

A Future Energy Vision Consumer Expectation Research

**SME Business Findings
Foresighting Forum 2020**

Date: February 19th 2020

Research Objectives



Energy Consumers Australia and Forethought set out to explore businesses and the role that energy plays, what the future of energy should look like, and what businesses want from the sector; what does better look like in their eyes?

1

Explore small-medium businesses' priorities, goals and day-to-day challenges, how energy fits in and how **attitudes and behaviours toward energy** vary across different business sizes and industries;

2

Explore what the concept of **'better' in energy supply, consumption and behaviour looks like** for the future; and

3

Identify the **expectations** placed on the energy industry and the **role of different stakeholders** in driving a better energy future.

Introduction to the Methodology



In-depth interviews with businesses from Metro and Regional areas



Speaking with a widespread mix of businesses and understanding the role of business size, industry and intensity of energy usage

Speaking to businesses across Australia: Qualitative Interviews

Understanding Small-to-Medium Australian businesses

A total of 28 interviews nationally.

The in-depth interviews included conversations with decision-makers from businesses with a mix of:


- Metro and regional
- Number of employees
- Industry
- Energy requirements / intensity*
- Impact of energy on finances




| State | |
|--------------|-----------|
| QLD | 7 |
| NSW | 5 |
| SA | 4 |
| VIC | 6 |
| TAS | 3 |
| ACT | 3 |
| Total | 28 |



| Industry | |
|-----------------------|---|
| Agriculture | 3 |
| Construction | 1 |
| Manufacturing | 5 |
| Mining | 1 |
| Professional Services | 8 |
| Retail | 2 |
| Transport | 3 |
| Waste Services | 1 |
| Other | 4 |



| Size | |
|--------|----|
| 2-5 | 9 |
| 5-55 | 11 |
| 56-199 | 8 |



| Intensity* | |
|------------|----|
| Low | 7 |
| Medium | 10 |
| High | 11 |

What we learned about Australian businesses



Overview of Findings




Business felt stuck on how to change for the better.

Energy was, for the most part, seen as a dollar value to reduce to maximise profitability.



A better future was cheaper, more reliable, and renewable energy (primarily for cost savings, but also for CSR purposes).



One constant across all businesses was the **fundamental necessity of energy** to business operations. Energy was responsible for powering office spaces and running machines and equipment.

In short, energy was seen as the lifeblood of Australian business.

While energy was fundamental to basic operations, it was not high on businesses' priority list, and there was a perception that they couldn't do much with energy in the business.

Smaller businesses:

- Preoccupied with overcoming challenges about survival and growth.
- Short-term focus.

Larger businesses:

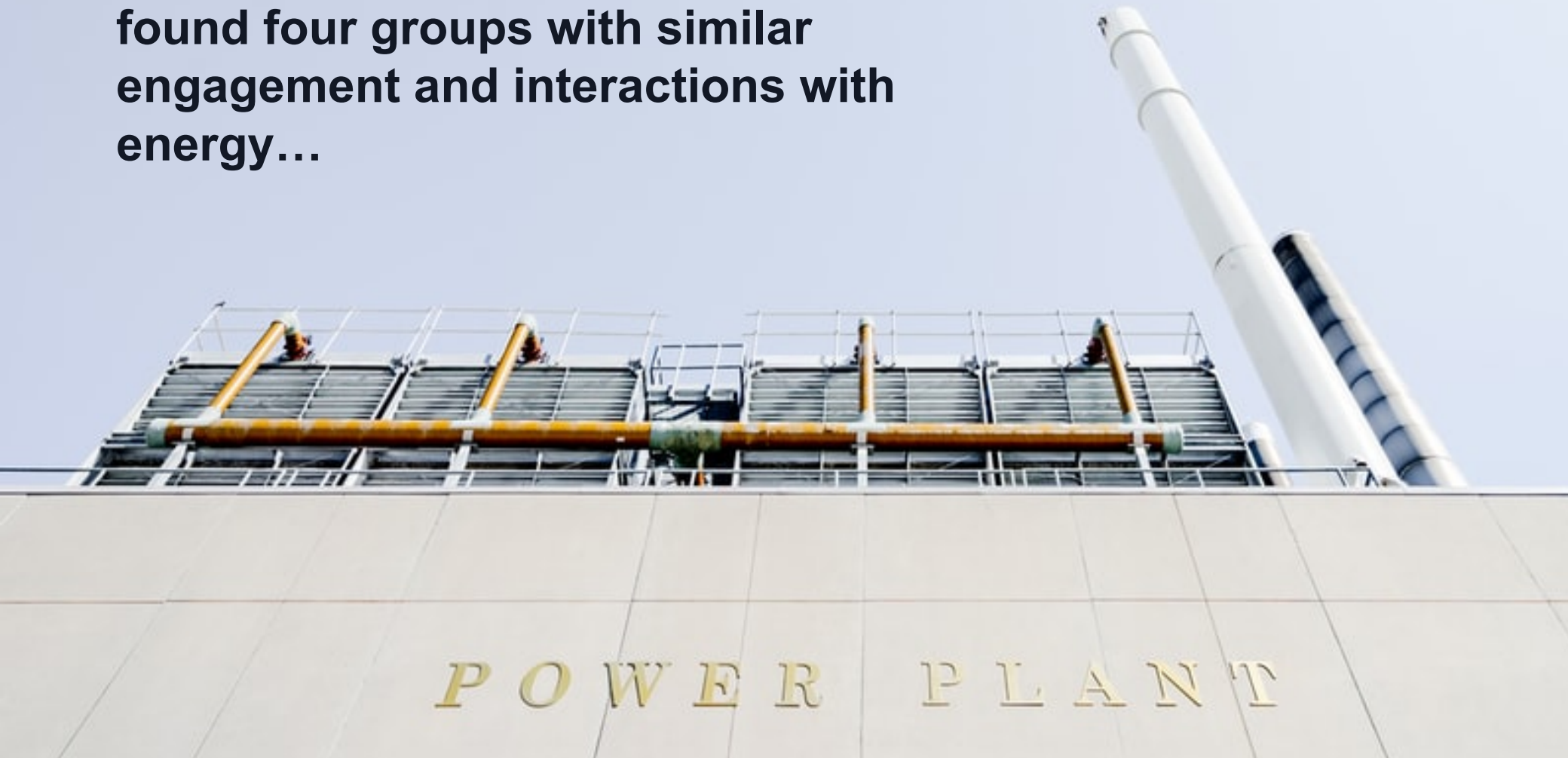
- Focused on optimising their operations to be more cost efficient.
- Long-term focus.

Intensity of energy requirements also impacted energy-related attitudes and behaviour.

- **High intensity** industries such as Agriculture, Manufacturing and Mining businesses usually required high consumption machinery.
- **Low intensity** industries like Professional Services and Retail SME typically utilised office spaces.



When looking at commonalities between business size and energy intensity, we found four groups with similar engagement and interactions with energy...



Businesses with similar classification of size and energy intensity typically engaged with energy in similar ways.





Small, high intensity Agriculture Technology

Fabricated indoor growing systems for crops, and had its own demonstration facility using the technology. A small team of ~10 employees managed the business, most subcontracted and worked remotely.

- Energy determined cost of operation and therefore price for consumers.
- Two diesel engines produced electricity 24/7
- Constant, unfailing energy supply was required 24/7 to run the demonstration facility.
- Optimising energy efficiency was a core business challenge.
- Solar had been tested and was incapable of producing enough electricity to run operations.



Large, high intensity Mining Company

The business operated mines and had offices for their headquarters in Australia.

- Energy was a substantial expense.
- Energy was supplied through the grid 24/7 and required a stable load every hour of the day.
- Decreasing cost was an important priority.
- Safety infrastructure in the mines legally required reliable and capacity of energy which renewable technologies currently could not provide.



Small, low intensity Property Consultancy

Acted as a property consultancy and buyers' advocate. The business operated out of a home office and consisted of two employees.

- Energy was not a significant expense due to low consumption.
- Relied on energy for lights and computers which were necessary to operate.
- Energy was just seen as another bill.
- No challenges or priorities with energy besides keeping costs down.
- No management strategies in place.



Large, low intensity Environmental Not-for-Profit

Managed and coordinated philanthropic and business funds. The business had offices nationally across Australia, operating from each of the capital cities and across some regional areas.

