

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

SINGAPORE RESULTS

WHY CONDUCT A SURVEY?

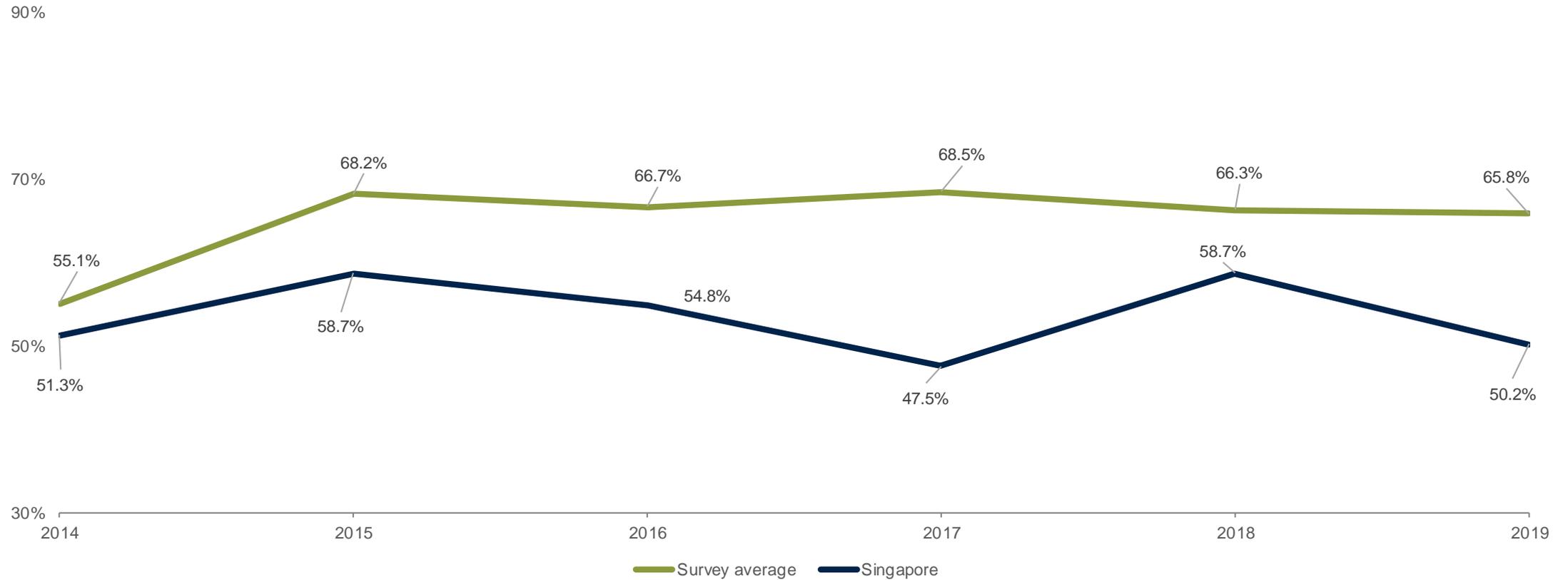
- To determine small business confidence in different markets across the Asia Pacific and to compare changes in confidence over time
- To determine what growing small businesses do differently to other businesses
- To identify trends in the use of technology by small business including e-commerce, social media and new payment technologies
- To gather data on small business access to finance

SURVEY DESIGN & METHODOLOGY

- Online survey conducted amongst a random sample of business owners/managers from businesses of less than 20 employees
- The survey was conducted between 18 November and 12 December 2019
- The findings from the survey come from **4193** small businesses in **11 markets** across Asia Pacific, being Hong Kong, Mainland China, Taiwan, Malaysia, Vietnam, India, Indonesia, Philippines, Singapore, Australia and New Zealand.
- There were 305 respondents from Singapore. The respondents came from all industries, with professional services (14.4 per cent), retail trade (13.1 per cent) and education and training (9.8 per cent) being the industries with the largest representation

KEY DATA - SINGAPORE

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



KEY DATA - SINGAPORE

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%

Business activity over the past 12 months

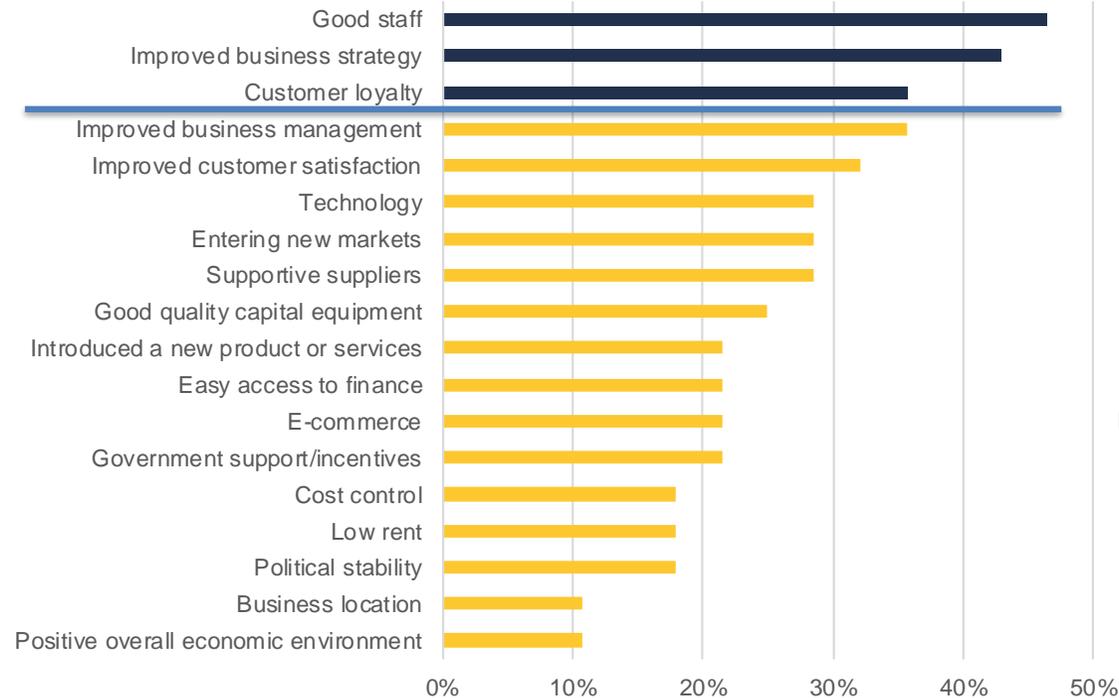
	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Increased employee numbers	18.7%	32.5%	7/11	21.1%	6/10	20.3%	19.7%	19.7%
Improved business management had a major positive impact on their business	14.1%	17.6%	8/11	20.1%	7/10	18.7%	16.8%	20.3%
Increasing costs had a major negative impact on their business	36.1%	33.8%	3/11	45.9%	3/10	42.0%	41.9%	36.1%
Expressed difficulty paying debts	15.7%	18.2%	6/11 [^]	N/A	N/A	N/A	N/A	N/A
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%

