

# Savanta:

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## Energy & Utilities Powering the future through research



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make better decisions.

# Coupling sector knowledge with research expertise

**The energy and water we use and the utilities infrastructure that transports them are fundamental to everything we do in our modern world, from heating our homes to powering our businesses. The challenges facing the sectors are wide-ranging and substantial, with the industry having to grapple with affordability in a cost of living crisis, growing customer vulnerability, the impact of climate change and disruption to the supply of both energy and water. Now more than ever, it is integral to the success of companies in these sectors to engage meaningfully with customers and stakeholders, and understand their views in order to act in their best interest.**

Savanta supports clients across the electricity, gas and water industries to meet the changing demands of their customers, stakeholders and regulators. We understand the complexities of operating within industries at the forefront of change and innovation, as the UK decarbonises towards Net Zero and seeks a more democratised and digitised energy market.

Our diverse experience across these industries enables us to support clients in achieving a variety of strategic objectives, from evidencing business plan submissions in price reviews (such as PR24 or RII0-3) to improving Business As Usual (BAU) services and boosting customer satisfaction.

We work with clients to ensure the voice of the customer is at the heart of their decision-making. To achieve this, we strive for inclusive research that gathers informed feedback; our aim is to include people from all backgrounds and to engage them in a way that elicits meaningful insight on complex topics.

Savanta's experts in the energy, utilities and water sectors are well-versed in transforming complex concepts and propositions into customer-friendly research. We are methodology-agnostic and will always advocate using the most appropriate quantitative or qualitative approach to meet our clients' objectives.

This document provides an overview of how we can act as strategic research partners to organisations across the energy and utilities sectors.

## How can Savanta help organisations in the energy, utilities and water sectors?

- ✓ Provide access to **senior experts** on the issues facing your industry
- ✓ Enable **meaningful engagement** with customers on complex topics
- ✓ Deliver powerful research which provides decision makers with **clear and concise evidence**
- ✓ Assure or deliver **high-quality** research that will be accepted and used by stakeholders and regulators

# We support organisations across three areas

01



## Business planning

Meeting and exceeding regulator and stakeholder expectations through meaningful engagement to support business plans

02



## Customer centricity

Developing products, services and propositions that are based on customer insight and feedback

03



## Energy systems of the future

Taking customers on the journey towards a more sustainable energy system

# Business planning in price reviews

**Organisations within the energy and utilities sectors clearly operate within a highly-regulated environment. Whilst many of the operational and reporting obligations to the regulator are much more frequent, the five-year price review periods and the business plan submissions that precede them introduce a complex research and engagement challenge. A comprehensive insight programme, which draws on existing knowledge and builds upon it, is required to meet and exceed the regulator's expectations. Savanta can support organisations in four key ways.**

## Programme design

As a leading research agency, with a deep specialism in regulated industries and utilities, we are well-placed to equip organisations with a research approach to ensure they meet their regulatory requirements on customer engagement. We understand that organisations do not enter these planning periods with a blank slate – we work with our clients to make best use of the work completed to date and BAU insight sources (e.g. complaints data and other existing data sets).

Our team have substantial experience in

translating the engagement and research requirements set by regulators into a clear and structured research plan. We work with our clients to establish the core 'required' milestones, such as 'Willingness to Pay', 'Acceptability and Affordability Testing'. On top of these, we recommend overlaying a series of standalone but mutually informing research projects to feed into the business planning process and demonstrate the organisation's commitment to customer centricity to the regulator. We ensure that the resulting evidence base can be viewed through multiple analytical lenses, so that the departments working on each of the business plan components can clearly see when and how they will receive relevant insight from the programme.

For each individual research project, we design a full specification including methodological and sampling requirements. We are always keen to bring a pragmatic viewpoint to this programme design process. It is not vital for every audience to be engaged on every topic in every individual research project – and in fact this is both counter-productive and a waste of resources. The plan should instead guarantee that there will be ample coverage of each audience (e.g. customers in vulnerable customers, those in fuel/water poverty or small businesses) and theme (e.g. customer service, planning for the future or the environment) across the entire evidence base, as this is ultimately how it will be assessed by the regulator for completeness and robustness.

