

IMPACT ENERGY CRISIS ON B2B MARKET

Results

January 2023



GAME CHANGERS



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OBJECTIVES & APPROACH

1



BACKGROUND & RESEARCH OBJECTIVES



BACKGROUND

The energy crisis keeps on worrying a lot of people. Not only households are being affected by the increasing prices, but also many companies feel a negative impact.

With this research, Eneco wants to investigate the impact of the energy crisis and increasing prices on companies.



RESEARCH OBJECTIVES

What impact does the price increases have on their day-to-day work-life and their financial situation? What concerns do they have? How do they adjust their policy and what actions do they take to encounter the increasing prices?

The impact on the short and longer term will be investigated.

A distinction is made between the SOHO market and SME market, as the impact for both groups can differ.

METHODOLOGY

SAMPLE DESCRIPTION



Business market in Belgium

SAMPLE SIZE



N=961

- SOHO: n=701 (only Eneco clients)
- SME: n=260

WEIGHTING



The sample is weighted towards the Belgian B2B market (SME) and client database of Eneco (SOHO) for the following parameters:

- Region (Flanders, Brussels, Wallonia)
- Company size (number of employees)

DATA COLLECTION METHOD



Telephone (SME) and online interviews (SOHO)

AVG. INTERVIEW DURATION



CAWI: 11 minutes
CATI: 15 minutes

FIELDWORK PERIOD



06/12/2022 – 26/12/2022

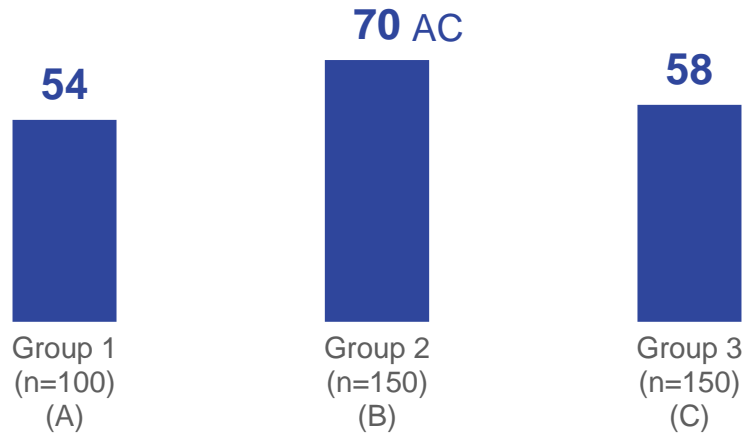
HOW TO READ THE RESULTS

All reported results are **percentages (%)**, unless indicated otherwise.

Low base sizes, i.e. $n < 30$, are indicated with an asterisk (*).

Significant differences are always tested for at the 95% confidence level.

- Significant differences between groups are marked via A, B, C, ...
 - Differences are always indicated with the **highest result** in the comparison.
 - E.g. the indication AC with group 2 denotes a significant difference between 70% (B) and 54% (A) and between 70% (B) and 58% (C).

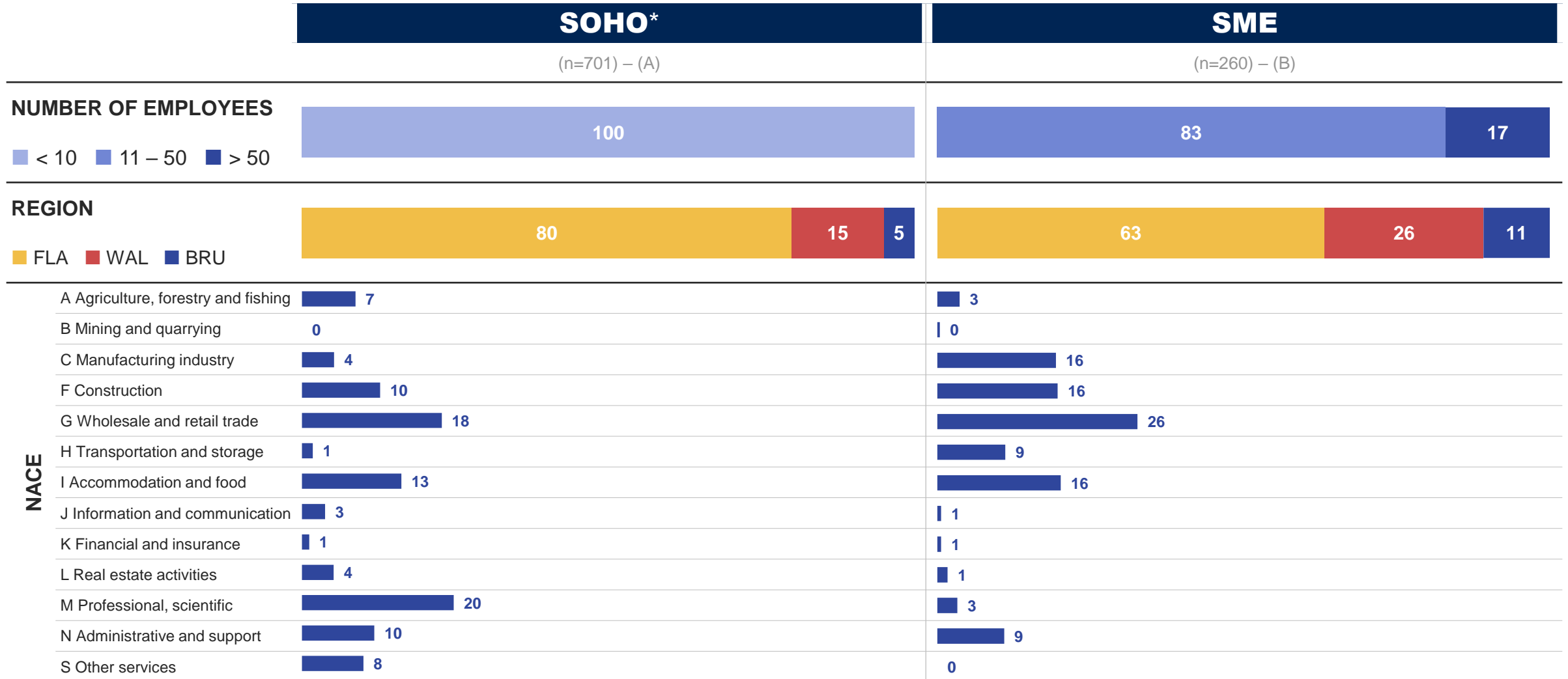


PROFILE OF B2B MARKET

2



PROFILE SOHO – SME



Companies who are active in one of the following sectors were excluded from this survey: production and distribution of electricity, gas, steam and cooled air, distribution of water, healthcare, leisure and culture, education or public administration and defence.

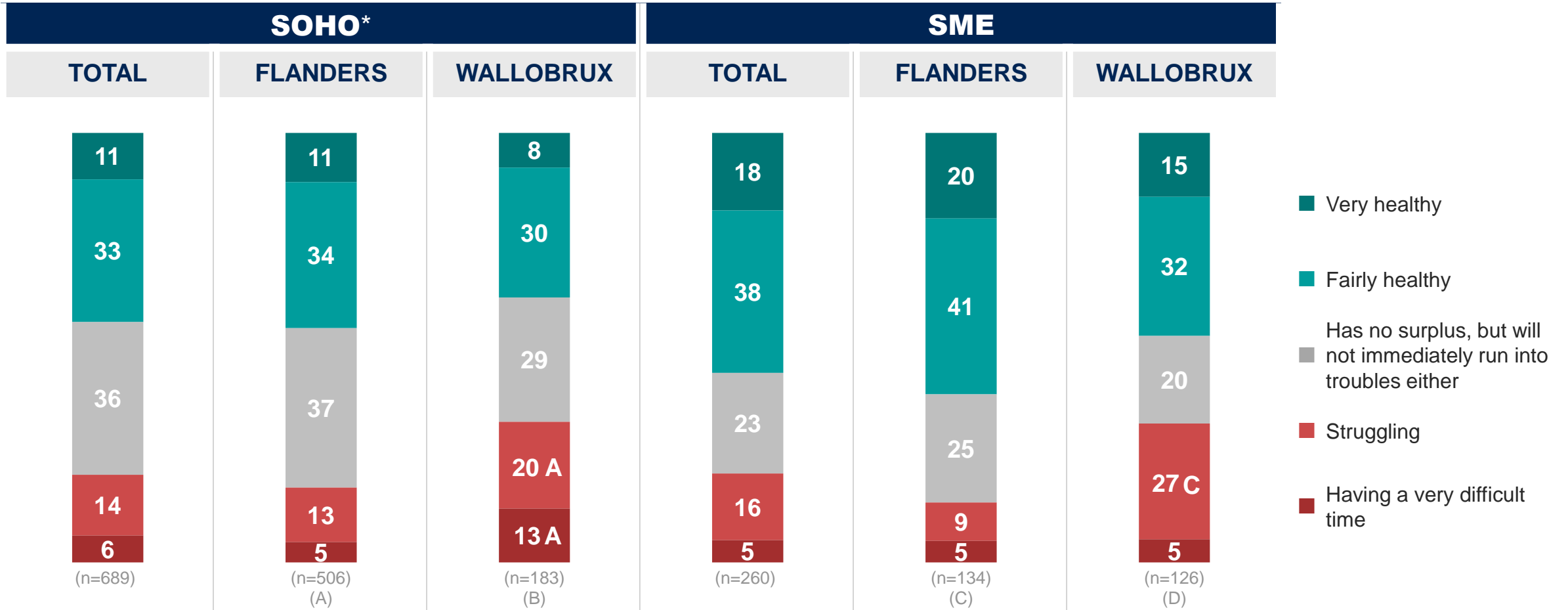
IMPACT ON FINANCIAL STATUS



3

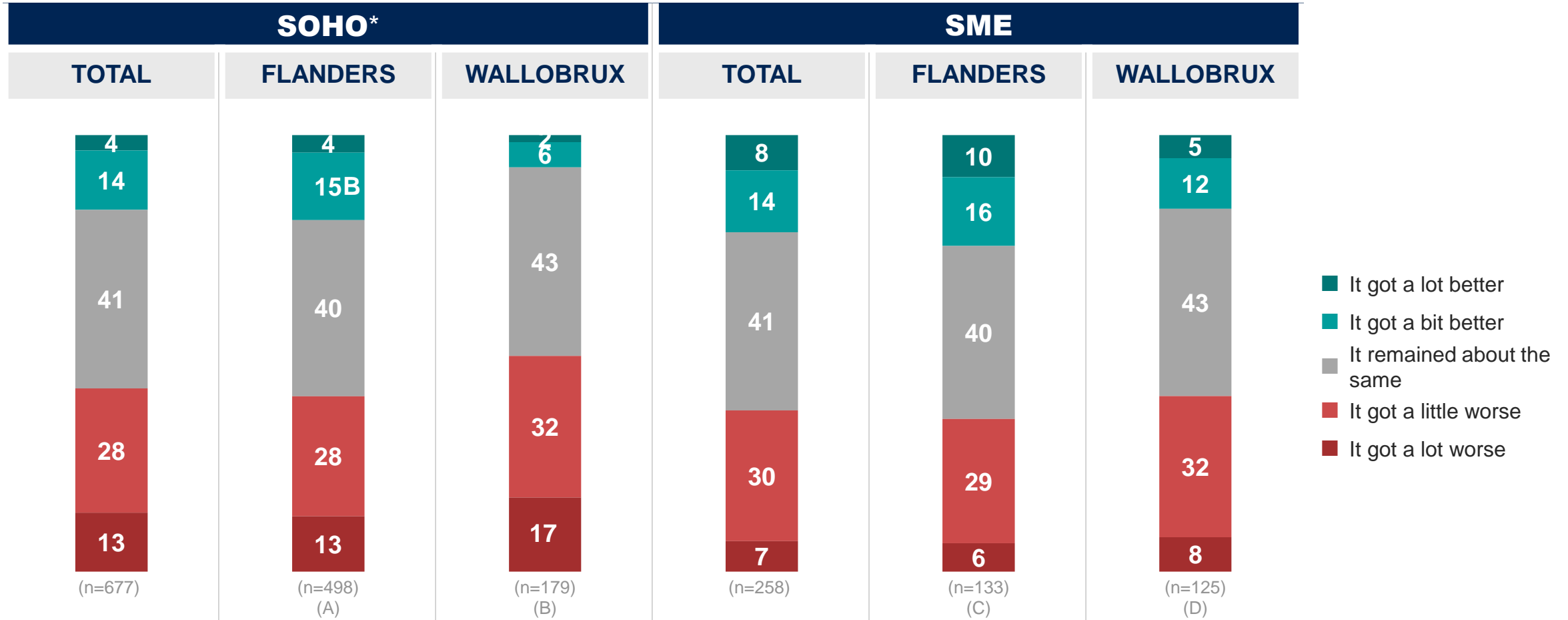
CURRENT FINANCIAL STATUS

1 out of 5 SOHOs and SMEs are currently struggling financially or having difficult times. SOHOs and SMEs in Wallobrux are currently more struggling in comparison with Flemish companies.



