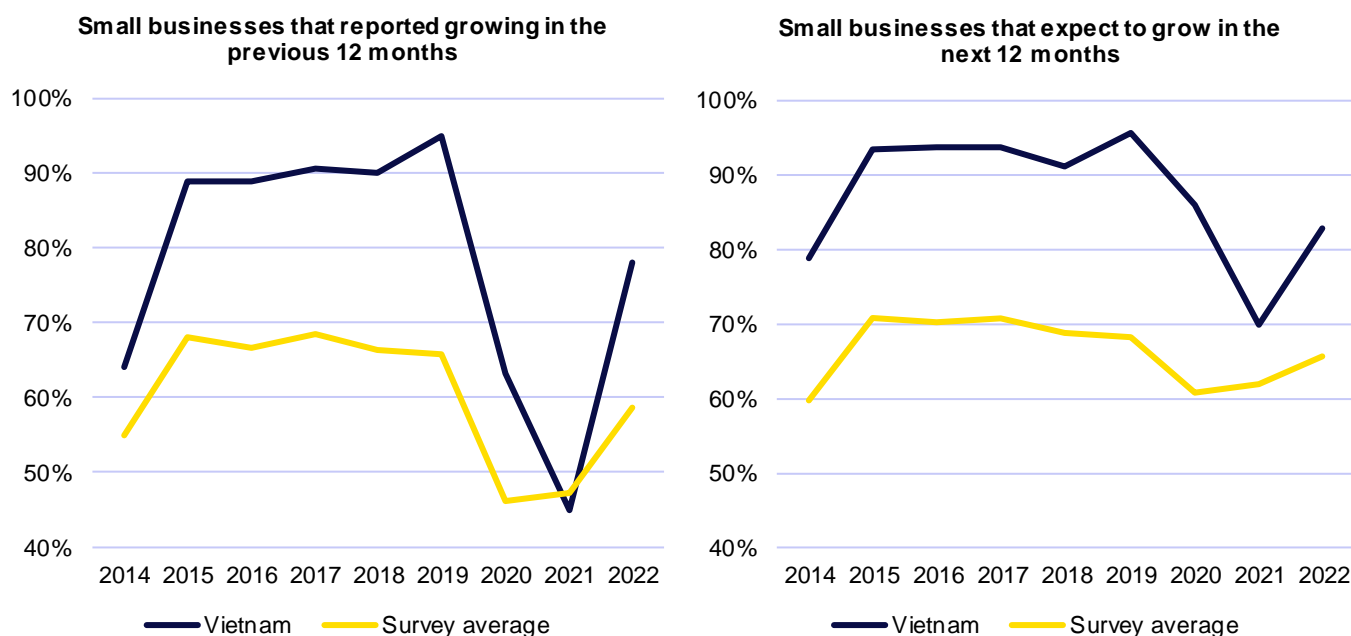


CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2022-2023

Vietnam market summary

Vietnam

Business and economic conditions



	Vietnam 2022	Survey average 2022	Rank 2022	Vietnam 2021	Rank 2021	Vietnam 2020	Vietnam 2019	Vietnam 2018
Businesses that grew in the last 12 months	78.2%	58.6%	1/11	45.0%	6/11	63.2%	95.0%	90.0%
Businesses that expect to grow in the next 12 months	82.7%	65.7%	3/11	69.9%	3/11	86.1%	95.7%	91.3%
Businesses that expect the local economy to grow in the next 12 months	89.6%	62.5%	1/11	67.0%	4/11	86.5%	95.0%	92.2%
Satisfied or very satisfied with the financial return of the business¹	87.2%	68.9%	2/11	N/A	N/A	N/A	N/A	N/A

¹ Limited to the owner, director, CEO/managing director or principal.

Vietnam led the 11 markets surveyed in business growth in 2022, with its small businesses being the most likely to report growth. Last year was a much stronger year for Vietnam's small businesses than 2021. 78.2 per cent grew last year, rebounding significantly from 45 per cent in 2021.

2023 is expected to be an even better year for Vietnam's small businesses. 82.7 per cent expect to grow, the third highest result of the 11 markets surveyed.

There are many positive aspects of the results from Vietnam. Many of Vietnam's small businesses focus on characteristics strongly associated with growth, especially:

- technology
- e-commerce
- innovation
- improved customer satisfaction and business strategy.

Vietnam's small businesses are incredibly positive about the local economy. Nearly nine in 10 (89.6 per cent) expect the local economy to grow this year, the highest result of the surveyed markets.

These positive results are reflected in the high level of satisfaction Vietnam's small business owners have with the financial return they are receiving from their businesses.

The strong local economy and the focus on drivers of business growth is likely to help several of Vietnam's small businesses evolve into large, successful global businesses in the next few years.