## Individual research projects

When we work directly with a client to design the research programme to support their business plan, we can assist with best-in-class supplier selection and briefing for the individual research projects that collectively form the plan. However we are also a market-leading agency in our own right with experts across the research methodological spectrum, from large-scale quantitative polling and advanced analytics to deep qualitative and deliberative techniques.

Where appropriate, we can bring these resources to bear to fulfil the research needs

of our clients. Where we have designed the programme itself, we are happy and able to bring in a separate team to avoid any conflicts of interest. We are also experienced in slotting into a plan that we have not designed, to specification, on budget and within a timeframe. Our in-house audience reach, survey technology and industry expertise mean we can hit the ground running, delivering high-quality insight in terms that can immediately be used by those writing the business plan.



## CASE STUDY

## UKPN



## Investigation:

In November 2020, Savanta was engaged by UK Power Networks (one of the UK's electricity Distribution Network Operators (DNO)) to achieve three objectives to support the development of its next Business Plan:

- Provide UK Power Networks with a plan and approach to ensure it meets regulatory requirements on customer engagement that makes best use of work completed to date and which prioritises pragmatism in terms of the timing
- Partner in building an 'engagement map' to navigate the complexities of the regulatory requirements on research, the complex web of audiences, and provide the basis to build a compelling engagement narrative to support UK Power Networks' draft and final plan submissions
- Deliver a forward research and engagement plan to UK Power Networks and support its future delivery

## Implementation:

In order to achieve this, Savanta conducted a consultancy programme with UK Power Networks that involved:

- Reviewing the overview of all work completed to date (coverage, audiences and approaches) and a targeted review of specific scopes of work and outputs for selection of the work
- Reviewing the current prioritisation of expectations for research and engagement activity to help UK Power Networks best achieve its requirements to the regulator
- Interviewing key members of staff on UK Power Networks current approach to research and engagement

## Impact:

Ultimately, Savanta's recommendations to UK Power Networks supported a well-researched and inclusive business plan, that put the views of customers and stakeholders at the heart of decision making.

## Triangulation and building a 'line of sight'

We regularly support clients on the journey from 'insight' to 'decision' to 'action'. Those writing the business plan, whilst experts in their own area, are rarely researchers by trade. Savanta supports these decision makers and their insight colleagues to make sense of the research inputs available to them, 'triangulate' them against one another and come to a decision. This ultimately builds a stronger 'line of sight' from customer evidence point(s) to the significant decisions that underpin any business plan that is submitted to a regulator.

Our team can form a vital link between the customer and senior decision makers. We are well aware that utilities organisations cannot – and should not – just do exactly what customers have asked for. Research with stakeholders and the public are two of many inputs to the decision-making process, and a deep understanding of research techniques and customer engagement is needed to ensure those views are not ignored, or merely taken at complete face-value. This becomes even more important when the research findings are nuanced and complex, which often occurs when engaging customers on intricate topics. For example, we have helped internal stakeholders interpret and action customer views on topics such as intergenerational fairness and the transition from electricity Distribution Network Operators (DNO) to Distribution System Operators (DSO).

In Price Review 2024 (PR24), there is a greater emphasis from Ofwat on assuring the constituent inputs and processes of the business planning process – and research and engagement is no exception. It is very likely we'll see this increased focus on external validation and constructive challenge in related industries in the coming years.

An assurance partner needs to both be an expert and have the aim of making the plan the best that it can be for the organisation and the customer, similar to convening an effective and productive Customer Engagement Group (CEG). If either of these are missing, the challenges will not improve the overall evidence base that supports the submission to the regulator, and may well be completely unimplementable.

