

# SME Energy Consumer Information Research

November 2023



# How many SMEs does it take to change a lightbulb? All of them.

We commissioned a national survey of 400 small business energy consumers (operating many different types of business) and found that 35% are finding it difficult to keep up with their energy bill payments. Almost two-thirds (62%) said increasing energy costs were a big concern for their business.

Yet only half (53%) had actively searched for information that may assist them, and a third of SME owners (31%) hadn't taken any steps to reduce their energy use in the last 12 months. 34% thought their business was already doing everything it could to reduce its energy use.

The small business owners who had searched for information often found the information was not relevant to their business and it wasn't coming from sources that they trust. The majority (69%) didn't recall hearing or seeing any media or communications on how to reduce their energy usage in the last 12 months.

## Here's why that matters.

The energy transition will rely on consumer energy resources, choices and behaviour. We're counting on consumers to be the heroes of net zero – and we're assuming they will somehow know what they need to do and will take action.

This research shows that many SME consumers do not have the basic information they need to manage their energy use, and the absence of clear, trusted and practical advice is leaving them lacking the confidence to act and lacking trust in the energy market.

We're also assuming they have the agency to act. Many small businesses are located within embedded networks, rent their premises or share them with others. They face major barriers to reducing their energy use and to making the changes necessary for an all-electric energy efficient business.

**That's the bad news. Now for some hope...**



# **SMEs know they need to take action. They just don't know where to start.**

The research found that the majority of SME energy consumers (73%) think it is important to reduce their energy use to manage their costs – and 60% think they need to act now to reduce the energy use of their business.

## **The good news is there are easy opportunities to take practical actions.**

Although just 5% of small business energy consumers have undertaken an energy audit, 60% of them are interested in getting a breakdown of the high energy use parts of the business and how each contributes to the energy bill (i.e. an energy audit).

The actions that most small business owners have taken so far are not the steps that offer 'the best bang for buck'. However, interest in learning about impactful measures like changing the temperature settings on heating and/or cooling systems (59%), time of use tariffs (59%) and technology (57%) was high.

## **The answer: right information, relevant to their business, from expert sources.**

The research shows most SME consumers are at 'first base' on their energy journey. There is a need for clear, relevant communications on the high impact steps small business owners can take to reduce their energy use and costs.

It also reveals that technical specialists, private/professional networks and advocacy organisations are the most trusted sources to deliver the energy information and advice SME owners need.

Australia's 2.2 million small businesses are extremely diverse, but from data on their interests, intentions and ability to act, we've been able to build an actionable segmentation model.

**We now know where consumers are on the journey – and who they trust to tell them how to get there.  
And we know how to reach them. So what next?**



# SME energy consumers will act if they get the right help.

We began this project thinking about what would make a successful information campaign to help small business consumers lower their energy bills. What the research has shown us is more fundamental: many SME consumers will need significant coordinated help to navigate the energy transition.

Information campaigns are only part of what will be needed to enable consumers to successfully navigate the energy transition.

**The good news is the research also shows that, if offered that help, many small business owners would take action.** For example, 60% of SMEs said that government financial incentives would encourage them to reduce their energy use.

Consumers need certainty and they need support to make the right decisions. And they need a trusted voice to help step them through what they need to do.

**We need consumers to be the heroes of net zero, and to do that they need us to help them have a smooth journey. SME energy consumers have the intention to act, they just need assistance to turn that intention into action.**

# SME Energy Consumers Communications Research

November 2023 – Final

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# Current communications context

This research is based on a national survey of 400 SME energy decision makers.

The research found many energy consumers are struggling to find the information that they need to make informed decisions about their business energy use.

Despite high levels of concern about rising energy bills, half of SME energy consumers had not actively searched for information that may assist them.

Those who had searched often found the information was not relevant to their circumstances or was difficult to understand.

While many SME energy consumers reported taking steps to reduce their energy use, most of those surveyed were only taking a small number of the potential actions open to them – and the actions they were taking were not necessarily the most effective actions for reducing their energy use. Only 5% of those surveyed had undertaken an energy audit.

**Irrespective of whether household or SME, many consumers would benefit from learning about, or being reminded, of the easy to do, no cost actions that could help them reduce their energy use and costs.**

# Increasing relevance & engagement

**To increase relevance, cut through and be impactful, communications need to reflect success stories that demonstrate the easy to do low-cost options and the capacity for businesses of all sizes and types to make changes to reduce their energy use. They are looking to see situations and examples that reflect their business circumstances in the communications.**

The majority of SME owners (69%) didn't recall hearing or seeing any media or communications on how to reduce energy usage in the 12 months.

The information that energy consumers were receiving is often from organisations or channels that they don't have high levels of trust in.

**SMEs are looking for expert advice to help them make energy related business decisions; which is consistent with their approach to many of their business advice requirements.**

Accountants, tradespeople, builders or 'energy experts' are key channels for distributing information.

It is worth noting that despite their focus on obtaining expert advice, many have not taken the step of engaging an energy audit of their business which appears to be a missed opportunity.

# SME audience segments

**The SME research identified the significant role of perceived or actual barriers in preventing SMEs from taking action.**

While around 1 in 5 SMEs believed that they were already doing what they could to reduce their energy bill, the majority thought that their business circumstances meant they were unable to make changes – either because the type of business or perceived high cost were barriers.

Cluster analysis identified three segments.

- High cost for not much benefit: largely immobile due to cost, other priorities and a perception that it was too much hard work (43%).
- Business type means can't do much: the specific circumstances of the business operations prevented them from doing things (32%).
- Already doing everything possible: strong belief that there was nothing more they could do as they were already doing all that they could (25%).

# Diversity of the SME audience

**Diversity defines the SME audience and when it comes to communicating with them, no one size fits all.**

Analysis of the profile of the types of businesses that were within each of the segments found that apart from the “Already doing everything possible” who were characterised by a tendency to work from home, not employ any staff and be providing professional and personal services, the other segments had a broad range of business types with no clear patterns based on industry classification or size.

**Thus, it appears that it is the mindset that it costs too much or isn't possible within the type of business that needs to be addressed in communications.**

In many ways, the businesses that fell within the “Already doing everything possible” segment need to take similar steps to those identified in the Household Energy Consumer Research we conducted simultaneously to this research.

**The target audience for SME specific communications are the 75% of SMEs who fall within the other two segments – those who tend to employ staff and operate outside of their home that warrant a specific SME communications strategy.**

# Building the baseline knowledge

**The research confirms the importance of ensuring that energy consumers have the basic knowledge from which to build understanding of what they can do now and how they should respond in the future.**

At present, it is not clear to many energy consumers where they should focus to obtain the highest impact for the least effort. Many do not have the basic information to manage their energy use and the absence of clear, trusted and practical advice means they lack the confidence to act.

This information is important in building motivation to act for both households and SME audiences.

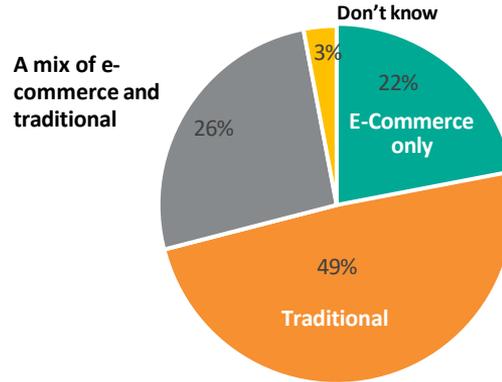
The level of interest in the topic areas provides a natural sequence to consider in communications. The low barrier actions that deliver a reasonably high pay off will provide a baseline level of knowledge to build on.

