

## The role of the media in terms of political and regulatory uncertainty and risk regarding fairness and the environment in the energy and water sectors

### Working note – April 2019

#### Background

Sustainability First's major Fair for the Future Project is helping the energy and water sectors to better address the politics of fairness and the environment. The Project has two workstreams: developing a 'Sustainable Licence to Operate' (we produced a [Strawman](#) in October 2018 to stimulate and provide a framework for discussions); and mapping political and regulatory risk and uncertainty in terms of fairness and the environment.

This working note is part of our risk workstream. This workstream is developing a more inclusive way of mapping political and regulatory uncertainty and risk in these areas so that nothing is 'left out'. In October 2018 we produced a [Discussion Paper](#) on 'conventional approaches' to uncertainty and risk in the sectors. This working note is the second in a series which is examining how uncertainty and risk are changing in our 'disrupted world.' It examines the role that the media can play in this regard. It follows a complementary paper on how risk and uncertainty in terms of fairness and the environment is shaped by civil society and forthcoming papers on the consumer/citizen 'lived experience' and the environment. The four notes will then be combined into a new Discussion Paper.

#### Executive summary

1. The advent of online and digital platforms has meant a seismic shift in the global media landscape, bringing about new modes of media production, distribution, and consumption. In addition to the 24/7 news cycles adopted by 'traditional' media players and the greater scope allowed by online news sources, social media sites such as Facebook and Twitter have encouraged a far greater degree of **interconnectivity and blurring of lines** between citizens, consumers, media players and corporations – including energy and water companies.
2. These new channels are no longer largely 'one-way.' At their heart, they often consist of continuous, dynamic and instantaneous **feedback loops** that can provide easily accessible and inclusive multi-directional platforms for all actors to network, spread their messages and share ideas.
3. It is vital that energy and water companies learn the lessons needed to navigate this 'disrupted' space and what it means for their business models. At the same time, the continuing importance of older and still widely-accessed forms of media should not be overlooked.

4. To some degree, new media represents **new political and regulatory uncertainty and risk**:
  - **Speed and range** – The dynamic nature of social media can create uncertainty. The fast rate and boundless range of activity can be difficult to predict and almost impossible to control.
  - **Nowhere to hide** – Social media can make companies ‘porous’ to the outside world and turn them ‘inside out’. Crises that might once have been internally managed, locally contained, or dealt with in a slow considered way may now ‘blow up’ on social media, causing a double bind for energy and water companies of reputational damage among consumers on the one hand, and on the other an increased likelihood of reaction, criticism, or censure from politicians and regulators who may feel ‘bounced’ into responding.
  - **Feelings over facts** – The more visual, personalised and identity-based nature of social media can easily play to emotions, strip away the context in which something has happened and encourage people to be ‘quick to rush to judgement’. Energy and water companies which have traditionally been led by rational engineers, accountants, or economists can struggle to adapt to this new way of communicating and may be particularly sensitive around issues of judgement given society and the environment are dependent on their services. Without attention, stories can go viral and potentially escalate out of control, making a rational explanation of the facts more difficult. At the same time, ‘filter bubbles’ can exacerbate confirmation bias and reduce the range of views heard about energy and water issues.
  
5. However, we would argue that new media also represents a significant **opportunity to mitigate against risk and uncertainty**:
  - **Far reaching and more targeted messaging** – Companies can now communicate to wider audiences – and at the same time specific customer segments and groups – with greater speed and clarity and at relatively low cost than can be the case with traditional media.
  - **Data driven insights to improve services** – Social media itself creates unparalleled amounts of data about consumer views, preferences, experiences and behaviours which companies can collect and analyse to reveal new insights to monitor performance (including in terms of conduct and how customers are treated) and improve and better target services. In this way, it can be used to help predict and prevent problems people may have, improve incident response and ensure all consumers, including those in vulnerable situations, are better supported. Clearly concerns around data protection and consent, which vary widely between consumers, need to be respected here in order to ensure that this opportunity for improving services does not backfire.

