



Massachusetts Micro-Business Research

Acadia Consulting Group - May 31, 2018

Background

- While Massachusetts is a national leader in energy efficiency and clean energy programs, there has been little research done to date on micro-businesses, those businesses that are individually very small energy users, but collectively represent a large percent of Massachusetts businesses.
- E4TheFuture engaged Acadia Consulting Group to conduct a series of focus groups that will provide insights to better understand micro-businesses, determine their current attitudes and behavior and identify potential approaches that could motivate them to adopt energy efficiency and clean energy behaviors.
- These research results could be valuable in informing work on the next Massachusetts 3-year energy efficiency plan of the state's program administrators.
- National Grid and Eversource worked closely with Acadia to define the micro-business segment, provide lists for recruiting focus group participants and give insights on current services offerings and potential areas of questioning.
- Other stakeholders in the 3-year planning process were also consulted in the upfront planning for the research.

Research Objectives

- Identify targeting and engagement opportunities for the micro-business segment.
- Understand current behavior, interest/importance and needs around energy efficiency.
 - Determine how participants research, gather knowledge and learn about energy.
 - Understand what actions they have taken to save energy/reduce energy costs.
 - Get insights as to where participants purchase energy efficient products and how they interact with potential channels (online, mail, stores, electricians/plumbers, etc.).
- Determine whether micro-businesses are aware that there are currently cost/energy saving opportunities for small businesses like them and whether they attribute them to Mass Save and/or specific utilities.
- Get insights as to whether micro-businesses are being successfully served and what can be done to serve them better.

Target Audience – Micro-Businesses

- The focus groups targeted micro-businesses, organizations that collectively represent over 80% of Massachusetts businesses, but just under 10% of C&I electric consumption and less than 20% of C&I gas consumption*.
- The following criteria was used to define the target audience and recruit participants for the micro-business focus groups:
 - Organizations using between 5,000 kWh and 50,000 kWh of electricity per year (\$1,000 - \$10,000/year) and no more than 9,000 therms of natural gas/year (<\$10,000/year).
 - Key decision makers – owner, facility manager, operations manager, etc.
 - A broad mix of industry segments including professional services/office environments as well retail locations serving the general public.
 - The following industry segments were excluded/screened out:
 - Utilities and energy services companies, contractors/builders, branches of large organizations, real estate firms and property managers/landlords/condo associations.

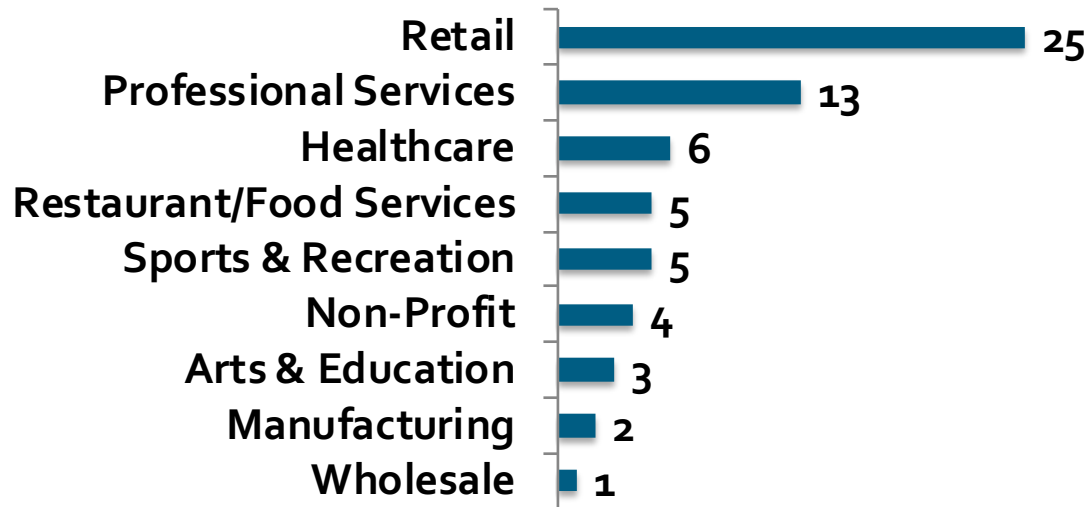
*From the 2015 MA customer profile report: Businesses using <50,000 kWh represented 83% of the business population and 9% of C&I electric consumption. Businesses using <8,000 therms of gas represented 82% of gas users and 16% of C&I energy consumption.

