

how on earth

Corporate Culture



TAPPED IN

From passive customer
to active participant

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CONSIDERING CUSTOMERS

Reaping the benefits of active relationships



THE WATER AND WASTE WATER SECTOR PROVIDES VITAL PUBLIC SERVICES, ON WHICH CUSTOMERS, SOCIETY AND THE ECONOMY DEPEND.

That those services are often taken for granted is perhaps an indication of the success of the sector. But that success has also fed a misguided idea that customers are merely passive users of a service.

Customers do not just passively consume water services, they are in the middle of the water chain. It is customers' behaviour that drives demand for clean water – affecting the amount taken from the environment, treated and transported to their taps. And it is customer's behaviour that drives demand for how much waste water is taken away, treated and returned to the environment.

It is too easy to say 'we all know what customers want – safe, reliable drinking water and waste taken away'. Of course customers want the basics delivered, and delivered well. But doing the basics well can't be the scale of our ambition.

At PR14, companies made great strides in customer engagement, holding more than 250,000 conversations with customers. As a result, companies are more focused on delivering what customers and society need and want.

Now is the time to build on that engagement and innovate. Companies need to move from seeing customers as recipients of services, to seeing them as active participants in the delivery of those services. Customers and communities have knowledge, skills and creativity that can solve problems and help find ways to innovate.

Not every customer will want or be able to be involved to the same extent. But with this report we want to articulate the art of the possible. We want to provide some practical ways of embracing customer participation. And we want to equip others, including customer and community groups, with a better understanding of what is achievable.

I am not suggesting the move from viewing customers as passive recipients to active participants will be easy. No innovation is. But the opportunity is there, as forward-thinking companies in other sectors have shown.

And the size of the prize is immense – great customer service and resilient supply at a price all of us can afford. But it is more than that. Together we can deliver a stronger sector, which commands the trust of customers and is ready for the future.

CATHRYN ROSS,

Chief Executive, Ofwat



CUSTOMER PARTICIPATION

New strategies for long-term success



AT THE OCTOBER 2015 BEESLEY LECTURES, WATER SECTOR REGULATOR CATHRYN ROSS USED HER KEYNOTE SPEECH ON THE FUTURE OF REGULATION TO THROW DOWN A CHALLENGE.

“The sector [and the regulator too] needs to stop thinking about customers as passive receivers of services,” she said. “We need to start thinking about customers as enabling and in some ways helping to deliver the services they use.”

But what does that mean in practice? How is it possible for customers to make the journey from passive recipients of water services to

active participants? And why would this be something that companies would want to adopt as a strategy?

This report is a response to the many questions that are raised around customer participation. It draws on emerging practices from inside and outside the water sector. It taps into a wider movement to connect people to the things that really matter in their lives, to give them a voice of course, but further, and often enabled by new technologies, to give them more control.

In our research, we were surprised by how rich and relevant this area is for companies of all sectors to follow. And yet, how little evidence there is that it is being followed as a key strategy. This on its own gives the water sector in the UK a challenge and an opportunity.

The challenge is how to turn customer participation into a series of practical actions aligned to business objectives

and to do this in a way that links the needs of tomorrow with people’s lives today. The opportunity is to forge new ways of thinking that earn customer trust and achieve both social and commercial results.

JOHN DRUMMOND,

Chairman, Corporate Culture Group

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Corporate Culture Group. Commissioned by Ofwat.





TAPPED IN: From passive customer to active participant

CUSTOMER PARTICIPATION:

What it is and why it matters

There is a massive opportunity to help customers move from passive recipients of water company services to active participants in helping achieve a successful long-term future for water in England and Wales.

But what is meant by customer participation?

OUR WORKING DEFINITION IS:

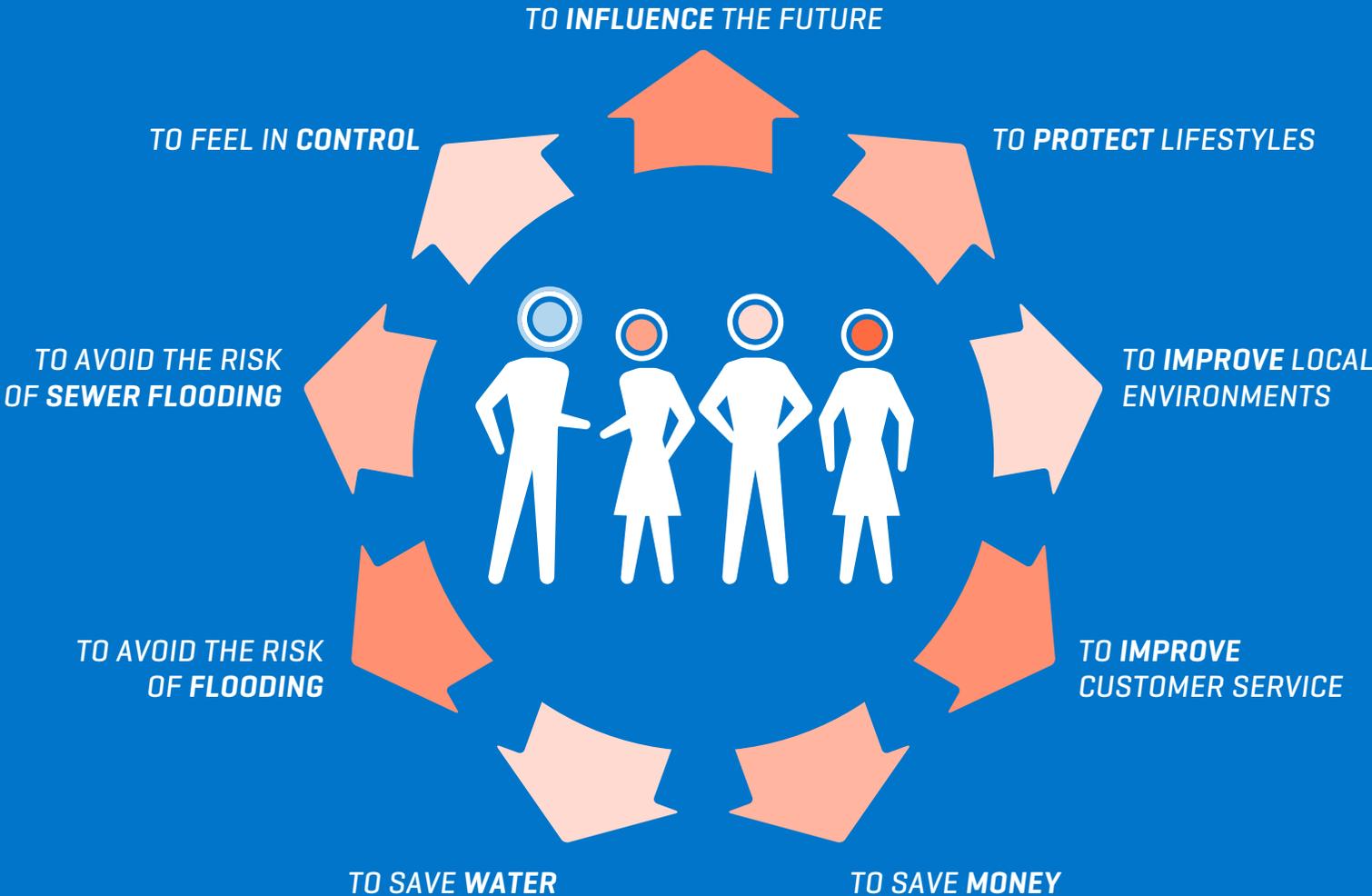
The active involvement of customers in the design, production, delivery, consumption, disposal and enjoyment of water, water services and the water environment in the home, at work and in the community.

Customer participation sits at one end of a continuum that distinguishes between different levels of customer engagement and involvement:

THE CUSTOMER PARTICIPATION CONTINUUM	LISTENING AND UNDERSTANDING	Understanding what is important about water in the lives of different customer groups.
	LISTENING AND ACTING	Listening to different customer groups and acting on what is heard in order to achieve business objectives.
	ENGAGING AND INVOLVING	Involvement of customers or their representatives. Making it easy for them to propose specific ideas or solutions to achieve change.
	CUSTOMER PARTICIPATION	Increasing active customer participation to bring these ideas to life.