Savanta's specialist team's ability to plan and run a high-quality research programme means that they are well-placed to assure programmes designed by others. Our approach to this is a pragmatic one, ensuring as much assurance is done 'in train' as possible, so that challenges can be absorbed and responded to during the process. In our experience this results in a much stronger final business plan submission and customer evidence base, which can be accompanied by our assurance report and/or statement.

We work with our clients to determine an assurance framework through which to analyse the research plan, its individual components and the process for feeding insight back into the business (including triangulation). This is informed by our knowledge of best practice and the regulators' expectations, as well as the published guidance from organisations such as the Market Research Society (MRS) and the Consumer Council for Water (CCW).

## Assurance

# Customer centricity

**For those operating in the utilities industry, in which customers may have little to no choice of provider, evidencing that they are customer-centric in their decision making to the regulator becomes critical. If they are to be viewed positively and gain access to funding, the organisations must engage customers on important issues and consult with them on proposed changes that will impact their lives.**

## Customer priorities

Customers' needs and wants in relation to energy and water are formed by a complex network of factors, behaviours and social norms. These vary from person to person and household to household, and can change quickly with shifts in personal circumstances (e.g. entering a vulnerable situation through a recent medical diagnosis). These topics are also of a low salience in people's minds, meaning customers do not spend much time thinking about them.

Savanta works with utilities organisations to meaningfully engage customers on what matters most to them. We are experts in the full array of research methodologies, meaning we can be method-agnostic and select those that are most likely to elicit an informed customer opinion. We employ design frameworks to ensure that customers are not being asked to compare priorities that are different in kind and therefore impossible to weigh up against one another, such as ranking whether it is more important to have clean drinking water or for your water company to reduce its carbon footprint by 30%.

Central to research of this nature is stimulus: the material that is shown to respondents to educate and inform them on the topic in question. Savanta's research experts and creative team work directly with stakeholders to produce balanced and engaging stimulus, enabling high quality engagement and insight.



## Customer satisfaction

All organisations should strive to meet and exceed customers' needs. However, the complex nature of the utilities industries informs the level of customer satisfaction that can be expected, the optimal way to gather it and the potential levers to pull to improve it. For one thing, water companies enjoy a direct billing relationship with customers which Gas Distribution Networks (GDNs) and Distribution Network Operators (DNOs) do not, although even this is complicated by whether the company provides both water and wastewater services.

Our team of experts are well-placed to advise on customer satisfaction measurement and improvement in these industries. We can also draw on knowledge of other regulated industries to provide best practice and external viewpoints. There are challenges that are unique to the utilities industry, but that doesn't mean we cannot learn from other industries.



## CASE STUDY

## CCW &amp; Ofwat



## Investigation:

CCW, the statutory consumer organisation which represents the interests of water and sewerage consumers in England and Wales, and Ofwat, the economic regulator of the water and wastewater sectors in England and Wales, jointly commissioned Savanta to undertake consumer research. They were keen to understand consumers' awareness of their water companies, and views on issues such as the affordability of bills, and trust in the sector.

## Implementation:

Savanta worked closely with CCW and Ofwat to design an online survey that captured a wide range of insights, from water usage behaviours to wider opinion about the environment and the extent to which consumers think water companies should play a role in reducing the impact of climate change and preventing water shortages.

Those surveyed include a nationally representative sample from England and Wales with an additional boost of participants from ethnic minority communities to ensure analysis could be conducted to understand this audience's view robustly. The online survey was complemented by a telephone survey with 100 'digitally disenfranchised' respondents who were less comfortable using online tools and therefore would be less represented in the online survey sample.

## Impact:

The study found that while a significant proportion are satisfied with the water services they receive, there were also areas where awareness, understanding and trust in providers can be improved. Most notably, many customers do not think that water companies act in their interests, or those of the environment and the community.

The findings will be used to inform communications and policy work, in addition to providing a valuable benchmark for future years to track consumers' views on the sector.

# Stakeholder perceptions

Managing stakeholder relationships is essential, as they shape the environment in which organisations operate, from influencing regulation, reputation and government support, to addressing key sector issues in the media.

