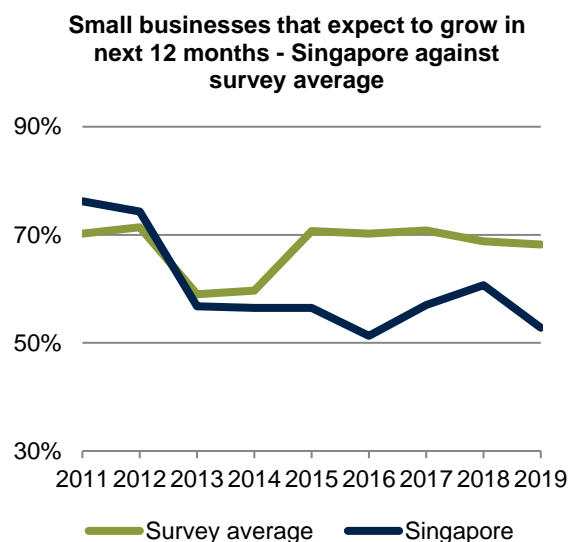
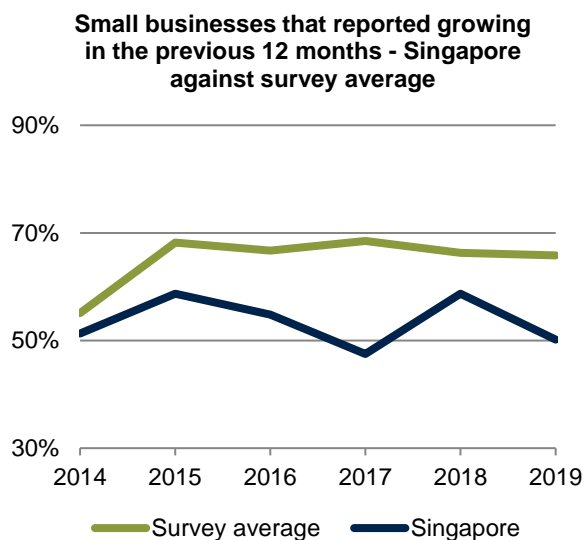


Singapore market summary

Business and economic growth



	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Businesses that grew in the last 12 months	50.2%	65.8%	8/11	58.7%	6/10	47.5%	54.8%	58.7%
Businesses that expect to grow in the next 12 months	52.8%	68.2%	9/11	60.7%	8/10	57.0%	51.3%	56.5%
Businesses that expect the local economy to grow in the next 12 months	39.0%	59.1%	8/11	53.1%	6/10	55.1%	39.4%	48.1%

Business activity over the past 12 months

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Increased employee numbers	18.7%	32.5%	7/11	21.1%	6/10	20.3%	19.7%	19.7%
Improved business management had a major positive impact on their business	14.1%	17.6%	8/11	20.1%	7/10	18.7%	16.8%	20.3%
Increasing costs had a major negative impact on their business	36.1%	33.8%	3/11	45.9%	3/10	42.0%	41.9%	36.1%
Required funds from an external source	31.5%	52.2%	9/11	38.3%	7/10	40.0%	52.6%	43.5%
Sought external funds for business growth	45.8%	54.0%	9/11	62.9%	3/10	52.5%	52.1%	52.6%
Found it easy or very easy to access external finance	29.2%	31.6%	5/11	14.7%	9/10	18.0%	24.5%	34.1%
A bank was the business's main source of external finance	28.1%	36.2%	9/11	42.2%	5/10	35.2%	41.4%	38.5%

Planned business activity over the next 12 months

	2020	Survey average	Rank 2020	2019	Rank 2019	2018	2017	2016
Expect to increase employee numbers	31.1%	42.7%	7/11	32.0%	6/10	26.6%	29.0%	27.7%
Will introduce a new product, service or process unique to their market or the world	13.4%	25.8%	7/11	13.9%	7/10 [^]	13.1%	8.7%	15.2%
Expect revenue from overseas markets to grow strongly	12.8%	17.1%	7/11	18.2%	5/10	11.5%	11.3%	17.7%
Will seek external funds	9.2%	23.3%	9/11	16.2%	7/10	12.5%	16.1%	15.8%
Expect easy to very easy access to finance	23.4%	27.4%	6/11	12.0%	8/10	12.4%	15.0%	28.3%

