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PJM economics

Outcome Delivery Incentive Research: Design of Methodology

Cognitive Testing Report (Phase 3)

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Contents

1	Introduction	1
1.1	Background	1
1.2	Overview of methodology	1
1.3	Sample design	3
2	Findings	5
2.1	Postcode entry	5
2.2	Use of rivers and beaches in the UK	6
2.3	SP task 1 (service issues alone, as used in Version 1 questionnaire)	7
2.4	SP task 2 (compensation task, as used in Version 1 questionnaire)	9
2.5	SP task 3 (combined service issue and compensation task, as used in Version 2 questionnaire)	12
	APPENDIX A: Topic Guide (Household)	
	Topic Guide (Phase 3, Household)	

1 Introduction

1.1 Background

Context	<p>The core objectives of the study were to develop a methodology for obtaining the customer evidence to support ODI rate setting at PR24 (Stage 1), and to develop and test the materials based on this methodology (Stage 2).</p> <ul style="list-style-type: none">■ Stage 1 (completed) consisted of desk research, industry consultation and the development of options and recommendations for the measurement of customer preferences and values■ Stage 2 (current stage) consists of the development of the survey instrument, along with qualitative and quantitative testing with customers. <p>This report is the output of the third phase of cognitive testing for Stage 2 of this study. It has been run in parallel with a second quantitative pilot, which has been reported on separately.</p>
Core objective	<p>Cognitive testing was required to ensure accessibility of the survey questionnaire and its embedded stimuli.</p> <p>Comprehensibility and accessibility were assessed during earlier phases of cognitive testing but were tested again during this wave, given some of the changes that have been made to improve the clarity of instructions and better communicate what is required of participants within the questionnaire and, specifically, at stated preference tasks. An additional focus of this phase of cognitive testing was to test new wording, 'pivot' service issues, and compensation levels for the 'compensation for service issues' stated preference task (SP task 2) and a new combined service issue and compensation stated preference task (SP task 3).</p>

1.2 Overview of methodology

This report details the findings from the third phase of cognitive testing of the latest iteration of the quantitative survey tool and materials, which were developed according to the recommendations set out in the Stage 1 report and in accordance with the findings of the second phase of cognitive testing.

The objectives of this third phase of testing were:

- To further test accessibility and understanding of the questionnaire.
- To explore understanding and ease of completion of the new 'Stated Preference 3' exercise, which combined trading off both service issues and associated compensation.
- To capture any further feedback on the stimuli used in the stated preference exercises; service issues impact exercise (exercise 1) & compensation exercise (exercise 2), both used in the version 1 questionnaire, and a new combined service issue and compensation exercise (exercise 3, as above), used in the version 2 questionnaire, through spontaneous feedback and probing.
 - Specifically, we sought to test and gauge participants' responses to the levels of compensation being offered in the event of a customer experiencing service issues. These were set based on findings from earlier cognitive testing as well as the pilot exercises completed to date. We also sought to test the revised question wording that advised participants that these levels of compensation would be higher than they might imagine.
- To further test the performance of the two new service issues within the compensation exercise; a short, planned supply interruption and a boil water notice. These service issues were considered to be preferable to the initial two, and in particular in comparison to an external sewer flooding incident, because they are lower impact, and hence should require lower compensation; both would affect any property equally; and there is little room for ambiguity in the service issue description.

Cognitive testing is important as the survey focuses on unfamiliar areas for consumers. Cognitive interviews involve taking a participant through the survey and include additional questions to probe for levels of comprehension, ease of completion and response to stimuli.

We interviewed fifteen customers across household (HH) and non-household (NHH) groups. Interviews were conducted online, via the Zoom video meeting platform. Two versions of the survey were tested:

- Version 1 included refined versions of the original two stated preference exercises (the 'impact' and 'compensation' exercises). This was tested 6 times, across both HH and NHH samples.
- Version 2 included, instead, a newly designed stated preference exercise combining service issue and compensation level variation across a sequence of questions. This version was tested 9 times in total.

For HH interviews, interviewers shared their screen and control of their computer, and participants were asked to complete the survey questionnaire themselves, as though they were completing online. Participants were asked to work through the questionnaire autonomously on the most part but were asked to highlight areas of the questionnaire that were inaccessible, difficult to understand, or troublesome to navigate or complete.

As extensive cognitive testing had been undertaken in the earlier phase, this approach was deemed adequate to identify any areas for further change.

NHH participants were interviewed with the interviewer’s camera off, to replicate as closely as possible the telephone-based (CATI) interview mode. Rather than completing the survey themselves, NHH participants were read the questions in the style of a CATI interview. The images to support the stated preference exercises were shared onscreen with NHH participants at the appropriate times, again replicating the anticipated approach for stimulus-assisted CATI interviews.

