



State of the Nation

Covid-19 tracking (wave 4)

April 2022

Background, approach and summary

Research objectives and approach

Evolving from research into how water and sewer usage was affected by COVID-19, we are now tracking the 'state of the nation' by looking at customers' more 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 2021 and September 2021; responses have been tracked where comparable.

Please note that this wave we have aimed to make the sample more representative of our customer base by including younger customers. So, throughout this report we have denoted where changes in the data compared to last wave have been driven by this younger sample in March 2022. Other wave-on-wave differences reflect changes in customers' views over the last 6 months at an overall level.

What we did:



A 12-minute quantitative survey with 1,161 customers



Fieldwork took place 25th March – 7th April 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.

Executive summary

Executive Summary

Financial concerns are increasingly top-of-mind now

- 2 in 3 are now concerned about their household finances (up 30 percentage points vs. Sept 2021) as well as the majority placing more importance on the need to keep on top of their finances
- Around half of customers now report having less discretionary income than 6-months ago, heightened by significant increases to the cost of living and inflation
- The rising cost of living is also having an impact on how customers shop; many are now shopping around for the best deal, and big ticket purchases have been put on hold in many cases

Environmental concerns take a backseat, but still remain an important issue

- Although concern for the environment (69%) and climate change (65%) are still prominent in customers minds. Both issues show a significant decline in concern vs. Sept 2021
- This is supported by wider external tracking work, where environmental concern appears to have also fallen, in place of worry about the economy
- Climate change concerns aren't technically 'less' important at this time, consumers simply appear to be more preoccupied with 'money worries' suggesting anchoring sustainability comms alongside a savings message may resonate stronger

There's growing concern around meeting household outgoings, including water bill anxiety

- There's been a lot of noise about the increases to household bills in the media recently. All of this appears to have cultivated a real sense of worry for customers, as the proportion reporting 'concern' for meeting specific outgoings has significantly risen
- Energy, food and council tax are the outgoings customers are most concerned about meeting
- However, close to half report feeling worried about meeting their water bill payment (+19 percentage points vs. Sept 2021) with many anticipating it to be more difficult to meet in the coming months

Executive Summary

Customers' expectations of brands are reflective of the current financial landscape

- Customers are now more likely to place greater importance of brands which 'offer low prices' – a trait which has grown in importance since the last wave
- As a result, customers call for UU to prioritise keeping bills low as a first port of call, as well as supporting customers on low income / in vulnerable circumstances
- Although environmental issues are seen to be less of a priority at this time, preventing pollution and reducing leakage are the most important environmental-based issues for UU to tackle. Reducing waste is also a key expectation of brands more broadly

Talk to customers about how you can help them

- With customers now much more likely to report concern for their household outgoings (including the water bill), tips on how to save money and water are the communications customers are most interested in
- Customers are now also more likely to be interested about schemes for customers who are struggling to pay their water bill, indicating there's a proactive way UU could manage some bill anxiety by educating customers on options available
- With less emphasis put on the environment at this time, customers are now less likely to want to hear about what UU are doing to support the environment and local community

Customer mindset

Financial concerns sky rocket as the cost of living jumps significantly; environmental and climate concerns appear to have taken more of a backseat

Current concerns (Very / quite concerned)

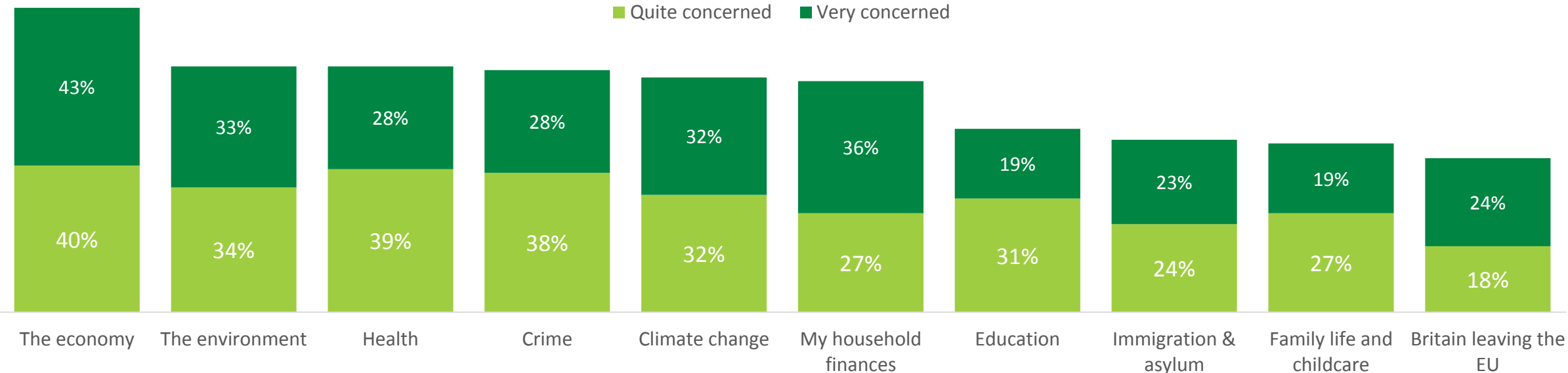


A Resolution Foundation report found in 2022 families will be no better off in wages than previous years, with the typical family income taking a hit of £1,200 due to the increase in the cost of living including increases in tax and energy bills.

NET: 'Concerned' [difference vs. Sept 2021]



■ Quite concerned ■ Very concerned

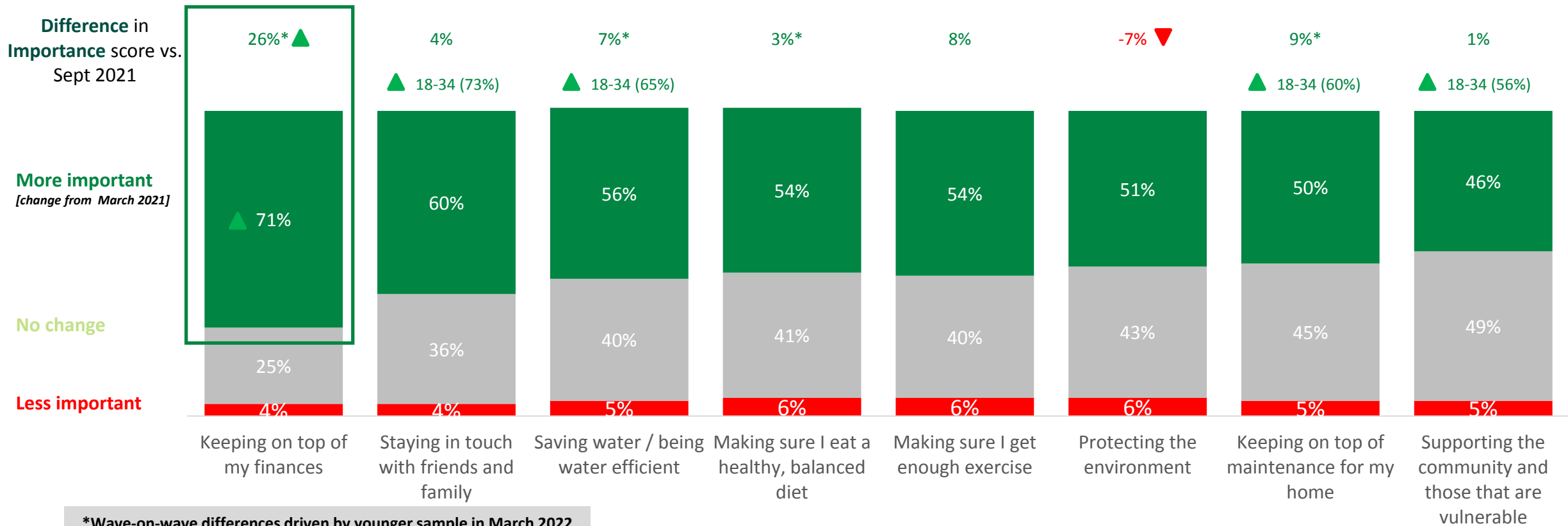


*Wave-on-wave differences driven by younger sample in March 2022

Customers are also most likely to say that financial management has become more important to them; environmental issues are comparatively less important right now

