

How to raise awareness for climate action among SMEs? Insights from the British Business Bank's research

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About the British Business Bank

Who we are



Our **mission** is to *drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses*

The British Business Bank is 100% Government owned, but independently managed. We bring expertise and capital to the smaller business finance markets.



We don't generally lend or invest directly. Instead, we work alongside over **218** delivery partners such as banks, leasing companies, venture capital funds and web-based platforms.



Businesses access capital through our partners who, because they work with us, can lend and invest more, especially to younger and faster growing companies. Operating indirectly gives us greater scale, reach and impact to our interventions.

Why is SME communication important to reaching net zero targets?

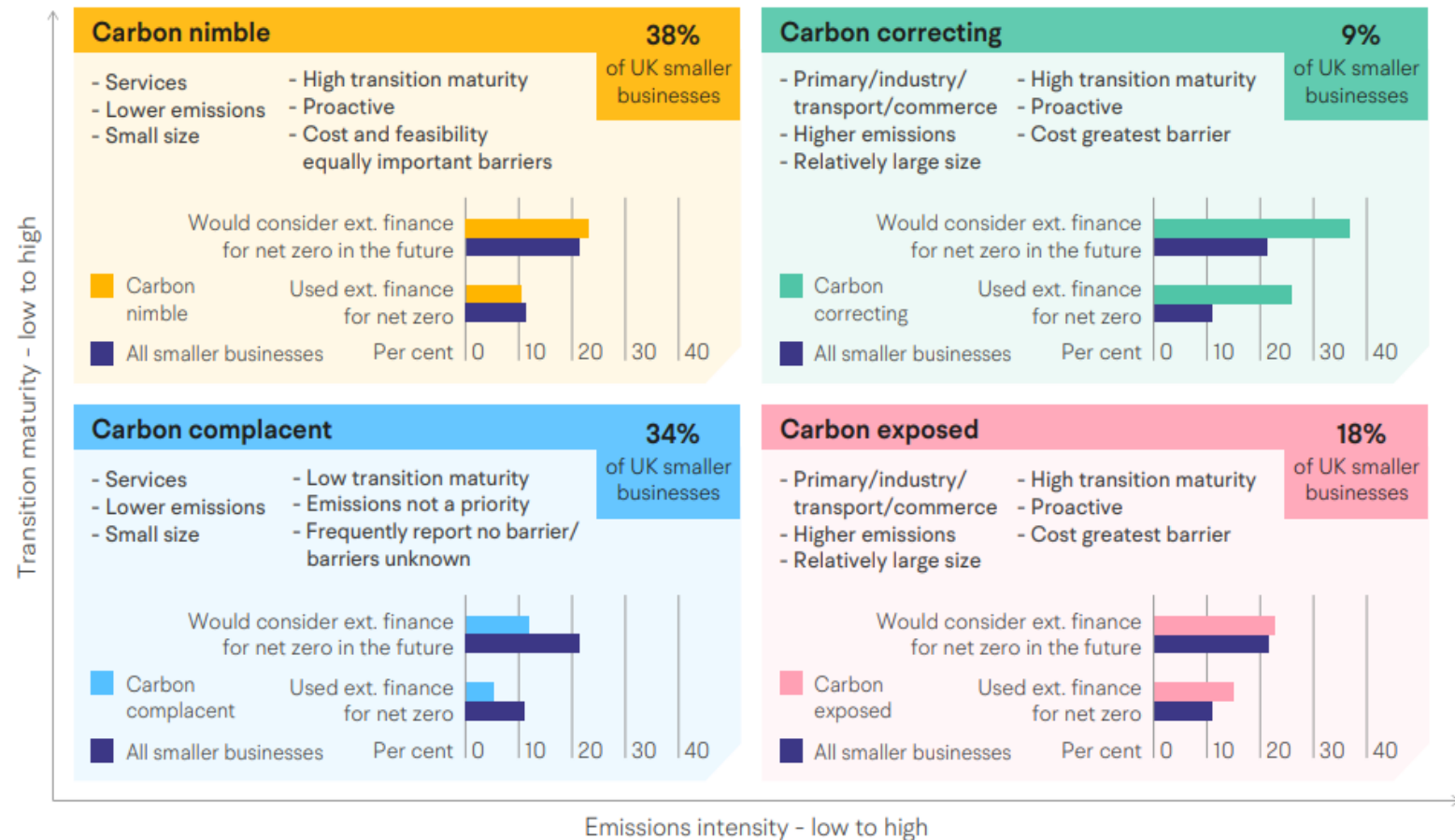
There is progress to be made on supporting their knowledge and awareness of net zero