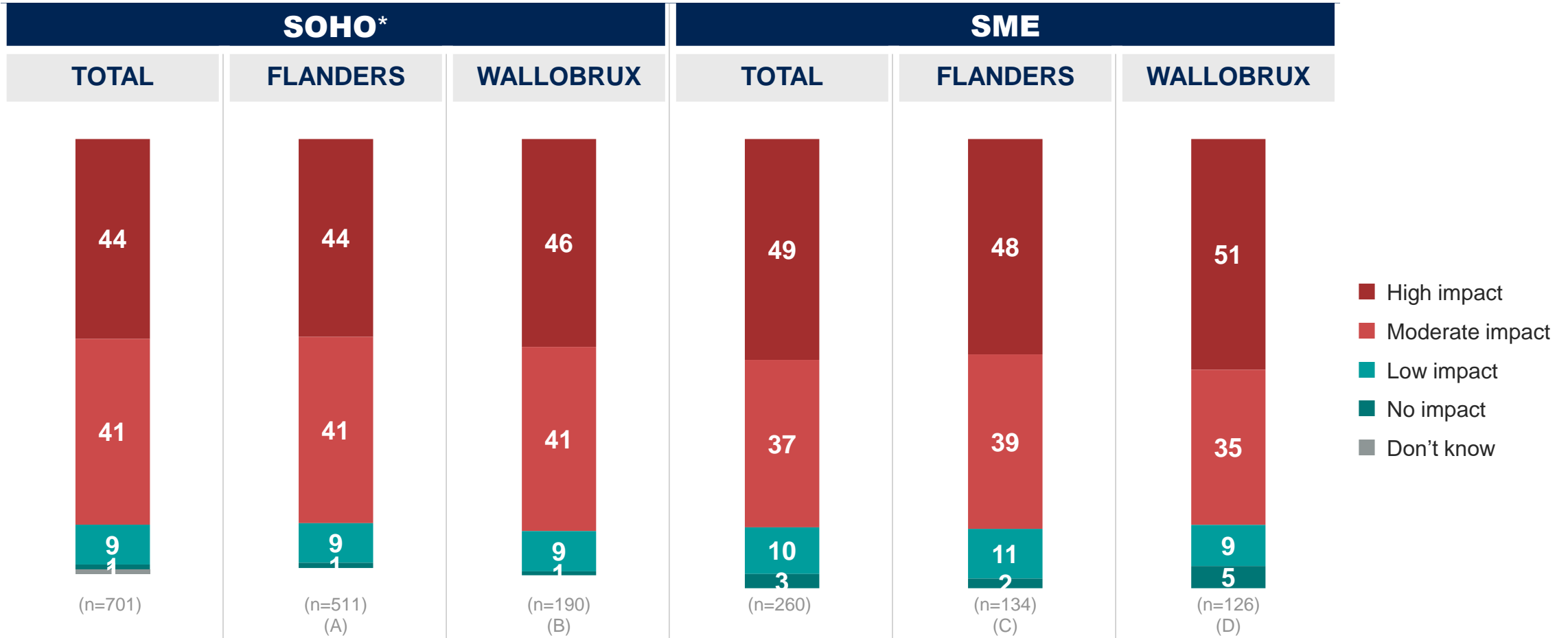
EVOLUTION FINANCIAL STATUS IN COMPARISON WITH 1 YEAR AGO

In comparison with one year ago, for almost 4 out of 10 SOHOs and SMEs the financial situation got worse.



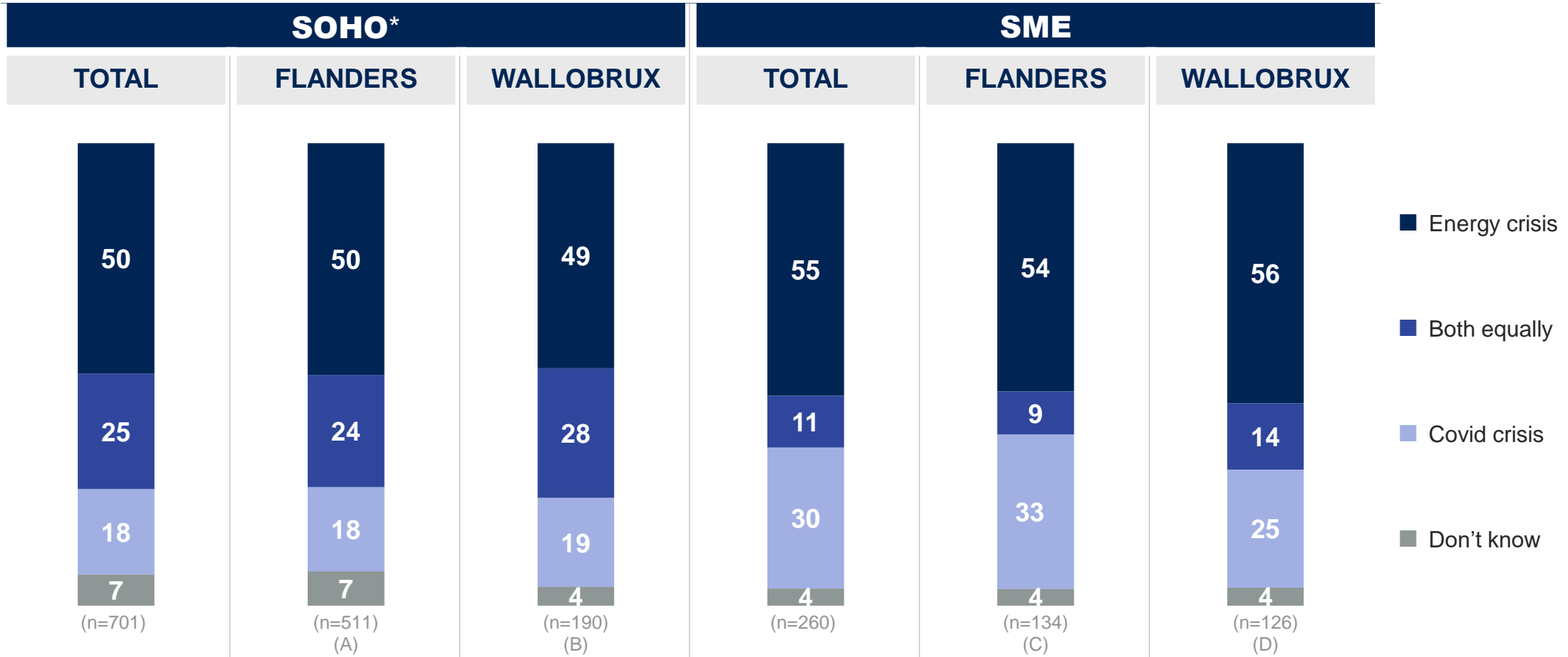
FINANCIAL IMPACT OF RISING PRICES

The increasing prices have on more than 8 out of 10 SOHOs and SMEs a negative financial impact. Almost 1 out of 2 SMEs are experiencing a high financial impact on their business.



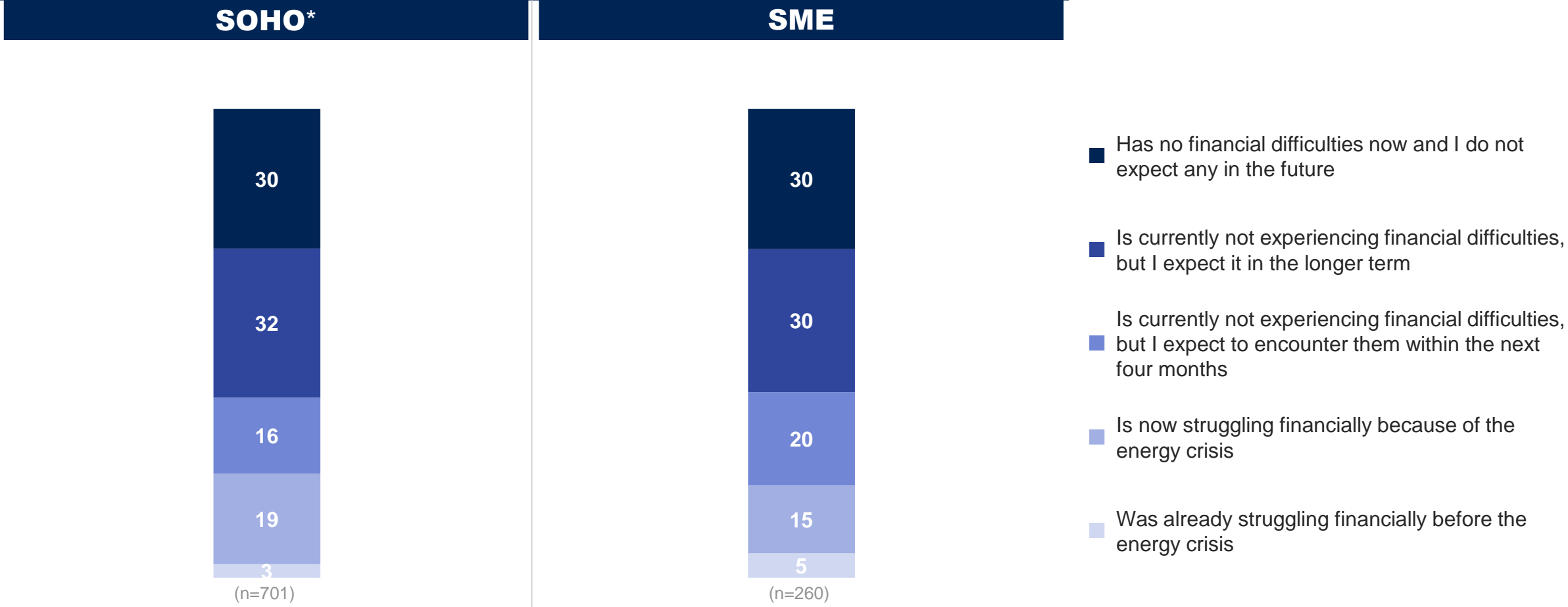
BIGGEST FINANCIAL IMPACT: ENERGY - VS COVID CRISIS

For half of all SOHOs and SMEs, the energy crisis has a bigger financial impact on their company compared to the covid crisis.



FUTURE EXPECTATIONS FINANCIAL DIFFICULTIES

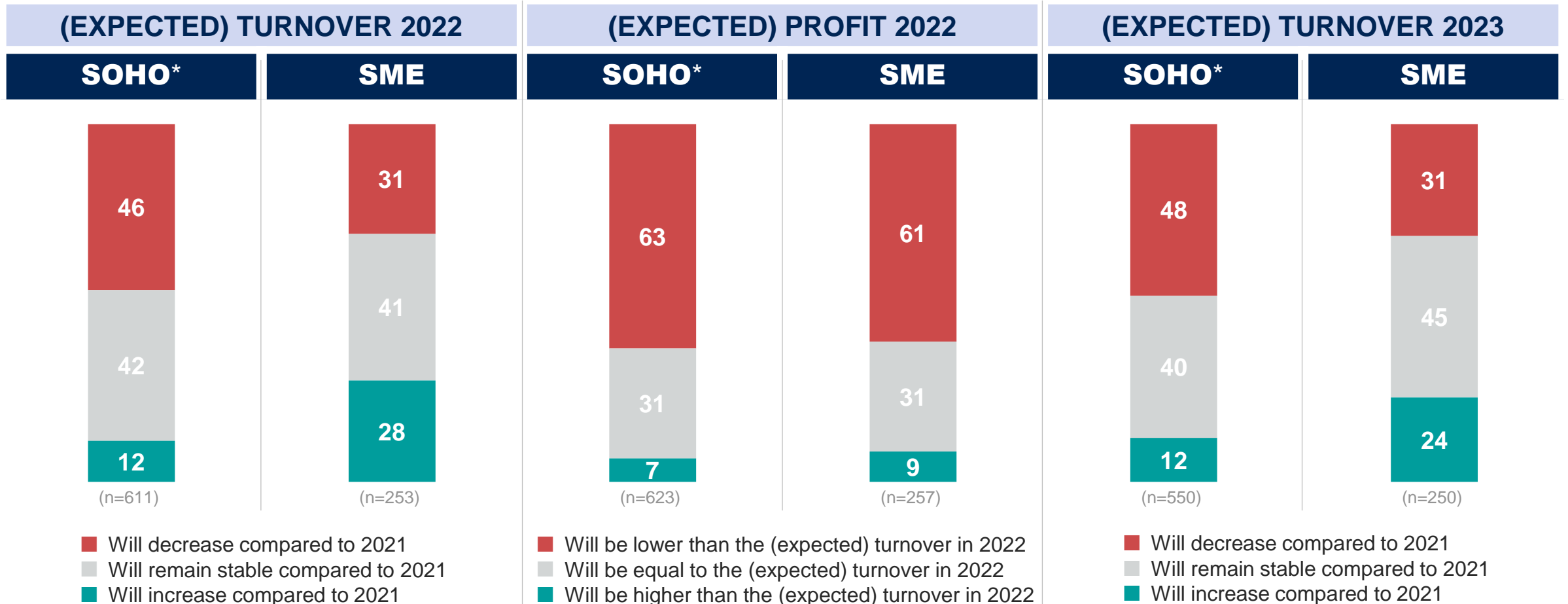
3 out of 10 SOHOs and SMEs are currently not experiencing financial difficulties and do not expect any financial difficulties in the future. Nevertheless, 1 out of 2 SOHOs and SMEs do expect any financial difficulties in the (near) future.



