

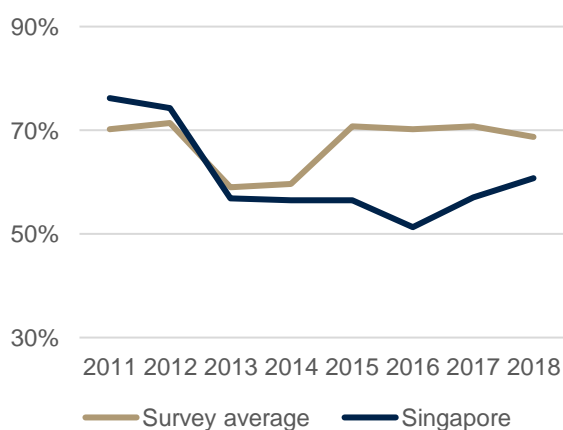
# ASIA-PACIFIC SMALL BUSINESS SURVEY 2018

## SINGAPORE MARKET SUMMARY

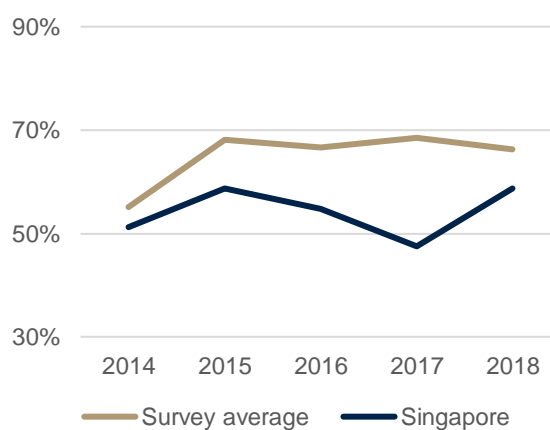
### Data snapshot

#### Business and economic growth

Small businesses that expect to grow in next 12 months (Singapore against survey average)



Small businesses that reported growing in the previous 12 months (Singapore against survey average)



	2018	Survey average 2018	Rank 2018	2017	Rank 2017	2016	2015	2014
<b>Businesses that grew in the last 12 months</b>	58.7%	66.3%	6/10	47.5%	8/8	54.8%	58.7%	51.3%
<b>Businesses that expect to grow in the next 12 months</b>	60.7%	68.8%	8/10	57.0%	7/8	51.3%	56.5%	56.5%
<b>Businesses that expect the local economy to grow in the next 12 months</b>	53.1%	58.4%	6/10	55.1%	5/8	39.4%	48.1%	61.0%

## Business activity over the past 12 months

	2018	Survey average 2018	Rank 2018	2017	Rank 2017	2016	2015	2014
Increased employee numbers	21.1%	30.3%	6/10	20.3%	6/8	19.7%	19.7%	23.2%
Improved business management had a major positive impact on their business	20.1%	21.8%	7/10	18.7%	6/8	16.8%	20.3%	N/A
Increasing costs had a major negative impact on their business	45.9%	39.9%	3/10	42.0%	2/8	41.9%	36.1%	N/A
Required funds from an external source	38.3%	53.1%	7/10	40.0%	6/8	52.6%	43.5%	49.0%
Sought external funds for business growth	62.9%	58.6%	3/10	52.5%	5/8	52.1%	52.6%	54.6%
Found it easy or very easy to access external finance	14.7%	30.2%	9/10	18.0%	7/8	24.5%	34.1%	30.9%
A bank was the business's main source of external finance	42.2%	38.1%	5/10	35.2%	6/8	41.4%	38.5%	N/A

## Planned business activity over the next 12 months

	2018	Survey average 2018	Rank 2018	2017	Rank 2017	2016	2015	2014
Expect to increase employee numbers	32.0%	41.2%	6/10	26.6%	6/8	29.0%	27.7%	35.5%
Will introduce a new product, service or process unique to their market or the world	13.9%	20.8%	7/10 <sup>^</sup>	13.1%	6/8	8.7%	15.2%	N/A
Expect revenue from overseas markets to grow strongly	18.2%	15.0%	5/10	11.5%	6/8	11.3%	17.7%	N/A
Will seek external funds	16.2%	22.9%	7/10	12.5%	6/8	16.1%	15.8%	15.5%
Expect easy to very easy access to finance	12.0%	25.1%	8/10	12.4%	7/8	15.0%	28.3%	24.4%

