

UOB Business Outlook Study 2024

(SMEs & Large Enterprises)



UOB conducted a Business Outlook Study in seven markets covering ASEAN and Greater China. This regional study, now in its second year, covered over 4,000 business owners and key executives from SMEs and Large Enterprises.

The Business Outlook Study provides a comprehensive understanding of the current business sentiment, inflation impact and outlook among businesses across various sectors in the ASEAN and Greater China regions.

By capturing robust insights around key themes such as Overseas Expansion, Supply Chain Management, Digitalisation, and Sustainability, this study can help businesses across the region better understand the current environment they are operating in and plan for future opportunities and challenges.



- Singapore
- Malaysia
- Indonesia
- Thailand
- China
- Hong Kong
- Vietnam

▶ WHAT

- 15-minute online survey
- Total of 4,050 interviews
- Data collection:
Late-December 2023 to mid-January 2024

▶ WHO

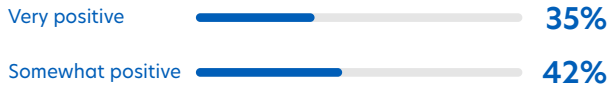
- Businesses in seven markets across the ASEAN and Greater China regions
- Covers both SMEs and Large Enterprises across key industry verticals
- Owners/C-suite/Management level who are involved with business decision making

▶ COVERAGE



Industries	Sample
Tech, Media & Telecom	504
Manufacturing & Engineering	484
Consumer Goods	483
Construction & Infrastructure	465
Real Estate & Hospitality	393
Business Services	380
Community & Personal	371
Professional Services	367
Wholesale Trade	336
Industrials, Oil & Gas	267
Total	4050

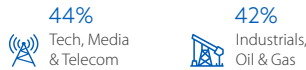
Business sentiment



Most positive markets



Most positive sectors



Most improved markets



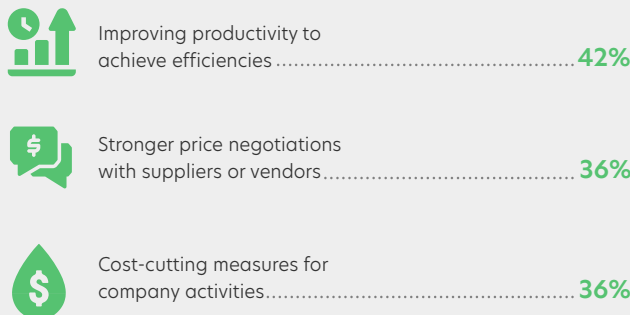
Most improved sectors



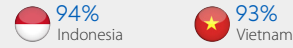
Inflation and its impact



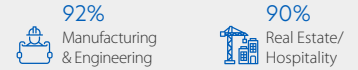
Ways to combat inflation



Most affected markets



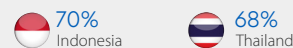
Most affected sectors



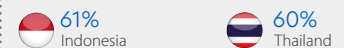
Areas affected by inflation



Most impacted by higher cost of operations



Most impacted by higher cost of raw materials



Overseas expansion interest



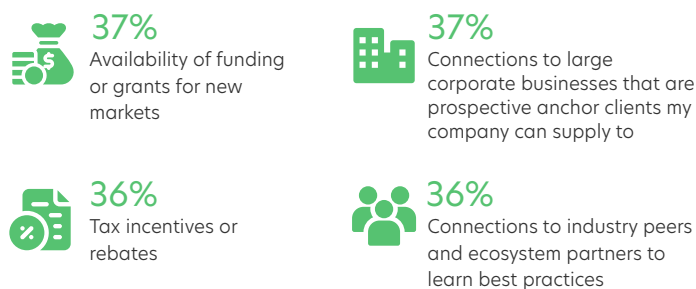
Most interested markets



Most interested sectors



Support measures for overseas expansion



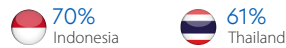
Key motivators for overseas expansion



► Supply chain management (SCM)

 Nearly 6 in 10 businesses in the region say that geopolitical tensions have affected their supply chain.

