

Competition

are you ready?

A quick reference guide and checklist for

Retailers

For most English water retailers the concept of selling core services through retailers is new. The Scottish market has operated since 2008, so there are a number of companies with a head start in key areas of:

- Retail proposition
- Customer retention
- Market systems & data integration
- Settlement management
- Market responsibility adherence

Your 3 strategic decisions:

1

The first strategic decision is whether to operate in the new English retail market at all.

2

The second key strategic decision is to choose a retail operational model. The Scottish market has highlighted four key models:

- Incumbent mass market
- Low cost retail only
- Specialist / added value
- Rounded and targeted

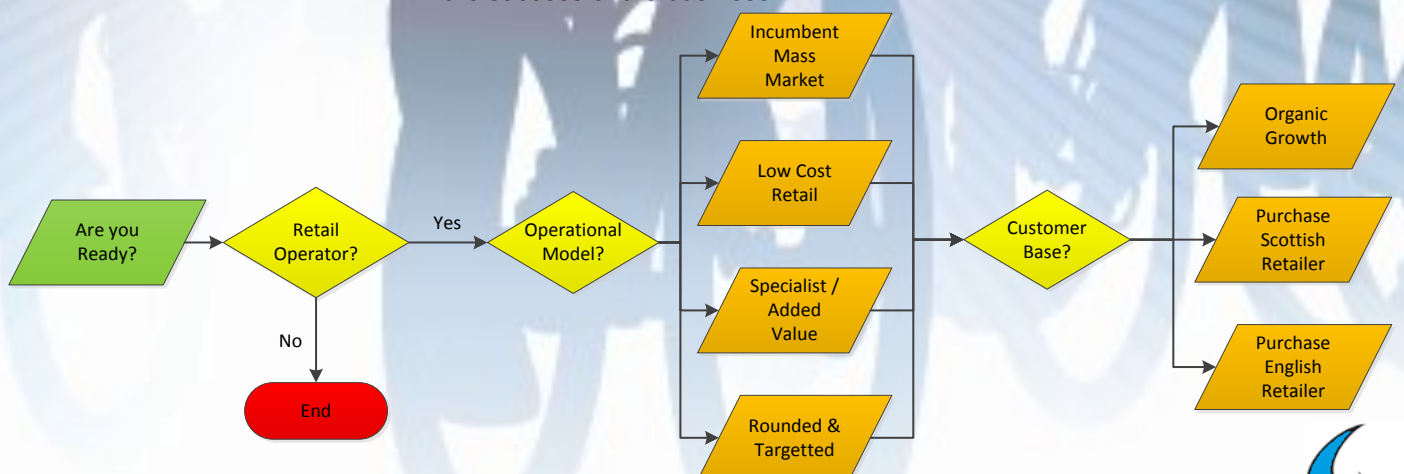
The model selected will have a major impact on all other decision making and is likely to be the biggest single driver for the success of the business.

3

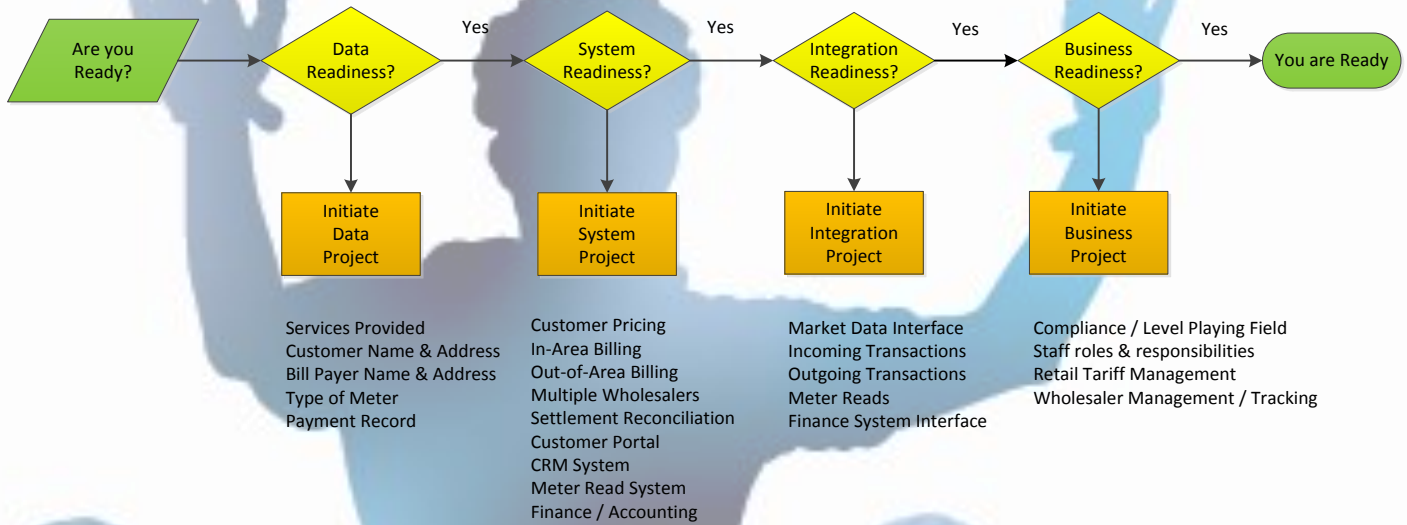
This leads onto the third key decision, which is how to acquire and grow a customer base.

There are a number of options here:

- Organic growth
- Buy a Scottish retailer
- Buy an English retailer that does not wish to operate a retail business



When the strategic decision making is complete there is still much to do, as outlined in the Open Water MAP 2 document, and summarised in the following flowchart.



The management of change to allow effective market operation will be specific to each organisation. However, the relative importance of each section of the change programme is not always clear.

For example, Settlement and Reconciliation, although apparently simple, has caused significant issues for retailers in Scotland. As has understanding and correcting the data that retailers are responsible for.

The good news here is that a strong alignment between Scottish and English codes provides the ability to learn from the experience (and mistakes) of Scotland.

A big difference between Scotland and England is the large number of wholesalers that each retailer will work with. A focus on robust systems for tracking operation processes will be essential for ensuring that the wholesaler performance can be effectively managed so that poor wholesaler performance does not impact on a retailer's reputation.

Also, with the likelihood of smaller retail margins than are available in Scotland, it is important to ensure that processes and systems are as efficient and effective as possible.

Finally, the major data issues experienced in Scotland caused by a lack of integration shows that full integration with market systems is essential for success.

Additional Resources

More information and links to resources can be found at:

www.ascendancy-water.co.uk/retailers

or call: 0845 838 1979

Checklist

Strategic decisions:

- Customer proposition
- Acquisition of exiting retailers
- Operational management

Key options:

- Insource operations
- Outsource operations

Key priorities:

- Developing a proposition
- Retaining customers (for incumbents)
- Accessing and understanding market data
- Managing settlement
- Adhering to market responsibilities

Other things to consider:

- Gaining or retaining a license
- Interacting with multiple wholesalers
- Integrated systems
- Business Processes