- **Platforms for new voices and more inclusive approaches** – Social media can in some ways be more ‘democratic’, enabling different groups of people to communicate with energy and water companies than may have done so in the past. Handled carefully, this can potentially help to address the legitimacy challenge of some utilities.
  - **Amplifying public purpose** – New media can be used to convey messaging around accountability and transparency, fairness and the environment – but only where companies can truly demonstrate the efficacy of the actions they have taken to promote these goals. This will only grow more important in the current context of continuing public and regulatory concern around company transparency and fairness.
6. Untapping the opportunities afforded by the shifting media landscape requires **substantive purposeful action** on behalf of energy and water companies. As in the case of traditional media, companies cannot ‘communicate their way’ out of problems. As always, they need to have a clear idea about their purpose and objectives, what they want to achieve, what they are doing ‘on the ground’ to address any issues, and what content will persuade people that their message is meaningful.
7. What may be different is that in the social media world, **the messenger** may often be increasingly important, whether this is personal communication from the top of the company, well known ‘influencers’, or trusted third-party endorsers. To cope with the dynamic nature of social media, companies that have **strong and embedded values** – so that staff know how best to respond to problems and ‘do the right thing’ – are less likely to be wrong footed by fast moving adverse publicity.

### What do we mean by ‘old’ and ‘new’ media, and how are these used by UK consumers?

#### Media ‘old’ and ‘new’

8. Whereas ‘old’, ‘traditional’, or ‘conventional’ media generally refers to one-way mass communication platforms such as print, radio, and television, ‘new’ media refers to our current networked, interactive plethora of two-way or multi-directional channels. New media is a **‘convergence of media technologies and of digital computing’**.<sup>1</sup> Established print media players have had to adapt to ensure the centrality of digital and the internet to their business models. However, the impact of new media goes wider than the communications sector; businesses across the economy, including energy and water companies, are being disrupted by these changes as they are almost inseparable from the wider **data revolution**.

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<sup>1</sup> Lev Manovich, ‘New media: a user’s guide’ (1999), p.14, [http://manovich.net/content/04-projects/026-new-media-a-user-s-guide/23\\_article\\_1999.pdf](http://manovich.net/content/04-projects/026-new-media-a-user-s-guide/23_article_1999.pdf).

### Trends in UK media consumption

9. Despite the rapid growth of new media, traditional forms of media have continued to hold significant sway among UK consumers. Ofcom's 2018 *News Consumption in the UK* study for example finds that **television remains the most-used media platform** among UK adults, with 79% accessing their news in this way. 44% of adults use radio for news, while 40% use newspapers.
10. However, these more conventional forms are losing ground to social media 'disruptors'. The **internet** is now the most popular **news platform** for UK 16- to 24-year-olds and ethnic minority groups respectively. Overall, the internet is the UK's second most popular news source, used by 64% of adults. Social media is also now the most popular type of online news, used by 44% of UK adults.
11. **Socio-economic status and age** are significant determinants of one's preferred method of media consumption. Affluent ABC1 consumers are for example more likely to access internet news than those in the C2DE grouping.<sup>2</sup> There are also generational discrepancies in the social media usage of UK adults. Whereas YouTube, Instagram, and Snapchat are most popular among 16- to 25-year-olds, older adults tend to prefer Facebook and WhatsApp.<sup>3</sup>
12. Any energy and water company **media strategy must account for this varied platform landscape**. If providers of universally used services such as energy and water do not know how to use the appropriate channels to communicate with the full range of their stakeholders, they may face the increased risk of not being perceived to be 'fair' in their work and approach.

### Trust in new media

13. Although old media revenues have taken a hit, **more established platforms are still largely regarded by consumers as more accurate, trustworthy, and impartial** than their new media competitors. Perhaps in some way due to its more established regulatory frameworks, television, still the most widely-used mass market medium, is also seen as one of the most trustworthy. Newspapers, radio, and magazines are also deemed to be significantly more accurate, trustworthy, and impartial – as well as of a higher quality – than social media sites.<sup>4</sup>

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<sup>2</sup> Ofcom, *News consumption in the UK: 2018* (July 2018), p.8, [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0024/116529/news-consumption-2018.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0024/116529/news-consumption-2018.pdf).