At key points during questionnaire completion, interviewers used additional cognitive probes to assess how well the question wording had been understood, clarity of instructions and service issue descriptions, and how easy or difficult it was to provide an answer. These probes focused on the presentation of service issues and associated compensation levels during this phase of testing, as this was the primary focus. These additional cognitive probes collectively formed the topic guide, which was used to direct all interviews, and was agreed and approved for use before fieldwork took place.

Recruitment and Incentives

All participants in cognitive testing were recruited by our recruitment partner, Riteangle, in line with prescribed quotas. The following incentives were offered to participants completing cognitive interviews:

- £30 for households
- £45 for non-households

1.3 Sample design

Minimum quotas were set on gender, water company and age to ensure cognitive interviews were conducted with a range of different household and NHH customers. The two achieved subsamples for the cognitive interviews were as follows:

Household (HH, n=10)

All HH participants were responsible, either jointly or solely, for paying water bills of the household.

Gender		Social Grade			Age			
Male	Female	AB	C1C2	DE	18-34	35-44	45-64	65+
5	5	4	4	2	4	2	2	2
Water companies								
Customers of Essex and Suffolk, SES Water, Severn Trent, Thames Water, Yorkshire Water and United Utilities were included in the sample								

Non-household customers (NHH, n=8)

All participants were responsible, either jointly or solely, for paying business' water bills, or otherwise responsible for issues of water supply.

Size			Reliant on water for business purposes	Wales
Micro/small	Medium	Large		
5	2	1	7	0
Water companies				
Customers of Bristol Water, Severn Trent and United Utilities were included in this sample				

NHH participants represented businesses in the health, education, manufacturing, catering, real estate and other service industries.

2 Findings

Overall observations

Refinements to stated preference task instructions have been successful and have added clarity where it was lacking previously. Some evidence was collected to suggest that task instructions were long and could be made more succinct. Further, even though not explicitly tested during this phase, issues inputting postcodes persist for household and non-household participants alike.

Participants told us that clear instructions and the presentation of succinct but comprehensive service issue and compensation information meant that completing stated preference tasks was straightforward, even if making the decision was sometimes challenging; either because a lack of relevance to the participant (and their business) or because service issues stood to create comparable levels of inconvenience.

When it came to compensation, data collected during interviews suggested that compensation levels were credible on the whole (SP task 3). The exception to this was in the event of sewer flooding inside a household property. In this case, the £30,000 offered to household participants was questioned in one case.

That said, for both household and non-household participants in this phase of testing, decision-making was primarily driven by a desire to avoid experiencing (or at least minimise) the disruption and inconvenience from service issues, ensuring business continuity in the case of non-household participants. One-off payments played a relatively minor role in making choices.

2.1 Postcode entry

Some participants struggled with the format for inputting their home or business postcode. The dropdown containing their postcode area was often ignored, with letters being typed into the numeric fields and, if this dropdown was used, multiple digits were often entered into each numeric field.

Please tell us the first half of your postcode. So if your full postcode is ME1 3BN please just tell us ME1 3. (This will be used to check who supplies your water and wastewater services)

Area e.g. e.g.
 1 3

Prefer not to answer

Recommendation 1: Improve postcode input to ease participant experience without compromising water company look up functionality.

2.2 Use of rivers and beaches in the UK

A small number of participants in this phase of testing sought clarity on whether they should include recreation at and around canals at the ‘rivers’ question. Further, some confusion was caused by the presence of the section header ‘Use of rivers and beaches in the UK’ at the initial ‘rivers’ question. Some participants were left unsure of where they input their use of beaches or the sea prior to the next question being displayed.

Use of rivers and beaches in the UK

How often do you, or anyone in your household, use rivers in the UK for any of the following activities?

	Often (more than six times a year)	Sometimes (between one and five times a year)	Rarely (less than once a year)	Never
Water contact activities (e.g. canoeing, rowing, rafting, paddleboarding, swimming, paddling)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Fishing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Walking, running, cycling or sitting nearby or other activities on or around the water (e.g. narrowboating, other types of boating, walking, running, cycling or sitting nearby)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Recommendation 2: Add an instruction to include canal-related activities at the first of these two questions and use a separate question header for each of these two questions; ‘Use of rivers & canals in the UK’ and ‘Use of beaches & the sea in the UK’.

2.3 SP task 1 (service issues alone, as used in Version 1 questionnaire)

Instructions

Impact of service issues

You are now going to be shown a series of ten short questions where you will be asked to choose between two different scenarios for your water or wastewater service.

Please consider, and then compare the scenarios carefully, and then **choose the one which would have the most impact** on your household if it were to happen.