Methodology

- In order to draw participants from a broad geography that included both Eastern and Western Massachusetts, 8 Focus groups were conducted from April 25th – May 3rd at the following locations.
 - Braintree – Boston and South of Boston (17 participants)
 - Waltham – Route 128 corridor and North of Boston (15 participants)
 - Framingham – 495 corridor (19 participants)
 - Springfield – Western MA (11 participants)
- A total of 62 businesses from 41 Massachusetts cities and towns participated in the research.
- Research participants were recruited from customer lists provided by National Grid and Eversource. They were not told who was sponsoring the research.
- While an honorarium of \$150-\$175 was provided to incent participation, it is likely that the focus group participants would also have some level of interest in the topic.
- Please note that while these focus groups provide important attitudinal and directional input, it is important to remember that this research is qualitative in nature and therefore is not statistically projectable.

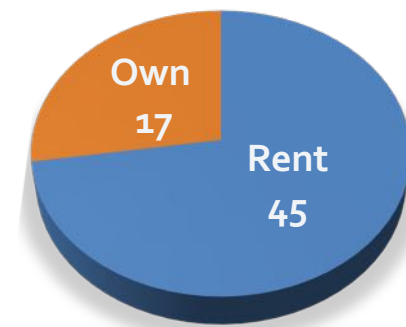
Participant & Organizational Firmographics

Industry Segment Mix

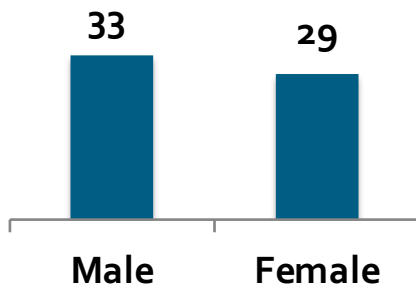


Note: A few businesses fell into multiple industry segment categories.

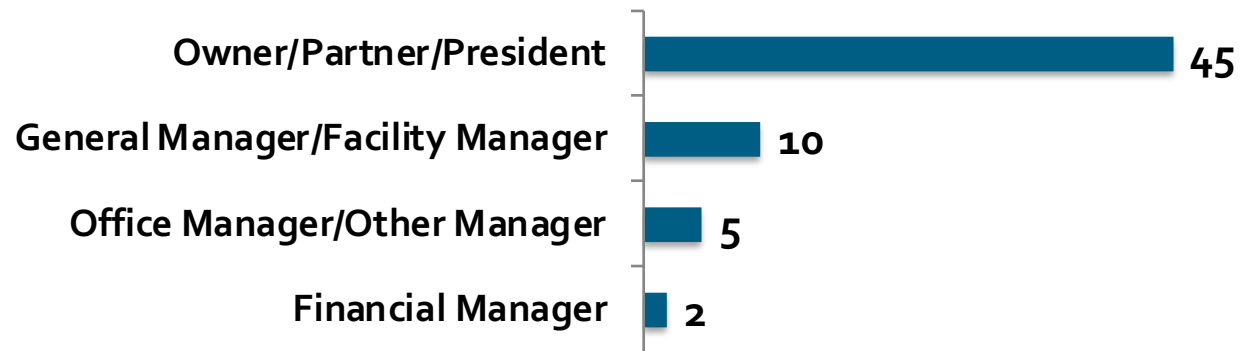
Own or Rent Business Location?



