EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

EECA Business Monitor

June-December 2023

Background

This research monitors the mood of the nation around climate change, energy efficiency and topics like EVs.

It tracks New Zealanders' response to key issues and initiatives relevant to EECA through two tracking monitors.

This study is conducted by TRA. TRA is an insight agency that combines understanding of human behaviour with intelligent data capability to help clients navigate uncertainty and answer complex problems.

BUSINESS MONITOR

How have business climate change attitudes and behaviours towards climate change developed over time?

This survey took place in Aug – December 2023 and 1,008 respondents took part. Prior to Q1 FY24, research took place over a 2-3 week period in May and November each year.

From FY24, the research is 'always on', with sampling spread across each quarter.

This report represents a 6-month period from August – December 2023, comparable with the 6-monthly 'dips' prior to the change in methodology.

We survey a representative selection of New Zealand businesses of all sizes, sampling business decision makers in relevant areas including decision makers responsible for personnel, vehicle or energy decisions.

The representativeness of the decision makers is ensured across industry and employee count through quotas and post-weights.

CONSUMER MONITOR

Every quarter, we survey 750 adult New Zealanders to track their beliefs, behaviours and attitudes related to climate change. This data is available in a separate report.

Overview

It's been a rough ride for many businesses in recent times, but with signs of the economy stabilising, and the outcome of the election reducing uncertainty, business confidence lifted in the October - December period. At the same time, there are indications that businesses are re-engaging with the climate cause, with more feeling empowered that businesses can take action over the past year, a growing sense of consumer pressure to act, and increased perception that reducing emissions has reputational gains.

There is, however, some way to go before businesses feel they can prioritise taking action in this space. The aspiration might be growing, but many are still constrained by other pressures.

The number of actions businesses are taking to help reduce emissions remains broadly stable in this period, although there are signs of increasing activity where it matters most, particularly relating to transport actions. However, to counter this, the data shows a backwards step in confidence in and consideration of EVs.

Despite overall stability in actions, we can see encouraging signs that more businesses are taking steps to get informed on what they can do. And the number of businesses wanting to do something but not knowing where to start is growing - representing around 1 in 5. The need and appetite for guidance has never been greater.

Agenda

1

Current business landscape

2

Business climate beliefs

3

Business climate actions

4

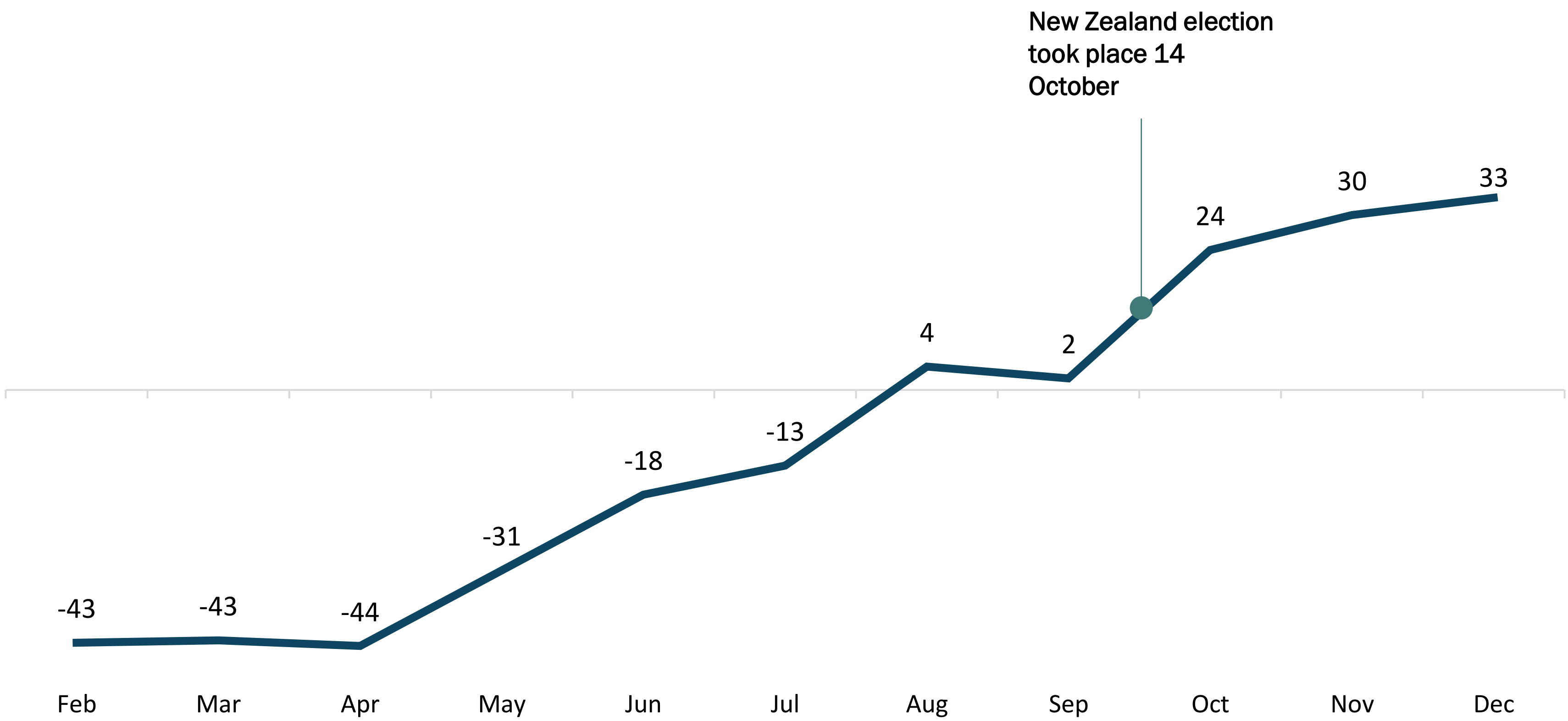
Business climate information needs

Current Business Landscape

Business confidence is positive again for the first time in over two years

Like consumer confidence, business confidence lifted in this period too, entering positive figures in August for the first time in 2023, and lifting month-on-month across the Oct-Dec period to reach a score of 33 by year end (having started the year at -43).

NZ business confidence over time (ANZ)

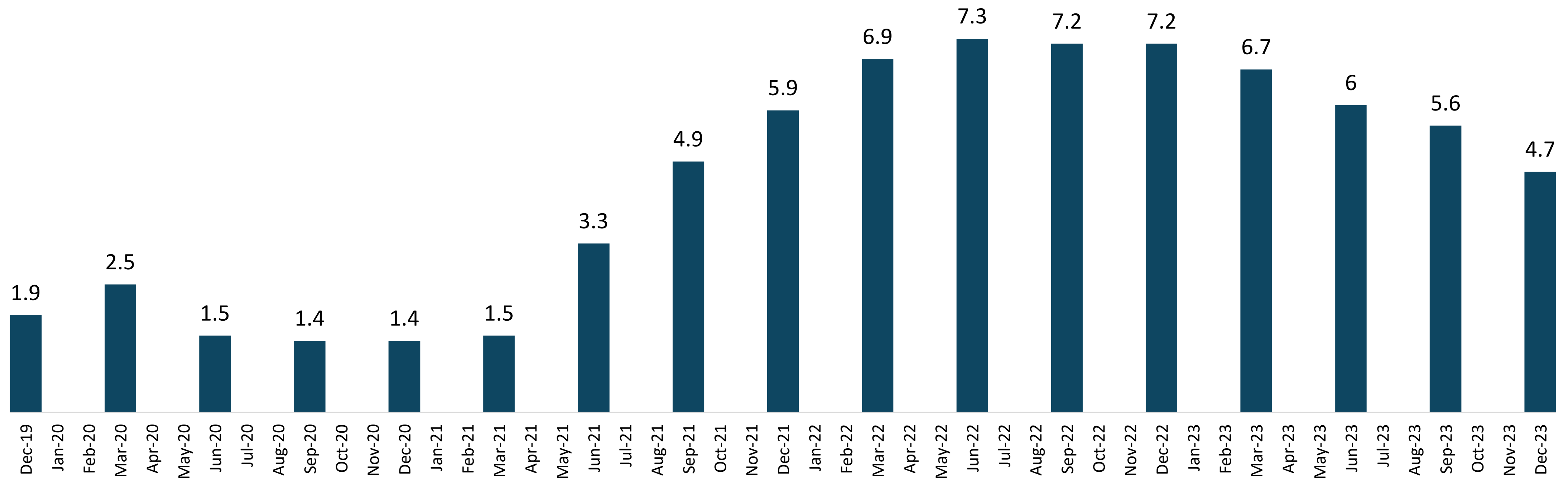


Source: https://www.roymorgan.com/morgan-poll/consumer-confidence-anz-roy-morgan-new-zealand-cc https://www.ceicdata.com/en/indicator/new-zealand/consumer-price-index-cpi-growth

