

3B. ACCENT ACCEPTABILITY RESEARCH
REPORT AUGUST 2019



Accent

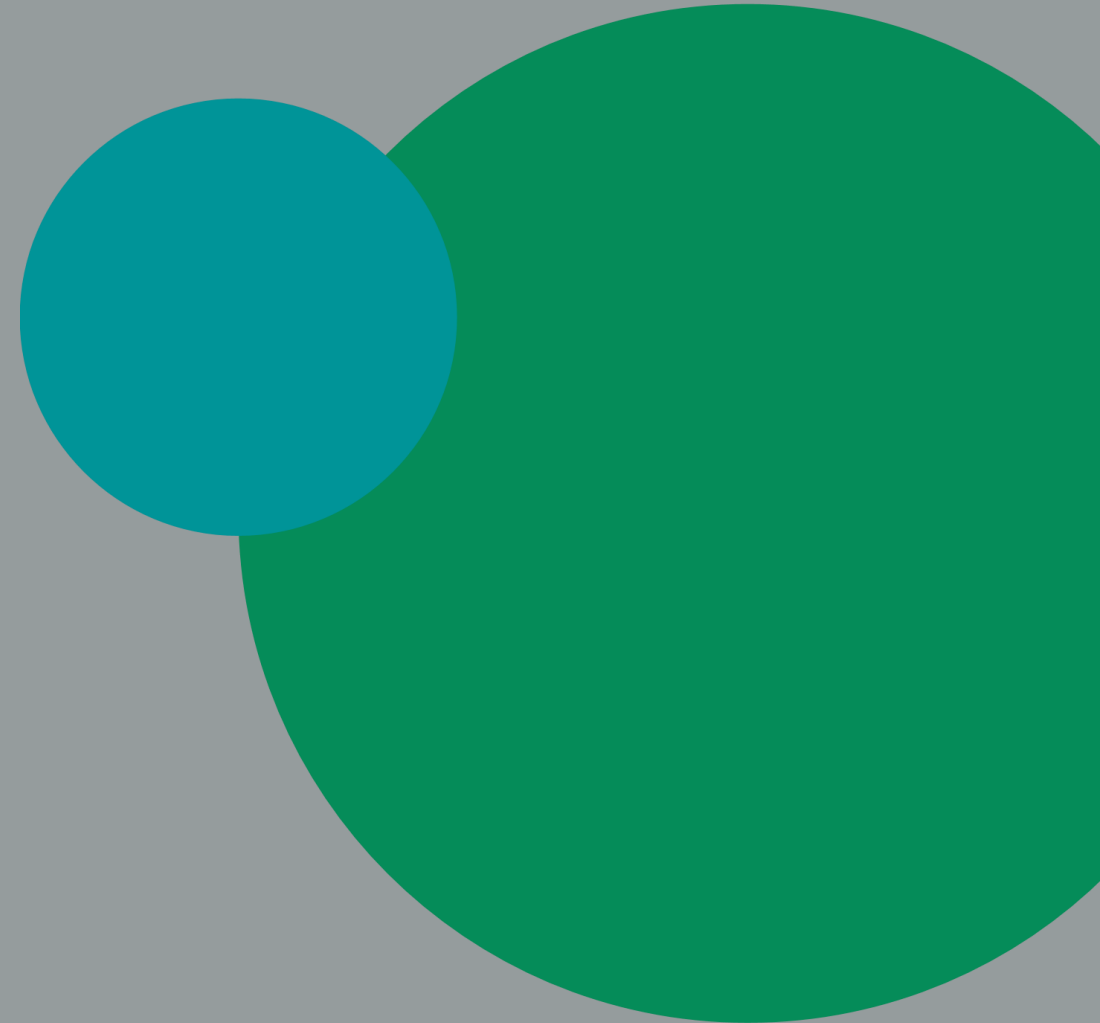


Anglian Water Draft Determination

Bill Preferences

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Key findings



- **Highlights:** There is acceptance of Anglian Water’s long term ambitions and their view on the customer outcomes they are seeking. They see environmental protection and affordability as the two top challenges. There is much more support for Anglian Water’s alternative bill plan than for Ofwat’s proposal.
- **Main findings:**
 - About 1 in 3 were unaware of challenges facing Anglian Water – the priorities for awareness raising would be among careful budgeters, social class DE, under 54’s and females
 - The most important challenges for customers are environmental protection and affordability. The lowest priority by far was for market, structure and financing the industry
 - The following two points show that customers accept AW’s view of the future and what they seek to do about it
 - 81% found AW’s long term ambitions acceptable, 2% found them unacceptable
 - 68% found AW’s long term customer outcomes acceptable, 2% found them unacceptable
 - 33% found Ofwat’s bill proposal acceptable, 29% believed it to be unacceptable, so opinion is evenly balanced about this option
 - Careful budgeters stood out in thinking it most unacceptable (45%), followed by family first (37%)
