

CPA AUSTRALIA'S ASIA-PACIFIC SMALL BUSINESS SURVEY 2019/20

MAINLAND CHINA RESULTS

23 April 2020

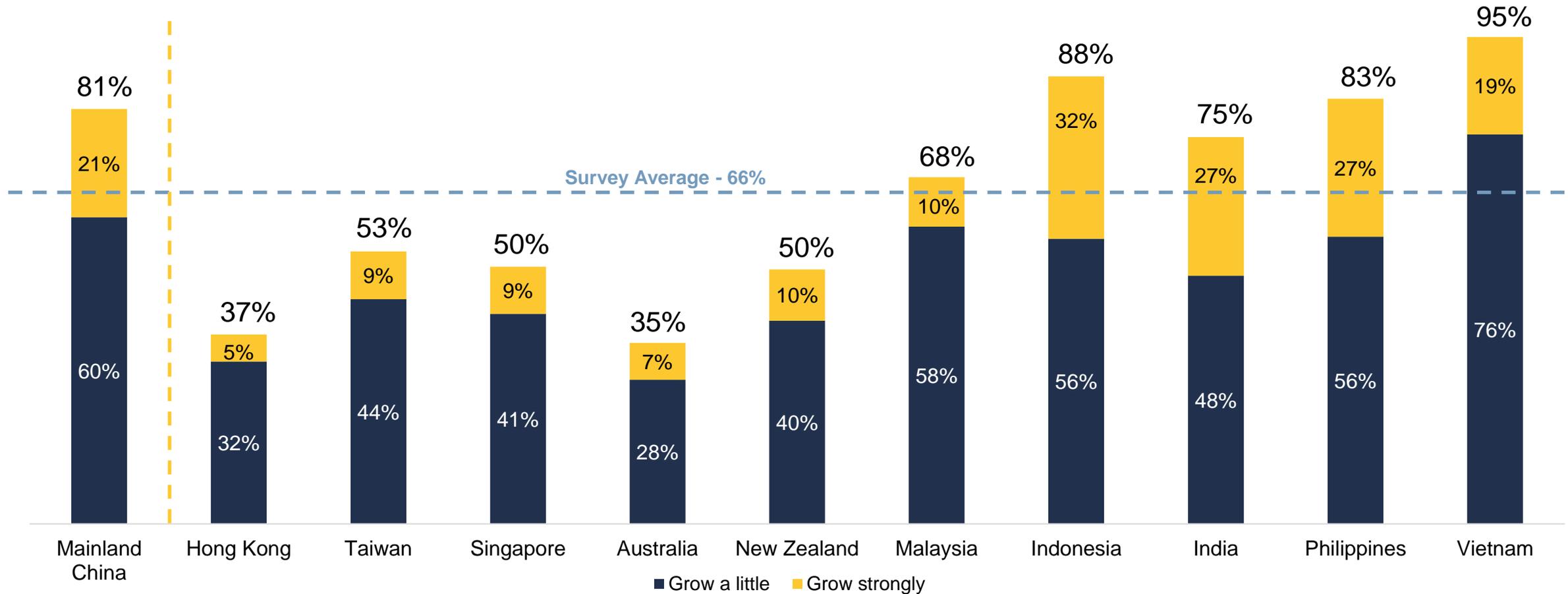
SURVEY DESIGN & METHODOLOGY

- Online survey was conducted amongst a random sample of business owners / managers from businesses of fewer than 20 employees
- The survey was conducted between 18 November and 12 December 2019
- The survey findings came from **4,193** small businesses in **11 markets** across Asia Pacific. The markets surveyed are: Mainland China, Hong Kong, Taiwan, Malaysia, Vietnam, India, Indonesia, Philippines, Singapore, Australia and New Zealand
- There were 772 respondents from 5 cities in Mainland China: Beijing, Chongqing, Guangzhou, Shanghai and Shenzhen
- In Mainland China, respondents came from all industries, with retail & trade (14.8 per cent), manufacturing (11.1 per cent) and whole sale trade(10.9 per cent) being the industries with the largest representation
- In Mainland China, over 75 per cent of respondents are aged under 40 years old and over 70 per cent of businesses have been established for 10 years or less

SMALL BUSINESS SENTIMENT IN MAINLAND CHINA

OVER 80 PER CENT OF SMALL BUSINESSES FROM MAINLAND CHINA REPORTED THAT THEY GREW IN 2019

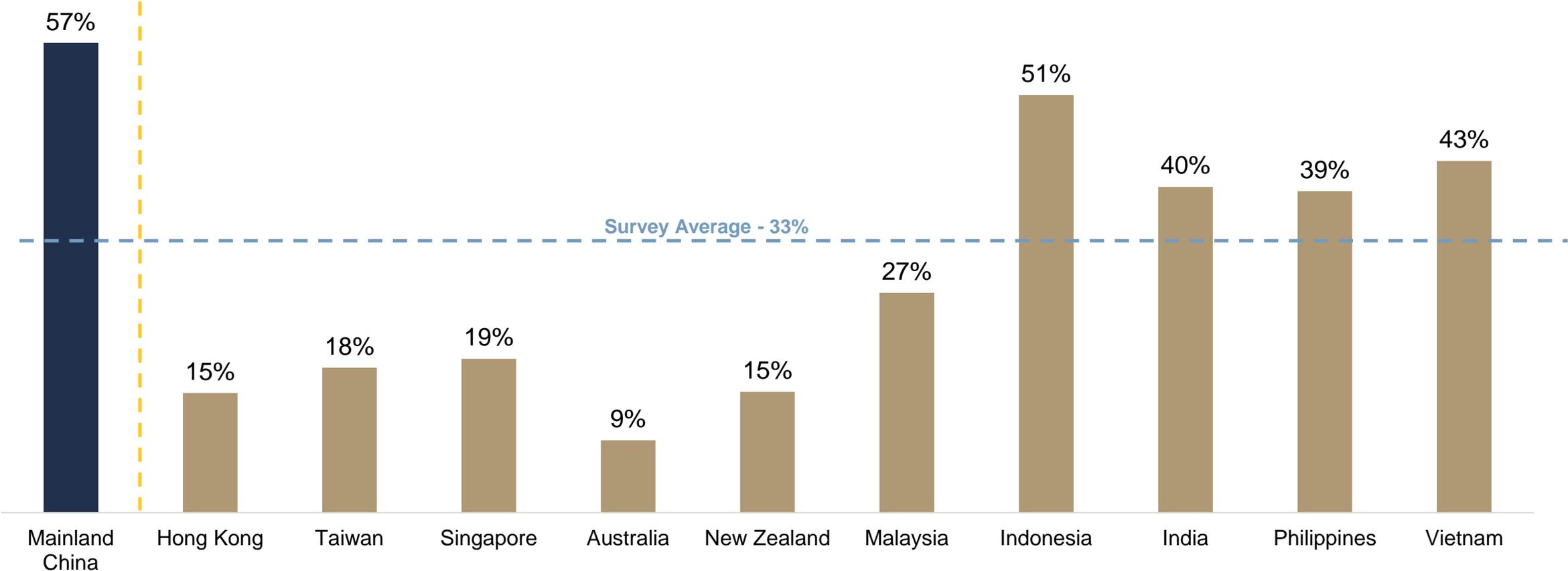
PERCENTAGE THAT REPORTED GROWING STRONGLY AND GROWING A LITTLE IN 2019 – BY MARKET



QUESTION: In the past 12 months has your business grown strongly, grown a little, not changed, shrunk a little, shrunk a lot or don't know

