

Climate Change Leadership Forum

SME 'Cost of Carbon' Campaign Outline

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Porter Novelli New Zealand

110/23 Edwin Street
Mt Eden
Auckland
Ph: +64 9 632 0500
Fax: +64 9 632 0501
www.porternovelli.co.nz

Contents

1.0 Background	3
2.0 Executive Summary	4
3.0 Research	5
4.0 Communication Objectives	14
5.0 Strategy	15
6.0 Audience and channels to reach them	16
7.0 Key Messages	18
8.0 Spokespeople	18
9.0 Tactics	19
10.0 Timing and campaign roll out	24
11.0 Media	25
APPENDIX A – Interview discussion guide	26

1.0 Background

The Climate Change Leadership Forum (CCLF) was convened by government to facilitate communication with the broader community around the design and implementation of the New Zealand Emissions Trading Scheme (NZ ETS).

Porter Novelli was engaged to develop a communications strategy to assist Small to Medium Enterprises (SMEs) understand the risks and opportunities associated with a low carbon economy. An initial campaign outline was presented to CCLF members in September.

Subsequently, Porter Novelli has scoped the current environment further in relation to educating SMEs about the anticipated cost of carbon under the ETS.

We identified a group of key umbrella organisations that either have 'cost of carbon' programmes in place to some degree, or who are well positioned to communicate this issue.

It is this group of organisations that we have conducted explorative research with. This took the form of one-on-one interviews to garner a more in depth view of what is underway or in the planning phase. The objective was to ensure the CCLF's programme is well integrated with others, doesn't duplicate good work in train and maximises effort through collaboration. It should also be noted that in the interest of being inclusive we included a cross section of organisations in our research, some of which are anti ETS. This was to ensure the best penetration of all interested parties and gain a thorough understanding of their position.

The research findings are outlined in more detail in this document, and have provided the background to the recommendations it contains.

It is important to note that since we embarked upon this project the landscape has changed. Under the new National-led government's post-election deal with the ACT Party there is to be a Parliamentary review of the ETS. Prime Minister John Key has indicated a timeframe which should see legislation passed by the end of September 2009. This has resulted in some uncertainty within the business sector as to what shape or form the ETS will take, and this has been reflected in our research findings. Regardless, the reality is we are moving to a low carbon economy, and when we do, it is vital that New Zealand SME businesses are ready.

2.0 Executive Summary

New Zealand is moving to an economy where there is going to be a price on carbon emissions. At this stage it is not clear when, or what shape this will take. However, the consensus is that businesses and individuals will be forced to rethink the way they use carbon. It is imperative that SME businesses are prepared for the Emissions Trading Scheme (ETS) and informed about what this means for their business.

A series of one-on-one interviews were conducted in the last two weeks of November with business associations, professional associations, industry groups, business advisory groups, local and central government and businesses. The purpose was to ascertain whether these groups were undertaking or planning to undertake any communications activity with their SME members around the ETS.

Our research has shown there are a handful of organisations, industry groups and agencies that are, or have been, active to some degree around communicating the impacts of the ETS to SMEs. Outside this core group, there are bits and pieces of activity happening but, as anticipated, there is no central sector wide programme in place.

The ETS is not yet registering on the radar of SME businesses. The current economic crisis means now, more than ever, their focus is on more pressing business issues such as staff redundancies and securing the next order. The common theme the research uncovered was that most SMEs will not be concerned about the ETS until it impacts directly on their business through increased costs. The government's move to review the ETS has also meant the issue is deemed less important.

However, it is crucial that SMEs understand the implications of doing business in an economy that puts a price on carbon. By harnessing the collective smarts of existing experts and advisory groups, and collaborating with industry organisations and business associations, we can prepare these groups with the tools they need to communicate the impacts of the ETS to their members. When the legislation does come into effect and SMEs suddenly need to act differently, we will have a well-targeted, customised campaign ready to roll out. A campaign that enables SME businesses to minimise the risks and empowers them to maximise the opportunities associated with doing business in a cost-of-carbon economy.

3.0 Research

The following organisations were interviewed as part of the campaign research:

- Sustainable Business Network
- Employers and Manufacturers Association (Otago/Southland)
- Employers and Manufacturers Association (Northern)
- Employers and Manufacturers Association (Central)
- Ministry of Tourism
- Ministry of Economic Development
- Business New Zealand
- New Zealand Institute of Chartered Accountants
- Tourism Industry Association
- Ports of Auckland
- Gas Industry Association
- New Zealand Trade and Enterprise
- Ministry for the Environment
- Chamber of Commerce (Wellington)
- Chamber of Commerce (Canterbury and Otago)
- NZ Trucking Association
- Contact Energy
- Federated Farmers
- Small Business Expo
- ARTA and Travelwise.

The interviews covered the following areas:

- Establishing the overriding themes and challenges around the ETS and climate change affecting their members/staff/customers
- Any programmes of activity (completed, underway or planned) to educate members on carbon emissions/the ETS
- Their general understanding and awareness of the ETS and its importance ranked against other business issues affecting SMEs
- Who their members view as credible opinion leaders on the topic
- Effective communication channels used to communicate with members
- Examples of activity already undertaken or being undertaken by members in this area
- Establishing what a good outcome would be from members' perspective regarding the roll out of the ETS.