Important aspects – change in L6M

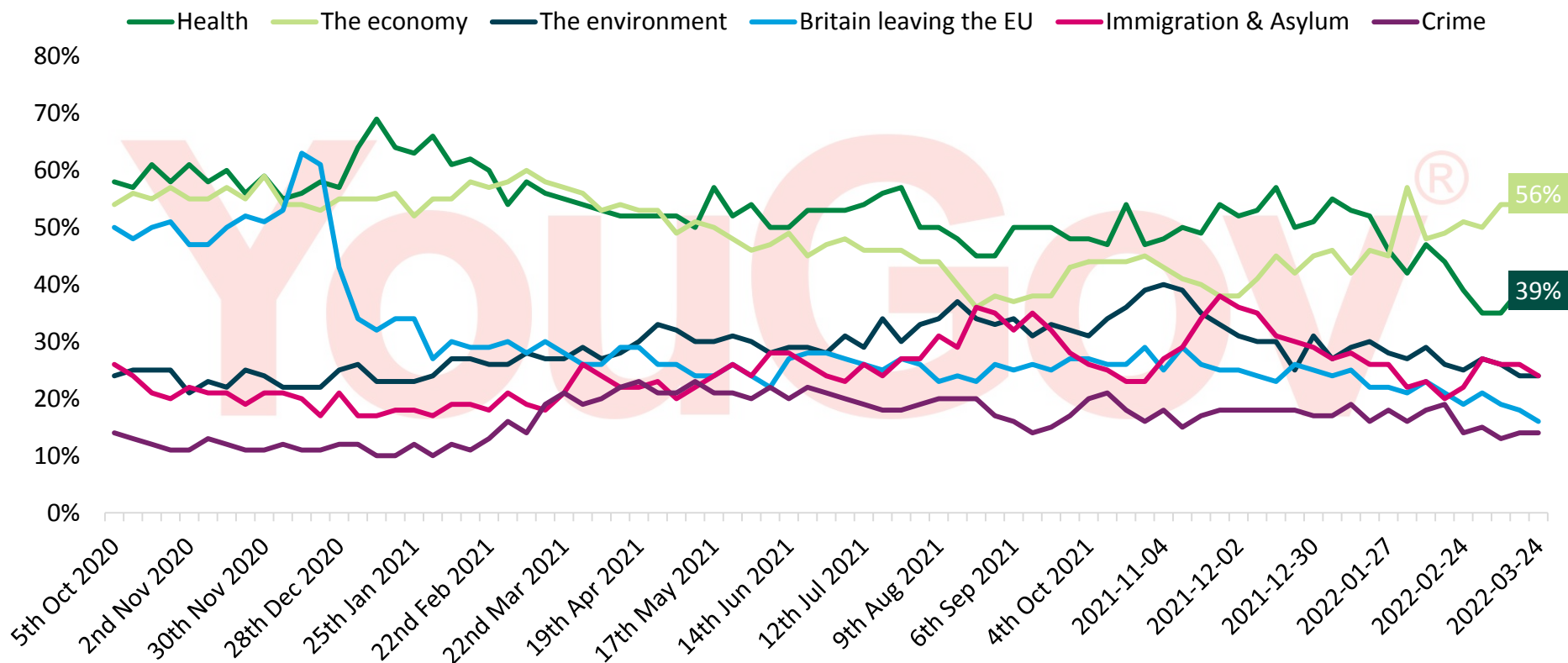
With such a strong emphasis on keeping on top of finances, anchoring pro-environmental behaviours alongside a savings message will likely engage customers. The environment still appears to be a priority for many, but perhaps feels less immediate than the significant increases to the cost of living.



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

Finances becoming front and centre is a trend seen more broadly across the UK, as many now report more 'money worries' compared to environmental concerns

Important issues facing the country – YouGov data



Issues	Diff vs. October 2021
Health	-9%
Economy	+12%
Environment	-7%
Leaving EU	-11%
Immigration	-2%
Crime	-6%

Environmental concern also feel less prominent in the North West specifically, with infrastructure challenges like housing becoming more important at this time

Current concerns – North West specifically

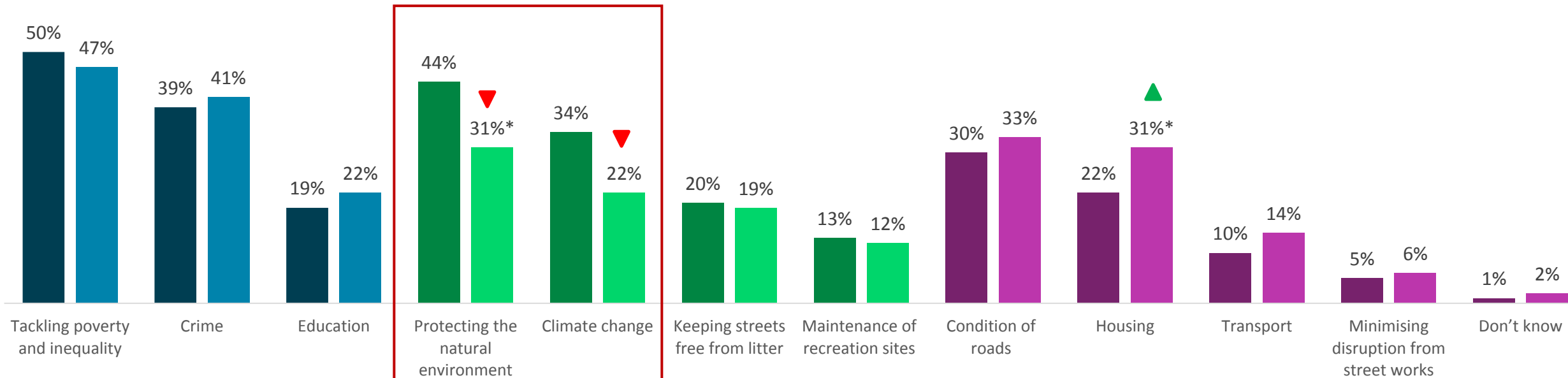


The National Housing Federation recently reported the extensive challenges around housing currently facing the NW. Despite house prices in the region falling behind the national average, these prices are still unaffordable for many – with many house prices six and a half times greater than the average income of the area, as well as slow growth in development for new, affordable housing.

NET: 'Social issues': 78% [0%]

NET: 'Environment': 62% [-14%]

NET: 'Infrastructure': 67% [+10%]

