

Net Zero Carbon Emissions Strategy for SMBs

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Forewords

"Taiwan's Pathway to net-Zero Emissions in 2050" aims to provide a net-zero track and action path to promote technology, research and innovation in key areas, and further guide the green transformation



of the industry. "2050 Net-zero Transition" is not only related to competitiveness, but also related to environmental sustainability. Through the development of circular economy, competitive and safe transformation strategies and governance foundations can be created to promote economic growth, drive private investment, create green jobs, achieve energy independence, and create social well-being, thereby enhancing Taiwan's international competitiveness. ^[1]

According to IPCC's definition, "Net zero carbon emissions" refers to "minimizing the global man-made greenhouse gas emissions" within a specific period of time, and then offsetting them with negative carbon technologies (e.g., carbon capture, reuse) or natural carbon sinks (absorb carbon by forests or oceans). Enterprises are currently able to achieve carbon reduction goals by using carbon reduction technologies (e.g., equipment renewal) for energy management to improve energy efficiency or create low-carbon business models. ^[2]

The small and medium-sized enterprises in this article includes: catering industry, hotel industry, traditional industry, and other types of SMBs. We explore their understanding of zero carbon emissions, their current carbon reduction measures, their future carbon reduction plans, and their expectation towards their business transformation.

The cognition and action of SMEs on zero carbon emissions can be discussed at three aspects

1. There is a big gap in the perception of net-zero carbon emissions among SMEs

The degree of understanding of "net zero carbon emission" by SMEs varies greatly depending on the size of the enterprise and the industry. Larger-scale enterprises generally have higher degree of understanding and relatively more implementation than that of smaller-scale and traditional industries. They involve in fields including environmental protection, energy saving and carbon reduction issues, replacing old equipment considering their own economic ability and decide affordable parts to replace, and environmental protection/earth protection actions. Therefore, "green sustainable issues" are often misunderstood as being equivalent to the idea of a "net zero carbon agenda".

Most SMEs' owners have heard the name "net zero carbon emission" through channels such as the media, newspapers, magazines, clients, and government documents. However, only a few large-scale enterprises have a relatively complete concept of net zero carbon emission and can explain the concept of carbon emissions, carbon rights, carbon trading, planting trees to absorb carbon and other related concepts, while the rest only have a rough understanding. Enterprises usually adopt simple energy-saving measures such as purchasing energy-saving light bulbs and inverter air conditioners, purchasing electric vehicles, promoting paperless, reducing plastic, installing solar panels to promote "net zero carbon emissions". Most of the energy-saving and carbon-reduction effects are not well

understood by SMEs' owners, and there is very limited knowledge about the reduction of carbon emissions, the mechanism behind it, the related calculation and effect, and how to implement energy-saving and carbon-reduction on a larger scale.

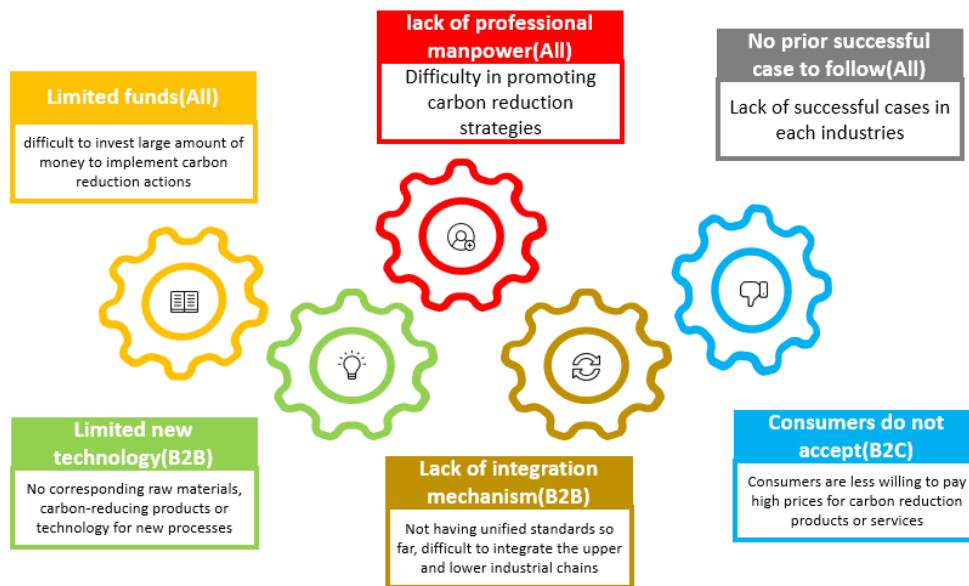
2. Most of the carbon reduction strategies adopted by SMEs are mainly aimed at reducing expenditures and saving costs