[^]equal sixth with New Zealand

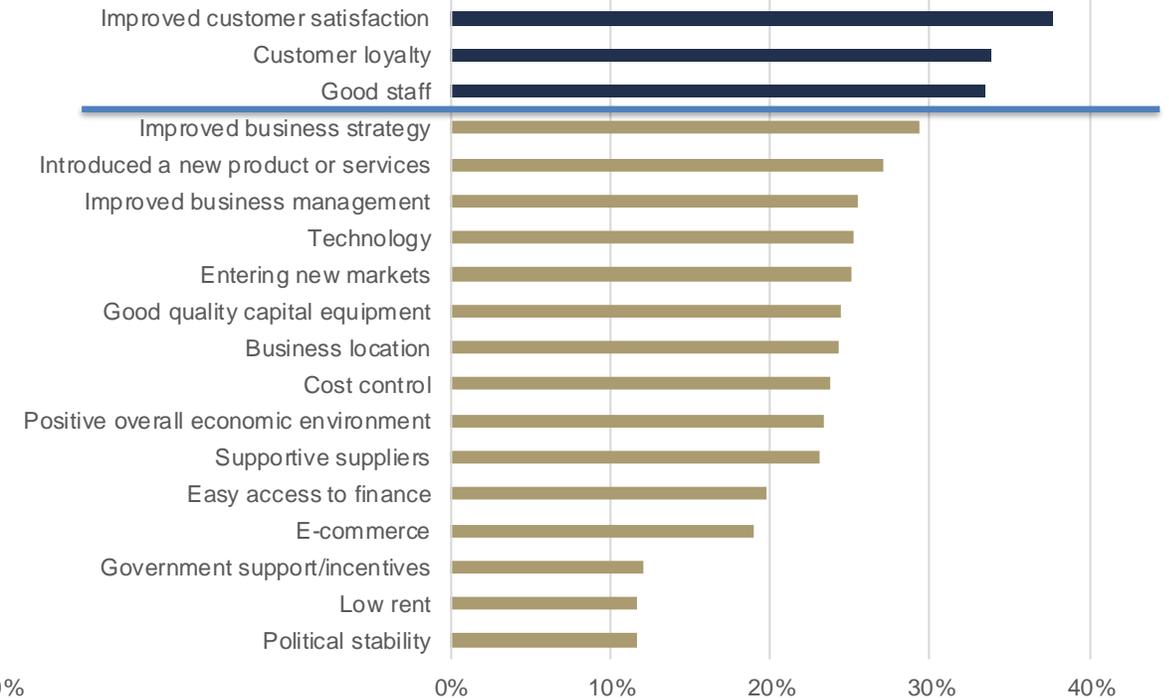
THE MOST POSITIVE AND NEGATIVE FACTORS IMPACTING SMALL BUSINESS

SINGAPORE BUSINESSES THAT GREW STRONGLY IN 2019 HAD A STRONGER FOCUS ON GOOD STAFF, STRATEGY, AND CUSTOMER LOYALTY COMPARED TO GROWING BUSINESSES IN OTHER MARKETS

FACTORS THAT HAD THE MOST POSITIVE IMPACTS ON BUSINESSES IN 2019 – **GREW STRONGLY (SINGAPORE)**



FACTORS THAT HAD THE MOST POSITIVE IMPACTS ON BUSINESSES IN 2019 – **GREW STRONGLY ALL MARKETS**



QUESTION: Positive influencers on businesses in 2019

FACTORS THAT HAD POSITIVE AND NEGATIVE INFLUENCES ON SINGAPORE'S SMALL BUSINESSES

Top four factors that had a positive influence on Singapore's small business in 2019

- Customer loyalty (34.1%)
- Good staff (27.5%)
- Improved customer satisfaction (26.2%)
- Cost control (22.3%)

Top four factors that had a positive influence on small businesses that grew strongly in 2019 (all markets)

- Improved customer satisfaction (37.7%)
- Customer loyalty (33.8%)
- Good staff (33.5%)
- Improved business strategy (29.4%)

Top four factors that had a positive influence on Singapore's small business in 2018

- Customer loyalty (42.2%)
- Improved business strategy (30.0%)
- Cost control (28.4%)
- Improved customer satisfaction (27.4%)

Top four factors that had a negative impact on Singapore's small business in 2019