Most impacted markets



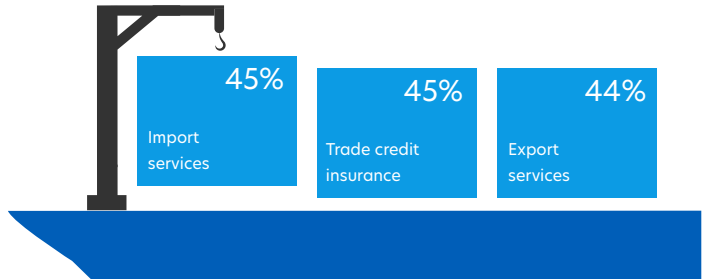
Most impacted sectors



Challenges faced by businesses



Key trading needs among businesses

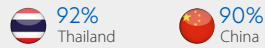


► Digital adoption

Current state

 Over 8 in 10 businesses in the region have digitalised one or more departments.

Most digitalised markets



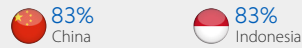
Most digitalised sectors



Expected spending in 2024

 3 in 4 businesses expect to spend more on digitalisation in 2024, with most budgeting an increase of 10% to 25%.

Higher spending markets



Higher spending sectors



► Sustainability adoption

 Nearly 9 in 10 businesses in the region believe sustainability is important to their business. However, only 44% have adopted sustainable practices in 2023.

Higher adoption markets



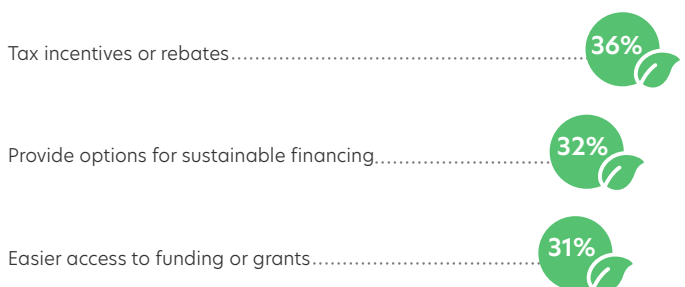
Higher adoption sectors



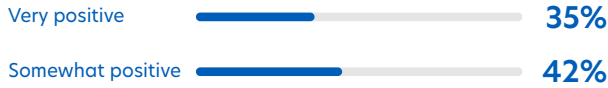
Challenges faced by businesses



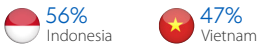
Support measures to drive sustainability adoption



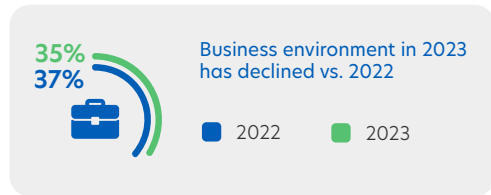
Business environment in 2023



Most positive markets



Most positive sectors



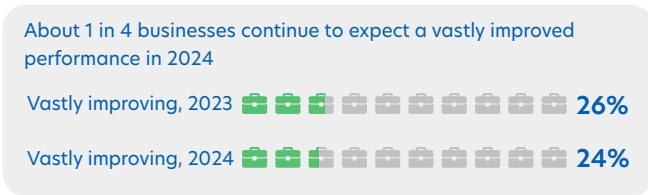
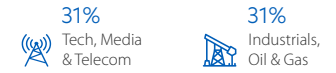
Business outlook for 2024



Most improved markets



Most improved sectors



Top factors that have impacted businesses in 2023

High inflation, rising operational cost, economic slowdown, and high manpower costs are the top factors that impacted businesses.



High levels of inflation



Rising operational cost



Recovering from overall economic slowdown



High manpower (labour) costs



Rising interest rates

What are the business priorities for next 1-3 years



High inflation and rising operational cost are leading to many businesses looking to reduce costs in the next 1-3 years.

