



# Waterwise Retailers Programme

**Assessing water efficiency services  
offered by water retailers**

---

Aaron Burton, Nicci Russell, Hazel Lewis

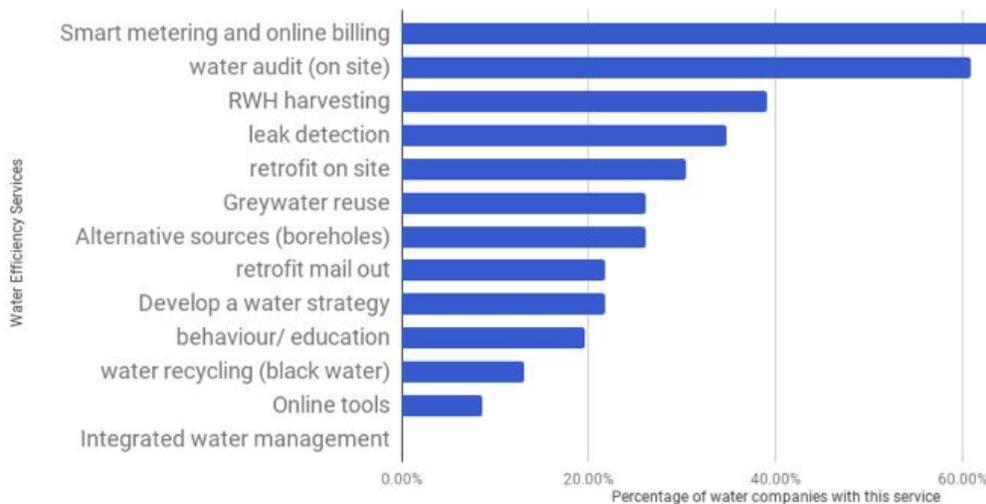
Final Report

March 2018

## Executive Summary

Water efficiency services represent a key benefit from the introduction of retail competition to 1.2 million businesses, charities and public sector organisations in England from April 2017. This research was undertaken from the customer perspective to identify what level of water efficiency services are being offered by new retail water companies. It was undertaken between 13 and 21 November 2017.

A key finding from this research is the wide variation in the number and type of services being offered by retail water companies. As illustrated below the main services offered are metering and water audits, however less than half of companies offered leak detection on their websites.



The analysis of websites provides a useful indication of services offered. However, many businesses are offered services through the sales process with retailers or via Third Party Intermediaries (TPIs). A mystery shopper exercise could be undertaken to get the perspective of small, medium and large customers interacting with retail water companies and TPIs.

Given the lack of water efficiency services being offered and the issues with collaboration between wholesalers and retailers we propose a Water Efficiency League Table. This would provide an independent third party source for customers to help them decide on a retailer but would also be a useful policy instrument to ensure retailers deliver more water efficiency

services. Improved delivery of water efficiency services is needed for resilient water supplies and businesses in the UK.

## Acknowledgements

Waterwise is an independent not-for-profit organisation established in 2005 with the vision that water will be used wisely, every day, everywhere. We'd like to thank Ben Earl from Southern Water for working with us to develop the ideas for a league table and taking forward joint discussions with Government and regulators. We'd also like to thank the Water Efficiency Strategy Steering Group for input and support around the issues that need to be addressed with water retail competition.

Our work would not be possible without our Supporters and Affiliates, who fund our thought leadership and policy research in water efficiency. These are listed below. Please contact [info@waterwise.org.uk](mailto:info@waterwise.org.uk) if you'd like to find out more about our work and how to become a supporter.



---

## Introduction

### Background

Through retail competition for water, all non-household customers are free to change from their existing monopoly water company to another water supplier – now the case in Scotland and England. This is really about the “customer-facing” services including billing customers, handling payments, reading meters, and taking calls from customers about network related issues. It does not include water resources management, water and sewerage treatment, or management of water or sewerage networks. These are referred to as upstream or wholesale services.

