

# The Utility Business Customer Survey on Energy Management

Piecing Together the Puzzle on Small, Medium and Large Customer Perspectives



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# The Utility Business Customer Survey on Energy Management

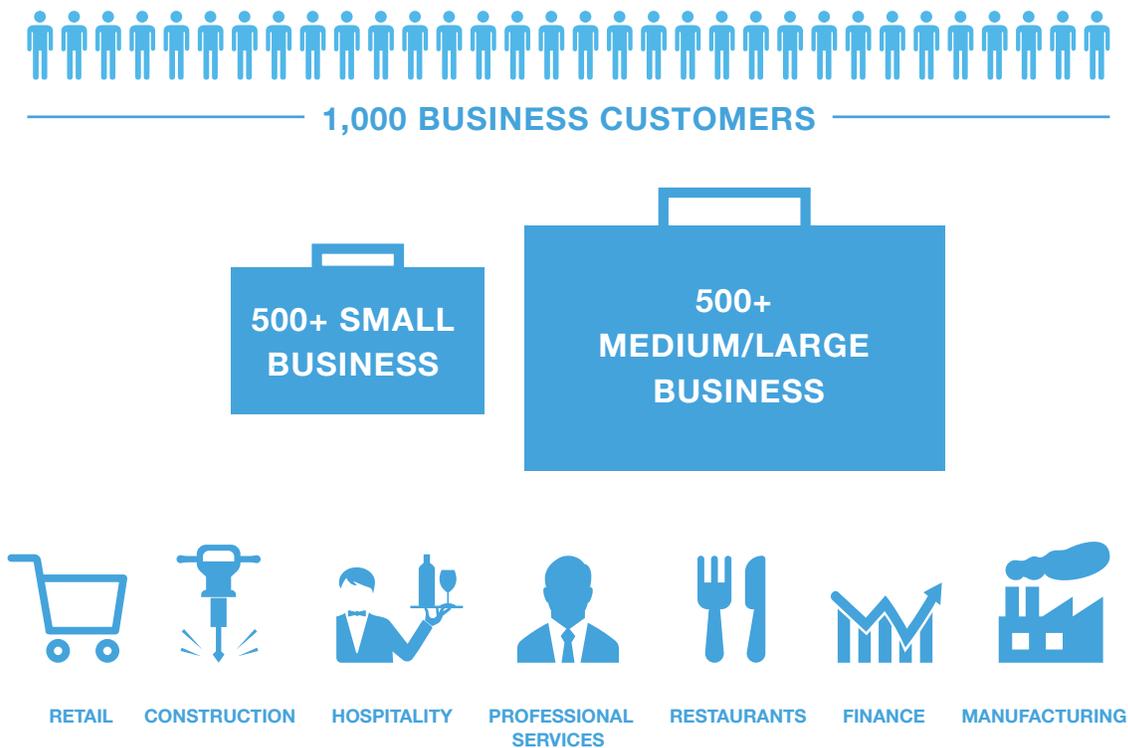
## Piecing Together the Puzzle on Small, Medium and Large Customer Perspectives

For the most part, today's energy consumers are interested in consuming less energy. For businesses, however, this challenge is complex. Tight budgets, limited employee bandwidth, and lack of understanding about energy all contribute to the difficulty businesses face when piecing together their energy efficiency and energy management strategies.

Challenges, expectations and goals vary by small, medium and large business customers. Utilities can use this information to play a key role in assisting their business customers with better managing their energy consumption.

This paper explores what drives small, medium and large businesses when it comes to energy, the relationship between businesses and their utilities, and how businesses and utilities can work together to create effective energy efficiency and management strategies.

To understand these issues more deeply, Ecova partnered with Zpryme, an energy industry market research firm, to survey more than 1,000 business customers and analyze their responses. This included more than 500 small businesses—those with fewer than 20 employees—and over 500 medium/large businesses, to compare and contrast their approaches to energy efficiency and energy management. These North American organizations covered a variety of industries, such as retail, construction, hospitality, professional services, restaurants, finance and manufacturing.



## Key Findings From Our Survey Include:

The large majority of both small (73%) and large businesses (89%) say they presently or in the future plan to implement energy efficiency. However, small businesses don't feel like utilities are catering to them.

- Large businesses are two times more likely than small to say that utilities help them address their challenges to adopting energy management programs—and utilities should feel good about their long-standing efforts with the mid-to-large segment.
- Conversely, small businesses are two times more likely than large to say that utilities aren't moving fast enough to help them. This is despite the fact that small business are more likely to turn to their utility for advice.

Although all segments are mostly aligned on their intent to adopt energy efficient solutions, there is a wide gap between newer types of energy management programs and offerings.

- Large businesses are much more likely than small businesses to pursue opportunities such as renewables (81% versus 56%), demand response (79% versus 39%), electric vehicles (69% versus 27%) and “smart” equipment (e.g., smart lighting).
- Utilities have an opportunity today to push these solutions to medium and large customers, but must consider how to compete with and differentiate themselves from other market players that large businesses engage with, such as energy service providers.
- Success in the small business sector will require more targeted pursuits, with tailored offerings that are easy to understand and easy to adopt.

Small businesses cite budget alone above all other barriers to energy management adoption.

- Large businesses cite many other barriers on par with budget, such as technology availability (52%), utility support (53%), business benefit (54%) and security (55%).
- Utilities need to focus on the budget issue for small business success.

*Large businesses are two times more likely than small to say that utilities help them address their challenges to adopting energy management programs.*

## Both Small and Large Businesses Seek Cost Savings

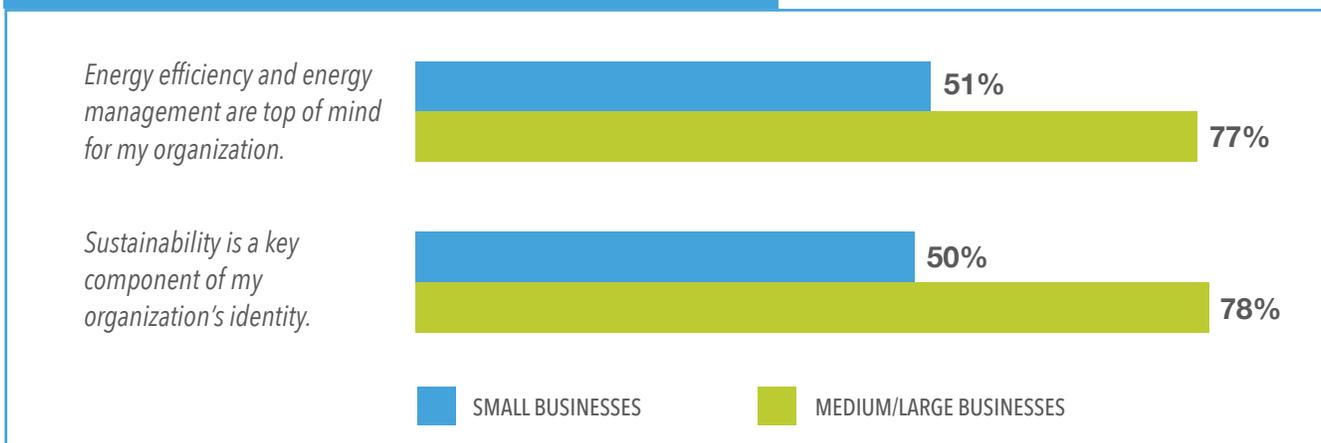
Although more medium/large businesses say energy efficiency and energy management are top of mind, small businesses are also thinking about these efforts. Figure 1 shows approximately half of small businesses (51%) are thinking about energy efficiency and management for their organizations. Sustainability is also a key component for the identity of many small businesses and most medium/large businesses.