Topics with the highest level of interest were how different energy use patterns and major appliances contribute to their energy bill, saving money by managing electricity use during peak and off-peak hours and the impact on their bill of changes to their heating/cooling temperature settings.

**There is a need for simple, clear communications on specific energy saving measures coupled with their impact in reducing energy use and costs.**

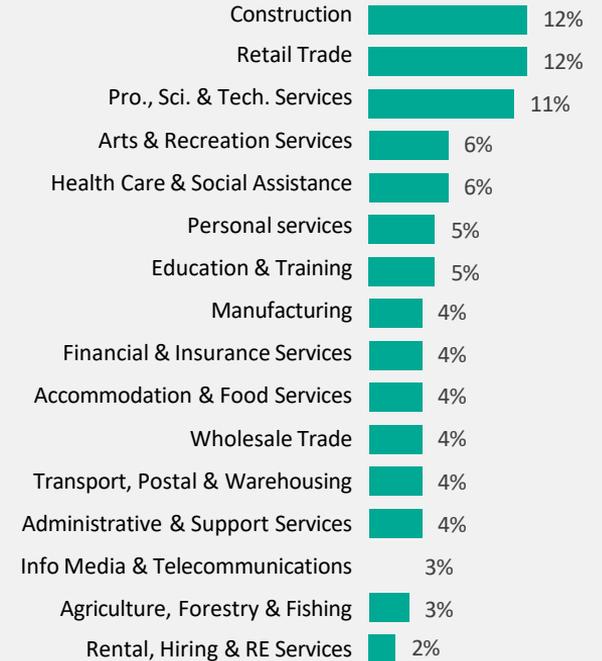
# Sample

## Type of business: E-commerce

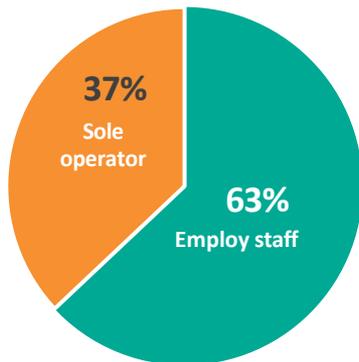


Q: E-Commerce; Traditional; Mix

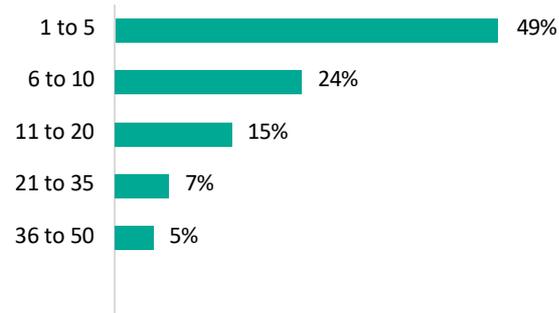
## Industry



## Employ staff



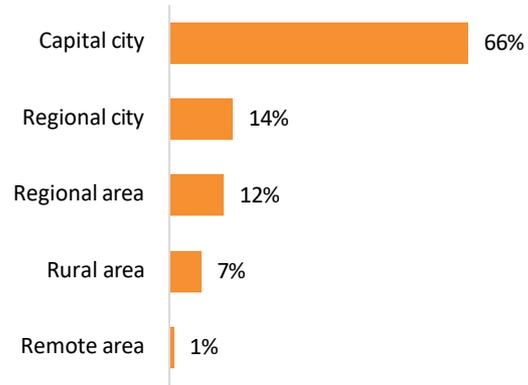
## Number of paid employees



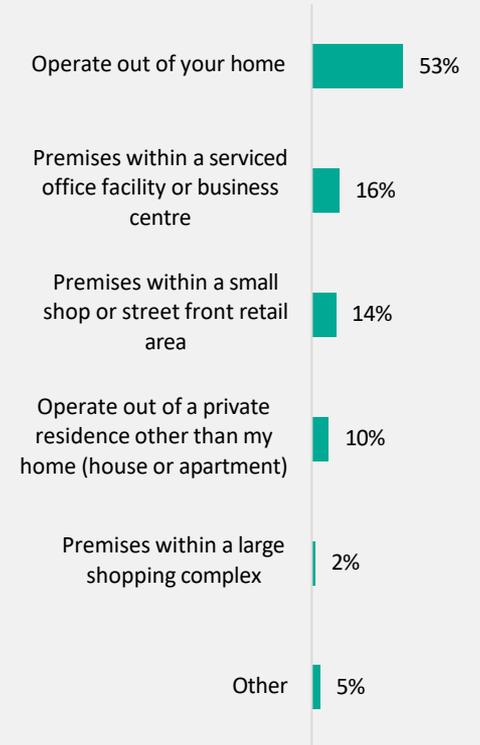
Base: Those SMEs that employ staff

# Sample

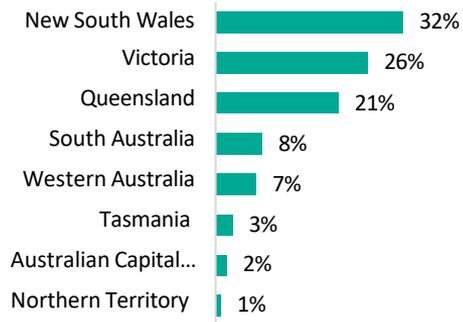
## Location



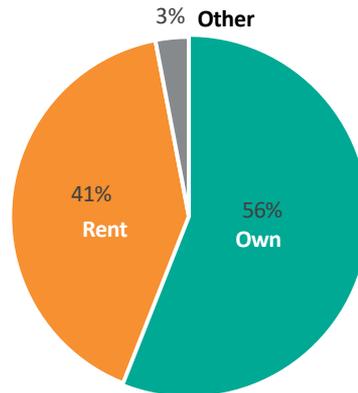
## Premise Type



## State/Territory



## Own/rent premises

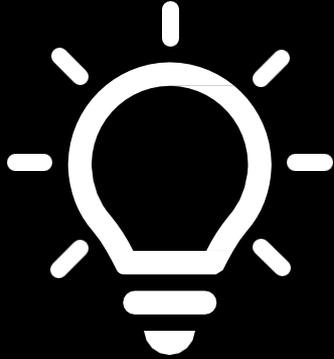


A woman with dark hair and bangs, wearing a striped shirt and a green apron, is smiling and looking upwards. She is holding several brown paper bags, suggesting she is a shopkeeper or a customer in a market. The background shows a shop interior with hanging lamps and shelves.

# **SME Energy Consumers Findings in Detail**

**Knowledge gaps,  
attitudes,  
current  
behaviours,  
barriers to act  
& information  
needs**





35% of SME owners reported having difficulty keeping up with their energy bill payments. And while many SME owners thought it was important to reduce their energy use to manage costs, they were less confident in their capacity to know what to do.