Why would customers want to participate?

There are personal and social benefits from participation, such as saving money, acting to reduce the risk of water shortages or flooding, or improving the environment around local rivers or bathing waters.





CUSTOMER PARTICIPATION:

What it is and why it matters

WHAT ARE THE BENEFITS TO BUSINESS AND WIDER SOCIETY FROM EMBRACING CUSTOMER PARTICIPATION?

1. To achieve business objectives

Increasing customer participation can help the sector to understand and act on the priorities and preferences of different customer groups, to improve customer service, customer satisfaction and customer trust. This supports companies in achieving their business commitments, including via the Outcomes Framework.

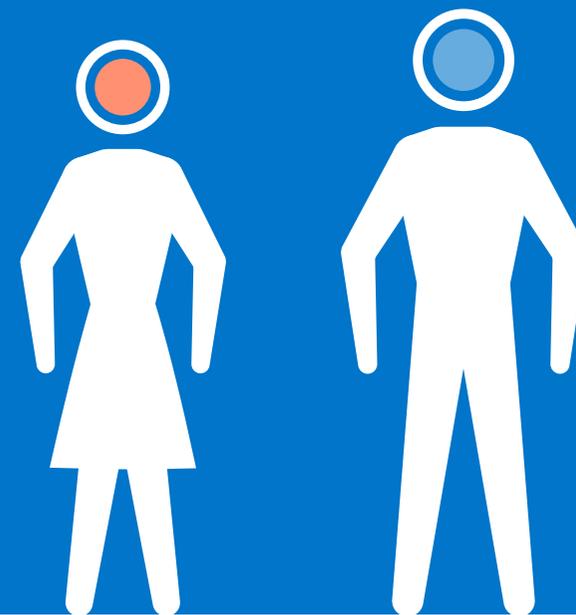
2. To achieve social objectives

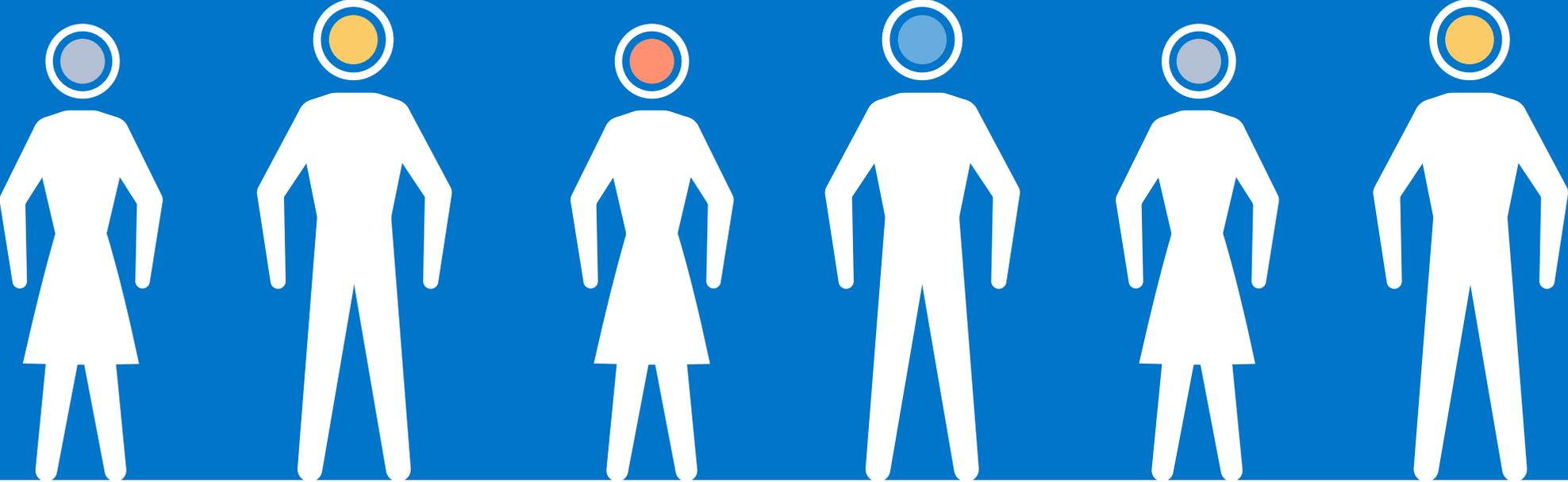
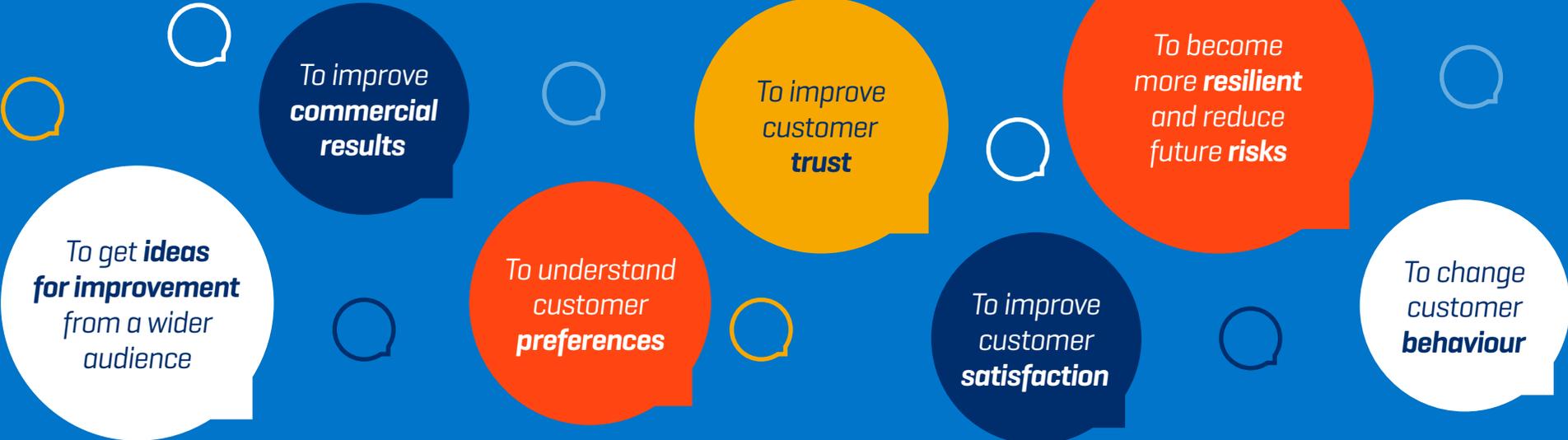
Water is essential in the lives of customers, whether for hydration and hygiene, for the production of food, for the enjoyment of clean rivers and bathing waters, or for energy production. Increasing participation in this shared resource helps ensure a resilient water sector, sustainable communities and a sustainable economy.

To encourage
communities
to act on local
water issues

To improve
customer
service

To achieve
outcomes







TAPPED IN: From passive customer to active participant

THE CUSTOMER PARTICIPATION MODEL

There are four strategic areas of action to increase customer participation, each with its own objectives, engagement techniques and principles for delivery.

These areas are:

- F** **FUTURES:** customer participation to improve the current and future sustainability of water in the lives of customers.
- A** **ACTION:** customer behaviour change actions, including saving water and helping to reduce sewer blockages.
- C** **COMMUNITY:** community ownership of particular aspects of water as an essential resource.
- E** **EXPERIENCE:** increasing customer control of water in their home or of the customer service experience.

In the following sections we use this 'FACE' model to explore and assess the opportunities for and benefits of increasing customer participation in the sector.