<sup>^</sup>Equal seventh with Taiwan

## Social media, ecommerce and technology

	2018	Survey average 2018	Rank 2018	2017	Rank 2017	2016	2015	2014
Did not earn any revenue from online sales	38.0%	28.5%	3/10	37.7%	3/8	35.5%	33.2%	31.0%
Did not use social media for business purposes	22.1%	18.3%	3/10	20.3%	3/8	22.3%	18.1%	16.1%
Social media platform the business gets most value out of	Facebook	Facebook	N/A	N/A	N/A	N/A	N/A	Facebook
Investment in technology by the business over the past 12 months has improved profitability	31.4%	48.0%	8/10	35.1%	6/8	N/A	N/A	N/A
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	N/A	N/A	N/A	N/A	N/A
Consider your business likely to be cyberattacked in next 12 months	30.4%	39.4%	7/10	35.4%	6/8	N/A	N/A	N/A
Reviewed your business's cybersecurity protections in last six months	34.0%	49.4%	10/10	N/A	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	42.7%	55.1%	7/10	36.4%	6/8	N/A	N/A	N/A

## Factors that had positive and negative influences on business in 2018

Top four factors that had a positive influence on small business in 2018	Top four factors that had a positive influence on small business in 2017
Customer loyalty	Customer loyalty
Improved business strategy	Cost control
Cost control	Good staff
Improved customer satisfaction	Technology

Top four factors that had a negative impact on small business in 2018	Top four factors that had a negative impact on small business in 2017
Increasing competition	Increasing costs
Increasing costs <sup>^</sup>	Increasing competition
Poor overall economic environment	Poor overall economic environment
Increasing rent	Staff costs

<sup>^</sup>Equal first

## Other

	2018	Survey average 2018	Rank 2018
<b>Possible trade war between the US and a range of other economies will have a negative impact on your business in next 12 months</b>	38.9%	34.7%	5/10

## Demographics

	2018	Survey average 2018	Rank 2018	2017	Rank 2017	2016	2015	2014
<b>Business has been established for 10 years or less</b>	64.4%	63.2%	6/10	62.3%	6/8	65.2%	65.5%	71.3%
<b>Respondent is aged under 40</b>	44.6%	52.5%	7/10	43.6%	5/8	51.3%	47.7%	61.6%
<b>Respondent is the business owner</b>	37.6%	36.8%	6/10	35.4%	4/8	32.6%	34.2%	40.6%
<b>Business has 10 to 19 employees</b>	31.7%	35.7%	5/10	32.5%	5/8	48.4%	33.2%	38.4%

## Summary

The performance of Singapore's small businesses in 2018 was typically positive, with the majority stating that their business grew, bettering the 2017 result by a reasonable margin. Despite challenging global economic conditions, 2019 looks like it will also be a positive year for most of Singapore's small businesses.

The majority of respondents reported that they grew (58.7 per cent) – up from 47.5 per cent in 2017, the highest result for Singapore since 2015. It is also the highest result of the developed economies included in this survey (Australia, Hong Kong, New Zealand, Singapore and Taiwan). These positive results are expected to continue in 2019, with 60.7 per cent of businesses expecting to grow – the best result for Singapore since the 2012 survey. Given major uncertainties, such as global trade tensions and Brexit, and Singapore's externally-focused business sector, this is a very good result.

Small business confidence in Singapore's economy in 2019 remains positive, with 53.1 per cent of Singapore's small businesses expecting the local economy to grow in 2019. This result is almost double the percentage of Singaporean small businesses that have a negative economic outlook for 2019 and is close to expectations for 2018 which, given growing global economic risks, is a positive result and a vote of confidence in the nation's economic direction.

There is little change in the percentage of Singaporean small businesses that added staff over the past five years, with just over one in five (21.1 per cent) adding to their staff numbers in 2018; with Singaporean small businesses the most likely of the developed economies in the survey to have added staff. Reflecting slightly stronger growth expectations for 2019, the percentage of small businesses expecting to add to their staff numbers in 2019 (32.0 per cent) is up from 2018 and is at its highest level since 2014.

