

**Lincolnshire Police
and
Anglian Water Group PLC**

Comparison of Marketing Activities

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Executive Summary

Anglian Water Group presents an interesting comparison with the police force as a whole. The industry was privatised in 1984, having been a nationalised industry prior to that time. Many aspects of its running are still subject to central regulations by OFWAT and the Environment Agency, limiting the ability of the company to do anything it wishes. Despite this, Anglian Water is an extremely successful company, posting pre-tax profits of £231 million.

Supply of water is seen by society as an essential, much as provision for the safety of citizens as provided by the police. As such, the company has a duty of care to its customers, as well as to shareholders.

Lincolnshire police occupy a position similar to the water companies prior to 1984. It is funded through taxation, although certain activities, such as abnormal load escort, prisoner escort are currently being passed to private agencies. The recent implementation of Police Community Safety Officers and the ability for towns to pay for their own PCSOs suggests that a degree of privatisation is a possibility for the police.

The underlying thread which moves through the marketing activities of both organisations is linked to their funding. Increased activity by the police will use up available resources more quickly, so much of their marketing activities are used to educate the public to reduce demand on the force as a whole.

Anglian Water needs to generate revenue by diverse means to maximise profits, allowing re-investment into the infrastructure of pipes and reservoirs, and also to maximise final profits for their shareholders. They must do this in a way that maximises value for customers, preventing them from moving to a competitor.

Lincolnshire police is a public sector organisation which employs approx 1800 people, and aims “to create a just, safe and crime free Lincolnshire.” It is resourced by funds levied by local residents, and also from central government grants financed by national taxation.

Anglian Water is part of the AWG plc group and exists “to provide high quality drinking water and wastewater services with a total commitment to sustainable development.”(1) The group is financed as a result of direct billing to its residential and commercial customers, and is answerable to its shareholders, customers, local residents and also to central government through the regulatory body OFWAT.

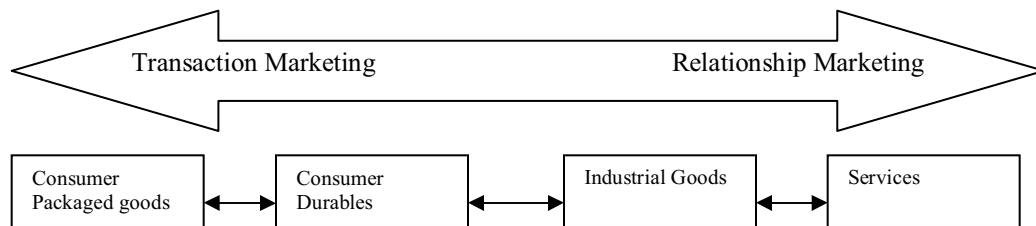
Both organisations primarily service the needs of those resident within the geographical areas covered by the companies. Relationship marketing is therefore appropriate to both, in the case of the police to maximise value for residents, and in the case of Anglian water, to maximise value for customers, and shareholders.

Both organisations enter into variable length relationships with those affected by their activities.

	Lincs Police	Anglian Water
Short Tem Relationship	Person involved in specific incident, accident or case	People affected by specific instances, such as motorists effected by road works.
Medium Term Relationship	Persons concerned in an ongoing problem requiring intervention over a prolonged period of time, e.g. disorderly conduct on an estate during summer evenings	Customers of the company who expect value for money water supply.
Long Term Relationship	Stakeholders, such as central govt, partner agencies, and institutions, such as old people’s homes, where the relationship endures even though the occupants change.	OFWAT, government agencies, local population, environment etc

One further point to consider in relation to the police service is that there are likely to be reluctant users of the service, i.e. those who do not wish to avail themselves of it, such as criminals etc.

In considering the relationship approach of both organisations, it is interesting to plot them on the Marketing Strategy Continuum:-



Both deliver services, so the model predicts that relationship marketing should meet the needs of both organisations.

The police practice relationship marketing on several fronts; individual, such as informant handling; group, such as residential groups; and larger, such as partnership with local authorities. It has been increasingly understood that long term solutions to problems can only be realised by the involvement of more than one agency acting in partnership, such as police, council and youth workers to provide diversionary activities for young people to reduce nuisance behaviour.

Much of this is driven by the understanding that increased activity by police uses available resources at a faster rate. As such, by entering into relationship marketing, attempts are made to reduce demand, thus ensuring fixed resources are adequate to meet stakeholder expectations.