Use of technology

	Vietnam 2022	Survey average 2022	Rank 2022	Vietnam 2021	Rank 2021	Vietnam 2020	Vietnam 2019	Vietnam 2018
More than 10 per cent of revenue came from online sales	75.2%	67.9%	4/11	72.8%	3/11	60.0%	61.0%	60.5%
Did not use social media for business purposes	25.7%	15.4%	3/11	11.0%	9/11	21.6%	4.0%	10.4%
Investment in technology by the business over the past 12 months has improved profitability	50.5%	55.2%	7/11	81.9%	1/11	77.7%	88.0%	76.4%
Technology the business invested in most heavily over the past 12 months	Customer Relationship Management software	Computer equipment	N/A	Customer Relationship Management software	N/A	Point of Sale equipment	Artificial intelligence, machine learning and chatbots	Website
Consider the business likely to be cyberattacked in next 12 months	56.7%	47.2%	3/11	63.8%	2/11	45.5%	64.7%	65.7%
Reviewed the business' cybersecurity protections in past six months	28.3%	46.0%	11/11	60.2%	1/11	32.3%	70.7%	69.6%

More than 10 per cent of sales is received through digital payment options such as MoMo, Moca, ZaloPay, ShopeePay, ViettelPay	73.6%	73.7%	4/11	78.6%	3/11	74.8%	82.5%	60.0%
Sought advice from IT consultants/specialists	17.3%	28.6%	9/11	42.1%	2/11	14.5%	N/A	N/A
Business operation is frequently or very frequently affected by internet connectivity issues	20.5%	30.5%	7/11	N/A	N/A	N/A	N/A	N/A

One factor driving Vietnam's small business growth is the strong use of technology. Most Vietnamese small businesses sell online. 75.2 per cent received more than 10 per cent of their revenue from online sales in 2022, up slightly from 72.8 per cent in 2021.

Related to e-commerce, most of Vietnam's small businesses offer customers the choice of paying by new digital and mobile payment options such as MoMo, Moca and ZaloPay. 73.6 per cent received more than 10 per cent of their sales through such technology, the fourth highest result of the markets surveyed.

Vietnam's small business could, however, make greater use of social media. 25.7 per cent do not use social media in their business, compared with only 2.1 per cent of Mainland China's small businesses.

Vietnam's small businesses were ranked first in investing in Customer Relationship Management (CRM) software in 2022. This shows that many are focusing on better understanding customer needs and preferences – essential elements to improving customer satisfaction and growth. CPA Australia's [Business Technology Report 2022](#) shows that respondents from high-growth businesses were much more likely to use CRM software than respondents from businesses that shrank.

The strong returns generated by such investments are helping to drive this focus on technology. Over half (50.5 per cent) reported their investment in technology last year improved their profitability.

Vietnam's small businesses could take cybersecurity more seriously. Only 28.3 per cent reviewed their cybersecurity in the past six months, the lowest of all the markets surveyed. Yet, 56.7 per cent expect to be cyberattacked in 2023.

Business activity over the past 12 months

	Vietnam 2022	Survey average 2022	Rank 2022	Vietnam 2021	Rank 2021	Vietnam 2020	Vietnam 2019	Vietnam 2018
Increased employee numbers	20.2%	35.0%	10/11	16.2%	8/11	27.4%	42.7%	56.0%
Improved customer satisfaction had a major positive impact on the business	32.6%	27.0%	4/11	19.7%	5/11	32.9%	41.7%	49.5%
Improved business management had a major positive impact on the business	24.8%	22.0%	5/11	14.2%	7/11	17.4%	20.0%	29.4%
Increasing costs had a major negative impact on the business	28.3%	31.1%	9/11	32.0%	3/11	28.7%	50.0%	43.4%
Required funds from an external source	47.2%	62.5%	8/11	78.6%	3/11	72.6%	88.7%	78.0%
Sought external funds for business growth	61.4%	52.1%	2/11	36.6%	9/11	58.2%	67.3%	70.1%
Sought external funds for business survival	54.5%	44.3%	3/11	67.1%	1/11	16.0%	9.4%	16.2%
Found it easy or very easy to access external finance	49.7%	45.9%	4/11	55.1%	3/11	48.4%	17.3%	28.6%
A bank was the business' main source of external finance	60.0%	38.2%	2/11	66.3%	1/11	55.6%	84.6%	46.9%
Did not spend any time and resources on ESG practices	29.3%	21.4%	4/11	N/A	N/A	N/A	N/A	N/A

Impacts of COVID-19

	Vietnam 2022	Survey average 2022	Rank 2022	Vietnam 2021	Rank 2021	Vietnam 2020
COVID-19 had a major negative impact on the business in the past 12 months	32.2%	36.7%	8/11	78.0%	1/11	81.3%
My business' major reaction to COVID-19 was to begin or increase its focus on online sales	26.7%	24.8%	4/11	42.4%	2/11	42.3%
My business' major reaction to COVID-19 was to increase investment in technology	21.2%	19.1%	4/11	44.3%	1/11	34.2%