(See Appendix A for Questionnaire)

During the interview process it became clear there were two distinct groups we were dealing with. For the sake of this report we have classed them as follows:

General SMEs: Those who are interested in doing the absolute minimum to comply (more likely to view the ETS as a cost)

Green Adopters: Those who have an interest in sustainability for marketing purposes, or because they have already invested in the

voluntary carbon market (more likely to view the ETS as an opportunity, but not necessarily)

The open-ended questions enabled participants to air their views up front, with some recurring themes coming through strongly. These are outlined below and illustrated more fully in the table of results.*

* The table of participants' comments has been removed from this public version of the report due to confidentiality.

3.1 Themes & Communication Implications around ETS legislation

3.1.1 The legislation was rushed through with a lack of consultation and education around the ETS and its impact on business

"There was a dearth of information due to the election, and we missed the opportunity to reassure SMEs they won't be affected."

"New Zealand really missed the opportunity to communicate what the ETS is and means."

"Certainly some concerns over the lack of consultation."

"There were major changes to the legislation that didn't go through parliamentary scrutiny. It was politically motivated in an MMP environment."

"The process was too hurried and rushed. Our industry gets environmental sustainability so we do not necessarily oppose the scheme but want more detailed understanding of how it would work at a day-to-day level."

Insight(s):

The diversity of our audience means that each group needs to feel considered and represented. While this insight was heavily influenced by the organisational – and therefore more politicised – nature of the umbrella organisations, it reinforces the importance of specific messages, case studies and advice for each industry and professional group. A lack of the right kind of information at the right time, a feeling that not all views were considered or enough time provided for consultation, reinforces the need for 'like me' examples.

Implication:

Personalisation of information and examples to micro level wherever possible will assist buy in and understanding. Well-managed, centralised and regular feedback mechanisms need to be part of the communication plan. Firstly to ensure we can modify messaging based on participant feedback but importantly to ensure there are open channels clearly defined and set up from the beginning of the programme. We need to provide all parties, whether part of a larger association or not, with effective ways to provide feedback, share and collaborate. The current economic environment is likely to further enhance business' search for solidarity of views and experience with similar business people.

3.1.2 The legislation is too simplistic

"As a major purchaser of liquid fuels and a public transport provider we are part of the problem and part of the solution. Yet the ETS framework is too simplistic. We tried to look at exemption in terms of buying bulk fuel to provide public transport – or at a discount – but the answer was no. "

Insight(s):

The research uncovered two polarised views, the 'keep it simple' camp and those, like the groups above, who felt the legislation was somewhat isolated in its approach. Those closer to the issue either due to their core remit, geography (i.e. Otago based businesses) or nature of their business (i.e. our 'green adopter' group) had a better depth of understanding of the issues surrounding the legislation and other related topics. Having got their heads around the immediate issues, these groups tended to feel that ETS was somewhat limited in its coverage and that once in place other issues would arise, or the behaviour the legislation seeks to embed would be unravelled due to unforeseen disincentives elsewhere.

Implication:

Consider facilitating 'think tank' or steering type groups made up of individuals from associations or businesses well versed in ETS and related areas. Engage in more involved collaboration with this group to inform communications targeting likeminded businesses. This group can further examine broader infrastructure disincentives or areas that may contradict the behaviours the act looks to encourage. This could potentially feed into further legislation or adjustments.

3.1.3 Lack of universal measurement standards/challenges in calculating carbon emissions

"There are no rules or standards for people to measure and monitor against. Australia is a good example – three years ago they began the process and the first step was how to measure, monitor and report."

"There needs to be some sort of cost/benefit analysis for SMEs so we can get a handle on how significantly it will impact them, and communicate accordingly."

Insight:

'How will I know if I'm on the right track and measure progress against my local and international peers and competitors?'

Implication:

A key role of the communications programme is to define important and relevant benchmarks and ongoing success measures. To continue to motivate business' they need to have the ability to track their progress against a single set of measures (and live case studies) that are easy to understand, and relate back to their business area, life-stage and make-up.

3.1.4 Viewed by 'General SMEs' as a cost not an opportunity

"We need to be realistic here – what is the opportunity? Yes, SME businesses have to come to grips with energy efficiency, but for most it will be viewed as just another cost."

"Certainly our members' concerns are with the impact on New Zealand's economy and impact on business. At SME level the concern is all about the cost."

"The official line was that the ETS can provide SMEs with a good branding opportunity, yet the [tourism] sector is skeptical about this, as it is a very technical story to tell."

"Can't decide if this is a big deal or whether it is just a case of 'the price is going to go up a bit' and end of story. With fuel prices and demand issues as there are it is such a marginal issue – how important are these marginal costs to SMEs when in actual fact there are other massive costs they are faced with?"

Insight:

The majority of everyday SMEs put ETS in the 'compliance cost' bucket; hence they are cynical about any 'benefits' to their business.

Implication:

The initial campaign messaging to these pragmatic business owners needs to avoid leading too strongly with benefit messages. Ultimately this could be seen as 'rose tinted glasses' ahead of any relevant 'proof' via live case studies and firsthand experience.

3.1.5 Incentives to drive behaviour change are not deep enough

"The current belief is that a price on carbon will change behaviours, but that price needs to be huge to impact behaviours."

"We do not think the ETS will reduce transport CO2. A small increase in the cost of fuel may make some people rethink journeys but public transport providers are less able to provide alternatives due to having to cut services as a result of increased costs – so it is not a good outcome and the net effect could be negative."