SMALL BUSINESSES FROM MAINLAND CHINA WERE THE MOST LIKELY TO HAVE ADDED STAFF IN 2019

SMALL BUSINESSES THAT ADDED TO THEIR STAFF NUMBERS IN 2019 – BY MARKET

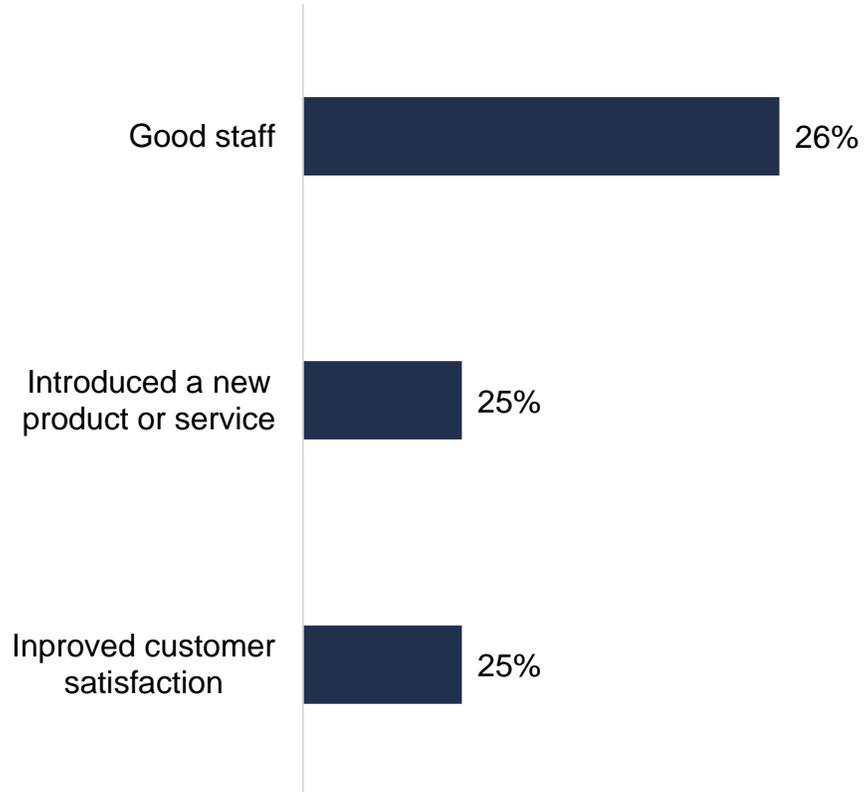


QUESTION: In the past 12 months, have you increased the number of employees in your business?

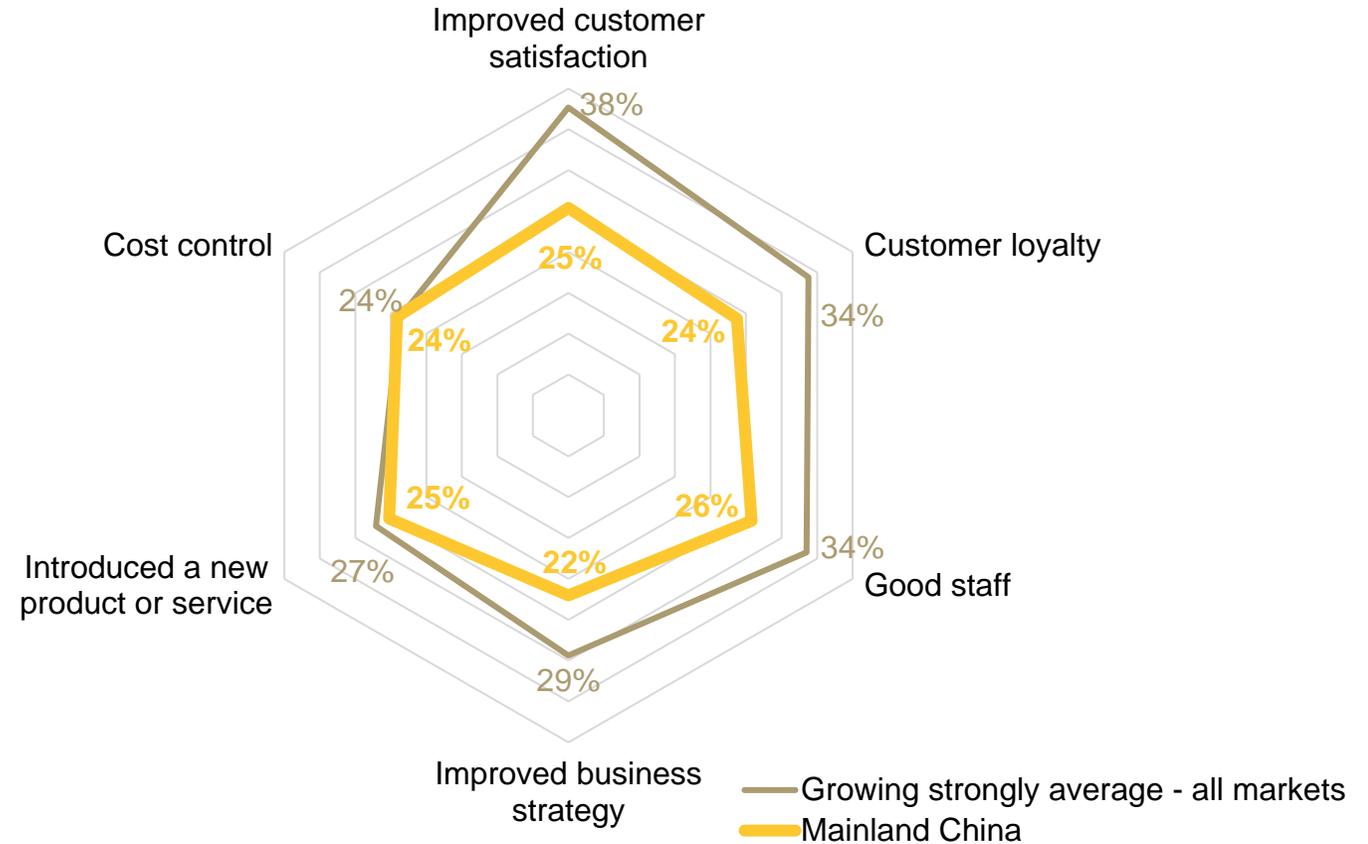
THE MOST POSITIVE AND NEGATIVE FACTORS IMPACTING SMALL BUSINESSES IN MAINLAND CHINA

TOP FACTORS HAVING A POSITIVE IMPACT ON SMALL BUSINESSES FROM MAINLAND CHINA INCLUDE 'GOOD STAFF', 'INTRODUCED A NEW PRODUCT OR SERVICE' AND 'IMPROVED CUSTOMER SATISFACTION'

TOP 3 FACTORS HAVING THE MOST POSITIVE IMPACT ON MAINLAND CHINA BUSINESSES IN 2019



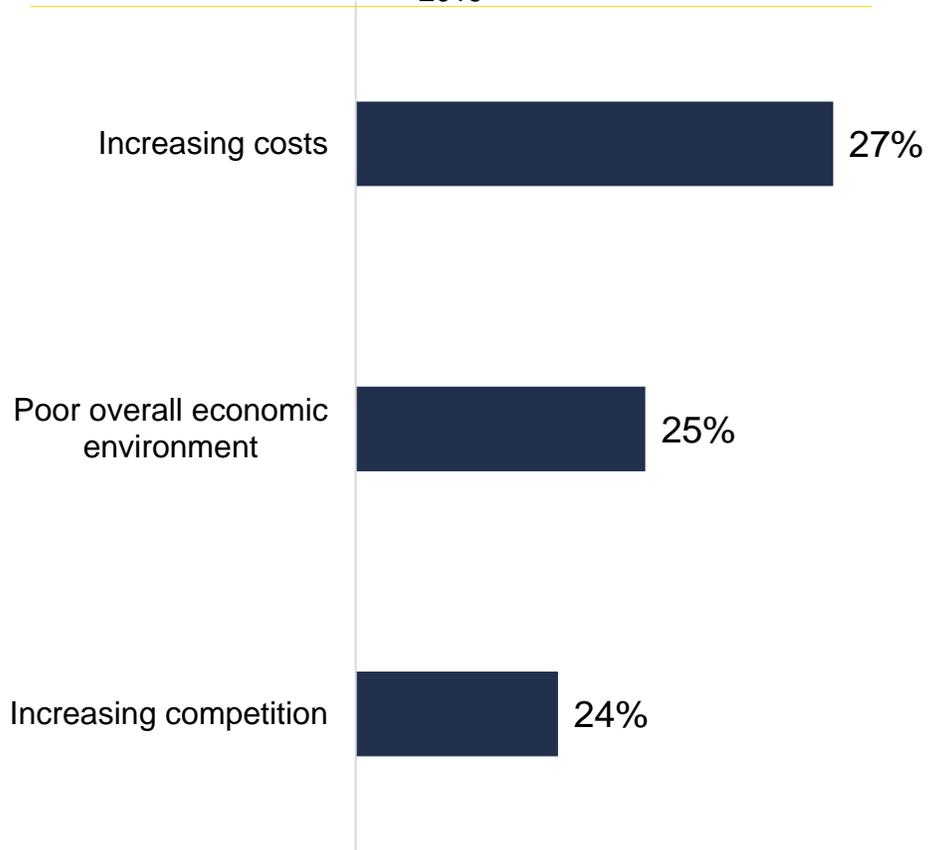
FACTORS THAT HAD THE MOST POSITIVE IMPACTS ON MAINLAND CHINA BUSINESSES WITH STRONG GROWTH IN 2019



