

# UOB Business Outlook Study 2023 (SME & Large Enterprises)



UOB conducted a Business Outlook Study in **Vietnam** covering **505 business owners** and **key executives** from **SMEs and Large Enterprises**.

This study provides a comprehensive understanding of the current business sentiments, inflation impact and outlook among businesses across various sectors in Vietnam. The study also captures insights around key themes such as Sustainability, Digitalisation, Supply Chain Management and Overseas Expansion.



## > WHAT



15-minute online surveys



Total of 505 interviews



Data collection:  
28 December 2022 - 20 January 2023

## > WHO



Businesses with revenue of less than <VND 5.5 trillion



Covers SMEs and Large Enterprises across key industry verticals



Owners/ chief executive level/ management level who are involved with business decision making

Classification of businesses:

**Smaller:** annual turnover of VND <180 billion

**Larger:** annual turnover of VND 180 billion to <VND 5.5 trillion

## > COVERAGE

Cities	Sample
Hanoi	208
Ho Chi Minh City	207
Rest of Vietnam	90
Total	505

Industries	Sample
Wholesale Trade	58
Construction & Infrastructure	55
Community & Personal	55
Real Estate/Hospitality	55
Professional Services	53
Consumer Goods	52
Manufacturing & Engineering	52
Business Services	52
Tech, Media & Telecom	45
Industrials, Oil & Gas	28
Total	505

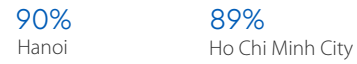
### > Business Sentiment



#### Most positive sentiments (sectors)



#### Most positive sentiments (cities)



### > Impact of inflation



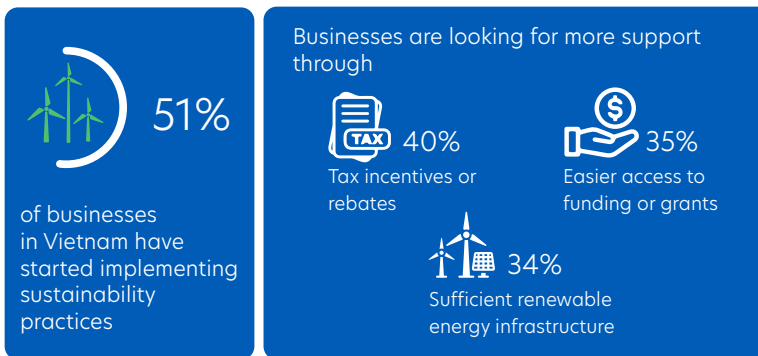
#### Most affected sectors



#### Most affected by cities



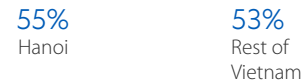
### > Sustainability



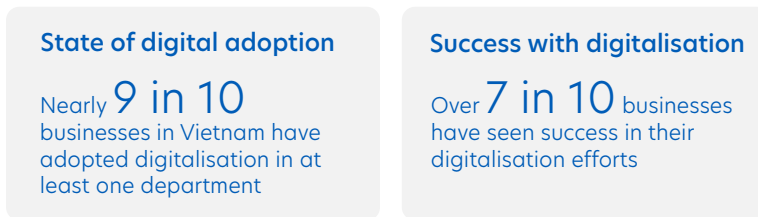
#### Leading sectors



#### Leading cities



### > Digital adoption



#### Sectors leading in digital adoption



#### Cities leading in digital adoption



### > Supply Chain Management (SCM)



#### Most impacted sectors



#### Most impacted cities



### > Interest in overseas expansion



#### Most interested sectors



#### Most interested cities



### > Business environment in 2022



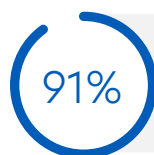
89% of businesses said the business environment in Vietnam was positive in 2022

Businesses in the Real Estate/ Hospitality and Professional Services sectors were more positive about their current business environment.

#### Most positive sentiments (sectors)



#### Most positive sentiments (cities)



91% of businesses in Vietnam have seen an increase in their revenue in 2022

Positive business sentiment is driven by strong revenue growth in 2022.

Larger businesses with annual turnover between VND 1-2 trillion have seen more growth than smaller businesses.