"Carbon reduction strategy" is a far-reaching term, and most small and medium-sized business owners have not really implemented the so-called "Carbon Reduction Strategy" in an organized way. The original starting point of SMEs implementing "Carbon Reduction Strategy" is mainly on the premise of reducing expenditures to increase revenue, such as optimizing the use of daily resources, implementing digital systems and gradually achieve paperless, replacing equipments to energy-saving ones such as light bulbs/inverter air conditioners/electric or diesel or hybrid vehicles, promoting for turning off light and air-conditioner in unused areas of the factory building, installing solar panels, implementing recycling waste classification, using recycled materials or reducing product packaging. Hotel operators also follow government policies to promote the protection of the earth and ask customers to prepare toilet utensils by themselves, and show cleaning signs for changing only the bath towels, towels and sheets when needed, thus achieving carbon reduction and cost-saving benefits. The temperature of air conditioners is also controlled in public places on the consumer side to achieve energy conservation.

The measures listed above are superficial, but are rather acceptable and implementable by SMB owners. As for further measures such as carbon inventory, carbon footprint, carbon rights, and carbon trading, small and medium-sized business owners have little understanding of them. Unless they are guided by a specialist and it helps the revenue, most will think that those are issues for big entrepreneurs to care about.

3. SMEs face many challenges and difficulties in implementing zero carbon emissions

All industries are faced with several common problems including: having limited funds so they can only implement carbon reduction goals in stages, lack of professionals to promote carbon reduction planning and implementation, and no prior successful industry cases as reference and can only explore blindly. It is also difficult for some individual industries to invest in the research and development of new carbon reduction technologies, since these are difficult to achieve in a short period of time in terms of funds, reducing carbon emissions in raw material mining, and technologies for processing and manufacturing, it also lacks the international competitive advantage of export. Moreover, the production specifications and standards among industries are different, making it difficult to integrate the upper and lower industrial chains. When implementing automation systems or digital management, internal employees are unwilling to learn and cooperate with the speed of reform, which is also another challenge for enterprises. On the consumer side, when some catering or hotel operators propose to provide carbon-reducing goods or services, consumers will have to pay higher fees to obtain these goods or services, and these kinds of situations are mostly unaccepted by the consumers. Thus, the implementation of "zero Carbon emission" has a lot of obstacles, both on the business side and the consumer side.



Many challenges need to be overcome one by one to realize Taiwan's 2050 vision of "net zero carbon emissions".

Then what is the attitude of the consumers of catering and hotel services towards energy conservation and carbon reduction?

According to a survey conducted by Ipsos Taiwan among 11,000 consumers in the Taiwan market recently, approximately 80% of Taiwanese consumers expressed their support for energy saving and carbon reduction. In terms of actual supporting behavior, about 45% of consumers said they would bring their own toiletries for travel and accommodation; 30% to 40% are willing to give up some conveniences to support energy-saving and carbon-reduction actions such as bringing their own cups when buying coffee or drinks, reducing the use of disposable tableware by bringing their own ones, or minimizing the use of excessively packaged products. In addition, consumers are also willing to take practical actions to support energy conservation and carbon reduction in daily work or life: 53% are willing to use electronic invoices instead of printing paper invoices, 46% are willing to use energy-saving products, and 35% avoids print out documents whenever possible or print on second-hand papers. Consumers also has increasing awareness in energy saving and carbon reduction in transportation: Nearly 20% of them will try to take buses and ride bicycles for energy saving and carbon reduction, thus decreasing the frequency of driving and riding motorcycles. Nearly 10% have purchased electric or gasoline-electric hybrid motorcycles or vehicles.

Energy saving and carbon reduction have gradually become a part of consumers' daily life. According to the survey, 40% of consumers are willing to pay more within a reasonable range to show their support for actions. However, there are still 60% of consumers who support energy-saving and carbon-reduction actions, but hope that the price of the product will remain unchanged, unless the store or the service offers an inducement. For example, if recycling old products can moderately offset the price of new products, about 55% of consumers are willing to take action! There are also more than 40% of consumers willing to use digital tickets to participate in an event and use the digital QR CODE to enter the venue to receive souvenirs, and choosing not to use room cleaning service to enjoy some discounts when staying in a hotel. It shows that as long as a certain reward is given, consumers' willingness to participate in energy saving and carbon reduction activities will be significantly increased.