Some of the scenarios would affect your own property whereas others would affect your local area. When comparing the impact that each would have, please:

- **do** consider any concerns you may have for the local area or natural environment,
- **don't** consider any impacts on other people outside your household - other people will answer for themselves!

On some of the options you will see an ⓘ. Please click on this to see some more information about the option.

The data collected during phase 3 interviews suggest that these instructions are clear for both household and non-household samples. After reading the instructions, participants confirmed their understanding and were able to play back to the interviewer what would be expected of them during the task before they began completing it, demonstrating good levels of comprehension.

Previous phases of cognitive testing revealed that some participants were confused by the apparently contradictory instructions at this screen:

- do consider any concerns you may have for the local area or natural environment,
- don't consider any impacts on other people outside your household/organisation - other people will answer for themselves!

As a result of this confusion, clarity was provided with the addition of 'natural' in the first line prior to phase 3 testing taking place. Whilst comprehension of this element of the instructions was not explicitly probed during this testing phase, confusion was spontaneously raised by one household participant. This participant suggested we add further clarity to communicate that this should be read as 'in general as regards the environment and not relating to other people'.

"The area is other people, isn't it?" URN 117

Recommendation 3: Consider making further refinements to the wording of this instruction to emphasise that participants should consider the environment and not other people in the local area.

Ease of completion

Participants were able to complete the task with little issue. We asked them to provide feedback on the layout, clarity of information, and how able they were to complete the task based on the information presented.

Feedback suggested that what was required of them was clear, that the bold text in the service issue scenarios aided understanding, and that the images were well received by many. Non-household participants commented that some of the scenarios did not directly pertain to their business, which sometimes made choosing one scenario over the other difficult, as both seemed 'irrelevant'.

"I found it easy to choose between the options that pertain to my business, but those that didn't were harder to choose from." URN 122

"Some were very close and hard to choose between, and some weren't as relevant to the business." URN 124

Some participants re-read the two scenarios but showed no signs of poor comprehension. Rather, this should be taken as evidence that participants are attending to, and processing, the information being presented.

Approach to completing the task

As well as sharing feedback on the information presented, participants also shared with interviewers how they made their choices during this task. There was plenty of data to suggest that non-household participants favoured those scenarios with little (or less) impact on business continuity and some were motivated by minimising inconvenience to colleagues specifically. Household participants were driven by minimising inconvenience to them and their families, dictated by factors such as duration of the issue, where it occurred and its impact on them (e.g., some participants did not go to the beach or use the sea, so issues here would have little impact on them).

On the whole, the situations presented were thought to be realistic and believable. Those that had not experienced, or had experienced few, water service issues shared their ignorance about whether and when such issues may arise, but none questioned the authenticity of the service issues that were presented.

2.4 SP task 2 (compensation task, as used in Version 1 questionnaire)

Instructions

One-off payments for service issues

The following questions will each present you with a choice between:

a) experiencing a service issue and receiving a one-off payment from your water company,

or

b) not experiencing the issue and not receiving any payment.

In each question, the type of service issue and the one-off payment amount will vary. The amounts will not necessarily reflect current compensation entitlements and may exceed these levels - substantially in some cases.

The purpose of these questions is to see if the amounts shown are enough to make up for the impact on your household from the service issue shown. It is important to consider each amount at face value, even if it seems higher than you would imagine might be offered.

Like task 1, instructions here were understood and participants were clear what would be expected of them during the task.

Since phase 2 cognitive testing, the payment vehicle has been changed from 'compensation' to 'one-off payments'. We also revised the information at this instruction screen to encourage participants to expect higher compensation amounts than they may have otherwise expected to see, and to clarify the purpose of the questions.

When asked, participants told us that this information was made clear within the instructions page and was easy to understand for most. Some mentioned that this information seemed long-winded and one commented that they had not come across the term 'at face value', suggesting instead that the instruction might read, 'amounts may vary in reality from what is shown here, which is displayed for research purposes.' Others told us that they would not know what level of compensation to expect in any case.

Recommendation 4: We have considered whether the length of instructions for this task could be reduced without negative consequences, but concluded that the instructions are all important, and as concise as they could feasibly be. Hence, no change is recommended here.

Ease of completion

It was not always clear that 'NO Boil water notice' and 'NO PLANNED water supply interruption' indicated the absence of the service issue, and caused some confusion, especially in the case of 'NO Boil water notice', as participants sometimes interpreted this as the need to boil water, but with no advice to do so.

“The options with just text threw me off at first but it later became clear that you were asking if you would rather money from compensation or no interruptions at all.” URN 122

Recommendation 5: Add clarity here, by changing the wording to ‘No service issue’ in the header, and adding a bullet underneath saying ‘There would be no issue affecting the water service at your property’.