"We do not think this scheme will achieve the aims of the Kyoto Protocol, as it won't be reducing emissions – we'll just be paying for them, and the costs will just be passed on to the consumer. There are no incentives for our members to modernise their fleet with more efficient vehicles."

"It is a balance between the carrot and the stick – we feel the current scheme lacks the carrot approach."

"We need to balance this out, tax bad behaviour and reward good behaviour."

Insight:

A synergy exists here with insights under 3.1.2, in that there is a view that disincentives and incentives don't go far enough to provide real impact. This represents a 'drop in the ocean' view which has the potential to de-motivate and disincentivise behaviour change.

Implication:

Consider positive incentives and a collaborative approach to ensure existing infrastructure road blocks are addressed, or at a minimum, acknowledged.

3.1.6 Why make an example of New Zealand – given our scale and the impact this will have on business?

"Why are we rushing to be the first in the world, particularly when it comes as a cost to businesses and the end consumer? Why make it more difficult for our businesses to trade when there are other world leaders who could be taking first steps?"

"There has been anger at the proposal which goes way beyond what is necessary or happening overseas. It is a case of balancing responsibility with economic interests. This is an ambitious play which has been put in place by a government which has now been overturned – what does this say?"

"Why should New Zealand shoulder the burden that will kill vital industry?"

Insight(s):

Fear that we are setting ourselves up as a 'world first' example without the scale of other markets to contribute any real benefit. These groups feel this could be detrimentally impacting New Zealand business at the worst possible time. This view is magnified and most emotive for the farming community.

Implication:

Reinforces the importance of relevance, empathy and understanding in the way we deliver advice and messaging to different groups. This may be less fraught now given the change of government (e.g. farming community), but is an important consideration as the new government embarks on consultation that will inform new legislation.

3.1.7 Confusion over what it means for those who have invested in the voluntary carbon market

"Many SMEs have an interest in doing what is right from a sustainability point of view – but are they going to be doing stuff twice now?"

"Carbon Zero is manageable but the cost involved with the ETS is off-putting."

"There are certainly issues around branding. Can I say I'm Kyoto compliant? What does that mean for Carbon Zero? Does that mean my emissions are zero or not? Does that matter to international visitors?"

Insight:

'Have I wasted my time and money investing in areas that will be irrelevant?'

Implication:

As with standardised benchmarks and success measures, it is equally important that other related green metrics or similar programmes (e.g. carboNZero) are put into context. The biggest pitfall to ensuring clarity of messaging and action required from our audience is the plethora of bodies and measurement methods in the sustainability area. This is creating some confusion or anxiety for those who have already embarked on their own scheme.

3.1.8 Government's move to review the ETS is unsettling

"I wouldn't be surprised if the review got rid of the scheme entirely."

"Not sure what form it will take, the ETS as it once was no longer exists."

"Main frustration is lack of surety. The issue has been batted around for so many years. Now people are starting to turn off."

"New Zealand markets itself as clean and green – so we need to be on board or we'll get left behind overseas markets."

"The backtrack on this is very disconcerting for business – trying to run a business without knowing what will happen. We hope the select committee review happens as soon as possible with no election flip-flopping on policy."

Insight:

The flipside of 'lack of consultation' are those groups who feel we are now taking a step backwards. Time and effort invested to date is now potentially jeopardised as the legislation goes back to the drawing board. Those businesses that have rolled up their sleeves and got on with developing policies and working groups are now in a holding pattern.

Implication:

Whatever shape the legislation and roll out plan takes, it is important we provide context for the before and after. We will need the ability for businesses in this situation to self-select and help them understand what of the education and work to date is still relevant, and what is different.

3.2 SME Share of Mind

The organisations and associations we spoke with had varying degrees of knowledge about the ETS, yet the overwhelming response was that this issue is not one that is keeping their SME members awake at night – if they have even heard about it in the first place! There are several reasons as to why this is:

- 3.2.1 SMEs have such a hand-to-mouth focus and until it actually impacts upon them (in the form of increased costs) they will not be giving it much (if any) thought
- 3.2.2 The economic downturn means they are focusing on more pressing matters – how to make staff redundant, how to secure the next order. The ETS is just not on their radar yet
- 3.2.3 The government’s move to review the ETS has indicated it is less of a priority, and therefore of less importance. This has also impacted upon planned activity with many organisations putting planned communications around the ETS on hold until there is further clarity around what it will look like.

“SMEs are getting the message at the moment that this is not important.”

“The ETS won’t have even hit their radar yet – it will flow down eventually in increased costs – then it will be a case of what can we do to mitigate that.”

“Our members don’t understand it, and as an organisation we are waiting for the dust to settle and for some clarity before actively informing our members.”

“It will come through the supply chain or general increased costs, so SMEs do need to think about internal efficiencies even more than they were before. But to be honest, until they feel those costs, they aren’t paying attention.”

“I can guarantee that the ETS is not on the radar of SMEs. They wouldn’t have the foggiest idea as to how it is going to affect them. Their concerns are at survival level rather than caring about the planet – the economic crisis has put sustainability issues for most SMEs on the backburner.”

“There are much bigger issues. It may have been higher a few months ago when there was a different government, with a different agenda and a different economic climate.”

What this means from a campaign timing point of view is that there is no point targeting SMEs with information when they have more pressing concerns and the impact for them is seen as a long way off. The strategy will be to target the umbrella organisations and associations and prepare them with toolkit material for them to disseminate to their members when the legislation comes into effect.

