



Sustainable Communities
Sharing Knowledge

Three Waters

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Idiosyncrasies in New Zealanders'
willingness to pay for water services

The problem

#1 Cost of providing services is increasing

#2 We feel the need to give people what they have always had, or what they ask for

#3 Demand for transparency and efficiency



Question:

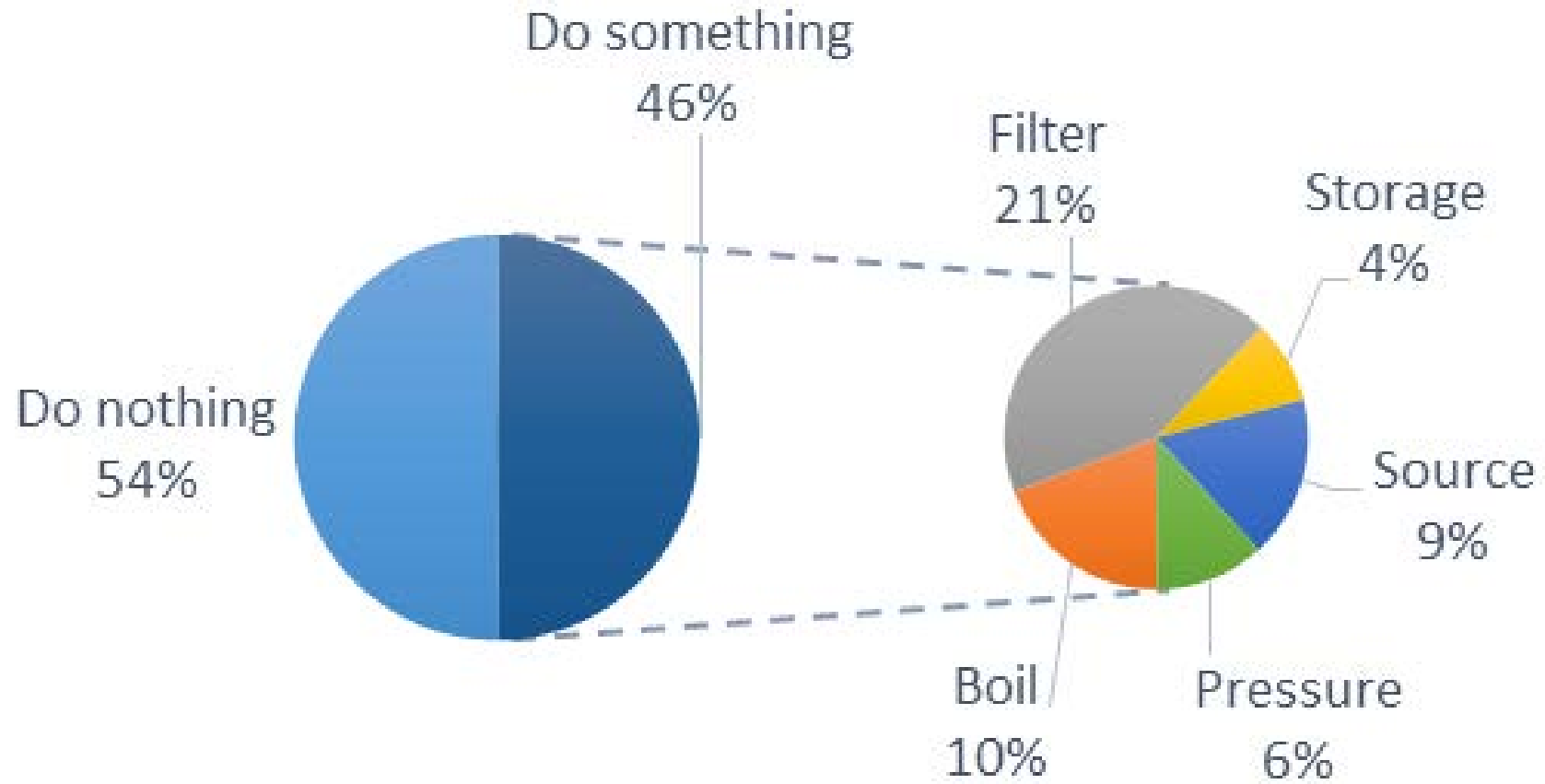
What do people value enough to pay more for?



