

EECA Business Monitor

Edition 2: November 2021



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.

The monitors are designed to assess how we're going vs. our strategic focus areas.

BUSINESS MONITOR

How have business climate change attitudes and behaviours changed since Covid-19 began?

Every 6 months we survey a representative selection of New Zealand businesses, 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.

The survey took place in November 2021 and 514 respondents took part.

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.

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.



Overview

Throughout 2021, businesses have recalibrated their relationship with the climate change. The picture earlier this year in May 2021 was disappointing – showing businesses deprioritising tackling their climate initiatives.

But in this most recent research, we see signs that businesses are reawakening with the need to act. They're increasingly constrained by the impacts of COVID-19, but also aware their climate impact is not something that can be ignored.

What this round of data clearly shows, however, is the challenge of divergence. The COVID-19 impact has offered some businesses opportunities, while being negative for others. Impact of potential regulation is also a factor.

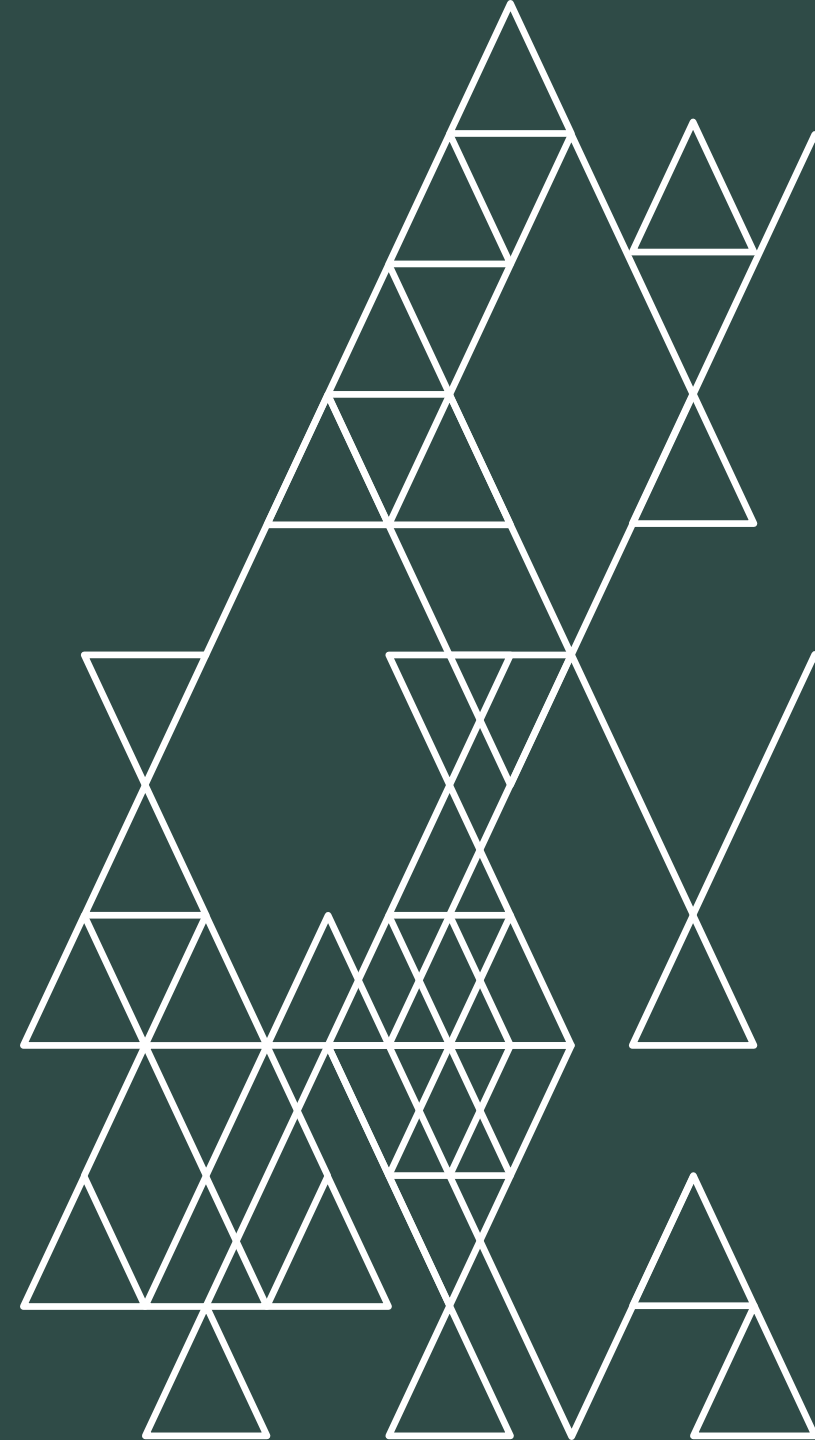
This brings a wider variety of contexts from which businesses approach climate change. And this poses a challenge for engaging business with a unified message.

But one message does have universal relevance - the short to mid-term economic gains that climate friendly behaviour can have. Conveying this message is needed to help quash the rising concern that taking climate action comes with a growing cost.



EECA

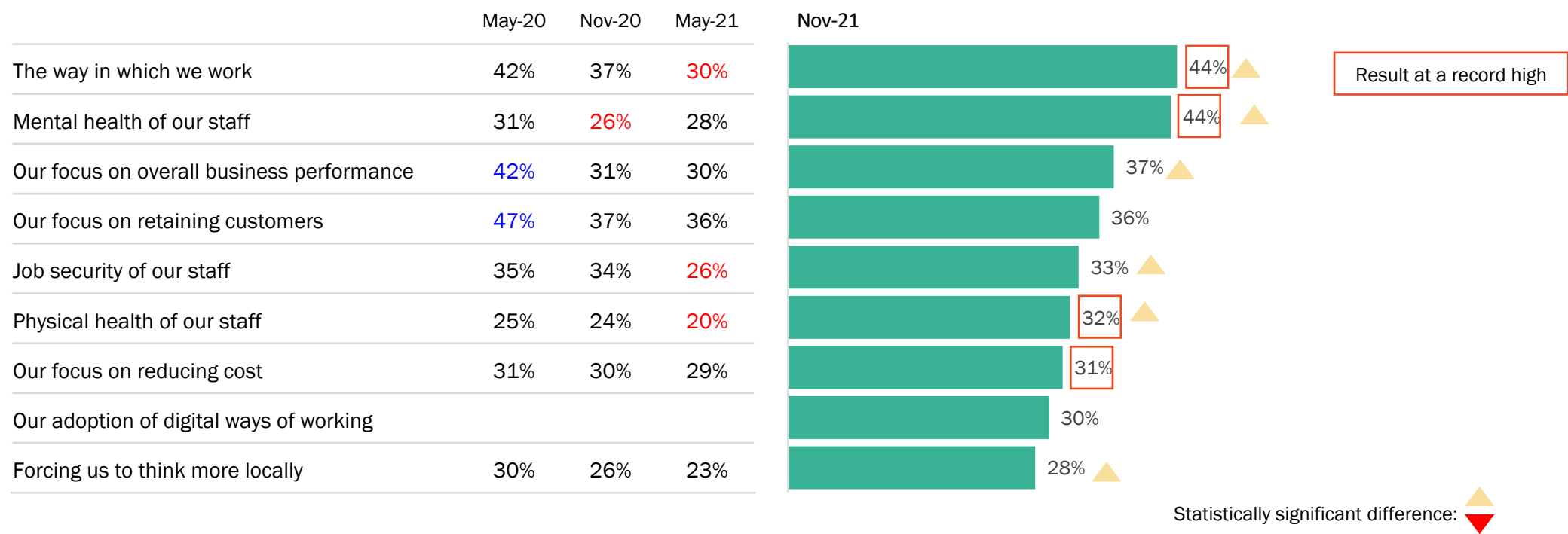
Current Business Landscape



The effects on business of COVID-19 have returned – and in some cases are at a record high

The impact on staff mental health has seen the biggest increase, alongside the way businesses work

IMPACT OF C19 ON NEW ZEALAND BUSINESSES



C19_CURRENT - And in which of these ways is the COVID-19 situation impacting your business currently? (Some impact / Significant impact / Huge impact)

Base: Total Sample - (n=514).