Base: Total sample
 Question: I3. To what extent do you expect future financial difficulties for your company as a result of the current situation of rising costs and prices, caused by the energy crisis, the war in Ukraine, ...?
 Note: *Only Eneco clients

IMPACT ON FINANCIAL RESULTS

Nearly half of all SOHOs' (expected) turnover of 2022 will decrease compared to 2021. 3 out of 10 SMEs indicate that their (expected) turnover of 2022 will be lower compared to 2021. For both SOHO and SME, the (expected) profit of 2022 will be lower for 6 out of 10 companies than the year before.



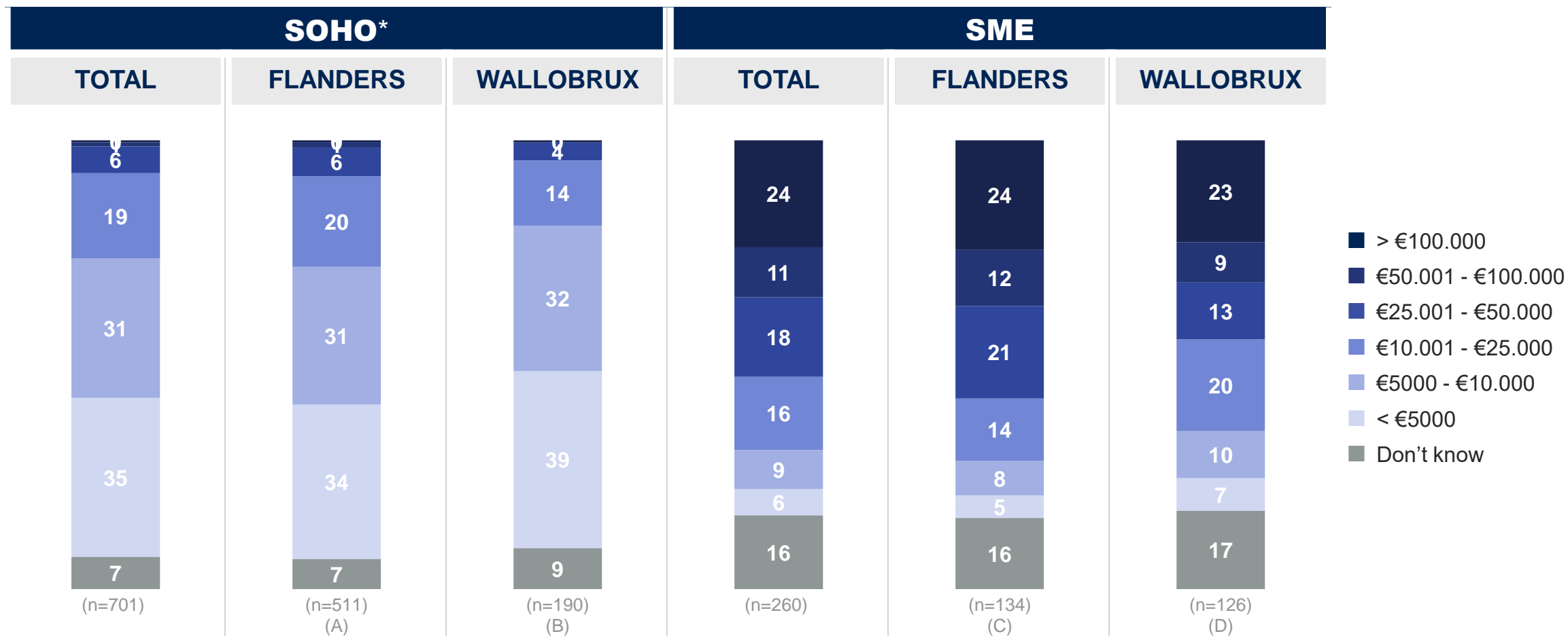
EVOLUTION ENERGY COSTS

4



ABSOLUTE ANNUAL ENERGY COSTS

1 out of 3 SOHOs have an annual energy cost lower than 5000 euros. For 3 out of 10, the annual energy cost is between 5000 and 10.000 euros. 1 out of 4 SMEs have annually more than 100.000 euros energy costs.



ABSOLUTE ANNUAL ENERGY COSTS – EVOLUTION 2021 - 2022

For SMEs, the absolute annual energy cost has increased compared to 2021. Nowadays 1 out of 4 SMEs have annually more than 100.000 euros energy costs.

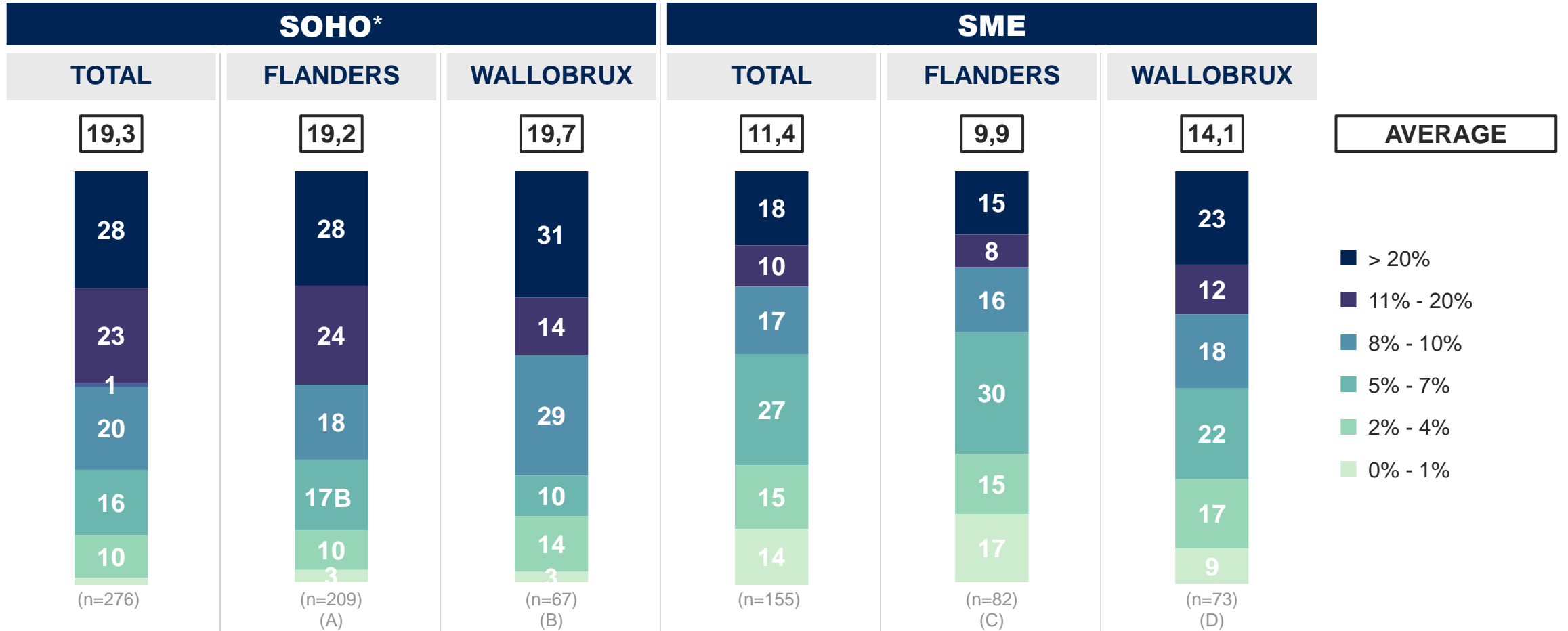
	SOHO ⁽¹⁾		SME	
	2021 (n=233) – (A)	2022* (n=701) – (B)	2021 (n=218) – (C)	2022 (n=260) – (D)
> €100.000	3	1	14	24
€50.001 – €100.000	5	10	10	11
€25.001 – €50.000	8	6	12	18
€10.001 – €25.000	20	19	18	16
€5000 - €10.000	17	31	13	9
< €5000	37	35	12	6
Don't know	10	7	23	16



⁽¹⁾ The sample composition for SOHOs differs between both years. For 2022 the sample only consists of Eneco clients, while in 2021 all SOHOs located in Belgium were included.

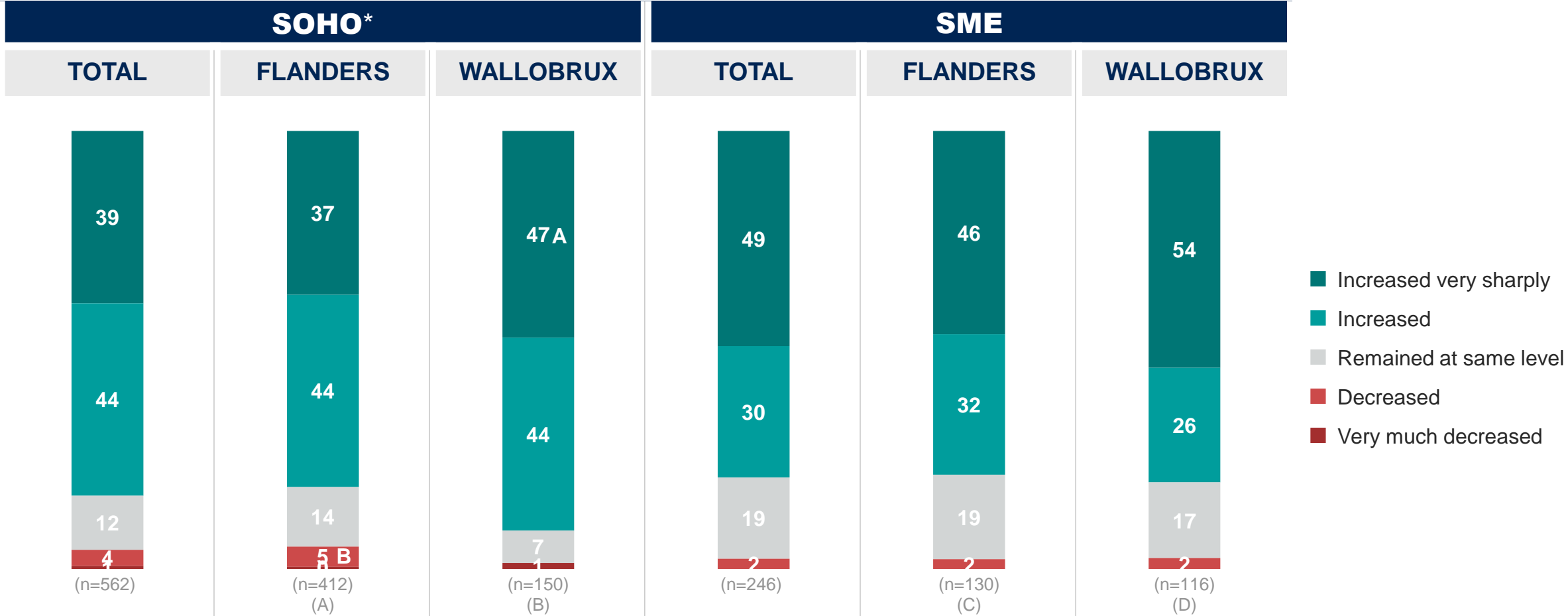
RELATIVE ANNUAL ENERGY COSTS

On average, 19% of the total operating costs of SOHOs consists out of energy costs. For almost 1 out of 3 SOHOs, the share of energy costs in the total operating costs is higher than 20%. For SMEs, the average share of energy costs in total operating costs is around 11%.



EVOLUTION RELATIVE ENERGY COSTS IN COMPARISON WITH PERIOD BEFORE ENERGY CRISIS

The share of energy costs in the total operating costs has increased for more than 8 out of 10 SOHOs since the beginning of the energy crisis. The increase is significantly higher in Wallobrux. Also for almost 8 out of 10 SMEs the share of energy costs has increased.



Base: Total sample excl. DK (n=808)
 Question: E7. And how has that share evolved compared to the period before the energy crisis?
 Note: *Only Eneco clients

RELATIVE ANNUAL ENERGY COSTS – EVOLUTION 2021 – 2022

Compared to 2021, the share of energy costs in total operating costs has increased for both SOHOs and SMEs. Average relative annual energy costs for SOHOs have more than doubled.