Even though they differ in terms of interest, both small and larger businesses are looking for similar benefits, namely cost savings. Both small (79%) and medium/large businesses (62%) value cost savings as the top benefit of energy efficiency and management programs. Other top benefits include comfort, sustainability and control (Figure 2).

*Both small (79%) and medium/large businesses (62%) value cost savings as the top benefit of energy efficiency and management programs.*

FIGURE 1:

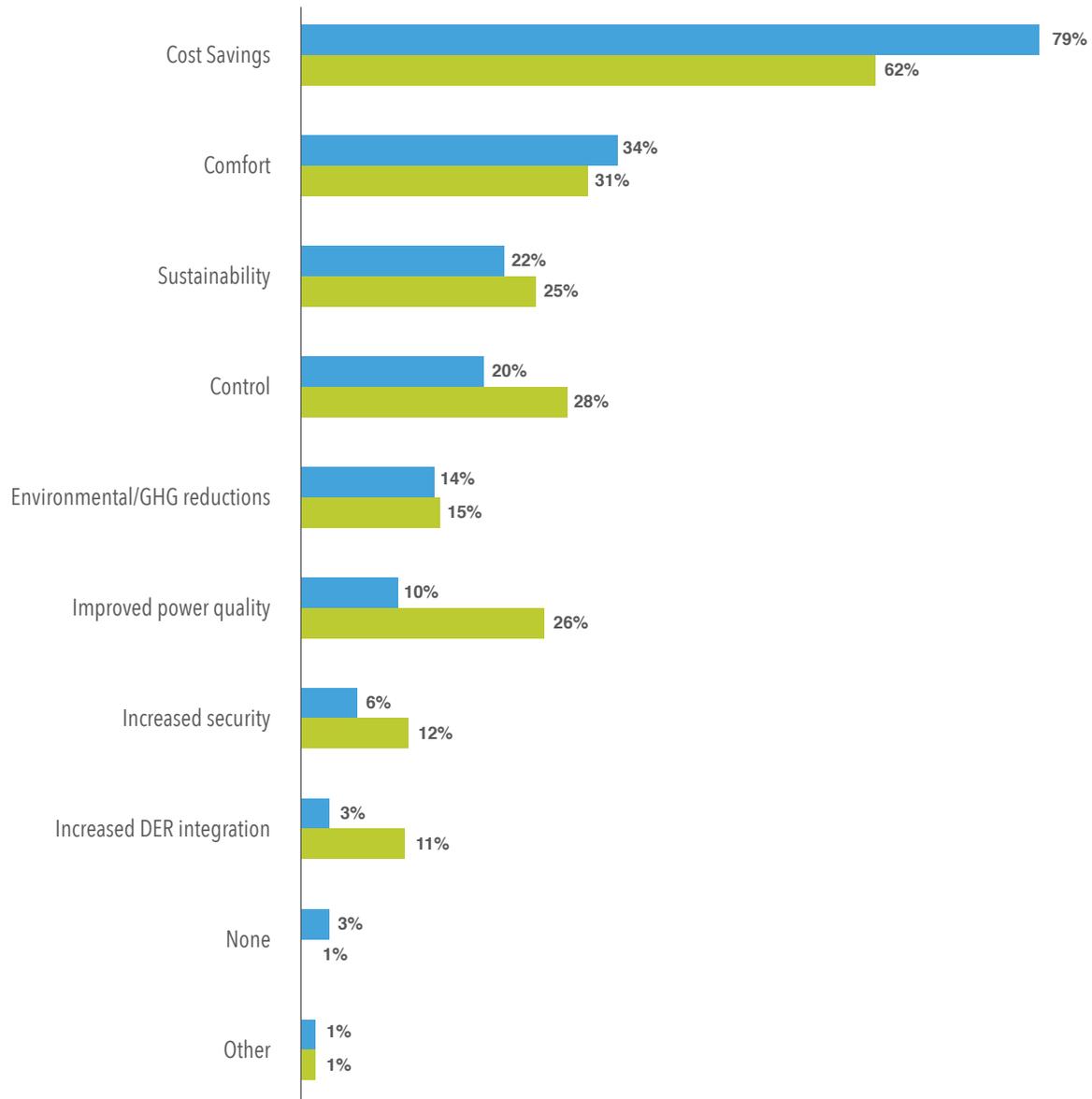
### AGREEMENT ON ENERGY MANAGEMENT FOR BUSINESSES



Note: Chart shows percent of respondents who agree with the statements.

FIGURE 2:

TOP ENERGY EFFICIENCY AND ENERGY MANAGEMENT BENEFITS



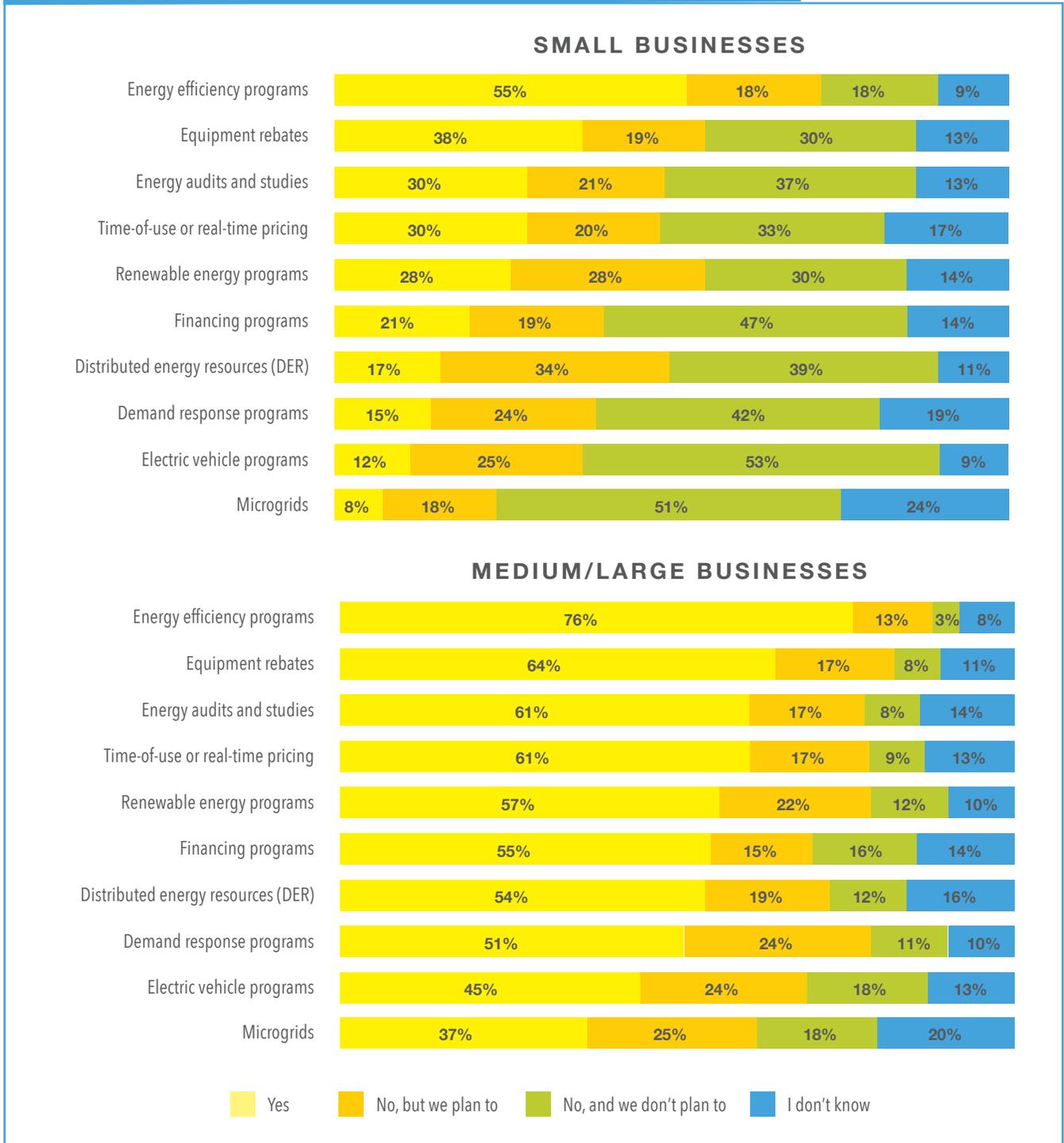
Note: Chart shows percent of respondents who placed a benefit in their top three.

Merely “turning off the lights” is not necessarily enough for businesses seeking to reduce their energy bills. For today’s businesses, their energy management strategy could include any number of combinations to solve the energy savings puzzle—from upgrading their lighting to shifting power use to off-peak hours to installing energy management systems, to participating in energy efficiency programs provided by their utilities. So what areas are businesses taking the greatest advantage of today?

The most common programs for small businesses are energy efficiency programs (55%), as shown in Figure 3. Small businesses also leverage equipment rebates (38%) and energy audits (30%) as part of their energy management initiatives. Relative to large businesses, we see a dramatic drop-off for small businesses when it comes to newer technologies and solutions—such as DERs, demand response and electric vehicles. Overall, although energy efficiency is the top program of focus, medium/large businesses are more evenly distributed in which programs they use.

FIGURE 3:

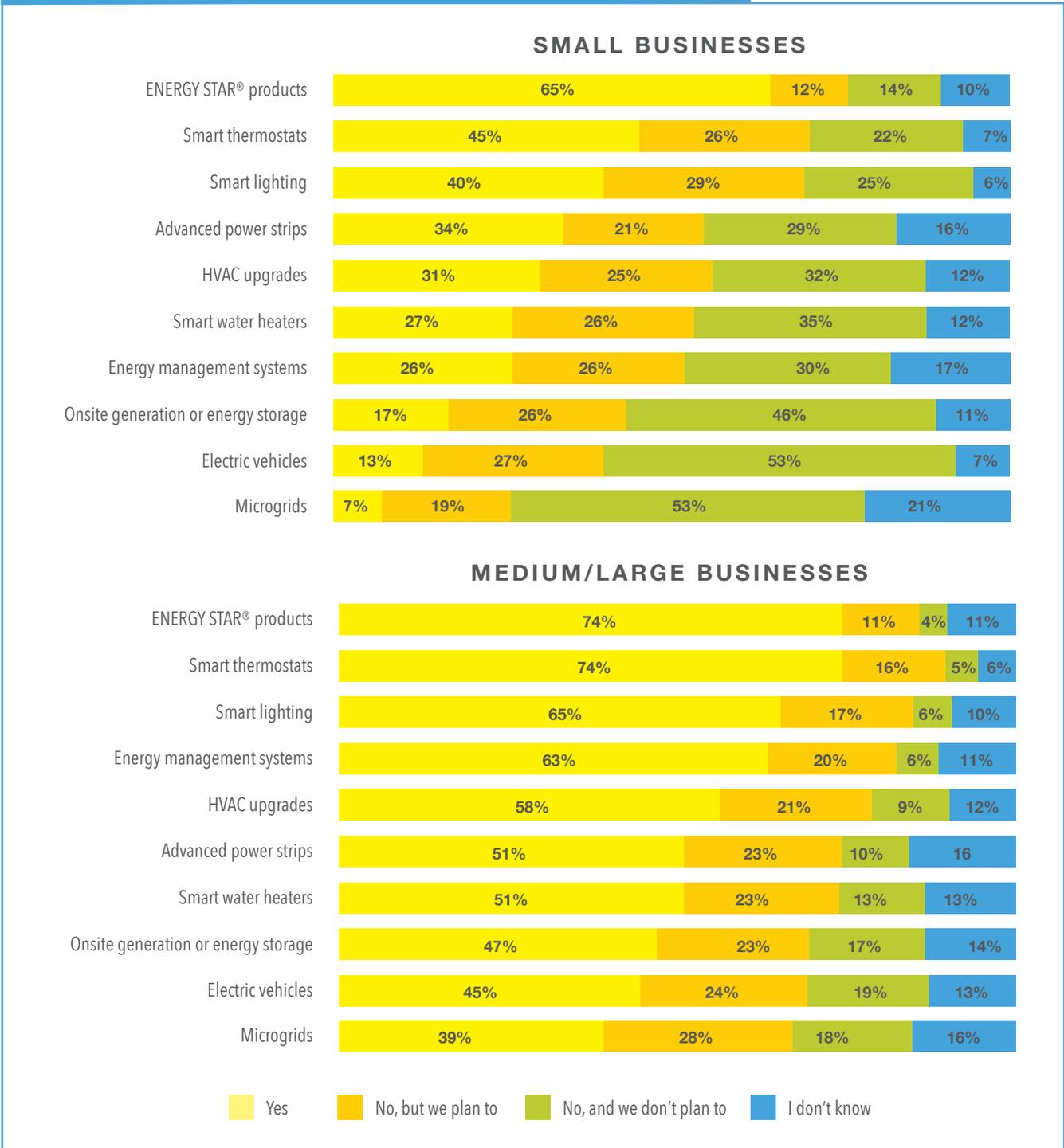
ORGANIZATIONS' USE OF ENERGY MANAGEMENT PROGRAMS AND SERVICES



Small businesses are also leveraging some technologies available in the market today, illustrated in Figure 4. The most popular first step for small businesses trying to reduce energy consumption is upgrading to ENERGY STAR® products (65%), which demonstrates the pervasiveness of the brand in the market. Other popular technologies for reducing energy consumption include smart thermostats (45%), smart lighting (40%) and advanced power strips (34%). Again, as with energy management programs and services, medium/large businesses are leveraging more advanced technologies such as energy management systems and microgrids.