The C19 impact is felt disproportionately across industry with wholesale / retail hardest hit, and primary least impacted

THE C19 SITUATION IS HAVING A SIGNIFICANT / HUGE BUSINESS IMPACT CURRENTLY ON... BY INDUSTRY (MAY AND NOVEMBER 2021)

	Primary	Secondary	Wholesale / Retail	Professional Services	Public
Physical health of our staff	19%	28%	31%	23%	32%
Mental health of our staff	26%	34%	41%	36%	43%
Job security of our staff	15% ▼	31%	38% ▲	30%	31%
The way in which we work	18% ▼	35%	42%	40%	48% ▲
Our focus on reducing cost	14% ▼	33%	42% ▲	31%	29%
Our focus on overall business performance	20% ▼	30%	50% ▲	33%	38%
Our focus on retaining customers	15% ▼	37%	50% ▲	37%	37%
Forcing us to think more locally	10% ▼	28%	41% ▲	25%	24%
Our adoption of digital ways of working	20% ▼	14% ▼	33%	38% ▲	52% ▲

Auckland businesses reported that they were impacted the hardest across many of these measures.

This likely reflects the longer lockdown period as well as lower representation of primary industry (just 8% of businesses in the primary industries are based in Auckland).

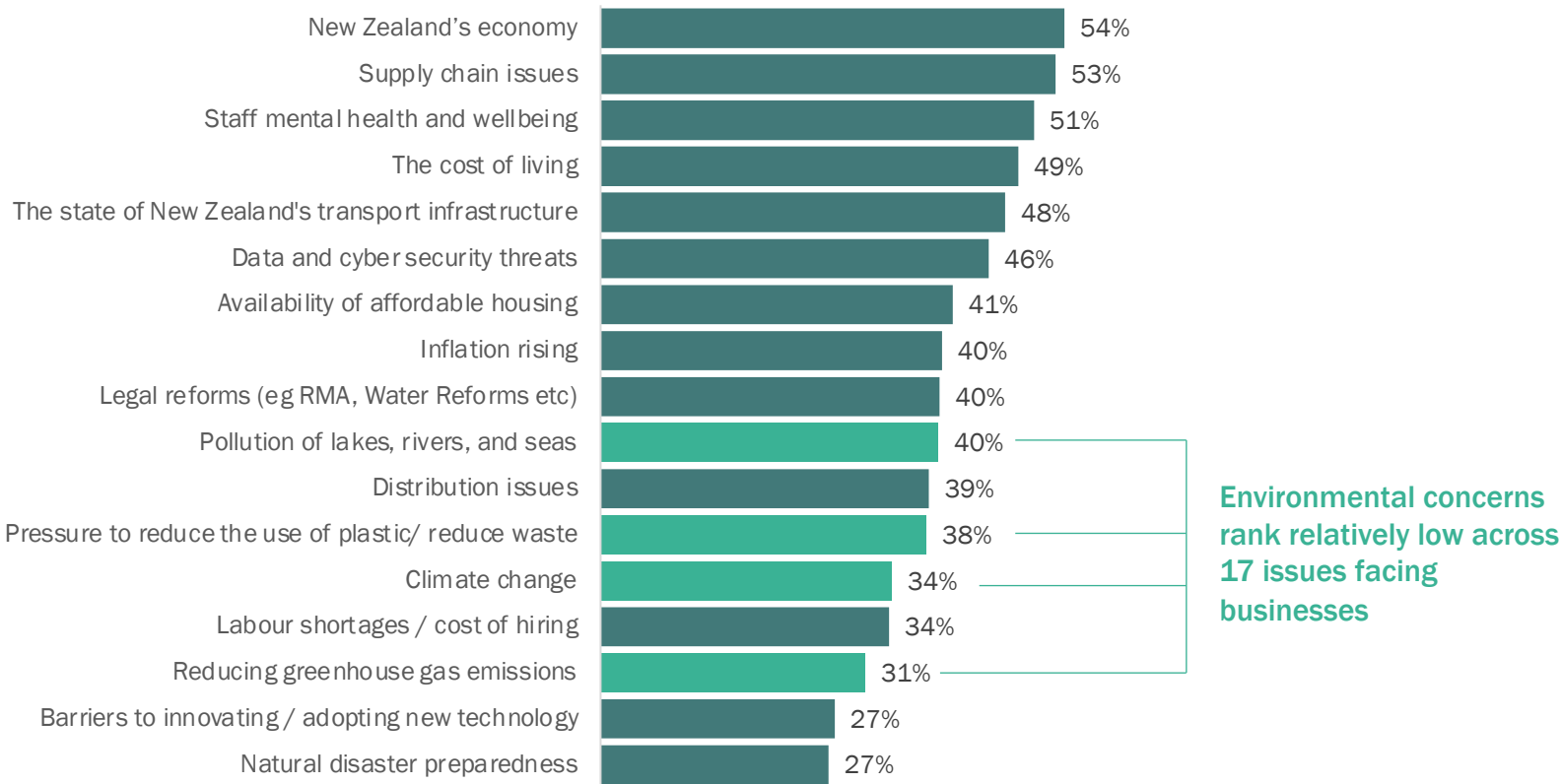
Statistically significant difference: ▲ ▼

C19_CURRENT - And in which of these ways is the COVID-19 situation impacting your business currently? (Significant impact / Huge impact)

Base: Primary industry n= 83, Secondary industry n=283, Wholesale / Retail n=256, Professional services n=220, Public n=156. **Filter:** May-21 + Nov-21,

The economy and supply chain issues are a much greater business concerns than climate change

BUSINESS PERCEPTIONS ON THE MOST IMPORTANT ISSUES FACING NEW ZEALAND BUSINESSES (VERY IMPORTANT)



GENERAL_ISSUES - How important do you consider each of the following issues to be for New Zealand Businesses?
Base: n=514 Businesses

The diversity of top business issues by sector and size highlights a range of different business contexts

General issues facing New Zealand businesses: Very important (Top 8)	Business size: No. of FTEs				Business sector			
	0 - 5	6-19	20-99	100 +	Primary / Secondary	Wholesale / Retail	Professional Services	Public
Climate change				51%				40%
Pressure to reduce the use of plastic / reduce waste								47%
Pollution of lakes, rivers, and seas			40%			46%		47%
Reducing greenhouse gas emissions				46%				
Natural disaster preparedness								
The cost of living	49%	53%			58%	58%	40%	
Availability of affordable housing	42%	38%	45%				44%	42%
New Zealand's economy	55%	52%	57%	55%	51%	66%	57%	42%
The state of New Zealand's transport infrastructure	49%	44%			58%	44%	42%	
Inflation rising		44%	43%	45%		51%		
Data and cyber security threats	46%		49%	51%			55%	54%
Labour shortages / cost of hiring		49%	43%	52%	40%	43%		
Supply chain issues	54%	54%	46%	45%	62%	52%	49%	42%
Staff mental health and wellbeing	51%	55%	45%	56%	51%	43%	52%	68%
Barriers to innovating / adopting new technology								
Distribution issues					49%			
Legal reforms (eg RMA, Water Reforms etc)	41%				43%		41%	

This table shows the top eight issues only for each group – if a number is not shown, this means it ranked as less important (not within the top 8)

Environment-related

Economy-related

Business-related

Smaller companies appear to be more concerned with economy-related issues – whereas bigger companies can afford to focus more on specific business-related issues and environment-related issues.