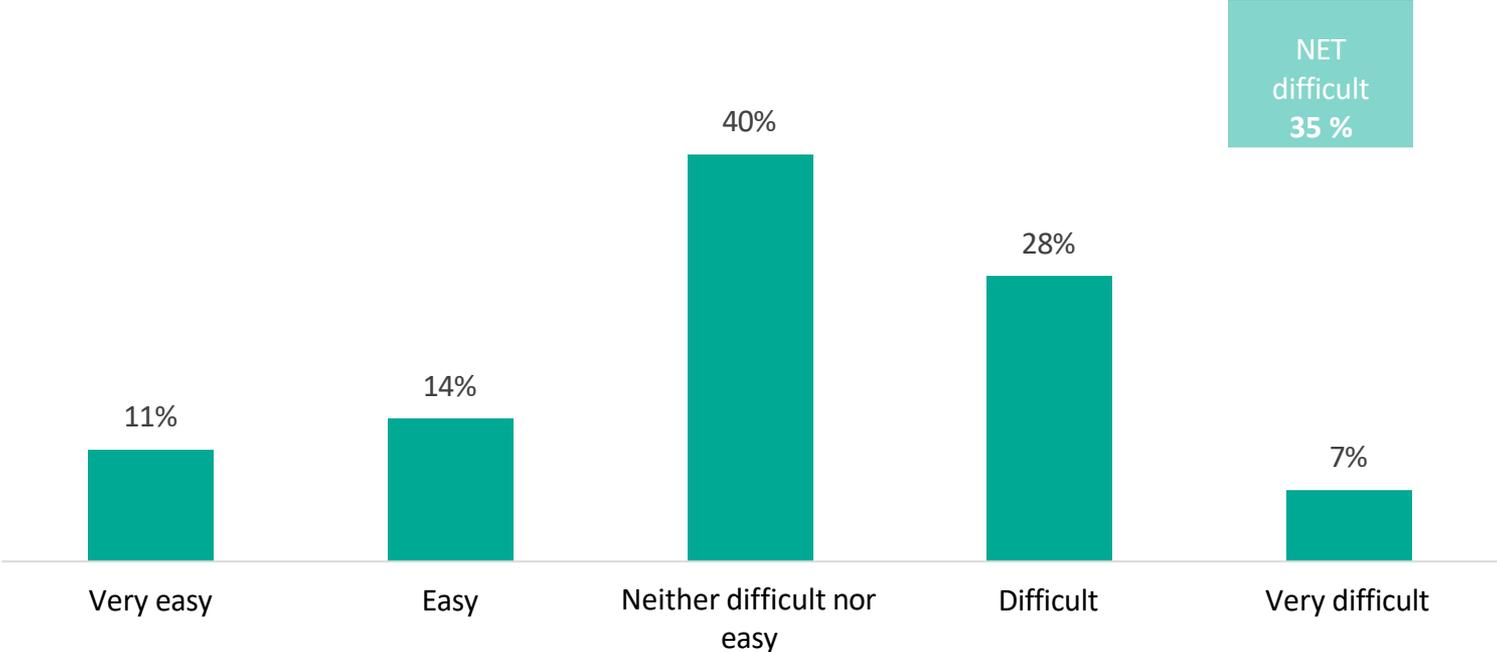
There was a relatively large number of SME owners who don't believe they can reduce their energy bill. And believe that their business circumstances mean they are not able to make changes – either because of the type of business or the costs associated with making changes.

Many businesses believe that government should be helping them with financial grants and incentives to make changes.

SMEs were most likely to have undertaken low-cost and low-effort things to reduce their energy use. Like households, they were unlikely to have done many of the strategies presented in the survey. Very few have undertaken a professional energy audit.

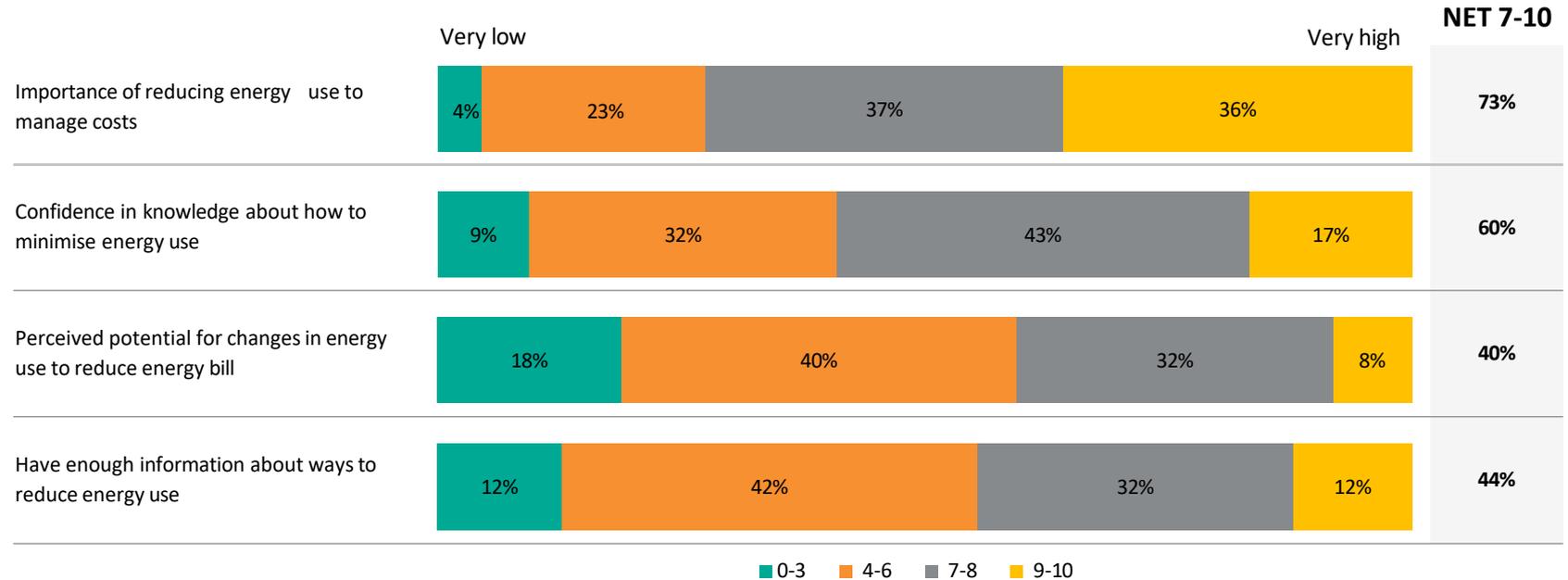
A third of SME owners hadn't taken any steps to reduce their energy use in the last 12 months.

# 35% of SME owners find it difficult to keep up with their energy bill payments.



# Attitudes

While SME owners saw the importance of reducing their energy use to manage their costs, they were less confident they knew how to do that and were unsure of the potential reductions in their bills. Many SME owners believed they did not have sufficient information about ways to reduce their energy use.