Through providing insight into stakeholder perceptions, we will support you to effectively engage with key stakeholders on their key priorities in a way that allows you to achieve organisational objectives. We are experts in our sectors, and work with regulators directly, meaning we know what is on the horizon

from a regulation and risk perspective and use this to help inform and shape client strategy.

We will engage the individuals that matter most to your organisation and the utilities sector, and provide you the critical insights needed to take positive decisions. Whether your organisation needs to reset its stakeholder engagement, adapt current plans or address key challenges, we will tailor the audience, discussions and reporting around your needs.

## Audiences we access include:



MPs



Trade Press



Peers



NGOs & Charities



Regulators



Think Tanks



Civil Servants



Membership Bodies



Investors



Industry Bodies



Journalists



Academics

## CASE STUDY

SGN



## Investigation:

SGN were selected by Ofgem and the Scottish Government to conduct a neighbourhood trial in Scotland, where homes that use natural gas for heating and/or cooking would be switched to use green hydrogen. This is an alternative fuel source that doesn't produce any carbon when burned. Over 80% of homes across Scotland use natural gas for heating, and this is responsible for a third of all greenhouse gas emissions. Therefore, the switch to a greener solution is a crucial step towards the Scottish Government's plans to reduce emissions to Net Zero by 2045.

## Implementation:

SGN commissioned Savanta to conduct primary research to understand how consumers react to the idea of a neighbourhood trial – would they opt-in or out, and would they need a personal incentive to participate? We ran an online survey among 1,000 Scottish consumers, with quotas and controls to ensure they broadly reflected the population of the neighbourhood that SGN's trial was planned for.

The survey contained a proposition which explained the benefits of the trial and how it would work, including the types of in-home appliances available, the effect on energy bills and the extent of up-front disruption during installation.

## Impact:

The insight that Savanta gathered and reported meant that SGN could further hone their proposition, increasing the likelihood of people opting in to the trial and ensuring their concerns were addressed.

## CASE STUDY

# Severn Trent



## Investigation:

Severn Trent emerged from the Price Review 19 (PR19) planning process with a substantial body of customer research and engagement and a solid track record in the eyes of the regulator. Nonetheless, it was not the time to rest on its laurels: it was recognised that much of the learnings and processes established to fuel the business plan could be utilised for the business going forward. For instance, research that was originally conducted to gather customer insight for the business plan options could actually be repurposed to inform key BAU functions e.g. how/where to upgrade pipes. Additionally the organisation was keeping one eye on the impending PR24 process and understood that early planning would reap rewards for both the business and its customers. Therefore, Severn Trent engaged Savanta to:

- Understand and categorise the sources of insight that Severn Trent currently had and where insight could be applied within the business
- Look to competitors, other industries and best practice in insight generation and application to ensure we were not limited by Severn Trent's current ways of working

## Implementation:

Savanta conducted a multi-phase process to achieve these inside-out and outside-in objectives, interviewing internal colleagues, reviewing Ofwat determinations and exploring non-water examples of best practice.

## Impact:

The output of this was a six-month plan for Severn Trent's ongoing customer engagement which was supported by a deep understanding of their need to:

- Cover a diverse variety of customer groups on an ongoing basis in an inclusive and appropriate way. In particular, due to the very different customer experience of a domestic (direct billing relationship) and a business customer (relationship is intermediated by a retailer)
- Ensure that insight is being generated across all of the different 'themes' that cover Severn Trent's engagement with the customer (e.g. interruptions, connections, roadworks)
- Incorporate theoretical approaches such as Maslow's Hierarchy of Needs and KPMG Nunwood's Six Pillars of Customer Experience to both assist in interpreting customer feedback and planning the future of the business