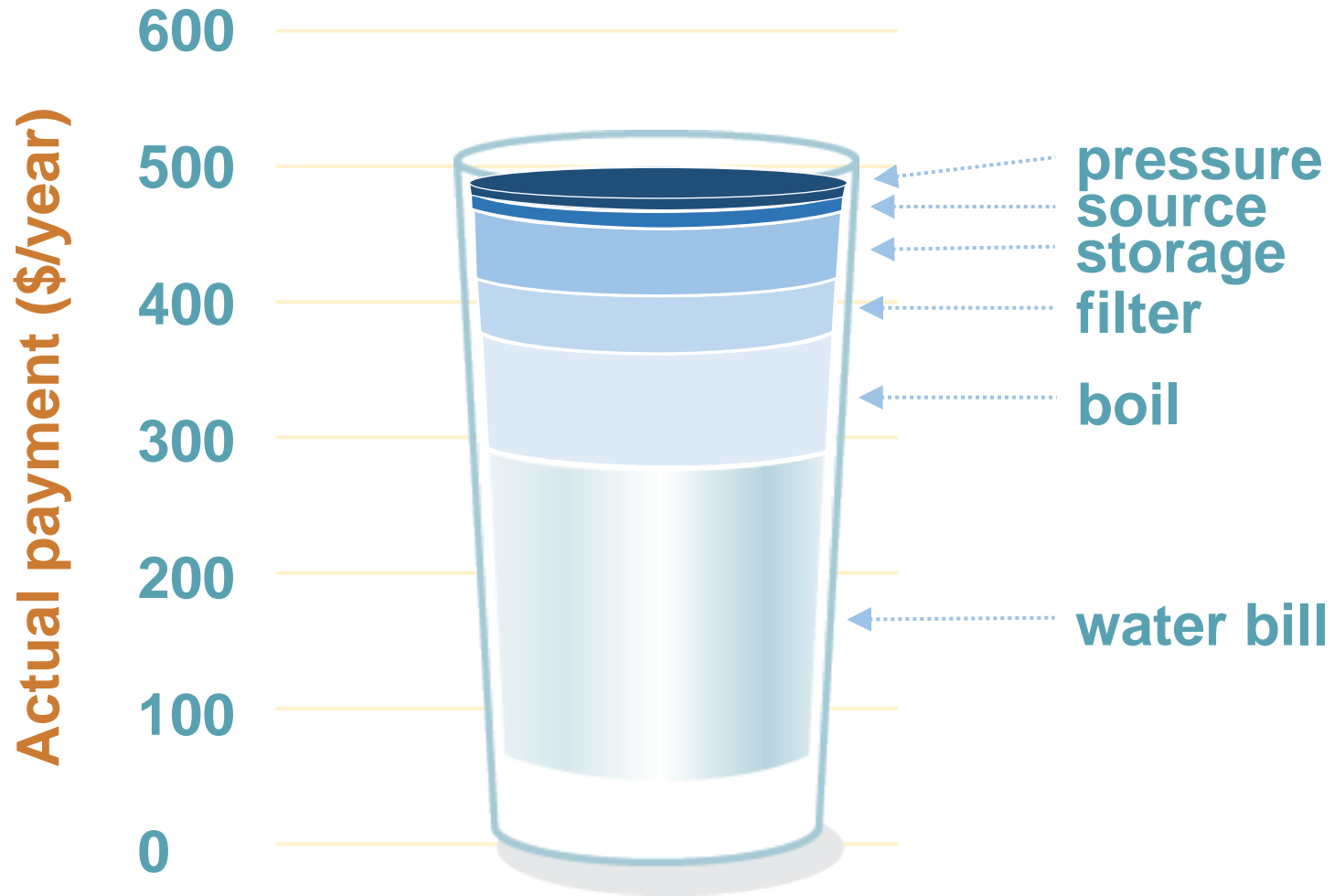
We assume customers care about:

- Protection from illness
- Taste & odour
- Water restrictions
- Water pressure
- Service interruptions
- Environment?
- Watering gardens?