In Waterwise’s Water Efficiency Strategy for the UK we raised the following issues:

- Capacity of new retailers to deliver water efficiency services - this is not yet clear, especially with a broad supply chain delivering any services
- Customer awareness of competition and water efficiency services - this appears to be increasing
- Some water companies have outcome delivery incentives from Ofwat linked to non-domestic water efficiency that need to be delivered in this price review period (before 2020). How can this be achieved within the constraints of competition law?
- Water resources planning and access to data to support forecasting (sharing with the wholesale water company) - how effective has this been to date?
- Bundling water as the cheapest service along with others such as telecoms and energy with higher margins – this would reduce any price signals towards water conservation.

Lack of transparency or delivery of water efficiency services was an issue identified at Southern Water’s retail event on 20 September 2017, along with the potential for a Water Efficiency League Table. These issues also arose at a recent All Party Parliamentary Water Group event, at the Waterwise Retail Competition event in January 2017 and through discussions between Waterwise and retailers.

### Objectives

The objective of Waterwise’s November 2017 research was to

- Assess the number of different types of water efficiency services being offered by water retail companies based on their online presence
- Assess the total number of different water efficiency services being offered by individual retailers based on their online presence
- Compare water efficiency and sustainability messages being conveyed by retailers through social media analysis (twitter)

## Methodology

### Website analysis

A survey approach was developed based on previous research undertaken by Waterwise in April 2017.

Retailers were first identified from the latest list available on the Open Water website in November 2017. A total of 23 retailers were included in this analysis between the 20-23 of November 2017.