GENERAL_ISSUES - How important do you consider each of the following issues to be for New Zealand Businesses? (Very Important)
 Base: n=514 Businesses, FTE: 0-5 (n=), 6-19 (n=), 20-99 (n=), 100+ (n=). Industry: Primary/Secondary (n=166), Wholesale/Retail (n=108), Professional Services (n=107), Public (n=63)



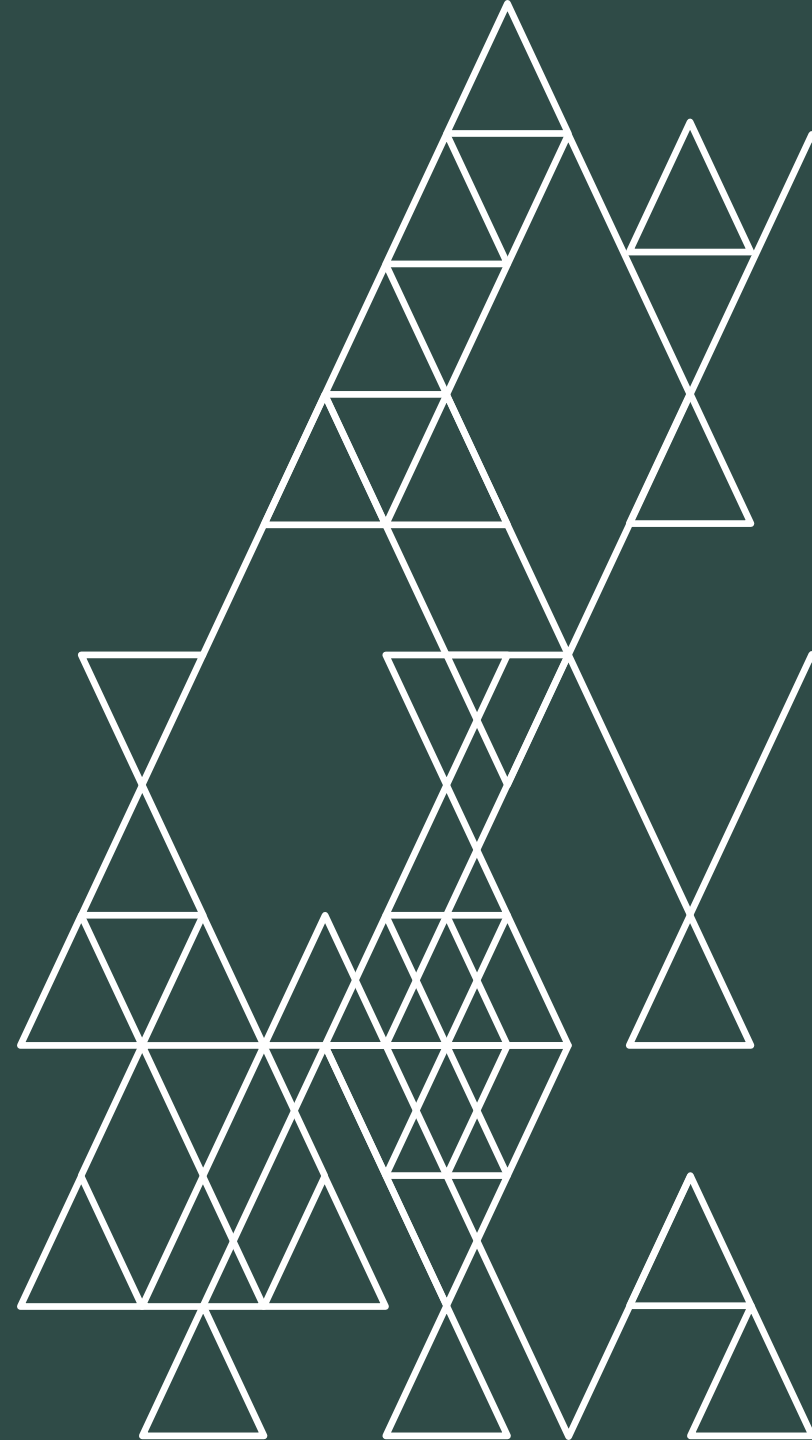
IMPLICATION

The recent impact of COVID-19 leaves a fragmented business landscape

Amidst COVID upheaval and uncertainty, some industries have been more impacted than others. We see varying fortunes; internationally sectors such as technology and software are enjoying substantial growth while the travel, entertainment and hospitality sectors are all generally suffering.

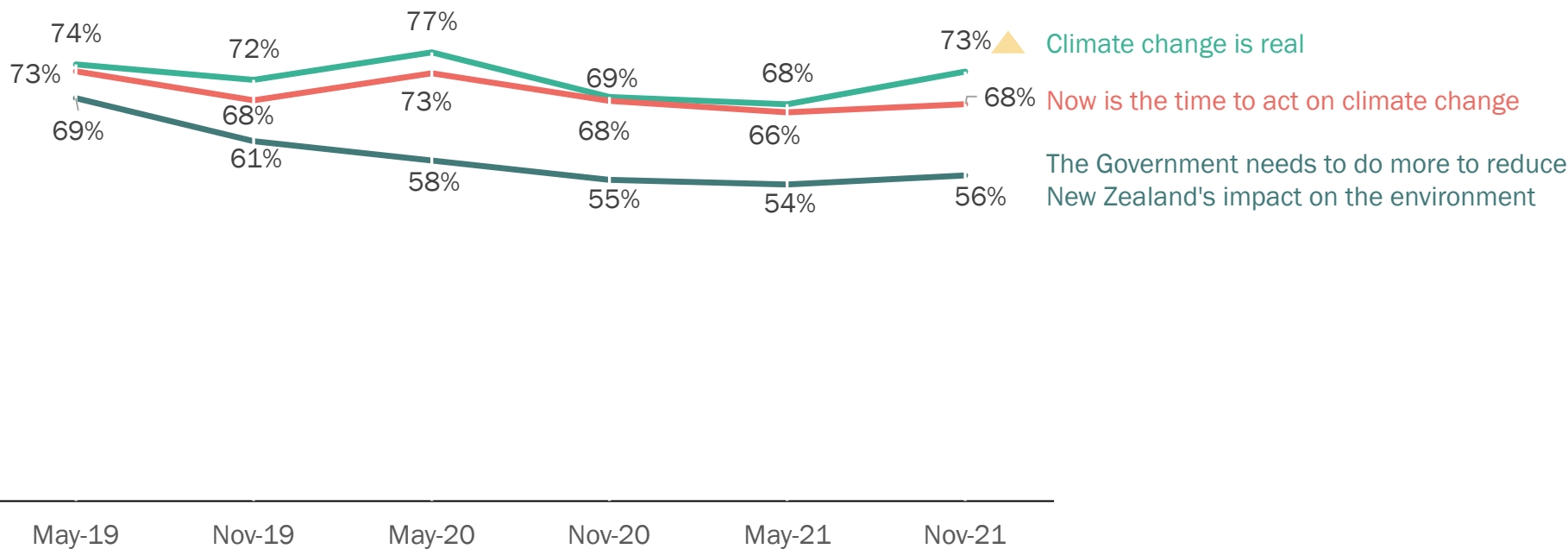
In this landscape, it helps to explore the context of New Zealand's different industries. They have varying pressures and priorities which all come into play when it comes to if and how they tackle issues like their climate impact. So what's the current collective business mindset when it comes to climate change? And how does this vary by industry?