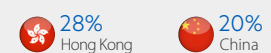


Customer acquisition is a priority for 1 in 4 businesses, along with digitalisation and developing new revenue sources.

Most cost reduction

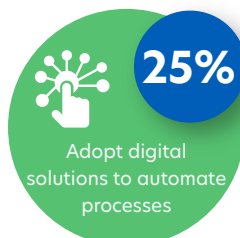


Least cost reduction

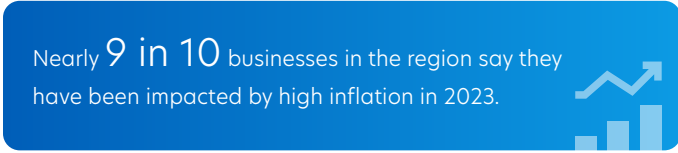


How businesses plan to achieve their priorities

To achieve their business priorities many businesses are looking to improve customer service, adopt digital solutions and extend their range of products or services.



► Extent of inflation impact



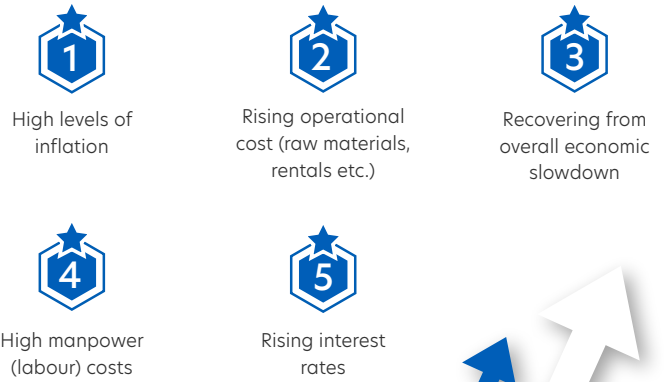
Most affected markets



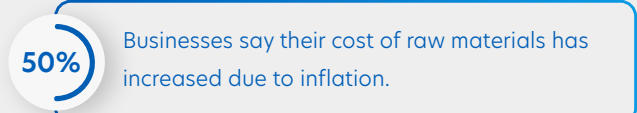
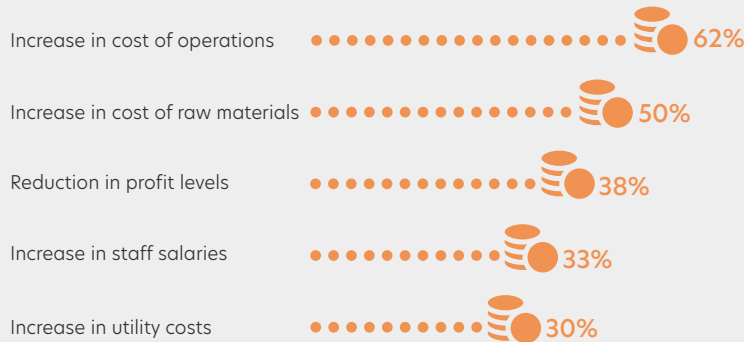
Most affected sectors



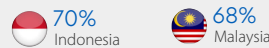
► Macro factors impacting business in 2023



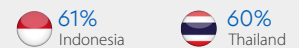
► How inflation has impacted businesses



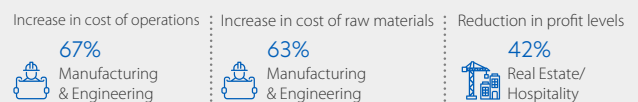
Most impacted by higher cost of operations