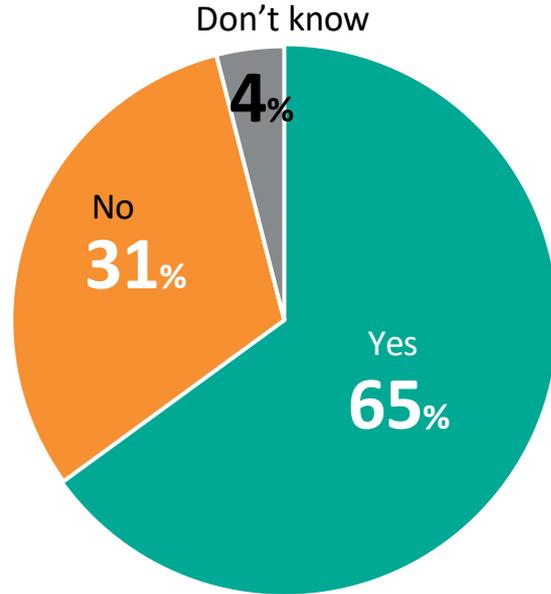
# Attitudes

When asked to consider a range of attitudinal statements and how applicable these were to them, there was strong agreement amongst SME owners on the importance for businesses to use no more energy than they need, that increasing energy costs were a big concern and that if government provided more financial incentives they could do more.

		NET 7-10
High applicability	It's important for businesses to use no more energy than they need	72%
	Increasing energy costs is a big concern in the business	62%
	If the government provided more financial incentives, we would do more to reduce the business's energy use	60%
	If we don't act now to try and reduce our business's energy use, energy will cost us much more in the future	60%
	The business's circumstances reduce the ability to make changes to its energy use	51%
	The type of equipment we use reduces our ability to make changes to our energy use	50%
Lower applicability	I get the sense that lots of business owners are making changes to reduce their business's energy consumption	45%
	I'm confident in our ability to reduce the business's energy use	44%
	It's difficult to control how people in the business use energy	42%
	It's hard to work out what to do to reduce energy consumption	38%
	Taking action to reduce energy use is a waste of time as it won't make a difference to my business's energy bill	27%
	It's easy to reduce the business's energy bills	27%

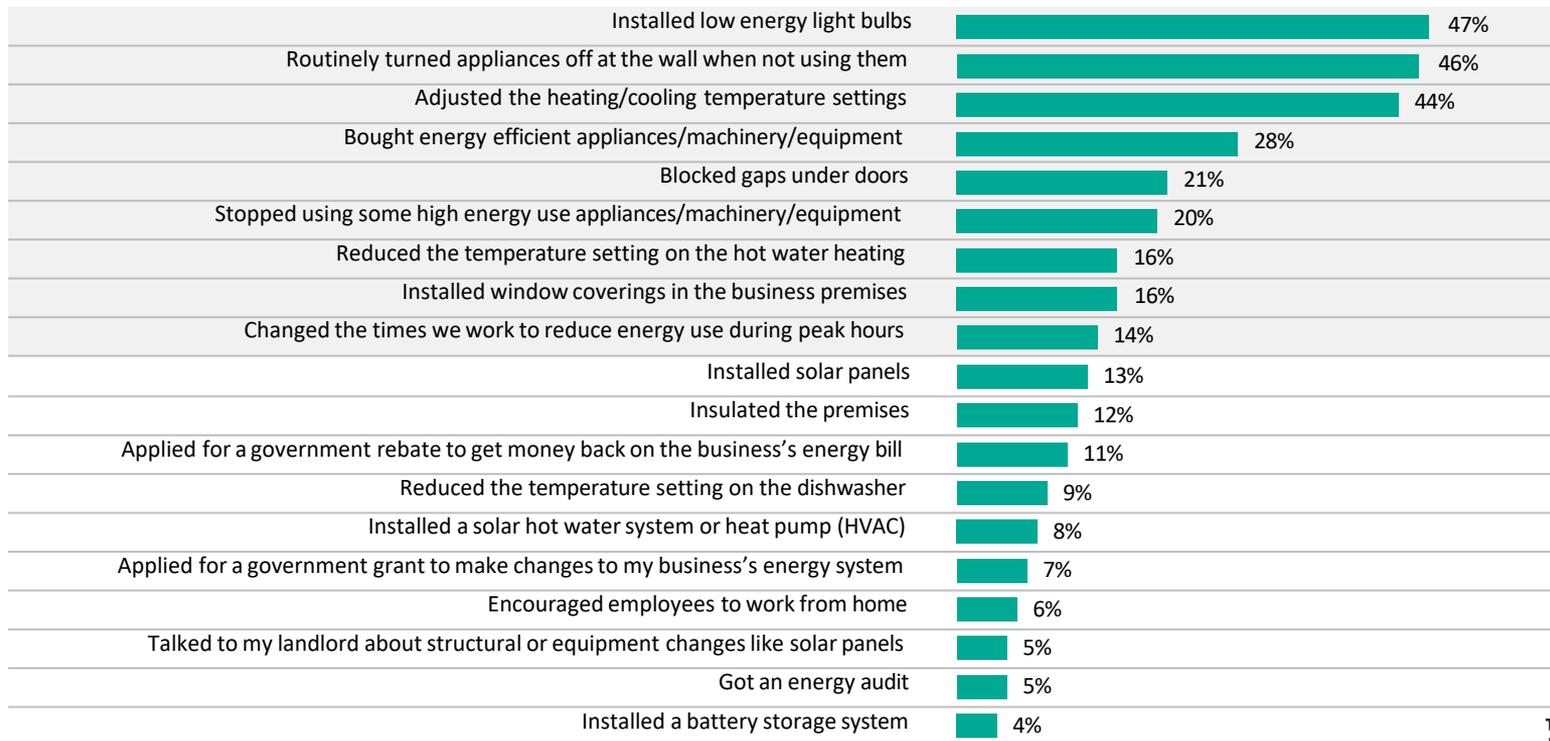
# Behaviours

Despite the high level of concern, a third of SME owners have not taken any steps to reduce their energy use in the past 12 months.