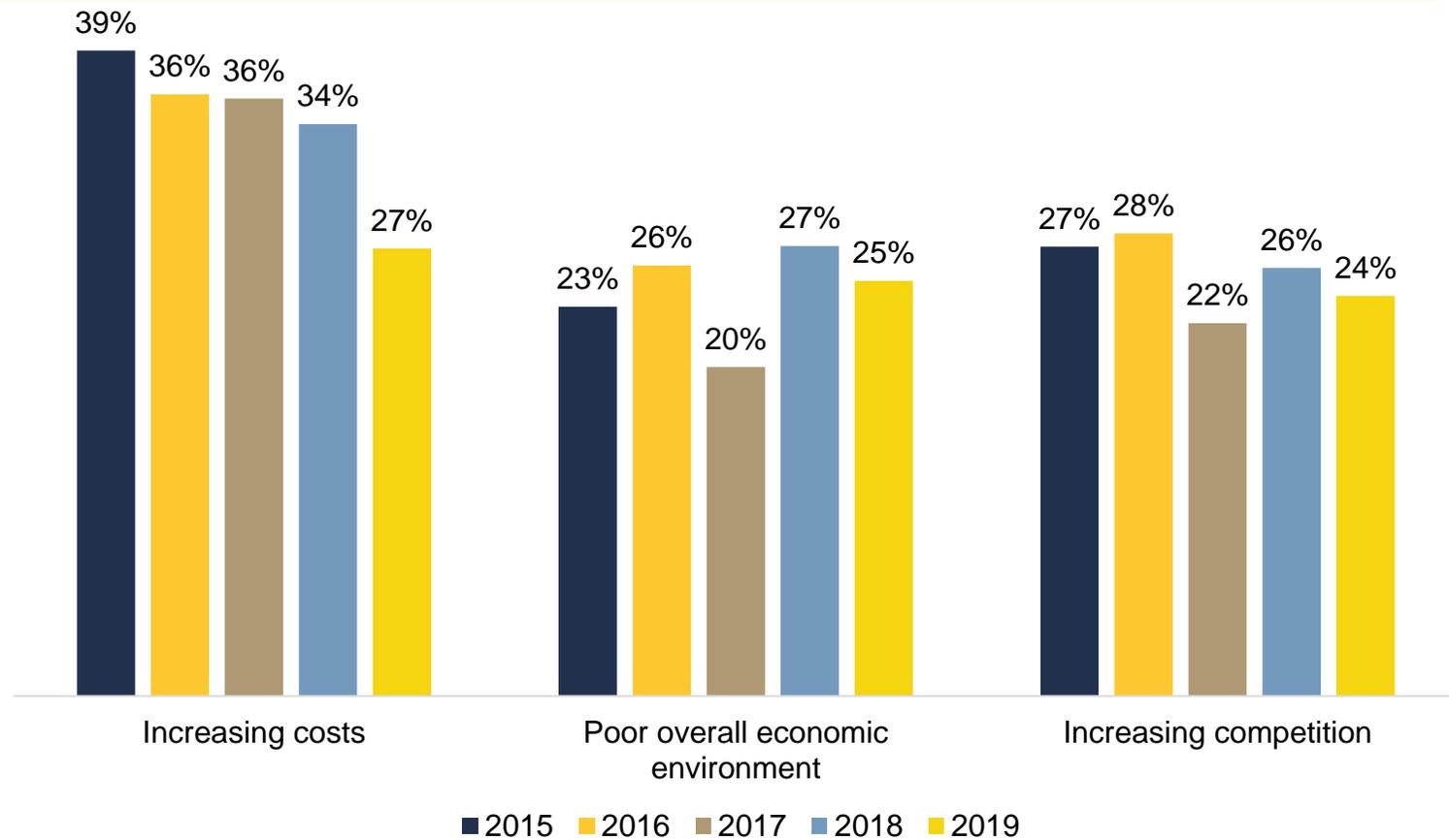
QUESTION: Positive influencers on businesses in 2019

WHILE INCREASING COSTS WAS MOST LIKELY TO HAVE A DETRIMENTAL IMPACT ON SMALL BUSINESSES FROM MAINLAND CHINA, THE PERCENTAGE WHO IDENTIFIED INCREASING COSTS AS A DETRIMENTAL FACTOR WAS THE LOWEST ON RECORD

TOP 3 FACTORS HAVING THE MOST DETRIMENTAL IMPACT ON MAINLAND CHINA SMALL BUSINESSES IN 2019



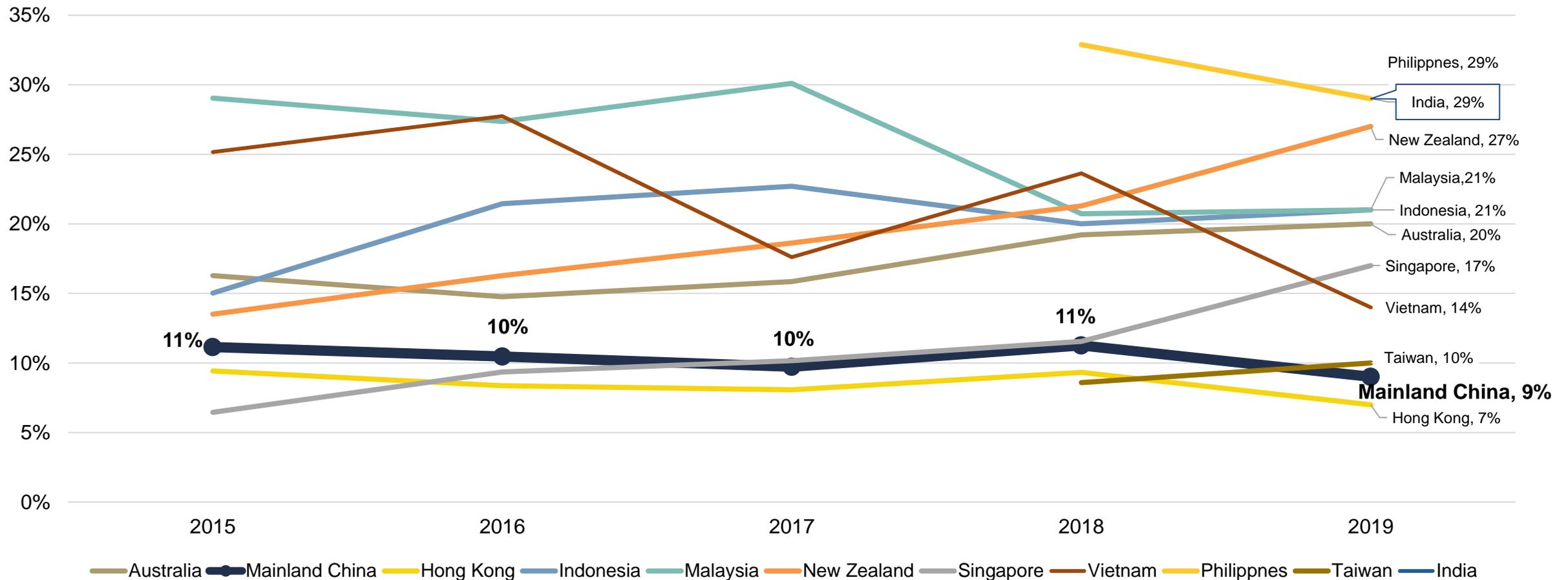
TOP 3 FACTORS HAVING THE MOST DETRIMENTAL IMPACT ON MAINLAND CHINA SMALL BUSINESSES - 2015 TO 2019