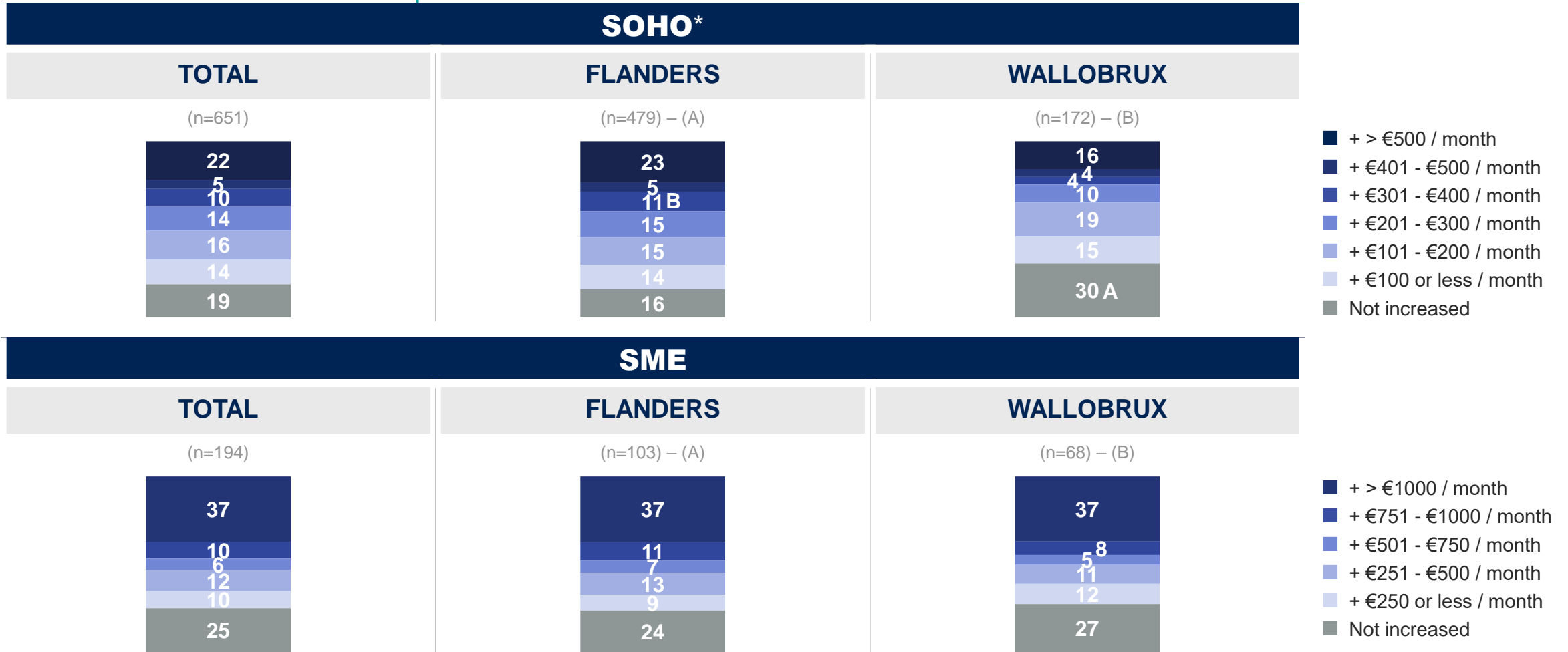
	SOHO ⁽¹⁾		SME	
	2021 (n=157) – (A)	2022* (n=276) – (B)	2021 (n=138) – (C)	2022 (n=155) – (D)
> 20%	7	28	19	18
11% – 20%	12	23	30	10
8% – 10%	22	20	21	17
5% – 7%	24	16	11	27
2% – 4%	18	10	9	15
0% – 1%	17	3	11	14
AVERAGE	8,7	19,3	8,2	11,4



⁽¹⁾ The sample composition for SOHOs differs between both years. For 2022 the sample only consists of Eneco clients, while in 2021 all SOHOs located in Belgium were included.

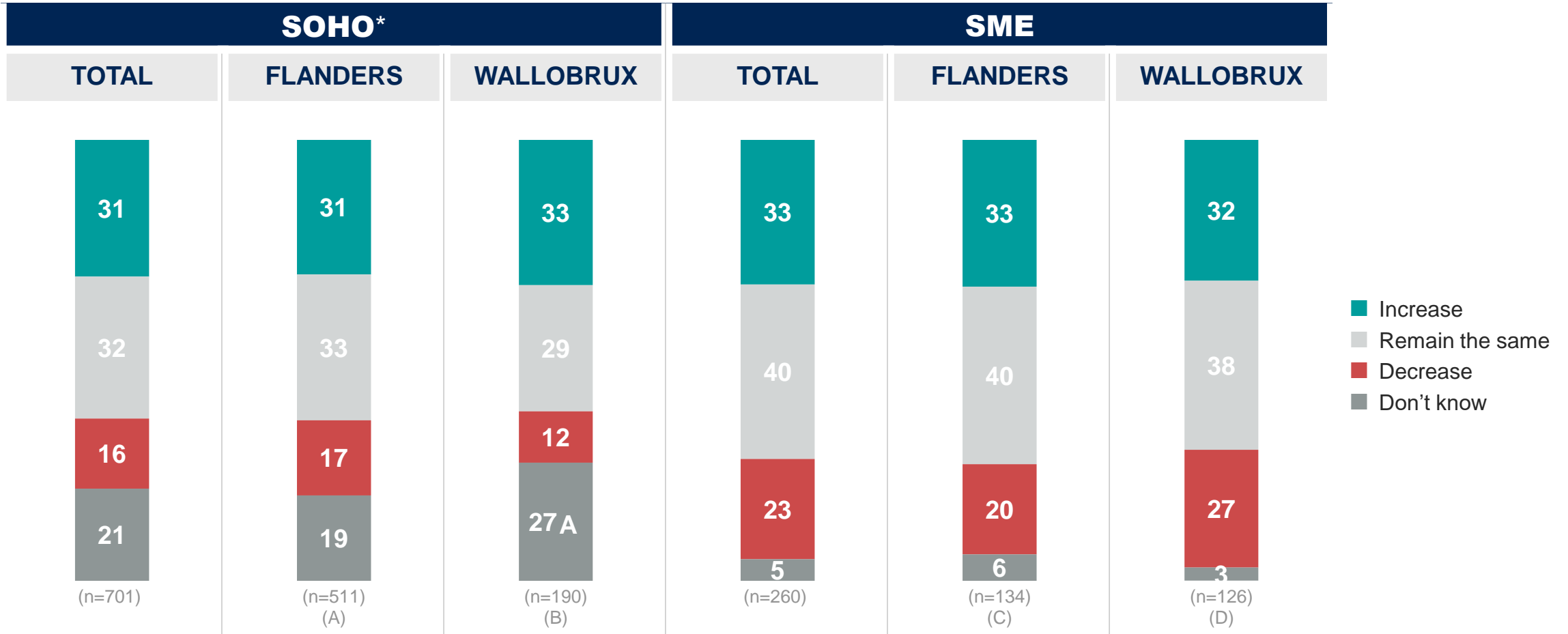
EVOLUTION MONTHLY ADVANCE INVOICE IN PAST YEAR

For 1 out of 5 SOHOs, the monthly advance invoice has increased with more than €500 per month in comparison with the previous year. For 3 out of 10 SOHOs in Wallobrux, the advance invoice has not increased. The monthly advance invoice has increased with more than €1000 per month for 1 out of 3 SMEs.



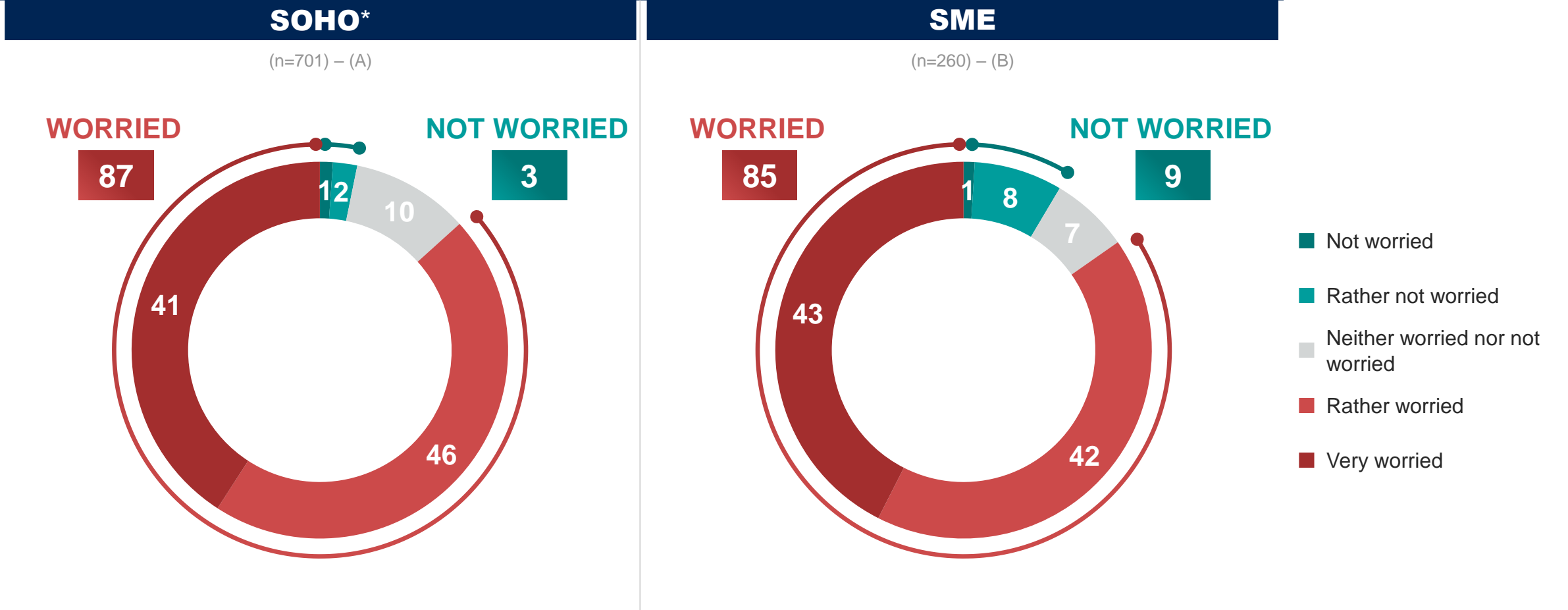
PREDICTION OF EVOLUTION OF ENERGY PRICES IN NEXT MONTHS

3 out of 10 SOHOs and SMEs expect a further increase of energy prices in the next months. 16% of SOHOs and 1 out of 5 SMEs think that the energy prices will decrease.



CONCERN ABOUT EVOLUTION ENERGY PRICES IN BELGIUM

Almost 9 out of 10 SOHOs and SMEs is worried about the current evolution of energy prices. 4 out of 10 is even very worried.



Base: Total sample
 Question: E12_1. How do you feel about the current evolution of energy prices in Belgium for your business?
 Note: *Only Eneco clients

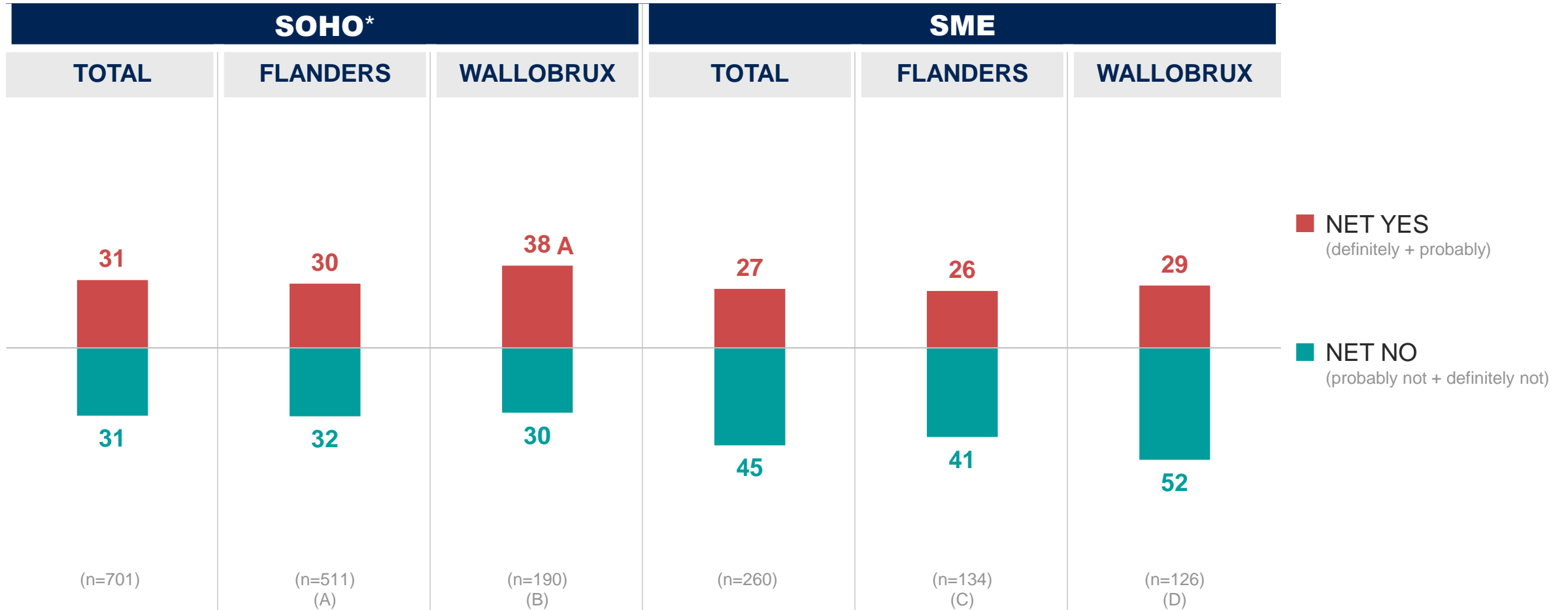
WHAT CONCERNS DO THEY HAVE?

6 out of 10 SOHOs and 1 out of 2 SMEs fear that they will no longer be able to pay the energy costs. Significantly more SOHOs in Wallobrux have concerns about the winding down of investment projects.