Most impacted by higher cost of raw materials

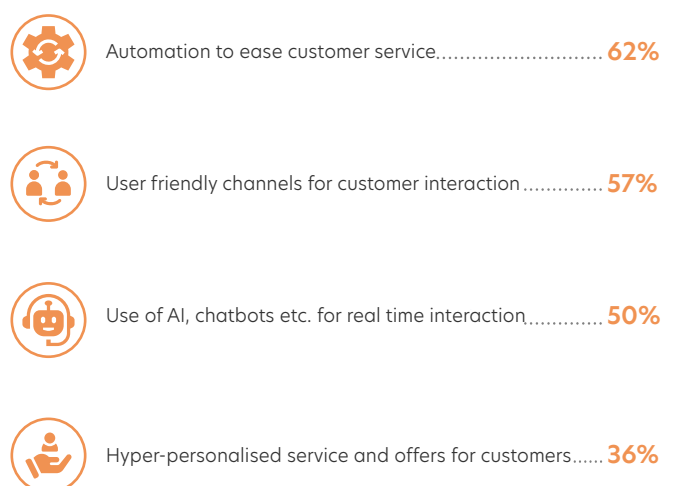
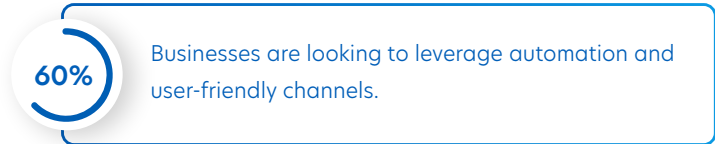
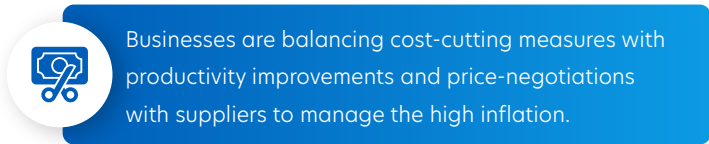


Most affected sectors



The impact across sectors has not been uniform. More Wholesale Trade businesses have seen an increase in their cost of operation while more in the Manufacturing & Engineering sector have been impacted by rising cost of raw materials.

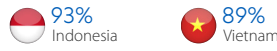
► Ways to combat inflation



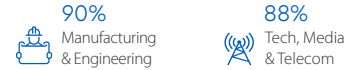
Interest in overseas expansion

Over **8 in 10** businesses are interested in overseas expansion.

Most interested markets

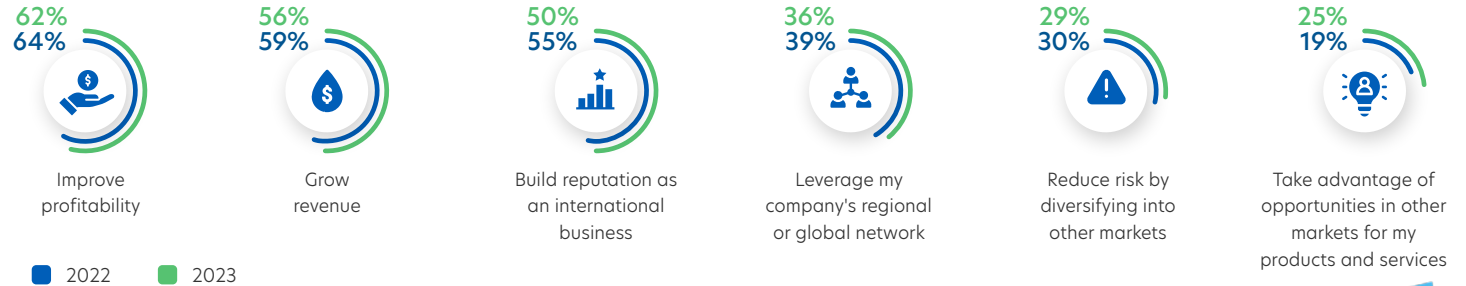


Most interested sectors



Key motivation for businesses to expand overseas

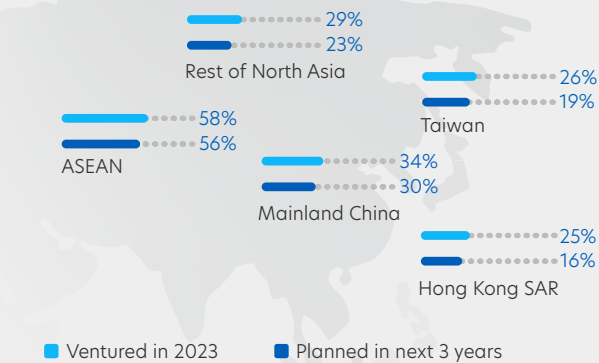
More businesses are now looking to expand to take advantage of opportunities in other markets for their products and services.