- Increasing competition (39.0%)
- Increasing costs (36.0%)
- Poor overall economic environment (27.5%)
- Difficulty expanding into new markets (23.6%)

Top four factors that had a negative influence on small businesses that grew strongly in 2019 (all markets)

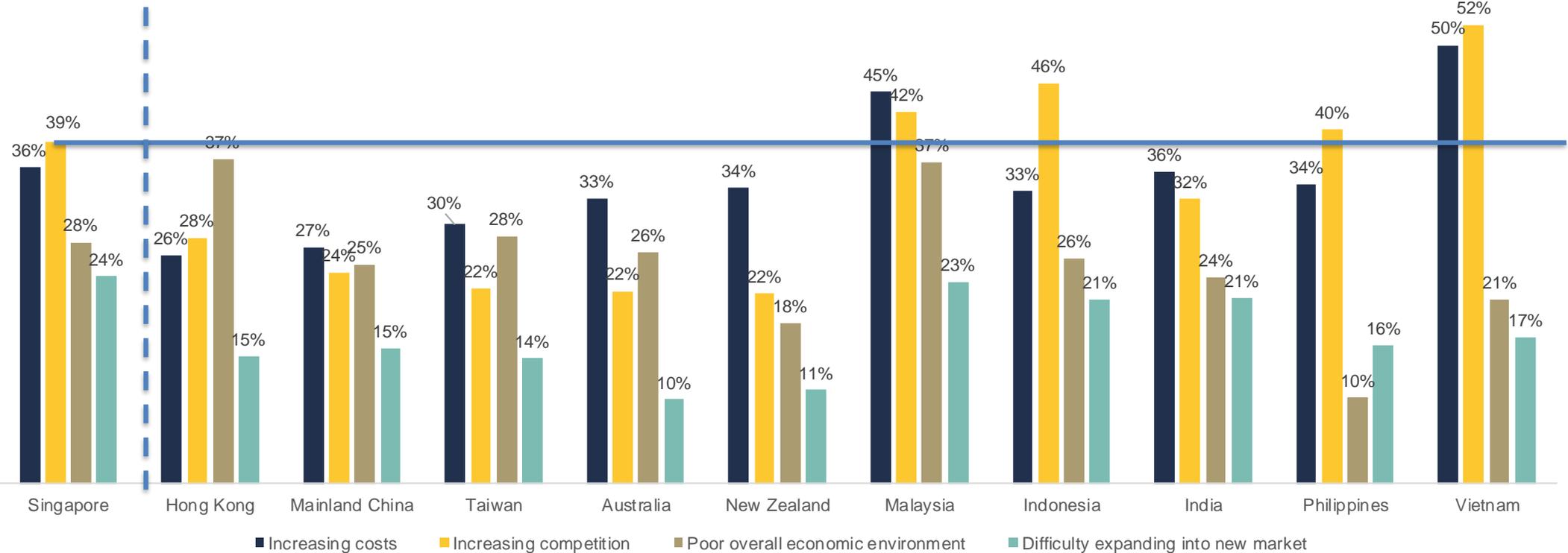
- Increasing costs (27.5%)
- Increasing competition (27.0%)
- Tax (22.0%)
- Increasing rent (19.8%)

Top four factors that had a negative impact on Singapore's small business in 2018

- Increasing competition (45.9%)
- Increasing costs (45.9%)
- Poor overall economic environment (27.4%)
- Increasing rent (25.4%)

SINGAPORE'S SMALL BUSINESSES WERE THE MOST LIKELY TO CHOOSE 'INCREASING COSTS AND COMPETITION' AS HAVING A NEGATIVE IMPACT ON THEIR BUSINESS IN 2019 COMPARED TO BUSINESSES IN OTHER DEVELOPED ECONOMIES

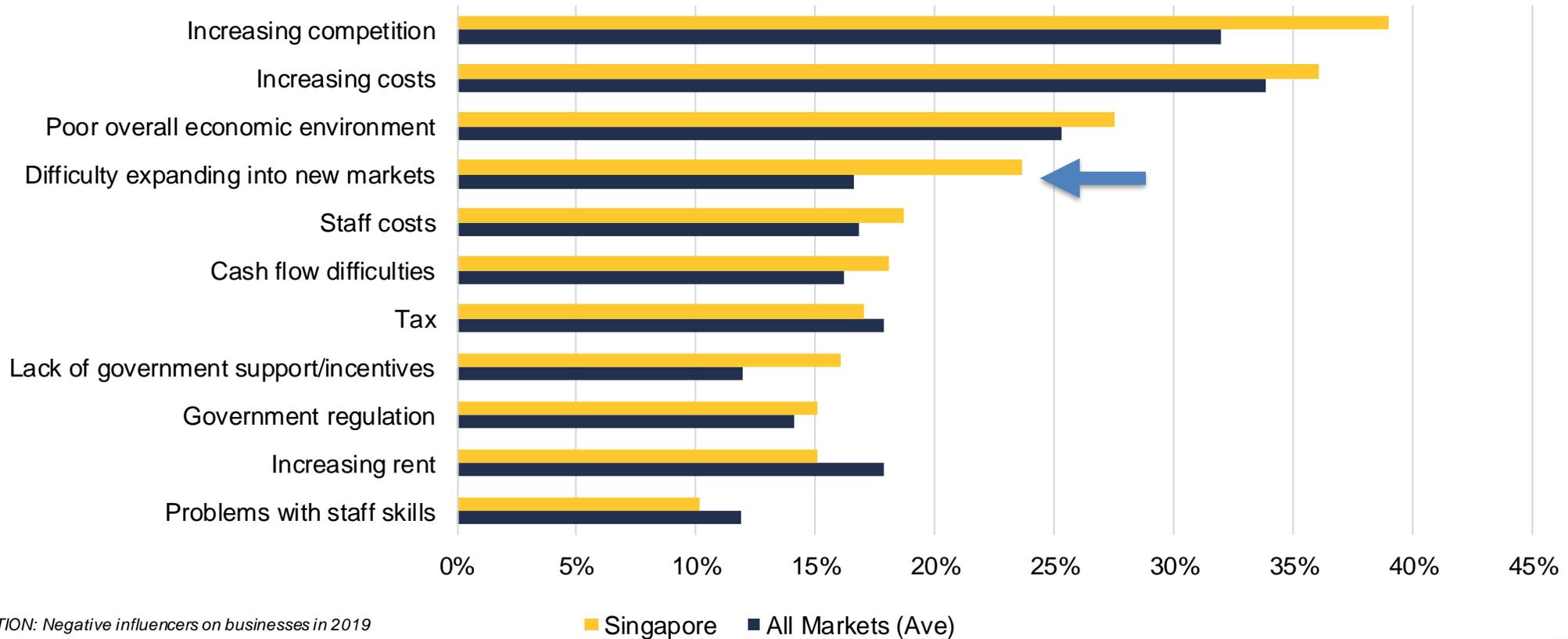
THE PERCENTAGE THAT CHOOSE INCREASING COSTS, COMPETITION, POOR OVERALL ECONOMIC ENVIRONMENT AND DIFFICULTY EXPANDING INTO NEW MARKET AS HAVING THE MOST DETRIMENTAL IMPACT ON THEIR BUSINESS IN 2019