Approach to completing the task

Many participants told us that they made decisions based on whether the level of payment being offered was ‘enough’ or ‘worth it’, clearly demonstrating assimilation of the instructions. Others were more motivated by the complete avoidance of any issue, especially where this might impact business continuity, in which case the level of compensation played a minimal role in the decision. Non-household participants choose in favour of avoiding service issues on the most part, irrespective of the level of payment on offer, however, a small number were swayed when the payment reached 1.5 times annual water bills (planned water supply interruption) and 3 times annual bills (boil water notice).

Feedback on attributes

Planned water supply interruption

The information here was clear, evidently adequate to allow participants to make a decision and the images were sometimes cited as useful, too. Further, the scenario was deemed believable, and levels of one-off payments were also clear and realistic. However, some commented that the process by which one would have to claim, or would receive the compensation, was not clear. The explanation of the asterisk that accompanies compensation is placed on the questionnaire screen below the choice buttons and its position required participants to scroll down to access it.

Recommendation 6: Bring the information accompanying the asterisk up, placing it before the choice radio buttons to give greater clarity and aid understanding of the proposed compensation process. Placing above the radio buttons may also encourage those not actively seeking such information to read it anyway.

Boil water notice

Again, the information presented here was clear, easy to understand and sufficient to make a decision in this task. One-off payment amounts were clear, realistic and believable. However, the above comment concerning the mechanism for receiving the payment also applies here.

Recommendation 7: Bring the information accompanying the asterisk up, placing it before the choice radio buttons to give greater clarity and aid understanding of the proposed compensation process. Placing above the radio buttons may also encourage those not actively seeking such information to read it anyway.

Compensation

Feedback on the use of ‘one-off payment’

Participants were satisfied with the use of ‘one-off payment’, but readily likened this to ‘compensation’. This may, however, be because the term ‘current compensation entitlements’ appears in the instructions page (see above). When asked to suggest alternative ways to describe this sum, then, participants suggested ‘compensation’ as an equivalent. However, there was a broader understanding that this was being paid in recognition of an inconvenience or disruption to service, i.e., ‘compensation’ in consumer parlance.

Recommendation 8: Remove all references to ‘compensation’ in instruction pages if ‘one-off payment’ is to be the description of choice at these tasks.

Believability of one-off payments

Household participants in cognitive testing confirmed that one-off payments offered during this task were credible; none raised an issue over the conceivability of the sums on offer for either the planned supply interruption or the ‘boil water notice’.

Many non-household participants were satisfied that one-off payments were believable. A small number suggested that the sums were higher than they might have expected. Some of these were able to recall that this was made clear to them from the outset, and so proceeded with the task as requested.

One participant concerned about the levels of compensation on offer (and this related specifically to having been offered 3 and 6 times annual water bills for a planned supply interruption and 6 and 12 times the annual bill in the ‘boil water notice’ scenario) took issue not with the levels of one-off payment per se but, rather, with the ‘compensation culture’ they believed was becoming increasingly apparent in this country. The participant was outspoken in his preference to seek solutions that were based on effective communication and not on financial ‘easing’. This should not be interpreted as disbelief or rejection of the sums on offer.

“I think the compensation culture in this country doesn’t need any further fuel – the solution is much more valuable (...) problems are solved with effective communication.” URN 126

2.5 SP task 3 (combined service issue and compensation task, as used in Version 2 questionnaire)

Instructions

Screen 1 of 2

Service Scenario Choices

You are now going to be shown a series of ten short questions where you will be asked to choose between two different scenarios for your water or wastewater service. **Please read the following instructions carefully.**

Each scenario will show a different type of service issue that could happen to your household.

Some of the scenarios would affect your own property whereas others would affect your local area. When comparing the impact that each would have, please:

- **do** consider any concerns you may have for the local area or natural environment,
- **don't** consider any impacts on other people outside your household - other people will answer for themselves!

On some of the options you will see an ⓘ. Please click on this to see some more information about the option.

Screen 2 of 2

Additionally, some of these scenarios will involve your water and/or wastewater provider making a one-off payment to your household.

The amounts will not necessarily reflect current compensation entitlements and may exceed these levels - substantially in some cases.

The purpose of these questions is to see if the amounts shown are enough to make up for the impact on your household from the service issue shown. It is important that you consider each amount at face value, even if it seems higher than you would imagine might be offered.

For each question, please state which option you prefer. If neither of the options is appealing, please still choose the better of the two.

