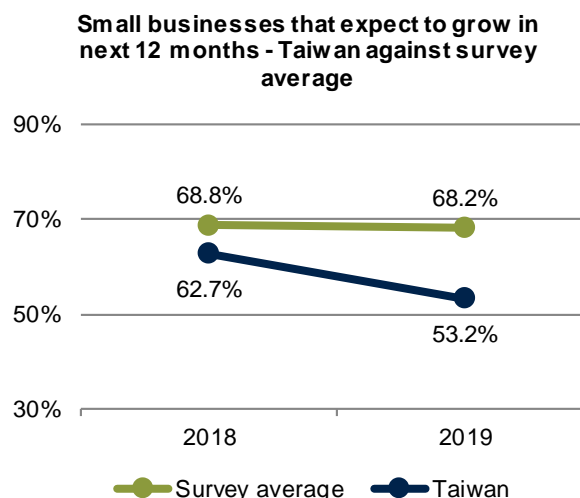
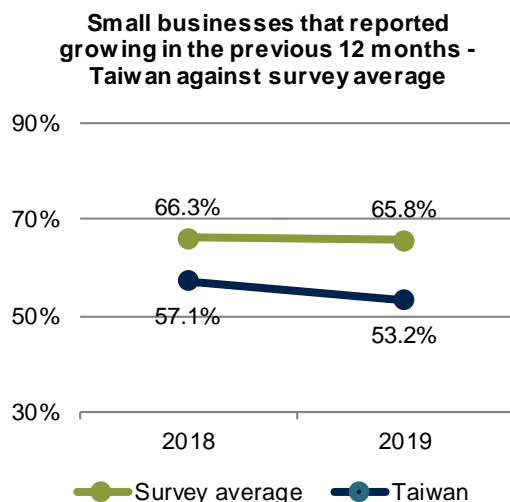


## Taiwan market summary<sup>1</sup>

### Business and economic growth



	2019	Survey average 2019	Rank 2019	2018	Rank 2018
<b>Businesses that grew in the last 12 months</b>	53.2%	65.8%	7/11	57.1%	8/10
<b>Businesses that expect to grow in the next 12 months</b>	53.2%	68.2%	8/11	62.7%	7/10
<b>Businesses that expect the local economy to grow in the next 12 months</b>	42.2%	59.1%	7/11	44.2%	8/10

### Business activity over the past 12 months

	2019	Survey average 2019	Rank 2019	2018	Rank 2018
<b>Increased employee numbers</b>	17.6%	32.6%	8/11	20.8%	7/10
<b>Improved business management had a major positive impact on the business</b>	11.3%	17.6%	10/11	13.9%	8/10
<b>Increasing costs had a major negative impact on the business</b>	29.6%	33.8%	9/11	29.4%	10/10
<b>Required funds from an external source</b>	40.5%	52.2%	8/11	37.3%	8/10
<b>Sought external funds for business growth</b>	48.4%	54.0%	7/11	46.0%	8/10
<b>Found it easy or very easy to access external finance</b>	25.4%	31.6%	7/11	21.2%	7/10
<b>A bank was the business's main source of external finance</b>	26.2%	36.2%	10/11	29.2%	10/10

<sup>1</sup> For the purpose of this survey, data collected from small businesses in Taiwan and Hong Kong are shown separately from the data collected for the rest of China

## Planned business activity over the next 12 months

	2020	Survey average	Rank 2020	2019	Rank 2019
Expect to increase employee numbers	22.3%	42.7%	8/11	29.4%	7/10
Will introduce a new product, service or process unique to their market or the world	13.3%	25.8%	8/11	13.9%	7/10 <sup>^</sup>
Expect revenue from overseas markets to grow strongly	6.0%	17.1%	9/11	10.6%	7/10
Will seek external funds	8.3%	23.3%	10/11	11.9%	8/10
Expect easy to very easy access to finance	22.8%	27.4%	7/11	19.5%	7/10

<sup>^</sup> equal seventh with Singapore

## Social media, e-commerce and technology

	2019	Survey average 2019	Rank 2019	2018	Rank 2018
Did NOT earn any revenue from online sales	32.2%	26.2%	4/11	34.0%	4/10
Did NOT use social media for business purposes	18.6%	18.9%	5/11	16.8%	4/10
Investment in technology by the business over the past 12 months has improved profitability	38.5%	48.9%	7/11	33.0%	6/10
Technology your business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A
Consider your business likely to be subjected to a cyberattack in next 12 months	33.9%	37.5%	6/11	37.3%	6/10
Reviewed your business's cybersecurity protections in last six months	38.9%	45.9%	6/11	42.2%	5/10
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	31.5%	60.1%	11/11	31.4%	10/10