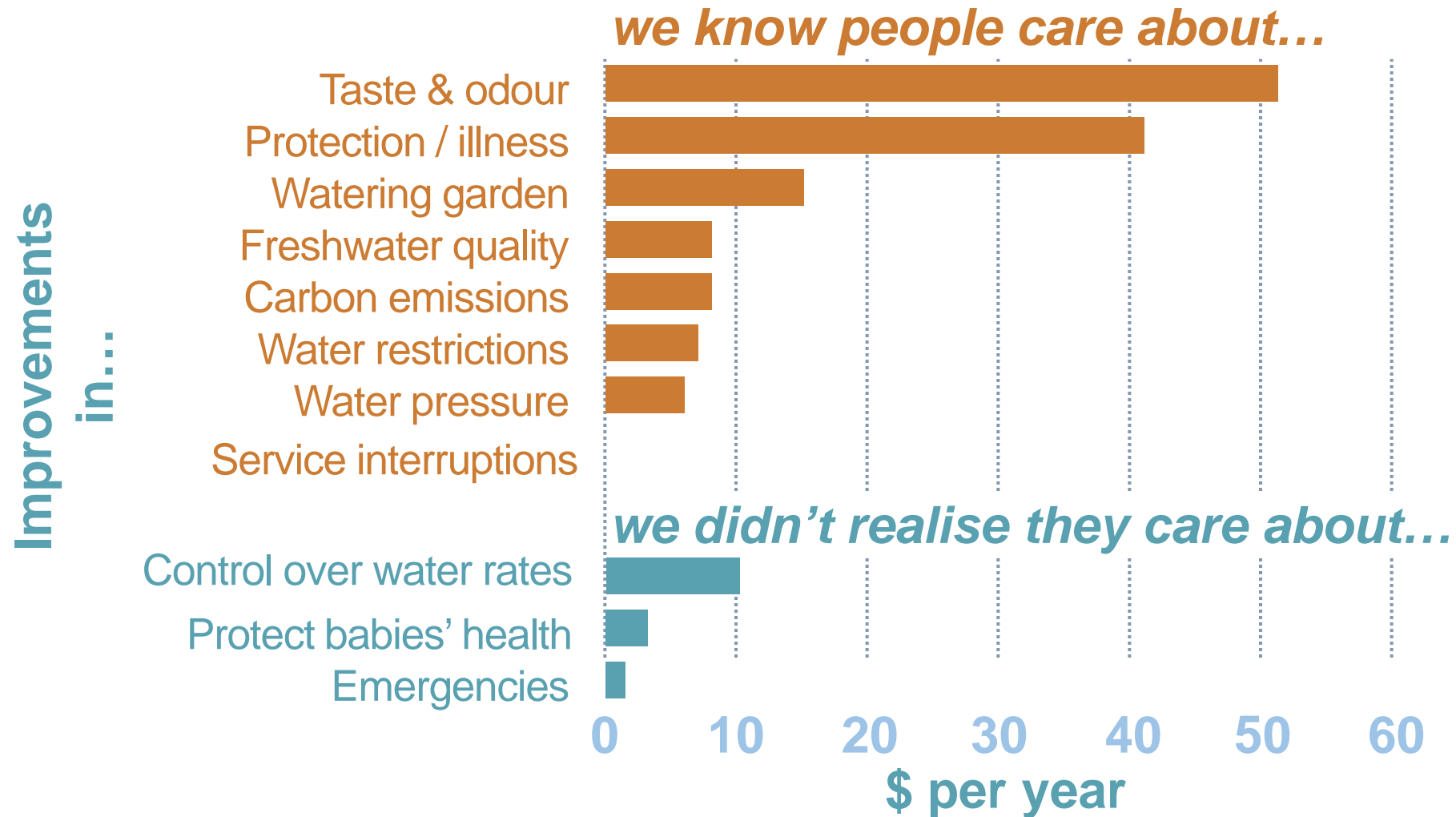




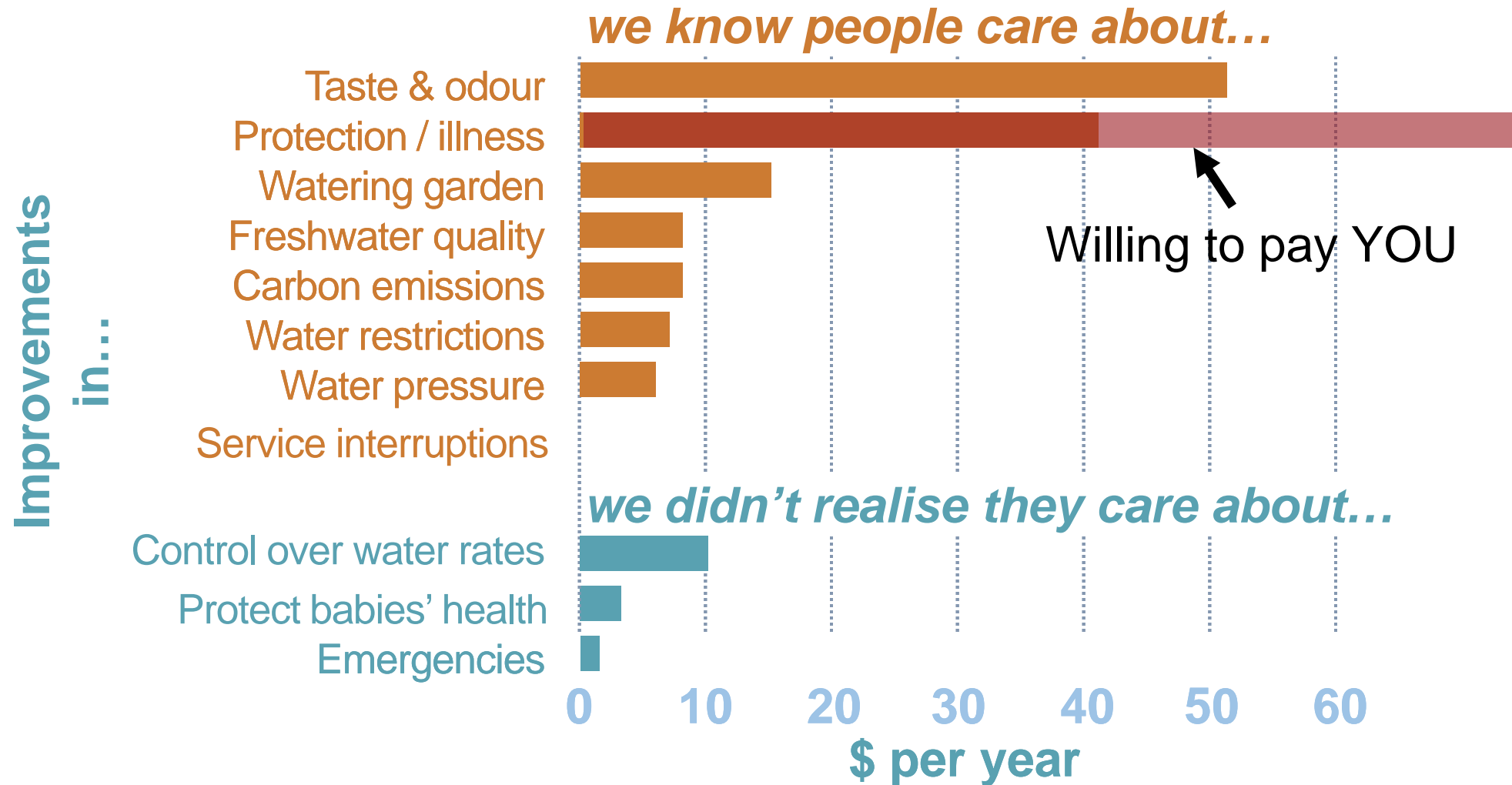
Spend=Values?



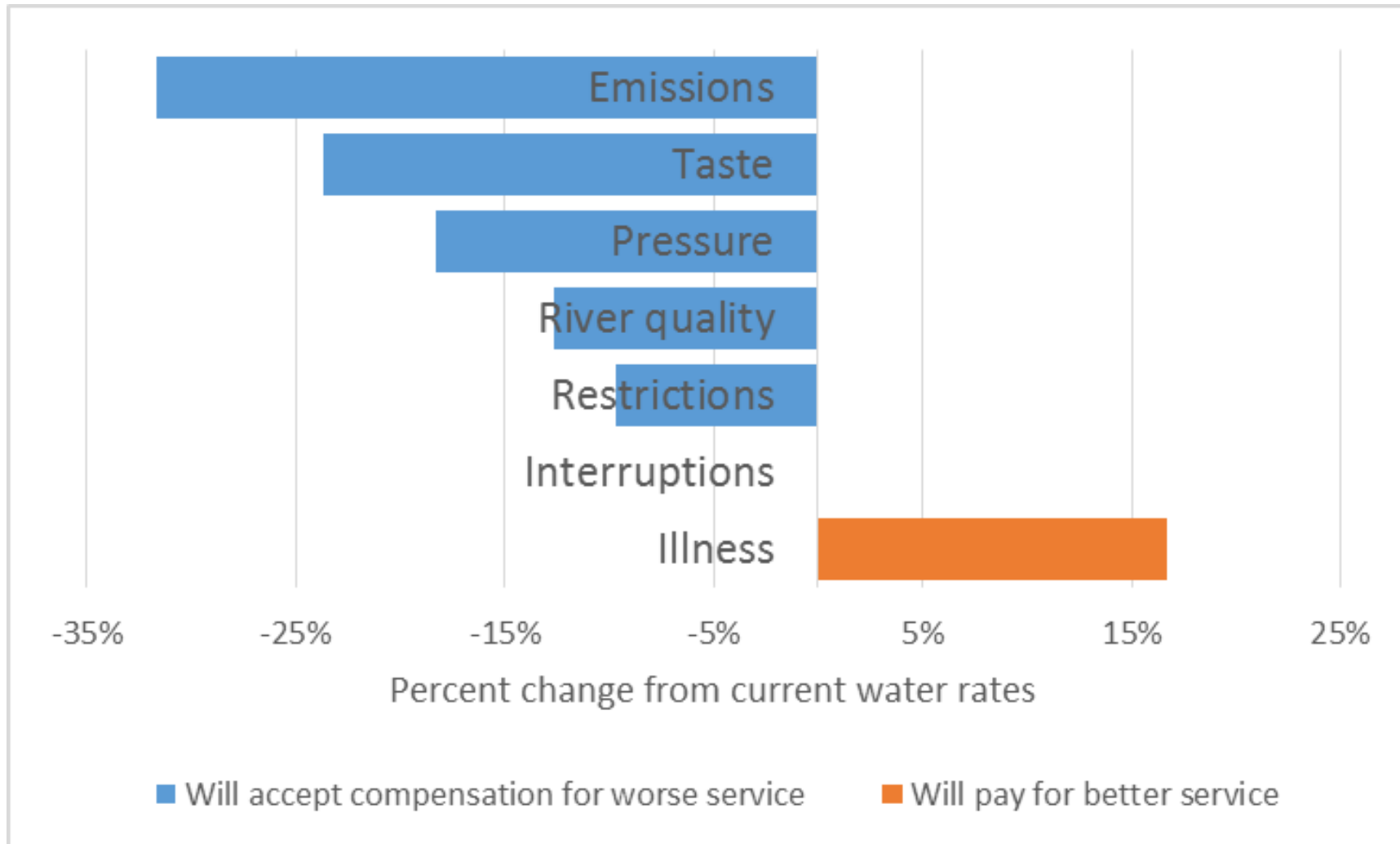
The truth: Customers care about...