Business climate beliefs



Business belief in climate change shows signs of recovery after trending downwards

BUSINESS CLIMATE BELIEFS: TRENDS OVER TIME

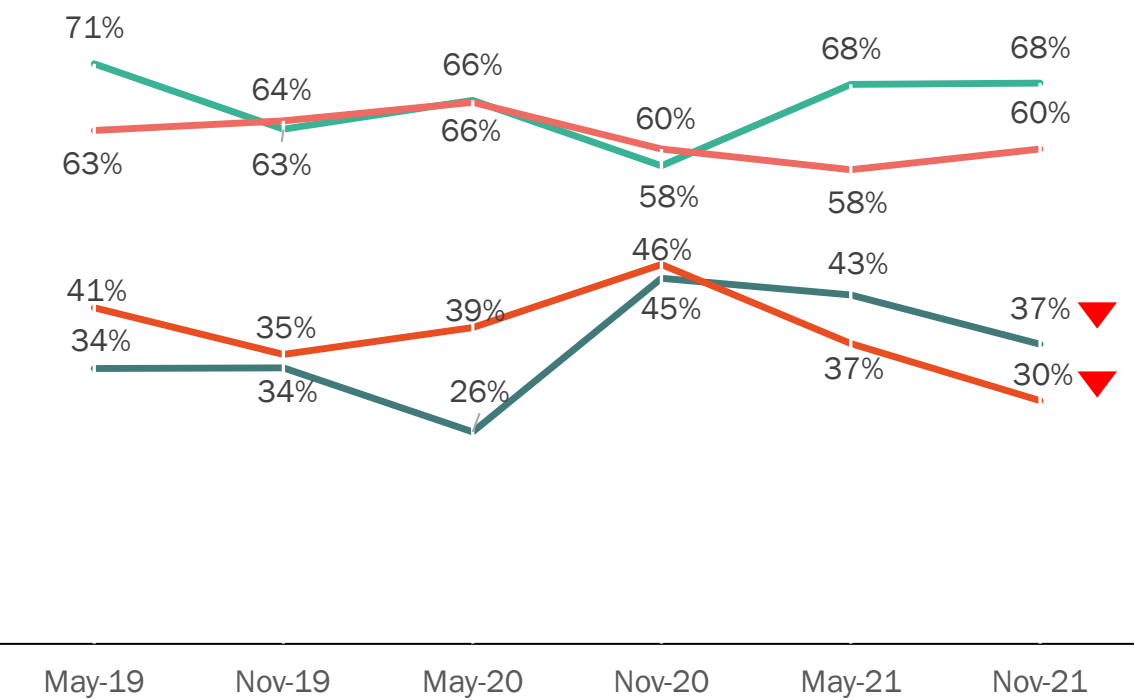


CLIMATE_BELIEFS – How much do you agree or disagree that... – Not Stated REMOVED - NET T2B AGREE
May 2019 n=371, Nov 2019 n=391, May 2020 n=381, Nov 2020 n=390, May 2021 n=474

Statistically significant difference: ▲

Perceptions New Zealand's making good progress to reduce emissions are at an all-time low

BUSINESS CLIMATE BELIEFS: TRENDS OVER TIME





The Government needs to reduce their direct impact on the environment

We need to consider all solutions to climate change, even if it means changing how our business does things

New Zealand is too small to have a global impact on the environment

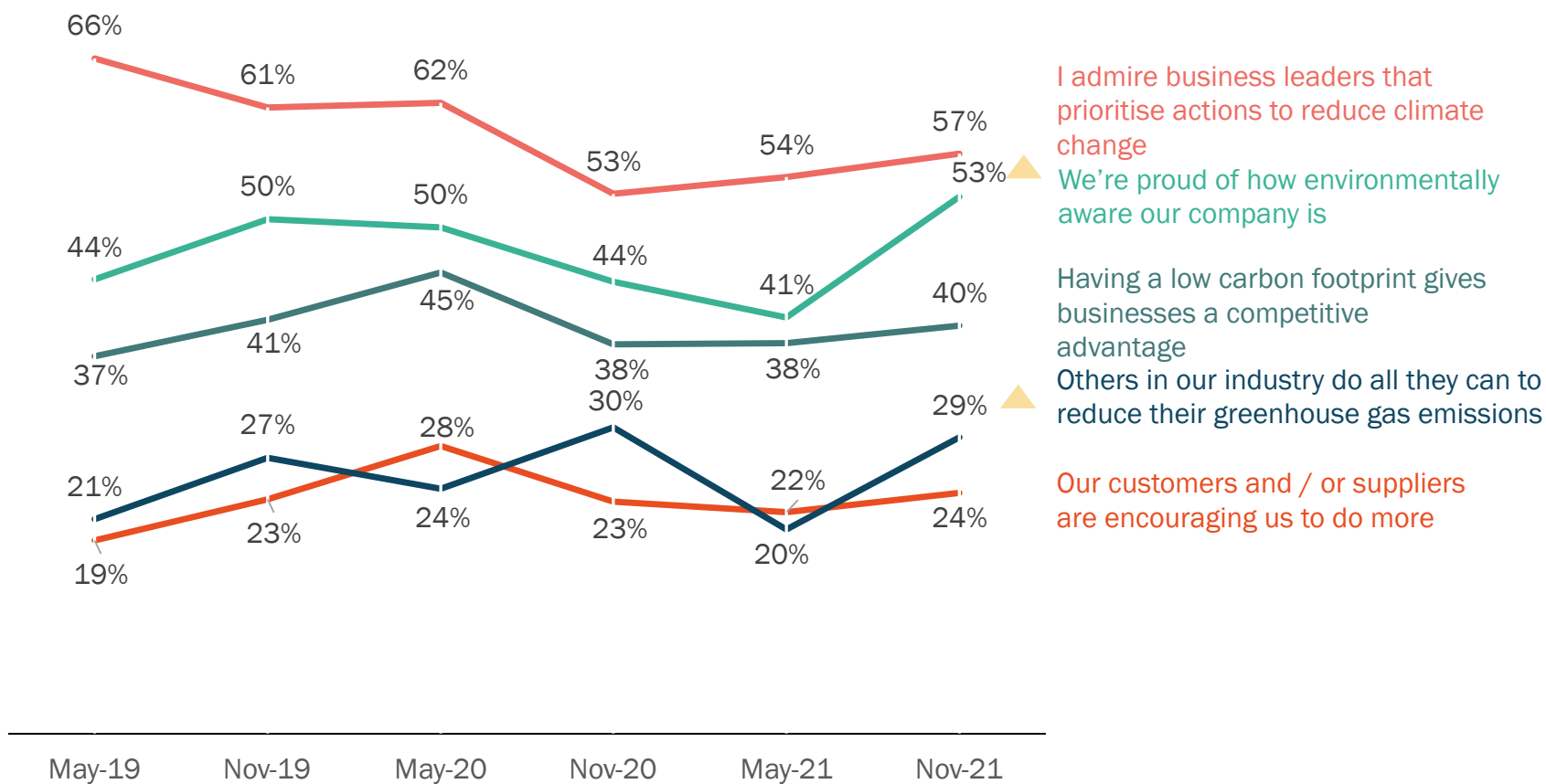
New Zealand is making good progress in reducing our greenhouse gas emissions