<sup>3</sup> Demos, *Plugged in: social action on social media* (September 2018), p. 25, <https://demosuk.wpengine.com/wp-content/uploads/2018/09/Plugged-In-Final-Report2.pdf>.

<sup>4</sup> Ofcom, *News consumption in the UK: 2018*, p.89.

14. These trends are in turn linked to the panic surrounding the age of so-called '**fake news**'. There is no doubt that social media can and does facilitate the spread of mis/disinformation at speed and scale. However, there is a danger in drawing a direct equivalence between 'fake news' on the one hand and social media and/or bogus viral news sites on the other. The public instead sees 'fake news' as a broader beast, to which politicians, old media, and others all contribute.<sup>5</sup> However, energy and water companies clearly need to be careful to ensure the media channels that they use and interact with are trustworthy and evidence based, for example, in terms of recognising the impacts of climate change.

### **What role can the media play in escalating political and regulatory uncertainty and risk?**

#### Platforms for sharing 'lived experience' of poor customer service and company behaviour

15. Consumers increasingly expect the customer service they receive from energy and water companies to be the same as that from other service providers. Social media can be a particularly powerful platform for everyone (employees as well as customers and wider stakeholders) to share their actual experiences of company conduct and how they have been treated, as well as how this may or may not measure up to the standards they receive elsewhere ('You would not be treated in this way by X') or the company's stated intent in terms of performance. Anyone can post their personal stories – and those with problems may be more motivated to do so – with minimal effort and even anonymously. Uploaded **images** from a smart phone of insensitive billing information, sewer flooding, or dark homes without power can lead to an **emotional response** and may 'cut through' and resonate with the wider public more effectively than any amount of facts and figures.
16. In this way, social media platforms can act as **live fora for expressing customer discontent**. This is then amplified by mass media outlets with a wider reach, allowing non-customers to read streams of negative, particularised criticism of specific companies. In the UK, water companies were hit with large fines, saw their profits decline, and were strongly criticised by the regulator for pipe leakage in response to the 2018 'Beast from the East' weather event. However, companies' reputation was also damaged by the constant drip of public criticism emanating from social media

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<sup>5</sup> Rasmus Kleis Nielsen and Lucas Graves, Reuters Institute for the Study of Journalism, "News you don't believe": Audience perspectives on fake news' (October 2017), [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-10/Nielsen&Graves\\_factsheet\\_1710v3\\_FINAL\\_download.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-10/Nielsen&Graves_factsheet_1710v3_FINAL_download.pdf).

users, which was then broadcast to the huge numbers of people watching television news and reading newspaper reports.<sup>6</sup>

#### Amplified reputational risk associated with insufficient incident prediction and response

17. The increasing likelihood of **extreme weather events** represents an extensive risk to those operating in energy and water sectors, not only in meeting the direct needs of those affected, but also in communicating to consumers through the media relevant and timely response and recovery information. Failure to use the media (for example, community Facebook groups which may show where customers susceptible to disruption in a village may live) to predict and then respond appropriately to severe incidents can lead to public criticism and then further cycles of extensive negative media coverage.
18. Growth in social media usage has compounded such risks in that these **new media platforms can break down local and national boundaries** if local examples of poor incident/disruption management go viral. Companies may be ‘named and shamed’ where they have not predicted something already being trailed in the media and where responses are deemed to be unsatisfactory to their customers. Indeed, they may be mocked where they are seen to downplay and ‘manage’ incidents that to customers are extremely serious; US company Con Edison trended worldwide on Twitter in late 2018 after referring to an electric arc flash resulting from faulty equipment – which turned the New York skyline bright blue – as ‘a brief electrical fire’.<sup>7</sup>
19. With the possibility of **cyber disruption**, there is clearly a risk that in addition to incidents impacting on energy and water companies’ direct service delivery, the social media channels they may wish to use to communicate with their stakeholders could also be compromised.