	SOHO*			SME		
	TOTAL (n=606)	FLANDERS (n=449) – (A)	WALLOBRUX (n=157) – (B)	TOTAL (n=220)	FLANDERS (n=115) – (C)	WALLOBRUX (n=105) – (D)
Because I fear we will no longer be able to pay the energy costs	60	61	53	46	41	55 C
For competitiveness reasons	20	21	14	38	42	31
Because of the winding down of investment projects	17	14	30 A	35	38	29
Because of phasing out of support measures	8	9	6	22	23	21
NET OTHERS						
Because of general price increases	5	4	9 A	9	11	6
Because of potential cash flow problems	2	2	1	6	5	8
Because of price increases of raw materials/suppliers	2	2	0	5	6	4
Worried in general/uncertainty	1	1	1	1	2	1
Because of the (increase in) wage costs	1	0	1	7	9	4
Because of government behavior / political decisions	0	0	1	3	4	3
Because of high taxes	0	0	0	1	2	0
Because of the drop in turnover	0	0	0	1	1	0
Because of scarcity of raw materials/energy	0	0	0	1	2	0
Don't know	14	14	13	3	3	3

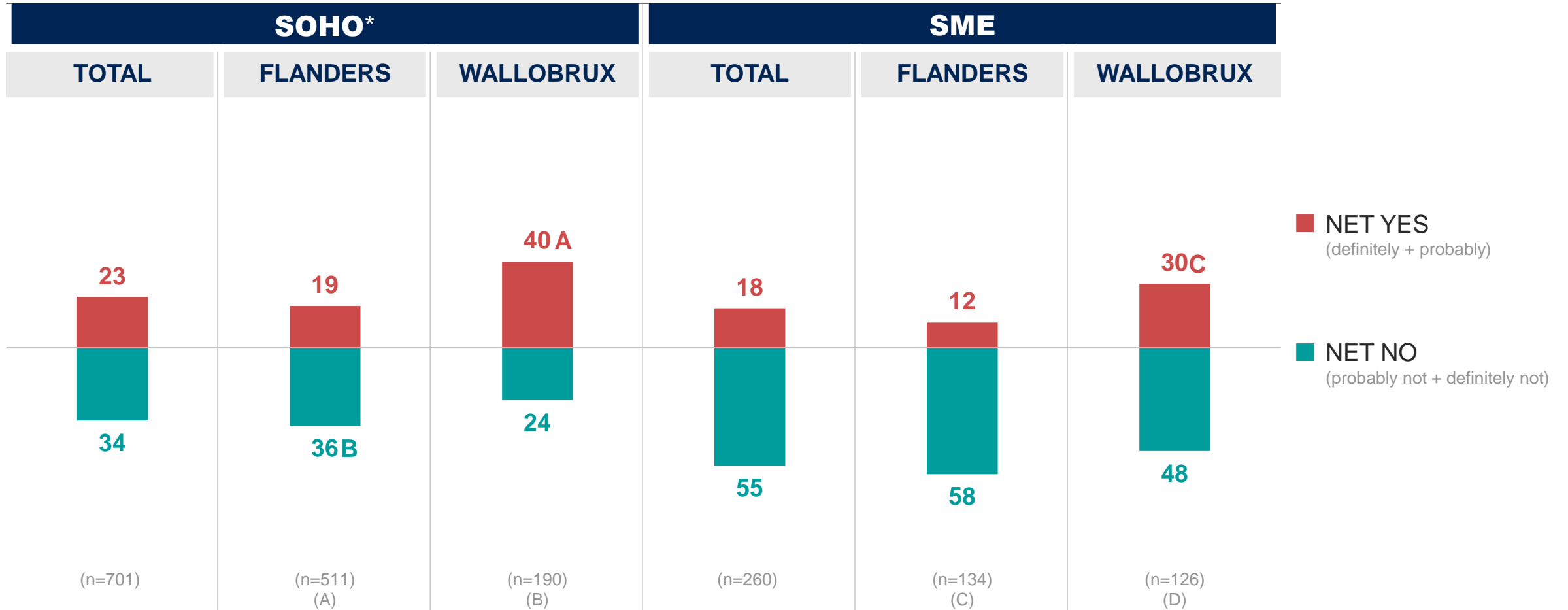
POWER CUTS IN THE FUTURE

3 out of 10 SOHOs fear power cuts in the future. Significantly more SOHOs in Wallobrux fear power cuts in the future due to gas and electricity shortages. 1 out of 4 SOHOs fear power cuts in the future.



ELIGIBLE TO BE DISCONNECTED?

4 out of 10 SOHOs in Wallobrux think they are eligible to be disconnected in case of power cuts. This is significantly more than SOHOs in Flanders (1 out of 5). Almost 1 out of 5 SMEs think they are eligible to be disconnected.



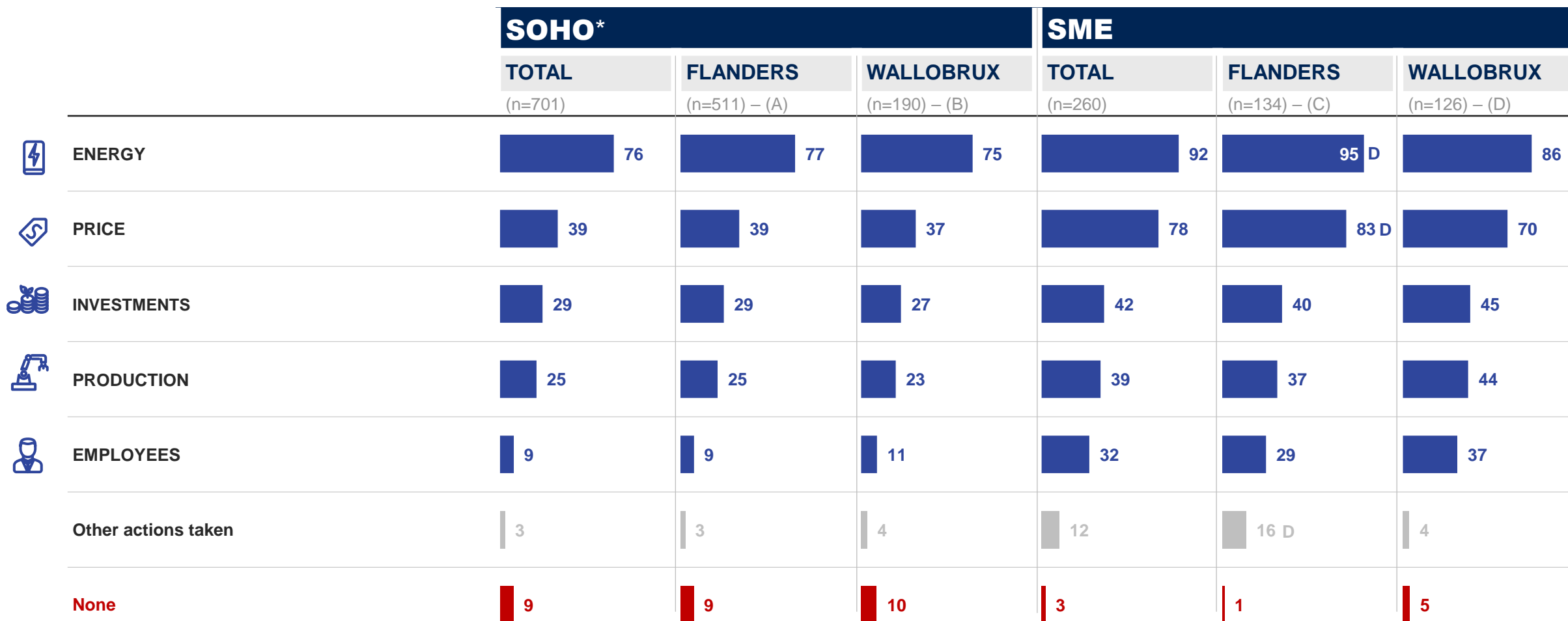
ACTIONS & MEASURES

5



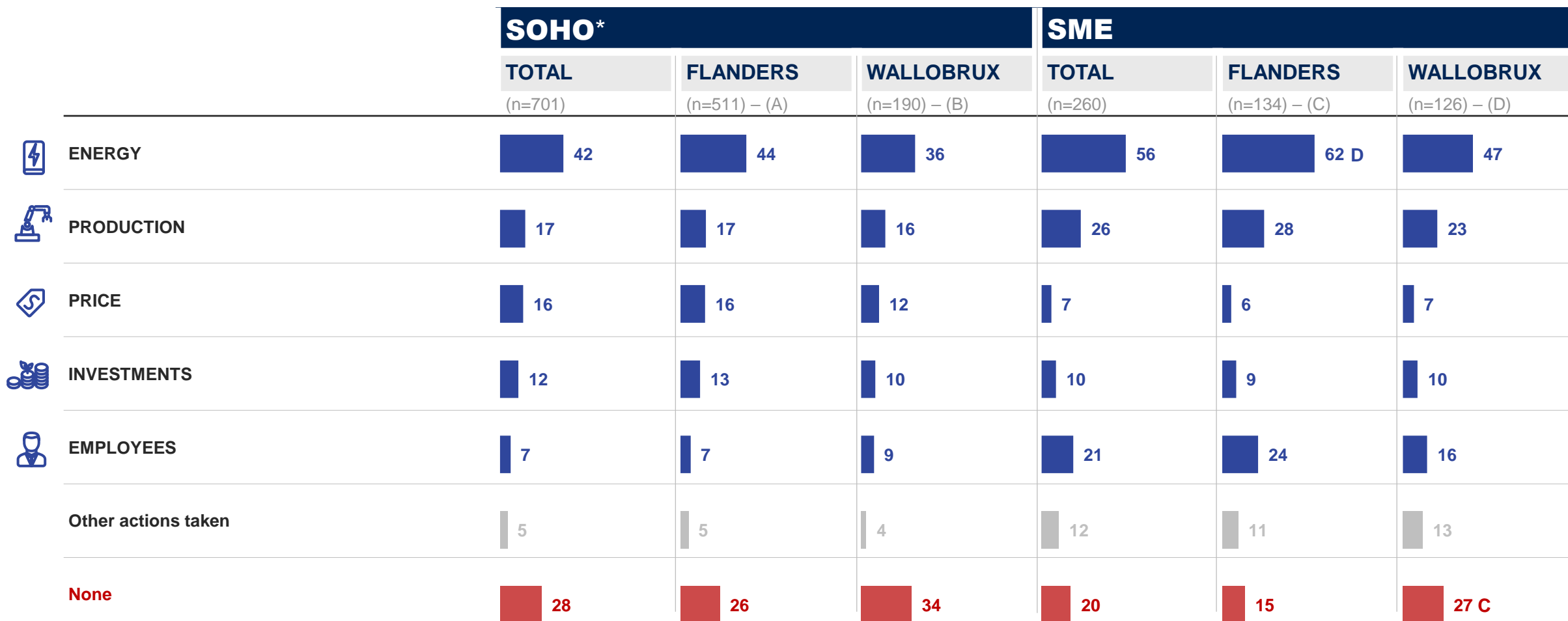
ACTIONS TAKEN

9 out of 10 SOHOs and almost all SMEs have taken actions due to the energy crisis and rising prices. More than 9 out of 10 SMEs have taken energy related actions. 8 out of 10 SMEs in Flanders have implemented a price increase.



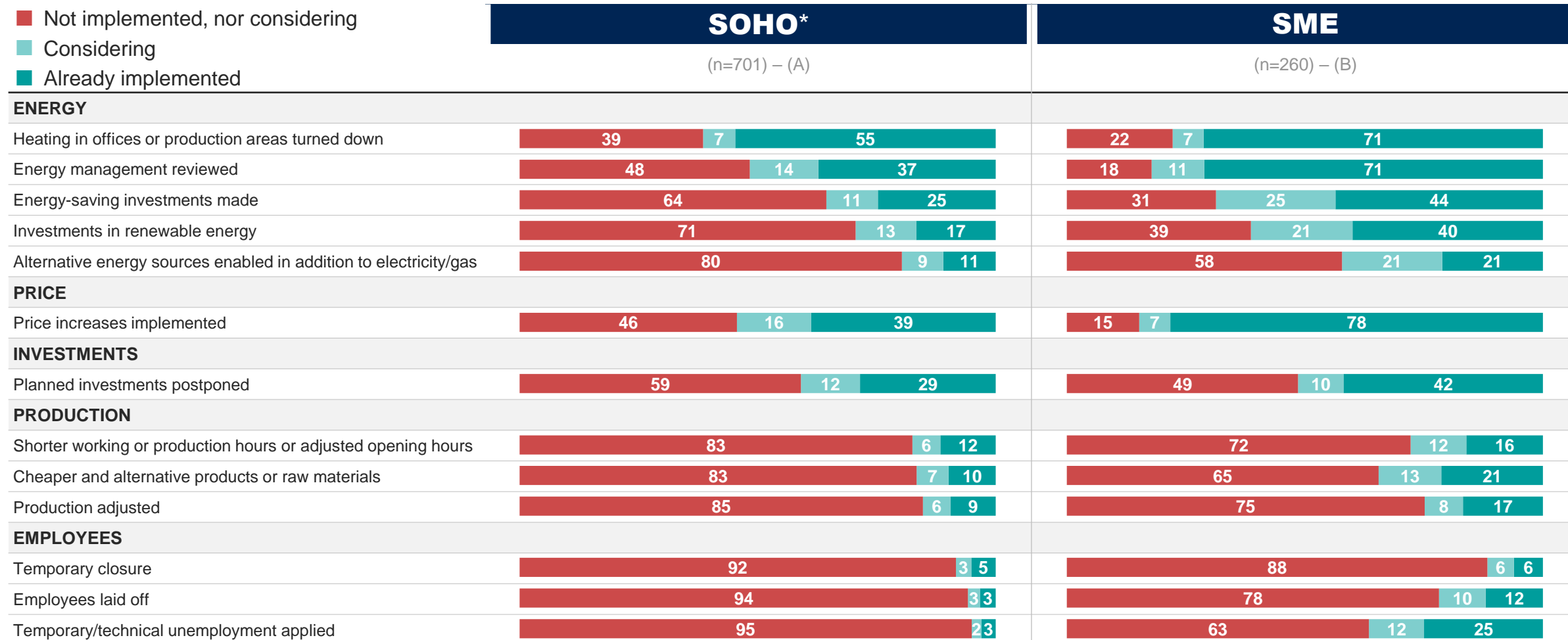
CONSIDERATION TO TAKE ACTIONS IN FUTURE

4 out of 10 SOHOs consider to take energy related actions in the future. 1 in 4 SMEs are considering actions that have an impact on production and 1 in 5 that have an impact on employment.