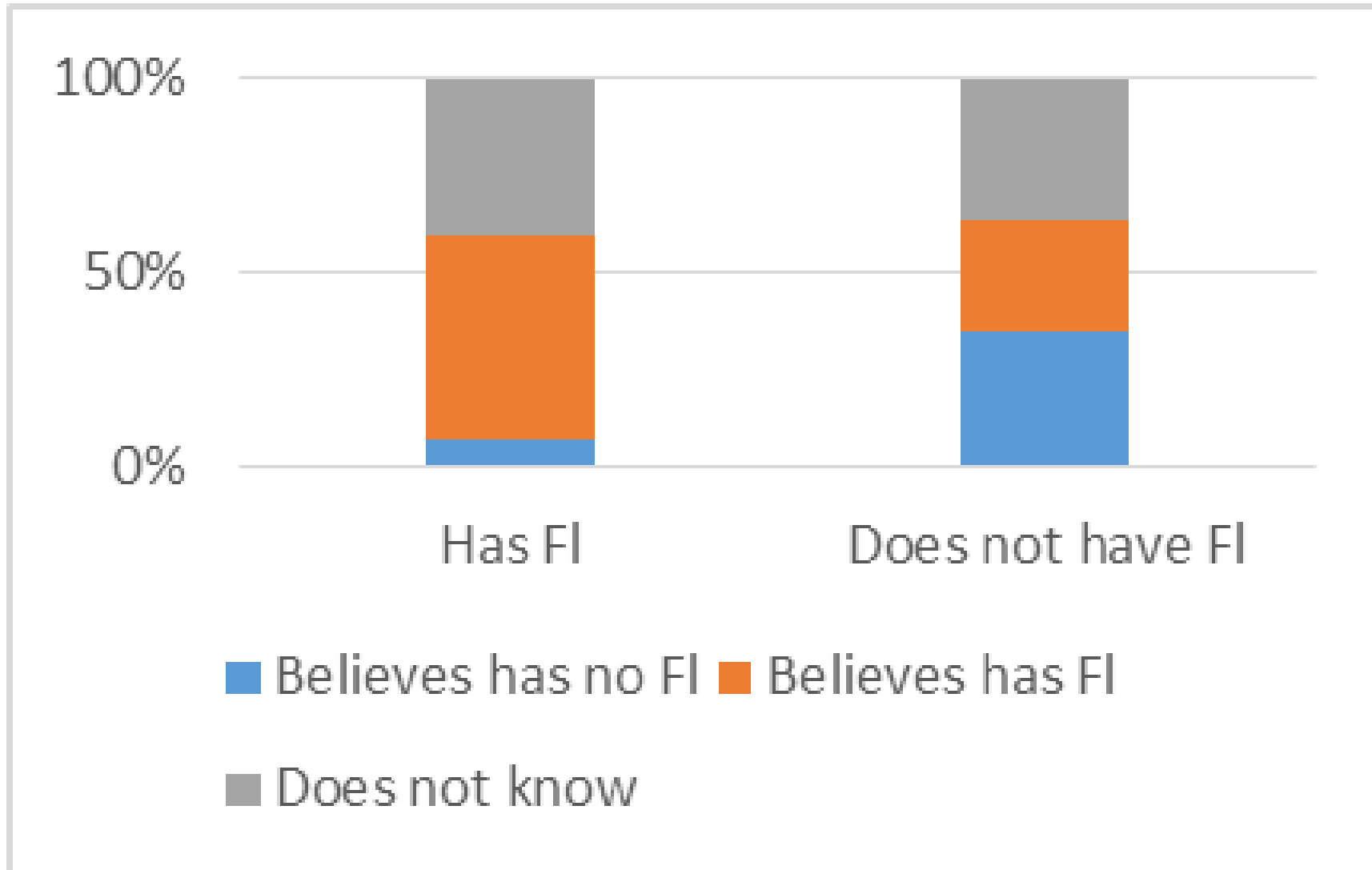


The truth: Customers care about...



What if you want to reduce service level?