#### Heightened media concern for issues relating to fairness and the environment

20. The relative uptick in media coverage of environmental, sustainability and responsible business issues can of course **shape public mood**. The BBC documentary Blue Planet II was the most watched show of 2017, its opening show attracting 14 million viewers and prompting a national media conversation - ‘The Blue Planet effect’<sup>8</sup> – around the

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<sup>6</sup> *Guardian*, ‘Thousands still without water in aftermath of snow chaos’, 4 March 2018, <https://www.theguardian.com/uk-news/2018/mar/04/thames-water-faces-criticism-as-20000-properties-remain-without-water>.

<sup>7</sup> <https://twitter.com/ConEdison/status/1078505216461410304>.

<sup>8</sup> *Business Green*, ‘The Blue Planet effect: BBC to ban single use plastics from 2020’, 14 February 2018, <https://www.businessgreen.com/bg/news/3026642/the-blue-planet-effect-bbc-to-ban-single-use-plastics->

issues of single-use plastics and plastic pollution. Landmark weather events in the UK are a source of constant media focus, with the BBC website's reporting of Storm Emma one of its most read articles of 2018.<sup>9</sup> The IPCC 1.5 °C report meanwhile hugely captured public imagination, the *Guardian* story reporting its publication having been shared nearly 130,000 times across social media platforms.<sup>10</sup>

21. Increased media interest in these issues can lead to **increased public scrutiny** of energy and water companies. If they are not compliant with their social and environmental statutory and licence requirements, this may in turn escalate political and regulatory risk. As policy and regulatory requirements can often lag behind social and environmental issues, or indeed be out of step with public expectations around what a responsible business should do in these areas, even compliant companies can face negative media comment if media platforms are able to share new evidence of companies not doing the perceived 'right thing'.

#### Investigative journalism and campaigning

22. **Investigative journalists** have long played a role in using their work to bring about change. Energy and water companies need to proactively share **content** with these journalists in order to explain their work and positions and to avoid these becoming the story. It is important to note that where companies are considered to have '**monopoly privilege**', there is likely to be a higher expectation that they will be fully transparent and proactive in providing stakeholders with information about their work.
23. Media platforms themselves can also **create space for other campaigners, politicians, policymakers, and regulators to call for or enact change**. Activist group Extinction Rebellion has for example been called a 'headline machine' in that its direct action is expressly designed to court media coverage, including through its stated policy of encouraging protestors to be arrested by police.<sup>11</sup> Politicians and political parties have also been keen to make use of new media in order to capitalise on the public appetite for policies dealing with fairness and the environment. For example, 41 Conservative

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[from-2020](http://www.ibt.org.uk/2018/06/15/the-blue-planet-effect/); *International Broadcasting Trust*, 'The Blue Planet effect', 18 June 2018, <http://www.ibt.org.uk/2018/06/15/the-blue-planet-effect/>.

<sup>9</sup>*BBC*, 'The BBC website's most-read stories of 2018', 23 December 2018, <https://www.bbc.co.uk/news/uk-46566544>.

<sup>10</sup>*Guardian*, 'We have 12 years to limit climate change catastrophe, warns UN', 8 October 2018, <https://www.theguardian.com/environment/2018/oct/08/global-warming-must-not-exceed-15c-warns-landmark-un-report>.

<sup>11</sup>*Guardian*, 'The climate crisis demands more than blocking roads, Extinction Rebellion', 26 November 2018, <https://www.theguardian.com/commentisfree/2018/nov/26/climate-crisis-blocking-roads-extinction-rebellion-labour>.

Members of Parliament pledged to ‘#GiveUpPlasticForLent’,<sup>12</sup> publicising the decision in a shareable Twitter video, and Jeremy Corbyn has promoted viral videos on his party’s support for the Swansea Bay tidal lagoon project.<sup>13</sup>

24. Nearly two-thirds of young people in fact regard social media as an essential part of achieving social change, as do a majority of those aged 35 to 50. Further, online campaigns and offline change are seen to share synergies in that **social media is deemed to make offline action more effective**.<sup>14</sup> Therefore, there is risk associated to energy and water companies that are not responsive to sustained calls for change from social media users, who after all may be customers, citizens, campaigners, or all three of these.