Gender

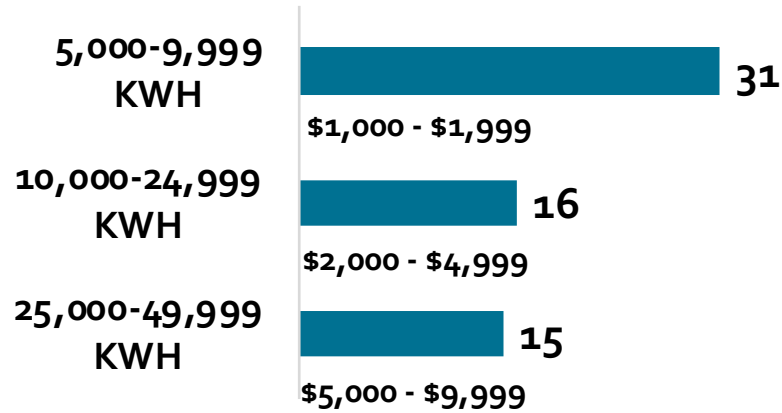


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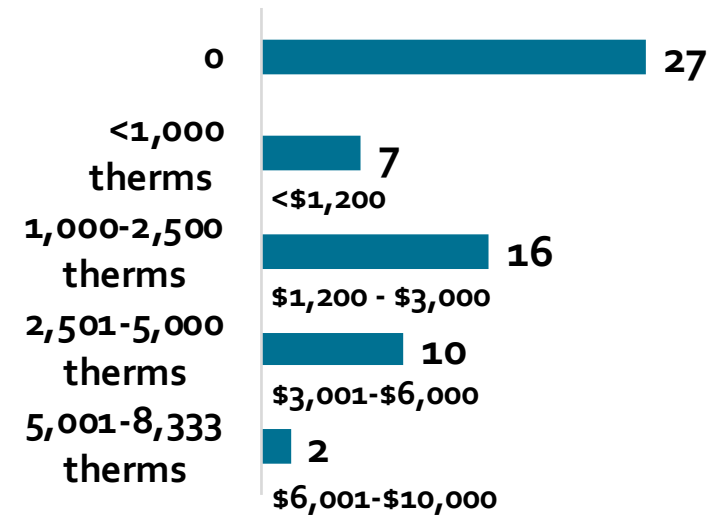
Business Energy Usage

Annual Electric Usage

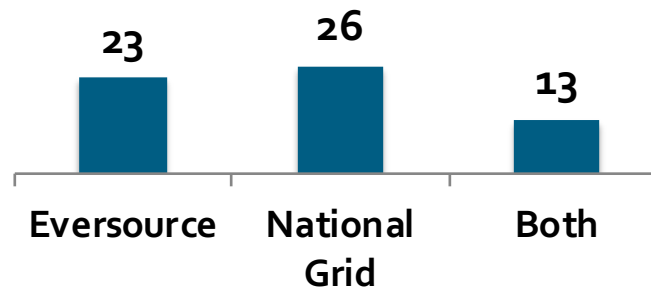


Annual Gas Usage

(35/62 participants used gas)