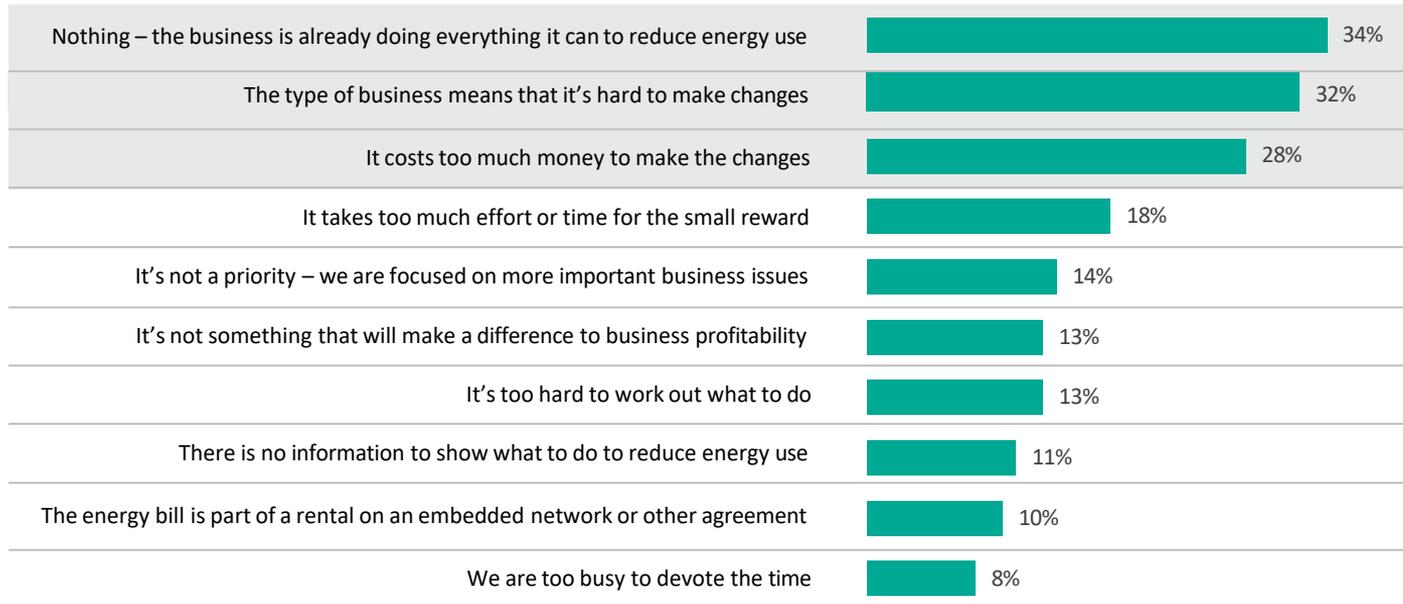
# Behaviours

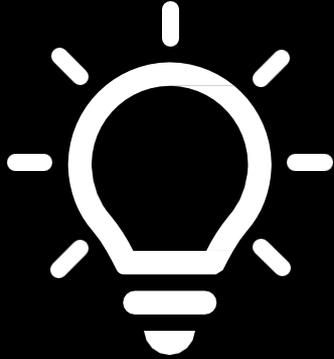
SME owners were most likely to implement strategies that were low-cost and required little effort. Only 5% got an energy audit. On average, they had undertaken 3.4 of the 19 measures.



# Barriers

A third of SME owners believe there is nothing more they can do to reduce their energy use. Key barriers to doing more were the type of business making it hard to make changes and that it costs too much money to make changes.





Whilst many SME owners said that they had done all they could to reduce their energy use, there was still interest in receiving more information on specific energy saving strategies.

Topics with the highest level of interest were:

- How to minimize temperature loss.
- A breakdown of the high energy use parts of the business and how each contributes to the energy bill.
- The impact on the business's energy bill of changes to the temperature settings on heating and/or cooling systems.
- How to save money by managing the business's electricity use during peak and off-peak hours.
- How to get the most cost-efficient use of a solar system.

However, many of these were of less interest than the results from the household survey reflecting the strong sense amongst many SME owners that there is nothing they can do.

# Information Needs

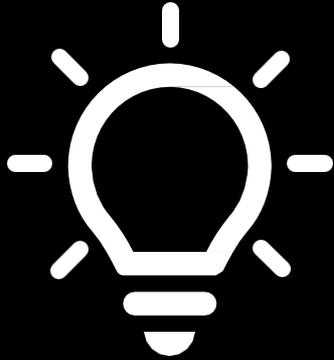
When asked about the importance of knowing more about a range of key information areas, SME owners were interested in a broad range of topics areas. However, many of these were of less interest than the results from the household survey reflecting the strong sense amongst many SMEs that there is nothing they can do.

NET 7-10

How to minimise temperature loss	61%
A breakdown of the high energy use parts of the business and how each contributes to the energy bill	60%
The impact on the business's energy bill of changes to the temperature settings on heating and/or cooling systems	59%
How to save money by managing my business's electricity use during peak and off-peak hours	59%
How to get the most cost-efficient use of a solar system	58%
How to reduce motor vehicle running costs	58%
The impact on the business's energy bill of changes to lightning equipment	58%
How technology (such as smart metres) can help make savings to the business's energy bill	57%
The costs/benefits of replacing the equipment or machinery used in the business with more energy efficient ones	51%
The impact on the business's energy bill of changes to the hot water heating settings	47%
How to reduce pump and/or fan costs in your business?	47%
How to plan the switch or transition to an all-electric business	46%
Rethinking/changing business processes (for example making changes to manufacturing processes or training staff)?	41%
The impact of buying an Electric Vehicle or Fleet on my business energy use and costs	40%
The impact on the business's energy bill of changes to compressed air equipment	40%

**Active search  
behaviour,  
awareness of  
communications  
& information  
sources**





Like many household energy decision makers, SME owners were not actively looking for information (only 53% had). Of those who had searched, many SMEs did not find it easy to find the information they were looking for (53%). The information they could find was often not considered relevant nor easy to understand.

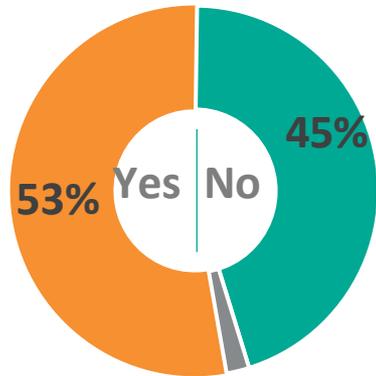
The majority of SME owners (69%) didn't recall hearing or seeing any media or communications on how to reduce energy usage in the last 12 months.

Technical specialists, private/professional networks and advocacy organisations were the most trusted sources of energy information and advice for SME owners.

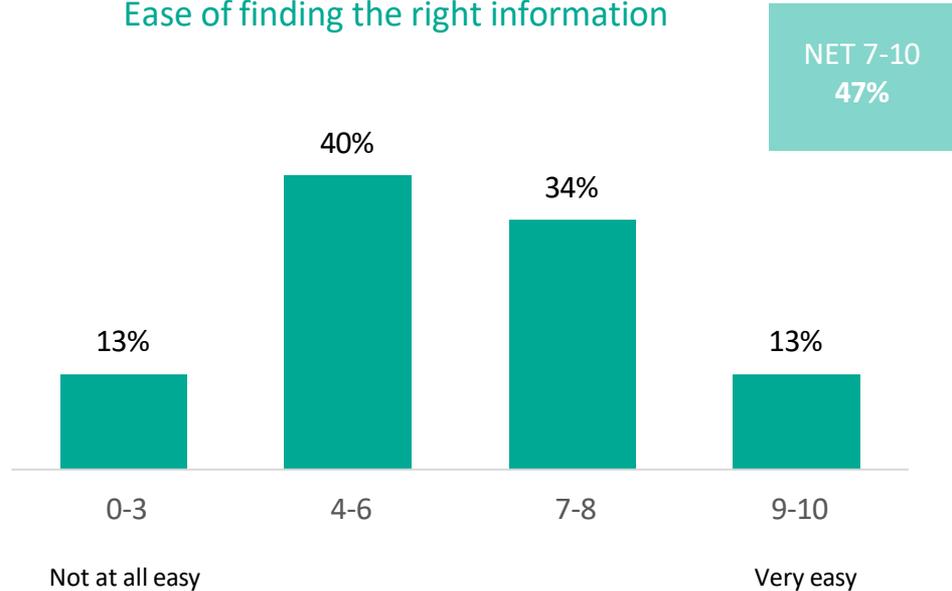
# Active Search

Almost half of SME owners have not looked for information on how to reduce their energy use. Of those who have looked, 53% found it hard to find the right information.