QUESTION: Negative influencers on businesses in 2019

ONLY NINE PER CENT OF SMALL BUSINESSES FROM MAINLAND CHINA IDENTIFIED TAX AS HAVING A NEGATIVE IMPACT ON THEIR BUSINESS, THE LOWEST ON RECORD

PERCENTAGE THAT CHOSE TAX AS HAVING A NEGATIVE IMPACT ON THEIR BUSINESS BY MARKET – 2015 TO 2019



QUESTION: Negative influencers on businesses in 2019

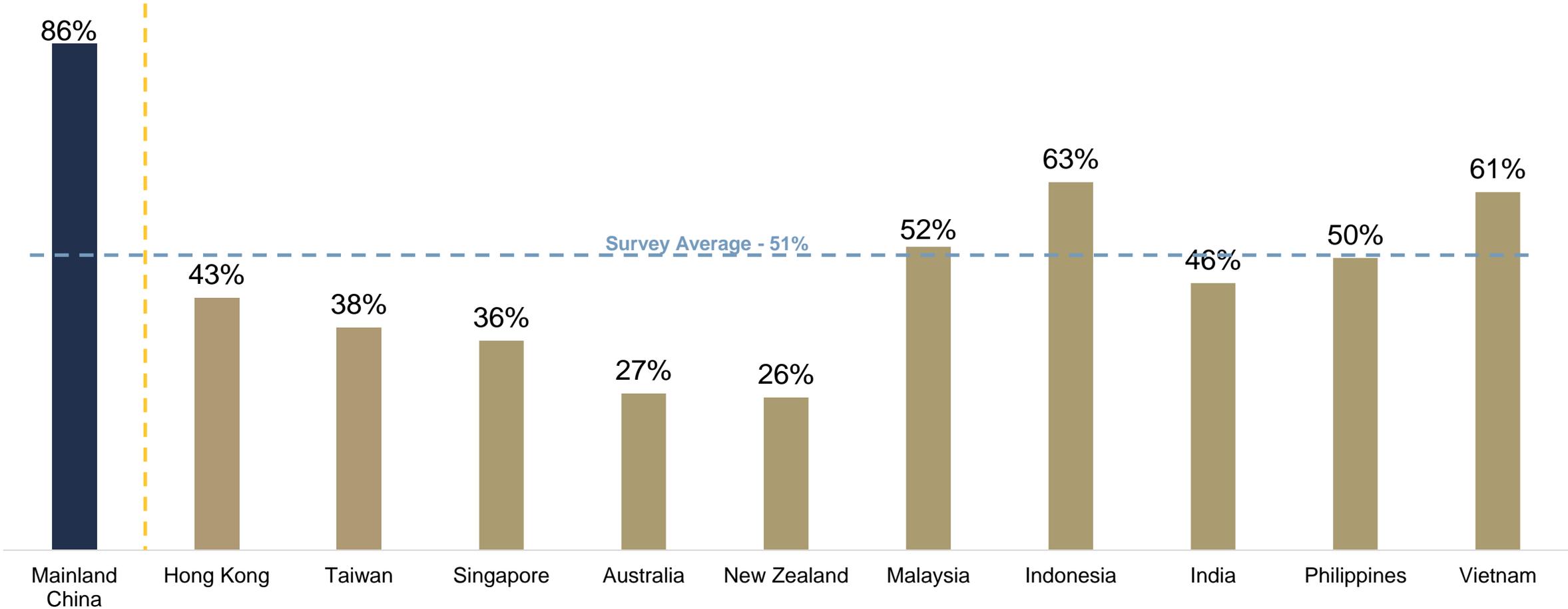
MAINLAND CHINA'S SMALL BUSINESSES AND TECHNOLOGY

THERE IS A SOLID LINK BETWEEN TECHNOLOGY AND STRONG BUSINESS GROWTH WITH MAINLAND CHINA BUSINESSES LEADING IN TECHNOLOGY ADOPTION SUCH AS ONLINE SALES AND DIGITAL PAYMENT TECHNOLOGY

	Business reported growing strongly in 2019 – all markets	Business did not grow or shrank in 2019 – all markets	Mainland China results
Technology had one of the most positive impacts on their business in 2018	25%	12%	25%
Used social media to sell products or services	47%	25%	55%
Used social media to learn about the behaviours of customers and potential customers	42%	18%	59%
Used social media to receive/monitor customer feedback	42%	17%	44%
Earned 11 per cent or more of their revenue from online sales in 2019	68%	34%	86%
Received 11 per cent or more of their sales through new payment technology in 2019	69%	46%	91%
Reviewed their cybersecurity protections in the past six months	54%	33%	86%
Their investment in technology in 2019 was already profitable	71%	23%	57%

SMALL BUSINESSES FROM MAINLAND CHINA WERE THE MOST LIKELY TO HAVE GENERATED MORE THAN 10 PER CENT OF THEIR INCOME THROUGH ONLINE SALES

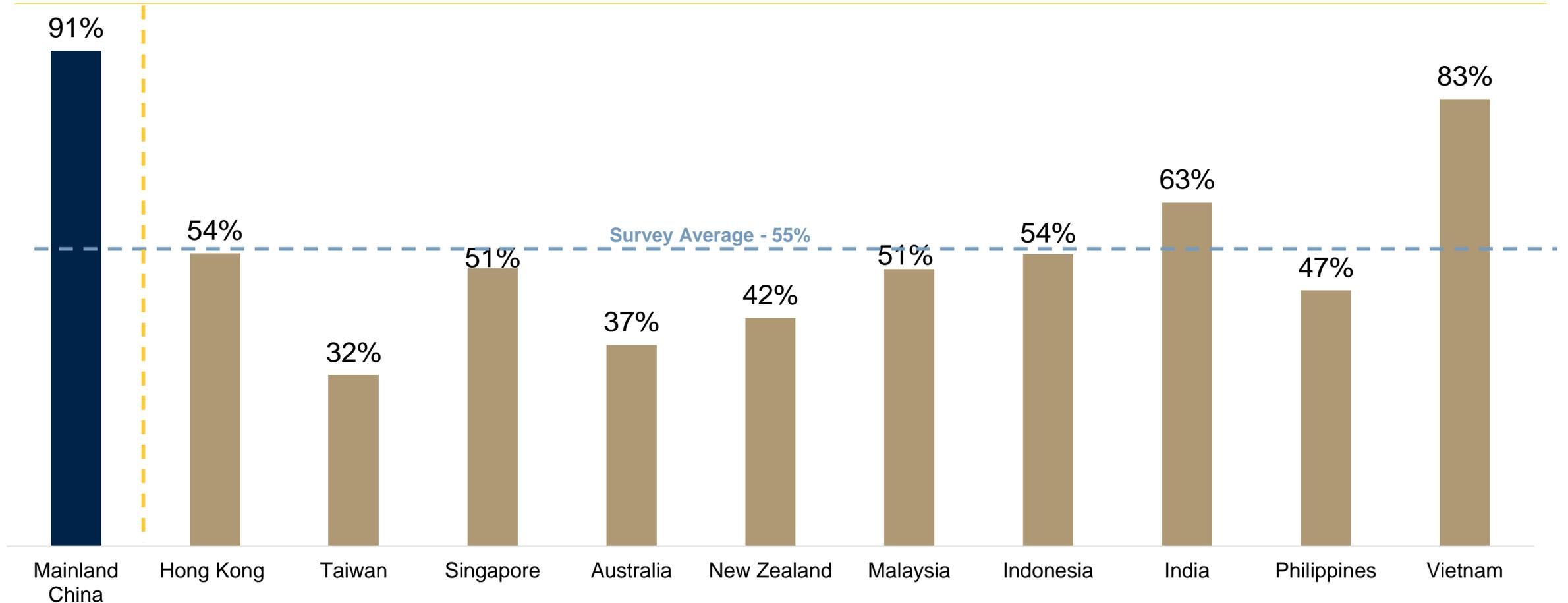
SMALL BUSINESSES THAT GENERATED MORE THAN 10 PER CENT OF THEIR INCOME THROUGH ONLINE SALES IN 2019 – BY MARKET



QUESTION: What percentage of your income comes through online sales?