CLIMATE_BELIEFS –How much do you agree or disagree that... – Not Stated REMOVED - NET T2B AGREE
May 2019 n=371, Nov 2019 n=391, May 2020 n=381, Nov 2020 n=390, May 2021 n=474



Statistically significant difference:  

The idea that acting on climate change can give competitive advantage is regaining ground

BUSINESS CLIMATE BELIEFS: TRENDS OVER TIME

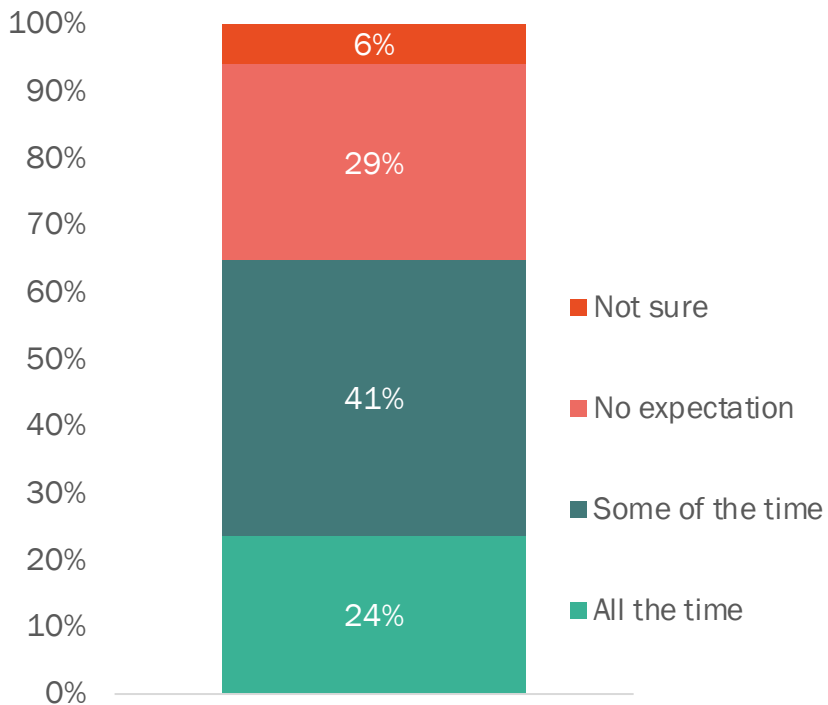


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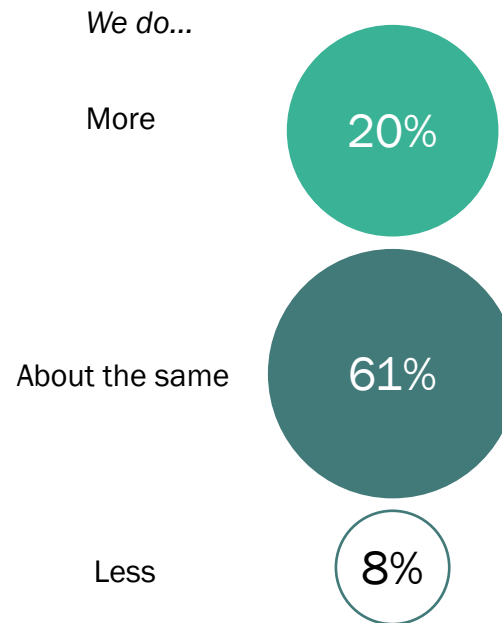
Statistically significant difference:  

Most businesses feel some societal pressure to act, but also that they are performing in line with their peers

How much do you feel that society expects your business to make changes to reduce its climate change impact?



Compared to businesses like yours, how much do you think your business does to tackle its climate impact?



SOCIAL_NORM_SOC: How much do you feel that society expects your business to make changes to reduce its climate change impact?
SOCIAL_NORM_FF: And compared to other businesses like yours, how much do you think your business does to tackle its climate impact?
Base: n=514



But there's a vast mis-match between what businesses *think* their customers expect and what New Zealanders want from businesses.

24%

of businesses think their customers and / or suppliers are encouraging us to do more

24%

of businesses think their customers are demanding better transparency on climate-related issues

68%

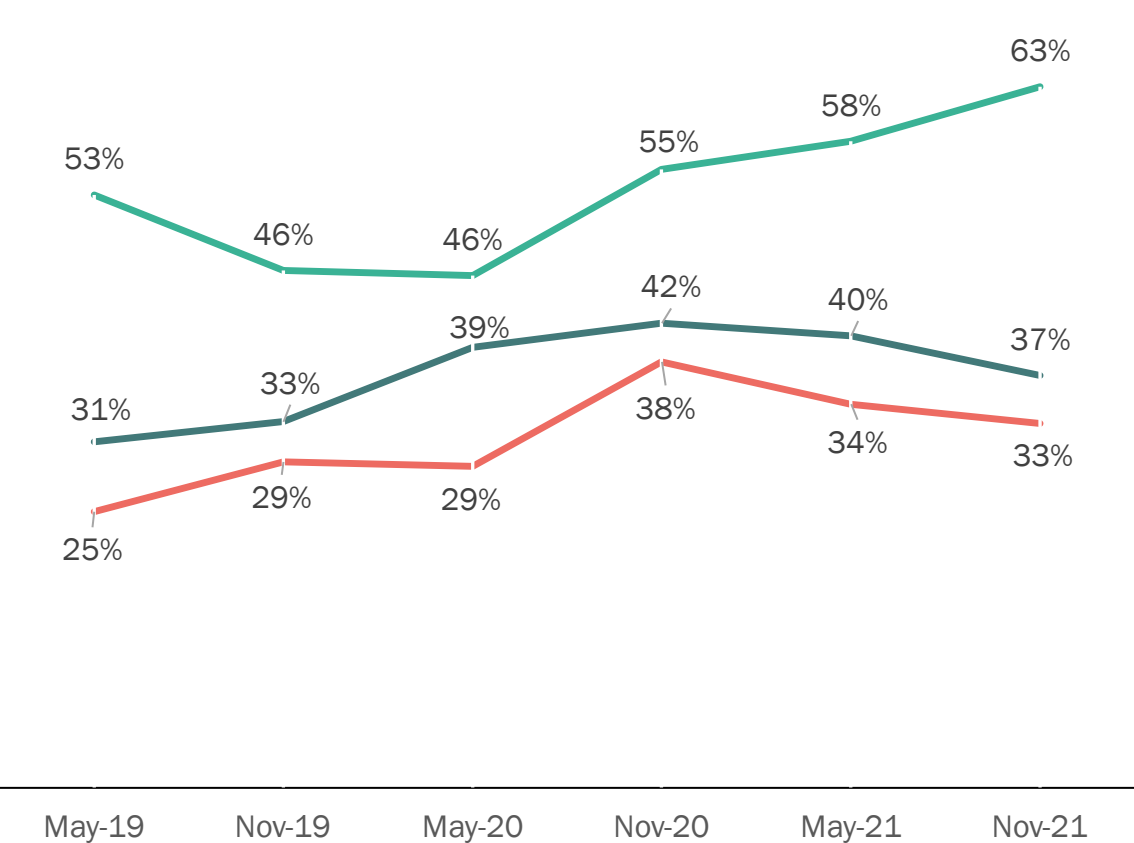
of businesses think it's difficult for consumers to understand how climate-friendly businesses are

84%

of consumers think businesses need to do more to reduce their impact on the environment (EECA Consumer Monitor, November 2021)

Businesses also believe it is getting less affordable to take climate action, but it is also harder to ignore

BUSINESS CLIMATE BELIEFS: TRENDS OVER TIME



It's hard to reduce our greenhouse gas emissions without increasing our costs

There are too many environmental issues to think about in business

Our business has too many other priorities to focus on reducing our greenhouse gas emissions

There's a strong, growing trend of businesses believing that reducing emissions equates to a rise in costs. The November 2021 result is significantly higher than one year ago in November 2020 (and also a statistically significant difference at a 90% confidence level compared to May 2021).

