Engagement summary

Customer willingness to pay update

South West Water

Objectives

The purpose of this study is to repeat the Stage 1 Willingness to Pay (WTP) survey completed at PR19 to test if customer values for service level improvements have changed significantly from 2017.

Format	Quantitative survey
Households (number)	660
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

The research has helped us to understand the benefits of investment and the maximum bill increases customers are willing to pay for improvements to service and the environment.

Testing these values with customers ensures we can prioritise improvements, apply cost benefit principles to our plans, and ensure we understand the overall envelope of bill increases customers will accept.

Date	28 March 2022
Supplier	ICS

Key messages – what matters most

What we did

- Survey-based stated preference (SP) approach with representative sample of household customers from SWW and BW regions. Using the PR19 survey materials from 2017 with updated performance and service level attributes where necessary
- Respondents presented with 'simulated' choices designed to measure their preferences and valuations for maintaining and improving SWW services.

What matters most

- There has been little change in customer values compared to the 2017 study
- SWW customers showed higher levels of trade-off behaviour compared to 2017: around 60% respondents opted for "no change" in any given choice (vs. around 70% in 2017)
- Around 30% of SWW customers reported difficulty in paying monthly bills and around 40% stated their household financial position had worsened in last 12 months, and a similar expected it to get worse in next 12 months
- This potential effect of pressure on household budgets was seen in the SWW package choice question, with lower overall WTP compared to 2017
- BW customers have shown a lower overall WTP compared to 2017, the exception being drought permits where BW customers placed a significantly higher value on improvement from 2017
- Around 20% of BW respondents reported difficulty in paying monthly bills, whilst 44% stated their household financial position had worsened in last 12 months. 50% expect it to get worse in next 12 months
- Overall, the lower package values could indicate that customers have a limited budget for service improvements and placed higher values on some select service areas with less appetite for increased bill amounts for improvements elsewhere.

Are there differing views?

- SWW customers valued external sewer flooding higher than BW customers and river quality (lower value). Also, supply interruptions and discolouration hand marginally lower values
- BW customers valued drought permits higher value and , discolouration and taste and smell lower than SWW ones.

Next steps

These findings will inform the triangulation of customer values for PR24 investment planning.