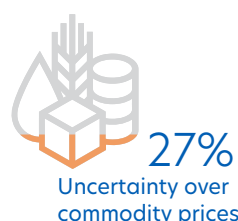
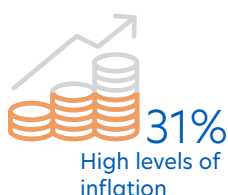
#### Highest growth sectors



#### Highest growth cities



### > Factors that impacted businesses in 2022



High levels of inflation have impacted businesses in Consumer Goods and Community & Personal Services the most.

### > Outlook for 2023



87% of businesses have a positive outlook for 2023

#### Most positive sectors



#### Most positive cities

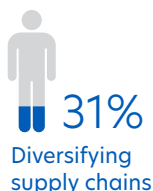
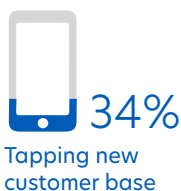


Larger businesses with turnover of VND 180 billion to below 5.5 trillion are more optimistic about the future. Sectors like Professional Services and Wholesale Trade have a more positive outlook.

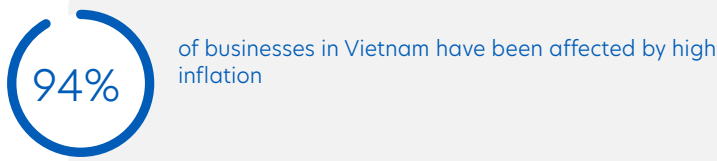
### > Top future business priorities

To drive future growth, businesses are:

Businesses in sectors like Manufacturing & Engineering and Construction & Infrastructure are at the forefront in digitalising their business model to drive growth.

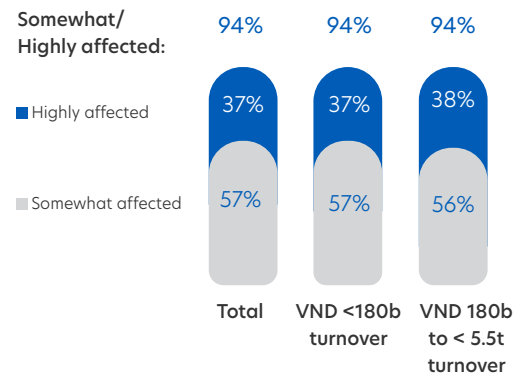


### > Impact of inflation



Both larger (VND 180b to <5.5t) and smaller businesses (VND <180b turnover) have been affected by inflation to the same extent.

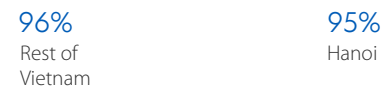
### > Extent affected by inflation



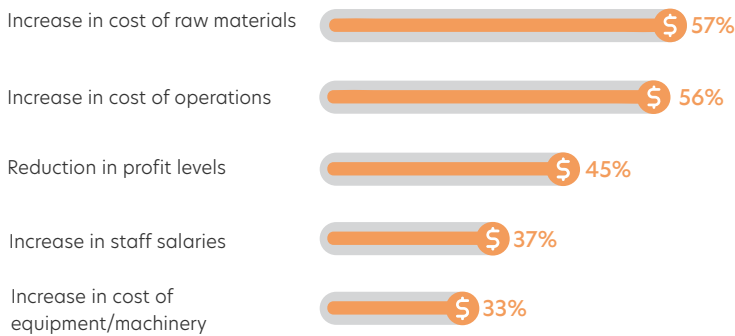
#### Most affected sectors



#### Most affected cities



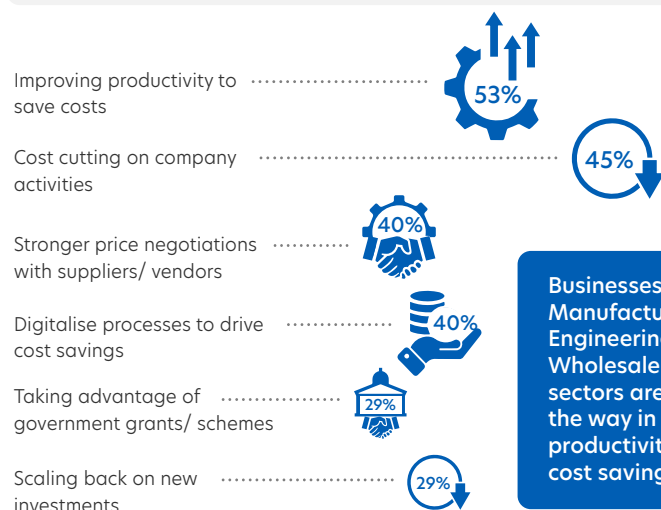
### > Areas affected by high inflation



Inflation is also impacting the profitability of businesses in Vietnam, particularly in Business Services and Tech, Media & Telecom sectors.