#### Political and regulatory responses and policy shifts

25. Media pressure and corresponding changes in the public mood may help to **hasten or indeed create political and regulatory policy shifts** that companies (including energy and water companies) may find it difficult to predict or deal with. For example, the media and public push on single-use plastics has contributed to the publication of the UK Government’s Resources and Waste Strategy, and, within months of the IPCC 1.5 °C report and subsequent coverage, Sadiq Khan published a 1.5 °C compatible plan for a zero-carbon London.

### **What role can the media play in better addressing political and regulatory uncertainty and risk?**

#### Extending reach and getting closer to customers

26. Changes in the media landscape enable companies to **communicate quickly and directly** with large customer and non-customer audiences in a way that is far more tailored to their needs and preferences. Multiple channels can now be used and approaches trialled and flexed more easily.
27. While social media can allow for negative customer reaction to be amplified, new media platforms also present an opportunity for energy and water companies to develop new insights from the data contained in social media feeds to **better understand their customers’ needs and preferences** and get closer to them. This can help improve their reach into different groups and more accurately **target**

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<sup>12</sup> <https://twitter.com/Conservatives/status/963805569688723458>.

<sup>13</sup> <https://twitter.com/jeremycorbyn/status/1003524249569525760>.

<sup>14</sup> 55% of young people in the UK believe social media makes positive offline change more likely to happen. Demos, *Plugged in*, p.6.

**communications messages.** From analysing customer conversations on their services on Twitter and other platforms, companies can **improve services, identify staff training needs, reduce complaints, and collect ideas for new areas of activity/innovation** – of course keeping in mind and respecting customer concerns around data protection and consent.

28. Getting close to customers through social media in this way can also help companies develop and refine their **behavioural ‘nudges’**. This is clearly important for companies that want to influence the **demand side**: for example, in discouraging people from flushing wet wipes down the toilet or fats, oils, and greases down the drain, or in getting consumers to save energy or use electricity away from the peak.
29. Digital platforms and mass media outlets are increasingly feeding off one another. However, it is important for companies to consider **new media as part of a holistic media landscape** and, crucially, **integral to wider business intelligence and data assets** rather than something siloed or set apart. Newer platforms ought to be afforded a similar degree of importance as older ones, especially as a younger generation of customers turn to social media as their go-to means of discerning information in an emergency.

#### Improving incident prediction and response

30. Analysing social media data also enables companies to **better predict and respond to severe incidents, making use of digital channels to deliver personalised, targeted and up-to-date communications to a company’s affected customer base**. The energy and water sectors are increasingly using **predictive analytics** techniques on data from social media (and other sources) to enable them to spot trends and patterns before problems emerge, enabling them to prevent these from happening. In this way, companies can be more **proactive** rather than wait to learn the lessons from a single severe and damaging incident.
31. Following flooding in the winter of 2013-2014 and the subsequent negative press for DNOs, operators learned lessons and began to institute a series of improvements to their communications arms. Not only were press offices bolstered, with the hiring of additional staff leading to improvements in the timeliness of customer response, but crucially internal data communications became better-developed. In response, companies realised that they cannot expect accurate and useful outward customer communications and engagement if there are not sufficient extant **internal communications infrastructures**.

32. Extreme weather events will grow increasingly likely with climate change. As the frequency of emergency communications increases, energy and water companies should be talking to one another and **learning lessons from the actions taken by firms in similar essential service sectors, or from countries where energy and water companies have adopted different or more sophisticated social media approaches.** While improvements have been made in this regard, particularly through the work undertaken with **Local Resilience Forums**, local authorities, and first responders, in some companies these are not always sufficiently proactive. In order to make these necessary improvements, companies need to better **navigate the often-tricky terrain of data privacy**, in part by becoming more engaged in formal bodies like the Local Resilience Forums.