Searched for information on reducing energy use

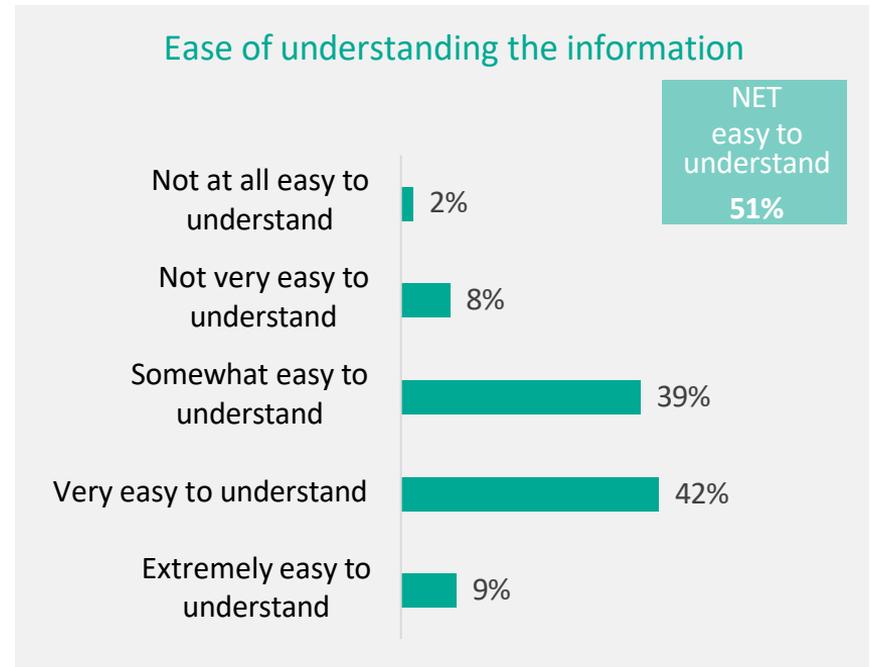
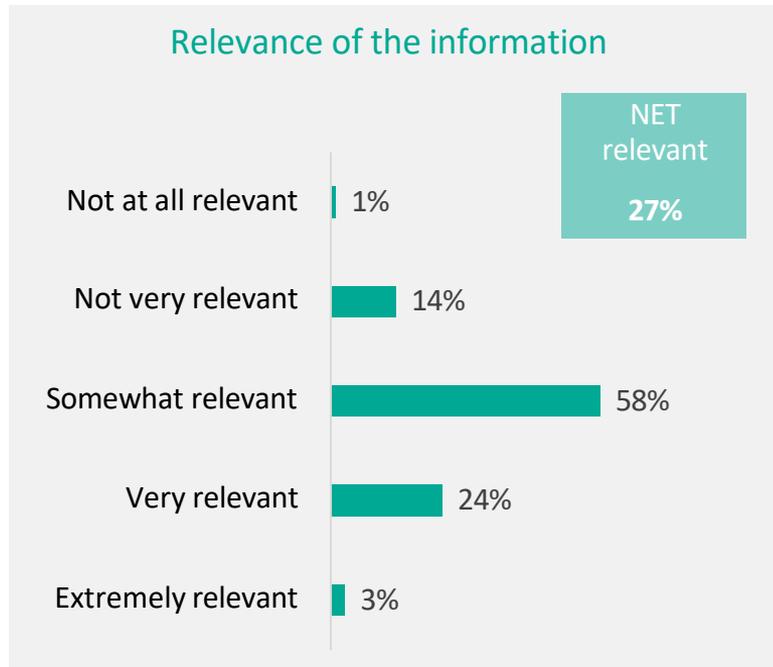


Ease of finding the right information



# Active Search

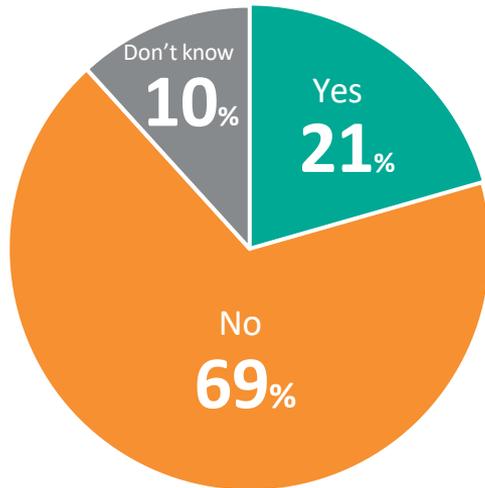
Of the SME owners that had searched for information, most only found it “somewhat relevant” and many did not find it easy to understand.



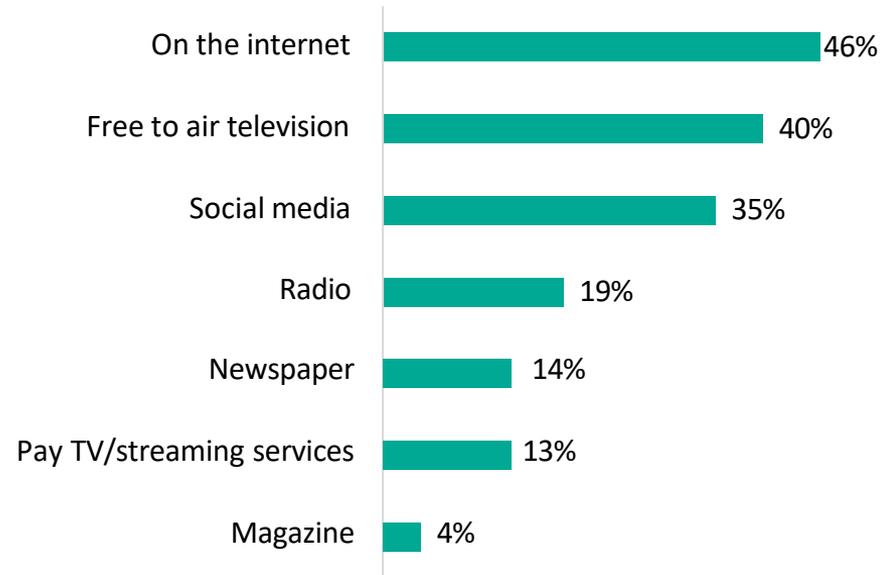
# Energy Communications Awareness

Most SME owners (69%) don't recall hearing or seeing anything on how to reduce energy usage in the past 12 months. Of the 21% who did, the majority recalled seeing about it on the internet, free to air TV or social media.

