LONG-TERM DELIVERY STRATEGY: CUSTOMER INSIGHT SYNTHESIS

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SHED RESEARCH CONSULTING

United Utilities
Water for the North West

Contents

1. Objectives and approach

Building your Long-Term Delivery Strategy (LTDS) with customers in mind

At PR24, water companies are required to set out their five-year business plans in the context of a 25-year Long-Term Delivery Strategy (LTDS).

United Utilities (UU) is currently drafting its LTDS – a plan for the years until 2050. It will cover ambitions and performance commitments, such as water supply, customer experience, affordability, biodiversity, and carbon/net zero.

A full *draft* list of these performance commitments and areas of ambition is included in the next slide.

Customer input will be vital for building a successful LTDS. You will be researching several different pathways to 2050 with customers in deliberative research. But you also need to understand:

1. How customer priorities have changed over time
2. How events impact views and what this tells us about similar events happening in the future
3. How priorities might change in different future scenarios

You have asked Shed to triangulate all the research and insight you have available to address these three objectives.

Our method for triangulating your research

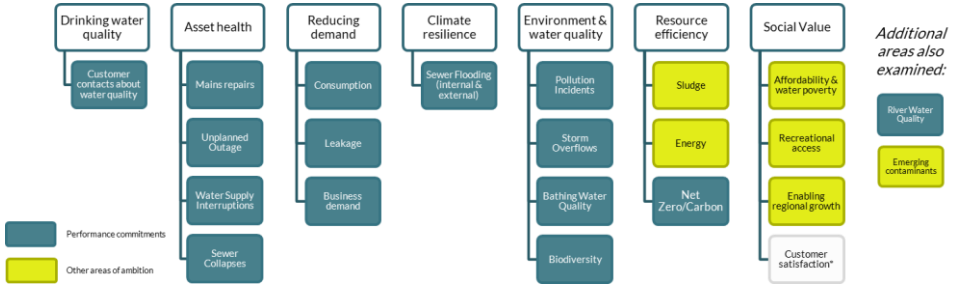
INSIGHT TRIANGULATED

UU customer research studies + External consumer research studies + Operational data (CMEX customer survey) + Social media volume & sentiment analysis

APPROACH

1. Collated all available data sources and metadata
2. Reviewed all insight & RAG bias assessment for each source
3. Synthesised insight by event and performance commitments
4. Produced this summary report of main insight for a wider audience

PERFORMANCE COMMITMENTS & AMBITIONS



EVENTS

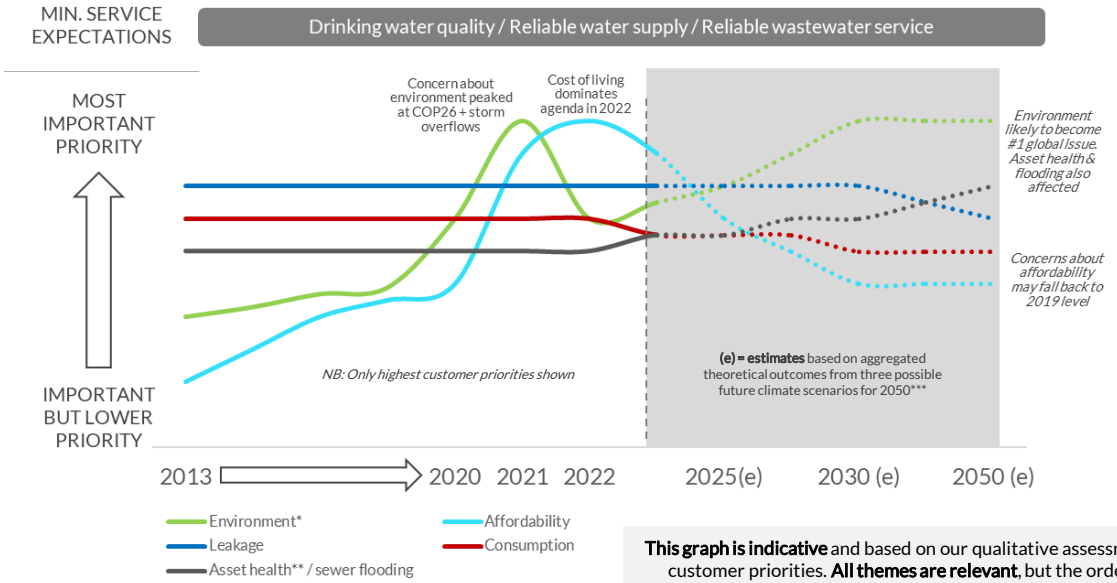
Franklaw (Aug–Sep 2015)	Storm Desmond (Dec 2015)	Buckton Castle (Dec 2016)	West Cumbria supply (Jun-Jul 2017)	Beast from the East (Feb–Mar 2018)
Drought incident (Jun-Aug 2018)	Storm Ciara (Feb 2020)	Dry period & lockdown (Spring 2020)	Subsequent lockdowns (Nov 2020 – Mar 2021)	Hosepipe bans (Aug-Nov 2022)

A full list of the research included in both stages of the analysis and the full detail of our triangulation method can be found in the appendices

2. Summary

Summary: evolution of customer priorities

How customer priorities have evolved and *may* evolve



* Includes storm overflows, biodiversity, net zero/carbon, pollution and bathing water quality / ** Includes sewer collapses, main repairs and water supply interruptions / *** See Slides 42-45

This graph is indicative and based on our qualitative assessment of customer priorities. **All themes are relevant**, but the order of priority shown reflects the relative priority of themes within the time frame. It **includes only the highest customer priorities** i.e. it excludes regional growth, recreational access, as well as areas where we have less insight (sludge, emerging contaminants, energy, business demand, and unplanned outage).

Five key messages

1. Individual events don't tend to permanently shift overall customer priorities

2. But cumulative events (e.g. storm overflows) and macro trends (e.g. the economy, the environment) do move them over time

3. Affordability is the current #1 customer priority, given the economic climate. While still important, it may be overtaken by other themes in the future

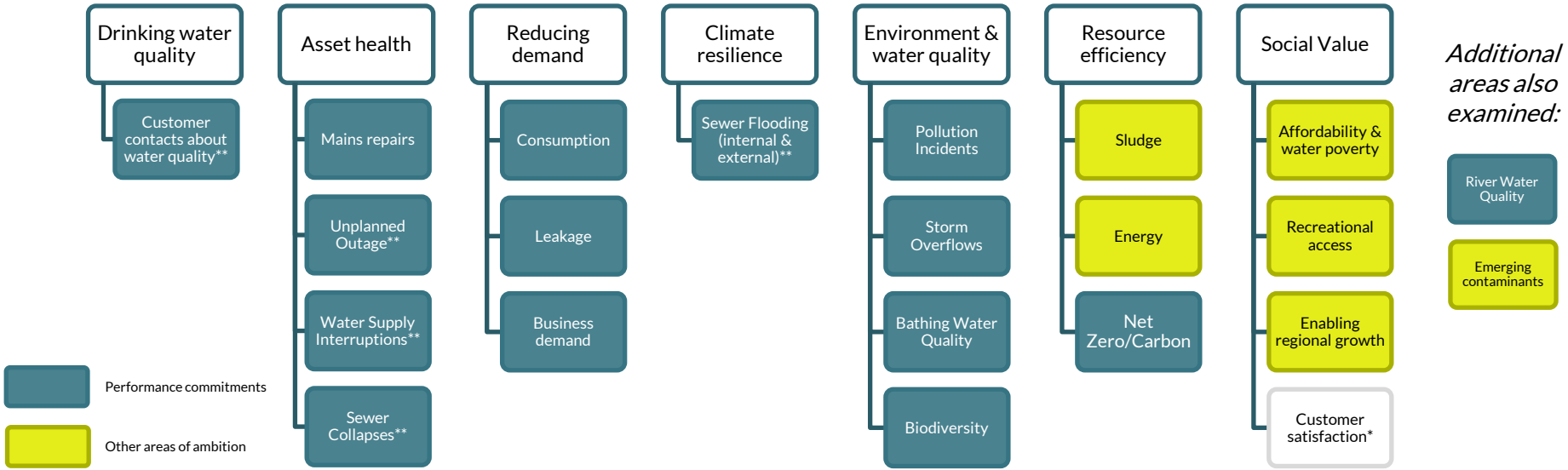
4. The environment* is likely to rise to the fore by 2050 – either as a reaction to negative climate events or after global efforts to tackle adverse effects in the intervening decades

5. Core hygiene factors, leakage reduction, and consumption, as well as investing in long-term asset health and sewer flooding prevention will always be important

3. Looking back: existing trends

We examined the available customer insight around these draft commitments and ambitions

And we have explored how customer priorities for each have evolved over time



Additional areas also examined:

- River Water Quality
- Emerging contaminants

* We have removed customer satisfaction from our analysis. We have tracked this in our analysis of events (slides 25-26) but we have no research to judge whether customers prioritise being more or less satisfied over time

** These commitments could be seen as hygiene factors as part of providing your core service to customers

There are several challenges when looking at how views have changed over time

Challenge	For example	Our approach
1. We have some pieces of research exploring individual topics. These give a view at a point in time but not necessarily how customers feel about it relative to other topics or how this view has changed over time	We only have one study which looks at circularity in any detail (bioresources and sludge) and have no view on its trajectory as a customer priority	We have relied more on studies which offer comparisons i.e. quantitative studies (SOTN, WRMP, Customer Priorities) and existing pieces of synthesis (Social Value, Water Efficiency and WRW research)
2. Customers don't always separate their views of individual ambitions and commitments in the same way you have here	We know customers care about the environment. To customers, this often means biodiversity, and both are linked to storm overflows and pollution, rather than separate topics	We have grouped ambitions and commitments where it's appropriate and shown how these interrelate
3. We have some gaps in our insight and some ambitions don't feel relevant as customer priorities	We have insight around business needs and priorities, but we don't yet know the relative priority of reducing business demand vs household demand. Also, customer satisfaction doesn't seem to fit as a 'customer priority'	Where we have little or no evidence, we've said so. We've removed customer satisfaction from this element of our analysis - but we do cover how this has changed over time (see slides 23-24)

