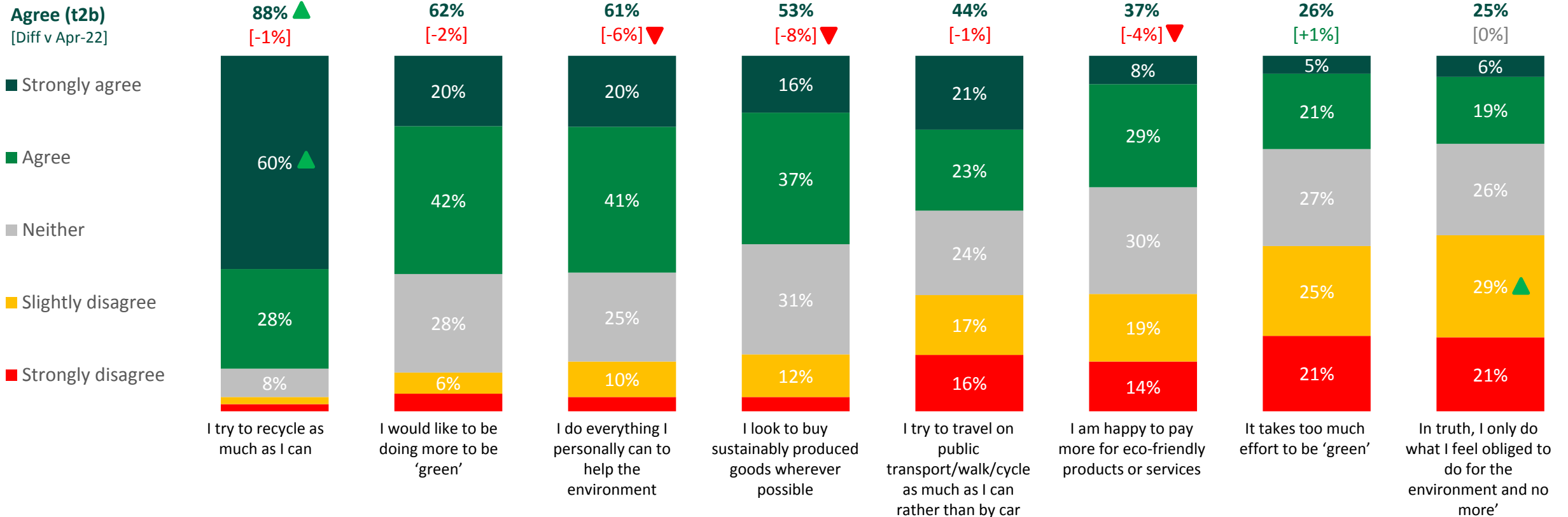


Most customers mention trying to recycle as an act towards sustaining the environment, this is higher among women and stable from April 2022

Attitudes toward the environment

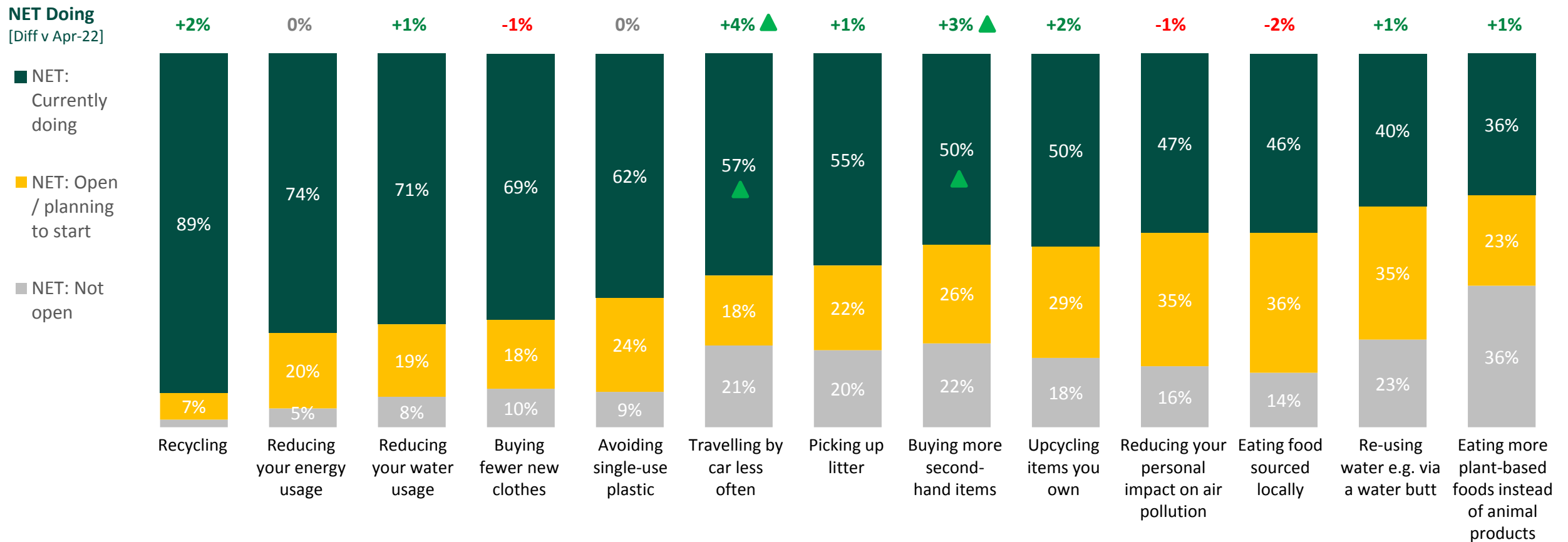


Women try to recycle as much as possible, 18 – 34-year-olds would like to be doing more to be 'green', but believe it takes too much effort to do this.