SIX KEY AMBITIONS

WATER COMPANIES IN ENGLAND AND WALES CAN:

- ▶ *Co-imagine the future* with their customers
- ▶ *Co-create the future* with their customers
- ▶ Engage customers to **adopt actions or behaviours at scale** to achieve real change
- ▶ Engage citizens to **own improvements to water resilience** in their communities
- ▶ Give customers **more control over water in their homes**
- ▶ Give customers **more control over their service experience.**





F

FUTURES

*Customer participation
in the sector's future*

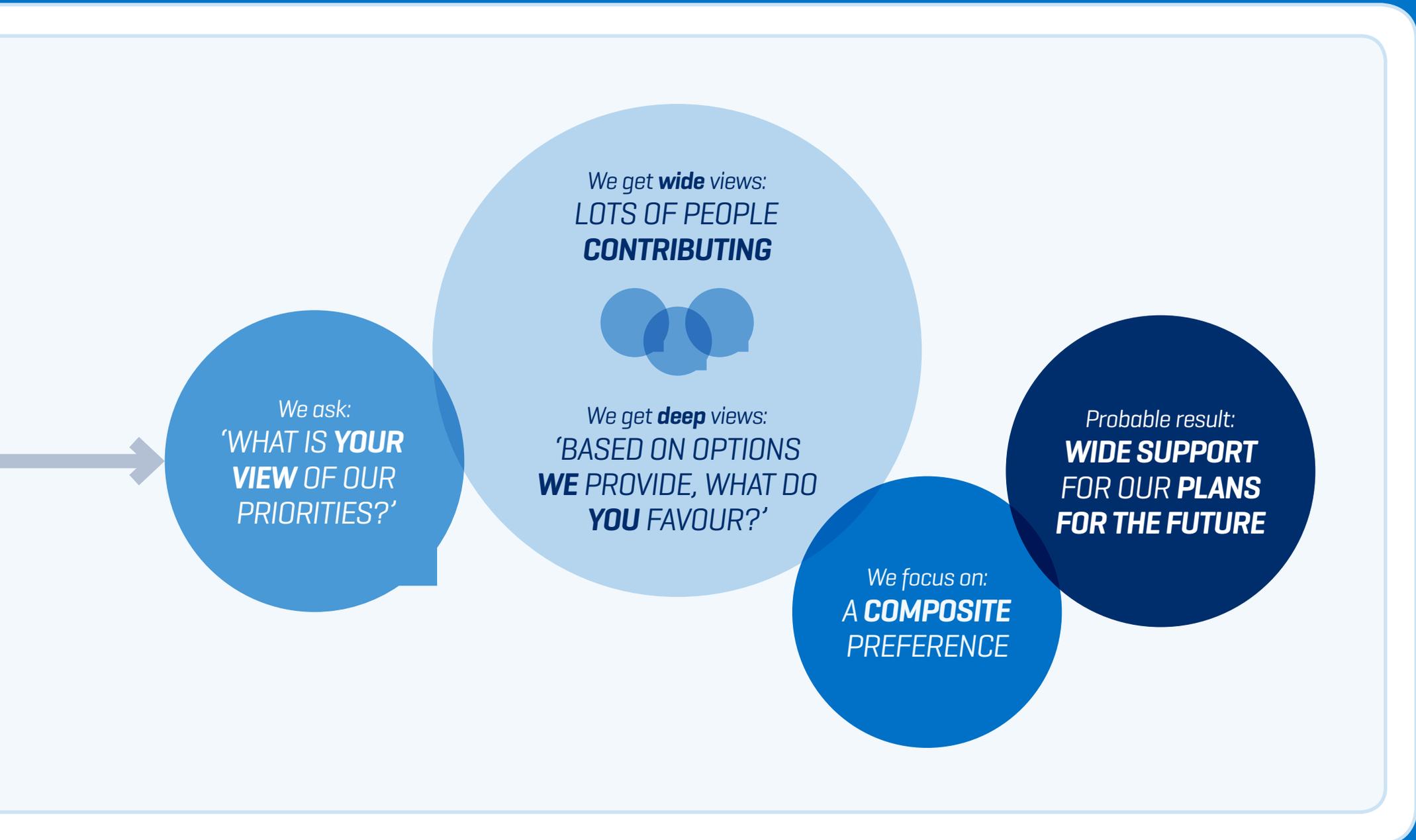
THE BIG IDEA

Engaging customers in creating the future improves customer support, customer satisfaction and customer trust. It may also lead to new ideas that help the sector progress more quickly. And having the support of customers tends to facilitate the support of politicians, the regulator, the media and other opinion formers.

While the current framing of customer involvement is largely around gathering support for water companies' future plans, the focus tends to be on delivering value for money [see diagram right].

The traditional approach:
GET SUPPORT FOR OUR PLANS

Where we are:
**WE'RE IN THE
PRESENT, LOOKING
AT THE FUTURE**





F

FUTURES

*Customer participation
in the sector's future*

ANOTHER VIEW

There is an alternative framing around creating a shared future for water. If the welfare of customers and their communities is dependent on water, and there are risks to future services, is there not the possibility or even probability that customers would want to actively participate? At the very least there is a responsibility for the water companies to offer opportunities for customers to engage in and shape the debate [see diagram right].

FUTURE RISK

Organisations worldwide are aware of water risk. In its 2016 Global Risk Report, the World Economic Forum (WEF) stated: "globally... water demand is projected to exceed sustainable supply by 40% by 2030." The WEF highlights that this shortfall may drive mass migration, and potential political, social and economic instability.

Water UK's "Water Resources Long-term Planning Framework" also underlines how population and climate changes might impact the sustainability of the water supply.

An alternative approach:

**CREATE A RESILIENT
FUTURE FOR WATER**

Where we are:
**A SHARED
UNDERSTANDING OF
THE PROBABLE FUTURE
IF WE DON'T ACT**





F FUTURES

Learning from others

WHAT ARE OTHER ORGANISATIONS ALREADY DOING TO INCREASE CUSTOMER PARTICIPATION IN CO-IMAGINING AND CO-CREATING THE FUTURE?

Some organisations, like Apple, predict future needs based on a deep understanding of peoples' lives. Or they encourage open innovation, like Philips, Reckitt Benckiser and Procter & Gamble. Or, like the Welsh Government, they actively involve future generations.

HERE ARE SOME EXAMPLES:



YorkshireWater

Yorkshire Water has partnered with the Leeds Open Data Institute to host a 'Water Challenge Data Dive' event aimed at deepening industry understanding of the power of big data.

Attendees from business, academia and other stakeholder groups were encouraged to use the data provided by Yorkshire Water to come up with ideas for saving water and optimising resource efficiency, with cash prizes on offer for the best concepts.



'The Wales We Want' was a consultation initiative from the Welsh Government to engage the population in the conversation on a sustainable future.

The first national debate of its kind, 'The Wales We Want' led to the establishment of the Welsh Future Generations Act and the Future Generations Commission, which legislate for the creation of a better nation for current and future generations.



Veolia is developing so-called 'hypervision centres' based on the principle of the smart city – bringing together customer participation, the Internet of Things and big data for water management in real time.

Veolia also has an 'Innovation Accelerator' platform to match entrepreneurs with specific business challenges, which resulted in more than half of its product innovations having at least one major component from an external partner.

Procter & Gamble states that it conducts:

'...thousands of research studies each year to stay ahead of what consumers need today and want tomorrow. The insights we gain not only identify new innovations, but also help us better communicate with our consumers.'

OPPORTUNITIES FOR THE WATER SECTOR

These are about increasing customer participation in shaping and delivering the sector's preferred future:

- Working together for a **resilient future for water**
- Basing plans on a deeper understanding of the preferred future of **different customer groups**
- Harnessing the inspiration of others by creating **open marketplaces for ideas and innovations**
- Translating ideas into **cost savings** or **revenue generating** opportunities
- Saving costs or **sharing insights by collaborating** with partners, customers, suppliers and competitors
- Deepening **engagement with water retailers**, especially in light of the April 2017 opening up of the water market for businesses
- Raising awareness of **the value of water** among customers and employees.



F

FUTURES

Laying the groundwork

PREREQUISITES FOR CO-IMAGINING THE FUTURE

To help customers actively participate in co-imagining the preferred future of water requires:

- ▶ A deep understanding of the value of water for food, energy, health, consumer goods and lifestyles locally, regionally, nationally and internationally
- ▶ Evidence of the probable future if no action is taken
- ▶ The ability to see emerging trends as strategic opportunities
- ▶ Ways of sharing the evidence to seek informed views, while also giving all stakeholders the opportunity to comment, contribute or participate in conversations
- ▶ A deeper, more nuanced understanding of how different beliefs influence different customer preferences [see opposite].