Explaining customers priorities 2013-2022

We've used a mountain range metaphor to explain the trends seen in your customer research over time and separated the trends into six categories:

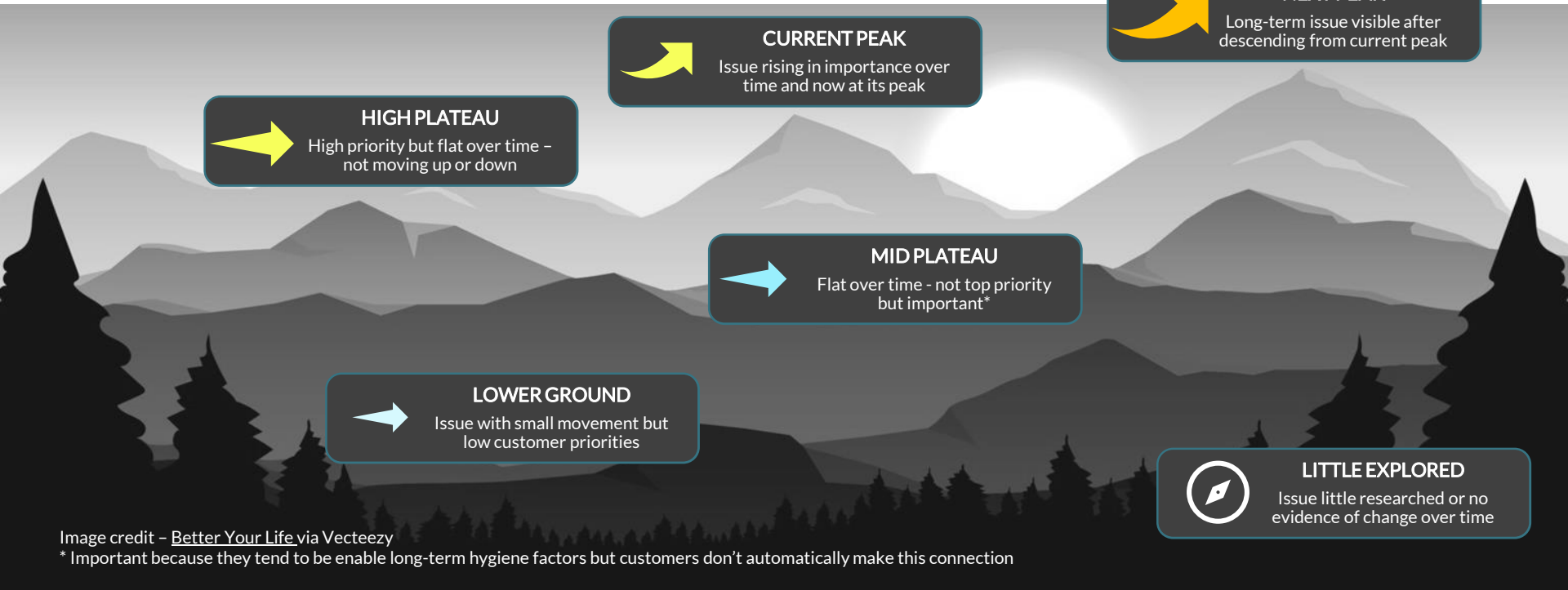


Image credit – Better Your Life via Vecteezy

* Important because they tend to be enable long-term hygiene factors but customers don't automatically make this connection

Explaining customers priorities 2013-2022

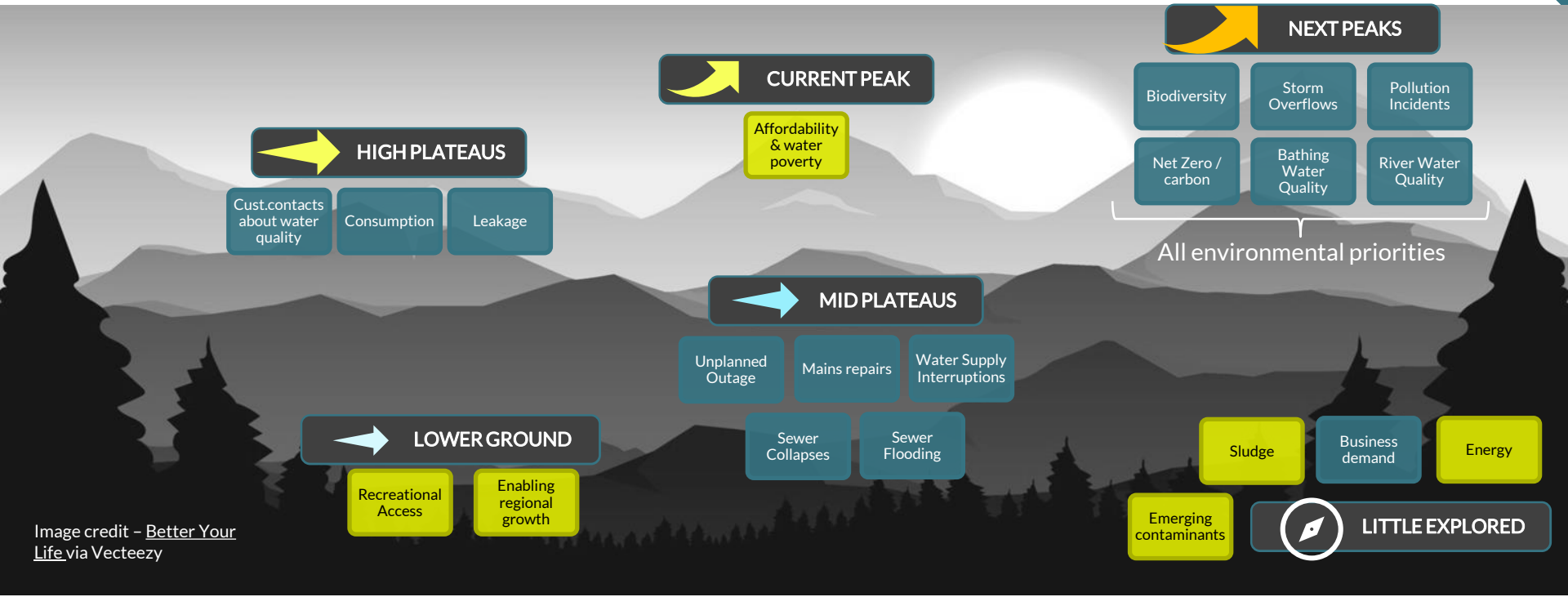
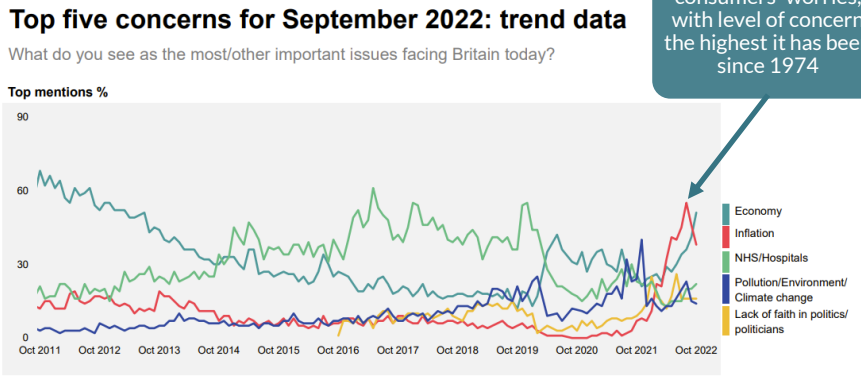


Image credit – Better Your Life via Vecteezy

CURRENT PEAK: Affordability has risen most and is now customers' #1 priority

- In 2016, the affordability of water was seen as the no.6 priority issue among UU customers
- At the end of 2021, it was their no.3 issue
- Since this time, we've seen global, economic changes resulting in UK inflation being at its highest for over 40 years
- **Since the end of 2021, the economy and inflation have been the no.1 concerns of UK consumers**

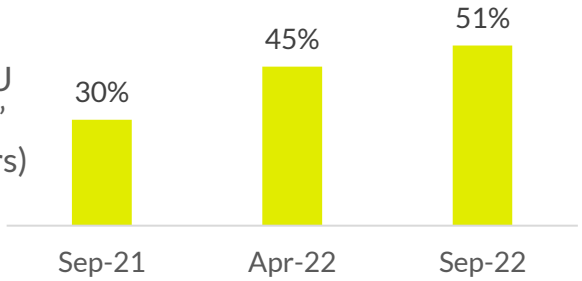


The economy and inflation now dominate consumers' worries, with level of concern the highest it has been since 1974

External source: Ipsos Issues Index

Sources: 37, 38, 47

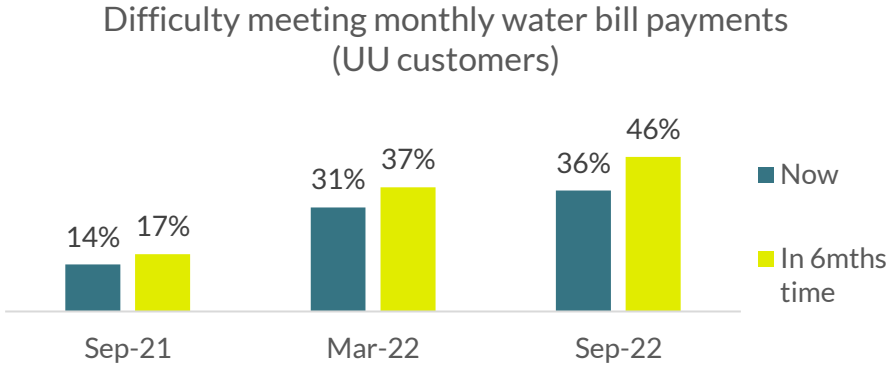
"It's important UU offers low prices" (% of UU customers)