2022 2023

Key markets on the radar for overseas expansion

ASEAN and Mainland China are the top two regions businesses have expanded in 2023 and will continue to expand in the next 3 years.



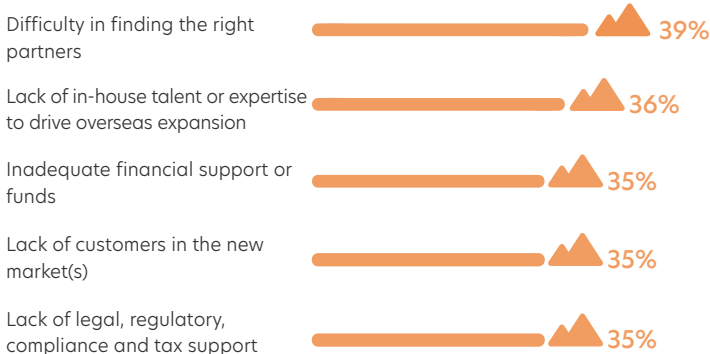
Business Services and Consumer Goods sectors expressed greater interest in future expansion into ASEAN markets. Wholesale Trade businesses have higher interest in future expansion into Mainland China.

Barriers for overseas expansion

40% Businesses struggle to find the right partners to work with in overseas markets.

Over **1 in 3** lack in-house talent to drive expansion or have inadequate funds for it.

Most businesses in Indonesia and Singapore struggle to find right partners for overseas expansion. Businesses in Mainland China find the lack of in-house talent as the biggest barrier.



Support measures for overseas expansion

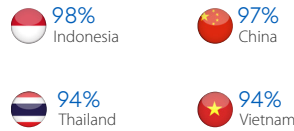
Funding or grants that help businesses build local connections are the most effective support measures. Manufacturing & Engineering and Construction & Infrastructure sectors are more keen for connections with industry peers to learn their best practices in overseas expansion.



▶ Importance of Supply chain management

90% Businesses in the region regard SCM as important.

Markets where SCM is most important



Sectors where SCM is most important

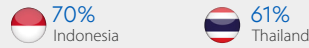


▶ Impact of geopolitical tensions on supply chain

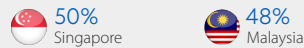


Nearly **6 in 10** businesses in the region say that geopolitical tensions have affected their supply chain. However, fewer businesses are affected now than a year ago.

Most impacted markets



Least impacted markets



Most impacted sectors



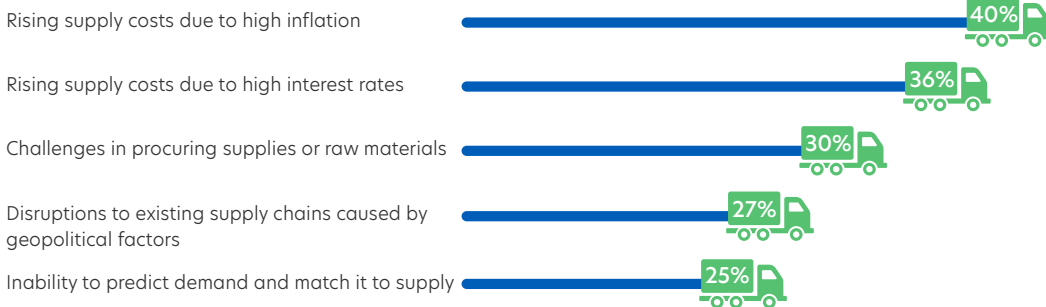
Least impacted sectors



▶ Supply chain challenges faced

Rising supply costs and challenges in procuring supplies are the biggest supply chain challenges for businesses.