CLIMATE_BELIEFS – How much do you agree or disagree that... – Not Stated REMOVED - NET T2B AGREE
May 2019 n=371, Nov 2019 n=391, May 2020 n=381, Nov 2020 n=390, May 2021 n=474

Statistically significant difference:





IMPLICATION

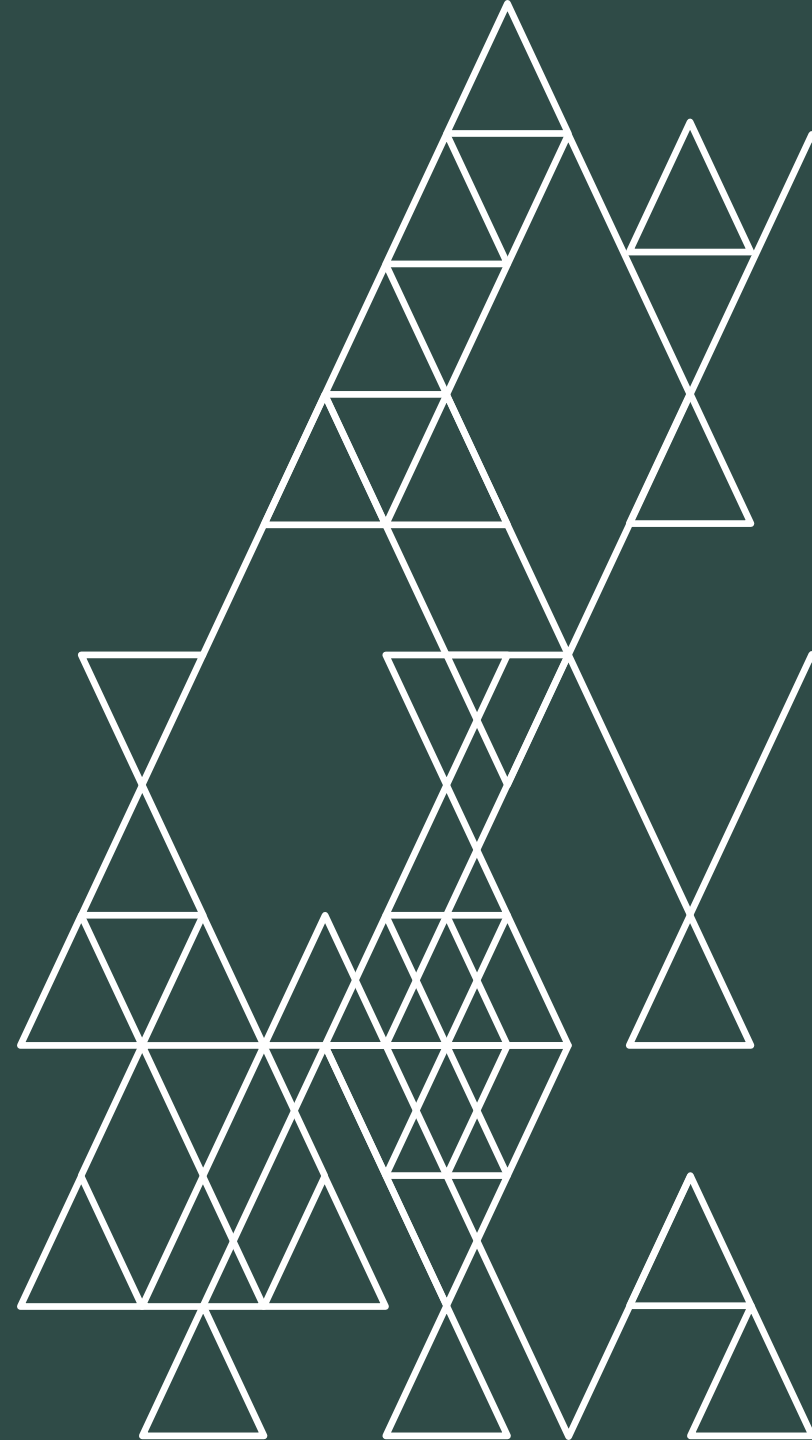
Businesses are reawakening to the idea that climate change is something they need to act on

After nearly two years operating under the cloud of COVID, businesses are less distracted by the resulting uncertainty. It's their new normal. And while pressures haven't abated, there's more headspace for other issues like climate change.

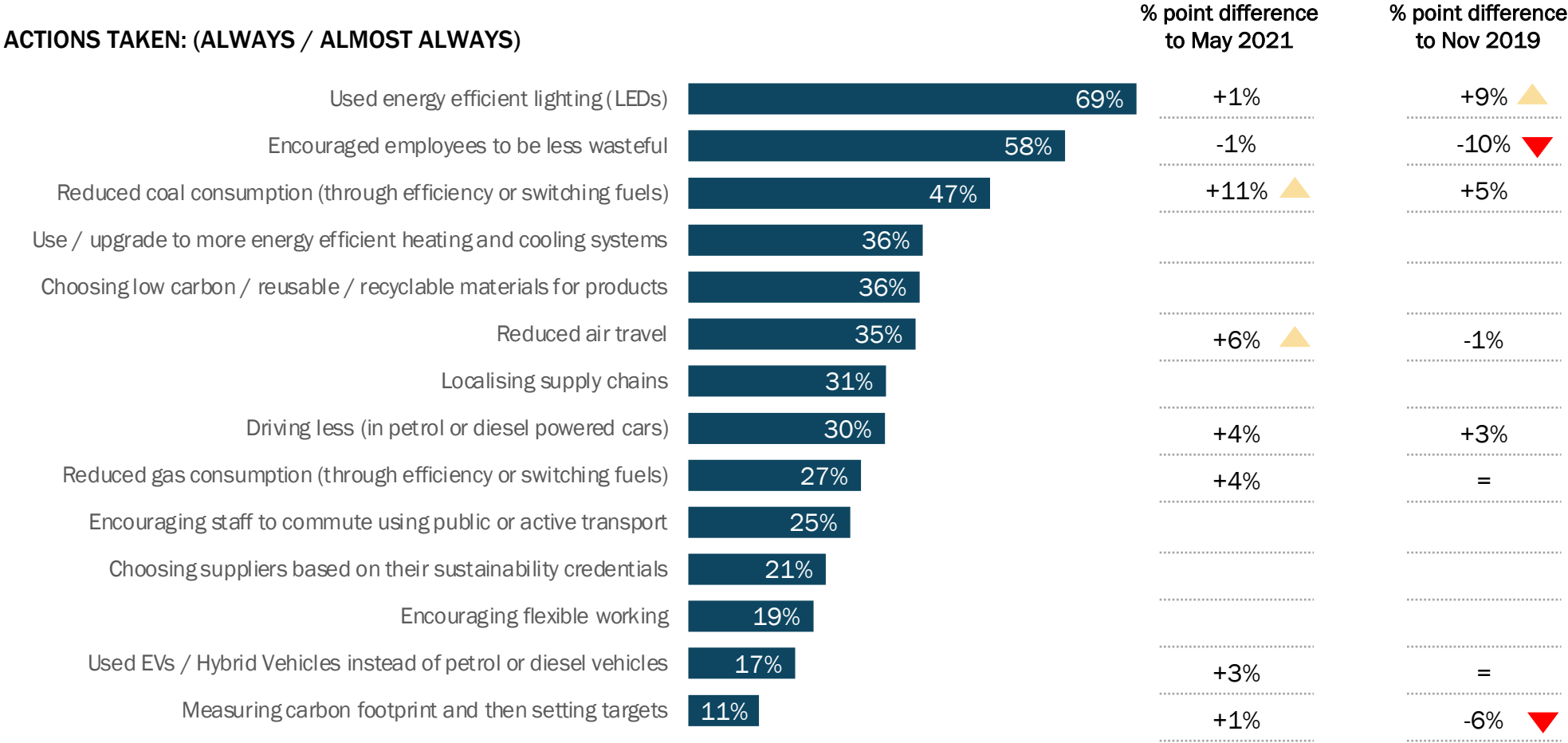
Climate change is not something businesses can continue to ignore and there's recovering appreciation of the positive reputational gains to be had if taking action. A key barrier to act is, however, the perceived expense of taking action – this is intensifying rapidly against the backdrop of businesses increasingly focusing on the bottom line.