- Company offices ran from 6 star energy efficient buildings.
- Computers and lights were the only major contribution to the energy bill.
- Energy management was mostly automated in offices.
- Given the values of the organisation, employees were internally motivated to use energy responsibly.
- Currently on the grid, but had plans to move to renewable energy sources.

When asked how businesses could change their behaviour to reach a more desired relationship with energy in the future,

**Businesses
felt stuck.**

1

Energy technology and infrastructure for renewable energy was felt to be **too expensive** upfront.

2

Businesses felt that their **premises were restrictive** to making changes.

3

Current renewable technologies were **unable to meet the demands** of businesses, who were using more energy than could be reliably produced by solar panels on their premises.

How can you change your behaviour to reach a more desired relationship with energy in the future?



***Agriculture,
High Intensity,
Regional QLD***



***Professional Services,
Medium Intensity,
Metro VIC***

What does a better energy future look like for businesses?



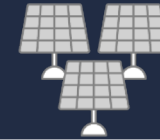
Cheaper, so we can be more competitive

- Energy prices in Australia limited competitiveness in an increasingly globalised market.
- Smaller businesses felt that energy was too expensive.



More reliable, so our operations aren't disrupted

- Businesses in some states and regional areas experienced blackouts – impacting operations.
- Reliability was desired by all businesses.
- High intensity businesses had a stronger desire, as disruption had a relatively greater impact on profitability.



Renewable, to capitalise on long-term benefits

- Renewable energy was desired and an expectation of the future.
- Businesses were interested in taking advantage of the potential long-term savings.
- Renewable energy was seen to benefit their Corporate Social Responsibility.
- Current renewable technology could not meet the demands of high intensity businesses.

Businesses had desires and ideas for what this better energy future could look like for them...



Cheaper, so we can be more competitive

- Lower prices and greater control over energy companies charging high prices.
- Government support through rebates and incentives for implementing renewable technology.
- Consulting / support on implementing cost-saving initiatives.



More reliable, so our operations aren't disrupted

- Replacing outdated energy infrastructure nation-wide.
- Improved production and capacity of energy supply.
- Increased accessibility to energy batteries and backup sources.



Renewable, to capitalise on long-term benefits

- Continued investment and development of energy technology (including renewables) to cope with business demands.
- Tailored, energy solutions for commercial / rented premises.

How do businesses think we
get to *better*?

Reaching this future was a goal that businesses thought Government had the power to help achieve. Businesses were comfortable with Government playing a leadership role if it was in line with their interests, such as enforcing lower energy costs and increasing rebates to make energy technology more accessible.



In their words...

Government

“

I think Government will play the biggest role making sure they're on top of energy companies and making sure we aren't paying too much.

- *Small, Low intensity, SA*

”

“

I think Government need to drive this to a degree. They're the ones that could offer grants or rebates to businesses. They're in charge and can put pressure on providers.

- *Large, High intensity, NSW*

”

Some businesses, particularly larger ones, felt that they too had a responsibility to contribute...

There were two common positions that businesses took in describing their role in the change:

1

“Too much to worry about”

Smaller businesses felt they were too busy trying to survive in the market. A portion of this group believed that energy was ‘bigger than them’ and that their contributions may not be substantial enough to make a difference.

Many low intensity businesses fell into this category, in addition to most home businesses, which often engaged with energy similarly to a residential consumer.