SMALL BUSINESSES FROM MAINLAND CHINA WERE THE MOST LIKELY TO HAVE RECEIVED MORE THAN 10 PER CENT OF THEIR SALES THROUGH NEW PAYMENT TECHNOLOGIES

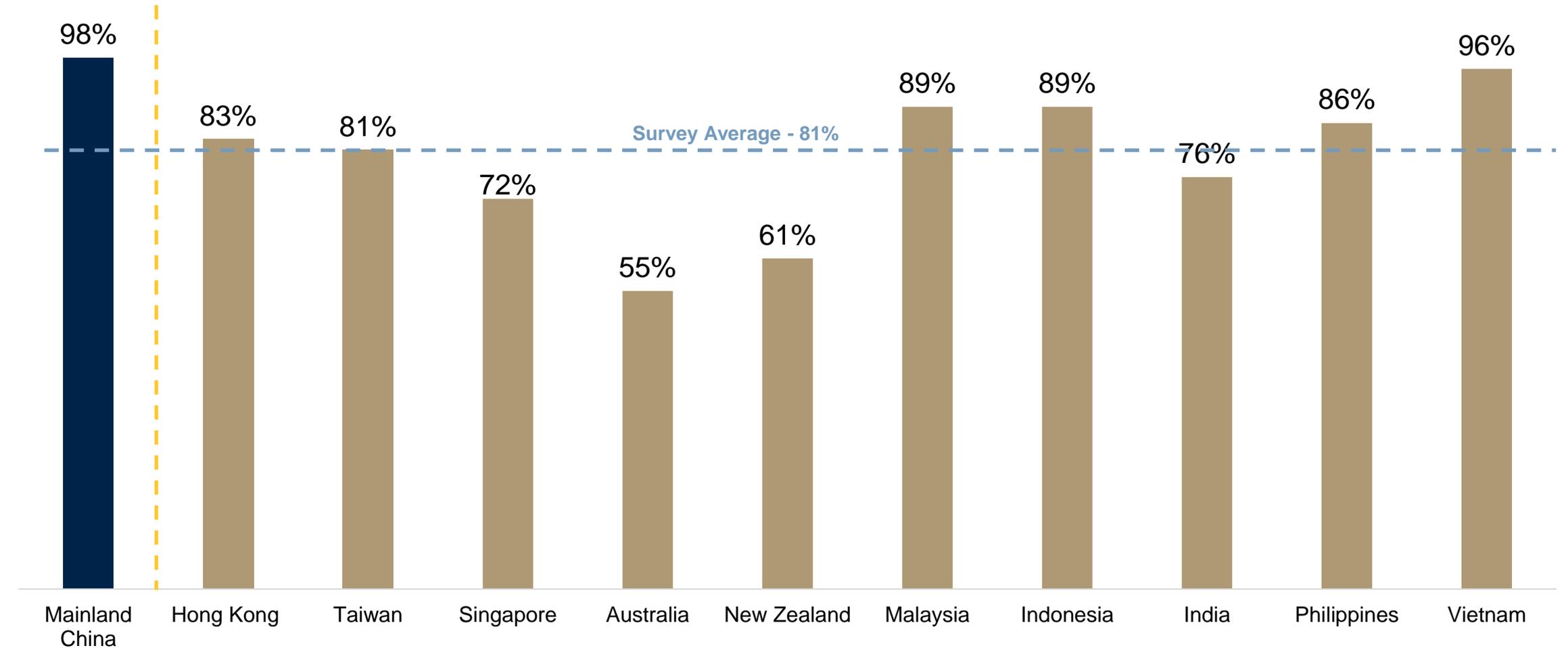
SMALL BUSINESSES THAT GENERATED MORE THAN 10 PER CENT OF THEIR SALES THROUGH NEW PAYMENT TECHNOLOGY SUCH AS PAYPAL, ALIPAY, TENPAY, WECHAT PAY AND APPLE PAY – BY MARKET



QUESTION: What percentage of your sales is received through digital / online / mobile payment technologies such as PayPal, Alipay, TenPay, WeChat Pay, Apple Pay etc.?

SMALL BUSINESSES FROM MAINLAND CHINA WERE THE MOST LIKELY TO USE SOCIAL MEDIA FOR BUSINESS PURPOSES

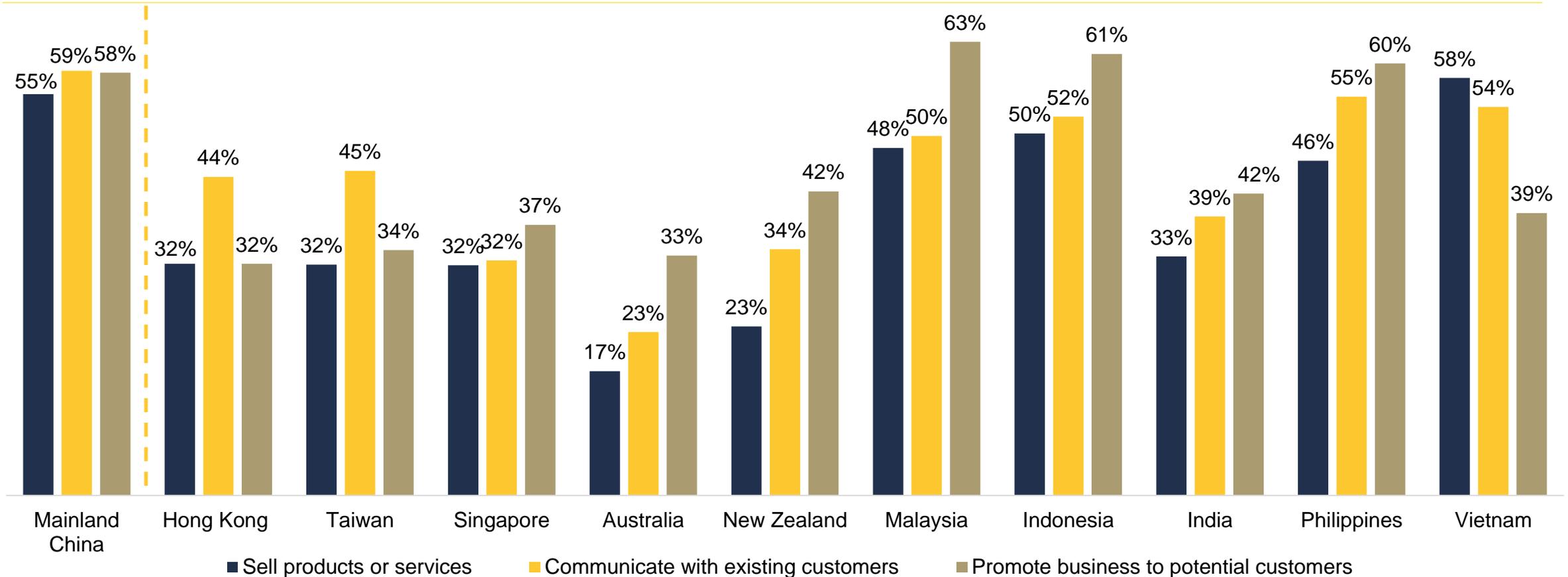
SMALL BUSINESSES THAT USED SOCIAL MEDIA FOR BUSINESS ACTIVITIES- BY MARKET



QUESTION: How do you use social media in your business?