### > Top measures to mitigate inflation

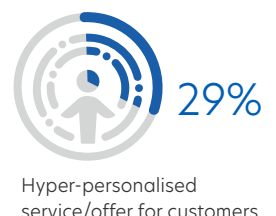
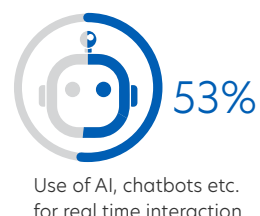
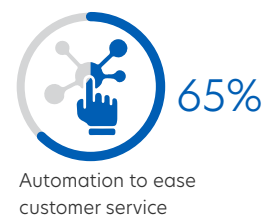
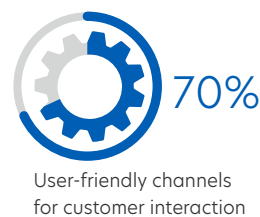
Over 1 in 2 businesses in Vietnam is focused on improving productivity to tackle inflation



Businesses in Manufacturing & Engineering and Wholesale Trade sectors are leading the way in improving productivity to drive cost savings.

### > Key channels/ capabilities to improve

7 in 10 businesses in Vietnam want user-friendly channels for customer interaction to meet changing customer expectations



### > Sustainability adoption



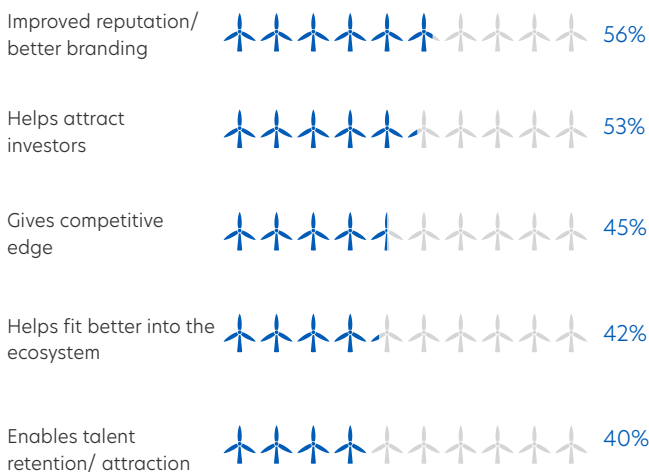
#### Leading sectors



#### Leading cities



### > Top sustainability drivers



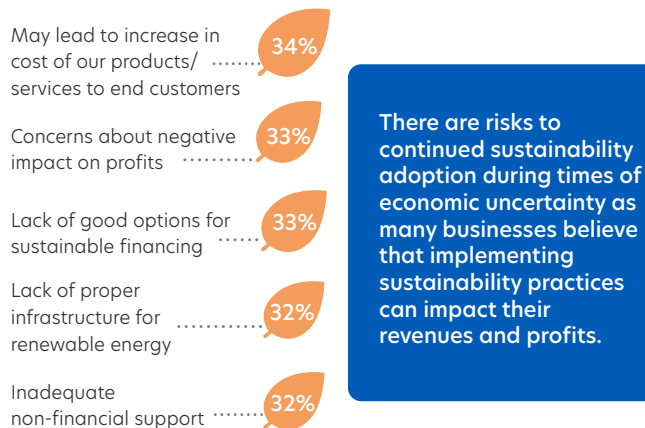
Businesses in the Consumer Goods and Tech, Media & Telecom sectors find it more important to adopt sustainable practices to help improve their brand reputation.