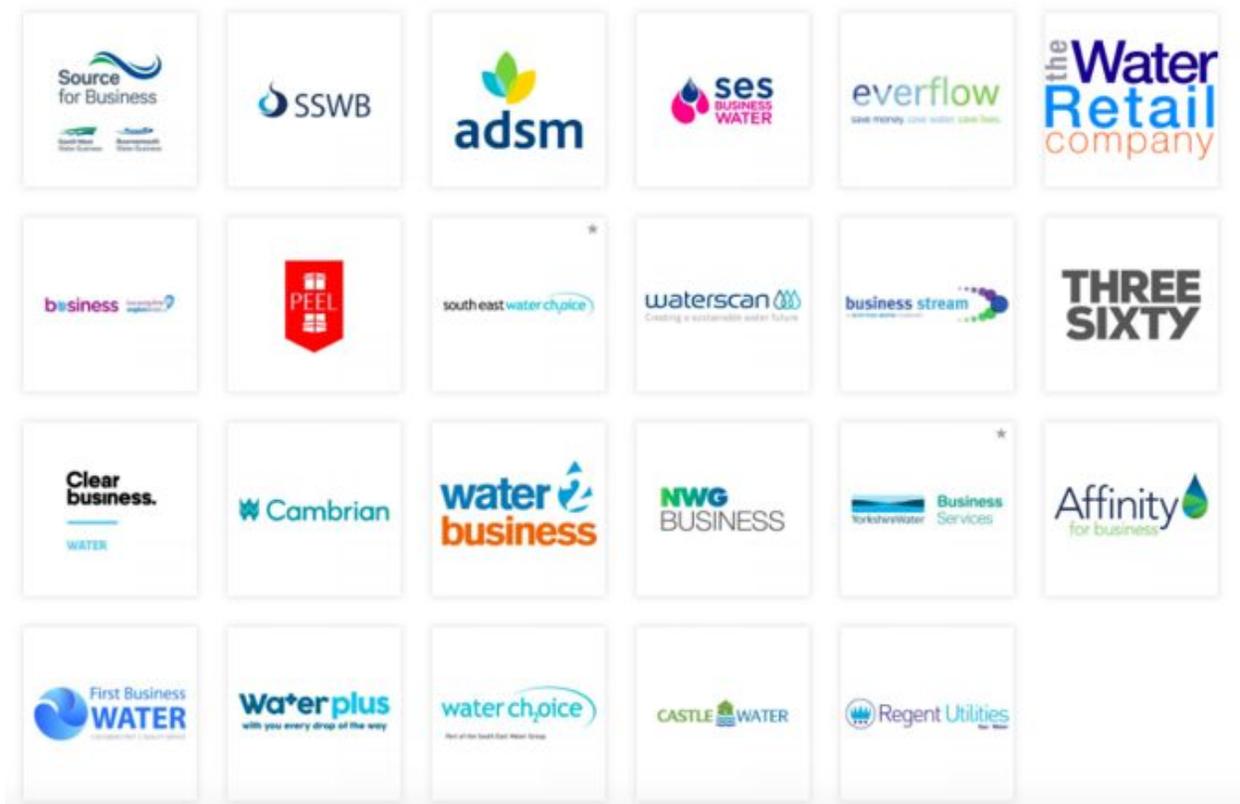


Figure 1: Retailers assessed (Open Water, November 2017)

Each website was visited and a summary of key terms for water efficiency services was recorded in a spreadsheet. These were then recorded against the following categories:

- smart metering and online billing
- water audit (on site)
- rainwater harvesting
- leak detection
- retrofit on site
- greywater reuse

- 
- alternative sources (boreholes)
  - retrofit mail out
  - develop a water strategy
  - behaviour/ education
  - water recycling (black water)
  - online tools
  - integrated water management

A further search was undertaken using the search engine of each individual website to check if they offered these services or discussed them in different areas of their website (e.g. blog posts).

A word cloud generator<sup>1</sup> was used to provide an overall impression of the types of water efficiency services offered by water retail companies. The keywords taken from the analysis of all websites was input to the online software to generate a word cloud figure.

### **Social media analysis**

The twitter account handles for each retailer were identified from their websites or a search of twitter. A free online twitter account analysis software<sup>2</sup> was used to compare the hashtags from the last 600 tweets from water retailers. These were then entered into a spreadsheet to produce a graphical comparison. This analysis is limited in that it only covers the last 600 tweets and that a selection of water and sustainability related hashtags was used rather than representing all the hashtags used by twitter accounts. Additionally, depending on twitter practices, some retailers may not have used hashtags to communicate about water efficiency.