SMALL BUSINESSES FROM MAINLAND CHINA ACTIVELY USE SOCIAL MEDIA TO SELL PRODUCTS OR SERVICES, COMMUNICATE WITH EXISTING CUSTOMERS AND PROMOTE THEIR BUSINESS TO POTENTIAL CUSTOMERS

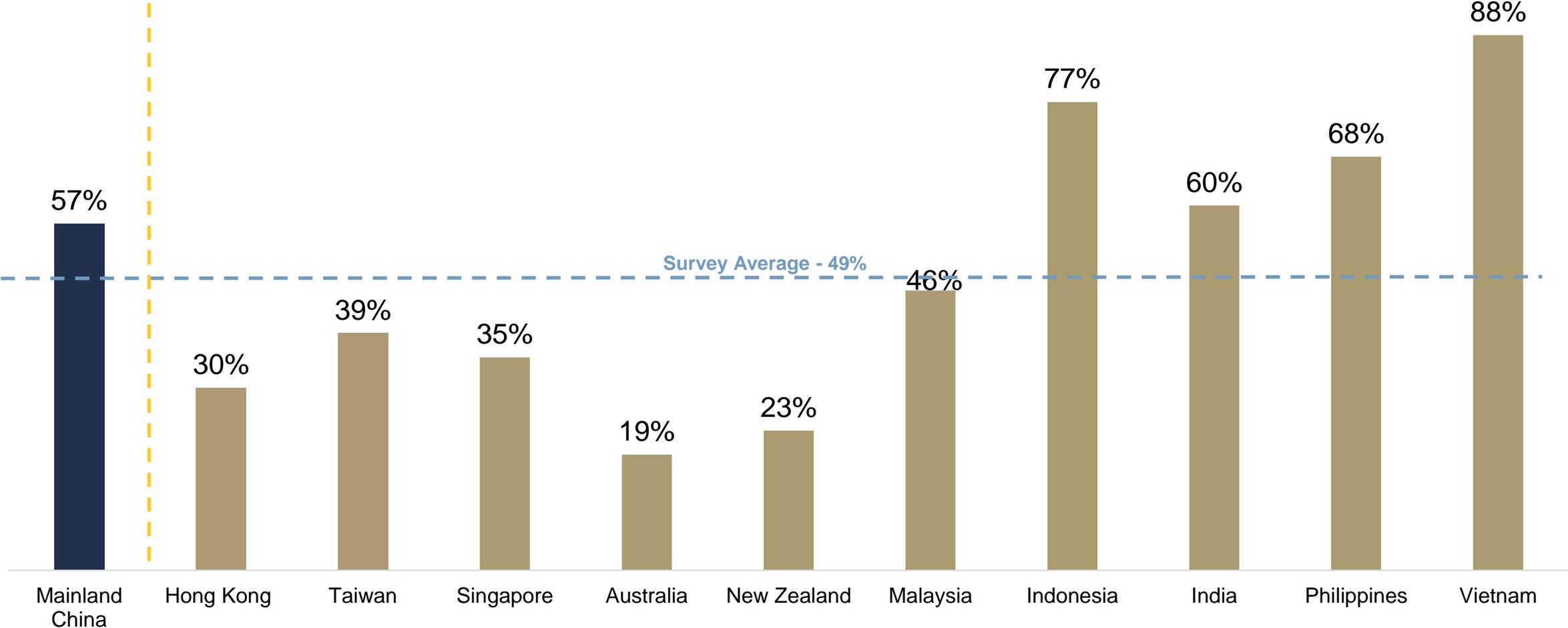
HOW SMALL BUSINESSES USE SOCIAL MEDIA- BY MARKET



QUESTION: How do you use social media in your business?

MORE THAN FIVE IN TEN OF SMALL BUSINESSES FROM MAINLAND CHINA GENERATED A QUICK RETURN FROM INVESTMENT IN TECHNOLOGY IN 2019

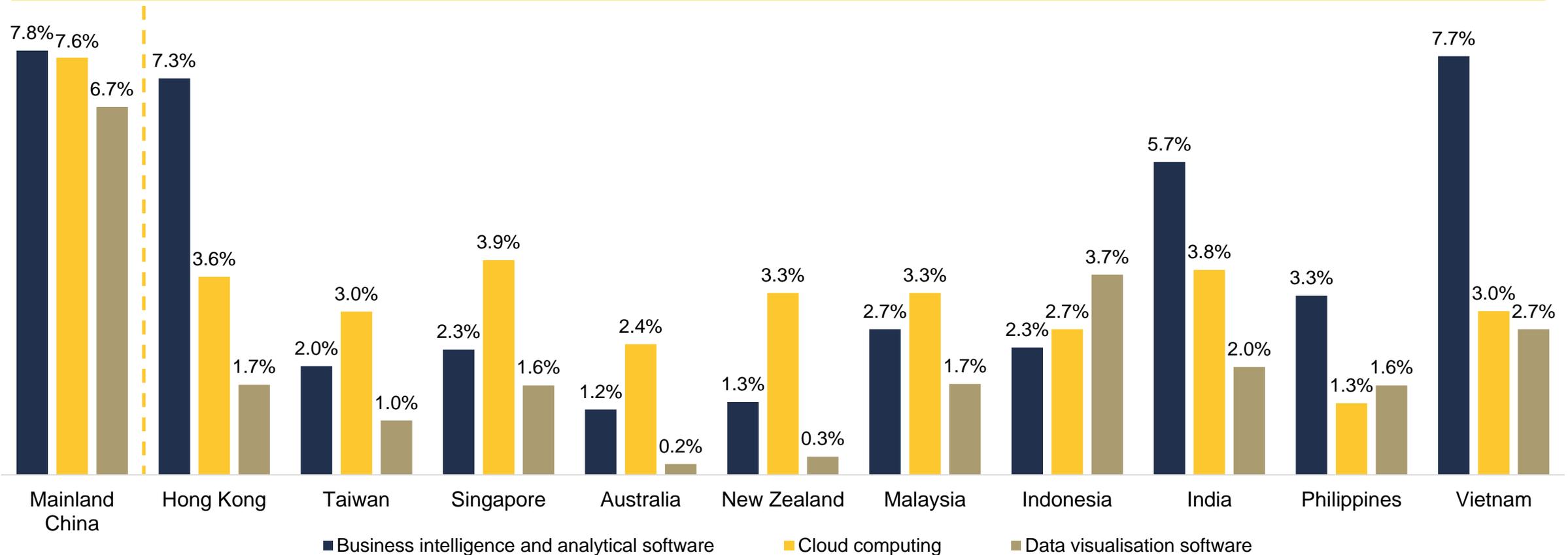
INVESTMENT IN TECHNOLOGY IN 2019 THAT HAS MADE THE BUSINESS MORE PROFITABLE – BY MARKET



QUESTION: How has your business's investment in technology over the past 12 months affected profitability?

SMALL BUSINESSES FROM MAINLAND CHINA WERE MOST LIKELY TO INVEST IN BUSINESS INTELLIGENCE AND ANALYTICAL SOFTWARE, CLOUD COMPUTING AND DATA VISUALISATION SOFTWARE IN 2019