### > Top barriers in sustainability adoption > Support required for sustainability adoption

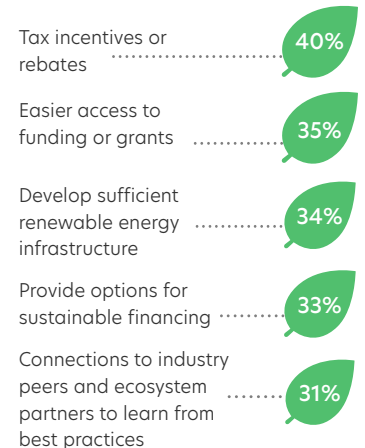
**1 in 3** businesses are concerned about the increase in cost of products/services to end customers

**2 in 5** businesses are looking for tax incentives or rebates as support measures for their sustainability plans



There are risks to continued sustainability adoption during times of economic uncertainty as many businesses believe that implementing sustainability practices can impact their revenues and profits.

Easier access to funding or grants and develop sufficient renewable energy infrastructure for SMEs to leverage are also sought after by businesses in Vietnam in addressing some of the barriers in implementing sustainability within a business.



### > State of digital adoption

Nearly **9 in 10** businesses in Vietnam have adopted digitalisation in at least one department

A key challenge for digitalisation will be encouraging businesses who have just started their journey to continue with digitalisation, expanding it from one or a few departments into the entire business.

#### Sectors leading in digital adoption



#### Cities leading in digital adoption



### > Success with digitalisation

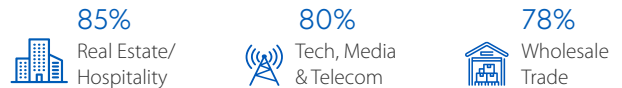


**73%** of businesses have seen success in their digitalisation efforts



**86%** of businesses foresee spending more on digitalisation in 2023

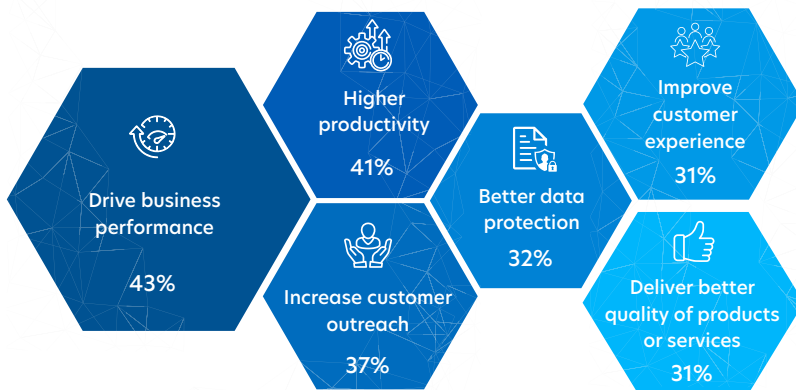
#### Success with digital adoption (sectors)



#### Success with digital adoption (cities)



### > Impact of digitalisation

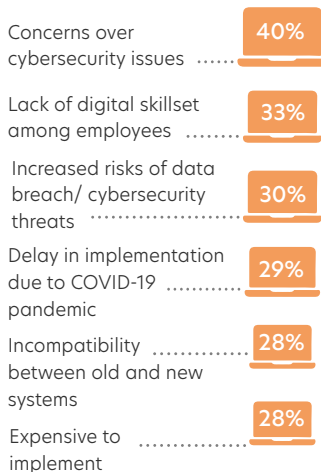


Over **7 in 10** businesses have succeeded with digitalisation. On average, each business has benefitted in at least 4 ways.

Digitalisation can play a key role in helping businesses improve productivity to mitigate the impact of inflation on their businesses.

Digitalisation is helping businesses become more customer centric by enabling their customer outreach efforts and improving customer experience.