- Smaller businesses often have relatively low emission footprints, BUT collectively they account for around half (43-53%) of GHG emissions by UK businesses
- Despite this, a 2021 Bank survey shows that:
 - 53% of UK SMEs in a 2021 Bank survey say they **are not yet ready to prioritise decarbonisation**
 - Roughly 1 in 5 **would consider using finance to support emission-reducing actions**, which is only about half of SMEs that would consider using finance to grow in general
- Another 2022 Bank survey also suggests that:
 - 45% of UK SMEs agree that a reduction in the carbon emissions of smaller businesses **is not going to make a significant difference overall**
 - 74% **do not fully understand how 'net zero' applies to their business**
 - 44% **do not know where to get information** regarding reducing carbon emissions

Attitudes vary amongst smaller businesses with some more proactive than others

- In addition to assessing transition maturity, we segmented the SME population into four **personas** = groups of SMEs demonstrating commonalities in their approaches to NZ
- The personas are based on cluster analysis covering **observed firm characteristics** (sector, size by number of employees), drivers and emissions, as well as different attitudes to using finance for supporting emissions-reducing actions
- They can help inform **more targeted policy and comms interventions**



Net zero territory testing research

Objectives & methodology

Business objective:

Raise awareness of Net Zero among SMEs and get them to recognise BBB as a credible source of information and guidance for their Net Zero journey

Research objectives:

Explore different ways of framing Net Zero / sustainability messages among SMEs to identify:

- Which feels most relevant
- Which best clarifies BBB's role
- Which is most likely to spark action

Approach:

4 x Online focus groups, one per SME Net Zero segment:

Carbon Nimble
Carbon Complacent
Carbon Correcting
Carbon Exposed

5 business owners or senior decision makers per group

Mix of industries and UK locations

Fieldwork conducted 2nd & 3rd February 2022

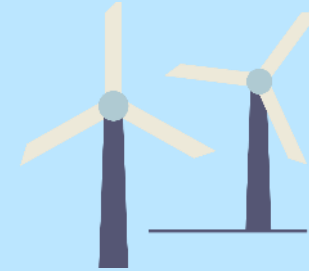
Key insights on SME attitudes towards net zero



SMEs differed far more on their **perceptions** of how easy changes towards Net Zero could be than in their **perception of what changes were required**



Even when SME leaders had **strong personal values**, there was limited overflow into the **actions** of their business unless promoted **by strong external pressures** on the business (e.g. customers, punitive taxes)



Once an SME had begun their **sustainability journey**, they became more **open to the positive benefits** of sustainability for their business

SME personas & attitudes towards net zero

- **Carbon Nimble** SMEs are trying to make changes but know they can't change everything overnight, so concentrate on changes that are most achievable & visible
- **Carbon Correcting** SMEs didn't set out to save the world, they responded to external pressure from customers and are now experiencing the positive impact of sustainability
- **Carbon Complacent** SMEs are open to net zero, but struggle to find the investment (both time and money) to drive real change
- **Carbon Exposed** SMEs are already mindful of the cost they incur through inactivity and potential benefits of change, but feel trapped by the perceived difficulties in change

*"It is a good idea to be sustainable and I try my hardest with things that **are not too difficult to achieve** – little things like being energy efficient by working in one room making sure the rest of the house doesn't need to be heated, not necessarily having all the lights on, trying to go paperless.... I've also managed to get biodegradable packaging so **customers can see that when they buy the product.**"*

*"It has to work financially for us as well, so we did a lot of market research which found that if something was £7.99 with just normal packaging, and it was £8.99 with a plant-a-tree promise on the packaging customers would pay the extra pound... so **this is a really great selling feature, everyone loves it.**"*

*"One of the things that holds us back is investment, because we are quite a small business... we have moved from diesel to petrol but we couldn't go as far as electric because **we just didn't have and couldn't make that kind of investment.**"*

*"It's on our list, but it's not a priority: we worked all the through Covid so **there are lots of other challenges that we have faced as a business in terms of things like price increases from every supplier we've got, so that's been our main focus and probably will continue to be so for quite a while this year.**"*

Message territories



Stimulus Material

Territory One: Collective Impact

- Being a small business means it can feel as if any action is just a drop in the ocean. This territory makes carbon emissions feel relevant by showing small businesses' contribution and how all actions add up.