Benefits are an improved reputation which leads to greater public confidence, which in turn leads to public participation in criminal cases (more likely to become witnesses), which will improve detection rates and also enhances the attractiveness of the force to potential recruits and thus a better calibre of recruit.

Long term relationship building within the county enables crime prevention measures to be implemented, and thus crime is reduced. Relevant stakeholders are therefore benefited as their standard of living is enhanced.

Lincs police do this by use of community beat officers, and also through participation on strategic Crime and Disorder Partnerships.

Anglian Water needs to maximise revenue to ensure sufficient re-investment in its infrastructure while maintaining value for shareholders, i.e. maximising profits. It must strike a balance with prices levied, as it does not wish to alienate customers.

To maximise revenue, Anglian Water builds on the relationship it has with its current customers, e.g. customers paying by direct debit get a discount on their bills, so are less likely to move suppliers. Vulnerable customers have a scheme to identify callers (in partnership with the police!).

It has also diversified into provision of other services, such as direct sales (2), leisure activities (3) and fertilisers (4).

Anglian Water is in a somewhat unique position as it is a regulated private company and cannot charge what it likes for its services, as prices are regulated by OFWAT (5).

Regulations also exist as society sees water provision as a basic necessity, so a non-

paying customer cannot have their supply removed, which means the company faces issues in relation to those who can't pay vs. those who won't pay.

Ultimately, Anglian Water has a responsibility to the country at large in that it is the caretaker of water in its region, rivers and coastal, and is monitored by the Environment Agency (6).

Differences between the organisations exist as a result of their funding and service aims. Ultimately, Lincolnshire police currently enjoys a statutory monopoly in relation to the provision of core policing services within Lincolnshire. Relationship marketing is therefore used to increase efficiency in terms of crime prevention, and long term solutions to problems which will reduce the demand on services, and thus ultimately reduce cost for taxpayers.

Anglian Water no longer has a monopoly on service provision. It must therefore explore ways to increase revenue without simply increasing prices. As a result, it works to retain existing customers through better services, while increasing its market share in other areas utilising its current consumer base.

B/

For both organisations, customer satisfaction can be measured under different criteria depending on the customer.

Lincs Police

Nature of Customer	How Measured	How Assessed
“Criminal user”	Independent lay visitors, Complaints made	Comments made during visits, Numbers of complaints
Local residents	Satisfaction surveys Letters to press General complaints Policing forums	Measured against targets Monitored by divisions Numbers made Monitored by Police Authority
National Govt	Cost Effectiveness Efficiency Crime Statistics Management	Police Authority budgets HMIC inspection National Returns HMIC Inspections
General Public	Crime Statistics	National Returns
Employees	Retention Sickness	Exit interviews Monthly returns

Anglian Water

Nature of Customer	How Measured	How assessed
Consumer	Retention Rate Complaints Purity	Analysis of figures Numbers made Ongoing analysis
Public	Consumer surveys Website analysis Education	Ongoing Number of hits School liaison
Govt	OFWAT Environment agency	Price capping Pollution analysis
Shareholders	Share Price Volatility Dividend	FTSE movement Sales amounts Company accounts

In both organisations, the measure of satisfaction is dependent on which type of customer is being assessed. The challenge for both is to balance the needs of the different stakeholders and ensure that appropriate measures of measurement are utilised. For example, a criminal would be satisfied if they were not caught, but the householder who had been burgled may well disagree.

- Reliability – the ability to perform the promised service dependably, accurately and consistently over time. Measured by performance tables in the police, and through ongoing financial results and OFWAT tables in Anglian Water
- Responsiveness – speed, flexibility, promptness and willingness to help. Described by both organisations in terms of performance targets.
- Assurance – knowledge and courtesy of staff and their ability to inspire trust and confidence. Measured through customer service questionnaires.
- Empathy – caring individualised attention to customers.
- Tangibles – physical facilities, equipment and staff appearance that convey functional and symbolic meaning. Both organisations employ uniformed staff for front line service delivery for example.

Both companies explain to their customers what targets they aim for. Anglian Water publish a Customer Charter (8) which not only explains their aims, but also defines the compensation payable should the company fail to achieve the said aims.

Lines Police also publishes its targets, such as reduction in burglary rates (9) over the course of an accounting year.

The challenge for both is to achieve their targets through appropriate strategic infrastructures. The police utilise a tasking process within the National Intelligence Model (10) at which staff are directed, and supervisors ensure that actions are carried out and results fed back into the model.

Anglian Water has produced a Water Efficiency plan (11) to enable their infrastructure to be modernised, leakage reduced, and "to work in a way that allows us to deliver water services and ensure environmental protection, now and in the future."