Inflation is easing

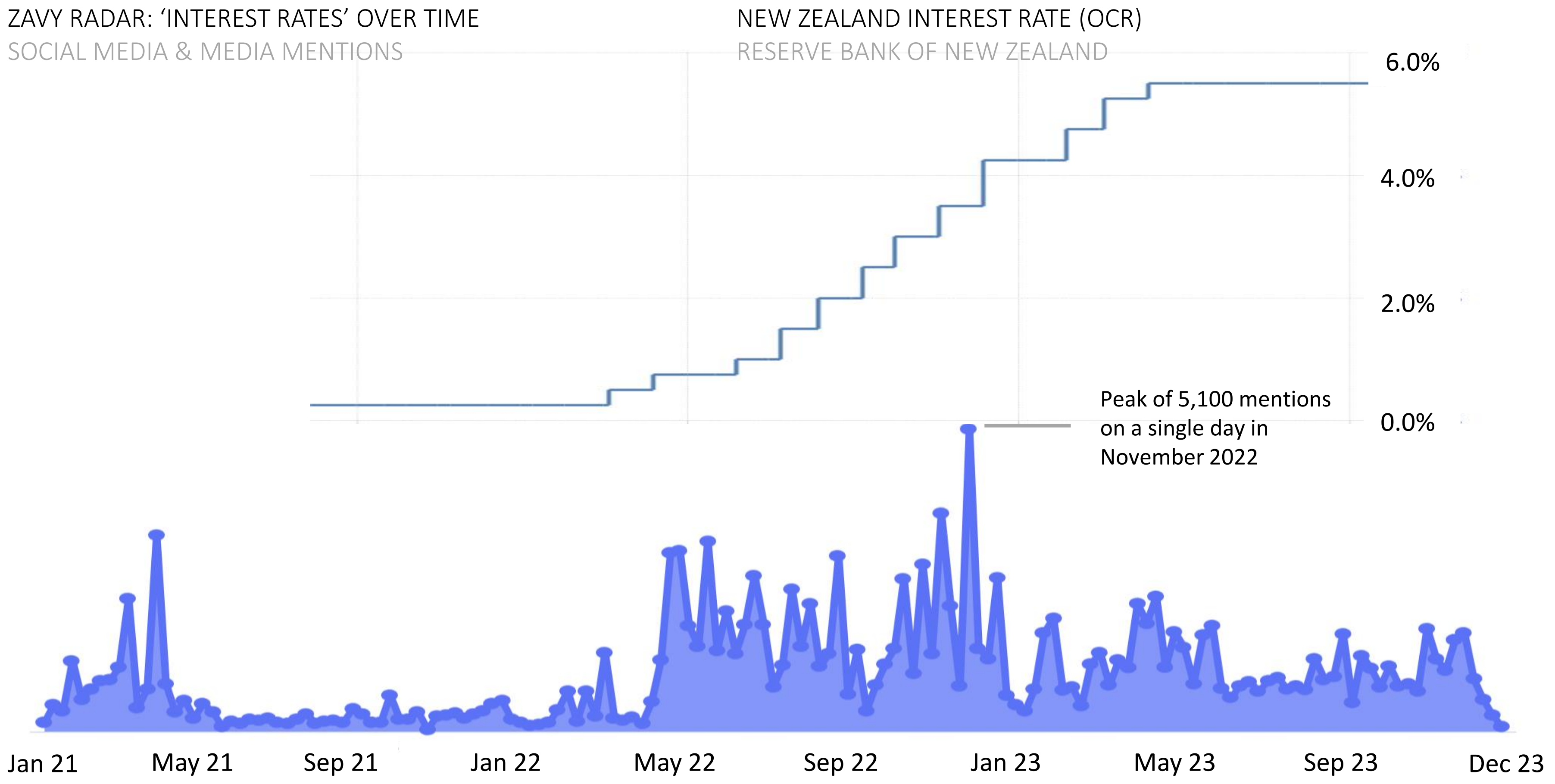
The **Consumers Price Index** showed annual change of +4.7% in Q2 FY24, lower than it has been for over 2 years.
Easing inflation towards the end of 2023 corresponds with increased business and consumer confidence.

Annual CPI over time



Source: https://www.roymorgan.com/morgan-poll/consumer-confidence-anz-roy-morgan-new-zealand-cc
https://www.ceicdata.com/en/indicator/new-zealand/consumer-price-index-cpi-growth

Interest rates have been a common point of discussion over the past 2 years, but they were more talked about in 2022

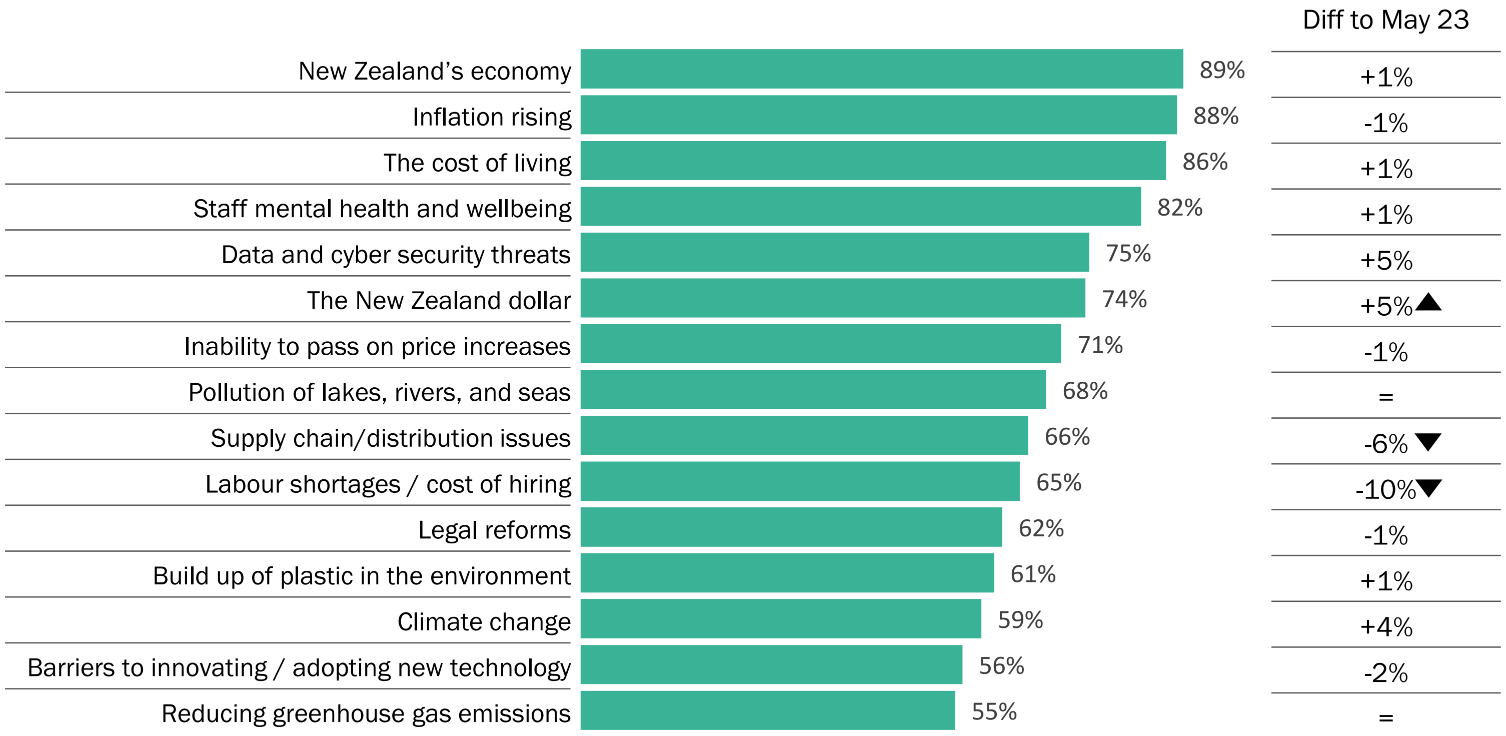


Chatter over the cost of living follows a similar pattern – with sustained conversation in 2022, but a decrease in volume compared to 2023. It's now less of a shock, people are adapting – it's a new normal - but it's still having significant impact and strain on consumers.

Source: Zavy Radar https://tradingeconomics.com/new-zealand/interest-rate https://www.canstar.co.nz/home-loans/when-will-interest-rates-go-down/ https://www.opespartners.co.nz/property-markets https://www.opespartners.co.nz/property-markets/auckland

Businesses are taking note of a wider range of issues, against the backdrop of sustained, elevated economic concerns

Importance of issues to businesses – Important/Very important



Compared to May 23, most issues were stable, or increasing in importance. There was a significant upward shift in importance placed on the New Zealand dollar.

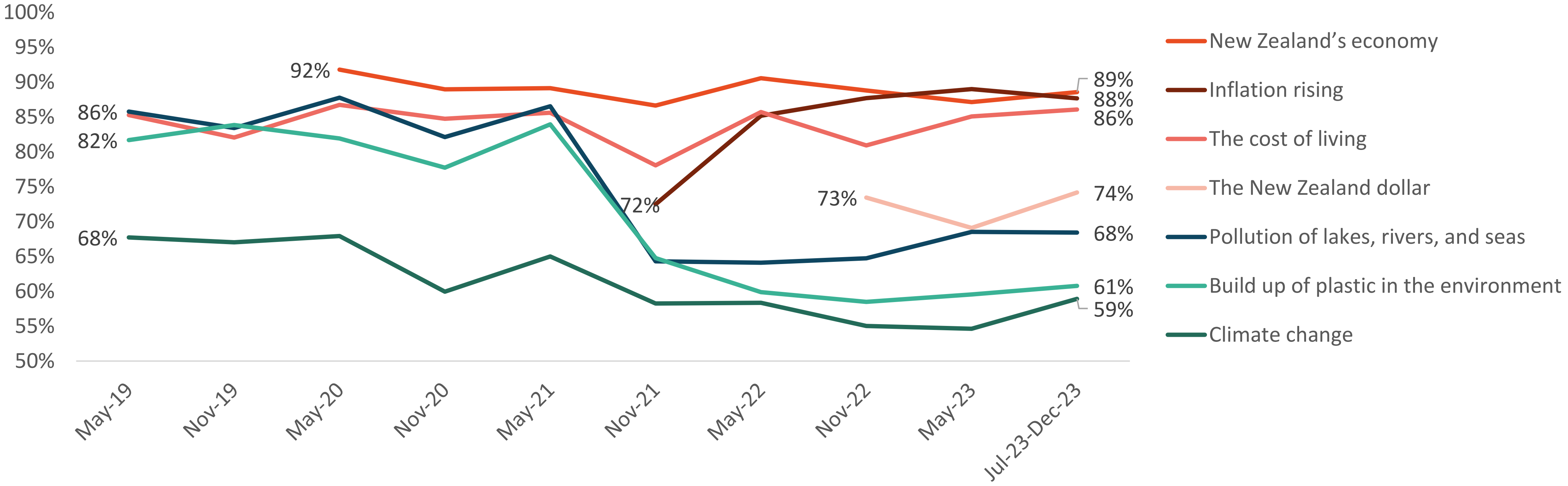
An exception, which reflects a looser labour market, labour shortages/cost of hiring and supply chain/distribution issues saw a significant decrease in concern.