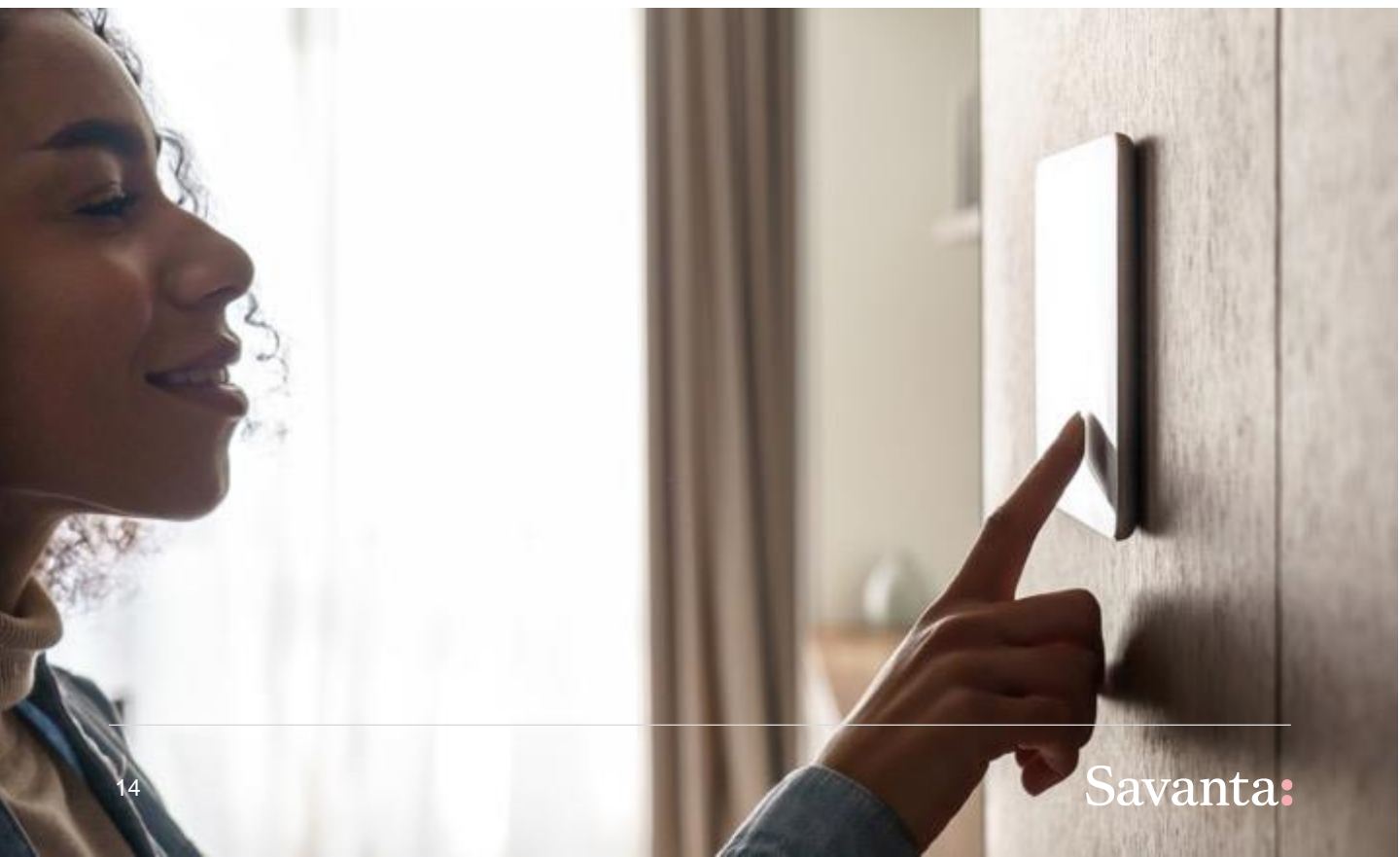
# Energy systems of the future

**The coming decades will see unprecedented changes to the gas, electricity and water industries as the UK closes in on its Net Zero target. The ways in which customers use power and water, and the technologies they interact with on day-to-day basis, will evolve in response to innovation and legislative change. Whilst this will be guided by engineering expertise and stakeholder consultation, customers must be engaged with and researched, if we are to have an energy system that works for them and the planet.**

## **Testing new concepts with customers**

It is not yet widely known by the public that the energy systems of the future will be more digitised, democratised and involve significantly more usage of low carbon technology. Electric vehicles, heat pumps and hydrogen are terms that people are beginning to engage with, but many groups within society would not be able to hold a five-minute conversation on any of them.