STATUS OF ACTIONS

In general, SMEs have already taken and also planned more actions than SOHOs. Nearly 8 in 10 SMEs have implemented a price increase compared to only 4 in 10 of SOHOs.



STATUS OF ACTIONS

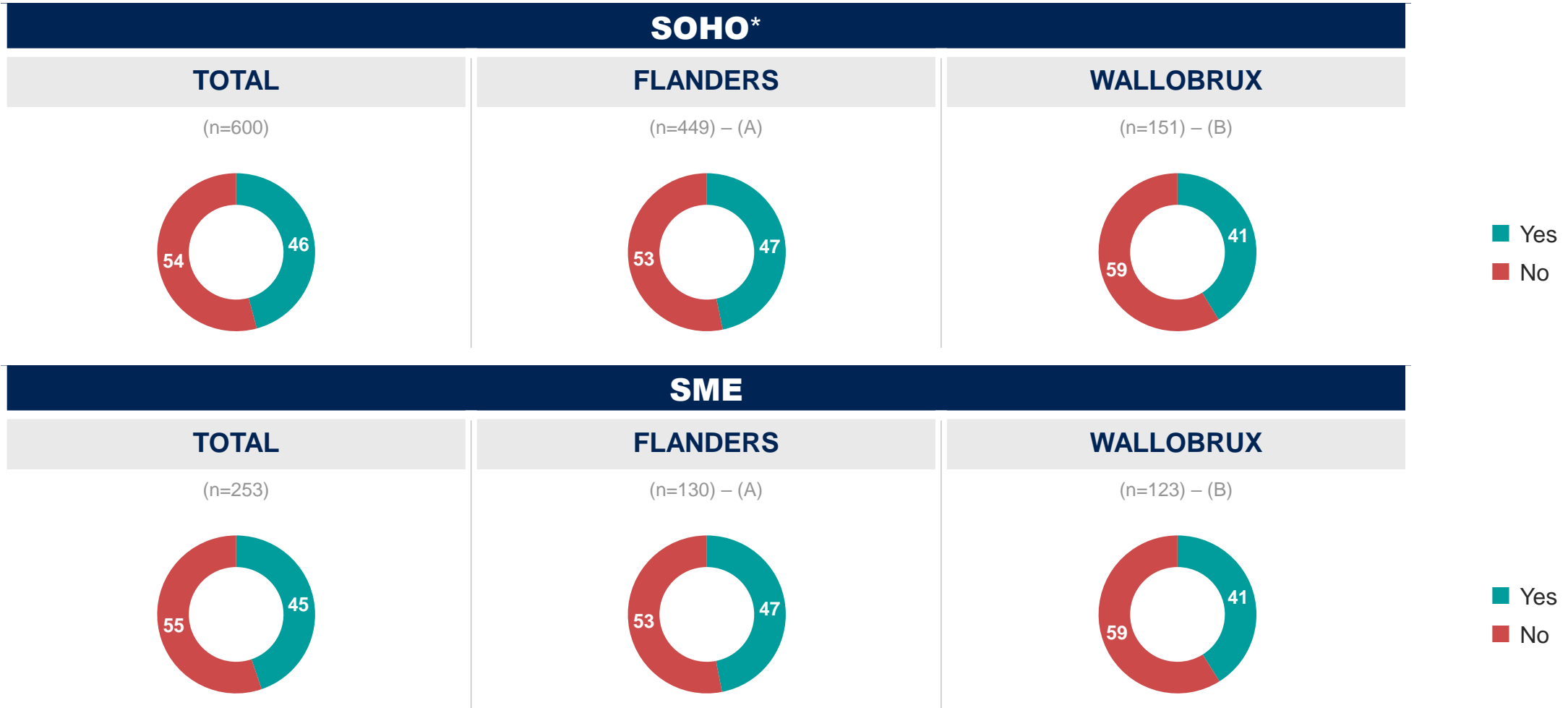
Significantly more SMEs in Flanders have reviewed their energy management or made energy-saving investments. Also more SMEs in Flanders compared to Wallobrux have already increased their prices.

- Not implemented, nor considering
- Considering
- Already implemented

	SOHO*		SME	
	FLANDERS (n=511) – (A)	WALLOBRUX (n=190) – (B)	FLANDERS (n=134) – (C)	WALLOBRUX (n=126) – (D)
ENERGY				
Heating in offices or production areas turned down	39 7 55	38 6 55	21 7 71	24 5 71
Energy management reviewed	45 16 B 39	61 A 9 31	12 9 79 D	28 A 14 58
Energy-saving investments made	63 11 26	69 10 21	21 30 D 48 D	49 A 16 35
Investments in renewable energy	70 13 17	72 12 16	32 23 45 D	50 A 18 32
Alternative energy sources enabled in addition to electricity/gas	80 9 11	83 7 10	50 25 D 25	71 A 14 15
PRICE				
Price increases implemented	44 16 39	51 12 37	11 6 83 D	22 A 7 70
INVESTMENTS				
Planned investments postponed	58 13 29	64 10 27	51 9 40	45 10 45
PRODUCTION				
Shorter working or production hours or adjusted opening hours	82 6 12	86 4 10	73 14 13	71 8 21
Cheaper and alternative products or raw materials	84 7 10	82 7 11	63 15 22	70 10 20
Production adjusted	85 5 10	83 8 9	77 9 14	72 7 21
EMPLOYEES				
Temporary closure	92 35	89 4 6	89 5 7	88 7 5
Employees laid off	95 23	93 43	77 12 11	79 6 15
Temporary/technical unemployment applied	95 23	95 23	63 14 23	64 8 28

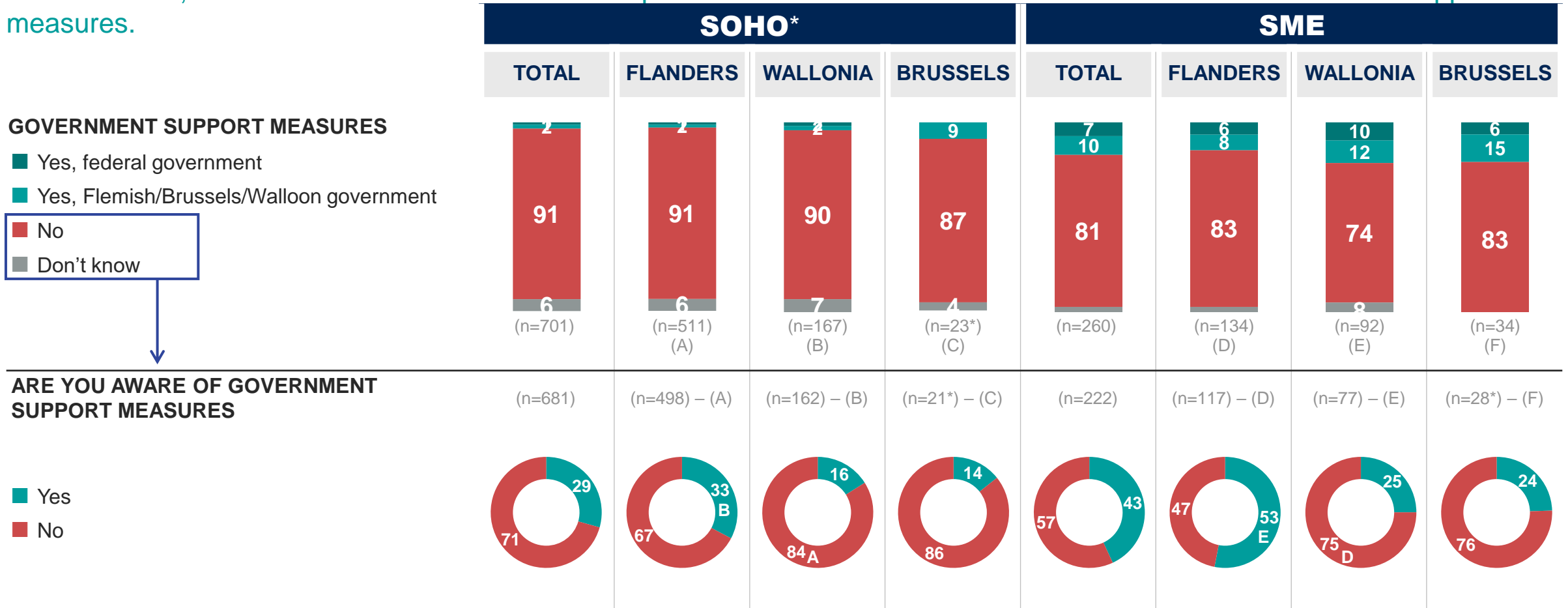
DID COMPANIES TAKE FASTER ACTION COMPARED TO COVID CRISIS?

Almost half of all SOHOs and SMEs in Flanders took action faster during the energy crisis than during the Covid-crisis. In Wallobrux more companies act slower compared to the Covid-crisis.



USAGE OF GOVERNMENT SUPPORT MEASURES

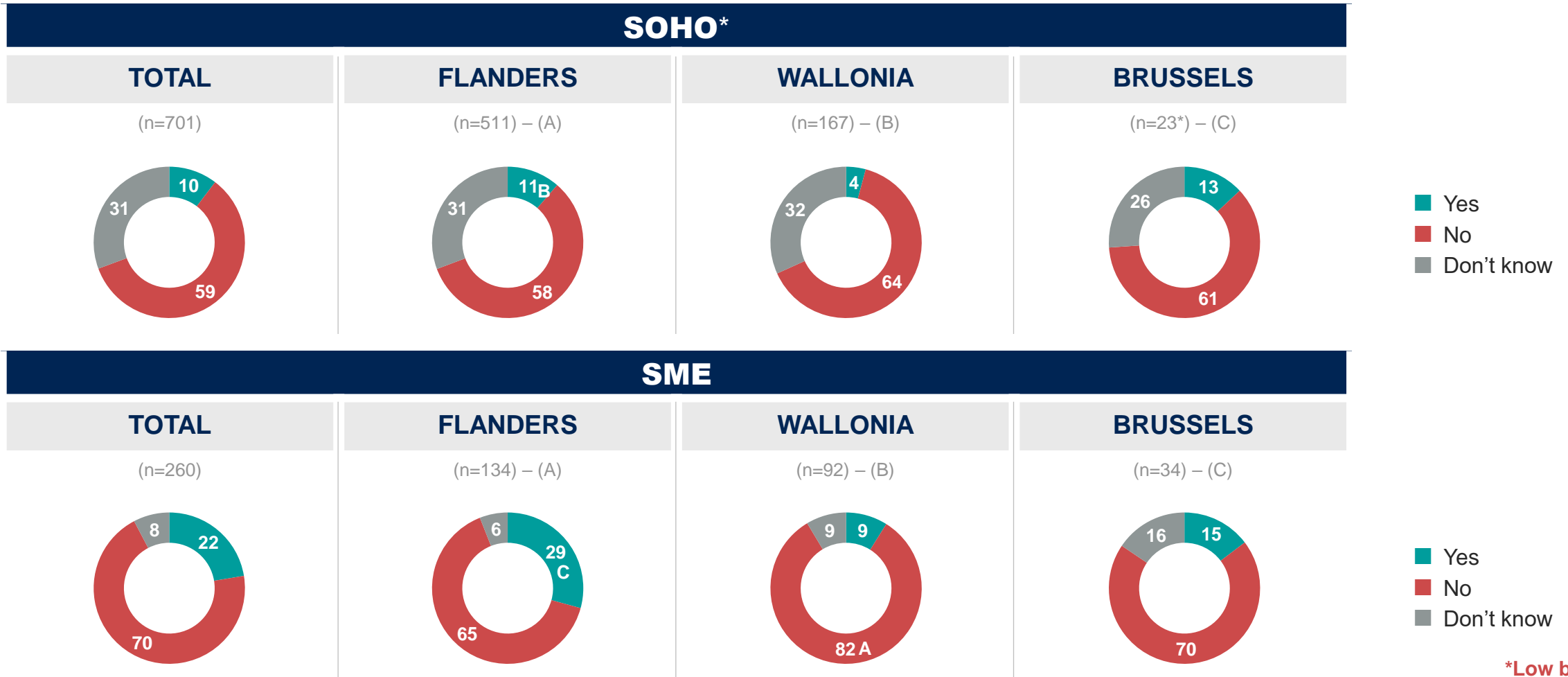
Only 3% of SOHOs make use of government support measures. 7 out of 10 SOHOs who don't make use of the support are not aware of government support measures. 17% of SMEs make use of the support measures. Almost 6 out of 10 who do not make use of it, are not aware of the existence. Companies located in Wallonia and Brussels are less aware of the support measures.