GENERAL_ISSUES How important do you consider each of the following issues to be for New Zealand? NET Important / Very Important.
Base: Total Sample, n=1008, FY24 Q1-Q2

Statistically significant change compared to previous wave ▲▼

And when we take a longer-term view, we see concern with green issues declining over time, as economic distractions have become top priority

Importance of issues to businesses – (Important/Very important)



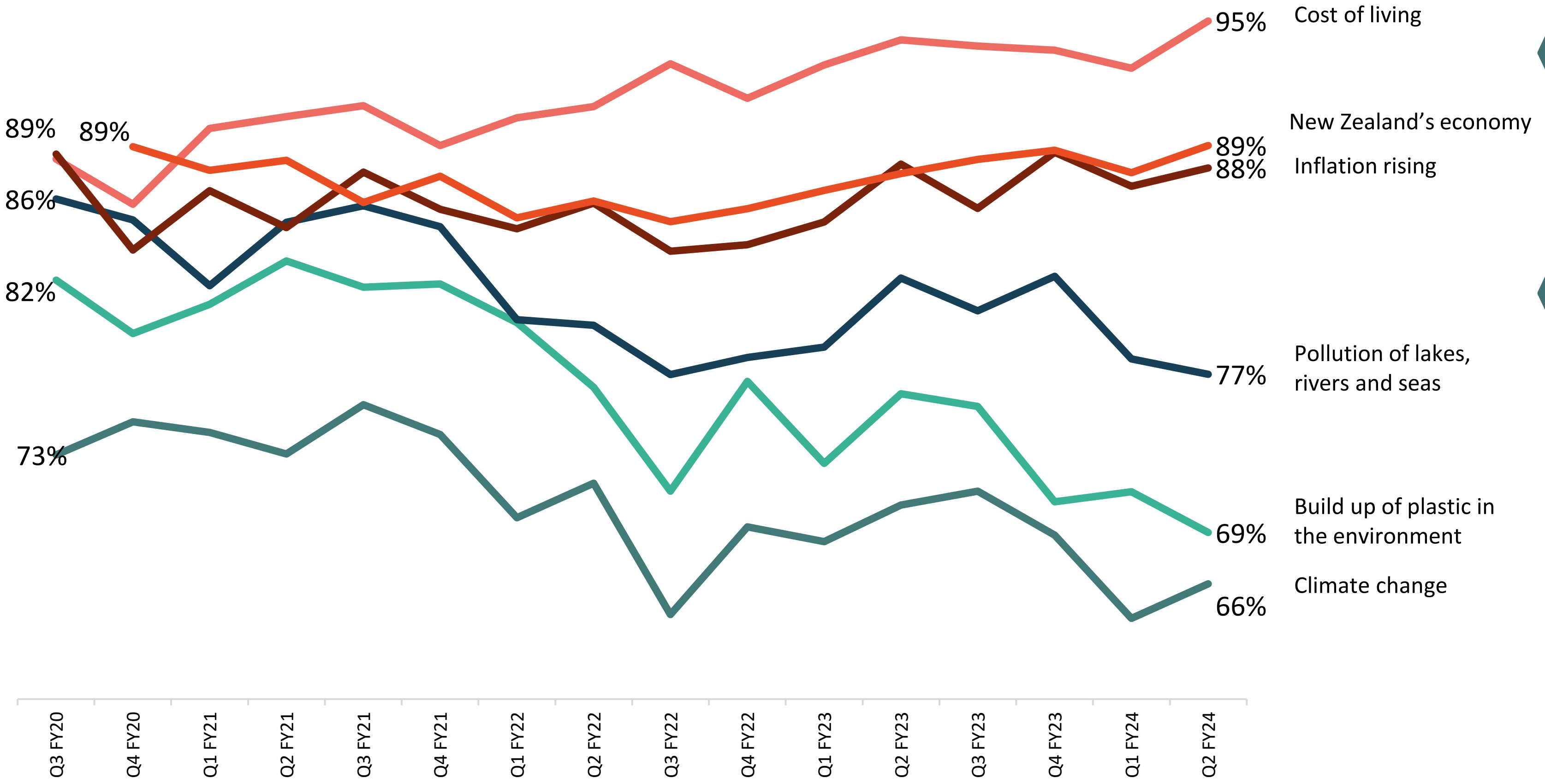
GENERAL_ISSUES How important do you consider each of the following issues to be for New Zealand? NET Important / Very Important.
Base: Total Sample, n=1008

We've seen a similar story among general consumers

The cost of living has consistently been the most important societal issue for consumers out of 12 issues tracked over the past 18 months. And concern here is growing – up 6 points in the past 2 years. Nearly everyone – 19 out of 20 New Zealanders – now think it's an important issue.

In Q2 FY24, 77% of New Zealanders are thinking about the cost of living more than they were 12 months ago.

Importance of issues to consumers –
(Important/Very important – top 3 and bottom 3 issues of 12)

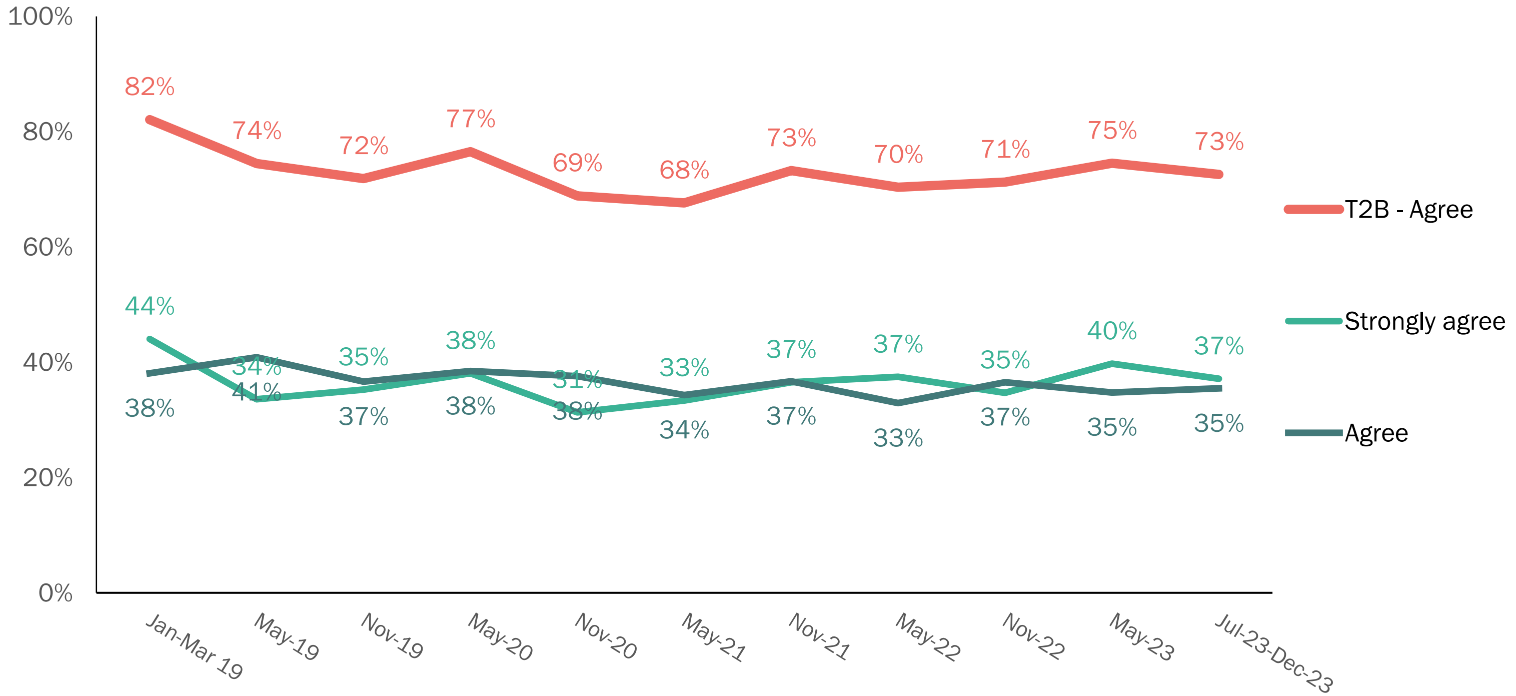


Source: EECA Consumer Monitor Q3 FY20 – Q2 FY24, n=circa 750 each quarter

Business climate beliefs

Around 7 in 10 business leaders believe in climate change – a fairly stable belief in recent years

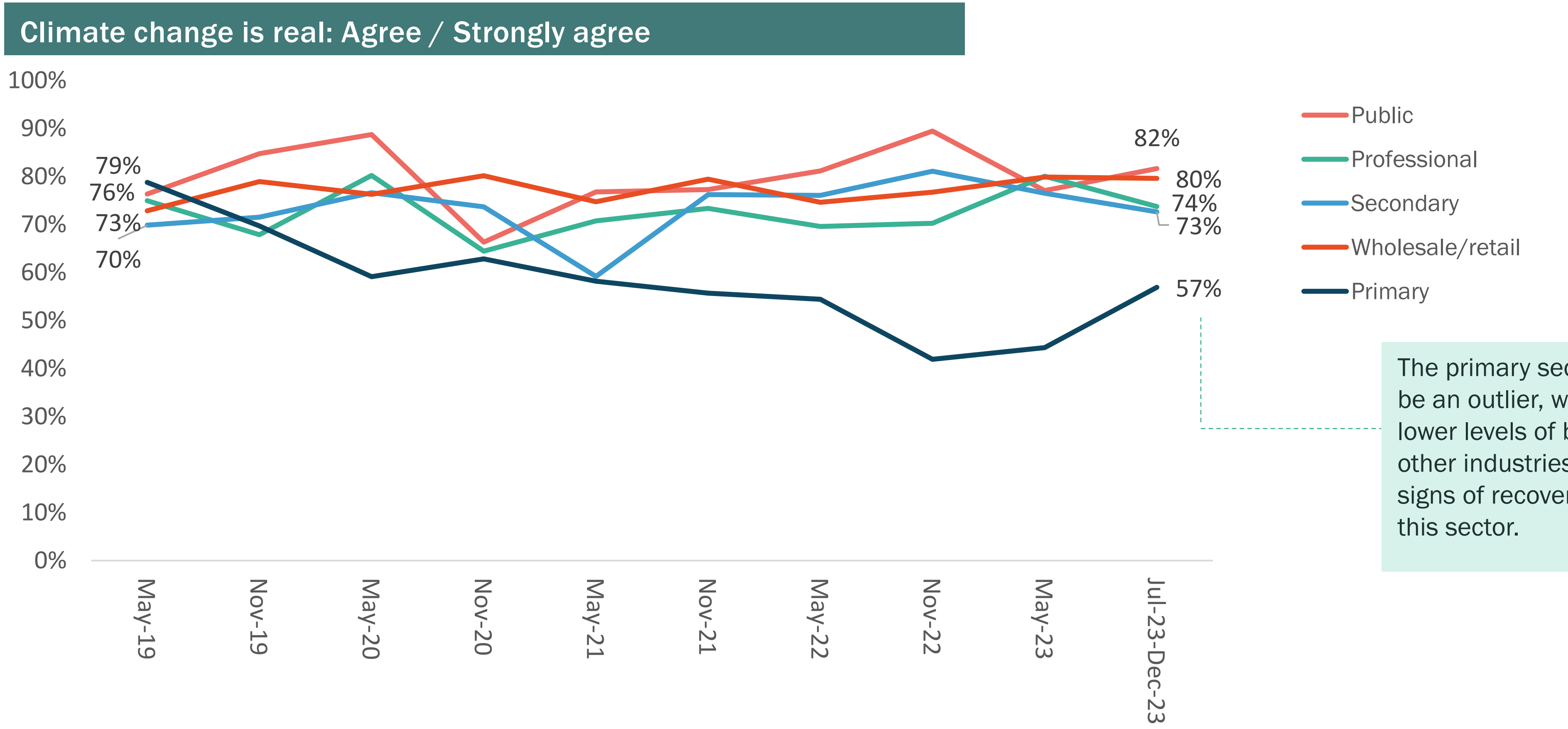
Climate Beliefs: Climate change is real (Agree/Strongly Agree)