NB: However, in the coming years, and with an improved economic environment, it's likely affordability won't be at the top of customers' agenda

CURRENT PEAK: Within affordability, water poverty is also a growing concern

- In May 2022, 15% of UK consumers were concerned about paying their water bills*
- This was up to 20% by Oct 2022
- In Sep 2022, over a third of UU customers were having difficulty meeting their monthly water bills, with customers expecting even greater difficulty in six months time
- Indeed, **water poverty is a particular concern in the North West** because of its high concentration of poorer households



Four in ten of the most deprived neighbourhoods in England are in the North West

27% of households in the North West earn less than £21k pa

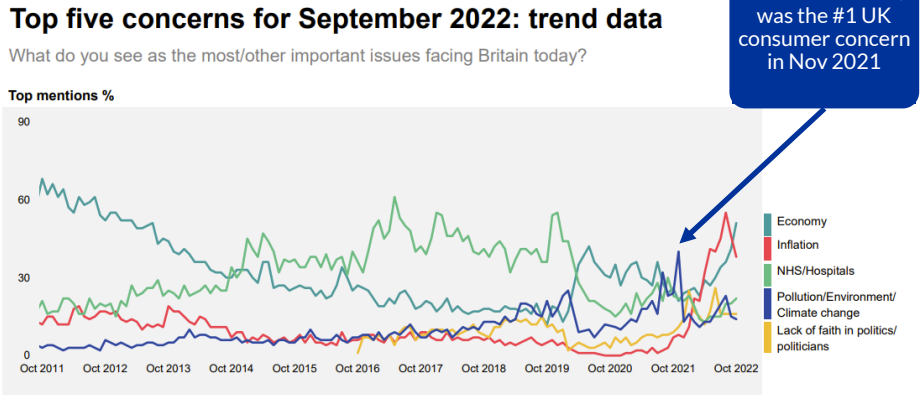
18% of households in the North West are in 'water poverty'

Sources: 38, 45, 48

* Concern about energy, food, petrol, council tax and housing costs are all higher than water bills

NEXT PEAK: "The environment" peaked in 2021 but is now seen as longer-term

- At an overall level, the environment rose up the agenda and peaked at the end of 2021
- This coincided with the COP26 Summit but also coverage of storm overflows by water companies
- However, into 2022, economic concerns came to the fore and the environment was pushed into being seen as an important, but longer-term issue



External source: Ipsos Issues Index

Definitely, definitely important but very much out of our control as well… It is important, but then there are other things that are important, for example keeping bills manageable. Very [important] in fact, particularly as bills are going up, up and up!

I think the environment is such a big part of who we are and what we think is important, and companies that focus on that and advertise that, are a lot more attractive in that sense. It makes you feel better about paying those bills; it makes you feel that you're doing something good.

Sources: 3, 43, 47

NEXT PEAK: Of all environmental issues, overflows and pollution have become the biggest priorities

Less tangible

Net Zero / Carbon

- Not a priority in 2016
- By 2021, while environment overall is a greater concern, customers struggle to make the connection between what UU does and carbon emissions and 'net zero' isn't widely understood
- Hence, carbon emissions are seen as a mid-tier concern by both HH and NHH

2017

92% of HH customers agreed "protecting lakes, rivers, reservoirs, fish and other aquatic plans and wildlife is really important to me"

Sep 2021

UU customers' 2nd biggest concern for the region was protecting the natural environment

Storm overflows / pollution incidents

- Customers spontaneously talk about overflows & pollution together
- Very little awareness in 2016
- Overflows rose in prominence towards end of 2021 after news and social media coverage
- **In Dec 2021, overflows were seen as the top environmental priority for UU investment**

impact…

Bathing/River Water Quality

- In 2013, customers feel water quality is important and don't want any harm to come to the natural environment
- Expectation in 2022 that people should be able to swim in rivers

which then impacts…

Biodiversity

- Customers have strong feelings about protecting biodiversity for future generations
- This is the easiest way for customers to relate what UU does with the environment (more tangible)
- In early 2021, "natural environment" was HH customers' #1 priority for UU investment in its climate response

Sources: 3, 5, 11, 33, 37, 38, 41

HIGH PLATEAUS: These areas have consistently remained top customer priorities

Customer contacts about (drinking) water quality	• Safe drinking water is consistently a hygiene factor • Customers more sensitive to changes in appearance than taste, smell or hardness • Discolouration signals water is unsafe to drink
Leakage	• Reducing leaks remains a key priority for customers from 2013 to 2022 • This is a year-round priority i.e. not just during hot weather • Leaks are seen as “careless”, “wasteful”, “shocking”, and even “immoral” • WRW research shows reducing them is customers’ favoured demand solution
Consumption	• Not big issue in 2012/13 as most feel they already watch their consumption • However, in 2021, deliberative research exposed customers to the issues. This saw increased metering/improved water efficiency as the no.1 WRMP priorities*

Sources: 5, 23, 38, 42, 43, 44 / * We’ve assumed the change in research method raised the importance of this rather than the issue was more important to customers. Hence, we can’t say there’s evidence of change

MID PLATEAUS: Still priorities but long-term investments to prevent less common issues

Customers expect long-term investment here → To prevent these being major concerns in the future

Sewer collapses

- In Dec 2021, investing in ageing sewer system now to prevent collapse seen as very high priority by HH and NHH
- Customers here favour investing now (even if means one-off bill increase)

Mains repairs

- In April 2021, repairing local water mains was seen as #1 priority for investment* as customers would see a direct benefit
- Overall, customers lean towards enhanced repairs here

Water Supply Interruptions

- Interruptions seen as high priority by those affected (the minority) but less so those not affected (the majority)
- Customers satisfied with existing level of service here
- Customers expect UU to monitor water stocks to prevent shortages (Feb 18)

Sewer Flooding (External/Internal)

- Few have experienced external flooding and even fewer internal flooding
- It's low occurrence means customers in 2021 place it as either a mid-tier or low-level concern
- However, there are signs this may have risen – customers expect that climate change will cause more frequent flooding and as such UU should be addressing it

Sources: 2, 5, 12, 15, 22, 24, 29, 30, 41, 43

* When compared to investing in wastewater treatment works, suburban sewers, bioresource treatment facilities, IT infrastructure and borehole water treatment works

LOWER GROUND: Some small movements over time but overall lower priorities

Recreational access

- In 2013, opening up land for recreational use was seen as the lowest of all UU's priorities
- Access to outside spaces rose up customers' agenda during the pandemic in 2020-21 (when access to other forms of exercise were restricted)
- However, the issue seemed to have **reverted to being a low priority again by 2022**

April 2022

Maintaining UU recreational sites was bottom of the list of customers' favoured environmental priorities

May 2022

"Creating more opportunities for everyone to enjoy riverways and waterways" was seen as a nice-to-have

Regional growth

- In 2013, of five tested promises UU could make to customers, "supporting local communities" was **least important**
- By 2021/22, customers feel the North West has been underinvested in
- But they would most like to see investment in UU's core infrastructure in the region (e.g. flood defences, upgrading sewers)* rather than wider focus on regional growth

Sources: 4, 5, 11, 14, 20, 28, 33, 37, 38, 41

* Customer views on this are covered in the previous slide

LITTLE EXPLORED: No evidence these are particular customer priorities

Sludge	• Customers are generally positive about water reuse or sludge being reused to avoid landfill or running into rivers. But little evidence customers see this as a priority
Emerging contaminants	• The issues around microplastics are not universally understood in 2022 • But they were seen as important in bioresources planning
Energy	• Customers think using renewable energy and reducing energy use is the right thing to do. But it isn't a top priority. Not because it's not important, but because other issues are just viewed as more important
Unplanned Outage	• *Research covering being "unexpectedly" without water says little to suggest views are different from those around supply interruptions (see slide 18)*
Business demand*	• *While we have insight around NHH priorities, we don't know the relative importance of NHH demand vs HH demand. This could be explored in future research*

Only covered in 2021/22 research

Sources: 3, 5, 19, 37, 49

* Defined as "the percentage reduction of three-year average business demand in Ml/d from the 2019-20 baseline"

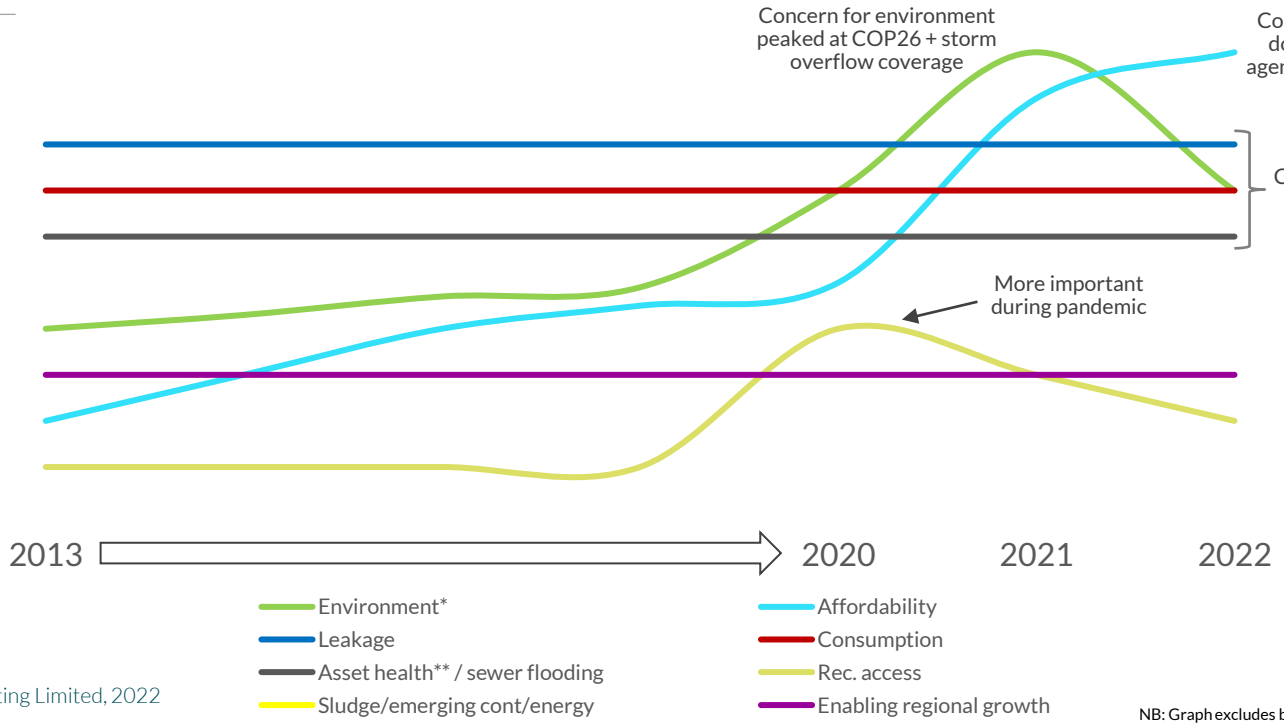
Summary of relative priorities over time