 - Customers found AW’s alternative bill plan more acceptable: 36% found it acceptable vs 21% who thought it unacceptable.
 - Parochials and eco economisers were most unaccepting (35% and 33% respectively)
 - Family first and careful budgeters were most accepting (48% and 41% respectively)
 - However, when asked which of the two plans they preferred, 2:1 were in favour of AW’s approach: 66% preferred the AW alternative vs 34% who preferred AW’s.
 - There is a clear preference for AW’s proposed alternative therefore.

Purpose and Methodology



- The aim of the research is to inform Anglian Water's Draft Determination
- The survey sought customer reactions to the company's perceptions of future investment needs, what their own priorities were and how acceptable specific bill proposals from Ofwat and Anglian Water were to them
- Accent conducted an online panel survey of 983 of Anglian Water's customers between 23rd and 26th August

The research was undertaken in line with the requirements of the market, opinion and social research International Standard ISO 20252

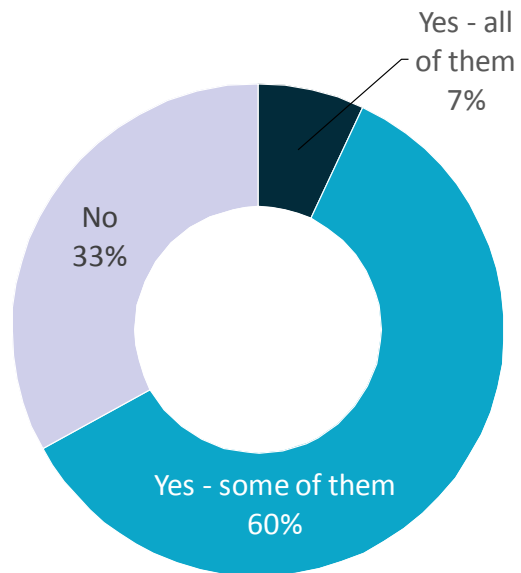
Customer Perceptions



Perceptions of Challenges: About 1 in 3 were not aware of challenges facing Anglian Water



Awareness of challenges facing Anglian Water



- Who were most likely to be unaware?
 - Careful budgeters 45%
 - Social Class DE 46%
 - Under 54 years old 36%
 - Females 39%
- These should be targets for awareness raising

