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

**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**

- Good staff: 26%
- Introduced a new product or service: 25%
- Improved customer satisfaction: 25%

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

- Improved customer satisfaction: 38%
- Customer loyalty: 34%
- Good staff: 24%
- Cost control: 34%
- Introduced a new product or service: 24%
- Improved business strategy: 26%

**QUESTION:** Positive influencers on businesses in 2019

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**Growing strongly average - all markets**

**Mainland China**
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**

- Increasing costs: 27%
- Poor overall economic environment: 25%
- Increasing competition: 24%

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

- **Increasing costs**:
  - 2015: 39%
  - 2016: 36%
  - 2017: 34%
  - 2018: 27%
  - 2019: 27%
- **Poor overall economic environment**:
  - 2015: 23%
  - 2016: 26%
  - 2017: 20%
  - 2018: 27%
  - 2019: 25%
- **Increasing competition**:
  - 2015: 27%
  - 2016: 28%
  - 2017: 22%
  - 2018: 26%
  - 2019: 24%

**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

QUESTION: Negative influencers on businesses in 2019

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Business reported growing strongly in 2019 – all markets</th>
<th>Business did not grow or shrank in 2019 – all markets</th>
<th>Mainland China results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology had one of the most positive impacts on their business in 2018</td>
<td>25%</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>Used social media to sell products or services</td>
<td>47%</td>
<td>25%</td>
<td>55%</td>
</tr>
<tr>
<td>Used social media to learn about the behaviours of customers and potential customers</td>
<td>42%</td>
<td>18%</td>
<td>59%</td>
</tr>
<tr>
<td>Used social media to receive/monitor customer feedback</td>
<td>42%</td>
<td>17%</td>
<td>44%</td>
</tr>
<tr>
<td>Earned 11 per cent or more of their revenue from online sales in 2019</td>
<td>68%</td>
<td>34%</td>
<td>86%</td>
</tr>
<tr>
<td>Received 11 per cent or more of their sales through new payment technology in 2019</td>
<td>69%</td>
<td>46%</td>
<td>91%</td>
</tr>
<tr>
<td>Reviewed their cybersecurity protections in the past six months</td>
<td>54%</td>
<td>33%</td>
<td>86%</td>
</tr>
<tr>
<td>Their investment in technology in 2019 was already profitable</td>
<td>71%</td>
<td>23%</td>
<td>57%</td>
</tr>
</tbody>
</table>
Small businesses from Mainland China were the most likely to have generated more than 10 per cent of their income through online sales.

**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 such as PayPal, Alipay, TenPay, WeChat Pay and Apple Pay.

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

**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

<table>
<thead>
<tr>
<th>Market</th>
<th>Survey Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>57%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>30%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>39%</td>
</tr>
<tr>
<td>Singapore</td>
<td>35%</td>
</tr>
<tr>
<td>Australia</td>
<td>19%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>23%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>46%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>77%</td>
</tr>
<tr>
<td>India</td>
<td>60%</td>
</tr>
<tr>
<td>Philippines</td>
<td>68%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>88%</td>
</tr>
</tbody>
</table>

**Survey Average** - 49%

**QUESTION:** How has your business’s investment in technology over the past 12 months affected profitability?
**Question:** In which of the following technologies did your business invest most heavily over the past 12 months?

**Small businesses from Mainland China were most likely to invest in business intelligence and analytical software, cloud computing and data visualization software in 2019.**

**Business intelligence and analytical software, cloud computing and data visualization software – by market**
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

Mainland China: 93%
Hong Kong: 63%
Taiwan: 61%
Singapore: 53%
Australia: 21%
New Zealand: 28%
Malaysia: 72%
Indonesia: 85%
India: 73%
Philippines: 82%
Vietnam: 93%

Survey Average - 66%

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

<table>
<thead>
<tr>
<th>Market</th>
<th>Business Growth</th>
<th>Business Survival</th>
<th>Purchase Capital Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>46%</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>30%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>46%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>30%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>31%</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>59%</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>65%</td>
<td></td>
<td>38%</td>
</tr>
<tr>
<td>India</td>
<td>59%</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Philippines</td>
<td>23%</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>67%</td>
<td></td>
<td>43%</td>
</tr>
</tbody>
</table>

**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?

- **Easy/Very easy**
- **Difficult/Very difficult**

- **Mainland China:** 54% (Easy/Very easy) 24% (Difficult/Very difficult)
- **Hong Kong:** 45% (Easy/Very easy) 20% (Difficult/Very difficult)
- **Taiwan:** 25% (Easy/Very easy) 27% (Difficult/Very difficult)
- **Singapore:** 39% (Easy/Very easy) 29% (Difficult/Very difficult)
- **Australia:** 47% (Easy/Very easy) 21% (Difficult/Very difficult)
- **New Zealand:** 42% (Easy/Very easy) 31% (Difficult/Very difficult)
- **Malaysia:** 44% (Easy/Very easy) 16% (Difficult/Very difficult)
- **Indonesia:** 33% (Easy/Very easy) 26% (Difficult/Very difficult)
- **India:** 42% (Easy/Very easy) 31% (Difficult/Very difficult)
- **Philippines:** 49% (Easy/Very easy) 19% (Difficult/Very difficult)
- **Vietnam:** 62% (Easy/Very easy) 17% (Difficult/Very difficult)
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**

- Possibly will require external finance: 41%
- Definitely will require external finance: 34%
- Total: 75%

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

- Easy/very easy access to finance: 50%
- Difficult/very difficult access to finance: 18%

**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.