Promoting SMEs to implement zero-carbon emission and transition strategies can start from three directions:

1. Expectations and assistance needs of SMEs for a net-zero carbon future

Limited funds is a difficulty for all SMEs' owners. If low-interest loans or subsidies can be provided to help solving the problem of funds, it will be the most favorable assistance for business owners. The next would be solving the problem of the lack of professionals by providing experts to the factory for diagnosis, counseling, accurately point out the parts to implement energy saving and carbon reduction, and help planning short-term, medium-term and long-term implementation plans.

From the perspective of individual industries, the manufacturing industry faces obstacles such as the lack of effective integration between industrial chains, inability of upstream and downstream to cooperate in carbon reduction, or limited technology. Therefore, it is expected to formulate unified standards, coordinate and provide new technology guidance, and promote industrial chain integration and technical resources sharing. On the other hand, the service industry believes that it is necessary to strengthen the consensus between the supply and demand sides of the overall market environment, so that consumers would be willing to accept that they should pay higher fees for carbon reduction goods and services, and at the same time provide incentives or feedbacks to motivate SME owners joining the ranks of carbon reduction.

Further deep dive, through publicity, the government's encouragement for SME owners to obtain environmental protection and energy-saving related green energy certifications, green labels, or carbon reduction technologies, tax cuts combined with incentive programs, low-interest loans and financial subsidies, plus special personnel and technical guidance, calculating the benefits of carbon reduction after the implementation, and long-term tracking of the results, will help to encourage small and medium-sized business owners to invest more funds in energy-saving and carbon-reducing benefits, whether it is equipment, plant construction, software and hardware facilities, and increase the willingness of SME owners to participate.

2. In response to the change of corporate culture and the trend of zero carbon emissions, transition is imperative

It is an irreversible trend for all enterprises to respond to the digital transformation policy. External environment is changing rapidly, and it is imperative to enhance the competitiveness of enterprises at home and abroad. It is necessary to comprehensively review the current situation, competitive advantages and disadvantages of enterprises, strengthen employee innovation and technology training, seek external innovative technologies, develop new internal business areas, look for cross-industry cooperation opportunities, learn to use the latest technology to build new business models, and improve internal operational efficiency, so we can adapt to the ever-changing situation and find a long-term plan for sustainable development and avoid enterprises being eliminated. ^{[3] [4]}

3. Improve the awareness and support of the enterprises and the public on zero carbon emissions

As for consumers, being a resident of the earth, they should care about the natural environment, actively participate in energy conservation and carbon reduction, and take actions to protect the sustainability of the earth.

In the future, information can be shared through media publicity to continuously educate the public and speed up the pace of implementation. For example:

- ♦ Provide channels for obtaining detailed information through news media, newspapers,

and magazines

- ♦ Establish a unified website that provides specialized information for the enterprise or people in need to search by themselves. Classification can be according to industry, company size etc., and the website can provide feasible strategic plans, corresponding companies' successful experiences etc.
- ♦ Holding lectures and presentations, inviting small and medium-sized enterprises from various industries to participate or share are all good measures
- ♦ Providing incentives to attract consumers is expected to significantly increase their willingness to participate in energy-saving and carbon-reduction behaviors, thereby expanding business opportunities and marketing opportunities for energy-saving and carbon-reduction products and services.

Energy saving and carbon reduction is not only an irreversible lifestyle trend, but also a necessary direction of corporate social responsibility. Furthermore, it is likely to increase related business opportunities and achieve the goal of coexistence of corporate social responsibility and corporate interests. Gradually improving the overall market competition environment in Taiwan, continuing to communicate and promote the understanding and acceptance of "net zero carbon emissions" to SMBs, and allowing companies and brands to create favorable reward programs to strengthen consumers' willingness to participate, are all expected to provide a bigger driving force for sustainable development and the implementation of the goal of zero carbon emissions.

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5. Ipsos Internal Survey

Ipsos

Ipsos is the global leader in branding and marketing research and has locations in over 90 countries and regions across the world. Our creative solutions help us build strong relationships which lead to better results for our clients. This has made us the trusted advisor and with all matters lead by our industry expert from measuring, modeling to managing customer and employee relationships.

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