---

<sup>1</sup> <https://www.wordclouds.com/>

<sup>2</sup> <https://accountanalysis.lucahammer.com/>



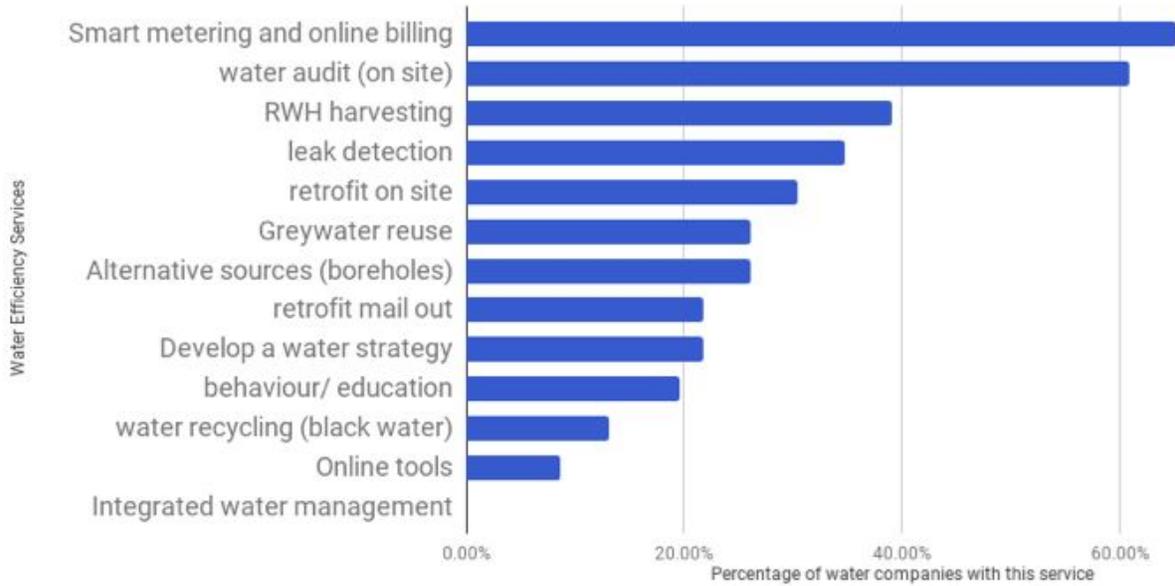


Figure 3: Percentage of water efficiency services being offered by water retailers on their websites

### Number of services offered by individual retail companies

There was a wide variation in the number of different services offered by water retailers on their websites. It is interesting to note that some of the more established ‘incumbent’ retailers offer more services but this isn’t universal when considering the innovation of some newer entrants (e.g. ADSM and The Water Retail Company).

### Number of Services Offered vs Water Company

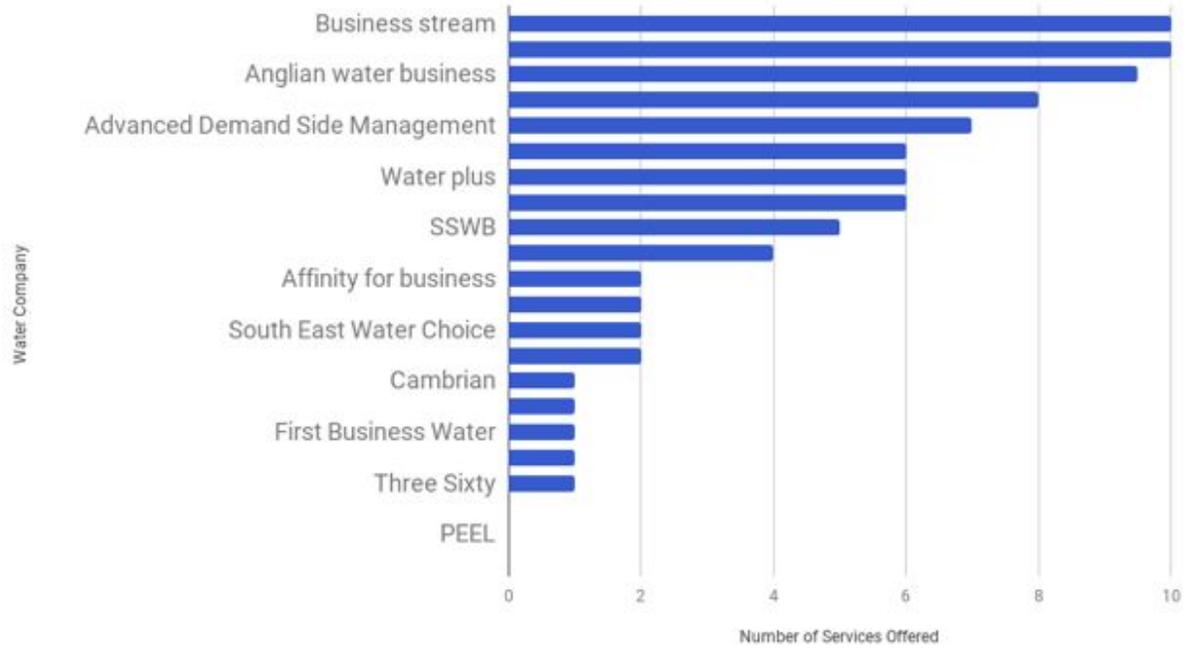


Figure 4: Number of services being offered by retail water companies from their websites

## Social media hashtag analysis

This analysis identified that all retailers who had a twitter handle were communicating about water. There was less on water efficiency but more on wider sustainability in many cases.