MINIMUM SERVICE EXPECTATIONS

Drinking water quality / Reliable water supply / Reliable wastewater service

MOST IMPORTANT PRIORITY

IMPORTANT BUT LOWER PRIORITY



This graph is indicative and based on our qualitative assessment of customer priorities from the available evidence. It isn't quantitative and doesn't show one theme is x times more important than another.

All themes are relevant, but the order of priority shown reflects the relative priority of themes within the time frame.

* Includes storm overflows, biodiversity, net zero/carbon, pollution and bathing water quality / ** Includes sewer collapses, main repairs and water supply interruptions

NB: Graph excludes business demand and unplanned outage

4. Looking back: events (headlines)

Summary of events (1)

We looked at the brand, contact centre and social media data we have available from before, during and after 11 water-related events (2015-2022). From this, five core insights emerge:

1. Most events have little lasting impact

- Where perceptions or satisfaction change, this tends to be localised and/or temporary and quickly returns to long-term norms
- Most contact centre calls, even during peak events, tend to be related to other matters

2. Only the largest events have lasting impact

- The Franklaw incident affected 700k people for three weeks and was the only event to register any significant impact on perceptions among all customers and CMEX data
- And even then, all measures again returned to 'normal' soon afterwards

3. Force majeures may be forgivable

- Customers may be more forgiving during extreme national events e.g. Beast from the East interruptions
- This (and the first COVID lockdown) didn't cause any movement in brand or social media measures

4. Events can have positive benefits

- The cumulative effect of events may be that customers understand more about UU and what you do
- This may then have contributed to the upward trajectory of satisfaction and positive feeling towards UU

5. Social media shows greatest impact

- For every event, the social media impact is greater than for brand or CMEX data
- This suggests that the volume and sentiment of views expressed on social platforms may not be representative of all customers and likely represent more negative views

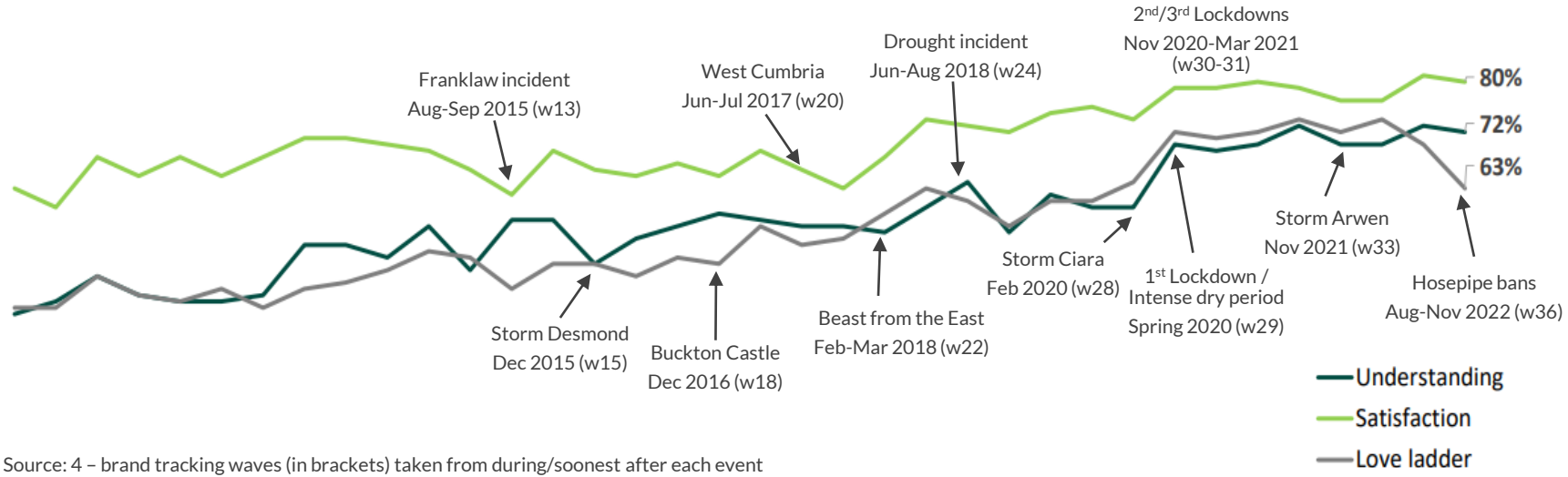
Summary of all events (2)

Green = no/minimal impact
Amber = small/medium impact
Red = large impact

Incident	Franklaw incident	Storm Desmond	Buckton Castle	West Cumbria	Beast from the East	Drought incident	Storm Ciara	Intense dry period & first COVID lockdown	Second & third COVID lockdowns *	Storm Arwen	Hosepipe bans
Dates	1 Aug – 30 Sep 2015	3 – 8 Dec 2015	11 – 20 Dec 2016	7 Jun – 15 Jul 2017	22 Feb – 4 Mar 2018	22 Jun – 7 Aug 2018	9 – 10 Feb 2020	Spring 2020	Nov 2020 – Mar 2021	Nov 2021	15 Aug – end Nov 2022
Nature of event	Contamin-ation	Flooding and supply interrup-tion	Treatment fault	Water supply changes	Supply interrup-tion	TUB	Supply interrup-tion	Increased usage	Increased usage	Storm damage	TUB
Brand impact											
Contact centre impact (CMEX)					n/a	n/a					
Social media impact											n/a

RAG status based on available information and level of impact of each event on the UU brand, contact centre customer survey data (CMEX) and social media / * This period also included tiered restrictions over the winter

Customer satisfaction among UU customers has been steadily rising despite these events



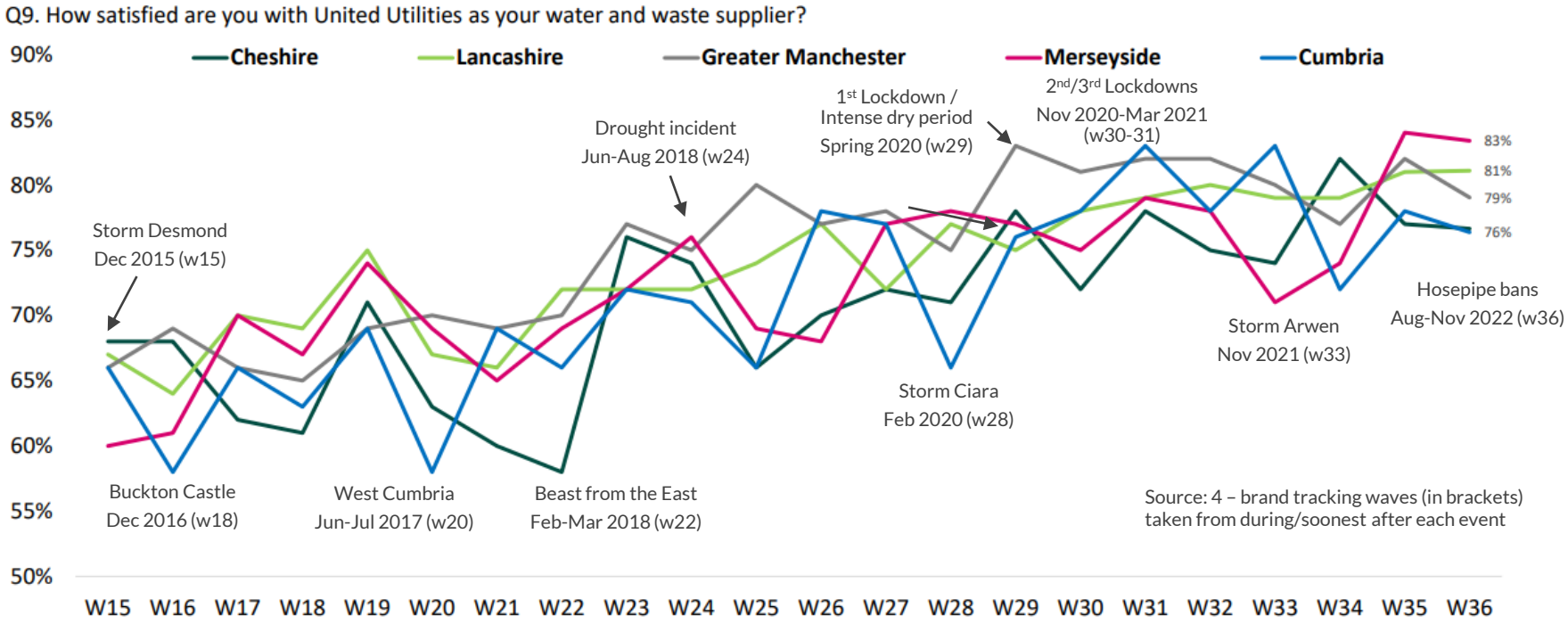
Source: 4 – brand tracking waves (in brackets) taken from during/soonest after each event
NB: We don't use CMEX data to track customer satisfaction here because (a) sample is only those who contact UU, (b) timeframe includes two different, incompatible questions (satisfaction and NPS) and (c) data is missing from a transfer of systems in 2018

NETs
Satisfaction; how satisfied would you say you are with United Utilities, your water and wastewater supplier?
Love ladder; Which word / term below best describes your overall feeling toward United Utilities?
Understanding; How well do you think you know and understand the work that United Utilities does?