**FIGURE 4:**

**TECHNOLOGY USE FOR ENERGY EFFICIENCY AND ENERGY MANAGEMENT**

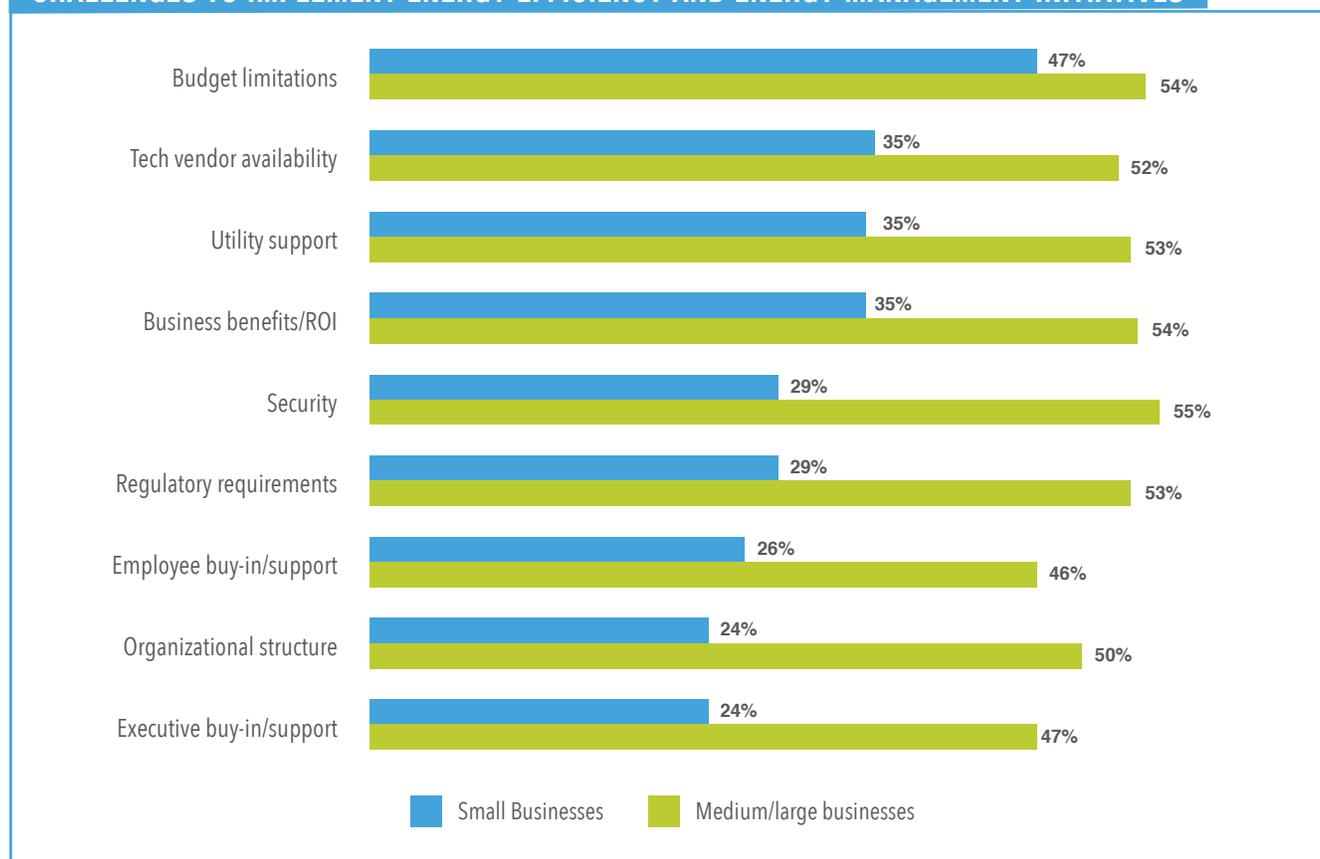


Both in terms of programs and technologies, small businesses don't leverage these resources nearly as much as their larger counterparts. Creating energy efficiency and management strategies that incorporate utility services and programs, customer-sited technology, and energy data is new to many businesses—particularly small ones. Like every new business venture, there are challenges to identify and overcome.

For small businesses, the biggest challenge facing energy efficiency and management initiatives is clearly budget (Figure 5). For medium/large businesses, budget limitation is second to security in their list of top challenges. However, across the board, larger businesses cite a greater variety of significant challenges. This finding reflects the complexity of the technologies and programs that larger businesses are leveraging, and how they likely have more complex needs than smaller businesses.

**FIGURE 5:**

**CHALLENGES TO IMPLEMENT ENERGY EFFICIENCY AND ENERGY MANAGEMENT INITIATIVES**



*Note: Chart shows percent of respondents who rated a challenge "significant" or "very significant."*

## The Business and Utility Relationship

Businesses list cost savings as a top benefit for energy efficiency and management efforts, but they must proceed prudently. The strategies they develop are crucial, but what programs make the most sense? How can businesses maximize their savings with the limited resources they have? Let's look at where small and medium/large businesses seek advice around building out energy efficiency and management strategies.