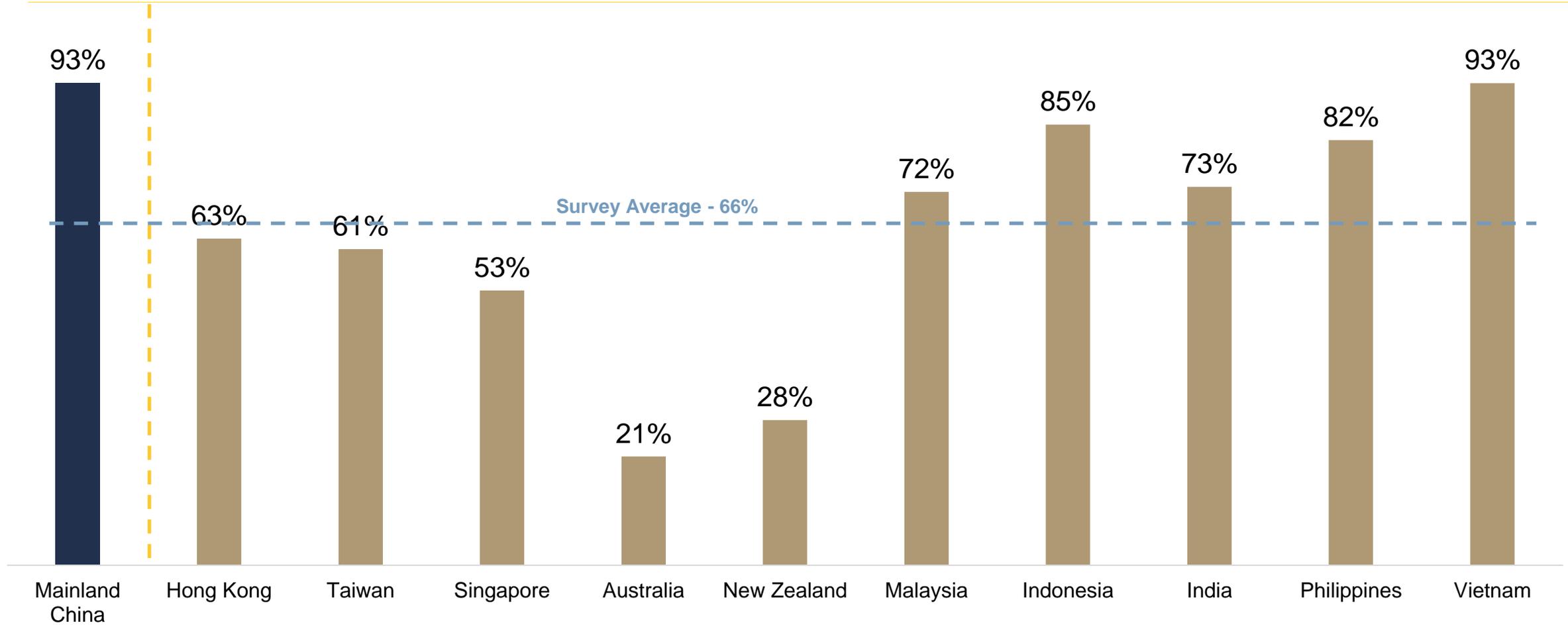
SMALL BUSINESSES THAT INVESTED IN BUSINESS INTELLIGENCE AND ANALYTICAL SOFTWARE, CLOUD COMPUTING AND DATA VISUALIZATION SOFTWARE – BY MARKET



QUESTION: In which of the following technologies did your business invest most heavily over the past 12 months?

OVER NINETY PER CENT OF SMALL BUSINESSES FROM MAINLAND CHINA EXPECT TO CONTINUE INNOVATING IN THE NEXT TWELVE MONTHS

SMALL BUSINESSES EXPECTATION ON INTRODUCING A UNIQUE PRODUCT, SERVICE OR PROCESS TO THE MARKET– BY MARKET

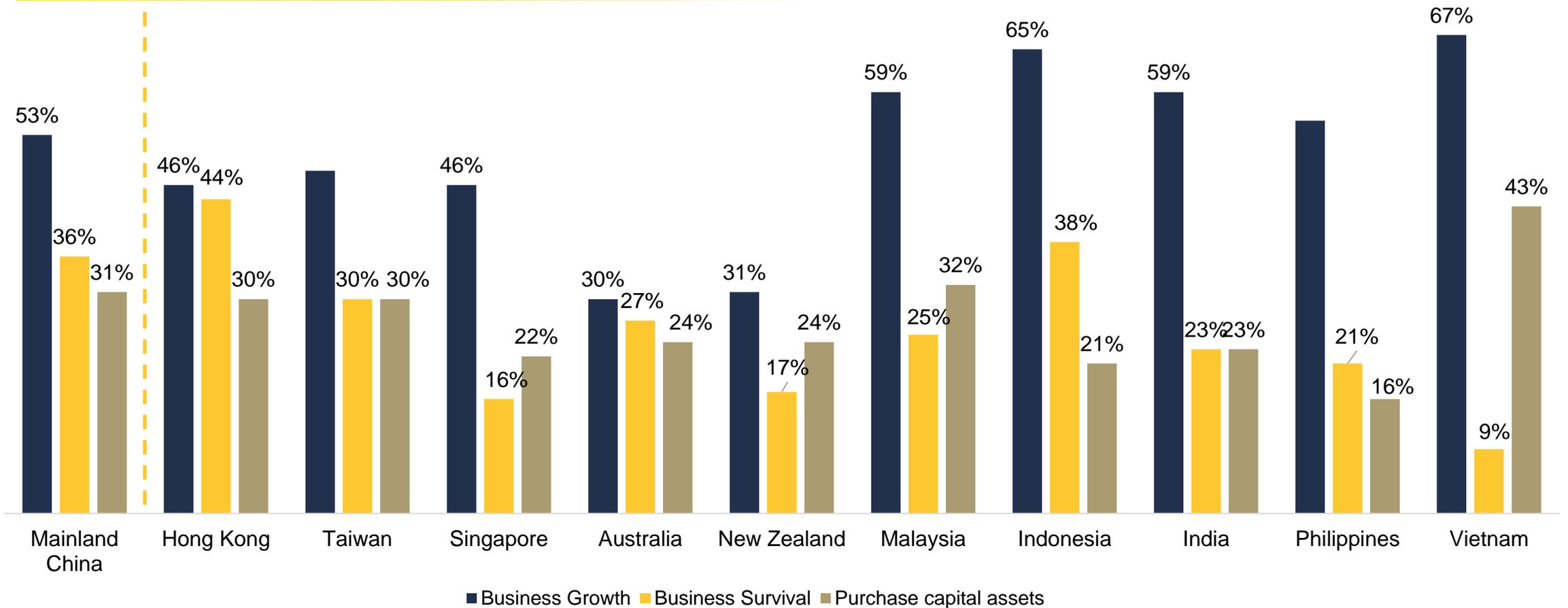


QUESTION: *Expectations on introducing a unique product, service or process to the market*

MAINLAND CHINA'S SMALL BUSINESSES ACCESS TO FINANCE

BUSINESS GROWTH REMAINS THE MAIN REASON FOR SEEKING EXTERNAL FINANCE IN 2019 IN ALL MARKETS

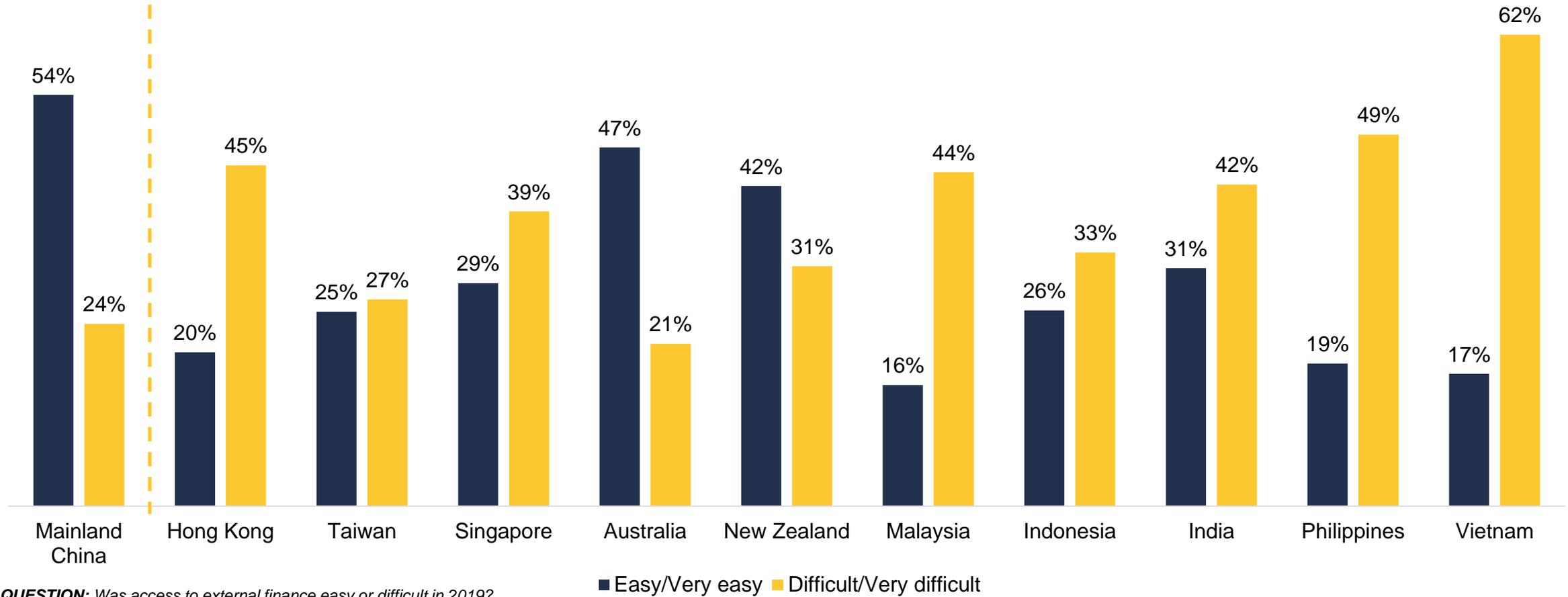
REASONS WHY BUSINESSES REQUIRED EXTERNAL FINANCE IN 2019– BY MARKET



QUESTION: which of the following best describes the reasons for requiring the external funds in the past 12 months?