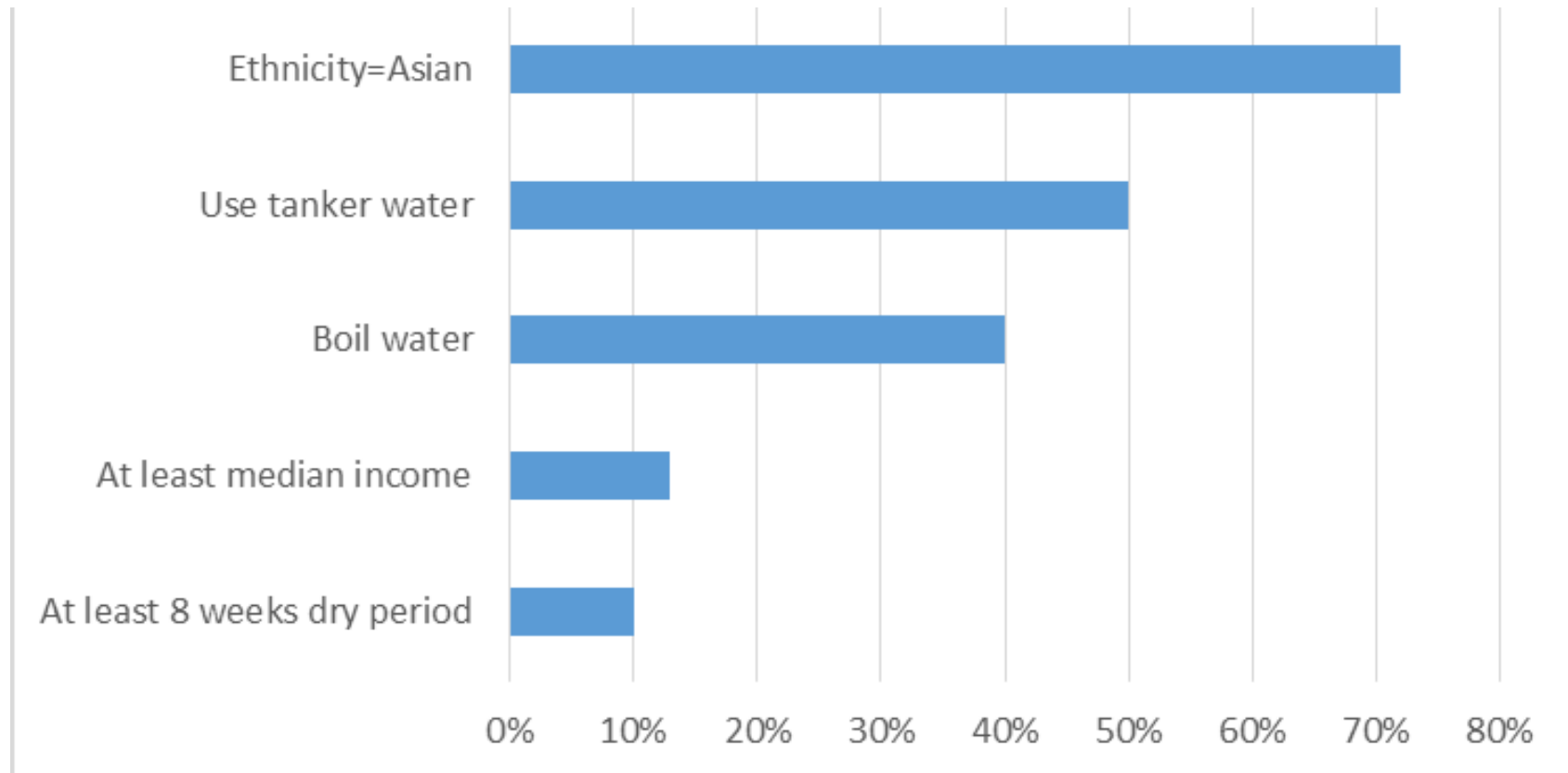




Excellent tasting water → 18X more likely
to state water supplier is “very efficient”

What makes people want to rely on you?

Increased likelihood of wanting to connect if...