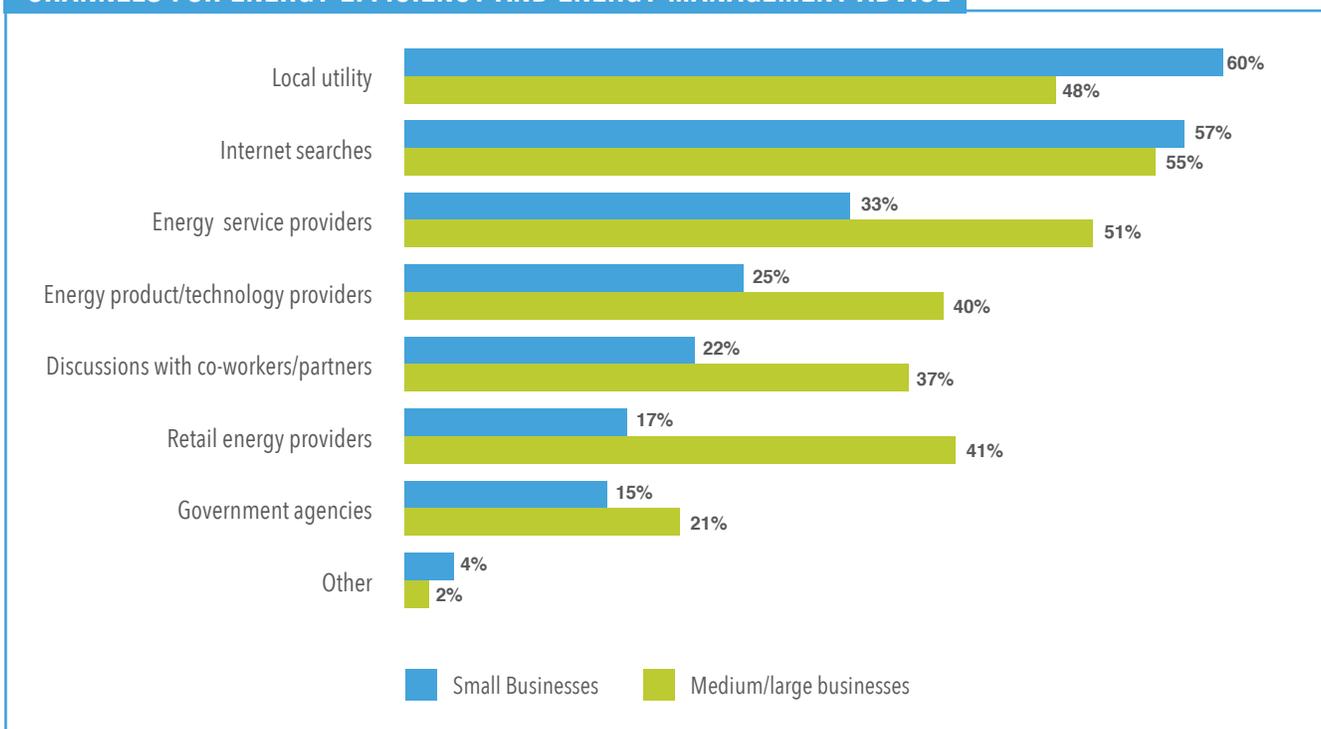
**Most small business look first to their local utility for this advice (60%), as well as search the Internet (57%), as seen in Figure 6.**

On the other hand, more medium/large businesses turn to a variety of sources for their information—including the Internet, energy service providers, local utilities and technology providers—for energy efficiency and management advice.

The reliance of all businesses on the Internet is representative of the changing energy marketplace, and how more and more individuals seek information digitally.

**FIGURE 6:**

**CHANNELS FOR ENERGY EFFICIENCY AND ENERGY MANAGEMENT ADVICE**



*Note: Energy service providers are organizations providing a broad range of energy solutions, including designs and implementation of energy savings projects, retrofitting, and energy conservation. Retail energy providers sell energy to retail customers where the sale of electricity is open to retail competition.*

Small businesses are turning to their utilities for advice, but they are less likely than medium/large businesses to feel like their utilities are successfully helping them address their challenges. Just 26% of small businesses feel their utility is addressing the challenges they face very well compared to nearly 60% of medium/large businesses.

Furthermore, more small businesses feel that utilities don't move fast enough to help them address their challenges and find affordable ways to deliver programs. More than twice as many small businesses (32%) than medium/large businesses (15%) feel their utility isn't moving fast enough (Figure 8). Clearly, small businesses want more, and there is an opportunity for utilities to strengthen their energy efficiency and management efforts among this group.

***Just 26% of small businesses feel their utility is addressing the challenges they face very well compared to nearly 60% of medium/large businesses.***

**FIGURE 7:**

**HOW UTILITIES HELP BUSINESSES TO ADDRESS CHALLENGES**

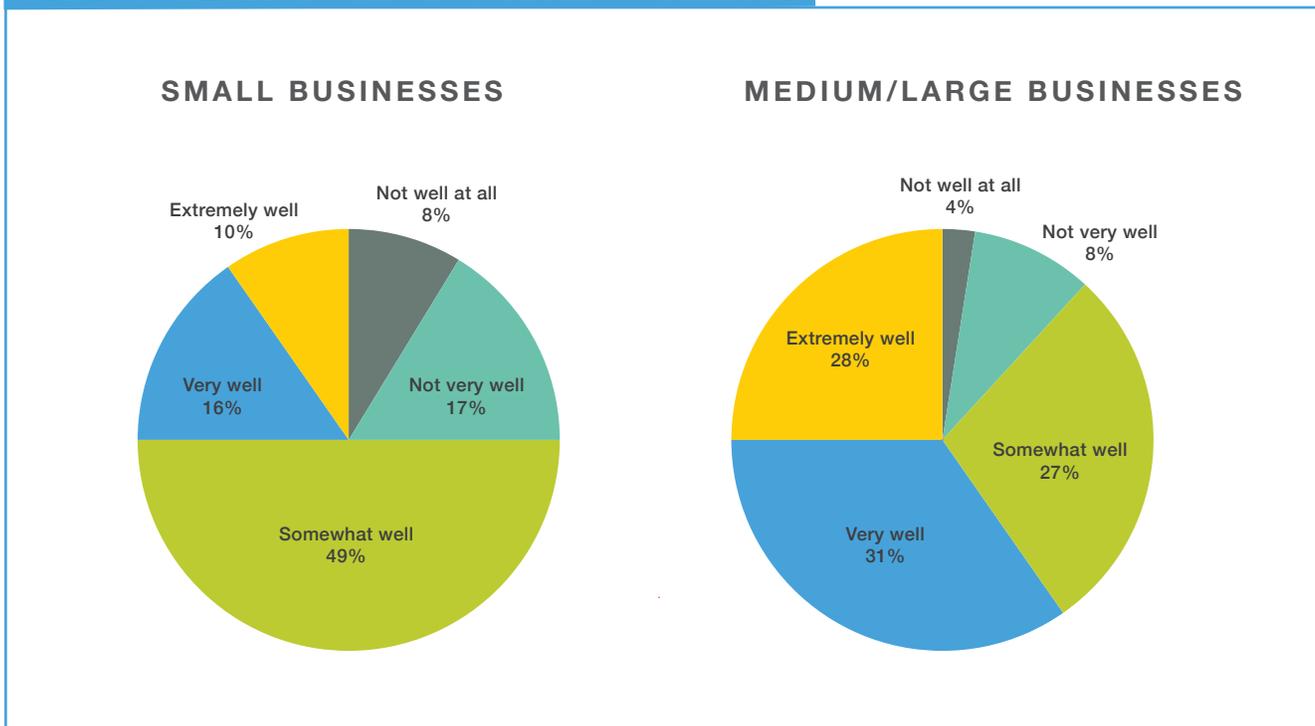
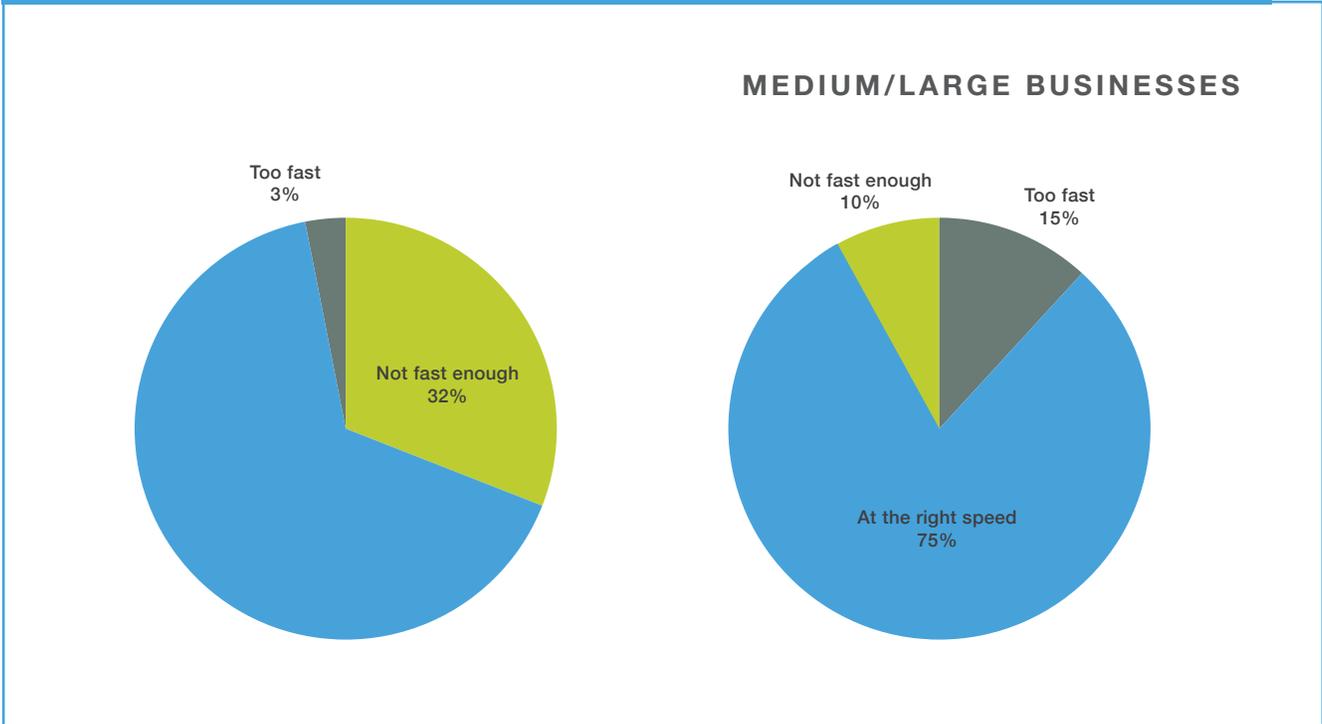