Some participants noted that the instructions were long-winded or wordy, whilst others shared that they were familiar with the anticipated question format, having completed what they thought to be similar tasks in online surveys previously. No spontaneous comments were forthcoming regarding separating other people from the local 'natural' environment within the instructions. Interestingly, both NHH participants that were shown this task asked whether it would be possible to see an example or visual representation of the items that would be presented in the task. In any case, interviewers noted that most participants were able to understand the task easily when the first choice was presented.

“Yes, I think so [I understand the task]. I’ve seen this sort of thing in questionnaires before.” URN 119

Recommendation 9: We have considered whether the length of instructions for this task could be reduced without negative consequences, but concluded that the instructions are all important, and as concise as they could feasibly be. Hence, no change is recommended here.

Ease of interpreting the instructions aside, this is the first point at which a particular point of confusion was uncovered; a lack of certainty over whether the one-off payments were being made to customers by water companies or whether these were due to water companies from the participant as a customer (see additional findings, below).

Participants were probed on their understanding of the levels of compensation that would be presented during this task. We can be comfortable that both household and non-household participants knew to expect levels of payment that might not be reflective of current compensation levels – this is being clearly communicated by the revised instructions page. However, one household participant asked how ‘authentic’ the task might be if these sums were out of line with current levels, undermining the task’s credibility.

“Yes, I was warned about that in the notes.” URN 115

“Yes, it says that it may exceed these levels substantially in some places.” URN 119

“The thing about taking the numbers at face value (...) so they’re saying, ‘is this money enough compensation for what this problem is going to be, but we might not really pay this amount of money’, so it’s kind of hard to take it – you can’t really take it as realistically; it’s just a number they’ve plucked out of thin air and they’re saying that’s not what we’re really going to do.” URN 116

Ease of completion

Most participants told us that they had been given adequate information upon which to base their decision of which service issue they would rather experience and that they understood the choices they were being asked to make.

Two non-household participants, however, demonstrated a poor grasp of the task. One shared a view on which of the attributes they would rather read (specifically, which contained the least text to read, which was more visually appealing). In order to maximize the data from the interview, the interviewer chose to revisit the task instructions and took time to explain what the task required, setting the interview on course. Another non-household participant described the significant and detrimental impact that the service issues would have on their business and then consistently went on to choose the scenario that had been described as having the most negative impact on the business.

As with SP task 2, the lack of a service issue was not always clear, leading to confusion and the need for the interviewer to add clarity in some places. This issue aside, most participants told us that the attributes gave enough information upon which to make a decision and were clearly presented. One noted that attributes contained a lot of information to read. Where difficulty was experienced in choosing between the two options this was either because the service issues would have an equal impact, or because they were unlikely to impact the participant's household or business in any significant way.

Recommendation 10: Add clarity to the 'No service issue' option, by adding a bullet underneath saying 'There would be no issue affecting your water or wastewater service'.

As with SP task 2, this task would benefit from the one-off payment terms being incorporated into the amount of the payment, embedded into the core information being presented in order to better enable participants to make their choice.

Recommendation 11: Bring the information accompanying the asterisk up, placing it before the choice radio buttons to give greater clarity and aid understanding of the proposed compensation process. Placing above the radio buttons may also encourage those not actively seeking such information to read it anyway.

Approach to completing the task

Most participants were clear that the task was 'to see if the amounts shown are enough to make up for the impact on your household/organisation from the service issue shown.' Participants made decisions on the basis of wishing to avoid service issues, to minimize the duration of any disruption, opting for issues further away with no direct impact on them, avoiding environmental impact or, in one case, with a view to maximising the compensation payments they would receive (household participant). That said, household participants generally showed an insensitivity to the one-off sums being offered and were driven instead by the avoidance of issues or interruptions.

"It was a weighted judgement. I was weighing up inconvenience to myself against damage to the environment. URN 115

"They [one off payments] contributed and were considered, but I don't think they were necessarily the main factor." URN 116

Although they demonstrated a clear grasp of the task, non-household participants showed a clear preference for minimizing interruption to their business and favouring business continuity, with these participants often sharing with interviewers that money was a lesser factor in their decision making, even if their attention was initially drawn to the financial element of the service issue scenario.

"I was drawn to the one-off payment" (...) "I'm not bothered about the payment" URN 125

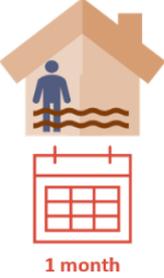
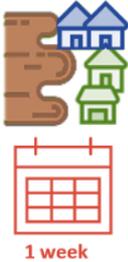
Compensation

On the most part, the payments were said to be clearly presented. However, participants sometimes mistook sums of, for example, £20000 and £30000 as “£2000 and £3000, respectively, as was found during phase 2 cognitive testing.