CLIMATE_BELIEFS Climate change is real.

Base: Total Sample: n=762

There are signs that primary industry is starting to re-engage with the cause

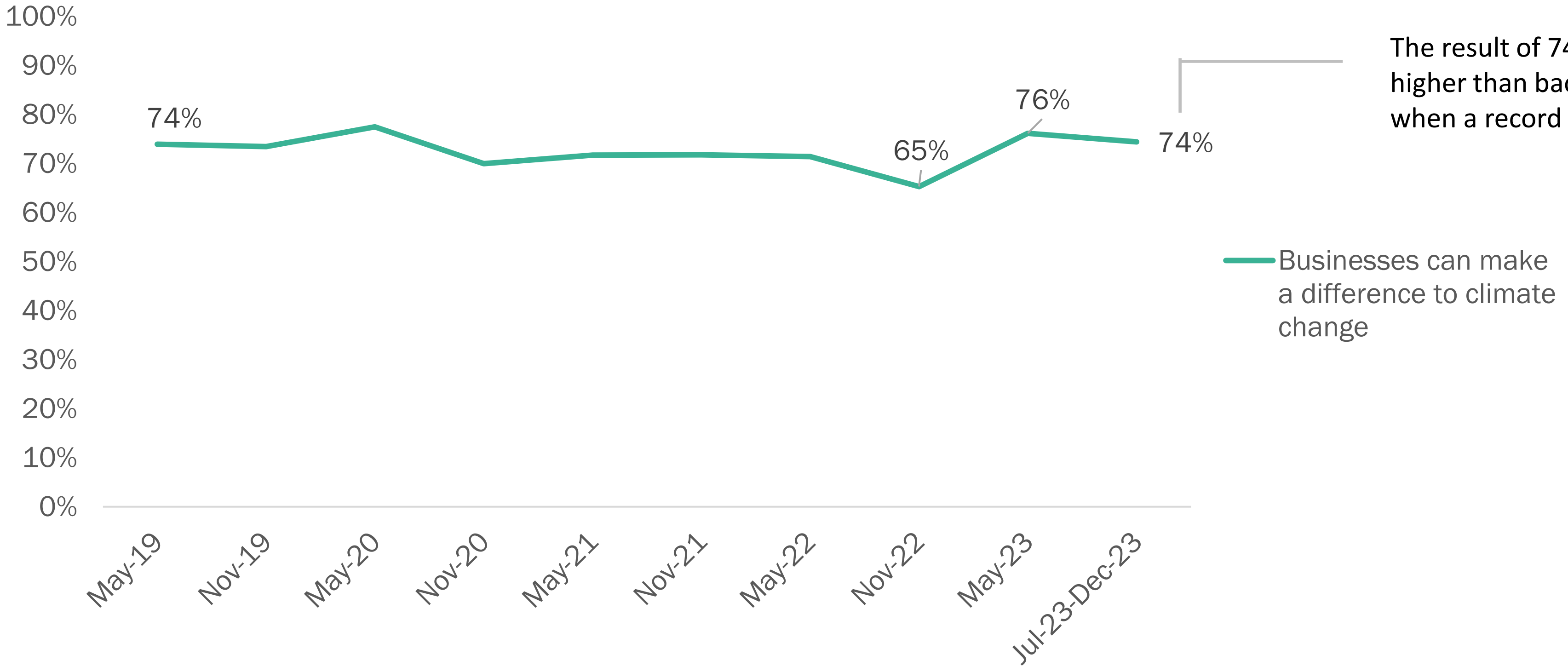


The primary sector continues to be an outlier, with significantly lower levels of belief compared to other industries. But there are signs of recovery in belief with this sector.

CLIMATE_BELIEFS – How much do you agree or disagree that… – Not Stated REMOVED – NET T2B AGREE
May 2019 n=498, Nov 2019 n=498, May 2020 n=486, Nov 2020 n=496, May 2021 n=613, Nov 2021 n=505, May 2022 n=629, Nov 2022 n=521, May 2023 n=508, Jul-Dec 6mr n=1008

Businesses are feeling more empowered over the past year, with agreement that businesses can make a difference regaining pre-COVID levels.

Agree / Strongly agree: Businesses can make a difference to climate change



The result of 74% is significantly higher than back in November 2022, when a record low was recorded.

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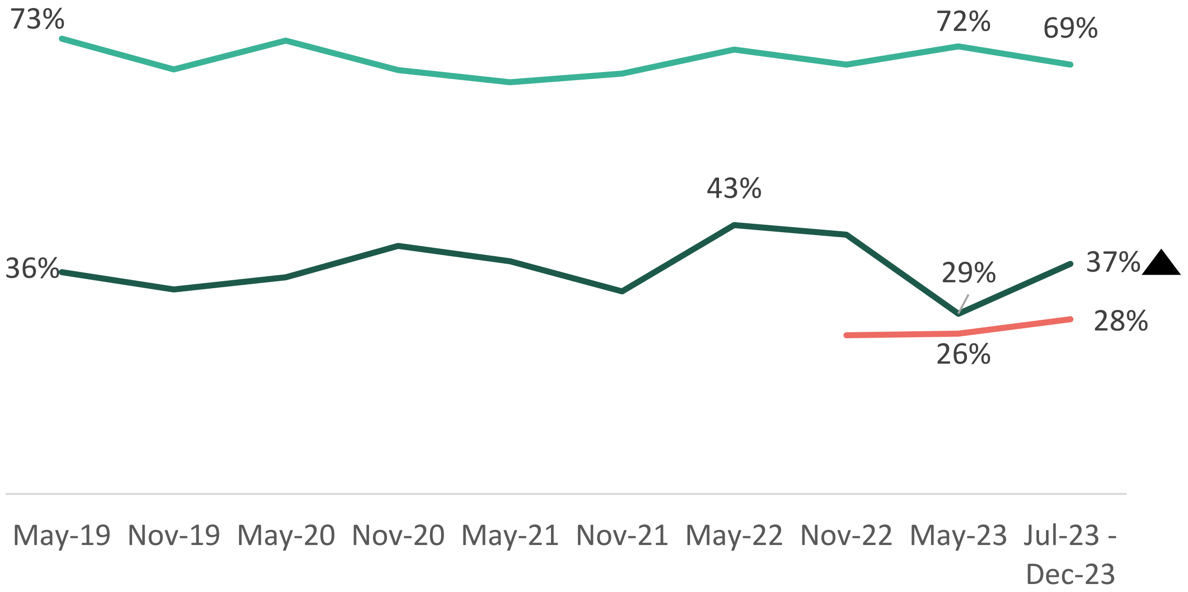
But barriers are hard to shift. Consistently around 7 in 10 businesses see addressing climate change as urgent. But it's not something that *individual* businesses necessarily prioritise.

And there's been a sharp uplift in businesses thinking climate change won't impact them, following a low recorded in May 23 – potentially related to the recency of extreme weather events Cyclone Gabrielle and Auckland Anniversary Weekend floods which caused widespread disruption and damage to businesses.

Climate beliefs: Agree / Strongly agree



Statistically significant change compared to previous wave

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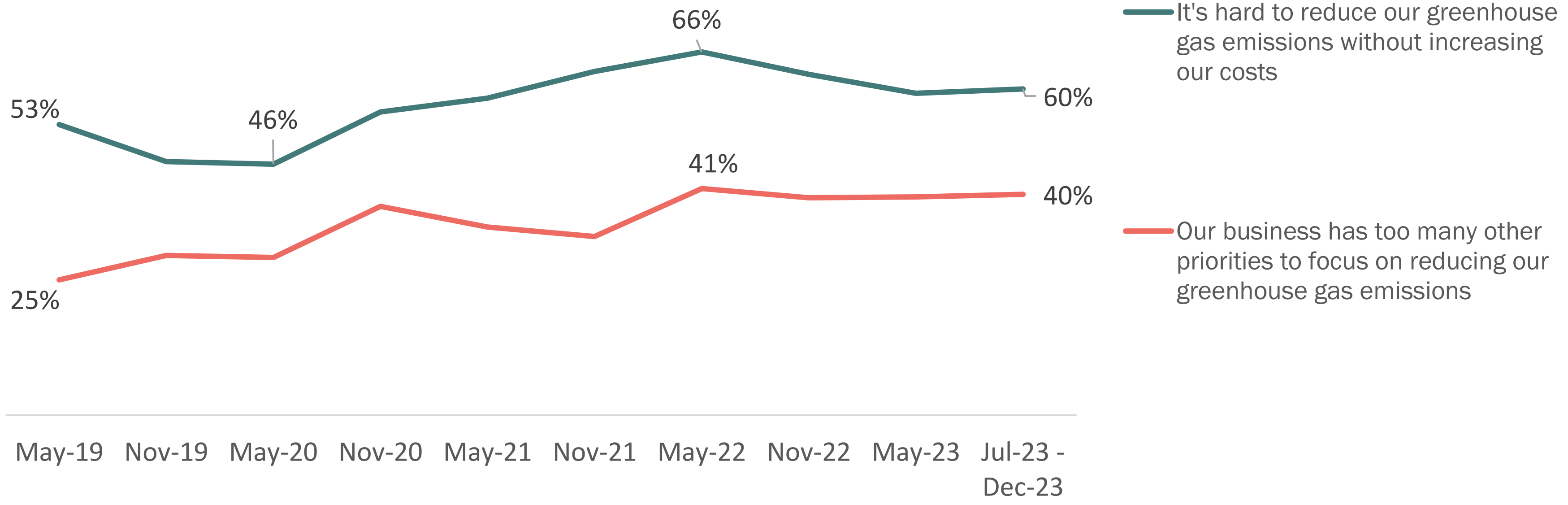
And most still see action as costing not saving.