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Businesses taking action



A recent uplift in shifting away from coal and air travel, but less focus on reducing employee waste or measuring carbon footprint vs. 2 years ago



Climate action pathway

Those taking....

1-2 actions:

38%

3-4 actions:

26%

5-6 actions:

10%

7+ actions

5%

Of those businesses taking 1-2 actions, 81% are using energy-efficient lightbulbs and 56% are encouraging employees to be less wasteful. These are the most common first actions to take.

These actions have a relatively low investment, with cost-saving gains for the business, and are relatively easy to implement.

Businesses taking 3-4 actions are also often reducing coal consumption (69%) and reducing air travel (56%).

These actions are a step up from the first two.

Businesses taking 5-6 actions then really begin to take higher-impact actions such as driving less in petrol and diesel vehicles (76%) and reducing gas consumption (59%).

This is where the bigger investments begin – businesses might start to make more impactful decisions about things like their fleet size and make-up.

It's often not until businesses have gotten to this point in their climate-change journey that they measure their carbon footprint/set targets and adopt EVs.

While only a small minority of businesses are at this point, this is our aspiration for where we want businesses to get to. It's clear they need to step through a journey to get here.

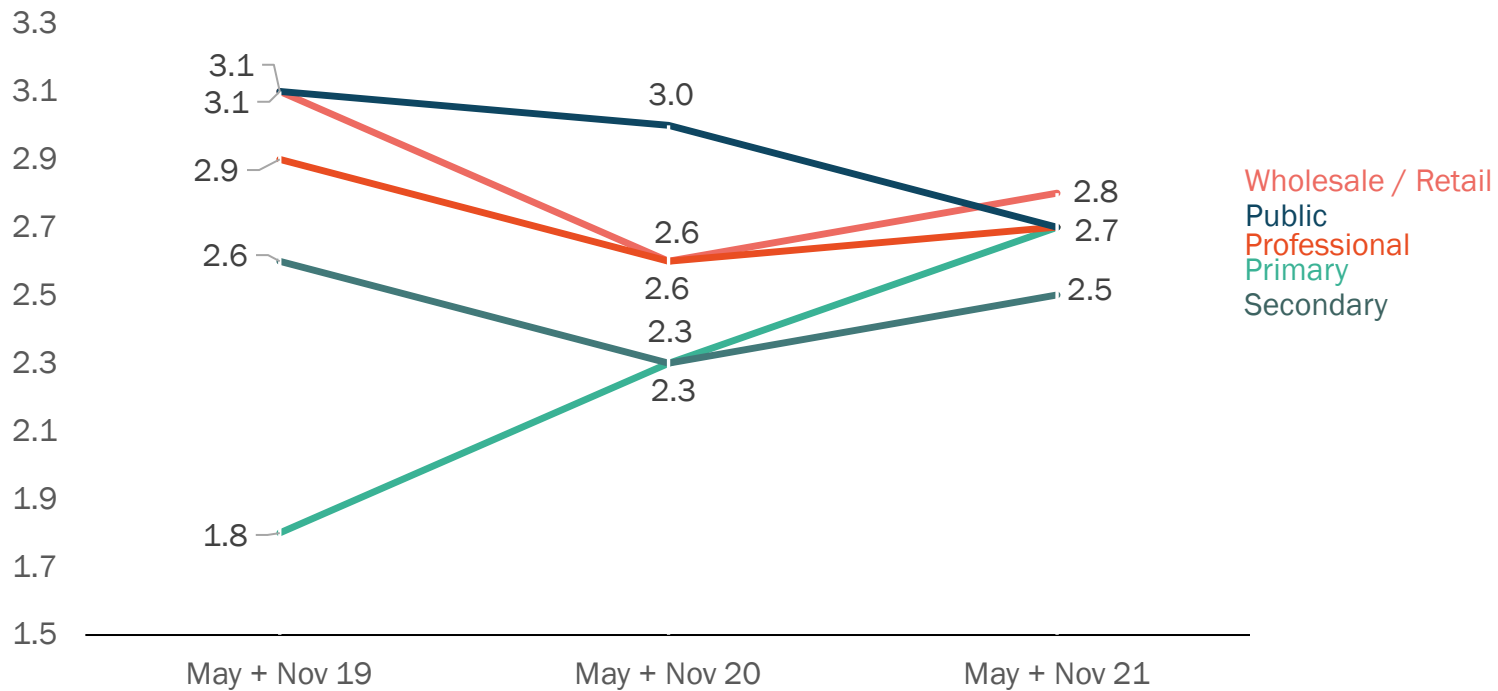
CLIMATE_ACTION - Which of the following actions has your business taken in order to reduce your impact on climate change? (NS REMOVED) – Always/Almost Always taking action (aggregated together to find the % of people taking X number of actions) . Please note only those actions included consistently within the research over time are included within this analysis.

Base: n=304+



Despite the divergence in business sentiment towards climate change, there is convergence in number of claimed actions

AVERAGE NUMBER OF CLIMATE ACTIONS TAKEN
(ALWAYS / ALMOST ALWAYS)