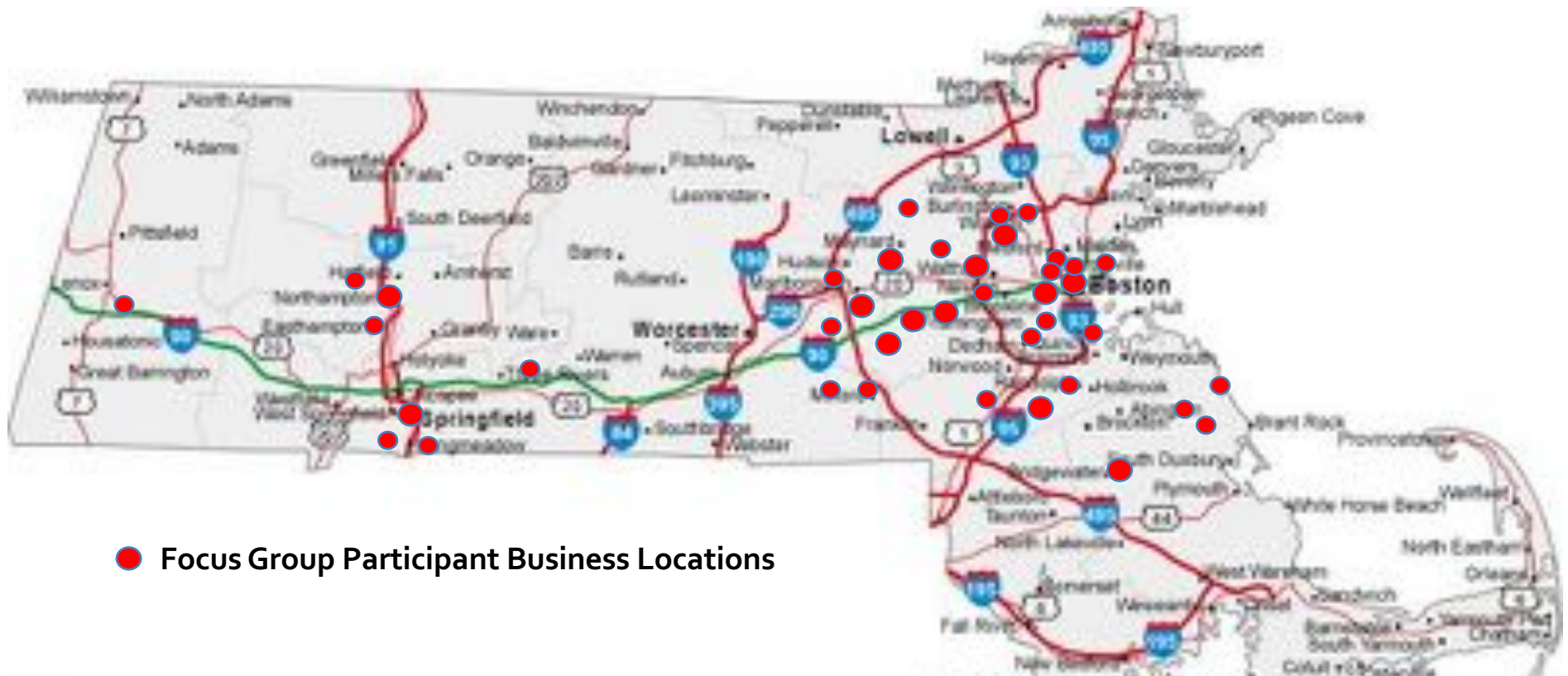


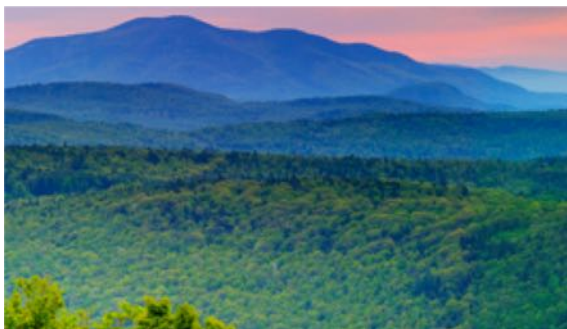
Utility



Geography/Business Location

- A total of 62 businesses from 41 Massachusetts cities and towns participated in the research.





Key Findings

Key Findings – Current Perceptions & Behaviors

- The word that most frequently came to mind when participants thought about the energy they use to run their business is 'expensive'.
- About half of participants indicated that saving energy/reducing energy costs is something they frequently think about.
- While the majority said that they regularly track their energy use, for most that means glancing at the monthly bill, having a sense of what the bill should be and moving on.
 - A spike in the bill got their attention and was a trigger for investigation and perhaps energy saving actions.
- None of the participants used or were even aware of any online tools offered by the utilities. Tools were only of interest if they were specific to their business situation/usage and offered relevant solutions.
- There were no 'go to' information resources that participants looked to for information on reducing their business energy costs and no trusted resource for information and guidance.
 - There was significant levels of distrust and skepticism around electricity suppliers/resellers, emails, phone calls and even the utility companies.

Key Findings – Energy Saving Measures Taken

- The vast majority of focus group participants indicated that they had taken at least some steps to reduce their energy costs. Most felt that the things they had done have had a positive impact on their business energy costs.
 - The majority of participants had purchased LED light bulbs and tubes – motivated by the potential for significant cost savings. Most frequent channels for purchasing their LEDs were big box stores and online.
 - Many participants reported having an energy audit, installing weatherization measures, purchasing energy efficient appliances or an energy efficient hot water heater.
 - For some, their immediate instinct was to reduce their electric rates – shopping or switching suppliers. Some were happy, others cited having or hearing of bad experiences.
- Most participants used professionals such as plumbers, electricians and HVAC specialists for all but the simplest of tasks, such as basic light bulbs and appliances.
- While some participants cited that they currently take or would take a proactive approach in replacing equipment before it breaks, the majority admit that they are reactive.

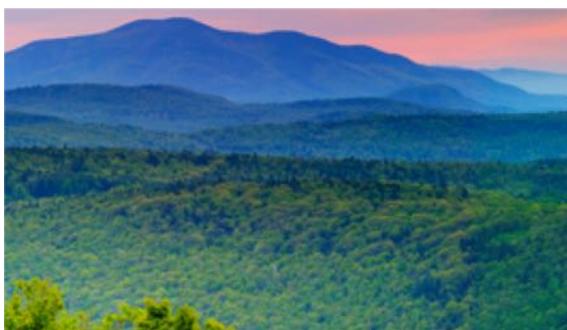
Key Findings – Awareness of Current Energy Saving Opportunities

- Mass Save was the only energy saving brand or opportunity with a significant level of awareness among participants – the majority had heard of Mass Save for businesses.
 - Few who were aware of Mass Save for business understood what Mass Save was, who offers it and/or who pays for it.
 - The majority of participants did not associate their utility with Mass Save for business.
- Most participants were unaware that the program administrators work with big retailers like Lowes, Home Depot and electric supply distributors to subsidize the price of LEDs.
 - Participants had mixed reactions to this – some reacted positively, many cited it made no difference to them and some indicated that it raised questions as to the motivation.
- Most participants thought that there should be more opportunities for businesses like them to reduce energy costs and/or that current solutions/opportunities should be better communicated.