Over the past 18 months, around 4 in 10 businesses feel they have too much going on to focus on emissions, and most associate taking action with increased costs, although this has softened since a peak in May 2022.

Climate beliefs: Agree / Strongly agree



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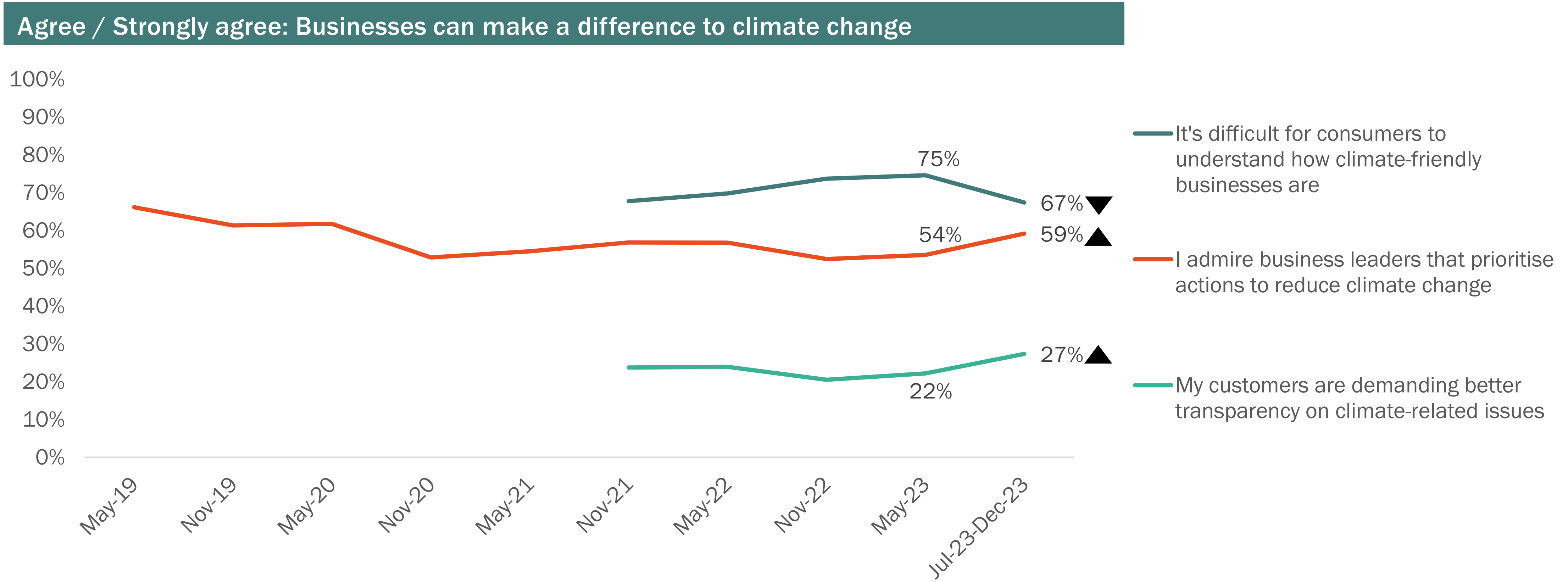
But we’ve seen significant changes among three beliefs that paint a picture of more external pressure from consumers, and growing currency in businesses acting sustainably



Statistically significant change compared to previous wave

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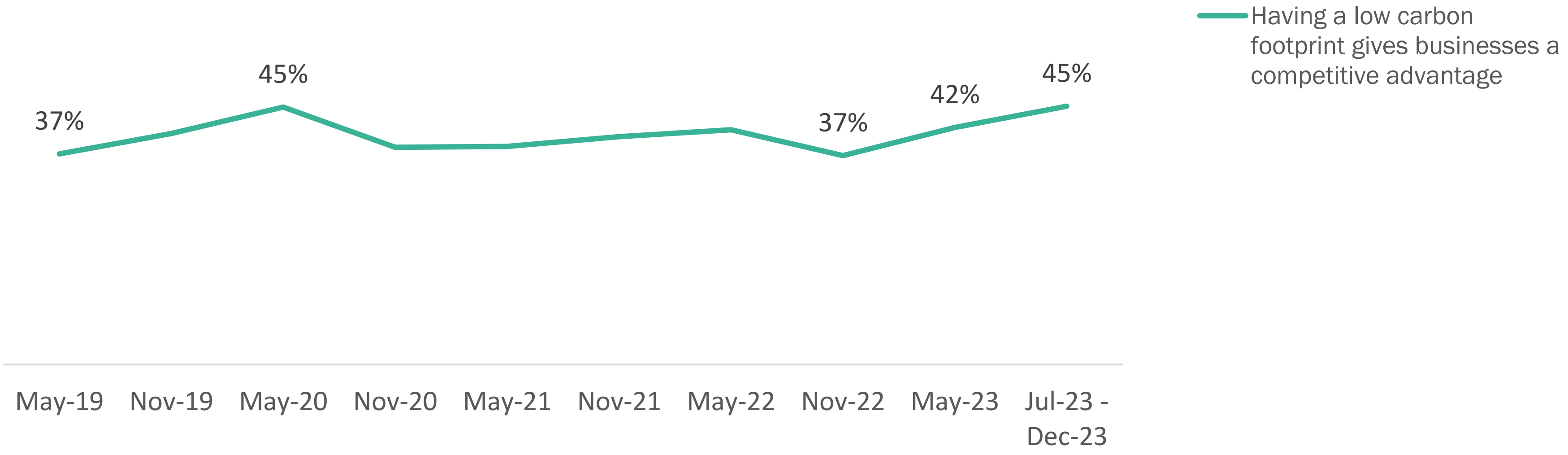
And the perception that action will give businesses a competitive advantage has regained its peak

Although most businesses aren't convinced that a lower carbon footprint comes with a competitive advantage, this idea is gaining traction, regaining the previous high recorded in May 2020.

Climate beliefs: Agree / Strongly agree



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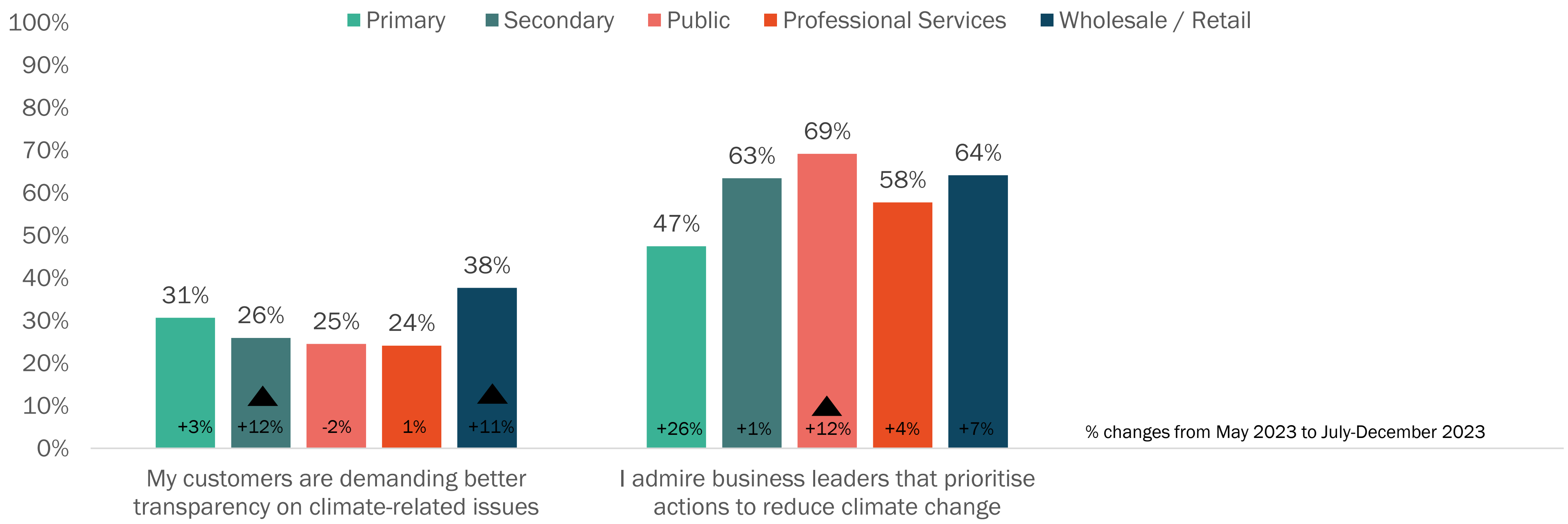
May 2019 n=498, Nov 2019 n=498, May 2020 n=486, Nov 2020 n=496, May 2021 n=613, Nov 2021 n=505, May 2022 n=629, Nov 2022 n=521, May 2023 n=508, Jul-Dec 6mr n=1008

These pressures vary by industry. Consumer pressure is felt more keenly in the primary and wholesale / retail sectors.