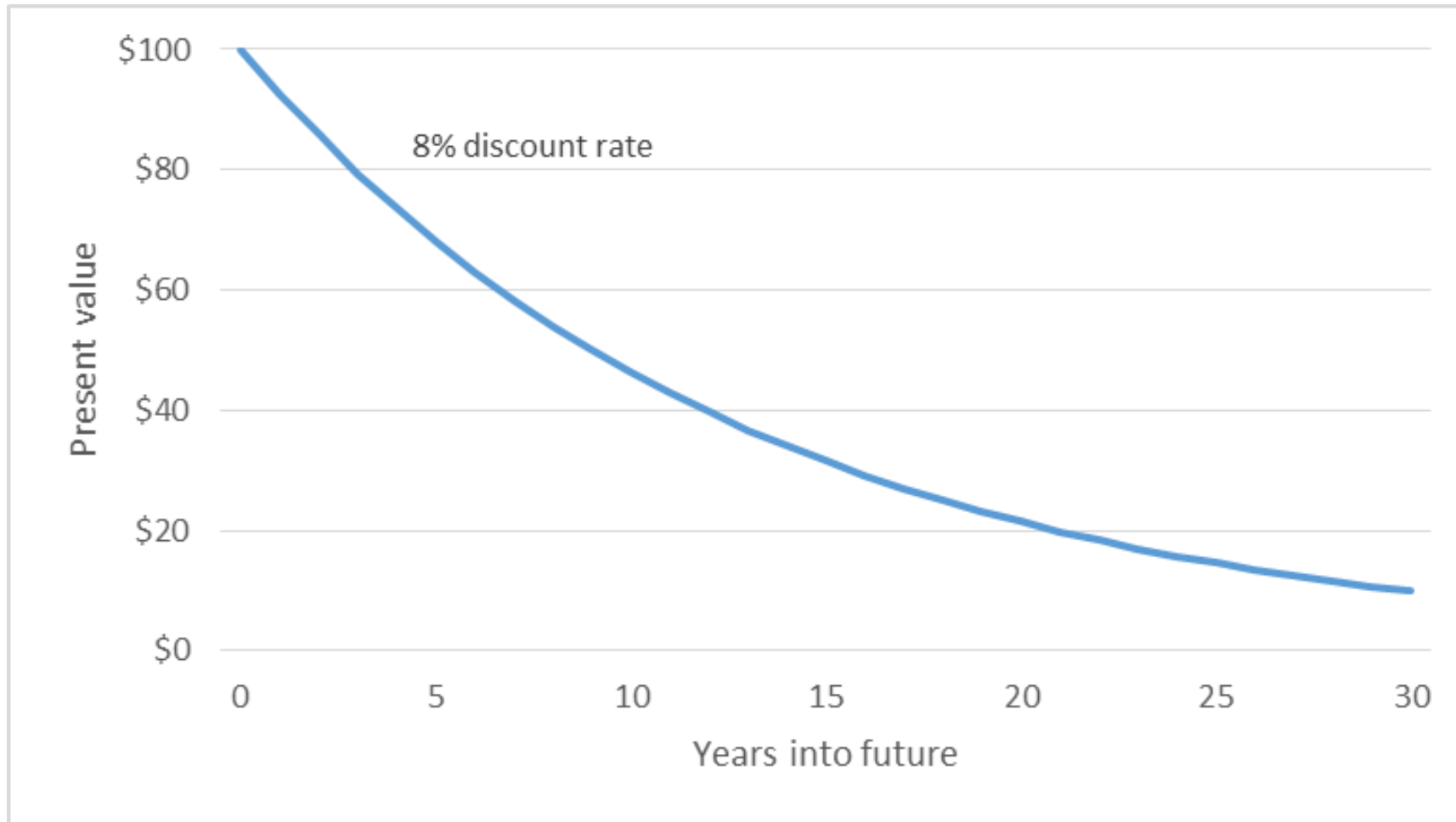


- We don't value everything that's important to people
- Also learned:
 - Control is important
 - Feedback is important
 - YOU don't always have to adjust level of service