Key Findings – Marketing Communications Messages & Channels

- Most participants cited that messages that focused on cost savings that were specific to their industry segment, their situation and energy usage would resonate most.
- While they suggested a variety of communications channels/approaches, participants most frequently recommended getting their attention via trusted local sources.
 - Working with local electricians, plumbers or contractors was considered a very effective approach by about half of participants. However, prior positive experience with the vendor was necessary in order to build trust.
 - Partnering with the local Chamber of Commerce and with local Main Streets* was suggested and received high marks in the Braintree focus groups, but there appeared to be less of a connection with these organizations with participants attending the Waltham, Framingham and Springfield groups.
 - Once they were interested, participants cited that they would do research to verify the credibility of the company and evaluate the energy saving program or opportunity –most frequently by going online and asking their network

*Focus Group participants were referring to Main Street America, a National organization focused on community-led revitalization that has programs in several Boston communities. We understand that this organization was involved in a PA small business program internally referred to as 'Main Streets'.



Acadia Observations

Micro-Business Decision Makers are Busy

- Unless there's an issue, thinking about business energy use is often limited to a quick glance at the monthly bill.
 - The bill is an opportunity to get at least 30 seconds of their time. But messages need to be quick and specific to their situation.
 - When their bill spikes or looks out of line with what they expect or with the charts comparing it to prior periods, they often will dig deeper.
 - Replacing old equipment and equipment failures are also an opportunity to get their attention.
 - General awareness that there are programs and rebates among micro-businesses and their vendors (electricians, plumbers and HVAC contractors) and an understanding of where to go to quickly and easily to get information are key.
 - Online tools could be of interest, but only if they are specific to their situation/business and offer insights as to where they are using a lot of energy and relevant solutions that save significant dollars. 'Repackaging' general tips or information was of little interest.

Micro-Business Decision Makers are Not Do-It-Yourselfers

- While many do the shopping for energy efficient products and equipment, most look to professionals to install efficiency measures beyond the basics – lightbulbs, electronics, air conditioners and basic appliances.
 - When fixing or replacing equipment, they are open to suggestions from their electrician, plumber or HVAC contractor about more energy efficient models – as long as it works for their bottom line.
 - Many frequent Lowes and Home Depot for their business and home. So they unknowingly take advantage of upstream programs without having to think about it.
 - Some shop online for light bulbs and other energy efficient equipment. Several go to Amazon which may be a potential partner for future rebates or programs.

Micro-Business Decision Makers are Skeptical

- Telephone scams, email scams and phishing, businesses and consumers who have been burned by electric suppliers/re-sellers, fake news... These days micro-business decision makers have very little trust for anyone.
 - Communications have to be from a credible source – partnering with selected local Chambers, local Main Streets* and other local business associations with strong reputations and membership bases as well as trusted electricians, plumbers and HVAC vendors provides opportunities to credibly get their attention.
 - They recognize the need to do their own research regardless of the source. So having a robust, easy to navigate website is critical as well as positive word of mouth with their network (peers, vendors, business associations).
 - The program administrators need to win over the skeptics – helping them understand why they want to help businesses save money on energy, making them aware of program administrator efforts and increasing awareness that the program administrators are a big part of Mass Save.

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Micro-Business Decision Makers are Bottom Line Driven

- The promise of significant savings is needed to drive interest and action.
 - Utilizing data analytics to identify and target micro-businesses with potential for significant savings could be a win-win for everyone. Cost effective for the program administrator and worth the business owner's time. Communications that indicate that businesses have been identified via a billing or building analysis and containing information specific to their business would likely get their attention.
 - Identifying spikes in electric or gas use in real time or prior to the bill was suggested by some participants. This could not only generate action, but increase goodwill. While we understand that this may not be possible now as these businesses only have monthly read meters, it may be something to consider in the future.
 - LED lights were perceived to be the biggest source of savings. Consider making sure that smaller savings measures are installed concurrently as they may not come back.
 - Payback period is important. Some who lease their business space perceive (perhaps wrongly so) that retrofitting their business with LED lights will not pay back if their lease is only a few years and landlord approval is often needed.
 - Participants who own their building and/or those running mission critical equipment that used a lot of energy appeared to have a higher vested interest in energy saving measures/solutions.

Presented By