3.3 Advisors and Influencers

Influencers for SMEs can be quite distinctively lumped into certain categories including:

- 3.3.1 Industry groups – business or industry associations, particularly those relevant to specific verticals
- 3.3.2 Other similar businesses doing it well. This came through loud and clear. Businesses want to hear from their peers. We do not mean those businesses whose livelihood is based on being ‘green’ but ‘real’ SMEs who

have demonstrated how efficiency gains can benefit their businesses. The Tourism Energy Efficiency Programme (TEEP) pilot underway by the Tourism Industry Association (TIA) and Energy Efficiency and Conservation Authority (EECA) has uncovered some excellent case studies in this area.

- 3.3.3 There were also a few specific names that came up during our research that included Rod Oram, David Skilling and Colin James as key influencers SMEs would take heed of on the subject.
- 3.3.4 Advisory groups - there are a number of relevant sub-groups within umbrella organisations, such as the NZICA's Sustainable Development Reporting Committee. We need to harness these advisory groups and facilitate an information sharing process to help plug the gaps.

3.4 Current Communications Activity

Most of the umbrella organisations we spoke to had communications activity in place around sustainability and climate change issues generally. However, there were far fewer who had already undertaken specific communications activity to inform members of implications of the ETS. The government's announcement that it is reviewing the ETS has meant for many organisations it is a case of 'wait and see' before they plan any communications activity.

The research showed there are a range of ways organisations communicate with members: workshops and seminars; conferences; written communication; online; email; via telephone and text.

This has given us some good insights into the most effective way to communicate with SME businesses on this topic.

It also became clear that messaging themes and tonal nuances are required for two key attitudinal groups (green adopters and general SMEs)

There is a benefit in looking to combine the expertise and experience of different umbrella organisations to deliver consistent education, measurement and advice.

3.5 Learnings and Recommendations

The research findings have corroborated our original thinking, which is that SME businesses are at the coal face of economic challenges, now more so than ever, and are less supported than a corporate to future-fit their business.

It has provided some good insights into how we communicate with SME businesses and when. The message came through loud and clear that the issue will be of interest to SMEs only when they have to deal with the consequences of the legislation. To try to get them thinking, or acting, on the issue prior – particularly in the current climate when there are so many other pressing issues impacting their business – means the messaging could get lost. It is therefore critical that we work in partnership with the umbrella organisations and ready them so that, when the issue

begins to register, they are armed with a toolkit of information they can then disseminate to their members.

The research showed that for general SMEs (those without a vested interest in sustainability) it is going to be difficult to get them to view the ETS as an opportunity. The message came through consistently that this will be seen as 'just another cost'. Engaging likeminded businesses who have demonstrated how they have made efficiency gains is going to be important in terms of shifting this mindset.

A cost/benefit analysis also needs to be carried out before we can effectively communicate the impact – and opportunities – associated with the ETS to SMEs.

4.0 Communication Objectives

There is general agreement that the key communication need is to inform business that the price of carbon is being integrated into the economy over the next five years, and this presents both cost implications and opportunities.

We need to enable small business owners who are at the coal face of economic challenges and less supported than a corporate to future-fit their business for a sustainable New Zealand. To do this they need to understand the issues specific to their business, and use the tools and information we provide to build an action plan to address their cost of carbon. Broadly our aim is to move SMEs from their current state to the future state shown in table 1.

It is imperative that assistance is offered to SMEs in order to enable 97% of our business community to embrace the ETS as an opportunity. Clearly reaching such a wide audience will take significant resource. Accordingly, our proposal is to scale the campaign as different areas of the economy are brought into the ETS.

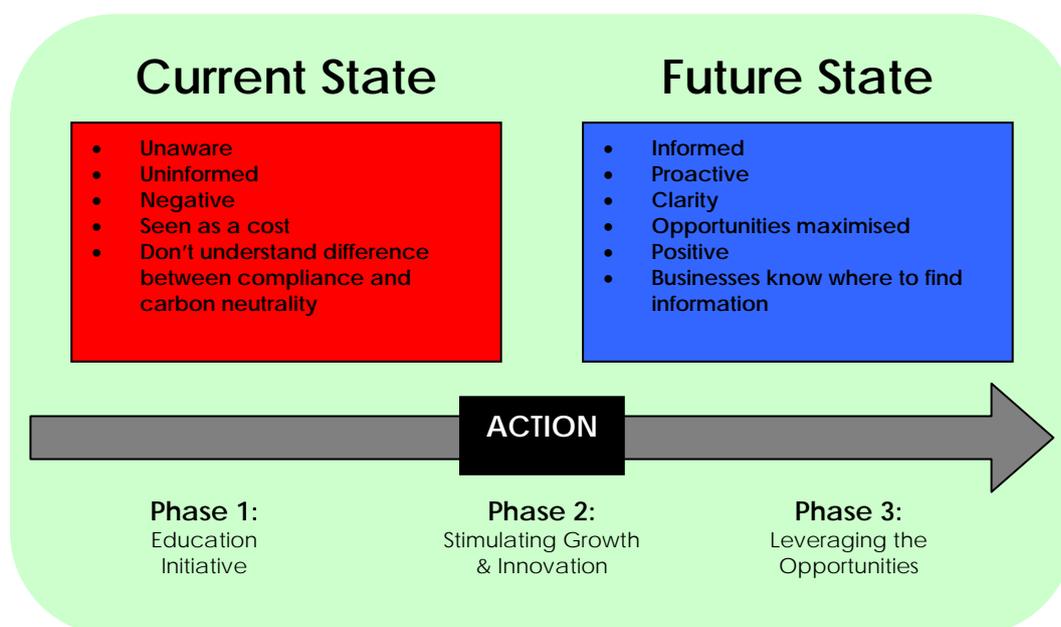


Table 1.