Wave 1 Wave 2 Wave 3 Wave 4 Wave 5 Wave 6 Wave 7 Wave 8 Wave 9 Wave 10 Wave 11 Wave 12 Wave 13 Wave 14 Wave 15 Wave 16 Wave 17 Wave 18 Wave 19 Wave 20 Wave 21 Wave 22 Wave 23 Wave 24 Wave 25 Wave 26 Wave 27 Wave 28 Wave 29 Wave 30 Wave 31 Wave 32 Wave 33 Wave 34 Wave 35 Wave 36

Base: All respondents (1,000).

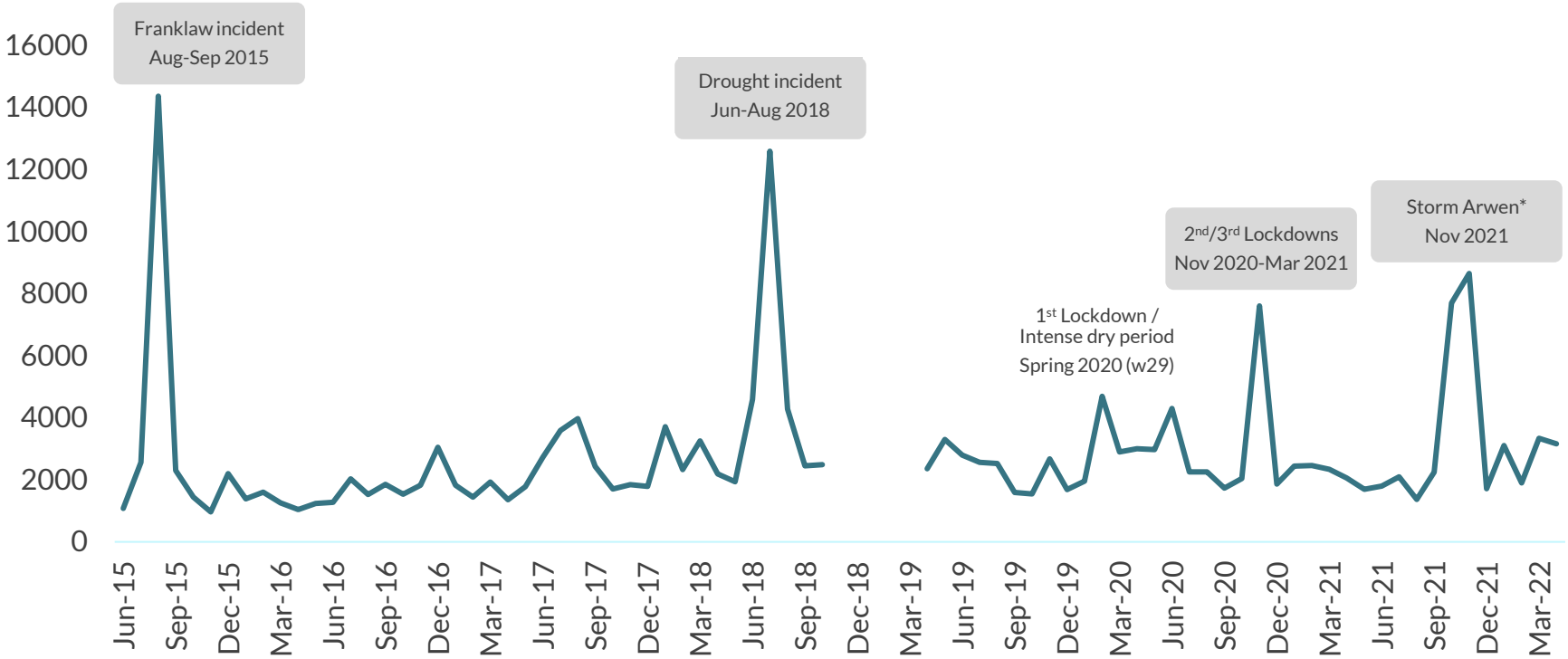
And while there's some regional variation, all regional trends in satisfaction are positive



Source: 4 – brand tracking waves (in brackets) taken from during/soonest after each event

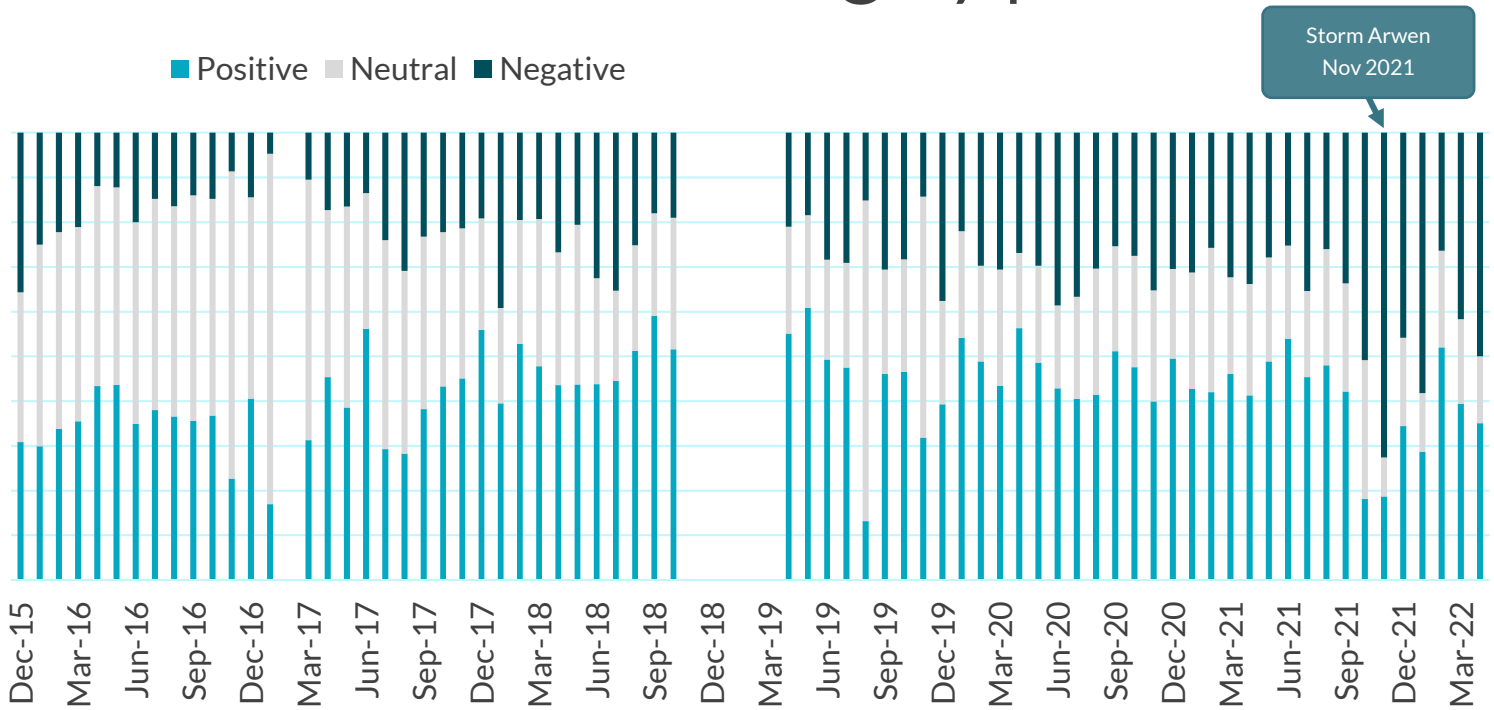
Base: All respondents (Cheshire 150, Lancashire 227, Greater Manchester 336, Merseyside 174, Cumbria 108).

Social media volume peaked at four events

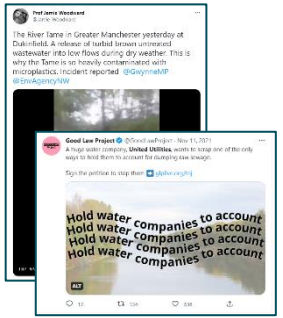


Source: Social media volume (no data available Nov 2018 – Mar 2019)
* See following slide for reasons for social media activity around Storm Arwen

But until the end of 2021, social media sentiment remained largely positive



NB: Increased negative sentiment since Oct 2021 was related to storm overflows and UU's court declaration rather than Storm Arwen



Source: Social media sentiment (not available before Dec 2015, for Feb 2017 and for Nov 2018 – Mar 2019)

5. Looking back: events (details)

1. Franklaw incident (1 Aug – 30 Sep 2015)

Summary of incident

- Water bug / parasitic contamination from animal waste into underground storage tanks
- c.700k customers unable to drink tap water for three weeks
- Ofwat fine of £300,000 in 2017

Brand impact

- Small falls in satisfaction, satisfaction with VFM and love/appreciation in Aug/Sep in Lancashire but stable elsewhere

Contact centre impact (CMEX)

- Slight increase in dissatisfaction (c.6%pts in Aug) but not sustained into Sep

Social media impact

- Very large increase in social media volume in Aug (over five times Jul)
- Back to more "normal" level in Sep media*