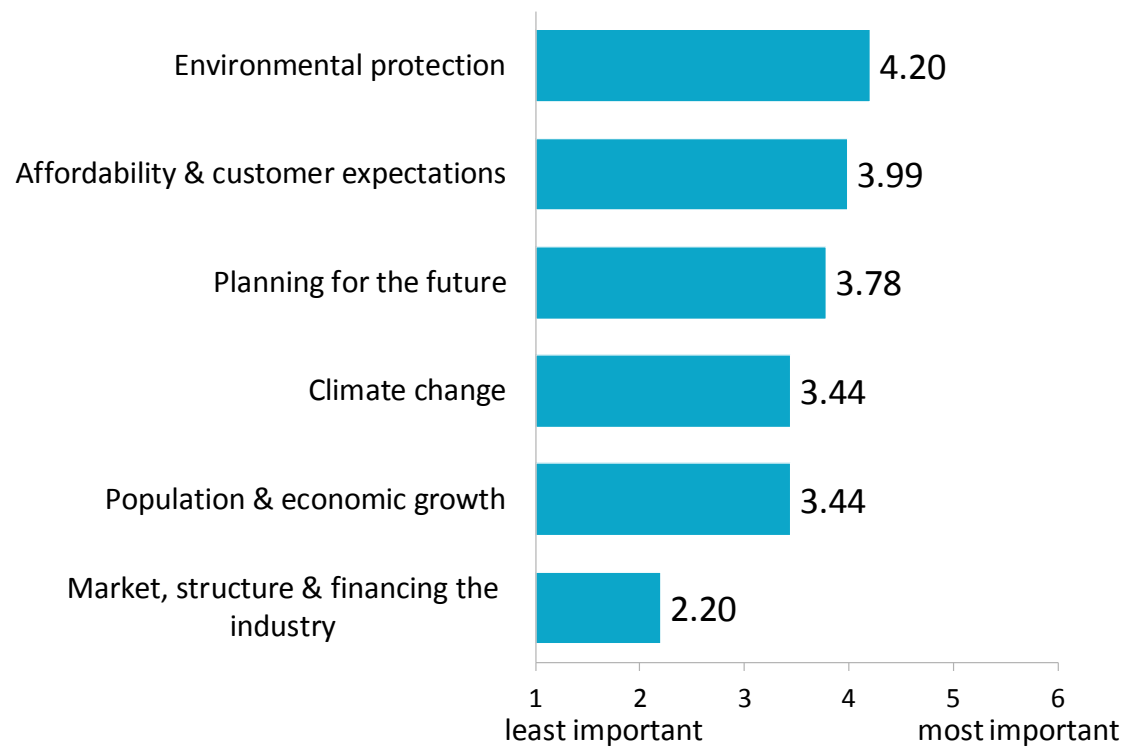
Perceptions of Challenges:

The most important challenges for customers were the environment and affordability



Ranking of Challenges

Participants were asked to rank 6 challenges in order of importance. The chart shows the average ranking. The higher the score the higher the is the average ranking.



The individual rankings for each challenge are shown in the appendix

■ Under 35s gave lower priorities to several challenges

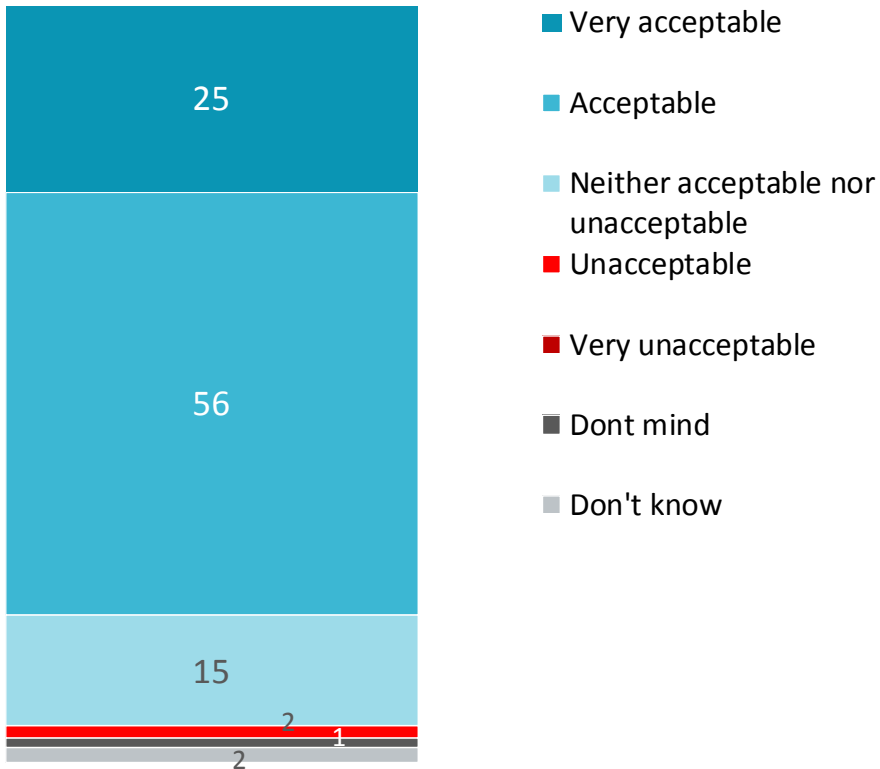
■ Who were least concerned?