*Low base size!

IS THE GOVERNMENT OFFERING ENOUGH SUPPORT DURING THE ENERGY CRISIS?

6 out of 10 SOHOs find that the government is not offering enough support during the crisis. Significantly more SMEs in Wallonia compared to those located in Flanders find that the government is not offering enough support.



*Low base size!

37 Base: Total sample
Question: A5. Do you think the Federal or Flemish/Brussels/Walloon government is doing enough for enterprise like yours in this energy crisis?
Note: *Only Eneco clients

SUSTAINABILITY & ENERGY TRANSITION

6



STATUS OF SUSTAINABLE PRODUCTS OR SERVICES

8 out of 10 SOHOs already have LED lighting. Significantly more SOHOs in Flanders have solar panels or a high-efficiency boiler. 3 out of 10 SOHOs in Wallobrux are planning to install solar panels next year or in the longer term.

SOHO

- Have not yet investigated
- Have decided not to implement
- Intent to implement in the longer term
- Plan to implement next year
- Already have

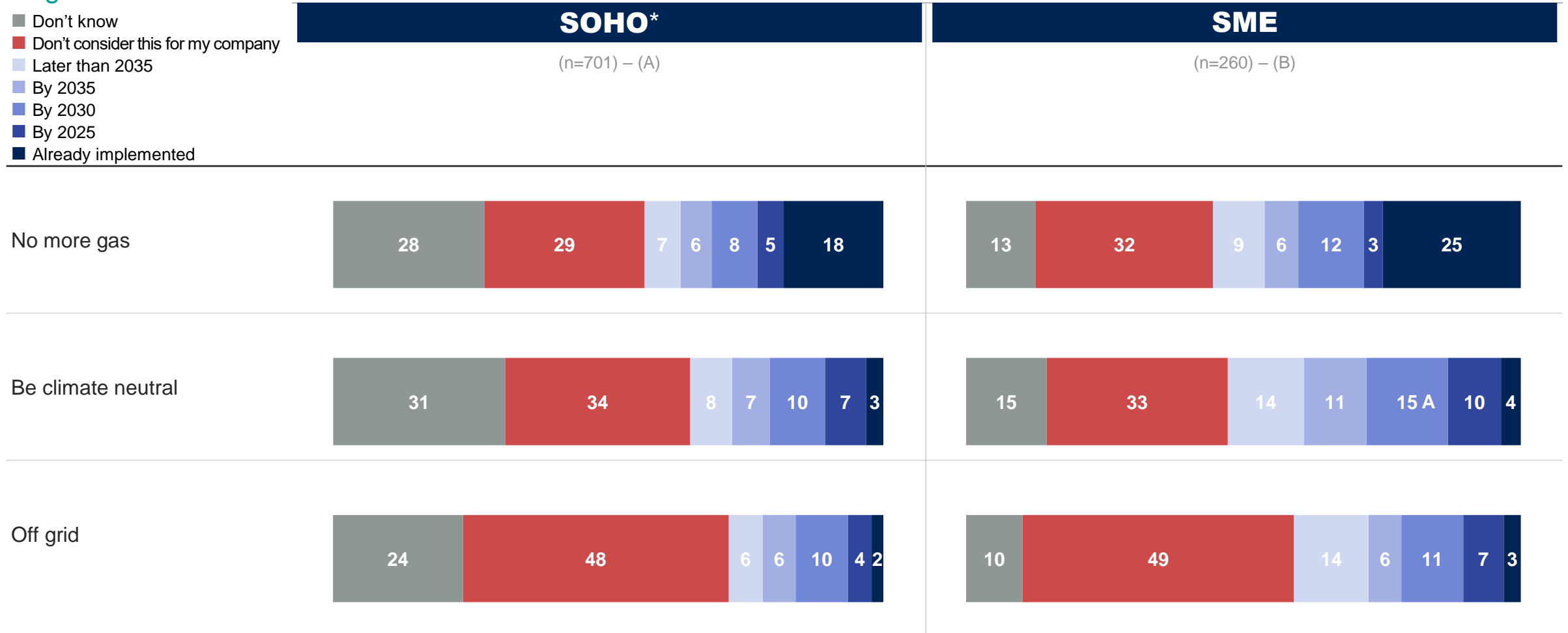
	SOHO*		
	TOTAL	FLANDERS	WALLOBRUX
		(A)	(B)
LED lighting	(n=661) 7 33 5 81	(n=480) 7 34 5 81	(n=181) 9 42 4 82
Insulation	(n=623) 13 6 6 6 69	(n=456) 11 6 6 5 73 B	(n=167) 25 A 5 9 10 A 51
A high-efficiency boiler	(n=568) 33 13 42 48	(n=430) 30 13 42 51 B	(n=138) 48 A 11 43 34
Solar panels	(n=626) 18 19 11 13 38	(n=462) 17 19 11 12 41 B	(n=164) 25 A 19 10 19 A 28
E-boilers	(n=549) 57 16 31 23	(n=392) 64 B 16 41 16	(n=157) 31 16 14 A 48 A
Consultancy services (for energy saving)	(n=549) 57 9 5 7 22	(n=407) 60 B 10 4 6 19	(n=142) 45 6 5 10 33 A
Electric company and/or salary cars	(n=577) 35 27 11 5 22	(n=419) 34 28 B 12 5 21	(n=158) 39 23 8 4 26
Pellet boilers/stoves	(n=547) 53 27 2 16	(n=400) 53 29 2 15	(n=147) 51 21 3 24 A
Charging stations (for electric cars)	(n=556) 49 23 7 6 14	(n=409) 49 25 B 7 6 13	(n=147) 53 16 8 5 17
Heat pumps	(n=558) 53 25 8 3 12	(n=406) 50 27 B 8 3 11	(n=152) 64 A 15 7 2 13

Base: SOHO market excl. DK
 Question: D1. Can you indicate the status of each product or service within your company?
 Note: *Only Eneco clients

i No comparison made with 2021 because of difference in sample composition.

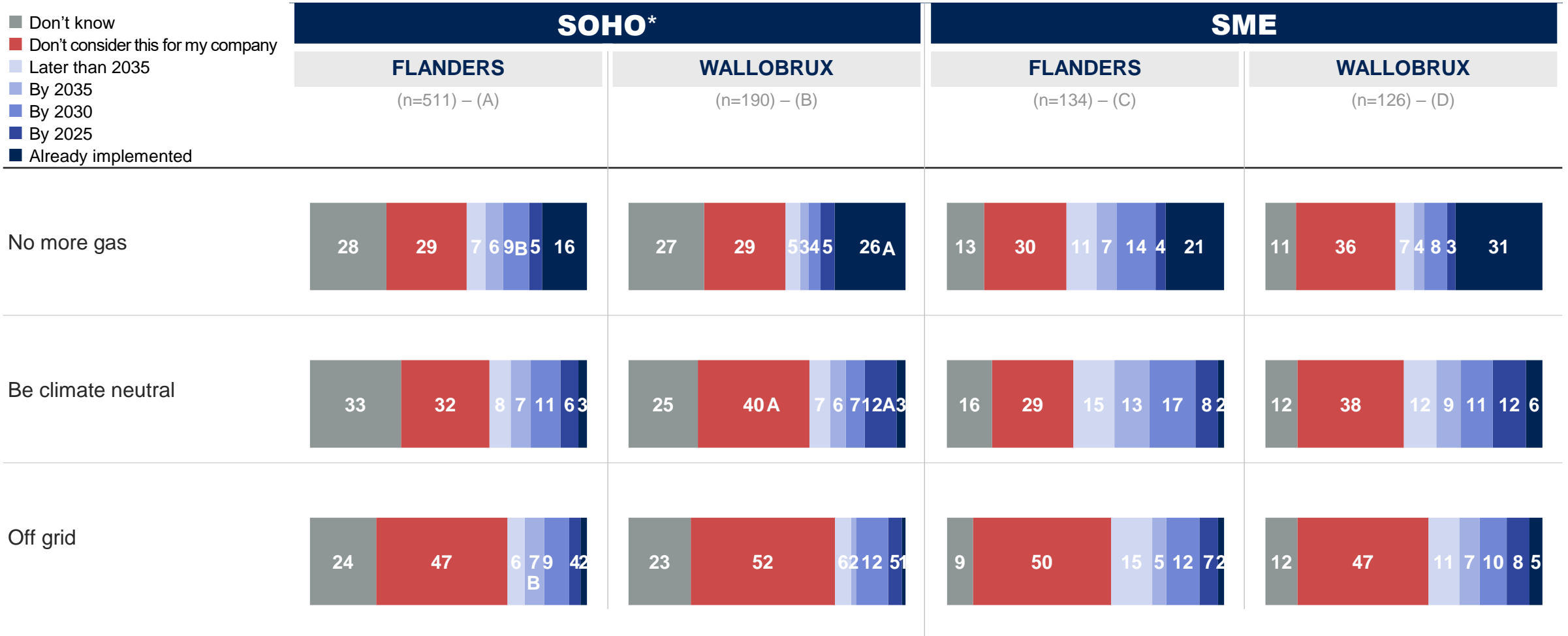
ENERGY TRANSITION

Almost 1 out of 5 SOHOs already stopped using gas and 1 out of 3 plans to be climate neutral in the future. 1 out of 4 SMEs do not use gas anymore. 1 out of 2 plans to be climate neutral in the future. Half of all SOHOs and SMEs do not consider to be off grid.



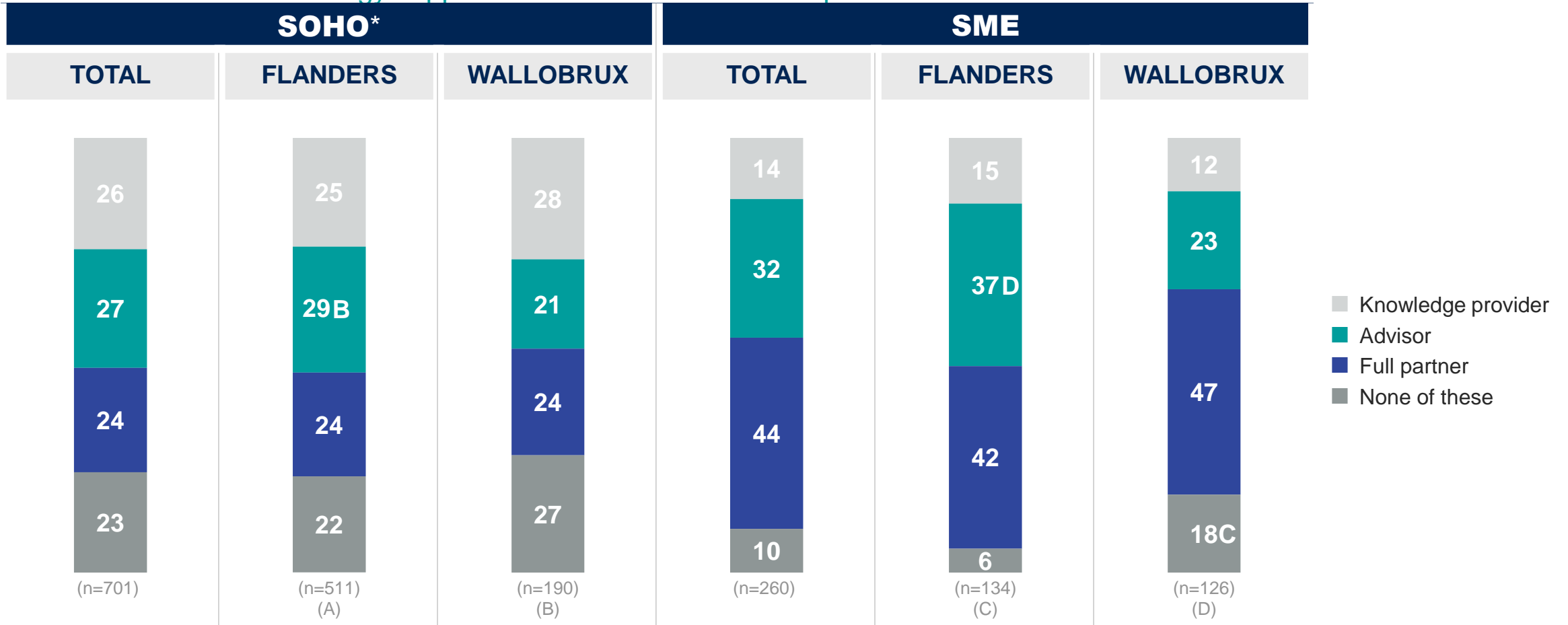
ENERGY TRANSITION

Significantly more SOHOs located in Wallobrux do not use gas anymore. In Wallobrux less SOHOs and SMEs consider to be climate neutral compared to Flanders. In all regions approx. half of all SOHOs and SMEs do not consider to be off grid.