Our objectives are as follows:

- 4.1 Capture the attention of SME businesses and implement an education campaign to help them prepare for the move towards a low carbon economy
- 4.2 Reduce the angst amongst New Zealand SME businesses about climate change and make available resources that clearly articulate the associated risks and opportunities
- 4.3 Prompt SME businesses to manage their carbon costs and support an economy where carbon has a cost.

5.0 Strategy

Our strategy is to:

- Get:** Small business owners
- Who:** Are at the coal face of current economic challenges, less supported than corporate and more exposed than consumers
- To:** Future-fit their businesses for a sustainable New Zealand
- By:** Understanding the issues specific to their businesses and using the tools to build an action plan to address these in advance of the ETS impact
- How:** By harnessing the influence and access of umbrella organisations to disseminate information to their members when they are ready to listen.

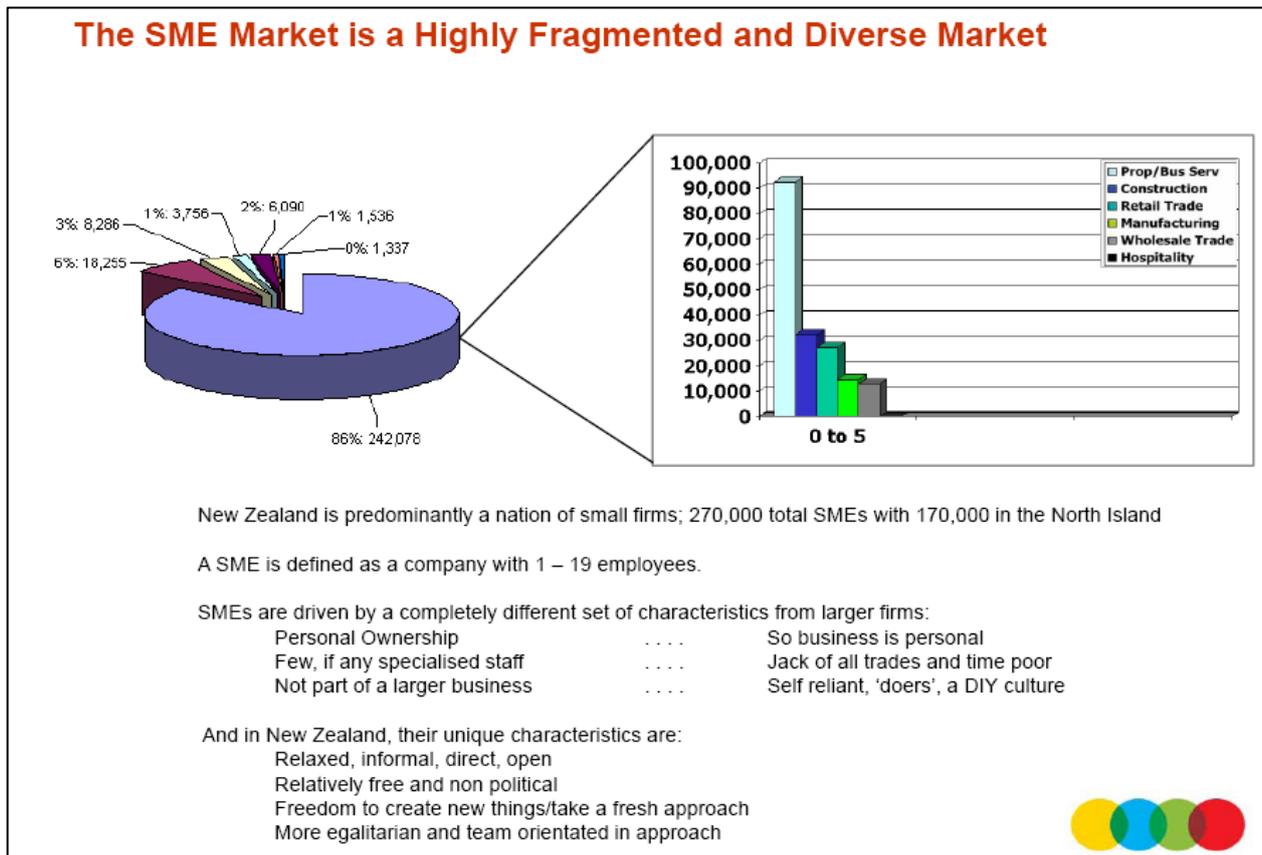
The ETS in its original form would see the focus for the first year of activity on transport, fuel and energy users, and the manufacturing sector. Those involved in waste management or who produce significant waste will also be targeted due to the waste levy that was planned for next year. At this stage it is unclear if this will still be the timetable under the National government, however communications activity will focus on those industries that are going to be affected first and foremost.

We will demystify the cost of carbon, and make it simple for SMEs to see the issue and take charge of its impact on their business. We will articulate clearly what SME businesses need to do by:

- 5.1 Engaging the SME business community through business associations and industry organisations
- 5.2 Promoting testimonials, endorsement and advocacy of other SMEs already handling this well
- 5.3 Empowering SME businesses to future-fit their business through the use of online tools
- 5.4 Capturing media interest and combining this with digital and well-targeted direct marketing to re-state and reinforce our messages.