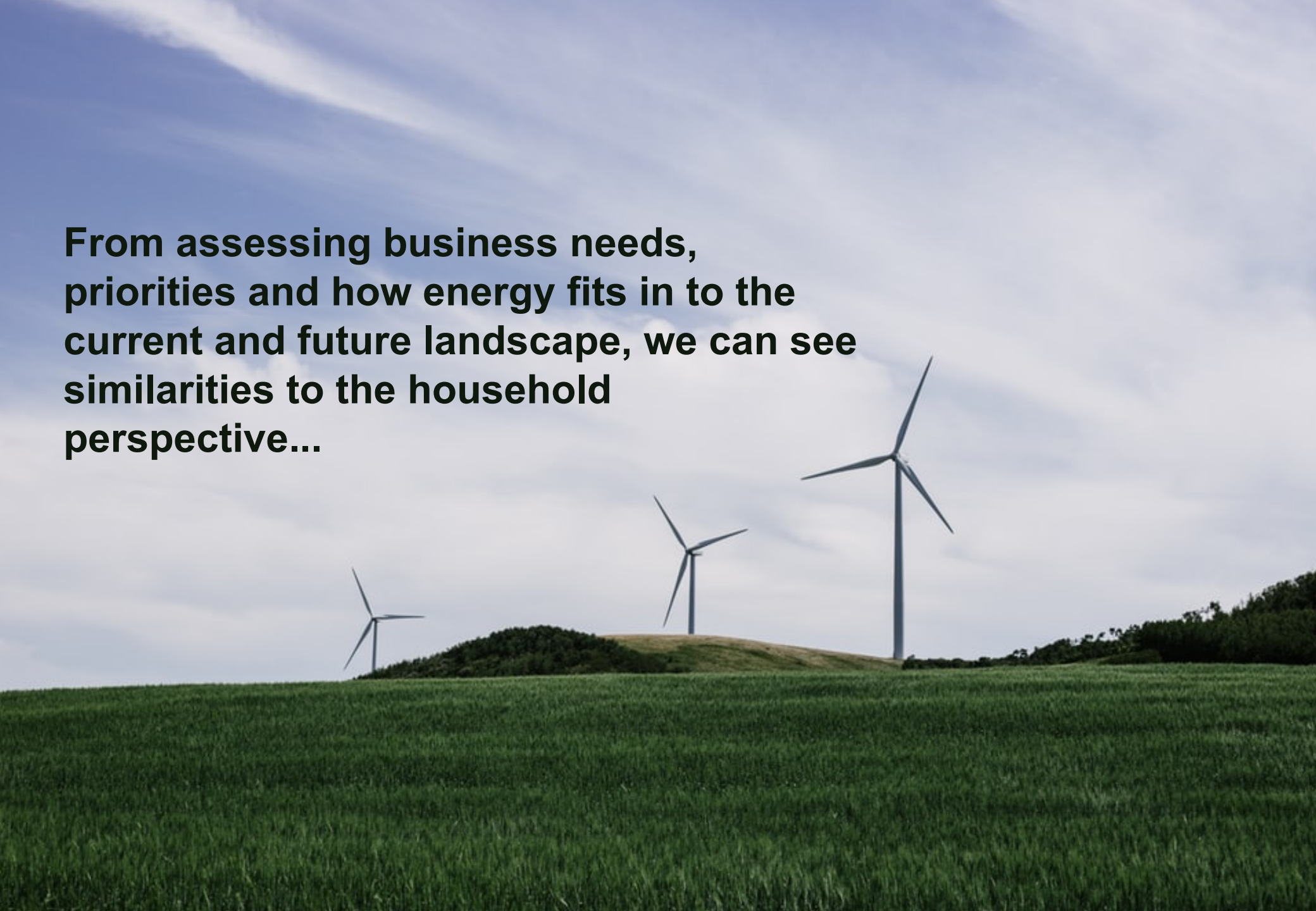
2

“Energy can’t and shouldn’t be ignored”

Another group of businesses believed they had a significant role to play in shaping the future of energy.

These businesses were predominantly larger businesses and those with high energy consumption. These businesses were more reliant on energy and had a greater opportunity to focus on it, and therefore had a lot more to gain by participating in the change.

**From assessing business needs,
priorities and how energy fits in to the
current and future landscape, we can see
similarities to the household
perspective...**



What views did SMEs and Households share?



Both were **extremely busy**, and had other challenges and priorities.



Paying less for energy was a shared vision for the future. Households and businesses felt they were paying too much for energy.



Government was perceived to be an **integral stakeholder** responsible for improving energy.



Renewable energy and other technology was linked to a better energy future due to the potential cost-savings and control, and secondly for the environmental impact.

Contact Us

Asia Pacific

Level 5 550 Bourke St
Melbourne VIC 3000
AUSTRALIA
+ 61 3 9614 3000

North America

Level 5 400 Madison Avenue
New York NY 10017
USA
+1 929 239 3080

www.forethought.com.au