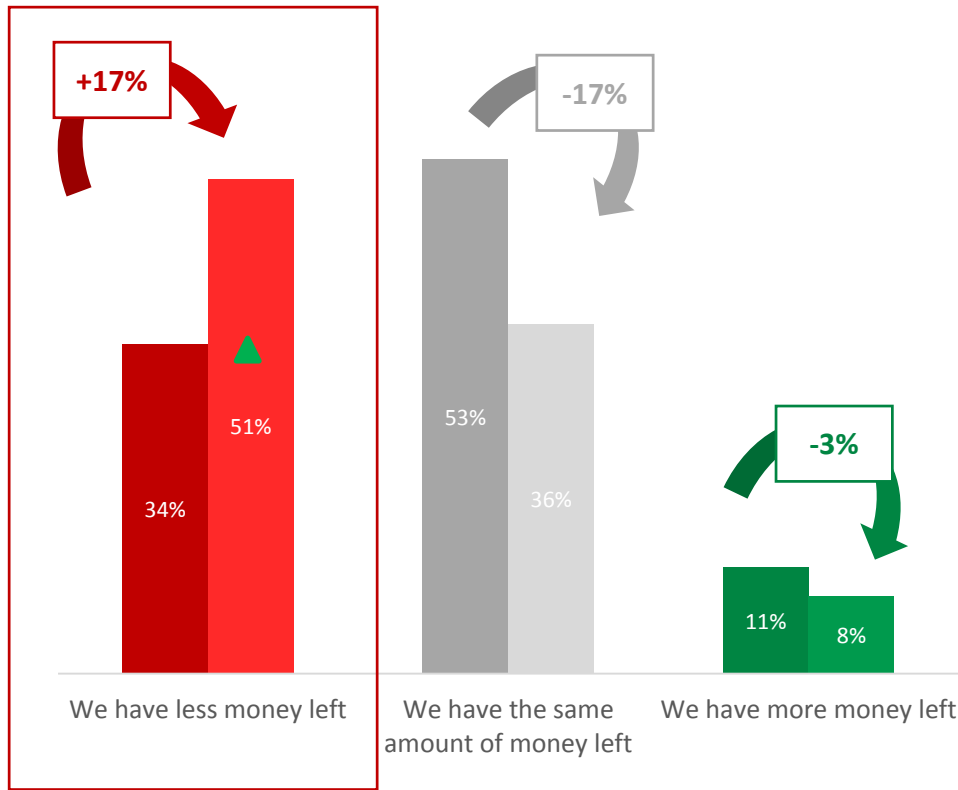


*Wave-on-wave differences driven by younger sample in March 2022

Darker bars are Sept 2021; Lighter bars are March 2022

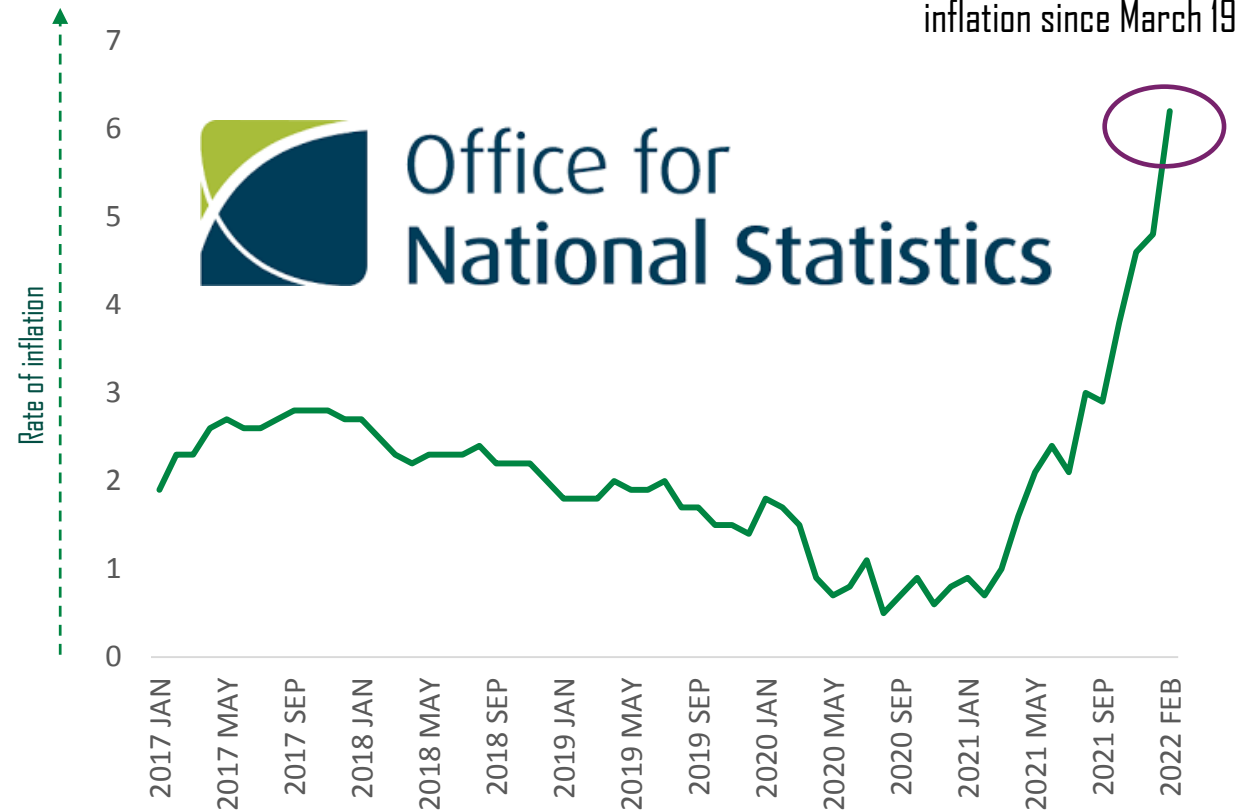
It's not surprising customers have more financial worries; half indicate they have less discretionary income in the face of inflation continuing to rise

Household discretionary income



Darker bars are Sept 2021; Lighter bars are March 2022

The 'Consumer Price Index' rose by 6.2% in the 12-months to February 2022. This is the largest jump in inflation since March 1992



With less discretionary income and HH bills set to rise, many are now more worried about meeting outgoings – particularly energy, food and council tax

Concern about meeting household bills

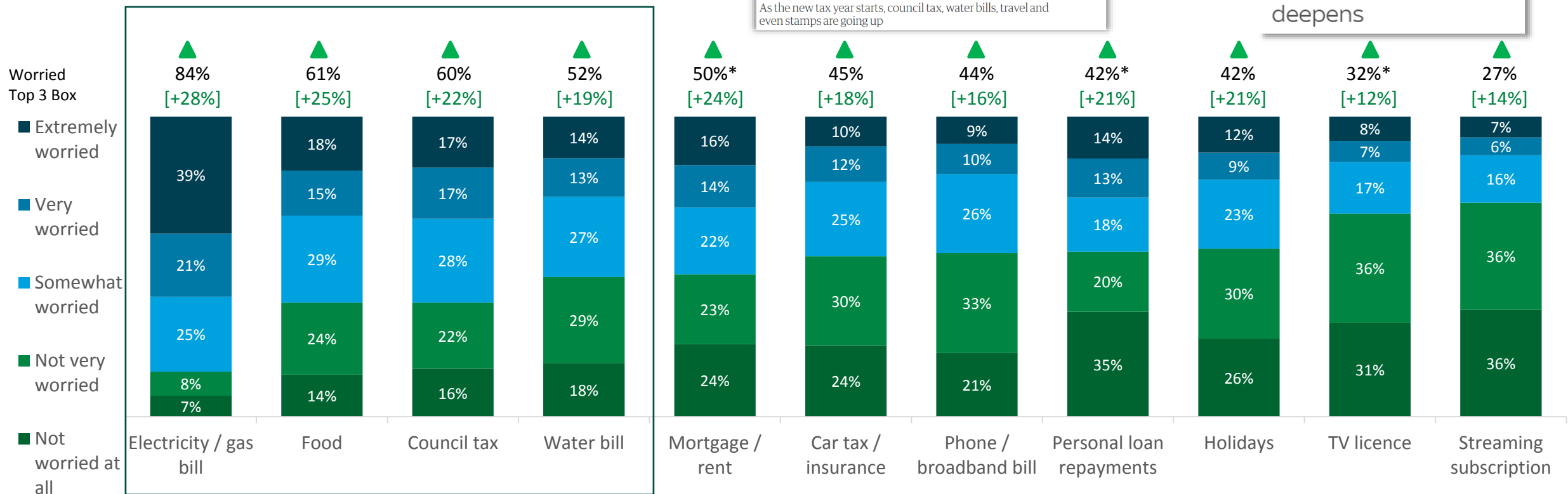
theguardian

If you thought your energy bill rise was bad, wait until you see these ...