FIGURE 8:

UTILITY PACE ASSISTING ORGANIZATIONS WITH ENERGY EFFICIENCY AND ENERGY MANAGEMENT



## The Utility Puzzle Piece: Where Do Utilities Best Fit?

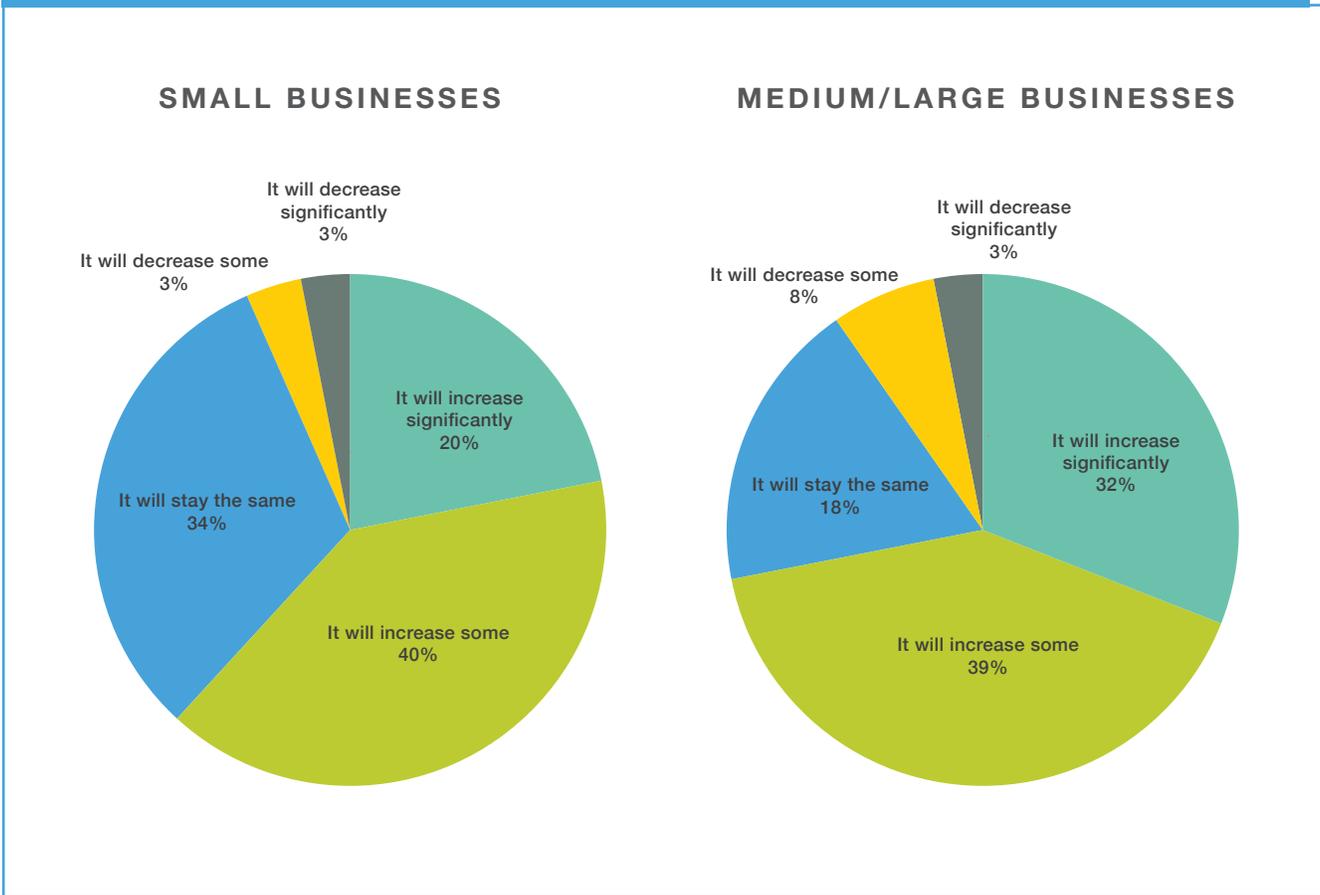
Many aspects of the utility industry are changing, but the basic components remain the same. Utilities still must provide reliable power and effectively manage the grid. As a result, utilities often focus on larger businesses, as they are larger energy users who can more significantly impact the grid. However, we're seeing that there is a market to tap into and cultivate for small businesses, but what role do utilities play? How do they best fit into the energy efficiency and management efforts of both small and large businesses?