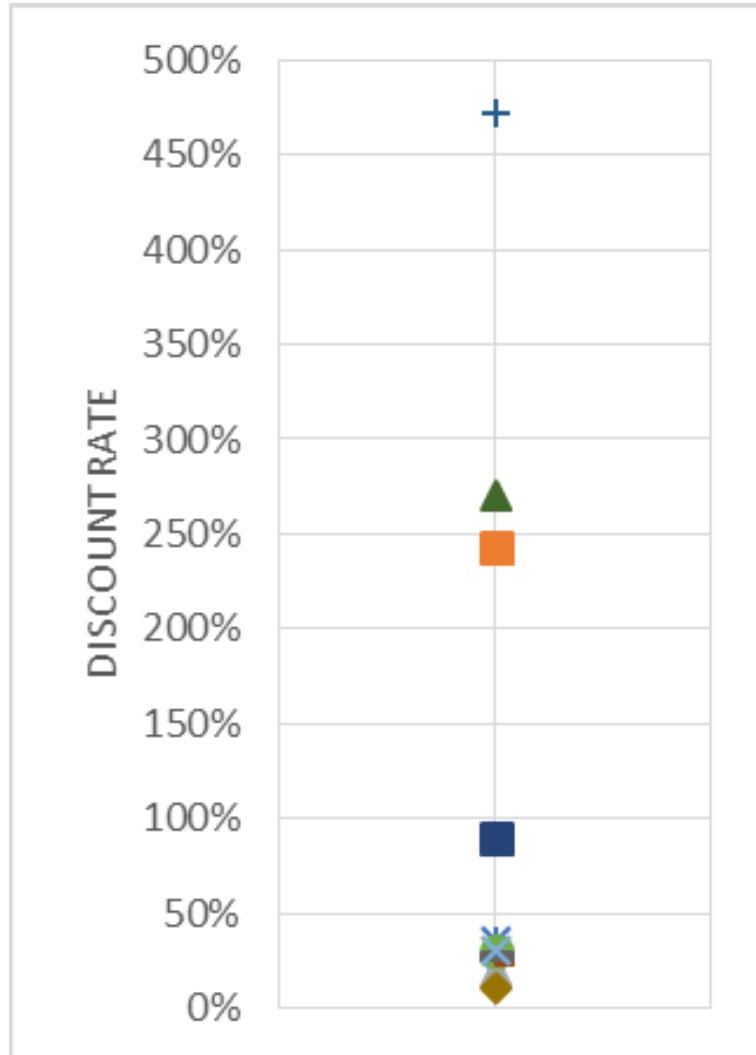
Looking to the future



Discount rates



Depends very much on situation



Private financial returns

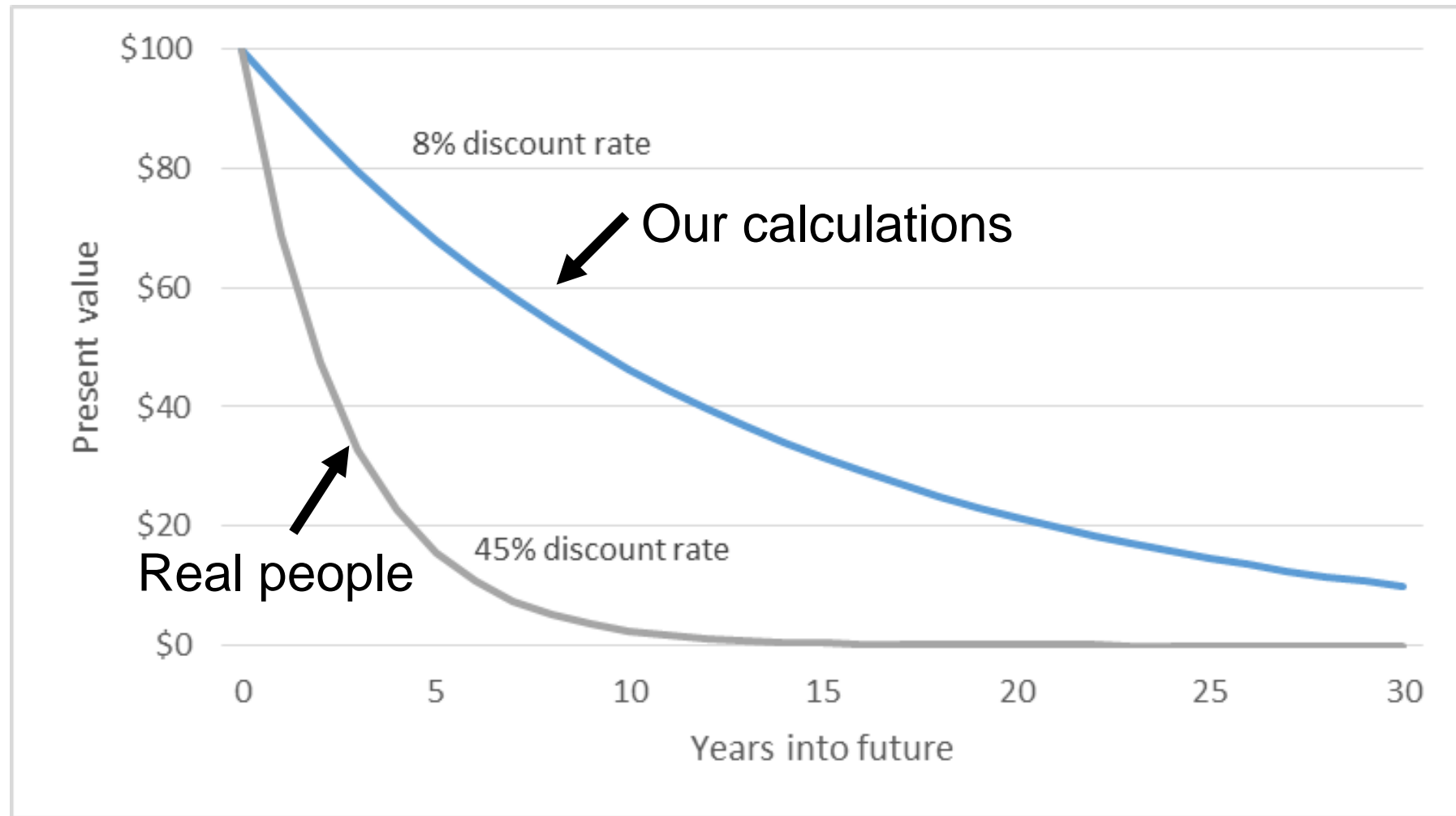
Household appliances
Salmon restoration

Wait times at ski resorts
Household appliances
Private financial returns

Discount rates



Discount rates





How people handle historic information



7% of people only consider the present

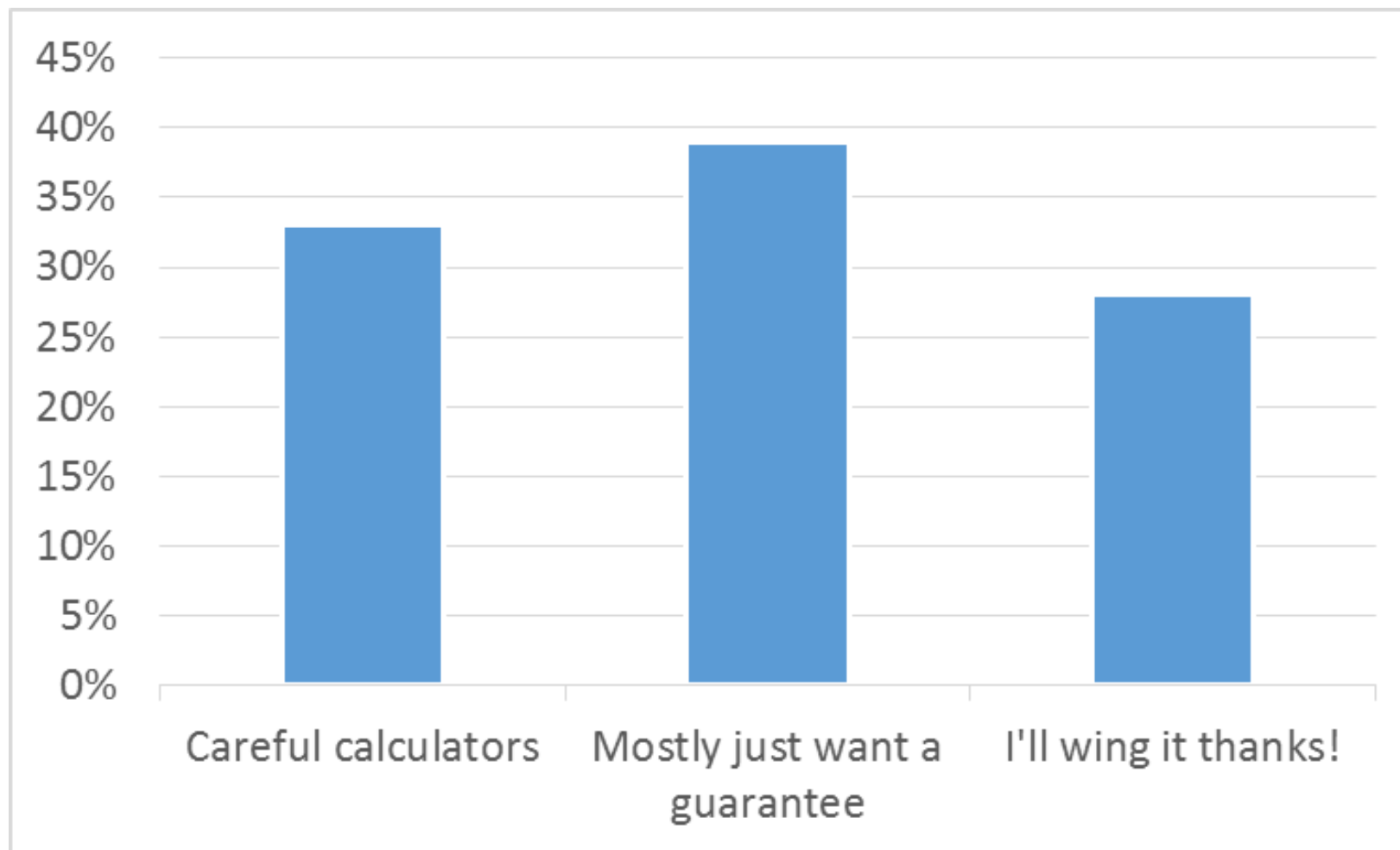


73% of people mostly consider the past

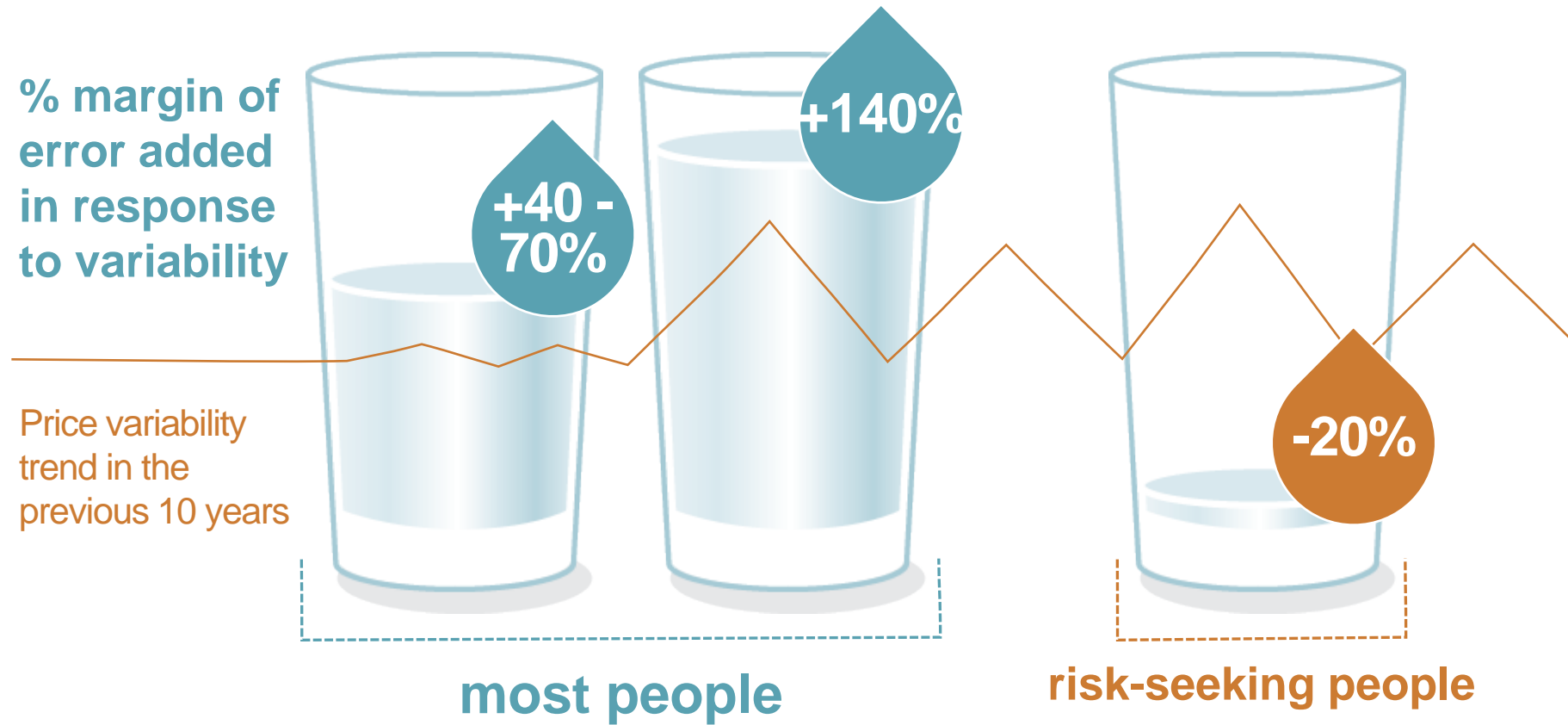


20% of people use all available
information

How people handle historic information