As the new tax year starts, council tax, water bills, travel and even stamps are going up

sky news

Inflation rises to 7% as cost of living crisis deepens



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

▲ Females were significantly more likely to be concerned about meeting each household cost
 ▼ 55+ were significantly less concerned about meeting each household cost

Whilst customers are overall less concerned about meeting their water bill compared to other payments, their concerns have grown in the last 6 months



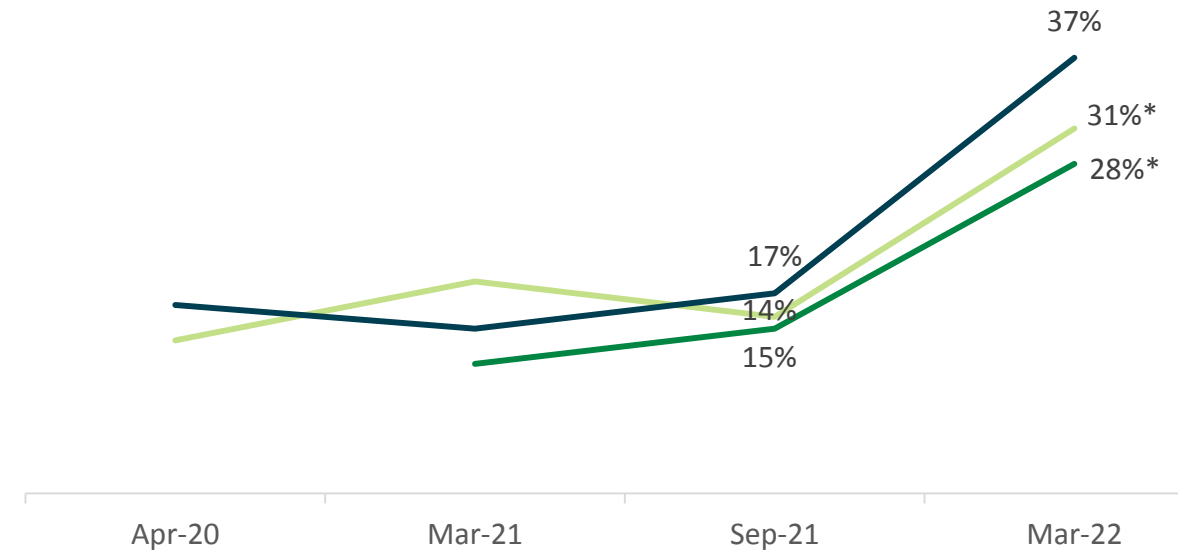
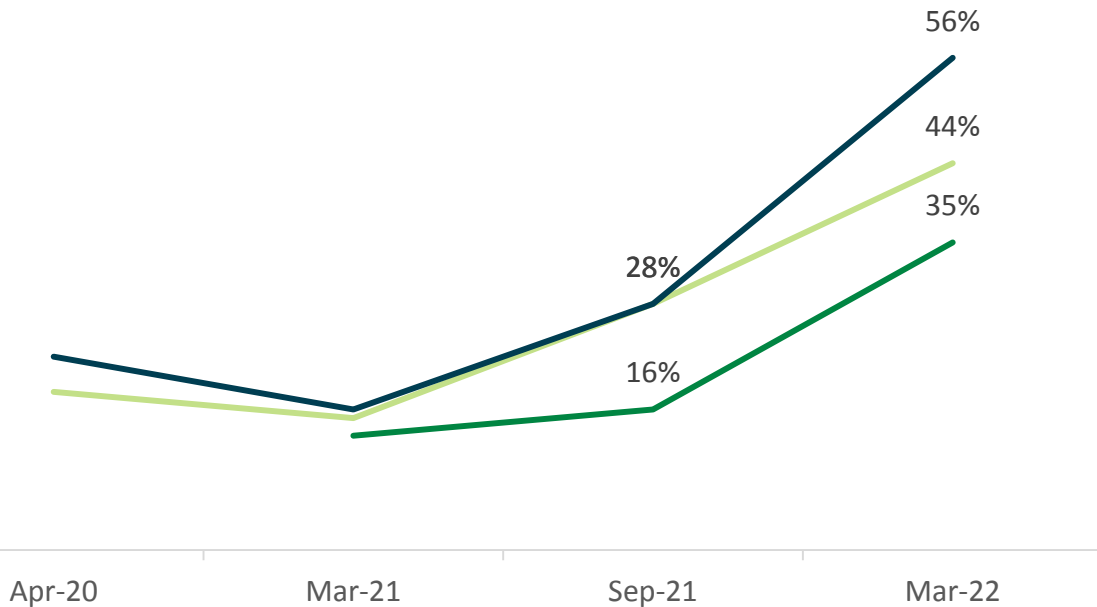
Difficulty with meeting monthly bill payments (general)



Difficulty with meeting monthly bill payments (water)

6 months ago Now In 6 months' time

6 months ago Now In 6 months' time



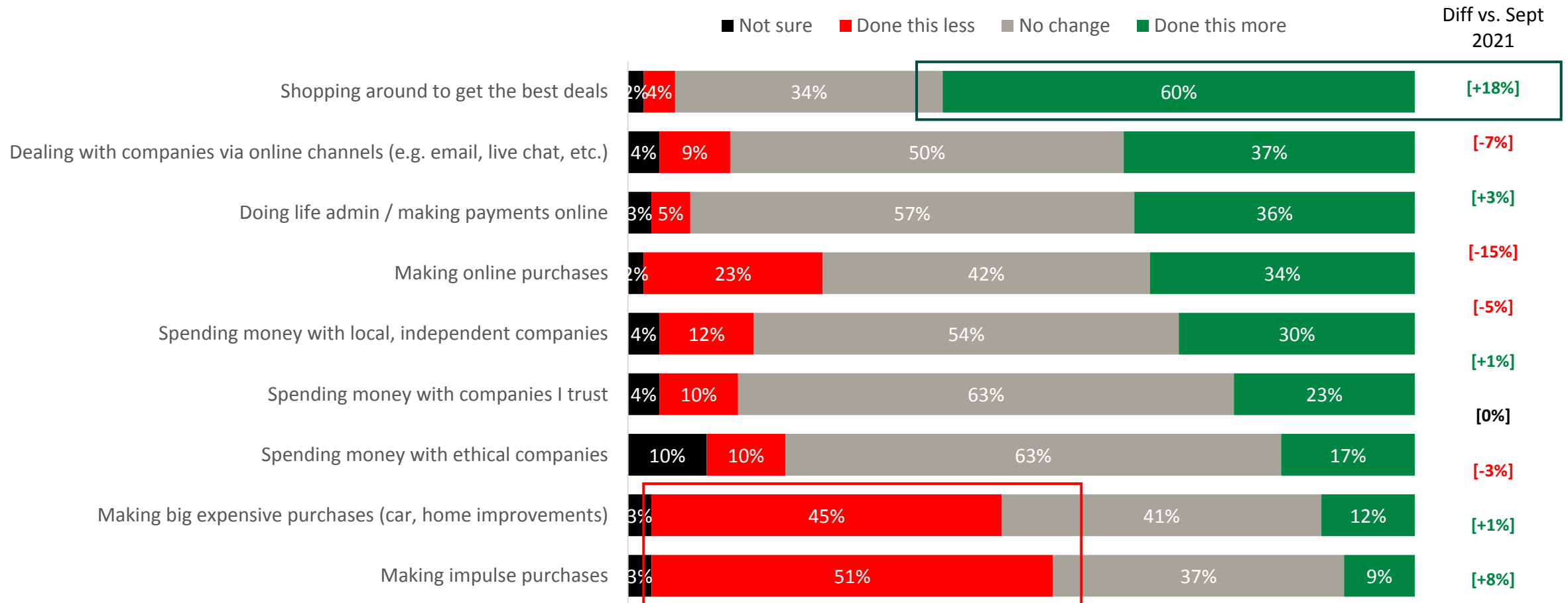
Under 55's are least concerned about meeting general household bills

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

Unmetered customers are significantly more likely to report difficulty meeting their water bill

Increased living costs are also impacting how customers shop; more are now looking for the best deals and big purchases more likely to be put on hold

Changes in shopping behaviour vs. 6 months ago



Q8. How have each of the following changed for you compared to 6 months ago?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