PREREQUISITES FOR CO-CREATING THE FUTURE

To help customers actively participate in co-creating the preferred future of water requires:

- ▶ A clear, shared view of the preferred future
- ▶ A framework of priorities and timeframes so people know on what topics to submit ideas for the future
- ▶ Platforms to make it easy for people to submit ideas and to own their implementation.

BELIEFS INFLUENCE ACTION

People's beliefs shape the actions they take:

- ▶ If I believe that helping to ensure the future resilience of the water supply where I live and work is a shared responsibility, I will likely have different views to someone who believes it is the sole responsibility of the water companies
- ▶ If I believe that climate change is real and there is an immediate need to act, I will have different views to someone who believes the opposite.

But understanding what people truly believe will require new approaches to research.

F

FUTURES

At-a-glance summary

KEY QUESTIONS:

- ▶ How can water companies increase customer participation in co-imagining and co-creating the future for water?
- ▶ What can the sector learn from others?

BENEFITS:

- ▶ Customer support for future plans
- ▶ Improvements to customer satisfaction and customer trust
- ▶ Innovative ideas from customers to help achieve sector goals
- ▶ Active engagement to create a resilient future for water.

PREREQUISITES:

- ▶ A deep and nuanced understanding of customers
- ▶ An understanding of context and the value of water for a sustainable nation
- ▶ An understanding of short, medium and long-term risks and opportunities.

**PARTICIPATE IN
THE DEBATE**

*IS THERE MORE WATER
COMPANIES CAN DO TO ENGAGE
CUSTOMERS IN CO-IMAGINING AND
CO-CREATING THE FUTURE?*

**HAVE
YOUR
SAY**

**JOIN THE CONVERSATION
ON TWITTER #tappedin**



A

ACTION

Increasing customer action to improve resilience

THE BIG IDEA

Customer behaviour change involves transforming what customers think, feel, believe and do. Their active participation at scale can deliver real impacts, and help to achieve business objectives.

Encouraging behaviour change amongst customers can help water companies achieve their strategic and tactical goals. For example, persuading more customers to adopt water-saving behaviours improves the resilience of supply, while empowering customers to put the right things down sinks and loos directly reduces sewer blockages.

PREREQUISITE:

Understanding the process of behaviour change

There are five questions to ask and answer in order to achieve behaviour change at scale – once we are clear about the impact we seek.

OBJECTIVES:

What do we want people to think, feel and believe?

BEHAVIOURS:

What are the behaviours we seek and the benefits and barriers of the current behaviours?

AUDIENCES:

Who are our audience groups, and how do their needs differ?

MOTIVATORS:

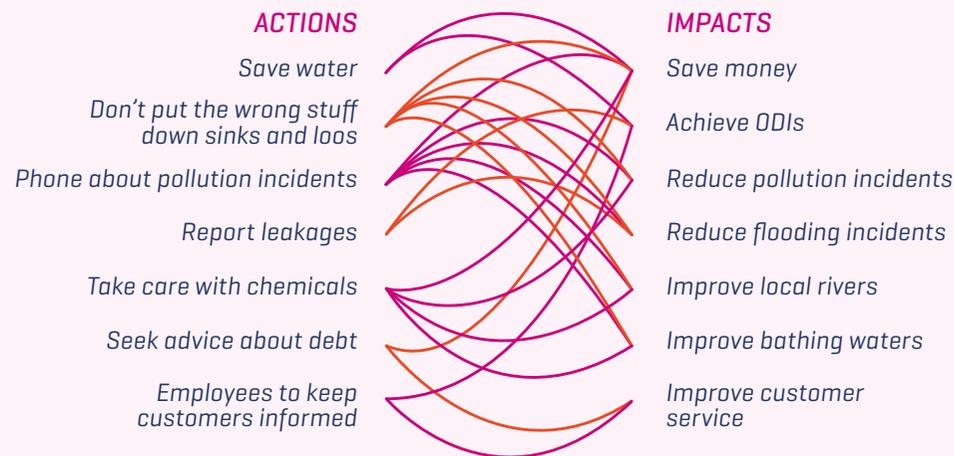
What would motivate these audiences to adopt the preferred behaviours in order to achieve our objectives?

ACTIONS:

And finally, what specific interventions or strategies do we adopt to achieve this change?

THE LINK BETWEEN CUSTOMER ACTIONS AND IMPACTS

Different customer actions around water and waste water services can generate a variety of interlinked impacts.



HOW TO ACHIEVE BEHAVIOUR CHANGE AT SCALE

Achieving behaviour change at scale is a process. It starts where people are – not where you want them to be – and takes them on a journey.





A

ACTION

What others are doing to change customer behaviours at scale

EXAMPLES OF EFFECTIVE CHANGE

- ▶ In just a few years, the UK's RecycleNow campaign increased national home recycling rates from around 12% of household waste to well over 40% by using a combination of strategies: the collection of different material streams, increased use of recycled materials in products, helping grow the market for recycled materials, and transforming how people recycled at home, at work and in their communities.
- ▶ The Love Food Hate Waste programme delivered a 21% reduction in UK food waste, from 8.3 million to 7 million tonnes, between 2007 and 2012. It achieved this by engaging local authorities and the retail, food manufacturing and hospitality sectors in a national partnership called the Courtauld Commitment. Its initiatives included changing pack sizes, increasing food waste collection and influencing how people planned for, cooked and stored their food.

POWERFUL BEHAVIOUR CHANGE EXAMPLES FROM THE WATER SECTOR:

- ▶ Anglian Water's Keep it Clear behaviour change campaign resulted in a 64% average reduction in the sewer blockage rate in the campaign areas, saving Anglian Water significant sewer cleaning costs.
- ▶ Spain's Zaragoza Water Saving City Programme mobilised residents and key stakeholders through engagement programmes, reformed billing systems and the rehabilitation of distribution infrastructure. Its engagement phases included an invitation to citizens and businesses to make online public commitments to save water, and dissemination of pocket guides among the city's major water-consuming sectors describing good water saving practices. Over a 15-year period the city empowered its consumers to reduce average daily water consumption by 30%.

OPPORTUNITIES FOR THE WATER SECTOR

There are many customer-focused behaviours and actions that can benefit the water sector, including:

- ▶ Helping customers **save water**
- ▶ Changing what people **put down sinks and loos**
- ▶ Reducing **unnecessary calls**
- ▶ Helping customers take **early action to reduce the risk of debt**
- ▶ Changing the **behaviour of audiences** such as farmers and local authorities
- ▶ Collaborating with others to **create new social norms**
- ▶ Exploring how **reframing options** can change behaviours
- ▶ Using **prompts** to encourage specific water-related behaviours.

A

ACTIONS

At-a-glance summary

KEY QUESTIONS:

- ▶ Do water companies know what behaviours are needed from customers and others to help achieve sector ODIs and other business objectives?
- ▶ Does the sector have the skills to achieve behaviour change at scale in a way that achieves measurable results?

BENEFITS:

- ▶ Reduces the risk of financial penalties
- ▶ Increases the opportunity for financial benefits
- ▶ Reduces costs
- ▶ Improves sector resilience.

PREREQUISITES:

- ▶ Clarity on the required actions from different customer groups to achieve desired objectives
- ▶ An understanding of people and what persuades them to act
- ▶ Skills in customer behaviour change.