Climate beliefs by sector

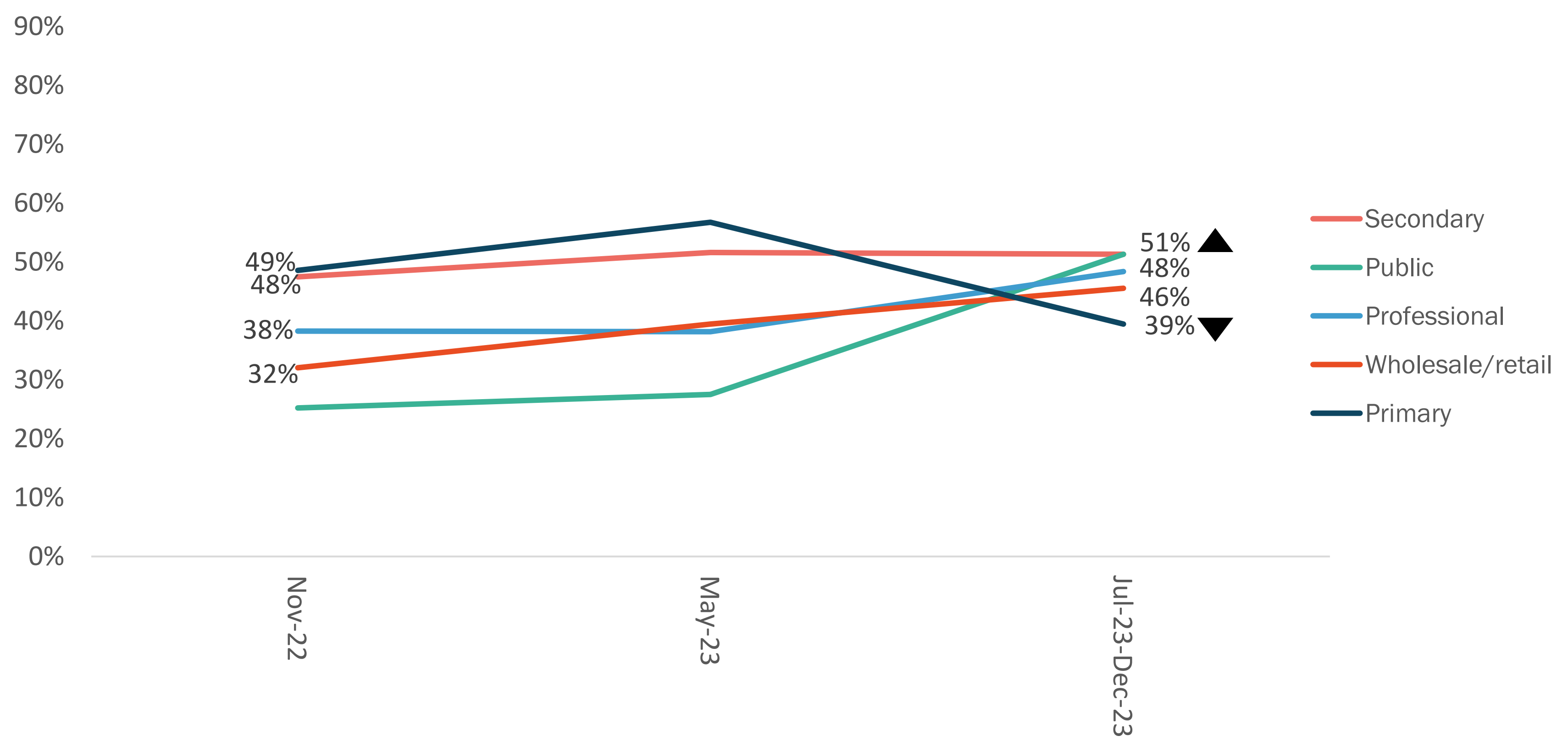


Statistically significant change compared to previous wave

CLIMATE_BELIEFS – How much do you agree or disagree that… – Not Stated REMOVED – NET T2B AGREE
Base: Primary n=98 Secondary n=243, Wholesale/retail n=199, Professional n=196, Public = 147

But sectors are becoming more aligned when recognizing the competitive advantage of taking action

Having a low carbon footprint gives businesses a competitive advantage



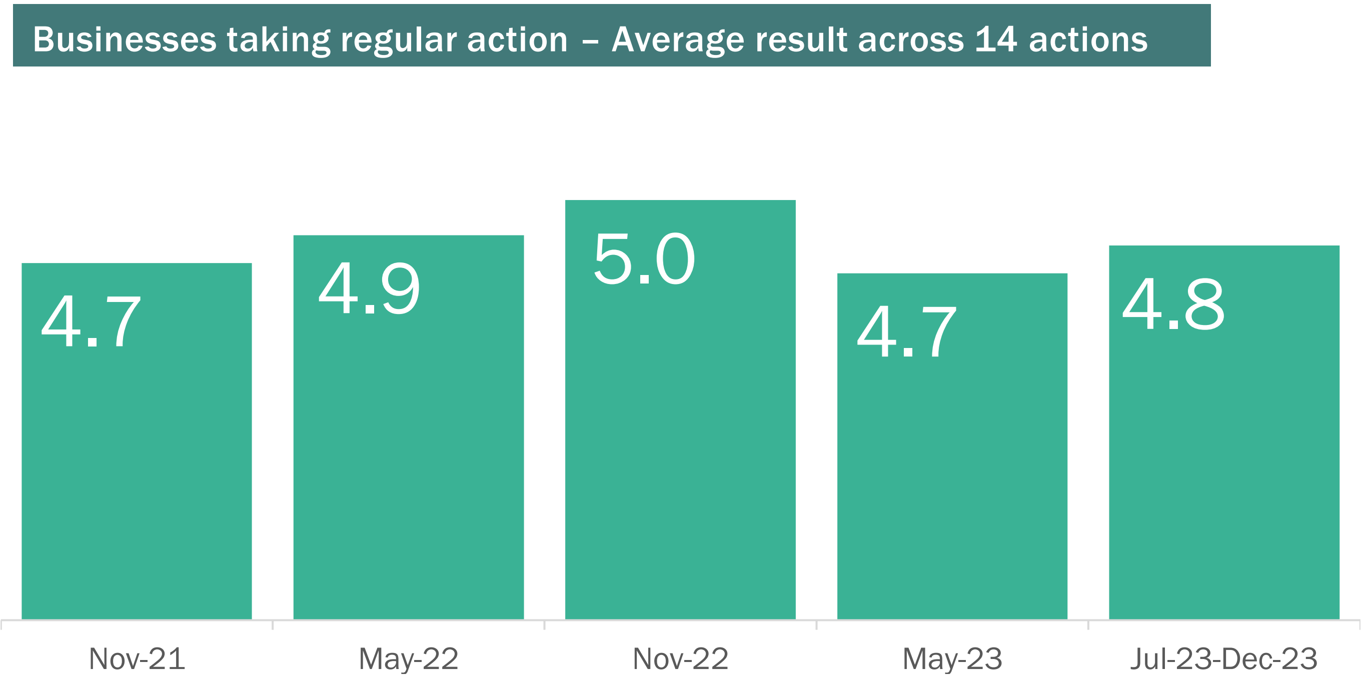
CLIMATE_BELIEFS – How much do you agree or disagree that… – Not Stated REMOVED – NET T2B AGREE
Base: Primary n=42-98 Secondary n=146-243, Wholesale/retail n=109-122, Professional n=88-196, Public 58-147

Statistically significant change compared to previous wave

There are clear signs that businesses are re-engaging with the cause. Increasingly it makes business sense. But actually prioritizing activity in this space is still a challenge; most businesses are still thinking in the shorter-term.

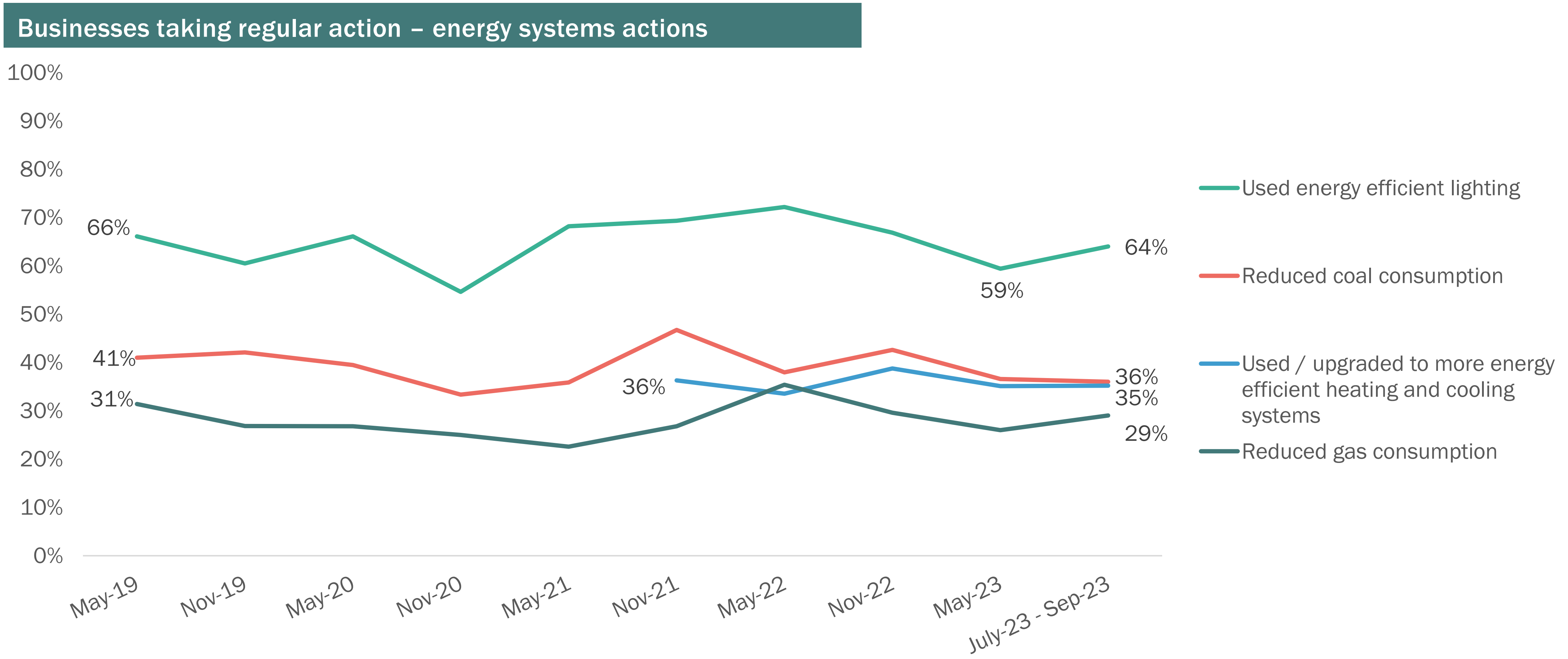
Business climate actions

The number of actions businesses are taking remains broadly stable



CLIMATE_ACTIONS. Which of the following actions do you take in order to reduce your climate change impact? - T2B - Take Regular Action
May 2019 n=498, Nov 2019 n=498, May 2020 n=486, Nov 2020 n=496, May 2021 n=613, Nov 2021 n=505, May 2022 n=629, Nov 2022 n=521, May 2023 n=508, Jul-Dec 6mr n=1008