Recommendation 12: Separate thousands in compensation sums with a comma; e.g. £20,000 rather than £20000.

Feedback on the use of ‘one-off payment’

You're on choice 2 of 10
Which option would you prefer? If neither is appealing, please still choose the better of the two

Option A	Option B
<p>Sewer flooding: INSIDE your property (1 month)</p> <ul style="list-style-type: none">▶ Flooding from the sewer gets inside your property, affecting your living areas▶ This results from prolonged heavy rainfall in your local area▶ It gives off a foul smell, and damages floors, walls and furniture▶ It takes 1 month for your property to get back to normal  <p>One-off payment amount *: £30000</p>	<p>Sewer flooding: OUTSIDE your property (1 week)</p> <ul style="list-style-type: none">▶ Flooding from the sewer affects access to your front door / entrance▶ This results from prolonged heavy rainfall in your local area▶ It gives off a foul smell, and could cause damage▶ It takes 1 week for access to your property to get back to normal  <p>One-off payment amount *: £500</p>

* one-off payments would be paid automatically, and within 7 days, by crediting your bank account, if you have a direct debit set up, or by sending you a cheque otherwise

Most participants were satisfied with the use of ‘one-off payment’, with this description being well-understood. One non-household participant in this phase of testing, however, evidenced a misunderstanding of the meaning of ‘one-off payment’. As was observed in the instructions to this task, it became clear here that this participant was unsure whether this one-off payment was being paid by water companies to customers or vice versa. It was suggested that the standard utility provider language of ‘credit’ or ‘debit’ might add clarity in this respect.

Recommendation 13: ‘One-off payment’ may not be understood by all and may require revision. The earlier recommendation (11) to bring the additional information accompanying the asterisk may eliminate the any uncertainty here.

One household participant noted that the position of the asterisk before the value of the one-off payment led him to believe that he should multiply the amounts shown, which caused temporary confusion.

Recommendation 14: Reposition the asterisk such that it appears after the one-off payment being offered, e.g. ‘One-off payment amount: £500*’ This recommendation should be combined with the recommendation above (11) to move the additional information relating to the asterisk.

Alternatives to one-off payment suggested included ‘compensation’ and descriptions that acknowledged a water company’s liability for the service interruption, for example, ‘paid for your business interruption’. There is no evidence to suggest that describing the one-off payment differently would have impacted participants’ decisions.

Believability of one-off payments

Both household and non-household participants told us that they considered the levels of compensation on offer to be realistic on the whole. In fact, both samples tended to think that the levels of compensation being offered were on the low side relative to the service issue being presented.

One household participant was offered £2,500 for sewer flooding outside the property, which was regarded as high. The highest level of compensation offered to HH participants was £30,000 in recognition of sewer flooding inside a property. Reactions here were mixed. Whilst one participant felt that this would be inadequate to compensate a householder for the damage, expense and, critically, lost time and inconvenience, that this issue might cause, another questioned whether a water company would, in reality, pay out such a sum.

“Thirty thousand is a reasonable amount, but I think it should be more than that. It’s not just about refunding the costs, it’s about the inconvenience and the stress and the time.” URN 116

“I don’t think it is [realistic], really [relates to £30,000 offered in the event of sewer flooding inside the property]. I don’t think any water company is going to be handing out thirty thousand pounds, particularly when you’ve got home insurance.” URN 115

Whether deemed to be realistic or not, participants were able to reassure interviewers that they had taken the figure at ‘face value’ and that perceptions of the sum offered had not affected decision-making at this task. Even if sums had seemed high, participants had not dismissed these as unrealistic and, in some cases, referred back to the information advising them that these might be higher than anticipated.

“No, I’m taking it at face value for the purpose of this exercise. What I might do in real life might be different, I don’t know.” URN 115

Appendix A

Topic Guide (Phase 3, Household)



FINAL Wave 3 Cognitive interview Topic Guide: Household

Participant Name	
Date / time	
Telephone Number	
URN	

Introduction

5 mins (5)

Good morning/afternoon/evening. My name is ... and I work for an independent market research company called Accent. We are conducting research for Ofwat, the water industry regulator, and Consumer Council for Water, the consumer organisation which represents the interests of water and sewerage customers in England and Wales.

The research is about views on water and sewerage services, and changes to water bills for the five years from 2025. Specifically, we want to get your feedback on a questionnaire that we plan to use to ask a large number of people to share their views on water and sewerage. Your feedback while completing the questionnaire, along with feedback from others, will allow us to understand how well the questionnaire works and how it might be improved. **[Spontaneous interviews – ALL W3]** With this in mind, I will be asking you to share your thoughts on the questionnaire as you work through it.