**PARTICIPATE IN
THE DEBATE**

*IS THERE MORE WATER
COMPANIES CAN DO TO ENGAGE
CUSTOMERS IN ADOPTING ACTIONS
AND BEHAVIOURS AT SCALE
TO ACHIEVE LASTING
BEHAVIOUR CHANGE?*

**HAVE
YOUR
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COMMUNITY

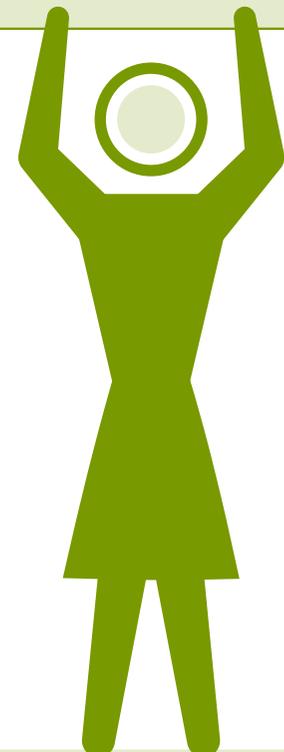
Increasing community ownership and participation

THE BIG IDEA

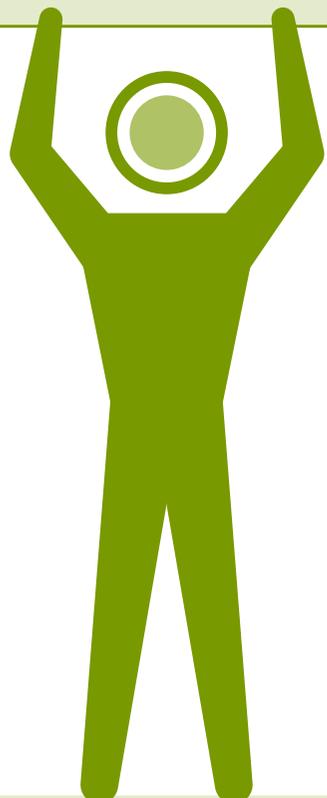
People acting together in local areas can own genuine improvements to their local water environment. This can include actions to help save water, improve rivers and bathing waters, decrease leakage and reduce the risk of pollution, sewer blockages and flooding.

Community-led water programmes, driven by genuine commitment to a local area, can and do deliver real improvements. Furthermore, there are a growing number of mechanisms that are helping communities to take control.

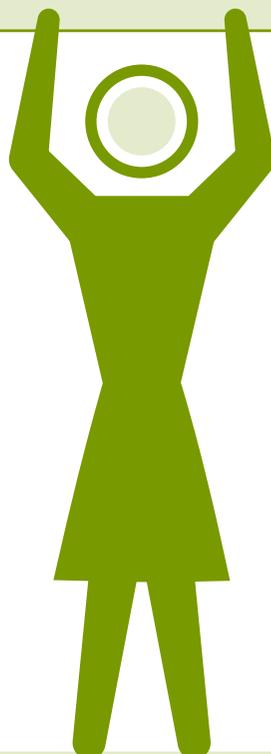
**CREATING
COMMUNITY-
DRIVEN GROUPS**



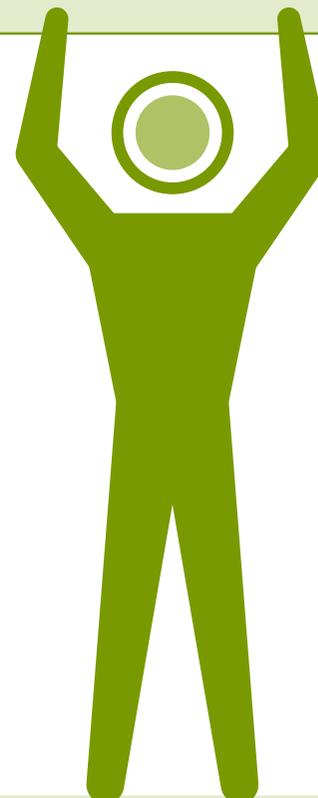
**GIVING POWER BY
ALLOCATING A
CHUNK OF
THE ANNUAL BUDGET
FOR COMMUNITIES
TO BID FOR**



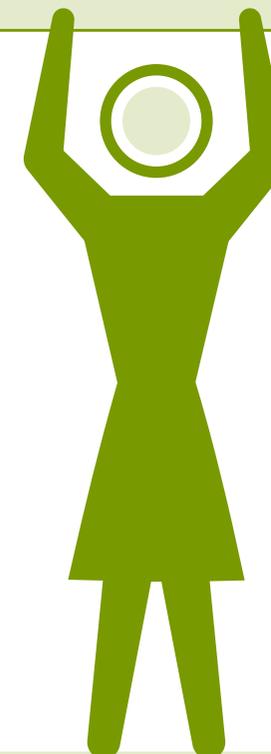
**HELPING BUILD
THE SKILLS OF
COMMUNITY
LEADERS**



**CREATING ON
AND OFF-LINE
COMMUNITIES**



**EXPLORING
NEW MODELS OF
COMMUNITY
ENGAGEMENT***



*e.g. acting as a catalyst for new charities or social enterprises, encouraging collaborative buying and sharing resources.



C

COMMUNITY

Learning from others

WE CAN LEARN HOW TO BEST DRIVE COMMUNITY PARTICIPATION BY EXPLORING SOME EXISTING SUCCESS STORIES.

HERE
ARE SOME
EXAMPLES:



France's 'Familles à énergie positive' is a community empowerment programme that has been running since 2008, with the objective of helping participating families reduce their energy consumption by 8% and their water consumption by 13%.

Since it began, the programme has engaged more than 30,000 family groups in communities across France.



The United States and Canada both run high-profile participatory budget projects in communities nationwide.

Residents decide how to spend part of a public budget, with community members discussing local needs and developing targeted proposals. To date, the schemes have distributed more than US\$500m to local community projects. For example, in New York 18,000 people have been engaged in 24 Council Districts allocating around US\$25m per year in discretionary capital funds.



Levi Strauss & Co. is running a community engagement programme where employees across the globe are trained to become water conservation ambassadors and to share what they learn in the communities where they live and work.

This helps educate the business and its communities about the impacts of Levi's clothing on the planet, and how to change daily behaviours to conserve water.

By 2020, the goal of this collaborative engagement programme is for 100% of the company's corporate employees to receive education and training.



Mexico's Isla Urbana charity project designed a rainwater harvesting system to enable communities to catch rain, filter it and use it without having to depend on an unsustainable public system.

Through workshops for the general public, educational materials, arts-based programmes and access to personal testimonials, Isla Urbana has been showing policymakers and others that rainwater harvesting is a viable solution for the nation. By 2016, it had installed 2,200 systems, and harvested 170m litres of water.

OPPORTUNITIES FOR THE WATER SECTOR

There's a variety of beneficial community-based customer participation methods:

- Encouraging community-led action to **save water** or **reduce** the risk of flooding
- Ring-fencing budget for communities to **propose projects and initiatives** linked to water services
- Raising awareness of the **different methods** for communities to act and the resources available to them
- **Creating self-sustaining online and offline communities of interest** – networks for people to share information, education, ideas and innovations
- **Catalysing self-starter community groups** to identify, consider and act on local water issues
- **Seed-funding community initiatives** and building skills to help communities bring relevant enterprises to life and sustain them
- **Empowering local businesses** to collaborate on sustainability and sustainable water issues
- **Supporting new charities or social enterprises** to achieve specific goals
- **Piggybacking** existing community initiatives.