The major challenges Singapore's small businesses faced in 2018 were increasing costs and increasing competition – with this being the case for several years. Singapore's small businesses were the third most likely of the markets surveyed to select increasing competition as a barrier to their growth. However, concerns over increasing competition is not necessarily negative, as it reflects a vibrant and well-regulated economy. Further, competition is also beneficial to businesses in the long-term as it encourages businesses to undertake activities and make investments that create a competitive advantage, especially in the areas of innovation, exporting and technology, as well as having a stronger customer focus.

Singaporean small businesses were most likely to nominate staff costs as the cost increase most detrimental to their business in 2018, followed by rent. Given concerns over increasing costs, it is of no surprise that many Singaporean small businesses nominated cost control as the third most popular factor that had a beneficial impact on their business in 2018. Customer loyalty was the factor that had the most positive impact on Singaporean small businesses in 2018, followed by improved business strategy.

Slightly more of Singapore's small businesses state that they will innovate through the introduction of a new product, service or process in 2019 (13.9 per cent) than in 2018 (13.1 per cent) and 2017 (8.7 per cent). This improved result from 2017 reflects stronger confidence in Singapore's economy, and concerns over increasing competition. The strong support Singapore's government gives business to encourage innovation, and the typically strong management capabilities of Singapore's small businesses, has no doubt also contributed to more Singaporean small businesses focusing on innovation in 2018 and 2019.

Singapore's small businesses, like their counterparts in the rest of Asia, typically have a strong focus on utilising digital technologies in their business, especially in comparison to Australian small business, although there is room for improvement. For example, with 37.3 per cent of Singapore's small businesses generating more than 10 per cent of their sales online compared with the survey average of 50.3 per cent, a stronger focus on online sales would be beneficial as the survey shows there is a strong link between this and business growth.

An overwhelming majority of small businesses in Singapore use social media for business purposes, with only 22.1 per cent saying that they did not use social media. The most popular use of social media is to promote their business, and the platform they get the most value from is Facebook. Some small businesses should consider expanding how they use social media, with the survey showing that businesses that use social media to learn about customer behaviours, and to receive and monitor customer feedback, are much more likely to be growing strongly.

Around two thirds of Singapore's small businesses receive payment from digital and mobile payment options such as Alipay, Apple Pay and WeChat Pay. This is positive, however small businesses may benefit from making such technology a more important part of their business, with the survey results showing a strong link between business growth and the use of such technology. With Singapore's excellent communications infrastructure and world-leading support for small businesses wishing to grow their digital presence, we expect Singapore's small businesses to move quickly to make digital payment technologies a more important to their business.

Singapore's small businesses typically do not believe that their systems will be cyberattacked in 2019, with only 30.4 per cent stating that a cyberattack is likely, less than the survey average of 39.4 per cent. Given this result, it is not surprising that 34.0 per cent of Singapore's small businesses have reviewed their cybersecurity in the past six months. We would, however, suggest that Singapore's small business should have a stronger focus cybersecurity. Government programs such as [Go Safe for Business](#) can assist small business with their cybersecurity.

This investment in technology is producing benefits for many of Singapore's small businesses, with 31.4 per cent of respondents stating that their investment in technology in 2018 had already resulted in improvements in profitability.

Singapore's small businesses remain somewhat reluctant to seek out external finance, despite improvements in business conditions in 2018. Only 38.3 per cent of businesses required external funds in 2018, the lowest percentage since 2014. This may reflect positively on the management capability of Singapore's small businesses as they are making better use of existing assets to grow their business. Further, it suggests that some are funding their growth through internal sources, which reflects better cash flow management.

The relatively low level of demand may also reflect the difficulty many experienced in securing external finance in 2018, with 60.3 per cent stating that the experience was difficult, making Singapore the most difficult market to access external finance in 2018. While small businesses were the most likely to state that banks were their main source of finance, Singapore's small businesses were the most likely of the markets surveyed to declare that a government grant was their main source of finance.

The threat of a major disruption to global trade because of trade disputes is of concern to many of Singapore's small businesses, with 38.9 per cent stating that they believe it will have a negative impact on their business in 2019. With Singapore's open economy and large trade-orientated business sector, this is not a surprise.