Rising supply costs due to high inflation is challenging for businesses in Malaysia and Vietnam, those in Consumer Goods and Construction & Infrastructure and for Small Enterprises in the region.



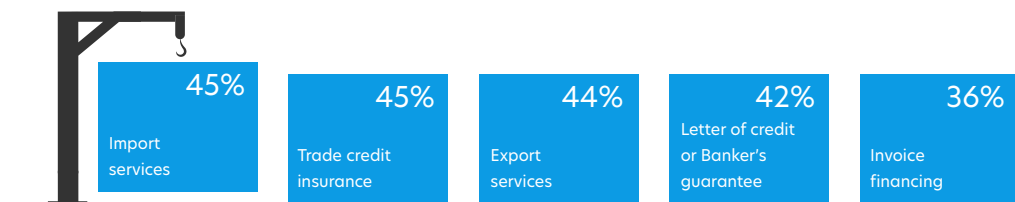
▶ Current practices in SCM

Businesses are employing a variety of tools to ensure supply chain stability such as diversifying their suppliers, adopting better inventory practices, and using data analytics to make faster decisions.

Manufacturing & Engineering businesses in particular employ a wider variety of tools to ensure stable supply chains.



▶ Key trading needs among businesses

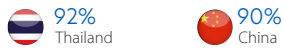


Import services, trade credit insurance and export services are the top three trading support services sought by businesses in the region.

► Current state of digitalisation



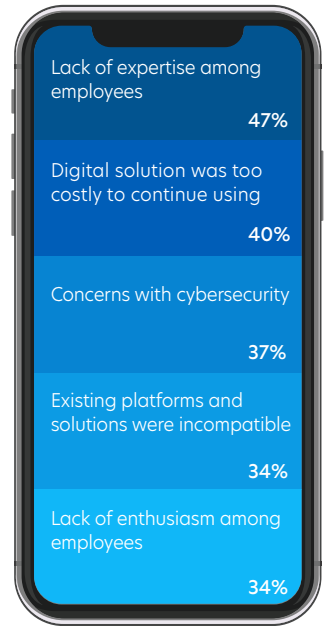
Most digitalised markets



Most digitalised sectors

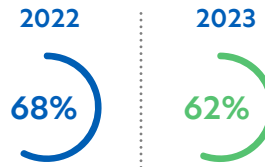


Among those who have not had the same success, lack of expertise among employees and high cost of digital solutions are the main reasons.



While over **6 in 10** businesses in the region have seen success from their digitalisation efforts, the number of businesses that succeeded has declined from the previous year.

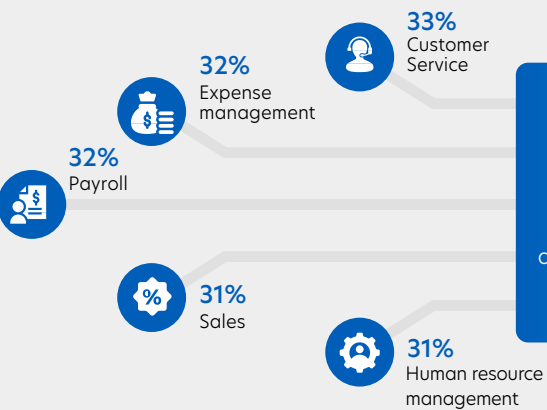
Success in



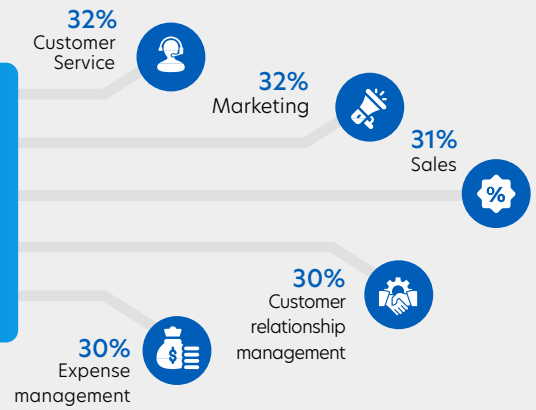
► Business functions digitalised

In future, businesses plan to digitalise more customer-oriented functions like customer service, marketing and sales.