C

COMMUNITY

Overcoming the barriers to community participation

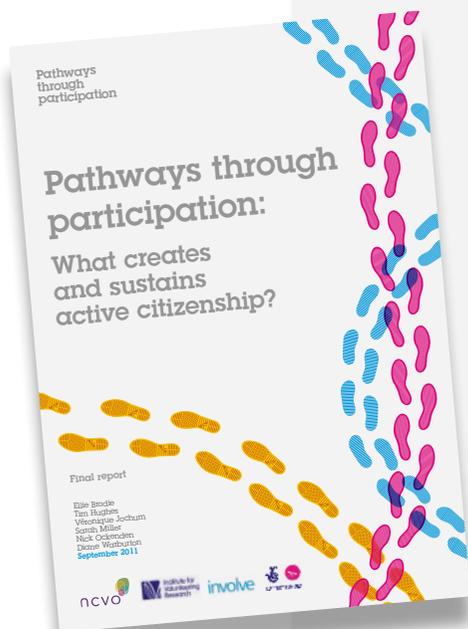
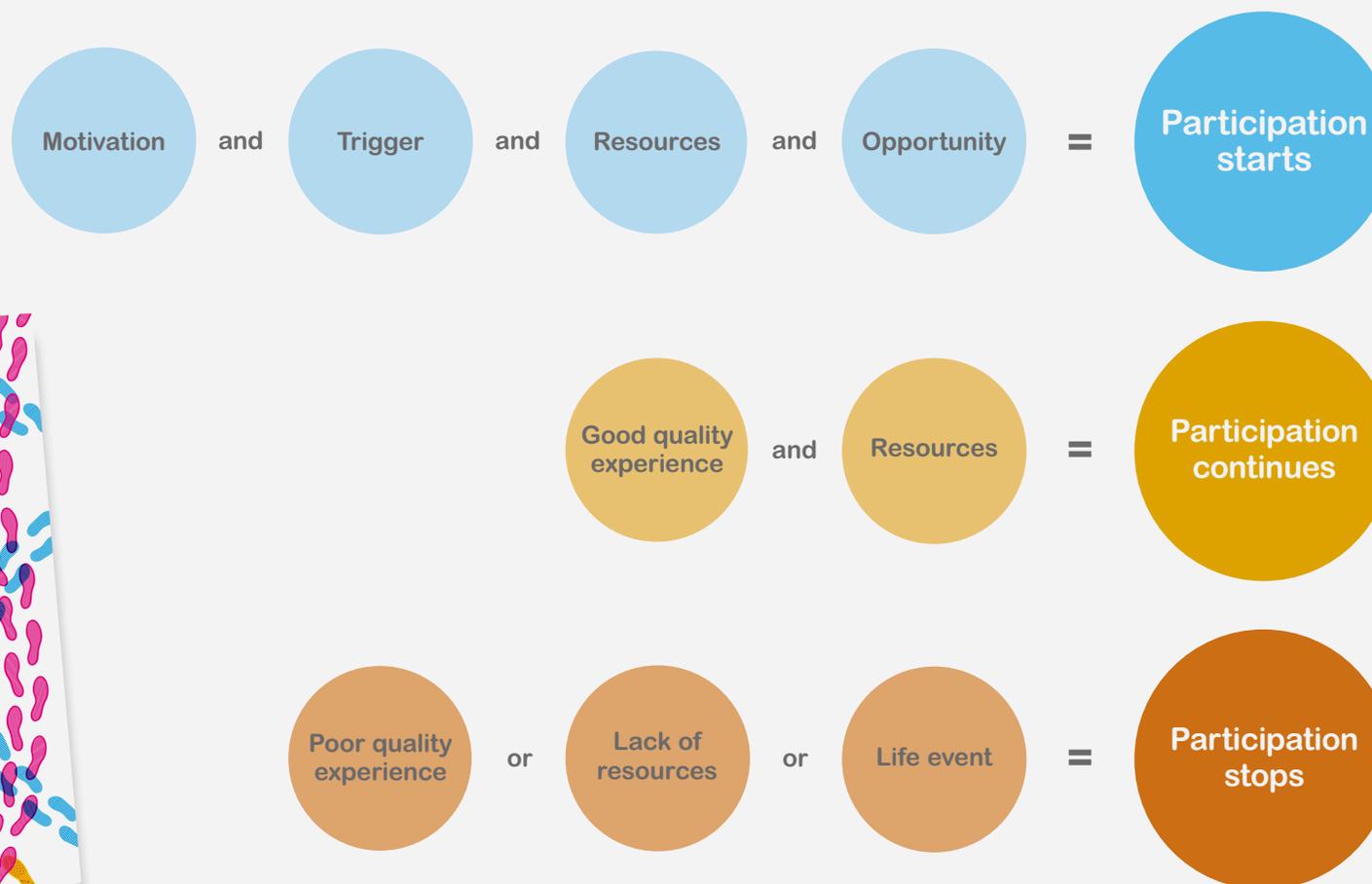
THERE ARE REAL BARRIERS TO INCREASING COMMUNITY PARTICIPATION, INCLUDING:

- ▶ There is low awareness within communities of how to take control
- ▶ There are few genuine examples within the sector of giving communities real power
- ▶ There is little research on what people in local areas genuinely want to have control or influence over
- ▶ Co-ordinating local action requires skills and resources that communities may or may not have.

HOWEVER, THERE IS ALSO CLEAR GUIDANCE ON WAYS OF BREAKING DOWN MANY OF THESE BARRIERS.

One major source of information is the 'Pathways through Participation' report, which defines practical ideas on how to start and sustain community participation.

Figure 6:
The participation equation
– why participation starts,
continues or stops





C

COMMUNITY

Underlying principles of community ownership



SUCCESSFUL COMMUNITY PARTICIPATION IS BUILT ON A NUMBER OF FUNDAMENTAL PRINCIPLES:

- ▶ Once community ownership has been catalysed, water companies should take a step back and provide support rather than direction
- ▶ There are many ways to increase community participation, including via seed-funding, recruiting community partners, creating toolkits, providing training, facilitating change and prioritising areas of action
- ▶ The community should be empowered to define the purpose and scope of its initiatives and should be allowed full authority to manage its affairs.

C

COMMUNITY

At-a-glance summary

KEY QUESTIONS:

- ▶ Do local communities want to participate? If so, in what way?
- ▶ Are water companies actively encouraging local communities to act to secure the future of water where they live and work?
- ▶ Do water companies know how to actively engage local communities in a way that increases participation, gives them more control and leads to measurable change?

BENEFITS:

- ▶ A feeling of shared ownership in local communities
- ▶ Increased understanding of the importance of water
- ▶ Peer group persuasion.

PREREQUISITES:

- ▶ Belief in the value of community participation
- ▶ Skills in how to catalyse local community ownership and participation.

**PARTICIPATE IN
THE DEBATE**

**WHAT MORE
CAN WATER COMPANIES
DO TO INCREASE COMMUNITY
OWNERSHIP AND PARTICIPATION
IN APPROPRIATE LOCAL
WATER PROJECTS?**

**HAVE
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E

EXPERIENCE

*Increasing participation
in the customer experience*

THE BIG IDEA

Just as many other sectors offer customers content, choice and control options, water companies can give customers more control over two distinct components: the water in their homes, and their customer service experience.

CUSTOMERS IN CONTROL

In almost all sectors today the customer is gaining seamless control over products and services from their home. They can order food 24/7, check their finances, track the performance of their shares, or find romance. And when they're away from home they can adjust their lighting and heating, and check their home security.

In most service industries, customers can choose their mode of interaction, provide instant feedback (and post it publicly), and compare products and services on sites like TripAdvisor.

Furthermore, there are constantly new generations of technology arriving that make the customer experience ever more immediate and enabled. Three key examples from the World Economic Forum's 2016 review of technology futures are: the advent of the Internet of Nano-things (a networked array of tiny sensors), the Blockchain digital asset exchange (based on the peer-to-peer Bitcoin currency), and the Open AI Ecosystem. An example of this latter technology is already well established in the home. Amazon's Echo enables users to manage home automation by talking to a cloud-enabled AI assistant. How might these developments and the ethos that supports them affect the water sector?

	TV SERVICES	MOBILE SERVICES	ENERGY SERVICES	WATER SERVICES
CONTENT	ORIGINAL PROGRAMMES	APPS	HEAT AND LIGHT	?
CHOICE	MULTIPLE CHANNELS	CHOICE OF CONTRACTS	SOURCE OF ENERGY	?
CONTROL	WATCH ON ANY DEVICE	SPEED	HIVE/ NEST	?

CUSTOMERS AS ACTIVE AGENTS IN THE WATER EXPERIENCE

The sector needs to make the leap from seeing customers as passive recipients of a service to being active agents.

So, how can customers be given more choice over the product and the services they receive? And how can they be given more control?

A FEW EXAMPLES OF THE WATER CUSTOMER IN CONTROL:

- Rainwater harvesting
- Choosing different water quality for different purposes
- The use of permeable paving
- Single points of control over all home services
- The introduction of new, customer-focused technologies, such as intuitive conversational artificial intelligence.