Planned business activity over the next 12 months

	Vietnam 2023	Survey average 2023	Rank 2023	Vietnam 2022	Rank 2022	Vietnam 2021	Vietnam 2020	Vietnam 2019
Expect to increase employee numbers	40.7%	44.9%	6/11	38.2%	4/11	41.9%	72.0%	73.1%
Will introduce a new product, service or process unique to their market or the world	39.7%	34.4%	3/11	26.9%	5/11	25.2%	37.0%	33.7%
Expect revenue from overseas markets to grow strongly	14.3%	23.7%	9/11	12.3%	8/11	16.8%	22.0%	29.4%
Will seek external funds	38.8%	33.6%	3/11	57.0%	1/11	50.6%	68.0%	38.5%
Expect easy to very easy access to finance	48.9%	42.3%	3/11	53.6%	2/11	37.5%	14.5%	26.6%

COVID-19

As in 2021, Vietnam's small businesses still considered COVID-19 their biggest challenge in 2022. Yet, the negative impact of COVID-19 has eased considerably. Only 32.2 per cent reported that they had been negatively affected by the pandemic, a considerable decrease from 78 per cent in 2021 and 81.3 per cent in 2020.

Many small businesses in Vietnam began or increased their focus on online sales (26.7 per cent) or increased investment in technology (21.2 per cent) in response to the pandemic last year. As the survey results show, a positive relationship between online sales and technology investment, and business growth, this growing focus on e-commerce and technology will help many Vietnamese small businesses expand at an even faster pace.

Employment

Vietnam's small businesses created more new jobs in 2022 than in 2021. 20.2 per cent added to their employee numbers in 2022, up from 16.2 per cent in 2021.

Reflecting the rapid growth in the sector, 40.7 per cent of Vietnam's small businesses expect to add to their headcount in 2023.

Innovation

Vietnam's small business sector continues to be highly innovative. 39.7 per cent will introduce a new product, process or service to their market or the world in 2023, the third highest of the markets surveyed. This focus on innovation should support long-term growth and improve the competitiveness of Vietnam's small businesses.

Access to finance

Reflecting a better year for small business, 61.4 per cent of Vietnam's small businesses sourced external finance for business growth in 2022, up from 36.6 per cent in 2021.

Despite improving business conditions, respondents from Vietnam found accessing external finance more difficult last year than in 2021. 31 per cent found accessing finance in 2022 was "difficult" or "very difficult" up from 18.9 per cent in 2021. Banks were by far the most popular source of that finance.

Factors that had positive and negative influences on business

Top four factors that had a positive influence on Vietnamese small business in 2022	Top four factors that had a positive influence Vietnamese on small business in 2021	Top four factors that had a positive influence on Vietnamese small business in 2020
Improved customer satisfaction	Technology	Customer loyalty
Customer loyalty	Government support/incentives	Improved customer satisfaction Technology [^]
Improved business strategy	E-commerce	COVID-19
Cost control	Customer loyalty	

Top four factors that had a negative impact on Vietnamese small business in 2022	Top four factors that had a negative impact on Vietnamese small business in 2021	Top four factors that had a negative impact on Vietnamese small business in 2020
COVID-19	COVID-19	COVID-19
Increasing costs	Increasing costs	Poor overall economic environment
Increasing competition	Poor overall economic environment	Increasing costs
Staff costs	Increasing competition	Tax

[^]equal rank

Vietnam's small businesses placed a greater focus on "improved customer satisfaction", "improved business strategy" and "improved business management" in 2022. This shift is likely to have contributed to that year being a far better year for the country's small business. The survey results show those factors are more strongly associated with high growth businesses than other factors.

Small businesses in Vietnam found “increasing costs” and “increasing competition” as the largest barriers to growth outside of COVID-19. Labour and utility costs were the costs that caused them the most detriment.

Demographics

	Vietnam 2022	Survey average 2022	Rank 2022	Vietnam 2021	Rank 2021	Vietnam 2020	Vietnam 2019	Vietnam 2018
Respondent aged under 40	34.2%	47.6%	11/11	61.8%	2/11	69.7%	65.0%	75.7%
Business established for less than 11 years	90.9%	61.1%	1/11	64.1%	5/11	89.4%	71.7%	77.0%
Respondent is the business owner	57.7%	36.9%	3/11	51.5%	5/11	27.1%	33.7%	19.7%
Business has 10 to 19 employees	16.9%	37.1%	11/11	28.5%	5/11	45.5%	59.7%	47.9%

Policy suggestions

We suggest supporting Vietnam’s small business sector to increase its focus on cybersecurity and social media.