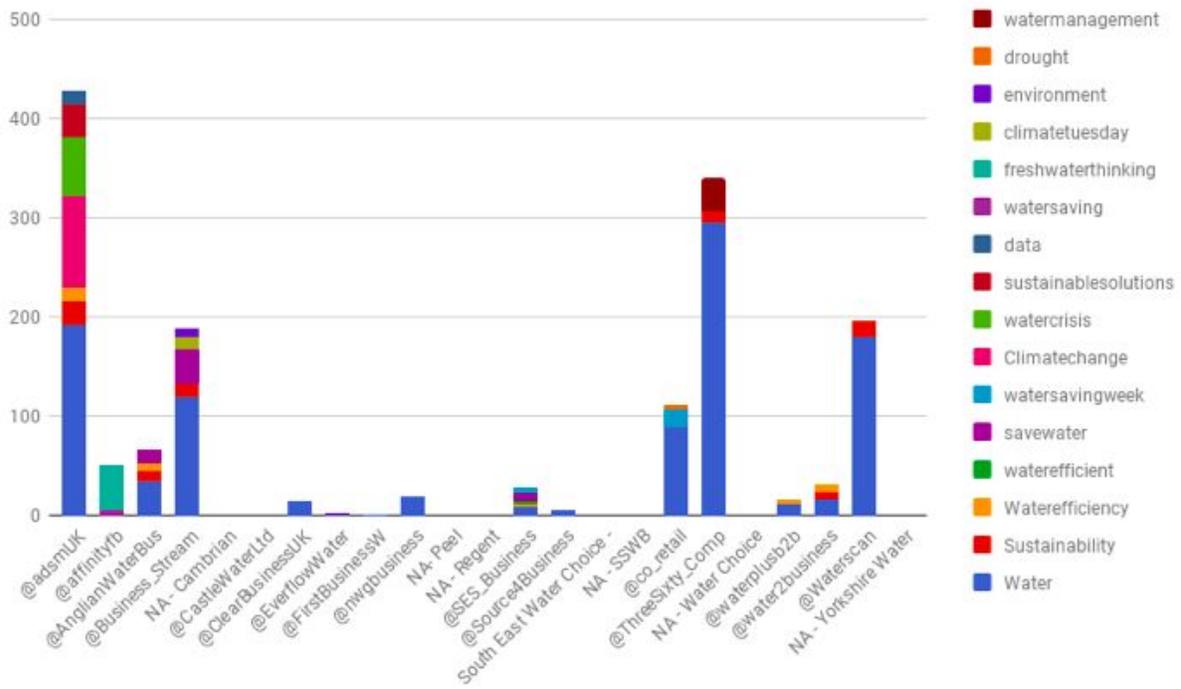


Figure 5: Analysis of water efficiency and sustainability terms in the last 600 tweets for retail water companies (November 2017)

---

## Discussion

The analysis provides the first quantitative indication of the range of water efficiency services being offered by retailers. We found a wide variation between information on different retail water company websites and that water efficiency information was often hard to find - sometimes sitting in a single blog post only rather than on the main website. Some websites relied solely on case studies and didn't list services. From a customer perspective this would make it difficult to choose a retailer based on these services. Additionally, there are currently no standards or accreditation for water efficiency services to help customers choose a quality service.

Third party intermediaries (TPIs) represent a large part of the process involved in switching retailers by businesses. This sector isn't particularly transparent or easy to identify online, from a customer perspective. Risks have been identified around TPIs based on the experience in other sectors (e.g. energy), but with sufficient customer safeguards, they could present an opportunity to communicate the benefits of water efficiency services to businesses. TPIs weren't included in this report but we aim to engage with them for future analysis.