We will build a platform of activity that can be extended and broadened as other sectors come into focus.

6.0 Audience and channels to reach them



6.1 Primary audience: Small and medium businesses outside of the compliance market

Our insights about this broad grouping are that we need to reach a very diverse audience that encompasses trades people, dairy and motel owners, lawyers, accountants, retailers wanting growth, others who are happy with the status quo – in other words extreme opposites in terms of being receptive to messages and in their media use.

Many will have an underdog mentality – some will have battled their way to where they are on their own, whilst others have escaped from the apron strings of corporate life. They often see themselves as the 'engine room' of the New Zealand economy, undervalued as to the role they play. Their business and personal lives will be closely tied. For example business lending is often against personal assets, family members work in the business and influence business decisions. SME owners are often hands on and typically experts in a specific field and they tend to look for advice from professionals to fill their experience/skills gaps.

The SME audience can be further broken down depending on their affinity with the ETS and Sustainability. There are some SME businesses that have already invested in the voluntary carbon market or have an interest in promoting themselves as being green (particularly in the tourism sector or service industries) where their customers

are looking for evidence of sustainable workplace practices. They need to be reassured that their investment in voluntary carbon activities to date will not be fruitless and will be interested in the branding opportunities the ETS provides.

The rest (general SMEs) will simply want to know: "What does carbon mean for me and my business? What do I have to do to comply?"

Compliance is already top of their list in terms of an annoyance factor and day-to-day concern. This audience is more likely to view carbon as a cost, and the challenge is to get them to view it as an opportunity by using tools, and case studies to educate them about how efficiency gains can benefit their business.

For this group it is crucial that we make a complex issue simple, and reassure them that with the right tools it can be easy. They need basic guidance, and will not want to be bogged down by complex policy issues.

6.2 Secondary audiences:

- Industry organisations
- Business Associations and Chambers of Commerce
- Local, regional and national media
- Vertical publications
- Blogging community
- Influencers – financial advisors, accountants, lawyers
- Banks, financial institutions, telcos and utilities which have regular contact with SMEs.

7.0 Key Messages

Essentially our key messages should take the tone of being empowering and not patronising. We must avoid at all costs a one size fits all approach, a dictatorial style, and self righteous or overly emotive tone. Themes should be around such concepts as: Future-fitting your business is easy, practical and actionable now. Businesses like yours are already doing it etc.

The key messages below require further development but here we capture the essence of the story we want SMEs to engage with. These messages need to be verticalised so they are sector relevant and examples and models will be required to bring them to life:

- 7.1 Carbon now has a cost which means suppliers are seeking to pass on these costs to your business for the goods and services you buy from them. Think of it like water – you now pay for a scarce resource because we want to protect it and not waste it. By paying for carbon we'll reduce our use of it as we seek to minimise the cost impact. This will improve our environment. OSH was once seen as a compliance issue, but we now realise it increases productivity and performance and is an essential ingredient in achieving world-class performance, as opposed to simple legal compliance.
- 7.2 You can re-focus your business to reduce the amount of carbon you and your business use. You need to determine the bottom-line impact to your business and change some of the ways you operate. There are plenty of tools available to help you and it's not hard. Let's talk you through some of the steps you can take.
- 7.3 By thinking about how we use carbon, and making changes to how we manage our business, we can make a difference to our environment and create efficiencies within our business.

8.0 Spokespeople

We need to ensure spokespeople are seen as neutral, not pushing an agenda, have relevance to the SME audience and can articulate a relevant message. We have chosen those CCLF leaders who we believe have an angle we could develop to assist SMEs. Our initial thinking is as follows:

- 8.1 Stephen Tindall – The Warehouse brings relevance of goods many businesses would use; his personal commitment to sustainability is well known
- 8.2 Other CCLF leaders including:
 - David Baldwin – energy commentary
 - Phil O'Reilly; Charles Finny – in touch with businesses around the country/Wellington Region and seeing the smart things they are doing
 - Peter Neilson – demystifying sustainability and carbon as it relates to SMEs; trends, macro observations, tools for businesses

8.3 Relevant industry organisations representing large numbers of SMEs and relevant geographies. Based on the ETS in its current form the initial phase to include:

- Transport] Organisations representing companies active
- Tourism] in these areas, high fuel users or waste
- Waste] producers
- Manufacturing – EMA spokespeople e.g. Alasdair Thompson
- South Island representative due to distance and petrol/fuel focus of initial phase
- Large industry associations e.g. NZICA
- Local Enterprise organisations e.g. Enterprise North Shore, Waitakere etc
- Banks – they often have security over company assets so business efficiency is directly relevant
- Champion SMEs and SME commentators – smart businesses who have got it right already and future-proofed themselves e.g. Sarah Trotman, Small Business Expo CEO and SME champion
- Industry commentators e.g. Rod Oram

9.0 Tactics

The SME market is so diverse a range of media and channels are required to meet the audience needs. The market comprises business people from a range of age and demographic groups from all over New Zealand. To this end we will need to ensure our campaign has face-to-face, online and print components and that information is disseminated regionally and with general as well as sector specific relevance. Industry organisations and associations will play a key role in imparting the information we provide them with to their members.

This is a campaign about behaviour change and will need a sustained contact strategy and media mix to engage people upfront. We can continue to provide prompts, advice and updates to entrench the right behaviour, share their success as it arises and deliver news on innovative techniques and technologies as they become available. We see our tools being primarily online, direct and public relations with tightly targeted mass media support via business publications on/offline.