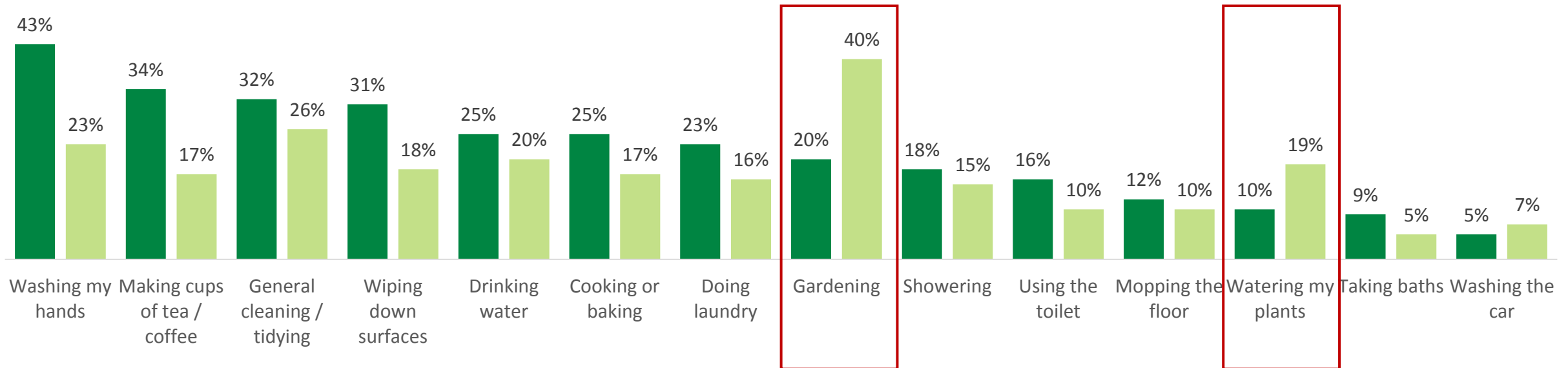
Lifestyle & water usage

Customers expect to reduce the majority of water-related activities in the next 6 months, with the exception of gardening as the weather improves



Time spent doing activities – ‘spent more time L6M / N6M’ [water activities]

■ Have been doing this more in the last 6 months ■ Expect to do this more in the next 6 months



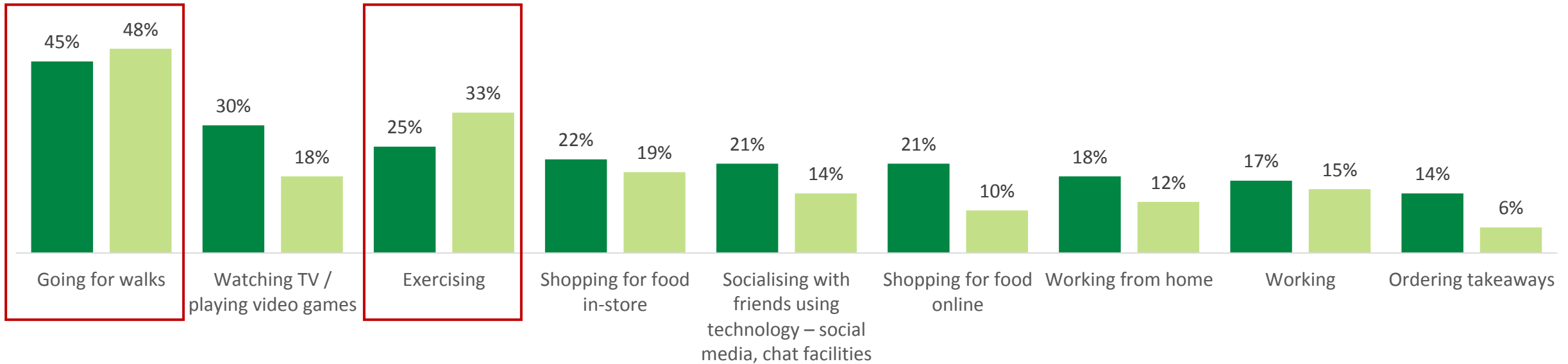
Q10. Which of the following have you been spending more time doing or doing more often in the last 6 months?
 Q11. And, which of the following do you expect to spend more time doing or doing more often in the next 6 months?
 Base: April 2022 (n=593)
 Source: State of the Nation (April 2022)

In terms of non-water activities, customers expect to be walking and exercising more, suggesting an opportunity to promote UU recreational land

Time spent doing activities – ‘spent more time L6M / N6M’ [non-water activities]

This is broadly in line with Visit Britain data* that shows that 46% of UK adults plan to go walking / hiking in the next 12 months.

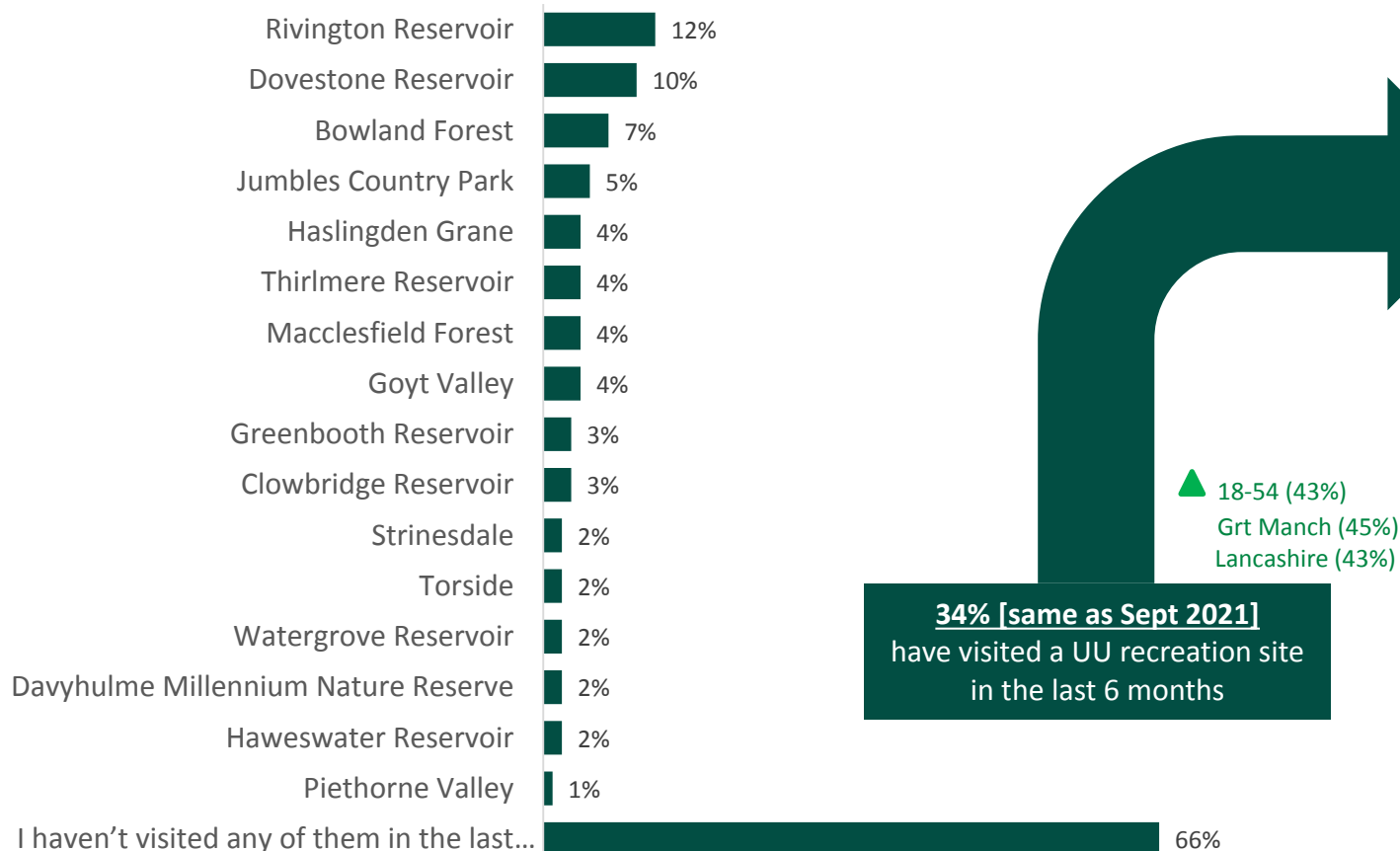
■ Have been doing this more in the last 6 months ■ Expect to do this more in the next 6 months



Q10. Which of the following have you been spending more time doing or doing more often in the last 6 months?
 Q11. And, which of the following do you expect to spend more time doing or doing more often in the next 6 months?
 Base: April 2022 (n=593)
 Source: State of the Nation (April 2022)
 *https://www.visitbritain.org/sites/default/files/vb-corporate/covid-19_consumer_tracker_report_wave_45_final.pdf

The number of customers having visited one of UU's recreational sites remains consistent, with improvements focusing on parking, facilities and maintenance

UU recreation sites visited in last 6 months



WHAT IMPROVEMENTS COULD BE MADE?