QUESTION: Negative influencers on businesses in 2019

SINGAPORE SMALL BUSINESSES ENCOUNTERED GREATER DIFFICULTY EXPANDING INTO NEW MARKETS COMPARED TO OTHER BUSINESSES IN THE SURVEY

THE PERCENTAGE THAT CHOOSE INCREASING COSTS, COMPETITION, POOR OVERALL ECONOMIC ENVIRONMENT AND DIFFICULTY EXPANDING INTO NEW MARKET AS HAVING THE MOST DETRIMENTAL IMPACT ON THEIR BUSINESS IN 2019

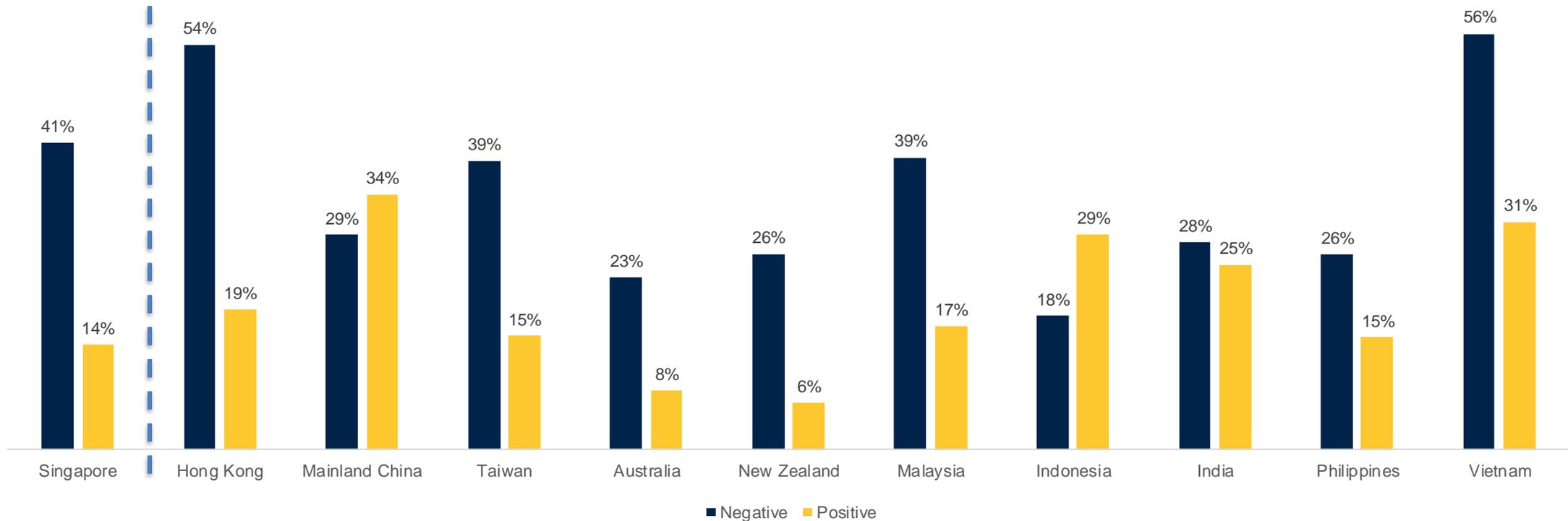


QUESTION: Negative influencers on businesses in 2019

■ Singapore ■ All Markets (Ave)

SINGAPORE BUSINESSES ARE THE THIRD MOST LIKELY TO EXPECT A TRADE WAR WILL HAVE A NEGATIVE IMPACT ON THEIR BUSINESS IN 2020

COMPARISON BETWEEN BUSINESSES THAT BELIEVE A TRADE WAR WILL HAVE A NEGATIVE IMPACT ON THEIR BUSINESS IN 2020 AND A POSITIVE IMPACT



QUESTION: Thinking of a possible trade war between the US and a range of other economies, what impact do you believe it will have on your business in 2020?