SMALL BUSINESSES FROM MAINLAND CHINA WERE THE MOST LIKELY TO EXPERIENCE EASY ACCESS TO FINANCE IN 2019

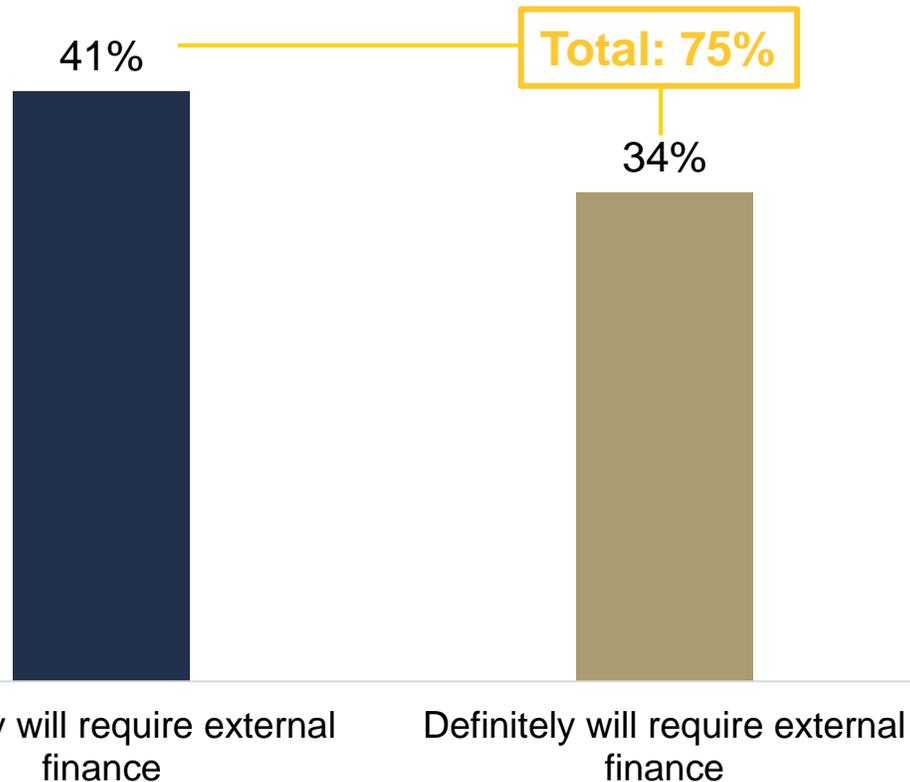
COMPARISON BETWEEN SMALL BUSINESSES THAT EXPERIENCED EASY ACCESS TO FINANCE IN 2019 TO THOSE THAT EXPERIENCED DIFFICULTY IN ACCESSING FINANCE – BY MARKET



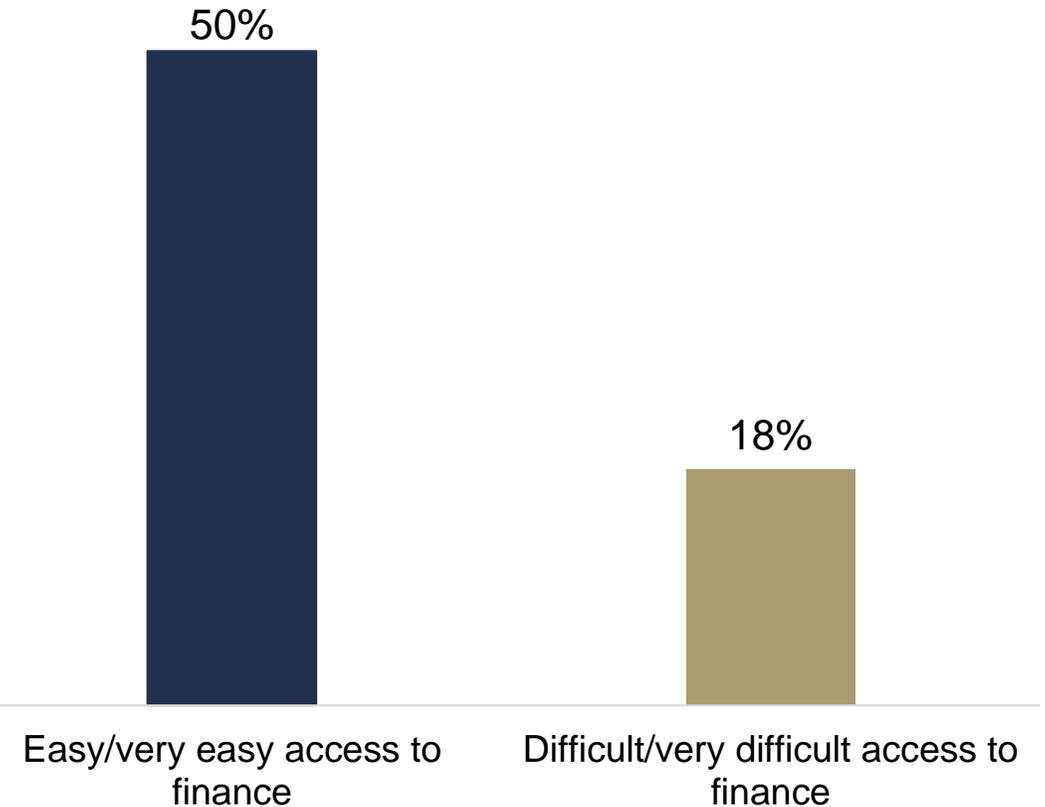
QUESTION: Was access to external finance easy or difficult in 2019?

THREE QUARTERS OF SMALL BUSINESSES FROM MAINLAND CHINA EXPECT TO SEEK EXTERNAL FINANCE IN 2020 AND HALF EXPECT EASY ACCESS TO FINANCE IN 2020

MAINLAND CHINA'S SMALL BUSINESSES EXPECTED DEMAND FOR FINANCE IN 2020



MAINLAND CHINA'S BUSINESSES EXPECTED EASY OR DIFFICULT ACCESS TO FINANCE IN 2020



QUESTION: Do you envisage that your business will seek external funds over the next 12 months?

QUESTION: Please indicate how easy or difficult you think it is going to be for your business to raise or borrow the external funds you need over the next 12 months

RECOMMENDATIONS FOR SMALL BUSINESSES IN MAINLAND CHINA

RECOMMENDATIONS FOR MAINLAND CHINA'S SMALL BUSINESSES

- Make full use of government relief measures, including tax cuts and fee reductions / exemptions.
- Focus on improving cash flow and financial health.
- Keep abreast of technology trends such as the development of 5G technology and blockchain technology to identify opportunities such technologies provide to improve business operations and to stay ahead of competitors.
- Encourage staff with any downtime to undertake training so they are better skilled to meet the recovery needs of your business.
- Capitalise on your existing pool of loyal customers and focus on improving customer satisfaction to retain existing customers and to attract new customers.
- Keep an open eye to any opportunities that may emerge in the recovery.