Awareness of energy communications

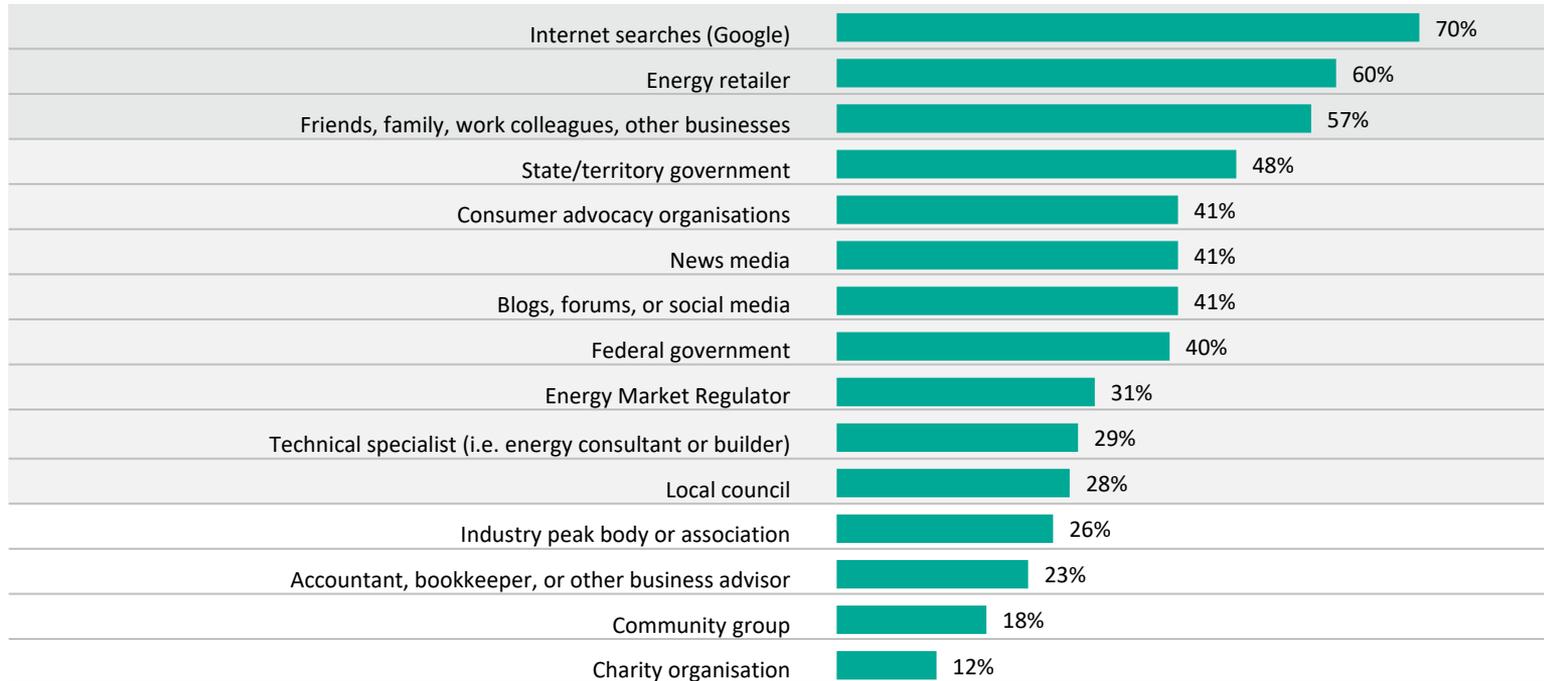


Channels of energy communications



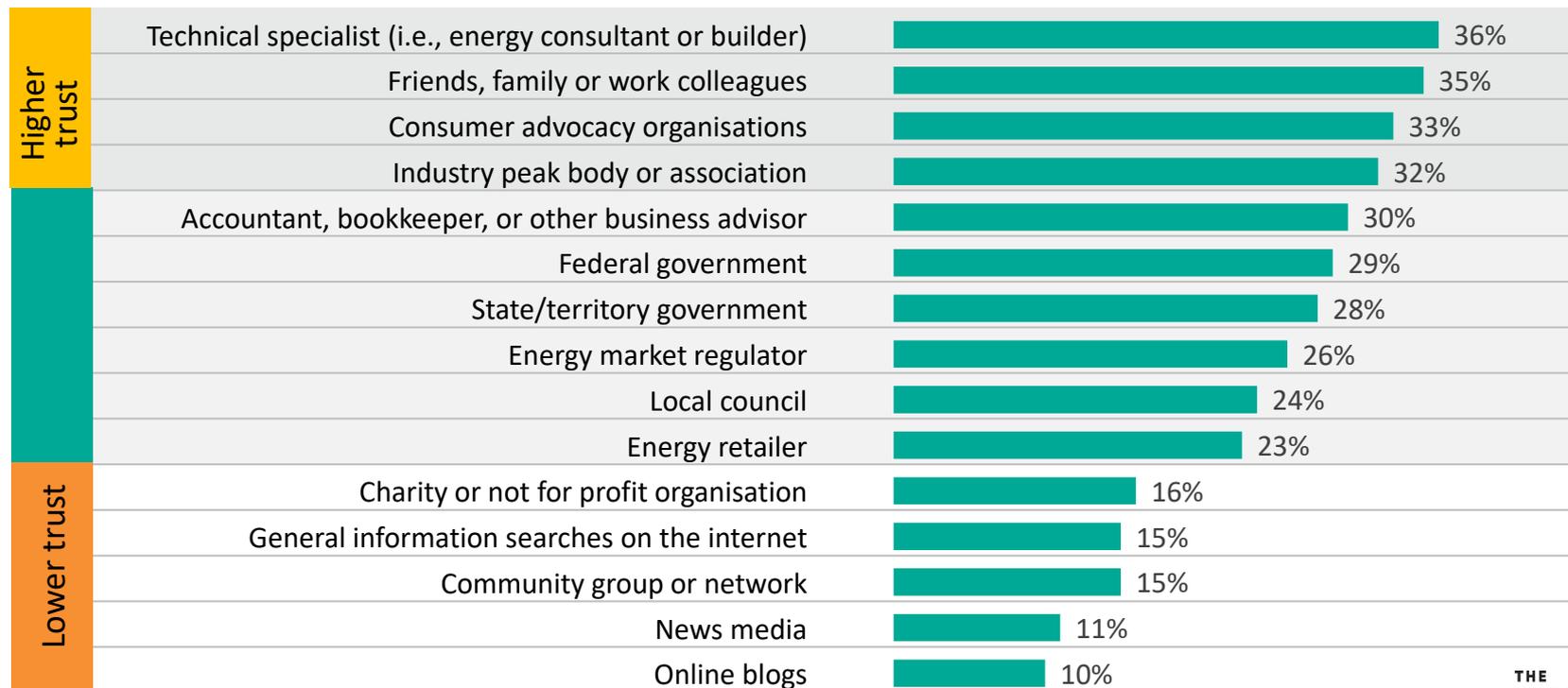
# Main Information Sources

Most SME owners found information about energy reduction on the internet, via their energy retailers and their private/professional networks. The internet was more important for SMEs compared to household decision makers.