#### A platform for new voices and developing more inclusive approaches

33. Social media can in some ways be more '**democratic**', enabling different groups of customers and stakeholders to communicate with energy and water companies than may have done so in the past (for example younger people, hard to reach groups, environmental interests, etc.). Opening up **new forums for sharing information and dialogue** can potentially improve transparency and start to help to address the **legitimacy challenge** of some utilities. However, it is important to remember that not everyone has **broadband access and skills** and many others may feel disempowered from using social media as a means of communication or may 'consciously object' to doing so.

34. There is a need for companies to cater for this type of **digital exclusion**, which can correspond to customers in vulnerable circumstances as well as those who live in rural areas. This is because unlike other companies, monopoly utilities have a **universal supply requirement** with which to comply. Here collaboration with others working in relevant areas may be beneficial for companies, for example partnerships with government or housing associations around issues such as assisted digital.

#### Amplifying public purpose, social responsibility and public interest activities

35. The media can also serve to address political and regulatory uncertainty and risk for energy and water companies through its capacity to generate positive coverage of organisations' ongoing **activities to further their public purpose.** Many energy and water companies report low levels of public understanding of what they actually do. Much positive work is being undertaken in the energy and water sectors, but it is not for the most part widely known among consumers and stakeholders – perhaps a partial reason for the negative public perception of energy and water companies.

36. There are a number of examples of good practice across the sectors in this area. The **Refill programme**, which aims to provide no-cost stations for consumers to refill their water bottles in every major English city and town by 2021, is one such case. Supported by Water UK and water companies, Refill is in one sense a reaction to the media-assisted campaign against single-use plastics, and it has also made smart use of new media in order to promote its sustainability aims. It has developed an app informing customers of their nearest refilling station in addition to using more traditional means such as shop window signage. The scheme uses social media as a means of promoting those businesses and companies that have partnered with it, therefore encouraging engagement from other organisations, and has also made use of third-party endorsers from politicians to radio presenters.<sup>15</sup>
37. The Refill scheme has proven popular with the public: there are 15,000 refill stations featured on the app, which has received 90,000 downloads.<sup>16</sup> Water companies can **signal-boost** their connection with popular campaigns like these, capitalising on the kinds of trends that led 'single-use' to be named 2018's word of the year.<sup>17</sup> Some could also do more to **publicise the campaigns they are already leading** and which are likely to receive similar public buy-in, such as Anglian Water's plan to eradicate plastic waste in the East of England by 2030<sup>18</sup> or the energy hardship funds earmarked for customers in vulnerable situations by suppliers including British Gas, E.ON, npower, OVO, Scottish Power, SSE, and EDF Energy.<sup>19</sup>
38. **Narrowing the gap between public perception and reality** is vital if water and energy companies are to build trust; for example, most consumers simply will not know that debt-related energy disconnections fell by 92% from 2016 to 2017.<sup>20</sup> To some extent, this will involve communicating externally what is already known internally.

#### The media and shifting the dial on 'well-founded' trust

39. Sound public relations messaging and social media strategies ultimately count for little if the action being communicated is not serious, substantial, or of significant public benefit. In communicating their messages and amplifying their public purpose, it is crucial therefore that companies can back up their media messages with

<sup>15</sup> <https://refill.org.uk/partners/supporters/>; <https://twitter.com/Refill/status/1045268959346532352>.

<sup>16</sup> Refill, '2019 – the year of the refill revolution' (20 December 2018), <https://medium.com/refill-community/so-long-farewell-2018-1227640bda93>.

<sup>17</sup> *Business Green*, 'How 'Single-use' became the 2018 Word of the Year' (7 November 2018), <https://www.businessgreen.com/bg/news/3065810/single-use-2018-word-of-the-year>.

<sup>18</sup> *Utility Week*, 'Anglian Water pledges to rid East of England of plastic waste' (11 June 2018), <https://utilityweek.co.uk/anglian-water-pledges-rid-east-england-plastic-waste/>.

<sup>19</sup> Ofgem, *Vulnerable customers in the energy market: 2018* (June 2018), pp. 24-25, [https://www.ofgem.gov.uk/system/files/docs/2018/11/vulnerability\\_report\\_2018.pdf](https://www.ofgem.gov.uk/system/files/docs/2018/11/vulnerability_report_2018.pdf).