- **Car parking** - Improve access and availability of car parking (e.g. provision of free parking, sufficient car parking spaces)
- **Clean areas** - Ensuring clean footpaths through the provision of public bins and litter picking service
- **Toilet facilities** - Improve quality and availability of toilets
- **Footpaths** – Ensuring footpath maintenance (e.g. eroding paths, steps fences)
- **Other general amenities** – Improve availability and quality of other amenities such as information points, cafés etc.

Improvements call for are the same as previous waves of research

Customer needs

Customers' expectations of brands is reflective of the current mood in the UK; keeping prices low is the only trait to have become more important

Important traits in brands

Important traits in brands (Rated as 'Very Important')	March 2021	September 2021	April 2022	Diff vs. Sept 2021
They are trustworthy	71%	71%	66%	-5%*
They have reliable products and services	69%	72%	63%	-9%*
They care about their customers	63%	62%	58%	-4%
They are straightforward to deal with	63%	60%	56%	-4%
They communicate to customers with empathy and talk to me like a human	56%	56%	51%	-5%
They are open and transparent	60%	58%	50%	-8%*
They provide the option to speak to a real person, not just online options	60%	58%	50%	-8%*
They offer low prices	38%	30%	45%	15%
They deliver a seamless and easy online experience	47%	46%	44%	-2%
They treat me as an individual	51%	43%	41%	-2%
They are responsible and ethical	48%	44%	37%	-7%*
They care about the environment	47%	44%	35%	-9%*
They know what they stand for	40%	37%	34%	-3%
They are innovative	22%	15%	18%	3%

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

Q14. How important are each of the following factors to you when dealing with brands?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

Streamlining of digital processes, service which favours the customer and brands offering quality at lower prices are key innovations mentioned by customers

Brand innovation (open-ended responses)



Growth of digital services has help makes consumers lives easier. Especially since the online experience now feels straightforward



Customer service that's seen to favor the customer rather than the brand is seen to be fair



Brands combining quality with low prices or giving consumers something back gets them noticed

“ I recently had to post a large parcel and used InPost which allowed me to do everything online in a quick and simple way, and also allowed me to deposit the parcel in an automated, secure, outdoor storage box so I could go at any time that was convenient for me. This was innovative for me because in the past I'd have had to go to the Post Office either on my lunch break or on a Saturday morning - neither of which is ideal for me.
Female, 35-54

“ Plusnet were very good with their online customer service chat when I needed support. The online chat was with a real person and notified me when the advisor was available so I didn't have to be on hold for ages on the phone, I just needed to be logged in to my account.
Unknown, Unknown

“ Dealing with Amazon after several lost packages, items being stolen from my doorstep speaking to a person we have finally resolved the problem.
Female, 55+

“ Amazon replaced my grandson's Oculus headset without question or argument, even though it was him breaking it by accident. Any other company would've argued about it. I'm an Amazon fan now.
Male, Unknown

“ I ordered hair extensions from Beauty Works and their system went down and my order vanished. I rang the company who arranged for me to attend their warehouse and pick up my order as I needed it that day.
Female, Unknown

“ World of Books WOB. Vast selection. Low prices. Good condition. Free delivery. Reliable and trustworthy. Helpful and respectful
Male, 55+

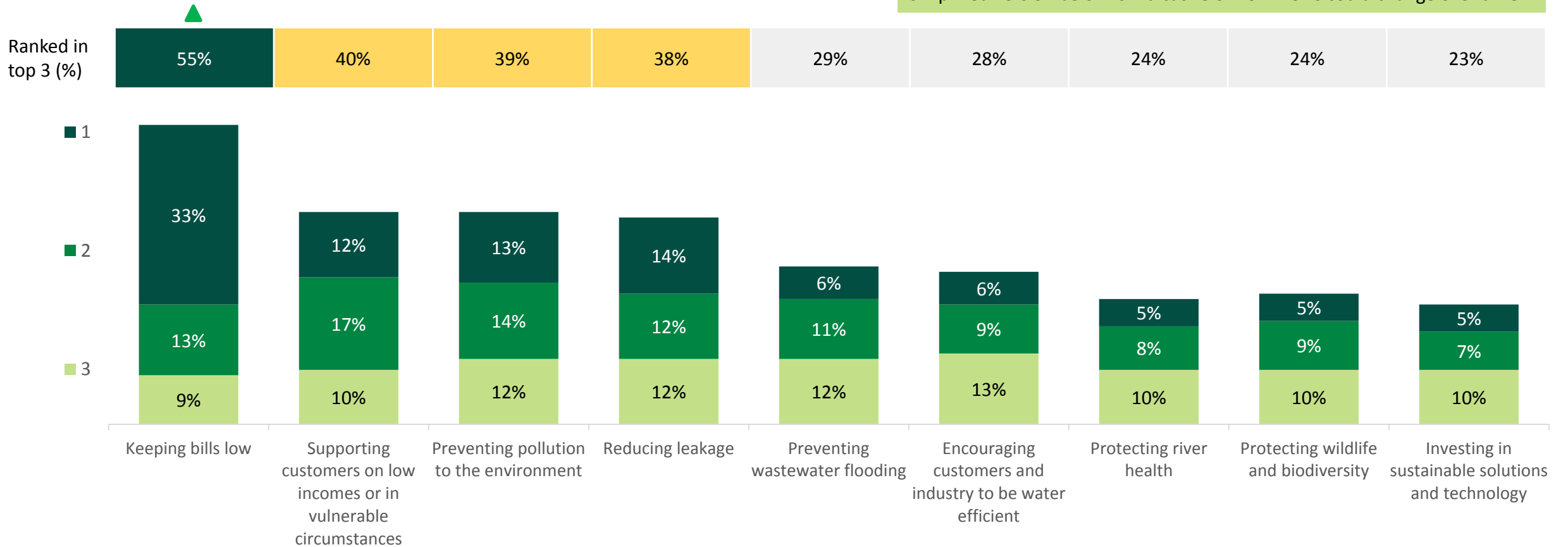
“ Aldi have combined quality with low price compared to other resellers
Male, 55+

“ Quidco, I use them all the time for purchases and reducing my Bills. They are a cash back site.
Female, 55+

Customers call for UU to prioritise keeping bills low and supporting vulnerable customers, followed by preventing pollution and leaks

Important issues for UU to be tackling

Results from a more extensive piece of research are shown on the next slide and although not directly comparable with the findings here, the simplified version below is indicative of how views could change over time.