E

EXPERIENCE

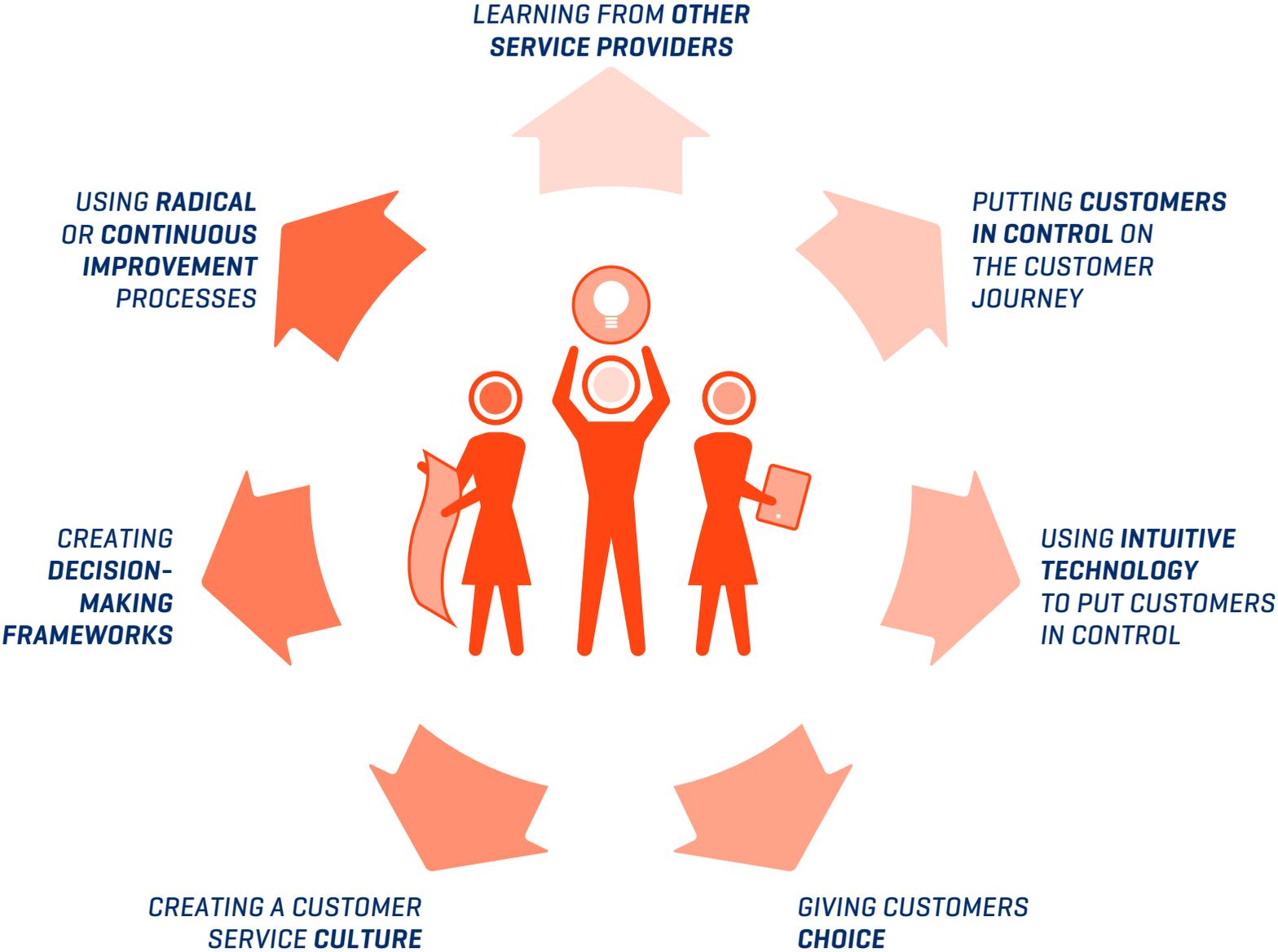
Improving the customer experience

THE UNDERLYING PRINCIPLES

GROWING CUSTOMER PARTICIPATION IN THE CUSTOMER EXPERIENCE IS BUILT ON SOME FUNDAMENTAL PRINCIPLES:

- ▶ The customer experience needs to be seen from the perspective of the customer, where different audience segments will have different journeys
- ▶ Improving the customer experience means a deep understanding of what customers want – not just their stated needs, but those that can be predicted based on what customers value in life
- ▶ An essential starting point is a customer-led culture within the organisation. In the words of culture guru John Childress: ‘You get the culture you ignore’.

There are many methods for improving the customer experience, including the examples in the chart opposite.





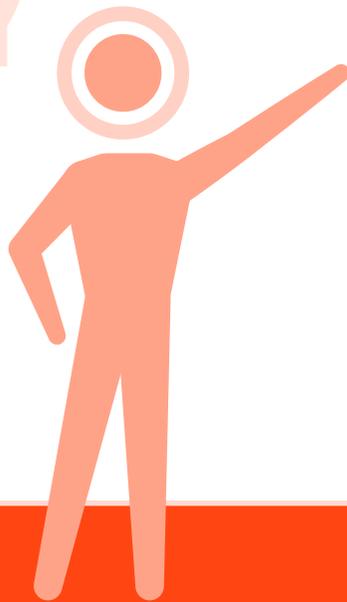
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EXPERIENCE

Learning from others

TECHNOLOGY IS BEING INCREASINGLY HARNESSSED TO BOOST CUSTOMER PARTICIPATION, TO DEEPEN CUSTOMER CONTROL, AND TO EMPOWER EMPLOYEES TO ACT IN THE INTERESTS OF CUSTOMERS AND CONTROL THE SERVICE EXPERIENCE.

HERE
ARE A FEW
EXAMPLES:



The US-based WaterSmart software system, which draws on smart meter data to create customer-led intervention, can identify unusually high-volume usage.

For example it can send potential leak notifications to homes using 80 gallons per hour over 24 hours, or home water reports suggesting customer cost savings.

This kind of software/hardware platform, coupled with behaviour change communications and customer service interventions, can transform the customer experience.



Another emerging technology driving a customer-centric approach to the marketplace are AI ecosystems, which can be used at home or via customer service centres.

An example is MindMeld. Described as a deep conversational AI interface, MindMeld is already in use across multiple sectors, including the travel, entertainment and food and drink markets. By combining language, touch and gesture recognition, systems like MindMeld are based on a deep understanding of people.



The customer-led experience of the future also requires employer systems to be more agile.

After the financial crash of 2008, Royal Bank of Scotland issued a decision-making framework called the Yes Check. This asked a small number of questions of employees, which if they could answer yes to, would free them to make a quick decision.

OPENLY AVAILABLE DATA IS ALSO BEING USED TO PUT CUSTOMERS IN CONTROL.

For example, start-up company OpenSensors.io uses a series of air quality and noise sensors in residents gardens around Heathrow to capture live data. Another, Fasteroute, aggregates train data to help people win back time by modifying their commute. Tim Berners-Lee's Open Data Institute values the global market for such business opportunities linked to openly available data at US\$92bn.

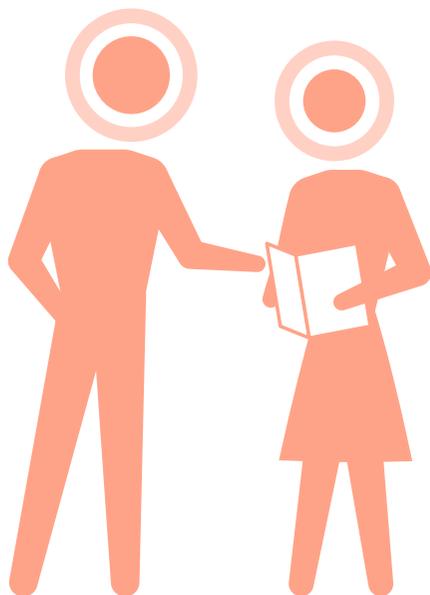
Even in the exercising of democratic rights, technology has the potential to put people more in control. A new technology platform has been created called Democracy OS to encourage people to engage in proposals, debate, conversations and voting on topics they care about. As Pia Mancini of Democracy OS said: "It's time we started asking 'What is democracy for the internet era?'".



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EXPERIENCE

Learning from others



OPPORTUNITIES FOR THE WATER SECTOR

Here are a few examples:

- ▶ Making it easier for customers to control **where** they get their water from, **different** quality of water, and other aspects of the water experience
- ▶ Increasing customers' ability to **resolve their own queries** using conversational AI technology
- ▶ Engaging customers in **identifying new water services** that would improve their lives at home and at work [and also create new revenue streams]
- ▶ Giving customers **more options for customer service engagement** – such as phone, text, email, tweet and live chat
- ▶ **Checking** customer satisfaction following each interaction
- ▶ **Personalising** communications to the individual customer.

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EXPERIENCE

At-a-glance summary

KEY QUESTIONS:

- ▶ What are a water company's customer touch points?
- ▶ How can customers be given more control over water in the home?
- ▶ How can customers participate more in the customer experience?