<sup>20</sup> Ofgem, *Vulnerable customers*, p.33.

substantive action, sufficient capacity to change, and competent delivery ability in order to avoid over-promising and under-delivering, or, at worst, being seen to be hypocritical.

40. The water sector's Refill scheme has proven successful because it is delivering **tangible outcomes in line with the public mood**. More straightforward PR strategies, or reactive responses such as the additional hiring of social media staff in the aftermath of a one-time severe incident, while they may be necessary, are far less likely to result in reputational upticks for energy and water businesses. Such measures may result in short-term improvements and may even result in a building up of the level of corporate trust. Ultimately, however, a longer-term, more proactive strategy will be required.
41. Companies need to show that they are not just 'trusted' but **'trustworthy'**, that is, 'worthy of another's trust'.<sup>21</sup> It is entirely possible that an energy or water company may be seen as 'trusted' by the public where it has a well-staffed, well-run, and well-trained communications function able to readily respond to problems and to communicate broader business activities. However, this does not mean that the business itself is 'trustworthy'; the same company could well fail to institute the lessons learned from customer service issues and incidents, leading to repeat cases and ultimately a weakening of customer confidence. Where 'trusted' companies remain vulnerable to poor service and shocks, **'trustworthy' companies will be more reputationally resilient**.
42. For example, United Utilities came in for substantial criticism, fines, and legal action in relation to the Franklaw water treatment cryptosporidium incident in 2015. Its response to the contamination and continuing negative coverage in local newspaper outlets was what the regulator termed a 'thorough review of its... communications with customers and other stakeholders'.<sup>22</sup> This was married to a series of steps designed to reduce the potential for future incidents and mitigate the effects felt by at-risk customers, including more robust flood testing, rigorous quality testing, investment in emergency tankers, and the creation of a priority scheme for vulnerable customers.<sup>23</sup>

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<sup>21</sup> Crean, Kirby, and Kirton, p.80.

<sup>22</sup> DWI, *Report of the Drinking Water Inspectorate's investigation into the cryptosporidium contamination of Franklaw treatment works in August 2015* (25 October 2017), p.53, [http://www.dwi.gov.uk/press-media/press-releases/Franklaw\\_Final\\_Report.pdf](http://www.dwi.gov.uk/press-media/press-releases/Franklaw_Final_Report.pdf).

<sup>23</sup> *Water Briefing*, 'United Utilities: cryptosporidium incident due to run-off water from agricultural land' (16 October 2017), <https://www.waterbriefing.org/home/company-news/item/14494-united-utilities-cryptosporidium-incident-due-to-run-off-water-from-agricultural-land>.

43. Whether the action taken proves adequate, either for the purposes of rebuilding and embedding customer trust or indeed averting similar incidents in the future, remains to be seen. However, it should be noted that the company was ranked in the top / leading category in Ofwat's January 2019 assessment for the PR19 price control. Energy and water companies ought to be mindful of and learn from such examples so that they might be proactive rather than reactive in addressing risk. This of course means a professional and well-staffed media operation that builds up relationships with local journalists in the 'good' times rather than the 'bad' and the ability to roll out a 24/7 real-time digital response across websites and social media platforms. But **proactivity also requires continuous cross-sectoral learning and communication and real investment in public interest initiatives.**
44. Where messaging is genuinely backed up by concrete action on the part of energy or water companies, or where companies have properly learned, instituted, and embedded lessons from prior incident responses, new media especially represents a huge opportunity for direct and personalised communication with customers and non-customers alike, particularly in an age where the influence of older or more traditional outlets, such as local newspapers, has declined.<sup>24</sup> This kind of communication – and the reputation for trustworthiness it can help businesses to establish – may then act as a bulwark against political and regulatory risk in energy and water sectors.

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<sup>24</sup> Press Gazette research indicates a net loss of at least 228 local newspapers in the UK since 2005. <https://www.pressgazette.co.uk/press-gazette-tells-cairncross-time-may-have-come-to-compel-google-and-facebook-to-support-local-news/>.