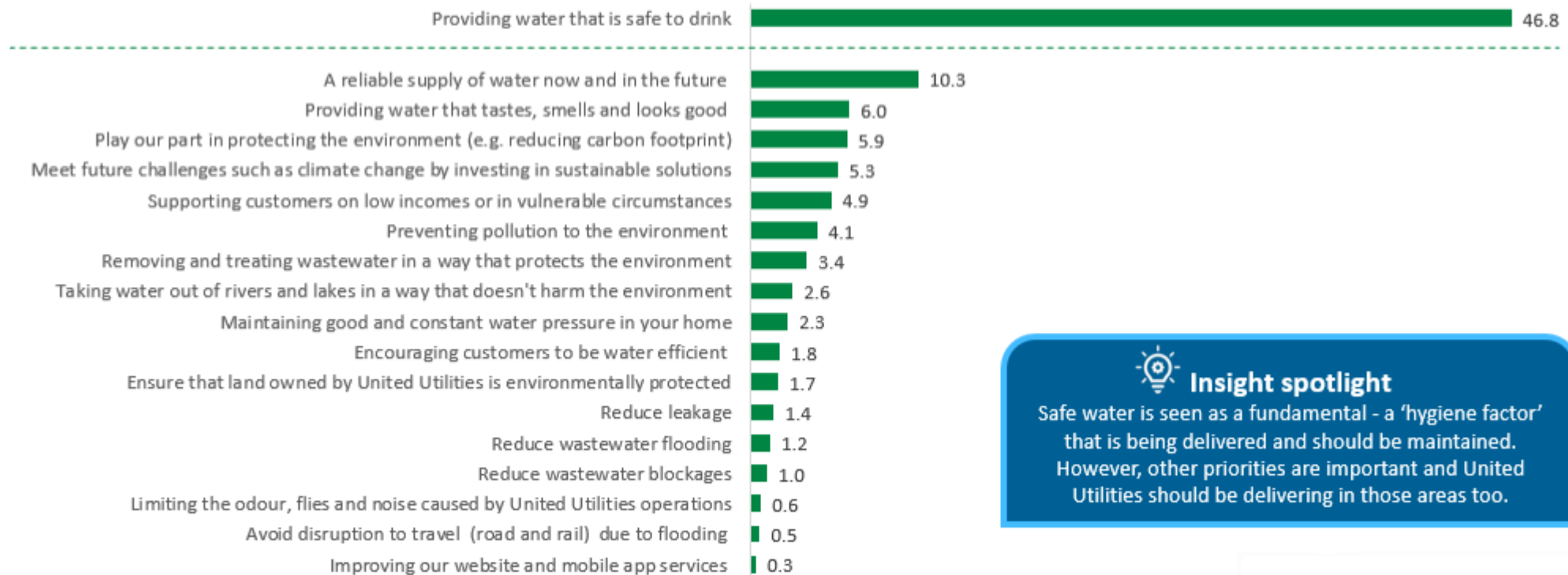




All priorities – Household General Population

‘Safe water to drink’ was the most important priority for all customers. It is approximately four times more important than a ‘reliable supply now and in the future’.

From the qualitative stage, customers described safe drinking water as a ‘hygiene factor’ that they expected as a ‘given’ for all water companies.



 **Insight spotlight**

Safe water is seen as a fundamental - a ‘hygiene factor’ that is being delivered and should be maintained. However, other priorities are important and United Utilities should be delivering in those areas too.

The total of all the numbers in the bar chart add up to 100. Each value shows the proportional importance of each priority. The larger the value, the more important a priority relative to the others. The values of each bar are relative to each other; therefore a value of 10 is twice as important as another priority with a score of 5.

Spontaneously, keeping water bills low and supporting water saving behaviours were key requests, as well as ensuring UU assets are maintained and leaks reduced

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

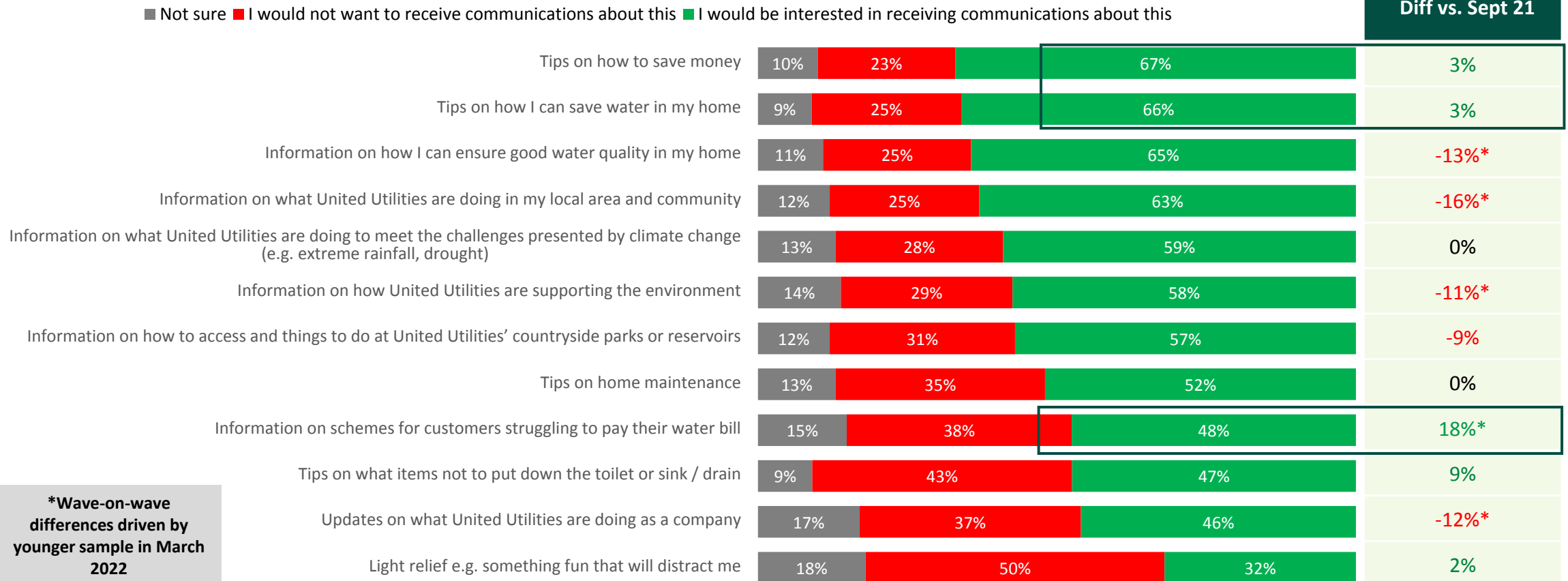


Q17. Is there anything else you'd like to see United Utilities doing more of?
 Base: April 2022; Coded themes from n=50 open-ended responses
 Source: State of the Nation (April 2022)

Tips to help save money and schemes for struggling customers are more important to customers than before

Interest in receiving comms from UU

Women are more likely to want communications to help save money and educational content, while men look for company and recreational information.