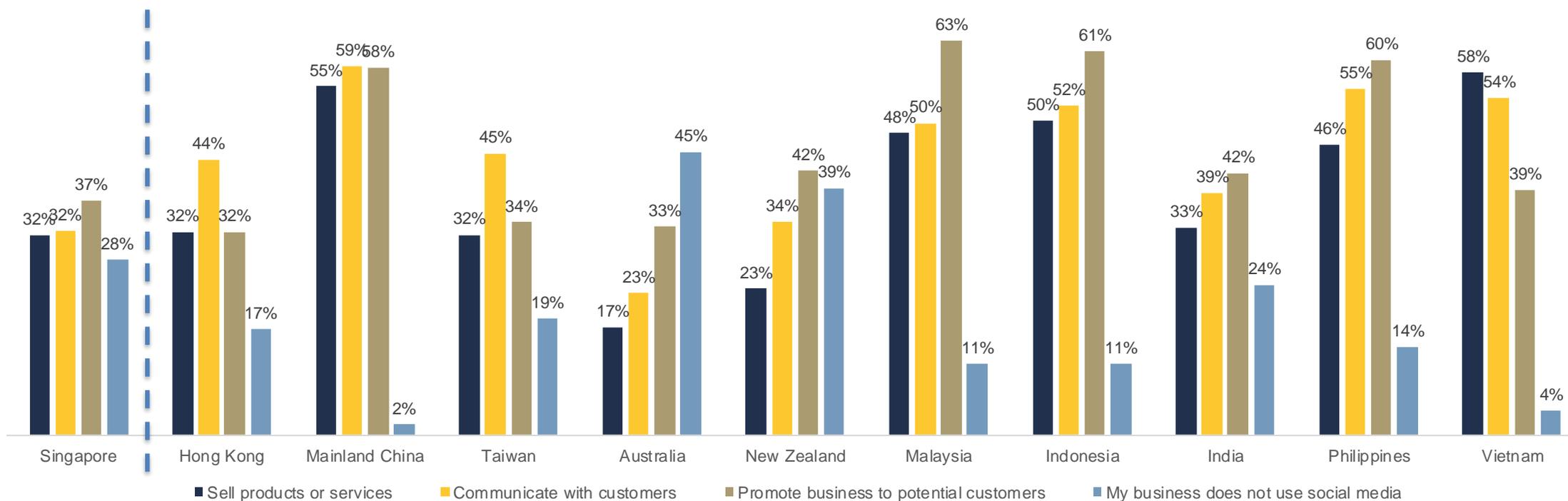
SMALL BUSINESS AND TECHNOLOGY

SOCIAL MEDIA, E-COMMERCE AND TECHNOLOGY

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Earned more than 10 per cent of their revenue through online sales	35.7%	51.0%	9/11	37.3%	8/10	38.0%	39.7%	36.5%
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

SINGAPORE BUSINESSES **CAN DO MORE** TO INCREASE USE OF SOCIAL MEDIA TO REACH MORE CUSTOMERS WHEN COMPARED TO ITS NEIGHBOURS SUCH AS MALAYSIA AND INDONESIA

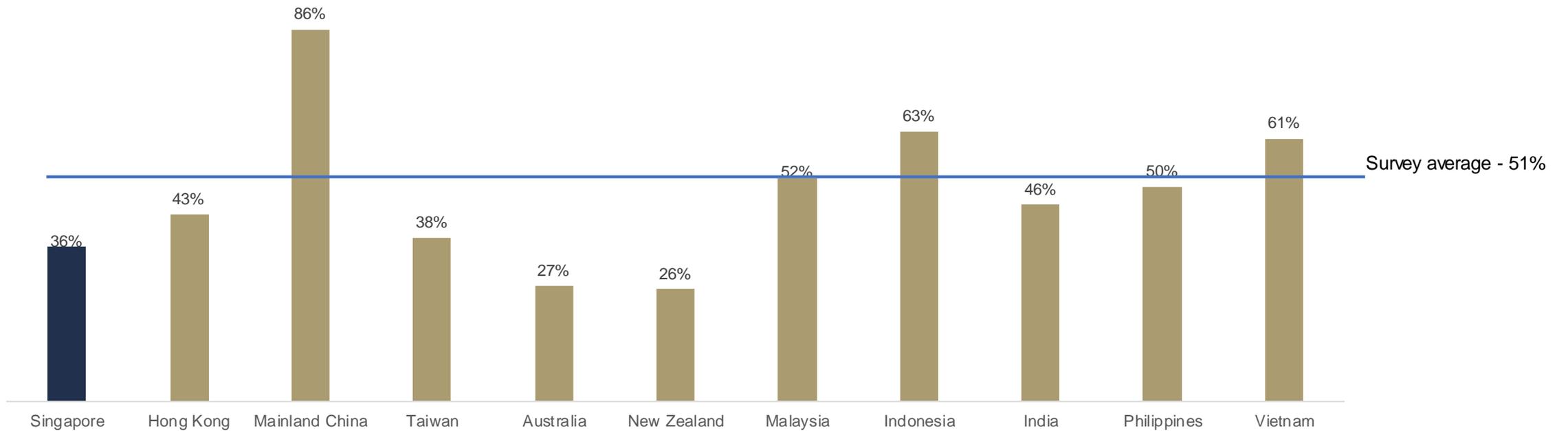
HOW SMALL BUSINESS USE SOCIAL MEDIA TO ENGAGE WITH CUSTOMERS AND POTENTIAL CUSTOMERS