I emailed them about having to boil the water due to bacteria in the water in my local area. It happened on the 4th of august and we are still having to boil water. I wanted to check how long it is going to take to resolve the problem and ask for compensation
Very dissatisfied customer

Sources: 4, 6, 16 plus BBC News, Twitter / * No sentiment analysis for social media in 2015
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

2. Storm Desmond (3 – 8 Dec 2015)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Excessive rainfall led to flooding in Cumbria and North Lancashire • 76 sewage treatment works affected across Cumbria inc. lost power and flooding • 1,000 properties temporarily lost water supply and 373 received precautionary "boil water" messages	• Negligible on brand perceptions in the region • Satisfaction in Lancashire and Cumbria is equal to satisfaction in other parts of the region • Increase in positive feelings towards UU among HHs and NHHs	• Satisfaction unchanged and no mention of incident in verbatim comments	• Increase in social media volume (around twice seen in Nov) • Sentiment around third negative (slightly higher than typical month) • Volume returned to normal in Jan but slightly higher negative sentiment continued from Jan to Mar

Sources: 4, 6, 16 plus Cumbria County Council, United Utilities,
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

3. Buckton Castle (11 – 20 Dec 2016)

Summary of incident

- Fault at water treatment works meant 43k consumers were supplied with inadequately disinfected water
- "Boil water" notices issued for two and a half days

Brand impact

- Slight falls in consumer satisfaction, trustworthiness and social responsibility (but all increased for businesses)
- This - combined with Franklaw incident – may have led to slightly lower brand perception scores in Lancashire (but these were not sustained into 2017)

Contact centre impact (CMEX)

- If anything, satisfaction was slightly higher during incident (+3%pt in Dec compared to average for year)
- No mention of incident in verbatim comments

Social media impact

- Social media volumes rose around two-thirds in Dec
- Around two-third increase in negative sentiment as well
- However, this returned to "normal" in Jan

Sources: 4, 6, 16 plus Manchester Evening News, DWI, Twitter
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

4. West Cumbria water supply changes (7 Jun – 15 Jul 2017)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Changes to water supply involved use of harder water • Customers reported kettles "popping" when water was boiled	• Limited impact - falls in all main KPIs (e.g. satisfaction and VFM) in Cumbria but this was after rises in Mar 2017 and measures were returning to longer-term norms. Cumbria then recorded highest satisfaction of any county in the region in Nov 2017 (VFM remained in line with other counties)	• No mention of incident in verbatim comments	• Social media volumes took a while to rise up but peaked just after the incident in Aug (when volume was over twice May and sentiment was at its most negative – 31%)

Sources: 4, 6, 16 plus BBC News
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

5. Beast from the East (22 Feb – 4 Mar 2018)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• A period of cold weather and subsequent thaw • 2,191 customers without water for more than 4 hours and 142 without supply for more than 12 hours	• Satisfaction unaffected • Brand perceptions (e.g. trustworthy, innovation, social-responsibility, and customer service) actually rose slightly from 2017	• n/a	• Social media sentiment was actually more positive than before or after the freeze (c.50% positive vs. c.40%). Volume across the period was broadly in line with the months around it

Sources: 4, 16 plus United Utilities
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact
NB: No CMEX data as transferring from one system to another during this incident

6. Drought incident (22 Jun – 7 Aug 2018)

Summary of incident

- Period of unusually hot weather nationally caused first major drought in North of England for 20 years
- Hosepipe ban issued

Brand impact

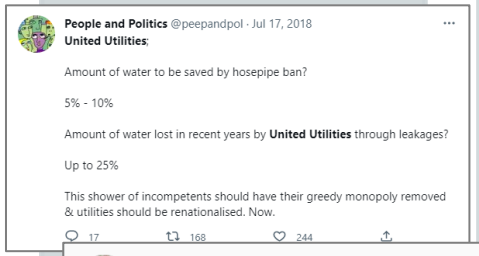
- Satisfaction overall remained consistent throughout the year, and if rose slightly in June
- Slight drop in all brand traits since summer
- Increases in understanding what UU does

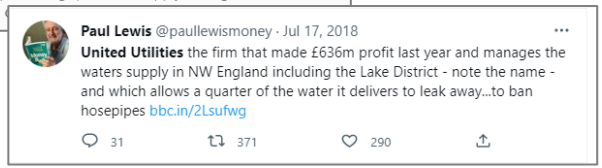
Contact centre impact (CMEX)

- n/a

Social media impact

- Huge spike in social media volume (at peak July was over six times May's volume
- Sentiment during July was over a third negative – focusing on UU losing a quarter of water to leaks and profit/directors' remuneration at a time of hosepipe bans





Sources: 4, 16 plus United Utilities, Country Living, Twitter
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact
NB: No CMEX data as transferring from one system to another during this incident

7. Storm Ciara (9 – 10 Feb 2020)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Water supply interruption to Lake District, including nine schools and c.8k properties • Water pipe damage caused by storm	• Minimal impact – slight fall in satisfaction in Cumbria (to similar level to fall seen in July 2017 after issues with hard water/kettle popping in same region)	• No mention of supply interruptions in CMEX data. Average NPS of 7.1 out of 10 on 9th Feb (8.7 out of 10 from 17th-21st Feb) but no further info given	• Social media volume doubled in month of Feb and negative sentiment increased slightly

Sources: 4, 6, 16 plus BBC News
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

8. Intense dry period & first COVID lockdown (Spring 2020)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Increased water use – more home use in lockdown, increased cleanliness with virus, and long-term increased working from home • Dry weather also saw increased water usage in all water companies (except those based in city centres)	• VFM and 'Love' all rose in Jul 2020* • This may be because customers experienced no issues getting water despite dry spell • Understanding of what UU does also increased c.10%pts	• No change to NPS scores during this period	• Social media volume and negative sentiment comparable to other months, and lower than in June in particular

Sources: 4, 6, 16 plus Utility Week, United Utilities
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact
* Previous wave conducted mid-Mar before the first lockdown on 23 Mar

9. Second & third COVID lockdowns inc. tiered restrictions (Nov 2020 – Mar 2021*)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Increased water use – more home use in lockdowns, increased cleanliness with virus, and long-term increased working from home	• Gains in satisfaction, understanding what UU does and "love" in first lockdown have all been maintained	• NPS scores consistent with during Storm Arwen and TUBs i.e. around two-thirds were promoters during this period • Verbatims suggest any detractors driven by billing issues, leaks, or poor repair jobs	• Increase in Nov volume • Slightly increase in negative sentiment for period of Nov to Apr

Communication, speed to resolve the problem, COVID protected, friendly, polite. All parts of the company were exemplary. Thank you for your help.

Sources: 4, 6, 16 plus Utility Week, United Utilities
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact
* See timeline of UK Govt coronavirus lockdowns and restrictions

10. Storm Arwen (Nov 2021)

Summary of incident

- Major incident declared in Cumbria
- Storm damage to c.1,500 trees in Thirlmere forest and blocking access to reservoir and footpaths

Brand impact

- Satisfaction in Cumbria rose in Nov (+5%pts)
- Satisfaction across the whole customer base (recorded in both Nov and March 2022) was stable
- Small rise in all brand health measures (trustworthiness, social responsibility, innovation, customer service)

Water was back on in a couple of hours. Faults were fixed.

Contact centre impact (CMEX)

- No significant change to NPS during this period

Social media impact

- Spike in volume (c.4 times higher than Sep)
- Highest negative sentiment ever recorded (73%)
- Most negative sentiment was related to storm overflows and UU's court declaration

Sources: 4, 6, 16 plus United Utilities
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

11. Hosepipe bans (15 Aug – end Nov 2022)

Summary of incident	Brand impact	Contact centre impact (CMEX)	Social media impact
• Dry weather (only 8% of average rainfall for July) led to TUBs in South of England in particular • Thames Water lifted ban on 22 Nov and Southern Water on 30 Nov • No TUBs in North West but surrounding suppliers did have them i.e. Welsh Water had one until 25 Oct and Yorkshire Water until 6 Dec	• Overall satisfaction in the region is consistent • 11%pts fall in 'love/like/appreciate' since March 2022 but this maybe more about affordability than TUBs (e.g. 3%pt fall in customers saying their water bill is affordable) • Indeed, SOTN data shows customers understand the need for TUBs	• NPS fell during peak of dry weather (Aug/Sep) – the lowest since start of pandemic • However, it rose back to normal levels shortly afterwards • Verbatims suggest detractors were driven by leaks, loss of supply, discolouration, or billing issues, rather than TUBs in the South	• Not available for this report

Sources: 4, 6, 16, 38 plus Daily Express, BBC News, Hosepipe Ban monitor
KEY: Green = no/minimal impact, Amber = small/medium impact, Red = large impact

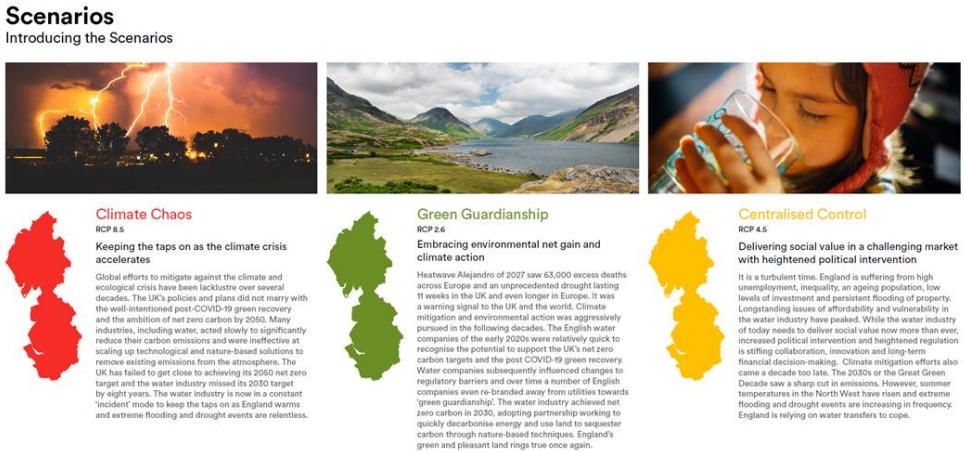
46% of customers think hosepipe bans are "the right thing to do" and 43% feel encouraged to be more water-conscious as a result

They could've given concession for the house being empty and not being used.