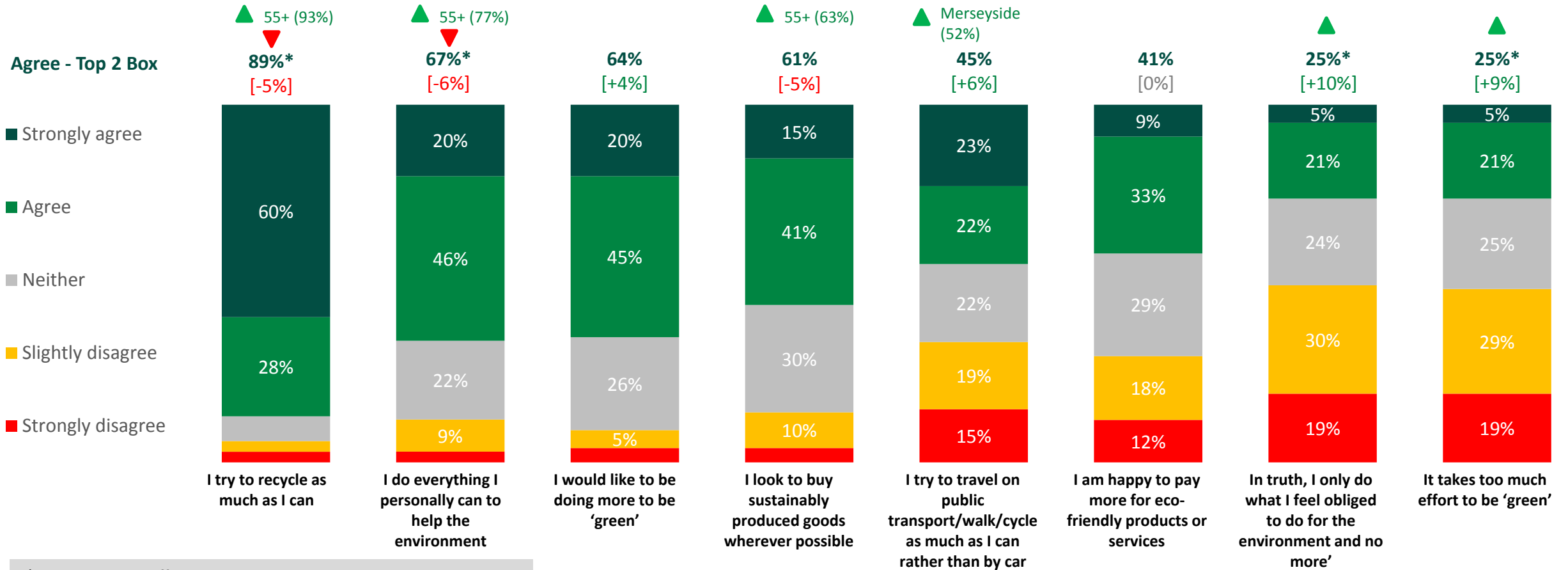


***Wave-on-wave differences driven by younger sample in March 2022**

Q16. Which of the following types of communications would you be open to receiving from United Utilities during this time?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

Older customers claim to be more engaged with environmentally conscious behaviours, in particular recycling and doing their bit to help the environment

Attitudes toward the environment

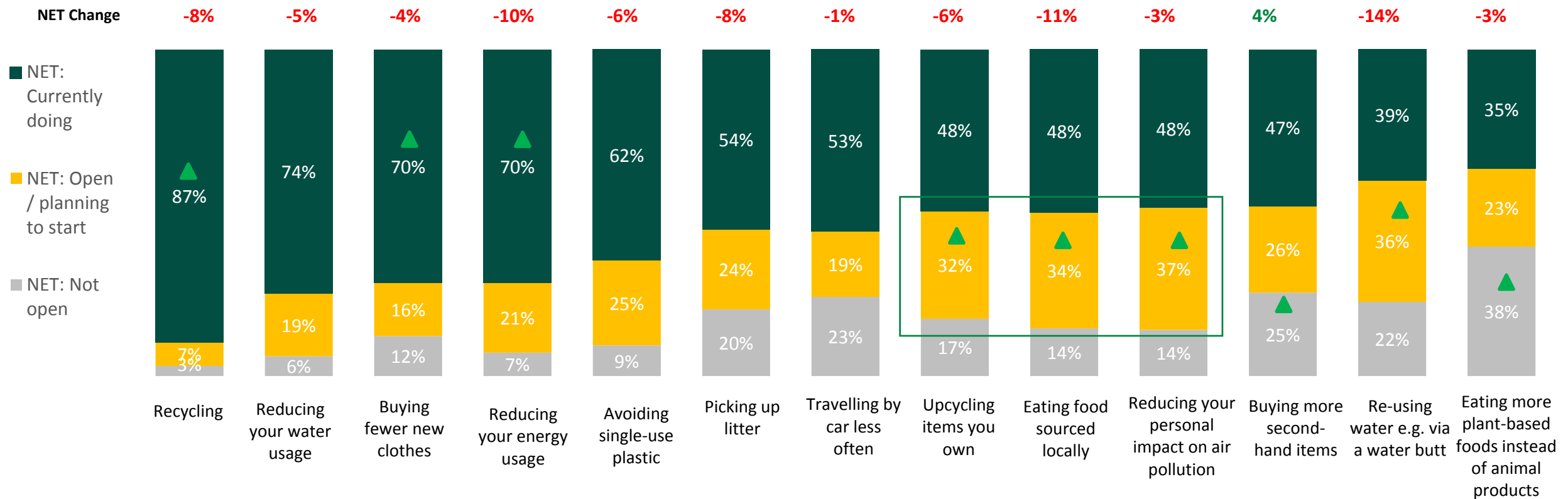


*Wave-on-wave differences driven by younger sample in March 2022

Q18. How much do you agree or disagree with the following statements?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

Recycling and reducing water are still key green behaviours. There is intent for over a third to re-use water, reduce personal air pollution and eat more locally sourced foods

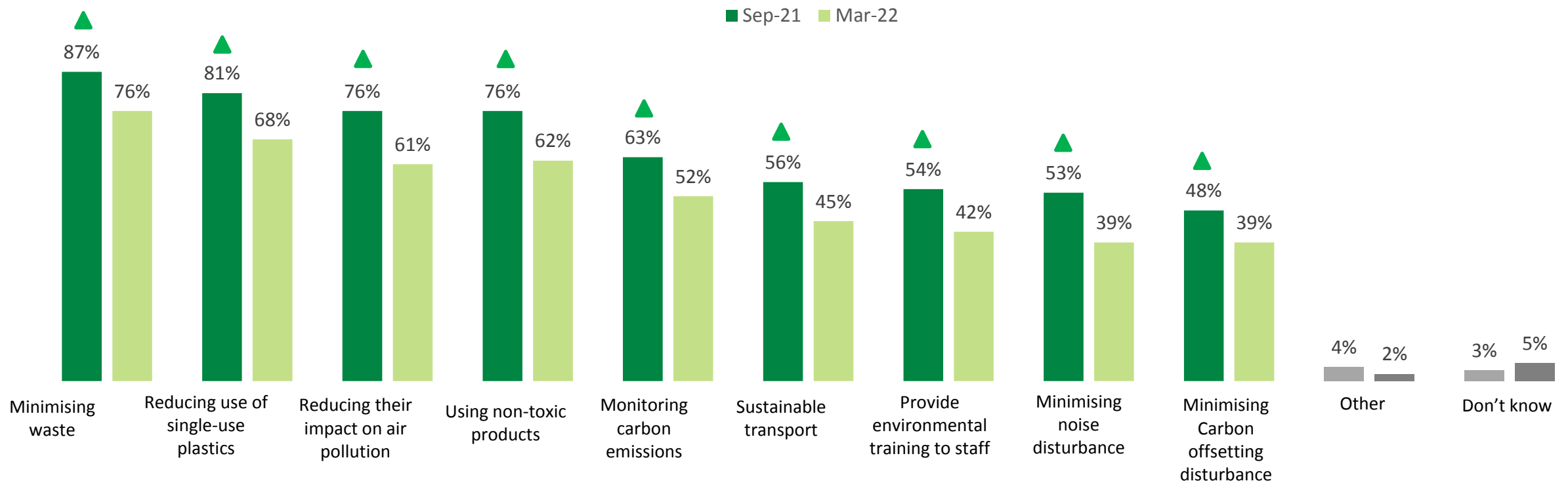
Engagement in pro-environmental behaviours



Q19. How would you describe your behaviour towards each of the following sustainable activities?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

Mirroring customers' expectations on UU to reduce leakage, 'minimising waste' continues to be the most important expectation of companies

Expectations of companies



All wave-on-wave differences driven by younger sample in March 2022

Q21. Which of the following would you expect companies to be doing as part of their standard operating procedures?
 Base: April 2022 (n= 1,161)
 Source: State of the Nation (April 2022)

Recap

Recap

Financial concerns are front and centre now

Environmental concerns take a backseat, but remain an important issue

There's growing concern around meeting household outgoings, including water bill anxiety

Customers' expectations of brands are reflective of current financial landscape

Talk to customers about how you can help them

Appendix

Ofwat standards for high-quality research – State of the Nation

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 UU 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 UU 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**:



Shy Sharma

Head of Customer Insight

Shy.Sharma@uuplc.co.uk