Currently digitalised



Planned for future digitalisation



While digitalisation efforts continue among internal functions, businesses are expected to expedite digitalisation in customer-facing and supply chain functions.

► Expected spending on digitalisation in 2024



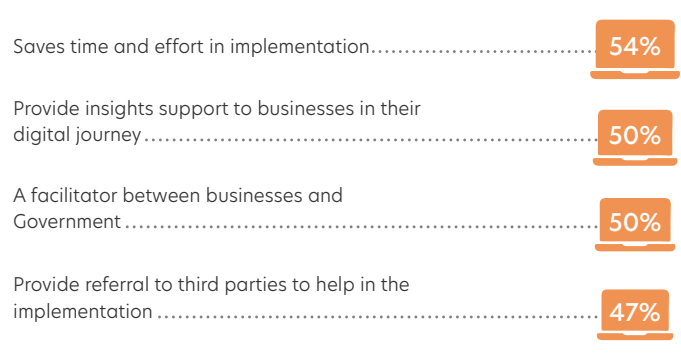
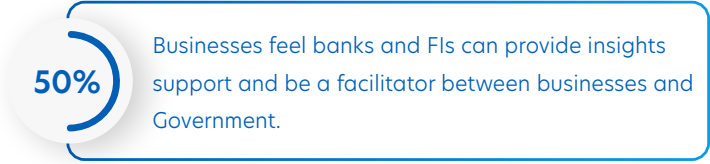
Higher spending markets



Higher spending sectors



► Banks and Financial Institutions (FIs) have a key role in digitalisation



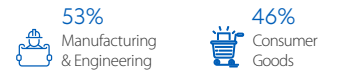
► Current state of sustainability

87% of businesses consider sustainability important to their business. However, just 44% of businesses have implemented sustainable practices in 2023, similar to those who had implemented in 2022.

Higher adoption markets

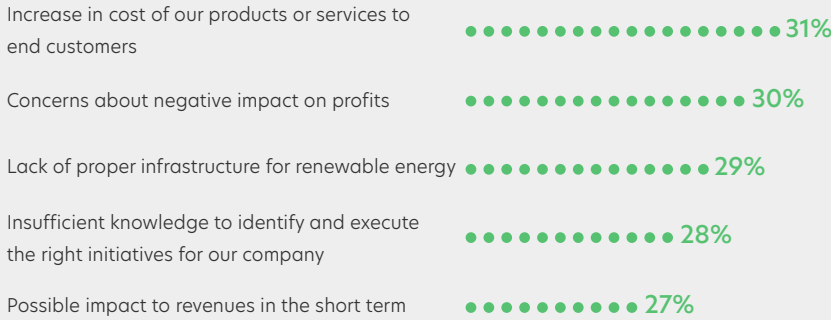


Higher adoption sectors

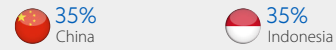


► Top barriers to sustainability

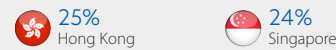
Concerns over higher cost to customers, and negative impact on profits are hampering wider adoption of sustainable practices.