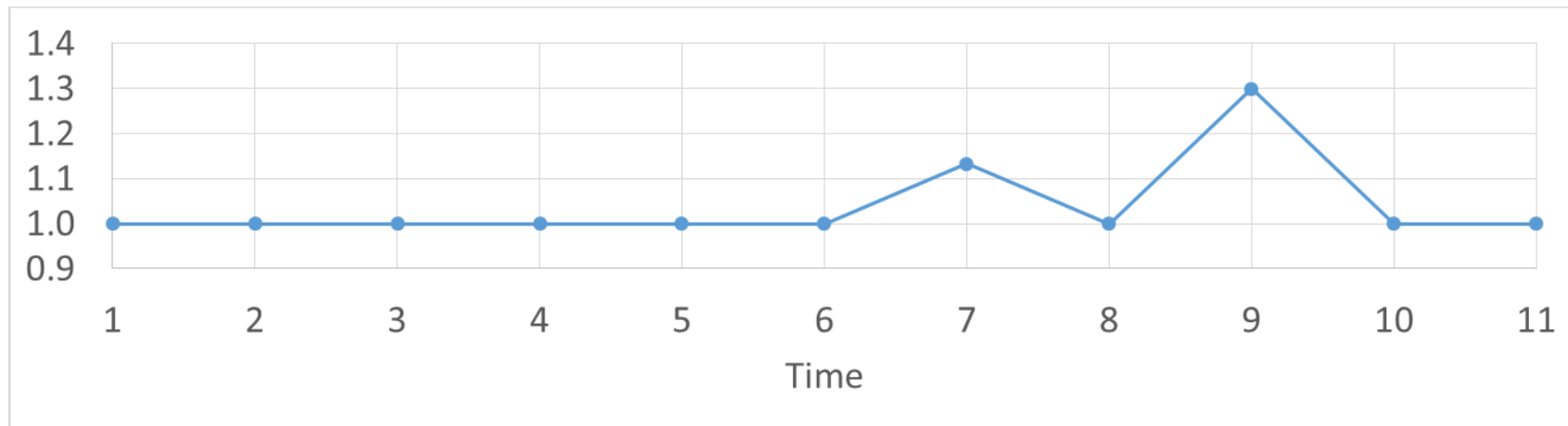


How people handle uncertainty



How people handle uncertainty

The tipping point for this variability looks something like this:



Model doesn't work for user-pay customers



- Control
- Feedback
- Awareness
- Generally trusting
- Prefer status quo
- Who and how they pay matters
- Story



Getting around common challenges & pitfalls:

- Hypothetical situations
- Awareness of actual situation
- Linearity of willingness to pay
- Availability of alternatives and perceived control



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Questions & Observations