Our approach is as follows:

9.1 Harnessing existing knowledge and resource

Research and marshal all trustworthy sources that can help SME businesses manage their carbon, including Greenland New Zealand, Celsius, www.climatechange.govt.nz, NZICA's Sustainable Development Reporting Committee, MfE's Guidance for Voluntary, Corporate Greenhouse Gas Reporting, MAF sectoral calculators etc. Harness these existing sources to create a more coordinated approach and plug any information gaps.

9.2 Utilise the channels of industry organisations and business associations:

- 9.2.1 Workshops – we recommend phase one communications activity is launched via a series of workshops in partnership with various industry groups (for e.g. EMA, Sustainable Business Network and Chambers). The research showed that face-to-face communication is an effective way to introduce topics such as this, where there may be a lot of questions and uncertainty. We would provide these industry groups/associations with:
- A communications toolkit (outlined in 9.3, below) consisting of modular information that can be easily adapted for various verticals
 - A neutral spokesperson to talk about the ETS and the implications for SME businesses
 - Case studies of other SME businesses who are addressing the cost of carbon, and doing it well (outlined in 9.4, page 20).
- 9.2.2 Small Business Expo – if the timeframe is suitable we recommend holding seminars at the Small Business Expo (Sustainability Zone) and including information in its magazine. The Expo runs in Auckland (27-29 May), Wellington (22-24 July) and Christchurch (5-7 August) and has around 13,000 SME business owners coming through its doors. Speaking slots at the Seminar Series are in hot demand and are reserved for sponsors and partners who are guaranteed places and then for exhibitors who take a site at all three expos, so there would also need to be a site presence. Seminar slots are 30 minutes. The magazine is sent to 40,000 SME business owners.
- 9.2.3 Utilise existing tools and online sites to host content and link back to website (see 9.5, page 20). Full website audit of all umbrella organisations required to ensure linkages and shared content with our online hub.
- 9.2.4 Provide customised packs for financial advisors, lawyers and accountants to help their SME customers understand the ETS and make their businesses more efficient.

9.3 Toolkit

Produce a simple, effective toolkit for SME businesses that can be tailored depending on their needs and can be disseminated via industry groups. Include collateral such as brochures, bluffer's guide and testimonials, and repurpose for online use:

- 9.3.1 Clearly articulate in 10 simple steps of 'how to' manage the carbon footprint of a SME business
- 9.3.2 Develop models of impact for SME businesses to assess their usage of carbon and how they can reduce their footprint:
- i.e. The cost of diesel and petrol to a mid-sized SME with the cost of carbon added could raise their annual costs by more than \$50,000. Show how they could reduce this
- 9.3.3 Create analogies by vertical industry business to help SMEs understand the

relevance:

- Use water rates analogy and the fishing quota as examples of goods/resources we now pay for in order to protect them.
- Use OSH analogy as an example of how something initially viewed as a compliance cost can deliver benefits to a business' bottom line through changing behaviours

9.3.4 Research trends that can be used to highlight how behaviours change when there is a cost associated to it:

- Water rates decreased water usage
- OSH compliance has reduced accidents and fatalities in the workplace.

9.4 Case Studies and Testimonials

Research has shown that a powerful influencer for SME businesses is hearing from others who have successfully tackled the issue. To that end, we would produce testimonials, gather endorsement and create advocacy. We will be looking for those companies who can show clearly how they *measured* and *managed* their emissions. Whilst some below have also *mitigated* theirs and even bought offsets, we will be careful to focus on discussions around cost reduction and efficiencies rather than carbon neutrality. We want the case studies to demonstrate that businesses have become more efficient all round as a result of managing their emissions.

It is also crucial that we aren't showcasing businesses that have a vested interest in being seen to be 'green'. We need pragmatic examples from smaller business that are most impacted. There are some good case studies that have emerged from the energy audit conducted as part of the Tourism Energy Efficiency Programme (TEEP) pilot underway by the Tourism Industry Association (TIA) and Energy Efficiency and Conservation Authority (EECA). Similarly ARTA's Travelwise pilot programme for SMEs which measures emissions from commuter travel has uncovered some examples of businesses who are already working hard to reduce CO2 emissions.

9.5 Online tools

Produce online tools to make assessment easy and personalised – we recommend a more individualised online calculator, according to the type of business, operating costs, size, key inputs, cost/energy saving targets.

9.5.1 Hints and tips - Register business goals and sign up to regular hints and tips via a triggered email programme e.g. Latest success story - 'how I've saved 20% of electricity costs in my retail stores', personal goal prompts - 'has your business met its power saving goal of X this month? If not try this...'

9.5.2 Dedicated website - We have had an initial trawl around the web and most carbon calculator/education sites are very dry, government-y sites, and the amount of information is often overwhelming and not easily accessible in terms of finding relevant content for SMEs. The calculator tools are pretty functional but overall lack enough customisation so users can bring to life their own scenario and therefore customised solution. There is a daunting

amount of information to wade through which needs simplifying and accessing.

Our view is that we will need a dedicated website for this project. We see this forming our communications hub, providing a flexible medium to distribute and update content, facilitate business community involvement and shared problem solving. It will form the key call to action for all our communications.