- Environmental protection
 - Careful budgeters 3.57
 - Aged 75 or older 3.73
- Affordability and customer expectations
 - Family first 3.31
 - Under 35 years of age 3.21
- Planning for the future
 - Under 35 years of age 3.39
- Population and economic growth
 - Under 35 years of age 3.04
- Climate change
 - Eco economisers 2.81
 - Careful budgeters 2.95
 - 50 to 74 years of age 3.01
- Market, structure and financing the industry
 - Eco economisers 1.87
 - Parochial 1.84
 - Water only customers 1.78

Anglian Water's long term ambitions: 81% found them acceptable, 2% unacceptable



How acceptable are AW's long term ambitions?

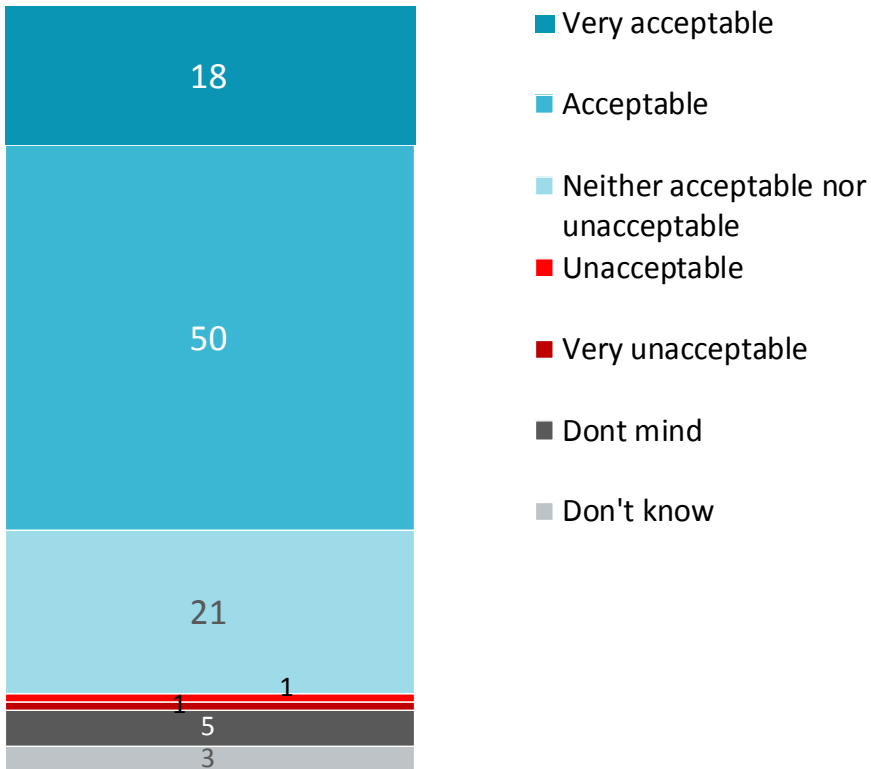


- A large majority of customers therefore find AW's ambitions acceptable
- There were some variations in acceptance among customer segments:
 - They were most unacceptable to
 - Water only customers 6%
 - Comfortable and caring 5%

Anglian Water's long term customer outcomes: 68% found them acceptable, 2% unacceptable



How acceptable are AW's long term outcomes?



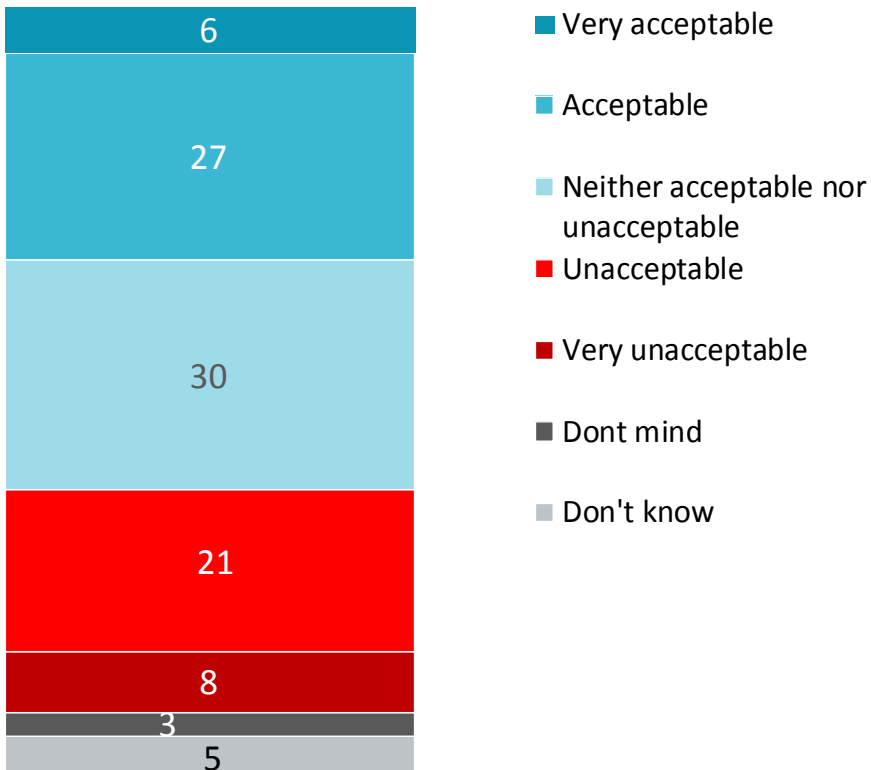
- A majority of customers therefore find AW's long term customer outcomes acceptable
- There were some variations in acceptance among customer segments:
 - They were most unacceptable to:
 - Parochials 9%