[^] equal seventh with Taiwan

Social media, e-commerce and technology

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Did NOT earn any revenue from online sales	39.0%	26.2%	3/11	38.0%	3/10	37.7%	35.5%	33.2%
Did NOT use social media for business purposes	27.9%	18.9%	3/11	22.1%	3/10	20.3%	22.3%	18.1%
Investment in technology by the business over the past 12 months has improved profitability	35.1%	48.9%	8/11	31.4%	8/10	35.1%	N/A	N/A
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	N/A	N/A	N/A
Consider your business likely to be cyberattacked in next 12 months	29.5%	37.5%	9/11	30.4%	7/10	35.4%	N/A	N/A
Reviewed your business's cybersecurity protections in last six months	31.1%	45.9%	11/11	34.0%	10/10	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	51.3%	60.1%	6/11	42.7%	7/10	36.4%	N/A	N/A

Factors that had positive and negative influences on business

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
Good staff	Improved business strategy
Improved customer satisfaction	Cost control
Cost control	Improved customer satisfaction

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 competition	Increasing competition
Increasing costs	Increasing costs^
Poor overall economic environment	Poor overall economic environment
Difficulty expanding into new markets	Increasing rent

^ equal first

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	41.3%	33.1%	3/11	38.9%	5/10

Demographics

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Business has been established for 10 years or less	63.6%	65.4%	7/11	64.4%	6/10	62.3%	65.2%	65.5%
Respondent is aged under 40	44.6%	54.7%	8/11	44.6%	7/10	43.6%	51.3%	47.7%
Respondent is the business owner	49.5%	42.5%	7/11	37.6%	6/10	35.4%	32.6%	34.2%
Business has 10 to 19 employees	21.3%	34.6%	8/11	31.7%	5/10	32.5%	48.4%	33.2%

Summary

The performance of Singapore's small businesses in 2019 was reasonably positive, with the majority (50.2 per cent) stating that their business grew, though this was a decline from 2018, where 58.7 per cent grew.

There is also a small decrease in the percentage of Singaporean small businesses that added staff over the past 12 months, with 18.7 per cent adding to their staff numbers in 2019 – down from 21.1 per cent in 2018; though Singaporean small businesses remain the most likely of the developed economies in the survey to have added staff.

The major challenges Singapore's small businesses faced in 2019 were increasing costs and increasing competition – with this being the case for several years. Singapore's small businesses were the fourth most likely of the markets surveyed to select increasing competition as a barrier to their growth. However, this is not necessarily negative, as it can be beneficial to businesses in the long-term as it encourages them to undertake activities and make investments to stay ahead of competitors, 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 2019, followed by utility costs. Given concerns over increasing staff costs, it is of no surprise that many Singaporean small businesses nominated good staff as having a positive influence on their business in 2019.

Slightly fewer of Singapore's small businesses state that they will innovate through the introduction of a new product, service or process in 2020 (13.4 per cent) than in 2019 (13.9 per cent).

Singapore's small businesses typically have a strong focus on using digital technologies in their business, especially in comparison to Australian small business, although there is room for improvement. For example, with 35.7 per cent of Singapore's small businesses

generating more than 10 per cent of their revenue online compared with the survey average of 51 per cent. Further, there is a strong link between online sales and business growth.

An overwhelming majority of small businesses in Singapore use social media for business purposes, with only 27.9 per cent saying that they did not use social media, although this is still above the survey average of 18.9 per cent. This suggests that there are opportunities for Singapore's small businesses to expand their usage of social media for business purposes. The survey results show that businesses that use social media to communicate with existing customers and to promote their business to potential customers, are much more likely to be growing strongly.

Around 70 per cent of Singapore's small businesses receive payment from digital and mobile payment options such as Alipay, Apple Pay and WeChat Pay, up from around 66 per cent in 2018 and around 57 per cent in 2017. With Singapore's excellent communications infrastructure and world-leading support for small businesses wishing to grow their digital presence, we expect more Singaporean small businesses to adopt digital payment technologies in the next 12 months.

Investment in technology is also producing benefits for many of Singapore's small businesses, with 35.1 per cent of respondents stating that their investment in technology in 2019 had already improved profitability, up from 31.4 per cent in 2018. With increasing concerns over costs, investment in technology may also help Singapore's small businesses better control costs.

Singapore's small businesses typically do not believe that their systems will experience a cyberattack in 2020, with only 29.5 per cent stating that a cyberattack is likely, less than the survey average of 37.5 per cent. Given this result, it is not surprising that 31.1 per cent of Singapore's small businesses 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.

Singapore's small businesses remain somewhat reluctant to seek external finance. Only 31.5 per cent of businesses required external funds in 2019, the lowest percentage since the survey began collecting data on this issue. 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.

While Singapore's small businesses do reasonably well on using digital technologies in their business, a stronger focus on such technologies, as well as innovation will be important for their recovery from COVID-19 and beyond.