Most concerned about negative profits

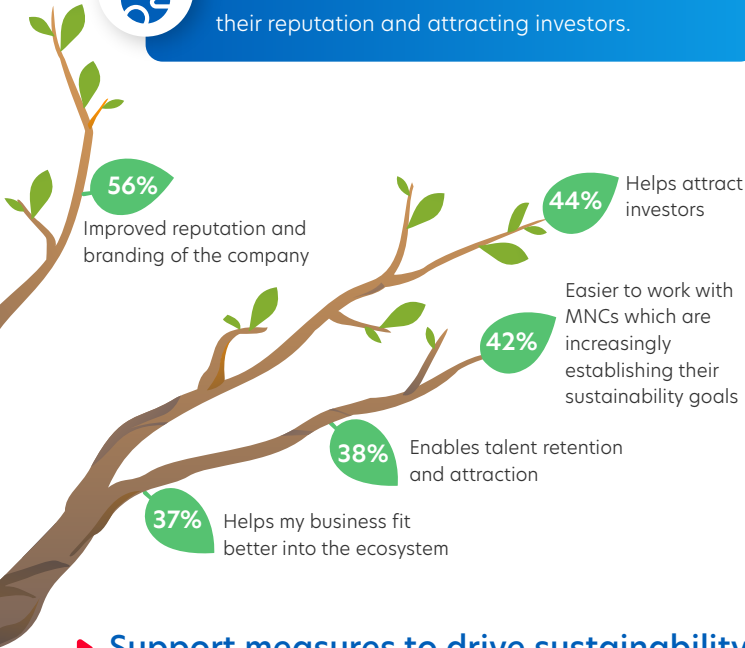


Least concerned about negative profits



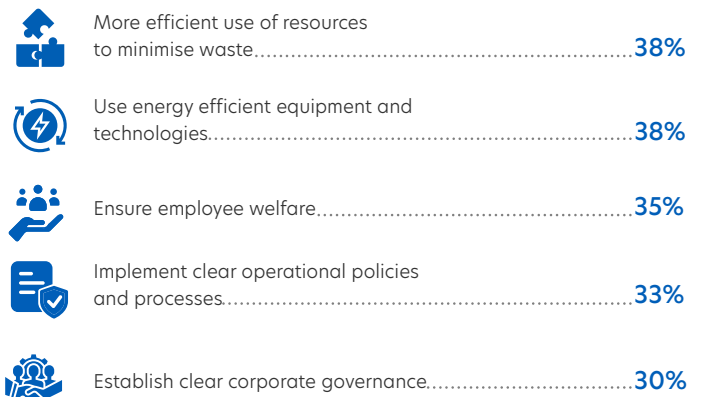
► Ways to encourage sustainable practices

Businesses can be encouraged to adopt sustainable practices as a means of improving their reputation and attracting investors.



► Sustainability practices prioritised

Sustainability practices that deliver direct cost-savings through efficient use of resource or energy saving equipment or technologies are prioritised for implementation.



Higher prioritisation of efficient resources



Higher prioritisation of energy efficient equipment

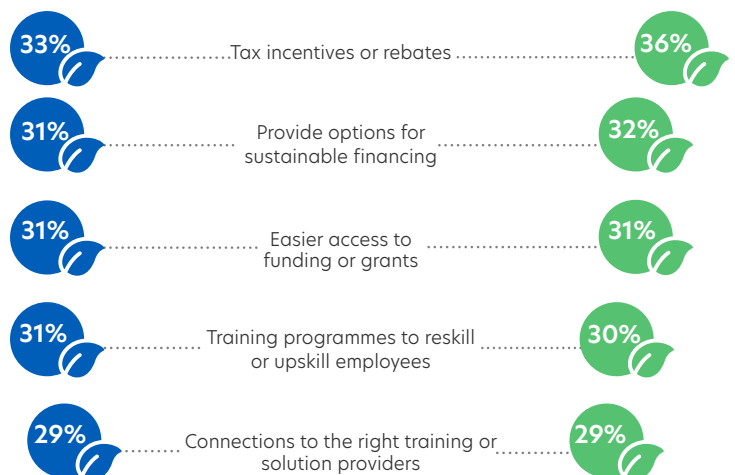


► Support measures to drive sustainability adoption

Financial measures are the key to drive greater sustainability adoption in the region. The demand for tax incentives or rebates has gone up significantly from 2022. Banks can offer more sustainable financing solutions to support businesses in their sustainability journey.

More businesses are now looking for tax incentives to implement sustainability compared to last year, particularly in markets like Vietnam and Malaysia in the Consumer Goods sector.

A market-led approach can also be adopted to offer relevant support measures to sectors that are in more need for it.



■ 2022 ■ 2023