6. Looking forward: future trends

Looking forward: three possible scenarios

- We have considered the different scenarios for the future of the climate and society, and what this might mean for customer priorities
- We've taken three possible 2050 scenarios developed by Arup in 2021



Source: Arup

- There are many variables and factors influencing each (e.g. probability, wider impacts, technology, regional variation)
- As such, **the effects each of these scenarios will have on customer priorities can only ever be a best guess at this stage**
- But their common threads will still be useful as you set UU's LTDS

2050 scenario 1: Climate Chaos

Climate Chaos

RCP 8.5

Keeping the taps on as the climate crisis accelerates

Global efforts to mitigate against the climate and ecological crisis have been lacklustre over several decades. The UK's policies and plans did not marry with the well-intentioned post-COVID-19 green recovery and the ambition of net zero carbon by 2050. Many industries, including water, acted slowly to significantly reduce their carbon emissions and were ineffective at scaling up technological and nature-based solutions to remove existing emissions from the atmosphere. The UK has failed to get close to achieving its 2050 net zero target and the water industry missed its 2030 target by eight years. The water industry is now in a constant 'incident' mode to keep the taps on as England warms and extreme flooding and drought events are relentless.

Source: Arup

Likely impact on customer priority	Ambitions and commitments impacted	Explanation
↑	**Environment** Sewer flooding Water supply interruptions Main repairs Sewer collapses	Environment is top customer concern by some margin. Extreme weather makes incidents more common. Long-term infrastructure investment is urgent. Lost biodiversity.
↓	Affordability Regional growth Recreational access	Economy takes back seat and more focus on risk mitigation
=	Water demand (leaks / consumption)	Remains equally important to manage demand

2050 scenario 2: Green Guardianship

Green Guardianship

RCP 2.6

Embracing environmental net gain and climate action

Heatwave Alejandro of 2027 saw 63,000 excess deaths across Europe and an unprecedented drought lasting 11 weeks in the UK and even longer in Europe. It was a warning signal to the UK and the world. Climate mitigation and environmental action was aggressively pursued in the following decades. The English water companies of the early 2020s were relatively quick to recognise the potential to support the UK's net zero carbon targets and the post COVID-19 green recovery. Water companies subsequently influenced changes to regulatory barriers and over time a number of English companies even re-branded away from utilities towards 'green guardianship'. The water industry achieved net zero carbon in 2030, adopting partnership working to quickly decarbonise energy and use land to sequester carbon through nature-based techniques. England's green and pleasant land rings true once again.

Likely impact on customer priority	Ambitions and commitments impacted	Explanation
↑	**Environment** **Regional growth** **Recreational access**	Decades of focus on the environment set new green political agenda. Growth in less carbon-intensive domestic tourism
↓	Sewer flooding Water supply interruptions Main repairs Sewer collapses Water demand (leaks / consumption)	Green infrastructure investment over decades means less concern about future demand management, supply or wastewater
=	Affordability	Higher bills for past investments become the norm

Source: Arup

2050 scenario 3: Centralised Control

Centralised Control

RCP 4.5

Delivering social value in a challenging market with heightened political intervention

It is a turbulent time. England is suffering from high unemployment, inequality, an ageing population, low levels of investment and persistent flooding of property. Longstanding issues of affordability and vulnerability in the water industry have peaked. While the water industry of today needs to deliver social value now more than ever, increased political intervention and heightened regulation is stifling collaboration, innovation and long-term financial decision-making. Climate mitigation efforts also came a decade too late. The 2030s or the Great Green Decade saw a sharp cut in emissions. However, summer temperatures in the North West have risen and extreme flooding and drought events are increasing in frequency. England is relying on water transfers to cope.

Source: Arup

Likely impact on customer priority	Ambitions and commitments impacted	Explanation
↑	**Affordability** **Environment** **Sewer flooding** Sewer collapses	Economic situation increases focus on cost, which in turn focuses on demand management. Flooding heightens awareness of environmental issues and need to invest in infrastructure
↓	Regional growth Recreational access	Priorities lie elsewhere
=	Water demand (leaks / consumption) Main repairs Water supply interruptions	All remain important but more so given other challenges

What do these three scenarios tell us about customers' likely priorities in the future?

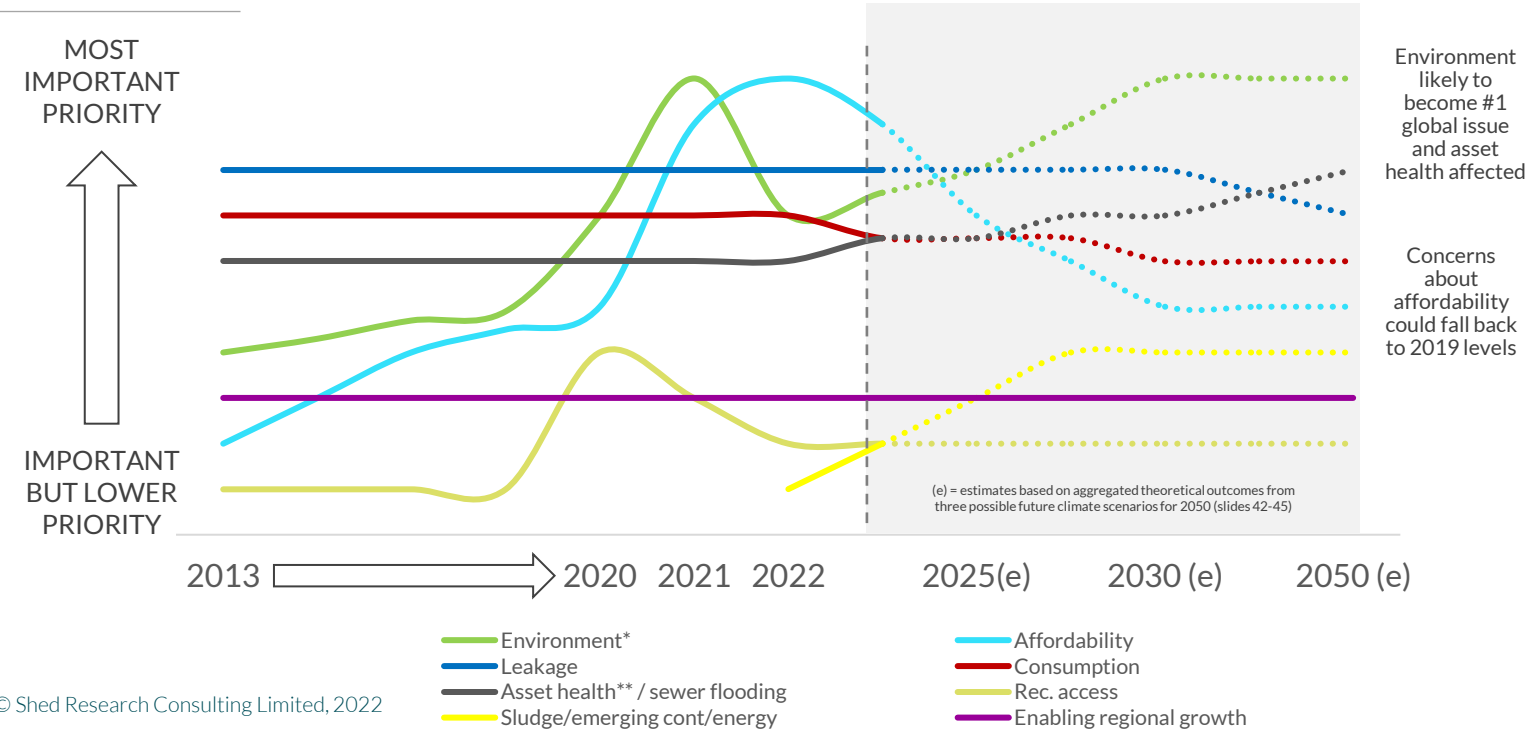
1. The environment (pollution, overflows, river/bathing water quality, biodiversity, carbon) rises up customers' agenda in every scenario
2. Infrastructure investment over the coming decades is also likely to be a key priority – either to avoid negative climate consequences (Green Guardianship) or to deal with them when they're happening (Climate Chaos)
3. And while still important, affordability could as easily fall off customers' radar as it has risen up in the past year

Photo by Marianne Penny on Unsplash

Estimation: how priorities *may* evolve

MIN. SERVICE EXPECTATIONS

Drinking water quality / Reliable water supply / Reliable wastewater service



This graph is indicative and based on our qualitative assessment of customer priorities from the available evidence. It isn't quantitative i.e. it doesn't show one theme is x times more important than another. It excludes business demand and unplanned outage

All themes are relevant, but the order of priority shown reflects the relative priority of themes within the time frame.