Territory Two: Overcoming Cost

- Reducing costs is a key priority for businesses. Feeling like there will be large up-front costs is therefore also a key barrier to implementing Net Zero practices. This territory explores how small businesses can achieve the former and minimise the burden of the latter.

Territory Three: Small Steps

- Few businesses have taken action towards going Net Zero. But those who have are much more likely to progress towards bigger next steps. The transition to Net Zero shouldn't have to feel like saving the earth, so let's highlight small steps that can help companies move towards Net Zero in bitesize chunks.

Summary of reactions

Least effective message territories

Collective Impact and Overcoming Cost lack relevance, so are unlikely to drive change

- **'Collective Impact'** seems to appeal to a sense of fraternity which SMEs do not recognise
- **'Overcoming Cost'** captures attention but without an immediate, relevant product offering, fails to resonate. Could only work if backed by compelling and tailored examples

Most effective message territories

Small Steps and New Opportunities feel more relevant, and need exploring further

- **Small Steps** (actions that SMEs can take to become greener in bitesize chunks) is a powerful mechanism to prompt action, and raise consciousness of existing actions
- **New Opportunities** (actions that could generate other business benefits alongside environmental sustainability) offers the kind of hook that will catch the attention of entrepreneurial SMEs & drive sense of urgency

Green to Grow campaign

Overview of the #Green2Grow Campaign



- Designed to inspire smaller businesses to invest in green strategies for growth by helping them:
 - decode the language of Net Zero
 - navigate new regulation following COP26
 - meet the new demands of both supply chains and consumers.
- We brought this to life through engaging content formats across our channels, all with a view to ensuring advice was tangible and relatable and could encourage them to consider sustainability as a critical part of their recovery and growth.
- The campaign helped cement the Bank as a credible source of information on Net Zero and sustainability for small businesses.

Objectives:

- Helping smaller businesses understand Net Zero and how it relates to them
- Making the Bank a trusted source of information on the transition to Net Zero
- Raising awareness of new sustainability content on the Finance Hub