In order to achieve this "Anglian Water has a Water Efficiency Officer responsible for actively promoting and liaising across all business units. This helps to ensure that we have a clear framework in place and that water efficiency initiatives are owned and driven by business needs, whilst addressing social and environmental responsibilities." For example, Anglian Water carry out 1000 tests a day to ensure that the purity of their water supply is maintained.

In both organisations then, the outputs are monitored on a continuous basis, and any degradation is immediately identified and procedures implemented to remedy the position. This benefits the police by ensuring that crime does not spiral out of control, and allows interaction with partner agencies at an early stage to resolve problems. Anglian Water can ensure that problems are rectified at an early stage, so compensation packages are not triggered, and adverse publicity is negated.

It is perhaps interesting to note that many factors affecting satisfaction in the police are outside the control of the organisation. Criminals can decide to stay in one night, a bad

frost can dramatically increase accident rates. In contrast, much of Anglian Water's results are directly attributable to the company itself, such as standards of purity in tap water.

As a result, the environment in which the police operate is much more volatile, so individual officers require greater discretion in how they spend their time than a maintenance crew employed by Anglian water. Long term planning is therefore more difficult within the police.

One possible area for improvement for both organisations is the communication of their successes to the public at large. Police can publicise successful operations, thus improving satisfaction. Anglian water can engage the press in "feel good" stories about assistance given to vulnerable persons, and pre-emptive action to reduce leaks, thus making customers feel they are contracting an efficient organisation. These measures have little cost implications, but can have a substantial impact on that tenuous factor, consumer satisfaction.

C/ Communication Mix

The differences between the two organisations once again defaults to the understanding that Lincolnshire Police has a monopoly on the provision of policing services to the people of Lincolnshire, whereas Anglian Water is a private profit making company with a strongly identified brand.

Lincolnshire Police – based on reducing demand on police resources

- Advertising based on Social Marketing – attempt to change customer behaviour
- Education – schools and youth projects
- Exhibitions – presentations etc
- Publicity – primarily through newspapers and TV coverage of major cases
- Personal Selling – one on one interactions between officers and consumers

The police use communication primarily as a means of altering behaviour of the public at large. Examples of this are “Don’t drink and drive,” “Lock it, don’t lose it,” and the perennial “Police advise motorists not to make a journey unless absolutely necessary.” The idea of all these campaigns is to assist the police in reduction of crime. It is interesting to note that much of this is common sense, but advertisements to curb the use of drugs, particularly ecstasy and alcohol, appear to have had less success. This may be due to the perception of the public in relation to the area of expertise of the messenger. People expect the police to know about crime reduction, but young people see the police as “fuddy duddys” in relation to recreational drug use.

The police now operate their educational communication on a number of levels, personal visits to schools and old people’s homes, visits to householders deemed at risk, notes left on car windscreens, adverts and articles in local and national press. They also attend various functions, such as the BMF rally, to promote road safety. This is all in the educational arena, and is carried out both to highlight areas of concern, but also to educate in relation to services offered by the police, such as property marking.

Other forms of communication are more direct. Every time an officer speaks with a member of the public, they are advertising the police at large. Every adverse court case, such as that of Huntly also forms an opinion in the mind of the receiving individual.

Anglian Water

- Personal selling – door to door
- Publicity – through local press
- Sales Promotions – direct debit reductions, introductory offers for new customers, offers on water meter installation
- Direct mail – through bills
- Exhibitions – yes, local and national
- Sponsorship – involved with local sportsmen and teams
- Public relations – through marketing of efficiency, community involvement and biodiversity
- Advertising – on television and in local press

Anglian Water operates a more direct marketing strategy which is focussed at its customers, both making them feel valued (promoting the efficiency of the company) and also educating them, both in relation to other services operated by the company, and also to modify customer behaviour to limit waste. This shows an interesting dichotomy, in that the revenue from the purchase of water is less profitable to the company than the cost of processing used water.

The company uses direct mailing in customers' bills. They are also in the position of being able to monitor water use by meter readings, and are able to target customers who may benefit from installation of showers, or more efficient domestic appliances, thus being able to diversify into other sales opportunities.

The company also benefits from "free" advertising from those people who enjoy leisure activities on their reservoirs, from public awareness from company logos on vans, and from involvement with schools and biodiversity action groups.

Anglian water also publicise themselves through television adverts, particularly in relation to how they can assist their customers, through large print bills, through "vulnerable customer" schemes etc. This again reinforces their image as a caring organisation which operates efficiently as part of the community.