The importance of utility programs and services will increase over the next several years for all businesses (Figure 9), but what methods of engaging with utilities are truly sought by businesses? How much control are they willing to give utilities?

One way for utilities to provide businesses with benefits is by connecting them to energy data and energy savings recommendations – something they are uniquely positioned to do. As utilities collect meter data about energy usage and from customers participating in their programs and services, they can send back data and recommendations to their customers. The importance of these data and recommendations is greatest among larger businesses, but many small businesses see the value as well. In fact, two-thirds of small businesses consider this information important for their organizations (Figure 10).

FIGURE 9:

UTILITY-SPONSORED ENERGY EFFICIENCY PROGRAMS CHANGE IN IMPORTANCE IN NEXT 3 TO 5 YEARS



Energy efficiency and energy management strategies are a two-way street between utilities and businesses. Utilities can provide their business customers with potentially more benefits if businesses are willing to work with utilities and allow them some level of access and control over their systems.

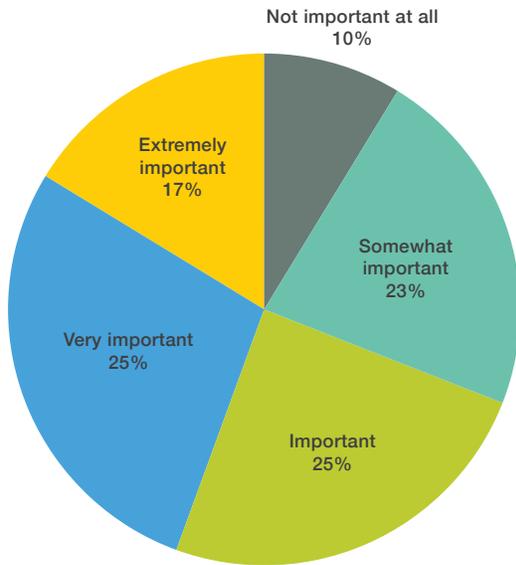
According to our survey, a meaningful 60% of small businesses would consider this idea (Figure 11). The remaining are either unsure (16%) or wouldn't consider it an option (24%). On the other hand, medium/large businesses are far more receptive to this idea. An overwhelming 89% would allow their utility to remotely manage their energy usage. As we have seen throughout this paper, the medium/large businesses are leveraging utility opportunities far more than small businesses. This could be a result of utilities putting more of a focus on the medium/large businesses and cultivating those relationships, but we are optimistic that are opportunities for utilities to grow their relationships with small businesses.

*Energy efficiency and energy management strategies are a two-way street between utilities and businesses.*

FIGURE 10:

IMPORTANCE FOR UTILITY-PROVIDED ENERGY DATA AND ENERGY SAVINGS RECOMMENDATIONS

SMALL BUSINESSES



MEDIUM/LARGE BUSINESSES

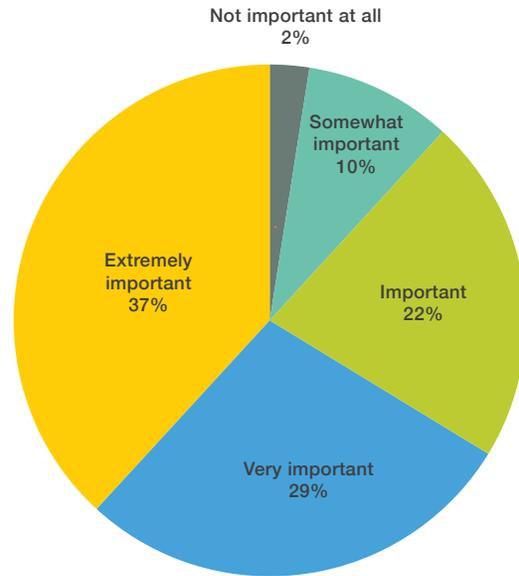
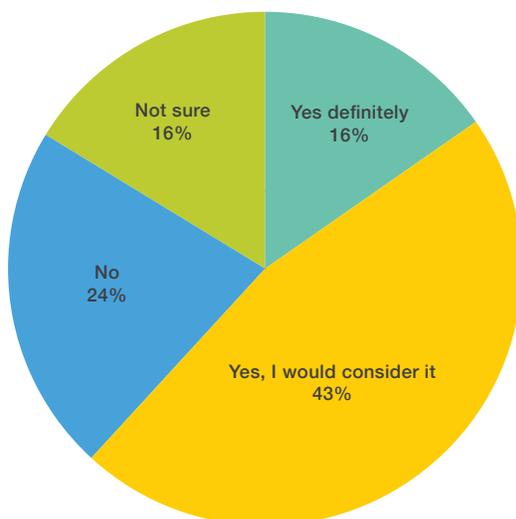


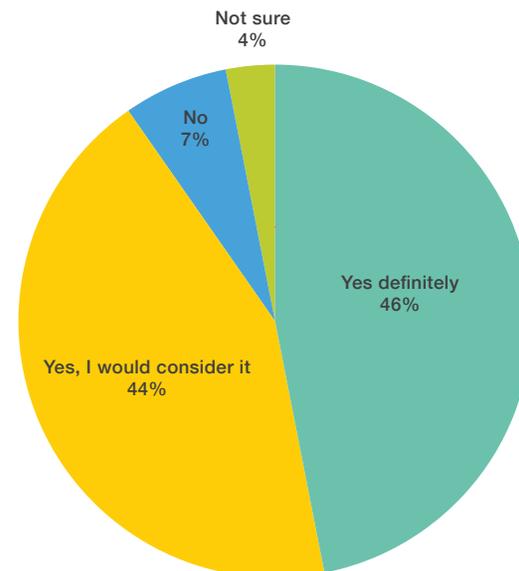
FIGURE 11:

WILLINGNESS TO ALLOW UTILITY REMOTE CONTROL MANAGEMENT OF ENERGY USAGE

SMALL BUSINESSES



MEDIUM/LARGE BUSINESSES



## Conclusion

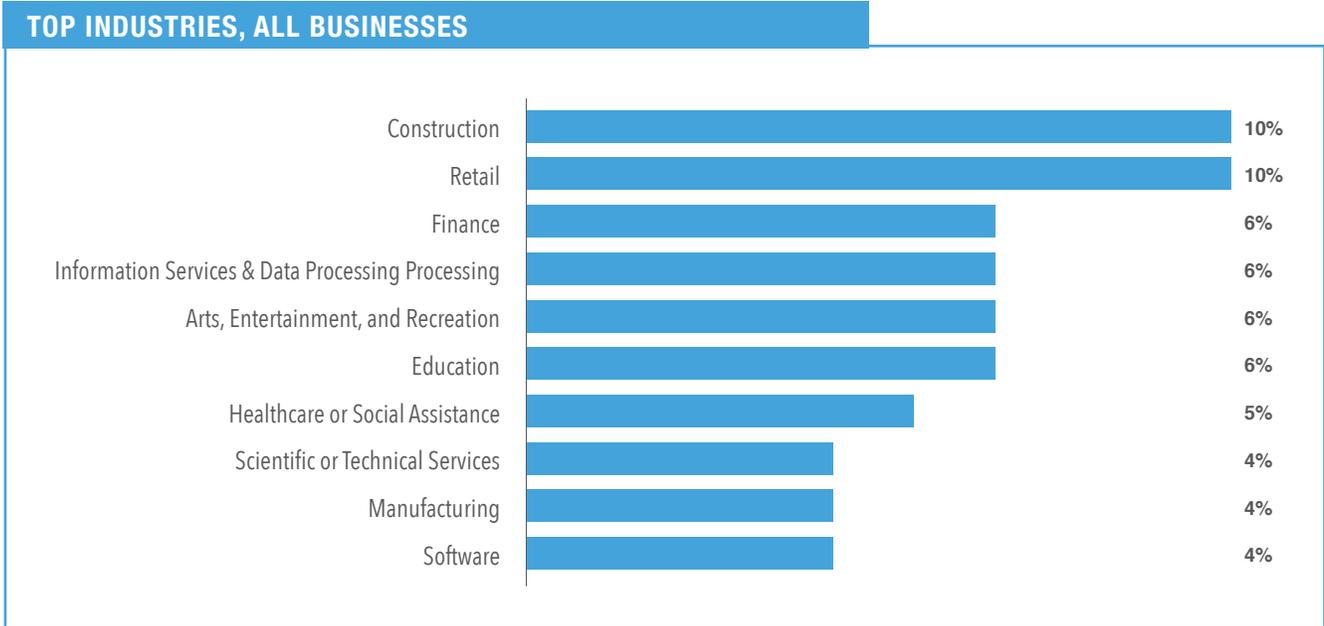
Regardless of size, businesses are looking to energy efficiency and energy management initiatives within their organizations to become more efficient and save on costs. Utilities recognize the opportunity to get involved in these strategies by providing medium/large business customers with services to achieve greater energy efficiency and management. However, as we learned in the survey, small businesses are also looking to their utilities for help on these initiatives, and those needs aren't fully being met at this point.

Utilities have a significant opportunity to engage with all their business customers. There are actions utilities can take to develop and leverage partnerships with both small and medium/large businesses to implement energy efficiency and management strategies:

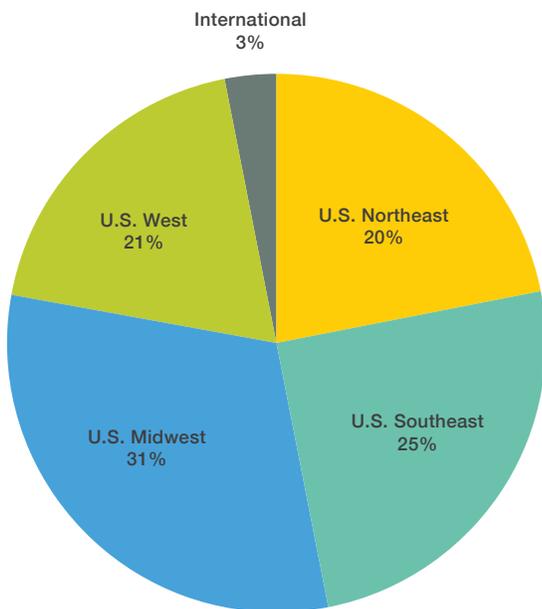
- Develop new offerings that target customer needs. Both small and medium/large businesses expressed interest in new energy management solutions. For small businesses, utilities need to focus on easy-to-adopt solutions that tackle their most prominent barrier—budget—through new financing options, and be selective about offerings that will positively impact the bottom line. Medium/large businesses are increasingly open to a host of new technologies, including renewables, DERs and smart devices. Finally, utilities should experiment with innovation. Nearly one-third of small businesses say utilities are not moving fast enough, and the majority of all business customers would be interested in new remote energy management services.
- Be digitally savvy and proactive. Both small and medium/large businesses are scouring the Internet for information about energy efficiency and management. Businesses also often validate promotional marketing from programs by going on the utility's website to see if the promotion is true. For utilities to be the primary source of information around energy management and efficiency, they need to be digitally savvy and have a strong web presence that connects with their program offerings to market effectively and connect with their customers. This presence should incorporate data-driven recommendations that are personalized to each business customer.
- Broaden the scope of education. Many small businesses are only starting to tap into the energy efficiency and management solutions available to them, and need to be educated on newer technologies like DERs. Larger businesses are interested in a broad dialogue about energy management solutions as they build awareness across the board, but utilities will need to bring strong expertise to successfully position themselves against other influencers larger companies engage with. In doing so, utilities can grow their trusted energy advisor status across all segments.

# Respondent demographics

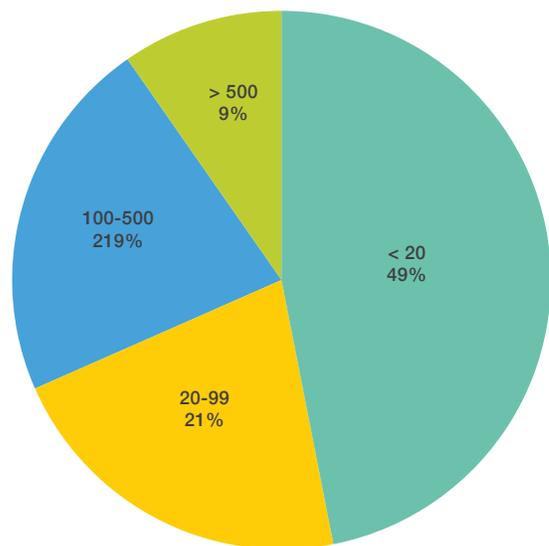
Here is a quick look at the respondents who participated in our survey.



### BUSINESS LOCATION, ALL BUSINESSES



### NUMBER OF EMPLOYEES, ALL BUSINESSES



## About Ecova

Ecova makes businesses and utilities more successful through energy and sustainability management. For more than 20 years, we have led the industry in leveraging insight and data to drive powerful results for our clients. We provide fully managed, technology-optimized solutions to help our clients navigate the changing energy landscape.

**Learn more about Ecova's utility solutions for business customers:**

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