## Factors that had positive and negative influences on business in 2019

Top four factors that had a positive influence on small business in 2019	Top four factors that had a positive influence on small business in 2018
Customer loyalty	Customer loyalty
Cost control	Good staff
Good staff	Cost control
Introduced a new product or service	Introduced a new product or service

Top four factors that had a negative impact on small business in 2019	Top four factors that had a negative impact on small business in 2018
Increasing costs	Increasing costs
Poor overall economic environment	Poor overall economic environment
Staff cost	Increasing competition
Increasing competition	Staff cost <sup>^</sup> Political instability

<sup>^</sup> equal fourth

## Impact of a trade war

	2019	Survey average 2019	Rank 2019	2018	Rank 2018
Possible trade war between the US and a range of other economies will have a negative impact on your business in next 12 months	38.9%	33.1%	5/11	41.6%	3/10

## Demographics

	2019	Survey average 2019	Rank 2019	2018	Rank 2018
Business has been established for 10 years or less	56.5%	65.4%	8/11	60.4%	7/10
Respondent is aged under 40	44.2%	54.7%	9/11	44.9%	6/10
Respondent is the business owner	13.6%	42.5%	9/11	14.2%	8/10
Business has 10 to 19 employees	23.9%	34.6%	6/11	21.5%	7/10

## Summary

The performance of Taiwan's small businesses in 2019 was generally positive although slightly weaker than in 2018, with 53.2 per cent stating that their business grew in 2019, compared with 57.1 per cent in 2018.

Reflecting 2019 being slightly more subdued year for Taiwan's small businesses, only 17.6 per cent added to their headcount in 2019, down from 20.8 per cent in 2018.

While Taiwan does well in comparison to Australia on their use of digital technologies, there is room for a stronger focus on the following important drivers of growth:

- Online sales. While Taiwan does relatively well in comparison to Australia, Mainland China's small businesses are the clear leaders in e-commerce in the region with 86.3 per cent of businesses generating more than 10 per cent of their revenue online.
- Using digital payments technology. Taiwan's small businesses were the least likely of the markets surveyed to be generating more than 10 per cent of their sales through digital and online payment technologies, such as PayPal, Apple Pay and WeChat Pay. Only 31.5 per cent of Taiwan's small businesses generated more than 10 per cent of their sales through such technology, in comparison to 91.4 per cent of small businesses from Mainland China.
- Using social media to improve understanding of customers. Taiwan's small business should find that using social media to gain a better understanding of customer behaviours, and to receive and monitor customer feedback, will help with growth.

- **Cybersecurity.** While 38.9 per cent of Taiwan's small businesses reviewed their cybersecurity measures in the past six months, this was below the survey average of 45.9 per cent.

Overall, only 10.6 per cent of Taiwan's small businesses stated that technology had one of the most positive impacts on their business in 2019, compared to the survey average of 20.0 per cent and 45.7 per cent in Vietnam.

We make these suggestions as the survey results indicate that there is a link between a focus on digital and e-commerce adoption and business growth. Further, with businesses from Taiwan indicating that staff costs were the costs most detrimental to their business in 2019, a stronger focus on technology, such as automation, can reduce the need for staff or free up staff to perform higher value-added tasks.

Taiwan's small businesses faced several challenges in addition to global trade tensions in 2019, with increasing costs being the issue Taiwan's businesses are most likely to nominate as a barrier to growth. Other issues of concern include local economic conditions, staff cost, and increasing competition.

In addition to a stronger focus on technology, Taiwan's small businesses would also benefit from a greater focus on innovation as only 13.3 per cent of Taiwan's businesses declared they will innovate in 2020 compared with the survey average of 25.8 per cent and 45.6 per cent of businesses from top-ranked Mainland China.

While 53.2 per cent of Taiwan's businesses grew in 2019, only 40.5 per cent required funds from an external source. This reflects positively on the management capability of Taiwan'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 from internal sources, which reflects good cash flow management.

The relatively low level of demand for finance may also reflect that many did not experience easy conditions when seeking external finance in 2019, with only 25.4 per cent stating that they found access to finance easy, below the survey average of 31.6 per cent.

More of Taiwan's small businesses need to increase their use of digital technologies in their business, including online sales, as well as having a stronger focus on customer satisfaction if they are going to recover from the negative business impacts of COVID-19 quickly.