This will be required to house online tools and registration for an ongoing programme with functionality that allows business to build their own personalised green plan, share their queries/learning's, stay up to speed with new developments and celebrate their successes. This site should be clean, simple and easy-to-use. This website could be hosted on a MED or NZTE site.

9.6 Media relations

Create unique ways of telling the story to sustain interest and prompt uptake – provide global context for the ETS and potential opportunities for New Zealand businesses through:

- 9.6.1 Focus on local and regional media in addition to national outlets
- 9.6.2 Online media focused on industry verticals, seeded content via business blogs, editorial links with some banner advertising on SME relevant websites directing them to online tools/registration
- 9.6.3 Maintain momentum through an opinion ed series by-lined by Stephen Tindall, relevant CCLF leaders and key members of industry organisations and business associations representative of SME businesses.

9.7 Magazine supplement – 'The Truth about the ETS'

Sponsor Idealog magazine's 16-page supplement called 'The Truth about the ETS' which will iron out the concerns whilst highlighting the massive opportunities created for businesses and New Zealand as a whole. Idealog has put this supplement on hold but plans to publish it as soon as there is further clarity around the ETS from the government. The supplement will contain:

- o A bluffer's guide: understanding the ETS in 10 easy steps
- o Profiles of Kiwi companies that have already embraced the 'carbon neutral' opportunities
- o How to embrace sustainability and become a carbon neutral business
- o The international context for carbon pricing, trading and reduction
- o Long term opportunities for doing business in a carbon neutral world.

9.8 Direct mail

Targeted direct mail to SMEs who may not belong to industry associations and business groups. Ensure messaging is relevant to their business life-stage and vertical.

9.9 Advertising

Advertise in targeted magazines and media directing SMEs to an online source or 0800 number to get their own takeaway toolkit.

10.0 Timing and campaign roll out

While SME businesses may not be interested in hearing about the ETS until it impacts directly upon their business, it is important that the organisations and associations that represent them are well placed to communicate with them as soon as the legislation comes into effect.

As discussed, we recommend phase one communications activity is launched via a series of workshops or a roadshow. Many business groups we spoke with already conduct workshops on various business issues, which are well-subscribed, so it would be a case of tapping into these, and arming them with information that can be customised for their member base.

Following the first phase of activity, we recommend seeking feedback via the Umbrella Organisations to establish what the uptake is by SMEs and how useful the communications activity and tools have been. This would be conducted online. Information would be collated centrally and communications would be tweaked based on the feedback, with subsequent phases and updated messages then rolled out through the existing communications channels and in different sectors.

11.0 Media – high level approach

11.1 Audience

Primarily business owner operators unengaged with business associations, either through personal style (independent, experienced), or well established businesses with long standing networks.

General needs: simplicity, efficiency, value and control.
Business is personal - 42% have family working in the business.

SMEs are driven by a completely different set of characteristics from larger firms:

- Personal Ownership. So business is personal
- Few, if any specialised staff. Jack of all trades and time poor
- Not part of a larger business. Self reliant, 'doers', a DIY culture

And in New Zealand, their unique characteristics are:

- Relaxed, informal, direct, open
- Relatively free and non political
- Freedom to create new things/take a fresh approach
- More egalitarian and team orientated in approach

11.2 Consumption Habits

This group's information sourcing and media consumption starts with advice, largely from their accountants and financial advisors in the first instance, then a variety of information sources. Newspapers and specialist publications suit more traditional businesses. Browsing online for specific business information and interacting with business suppliers is more common with new businesses, those built on service, or globally focussed ones.

11.3 Media Framework

Our media approach needs to integrate effectively with both the communication streams generated via umbrella organisations and also the influencer programme.

Our framework employs a three-prong approach:

- **Launch** – boost activity to kick start the communications programme, focussing on business focussed online partnerships, main metropolitan business sections and vertical specific publications.
- **Maintenance** – industry and specific updates via specialist umbrella organisations, event invitations, progress reports, motivating case studies and general updates via existing umbrella organisation touch points.
- **Pulse** – supplementary activity to focus on message gaps and learnings derived as the programme rolls out (i.e. information gaps, online knowledge base reminders etc).

APPENDIX A: Interview discussion guide

CCLF – Umbrella Organisations Discussion Guide

1. Establish themes and over-arching views (un-prompted) <purpose establish comfort and ensure strong opinions 'aired' up front>:

In your view what are the over-riding themes and challenges facing New Zealand business around climate change <open discussion>

Prompts (as required):

- Your members business priorities
- Cost implications
- Understanding of ETS
- Potential impacts
- In context of election result
- In context of recession pressures (industry/org specific)
- In context of global credit crunch (e.g. export markets)

2. Establish current activity/attention/impact. Given these themes <as per opening>;

- What programmes of activity/advice do you have underway or in development to assist education on carbon emissions & ETS <prompt for channel use & preference, effectiveness>
- <prompt on wider information sources>
- <prompt on trust & advice – who are they listening to, industry commentator's, opinion leaders, who is credible/not>
- What level of understanding or awareness do you perceive your members to have on this issue and its impacts on their business/industry?

3. Establish importance, focus, priority of climate change challenge;

- On a scale of 1-10, with 1 being of little importance and 10 being of great importance, in terms impact to their business/area where would the majority of your members/audience sit?
- <prompt – less important why><more important why>
- Are you aware of any activity your members already undertake in this area?
- What do you believe drives this importance/lack of importance?

4. Closing;

What would be a good outcome from your/your member's perspective? <Open question, corroborates areas covered, original opinion 'airing' >