The research is being conducted in accordance with the Code of Conduct of the Market Research Society (MRS) and also with the Data Protection Act. This means that everything you say is confidential and will not be attributed to you personally unless you give your permission for us to pass your comments on in named format.

Our discussion is being recorded. This is standard market research procedure and is to ensure accuracy – so I do not have to try to remember what you have said – and for analysis purposes only. The recordings will not be passed to any third party not associated with the research project, and in reporting the findings from this research everything that you say will be confidential and will be reported in anonymised form only.

Our discussion will last around **45** minutes.

I'd like to stress that we are interested in your views. There are no right or wrong answers today; and this is not a test of your ability to complete the questionnaire. Instead, it is a test of how well the questionnaire has been designed to make it easy to complete. I haven't been involved in the design and development of the questionnaire, which means you can be open and honest when sharing your views on completing it.

In a moment, I will hand over control of my screen to you so you can complete the survey, as though you were completing it online.

As you are answering questions if you come across anything which you don't understand or need further clarification on, please ask me as we go along. At a number of points through the questionnaire, I will stop you and ask for your feedback on various aspects and elements of it.

- Share window with Accis questionnaire and allow participant to control your screen to complete questionnaire.
- Allow participant to complete the questionnaire. Stop and probe at the questions below (unless 'think aloud' commentary provides adequate insight).
- Make a note of:
 - Any significant pauses or delays in responding
 - Participants re-reading questions/text or changing their response
 - Mentions of any question or section of text being confusing/complicated/unclear/long, or missing important information
 - Response options that they struggle to choose between
 - Questions they ask about elements of the survey (try not to answer these unless they mean the participant is unable to progress).
- At questionnaire version screen, select the appropriate answer based on interview allocation on the profile sheet (VERSION 1 (contains 2 SP tasks) or VERSION 2 (contains a combined SP task))

VERSION 1 (2 SP tasks)

Impact of service issues SP choices

10 mins (15)

- Impact of service issues SP preamble/introduction [**stop and probe before participant starts SP task**]
 - Were these instructions clear?
 - Was it clear what you would have to do?
 - If not:
 - What, if anything, would make this introduction easier to understand?
 - **ONLY FOR THOSE THAT RAISE THE ISSUE OF DISENTANGLING 'OTHER PEOPLE OUTSIDE YOUR HOUSEHOLD' AND 'LOCAL AREA/ NATURAL ENVIRONMENT'**
 - Given that other people in the local area will have the opportunity to voice their own views by answering these same questions, we **don't** want you to 'speak for them', but we **do** want you to consider the impact of the scenarios on your local area, habitats and the natural environment. How do you think we can best get this across to people like you who are filling in the survey?
- Impact of service issues SP choices (there are 10)
 - As you work through this set of questions, please let me know if there is anything that is unclear or difficult to understand. If you have suggestions on how we might make things easier, please let me know. [**Interviewer to note feedback on attributes, if spontaneously offered – no probing here. Interviewer to also note any insights the participant shares on how they are making their decisions, where they are struggling**]

- I would now like to ask you a few questions about the choices you have just made... **[Note the participant's response to each element of this question and probe on reasons for these responses – especially where the response is 'strongly disagree' or 'disagree']**
 - For *I was able to understand the choices*: What would have helped?
 - For *I found the options believable*: What was not believable? What would have made the option(s) more believable?
 - For *My choices were based on how much impact I thought each option would have on my organisation*: What did you base your choices on if not the impact on your organisation?
 - For *I found it easy to choose between the options*: Why is this, and what would have made it easier to choose?

Compensation for service issues SP task

25 mins (40)

- Compensation for service issues SP preamble/introduction **[Stop and probe before participant starts SP task]**
 - Are these instructions clear?
 - Is it clear what you will have to do?
 - If not:
 - What, if anything, would make this introduction easier to understand?
 - Is it clear that some of the amounts you will be shown will be higher than you might expect?
- For **PLANNED water supply interruption (6 hours)**:
 - How clear or unclear is the explanation of this service issue?
 - What would make it clearer or easier to understand?
 - Are you satisfied with the explanation 'planned maintenance in your area'?
 - Do the images here aid understanding?
 - Does this tile give enough information to allow you to decide on which option you prefer?
 - Was the one-off payment clear?
 - Were the one-off payments offered **believable**?
 - **If believed to be unrealistic:**
 - Did you dismiss the offer because you didn't believe you would really be compensated?
 - If I could assure you that this amount was available, would you have chosen to experience the service issue instead?
 - **[If participant opted for no service issue after being presented with 2 levels of payment]** What amount would have made you choose differently? Why?
- For **Boil water notice (48 hours)**:
 - How clear or unclear is the explanation of this service issue?