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

SINGAPORE SMALL BUSINESSES HAVE ROOM TO EXPAND THROUGH INCREASING ONLINE SALES

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



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

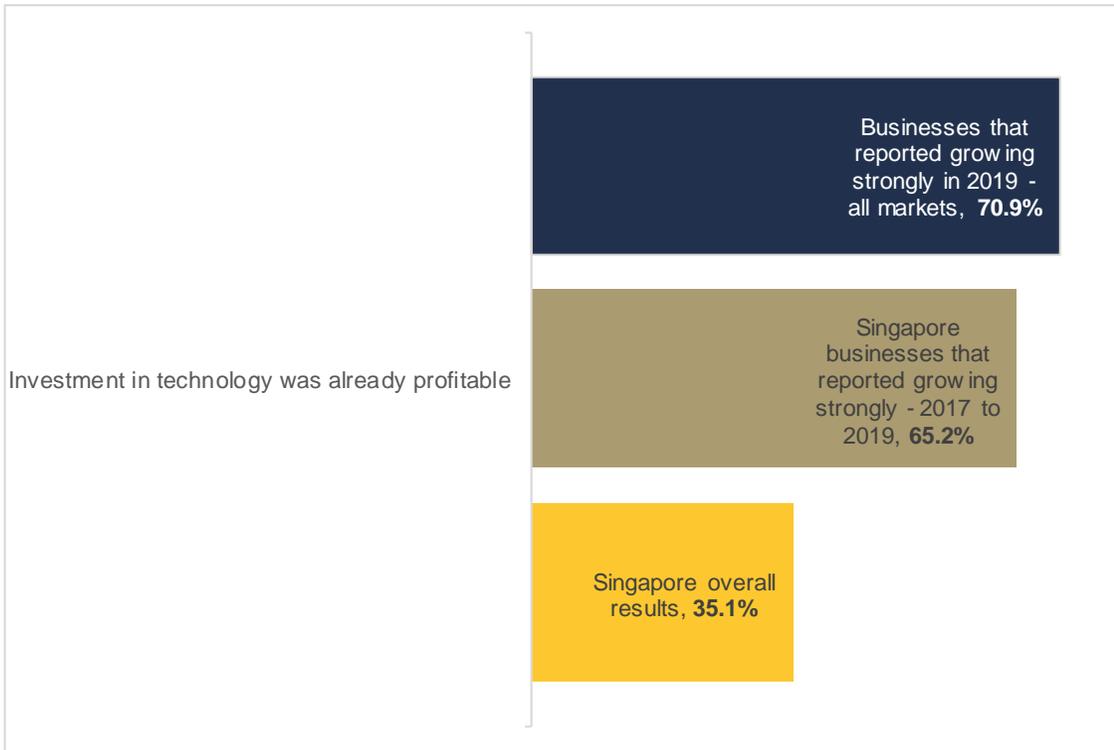
DRIVERS OF SMALL BUSINESS GROWTH

DRIVERS OF BUSINESS GROWTH

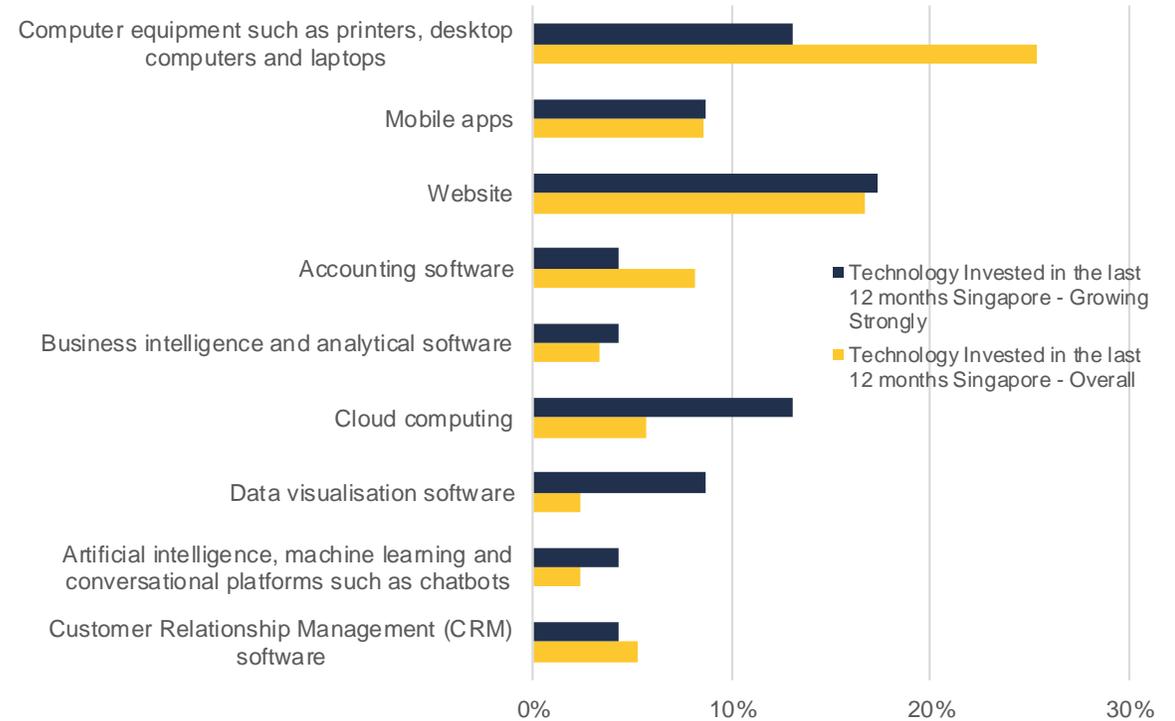
- 1 Develop your capability to identify and implement the best technologies for your business
- 2 Invest in learning more about your customers and potential customers
- 3 Dedicate more time learning about industry trends and how emerging technologies could be applied to your business
- 4 Visit at least one new market a year to test whether there is demand for your products or services
- 5 Invest in increasing your social media presence and finding new way to use social media
- 6 Increase your presence on various online sales channels and use new payment technologies to make it easier for customers to pay online
- 7 Increase your focus on developing and implementing your business strategy