* Includes storm overflows, biodiversity, net zero/carbon, pollution and bathing water quality / ** Includes sewer collapses, main repairs and water supply interruptions

Appendix A: Research sources used

Research sources used

Ref.	Source	Date
1	Acceptability Testing	Mar-18
2	Asset Health	Apr-21
3	Bioresources Pathways	Sep-22
4	Brand Tracker	2011-2022
5	Climate Change	Feb-21
6	CMEX	2015-2022
7	Coastal Bathing Waters	Dec-16
8	Commercial Customer Segmentation	Dec-12
9	Customer Acceptability Testing (qual)	Jun-13
10	Customer Acceptability Testing (quant)	Jul-13
11	Customer Listening	May-22
12	Customer Priorities 2021	Dec-21
13	Customer Priorities PR14	May-12
14	Customer Promises	Feb-13
15	Customer Valuation Study: Sewer Flooding	Aug-13
16	Social media listening	2015-2022

Ref.	Source	Date
17	Drought Plan Research	Mar-11
18	DWMP Acceptability Testing	Nov-22
19	DWMP/WRMP Immersive Research	Apr-21
20	Environment and Climate Change	Jun-13
21	General Conditions	Jul-22
22	Leakage Propositions	2019
23	Leakage Research	Aug-19
24	Manchester Reslience	Jan-18
25	NHH Tariff Research	Nov-15
26	Northern Roots	Apr-22
27	Pay As You Go Research	Sep-14
28	Price perceptions	Nov-21
29	Rainfall Management	Jul-22
30	Repeat Sewer Flooding	Mar-22
31	Water Efficiency synthesis	Nov-20
32	Securing West Cumbria's Water Supply	Sep-13

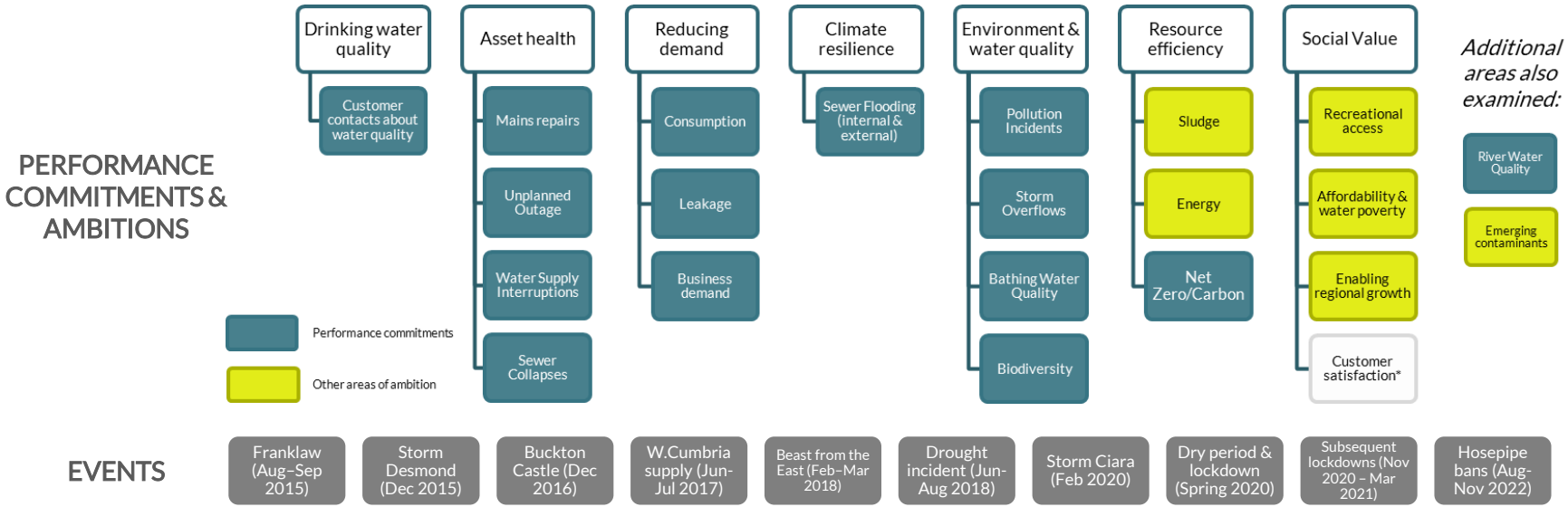
Ref.	Source	Date
33	Sewer Overflows	Oct-21
34	Social Tariff	Sep-21
35	Social Tariff Research Qual	Apr-13
36	Social Tariff Research Quant	Aug-13
37	Social Value Synthesis	Feb-22
38	State of the Nation	Sep-22
39	Water Talk Forum Topic	Jul-21
40	WINEP - Water Abstraction	Feb-18
41	WRMP 24	Apr-22
42	WRMP Acceptability Testing	Aug-22
43	WRW 2022 Synthesis	May-22
44	WRMP PR14	Jan-13
45	Cost of living (Ofwat) - wave 2	Dec-22
46	Edelman Trust Barometer	Jan-22
47	Ipsos Issues Index	Dec-21 & Oct-22
48	Gov.uk Indices of deprivation	Dec-20
49	Expectations of Service	Oct-21

Some additional news or social media sources are also individually linked on event slides

Appendix B: Triangulation method

Triangulation method (1)

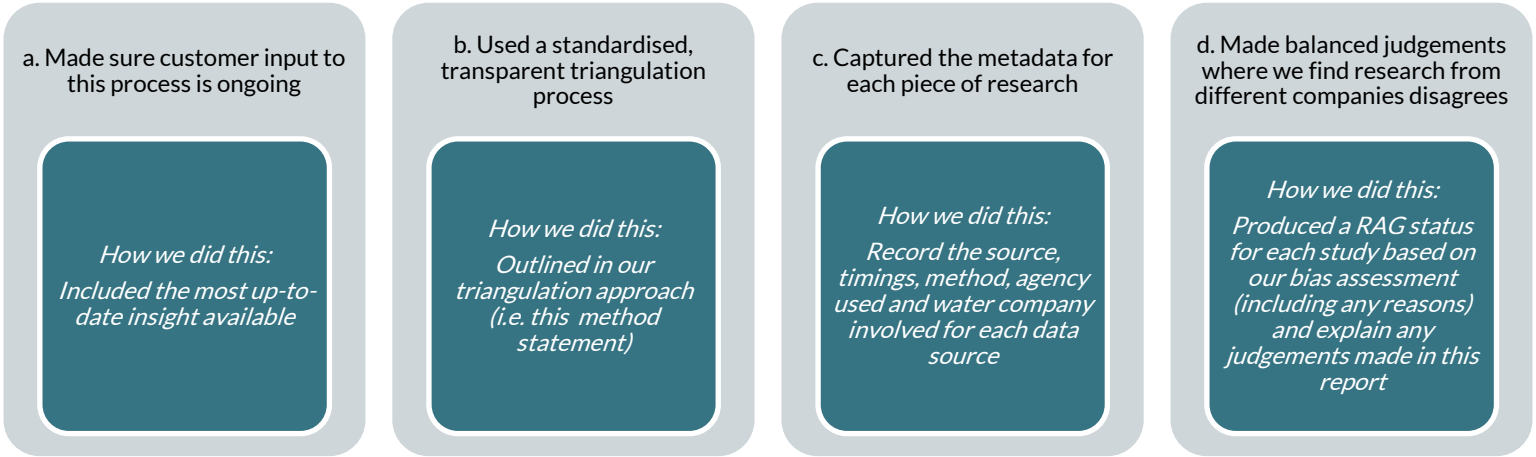
- This research synthesis triangulated 48 sources of research (including 3 existing triangulations of other research*)
- It provides an **up-to-date summary of UU customer and wider views** around performance commitments, ambitions, and events dated back to 2015



* Sources 31, 37, 43

Triangulation method (2)

- We have followed the principles laid out in the CCW/SIA report on best practice for triangulating customer evidence. This means we have:



- We employ the same approach for quantitative and qualitative research i.e. we focus on what each is telling us (the insight), consider the method used and timing of the research (the metadata), and how these individual insights create a coherent story around particular themes (the triangulation)

Triangulation method (3)

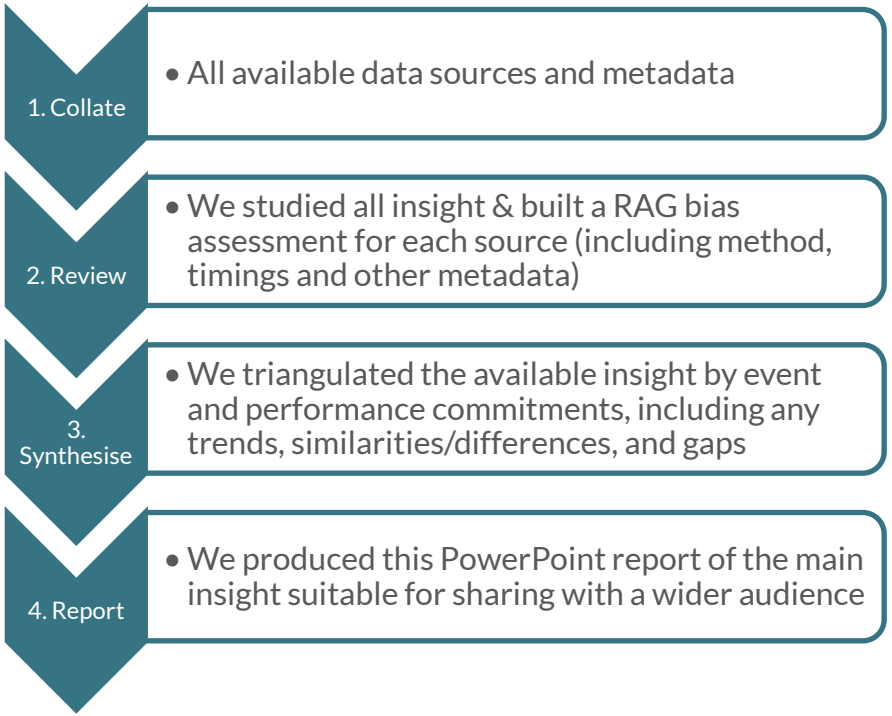
Our approach converged three main types of triangulation:

a) Data source triangulation – taking multiple different perspectives from different types of data, we used both inductive (drawing findings from the data sources) and deductive (using the data to test the insight developed from previous synthesis work (on Social Value, Water Efficiency, and for WRW in the region)

b) Theory triangulation – used the performance commitments, ambitions and events as the thematic framework for our triangulation

c) Between or across method triangulation – used both qualitative and quantitative market research methods, as well as other sources of data (social media listening and contact centre surveys)

We followed four discreet stages:



Ends

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