Overall – police educate public with a view to reducing demand on resources by reducing opportunistic crime. Additionally, by communicating services, quality of life of local residents improves. Much of this advertisement is carried out with sponsorship of private companies, as the police simply do not have the budget to advertise effectively.

Anglian Water wish to educate the public about their services, and increase the demand for their services. They can directly target specific demographic groups to improve the relationship marketing of the organisation. They can also improve public perception of the organisation as one which is community focussed and environmentally aware, thus improving the attraction of the companies shares to potential "green" investors. They also assist public sector organisations, such as the police, through sponsorship of awareness campaigns such as discouraging bogus callers.

Lincolnshire police utilise advertising as a supplementary means of achieving its objectives.

While providing a service rather than sales, advertising can be effective as:

- The product or service is standardised – yes, law enforcement
- There are many end users – 646,500 residents, plus migrants
- The purchase quantity is small – possibly, not everyone needs the police
- Sales made through intermediaries – no, but partner agencies assist in service delivery such as Highways Agency, local councils etc

Lincs Police operate a small amount of Conviction Marketing – mainly through its website, where it highlights areas of good practice. Good results are also distributed through the media, and the Police Authority issues an annual report and summary circulated with council tax bills each year.

Social Cause Advertising – intended to change behaviour – very much utilised by the police.

A classic example within Lincolnshire was Operation Carriage – this was meant to reduce car crime. Boards were erected in car parks to remind people to hide valuables. Patrolling officers would note cars with valuables on display, and letters would then be sent to the registered keepers. Additionally active car criminals were sent letters informing them that they were under active surveillance. The whole operation was publicised in the local press and local television news programs.

The campaign

- Informed people of the problem
- Persuaded people to change their behaviour
- Reinforced good behaviour by reinforcing the message.
- Was relevant – reducing personal loss and damage
- Was clear – “Don’t give thieves a chance”
- Consistent - with the aims of the service to reduce crime.

The campaign was run for a 3 month period, and resulted in a 10% reduction in car crime over that period compared with the same period the previous year. It also had other benefits in raising the profile of the organisation, and in public satisfaction – more officers on patrol in car parks where they could be seen. As a result, the campaign was a success for the organisation, highlighting the dangers of car crime in general while specifically targeting those at risk.

Anglian Water also use advertising in terms of increasing sales and diversifying their product market to their 5.6 million domestic customers.

A direct comparison with Lincs Police can be seen in relation to the use of advertising by the company to affect the behaviour of their customers, as can be seen in this example of direct marketing.

“Anglian Water identified 440,000 households in selected postal sectors throughout their region, nominated as high-risk drought areas. The objective was to deliver a water dispenser, which when inserted into a toilet system would save water every time the system was flushed, plus accompanying promotional literature, enclosed in a polybag. The bag would not however fit through a letterbox, so the client, in close association with free newspaper publishers, created a new distribution technique and over a twelve week period, 97.5% of packages were delivered and subsequent independent research showed that almost 40% of consumers were using or intended to use the displacer.” Direct Marketing Association (online).

Again the above example highlights the specific targeting of the organisation:

- Relevant – High, targeted at high-risk drought areas
- Clarity – High – 40% of people had taken the idea on board
- Consistency – linked to public concern about the environment and cost effective services
- Choice of medium – carefully considered to ensure the material would successfully be delivered to the right households in an appropriate manner
- Scope for improvement – researching in advance to ensure initial distribution system would have been effective.

As previously described – Anglian Water also utilises direct mailing systems within its bills to highlight other services it can provide to its customers. It also produces public information films in relation to hosepipe bans and other ways in which people can save water. This links effectively to current environmental concerns in the population at large.

It is perhaps interesting to note that even though water customers can easily switch suppliers, and have advance knowledge of savings from websites such as USWITCH, less than 40% of water consumers have considered such a move. This could indicate consumer satisfaction with the company as it currently exists.

It is difficult to recommend changes to the respective campaigns of the organisations, as both are clearly successful in relation to their stated objectives. What is interesting is that the greater budget of the private company will always allow their message to reach a greater number of people than the police. The challenge for both is to measure the cost effectiveness of the campaigns. For the police – does the time and money spent during the campaign reflect savings in not having to attend reports of break ins. For Anglian Water, do they recoup monies spent in terms of financial savings, or on profits generated through new products, or savings on supply costs?

If the answer to these questions is “yes” then the campaigns are successful, if not they will have to be re-evaluated and changes made to ensure a more successful result in the future.

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