- What would make it clearer or easier to understand?
 - Is it clear **why** this notice has been given?
 - Is it clear **what** you will have to do for this period?
 - Do the images here aid understanding?
 - Does this tile give enough information to allow you to decide on which option you prefer?
 - Was the one-off payment clear?
 - Were the one-off payments offered **believable**?
- **If believed to be unrealistic:**
 - Did you dismiss the offer because you didn't believe you would really be compensated?
 - If I could assure you that this amount was available, would you have chosen to experience the service issue instead?
- **[If participant opted for no service issue after being presented with 2 levels of payment]** What amount would have made you choose differently? Why?

■ After completing compensation SP choices

- **One-off payment**
 - We used the term 'one off payment' in these tasks. How do you feel about this term?
 - What does the term 'one-off payment' mean to you?
 - Do you think it is an appropriate way to describe the money being offered in these scenarios?
 - Is there another, better way to describe the money in these scenarios, do you think? Would you have chosen differently if this term had been used instead?
- **Decision-making**
 - How did you decide on each choice you made?
 - Which factors drew you most to a particular option? Why?
 - Which factors deterred you most from a particular option? Why?

■ I would now like to ask you a few questions about the choices you have just made... **[Note the participant's response to each element of this question and probe on reasons for these responses – especially where the response is 'strongly disagree' or 'disagree']**

- *For I was able to understand the choices:* What would have helped?
- *For I found the options believable:* What was not believable? What would have made the option(s) more believable?
- *For My choices were based on how much impact I thought each option would have on my household and whether the amount of money shown was enough to compensate for this:* why do you say this?
- *For I found it easy to choose between the options:* why is this and what would have made it easier to choose?

Record BACS details for incentive payment and add to profile sheet.

Thank and close.

VERSION 2 (1 combined SP task)

- Service scenario choices SP preamble/introduction [**stop and probe before participant starts SP task – appears over 2 pages**]
 - Were these instructions clear?
 - Was it clear what you would have to do?
 - If not:
 - What, if anything, would make this introduction easier to understand?
 - **ONLY FOR THOSE THAT RAISE THE ISSUE OF DISENTANGLING ‘OTHER PEOPLE OUTSIDE YOUR HOUSEHOLD’ AND ‘LOCAL AREA/ NATURAL ENVIRONMENT’**
 - Given that other people in the local area will have the opportunity to voice their own views by answering these same questions, we **don’t** want you to ‘speak for them’, but we **do** want you to consider the impact of the scenarios on your local area, habitats and the natural environment. How do you think we can best get this across to people like you who are filling in the survey?
 - Is it clear that some of the amounts you will be shown will be higher than you might expect?
- Service scenario SP choices (there are 10)
 - As you work through this set of questions, please let me know if there is anything that is unclear, difficult to understand, or you’re not sure what to do/what you’re doing at any point. If you have suggestions on how we might make things easier, please let me know. [**Interviewer to note feedback on attributes, if spontaneously offered – no specific probing. Interviewer to also note any insights the participant shares on how they are making their decisions, where they are struggling**]
- After completing service scenario SP choices [**navigate back if required to help P remember**]
 - **One-off payment**
 - Were the one-off payments clear?
 - Were the one-off payments offered believable? [**probe which were and which weren’t**]
 - **If believed to be unrealistic:**
 - Did you dismiss the offer because you didn’t believe you would really be compensated?
 - If I could assure you that this amount was available, would you have chosen to experience the service issue instead?
 - We used the term ‘one off payment’ in these tasks. How do you feel about this term?

- What does the term ‘one-off payment’ mean to you?
- Do you think it is an appropriate way to describe the money being offered in these scenarios?
- Is there another, better way to describe the money in these scenarios, do you think? Would you have chosen differently if this term had been used instead?

– **Decision-making**

- How did you decide on each choice you made?
- Did the tiles give enough information to allow you to decide on which option you preferred?
- Which factors drew you most to a particular option? Why?
- Which factors deterred you most from a particular option? Why?
- What was the relative importance of the one-off payment and the nature of the service scenario outlined?

■ We would now like to ask you a few questions about the choices you have just made... **[Note the participant’s response to each element of this question and probe on reasons for these responses – especially where the response is ‘strongly disagree’ or ‘disagree’]**

- *For I was able to understand the choices:* What would have helped?
- *For I found the options believable:* What was not believable? What would have made the option(s) more believable?
- *For My choices were based on how much impact I thought each option would have on my household and the amount of money shown.* What did you base your choices on if not the impact on your household?
- *For I found it easy to choose between the options:* Why is this, and what would have made it easier to choose?

Wrap and close

5 min (40)

Record BACS details for incentive payment and add to profile sheet

Thank and close.