PREFERRED ROLE OF ENERGY SUPPLIERS

Most SOHOs in Flanders say that an energy supplier, in the context of energy transition, must be an advisor, while for SOHOs in Wallobrux the most important role for an energy supplier must be as a knowledge provider. Almost 1 out of 2 SMEs in Wallobrux think that an energy supplier must take a role as a full partner.

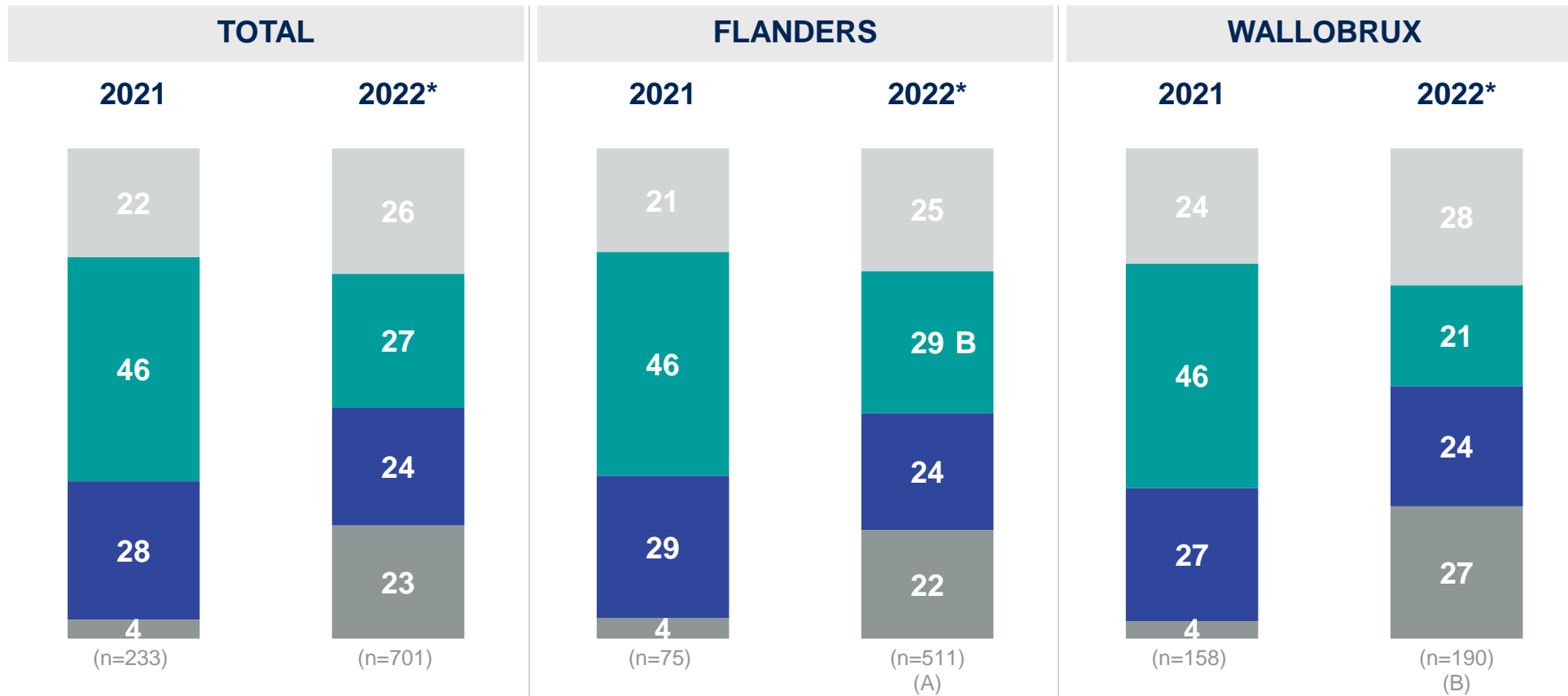


MOST IMPORTANT ROLE OF ENERGY SUPPLIERS

The number of SOHOs who find that an energy supplier must take a role as full partner has not much changed over both years. In 2022, there are more SOHOs who think that none of the proposed roles is a most important role. Therefore the number of SMEs who think that an advisor is the most important role has decreased compared to 2021.

SOHO

SOHO



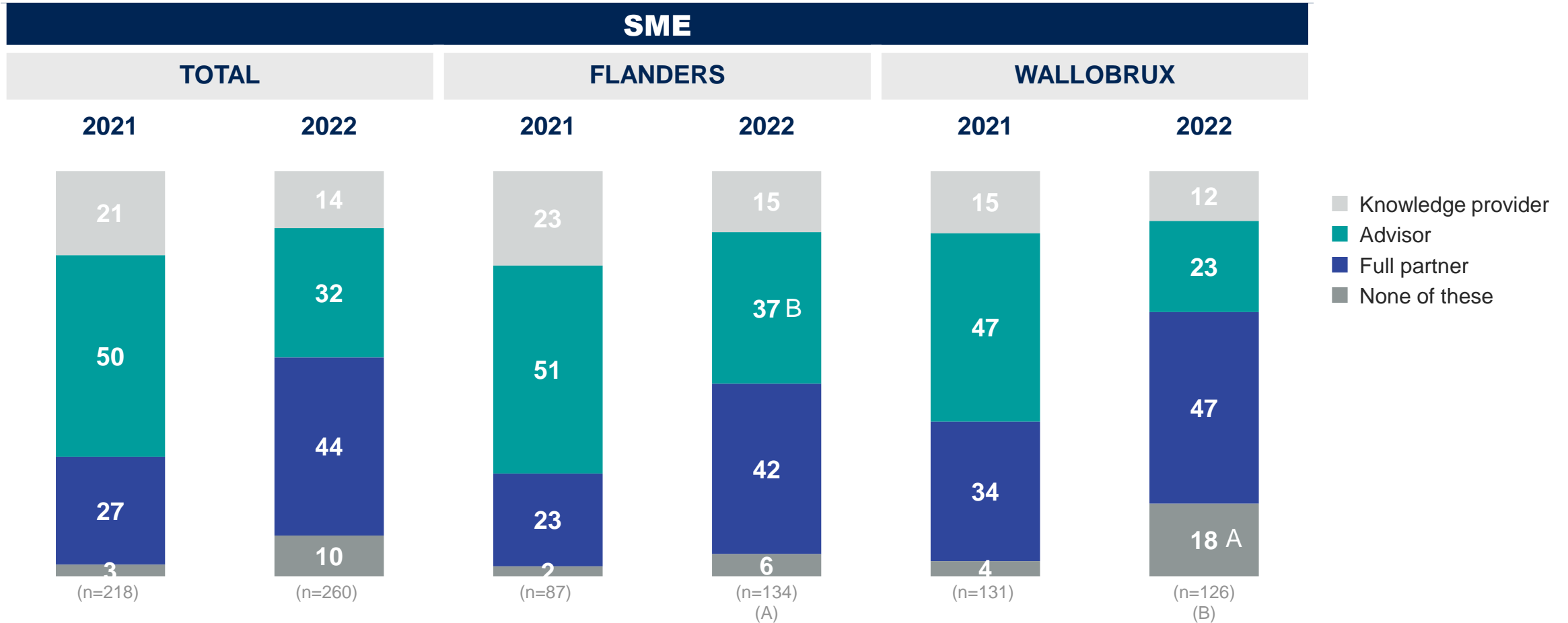
- Knowledge provider
- Advisor
- Full partner
- None of these

i The data collection method used for SOHOs in 2021 differs from the one used in 2022 (telephone in 2021 vs online in 2022). This can cause differences in answering and can have an impact on the results.

MOST IMPORTANT ROLE OF ENERGY SUPPLIERS

While in 2021 SMEs found that energy suppliers must take a role as an advisor, they now find that they must take a role as a full partner.

SME



EXECUTIVE SUMMARY

7



SOHO MARKET*

*Only Eneco clients

SOHO MARKET*



HIGH IMPACT ON FINANCIAL STATUS

- The financial status of most SOHOs remained the same compared to the previous year. Nevertheless, companies located in Wallobrux are more struggling financially than those in Flanders.
- For most SOHOs, the rising prices have a high impact on their business. Especially the energy crisis has a bigger impact on their financial status compared to the covid crisis.
- For most of them, the (expected) turnover of 2022 will be lower than in 2021 and will further decrease in 2023. Also the expected profit of 2022 will be lower for most SOHOs than this in 2021.

THE ANNUAL RELATIVE ENERGY COST HAS INCREASED SIGNIFICANTLY

- The absolute annual energy cost for most SOHOs is still lower than €10.000. Nevertheless, the average relative annual energy cost has significantly increased to 19% (compared to 9% in 2021).
- The monthly advance invoice has more increased for SOHOs in Flanders. 3 out of 10 SOHOs in Wallobrux even did not increase their advance invoice in 2022.
- A vast majority is worried about the evolution of the energy prices. Most of them fear that they will not be able to pay the energy bills. SOHOs in Wallobrux also have a concern about power cuts and to be disconnected in the future.

SOHO MARKET*



MOST SOHOs HAVE ALREADY TAKEN ENERGY SAVING ACTIONS

- Half of all SOHOs did faster take action during the energy crisis than during the covid crisis.
- A vast majority of SOHOs have already taken actions related to energy. Most actions taken are about turning down the heating in offices or reviewing the energy management.
- Still, 4 out of 10 SOHOs consider to take energy relatable actions in the future, like reviewing the energy management (especially in Flanders) and investing in renewable energy.
- Only 3% of SOHOs make use of government support measures. The vast majority is not aware of any support measures by the government, especially those located in Wallonia and Brussels. Nevertheless, most companies find that the government is not offering enough support.

MOST SOHOs ALREADY MAKE USE OF SUSTAINABLE PRODUCTS OR SERVICES

- Significantly more SOHOs in Flanders already have insulation, a high-efficiency boiler or solar panels.
- Almost half of all SOHOs located in Wallobrux have not yet investigated a high-efficiency boiler. 1 out of 2 does already have e-boilers, while 6 out of 10 Flemish SOHOs have not yet investigated it.
- Almost 1 out of 5 SOHOs already stopped using gas, with the highest number located in Wallonia. Half of all SMEs do not consider to be off grid.
- Among SOHOs, the preferred role of an energy supplier is to be an advisor or a knowledge provider.

SME MARKET

SME MARKET



HIGH IMPACT ON FINANCIAL STATUS

- The increasing prices have a high impact on half of all Belgian SMEs. Resulting in a worsened financial status for 1 out of 3 SMEs compared to 2021.
- More than half of SMEs experienced a higher financial impact due to the energy crisis than the covid crisis. Especially those located in Wallobrux are struggling at the moment.
- 3 out of 10 SMEs are currently not experiencing financial difficulties, but do expect to have them in the longer term.
- For most SMEs, the (expected) turnover of 2022 will remain stable compared to 2021. Nevertheless, the (expected) profit of 2022 will decrease compared to 2021 for most SMEs.

ENERGY COSTS HAVE INCREASED ALONG WITH AN INCREASE IN COSTS IN GENERAL

- 1 out of 4 SMEs have annually an energy cost of more than €100.000. This is due to a high increase in energy costs for most SMEs since the beginning of the energy crisis.
- Also the relative annual energy cost has increased very sharply for almost half of all Belgian SMEs.
- 1 out of 3 SMEs saw their advance invoice increasing with more than €1000 per month.
- A vast majority is also worried about the evolution of the energy prices in the future. Most of them have concerns about not being able to pay their energy bills or for competitiveness reasons.

SME MARKET



ALMOST ALL SMEs HAVE ALREADY TAKEN ENERGY SAVING ACTIONS

- More than 9 out of 10 SMEs have already taken actions in terms of energy savings. Especially SMEs located in Flanders have already taken significantly more actions.
- Almost 8 out of 10 SMEs have implemented a price increase.
- SMEs in Flanders are also considering significantly more actions in term of energy, like investing in energy saving solutions or enabling alternative energy sources in addition to electricity or gas.
- The majority of SMEs do not make use of government support measures, although 4 out of 10 is aware of the existence. SMEs in Wallonia are less aware compared to those in Flanders.
- A vast majority of SMEs in Wallonia think that the Walloon government is not offering enough support during the energy crisis.

HALF OF BELGIAN SMEs PLAN TO BE CLIMATE NEUTRAL IN THE FUTURE

- 1 out of 4 SMEs do not use any gas anymore and half of all SMEs plan to be climate neutral in the future. 1 out of 2 do not consider to be off grid.
- The preferred role of an energy supplier among SMEs in 2021 was to be an advisor. In 2022 the preferred role has shifted to a full partner.

THANK YOU!

TOM COENEN

Research Director

✉ tom.coenen@ipsos.com

☎ +32 1 663 96 35

BRECHT COENEN

Research Executive

✉ brecht.coenen@ipsos.com

☎ +32 1 663 96 12

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