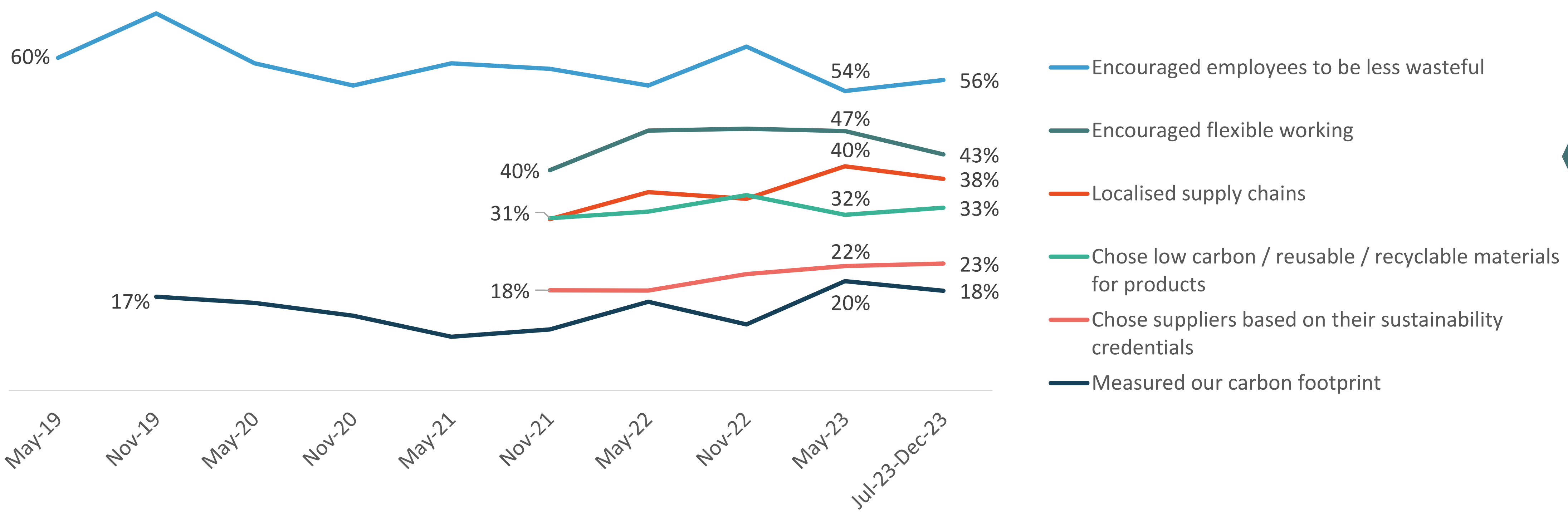
Actions related to energy systems were relatively stable, with a slight overall increase after recent downward trends



CLIMATE_ACTIONS. Which of the following actions do you take in order to reduce your climate change impact? - T2B - Take Regular Action
Base: Jul-Dec 6mr n=1008

Operational actions held steady in this period. Encouraging staff to be less wasteful is consistently the top action in this space

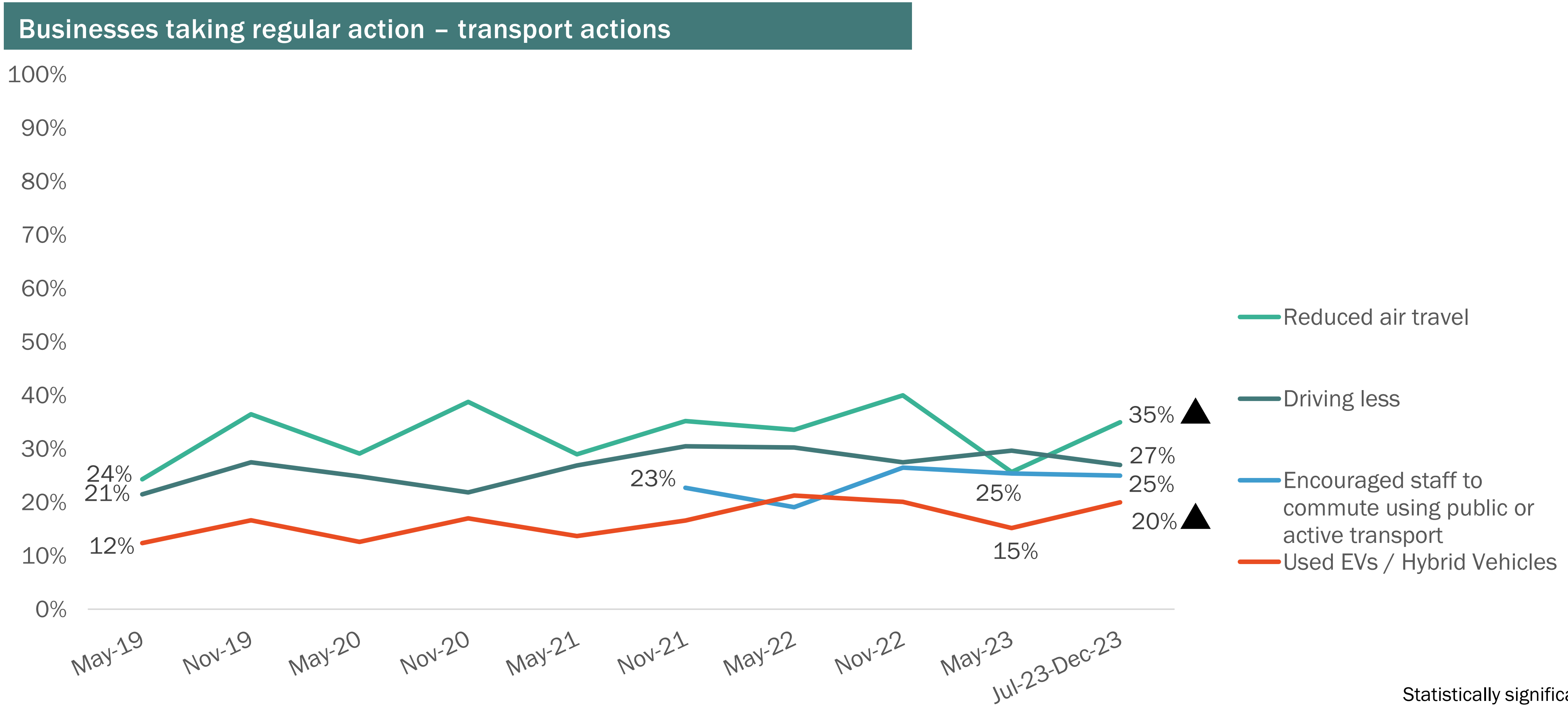
Businesses taking regular action – operational actions



CLIMATE_ACTIONS. Which of the following actions do you take in order to reduce your climate change impact? - T2B - Take Regular Action
Base: Jul-Dec 6mr n=1008

Reducing air travel is the most common transport action following a significant uplift this quarter

Results for travel actions typically fluctuate over time more than other types of action.



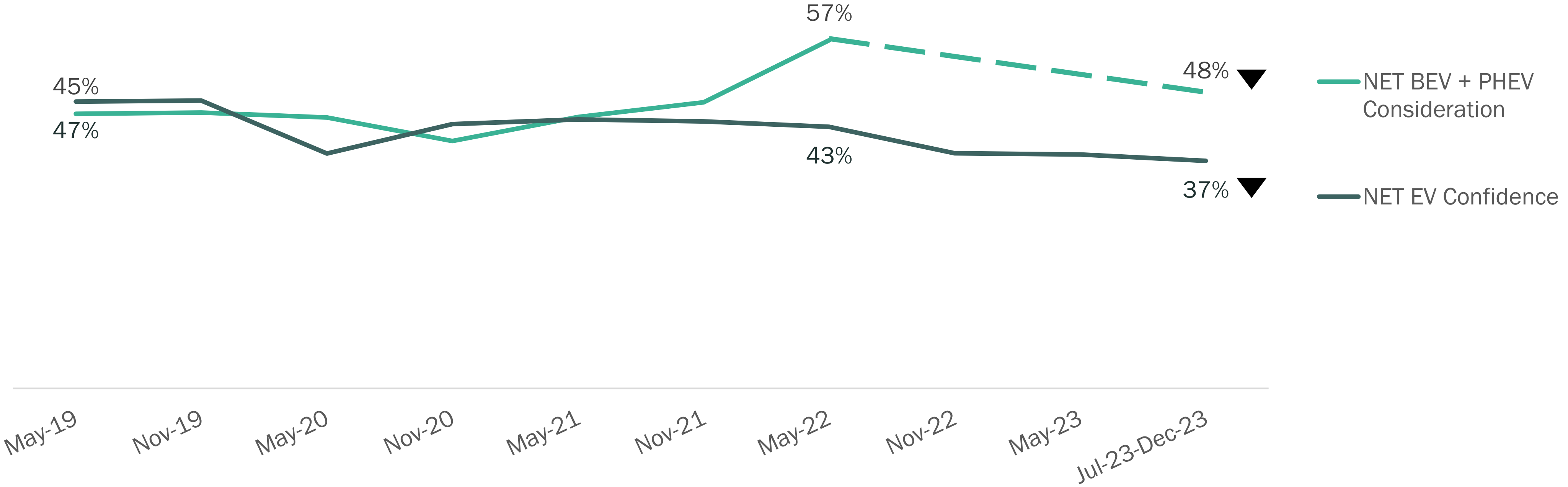
Statistically significant change compared to previous wave

CLIMATE_ACTIONS. Which of the following actions do you take in order to reduce your climate change impact? - T2B - Take Regular Action
Base: Jul-Dec 6mr n=1008

Although in this most recent period we saw a lift in business using EVs – now reaching 1 in 5 – overall consideration and confidence has softened since May 2022.