SINGAPORE SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF THEY BUILD THEIR CAPABILITY TO IDENTIFY AND IMPLEMENT TECHNOLOGIES IN THEIR BUSINESS

HOW IMPORTANT IS INVESTMENT IN TECHNOLOGY TO SMALL BUSINESS GROWTH

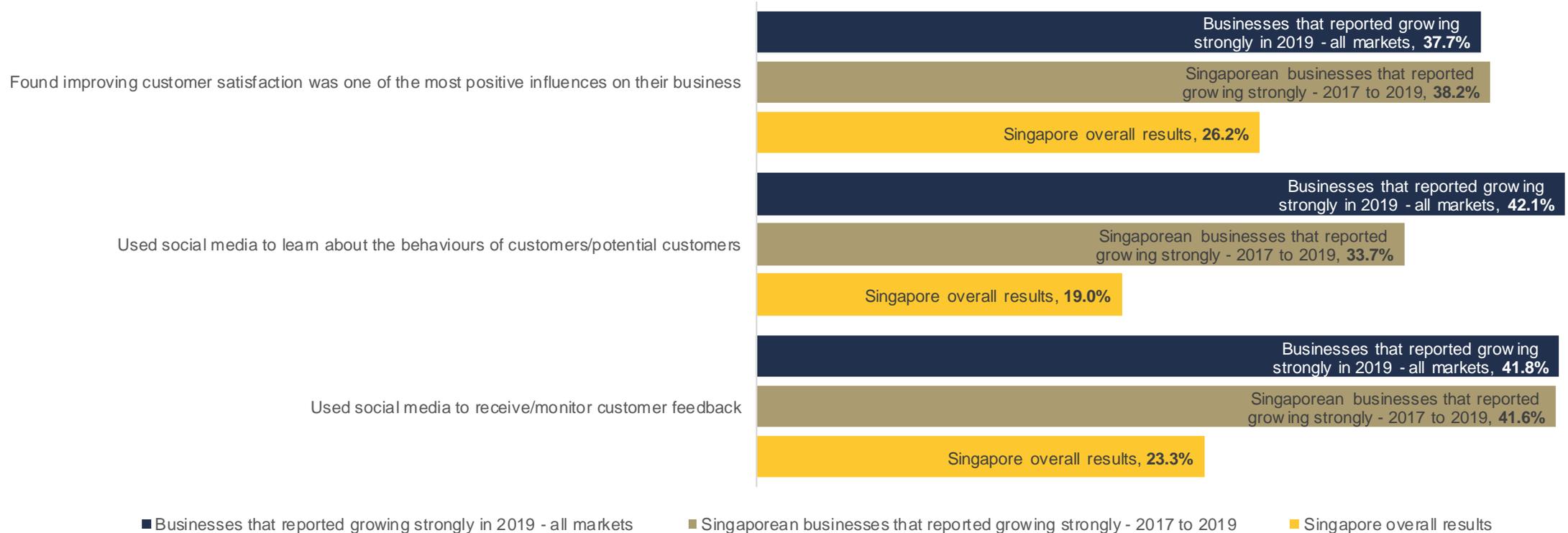


TYPE OF TECHNOLOGY SMALL BUSINESSES INVESTED IN 2019



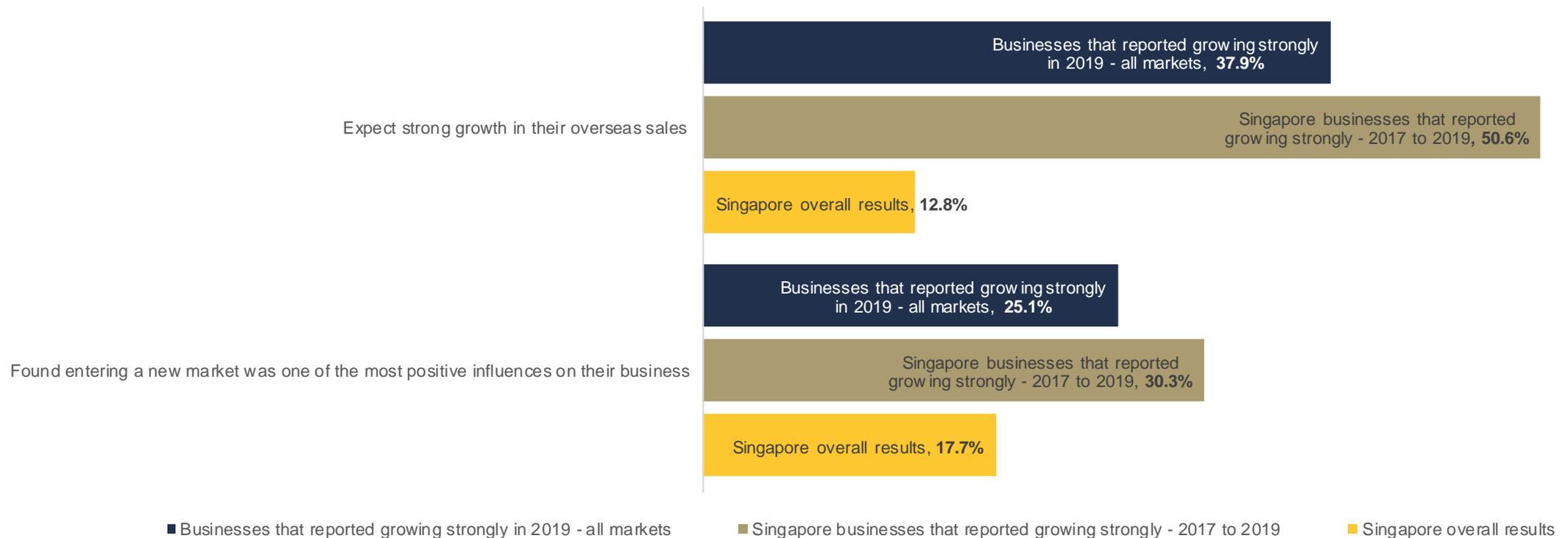
SINGAPORE'S SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF THEY HAD GREATER FOCUS ON CUSTOMER SATISFACTION, INCLUDING LEARNING MORE ABOUT THEIR CUSTOMERS AND POTENTIAL CUSTOMERS