How acceptable was Ofwat's bill proposal?

33% found it acceptable, 29% unacceptable



How acceptable is Ofwat's bill proposal?



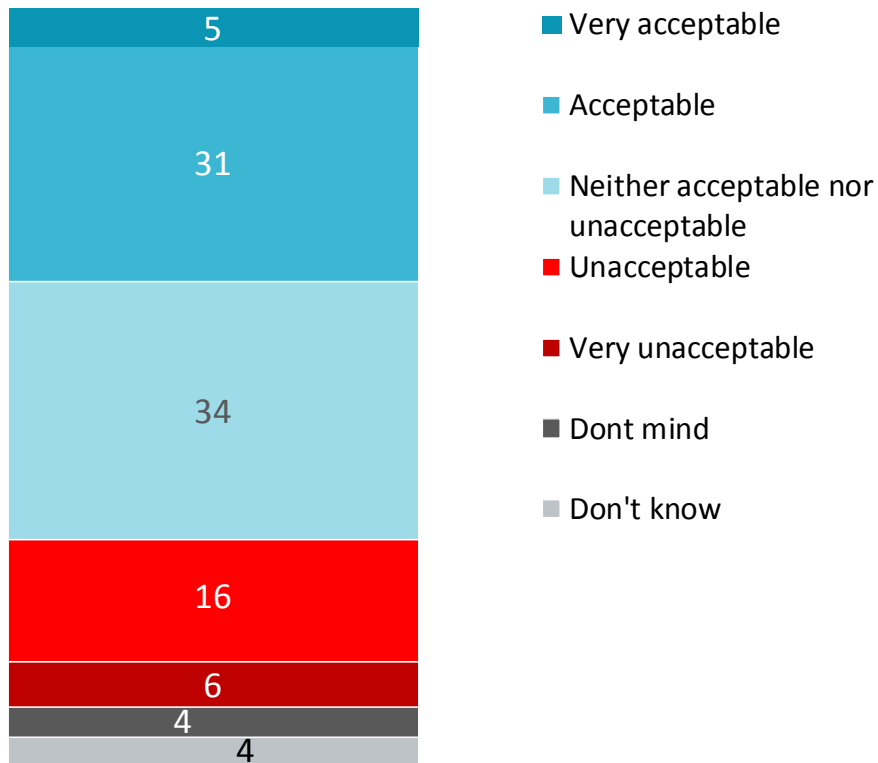
- There were some variations in acceptance among customer segments:
 - They were most unacceptable to:
 - Careful budgeters 45%
 - Family firsts 37%

How acceptable is AW's alternative bill plan?

36% found it acceptable, 21% unacceptable



How acceptable is AW's alternative bill plan?