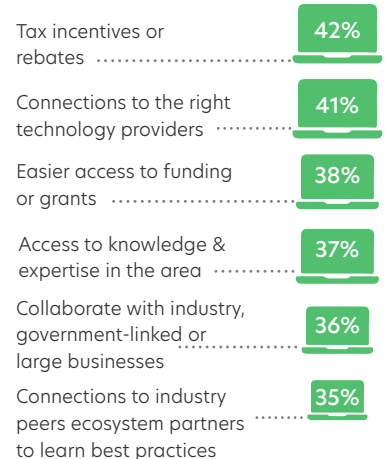
### > Challenges faced in digitalisation



**2 in 5** businesses are concerned over cybersecurity issues and believe their employees lack the required digital skillsets

### > Support required for digitalisation

Nearly **2 in 5** businesses want tax incentives/rebates and connections to the right technology providers to support their digitalisation journey



The risk of a data breach and cybersecurity concerns are key challenges for many businesses. They are likely to need support through connections to the right technology providers and access to knowledge & expertise to address these concerns as they embark on their digitalisation journey.

### > Importance of SCM



95% of businesses in Vietnam consider SCM important

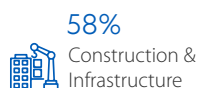
### > Impact of SCM on supply chain



52% of businesses say their supply chain has been impacted by geopolitical issues

Majority of businesses in Vietnam have seen an impact to their supply chains. Sectors like Real Estate/Hospitality and Professional Services have been affected more than others.

#### Most impacted sectors



#### Most impacted cities



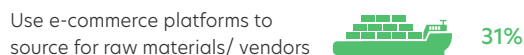
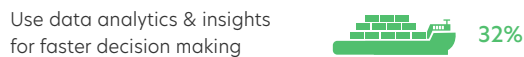
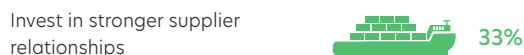
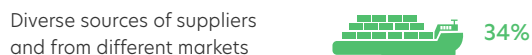
### > Challenges in SCM

Nearly 1 in 2 businesses find rising supply costs as the main challenge in managing their supply chain



### > Top actions taken for SCM

Over 1 in 3 businesses in Vietnam are looking to have more diverse sources of suppliers and from different markets to manage their supply chains better



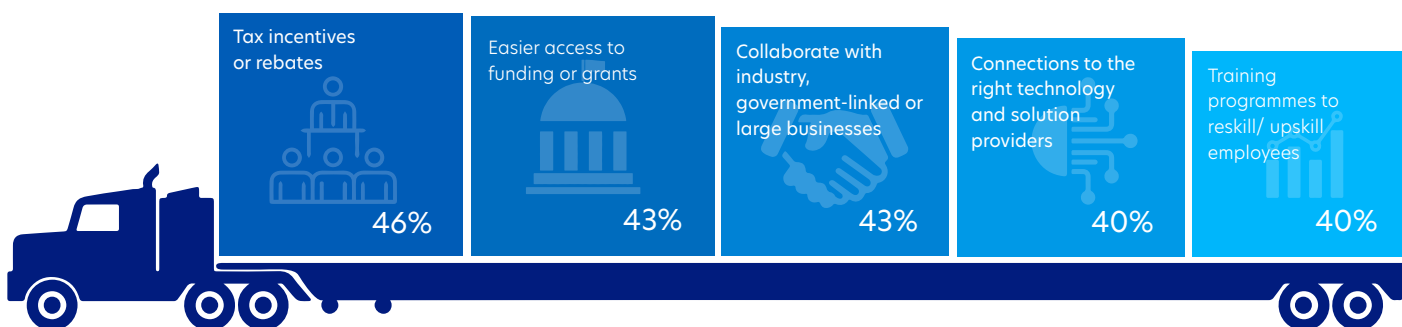
### > Top support measures for SCM



Tax incentives are a key support measure that businesses in Vietnam need to manage their supply chains better.

Businesses in Consumer Goods and Community & Personal Services can benefit more from tax incentives.

Nearly 1 in 2 businesses are looking for tax incentives/rebates to help them with better SCM



### > Interest in overseas expansion



Nearly **9 in 10** businesses in Vietnam are looking to expand overseas in the next 3 years

Businesses in Manufacturing & Engineering and Wholesale Trade sectors in Vietnam are more interested in overseas expansion than other sectors.