HOW IMPORTANT IS A FOCUS ON THE CUSTOMER TO SMALL BUSINESS GROWTH - COMPARISON OF SINGAPORE RESULTS TO GROWING STRONGLY RESULTS



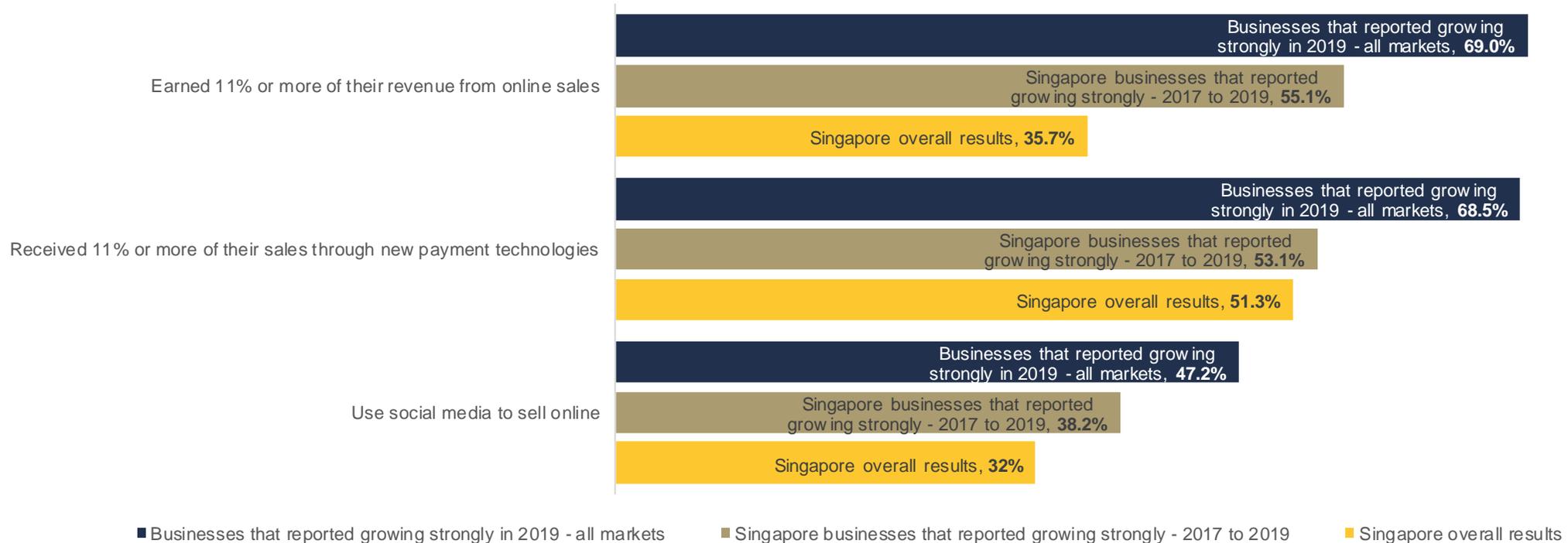
SINGAPORE'S SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF EXPORTING BECOMES A MUCH MORE IMPORTANT PART OF THEIR BUSINESS. SUCH A FOCUS CAN ALSO ASSIST WITH INNOVATION AND SPUR TECHNOLOGY ADOPTION

HOW IMPORTANT IS EARNING REVENUE FROM EXPORTS TO SMALL BUSINESS GROWTH - COMPARISON OF SINGAPORE RESULTS TO GROWING STRONGLY RESULTS



SINGAPORE'S SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF SELLING ONLINE WAS A SOMEWHAT MORE IMPORTANT PART OF THEIR BUSINESS MODEL

HOW IMPORTANT IS ONLINE SALES TO SMALL BUSINESS GROWTH - COMPARISON OF SINGAPORE RESULTS AND BUSINESSES THAT GREW STRONGLY



CONCLUSION

RECOMMENDATIONS FOR SINGAPORE SMALL BUSINESSES FOR THIS DIFFICULT PERIOD

- Focus on improving cash flow and your financial health. Investigate the SME relief measures announced by the government, especially as Singapore's small businesses are likely to encounter solvency issues from declining revenue
- Utilise technology and online sales to meet changing consumer behavior. Take advantage of the Enterprise Singapore's e-Commerce Booster Package to build capability and capacity in e-commerce. This will also support efforts to access new markets (locally or overseas).
- Capitalise on your existing pool of loyal customers. Increase the use of social media to engage with existing customers and learn about their changing needs and preferences, informing efforts to improve customer satisfaction.
- Dedicate any downtime you may have to developing and implementing a recovery plan, and learning about industry trends and emerging technologies and how they can be applied to your business

RECOMMENDATIONS FOR SINGAPORE SMALL BUSINESSES FOR THIS DIFFICULT PERIOD

- Ask staff with any downtime to undertake training so they are better skilled to meet the recovery needs of your business
- If you are in a relatively strong financial position, keep an open eye to any opportunities that may emerge in the recovery
- Seek professional advice.