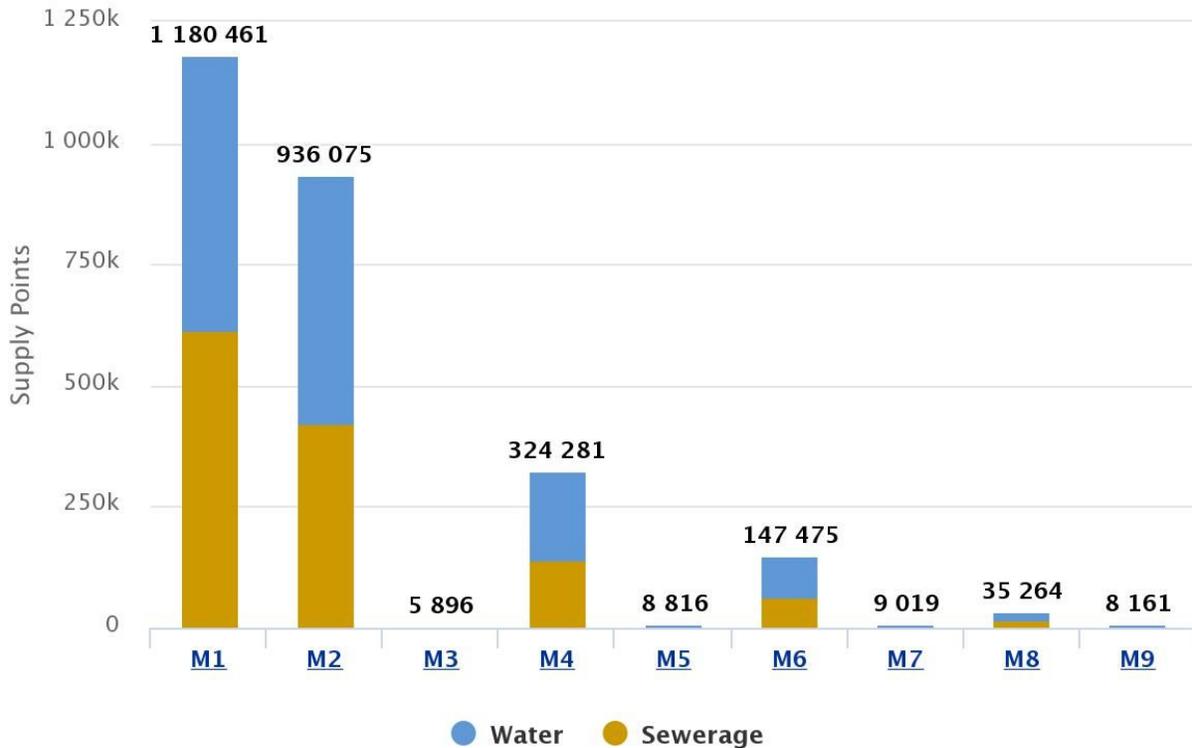
Research by the Consumer Council for Water found that 39% of small to medium-sized enterprise (SME) customers were unlikely to switch or negotiate a better water deal as they felt their organisation did not use enough water to save money. In addition to lack of services being offered on water company websites there is a need to communicate to SMEs around the benefits of these services to reduce not only water bills but also energy bills and reducing carbon emissions<sup>3</sup>. SMEs represent a large proportion of the number of supply points (Image 6), however it is still not clear how well they are being served with water efficiency services.

---

<sup>3</sup> CCWater (2017) Awareness of retail water market among SMEs, <https://www.ccwater.org.uk/research/awareness-of-retail-water-market-among-smes/>

## Number of Supply Points within segment

Total Supply Points as at 02 January 2670296



The number of supply points with negative volume is 2,802 and the number of supply points with null volume is 2,802.

Figure 6: Number of supply points within segments (January 2018)

The Major Energy Users Council (MEUC) undertook a survey of their members three months after the market opened. This found that ¼ had switched supplier, but that many didn't believe the risk or the savings outweighed the benefits<sup>4</sup>. MEUC members were enthusiastic about a Water Efficiency League Table for retailers, at a recent event (December 2017).

### Lessons for future research

The analysis of websites provides a useful indication of services offered. However, many businesses are offered services through the sales process with retailers. A mystery shopper exercise could be undertaken to get the perspective of small, medium and large customers

<sup>4</sup> Presented at APPWG meeting 5 September 2017

interacting with retail water companies and TPIs. This should include website and web-based quotes (including live chat services) as well as customer service calls and quotes.