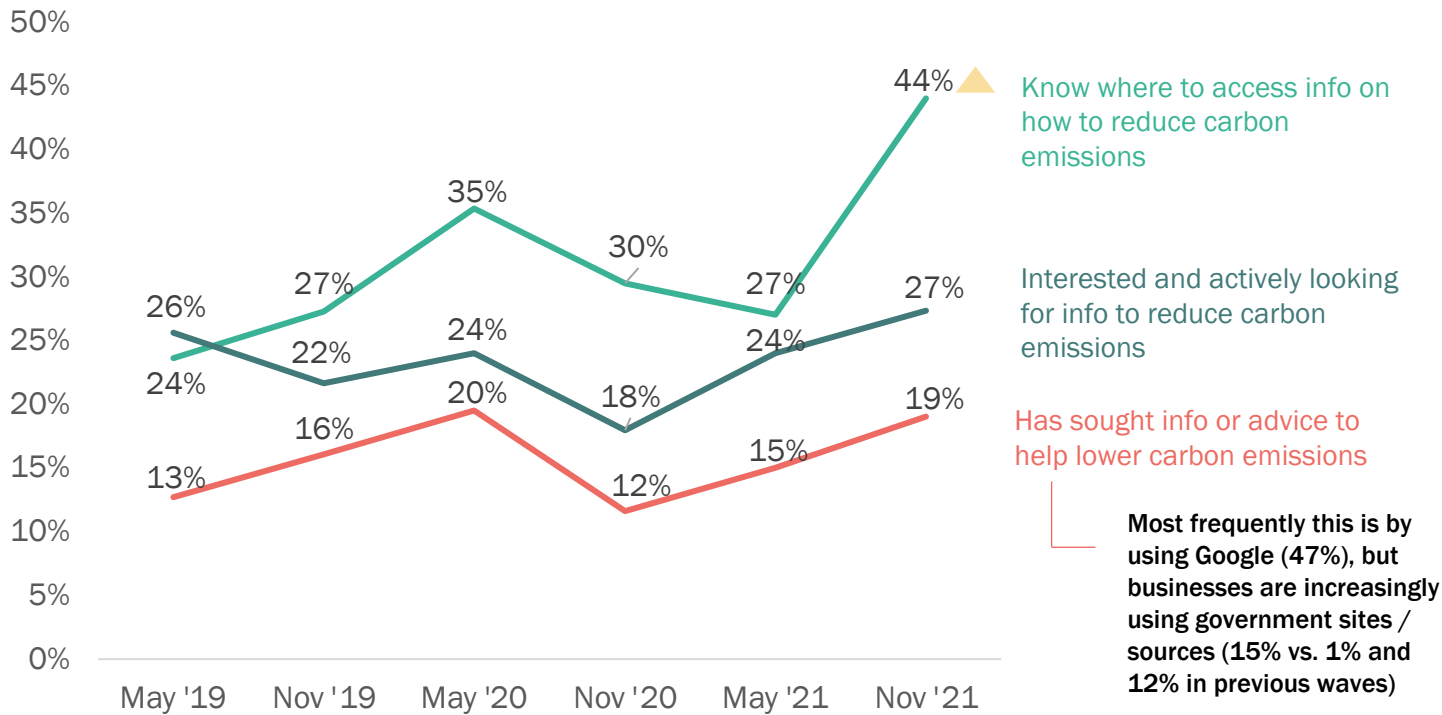
Most industries have seen a decrease in activity since pre-COVID, although conversely, the primary industry has seen a lift in number of actions taken.

CLIMATE_ACTION - Which of the following actions has your business taken in order to reduce your impact on climate change? (NS REMOVED) – Always/Almost Always taking action. Numbers reference only consistently measured actions over the research period.

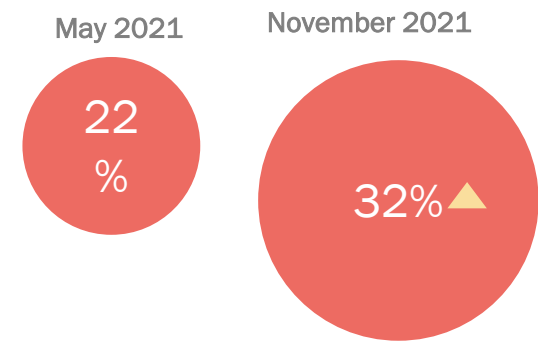
Base: Primary (n=42-80); Secondary (n=176-281); Wholesale / Retail (n=151-248); Professional Services (n= 134-208); Public (n=82-152)

A strong, positive lift in businesses knowing where to access information on how to reduce their carbon emissions and recovery in businesses actively seeking this out

BUSINESS ACCESS TO REDUCING CARBON EMISSIONS



% OF BUSINESS DECISION MAKERS ABLE TO NAME AN ORGANISATION / BRAND UNPROMPTED THAT GIVES ADVICE ON REDUCING EMISSIONS:

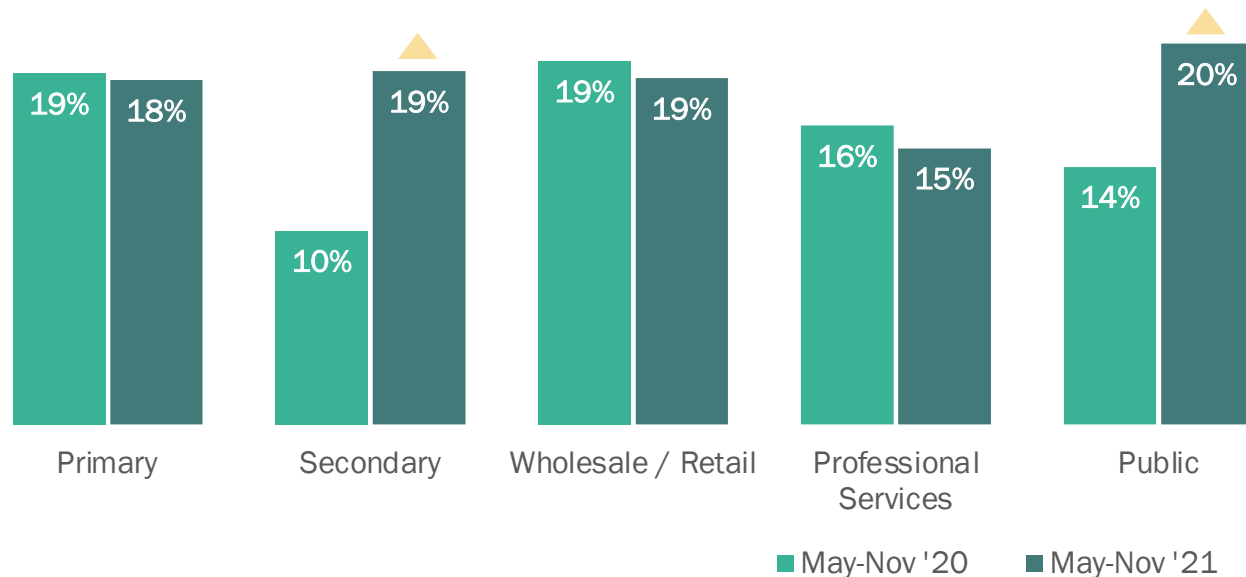


Statistically significant difference:



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_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) **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) **UAWR_CLIMr:** Which organisations are you aware of that give advice to businesses on how to reduce their greenhouse gas emissions, carbon emissions and / or climate change impact? (Open ended responses, coded, Please note 'carbon emissions' was added into the question wording in November 2021); **Base:** Total Sample - 3MR (n=519).

Businesses in the secondary and public sectors are driving the upward trend in seeking emissions information

SOUGHT EMISSIONS ADVICE IN PAST 3M BY INDUSTRY



Seeking this type of information is significantly more likely to be done by businesses with 6 or more FTE (29%) – vs only 18% of those with 0-5 FTE.

Statistically significant difference to previous wave:  

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) **Base:** Total Sample n=519

Base: Primary (n=56+); Secondary (n=255+); Wholesale / Retail (n=204+); Professional Services (n=188+); Public (n=123+)



IMPLICATION

Businesses are constrained but show signs of increasing headspace for taking action

Taking a long-term view, the data suggests businesses are less active tackling their climate impact than they were two to three years ago. But there's a growing awareness of where to go when businesses need support and guidance – and there's growing appetite. Current constraints may mean they can't be as active as they'd like, but they're conscious of the need to engage.

Organisations like EECA can anticipate growth in proactivity from businesses, which to some extent can compensate for a need to take a tailored approach for industries – like the primary sector – that may require differentiated messaging.

EECA

We're here to support New Zealand businesses to tackle climate change. Visit [EECA](#) for more information.