Confidence is actually lower than it was 4 years ago, and consideration levels have returned to this base level.

EV Consideration and confidence



*Consideration was not asked in Nov 23 and May 23, Returned to the survey in Jul-Dec 23. The Dotted line is a projection of the trend over this time period.
EV_CONS: Thinking about your next decision on the type of company vehicles you will use, how likely are you to consider the following vehicles for some or all of your fleet? NETT LIKELY ONLY
EV_CONFIDENCE: To what extent are you confident that Electric Vehicles can meet the needs of your business? May 2019 n=428, Nov 2019 n=434, May 2020 n=416, Nov 2020 n=420, May 2021 n=514, Nov 2021 n=428, May 2022 n=439, Nov 2022 n=421, May 2023 n=416, Jul-Dec 6mr n=787

Statistically significant change compared to May 22 ▲▼

Although actions are largely stable in this period, some of the most impactful actions – relating to how businesses move people and goods around – have improved, with a reduction in air travel, an uptick in using EVs and long-term shift to more local supply chains. But it's clear that with EVs, there remains a job to do to show businesses how they can work for them.

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Business climate information needs

Although actions have held steady, businesses overall have the impression they're doing less. With around 1 in 5 wanting to do something but not sure what, there's a clear appetite for guidance in this space.

Climate Journey

20%
-3 since last wave
We're not doing anything to reduce our emissions and we're not interested.

21%
No change since last wave
We're not doing anything yet, but we want to in the future.

19% ▲
+8 since last wave
We want to do something, but don't know what to do.

9%
No change since last wave
We've started measuring our emissions but haven't taken action to reduce them yet.

22%
-5 since last wave
We're taking action to reduce our emissions, but don't yet measure them.

4%
No change since last wave
We're measuring our emissions and taking action to reduce them.

40% (+9%) ▲ Not doing anything, But want to

34% (-5%) Measuring emissions and/or taking action

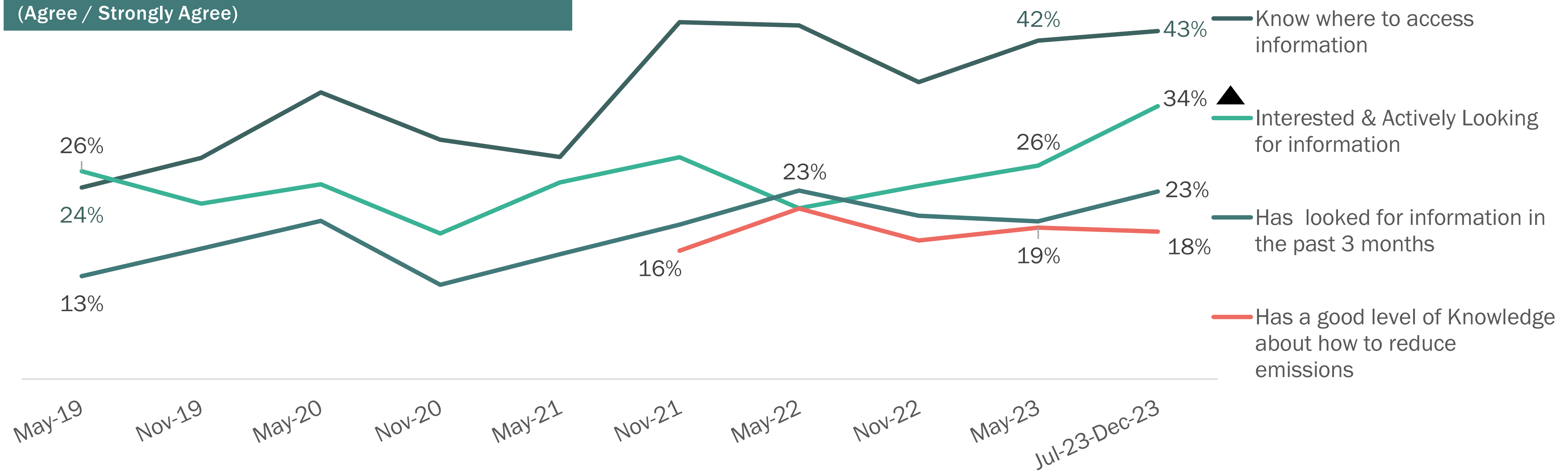
Statistically significant change compared to previous wave ▲▼

CLIMATE_JOURNEY: What stage is your business at in taking action to reduce its carbon emissions?
Base: n=1008

More businesses than ever are interested and actively looking for information, but may need more guidance on the best sources

While interest in information has gained 8 points, knowing where to look has held steady – suggesting there's a growing market of businesses who will be receptive to targeted information. Encouragingly, the proportion of businesses who have looked for information in the past 3 months has regained its peak – representing nearly one-quarter of businesses.

Knowledge of where to access information
(Agree / Strongly Agree)

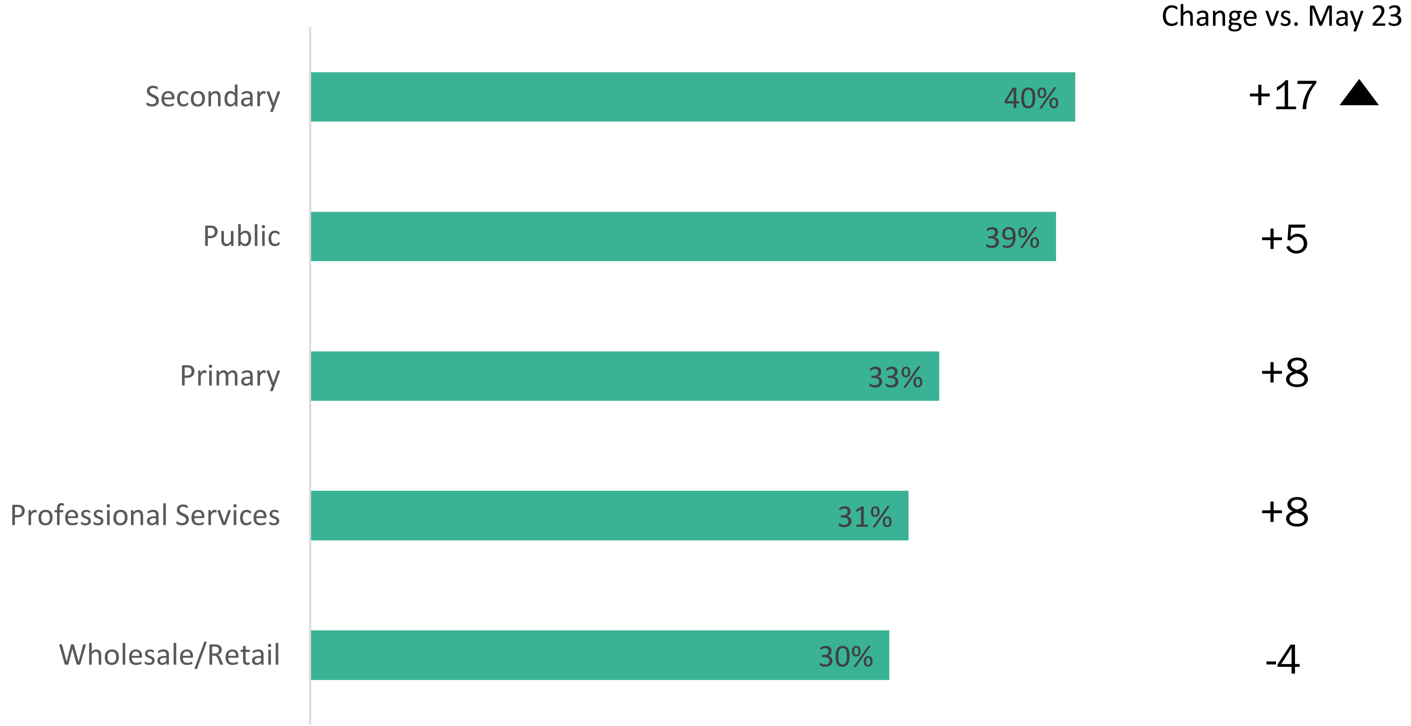


INFO_ABILITY: How INFO_ABILITY: How much do you agree/disagree that you know where to access information about how to reduce your business's carbon emissions? (Agree/Strongly Agree)
INFO_SEEK: In the past 3 months, have you looked for information or advice that can help you lower your business's carbon emissions? (Yes)
INFO_RATE: On a scale of 0 - 10, how would you rate your level of knowledge about how your business can reduce its carbon emissions? (8-10 – I know a lot)
INFO_INTEREST What best describes your level of interest in finding information or advice that can help you lower your business's carbon emissions? ('I actively look for this information when I need it, but not often/'I often actively look for this information)
May 2019 n=498, Nov 2019 n=498, May 2020 n=486, Nov 2020 n=496, May 2021 n=613, Nov 2021 n=505, May 2022 n=629, Nov 2022 n=521, May 2023 n=508, Jul-Dec 6mr n=1008

▲▼ Statistically significant change compared to previous wave

This uplift in ‘interested and actively looking’ for information is driven by significant gains in the Secondary sector

Information interest by sector - Interested or Actively looking for information or advice that can help lower your business’s carbon emissions, Jul-Dec 2023.



Statistically significant change compared to previous wave

INFO_INTEREST What best describes your level of interest in finding information or advice that can help you lower your business’s carbon emissions? ('I actively look for this information when I need it, but not often/'I often actively look for this information)

Base:2023 n=1008

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There’s clear momentum among businesses in the information space, with many either engaging with more information on what they can do, or expressing growing appetite in up-skilling in this area.

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We’re here to support businesses to be leaders in clean and clever energy use.

Visit EECA for more information at eeca.govt.nz