The social media analysis is of less use than the website analysis as it isn't clear what communications method customers use to interact with retailers. There has been an increase in retailer and customer interaction via LinkedIn as a sales route. An analysis that includes LinkedIn could provide a clearer picture in future.

### **Water Efficiency League Table**

The market of non-household customers doesn't currently have information available to it to choose water efficiency services, even though many SMEs and larger corporates are asking for these. Market incentives could help to drive retailers towards delivering water efficiency, although these need to be combined with greater transparency and reliability of water savings estimated and measured.

Waterwise has spoken about league tables with staff from retailers. Many of these have come from other sectors including insurance, financial services, energy and customer service that already have league tables. Their experience has been that these can drive improvements and customer choice. Examples include:

- Car Insurance
- Financial Services Authority League Table
- The Times and Sunday Times University League Table
- Water UK Discover Water
- Carbon Reduction Commitment League Table

All examples except for the carbon reduction commitment are produced by independent organisations and rank service providers based on a range of metrics. For water retail an independent League Table could be compiled by Waterwise along with partners such as CCWater and the trade press.

The initial Waterwise analysis of services offered could be combined with a mystery shopper exercise to rank retailers based on:

- Number of water efficiency services provided
- Ease of finding water efficiency services
- How water efficiency services are offered through quotation approaches
- Approaches to monitoring and reporting water use internally, to customers and to the regulator

---

This retailer league table should be developed with retailers through a Waterwise Retail Water Efficiency Forum.

### **Water Efficiency Forum**

We propose a water efficiency forum to help address some of the issues that have been identified around retailers and wholesalers working together. This research highlights that many retailers may not be delivering water efficiency services, so this element of demand management isn't being delivered. There are wholesalers (Southern and Thames for example) who are offering to undertake water efficiency work with business customers for free as part of their approach to water resources management. However, many wholesalers haven't consulted retailers or developed partnership water efficiency options as part of their water resources planning process. And even those that have have reported limited engagement in response from retailers.

However, water efficiency should also be a service delivered by retailers as part of their responsibility to resilience of our water supplies and to their customers as it is a key business risk. Severe water restrictions would cost around £330m per day for business in London and a restriction in supply of around three days would be enough to close many small to medium size businesses.

Retailers should also be ensuring that they deliver significant water savings to the public sector, to ease wider challenges in terms of available funding, as well as improve resilience.

---

## Conclusion

Water efficiency services represent a key cite and potential benefit from the introduction of retail competition to 1.2 million businesses, charities and public sector organisations in England from April 2017. This research was undertaken from the customer perspective to identify what level of water efficiency services are being offered by new retail water companies.

There is a wider variation between the number and types of services offered, although in general there is clear room to improve upon the current situation. Key services such as leakage detection are being offered by less than half of retailers but this could represent a quick win in terms of reducing demand for water and on utility bills for customers. A further stage to this research, undertaking “mystery shopper” surveys, will help build a clearer picture of the state of the market. Research on water efficiency services being offered to the public sector would also be useful.

Give the lack of water efficiency services being offered and the issues with collaboration between wholesalers and retailers we propose a Water Efficiency League Table. This would provide an independent third party source for customers to help them decide on a retailer but would also be a useful policy instrument to ensure retailers deliver more water efficiency services. We also propose a new Water Efficiency Retail Forum to develop this league table and further discussions with retailers in this customer service area.

It is also important that water retailers play their part in the medium to longer-term resilience of the water services their customers rely on. We propose that Ofwat continue to monitor the delivery of water efficiency by retailers, by requiring them to report on the water savings to customers, drawing on the Water Efficiency league table - and reflecting Ofwat’s statutory duty on resilience. We also propose that retailers work together to ensure the public sector receives support and help to deliver significant water savings.