BENEFITS:

- ▶ Customer satisfaction following contact
- ▶ Reduced repeat calls on customer service issues
- ▶ Product and service improvement ideas from customers.

PREREQUISITES:

- ▶ A customer service culture
- ▶ A strong belief in the value of co-designing services.

**PARTICIPATE IN
THE DEBATE**

**WHAT ELSE CAN WATER
COMPANIES DO TO GIVE
CUSTOMERS MORE CONTROL
OVER THE CUSTOMER
SERVICE EXPERIENCE?**

**HAVE
YOUR
SAY**

**JOIN THE CONVERSATION
ON TWITTER #tappedin**



A VISION OF THE FUTURE

A vision of one possible future for the sector would have customers able to ask and answer some or all of the following questions about their relationships with water and their water company...



Do I know you're listening and acting on what you hear?

Can I share my views on your priorities?

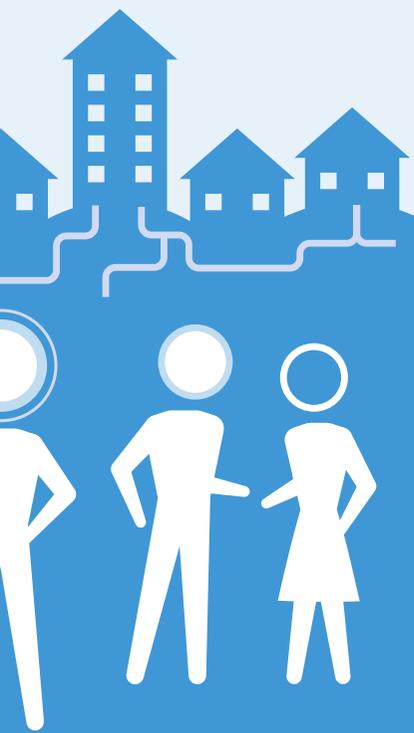
Do I know how much water I use in my lifestyle and is it easy for me to manage it?

Can I publicly feed back my views on my experience and compare them to the views of others?

Can I re-use water from my home/office if I want to?

If I have commercial ideas or innovations is it easy to get them to you and bring them to life?

Can I track where the water from my house/office comes from and where it goes?



WHAT DO YOU THINK?

The preferred future is one that water company executives, employees, suppliers, advisers and, of course, customers should define, shape and bring to life together.

PARTICIPATE IN THE DEBATE

WHAT MORE CAN OFWAT DO TO HELP THE WATER SECTOR INCREASE CUSTOMER PARTICIPATION?

HAVE YOUR SAY

JOIN THE CONVERSATION ON TWITTER #tappedin

Can I contact you when I want, how I want?

Is it easy for me to join or set up a local community group to improve our local water environment?

Can I get together with others to buy our water services?

Is there a single integrated system for me to control my home life?

Can I buy a bundle of home services?

Do I know how much water has been used in things I buy?

Do I have full control over water in my home – heat, quality, quantity?



BRINGING CUSTOMER PARTICIPATION TO LIFE

There are some practical questions companies should ask and answer to achieve increases in customer participation.

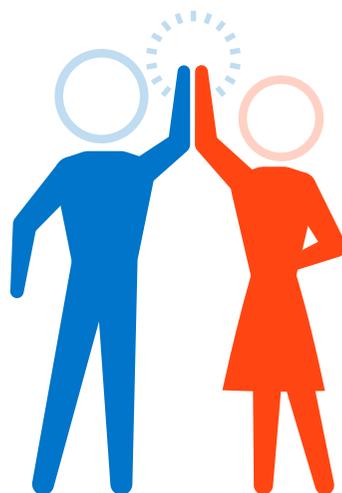
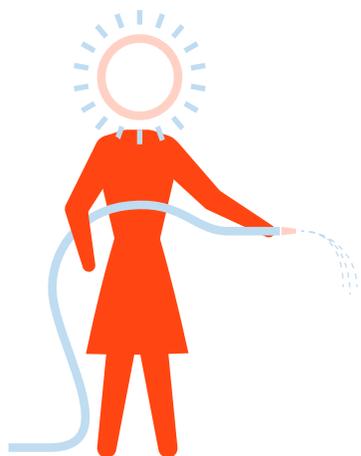


VALUE:

- Does the sector know what customers value about water in their lives?
- How are water companies improving what customers know, feel and believe about the value of water?

FUTURES:

- Does the sector know the ways in which customers would like to participate in the future of water?
- Does it know the beliefs that guide customer choices?
- How can water companies increase customer participation in co-imagining and co-creating the future for water?
- What can the sector learn from others?



ACTION:

- Do water companies know what behaviours are needed from customers and others to help achieve sector ODIs and other business objectives?
- Does the sector have the skills to achieve behaviour change at scale in a way that achieves measurable results?

COMMUNITIES:

- Do local communities want to participate? If so, in what way?
- Are water companies actively encouraging local communities to act to secure the future of water where they live and work?
- Do water companies know how to actively engage local communities in a way that increases participation, gives them more control and leads to measurable change?

EXPERIENCE:

- What are a water company's customer touch points?
- How can customers be given more control over water in the home?
- How can customers participate more in the customer experience?



TAPPED IN: From passive customer to active participant



A STEP-BY-STEP PROCESS TO CREATE A CUSTOMER PARTICIPATION STRATEGY

One key enabler of progress is having a clear process for change, which provides a starting point and a series of logical steps.

This is an indicative journey plan to help frame that process.

The Board and executive team are committed to increase customer participation

We have the policies in place that affirm that commitment

We are open to learning from others and sharing with others



We have evidence of relevant context, e.g. public policy, population changes, possible futures, connectivity to other factors like food, health and energy

We have evidence of customer needs and expectations, the value of water in their lives and how they wish to participate

We have evidence of our current actions to increase participation across the FACE model – futures, actions, community and experience



CREATE THE STRATEGY

- We create an evidence-based strategy aligned to our objectives
- We have a clear phased approach to implementation
- We have the mindsets, skillsets and resources to implement the strategy



IMPLEMENT THE STRATEGY

- We engage employees, suppliers and partners
- We roll out our strategy in a paced way
- We learn as we go and tweak our plans accordingly



MEASURE, LEARN AND BEGIN AGAIN

- We measure success at key points in the journey
- We learn from successes and mistakes
- We regularly review our strategy against changing circumstances



NEXT STEPS

Getting ready to act

INCREASING CUSTOMER PARTICIPATION WILL REQUIRE CHANGES IN MINDSET AND IN SKILLSETS - INCLUDING:

- ▶ How to gain a deep understanding of customers and the value of water to their lifestyles
- ▶ How to achieve behaviour change at scale
- ▶ How to empower communities
- ▶ How to give customers more control over water in the home
- ▶ How to use technology to give customers more control over the service experience
- ▶ How to create and embed a customer-led culture
- ▶ How to create open innovation platforms
- ▶ How to increase participation among different customer groups.



WHAT HAPPENS NEXT?

This Customer Participation Report represents just the start of a process. Its goal is to articulate the case for customer participation and the opportunities for the sector.

As stated in 'Ofwat's customer engagement policy statement and expectations for PR19', customer participation is one of the additional principles of good customer engagement that Customer Challenge Groups and Ofwat will be looking for companies to implement at PR19. However, the process towards increased participation is not just about PR19, and Ofwat will work with the sector to define, shape and build a way forward for the long term.

It will also seek the sector's views on what more the regulator can do to support this transition. For example, would it be helpful to share good practice, to collaborate on research or to contribute

to the development of the new skills required to increase participation?

You can share your views with us by emailing us at tappedin@ofwat.gsi.gov.uk



Ofwat [The Water Services Regulation Authority] is a non-ministerial government department.

It regulates the water sector in England and Wales. Its vision is to be a trusted and respected regulator, working at the leading edge and challenging itself and others to build trust and confidence in water.

ofwat.gov.uk

Corporate Culture/How on Earth is a consultancy.

It specialises in helping bring to life organisational strategy through culture change programmes and customer/citizen behaviour change programmes.

corporateculture.co.uk



If you want to talk further about customer participation or anything else in this report, please contact:

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