While concerns around the environment have been overtaken by financial worries, consumers continue to engage in pro-environmental behaviours, and continue to recycle

Engagement in pro-environmental behaviours

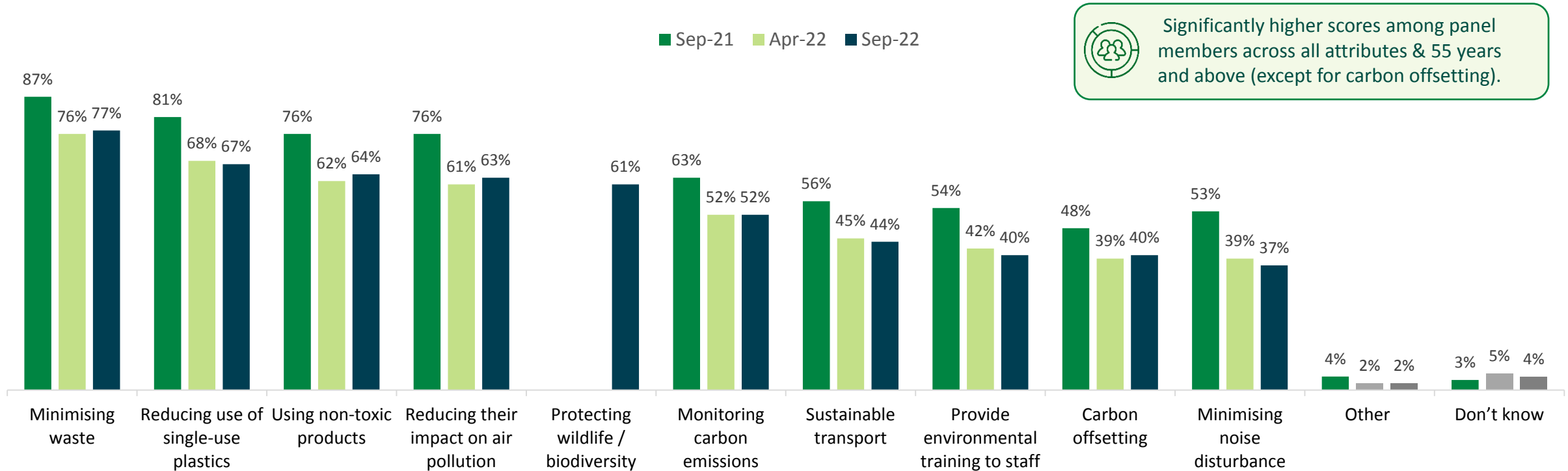


Significant differences are shown compared to last wave, April 22

▲ ▼ Significant difference at 95% CI

Based on customer views, minimising waste should be adopted as standard procedure by companies

Expectations of companies



Recap

Recap

Financial concerns remain top of mind with the ongoing cost of living crisis

Concerns around environmental issues have slipped back, but customer behaviour is still 'pro-environment'

With discretionary income decreasing and consumer inflation rising, the outlook is bleak

With customers being price sensitive, it is important for brands to highlight value in their services

Customers report less water related activities, and are not opposed to water bans

Keep customers engaged by sharing water and money saving tips and environmental efforts

Appendix

Ofwat standards for high-quality research

Ofwat have set out requirements for High Quality Research in their [Customer Engagement Policy](#). All water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders.

Useful and contextualised

The insight used from this research is continually used with United Utilities to evidence and track customer views and behaviours.

Fit for purpose

This research was designed to ensure robust insight was gained. The questionnaire was designed in order to track customer sentiment over time. The sample was carefully considered to ensure sub group analysis and understand differences of these groups and recruit a mix of engagement levels with water and the environment.

Ethical

This research was conducted by Verve, which is a member of the Market Research Society. Participants were informed that they could be open and honest in their views due to anonymity and Verve and United Utilities were subject to strict data protection protocols.

Continual

The outputs of this research were contextualised using a wide evidence base including previous State of the Nation surveys. The design of the methodology and survey allow for continual tracking over time.

Neutrally designed

Every effort has been made to ensure that the research is neutral and free from bias. Where there is the potential for bias, this has been acknowledged in the report. Participants were encouraged to give their open and honest views and reassurances were given throughout the research that United Utilities were open to hearing their honest opinions and experiences.

Inclusive

Quotas were set based on the known profile of United Utilities' customers and weighted to mitigate variations in the sample population. The research materials went through robust testing to make sure they were accessible and engaging.

Shared in full with others

The research is published and shared on our website and through our industry customer insight newsletter, The Source.

Independently assured

All research was conducted by Verve, an independent market research agency. United Utilities collaborated with Your Voice, the Independent Challenge Group, who reviewed all research materials and provided a check and challenge approach on the method and findings

The WaterTalk panel

- Water Talk is an online community designed to reflect the views of those in the North West who have access to the internet (circa 90% of the population)
- Customer panels typically provide a deeper level of engagement with customers than ad-hoc pieces of research
- It provides rapid research access to United Utilities customers
 - This can provide fast and cost effective feedback on a wide range of issues
- Where appropriate, work is supported with other methodologies and samples to represent those not present on WaterTalk
- Nearly 8,000 United Utilities customers are on the panel:
 - 3,600 have taken part in a research activity in the last 6 months

To find out more about using the WaterTalk panel to meet your business needs, please contact **Shy Sharma** or another member of the Insight Team:



Shy Sharma

Head of Customer Insight
Shy.Sharma@uuplc.co.uk



Jenny Fathers

Customer Insight Manager
Jenny.Fathers@uuplc.co.uk



Jessica Collier

Customer Insight Executive
Jessica.Collier@uuplc.co.uk