Naturally the organisations involved in the utilities industry must think many steps ahead of their customers. However, as they develop new technologies, it remains important to build in customer insight and feedback. Savanta's team have a deep wealth of experience in translating complex concepts to customers, in order to gather meaningful and actionable insight.



## New technology adoption and behavioural change

Achieving our Net Zero target is predicated on the greater adoption of lower carbon and smarter technologies, which in turn requires large-scale behavioural change in the UK. The factors that influence the adoption of these technologies are complex, and a full understanding of them requires an extensive understanding of behavioural science.

Savanta's behavioural change frameworks help our clients make sense of the context in which customers are operating, the norms they follow, the barriers to adoption (both conscious and unconscious) and the possible levers that are available to influence them. We can identify the groups that are most likely to be advocates and those in which resistance is more likely, as well as the communications strategies most appropriate for both. This type of research can then be used to design interventions to encourage the adoption and usage of low carbon technologies.

## Supporting communities through the transition to Net Zero

As the UK moves towards a more sustainable approach to heating, cooking, travel and water usage, communities across the country are likely to experience the required infrastructure changes differently. Some will require a new reservoir, others will see the installation of more public-access electric vehicle charging points or the development of a new on-shore wind farm. Some communities across the country are also being selected by the Government, in conjunction with the regulator and industry, to pioneer our national transition to Net Zero by taking part in community trials.

Through methodologies such as deliberative research, and engagement techniques including consultations, Savanta can support utilities organisations in understanding and shaping the community reactions to the changes to their local area. We design, undertake and report programmes that are highly tailored to the local area, ensuring customers and stakeholders feel valued and listened to. We are methodologically flexible, and our experience in conducting inclusive engagement of digitally disenfranchised customers and those living in vulnerable situations, means we can recommend the most appropriate research approach for a particular community.



# Meet our Energy & Utilities experts

Our senior team is highly experienced in delivering impactful projects for a range of clients across the energy and utilities sectors



**Olly Worsfold**

Director

Olly leads Savanta's Energy & Utilities practice and is an expert in assisting clients in regulated industries to better serve their customers. He has conducted research or provided assurance for Cadent Gas, SGN, UK Power Networks, SSEN, E.ON, Severn Trent, Ofwat and CCW. He is methodologically agnostic, leading on secondary, qualitative and quantitative research programmes across the utilities sector and beyond. In addition to this, Olly regularly provides consultative support for clients, enabling them to better achieve their insight objectives, manage suppliers and showcase their knowledge to regulators.



**Craig Strudley**

Senior Director

Craig has been working in the research and insight industry for nearly 30 years. During this time he has helped numerous clients across a multitude of sectors, exposing him to a vast array of methodologies. Craig uses this broad range of experience to ensure that the most appropriate approach is utilised for each individual project, allowing clients to make better decisions. He has worked with some of the biggest players in the Energy & Utilities industry such as Centrica/British Gas and SSE and, as such, he combines sector knowledge with methodological expertise.



**Dr Nick Baker**

Chief Research Officer

Nick has specialised in the application of research and insight solutions to help drive his clients' commercial performance or operational efficiencies, working with the likes of UK Power Networks, Cadent Gas, HM Revenue & Customs, United Utilities, Welsh Water, E.ON, Npower and others. As a former Chair of the Market Research Society (MRS), Nick is an expert in research design, sampling and the application of advanced analytics to really uncover what matters to customers.

**All supported by a team of over 300 in-house researchers, consultants and data experts, underpinned by market-leading operations and technology.**



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