Integrated campaign activity



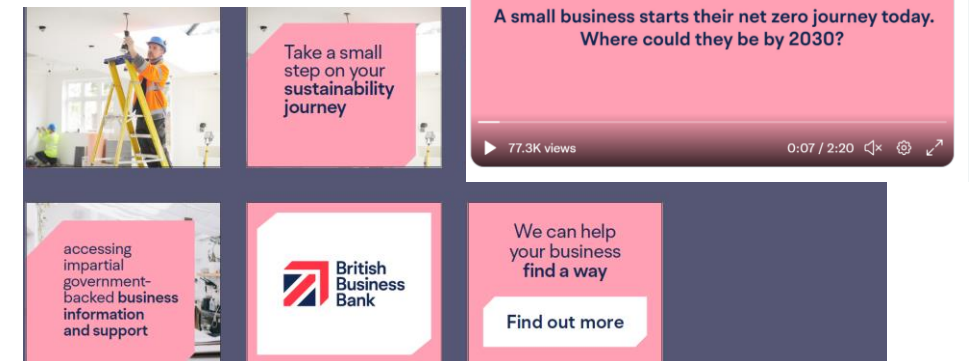
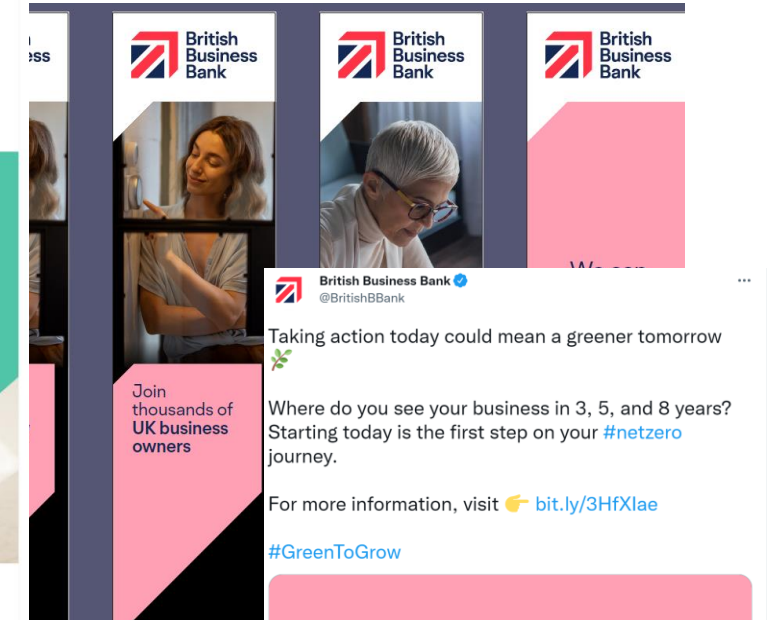
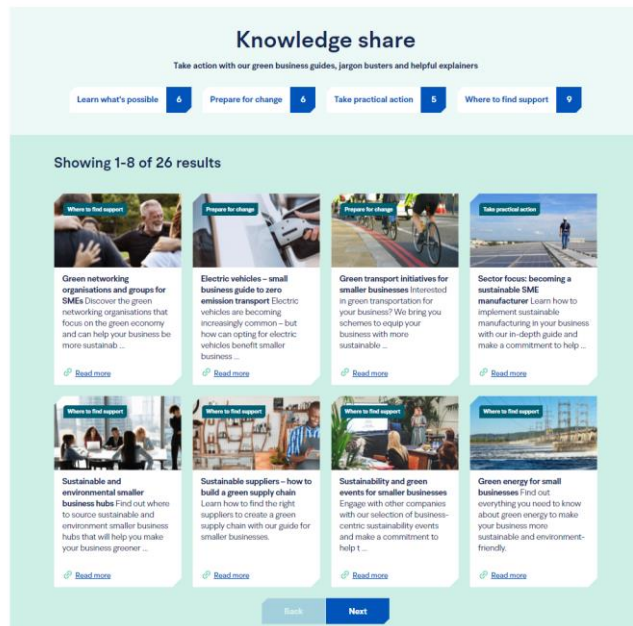
Channel	Activity	Description
Webinar	Lemon Quarters: Net Zero Hero webinar	Webinar took place on the 23/02/2022; three workshops completed with SMEs w/c 28/02; launch of a Sustainability section on the Finance Hub with content and assets, e.g. cut-down of webinar, podcast, infographics, articles
Paid media	Direct to article on new sustainability journey with new creatives	Live from 14/03/22 to Mid-June with ads across Google (PPC), Instagram and Facebook
Paid media	Digital out of home, Radio ads and a partnership with The Guardian Newspaper	Media activity taking place from mid-April 2022 through to Mid-June, including content for YouTube and LinkedIn
PR	SME polling and press notice	Polling took place through Feb, with results released via a press notice
PR	Nottingham Trent Business School partnership	To co-develop and promote the Green Decoder, an online guide to help businesses decipher the terminology surrounding decarbonisation.
Organic social	Green Decoder and "Visualise your world"	Creative assets went live in late March 2022
Indirect	Social media toolkit x 2 for use by the Bank's delivery partners and finance intermediaries	This has been drafted to support the Green Decoder and Visualise your world part of the campaign. The latter focused on social media content promoting sustainable changes for hospitality and manufacturing businesses.

Finance Hub and social media examples



Be in the know with our glossary of sustainable business terms...

[View the glossary](#)



Campaign impact

- The campaign drove substantial growth in **traffic** to the Sustainability pages on the Bank's **Finance Hub** (with £104.6k users in the 6 subsequent months). Compared with past campaigns, users spent less time on the site per session, but were more likely to come back after their first visit.
- **Paid media highlights** were particularly effective in driving traffic to the Finance Hub
- **Earned media performance was high**, with particularly strong regional coverage of the campaign across the UK in print and online. The campaign secured 69 pieces of coverage after 6 months, achieving 443k reach across broadcast, print and online
- Increased **social media engagements and traffic** – in particular, video views were significantly above target and YouTube activity achieved a 50% completion rate. LinkedIn mail activity (promoting the Net Zero Heroes case studies) also achieved an impressive 60% open rate
- The **marketing toolkit** shared with the Bank's delivery partners and our network of national and regional finance intermediaries performed less well than expected in the first 6 months after the campaign. This highlights how **raising awareness of environmental sustainability remains essential not just among SMEs, but also the professionals and organisations they interact with.**
- **We have taken this onboard by ramping up activity with this group, including the development of an ESG support pack for delivery partners**



Thank you

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