■ When considered separately, AW's alternative bill plan was slightly more acceptable than Ofwat's:

- Ofwat's proposal:
 - 33% acceptable vs 29% unacceptable
- AW's alternative:
 - 36% acceptable vs 21% unacceptable

Support for AW's alternative plan is high: 2 to 1 Prefer AW's plan to Ofwat's

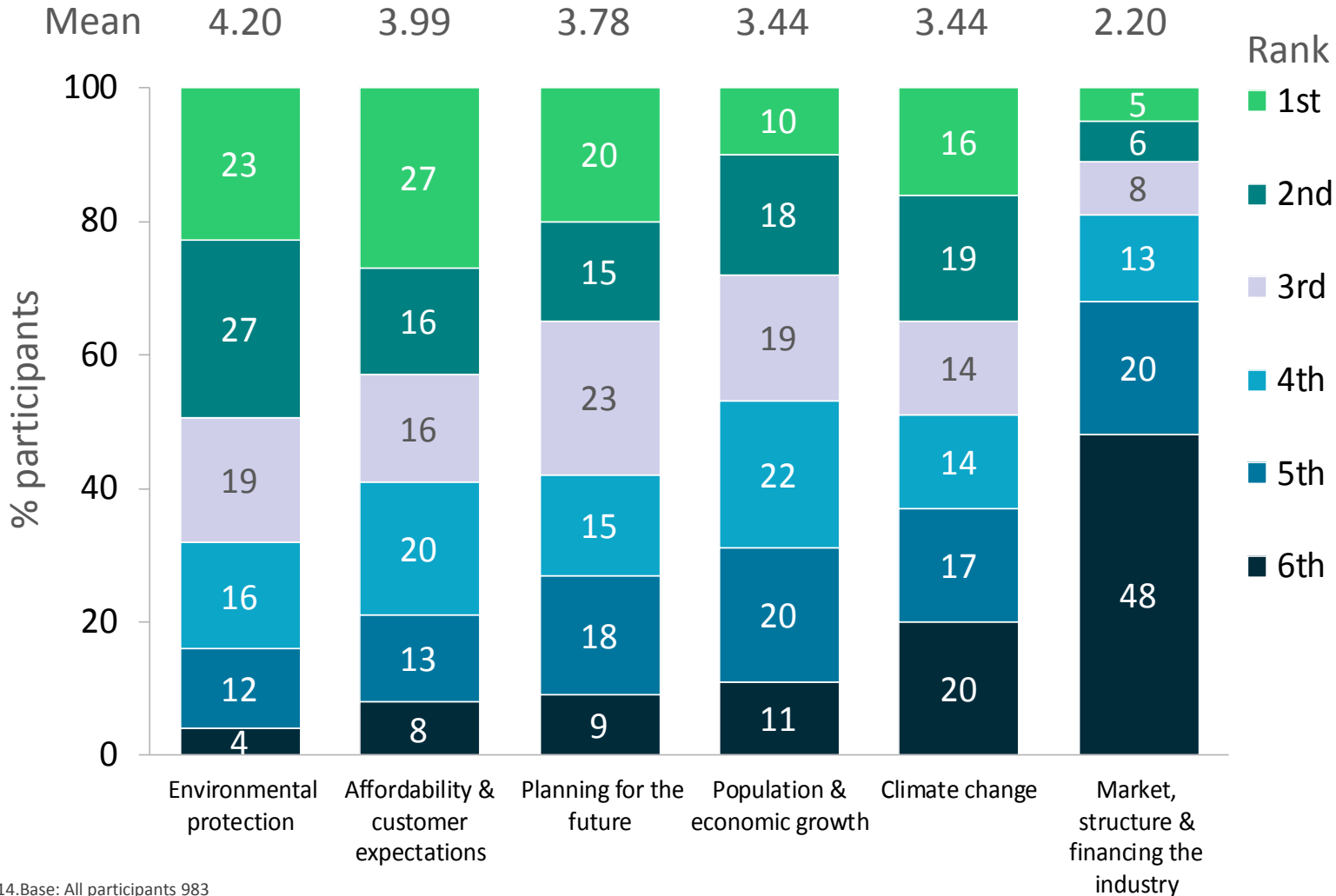


- When asked directly which plan they preferred, a large majority chose the Anglian Water alternative:
 - Prefer Ofwat's proposal: 34%
 - Prefer AW's alternative: 66%
- All customer segments preferred the AW alternative, but some less strongly:
 - Parochials 56%
 - Tech savvies 57%
 - Social Class C2: 54%

Appendix



Ranking of importance to participants of challenges Anglian Water is facing



Q14.Base: All participants 983

Thank you



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