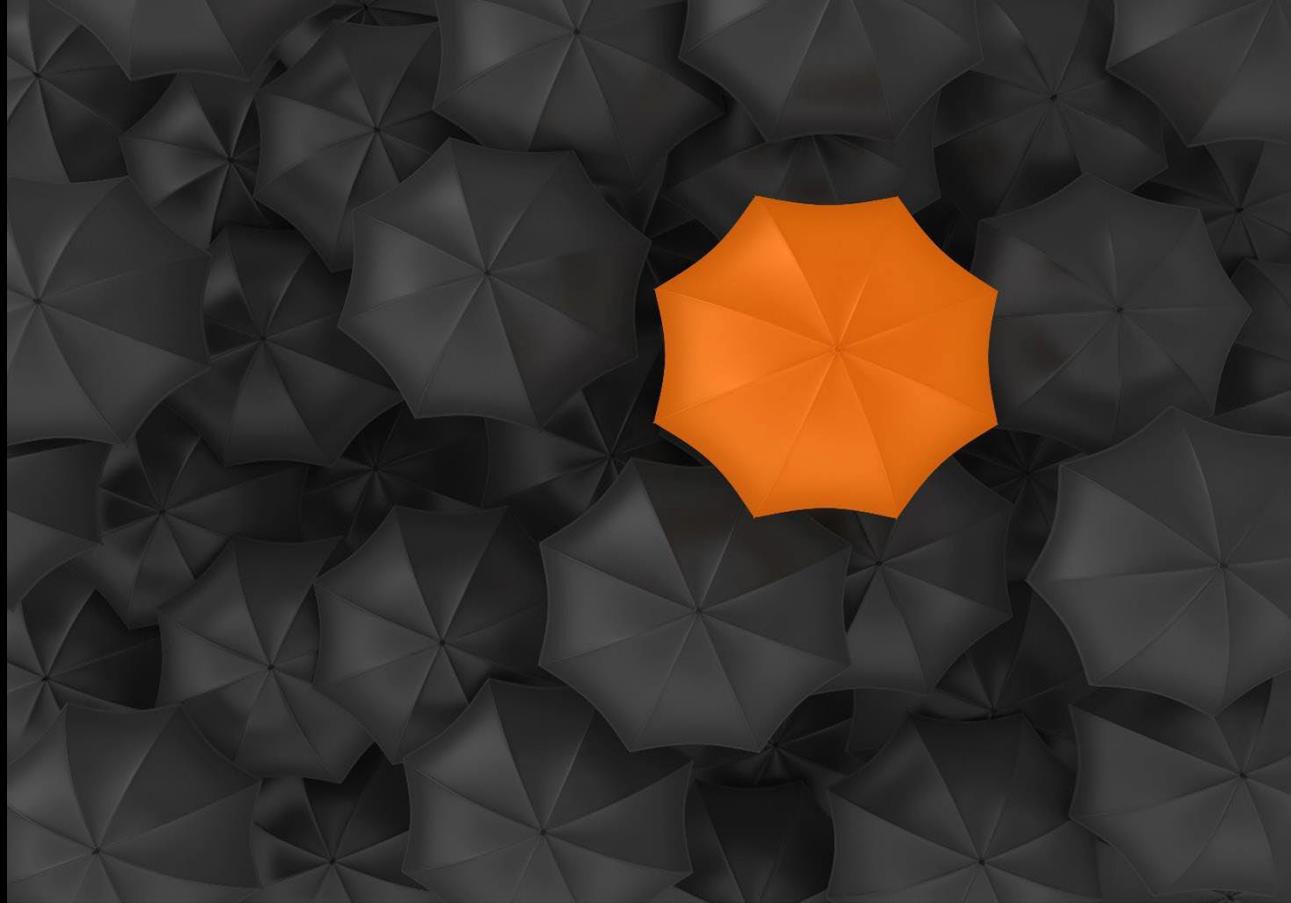


# Trusted Information Sources

Technical specialists and private/professional networks, consumer advocacy organisations and industry peak bodies are the most trusted sources of information when it comes to advice on energy reduction for SMEs.



# SME energy consumer segments



# Identifying audience segments

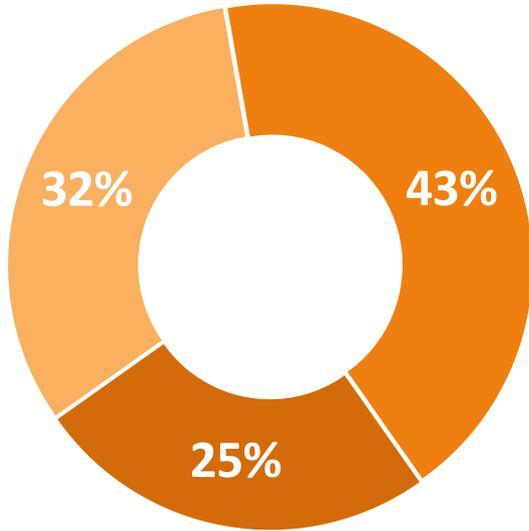
The results from the SME survey identified the significant role of perceived or actual barriers in preventing them from taking action.

To understand the way in which business owners could be clustered or grouped based on these barriers, we undertook statistical analysis to develop an audience segmentation based on the barriers that prevent them from making changes to the way they use energy.

Cluster analysis identified three “barrier” clusters.

- Cost, other priorities and a perception that it was too much hard work.
- Belief there was nothing more they could do.
- Business type preventing them from taking action.

Analysis of the profile of the types of businesses that were within each of the segments found that apart from the “Nothing more to do” who were characterised by a tendency to work from home, not employ any staff and be providing professional and personal services, the other segments had a broad range of business types with no clear patterns based on industry classification.



### Can't do much due to business type | 32%

Highest level of belief that business type or circumstances prevent them from reducing their energy consumption or reduce their costs.

Less likely to focus on the cost of making changes or perceptions about the low return for effort.

**LOW MOTIVATION TO ACT WHEN DON'T BELIEVE POSSIBLE. REQUIRES EXAMPLES OF WHAT SIMILAR BUSINESSES HAVE DONE.**

### Costs too much for little benefit | 43%

Highest level of concern about cost. Likely to believe that reducing energy use requires too much hard work/effort for the perceived benefit. Preference for prioritising other more important business issues.

**TELL ME WHAT TO DO THAT WILL HAVE THE BIGGEST IMPACT FOR THE LEAST INVESTMENT. SHOW ME THAT THE EFFORT IS WORTH MY TIME.**

### Already doing everything possible | 25%

High level of belief that the business is doing everything it can to reduce energy use. Most likely to work from home and not employ staff.

**REMIND ME OF THE THINGS THAT WILL HAVE GREATEST IMPACT.**

# How the segments differ

	Costs too much for little benefit	Already doing everything possible	Can't do much due to business type
<b>Business operating model</b>	Most likely to employ staff and more of them than “Can’t do much”.	More likely to operate out of own home and not employ staff.	
<b>Type of business</b>	More likely to operate an e-commerce business.	More likely to operate a service business (professional; personal services).	
<b>Ability to work out what to do to reduce energy costs</b>		More confident in ability to work out what to do to reduce energy costs	Lowest level of belief in capacity to make a difference to energy bill. More likely to believe that changes wouldn’t make a difference.
<b>Actions to reduce energy consumption</b>	Less likely to have done the most frequently actions to reduce energy consumption or reduce bill. More likely to have done none of them.		High level of difficulty
<b>Information search</b>	More likely to have sought advice from business advisor	Most likely to segments to have searched for information. More likely to have used state/territory government information sources.	Most likely to have seen information from energy biller.

# Appendices



# Methodology

## SME Survey

- Mix of small and medium business owners drawn from a broad range of service industry types.
- Sample size = 400
- Business distribution based on state/territory representation.
- Sample accessed via SME research panel.
- 20-minute online survey.

# Survey Themes