#### Most interested sectors

94%  
Manufacturing & Engineering

93%  
Wholesale Trade

89%  
Community & Personal Services

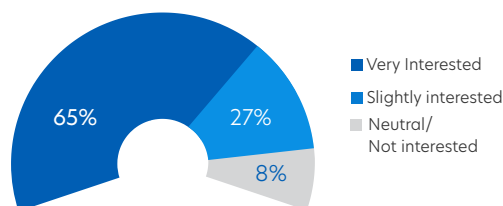
#### Most interested cities

92%  
Ho Chi Minh City

89%  
Hanoi

### > Interest in cross-border digital trade platforms

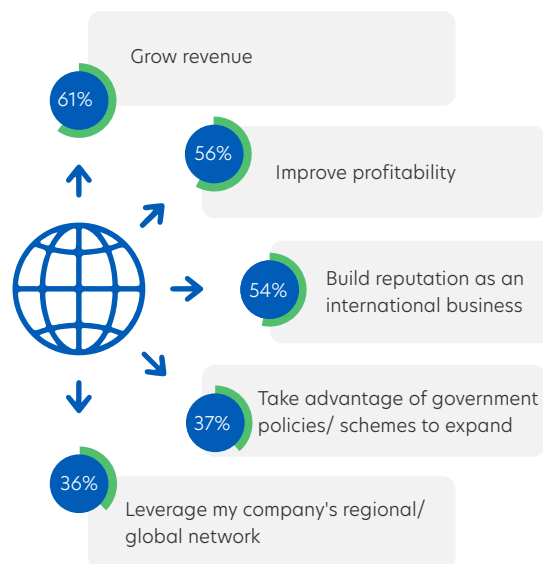
The interest in overseas expansion is leading to higher interest in cross-border digital trade platforms. Over 6 in 10 businesses are 'Very interested' in using such platforms.



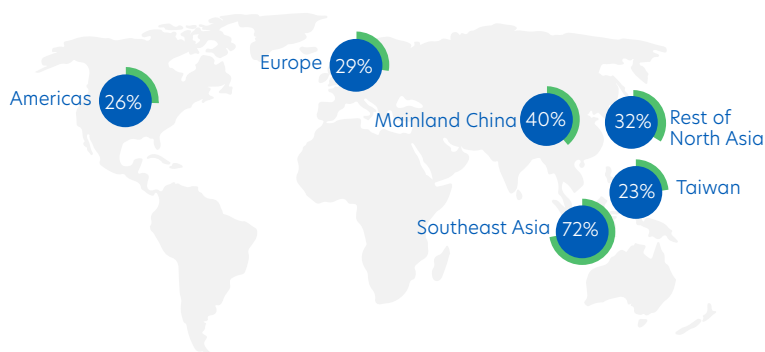
### > Top motivators for overseas expansion

Over **6 in 10** businesses are motivated to expand overseas to improve their profits

Sectors like Tech, Media & Telecom and Wholesale Trade are more inclined to expand overseas to improve profits.



### > Top locations for overseas expansion



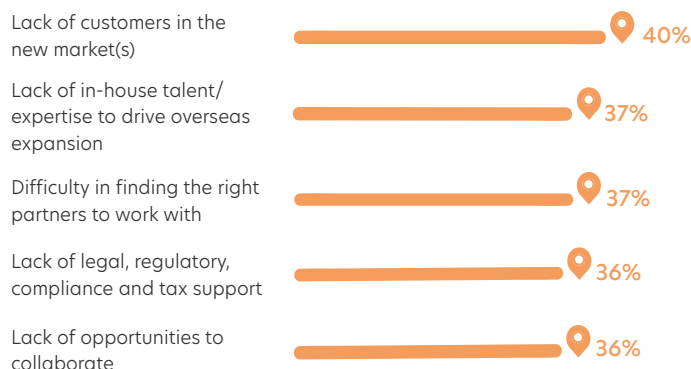
Over **7 in 10** businesses in Vietnam have their eyes on Southeast Asia for their future expansion plans

**2 in 5** businesses, particularly those in Business Services and Manufacturing & Engineering are looking to expand into Mainland China

Thailand, Singapore and Malaysia are the preferred Southeast Asia destinations for businesses in Vietnam.

### > Key challenges in overseas expansion

**2 in 5** businesses in Vietnam cite lack of customers in the new market(s) as their biggest challenge for overseas expansion



Lack of in-house talent to drive overseas expansion is also a major challenge that businesses, particularly those in the Wholesale Trade and Real Estate/ Hospitality, need to overcome when they look to expand overseas.